



# UTAH STATE LEGISLATURE

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## For Immediate Release

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### **Executive Appropriations Committee Adopts Budget Recommendations Ahead of 2023 Legislative Session**

SALT LAKE CITY – Today, the Executive Appropriations Committee (EAC) adopted budget recommendations for the upcoming session that focus on Utah’s long-term wellbeing and economic stability. Lawmakers are committed to ensuring Utah is well-prepared for current and future needs by making strategic investments and wise budget decisions.

Utah is the best-prepared state in the nation for economic uncertainties and downturns. The EAC budget recommendations reflect prudent policies and meet current and future needs by making strategic investments such as funding education, allocating money for rainy day reserves, and reducing taxes for Utahns.

Highlights of the EAC recommendations include:

- Approximately \$400 million in the base budget for public education increases.
- Over \$3 billion (*\$2 billion one time and \$1.2 billion ongoing*) to address inflationary cost increases, reduce debt and liability, provide tax relief, and invest in infrastructure.

"Utah has made smart, conservative policy decisions that have enabled our state to navigate the uncertainty of a global pandemic. While Utah's economy remains robust, we are taking note of concerning trends and preparing for the uncertainties that lay ahead by spending additional funds on one-time expenses," said Sen. Jerry Stevenson, co-chair of EAC. "As we budget for the state, we will be diligent to not burden Utahns now or in the future. Utah will continue to be a leader in fiscal policy and we will work to ensure success for years to come."

"Utah enjoys a strong economy and high quality of life, in part thanks to years of smart fiscal decisions made by state leaders," said Rep. Brad Last, co-chair of EAC. "While the Legislature will have unprecedented funds to allocate in the upcoming session, they must do so cautiously and conservatively to ensure Utah is well prepared to weather future economic storms. I have the utmost confidence in my colleagues to develop a budget that will meet Utah’s current and future needs and benefit the lives of all who call Utah home."

The full Legislature will consider and refine the EAC budget recommendations during the 2023 General Session. Appropriations Subcommittees will discuss how to invest funds with an

emphasis on making significant generational impacts. The budget will be finalized before the legislative session adjourns on March 3. Fiscal year 2023-24 begins July 1, 2023.

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## **JML Notes:**

- Preparing for downturn/future economic storms
- Allocations to subcommittees
- Over \$400 million increase for public ed in base budget
- Set asides (\$2 billion one time, \$1 billion ongoing)
  - Bucket for tax relief, debt liability reduction, infrastructure, inflationary pressure and other costs
- Approximately \$2 billion in one-time reserves for potential recession
- Windfall from stocks and housing market - collect our revenue before we spend it, proper planning
- 1.068% growth; 1.29% from 23-24

Highlights of the EAC budget recommendations include:

### **Tax Cuts**

To keep Utah affordable and help hardworking Utahns keep more of their hard earned money, EAC recommends:

- \$400 million for tax relief

### **Education**

Education has and will continue to be a top priority for lawmakers. In recent years, the Legislature has made historic investments in public education and will continue to do so. EAC recommends:

- \$135 million in ongoing funds for statutory education inflation adjustment
- \$193 million in ongoing funds into the Public Education Economic Stabilization Fund

### **Water**

Water is top of mind for all Utahns. In an effort to help preserve and conserve Utah's valuable water resources, EAC recommends:

- \$700 million for water infrastructure

### **Social Services**

EAC recommends providing funding for some of the state's vulnerable populations by allocating:

- \$44 million in ongoing funds for medicaid growth and inflation

**Talking Points for Media Availability:**

- Teacher pay/school choice
  - “We certainly appreciate our teachers and all they do to prepare Utah’s rising generation. With the legislative session nearing, there are many ideas and proposals floating around in terms of teacher retention, compensation, support, and choice. We will allow the legislative process to play out as designed and pass policies to benefit the lives of all Utahns.” –Speaker Brad Wilson
  
- Tax cuts
  - We know many Utahns are feeling the pressures of today’s economy. We want to provide relief where we can and where it will make the biggest impact.

