

**MINUTES OF THE
EXECUTIVE APPROPRIATIONS COMMITTEE**

Tuesday, February 19, 2014 - 4:00 p.m. - Room 210 Senate Building

Members Present:

Sen. Lyle W. Hillyard, Co-Chair
Rep. Melvin R. Brown, Co-Chair
Sen. Jerry W. Stevenson, Vice Chair
Rep. Brad R. Wilson, Vice Chair
Sen. J. Stuart Adams
Sen. Gene Davis
Sen. Patricia W. Jones
Sen. Peter C. Knudson
President Wayne L. Niederhauser
Sen. Ralph Okerlund
Rep. Joel K. Briscoe
Rep. Rebecca Chavez-Houck
Rep. Tim M. Cosgrove
Rep. Brad L. Dee

Rep. Gregory H. Hughes
Rep. Don L. Ipson
Rep. Jennifer M. Seelig

Members Excused:

Speaker Rebecca D. Lockhart
Sen. Karen Mayne
Sen. Luz Robles

Staff Present:

Mr. Jonathan Ball, Legislative Fiscal Analyst
Mr. Steven Allred, Deputy Director
Ms. Greta Rodebush, Legislative Secretary
Ms. Karen Mitchell, Committee Secretary

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

1. Call to Order/Approval of Minutes

Co-Chair Hillyard called the meeting to order at 4:21 p.m. There were no minutes to approve.

Sen. Davis asked that Sen. Mayne be excused from today's meeting.

2. Items from Previous Meeting's Agenda

There were no items from the previous meeting's agenda to discuss.

3. Executive Appropriations Committee Agency Budget Actions (Tab 10)

a. Capitol Preservation Board

Ms. Allyson W. Gamble, Executive Director, Capitol Preservation Board (CPB), distributed "Capitol Preservation Board to EAC - 2104," which contains her remarks from a previous EAC meeting.

Mr. Brian Fay, Fiscal Analyst, LFA, noted that the fees for the Capitol Preservation Board (CPB) were listed behind Tab 10, on pages 5 through 15, and the nonlapsing intent language for FY 2014 was listed on page 4.

Ms. Gamble introduced the first of two building block requests: *Operations Funding - \$500,000 General Fund (GF) ongoing*.

Ms. Shirley Robinson, Accountant, Division of Facilities Construction and Management (DFCM), discussed the CPB's expected revenue shortfall for FY 2015. She stated that in order to survive financially, the CPB has had to use retained earnings from previous years and one-time influxes of cash

from the General Fund. From 2009 through 2012, the CPB was underfunded, and consequently, the DFCM was not able to maintain the Capitol Hill Complex at sustainable levels. Ms. Robinson stated that the CPB is now at the end of its reserves and without the \$500,000 building block request, the CPB will have a \$250,000 shortage in FY 2015.

Ms. Robinson also discussed projected revenues for dedicated credits. The CPB projects that it will collect \$311,000 in dedicated credits for FY 2015, down by about \$100,000 when factoring in a tiling project that will begin once the session is over. The \$500,000 building block will fund CPB's operations and maintenance obligations and office expenditures for other support services.

Rep. Dee felt that the CPB had provided dedicated credit numbers that were realistic and achievable.

Ms. Gamble responded to questions about the Capitol tiling project, security assessment, and the sound system in the rotunda. Rep. Brown suggested that it might be helpful to do an analysis on what it might cost to make the current sound system more useable from an acoustic standpoint.

Ms. Gamble introduced the second building block request: *Capitol Hill Security Infrastructure - \$125,000 GF one-time*. She referred to the incident that occurred last October when an individual drove a truck up the west stairs of the Capitol and parked at the doors. The Board asked management to take a look at security, present its findings, and make suggestions for improvement.

Captain Jess Anderson, Utah Highway Patrol (UHP), explained that UHP contacted various entities and agencies in an effort to assess the Capitol's security needs. UHP determined that measures needed to be taken to secure the exterior of the Capitol. The Board recommended that bollards be installed in strategic locations throughout the Capitol Hill Complex.

Rep. Seelig inquired about the problems with the elevators. Ms. Gamble explained that a new vendor began servicing the Capitol elevators in January and was making an effort to better understand the system and make repairs where necessary.

b. Utah National Guard

Mr. Fay stated that the Utah National Guard (UNG) would not be asking for any building block requests this year. The UNG asked for nonlapsing authority for FY 2014 for National Guard Tuition Assistance, \$25,000 and Armory Maintenance, \$100,000. Mr. Fay noted that there were no fee changes for FY 2015.

c. Veterans' and Military Affairs

Mr. Fay reported that the Utah Department of Veterans' and Military Affairs (UDVMA) was requesting nonlapsing authority for the Cemetery and Memorial Park, \$30,000, and Outreach Services, \$70,000. Fees were listed on page 5, and federal funds, "Federal Funds Request Summary for State FY 2015," were listed on page iv.

