

BUDGETING PROCEDURES AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: Wayne L. Niederhauser

LONG TITLE

General Description:

This bill modifies provisions in the Budgetary Procedures Act.

Highlighted Provisions:

This bill:

- ▶ modifies language to add additional clarity to the requirements for proposed budgets;
- ▶ provides that the proposed budget may specify changes in estimates, projections, and proposals;
- ▶ modifies the statutory structure of the code; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63J-1-201, as last amended by Laws of Utah 2010, Chapter 415

63J-1-411, as renumbered and amended by Laws of Utah 2009, Chapter 183

ENACTS:

63J-1-201.5, Utah Code Annotated 1953

63J-1-201.7, Utah Code Annotated 1953

30 *Be it enacted by the Legislature of the state of Utah:*

31 Section 1. Section **63J-1-201** is amended to read:

32 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**
33 **-- Appropriations based on current tax laws and not to exceed estimated revenues.**

34 (1) The governor shall deliver, not later than 30 days before the date the Legislature
35 convenes in the annual general session, a confidential draft copy of the governor's proposed
36 budget recommendations to the Office of the Legislative Fiscal Analyst according to the
37 requirements of this section.

38 (2) (a) [~~The~~] When submitting a proposed budget, the governor shall, within the first
39 three days of the annual general session of the Legislature, submit to the presiding officer of
40 each house of the Legislature:

41 (i) a proposed budget for the ensuing fiscal year;

42 (ii) a schedule for all of the proposed changes to appropriations [~~of the~~] in the proposed
43 budget, with each [appropriation] change clearly itemized and classified; and

44 [~~(iii) the statement described in Subsection (2)(c); and]~~

45 [~~(iv)~~] (iii) as applicable, a document showing proposed [~~expenditures and~~] changes in
46 estimated revenues that are based on changes in state tax laws or rates.

47 (b) The proposed budget shall include:

48 (i) a projection of the total estimated revenues and [~~expenditures~~] appropriations for
49 the next fiscal year;

50 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all
51 federal grants or assistance programs included in the budget;

52 (iii) a [~~complete~~] plan of proposed [~~expenditures~~] changes to appropriations and
53 estimated revenues for the next fiscal year that is based upon the current fiscal year state tax
54 laws and rates;

55 (iv) an itemized estimate of the proposed changes to appropriations for:

56 (A) the Legislative Department as certified to the governor by the president of the
57 Senate and the speaker of the House;

58 (B) the Executive Department;

59 (C) the Judicial Department as certified to the governor by the state court

60 administrator;

61 ~~[(D) payment and discharge of the principal and interest of the indebtedness of the~~
62 ~~state;]~~

63 ~~[(E) the]~~ (D) changes to salaries payable by the state under the Utah Constitution or
64 under law for ~~the~~ lease agreements planned for the next fiscal year; and

65 ~~[(F) other purposes that are set forth in the Utah Constitution or under law; and];~~

66 ~~[(G)]~~ (E) all other changes to ongoing or one-time appropriations[:], including
67 dedicated credits, restricted funds, nonlapsing balances, grants, and federal funds;

68 (v) for each line item, the average annual dollar amount of staff funding associated
69 with all positions that were vacant during the last fiscal year; ~~and]~~

70 (vi) deficits or anticipated deficits[:];

71 ~~[(c) The budget shall be accompanied by a statement showing:]~~

72 ~~[(i) the revenues and expenditures for the last fiscal year;]~~

73 ~~[(ii) the current assets, liabilities, and reserves, surplus or deficit, and the debts and~~
74 ~~funds of the state;]~~

75 ~~[(iii) an estimate of the state's financial condition as of the beginning and the end of the~~
76 ~~period covered by the budget;]~~

77 ~~[(iv) a complete analysis of lease with an option to purchase arrangements entered into~~
78 ~~by state agencies;]~~

79 ~~[(v)]~~ (vii) the recommendations for each state agency for new full-time employees for
80 the next fiscal year, which shall also be provided to the State Building Board as required by
81 Subsection 63A-5-103(2);

82 ~~[(vi)]~~ (viii) any explanation that the governor may desire to make as to the important
83 features of the budget and any suggestion as to methods for the reduction of expenditures or
84 increase of the state's revenue; and

85 ~~[(vii)]~~ (ix) information detailing certain fee increases as required by Section 63J-1-504.

86 (3) ~~(a)(i)~~ For the purpose of preparing and reporting the proposed budget~~[, the]~~:

87 (a) The governor shall require the proper state officials, including all public and higher
88 education officials, all heads of executive and administrative departments and state institutions,
89 bureaus, boards, commissions, and agencies expending or supervising the expenditure of the
90 state money, and all institutions applying for state money and appropriations, to provide
91 itemized estimates of changes in revenues and ~~expenditures~~ appropriations.

