

State budget balanced: Deep cuts made, but others are avoided

'I think it was a pretty good outcome,' says guv of special session

By Robert Gehrke - The Salt Lake Tribune Article Last Updated: 09/27/2008 07:28:50 AM MDT

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The Legislature ended its two-day emergency session Friday with a balanced budget that cuts health and other services to thousands of Utahns, but keeps more than \$500 million in reserve as a hedge against future economic turbulence.

Legislators managed to patch a \$354 million hole in the budget without tapping into a \$414 million Rainy Day Fund and \$100 million set aside for school programs - funds kept aside for hard times.

"All things said and done, at this point I think it was a pretty good outcome," said Gov. Jon Huntsman Jr. He said the reserve funds and a decision not to borrow leaves the state plenty of options for navigating what may come.

House Majority Leader Dave Clark, R-Santa Clara, said the budget-balancing plan leaves the state on sound footing should the economy worsen over the next year, as he anticipates.

"I wish our friends in Congress got to go through this experience once in a while instead of just going to the ATM and printing more money," Clark said.

Legislators entered the special session needing to make up for an \$81 million shortfall in last year's revenues, and find a way to pay for a \$272 million projected revenue shortfall in the current year.

They did that by requiring 4 percent cuts from every state department, then replaced a quarter of the cut for most of the agencies with money that will disappear at the end of the fiscal year.

Public education, which was spared immediate cuts, could be scrambling next year. Lawmakers replaced 3 percent of the education funds, nearly \$75 million in all, with money that expires at the end of the year, meaning reductions will have to be found during the next legislative session, which convenes in January.

"We don't know what is going to happen in the future. We can only guess that what we've done will be enough," said Senate President John Valentine, R-Orem. "It will be a challenge, but it's a challenge we're trying to prepare for."

During negotiations with legislative leaders, Huntsman was able to reverse proposed cuts that would

have cut 5,600 pregnant women out of Medicaid health benefits. But the Health Department estimates that more than 19,000 people who now receive vision, physical therapy, speech therapy and other benefits from Medicaid will have their services eliminated.

"This is absolutely going to be very, very difficult for a lot of people," said Rep. Paul Neuenschwander, R-Bountiful. "We can congratulate ourselves for what we've done, but in some instances people are going to bleed over it."

The agreement between Huntsman and lawmakers also saved about a dozen of the 44 vacant Corrections Department positions scheduled to be eliminated, and restored staffing for the governor's energy adviser.

Lawmakers had axed the three staffers in the energy adviser's office in a move Huntsman said was "a little political ding." Huntsman's participation in the Western Climate Initiative and recent announcement of the state's participation in a cap-and-trade plan has irritated some lawmakers.

Some Department of Human Services funds were also revived Friday, staving off reductions in local mental health services and nursing home alternatives.

Much of the proposed \$700,000 for substance abuse treatment and prevention programs was also restored. Department officials said that their initial assessment is that those currently receiving services likely will not be turned out of the program.

Low-income advocate Lincoln Nehring, of the Utah Health Policy Project, said too much of the focus in legislative halls is on numbers in a spreadsheet.

"The conversation is an accountant's dream, I'm sure," he said. "But . . . we need to remember that what they did today is going to have an impact on Utahns and it's going to hurt a significant portion of our population."

Higher education will take a smaller cut than anticipated. Legislators had proposed a reduction of an average of 6 percent, more than other state agencies, at a time when 5,000 new students are entering the state's colleges. Weber State and Southern Utah universities each would have faced a 10 percent cut, but lawmakers eased the blow following the negotiations with Huntsman.

"We wanted to be treated fairly and not singled out," said Utah Commissioner of Higher Education William Sederburg. He said the 4 percent cut the schools were left with is manageable and there is no plan to raise tuition.

The Senate approved the budget cuts unanimously, but 15 Democrats voted against the measure in the House. An amendment sponsored by Sen. Gene Davis, D-Salt Lake City, ended up shifting \$30,000 from the Hale Center Theatre to the Emergency Food Network.

"I think there was too much attention given to protecting roads and not enough to protecting people," said Rep. Phil Riesen, D-Holladay. "I'd rather pay more attention to people than asphalt and concrete."

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* LISA ROSETTA, CATHY MCKITRICK and JULIA LYON contributed to this report.

Health

* \$33 million total cuts in Medicaid means 19,000 people will lose some health services

* Rolling back about \$750,000 from various programs for children with special health care needs

Transportation

\$35 million cut from Critical Highway Needs Fund

Workforce Services

Losing \$10 million in state and federal funds for child-care assistance

Public Safety

Eliminate 21 vacant Highway Patrol positions

Corrections

- * Scrapping programs for sex offender and mental health treatment (\$1.2 million)
- * Postponing a planned 300-bed parole violator center (\$5.7 million)
- * Eliminating 32 supervisory positions at prisons

Attorney General

- * Reduced \$146,000 from a program designed to help individuals transition out of polygamous communities
- * Eliminated a prosecutor focused on mortgage fraud
- * Reduced funding for the Internet Crimes Against Children education fund

Department of Human Services

- * Giving up about \$2 million in local substance abuse treatment funds
- * Losing about \$1 million to expand services to people with disabilities
- * Will refer child abuse investigations to local law enforcement when the perpetrator does not live in the home (\$462,800)
- * Eliminating funds aimed at keeping at-risk families intact (\$986,800)

National Guard and Veterans

- * Reducing the state National Guard tuition assistance (about \$50,000)
- * Reducing the veterans outreach program (\$26,700)

Source: Legislative Fiscal Analyst