

**MINUTES OF THE JOINT EXECUTIVE COMMITTEE MEETING
FEBRUARY 8, 2006, 3:00 P. M.
Room W135, West Office Building, State Capitol Complex**

Members Present: Sen. Lyle Hillyard, Committee Co-Chair
Rep. Ron Bigelow, Committee Co-Chair
Sen. Gene Davis
Sen. Mike Dmitrich
Sen. Dan Eastman
Sen. Beverly Evans
Sen. Karen Hale
Sen. Peter Knudson
Sen. Ed. Mayne
Pres. John Valentine
Rep. Jeff Alexander
Rep. Ralph Becker
Speaker Greg J. Curtis
Rep. Ben C. Ferry
Rep. Patricia W. Jones
Rep. Brad King
Rep. Roz McGee
Rep. Stephen H. Urquhart

Sen. Curtis Bramble, Vice-Chair
Rep. David Clark, Vice Chair

Staff Present: John Massey, Legislative Fiscal Analyst
Michael Kjar, Deputy Director, Fiscal
Bonnie Brinton, Secretary
Norda Shepard, Secretary

Others Speakers Present: Rep. Craig Buttars
Sen. Sheldon Killpack
Rep. Merlynn Newbold
Sen. Harold Stephenson
Rep. Gordon Snow
Sen. Gregory Bell
Rep. Kory Holdaway
Sen. David Thomas
Rep. David Hogue
Sen. Bill Hickman
Rep. Gregg Buxton
Jonathan Ball, Technology Analyst
Keith Stepan, Director, Facilities Construction and Management
Sen. Thomas Hatch
Rep. Bradley Johnson
Sen. Mark Madsen
Rep. Peggy Wallace
Sen. Scott Jenkins
Rep. David Ure

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

Committee Co-Chair Bigelow called the meeting to order at 3:16 p.m.

Co-chair Bigelow announced that the committee would not be taking motions on the budgets today but would be hearing reports from each subcommittee. Motions to adopt budgets and budget bills will be taken in a subsequent meeting. He indicated subcommittee actions, Intent Language, fees, federal funds, and priority lists for both on-going and one-time funding are included under individual tabs in the Budget Analysis binders for review by this committee. Co-chair Hillyard encouraged subcommittee chairs to look through the lists to make sure they were all correct before the budgets are finalized.

1. Economic Development - Tab 4

Rep. Buttars presented the subcommittee's recommendations, stating that co-chair Sen. Mansell was out of town. He said the subcommittee was recommending appropriating funding to be set aside for the Industrial Assistance Fund. The committee also restructured the Governor's Office of Economy Development line items to more closely align with the way they are internally structured.

2. Health and Human Services - Tab 7

Sen. Killpack and Rep. Newbold presented the subcommittee's recommendations. Rep. Newbold stated that as a subcommittee they had prioritized the two departments, the Department of Health and the Department of Human Services, separately. The list under Tab 7, Pages 6-43 and 6-44 are a compilation of those two lists. A handout was distributed that includes the breakdown by Department. She said of major concern, and their top priority, is the cut in federal funding and Medicaid Utilization and Caseload federal reductions for both FY 2006 and FY 2007. They were notified recently that the federal government will no longer match funds for children who are served in their homes. Sen. Killpack stated that this loss of federal funds would create a major loss of caseworkers and would create serious ramifications for compliance to the David C. lawsuit if not funded by the state.

3. Approval of Minutes

MOTION: Sen. Hillyard moved to approve the minutes of December 14, 2005. The motion passed unanimously with Sen. Bramble, Speaker Curtis, Reps. Ferry, Jones, and Urquhart absent at the time of the vote.

4. Public Education - Tab 9

Sen. Stephenson and Rep. Snow presented the subcommittee's recommendations. Sen. Stephenson indicated that on the priority list on page 9-19, item #1 in Enrollment Growth, class size was not recommended as the subcommittee felt it is too difficult to control. That item should only indicate ATE funding. He said the Board and Voted Leeway Rate Increase is a valuable program and should be considered. Sen. Snow stated that the increased fuel and power costs should also be addressed within the value of the WPU. Sen. Stephenson indicated that Superintendent Patti Harrington reported that due to federal cuts, UPASS funding will have a \$3.4 million short fall.

5. Higher Education - Tab 5

Sen. Bell and Rep. Holdaway presented the subcommittee's recommendations. Rep. Holdaway stated this subcommittee had worked hard and diligently to compile their proposal. He said they had a delimita regarding tuition increases being attached to compensation. He said that any compensation that is approved is going to result in tuition increases. However, salary retention is of high priority. Sen. Bell said that the Utah Education Network is the backbone support for the entire state and to keep UEN healthy and growing and vibrant it is very important they have the infrastructure funding they need. He indicated that the Utah College of Applied Technology budget has been assigned to this subcommittee and increased the overall funding responsibility of the subcommittee.

6. Executive Offices and Criminal Justice - Tab 1

Sen. Thomas and Rep. Hogue presented the committee's recommendations. Sen. Thomas stated this subcommittee has a very diverse budget including all the elected official's budgets, law enforcement, corrections, and juvenile justice. He indicated that the priority list contains only half of what was presented to the subcommittee but the subcommittee has gone through a process to prepare a list of what is believed to be worthy priorities. He said one area of concern is the continued prison funding crisis. He reported that juvenile justice funding has been cut by the federal government by \$1.6 million. He discussed the new P.O.S.T. building which will be built with a donation from Larry Miller and be used for law enforcement education as well as for classes at the college. In answer to committee questions, Rep. Hogue explained that the highway patrol has found it cost effective to continue overtime pay rather than hire new FTEs and said the litigation request was for legal fees for hiring outside council on the David C. lawsuit and the Highland Settlement.

