

Foreword

This report is submitted in compliance with Utah Code Annotated 36-12-13(2j), which requires the Legislative Fiscal Analyst “to prepare, after each session of the Legislature, a summary showing the effect of the final legislative program on the financial condition of the state.”

**2003-2004
APPROPRIATIONS
REPORT**

Utah Legislature

2003 General Session

**Office of the Legislative Fiscal Analyst
John E. Massey
Legislative Fiscal Analyst**

**Senator Leonard M. Blackham
Representative Ron Bigelow
Co-chairs, Executive Appropriations Committee**

April 2003

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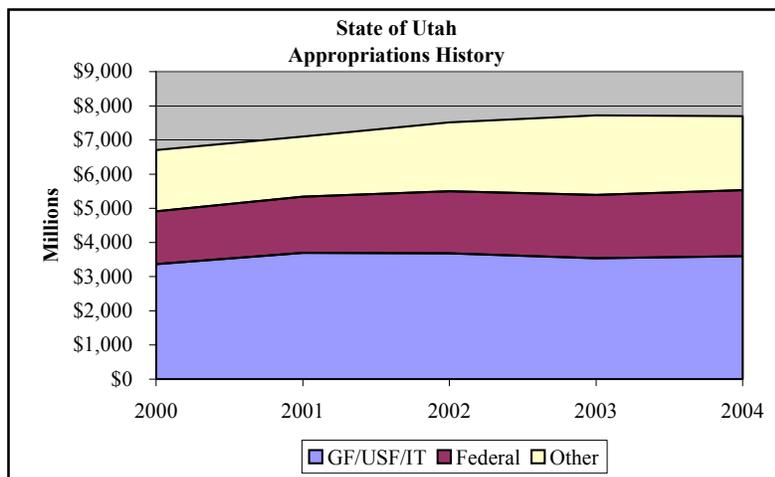
Transportation, Environmental Quality,
and National Guard Mark Bleazard

Executive Summary

Appropriations Overview

Since the 2002 General Session, the Legislature held special sessions in May, July, and December to deal with revenue shortfalls. For FY 2002 and FY 2003, the Legislature had to manage revenue shortfalls totaling \$685.2 million. This was handled through a combination of budget cuts, use of the Rainy Day Fund, shifting of capital projects to bonding, drawing from the Centennial Highway and tobacco funds, and other miscellaneous revenue sources.

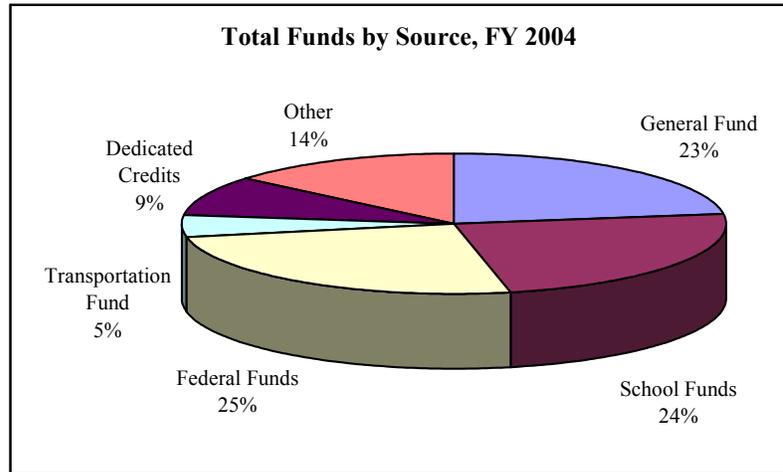
The FY 2003 and FY 2004 budgets as adopted by the 55th Legislature include all of the adjustments previously made as well as revenue estimates adopted in February 2003. The February estimates showed some improvement from previous estimates, giving hope to a gradual recovery of the Utah economy. Depending on the direction of certain variables, such as the war with Iraq, measurable recovery is expected in the end of 2003 and first quarter of 2004.



Revenue

Legislators adopted FY 2004 revenue available for the General Fund, Uniform School Fund, and Income Tax of \$3,527,500,000;

Transportation Funds of \$402,200,000; and Mineral Lease funds of \$34,800,000. The FY 2004 General Fund/Uniform School Fund represents a 2.2 percent increase compared to the FY 2003 revised amount. The following pie chart graphically illustrates the distribution of the resources used in the FY 2004 State budget.

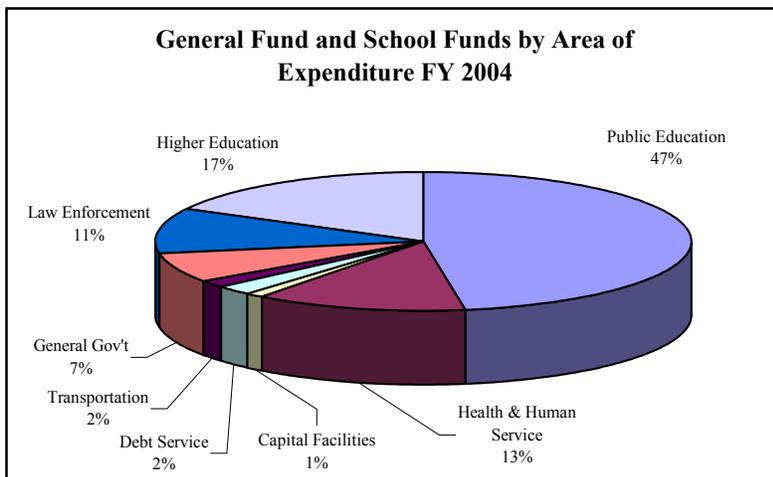
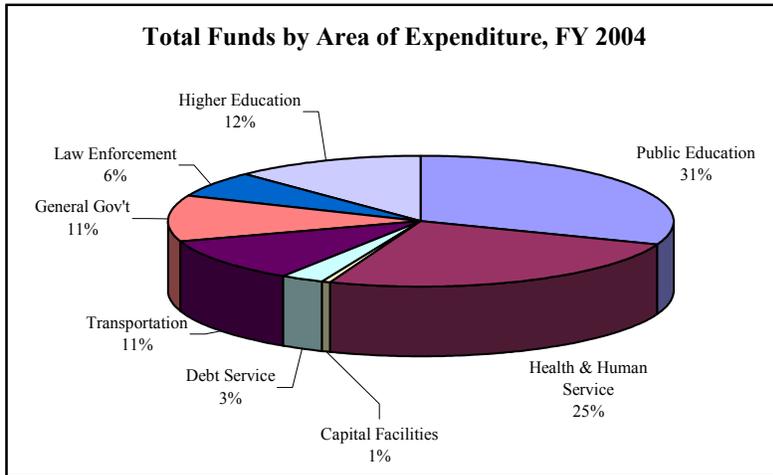


Appropriations

The Legislature appropriates from a number of revenue sources, including: the General Fund (GF), supported primarily by sales taxes; the income tax-based Uniform School Fund (USF); federal funds; Transportation Fund; dedicated credits (fee for service revenue); property taxes; bond proceeds; and other sources. The Legislature approved \$7.7 billion in spending for FY 2004 from all sources, a 0.3 percent decrease from the FY 2003 revised figures. State funds (General Fund, Uniform School Fund, and Income Tax Funds) total \$3.6 billion and account for 47 percent of the budget. Federal funds account for \$1.9 billion or 25 percent of the total budget, up four percent from the FY 2003 level. It should be noted that approximately \$42.3 million of one-time revenue sources were used to fund ongoing programs in FY 2004; down significantly from the \$71.1 million used in FY 2003.

Education programs dominate State spending. The combined appropriation to Public Education (K-12) and Higher Education

account for 43.1 percent of the State’s total expenditures from all revenue sources. When considering State revenues only, education expenditures account for approximately 63.6 percent of the budget for FY 2003. The allocation of State resources in the budget is included in the following charts.



Overview of Revenue Estimates FY 2002, FY 2003, and FY 2004

The Revenue Assumptions Committee (made up of representatives from the Office of the Legislative Fiscal Analyst, Governor's Office of Planning and Budget, Office of Energy, Tax Commission, Brigham Young University, University of Utah, Salt Lake City, and the Department of Workforce Services) meets regularly to update State revenue projections. Based on estimates made in October of 2001, a revenue shortfall of \$177.4 million was projected for FY 2002. As the real impact of September 11th, 2001 became more clear, the estimates were revised downward again by \$202.5 million in November of 2001. With more current data from the Tax Commission and other economic indicators, these estimates were again revised downward in February of 2002 to a loss of \$256.9 million. The Legislature took action to cover that shortfall during the 2002 General Session. The Legislature finished its session with both the FY 2002 and FY 2003 budgets balanced, according to the then-current revenue estimates.

In April of 2002, with 10 months of FY 2002 revenue collection data, revenue estimates were revised again for FY 2002 showing an additional \$137.9 million shortfall and projected a FY 2003 short fall of \$173.1 million. Subsequently, the Governor called the Legislature into the Fourth Special Session on May 22, 2002 to balance the FY 2002 budget. The Legislature was called back into the Fifth Special Session held June 26, July 8, and 9, 2002 to balance the FY 2003 budget.

The impact of the threat of war and other economic news continued to have a negative impact on consumer sentiment, protracting the sluggish economy. Declines in the stock market, contraction in the manufacturing and high tech sectors and soaring health care costs continued to undermine state revenues. As a result, the FY 2003 revenue estimates were again revised downward, necessitating a sixth special session in December of 2002. During this session, action was taken to rebalance the budget based on the additional revenue shortfall of \$117.3 million.

The following summary shows the methods used by the legislature to deal with the shortfalls:

FY 2002

General Session

Revenue Shortfall	(\$256.9) million
Budget Reductions	144.1 million
Transfer from the Rainy Day Fund	45.4 million
Other Sources	67.4 million
Ending Balance	\$0

May Special Session

Revenue Shortfall	(\$137.9) million
Transfer from the Rainy Day Fund	67.9 million
Replace Capital Facility cash with bonding	70.0 million
Ending Balance	\$0

FY 2003

June/July Special Session

Revenue Shortfall	(\$173.1) million
Budget Reductions	69.2 million
Replace Capital Facility cash with bonding	15.8 million
Transfer from Centennial Highway Fund	66.4 million
Transfer from Tobacco Permanent Trust Fund	17.8 million
Miscellaneous Revenue	3.9 million
Ending Balance	\$0

December Special Session

Revenue Shortfall	(\$117.3) million
Operating Budget Reductions	21.5 million
Capital, Road & other Project Reductions	24.3 million
Replace Capital Facility cash with bonding	35.0 million
Transfer from Tobacco Permanent Fund	21.1 million
Designated Sales Tax	4.5 million
Minimum School Program Nonlapsing	7.8 million
Miscellaneous Revenue	3.1 million
Ending Balance	\$0

National and Utah Economy

Nationally, the federal deficit was projected at \$159 billion in FY 2002 and almost every state government confronted a rising tide of red ink. At least 46 states struggled to close a cumulative budget gap of \$37 billion in FY 2002 with an estimated \$58 billion gap for FY 2003. For FY 2004, at least 36 states (and possibly as many as 47 states) are facing budget gaps, with 33 looking at gaps higher than 5 percent. Eighteen of these states must resolve gaps of 10 percent or more.

The current Utah economic picture is cautiously optimistic. The Revenue Assumptions Committee met in February of 2003, resulting in the Governor and Legislature agreeing on revised estimates for FY 2003 and FY 2004. These revised estimates allowed for an additional \$42 million to be available in FY 2003, and \$21 million in FY 2004. The 2003 Legislature was then able to balance the state budget with no further reductions. Also assisting in balancing the budget were ongoing budget cuts in FY 2004 that were carried forward from FY 2003.

Tax Changes/Bills Affecting Revenue

S.B. 213, “Amendments to Sales and Use Tax” This bill imposes sales tax on cable and satellite services. The estimated new revenue to be generated is \$14,000,000.

S.B. 147, “Streamlined Sales Tax Project Amendments” This bill adopts the streamlined sales tax definitions and tax provisions for State sales tax purposes. There is a potential increase in General Fund resulting from the provisions of the bill of \$1,350,000 beginning in FY 2005.

S.B. 66, “Alcoholic Beverage Enforcement and Treatment” This bill increased the beer tax by \$1.80 a barrel. Funding was diverted to the Alcoholic Beverage Enforcement and Treatment Restricted Account.

S.B. 153, “Alcoholic Beverage Amendments” This bill increased fees and liquor markups. General Fund revenue estimated as a result of the bill is approximately \$1,724,100.

H.B. 206, “Waste Tax and Fee Amendments” This bill increased taxes and fees on waste by \$2,700,000. After the regulatory expenditures of the Department of Environmental Quality, revenue of approximately \$2.3 million accrues to the Uniform School Fund.

Employee Compensation

There were no salary increases funded for state employees in FY 2004. The Legislature did, however, fund increases in health, dental, and retirement benefits for State, Higher Education, and Public Education employees. Legislators also provided funding for the extra workday in FY 2004. The employee compensation package totals \$46.4 million in FY 2004. The authorized budget for Public Education was an increase of 0.84 percent increase in the value of the Weighted Pupil Unit (WPU). The WPU was increased from \$2,132 to \$2,150 at a total cost of \$14,700,000.

Funding Detail

The following tables present legislative budget action on a state-wide basis.

Table 1 compares the FY 2004 Appropriated levels to the FY 2003 Revised levels with funding from all sources. The FY 2003 Estimated column includes original appropriations made during the 2002 General Session and all of the Special Sessions during 2002, as well as any changes in federal funds, dedicated credits, or other sources of funds estimated by agencies. The FY 2003 Revised column and the FY 2004 Appropriated columns reflect the effect of regular appropriation, supplemental appropriations and other legislative actions taken during the 2003 General Session.

Table 2 compares General Fund, Uniform School Fund, and Income Tax appropriations for FY 2004 to the estimated FY 2003 budget. The table indicates one-time and ongoing expenditures for each fiscal year.

Table 3 shows the allocation of State Funds (General Fund, Uniform School Funds, and Income Tax Funds) in a format similar to that of Table 1.

Tables 4 and 5 break down the allocation of General Fund and Uniform School Fund resources, respectively, from Table 3.

Table 6 includes revenue projections for the General Fund, Uniform School Fund, Transportation Fund, and Mineral Lease Account.

Table 7 shows combined State appropriations to various agencies and programs from the General Fund, Uniform School Fund, and Income Tax revenue.

Table 8 shows a three-year historical view of the number of full-time equivalent (FTE) positions throughout the State.

Table 1
Appropriations Comparison, FY 2003 - FY 2004
All Funds

Financing	FY 2003	FY 2003	FY 2003	FY 2004	Percent Change
	Estimated	Supplemental	Revised	Appropriated	
General Fund	1,805,302,100	(13,336,000)	1,791,966,100	1,742,168,600	-2.78%
General Fund, One-time	(1,327,700)	34,267,500	32,939,800	2,581,500	-92.16%
Uniform School Fund	1,684,051,894		1,684,051,894	1,733,793,574	2.95%
Uniform School Fund, One-time	15,650,800	3,800,000	19,450,800	5,678,700	-70.80%
Income Tax	25,057,000		25,057,000	112,000,000	346.98%
Income Tax, One-time	(6,103,700)	(12,100,000)	(18,203,700)		-100.00%
Transportation Fund	385,809,600	96,400	385,906,000	396,817,600	2.83%
Transportation Fund, One-time				1,043,000	
Centennial Highway Fund	107,445,300		107,445,300	117,531,900	9.39%
Centennial Highway Fund, One-time		1,960,700	1,960,700		-100.00%
General Fund Restricted	121,445,500	3,496,600	124,942,100	138,483,500	10.84%
Uniform School Fund Restricted	81,500		81,500	85,800	5.28%
Transportation Fund Restricted	19,684,400		19,684,400	19,711,900	0.14%
Aeronautics Fund	11,244,000	939,000	12,183,000	10,767,600	-11.62%
Federal Funds	1,854,387,626	5,620,700	1,860,008,326	1,934,351,600	4.00%
Dedicated Credits	546,809,641	837,700	547,647,341	691,911,100	26.34%
Land Grant	823,700		823,700	823,700	0.00%
Federal Mineral Lease	44,413,500		44,413,500	35,279,200	-20.57%
Mineral Bonus	2,100,000		2,100,000	2,053,700	-2.20%
Restricted Revenue	2,845,900	38,400	2,884,300	3,857,500	33.74%
Trust and Agency Funds	464,079,915	2,125,300	466,205,215	391,921,837	-15.93%
Transfers	256,059,424	3,500,000	259,559,424	239,614,200	-7.68%
Repayments/Reimbursements	21,473,500		21,473,500	22,266,400	3.69%
Other Financing Sources	(3,400)	3,400			
Pass-through	75,400		75,400	75,200	-0.27%
Beginning Balance	438,093,922		438,093,922	142,073,300	-67.57%
Closing Balance	(109,025,613)		(109,025,613)	(47,715,000)	-56.24%
Lapsing Balance	(\$3,958,800)	\$0	(\$3,958,800)	(\$1,812,200)	-54.22%
Total	\$7,686,515,409	\$31,249,700	\$7,717,765,109	\$7,695,364,211	-0.29%
Programs					
Legislature	13,216,700	955,800	14,172,500	14,512,900	2.40%
Elected Officials	70,407,300	379,100	70,786,400	63,493,500	-10.30%
Courts	102,229,700	(1,962,500)	100,267,200	101,121,200	0.85%
Corrections	290,950,100	(2,593,000)	288,357,100	287,464,500	-0.31%
Public Safety	109,023,500	(1,308,600)	107,714,900	101,903,800	-5.39%
Administrative Services	21,309,100	2,761,200	24,070,300	22,383,800	-7.01%
Debt Service	192,303,000	1,960,700	194,263,700	205,514,500	5.79%
Capital Facilities	52,232,000		52,232,000	44,584,700	-14.64%
Health	1,333,842,800	6,538,000	1,340,380,800	1,462,964,400	9.15%
Human Services	456,893,800	3,711,300	460,605,100	457,096,100	-0.76%
Public Education Agencies	357,010,300	(26,500)	356,983,800	354,741,400	-0.63%
Minimum School Program	1,956,001,809	3,800,000	1,959,801,809	1,998,181,111	1.96%
School Building Program	28,358,000		28,358,000	27,288,900	-3.77%
Higher Education	834,383,100	(87,000)	834,296,100	873,323,500	4.68%
Higher Ed - Med Ed Council	550,000		550,000	206,600	-62.44%
Higher Ed - UEN	24,231,800	94,400	24,326,200	20,337,500	-16.40%
Natural Resources Subcom	162,173,900	13,470,100	175,644,000	151,454,500	-13.77%
Commerce & Revenue Subcom	415,017,900	698,300	415,716,200	402,048,100	-3.29%
Applied Technology Education	43,318,900	242,600	43,561,500	42,659,500	-2.07%
Ec Dev & Human Res Subcom	152,225,000	1,532,800	153,757,800	127,967,900	-16.77%
National Guard	25,750,800	(7,100)	25,743,700	25,759,500	0.06%
Environmental Quality	67,462,400	368,700	67,831,100	73,230,400	7.96%
Transportation	977,623,500	721,400	978,344,900	837,125,900	-14.43%
Total	\$7,686,515,409	\$31,249,700	\$7,717,765,109	\$7,695,364,211	-0.29%

Table 2
Ongoing and One-time Appropriations
General Fund, Uniform School Fund, and Income Tax

	2003			2004		
	Ongoing	One-time	Total	Ongoing	One-time	Total
Financing						
General Fund	1,791,966,100	32,939,800	1,824,905,900	1,742,168,600	2,581,500	1,744,750,100
Uniform School Fund	1,684,051,894	19,450,800	1,703,502,694	1,733,793,574	5,678,700	1,739,472,274
Income Tax	25,057,000	(18,203,700)	6,853,300	112,000,000		112,000,000
Total	\$3,501,074,994	\$34,186,900	\$3,535,261,894	\$3,587,962,174	\$8,260,200	\$3,596,222,374
Programs						
Legislature	12,901,300	661,600	13,562,900	13,776,000	246,000	14,022,000
Elected Officials	26,715,700	963,200	27,678,900	27,051,900	1,234,700	28,286,600
Courts	86,620,600	1,198,000	87,818,600	88,835,900	223,700	89,059,600
Corrections	239,996,400	2,430,000	242,426,400	245,750,900	548,700	246,299,600
Public Safety	42,150,000	570,000	42,720,000	43,433,500	134,400	43,567,900
Administrative Services	15,080,600	(1,582,900)	13,497,700	13,593,600	335,100	13,928,700
Debt Service	68,300,400	(2,000,000)	66,300,400	73,998,000		73,998,000
Capital Facilities	70,386,000	(29,979,300)	40,406,700	44,584,700	(4,200,000)	40,384,700
Health	230,175,300	3,285,200	233,460,500	263,677,400	87,300	263,764,700
Human Services	198,548,300	1,961,300	200,509,600	199,272,900	369,600	199,642,500
Public Education Agencies	64,608,800	1,261,300	65,870,100	66,539,100	619,500	67,158,600
Minimum School Program	1,563,393,694	19,189,100	1,582,582,794	1,606,343,274	5,000,000	1,611,343,274
School Building Program	28,358,000		28,358,000	27,288,900		27,288,900
Higher Education	555,040,400	8,893,500	563,933,900	565,350,900	170,000	565,520,900
Higher Ed - Med Ed Council				6,600		6,600
Higher Ed - UEN	14,620,900	212,400	14,833,300	14,895,600	23,000	14,918,600
Natural Resources Subcom	42,703,200	11,195,000	53,898,200	43,094,200	(19,900)	43,074,300
Commerce & Revenue Subcom	98,185,100	1,871,400	100,056,500	107,756,600	554,200	108,310,800
Applied Technology Education	37,606,000	546,100	38,152,100	37,674,900		37,674,900
Ec Dev & Human Res Subcom	32,288,100	13,147,400	45,435,500	32,115,500	2,890,900	35,006,400
National Guard	3,803,600	282,600	4,086,200	3,973,200	8,000	3,981,200
Environmental Quality	9,289,100	81,000	9,370,100	9,203,800	35,000	9,238,800
Transportation	60,303,500		60,303,500	59,744,800		59,744,800
Total	\$3,501,074,994	\$34,186,900	\$3,535,261,894	\$3,587,962,174	\$8,260,200	\$3,596,222,374

Table 3
Appropriations Comparison, FY 2003 - FY 2004
General Fund, Uniform School Fund, and Income Tax

Financing	FY 2003	FY 2003	FY 2003	FY 2004	Percent Change
	Estimated	Supplemental	Revised	Appropriated	
General Fund	1,805,302,100	(13,336,000)	1,791,966,100	1,742,168,600	-2.78%
General Fund, One-time	(1,327,700)	34,267,500	32,939,800	2,581,500	-92.16%
Uniform School Fund	1,684,051,894		1,684,051,894	1,733,793,574	2.95%
Uniform School Fund, One-time	15,650,800	3,800,000	19,450,800	5,678,700	-70.80%
Income Tax	25,057,000		25,057,000	112,000,000	346.98%
Income Tax, One-time	(6,103,700)	(12,100,000)	(18,203,700)		-100.00%
Total	\$3,522,630,394	\$12,631,500	\$3,535,261,894	\$3,596,222,374	1.72%
Programs					
Legislature	12,607,100	955,800	13,562,900	14,022,000	3.38%
Elected Officials	27,300,700	378,200	27,678,900	28,286,600	2.20%
Courts	90,953,300	(3,134,700)	87,818,600	89,059,600	1.41%
Corrections	246,457,400	(4,031,000)	242,426,400	246,299,600	1.60%
Public Safety	44,323,200	(1,603,200)	42,720,000	43,567,900	1.98%
Administrative Services	10,823,100	2,674,600	13,497,700	13,928,700	3.19%
Debt Service	66,300,400		66,300,400	73,998,000	11.61%
Capital Facilities	40,406,700		40,406,700	40,384,700	-0.05%
Health	231,712,600	1,747,900	233,460,500	263,764,700	12.98%
Human Services	200,868,300	(358,700)	200,509,600	199,642,500	-0.43%
Public Education Agencies	65,896,600	(26,500)	65,870,100	67,158,600	1.96%
Minimum School Program	1,578,782,794	3,800,000	1,582,582,794	1,611,343,274	1.82%
School Building Program	28,358,000		28,358,000	27,288,900	-3.77%
Higher Education	564,020,900	(87,000)	563,933,900	565,520,900	0.28%
Higher Ed - Med Ed Council				6,600	
Higher Ed - UEN	14,738,900	94,400	14,833,300	14,918,600	0.58%
Natural Resources Subcom	42,428,100	11,470,100	53,898,200	43,074,300	-20.08%
Commerce & Revenue Subcom	100,595,100	(538,600)	100,056,500	108,310,800	8.25%
Applied Technology Education	37,909,500	242,600	38,152,100	37,674,900	-1.25%
Ec Dev & Human Res Subcom	44,102,100	1,333,400	45,435,500	35,006,400	-22.95%
National Guard	4,093,300	(7,100)	4,086,200	3,981,200	-2.57%
Environmental Quality	9,390,400	(20,300)	9,370,100	9,238,800	-1.40%
Transportation	60,561,900	(258,400)	60,303,500	59,744,800	-0.93%
Total	\$3,522,630,394	\$12,631,500	\$3,535,261,894	\$3,596,222,374	1.72%

Table 4
Appropriations Comparison, FY 2003 - FY 2004
General Fund Only

Financing	FY 2003 Estimated	FY 2003 Supplemental	FY 2003 Revised	FY 2004 Appropriated	Percent Change
General Fund	1,805,302,100	(13,336,000)	1,791,966,100	1,742,168,600	-2.78%
General Fund, One-time	(1,327,700)	34,267,500	32,939,800	2,581,500	-92.16%
Total	\$1,803,974,400	\$20,931,500	\$1,824,905,900	\$1,744,750,100	-4.39%
Programs					
Legislature	12,607,100	955,800	13,562,900	14,022,000	3.38%
Elected Officials	27,300,700	378,200	27,678,900	28,286,600	2.20%
Courts	90,953,300	(3,134,700)	87,818,600	89,059,600	1.41%
Corrections	246,457,400	(4,031,000)	242,426,400	246,299,600	1.60%
Public Safety	44,323,200	(1,603,200)	42,720,000	43,567,900	1.98%
Administrative Services	10,850,400	2,647,300	13,497,700	13,928,700	3.19%
Debt Service	54,833,700		54,833,700	56,833,700	3.65%
Capital Facilities	23,406,700	12,100,000	35,506,700	23,384,700	-34.14%
Health	231,712,600	1,747,900	233,460,500	263,764,700	12.98%
Human Services	200,868,300	(358,700)	200,509,600	199,642,500	-0.43%
Public Education Agencies	254,900		254,900	254,900	0.00%
Higher Education	562,360,000	(87,000)	562,273,000	470,520,900	-16.32%
Higher Ed - Med Ed Council				6,600	
Higher Ed - UEN	14,738,900	94,400	14,833,300	14,918,600	0.58%
Natural Resources Subcom	42,428,100	11,470,100	53,898,200	43,074,300	-20.08%
Commerce & Revenue Subcom	85,114,700	(537,800)	84,576,900	91,538,700	8.23%
Applied Technology Education	37,616,700	242,600	37,859,300	37,674,900	-0.49%
Ec Dev & Human Res Subcom	44,102,100	1,333,400	45,435,500	35,006,400	-22.95%
National Guard	4,093,300	(7,100)	4,086,200	3,981,200	-2.57%
Environmental Quality	9,390,400	(20,300)	9,370,100	9,238,800	-1.40%
Transportation	60,561,900	(258,400)	60,303,500	59,744,800	-0.93%
Total	\$1,803,974,400	\$20,931,500	\$1,824,905,900	\$1,744,750,100	-4.39%

Table 5
Appropriations Comparison, FY 2003 - FY 2004
School Funds Only

Financing	FY 2003 Estimated	FY 2003 Supplemental	FY 2003 Revised	FY 2004 Appropriated	Percent Change
Uniform School Fund	1,684,051,894		1,684,051,894	1,733,793,574	2.95%
Uniform School Fund, One-time	15,650,800	3,800,000	19,450,800	5,678,700	-70.80%
Income Tax	25,057,000		25,057,000	112,000,000	346.98%
Income Tax, One-time	(6,103,700)	(12,100,000)	(18,203,700)		-100.00%
Total	\$1,718,655,994	(\$8,300,000)	\$1,710,355,994	\$1,851,472,274	8.25%
Programs					
Administrative Services	(27,300)	27,300			
Debt Service	11,466,700		11,466,700	17,164,300	49.69%
Capital Facilities	17,000,000	(12,100,000)	4,900,000	17,000,000	246.94%
Public Education Agencies	65,641,700	(26,500)	65,615,200	66,903,700	1.96%
Minimum School Program	1,578,782,794	3,800,000	1,582,582,794	1,611,343,274	1.82%
School Building Program	28,358,000		28,358,000	27,288,900	-3.77%
Higher Education	1,660,900		1,660,900	95,000,000	5619.79%
Commerce & Revenue Subcom	15,480,400	(800)	15,479,600	16,772,100	8.35%
Applied Technology Education	292,800		292,800		-100.00%
Total	1,718,655,994	(8,300,000)	1,710,355,994	1,851,472,274	8.25%

Table 6
Revenue Estimates, FY 2003 - FY 2004
In Thousands

General Fund	FY 2003	FY 2004	Legislative	FY 2004
	Estimate	Estimate	Changes	Estimate
Sales and Use Tax	1,444,650	1,469,000	14,000	1,483,000
Liquor Profits	32,300	33,250	25	33,275
Insurance Premiums	64,000	66,500		66,500
Beer, Cigarette & Tobacco	61,800	63,000	150	63,150
Oil and Gas Severance	16,500	17,150		17,150
Metal Severance	6,300	6,400		6,400
Inheritance	31,950	6,150		6,150
Investment Income	6,050	6,300		6,300
Other	50,062	51,000	1,870	52,870
Property & Energy Tax Credit	(5,100)	(5,100)		(5,100)
Subtotal	\$1,708,512	\$1,713,650	\$16,045	\$1,729,695
Uniform School Fund				
Individual Income Tax	1,598,850	1,654,050		1,654,050
Corporate Franchise Tax	122,150	137,000	2,217	139,217
Gross Receipts Tax	6,380	7,000		7,000
Escheats	5,750	5,750		5,750
Permanent Fund Interest	9,800	10,050		10,050
Subtotal	\$1,742,930	\$1,813,850	\$2,217	\$1,816,067
Total	\$3,451,442	\$3,527,500	\$18,262	\$3,545,762
Transportation Fund				
Motor Fuel Tax	241,350	246,800		246,800
Special Fuel Tax	86,200	89,500		89,500
Other	65,450	65,900		65,900
Total	\$393,000	\$402,200		\$402,200
Federal Mineral Lease				
Regular	32,000	33,000		33,000
Bonus	5,500	1,800		1,800
Total	\$37,500	\$34,800		\$34,800

Table 7
Revenue to Expenditure Comparison, FY 2003 - FY 2004
General Fund, Uniform School Fund, Income Tax (In Thousands)

	FY 2003	FY 2004	Percent
Financing	Revised	Appropriated	Change
Beginning Balance	1,000	35,648	
General Fund	1,708,512	1,729,695	1.24%
Uniform School Fund	1,736,077	1,704,067	-1.84%
Income Tax	6,853	112,000	1534.25%
Subtotal	\$3,451,442	\$3,545,762	2.73%
I-15 Savings	10,800		
Building Project Reserves	35,475		
Bonding Stimulus	7,000		
Tobacco Settlement	44,435	9,100	-79.52%
Local Water Project Sales Tax	10,000		
Iron County Jail Sale		1,550	
Other One-time Revenue	10,758	6,220	
Total	\$3,570,910	\$3,598,280	0.77%
Programs			
Legislature	13,563	14,022	3.38%
Elected Officials	27,679	28,287	2.20%
Courts	87,819	89,060	1.41%
Corrections	242,426	246,300	1.60%
Public Safety	42,720	43,568	1.98%
Administrative Services	13,498	13,929	3.19%
Debt Service	66,300	73,998	11.61%
Capital Facilities	40,407	40,385	-0.05%
Health	233,461	263,765	12.98%
Human Services	200,510	199,643	-0.43%
Public Education Agencies	65,870	67,159	1.96%
Minimum School Program	1,582,583	1,611,343	1.82%
School Building Program	28,358	27,289	-3.77%
Higher Education	563,934	565,521	0.28%
Higher Ed - Med Ed Council		7	
Higher Ed - UEN	14,833	14,919	0.58%
Natural Resources Subcom	53,898	43,074	-20.08%
Commerce & Revenue Subcom	100,057	108,311	8.25%
Applied Technology Education	38,152	37,675	-1.25%
Ec Dev & Human Res Subcom	45,436	35,006	-22.95%
National Guard	4,086	3,981	-2.57%
Environmental Quality	9,370	9,239	-1.40%
Transportation	60,304	59,745	-0.93%
Total	\$3,535,262	\$3,596,222	1.72%
Ending Balance	\$35,648	\$2,058	

Table 8
Full Time Equivalent Employees
Appropriated Entities and Internal Service Funds
FY 2002 - FY 2004

Programs	FY 2002 Actual	FY 2003 Revised	Difference '02 - '03	FY 2004 Approp	Difference '03 - '04
Elected Officials	576.8	575.8	(1.0)	567.3	(8.5)
Courts	1,215.8	1,189.7	(26.1)	1,189.3	(0.4)
Corrections	3,341.8	3,279.2	(62.6)	3,291.3	12.1
Public Safety	1,074.0	1,074.0	0.0	1,074.0	0.0
Administrative Services	707.3	711.1	3.8	708.4	(2.6)
Health	1,257.7	1,244.6	(13.1)	1,221.5	(23.2)
Human Services	3,737.5	3,730.9	(6.6)	3,716.9	(14.1)
Public Education Agencies	1,066.7	1,027.9	(38.8)	1,024.8	(3.1)
Higher Education	11,366.9	12,237.3	870.4	12,237.3	(0.0)
Higher Ed - Med Ed Council	5.5	6.5	1.0	7.0	0.5
Higher Ed - UEN	110.5	109.5	(1.0)	104.0	(5.5)
Natural Resources Subcom	1,469.4	1,518.2	48.8	1,509.5	(8.7)
Commerce & Revenue Subcom	3,580.7	3,557.7	(23.0)	3,595.8	38.1
Applied Technology Education	547.2	569.0	21.8	562.9	(6.0)
Ec Dev & Human Res Subcom	328.1	311.5	(16.6)	308.3	(3.2)
National Guard	139.0	138.5	(0.5)	138.0	(0.5)
Environmental Quality	423.8	421.8	(2.0)	421.8	0.0
Transportation	1,822.0	1,824.0	2.0	1,822.0	(2.0)
Total	32,770.7	33,527.2	756.5	33,500.0	(27.2)

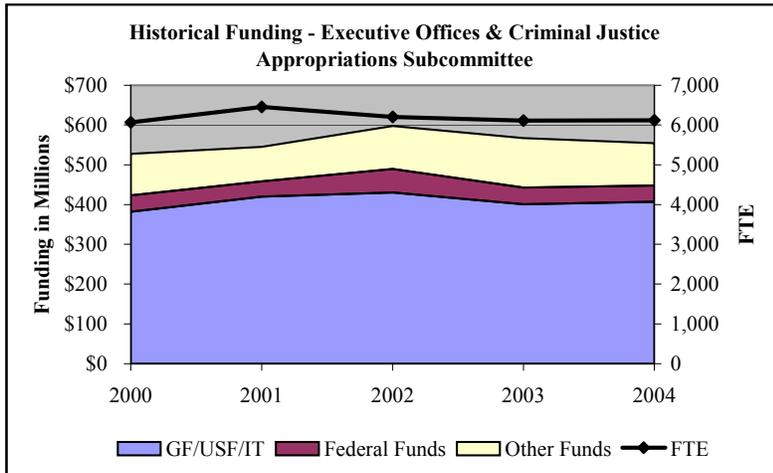
Executive Offices and Criminal Justice

Subcommittee Overview

The Executive Offices and Criminal Justice Appropriations Subcommittee provides legislative oversight for five State Departments including the Courts and the four State elected officials.

The Subcommittee oversees agency budgets representing approximately 23 percent of State General funds, 31 percent of non-education State FTEs, and over 26 percent of non-education State vehicles.

The Subcommittee’s appropriated General Fund budget for FY 2004 is \$407,213,700 (\$405,072,200 ongoing and \$2,141,500 one-time). This is an increase of \$6,569,800 over the FY 2003 Revised Estimate. This constitutes a 1.6 percent increase. The FY 2004 appropriation from all sources of funding is \$553,983,000.



General Subcommittee Issues

All of the line items under the purview of this subcommittee received nonlapsing status as in previous years. This status is being reviewed for the future. In the 2002 General Session, the Departments of Public Safety and Corrections were authorized within their respective budgets to combine major line items into a single line item to provide greater budget flexibility in managing their operations for FY 2003. This authority was extended for FY 2004.

The Governor vetoed certain items in the Executive Offices and Criminal Justice budget of the Supplemental Appropriations Act from the December 2002 Special Session. This action left the FY 2003 budget out of balance. The Legislature balanced the FY 2003 budget with S.B. 1, "Supplemental Appropriations Act." The Legislature did so with a combination of reductions to the budget and one-time add backs. The net reductions for FY 2003 for the Department of Corrections were \$2,626,500; the Courts' net reductions were \$2,349,500; and the Department of Public Safety's net reductions were \$1,370,600.

Executive Offices

Four separate budgets comprise the Executive Offices portion of the subcommittee's work. These include the Office of the Governor, State Auditor, State Treasurer, and the Attorney General.

Office of the Governor

The Office of the Governor is divided into three main divisions: the Governor's Office, the Governor's Office of Planning and Budget (GOPB), and the Commission on Criminal and Juvenile Justice (CCJJ). Within the Governor's Office are the programs and budget of the Governor's personal staff and statewide oversight and service functions. The Elections, Emergency Fund, and RS 2477 Rights of Way line items are also grouped with the Governor's Office.

The Governor's Office of Planning and Budget (GOPB) is organized to provide advisory information to the Governor and other state agencies. The Office of Planning and Budget plays a central role in the creation and formulation of the Governor's Budget prepared annually. The Office also develops statistical and economical information and facilitates local and regional planning throughout the state.

The Commission on Criminal and Juvenile Justice (CCJJ) was created by the 1983 Legislature. This Commission reports directly to the Governor. It is designed to promote philosophical agreement concerning the objectives of the criminal and juvenile justice system in Utah and to provide a mechanism for coordinating the functions of the various branches and levels of government concerned with criminal and juvenile justice. It also helps coordinate statewide efforts to reduce crime and victimization in Utah.

The Office of the Governor received a General Fund appropriation for FY 2004 of \$6,698,500 (\$6,177,500 ongoing and \$521,000 one-time). This is an increase of \$487,900 over the FY 2003 Revised Estimate.

Legislative Action

Workers' Compensation Study: The Legislature directed the Governor's Office of Planning and Budget to conduct a study of Workers' Compensation issues and funded this activity with \$200,000 one-time General Funds.

S.B. 28, "Initiative Amendments": The Legislature appropriated \$10,000 ongoing General Funds to the Elections Office to pay for increased workload expenses.

H.B. 175, "Management of Notaries Public by the Lieutenant Governor": The Legislature shifted the management of notaries public previously handled by the Division of Corporations and Commercial Code to the Governor's Office. One FTE and \$100,000 in ongoing Dedicated Credits Revenue was consequently shifted to the Governor.

The Legislature also established the Chief Information Officer Program within the Governor's Office of Planning and Budget as a separate line item. In addition, the Legislature appropriated one-time General Funds of \$75,000 to both the Governor's Office of Planning and Budget and the Governor's Office.

Intent Language

RS 2477 Litigation:

It is the intent of the Legislature that funds provided for the RS 2477 Rights of Way Program be used for litigation and other means designed to quiet title to existing rights of way established before 1976 under RS 2477 guidelines. It is further the intent of the Legislature that the Governor or his designee shall present a report to the Legislature each General Session detailing activities funded within this line item.

San Raphael Study:

It is the intent of the Legislature that \$50,000 of the funds for RS 2477 be used for the San Raphael study.

Chief Information Officer:

It is the intent of the Legislature that, should a comprehensive review of Division of Information Technology Services costs, products, and rates result in ongoing savings to the General Fund of at least \$152,000 beginning in FY 2005 or prior, the Office of the Legislative Fiscal Analyst shall recommend to the Legislature an ongoing General Fund appropriation increase of \$152,000 beginning in FY 2005 for the Chief Information Officer.

Funding Detail

Governor's Office					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	6,374,100	(41,500)	6,332,600	6,177,500	(155,100)
General Fund, One-time	(122,000)		(122,000)	521,000	643,000
Federal Funds	15,650,200		15,650,200	18,062,000	2,411,800
Dedicated Credits Revenue	808,200	1,000	809,200	297,600	(511,600)
GFR - Constitutional Defense	2,000,000		2,000,000	1,880,000	(120,000)
Crime Victims Reparation Trust	2,327,800		2,327,800	2,343,300	15,500
Olympic Special Revenue	355,600	(100)	355,500		(355,500)
Transfers - Administrative Services	13,500		13,500		(13,500)
Transfers - Commerce	2,000		2,000		(2,000)
Transfers - Commission on Criminal and Juve	10,000		10,000	(4,845,400)	(4,855,400)
Transfers - Corrections	9,000		9,000		(9,000)
Transfers - Community and Economic Develo	2,000		2,000		(2,000)
Transfers - Environmental Quality	2,000		2,000		(2,000)
Transfers - Health	14,000		14,000		(14,000)
Transfers - Human Resource Mgt	1,000		1,000		(1,000)
Transfers - Human Services	28,000		28,000		(28,000)
Transfers - Insurance	2,000		2,000		(2,000)
Transfers - Natural Resources	4,000		4,000		(4,000)
Transfers - Public Safety	10,000		10,000		(10,000)
Transfers - Transportation	12,000		12,000		(12,000)
Transfers - Utah State Tax Commission	17,000		17,000		(17,000)
Transfers - Workforce Services	38,000		38,000		(38,000)
Beginning Nonlapsing	4,876,300		4,876,300	102,000	(4,774,300)
Closing Nonlapsing	(102,000)		(102,000)	(254,000)	(152,000)
Total	\$32,332,700	(\$40,600)	\$32,292,100	\$24,284,000	(\$8,008,100)
Programs					
Governor's Office	3,242,500	32,800	3,275,300	2,531,000	(744,300)
Elections	1,046,400	(6,800)	1,039,600	484,900	(554,700)
Emergency Fund					
RS-2477 Rights of Way	3,031,500		3,031,500	1,880,000	(1,151,500)
Governor's Office of Planning and Budget	6,669,800	(66,600)	6,603,200	3,220,700	(3,382,500)
GOPB - Chief Information Officer				542,500	542,500
Commission on Criminal and Juvenile Justice	18,342,500		18,342,500	15,624,900	(2,717,600)
Total	\$32,332,700	(\$40,600)	\$32,292,100	\$24,284,000	(\$8,008,100)
Total FTE	111.8	0.0	111.8	105.3	(6.5)

State Auditor

The purpose of the Office of the Utah State Auditor is to help ensure Utah's citizenry, the Legislature, government officials, and other financial information users of the financial integrity and accountability of Utah's state and local governments. This is accomplished by providing independent and innovative audits and investigations and by monitoring and advising Utah's state and local governments.

During the fiscal year ended June 30, 2002, the Office of the State Auditor completed all statutorily required financial and federally mandated compliance audits within the required time limits. The Office provided 20 financial statement opinions and 24 management letters containing 88 audit findings and recommendations issued to state agencies, colleges, and universities.

The Office also completed 40 audits or investigations of agencies that do not receive direct audit coverage by statutorily required audits. From these audits and investigations, the Auditor generated 53 additional reports with 322 findings and recommendations issued to state agencies, colleges, and universities.

The State Auditor's appropriated General Fund budget for FY 2004 is \$2,699,900. The small increase over the FY 2003 Revised Estimate is due to benefits adjustments.

Funding Detail

State Auditor					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	2,634,100	(2,400)	2,631,700	2,699,900	68,200
General Fund, One-time				11,400	11,400
Dedicated Credits Revenue	690,000		690,000	690,000	
Beginning Nonlapsing	140,000		140,000		(140,000)
Closing Nonlapsing					
Total	\$3,464,100	(\$2,400)	\$3,461,700	\$3,401,300	(\$60,400)
Programs					
State Auditor	3,464,100	(2,400)	3,461,700	3,401,300	(60,400)
Total	\$3,464,100	(\$2,400)	\$3,461,700	\$3,401,300	(\$60,400)
Total FTE	45.0	0.0	45.0	45.0	0.0

State Treasurer

The Treasurer is responsible for all state funds. The office controls the receipt and deposit of state monies, manages the banking relationships for all bank accounts, invests all funds at the highest market rates and provides liquidity for all state disbursements. In addition, the Treasurer coordinates the sale of all debt authorized by the Legislature, operates a local government investment pool for the benefit of all public entities, reconciles bank accounts and manages the Division of Unclaimed Property. The Office also provides staff support for the Money Management Council which oversees the deposit and investment of all public monies.

