

**Major Policies and Funding Issues**  
**FY 2000 - FY 2001**

**December 15, 1999**

**A Report to the Executive Appropriations Committee**

**by**

**The Office of the Legislative Fiscal Analyst**

**OFFICE OF THE LEGISLATIVE FISCAL ANALYST  
MAJOR POLICIES AND FUNDING ISSUES  
2000 GENERAL SESSION  
December 15, 1999**

**Estimate or  
Agency Request**

**INFORMATION TECHNOLOGY - Jonathan Ball**

800 HHZ ..... 1

**EXECUTIVE OFFICES, CRIMINAL JUSTICE AND LEGISLATURE - Wilko/Dinehart**

Adult Corrections ..... 1  
Youth Corrections ..... 2  
Courts ..... 2  
Crime Package ..... 3  
Jail Reimbursement ..... 3  
Court Revenues ..... 4

**CAPITAL FACILITIES AND ADMINISTRATIVE SERVICES - Kevin Walthers**

Maintenance Backlog ..... 4  
Capital Projects and Bonding ..... 4

**COMMERCE AND REVENUE - William Greer**

Utah State Tax Commission ..... 5  
Funding of Market Comparability Adjustments ..... 5  
General Assistance ..... 5  
Food Stamp Litigation Settlement ..... 5  
Job Training ..... 5  
Retirement Systems ..... 6  
Public Employees Health Program ..... 6

**ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - Stanley Eckersley**

Industrial Assistance ..... 6  
Travel Council ..... 6  
Olympic Set-aside ..... 6

**DEPARTMENT OF HEALTH - Spencer Pratt**

Primary Care and Rural Health Systems ..... 7  
Medical Assistance Base Program ..... 7  
Utah Medical Assistance Program ..... 7  
Impact of Aging Population ..... 7

**DEPARTMENT OF HUMAN SERVICES - Thor Nilsen**

State Hospital Forensic 4<sup>th</sup> Wing ..... 8  
Out-Of-Home Care and Adoption Services ..... 8  
Medicaid Match Rate Change ..... 9

**UTAH SYSTEM OF HIGHER EDUCATION - Boyd Garriott/Debbie Headden**

Salary Equity ..... 9  
Enrollment Funding Mechanism ..... 9  
Performance Based Funding ..... 10  
Block Grant Funding ..... 10  
Utah Education Network - DTV ..... 10

**NATURAL RESOURCES - Steve Allred**

Department of Agriculture and Food ..... 11  
Department of Natural Resources - Causeway Modification ..... 11  
Department of Natural Resources - Endangered Species ..... 12

**PUBLIC EDUCATION - Mike Kjar/Gary Ricks**

Block Grant Funding. .... 12  
Youth-In-Custody ..... 12  
Textbooks and Supplies ..... 12  
Teacher Pay ..... 12  
Accountability and Standards ..... 13  
School Consolidations ..... 13  
Applied Technology Education - Custom Fit Funding ..... 13  
Utah State Office of Rehabilitation - Vocational Rehabilitation Growth Funding ..... 13  
Utah Schools for the Deaf and the Blind - Salaries ..... 14  
Applied Technology Education ..... 14

**TRANSPORTATION & ENVIRONMENTAL QUALITY - Mark Bleazard**

Particulate Matter (PM 10) Plan ..... 14  
Centennial Highway General Fund Commitment ..... 15

**OTHER STATEWIDE ISSUES - John Massey**

Compensation Funding ..... 15  
Health and Dental Insurance Premium Increases ..... 16

**MAJOR POLICIES AND FUNDING ISSUES  
1999 GENERAL SESSION**

**INFORMATION TECHNOLOGY**

**800 MHz                      Should the State continue buying radios for use on the UCAN 800 MHz System?**

The *State and Local Public Safety 800 Megahertz Project* act (House Bill 187, 1997 General Session) created the Utah Communications Agency Network (UCAN) to coordinate construction and operation of a new public safety radio system operating in the 800 MHz frequency band. The new system will replace disparate state and local government systems in the 150 MHz and 450 MHz bands that are subject to reallocation by the Federal Communications Commission. The Departments of Administrative Services, Corrections, Natural Resources, Public Safety, and Transportation have been appropriated over \$2 million in past years to purchase radios for the new system as part of a three year build-out, as well as pay service fees beginning in January, 2000. \$2.4 million is required to continue the build-out in FY 2001.

