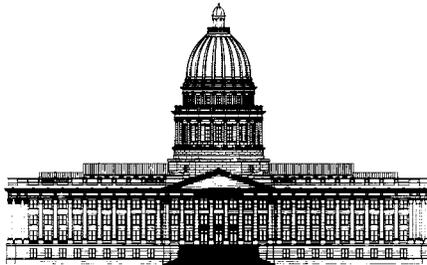

COMPENDIUM OF BUDGET INFORMATION
FOR THE
2005 GENERAL SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE FOR
CAPITAL FACILITIES AND ADMINISTRATIVE SERVICES

OFFICE OF THE LEGISLATIVE FISCAL ANALYST
STEVEN ALLRED AND JONATHAN BALL
DECEMBER 15, 2004

UTAH STATE LEGISLATURE
COMPENDIUM OF BUDGET INFORMATION
FOR THE
2005 GENERAL SESSION



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TRANSMITTAL LETTER

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INTRODUCTION

- Format** During the 2004 Interim the Office of the Legislative Fiscal Analyst proposed a new budget analysis format to the Executive Appropriations Committee, which the committee unanimously approved. Budget analyses will now consist of three parts:
- Compendium of Budget Information (COBI). The document you are currently reading, the COBI will provide detailed information at a program level. It will be a resource for decision-makers desiring further detail or background information beyond the summary provided in the Budget Analysis. It will not contain recommendations.
 - Issue Briefs. These relatively short documents (no more than a few pages) will discuss issues that transcend line items or perhaps even departments. For example, if the Analyst wished to present a concern with law enforcement, an Issue Brief may be the best format. The Analyst will prepare Issue Briefs just prior to the 2005 General Session.
 - Budget Briefs. Another relatively short document, the budget brief will be used to highlight issues, recommendations, performance measures, and line item-level budget tables. The purpose of this document is to bring issues to the forefront and discuss the Analyst's recommendations. The Analyst will prepare Budget Briefs just prior to the 2005 General Session.
- Process** The Office of the Legislative Fiscal Analyst (LFA) – a non-partisan office – serves both chambers of the Legislature by making independent budgetary recommendations, determining the fiscal impact of proposed legislation, and preparing appropriations bills. Appropriations subcommittees review LFA's recommendations, vote upon, and report to the Executive Appropriations Committee proposed budgets for programs within their respective jurisdictions. The Executive Appropriations Committee, and ultimately the Legislature as a whole, considers multiple appropriation acts that, in turn, determine the final annual budget for each program of state government.
- Timing** Utah does not budget on the calendar year, but on what is termed a Fiscal Year, which is the twelve-month period from July 1 to June 30 of the following year. A Fiscal Year is usually abbreviated FY, with the number which follows designating the year which includes the second six months. The current fiscal year is FY 2005, which will end June 30, 2005. The next fiscal year for which the Legislature is determining the budget is FY 2006, which will include the period of time from July 1, 2005 to June 30, 2006. However, the Legislature can also make supplemental changes to the already established budget for FY 2005.
- Sources** In allocating funds for governmental purposes, appropriations subcommittee may use funding from several sources to complete the full appropriation to

each. The following funding sources have been most prevalently used by the subcommittee:

- General Fund
- School Funds
- Transportation Funds
- Federal Funds
- Dedicated Credits
- Restricted Funds
- Other Funds

A glossary of terms – included at the end of this document – defines these funding sources as well as other terms commonly used in Utah state budgeting.

CHAPTER 1 COMMITTEE SUMMARY

Overview

The Capital Facilities and Administrative Services Appropriations Subcommittee reviews and approves the budgets for five principal areas of state government. The subcommittee makes a recommendation to the Executive Appropriations Committee and the whole Legislature for final approval. The areas for which this subcommittee is responsible are:

- Capitol Preservation Board
- Department of Administrative Services – Appropriated Budgets
- Department of Administrative Services – Internal Service Funds
- Debt Service
- Capital Facilities

During the 2004 General Session the Legislature appropriated a total FY 2005 subcommittee budget of \$344,326,500, which included a General Fund appropriation of \$104,306,000.

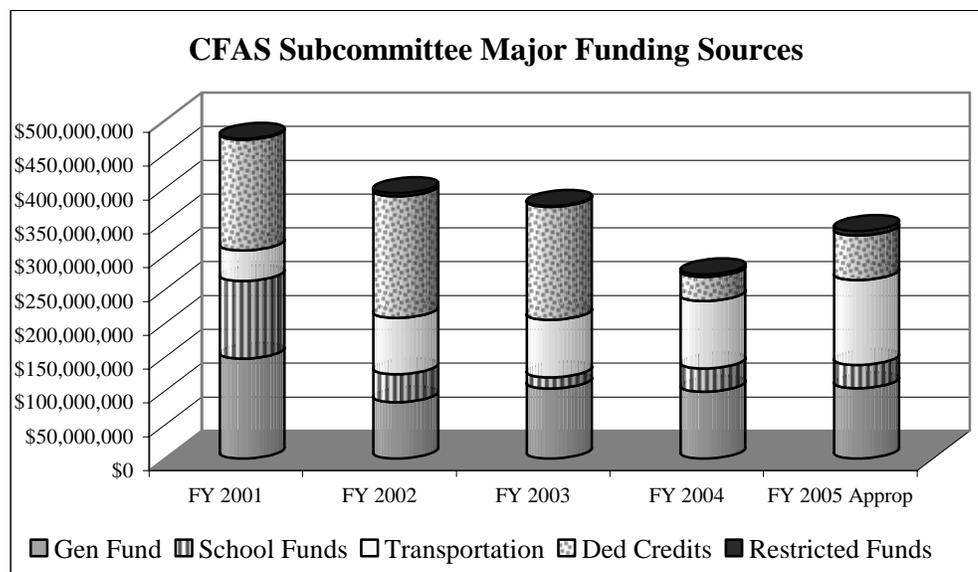


Figure 1-1

Capital Facilities & Administrative Services					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
General Fund	134,204,400	83,329,200	103,838,100	98,012,000	102,689,500
General Fund, One-time	13,917,800	(200)	0	994,100	1,616,800
Uniform School Fund	31,968,600	24,707,800	11,466,700	17,164,300	17,164,300
Income Tax	0	17,000,000	4,900,000	17,000,000	17,000,000
Income Tax, One-time	82,546,000	0	0	0	0
Transportation Fund	1,061,000	450,500	450,000	450,000	450,000
Centennial Highway Fund	41,104,400	82,657,500	84,618,200	97,724,900	125,371,200
Centennial Highway Fund, One-time	3,079,000	0	0	1,796,800	0
Federal Funds	1,170,000	0	7,900,300	552,200	2,700,000
Dedicated Credits Revenue	22,161,300	35,762,200	29,107,100	35,914,600	65,486,900
Dedicated Credits - Intragvt Rev	407,300	428,100	0	0	0
Dedicated Credits - GO Bonds	15,000,000	143,390,000	138,020,000	0	0
Dedicated Credits - Revenue Bonds	125,930,000	0	0	0	0
GFR - E-911 Emergency Services	0	0	0	0	250,000
GFR - ISF Overhead	1,470,900	3,419,400	1,489,500	1,490,000	1,272,400
GFR - Special Administrative Expense	0	1,186,700	0	0	2,801,000
GFR - Wildlife Resources Trust	0	0	0	0	250,000
TFR - Public Transp. System Tax	0	0	0	2,220,700	2,190,300
Transfers	4,692,800	6,573,700	5,118,000	3,916,100	141,400
Transfers - Internal Service Funds	143,300	203,000	130,800	0	0
Transfers - Youth Corrections	2,319,200	0	0	0	0
Capital Project Fund	0	0	3,086,600	966,900	3,956,700
Project Reserve Fund	0	200,000	800,000	1,699,500	0
Pass-through	0	0	7,500	0	0
Beginning Nonlapsing	11,467,200	15,356,800	26,095,700	18,737,200	8,475,700
Closing Nonlapsing	(14,722,100)	(26,297,100)	(18,737,300)	(19,135,100)	(7,402,300)
Lapsing Balance	0	(62,900)	(232,500)	(190,500)	(87,400)
Total	\$477,921,100	\$388,304,700	\$398,058,700	\$279,313,700	\$344,326,500
Agencies					
Capitol Preservation Board	2,504,600	2,770,500	2,576,200	2,588,200	2,547,000
Administrative Services	27,768,300	26,134,900	19,334,700	20,180,200	21,682,700
Capital Budget	288,762,100	184,210,700	187,127,000	44,584,700	50,767,900
Debt Service	158,886,100	175,188,600	189,020,800	211,960,600	269,328,900
Total	\$477,921,100	\$388,304,700	\$398,058,700	\$279,313,700	\$344,326,500
Categories of Expenditure					
Personal Services	12,523,800	12,641,200	12,256,500	13,132,400	13,794,000
In-State Travel	73,200	62,900	74,100	103,000	92,900
Out of State Travel	52,200	46,900	31,300	63,200	60,800
Current Expense	164,940,200	181,203,300	193,497,500	216,798,600	274,221,000
DP Current Expense	3,143,100	3,251,300	2,668,600	2,754,700	4,204,300
DP Capital Outlay	791,900	1,705,100	1,460,500	897,100	73,000
Capital Outlay	6,300	0	97,300	30,500	0
Other Charges/Pass Thru	296,390,400	189,394,000	187,972,900	45,534,200	51,880,500
Total	\$477,921,100	\$388,304,700	\$398,058,700	\$279,313,700	\$344,326,500
Other Data					
Total FTE	210.7	201.0	192.8	200.9	201.5
Vehicles	9	9	10	10	10
Internal Service Funds					
Revenue	\$156,261,800	\$161,105,800	\$153,354,600	\$157,343,500	\$158,187,100
Total FTE	522.6	532.4	520.4	507.5	500.5
Authorized Capital Outlay	\$27,965,000	\$43,351,700	\$21,060,400	\$23,579,700	\$22,949,200
Retained Earnings	\$26,201,200	\$21,021,100	\$17,540,100	\$18,816,000	\$12,181,700
Vehicles	4,787	4,855	4,398	4,427	4,363

Table 1-1

The following is a complete list of the subcommittee's line items, with their programs indented underneath.

Capitol Preservation Board

Department of Administrative Services –
Executive Director

Automated Geographic Reference Center

Administrative Rules

Division of Facilities Construction and Management (DFCM)

DFCM Administration
Preventive Maintenance
Governor's Residence
DFCM HazMat
Roofing and Paving

State Archives

Archives Administration
Records Analysis
Preservation Services
Patron Services
Records Services

Finance Administration

Director's Office
Payroll
Payables/Disbursing
Technical Services
Financial Reporting
Financial Information Systems

Finance – Mandated

LeRay McAllister Critical Land Conservation Fund

Post-Conviction Indigent Defense

Post-Conviction Indigent Defense Fund

Judicial Conduct Commission

Purchasing

Office of State Debt Collection

ISF – Debt Collection

Division of Purchasing and General Services

ISF – Central Mailing

ISF – Electronic Purchasing
ISF – Publishing

Division of Information Technology Services (ITS)

ISF – ITS Administration and Finance
ISF – Network Services
ISF – Voice Services
ISF – Computing
ISF – Mainframe Hosting
ISF – Desktop/LAN Support
ISF – Storage Services
ISF – Web Hosting
ISF – Application Development
ISF – Reporting Services
ISF – Wireless Technology Services
ISF – ITS Support Services
ISF – Clearing

Division of Fleet Operations (DFO)

ISF – Motor Pool
ISF – Fuel Network
ISF – State Surplus Property

Risk Management

ISF – Risk Management Administration
ISF – Workers' Compensation

DFCM – Facilities Management

ISF – Facilities Management

Capital Budget –

DFCM Capital Program
Capital Improvements
Capital Development Fund

Property Acquisition

Building/Land Purchases

State Board of Bonding Commissioners –

Debt Service

The subcommittee also sponsors two bonding bills:

- General Obligation Bonds (H.B. 2 in 2004 General Session)
- Revenue Bonds and Capital Facility Authorizations (H.B. 328 in 2004 General Session)

CHAPTER 2 CAPITOL PRESERVATION BOARD

Function	<p>The Capitol Preservation Board manages all functions associated with Capitol Hill facilities and grounds. This includes maintenance, furnishings, occupancy, public usage and long range master planning.</p> <p>The first duty of the Capitol Preservation Board is to manage the day-to-day operations of Capitol Hill, including the State Office Building, the DUP Museum, the Travel Council Building, the Greenhouse and the White Chapel. Grounds maintenance and facility management are provided through a contract with the State Division of Facilities Construction and Management (DFCM).</p> <p>The second duty of the board is to manage the restoration of the State Capitol. The Executive Director is also the Architect of the Capitol. The first phase of the restoration was completed when the east parking structure opened along with the east and west buildings. Construction on the second phase—a new heat plant and total restoration of the Capitol—officially began in September 2004.</p>
Statutory Authority	<p>The following statutes govern operation of the board:</p> <p>UCA 63C-9-201 establishes the 15-member board, comprised of:</p> <ul style="list-style-type: none">➤ The governor or a designee➤ The lieutenant governor➤ The president of the Senate➤ The speaker of the House of Representatives➤ Three members appointee by the governor➤ Two members of the Senate appointed by the president, one from each party➤ Two members of the House appointed by the speaker, one from each party➤ The chief justice of the Supreme Court or a designee➤ The director of the Division of Archives➤ An architect and structural engineer appointed by the governor with the consent of the senate <p>UCA 63C-9-301 gives the board power to exercise complete jurisdiction over Capitol Hill facilities and grounds, except that control of the legislative area is reserved to the Legislature.</p> <p>UCA 63-9-301 also requires the board to:</p> <ul style="list-style-type: none">➤ Consult with DFCM, the State Library Division, Archives, State History, Museum Services, and the Arts Council when needed

- Submit annual budget requests to the governor and Legislature
- Approve the executive director's work plans and master plan
- Approve all changes to buildings and grounds
- Make rules to administer Capitol Hill in consultation with legislative general counsel
- Adopt procurement procedures substantially equal to the Utah Procurement Code, though it is exempt from the code

UCA 63C-9-401 lists the duties of the executive director, some of which are to:

- Develop a twenty-year master plan
- Develop a furnishings plan
- Prepare and recommend an annual budget
- Prepare an annual detailed report accounting for all funds received and disbursed by the board during the previous fiscal year

UCA 63C-9-501 allows the board to solicit donations.

UCA 63C-9-601 requires any state-owned item identified by the board as historically significant and that was at one time located on Capitol Hill to be transferred to the inventory of the board within sixty days.

UCA 63C-9-702 creates an eleven-member Art Placement Subcommittee of the board to oversee the content and placement of each piece of art.

Intent Language

During the 2004 General Session the Legislature adopted the following intent language:

It is the intent of the Legislature that funds for the Capitol Preservation Board shall not lapse and that those funds shall be used for the design and construction costs associated with Capitol restoration.

Funding Detail

As part of statewide budget reductions, the Legislature reduced the General Fund appropriation to this line item after FY 2002. The Executive Director has negotiated reduced services with DFCM, to include a lower level of lawn care in the summer and a reduction in maintenance staff in preparation for remodeling. The Board has further reduced General Fund costs by charging its employees' time to the construction budget (see "Transfers" in the following table).

Capitol Preservation Board					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	2,257,100	2,525,600	2,202,000	2,165,400	2,175,800
General Fund, One-time	0	0	0	600	1,500
Dedicated Credits Revenue	247,500	260,300	269,300	280,900	228,300
Transfers	0	0	121,000	104,000	141,400
Beginning Nonlapsing	0	0	21,300	37,300	0
Closing Nonlapsing	0	(15,400)	(37,400)	0	0
Total	\$2,504,600	\$2,770,500	\$2,576,200	\$2,588,200	\$2,547,000
Categories of Expenditure					
Personal Services	152,000	159,300	162,100	167,700	179,500
In-State Travel	100	800	200	0	200
Current Expense	2,348,100	2,601,600	2,406,400	2,414,200	2,354,600
DP Current Expense	4,400	8,800	7,500	6,300	12,700
Total	\$2,504,600	\$2,770,500	\$2,576,200	\$2,588,200	\$2,547,000
Other Data					
Total FTE	2.0	2.0	2.0	3.0	3.0

Table 2-1

CHAPTER 3 DEPARTMENT OF ADMINISTRATIVE SERVICES – APPROPRIATED BUDGETS SUMMARY

Function

The Department of Administrative Services (DAS) was created in 1981 by the Utah Administrative Services Act. Current statute (UCA 63A) sets forth seven purposes for the department:

1. Provide specialized agency support services commonly needed;
2. Provide effective, coordinated management of state administrative services;
3. Serve the public interest by providing services in a cost-effective and efficient manner, eliminating unnecessary duplication;
4. Enable administrators to respond effectively to technological improvements;
5. Emphasize the service role of state administrative service agencies in meeting the needs of user agencies;
6. Use flexibility in meeting the service needs of state agencies;
7. Protect the public interest by insuring the integrity of the fiscal accounting procedures and policies that govern the operation of agencies and institutions to assure funds are expended properly and lawfully.

Funding Detail

The following table is a summary of the appropriated fund line items under DAS. More information can be found by looking at each line item.

Administrative Services					
Sources of Finance	2001	2002	2003	2004	2005
	Actual	Actual	Actual	Actual	Appropriated
General Fund	23,218,100	20,084,800	11,295,700	11,428,200	11,815,200
General Fund, One-time	517,800	(200)	0	3,662,900	75,300
Uniform School Fund	0	37,200	0	0	0
Transportation Fund	450,000	450,500	450,000	450,000	450,000
Federal Funds	0	0	0	552,200	500,000
Dedicated Credits Revenue	1,441,800	1,592,200	2,610,300	3,719,600	2,377,100
Dedicated Credits - Intragvt Rev	407,300	428,100	0	0	0
GFR - E-911 Emergency Services	0	0	0	0	250,000
GFR - ISF Overhead	1,470,900	3,419,400	1,489,500	1,490,000	1,272,400
Transfers	693,000	(65,000)	0	0	0
Transfers - Internal Service Funds	143,300	203,000	130,800	0	0
Capital Project Fund	0	0	3,086,600	966,900	3,956,700
Project Reserve Fund	0	200,000	0	1,699,500	0
Pass-through	0	0	7,500	0	0
Beginning Nonlapsing	2,673,500	3,247,400	3,192,300	2,695,500	1,349,700
Closing Nonlapsing	(3,247,400)	(3,399,600)	(2,695,500)	(6,294,100)	(276,300)
Lapsing Balance	0	(62,900)	(232,500)	(190,500)	(87,400)
Total	\$27,768,300	\$26,134,900	\$19,334,700	\$20,180,200	\$21,682,700
Line Items					
Executive Director	959,100	1,000,400	891,700	861,900	844,600
Automated Geographic Reference C	876,600	456,700	360,600	1,559,200	1,645,400
Administrative Rules	377,500	280,100	269,300	285,700	287,600
DFCM Administration	3,938,600	3,677,600	3,542,800	3,800,900	3,950,600
State Archives	1,930,900	2,064,300	1,973,700	1,950,000	2,066,500
Finance Administration	8,797,400	10,634,600	10,283,300	9,427,700	10,436,900
Finance - Mandated	5,262,800	3,701,100	482,600	782,600	482,600
Post Conviction Indigent Defense	22,300	27,400	63,800	42,000	74,000
Judicial Conduct Commission	244,600	233,900	197,700	207,300	233,700
Purchasing	1,358,500	1,378,800	1,269,200	1,262,900	1,421,800
Fleet Capitalization	4,000,000	2,680,000	0	0	0
Child Welfare Parental Defense	0	0	0	0	239,000
Total	\$27,768,300	\$26,134,900	\$19,334,700	\$20,180,200	\$21,682,700
Categories of Expenditure					
Personal Services	12,371,800	12,481,900	12,094,400	12,964,700	13,614,500
In-State Travel	73,100	62,100	73,900	103,000	92,700
Out of State Travel	52,200	46,900	31,300	63,200	60,800
Current Expense	3,706,000	3,413,100	2,070,300	2,423,800	2,537,500
DP Current Expense	3,138,700	3,242,500	2,661,100	2,748,400	4,191,600
DP Capital Outlay	791,900	1,705,100	1,460,500	897,100	73,000
Capital Outlay	6,300	0	97,300	30,500	0
Other Charges/Pass Thru	7,628,300	5,183,300	845,900	949,500	1,112,600
Total	\$27,768,300	\$26,134,900	\$19,334,700	\$20,180,200	\$21,682,700
Other Data					
Total FTE	208.7	199.0	190.8	197.8	198.5
Vehicles	9	9	10	10	10

Table 3-1

CHAPTER 4 EXECUTIVE DIRECTOR'S OFFICE

Function	The Executive Director's Office (EDO) provides financial management, strategic planning, organizational development, internal auditing and public relations for the Department of Administrative Services. While the client base for most state agencies is taxpayers, the primary customers for the Department of Administrative Services are other state agencies. The Director helps coordinate inter-agency cooperation on issues such as fleet consolidation, archival procedures and purchasing guidelines.
Statutory Authority	<p>The following laws govern operation of the EDO:</p> <ul style="list-style-type: none">➤ UCA 63A is known as the "Utah Administrative Services Code."➤ UCA 63A-1-105 requires the governor to appoint the executive director with the consent of the Senate.➤ UCA 63A-1-106 allows the executive director to accept federal funds and bind the state to the terms of federal assistance.➤ UCA 63A-1-107 requires the executive director to provide administrative support to the State Building Board and State Building Ownership Authority.➤ UCA 63A-1-110 requires the executive director to adopt policies to implement the needs assessment for information technology purchases as required by UCA 63A-6-105.➤ UCA 63A-1-111 requires each division of DAS to formulate annual service plans describing services to be rendered, methods of providing those services, standards of performance, and performance measures used to gauge compliance with those standards. A copy must be sent to each customer agency before the beginning of each fiscal year.➤ UCA 63A-1-114 requires the executive director or a designee to sit on the ISF Rate Committee.➤ UCA 63A-3-102 requires the executive director to appoint the director of the Division of Finance with the approval of the governor.➤ UCA 63A-9-301 requires the executive director or a designee to sit on the Motor Vehicle Review Committee.
Accountability	The primary responsibility of the EDO is administrative oversight. Administrative overhead should be as low as possible so more dollars can be allocated to service-providing programs.

Performance Data Summary - Executive Director's Office					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
Efficient Admin Overhead	EDO Budget as % of All DAS Budgets	Efficiency		0.47%	
	EDO FTE as % of All DAS FTE	Efficiency		1.00%	

Table 4-1

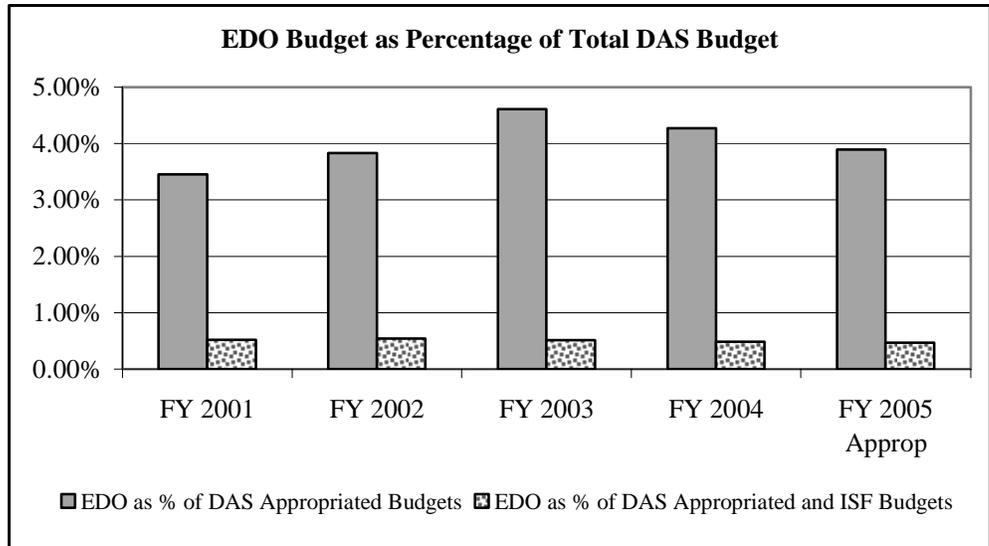


Figure 4-1

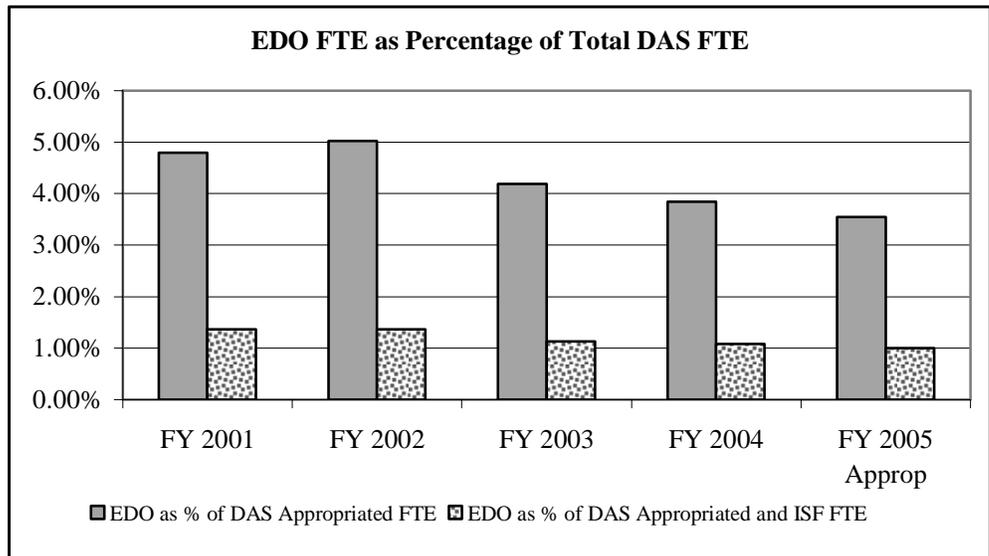


Figure 4-2

The auditing staff within EDO provides information that is valuable not only to the director, but also to the Legislature and its staff. Following Table 4-2 is a list provided by the department detailing activities performed by the EDO auditors.

Funding Detail

The duties of the Executive Director’s Office (EDO) include oversight of the DAS Internal Service Funds. Approximately ten percent of the EDO budget comes from Internal Service Fund (ISF) transfers. These funds are tied to ISF oversight, to include audits, meetings, and hearings related to operations.