The State Treasurer manages the investments for the Permanent State School and Institutional Trust Land Funds. The investment income for the public school's portion of the portfolio funds the State Trust Land Program. This money is appropriated directly to the schools for their use. For FY 2003, \$7,400,000 was provided to the schools from this program.

The Unclaimed Property Division is responsible for reuniting lost or abandoned property with its rightful owners. Property types include savings accounts, life insurance policies, payroll checks, safe deposit box contents, stocks and mutual funds, and other types of property. The costs of administering the Unclaimed Property Fund are paid from the trust fund. Any amount not returned to rightful owners is deposited in the Uniform School Fund.

In FY 2002, \$14.1 million of unclaimed property was collected. Of this amount, over \$7.8 million was paid out to rightful owners and over \$5.5 million was transferred to the Uniform School Fund.

The State Treasurer's appropriated General Fund budget for FY 2004 is \$821,000. The small increase over the FY 2003 Revised Estimate is due to benefits adjustments.

Funding Detail

State Treasurer					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	805,600	(1,600)	804,000	821,000	17,000
General Fund, One-time	35,000		35,000	2,600	(32,400)
Dedicated Credits Revenue	188,100		188,100	189,500	1,400
Unclaimed Property Trust	1,160,100		1,160,100	1,181,600	21,500
Beginning Nonlapsing	233,500		233,500		(233,500)
Total	<u>\$2,422,300</u>	<u>(\$1,600)</u>	<u>\$2,420,700</u>	<u>\$2,194,700</u>	<u>(\$226,000)</u>
Programs					
State Treasurer	2,422,300	(1,600)	2,420,700	2,194,700	(226,000)
Total	<u>\$2,422,300</u>	<u>(\$1,600)</u>	<u>\$2,420,700</u>	<u>\$2,194,700</u>	<u>(\$226,000)</u>
Total FTE	27.3	0.0	27.3	27.3	0.0

Office of the Attorney General

The Office of the Attorney General is charged by the Utah Constitution with the exclusive responsibility to act as legal advisor to the Governor and all of the executive branch agencies. The Attorney General must also prosecute or defend, in federal and State courts, all cases where the State of Utah or any of its officers, boards or commissions is a party.

The FY 2004 appropriated General Fund for the Office of the Attorney General is \$17,353,500 ongoing and \$699,700 one-time funds. The Legislature provided significant additions to the Attorney General's budget in the form of supplemental appropriations for FY 2003 and one-time and ongoing funding for FY 2004.

Legislative Action

David C. Settlement Funding, (FY 2003 and FY 2004): The Legislature appropriated one-time General Funds of \$100,000 for FY 2003 and \$240,000 for FY 2004 to pay for the most recent legal expenses associated with the unresolved David C. Settlement issue.

Ford Explorer Lawsuit Settlement, (FY 2003): The Legislature appropriated the proceeds (\$300,000 one-time General Funds) from the Ford Explorer Class Action Lawsuit Settlement to mitigate recent budget reductions.

Household Finance Lawsuit Settlement, (FY 2003): The Legislature appropriated the proceeds (\$50,000 one-time General Funds) from the Household Finance Class Action Lawsuit Settlement to mitigate recent budget reductions.

Deep Creek Litigation, (FY 2003): The Legislature appropriated up to \$1,500,000 from the General Fund Restricted Budget Reserve Account for FY 2003 upon court order or acceptance of tender to resolve the Deep Creek Litigation (see S.B. 233, "Budgetary Procedures Amendments").

Voluntary Contributions Act Lawsuit: The Legislature provided one-time General Funds of \$400,000 for FY 2004 to pay for contract attorney costs associated with the Voluntary Contributions Act Lawsuit.

Public Lands Issues: The Legislature appropriated \$120,000 ongoing funds from the General Fund Restricted Constitutional Defense Account to be used to pay for legal services regarding public lands issues involving the state, other than those related to existing rights of way established before 1976 under RS-2477 guidelines. This action was a shift of funding that had previously been appropriated to the Governor's Office as part of the total ongoing annual appropriation of \$2,000,000 for RS-2477 issues.

H.B. 133, "Expedited Child Welfare Procedures": The Legislature provided one-time General Funds of \$2,200 and ongoing General Funds of \$58,300 to fund additional office equipment and staff to implement provisions of H.B. 133, "Expedited Child Welfare Procedures."

S.B. 207, "Identity Fraud Amendments": The Legislature shifted investigation of identity fraud cases previously handled by the Division of Consumer Protection to the Office of the Attorney General. One FTE and \$50,000 ongoing General Funds was consequently shifted to the Attorney General.

Intent Language

Public Lands Issues:

It is the intent of the Legislature that up to \$120,000 provided from the General Fund Restricted - Constitutional Defense account be used to pay for legal services regarding public lands issues involving the state, other than those related to existing rights of way established before 1976 under RS-2477 guidelines.

Funding Detail

Attorney General					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	16,973,700	(26,300)	16,947,400	17,353,500	406,100
General Fund, One-time	600,200	450,000	1,050,200	699,700	(350,500)
Federal Funds	1,240,300		1,240,300	1,240,300	
Dedicated Credits Revenue	11,395,800		11,395,800	11,813,800	418,000
GFR - Commerce Service	434,400		434,400	443,600	9,200
GFR - Constitutional Defense				90,000	90,000
GFR - Domestic Violence	78,500		78,500	78,500	
GFR - Public Safety Support	493,500		493,500	500,100	6,600
GFR - Tobacco Settlement	100,000		100,000	100,000	
Attorney General Litigation Fund	252,100		252,100	255,600	3,500
Transfers - Commission on Criminal and Juve	37,200		37,200	138,400	101,200
Beginning Nonlapsing	1,482,500		1,482,500	900,000	(582,500)
Closing Nonlapsing	(900,000)		(900,000)		900,000
Total	<u>\$32,188,200</u>	<u>\$423,700</u>	<u>\$32,611,900</u>	<u>\$33,613,500</u>	<u>\$1,001,600</u>
Programs					
Attorney General	28,818,700	73,700	28,892,400	30,502,400	1,610,000
Contract Attorneys	300,000	350,000	650,000	350,000	(300,000)
Children's Justice Centers	2,258,400		2,258,400	2,176,100	(82,300)
Prosecution Council	588,500		588,500	500,100	(88,400)
Domestic Violence	79,000		79,000	84,900	5,900
Obscenity and Pornography Ombudsman	143,600		143,600		(143,600)
Total	<u>\$32,188,200</u>	<u>\$423,700</u>	<u>\$32,611,900</u>	<u>\$33,613,500</u>	<u>\$1,001,600</u>
Total FTE	391.8	0.0	391.8	389.8	(2.0)

Department of Public Safety

The objectives of the Department of Public Safety are to preserve order by protecting lives, reduce the number and severity of accidents, and reduce damage to life, health, property, and finances caused by unlawful activity.

The Department of Public Safety's Appropriated General Fund budget for FY 2004 is \$43,433,500 ongoing and \$134,400 one-time funds for a total of \$43,567,900. This is an increase of \$847,900 over the FY 2003 Revised Estimate.

Legislative Action

S.B. 153, "Alcoholic Beverage Amendments": The Legislature appropriated one-time General Funds of \$62,000 for FY 2003 and ongoing General Funds of \$811,000 beginning in FY 2004 to the Department for enforcement of this legislation.

S.B. 75, "Criminal Background Checks by Political Subdivisions Operating Water Systems": The Legislature provided \$41,700 in Dedicated Credits Revenue to the Bureau of Criminal Investigations to provide additional background checks required by this legislation.

S.B. 127, "Appearance of Driver License Amendments": The Legislature appropriated \$61,000 one-time funds from the Transportation Fund Restricted Department of Public Safety Restricted Account for reprogramming expenses required by this legislation.

H.B. 107, "DNA Amendments": The Legislature appropriated \$300,000 ongoing funds from the General Fund Restricted DNA Account. It is estimated that an additional 10,000 individuals in the state will be required to submit DNA samples to the Criminal Justice System throughout the state as a result of this legislation.

H.B. 154, "Vision Screening Checkoff for Motor Vehicle Registration and Driver License Application Renewal": The

Legislature appropriated one-time General Funds of \$3,500 and \$4,000 in Dedicated Credits Revenue to provide for programming and operations costs of implementing this legislation.

Intent Language

Major Aircraft Maintenance:

It is the intent of the Legislature that receipts above the appropriated dedicated credits amount of reimbursable flight time for the Department of Public Safety aircraft not lapse and be used for major aircraft maintenance.

Trooper Advancement:

It is the intent of the Legislature that the Department of Public Safety is authorized to advance officers to the Senior Trooper III level from existing appropriations and/or savings.

Continued Line Item Consolidation:

It is the intent of the Legislature that the Department of Public Safety may continue with the consolidated line items of appropriation for Fiscal Year 2004 to assist with mitigation of base budget reductions. It is further the intent of the Legislature that this consolidation is for the period of Fiscal Year 2004 only. The following line items of appropriations for continued consolidation into one line item for Fiscal Year 2004 are: Commissioner's Office; Criminal Investigations and Technical Services Division; Liquor Law Enforcement; Utah Highway Patrol; Management Information Services; and Fire Marshal's Office. The remainder of the Department's line items of appropriation will each remain separate line items. These are: Emergency Services and Homeland Security; Peace Officer Standards and Training; Driver License Division; Utah Highway Safety.

Training Academies Consolidation:

It is the intent of the Legislature that the Executive Director of the Department of Corrections and the Commissioner of Public Safety or their designee(s) shall study the prospects of consolidating their respective training academies on July 1, 2004. The Executive Director and the Commissioner will report their findings to the Legislative Law Enforcement and Criminal Justice Interim Committee by its October meeting.

Fleet Expansion:

It is the intent of the Legislature that the Department of Public Safety may increase the fleet if funding is provided through federal aid or other sources for special programs or projects. Any expansion vehicle acquired during the interim by the Department shall be reported to the Office of the Legislative Fiscal Analyst. It is further the intent of the Legislature that any vehicle acquired under this intent language will not be eligible for replacement using the General Fund Borrowing capacity held by the Division of Fleet Operations.

Funding Detail

Department of Public Safety					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	44,315,200	(2,165,200)	42,150,000	43,433,500	1,283,500
General Fund, One-time	8,000	562,000	570,000	134,400	(435,600)
Transportation Fund	5,495,500		5,495,500	5,495,500	
Federal Funds	21,687,200		21,687,200	18,411,800	(3,275,400)
Dedicated Credits Revenue	4,507,400		4,507,400	4,756,500	249,100
GFR - DNA Specimen	125,000		125,000	425,000	300,000
GFR - Fire Academy Support	3,176,500	300,000	3,476,500	4,367,100	890,600
GFR - Nuclear Oversight	1,793,300		1,793,300	1,793,300	
GFR - Public Safety Support	2,711,900	(5,400)	2,706,500	2,805,300	98,800
GFR - Statewide Warrant Ops	415,400		415,400	422,800	7,400
TFR - Motorcycle Education	207,000		207,000	207,000	
TFR - Dept. of Public Safety Rest. Acct.	17,783,500		17,783,500	17,811,000	27,500
TFR - Uninsured Motorist I.D.	1,560,100		1,560,100	1,560,100	
Transfers - Commission on Criminal and Juve	1,299,200		1,299,200	817,100	(482,100)
Transfers - Environmental Quality				12,900	12,900
Transfers - Health				13,800	13,800
Transfers - Other Agencies	1,265,800		1,265,800		(1,265,800)
Transfers - Transportation				1,136,000	1,136,000
Beginning Nonlapsing	5,340,800		5,340,800	875,000	(4,465,800)
Closing Nonlapsing	(875,000)		(875,000)	(781,000)	94,000
Lapsing Balance	(1,793,300)		(1,793,300)	(1,793,300)	
Total	\$109,023,500	(\$1,308,600)	\$107,714,900	\$101,903,800	(\$5,811,100)
Programs					
Public Safety Programs & Operations	65,795,000	(1,257,900)	64,537,100	62,213,800	(2,323,300)
Emergency Services and Homeland Security	10,608,500	(5,400)	10,603,100	10,397,600	(205,500)
Peace Officers' Standards and Training	8,272,900		8,272,900	6,363,900	(1,909,000)
Liquor Law Enforcement	978,200	(107,300)	870,900	1,337,200	466,300
Driver License	19,835,200	62,000	19,897,200	18,036,100	(1,861,100)
Highway Safety	3,533,700		3,533,700	3,555,200	21,500
Total	\$109,023,500	(\$1,308,600)	\$107,714,900	\$101,903,800	(\$5,811,100)
Total FTE	1,074.0	0.0	1,074.0	1,074.0	0.0

Courts

The Utah State Court System consists of two appellate courts, the court of general jurisdiction (District Court) and a Juvenile Court. The State trial courts (District and Juvenile) are organized into eight Judicial Districts. These courts are fully funded and operated by the State. Additional courts not-of-record (Justice Courts) are funded and operated by local governments under standards established by the State.

The Courts appropriated General Fund budget for FY 2004 is \$88,835,900 ongoing and \$223,700 one-time funds for a total of \$89,059,600. This is an increase of \$1,241,000 over the FY 2003 Revised Estimate.

Legislative Action

Guardian Ad Litem: The Legislature appropriated \$41,600 ongoing funds from the General Fund Restricted Guardian Ad Litem Services Account and \$80,000 ongoing General Funds to increase program services.

Court Reporter Technology: The Legislature appropriated \$100,000 from the General Fund Restricted Court Reporter Technology Account for the purchase of digital audio and video equipment to more efficiently operate the court system.

Contracts and Leases: The Legislature provided \$534,000 ongoing General Funds to pay for mandated cost increases related to existing facility lease increases and building maintenance cost adjustments.

Legal Aid: The Legislature appropriated \$100,000 ongoing General Funds to be contributed to the Community Legal Center to provide legal advice to low income family members and low income victims of domestic violence.

H.B. 371, "Court Security Fee": The Legislature appropriated \$550,000 in one-time funds for FY 2003 and \$2,200,000 in ongoing funds beginning FY 2004 from the newly

created General Fund Restricted Court Security Account for court security.

H.B. 107, “DNA Amendments”: The Legislature appropriated \$50,000 ongoing funds from the General Fund Restricted DNA Account. It is estimated that an additional 10,000 individuals in the state will be required to submit DNA samples to the Criminal Justice System throughout the state as a result of this legislation.

H.B. 222, “Child Welfare Proceedings Amendments”: The Legislature appropriated \$8,000 ongoing General Funds to establish a pilot program for child welfare cases. The program increases the number of individuals who may be admitted (within certain constraints) in abuse, neglect, and dependency cases.

S.B. 27, “Susan Gall Involuntary Commitment Amendments”: The Legislature appropriated \$35,200 in ongoing General Funds to provide for the increase in the number of annual involuntary commitment orders resulting from this legislation.

Intent Language

Legal Aid:

It is the intent of the Legislature that the Administrative Office of the Courts: (1) contribute \$100,000 to the Community Legal Center; and (2) before contributing the monies, obtain a written, signed, and dated certification from the Community Legal Center that the monies will be used exclusively to provide: (a) legal advice to low income family members and low income victims of domestic violence about family law matters; and (b) legal representation in family law matters in Utah district or juvenile courts to low income family members and low income victims of domestic violence.

Judicial Officials’ Salaries:

Under the provisions of Section 67-8-2, Utah Code Annotated, the following salaries are

approved for judicial officials for July 1, 2003 to June 30, 2004: District Court Judge \$103,700. Other judicial salaries will be calculated in accordance with statutory formula and rounded to the nearest \$50.00. These are the same as Fiscal Year 2003.

Funding Detail

Judicial Council/State Court Administrator					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	90,542,300	(3,921,700)	86,620,600	88,835,900	2,215,300
General Fund, One-time	411,000	787,000	1,198,000	223,700	(974,300)
Federal Funds	97,900		97,900		
Dedicated Credits Revenue	1,166,100		1,166,100	1,365,100	199,000
GFR - Alternative Dispute Resolution	140,400		140,400	140,000	(400)
GFR - Children's Legal Defense	645,300		645,300	646,100	800
GFR - Court Reporter Technology	250,000		250,000	350,000	100,000
GFR - Court Security Account		550,000	550,000	2,200,000	1,650,000
GFR - Court Trust Interest	250,100		250,100	250,000	(100)
GFR - DNA Specimen	86,500		86,500	136,800	50,300
GFR - Guardian Ad Litem Services	257,200		257,200	309,400	52,200
GFR - Non-Judicial Assessment	766,000		766,000	511,500	(254,500)
GFR - Online Court Assistance	35,000		35,000	35,000	
GFR - State Court Complex	3,500,000	622,200	4,122,200	4,122,200	
GFR - Substance Abuse Prevention	369,900		369,900	392,300	22,400
GFR - Tobacco Settlement	193,700		193,700	193,700	
Transfers	324,100		324,100		(324,100)
Transfers - Commission on Criminal and Juve	1,588,700		1,588,700	1,134,300	(454,400)
Transfers - Courts				(63,700)	(63,700)
Transfers - Human Services				197,200	197,200
Beginning Nonlapsing	1,455,400		1,455,400	(150,100)	(1,605,500)
Closing Nonlapsing	150,100		150,100	193,900	43,800
Total	\$102,229,700	(\$1,962,500)	\$100,267,200	\$101,121,200	\$854,000
Programs					
Administration	78,243,800	(1,768,500)	76,475,300	76,802,400	327,100
Grand Jury	800		800	800	
Contracts and Leases	18,603,800		18,603,800	19,060,500	456,700
Jury and Witness Fees	1,597,900	(67,700)	1,530,200	1,530,200	
Guardian ad Litem	3,783,400	(126,300)	3,657,100	3,727,300	70,200
Total	\$102,229,700	(\$1,962,500)	\$100,267,200	\$101,121,200	\$854,000
Total FTE	1,215.7	(26.0)	1,189.7	1,189.3	(0.4)

Department of Corrections

The Department of Corrections, as the adult correctional authority for the State of Utah, has a primary mission of community protection. To accomplish this goal, the Department develops and provides programs that identify and control the convicted offender's inappropriate behavior, and helps offenders learn to function as law-abiding citizens.

The Department of Corrections appropriated General Fund budget for FY 2004 is \$175,751,100 ongoing and \$413,800 one-time funds for a total of \$176,164,900. This is an increase of \$3,698,600 over the FY 2003 Revised Estimate.

Legislative Action

DNA Specimen Kits: The Legislature appropriated \$38,000 one-time funds for FY 2003 from the General Fund Restricted DNA Specimen Account to pay for specimen kits distributed by the Department.

No Early Release: The Legislature provided \$1,200,000 ongoing General Funds to ensure that no offenders would be released early due to recent reductions to the Department's budget.

H.B. 107, "DNA Amendments": The Legislature appropriated \$350,000 ongoing funds from the General Fund Restricted DNA Account. It is estimated that an additional 10,000 individuals in the state will be required to submit DNA samples to the Criminal Justice System throughout the state as a result of this legislation.

H.B. 129, "Voyeurism Amendments": The Legislature appropriated \$25,000 ongoing General Funds to pay for costs associated with incarcerating future convicted offenders related to this legislation.

S.B. 42, "Fraudulent Use of Credit Card Number": The Legislature appropriated \$62,000 ongoing General Funds to pay

for costs associated with incarcerating offenders convicted resulting from this legislation.

Drug Sniffing Dogs: The Legislature provided \$12,900 one-time General Funds for the purchase and training of additional drug sniffing and multipurpose dogs to detect and deter the flow of illegal drugs into the state's correctional facilities.

Intent Language

Funds Transfer Authority:

It is the intent of the Legislature that the Department of Corrections be granted the authority to transfer up to \$500,000 in nonlapsing funds from the Divisions of Adult Probation and Parole and Institutional Operations for use by Correctional Industries. The funding can only be used to support offender work programs that teach inmates useful skills or provide the State with an important service.

Training Academies Consolidation:

It is the intent of the Legislature that the Executive Director of the Department of Corrections and the Commissioner of Public Safety or their designee(s) shall study the prospects of consolidating their respective training academies on July 1, 2004. The Executive Director and the Commissioner will report their findings to the Legislative Law Enforcement and Criminal Justice Interim Committee by its October meeting

Adult Probation and Parole Resources

Reallocation:

It is the intent of the Legislature that, if the Department of Corrections is able to reallocate resources internally to fund additional Adult Probation and Parole agents, for every two agents hired, the Legislature grants authority to purchase one vehicle with department funds.

Supervision Standards:

It is the intent of the Legislature that the Department of Corrections and the Judicial Council meet to discuss the possibility of modifying supervision standards, including but not limited to the elimination of supervision requirements of class A misdemeanants, excluding those subject to Utah Code Annotated 77-27-21.5 and any misdemeanor listed in 76-5-101-306.

Medical Services Department Study:

It is the intent of the Legislature that the Office of the Legislative Fiscal Analyst supervise a study of the Medical Services Department within the Utah Department of Corrections. The study shall provide an analysis of costs (short and long term), liability issues, quality of service, and accreditation standards compared to industry standards for private providers. The Office of the Legislative Fiscal Analyst will present its findings to the Executive Appropriations Committee on or before July 1, 2003, with copies distributed to the members of the Executive Offices and Criminal Justice Appropriations Subcommittee.

It is the intent of the Legislature that any savings identified in the study of the Medical Services Department within the Utah Department of Corrections be used for institutional operations beginning in FY 2004. The Legislative Fiscal Analyst may request reimbursement in the 2004 General Session for any cost incurred in relation to this study.

Drug Sniffing Dogs:

It is the intent of the Legislature that there is appropriated \$12,900 for the purchase and training of additional drug sniffing and multipurpose dogs to detect and deter the possible flow of illegal drugs into the state's correctional facilities.

Funding Detail

Utah Department of Corrections					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	179,430,800	(8,214,500)	171,216,300	175,751,100	4,534,800
General Fund, One-time	(2,900,000)	4,150,000	1,250,000	413,800	(836,200)
Federal Funds	1,416,300		1,416,300	1,056,300	(360,000)
Dedicated Credits Revenue	19,298,800		19,298,800	17,148,300	(2,150,500)
GFR - DNA Specimen	117,000	38,000	155,000	515,000	360,000
GFR - Tobacco Settlement	81,700		81,700	81,700	
Crime Victims Reparation Trust		1,400,000	1,400,000	750,000	(650,000)
Transfers - Commission on Criminal and Juve	809,400		809,400	736,100	(73,300)
Transfers - Human Services				246,000	246,000
Transfers - Other Funds	88,100		88,100		(88,100)
Beginning Nonlapsing	1,398,000		1,398,000		(1,398,000)
Closing Nonlapsing	(50,000)		(50,000)	(50,000)	
Total	<u>\$199,690,100</u>	<u>(\$2,626,500)</u>	<u>\$197,063,600</u>	<u>\$196,648,300</u>	<u>(\$415,300)</u>
Programs					
Corrections Programs & Operations	140,335,000	(2,610,700)	137,724,300	139,565,000	1,840,700
Department Medical Services	16,759,300	(15,800)	16,743,500	16,531,200	(212,300)
Utah Correctional Industries	15,993,700		15,993,700	13,950,000	(2,043,700)
Jail Contracting	18,086,200		18,086,200	18,086,200	
Jail Reimbursement	8,515,900		8,515,900	8,515,900	
Total	<u>\$199,690,100</u>	<u>(\$2,626,500)</u>	<u>\$197,063,600</u>	<u>\$196,648,300</u>	<u>(\$415,300)</u>
Total FTE	2,282.6	(1.0)	2,281.6	2,294.7	13.1

Board of Pardons

The Board of Pardons is the release authority for all inmates in the State of Utah. The Board is responsible for reviewing an inmate's performance during incarceration, and determining when, and under what conditions, the inmate may be released after serving the minimum sentence required by law. In addition, the Board reviews violations of release conditions to decide whether an inmate should be sent back to prison.

As a quasi-judicial body, the Board has a responsibility not only for public safety and equity of inmate treatment, but for the record keeping and process that must meet stringent legal scrutiny. In Utah, most sentencing is indeterminate. The Board becomes the final sentencing authority and sets the standard for length of confinement for most felons. The Board of Pardons and Parole has played a significant role in reducing the number of inmates at the State Prison.

The Board of Pardons appropriated General Fund budget for FY 2004 is \$2,556,700. This is a slight decrease from the FY 2003 Revised Estimate of \$2,580,100.

Legislative Action

O-Track Software: The Legislature appropriated one-time General Funds of \$80,000 for FY 2003 to update the "O-Track" (Offender Tracking) Software System.

Psychology Reports on Sex Offenders: The Legislature provided ongoing General Funds of \$64,000 to pay for psychology reports on sex offenders.

Staff Support: The Legislature appropriated ongoing General Funds of \$26,700 to provide for essential staff support.

Funding Detail

Board Of Pardons and Parole					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	2,411,700	(11,600)	2,400,100	2,547,600	147,500
General Fund, One-time	100,000	80,000	180,000	9,100	(170,900)
Dedicated Credits Revenue	2,200		2,200	2,200	
GFR - Tobacco Settlement	77,400		77,400	77,400	
Transfers - Corrections	31,600		31,600	31,600	
Beginning Nonlapsing	158,700		158,700	158,700	
Closing Nonlapsing				(50,000)	(50,000)
Total	<u>\$2,781,600</u>	<u>\$68,400</u>	<u>\$2,850,000</u>	<u>\$2,776,600</u>	<u>(\$73,400)</u>
Programs					
Board Of Pardons and Parole	2,781,600	68,400	2,850,000	2,776,600	(73,400)
Total	<u>\$2,781,600</u>	<u>\$68,400</u>	<u>\$2,850,000</u>	<u>\$2,776,600</u>	<u>(\$73,400)</u>
Total FTE	32.0	0.0	32.0	31.0	(1.0)

Division of Youth Corrections

The Division of Youth Corrections is responsible for all delinquent offenders committed by the State's Juvenile Courts. In addition, the Division operates Receiving Centers and Detention Facilities that deal with pre-adjudicated youth.

The Division of Youth Corrections' appropriated General Fund budget for FY 2004 is \$67,184,700 ongoing and \$125,800 one-time funds for a total of \$67,310,500. This is a decrease of \$69,500 from the FY 2003 Revised Estimate.

Legislative Action

H.B. 107, "DNA Amendments": The Legislature appropriated \$50,000 ongoing funds from the General Fund Restricted DNA Account. It is estimated that an additional 10,000 individuals in the state will be required to submit DNA samples to the Criminal Justice System throughout the state as a result of this legislation.

Youth Facilities: The Legislature appropriated \$569,100 from the General Fund Restricted Youth Corrections Victim Restitution Account to provide resources for the Genesis Work Camp, Canyonlands, and Washington County Youth Detention Centers.

Funding Detail

Department of Human Services - Division of Youth Corrections					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	66,414,900	(34,900)	66,380,000	67,184,700	804,700
General Fund, One-time	1,000,000		1,000,000	125,800	(874,200)
Federal Funds	1,767,200		1,767,200	1,898,100	130,900
Dedicated Credits Revenue	2,725,500		2,725,500	2,730,100	4,600
Dedicated Credits - Land Grant	70,000		70,000	70,000	
GFR - DNA Specimen	41,000		41,000	91,000	50,000
GFR - Youth Corrections Victims	500,200		500,200	1,069,300	569,100
Transfers - Child Nutrition	883,200		883,200	883,200	
Transfers - Commission on Criminal and Juve	1,709,100		1,709,100	1,549,400	(159,700)
Transfers - Interagency	19,600		19,600		(19,600)
Transfers - Medicaid	11,873,000		11,873,000	12,170,500	297,500
Beginning Nonlapsing	1,474,700		1,474,700		(1,474,700)
Total	\$88,478,400	(\$34,900)	\$88,443,500	\$87,772,100	(\$671,400)
Programs					
Services	88,184,000	(34,900)	88,149,100	87,491,600	(657,500)
Youth Parole Authority	294,400		294,400	280,500	(13,900)
Total	\$88,478,400	(\$34,900)	\$88,443,500	\$87,772,100	(\$671,400)
Total FTE	961.1	0.0	961.1	961.1	0.0

Funding Detail

Executive Offices & Criminal Justice Appropriations Subcommittee					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	409,902,400	(14,419,700)	395,482,700	405,072,200	9,589,500
General Fund, One-time	(867,800)	6,029,000	5,161,200	2,141,500	(3,019,700)
Transportation Fund	5,495,500		5,495,500	5,495,500	
Federal Funds	41,859,100		41,859,100	40,766,400	(1,092,700)
Dedicated Credits Revenue	40,782,100	1,000	40,783,100	38,993,100	(1,790,000)
Dedicated Credits - Land Grant	70,000		70,000	70,000	
GFR - Alternative Dispute Resolution	140,400		140,400	140,000	(400)
GFR - Children's Legal Defense	645,300		645,300	646,100	800
GFR - Commerce Service	434,400		434,400	443,600	9,200
GFR - Constitutional Defense	2,000,000		2,000,000	1,970,000	(30,000)
GFR - Court Reporter Technology	250,000		250,000	350,000	100,000
GFR - Court Security Account		550,000	550,000	2,200,000	1,650,000
GFR - Court Trust Interest	250,100		250,100	250,000	(100)
GFR - Domestic Violence	78,500		78,500	78,500	
GFR - DNA Specimen	369,500	38,000	407,500	1,167,800	760,300
GFR - Fire Academy Support	3,176,500	300,000	3,476,500	4,367,100	890,600
GFR - Guardian Ad Litem Services	257,200		257,200	309,400	52,200
GFR - Non-Judicial Assessment	766,000		766,000	511,500	(254,500)
GFR - Nuclear Oversight	1,793,300		1,793,300	1,793,300	
GFR - Online Court Assistance	35,000		35,000	35,000	
GFR - Public Safety Support	3,205,400	(5,400)	3,200,000	3,305,400	105,400
GFR - State Court Complex	3,500,000	622,200	4,122,200	4,122,200	
GFR - Statewide Warrant Ops	415,400		415,400	422,800	7,400
GFR - Substance Abuse Prevention	369,900		369,900	392,300	22,400
GFR - Tobacco Settlement	452,800		452,800	452,800	
GFR - Youth Corrections Victims	500,200		500,200	1,069,300	569,100
TFR - Motorcycle Education	207,000		207,000	207,000	
TFR - Dept. of Public Safety Rest. Acct.	17,783,500		17,783,500	17,811,000	27,500
TFR - Uninsured Motorist I.D.	1,560,100		1,560,100	1,560,100	
Attorney General Litigation Fund	252,100		252,100	255,600	3,500
Crime Victims Reparation Trust	2,327,800	1,400,000	3,727,800	3,093,300	(634,500)
Olympic Special Revenue	355,600	(100)	355,500		(355,500)
Unclaimed Property Trust	1,160,100		1,160,100	1,181,600	21,500

Table continued on following page.

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Transfers	324,100		324,100		(324,100)
Transfers - Administrative Services	13,500		13,500		(13,500)
Transfers - Child Nutrition	883,200		883,200	883,200	
Transfers - Commerce	2,000		2,000		(2,000)
Transfers - Commission on Criminal and Juve	5,453,600		5,453,600	(470,100)	(5,923,700)
Transfers - Corrections	40,600		40,600	31,600	(9,000)
Transfers - Courts				(63,700)	(63,700)
Transfers - Community and Economic Develo	2,000		2,000		(2,000)
Transfers - Environmental Quality	2,000		2,000	12,900	10,900
Transfers - Health	14,000		14,000	13,800	(200)
Transfers - Human Resource Mgt	1,000		1,000		(1,000)
Transfers - Human Services	28,000		28,000	443,200	415,200
Transfers - Insurance	2,000		2,000		(2,000)
Transfers - Interagency	19,600		19,600		(19,600)
Transfers - Medicaid	11,873,000		11,873,000	12,170,500	297,500
Transfers - Natural Resources	4,000		4,000		(4,000)
Transfers - Other Agencies	1,265,800		1,265,800		(1,265,800)
Transfers - Other Funds	88,100		88,100		(88,100)
Transfers - Public Safety	10,000		10,000		(10,000)
Transfers - Transportation	12,000		12,000	1,136,000	1,124,000
Transfers - Utah State Tax Commission	17,000		17,000		(17,000)
Transfers - Workforce Services	38,000		38,000		(38,000)
Beginning Nonlapsing	16,559,900		16,559,900	1,885,600	(14,674,300)
Closing Nonlapsing	(1,776,900)		(1,776,900)	(941,100)	835,800
Lapsing Balance	(1,793,300)		(1,793,300)	(1,793,300)	
Total	\$572,610,600	(\$5,485,000)	\$567,125,600	\$553,983,000	(\$13,142,600)
Programs					
Governor's Office	32,332,700	(40,600)	32,292,100	24,284,000	(8,008,100)
State Auditor	3,464,100	(2,400)	3,461,700	3,401,300	(60,400)
State Treasurer	2,422,300	(1,600)	2,420,700	2,194,700	(226,000)
Attorney General	32,188,200	423,700	32,611,900	33,613,500	1,001,600
Corrections	199,690,100	(2,626,500)	197,063,600	196,648,300	(415,300)
Board of Pardons and Parole	2,781,600	68,400	2,850,000	2,776,600	(73,400)
Youth Corrections	88,478,400	(34,900)	88,443,500	87,772,100	(671,400)
Courts	102,229,700	(1,962,500)	100,267,200	101,121,200	854,000
Public Safety	109,023,500	(1,308,600)	107,714,900	101,903,800	(5,811,100)
Restricted Revenue - EOCJ				267,500	267,500
Total	\$572,610,600	(\$5,485,000)	\$567,125,600	\$553,983,000	(\$13,142,600)
Total FTE	6,141.2	(27.0)	6,114.2	6,117.4	3.2

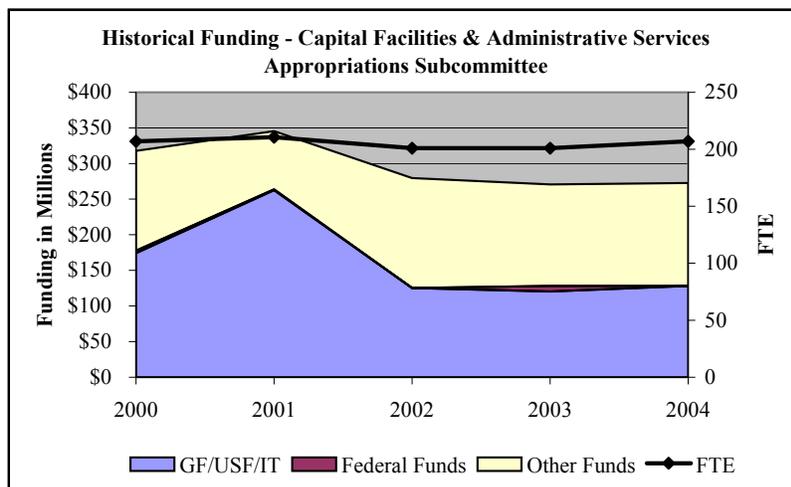
Capital Facilities and Administrative Services

Subcommittee Overview

The Capital Facilities and Administrative Service (CFAS) Appropriations Subcommittee oversees funding for the Capitol Preservation Board, Department of Administrative Services, Capital Projects, and Debt Service.

When all oversight areas are totaled, the CFAS authorized budget for FY 2004 is \$441 million. Of the total, approximately \$22 million provides operating budgets for the Department of Administrative Services and the Capitol Preservation Board. Thirty eight percent of the total appropriation - \$168 million - is revenue for statewide Internal Service Funds (ISF).

The Legislature authorized issuance of \$174.8 million in new debt for capital facilities and highways. Capital improvement authorizations totaled \$42 million – the highest level ever appropriated to address the state’s backlog of building maintenance.



Capitol Preservation Board

The Capitol Preservation Board (CPB) maintains buildings and grounds on Capitol Hill. The Board also manages the planning, design and renovation of the Capitol Building. This year, the Board received \$10 million to purchase “long lead” items for the Capitol.

Day-to-day operations are managed by the Executive Director with the assistance of two staff members funded from CPB budgets. The Director contracts with DFCM for janitorial, maintenance and utility service. Of the Board’s \$2.5 million operating budget, more than \$2.3 million pays for the DFCM management contract and other current expenses associated with building maintenance. In order to balance the FY 2003 and 2004 budgets, the Legislature directed the Board to charge its project management expenses to capital funds designated for the expansion buildings and Capitol Restoration. This will reduce savings in the expansion project by approximately \$400,000 over the course of the project. The ongoing budget reduction includes the elimination of vacant positions from DFCM.

The Legislature passed **S.B. 124, “Capitol Arts Placement Commission”** which clarified the role of the Capitol Arts Placement Commission by making it a subcommittee of the Capitol Preservation Board.

Funding Detail

Capitol Preservation Board					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	2,202,000		2,202,000	2,165,400	(36,600)
General Fund, One-time				600	600
Dedicated Credits Revenue	228,200		228,200	228,200	
Transfers	104,000		104,000	104,000	
Beginning Nonlapsing	15,400		15,400	5,900	(9,500)
Closing Nonlapsing	(5,900)		(5,900)		5,900
Total	\$2,543,700	\$0	\$2,543,700	\$2,504,100	(\$39,600)
Programs					
Capitol Preservation Board	2,543,700		2,543,700	2,504,100	(39,600)
Total	\$2,543,700	\$0	\$2,543,700	\$2,504,100	(\$39,600)
Total FTE	2.0	0.0	2.0	2.0	0.0

Department of Administrative Services

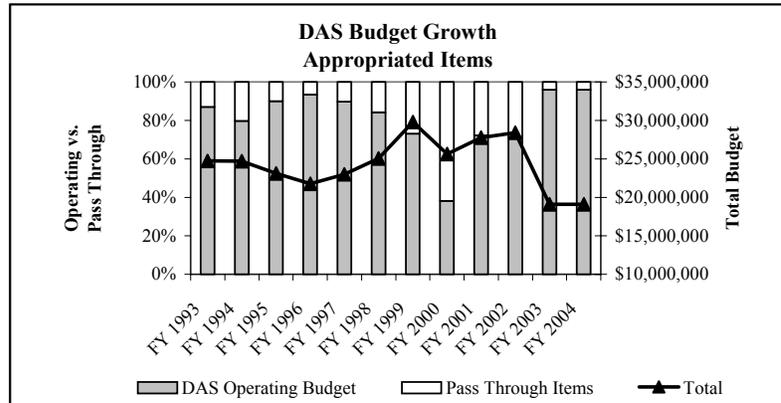
The Department of Administrative Services (DAS) is responsible for:

1. Providing specialized agency support services;
2. Providing effective, coordinated management of state administrative services;
3. Serving the public interest by providing services in a cost-effective and efficient manner, thus eliminating unnecessary duplication;
4. Enabling administrators to effectively respond to technological improvements;
5. Emphasizing the service role of state administrative service agencies;
6. Permitting flexibility in meeting the service needs of state agencies; and
7. Protecting the public interest by establishing professional accounting procedures and policies.

Thirteen divisions within the Department provide statewide coordination for payroll, facility management, record storage, debt collection, and risk management. The appropriated portion of the Department fluctuates widely from year to year due to financial centralization within the Division of Finance. The Finance-

Mandated line item allows the Legislature to set aside funds for specific projects. Over the past few years, these have included Quality Growth, Public Safety Radio Conversion, Constitutional Defense, Retirement Adjustments, and the Navajo Trust Fund. Finance does not expend the funds, but holds money for other agencies to draw on.

The table below shows annual changes in the total budget and reflects the percentage of pass-through items that create fluctuations in the appropriated budget.



DAS Appropriated Divisions

The FY 2004 appropriated operating budget for the Department of Administrative Services is 11 percent less than it was in 1993. The combination of a departmental reorganization and the implementation of technology initiatives has allowed DAS to operate without significant new appropriations.

The Department of Administrative Services provides accounting services for many short-term programs throughout the state through the Division of Finance. Each year, the Division of Finance serves as the holding agency for funds to be expended by other agencies for projects not related to the mission of DAS. Over the past few years, these projects have included Y2K funding, Underground Storage Tank Mitigation and the LeRay McAllister Critical Land Conservation Fund.

Executive Director's Office: The Executive Director's Office provides departmental financial management, strategic planning, organizational development, and public relations. The Division employs nine FTEs with a budget of \$1,025,800.

Administrative Rules: The Division of Administrative Rules establishes procedures for administrative rule-making. Statute requires the division to register administrative rules, make administrative rules available to the public, publish summaries of proposed rules, and compile and codify all effective rules in the Utah Administrative Code. The Division employs four FTEs with a budget for FY 2004 of \$280,500.

Division of Archives: The Utah State Archives is the depository for the official records of the State and its political subdivisions. It serves State government and the public by managing records created by the legislative, judicial, and executive branches of government. This includes the cataloging of vital records, storage of historic documents and the management of records created by the court system. With a reduction of one FTE in the 2002 Fifth Special Session, Archives employs 30 FTEs in five programs with a budget of \$1,914,500.

Division of Purchasing and General Services: The Division of Purchasing and General Services provides for the procurement of all supplies and services needed by the State. One vacant FTE position was eliminated as part of the statewide budget reductions, leaving 24 FTEs and a budget of \$1,321,400.

Division of Finance: The Director of the Division of Finance is the state's chief fiscal officer and is responsible for the State's government accounting structure. The Division produces the Comprehensive Annual Financial Report (CAFR), ensures compliance with generally accepted accounting principles, issues warrants to vendors and manages state payroll. The Division's budget of \$9,632,200 funds five programs with a combined FTE count of 83.

Division of Facilities Construction and Management: The Division of Facilities Construction and Management (DFCM) is responsible for the construction, remodeling, and equipping of buildings for all state institutions and agencies. The Division addresses the state's maintenance backlog by administering alteration, renovation, repair, and improvement projects on existing buildings. A change to add the HazMat Program and the Roofing and Paving Program to the appropriated budget resulted in the division's FTE count to be increased by six on the appropriated side and decreased the FTE count by six in the Internal Service Fund operation. With the new programs, the appropriated portion of the Division includes 44 FTEs and an operating budget of \$3,950,000.

The Legislature continued to fund DFCM operations from project funds following the transfer of the entire General Fund appropriation to other state needs in FY 2003.

LeRay McAllister Critical Land Fund: The Legislature maintained funding for protection of open spaces at \$482,600.

Funding Detail

Department of Administrative Services					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	10,331,300	2,547,300	12,878,600	11,428,200	(1,450,400)
General Fund, One-time	(1,682,900)	100,000	(1,582,900)	334,500	1,917,400
Uniform School Fund	(27,300)	27,300			
Transportation Fund	444,400	5,600	450,000	450,000	
Federal Funds	(22,500)	22,500			
Dedicated Credits Revenue	1,850,900	16,700	1,867,600	2,901,400	1,033,800
Dedicated Credits - Intragvt Rev	484,900		484,900	492,200	7,300
Restricted Revenue	(38,400)	38,400		966,900	966,900
GFR - ISF Overhead	1,489,500		1,489,500	1,490,000	500
Transfers	600,000		600,000		(600,000)
Transfers - Internal Service Funds	182,000		182,000		(182,000)
Other Financing Sources	(3,400)	3,400			
Project Reserve Fund	2,486,600		2,486,600	1,699,500	(787,100)
Beginning Nonlapsing	3,192,400		3,192,400	522,100	(2,670,300)
Closing Nonlapsing	(522,100)		(522,100)	(405,100)	117,000
Total	\$18,765,400	\$2,761,200	\$21,526,600	\$19,879,700	(\$1,646,900)
Programs					
Executive Director	960,400	(16,700)	943,700	969,200	25,500
Automated Geographic Reference Center	360,600		360,600	1,025,800	665,200
Administrative Rules	266,500	11,000	277,500	280,500	3,000
DPCM Administration	3,876,400	3,500	3,879,900	3,950,000	70,100
State Archives	1,951,100	96,200	2,047,300	1,914,500	(132,800)
Finance Administration	12,069,100	(140,600)	11,928,500	9,632,200	(2,296,300)
Finance - Mandated	482,600		482,600	482,600	
Post Conviction Indigent Defense	74,000		74,000	74,000	
Judicial Conduct Commission	223,500		223,500	229,500	6,000
Finance - Mandated - Retirement	(809,900)	809,900			
Finance - Mandated - IT	(2,000,000)	2,000,000			
Purchasing	1,311,100	(2,100)	1,309,000	1,321,400	12,400
Total	\$18,765,400	\$2,761,200	\$21,526,600	\$19,879,700	(\$1,646,900)
Total FTE	199.0	0.0	199.0	205.0	6.0

Internal Service Funds

In addition to the appropriated divisions, the Department manages other divisions that function as Internal Service Funds (ISF). These divisions provide goods and services based on legislatively-approved rates and are mandated to operate in the manner of a private sector enterprise except in regard to profit. As “vendors” to state agencies, ISFs are designed to recover only the costs associated with providing the service. Revenue comes from rates charged to other agencies for services that would be more expensive if they were not centralized. The Legislature approved ISF revenue of \$168 million and capped the FTE count at 501 for FY 2004.

