

**2009
GENERAL
SESSION**

State Budget Overview

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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BUDGET SUMMARY

Legislators resolved an unprecedented \$1 billion revenue shortfall over the course of an extended legislative session that began in September. They ultimately closed the budget gap with a combination of General/Education Fund budget cuts (\$470 million), revenue enhancement (\$70 million), and federal assistance (\$390 million), and other one-time fund balances.

While appropriators used one-time federal funds from the American Recovery and Reinvestment Act of 2009 to soften the impact of state revenue declines, they also kept the state budget structurally balanced - giving state agencies one-year to adjust to lower resource levels. Legislators preserved the state's two rainy day funds - with combined balances of nearly \$414 million (8.5%) - and did not touch a \$100 million set-aside for future education growth.

The fiscal year 2010 state budget declined from anticipated levels by around 9% on average. Public Education - which represents nearly half of state tax funding - declined by only 5.2%. Higher education budgets declined by just under 9%, but cash funded transportation and building projects sustained significant cuts. However, Legislators took advantage of Utah's pristine credit rating to bond for \$115 million in new buildings and nearly \$2.2 billion in transportation infrastructure.

Policymakers debated across-the-board furloughs, salary decreases, and 401k contribution freezes as means to achieve savings, but in the end did not mandate such actions. They did, however, increase employee health insurance premium shares from 2% to 5% and change out-of-pocket expenses in order to avoid a projected 10% increase in health insurance costs. As a result, employees will pay about \$15 more per pay period for family coverage.

Perhaps the highest profile revenue change in the General Session was the result of a \$20 increase in motor vehicle registration fees. However, legislators also made a number of other revenue-side changes.

REVENUE IMPACTS

- HB 430-Economic Development Incentives for Alternative Energy Projects provides a refundable tax credit on 100% of tax liability for Alternative Energy Projects.
- SB 23-Income Taxation of Pass-through Entities and Pass-through Entity Taxpayers provides for mandatory withholding of non-resident taxpayers. The bill also eliminates taxes paid for built-in and other gains. The bill has a one-time increase of \$678,300 in FY 2010 and \$710,000 in FY 2011. After those two years, there is an ongoing loss of \$2,200,000 annually.
- SB 14-Financial Incentives for Motion Picture Productions provides a refundable tax credit of 20% of the production costs of a motion pictures, TV series, and made for TV movies.

American Recovery & Reinvestment Act of 2009

Half way through the 2009 General Session, the United States Congress passed House Resolution 1 "American Recovery and Reinvestment Act of 2009" (ARRA). The act allocated two types of assistance to states including Utah: 1.) structured increases in existing federal programs, and 2.) flexible fiscal stabilization and medical assistance funds. Utah legislators used flexible one-time ARRA funds to allow state agencies to transition toward 15% base budget cuts. By including ARRA funds, legislators "stepped-down" reductions - implementing 9% budget cuts in FY 2010 and 15% the following year. FY 2010 impacts by subcommittee are shown in the table to the right.

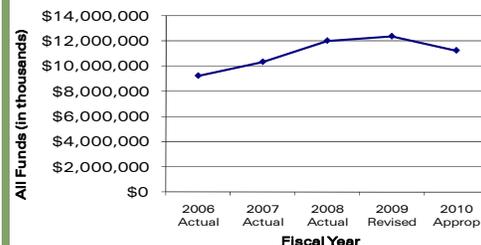
NOTE: All figures represented in this summary are preliminary. Final appropriation figures, including gubernatorial vetoes, will be reflected in the 2009-2010 Appropriations Report. 3/12/2009 8:04:27 PM

Total Budget

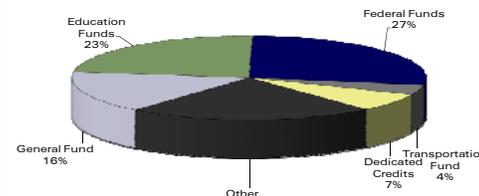
FY 2008 Actual	\$12,039,865,099
State Funds	\$6,043,604,778
FY 2009 Revised	\$12,387,774,210
State Funds	\$5,094,428,636
FY 2010 Appropriated	\$11,260,788,306
State Funds	\$4,418,397,936

Percent Change FY08/FY09 Rev	2.9%
State Fund Increase/(Decrease)	-15.7%
Percent Change FY09 Rev/FY10	-9.1%
State Fund Increase/(Decrease)	-13.3%

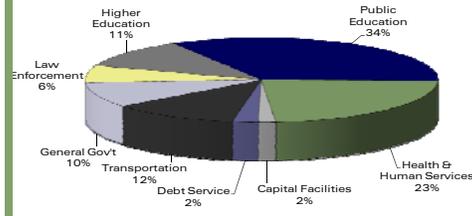
State of Utah Budget History



Total Appropriations by Revenue Source, FY 2010



Total Appropriations by Area of Expenditure, FY 2010



FY 2010 Subcommittee Base Budget Impacts

General, Education and Flexible ARRA in Millions

Subcommittee	Net Change \$	Net Change %
Capital Fac & Gov't Operations	\$ (56)	-28%
Commerce & Workforce Svcs	\$ (13)	-10%
Economic Dev and Revenue	\$ (8)	-7%
Exec Offices & Criminal Justice	\$ (62)	-11%
Health & Human Services	\$ (68)	-10%
Higher Education	\$ (76)	-9%
Natural Resources	\$ (2)	-4%
Public Education	\$ (131)	-5%
Transp & Env Quality	\$ (53)	-48%
Total	\$ (470)	-9%

2009
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Executive Offices & Criminal Justice

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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Gary Syphus
Fiscal Analyst

The list of major funding initiatives does not include all items funded during the 2009 General Session. A comprehensive list is available upon request and will be included in the 2009-2010 Appropriations Report.



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BUDGET SUMMARY

The subcommittee oversees eight state agencies and one branch of government—the Governor’s Office, State Auditor, State Treasurer, Attorney General, Public Safety, Corrections, Board of Pardons, Juvenile Justice Services, and the Courts. The agencies employ over 6,500 employees. Over 68 percent of the subcommittee’s \$760,000,000 budget comes from the General Fund.

MAJOR FUNDING INITIATIVES

Governor:

•Governor’s Discretionary Reduction – Reduced ongoing General Funds of approximately \$1,010,500 to the Governor’s Office in personnel and other discretionary reductions.

Governor’s Commission on Criminal and Juvenile Justice:

•American Recovery and Reinvestment Act – \$8,182,800 for Federal Byrne/Justice Assistance Grants for State and Local Public Safety/Crime Fighting Initiatives; \$681,000 for Crime Victim Reparations; and \$1,554,400 for grants to eliminate Violence against Women.

•Department of Corrections Funding Shift to the Commission – \$55,000 ongoing General Funds to transfer fiscal management and reporting of the Jail Reimbursement Program from Corrections to the Commission.

