



Insurance Department

State of Utah

GARY R. HERBERT
Governor
SPENCER J. COX
Lieutenant Governor
TODD E. KISER
Commissioner

Bail Bond Surety Oversight Board Meeting

(<https://insurance.utah.gov/licensee/other/bail-bond/board>)

Date: **October 9**, 2019

Time: **Noon**

Place: East Building, Copper Room

BOARD MEMBERS

xClay Carlos (Chair)	xTony Choate
xDominic Sanone (Co-Chair)	xBonnie Johnson
xLt. Ken Jones	xCurt Oda
Chad Woolley	xReed Stringham (Non-Voting)

DEPARTMENT STAFF

Todd Kiser, <i>Ins. Commissioner</i>	xTracy Klausmeier, <i>P&C Director</i>	xCathy Burton, <i>Examiner</i>
xPatrick Lee, <i>Finance Director</i>	xRandy Overstreet, <i>Licensing Dir</i>	xSteve Gooch, <i>PIO Recorder</i>

PUBLIC

Gerald M. Conder	Adam Rogers	Gary Walton
Wayne Carlos	Steve Brown	

MINUTES — Not Approved

- **General Session (Open to the Public)**
 - Welcome / Clay Carlos, Chair (12:07 pm)
 - Adoption of Minutes for August 14, 2019 meeting
 - **Motion by Curt to adopt minutes. Seconded by Dominic. Motion passes 6-0.**
- **Executive Session - If Needed (Closed to the Public)**
- **General Session (Open to the Public)**
 - **Approve Recommended Actions from Executive Session** – Not needed
 - **Summary of Reports** / Cathy
 - Quarterly Accounting for Bail Bond Administration Account
 - Patrick Lee notes that FY 2020 started on July 1, 2019, so there has only been one quarter so far. Period 13 (P13) is a wrap-up period for expenditures only. Revenues have a hard close on June 30 of every year, while expenditures can go a little bit into closing.
 - So far, there have only been revenues collected in P1 and P2 of FY 2020, which is the bail assessment. There was a \$1,123.17 expenditure in the first quarter. The balance in the account is \$39,876.17.
 - Clay asks if a "period" is the same thing as a month. Patrick says yes, noting that P13 goes a little bit over into the next fiscal year. Usually everything is done by P12, but sometimes things like admin hours and pay periods can overlap, or there's a straggling expenditure.
 - Reed asks what happens if the beginning balance of \$36,249.34 isn't spent by the end of the calendar year. Patrick says the money will stay in the account. Other funds

have it so the money lapses back into the General Fund, but the Bail account is set up so its funds always lapse back into the Bail account and it will always stay with the program.

- Reed asks when the account was set up. Patrick says it was FY 2010 or FY 2011. It's not technically free revenue, it's restricted revenue which means there's a set-aside purpose for the account and funds can only be used for that purpose, except by an act of the Legislature.
- Reed asks how the account was funded when it was initially created. Patrick thinks it was paid out of the UID's main account, but over time there was a need to isolate the funds, similar to the UID's captive, title, and other programs. Curt says that it was a lot to do with the state auditor asking for more clarity about where the budget goes. Patrick agrees, and says it was also due to the budget downturn and ensuring that funds were set aside and protected for a specific use.
- Patrick notes that bail is its own line item, which means that no money can be transferred from bail and into another line item without approval by the Legislature and the Governor's Office.
- Reed asks if the account was opened using money transferred in from the UID. Patrick says it probably was, but there is no historical record for it.
- Clay asks when licensing fees and fines started funding the account. Patrick says fees were likely set up with the program, around 1998. Since 2012 there has been no change in fees, and assumes it's been that way for several years previously. He notes that the fee amount hasn't changed, but the revenue from fees fluctuates depending on the number of agencies.
- Dominic says the licensing fee is \$250, but revenue so far this year is \$5,000 — that's only 20 licensing fees, but there are more than 20 sureties in the industry. Cathy says money was collected before licenses were issued. Reed asks if it could be because of people paying before July 1. Patrick says yes. He notes that some of P12 (which is June FY2019) shows \$3,250 in revenue, which is 13 agencies. Between June and July, revenue is \$8,250. Patrick says the UID doesn't tell licensees to hold off on renewing because the money stays in the account either way.
- Gary Walton asks if fines go into the account too. Clay and Patrick say yes.
- Wayne Carlos asks what sources of income go into the account besides fines, penalties, licensing and renewal fees. Patrick says those four are all the areas that are outlined in the statute. He notes that in the past few years, compared to FY 2012 and FY 2015, there haven't been many fines or forfeitures.