Division of Purchasing and General Services: The ISF portion of this division includes a stockless, vendor-direct central store, central copy services and a central mail operation. The mail operation offers processing for forms, folding, and special mailers. Electronic purchasing cards allow agencies to order office supplies online, and the centralized copier service coordinates statewide pools to reduce publishing costs.

Division of Fleet Operations: The Division of Fleet Operations operates the State Central Motor Pool, the Surplus Property Program, and the state fuel network.

Division of Information Technology Services: The Division of Information Technology Services (ITS) is required to provide cost effective, reliable data processing and communication service to state and local government. The data processing area of ITS provides software development, computer time-sharing, main frame computing and consultation services. The telecommunications area of ITS delivers priority service for public safety agencies and negotiates on behalf of state agencies the purchase, lease or rental of private or public telecommunications services.

Division of Risk Management: As the state's risk manager, the division provides liability, property and auto damage coverage to state agencies, school districts, colleges and eight local health departments. The liability insurance program is entirely self-funded and the property insurance program is self-funded up to a \$2.5 million deductible. A private carrier provides coverage beyond the aggregated deductible amount.

Division of Facilities Construction and Management - Facilities Management (ISF): The DFCM Internal Service Fund provides building management throughout the state. Included in this budget are building expenses such as utilities, janitorial, garbage collection, and security. DFCM also evaluates preventative maintenance programs by conducting building assessments for state-owned buildings and college facilities.

Office of Debt Collection: The Office of State Debt Collection collects and manages state receivables and develops

policies governing long-term outstanding debt. Private collection firms provide the actual collection work. Formerly funded with tax funds, the Division now operates entirely as an internal service fund, generating dedicated credits to fund all expenditures.

Legislative Action

Fleet Capitalization: The Legislature ended the Fleet Capitalization program. For three years, the Legislature provided an additional subsidy to offset the true cost of operating a fleet vehicle. With pressing budget concerns, the Legislature removed the subsidy to address other important state needs. The three-year window allowed the Division of Fleet Operations to establish appropriate rates that will prevent the growth of General Fund borrowing in the future.

Information Technology Services: The Legislature capped the amount of Capital Outlay funds available to ITS, ending the practice of “carry forward” outlay authorizations.

Funding Detail

Financing	2002 Actual	03 Revised Est	04 GS Total
Federal Funds	\$542,200		
Dedicated Credits Revenue	413,700	450,000	455,000
Premiums	23,657,000	27,076,800	28,480,600
Licenses/Fees	191,400	125,700	128,200
Interest Income	767,200	521,100	531,500
Dedicated Credits - Intragvt Rev	126,316,000	125,544,000	129,670,800
Restricted Revenue	8,235,100	8,001,000	8,942,700
Trust and Agency Funds	200	--	--
Transfers	(2,611,500)	309,500	--
Other Financing Sources	(17,100)	7,000	7,300
Total	\$157,494,200	\$162,035,100	\$168,216,100
Programs			
ISF - Office of State Debt Collection	\$1,004,300	\$1,036,700	\$1,122,000
ISF - Purchasing & General Services	13,986,500	14,056,800	14,607,400
ISF - Information Technology Services	58,449,000	54,907,400	56,714,400
ISF - Fleet Operations	36,297,100	38,374,700	39,533,800
ISF - Risk Management	29,195,000	35,077,800	37,423,300
ISF - Facilities Management	18,562,300	18,581,700	18,815,200
Total	\$157,494,200	\$162,035,100	\$168,216,100
Profit/(Loss)	(\$5,306,000)	(\$1,377,300)	\$679,800
FTE/Other			
Total FTE	506.4	510	501
Authorized Capital Outlay	44,677,200	48,349,300	26,463,900
Retained Earnings	21,028,700	19,651,300	18,562,300
Vehicles			

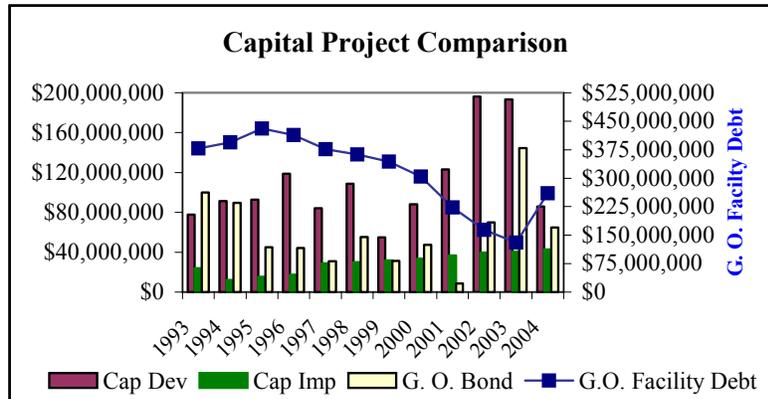
Capital Budget

The capital budget provides funding to purchase, construct and repair State facilities. Over the last two years, funding for projects came from cash appropriations. Due to significant revenue shortfalls, the FY 2003 capital budget includes significant authorizations of general obligation debt for facilities.

The following chart shows the historical relationship between funding for new or replacement facilities (capital developments) alterations, repairs, and improvements (capital improvements), and annual bond authorizations. Following the FY 2002/2003 issuance of bonds to replace cash in facilities, the Legislature approved approximately \$85 million in new capital development projects

(including non-state funded and revenue bonds), the lowest amount authorized since FY 2000.

General Obligation Facility Debt (the right vertical axis shown in the chart) will not include debt authorized during the 2003 session until it is actually issued.



Legislative Action

Capital Improvements - Maintaining existing facilities: To balance the FY 2004 budget, the Legislature continued to fund Capital Improvements at the minimum statutory rate of 0.9 percent. Even at this lower level, the appropriation of \$42.7 million represents the highest level of funding ever authorized to address the maintenance backlog.

The Legislature passed three bills affecting the Capital Budget, including:

H.B. 15, “State Armory Board Amendments”, which requires notification to the Legislative Management Committee prior to any sale or purchase of real property by the Board.

H.B. 21, “State Building Ownership Authority Recodification and Revision”, which makes the State Building Ownership Authority responsible for the issuance of State Revenue Bonds. This bill reconstituted the Authority as the Governor, State

Treasurer and Chairman of the State Building Board. Previously the Authority was comprised of Building Board members.

H.B. 26, “State General Obligation Bond Act”, which codifies language found in the annual bond bill. The codified language provides a more concise annual bond act and will reduce the size of the Utah Code.

Funding Detail

Capital Budget					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	45,337,000		45,337,000	27,584,700	(17,752,300)
General Fund, One-time	(21,930,300)	12,100,000	(9,830,300)	(4,200,000)	5,630,300
Income Tax	25,049,000		25,049,000	17,000,000	(8,049,000)
Income Tax, One-time	(8,049,000)	(12,100,000)	(20,149,000)		20,149,000
Federal Funds	7,900,300		7,900,300		(7,900,300)
Dedicated Credits Revenue				4,200,000	4,200,000
Dedicated Credits - GO Bonds	3,125,000		3,125,000		(3,125,000)
Project Reserve Fund	800,000		800,000		(800,000)
Total	<u>\$52,232,000</u>	<u>\$0</u>	<u>\$52,232,000</u>	<u>\$44,584,700</u>	<u>(\$7,647,300)</u>
Programs					
DFCM Capital Program	52,232,000		52,232,000	44,584,700	(7,647,300)
Total	<u>\$52,232,000</u>	<u>\$0</u>	<u>\$52,232,000</u>	<u>\$44,584,700</u>	<u>(\$7,647,300)</u>
Total FTE	0.0	0.0	0.0	0.0	0.0

State Funded Capital Projects

The table below shows FY 2004 projects funded in part or in whole by state funds and General Obligation Bonds.

<i>State Funded Projects</i>	State Funds	G. O. Bond	Total Authorized
Capital Improvements	\$38,514,700	\$4,200,000	\$42,714,700
USU Merrill Library		40,000,000	40,000,000
State Archives Building		8,000,000	8,000,000
Capitol Restoration	4,200,000	5,800,000	10,000,000
UVSC Vineyard Elementary Purchase		6,600,000	6,600,000
	\$42,714,700	\$64,600,000	\$107,314,700

The Legislature authorized bonds for capital improvements to meet technical requirements that were part of the sale of state lands. Proceeds from sale of certain state lands require that funds be used to erect public governmental buildings in the capital city. In order to ensure that the proceeds from the sale of lands could be applied to other state needs the Legislature switched funding sources for Capital Improvements and the Capitol Restoration.

Non-State Funded Capital Projects

<i>Other Fund Projects</i>	Revenue Bond	Non-State Funds	Total Authorized	O & M
West Valley Drivers License	\$1,242,000		\$1,242,000	\$0
Salt Lake County Courts	14,099,000	\$4,500,000	18,599,000	393,800
USU Lab Research Center		600,000	600,000	12,200
USU Biology/Natural Resources Bldg.		1,900,000	1,900,000	28,100
Snow College Student Center		3,500,000	3,500,000	0
	\$15,341,000	\$10,500,000	\$25,841,000	\$434,100

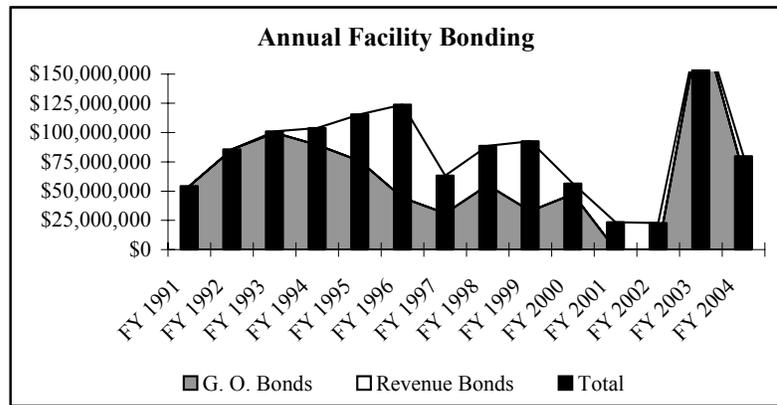
Additional funds for operation and maintenance may be requested for these projects upon completion. However, future budget priorities may require agencies to fund increased amounts within existing budgets.

Debt Service

Outstanding Indebtedness: The State Constitution limits general obligation debt to 1.5 percent of the taxable value of property in the state. Current outstanding debt utilizes just under half of the Constitutional authority.

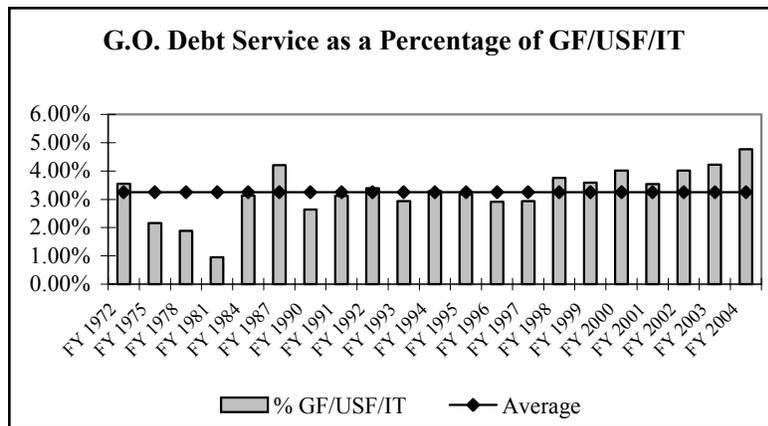
Utah Code limits debt to 20 percent of the fiscal year appropriation limit but exempts some transportation bonds. The Legislature issued an additional \$109.5 million in transportation bonds for FY 2004 that are not exempt from the limit. Combined with the authorization of \$65.3 million in facility debt this year, outstanding indebtedness may reach more than 85 percent of the statutory limit for FY 2004.

Limit Prior to 2003 Session	\$834,638,000	
Bonds issued subject to limit	(411,950,000)	49%
Authorized but unissued (2002)	(141,250,000)	17%
Authorized in 2003 General Session	(174,800,000)	21%
Estimated Available Capacity	<u><u>\$106,638,000</u></u>	13%



Debt Service for FY 2004 requires an increase of \$5.7 million in state funds for capital facility obligations and an additional \$15 million from Centennial Highway Fund for transportation debt. The Legislature approved \$171,722,900 in total debt service for

General Obligation bonds. Dedicated Credits, used to fund revenue bonds, decreased by less than \$50,000 to \$31,508,200.



General Obligation Debt Service, as a percent of FY 2004 General Fund and Uniform School Fund appropriations, rose to 4.78 percent, up a half percent from the previous year. For the fourth time in the last five years, FY 2004 debt service has exceeded 4 percent of tax funds.

Funding Detail

Financing	2003	2003	2003	2004	Change from 2003 Revised
	Estimated	Supplemental	Revised	Appropriated	
General Fund	56,833,700		56,833,700	56,833,700	
General Fund, One-time	(2,000,000)		(2,000,000)		2,000,000
Uniform School Fund	11,466,700		11,466,700	17,164,300	5,697,600
Centennial Highway Fund	82,657,500		82,657,500	97,724,900	15,067,400
Centennial Highway Fund, One-time		1,960,700	1,960,700		(1,960,700)
Dedicated Credits Revenue	31,555,400		31,555,400	31,508,200	(47,200)
Beginning Nonlapsing	22,882,100		22,882,100	11,092,400	(11,789,700)
Closing Nonlapsing	(11,092,400)		(11,092,400)	(8,809,000)	2,283,400
Total	\$192,303,000	\$1,960,700	\$194,263,700	\$205,514,500	\$11,250,800
Programs					
Debt Service	192,303,000	1,960,700	194,263,700	205,514,500	11,250,800
Total	\$192,303,000	\$1,960,700	\$194,263,700	\$205,514,500	\$11,250,800
Total FTE		0.0	0.0	0.0	0.0

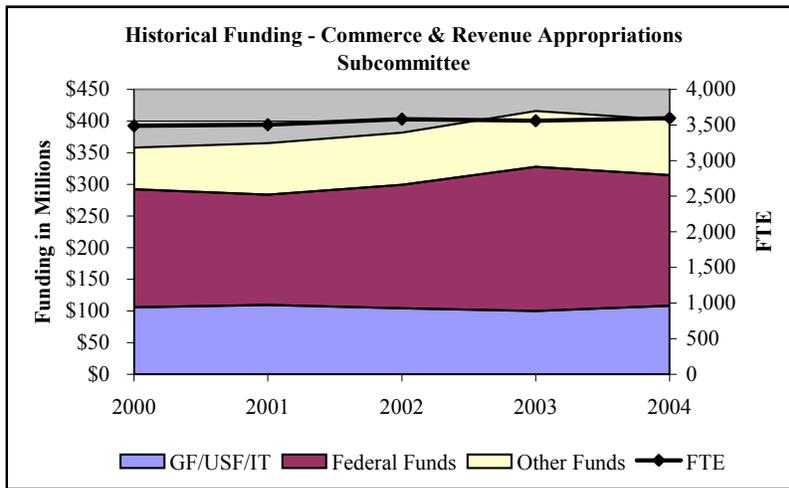
Funding Detail

Capital Facilities & Administrative Services Appropriations Subcommittee					
	2003		2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	114,704,000	2,547,300	117,251,300	98,012,000	(19,239,300)
General Fund, One-time	(25,613,200)	12,200,000	(13,413,200)	(3,864,900)	9,548,300
Uniform School Fund	11,439,400	27,300	11,466,700	17,164,300	5,697,600
Income Tax	25,049,000		25,049,000	17,000,000	(8,049,000)
Income Tax, One-time	(8,049,000)	(12,100,000)	(20,149,000)		20,149,000
Transportation Fund	444,400	5,600	450,000	450,000	
Centennial Highway Fund	82,657,500		82,657,500	97,724,900	15,067,400
Centennial Highway Fund, One-time		1,960,700	1,960,700		(1,960,700)
Federal Funds	7,877,800	22,500	7,900,300		(7,900,300)
Dedicated Credits Revenue	33,634,500	16,700	33,651,200	38,837,800	5,186,600
Dedicated Credits - Intragvt Rev	484,900		484,900	492,200	7,300
Dedicated Credits - GO Bonds	3,125,000		3,125,000		(3,125,000)
Restricted Revenue	(38,400)	38,400		966,900	966,900
GFR - ISF Overhead	1,489,500		1,489,500	1,490,000	500
Transfers	704,000		704,000	104,000	(600,000)
Transfers - Internal Service Funds	182,000		182,000		(182,000)
Other Financing Sources	(3,400)	3,400			
Project Reserve Fund	3,286,600		3,286,600	1,699,500	(1,587,100)
Beginning Nonlapsing	26,089,900		26,089,900	11,620,400	(14,469,500)
Closing Nonlapsing	(11,620,400)		(11,620,400)	(9,214,100)	2,406,300
Total	\$265,844,100	\$4,721,900	\$270,566,000	\$272,483,000	\$1,917,000
Programs					
Capitol Preservation Board	2,543,700		2,543,700	2,504,100	(39,600)
Administrative Services	18,765,400	2,761,200	21,526,600	19,879,700	(1,646,900)
Capital Budget	52,232,000		52,232,000	44,584,700	(7,647,300)
Debt Service	192,303,000	1,960,700	194,263,700	205,514,500	11,250,800
Total	\$265,844,100	\$4,721,900	\$270,566,000	\$272,483,000	\$1,917,000
Total FTE	201.0	0.0	201.0	207.0	6.0

Commerce and Revenue

Subcommittee Overview

The Legislature appropriated \$402,048,100 to eight state agencies: Alcoholic Beverage Control, Commerce, Financial Institutions, Insurance, Labor Commission, Public Service Commission, Tax Commission, and Workforce Services. State funds (General Fund and Uniform School Funds) increased 8.25 percent, from \$100,056,500 to \$108,310,800.



Alcoholic Beverage Control

The Department of Alcoholic Beverage Control regulates the manufacture, sale, and use of alcoholic beverages by licensing on-premise businesses, manufacturers, wholesalers, warehousemen, importers, and liquor representatives.

Utah is one of 18 liquor control states and one of two totally state-run systems. The Department operates 36 state stores and about 80 package agencies which are the exclusive retailers of liquor, wine, and heavy beer in the state.

Legislative Action

The Legislature passed **S.B. 153, “Alcoholic Beverage Amendments”**, a major revision of the laws regulating all aspects of alcoholic beverage sales, raising fees and liquor markup, generating \$3,818,000 in new revenue. The bill also appropriates \$325,900 to the Department in FY 2003 to pay for staffing two new stores, and rent increases. For FY 2004, the bill provides \$1,893,000 to pay continuing costs of staffing and rent increases, replace worn equipment, and to cover an upcoming bond payment. It also funds increases in Public Safety and local liquor law enforcement.

Senate Bill 66, “Alcoholic Beverage Enforcement and Treatment” increased the price of beer by about one cent per can. The increase will be deposited in a newly-created General Fund Restricted Account to fund local liquor law enforcement.

Funding Detail

Department of Alcoholic Beverage Control					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
Liquor Control Fund	16,370,700	325,400	16,696,100	18,494,600	1,798,500
Beginning Nonlapsing	800		800		(800)
Total	<u>\$16,371,500</u>	<u>\$325,400</u>	<u>\$16,696,900</u>	<u>\$18,494,600</u>	<u>\$1,797,700</u>
Programs					
Alcoholic Beverage Control	16,371,500	325,400	16,696,900	18,494,600	1,797,700
Total	<u>\$16,371,500</u>	<u>\$325,400</u>	<u>\$16,696,900</u>	<u>\$18,494,600</u>	<u>\$1,797,700</u>
Total FTE	298.5	4.0	302.5	299.0	(3.5)

Commerce

The Department of Commerce registers businesses, licenses professionals, provides consumer protection and education, oversees public utilities, and monitors the real estate and securities industries. The Department is funded from fees paid into the Commerce Service Fund. In general, fees are equal to costs but the Department also collects fines. Excess collections to the Commerce Service Fund can be transferred to the General Fund.

Legislative Action

The Legislature moved to reduce the subsidy to some fees by increasing charges, producing about \$1,400,000 in revenue. The Department's appropriation was increased by \$197,300 for additional positions. The Legislature authorized the Department to collect \$300,000 in Dedicated Credits to pay for fingerprints and background checks in FY 2003.

The management of Notaries Public was moved, along with \$100,000 in funding, to the Lt. Governor to implement **H.B. 175, "Management of Notaries Public by Lieutenant Governor"**.

The Legislature appropriated \$36,100 from the Commerce Service Fund to implement **S.B. 88, "Security Personnel Licensing Act Amendments"**.

The Legislature passed **S.B. 194, "Commerce and Trade – Telephone and Facsimile Solicitation Act"** and appropriated \$120,000 for a no-call database.

The department will get an additional \$8,000 from the Commerce Service Fund to implement **S.B. 6, "Retailer Requirements in Printing Financial Transaction Card Receipt"**.

The Legislature passed **S.B. 53, "Amendments to Controlled Substance Act"**, and appropriated \$12,500 in Dedicated Credits for operating the Controlled Substance Database.

H.B. 290, “Exemptions Related to Exchange of Securities”, will increase revenue to the General Fund Restricted – Commerce Service Fund by \$3,600.

Funding Detail

Department of Commerce					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
Federal Funds	143,200		143,200	204,400	61,200
Dedicated Credits Revenue	440,800	300,000	740,800	1,469,000	728,200
Restricted Revenue	2,884,300		2,884,300	2,890,600	6,300
GFR - Commerce Service	14,215,600	(700)	14,214,900	14,946,900	732,000
GFR - Factory Built Housing Fees	104,400		104,400	104,700	300
GFR - Geologist Ed. & Enf.		10,000	10,000	10,000	
GFR - Nurses Ed & Enf Fund	10,000		10,000	10,000	
Trust and Agency Funds	2,000		2,000	2,000	
Real Estate Education and Recovery	185,100		185,100	188,100	3,000
Transfers	100,500		100,500		(100,500)
Pass-through	75,400		75,400	75,200	(200)
Beginning Nonlapsing	1,168,900		1,168,900		(1,168,900)
Total	\$19,330,200	\$309,300	\$19,639,500	\$19,900,900	\$261,400
Programs					
Commerce General Regulation	17,896,700	309,300	18,206,000	19,112,800	906,800
Real Estate Education	249,000		249,000	188,100	(60,900)
Public Utilities Professional & Technical Serv	184,800		184,800	100,000	(84,800)
Committee of Consumer Services Professiona	999,700		999,700	500,000	(499,700)
Total	\$19,330,200	\$309,300	\$19,639,500	\$19,900,900	\$261,400
Total FTE	238.0	0.0	238.0	237.0	(1.0)

Financial Institutions

The Department of Financial Institutions regulates state-chartered, deposit-taking institutions including banks, credit unions, savings and loans, and industrial loan corporations as well as check cashers. Department funding is from the General Fund Restricted – Financial Institutions Account. The fund is made up from asset-based fees and charges for examinations (UCA 7-1-401, 402, 403). The use of the funds is restricted to the regulation of financial institutions. Funds remaining at the end of the year lapse back to the restricted account.

Legislative Action

The Legislature appropriated an additional \$195,000 from General Fund Restricted – Financial Institutions Account to correct an under-funded Market Comparability Adjustment made last year. The Legislature passed **H.B. 162, “Amendments Related to Financial Institutions”** which creates a task force to study taxation of credit unions and make recommendations to a future Legislature. If state-regulated credit unions were to convert to federal charters, there will be a loss of revenue to the General Fund Restricted – Financial Institutions Account. The Legislature passed **H.B. 189, “Lending Law Amendments”** which imposes registration requirements for title loans.

Funding Detail

Financial Institutions					
Financing	2003 Estimated	2003 Supplemental	2003 Revised	2004 Appropriated	Change from 2003 Revised
GFR - Financial Institutions	4,181,600	(200)	4,181,400	4,476,000	294,600
Total	\$4,181,600	(\$200)	\$4,181,400	\$4,476,000	\$294,600
Programs					
Financial Institutions Administration	4,181,600	(200)	4,181,400	4,476,000	294,600
Total	\$4,181,600	(\$200)	\$4,181,400	\$4,476,000	\$294,600
Total FTE	50.0	0.0	50.0	50.0	0.0

Insurance

The Insurance Department regulates the state's insurance industry to protect consumers. It monitors and promotes insurance company solvency and fosters a competitive insurance market. It also oversees the Comprehensive Health Insurance Pool, the Title Insurance Industry, and the Bail Bond Surety Program. Funding comes from the General Fund (about 46 percent) and fees (about 54 percent).

Legislative Action

Utah's insurer of uninsurable individuals, the Comprehensive Health Insurance Pool called *HIPUtah*, received an additional \$4,000,000 from various sources to prevent capping services. The Legislature appropriated an additional \$900 from the General Fund to implement **H.B. 4, "Viatical Settlements"**. Passage of **H.B. 372, "Captive Insurers Act"** will generate an additional \$10,000 to the General Fund.

Funding Detail

Insurance Department					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	7,034,700	(17,400)	7,017,300	11,094,100	4,076,800
General Fund, One-time	(50,000)		(50,000)	12,600	62,600
Dedicated Credits Revenue	1,400,200		1,400,200	1,665,900	265,700
GFR - Bail Bond Surety Admin	22,100		22,100	22,100	
Beginning Nonlapsing	678,500		678,500	322,400	(356,100)
Closing Nonlapsing	(322,400)		(322,400)	(382,500)	(60,100)
Lapsing Balance	(19,000)		(19,000)	(18,900)	100
Total	\$8,744,100	(\$17,400)	\$8,726,700	\$12,715,700	\$3,989,000
Programs					
Insurance Department Administration	5,755,700	(17,400)	5,738,300	5,724,600	(13,700)
Comprehensive Health Insurance Pool	2,916,200		2,916,200	6,916,200	4,000,000
Bail Bond Program	3,100		3,100	3,200	100
Title Insurance Program	69,100		69,100	71,700	2,600
Total	\$8,744,100	(\$17,400)	\$8,726,700	\$12,715,700	\$3,989,000
Total FTE	80.0	0.0	80.0	83.0	3.0

Labor Commission

The Labor Commission improves work environments with programs aimed at safety, health, fairness, and non-discrimination. It also administers state and federal fair housing programs and administers policies related to worker’s compensation for employers that are self-insured.

Legislative Action

Passage of “**S.B. 126, Workers’ Compensation Amendments**”, will increase revenue to the Uninsured Employers Fund by \$25,000.

Funding Detail

Labor Commission					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	4,380,200	(31,800)	4,348,400	4,425,200	76,800
General Fund, One-time				12,700	12,700
Federal Funds	2,444,700		2,444,700	2,471,200	26,500
GFR - Workplace Safety	693,800		693,800	765,000	71,200
Employers' Reinsurance Fund	472,200	(277,700)	194,500	214,700	20,200
Uninsured Employers' Fund	594,300	277,700	872,000	809,300	(62,700)
Transfers	37,800		37,800	38,000	200
Lapsing Balance	(63,900)		(63,900)		63,900
Total	<u>\$8,559,100</u>	<u>(\$31,800)</u>	<u>\$8,527,300</u>	<u>\$8,736,100</u>	<u>\$208,800</u>
Programs					
Labor Commission	8,559,100	(31,800)	8,527,300	8,736,100	208,800
Total	<u>\$8,559,100</u>	<u>(\$31,800)</u>	<u>\$8,527,300</u>	<u>\$8,736,100</u>	<u>\$208,800</u>
Total FTE	119.0	0.0	119.0	121.0	2.0

Public Service Commission

The Public Service Commission regulates public utilities with the goal of efficient, reliable, and reasonably-priced service for customers and to ensure the financial health of the utilities operating in the state. It also oversees several other programs: Research and Analysis (the court-mandated Wexpro Agreement) funded from dedicated credits, Speech and Hearing Impaired, funded from dedicated credits and Universal Telecommunications Service Support Fund funded from dedicated credits.

Funding Detail

Public Service Commission					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	1,430,200	(2,800)	1,427,400	1,515,900	88,500
General Fund, One-time				4,400	4,400
Dedicated Credits Revenue	8,243,100		8,243,100	1,543,900	(6,699,200)
Universal Public Telecom Service Fund	6,603,800		6,603,800	6,459,300	(144,500)
Beginning Nonlapsing	22,202,900		22,202,900	12,952,000	(9,250,900)
Closing Nonlapsing	(21,585,500)		(21,585,500)	(12,276,400)	9,309,100
Total	\$16,894,500	(\$2,800)	\$16,891,700	\$10,199,100	(\$6,692,600)
Programs					
Public Service Commission	1,591,600	(2,800)	1,588,800	1,705,400	116,600
Research and Analysis	60,000		60,000	60,000	
Speech and Hearing Impaired	1,632,700		1,632,700	1,632,700	
Lifeline Telecommunications Service Fund	6,805,100		6,805,100		(6,805,100)
Universal Telecommunications Support Fund	6,805,100		6,805,100	6,801,000	(4,100)
Total	\$16,894,500	(\$2,800)	\$16,891,700	\$10,199,100	(\$6,692,600)
Total FTE	16.0	0.0	16.0	17.0	1.0

Tax Commission

The Tax Commission collects state and local taxes from more than 40 taxes, surcharges and fees. It also administers other tax and motor vehicle laws. It employs more than 800 individuals, operates 12 offices across the state, and collects more than \$4.5 billion in revenue annually.

Legislative Action

The Legislature replaced \$4,000,000 in one-time funding with ongoing General Fund. The Legislature reduced Nonlapsing Balances by \$1,000,000 to fund other budget needs.

Several pieces of legislation passed, affecting the Tax Commission. These include:

S.B. 147, “Streamlined Sales Tax Project Amendments” will provide the Commission \$1,251,000 from the General Fund Restricted – Sales and Use Tax Administration Fund.

H.B. 240, “Venture Capital Enhancement Act” includes an appropriation of \$12,400 from the Uniform School Fund (one-time) to implement

H.B. 305, “Individual Income Tax Contribution – Wolf Depredation and Management Restricted Account” provides \$12,400, from the General Fund, to implement.

S.B. 66, “Alcoholic Beverage Enforcement and Treatment” appropriates \$3,200 from Fixed Collections for implementation. The bill mandates the transfer of \$2,525,666 to the State Treasurer for deposit into the Alcoholic Beverage Enforcement and Treatment Restricted Account. These amounts increase each year until FY 2008, where the transfer will be the greater of 40 percent of the revenue collected or \$4,350,000.

H.B. 258, “Motor Vehicle Business Regulation - Penalties” will increase revenue to the General Fund by \$3,000.

H.B. 46, “Honorary Consulate - Special Group License Plates” provides \$4,300 from the General Fund to implement.

H.B. 197, “License Plate for Boys and Girls Clubs” authorizes the Commission to accept an additional \$6,000 in Dedicated Credits.

S.B. 209, “Registration for ATV’s and Nonautomobiles” provided an appropriation of \$15,300 in ongoing and \$6,600 in one-time General Fund.

Funding Detail

Utah State Tax Commission					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	18,082,000	(306,400)	17,775,600	21,149,800	3,374,200
General Fund, One-time	1,921,400		1,921,400	(2,036,800)	(3,958,200)
Uniform School Fund	16,480,400	(800)	16,479,600	16,712,900	233,300
Uniform School Fund, One-time	(1,000,000)		(1,000,000)	59,200	1,059,200
Transportation Fund	5,857,400		5,857,400	5,857,400	
Federal Funds	511,000		511,000	476,600	(34,400)
Dedicated Credits Revenue	7,577,300		7,577,300	7,707,900	130,600
GFR - Sales and Use Tax Admin Fees	6,126,100	393,700	6,519,800	7,493,700	973,900
TFR - Uninsured Motorist I.D.	133,800		133,800	133,800	
Fixed Collections				3,200	3,200
Transfers	60,300		60,300	60,300	
Beginning Nonlapsing	6,254,800		6,254,800	4,431,800	(1,823,000)
Closing Nonlapsing	(4,431,800)		(4,431,800)	(2,608,800)	1,823,000
Total	<u>\$57,572,700</u>	<u>\$86,500</u>	<u>\$57,659,200</u>	<u>\$59,441,000</u>	<u>\$1,781,800</u>
Programs					
Tax Administration	55,270,400	86,500	55,356,900	56,538,700	1,181,800
License Plates Production	2,302,300		2,302,300	2,302,300	
Liquor Profit Distribution				600,000	600,000
Total	<u>\$57,572,700</u>	<u>\$86,500</u>	<u>\$57,659,200</u>	<u>\$59,441,000</u>	<u>\$1,781,800</u>
Total FTE	842.5	0.0	842.5	836.0	(6.5)

Workforce Services

The Department of Workforce Forces Services administers the state's job placement, job training, and the welfare functions of TANF, food stamps, and child care. The Department has 49 employment and eligibility centers throughout the state.

Legislative Action

The Legislature appropriated an additional \$1,000,000 for General Assistance, the state's welfare program for people without children. People with children are eligible for the federally funded TANF (Temporary Assistance to Needy Families) program. The Legislature appropriated an additional \$1,400,000 for Food Stamp match rate changes. Food Stamp caseloads have been increasing as shown in the chart below. (Cases have increased by 400 since the Legislative session.) The federal government has changed the match rate from zero to 50-50, giving the state a double hit. The reduction in federal funds is the result of spending down TANF balances prior to reauthorization. The state is building a replacement for PACMIS called eRep. A gap analysis showed that PACMIS met only 50 percent of the State's needs.

H.B. 31, "Workforce Services Overpayment Amendments" transfers the responsibility of recovery of overpayments from the Office of Recovery Services (Department of Human Services) to the Department of Workforce Services along with \$2,271,000 in funding.

The Legislature appropriated \$39,300 from Employment Security Administration Funds to implement **S.B. 15, "Workforce Services Amendments"**.

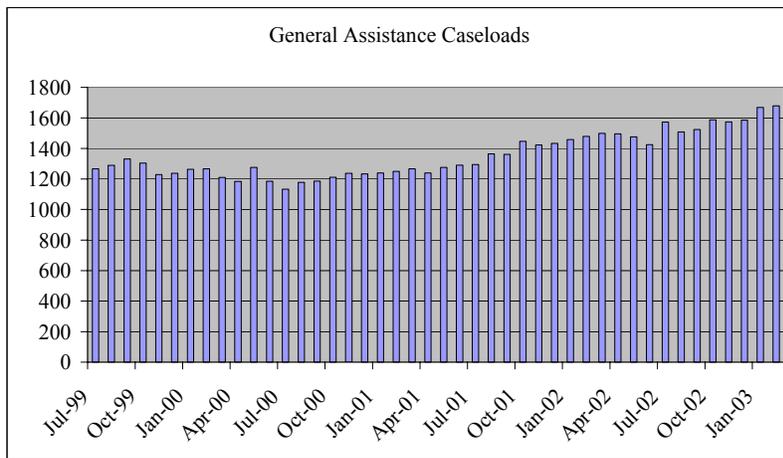
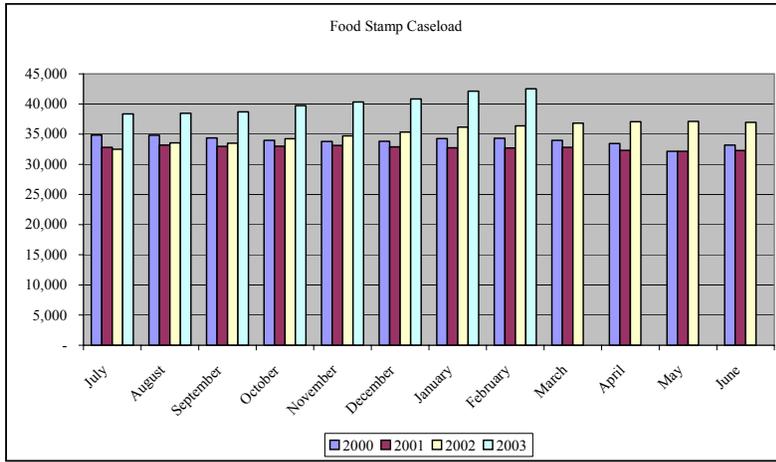
Implementation of **S.B. 19, "Employment Security Act Amendments"** will require \$208,700 in Federal Funds (Reed Act) in FY 2003 and \$162,500 in FY 2004.

The Legislature added the following intent language:

The Legislature intends that \$400,000 in General Fund be for one year and then be shown as on-going General Fund in the Tax Commission - Liquor Profit Distribution. The Legislature further intends that \$2,000,000 of the appropriation be one-time and of that amount, up to \$1,000,000 is contingent upon the Department of Commerce - Division of Securities collecting that amount above estimates. If the Division collects some or all of that amount, the Legislature intends the Department may spend those collections up to the \$1,000,000 appropriated amount. The Legislature intends that of the \$2,400,000 in one-time funds, \$1,000,000 is for General Assistance and \$1,400,000 is for Food Stamp Match Rate changes and caseload growth.

The Legislature intends that \$2,160,000 in funds appropriated from the Unemployment Compensation Trust (Reed Act Distribution) be used for Employment Services Administration.

It is the intent of the Legislature that the Department of Workforce Services provide a written report of its annual review of the adequacy of Family Employment Program (FEP) cash assistance grant levels. It is the intent that the report be given at the October Interim meeting each year.



Funding Detail

Department of Workforce Services					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	51,316,200	(179,400)	51,136,800	52,858,700	1,721,900
General Fund, One-time	1,000,000		1,000,000	2,502,100	1,502,100
Federal Funds	224,009,200	208,700	224,217,900	203,227,200	(20,990,700)
Dedicated Credits Revenue	3,511,700		3,511,700	3,830,200	318,500
Unemployment Compensation Trust				2,160,000	2,160,000
Transfers	3,496,800		3,496,800	3,473,900	(22,900)
Transfers - H - Medical Assistance	30,300		30,300	32,600	2,300
Total	\$283,364,200	\$29,300	\$283,393,500	\$268,084,700	(\$15,308,800)
Programs					
Workforce Services	283,364,200	29,300	283,393,500	268,084,700	(15,308,800)
Total	\$283,364,200	\$29,300	\$283,393,500	\$268,084,700	(\$15,308,800)
Total FTE	1,909.7	0.0	1,909.7	1,952.8	43.1

Funding Detail

Commerce & Revenue Appropriations Subcommittee					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	82,243,300	(537,800)	81,705,500	91,043,700	9,338,200
General Fund, One-time	2,871,400		2,871,400	495,000	(2,376,400)
Uniform School Fund	16,480,400	(800)	16,479,600	16,712,900	233,300
Uniform School Fund, One-time	(1,000,000)		(1,000,000)	59,200	1,059,200
Transportation Fund	5,857,400		5,857,400	5,857,400	
Federal Funds	227,108,100	208,700	227,316,800	206,379,400	(20,937,400)
Dedicated Credits Revenue	21,173,100	300,000	21,473,100	16,216,900	(5,256,200)
Restricted Revenue	2,884,300		2,884,300	2,890,600	6,300
GFR - Bail Bond Surety Admin	22,100		22,100	22,100	
GFR - Commerce Service	14,215,600	(700)	14,214,900	14,946,900	732,000
GFR - Factory Built Housing Fees	104,400		104,400	104,700	300
GFR - Financial Institutions	4,181,600	(200)	4,181,400	4,476,000	294,600
GFR - Geologist Ed. & Enf.		10,000	10,000	10,000	
GFR - Nurses Ed & Enf Fund	10,000		10,000	10,000	
GFR - Sales and Use Tax Admin Fees	6,126,100	393,700	6,519,800	7,493,700	973,900
GFR - Workplace Safety	693,800		693,800	765,000	71,200
TFR - Uninsured Motorist I.D.	133,800		133,800	133,800	
Trust and Agency Funds	2,000		2,000	2,000	
Employers' Reinsurance Fund	472,200	(277,700)	194,500	214,700	20,200
Fixed Collections				3,200	3,200
Liquor Control Fund	16,370,700	325,400	16,696,100	18,494,600	1,798,500
Real Estate Education and Recovery	185,100		185,100	188,100	3,000
Unemployment Compensation Trust				2,160,000	2,160,000
Uninsured Employers' Fund	594,300	277,700	872,000	809,300	(62,700)
Universal Public Telecom Service Fund	6,603,800		6,603,800	6,459,300	(144,500)
Transfers	3,695,400		3,695,400	3,572,200	(123,200)
Transfers - H - Medical Assistance	30,300		30,300	32,600	2,300
Pass-through	75,400		75,400	75,200	(200)
Beginning Nonlapsing	30,305,900		30,305,900	17,706,200	(12,599,700)
Closing Nonlapsing	(26,339,700)		(26,339,700)	(15,267,700)	11,072,000
Lapsing Balance	(82,900)		(82,900)	(18,900)	64,000
Total	\$415,017,900	\$698,300	\$415,716,200	\$402,048,100	(\$13,668,100)
Programs					
Tax Commission	57,572,700	86,500	57,659,200	59,441,000	1,781,800
Workforce Services	283,364,200	29,300	283,393,500	268,084,700	(15,308,800)
Alcoholic Beverage Control	16,371,500	325,400	16,696,900	18,494,600	1,797,700
Labor Commission	8,559,100	(31,800)	8,527,300	8,736,100	208,800
Commerce	19,330,200	309,300	19,639,500	19,900,900	261,400
Financial Institutions	4,181,600	(200)	4,181,400	4,476,000	294,600
Insurance	8,744,100	(17,400)	8,726,700	12,715,700	3,989,000
Public Service Commission	16,894,500	(2,800)	16,891,700	10,199,100	(6,692,600)
Total	\$415,017,900	\$698,300	\$415,716,200	\$402,048,100	(\$13,668,100)
Total FTE	3,553.7	4.0	3,557.7	3,595.8	38.1

Utah College of Applied Technology

Department Overview

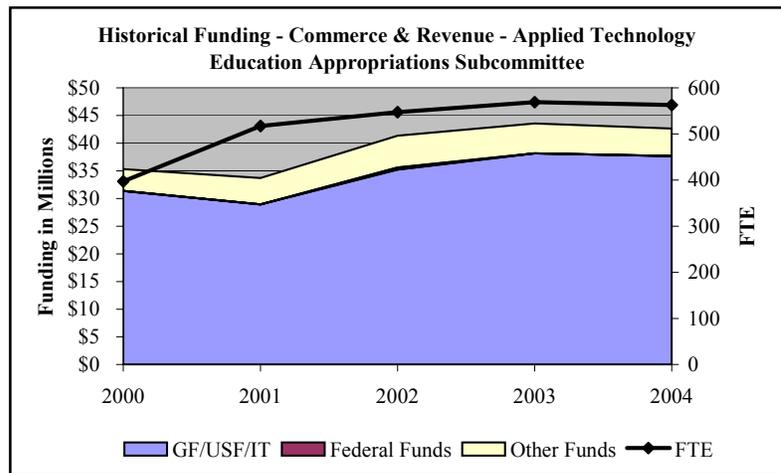
The Utah College of Applied Technology

The Utah College of Applied Technology (UCAT) is the tenth institution of the Utah System of Higher Education. Passage of House Bill 161, “Snow College Richfield Campus,” reduced UCAT from ten regional campuses to nine. Each regional Applied Technology College is governed by a regional board comprised of members from business and industry, the local school districts and the higher education institution located in that region. UCAT is governed by a fifteen member Board of Trustees consisting of a business representative from each regional board, two members from the State Board of Education, two members from the State Board of Regents, and one member from business and industry.

The mission of UCAT is to provide applied technology education (ATE) to both adult and secondary students to meet the social and economic needs of the state efficiently and effectively, through collaborative partnerships between the educational systems, business, and industry. UCAT is to offer quality educational programs and innovative delivery systems to ensure a skilled and educated workforce. ATE programs offer open-entry/open-exit, high quality, competency based training including certificates of completion, associate of applied technology degrees, and competency based high school diplomas. UCAT provides over 6.3 million membership hours of training annually.

