



NATURAL RESOURCES, AGRICULTURE, & ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE, OVERVIEW

NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

The Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee considers and discusses budgetary issues related to Utah's natural resources, agriculture, and environment. These budget issues often provide the framework for policy decisions for best use and preservation of air, land, and water in Utah.

The subcommittee reviews and approves a budget for the following state agencies: Department of Agriculture, Department of Natural Resources, School and Institutional Trust Lands Administration, Department of Environmental Quality, Public Lands Policy Coordination Office, and Office of Energy Development.

The Budget Analysis Format

The budget analyses for the 2015 General Session consist of the following:

The Compendium of Budget Information (COBI) is available on the Legislature's webpage (http://le.utah.gov/lfa/reports/cobi2015/ctte_28.htm), and contains financial history, references to statutory authority, performance information, and staff budget analysis at the program level. This year's COBI is reformatted, and also includes fees and details on recommendations for budget changes.

Issue Briefs are short documents that present information about a budget area, address issues, provide accountability measures, or discuss issues transcending line items.

Base Budget

The appropriations process this year includes a much greater emphasis on how agencies use their ongoing funding (the base budget). Appropriations subcommittees will spend the first few meetings reviewing their base budget bills, considering whether or not to make adjustments to the programs' base budgets.

As they review each funding item in the base budget bill, committee members are encouraged to evaluate each division's mission, goals, performance measures, historic funding, and expenditure trends. Subcommittees are encouraged to identify potential savings to address in the base budget bill or to explore in later subcommittee meetings. By February 10, 2015, the Legislature has to either endorse, amend, or substitute each base budget bill.

The passage of a base budget bill is only the first of several budget bills each legislative session. The base budget will be further adjusted during the course of the General Session through supplemental appropriation bills.

Adoption of Fees

All fees, including proposed fee changes, will be presented for approval by the subcommittee first, then by EAC, and finally by the Legislature as a whole.

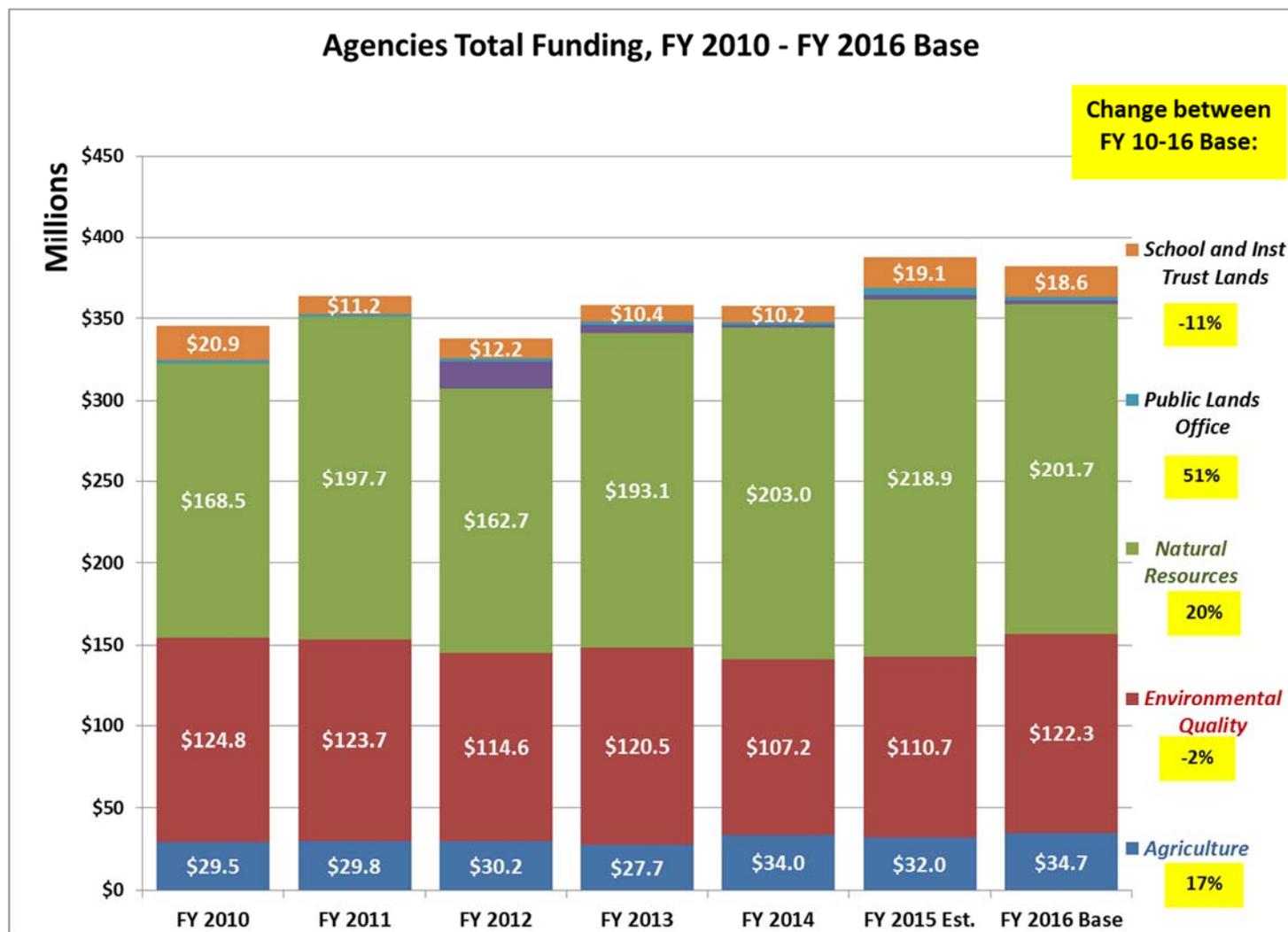
Intent Language

An issue brief summarizing all the proposed intent language will be provided to the subcommittee.

