

Legislative Fiscal Analyst Initial Summary of the Governor's Fiscal Year 2022 Budget

On Monday morning, Governor Cox released his budget recommendations for Fiscal Year 2022 and the remainder of Fiscal Year 2021. We have reviewed the Governor's proposal and summarized significant items for you below. We provide a statewide overview up-front, followed by more detailed information for each subcommittee. While this summary is not exhaustive, it includes the highlights. All amounts are General and Education Funds (GF/EF) unless otherwise noted.

Overview

- Total recommended budget for FY 2022 is \$21.7 billion from all sources, with \$9 billion from General and Education Funds
- \$80 million tax cut covering social security income and dependent exemptions
- State Employee Compensation:
 - \$23.3 m ongoing (General and Education Fund) to restore a 3% cost of living adjustment
 - \$6.8 m ongoing for state employee targeted salary increases
 - \$6.3 m ongoing for a 4.35% increase in health insurance costs

Business, Economic Development, and Labor Appropriations Subcommittee (Andrea Wilko, awilko@le.utah.gov; Tim Dinehart, tdinehart@le.utah.gov)

Department of Alcoholic Beverage Control

- \$1.09 m ongoing for Bond Payments on Previous Approved Liquor Stores (Saratoga Springs, Taylorsville, West Valley, and Farmington)
- \$2.78 m one-time for Upgrading the DABC Operating System
- \$2.66 m ongoing for New and Previously Authorized Liquor Store Staffing
- \$0.66 m ongoing for Parents Empowered

Governor's Office of Economic Development

- \$50.0 m onetime and \$0.2 m ongoing for Rural Fiber/Broadband/Wifi
- \$100.0 m one-time for Trails, Outdoor Recreation, Open Space, and Parks initiatives
- \$3.2 m one-time and 4.25 m ongoing for Rural Economic Development Grants
- \$2.5 m ongoing for Youth Apprenticeship Program

Department of Heritage and Arts

- \$6.0 m ongoing for the Arts Sustainability Grant Program
- \$0.18 m one-time for the Martha Hughes Cannon Installation Ceremony
- \$0.39 m ongoing for the Utah STEM Action Center

Labor Commission

- \$0.27 m ongoing for Antidiscrimination and Labor Staff and Operations

Tax Commission

- \$0.19 m ongoing for enforcement of the Tobacco Settlement Agreement

Department of Commerce

- \$0.38 m ongoing for the Utah Recovery Assistance Program

Department of Insurance

- \$0.49 m ongoing for the Captive Insurance Program
- \$0.17 m ongoing and \$0.20 m one-time for Pharmacy Database Development
- \$0.13 m ongoing for the Regulatory Waiver Process

Executive Offices and Criminal Justice Appropriations Subcommittee (Gary Syphus, gsyphus@le.utah.gov; Alex Wilson, awilson@le.utah.gov)

Notable items contained in the Governor's Budget Recommendation

Board of Pardons and Parole

- \$0.5 m ongoing for Electronic Records System and Operational Functions

Corrections

- \$2.6 m ongoing and \$0.5 m one-time for Community Case Management i.e. Probation and Parole Agents
- \$0.8 m ongoing and \$1.4 m one-time for Inmate Hepatitis C Treatment
- \$1.6 m ongoing for Jail Contracting
- \$4.2 m ongoing and \$0.2 m one-time for Operations Funding for Utah County Corrections Center; \$2.1 m of the ongoing piece is backed out one time as a partial year adjustment
- \$4.8 m ongoing for Corrections Certified Staff Pay Plan

Courts

- \$1.5 m ongoing for IT Infrastructure and Development

Governor's Office

- \$5 m one-time for as a set-aside for additional recommendations
- \$2 m ongoing for the Indigent Defense Commission
- \$7.4 m one-time for the LeRay McAllister Critical Land Conservation Fund

Public Safety

- \$0.5 m one-time and \$0.9 m ongoing for executive protection
- \$5.9 m one-time and \$0.4 m ongoing for a Public Safety Helicopter Replacement and Additional Pilot/Tactical Flight Officers
- \$1 m ongoing for SBI Investigators

- \$1.9 m ongoing for Sworn Officer Compensation and \$0.6 m for Dispatch Compensation
- \$2.8 m one-time for UHP Equipment and Trooper Vehicles

Treasurer's Office

- \$0.5 m one-time for the Westwater Project

Attorney General

- \$1.4 m ongoing for Attorney General Priorities
- \$0.5 m one-time for Legal Settlements
- \$7.7 m one-time for a Board of Examiners Recommendation on a Personal Injury Settlement about the statutory amount that can be approved by risk management. The Governor's Budget is paying for this out of the rainy day fund

Notable items missing from the Governor's Budget Recommendation

Corrections

- A Medicaid Consensus Funding Item
- Another Community Correctional Center

Attorney General

- A funding item of the Attorney General's Office Settlement Line Item Deficit Spending
- The transfer of the Criminal Division to an ISF model