Currently, the nine campuses are:

1. Bridgerland Applied Technology Center
2. Davis Applied Technology Center
3. Dixie Applied Technology Center
4. Mountainland Applied Technology Center
5. Ogden/Weber Applied Technology Center
6. Salt Lake/Tooele Applied Technology Center
7. Southeast Applied Technology Center
8. Southwest Applied Technology Center
9. Uintah Basin Applied Technology Center



Legislative Action

In FY 2004, funding for the Utah College of Applied Technology was reduced by \$902,000, a 2.07 percent decrease below the FY 2003 revised budget of \$43,561,500. The State funding for UCAT decreased \$477,200, a 1.25 percent decrease from the FY 2003 revised state budget of \$38,152,100. The total funding of \$42,659,500 for FY 2004 consists of General Funds, Dedicated Credits (tuition) and non-lapsing balances. State funds account for \$37,694,900 or about 88 percent of the UCAT appropriated budget.

Internal Service Fund Adjustments: Internal Service Fund adjustments for FY 2004 decreased the General Fund by \$20,200.

Retirement Rate Adjustments: For FY 2004, retirement rate contributions, based on actuarial analysis, increased the Utah College of Applied Technology's General Fund budget by \$242,700.

Health and Dental Rate Increases: The Legislature appropriated \$300,400 for health and dental rate increases for UCAT from General Funds.

House Bill 161 Transfer of Central Applied Technology College: Passage of House Bill 161 transferred Central Applied Technology College to Snow College. The total funding transferred to Snow College was \$1,959,000 with \$1,454,000 from the General Fund.

UCAT – Administrative Funds: The Legislature approved \$242,600 from Beginning Nonlapsing balances in FY 2004 for UCAT administration.

Transfer of Development Funds: Development Funds were originally appropriated as performance funding. The Legislature allocated the Development Funds of \$1,546,900 to the ten technical colleges (distribution was made prior to the passage of H.B. 161) to offset budget reductions from the previous fiscal years and to support applied technology programs.

Enrollment Growth Funding: UCAT was appropriated \$839,100 for enrollment growth funding. This represents 19.3 percent of the funding for 1,020,129 new membership hours. Additional growth funding of approximately \$600,000 will come from tuition revenue generated by the new adult membership hours. UCAT has experienced system-wide enrollment growth of 20.7 percent since its inception as illustrated in the following table:

UCAT Membership Hours				
	FY 2001	FY 2002		%
	Average	Average	Growth	Increase
Bridgerland	1,134,773	1,245,138	110,365	9.73%
Central	218,950	240,471	21,521	9.83%
Davis	1,082,334	1,313,636	231,302	21.37%
Dixie	53,752	80,079	26,327	48.98%
Mountainlands	280,721	424,050	143,329	51.06%
Ogden-Weber	1,191,840	1,410,012	218,172	18.31%
Salt Lake-Tooele	167,874	204,996	37,122	22.11%
Southeast	128,131	141,595	13,464	10.51%
Southwest	184,061	310,580	126,519	68.74%
Uintah Basin	484,766	576,774	92,008	18.98%
Total	4,927,202	5,947,331	1,020,129	20.70%

Operation and Maintenance of New Facilities: UCAT was appropriated \$14,300 for the operation and maintenance of facilities at Bridgerland (\$4,200) and Ogden-Weber (\$10,100).

Lease of Facilities: UCAT was provided lease costs of \$146,600 for five facilities. Mountainland received \$45,900 for one facility and Salt Lake-Tooele received \$100,700 for four leases.

Intent Language

The following intent language for UCAT was passed during the 2003 General Session:

Tuition Revenue:

It is the intent of the Legislature that a study be performed in the interim with members of the UCAT Board of Trustees, the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget to evaluate the UCAT tuition revenue. It is also the intent of the Legislature that uniform tuition rates be established for UCAT programs based on cost of instruction and on market demand. It is further the intent of the Legislature that the outcome of the study on UCAT tuition be reported to the Commerce and Revenue Appropriation Subcommittee by October 31 of 2003, and that the recommended tuition rate increase be implemented as soon as possible. It is also the intent of the Legislature that each college is to use tuition revenue generated by the tuition rate increases to cover institutional priorities.

UCAT Budget Requests:

It is the intent of the Legislature that UCAT complete and submit all financial reports (i.e. A-1's, R-1's, S-10's, etc.) to the Office of the Legislative Fiscal Analyst by November 1 of each fiscal year. It is further the intent of the Legislature that the approved consolidated budget

request from the UCAT Board of Trustees be submitted to the Office of the Legislative Fiscal Analyst by November 1 of each fiscal year.

Custom Fit:

It is the intent of the Legislature, if additional funding is received in FY 2004 for Custom Fit, that the UCAT Board of Trustees allocates an appropriate amount of Custom Fit monies to the Salt Lake-Tooele Applied Technology College.

Study of Applied Technology Education:

It is the intent of the Legislature that a study be performed of applied technology education in the state with the Utah System of Higher Education, Public Education, and the Utah College of Applied Technology, by the Office of the Legislative Fiscal Analyst in conjunction with the Governor's Office of Planning and Budget. It is further the intent of the Legislature that a written report be presented by October of 2003 to the Executive Appropriation Committee, and also reported to the appropriate Legislative Appropriation Subcommittees during the 2004 General Session..

Funding Detail

Utah College of Applied Technology					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	37,606,000		37,606,000	37,674,900	68,900
General Fund, One-time	10,700	242,600	253,300		(253,300)
Income Tax, One-time	292,800		292,800		(292,800)
Dedicated Credits Revenue	4,577,700		4,577,700	4,247,700	(330,000)
Beginning Nonlapsing	1,326,000		1,326,000	736,900	(589,100)
Closing Nonlapsing	(494,300)		(494,300)		494,300
Total	\$43,318,900	\$242,600	\$43,561,500	\$42,659,500	(\$902,000)
Programs					
Administration	5,906,200	242,600	6,148,800	4,556,200	(1,592,600)
Bridgerland ATC	7,826,400		7,826,400	8,254,500	428,100
Central ATC	1,701,400		1,701,400		(1,701,400)
Davis ATC	7,693,500		7,693,500	8,347,500	654,000
Dixie ATC	720,100		720,100	811,800	91,700
Mountainland ATC	2,025,100		2,025,100	2,356,000	330,900
Ogden/Weber ATC	8,761,900		8,761,900	9,335,800	573,900
Salt Lake/Tooele ATC	2,356,200		2,356,200	2,111,400	(244,800)
Southeast ATC	884,800		884,800	972,000	87,200
Southwest ATC	1,575,900		1,575,900	1,784,100	208,200
Uintah Basin ATC	3,867,400		3,867,400	4,130,200	262,800
Total	\$43,318,900	\$242,600	\$43,561,500	\$42,659,500	(\$902,000)
Total FTE	569.0	0.0	569.0	562.9	(6.0)

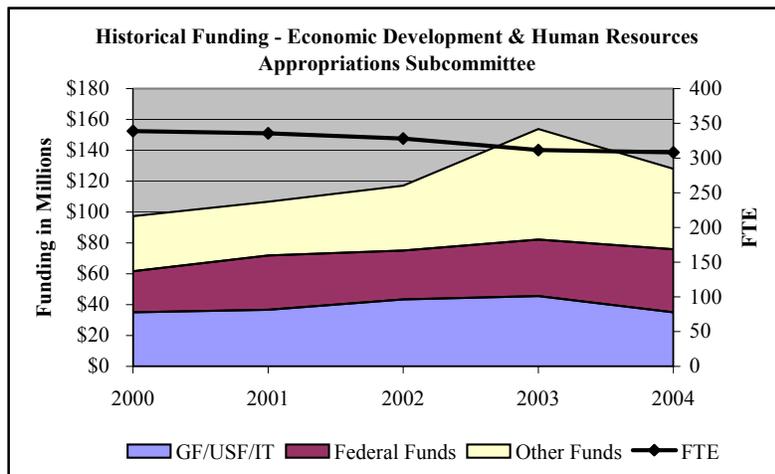
Economic Development and Human Resources

Subcommittee Overview

The Economic Development and Human Resources Subcommittee is responsible for the budgets of the Department of Community and Economic Development, the Department of Human Resource Management, and the Career Service Review Board. Funding for the Utah State Fair Corporation, an independent agency, was transferred to Department of Natural Resources beginning in FY 2004. The Committee also reviews, but does not appropriate, the Utah Housing Finance Corporation's budget.

The Legislature appropriated \$127,967,900 to the agencies mentioned above. Of that amount, \$32,115,500 is ongoing General Fund and \$2,890,900 is one-time General Fund. Compared to the FY 2003 Revised Appropriation, the total decreased 16.8 percent. The ongoing General Fund appropriation level decreased by 0.5 percent, one-time General Fund decreased by 78.0 percent.

Each program was directed to continue to develop performance measures in FY 2004.



Department of Community and Economic Development

The Department's divisions and offices are: Administration, Incentives Funds, Business Development, Indian Affairs, Travel Council, Utah State Historical Society, State History, Fine Arts, State Library, Community Development, and Community Development Capital.

Department Administration

Department Administration leads the department and provides public relations, personnel, accounting, research, legal, and data processing services.

Legislative Action

The Legislature reduced funding for Administration by \$30,000 in FY 2004. This will take the remaining savings from an FTE position.

Incentive Funds

The Industrial Assistance Fund gives financial incentives to attract jobs to the state. It also manages the Private Activity Bond Authority (the State's tax exempt volume cap) and the Community and Economic Development Project Fund.

Legislative Action

The Industrial Assistance Fund was provided a \$1,000,000 appropriation in FY 2003. A supplemental of \$100,000 was provided in FY 2003 to pay a contractual obligation.

For FY 2004, the Legislature reallocated \$563,600 in funding from the liquidation of the Utah Technology Finance Corporation to other Department programs. Funding from this source is considered one-time.

Intent Language

It is the intent of the Legislature that any proceeds in excess of a total of \$4,000,000 paid to the state from the liquidation of the Utah Technology Finance Corporation whether these proceeds come from cash, sale of real property, or collection of accounts receivable shall be deposited into the Industrial Assistance Fund.

Indian Affairs

The Division of Indian Affairs promotes intergovernmental coordination between tribal and State government.

Legislative Action

The Division of Indian Affairs was provided a \$99,400 supplemental appropriation for FY 2003 from federal funds. This is to promote empowerment training for tribal members.

Business and Economic Development

Business and Economic Development promotes and develops Utah's economy.

The Film Commission entices motion picture, television and advertising businesses to Utah.

The International Development program develops foreign investment in Utah and helps Utah businesses export to foreign countries. It is currently involved in promoting several post-Olympic trade missions.

The Business Development program has been reorganized. It has three areas of focus: Metro Development, Rural Development, and National Development.

The Technology and Science program oversees all technology and science related initiatives including the Centers of Excellence.

The Centers of Excellence program, modeled after the National Science Foundation's program, is devoted to commercializing research at Utah's universities.

Legislative Action

The Division has restructured internally to fund the Utah Technology Alliance within budget. However, one-time funding of \$450,000 from the Industrial Assistance Program was provided to enhance the program for an additional year. The Legislature increased the Defense Conversion Program by \$200,000 in FY 2004 as a result of the current round of base closures. One-time funding for Winterfest was provided in the amount of \$25,000 to promote a post-Olympic celebration in FY 2004. The Legislature decreased consulting services to the Centers of Excellence by \$30,000 and rural technical assistance by \$28,000.

Travel Development

Travel Development improves the State's economy through tourism. Strategic Development is responsible for administration, advertising and research. Internal Development oversees the Welcome Centers, information services, travel publications, and publicity. External Development manages the national and international travel development programs.

Legislative Action

The Legislature reduced an FTE dedicated to in-state travel promotion. Cost savings amounted to \$80,000. One-time funding of \$250,000 was provided to the Tourism Marketing Performance Fund for travel development throughout the State.

State History and the State Historical Society

State History promotes all things related to the State's history except paleontology, which belongs in the Department of Natural Resources. The Historical Society is the Division's fund raising arm and is shown as a separate line item. Collections and Education curates collections and sets up shows for educational

and public relation purposes. It also publishes the **Utah Historical Quarterly**, **Beehive History**, and books such as *Brief History of Utah* as well as the County Histories Project.

The Preservation Office funds the Division's Antiquities Section which issues archeological work permits for state lands and maintains a cultural sites database. It also funds both state and federal historic preservations programs. Through the History Projects program, the division funds the Utah State History Fair, and the Utah Heritage Foundation.

Legislative Action

The Legislature reduced the Administration budget by \$30,000, cemetery grants by \$20,000, preservation by \$10,000 and a grant to the Heritage Foundation by \$10,000.

Arts Council

The Arts Council promotes fine arts. Grants are available to more than 200 nonprofit arts organizations. The Community Arts Outreach and Development provides technical assistance to organizations and runs the Arts in Education, Visual Arts, Folk Arts, Literary Arts, and Percent for the Arts activities.

Legislative Action

The Legislature reduced arts grants by \$20,000 to fund the Humanities Council at the FY 2003 level.

Intent Language

It is the intent of the Legislature that the Utah Humanities Council be funded at FY 2003 levels from arts grants.

State Library

The mission of the State Library is to improve Utah's libraries. The Blind and Physically Handicapped program is the sole state source of material for the visually handicapped and, by contract with the Library of Congress, serves 24 other states. The division has a computer driven Braille printer that can generate materials. The Library Development program trains and consults local librarians. Information Services coordinates the interlibrary loan network for smaller libraries; orders, catalogs, and processes library materials; circulates audiovisual materials; reimburses net lender libraries; and sponsors a children's book examination center. In partnership with the Utah Education Network, the Utah Academic Library Consortium, and the State Office of Education, the State Library created PIONEER: Utah's Online Electronic Library.

Legislative Action

The Legislature reduced the Library budget by \$80,000 in FY 2004. This reduction will impact local library pass through funding.

Community Development

Community Development is comprised of a number of programs which help local governments develop infrastructure.

Weatherization helps low income, elderly, and handicapped persons save on energy bills.

Museum Services gives grants and technical support to local museums.

Community Assistance administers the federal Community Development Block Grant program and staffs the Permanent Community Impact Board, Disaster Relief Board, Private Activity Bond Review, Navajo Revitalization Fund and the Uintah Basin Revitalization Fund.

Pioneer Communities helps local governments preserve and revitalize their historic districts.

Housing Development staffs all of the State's housing programs: Homeless Committee, HOME, Housing Trust Fund, Critical Needs Housing, and Emergency Shelter.

Community Services administers the federal anti-poverty Community Services Block Grant Program and special projects like funding for food banks, and Healthy Communities.

The Commission on Volunteers is the federal AmeriCorps program that gives post secondary scholarships for volunteer work.

The Homeless Committee channels General Fund and income tax homeless check-off funds to state and local housing organizations.

The Emergency Food Program helps fund emergency food organizations.

Special Housing is a federally-funded program that pays for utilities, building renovations and leased space for special population homeless.

HEAT is Utah's name for the federal LIHEAP program that provides winter utility assistance to low-income households. It is administered through the Associations of Governments and nonprofit agencies.

The Ethnic Offices were merged with Community Development. The Hispanic Affairs, Pacific Islander Affairs, Black Affairs and Asian Affairs are now listed as separate programs under Community Development.

The Martin Luther King Commission promotes the holiday.

Legislative Action

Funding for the Hispanic Affairs Office was increased by \$30,000 to allow the hiring of an additional FTE.

The Johnson Farm, in St. George (Dinosaur Tracks) was provided a one-time FY 2003 appropriation of \$400,000. The Administration was provided a one-time FY 2004 General Fund appropriation of \$2,000,000 to help facilitate the Dugway Runway Extension. Additional funding of \$100,000 was provided to the Homeless Trust Fund and an additional \$30,000 was provided to the Emergency Food Network both in FY 2004. Funding for the Pioneer Communities was reduced by \$20,000 while Community Assistance funding of \$34,000 was shifted to the Permanent Community Impact Fund. Training for housing development was reduced by \$25,000.

Intent Language

FY 2003:

It is the intent of the Legislature that the Office of Museum Services may use agency funds to expand the fleet by one vehicle for museum support services. The Office shall transfer internal funds to the Division of Fleet Operations to capitalize a new vehicle expansion and to use agency funds for ongoing O & M expenses.

It is the intent of the Legislature that \$400,000 of General Fund one-time be used to fund the Johnson Farm.

FY 2004:

It is the intent of the Legislature that \$2,000,000 in General Fund one-time be used for the Dugway Runway Extension.

The Legislature intends that the Permanent Community Impact Fund Board (PCIFB) consider distributing one-time funding of \$385,000 in FY 2004 to be distributed equally between the seven Association of Governments in the State of Utah. These funds are to be used by the Association of Governments for planning, studies, and other

activities provided by the Association of Governments to member organizations.

The Legislature intends that the Permanent Community Impact Fund Board (PCIFB) consider distributing one-time funding of \$50,000 in FY 2004 to be distributed to the Five County Association of Governments to assist Garfield and Kane Counties and other affected counties in meeting legal expenses on lawsuits filed against the federal government regarding grazing issues, in the Grand Staircase National Monument and other affected public lands.

Community Development Capital

Community Development Capital mitigates the impacts of non-metallic mineral extraction on local communities. It administers the Permanent Community Impact and Special Service District Funds from Mineral Lease Revenues. These funds are distributed by formula.

Zoos

The state provided pass-through support for the Hogle Zoo and the Willow Park Zoo through this program. Funding was held flat for FY 2004.

Funding Detail

Department of Community & Economic Development					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	26,935,300	(10,400)	26,924,900	27,112,600	187,700
General Fund, One-time	3,619,000	535,400	4,154,400	2,631,500	(1,522,900)
Transportation Fund	118,000		118,000	118,000	
Federal Funds	34,008,300	99,400	34,107,700	38,112,000	4,004,300
Dedicated Credits Revenue	3,381,900		3,381,900	3,653,000	271,100
Federal Mineral Lease	1,350,000		1,350,000	1,550,300	200,300
GFR - Homeless Trust	150,000		150,000	250,000	100,000
GFR - Industrial Assistance	300,200	100,000	400,200	186,600	(213,600)
Permanent Community Impact	21,465,000		21,465,000	17,015,000	(4,450,000)
Transfers	4,285,600	(60,000)	4,225,600		(4,225,600)
Transfers - Commission on Criminal and Juve		60,000	60,000	30,000	(30,000)
Transfers - Em Svcs & Home Sec	400,900		400,900		(400,900)
Repayments	12,000,000		12,000,000	12,000,000	
Beginning Nonlapsing	1,858,900		1,858,900		(1,858,900)
Closing Nonlapsing					
Total	\$109,873,100	\$724,400	\$110,597,500	\$102,659,000	(\$7,938,500)
Programs					
Administration	2,529,600	(32,000)	2,497,600	2,374,000	(123,600)
Incentive Funds	346,600	100,000	446,600	346,600	(100,000)
Indian Affairs	202,000	99,400	301,400	205,200	(96,200)
Asian Affairs	122,100	(122,100)			
Black Affairs	121,100	(121,100)			
Hispanic Affairs	169,000	(169,000)			
Pacific Islander Affairs	184,700	(184,700)			
Business and Economic Development	11,049,500		11,049,500	8,492,400	(2,557,100)
Travel Council	5,514,200		5,514,200	3,859,900	(1,654,300)
State History	2,647,200		2,647,200	2,328,600	(318,600)
Historical Society	585,400		585,400	512,000	(73,400)
Fine Arts	3,456,400		3,456,400	3,133,400	(323,000)
State Library	7,090,100		7,090,100	7,202,000	111,900
Community Development	40,542,600	1,153,900	41,696,500	43,011,300	1,314,800
Zoos	1,323,700		1,323,700	1,398,700	75,000
Community Development Capital Budget	33,988,900		33,988,900	29,794,900	(4,194,000)
Total	\$109,873,100	\$724,400	\$110,597,500	\$102,659,000	(\$7,938,500)
Total FTE	275.0	(3.0)	272.0	269.8	(2.2)

Department of Human Resource Management

The Department of Human Resource Management operates the State's personnel system.

Legislative Action

Funding for the Department of Human Resource Management was held fairly flat.

Intent Language

The Legislature included the intent language requesting a study of the impact of discontinuing benefits to future part-time State employees. The study is to be done with the Department and the Legislative Fiscal Analyst's Office.

Funding Detail

Department of Human Resources Management					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	2,861,600	(34,600)	2,827,000	2,879,300	52,300
General Fund, One-time	(30,000)		(30,000)	8,900	38,900
Dedicated Credits Revenue	283,000		283,000	343,000	60,000
Beginning Nonlapsing	157,400		157,400		(157,400)
Total	<u>\$3,272,000</u>	<u>(\$34,600)</u>	<u>\$3,237,400</u>	<u>\$3,231,200</u>	<u>(\$6,200)</u>
Programs					
Human Resource Management	3,272,000	(34,600)	3,237,400	3,231,200	(6,200)
Total	<u>\$3,272,000</u>	<u>(\$34,600)</u>	<u>\$3,237,400</u>	<u>\$3,231,200</u>	<u>(\$6,200)</u>
Total FTE	37.5	0.0	37.5	36.5	(1.0)

Career Service Review Board

The Career Service Review Board manages the state's grievance and appeals process.

The Legislature discussed caseload increases resulting from reductions in force caused by declining revenues. Funding however was held flat.

Funding Detail

Career Service Review Board					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	159,500		159,500	162,200	2,700
General Fund, One-time				500	500
Beginning Nonlapsing	42,500		42,500		(42,500)
Total	<u>\$202,000</u>	<u>\$0</u>	<u>\$202,000</u>	<u>\$162,700</u>	<u>(\$39,300)</u>
Programs					
Career Service Review Board	202,000		202,000	162,700	(39,300)
Total	<u>\$202,000</u>	<u>\$0</u>	<u>\$202,000</u>	<u>\$162,700</u>	<u>(\$39,300)</u>
Total FTE	2.0	0.0	2.0	2.0	0.0

Outside Reporting Agencies

Utah Housing Finance Corporation

Utah Housing Finance Corporation helps create affordable housing through financial incentives. The Legislature oversees, but does not appropriate this budget.

Funding Detail

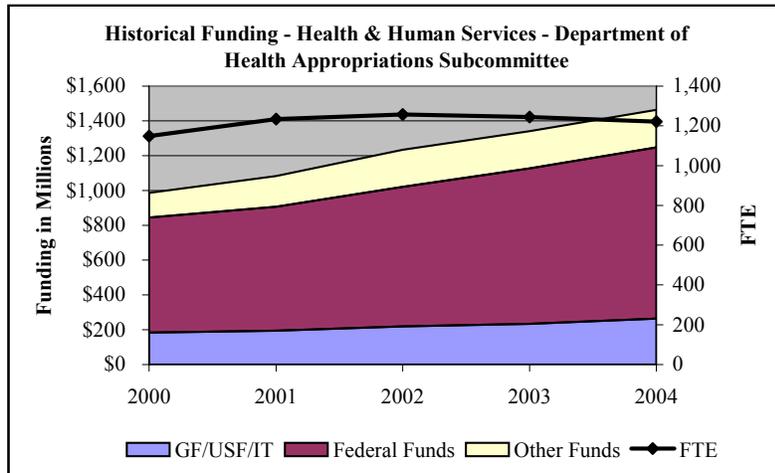
Economic Development & Human Resources Appropriations Subcommittee					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	32,333,100	(45,000)	32,288,100	32,115,500	(172,600)
General Fund, One-time	11,769,000	1,378,400	13,147,400	2,890,900	(10,256,500)
Transportation Fund	118,000		118,000	118,000	
Federal Funds	36,698,300	99,400	36,797,700	40,802,000	4,004,300
Dedicated Credits Revenue	7,308,600		7,308,600	3,996,000	(3,312,600)
Federal Mineral Lease	20,715,000		20,715,000	16,510,200	(4,204,800)
GFR - Homeless Trust	150,000		150,000	250,000	100,000
GFR - Industrial Assistance	300,200	100,000	400,200	186,600	(213,600)
GFR - Mineral Bonus	2,100,000		2,100,000	2,053,700	(46,300)
Permanent Community Impact	21,465,000		21,465,000	17,015,000	(4,450,000)
Transfers	4,285,600	(60,000)	4,225,600		(4,225,600)
Transfers - Commission on Criminal and Juve		60,000	60,000	30,000	(30,000)
Transfers - Em Sves & Home Sec	400,900		400,900		(400,900)
Repayments	12,000,000		12,000,000	12,000,000	
Beginning Nonlapsing	3,242,800		3,242,800		(3,242,800)
Closing Nonlapsing	(661,500)		(661,500)		661,500
Total	\$152,225,000	\$1,532,800	\$153,757,800	\$127,967,900	(\$25,789,900)
Programs					
Career Services Review Board	202,000		202,000	162,700	(39,300)
Human Resource Management	3,272,000	(34,600)	3,237,400	3,231,200	(6,200)
Community & Economic Development	109,873,100	724,400	110,597,500	102,659,000	(7,938,500)
Utah State Fair Corporation	4,509,500		4,509,500		(4,509,500)
Restricted Revenue - EDHR	34,368,400	843,000	35,211,400	21,915,000	(13,296,400)
Total	\$152,225,000	\$1,532,800	\$153,757,800	\$127,967,900	(\$25,789,900)
Total FTE	314.5	(3.0)	311.5	308.3	(3.2)

Health and Human Services

Department of Health

Department Overview

The mission of the Utah Department of Health is to protect the public’s health through preventing avoidable illness, injury, disability, and premature death; to assure access to affordable, quality health care; and to promote healthy lifestyles.



Legislative Action

The Legislature approved a total FY 2004 spending level for the Department of Health of \$1,462,964,400, with \$263,764,700 from the General Fund. The total appropriation represents an increase of 9.1 percent over the FY 2003 revised appropriation level. The General Fund level represents a 13 percent increase over the FY 2003 General Fund level. The significant increases are due mostly to funding of the Medicaid program.

Prior to the December 2002 Special Session the revised FY 2003 (ongoing) General Fund appropriation was \$234,612,600. In the December 2002 Special Session, this was reduced by \$4,285,200, but was replaced with one-time funds for FY 2003 only. This resulted in the FY 2004 ongoing General Fund base budget of \$230,327,400. Transfers to cover retirement (\$150,400)

and IT expenses (\$1,700) and a transfer of \$277,000 to the Department of Human Services resulted in a General Fund base of \$229,898,300, from which the Legislature began.

Budgetary issues that will affect the entire Department include funding for health and dental insurance increases, retirement rate increases, and funding of one extra day in FY 2004. These increases total \$1.5 million (\$550,900 General Fund). State Internal Service Fund rate changes decreased the Department's FY 2004 budget by \$68,100 (\$57,900 General Fund).

The appropriations increases and legislative intent language for the divisions and offices of the Department are outlined below.

Executive Director

The Executive Director's Office includes those functions of the Department of Health that provide overall direction of policy, management, and administrative support to the divisions, offices, and programs of the Department. This organizational category also includes the Office of the Medical Examiner and the Center for Health Data.

The Legislature reduced funding in the amount of \$75,000 from the Executive Director's Office as part of the Department's funding plan. It also increased dedicated credits by increasing the fees for birth and death certificates. The projected dedicated credit revenue is \$206,100, with an offsetting decrease in General Funds of the same amount.

Health Systems Improvement

The Division of Health Systems Improvement assures and improves the quality of the Utah health care system. This is achieved through examination, analysis, acceptability, continuity, quality, and cost.

The Legislature approved increasing the funding for primary care grants by \$50,000. These grants are awarded to health care providers whose services are mainly utilized by low-income individuals and families.

In conjunction with this program, the Legislature approved intent language directing that the funding not be used for any inter-departmental projects, except for Community Partnered Mobile Dental Services. Further intent language directs the Department to consider using up to \$15,000 of the grant funds for elementary school clinics, which work in conjunction with the private sector to help improve the health of children in rural and/or underserved areas.

During the Session, **S.B. 95, “State Emergency Medical Services Amendments”** passed, which establishes a statewide database with the location of commercially-owned, fully-automated, external defibrillators. One-time funding of \$5,600 for this database was approved.

Workforce Financial Assistance Program

This program was established during the 2002 Legislative session by consolidating three separate loan/scholarship programs. The purpose of the program is to increase the number of health care professionals in underserved areas in the State. The loan repayment grants and scholarships are awarded in return for the recipients providing professional services for an obligated period of time.

In order to meet budgetary restraints, the funding for the Workforce Loan program was decreased by \$91,300 for FY 2004.

Epidemiology and Laboratory Services

The Division of Epidemiology and Laboratory Services encompasses three programs within the State Health Laboratory and three programs associated with community health services. Funding for one FTE position (\$30,000) and HIV medication (\$55,000) was reduced in the FY 2004 budget.

Community and Family Health Services

This division assures that women, infants, and children, and their families have access to comprehensive coordinated, affordable, community-based quality health care. These services

are available to all citizens of the State according to their ability to pay, but primary clients are women, infants, and children who have special health care needs and are low income. The Division coordinates efforts, identifies needs, prioritizes programs, and develops resources necessary to reduce illness, disability, and death from adverse pregnancy outcomes, chronic diseases, disabling conditions, injury and violence, and vaccine-preventable infections.

The 2003 Legislature approved increasing the funding available for Early Intervention services by \$1 million. This will cover most of the children already enrolled in the program, but will not fully fund the anticipated FY 2004 growth. In order to cover the costs of the additional growth, the Legislature approved intent language directing the Department to adopt a sliding fee schedule for children's services.

The Legislature reduced funding for the tobacco prevention programs by \$150,000 and cut funding for two positions in the Children with Special Health Care Needs program in the amount of \$218,800 (\$151,800 General Fund).

Health Care Financing

This division is the administrative agency for Utah's Medical Assistance Program which administers state and federal funding and contracting with providers.

The Legislature passed **H.B. 212, "Primary Care Network Amendments for General Assistance Recipients"**, which reduces the annual enrollment fee for the Primary Care Network for individuals receiving general assistance. This bill added \$90,000 to the Division's budget (\$45,000 General Fund) for administrative expenses. **S.B. 140, "Prescription Drug Assistance Program"** directs the Department of Health to implement a program to help individuals secure low-cost or free prescription medications. The bill added \$65,000 for additional administrative costs.

The Legislature eliminated funding in the amount of \$376,000 (\$188,000 General Fund) for eight FTE positions to balance the Department's budget.

Medical Assistance

Medical Assistance is a joint federal/state entitlement program that provides health care to selected low-income populations.

Over the past few years, the Medicaid budget has experienced significant growth, due in large part to the decline in the economy. The following table demonstrates the growth since FY 2002 as well as the specific Medicaid services that are provided to recipients.

Historical Medical Assistance Expenditures			
Total Funding, including State General Fund and Federal Funds			
FY 2002 - FY 2004			
<u>Category</u>	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Estimated</u>	<u>FY 2004</u> <u>Appropriated</u>
Nursing Facilities	\$83,141,206	\$91,357,800	\$93,568,100
Skilled Nursing Facilities	10,879,808	11,946,000	12,235,000
Nursing Facilities - ICF/MR	22,190,073	23,510,400	24,735,900
Inpatient Hospital	154,302,398	197,234,500	238,164,400
Outpatient Hospital	24,309,415	36,090,100	45,125,200
Dental Services	17,024,424	14,612,200	16,544,500
Pharmacy	128,250,792	150,093,000	187,898,700
Physician Services	25,571,481	37,807,200	46,823,600
HMOs	187,841,793	127,715,300	120,525,700
Mental Health	96,175,918	100,984,800	100,984,800
Services through DHS	162,127,127	170,233,400	189,808,100
Home Health	7,218,210	9,549,300	11,984,000
Medical Supplies	4,674,933	6,472,200	8,087,000
Medical Transportation	4,302,859	5,900,000	7,378,800
Other	58,140,912	85,961,300	101,260,500
Total	<u>\$986,151,349</u>	<u>\$1,069,467,500</u>	<u>\$1,205,124,300</u>

ICF/MR - Intermediate Care Facility for people with Mentally Retardation
DHS - Department of Human Services

During FY 2003, two HMO providers ceased offering their services to Medicaid. Some of the increases in the other categories of services are the result of the services provided shifted from HMOs to fee-for-service providers.

Medicaid Reductions: While significant increases were approved for the Medical Assistance program, there were some reductions in specific areas of the Medicaid budget for FY 2004. These include eliminating the funding for chiropractic services (\$264,100; \$75,000 General Fund) and male infant circumcision (\$352,100; \$100,000 General Fund).

General Medicaid Increases: Increases that the Legislature approved include \$7.1 million in General Funds to replace one-time funding that would not continue in FY 2004. Increases to cover projected caseload growth and utilization amounted to nearly \$68 million (\$19.3 million General Fund). Inflationary increases were limited to pharmacy services only, yet still totaled nearly \$18 million (\$5.1 million General Fund). Due to a favorable increase in the Federal Medicaid Assistance Percentage (FMAP), Federal Funds will cover \$4.4 million more of the Medicaid program, freeing up that amount of General Fund.

Expansion of Medicaid Services: The Legislature added \$1,056,300 (\$300,000 General Fund) to the “Return to Work” program, which allows disabled individuals to gain employment, while still retaining their Medicaid coverage. The Legislature also provided \$633,800 (\$180,000 General Fund) to restore physical therapy and audiology/hearing benefits in the Medicaid program.

Medicaid Spend down: The Legislature passed **H.B. 37, “Restructure Spend down Provision for Medicaid”**, which defines 100 percent of the Federal Poverty Level (FPL) as the income standard when determining if aged, blind or disabled individuals have spent down enough excess income to be eligible for Medicaid benefits. The total cost of this measure was \$19.6 million (\$5.6 million General Fund) which includes \$100,000 for administrative expenses. Of the total, \$3,445,100 (\$1,000,000 General Fund) is the cost of the elimination of spend down; the balance is to restore Medicaid eligibility to individuals who are aged, blind and/or disabled with income at or below 100 percent of the FPL. As a FY 2003 Supplemental appropriation, the Legislature approved \$6.7 million (\$1.9 million General Fund) to restore this Medicaid eligibility beginning March 1, 2003.

Intent Language

Legislative intent language directs the Department and the Legislative Fiscal Analyst's Office to project the effects of cuts made in the Medicaid program since FY 2002. Additional intent language outlines methods to improve the oral health of low-income citizens; maximize federal funds for rural publicly-owned hospitals through Medicaid disproportionate share and upper payment limits; and to continue with the Resource Utilization Group System (RUGS) as the method of Medicaid reimbursement for individuals in nursing facilities.

Children's Health Insurance Program (CHIP)

CHIP provides health insurance coverage to uninsured children up to age 19 living in families whose income is less than 200 percent of the Federal Poverty Level. This program's budget was increased by \$7.5 million by the 2003 Legislature for FY 2004. This additional funding came through the passage of **H.B. 72, "Allocation of Tobacco Fund Money to Children's Health Insurance Program"**, which increased the allotment of funds from the Tobacco Settlement Account from \$5.5 million to \$7 million. The balance of the increased funding comes from matching federal funds. The additional funding will restore dental benefits that were eliminated in December 2001, as well as allow additional children to participate in the program.

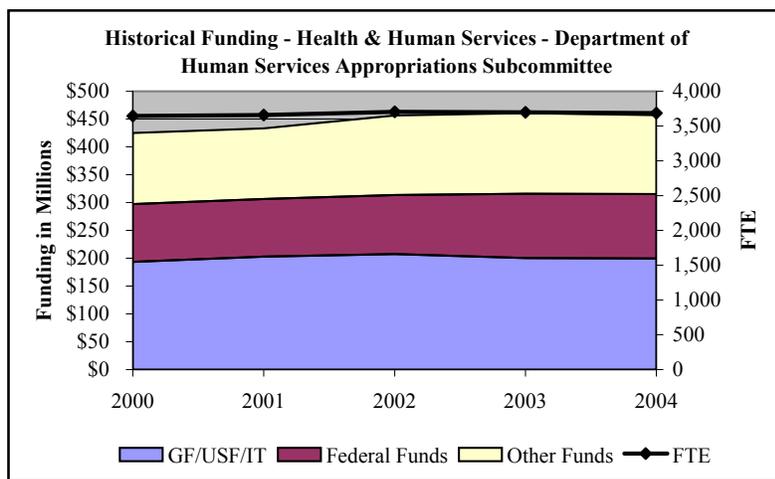
Funding Detail

Department of Health					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	230,327,400	(152,100)	230,175,300	263,677,400	33,502,100
General Fund, One-time	1,385,200	1,900,000	3,285,200	87,300	(3,197,900)
Federal Funds	889,120,026	4,790,100	893,910,126	983,353,700	89,443,574
Dedicated Credits Revenue	101,598,641		101,598,641	107,144,400	5,545,759
GFR - Cigarette Tax Rest	2,868,400		2,868,400	3,131,500	263,100
GFR - Kurt Oscarson Trans	100,000		100,000	100,000	
GFR - Medicaid Restricted	1,573,000		1,573,000		(1,573,000)
GFR - State Lab Drug Testing Account	270,600		270,600	277,600	7,000
GFR - Tobacco Settlement	11,558,500		11,558,500	13,064,900	1,506,400
Organ Donation Contribution Fund	113,000		113,000	113,000	
Transfers	93,621,024		93,621,024	91,413,700	(2,207,324)
Beginning Nonlapsing	3,874,622		3,874,622	2,567,600	(1,307,022)
Closing Nonlapsing	(2,567,613)		(2,567,613)	(1,966,700)	600,913
Total	\$1,333,842,800	\$6,538,000	\$1,340,380,800	\$1,462,964,400	\$122,583,600
Programs					
Executive Director's Operations	21,319,000	(9,700)	21,309,300	14,645,600	(6,663,700)
Health Systems Improvement	13,249,600	(200)	13,249,400	13,147,200	(102,200)
Workforce Financial Assistance	792,300		792,300	615,300	(177,000)
Epidemiology & Lab Services	15,325,000	(200)	15,324,800	14,024,200	(1,300,600)
Community & Family Health	96,261,200	(5,600)	96,255,600	96,169,700	(85,900)
Health Care Financing	80,567,600	(136,400)	80,431,200	79,970,200	(461,000)
Medical Assistance	1,074,511,700	6,690,100	1,081,201,800	1,205,124,100	123,922,300
Children's Health Ins Prog	29,730,700		29,730,700	37,255,500	7,524,800
Local Health Departments	2,085,700		2,085,700	2,012,600	(73,100)
Total	\$1,333,842,800	\$6,538,000	\$1,340,380,800	\$1,462,964,400	\$122,583,600
Total FTE	1,244.6	0.0	1,244.6	1,221.5	(23.2)

Department of Human Services

Department Overview

The Department of Human Services is established and functions under authority of Title 62A of the Utah Code. In addition to the Executive Director Operations, there are six divisions within the Department of Human Services, including the Divisions of Substance Abuse and Mental Health, Services for People with Disabilities, Aging and Adult Services, Office of Recovery Services, Child and Family Services, and Youth Corrections. There is also a separate line item of appropriation, which provides funds for Drug Courts and Boards. The Division of Youth Corrections budget is not included in this chapter of the report as its budget is heard in the Executive Offices, Criminal Justice and Legislature Appropriations Subcommittee.



FY 2004 Summary: The total appropriation for FY 2004 is \$457,096,100, including \$199,642,500 from the General Fund. This represents a decrease of \$3.5 million in total funds (0.76 percent) from the revised FY 2003 budget. The General Fund decreased by \$867,100 (0.43 percent).

FY 2003 Summary: The original FY 2003 appropriation for the Department of Human Services totaled \$463,815,200, including \$208,777,400 in General Funds. Before the 2003 legislative session began, this budget had decreased to

\$456,893,800 (\$200,868,300 General Fund) due to actions of the Legislature during special sessions in July and December 2002. After the 2003 General Session, the revised FY 2003 appropriated budget was \$460,605,100 (\$200,509,600 General Fund).

General Departmental Issues

FY 2004 Budget Reductions: The \$3,714,800 of General Fund reductions identified during the 6th Special Session (restored with one-time funds in FY 2003), will impact the FY 2004 budget. Most of these reductions were program services cut backs (\$3,266,700) but there were also various administrative cuts (\$380,400). The Legislature also increased license fees for FY 2004, which is expected to raise \$67,700 for the General Fund. The Executive Appropriations Committee (EAC) made additional cuts totaling \$2,022,000 (General Fund).

FY 2004 Budget Increases: The EAC also approved building blocks and funding restorations totaling \$2,991,800 (General Fund) to programs in Child and Family Services, Services to People with Disabilities, Aging Services and the Office of Recovery Services. These increases were partly funded by the state funds “freed up” from an increased federal match rate on several federal programs, estimated at \$1,208,100.

Personnel Services Adjustments: For FY 2004, the Legislature appropriated \$2,062,300 (\$941,900 General Fund) for increases in employee health and dental costs. In addition, \$1,476,300 (\$685,500 General Funds) was provided for an increase in the retirement fund contribution rates, and \$550,200 (\$256,700 General Fund) for the extra workday in FY 2004. There was no cost of living adjustment provided for state employees. Similarly, no cost of living adjustment was provided for employees of private contract services providers and local mental health, substance abuse, and aging authorities.

Other Legislation: The FY 2004 budget is also affected by several pieces of legislation. **H.B. 31, “Workforce Services Overpayment Amendments,”** transferred \$1,128,600 of General Funds from the Office of Recovery Services to the Department of

Workforce Services. **S.B. 27, “Involuntary Commitment Amendments,”** provided \$188,700 of new General Funds to the public mental health system for anticipated additional commitment orders related to revised criteria for the mentally ill.

Medicaid Match Rate Change: Due to an increase in the federal share for Medicaid and several other program expenses, from 70.93 percent to 71.60 percent, the Department will see a “savings” of \$1,208,100 of General Funds. These “freed up” state funds were used to fund some of the increases approved for the FY 2004 budget.

General Fund Reallocation: The Department proposed to move General Funds totaling \$3,316,200 from three divisions, Child and Family Services, Aging and Adult Services, and Substance Abuse/Mental Health. The Legislature concurred and reallocated these funds to the Services for People with Disabilities and the Executive Director Operations budgets. Social Services Block Grant (SSBG) funds in the same amounts were reallocated to make the budgets whole. These reallocations, which were made in both the FY 2003 and 2004 budgets, are expected to increase the ability of the Department to draw down federal matching funds by approximately \$3.5 million..

TANF Transfers to SSBG: As in previous sessions, the FY 2004 appropriation includes \$5,307,000 in transfers from the Temporary Assistance for Needy Families Fund (TANF) to the Social Services Block Grant (SSBG). These funds will be used mainly in the Division of Child and Family Services. There is some question whether this source of funds will be available in future years.

Internal Service Fund Rate Adjustments: The 2003 Legislature funded the impacts of the Department of Administrative Services’ planned internal service funds rate changes totaling a net increase of \$117,000 (\$39,700 General Fund).

“Transfers” as a Source of Revenues. For FY 2004, the Fiscal Analyst has, where possible, eliminated double funding problems when funds are transferred from one State agency to another. Also, many “Revenue Transfers” have been reclassified

as “Dedicated Credits” where funds are received because of services being performed on behalf of other agencies.

FY 2003 Budget Adjustments: During the 2003 General Session, the Legislature reduced the General Fund appropriation by \$362,600 as part of a statewide Information Technology budget reduction. Non-state funds were increased with a \$570,000 supplemental appropriation for dedicated credits the State Hospital expects to collect from five short-term acute care beds being used by local mental health centers. The Legislature also authorized the reallocation of about \$3.1 million of General Funds in the Department with a similar amount of federal grants (Social Services Block Grant) between five divisions. This will allow the Department to draw down an estimated additional \$3.5 million in federal matching funds.

Executive Director Operations

The Executive Director Operations (EDO) budget includes the Department Director's Office and various services and bureaus that serve other divisions in the Department such as Fiscal Operations and Human Resource Management. EDO also includes programs that are independent of the divisions, such as the Governor's Council for People with Disabilities, Foster Care Citizens Review Boards, and the Office of Children's Ombudsman.

Legislative Action

For FY 2004, the Legislature appropriated a total budget of \$18,555,300 (\$6,891,400 General Funds), a decrease of \$925,900 (\$554,800 General Fund) from the revised FY 2003 appropriated budget, which is a decrease of 4.8 percent (7.5 percent General Fund).

Reductions in the administrative budget total \$179,200 (General Fund). In addition, the division's budget was reduced by \$76,700 (General Fund) for the statewide information technology reduction. (This also adjusted the FY 2003 budget). The Foster Care Citizens' Review Board's budget saw its appropriation reduced by nearly 50 percent, to \$655,000 (\$330,800 General

Fund). The December 2002 Special Session budget cuts impacted the FY 2004 budget with a reduction of \$259,700 (\$189,200 General Fund). The Legislature approved a base transfer of \$190,000 (General Fund) to the Office of Legal Guardian in the Legal Affairs Office as part of the General Fund reallocation plan. This moved a guardianship function from the Division of Services for People with Disabilities. The budget move affects both FY 2003 and FY 2004 budgets.