92 ~~(ii)~~ (b) The governor may ~~also~~ require the persons and entities subject to Subsection
93 (3)(a) to provide other information under these guidelines and at times as the governor may
94 direct, which may include a requirement for program productivity and performance measures,
95 where appropriate, with emphasis on outcome indicators.

96 ~~(b)~~ (c) The governor may require representatives of public and higher education, state
97 departments and institutions, and other institutions or individuals applying for state
98 appropriations to attend budget meetings.

99 ~~(c)(i)(A)~~ (4) In submitting the budgets for the Departments of Health and Human
100 Services and the Office of the Attorney General, the governor shall consider a separate
101 recommendation in the governor's budget for changes in funds to be contracted to:

102 ~~(f)~~ (a) local mental health authorities under Section 62A-15-110;

103 ~~(ff)~~ (b) local substance abuse authorities under Section 62A-15-110;

104 ~~(fff)~~ (c) area agencies under Section 62A-3-104.2;

105 ~~(fv)~~ (d) programs administered directly by and for operation of the Divisions of
106 Substance Abuse and Mental Health and Aging and Adult Services;

107 ~~(v)~~ (e) local health departments under Title 26A, Chapter 1, Local Health
108 Departments; and

109 ~~(vi)~~ (f) counties for the operation of Children's Justice Centers under Section
110 67-5b-102.

111 ~~(B)~~ (5) (a) ~~[In the governor's budget recommendations under Subsections~~
112 ~~(3)(c)(i)(A)(f), (ff), and (fff), the]~~ In making budget recommendations, the governor shall
113 consider an amount sufficient to grant the following entities the same percentage increase for

114 wages and benefits that the governor includes in the governor's budget for persons employed by
115 the state:

116 (i) local health departments, local mental health authorities, local substance abuse
117 authorities, and area agencies [~~the same percentage increase for wages and benefits that the~~
118 ~~governor includes in the governor's budget for persons employed by the state.];~~

119 [~~(C) If the governor does not include in the governor's budget an amount sufficient to~~
120 ~~grant the increase described in Subsection (3)(c)(i)(B), the governor shall include a message to~~
121 ~~the Legislature regarding the governor's reason for not including that amount.]~~

122 [~~(ii) (A) In submitting the budget for the Department of Agriculture, the governor shall~~
123 ~~consider an amount sufficient to grant]~~

124 (ii) local conservation districts and Utah Association of Conservation District
125 employees [~~the same percentage increase for wages and benefits that the governor includes in~~
126 ~~the governor's budget for persons employed by the state.], as related to the budget for the
127 Department of Agriculture; and~~

128 [~~(B) If the governor does not include in the governor's budget an amount sufficient to~~
129 ~~grant the increase described in Subsection (3)(c)(ii)(A), the governor shall include a message to~~
130 ~~the Legislature regarding the governor's reason for not including that amount.]~~

131 [~~(iii) (A) In submitting the budget for the Utah State Office of Rehabilitation and the~~
132 ~~Division of Services for People with Disabilities, the Division of Child and Family Services,~~
133 ~~and the Division of Juvenile Justice Services within the Department of Human Services, the~~
134 ~~governor shall consider an amount sufficient to grant]~~

135 (iii) employees of corporations that provide direct services under contract with [those
136 divisions, the same percentage increase for cost-of-living that the governor includes in the
137 governor's budget for persons employed by the state.];

138 (A) the Utah State Office of Rehabilitation and the Division of Services for People
139 with Disabilities;

140 (B) the Division of Child and Family Services; and

141 (C) the Division of Juvenile Justice Services within the Department of Human

142 Services.

143 ~~[(B)]~~ (b) If the governor does not include in the governor's budget an amount sufficient
144 to grant ~~[the]~~ an increase for any entity described in ~~[Subsection (3)(c)(iii)(A)]~~ Subsection
145 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason
146 for not including that amount.

147 ~~[(iv)(A)]~~ (6) (a) The Families, Agencies, and Communities Together Council may
148 propose a budget recommendation to the governor for collaborative service delivery systems
149 operated under Section 63M-9-402, as provided under Subsection 63M-9-201(4)(e).

150 ~~[(B)]~~ (b) The Legislature may, through a specific program schedule, designate funds
151 appropriated for collaborative service delivery systems operated under Section 63M-9-402.

152 ~~[(v)]~~ (7) The governor shall include in the governor's budget the state's portion of the
153 budget for the Utah Communications Agency Network established in Title 63C, Chapter 7,
154 Utah Communications Agency Network Act.