Attorney General:

•House Bill 64, “Deterring Illegal Immigration” – \$891,000 in fiscal years 2009 and 2010 to fund and authorize the administration, coordination and operation of a multi-agency strike force to combat violent and other major crimes associated with illegal immigration and human trafficking.

•Methamphetamine Detoxification – \$100,000 one time funds for Law enforcement officers experiencing significant health problems due to exposure to toxic chemicals from meth production operations in fighting the war on drugs.

•Lawsuit Settlements – \$536,100 one-time funds for the final payment of the David C. Lawsuit (\$46,100); Interim Due Diligence (\$90,000); and the Pelt Case forensic accounting function (\$400,000).

Department of Public Safety:

•Utah Highway Patrol Funding Restoration – \$1,845,100 ongoing General Funds to maintain UHP Sworn Personnel.

•Driver License Statewide Call Center Funding – \$688,000 ongoing Restricted Funds and twelve FTEs to establish a statewide call center to manage the increasing volume of incoming calls.

Corrections:

•Jail Reimbursement - Eliminated \$8,753,300 of ongoing General Fund, backfilled with \$6,500,000 of one-time General Funds. HB 220 shifts the responsibility to CCJJ to manage the program while funds will be shifted to the Division of Finance.

•Corrections Diagnostic Center Elimination – Eliminates \$427,400 of General Funds for the Diagnostic Center at Corrections that is used by the Courts for assessing juvenile offenders pre-trial.

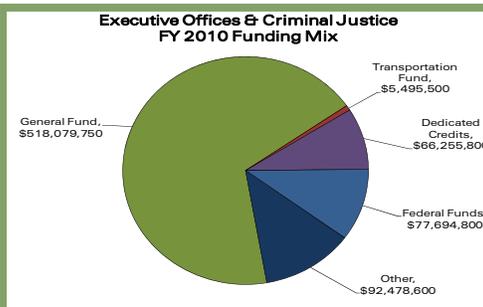
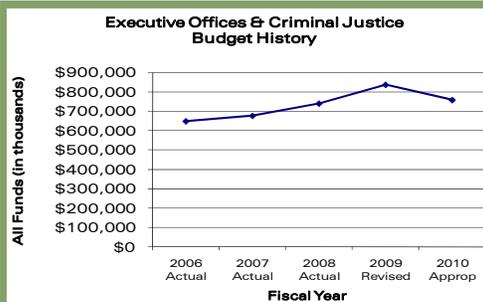
•DORA Pilot Project – adjusted funding to return the Drug Offender Reform Act back to a pilot program; adjusted funds in Corrections, Courts, CCJJ, and also funding in the Human Services Department.

•Transition Center – Eliminated ongoing funding for the Corrections Transition Center for \$1,241,800, which serves potential parole with various transitional services.

•Upper Rank Corrections Officer Reduction – Reduced \$1,500,000 of funding for corrections officer personnel reductions.

Total Budget	
FY 2008 Actual	\$741,806,350
State Funds	\$557,373,350
FY 2009 Revised	\$838,638,850
State Funds	\$547,504,050
FY 2010 Appropriated	\$760,004,450
State Funds	\$518,079,750
Percent Change FY08/FY09 Rev	13.1%
State Fund Increase/(Decrease)	-1.8%
Percent Change FY09 Rev/FY10	-9.4%
State Fund Increase/(Decrease)	-5.4%

Total State Funds	
FY 2009 Original Appropriated	\$593,071,250
FY 2009 Revised	\$547,504,050
FY 2010 Original Appropriated	\$589,778,550
FY 2010 Appropriated	\$518,079,750
% Chg. FY09 Orig./FY09 Revised	-7.7%
% Chg. FY10 Orig./FY10 Approp.	-12.2%



- Major Funding Initiatives, Cont.**
- Juvenile Justice Receiving Centers – Reduced \$4,079,200 of ongoing General Funds for Juvenile Justice Receiving Centers and backfilled it with one-time General Funds of \$4,079,000. Direct Care Staff – Reduces clinical services for juvenile offenders totaling \$316,000.
 - Youth Offender State Supervision – Eliminates \$993,000 of ongoing General Funds for sentencing options for the Courts.
 - Board of Pardons-Reduced \$86,900 of funding for personnel reductions.
 - Courts Reduction – Eliminated approximately \$4,000,000 of ongoing General Funds for the Courts in personnel other program reductions.

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2009
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Capital Facilities & Government Operations

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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BUDGET SUMMARY

The subcommittee oversees the Capital Budget, Capitol Preservation Board, Career Service Review Board, Department of Administrative Services, Department of Technology Services, Department of Human Resource Management, and Debt Service.

Operating budgets account for only 18% of the total FY 2010 appropriations to the subcommittee. Of the remaining appropriations, approximately 13% will go toward capital facilities and 69% to debt service.

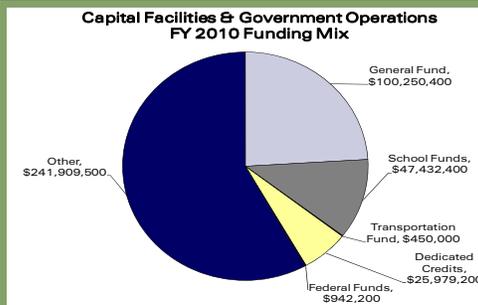
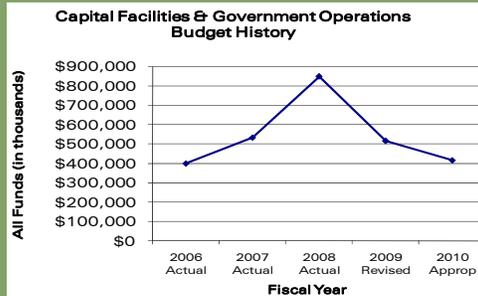
The subcommittee also approves budgets for statewide internal service funds. Internal service funds provide consolidated services to all agencies, higher education and some local governments. Revenues in the amount of \$307 million are anticipated to be collected by the internal service funds in FY10.