Following the 2003 General Session, the total FY 2003 appropriated budget for EDO is \$19,481,200 (\$7,446,200 General Fund). This reflects the impacts of the information technology cut and the transfer of the guardianship function.

Intent Language

Impact on Human Services Due to Recent Budget

Reductions: The Legislature directed the Department and the Legislative Fiscal Analyst's Office to "project the effects of the cuts made to the Department beginning in FY 2002." Included is language to determine "the human toll of loss of services by individuals and families and to the degree which cost-shifting to other, more expensive services" occur. The Department will report its findings to the Health and Human Services Appropriations Subcommittee. This intent language is included in both the FY 2003 Supplemental Appropriation Act and the FY 2004 Appropriations Act.

Breakout of Administration and Services Costs: As in prior years, the Department was instructed to present budget analysis documents with a breakdown of cost between administrative functions and services delivered, and the number of citizens served.

Drug Courts, Drug Boards

Drug Court is a judicial process that offers nonviolent, drug-abusing offenders intensive court-supervised drug treatment as an alternative to jail if the offender completes the program. Local area substance abuse authorities and private entities provide

treatment services. Drug Board is an administrative process that functions similarly to a Drug Court, but is offered by the Board of Pardons and Parole in the Corrections system to individuals entering parole. The Drug Court / Drug Board line item was created by the 2000 Legislature when it appropriated funds from the Tobacco Settlement Account for expansion of the drug court system and for the creation of a drug board pilot program (S.B.15, 2000 General Session).

Funds appropriated to the Department of Human Services provide treatment services through the local substance abuse authorities. The Legislature has also appropriated funds to the Courts System for administrative needs. Typically, 87 percent of total drug court and drug board funds are appropriated to Human Services for treatment and 13 percent are appropriated to the Courts directly.

Legislative Action

The Legislature appropriated \$1,647,200 for this line item for FY 2004. Of this amount, \$1,296,300 is intended for various Drug Courts around the State. The Drug Board pilot project in Weber and Davis Counties will continue to receive \$350,900.

Division of Substance Abuse and Mental Health

The Division of Substance Abuse and Mental Health (DSAMH) is the State's public substance abuse treatment/prevention and mental health authority. The two previously separate divisions were combined in FY 2003 by the Legislature in the July 2002 Special Session as a cost-saving measure.

The Division has general supervision of the State Hospital in Provo. Eleven local mental health authorities deliver other mental health services. The Division contracts with county governing boards and distributes state and federal funds earmarked for mental health services. Counties are required to provide a minimum scope and level of service, and must provide a minimum 20 percent funding match.

The Division also administers state and federal funds for the treatment and prevention of substance abuse. It contracts with the 13 local substance abuse authorities, which either provide services directly or contract with private providers.

Legislative Action

The Legislature appropriated a total budget of \$104,013,200 (\$65,531,300 General Fund). In addition to the Administration budget of \$2.3 million (\$1.1 million General Fund), program budgets total \$71.2 million (\$54.8 million General Fund) for mental health centers. This includes \$40.8 million (\$29.5 million General Fund) for the State Hospital. The budget also includes \$30.5 million (\$9.6 million General Fund) for various substance abuse treatment and prevention programs. Compared to the FY 2003 revised appropriated budget, the total FY 2004 budget is \$1,439,300 less, a 1.4 percent reduction. The General Fund appropriation is \$886,800 less, a 1.3 percent reduction.

The December 2002 Special Session budget cuts impacted the FY 2004 budget by \$1,656,300 (\$1,547,900 General Fund). This includes a reduction of \$1,087,200 (General Fund) in the funds allocated to local mental health centers (5.1 percent reduction from the revised FY 2003 budget). It also includes a reduction in the substance abuse funds passed through to local authorities by \$329,700 (General Fund), a 3.5 percent reduction.

S.B. 27, “Susan Gall Involuntary Commitment

Amendments”: This legislation modifies the process and criteria by which people may be involuntarily committed to mental health programs. The Legislature appropriated \$188,700 (General Fund) to the Division for the cost of treatment for anticipated additional committed individuals. Legislative intent language accompanying this appropriation directs the Division to distribute these funds through the mental health funding formula to Local Authorities for use as a match for Medicaid funding related to these costs.

For FY 2003, the Legislature revised its appropriation to \$105,452,500 (\$66,418,100 General Fund). This reflects the impacts of the statewide information technology reduction, and the General Fund reallocation of \$150,000.

State Hospital Acute Short Term Beds: The Hospital recently converted five beds to be used by local mental health authorities for short-term intensive treatment of the acutely mentally ill. The Hospital estimates that it will collect an additional \$570,000 annually. The Legislature approved this increase in the Hospital's FY 2003 and FY 2004 budgets for dedicated credits.

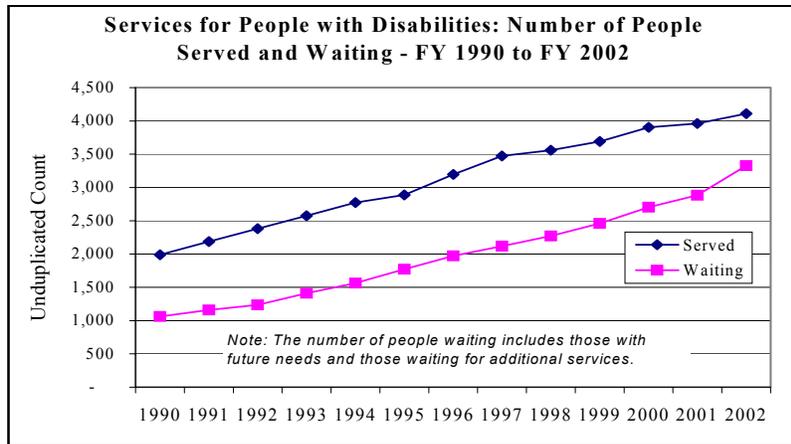
Division of Services for People with Disabilities

The Division of Services for People with Disabilities (DSPD) is responsible for providing residential, day support and other services for people with mental retardation and other developmental disabilities. To receive services, people must have substantial functional limitations in three or more of the following life activities: self care, receptive and expressive language, learning, mobility, self direction, capacity for independent living, and economic self-sufficiency.

The available services range from limited family support to a full array of 24-hour services both in the community and at the Utah State Developmental Center. Community services are provided under contracts with private providers. Services are also available in private Intermediate Care Facilities for people with Mental Retardation (ICFs/MR) with funding through Medicaid.

Waiting List: There are currently 1,577 people with immediate needs waiting for various community-based services, including 309 waiting for community residential services. It would take approximately \$6.7 million dollars (General Fund) to fund the current waiting list under current service policies. In addition there are 123 people currently in service that have an immediate need for additional services. It would take about \$1.1 million (General Fund) to fund the current waiting list for additional services. The Division maintains a second list of people identified with future service needs. This list now totals 986. In addition, there are 765 individuals currently receiving some services, but waiting for additional services who are not on either waiting list. This brings the total of all people waiting for services, either with immediate or future needs, to 3,328.

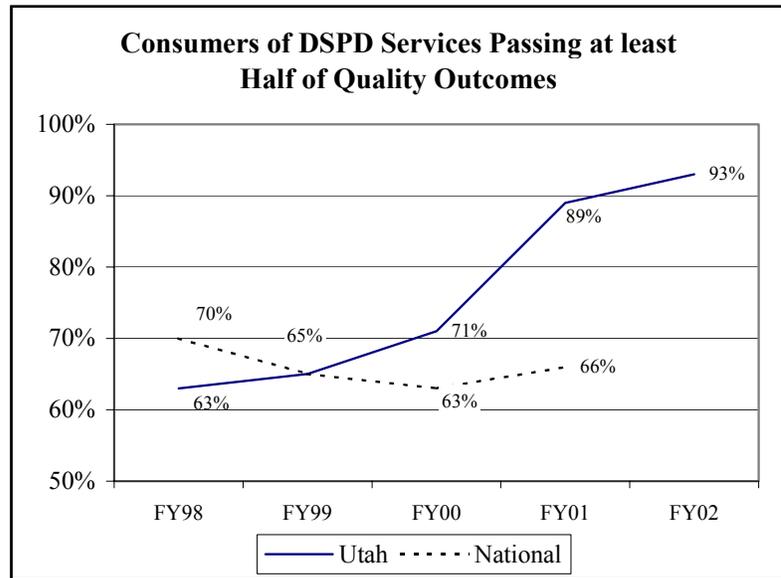
Growth in Services: The Legislature has attempted to reduce the waiting list, but it still grows. In the last eight years, the Legislature has increased the base service budgets by approximately \$33 million in new funding (including \$8.9 million State Funds and \$2.8 million in TANF transfers) to provide services for people on the waiting list. In addition, \$5.5 million in new base funding has been appropriated for emergency community placement needs (including \$1.8 million State Funds and TANF transfers). The following chart shows the growth in the number of people served and the number of people on the waiting list since FY 1990.



Lawsuit Filed: On December 19, 2002, the Disability Law Center, on behalf of the ARC of Utah and a number of individuals who have been waiting for community services, filed a class-action lawsuit in the U.S. District Court. The suit claims the State has been negligent in providing services to individuals on the waiting list in violation of the Americans with Disabilities Act and the recent U.S. Supreme Court Olmstead decision.

People In Services Reporting Positive Outcomes: The following chart shows the percentage of persons receiving Division services who have 13 or more positive results on the 25 measured quality outcomes. This percentage has increased from 63 to 93 percent over the past four years in Utah. The national percentage was 66 percent in 2001. The Council on Quality and

Leadership in Supports for People with Disabilities, an accrediting organization, defines the “Quality Outcomes.”



Portability: Since FY 2000, a number of individuals receiving developmental disability services in Intermediate Care Facilities for People with Mental Retardation (ICFs/MR), funded by Medicaid, have transferred to the community based waiver program, funded by DSPD. The Health Department has annually been transferring \$277,000 (General Fund) to DSPD for the cost of those individuals who moved out of ICFs/MR in FY 2000. For FY 2004, the Legislature moved the \$277,000 appropriation from the Health Department to DSPD. The costs of individuals who moved to community waiver programs since FY 2000 have been absorbed by the DSPD budget.

Trust Fund for People with Disabilities: This fund was created by the Legislature in 1995 to receive proceeds from the sale or lease of land and assets of the Developmental Center. Current statute restricts the Legislature to only appropriate interest and lease revenues deposited in the Fund. Proceeds from the sale of assets stay in the Fund. Funds are to be used for needs at the Developmental Center or for programs for people with disabilities as authorized by statute. For FY 2004, the Legislature included

\$200,000 from the Trust Fund to be used by the Division at the Developmental Center and in other programs. It also made a one-time funding switch by reducing General Funds in the Developmental Center budget and replacing it with another \$235,000 from the Trust Fund. This action will deplete most of the accrued interest and lease income in the Fund.

Legislative Action

For FY 2004, the Legislature appropriated a total budget of \$145,378,500 (\$42,455,500 General Fund). This includes \$33.4 million (\$8.0 million General Fund) for the State Developmental Center. Compared to the FY 2003 revised appropriated budget (reflecting action of the 2003 General Session), the total FY 2004 budget is \$2,235,100 less, a 1.5 percent reduction. The General Fund appropriation is \$2,124,000 less, a 4.8 percent reduction.

The December 2002 Special Session budget cuts impacted the FY 2004 budget with a reduction of \$2,674,200 (\$872,600 General Fund).

As part of the Department's General Fund reallocation plan, DSPD received a \$3,126,200 increase in General Funds, which was offset by a reduction in the federal Social Services Block Grant. This shift will allow the Division to draw down an estimated additional \$3.5 million of federal Medicaid matching funds for various waiver services. This funding switch affects both the FY 2003 and the FY 2004 budgets.

Non-Waiver Services: This state-funded program provides services to individuals not Medicaid-waiver qualified and provides for waiver-eligible clients special services that are not Medicaid-eligible. For FY 2004, the Legislature reduced the non-waiver services program by \$1,150,000 (General Fund), which includes three related service coordinators. Prior to adjournment, the Legislature offset this reduction with a one-time \$350,000 (General Fund) appropriation.

Emergency Services: The Legislature increased the FY 2004 budget for emergency services by \$345,000 (\$115,000 (General Fund)). These funds will go toward meeting the cost of services

provided individuals who face emergency needs such as losing their care providers or are who are court-ordered into services.

S.B. 8, “Sentencing in Capital Cases Amendments” This legislation modifies the criminal code providing procedures for determining whether a defendant can claim mental retardation in capital murder cases and not be subject to the death penalty. The legislature appropriated \$3,900 (General Fund) for both FY 2003 and FY 2004 for the cost of additional mental retardation evaluations expected.

H.B. 211, “Disabilities Appropriations Nonlapsing” The Legislature passed H.B. 211, which specifies that all appropriations to DSPD are non-lapsing but limits the use of unexpended funds to one-time expenditures. This affects the FY 2003 budget as well as future years’ budgets.

Intent Language

Limitation on Non-Medicaid Eligible Services: The Legislature indicated its intent that DSPD limit non-Medicaid eligible services to 10 percent of the Division budget.

Prevailing Labor Market Conditions: The Legislature directed the Division to consider prevailing labor market conditions when renewing contracts with private service providers.

State Owned Group Homes: Rents collected from occupants of state owned group homes are to be applied to maintenance costs of these homes. The Division will provide an accounting to the Legislature.

Use of Funds: DSPD must limit funds appropriated for the home and community based services waiting list to direct services and related support only.

Division Priorities and Flexibility on Program Cuts: The Legislature intends that the Division should have flexibility in identifying specific programs to reduce. It also outlined the priorities for the Division to follow when reducing client services.

Office of Recovery Services

The Office of Recovery Services (ORS) is responsible for collecting child support and other funds owed to the State by individuals receiving services in the social service and medical assistance areas. Federal law also requires the Office to provide child support collection services to families not receiving government assistance.

Legislative Action

The Legislature appropriated \$40,428,100 (\$9,976,200 General Fund) to ORS for FY 2004. This represents a decrease of \$2,113,700 (\$1,081,400 General Fund) from the revised FY 2003 appropriated budget, a 5.0 percent (9.8 percent General Fund) reduction.

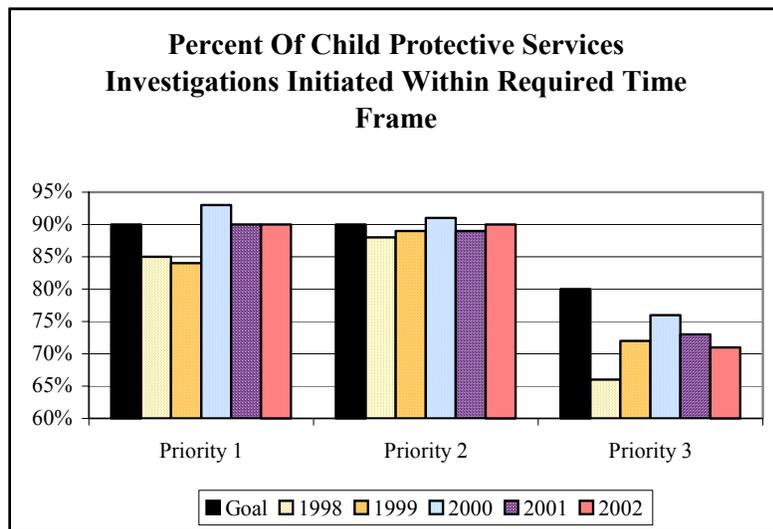
The December 2002 Special Session budget cuts impacted the FY 2004 budget with a reduction of \$1,548,500 (\$392,800 General Fund). However, this reduction was partially offset by an increase of \$992,200 (\$242,800 General Fund).

H.B. 31, “Workforce Services Overpayment Amendments:” This legislation transferred the responsibility for recovery of overpayments from ORS to the Department of Workforce Services (DWS). General Funds, totaling \$1,091,000, were transferred from the ORS FY 2004 budget to DWS, which will reduce federal funds drawn down by \$1,112,300 in ORS. Approximately 25 FTE staff positions will also be transferred.

Division of Child and Family Services

State statute (62A-4a-103) defines the primary purpose of the Division of Child and Family Services (DCFS) as providing child welfare services. The Division shall also, “when possible and appropriate, provide preventive services and family preservation services. Furthermore, the Division shall “provide domestic violence services in accordance with federal law.”

One of DCFS’ most critical tasks is to respond to referrals of possible child abuse. The response time can be crucial. Referrals for children who are at a high risk of danger must be investigated within one hour of referral. Referrals for children who are at a lesser risk of danger, must be investigated within 24 hours. Where there is no immediate risk to a child’s safety, the child must be seen within 72 hours. The following chart depicts a five-year history of the Division’s response time to reported cases of child abuse and neglect by category. The goal is to have 90 percent time compliance for categories one and two, and 80 percent for category three.



The following chart compares the number of clients served in DCFS between FY 2001 and FY 2002. Some children are reported more than once as they received several services. It should be noted that some children receive more than one service.

Division of Child and Family Services		
Number of Clients Served by Program		
	<u>FY 2001</u>	<u>FY 2002</u>
Child Protective Services	25,414	26,875
In-Home Services	27,110	21,654
Foster Care (Total for Year)	3,848	3,679
Foster Care (in October)	2,028	1,950
Total (unduplicated)	<u>51,518</u>	<u>53,551</u>

The David C. Settlement agreement expired in 1998, and a new Performance Milestone Plan was agreed upon with the plaintiff, the Court and the State. The Division must report compliance with the plan through the court appointed monitor, Paul Vincent and the Child Welfare Policy and Practice Group of Montgomery, Alabama. In November, Judge Campbell called for a renegotiation of the Milestone Plan, faulting the State for not providing adequate resources to ensure compliance. She ordered

the parties to renegotiate a more achievable, “trimmed down” plan, which would also list additional resources required.

Legislative Action

The total FY 2004 appropriated budget for DCFS is \$126,729,200 (\$63,262,200 General Fund). This is \$3,441,100 (\$3,774,100 General Fund) above the revised FY 2003 budget, or an overall increase of 2.8 percent and a General Fund increase of 6.3 percent.

Additional Case Workers: The Legislature appropriated \$2,975,000 (\$1,900,000 General Fund) for the Division to hire approximately 51 additional caseworkers and trainers in FY 2004. This is part of the Division plan to improve compliance with requirements of the Milestone Plan, which is the court-ordered plan to bring DCFS into compliance with the long-standing David C. court settlement.

Intent Language

Adoption Assistance Funding Nonlapsing: The Legislature included intent language authorizing DCFS to not lapse funds appropriated for the adoption assistance program at the end of FY 2004. These funds are to be used for adoption assistance programs.

Division of Aging and Adult Services

The Division of Aging and Adult Services (DAAS) is the designated State agency authorized to coordinate all State activities related to the Older Americans Act of 1965. It advocates for the elderly, contracts for services, and administers State and federal programs for the elderly. The Division is also responsible for the protection of abused, neglected and exploited adults through Adult Protective Services. Programs funded through the Older Americans Act must be distributed to the State's 12 local Area Agencies on Aging (AAAs) through an approved funding formula.

Legislative Action

The Legislature appropriated a total FY 2004 budget of \$20,541,800 (\$11,525,900 General Fund). Compared to the revised FY 2003 appropriated budget (after actions of the 2003 General Session), the total FY 2004 appropriation is basically unchanged. Although, the total budget is down by \$38,900, the General Fund is actually up by \$5,800.

Internal Service Funds

The Department of Human Services operates two internal service funds (ISFs) that provide shared services to divisions and bureaus of the Department. These are General Services and Data Processing. General Services collects funds from divisions in the Department for building maintenance and rent in the main office in Salt Lake City. Data Processing provides programming services for the Department.

The FY 2004 Appropriations Act authorizes collections of \$4,046,600, with operating expenses estimated at \$4,036,000. This should provide a small operating income of \$10,600. Accumulated retained earnings are expected to reach \$155,900 by the end of FY 2004. The Legislature also approved a staffing level of 33 FTEs and no capital acquisitions for FY 2004. The Administration Building per square foot rate and the programmer hourly rates will not change from FY 2003 to FY 2004.

Funding Detail

Department of Human Services					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	198,910,900	(362,600)	198,548,300	199,272,900	724,600
General Fund, One-time	1,957,400	3,900	1,961,300	369,600	(1,591,700)
Federal Funds	115,360,300		115,360,300	115,673,300	313,000
Dedicated Credits Revenue	8,693,700	570,000	9,263,700	12,406,000	3,142,300
GFR - Children's Trust	350,000		350,000	350,000	
GFR - Domestic Violence	650,000		650,000	650,000	
GFR - Intoxicated Driver Rehab	1,200,000		1,200,000	1,200,000	
GFR - Tobacco Settlement	1,647,200		1,647,200	1,647,200	
GFR - Trust for People with Disabilities	200,000		200,000	435,000	235,000
Transfers - Commission on Criminal and Juve				366,000	366,000
Transfers - Courts				63,700	63,700
Transfers - H - Medical Assistance	121,379,000	3,500,000	124,879,000	123,635,100	(1,243,900)
Transfers - Human Services				(443,200)	(443,200)
Transfers - Other Agencies	4,369,000		4,369,000	1,470,500	(2,898,500)
Beginning Nonlapsing	2,176,300		2,176,300		(2,176,300)
Total	\$456,893,800	\$3,711,300	\$460,605,100	\$457,096,100	(\$3,509,000)
Programs					
Executive Director Operations	19,367,900	113,300	19,481,200	18,555,300	(925,900)
Drug Courts/Board	1,647,200		1,647,200	1,450,000	(197,200)
Substance Abuse & Mental Health	72,501,000	548,000	73,049,000	104,013,200	30,964,200
Substance Abuse	32,403,500		32,403,500		(32,403,500)
Svcs for People w/Disabilities	144,323,700	3,289,900	147,613,600	145,378,500	(2,235,100)
Office of Recovery Services	42,687,900	(146,100)	42,541,800	40,428,100	(2,113,700)
Child and Family Services	123,379,000	(90,900)	123,288,100	126,729,200	3,441,100
Aging and Adult Services	20,583,600	(2,900)	20,580,700	20,541,800	(38,900)
Total	\$456,893,800	\$3,711,300	\$460,605,100	\$457,096,100	(\$3,509,000)
Total FTE	3,697.9	0.0	3,697.9	3,683.9	(14.1)

Higher Education

Subcommittee Overview

The Legislature appropriated \$893,867,600 for the Utah System of Higher Education, the Utah Education Network and the Utah Medical Education Council for FY 2004. This represents a \$34,695,300 or a 4.0 percent increase over the FY 2003 revised budget of \$859,172,300. State funding from the General Fund and Income Tax is \$580,446,100 or 65 percent of the total funding. The General Fund Restricted Accounts total \$8,284,500 and the remaining balance of \$305,137,000 consists of federal revenue, dedicated credits (tuition and fees), mineral lease and land grant management funds.

The Utah System of Higher Education

The System of Higher Education (USHE) is comprised of two research universities, two metropolitan/regional universities, two state colleges, three community colleges and the Utah College of Applied Technology (UCAT).

Eighteen members of the State Board of Regents (SBR) govern the Utah System of Higher Education. The Governor appoints 15 members of the Board with the consent of the Senate. Another member is a student regent who is appointed by the Governor from three nominations submitted by the student body presidents' council. In addition, the chair of the State Board of Education appoints two members of the State Board of Education who serve as nonvoting members. The SBR appoints the State Commissioner of Higher Education as well as all ten institutional presidents.

Research Universities: Research universities are charged with creating knowledge through the research process. Faculty members are evaluated based on the classes they teach and the quality of their research. In addition to undergraduate programs, the research universities maintain a strong commitment to graduate studies. Utah has two research universities, the University of Utah (U of U) and Utah State University (USU) with a combined

enrollment of more than 41,900 full time equivalent (FTE) students.

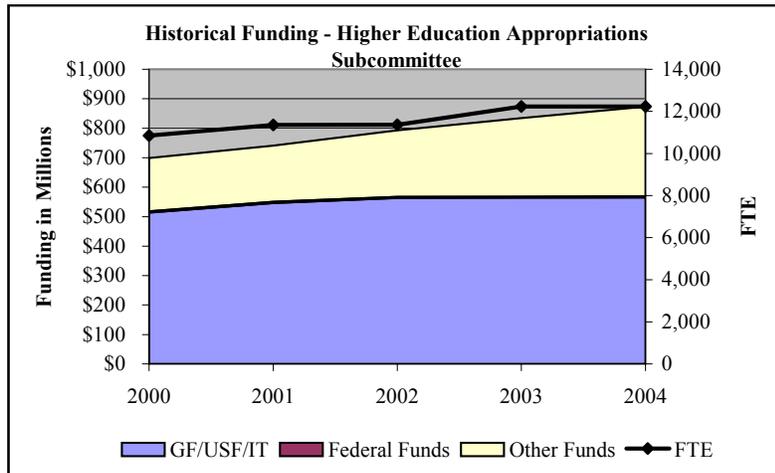
Metropolitan/Regional Universities: Metropolitan/Regional Universities focus on undergraduate education while offering selected graduate degrees. The primary responsibility of the faculty is classroom instruction, although there is an expectation of moderate production knowledge through applied research. Total enrollment for the two metropolitan/ regional universities, Weber State University (WSU) and Southern Utah University (SUU) is 18,500 FTE students.

State Colleges: The USHE has two state colleges, Utah Valley State College (UVSC) and Dixie State College of Utah (DSCU). The state colleges are comprised of two interdependent divisions. The lower division embraces and preserves the philosophy and mission of a comprehensive community college offering general and applied technology education. The upper division consists of programs leading to baccalaureate degrees in areas of high demand for the community and student body. The primary focus of faculty is classroom instruction. Both state colleges offer specialized certificates in applied technology education, associate degrees, and a limited number of bachelor degrees. The total combined FTE enrollment at the two state colleges is 20,200.

Community Colleges: Snow College, the College of Eastern Utah (CEU) and Salt Lake Community College (SLCC) are the State's open-access comprehensive community colleges. The mission of the state community colleges is to address the needs with programs of vocational technical training, general education and continuing education for the personal enrichment and career development of its students. Faculty members at community colleges are evaluated solely on the quality of their instruction. With no research expectations, the faculty at the community colleges is expected to carry a heavier teaching load than their counterparts at the metropolitan/regional and research universities. The students enrolled at the three community colleges number 20,750 FTE.

UCAT: The tenth institution, the Utah College of Applied Technology (UCAT) has nine regional institutions throughout the

State. UCAT is governed by a fifteen member Board of Trustees. The complete discussion of the UCAT FY 2003 Appropriation is presented in the Commerce and Revenue section of the Appropriations Report.



Legislative Action

The Legislature increased State funding for the Utah System of Higher Education by \$1,587,000 or 0.28 percent increase over the FY 2003 revised budget of \$563,933,900 (including \$8,893,100 in one-time funding for FY 2003). However, excluding the one-time funding for FY 2003, the USHE increase in State funding for FY 2004 is \$10,480,500 or 1.89 percent increase over the FY 2003 revised budget. Higher Education receives its funding from several sources. The total funding of \$873,323,500 for FY 2004 consists of General Funds, Income Tax Revenue, Dedicated Credits (tuition and fees), Federal Funds, Mineral Lease Account, Land Grant Management, the Cigarette Tax General Restricted Fund Account and the Tobacco Settlement General Fund Restricted Account. State funds (General Funds and Income Tax Revenue) account for \$565,520,900 or about 64 percent of the Higher Education appropriated budget.

Internal Service Fund Adjustments: The change to the base for Internal Service Fund adjustments of \$303,500 includes increases for Risk Management and Fleet Management.

Retirement Rate Adjustments: For FY 2004, retirement rate contributions, based on actuarial analysis, were increased for the Utah System of Higher Education by \$1,658,500 with \$1,148,800 from State funds and \$509,700 from dedicated credits and mineral lease funds.

Health and Dental Rate Increases: The Legislature appropriated \$5,347,900 for health and dental rate increases for the USHE with \$3,665,600 from State funds.

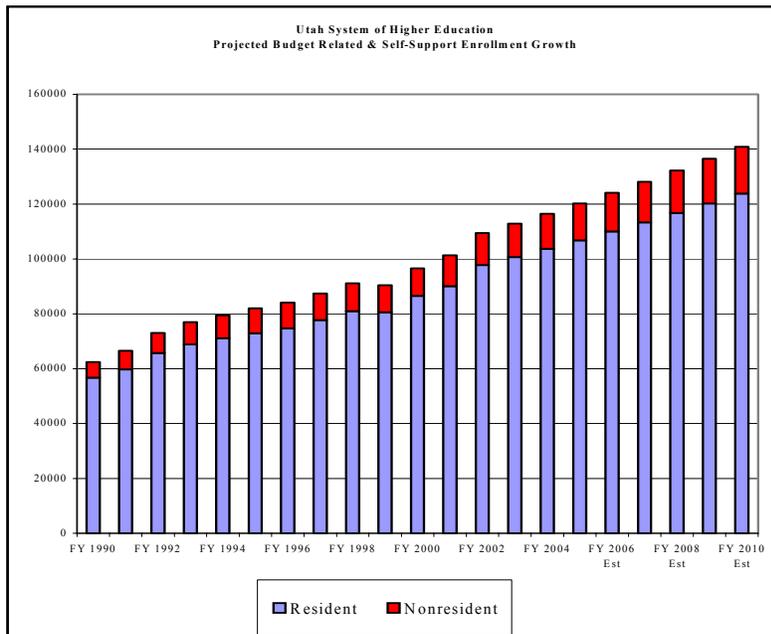
USU Water Research Lab Mineral Leases Funds: As provided by statute, the Water Research Lab at Utah State University receives an allocation of 2.25 percent of the royalties deposited in the Mineral Lease Account. The projected amount of Mineral Lease for FY 2004 is \$752,600, a decrease of \$149,100 from the FY 2003 appropriation of \$901,700.

Tuition: The State Board of Regents approved a 4.5 percent tuition rate increase for academic year 2003-2004 as well as second tiered tuition increases system-wide averaging 7.3 percent which the Legislature adopted in its FY 2004 plan of financing. It is projected that a 4.5 percent tuition increase will generate approximately \$8,803,300 million with 0.05 percent or \$1.2 million of the increase being dedicated to financial aid. The second tiered tuition increase of \$18.2 million is committed to improving the quality of education on each campus.

Enrollment Growth: The USHE did not receive enrollment growth funding for the anticipated new 9,776 students in FY 2004. The tuition revenue expected from the new students is approximately \$17.6 million. Because of the level of State revenue available for FY 2004, the USHE will need to sustain its current level of service to the additional students within the \$873.3 million appropriated for FY 2003 coupled with any additional revenue that can be raised through tuition increases for FY 2004.

One of the hallmarks of Utah's higher education system has been open access to any USHE institution for which a student is

suitably prepared. Over the past decade, student enrollment increased by 39,500 new FTE students. Current estimates suggest that this high growth trend will continue over the next decade as illustrated by the following graph:



Enrollment funding remains a critical issue for higher education. There has been an ongoing effort by the Legislature to fund access and to improve the quality of Utah's system of higher education. However, the current economic environment in Utah poses a particular challenge for the Legislature. The State's vision of broadly accessible higher education that is affordable to resident students may not be sustainable unless there are changes in the funding of higher education.

Engineering and Computer Science Initiative: In the 2001 General Session, the Legislature passed Senate Bill 61, which established an Engineering and Computer Science Initiative. The purpose of the initiative was to double the number of graduates in engineering, computer science and related technologies by 2006 and triple the number by 2009. Institutions will still be required to evaluate current program offerings and reallocate funds internally

to leverage the appropriated funds. Since inception, the Legislature has appropriated \$6 million (\$3 million being one-time funding). In the 2003 General Session, the Legislature appropriated an additional \$500,000.

Nursing Program: An appropriation of \$75,000 was made to Dixie State College for its nursing program to increase the number of nursing graduates for the new IHC Hospital in St. George.

University of Utah Art Museum: The University of Utah was provided one-time funding of \$50,000 for the Art Museum.

Utah State University Cooperative Extension: USU's Cooperative Extension was appropriated \$300,000 for base support.

University of Utah Reading Clinic: The Reading Clinic at the University of Utah will receive \$375,000 of ongoing State support from Public Education.

Transfers from the Commission on Criminal and Juvenile Justice (CCJJ): Three higher education institutions received \$104,100 from CCJJ for oversight of the federal Youth and Families with Promise program. The three institutions are the University of Utah (\$34,500), Utah State University (\$42,100), and Weber State University (\$27,500).

Transfer of CEU Distance Education from the Utah Education Network: The operating budget for CEU's Distance Education of \$263,600 was transferred to the Price Campus and to the San Juan Center.

Operation and Maintenance: The following schools received operation and maintenance funding for new facilities for FY 2004 totaling \$2,600,000:

Utah State University	\$560,100
Weber State University	\$221,600
Snow College	\$492,500
Dixie State College	\$233,400
College of Eastern Utah	\$400,500
Utah Valley State College	\$602,100
Salt Lake Community College	<u>\$89,800</u>
Total	<u>\$2,600,000</u>

Regional Dental Education Program (RDEP): The Regional Dental Education Program is a cooperative education program between the State of Utah and Creighton University School of Dentistry that provides a quality dental education program for ten Utah residents annually. Students admitted to the program receive their first year of instruction at the University of Utah. The remainder of their education takes place at the dental school at Creighton University in Omaha, Nebraska.

After graduation, RDEP students will be obligated to work in the State for a period of four years (one year of employment is credit for one annual payment of tuition and fees) or for three years in an underserved region of the State. A RDEP dental student who chooses to work in another state after graduation will be responsible for the repayment of their student loans. Students currently in the RDEP will continue to receive State support under the same guidelines and regulations currently in place.

There are several advantages to converting the RDEP to a “tuition loan forgiveness” program:

- ▶ The State will retain about \$60,000 for each RDEP student that does not return to Utah to practice dentistry, making uncommitted funds available to enhance the number of State supported dental students attending dental schools not affiliated with Creighton University.
- ▶ The program encourages students to work in underserved areas of the State.

- ▶ Continued line item funding for RDEP will provide state match for approximately \$600,000 of annual federal support for additional dentistry students.

Intent Language

The following intent language was adopted by the Legislature:

It is the intent of the Legislature that the students selected to participate in the Utah Regional Dental Education Program (RDEP) must practice dentistry in Utah upon completion of their dental education (including advanced specialties). For each year they practice in Utah, up to a maximum of four years, they will receive a tuition loan forgiveness payment from the Regional Dental Education Program at the University of Utah in the amount equal to that currently paid by the University of Utah to Creighton University as an annual state support fee. If the student chooses to practice in underserved areas of the State, the tuition loan payment will be enhanced to provide full payment over three years. Any amounts not distributed to the selected students will then be available to assist additional students.

Legislation Affecting Higher Education

Nonresident Tuition: H.B. 75, “Nonresident Tuition for Higher Education Amendments” provides 500 nonresident scholarship waivers for the differential between resident and nonresident tuition. Up to 250 nonresident students could receive 100 percent of the differential between resident tuition and nonresident tuition and the remaining 250 could receive less than a 50 percent waiver.

Utah State University Agriculture Experiment Station: H.B. 192, “Oversight of Utah Climate Control Center By Utah State University” transfers \$120,000 of one-time support to USU’s Agriculture Experiment Station from the Department of Agriculture for the operations of the Climate Control Center.

H.B. 161, “Snow College Richfield Campus”: consolidates the operating budget of the Richfield Campus into the Snow College Main Campus and transferred the operations of the Utah College of Applied Technology’s Central Applied Technology College to Snow College - Applied Technology Education.

S.B. 36, “Mineral Lease Amendments” expands the public entities eligible to receive funding from the Mineral Lease Account to include USHE institutions.

The New Century Scholarship was appropriated one-time funding of \$250,000 for FY 2003.

Intent Language

Tuition Revenue:

It is the intent of the Legislature that tuition revenue generated from tuition rate increases shall remain with the institution after compensation. However, the allocation of tuition revenue for institutional needs shall be determined by the President of each institution in consultation with the student body representatives.

Salaries:

It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.

Operation and Maintenance:

It is the intent of the Legislature that all Utah System of Higher Education institutions use facility operation and maintenance (O&M) funding consistent with State Agencies only for O&M purposes.

Formula Funding:

It is the intent of the Legislature that the Council of Presidents and representatives of the Board of Regents working in conjunction with

legislators, the Legislative Fiscal Analyst and a representative of the Governor's Office review and refine the funding formula for the Utah System of Higher Education. It is the intent of the Legislature that this proposed formula reduce dependence on growth funding, link to measurable systemwide and institutional specific performance indicators, respond to changes in costs of instruction due to the implementation of technology or the utilization of cost saving measures and respond to market demand, student performance as well as recognized differences in institutional roles and mission.

Fuel and Power:

It is the intent of the Legislature that the State Board of Regents be directed to closely supervise the fuel and power budgets with the intent of promoting greater energy efficiency on each campus. It is also the intent of the Legislature that the Board of Regents report during the interim to the Subcommittee on Higher Education on the implementation of long term plans to control and manage energy costs.

Financial Reports:

It is the intent of the Legislature that the USHE complete and submit all financial reports (i.e. A-1's, R-1's, S-10's, and S-12's, etc.) to the Office of the Legislative Fiscal Analyst by November 1 of each fiscal year.

Study of Applied Technology Education:

It is the intent of the Legislature that a study be performed of applied technology education in the state with the Utah System of Higher Education, Public Education, and the Utah College of Applied Technology, by the Office of the Legislative Fiscal Analyst in conjunction with the Governor's Office of Planning and Budget. It is further the intent of the Legislature that a

written report be presented by October of 2003 to the Executive Appropriation Committee, and also reported to the appropriate Legislative Appropriation Subcommittees during the 2004 General Session.

Hospital Fees:

It is the intent of the Legislature that patient fees shall be retained by the Hospital provided that they are spent in compliance with the Hospital's operating budget approved by the State Board of Regents.

USU's Energy Saving Agreement:

It is the intent of the Legislature that to the extent allowed by law, Utah State University may include in its annual fuel and power budget request the payments to be made under an Energy Savings Agreement entered into under the authority of Section 63-9-67 for a Cogeneration and Central Chilled Water Plant.

U of U's Cigarette Tax General Fund Restricted Funds:

To the University of Utah Health Science Center for medical education \$2,499,300 at the University of Utah School of Medicine and \$1,785,200 to the Huntsman Cancer Institute.

Libraries

It is the intent of the Legislature that the State Board of Regents in consultation with the Utah Academic Library Consortium should coordinate the acquisition of library materials for the nine USHE institutions.

Intent Language in Capital Facilities:

Additional intent language relating to higher education projects is found in the Capital Facilities and Administrative Services section of the Appropriation Report. These projects include: 1) USU Laboratory Research Center Addition, 2) USU

Biology/Natural Resources Building Addition, and 3) Snow College Activities Center Addition.

Funding Detail

Higher Education Institutions					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	555,032,400		555,032,400	470,350,900	(84,681,500)
General Fund, One-time	7,327,600	(87,000)	7,240,600	170,000	(7,070,600)
Uniform School Fund, One-time	400		400		(400)
Income Tax	8,000		8,000	95,000,000	94,992,000
Income Tax, One-time	1,652,500		1,652,500		(1,652,500)
Federal Funds	4,203,700		4,203,700	4,378,700	175,000
Dedicated Credits Revenue	256,218,600		256,218,600	293,529,000	37,310,400
Dedicated Credits - Land Grant	753,700		753,700	753,700	
Federal Mineral Lease	901,700		901,700	752,600	(149,100)
GFR - Cigarette Tax Rest	4,284,500		4,284,500	4,284,500	
GFR - Tobacco Settlement	4,000,000		4,000,000	4,000,000	
Transfers - Commission on Criminal and Juve				104,100	104,100
Beginning Nonlapsing				145,600	145,600
Closing Nonlapsing				(145,600)	(145,600)
Total	\$834,383,100	(\$87,000)	\$834,296,100	\$873,323,500	\$39,027,400
Programs					
University of Utah	301,506,200	1,256,200	302,762,400	318,303,400	15,541,000
Utah State University	175,718,000	731,600	176,449,600	181,771,300	5,321,700
Weber State University	83,999,500	344,800	84,344,300	89,081,600	4,737,300
Southern Utah University	37,308,500	174,600	37,483,100	39,439,300	1,956,200
Snow College	19,106,400	135,400	19,241,800	21,830,300	2,588,500
Dixie State College	22,600,200	130,400	22,730,600	23,253,800	523,200
College of Eastern Utah	14,322,100	147,300	14,469,400	15,203,100	733,700
Utah Valley State College	76,288,500	395,200	76,683,700	84,054,900	7,371,200
Salt Lake Community College	80,358,400	306,100	80,664,500	82,863,400	2,198,900
State Board of Regents	23,175,300	(3,708,600)	19,466,700	17,522,400	(1,944,300)
Total	\$834,383,100	(\$87,000)	\$834,296,100	\$873,323,500	\$39,027,400
Total FTE	12,237.3	0.0	12,237.3	12,237.3	(0.0)

The Utah Medical Education Council

The enactment of House Bill 141, “Medical Education Program,” in the 1997 General Session created the Medical Education Program to be administered by Utah Medical Education Council (UMEC). The Utah Medical Education Council (UMEC) determines the types and numbers of health care professionals needed to provide appropriate levels of health care. In addition, the UMEC seeks public and private funding for clinical training and determines the method of reimbursement for the entities sponsoring clinical training.

Clinical training programs for health care professionals are threatened because of the changing health care environment. The movement to managed health care has forced competition based on cost of patient care. Institutions sponsoring clinical training cannot compete for market share when the cost of clinical training is included in the rate structure. As a result, those entities that previously supported Graduate Medical Education (GME) are now unable to subsidize clinical training. The UMEC is identifying ways to maximize the revenue sources and stabilize funding for clinical training programs. In the past year, the UMEC has identified the following:

- ▶ helped healthcare providers throughout the state increase their federal fund participation payments for medical expenses by \$16 million.
- ▶ designed a database of daily medical residency rotations, (Utah Resident Rotation Information) that captures activities eligible for reimbursement. The implementation of this database identified \$2 million of lost federal revenues for direct medical services that hospitals can claim for reimbursement.
- ▶ obtained an annual appropriation of federal funds of \$1.5 million for dental training and direct medical expenses for area hospitals.

Legislative Action

Beginning with the 2002 Legislative Session, the budget for UMEC was moved to the Higher Education Appropriations Subcommittee. The appropriated budget for UMEC for FY 2004 is \$206,600 with \$200,000 from federal funds and \$6,600 from General Funds.

The \$6,600 General Fund appropriation is for retirement rate and health and dental rate increases.

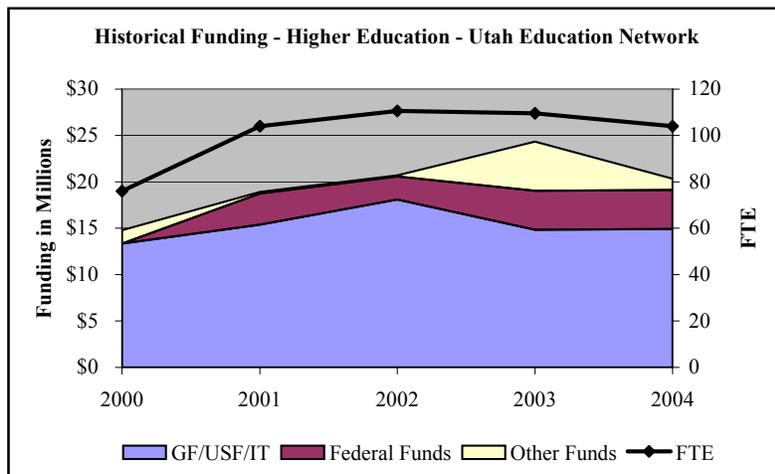
Funding Detail

Higher Education - Medical Education					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund				6,600	6,600
Federal Funds	200,000		200,000	200,000	
Dedicated Credits Revenue	287,200		287,200		(287,200)
Beginning Nonlapsing	62,800		62,800		(62,800)
Total	<u>\$550,000</u>	<u>\$0</u>	<u>\$550,000</u>	<u>\$206,600</u>	<u>(\$343,400)</u>
Programs					
Medical Education Program	550,000		550,000	206,600	(343,400)
Total	<u>\$550,000</u>	<u>\$0</u>	<u>\$550,000</u>	<u>\$206,600</u>	<u>(\$343,400)</u>
Total FTE	6.5	0.0	6.5	7.0	0.5

Utah Education Network

The Utah Education Network (UEN) is a collaboration of higher and public education that provides distance education and electronic connectivity to Utah's colleges and schools. UEN also serves State government by providing a gateway to the Internet through which Utah citizens access on-line government services.

