

Major Policies and Funding Issues
FY 2002 - 2003

December 19, 2001

**A Report to the Executive Appropriations Committee
Of the Utah State Legislature**

by

The Office of the Legislative Fiscal Analyst

**OFFICE OF THE LEGISLATIVE FISCAL ANALYST
MAJOR POLICIES AND FUNDING ISSUES
2002 GENERAL SESSION
December 19, 2001**

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**MAJOR POLICIES AND FUNDING ISSUES
2000 GENERAL SESSION**

STATEWIDE ISSUES

What is the estimated increased cost for health and dental insurance?

It is anticipated that if there are any increases for compensation in FY 2003, they will go first to cover the increased Health and Dental costs for state, Public Education, and Higher Education employees. Currently, those costs are estimated to increase by 11.25 percent for Health and 3 percent for Dental. This increase equates to approximately \$30,000,000 in state funds or a 1.25 percent on payroll.

Should the Legislature consider a common benefit package for Public Education, Higher Education and State employees?

Some states, such as New Mexico, have passed legislation requiring participation in a common benefit program. In New Mexico, Higher Education was not required to participate but may join voluntarily.

INFORMATION TECHNOLOGY

**Utah Education
Network (UEN)**

Should the Utah Education Network expand network capacity and improve reliability?

Students, faculty and state employees continues to exponentially increase their use of the Internet, broadcast telecourses, and satellite service. Users have become dependent upon these tools to provide mission-critical applications for institutions of higher education, schools districts and state government. An investment of \$2,046,500 will ensure elementary school connectivity, fund Pioneer Library media streaming, renew library contracts, replace and expand public television transmitters in rural Utah, and provide redundancy and security in Internet Protocol networks.

**Higher Education
Administrative
Computing**

Should the State invest in a centralized administrative system for higher education?

In the 2001 General Session, the Legislature funded development of a master plan for higher education administrative computing. In conjunction with consultants Arthur Andersen, Higher Education concluded that a number of institutions' administrative systems face catastrophic failure, and that the most cost effective approach to replacing such systems is centralized service. By using the Division of Information Technology Services as a centralized service provider, the State can leverage its information technology resources to provide service to higher education while at the same time stimulating the state economy without a state fund appropriation in FY 2003.

**State Travel
Reimbursement
Policy**

Can the State improve its processing of travel reimbursements?

Under Utah's current travel reimbursement practices, numerous individuals file, complete, authorize and submit a single travel reimbursement. Electronic forms technology is available to streamline such practices. However, disparate practices state-wide must first be re-engineered. A new state-wide travel policy, developed in conjunction with new electronic forms and payroll systems, would reduce paperwork, avoid personnel costs, and cut red tape.

**Extending
Depreciation of
Technology Assets**

Should the Division of Information Technology adjust its depreciation schedule for capital assets?

The Department of Administrative Services' Division of Information Technology Services (ITS) currently writes-down capital costs for all of its assets over three years. Many assets, including communications systems, large volume storage and processing devices, and buildings and towers, have a service life of more than three years. While ITS currently expenses software, under new government accounting standards, some software should be capitalized. Extending the depreciation schedule of an appropriate group of assets could save ITS as much as \$1.6 million, resulting in lower rates to agencies and a one-time refund to the General Fund of \$1.2 million.

EXECUTIVE OFFICES AND CRIMINAL JUSTICE

**Department of
Public Safety**

Should the Legislature approve the creation of the Division of Homeland Security?

The events of September 11, 2001 have changed the Nation's perceptions of safety and security. The Federal Government has passed legislation significantly expanding the powers of law enforcement agencies to proactively ensure public safety and security.

In response, the Department of Public Safety (DPS) has recently created the Homeland Security Task Force. Organizationally, the task force is a subdivision of the Division of Comprehensive Emergency Management (CEM). Manpower has been drawn from within DPS. Projecting the expenditure of State funds for the Homeland Security Task Force shows the following: Approximately \$150,000 from General Fund (Personnel and Current Expense) and approximately \$130,000 from Restricted State Funds (Personnel Assigned). Total State expenditures will be approximately \$280,000. These funds are currently within the DPS's budget. There are no additional State Funds being requested at this time.

Should two additional Highway Patrol Troopers be funded?

The growth in drivers and road miles driven argues for a concomitant growth in the Utah Highway Patrol. The cost of two additional troopers is \$198,000 in General Funds (\$133,000 ongoing and \$65,000 in one-time; two FTEs).

Adult Corrections

What funding is needed to address jail contracting requirements?