**EXECUTIVE OFFICES, CRIMINAL JUSTICE AND LEGISLATURE**

**Adult Corrections              What funding will be required for prison bed growth?**

During the 1999 General Session construction was approved for a 300 bed dormitory facility at Draper utilizing Federal (VOI/TIS) Funds. Concurrently a 288 bed unit was being constructed in Gunnison as an addition to the Central Utah Correctional Facility. A 500 bed privatized prison, which had been under planning and siting for the previous three years was also funded for initial operations. Subsequently, a reduction in the monthly increase (net number) in new inmates has proved to be a new trend with growth averaging closer to 23 inmates per month (276/year) rather than the previous higher levels. Therefore, all of the new beds planned or under construction will not be needed in FY 2001.

There are alternative proposals to:

1. open the 300 bed Draper Dormitory Facility in Feb 2000, close the 210 bed Camp Williams/Lone Peak facility and turn it back to the National Guard, and move the inmates and programs from the Camp Williams facility to the Draper Dormitory Facility, - net increase of \$1,478,000
2. increase jail bed contracting to take advantage of available jail capacities at the lower than state facilities per day rate through FY2001, - \$1,900,000

3. open the first of a series of 75 bed transition centers (Community Corrections Center) for out-going inmates in 2001, - 600,000
4. open the 288 beds at Gunnison (currently under construction) on or about July 2001,
5. close the out-dated Oquirrah V unit at Draper in July 2001, and
6. defer the **privatized prison** in Grantsville opening until Jan or July 2002 depending on net growth in the intervening time period.

Funds Available:

Private Prison - delayed until 7/1/02	\$3,800,000 nonlapsing
Private Prison	<u>1,900,000</u> in 01 base
<b>Total</b>	<b><u>\$5,700,000</u></b>

Alternative use of available funds:

1. Utilize the \$3.8 million for other one-time projects - corrections or non corrections.
2. Utilize the \$1.9 million on-going for additional jail contracts - 110 beds.

**Youth Corrections**

**How much new funds are required to operate the new Division of Youth Corrections facility?**

Youth facilities coming on-line that will require operations funding include:

Ogden Secure	\$3,700,000
Cache Detention	100,000
Uintah Detention	266,000
Price Detention	1,005,000
Richfield Detention	<u>1,700,000</u>
<b>Total</b>	<b><u>\$ 6,771,000</u></b>

The above figures do not include additional funds for Out-of-State beds.

**Courts**

**What additional increases in courts contracts, leases, jury and witness fees will be required in FY 2001 funding? What is the obligation of the Legislature to fund these increases?**

Increases in the contracts for court spaces and services statewide will cost an additional \$ 1,447,800 in FY 2001. Restoration of the reduction in contracts and leases in FY 2000 which could not be shifted to another line item will cost an additional \$509,200.

According to statute, Jury and Witness shortfalls for FY 1998 and FY 1999 have been reviewed and approved by the Board of Examiners for payment as a claim against the state in the amount of \$636,300. On-going Jury and Witness budgets have been traditionally underfunded. The fiscal note for the recent increase in Jury and Witness Fees was underfunded and that shortage will add to the perennial shortages caused by increased workload. FY 2000 estimated are \$1,154,000.