Executive Director					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	803,600	797,400	761,700	785,300	769,000
General Fund, One-time	0	0	0	1,900	3,100
Dedicated Credits Revenue	0	0	0	74,700	72,500
Transfers - ISFs	143,300	203,000	130,800	0	0
Beginning Nonlapsing	12,200	0	0	0	0
Lapsing Balance	0	0	(800)	0	0
Total	\$959,100	\$1,000,400	\$891,700	\$861,900	\$844,600
Categories of Expenditure					
Personal Services	767,600	828,100	714,900	691,100	731,500
In-State Travel	1,600	800	700	300	700
Out of State Travel	3,400	1,900	500	3,000	500
Current Expense	162,400	151,400	159,400	137,400	96,100
DP Current Expense	24,100	18,200	16,200	30,100	15,800
Total	\$959,100	\$1,000,400	\$891,700	\$861,900	\$844,600
Other Data					
Total FTE	10.0	10.0	8.0	7.6	7.0

Table 4-2

EDO Internal Auditor Activity FY 2004 (each line represents a unique event)

Review maintenance and repair data	DFO
Audit Survey - research; efforts of other gov't.s	Admin Rules
Cellular Phone Policy	Dept.
Alternative Dispute Resolution Council	Dept.
Incentive Awards - review Dept. data	Dept.
Incentives - provide comments; discuss with HR; reconcile discrepancies	Dept.
Obtain and Provide data for Gen'l Svcs monthly audit	Purchasing
Review repair & maintenance data	DFO
Research - vehicle identification markers	DFO
Incentives Audit - reconcile LAG data	Dept.
Division Directors' Meeting	Dept.
Audit - Begin draft of customer survey template; interview staff	Admin Rules
Draft proposed language to R27-10-1	Dept.
Review and comment on LAG hiring practices recommendations	ITS
Grievance - interview manager; prepare ROD, draft notices	ITS
Attend committee; Dept. Legislative review meetings	Dept.
Attend committee meetings, Dept. Legislative Review meetings	Dept.
Audit -Revise, test Survey form; correct technical difficulties, interview staff	Admin. Rules
Grievance - conduct hearing, draft notes and recommendations	ITS
Attend Dept. Legislative Review meetings, Division Directors' Meeting	Dept
Grievance - distribute and discuss recommendation	ITS
Audit - check survey, obtain contacts; contact individuals selected to ensure responses	Admin Rules
Review Matrix impact sheet	DFO
Attend Legislative Committee meeting; Alternative Dispute Resolution Council Meeting	Dept
DFCM LAG Audit entrance	DFCM
GRAMA - meeting on proposed statutory changes	Dept
Review LAG exposure draft on incentives; discuss with Exec. Dir.;	Dept
Declare surplus rule effective	DFO
Interview staff re: statutory requirements	Admin Rules
Attend Division Directors' Mtg; Audit (LAG) subcommittee meeting; Daaily Dept. Leg. Review	Dept
Contact and distribute survey to sample of contacts willing to respond.	Admin Rules
Obtain most recent data on incentive awards	Dept
Obtain and Provide data for Gen'l Svcs monthly audit	Purchasing
Investigate Complaint from Western Mutual Insurance; prep findings , discuss with Exec. Dir.	Debt Collection
Review incentives data for HR group	Dept.
Follow-up for responses; tabulate responses	Admin Rules
DWS/Fleet meeting re: motor pool	DFO
Use of state seal	DFO
Explore possibility of access to DWS wage/labor database	Debt Collection
Division Directors' Meeting	Dept
Draft of audit report - Admin Rules	Admin Rules
Draft Amendments to R-28 (surplus property)	DFO
Draft Admin Rule audit report; clarify questions with staff	Admin Rules
Prepare for annual surplus audit- research program requirements	DFO
DFCM Debarment - begin investigation of allegation; review statutes	DFCM
Division Directors' Meeting	Dept
Debarment by DFCM	DFCM
Surplus - research program requirements, draft rule amendments requested	DFO
Admin Rules - continue report, meet w/ Director for additional comments	Admin Rules
Review incentive awards - policy compliance	Dept
Admin Rules report - re-draft in view of comments	Admin Rules
Review incentives data for policy compliance	

Surplus - Sale of firearms by Surplus Property; Fed Program eligibility, obtain PLUS data	DFO
Obtain and Provide data for Gen'l Svcs monthly audit	Purchasing
Convert policies to Rule	DFO
GRAMA appeal	Risk Mgmt
Review and assist with format of Telecom Warehouse Report	ITS
Review Plus Data, follow-up after data review	
Telecom Warehouse - meetings with author and supervisor to discuss report iterations	DFO
GRAMA seminar	ITS
Obtain clarification from Risk AG; finalize draft of appeal decision	Dept
Release and distribute Audit report	Risk
Begin conversion - draft rules based on DFO policies affecting others	
Surplus Federal Property Program - field work; bidder non-payment issue	Admin Rules
Alternative Dispute resolution council	DFO
MVRC	DFO
Surplus property - field work	Dept
Draft rules based on DFO policies	
Assist DWS in testing Uworks internal controls	DFO
Review DFCM Rules for Filing	DFO
Surplus Federal Program - field work	DFO
Research and draft rule amendment requested by DOPL	Dept
Surplus Federal Program - field work	
Draft rules based on DFO policies	DFCM
Exit - discuss audit with Div Dir and DAS Exec Dir	DFO
Attended ISF Rate Committee Presentations, Division Directors' Meeting	DFO
Review DFO rate committee report and data	
Review & Comment DHRM ADR Program guidelines	DFO
Surplus Federal Program - field work	DFO
Begin draft of Surplus Federal Program Audit Report	
UDOT claims - review files forwarded	Dept
Research vehicle use authorization; review use data on state officer vehicles	DFO
Rate Committee Meeting	Dept
Draft Surplus Federal Property Program Audit report	
Research - other jurisdictions - purchase cards and fleet issues	DFO
Attend Rules seminar	Debt collection
UDOT Claims - conduct interviews, prepare RODs, review documents	Dept
Obtain & transmit data for monthly General Services audit	
Investigate circumstances surrounding lost shipment of headsets	DFO
Review fuel and vehicle data; compile commute vehicle data	Dept
Assist in review of Voice/Aries/Tech process	Debt Collection
Review fuel and vehicle use data requested by DHS	
Investigate lost shipment of headsets	Purchasing
Obtain input, data and complete Governmental Operations Survey	Dept
Review and discuss department commute vehicle usage	
Risk Management training	ITS
Complete USASP fed program audit questions	DFO
Obtain and transmit audit data to: Gen'l Svcs, Publishing	
Edit Surplus Federal Program Report	Dept
Review proposed ITS Purchasing Policy	Dept
Amend proposed rules from policies after Div Dir review and comment	Risk
UDOT Claims - conduct telephone interviews and prepare RODs	DFO
Conference with GOPB re: fleet; follow up with requested info	Purchasing
Release and distribute Surplus Audit report	DFO
Assist in review of Voice/Aries/Tech process	ITS
Discuss new admin hearing process with OSDC counsel	DFO

Review and discuss requested gascard data with courts and fleet	DFO
Assist in review of Voice/Aries/Tech process	DFO
Begin investigation into anonymous allegations v. Risk Mgmt employee	DFO
UDOT Claims - draft RODs and decisions	ITS
Division Directors' Meeting	Debt Collection
Continue investigation of allegations v. Risk Mgmt Employee	DFO
Draft notices of hearing per new administrative hearing process	ITS
Assist in review of Voice/Aries/Tech process	Risk
Review and comment on proposed vehicel report for cabinet members	Debt Collection
Research - commute/work conditions benefit	Dept
Grama Request - ITS	Risk
Continue investigation of allegations v. Risk Mgmt Employee	Debt collection
Review and comment on proposed DFCM procurement ruels	DFO
Meet with state Auditor	DFO
Prepare notes, other docs, Discuss prelim results of investigation with Exec. Dir.	
Review newest iteration of summary vehicle report for Exec Dir.	ITS
Review OPB vehicle report	Risk
Assist in review of Voice/Aries/Tech process	DFCM
DES - request for vehicles	Dept
Review, recommend changes to memo outlining fleet expansion process	Risk
Discuss vehicle use standards	DFO
Research - ineffective counsel in parental defense	
Advise GOPB of director comments on report recommendations	ITS
research - commute use; Personal use of vehicles; higher ed exemption from consolidation?	DFO
Alternative Dispute Resolution Council	DFO
All terrain vehicles - purchased???	DFO
Research - govt. policies re: personal use of vehicles; personal use by law enforcement	Parental Defense
Research - ineffective counsel - consequences	DFO
ITS ATV purchase - no	Dept
Surplus property - discuss surplus processes to be instituted	ITS/DFO
Draft hearing notices for administrative hearings	
Obtain and transmit data for monthly audit by General Services	DFO
Research process for vehicle titles with surplus property	Parental Defense
Attend Rate Committee Meeting; Division Directors' Mtg; ADR Council Meeting	ITS/DFO
Continue research - vehicle titles with surplus property	DFO
Fleet rules - review proposed language recommended by MVRC members	Debt Collection
Finalize ITS Purchasing Policy	Purchasing
DEQ expansion request	DFO
Meet with ITS for input and issues with Purchasing Policy; request input by Purchasing	Dept
Review GSA report on Federal Surplus Property Program; dicuss with fleet	DFO
Review Rate Committee Minutes	DFO
Meetings re: breach of ITS systems	ITS
Prepare filing documents & File R28-1	DFO
Review proposed responses to GSA report, draft response cover letter	ITS
Continue research into vehicle titles with surplus	DFO
Review fleet rate spreadsheets	Dept
Conduct UDOT claim hearing, draft notes	
Obtain, transmit monthly purchasing audit data	DFO
Review fleet rate issues with Exec. Dir; discuss proposed response to GSA report	DFO
DEQ expansion vehicle	DFO
Meet with Genral Purchasing, discuss Pcard data requirements	DFO
Attend Archives dedication	Archives
Begin investigation - fleet claim v. U of U	RM

CHAPTER 5 AUTOMATED GEOGRAPHIC REFERENCE CENTER (AGRC)

Function The Automated Geographic Reference Center (AGRC) maintains and operates Utah's State Geographic Information Database (SGID). It works with other agencies of state government to collect and retain geospatial data. It assists agencies in culling information from that data using computer applications. It supports the state's Map Portal. Examples of its work include collection of high-resolution geographically correct images, mapping of rural RS-2477 roads, and determination of legislative district boundaries.

Statutory Authority The following laws govern operation of the AGRC:

UCA 63A-6-202 creates the AGRC as part of the division of Information Technology Services (ITS). The division is required to:

- Provide Geographic Information System (GIS) services to state agencies, federal government, local political subdivisions, and private persons under rules established by the division
- Manage the SGID
- Establish standard format, lineage, and other requirements for the database

The division may make rules, establish policies, and set fees for its services

UCA 63A-6-203 creates the State Geographic Information Database (SGID) to be managed by the AGRC. The database must:

- Serve as the central reference for all information contained in any GIS database by any state agency
- Serve as a clearing house and repository for all data layers required by multiple users
- Serve as a standard format for geographic information acquired, purchased, or produced by any state agency

UCA 63A-6 also stipulates that:

- Each agency that has geographic information data must inform the AGRC of the existence of the data and allow the center access to all public data.
- At least annually the Tax Commission must give the AGRC information on the creation or modification of political subdivisions.

UCA 63A-6-204 creates within the AGRC a subcommittee to award grants to counties to inventory and map RS-2477 rights-of-way.

Funding Detail

Prior to FY 2004, the AGRC was subsidized by revenue generated within the ITS Internal Service Fund. Beginning with FY 2004, the Legislature provided AGRC's entire budget as a direct appropriation. \$300,000 of the FY 2004 appropriation was one-time pending an ITS rate reduction equal to the amount previously subsidizing AGRC. The 2004 Legislature approved the rate reduction, so ITS internal service fund customers are no longer subsidizing the AGRC.

Automated Geographic Reference Center					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	376,600	456,700	360,600	371,500	387,200
General Fund, One-time	500,000	0	0	302,800	6,700
Federal Funds	0	0	0	552,200	500,000
Dedicated Credits Revenue	0	0	0	458,000	501,500
GFR - E-911 Emergency Serv	0	0	0	0	250,000
Lapsing Balance	0	0	0	(125,300)	0
Total	\$876,600	\$456,700	\$360,600	\$1,559,200	\$1,645,400
Categories of Expenditure					
Personal Services	0	0	0	817,700	751,600
In-State Travel	0	0	0	12,700	0
Out of State Travel	0	0	0	15,600	0
Current Expense	0	0	0	266,200	141,300
DP Current Expense	0	0	0	253,800	127,500
DP Capital Outlay	0	0	0	26,800	0
Other Charges/Pass Thru	876,600	456,700	360,600	166,400	625,000
Total	\$876,600	\$456,700	\$360,600	\$1,559,200	\$1,645,400
Other Data					
Total FTE	0.0	0.0	0.0	14.5	13.0

Figure 5-1

Special Funding

Table 5-2 below details the restricted account used by AGRC. The account was created in the 2004 General Session to be used beginning in FY 2005. The account therefore had a zero balance at the end of FY 2004.

Restricted Funds Summary - AGRC				
Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2004 Balance
GFR - E911 Emergency Serv	UCA 53-10-603	Telephone user fees	Enhance Public Safety; Statewide Wireless E911 Service	\$0

Figure 5-2

CHAPTER 6 DIVISION OF ADMINISTRATIVE RULES

Function	<p>The Division of Administrative Rules establishes procedures for administrative rulemaking, records administrative rules, and makes administrative rules available to the public. As a member of the Department of Administrative Services, the division administers the Utah Administrative Rulemaking Act and ensures state agencies comply with filing, publication and hearing procedures. To accomplish these mandates, the division provides training to agency rule writers and administrators, performs individual consultations, publishes a periodic newsletter and distributes the <i>Rulewriting Manual for Utah</i>. The Division also provides regular notices to agencies of rules due for five-year review, rules about to expire, or rules about to lapse.</p>
Statutory Authority	<p>The Utah Administrative Rulemaking Act is codified as UCA 63-46a and outlines the rulemaking process.</p> <ul style="list-style-type: none">➤ UCA 63-46a-2 defines a “rule” as an agency’s written statement that is explicitly or implicitly required by law, implements or interprets a state or federal mandate, and applies to a class of persons or another agency.➤ UCA 63-46a-3 requires each agency to maintain a current version of its rules and make it available to the public. Each agency must make rules when agency action authorizes or prohibits an action, provides or prohibits a material benefit, applies to a class of persons or another agency, and is explicitly or implicitly authorized by statute.➤ UCA 63-46a-3.5 gives agency rules the effect of law if they are properly established.➤ UCA 63-46a-4 outlines the proper rulemaking procedure. Subparagraph (3)(a) requires each agency to file its proposed rule and rule analysis with the Division of Administrative Rules. The division must publish the rule and rule analysis in its bulletin. The rule analysis must comment on fiscal impacts.➤ UCA 63-46a-9.5 creates the Division of Administrative Rules within the Department of Administrative Services.➤ UCA 63-46a-9.6 requires the division to maintain the official compilation of the Utah Administrative Code and be the repository for administrative rules.➤ UCA 63-46a-10 charges the division with the responsibility of regulating the filing, publishing, and hearing of proposed rules. It also requires the division to publish effective rules and proposed rule changes through two primary publications: the Utah Administrative Code and the Utah State Bulletin.➤ UCA 63-46a-11 creates a legislative Administrative Rules Review Committee to exercise continuous oversight of the rulemaking process.

The *Utah State Bulletin* acts as state government’s main means of notifying the public of rules being proposed by state agencies as well as the basic tool for soliciting public comment. The Bulletin, issued electronically on the first and fifteenth each month, is Utah's version of the Federal Register. In addition to proposed rules, the Bulletin includes emergency rules, notices of five-year reviews, effective notices, other public notices from state agencies, indexes of effective rules, and executive orders.

The *Utah Administrative Code* provides a unified source for effective rules with which state government, local entities and citizens are required to comply. The Code is Utah's version of the Code of Federal Regulations. The Code is available electronically over the Internet. Print and CD-ROM versions are available from private source vendors. In addition to effective rules, the printed Code contains research aids such as indexes, tables that correlate statutes and rules, case annotations, and history notes.

Intent Language

The Legislature adopted the following intent language in the FY 2005 Appropriations Act (S.B. 1), and in the FY 2004 Supplemental Appropriations Act (H.B. 1):

It is the intent of the Legislature that funds for Administrative Rules shall not lapse and that those funds may be used to fund an FTE or contract position on a temporary basis.

Accountability

Administrative rules have the effect of law – implying that they might have a fiscal impact on state government or on citizens and businesses. The division enacted amendments to Section R15-4-10, outlining the detail necessary in answering the budget-related questions required by law. Further, UCA 63-46a-11 creates an Administrative Rules Review Committee to exercise continuous oversight of the rulemaking process.

Performance Data Summary - Division of Administrative Rules					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Public Access to Rules	Output		208,301	
	Rule Filings by Fiscal Year	Output		907	
	Rules in Effect	Output		1,746	
	Filings Needing Correction	Output		41.6%	

Table 6-1

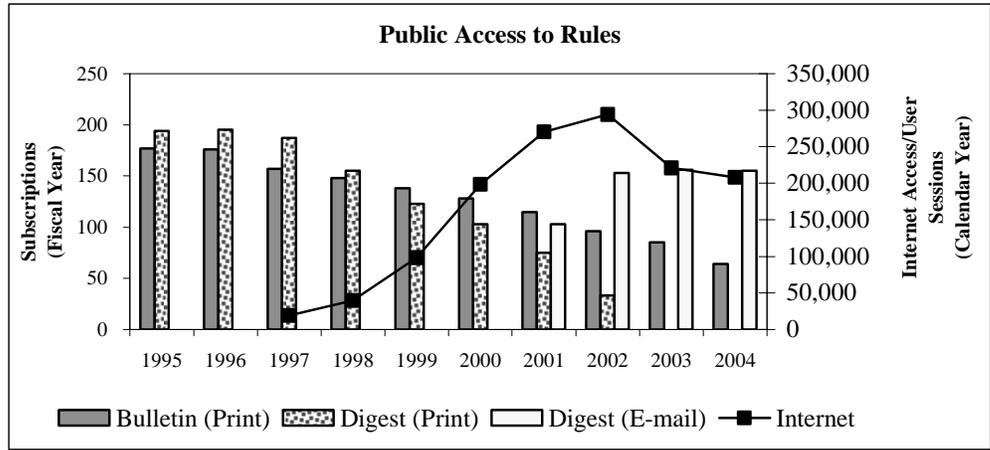


Figure 6-1

Note: This data is provided on a calendar-year basis; 2004 numbers are as of November 17, 2004. The downturn in Internet access in 2003 coincided with the state’s shift to the “utah.gov” domain name. Monthly statistics showed that usage took several months to rebound, as users and search engines adjusted to the new name. It is expected that by December 31, 2004, Internet usage will be slightly above 2003. The contract for the paper bulletin was terminated on April 6, 2003.

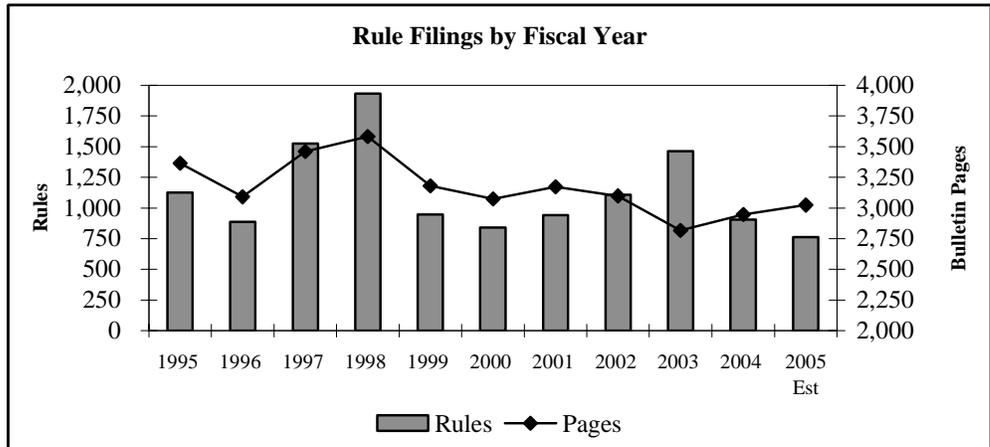


Figure 6-2

The division counts numbers of rules filed and the number of rules in effect, and reports the types of rules modified or proposed each year. Annual rule filings have more than doubled since FY 1988, but pages printed in the bulletin have declined. However, with the termination of the contract for the paper bulletin, the cap on the number of pages has been removed and thus the number of pages has increased since FY 2003. Other factors affecting number of pages include complexity of rules, number of rules due for five-year review, and the length of fiscal commentary attached to each rule.

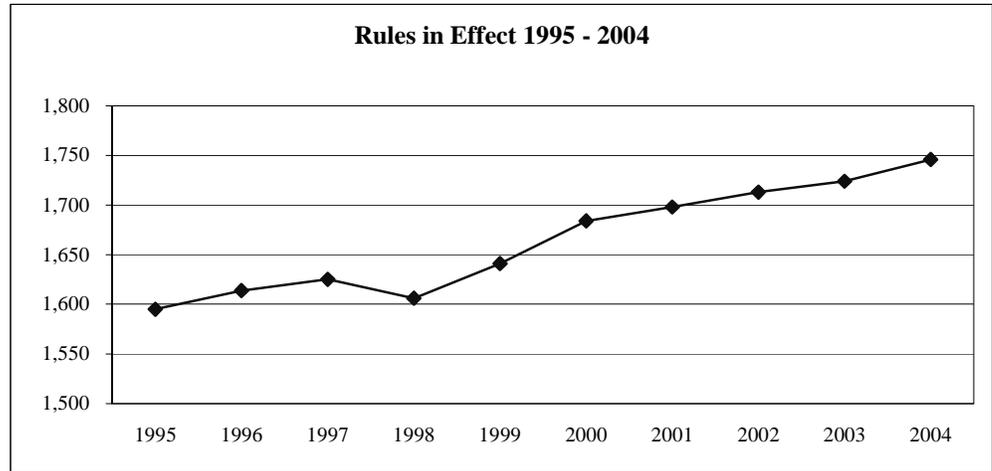


Figure 6-3

From FY 1995 through 2004 the division maintained an average of 1,665 effective rules. Annual growth in the number of effective rules averaged one percent in the same timeframe. Cumulative growth in the number of effective rules over the same period is 9.7 percent.

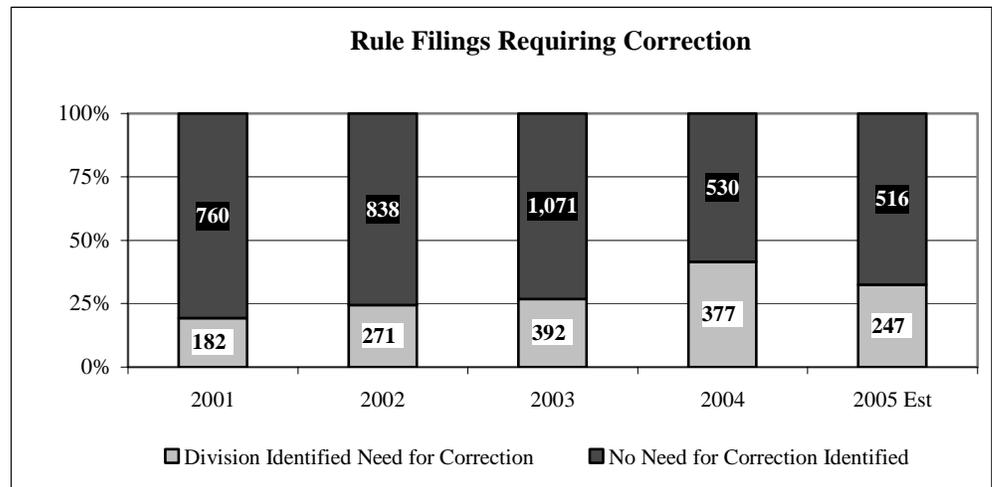


Figure 6-4

The division processes an average of almost 1,200 rule filings per year with four staff members. The division also provides information to the Administrative Rules Committee, and publishes the Utah State Bulletin and Administrative Code. The division does not have time nor staff to analyze every rule for accuracy and legality. However, over the past year the division noted an increase in rules filed with technical inaccuracies. More than forty percent of rules filed in FY 2004 required correction by the originating agency. If left unchecked, this could result in the need for additional employees at the division with the sole responsibility of reviewing rules for accuracy. This is not the highest and best use of funds since this is a responsibility of the submitting agencies.

Funding Detail

UCA 63-46a-10(5) gives this budget nonlapsing authority. To offset rising workload issues within the division, the 2004 Legislature provided \$55,000 in one-time General Funds to hire contract employees to assist with preparation and publication of rules.

Administrative Rules					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	267,400	271,700	272,200	279,700	285,500
General Fund, One-time	0	0	0	55,800	2,100
Transfers	93,000	0	0	0	0
Beginning Nonlapsing	30,800	13,700	5,300	8,200	0
Closing Nonlapsing	(13,700)	(5,300)	(8,200)	(58,000)	0
Total	\$377,500	\$280,100	\$269,300	\$285,700	\$287,600
Programs					
DAR Administration	353,600	255,000	254,000	285,700	287,600
Rules Publishing	23,900	25,100	15,300	0	0
Total	\$377,500	\$280,100	\$269,300	\$285,700	\$287,600
Categories of Expenditure					
Personal Services	227,800	232,900	236,900	248,500	241,800
In-State Travel	0	200	0	0	0
Out of State Travel	1,800	1,200	0	3,300	2,300
Current Expense	33,400	24,800	19,100	17,000	15,600
DP Current Expense	114,500	21,000	13,300	16,900	27,900
Total	\$377,500	\$280,100	\$269,300	\$285,700	\$287,600
Other Data					
Total FTE	4.0	4.0	4.0	4.1	4.0

Table 6-2

CHAPTER 7 DIVISION OF FACILITIES CONSTRUCTION AND MANAGEMENT – ADMINISTRATION**Function**

The Division of Facilities Construction and Management (DFCM) is the building manager for all state owned facilities. The division is responsible for all aspects of construction for state buildings and assists the Building Board in developing its recommendations for capital development projects and in allocating capital improvement funds.

Statute (UCA 63A-5-104) defines “capital developments” as any of the following:

1. Remodeling, site, or utility projects with a total cost of \$1,500,000 or more
2. New facility with total construction cost of \$250,000 or more, regardless of funding source, or
3. Purchase of real property where an appropriation is requested

Statute defines “capital improvement” as:

1. Remodeling, repair, site, or utility project costing less than \$1,500,000
2. New facility with total construction cost less than \$250,000

As the State Building Manager, the Director of DFCM oversees the following activities:

- construction of state buildings
- space utilization studies
- establishment of statewide space standards
- agency and institution master planning
- staff support for the State Building Board
- lease administration

Statutory Authority

As described in UCA 63A-5-Part 2, DFCM, under the general powers of the director, has the following broad responsibilities:

- Exercise direct supervision over the design and construction of all new facilities, and all alterations, repairs, and improvements to existing facilities if the total project construction cost exceeds \$100,000 regardless of funding source. *Exceptions* are made for the Capitol Preservation Board, research parks at the University of Utah and Utah State University, This is the Place State Park, other agencies to whom the Building Board may delegate such control on a project by project basis, and donated buildings on donated land for higher education whose maintenance will not require state funds.
- Direct or delegate maintenance and operations, preventive maintenance, and facility inspection programs for any agency *except* the Capitol Preservation Board and institutions of higher education.

- Lease, in the name of the division, all real property space to be occupied by an agency.
- Evaluate each lease under the division's control to determine whether or not the lease is cost effective, sufficiently flexible, and competitive. *Exception:* The Board of Regents must establish its own written lease policies which must be followed by higher education institutions.
- Recommend rules to the executive director for use and management of facilities and grounds owned or occupied by the state for use of its departments and agencies.
- Supervise and control the allocation of space, in accordance with legislative directive, to the various state agencies. *Exceptions* are made for Capitol Hill facilities, legislative areas, judicial area, public and higher education systems. In allocating space, the division must conduct studies to determine the actual needs of each agency.
- Acquire and hold title to, in the name of the division, all real property, buildings, fixtures, or appurtenances owned by the state. The division does not need legislative approval for acquisitions that cost less than \$250,000. *However*, the following agencies may hold title to any real property held by them:
 - Office of Trust Administrator
 - Department of Transportation
 - Division of Forestry, Fire and State Lands
 - Department of Natural Resources
 - Utah National Guard
 - Any vocational center or other State Board of Education institution
 - Any institution of higher learning
 - School and Institutional Trust Lands Administration
- Collect and maintain all deeds, abstracts of title, and all other documents showing title to or interest in property belonging to the state, *except* higher education institutions and SITLA.
- Enter into contracts for any work or professional services which the division or the State Building Board may require.
- Ensure that state-owned facilities, *except* Capitol Preservation Board facilities, are life cycle cost-effective. "Life cycle cost effective" is defined as the lowest cost of owning and operating a facility over a 25-year period.
- Submit cost summary data for capital development and improvement projects to the Office of the Legislative Fiscal Analyst.
- Supervise the expenditure of funds in providing plans, engineering specifications, sites, and construction of buildings as authorized by the Legislature.

- Hold contingency and reserve funds set aside from construction projects.
- Use one percent of the amount appropriated for construction of any new building for the Utah Percent-for-Art program.
- Upon legislative approval, transfer \$100,000 annually from project reserves to the General Fund to pay for personal service expenses associated with the management of construction projects.

Funding Detail

During the 2002 General Session the Legislature shifted funding sources for DFCM Administration from the General Fund to the Project Reserve Fund and Contingency Reserve Fund.

- The Project Reserve Fund receives state funds resulting from construction bids coming in under the amount budgeted for construction. This fund also receives any residual funds left over in the project. This reserve may only be used by DFCM to award construction bids that exceed the amount budgeted. However, the Legislature retains the right to make appropriations from the fund for other building needs, including the cost of administration.
- The Contingency Reserve Fund receives state funds budgeted for contingencies. The amount budgeted is based on a sliding scale percentage of the construction cost which ranges from 4.5 percent to 9.5 percent based on the size and complexity of the project. The Contingency Reserve is used to fund all unforeseen project costs, except the award of construction bids that exceed the construction budget. The primary use of this reserve is to fund construction change orders. Other uses include covering actual costs which exceed amounts budgeted for design, testing services, soils investigations, surveys, and construction insurance. The Legislature may reappropriate these funds to other building needs, including administrative costs, any amount that is determined to be in excess of the reserve required to meet future contingency needs (see UCA 63A-5-209).

Table 7-1 summarizes funding for the five programs in this line item.

DFCM Administration					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	3,198,100	2,806,700	81,300	81,300	81,300
Dedicated Credits Revenue	133,200	154,300	598,300	1,115,700	0
Dedicated Credits - Intragvt Rev	407,300	428,100	0	0	0
Transfers	200,000	100,000	0	0	0
Capital Project Fund	0	0	3,086,600	966,900	3,956,700
Project Reserve Fund	0	200,000	0	1,699,500	0
Beginning Nonlapsing	700	700	0	0	0
Closing Nonlapsing	(700)	0	0	0	0
Lapsing Balance	0	(12,200)	(223,400)	(62,500)	(87,400)
Total	\$3,938,600	\$3,677,600	\$3,542,800	\$3,800,900	\$3,950,600
Programs					
DFCM Administration	3,089,800	2,986,900	2,863,200	3,090,900	3,134,500
Governor's Mansion	30,000	27,000	0	0	0
Preventive Maintenance	133,200	154,300	170,200	153,500	154,500
DUP Museum	108,000	0	0	0	0
Governor's Residence	81,300	81,300	81,300	81,300	81,300
Green House	30,000	0	0	0	0
Council Hall	59,000	0	0	0	0
DFCM HazMat	0	0	0	80,200	94,500
Roofing and Paving	407,300	428,100	428,100	395,000	485,800
Total	\$3,938,600	\$3,677,600	\$3,542,800	\$3,800,900	\$3,950,600
Categories of Expenditure					
Personal Services	3,167,100	2,990,300	2,926,500	3,071,900	3,165,800
In-State Travel	65,700	52,200	56,100	77,000	74,200
Out of State Travel	17,000	15,400	10,300	8,800	25,200
Current Expense	535,000	356,200	335,400	387,700	379,300
DP Current Expense	147,500	257,900	202,600	249,300	306,100
DP Capital Outlay	0	0	6,300	6,200	0
Capital Outlay	6,300	0	5,600	0	0
Other Charges/Pass Thru	0	5,600	0	0	0
Total	\$3,938,600	\$3,677,600	\$3,542,800	\$3,800,900	\$3,950,600
Other Data					
Total FTE	46.6	43.0	42.0	41.8	42.0
Vehicles	8	8	9	9	9

Table 7-1

PROGRAMS – DFCM ADMINISTRATION

ADMINISTRATION

Function

This program administers the development of state-owned facilities for all state entities from the initial request through completion of construction and resolution of warranty items. This includes management of capital development and improvement projects for all state entities including higher education and state-level entities within public education. This program contracts with private architects, engineers, and contractors to accomplish its work. Funding for capital projects is provided separately.

This program also handles all real property transactions for most state entities except those exempted by statute. This includes leasing, acquisitions, and dispositions. This program works with other agencies to provide financing for state facilities. This program also provides general administrative support for the division.