Additional funding of \$2,301,300 General Fund would maintain jail contracting at the FY 2002 funding level. This will fund 130 beds. Funds had been shifted from the delay in the opening of the Central Utah Correctional Facility Phase II, but have been committed for reduction in the Governor's holdbacks. Not funding this could result in a housing shortage at the Department of Corrections. Corrections control of the prison population could be effected through additional funding adjustments. There could be a long-term positive fiscal impact.

What level of supervision of the probation and parole felons will reduce the risk to the public?

The corrections' staff-to-offender ratio increases each year. Probation officers are more aggressively supervising persons on probation and parole in an effort to assist in the management of prison populations. The Department of Corrections is requesting funding of \$890,700 General Fund for 20 Adult Probation and Parole Agents.

What funds are needed to deal with rising medical costs at the State's prison facilities under the current delivery system?

The inflation in medical costs experienced by the general population has an equal impact on the cost of medical and mental health care for the prison population. Medical costs are increasing and the State is required to provide medical services to inmates. Funding of \$800,000 General Fund is being requested by the Department to address this issue under the current delivery system.

Will the Legislature continue to fund Jail Reimbursement?

The Department is required by statute to make a request for reimbursement to county jails for felons sentenced to jail as a condition of probation. Funding for FY 2001 paid for 64 percent of the total Jail Reimbursement days billed by the counties. The funding request for FY 2003 is \$4,405,400 General Fund.

Youth Corrections

How much funding is necessary to perform after care services and reduce recidivism in the juvenile justice system?

One of the Division of Youth Corrections missions is to prevent juveniles from reoffending and being reincarcerated following release from secure care or alternatives to secure care. Comprehensive aftercare applied to repeat and high-risk offenders can reduce recidivism and rates of juveniles committing violent crimes. The aftercare program is a community based program that provides support and supervision for youth reintegrating back into their communities. Some of the services offered are: intensive supervision, family intervention, education/vocation assistance, drug/alcohol counseling, drug testing, residential and emergency beds, advocacy/mentoring, job placement/retention. The objective is to improve overall functioning of the youth and their families and increase the opportunity for successful integration back into the community. Funding of \$556,000 General Fund is being requested by the Division of Youth Corrections to expand this program into Utah County and to enhance services in Weber County.

What is the fiscal impact of the increasing female population at youth correctional facilities?

The percentage of female offenders coming into the Division of Youth Corrections Community Based Alternatives Program has tripled from FY 1995 to FY 2000. The trend is upward. Rehabilitating a female is different than helping a male offender. Historically, programs have been geared to rehabilitate males. The Division of Youth Corrections currently operates a female specific Observation and Assessment unit in Salt Lake, a female specific secure facility at Wasatch, a female specific day treatment program in Davis County, a seasonal work camp at Strawberry Reservoir, and a female unit at the Genesis work camp. The Division has requested to expand the female day treatment program into Salt Lake and Utah Counties.

Currently, there are 55 females in Salt Lake County and 25 in Utah County that could be considered for this program. The population would range from front-end Division of Youth Corrections community placement females to females transitioning from secure care. State General Fund of \$779,800 would be required to operate the program. Federal participation is \$131,200.

Can funding be provided to address the youth population increase in Tooele County?

Tooele County Services - Referrals to the Juvenile Court in Tooele County have increased by 45 percent in seven years. Home Detention referrals have risen from nine youth in 1999 to 48 youth in 2001 with an average of 40 youth per month. DYC custody youth have increased from a daily average of 13 in 1999 to 30 in 2001. DYC has been providing these services using Salt Lake area Home Detention staff and Case Management staff. The establishment of a Receiving Center in Tooele County would be more efficient use of law enforcement staff. They would no longer be required to transport youth to the Receiving Center in Salt Lake County. State funding of \$507,700 General Fund and a match of \$85,400 Federal Funds would be necessary to establish this receiving center.

Will additional funding be provided to address the effects of “good behavior” orders and increases in detention?

There is potential for an increased use of detention, based on an emerging practice among juvenile court judges. Recently, there have been a number of commitments to detention orders that have included "no good behavior" provisions. "Good behavior" (UCA 78-3a-504), involves a “one to three ratio” (days) sentence reduction. Orders to detention accounted for 41,100 days of care in the last fiscal year. This practice, if continued, has the potential to add 13,700 days of client care. The minimum cost to Youth Corrections for these extra days of care is \$150,000. This assumes no increase in staffing levels and no capacity issues. When these two factors are considered, the impact to the division is potentially higher.