**Crime Package**

**What are the fiscal implications of the various crime initiatives developed during the 1999 interim?**

During the 1999 interim the Legislature has had several crime related initiatives running concurrently. These included:

- ▶ Audit by the Legislative Auditor General - Criminal Justice Planning In Utah Legislative Audit #99-07,
- ▶ Leadership Conference Meetings by Juvenile Courts and Youth Corrections in response to Utah’s Juvenile Justice System Legislative Audit #99-01,
- ▶ Meetings by a Legislative Crime Reduction Task Force Strategic, and
- ▶ Crime Reduction Planning by state and local agencies with a resulting state Crime Reduction Strategy/Plan.

Products of and recommendations from these activities will most probably include, as a minimum, the following:

Statewide Drug Courts	\$5,000,000
Board of Pardons Drug Board (pilot )	<u>860,000</u>
<b>Total</b>	<b><u>\$5,860,000</u></b>

**Jail Reimbursement**

**What should the funding for Jail Reimbursement be for FY 2001?**

Under provisions of “Sentencing of Convicted Felons” (HB118, 1999 General Session) the Jail Programs of the Department came under new rules and standards. One such provision required the state and local governments to establish a core rate for prisoners in county jail beds. That rate for FY 2001 will be \$43.07 per bed per day. Where applicable Medical and Transportation rates were also set, but will only impact certain counties.

At the same time, the Jail Reimbursement program would be set at the same negotiated rate as for contracting. In the discussion relative to passage of the bill, some Legislators felt that the program, that had only been funded at the 80 percent level for the last few years, should be brought to full funding. The existing budget for Jail Reimbursement has a base budget of \$7,261,500 (FY

2001). Full funding of the Jail Reimbursement program at the new rate will require an additional \$3,259,400.

Inmate placement costs may also be increased depending on the number of inmate days contracted for.

## **Court Revenues**

### **What are the potential revenue implications of some of the cities decriminalizing traffic offenses?**

On July 1, 1999 **West Valley City** and on November 9, 1999 **Salt Lake City** chose to decriminalize traffic offenses. As a result, the traffic cases are heard by an Administrative Judge (not a Justice Court Judge who has been certified by the state). Because these hearings are not criminal there is a question as to whether the surcharge on criminal fines applies.

The potential loss in fine revenue from West Valley for the current year is estimated to be approximately \$516,000 in General Funds. The surcharge, amounts to approximately \$260,000. This surcharge is the source for funding for a variety of programs of the state and will require additional General Funds be shifted to “cover” these budgets.

The potential loss in fine revenue from Salt Lake City for the current year (only 6 months) is estimated to be approximately \$490,000 in General Funds. The surcharge, if handled as West Valley City is currently doing, is estimated to be approximately \$235,000.

## **CAPITAL FACILITIES AND ADMINISTRATIVE SERVICES**

### **Maintenance Backlog**

#### **What is the best way to address deferred maintenance issues?**

As reported by the analyst this summer, the State has a maintenance backlog of more than \$400 million. The bulk of the cost stems from an aging infrastructure, especially at Utah State University and the University of Utah. Several options must be considered to address the need. Among these are a building moratorium, sinking funds, and increased capital improvement appropriations.

### **Capital Projects and Bonding**

#### **Should the Legislature avoid authorizing new bonding for capital projects?**

The Governor has not requested any bonding authority nor has he requested any capital projects to be funded beyond Capital Improvements. However, there may be some major infrastructure projects that should be completed in order to avoid additional costs to the State.

## COMMERCE AND REVENUE

### Utah State Tax Commission

#### **What is the status of UTAX?**

No new funding is needed at the moment. Implementation has been put on hold due to schedule delays and a law suit between the State of Mississippi and the contractor, AMS.

### Department of Workforce Services

#### **Funding of Market Comparability Adjustments**

#### **How will the Legislature fund the FY 2001 market comparability adjustment?**

The Legislature has funded market comparability adjustments from “turnover and other saving” for the last several years. These are ongoing budget requirements that effectively reduce an agency’s overall budget. These savings can only realistically be used once or at most twice. This is especially critical for Workforce Services where over 700 employees will be impacted by a DHRM reclassification. This will cost the department \$1,316,400.

