

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room W325, House Building, State Capitol Complex
January 12, 2009

MEMBERS PRESENT: Sen. David Hinkins, Co-Chairman
Sen. Karen Mayne
Rep. Jim Bird
Rep. Susan Duckworth
Rep. Lynn Hemingway
Rep. Brian King
Rep. Ryan Wilcox

MEMBERS EXCUSED: Rep. Michael Morley, Co-Chairman
Sen. Dan Liljenquist
Rep. Jim Dunnigan

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors lists will be filed with committee minutes.

Co-Chair Sen. Hinkins called the meeting to order at 9:07 a.m. and welcomed everyone. Members of the committee introduced themselves and told which area they represent.

MOTION: Rep. Hemingway moved to approve the minutes of September 10, 2008 and September 25, 2008. The motion passed unanimously.

Danny Schoenfeld, Fiscal Analyst, referred the committee members to a booklet, "A Legislative Guide to Bills, Budgets & Fiscal Notes" and referred them to the glossary of terms used in the budgetary process. From a series of slides he discussed budgetary matters including: The fiscal year is named for the year it ends, eg. FY 10 ends June 30, 2010. Revenue estimates are updated at least twice yearly and serve as a target for appropriations. The December 2008 estimate resulted in a \$350 million shortfall in FY 2009. There are pressures driving new spending such as increased public school enrollment and increased medicaid utilization. With the aid of the fiscal analyst and reports from the agencies, the sub committees make recommendations to the Executive Appropriations Committee. The Legislature is functioning with the following recommendations and constraints:

1. Over all, balance to the 7.5% and 15% targets set by EAC (some subcommittees may be over or under target).
2. Are intended as straw-man - a place to start your discussion.
3. Assume current tax law (do not divert tax earmarks and/or increase or decrease taxes).
4. Do not include across-the-board actions like salary decreases or benefits changes.
5. Do not tap rainy day funds or bond proceeds.

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After the presentation, the Analyst provided the committee members and the public copies of Budget Reduction Details by Initiative. An explanation of each departments budget reduction recommendations was explained as follows:

Department of Commerce

Funding reduction in the amount of \$825,000 which was passed in the 2008 Legislative Session, with on going funding of \$175,000 for Controlled Substance Database would delay the implementation of this program. There is, however, a smaller version of this program being used by the department at this time.

Workforce Services

Reduction in current expenses could yield a savings of \$550,000. The Child Care Reduction program would mean a savings of \$1,000,000 which would come from lost General Fund and federal funds matched with TANF funds. Personal Service Reduction would mean a reduction of 75 FTE which may result in longer processing and wait times for clients. However the Analyst explained that by having records in a central location rather than at each facility and not mailing out pay stubs a substantial reduction in funding would be possible. A reduction in Medicaid cases would result in a reduction of Medicaid eligibility caseload costs, a savings of \$750,000. Another area of reduction would be in the Administrative costs associated with the General Assistance program.

The committee expressed concern in the cutting of the Child Care Reduction funds and possible reduction of services to their clients. Kristen Cox, Executive Director, and Bill Greer, Chief Financial Officer answered and explained the funding loss and impact on their department.

Department of Insurance

Reduction in Comprehensive Health Insurance Pool would result in a savings of \$1,500,000 and a reduction of the current reserve of the program between 9-12 months, and impact payments in future years. It was recommended that the reserve not be depleted beyond a six month reserve. There are currently 8 FTEs that are vacant and an additional 4 FTEs that would have to be reduced resulting in a savings of \$918,500 but could result in a reduction of service and timeliness to citizens.

Tomi Ossana, Executive Director HIPUtah, responded to questions regarding the six month reserve funds from the committee.

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Labor Commission

Personnel reduction will result in a savings of \$85,000 and a reduction of an Administrative Law Judge (ALJ) position which may increase caseloads for the remaining ALJs as well as processing time may be increased. The Antidiscrimination Personnel Reduction will save \$107,500 by eliminating a currently vacant administrative position but could result in larger caseloads for remaining staff and longer processing times. The elimination of a currently vacant administrative position would be a savings of \$382,000 but would reduce General Funding of Industrial Accident Division and replace with Uninsured Employer Fund (UEF). This could result in delay of the full funding of the UEF by 2011. Utah Occupational Safety and Health Personnel Service Reduction would result in the elimination of one compliance support specialist at a savings of \$107,500. This would also reduce federal funds match and may result in delaying the processing and compliance of current labor and safety regulations.

Sherrie Hayashie, Labor Commissioner, responded to committee members questions and concerns regarding Industrial Accidents.

Utah State Office of Rehabilitation

The Analyst explained that reduction of current expenses and travel within the Administration Division would be a savings of \$142,000. Other areas of reduction within the Division of Blind and Visually Impaired, would be a savings of \$617,500 but could reduce the ability of the program to deliver and maintain assistive technology devices for clients. The additional reductions in the remaining department services would be a savings of \$583,500 and may further result in longer waiting times for new clients needing assistive technology devices.

Don Uchida, Executive Director, responded to the committees concern regarding the possible closing of the North Temple facility for the Visually Impaired. Bill Gibson, Director of Rehabilitation, responded to the impact of reduction on vocational training of individuals.

Department of Commerce

Reductions in the 3 FTEs in Consumer Protection, as well as elimination of permanent and temporary staff in Corporations and Commercial Code area would save \$619,500 but may result in larger caseloads for remaining staff as well as longer processing time in the various divisions.

Francine Giani, Executive Director, responded to questions from the committee. Brent Bateman, Attorney, Legal Counsel, explained the duties and responsibilities of his division.

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Department of Alcoholic Beverage Control

Reduction in the Eliminate Alcohol Sales to Youth (Parents Empowered) would save \$400,000 but reduce the current public awareness campaign.

Dennis Kellen, Director, and John Freeman, Deputy Director, briefed the committee on the status of their department.

Department of Financial Institutions

Reduction in current vacancies within the Department would be a savings of \$340,000.

No one spoke in response to the proposal.

Sen Hinkins stated there would not be any votes taken until the next meeting.

MOTION: Rep. Wilcox moved to adjourn.

The motion passed unanimously. Sen. Hinkins adjourned the meeting at 10:39 a.m.

Sen. David Hinkins, Co-Chair

Rep. Michael Morley, Co-Chair

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