New Business

- Review & discuss agency licensing fees / Clay
 - Clay says the industry is interested in being proactive with matching licensing fees to what the UID's expenditures. He asks what traditional expenditures there are and can we forecast them. Tony asks if there's usually a surplus or a deficit at the end of the year. Patrick says he looked at the last 10 years, and setting the account balance aside, the last 3 fiscal years have run at a deficit. There has been less ongoing revenue collected compared to the expenditures. There were 4 years with a surplus and 5 years with a deficit. FY 2013 collected exactly what was spent.
 - Curt asks what the trend is now. Patrick says it's taking from the one-time balance. Curt asks if it's from licenses or fines. Patrick says in FY 2017, it's both; in FY 2018

and FY 2019, it's mostly licenses. He says we're whittling away at the balance, and it's not a huge alert, but the cost of the program should be equal to the ongoing collection amount. The existing balance gives us time to work the balance out.

- Dominic asks what the expenditures are, aside from the cost of the meetings. Patrick says it's the cost to administer the program: bail bond meetings, per diem, mileage, and hourly costs for staff involved in working on bail bond issues. Dominic asks when it's taken out. Patrick says it's whenever it's coded.
 - Clay asks for the average amount of the deficit the account is running on. Patrick says looking at the last few years, it's starting to balance at around \$8,000 a year. Cathy's portion of time for bail is coded right to it, but in past years we haven't been fully coding the time spent on bail by the deputy commissioner, Tracy, Steve, and Patrick. A cost estimate for that is around \$7,000. We've started doing a better job of coding to bail in this fiscal year, so we should have a better idea of the costs from year to year. From year to year, it could cost \$25,000 to \$37,500 to administer the program. On average, the UID asks the Legislature to appropriate at \$35,000, which means we're allowed to spend up to that amount to administer the program. If it's a little more than that, we can use the one-time balance in the account, but hopefully it'll be less in other years. The bail account collects \$9,000 to \$10,000 in licensing fees alone.
 - Gary Walton says he'd be happy to see increased fees if it will disincentivize the reliance on fines and forfeitures.
 - Clay asks if agent licensing fees contribute to the fund, or if it's just agencies. Patrick says it's agencies only. Reed says agents are licensed under Chapter 23a of the Code, not Chapter 35. Randy confirms that the bail restricted account is funded by money posted under Chapter 35, while agent fees are imposed under Chapter 23a. Dominic asks if that means all agent fees go to the General Fund. Patrick says they go to the UID restricted account, which is tied to the General Fund, but they stay with the UID up to the appropriation amount.
 - Dominic asks if it's OK to pull money from the bail restricted account to offset UID costs. Patrick says no, because they're separate line items. The UID would have to get approval from the Legislature to do that. He notes that the good thing about having the balance is that it gives us time to work on issues like this.
 - Clay says this is an important discussion to work out without making a hasty decision. Wayne agrees. We need to understand that with the advent of the pretrial release system, the industry will feel impacts in terms of renewed licensing, initial licensing, etc. There may even be fewer complaints or need for investigation.
 - Patrick says he tracks the bail program closely, so if there are questions he can answer them. Clay would like him to report at each meeting. Curt would like to have tracking or a trend report that compares the current year to past years. Clay agrees.
- **Old Business**
 - Curt asks about conflict of interest forms from last meeting. Clay thought the discussion was that it was the board member's responsibility to seek it out. Curt thinks Cathy was going to get forms for board members to fill out. Clay asks if Cathy can get it for the board or if they can find it online. Cathy says she'll look into it. Reed suggests having Cathy email it before the next meeting.
 - **Other Business**

- Proposed legislation / Reed
 - The UID doesn't have anything specific. Reed spoke with Wayne last week and he thought there may be something in the works. Wayne says that there's always someone at the bail association meetings who wants to change the code. Several people have commented on it, but it turns out it didn't have anything to do with insurance. Wayne had asked if something could be added to the cleanup bill, but there was nothing to it.
- **Adjourned** (12:39 pm)
 - **Motion by Tony to adjourn. Seconded by Curt. Motion passes 6-0.**
 - **Next Meeting:** January 8, 2019 — Copper Room, East Building

2019 Meetings (Noon to 1:30pm)

Jan 9, 2019	Apr 10, 2019	August 14, 2019	Oct 9, 2019
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2020 Meetings (Noon to 1:30pm)

Jan 8, 2020	Apr 8, 2020	August 19, 2020	Oct 14, 2020
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