155 ~~[(vi)(A)]~~ (8) (a) The governor shall include a separate recommendation in the
156 governor's budget for funds to maintain the operation and administration of the Utah
157 Comprehensive Health Insurance Pool. ~~[(B)]~~ In making the recommendation, the governor
158 may consider:

159 ~~[(F)]~~ (i) actuarial analysis of growth or decline in enrollment projected over a period of
160 at least three years;

161 ~~[(H)]~~ (ii) actuarial analysis of the medical and pharmacy claims costs projected over a
162 period of at least three years;

163 ~~[(H)]~~ (iii) the annual Medical Care Consumer Price Index;

164 ~~[(IV)]~~ (iv) the annual base budget for the pool established by the Commerce and
165 Revenue Appropriations Subcommittee for each fiscal year;

166 ~~[(V)]~~ (v) the growth or decline in insurance premium taxes and fees collected by the
167 State Tax Commission and the Insurance Department; and

168 ~~[(VI)]~~ (vi) the availability of surplus General Fund revenue under Section 63J-1-312
169 and Subsection 59-14-204(5)(b).

170 (b) In considering the factors in Subsections (8)(a)(i), (ii), and (iii), the governor may
171 consider the actuarial data and projections prepared for the board of the Utah Comprehensive
172 Health Insurance Pool as it develops the governor's financial statements and projections for
173 each fiscal year.

174 ~~[(d)-(i)] (9) (a)~~ The governor may revise all estimates, except those relating to the
175 Legislative Department, the Judicial Department, and those providing for the payment of
176 principal and interest to the state debt and for the salaries and expenditures specified by the
177 Utah Constitution or under the laws of the state.

178 ~~[(ii) The estimate for the Legislative Department, as certified by the presiding officers~~
179 ~~of both houses, shall be included in the budget without revision by the governor.]~~

180 ~~[(iii)] (b)~~ The estimate for the Judicial Department, as certified by the state court
181 administrator, shall also be included in the budget without revision, but the governor may make
182 separate recommendations on the estimate.

183 ~~[(e)] (10)~~ The total appropriations requested for expenditures authorized by the budget
184 may not exceed the estimated revenues from taxes, fees, and all other sources for the next
185 ensuing fiscal year.

186 ~~[(4) In considering the factors in Subsections (3)(c)(vi)(B)(I), (II), and (III) and~~
187 ~~Subsections (5)(b)(ii)(A), (B), and (C), the governor and the Legislature may consider the~~
188 ~~actuarial data and projections prepared for the board of the Utah Comprehensive Health~~
189 ~~Insurance Pool as it develops its financial statements and projections for each fiscal year.]~~

190 ~~[(5) (a) In adopting a budget for each fiscal year, the Legislature shall consider an~~
191 ~~amount sufficient to grant local health departments, local mental health authorities, local~~
192 ~~substance abuse authorities, area agencies on aging, conservation districts, and Utah~~
193 ~~Association of Conservation District employees the same percentage increase for wages and~~
194 ~~benefits that is included in the budget for persons employed by the state.]~~

195 ~~[(b) (i) In adopting a budget each year for the Utah Comprehensive Health Insurance~~
196 ~~Pool, the Legislature shall determine an amount that is sufficient to fund the pool for each~~
197 ~~fiscal year.]~~

198 ~~[(ii) When making a determination under Subsection (5)(b)(i), the Legislature shall~~
199 ~~consider factors it determines are appropriate, which may include:]~~

200 ~~[(A) actuarial analysis of growth or decline in enrollment projected over a period of at~~
201 ~~least three years;]~~

202 ~~[(B) actuarial analysis of the medical and pharmacy claims costs projected over a~~
203 ~~period of at least three years;]~~

204 ~~[(C) the annual Medical Care Consumer Price Index;]~~

205 ~~[(D) the annual base budget for the pool established by the Commerce and Revenue~~
206 ~~Appropriations Subcommittee for each fiscal year;]~~

207 ~~[(E) the growth or decline in insurance premium taxes and fees collected by the tax~~
208 ~~commission and the insurance department from the previous fiscal year; and]~~

209 ~~[(F) the availability of surplus General Fund revenue under Section 63J-1-312 and~~
210 ~~Subsection 59-14-204(5)(b).]~~

211 ~~[(iii) The funds appropriated by the Legislature to fund the Utah Comprehensive~~
212 ~~Health Insurance Pool as determined under Subsection (5)(b)(i).]~~

213 ~~[(A) shall be deposited into the fund established by Section 31A-29-120; and]~~

214 ~~[(B) are restricted and are to be used to maintain the operation, administration, and~~
215 ~~management of the Utah Comprehensive Health Insurance Pool created by Section~~
216 ~~31A-29-104.]~~

217 ~~[(6)] (11) If any item of the budget as enacted is held invalid upon any ground, the~~
218 ~~invalidity does not affect the budget itself or any other item in it.~~