Public Education Appropriations Subcommittee (Ben Leishman, bleishman@le.utah.gov; Emily Willis, ewillis@le.utah.gov)

State Funds:

- Recommends the statutory enrollment growth, inflation, and stabilization account transfers – these were approved by EAC in December
- \$72 million to the stabilization account instead of the \$127 million approved by EAC
- \$112 million one-time for education employee COVID stipends – EAC set aside \$121 one-time million (includes a 10% contingency)
- \$50 million for pandemic response efforts (broadband access, re-engaging students, etc.)
- \$26.3 million for a WPU add-on for students at risk of academic failure
- \$8 million for small district base funding
- \$9 million for Optional Enhanced Kindergarten
- \$782,400 for the STEM Action Center
- \$2.8 million (mix of ongoing and one-time) for the Utah Schools for the Deaf and the Blind
- \$7.5 million for the computer science initiative (with the requirement for local matching funds)
- \$16 million one-time for a public education innovation fund for one-time grant awards to seed innovative solutions to persistent challenges, including working with institutions of higher education to develop the future workforce
- \$12 million one-time for a special education intensive services pilot program
- \$10 million one-time for school building safety and security upgrades

- \$4 million for an increased allocation to the School LAND Trust program from the permanent school trust fund

Non-state Funds:

- \$29.9 million for the Voted and Board Local Levy Guarantee Programs from growth in the Equity Pupil Unit
- \$22.5 million for the Teacher and Student Success Program
- \$1.9 million for investment and operations staffing in the School and Institutional Trust Fund Office

Additional Item Details:

- Details on Amendment G (Enrollment Growth, Inflation, and Stabilization Account)
 - \$93.7 million for consensus enrollment growth, including contingency and hold-harmless funding
 - \$202.9 million for a 5.82% increase in the value of the WPU
 - \$47.6 million (10% of new ongoing Education Fund [EF]) for a 1.36% increase in the value of the WPU
 - \$71.1 million (15% of new ongoing EF) for a deposit into the Public Education Economic Stabilization Restricted Account
 - \$654,800 (net) to increase compensation for the State Board of Education's staff, commensurate with increases for other state employees

Higher Education Appropriations Subcommittee (Sean Faherty, sfaherty@le.utah.gov)

Utah System of Higher Education

- Higher Education compensation amounts calculated by enrollment, rather than payroll levels.
- \$40 m one-time, for Higher Education Innovation Fund
 - Focused on innovative approaches to skill and career development
- \$38.7 m one-time, for the Bridgerland Technical College Health Science and Technology building:
 - \$624,000 for O&M
- \$35 m for flexible increase for Degree-granting institutional priorities
- \$20 m one-time, for the Upskilling Initiative:
 - \$4.4 m for USHE to administer a three-year pilot program to deploy college advisors to Department of Workforce Services employment centers; and
 - \$15.6 m for degree-granting and technical colleges to provide support for unemployed, underemployed, and vulnerable workers
- \$6 m ongoing for Employer Driven Programs to allow for the creation or expansion of programs to meet industry and workforce needs at Technical Colleges
- \$2.5 m for a Youth Apprenticeship Program
- \$1.9 m for Technical Education Tuition Offsets
- \$500,000 one-time, for Shared Service consulting costs related to Higher Education consolidation
- \$458,000 ongoing, for Social Work Expansion (related to an RFA titled "Behavioral Health Workforce Reinvestment" heard in HED in 2020)
- \$400,000 (\$210,000 one-time, \$190,000 ongoing) for the Utah Women and Leadership Project.

- \$245,500 ongoing, for the San Rafael Energy Research Center (related to an RFA titled “Research Center for Medical Isotopes” heard in HED in 2020)
- \$180,000 ongoing, for a Title IX attorney
- \$116,000 ongoing, for the Utah Rural Leadership Academy (related to an RFA titled “Utah Rural Leadership Academy” heard in HED in 2020)

Infrastructure and General Government Appropriations Subcommittee (Brian Wikle, bwikle@le.utah.gov)

Capital Budget

- \$50.0 million one-time and \$3.0 million ongoing: State Facility Renovation and Development Fund
- (\$4.3 million) ongoing: bring capital improvement funding to 1.1% of replacement value
- \$94.2 million: capital development projects
 - \$38.1 million: Bridgerland Technical College Health Science and Technology Building
 - \$7.5 million: Brigham City Consolidated Public Safety Building
 - \$16.7 million: Fleet, Surplus, and DFCM Relocation
 - \$13.8 million: Forestry, Fire and Land Lone Peak Facility Relocation
 - \$3.0 million: Olympic Facility Improvements
 - \$2.4 million: Richfield Fire Cache and Storage Building
 - \$12.8 million: Richfield Regional Office Building
- \$33.1 million: State Liquor Stores (funded from and repaid to State Facility Renovation and Development Fund)
- No new authorizations for general obligation or state agency lease revenue debt
- Shift any excess funds from prison construction to a new north building at the capitol complex

