NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE, OVERVIEW

NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE
STAFF: IVAN DJAMBOV

ISSUE BRIEF

SUMMARY

The Natural Resources Appropriations Subcommittee (NRAS) reviews and then approves a budget for each of the four state agencies: Department of Agriculture, Department of Natural Resources, School and Institutional Trust Lands Administration, and the Public Lands Policy Coordination Office.

The Budget Analysis Format

The budget analyses for the 2010 General Session consist of the following three parts:

Compendium of Budget Information (COBI) provides historic and detailed budget information at a program level. The COBI is available on the Legislative webpage (http://le.utah.gov/lfa/reports/cobi2010/sctte_28.htm).

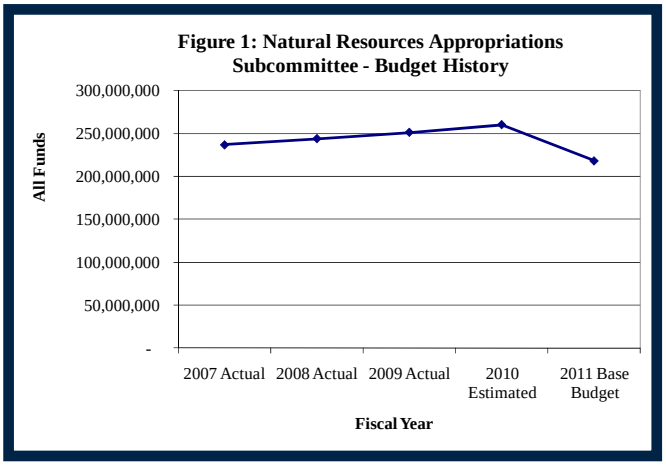
Budget Briefs are short documents which present information about a budget area, address issues, provide accountability measures, and a brief funding history. They also contain the Analyst's recommendations for budget and intent language.

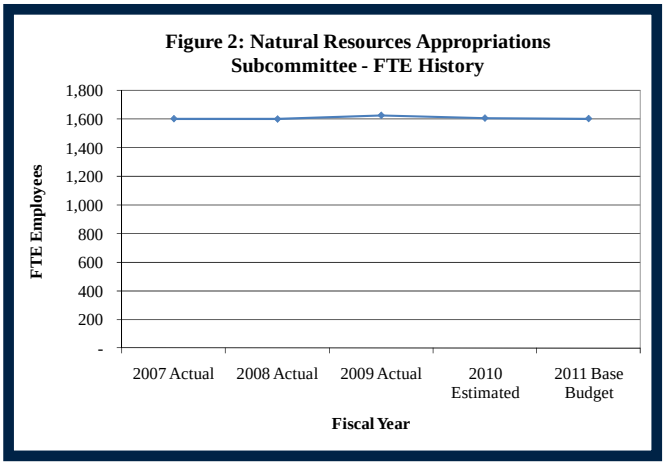
Issue Briefs are documents which discuss issues transcending line items or merit more space than available in a Budget Brief.

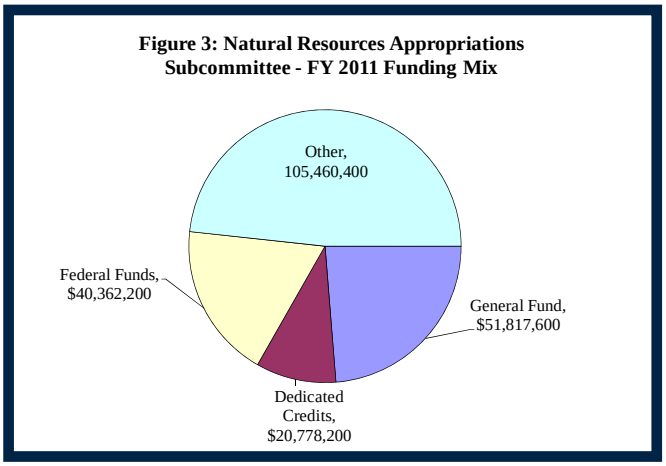
Base Budget Bills and Budget Reductions

By rule, unless there is a revenue shortfall, the ongoing appropriations from the current fiscal year become the agencies' base budgets for next fiscal year, and it is presented to the whole Legislature for voting in the first part of the General Session.

