

Representative Ronda Rudd Menlove proposes the following substitute bill:

BUDGETARY AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ronda Rudd Menlove

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends provisions relating to budgeting requirements.

Highlighted Provisions:

This bill:

- ▶ amends provisions regarding the powers, functions, and duties of the Office of Legislative Fiscal Analyst regarding the appropriations process;
- ▶ requires the Governor's Office of Management and Budget to provide to the Office of Legislative Fiscal Analyst certain information, data, analysis, or requests used by the governor in preparing the governor's budget recommendations;
- ▶ repeals provisions regarding certain inclusions and recommendations in the governor's budget;
- ▶ repeals provisions requiring the Legislature to consider in the appropriations process:
 - wage increases for certain entities; and
 - amounts sufficient to fund the Utah Comprehensive Health Insurance Pool;
- ▶ repeals provisions regarding procedures for recommending, requesting, and conducting a single in-depth budget review and makes in-depth budget reviews part of the regular budget process;



26 ▶ requires certain inclusions in the revenue volatility report submitted by the Office of
27 Legislative Fiscal Analyst and the Governor's Office of Management and Budget;

28 and

29 ▶ makes technical corrections.

30 **Money Appropriated in this Bill:**

31 None

32 **Other Special Clauses:**

33 None

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **36-12-13**, as last amended by Laws of Utah 2013, Chapter 190

37 **51-5-7**, as last amended by Laws of Utah 2013, Chapter 400

38 **63J-1-201**, as last amended by Laws of Utah 2013, Chapters 158, 167, and 413

39 **63J-1-205**, as last amended by Laws of Utah 2013, Chapters 310 and 346

40 REPEALS:

41 **63J-1-201.7**, as last amended by Laws of Utah 2012, Chapters 242 and 341

42 **63J-1-701**, as last amended by Laws of Utah 2013, Chapter 310

43 **63J-1-702**, as last amended by Laws of Utah 2013, Chapter 310

44 **63J-1-703**, as renumbered and amended by Laws of Utah 2009, Chapter 183



46 *Be it enacted by the Legislature of the state of Utah:*

47 Section 1. Section **36-12-13** is amended to read:

48 **36-12-13. Office of Legislative Fiscal Analyst established -- Powers, functions,**
49 **and duties -- Qualifications.**

50 (1) There is established an Office of Legislative Fiscal Analyst as a permanent staff
51 office for the Legislature.

52 (2) The powers, functions, and duties of the Office of Legislative Fiscal Analyst under
53 the supervision of the fiscal analyst are:

54 (a) to analyze in detail the [executive] state budget before the convening of each
55 legislative session and make recommendations to the Legislature on each item or program
56 appearing in the [executive] budget[;], including:

57 (i) funding for and performance of programs, acquisitions, and services currently
58 undertaken by state government to determine whether each department, agency, institution, or
59 program should:

60 (A) continue at its current level of expenditure;

61 (B) continue at a different level of expenditure; or

62 (C) be terminated; and

63 (ii) increases or decreases to spending authority and other resource allocations for the
64 current and future fiscal years;

65 (b) to prepare cost estimates on all proposed bills that anticipate state government
66 expenditures;

67 (c) to prepare cost estimates on all proposed bills that anticipate expenditures by
68 county, municipal, local district, or special service district governments;

69 (d) to prepare cost estimates on all proposed bills that anticipate direct expenditures by
70 any Utah resident or business, and the cost to the overall impacted Utah resident or business
71 population;

72 (e) to prepare a review and analysis of revenue estimates for existing and proposed
73 revenue acts;

74 (f) to report instances in which the administration may be failing to carry out the
75 expressed intent of the Legislature;

76 [~~(g) to direct attention to each new proposed service contained in the governor's~~
77 ~~budget;~~]

78 [~~(h) to direct attention to each budget item previously denied by the Legislature;~~]

79 [~~(i)~~] (g) to propose and analyze statutory changes for more effective operational
80 economies or more effective administration;

81 [~~(j)~~] (h) to prepare, after each session of the Legislature, a summary showing the effect
82 of the final legislative program on the financial condition of the state;

83 [~~(k)~~] (i) to conduct organizational and management improvement studies;