Courts

If funding is available should the Legislature consider increased funding for contracts, leases, jury and witness fees?

Increases in the contracts for court spaces and services statewide will cost an additional \$751,100 General Fund in FY 2003.

Also, according to statute, Jury and Witness Fee shortfalls for FY 1999 and FY 2000 have been reviewed and approved by the Board of Examiners for payment as a claim against the State. The amount is \$515,600 General Fund.

New Board Hearing Room

Are funds available for an expansion of the hearing room at the Draper Correctional Facility?

The Board’s hearing room at the Utah State Prison at Draper is no longer adequate. The hearing room is a converted former inmate dormitory. The request for funding is based on the increase in the number of hearings since its construction, coupled with the need for victims to be separated from offender family members. An outdated sound system makes it difficult to hear and record participants’ testimony. This site holds commutation hearings for Utah’s death row inmates. There are numerous death sentence appeals. The funding request is for \$75,000 General Fund one-time.

CAPITAL FACILITIES AND ADMINISTRATIVE SERVICES

Facilities Financing

Will bonding be required for Capital Facilities?

Due to budget constraints four projects approved in the 2001 General Session were not funded. The projects were located at Snow College, Dixie State College, Weber State University and the Bridgerland ATC. The total cost to fund the projects is more than \$50 million.

Beyond these projects are several others that, if approved, will reduce the state’s \$400 million maintenance backlog. The maintenance backlog is the result of decades of building decay and it can not be fixed in one year. The FY 2003 minimum for Capital Improvements is \$49.3 million.

If the Legislature wants to continue a capital development program on a pay-as-you-go basis, it must take one of two steps:

1. Leave cash in the base budget; or,
2. Put off approval of all capital developments until the 2003 General Session.

The second option will increase costs for the “holdback” projects – especially the new Davis Campus at WSU that was bid with a “subject to funding” clause as part of the other classroom projects approved last year.

Utah facility needs must be met on two competing fronts – the first requiring significant funding to replace and repair aging infrastructure and the second requiring funding to meet the needs of a growing state. Failure to approve projects this year will mean that aging buildings in need of significant remedies will continue to deteriorate.

Regardless of funding source, the state has legitimate needs that should be considered this year and for the next several years. *Rather than focusing on a “bond vs. no-bond” debate, the Analyst recommends setting facility priorities then developing a plan to finance those priorities.*

COMMERCE AND REVENUE

Workforce Services How will Federal Reauthorizations of TANF, Food Stamps, and Child Care Assistance Program affect state budgets?

Temporary Assistance to Needy Families (TANF) authorization expires at the end of federal fiscal year 2002. Neither House nor Senate bills includes an extension. The Senate Finance Committee approved a one-year extension that could be attached to another bill. The Child Care and Development Block Grant (CCDBG) is also up for reauthorization and as of this writing, the President and the House have proposed an increase and the Senate has proposed the same level of funding. Food Stamps is also up for reauthorization and the President, House, and Senate have proposed a 9.3 percent increase. Both the level of funding and any changes in the programs could significantly impact State programs and appropriations.

Should the Legislature increase funding to public regulatory agencies to handle recent PacifiCorp filings?

PacifiCorp has filed to reorganize. The Energy Policy Task Force recommends that adequate funding be assured to the Public Service Commission, the Division of Public Utilities, and the Committee on Consumer Services. Estimated increases for these entities are the Public Service Commission \$30,000 in General Fund, the Division of Public Utilities \$90,000 in Nonlapsing Balances, and the Committee on Consumer Services is requesting \$324,500 from the Commerce Service Fund.

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES

Industrial Assistance How much is required to fully fund the Industrial Assistance Fund? **Fund Supplemental**

According to UCA 63-38-2.5, at the end of the fiscal year, after transferring the General Fund surplus to the Budget Reserve Account, any additional unrestricted, undesignated General Fund balance, beyond the first \$10,000,000 shall be earmarked to the Industrial Assistance Fund in an amount equal to the credits accrued. The amount required for FY 2002 is \$329,400.

Promoting Utah during the Olympics

What is the cost to take advantage of the Olympic opportunity to promote Utah?

When Salt Lake City was awarded the 2002 Olympics, Utah won a once-in-a-lifetime opportunity to promote state tourism and economic development efforts. Georgia's Olympic economic development effort cost about \$8,000,000 and resulted in more than 400 CEOs visiting Georgia, and 22 foreign firms establishing headquarters in Atlanta in 1997. Georgia's tourism effort cost \$9,000,000, and five years after the Olympics Georgia's tourism has doubled. Budget requests for FY 2003 are \$2,000,000 for travel development and \$2,000,000 for economic development in ongoing funds.

