

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Economic Development and Human Resources

Travel Development

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1.0 Summary: Travel Council

Summary

The Council develops the State's economy through tourism.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	3,482,900		3,482,900
Transportation Fund	118,000		118,000
Dedicated Credits Revenue	254,700		254,700
Total	\$3,855,600	\$0	\$3,855,600
Programs			
Travel Administration	1,424,500		1,424,500
Internal Development	1,595,200		1,595,200
External Development	835,900		835,900
Total	\$3,855,600	\$0	\$3,855,600
FTE/Other			
Total FTE	23		23

2.0 Issues: Travel Council

2.1 Tourism Marketing Performance

The Tourism Marketing Performance Fund law requires that if the department determines the industry's economic growth exceeds the previous year's taxable sales by 4 percent, the Legislature shall appropriate \$200,000 for the upcoming fiscal year. This year the industry has not met the 4 percent target. Therefore, no funding is being recommended.

2.2 Legislative Intent Language

It is the intent of the Legislature that funding for Travel Development be non-lapsing subject to the provisions of UCA 63-38-8.1.

Funds encumbered to pay contractual obligations issued prior to May 1 shall also be considered non-lapsing.

3.0 Programs: Travel Council

3.1 Strategic Development - Administration

Recommendation The Analyst recommends a budget of \$1,424,500.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	3,076,100	1,424,500	1,424,500	
General Fund, One-time		1,300		(1,300)
GFR - Tourism Marketing	1,750,000			
Beginning Nonlapsing	102,000	90,100		(90,100)
Closing Nonlapsing	(9,900)			
Lapsing Balance	(35,400)			
Total	<u>\$4,882,800</u>	<u>\$1,515,900</u>	<u>\$1,424,500</u>	<u>(\$91,400)</u>
Expenditures				
Personal Services	383,800	397,900	396,600	(1,300)
In-State Travel	9,000	9,200	9,200	
Out of State Travel	15,400	14,200	14,200	
Current Expense	4,331,500	1,077,800	987,600	(90,200)
DP Current Expense	100	100	100	
Other Charges/Pass Thru	143,000	16,700	16,800	100
Total	<u>\$4,882,800</u>	<u>\$1,515,900</u>	<u>\$1,424,500</u>	<u>(\$91,400)</u>
FTE/Other				
Total FTE	6	6	6	0

*Non-state funds as estimated by agency

Purpose

The Strategic Development Program provides direction to the Division in implementing the agency’s mission plan.

The following components are addressed within this program:

1. Applied research and long-term planning supports the agency decision making process. The objectives developed establish strategic direction and leadership, increase cohesion among tourism constituents, provide economic rationale for tourism programs and development, provide a framework for local planning, develop a framework for outcome and performance measures, and assist the division.
2. Rural Technology Assistance provides stable and diversified economic growth by adding economic value to tourism destinations. Local matching fund grants assist in the technological development of tourism related facilities and attractions.
3. Advertising is the primary vehicle of carrying out the mission of the Division. The purpose is to position the Utah! Brand, and create awareness of Utah as a travel destination.

Tourism Marketing Performance

The Tourism Marketing Performance Fund is found in UCA 9-2-1701 to 1705. It states that if the department determines the industry’s economic growth exceeds the previous year’s taxable sales by 4 percent, the Legislature shall appropriate \$200,000 for the upcoming fiscal year. This year the industry has not met the 4 percent target. Therefore, no funding is being recommended.

Activities

	FY 2001	FY 2002	FY 2003
Ad Campaigns with Utah! Brand	2	4	3
Utilization of Research and Planning	N/A	N/A	3,395

3.2 Internal Development

Recommendation The Analyst recommends a budget of \$1,595,200.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	1,103,700	1,222,500	1,222,500	
General Fund, One-time		1,800		(1,800)
Transportation Fund	118,000	118,000	118,000	
Dedicated Credits Revenue	233,300	254,700	254,700	
Closing Nonlapsing	(3,100)			
Total	<u>\$1,451,900</u>	<u>\$1,597,000</u>	<u>\$1,595,200</u>	<u>(\$1,800)</u>
Expenditures				
Personal Services	522,100	656,400	654,400	(2,000)
In-State Travel	400	400	400	
Out of State Travel	2,200	2,200	2,200	
Current Expense	573,800	615,400	615,500	100
DP Current Expense	19,700	19,700	19,700	
Other Charges/Pass Thru	333,700	302,900	303,000	100
Total	<u>\$1,451,900</u>	<u>\$1,597,000</u>	<u>\$1,595,200</u>	<u>(\$1,800)</u>
FTE/Other				
Total FTE	13	12	12	0

*Non-state funds as estimated by agency

Purpose

The program provides materials and assistance to the traveling public, the tourism industry and governmental agencies.