Accountability

Performance Data Summary - DFCM Administration					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Project Reserve Fund Bal	Outcome		\$4,390,800	
	Contingency Reserve Bal	Outcome		\$6,380,100	
	Construction Project Expenditures per FTE	Efficiency		\$3,072,000	
	Snapshot of Workload	Output		See Below	

Table 7-2

Fiscal year ending balances for the two reserve funds were:

<u>Fund Name</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Project Reserve	\$3,859,300	\$3,585,100	\$4,390,800
Contingency Reserve	\$4,330,500	\$6,149,600	\$6,380,100

These two funding sources are traditionally used to ensure projects are completed successfully. Excess balances have been used to fund all or part of projects and administrative costs in past years. The fact that this money is available is a testament to DFCM’s management over the last three years. Balances accrue in these funds only when projects come in under budget or when bids are lower than expected. However, the construction climate (inflation, materials costs, contract costs) may impact reserve amounts as much as DFCM’s management.

CONSTRUCTION PROJECT EXPENDITURE PER FTE

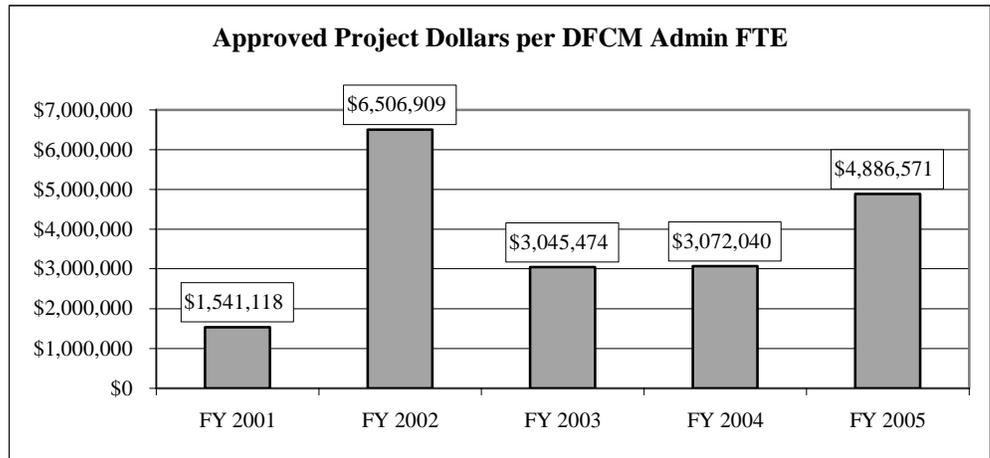


Figure 7-1

SNAPSHOT OF DFCM'S CURRENT WORKLOAD

DIVISION OF FACILITIES CONSTRUCTION AND MANAGEMENT			
Open Projects As Of October 19, 2004			
Agency/Institution	Amount	Projects	Average Project
Alcoholic Beverage Control	\$10,691,200	19	\$562,695
Agriculture	\$155,700	2	\$77,850
Ag - State Fairpark	\$277,000	4	\$69,250
Corrections	\$21,151,800	23	\$919,643
Courts	\$22,696,700	19	\$1,194,563
DCED	\$60,000	2	\$30,000
DEQ	\$384,600	1	\$384,600
DFCM Projects	\$85,533,700	52	\$1,644,879
DNR Parks & Recreation	\$27,950,100	20	\$1,397,505
DNR Wildlife Resources	\$3,849,800	10	\$384,980
Ed - Bridgerland ATC	\$360,900	2	\$180,450
Ed - Davis ATC	\$504,700	4	\$126,175
Ed - Deaf and Blind School	\$35,400	1	\$35,400
Ed - Ogden/Weber ATC	\$1,299,300	2	\$649,650
Ed - Uintah Basin ATC	\$189,600	2	\$94,800
Ed - Other	\$32,400	1	\$32,400
Health	\$11,260,900	12	\$938,408
State Hospital	\$16,027,000	5	\$3,205,400
Development Center	\$3,894,000	7	\$556,286
Youth Corrections	\$11,980,100	8	\$1,497,513
Human Services Other	\$597,000	2	\$298,500
National Guard	\$8,316,500	56	\$148,509
Public Safety	\$1,894,100	7	\$270,586
Transportation	\$3,615,700	16	\$225,981
CEU	\$4,405,800	6	\$734,300
Dixie	\$19,282,100	10	\$1,928,210
SLCC	\$30,285,100	20	\$1,514,255
Snow College	\$22,750,800	11	\$2,068,255
Southern Utah University	\$15,038,300	16	\$939,894
University of Utah	\$211,954,900	12	\$17,662,908
Utah State University	\$93,499,100	19	\$4,921,005
UVSC	\$18,228,300	11	\$1,657,118
Weber State University	\$18,706,100	29	\$645,038
Workforce Services	\$5,193,700	15	\$346,247
Subtotal	\$672,102,400	426	\$1,577,705
Delegated Projects			
University of Utah	\$133,194,700	33	\$4,036,203
Utah State University	\$5,358,000	19	\$282,000
Subtotal Delegated	\$138,552,700	52	\$2,664,475
Exempted Projects			
Capitol Preservation Bd	\$134,216,600	9	\$14,912,956
Total	\$944,871,700	487	\$1,940,188.30

Source: DFCM Control Worksheets

Table 7-3

Funding Detail

General Funds were eliminated from this program after FY 2002. Dedicated Credits used in FY 2004 were Capital Improvement Funds. “Capital Project Fund” in FY 2005 represents Contingency Reserve Funds, Project Reserve Funds, and Capital Improvement Funds.

DFCM Administration					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	2,889,800	2,698,400	0	0	0
Dedicated Credits Revenue	0	0	0	487,000	0
Transfers	200,000	100,000	0	0	0
Capital Project Fund	0	0	3,086,600	966,900	3,221,900
Project Reserve Fund	0	200,000	0	1,699,500	0
Beginning Nonlapsing	700	700	0	0	0
Closing Nonlapsing	(700)	0	0	0	0
Lapsing Balance	0	(12,200)	(223,400)	(62,500)	(87,400)
Total	\$3,089,800	\$2,986,900	\$2,863,200	\$3,090,900	\$3,134,500
Categories of Expenditure					
Personal Services	2,743,800	2,545,000	2,456,200	2,582,000	2,647,300
In-State Travel	53,400	43,900	47,700	61,400	54,600
Out of State Travel	9,800	8,800	6,300	8,800	8,900
Current Expense	142,500	141,200	149,100	189,500	136,100
DP Current Expense	140,300	248,000	197,600	243,000	287,600
DP Capital Outlay	0	0	6,300	6,200	0
Total	\$3,089,800	\$2,986,900	\$2,863,200	\$3,090,900	\$3,134,500
Other Data					
Total FTE	39.0	35.0	35.0	32.3	34.0
Vehicles	3	3	3	2	2

Table 7-4

PREVENTIVE MAINTENANCE

Function

Preventive Maintenance includes those functions that prolong the life cycle of mechanical equipment, electrical systems, roofs, floors, and other safety systems. The division has responsibility to ensure that all state owned facilities are on a preventive maintenance schedule. The program oversees Facility Condition Assessments and manages the Facility Audit program.

Facility Condition Assessments measure physical building needs

Facility Condition Assessments (FCAs) provide information on repair and improvement of state facilities. To date, contract engineers surveyed more than 25 million square feet of space and provided recommendations to the building board regarding future capital improvement needs. Approximately eighty-five percent of capital improvement funding is driven by the FCA program.

Facility Audits measure maintenance programs

Facility Audits measure progress on routine maintenance issues. As originally designed, the program measured the process of maintaining a facility with little or no regard to physical condition. Once agencies learned how to better comply with maintenance standards DFCM began to add building condition to

the scoring criteria. The logic is that the beginning point for any maintenance program is to set a standard. Once an agency achieves a sustainable level of performance they will begin to show the building in better shape.

Funding Detail

This program is funded entirely from Capital Improvement Funds (shown as Dedicated Credits prior to FY 2005 and as Capital Project Funds in FY 2005).

Preventive Maintenance					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits Revenue	133,200	154,300	170,200	153,500	0
Capital Project Fund	0	0	0	0	154,500
Total	\$133,200	\$154,300	\$170,200	\$153,500	\$154,500
Categories of Expenditure					
Personal Services	108,300	116,900	141,900	124,200	121,600
In-State Travel	4,200	3,000	3,100	5,500	2,900
Out of State Travel	2,300	4,500	1,900	0	7,000
Current Expense	14,600	22,000	20,300	21,300	18,300
DP Current Expense	3,800	7,900	3,000	2,500	4,700
Total	\$133,200	\$154,300	\$170,200	\$153,500	\$154,500
Other Data					
Total FTE	2.0	2.0	2.0	2.6	2.0
Vehicles	1	1	2	2	2

Table 7-5

GOVERNOR'S RESIDENCE

Function

This program funds security and other costs associated with maintaining the Mansion as a ceremonial gathering place. Actual costs of maintaining the residence are funded through a separate budget.

Funding Detail

There are no personal services costs in this program, though some contract personnel may be used. As of the end of FY 2002, this is the only program in the line item that has a General Fund base appropriation.

Governor's Residence					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
General Fund	81,300	81,300	81,300	81,300	81,300
Total	\$81,300	\$81,300	\$81,300	\$81,300	\$81,300
Categories of Expenditure					
Current Expense	81,300	81,300	81,300	81,300	81,300
Total	\$81,300	\$81,300	\$81,300	\$81,300	\$81,300

Table 7-6

DFCM HAZMAT

Function This program funds DFCM’s and the Building Board’s prioritized hazardous material abatement needs in conjunction with agencies.

Funding Detail Until Fiscal Year 2004 this program was funded in the internal service fund. The program receives money from Capital Improvement Funds. Utah Correctional Industries provides a source of low-cost labor, allowing the program to stretch resources.

DFCM HazMat					
	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Sources of Finance					
Dedicated Credits Revenue	0	0	0	80,200	0
Capital Project Fund	0	0	0	0	94,500
Total	\$0	\$0	\$0	\$80,200	\$94,500
Categories of Expenditure					
Personal Services	0	0	0	64,000	65,100
In-State Travel	0	0	0	2,500	4,000
Out of State Travel	0	0	0	0	1,700
Current Expense	0	0	0	13,700	22,900
DP Current Expense	0	0	0	0	800
Total	\$0	\$0	\$0	\$80,200	\$94,500
Other Data					
Total FTE	0.0	0.0	0.0	1.1	1.0
Vehicles	0	0	0	1	1

Table 7-7

ROOFING AND PAVING

Function The roofing and paving program began in FY 1998 as a means to improve the life cycle of state facilities. In addition to inspections, repairs, and maintenance, the program is responsible for identifying, specifying, and managing all roofing and paving projects.

This program was initiated to address the following issues:

- The state’s roofs and parking lots were failing prematurely, resulting in early replacement
- Inspections for new and replacement construction were not being conducted consistently or timely
- The Utah Correctional Industries roofing repair program was underutilized and needed more projects

Accountability The last three years have seen the cost per project drop significantly. While the complexity of projects can impact price, the trend is significant enough to show that the management program at DFCM is providing value to the taxpayer. One factor that drives down the cost per project is the increasing number of projects. More projects can create economies of scale that lower

prices through combined bidding. Another factor is the maintenance program that addresses issues early to prevent them from becoming major issues.

Performance Data Summary - Roofing and Paving					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Number of Projects	Output		717	
	Cost per Project	Efficiency		\$10,010	

Table 7-8

Roofing and Paving Project History						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Roofing	125	170	188	272	394	492
Paving	177	206	224	190	180	225
Total Projects	302	376	412	462	574	717
Program Budget	\$8,610,800	\$7,952,000	\$6,908,000	\$7,240,900	\$7,725,800	\$7,176,900
Cost per Project	\$28,513	\$21,149	\$16,767	\$15,673	\$13,460	\$10,010

Table 7-9

Funding Detail

In prior years, management of this program came through the internal service fund program within DFCM even though funding came from capital improvements. The division’s 2002 reorganization moved this program under the capital improvements director. It is still funded with capital improvement monies.

Roofing and Paving					
	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Sources of Finance					
Dedicated Credits Revenue	0	0	428,100	395,000	0
Dedicated Credits - Intragvt Re	407,300	428,100	0	0	0
Capital Project Fund	0	0	0	0	485,800
Total	\$407,300	\$428,100	\$428,100	\$395,000	\$485,800
Categories of Expenditure					
Personal Services	315,000	328,400	328,400	301,700	331,800
In-State Travel	8,100	5,300	5,300	7,600	12,700
Out of State Travel	4,900	2,100	2,100	0	7,600
Current Expense	69,600	84,700	84,700	81,900	120,700
DP Current Expense	3,400	2,000	2,000	3,800	13,000
Capital Outlay	6,300	0	5,600	0	0
Other Charges/Pass Thru	0	5,600	0	0	0
Total	\$407,300	\$428,100	\$428,100	\$395,000	\$485,800
Other Data					
Total FTE	5.6	6.0	5.0	5.8	5.0
Vehicles	4	4	4	4	4

Table 7-10

CHAPTER 8 DIVISION OF STATE ARCHIVES**Function**

The Utah State Archives is the repository for official records of the State and its political subdivisions. The division serves state government and the public by managing records created by the legislative, judicial, and executive branches. Records created by government agencies are divided into record series, or documents of like purpose, that reflect the various functions of the agency.

The Division of Archives is the official custodian of all non-current public records of permanent value that are not required by law to remain in the custody of the agency of origin.

The State Archives building is located at 346 S. Rio Grande, Salt Lake City. This location contains the administrative offices, archival records, and research room. The former location on Capitol Hill is currently vacant and is scheduled for demolition in March, 2005 as part of the Capitol campus renovation.

The State Records Center is located at 2341 S. 2300 W., Salt Lake City. This location warehouses governmental records for all state and local agencies.

Statutory Authority

UCA 63-2-901 defines the duties of the Division of Archives and Records Service:

- Administer the state's archives and records management programs, including storage of records, central microphotography programs, and quality control.
- Apply fair, efficient and economical management methods.
- Establish standards, procedures and techniques for best management of records.
- Conduct surveys of office operations and recommend improvements in current records management practices.
- Establish schedules for storing and disposing of records.
- Establish, maintain, and operate centralized microphotography lab facilities and quality control for the state.
- Develop training programs to assist records officers and other interested officers of governmental entities.
- Follow directions from the executive director of the department.
- Provide access to public records deposited in the archives

UCA 63-2-902 requires the state archivist to be qualified by archival training, education and experience. Further, the archivist is charged with custody of important documents, some of which are:

- Enrolled copy of the state constitution

- Acts and resolutions passed by the Legislature
- Journals of the Legislature
- Indian War records

UCA 63-2-906 requires State Archives to furnish certified copies of a record in its exclusive custody that is classified “public.”

UCA 63-2-909 requires any record to be presumed “public” 75 years after its creation, except a record that contains information about an individual 21 years old or younger must wait 100 years.

Funding Detail

During the 2004 General Session the Legislature used internal department reallocations to fund \$94,800 operation and maintenance costs associated with the new Archives facility, and \$10,200 for rent increases at the state records center.

The following table summarizes funding for the five programs in this line item:

State Archives					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	1,873,500	1,986,700	2,000,400	1,868,800	2,011,400
General Fund, One-time	17,800	0	0	5,500	14,000
Dedicated Credits Revenue	7,500	21,900	39,600	34,100	41,100
Beginning Nonlapsing	95,200	63,100	7,400	65,400	0
Closing Nonlapsing	(63,100)	(7,400)	(65,400)	(23,800)	0
Lapsing Balance	0	0	(8,300)	0	0
Total	\$1,930,900	\$2,064,300	\$1,973,700	\$1,950,000	\$2,066,500
Programs					
Archives Administration	458,500	556,800	529,400	438,200	509,300
Records Analysis	305,300	322,800	269,700	324,000	333,000
Preservation Svcs	313,900	296,900	298,300	293,700	311,400
Patron Services	390,900	387,700	369,400	474,600	428,300
Records Services	462,300	500,100	506,900	419,500	484,500
Total	\$1,930,900	\$2,064,300	\$1,973,700	\$1,950,000	\$2,066,500
Categories of Expenditure					
Personal Services	1,403,200	1,452,800	1,353,300	1,324,500	1,447,400
In-State Travel	3,700	4,700	7,500	5,600	3,400
Out of State Travel	8,000	8,200	3,800	4,400	8,200
Current Expense	386,700	426,600	384,700	447,300	463,600
DP Current Expense	127,600	169,100	130,000	137,200	138,900
Capital Outlay	0	0	91,700	30,500	0
Other Charges/Pass Thru	1,700	2,900	2,700	500	5,000
Total	\$1,930,900	\$2,064,300	\$1,973,700	\$1,950,000	\$2,066,500
Other Data					
Total FTE	34.5	33.0	31.0	29.3	28.0
Vehicles	1	1	1	1	1

Table 8-1

PROGRAMS – DIVISION OF STATE ARCHIVES

ADMINISTRATION

Function This program provides management, strategic planning, organizational development and public relations for the division. This program develops the state’s system for records management and storage. This program is responsible for budget and accounting procedures. The director of Archives is the governor’s representative on the State Records Committee Board.

Intent Language During the 2004 General Session the Legislature adopted the following intent language in Senate Bill 1:

It is the intent of the Legislature that funds for State Archives shall not lapse and that those funds shall be used to digitize and microfilm documents generated by former Utah governors for preservation and access.

Funding Detail Funding increases reflect legislative actions in the 2004 General Session for facility cost increases.

Archives Administration					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	426,400	501,100	530,300	460,600	507,800
General Fund, One-time	0	0	0	1,400	1,500
Beginning Nonlapsing	95,200	63,100	7,400	0	0
Closing Nonlapsing	(63,100)	(7,400)	0	(23,800)	0
Lapsing Balance	0	0	(8,300)	0	0
Total	\$458,500	\$556,800	\$529,400	\$438,200	\$509,300
Categories of Expenditure					
Personal Services	267,200	293,200	230,200	189,600	198,600
In-State Travel	2,200	2,900	7,200	5,600	3,400
Out of State Travel	5,000	5,400	3,800	4,400	8,200
Current Expense	61,000	86,200	66,300	70,900	157,700
DP Current Expense	123,100	169,100	127,500	137,200	136,400
Capital Outlay	0	0	91,700	30,500	0
Other Charges/Pass Thru	0	0	2,700	0	5,000
Total	\$458,500	\$556,800	\$529,400	\$438,200	\$509,300
Other Data					
Total FTE	6.0	4.0	4.0	2.9	3.0
Vehicles	1	1	1	1	1

Table 8-2

RECORDS ANALYSIS

Function

The Records Analysis section provides consulting services to state agencies in the management of their records. This responsibility includes retention scheduling, freedom of information and privacy classification, staffing of the State Records Committee, and records and information management training.

Accountability

Performance Data Summary - Archives Records Analysis					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Training Sessions	Output		100	
	Training Attendees	Output		1,100	
	Record Mgt Consultations	Output		1,300	

Table 8-3

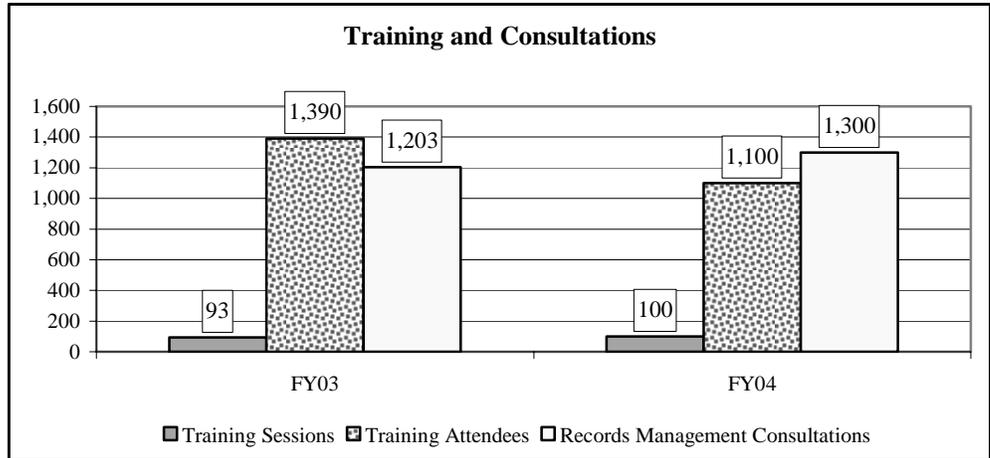


Figure 8-1

Funding Detail

All revenues come from the General Fund.

Records Analysis					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	305,300	322,800	269,700	322,700	329,900
General Fund, One-time	0	0	0	1,300	3,100
Total	\$305,300	\$322,800	\$269,700	\$324,000	\$333,000
Categories of Expenditure					
Personal Services	296,500	316,200	267,400	276,100	330,700
In-State Travel	1,000	1,300	200	0	0
Out of State Travel	2,200	1,700	0	0	0
Current Expense	3,900	700	2,100	47,400	2,300
Other Charges/Pass Thru	1,700	2,900	0	500	0
Total	\$305,300	\$322,800	\$269,700	\$324,000	\$333,000
Other Data					
Total FTE	7.0	7.0	6.0	5.3	6.0

Table 8-4

PRESERVATION SERVICES

Function

This program is responsible for providing microfilming services to state agencies and quality assurance to agencies that possess their own microfilm cameras. Consulting services are provided to all state agencies for their microfilming needs.

Items sold by State Archives primarily include microfilming and duplication of microfilm records. Costs charged represent the actual costs of State Archives in providing these services.

Accountability

Performance Data Summary - Archives Preservation Services					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Images Microfilmed	Output		919,194	

Table 8-5

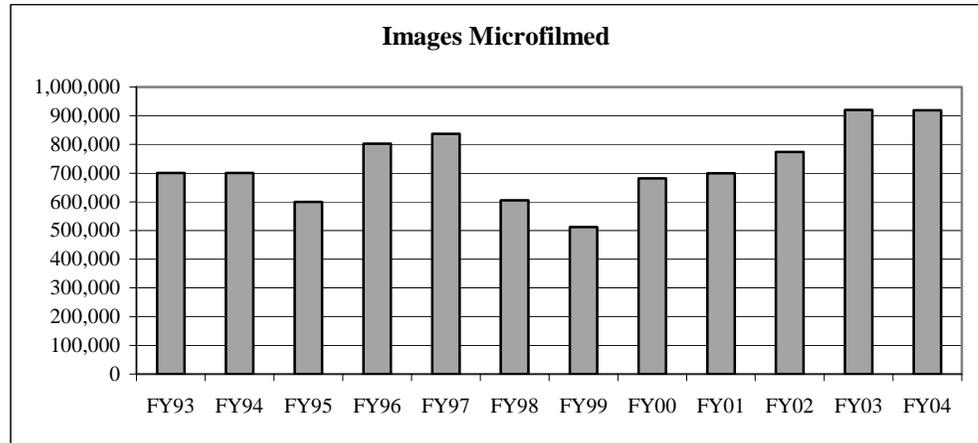


Figure 8-2

Funding Detail

Dedicated Credits come primarily from sales of copies of microfilmed records.

Preservation Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	296,100	280,700	292,800	239,600	273,400
General Fund, One-time	17,800	0	0	700	2,800
Dedicated Credits Revenue	0	16,200	32,400	26,500	35,200
Beginning Nonlapsing	0	0	0	26,900	0
Closing Nonlapsing	0	0	(26,900)	0	0
Total	\$313,900	\$296,900	\$298,300	\$293,700	\$311,400
Categories of Expenditure					
Personal Services	238,400	242,300	265,300	276,700	275,700
In-State Travel	500	500	100	0	0
Out of State Travel	300	0	0	0	0
Current Expense	74,700	54,100	32,900	17,000	35,700
Total	\$313,900	\$296,900	\$298,300	\$293,700	\$311,400
Other Data					
Total FTE	7.0	7.0	7.0	7.6	6.0

Table 8-6

PATRON SERVICES

Function

This program is responsible for providing access to all records managed by the division. Staff develops "finding aids" to make existing materials more accessible to researchers. This program creates inventories, guides and indexes, and describes and catalogs important and historically valuable record collections. It also manages the permanent collection in the new Archives repository. Items sold by State Archives include copies of such records as divorce decrees and military discharge records. Both the general public and state agencies access records from archives.

Accountability

Performance Data Summary - Archives Patron Services					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Records Requested	Output		4,162	

Table 8-7

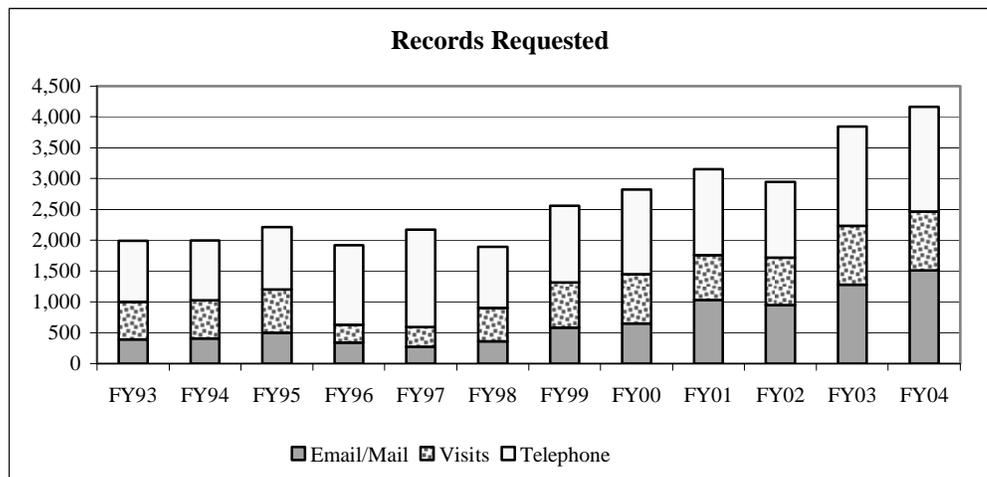


Figure 8-3

Funding Detail

Dedicated Credits in this program are the result of sales of copies of archived records.

Patron Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	383,400	382,000	400,700	427,700	418,800
General Fund, One-time	0	0	0	800	3,600
Dedicated Credits Revenue	7,500	5,700	7,200	7,600	5,900
Beginning Nonlapsing	0	0	0	38,500	0
Closing Nonlapsing	0	0	(38,500)	0	0
Total	\$390,900	\$387,700	\$369,400	\$474,600	\$428,300
Categories of Expenditure					
Personal Services	383,100	369,600	363,500	374,300	405,100
Out of State Travel	500	1,100	0	0	0
Current Expense	7,300	17,000	5,900	100,300	23,200
Total	\$390,900	\$387,700	\$369,400	\$474,600	\$428,300
Other Data					
Total FTE	5.5	8.0	8.0	7.9	7.0

Table 8-8

RECORDS SERVICES

Function

Storage of records is a key factor in managing the State Archives. The Records Services program is responsible for the storing and retrieving of records at the State Records Center for state and local government agencies, destroying records that have met their retention period and administering the permanent storage of state historical records.

Accountability

Performance Data Summary - Archives Records Services					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Cubic Feet Storage Boxes	Output		11,131	
	Accessioned				
	Cubic Feet Destroyed			8,437	

Table 8-9

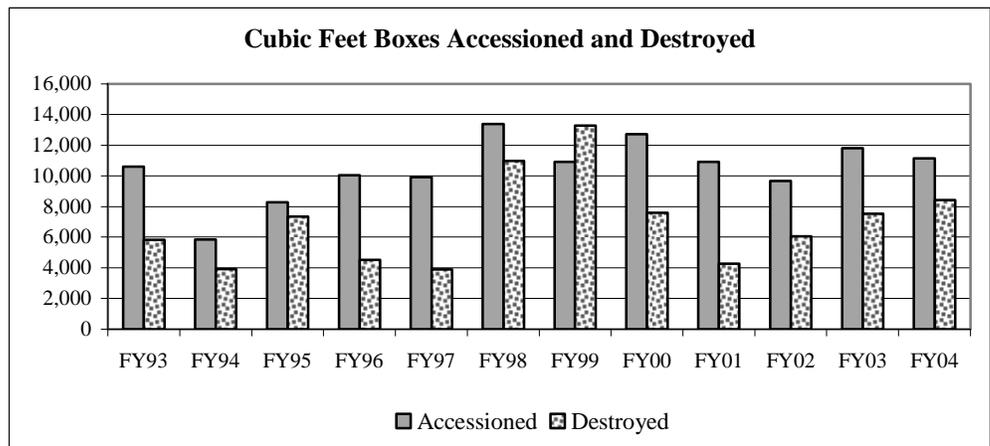


Figure 8-4

Funding Detail

All financing comes from the General Fund.

Records Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	462,300	500,100	506,900	418,200	481,500
General Fund, One-time	0	0	0	1,300	3,000
Total	\$462,300	\$500,100	\$506,900	\$419,500	\$484,500
Categories of Expenditure					
Personal Services	218,000	231,500	226,900	207,800	237,300
Current Expense	239,800	268,600	277,500	211,700	244,700
DP Current Expense	4,500	0	2,500	0	2,500
Total	\$462,300	\$500,100	\$506,900	\$419,500	\$484,500
Other Data					
Total FTE	9.0	7.0	6.0	5.6	6.0

Table 8-10

CHAPTER 9 DIVISION OF FINANCE – ADMINISTRATION**Function**

The Division of Finance is the State of Utah's central financial accounting office. The division provides direction regarding fiscal matters, financial systems, processes and information. This includes maintaining accounting and payroll systems; ensuring compliance with state financial laws; maintaining a data warehouse of financial information; producing the state's financial reports; processing the state's payments; and operating the state's travel agency.

The Division of Finance is divided into five programs (Accounts Payable, Financial Reporting, Financial Information Systems, Payroll, and Technical Services) to accomplish its mission. Some of its key functions are to:

- Produce the State's Comprehensive Annual Financial Report
- Ensure compliance with generally accepted accounting principles
- Pay all bills to vendors/contractors and issue payroll checks
- Develop, operate, and maintain accounting systems to control spending, state assets and state loans
- Process the state's payroll
- Account for revenues collected by all agencies

Statutory Authority

The following are some of the many statutes governing operations of the Division of Finance:

UCA 51-5-2 requires the division to establish procedures applicable to the administration and collection of taxes, licenses, fees, and other revenues to allow them to be credited directly into the funds for which they are designated.

