



DEPARTMENT OF INSURANCE/PUBLIC SERVICE COMMISSION ACCOUNTABLE BUDGET REVIEW

BUSINESS, ECONOMIC DEVELOPMENT, AND LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: TIM DINEHART AND GARY SYPHUS

ISSUE BRIEF

SUMMARY

JR3-2-501 as amended in HJR 18, 2019 General Session requires each appropriations subcommittee to “create an accountable process budget for approximately 20% of the budgets that fall within the subcommittee’s responsibilities” ensuring “that each of the budgets for which the appropriations subcommittee has responsibility is the subject of an accountable budget process at least once every five years.” Subcommittees first implemented this rule during the 2019 Interim. During the 2020 Interim, the Legislature suspended the rule due to the heightened scrutiny budgets were already receiving in the pandemic.

The Business, Economic Development, and Labor Appropriations Subcommittee (BEDL) hears and oversees nine budget areas of the state government: Department of Alcoholic Beverage Services (DABS), Department of Commerce, Department of Financial Institutions, Department of Cultural and Community Engagement, Department of Insurance, Governor’s Office of Economic Opportunity, Labor Commission, Public Service Commission, and Utah State Tax Commission. DABS, the Department of Insurance, and the Public Service Commission are the agencies selected for an accountable budget review during the 2023 Interim.

This brief and subsequent briefs in the August and October meetings are intended to assist BEDL members review the previously mentioned agencies by starting from zero, answering detailed questions on the policies that drive the budget, and providing recommendations on the extent to which funding should be included in a base budget bill for Fiscal Year 2025. This brief will provide an initial overview of line item and program budgets with further in-depth analysis of vendor-level expenditure data, personnel costs, and other items at the subcommittee’s request provided in later documentation.

This brief includes the following recommendations for the August Interim Meeting:

1. Have Agency present on Nonlapsing Balances in accordance with H.B. 322, “Budget Reporting Requirements.” Discuss current balances in Insurance Department Restricted Account. See page 4.
2. Have Agency present on the benefits from significant increases to Title Insurance Enforcement and Health Insurance Actuary restricted account appropriations. See page 8.
3. Ask the agency to review how to integrate their strategic plan benchmarks into their current performance measures.
4. Have the Department of Insurance Report on status of Autism Payments Implementation.
5. Review whether PURF funds should be considered “on-budget” for future legislative sessions. See page 22.
6. Have Public Service Commission give a presentation on the Universal Service Fund. See page 20.

Further recommendations may be made and voted on by the Subcommittee in later meetings.

INSURANCE OVERVIEW

The Utah Department of Insurance is the agency responsible for protecting the public through the regulation of insurance companies and individual agents. The Department helps to ensure equitable and competitive business practices for consumers while also monitoring the solvency of insurance companies domiciled within the state. The mission of the Department of Insurance is to “protect the financial security of people and businesses in Utah.” The Department of Insurance pursues this mission by educating, serving, and protecting insurance consumers, governmental agencies, and all

insurance industry participants at a reasonable cost. The values they seek to implement in this process are fairness in decision-making, transparency in how they conduct business, compassion for those that the agency interacts with, and integrity in any action they take or commitments they make.

KEY TERMS

The Budgetary Procedures Act (UCA Title 63J Chapter 1) governs how agencies use legislative appropriations. The act defines several key terms that will be helpful while reviewing the Department of Commerce's budget. These include:

"Dedicated credits" means collections by an agency that fund agency operations. Dedicated credits include fees, donations, assessments, sales, fines, and other revenues.

"Federal revenues" means collections by an agency from a federal source that are deposited into an account for expenditure by the agency.

"Line item" means a unit of accounting within an agency, that contains one or more programs. An appropriation or any surplus of any appropriation may not be diverted from any line item to any other line item unless approved by the Legislature.

"Program" means a unit of accounting included on a schedule of programs within a line item used to track budget authorizations, collections, and expenditures on specific purposes or functions. An agency may transfer money appropriated to it from one program to another program if the agency revises its budget execution plan with the Division of Finance.

"Restricted revenue" means collections that are deposited, by law, into a separate fund, sub-fund, or account, and designated for a specific program or purpose. The Insurance Department Restricted Account serves as an element of restricted revenue for this review.

The Department of Insurance has two categories of appropriation – or "appropriation types." These include "Operating and Capital Budgets" and "Expendable Funds and Accounts." These categories are defined as follows:

"Operating and Capital Budgets" are what people typically mean when they talk about "the budget". They grant to agencies, divisions, and programs of state government authority to expend public money. With a few exceptions, spending is "capped" at the amount appropriated.

"Expendable Funds and Accounts" are, for the most part, "expendable special revenue funds" – funds and accounts that have a dedicated revenue source and can be spent without legislative action. The exceptions are enterprise funds and general fund restricted accounts that act like expendable special revenue funds. In some cases, the Legislature may authorize the Division of Finance to move resources from one fund or account into another fund or account where the recipient fund or account can be spent without additional legislative action.

Legislative Joint Rule 3-2-402 instructs that in a base budget, appropriations from the General Fund, the Income Tax Fund, and the Uniform School Fund shall be set as follows: 1) if the next fiscal year ongoing revenue estimates are equal to or greater than the current fiscal year ongoing appropriations, the new fiscal year base budget is not changed; 2) if the next fiscal year ongoing revenue estimates are less than the current fiscal year ongoing appropriations, the new fiscal year base budget is reduced by the same percentage that projected next fiscal year ongoing revenue estimates are lower than the total of current fiscal year ongoing appropriations.

BUDGET ORGANIZATION

The Legislature approves budgets for the Department of Insurance in four distinct line items, each with programs as shown below the line item name:

1. Insurance Department Administration line item
 - a. Administration
 - b. Captive Insurers
 - c. Criminal Background Checks
 - d. Bail Bond Program
 - e. Electronic Commerce Fee
 - f. GAP Waiver Program
 - g. Insurance Fraud Program
 - h. Relative Value Study
2. Health Insurance Actuary
3. Title Insurance Program
4. Coverage for Autism Spectrum Disorder

The Legislature also approves appropriations from expendable revenue funds. These funds can technically operate without appropriations by the Legislature, but they are included “on budget” for transparency purposes. These items are shown below:

1. Insurance Fraud Victim Restitution Fund
2. Title Insurance Recovery Education and Research Fund

Please refer to the [Compendium of Budget Information](#) (COBI) for additional detail about each program. Note that the Coverage for Autism Spectrum Disorder line item is newly created as of the 2023 General Session and the Bail Bond Program line item has been rolled into the Insurance Department Administration Line Item.

INSURANCE DEPARTMENT RESTRICTED ACCOUNT - REVENUES VS. APPROPRIATIONS

One important element of the Department of Insurance’s budget to remember during this analysis is the Insurance Department Restricted Account. Unlike many agencies in state government, the Department of Insurance generates its own funding through fines and fees. All fees collected by each division of the department are deposited into a restricted account within the General Fund. Excess funding in this account must be shifted to the General Fund at the end of any fiscal year. As a result of this structure, the agency technically covers its own expenses with any additional generated revenue acting as a surplus included in yearly revenue. For those members of this subcommittee during the Commerce APB, this should sound familiar. For better or worse, the state projects collections related to fines and fees for the Department of Insurance, Department of Commerce, and the Department of Alcoholic Beverage Services as assumed revenue. This is useful for understanding expected growth and obligations, but this also leads to any lowering of fees “penalizing” the expected year’s budget.

Fund History

Fiscal Year	Beginning Balance	Ending Balance
2011	0	0
2012	0	163,086
2013	163,086	498,692
2014	498,692	498,692
2015	498,692	1,235,958
2016	1,235,958	2,020,575
2017	2,020,575	3,032,250
2018	3,032,250	3,650,892
2019	3,650,892	4,537,411
2020	4,537,411	4,537,411
2021	4,537,411	4,655,036
2022	4,655,036	7,846,989

The above list showcases the difference between the Department of Insurance’s collections through fees and the appropriations that compose their budget for the twelve-year period from 2011 to 2022. By the late 2010’s, the Department has seen a widening gap in the form of larger ending balances for the Insurance Department Restricted Account. As part of changes to the Accountable Budget Process procedures from H.B. 322, “Budget Reporting Requirements,” we would like to work with the agency for the August meeting to review fees, current collections, and whether we are both A. Charging appropriate levels for fees and B. whether we are appropriately transferring fee revenue to the General Fund while still meeting expected reserve obligations.