7. Capital Facilities & Administrative Services - Tab 2

Sen. Hickman and Rep. Buxton presented the subcommittee's recommendations. Sen. Hickman acknowledged the hard work and accomplishments of this subcommittee and the staff. Rep. Buxton stated that in the past general funds were replaced with capital project funds for Administrative Services and Capitol Preservation Board, and the subcommittee felt that general funds should be restored.

Co-Chair Hillyard referred to Item 4 on One-time General/Education Fund Building Block Priorities list. This item is the Tax System Modernization in the Technology Services Agency for \$9 million. Rep. Buxton stated that this item had been prioritized in Commerce and Revenue, and should be removed from the CFAS list.

Co-Chair Bigelow asked about the Debt Service Savings of (\$6,151,800). Sen. Hickman stated that this amount represents interest savings from not bonding for the past two years, and that the Legislature is about four years from paying off all building indebtedness.

Rep. D. Clark asked about the technology rates for FY2007, as columns for these rates show a zero balance. Jonathan Ball, Technology Analyst, explained that the CIO of the Department of Technology has taken a somewhat different approach to consolidation than what had been envisioned for this Department, and he gives assurance that rates will be in place by July 1st, 2006.

Speaker Curtis asked about the design and programming of projects. Sen. Hickman explained that this is a process put in place by the subcommittee to save the state money by having two or three projects programmed and/or designed one year; and, if funding is available the next year, they will be ready to start construction. Both he and Rep. Buxton emphasized that the funding of programming/design money does not guarantee any project of funding the next year. DFCM Director Keith Stepan stated that \$6 million would have been saved by having the UVSC project designed last year and ready for construction this year. He also stated that designs stay fresh with minor changes for three to five years depending on new codes, and that the challenge is to maintain the scope.

8. Natural Resources - Tab 8

Sen. Hatch and Rep. Johnson presented the subcommittee's recommendations. Sen. Hatch thanked the subcommittee members for their efforts and complimented the staff. The subcommittee is requesting \$3.7 million ongoing money to take care of a problem in Wildlife Resources. Sen. Hatch stated that they receive a little over 6% of their total budget in General Fund monies, and they find it difficult to compensate their employees without having a significant increase in fees and licenses because they rely heavily on dedicated credits and restricted funds for their budget. For very similar reasons, the subcommittee is requesting \$1 million ongoing to address the same concern in Parks and Recreation. Sen. Hatch listed projects that are funded every year in one-time money and suggested that if funding were available, this subcommittee would like to see these projects funded with ongoing money.

Rep. Johnson listed the one-time priorities, drawing attention to the Watershed & Habitat Initiative for \$2

million. The Chairs would like this project to receive ongoing funding. Regarding Solider Hollow and Wasatch Mountain State Park capital bonds, Rep. Johnson stated that the subcommittee is requesting the payoff of these bonds in the amount of \$16 million as a tremendous use of the surplus this year which would provide additional ongoing money for the subcommittee. Sen. Hatch stated that these bonds are such that they have to be paid off all at once.

Co-Chair Bigelow directed staff to provide a list of these miscellaneous projects by name to committee members.

Sen. Eastman stated that he wished to be on record in reminding the committee that there is a private-sector donation for \$150,000 for a classroom/learning center in Farmington Bay which will require an equal match. He stated his support for this project.

Responding to questions from committee members, Sen. Hatch stated that funding for trails and river enhancements was considered but not prioritized because of limited monies. Also, the funding requests for Wildlife Resources Compensation and Benefits and Parks Compensation and Benefits includes 2.5% of COLA and other benefits costs for FY2007. Rep. Urquhart expressed a concern with the policy decision of paying revenue bonds with General Funds, and Sen. Hatch addressed this issue. Pres. Valentine stated that he was glad the Senator had reminded the committee of this issue.

9. Commerce and Revenue - Tab 3

Sen. Madsen and Rep. Wallace presented the subcommittee's recommendations. Sen. Madsen noted the diverse entities included in this subcommittee and listed the items in the priorities list. He stated that some of the items were equally weighted, and he discussed how this list was arrived at. Responding to a question from Rep. D. Clark, Rep. Wallace explained the expectations of an additional 10 FTE in Tax Commission and the increases of about \$8 million a year in return that they would provide. Rep. Clark requested a measurement in the future to see the results of this increase in FTE.

The Chairs discussed issues regarding three Financial Examiners and two Market Conduct Analysts in the Department of Insurance which is a request for \$329,700.

Rep. Wallace discussed the priority list of one-time requests. She referred to an error which did not place DABC on the list, and she clarified the funding for this request. This issue is covered in a bill before the Legislature sponsored by Sen. Knudsen in the Senate and by her in the House.

10. Transportation, Environmental Quality, and National Guard - Tab 10

Sen. Jenkins and Rep. Ure presented the subcommittee's recommendations. Rep. Ure summarized the one-time priority items. Sen. Jenkins presented the ongoing requests, discussing the highway construction request of \$200 million. Rep. Becker asked about the Mud Slide Repair in Logan request for \$800,000. The Chairs explained the circumstances of resolving this problem.

Co-Chair Bigelow encouraged committee members to review all the materials in their books and be prepared to vote in the next meeting.

MOTION: Sen. Hillyard moved to adjourn.

The meeting adjourned at 5:29 p.m.

Minutes reported by Bonnie Brinton and Norda Shepard, Committee Secretaries.

Sen. Lyle W. Hillyard, Co-Chair

Rep. Ron Bigelow, Co-Chair

Handouts: Separated lists of Departments of Health and Human Services