UCA 51-5-6 requires the division to use generally accepted accounting principles applicable to government units. The division must follow GASB standards, calculate liabilities associated with post-employment benefits, post revenues to the appropriate funds, prepare revenue and expenditure statements, and determine ISF costs that are eligible for federal reimbursement.

UCA 63A Chapter 3 is entitled "Division of Finance." Among its key provisions are:

- The division director is the state's chief fiscal officer and the state's accounting officer.
- The division must define fiscal procedures, provide accounting controls, approve proposed expenditures, establish procedures to account for leases, and prepare financial reports for the state auditor's examination. Higher Education institutions are subject to this statute only to the extent required by the Board of Regents.

- The director must establish per diem rates for all state officers and employees of the executive branch, except higher education.
- The director must adopt rules governing in-state and out-of-state travel by employees of the executive branch, except higher education.
- The director must appoint an accounting officer and other officers necessary to economically perform the functions of the division. The director must also establish a comprehensive state accounting system and exercise accounting control over all state agencies except higher education.
- The director must maintain a financial control system according to generally accepted accounting principles, to include keeping accounts in balance and giving the governor and legislature reports.
- The division must collect accounts receivable as described in UCA 63A-3-Part 3.

UCA 63-38-2.5 requires the division to make transfers out of any state surplus at the end of a fiscal year to the Rainy Day Fund.

UCA 77-32-401 creates within the division the Indigent Defense Funds Board to oversee the use of funds from the Indigent Inmate Trust Fund and Indigent Capital Defense Trust Fund.

Intent Language

During the 2004 General Session the Legislature approved the following intent language for FY 2004 in the Supplemental Appropriations Act II (House Bill 3):

It is the intent of the Legislature that any Federal Jobs & Growth Tax Relief Funds carried over from FY 2003 and received in FY 2004 are included in the appropriations for necessary programs and services for FY 2004 and are to be expended prior to other funding sources. It is further the intent of the Legislature that none of these funds be transferred to the General Fund Restricted – Budget Reserve Account.

When the federal government cut federal taxes, it negatively impacted states' revenues. The federal government appropriated money to the state to mitigate the impact. This intent language was passed to ensure funds carried forward and were expended properly.

Funding Detail

The following table is a roll-up of funding for the programs in this line item:

Finance Administration					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
General Fund	6,171,300	6,075,900	5,906,000	6,100,800	5,992,500
General Fund, One-time	0	0	0	2,841,700	38,100
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Dedicated Credits Revenue	1,225,500	1,339,100	1,905,500	1,980,400	1,694,000
GFR - ISF Overhead	1,470,900	3,419,400	1,489,500	1,490,000	1,272,400
Transfers	400,000	0	0	0	0
Pass-through	0	0	7,500	0	0
Beginning Nonlapsing	1,106,200	2,026,400	2,676,200	2,151,400	989,900
Closing Nonlapsing	(2,026,500)	(2,676,200)	(2,151,400)	(5,583,900)	0
Lapsing Balance	0	0	0	(2,700)	0
Total	\$8,797,400	\$10,634,600	\$10,283,300	\$9,427,700	\$10,436,900
Programs					
Finance Director's Office	313,300	317,100	323,300	332,900	342,200
Payroll	1,769,000	3,610,700	3,345,700	1,767,900	2,112,400
Payables/Disbursing	1,674,100	1,626,900	1,970,100	1,997,900	2,078,000
Technical Services	1,226,600	1,238,100	1,130,500	1,409,700	1,572,100
Financial Reporting	1,139,700	1,197,600	1,196,200	1,208,100	1,265,000
Financial Information Systems	2,674,700	2,644,200	2,317,500	2,711,200	3,067,200
Total	\$8,797,400	\$10,634,600	\$10,283,300	\$9,427,700	\$10,436,900
Categories of Expenditure					
Personal Services	5,397,000	5,525,600	5,536,200	5,465,200	5,789,100
In-State Travel	600	700	1,200	800	5,600
Out of State Travel	10,200	17,500	9,200	22,800	17,100
Current Expense	681,900	641,600	1,005,700	1,051,900	1,033,700
DP Current Expense	2,687,800	2,744,100	2,276,800	2,022,900	3,518,400
DP Capital Outlay	19,900	1,705,100	1,454,200	864,100	73,000
Total	\$8,797,400	\$10,634,600	\$10,283,300	\$9,427,700	\$10,436,900
Other Data					
Total FTE	87.2	83.0	80.8	78.1	81.0

Table 9-1

PROGRAMS – DIVISION OF FINANCE – ADMINISTRATION

FINANCE DIRECTOR’S OFFICE

Function The Director of the Division of Finance is the state’s chief fiscal officer and is responsible for the accounting structure within state government. This includes:

- Procedures for the approval and allocation of funds
- Accounting control over fund assets
- Approval of proposed expenditures

These responsibilities include directing and maintaining a financial control system in accordance with generally accepted accounting principles. (Utah Code Annotated 63A-3-204.)

Intent Language The Legislature adopted the following intent language in the FY 2005 Appropriations Act (S.B. 1):

It is the intent of the Legislature that funds for the Division of Finance shall not lapse.

It is the intent of the Legislature that funds for the Division of Finance that do not lapse are to be used for maintenance, operation, and development of statewide accounting systems.

Funding Detail The three FTE in this program include the director, assistant director, and an administrative secretary.

Finance Director's Office					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	313,300	317,100	323,300	331,900	340,700
General Fund, One-time	0	0	0	1,000	1,500
Total	\$313,300	\$317,100	\$323,300	\$332,900	\$342,200
Categories of Expenditure					
Personal Services	282,900	287,100	293,200	302,500	308,900
Out of State Travel	3,400	2,000	3,100	4,800	5,100
Current Expense	26,900	27,600	26,600	25,600	28,200
DP Current Expense	100	400	400	0	0
Total	\$313,300	\$317,100	\$323,300	\$332,900	\$342,200
Other Data					
Total FTE	3.0	3.0	3.0	3.0	3.0

Table 9-2

PAYROLL

Function The Payroll section is responsible for maintaining and operating the state’s time and attendance and payroll systems. The Payroll section also produces a variety of reports and files, including:

- Payroll register
- Utah Retirement Systems reports
- Detail labor distribution file
- General ledger journal vouchers
- Various federal reports

This program develops and delivers payroll policy, procedures, and training.

Every two weeks approximately 4,000 checks and 18,000 direct deposits are issued, accounting for over \$30,000,000 in wages.

The payroll system processes employee pay and benefits data such as: regular wages, overtime, retirement and health insurance, etc. It also processes data regarding the type of deductions taken by employees: life insurance, health and dental insurance, retirement, salary deferral programs, savings bonds, United Way Fund contributions, etc.

In March 2003 the division implemented a new payroll and time processing system. Employee self-service is starting to be implemented by various agencies. This will allow employees to enter their time on-line, view their own payroll data and to update some of that data, such as W-4 information, without involving a payroll technician. This is expected to reduce administration costs and to improve employee satisfaction.

Accountability

The state issued 576,703 paychecks in FY 2004, an average of 22,181 checks per pay period. More than seventy-five percent of payroll “checks” are actually electronic deposits. Processing cost per check in FY 2004 was \$1.06 compared to \$1.48 in FY 2003 and \$1.54 in FY 2002.

Performance Data Summary - Finance - Payroll					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Checks Issued	Output		576,703	
	Processing Cost per Check	Efficiency		\$1.06	

Table 9-3

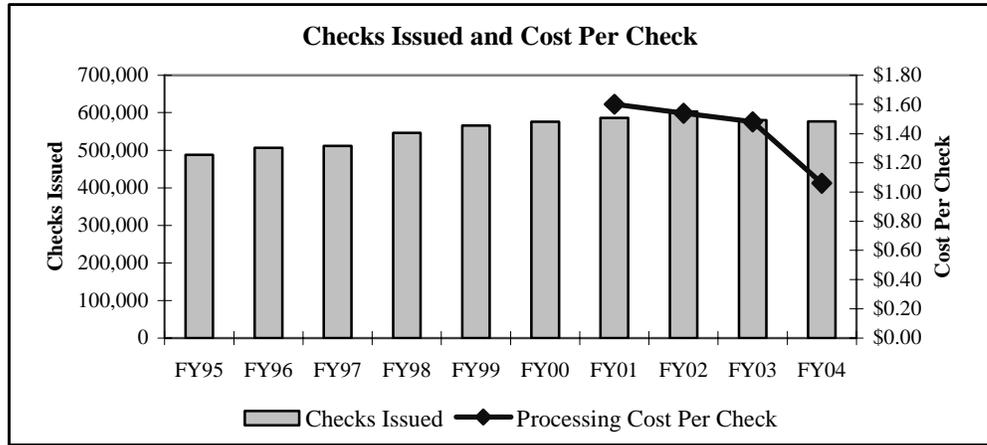


Figure 9-1

Funding Detail

The division used nonlapsing funds, along with other funding sources, in this program to finance the new payroll system.

Payroll					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	2,145,200	1,901,200	1,825,100	1,707,800	1,633,900
General Fund, One-time	0	0	0	(103,200)	6,200
Dedicated Credits Revenue	17,600	18,000	10,800	2,100	10,000
GFR - ISF Overhead	0	1,936,100	0	0	0
Transfers	400,000	0	0	0	0
Beginning Nonlapsing	806,200	1,926,400	2,171,000	661,200	462,300
Closing Nonlapsing	(1,600,000)	(2,171,000)	(661,200)	(500,000)	0
Total	\$1,769,000	\$3,610,700	\$3,345,700	\$1,767,900	\$2,112,400
Categories of Expenditure					
Personal Services	778,100	761,400	793,600	740,400	791,900
In-State Travel	0	100	500	0	500
Out of State Travel	1,100	5,200	4,600	10,200	8,000
Current Expense	10,800	13,400	10,300	11,200	23,800
DP Current Expense	979,000	1,220,200	1,093,100	776,500	1,280,200
DP Capital Outlay	0	1,610,400	1,443,600	229,600	8,000
Total	\$1,769,000	\$3,610,700	\$3,345,700	\$1,767,900	\$2,112,400
Other Data					
Total FTE	13.0	12.0	12.0	11.3	12.0

Table 9-4

PAYABLES/DISBURSING

Function

This program:

- Audits payment and employee reimbursement requests
- Enters transactions into computer systems
- Verifies that all transactions are properly accounted for by the central accounting system

- Manages all checks redeemed by the bank
- Provides information to the public and other agencies about the status of lost, missing, or cashed checks
- Distributes tax money to cities and counties
- Manages the State Travel Office

Finance manages a separate program called Finder with the aim of improving the collection of funds owed to the state. The program matches tax refunds and vendor payments with outstanding receivables due the State. Those receivables include tax bills, child support, student loans, parking and moving violations, and unemployment insurance. If a match is made, the payment or tax refund is intercepted and paid to the entity. This function is fully funded by the administrative fees collected as debts are paid. A fee of \$15 per transaction funds the program.

The disbursement function also handles the mailing and distribution of all centrally processed payments made from state funds. Annually, there are approximately 2.1 million checks paid and mailed by this section. The kinds of checks mailed include vendor payments, tax refunds, and payroll.

The Travel Office is a part of the Accounts Payable section and is responsible for arranging travel for State of Utah employees and employees of political subdivisions of the state that choose to participate. Airline tickets, hotels, rental vehicles, and conference sites are ticketed and arranged for by this office. Although the Travel Office contracts with a private sector travel agency which is on-site in the State Office Building, it is managed by State Finance.

Intent Language

Since the 2000 General Session the Legislature has annually adopted the following intent language (for FY 2004, see S.B. 1, Item 50):

It is the intent of the Legislature that the Department of Administrative Services develop and implement a mileage reimbursement program that requires agencies to reimburse employees for personal vehicle use at a rate equal to, or less than, the per mile cost of a mid-size sedan operated by the Division of Fleet Operations. It is also the intent of the Legislature that these rules be applied to legislative staff, the judicial branch and the Utah System of Higher Education. The rule should make exception for instances where a state fleet vehicle is not available to the employee, for mileage reimbursements for elected officials of the state and members of boards and commissions who do not have access to the state fleet for use in their official duties.

The goal of the policy was to encourage employees to use vehicles already in the state motor pool. When employees request reimbursement for using a personal vehicle the state pays for a vehicle twice – once for the employee's mileage and again for the unused state vehicle. The following table shows personal vehicle mileage reimbursements since FY 2001.

Personal Vehicle Mileage Reimbursement				
	FY 2001	FY 2002	FY 2003	FY 2004
In State	\$2,711,600	\$2,755,900	\$2,802,500	\$2,809,200
Out of State	\$71,900	\$68,300	\$62,900	\$60,100
Total	\$2,783,500	\$2,824,200	\$2,865,400	\$2,869,300

Source: Division of Finance

Table 9-5

As gasoline prices rise, the cost of operating a state sedan rises and the reimbursement rate is adjusted accordingly. Even with increases in fuel prices, total reimbursement has held steady since FY 2001.

Accountability

In FY 2004 Finder processed 752,059 tax refunds, with the following results:

Performance Data Summary - Finance - Payables/Disbursing					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Finder: Matches Made	Output		34,967	
	Finder: Dollars Recovered	Outcome		\$9,409,984	

Table 9-6

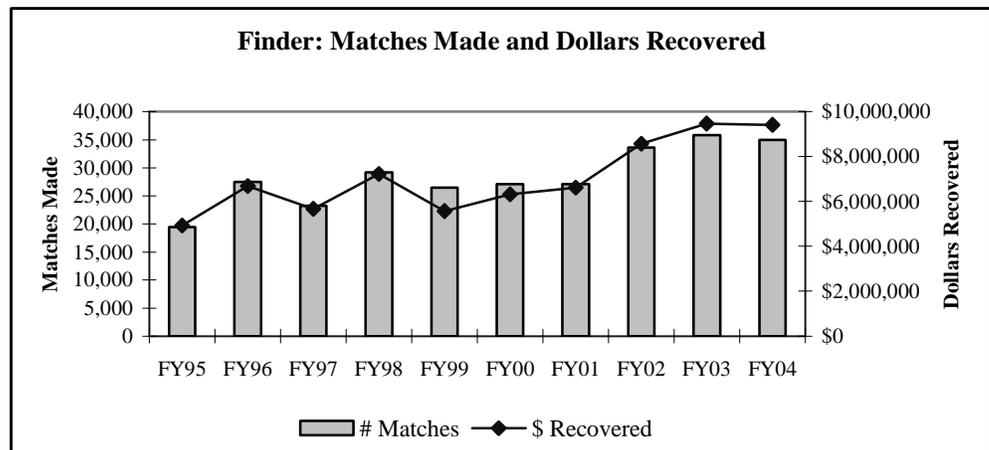


Figure 9-2

State Travel Office

The travel office is managed by a private vendor dedicated to arranging travel for State of Utah employees. With the elimination of airline commissions the user agency pays a fee to the State Travel Office for each reservation.

Performance Data Summary - Finance - State Travel Office					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Car Rental Days Booked	Output		8,099	
	Hotel Nights Booked	Output		4,511	
	Airline Tickets Sold	Output		27,181	

Table 9-7

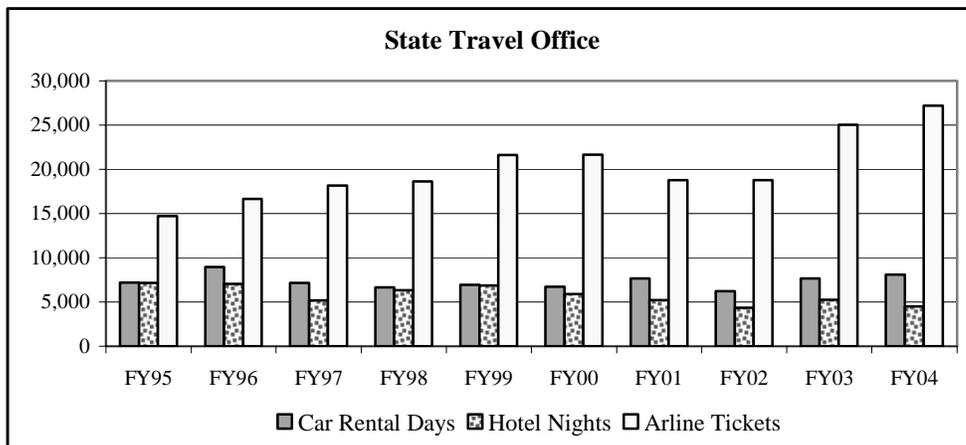


Figure 9-3

Finance rules require all state agencies to use state travel for booking airline flights. In some cases a traveler may find a lower fare through an internet discounter. However, discount internet rates are non-refundable tickets that must be purchased in advance, often require a Saturday night stay and cannot be changed without additional charges.

Discount rates may be cheaper for one individual, but prices often escalate as more travelers are added to an itinerary. The state contract for airline tickets sets prices that are not subject to Saturday night stays and do not require advance purchase. The negotiated rate is usually less than half that charged to business users. Most importantly, though, the tickets are fully refundable and may be changed without penalty. Even though state agencies may be able to find lower airfares in certain circumstances, the Analyst believes that the requirement to use state travel for airline tickets provides lower costs and greater value for the state as a whole.

Airline tickets issued in FY 2004 had an average cost of \$340.17, compared to an industry average of \$566.00.

State agencies are also required to use the State Travel Office for hotel or car rentals, except in special situations such as when attending conferences and reserving a hotel while registering for the conference.

Funding Detail

Dedicated Credits are generated from user fees in the Travel Office and administrative costs charged to the Finder System. If actual collections exceed projections, the excess will be nonlapsing and used later for system development.

	Payables/Disbursing				
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	1,080,300	952,000	733,900	704,700	1,044,500
General Fund, One-time	0	0	0	3,600	9,500
Dedicated Credits Revenue	593,800	674,900	1,236,200	1,289,600	1,024,000
Total	\$1,674,100	\$1,626,900	\$1,970,100	\$1,997,900	\$2,078,000
Categories of Expenditure					
Personal Services	1,118,800	1,097,500	1,068,000	1,068,700	1,166,200
In-State Travel	600	600	700	800	700
Out of State Travel	600	800	0	100	1,000
Current Expense	554,100	528,000	901,400	928,300	910,100
Total	\$1,674,100	\$1,626,900	\$1,970,100	\$1,997,900	\$2,078,000
Other Data					
Total FTE	22.1	21.8	20.1	19.5	20.3

Table 9-8

TECHNICAL SERVICES

Function

This program evaluates the possible use of current and new technology in support of other sections within the division. It attempts to ensure technologies selected are consistent with the state's overall direction and are in support of the business objectives of the division. These objectives are met by providing overall direction and coordination, preparing and monitoring the information technology plan, and conducting regular information technology coordination meetings.

The program also provides Local Area Network (LAN) and security support, not only for the division but also for several division systems that have statewide impact. To do this they support over 100 computer devices and the necessary maintenance, support, and upgrades to keep the local area network running smoothly and efficiently.

In addition, this team is charged with developing and maintaining Data Warehouse, which contains financial, personnel, and payroll information. Their mission is to develop quality financial information in an efficient manner for all of state government to enhance the ability of managers to make sound business decisions. This information is available on-line to managers and financial analysts statewide.

Funding Detail

Personal services are approximately forty-six percent of this program’s budget. Otherwise, most expenditures in this program are related to computer hardware and software purchases/maintenance.

Technical Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	1,226,600	1,353,100	1,261,500	1,486,700	1,336,200
General Fund, One-time	0	0	0	(24,600)	4,600
Beginning Nonlapsing	300,000	100,000	215,000	346,000	231,300
Closing Nonlapsing	(300,000)	(215,000)	(346,000)	(398,400)	0
Total	\$1,226,600	\$1,238,100	\$1,130,500	\$1,409,700	\$1,572,100
Categories of Expenditure					
Personal Services	691,000	707,400	688,700	674,500	720,600
In-State Travel	0	0	0	0	4,400
Out of State Travel	0	2,200	0	3,900	0
Current Expense	15,400	15,600	13,300	30,700	20,000
DP Current Expense	500,300	418,200	417,900	472,700	762,100
DP Capital Outlay	19,900	94,700	10,600	227,900	65,000
Total	\$1,226,600	\$1,238,100	\$1,130,500	\$1,409,700	\$1,572,100
Other Data					
Total FTE	10.0	9.0	9.0	8.5	9.0

Table 9-9

FINANCIAL REPORTING

Function

Financial Reporting issues the Comprehensive Annual Financial Report (CAFR) to financial managers in other states, bond rating agencies, financial institutions, the public and managers within state government. In addition, they set accounting standards and policies to ensure compliance with state law and generally accepted accounting principles. This program provides information for marketing long term debt (bond sales) and monitors compliance with SEC regulations.

Financial Reporting provides service in the following areas:

- **Cash management:** to maximize interest earnings and comply with federal cash regulations.
- **Loans receivable:** track loans that fund water quality and development projects, low income housing, and community development.
- **Revenue accounting:** establishing and monitoring detailed state revenue reporting.
- **Payment tracking:** reconcile all warrants with bank statements and the treasurer’s system.

- **Fixed asset tracking:** Maintaining and updating the statewide Fixed Asset System, which includes \$9 billion of fixed assets, \$7.3 billion of which is infrastructure.

The Division provides electronic versions of the CAFR and Fiscal Focus on its website at www.finance.utah.gov.

Funding Detail

Dedicated Credits come from overhead charges made for accounting services.

Financial Reporting					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
General Fund	725,600	751,400	737,700	711,900	799,500
General Fund, One-time	0	0	0	2,700	5,500
Dedicated Credits Revenue	414,100	446,200	458,500	488,700	460,000
Pass-through	0	0	7,500	0	0
Beginning Nonlapsing	0	0	0	7,500	0
Closing Nonlapsing	0	0	(7,500)	0	0
Lapsing Balance	0	0	0	(2,700)	0
Total	\$1,139,700	\$1,197,600	\$1,196,200	\$1,208,100	\$1,265,000
Categories of Expenditure					
Personal Services	1,084,400	1,154,700	1,157,000	1,161,600	1,221,000
Out of State Travel	1,700	1,500	0	1,800	1,500
Current Expense	53,600	35,800	33,500	38,700	36,700
DP Current Expense	0	5,600	5,700	6,000	5,800
Total	\$1,139,700	\$1,197,600	\$1,196,200	\$1,208,100	\$1,265,000
Other Data					
Total FTE	16.6	16.7	15.7	15.8	15.7

Table 9-10

FINANCIAL INFORMATION SYSTEMS

Function

The Financial Information Systems group is responsible for coordinating incoming financial data, processing the information, generating warrants, and distributing reports to the departments each month. This section is also responsible for:

- FINET maintenance and development
- User coordination among all state agencies
- Training
- Garnishment and Tax systems: maintaining and operating the Tax and Wage Garnishments systems
- Payment Tracking System: maintaining and operating the state Warrant and Electronic Funds Transfer (EFT) Payment System
- Unclaimed Property application: developing, testing, and implementing changes and upgrades to the Unclaimed Property System

- Check Writer System: developing, testing, and implementing changes and upgrades to the Check Writer System that prints warrants for agencies outside of the Division of Finance

Funding Detail

During the 2004 General Session the Legislature provided \$3,000,000 in one-time funds as an FY 2004 supplemental appropriation (H.B. 1) to replace the state’s financial accounting system (FINET). Funds came from excess retained earnings in the Risk Management program.

Because of the large amount of data processed for the Department of Transportation, a portion of this program is funded from the Transportation Fund.

Financial Information Systems					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	680,300	801,100	1,024,500	1,157,800	837,700
General Fund, One-time	0	0	0	2,962,200	10,800
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Dedicated Credits Revenue	200,000	200,000	200,000	200,000	200,000
GFR - ISF Overhead	1,470,900	1,483,300	1,489,500	1,490,000	1,272,400
Beginning Nonlapsing	0	0	290,200	1,136,700	296,300
Closing Nonlapsing	(126,500)	(290,200)	(1,136,700)	(4,685,500)	0
Total	\$2,674,700	\$2,644,200	\$2,317,500	\$2,711,200	\$3,067,200
Categories of Expenditure					
Personal Services	1,441,800	1,517,500	1,535,700	1,517,500	1,580,500
Out of State Travel	3,400	5,800	1,500	2,000	1,500
Current Expense	21,100	21,200	20,600	17,400	14,900
DP Current Expense	1,208,400	1,099,700	759,700	767,700	1,470,300
DP Capital Outlay	0	0	0	406,600	0
Total	\$2,674,700	\$2,644,200	\$2,317,500	\$2,711,200	\$3,067,200
Other Data					
Total FTE	22.5	20.5	21.0	20.0	21.0

Table 9-11

Special Funding

Overhead charges are allocated to the Internal Service Funds (ISF) for benefits received from other state agencies such as accounting and auditing services, building space, maintenance, security, etc. The overhead payments had been transferred back to the respective ISF as contributed capital that reduced retained earnings and increased contributed capital by the same amount. However, since FY 94, the revenue received from overhead charges has been transferred to Finance to support the FINET accounting system.

Restricted Funds Summary - Financial Information Systems				
Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2004 Balance
GFR - ISF Overhead	Not in statute	ISF overhead charges	As appropriated by the Legislature	N/A

Table 9-12

CHAPTER 10 DIVISION OF FINANCE – MANDATED EXPENDITURES

Function	<p>Each year the Legislature funds items that impact several agencies, solve problems that don't apply to any specific agency, or pose a conflict of interest to agency management. For these programs, the Legislature directs the Division of Finance to administer payment under rules established for each appropriation. In the past, the Legislature funded Y2K, critical land issues and inmate issues by placing the funds in dedicated accounts managed by the Division of Finance.</p> <p>The Division of Finance manages expenditures as provided in law for each fund, but is not empowered to make policy decisions regarding funding in the mandated sections.</p>
Previous Action	<p>During the 2004 General Session the Legislature passed an FY 2004 supplemental appropriation of \$150,000 for a tuition tax credit study, along with the following intent language (see H.B. 3, Supplemental Appropriations Act II):</p> <p><i>The Legislature intends that these funds be used to hire a consultant to study the impact of tuition tax credits on the state. The Legislature further intends that the Legislative Management Committee shall have the sole discretion to hire and compensate consultants for this project.</i></p> <p>These funds all carried forward into FY 2005.</p>
Funding Detail	<p>Currently the Finance – Mandated FY 2006 base budget includes only the LeRay McAllister Critical Land Fund. More information on the LeRay McAllister Fund and Navajo Trust Fund is provided on the pages that follow.</p>

Finance - Mandated					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	4,890,800	3,458,500	482,600	482,600	482,600
General Fund, One-time	0	(200)	0	450,000	0
Uniform School Fund	0	37,200	0	0	0
Transportation Fund	0	500	0	0	0
Transfers	0	(165,000)	0	0	0
Beginning Nonlapsing	1,000,000	628,100	0	0	0
Closing Nonlapsing	(628,000)	(207,300)	0	(150,000)	0
Lapsing Balance	0	(50,700)	0	0	0
Total	\$5,262,800	\$3,701,100	\$482,600	\$782,600	\$482,600
Programs					
800 MHz Conversion	1,740,800	1,663,000	0	0	0
IT Infrastructure Innovation Program	772,000	0	0	0	0
LeRay McAllister Critical Land Con	2,750,000	2,037,200	482,600	782,600	482,600
Annual Leave Conversion	0	900	0	0	0
Studies	0	0	0	0	0
Total	\$5,262,800	\$3,701,100	\$482,600	\$782,600	\$482,600
Categories of Expenditure					
Current Expense	1,740,800	1,663,000	0	0	0
DP Capital Outlay	772,000	0	0	0	0
Other Charges/Pass Thru	2,750,000	2,038,100	482,600	782,600	482,600
Total	\$5,262,800	\$3,701,100	\$482,600	\$782,600	\$482,600

Table 10-1

PROGRAMS – DIVISION OF FINANCE – MANDATED EXPENDITURES**LERAY MCALLISTER CRITICAL LAND FUND**

Function	The creation of LeRay McAllister Critical Land Conservation Fund (CLCF) allows non-profit organizations, the Department of Agriculture and Food, the Department of Natural Resources, and local governments access to funds for open space preservation. Money from the CLCF must be used to preserve or restore open lands and agricultural lands. Generally, municipal parks, ball fields, and other types of developed, active recreation areas are not critical lands as defined by the Quality Growth Act.
Statutory Authority	<p>The following laws govern use of the McAllister Fund:</p> <p>UCA 11-38 is known as the “Quality Growth Act.” Part two of this act creates the Quality Growth Commission (QGC).</p> <p>UCA 11-38-202 gives the QGC the duty to administer the McAllister Fund.</p> <p>UCA 11-38-301 creates the LeRay McAllister Critical Land Conservation Fund consisting of:</p> <ul style="list-style-type: none"> ➤ Appropriations by the Legislature ➤ Contributions from federal agencies, political subdivisions, persons, or corporations ➤ Proceeds a department chooses to place in the fund from sales of surplus land ➤ Funds from the State Building Energy Efficiency Program (SBEEP) (UCA 63-9-67) <p>The Departments of Administrative Services, Agriculture and Food, Natural Resources, and Transportation may place proceeds from sales of surplus land into the fund.</p> <p>The total in the fund may not exceed \$6 million.</p> <p>UCA 11-38-302 allows the QGC to authorize grants or loans from the fund to local agencies, the Department of Natural Resources, the Department of Agriculture and Food, or charitable organizations.</p> <p>Funds must be used for preserving or restoring open land and agricultural land. Funds may not generally be used to purchase a fee interest but may be used to establish a conservation easement.</p> <p>Eminent domain may not be used to acquire lands for this purpose.</p> <p>A county, city, town, department or organization may not receive money from the fund unless it provides matching funds equal to or greater than the amount of money received from the fund.</p> <p>UCA 63-38-18 requires agencies to deposit their share of electrical service refunds into the fund.</p>

UCA 63-9-67 requires the agency overseeing the SBEEP to annually report to the capital facilities appropriations subcommittee the amount that represents fifty percent of the net savings realized by all state agencies from participating in the SBEEP, and this amount may be placed into the fund, subject to legislative appropriation.