MAJOR FUNDING INITIATIVES

- Operation and Maintenance for New Buildings: \$2,480,000.
- Capital Improvements: \$27,175,700 ongoing reduction to a total of \$55,662,500.
- Debt Service: \$6,920,000 ongoing General Fund increase to pay for new building bonds and \$59,926,200 ongoing transportation funds increase to pay for new highway bonds.
- Human Resource Management Internal Service Fund: reduced state-wide rates by \$843,200.
- Fleet Operations Internal Service Fund: reduced state-wide rates by \$1,826,800 by increasing replacement mileage of vehicles from 90,000 miles to 105,000 miles.
- Facilities Maintenance Internal Service Fund: funded utility increases to agencies of \$1,007,100.
- Risk Management Internal Service Fund: funded property premium increases to agencies of \$1,061,800.
- Technology Services Internal Service Fund: avoided rate increases of \$3,970,000 by reducing 30 FTE (most reduced through attrition) and further reduced rates by \$1,700,000 ongoing beginning FY 2011 through a consolidation of agency servers state-wide.
- Career Service Review Board: held to an ongoing \$5,000 decrease in current expenses.
- Capitol Preservation Board: \$572,900 ongoing reduction primarily to building maintenance for Capitol Hill; \$466,400 was restored one-time in FY 2010.
- Division of Facilities, Construction and Management (DFCM): \$472,500 ongoing reduction including the reduction of 2.25 FTE with a \$88,400 one-time add-back in FY 2010.
- Division of Finance: \$1,033,300 ongoing reduction including the reduction of 7.0 FTE.
- Division of Purchasing: \$256,000 ongoing reduction including the reduction of 3.0 FTE.
- Division of State Archives: \$380,600 ongoing reduction including the reduction of 5.0 FTE with a \$80,000 one-time add-back in FY 2010.
- Department of Human Resource Management: \$551,000 ongoing reduction including the reduction of 3.5 FTE with a \$80,000 one-time add-back in FY 2010.
- \$148,600 one-time add-back in FY 2010 to keep the Omni-link interoperable public safety system whole.

Total Budget	
FY 2008 Actual	\$850,836,300
State Funds	\$546,515,800
FY 2009 Revised	\$517,420,900
State Funds	\$247,376,100
FY 2010 Appropriated	\$416,963,700
State Funds	\$147,682,800
Percent Change FY08/FY09 Rev	-39.2%
State Fund Increase/(Decrease)	-54.7%
Percent Change FY09 Rev/FY10	-19.4%
State Fund Increase/(Decrease)	-40.3%

Total State Funds	
FY 2009 Original Appropriated	\$271,537,100
FY 2009 Revised	\$247,376,100
FY 2010 Original Appropriated	\$201,937,100
FY 2010 Appropriated	\$147,682,800
% Chg. FY09 Orig./FY09 Revised	-8.9%
% Chg. FY10 Orig./FY10 Approp.	-26.9%



Capital Developments	
USDB Building Purchase	\$6,500,000
SLCC Digital Design Ctr	21,305,000
MATC N. Utah County Campus Bldg	18,800,000
UU School of Business Bldg	22,900,000
OWATC Health Technology Bldg	21,812,000
UNG Upgrades and Repairs to Armories	4,000,000
DSC Centennial Commons Bldg Design	3,000,000
SUU Gibson Science Center	13,851,000
UVU Health Science Bldg Design	2,800,000
Total G.O. Bonds for Buildings:	\$114,988,000
Approved Non-State Funded Projects	
UU South Campus Housing Project	\$48,000,000
UU USTAR "Green Field" Infrastructure	44,000,000
UU Neuropsychiatric Institute	45,000,000
UU Eccles School of Business Replacment	64,445,000
UU Kennecott Bldg Renovation/Addn	8,689,000
UU Sorenson Arts and Educ Complex	30,737,000
UU Meldrum Civil Engineering Bldg	4,477,500
UU Universe Project	71,000,000
UVU Economic Development Bldg	2,650,000
UVU Athletic Track	1,200,000
UVU Intramural Playing Fields	600,000
USU Vernal Entrepreneurship Ctr	3,800,000
SUU Baseball and Soccer Complex	2,000,000
DABC Property Purchase	3,800,000
DABC Warehouse Expansion	19,904,000
DNR Interagency Fire Dispatch Center	1,020,000
DNR Vernal Curation Facility	7,500,000
DNR Great Basin Seed Warehouse Addn	650,000
VA Cemetery Upgrades	3,500,000
Total Non-State Funded	\$362,972,500

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**2009
GENERAL
SESSION**

Commerce & Workforce Services

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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BUDGET SUMMARY

The eight budgets overseen by the Commerce and Workforce Services Appropriations Subcommittee make up the most diverse portfolio of the nine appropriations subcommittees. The committee hears and makes recommendations on Alcoholic Beverage Control, Commerce, Financial Institutions, Insurance, Labor Commission, Public Service Commission, Department of Workforce Services, and Utah State Office of Rehabilitation.

This year the appropriations subcommittee has included items such as the Unemployment Trust Fund, Food Stamp Trust Fund, Employers Reinsurance Fund, and Employer Uninsured Funds that were included in the appropriation process prior to the 2009 General Session.

MAJOR FUNDING INITIATIVES AND REALLOCATIONS

The Department of Workforce Services received funding from the American Recovery and Reinvestment Act, some of these include:

- Increase in Child Care funding of \$19 million dollars for FY 2009 and FY 2010.
- \$78 million in Food-stamp funding for FY 2009 and FY 2010 which represents a 13.6% increase amount for benefits and estimated caseload increases.
- Increased funding of \$9 million for the Temporary Assistance for Needy Families.

The Legislature also included the Unemployment Insurance and Food Stamp Trust Funds which in the past were "off-budget" items. DWS was also authorized an additional \$2 million on-going and \$1 million in General Funds to address increased Medicaid Eligibility and Food-stamps caseloads.

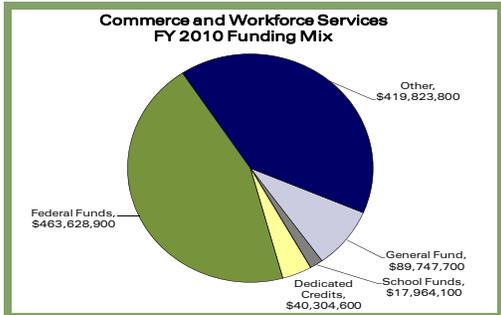
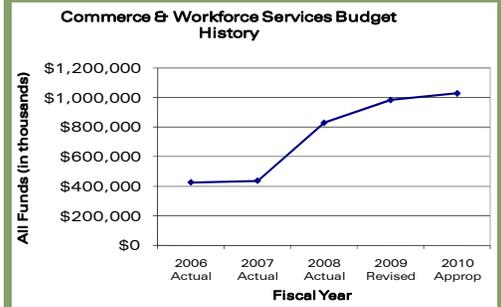
Department of Commerce was authorized to increase fees totaling \$3.3 million in additional revenue. Most of these increases occurred in the Securities, Corporations, and Commercial Code divisions of the department.

Department of Alcoholic Beverage Control was authorized additional funding for bond payments of \$637,000 and 32 new FTEs for new stores that will be completed and opening during the 2010 fiscal year. The DABC was also authorized purchase additional property for future building and expansion of their central distribution warehouse.

The Utah State Office of Rehabilitation received one-time funding of \$6 million from the American Recovery and Reinvestment Act for the Vocational Rehabilitation. USOR also received funding one-time funding from ARRA for the Independent Living Center and the Services for Blind Older Individuals.