FY 2024 OPERATING AND CAPITAL BASE BUDGET

Per Joint Rule 3-2-402, if FY 2025 revenue estimates are equal to or greater than the FY 2024 ongoing appropriations, the Department Insurance's FY 2025 Operating and Capital base budget starting point will be as follows:

FY 2024 Base Budget		
	Ops & Cap	Percentage of Total Budget
Insurance Department Restricted Account	10,606,700	41.15
State Mandated Insurer Payments Restricted Acct	8,778,000	34.06
Beginning Nonlapsing	3,016,900	11.70
Insurance Fraud Investigation Restricted Acct	2,771,700	10.75
Captive Insurance Restricted Account	1,740,000	6.75
Technology Development Restricted Account	653,100	2.53
Health Insurance Actuarial Review Restricted Acct	448,400	1.74
Title Licensee Enforcement Restricted Account	294,500	1.14
Criminal Background Check Restricted Account	165,000	0.64
Guaranteed Asset Protection Waiver Restricted Acct	129,100	0.50
Relative Value Study Restricted Account	119,000	0.46
Bail Bond Surety Admin Restricted Account	44,200	0.17
General Fund One-time	10,100	0.04
Dedicated Credits Revenue	9,900	0.04
Federal Funds	5,200	0.02
Closing Nonlapsing Balance	(3,016,900)	(11.70)
Total	25,774,900	

- The Operating and Capital base budget has 94 full-time equivalent (FTE) employees and 12 vehicles.
- 41% of the Department's Operating and Capital Budget comes from one source: The Insurance Department Restricted Account. However, this is misleading. Before the inclusion of Coverage for Autism Spectrum Disorder, which now makes up 34% of Department of Insurance funding, this source was realistically about 62% of funding.
- The inclusion of Coverage for Autism Spectrum Disorder creates a significant distortionary effect on any presentation of budget. It is housed in a separate line item. For members of the subcommittee that were present for the Governor's Office of Economic Opportunity Budget Review, this separate line item acts like GOEO's Passthrough line item. Funds are not allocated within department, but are instead "passed through" to insurers providing coverage in accordance with Utah Law. In actuality, the realistic budget of the Department of Insurance is around \$17 million.

FY 2024 EXPENDABLE FUNDS BASE BUDGET

Per Joint Rule 3-2-402, if FY 2024 revenue estimates are equal to or greater than the FY 2023 ongoing appropriations, the Department of Commerce's FY 2024 Expendable Fund base budget starting point will be as follows:

FY 2024 Base Budget		
	Expendable Special Funds	Percentage of Total Budget
Beginning Nonlapsing	721,100	161.75
Licenses/Fees	250,000	56.08
Dedicated Credits	35,000	7.85
Closing Nonlapsing	(560,300)	(125.68)
Total	445,800	

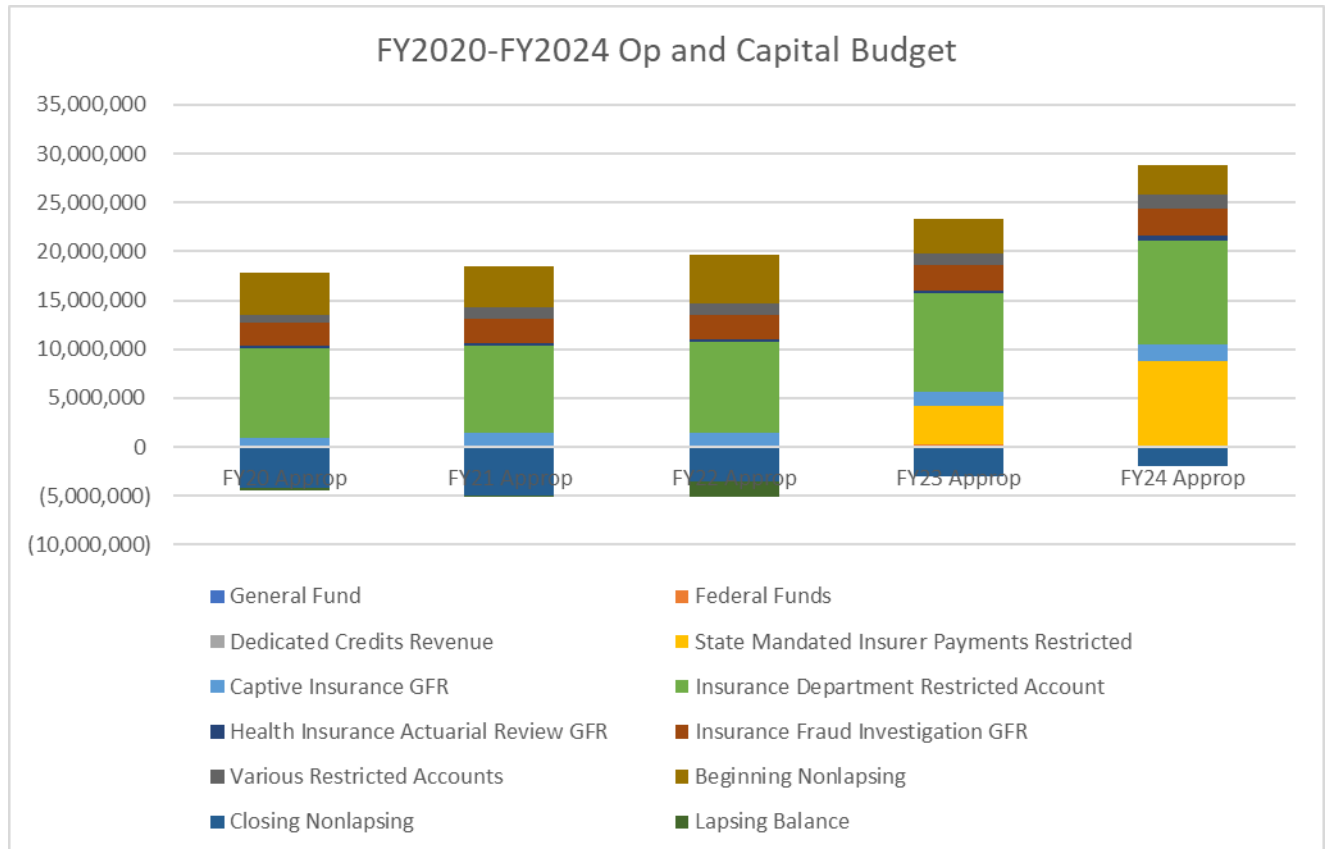
- Beginning and Closing Nonlapsing Balances can often be distorting and confusing when not taken as a whole. While both categories are included in the "Percentage of Total Budget Column" to stay consistent with the Ops and Cap base budget, they should generally be considered as two sides of the same coin. To get a better picture of the full expected budget, combine their totals to get an idea of the "flow" of nonlapsing balances for the agency. For this table, we would consider there to be \$160,800 or 36.07% of total funds locked into "balances used as part of the budget." This difference between beginning and closing nonlapsing represents the portion of funds expected for use in the budget and will change when actuals are reported.
- Expendable Funds constitute 1.6% of the total combined Ops and Capital/Expendable Fund budget for the Department of Commerce.
- Licenses/Fees reflect targeted fees for trainings and fines related to enforcement expendable revenue funds. These funds do not deposit into the Insurance Department Restricted Account or other GFR accounts like other fees.
- The Expendable Fund base budget has no full-time equivalent (FTE) employees and 0 vehicles. However, approximately \$17,000 are used for personnel services associated with other FTEs funded partially elsewhere within the department for administrative purposes.

FIVE-YEAR BUDGET HISTORY

The following information provides a five-year history of the Department of Insurance's budgets and expenditures beginning with total budgets, then broken down by line item, in numerical and graphical format. After showing the "Insurance Department Administration Line Item," this brief will show individual program level data to better showcase the various divisions of the Department of Commerce.