BUDGET DETAIL

Agencies Budgets Over Time

The overall funding for this subcommittee has increased by \$4.9 million (2%) since FY 2010. The figure below presents a seven-year funding history of the agencies in the Natural Resources, Agriculture, Environmental Quality Appropriations Subcommittee.



Three of the agencies have **increased** their overall budgets between FY 2010 and FY 2016 Base as follows:

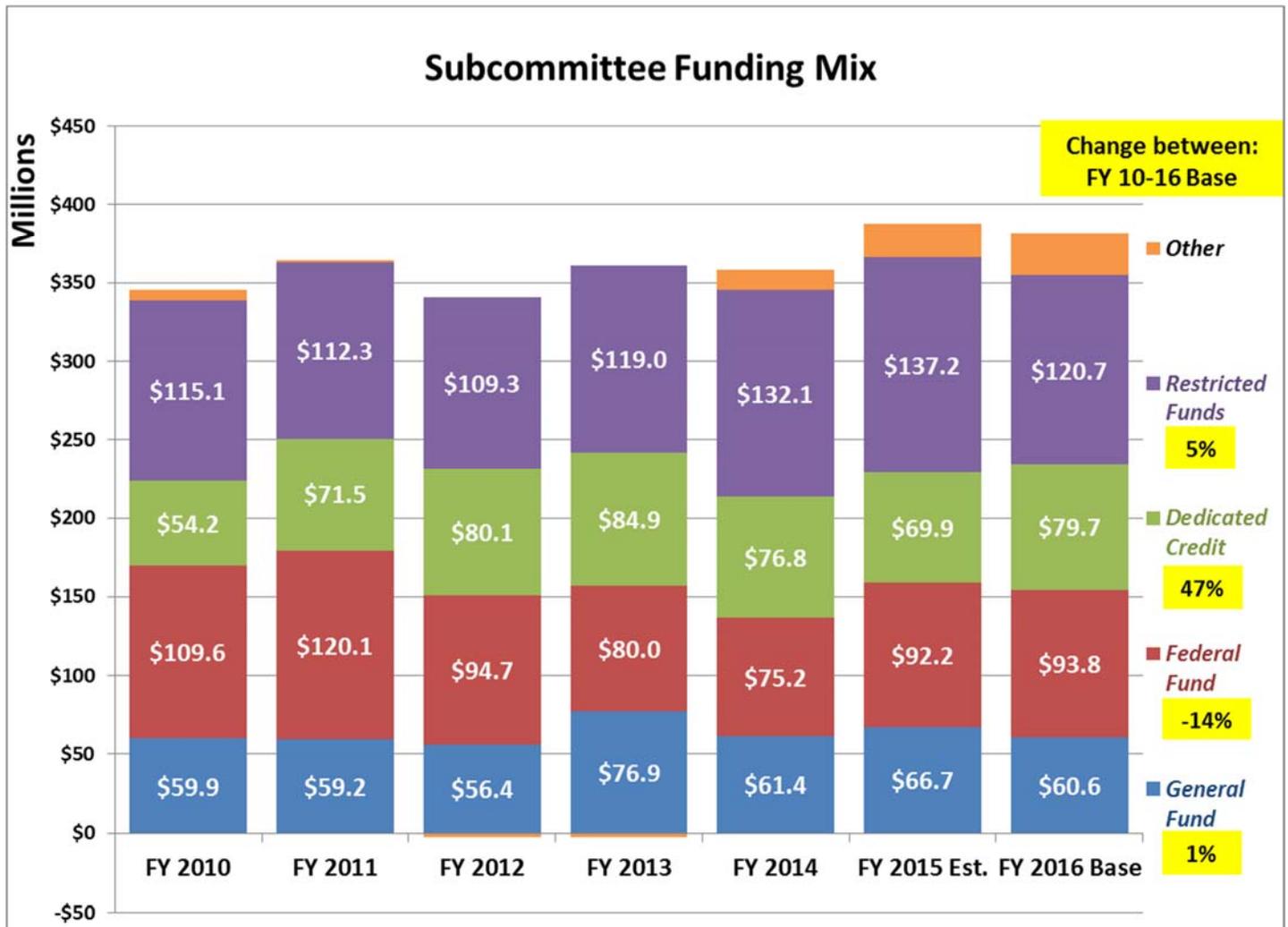
- Public Lands Office by \$ 806,300 or 51%,
- DNR by \$33.2 million or 20%, and
- Agriculture by \$5.2 million or 17%.

