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Accountable Budget Process **Capital Budget**

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Accountable Budget Process Background

JR3-2 requires the Legislature to create a budget for a line item or a program by starting from zero and determining whether or to what extent to recommend funding be included in a budget for fiscal year 2025.



Accountable Budget Process

Infrastructure and General Government – Interim Schedule

2019	2021	2022	2023	2024
Department of Transportation – Highway System Construction (Completed)	Career Service Review Office (Completed)	Department of Transportation – Non-construction (Completed)	Capital Budget (In Progress)	Department of Transportation – TIF Capacity Program
	Utah Education and Telehealth Network (Completed)		Department of Government Operations non-ISF programs (In Progress)	Department of Government Operations ISF programs
	Debt Service (Completed)			



Overview of Capital Budget

• Line Items

- Capital Development
- Capital Improvements
- Pass-Through
- Property Acquisition

• Funds

- Capital Development Fund
- DFCM Capital Projects Fund
- DFCM Prison Capital Projects Fund
- Higher Education Capital Projects Fund
- Long-term Capital Projects Fund
- SBOA Capital Projects Fund
- State Agency Capital Development Fund
- Technical Colleges Capital Projects Fund



Accountable Budget Review Documents & Resources

- LFA staff has created issue briefs for each line item and fund.
- The issue briefs can be found at this [link](#).
- Additionally, the Compendium of Budget Information (COBI) has additional budget information.



Recommendations



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1. Capital Development Fund

- **Issue**

- There is an ongoing appropriation of \$2,077,4000 to this account since FY 2021 to fund community correctional housing projects.
- It takes multiple years of funding for DFCM to complete a project.
- There is uncertainty associated with funding a project on a year-by-year basis as ongoing funding could be removed at any time.



1. Capital Development Fund (cont.)

Recommendation

Consider increasing appropriations to fully fund correctional community housing projects.

Agency Response

DFCM supports this recommendation.



2. DFCM Prison Project Fund

- **Issue**

- The Fund was created to account for General Fund appropriations and proceeds from the issuance of bonds.
- The state prison project was completed in 2022.
- The Legislature has approved intent language allowing DFCM to transfer surplus funds to the DFCM Capital Projects Fund to be used for previously authorized projects.



2. DFCM Prison Project Fund (cont.)

Recommendation

Consider closing the DFCM Prison Project Fund.

Agency Response

DFCM is in the process of closing out the last few contracts and will transfer the remaining balance out of this fund to the North State Capitol Building by the end of the month. We see no need to keep this fund open. If there are any future projects associated with the New Utah Correctional Facility, they would be handled through the Capital Projects Fund.



3. Higher Education Capital Projects Fund (HECPF)

- **Issue**

- Statute currently requires the Utah Board of Higher Education (UBHE) to approve the allocation for institutions by May 31st ([53B-2-203](#)).

(2) On or before May 31 each year, the board shall notify the Division of Finance of the board's determination described in Subsection (1).

(3) The Division of Finance shall:

(a) maintain within the fund separate accounting for each institution's allocation; and

(b) based on the notification described in Subsection (2), add to each institution's allocation the amount of money determined by the board.

- During the 2023 General Session, the Legislature made appropriations based on estimates. When UBHE released the allocations after session ended, many projects had a reduced allocation and were over appropriated funds.



3. Higher Education Capital Projects Fund (HECPF) (cont.)

Recommendation

Accelerate the USHE deadline for reporting updated institution allocations of Higher Education Capital Projects Fund appropriations from May 31 to February 15 each year.

Agency Responses

DFCM supports this recommendation.

USHE supports this recommendation.



4. HECPF & Technical Colleges Capital Projects Fund

- **Issue**

- Land banks are not explicitly addressed in statute like the dedicated and non-dedicated projects are.
- The Board of Higher Education currently presents all institution land bank requests to the Legislature for consideration.



4. HECPF & TCCPF (cont.)

Recommendation

Codify how land banks should be prioritized and requested by USHE.

Agency Response

USHE supports this recommendation.



5. HECPF & TCCPF

- Issue

- The Legislature has chosen to fund land bank requests through a direct appropriation.
- Statute currently allows for the HECPF and TCCPF to be used for property acquisition purchases.



5. HECPF & TCCPF (cont.)

Recommendation

Consider using dedicated project funds allocated to institutions from the HECPF and TCCPF for land bank purchases.

Agency Response

USHE supports this recommendation.

DFCM supports the need to continue with Land Bank Requests going forward. We agree statutorily these two funds could be used for land bank purchases. However, in the case of the Technical Education Fund, we don't feel the current funding level is sufficient to support both Capital Project and Land Bank requests. If Land Bank requests are pushed to these two funds we would encourage an increase in the ongoing Technical Education funding. In general, DFCM believes the funding level for the Technical Education fund is too low and there should be consideration in increasing this funding ongoing.



6. Pass-Through

- **Issue**

- Since FY 2019, the Utah Olympic Legacy Foundation (UOLF) has received \$3.0 million ongoing General Fund to be used for improvements at the Utah Olympic Park, Utah Olympic Oval, or Soldier Hollow Nordic Center.



6. Pass-Through (cont.)

Recommendation

Consider creating performance measures for UOLF to report annually on how they are using these funds.

Agency Response

DFCM will work with UOLF to create performance measures for the \$3,000,000 ongoing.



Resources & Next Steps



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Resources & Next Steps

- **Resources**

- [ABP Issue Briefs](#)
- [Recommendations Summary Sheet](#)

- **Next Steps**

- Committee vote on recommendations in October meeting.



Questions?



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