Transportation

- \$350 million: double-track FrontRunner
- \$50 million: Wasatch canyons transportation
- \$125 million: rural infrastructure
 - \$69 million: rural infrastructure revolving loan fund
 - \$50 million: broadband
 - \$6 million: electric vehicle charging stations
- \$7 million: aircraft fleet replacement
- \$6 million one-time and \$200,000 ongoing: traffic management system replacement

Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee (Ivan Djambov, jdjambov@le.utah.gov; Lacey Moore, lmoore@le.utah.gov)

Agriculture

- \$1.0 m ongoing for Invasive Species Mitigation (Noxious Weed) Projects
- \$.68 one-time for State Fair Operations Support

Natural Resources

- \$18.0 m one-time to be set aside for Dam Safety Program acceleration (Water Resources C&D)
- \$5 m one-time for Secondary Water Metering and Smart Water Controllers
- \$1.5 m for Shared Stewardship Wildfire Prevention Federal Match
- \$1.5 m one-time and \$1 m ongoing for Oil, Gas, and Mining Revenue Shortfall

Department of Environmental Quality

- \$.20 m ongoing for Harmful Algal Bloom Response
- \$4.5 m one-time to enhance Division of Drinking Water Compliance Program

Public Lands Policy Coordinating Office

- \$0.20 m ongoing for Public Lands Attorneys

Retirement and Independent Entities Appropriations Subcommittee (Thomas Young, teyoung@le.utah.gov, Maddy Oritt, moritt@le.utah.gov)

Utah Education and Telehealth Network

- \$3m ongoing for network equipment
- \$2.4m ongoing for operational costs and service expansion (new sites, enhanced network speed)

Public Employees Health Programs (PEHP)/Department of Human Resource Management (DHRM)/Utah Retirement Systems (URS)

- Recommends an \$80 million tax cut covering social security income and dependent exemptions

Social Services Appropriations Subcommittee (Russell Frandsen, rfrandsen@le.utah.gov; Clare Tobin Lence, ctlence@le.utah.gov; Kimberly Madsen, kmadsen@le.utah.gov)

Notable items contained in the Governor's Budget Recommendation

Health

- \$36M ongoing starting in FY 2023 to address structural imbalance in the Medicaid Expansion Fund
- \$2.9M one-time yet more for the Medicaid Management Information System replacement (multi-year IT project)
- \$1.5M ongoing to fully fund H.B. 389, Emergency Medical Services Amendments, from 2020 General Session
- \$0.8M ongoing and \$0.5M one-time to keep open the State Health Clinic in Salt Lake
- \$0.6M ongoing and \$0.6M one-time to restore funding for reductions made during special session
- \$120K to fully fund H.B. 436, Health and Human Services Amendments, from 2020 General Session

Human Services

- Medicaid
 - (\$14 million) one-time and \$3.3 million ongoing for Medicaid Consensus (matched DHS items approved by EAC)
 - \$0.7 million one-time in FY 2021 and \$0.1 million one-time in FY 2022 to restore certain funding decreases from Medicaid Consensus
- Individuals with Disabilities
 - \$8.9 m ongoing and (\$0.3 million) one-time for cost increases for individuals already in services and for youth in custody who will age into adult services (a much higher ongoing and much lower one-time offset than past years)
 - \$2.6 million ongoing and (\$2.0 million) one-time for individuals with disabilities transitioning from Intermediate Care Facilities to community-based services (EAC approved this item with a one-time offset of ~\$4 million)
 - (\$3.0 million) one-time to re-purpose nonlapsing balances in the Division of Services for People with Disabilities (re-capture of last year's \$3.2 million one-time appropriation for an anticipated budget shortfall that did not occur)
- Mental Health
 - \$0.7 million ongoing for behavioral health crisis response grants
 - \$0.6 million ongoing to increase certain behavioral health provider rates (restoration from 2020 GS)

Workforce Services

- \$4.4 m one-time for a three-year pilot program to deploy college advisors to DWS employment centers (combined item with higher education)
- \$800,000 ongoing for affordable housing
- \$3.75 m one-time from the Special Administrative Expense Account (GFR) for Job Creation Programs
- \$3.2 m from the Unemployment Compensation Fund for Unemployment Insurance System Modernization

- Note: \$125,000 ongoing for a new Homeless Service Coordinator for the Governor's Office

Notable items missing from the Governor's Budget Recommendation

Human Services

- Compensation
 - \$3.3 million ongoing from de-funded 2020 GS appropriations for State Hospital and Child and Family Services workers
- Individuals with Disabilities
 - Does not restore direct care staff salary appropriations from the 2020 GS
- Mental Health
 - Does not restore funding for HB 35 (2020 GS), which re-opened a wing at the Utah State Hospital and expanded other mental health services
 - Does not provide for rollout of 988 national crisis line

Workforce Services

- \$5 m to fund S.B. 39, *Affordable Housing Amendments*

Executive Appropriations Committee (Steven Allred, smallred@le.utah.gov)

National Guard

- \$3.5 m one-time to for a buffer zone around Camp Williams

Veterans' and Military Affairs

- \$0.5 m one-time to continue the veteran first-time home buyer program