Travel Council

Has the Travel Council met the provisions of UCA 9-2-1703? If so, should \$200,000 be appropriated?

"If the department determines the industry's economic growth exceeds the previous year's taxable sales by 4 percent, the Legislature shall appropriate \$200,000 for the upcoming fiscal year."

Utah/Silicon Valley Alliance

Should the Legislature continue to fund the Utah/Silicon Valley Alliance?

DEPARTMENT OF HEALTH

Children with Special Health Care Needs/Early Intervention

How can the State handle growth in the Early Intervention Program?

The Baby Watch/Early Intervention program continues to see growth in the number of children identified as candidates qualified to receive early intervention services. The number of eligible children is increasing 10 percent each year. This increase is projected to cost \$558,000 from the General Fund.

Medical Assistance Base Program

What are the mandated funding increases in the Medicaid Program?

Inflation and increased utilization in the Medicaid program generate the need for an increased General Fund appropriation of \$25.5 million.

How can the State handle catastrophic Medicaid costs?

To spread the risk for extraordinary Medicaid costs, the Department utilizes reinsurance. The costs of this reinsurance are increasing to the point that an additional \$4 million would be required.

Should the State continue Medicaid coverage for disabled workers?

A federal waiver program allows disabled persons to work and earn up to 250 percent of poverty and still retain Medicaid coverage. The 2001 Legislature approved the necessary funding for this waiver, but with one-time funding.

Does the State wish to continue funding Breast and Cervical Cancer screenings?

Last year the Legislature funded \$117,500 (General Fund one-time) to fund screenings for Medicaid recipients. The Legislature will be asked to provide base funding for this purpose.

How can the State implement HIPAA?

The federal government passed the Health Insurance Portability and Accountability Act in 1996 which offers new protections for millions of American workers and improves portability and continuity of health insurance coverage. However, this federal mandate did not come with funding. The Department of Health will need one-time funding and ongoing funding to comply with the HIPAA provisions for electronic transactions, new procedures and processes. Funding requirements for this program are \$1.3 million one-time and \$537,000 ongoing General Funds.

Utah Medical Assistance Program (UMAP)

Should the State fund inflationary and utilization increases in UMAP?

Inflation and increased utilization in the Utah Medical Assistance Program generate the need for an increased General Fund appropriation of \$716,800.

Children’s Health Insurance Program (CHIP)

How should the State handle increases in CHIP?

The outreach efforts for the Children’s Health Insurance Program (CHIP) have been successful, to the point where enrollment has exceeded expectations and the appropriations. The State portion is currently \$5.5 million from tobacco settlement fund. Additional funding could come from the same source or from the General Fund.

Impact of Aging Population

Will long-term health care costs increase significantly over the next few decades?

A long-term issue which the entire country is facing should at least be discussed and considered. With the population of the country aging, and with more people living longer, medical and long-term care costs for the disabled and aged populations will see significant increases over the next two to three decades (38.6 million in 1997, 72.2 million in 2027). In Utah, approximately 85 percent of all nursing home residents are Medicaid recipients. The Medicaid aged and disabled populations account for 20 to 25 percent of total Medicaid eligibles, but utilize 40 to 60 percent of the total funds. As the population ages, more people will likely utilize long-term care, a very expensive provider of health care, and Medicaid will be looked at as the main funding source. A possible solution emphasizes long-term and disability insurance funded by the individual.

DEPARTMENT OF HUMAN SERVICES

Services for People with Disabilities Waiting List

What level of funding should the State provide for people with disabilities waiting for services? (Cost to fund total waiting list currently estimated at \$5.2 million. Division requests \$650,000 for emergency services.)

The State has made significant efforts in recent years to provide services for people with disabilities waiting for services. However, there are still a significant number of people waiting for services. The Division has revised its waiting list and currently estimates about 1,200 people on the list are in need of immediate services. Most of these individuals do not currently need the more costly out-of-home residential services, but do need in-home, family-driven supports. Total cost of funding these needs of these people is estimated at \$5.2 million in State funds. However, the Department has not made a formal budget request for waiting list funding at this time.

The Department is requesting about \$650,000 for emergency services needs and placements. This includes court-ordered services, children “aging out” of services currently provided by the Division of Child and Family Services, and cases where a caregiver dies or becomes unable to continue care.