## **Last year's release:**

### **Executive Appropriations Committee Adopts Budget Recommendations Including \$160 Million Tax Cut**

SALT LAKE CITY – The Executive Appropriations Committee (EAC) adopts budget recommendations that focus on Utah's long-term wellbeing. The state's thriving economy, fiscally conservative policies and forward-thinking rainy-day funds allowed the state to successfully navigate recent economic uncertainties. Lawmakers are committed to ensuring Utah is well-prepared for current and future needs by making strategic investments and smart budget decisions.

Today, EAC reviewed initial revenue estimates and made recommendations for the fiscal year 2022-23 state budget. Highlights of the EAC budget include:

#### **Education**

Education is key to Utah's future. Over the past few years, the Legislature has made significant investments in education. This year, EAC is continuing to make historic allocations to education by dedicating:

- \$142 million in ongoing funds and \$19 million in one-time funds to public education enrollment growth and inflation and increasing education funding for at-risk and socioeconomic disadvantaged populations.
- \$121 million in ongoing funds to the public education stabilization fund for increases to enrollment growth and inflation, even during times of economic hardship and revenue decreases.
- \$72 million for other public education costs to be determined during the general session.

#### **Tax Cuts**

Keeping taxes low remains a top priority for Utah lawmakers. In addition to a \$100 million tax cut last year, EAC set aside additional funds with the intent of reducing taxes again. EAC recommends:

- \$160 million of ongoing revenue to reduce taxes for Utahns.

#### **Social Services**

EAC recommends providing funding for some of the state's vulnerable populations by allocating:

- \$17 million in one-time money and \$68 million in ongoing funds to fully fund Medicaid growth and inflation.
- \$19 million in ongoing funds for autism insurance coverage, home and community-based providers for individuals with disabilities, and additional services for those with mental and emotional health issues.

- \$25 million in one-time funding will be used to build a new veterans' nursing home in Salt Lake City.

### **Employee Compensation and Retention**

Utah workers are the backbone of the state's economy. To keep up with the cost of living and demonstrate the state's commitment to public employees, EAC recommends appropriating:

- \$125 million for state employee compensation and retention.
- \$30 million for law enforcement pay increases.

### **Rainy Day Funds**

To preserve the state's AAA bonding capacity, EAC recommends paying down bonds instead of borrowing for infrastructure and transit. In addition, EAC recommends replenishing rainy-day funds to prepare for future emergencies or economic downturns. Due to the uncertainty and instability of federal stimulus money, the Legislature is also strategically allocating a large portion of ongoing funds as one-time money.

### **Water**

Utah is a desert state, and it is essential to preserve water sources for existing and future users. Lawmakers have allocated \$180 million to address water needs, and the Legislature will continue to look at ways to address this pressing need.

“Though this year we have unusual additional funds, we remain committed to prudent and strategic planning to ensure our children and grandchildren have the same or better quality of life than we enjoy,” Sen. Jerry Stevenson, co-chair of EAC. “While Utah is in a strong financial position, we need to make decisions that will have generational impact and solve some of our state's long-term issues. We will be diligent in making sound decisions that will not burden future generations and will place our state on a path of continued success.”

Available general and education funds following funding items during the general session include \$219 million ongoing and \$1.064 billion one-time. General fund revenues are projected to increase by 8% , and education funds are projected to increase by 12% in fiscal year 2023.

“Despite economic uncertainties and instability, our state has experienced unprecedented success and economic growth the past few years,” said Rep. Brad Last, co-chair of EAC. “However, I think it is wise to exercise caution and remain conservative in our planning and budgeting. The Legislature is committed to fiscal responsibility, including setting aside funds for a rainy day and making meaningful investments that will benefit our state not only now, but well into the future.”

The Legislature is committed to fiscal responsibility and remains focused on the long-term wellbeing of the state. The full Legislature will consider the EAC budget during the 2022 session as it continues to be refined. The budget will be finalized before the legislative session adjourns on March 4. The 2023 fiscal year begins July 1.

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The full list of EAC recommendations can be viewed here.

**Last year:**

<https://docs.google.com/document/d/1WqksFM6t4uoehZ3EZwsGkUwhZnoPbK0nB-ogZbnY4KI/edit>

Notes:

The Executive Appropriations Committee's (EAC) recommendations focus on allocating funds to ensure the long-term wellbeing of our state, long-term challenges and provide benefits to all Utahns.

Utah is experiencing unmatched economic growth and success.

funds for future emergencies.