Mr. Gary R. Harter, Executive Director, UDVMA, discussed the following four building blocks requests:

- *Regional Veterans' Services Coordinator: \$74,600 GF ongoing (reallocation from the base budget)*
- *Nursing Home Transportation: \$252,800 GF one-time*
- *Air National Guard/Hill Air Force Base Planning: \$500,000 GF one-time*
- *Utah Defense Alliance Funding: \$650,000 GF ongoing (transfer from GOED)*

Mr. Harter explained that the Regional Veterans' Services Coordinator would help approximately 17,000 veterans in Southern Utah connect to services at the federal, state, and local level.

Mr. Tom Hansen, Director, Salt Lake Veterans Home, noted that federal law requires the state to provide transportation for veterans living in nursing homes. He stated that the building block for the Nursing Home Transportation will be used to purchase two vans, one for each of the new nursing homes in Payson and Ivins, and another van for the Ogden Nursing Home, which will replace an older model greatly in need of repair.

Mr. Harter explained that the funding for Air National Guard/Hill Air Force Base Planning is intended to support the planning and preparation around a potential move of the Air National Guard from the Salt Lake Air Base to Hill Air Force Base. Mr. Harter stated that these funds will be used to ensure that Hill Air Force Base is in the best possible position to be seen as a viable base option to receive the new KC 46 air refueling tanker.

Mr. Tage Flint, President, Utah Defense Alliance (UDA) elaborated on a number of UDA activities that support Hill Air Force Base (HAFB) and other bases in Utah. He spoke in support of the possible relocation of the Utah Air National Guard to HAFB. Mr. Harter clarified that the subcommittee was requesting that the Utah Defense Alliance Funding be transferred from the Governor's Office of Economic Development to UDVMA.

4. Appropriations Subcommittee Reports

a. Natural Resources, Agriculture, and Environmental Quality (Tab 6)

Sen. David P. Hinkins and Rep. John G. Mathis, Co-Chairs, presented the subcommittee report. Mr. Ivan Djambov, Fiscal Analyst, LFA, and Ms. Angela Oh, Economist/Statistician, LFA provided assistance. Rep. Mike McKell, House Vice Chair, had asked to be excused.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002535.pdf>

Rep. Mathis reviewed the subcommittee's reallocations and add-ons on pages 3 and 4. The subcommittee shifted \$675,200 GF ongoing for the AGR - State Fair Corp to \$675,200 GF one-time in an effort to provide greater oversight and accountability. Rep. Mathis also discussed the \$300,400 GF ongoing reallocation for DEQ - Air Quality - Clean Air Initiative (part 1) and the \$200,000 GF ongoing add-on for DEQ - Air Quality - Clean Air Initiative (part 2).

Rep. Mathis highlighted the \$1,675,000 one-time request for PLPCO - Sage grouse conservation plan implementation, and the \$600,000 one-time request for AGR - State Fair Corp - State Fair capital investment to increase utilization.

Rep. Mathis responded to committee questions about the future of the State Fair and the state's financial commitment. He reported that it will require about \$4 million to open the doors to the State Fair this year, which includes structurally rebuilding and reinforcing three barns before they can be used. He stated that socially and culturally, it is very important that the fair continue.

Rep. Seelig stated that we need to give the State Fair the tools they need to be able to do their job and be successful. Rep. Mathis emphasized the need for a long-term lease and improving communication with all stakeholders.

Mr. Ball clarified that a \$2.5 million building block for the State Fair was included in the Infrastructure and General Government Appropriations Subcommittee budget recommendations for capital improvements.

Rep. Wilson asked why there were only two pieces of legislation pertaining to air quality on the add-ons list, given the large number of air quality bills that he was aware of this year. Rep. Mathis explained that H.B. 6 - Clean Air Programs, and H.B. 154 - Wood Burning Amendments, were the only two requests for funding made to the subcommittee.

Rep. Wilson inquired about the subcommittee's recommendations for the Sovereign Lands Management Fund. Rep. Mathis indicated that the subcommittee recommended about \$7.6 million in one-time and ongoing funding. Sen. Hinkins indicated that the Sovereign Lands Management Fund typically grows by about \$6 - \$7 million a year, which will almost be enough to cover this year's building blocks. This will leave a fund balance of approximately \$17 million. Rep. Mathis stated that the subcommittee wants to keep some reserve funding for fire suppression and solving Phragmites issues.

b. Social Services (Tab 9)

Sen. Allen M. Christensen and Rep. Ronda Rudd Menlove, Co-Chairs, presented the subcommittee report. LFA fiscal analysts, Mr. Russell Frandsen and Mr. Stephen Jardine, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002537.pdf>

Sen. Christensen reported that if all of the Social Services requests for appropriations were funded, the subcommittee would still be returning \$22 million in revenues to the State. The subcommittee was able to accomplish this through internal reallocations and the use of flexible federal funds.