This year, as a result of the projected 2% revenue shortfall in FY 2011, the Executive Appropriations Committee (EAC) adopted for FY 2011 General and Education Fund revenue estimates that are 2% less than the original FY 2010 ongoing appropriations. This will be reflected in the FY 2011 base budget bills (S.B. 1 and H.B. 1), which reduce appropriations for all programs proportionately by 2%. If enacted, these base budget bills will ensure a passage of a balanced budget for FY 2011 in the beginning of the 2010 Legislative Session. The Budget Detail Table at the end







of this Brief presents the FY 2011 base budget for the agencies in the Natural Resources Appropriations Subcommittee, as included in the base budget bill (see the column on the far right).

However, the FY 2011 base budget will be further adjusted during the course of the General Session through supplemental appropriation bills, giving a chance for some of the initial, across-the-board reductions to be restored and others to be increased, all within the available forecasted revenues. To prepare for these adjustments, EAC allocated 95% of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5% ongoing cut. Items from these lists will then be used by EAC, and the whole Legislature, to finalize the reductions and make sure that the state has a balanced budget for FY 2011.

Adoption of Fees

The current and proposed fees for each agency will be presented in Issue Briefs for approval by the subcommittee first, then by EAC, and then by the Legislature as a whole.

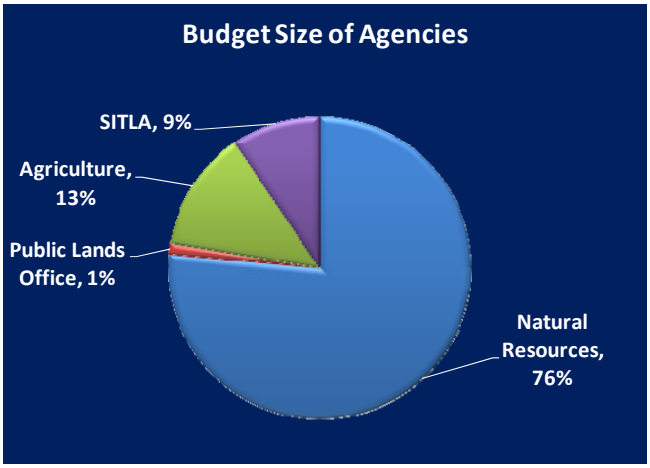
Intent Language

The proposed intent language is included in the Budget Briefs of the corresponding line items for Legislative approval. An Issue Brief summarizing all the proposed intent language will also be provided to the subcommittee in the day of voting.

BUDGET DETAIL

What is the budget size of the agencies?

The agency with the largest budget in this subcommittee is the Department of Natural Resources, 76% of the total budget. The next largest is the Department of Agriculture and Food, 13%, followed by SITLA, 9%, and the Public Lands Office, 1%.



How has the budget changed over time by agency?

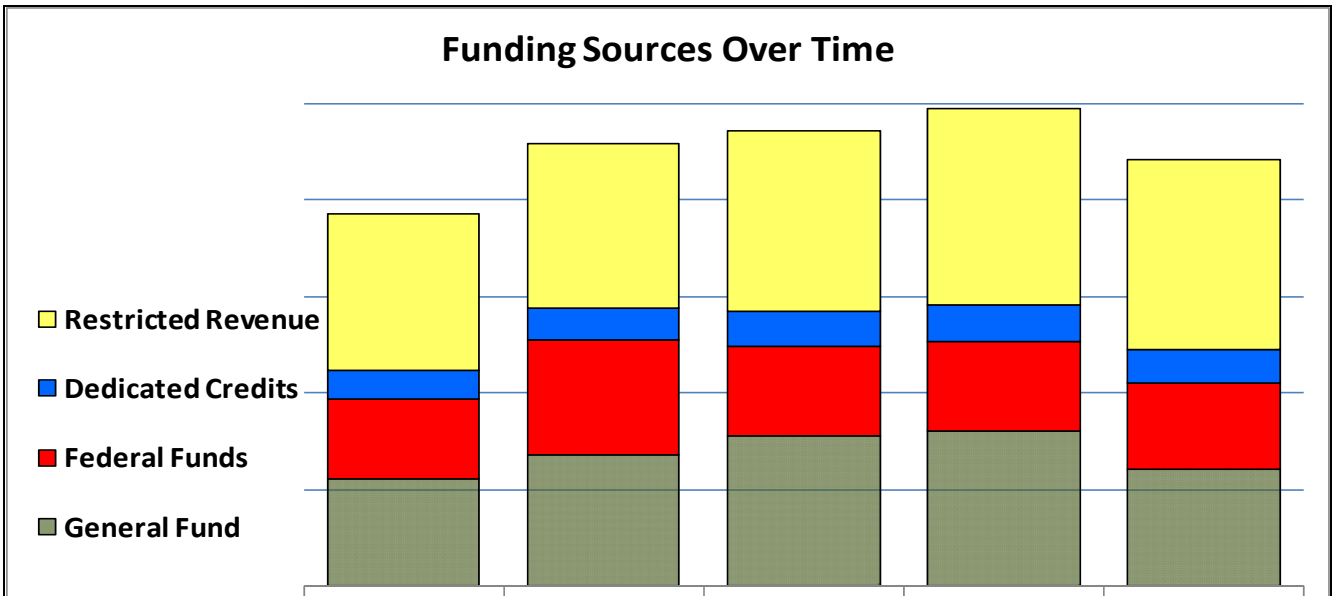
The table below presents a five year history of the budgets of the agencies in the Natural Resources Appropriations Subcommittee. The appropriations for FY 2010 are from the 2009 General Session. "The Restricted Revenue – NRAS" is not an organization of state government but a mechanism to directly appropriate funding from the General Fund to restricted accounts and/or from restricted accounts to the General Fund. (An example of this is the $6.5 million one time, appropriated last General Session for FY 2010 to the Water Resources C&D Fund.)