UEN's appropriation supports the "EdNet" two-way video network, Internet connectivity, Satellite Telecommunications, and public television from KULC. Prior to FY 2004, UEN also received a subsidy it passed through to the College of Eastern Utah (CEU) for CEU's "Star Schools".



Legislative Action

UEN's revised FY 2003 budget is \$24,326,200, \$94,400 higher than FY 2003 Estimated as adjusted for action taken in 2002 Special Session VI. For FY 2004, UEN's budget is \$20,337,500, a 1.7 percent increase from FY 2003 revised levels after adjusting for the transfer of Star Schools funding to CEU, as well as carry-forward funds expended upon digital television conversion and building construction in FY 2003.

During the 2003 General Session, the Legislature reallocated \$94,400 from the State Board of Regents to the Utah Education

Network for FY 2003. This amount was part of a \$4 million stop-gap appropriation originally made to the Regents during the December, 2002 Special Session.

For FY 2004, legislators appropriated \$141,500 in new ongoing General Fund resources for increased health, dental, and retirement costs. They also provided \$23,000 in one-time funds to cover the cost of an additional work day in FY 2004. They partially offset these increase with a negative \$3,200 adjustment due to changes in internal service fund rates.

The Legislature increased UEN's ongoing state funds by \$400,000 for network capacity expansion and reliability improvement. Legislators anticipate that these funds will be leveraged by UEN through the Federal E-Rate program.

Finally, as suggested above, the Legislature transferred funding for the College of Eastern Utah's Star Schools program from UEN to CEU.

Funding Detail

Higher Education - Utah Education Network					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	14,620,900		14,620,900	14,895,600	274,700
General Fund, One-time	118,000	94,400	212,400	23,000	(189,400)
Federal Funds	4,195,000		4,195,000	4,195,000	
Dedicated Credits Revenue	891,800		891,800	1,037,000	145,200
Transfers	373,400		373,400	186,900	(186,500)
Beginning Nonlapsing	4,178,300		4,178,300		(4,178,300)
Closing Nonlapsing	(145,600)		(145,600)		145,600
Total	\$24,231,800	\$94,400	\$24,326,200	\$20,337,500	(\$3,988,700)
Programs					
Utah Education Network	24,231,800	94,400	24,326,200	20,337,500	(3,988,700)
Total	\$24,231,800	\$94,400	\$24,326,200	\$20,337,500	(\$3,988,700)
Total FTE	109.5	0.0	109.5	104.0	(5.5)

Funding Detail

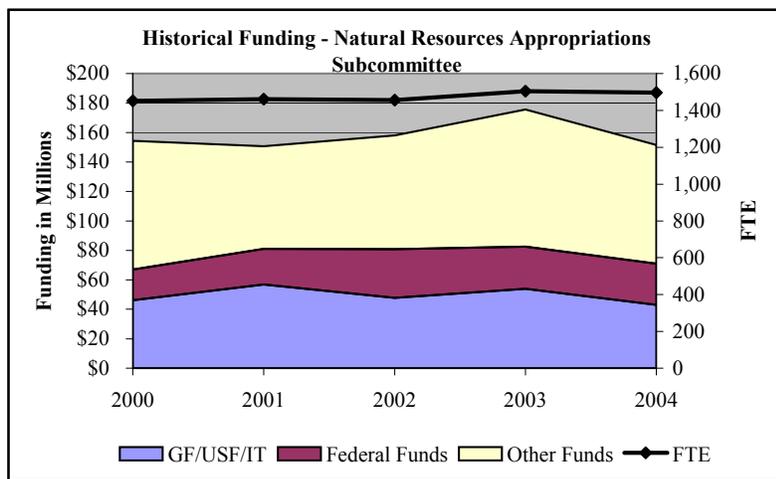
Higher Education Appropriations Subcommittee Total					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	569,653,300		569,653,300	485,253,100	(84,400,200)
General Fund, One-time	7,445,600	7,400	7,453,000	193,000	(7,260,000)
Uniform School Fund, One-time	400		400		(400)
Income Tax	8,000		8,000	95,000,000	94,992,000
Income Tax, One-time	1,652,500		1,652,500		(1,652,500)
Federal Funds	8,598,700		8,598,700	8,773,700	175,000
Dedicated Credits Revenue	257,397,600		257,397,600	294,566,000	37,168,400
Dedicated Credits - Land Grant	753,700		753,700		
Federal Mineral Lease	901,700		901,700	752,600	(149,100)
GFR - Cigarette Tax Rest	4,284,500		4,284,500	4,284,500	
GFR - Tobacco Settlement	4,000,000		4,000,000	4,000,000	
Transfers - Commission on Criminal and Juve				104,100	104,100
Transfers	373,400		373,400	186,900	(186,500)
Beginning Nonlapsing	4,241,100		4,241,100	145,600	(4,095,500)
Closing Nonlapsing	(145,600)		(145,600)	(145,600)	
Total	\$859,164,900	\$7,400	\$859,172,300	\$893,867,600	\$34,695,300
Programs					
University of Utah	301,506,200	1,256,200	302,762,400	318,303,400	15,541,000
Utah State University	175,718,000	731,600	176,449,600	181,771,300	5,321,700
Weber State University	83,999,500	344,800	84,344,300	89,081,600	4,737,300
Southern Utah University	37,308,500	174,600	37,483,100	39,439,300	1,956,200
Snow College	19,106,400	135,400	19,241,800	21,830,300	2,588,500
Dixie State College	22,600,200	130,400	22,730,600	23,253,800	523,200
College of Eastern Utah	14,322,100	147,300	14,469,400	15,203,100	733,700
Utah Valley State College	76,288,500	395,200	76,683,700	84,054,900	7,371,200
Salt Lake Community College	80,358,400	306,100	80,664,500	82,863,400	2,198,900
State Board of Regents	23,175,300	(3,708,600)	19,466,700	17,522,400	(1,944,300)
Medical Education Program	550,000		550,000	206,600	(343,400)
Utah Education Network	24,231,800	94,400	24,326,200	20,337,500	(3,988,700)
Total	\$859,164,900	\$7,400	\$859,172,300	\$893,867,600	\$34,695,300
Total FTE	12,237.3	0.0	12,237.3	12,237.3	(0.0)

Natural Resources

Subcommittee Overview

The Natural Resources Appropriations Subcommittee oversees the budgets for the Department of Natural Resources, the Department of Agriculture and Food, and the School and Institutional Trust Lands Administration.

The total FY 2004 appropriation of \$151,454,500 for the three departments is a 13.8 percent decrease from the revised FY 2003 appropriation of \$175,644,000. The FY 2004 General Fund appropriation of \$43,074,300 is a 20.1 percent decrease from the revised FY 2003 General Fund appropriation of \$53,898,200. The revised FY 2003 General Fund appropriation was increased by \$11.5 million on a one-time basis to cover costs of wildlife fire suppression that occurred in 2002.



General Subcommittee Issues

State Fair Transfer: The Legislature transferred the budget of the State Fair Corporation from the Economic Development and Human Resources Appropriations Subcommittee to the Department of Agriculture and Food under the Natural Resources Appropriations Subcommittee. Total appropriations for this

program are \$4,737,800, with \$443,300 from the General Fund. The transfer is effective in Fiscal Year 2004.

One-Time Reallocations: The subcommittee reallocated funds in various programs in order to meet its priorities:

<u>Program</u>	<u>General Funds (FY 2004)</u>	<u>Restricted Funds (FY 2004)</u>	<u>Nonlapsing Carry-Forward Funds (FY 2003)</u>
Forestry, Fire and State Lands	(\$200,000)	\$200,000	
Wildlife Resources	(210,000)		(\$110,000)
"Ag in the Classroom"	50,000		
Cricket/Grasshopper Infestation	230,000		
USU Climate Center	120,000		
High School Rodeo Competitors	10,000		
Bear Lake Commission			30,000
Water Rights - Stream Gauging			80,000
Net Appropriation	<u>\$0</u>	<u>\$200,000</u>	<u>\$0</u>

Ongoing Reallocations for Building Operations: Due to a 4.25 percent General Fund across-the-board cut during the 2002 Sixth Special Session, building operations line items in the Department of Natural Resources (DNR) and the Department of Agriculture and Food (UDAF) were left with insufficient funds to meet their maintenance obligations. The Legislature approved reallocations of \$107,900 from other line items in DNR, and \$11,200 from other line items in UDAF, to the building operations line items.

Department of Natural Resources

The Department of Natural Resources is comprised of seven divisions of state government (in addition to Administration) that affect the state's natural resources in various ways. These divisions include:

- ▶ Forestry, Fire and State Lands
- ▶ Oil, Gas and Mining
- ▶ Wildlife Resources
- ▶ Parks and Recreation
- ▶ Utah Geological Survey
- ▶ Water Resources
- ▶ Water Rights

The department's total FY 2004 appropriation of \$120,468,700 is a 17.0 percent decrease from the revised FY 2003 appropriation of \$145,180,600. The FY 2004 General Fund appropriation of \$32,675,100 is a 26.4 percent decrease from the revised FY 2003 General Fund appropriation of \$44,377,800. The revised FY 2003 General Fund appropriation was increased by \$11.5 million on a one-time basis to cover costs of wildland fire suppression during the 2002 season.

Administration

Administration includes the Executive Director and other administrative functions. In addition, it includes the Private Property Ombudsman, the Utah Energy Office, Law Enforcement oversight, Species Protection, internal service funds, building maintenance, and pass-through funding for the Bear Lake Regional Commission.

The total FY 2004 appropriation for Administration is \$11,354,000, with \$5,030,600 from the General Fund. The total FY 2003 revised appropriation is \$12,804,200, with \$5,039,500 from the General Fund.

Legislative Action

Bear Lake Regional Commission: The Legislature reallocated \$30,000 in nonlapsing carry-forward funds from the Wildlife Resources - Capital Budget to the Bear Lake Regional Commission. This will impact the FY 2003 budget only.

Building Maintenance Reallocation: General Funds in the amount of \$107,900 were transferred from other line items within the department to the Building Maintenance line item to cover its obligations.

General Fund Reduction: As part of an effort to reduce agencies' General Fund budgets, the Legislature reduced Administration's out-of-state travel budget by \$10,000.

Intent Language

Brine Shrimp Royalties:

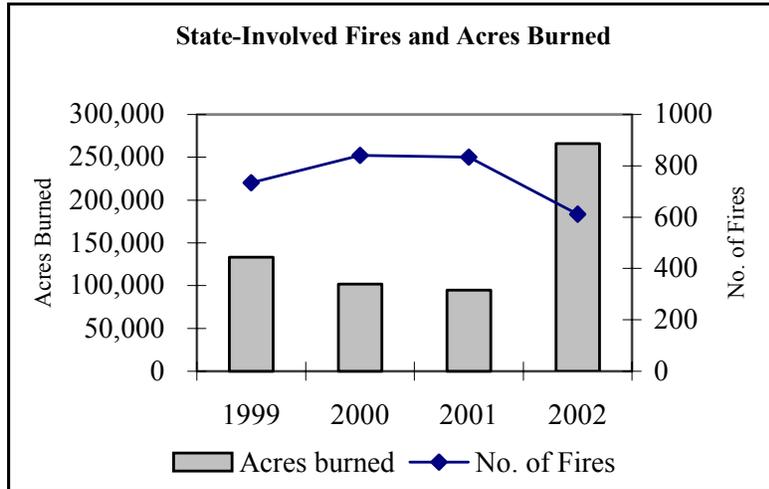
It is the intent of the Legislature that the Department of Natural Resources study brine shrimp royalty laws to determine if adjustments could be made to enhance revenue collections in an effort to offset General Fund reductions to the Species Protection program. This study shall be presented to the Natural Resources Appropriations Subcommittee in January 2004.

Forestry, Fire and State Lands

The Division of Forestry, Fire and State Lands manages the sovereign lands of the state, which are lands, exposed or submerged, that were navigable waterway areas at the time of statehood. The division also assists individuals and organizations in the use of scientific forestry practices. During the wildland fire season, the division carries out the state's commitment to fighting fires.

The continuing drought in Utah contributed to a severe 2002 fire season. The following chart shows the number of fires in

which the state was involved and the number of acres burned over the last four years. (The chart does not include fires solely on federal lands.)



Legislative Action

The total FY 2004 appropriation for Forestry, Fire and State Lands is \$11,367,300, with \$2,676,000 from the General Fund. The total FY 2003 revised appropriation is \$21,368,700, with \$14,358,800 from the General Fund.

Fire Suppression Supplemental Appropriation: General Funds in the amount of \$11,500,000 were appropriated in the FY 2003 budget year to cover wildland fire suppression costs incurred during the 2002 fire season. Of this amount, \$8,300,000 went to the Fire Suppression Program, and \$3,200,000 went to the Fire Suppression Fund, which is similar to an insurance fund for counties. Obligations on the Fire Suppression Fund exceeded its assets prior to this appropriation from the Legislature.

Flame-In-Go Firefighter Program: In order to keep the inmate firefighter program viable, the Legislature appropriated \$472,000 from the General Fund Restricted – Sovereign Land Management Account to replace funds recently withdrawn by the

Department of Corrections and to hire qualified civilian firefighters as required by new federal crew certification requirements.

One-Time Reallocation of General Funds: The Legislature appropriated an additional \$200,000 from the General Fund Restricted - Sovereign Land Management Account so that it could free up the same amount of General Funds for a one-time reallocation to other line items. (See the table under “General Subcommittee Issues” for more detail on how the funds were reallocated.)

General Fund Reduction: As part of an effort to reduce agencies’ General Fund budgets, the Legislature cut the Leaf-It-To-Us program and other current expenses by \$10,000.

Oil, Gas and Mining

In order to regulate the extraction of oil, natural gas, minerals, and other related resources in the state, the Division of Oil, Gas and Mining authorizes the operation and inspects the sites of such activities. The division also represents the interests of the federal government, through primacy, in assuring that these operations adhere to federal law.

The total FY 2004 appropriation for Oil, Gas and Mining is \$7,201,200, with \$1,260,800 from the General Fund. The total FY 2003 revised appropriation is \$7,032,600, with \$1,278,100 from the General Fund.

Legislative Action

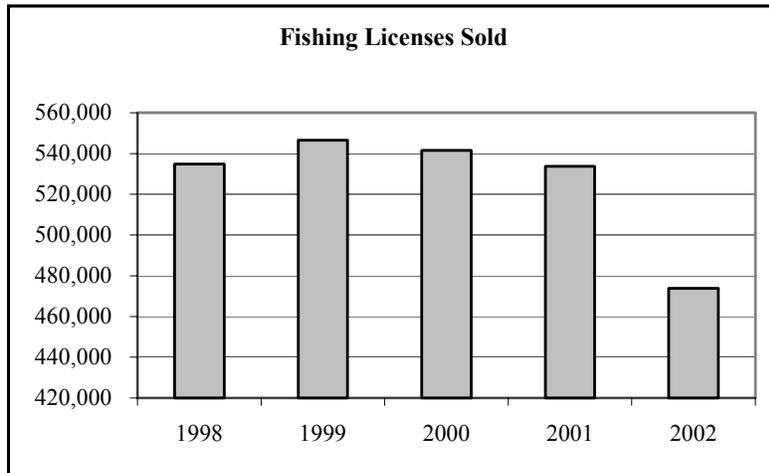
General Fund Reduction: As part of an effort to reduce agencies’ General Fund budgets, the Legislature cut the budget for abandoned mine reclamation by \$10,000.

Wildlife Resources

The Legislature has declared that all wildlife in the state, not held by private ownership, is managed by the state. The Division of Wildlife Resources is the wildlife authority for the state under

the policymaking authority of the Wildlife Board. The division manages all fish and wildlife species, regulates hunting, fishing and trapping, and conducts nonconsumptive activities.

The division relies on license sales for most of its revenues. The continuing drought and Whirling Disease have caused declines in fishing license sales in the last year. During calendar year 2002, fishing licenses sold declined by 60,000, for a revenue loss of over \$1 million.



The total FY 2004 appropriation for Wildlife Resources is \$43,942,500, with \$3,408,800 from the General Fund. The total FY 2003 revised appropriation is \$44,042,000, with \$3,598,800 from the General Fund.

Legislative Action

Wolf Depredation and Management: Preparing for the arrival of wolves in Utah, the Legislature passed **H.B. 305, "Individual Income Tax Contribution - Wolf Depredation and Management Restricted Account"** which establishes a new restricted account for wolf depredation and management costs, and allows individual taxpayers to make a contribution to the account on their tax returns.

The Legislature also appropriated \$25,000 from the General Fund to assist the division in establishing a wolf management plan.

Wild Turkey Relocations: The Legislature appropriated \$25,000 to the division so it could continue its program of relocating wild turkeys from Midwestern states to Utah. The program also relocates some wild turkeys within the state.

One-Time Reallocation of General Funds: The Legislature transferred \$210,000 General Funds in FY 2004, and \$110,000 from nonlapsing carry-forward funds in FY 2003, to other line items. (See the table under “General Subcommittee Issues” for more detail on how the funds were reallocated.)

General Fund Reduction: As part of an effort to reduce agencies’ General Fund budgets, the Legislature cut the budget for law enforcement by \$20,000.

Intent Language

Fishery Improvements:

It is the intent of the Legislature that up to \$500,000 be spent on the Olympic/Blue Ribbon Fisheries Program. These funds shall be nonlapsing.

It is the intent of the Legislature that up to \$250,000 be spent on the Community Fisheries Program. These funds shall be nonlapsing.

Deer Herd Improvements:

It is the intent of the Legislature that the division spend a minimum of \$265,000 to improve deer herds according to management plan objectives.

Predator Control:

It is the intent of the Legislature that the Division of Wildlife Resources transfer \$189,700 General Funds to the Department of Agriculture and Food. It is further the intent of the

Legislature that \$89,700 of this transfer be used to match funds from local governments in the Predatory Animal Control Program, and \$100,000 be used to supplement the amount required by UCA 4-23-9(2)(a).

It is the intent of the Legislature that the Division of Wildlife Resources spend a minimum of \$70,000 from the General Fund Restricted – Wildlife Habitat Account for purposes stated in UCA 23-19-43(5)(a)(i) (control of predators).

Big Game Depredation:

The Legislature intends that that up to \$500,000 of this budget may be used for big game depredation expenditures. The Legislature also intends that half of these funds shall be from the General Fund Restricted – Wildlife Resources Account and half from the General Fund. This funding shall be nonlapsing.

The prolonged drought in Utah has negatively impacted populations of mule deer, with many units being well below management plan objectives. On these units, it is the intent of the Legislature that the Division of Wildlife Resources consider refraining from issuing doe mitigation permits in rangeland depredation situations, and consider, to the extent possible, using other means to compensate landowners for damage to cultivated crops caused by migrating deer.

Use of Revenues Generated by Sportsmen:

It is the intent of the Legislature that the Division of Wildlife Resources use revenues generated by sportsmen exclusively for costs associated with the management, enhancement, and administration of game species and their habitats.

Wolf Depredation and Management:

It is the intent of the Legislature that if House Bill 305 passes, donations received through the bill's provisions shall be nonlapsing and spent by the Division of Wildlife Resources as follows: 1) The division shall fully and expeditiously compensate livestock owners, up to the amount of funds available, for all wolf depredation damage realized during the fiscal year. Up to \$20,000 shall carry forward to the next fiscal year if not spent during the current fiscal year for this purpose. 2) Donations in excess of \$20,000 and not otherwise expended or carried forward as required above, shall be available for wolf management expenditures.

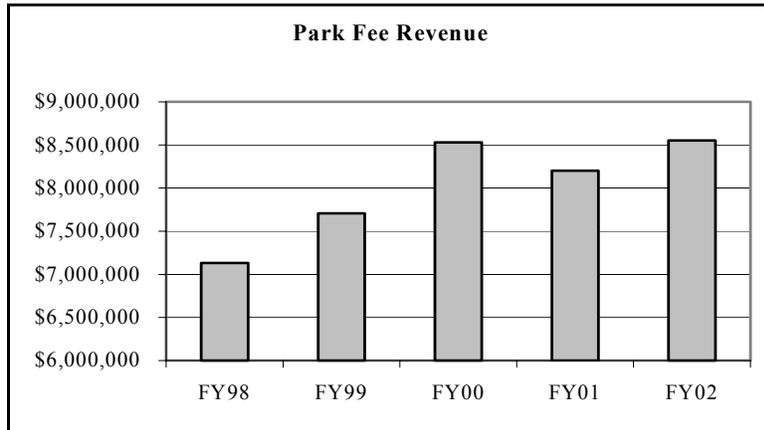
Conservation Easements on Former Trust Lands:

It is the intent of the Legislature that the Wildlife Board use the FY 2002 one-time General Fund appropriation of \$1 million for the acquisition of conservation easements for big game habitat on land disposed of after July 1, 2001, by the School and Institutional Trust Lands Administration. It is further the intent of the Legislature that the ownership of the real property shall be in a property tax paying, private party or parties, with the Division of Wildlife Resources owning the conservation easements for big game habitat in that real property as provided in Utah Code Ann. Sec. 57-18-4. This appropriation is nonlapsing.

Parks and Recreation

Responsibility for the management and development of the state's park system is entrusted to the Division of Parks and Recreation under the Parks Board. Utah's state parks are a combination of heritage, scenic, and recreation parks. The division is also responsible for statewide boating safety and statewide off-highway vehicle programs.

Fee revenues increased in FY 2002 to their highest level ever. This was due to more aggressive advertising and pricing, and favorable weather conditions during high-visitation months.



Legislative Action

The total FY 2004 appropriation for Parks and Recreation is \$26,455,700, with \$8,386,300 from the General Fund. The total FY 2003 revised appropriation is \$29,516,300, with \$8,249,200 from the General Fund.

Elimination of Fun Tag: H.B. 188, “State Park Fee Amendments” eliminated statutory provisions that allowed citizens 62 years of age or older admission to state parks without charge. It is estimated this change will partially offset recent General Fund cuts by \$345,000 per year. The Parks Board now has the flexibility to set up its own programs for senior citizens.

Creation of New Restricted Account: H.B. 264, “Division of Parks and Recreation - Restricted Account” created a new restricted account for state park fees. This will allow unexpended revenues from park fees to be kept by the Division of Parks and Recreation from one fiscal year to the next.

Off-Highway Vehicle Funding: H.B. 59, “Off-Highway Vehicle Program Funding” raised the cap on motor fuel taxes going to the General Fund Restricted – Off-Highway Vehicle

Account from \$850,000 to \$1,050,000 per year. These funds are used to improve access, establish new trails, and maintain existing trails.

Off Highway Vehicle (OHV) Trail Development and Maintenance: The Legislature made a FY 2003 supplemental appropriation of \$1,500,000 from the General Fund Restricted – Off-Highway Vehicle Account for OHV trails in the state. The Shoshone OTV trail will use \$500,000 in its development and will be matched by \$500,000 in federal funds. Another \$1,000,000 will be used to maintain existing trails throughout the state.

General Fund Reductions: As part of an effort to reduce agencies' General Fund budgets, the Legislature cut the budget for non-motorized trail grants and riverway enhancement grants by \$820,000. Another \$40,000 for current expenses was reduced from the Park Operations program.

Intent Language

This is the Place Management Fee:

It is the intent of the Legislature that the Division of Parks and Recreation provide a management fee to the This is the Place Foundation not to exceed \$700,000.

Golf Course at Soldier Hollow:

It is the intent of the Legislature that no portion of a golf course or other improvements to be constructed at Soldier Hollow shall infringe upon space designated for winter or summer biathlon or cross-country events including the safety zones necessary for the safe operation of the biathlon rifle range.

Utah Geological Survey

The Utah Geological Survey generates, interprets, preserves, and distributes geological information. The survey cooperates with local, state, and federal agencies, universities, industry, and private groups to promote economic development and public

safety. The Survey emphasizes making timely geological information available.

Legislative Action

The total FY 2004 appropriation for the Utah Geological Survey is \$4,123,100, with \$2,113,200 from the General Fund. The total FY 2003 revised appropriation is \$4,049,800, with \$2,127,600 from the General Fund.

General Fund Reduction: As part of an effort to reduce agencies' General Fund budgets, the Legislature cut funding for a Geologic Technician position by \$21,000.

Water Resources

The Division of Water Resources provides comprehensive water planning, protects Utah's rights to interstate waters, and manages Utah's water development programs. In addition, the division promotes the orderly and timely planning, conservation, development, utilization, and protection of Utah's water resources.

Legislative Action

The total FY 2004 appropriation for Water Resources is \$9,879,900, with \$3,997,400 from the General Fund, \$3,800,000 from sales taxes for dam safety projects, and \$1,902,400 from the Water Resources – Conservation and Development Fund for construction administration. Another \$1,472,600 from sales tax collections is expected for development projects. The total FY 2003 revised appropriation is \$9,155,400, with \$3,999,000 from the General Fund.

General Fund Reduction: As part of an effort to reduce agencies' General Fund budgets, the Legislature cut funding for filling vacant positions by \$40,100.

Water Rights

The Division of Water Rights is the office of record for water rights in the State of Utah. The division acts as a quasi-judicial body that submits its rulings to the courts for final action. The division also oversees dam safety, stream alteration permits, and well drilling.

Legislative Action

The total FY 2004 appropriation for Water Rights is \$6,127,000, with \$5,802,000 from the General Fund. The total FY 2003 revised appropriation is \$6,031,800, with \$5,726,800 from the General Fund.

Stream Gauging: The Legislature reallocated \$80,000 in nonlapsing carry-forward funds from the Wildlife Resources – Capital Budget to the Division of Water Rights for stream gauging. This will impact the FY 2003 budget only.

General Fund Reduction: As part of an effort to reduce agencies' General Fund budgets, the Legislature cut funding for Adjudication Program positions by \$20,000.

Intent Language

Public Notices of Water Applications:

It is the intent of the Legislature that the state engineer, in publishing public notices of water application, consider including the water right number, the name of the applicant(s), and general description of the location, source of supply, quantity of water, uses, and period of use.

Funding Detail

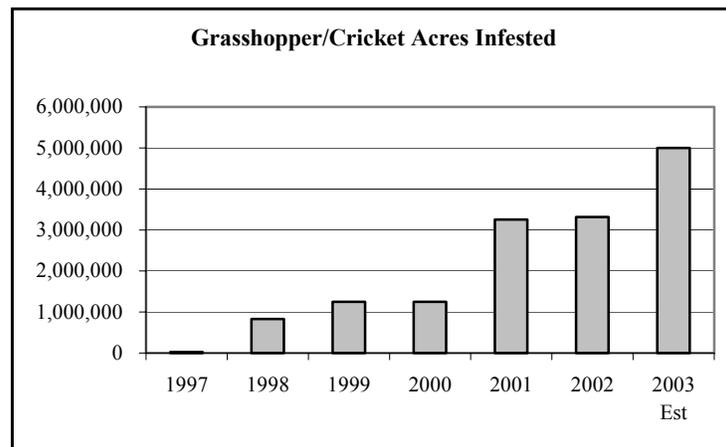
Department of Natural Resources					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	33,625,000	(67,200)	33,557,800	33,007,300	(550,500)
General Fund, One-time	(680,000)	8,300,000	7,620,000	(332,200)	(7,952,200)
Federal Funds	26,061,800	500,000	26,561,800	25,803,900	(757,900)
Dedicated Credits Revenue	14,781,600		14,781,600	7,538,500	(7,243,100)
Federal Mineral Lease	704,100		704,100	732,800	28,700
GFR - Boating	3,989,800		3,989,800	3,553,800	(436,000)
GFR - Off-highway Vehicle	2,596,900	1,500,000	4,096,900	2,282,300	(1,814,600)
GFR - Oil & Gas Conservation Account	1,669,100		1,669,100	1,707,700	38,600
GFR - Sovereign Land Mgt	1,736,700		1,736,700	2,424,800	688,100
GFR - Species Protection	687,200		687,200	687,200	
GFR - State Fish Hatch Maint	1,000,000		1,000,000	1,000,000	
GFR - State Park Fees				8,566,500	8,566,500
GFR - Trails and Streams	700,000		700,000		(700,000)
GFR - Wildlife Habitat	2,385,100		2,385,100	2,388,500	3,400
GFR - Wildlife Heritage				10,000	10,000
GFR - Wildlife Resources	23,419,100		23,419,100	23,843,400	424,300
GFR - Wolf Depredation & Mgt				30,000	30,000
Oil Overchg - Exxon	2,376,300		2,376,300	927,800	(1,448,500)
Oil Overchg - Stripper Well	755,500		755,500	295,000	(460,500)
Water Resources C&D	3,648,100		3,648,100	5,702,400	2,054,300
Water Res Construction	150,000		150,000	150,000	
Transfers	554,700		554,700		(554,700)
Transfers - Natural Resources				(266,400)	(266,400)
Beginning Nonlapsing	17,231,000		17,231,000	530,300	(16,700,700)
Closing Nonlapsing	(530,300)		(530,300)	(114,900)	415,400
Lapsing Balance	(1,913,900)		(1,913,900)		1,913,900
Total	\$134,947,800	\$10,232,800	\$145,180,600	\$120,468,700	(\$24,711,900)
Programs					
Administration	6,704,600	15,900	6,720,500	6,556,100	(164,400)
Species Protection	2,637,200		2,637,200	3,137,200	500,000
Building Operations	1,552,800	107,900	1,660,700	1,660,700	
Forestry, Fire and State Lands	12,094,400	8,293,200	20,387,600	11,367,300	(9,020,300)
Oil, Gas and Mining	7,343,900	(23,400)	7,320,500	7,201,200	(119,300)
Wildlife Resources	37,359,900	(44,000)	37,315,900	36,598,600	(717,300)
Predator Control					
GFR - Wildlife Resources	68,000		68,000	68,000	
Contributed Research	336,700		336,700	336,700	
Cooperative Env Studies	3,596,500		3,596,500	3,623,200	26,700
Wildlife Resources Capital	5,994,700	(110,000)	5,884,700	3,316,000	(2,568,700)
Parks & Recreation	23,153,800	(26,300)	23,127,500	23,261,500	134,000
Parks & Recreation Capital	15,495,600	2,000,000	17,495,600	3,194,200	(14,301,400)
Utah Geological Survey	4,424,400	(22,200)	4,402,200	4,123,100	(279,100)
Water Resources	4,815,200	(14,400)	4,800,800	4,515,600	(285,200)
W Res Revolving Const	2,324,100		2,324,100	4,339,100	2,015,000
W Res Conserv & Develop	1,043,200		1,043,200	1,043,200	
Water Rights	6,002,800	56,100	6,058,900	6,127,000	68,100
Total	\$134,947,800	\$10,232,800	\$145,180,600	\$120,468,700	(\$24,711,900)
Total FTE	1,236.1	0.0	1,236.1	1,224.4	(11.7)

Department of Agriculture and Food

The Department of Agriculture and Food is responsible for the administration of Utah's agricultural laws. The laws mandate a variety of activities including inspection, regulation, information, rule-making, loan issuance, marketing and development, pest and disease control, improving the economic position of agriculture, and consumer protection.

The department protects consumers by inspecting commercial food processing establishments. Inspections are made of meat packing plants, grocery stores, dairy farms, and cattle auctions. Further, inspections are made of establishments that sell goods using weights and measures, to ensure that uniform standards are met. The department also ensures that labeling reflects the true measure and composition of package contents.

The state is currently experiencing a severe insect infestation. The department estimates that the insect infestation of 2002 was the biggest since the 1930s. The following chart illustrates infestations over the last six years and the estimated infestation for 2003 based on egg surveys:



Legislative Action

The department's total FY 2004 appropriation of \$20,643,700 is a 21.3 percent increase from the revised FY 2003 appropriation of \$17,016,000. The FY 2004 General Fund appropriation of \$10,399,200 is a 9.2 percent increase from the revised FY 2003 General Fund appropriation of \$9,520,400.

Transfer of State Fair Corporation: The increase in ongoing appropriations to the Department of Agriculture and Food is largely due to a transfer of the State Fair budget from one area of state government to another. The transfer brought a total of \$4,737,800 to the Department of Agriculture and Food, with \$443,300 from the General Fund, to be passed through to the State Fair Corporation.

Central Utah Animal Diagnostic Lab: The Legislature appropriated \$250,000 for leasing and operating this new laboratory. The lab will make testing of large animals available to citizens without needing to travel to the main laboratory in Logan.

Consumer Protection Inspections: To help protect Utah consumers from unsafe food or inaccurate scales, fuel pumps, meters, or scanning devices, the Legislature appropriated \$266,000 to the Regulatory Services program. These funds will be used to hire four new positions to carry out inspections.

One-Time Reallocation of General Funds: The Department of Agriculture and Food received one-time reallocations of General Funds from other programs. As shown above under "General Subcommittee Issues" the department received the following funds:

- ▶ "Ag in the Classroom" pass-through to USU: \$50,000
- ▶ Grasshopper/Cricket infestation: \$230,000
- ▶ High School rodeo competitors pass-through: \$10,000

Cricket/Grasshopper Control: One-time General Funds in the amount of \$50,000 were appropriated in the FY 2003 budget year to cover costs associated with combating the large cricket and grasshopper infestation expected in the spring and summer of

2003. Beginning July 1, 2003, an additional \$230,000 will be available.

Fee Increases: The Legislature authorized fee increases in the Agricultural Inspection Program and the Brand Inspection Program. To authorize the expenditure of anticipated revenues, the Legislature appropriated an additional \$79,000 from Dedicated Credits and \$27,600 from the General Fund Restricted – Utah Livestock Brand and Anti-Theft Account.

Transfer between Loan Funds: S.B. 173, “Department of Agriculture Amendments” appropriated \$500,000 from the Agriculture Resource Development Loan (ARDL) Fund to the Rural Rehabilitation Loan Fund.

Building Maintenance Reallocation: General Funds in the amount of \$11,200 were transferred from other line items within the department to the Building Maintenance line item to cover its obligations.

General Fund Reductions: As part of an effort to reduce agencies’ General Fund budgets, the Legislature cut funding to the Market News program by \$85,000 and to the Utah Association of Conservation Districts by \$97,900. The Legislature replaced the \$97,900 cut with an equal amount of money from the ARDL account.

Intent Language

Conservation Easements:

It is the intent of the Legislature that the appropriation for grants to charitable organizations specified under UCA 57-18-3, or held by the Department of Agriculture and Food, be used for purchase of conservation easements for agricultural protection and be nonlapsing.

Predator Control:

It is the intent of the Legislature that the Division of Wildlife Resources transfer \$189,700 General Funds to the Department of Agriculture

and Food. It is further the intent of the Legislature that \$89,700 of this transfer be used to match funds from local governments in the Predatory Animal Control program, and \$100,000 be used to supplement the amount required by UCA 4-23-9(2)(a). These funds shall be nonlapsing.

Funding Detail

Department of Agriculture and Food					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	9,158,100	(12,700)	9,145,400	10,086,900	941,500
General Fund, One-time	325,000	50,000	375,000	312,300	(62,700)
Federal Funds	2,089,300		2,089,300	2,122,400	33,100
Dedicated Credits Revenue	944,500		944,500	5,505,500	4,561,000
GFR - Horse Racing	50,000		50,000	50,000	
GFR - Livestock Brand	700,500		700,500	751,300	50,800
GFR - Wildlife Damage Prev	527,500		527,500	540,200	12,700
Agri Resource Development	531,500		531,500	629,400	97,900
Utah Rural Rehab Loan	18,000		18,000	18,000	
Transfers	804,100		804,100		(804,100)
Transfers - Natural Resources				266,400	266,400
Beginning Nonlapsing	1,833,900		1,833,900	665,200	(1,168,700)
Closing Nonlapsing	(3,700)		(3,700)	(303,900)	(300,200)
Total	<u>\$16,978,700</u>	<u>\$37,300</u>	<u>\$17,016,000</u>	<u>\$20,643,700</u>	<u>\$3,627,700</u>
Programs					
Administration	13,408,800	28,300	13,437,100	12,705,400	(731,700)
Building Operations	252,800	11,200	264,000	264,000	
Utah State Fair Corporation				4,737,800	4,737,800
Predatory Animal Control	1,504,600	(800)	1,503,800	1,340,900	(162,900)
Resource Conservation	1,498,400	(1,400)	1,497,000	1,281,500	(215,500)
Loans	314,100		314,100	314,100	
Total	<u>\$16,978,700</u>	<u>\$37,300</u>	<u>\$17,016,000</u>	<u>\$20,643,700</u>	<u>\$3,627,700</u>
Total FTE	207.1	0.0	207.1	210.1	3.0

School and Institutional Trust Lands Administration

The School and Institutional Trust Lands Administration (SITLA), a quasi-governmental independent state agency, was established to manage lands that Congress granted to the State of Utah for the support of common schools and other beneficiary institutions under the Utah Enabling Act. Management in this sense refers to maximizing revenue from the lands. Funding for SITLA operations is provided through the Land Grant Management Fund, which consists of revenues derived from trust lands. Unexpended appropriations are distributed back to the beneficiaries or the Permanent School Fund.

Legislative Action

The FY 2004 Land Grant Management Fund appropriation of \$10,342,100 is a 0.9 percent increase from the FY 2003 appropriation of \$10,247,400. The FY 2004 budget was increased only by the amount of the compensation package.

Cap on interest funding to school districts: During the 1999 General Session, the Legislature passed House Bill 350, which established the School LAND Trust Program and provided that interest from the Permanent School Fund (which receives earnings from school trust lands) be allocated directly to individual schools rather than to the Uniform School Fund. These funds must be used to fund a component of the school's improvement plan. In FY 2002 the Permanent Fund generated \$9.7 million of investment earnings for this purpose. During the 2003 General Session the Legislature passed House Bill 3, which placed a cap on interest allocated for this purpose at \$12 million. If investment earnings exceeded \$12 million, the amount above \$12 million would be earmarked for teachers' classroom supplies, up to a maximum of \$10 million.

Intent Language

Public Building Lands:

It is the intent of the Legislature that funds from the sale of Public Building Lands shall be provided to the Capitol Preservation Board for use in the construction and restoration of the Utah State Capitol.

Funding Detail

School and Institutional Trust Lands Administration					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Land Grant Mgt Fund	10,247,400		10,247,400	10,342,100	94,700
Total	<u>\$10,247,400</u>	<u>\$0</u>	<u>\$10,247,400</u>	<u>\$10,342,100</u>	<u>\$94,700</u>
Programs					
School & Inst Trust Lands	10,247,400		10,247,400	10,342,100	94,700
Total	<u>\$10,247,400</u>	<u>\$0</u>	<u>\$10,247,400</u>	<u>\$10,342,100</u>	<u>\$94,700</u>
Total FTE	62.0	0.0	62.0	62.0	0.0

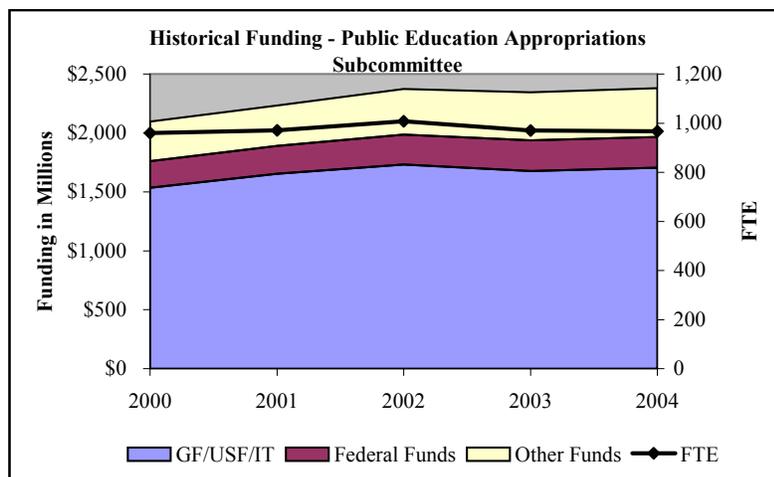
Funding Detail

Natural Resources Appropriations Subcommittee					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	42,783,100	(79,900)	42,703,200	43,094,200	391,000
General Fund, One-time	(355,000)	11,550,000	11,195,000	(19,900)	(11,214,900)
Federal Funds	28,151,100	500,000	28,651,100	27,926,300	(724,800)
Dedicated Credits Revenue	15,726,100		15,726,100	13,044,000	(2,682,100)
Federal Mineral Lease	704,100		704,100	732,800	28,700
GFR - Boating	3,989,800		3,989,800	3,553,800	(436,000)
GFR - Horse Racing	50,000		50,000	50,000	
GFR - Livestock Brand	700,500		700,500	751,300	50,800
GFR - Off-highway Vehicle	2,596,900	1,500,000	4,096,900	2,282,300	(1,814,600)
GFR - Oil & Gas Conservation Account	1,669,100		1,669,100	1,707,700	38,600
GFR - Sovereign Land Mgt	1,736,700		1,736,700	2,424,800	688,100
GFR - Species Protection	687,200		687,200	687,200	
GFR - State Fish Hatch Maint	1,000,000		1,000,000	1,000,000	
GFR - State Park Fees				8,566,500	8,566,500
GFR - Trails and Streams	700,000		700,000		(700,000)
GFR - Wildlife Damage Prev	527,500		527,500	540,200	12,700
GFR - Wildlife Habitat	2,385,100		2,385,100	2,388,500	3,400
GFR - Wildlife Heritage				10,000	10,000
GFR - Wildlife Resources	23,419,100		23,419,100	23,843,400	424,300
GFR - Wolf Depredation & Mgt				30,000	30,000
Agri Resource Development	531,500		531,500	629,400	97,900
Land Grant Mgt Fund	10,247,400		10,247,400	10,342,100	94,700
Oil Overchg - Exxon	2,376,300		2,376,300	927,800	(1,448,500)
Oil Overchg - Stripper Well	755,500		755,500	295,000	(460,500)
Utah Rural Rehab Loan	18,000		18,000	18,000	
Water Resources C&D	3,648,100		3,648,100	5,702,400	2,054,300
Water Res Construction	150,000		150,000	150,000	
Transfers	1,358,800		1,358,800		(1,358,800)
Transfers - Natural Resources					
Beginning Nonlapsing	19,064,900		19,064,900	1,195,500	(17,869,400)
Closing Nonlapsing	(534,000)		(534,000)	(418,800)	115,200
Lapsing Balance	(1,913,900)		(1,913,900)		1,913,900
Total	\$162,173,900	\$13,470,100	\$175,644,000	\$151,454,500	(\$24,189,500)
Programs					
Natural Resources	134,947,800	10,232,800	145,180,600	120,468,700	(24,711,900)
Agriculture	16,978,700	37,300	17,016,000	20,643,700	3,627,700
School & Institutional Trust Lands	10,247,400		10,247,400	10,342,100	94,700
Restricted Revenue - NRAS		3,200,000	3,200,000		(3,200,000)
Total	\$162,173,900	\$13,470,100	\$175,644,000	\$151,454,500	(\$24,189,500)
Total FTE	1,505.2	0.0	1,505.2	1,496.5	(8.7)

Public Education

Subcommittee Overview

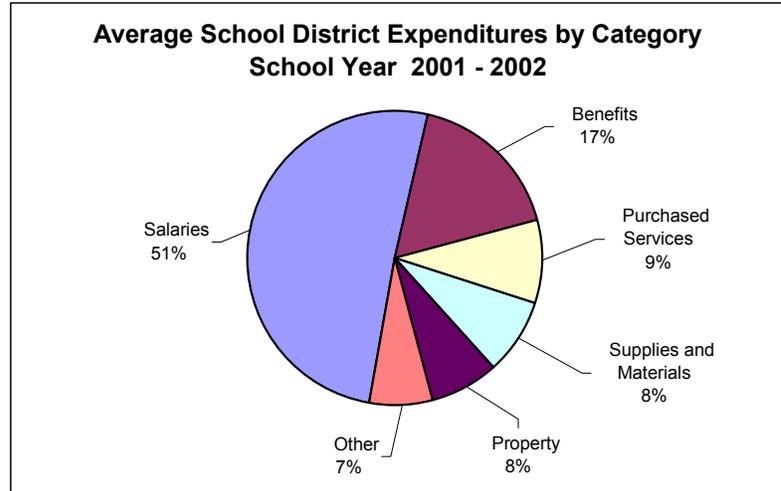
The Public Education Appropriations Subcommittee has the responsibility for the largest expenditure category of the State budget. The Legislature appropriated more than \$2.38 billion to Public Education for FY 2004, a 1.5 percent increase over the FY 2003 revised budget. The Public Education budget represents 47 percent of the State's General and Uniform School Fund expenditures for FY 2004. The subcommittee oversees budgeting for the Minimum School Program, Utah State Office of Education, Child Nutrition Programs, School Building Programs, Utah State Office of Rehabilitation, Utah Schools for the Deaf and the Blind, Fine Arts and Sciences Outreach Program, and Educational Contracts.