The budgets of the following agencies have **decreased** during the same period:

- SITLA by \$2.2 million or 11%,
- DEQ by \$2.5 million or 2%, and
- Energy Development (created in FY 2012) by \$14.1 million or 86%.

Major Funding Sources for the Subcommittee

The figure titled “Subcommittee Funding Mix” below presents the major funding sources for the agencies in this subcommittee. The largest funding category for the period FY 2010 – FY 2016 Base is restricted funds, comprising one third of the total. The next largest have been Federal Funds and Dedicated Credits. The average General Fund appropriations for this period comprised 17% of the total budget (refer to the Glossary of Terms at the end of this brief for definitions of the different funding types).



The following funding categories have increased:

- Dedicated Credits by \$25.5 million or 47%,
- Restricted Funds by \$5.6 million or 5%, and
- General Fund by \$.7 million or 1%.

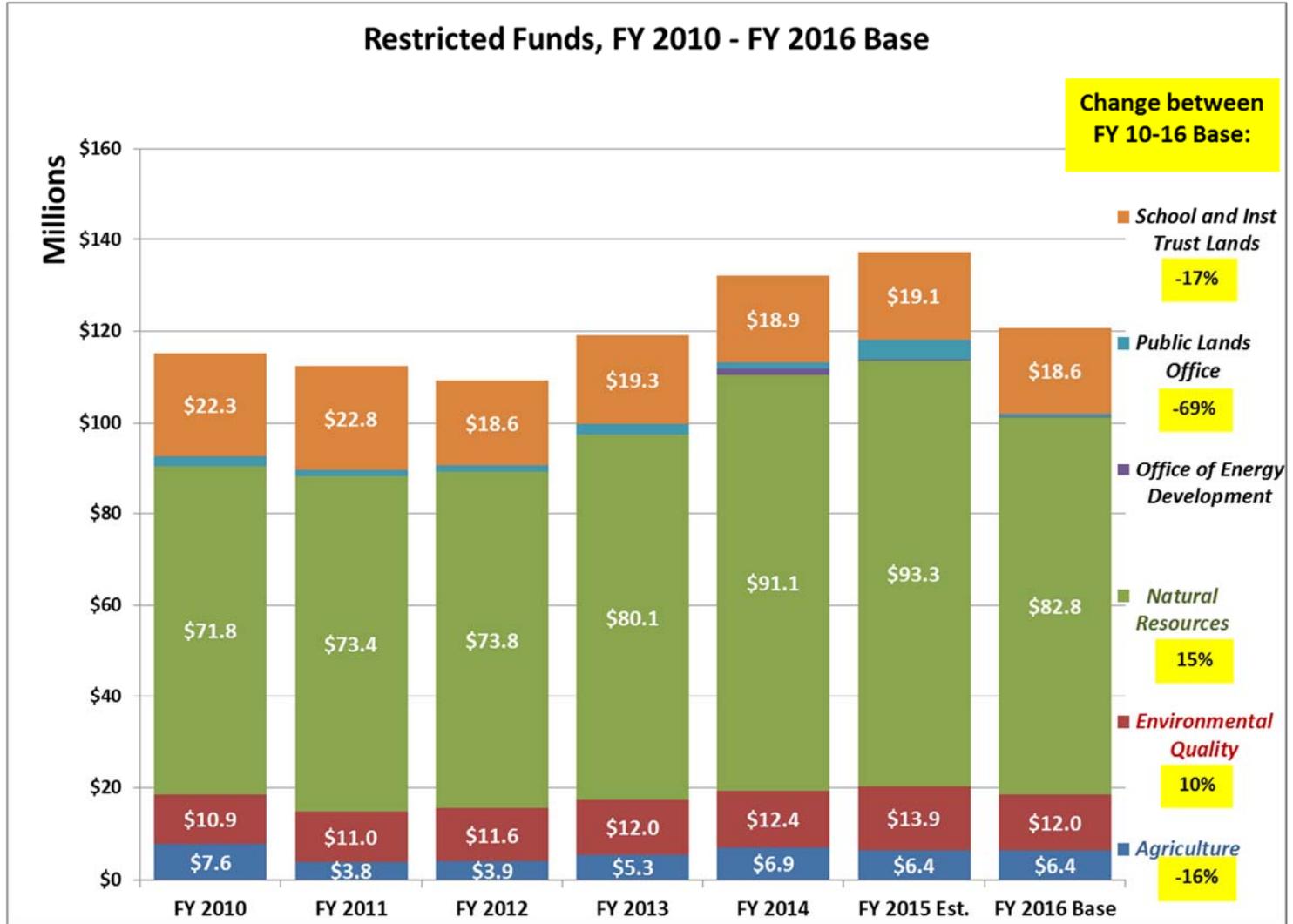
The Federal Funds for the agencies in this subcommittee have decreased by \$15.9 million (14%) for that period.

The Other category includes transfers, lapsing and nonlapsing balances, etc.

Restricted Funds

In FY 2016 Base, the largest category in the subcommittee’s funding mix is restricted funds, comprising 32% of the total budget. These revenues are generated from approximately 60 different restricted accounts (for details, please refer to COBI: http://le.utah.gov/lfa/reports/cobi2015/ctte_28.htm#financialsTab).

