

Fiscal Highlights

Special Administrative Expense Account \$5.0 Million Less Than Stated - Stephen C. Jardine

In the 2013 General Session, the Legislature appropriated \$6.7 million from the Special Administrative Expense Account (SAEA). This account showed a June 30, 2012 ending balance of \$12.9 million. However, actual collectible cash may be as much as \$5 million less. Based upon the stated ending balance, the Legislature appropriated \$5.9 million SAEA funds to the Department of Workforce Services to support demand-driven employment activities in the nine Economic Service Areas. The Legislature also appropriated an additional \$793,600 SAEA funds for Workforce Development activities replacing General Fund one-time for FY 2014.

The 2013 Compendium of Budget Information (COBI) includes the following chart for account history of the [Special Administrative Expense Account](#) through FY 2012:

Special Administrative Expense Account Account History

Fund #	Year	Beg Balance	Revenues	Expenses	Transfers	End Balance
1281	1997	0	0	0	0	0
1281	1998	3,100,008	(129,884)	(624,494)	988,729	4,583,347
1281	1999	4,583,347	(103,070)	(353,891)	(1,530,442)	3,303,726
1281	2000	3,303,726	3,621,089	(117,652)	-	7,042,467
1281	2001	7,042,467	1,218,869	(46,435)	-	8,307,771
1281	2002	8,307,771	(287,053)	(18,122)	(1,186,700)	6,852,140
1281	2003	6,852,140	1,998,829	(74,098)	171,998	9,097,065
1281	2004	9,097,065	2,091,182	(68,200)	-	11,256,447
1281	2005	11,256,446	3,611,275	(50,600)	(5,801,000)	9,117,321
1281	2006	9,117,321	6,489,392	(30,000)	-	15,636,713
1281	2007	15,636,713	2,205,160	-	-	17,841,873
1281	2008	17,841,873	4,390,390	-	-	22,232,263
1281	2009	22,232,263	5,513,328	-	(15,800,000)	11,945,591
1281	2010	11,945,591	(5,241,480)	-	(431,846)	6,272,265
1281	2011	6,272,265	6,333,865	-	(2,000,000)	10,606,130
1281	2012	10,606,130	7,556,745	-	(5,266,000)	12,896,875

Note: This report presents unofficial, unaudited information that is subject to change. For audited financial statements, see the State of Utah Comprehensive Annual Financial Report at <http://finance.utah.gov/cafr.html>

The Department of Workforce Services states that the balance as shown in the COBI is the accounting balance, which includes . . . receivables that we may or may not ever collect such as funds owed by organizations that have gone out of business. This difference likely represents millions of dollars. For example, the Department of Workforce Services balance of available funds in the Special Administrative Account at the end of FY 2012 was \$5.7 million - a difference of \$7.2 million.

SAEA money includes interest and penalties collected in association with unemployment as found in the *Employment Security Act*. When the Special Administrative Expense Account is used for anything not directly related to unemployment insurance activities, UCA 35A-4-506(6) requires a payment back to the account equal to the cost of collection of penalties and interest. The statute currently sets that cost at 22% of the appropriation level. This repayment amount was \$1.1 million of the \$5.9 million for demand-driven employment activities and \$143,100 of the \$650,500 related to Workforce Development expenditures.