

CORRECTED
MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS
COMMITTEE MEETING
January 25, 2011 at 5:15 P. M.
Room 210, Senate Building, State Capitol Complex

Members Present: Sen. Lyle W. Hillyard, Co-Chair
Rep. Melvin R. Brown, Co-Chair
Sen. Dennis E. Stowell, Vice Chair
Rep. John Dougall, Vice Chair
Rep. Brad L. Dee
Rep. Gregory H. Hughes
Sen. Scott K. Jenkins
Sen. Patricia W. Jones
Rep. Brian S. King
Sen. Peter C. Knudson
Rep. David Litvack
Rep. Rebecca D. Lockhart, Speaker
Sen. Benjamin M. McAdams
Rep. Ronda Rudd Menlove
Sen. Karen W. Morgan
Sen. Wayne L. Niederhauser
Sen. Ross I. Romero
Rep. Jennifer M. Seelig
Sen. Michael G. Waddoups, President
Rep. Christine F. Watkins

Staff Present: Jonathan Ball, Legislative Fiscal Analyst
Steven Allred, Deputy Director
Greta Rodebush, Legislative Secretary
Linda Black, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Approval of Minutes

Co-Chair Brown called the meeting to order at 5:34 p.m. and offered some introductory remarks on this year's budgeting process.

Co-Chair Brown stated that the appropriations subcommittees have begun the work of identifying changes to their base budgets to meet the targets set by the Executive Appropriations Committee. He asked that the subcommittees complete their work by Friday, January 28, 2011. The EAC will hold another meeting early next week to hear the subcommittees' plans for hitting their targets. Staff will then prepare substitute base budget bills that the Legislature will consider on the floor of the House and Senate before noon on Wednesday, February 2, 2011.

Co-Chair Brown stated that these bills become the foundation of which the remainder of the budget will be built. This will not be the end, but the beginning of the budget for FY 2012.

MOTION: Co-Chair Hillyard moved to approve the minutes of the Joint Executive Appropriations Committee meeting held on December 14, 2010. The motion passed unanimously with Rep. Dee absent for the vote.

2. Allocations to Appropriations Subcommittees (JR3-2-402)

Co-Chair Hillyard called attention to the blue sheet entitled "Subcommittee Allocations (General and Education Funds) - Executive Appropriations Committee." The subcommittee allocations represent a 7 percent reduction in the current fiscal year ongoing base budget.

MOTION: Co-Chair Hillyard moved to approve the amounts shown on the blue sheet entitled "Subcommittee Allocations (General and Education Funds) - Executive Appropriations Committee" and dated today, January 25, 2011, for subcommittees to use in preparing their base budgets.

Sen. Romero distributed a white handout entitled "Subcommittee Allocations (General and Education Funds) - Senator Romero."

SUBSTITUTE MOTION: Sen. Romero moved to approve the appropriations list on the white handout entitled "Subcommittee Allocations (General and Education Funds) - Senator Romero" which leaves the base budget equal to the ongoing appropriations of FY 2011.

Sen. Romero recognized that there is a \$313 million structural imbalance, but also, new money coming in, approximately \$216 million. He stated that the Governor's budget is by and large reflected in his proposal. Sen. Romero stated that this is a reasonable place to start committee discussion and that there will be modifications throughout the process.

President Waddoups spoke in opposition to the substitute motion. He stated that there are areas of government that need more attention. President Waddoups stated that if we don't start with some money for some of these programs, we'll never be able to improve them. He commented that the \$216 million will not even cover the structural imbalance. If these cuts are not made, the Legislature will not be able to deal with growth, new mandates, and pending lawsuits.

Rep. Litvack spoke in support of the substitute motion. He stated that this is a great place to start. The Governor's budget reflects last year's ongoing funds and base budget and still addresses some of the critical needs in growth. There will be much more discussion. Sen. Romero's motion provides the opportunity to put all issues on the table.

Sen. Niederhauser spoke against the substitute motion, stating that this is not the final budget. There is a lot of work to do to get through the budget. This is the base budget. He commented that it is important to have our financial house in order, and this is a great place to start. The Legislature will appropriate new revenue where it is needed most. Sen. Niederhauser stated that he supports President Waddoups' comments that some of these programs need to go away to free up more money that can be prioritized into education and other areas.

Sen. Jenkins spoke against the substitute motion. It was his opinion that the we need to put a little pressure on ourselves to look at all programs. By approving a budget that has a higher amount in the base budget, the pressure goes away. We want to look at these individual programs and keep the pressure on.

Sen. Romero summed by reminding the committee that these programs wouldn't have been funded if they were not worthy. He stated that there have been some pretty tough cuts to subcommittees and programs. The 7 percent cut across the board is not doing service to the different programs. We need to start with last year's budget and find efficiencies in our committee meetings. Cutting across the board is not the best procedure.

The substitute motion failed with Sen. Jones, Sen. McAdams, Sen. Morgan, Sen. Romero, Rep. King, Rep. Litvack, Rep. Seelig, and Rep. Watkins voting in favor of the motion. Rep. Dee was absent for the vote.

A vote was taken on the original motion. The motion passed with Sen. Jones, Sen. McAdams, Sen. Morgan, Sen. Romero, Rep. King, Rep. Litvack, Rep. Seelig, and Rep. Watkins voting in opposition to the motion. Rep. Dee was absent for the vote.

3. Base Budget Discussion

To conform with new budget policy regarding nonlapsing dedicated credits, H.B. 39, *Insurance Related Amendments*, 2010 General Session, created four new restricted accounts for the receipt of various insurance related fees. The fees previously accumulated as dedicated credits. Since the beginning of FY 2011, the fees have been deposited into the restricted accounts, but the appropriations remain as from dedicated credits.

Co-Chair Hillyard proposed the following motion to adjust the appropriations so that spending authority relates to the correct source of finance.

MOTION: Co-Chair Hillyard moved to approve the budget changes outlined on the sheet entitled "FY 2011 Supplemental Appropriations to Address *Insurance Related Amendments*" and to refer the changes to the Business, Economic Development, and Labor Appropriations Subcommittee for inclusion in a base budget bill. The motion passed unanimously with Rep. Dee absent for the vote.

4. Other Business

Co-Chair Brown recognized Co-Chair Hillyard for a motion.

MOTION: Co-Chair Hillyard moved to adjourn. The motion passed unanimously with Sen. Romero and Rep. Dee absent for the vote.

Co-Chair Hillyard adjourned the meeting at 5:45 p.m.