The revenues in these accounts are generated primarily from fees, which are approved by the Legislature on an annual basis through the regular budget process. The usage of these funds is prescribed in statute, and the money must be appropriated by the Legislature in order to be expended by the agencies.

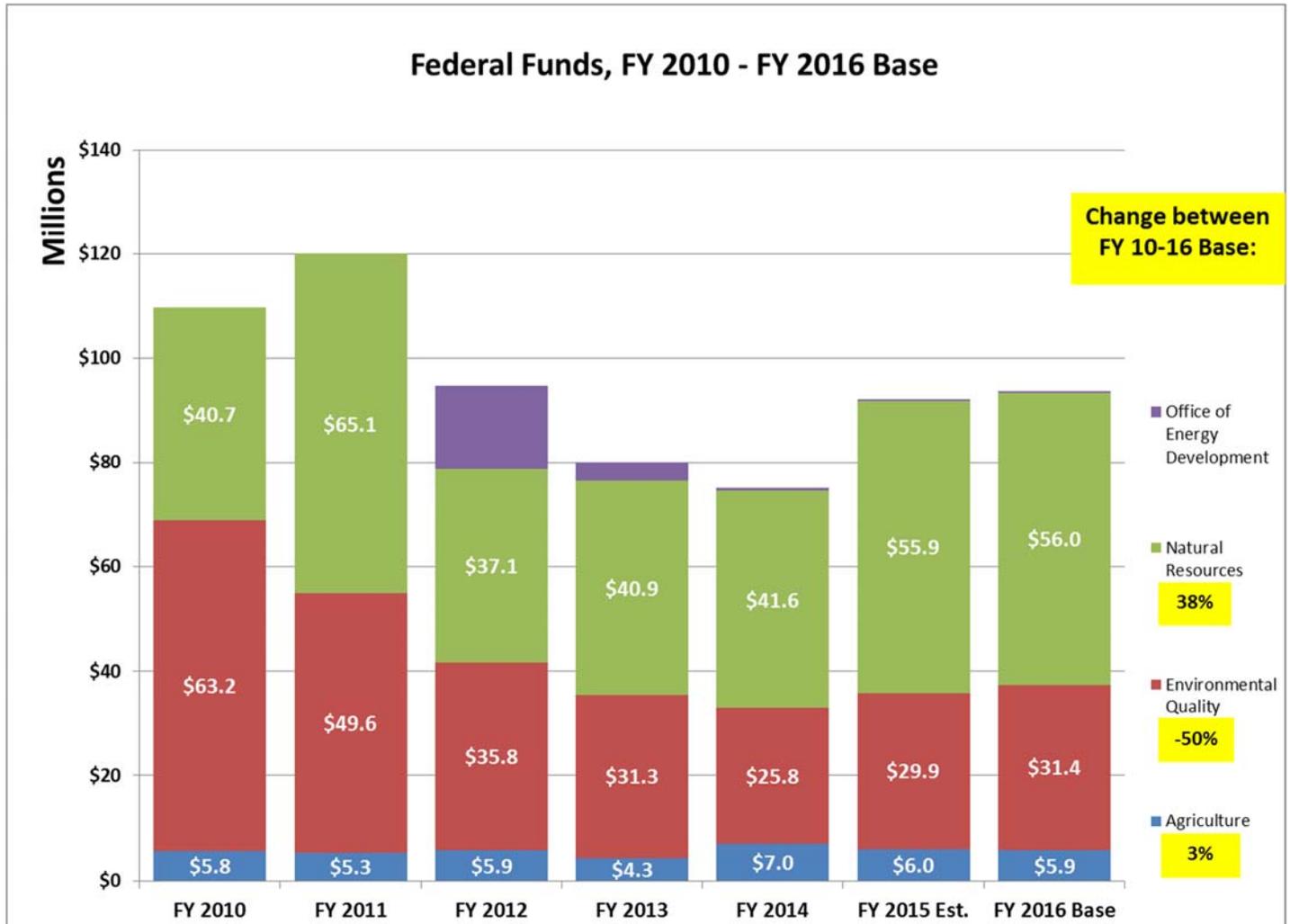


The usage of restricted funds in the subcommittee has increased between FY 2010 and FY 2016 Base by \$5.6 million or 5%. In many instances, restricted funds were used to fill the gap from the General Fund reductions in the past.

Federal Funds

The second largest funding source in FY 2016 Base for the subcommittee is Federal Funds. This category includes various grants from federal agencies, as well as Federal Mineral Lease and American Recovery and Reinvestment Act (ARRA) funds.

The use of federal funding by the agencies in the subcommittee has decreased between FY 2010 and FY 2016 Base by \$15.9 million or 14%. The federal fund budgets in the last seven years are presented in the following figure.