Sen. Christensen highlighted the following subcommittee actions:

- *Reallocated \$4.0 million or 0.5 percent ongoing internally, rewarding agencies by keeping these savings within each agency;*
- *Reallocated \$19.5 million or 2.5 percent one-time internally and funded items 1 through 22 on page 4;*
- *Used \$12.4 million in flexible federal funds to reduce the requests for state appropriations;*

- *An additional \$5.4 million in TANF funds may be available for other funding requests; and*
- *Rep. Menlove opened a bill file (H.B. 291) to address Item 21, DOH - Staff and equipment for the Public Health Laboratory through applicable fee increases.*

Rep. Menlove discussed the building block lists on pages 5 and 6 of the report. The subcommittee prioritized \$24 million for 16 ongoing funding requests and \$7 million for 20 one-time funding requests. Rep. Menlove noted that the ongoing requests were somewhat of a challenge because the subcommittee had to fund two large mandatory requests: Medicaid caseload for \$13.1 million and DSPD Mandated Additional Needs for \$1 million.

Sen. Christensen discussed “Other Motions Passed” on pages 111 through 116 that address contingent savings and appropriations, multiple years one-time funding for certain building blocks, use of potential Medicaid surpluses, performance measures, fee increases, and conditional intent language.

Rep. Menlove discussed two new motions to clarify some confusion on Item 4 and Item 13a on “Other Motions Passed” (starting on page 111) that were not included in the subcommittee report: They are as follows:

- *Item 4 on “Other Motions Passed” (p.111) - strike item “ii. - DWS - Refugee Services - increased from \$200,000 to \$500,000.” (This item was meant to be one-time funding for FY 2015).*
- *Item 13a on “Other Motions Passed” (p. 113) strike items “iii - DHS - Garland Community Resource Center” and “iv - DHS - Hyrum Community Resource Center.” (This item is a request for infrastructure and does not qualify for TANF funding).*

Finally, Rep. Menlove called attention to Item 19 DOH - Community Healthworker Certification on page 5. Sen. Robles had indicated that based on the recently released fiscal note, the amount requested could be decreased to \$25,000.

Co-Chair Hillyard asked if there was anything the committee needed to be aware of if contingency funding does not materialize. Rep. Menlove explained that the subcommittee put most items on the one-time list for reallocation or the priority list as well as on the TANF list to prevent any items falling through the cracks if the TANF funds do not come through.

Sen. Jones thanked the subcommittee for their diligent work over the years. She asked a question from Mr. Andrew Riggle, Public Policy Advocate, Disability Law Center, as to why the DSPD Mandated Additional Needs was reduced. Rep. Menlove stated that the subcommittee worked with the agency on making that decision. Instead of funding the amount requested, the subcommittee funded an amount that could be used as people are brought onto the list. The subcommittee also requested some additional funding for Medicaid services.

Rep. Dee inquired about the \$4.8 million in Medicaid match for local entities that was not funded. Sen. Christensen stated that the Medicaid match was inadvertently passed over and left off the list. A sound track confirmed that the request was heard in a subcommittee hearing. Sen. Christensen said that the oversight had been brought to the attention of the EAC Chairs and should be resolved before the EAC’s final meeting.

c. Executive Offices and Criminal Justice (Tab 3)

Sen. Daniel W. Thatcher and Rep. Eric K. Hutchings, Co-Chairs, and Rep. Keven Stratton, House Vice Chair, presented the subcommittee report. LFA Fiscal Analysts, Mr. Gary Syphus and Mr. Zackery King, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002539.pdf>

Rep. Hutchings reported that the subcommittee did a thorough examination of the budget looking at fees, federal funds, non-state funds, and off-budget accounts. The subcommittee found \$870,000 GF ongoing and \$25 million GF one-time within the budgets that were reallocated within the agency budgets.

Rep. Hutchings called attention to the add-ons list on page 4, noting that the first three items at the top of the list were pass thru items and had to be paid for. Those items included the following: CTS - Contract Leases - Contracts and Leases; GOV - Crime Victim Rep - Factual Innocence Payment Reimbursement; and GOV - Factual Inno Pmt - Factual Innocence quarterly payments. The subcommittee also funded a Board of Pardons Office Specialist, a Department of Public Safety Investigator, and a Child Protection and a DPS Attorney in the Attorney General's Office.