Total Budget – Ops and Capital Funding History

Appropriations By Year - Department of Insurance					
	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
General Fund	0	23,900	10,000	4,100	10,100
Federal Funds	6,000	0	41,800	291,200	5,200
Dedicated Credits Revenue	300	0	0	8,900	9,900
State Mandated Insurer Payments Restricted	0	0	0	3,916,200	8,778,000
Captive Insurance	953,600	1,402,300	1,424,900	1,476,600	1,740,000
Insurance Department Restricted Account	9,131,300	8,967,800	9,280,600	10,092,100	10,606,700
Health Insurance Actuarial Review	204,900	205,800	207,700	214,000	448,400
Insurance Fraud Investigation	2,445,800	2,472,700	2,499,300	2,553,200	2,771,700
Various Restricted Accounts	766,100	1,210,300	1,210,800	1,230,100	1,404,900
Beginning Nonlapsing	4,336,400	4,177,000	4,928,700	3,493,100	3,016,900
Closing Nonlapsing	(4,177,000)	(4,928,700)	(3,493,100)	(3,016,900)	(2,003,700)
Lapsing Balance	(321,600)	(236,900)	(1,548,800)	0	0
	13,345,800	13,294,200	14,561,900	20,262,600	26,788,100



Takeaways from Five-Year Budget History (Appropriations)

- First, it's important when looking at more than five categories of data to avoid areas of excess noise. General Fund, Dedicated Credits, and Federal Funds are still broken out, but have miniscule importance for considering the overall budget. have remained relatively stable in the last three years. The areas of interest start with the largest source of funding: the Insurance Department Restricted Account. Like other areas of the budget in the last five years, this area shrunk during the pandemic, dropping from 2020 to 2021 actuals, but then accelerated in the last few years of inflation. Overall, there has been a growth of 16% in usage of funds from this source, akin to 3.2% a year for five years, but weighted towards recent years.
- The next area of notice with this data is the yellow portion of the bar signifying State Mandated Insurer Payments. This area of the budget was formerly housed in the Division of Finance and shifted as part of a joint policy effort by the Department of Insurance and Division of Finance during the last session. This is the largest adjustment to the Department of Insurance in recent years, significantly increasing the budget. However, as mentioned earlier in this document all funds for these payments pass through the Department of Insurance to cover costs specified by Utah Code.
- "Various Restricted Accounts" has grown by 100% since FY 2020. Most of this growth stems from significant increases in appropriation from the Health Insurance Actuarial Review Restricted Account and the Title Licensee Enforcement Restricted Account. These changes were approved during the 2023 General Session.
- Significant balances (including lapsing balances accrued early in the five-year cycle. However, considering the recent pandemic and significant budget reductions that the agency has yet to fully recover from, lapsing balances are no longer a relevant piece of the Department's budget and closing nonlapsing balances have shrunk considerably.

Various Funds Breakdown

Special Funds

The Department of Insurance administers the following special funds:

The Bail Bond Surety Administration Account is funded by fees established in the Bail Bond Act. Funding is used for administration of the act. [UCA 31A-35-407](#)

The Guaranteed Asset Protection Waiver Restricted Account funds are derived from fees established under [UCA 31A-6b-201, 202, and 204](#). Funding is used to pay for costs or expenses incurred in the administration, investigation, and enforcement of the Guaranteed Asset Protection Waiver Act.

The Insurance Department Restricted Account is established in [UCA 31A-3-103](#). Funding is used for overall administration of the Department of Insurance.

The Insurance Fraud Investigation Restricted Account is funded by assessments made under [UCA 31A-31-108/9](#). Funds are used pay for a cost or expense incurred in the administration, investigation, and enforcement of the Insurance Fraud Act.

The Relative Value Study Restricted Account is established in [UCA 59-9-105](#) and [UCA 31A-2-208](#). Funds are used to pay for expenses incurred by the department in conducting, maintaining, and administering the relative value study.

The Health Insurance Actuarial Review Restricted Account is established in [UCA 31A-30-115](#). Funds are used to pay for the actuarial review conducted by the department under the Individual, Small Employer, and Group Health Insurance Act.

The Criminal Background Check Restricted Account is funded through fees established under [UCA 31A-3-105](#); [31A-16-103](#); [31A-23a-105\(3\)](#); [31A-25-203\(3\)](#); and [31A-26-203\(3\)](#). Funds are used to defray the required costs related to obtaining criminal background information.

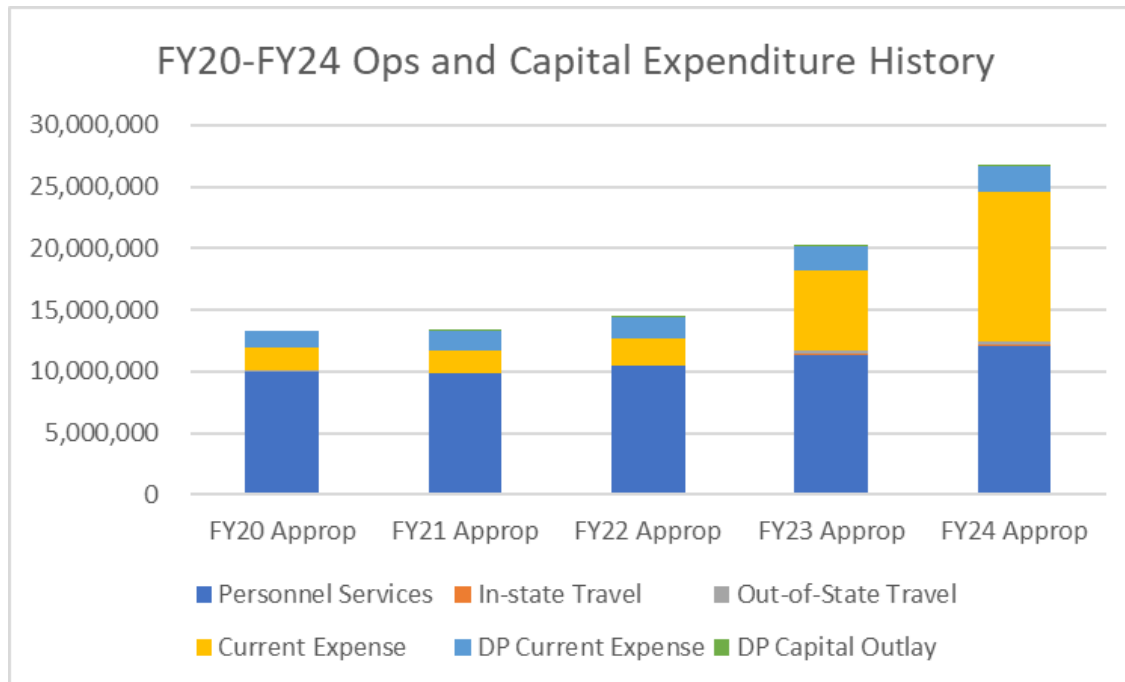
The Technology Development Restricted Account is funded through fees on requests for information: obtained from an electronic database of the commissioner; or derived from data that is generated by electronic means. The Insurance Department can also impose a supplemental fee on the issuance or renewal of any of the following issued by the department: (a) a license; (b) a registration; or a certificate of authority. Funding is used to provide services through use of electronic commerce or other similar technology.