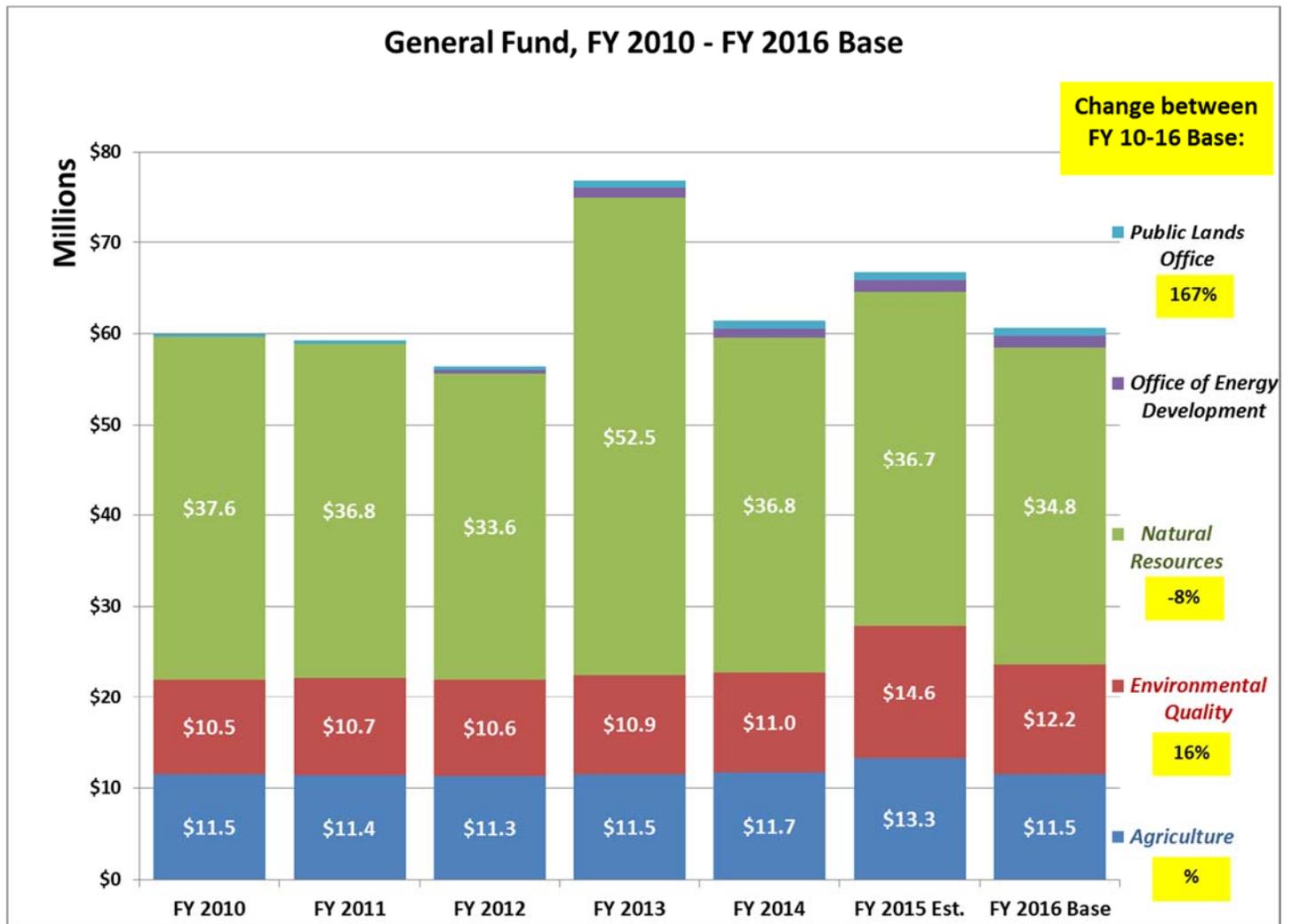


Considering the likelihood of future reductions in many of the federal funding sources, it is important for agencies and programs that are currently relying on Federal Funds to have contingencies in place. UCA 63J-1-219 requires state agencies to report annually their plans to the Legislature. The latest report was issued on November 30, 2014

(http://finance.utah.gov/reporting/documents/2014_Federal_Receipts_Reporting.pdf). However, the report does not seem to address specific plans of operation in the event of reduction in federal funding but rather only identifies the potential impacts of such reductions.