Staff economists project that General Fund revenues, which come primarily from sales tax, will grow by 8% for fiscal year 2023 compared to previous estimates for the current year. They

forecast Education Fund revenue growth - primarily from income tax - will be 12% for the same period. Education Fund collections are dedicated to supporting public and higher education, children, and individuals with a disability.

This might be a political thing of which I am not aware - but EAC is more than making recommendations - it is adopting budget changes, many of which will be incorporated into the base budget bills introduced on day 1 and passed by day 10. The Governor made recommendations - EAC makes budgets. Though I suppose these EAC actions could be considered recommendations to the entire Legislature.

Healthy economy - continue to grow  
Federal gov intervention - expect it to wind down in next 12-18 months  
Wisely spend  
No over extended  
healthy economy, continue to grow, additional tax revenue

A portion from federal government intervention wind down 12-18 mo spend wisely so we aren't overcommitting ourselves

High priorities in base budget bills

Public education enrollment growth and inflation, at risk per pupil unit to address at-risk socioeconomic disadvantaged populations (?) - 142 ongoing; 19 one time

Medicaid growth and inflation. Able to fully fund medicaid

Certain things in base budget and set aside things such as 72 m in ppu at a later date

Public ed stabilization fund. 121 m ongoing as a working rainy day fund for pub ed so when revenue growth isn't as strong, we can continue to provide increase for population and inflation growth

About 20 m ongoing for autism insurance coverage, home and community based providers for people with disabilities and additional services for mental and emotional health issues

10 m for open spaces/land

25 m for a new veterans nursing home in SLC

Restoring buffers - reason we did so well during covid uncertainty is because we had plans and had buffers to get through that period. We used a bunch up so now we have to replenish, so that next time we are prepared (i.e. rainy day deposit 57 m; paying down bonds; paying ongoing cash for buildings and transit instead of borrowing 120 m)

160 for tax cuts (not base budget)

125 m for state employee compensation for pay raises, increased health insurance costs, retirement costs, and additional match for 401k deposits

30 million for law enforcement pay increases

Under new rule, set aside revenue for tax cuts requires EAC to look at revenue for a potential tax cut (moss). At the same time, we want to address our highest needs - public education, higher education

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1 billion 66 million for one time

218 million ongoing for additional costs

ARPA funds yet to be allocated including water

High priorities in the base budget

Medicaid growth and inflation 17ot 68 og (20 og autism insurance coverage- people with disabilities - mental and emotional health issues)

Public ed enrollment growth and inflation - at new risk WPU(intended to address at risk population) 142og 19 ot

10m ot open lands

25m new vet nursing home

Included base budget and set -asides

72m in WPU value increase above required

Additional 121 m og - working rainy day fund for education - continue to provide for increases and population when the economy turns

Reason we did well - we had plans and used a lot of buffers and contingencies - used in the beginning of pandemic for rainy funds - \$550m paying down bonds - instead of borrowing - use cash for state buildings

\$160 m ot for a tax cut

\$125 m for state employee compensation

Including a number of high priority

Enrollment growth, inflation and new at risk weighted per pupil unit – WPU \$142 ongoing - \$19M one-time. Intended to address at-risk populations.

Set aside – above the required inflation. Appropriated at a later date.

Public education setting aside \$121M ongoing as a working rainy day fund so when revenue growth isn't strong we can continue to provide for enrollment growth and inflation.

Social Services:

Medicaid growth and inflation – fully fund Medicaid \$17 one-time and \$68M ongoing  
\$20M for autism insurance programs for people with disabilities with emotional health issues.

\$10M for open space.

\$25M for a veterans nursing home in SLC.

Restoring buffers – one of the reasons the state is in this place is Utah has money to use rainy day funds. Making sure they are sufficient funds for the next downturn.

\$550M to pay down bonds. Clean air and public transit.

\$160 million for tax cut.

\$125 million for state employee compensation – pay raises, health increase and retirement costs additional match for 401k.

\$30M for pay increases for Law enforcement officials

\$94M for local transit projects.

Water –budgeted in May \$180M ARAP funds that will be allocated during the session – buckets.

\$1B one-time for infrastructure and \$218M for ongoing costs (after all the spending)

After all the spending Available \$1b onetime for infrastructure investment

\$218 OG for additional ongoing costs