Intent Language

The Legislature adopted the following intent language for FY 2005 (S.B. 1) and FY 2004 (H.B. 1):

It is the intent of the Legislature that funds for the LeRay McAllister fund shall not lapse.

Accountability

Performance Data Summary - LeRay McAllister Fund					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Projects Authorized	Output		9	
	Acres Protected	Outcome		802.5	
	Dollars Granted	Output		\$1,023,000	
	Match/Grant Ratio	Intermediate		\$3.84 to 1	

Table 10-2

Since FY 1999 the QGC has authorized 45 projects totaling \$10.3 million in McAllister Fund grants. Partners in open space preservation have contributed nearly five dollars for every dollar of McAllister Fund grants.

Urban	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04 Award</u>	<u>Total</u>
Projects	2	8	3	4	3	6	26
Acreage	7,339.0	870.5	177.2	66.1	147.3	630.5	9,231
Grant	\$922,000	\$1,747,165	\$849,096	\$595,412	\$220,000	\$618,000	\$4,951,673
Match	\$4,072,000	\$8,531,890	\$1,090,300	\$4,179,942	\$250,000	\$2,417,000	\$20,541,132
Total	\$4,994,000	\$10,279,055	\$1,939,396	\$4,775,354	\$470,000	\$3,035,000	\$25,492,805
Match/Grant	4.42 to 1	4.88 to 1	1.28 to 1	7.02 to 1	1.14 to 1	3.91 to 1	4.15 to 1
Rural	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04 Award</u>	<u>Total</u>
Projects	3	3	6	2	2	3	19
Acreage	496.6	5,794.9	17,155.2	1,653.3	430.0	172.0	25,702
Grant	\$1,057,050	\$812,500	\$2,517,000	\$285,200	\$270,000	\$405,000	\$5,346,750
Match	\$3,096,050	\$2,810,400	\$17,521,132	\$2,071,000	\$1,770,000	\$1,515,494	\$28,784,076
Total	\$4,153,100	\$3,622,900	\$20,038,132	\$2,356,200	\$2,040,000	\$1,920,494	\$34,130,826
Match/Grant	2.93 to 1	3.46 to 1	6.96 to 1	7.26 to 1	6.56 to 1	3.74 to 1	5.38 to 1
Total	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04 Award</u>	<u>Total</u>
Projects	5	11	9	6	5	9	45
Acreage	7,835.6	6,665.4	17,332.4	1,719.4	577.3	802.5	34,932.5
Grant	\$1,979,050	\$2,559,665	\$3,366,096	\$880,612	\$490,000	\$1,023,000	\$10,298,423
Match	\$7,168,050	\$11,342,290	\$18,611,432	\$6,250,942	\$2,020,000	\$3,932,494	\$49,325,208
Total	\$9,147,100	\$13,901,955	\$21,977,528	\$7,131,554	\$2,510,000	\$4,955,494	\$59,623,631
Match/Grant	3.62 to 1	4.43 to 1	5.53 to 1	7.1 to 1	4.12 to 1	3.84 to 1	4.79 to 1

Source: GOPB

Table 10-3

Funding Detail

During the 2004 General Session the Legislature enhanced funding for protection of open spaces with an additional \$300,000 in FY04 supplemental one-time General Funds. The total appropriation for FY 2004 totaled \$782,400 and returned to \$482,600 in FY 2005

The initial \$100,000 appropriation increased to \$2.75 million in one-time funds for FY 2000. In FY 2001 the Legislature made those funds ongoing, but FY 2002 and 2003 budget pressures necessitated a re-prioritization of expenditures, ultimately reducing the program to \$482,600 in ongoing funds.

LeRay McAllister Critical Land Conservation Fund					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	2,750,000	2,037,200	482,600	482,600	482,600
General Fund, One-time	0	0	0	300,000	0
Total	\$2,750,000	\$2,037,200	\$482,600	\$782,600	\$482,600
Categories of Expenditure					
Other Charges/Pass Thru	2,750,000	2,037,200	482,600	782,600	482,600
Total	\$2,750,000	\$2,037,200	\$482,600	\$782,600	\$482,600

Table 10-4

UTAH NAVAJO TRUST FUND – ANNUAL REPORT

(Source: Division of Finance)

The Department of Administrative Services provides administrative support for the trust fund, but does not direct the activities of the office or the administration of the trust.

The Trust Fund revenues come from 37.5 percent of the net oil royalties from the Aneth Extension of the Navajo Nation. The fund is administered by a six-member staff and Board of Trustees composed of the State Treasurer, the Director of the Division of Finance and a state officer or employee appointed by the Governor with the advice and consent of the Senate.

The Board of Trustees reviews and approves the Trust Fund budget as prepared by the Trust Administrator. Utah Code Annotated 63-88-102 requires the State Auditor to conduct an annual audit and deliver the report to statutory committees, state offices and two federal offices.

Beginning Fund balance on April 1, 1992 was \$9,648,585 and the unaudited balance as of June 30, 2004 was \$20,127,072.

Since the last report to the Legislature, the Board has acted on the following major items:

1. Committed an additional \$100,000 of funding toward the construction of the Monument Valley Vendor Village for a total of \$250,000. This is being matched with \$300,000 from the Navajo Nation Abandoned Mines and Lands funds, \$157,500 from 4CEC, \$150,000 from Navajo Nation Tourism Department, \$100,000 from the Navajo Revitalization Fund and \$150,000 from Navajo Nation Capital Improvements Office.
2. Provided match-funding along with Navajo Revitalization totaling \$1.1 million in state funds with \$1 million of Navajo Nation Capital Improvements funds, which leveraged \$4.7 million of total funds for 14 projects on the Navajo reservation in Utah. Also obtained grant funds of \$125,000 from Navajo Housing Authority.
3. Provided \$700,634 of educational grants and scholarships to Navajo students in FY 2004 and have allocated \$634,000 in FY 2005.
4. Allocated Chapter Project funds in the amount of \$500,000 in FY 2004 and allocated \$500,000 in FY 2005. These funds are allocated to chapters by using population figures.
5. Allocated FY2004 funds for the following categories:
 - \$5,000 for equipment purchase or repair
 - \$60,000 for Health Facility Improvements
 - \$15,000 for Home-site Archeological Clearances
 - \$15,000 for Addressing Project
 - \$15,000 in Veteran's Housing Funding

6. Committed funding for 55 additional manufactured homes in seven separate communities using funding from several different sources. These homes should be completed within the next six months.
7. Coordinated the completion of Navajo Mountain Health Clinic. Matching funds were from Utah Navajo Health Systems, Navajo Revitalization Funds and UNTF.
8. Obtained Native American Housing Assistance and Self Determination Act (NAHASDA) 2005 grant award of \$3.1 Million for construction of 25 homes.

CHAPTER 11 POST-CONVICTION INDIGENT DEFENSE FUND

Function The Post-Conviction Indigent Defense Fund pays attorney fees for the automatic appeals for individuals convicted of capital crimes. The program was managed by the Attorney General’s office for a period of time but was moved into a separate line item to avoid the appearance of a conflict resulting from the AG prosecuting individuals while directly funding their defense. Funds are housed in the Division of Finance for administrative purposes only.

The Division of Finance manages two accounts that are similar to the Post Conviction Fund. These programs are funded by participating counties with statutory language for legislative consideration of any shortfall:

The *Indigent Inmate Defense Fund* is for inmates convicted of crimes while in prison. Sanpete County uses the program for inmates accused of crimes committed at the state prison in Gunnison. No other counties participate in the program at this time.

The *Indigent Capital Defense Fund* provides money to defend indigents charged with capital crimes in participating counties. The Division of Finance assesses the twenty-five participating counties annually and should be able to manage the fund in FY 2006 without state assistance.

Intent Language The FY 2005 Appropriations Act (S.B. 1) contains the following intent language:

It is the intent of the Legislature that funds for the Post Conviction Indigent Defense Fund shall not lapse.

Funding Detail The program should be able to continue with carry-forward balances in FY 2006. After expending \$42,000 in FY 2004, the fund has \$364,600 remaining in nonlapsing balances. Even if expenditures rise to the program’s current year appropriation of \$74,000, the nonlapsing balance in the program should be sufficient to meet FY 2005 and FY 2006 expenditures. However, at some point in the future the program’s nonlapsing balance will run out, requiring additional funding for the program.

Average annual expenditures since FY 1999 are \$32,600

Post-Conviction Indigent Defense Fund Expenditures

FY 1999	\$17,000
FY 2000	23,000
FY 2001	22,300
FY 2002	27,400
FY 2003	63,800
FY 2004	42,000

Post Conviction Indigent Defense Fund					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	120,000	85,100	0	0	0
Beginning Nonlapsing	315,000	412,700	470,400	406,600	332,600
Closing Nonlapsing	(412,700)	(470,400)	(406,600)	(364,600)	(258,600)
Total	\$22,300	\$27,400	\$63,800	\$42,000	\$74,000
Categories of Expenditure					
Current Expense	22,300	27,400	63,800	42,000	74,000
Total	\$22,300	\$27,400	\$63,800	\$42,000	\$74,000

Table 11-1

CHAPTER 12 JUDICIAL CONDUCT COMMISSION

Function The Judicial Conduct Commission is a quasi-independent agency that investigates and resolves complaints against Utah judges. The executive director manages claims, assigns investigators, and prosecutes judges when necessary. The commission dismisses approximately eighty-five percent of all claims, resolves ten percent by stipulation, and conducts formal hearings for five percent of all complaints.

Judicial Conduct Commission Membership			
<u>Legislators</u>	<u>Judges</u>	<u>Attorneys</u>	<u>Public</u>
Sen. Gene Davis	Hon. Russell Bench	Ruth Lybbert, Chair	Rod Orton, Vice-Chair
Sen. Michael Waddoups	Hon. Darwin Hansen	Ronald Russell	Joe Judd
Rep. Neal Hendrickson			Flora Ogan
Rep. Gordon Snow			

Table 12-1

Statutory Authority A constitutional amendment passed in 1984 established the Commission as part of Article VIII, Section 13 of the Utah Constitution. Following investigations and hearings, if the commission finds cause as outlined in Section 13, it may recommend that the Supreme Court reprimand, censure, suspend, remove, or involuntarily retire any justice or judge.

Commission composition is defined in UCA 78-8-102 as:

- Two members from the House of Representatives
- Two members of the Senate
- Two members of the Utah State Bar
- Three non-members of the Bar, appointed by the governor with consent of the Senate
- One member of the Utah Court of Appeals
- One judge from a trial court

Intent Language Since case load varies from year to year the Legislature has adopted the following intent language (see S.B. 1, 2004 General Session):

It is the intent of the Legislature that funds for the Judicial Conduct Commission shall not lapse and that those funds shall be used to hire temporary contractors on an as-needed basis.

Accountability The commission is required to file an annual report to the Legislature. The following data comes from their FY 2004 report.

Performance Data Summary - Judicial Conduct Commission					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Complaints Received	Input		94	
	Complaints Dismissed	Output		90	
	Ongoing Investigations	Output		2	
	Dismissals (plus 1 in FY05)	Output		1	

Table 12-2

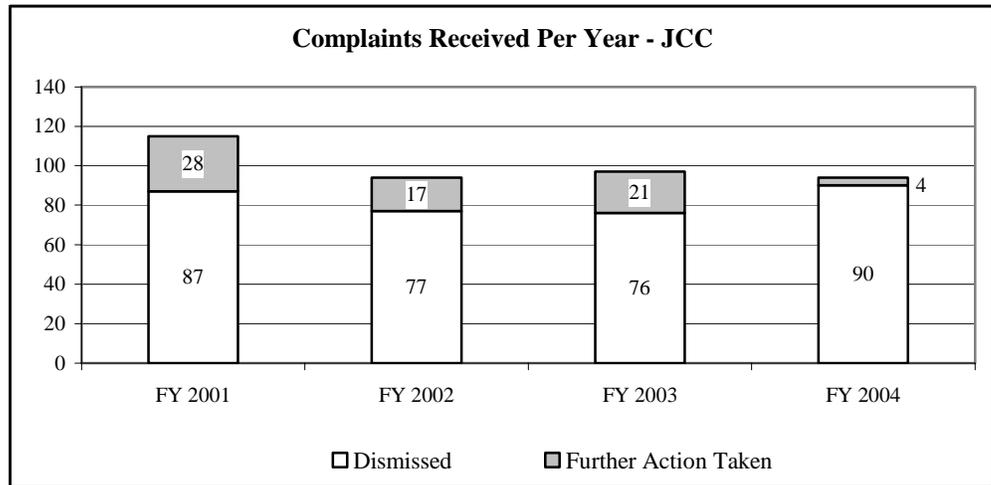


Figure 12-1

Funding Detail

Current expense in this budget is used to hire outside investigators and temporary employees based on case load.

Judicial Conduct Commission					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	224,800	227,600	218,500	220,300	223,200
General Fund, One-time	0	0	0	800	1,000
Beginning Nonlapsing	39,500	19,700	13,400	34,200	27,200
Closing Nonlapsing	(19,700)	(13,400)	(34,200)	(48,000)	(17,700)
Total	\$244,600	\$233,900	\$197,700	\$207,300	\$233,700
Categories of Expenditure					
Personal Services	187,200	184,000	144,700	161,400	174,300
In-State Travel	600	2,600	7,600	6,000	8,000
Out of State Travel	6,700	1,700	6,000	2,800	6,000
Current Expense	45,900	42,200	35,800	29,200	38,600
DP Current Expense	4,200	3,400	3,600	7,900	6,800
Total	\$244,600	\$233,900	\$197,700	\$207,300	\$233,700
Other Data					
Total FTE	2.4	2.0	2.0	1.7	2.0

Table 12-3

CHAPTER 13 PURCHASING AND GENERAL SERVICES

Function	<p>In 1997 the Legislature reorganized the Department of Administrative Services, merging Central Copying, Central Mail, and Central Stores into the Division of Purchasing. The new division became the Division of Purchasing and General Services. The procurement function that enables other agencies to contract for goods and services remains an appropriated function. Other programs operate as Internal Service Funds and are budgeted separately in the ISF section of the budget.</p> <p>The division provides a centralized purchasing function for all state agencies. The Purchasing Program manages 750 statewide contracts that are used by state agencies, education, and local governments, and oversees more than 2,000 agency contracts and more than 1,500 procurement processes per year. The value of these contracts and procurements exceeds a billion dollars annually.</p>
Statutory Authority	<p>The Utah Procurement Code (UCA 63-56-9) requires the director to:</p> <ul style="list-style-type: none">➤ procure or supervise procurement of all supplies, services, and construction needed by the state➤ exercise supervision and control over all inventories or supplies belonging to the state➤ prepare statistical data concerning the procurement and usage of all supplies, services and construction
Intent Language	<p>The Legislature adopted the following intent language in House Bill 1, Supplemental Appropriations Act, 2004 General Session:</p> <p style="text-align: center;"><i>It is the intent of the Legislature that funds for Purchasing shall not lapse and that those funds shall be used for electronic commerce.</i></p> <p>The Legislature also adopted, but the governor vetoed, the following intent language in H.B. 1:</p> <p style="text-align: center;"><i>The Legislature intends that all departments and divisions, except for the division of Juvenile Justice Services, in state government be encouraged to contract with private non-state governmental entities to provide services to the citizens of the State of Utah. The Legislature further intends that a report be presented to the Executive Appropriations Committee in October 2004 on the extent that departments and divisions used private non-state governmental entities to provide services to the citizens of Utah. The Legislature also intends that the report describe (1) additional services that the departments and divisions reasonably believe could be delivered by private non-state governmental entities, and (2) which services cannot be delivered by private non-state governmental entities.</i></p>

Accountability

Performance Data Summary - Purchasing and General Services					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
	Purchases Managed on Statewide Contracts.	Output		\$358,534,881	
	Purchases Mgd on State-wide Contracts per FTE.	Efficiency		\$17,187,674	
	Purchase Orders.	Output		1,620	
	RFPs.	Output		193	
	Statewide Contracts.	Output		755	
	Agency Contracts/Amend.	Output		1,389	

Table 13-1

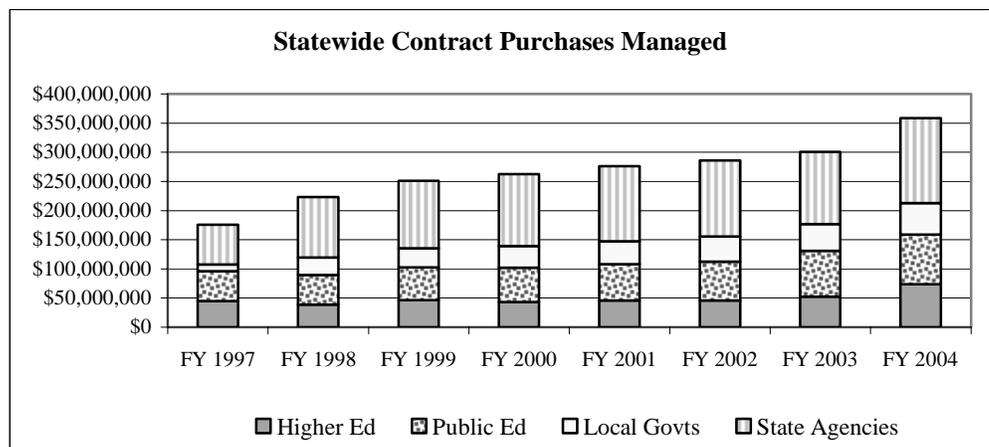


Figure 13-1

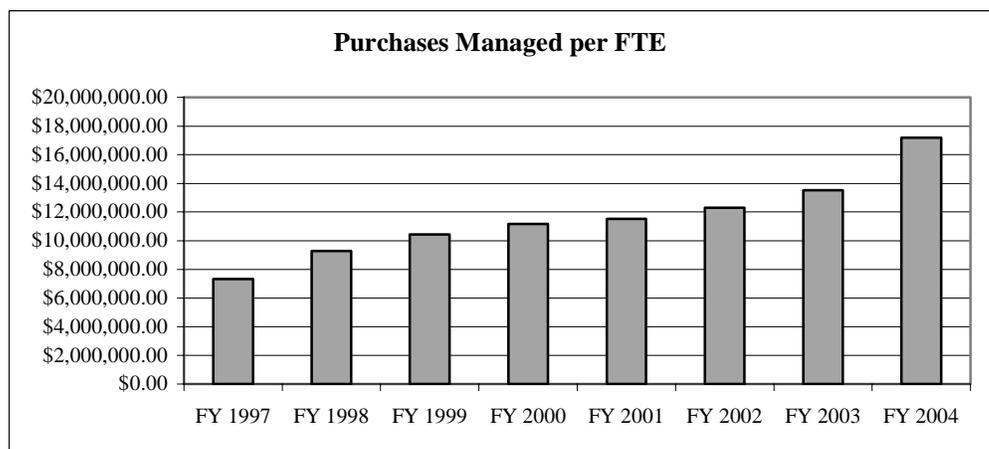


Figure 13-2

State agencies account for over forty percent of all purchases made through the Division of Purchasing. Local government purchase numbers fluctuate from irregular patterns of purchases and non-standardized reporting procedures. Purchases managed per FTE has increased due to a combination of increasing purchases managed and a flat or declining FTE level.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Change
Purchase Orders	1,484	1,838	2,121	1,671	1,620	9.16%
RFPs	145	157	177	181	193	33.10%
Statewide Contracts	738	769	841	836	755	2.30%
Agency Contracts/Amend	1,405	1,603	1,495	1,437	1,389	-1.14%
Total	3,772	4,367	4,634	4,125	3,957	4.90%

Table 13-2

Funding Detail

The 2004 Legislature reallocated \$75,000 in ongoing General Funds from the DFCM Capital Development Program to this program to restore an eliminated position and to retain current employees.

Dedicated Credits are generated by fees collected from bidders seeking inclusion on the automated information mailing system. This system automatically solicits bidders on a given commodity. Participation in this program is optional. Copies of all bids are available for public inspection on the division’s website.

Purchasing and General Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	1,292,000	1,238,500	1,212,400	1,237,900	1,343,500
General Fund, One-time	0	0	0	4,400	10,300
Dedicated Credits Revenue	75,600	76,900	66,900	56,700	68,000
Beginning Nonlapsing	73,900	83,000	19,600	29,700	0
Closing Nonlapsing	(83,000)	(19,600)	(29,700)	(65,800)	0
Total	\$1,358,500	\$1,378,800	\$1,269,200	\$1,262,900	\$1,421,800
Categories of Expenditure					
Personal Services	1,221,900	1,268,200	1,181,900	1,184,400	1,313,000
In-State Travel	900	900	800	600	800
Out of State Travel	5,100	1,000	1,500	2,500	1,500
Current Expense	97,600	79,900	66,400	45,100	56,300
DP Current Expense	33,000	28,800	18,600	30,300	50,200
Total	\$1,358,500	\$1,378,800	\$1,269,200	\$1,262,900	\$1,421,800
Other Data					
Total FTE	24.0	24.0	23.0	20.9	21.5

Table 13-3

CHAPTER 14 CHILD WELFARE PARENTAL DEFENSE

Function	House Bill 268 (2004 General Session) created the Office of Child Welfare Parental Defense and transferred \$239,000 in ongoing funds from the Department of Human Services to the Child Welfare Parental Defense Fund. The office contracts with licensed attorneys to represent indigent parents, and assists the attorneys in fulfilling their duties.
Statutory Authority	<p>The following statutes govern operation of the office:</p> <p>UCA 63A-11-103 creates within the Department of Administrative Services the Office of Child Welfare Parental Defense</p> <p>UCA 63A-11-104 requires the director to be an attorney licensed to practice law in the state.</p> <p>UCA 63A-11-105 gives the office the following duties:</p> <ul style="list-style-type: none">➤ Contract with licensed attorneys, as independent contractors, to serve as parental defense attorneys➤ Assist and advise contracted these contracted attorneys➤ Develop and provide educational and training programs for contracted attorneys➤ Inform and advise to assist contracted attorneys to comply with their professional, contractual, and ethical duties <p>UCA 63A-11-106 requires the director to report by October 1st each year to the governor and Child Welfare Legislative Oversight Panel regarding the preceding fiscal year of operations, and submit a budget for the upcoming fiscal year.</p> <p>UCA 63A-11-203 creates a restricted special revenue fund known as the “Child Welfare Parental Defense Fund” which may be used for administrative costs and to pay legal representation costs for indigent parents subject to allegations of abuse or neglect. The fund consists of monies appropriated by the Legislature, deposits by participating counties, or private contributions.</p> <p>UCA 63A-11-204 allows counties to annually enter into written agreement with the office to provide for payment of parental defense attorney costs out of the fund.</p>
Accountability	This is a new office. The Analyst will report on its accomplishments in future sessions.
Previous Action	In order to fund operations of the new office, H.B 268 carried its own appropriation, which transferred \$239,000 from the Department of Human Services to the Parental Defense Fund.

Funding Detail

Statute (UCA 63A-11-203) requires the director to request a supplemental appropriation from the Legislature if the director anticipates a deficit in the fund in any fiscal year. The Legislature may appropriate funds to cover the deficit but isn't required to do so. If the Legislature doesn't, the director may request an interim assessment to participating counties to fund the anticipated deficit.

Office of Child Welfare Parental Defense					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
General Fund	0	0	0	0	239,000
Total	\$0	\$0	\$0	\$0	\$239,000
Categories of Expenditure					
Current Expense	0	0	0	0	239,000
Total	\$0	\$0	\$0	\$0	\$239,000

Table 14-1

Special Funding

Restricted Funds Summary - Child Welfare Parental Defense				
Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2004 Balance
Child Welfare Parental Defense Fund	UCA 63A-11-203	Appropriations, county deposits, private contrib.	Admin costs and indigent legal defense costs	\$0 (new)

Table 14-2

CHAPTER 15 DEPARTMENT OF ADMINISTRATIVE SERVICES – ISF SUMMARY

Function	<p>Internal Service Funds (ISF) employ business practices to provide a service or product for other state and governmental agencies. Typical services include motor pools, computer centers, central stores, revolving loan funds, facility management, or other large functions that can be centrally coordinated. They are set up to take advantage of economies of scale, to avoid duplication of efforts and to provide an accounting mechanism to adequately identify costs of certain governmental services.</p> <p>ISFs operated by the Department of Administrative Services provide consolidated services to all state agencies. DAS operates five ISFs that are funded by state agencies and one (Debt Collection) that is funded through collections on outstanding debts owed to the state:</p> <ul style="list-style-type: none"> ➤ Office of State Debt Collection ➤ Division of Purchasing and General Services (Central Mailing, Electronic Purchasing, and Publishing) ➤ Division of Information Technology Services ➤ Division of Fleet Operations ➤ Risk Management ➤ Division of Facilities Construction and Management
Statutory Authority	<p>In order to control the size, mission and fees charged to state agencies, the Legislature imposed statutory controls (UCA 63-38-3.5) that require ISFs to respond to the legislative budget process. No ISF can bill another agency for its services unless the Legislature has:</p> <ul style="list-style-type: none"> ➤ Approved the ISF's budget request ➤ Approved the ISF's rates, fees, and other charges, and included those rates and fees in an appropriation act ➤ Approved the number of FTE as part of the annual appropriation process ➤ Appropriated the ISF's estimated revenue based upon the rates and fee structure <p>No capital acquisitions can be made by an Internal Service Fund without legislative approval.</p> <p>No capital assets can be transferred to an Internal Service Fund without legislative approval.</p> <p>Working capital for operations must be provided from the following sources in the following order:</p> <ol style="list-style-type: none"> 1. Operating revenues 2. Long-term debt

3. Appropriation from the Legislature

To eliminate negative working capital, an ISF may borrow from the General Fund (long-term debt) as long as:

- The debt is repaid over the useful life of the asset
- The Division of Finance does not allow the ISF to borrow (defined as Current Assets less Current Liabilities less Long Term Liabilities) more than ninety percent of the value of the ISF’s capital assets.

Accountability

General Fund borrowing occurs when an agency needs large amounts of cash to purchase assets to carry out its business. Examples include photocopiers and vehicles. These assets are depreciated and charged to customer agencies through the ISF’s rates. Although the Legislature expresses a preference for capitalizing through operating revenues, borrowing from the General Fund is allowed under the conditions mentioned above.

The following table shows General Fund debt carried by the DAS ISFs:

	General Fund Borrowing			
	FY 2002	FY 2003	FY 2004	FY 2005 Est
Gen Services: Publishing	\$3,426,000	\$2,958,400	\$3,931,000	\$4,527,600
Net Book Value Fixed Assets	\$3,520,100	\$3,283,300	\$4,344,100	\$4,939,600
Fleet Ops: Motor Pool	\$27,793,100	\$26,538,100	\$28,121,700	\$27,149,400
Net Book Value Fixed Assets	\$60,960,300	\$57,228,400	\$58,872,389	\$58,688,300
Fleet Ops: Fuel Network	\$3,215,800	\$3,052,200	\$4,579,900	\$4,395,100
Net Book Value Fixed Assets	\$1,063,900	\$930,400	\$824,700	\$871,900
Federal Surplus Property	\$171,100	\$124,000	\$122,300	\$106,200
Net Book Value Fixed Assets	\$415,900	\$398,700	\$335,800	\$0
Risk Mgt: Workers Comp			\$364,100	
Net Book Value Fixed Assets			\$0	
ITS	\$3,945,200	\$6,861,300	\$4,291,000	\$5,446,600
Net Book Value Fixed Assets	\$16,689,400	\$15,864,600	\$12,199,100	\$13,351,600
Total Gen Fund Borrowing	\$38,551,200	\$39,534,000	\$41,410,000	\$41,624,900

Source: Dept. of Administrative Services

Table 15-1

In the case of the Fuel Network, although General Fund borrowing exceeds the net book value of fixed assets, their FY 2004 Current Assets were \$6.3 million, compared to Current Liabilities of \$2.1 million and Long Term Liabilities of \$4.5 million, meaning their Deficit Working Capital was \$300,000, well within 90 percent of the value of their fixed assets.

Agencies must pay approved ISF rates

Agencies must pay ISF rates regardless of additional appropriations to their budgets. Internal Service Fund rates are set by the Legislature based on recommendations from the Rate Committee. Over the years the Legislature provided agencies with additional funds to pay for increases in rates, although many times that additional funding came from decreases in other ISFs (primarily from lower costs associated with IT costs). With significant budget

constraints over the past three years, the Legislature could not always provide additional funds to cover increasing rates. This puts agencies in a difficult position, but it also gives them an incentive to more carefully monitor the services they purchase and the rates they pay.

If agencies do not believe the rates are appropriate, they may take their complaint to the Rate Committee, which has the power to lower rates during the interim. Agencies can lower costs by making fewer copies, cutting down on mail, reducing services for facility management or resizing their fleet.

Funding Detail

Dedicated Credits come from charges or premiums to customer agencies.
 Restricted revenue comes from the Workers Compensation Fund administered by Risk Management.