General Fund

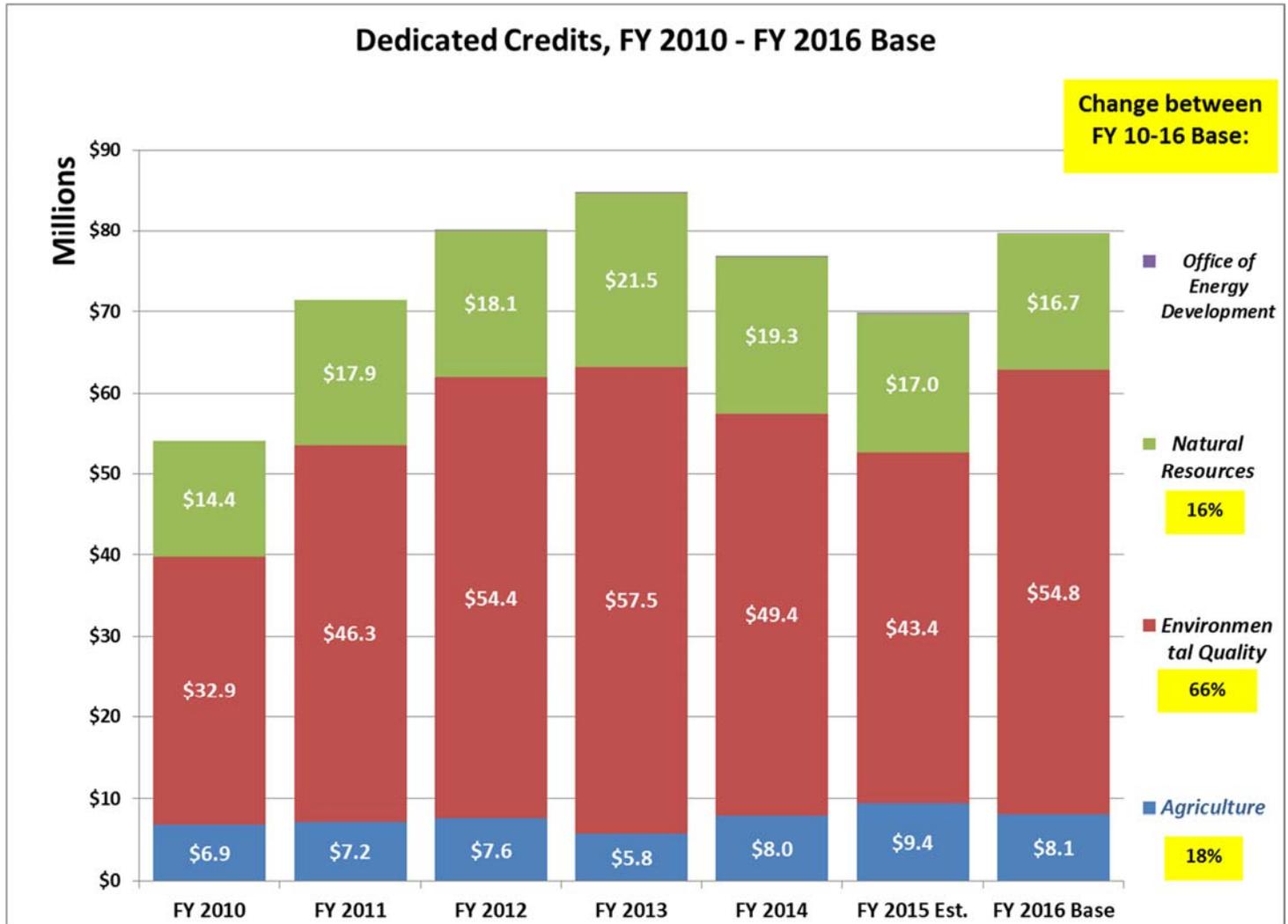
The General Fund appropriation to the agencies in this subcommittee between FY 2010 and FY 2016 Base has not changed much (see figure below).



The agency with the largest General Fund increase since FY 2010 is Department of Environmental Quality, \$1.7 million (16%). The General Fund appropriations to the Department of Natural Resources was decreased by \$2.9 million (8%) for the same period.

Dedicated Credits

Dedicated Credit revenues are generated mainly from fees for service provided by the agencies. This type of funding comprises 21% of the total subcommittee funding mix in FY 2016 Base, and it has increased by \$25 million or 47% since FY 2010 (see figure below).



The agency with the largest increases in this funding category is the Department of Environmental Quality, \$21.9 million or 66%, followed by the Department Natural Resources, \$2.3 million or 16%, and the Department of Agriculture and Food, \$1.2 million or 18%.

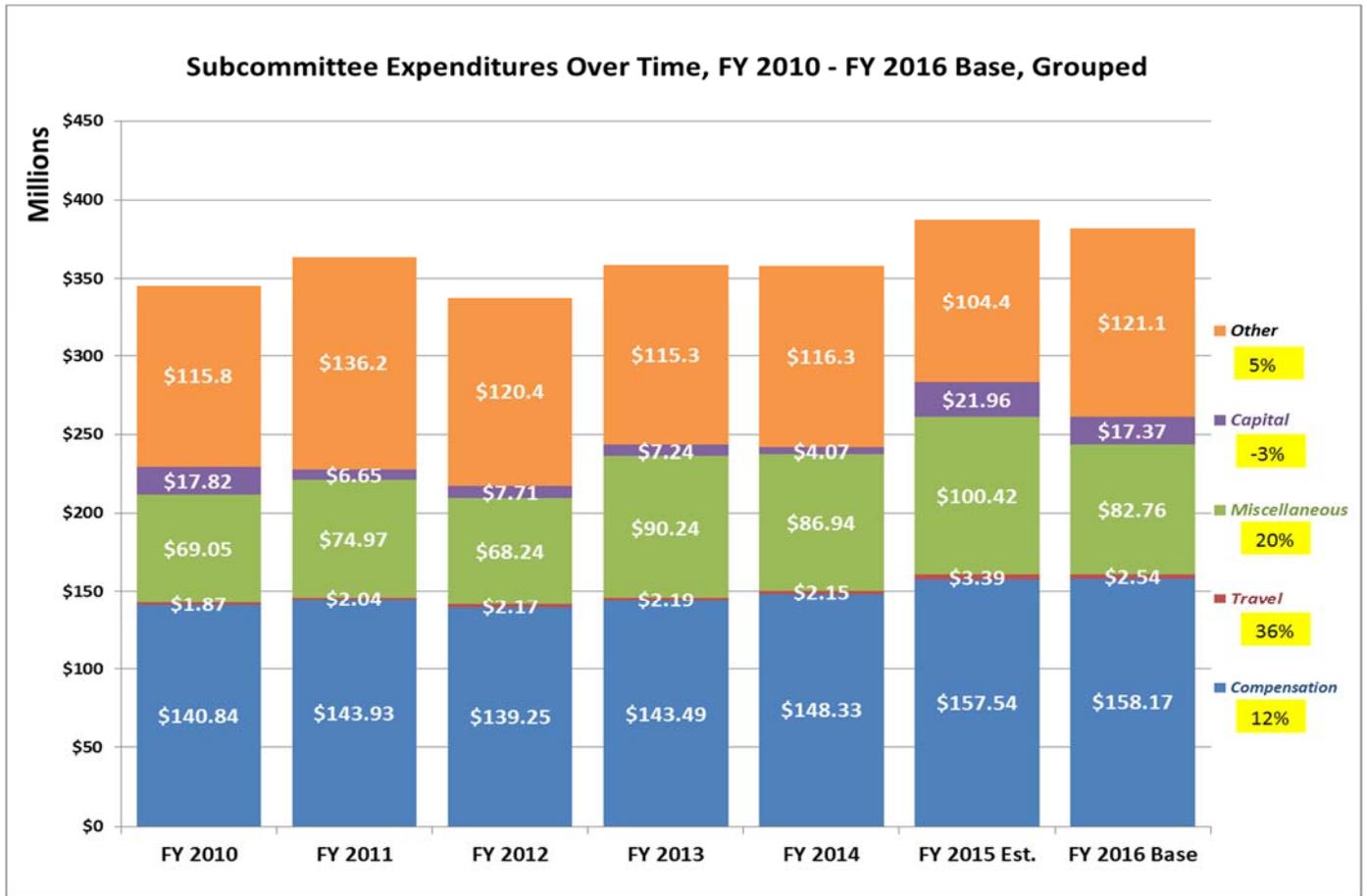
Fund Balances of the Restricted Accounts at the End of FY 2014