84 [~~(l)~~] (j) to prepare and deliver upon request of any interim committee or the Legislative
85 Management Committee, reports on the finances of the state and on anticipated or proposed
86 requests for appropriations;

87 [~~(m)~~] (k) to recommend areas for research studies by the executive department or the

88 interim committees;

89 ~~[(n) to assist in prescribing the format for the presentation of the governor's budget to~~
90 ~~facilitate program and in-depth review of state expenditures in accordance with Sections~~
91 ~~63J-1-701 and 63J-1-702;]~~

92 ~~[(o) to recommend to the appropriations subcommittees the agencies or programs for~~
93 ~~which an in-depth budget review should be requested, and to recommend to the Legislative~~
94 ~~Management Committee the priority in which the request should be made;]~~

95 ~~[(p)]~~ (l) to appoint and develop a professional staff within budget limitations;

96 ~~[(q)]~~ (m) to prepare and submit the annual budget request for the office;

97 ~~[(r)]~~ (n) to develop a taxpayer receipt:

98 (i) available to taxpayers through a website; and

99 (ii) that allows a taxpayer to view on the website an estimate of how the taxpayer's tax
100 dollars are expended for government purposes; and

101 ~~[(s)]~~ (o) to publish or provide other information on taxation and government
102 expenditures that may be accessed by the public.

103 ~~[(3)(a) In accordance with Subsection (3)(b) and subject to Subsection (3)(c), the~~
104 ~~Office of Legislative Fiscal Analyst shall submit an annual report to the Executive~~
105 ~~Appropriations Committee of the Legislature, at the committee's November meeting, on funds~~
106 ~~expended by the state during the preceding state fiscal year to provide financial assistance or~~
107 ~~services to low-income individuals and families.]~~

108 ~~[(b) The report described in Subsection (3)(a) shall:]~~

109 ~~[(i) separate the funds expended into categories by program, service, or population~~
110 ~~served;]~~

111 ~~[(ii) indicate whether the expended funds described in Subsection (3)(a) are state or~~
112 ~~federal funds; and]~~

113 ~~[(iii) include a total of all state funds and federal funds expended by the state in the~~
114 ~~preceding fiscal year to provide financial assistance or services to low-income individuals and~~
115 ~~families.]~~

116 ~~[(c) If the Executive Appropriations Committee of the Legislature does not meet in~~
117 ~~November, the Office of Legislative Fiscal Analyst shall submit the report described in~~
118 ~~Subsection (3)(a) at the committee's next meeting.]~~

119 ~~[(4)]~~ (3) The legislative fiscal analyst shall have a master's degree in public
 120 administration, political science, economics, accounting, or the equivalent in academic or
 121 practical experience.

122 ~~[(5)]~~ (4) In carrying out the duties provided for in this section, the legislative fiscal
 123 analyst may obtain access to all records, documents, and reports necessary to the scope of the
 124 legislative fiscal analyst's duties according to the procedures contained in Title 36, Chapter 14,
 125 Legislative Subpoena Powers.

126 Section 2. Section **51-5-7** is amended to read:

127 **51-5-7. Revenues and other resources of governmental funds subject to legislative**
 128 **review and appropriation.**

129 ~~[(1)(a) Except as provided in Subsection (1)(b), the]~~ The revenues and other resources
 130 of the governmental funds are subject to legislative review and appropriation for each fiscal
 131 period.

132 ~~[(b) Expendable Special Revenue Funds are subject to legislative review for each fiscal~~
 133 ~~period.]~~

134 ~~[(2) Notwithstanding the source of the revenues and the restrictions imposed upon the~~
 135 ~~expenditure of the revenues, the planned expenditures for the governmental funds, except~~
 136 ~~Expendable Special Revenue Funds, shall be incorporated into the governor's budget and~~
 137 ~~submitted to the Legislature according to Section [63J-1-201](#).]~~

138 ~~[(3) Expenses required in the administrative activities of the Expendable Special~~
 139 ~~Revenue Funds, the Enterprise Funds, the Internal Service Funds, and the Trust and Agency~~
 140 ~~Funds are subject to legislative review each year.]~~