#### **General Assistance**

#### **How can the Legislature address funding and program changes the federal government is making to program and block grant commitments?**

Significant General Fund reductions were made to programs transferred to the Department of Workforce Services at the time of its creation. This has affected the State funded General Assistance, Child Care, and Employment Development Programs. The Department is experiencing a shortfall each year that has been addressed by shifting funds between the State Fiscal Year and the Federal Fiscal Year.

Additional ongoing funding of \$1,600,000 General Fund starting in the current fiscal year is needed to address the Department shortfall. This funding will bring the General Assistance Program to a reduced but operational level.

#### **Food Stamp Litigation Settlement**

The federal share of Food Stamp Administration is being reduced beginning with Federal Fiscal Year 1999 as a result of a multi-state litigation settlement. Utah’s share of this reduction will be \$1,500, 000 in FY 2000 and an ongoing \$975,000 in subsequent years. The federal government requires this to be funded with State General Fund.

#### **Job Training**

As welfare and unemployment rolls decline, so do federal dollars for job training activities. Training costs for the remaining targeted populations are increasing. Additional funds of \$1,000,000 are needed to provide training services to the “universal customer” as defined by federal law. An ongoing increase of \$1,000,000 is needed for FY 2000 and beyond.

**Retirement Systems** A retirement rate decrease is recommended for FY 2001. A rate decrease is estimated to be approximately \$13 million for FY 2001, for all sources of funding.

**Public Employees Health Program** **Will the Legislature authorize PEHP to make program changes and rate adjustments to contain health care costs?**

A significant increase in health insurance costs is projected for FY 2001. The increased cost of approximately \$8-10 million is estimated for the State. Recommendations to mitigate the cost increase have been made by PEHP which include: 1) supplemental funding with adjustments in employee co-payments; 2) increased employee share of premiums; and 3) overall benefit adjustments. This increase could also be offset by a decrease in Retirement rates.

## **ECONOMIC DEVELOPMENT AND HUMAN RESOURCES**

**Industrial Assistance** **Will the Legislature fund mandated replenishment of the Industrial Assistance Fund?**

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. This requires a supplemental appropriation of \$1,759,800.

**Travel Council** **Will the Legislature appropriate \$200,000 to the Travel Council according to the provisions of UCA 9-2-1703?**

"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."

**Olympic Set-aside** **Should the Legislature set aside Olympic generated revenue increases in FY 2001 for anticipated agency expenses in 2002?**

Preparations for the Olympics will generate revenue in 2001. Revenue anticipated in 2002 will not be enough to cover the costs of Olympic related expenses. Actual costs to State agencies are expected to be \$31,000,000.

**DEPARTMENT OF HEALTH**

**Primary Care and Rural Health Systems**

**Should the state replace Mineral Lease Funds with General Funds?**

Over the past couple of years, funding has been approved from Mineral Lease funds for health care services in medically underserved population. In last year's appropriation bill, intent language directed that this program be funded with ongoing funds in FY 2001. The program cost is \$500,000.

**Medical Assistance Base Program**

**Should the State fund mandated increases in the Medicaid Program?**

Projections for a further decrease in the federal funds match rate will require the \$659,900 deficit to be replaced with State funds. This increase in General Funds does not increase the Medicaid program, but holds it at the same funding level. The federal match rate change will also affect the Department of Human Services and require \$375,000.

Inflation and increased utilization in the Medicaid program generate the need for an increased General Fund appropriation of \$12,463,900.

**Should the state continue to use the Medicaid Restricted Account for ongoing Medicaid costs?**

Funding in the amount of \$4.9 million for FY 2000 was appropriated from the Medicaid Restricted Account, plus \$1.3 million from the hospital assessment, both of which are funding sources which are available for Medicaid purposes, but are one-time in nature. To establish the costs associated with this funding in the Medicaid base, \$6,245,700 will be required from the General Fund,,

**How should the Medicaid program make payments to service providers?**

Payments to Medicaid providers are made each Saturday. During FY 2001, there are 53 Saturdays, requiring one additional payment. The amount requested is \$1,688,000 and is one-time in nature.