1. Publications: Produces accurate, timely and attractive electronic and printed guides, brochures, calendars and other publications to entice travelers to Utah and provide accurate travel information to visitors and residents. The major publications are www.utah.com, Utah Travel Guide, Utah Accommodations Guide, Utah Scenic Calendar, and a consumer/trade brochure.
2. Information Services/Distribution: Provides telephone and walk-in information assistance, data entry, and mail fulfillment to industry and citizens. They package, label, ship, mail and otherwise distribute travel information materials in a timely and efficient manner, and maintain warehouse and store room supplies.
3. Communications: Provides written, internet, and verbal information about tourism opportunities with instate professional journalists, industry representatives, and residents. They also represent the Division for public purposes.

4. Interagency: Coordinates and manages cooperative programs including SuperHost, Travel Conference, Scenic Byways and Backways, Welcome Centers, Travel Regions, and grants programs.

Activities

	FY 2001	FY 2002	FY 2003 (YTD)
Utah Travel Guides Distributed	197,350	216,750	143,250
Call Centers Received and Responded to calls	46,460	39,794	25,186
Mailed, E-Mailed, Phone Fulfillment	41,772	53,570	35,800
Internet Unique Visitors	843,186	1,477,850	946,907

3.3 External Development

Recommendation The Analyst recommends a budget of \$835,900.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	859,700	835,900	835,900	
General Fund, One-time		1,200		(1,200)
Closing Nonlapsing	(77,100)			
Total	<u>\$782,600</u>	<u>\$837,100</u>	<u>\$835,900</u>	<u>(\$1,200)</u>
Expenditures				
Personal Services	359,500	301,500	326,200	24,700
In-State Travel	1,400	3,000	3,000	
Out of State Travel	14,900	42,000	41,400	(600)
Current Expense	356,800	490,600	465,300	(25,300)
Other Charges/Pass Thru	50,000			
Total	<u>\$782,600</u>	<u>\$837,100</u>	<u>\$835,900</u>	<u>(\$1,200)</u>
FTE/Other				
Total FTE	5	5	5	0

*Non-state funds as estimated by agency

Purpose The External Development Program consists of trade marketing and Public Relations. The program uses market research to identify select markets in which to position the Utah! brand. The program also develops communications and marketing programs aimed at select out-of state tour and travel buyers and media with tours personalized to their use. The program advises in-state travel organizations on domestic and international travel trends. The program’s public relations and trade marketing efforts involve extensive collaboration with city, county, convention and visitor bureau partners. They also work with private industry partners to maximize year round visitation opportunities.

	FY 2001	FY 2002	FY 2003
Number of Familiarization Tours	18	20	10
Trade and Media Exchanges	13	8	19

4.0 Additional Information

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund	4,707,300	6,396,900	5,039,500	3,482,900	3,482,900
General Fund, One-time				4,300	
Transportation Fund	118,000	118,000	118,000	118,000	118,000
Dedicated Credits Revenue	254,700	259,300	233,300	254,700	254,700
General Fund Restricted		484,600			
GFR - Tourism Marketing Performance			1,750,000		
Olympic Special Revenue	500,000				
Beginning Nonlapsing	43,100	17,000	102,000	90,100	
Closing Nonlapsing	(17,000)	(102,000)	(90,100)		
Lapsing Balance			(35,400)		
Total	\$5,606,100	\$7,173,800	\$7,117,300	\$3,950,000	\$3,855,600
Programs					
Travel Administration	2,896,400	3,812,000	4,882,800	1,515,900	1,424,500
Internal Development	1,755,800	2,435,500	1,451,900	1,597,000	1,595,200
External Development	953,900	926,300	782,600	837,100	835,900
Total	\$5,606,100	\$7,173,800	\$7,117,300	\$3,950,000	\$3,855,600
Expenditures					
Personal Services	1,198,900	1,385,700	1,265,400	1,355,800	1,377,200
In-State Travel	15,400	27,100	10,800	12,600	12,600
Out of State Travel	47,000	37,900	32,500	58,400	57,800
Current Expense	3,769,400	4,972,500	5,262,100	2,183,800	2,068,400
DP Current Expense	18,200	20,000	19,800	19,800	19,800
Other Charges/Pass Thru	535,100	730,600	526,700	319,600	319,800
Operating Transfers	22,100				
Total	\$5,606,100	\$7,173,800	\$7,117,300	\$3,950,000	\$3,855,600
FTE/Other					
Total FTE	24	24	24	23	23
Vehicles	3	3	3	3	3

*Non-state funds as estimated by agency.