The State Board of Education is constitutionally charged with the general control and supervision of the public school system. It appoints the State Superintendent of Public Instruction to oversee the administration of the system. Public education is delivered through 40 school districts and 13 charter schools.

Fall 2002 enrollment figures indicate that schools enroll roughly 481,000 students statewide. Projections suggest that an additional 4,800 may enroll in the public schools in Fall 2003.

The following table illustrates average school district expenditures by category. School district expenditures increased in the 2001-2002 school year by roughly \$217 million over the 2000-2001 school year, an increase of 7.7 percent. Employee salaries and benefits consume approximately 68 percent of school district funds.



Minimum School Program

The Minimum School Program is the single largest portion of the Public Education budget. It provides support to public schools in each of the 40 local school districts, allowing educational opportunities for all children in the State. Distribution of State funds is made on a formula basis to equalize wealth between "poorer" and "richer" districts. The basis for the distribution of State funds is the Weighted Pupil Unit (WPU). The Legislature appropriated just slightly under \$2 billion for FY 2004 to the Minimum School Program. The appropriation is a 2.0 percent increase over the FY 2003 revised appropriation.

Legislative Action

Weighted Pupil Unit Equivalent Increase: The Legislature increased the value of the WPU by \$18 to \$2,150 for FY 2004, an increase of 0.84 percent over FY 2003. This cost of this statewide increase is \$14.7 million.

The Legislature funded student growth, implemented reductions made during the December 2002 Special Session, and prioritized funding needs by reallocating resources available for the education budget.

The major issues addressed by the Legislature include base reductions, growth, Charter Schools, retirement rates, School Trust Land Program, At-Risk Programs, the Reading Clinic, Teacher supplies, Quality Teaching Block Grant, Special Education, Board and Voted Leeway, and the Education Budget Reserve Account.

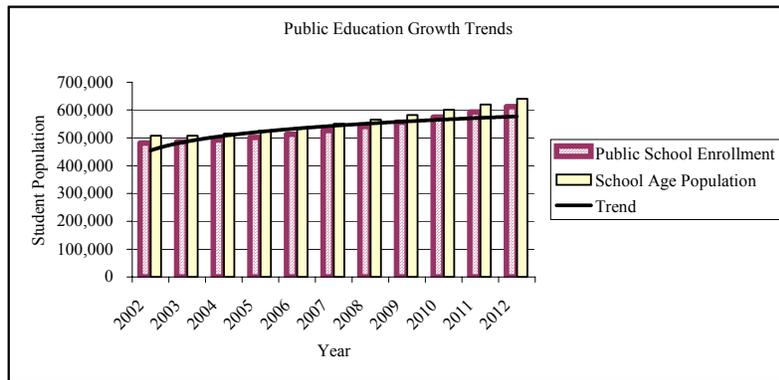
Base Reductions: During the Sixth Special Session (December 2002), adjustments were made to distribute a \$18,189,100 base reduction effective for FY 2004. Additional funds were allocated near the end of the Legislative session to partially restore some of this funding. Programs that were not directly associated with classroom allocations were adjusted. Final base reductions remaining in the Minimum School Program were as follows:

Necessarily Existent Small Schools	(131,130)
Professional Staff Costs	(321,643)
Administrative Costs	(39,587)
District Applied Technology	(539,370)
Inventions for Students Success Block Grant	(375,000)
Quality Teaching Block Grant	(6,751,488)
Adult Education	(2,649,368)
Experimental/Developmental	(602,369)
Transportation	(387,000)
Total	<u><u>(\$11,796,955)</u></u>

Student Growth: Funding of \$11,560,600 for 4,801 new students represents a 1.0 percent increase for a total FY 2004 fall enrollment estimate of 485,944.

The enrollment trends for the next decade predict an increase of between 60,000 and 100,000 new students. This will not only require resource allocation for the new growth, but could dramatically affect facility costs. Potential enrollment and cost projections are indicated in the following chart. Public School Enrollment, School Age Population, and growth trends are portrayed in the graph.

Public Education					
Enrollment and Cost Projections					
FY 2004 to FY 2013					
Fiscal Year	Fall Enrollment Increase	Increase in Number of WPU's	Projected Cost - Growth Only	WPU Value Increase @ 2%/yr.	Projected Cost - Growth Plus WPU @ 2%/yr.
				\$2,132	
2004	4,801	6,289	\$15,322,026	2,175	\$50,590,229
2005	7,114	9,319	22,704,081	2,219	58,959,963
2006	8,471	11,097	27,035,860	2,263	65,302,938
2007	11,667	15,284	37,236,739	2,308	79,081,902
2008	13,371	17,516	42,674,609	2,354	86,769,094
2009	14,097	18,467	44,991,552	2,401	92,115,109
2010	16,212	21,238	51,742,597	2,449	102,776,615
2011	17,882	23,425	57,070,832	2,498	112,293,435
2012	17,980	23,554	57,385,120	2,548	116,271,275
2013	19,610	25,689	62,586,665	2,599	126,311,408
Total	131,205	171,878	\$418,750,081		\$890,471,968



Charter Schools: The Legislature provided for charter school students to be funded equitably with regular public school students. It also adopted the position that the state should be responsible to fully fund these students and that school districts should not be required to give up local revenues for students choosing to attend charter schools. Funding of \$2,377,172 includes the current base funding of \$420,000 and new funding of \$1,957,172. A new separate line in the Minimum School Program for charter school funding was created.

A new funding formula was adopted for Charter School funds that are distributed from Weighted Pupil Unit monies. Students enrolled in a Charter School receive the following Weighted Pupil Unit Weightings for Minimum School Program allocations (except for the Charter School Local Fund Replacement Line).

Kindergarten	55%
Grades 1-6	90%
Grades 7-8	99%
Grades 9-12	120%

The Legislature approved a new method for replacement funding requiring an appropriation for each charter school student to replace some of the local property tax revenues that are not available to charter schools. The amount of money provided for each charter school student is determined by calculating the sum of the school districts' operations and maintenance revenues derived from local property taxes (except revenues from imposing a minimum basic tax rate pursuant to Section 53A-17a-135); capital

projects revenues derived from local property taxes; and expenditures for interest on debt; then dividing that sum by the total average daily membership of the districts' schools (UCA 53A-1a-513 (4)).

Charter schools are eligible to receive federal funds if they meet all applicable federal requirements and comply with relevant federal regulations. The State Board of Education shall distribute funds for charter school students directly to the charter school. A charter school is not eligible to receive state transportation funding.

Retirement Rate Increase: The retirement rate increase resulted in additional funding of \$12,688,533 appropriated in the Minimum School Program.

School Trust Land Program: With the potential for trust land revenues to grow by millions of dollars over time, the Legislature placed a cap of \$12,000,000 on the School LAND Trust Program funds that go to local school councils for discretionary use.

The following statutory provisions were adopted to address the fund source and amounts:

“The program shall be funded each fiscal year from that portion of the Uniform School Fund consisting of the interest and dividends received in the immediately preceding fiscal year from the investment of monies in the permanent State School Fund. On and after July 1, 2003, the program shall be funded . . . up to a maximum of \$12,000,000 each fiscal year. The Legislature shall annually allocate, through an appropriation to the State Board of Education, a portion of School LAND Trust Program monies for the administration of the program.” (53A-16-101.5)

“If the interest and dividends deposited in the Uniform School Fund from the investment of monies in the Permanent State School Fund are sufficient to provide the maximum amount of funds to the School LAND Trust Program as provided in Section 53A-16-101.5, the balance of the interest and dividends, up to a maximum of \$10,000,000 shall be appropriated by the Legislature for teachers' classroom supplies. Money appropriated for classroom supplies pursuant to Subsection (1) shall be distributed to

classroom teachers in school districts, the Schools for the Deaf and the Blind, the Edith Bowen Laboratory School, and charter schools on the basis of the number of classroom teachers in each school as compared to the total number of classroom teachers. Each teacher in grades kindergarten through six shall receive up to \$175 from the appropriation. Teachers shall spend the money for school supplies, materials, or field trips under rules adopted by the adopted by the State Board of Education.” (53A-17a-149)

Intent language requires a study of the School LAND Trust Program, how the funding is distributed, and the appropriation level of the program.

At Risk Programs - Youth In Custody: The Legislature increased the funding for the Youth In Custody program by a \$250,000 to help meet the needs due to the growing population of these students.

University of Utah Reading Clinic: The Legislature provided ongoing funding of \$375,000 for this program for FY 2004. The clinic provides training for educators to be more effective reading teachers as well as testing children and giving specific individualized attention where needed. Services are provided in other areas of the state through collaboration with various school districts, colleges, and universities.

Teacher Supplies and Materials: The Legislature appropriated one time funding of \$5,000,000 for teacher supplies and materials for FY 2004. The distribution of these funds is specified as follows:

“There is appropriated from the Uniform School Fund to the State Board Education, for fiscal year 2003-2004 only, \$5,000,000 for classroom supplies and materials. The board shall distribute the appropriation to classroom teachers in school districts, the Schools for the Deaf and the Blind, the Edith Bowen Laboratory School, and charter schools on the basis of the number of classroom teachers in each school as compared to the total number of classroom teachers. Each teacher in grades kindergarten through six shall receive up to \$225 and each teacher in grades seven through 12 shall receive up to \$175 from this appropriation. Teachers shall spend the money for school supplies, materials, or

field trips under rules adopted by the State Board of Education.” (53A-17a-132)

Quality Teaching Block Grant: Rather than impact funding that flows directly into the classroom, the block grant was utilized to absorb funding realignments to meet other program requirements and funding reductions. The following language was adopted to emphasize other uses for this funding.

“In recognition of exceptional quality teaching, Quality Teaching Block Grant monies may be used for the award of individual Quality Teaching Bonuses for Exemplary Teachers to recognize and reward excellence in classrooms as determined by school principals in partnership with their school community councils.” (53A-17a-124(2b))

Special Education: A formula change for distribution of funding was implemented for special education by the Legislature as follows:

Monies appropriated to the State Board of Education . . . for add-on WPUs for students with disabilities enrolled in regular programs shall be allocated to school districts as provided in this Subsection. Beginning on July 1, 2003, the State Board of Education shall use a district's average number of special education add-on weighted pupil units determined by the previous five year's average daily membership data as a foundation for the special education add-on appropriation; and implement a hold harmless provision for up to three years as needed to accomplish a phase-in period for school districts to accommodate the change in the special education add-on WPUs foundation formula. (53A-17a-111)

Applied Technology Education: With the consolidation of Minimum School programs into block grant programs, the 2001 Legislature also combined three programs with the Technology Education programs. The 2003 Legislature clarified the use of these funds as original statutory language was not intended to apply to the three added programs of Comprehensive Guidance, Technology-Life-Careers, and Work-Based Learning. This was accomplished with the following statutory changes:

“Money appropriated to the State Board of Education in Section 53A-17a-104 for approved applied technology programs and the comprehensive guidance program: shall be allocated to eligible recipients as provided in Subsections (2), (3), and (4); and may not be used to fund programs below the ninth grade level. Subsection (1)(a)(ii) does not apply to the following programs: comprehensive guidance; Technology-Life-Careers; and work-based learning programs. Weighted pupil units are computed for pupils in approved programs. The board shall fund approved programs based upon hours of membership of 9th through 12th grade students. Subsection (2)(b)(i) does not apply to the following programs: comprehensive guidance; Technology-Life-Careers; and work-based learning programs.”

In addition to clarifying statutory language the Legislature also requested a study of Applied Technology Education as follows:

It is the intent of the Legislature that a study be performed of applied technology education in the state with the Utah System of Higher Education, Public Education, and Utah College of Applied Technology, by the Office of the Legislative Fiscal Analyst in conjunction with the Governor’s Office of Planning and Budget. It is further the intent of the Legislature that a written report be presented by October of 2003 to the Executive Appropriations Committee, and also to the appropriate Legislative Appropriations Subcommittees during the 2004 General Session.

Board and Voted Leeway: The Legislature did not fund the statutory increase to the Board and Voted Leeway Program estimated at \$4,787,850. The statutory increase was delayed another year due to budgetary constraints. This is the second delay in implementing statutory provisions requiring increased state contributions to the programs.

Education Budget Reserve Account: The Legislature passed H.B. 27, “Budget Reserve Account Amendments” which, among other provisions, creates a budget reserve account within the Uniform School Fund for the deposit of any

year end surpluses that may occur. The provisions are outlined in the bill as follows:

There is created within the Uniform School Fund a restricted account to be known as the Education Budget Reserve Account, which is designated to receive the surplus revenue required by this section.

At the end of any fiscal year in which the Division of Finance, in conjunction with the completion of the annual audit by the state auditor, determines that there is a Uniform School Fund surplus, 25% of the surplus shall be transferred to the Education Budget Reserve Account, except that the amount in the combined totals of the Education Budget Reserve Account and the General Fund Budget Reserve Account created in Section 63-38-2.5 may not exceed 6% of the total of the Uniform School Fund appropriation amount and the General Fund appropriation amount for the fiscal year in which the surplus occurred.

In addition to Subsection (2)(a)(i), if a surplus exists and if, within the last ten years, the Legislature has appropriated any money from the Education Budget Reserve Account that has not been replaced by appropriation or as provided in this Subsection (2)(a)(ii), the Division of Finance shall, before any contingent appropriations or other transfers required by law are made, transfer up to 25% more of the surplus to the Education Budget Reserve Account to replace the amounts appropriated until transfers of the surplus under this Subsection (2)(a)(ii) have replaced the appropriations from the fund.

The amount to be transferred to the Education Budget Reserve Account shall be determined before any other contingency appropriation using surplus funds

Any appropriation made by the Legislature from the Education Budget Reserve Account may only be used to cover operating deficits in the state's public and higher education system.

All interest generated from investments of money in the Education Budget Reserve Account shall be deposited into the account. (63-38-2.6)

School Building Programs

School Building Program: The funding level for the School Building Program was reduced from \$28,358,000 to \$27,288,900. This reduction of \$1,069,100 was part of reductions made to

absorb the remaining base reduction amount in the Minimum School Program imposed by actions of the 2002 Legislature in its December 2002 Special Session. The Legislature did make some changes to the program and called for a study as well. Of the \$27,288,900 appropriated, an amount of \$2,930,900 is designated for distribution under a new “growth only” program category. This action was implemented as follows:

The Capital Outlay Foundation Program and the Enrollment Growth Program are established to provide revenues to school districts for the purposes of capital outlay bonding, construction, and renovation. (53A-21-102)

In order to qualify for monies under the Enrollment Growth Program established in Section 53A-21-102, a school district must be a recipient of monies distributed under the Capital Outlay Foundation Program, except as provided in Subsection (1)(b)

A school district that is not a recipient of Capital Outlay Foundation Program monies in fiscal year 2003-04, fiscal year 2004-05, or both, may qualify for monies under the Enrollment Growth Program if the school district received Capital Outlay Foundation Program monies in fiscal year 2002-03.

The State Board of Education shall distribute monies in the Enrollment Growth Program to qualifying school districts whose average net enrollment for the prior three years is a net increase in enrollment.

A school district that meets the criteria of Subsection (2)(a) shall receive Enrollment Growth Program monies in the same proportion that the district's three-year average net enrollment bears to the total three-year net enrollment of all the districts that meet the criteria of Subsection (2)(a).

The State Board of Education shall make rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, to administer this section. (53A-21-103.5)

The table on the following page shows the appropriations for FY 2003 as revised by the Legislature, and the funding for FY 2004 along with a comparison between the two years. The budget reductions and funding increases are also detailed.

37	C. Related to Basic Programs				
38	1. Interventions for Student Success Block Grant	15,553,062	15,308,708	(244,354)	-1.6%
39	2. Quality Teaching Block Grant	64,178,111	57,426,623	(6,751,488)	-10.5%
40	3. Local Discretionary Block Grant Program	21,824,448	21,824,448		
41	4. Social Security & Retirement	217,072,218	232,739,964	15,667,746	7.2%
42	5. Pupil Transportation	56,164,040	56,245,567	81,527	0.1%
43	6. Guarantee Transportation Levy	500,000	500,000		
44	7. Math/Science - Beginning Teacher Recruitment	600,000	600,000		
45	Related to Basic Programs Subtotal	375,891,879	384,645,310	8,753,431	2.3%
46	D. Special Populations				
47	1. Highly Impacted Schools	5,123,207	5,123,207		
48	2. At Risk Programs	24,324,161	24,778,484	454,323	1.9%
49	3. Adult Education	8,431,047	5,826,865	(2,604,182)	-30.9%
50	4. Accelerated Learning Programs	8,622,674	8,695,104	72,430	0.8%
51	Special Populations Subtotal	46,501,089	44,423,660	(2,077,429)	-4.5%
52	E. Other				
53	1. Experimental - Developmental Programs	602,369		(602,369)	-100.0%
54	2. Electronic High School	400,000	400,000		
55	3. School Land Trust Program	3,800,000	10,050,000	250,000	2.6%
56	4. Charter School Local Replacement Funding		2,377,172	2,377,172	
57	5. U of U Reading Clinic		375,000		
58	Other Subtotal	10,802,369	13,202,172	2,399,803	22.2%
59	Related, Special, & Other (C,D,& E) TOTAL	433,195,337	442,271,142	9,075,805	2.1%
60	II. Board and Voted Leeway Programs:				
61	A. Voted Leeway Program	141,692,087	149,234,487	7,552,400	5.3%
62	B. Board Leeway Program	41,465,445	43,367,832	1,902,387	4.6%
63	Voted and Board Leeway Programs TOTAL	183,147,532	192,602,319	9,454,787	5.2%
64	Minimum School Program - I - II Subtotal	1,950,131,531	1,993,181,111	43,049,580	2.2%
65	III. One Time Appropriations TOTAL	5,000,000	5,000,000		
66	MINIMUM SCHOOL PROGRAM (I - III) TOTAL	\$1,959,801,809	\$1,998,181,111	\$38,379,302	2.0%
67	School Building Program	\$28,358,000	\$27,288,900	(\$1,069,100)	-3.8%

PUBLIC EDUCATION			
Summary			
1 <u>Minimum School Program</u>	FY 2004	One Time	Total
2 Uniform School Fund Base	\$1,567,193,694		\$1,567,193,694
3 Enrollment Growth	11,560,600		11,560,600
4 Weighted pupil unit Increase	14,704,548		14,704,548
5 Necessarily Exisistant Small Schools	(131,130)		(131,130)
6 Professional Staff Costs	(321,643)		(321,643)
7 Administrative Costs	(39,587)		(39,587)
8 District Applied Technology Programs	(539,370)		(539,370)
9 Interventions for Student Success Block Grant	(375,000)		(375,000)
10 Quality Teaching Block Grant	(6,751,488)		(6,751,488)
11 Adult Education	(2,649,368)		(2,649,368)
12 Experimental/Developmental	(602,369)		(602,369)
13 Retirement Rate Increase	12,688,533		12,688,533
14 Youth-In-Custody	250,000		250,000
15 Program Restoration and Funding	8,740,682		8,740,682
16 Transportation	(387,000)		(387,000)
17 School Trust Land Program	250,000		250,000
18 Charter Schools	2,377,172		2,377,172
19 U of U Reading Center	375,000		375,000
20 Subtotal MSP Additions	39,149,580		39,149,580
21 Teacher Supplies and Materials		5,000,000	5,000,000
22 TOTAL	\$1,606,343,274	\$5,000,000	\$1,611,343,274

Public Education Agencies

Public Education Agencies consist of several entities under the supervision of the State Board of Education. These agencies supplement the basic educational program provided to students through the Minimum School Program by providing educational services and support to school districts, charter schools, disabled individuals and to people in state custody.

The Agencies include the Utah State Office of Education (USOE), Utah State Office of Rehabilitation (USOR), Utah Schools for the Deaf and Blind (USDB), Child Nutrition Programs, Fine Arts and Sciences (POPS), and Education Contracts. Combined these agencies provide the support framework for the state's public education system.

Legislative Action

The Legislature appropriated \$354 million to the Public Education Agencies for FY 2004, including \$67 million from the Uniform School Fund and General Fund. Appropriators reduced the agencies' FY 2004 budgets by a total of \$2,742,400 when compared to the FY 2003 revised appropriation, representing a 0.8 percent reduction.

Utah State Office of Education

The largest of the Public Education Agencies, the Utah State Office of Education (USOE) develops state curricula, provides training, offers leadership and administrative support and manages the funds for the public education system. Following an independent evaluation, USOE restructured its operating divisions in 2002. The reorganization combined eight operating divisions into three, with each division under the supervision of one of three Associate Superintendents.

USOE budget allocations cover the State Board of Education and the three operating divisions, namely, Instructional Services, Data and Business Services, and Law, Legislation and Educational Services.

Legislative Action

For FY 2004, the Legislature appropriated \$173,913,100 to USOE, including \$28,806,900 from the Uniform School Fund. This appropriation represents a reduction of \$2,996,900 from FY 2003 revised, including a reduction of \$630,200 in state funds. These budget changes result in a total reduction of 1.7 percent from the FY 2003 revised levels.

Of the total USOE appropriation, roughly 16 percent provides for the operation of the State Office itself. The remaining 84 percent, or \$145,886,600, is passed through to local school districts.

Utah Performance Assessment System for Students (U-PASS): Legislators eliminated \$600,000 used for U-PASS Reading Diagnostic Tests for grades 4-9. These diagnostic tests aid in identifying grade-level competency and to inform instruction. Through evaluation, the State Office determined that the information these tests provide could also be provided through Criterion Reference Tests (CRTs) and other evaluations already in place.

Charter Schools: Funds in the amount of \$420,000 were appropriated for Charter School Local Replacement Funding, transferred from the Law, Legislation and Educational Services division to the Minimum School Program - Charter School Local Replacement Line. Creation of this line in the Minimum School Program enables better tracking of the funds appropriated to Charter Schools.

Education Reform: S.B. 154, “Public Education Amendments” provides \$1,800,000 to USOE to implement education reform measures outlined in the bill. The appropriation shall be used to create a definition of competency-based education, complete a pilot program, create specifications for developing and implementing a progress-based assessment system and teacher development plan, and develop a joint program with Higher Education to foster superior teaching.

Employee Compensation Package: Legislators authorized \$221,800 in funding increases for health, dental, and retirement benefits for USOE employees. Appropriators also provided an additional \$41,200 in funding for the extra workday in FY 2004. Of the \$263,000 provided for employee compensation, \$196,800 is from the Uniform School Fund.

Funding Detail

State Office of Education					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
Uniform School Fund	21,824,500	(8,900)	21,815,600	22,776,300	960,700
Uniform School Fund, One-time	1,621,500		1,621,500	30,600	(1,590,900)
Federal Funds	145,068,600		145,068,600	143,431,000	(1,637,600)
Dedicated Credits Revenue	5,456,700		5,456,700	6,734,100	1,277,400
Federal Mineral Lease	943,500		943,500	954,400	10,900
GFR - Substance Abuse Prevention	450,700		450,700	475,000	24,300
USFR - Professional Practices	81,500		81,500	85,800	4,300
Transfers	151,100		151,100		(151,100)
Transfers - Interagency	1,320,800		1,320,800		(1,320,800)
Transfers - State Office of Education				(574,100)	(574,100)
Beginning Nonlapsing	4,374,700		4,374,700	4,374,700	
Closing Nonlapsing	(4,374,700)		(4,374,700)	(4,374,700)	
Total	\$176,918,900	(\$8,900)	\$176,910,000	\$173,913,100	(\$2,996,900)
Programs					
Board of Education	1,210,400		1,210,400	1,211,800	1,400
Instructional Services	151,037,300	(8,900)	151,028,400	151,718,300	689,900
Data and Business Services	10,310,500		10,310,500	10,158,600	(151,900)
Law, Legislation and Education Services	14,360,700		14,360,700	10,824,400	(3,536,300)
Total	\$176,918,900	(\$8,900)	\$176,910,000	\$173,913,100	(\$2,996,900)
Total FTE	187.1	0.0	187.1	186.1	(1.0)

Utah State Office of Rehabilitation

The Utah State Office of Rehabilitation (USOR), under the direction of the Utah State Board of Education, operates programs designed to assist individuals with disabilities to prepare for and obtain gainful employment and increase their independence. USOR consists of an Executive Director's Office and four operating divisions: Rehabilitation Administration, Disability Determination Services, Services to the Deaf and Hard-of-Hearing, and Services to the Blind and Visually Impaired.

USOR provides services tailored to the needs, interests, abilities, and informed choices of the individual. Services are often time-limited and designed to assist consumers to increase and maintain their levels of independence and community participation. USOR works in concert with other community service and resource providers to offer rehabilitative services throughout the state.

Legislative Action

For FY 2004, the Legislature appropriated \$49,158,100 to USOR, including \$254,900 from the General Fund and \$18,166,100 from the Uniform School Fund. This appropriation represents an increase of \$243,700 from FY 2003 revised, including a state fund increase of \$179,300. These budget changes result in a total increase of 0.4 percent from the FY 2003 revised levels.

Employee Compensation Package: Legislators authorized \$370,300 in funding increases for health, dental, and retirement benefits for USOR employees. Appropriators also provided an additional \$63,900 in funding for the extra workday in FY 2004. Of the \$434,200 provided for employee compensation, \$270,300 is from the Uniform School Fund.

Included in the appropriation for the employee compensation package, Legislators provided \$6,900 for increases in health, dental, and retirement benefits for the Independent Living Centers.

Assistive Technology: Appropriators provided \$30,000 in ongoing Uniform School Fund to the Division of Rehabilitation Administration. The State may receive matching funds from the federal government for use in the Assistive Technology Program operated by USOR.

USOR Services: Legislators provided \$100,000 from the Uniform School Fund to mitigate the impact of reductions taken during the December 2002 Special Session. The additional funding addresses the unmet service needs of individuals with disabilities that have occurred as a result of growth in Vocational Rehabilitation Services, Independent Living Services, Services for the Deaf, and Services for the Blind.

Funding Detail

State Office of Rehabilitation					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	254,900		254,900	254,900	
Uniform School Fund	17,776,400	(8,800)	17,767,600	18,128,200	360,600
Uniform School Fund, One-time	219,200		219,200	37,900	(181,300)
Federal Funds	29,901,100		29,901,100	30,065,100	164,000
Dedicated Credits Revenue	319,200		319,200	672,000	352,800
Transfers - Interagency	452,400		452,400		(452,400)
Total	<u>\$48,923,200</u>	<u>(\$8,800)</u>	<u>\$48,914,400</u>	<u>\$49,158,100</u>	<u>\$243,700</u>
Programs					
Executive Director	1,769,100	(8,800)	1,760,300	1,658,400	(101,900)
Blind and Visually Impaired	5,252,300		5,252,300	5,289,200	36,900
Rehabilitation Administration	32,783,900		32,783,900	33,002,500	218,600
Disability Determination	7,486,500		7,486,500	7,564,100	77,600
Deaf and Hard of Hearing	1,631,400		1,631,400	1,643,900	12,500
Total	<u>\$48,923,200</u>	<u>(\$8,800)</u>	<u>\$48,914,400</u>	<u>\$49,158,100</u>	<u>\$243,700</u>
Total FTE	393.8	0.0	393.8	393.8	0.0

Utah Schools for the Deaf and Blind

The Utah Schools for the Deaf and Blind (USDB) help children with hearing and/or visual impairments to become competent and contributing citizens. USDB provides educational services to hearing and/or visually impaired children from birth to age 21. The agency operates an educational resource center that supplies educational materials to other agencies, and school districts that serve sensory-impaired children. Also, USDB operates a short-term, five day per week, residential program for autistic children.

The two main divisions of USDB include Instruction and Support Services. Instruction provides educational programs for the deaf, blind, and deaf-blind children of Utah. It also provides residential, daytime, and extension programs in a number of locations across the State. Support Services provides services related to Administration, Educational Support, Residential Care, Transportation and other support services.

Legislative Action

For FY 2004, the Legislature appropriated \$22,182,400 to USDB, including \$18,456,800 from the Uniform School Fund. This appropriation represents a total increase of \$471,400 from FY 2003 revised, including a state fund increase of \$1,242,500. These budget changes result in a total increase of 2.2 percent from the FY 2003 revised levels.

USDB Institutional Council: Legislators created the USDB Institutional Council line item to better track the interest and dividends derived from the permanent fund created for the Schools for the Deaf and Blind. This action resulted in a transfer of \$403,000 in dedicated credits revenue from USDB – Support Services to the Institutional Council line item.

Teacher Salary Adjustments: The Legislature added \$256,800 to USDB's FY 2004 budget for teacher salary adjustments. Under Utah Code 53A-25-111, each year USDB instructors are to be given a compensation adjustment equal to the

average of that given to school district instructors in the previous year.

Employee Compensation Package: Legislators authorized \$297,400 in funding increases for Health, Dental and Retirement benefits for USDB employees. Appropriators also provided an additional \$56,800 in funding for the extra workday in FY 2004. Of the \$354,200 provided for employee compensation, \$314,500 is from the Uniform School Fund.

USDB Management Audit: The Public Education Appropriations Subcommittee voted unanimously to have the subcommittee co-chairs recommend to the Legislative Management Committee that the management audit of the Utah Schools for the Deaf and Blind, approved during the 2002 General Session, be completed and reported back to the Public Education Appropriations Subcommittee by the end of November 2003.

According to the Subcommittee, the audit should address the following questions:

- ▶ Are the teachers at USDB receiving all funds appropriated by the Legislature for salaries and benefits?
- ▶ What is the cause of large year-end balances reported by USDB?
- ▶ Are the schools generally well-managed?

Funding Detail

School for the Deaf and Blind					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
Uniform School Fund	17,886,300	(8,800)	17,877,500	18,406,100	528,600
Uniform School Fund, One-time	(663,200)		(663,200)	50,700	713,900
Dedicated Credits Revenue	1,025,200		1,025,200	2,706,700	1,681,500
Transfers - Child Nutrition				3,300	3,300
Transfers - Health				512,900	512,900
Transfers - Interagency	3,090,200		3,090,200	24,300	(3,065,900)
Transfers - State Office of Education				574,100	574,100
Beginning Nonlapsing	1,410,000		1,410,000	1,028,700	(381,300)
Closing Nonlapsing	(1,028,700)		(1,028,700)	(1,124,400)	(95,700)
Total	\$21,719,800	(\$8,800)	\$21,711,000	\$22,182,400	\$471,400
Programs					
Instruction	12,339,700	(5,400)	12,334,300	13,025,700	691,400
Support Services	9,380,100	(3,400)	9,376,700	9,156,700	(220,000)
Total	\$21,719,800	(\$8,800)	\$21,711,000	\$22,182,400	\$471,400
Total FTE	364.3	0.0	364.3	362.6	(1.7)

Child Nutrition Programs

The Child Nutrition Programs offer high quality, nutritionally well-balanced meals to students and develop nutritional awareness among students. Qualifying students in public and non-profit private schools may receive low cost or free meals through the program.

Child Nutrition Programs are federal assistance programs including, National School Lunch, National School Breakfast, the Special Milk Program, Summer Food Service Program, and several Food Distribution Programs. The state contribution to the nutrition programs represents about 15 percent of the overall funding, most of which is generated through the liquor tax.

Legislative Action

For FY 2004, the Legislature appropriated \$101,751,000 to the Child Nutrition Programs, including \$140,100 from the Uniform School Fund and \$16,062,600 in Dedicated Credits from the Liquor Tax. This appropriation represents a total reduction of \$884,800 from FY 2003 revised, including a state fund decrease of \$24,300. These budget changes result in a total reduction of 0.9 percent from the FY 2003 revised levels.

Employee Compensation Package: Legislators authorized \$24,200 in funding increases for health, dental, and retirement benefits for Child Nutrition employees. Appropriators also provided an additional \$3,900 in funding for the extra workday in FY 2004. Of the \$28,100 provided for employee compensation, \$2,100 is from the Uniform School Fund.

December 2002 Special Session Reduction Reallocation: The Legislature approved a transfer of \$23,000 in ongoing Uniform School Fund revenue from Child Nutrition to Education Contracts. The Emergency Food Assistance Program (TEFAP) will be reduced. TEFAP is a federal food service program that provides food assistance to the needy through the distribution of USDA commodities.

Funding Detail

Child Nutrition					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
Uniform School Fund	162,400		162,400	139,800	(22,600)
Uniform School Fund, One-time	2,000		2,000	300	(1,700)
Federal Funds	86,413,800		86,413,800	86,434,800	21,000
Dedicated Credits Revenue	16,000,000		16,000,000	16,062,600	62,600
Transfers - Child Nutrition				(886,500)	(886,500)
Transfers - Interagency	57,600		57,600		(57,600)
Total	<u>\$102,635,800</u>	<u>\$0</u>	<u>\$102,635,800</u>	<u>\$101,751,000</u>	<u>(\$884,800)</u>
Programs					
Child Nutrition	102,635,800		102,635,800	101,751,000	(884,800)
Total	<u>\$102,635,800</u>	<u>\$0</u>	<u>\$102,635,800</u>	<u>\$101,751,000</u>	<u>(\$884,800)</u>
Total FTE	24.5	0.0	24.5	24.0	(0.5)

Fine Arts and Sciences

The Fine Arts and Sciences Program, commonly called the Professional Outreach Program in the Schools or POPS, provides funding to several organizations through a line item program and a request for proposal (RFP) program. Participating organizations provide educational demonstrations, performances, presentations, and activities for children in Utah's public schools. The program enhances the art and science core curriculum.

Art organizations in the line item program include: The Utah Symphony, Ballet West, Utah Opera, Children's Dance Theatre, Repertory Dance Theatre, Ririe-Woodbury Dance Company, Springville Arts Museum, The Utah Festival Opera, and the Utah Shakespearean Festival. The Clark Planetarium along with the Utah Museum of Natural History and the Children's Museum of Utah participate in the line item program as science providers.

The RFP program enables smaller regional organizations to participate in the program without the requirement of statewide outreach. Two organizations received RFP funding for FY 2004.

Legislative Action

For FY 2004, the Legislature appropriated \$2,979,000 from the Uniform School Fund to the Fine Arts and Sciences. This appropriation represents an increase of \$44,700 from FY 2003 revised.

RFP Program Funding: Legislators approved \$80,000 in ongoing Uniform School Fund revenue for the Fine Arts and Sciences RFP Program. Two organizations received funding with this allocation. Legislators intend \$50,000 of the funding to be distributed to ARTS Inc., and the remaining \$30,000 to the Living Planet Aquarium.

Funding Detail

Fine Arts and Sciences					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Uniform School Fund	2,899,000		2,899,000	2,979,000	80,000
Uniform School Fund, One-time	35,300		35,300		(35,300)
Total	\$2,934,300	\$0	\$2,934,300	\$2,979,000	\$44,700
Programs					
Request for Proposal Program				80,000	80,000
Clark Planetarium	445,600		445,600	440,200	(5,400)
Ririe-Woodbury Dance Company	84,700		84,700	83,700	(1,000)
Repertory Dance Company	86,200		86,200	85,200	(1,000)
Children's Dance Theater	99,600		99,600	98,400	(1,200)
Utah Opera Company	206,400		206,400	203,900	(2,500)
Ballet West	394,500		394,500	389,800	(4,700)
Utah Symphony	810,200		810,200	800,500	(9,700)
Springville Arts Museum	124,100		124,100	122,600	(1,500)
Children's Museum of Utah	45,500		45,500	44,900	(600)
Utah Museum of Natural History	267,200		267,200	264,000	(3,200)
Utah Festival Opera	165,000		165,000	163,000	(2,000)
Utah Shakespearean Festival	205,300		205,300	202,800	(2,500)
Total	\$2,934,300	\$0	\$2,934,300	\$2,979,000	\$44,700
Total FTE	0.0	0.0	0.0	0.0	0.0

Education Contracts

The Utah State Board of Education takes responsibility for the education of students in the custody of the state and acts as the “school board” governing their education. The two programs in Education Contracts provide the educational services to these students. The Youth Center provides services to students at the State Hospital in Provo, and Corrections Institutions provide services to inmates in the state’s correctional facilities.

The State Board contracts with various school districts to provide educational services at the Youth Center, State Prisons and some county jails. School districts receiving contract funds include: Provo (State Hospital), Jordan, South Sanpete, and Iron (correctional facilities).

Legislative Action

For FY 2004, the Legislature appropriated \$3,854,800 in Uniform School Fund revenue to Education Contracts. This appropriation represents a reduction of \$23,500 from FY 2003 revised.

Sixth Special Session Reduction Reallocation: The Legislature approved a transfer of \$23,000 in ongoing Uniform School Fund revenue from Child Nutrition to Education Contracts.

Funding Detail

Educational Contracts					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Uniform School Fund	3,831,800		3,831,800	3,854,800	23,000
Uniform School Fund, One-time	46,500		46,500		(46,500)
Beginning Nonlapsing	5,200		5,200	5,200	
Closing Nonlapsing	(5,200)		(5,200)	(5,200)	
Total	\$3,878,300	\$0	\$3,878,300	\$3,854,800	(\$23,500)
Programs					
Youth Center	1,160,200		1,160,200	1,153,200	(7,000)
Corrections Institutions	2,718,100		2,718,100	2,701,600	(16,500)
Total	\$3,878,300	\$0	\$3,878,300	\$3,854,800	(\$23,500)
Total FTE	0.0	0.0	0.0	0.0	0.0

Utah State Office of Education – Internal Service Funds

The State Office of Education operates two internal service funds (ISF). The first, called an Indirect Cost Pool (ICP), includes accounting budgeting, purchasing, and government liaison functions of the State Office. This ISF is not directly funded from Uniform School Funds, but rather takes a proportion of all federal and state funds that support personal services. The second ISF, called the State Board of Education Internal Service Fund, supports the Board's print shop and mailroom. It is financed entirely through Dedicated Credits collected from the State Office operating entities.

Legislative Action

Lawmakers approved an FY 2004 operating budget of \$4,503,800 for State Office of Education internal service funds. The Legislature also authorized \$92,300 in capital outlay. The ISF capital outlay remains unchanged from the FY 2003 level.

Funding Detail

State Office of Education Internal Service Funds					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Dedicated Credits - Intragvt Rev	1,038,200		1,038,200	4,351,900	3,313,700
Transfers	3,444,600		3,444,600	140,500	(3,304,100)
Beginning Nonlapsing	(18,200)		(18,200)	(168,100)	(149,900)
Closing Nonlapsing	27,600		27,600	179,500	151,900
Total	\$4,492,200	\$0	\$4,492,200	\$4,503,800	\$11,600
Programs					
ISF - State Board ISF	1,038,200		1,038,200	1,039,300	1,100
ISF - USOE Indirect Cost Pool	3,454,000		3,454,000	3,464,500	10,500
Total	\$4,492,200	\$0	\$4,492,200	\$4,503,800	\$11,600
Total FTE	58.3	0.0	58.3	58.3	0.0

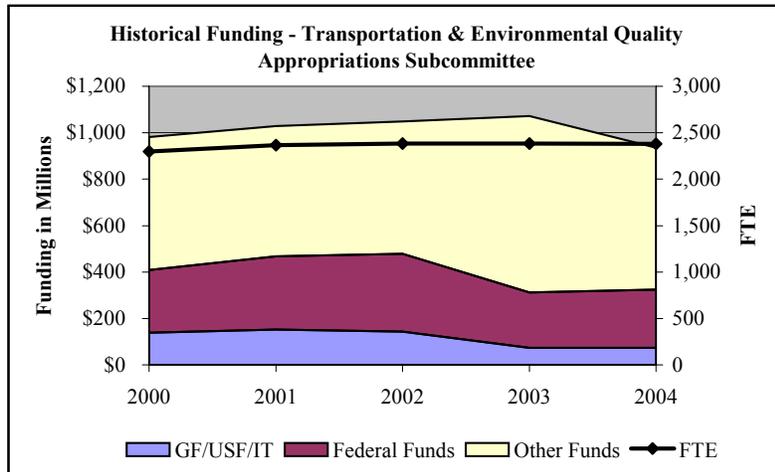
Funding Detail

Public Education Appropriations Subcommittee					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	254,900		254,900	254,900	
Uniform School Fund	1,656,132,094	(26,500)	1,656,105,594	1,699,916,374	43,810,780
Uniform School Fund, One-time	16,650,400	3,800,000	20,450,400	5,619,500	(14,830,900)
Federal Funds	261,383,500		261,383,500	259,930,900	(1,452,600)
Dedicated Credits Revenue	22,801,100		22,801,100	26,578,400	3,777,300
Federal Mineral Lease	943,500		943,500	954,400	10,900
GFR - Substance Abuse Prevention	450,700		450,700	475,000	24,300
USFR - Professional Practices	81,500		81,500	85,800	4,300
Local Property Tax	369,419,015		369,419,015	386,837,837	17,418,822
Transfers	151,100		151,100		(151,100)
Transfers - Child Nutrition				(883,200)	(883,200)
Transfers - Health				512,900	512,900
Transfers - Interagency	4,921,000		4,921,000	24,300	(4,896,700)
Transfers - State Office of Education					
Transfers - State Office of Rehabilitation					
Beginning Nonlapsing	18,645,700		18,645,700	10,464,400	(8,181,300)
Closing Nonlapsing	(10,464,400)		(10,464,400)	(10,560,100)	(95,700)
Total	\$2,341,370,109	\$3,773,500	\$2,345,143,609	\$2,380,211,411	\$35,067,802
Programs					
State Board of Education	357,010,300	(26,500)	356,983,800	354,241,400	(2,742,400)
Minimum School Program	1,956,001,809	3,800,000	1,959,801,809	1,998,181,111	38,379,302
School Building Program	28,358,000		28,358,000	27,788,900	(569,100)
Total	\$2,341,370,109	\$3,773,500	\$2,345,143,609	\$2,380,211,411	\$35,067,802
Total FTE	969.6	0.0	969.6	966.5	(3.1)

Transportation, Environmental Quality, and National Guard

Subcommittee Overview

The Legislature provided funding of \$936,115,800 to the Department of Transportation, Department of Environmental Quality, and the Utah National Guard for FY 2004. Major sources of funding for these agencies include: General Funds, Transportation Funds and Federal Funds. The following chart shows funding trends and sources of funding for the agencies under the purview of the Transportation and Environmental Quality Subcommittee.

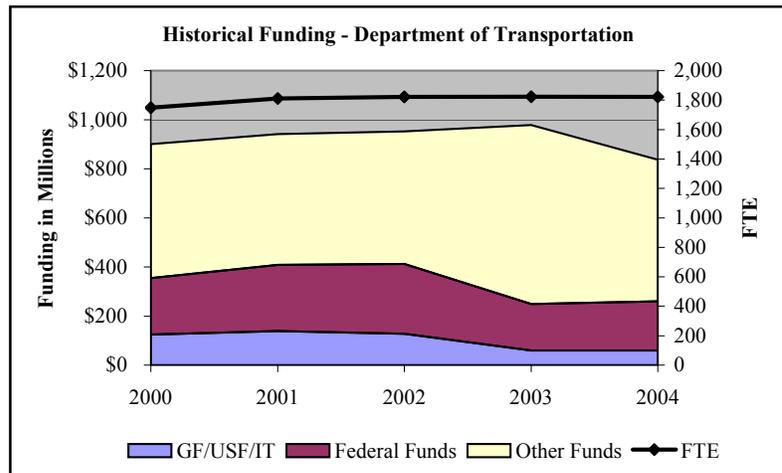


Department of Transportation

State highways in Utah are constructed and maintained, for the most part, with highway user revenues. Principal revenue sources are motor fuel taxes, motor vehicle registration fees, and special transportation permit revenues. These funds are deposited into the State's Transportation Fund. Other sources of revenue for the Department of Transportation include federal grants from the Federal Highway Trust Fund, bonding, and appropriations from the General Fund. Revenue estimates adopted by the Legislature for FY 2004 for the Transportation Fund total \$402,200,000 plus an additional \$201,008,900 in federal funds.

Because of shortfalls in FY 2003 revenue, the Legislature began its 2003 General Session dealing with significant budget reductions. The original General Fund appropriation for FY 2003 was \$151,060,500 for the Department of Transportation. This amount was reduced by a total of \$91,315,700, or 60.45 percent, to \$59,744,800. The revised FY 2003 appropriation for the Department of Transportation was \$978,344,900.

The Legislature approved FY 2004 expenditures for the Department of Transportation of \$837,125,900. This includes \$2,289,800 in compensation adjustments and \$294,256,000 to fund the FY 2004 portion of the Centennial Highway Program. State Internal Service Fund rate changes decreased the Department's operating budget by \$286,100 from the Transportation Fund.



Support Services

The Support Services Division is comprised of the following programs: Administration, Data Processing, Human Resource Management, Procurement, Building and Grounds, Loss Management, Motor Carrier, Ports of Entry, Comptroller's Office, Internal Auditor, and Community Relations. The Legislature approved a FY 2004 budget of \$25,534,300 for Support Services which is an increase of \$169,900 from the FY 2003 appropriation.