ISF - Administrative Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Federal Funds	0	542,200	1,080,100	0	0
Dedicated Credits Revenue	396,900	413,700	387,100	668,300	367,000
Premiums	22,431,600	23,657,400	24,416,700	25,849,300	28,430,700
Licenses/Fees	140,000	191,400	166,700	21,800	168,000
Interest Income	572,500	875,600	943,400	553,300	661,000
Dedicated Credits - Intragvt Rev	121,631,900	126,739,800	119,662,400	123,850,700	120,040,700
Sale of Fixed Assets	0	(52,300)	(1,223,600)	(601,000)	0
Restricted Revenue	10,145,300	8,126,800	7,563,000	7,001,900	8,517,600
Trust and Agency Funds	0	171,700	0	0	0
Transfers	934,400	456,600	360,600	0	0
Other Financing Sources	9,200	(17,100)	(1,800)	(800)	2,100
Total	\$156,261,800	\$161,105,800	\$153,354,600	\$157,343,500	\$158,187,100
Line Items					
ISF - Office of State Debt Collector	1,115,800	1,355,200	1,244,300	1,240,200	1,198,100
ISF - Purchasing & General Services	13,065,200	13,938,300	13,937,400	13,982,500	14,589,100
ISF - Information Technology Services	53,716,600	58,449,000	49,737,500	48,262,100	47,553,800
ISF - Fleet Operations	37,424,500	36,297,100	37,239,900	41,223,000	38,082,100
ISF - Risk Management	32,579,400	31,892,400	32,230,700	32,853,500	36,948,300
ISF - Facilities Management	18,360,300	19,173,800	18,964,800	19,782,200	19,815,700
Total	\$156,261,800	\$161,105,800	\$153,354,600	\$157,343,500	\$158,187,100
Categories of Expense					
Personal Services	28,823,600	30,964,500	30,922,700	30,085,100	30,121,700
In-State Travel	96,300	130,700	93,600	60,800	111,100
Out of State Travel	175,900	139,900	60,800	43,600	79,100
Current Expense	94,322,000	96,651,100	89,220,700	91,145,400	97,719,300
DP Current Expense	10,045,100	12,479,200	9,003,600	7,857,900	8,266,800
DP Capital Outlay	6,389,800	6,509,500	6,892,000	(74,500)	5,960,700
Capital Outlay	0	13,100	0	5,796,500	0
Other Charges/Pass Thru	3,800,300	4,530,000	5,716,500	2,944,600	1,237,300
Operating Transfers	0	3,067,900	667,100	3,405,000	0
Depreciation	10,708,700	11,799,900	14,258,400	14,351,200	14,458,800
Trust & Agency Disbursements	50,000	0	0	0	0
	\$154,411,700	\$166,285,800	\$156,835,400	\$155,615,600	\$157,954,800
Profit/Loss	\$1,850,100	(\$5,180,000)	(\$3,480,800)	\$1,727,900	\$232,300
Other Data					
Total FTE	522.6	532.4	520.4	507.5	500.5
Authorized Capital Outlay	\$27,965,000	\$43,351,700	\$21,060,400	\$23,579,700	\$22,949,200
Retained Earnings	\$26,201,200	\$21,021,100	\$17,540,100	\$18,816,000	\$12,181,700
Vehicles	4,787	4,855	4,398	4,427	4,363

Table 15-1

CHAPTER 16 OFFICE OF STATE DEBT COLLECTION (ISF)

Function Senate Bill 235 of the 1995 Legislative Session established the Office of State Debt Collection (OSDC). The program contracts with private vendors to assist in collection of outstanding debt.

In reality, OSDC operates differently than other Internal Service Fund agencies. Other Internal Service Funds provide general services to other state agencies; the OSDC collects past due bills for other agencies, but their funding is from debtors rather than customer agencies.

Statutory Authority Created in UCA 63A-8-201, the office has the following duties:

- Overall responsibility for collecting and managing state receivables
- Develop consistent policies governing collection and management of state receivables
- Oversee and monitor state receivables to make sure state agencies are implementing all appropriate collection methods, following established guidelines, and accounting for receivables appropriately
- Develop policies for accounting, reporting and collecting monies owed to the state.
- Provide information and training to state agencies on collection-related topics.
- Write an inclusive receivables management and collection manual.
- Create and coordinate a state accounts receivable database.
- Develop reasonable criteria to gauge agencies' efforts in maintaining an effective accounts receivables program.
- Identify those agencies that are not making satisfactory progress toward collecting accounts receivable.
- Coordinate procedures between agencies to maximize collection of past-due accounts receivable.
- Establish an automated cash receipt process between agencies.
- Establish procedures for writing off accounts receivable.
- Establish time limits after which an agency will delegate responsibility to collect debts to the office.

The office may:

- Collect debts for higher education entities if the entities agree.
- Contract with private or state agencies to collect past-due accounts
- Obtain access to records of any state agency that are necessary.

- Establish a fee to cover its administrative costs, on accounts administered by the office.
- Establish late penalty fees not higher than ten percent of the amount due.
- Charge interest not higher than two percent above prime
- Accept payment by credit card under certain circumstances.

UCA 63A-7-202 creates the Advisory Board to the OSDC.

UCA 63A-8-204 requires the office to establish rules to govern collection techniques.

Intent Language

The Legislature adopted the following intent language in H.B. 1, Supplemental Appropriations Act, for FY 2004:

It is the intent of the Legislature that the Office of State Debt Collection Internal Service Fund shall lapse all capital outlay authority on June 30, 2004.

Accountability

Performance Data Summary - Office of State Debt Collection					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Retained Earnings	Intermediate		\$236,100	
	Statewide Collections	Outcome		\$5,429,000	
	Collections per \$1 Expended by OSDC	Efficiency		\$4.68	

Table 16-1

The OSDC is designed to funnel past-due receivables back to the General Fund. As such, it should keep only enough funds from collections to cover operating costs. When the program was new, it built up sufficient retained earnings that the Legislature appropriated them as one-time funds to various state needs. The Legislature has the option of appropriated retained earnings directly to the General Fund or to one-time needs across the state.

OSDC Retained Earnings

FY 1999	\$195,000
FY 2000	\$424,800
FY 2001	\$600,300
FY 2002	\$639,800
FY 2003	\$206,000
FY 2004	\$236,100

The expansion of private sector contracts has allowed the office to increase collections without significantly increasing costs.

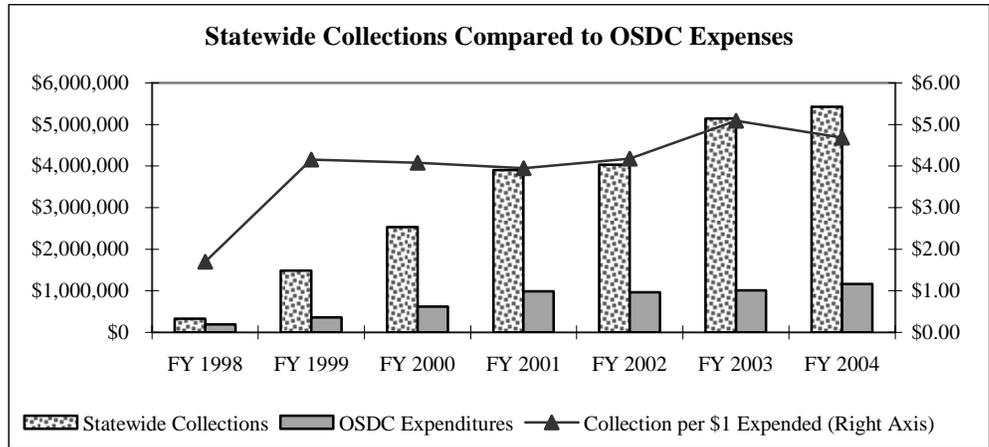


Figure 16-1

Collections include all outsourced collections on delinquent accounts statewide. For example, of the \$5.4 million collected in FY 2004, \$2.9 million was collected by Tax Commission efforts. Agencies report collection numbers to OSDC. There is no direct correlation between OSDC’s expenses and actual statewide collections; however, Figure 16-1 compares OSDC’s expense growth rate to the statewide collections growth rate. Ideally, statewide collections per \$1 expended by OSDC would remain flat or increase annually.

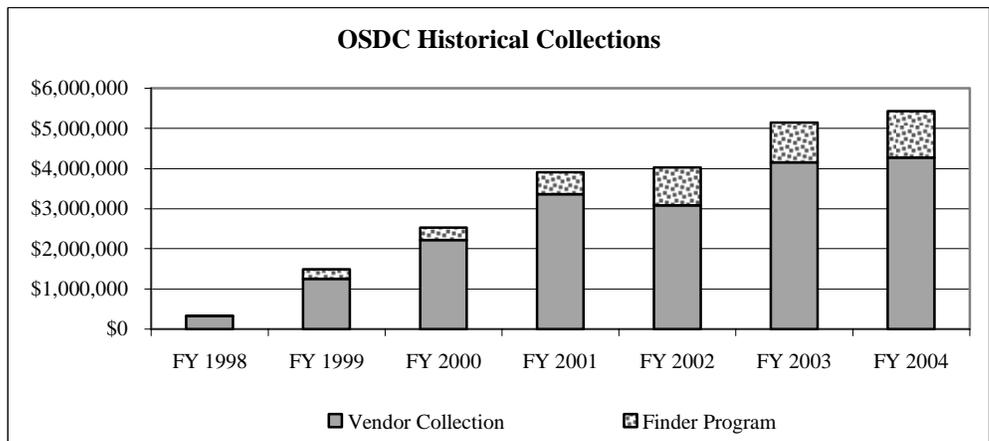


Figure 16-2

Funding Detail

Revenue is generated for the program by assessing an administrative fee against each collection. No tax funds are appropriated to this program. Since revenues do not come from customer agencies, this budget does not include “intra-governmental revenue” as most ISF budgets do.

ISF - Debt Collection					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits Revenue	396,900	413,700	387,100	668,300	367,000
Licenses/Fees	140,000	191,400	166,700	21,800	168,000
Interest Income	569,700	767,200	692,300	550,900	661,000
Other Financing Sources	9,200	(17,100)	(1,800)	(800)	2,100
Total	\$1,115,800	\$1,355,200	\$1,244,300	\$1,240,200	\$1,198,100
Categories of Expense					
Personal Services	278,400	282,700	320,800	339,400	327,000
In-State Travel	100	300	100	200	100
Out of State Travel	1,800	600	0	0	0
Current Expense	305,500	276,200	252,500	378,900	323,000
DP Current Expense	14,900	16,500	15,700	9,800	17,600
Other Charges/Pass Thru	388,600	388,700	421,900	431,700	437,500
Operating Transfers	0	350,700	667,100	50,000	0
Total	\$989,300	\$1,315,700	\$1,678,100	\$1,210,000	\$1,105,200
Profit/Loss	\$126,500	\$39,500	(\$433,800)	\$30,200	\$92,900
Other Data					
Total FTE	4.0	4.0	4.9	5.2	5.0
Retained Earnings	\$600,300	\$639,800	\$206,000	\$236,100	\$395,400

Table 16-2

CHAPTER 17 PURCHASING AND GENERAL SERVICES (ISF)

Function	<p>In 1997 the Legislature reorganized the Department of Administrative Services, merging Central Copying, Central Mail, and Central Stores into the Division of Purchasing. The new division became the Division of Purchasing and General Services. The General Services functions of the division are budgeted as internal service funds. The procurement function that enables other agencies to contract for goods and services is budgeted separately in the appropriated fund section.</p> <p>The internal service fund programs in this line item include:</p> <ul style="list-style-type: none"> ➤ Administration ➤ Central Mailing ➤ Electronic Purchasing ➤ Publishing
Statutory Authority	<p>Utah Code (63A-2-103) directs the Division of Purchasing and General Services to operate and maintain:</p> <ul style="list-style-type: none"> ➤ a central mailing service and ➤ an electronic central store system for procuring goods and services. <p>The director may establish microfilming, duplicating, printing, addressograph, and other central services.</p> <p>Each state agency must subscribe to the division's central services unless the director delegates this authority as required by UCA 63A-2-104.</p> <p>Regarding the ISF, UCA 63A-2-103(3) requires the director to:</p> <ul style="list-style-type: none"> ➤ Establish a schedule of fees to be charged for all services provided to any department or agency ➤ Submit proposed fees for services to the Rate Committee and obtain approval from the Legislature ➤ Ensure that fees are approximately equal to the cost of providing the service ➤ Conduct a market analysis by July 1, 2005 and periodically thereafter of fees, comparing division rates with fees of other public or private sector providers
Intent Language	<p>The Legislature adopted the following intent language in H.B. 1, 2004 General Session Supplemental Appropriations Act:</p> <p style="text-align: center;"><i>It is the intent of the Legislature that the General Services Internal Service Fund shall lapse all capital outlay authority on June 30, 2004.</i></p>

Funding Detail

This budgetary line item actually contains four programs. However, the Administration program exists only to account for overhead costs of services provided to the other three programs.

ISF - Purchasing & General Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	13,065,200	13,990,600	13,931,400	13,974,200	14,589,100
Sale of Fixed Assets	0	(52,300)	6,000	8,300	0
Total	\$13,065,200	\$13,938,300	\$13,937,400	\$13,982,500	\$14,589,100
Programs					
ISF - Central Mailing	7,820,100	8,684,300	8,814,900	8,904,000	8,814,900
ISF - Electronic Purchasing	290,200	342,400	352,300	325,400	352,300
ISF - Publishing	4,954,900	4,911,600	4,770,200	4,753,100	5,421,900
Total	\$13,065,200	\$13,938,300	\$13,937,400	\$13,982,500	\$14,589,100
Categories of Expense					
Personal Services	2,356,600	2,475,900	2,467,400	2,526,800	2,676,500
In-State Travel	10,000	8,200	11,900	8,400	9,100
Out of State Travel	2,700	2,400	900	1,200	1,700
Current Expense	9,042,200	9,442,000	9,746,500	9,798,800	9,760,700
DP Current Expense	53,400	41,100	33,000	39,200	105,000
DP Capital Outlay	100	0	0	0	0
Other Charges/Pass Thru	(317,600)	(307,200)	(281,700)	(292,100)	(283,700)
Operating Transfers	0	8,300	0	0	0
Depreciation	1,364,600	1,525,000	1,462,300	1,625,600	1,825,300
	\$12,512,000	\$13,195,700	\$13,440,300	\$13,707,900	\$14,094,600
Profit/Loss	\$553,200	\$742,600	\$497,100	\$274,600	\$494,500
Other Data					
Total FTE	60.0	63.0	61.1	61.2	63.5
Authorized Capital Outlay	\$1,632,500	\$4,361,200	\$1,418,600	\$2,377,900	\$2,816,000
Retained Earnings	(\$512,200)	\$230,400	\$727,400	\$1,002,000	\$1,755,400
Vehicles	13	13	16	16	16

Table 17-1

PROGRAMS – PURCHASING AND GENERAL SERVICES

ADMINISTRATION

Function The administration program is set up to account for the indirect costs (administrative overhead) in delivering the services of the other three central services programs. The functions of divisional management, budgeting, accounting, and clerical support are managed within this program. The programs are billed in proportion to their share of the total division budget.

Accountability

Performance Data Summary - General Services - Administration					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
Efficient Overhead	Admin Costs as % Expend	Efficiency		2.4%	

Table 17-2

	FY 2002	FY 2003	FY 2004	FY 2005 App
Total Expenditures*	\$11,709,700	\$11,978,500	\$12,082,300	\$12,269,300
Admin Overhead	\$307,200	\$281,700	\$292,100	\$283,700
Percentage Overhead	2.6%	2.4%	2.4%	2.3%

*Excluding Depreciation

Table 17-3

Funding Detail

All expenditures are passed through to the programs in proportion to their share of the total division budget.

ISF - General Services Administration					
Sources of Finance	2001	2002	2003	2004	2005
	Actual	Actual	Actual	Actual	Appropriated
Total	\$0	\$0	\$0	\$0	\$0
Categories of Expense					
Personal Services	235,700	253,100	220,800	224,200	215,600
In-State Travel	0	0	1,100	0	0
Out of State Travel	300	0	0	0	0
Current Expense	34,100	29,000	33,100	31,100	32,900
DP Current Expense	50,300	35,100	29,600	34,200	35,200
DP Capital Outlay	100	0	0	0	0
Other Charges/Pass Thru	(317,600)	(307,200)	(281,700)	(292,100)	(283,700)
Total	\$2,900	\$10,000	\$2,900	(\$2,600)	\$0
Profit/Loss	(\$2,900)	(\$10,000)	(\$2,900)	\$2,600	\$0
Other Data					
Total FTE	3.0	3.0	3.0	3.4	3.0
Retained Earnings	\$7,200	(\$2,800)	(\$5,700)	(\$3,100)	(\$5,700)

Table 17-4

CENTRAL MAILING

Function

State Mail provides mail services for agencies throughout the state. The Tax Commission and Department of Human Services mail operations were consolidated with State Mail in FY 1995, creating one of the most centralized state mail operations in the nation. The automation of mail functions in a centralized facility reduces the time that agencies spend on these functions and increases overall efficiency.

State Mail is established to provide services in a way that minimizes costs to state agencies. Bar coding and presorting of mail allows agencies to receive maximum postal discounts. Reduced rates reflect postal discounts obtained through mail automation and consolidation. Mail Services also provides agencies with an effective way to process their outgoing mail stream. Collation, bursting, sorting, and inserting are all automated functions that were often performed by hand or outsourced at a much higher rate.

Funding Detail

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2005 General Session.

ISF - Central Mailing					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Re	7,820,100	8,740,800	8,814,900	8,904,000	8,814,900
Sale of Fixed Assets	0	(56,500)	0	0	0
Total	\$7,820,100	\$8,684,300	\$8,814,900	\$8,904,000	\$8,814,900
Categories of Expense					
Personal Services	1,235,700	1,317,200	1,406,700	1,427,000	1,403,500
In-State Travel	6,900	4,100	4,800	3,800	5,000
Out of State Travel	2,300	1,500	500	800	0
Current Expense	6,043,400	6,617,100	7,037,800	7,118,800	7,031,300
DP Current Expense	900	2,300	1,800	200	0
Operating Transfers	0	8,300	0	0	0
Depreciation	113,100	99,200	73,900	102,900	174,800
Total	\$7,402,300	\$8,049,700	\$8,525,500	\$8,653,500	\$8,614,600
Profit/Loss	\$417,800	\$634,600	\$289,400	\$250,500	\$200,300
Other Data					
Total FTE	38.0	38.0	40.5	38.7	38.8
Authorized Capital Outlay	\$182,700	\$1,222,200	\$160,000	\$92,000	\$570,000
Retained Earnings	\$676,200	\$1,310,800	\$1,600,200	\$1,850,700	\$2,053,300
Vehicles	11	11	14	14	14

Table 17-5

ELECTRONIC PURCHASING

Function

Prior to 1997, Central Stores was the state's outlet for office and specialty supplies. Supplies were furnished at an average markup of twenty two percent rather than the thirty to forty percent charged by wholesale/retail operations. Beginning in 1997 Central Stores became a stockless, vendor direct operation. Instead of warehousing supplies purchased in bulk, the program uses a private sector vendors to make direct deliveries and invoicing to state agencies and institutions. Office supplies are delivered directly to agency desktops within 24 hours of order receipt.

The "P-Card" streamlines processes

The Purchasing Card or P-Card is a Visa card that is designed to supplement or eliminate a variety of processes including petty cash, local check writing, low-value authorizations and small dollar purchase orders. It provides a more efficient, cost effective method of purchasing and payment for small dollar transactions.

The P-Card can be used for in-store purchases as well as mail, e-mail, telephone and fax orders. Each card carries pre-established transaction and monthly credit limits. Agencies may further limit transaction amounts and the number of daily transactions. The P-Card's Merchant Category Codes prevent use with inappropriate or high risk vendors.

Funding Detail

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2005 General Session.

ISF - Electronic Purchasing					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Re	290,200	342,400	352,300	325,400	352,300
Total	\$290,200	\$342,400	\$352,300	\$325,400	\$352,300
Categories of Expense					
Personal Services	102,400	128,300	111,200	133,900	215,700
In-State Travel	600	800	800	1,300	900
Out of State Travel	100	0	0	0	0
Current Expense	73,800	49,700	72,000	72,400	0
DP Current Expense	0	400	0	2,800	66,500
Total	\$176,900	\$179,200	\$184,000	\$210,400	\$283,100
Profit/Loss	\$113,300	\$163,200	\$168,300	\$115,000	\$69,200
Other Data					
Total FTE	2.0	5.0	2.0	2.4	4.0
Retained Earnings	(\$131,100)	\$32,100	\$200,300	\$315,300	\$338,000

Table 17-6

PUBLISHING

Function

Copy and Publishing Services operates a self-service copier program and several service centers. The program seeks to offer high quality copy services at below market prices. Agencies are not required to use State Publishing Services if other options are more cost effective. However, with further consolidation and no need for a profit margin, the Publishing program can keep costs low and provide significant savings to the state.

Accountability

Performance Data Summary - General Services - Publishing					
Goal	Measure	Measure Type	FY 2004		FY 2005 Target
			Target	Observed	
Financial Break-Even	Retained Earnings	Intermediate		(\$1,160,900)	

Table 17-7

Several years ago the Legislature expressed concern over the number and dispersion of expensive copier/publishing systems. In response, the division consolidated operations and reduced equipment in an effort to return to profitability and begin reversing losses in retained earnings. However, it appears the division was overly optimistic regarding how fast it could reduce its negative equity position.

Publishing Services Retained Earnings

FY 2001	(\$1,604,500)
FY 2002	(\$1,108,600)
FY 2003	(\$1,067,400)
FY 2004	(\$1,160,900)
FY2005 Estimate	(\$1,160,600)

The division notes that several factors contribute to a slower than expected elimination of retained earnings. There is a continued movement by agencies to digital copying on their own equipment. As prices drop and computer printing capabilities increase, agencies are using state copy centers less. The Analyst believes that it is appropriate for the division to work out of a deficit position slowly, allowing rates to stay lower for state agencies. This provides a savings for the state in the short term and stability in the long term.

Funding Detail

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2005 General Session.

ISF - Publishing					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Re	4,954,900	4,907,400	4,764,200	4,744,800	5,421,900
Sale of Fixed Assets	0	4,200	6,000	8,300	0
Total	\$4,954,900	\$4,911,600	\$4,770,200	\$4,753,100	\$5,421,900
Categories of Expense					
Personal Services	782,800	777,300	728,700	741,700	841,700
In-State Travel	2,500	3,300	5,200	3,300	3,200
Out of State Travel	0	900	400	400	1,700
Current Expense	2,890,900	2,746,200	2,603,600	2,576,500	2,696,500
DP Current Expense	2,200	3,300	1,600	2,000	3,300
Depreciation	1,251,500	1,425,800	1,388,400	1,522,700	1,650,500
Total	\$4,929,900	\$4,956,800	\$4,727,900	\$4,846,600	\$5,196,900
Profit/Loss	\$25,000	(\$45,200)	\$42,300	(\$93,500)	\$225,000
Other Data					
Total FTE	17.0	17.0	15.6	16.8	17.8
Authorized Capital Outlay	\$1,449,800	\$3,139,000	\$1,258,600	\$2,285,900	\$2,246,000
Retained Earnings	(\$1,064,500)	(\$1,109,700)	(\$1,067,400)	(\$1,160,900)	(\$630,200)
Vehicles	2	2	2	2	2

Table 17-8

CHAPTER 18 DIVISION OF INFORMATION TECHNOLOGY SERVICES (ISF)

Function	<p>The Division of Information Technology Services (ITS) provides centralized data processing and communication service to all agencies of state government as well as various local entities. The division has authority to establish rates and collect fees for those services.</p> <p>ITS' data processing services include software licensing and development, central computing, wide area network connectivity, and consultation. Its telecommunications services include negotiating the purchase, lease or rental of private or public telecommunications services, and operating the state's network of microwave sites.</p>
Statutory Authority	<p>The following sections of Utah code govern the Division of Information Technology Services</p> <ul style="list-style-type: none"> ➤ Title 63A Chapter 6 "Utah Administrative Services Code" creates ITS within the Department of Administrative Services, and delineates the division's responsibilities; ➤ Title 63 Chapter 38 "Budgetary Procedures Act" defines internal service funds, including ITS, and sets guidelines for their operations.
Intent Language	<p>During the 2004 General Session the Legislature approved the following language for FY 2005 in S.B. 1, Appropriations Act:</p> <p style="padding-left: 40px;"><i>It is the intent of the Legislature that Information Technology Services be allowed to add FTEs beyond the authorized level if it represents a benefit to the state and a decrease of FTEs in the user agency. The total ISFs within state government shall not change with this shift of FTEs. Prior to transferring FTEs to the Internal Service Fund, the Department of Administrative Services shall report to the Executive Appropriations Committee decreased personal services expenditures in the originating agency and corresponding increased Internal Service Fund charges that will result from the transfer.</i></p> <p>The Legislature adopted the following intent language in H.B. 1, Supplemental Appropriations Act, for FY 2004:</p> <p style="padding-left: 40px;"><i>The Legislature intends that \$1,078,000 in carry-forward capital outlay authority granted by intent language to the Division of Information Technology Services in Item 59, House Bill 1, 2003 General Session, is hereby rescinded. It intends that remaining nonlapsing authority be used for the following projects: \$250,000 for a Voice Over Internet Protocol pilot project; \$500,000 for a Communications Upgrade to Richfield.</i></p> <p style="padding-left: 40px;"><i>The Legislature intends that all but \$1,261,300 in unexercised Capital Outlay Authority granted for FY 2004 shall lapse on June 30, 2004. The Legislature further intends that \$1,261,300 in authority that does not lapse shall be used for the following: Better Billing, \$125,000; Netcool Hardware and Software, \$163,800; Shark</i></p>

Alternatives, \$200,000; Backup Infrastructure, \$50,000; Authentication Software, \$100,000; Microwave Site Improvements, \$247,100; PBX and Key Systems, \$375,500.

Funding Detail

There are thirteen separate programs in this division. More detail on each program is provided below.

ISF - Information Technology Services					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Federal Funds	0	542,200	1,080,100	0	0
Dedicated Credits - Intragvt Rev	52,782,200	57,450,200	48,296,800	48,262,100	47,553,800
Transfers	934,400	456,600	360,600	0	0
Total	\$53,716,600	\$58,449,000	\$49,737,500	\$48,262,100	\$47,553,800
Programs					
ISF - ITS Administration and Finance	0	0	0	0	24,900
ISF - Network Services	11,228,100	11,802,700	11,059,900	12,808,900	12,011,400
ISF - Voice Services	16,350,800	16,240,300	16,331,900	16,805,100	16,108,400
ISF - Computing	18,387,600	20,054,200	0	0	17,200
ISF - Mainframe Hosting	0	0	14,122,200	38,929,200	14,048,500
ISF - Desktop/LAN Support	0	0	4,708,800	4,790,900	5,011,900
ISF - Storage Services	0	0	2,514,400	4,277,000	4,730,800
ISF - Web Hosting	0	0	206,500	203,500	1,203,600
ISF - Application Development	0	0	137,200	891,600	2,972,000
ISF - Reporting Services	0	0	0	0	153,300
ISF - Wireless Tech Services	2,297,100	2,674,900	2,091,300	1,923,400	2,395,700
ISF - ITS Support Services	3,643,500	5,071,700	552,200	502,000	521,200
ISF - Automated Geographic Ref Ctr	1,553,800	2,605,200	2,206,900	0	0
ISF - Research and Development	255,700	0	0	0	0
ISF - Clearing	0	0	(4,193,800)	(32,869,500)	(11,645,100)
Total	\$53,716,600	\$58,449,000	\$49,737,500	\$48,262,100	\$47,553,800
Categories of Expenditure					
Personal Services	16,451,900	17,767,800	18,066,000	17,267,600	17,101,400
In-State Travel	47,800	81,300	46,700	26,000	70,400
Out of State Travel	133,800	100,300	38,700	29,100	29,600
Current Expense	20,158,000	22,231,300	17,589,100	17,575,100	16,288,000
DP Current Expense	9,614,200	11,986,600	8,508,500	7,178,100	7,679,900
DP Capital Outlay	6,208,900	6,410,900	6,880,200	(74,500)	5,910,200
Capital Outlay	0	0	0	5,796,500	0
Other Charges/Pass Thru	2,707,600	3,034,300	3,443,000	742,200	753,900
	\$55,322,200	\$61,612,500	\$54,572,200	\$48,540,100	\$47,833,400
Profit/Loss	(\$1,605,600)	(\$3,163,500)	(\$4,834,700)	(\$278,000)	(\$279,600)
Other Data					
Total FTE	242.0	243.0	250.3	241.0	241.0
Authorized Capital Outlay	6,208,600	6,410,900	5,745,800	5,732,800	6,072,500
Retained Earnings	14,181,600	11,018,100	6,183,400	5,453,400	3,569,000
Vehicles	18	20	23	24	24

Table 18-1

PROGRAMS – DIVISION OF INFORMATION TECHNOLOGY SERVICES

ADMINISTRATION AND FINANCE

Function ITS’ Administration and Finance functional area provides direction, prepares budgets, develops rates, tracks finances, manages billing systems and contracts, and performs technical writing for ITS. It includes the following activities:

- Director's Office
- Administration & Finance
- Accounting
- Budgets & Rates
- Internal Financial Systems
- Management Services
- Office Supplies & Miscellaneous

Funding Detail ITS distributes costs associated with overhead – such as administrative functions – to each of its operating units. The sum of administrative costs is delineated below, but there is no revenue associated with this function.

ISF - ITS Administration and Finance					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	0	0	0	0	24,900
Total	\$0	\$0	\$0	\$0	\$24,900
Categories of Expenditure					
Personal Services	1,452,700	1,609,400	7,162,700	3,308,800	2,715,100
In-State Travel	400	1,100	4,200	3,500	70,400
Out of State Travel	8,400	6,700	14,100	3,900	29,600
Current Expense	260,800	182,000	459,900	355,800	459,800
DP Current Expense	193,600	275,100	691,200	8,128,600	1,508,700
DP Capital Outlay	8,200	8,900	473,900	0	546,400
Capital Outlay	0	0	0	679,500	0
Other Charges/Pass Thru	195,900	378,700	(8,806,200)	(12,480,000)	(5,305,100)
Total	\$2,120,000	\$2,461,900	(\$200)	\$100	\$24,900
Profit/Loss	(\$2,120,000)	(\$2,461,900)	\$200	(\$100)	\$0
Other Data					
Total FTE	27.0	27.0	50.9	66.8	50.9
Authorized Capital Outlay	8,200	8,900	5,745,800	0	6,072,500
Retained Earnings	925,400	(1,536,500)	(1,536,300)	(1,988,400)	(3,629,100)
Vehicles	1	1	1	1	1

Table 18-2

NETWORK SERVICES

Function

The Network Services product family supplies and maintains the circuits upon which many of ITS' services "ride". It incorporates wide area data networks, long-haul trunk circuits, wireless and mobile data communications, and associated security applications. It includes the following products:

- Wide Area Network
- Remote Access
- Wiring Materials and Labor
- Microwave Circuits
- Communications Sites
- State Repeater System
- Law Enforcement System
- Wireless LAN
- 802.11 Hotspots and IP Mobile Data
- Utah Master Directory (UMD) and Web Authentication

Funding Detail

A five year funding history for this program is shown below.