Agencies	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Approp	% Change FY 06-10
Natural Resources	$148,923,600	$189,351,300	$183,583,900	$179,945,000	$170,052,000	14%
Public Lands Office	$2,083,500	$2,641,100	$2,481,800	$2,013,000	$2,703,800	2%
Agriculture	$25,007,700	$27,327,600	$31,825,800	$31,734,800	$28,890,000	16%
SITLA	$13,921,800	$17,553,300	$19,185,600	$24,240,900	$20,960,900	51%
Restricted Revenue - NRAS	$0	$0	$7,000,000	$13,423,300	$9,696,300	
Total	$189,936,600	$236,873,300	$244,077,100	$251,357,000	$232,303,000	22%

As shown in the table on page 2, each of the agencies has increased its budget since FY 2006, between 2% (Public Lands Office) and 51% (SITLA). As a result of the economic challenges and the budget reductions, the FY 2010 appropriations have decreased. However, the total appropriated amount for FY 2010 is just below the FY 2007 level.

What are the major funding sources for the agencies?

The graph below presents the major funding sources for the agencies in this subcommittee. In the FY 2010 budget the restricted revenues represent almost one half (44%) of the total funding mix. These revenues are generated from over 20 different restricted funds (for details, refer to the Budget Detail Table at the end of this Brief). The Federal Funds and the Dedicated Credits represent 20% and 8% respectively.



	2006	2007	2008	2009	2010
Restricted Revenue	$80,923,800	$85,323,400	$92,930,100	$101,645,200	$98,140,800
Dedicated Credits	$14,982,700	$16,503,400	$18,650,900	$18,741,400	$17,783,100
Federal Funds	$41,200,700	$59,780,700	$45,930,600	$46,803,100	$44,708,300
General Fund	$55,647,700	$67,868,300	$78,268,500	$80,228,000	$60,614,500

The General Funds in this subcommittee constitute less than one third (27%) of the total funding mix. In the past, when there was revenue surplus and the Legislature provided funding increases across the board (for COLA, market comparability adjustments, health and retirement benefits), this was a serious challenge for some of the divisions. This was because the percentage increase was applied to all funding sources, but the only revenue increase the agencies actually received was in General Funds; for the other funding sources the Legislature could only *authorize* the agencies to spend up to the increased amount (but could not provide the actual funding).

To help with that, the 2006 Legislature appropriated additional General Funds to the two divisions with the biggest problems. The Division of Wildlife Resources had only about 10% General Fund in their total budget and they received additional $2.2 million ongoing General Fund appropriation. The Division of Parks and Recreation had about one third of General Funds in their total budget and they received additional $510,000 ongoing General Fund appropriation.

