

1                   **JOINT RULES RESOLUTION ON BASE BUDGETING**

2                                   **PROVISIONS**

3   2018 GENERAL SESSION

4   STATE OF UTAH

5                                   **Chief Sponsor: Justin L. Fawson**

6   Senate Sponsor: Evan J. Vickers

7 

---

---

  
8 **LONG TITLE**

9 **General Description:**

10                   This resolution establishes zero based budgeting under certain circumstances.

11 **Highlighted Provisions:**

12                   This resolution:

12a             $\hat{H} \rightarrow \triangleright$  **defines terms;**  $\leftarrow \hat{H}$

13                   ▶ requires every appropriations subcommittee to create a zero based budget for a  
14 percentage of the subcommittee's line items or programs each interim; and

15                   ▶ modifies provisions governing appropriations subcommittee meetings.

16 **Special Clauses:**

17                   None

18 **Legislative Rules Affected:**

19 AMENDS:

20                   **JR3-2-402**

21                   **JR3-2-501**

22 

---

---

  
23 *Be it resolved by the Legislature of the state of Utah:*

24                   Section 1. **JR3-2-402** is amended to read:

25                   **JR3-2-402. Executive appropriations -- Duties -- Base budgets.**

26                   (1) As used in this rule:

27                   (a) "Base budget" means:



28            (i) the zero based budget created under JR3-2-501; or  
29            (ii) for line items or programs not reviewed in the past year under JR3-2-501, amounts  
30 appropriated by the Legislature for each line item [~~of appropriation~~] for the current fiscal year  
31 that:

32            ~~[(i)]~~ (A) are not designated as one-time in an appropriation, regardless of whether the  
33 appropriation is covered by ongoing or one-time revenue sources; and

34            ~~[(ii)]~~ (B) were not vetoed by the governor, unless the Legislature overrode the veto.

35            (b) "Base budget" includes:

36            (i) any changes to those amounts approved by the Executive Appropriations  
37 Committee; and

38            (ii) amounts appropriated for debt service.

39            (2) (a) The Executive Appropriations Committee shall meet no later than the third  
40 Wednesday in December to:

41            (i) direct staff as to what revenue estimate to use in preparing budget  
42 recommendations, to include a forecast for federal fund receipts;

43            (ii) consider treating above-trend revenue growth as one-time revenue for major tax  
44 types and for federal funds;

45            (iii) hear a report on the historical, current, and anticipated status of the following:

46            (A) debt;

47            (B) long term liabilities;

48            (C) contingent liabilities;

49            (D) General Fund borrowing;

50            (E) reserves;

51            (F) fund balances;

52            (G) nonlapsing appropriation balances;

53            (H) cash funded infrastructure investment; and

54            (I) changes in federal funds paid to the state;

55            (iv) hear a report on:

56            (A) the next fiscal year base budget appropriation for Medicaid accountable care  
57 organizations according to Section [26-18-405.5](#);

58            (B) an explanation of program funding needs;

- 59 (C) estimates of overall medical inflation in the state; and
- 60 (D) mandated program changes and their estimated cost impact on Medicaid
- 61 accountable care organizations;
- 62 (v) decide whether to set aside special allocations for the end of the session, including
- 63 allocations:
- 64 (A) to address any anticipated reduction in the amount of federal funds paid to the
- 65 state; and
- 66 (B) of one-time revenue to pay down debt and other liabilities;
- 67 (vi) approve the appropriate amount for each subcommittee to use in preparing its
- 68 budget;
- 69 (vii) set a budget figure; and
- 70 (viii) adopt a base budget in accordance with Subsection (2)(b) and direct the
- 71 legislative fiscal analyst to prepare one or more appropriations acts appropriating one or more
- 72 base budgets for the next fiscal year.
- 73 (b) In a base budget adopted under Subsection (2)(a), appropriations from the General
- 74 Fund, the Education Fund, and the Uniform School Fund shall be set as follows:
- 75 (i) if the next fiscal year ongoing revenue estimates set under Subsection (2)(a)(i) are
- 76 equal to or greater than the current fiscal year ongoing appropriations, the new fiscal year base
- 77 budget is not changed;
- 78 (ii) if the next fiscal year ongoing revenue estimates set under Subsection (2)(a)(i) are
- 79 less than the current fiscal year ongoing appropriations, the new fiscal year base budget is
- 80 reduced by the same percentage that projected next fiscal year ongoing revenue estimates are
- 81 lower than the total of current fiscal year ongoing appropriations;
- 82 (iii) in making a reduction under Subsection (2)(b)(ii), appropriated debt service shall
- 83 not be reduced, and other ongoing appropriations shall be reduced, in an amount sufficient to
- 84 make the total ongoing appropriations, including the unadjusted debt service, equal to the
- 85 percentage calculated under Subsection (2)(b)(ii); and
- 86 (iv) the new fiscal year base budget shall include an appropriation to the Department of
- 87 Health for Medicaid accountable care organizations in the amount required by Section
- 88 [26-18-405.5](#).
- 89 (c) The chairs of each joint appropriations subcommittee are invited to attend this