Total Budget	
FY 2008 Actual	\$831,760,800
State Funds	\$123,547,100
FY 2009 Revised	\$986,606,900
State Funds	\$101,054,100
FY 2010 Appropriated	\$1,031,469,100
State Funds	\$107,711,800
Percent Change FY08/FY09 Rev	18.6%
State Fund Increase/(Decrease)	-18.2%
Percent Change FY09 Rev/FY10	4.5%
State Fund Increase/(Decrease)	6.6%

Total State Funds	
FY 2009 Original Appropriated	\$123,105,700
FY 2009 Revised	\$101,054,100
FY 2010 Original Appropriated	\$120,205,700
FY 2010 Appropriated	\$107,711,800
% Chg. FY09 Orig./FY09 Revised	-17.9%
% Chg. FY10 Orig./FY10 Approp.	-10.4%



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**2009
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**Economic Development & Revenue
Community & Culture**

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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Thomas Young,
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BUDGET SUMMARY

The Economic Development and Revenue Committee provides budget oversight for the Department of Community and Culture, the Governor's Office of Economic Development, the Tax Commission and USTAR. The Department of Community and Culture has a primary purpose of creating, preserving and promoting cultural infrastructures.

MAJOR FUNDING INITIATIVES

- GOED One-time - \$1,000,000 UBIDS, \$1,000,000 Falcon Hill West Side Development, \$2,000,000 California Initiative, \$350,000 World Trade Center, \$605,000 Health System Reform.
- ARRA Funds: Weatherization \$39,000,000, Community Service Block Grant \$5,133,300, Homeless Prevention \$5,600,000, Community Development Block Grant \$1,814,000.
- Working Family – EITC Initiative restored on a one-time basis \$57,000.
- Restructured the Folk Arts and Museum Services programs reducing funding by \$278,000 and one-time funding of \$85,000.
- Eliminated 12.5 FTE's in DCC and 2.5 FTE's in GOED.
- Restored funding for the Huntsman Cancer Center and Utah Sports Commission through FY 2010 totaling \$1,310,000 one-time.
- Tax Commission, Auditing and Collection/Support - Decreased funding by \$1,136,900 over all divisions. This represents 15 FTEs.
- Tax Commission, Seasonal Staff reduction – decrease of \$214,600 eliminates half of the budgeted seasonal staff.
- Tax Commission, Change Motor Vehicle Renewal packet – decrease of \$250,000. Instead of receiving the purple packet each year from the Tax Commission, car owners will now receive a reminder postcard to either renew their registration online, in-person, or fill out and mail in a self-provided envelope.
- USTAR Recruitment - ARRA funds in the amount of \$33 million will be used for recruitment of science and technology researchers.
- Restructured USTAR Technology outreach and eliminated vacant analyst and intern positions—funding decrease totaling \$1,980,600.
- One-time ARRA funding of \$1,800,000 for housing specialists to mitigate foreclosures.

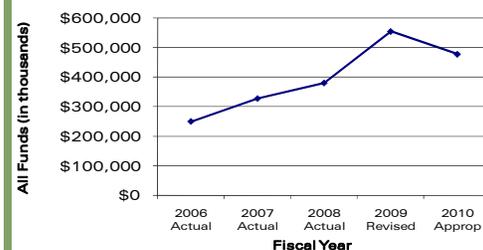
Total Budget

FY 2008 Actual	\$381,109,600
State Funds	\$134,392,000
FY 2009 Revised	\$555,906,000
State Funds	\$130,427,500
FY 2010 Appropriated	\$478,564,000
State Funds	\$111,800,400
Percent Change FY08/FY09 Rev	45.9%
State Fund Increase/(Decrease)	-2.9%
Percent Change FY09 Rev/FY10	-13.9%
State Fund Increase/(Decrease)	-14.3%

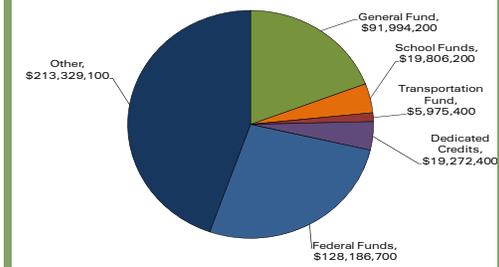
Total State Funds

FY 2009 Original Appropriated	\$150,628,400
FY 2009 Revised	\$130,427,500
FY 2010 Original Appropriated	\$113,293,500
FY 2010 Appropriated	\$111,800,400
% Chg. FY09 Orig./FY09 Revised	-13.4%
% Chg. FY10 Orig./FY10 Approp.	-1.3%

Economic Development and Revenue Budget History



Economic Development & Revenue FY 2010 Funding Mix



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2009
GENERAL
SESSION

Department of Health

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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BUDGET SUMMARY

The following are some of the changes from General Fund provided by the Legislature:

- Federal Medical Assistance Rate Change –(\$5,905,500) General Fund from favorable change in the federal matching rate
- Federal Stimulus Monies –\$94,242,400 Federal Funds in FY 2010 and \$68,823,900 Federal Funds in FY 2009 for a temporary increase in the match rate for Medicaid services.
- Medicaid Inflation & Caseload/Utilization Increases – \$22,336,400 one-time funding in FY 2010 for automatic rate inflationary increases and projected caseload. \$11,372,000 one-time funding in FY 2009 for anticipated caseload growth.
- One-time General Fund Reduction – (\$68,823,900) one-time reduction in FY 2009 and (\$62,406,000) one-time reduction in FY 2010 replaced with increased federal monies discussed above
- Personal Services & Current Expense Reductions – (\$1,329,000) across the Department reductions in staffing costs and general expenditures in FY 2010 with reductions of (\$333,400) in FY 2009.
- Emergency Medical Services Program Reduction – (\$800,000) reduce grants to urban agencies and remove funding for CPR training for 10th graders.
- Medicaid Cost Containment – (\$2,400,000) savings from increased Federal Funds from shifting to prospective administrative capitation payment to Medicaid’s contracted health plan providers.
- Medical Examiner - \$200,000 to hire a pathologist to address increasing caseloads.
- Medicaid Provider Rate Reductions – (\$46,409,000) (\$27,567,200 ongoing General Fund and \$27,054,800 Federal Funds with a backfill of \$8,213,000 one-time General Fund) reductions to rates we pay hospitals and other non-physician Medicaid providers including pharmacies.
- Eliminate Workforce Financial Assistance – (\$529,900) (\$427,900 General Fund) eliminate loan scholarships and loan repayments to about 30 medical professionals for serving in underserved areas.
- Administrative Reductions – (\$577,200) (\$252,900 General Fund) reductions to travel, incentive rewards for staff, and other administrative expenses.