141 ~~[(a) Pro forma financial statements, including balance sheets, revenue and expenditure~~
 142 ~~statements, statements of changes in financial position, and other statements that may be~~
 143 ~~required for these funds shall be included in the governor's budget as information items and~~
 144 ~~submitted to the Legislature according to Section [63J-1-201](#).]~~

145 ~~[(b) If the operating results of any of these funds demonstrate that an appropriation is~~
 146 ~~needed from any other fund or subfund, that appropriation shall be included in the governor's~~
 147 ~~budget as a budget request.]~~

148 Section 3. Section **63J-1-201** is amended to read:

149 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**

150 -- Appropriations based on current tax laws and not to exceed estimated revenues.

151 (1) The governor shall deliver, not later than 30 days before the date the Legislature
152 convenes in the annual general session, a confidential draft copy of the governor's proposed
153 budget recommendations to the Office of the Legislative Fiscal Analyst according to the
154 requirements of this section.

155 (2) (a) When submitting a proposed budget, the governor shall, within the first three
156 days of the annual general session of the Legislature, submit to the presiding officer of each
157 house of the Legislature:

158 (i) a proposed budget for the ensuing fiscal year;

159 (ii) a schedule for all of the proposed changes to appropriations in the proposed budget,
160 with each change clearly itemized and classified; and

161 (iii) as applicable, a document showing proposed changes in estimated revenues that
162 are based on changes in state tax laws or rates.

163 (b) The proposed budget shall include:

164 (i) a projection of the total estimated revenues, including estimated receipts of federal
165 funds, and appropriations for the next fiscal year;

166 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all
167 federal grants or assistance programs included in the budget;

168 (iii) a plan of proposed changes to appropriations and estimated revenues for the next
169 fiscal year that is based upon the current fiscal year state tax laws and rates and considers
170 projected changes in federal grants or assistance programs included in the budget;

171 (iv) an itemized estimate of the proposed changes to appropriations for:

172 (A) the Legislative Department as certified to the governor by the president of the
173 Senate and the speaker of the House;

174 (B) the Executive Department;

175 (C) the Judicial Department as certified to the governor by the state court
176 administrator;

177 (D) changes to salaries payable by the state under the Utah Constitution or under law
178 for lease agreements planned for the next fiscal year; and

179 (E) all other changes to ongoing or one-time appropriations, including dedicated
180 credits, restricted funds, nonlapsing balances, grants, and federal funds;

181 (v) for each line item, the average annual dollar amount of staff funding associated
182 with all positions that were vacant during the last fiscal year;

183 (vi) deficits or anticipated deficits;

184 (vii) the recommendations for each state agency for new full-time employees for the
185 next fiscal year, which shall also be provided to the State Building Board as required by
186 Subsection 63A-5-103(2);

187 (viii) any explanation that the governor may desire to make as to the important features
188 of the budget and any suggestion as to methods for the reduction of expenditures or increase of
189 the state's revenue; and

190 (ix) information detailing certain fee increases as required by Section 63J-1-504.

191 (3) For the purpose of preparing and reporting the proposed budget:

192 (a) The governor shall require the proper state officials, including all public and higher
193 education officials, all heads of executive and administrative departments and state institutions,
194 bureaus, boards, commissions, and agencies expending or supervising the expenditure of the
195 state money, and all institutions applying for state money and appropriations, to provide
196 itemized estimates of changes in revenues and appropriations.

197 (b) The governor may require the persons and entities subject to Subsection (3)(a) to
198 provide other information under these guidelines and at times as the governor may direct,
199 which may include a requirement for program productivity and performance measures, where
200 appropriate, with emphasis on outcome indicators.

201 (c) The governor may require representatives of public and higher education, state
202 departments and institutions, and other institutions or individuals applying for state
203 appropriations to attend budget meetings.