The Captive Insurance Restricted Account is funded through fees imposed on captive insurance companies and certificates of authority. Funds are used to administer the Captive Insurance Companies Act ([UCA 31A-37](#)) and the Special Purpose Financial Captive Insurance Company Act, and to promote captive insurance in the state. [UCA 31A-3-304](#)

The Title Licensee Enforcement Restricted Account consists of assessments on title insurer and each title insurance agency to cover the costs of administration, investigation, and enforcement of the Insurance Marketing - Licensing Producers, Consultants, and Reinsurance Intermediaries Act. [UCA 31A-23a-415](#)

Total Budget – Ops and Capital Expenditure History

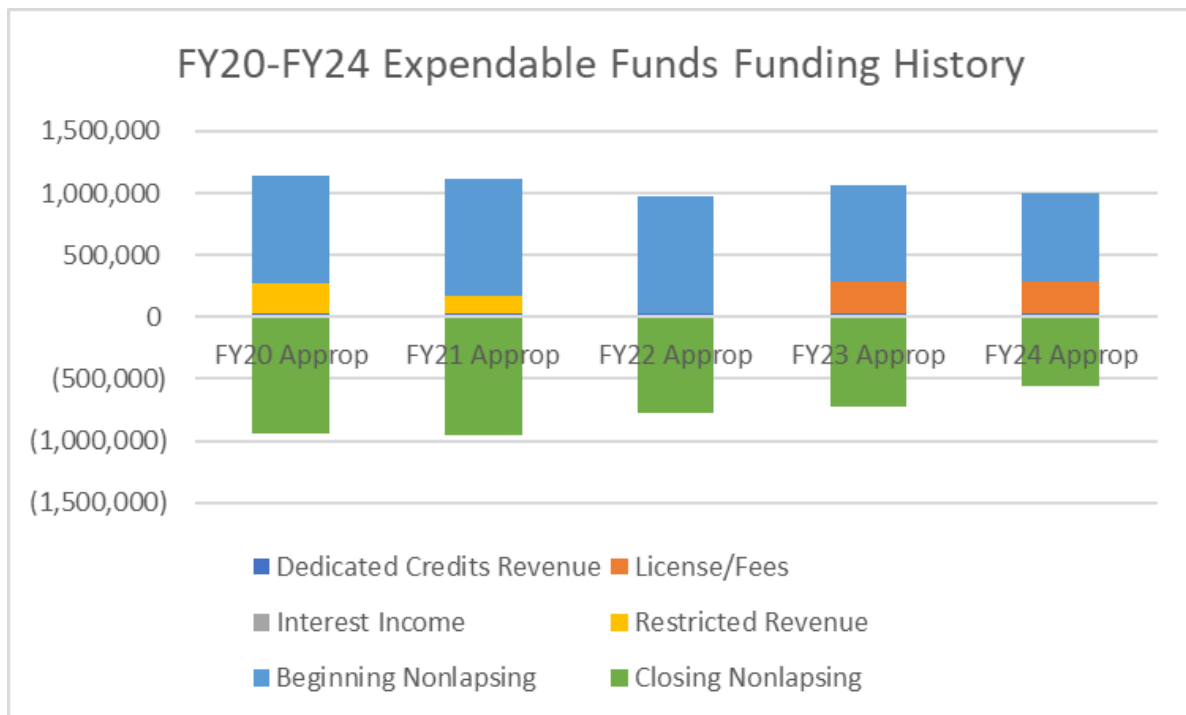
	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Rev Approp	FY24 Approp
Current Expense	1,862,200	1,818,500	2,146,400	6,541,300	12,124,500
Personnel Services	10,003,900	9,888,800	10,449,600	11,326,800	12,074,100
DP Current Expense	1,378,600	1,554,700	1,775,800	1,975,400	2,155,400
Out-of-State Travel	95,900	200	68,900	244,100	254,100
DP Capital Outlay	0	27,300	112,200	100,000	100,000
In-State Travel	5,300	4,700	900	75,000	80,000
Total	13,345,900	13,294,200	14,553,800	20,262,600	26,788,100

**Takeaways from Five-Year Budget History (Expenditures)**

- The effects of the pandemic are notable. FY 2021 actuals are less than FY 2020 actuals with the main loss being in personnel services. Early retirements and rescinded funding for new positions was key to this drop.
- Unsurprisingly, Personnel Services is still the dominant expenditure category for the Department of Insurance at 45%, but this is a drop from 75% of total budget in FY 2020. As will be a consistent theme in this document, most of this is from bringing Autism Payments on budget with FY 2024 “Current Expense” being the first year eclipsing Personnel Services as a percentage of budget.
- Changes to out of state travel are an interesting point of note. After \$200 worth of out-of-state travel in FY 2021, the out-of-state travel budget has risen considerably in the last three fiscal years with \$68,900 in FY 2022, \$244,100 in FY 2023, and \$254,100 in FY 2024. This amount pre-pandemic was between \$96,000 and \$157,000 in the two years immediately prior. As a percentage of total expenditure as seen above, this number is low, but this growth could stem from the surge in inflation for airline travel post-pandemic.

Total Budget – Expendable Funds Funding History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Dedicated Credits Revenue	24,600	27,300	31,300	35,000	35,000
License/Fees	0	0	0	250,000	250,000
Interest Income	9,500	2,300	0	0	0
Restricted Revenue	240,200	141,500	0	0	0
Beginning Nonlapsing	861,000	946,600	949,400	775,100	721,100
Closing Nonlapsing	(946,600)	(949,400)	(775,100)	(721,100)	(560,300)
	188,700	168,300	205,600	339,000	445,800

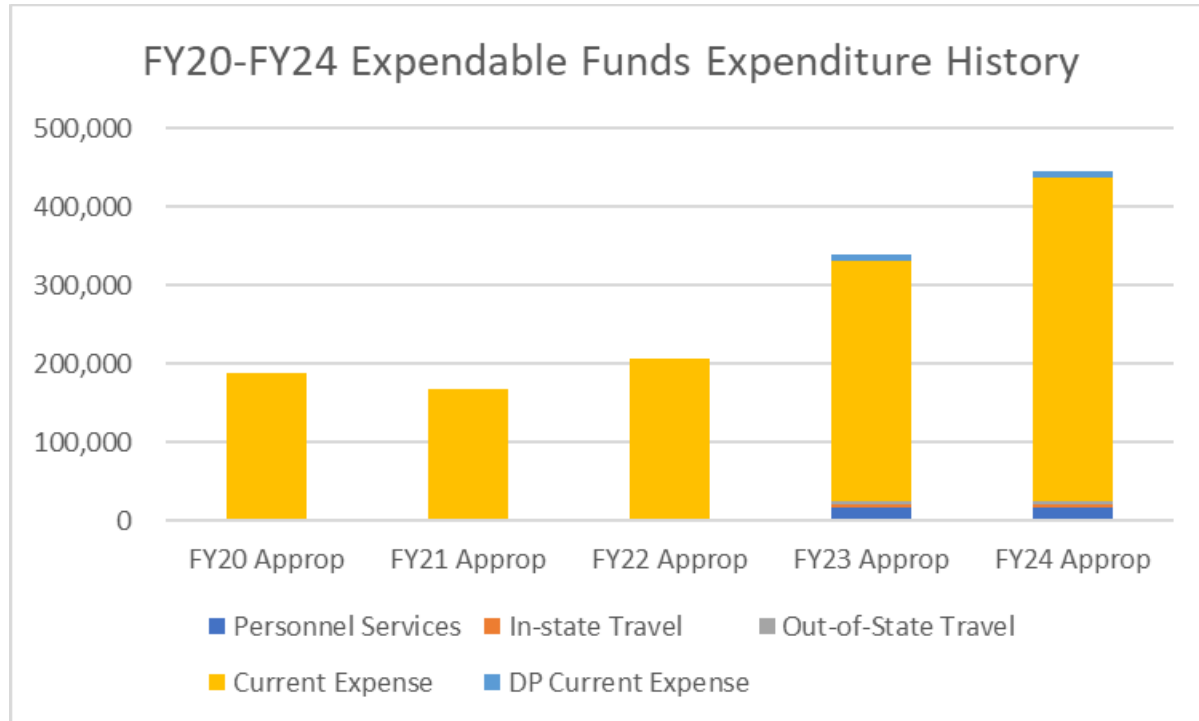


Takeaways from Five-Year Budget History (Appropriations)

- Knowing changes in FINET coding is important when considering budget history. The switch from Restricted Revenue to License/Fees as a funding source is due to changes in how agencies record collections in our systems. Consider these similar sources of funding. There was a freeze on fees for the two expendable special revenue funds during FY 2022.
- Justified usage of nonlapsing funds and expected drawdowns was a theme of last year's budget review. Most funds for the above Expendable Funds come from beginning nonlapsing balances. The agency has estimated considerable drawdowns of available funds in recent years. Due to the two-year lag between initial appropriations, revised appropriations, and then actuals, this data can create a misleading assumption of spend down. However, we have seen instances of up to \$700,000 in spending from this account (FY 2018), so vigilance does not necessarily require action moving forward.