Adoption Assistance Funding

What level of funding should the State provide for adoption assistance to parents who adopt children from state custody? (Division requests \$783,100 General Fund)

The State makes available several forms of financial assistance to families adopting children from State custody: 1) One-time assistance for legal costs; 2) Medicaid card for the child; 3) Monthly adoption subsidies; and 4) Supplemental, special needs subsidies, for out-of-home placement care, specialized therapy, dental and medical care not covered by the Medicaid card, and other occasional needs. The number of such adoptions receiving subsidies is growing by about 300 per year. The Division is requesting a base budget increase for FY 2003 in the amount of \$1,007,500 (\$783,100 General Fund).

TANF Funds Replacement

Should the State replace one-time transfers from TANF with ongoing State funds? (Total replacement cost - \$4.7 million; FY 2003 request - \$1.8 million)

During the last three sessions, the Legislature has approved transfers of TANF funds (Temporary Assistance to Needy Families) to the SSBG (Social Services Block Grant) to fund a variety of ongoing human services needs. The 2000 Legislature increased the transfer amount by \$1.8 million for FY 2001 (to a total transfer of \$4,737,000) for people with disabilities waiting for services. Changes in the federal TANF laws may reduce the amounts states may transfer in the next fiscal year. By FY 2004, TANF will be reauthorized by Congress and the current “surplus” of TANF funds may not be available. The 2001 Legislature included intent language in its FY 2002 appropriation instructing the Legislative Fiscal Analyst to “consider replacing the [increase of \$1.8 million in] TANF transfers with sufficient General Funds to provide the equivalent amount of service.”

Division of Child and Family Services (DCFS) Court Oversight

Should the State increase funding to hasten the end of court oversight of DCFS? (Division requests over \$2 million in State funds for FY 2003.)

When the four-year David C. settlement agreement expired in 1998, the federal district court decided to continue its oversight of the Division by requiring the creation and monitoring of a “Performance Milestone Plan.” The State unsuccessfully appealed the court’s decision to the 10th Circuit Court of Appeals in Denver, and later appealed to the U.S. Supreme Court, which denied a hearing. For FY 2002, DCFS received \$570,000 in one-time funds from the TANF “rainy-day” fund to meet the costs of Milestone Plan training and compliance costs. It requests ongoing funds for FY 2003.

DCFS also requests increased funding to enhance the training and mentoring of new child service workers and reduce the caseload of new case workers during the training and mentoring period. (\$1.5 million State funds for 37 additional case-workers).

Utility Cost Increases

Should the State increase institutional budgets for utility cost rate increases? (Department requests both FY 2002 supplemental of \$314,500 and FY 2003 base increase of \$328,600.)

Both the State Hospital and the Developmental Center experienced significant natural gas and electricity rate increases in FY 2001. Natural gas rates doubled and electrical rates increased by more than ten percent. The 2001 Legislature provided one-time supplemental appropriations to cover these costs in FY 2001. Both institutions are requesting supplemental appropriations for FY 2002 (\$314,200 General Fund) and base adjustments for FY 2003 totaling \$328,600 General Fund.

Increased Medical and Pharmacy Costs

Should the State increase the base budgets of the Developmental Center and the State Hospital to cover increased medical and drug costs? (The two institutions are requesting \$298,800 for FY 2003.)

Medical costs at the Developmental Center and the State Hospital are increasing sharply. Prescription drugs' cost at the Hospital has increased from just over \$1.0 million in FY 1996 to over \$2.4 million in FY 2001. The populations at both institutions are entering the facilities with more serious problems requiring higher levels of medical care and more costly (but more effective) drugs. The institutions are requesting budget increases totaling \$298,800 (General Fund) for FY 2003 for these cost increases.

Expansion of Drug Courts and Drug Boards

Should the State fund expansion of the Drug Court and Drug Board programs? (Total need - \$20.1 million; FY 2003 General Fund request for Drug Courts - \$1 million)

Drug Courts offer nonviolent drug abusing offenders intensive court-supervised drug treatment as an alternative to prison if the offender completes the program. Private providers and local area substance abuse authorities provide treatment services. Drug Boards is a similar program offered by the correction system to individuals leaving prison and entering parole. Estimated needs for drug court services total \$12.3 million in State funds that would provide services to approximately 3,500 offenders. Drug Boards estimates total needs at another \$7.8 million. The Department is requesting \$1 million in new General Funds for FY 2003 for increased Drug Court programs.

Increased Funding for Substance Abuse Treatment

Should the State increase funding for drug abuse treatment programs? (Division request about \$1.7 million for FY 2003.)