219 Section 2. Section **63J-1-201.5** is enacted to read:

220 **63J-1-201.5. Financial statement to be submitted annually.**

221 The governor shall submit an audited financial statement no later than December 1 of
222 each year that shows:

223 (1) the revenues and expenditures for the last fiscal year;

224 (2) payment and discharge of the principal and interest of the indebtedness of the state;

225 (3) the current assets, liabilities, and reserves, surplus or deficit, and the debts and

226 funds of the state;

227 (4) an estimate of the state's financial condition as of the beginning and the end of the
228 period covered by the budget; and

229 (5) a complete analysis of lease with an option to purchase arrangements entered into
230 by state agencies.

231 Section 3. Section **63J-1-201.7** is enacted to read:

232 **63J-1-201.7. Legislative budget considerations -- Wage increases for certain**
233 **entities -- Comprehensive health insurance pool.**

234 (1) In adopting a budget for each fiscal year, the Legislature shall consider an amount
235 sufficient to grant local health departments, local mental health authorities, local substance
236 abuse authorities, area agencies on aging, conservation districts, and Utah Association of
237 Conservation District employees the same percentage increase for wages and benefits that is
238 included in the budget for persons employed by the state.

239 (2) (a) In adopting a budget each year for the Utah Comprehensive Health Insurance
240 Pool, the Legislature shall determine an amount that is sufficient to fund the pool for each
241 fiscal year.

242 (b) When making a determination under this Subsection (2), the Legislature shall
243 consider factors it determines are appropriate, which may include:

244 (i) actuarial analysis of growth or decline in enrollment projected over a period of at
245 least three years;

246 (ii) actuarial analysis of the medical and pharmacy claims costs projected over a period
247 of at least three years;

248 (iii) the annual Medical Care Consumer Price Index;

249 (iv) the annual base budget for the pool established by the Commerce and Revenue
250 Appropriations Subcommittee for each fiscal year;

251 (v) the growth or decline in insurance premium taxes and fees collected by the tax
252 commission and the insurance department from the previous fiscal year; and

253 (vi) the availability of surplus General Fund revenue under Section 63J-1-312 and

254 Subsection 59-14-204(5)(b).

255 (c) In considering the factors in Subsections (2)(b)(i), (ii), and (iii), the Legislature may
256 consider the actuarial data and projections prepared for the board of the Utah Comprehensive
257 Health Insurance Pool as it develops its financial statements and projections for each fiscal
258 year.

259 (d) The funds appropriated by the Legislature to fund the Utah Comprehensive Health
260 Insurance Pool as determined under this Subsection (2):

261 (i) shall be deposited into the fund established by Section 31A-29-120; and

262 (ii) are restricted and are to be used to maintain the operation, administration, and
263 management of the Utah Comprehensive Health Insurance Pool created by Section
264 31A-29-104.

265 Section 4. Section **63J-1-411** is amended to read:

266 **63J-1-411. Internal service funds -- End of fiscal year -- Unused authority for**
267 **capital acquisition.**

268 (1) An internal service fund agency's authority to acquire capital assets under
269 Subsection 63J-1-410(8)(a) shall lapse if the acquisition of the capital asset does not occur in
270 the fiscal year in which the authorization is included in the appropriations act, unless the
271 Legislature identifies the authority to acquire the capital asset as nonlapsing authority:

272 (a) for a specific one-time project and a limited period of time in the Legislature's
273 initial appropriation to the agency; or

274 (b) in a supplemental appropriation in accordance with Subsection (2).

275 (2) (a) An internal service fund agency's authority to acquire capital assets may be
276 retained as nonlapsing authorization if the internal service fund agency includes a one-time
277 project's list as part of the budget request that it submits to the governor and the Legislature at
278 the annual general session of the Legislature immediately before the end of the fiscal year in
279 which the agency may have unused capital acquisition authority.

280 (b) The governor:

281 (i) may approve some or all of the items from an agency's one-time project's list; and

282 (ii) shall identify and prioritize any approved one-time projects in the budget that the
283 governor submits to the Legislature.

284 (c) The Legislature:

285 (i) may approve some or all of the specific items from an agency's one-time project's
286 list as an approved capital acquisition for an agency's appropriation balance;

287 (ii) shall identify any authorized one-time projects in the appropriate line item
288 appropriation; and

289 (iii) may prioritize one-time projects in intent language.

290 (3) An internal service fund agency shall submit a status report of outstanding
291 nonlapsing authority to acquire capital assets and associated one-time projects to the
292 Governor's Office of Planning and Budget and the Legislative Fiscal Analyst's Office with the
293 proposed budget ~~required by~~ submitted by the governor as provided under Section 63J-1-201.