Total Budget – Expendable Funds Expenditure History

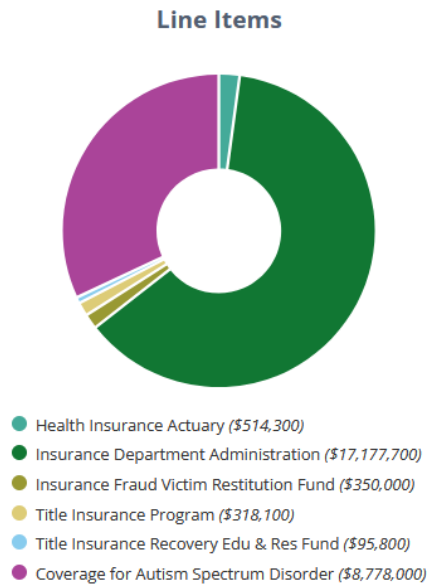
	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Personnel Services	1,200	0	600	17,000	17,000
In-state Travel	600	0	800	3,700	3,700
Out-of-State Travel	0	0	0	3,400	3,400
Current Expense	186,900	168,300	204,200	306,400	413,200
DP Current Expense	0	0	0	8,500	8,500
	188,700	168,300	205,600	339,000	445,800

**Takeaways from Five-Year Budget History (Expenditures)**

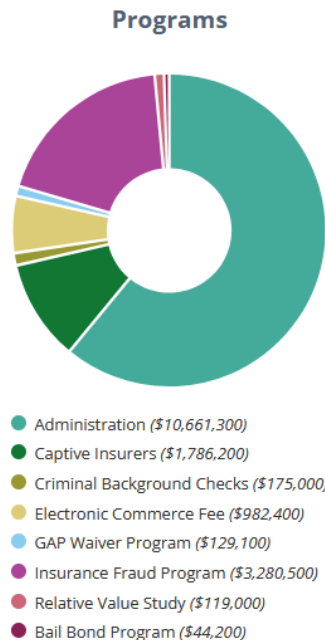
- Outside of Current Expense, there are minimal other uses of these expendable funds. This logically follows the uses of the funds. Current expense has been stable in recent years. It did spike in FY 2023's Revised Appropriation. However, consultation with the agency is necessary to determine if these projected outlays are accurate.

Line Items – Ops and Capital Overview

As mentioned previously in this document, there are four main line items within the Department of Insurance: Insurance Department Administration, Health Insurance Actuary, Title Insurance Program, and Coverage for Autism Spectrum Disorder. Two expendable funds are also included on budget: the Insurance Fraud Victim Restitution Fund and Title Insurance Recovery Education and Restitution Fund. As seen by the chart below (FY 23-24 budget), the focus, operational center, and largest part of the Department of Insurance’s budget is its Administration Line Item. The next section of this document will look at five-year budget histories for three of the largest programs composing this line item.

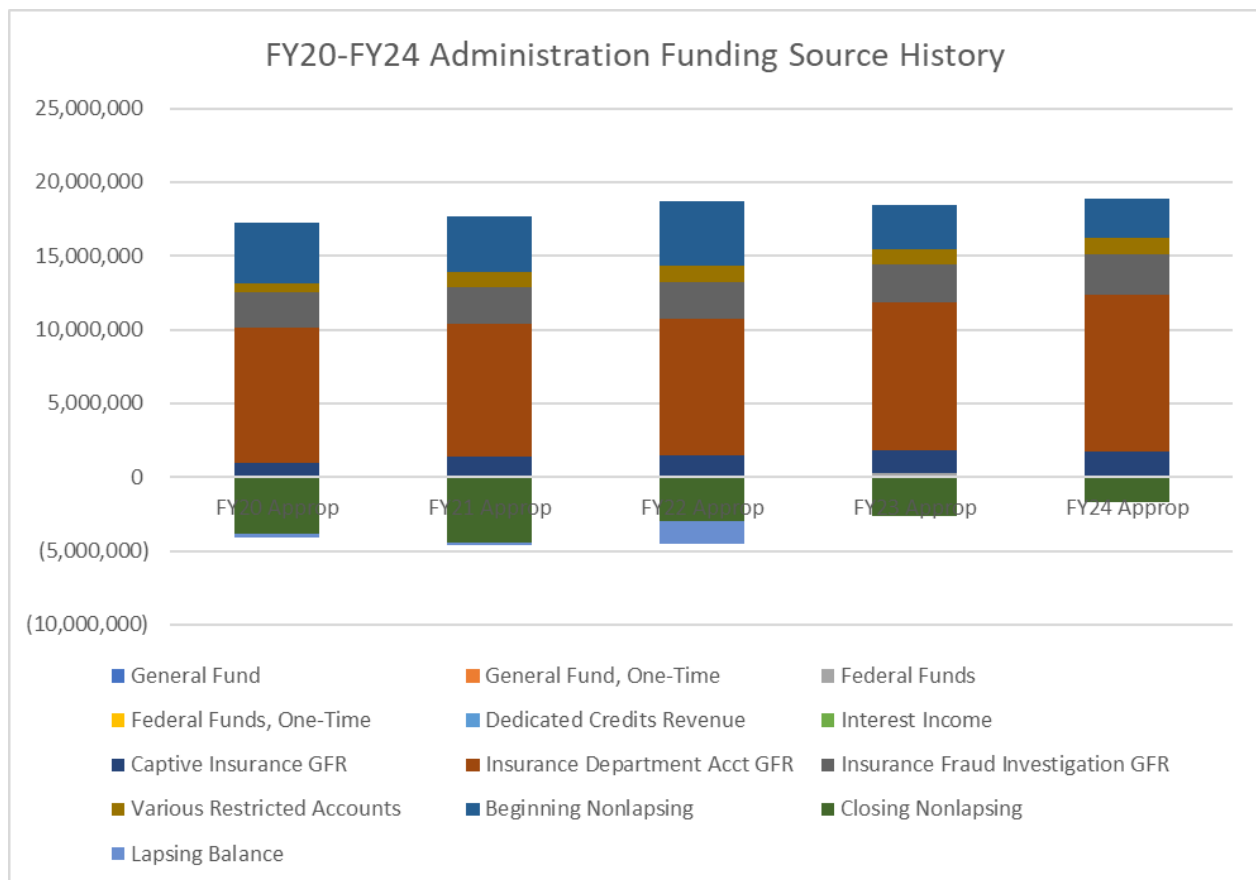


The division of funds amongst programs within the Insurance Department Administration line item is as follows (FY 23-24 budget shown):