**Utah Medical Assistance Program**

**Should the State provide additional funding for Medical Services for poorer individuals who do not qualify for Medicaid?**

Some individuals who do not qualify for Medicaid may receive health care services through the Utah Medical Assistance Program (UMAP). This is primarily a state-funded program. The program has not received a General Fund increase since FY 1987. Over time, the purchasing power has decreased, and health care costs have escalated. The requested amount is \$500,000.

**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**

**State Hospital Forensic 4<sup>th</sup> Wing**

**Should the State fund the operating cost for the 4<sup>th</sup> wing of the new Forensic Facility at the State Hospital - \$2,513,000 (General Fund)?**

The new 100 bed forensic facility was completed this summer. The 1999 Legislature appropriated funds for staffing and operation of three of the four wings. This request will complete the funding process. Currently, the Hospital has about 80 forensic patients. About 55 were housed in the old Hyde Building and the remainder were housed with regular hospital patients in other buildings. The staff and funds for operating the Hyde Building forensic patients were transferred to the new facility. This move will accommodate the current needs of the forensic population and also free up some beds in the Hospital for regular patients waiting for admission.

**Out-Of-Home Care and Adoption Services**

**Should the State fund projected increases in “Out of Home Care” needs and the costs associated with the growth in adoptions - \$1,078,000 (General Fund)?**

This is a combination of several building blocks requested by the Division of Child and Family Services. The request is for \$733,000 (General Fund) for providing services for the increased number of children needing high cost out of home placements in group treatment facilities. The other request results from the increased emphasis of the State to place children in adoptive situations. The average monthly subsidy to adoptive parents of children with special needs is about \$300. This assistance is reviewed annually. In addition, the State provides one-time subsidies to such families averaging \$150 to \$200. The request is for \$345,000 (General Fund).

**Medicaid Match  
Rate Change**

**Should the State provide the additional match required to draw down the same Federal Medical Assistance Payments (FMAP - \$292,000 (General Fund))?**

This request is to fund the increased state match required to draw down the same amount of federal Medicaid funds. The match rate changes from 71.61 percent to 71.47 percent effectively for State Fiscal Year 2001. This amount represents the requests from various divisions and agencies in the Department. It also includes funds to replace Medicaid reductions in the “disproportionate share” (DSH) paid to hospitals treating a disproportionate share of Medicaid patients.

**UTAH SYSTEM OF HIGHER EDUCATION**

**Salary Equity**

**Should the Legislature consider funding USHE salary inequities in addition and independent of a general compensation package in higher education?**

Each president from USHE institutions stated that salary equity is their most urgent need. According to studies conducted by the USHE, when compared to market salaries, approximately 2,600 USHE employees are paid a salary that is less than 90 percent of market. The USHE are requesting \$13.5 million for salary equity.

**Enrollment Funding  
Mechanism**

**Should the Legislature consider modifying the enrollment funding formula to cover instructional costs above the direct cost of instruction? And should they continue their practice of using tuition revenue not designated for compensation increase for other institutional priorities?**

If enrollment growth were funded under the current formula, about \$9.5 million would be needed to fund 2,183 new FTE students for FY 2001. The enrollment funding formula covers the direct instructional cost plus \$600 per FTE for other costs associated with student enrollment. The money is used for libraries, computer labs, student financial aid services and advising. This does not provide resources for increased demand on central campus services, physical plant operating and maintenance needs, accounting, etc. Two changes are suggested for FY 2001. First, it is suggested that the enrollment formula be modified to address the indirect costs associated with student growth. The second issue addresses the quality and differentiation of the institutions within the system so that enrollment growth is not the principle mechanism for securing additional dollars. For FY 2000, the Legislature allocated \$1.5 million of tuition revenue to fund non-instructional operating budgets. The institutions were allowed the flexibility to use these resources for high priority needs.