The appropriation included the following new items:

Calvin Rampton Complex Operations and Maintenance:

The Legislature transferred the General Fund portion (\$532,700) of the operations and maintenance budget of the Calvin Rampton Complex to the Department of Public Safety. Now the Department of Transportation and the Department of Public Safety will be responsible to pay for their individual areas of occupancy in the complex from their own budgets.

FTE Transfers: The Legislature increased the FY 2004 appropriation by \$201,400 to cover the transfer of three FTEs from the Construction Management Programs within the Department.

Engineering Services

The Engineering Services Division includes the following programs: Safety Operations, Traffic Safety, Program Development, Preconstruction Administration, Structures, Materials Lab, Research, Engineering Services, and Right of Way. The FY 2004 budget approved for the Engineering Services Division is \$24,516,100.

The Legislature decreased the FY 2003 appropriation by \$212,100 and increased the FY 2004 appropriation by \$2,055,800 to the Engineering Services line item. These appropriations include FTE assignment changes primarily by transferring the Traffic Operations Center personnel (20 FTE) from Region Two to the Engineering Services line item.

Location Reference Engine Systems Development

appropriation: An appropriation of \$300,000 as a one time appropriation from the Transportation Fund (\$100,000) and Federal Funds (\$200,000) was made in FY 2003 to begin the phase funding for development to incorporate various location reference numbering conventions and parameter identification systems within the department. The Legislature elected to wait at least a year to fund the next phase of this system.

Photolog Imaging: An appropriation of \$243,000 from the Transportation Fund was made by the Legislature to finish the

phase funding of the new Photolog Imaging System. This will allow storage and display of digital images of Utah highways.

The following intent statements were included with the Engineering Services appropriations:

Adjustment Improvements, Efficiencies, Cost Reductions and FTE Assignments:

It is the intent of the Legislature that the Department of Transportation continue to implement the adjustment improvements contained in their Performance Management Initiative Internal Plan. This plan will continue to be updated and coordinated through the Performance Management Team, with the approval from and implementation directed by the Department's Executive Director.

It is the intent of the Legislature that the Department make a report to the Appropriations Subcommittee for Transportation, Environmental Quality, and National Guard prior to the General 2004 Legislative Session, indicating the efficiencies and cost reductions that have been achieved and those that are anticipated as a result of implementing these improvement actions.

It is the intent of the Legislature that the Department of Transportation, in conjunction with these improvement initiatives, be given authorization to adjust the assignment of FTE positions between line items as may be necessary in order to achieve the objectives of this plan. Such reassignments of FTE positions will be included in the report to the Appropriations Subcommittee for Transportation, Environmental Quality, and National Guard and any transfer of funding will be facilitated through a supplemental appropriations request in the 2004 General Session.

Construction

The Construction line item includes the Construction Management Program, Rehabilitation/Preservation, Federal Construction-New, and State Construction-New. The Legislature approved a total FY 2004 budget for the Construction line item of \$206,526,900. The appropriation included funding for the following items:

Sales Tax for Infrastructure: The appropriation transferred \$1,124,600 from sales tax revenue due to provisions of House Bill 6004, "Sales and Use Tax Amendments", passed during the 2002 Sixth Special Session. This law directs the first 3 percent (\$562,300) annually generated by a 1/16 of one percent sales tax increase to be used for corridor preservation. Additional funding for corridor preservation has been provided since July 1, 1998 with implementation of provisions of House Bill 111, "Transportation Corridor Funding". This law directs increased taxes collected on rental vehicles be provided for corridor preservation.

In addition, House Bill 6004 provides 3 percent annually generated by a 1/16 of one percent sales tax increase be used for State Park Access Highways Improvement for park access throughout the state.

The Legislature reduced the FY 2003 appropriation by \$711,700 and the FY 2004 appropriation by \$802,100 to the Construction line item. These appropriations include FTE assignment changes primarily by transferring the Field Crew personnel (17 FTE) from Field Crews to the Region Management line item.

The following intent statements were included with the Construction line item:

Use of Surplus Transportation Funds:

It is the intent of the Legislature that there is an appropriation to the Department of Transportation from the Transportation Fund, not

otherwise appropriated, a sum sufficient, but not more than the surplus of the Transportation Fund, to be used by the Department for the construction, rehabilitation and preservation of State highways in Utah.

It is the intent of the Legislature that the appropriation fund first, a maximum participation with the federal government for the construction of federally designated highways, as provided by law; next the rehabilitation and preservation of State highways, as provided by law, and last, the construction of State highways, as funding permits.

It is also the intent of the Legislature that FTEs for the field crews may be adjusted to accommodate the increase or decrease in the Federal Construction Program. No portion of the money appropriated by this item shall be used either directly or indirectly to enhance or increase the appropriation otherwise made by this act to the Department of Transportation for other purposes.

Centennial Highway Fund

A commitment was made by the Legislature during the 1996 General Session to provide funding over a ten-year period for the rebuild of the I-15 corridor from 700 North to approximately 10800 South in the Salt Lake Valley and fund an additional \$1.24 billion dollars in highway construction statewide. These expenditures are in addition to the existing revenue sources that were available at the time. The Centennial Highway Fund was created by action of the Legislature during the 1996 General Session to segregate the increased highway construction funding from the regular ongoing funding revenues. The FY 2004 commitment to the Centennial Highway Fund is \$294,256,000. The following are some of the key funding sources:

The Legislature made \$59,594,700 available to the Department

of Transportation for highway construction from the **General Fund** as ongoing funding to the Centennial Highway Fund. These funds are anticipated to be used to mitigate critical statewide transportation issues, particularly along the I-15 corridor and Legacy Highway.

An appropriation of \$1,322,000 in **Dedicated Credits** was appropriated to the Centennial Highway Fund. These funds are expected to be collected from Local/Private sources.

Provisions of Senate Bill 252, "Collection of Fuel Taxes", enacted during the 1997 General Session are expected to increase **Fuel Tax revenues** to the Centennial Highway Fund by \$8,955,800 in FY 2004. Enactment of Senate Bill 253, "Sales Tax Reduction, Fuel Taxes, and Repeal of Environmental Surcharge on Petroleum", enacted during the 1997 General Session is also expected to increase revenues to the Centennial Highway Fund by \$56,644,200 in FY 2004.

House Bill 414, "Registration Fees on Vehicles", enacted during the 1997 General Session is estimated to increase **Vehicle Registration revenues** to the Centennial Highway Fund by \$19,807,000 in FY 2004.

Designated Sales Tax of \$5,705,000 made available by shifting the 1/64 percent of sales tax from the 2002 Olympics to the Centennial Highway Fund and \$91,775,000 from beginning balances in the Centennial Highway Fund.

General Obligation bonds will be issued in FY 2004 in the amount of \$108,000,000 for use on projects within the Centennial Highway Program. Debt service on previous bond issues is estimated to be 97,724,900 for FY 2004.

Federal funds available for Centennial Highway Projects are estimated to be \$40,500,000. Revenue Transfers of \$6,000,000 from the Department of Transportation and Closing Balances of (\$6,322,800) will also be available to the Centennial Highway Program for FY 2004.

Region Management

The Legislature approved a total FY 2004 budget for Region Management of \$22,888,600 which is a decrease of \$1,722,600 from FY 2003 estimated. This change came primarily from the reassignment of Traffic Operations Center personnel to Engineering Services.

FTE Transfers: The Legislature increased the FY 2003 appropriation by \$412,800 and decreased the FY 2004 appropriation by \$1,952,900 to the Region Management line item.

The FY 2003 adjustment came with the transfer of the 10 FTEs to various Region Management functions to decentralize field crews in the four regions to assist with preconstruction engineering and materials testing.

The FY 2004 appropriations adjustments include FTE assignment changes primarily by transferring the Traffic Operations Center personnel (20 FTE) from Region Two to the Engineering Services line item.

Equipment Management

The Legislature approved a FY 2004 expenditure of \$17,779,400 for Equipment Management.

This appropriation includes \$9,005,500 to purchase replacement equipment for those items that will be retired from the Department of Transportation's current fleet. The estimated value of the fleet is over \$40 million.

800 Megahertz Funding: An appropriation of \$90,800 was provided for the Department of Transportation's portion of the new 800 Megahertz communications system.

Maintenance Management

The Legislature approved a FY 2004 budget for Maintenance Management of \$82,867,000. The appropriation includes an additional \$1,000,000 from the Transportation Fund to increase

maintenance of state highways.

The appropriation also included the following intent language:

It is the intent of the Legislature that any and all collections or cash income from the sale or salvage of other land and buildings are to be lapsed to the Transportation Fund.

It is the intent of the Legislature that the Department of Transportation report expenditures for environmental issues and land purchases to the Subcommittee for Transportation, Environmental Quality, and National Guard during the 2004 General Session.

Sidewalk Construction

The Legislature approved a FY 2004 budget of the Sidewalk Construction Program of \$500,000. The following intent was also included:

It is the intent of the Legislature that the funds appropriated from the Transportation Fund for pedestrian safety projects are used specifically to correct pedestrian hazards on State highways.

It is also the intent of the Legislature that the local authorities are encouraged to participate in the construction of pedestrian safety devices. The appropriated funds are to be used according to the criteria set forth in Section 72-8-104, Utah Code Annotated 1953. The funds appropriated for sidewalk construction shall not lapse.

If local governments cannot use their allocation of Sidewalk Safety Funds in two years, these funds will then be available for other governmental entities which are prepared to use the resources.

It is the intent of the Legislature that local participation in the Sidewalk Construction Program be on a 75 percent State - 25 percent local match basis.

Mineral Lease/Payment in Lieu

The Legislature approved FY 2004 expenditures for the Mineral Lease/Payment in Lieu programs of \$16,329,200. The following intent language was included with the appropriation:

It is the intent of the Legislature that the funds appropriated from the Federal Mineral Lease Account shall be used for improvement or reconstruction of highways not on the State Highway System that have been heavily impacted by energy development.

It is also the intent of the Legislature that private industries engaged in the developing of the State's natural resources be encouraged to participate in the construction of highways leading to their facilities.

It is the intent of the Legislature that local governments use their mineral lease funds to improve the most heavily impacted highways in their jurisdiction.

The funds appropriated for improvement or reconstruction of energy impacted highways are nonlapsing.

B & C Road Fund

The Legislature approved \$115,330,900 for distribution to local governments through the B & C Road Account for FY 2004. This is an estimate only since the actual disbursement will depend on the total free revenues collected in the Transportation Fund in FY 2004. The appropriation includes \$17,618,400 from sales tax revenue due to provisions of House Bill 6004, "Sales and Use Tax Amendments", passed during the 2002 Sixth Special Session. This law directs 94 percent of the amount annually generated by a 1/16 of one percent sales tax increase for class B & C roads.

Aeronautics

The Legislature approved a total FY 2004 budget for the Aeronautics Division of \$31,070,800 which is an increase of \$8,151,900 from estimated FY 2003. This is realized primarily because of an increase in Federal Funding for airport construction. Also a one time increase of \$500,000 was appropriated from the Aeronautics Restricted Fund to assist local airports with maintenance and reconstruction of their airport facilities.

Increases to the Aeronautics budget for FY 2003 include the following:

Airplane Funding: An appropriation of \$288,000 from the Transportation Fund Restricted - Aeronautics was approved to payoff the lease of a new plane that was approved by the Legislature during the 2000 General Session.

Additional Restricted Transportation Fund - Aeronautics Increase: A one-time increase of \$651,000 was appropriated to match Federal Funds to assist local airports with maintenance and reconstruction of their airport facilities.

Funding Detail

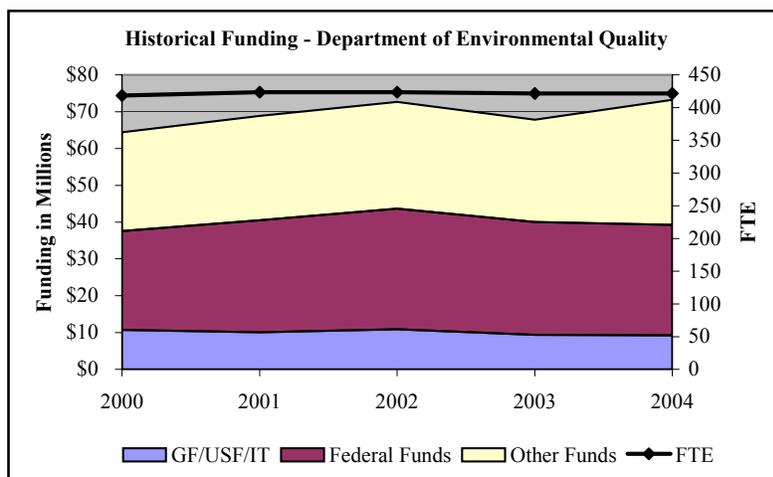
Department of Transportation					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	60,561,900	(258,400)	60,303,500	59,744,800	(558,700)
Transportation Fund	373,894,300	90,800	373,985,100	384,896,700	10,911,600
Transportation Fund, One-time				1,043,000	1,043,000
Centennial Highway Fund	24,787,800		24,787,800	19,807,000	(4,980,800)
Federal Funds	188,021,000		188,021,000	201,008,900	12,987,900
Dedicated Credits Revenue	17,610,800	(50,000)	17,560,800	18,489,400	928,600
Dedicated Credits - Transportation Bonds	3,000,000		3,000,000	108,000,000	105,000,000
Federal Mineral Lease	21,149,200		21,149,200	16,329,200	(4,820,000)
TFR - Aeronautics Fund	11,244,000	939,000	12,183,000	10,767,600	(1,415,400)
Debt Service				(97,724,900)	(97,724,900)
Designated Sales Tax	20,388,000		20,388,000	24,448,000	4,060,000
Transfers - Transportation				(1,136,000)	(1,136,000)
Transfers - Within Agency				6,000,000	6,000,000
Beginning Nonlapsing	307,594,700		307,594,700	91,775,000	(215,819,700)
Closing Nonlapsing	(50,628,200)		(50,628,200)	(6,322,800)	44,305,400
Total	\$977,623,500	\$721,400	\$978,344,900	\$837,125,900	(\$141,219,000)
Programs					
Support Services	25,326,600	131,900	25,458,500	25,061,000	(397,500)
Engineering Services	22,212,400	(212,100)	22,000,300	24,516,100	2,515,800
Maintenance Management	81,003,300	234,800	81,238,100	82,867,000	1,628,900
Construction Management	207,270,200	(711,700)	206,558,500	206,526,900	(31,600)
Region Management	25,011,200	412,800	25,424,000	22,888,600	(2,535,400)
Equipment Management	18,191,000	(73,300)	18,117,700	17,779,400	(338,300)
Aeronautics	21,979,900	939,000	22,918,900	31,070,800	8,151,900
B and C Roads	114,383,000		114,383,000	115,330,900	947,900
Safe Sidewalk Construction	1,982,800		1,982,800	500,000	(1,482,800)
Mineral Lease	21,404,600		21,404,600	16,329,200	(5,075,400)
Centennial Highway Program	438,858,500		438,858,500	294,256,000	(144,602,500)
Total	\$977,623,500	\$721,400	\$978,344,900	\$837,125,900	(\$141,219,000)
Total FTE	1,824.0	0.0	1,824.0	1,822.0	(2.0)

Department of Environmental Quality

The responsibility of the Department of Environmental Quality is to safeguard public health and quality of life by protecting and improving environmental quality while considering the benefits to public health, the impacts on economic development, property, wildlife, tourism, business, agriculture, forests, and other interests. The Legislature approved FY 2004 expenditures for the Department of Environmental Quality of \$73,230,400.

Budgetary issues that will be felt Department wide include funding for health and dental insurance increases, retirement rate increases, and funding for one extra day in FY 2004. These increases total \$604,200, of which \$196,000 is from the General Fund. State Internal Service Fund rate changes increased the Department budget by \$11,500 (\$3,500 General Fund).

Because of shortfalls in FY 2002 revenue, the Legislature began its 2002 General Session dealing with significant budget reductions. The revised General Fund appropriation for FY 2003 was \$9,309,400 for the Department of Environmental Quality. An additional reduction of \$250,000 was recommended by the Legislature in the FY 2004 budget.



The appropriations and legislative intent for the Department of Environmental Quality are outlined below.

Executive Director's Office

The Executive Director's Office provides administrative direction to the entire department. This office has the responsibility to implement state and federal environmental laws and regulations, coordinate department programs with local health departments, and provide fiscal oversight for the department.

Legislative Action

The Legislature approved a total FY 2004 budget for the Executive Director's Office of \$4,224,300. This appropriation includes salary and benefit adjustments of \$60,300.

Air Quality

The mission of the Air Quality Program is to protect the public health, property and vegetation in Utah from the affects of air pollution.

Legislative Action

The Legislature approved a FY 2004 budget for Air Quality of \$7,999,600. The following intent statements were included with the Air Quality Program:

Operating Permit Program:

It is the intent of the Legislature that any unexpended funds in the Air Operating Permit Program are nonlapsing and authorized for use in the Operating Permit Program in FY 2004 to reduce emission fees.

Response and Remediation

The mission of the Division of Environmental Response and Remediation is to protect the health and environment of the citizens of Utah from exposure to hazardous substances.

Legislative Action

The Legislature appropriated \$6,594,200 to the Response and Remediation Program for FY 2004. The appropriation included the following items:

Reauthorization of Attorney: The Legislature reauthorized one-time funding of \$87,200 from the Petroleum Storage Tank Expendable Trust Fund for FY 2004 to continue services of an attorney to recover funds that have been expended to clean up sites not covered by the Petroleum Storage Tank Expendable Trust Fund.

The following intent language was included with the appropriation of the Response and Remediation Program:

It is the intent of the Legislature that funding provided to hire a full time attorney to recover Petroleum Storage Tank Trust Funds and Petroleum Storage Cleanup Funds be used exclusively for that purpose. It is the intent of the Legislature that this funding is to be considered a one time appropriation.

Voluntary Cleanup Funding: Response to the Voluntary Cleanup Program during the past year has been larger than estimated. The Legislature provided \$500,000 from the General Fund Restricted – Voluntary Cleanup Account for FY 2004 to fund additional contaminated properties throughout the state.

Hazardous Materials Clean up: During the 2002 General Session, the Legislature appropriated \$400,000 from the General Fund Restricted - Environmental Quality Account as a one-time appropriation. These funds were to be used to clean up hazardous

material releases that cause an immediate threat to public health or the environment when the responsible party is unwilling, unavailable, or unable to take appropriate action. Because those funds have not been used in the current fiscal year the Legislature returned the funds to the General Fund Restricted – Environmental Quality Account.

Senate Bill 85 “Underground Storage Tank Amendments” was enacted to allow an increase of the environmental assurance fee by $\frac{1}{4}$ cent per gallon to total $\frac{1}{2}$ cent per gallon on gasoline distributed in the state.

Radiation Control

Radiation Control has the responsibility of assuring the citizens of the state the lowest exposure to any form of radiation.

The Legislature appropriated \$2,623,500 as an expenditure level for FY 2004 for the Radiation Control Program.

Senate Bill 172, “Hazardous Waste Regulation and Tax Policy Task Force and Moratorium on Acceptance of Class B & C Radioactive Waste” was enacted by the 2003 Legislature. Provisions of the bill will allow a two year task force to study policy and taxation of all hazardous waste that is brought into the state for disposal.

House Bill 286, “Waste Tax and Fee Amendments” was enacted to adjust taxes on hazardous wastes and low-level radioactive wastes that are disposed of in Utah.

Water Quality

Water Quality protects the public health and ensures the beneficial use of water by maintaining and enhancing the chemical, physical, and biological integrity of Utah’s waters.

Legislative Action

An expenditure level of \$9,333,600 was approved by the Legislature for the Water Quality Program for FY 2004. In

addition \$18,639,400 was approved for the water quality loan program for FY 2004. The plan of financing includes \$6,000,000 in federal funds, \$9,051,900 from loan repayments, and \$3,587,500 from designated sales tax revenue. The designated sales tax revenue is realized with implementation of provisions of House Bill 6004, "Sales and Use Tax Amendments", passed during the 2002 Sixth Special Session. This law directs 20.5 percent (\$3,587,500) annually generated by a 1/16 of one percent sales tax increase to be deposited in the Utah Wastewater Loan Program Subaccount to fund wastewater projects.

The following intent language was included with the appropriation of the Water Quality Program:

It is the intent of the Legislature that any unexpended Groundwater Permit Administration fees are non-lapsing and authorized for use in the Groundwater Permit Administration Program in the following fiscal year to reduce fees charged.

Drinking Water

The mission of the Drinking Water Division is to see that public water systems in Utah provide safe and adequate drinking water to all residents and visitors.

Legislative Action

The Legislature approved an operating budget for the Division of Drinking Water for FY 2004 of \$3,575,100. In addition, an appropriation of \$13,802,000 was approved for the Drinking Water Loan Program for FY 2004. This appropriation includes \$9,000,000 in federal funds, \$1,214,500 from loan repayments, and \$3,587,000 from Designated Sales Tax Revenue.

The designated sales tax revenue is realized with implementation of provisions of House Bill 6004, "Sales and Use Tax Amendments", passed during the 2002 Sixth Special Session. This law directs 20.5 percent (\$3,587,500) annually generated by a 1/16 of one percent sales tax increase to be deposited in the Drinking Water Loan Program Subaccount to fund drinking water

projects.

In addition \$283,000 from Federal Funds will be made available from current budgets to implement provisions of the Environmental Protection Agency's requirements for drinking water rules.

Solid and Hazardous Waste

The Division of Solid and Hazardous Waste protects the public health and environment by ensuring proper management of solid and hazardous wastes within the State of Utah

Legislative Action

The Legislature approved a FY 2004 budget for Solid and Hazardous Waste of \$6,438,700.

Senate Bill 146, "Waste Fee Amendments" was enacted by the Legislature. Provisions of this bill will increase regulatory fees collected into the General Fund Restricted – Environmental Quality Account.

Funding Detail

Department of Environmental Quality					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	9,309,400	(20,300)	9,289,100	9,203,800	(85,300)
General Fund, One-time	81,000		81,000	35,000	(46,000)
Federal Funds	30,639,100		30,639,100	30,059,300	(579,800)
Dedicated Credits Revenue	6,736,400		6,736,400	6,680,800	(55,600)
GFR - Environmental Quality	5,195,500	(400,000)	4,795,500	5,025,200	229,700
GFR - Underground Wastewater System	76,000		76,000	76,000	
GFR - Used Oil Administration	690,300		690,300	695,300	5,000
GFR - Voluntary Cleanup	110,400	389,000	499,400	612,600	113,200
GFR - WDS - Drinking Water	53,100		53,100	54,300	1,200
GFR - WDS - Water Quality	772,200		772,200	786,600	14,400
ET - Petroleum Storage Tank	1,126,300		1,126,300	1,136,900	10,600
ET - Waste Tire Recycling	99,900		99,900	102,100	2,200
Designated Sales Tax	1,950,000		1,950,000	7,175,000	5,225,000
Hazardous Substance Mitigation Trust		400,000	400,000		(400,000)
Petroleum Storage Tank Account	50,200		50,200	50,200	
Petroleum Storage Tank Loan	131,400		131,400	142,800	11,400
Transfers - Environmental Quality	(339,000)		(339,000)		339,000
Transfers - Within Agency	630,700		630,700	200,500	(430,200)
Repayments	9,473,500		9,473,500	10,266,400	792,900
Beginning Nonlapsing	1,841,200		1,841,200	996,500	(844,700)
Closing Nonlapsing	(996,500)		(996,500)	(68,900)	927,600
Lapsing Balance	(168,700)		(168,700)		168,700
Total	\$67,462,400	\$368,700	\$67,831,100	\$73,230,400	\$5,399,300
Programs					
Environmental Quality	41,038,900	368,700	41,407,600	40,789,000	(618,600)
Water Security Devel Acct - Water Pollution	16,263,400		16,263,400	18,639,400	2,376,000
Water Security Devel Acct - Drinking Water	10,160,100		10,160,100	13,802,000	3,641,900
Total	\$67,462,400	\$368,700	\$67,831,100	\$73,230,400	\$5,399,300
Total FTE	421.8	0.0	421.8	421.8	0.0

National Guard

The primary purposes of the Utah National Guard are to provide military forces to assist with national military actions, as a state force to quell civil disturbances, and to provide public assistance during natural disasters. The Utah Army and Air National Guard serve both state and federal governments by providing organized, trained, and equipped air and ground units to perform state missions, as directed by the Governor, while supporting the mobilization programs of the federal government.

Legislative Action

The Legislature approved FY 2004 expenditures for the Utah National Guard of \$25,679,500.

Budgetary issues that will be felt Department wide include funding for health and dental insurance increases, retirement rate increases, and funding for one extra day in FY 2004. These increases total \$172,300, of which \$50,000 is from the General Fund.

State Internal Service Fund rate changes decreased the Department budget by \$20,400 (\$12,600 General Fund). The appropriation included the following new items:

Veterans' Nursing Home: An appropriation of \$190,000 to fund a full-time administrator for the Veterans' Nursing Home was approved.

House Bill 140: During the 2000 General Session of the Legislature House Bill 140, "Reorganization of Veteran Related Programs", was enacted. Provisions of this bill transferred all military- and veteran-related functions in state government to the Utah National Guard. The Office of Veterans' Affairs was moved from the Department of Community and Economic Development. The Veterans' Memorial Park was moved from the Department of Natural Resources and responsibility for the Veterans' Nursing Home was moved from the Department of Health. These transfers are now completed and are now part of the 2004 budget

appropriation for the Utah National Guard.

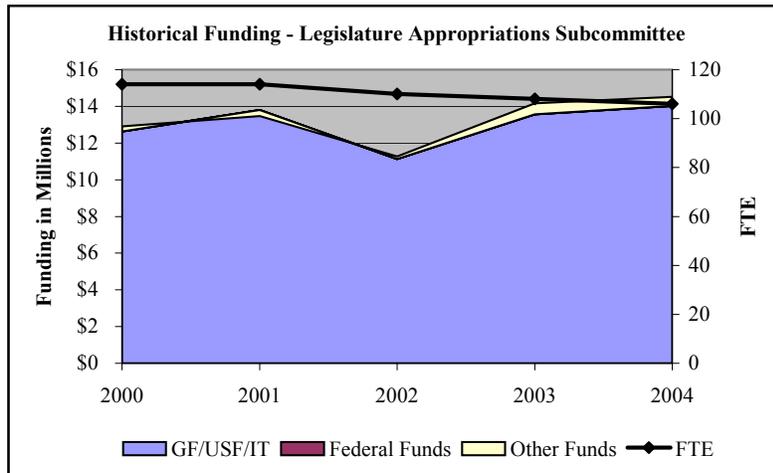
Funding Detail

Utah National Guard					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	3,810,700	(7,100)	3,803,600	3,973,200	169,600
General Fund, One-time	282,600		282,600	8,000	(274,600)
Federal Funds	19,570,600		19,570,600	19,677,700	107,100
Dedicated Credits Revenue	1,839,800		1,839,800	1,897,900	58,100
Transfers	202,700		202,700	202,700	
Beginning Nonlapsing	44,400		44,400		(44,400)
Total	\$25,750,800	(\$7,100)	\$25,743,700	\$25,759,500	\$15,800
Programs					
Utah National Guard	25,750,800	(7,100)	25,743,700	25,759,500	15,800
Total	\$25,750,800	(\$7,100)	\$25,743,700	\$25,759,500	\$15,800
Total FTE	138.5	0.0	138.5	138.0	(0.5)

Transportation & Environmental Quality Appropriations Subcommittee					
	2003	2003	2003	2004	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2003 Revised
General Fund	73,682,000	(285,800)	73,396,200	72,921,800	(474,400)
General Fund, One-time	363,600		363,600	43,000	(320,600)
Transportation Fund	373,894,300	90,800	373,985,100	384,896,700	10,911,600
Transportation Fund, One-time	24,787,800		24,787,800	1,043,000	1,043,000
Centennial Highway Fund	238,230,700		238,230,700	19,807,000	(4,980,800)
Federal Funds	26,187,000	(50,000)	26,137,000	27,068,100	931,100
Dedicated Credits Revenue	3,000,000		3,000,000	108,000,000	105,000,000
Federal Mineral Lease	21,149,200		21,149,200	16,329,200	(4,820,000)
GFR - Environmental Quality	5,195,500	(400,000)	4,795,500	5,025,200	229,700
GFR - Underground Wastewater System	76,000		76,000	76,000	
GFR - Used Oil Administration	690,300		690,300	695,300	5,000
GFR - Voluntary Cleanup	110,400	389,000	499,400	612,600	113,200
GFR - WDS - Drinking Water	53,100		53,100	54,300	1,200
GFR - WDS - Water Quality	772,200		772,200	786,600	14,400
TFR - Aeronautics Fund	11,244,000	939,000	12,183,000	10,767,600	(1,415,400)
ET - Petroleum Storage Tank	1,126,300		1,126,300	1,136,900	10,600
ET - Waste Tire Recycling	99,900		99,900	102,100	2,200
Debt Service				(97,724,900)	(97,724,900)
Designated Sales Tax	22,338,000		22,338,000	31,623,000	9,285,000
Hazardous Substance Mitigation Trust		400,000	400,000		(400,000)
Petroleum Storage Tank Account	50,200		50,200	50,200	
Petroleum Storage Tank Loan	131,400		131,400	142,800	11,400
Transfers	202,700		202,700	202,700	
Transfers - Environmental Quality	(339,000)		(339,000)		339,000
Transfers - Transportation				(1,136,000)	(1,136,000)
Transfers - Within Agency	630,700		630,700	6,200,500	5,569,800
Repayments	9,473,500		9,473,500	10,266,400	792,900
Beginning Nonlapsing	309,480,300		309,480,300	92,771,500	(216,708,800)
Closing Nonlapsing	(51,624,700)		(51,624,700)	(6,391,700)	45,233,000
Lapsing Balance	(168,700)		(168,700)		168,700
Total	\$1,070,836,700	\$1,083,000	\$1,071,919,700	\$936,115,800	(\$135,803,900)
Programs					
National Guard	25,750,800	(7,100)	25,743,700	25,759,500	15,800
Environmental Quality	67,462,400	368,700	67,831,100	73,230,400	5,399,300
Transportation	977,623,500	721,400	978,344,900	837,125,900	(141,219,000)
Total	\$1,070,836,700	\$1,083,000	\$1,071,919,700	\$936,115,800	(\$135,803,900)
Total FTE	2,384.3	0.0	2,384.3	2,381.8	(2.5)

Legislature

Subcommittee Overview



Legislative Action

The revised FY 2003 ongoing General Fund appropriation for the Legislature and staff agencies was \$13,474,300. In the December 2002 Special Session this appropriation was reduced by \$572,600. This resulted in the FY 2004 General Fund base budget of \$12,901,700.

The Legislature approved a total FY 2004 spending level for the Legislature and its staff agencies of \$14,512,900, with \$14,022,000 from the General Fund. The total appropriation represents a General Fund increase of 2.4 percent over the FY 2003 revised appropriation. This funding includes resources for the annual General Session and Interim Committees of the Legislature and staff offices, as well as the following items:

- ▶ Budgetary issues that will effect the Legislature and staff offices include funding for health and dental insurance increases, retirement rate increases, and funding of one extra day in FY 2004. These increases total \$308,500 from the General Fund. State Internal Service Fund rate changes increased Legislative budgets by \$5,800.

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- ▶ During the 5th Special Session of 2002, the Legislature approved reductions to legislative salaries of \$20.00 per day for the remainder of calendar year 2002 to make up for a shortfall in FY 2003 revenues. Funding was provided to be able to reinstate the previous \$120 per day compensation for Legislators for calendar year 2003 and FY 2004.
 - ▶ The Legislature approved increased funding of \$490,300 for the House of Representatives and \$100,000 for the Senate. These appropriations are expected to allow the Legislature to be able to fund statutory meetings and insurance for retired Legislators.
 - ▶ The Legislature also approved funding of \$216,100 in FY 2004 for four following task forces and commissions:
 1. Amendments to Financial Institutions
 2. Transportation Planning Task Force
 3. Hazardous Waste Regulation and Policy Task Force
 4. Reauthorization of Energy Policy Task Force

The Legislature also approved supplemental General Fund appropriations of \$796,200 for FY 2003.

- ▶ The House of Representatives received \$538,300 and the Senate received \$126,500 to assist with numerous special session days that were not previously funded.
- ▶ The remaining \$131,400 of the FY 2003 supplemental appropriation was to fund the following five task forces and commissions:
 1. Amendments to Financial Institutions
 2. Public Education Legislative Task Force
 3. Hazardous Waste Regulation and Policy Task Force
 4. Task Force Study of Impact of Gravel Pits
 5. Public Education Amendments Task Force

The following intent language was included for the Office of Legislative Fiscal Analyst:

It is the intent of the Legislature that during the 2003 interim, the Office of the Legislative Fiscal Analyst develops a plan that identifies certain expenditures that could be considered one-time for purposes of achieving structural balance. The plan should focus on, but not be limited to, Capital Outlay and Data Processing Capital Outlay. This plan should be presented to the Executive Appropriations Committee in time for implementation in the 2004-2005 budget cycle.

It is the intent of the Legislature that during the 2003 Legislative interim, the Office of the Legislative Fiscal Analyst study various options that may reduce costs to the state relative to the payment of health and dental benefits. This study should include but is not limited common benefit packages, standardization of premium co-pays, prescription drug "carve out" contracts, review of cost for spouse and dependent coverage inclusion of the Legislature in the process of determining the provisions of the state's health insurance program, Medical Savings Accounts, etc.

It is the further intent of the Legislature that the Office of the Legislative Fiscal Analyst may contract with an outside consulting firm if deemed advantageous to the study and may request reimbursement in the next legislative session for any costs up to \$50,000 incurred relative to the contract.

It is the intent of the Legislature that that the Department of Human Resource Management, in consultation with the Office of the Legislative Fiscal Analyst, study the impact of discontinuing the offering of health, dental, and retirement benefits to future part time state employees. This study should also include a review of present

practices of part time benefit payments in Higher Education, Public Education, and the private sector. This study should be ready for presentation to the Executive Appropriations Committee no later than the August, 2003 meeting.

It is the intent of the Legislature that all state departments and institutions prepare a one page summary of the significant factors that are driving their various budget requests for FY 2004 and FY 2005. This summary should be given to the Office of the Legislative Fiscal Analyst by November 1, 2003. The departments and institutions should present their summaries to the Executive Appropriations Committee in the November 2003 meeting.

For the 2004 General Session and beyond, it is the intent of the Legislature that the Appropriations Subcommittees provide a statement of purpose and justifications whenever they approve nonlapsing authority for a state agency or institution. This statement should be part of the subcommittee recommendations as presented to the Executive Appropriations Committee.

Funding Detail

Legislature					
	2003	2003	2003	2004	Change from
	Estimated	Supplemental	Revised	Appropriated	2003 Revised
Financing					
General Fund	12,901,700	(400)	12,901,300	13,776,000	874,700
General Fund, One-time	(294,600)	956,200	661,600	246,000	(415,600)
Dedicated Credits Revenue	319,600		319,600	320,500	900
Beginning Nonlapsing	3,086,500		3,086,500	2,979,600	(106,900)
Closing Nonlapsing	(2,796,500)		(2,796,500)	(2,809,200)	(12,700)
Total	<u>\$13,216,700</u>	<u>\$955,800</u>	<u>\$14,172,500</u>	<u>\$14,512,900</u>	<u>\$340,400</u>
Programs					
Senate	1,469,250	167,900	1,637,150	1,684,500	47,350
House of Representatives	2,392,450	598,300	2,990,750	3,072,400	81,650
Legislative Auditor General	1,958,800	(100)	1,958,700	1,946,000	(12,700)
Legislative Fiscal Analyst	1,882,100	4,900	1,887,000	1,972,100	85,100
Legislative Printing	796,900		796,900	801,400	4,500
Legislative Research and General Counsel	4,612,200	184,800	4,797,000	4,931,500	134,500
Tax Review Commission	50,000		50,000	50,000	
Constitutional Revision Commission	55,000		55,000	55,000	
Total	<u>\$13,216,700</u>	<u>\$955,800</u>	<u>\$14,172,500</u>	<u>\$14,512,900</u>	<u>\$340,400</u>
Total FTE	108.0	0.0	108.0	106.0	(2.0)

Glossary

Glossary of Terms

Administrative Rules - the detailed procedures established by Departments to implement statute and programs.

Allocation - The division of an appropriation into parts which are designated for expenditure by specific units or for specific purposes.

Appropriation - A legislative authorization to make expenditures and incur obligations.

Bill - A proposed law or statute presented to the Legislature for their consideration.

Bill of Bills (Supplemental Appropriations Act II) - A bill which contains funding for legislation that has fiscal impact and funding for other legislative action. It covers two fiscal years.

Bond - A certificate of indebtedness issued by a government entity as evidence of money borrowed. It is a written promise to pay a specified sum at a specified date or dates together with specific periodic interest at a specified rate. The primary bonds used by the State are General Obligation Bonds, Lease Revenue Bonds, and Revenue Bonds.

Budget - Estimates of proposed expenditures and expected revenues for a fiscal year.

Building Blocks - Funding increases or decreases to existing programs.

Calendar Year - The year beginning 1 January and ending 31 December.

Capital Outlay - Expenditures which result in the acquisition or replacement of fixed assets other than computers and related hardware.

Current Expense - An expenditure category which includes general operational expenses of the programs including: consultants, contracts, building maintenance, small office supplies, etc.

Data Processing (DP) - An expenditure category which includes costs incurred to operate information technology systems, such as LAN connections, software under \$5,000, and supplies.

Data Processing Capital (DP Capital) - An expenditure category which includes funding for computer hardware, support equipment, systems, and software over \$5,000.

Debt (General Obligation) - Debt issued backed by the full faith and credit of the state. In Utah's case, G. O. Debt is secured by property tax and paid from general tax revenue.

Debt (Revenue) - A bond that does not carry the "full faith and credit" of the State but rather pledges a revenue or lease stream to pay for debt service.

Debt Limit (Constitutional) - Caps total general obligation debt at 1.5 percent of total fair market value of taxable property.

Debt Limit (Statutory) - UCA 63-38c-402 limits general obligation debt to 20 percent of the allowable spending limit from the General Fund, Uniform School Fund and Transportation Fund, less debt service. The limit may be exceeded with a two-thirds vote of the Legislature.

Debt Service - The money required to pay the current outstanding interest payments on existing obligations according to the terms of the obligations.

Dedicated Credits Revenue - Money that is paid to an agency by other agencies or the public for services or goods. These funds are usually dedicated to paying for expenses of the agency.

Encumbrance - An obligation in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a portion of an appropriation is reserved.

Enterprise Fund - Fund established by a governmental unit which operates like a business. Used by governmental units that cover most or all of their operating costs through user charges.

Expenditures - Expense categories for personnel, goods and services needed by the State programs. These include: personal services, travel, current expense, DP processing, DP capital, capital outlay, pass-through, and other.

Federal Funds - Money made available to the State by an Act of the Federal Congress. The Governor is authorized to accept, on behalf of the state, any federal assistance funds for programs that are consistent with the needs and goals of the state and its citizens and that are not prohibited by law. Generally, money comes to the State from the federal government with specific requirements. In many cases, the state must provide a match in State funds.

Fiscal Note - The estimate by the Legislative Fiscal Analyst of the amount of present or future revenue and/or expenditures that will be affected by 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 Oct. 1 through Sept. 30.

Fee - A fixed charge for a good or service. This is often recorded as Dedicated Credit Revenue.

Fixed Assets - Long-term assets which will normally last in excess of one year, such as land, buildings, machinery, furniture, etc.

FTE - is the abbreviation for “**Full Time Equivalent**” position or employee. It is a method of standardizing the personnel count. One person working a full 40 hour week for one year is equal to 1 FTE. Two people working part-time 20 hour weeks are equal to 1 FTE. Any combination of hours that would be the equivalent of a full-time, 40-hour a week employee.

Full Faith and Credit - A pledge of the general taxing power of the government for the payment of a debt obligation.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts.

General Fund (GF) - A major revenue source for the State. These funds can be spent at the discretion of the Legislature, as the Constitution allows. The primary source of this revenue is the sales tax, although there are several other taxes and fees that contribute to the General Fund.

General Obligation Bonds (G.O.) - G.O. debt is secured by the full faith and credit of the State and its ability to tax its citizens and is limited both by the Constitution and statute. G.O. debt is the least expensive tool available to the state for long term borrowing and is usually issued for six-year terms.

Grant - A contribution by one entity to another without expectation of repayment. This is usually made in support of some specified function or goal.

Income Tax - A major source of revenue for the Uniform School Fund and a potential source of revenue for Higher Education.

Indirect Charges - Also called Overhead Shared Expenses, which cannot be exactly identified to a specific product or service that are often allocated rather than computed.

Initiative - A procedure by which citizens can propose a law and ensure its submission to the electorate.

Intent Language - A statement, added to appropriations bills to explain or put conditions on the use of line item appropriations. These statements are part of an Appropriations Act, but expire at the end of the fiscal year. Intent language cannot replace or supersede current statutes.

Interim - The period between regular sessions of the Legislature.

Internal Service Fund - A fund established by a governmental unit to provide goods and services, primarily to

other governmental agencies which will be financed through user charges.

Lapse - The automatic termination of an appropriation and the return of the unexpended funds to the base fund.

Lapsing Funds - Money that is left over at the end of the year reverts (or lapses) back to the base fund, unless otherwise designated.

Lease Revenue Bonds - The State Building Ownership Authority, issues lease revenue bonds as the official owner of state facilities. Debt service (usually paid over 20 years) is funded through rents collected from user agencies and carries an interest rate slightly higher than general obligation debt.

Legislative Oversight - The responsibility of the Legislature to review operations of executive and judicial agencies.

Line Item - Each appropriated sum is identified by an item number in an appropriations bill. Each line item appropriation may have several programs. Once the appropriation becomes law, funds can be moved from program to program within the line item, but, cannot be moved from one line item to another.

Nonlapsing Funds - The Legislature can authorize an agency to keep unused funds at the end of a fiscal year. This can be done in statute or through intent language. Otherwise, unexpended funds are returned to their account of origin.

Obligations - Amounts which a governmental unit may be legally required to pay out of its resources.

One-time vs. Ongoing Funding - Both revenue and expenditures may be one-time (short, distinct period of time) or ongoing (lasting from year to year).

Operating Expenses - Those costs which are necessary to the operations of an agency and its program(s).

Operations and Maintenance (O&M) - Expenses to clean and maintain facilities on a regular basis.

Pass-Through - An expenditure category where funds that are collected by a program or agency and “passed-through” to another group for services or expenditure.

Per Diem - Literally, per day, daily expense money rendered legislators and State personnel.

Personal Services - An expenditure category which includes all personnel costs, including salary and benefits.

Referendum - A method by which a measure, adopted by the Legislature, may be submitted to a popular vote of the electorate.

Regulation - A rule or order of an agency promulgated under the authority of a statute.

Restricted Funds (GFR, USFR, Transportation Fund Restricted) - These accounts restrict revenue for specific purposes or programs.

Retained Earnings - The accumulated earnings of an Internal Service Fund (ISF) or Enterprise Fund (EF) which have been retained in the fund which are not reserved for any specific purpose.

Revenue - The yield of taxes and other sources of income that the state collects.

Revenue Bonds - Revenue bonds are funded through a dedicated source other than a lease payment. Revenue debt service comes primarily from sales revenue such as at State Liquor stores or from auxiliary functions (such as student housing) at institutions of higher education.

Rule - The precise method or procedure of action to govern as determined by each house or both houses.

Shared Revenue - Revenue levied by one governmental unit and distributed to one or more other governmental units.

Short-Term Debt - Debt of less than one year.

Statute - A written law enacted by a duly organized and constituted legislative body and approved by the Governor.

Supplemental Appropriation - The adjustment of funds allocated over/under the original appropriation. Generally, an increase in current year appropriations above the original legislative appropriation.

Surety Bond - A written commitment to pay damages for losses caused by the parties named due to non-performance or default.

Tax - A compulsory charge or contribution levied by the government on persons or organizations for financial support.

Transfers - Movement of money from one governmental unit account to another governmental unit account. (Usually reflects the exchange of funds between line items.)

Transportation Fund - The funding is primarily from the gas tax. This revenue is constitutionally restricted to road and highway related issues.

Travel, In-State and Out-of-State - An expenditure category which includes funding for program travel and supportive services, e.g. airline tickets, rental cars, hotels, meals, etc.

Uniform School Fund (USF) - Revenue for education programs that is primarily from personal income taxes and corporate franchise taxes.

Veto - An official action of the governor to nullify legislative action. The legislature may override the action by a constitutional 2/3 vote of each house if still in Session or if called back into veto override session.