The table titled “Restricted Accounts Fund Balances, FY 2014” below represents the FY 2014 year-end-balances for the major restricted accounts appropriated 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.

Restricted Accounts Fund Balances, FY 2014						
Agency	Account Name	Statutory Authority	Revenue Sources	Prescribed Uses	FY 2014 Balance	FY 13-14 Change
Forestry & Fire	Sovereign Land Management Account	UCA 65A-5-1	Revenue derived from sovereign lands	Division expenses relating directly to management of state lands	\$24,901,889	\$643,825
Wildlife	Wildlife Resources Account	UCA 23-14-13	Fee revenues	Administration of Wildlife Resources	\$11,619,256	\$1,005,720
Parks	State Park Fees Restricted Account	UCA 79-4-402	Entrance, camping & golf fees; Sales of buffalo	Division	\$13,132,677	\$3,082,654
Parks	Off Highway Vehicle Account	UCA 41-22-19; Fuel tax (UCA 59-13-201 (8))	OHV registration fees Fuel tax	Construction or maintenance of public OHV facilities; Mitigation of OHV use; As grants for public OHV facilities; OHV education.	\$4,425,475	(\$260,022)
DEQ	Environmental Quality Restricted Account	UCA 19-1-108	Radioactive waste fees, hazardous waste fees, PCB waste fees, solid waste fees, generator site access permits, uranium recovery, waste facility fees.	Radiation control programs, solid & hazardous waste programs.	\$2,216,604	(\$625,376)
DNR Admin	Species Protection Account	UCA 79-2-303	Brine shrimp tax, brine shrimp royalties.	For studies; wetlands mitigation projects; Reclamation Mitigation and Conservation Account; Tax Commission.	\$1,814,987	\$497,896
Parks	Boating Account	UCA 73-18-22; Fuel tax (UCA 59-13-201 (6))	Motorboat and sailboat registration fees; fuel tax	Construction or maintenance of public boating facilities; Boater education; Division admin and enforcing boating laws.	\$1,521,429	(\$243,064)
DEQ	Used Oil Collection Administration Account	UCA 19-6-719	Recycling fee, permits, penalties, grants & donations.	Recycling incentive payments, public education programs, grants, local health departments.	\$974,666	(\$22,363)
Wildlife	Wildlife Habitat Account	UCA 23-19-43	Fee revenues	Wetlands; nonprofit conservation organizations; upland game projects	\$790,297	(\$338,087)
Agriculture	Agricultural and Wildlife Damage Prevention Account	UCA 4-23-7.5	Fee revenues and contributions	By the department	\$245,380	\$84,699
Agriculture	Utah Livestock Brand and Anti-theft Fund	UCA 4-24-24	Fee revenues	For livestock brand and anti-theft and domesticate elk.	\$38,837	(\$274,644)

Agencies Expenditures

The figure below summarizes the grouped data on the subcommittee expenditures over the period between FY 2010 and FY 2016 Base.



For simplicity, the expenditure data is grouped in the following categories:

- Compensation: Personal Services
- Travel: In-state and Out-of-state Travel
- Miscellaneous: Current Expense and DP Current Expense
- Capital: DP Capital Outlay and Capital Outlay
- Other: Other Charges/Pass-Thru, Cost Accounts, Transfers, and Trust & Agency Disbursements

The data with the detailed expenditure categories is provided in the table on below.