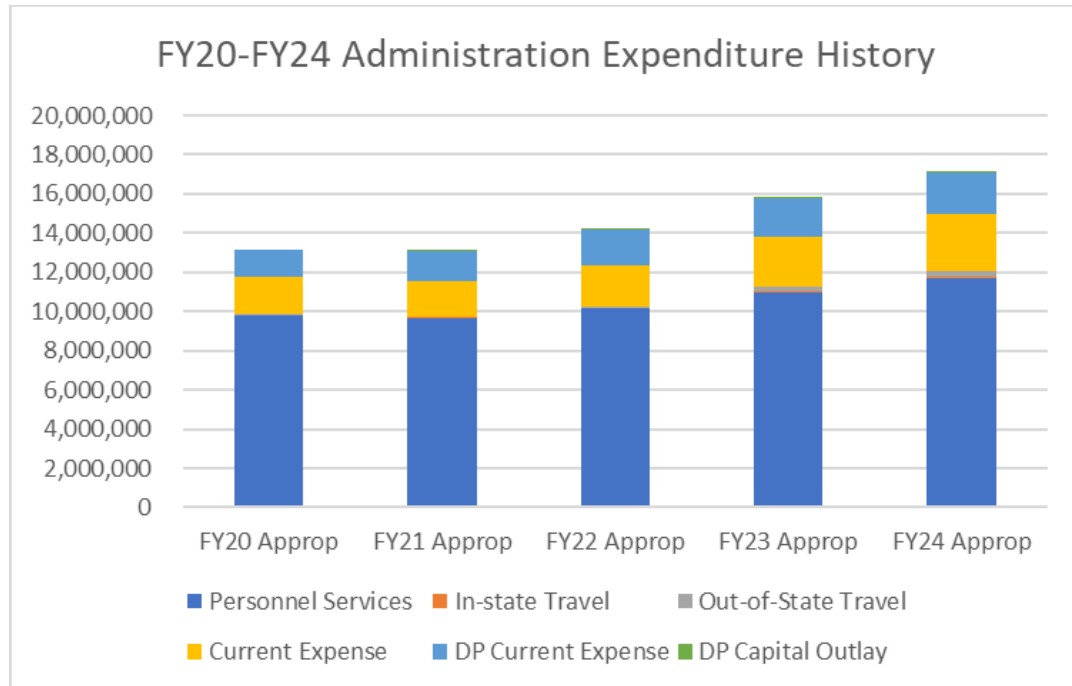
Insurance Admin – Administration Funding History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
General Fund	9,800	9,700	10,000	10,400	0
General Fund, One-Time	(9,800)	9,800	0	(6,300)	10,100
Federal Funds	6,000	0	0	291,200	5,200
Federal Funds, One-Time	0	0	41,800	0	0
Dedicated Credits Revenue	300	0	0	8,900	9,900
Interest Income	100	0	0	0	0
Captive Insurance GFR	953,600	1,402,300	1,424,900	1,476,600	1,740,000
Insurance Department Acct GFR	9,131,300	8,967,800	9,280,600	10,092,100	10,606,700
Insurance Fraud Investigation GFR	2,445,800	2,472,700	2,499,300	2,553,200	2,771,700
Various Restricted Accounts	602,000	1,045,000	1,041,400	1,048,800	1,110,400
Beginning Nonlapsing	4,055,100	3,797,100	4,440,700	3,007,200	2,617,300
Closing Nonlapsing	(3,797,100)	(4,440,700)	(3,007,200)	(2,617,300)	(1,693,600)
Lapsing Balance	(262,100)	(170,400)	(1,481,000)	0	0
	13,135,000	13,093,300	14,250,500	15,864,800	17,177,700



Insurance Admin – Administration Expenditure History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Personnel Services	9,795,500	9,687,900	10,140,700	10,951,400	11,721,900
In-state Travel	5,200	4,700	8,900	70,000	75,000
Out-of-State Travel	94,100	200	67,600	229,100	239,100
Current Expense	1,861,700	1,818,500	2,145,300	2,563,900	2,911,300
DP Current Expense	1,378,600	1,554,700	1,775,800	1,950,400	2,130,400
DP Capital Outlay	0	27,300	112,200	100,000	100,000
	13,135,100	13,093,300	14,250,500	15,864,800	17,177,700

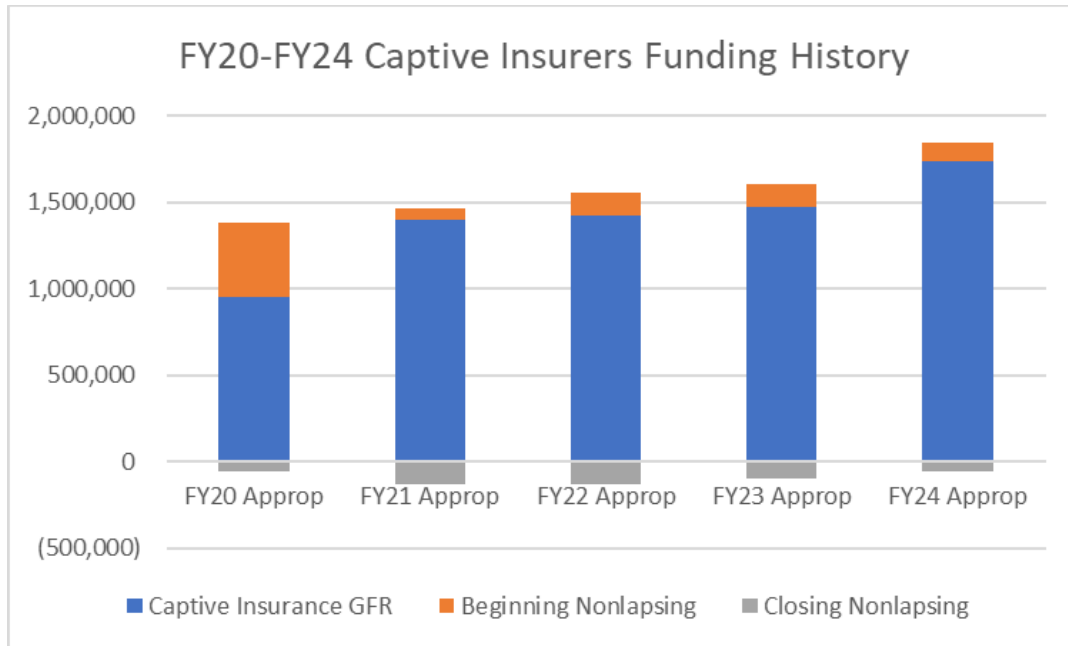


Takeaways from Five-Year Budget History - Administration

- Notable increases in Current Expense have occurred in the last 5 years with a growth of 56% over the period, larger if we consider the drop in FY 2021. A large portion of this comes from the following: 2021 appropriations for AG Criminal Division ISF Transition costs and Pharmacy Benefits Amendments and non-criminal division increases in ISF over the last three fiscal years appropriated.
- Personnel Services is once again the main expenditure in this data. Over a five-year period, this has grown by 19%, or about 5% per year, far lower than most other sectors in the state.
- One change in this year's session was the movement of the Bail Bond Program into the main Administration line item. These funds are included in the "Various Restricted Accounts" funding category.

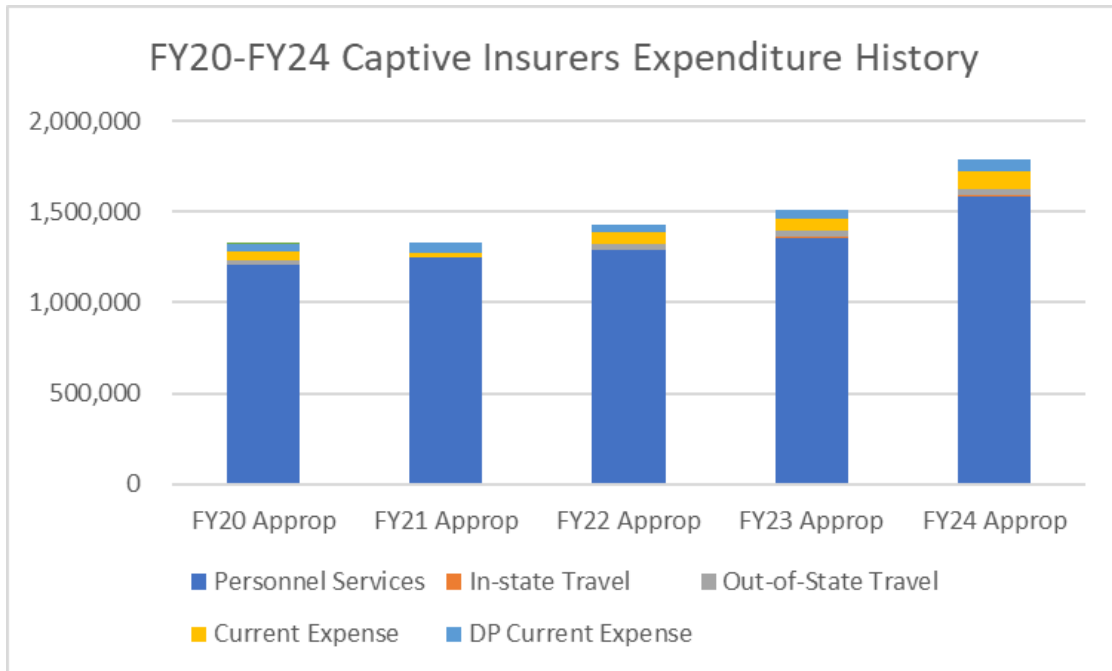
Insurance Admin – Captive Insurers Funding History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Captive Insurance GFR	953,600	1,402,300	1,424,900	1,476,600	1,740,000
Beginning Nonlapsing	430,700	59,700	132,700	131,600	102,200
Closing Nonlapsing	(59,700)	(132,700)	(131,600)	(102,200)	(56,000)
	1,324,600	1,329,300	1,426,000	1,506,000	1,786,200