204 [~~(4) In submitting the budgets for the Departments of Health and Human Services and~~
205 ~~the Office of the Attorney General, the governor shall consider a separate recommendation in~~
206 ~~the governor's budget for changes in funds to be contracted to:]~~

207 [~~(a) local mental health authorities under Section 62A-15-110;]~~

208 [~~(b) local substance abuse authorities under Section 62A-15-110;]~~

209 [~~(c) area agencies under Section 62A-3-104.2;]~~

210 [~~(d) programs administered directly by and for operation of the Divisions of Substance~~
211 ~~Abuse and Mental Health and Aging and Adult Services;]~~

212 ~~[(e) local health departments under Title 26A, Chapter 1, Local Health Departments;~~
213 ~~and]~~

214 ~~[(f) counties for the operation of Children's Justice Centers under Section 67-5b-102.]~~

215 ~~[(5) (a) In making budget recommendations, the governor shall consider an amount~~
216 ~~sufficient to grant the following entities the same percentage increase for wages and benefits~~
217 ~~that the governor includes in the governor's budget for persons employed by the state:]~~

218 ~~[(i) local health departments, local mental health authorities, local substance abuse~~
219 ~~authorities, and area agencies;]~~

220 ~~[(ii) local conservation districts and Utah Association of Conservation District~~
221 ~~employees, as related to the budget for the Department of Agriculture; and]~~

222 ~~[(iii) employees of corporations that provide direct services under contract with:]~~

223 ~~[(A) the Utah State Office of Rehabilitation and the Division of Services for People~~
224 ~~with Disabilities;]~~

225 ~~[(B) the Division of Child and Family Services; and]~~

226 ~~[(C) the Division of Juvenile Justice Services within the Department of Human~~
227 ~~Services.]~~

228 ~~[(b) If the governor does not include in the governor's budget an amount sufficient to~~
229 ~~grant an increase for any entity described in Subsection (5)(a), the governor shall include a~~
230 ~~message to the Legislature regarding the governor's reason for not including that amount.]~~

231 ~~[(6) The governor shall include in the governor's budget the state's portion of the~~
232 ~~budget for the Utah Communications Agency Network established in Title 63C, Chapter 7,~~
233 ~~Utah Communications Agency Network Act.]~~

234 ~~[(7) (a) The governor shall include a separate recommendation in the governor's budget~~
235 ~~for funds to maintain the operation and administration of the Utah Comprehensive Health~~
236 ~~Insurance Pool. In making the recommendation, the governor may consider:]~~

237 ~~[(i) actuarial analysis of growth or decline in enrollment projected over a period of at~~
238 ~~least three years;]~~

239 ~~[(ii) actuarial analysis of the medical and pharmacy claims costs projected over a~~
240 ~~period of at least three years;]~~

241 ~~[(iii) the annual Medical Care Consumer Price Index;]~~

242 ~~[(iv) the annual base budget for the pool established by the Business, Economic~~

243 Development, and Labor Appropriations Subcommittee for each fiscal year;]

244 [~~(v) the growth or decline in insurance premium taxes and fees collected by the State~~
245 ~~Tax Commission and the Insurance Department; and]~~

246 [~~(vi) the availability of surplus General Fund revenue under Section 63J-1-312 and~~
247 ~~Subsection 59-14-204(5).]~~

248 [~~(b) In considering the factors in Subsections (7)(a)(i), (ii), and (iii), the governor may~~
249 ~~consider the actuarial data and projections prepared for the board of the Utah Comprehensive~~
250 ~~Health Insurance Pool as it develops the governor's financial statements and projections for~~
251 ~~each fiscal year.]~~

252 (4) (a) The Governor's Office of Management and Budget shall provide to the Office of
253 Legislative Fiscal Analyst, as soon as practicable, but no later than November 15 of each year,
254 data, analysis, or requests used in preparing the governor's budget recommendations,
255 notwithstanding the restrictions imposed on such recommendations by available revenue.

256 (b) The information under Subsection (4)(a) shall include:

257 (i) actual revenues and expenditures for the fiscal year ending the previous June 30;

258 (ii) estimated or authorized revenues and expenditures for the current fiscal year;

259 (iii) requested revenues and expenditures for the next fiscal year;

260 (iv) detailed explanations of any differences between the amounts appropriated by the
261 Legislature in the current fiscal year and the amounts reported under Subsections (4)(b)(ii) and
262 (iii);

263 (v) a statement of agency and program objectives, effectiveness measures, and program
264 size indicators; and

265 (vi) other budgetary information required by the Legislature in statute.