But in the last couple of years, due to the budget deficit, the Legislature has reduced the General Funds to all entities. However, since the General Fund portion is not a big percentage of the agencies' total budgets, the reductions did not impact severely the total budgets of many of the divisions. This will be the case during this round of reductions. For example, the 5% General Fund reductions for FY 2011 would on average be only 1% of the total budget for the tree agencies with General Funds in this subcommittee (DNR, Agriculture, and Public Lands Office). Due to the fact that all of SITLA's revenues come from a restricted fund, they were not impacted by the budget reductions.

What did the major restricted fund balances look like at the end of FY 2009?

The table below represents the FY 2009 year-end-balances for the major restricted funds in this subcommittee. The table also has references for the statutory authority, the revenue sources, and the prescribed uses of the funds. The last column shows how much each fund balance has increased or decreased from the previous year.

Agency	Fund/Account Name	Statutory Authority	Revenue Sources	Prescribed Uses	FY 2009 Balance	*FY 08-09 Change*
Wildlife	Wildlife Resources Account	UCA 23-14-13	fee revenues	administration of Wildlife Resources	**$12,129,900**	***$773,600***
Forestry & Fire	Sovereign Land Management Account	UCA 65A-5-1	Revenue derived from sovereign lands	division expenses relating directly to management of state lands	**$8,636,400**	***$1,440,300***
Parks	Off Highway Vehicle Account	UCA 41-22-19	fee revenues	off-highway vehicle facilities; grants or matching funds; for administration.	**$3,888,100**	***($480,800)***
Parks	State Park Fees Restricted Account	UCA 63-11-66	charges; sales or disposal of buffalo; civil damages	division	**$2,856,100**	***($47,900)***
Oil & Gas	Abandoned Mine Reclamation Fund	UCA 40-10-25	fees and collections	division	**$2,167,800**	***$58,500***
Wildlife	Wildlife Resource Trust Account	UCA 23-19-17.7	lifetime licenses fee revenues	enhancement of wildlife	**$1,680,100**	***($32,100)***
Parks	Boating Account	UCA 73-18-22	fee revenues	publicly owned boating facilities; boater education, division administration	**$1,706,500**	***$314,000***
DNR Admin	Species Protection Account	UCA 63-34-14	brine shrimp tax, brine shrimp royalties	for studies; wetlands mitigation projects; Reclamation Mitigation and Conservation Account; Tax Commission.	**$1,198,000**	***($135,600)***
Wildlife	Wildlife Habitat Account	UCA 23-19-43	fee revenues	wetlands; nonprofit conservation organizations; upland game projects	**$541,800**	***$332,500***
Agriculture	Utah Livestock Brand and Anti-theft Fund	UCA 4-24-24	fee revenues	for livestock brand and anti-theft and domesticate elk	**$372,200**	***($100,900)***
Agriculture	Agricultural and Wildlife Damage Prevention Account	UCA 4-23-7.5	fee revenues and contributions	by the department	**$83,800**	***$51,600***
Agriculture	Horse Racing Account	UCA 4-38-16	fee revenues and fines	insurance, stewards, vets, drug testing	**$17,500**	***$3,400***
Public Lands Office	Constitutional Defense Restricted Account	63C-4-103	bonus on mineral leases, contributions	for the duties of the Constitutional Defense Council and the Public Lands Office; the Governor's Office for R.S.2477	**$0**	***($965,500)***