**Performance Based Funding**

**Given Legislative interest in developing performance and accountability measures, should the Legislature appropriate funding to begin a performance based funding system in higher education?**

There is strong support in higher education to have a portion of appropriated funds linked to certain performance indicators. This has the potential to stimulate strategic change in higher education operations. The initial request is \$2 million.

**Block Grant Funding**

**Should the Legislature appropriate a block grant to the State Board of Regents to allow the flexibility of allocating the resources to the State's colleges and universities based on the institutional priorities and needs of the State?**

Historically, the Legislature appropriates funding to approximately 60 line items associated with specific program for the nine institutions of higher education as well as the State Board of Regents. In FY 2001, the State Board of Regents is requesting that a block grant be appropriated to the State Board of Regents to be distributed to the institutions of higher education based on the priorities and needs of the institutions.

**Utah Education Network - DTV**

**Should the Legislature fund conversion of both KUED-7 and KULC-9 to digital format in FY 2001?**

For FY 2000, the Legislature authorized \$1,275,600 to begin the project. For FY 2001, the agency has requested \$2,566,000 - - \$2,157,000 for KUED and \$409,000 for KULC to continue conversion. A final appropriation of \$1.6 million would be required in FY 2002 if both stations are to be converted. However, UEN is investigating innovative financing means - such as leasing or station swapping which may partially pay for conversion of one or both channels.

All Television stations will undergo a fundamental transition over the next three years. By no later than the spring of 2003, all TV stations are mandated by the Federal government to convert to DTV from the current analog format. The total cost of the transition for both stations, including production equipment and programming, will be more than \$15 million. UEN proposed to finance \$9 million of the total with private contributions, federal funds, and base budgets. The remaining balance of \$6 million in State funding will require legislative funding. The State's contribution would finance a new transmitter building, tower, and transmission equipment. UEN has received federal funding commitments under the E-Rate grant program of approximately \$1.9 million for FY 2000.

## **NATURAL RESOURCES**

### **Department of Agriculture and Food**

#### **Should the Legislature appropriate money to combat a potential insect infestation next Spring?**

It is estimated that last summer's infestation of grasshoppers and crickets cost Utah farmers approximately \$22 million. For years, the U.S. Department of Agriculture has helped fight insects on federal lands, but last year ran out of money. In an effort to boost federal funding, the Governor declared an agricultural disaster. The federal government did provide some last-minute funding, but too late to stop the infestation. The State's Department of Agriculture and Food provided some funding on a cost-share basis to several counties, but didn't have enough to seriously dent the infestation.

Next year's infestation could be worse if Utah has another mild winter. A harsh winter, however, could help destroy the eggs. The extent of the problem will not be known until spring. If there is a problem, there will be a critical window of opportunity for spraying and applying poison bate. FY 2000 supplemental funds would be needed fairly rapidly. The cost could approach \$1 or \$2 million, depending on the severity of the problem and federal participation.

### **Department of Natural Resources - Causeway Modification**

#### **Should the Legislature fund projects that attempt to balance salinity in the Great Salt Lake?**

The Department recently released its Great Salt Lake Draft Comprehensive Management Plan. While conceding a lack of long-term scientific study, the Plan details the changing salinity levels on the lake and impacts on the ecosystem. Three consecutive years of declining shrimp populations have prompted concerns that the north arm is becoming too salty and the south arm too fresh. Declining brine shrimp negatively affect both the bird population and the brine shrimp industry. The Department has recommended deepening the existing 300-foot-long opening in the causeway to allow better north-to-south flows. From 1988 to early 1999, when lake levels were low, flows through the breach were mainly south-to-north, which resulted in a decrease in south arm salinity and an increase in north arm salinity. Engineering studies estimate the cost of deepening the breach at \$641,000.