90 meeting.

91 (3) All proposed budget items shall be submitted to one of the subcommittees named in  
92 [JR3-2-302](#) for consideration and recommendation.

93 (4) (a) After receiving and reviewing subcommittee reports, the Executive  
94 Appropriations Committee may refer the report back to a joint appropriations subcommittee  
95 with any guidelines the Executive Appropriations Committee considers necessary to assist the  
96 subcommittee in producing a balanced budget.

97 (b) The subcommittee shall meet to review the new guidelines and report the  
98 adjustments to the chairs of the Executive Appropriations Committee as soon as possible.

99 (5) (a) After receiving the reports, the Executive Appropriations Committee chairs will  
100 report them to the Executive Appropriations Committee.

101 (b) The Executive Appropriations Committee shall:

102 (i) make any further adjustments necessary to balance the budget; and

103 (ii) complete all decisions necessary to draft the final appropriations bills no later than  
104 the 39th day of the annual general session.

105 Section 2. [JR3-2-501](#) is amended to read:

106 **JR3-2-501. Meetings -- ~~Ĥ~~→ Zero based budget creation -- ~~←Ĥ~~ Appropriation reviews.**

107 (1) ~~Ĥ~~→ **As used in this section "Zero based budget" means a review of a line item's or a**  
107a **program's expenditures, by category of expenditure, and sources of finance, by major fund**  
107b **type, starting from zero for a given fiscal year. A zero based budget may include:**

107c **(a) evaluation of trends in categories of expenditure and major fund types over time;**

107d **(b) comparison of trends to major indicators like population, inflation, and workload;**

107e **(c) analysis of throughput and quality as they relate to operating expenses; and**

107f **(d) review of more detailed data as warranted and as resources allow.**

107g **(2) ←Ĥ** (a) During the interim, the Executive Appropriations Committee shall meet at least  
108 every other month on the day before interim meetings.

109 (b) The appropriations subcommittee chairs may attend these meetings and provide  
110 input regarding their budget.

111 ~~Ĥ~~→ **(3)** ~~←Ĥ~~ **[Appropriation] Appropriations** subcommittees shall meet ~~[at least once]~~  
111a during the

112 interim ~~[and may also hold additional meetings if]~~ as authorized by the Legislative

113 Management Committee in order for the subcommittees to carry out their responsibilities.

114 ~~Ĥ~~→ **(3)** ~~←Ĥ~~ **(4)** ~~←Ĥ~~ **For each interim, each subcommittee shall create a zero based budget**  
114a **for at least**

115 **20% of its line items or programs, and in doing so, shall ensure that each line item and program**  
116 **is reviewed and included in the zero based budget no less frequently than every five years.**

117 ~~(3)~~ ~~Ĥ~~→ **(4)** ~~←Ĥ~~ **(5)** ~~←Ĥ~~ (a) The Executive Appropriations Committee may, based  
117a on a legislator's or

118 citizen's complaint, review any appropriation, whether in an appropriations bill or otherwise, to

119 ensure that the entity to which the funds were appropriated complies with any legislative intent

120 expressed in the legislation appropriating the funds.

121 (b) If the Executive Appropriations Committee finds that an entity has not complied  
122 with any legislative intent concerning an appropriation expressed in the legislation  
123 appropriating the fund, the committee may make a recommendation concerning the  
124 appropriation to the entity receiving the funds and the Legislative Management Committee.

---

---

**Legislative Review Note**  
**Office of Legislative Research and General Counsel**