BUDGET DETAIL TABLE

Natural Resources

Sources of Finance	FY 2009 Actual	FY 2010 Appropriated	Changes	FY 2010 Revised	Changes	FY 2011* Base Budget
General Fund	57,388,100	52,874,800	0	52,874,800	(1,057,200)	51,817,600
General Fund, One-time	22,839,900	7,739,700	0	7,739,700	(7,739,700)	0
Federal Funds	43,139,000	42,051,500	(1,256,400)	40,795,100	(432,900)	40,362,200
American Recovery and Reinvestment Act	0	0	14,898,700	14,898,700	(14,898,700)	0
Dedicated Credits Revenue	21,372,600	19,954,700	(637,100)	19,317,600	1,460,600	20,778,200
Federal Mineral Lease	3,664,100	2,656,800	0	2,656,800	(56,800)	2,600,000
GFR - Boating	4,374,900	4,370,700	0	4,370,700	0	4,370,700
GFR - Constitutional Defense	2,368,900	2,370,400	(1,000,000)	1,370,400	0	1,370,400
GFR - Horse Racing	50,000	50,000	0	50,000	(20,000)	30,000
GFR - Invasive Species Mitigation	0	500,000	0	500,000	(500,000)	0
GFR - Land Exchange Distribution Account	1,648,800	2,998,800	(2,450,000)	548,800	1,350,000	1,898,800
GFR - Livestock Brand	935,700	929,200	0	929,200	0	929,200
GFR - Off-highway Vehicle	5,383,700	3,779,400	0	3,779,400	0	3,779,400
GFR - Oil & Gas Conservation Account	3,508,500	3,516,700	0	3,516,700	0	3,516,700
GFR - Rangeland Improvement	0	1,346,300	0	1,346,300	(104,600)	1,241,700
GFR - Sovereign Land Mgt	4,348,200	4,528,700	0	4,528,700	0	4,528,700
GFR - Species Protection	1,199,400	599,500	0	599,500	0	599,500
GFR - State Fish Hatch Maint	1,205,000	1,205,000	0	1,205,000	0	1,205,000
GFR - State Park Fees	12,223,900	11,558,400	0	11,558,400	0	11,558,400
GFR - Wildlife Damage Prev	608,800	603,100	0	603,100	0	603,100
GFR - Wildlife Habitat	2,758,900	2,400,000	0	2,400,000	0	2,400,000
GFR - Wildlife Resources	26,925,700	28,787,700	0	28,787,700	0	28,787,700
Agri Resource Development	812,000	812,000	0	812,000	0	812,000
Land Grant Mgt Fund	26,471,900	20,960,900	0	20,960,900	(2,741,300)	18,219,600
Utah Rural Rehab Loan	62,800	63,000	0	63,000	0	63,000
Water Resources C&D	6,608,100	6,611,000	0	6,611,000	0	6,611,000
Water Res Construction	150,000	150,000	0	150,000	0	150,000
Transfers	6,112,200	9,740,200	(128,600)	9,611,600	(100)	9,611,500
Pass-through	906,100	0	118,600	118,600	(2,600)	116,000
Beginning Nonlapsing	21,067,000	2,132,000	16,997,000	19,129,000	(17,950,700)	1,178,300
Closing Nonlapsing	(19,129,000)	(1,588,700)	463,300	(1,125,400)	903,900	(221,500)
Lapsing Balance	(7,648,200)	(1,398,800)	900,000	(498,800)	0	(498,800)
Total	$251,357,000	$232,303,000	$27,905,500	$260,208,500	($41,790,100)	$218,418,400
Agency						
Natural Resources	179,945,000	170,052,000	27,195,700	197,247,700	(29,872,100)	167,375,600
Public Lands Office	2,013,000	2,703,800	(504,300)	2,199,500	(2,400)	2,197,100
Agriculture	31,734,800	28,890,000	2,564,100	31,454,100	(3,394,900)	28,059,200
School & Institutional Trust Lands	24,240,900	20,960,900	0	20,960,900	(2,741,300)	18,219,600
Restricted Revenue - NRAS	13,423,300	9,696,300	(1,350,000)	8,346,300	(5,779,400)	2,566,900
Total	$251,357,000	$232,303,000	$27,905,500	$260,208,500	($41,790,100)	$218,418,400
Categories of Expenditure						
Personnel Services	111,400,400	110,560,606	(1,639,606)	108,921,000	(940,500)	107,980,500
In-state Travel	1,229,200	1,408,915	(105,915)	1,303,000	(4,300)	1,298,700
Out-of-state Travel	577,800	711,957	(161,957)	550,000	42,500	592,500
Current Expense	54,748,200	55,038,622	3,842,878	58,881,500	(7,049,800)	51,831,700
DP Current Expense	5,486,800	5,228,500	41,500	5,270,000	1,266,400	6,536,400
DP Capital Outlay	20,700	70,700	(28,800)	41,900	234,500	276,400
Capital Outlay	18,987,900	14,406,300	5,151,100	19,557,400	(2,324,900)	17,232,500
Other Charges/Pass Thru	58,907,900	44,915,500	20,768,200	65,683,700	(33,014,000)	32,669,700
Cost Accounts	(1,900)	(38,100)	38,100	0	0	0
Total	$251,357,000	$232,303,000	$27,905,500	$260,208,500	($41,790,100)	$218,418,400
Other Data						
Budgeted FTE	1626.1	1606.5	0.4	1606.9	(3.2)	1603.7
Vehicles	934.0	921.0	0.0	921.0	0.0	921.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.