266 (c) The budget information under Subsection (4)(a) shall cover:

267 (i) all items of appropriation, funds, and accounts included in appropriations acts for
268 the current and previous fiscal years; and

269 (ii) any new appropriation, fund, or account items requested for the next fiscal year.

270 (d) The information provided under Subsection (4)(a) may be provided as a shared
271 record under Section 63G-2-206 as considered necessary by the Governor's Office of
272 Management and Budget.

273 [~~(8)~~] (5) (a) In submitting the budget for the Department of Public Safety, the governor

274 shall include a separate recommendation in the governor's budget for maintaining a sufficient
275 number of alcohol-related law enforcement officers to maintain the enforcement ratio equal to
276 or below the number specified in Subsection 32B-1-201(2).

277 (b) If the governor does not include in the governor's budget an amount sufficient to
278 maintain the number of alcohol-related law enforcement officers described in Subsection ~~[(8)]~~
279 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason
280 for not including that amount.

281 ~~[(9)]~~ (6) (a) The governor may revise all estimates, except those relating to the
282 Legislative Department, the Judicial Department, and those providing for the payment of
283 principal and interest to the state debt and for the salaries and expenditures specified by the
284 Utah Constitution or under the laws of the state.

285 (b) The estimate for the Judicial Department, as certified by the state court
286 administrator, shall also be included in the budget without revision, but the governor may make
287 separate recommendations on the estimate.

288 ~~[(10)]~~ (7) The total appropriations requested for expenditures authorized by the budget
289 may not exceed the estimated revenues from taxes, fees, and all other sources for the next
290 ensuing fiscal year.

291 ~~[(11)]~~ (8) If any item of the budget as enacted is held invalid upon any ground, the
292 invalidity does not affect the budget itself or any other item in it.

293 Section 4. Section **63J-1-205** is amended to read:

294 **63J-1-205. Revenue volatility report.**

295 (1) Beginning in 2011 and continuing every three years after 2011, the Legislative
296 Fiscal Analyst and the Governor's Office of Management and Budget shall~~[, by December 20,]~~
297 submit a joint revenue volatility report to the Executive Appropriations Committee prior to the
298 committee's December meeting.

299 (2) The Legislative Fiscal Analyst and the Governor's Office of Management and
300 Budget shall ensure that the report:

301 (a) discusses the tax base and the tax revenue volatility of the revenue streams that
302 provide the source of funding for the state budget;

303 (b) considers federal funding included in the state budget and any projected changes in
304 the amount or value of federal funding;

- 305 (c) identifies the balances in the General Fund Budget Reserve Account and the
306 Education Fund Budget Reserve Account;
- 307 (d) analyzes the adequacy of the balances in the General Fund Budget Reserve Account
308 and the Education Fund Budget Reserve Account in relation to the volatility of the revenue
309 streams and the risk of a reduction in the amount or value of federal funding; ~~and~~
- 310 (e) recommends changes to the deposit amounts or transfer limits established in
311 Sections [63J-1-312](#) and [63J-1-313](#), if the Legislative Fiscal Analyst and Governor's Office of
312 Management and Budget consider it appropriate to recommend changes[-]; and
- 313 (f) presents options for a deposit mechanism linked to one or more tax sources on the
314 basis of each tax source's observed volatility, including:
- 315 (i) an analysis of how the options would have performed historically within the state;
316 (ii) an analysis of how the options will perform based on the most recent revenue
317 forecast; and
- 318 (iii) recommendations for deposit mechanisms considered likely to meet the budget
319 reserve account targets established in Sections [63J-1-312](#) and [63J-1-313](#).

320 Section 5. **Repealer.**

321 This bill repeals:

322 Section [63J-1-201.7](#), **Legislative budget considerations -- Wage increases for**
323 **certain entities -- Comprehensive health insurance pool.**

324 Section [63J-1-701](#), **Request for in-depth budget review of agency or program --**
325 **Form of budget submitted.**

326 Section [63J-1-702](#), **Purpose of review -- Information submitted.**

327 Section [63J-1-703](#), **Selection of activities for review -- Coordination with audits.**