The Division is requesting additional drug treatment funds specifically aimed at two populations. One is the increasing number of METH abusers, especially women of childbearing age. The other is the increasing number of early release substance abusing parolees. The Division requests \$500,000 in State Funds to provide treatment for about 200 METH abusing women and about \$1.2 million to provide substance abuse treatment for the approximate 700 individuals with substance abuse problems expected to be released early from prison due to overcrowding.

Waiting List for In-home Services for the Aged

Should the State expand nursing home alternative programs for the aged waiting for services? (Total Need - \$3.2 million; FY 2003 General Fund request - \$250,000 for transportation services)

There are waiting lists for elderly residents who need in-home services, which can prevent or delay their move into more costly services such as nursing homes. These in-home services include “meals-on-wheels,” respite for the caregiver, personal aids, transportation services, etc. For FY 2003, the Division requests a one-time appropriation of \$250,000 (General Fund) for use by local area aging authorities to purchase meals delivery vehicles and vans.

UTAH SYSTEM OF HIGHER EDUCATION (USHE)

New Enrollment Funding

Should the Legislature consider capping USHE enrollment in light of current economic conditions?

New student enrollment growth for FY 2003 is estimated to be 8,632 new FTE students. This represents a 9.4 percent increase above the amount funded in the prior year.

One of the hallmarks of Utah’s higher education system has been open access to any USHE institution for which a student is suitably prepared. Should the Legislature choose to not fully fund new student growth, or should higher education not be able to reallocate existing resources to cover enrollment growth, USHE institutions may be forced to limit the number of new students they will be able to accept in the future.

Utah's historic philosophy of higher education supports the notion that our state universities and colleges should be both high quality and accessible to the broadest possible range of students. Maintaining this philosophy requires a dual commitment from the universities and the state: the institutions must maintain affordable tuition and keep admission standards as inclusive as possible, while the state must support a level of appropriations that enables institutions to meet the educational needs of their students.

To alter the state's vision of broadly accessible higher education will result in a discussion of a number of critical policy issues. First, should the cost of higher education to students be "as nearly free as possible?" Tuition levels at our universities are among the lowest in the United States. Second, should admission standards for entry into the state universities be set to select only those students who are academically prepared to attend only certain state institutions? Other policy issues may include: the funding of remedial instruction, the conversion of non-residents students to resident status for tuition purposes, graduate tuition rate, etc

**Ongoing
Institutional
Operating
Expenses**

Should the Legislature appropriate money for basic operating needs of an institution before funding items like new enrollment growth?

Fuel and Power - Dramatic increases in the cost of electrical power and natural gas cause institutional fuel and power expenditures to greatly exceed budgets. Although the market for natural gas has somewhat stabilized, prices are still inflated beyond those built into the base budgets for operating institutional facilities. To cover the basic operating needs of USHE institutions, the system will request a **one-time** appropriation of \$4.1 million

Operation and Maintenance of New Facilities - O & M support for 34 new or renovated facilities coming on-line in FY 2003 exceeds \$1.3 million. A number of these facilities were funded at 95 percent of their expected cost in FY 2002.

Health and Dental Insurance Premiums - Rapidly increasing costs for health insurance create the need for double-digit percentage increases (approximately \$4.6 million) to cover employee health benefits for FY 2003.

**U of U School of
Medicine**

Should the Legislature raise other revenue sources to improve funding for the University of Utah's School of Medicine?

The University of Utah's School of Medicine is requesting \$15 million in ongoing money for medical education. School officials will be seeking a new source of funding such as an ongoing allocation from the Tobacco Settlement money to enhance their budget needs. Changes in the health care environment have the potential to limit the amount of support the School of Medicine receives from non-state sources necessitates the need for a new revenue source.

**Engineering and
Technology**

Should the Legislature appropriate \$3.0 million to expand offerings in engineering and technology related fields (SB 71)?

Increasing support in these areas could have a positive impact on the economic development of the State. Institutions will still be required to evaluate current program offerings and reallocate funds internally to leverage the appropriated funds to fulfill the objective of this initiative. Limited funding in the current year will require difficult decisions early in the State's effort to increase baccalaureate graduates in these technical fields.

UTAH COLLEGE OF APPLIED TECHNOLOGY (UCAT)

Enrollment Growth Funding

Should the method of calculating the enrollment growth funding be changed for the technical colleges?

Under the State Board of Education, the enrollment growth funding for the Applied Technology Centers (ATCs) and Applied Technology Center Service Regions (ATCSRs) was calculated by increasing the base funding of each entity by a system-wide average enrollment growth factor. This approach treated each entity as “one size fits all”. The current year system-wide average is 4.6 percent.