Insurance Admin – Captive Insurers Expenditure History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Captive Insurance GFR	953,600	1,402,300	1,424,900	1,476,600	1,740,000
Beginning Nonlapsing	430,700	59,700	132,700	131,600	102,200
Closing Nonlapsing	(59,700)	(132,700)	(131,600)	(102,200)	(56,000)
	1,324,600	1,329,300	1,426,000	1,506,000	1,786,200

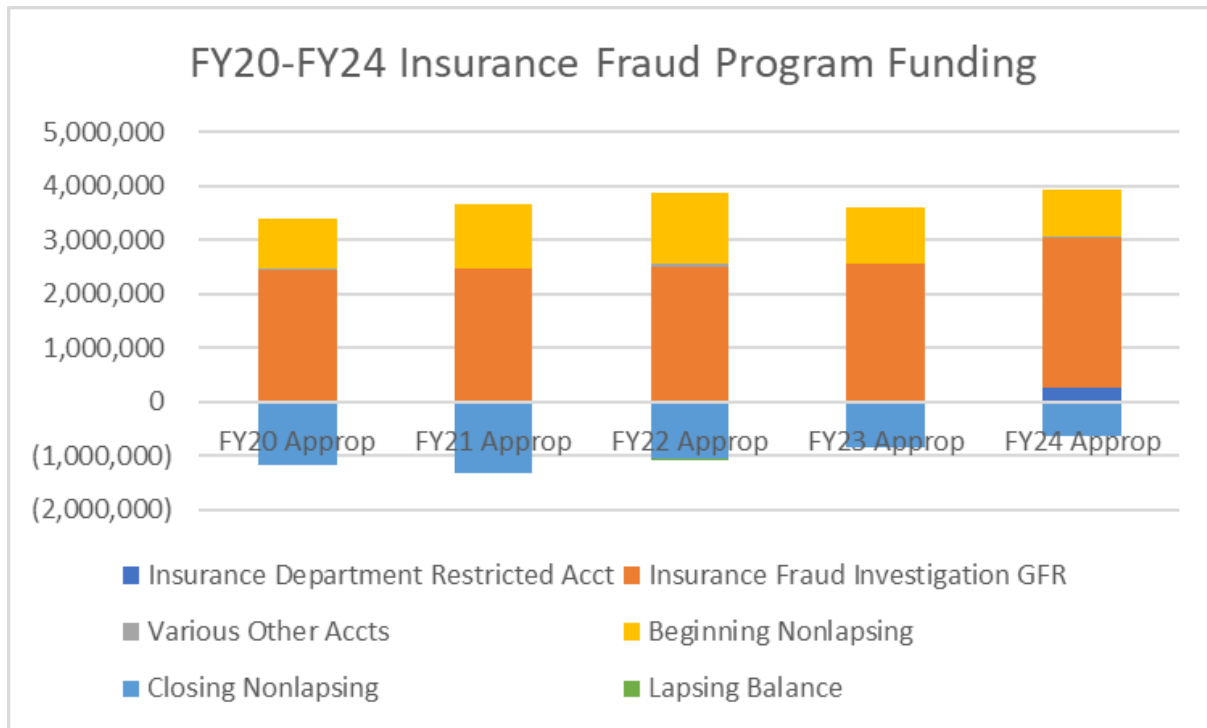


Takeaways from Five-Year Budget History – Captive Insurers

- The main change in Captive Insurers was the approval of a \$200,000 increase in the appropriation and collection allowed for the Captive Insurers Restricted Account as part of H.B. 410, “Insurance Amendments.” We have seen considerable growth in this division along with increased scrutiny (see OLAG’s 2022 Audit of the Department of Insurance).

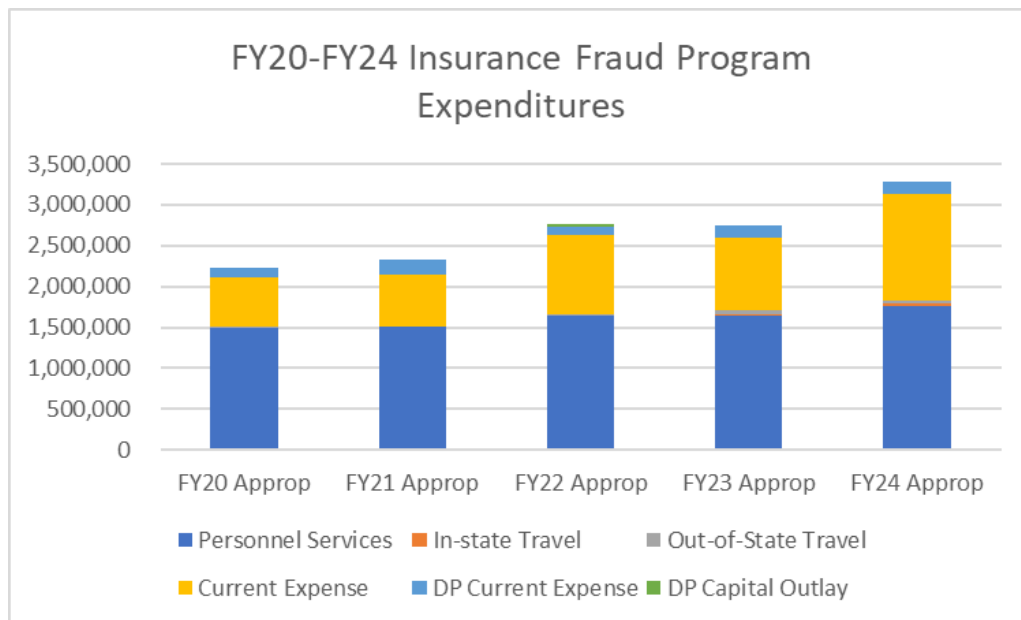
Insurance Admin – Insurance Fraud Prog Funding History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Insurance Department Restricted Acct	0	0	0	0	265,700
Insurance Fraud Investigation GFR	2,445,800	2,472,700	2,499,300	2,553,200	2,771,700
Various Other Accts	9,800	3,300	45,100	13,000	22,600
Beginning Nonlapsing	945,400	1,168,100	1,312,900	1,044,000	855,200
Closing Nonlapsing	(1,168,100)	(1,312,900)	(1,044,000)	(855,200)	(634,700)
Lapsing Balance	0	0	(45,100)	0	0
	2,232,900	2,331,200	2,768,200	2,755,000	3,280,500



Insurance Admin – Insurance Fraud Prog Expenditure History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Personnel Services	1,488,400	1,508,800	1,650,500	1,650,000	1,767,400
In-state Travel	2,500	0	400	15,000	20,000
Out-of-State Travel	23,200	0	1,700	40,000	45,000
Current Expense	602,800	643,200	982,500	900,000	1,295,300
DP Current Expense	116,100	179,200	103,300	150,000	152,800
DP Capital Outlay	0	0	29,800	0	0
	2,233,000	2,331,200	2,768,200	2,755,000	3,280,500



Takeaways from Five-Year Budget History – Insurance Fraud Program

- The main change in Captive Insurers was the approval of a \$265,700 appropriation from the Insurance Department Restricted Account as part of the subcommittee’s final voting packet. There are potential discussions as to whether we needed this additional funding when we do have excess funds in the Insurance Fraud Investigation Restricted Account, but I believe the agency had reason to believe that collections were variable, and the usage of Insurance Department Restricted Account funds would provide a level of stability.
- Attorney General Targeted Compensation has been a major factor in Current Expense growth in the last two years.