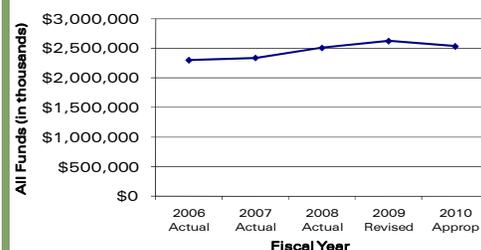
Total Budget

FY 2008 Actual	\$2,513,823,200
State Funds	\$658,491,500
FY 2009 Revised	\$2,629,143,600
State Funds	\$574,362,800
FY 2010 Appropriated	\$2,539,502,000
State Funds	\$527,311,100
Percent Change FY08/FY09 Rev	4.6%
State Fund Increase/(Decrease)	-12.8%
Percent Change FY09 Rev/FY10	-3.4%
State Fund Increase/(Decrease)	-8.2%

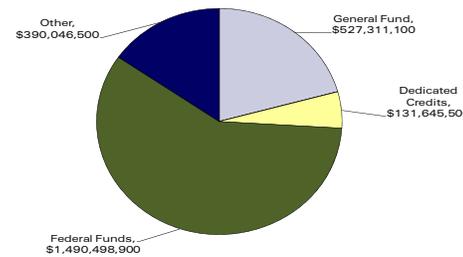
Total State Funds

FY 2009 Original Appropriated	\$686,569,700
FY 2009 Revised	\$574,362,800
FY 2010 Original Appropriated	\$685,889,300
FY 2010 Appropriated	\$527,311,100
% Chg. FY09 Orig./FY09 Revised	-16.3%
% Chg. FY10 Orig./FY10 Approp.	-23.1%

Health & Human Services Budget History



Health and Human Services FY 2010 Funding Mix



BUDGET POLICY INITIATIVES

- SB 87 - Preferred Drug List Revisions – (\$5,162,100) (\$1,474,300 General Fund) savings through eliminating the automatic override option for physicians of Medicaid’s preferred drug list
- SB 142 – Disposition of a Dead Body - \$87,000 dedicated credits from new permits required before making a dead body unavailable for postmortem investigation
- SB 20 - State and Local Health Authorities Amendments – establishes a committee of the Department and local health departments to coordinate sharing and applying for federal grants

**2009
GENERAL
SESSION**

Department of Human Services

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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The list of major funding initiatives does not include all items funded during the 2009 General Session. A comprehensive list is available upon request and will be included in the 2009-2010 Appropriations Report.



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BUDGET SUMMARY

The budget for the Department of Human Services decreased by \$25,237,400 (4.1 percent) over the FY 2009 appropriated budget of \$619,028,100. The General Fund decreased by \$36,217,100 (12.1 percent) over the FY 2009 appropriated amount of \$299,787,400. The following are some of the decreases from General Fund determined by the Legislature:

- Provider Rates – decreased by \$5,000,000 for private providers of disabilities and foster care services as well as for local county mental health, substance abuse, and aging services
- Drug Offender Reform Act (DORA) – decreased by \$4,600,000 ongoing General Fund and was replaced by \$2,009,400 one-time General Fund to re-establish DORA as a pilot program
- Local mental health pass through funding – decreased by \$1,750,000
- Department salary and benefits as well as current expenses – decreased by \$3,750,000
- Local area agencies on aging pass through funding – decreased by \$385,000
- Drug Board – decreased by \$175,400
- Disability services for non-Medicaid eligible individuals – decreased by \$265,700
- Long-term Care Ombudsman program – decreased by \$202,500
- Boards and commissions – decreased by \$45,500

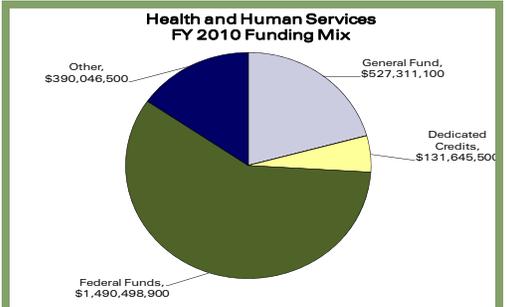
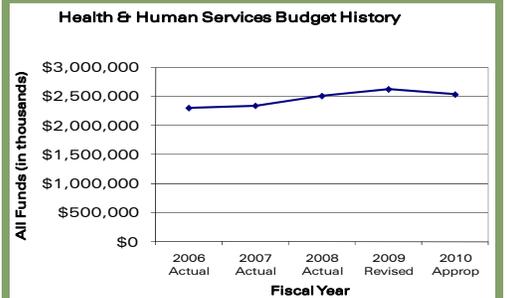
Federal Stimulus money from the *American Recovery and Reinvestment Act (ARRA)* was added to various agencies in the department. Corresponding one-time General Fund was reduced from those budgets for the same amount with regard to enhanced Medicaid funding. The total of enhanced ARRA Medicaid funds added for FY 2009 was \$15,770,600 and for FY 2010 was \$21,595,100.

Additional federal stimulus funding was added to various agencies in the department in the amounts of \$2,740,800 in FY 2009 and \$3,971,800 in FY 2010. Corresponding one-time General Fund was not reduced for these amounts.

The Federal Medical Assistance Percentage (FMAP), which represents the federal share of the programmatic costs for Medicaid and a few other designated federal programs, increased for FY 2010 independent of actions taken in ARRA. As a result, General Fund was decreased by \$1,377,000 across the department and the corresponding federal funds associated with FMAP were increased by that same amount.

Total Budget	
FY 2008 Actual	\$2,513,823,200
State Funds	\$658,491,500
FY 2009 Revised	\$2,629,143,600
State Funds	\$574,362,800
FY 2010 Appropriated	\$2,539,502,000
State Funds	\$527,311,100
Percent Change FY08/FY09 Rev	4.6%
State Fund Increase/(Decrease)	-12.8%
Percent Change FY09 Rev/FY10	-3.4%
State Fund Increase/(Decrease)	-8.2%

Total State Funds	
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FY 2010 Original Appropriated	\$685,889,300
FY 2010 Appropriated	\$527,311,100
% Chg. FY09 Orig./FY09 Revised	-16.3%
% Chg. FY10 Orig./FY10 Approp.	-23.1%



- Budget Policy Initiatives**
- **HB 60 – Family Preservation Services Amendments** – extends the repeal date of this pilot program from July 1, 2009 to July 1, 2013. Funding for this program was eliminated during the 2008 September Special Session. The extension of the repeal date allows authorization of the program if funding is made available prior to the new repeal date.
 - **SB 129 – Mental Health Therapist Grant and Scholarship Act Repeal** – eliminates the program in connection with corresponding budget action that removed the program's funding.