The proposed enrollment funding mechanism for the UCAT’s technical colleges is a combination of a fixed amount and variable funding based on actual enrollment growth. This approach will help to maintain the smaller schools plus fund the institutions experiencing enrollment growth. The enrollment growth amount for fiscal year 2003 is \$1.7 million.

Administrative Funding

Should the Legislature fund administrative cost for the Utah College of Applied Technology (UCAT) and the Dixie Applied Technology College?

With the passage of House Bill 1003, “Applied Technology Education Governance” in the 2001 first Special Session, the Utah College of Applied Technology (UCAT) was established with 10 regional technical colleges. In this Legislation, the Southwest Service Region was split into two technical colleges, the Southwest and Dixie Applied Technology Colleges. The newly established technical college in the Dixie region as well as the UCAT did not receive any administrative funding. The amount for FY 2003 is \$400,000 and \$100,000 for FY 2002.

Management Information System

Should the Legislature fund a Management Information System for the Utah College of Applied Technology (UCAT)?

The Utah College of Applied Technology has a need for a Management Information System to collect student data. The current information system is obsolete. The Utah System of Higher Education (USHE) is in the process of implementing a Management Information System. However, the UCAT student data needs are not compatible with the USHE system because it is not equipped to deal with open entry/open exit nor with the calculation of membership hours versus credit hours. The total request for FY 2003 is \$1.5 million of which \$1 million is one-time.

**Fuel and Power Rate
Increases**

Should the Legislature fund fuel and power rate increases for UCAT?

Over the past several years, the most alarming rate increases have been in fuel and power (heating oil, natural gas, and electrical power) due to significant rate changes. The fuel and power rates are starting to stabilize, but the need for subsidizing the base budgets of the UCAT colleges is critical for FY 2003. The one-time funding for FY 2003 is \$411,100.

Library Needs

Should the Legislature provide additional funding to the Utah Academic Library Consortium (UALC) for the UCAT colleges?

UCAT is in the process of working on accreditation so they can offer associate of applied technology degrees. A component for accreditation is the need for access to libraries for UCAT institutions. The UALC currently evaluates the library needs of the USHE institutions. Additional funding would allow the UCAT institutions to become a member of the UALC. The UALC can suggest economical and efficient ways for the cooperation and collaboration of UCAT and USHE institutions to meet library requirements. An appropriation of \$75,000 is requested for FY 2003 (\$25,000 is one-time).

NATURAL RESOURCES

**Department of
Natural Resources
and Department of
Agriculture and
Food**

How will agencies pay for internal service fund rate increases in times of General Fund holdbacks?

The agencies under the Natural Resources Appropriations Subcommittee had approximately three percent of their General Funds held back in FY 2002 (Governor's first round only). Additional holdbacks are almost certain to follow. In the meantime, inflation in the state's Administrative Services Internal Service Fund program, in such areas as liability insurance, motor pool, utilities, and rent are expected to cost the Department of Agriculture and Food \$76,800, and the Department of Natural Resources \$39,500, in FY 2003. These amounts do not include additional costs the Legislature is considering for the use of 4x4 vehicles. Without increased funding for overhead inflation, agencies may face a de facto budget reduction if they are forced to make programmatic reductions to fund higher rates.

Will the Legislature fund insect control efforts in the spring of 2002?

During the previous three years, the state's insect infestation has been the largest in sixty years. The Governor has declared an agricultural disaster in each of the last three years. Early estimates for 2001 are 1.5 million acres infested, resulting in \$25 million in agricultural losses. Early surveys indicate that 2002 could be far worse than either of the previous two years, with 3.3 million acres possibly infected. While most of the problem is on federal lands, the state's control efforts on state and private lands could cost over \$130,000. If the Legislature decides to fund these control efforts, the appropriation would need to be an FY 2002 supplemental, so as to allow control work to proceed in the early spring months.

PUBLIC EDUCATION

Block Grant Funding

With the 2001 Legislatures' development of Block Grant Programs should the structuring be revised and/or modified?

The State Board of Education is proposing modifications that would move significant amounts back into a Weighted Pupil Unit (WPU) funded classification but still be a block grant program. Does the Legislature want to determine funding increases separately or have it tied to the WPU?

Hold Harmless Funding

What position does the Legislature want to take on hold harmless funding?