ISF - Network Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	11,228,100	11,802,700	11,059,900	12,808,900	12,011,400
Total	\$11,228,100	\$11,802,700	\$11,059,900	\$12,808,900	\$12,011,400
Categories of Expenditure					
Personal Services	2,713,900	2,604,600	1,181,700	2,659,400	2,766,400
In-State Travel	3,300	3,900	4,400	2,900	0
Out of State Travel	22,200	11,000	1,500	6,400	0
Current Expense	6,186,200	5,699,400	5,380,000	6,233,300	5,930,600
DP Current Expense	1,200,300	1,261,200	1,572,200	1,392,000	1,834,300
DP Capital Outlay	1,725,200	1,627,600	1,585,100	0	1,664,700
Capital Outlay	0	0	0	1,187,800	0
Other Charges/Pass Thru	66,100	1,182,500	2,451,300	2,359,700	1,524,400
Total	\$11,917,200	\$12,390,200	\$12,176,200	\$13,841,500	\$13,720,400
Profit/Loss	(\$689,100)	(\$587,500)	(\$1,116,300)	(\$1,032,600)	(\$1,709,000)
Other Data					
Total FTE	40.0	40.0	34.0	34.7	33.7
Authorized Capital Outlay	1,725,200	1,627,600	0	1,603,800	0
Retained Earnings	(1,237,100)	(1,824,600)	(2,940,900)	(3,973,500)	(6,162,900)

Table 18-3

VOICE SERVICES

Function

Voice Services supplies consulting on telephones, voice switches, and other voice services. It provides telephone switch design and configuration; as well as analysis and planning for voice facilities. It includes the following products:

- Telecom Warehouse
- Tech Labor
- Universal Rate
- Voice Mail
- Auto Attendant
- Call Management Services
- Interactive Voice Response (IVR)
- Long Distance
- Toll-free Service
- Video Conferencing

Funding Detail

A five year funding history for this program is shown below.

ISF - Voice Services					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	16,350,800	16,240,300	16,331,900	16,805,100	16,108,400
Total	\$16,350,800	\$16,240,300	\$16,331,900	\$16,805,100	\$16,108,400
Categories of Expenditure					
Personal Services	2,585,600	2,480,200	2,110,200	1,761,000	1,979,200
In-State Travel	12,900	14,800	11,100	5,100	0
Out of State Travel	19,300	11,900	2,900	0	0
Current Expense	9,871,600	10,884,300	10,305,000	10,901,900	9,559,200
DP Current Expense	164,800	113,700	147,400	205,300	178,900
DP Capital Outlay	1,329,600	1,447,300	895,000	0	637,300
Capital Outlay	0	0	0	812,300	0
Other Charges/Pass Thru	1,414,500	1,658,200	3,103,700	2,911,200	1,507,200
Total	\$15,398,300	\$16,610,400	\$16,575,300	\$16,596,800	\$13,861,800
Profit/Loss	\$952,500	(\$370,100)	(\$243,400)	\$208,300	\$2,246,600
Other Data					
Total FTE	43.0	43.0	31.6	24.9	31.6
Authorized Capital Outlay	1,329,300	1,447,300	0	1,147,400	0
Retained Earnings	(318,500)	(688,600)	(932,000)	(723,700)	3,017,900
Vehicles	9	9	9	10	10

Table 18-4

COMPUTING

Function

For FY 2005, the Division of Information Technology Services underwent a reorganization aimed at more accurately reflecting costs in the division’s operational and rate structures. Prior to FY 2005, many of the computing related functions were housed in this “Computing” product family.

Funding Detail

For historical comparison purposes, two years of budget detail on the Computing program are shown below.

ISF - Computing					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	18,387,600	20,054,200	0	0	17,200
Total	\$18,387,600	\$20,054,200	\$0	\$0	\$17,200
Categories of Expenditure					
Personal Services	5,751,200	6,471,400	0	0	17,200
In-State Travel	2,900	2,500	0	0	0
Out of State Travel	51,700	45,500	0	0	0
Current Expense	762,500	687,100	0	0	0
DP Current Expense	5,463,300	6,806,200	0	0	0
DP Capital Outlay	2,507,100	2,730,200	0	0	0
Other Charges/Pass Thru	3,092,800	2,875,100	0	0	0
Total	\$17,631,500	\$19,618,000	\$0	\$0	\$17,200
Profit/Loss	\$756,100	\$436,200	\$0	\$0	\$0
Other Data					
Total FTE	80.0	78.0	0.0	0.0	0.0
Authorized Capital Outlay	2,507,100	2,730,200	0	0	0
Retained Earnings	16,836,300	17,272,500	0	0	0

Table 18-5

MAINFRAME HOSTING

Function

The Mainframe Hosting product family supports storage of data and execution of applications designed for a mainframe computing. ITS owns three mainframes – one in Richfield and two in Salt Lake City. In both Richfield and Salt Lake, ITS maintains monitored, physically secure, climate controlled, and power conditioned environments to house these machines and their associated functions.

The products included in the Mainframe hosting family are:

- Adabas Services
- DB2 Services
- Oracle Services
- Mainframe Hosting Services

Funding Detail

A five year funding history for this program is shown below.

ISF - Mainframe Hosting					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	0	0	14,122,200	38,929,200	14,048,500
Total	\$0	\$0	\$14,122,200	\$38,929,200	\$14,048,500
Categories of Expenditure					
Personal Services	0	0	1,849,500	2,321,700	1,988,000
In-State Travel	0	0	600	200	0
Out of State Travel	0	0	2,300	3,200	0
Current Expense	0	0	360,300	608,100	531,500
DP Current Expense	0	0	4,165,200	19,581,900	8,354,000
DP Capital Outlay	0	0	1,578,300	(74,500)	2,073,700
Capital Outlay	0	0	0	1,170,200	0
Other Charges/Pass Thru	0	0	2,008,800	4,740,800	1,183,800
Total	\$0	\$0	\$9,965,000	\$28,351,600	\$14,131,000
Profit/Loss	\$0	\$0	\$4,157,200	\$10,577,600	(\$82,500)
Other Data					
Total FTE	0.0	0.0	26.9	37.1	26.9
Authorized Capital Outlay	0	0	0	2,884,200	0
Retained Earnings	0	0	21,429,700	32,007,300	21,905,400

Table 18-6

DESKTOP/LAN SUPPORT

Function

One of six new product families, the Desktop/Local Area Network (LAN)/Server Support group helps agencies maintain and manage every day technology. It supports desktop and laptop computers, local networks, distributed servers, and software – such as Groupwise and Microsoft Office – that is used by a majority of information workers in the state. While many agencies support these assets “in-house”, a growing number are outsourcing support to ITS and its vendors.

The Desktop/LAN/Server Support product family also encompasses the Provo and Ogden Regional Centers. It provides the following products:

- Equipment Maintenance
- Software Resale
- Server Management
- Desktop/LAN Management
- Ogden Regional Center Desktop/LAN Services
- Provo Regional Center Desktop/LAN Services

Funding Detail

A five year funding history for this program is shown below.

ISF - Desktop/LAN Support					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	0	0	4,708,800	4,790,900	5,011,900
Total	\$0	\$0	\$4,708,800	\$4,790,900	\$5,011,900
Categories of Expenditure					
Personal Services	0	0	1,233,700	1,406,600	1,402,600
In-State Travel	0	0	3,500	2,300	0
Out of State Travel	0	0	0	1,100	0
Current Expense	0	0	2,841,400	2,890,600	2,827,300
DP Current Expense	0	0	1,099,700	893,500	885,500
DP Capital Outlay	0	0	180,800	0	56,300
Capital Outlay	0	0	0	86,800	0
Other Charges/Pass Thru	0	0	1,354,300	521,000	649,900
Total	\$0	\$0	\$6,713,400	\$5,801,900	\$5,821,600
Profit/Loss	\$0	\$0	(\$2,004,600)	(\$1,011,000)	(\$809,700)
Other Data					
Total FTE	0.0	0.0	18.0	18.6	18.0
Retained Earnings	0	0	(2,004,600)	(3,015,600)	(4,066,700)

Table 18-7

STORAGE SERVICES

Function

This product family provides enterprise-wide data storage on disk and tape for both mainframe and open-systems data. It offers managed and unmanaged space for routine, archival, and business recovery purposes. It includes the following products:

- Storage Area Network Disk Storage
- Mainframe Tape Storage
- Tivoli Back-up/Restore Service for Open Systems
- Archival Tapes

ITS has successfully implemented data management software and hardware that allows it to better utilize storage space on existing media. Due to technical limitations under previous management schema, space was allocated in large blocks and much of it went unutilized. With recent improvements, ITS can write data serially to leverage existing media.

Funding Detail

A five year funding history for this program is shown below.

ISF - Storage Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	0	0	2,514,400	4,277,000	4,730,800
Total	\$0	\$0	\$2,514,400	\$4,277,000	\$4,730,800
Categories of Expenditure					
Personal Services	0	0	678,600	710,200	731,400
In-State Travel	0	0	0	100	0
Out of State Travel	0	0	1,400	2,200	0
Current Expense	0	0	19,200	13,100	103,100
DP Current Expense	0	0	346,600	3,711,200	949,300
DP Capital Outlay	0	0	1,143,800	0	137,100
Capital Outlay	0	0	0	820,700	0
Other Charges/Pass Thru	0	0	552,900	1,116,900	232,500
Total	\$0	\$0	\$2,742,500	\$6,374,400	\$2,153,400
Profit/Loss	\$0	\$0	(\$228,100)	(\$2,097,400)	\$2,577,400
Other Data					
Total FTE	0.0	0.0	8.5	8.1	8.5
Retained Earnings	0	0	(228,100)	(2,325,500)	4,137,400

Table 18-8

WEB HOSTING

Function

The Web Hosting product family provides a range of services related to World Wide Web (Internet) home pages and applications. It allows agencies to co-locate agency owned computers in ITS' data centers, offers computer capacity from which agencies may offer information and services on the web, and manages web sites for agencies. The Web Hosting product family includes the following products:

- Web Application Development
- Web Hosting (Bronze through Gold service levels)
- Co-located Web Hosting
- Dedicated Hosting
- Managed Services

Funding Detail

A five year funding history for this program is shown below.

ISF - Web Hosting					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	0	0	206,500	203,500	1,203,600
Total	\$0	\$0	\$206,500	\$203,500	\$1,203,600
Categories of Expenditure					
Personal Services	0	0	550,900	618,900	736,800
In-State Travel	0	0	400	0	0
Out of State Travel	0	0	0	2,000	0
Current Expense	0	0	48,900	16,700	49,000
DP Current Expense	0	0	275,800	446,100	368,100
DP Capital Outlay	0	0	468,900	0	303,700
Capital Outlay	0	0	0	430,300	0
Other Charges/Pass Thru	0	0	351,300	210,400	131,900
Total	\$0	\$0	\$1,696,200	\$1,724,400	\$1,589,500
Profit/Loss	\$0	\$0	(\$1,489,700)	(\$1,520,900)	(\$385,900)
Other Data					
Total FTE	0.0	0.0	9.6	6.4	9.6
Retained Earnings	0	0	(1,489,700)	(3,010,600)	(3,165,700)

Table 18-9

APPLICATION DEVELOPMENT

Function

The Application Development product family includes programmers that work in a variety of programming languages on a variety of computer platforms. The family includes web application development, web design, database administration, mainframe development, and multi-media services. It currently has one broad product – ITS Consulting Services.

Funding Detail

A five year funding history for this program is shown below.

ISF - Application Development					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	0	0	137,200	891,600	2,972,000
Total	\$0	\$0	\$137,200	\$891,600	\$2,972,000
Categories of Expenditure					
Personal Services	0	0	1,290,100	2,171,400	2,511,700
In-State Travel	0	0	400	600	0
Out of State Travel	0	0	1,000	2,200	0
Current Expense	0	0	117,600	60,600	55,500
DP Current Expense	0	0	323,000	100,600	76,400
DP Capital Outlay	0	0	322,300	0	14,000
Capital Outlay	0	0	0	88,500	0
Other Charges/Pass Thru	0	0	554,400	571,200	439,100
Total	\$0	\$0	\$2,608,800	\$2,995,100	\$3,096,700
Profit/Loss	\$0	\$0	(\$2,471,600)	(\$2,103,500)	(\$124,700)
Other Data					
Total FTE	0.0	0.0	29.4	14.4	29.4
Retained Earnings	0	0	(2,471,600)	(4,575,100)	(2,766,000)

Table 18-10

REPORTING SERVICES

Function

The Reporting product family provides web-based reports drawing upon a number of agency or interagency data sets. It currently has two products – reporting capability itself and consulting upon report design and creation. The product family has only one established rate – the standard ITS Consulting Services rate of \$75 per hour.

Funding Detail

A five year funding history for this program is shown below.

ISF - Reporting Services					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	0	0	0	0	153,300
Total	\$0	\$0	\$0	\$0	\$153,300
Categories of Expenditure					
Personal Services	0	0	1,700	332,700	393,000
Current Expense	0	0	0	7,800	0
DP Current Expense	0	0	17,300	121,800	75,500
DP Capital Outlay	0	0	9,500	0	40,000
Capital Outlay	0	0	0	40,000	0
Other Charges/Pass Thru	0	0	7,000	117,700	80,600
Total	\$0	\$0	\$35,500	\$620,000	\$589,100
Profit/Loss	\$0	\$0	(\$35,500)	(\$620,000)	(\$435,800)
Other Data					
Total FTE	0.0	0.0	5.3	1.1	5.3
Retained Earnings	0	0	(35,500)	(655,500)	(914,100)

Table 18-11

WIRELESS TECH SERVICES

Function

The Wireless Services product family provides maintenance of microwave and mobile radios; support for Public Safety radios and dispatch facilities; installation and support of radar guns, video cameras, sirens, and light bars. It sells services not only to state agencies, but to local and Federal law enforcement and land use management agencies. It includes the following products:

- Microwave Maintenance
- Wireless Technical Services
- Wireless Repair Parts
- Vehicle Equipment Installation
- Wireless Contracted Services
- Dispatch Console Services

Wireless Services does not include cellular phones, which are provided under contract by private businesses.

Funding Detail

A five year funding history for this program is shown below.

ISF - Wireless Tech Services					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	2,297,100	2,674,900	2,091,300	1,923,400	2,395,700
Total	\$2,297,100	\$2,674,900	\$2,091,300	\$1,923,400	\$2,395,700
Categories of Expenditure					
Personal Services	1,075,600	1,120,000	1,031,500	1,172,300	1,116,200
In-State Travel	15,100	14,600	13,800	11,300	0
Out of State Travel	4,800	2,200	7,500	4,500	0
Current Expense	847,900	1,383,300	1,071,900	1,036,800	1,206,400
DP Current Expense	8,200	45,000	12,900	28,800	61,500
DP Capital Outlay	115,900	115,900	31,000	0	37,300
Capital Outlay	0	0	0	38,400	0
Other Charges/Pass Thru	171,800	185,000	116,500	171,200	79,000
Total	\$2,239,300	\$2,866,000	\$2,285,100	\$2,463,300	\$2,500,400
Profit/Loss	\$57,800	(\$191,100)	(\$193,800)	(\$539,900)	(\$104,700)
Other Data					
Total FTE	17.0	17.0	17.4	18.7	17.4
Authorized Capital Outlay	115,900	115,900	0	97,400	0
Retained Earnings	(1,139,200)	(1,330,300)	(1,524,100)	(2,064,000)	(1,741,200)
Vehicles	7	9	12	12	12

Table 18-12

NON-WEB HOSTING

Function

The Non-Web Hosting product family hosts UNIX based applications that are not related to the World Wide Web. For FY 2005, this product family had no

defined products or established rates. It has no projected revenue and therefore does not appear in Table 18-1.

Funding Detail

The table below shows expenditures related to the Non-Web Hosting program for the past three years.

ISF - Non-Web Hosting					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Total	\$0	\$0	\$0	\$0	\$0
Categories of Expenditure					
Personal Services	0	0	0	0	34,100
Current Expense	0	0	0	2,600	0
DP Current Expense	0	0	0	321,300	199,600
DP Capital Outlay	0	0	25,000	0	139,800
Capital Outlay	0	0	0	129,700	0
Other Charges/Pass Thru	0	0	5,900	96,700	47,100
Total	\$0	\$0	\$30,900	\$550,300	\$420,600
Profit/Loss	\$0	\$0	(\$30,900)	(\$550,300)	(\$420,600)
Other Data					
Total FTE	0.0	0.0	0.3	1.2	0.3
Retained Earnings	0	0	(30,900)	(581,200)	(861,400)

Table 18-13

SUPPORT SERVICES

Function

Support Services provides high-volume printing, customer support, training, and capacity planning. It includes the following products:

- Mainframe Laser Printing
- Mainframe Line Printing
- Security/ID Badges/Badge Holders
- Check Stock
- Help Desk
- ITS Training Center
- Internal Capacity Planning

Funding Detail

A five year funding history for this program is shown below.

ISF - ITS Support Services					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	3,643,500	5,071,700	552,200	502,000	521,200
Total	\$3,643,500	\$5,071,700	\$552,200	\$502,000	\$521,200
Categories of Expenditure					
Personal Services	2,237,400	2,691,200	109,100	804,600	709,700
In-State Travel	600	2,300	0	0	0
Out of State Travel	19,700	6,000	0	3,600	0
Current Expense	1,863,000	3,355,600	7,800	23,100	2,600
DP Current Expense	1,642,100	1,972,500	344,000	541,200	396,200
DP Capital Outlay	356,900	454,300	147,800	0	259,900
Capital Outlay	0	0	0	312,300	0
Other Charges/Pass Thru	(2,478,000)	(3,302,200)	146,800	387,100	183,500
Total	\$3,641,700	\$5,179,700	\$755,500	\$2,071,900	\$1,551,900
Profit/Loss	\$1,800	(\$108,000)	(\$203,300)	(\$1,569,900)	(\$1,030,700)
Other Data					
Total FTE	24.5	30.0	9.6	9.1	9.6
Authorized Capital Outlay	356,900	454,300	0	0	0
Retained Earnings	351,500	243,500	40,200	(1,529,700)	(2,184,600)
Vehicles	1	1	1	1	1

Table 18-14

AUTOMATED GEOGRAPHIC REFERENCE CENTER

Function

The Automated Geographic Reference Center (AGRC) maintains and operates Utah’s State Geographic Information Database (SGID). It works with other agencies of state government to collect and retain geospatial data. It assists agencies in culling information from that data using computer applications. It supports the state’s Map Portal. Examples of its work include collection of high-resolution geographically correct images, mapping of rural RS-2477 roads, and determination of legislative district boundaries.

Funding Detail

Prior to FY 2004, AGRC was budgeted as part of the ITS internal service fund. Beginning in FY 2004, the Legislature provided AGRC with a direct appropriation. AGRC’s budget prior to FY 2004 is shown below. For more detail on AGRC, including its current budget, see Chapter 5.

ISF - Automated Geographic Ref Ctr					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Federal Funds	0	542,200	1,080,100	0	0
Dedicated Credits - Intragvt Rev	619,400	1,606,400	766,200	0	0
Transfers	934,400	456,600	360,600	0	0
Total	\$1,553,800	\$2,605,200	\$2,206,900	\$0	\$0
Categories of Expenditure					
Personal Services	635,500	791,000	866,300	0	0
In-State Travel	12,600	42,100	8,300	0	0
Out of State Travel	7,700	17,000	8,000	0	0
Current Expense	44,900	39,600	602,800	0	0
DP Current Expense	921,400	1,512,900	81,300	0	0
DP Capital Outlay	40,800	26,700	18,800	0	0
Other Charges/Pass Thru	58,300	57,000	893,700	0	0
Total	\$1,721,200	\$2,486,300	\$2,479,200	\$0	\$0
Profit/Loss	(\$167,400)	\$118,900	(\$272,300)	\$0	\$0
Other Data					
Total FTE	10.5	8.0	9.0	0.0	0.0
Authorized Capital Outlay	40,800	26,700	0	0	0
Retained Earnings	(478,700)	(359,800)	(632,100)	(632,100)	0

Table 18-15

RESEARCH AND DEVELOPMENT

Function

In past years, Research and Development – also known as Emerging Technologies – has housed new applications being offered by ITS on a trial basis. An example is videoconferencing, which was developed in the R&D product family and later moved to the Voice Services product family.

Funding Detail

ITS no longer uses the Research and Development product family. Detail on its budget is included here for historical purposes.

ISF - Research and Development					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Rev	255,700	0	0	0	0
Total	\$255,700	\$0	\$0	\$0	\$0
Categories of Expenditure					
Current Expense	321,100	0	0	0	0
DP Current Expense	20,500	0	0	0	0
DP Capital Outlay	125,200	0	0	0	0
Other Charges/Pass Thru	186,200	0	702,600	18,300	0
Total	\$653,000	\$0	\$702,600	\$18,300	\$0
Profit/Loss	(\$397,300)	\$0	(\$702,600)	(\$18,300)	\$0
Other Data					
Authorized Capital Outlay	125,200.0	0.0	0.0	0.0	0.0
Retained Earnings	(758,100)	(758,100)	(1,460,700)	(1,479,000)	0

Table 18-16

INTERNAL CLEARING ACCOUNT

Function

As a result of its FY 2005 reorganization, ITS bills internally for products provided and consumed by ITS. For instance, if an ITS product family used 10 Wide Area Network connections, it would pay \$320 per month to another product family for this service. The division began this practice to better inform managers about the cost of resources consumed internally.

The ITS Clearing Account eliminates double-counting of expenses and revenue associated with internal billing.

Funding Detail

A five year history for the Clearing Account is shown below.

ISF - Clearing					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	0	0	(4,193,800)	(32,869,500)	(11,645,100)
Total	\$0	\$0	(\$4,193,800)	(\$32,869,500)	(\$11,645,100)
Categories of Expenditure					
Current Expense	0	0	(3,625,700)	(4,575,300)	(4,437,000)
DP Current Expense	0	0	(568,100)	(28,294,200)	(7,208,100)
Total	\$0	\$0	(\$4,193,800)	(\$32,869,500)	(\$11,645,100)
Profit/Loss	\$0	\$0	\$0	\$0	\$0

Table 18-17

CHAPTER 19 DIVISION OF FLEET OPERATIONS (ISF)

Function	The Division of Fleet Operations was established as a new division of Administrative Services in 1997. The division also includes the State and Federal Surplus property programs, which were housed in the Division of Purchasing and General Services prior to 1997.
Statutory Authority	<p>UCA 63A Chapter 9 creates the Division of Fleet Operations (Section 201) and spells out the division's duties (Section 401). Duties include:</p> <ul style="list-style-type: none"> ➤ Perform all administrative duties related to managing the state's vehicles ➤ Coordinate all purchases of state vehicles ➤ Establish fleet information system(s) for state vehicles ➤ Make rules regarding maintenance, safety, loss prevention, procurement, fuel management, cost management, disposal, reallocation, rate structures, and insurance requirements for state vehicles ➤ Establish a parts inventory ➤ Create and administer a fuel dispensing service ➤ Emphasize customer service ➤ Conduct an annual audit of all state vehicles ➤ Charge rates approved by the Rate Committee and Legislature ➤ Conduct a market analysis by July 1, 2005 ➤ By November 1 of each year submit a state-owned vehicle report to the governor and legislative fiscal analyst <p>UCA 63A-9-501 mandates that the division refer complaints from the public about misuse or illegal operation of vehicles to the agency that owns/leases the vehicle</p> <p>UCA 63A-9-601 requires the division to ensure that vehicles owned or leased by the state are properly marked</p> <p>UCA 63A-9-801 requires the division to establish a state surplus property system</p> <p>UCA 63A-9-805 allows the division to establish a federal surplus property system</p>
Intent Language	<p>During the 2004 General Session the Legislature adopted the following intent language in H.B.1, Supplemental Appropriations Act:</p> <p style="text-align: center;"><i>It is the intent of the Legislature that the Fleet Operations Internal Service Fund shall lapse all capital outlay authority on June 30, 2004.</i></p>

Funding Detail

This budgetary line item actually contains five programs. However, the Administration program exists only to account for overhead costs of services provided to the other four programs.

ISF - Fleet Operations					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	37,424,500	36,297,100	38,462,300	41,832,300	38,082,100
Sale of Fixed Assets	0	0	(1,222,400)	(609,300)	0
Total	\$37,424,500	\$36,297,100	\$37,239,900	\$41,223,000	\$38,082,100
Programs					
ISF - Motor Pool	20,740,000	21,824,300	21,335,200	21,844,000	22,552,500
ISF - Fuel Network	15,704,000	13,231,900	14,687,300	18,422,500	14,701,800
ISF - State Surplus Property	597,200	900,600	881,200	824,400	827,800
ISF - Federal Surplus Property	383,300	340,300	336,200	132,100	0
Total	\$37,424,500	\$36,297,100	\$37,239,900	\$41,223,000	\$38,082,100
Categories of Expense					
Personal Services	2,450,200	2,647,800	2,551,100	2,504,400	2,505,400
In-State Travel	10,200	5,000	3,600	3,800	4,400
Out of State Travel	14,600	12,200	9,500	5,700	10,000
Current Expense	24,844,600	21,494,300	22,319,700	26,294,500	23,024,100
DP Current Expense	137,900	112,700	135,600	142,300	138,600
DP Capital Outlay	154,700	98,600	11,800	0	8,500
Capital Outlay	0	13,100	0	0	0
Other Charges/Pass Thru	449,600	1,055,200	953,100	169,500	74,100
Depreciation	9,250,900	10,187,700	12,709,300	12,644,800	12,591,400
	\$37,312,700	\$35,626,600	\$38,693,700	\$41,765,000	\$38,356,500
Profit/Loss	\$111,800	\$670,500	(\$1,453,800)	(\$542,000)	(\$274,400)
Other Data					
Total FTE	51.1	49.0	44.5	42.0	45.0
Authorized Capital Outlay	\$20,098,600	\$32,479,600	\$13,890,500	\$18,329,700	\$13,870,200
Retained Earnings	\$3,312,600	\$3,983,000	\$2,529,100	\$1,987,100	\$2,098,100
Vehicles Managed	4,683	4,744	4,278	4,334	4,242

Table 19-1

PROGRAMS – DIVISION OF FLEET OPERATIONS

ADMINISTRATION

Function

The Administration program is responsible for the accounting and budget functions of the Division of Fleet Operations, including the statewide fleet management information system (CARS database). This program is also responsible for billing and associated activities. In addition, it coordinates the annual rate package for Internal Service Funds and distributes the annual fleet operations budget for the Division. The programs are charged administrative costs in proportion to their share of the total division budget.

Accountability

Performance Data Summary - Fleet Services - Administration					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
Efficient Overhead	Admin Costs as % Expend	Efficiency		2.4%	

Table 19-2

	FY 2002	FY 2003	FY 2004	FY 2005 App
Total Expenditures*	\$25,462,500	\$27,942,600	\$29,120,200	\$25,765,100
Admin Overhead	\$822,900	\$659,600	\$708,100	\$750,200
Percentage Overhead	3.2%	2.4%	2.4%	2.9%

Table 19-3

In response to legislative concerns that Administration overhead appeared to be growing faster than programs, the division reduced costs to pull overhead below three percent of operating expenditures.

Funding Detail

All expenses in this program are passed through to the programs in proportion to their share of the total division budget.

ISF - Fleet Administration					
Sources of Finance	2001	2002	2003	2004	2005
	Actual	Actual	Actual	Actual	Appropriated
Total	\$0	\$0	\$0	\$0	\$0
Categories of Expense					
Personal Services	644,300	661,200	578,200	573,300	657,500
In-State Travel	2,200	1,500	500	500	1,300
Out of State Travel	5,100	3,300	3,200	3,600	6,000
Current Expense	120,200	99,600	34,800	40,500	37,000
DP Current Expense	68,900	40,700	35,600	87,000	44,400
DP Capital Outlay	6,000	8,700	7,400	0	4,000
Other Charges/Pass Thru	(842,400)	(823,000)	(659,700)	(708,100)	(750,200)
Depreciation	0	0	0	3,200	0
Total	\$4,300	(\$8,000)	\$0	\$0	\$0
Profit/Loss	(\$4,300)	\$8,000	\$0	\$0	\$0
Other Data					
Total FTE	12.3	10.6	7.7	7.4	9.6
Retained Earnings	\$1,100	\$9,100	\$9,100	\$9,100	\$9,100

Table 19-4

MOTOR POOL

Function

This program is responsible for all management accountability associated with the operation of statewide vehicle fleet, central motor pool operation, and division-wide safety objectives/compliance. The central motor pool operates a vehicle fleet of approximately 4,300 vehicles including several small daily rental mini-pools located along the Wasatch Front. The program also administers the division safety program, vehicle accident management program, and federal alternative fuel program.

Accountability

Performance Data Summary - Fleet Services - Motor Pool					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Capital Outlay	Output		\$16,962,900	
	Report Card Scores	Intermediate		See table 6	
	GF Borrowing vs Equity	Intermediate		See Figure 2	
	Vehicle Count	Output		7,296	

Table 19-5

Capital Outlay

Since FY 2000 agencies and institutions have been required to capitalize any fleet expansion prior to purchase. Therefore, capital outlays are only for replacement vehicles already authorized to be in the fleet. Any addition to the state fleet must be approved and funded by the agency's appropriation subcommittee prior to acquisition.