NOTE: All figures represented in this summary are preliminary. Final appropriation figures, including gubernatorial vetoes, will be reflected in the 2009-2010 Appropriations Report. 3/12/2009 8:13:34 PM

**2009
GENERAL
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Higher Education

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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BUDGET SUMMARY

The Utah System of Higher Education (USHE), including the Utah College of Applied Technology (UCAT) provides academic, career, and technical education learning opportunities for students. USHE promotes research, as well as, economic, academic, cultural, and other social programs for the citizens of Utah. The USHE is comprised of ten institutions and is governed by the State Board of Regents. The Utah Education Network (UEN), a partnership of Utah's public and higher education institutions, delivers distance learning educational services statewide. The Utah Medical Education Program (UMEP) works closely with the healthcare industry, colleges and universities, and medical education programs.

MAJOR FUNDING INITIATIVES

During the 2008 General Session, the Legislature appropriated \$1,267,363,400 to Higher Education for FY 2009. Of this amount, \$845,889,700 was from ongoing state tax funds and \$3,638,600 was one-time state tax funds. Due to weakening economic conditions, that level of appropriations was reduced in the September 2008 Special Session by \$33,980,900. Early in the 2009 General Session, the FY 2009 appropriation was further reduced by \$59,227,900, but with offsetting one-time funds of \$30,488,300, leaving a final FY 2009 appropriation of \$752,680,900 in ongoing state tax funds and \$33,552,100 in one-time state tax funds. For FY 2010, S.B. 2 provides \$701,927,500 in ongoing state tax funds. To help institutions get through FY 2010 with a lower ongoing budget, the Legislature approved a total of \$67,490,300 in one-time funds.

The Legislature provided funding for the following:

- Operations and Maintenance of new facilities - \$2,480,000. (O & M funding for these facilities is added to each institution's ongoing budget, and then is backed out on a one-time basis until the facility is completed.) The five buildings that were approved, together with funding for their operations and maintenance include:

University of Utah – School of Business Replacement (O & M - \$1,055,100)

Southern Utah University – Gibson Science Center (O & M - \$324,400)

Salt Lake Community College – Digital Design/Communication Technology Center (O & M - \$141,400)

Mountainland Applied Technology College – North Utah County Campus Building (O & M - \$513,800)

Ogden/Weber Applied Technology College – Health Technology Building (O & M - \$445,300)

- Regents' Scholarship and Utah Centennial Opportunity Program for Education (UCOPE) - \$135,000 ongoing and \$500,000 one-time
- One-time funding from the American Recovery and Reinvestment Act replaced a similar amount of state tax funds at each institution.
- Funding for the Snow Nursing program was transferred from the Governor's Office of Economic Development to Snow College (\$129,700 of which \$11,400 is one-time).
- Funding for security at Range Creek was transferred from the Department of Natural Resources to the University of Utah (\$188,100).
- Engineering Initiative funded with existing funding within the State Board of Regents at the current FY 2009 level (\$250,000 One-time), plus \$2 million in one-time funding.

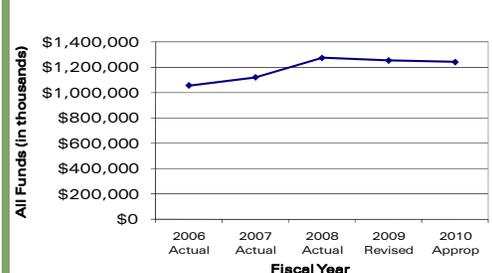
Total Budget

FY 2008 Actual	\$1,276,695,400
State Funds	\$821,020,200
FY 2009 Revised	\$1,256,448,300
State Funds	\$757,201,200
FY 2010 Appropriated	\$1,243,517,900
State Funds	\$693,650,900
Percent Change FY08/FY09 Rev	-1.6%
State Fund Increase/(Decrease)	-7.8%
Percent Change FY09 Rev/FY10	-1.0%
State Fund Increase/(Decrease)	-8.4%

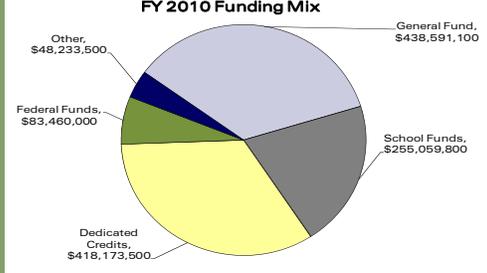
Total State Funds

FY 2009 Original Appropriated	\$849,528,300
FY 2009 Revised	\$757,201,200
FY 2010 Original Appropriated	\$845,889,700
FY 2010 Appropriated	\$693,650,900
% Chg. FY09 Orig./FY09 Revised	-10.9%
% Chg. FY10 Orig./FY10 Approp.	-18.0%

Higher Education Budget History



Higher Education FY 2010 Funding Mix



OTHER FUNDED ITEMS

The following two bills passed which impact Higher Education:

- H.B. 15, CTE Amendments (Bigelow) transfers the Salt Lake County portion of the Salt Lake/Tooele Applied Technology College to the Salt Lake Community College Skills Center and the Tooele portion to a new Tooele Applied Technology College.
- S.B. 15, Workers' Compensation Premium Assessment and Related Funding (Mayne) provides \$150,000 to the University of Utah's Rocky Mountain Center for Occupational and Environmental Health.

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2009
GENERAL
SESSION

Natural Resources

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

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BUDGET SUMMARY

This Subcommittee oversees the budget for the Department of Natural Resources, Department of Agriculture and Food, the School and Institutional Trust Land Administration, and the Public Lands Policy Coordination Office. Subcommittee's priorities were funded by internal reallocation of base budgets, as well as by obtaining additional General Fund revenues.

MAJOR FUNDING INITIATIVES

General Fund

- Rural Rehab Loan Fund Increase: \$8,500,000
- Fire Suppression Supplemental: \$4,000,000
- Reduction of General Fund Appropriation to Water Loan Funds: (\$1,582,300)
- Agriculture Administration Reductions: (\$1,095,100)
- Public Access to Trust Lands: (\$579,000)
- Rangeland Improvement Fund Reduction: (\$567,000)
- Parks' Staff Reductions: (\$1,443,200)
- Watershed Initiative Reductions: (\$282,100)
- Elimination of Engineer Positions in Water Resources: (\$164,700)

Non-General Fund

- Federal Stimulus Funding for the State Energy Program: \$41,000,000
- SITLA Capital: \$2,245,000
- Agriculture Fee Increases: \$1,241,400
- Parks and Recreation: \$607,600
- Stream Alteration Fees: \$368,700
- Reduction of Water Loan Funds: C&D Fund (\$2,878,887), Construction Fund (\$3,598,895), Cities Water Loan Fund (\$3,598,257)
- Energy Efficiency Loan Fund: (\$4,436,400)
- SITLA Bonuses Elimination: (269,700)

Intent Language

Agriculture Administration

The Legislature intends that the Department of Agriculture and Food, in expending appropriations to the Administration line item in all fiscal year 2009 appropriations acts, use its existing statutory grant of rulemaking power to make rules that:

- (1) ensure that meat, egg, milk and dairy product advertisements and labels claims -- in on-product messages and in multi-media advertisements -- are neither false nor misleading in what is included or omitted in the claim language or presentation; and
- (2) prohibit:
 - (a) advertisements and labels that indicate the absence of a compound or constituent the presence of which is not permitted by the United State Food and Drug Administration or the United States Department of Agriculture;
 - (b) advertisements and labels that indicate the absence of a compound or constituent naturally present in the product unless such compound or constituent has been removed entirely;
 - (c) advertisements and labels for products that contain insufficient information to ensure consumer understanding; and
 - (d) unverified compositional claims as opposed to manner of production claims.