In an interim committee meeting the Executive Appropriations committee directed the preparation of legislation to reverse specified amounts for each district and have the total amount of funds available appropriated to the State Board of Education for distribution to school districts based on final data inputs at the end of the year to provide for a more equitable distribution. The State Board is now recommending that the appropriated amounts remain distributed to school districts as is; and that the legislature appropriate supplemental funds for districts that should have received more than they got under the current legislation. This would require approximately \$365,000. They have also recommended the hold harmless funding become ongoing rather than being phased out.

Voted and Board Leeway Funding

In light of the economic circumstances does the Legislature want to consider repeal or a delay of this increased cost for FY 2003?

Legislation enacted by the 2001 Legislature requires automatic increased state funding participation estimated to be approximately \$2,700,000 for FY 2003.

Professional Development Days

Does the Legislature want to reverse or delay their actions for FY 2003 based on current economic circumstances?

The 2001 Legislature passed legislation that added two extra professional development days for Utah's school teachers. The Legislation also required for, FY 2003, funding for an additional day estimated to be \$6,800,000.

Textbooks and Supplies

Should textbook and supply funding become a line item appropriation by the Legislature and given additional funding support?

According to a recent study it is estimated that an additional \$9,000,000 annual appropriation is needed to maintain textbook funding at "adequate" levels. Given the sensitive nature of textbook funding and the constant indicators of needs and also the rising costs of textbooks it may be appropriate to consider line item funding. Costs could be monitored and expenditures tracked to make sure the needs are being met. Should textbook funding be separated from the supply categories to adequately define where funding is going? How would this affect local control issues?

Teacher Pay

Should appropriations for compensation of teachers be computed using a different methodology; i.e. lump sum per full time equivalent?

Should a distinction be made in appropriations between compensation cost increases versus other weighted pupil unit driven costs, such as health insurance. Should a plan for improving beginning salaries be a Legislative priority? Are there justifications and methodologies that should be considered for differential pay.

Staff Development

What should the commitment be to teacher development and quality issues?

Should a training plan with a performance report to the Legislature be provided before commitment of any funding? Should it be a centralized initiative or local with no strings attached? What should the role of Public Education be as it relates to Higher Education responsibilities? Should recruitment and retention policies be considered given concerns of teacher supply?

Funding Priority

Should the value of the weighted pupil unit be the principle focus of Legislative support with a lesser attention to categorical programs?

Should Legislative funding focus on areas of need as opposed to equalized funding?

**Capital Outlay
Funding**

Should a plan of future funding for capitol outlay become a Legislative initiative?

What should be the level of state participation? Should a different definition of equity be considered to allocate state funding?

Funding Adequacy

Should the Legislature define "basic education" and limit its resources to developing an adequate basic education?

With the ever-increasing demand for education to provide unlimited services, both educational and social, for children should a market basket approach of education deliverables be considered?

**Alternative
Language Services/
English as a Second
Language**

The State Board of Education has listed a funding priority of \$6,000,000 to address the increasing needs of those needing help with the English language.

**U-Pass (Assessment
& Accountability)**

What should the States' funding commitment be to the U-Pass system?

The next phase of implementation of the U-Pass system is anticipated at about \$9,000,000. Federal government legislation under consideration will also require states to test most all grades. However, the implementation may be revised under proposal now before congress. Federal funding should also be available under the new act.

**Realize Efficiencies
Resulting from
Block Grants**

Should the State Board of Education eliminate positions rendered unnecessary by block granting and UCAT?

Recent changes in the means of educational funding, associated reporting requirements, and the structure of applied technology education have rendered superfluous a number of administrative functions at the State Office of Education. Eliminating 7.5 full-time equivalent positions responsible for those functions would result in a savings of more than \$700,000.

TRANSPORTATION AND ENVIRONMENTAL QUALITY

Department of Environmental Quality

Should the Legislature continue to fund strategies to keep high nuclear waste from coming to Utah?

Utah is targeted to be the site for storage of up to 40,000 metric tons of spent nuclear fuel rods. This high level nuclear waste is to be stored in Skull Valley on the Goshute Reservation approximately 45 miles southwest of Salt Lake City. It is estimated that a FY 2003 appropriation of \$2,000,000 would be required to continue to provide investigation, evaluation, risk assessment, and legal assistance to continue to oppose this project.

Utah Department of Transportation

What is the status of the funding availability for FY 2003 Centennial Highway Program?

The legislative plan adopted during the 2001 session to continue funding the Centennial Highway Program includes an increase of \$11,000,000 from the General Fund for FY 2002. If this appropriation is approved the General Fund amount to the Centennial Highway Fund would be \$157,000,000 for FY 2003.