Additionally, The West Desert Pumping Project (WDPP), while successful in helping to lower the level of the lake from 1987 to 1989, also dumped 600 million tons of salt, or 10-14 percent of the total salt load of the lake, in the west desert. The Management Plan addresses modifying the WDPP with a series of construction projects and management actions aimed at reducing salt loss. Costs are estimated at \$3.5 million. However, the Plan also

acknowledges several administrative and legal constraints which make future operation of the WDPP uncertain.

**Department of  
Natural Resources -  
Endangered Species**

**Should the Legislature increase spending for endangered species mitigation?**

Future development of water will depend heavily on the state's ability to protect endangered species of fish, especially on the Colorado and Virgin Rivers. Additional state funds will be needed to match federal and water user funds in the near future, although the amount is unknown at this time.

**PUBLIC EDUCATION**

**Public Education- Minimum School Program**

**Block Grant  
Funding**

**Does the Legislature want to get into the business of determining every program the School Districts will start or operate? Should the Legislature be less specific as it provides funding for education?**

Currently there are close to sixty prescribed programs proposed for the FY 2001 Minimum School Program. Some of these have common elements. By not creating additional or new categorical programs the State Board of Education and the Local School Districts will have more flexibility in determining what programs will best meet the needs of students.

**Youth-in-Custody  
Education**

**Should proposals for facilities require associated estimates of education services that are required?**

There are a number of youth correctional facilities for which funding is being recommended with no corresponding request for education services.

**Textbooks and  
Supplies**

**Should textbook and supply funding become a line item appropriation by the Legislature?**

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 should be monitored and expenditures tracked to make sure the needs are being met.

**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?**

**Accountability and Standards**

**What, if any, standards and accountability should be implemented for Public Education and how should the expenses be allocated over what given time period?**

Current proposals would require anywhere between \$4 to \$8 million allocated in the next budget cycle. This could grow to over \$50 million in five years. What funding priority should be given at this time?

**School Consolidations**

**Should small schools, where feasible, be required to combine with other schools that are within a certain mileage distance from each other instead of increasing funding for the small schools formula?**

Some schools may only be five to ten miles from another school and could justify a busing program rather than additional expenses of a small school.

**Applied Technology Education**

**Custom Fit Funding**

**Should additional amounts of ongoing and or one time funding be provided?**

Last year \$2,300,000 Custom Fit funding was restored to ongoing funding and \$500,000 in one time funding was provided. The USOE has requested \$1,066,500 in ongoing funds.

**Should the Legislature fund the following amount as promised by the Governor?**

The Governor promised \$700,000 in one time Custom Fit funding for “eBay,” a company that moved certain operations to Utah. The USOE has requested \$700,000 in one time funds.

**Utah State Office of Rehabilitation**

**Vocational Rehabilitation Growth Funding**

**Should the Legislature fund growth within the USOR and require post secondary institutions to fulfill their financial responsibilities under the Americans with Disabilities Act.**

Population growth in the state is resulting with more individuals with disabilities needing Vocational Rehabilitation (VR) services. Last year Utah’s population increased by 34,485. Based on census data, 1,446 of the 34,485 would be individuals between the ages of 16 and 64 with a work disability and potentially eligible for VR services. This growth, along with the fact that there has been no increase in VR federal funds for growth since 1992, has moved the VR program extremely close to implementing an order of selection. An order of selection would in effect put VR in the position of eliminating services to

about 4,000 individuals with disabilities, over a 2 year period. USOR is requesting \$774,166 to address this issue. \$405,100 as a building block request and savings of \$369,000 by post secondary institutions fulfilling their responsibility under the Americans with Disabilities Act to provide auxiliary aids and services for individuals with disabilities that have previously been purchased by VR.