Rural Rehabilitation

The Legislature intends that at least \$6,375,000 of the money appropriated in this line item be used to make loans to dairy farms.

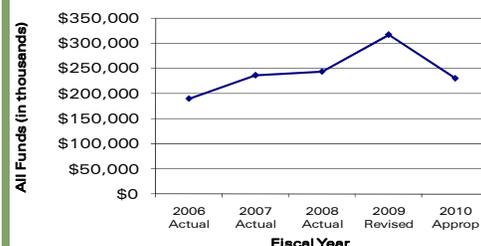
Total Budget

FY 2008 Actual	\$244,077,100
State Funds	\$83,268,500
FY 2009 Revised	\$317,584,800
State Funds	\$80,228,000
FY 2010 Appropriated	\$230,456,700
State Funds	\$60,614,500
Percent Change FY08/FY09 Rev	30.1%
State Fund Increase/(Decrease)	-3.7%
Percent Change FY09 Rev/FY10	-27.4%
State Fund Increase/(Decrease)	-24.4%

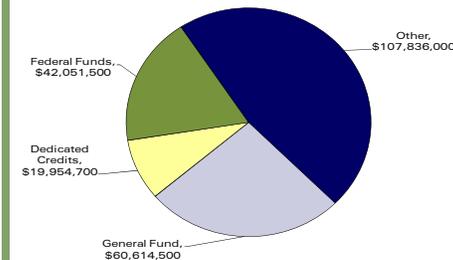
Total State Funds

FY 2009 Original Appropriated	\$71,338,900
FY 2009 Revised	\$80,228,000
FY 2010 Original Appropriated	\$64,908,900
FY 2010 Appropriated	\$60,614,500
% Chg. FY09 Orig./FY09 Revised	12.5%
% Chg. FY10 Orig./FY10 Approp.	-6.6%

Natural Resources Budget History



Natural Resources FY 2010 Funding Mix



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2009
GENERAL
SESSION

Public Education

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

BUDGET SUMMARY

The public education budget is the largest expenditure category in the state budget. School districts and charter schools receive operating funds through the budget. Public school enrollment is estimated to reach 564,500 this fall, an increase of 13,500 over fall 2008. The majority of new growth, 7,800 students, will likely occur in Utah's 73 charter schools. In addition to the Minimum School Program and School Building Program, the budget includes funding for state-wide education support agencies.

Legislators made ongoing reductions in the public education budget for FY 2009 and 2010, and partially mitigated these reductions with one-time monies. The total state-fund budget in FY 2010 is over \$2.2 billion. Legislators reduced the ongoing state-funds for education by approximately 13 percent. A portion of this reduction is back-filled on a one-time basis with state funds and federal economic stimulus monies.

MAJOR FUNDING INITIATIVES - MINIMUM SCHOOL PROGRAM

- **Student Enrollment Growth - \$53.2 million**, funds the impact of new students in the Basic School Program (WPU), Charter School Local Replacement & Administrative Costs, and the Voted & Board Leeway Programs
- **Elimination of Program Funding - (\$102) million**, includes Career & Technology Education District Set-Aside, Local Discretionary Block Grant, & Quality Teaching Block Grant
- **Reduction in Funding for Special Populations - (\$10) million**, approximate 10% reduction to programs for at-risk students, accelerated students, adult education, concurrent enrollment, and approximate 20% reduction to the Interventions for Student Success Block Grant
- **Social Security & Retirement Program - (\$335) million**, provides a reduction to districts and charters distributed on a WPU basis, S.S. & Ret. costs for employees must still be met (total includes \$73.1 million reduction from the 2008 Special Session). \$282.7 million in one-time state funds and federal stimulus monies dedicated for public education offset the total reduction in FY 2010

MAJOR FUNDING INITIATIVES - SCHOOL BUILDING PROGRAM

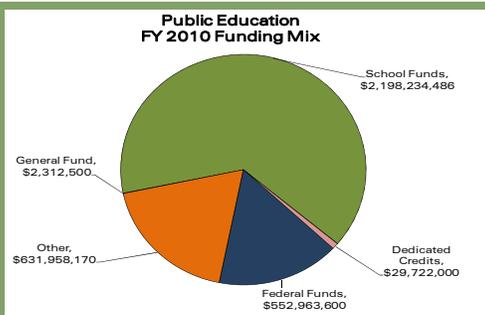
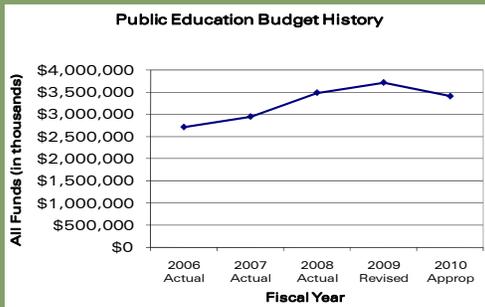
- **Capital Outlay Foundation Program - (\$3.9) million**, reduces state funding that supports school building construction in districts that qualify for the funding

MAJOR FUNDING INITIATIVES - EDUCATION AGENCIES

- **Utah Schools for the Deaf and the Blind - \$1 million**, to fund the Utah Instructional Materials Accessibility Center and Educator Base, Step, and Lane salary increases
- **Utah Schools for the Deaf and the Blind - (\$1.9) million**, to restructure administration, reduction of approximately 25 FTE, elimination of extended-year program, and decrease the radius of student pick-up for the transportation program
- **Fine Arts Outreach - (\$402,800)**, reduction in grants to professional art organizations to provide services in the schools and elimination of funding for the RFP program
- **Science Outreach - (\$380,000)**, reduction in grants to professional science organizations to provide services in the schools and elimination of funding for the RFP program
- **Utah State Office of Education - (\$5.4) million**, reduction of approximately 20 FTE, professional development opportunities for USOE staff and districts/charter staff, and assessment expenditures (UBSCT forms & development, UTIPS, trainings, alignment study, mentor grants, etc.)
- **USOE Initiative Programs - (\$1.2) million**, new line-item created to better track initiative programs. Major reductions include: Up-Start (\$700,000), Head-Start (\$100,000), ASSERT (\$30,700), Sound Beginnings (\$45,000), Carson Smith Scholarships (\$187,500), Pro-Start (\$71,300).