PUBLIC SERVICE COMMISSION OVERVIEW

The Public Service Commission (PSC) is an independent, quasi-judicial agency that works to ensure electricity, natural gas, telecommunication, water, and sewer utility service for Utah residents is efficient, safe, reliable, and reasonably-priced. The PSC also aims to maintain financially healthy utility companies. The PSC conducts hearings to assess whether rates, tariffs, terms, and conditions for service proposed by utilities are “just and reasonable” and issues regulatory decisions in each case. Cases may be appealed to the Utah Supreme Court. Additionally, the PSC is charged with ensuring that utilities administer their rates and tariffs appropriately and works in cooperation with the Division of Public Utilities at the Department of Commerce to initiate investigations into utilities that may be in violation of laws or rules, or not operating in the public interest. Municipal utilities are not regulated by the commission.

The PSC manages the Speech and Hearing Impaired program -- also known as Relay Utah -- which provides telecommunication access 24 hours a day to individuals across the State who are deaf, hard of hearing, or speech challenged. These individuals access relay services with the help of Call Assistants (CAs) and specialized telecommunications equipment.

The PSC also administers a program associated with the Universal Public Telecommunications Service Support Fund (USF). The purpose of the fund is to provide affordable basic telephone service to all areas of the State by defraying the additional costs for rural customers.

BUDGET ORGANIZATION

The Legislature approves budgets for the Public Service Commission in one line with two programs:

1. Public Service Commission
 - a. Administration
 - b. Building Operations and Maintenance

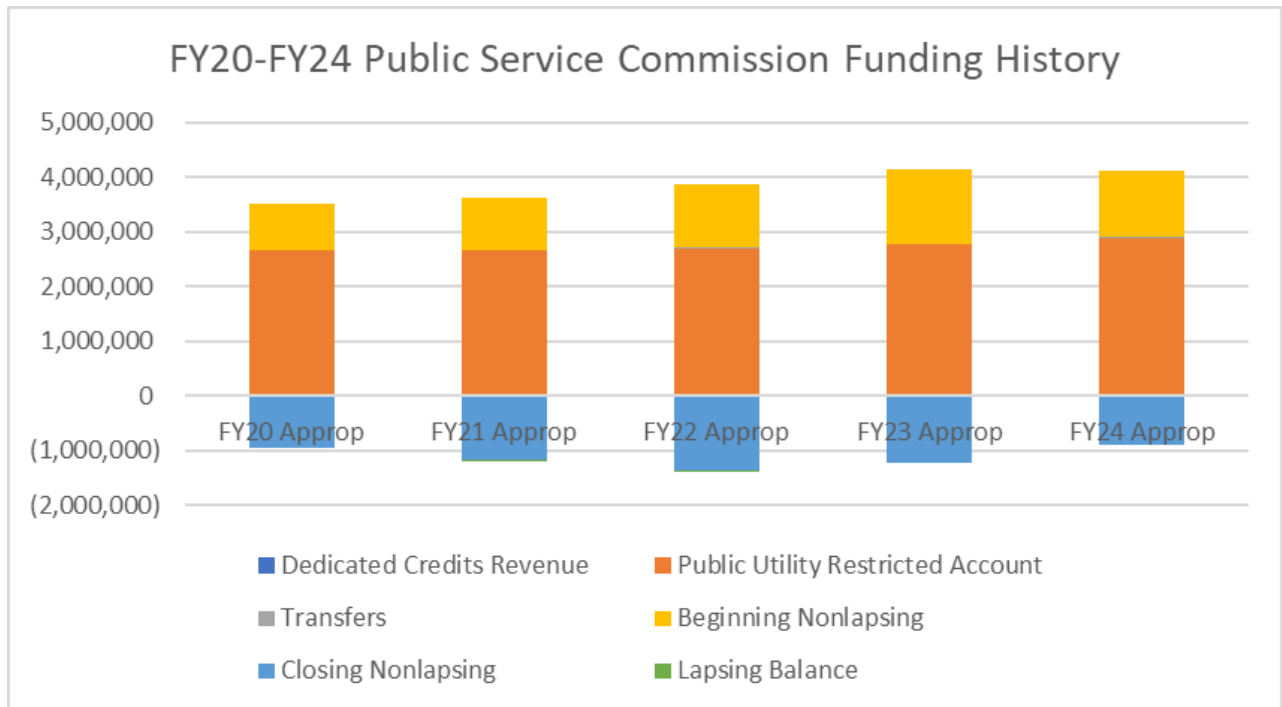
The Legislature also approves appropriations from an expendable revenue fund. This fund can technically operate without appropriations by the Legislature but is included “on budget” for transparency purposes. This item is shown below and will be discussed in the August meeting:

1. Universal Public Telecom Service

Please refer to the [Compendium of Budget Information](#) (COBI) for additional detail about each program.

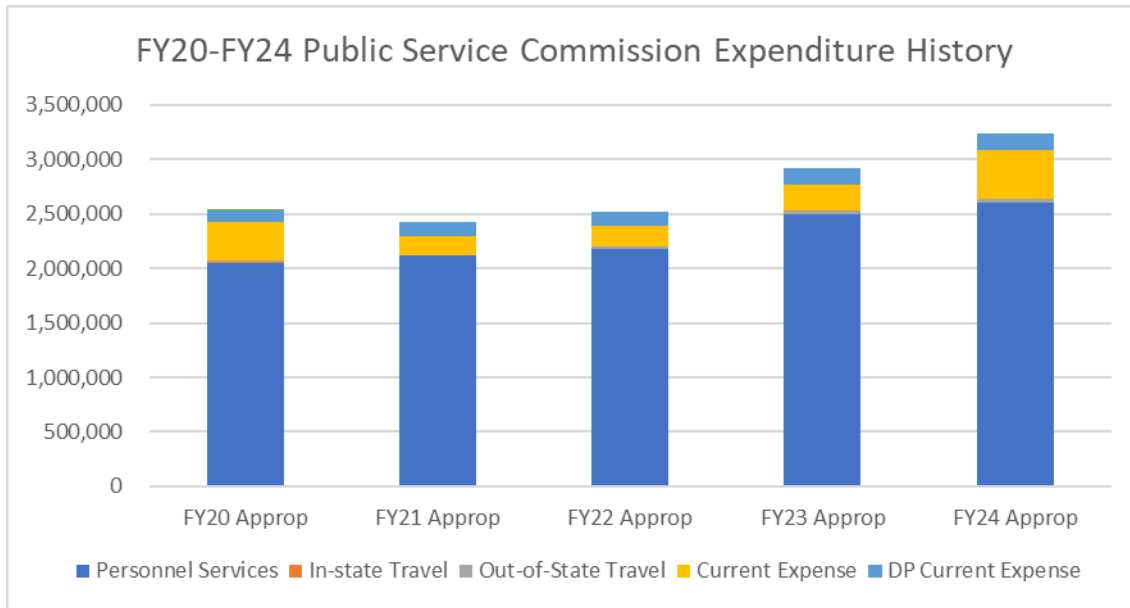
Public Service Commission – Funding History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Dedicated Credits Revenue	16,100	200	600	600	600
Public Utility Restricted Account	2,641,800	2,651,500	2,695,700	2,772,500	2,887,700
Transfers	10,000	10,500	11,000	11,600	12,100
Beginning Nonlapsing	835,300	957,100	1,177,500	1,367,200	1,230,000
Closing Nonlapsing	(957,100)	(1,177,500)	(1,367,200)	(1,230,000)	(892,800)
Lapsing Balance	0	(15,400)	(11,000)	0	0
	2,546,100	2,426,400	2,506,600	2,921,900	3,237,600



Public Service Commission – Expenditure History

	FY20 Approp	FY21 Approp	FY22 Approp	FY23 Approp	FY24 Approp
Personnel Services	2,053,300	2,115,400	2,181,500	2,494,500	2,597,700
In-state Travel	1,200	0	200	2,000	2,000
Out-of-State Travel	13,000	500	15,500	37,000	37,000
Current Expense	352,200	184,400	195,400	239,000	448,200
DP Current Expense	111,000	130,500	125,000	149,400	152,700
	2,530,700	2,430,800	2,517,600	2,921,900	3,237,600

**Takeaways from Five-Year Budget History**

- The Public Service Commission is one of the simpler, contained agencies within BEDL. Most costs go towards personnel services and funding comes from the Public Utility Restricted Account, also known as the PURA or PURF.
- As part of discussions during last year's budget review, PURF funds were allocated towards a Utility Bill Assistance Program with PSC offering to contribute existing balances of around 800k.