## **Utah Schools for the Deaf and the Blind**

### **Salaries**

**Should the Legislature provide \$642,000 in ongoing funding to the USDB to move its salaries into the tenth (10<sup>th</sup>) position among school districts and ATCs?**

The Legislature charged the USOE to study the issue of USDB salaries relative to the school districts during the interim. The study was completed, and it was determined that \$642,000 would be required to move the USDB into tenth position. During this period, the Public Education Appropriations Subcommittee unanimously moved that the Office of the Legislative Fiscal Analyst's Office should consider funding this amount.

### **Applied Technology Education**

**Should a different method for budget hearing of ATE be sought rather than using up current scheduled committee time for a combined hearing with Public Education and Higher Education?**

While the dialog has appeared to be of some value to legislators the actual deliberation and budget decisions are made on another day in the separate committees. Thus two committee hearing days have been utilized in the process which makes it difficult for the committees to compete their work.

## **TRANSPORTATION & ENVIRONMENTAL QUALITY**

### **Particulate Matter (PM 10) Plan**

**Should the Legislature consider funding for a new air quality plan for conformity for particulate matter pollution (PM 10)?**

Federal law requires state transportation plans to include estimates of impacts of transportation corridors on air quality as it relates to health standards. If conformity is not attained federal funds cannot be used for new construction projects that increase transportation capacity. Recent changes in federal law have changed amounts of PM 10 allowed in Utah air before we are out of compliance. Conformity of Salt Lake and Utah County transportation plans with air quality issues related to particulate matter pollution (PM 10) will lapse in August 2000 in Utah County and January 2001 in Salt Lake County. If currently assigned staff in state and local agencies are used to develop a new conformity plan it is estimated to take almost four years. New projects such as Legacy Highway could be delayed until a new plan is in place. It is estimated

that a supplemental of \$540,000 in FY 2000 and a one-time appropriation of \$665,000 in FY 2001 will enable the Department of Environmental Quality to complete compliance plans before the current plans expire.

**Centennial Highway  
General Fund  
Commitment**

**What is the status of the funding availability for FY 2001 Centennial Highway Program?**

The legislative plan adopted during the 1999 session to continue funding the year Centennial Highway Program includes an increase of \$12,000,000 from the General Fund for FY 2001. If this appropriation is approved the General Fund amount to the Centennial Highway Fund would be \$134,000,000 for FY 2001.

**OTHER STATEWIDE ISSUES**

**Compensation  
Funding**

**Concerning compensation issues in higher education, how should the Legislature address certain funding practices that are relatively different from public education and state agencies?**

**Should a common approach be used for calculating the cost of providing employee salary increases?**

When the Legislature designates a fixed percentage increase on the compensation base, each sector is impacted differently. For example, the funds needed to cover a salary increase for state agencies would be determined by multiplying the amount of the increase (2.5 percent for FY 2000) by the sum of the salary base and all salary driven benefits such as: retirement, long-term disability, workers' compensation and FICA. Funding for health and dental insurance might be address independently

For higher education, the amount required to fund employee compensation is predicated upon the sum of the base salary, the cost of employee benefits (including the value for employee health and dental insurance) multiplied by the adjustment factor that increases employee compensation.

The amount for employee compensation, in public education, is calculated by adjusting the value of the WPU by the designated factor approved for salary increases. This means that the total public education budget for salaries, salary driven benefits, health and dental insurance, and all non-personal expenses are inflated by the value of the salary adjustment (2.5 percent for FY 2000).

**Health and Dental  
Insurance Premium  
Increases**

**Should the Legislature consider funding employee health and dental insurance separately from the amount used to fund employee salary increases?**

**Should the state maintain equitable health and dental programs?**

Institutions of higher education and the public education school districts have been permitted by the Legislature and their governing boards to develop unique benefit plans. Therefore, they have often made trade-offs between salary and benefits. Some institutions and school districts have emphasized salary increases when the Legislature funded compensation increases, while others placed a greater emphasis on employee benefits. In addition, some school districts and USHE institutions have been enjoying artificially lower premiums in recent years.