Total Budget	
FY 2008 Actual	\$3,496,434,729
State Funds	\$2,580,025,308
FY 2009 Revised	\$3,725,434,660
State Funds	\$2,530,151,086
FY 2010 Appropriated	\$3,415,190,756
State Funds	\$2,200,546,986
Percent Change FY08/FY09 Rev	6.5%
State Fund Increase/(Decrease)	-1.9%
Percent Change FY09 Rev/FY10	-8.3%
State Fund Increase/(Decrease)	-13.0%

Total State Funds	
FY 2009 Original Appropriated	\$2,686,434,286
FY 2009 Revised	\$2,530,151,086
FY 2010 Original Appropriated	\$2,533,270,886
FY 2010 Appropriated	\$2,200,546,986
% Chg. FY09 Orig./FY09 Revised	-5.8%
% Chg. FY10 Orig./FY10 Approp.	-13.1%



FY 2010 Budget Detail	
• Minimum School Program	\$2,947,449,956
• School Building Program	\$22,499,700
• Education Agencies	
USOE -	\$256,168,800
USOE Initiative Programs -	\$8,259,500
USDB -	\$29,454,200
USDB Institutional Council -	\$611,000
Child Nutrition -	\$136,072,200
Educator Licensing -	\$1,310,100
Charter School Board -	\$5,690,800
Fine Arts Outreach -	\$2,786,800
Science Outreach -	\$1,709,400
Education Contracts -	\$3,178,300

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2009
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Transportation, Environmental Quality,
& National Guard

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MAJOR FUNDING INITIATIVES

Department of Transportation

The Legislature enacted SB 239 "Transportation Revisions" that increased motor vehicle registration fees by \$20 per vehicle and authorized general obligation bonding for \$2.2 billion dollars. The bonding increase allows DOT to rebuild I-15 in Utah County from American Fork to U S Highway 6 for \$1.725 billion, build the 90th South to Redwood Road phase of Mountain View Corridor, build a \$50 million phase of the Southern Corridor in Washington County, and complete the planned projects in the Highway Capacity Program, the Critical Needs Highway Program, and the Transportation Investment Fund Program. UDOT will use \$14 million of the increased revenue from the registration fee increase in the Department of Transportation budgets.

February consensus revenue estimates reduced Transportation Fund revenues in FY 2010 by \$38.8 million dollars. The Department of Transportation received a budget increase in FY 2009 of \$149,500,000 through the American Recovery and Reinvestment Act. The Utah Transportation Commission has programmed over thirty projects to use those funds for bridge rehabilitation, highway surfaces rehabilitation, and reconstruction of existing highways throughout the state.

Department of Environmental Quality

The Department of Environmental Quality budget received the following increases through the American Recovery and Reinvestment Act detailed below:

- Environmental Response and Remediation received \$29,900,000 to clean up hazardous substance superfund sites. \$1 million was also granted for monies to clean up leaking underground storage tanks.
- The Water Quality Program received \$208,000 to develop water quality management plans under the Environmental Protection Agency's 604 (b) program.
- The Drinking Water State Revolving Loan Fund received \$19,651,000 for loans and grants to improve public drinking water facilities and will be distributed to political subdivisions throughout the state.
- The Clean Water State revolving Loan Fund received \$20,969,000 for loans and grants to improve water treatment facilities to qualifying political subdivisions throughout the state.

The Legislature approved fee increases to several fees paid to the Department. It is estimated that those increases will increase revenue to DEQ by \$550,000. General Fund budget reductions to programs of the Department of Environmental for FY 2010 total \$2,667,600. These adjustments include a 19 FTE reduction and adjustments to current expense, data processing current expense, and capital outlay.

National Guard

The Utah National Guard received budget increases through the American Recovery and Reinvestment Act of \$1,500,000 in FY 2009 and \$1,000,000 in FY 2010 to enhance maintenance of statewide armory facilities and the National Guard facilities at Camp Williams. The new Salt Lake Readiness Center in North Salt Lake is expected to be complete in October 2009. An ongoing budget of \$275,000 was appropriated for 2 FTE and current expense for operations and maintenance of the facility.

The Legislature appropriated \$495,500 of on time General Fund in FY 2010 to offset the budget reductions for armory maintenance. Tuition Assistance for qualifying National Guard personnel was also funded one time at \$373,000.

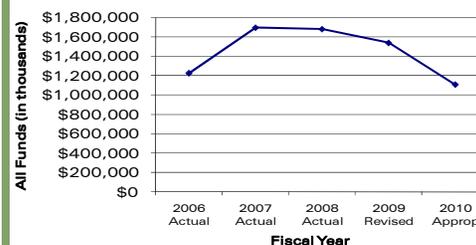
Total Budget

FY 2008 Actual	\$1,683,858,900
State Funds	\$519,056,900
FY 2009 Revised	\$1,540,662,200
State Funds	\$103,744,400
FY 2010 Appropriated	\$1,109,262,400
State Funds	\$19,119,600
Percent Change FY08/FY09 Rev	-8.5%
State Fund Increase/(Decrease)	-80.0%
Percent Change FY09 Rev/FY10	-28.0%
State Fund Increase/(Decrease)	-81.6%

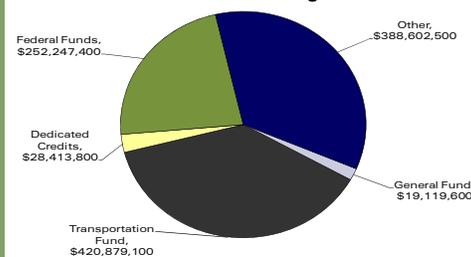
Total State Funds

FY 2009 Original Appropriated	\$120,299,900
FY 2009 Revised	\$103,744,400
FY 2010 Original Appropriated	\$110,799,300
FY 2010 Appropriated	\$19,119,600
% Chg. FY09 Orig./FY09 Revised	-13.8%
% Chg. FY10 Orig./FY10 Approp.	-82.7%

Transportation & Environmental Quality Budget History



Transportation and Environmental Quality FY 2010 Funding Mix



Other Funding Initiatives

Veterans' Affairs

A new veterans' nursing home in Weber County is expected to be complete in November 2009. The Legislature appropriated \$135,000 from the General Fund to hire a state administrator for the facility. One time funding of \$230,000 was also appropriated to assist with the startup costs to open the facility.

Budget reductions in the General Fund budgets for Veterans' Affairs for FY 2010 totaled \$128,000. The Legislature softened the ongoing cuts by appropriating \$152,400 on time to the Department of Veterans' Affairs.