Rep. Hutchings noted that there was some significant one-time money in Corrections. He briefly discussed expansion efforts to keep up with the growth in the inmate population. He stated that if nothing is done to resolve the expansion issue, we will be out of capacity by early 2017. Rep. Hutchings said that the subcommittee kept \$12 million in one-time money to go toward the West One expansion project at the Gunnison Correctional Facility.

Rep. Hutchings also noted that the subcommittee put some funding toward Juvenile Justice Services for receiving centers and youth services, the Juror/Witness/Interpreter Program, Crime Victim Reparations, and the Weber Valley Detention Center.

Sen. Thatcher added that the agencies were very diligent in helping the subcommittee identify critical needs. This year, the subcommittee is not making any one-time requests because those requests have been funded through internal reallocations. Sen. Thatcher stated that the subcommittee's number one priority is funding for six additional troopers to provide 24-hour coverage along all of I-15 for the state of Utah. He also briefly discussed the need for criminal appeals attorneys in the Attorney General's Office, moving CCJJ out of the Crime Victims Reparations Fund, building the Gunnison pod, and providing ongoing money for Jail contracting.

Rep. Hutchings said that we have some documentation that clearly demonstrates how we intend to use existing county bed space to buy a couple of years before we get something else done.

Rep. Wilson asked clarifying questions about the budget adjustments for CCJJ and the \$12 million reallocation for the Gunnison Prison Expansion.

d. Higher Education (Tab 4)

Sen. Stephen H. Urquhart and Rep. Keith Grover, Co-Chairs, and Rep. Jon Stanard, House Vice Chair, presented the subcommittee report. Mr. Spencer Pratt, Fiscal Manager, LFA, and Ms. Angela Oh, Economist/Statistician, LFA, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002541.pdf>

Sen. Urquhart reviewed the list of add-ons for the Utah College of Applied Technology (UCAT), the Utah System of Higher Education (USHE), and requests for appropriations. He identified the top three ongoing funding priorities for UCAT: UCAT - Funding Equity - \$7.5 million; UCAT - Campus Capacity - \$7.5 million; and UCAT - Custom Fit - \$1 million. He also discussed the following ongoing funding priorities for USHE:

1. <i>Mission-Based Funding - Acute Equity</i>	\$69,705,000
2. <i>Mission-Based Funding - Distinctive Mission</i>	\$10,000,000
3. <i>Performance-Based Funding</i>	\$2,000,000
4. <i>Higher Education Technology Initiative</i>	\$1,200,000
5. <i>Regents' Scholarship</i>	\$5,000,000
6. <i>Utah Academic Library Consortium</i>	\$250,000
7. <i>Rural Superintendents Concurrent Enrollment</i>	\$1,500,000

With regard to Mission-Based Funding, Sen. Urquhart stated that the institutions need to be on par in terms of state funding. He pointed out that the institutions' growth is counter cyclical to the economy. They grow when there isn't money to fund growth. Sen. Urquhart indicated that most of the expenses in the high growth institutions have been paid through tuition, and as a result, the tuition load tends to be heavy and the per student funding is very unequal among institutions.

Sen. Urquhart also stated that the subcommittee wants to move more towards performance-based funding by building up a pot of money in the next four to five years to fund completions. Last year, performance-based funding received \$1 million one-time. This year the subcommittee recommended \$2 million.

Sen. Urquhart explained that the subcommittee prioritized Regents' Scholarship over the New Century Scholarship because it a greater level of preparation. The New Century Scholarship already has a significant funding base for students who graduate with their associates degrees.

Sen. Knudson asked about the order of ranking for UCAT - Campus Equity and UCAT - Campus Capacity. Sen. Urquhart clarified that the UCAT Board had requested that the UCAT - Campus Capacity be ranked higher than UCAT - Campus Equity but the subcommittee deemed that they were of equal importance and should be funded dollar for dollar.

Sen. Urquhart made the comment that employees of our universities and colleges of applied technology should receive compensation just like other state employees. The state should not count on tuition as a funding source when compensation is not funded.

Rep. Grover remarked that the presidents decided to make Mission-Based Funding - Acute Equity their top priority after compensation, understanding that some institutions would receive more funding than others. With equity funding in place for this year, the focus will turn to performance-based funding that will drive our institutions to better graduation completions and streamlining curriculum.

Sen. Urquhart added that over the last five years, higher education has seen a significant decrease in state funding. During that time, the institutions have seen a 20 percent increase in students. The institutions found efficiencies, made reforms, and looked for innovations to avoid increasing tuition. Sen. Urquhart felt that this needs to be a big year for higher education.

5. Other Business/Adjourn

Mr. Ball passed out a blue consolidated set of lists for all of the subcommittees.

MOTION: Rep. Brown moved to adjourn. The motion passed unanimously.

Co-Chair Hillyard adjourned the meeting at 6:07.