Expenditure Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Est.	FY 2016 Base	Change FY 2010-2016
Personnel Services	140,838,300	143,933,900	139,252,500	143,487,200	148,333,900	157,541,100	158,165,521	12% 17,327,221
In-state Travel	1,307,300	1,319,400	1,388,900	1,361,800	1,427,300	1,952,300	1,543,300	18% 236,000
Out-of-state Travel	563,200	723,500	785,400	826,200	722,500	1,433,600	998,700	77% 435,500
Current Expense	61,007,500	66,250,700	60,379,700	82,440,100	78,351,200	91,648,000	74,321,679	22% 13,314,179
DP Current Expense	8,040,700	8,719,100	7,861,700	7,803,000	8,504,200	8,769,800	8,434,400	5% 393,700
DP Capital Outlay	44,000	86,900	57,700	32,300	981,600	414,600	254,600	479% 210,600
Capital Outlay	17,779,100	6,565,200	7,652,800	7,207,000	3,090,700	21,546,600	17,110,900	-4% (668,200)
Other Charges/Pass Thru	115,816,000	136,212,400	120,239,200	114,904,300	114,145,200	101,701,000	117,834,200	2% 2,018,200
Cost Accounts	5,400	4,300	118,700	111,400	(100)	39,000	39,000	622% 33,600
Trust and Agency Disburse	0	0	0	192,000	2,048,100	2,500,000	3,100,000	
Transfers	0	0	0	45,600	108,800	133,800	133,800	
Total	345,401,500	363,815,400	337,736,600	358,410,900	357,713,400	387,679,800	381,936,100	11% 36,534,600

Full Time Equivalent

The total number of full time equivalent (FTE) for the subcommittee between FY 2010 and FY 2016 Base has decreased by 2% (see table below).

Agency Name	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Agriculture	199	200	201	208	214
Environmental Quality	383	375	374	376	371
Natural Resources	1,335	1,345	1,286	1,289	1,288
Office of Energy Development	-	-	16	14	14
Public Lands Office	9	9	13	12	11
School and Inst Trust Lands	73	71	71	71	69
Subcommittee Total	1,998	2,000	1,961	1,969	1,967

Glossary of Terms

Capital Outlay – Costs for furnishings, land, buildings, infrastructure, design services, and non-IT equipment over \$5,000 per unit.

Current Expense – Costs for non-IT supplies, materials, services, and equipment under \$5,000 per unit.

DP Current Expense (Data Processing Current Expense) – Costs to operate IT systems, such as Local Area Network (LAN) connections, for materials, supplies, and equipment under \$5,000 per unit.

DP Capital Outlay (Data Processing Capital) – Costs for IT equipment and software over \$5,000 per unit.

Dedicated Credits Revenue – Money paid to an agency by the public or by other agencies, such as fees, for services or goods. By law, these funds must be spent before other state funds are spent.

Education Fund (EF) – The revenues come from taxes on intangible property or from income tax.

Federal Funds – Money made available to the state through the federal government, and generally comes with specific requirements, such as a funding match or in-kind contributions.

Fiscal Note – The estimate by the Legislative Fiscal Analyst of the amount of revenue and/or expenditures resulting from the passage of a given bill.

Fiscal Year (FY) – An accounting period of 12 months at the end of which the organization ascertains its financial conditions. The state fiscal year (FY) runs from July 1 through June 30. The federal fiscal year (FFY) is from October 1 through September 30.

Fee – A fixed charge for a good or service, usually recorded as Dedicated Credit revenue.

Full Time Equivalent (FTE) – It is a method of standardizing the personnel count, and it is calculated by dividing the total hours worked by 2080 (the total work hours in a year for a person, excluding weekends and holidays).

General Fund (GF) – The primary source of this revenue is the sales tax, although there are several other taxes and fees that contribute to the General Fund.

Intent Language – A statement added to appropriations bills to explain or put conditions on the use of line item appropriations. The intent language expires at the end of the fiscal year and cannot replace or supersede current statutes.

Lapsing Funds – Unspent money at the end of the fiscal year reverts/lapses back to the account of origin.

Line Item – Each appropriated amount has an item number in an appropriations bill. A line item appropriation may have several programs. Once the appropriation becomes law, an agency may move funds from program to program within the line item, but not from one line item to another.

Nonlapsing Funds – The Legislature can authorize an agency, via statute or intent language, to keep unused funds at the end of a fiscal year. Otherwise, unspent funds return/lapse to their account of origin.

Other Charges/Pass-through – Distribution of funds to other levels of government, payments to grant recipients, cash assistance to citizens, etc.

Personnel Services – Costs associated with personnel, including salary and benefits.

Restricted Funds – The revenues for the restricted funds usually come from specific sources, such as fees or taxes, with statutory restrictions to be used for specific purposes. Examples include GFR-State Park Fees, GFR-Wildlife Resources, and Waste Tire Recycling Fund.

Retained Earnings – The accumulated earnings of an Internal Service Fund (ISF) still in the fund and not reserved for any specific purpose.

Travel, In-state or Out-of-state – Costs for travel, including airline tickets, rental cars, hotels, meals, etc.