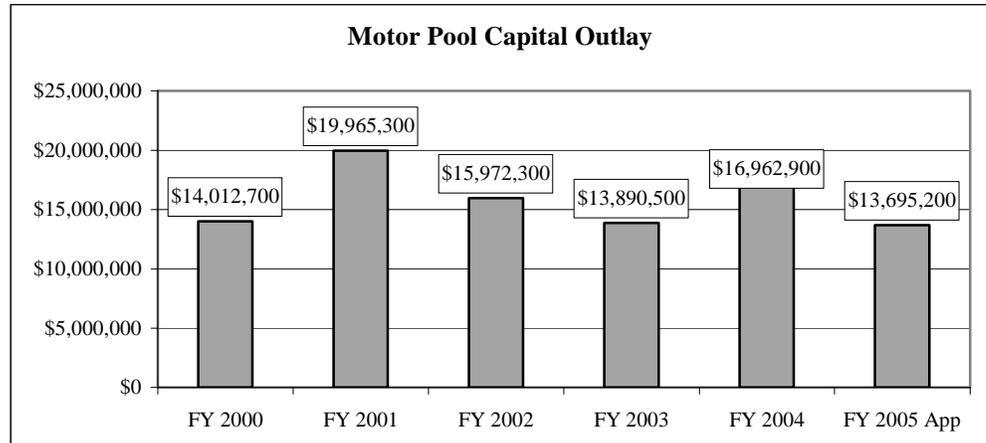


Figure 19-1

DFO Report Cards

In working with state agencies and higher education to maximize fleet management, the division prepares semi-annual report cards that measure progress on objective standards. Summary information is presented here.

Summary	Fall 2003 DFO Report Cards		
	Fall 2002 <u>GPA</u>	Fall 2003 <u>GPA</u>	Cumulative <u>GPA</u>
BATC	3.5	3.6	2.9
CEU	2.3	2.1	2.9
CEUSJC	2.3	2.3	1.4
DATC	2.7	2.5	2.8
Dixie College	3.4	3.2	3.3
UDOT	3.7	3.6	3.1
Fleet Ops	3.8	3.4	3.4
DNR	2.8	2.5	2.4
OWATC	2.5	1.8	2.2
Snow College	2.9	3.2	2.3
SLCC	3.5	3.8	3.0
SUU	3.7	3.8	3.4
UBATC	3.4	2.8	3.4
U of U	3.4	3.6	2.7
USU	3.2	3.5	2.8
UVSC	2.8	2.6	2.4
WSC	3.6	3.7	2.8

Source: DFO

Table 19-6

Three issues stand out on the report card: a drop in score for DFO, the lack of scores for the National Guard, and a drop in scores by many agencies. However, these scores are now one year old. New scores for Fall 2004 will be available at the end of November – too late for inclusion in this document.

General Fund Subsidy

The Legislature appropriated \$4 million to this division in FY 2000 and FY 2001 to help reduce the need for General Fund borrowing. In order to balance statewide budget needs the funding was cut to \$2.7 million in FY 2002 and later to zero in FY 2003.

During the three years that the Legislature subsidized agency lease rates the division established more accurate rates that reflect the true cost of operating a vehicle. Additionally, the Legislature required any fleet expansion to include not only legislative approval, but also capitalization funds in advance. By doing this, the division not only abated growth in General Fund debt, it actually reversed the trend of continually rising debt. Allowing DFO to borrow from the General Fund for replacement vehicles provides flexibility to the state so long as the Motor Pool remains in a positive equity position.

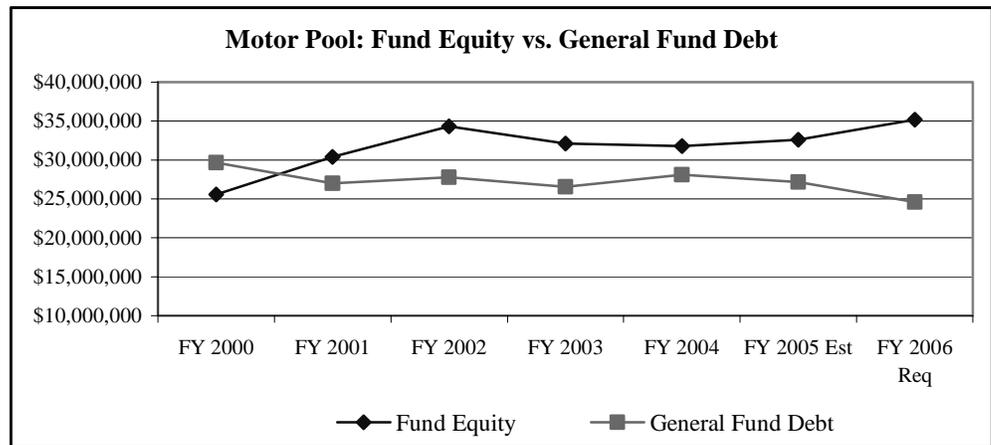


Figure 19-2

Fund equity includes the value of assets (vehicles and revenue) compared to liabilities (expenses and General Fund debt). Since consolidation of the fleet and establishment of more accurate rates, fund equity increased by more than twenty percent.

Vehicle Count

As shown in the following charts, the total vehicle count was down by 151 in FY 2004 from its peak of 7,447 in FY 2002. (Source: State Vehicle Report.)

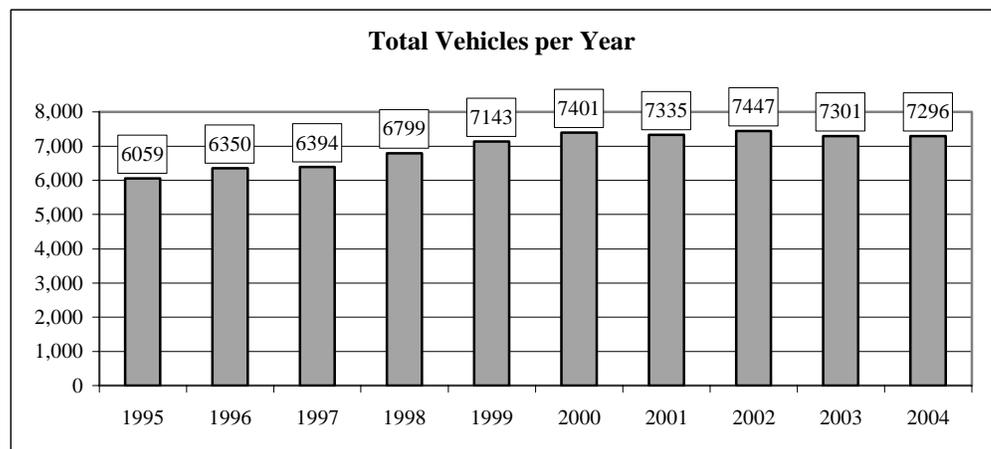


Figure 19-3

The following charts show vehicle count by major agency (those having over 300 vehicles) per year.

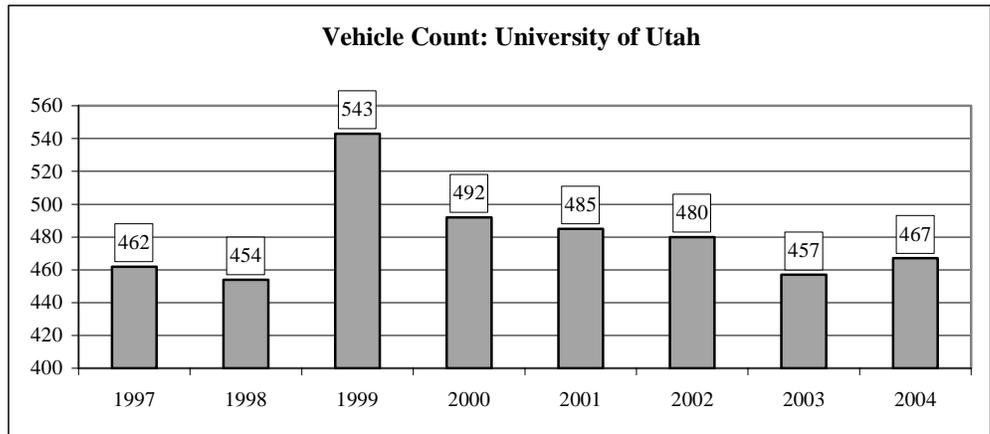


Figure 19-4

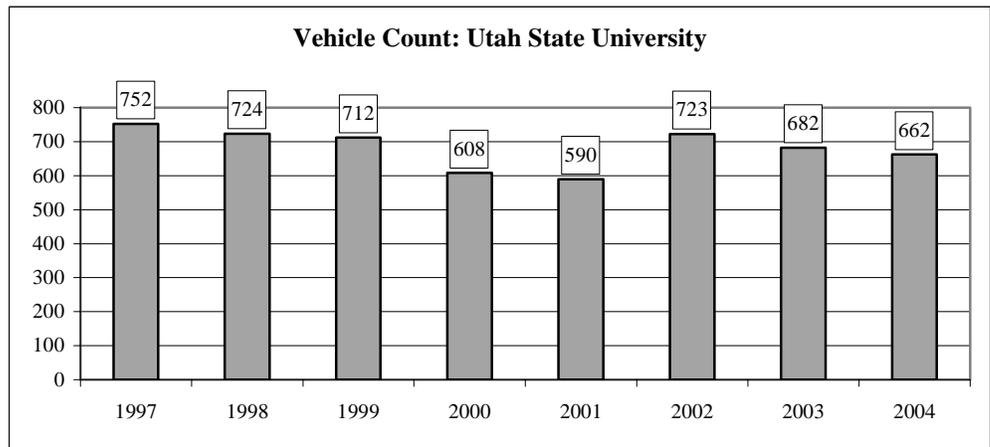


Figure 19-5

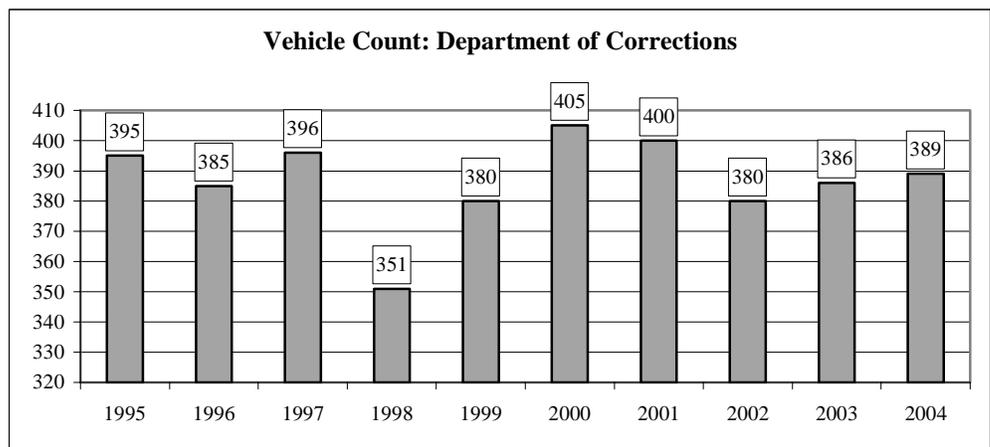


Figure 19-6

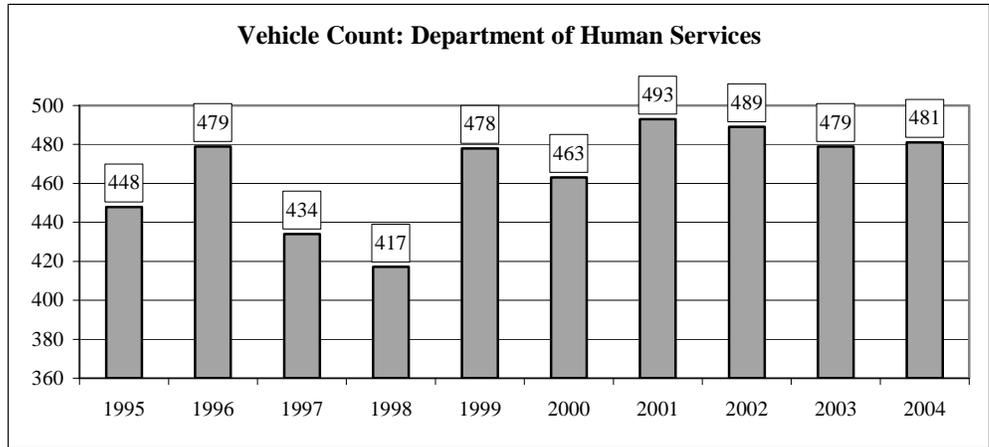


Figure 19-7

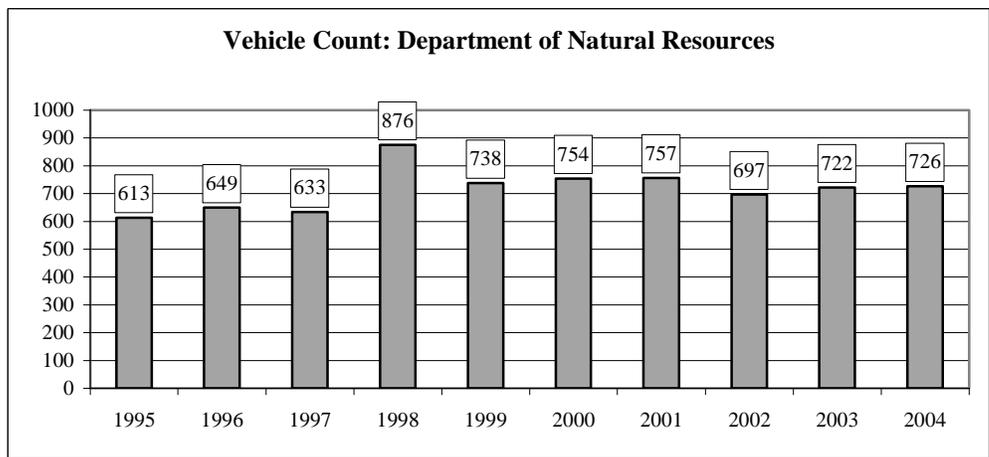


Figure 19-8

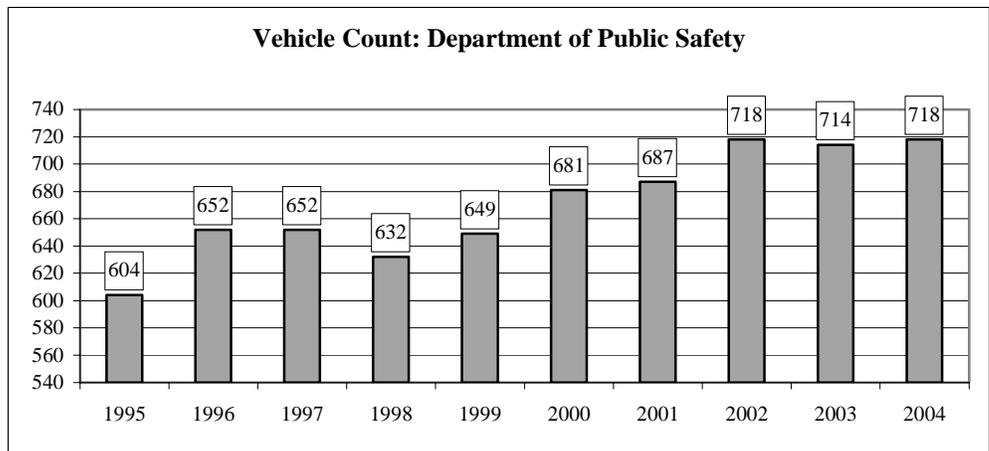


Figure 19-9

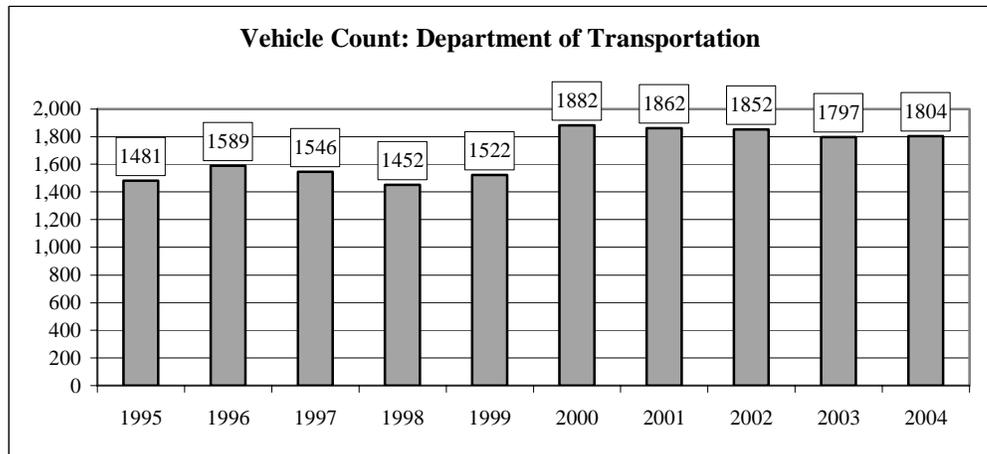


Figure 19-10

Funding Detail

The value of the state fleet exceeds \$58 million. Rates charged by this ISF will be provided to the Legislature during the 2005 General Session.

ISF - Motor Pool					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Re	20,740,000	21,824,300	22,557,600	22,453,300	22,552,500
Sale of Fixed Assets	0	0	(1,222,400)	(609,300)	0
Total	\$20,740,000	\$21,824,300	\$21,335,200	\$21,844,000	\$22,552,500
Categories of Expense					
Personal Services	951,300	1,022,900	993,100	949,900	1,037,700
In-State Travel	4,000	2,100	2,000	1,900	2,000
Out of State Travel	3,400	600	700	800	2,900
Current Expense	9,510,200	8,808,600	8,115,300	8,593,400	8,881,500
DP Current Expense	53,300	53,600	66,800	25,700	70,700
DP Capital Outlay	142,300	85,200	0	0	0
Other Charges/Pass Thru	692,400	1,322,000	1,262,400	617,700	636,500
Depreciation	9,058,000	10,003,600	12,519,900	12,451,300	12,372,800
Total	\$20,414,900	\$21,298,600	\$22,960,200	\$22,640,700	\$23,004,100
Profit/Loss	\$325,100	\$525,700	(\$1,625,000)	(\$796,700)	(\$451,600)
Other Data					
Total FTE	19.4	19.3	17.8	17.7	18.5
Authorized Capital Outlay	\$20,066,800	\$32,149,500	\$13,890,500	\$17,948,600	\$13,695,200
Retained Earnings	\$4,134,000	\$4,659,700	\$3,034,700	\$2,238,000	\$2,154,600
Vehicles Managed	4,670	4,730	4,264	4,324	4,240

Table 19-7

FUEL NETWORK

Function

This program centrally manages and coordinates the statewide underground storage tank program and consolidated electronic refueling stations. The Fuel Network uses capital outlay authorizations primarily to replace card readers and fuel tank monitors.

Accountability

Performance Data Summary - Fleet Services - Fuel Network					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Used Capital Authority	Output		\$44,200	

Table 19-8

Fuel Network Authorized Capital Outlay					
	FY 2002	FY 2003	FY 2004	FY 2005 App	FY 2006 Req
Total Authorized	\$115,000	\$0	\$275,000	\$175,000	\$200,000
Total Used	\$17,600	\$19,300	\$44,200		

Table 19-9

Capital outlay authorization has been used to buy items such as card readers, tanks, tank monitors, infrastructure, and inventory and compliance systems for all fuel sites.

Funding Detail

Rates charged by this ISF will be provided for legislative consideration and approval during the 2005 General Session.

ISF - Fuel Network					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Re	15,704,000	13,231,900	14,687,300	18,422,500	14,701,800
Total	\$15,704,000	\$13,231,900	\$14,687,300	\$18,422,500	\$14,701,800
Categories of Expense					
Personal Services	363,100	445,800	454,800	498,900	460,100
In-State Travel	1,700	600	400	200	400
Out of State Travel	0	500	500	700	1,100
Current Expense	14,766,100	12,354,100	13,804,000	17,414,500	13,863,700
DP Current Expense	4,400	10,500	16,600	17,900	16,300
Other Charges/Pass Thru	396,200	414,700	256,400	175,300	119,900
Depreciation	157,500	160,100	152,800	149,900	199,400
Total	\$15,689,000	\$13,386,300	\$14,685,500	\$18,257,400	\$14,660,900
Profit/Loss	\$15,000	(\$154,400)	\$1,800	\$165,100	\$40,900
Other Data					
Total FTE	8.8	8.9	8.8	9.0	8.7
Authorized Capital Outlay	\$20,100	\$115,000	\$0	\$275,000	\$175,000
Retained Earnings	(\$294,800)	(\$449,300)	(\$447,500)	(\$282,400)	(\$369,400)
Vehicles	1	2	2	3	2

Table 19-10

STATE SURPLUS PROPERTY

Function

The Division sells state agency surplus property to the public subject to a 30-day purchase priority that is given to state and local government agencies. The best possible price is obtained by using varied sales methods; for

example, warehouse direct sales, sealed bids, spot bids and auction sales to the public.

Accountability

Performance Data Summary - Fleet Services - State Surplus Property					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Retained Earnings	Outcome		\$134,900	

Table 19-11

The new rate structure for State Surplus Property allows the program to retain total proceeds from all sales in order to fund operating expenses. At the point in which the program shows a profit and no longer carries a negative retained earning balance the division will proportionately rebate profits to state agencies. Unlike the federal program, the State Surplus program is now showing signs of profitability and should be able to begin rebating earnings to state agencies in FY 2005.

Profitability is a bonus for the state in relation to disposal of old equipment. In addition to properly disposing of equipment in accordance with environmental law, State Surplus Property provides a consistent accountability structure for disposal of property. With a central system the state is protected against fraud and claims of fraud in the disposition of surplus property.

State Surplus Property Profit/Loss				
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit</u>	<u>Retained Earnings</u>
1999	\$233,300	\$594,800	(\$361,500)	(\$284,700)
2000	\$539,900	\$692,600	(\$152,700)	(\$438,100)
2001	\$597,200	\$677,600	(\$80,400)	(\$517,700)
2002	\$900,600	\$581,900	\$318,700	(\$199,300)
2003	\$881,200	\$689,500	\$191,700	(\$7,500)
2004	\$824,400	\$682,000	\$142,400	\$134,900
2005 Est	\$815,400	\$787,200	\$28,200	\$163,100

Table 19-12

Funding Detail

Rates charged by this ISF will be provided for legislative consideration and approval during the 2005 General Session.

ISF - State Surplus Property					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Re	597,200	900,600	881,200	824,400	827,800
Total	\$597,200	\$900,600	\$881,200	\$824,400	\$827,800
Categories of Expense					
Personal Services	254,400	296,300	353,000	382,500	350,100
In-State Travel	900	500	600	1,000	700
Out of State Travel	0	0	0	600	0
Current Expense	283,100	172,900	244,200	204,700	241,900
DP Current Expense	6,700	4,200	9,700	7,800	7,200
DP Capital Outlay	2,800	0	0	0	4,500
Other Charges/Pass Thru	109,400	84,300	58,000	60,300	67,900
Depreciation	20,300	24,000	23,900	25,100	19,200
Total	\$677,600	\$582,200	\$689,400	\$682,000	\$691,500
Profit/Loss	(\$80,400)	\$318,400	\$191,800	\$142,400	\$136,300
Other Data					
Total FTE	5.5	5.7	7.0	5.0	6.7
Authorized Capital Outlay	\$11,700	\$106,100	\$0	\$106,100	\$0
Retained Earnings	(\$517,700)	(\$199,300)	(\$7,500)	\$134,900	\$339,500
Vehicles	12	12	12	7	0

Table 19-13

FEDERAL SURPLUS PROPERTY

Function

The Federal Surplus Program acquires and donates federal property to public and non-profit agencies, which presently exceed 600 accounts. A handling fee is charged to agencies acquiring surplus property. These dedicated credits fund the operation while offering a means for state, county, and local agencies to purchase equipment at reduced rates.

Accountability

Performance Data Summary - Fleet Services - Federal Surplus Property					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
	Retained Earnings	Outcome		(\$112,500)	

Table 19-14

Rates charged since FY 2000 have failed to recover sufficient amounts to cover operating expenses. The division has struggled to make this program solvent due to lower than expected property donations and law enforcement donations.

Federal Surplus Property Profit/Loss				
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit</u>	<u>Retained Earnings</u>
1999	\$788,900	\$770,900	\$18,000	\$73,100
2000	\$623,700	\$518,200	\$105,500	\$175,700
2001	\$383,300	\$526,900	(\$143,600)	(\$10,000)
2002	\$340,300	\$367,500	(\$27,200)	(\$37,200)
2003	\$336,200	\$358,600	(\$22,400)	(\$59,700)
2004	\$132,100	\$184,900	(\$52,800)	(\$112,500)
2005 Est	\$74,100	\$3,500	\$70,600	(\$41,900)

Table 19-15

Previous Action

During the 2004 General Session the Office of the Legislative Fiscal Analyst recommended the program be shut down and any remaining retained earnings be absorbed by the Division of Fleet Operations. This recommendation was primarily due to a decline in quality of products donated to the state, a related decline in interest for these products, and because this program is not an essential function of state government.

The Legislature did not shut down the program, but accepted the division’s plan to reduce it. The plan includes reducing FTE from 6 to 1.5, reducing inventory, reducing travel costs by using on-line screening, a new online auction portal, and reducing building costs by leasing space to other agencies. The division stated that in the future it will acquire federal property only as it is requested from state or local entities.

It is difficult to completely shut this program down because there are over 4,700 items (mostly in local law enforcement agencies) that must be monitored or returned to the federal government. These items relate to homeland or national security interests, and include items such as heavy equipment, vehicles, and firearms. However, the new policy of acquiring items only upon request should drastically lower future acquisitions.

Funding Detail

The Legislature did not authorize any revenues, FTE, or capital outlay for FY 2005, but did approve a basic rate structure. More information on rates will be provided during the 2005 General Session.

ISF - Federal Surplus Property					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
Dedicated Credits - Intragvt Re	383,300	340,300	336,200	132,100	0
Total	\$383,300	\$340,300	\$336,200	\$132,100	\$0
Categories of Expense					
Personal Services	237,100	221,600	172,000	99,800	0
In-State Travel	1,400	300	100	200	0
Out of State Travel	6,100	7,800	5,100	0	0
Current Expense	165,000	59,100	121,400	41,400	0
DP Current Expense	4,600	3,700	6,900	3,900	0
DP Capital Outlay	3,600	4,700	4,400	0	0
Capital Outlay	0	13,100	0	0	0
Other Charges/Pass Thru	94,000	57,200	36,000	24,300	0
Depreciation	15,100	0	12,700	15,300	0
Total	\$526,900	\$367,500	\$358,600	\$184,900	\$0
Profit/Loss	(\$143,600)	(\$27,200)	(\$22,400)	(\$52,800)	\$0
Other Data					
Total FTE	5.1	4.5	3.3	3.0	1.4
Authorized Capital Outlay	\$0	\$109,000	\$0	\$0	\$0
Retained Earnings	(\$10,000)	(\$37,200)	(\$59,700)	(\$112,500)	(\$35,700)

Table 19-16

CHAPTER 20 DIVISION OF RISK MANAGEMENT (ISF)**Function**

The Division of Risk Management was organized in 1980 to implement a self-insurance program for the state. The division provides liability, property and auto coverage to all state agencies, all forty school districts, all state-owned colleges and universities and to charter schools. The liability insurance program is entirely self funded, while the property insurance program is self-funded up to a \$2.5 million deductible with a private carrier.

The division has four internal sections: Claims, Loss Control, Workers' Compensation, and Support Staff.

1. The Claims section processes losses by state agencies and handles claims against state agencies, school districts, colleges, ATCs, universities, and enrolled charter schools.
2. The Loss Control group provides service to the insured by presenting training throughout the state and making annual inspections. Loss control provides corrective action suggestions, assists with all types of safety problems, monitors the disposal of hazardous materials and examines blueprints for building construction and fire code applications. The objective of this section is to design and manage programs in a way that reduces the state's risk exposure.
3. The Workers' Compensation section provides training and assistance for issues relating to workers' compensation and the Americans with Disabilities Act. Services include claims review, case management, loss prevention programs, return to work programs and assistance in processing Workers Compensation claims.
4. The Support Staff provides all of the necessary services to sustain division operations. Services include management of financial, administrative, and data processing systems. They also provide management of property valuation and premium computation databases.

Statutory Authority

UCA 63A Chapter 4 outlines the duties and powers of the division. Duties include:

- Acquire and administer all property, casualty insurance, and workers' compensation insurance purchased by the state.
- Make rules setting forth reasonable underwriting and risk control standards, risks that will be covered by the Risk Management Fund, eligibility for payments from the fund, procedures for making claims, and procedures for settling disputes.
- Implement a risk management and loss prevention program for state agencies.

- Work with state agencies that manage and protect state property, such as the state fire marshal or DFCM.
- Maintain necessary records.
- Manage the Risk Management Fund according to economically and actuarially sound principles.
- Purchase insurance or reinsurance as necessary.
- Submit rates and fees to the Rate Committee and Legislature for approval.
- Conduct a market analysis by July 1, 2005.

The division may:

- Enter into contracts.
- Purchase insurance.
- Adjust, settle, and pay claims.
- Pay expenses and costs.
- Study the risks of all state agencies and properties.
- Issue certificates of coverage to state agencies.
- Make recommendations to state agencies.
- Prescribe insurance and liability provisions to be included in all state contracts.
- Review building plans and make recommendations.
- Spend monies from the Risk Management Fund.

UCA 63A-4-201 creates the Risk Management Fund.

UCA 63A-4-204 through 205.5 allow school districts, charter schools, and the Utah Communications Agency Network to participate in the Risk Management Fund.

Intent Language

During the 2004 General Session the Legislature adopted the following intent language in H.B. 1, Supplemental Appropriations Act:

It is the intent of the Legislature that the Risk Management Internal Service Fund shall lapse all capital outlay authority on June 30, 2004.

Funding Detail

The following table summarizes funding for the two programs in this line item. More detail on each program is provided below the table.

ISF - Risk Management					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Premiums	22,431,600	23,657,400	24,416,700	25,849,300	28,430,700
Interest Income	2,500	108,200	251,000	2,300	0
Restricted Revenue	10,145,300	8,126,800	7,563,000	7,001,900	8,517,600
Total	\$32,579,400	\$31,892,400	\$32,230,700	\$32,853,500	\$36,948,300
Programs					
ISF - Risk Management Administrat	25,559,600	25,126,200	25,852,800	26,742,700	29,306,700
ISF - Workers' Compensation	7,019,800	6,766,200	6,377,900	6,110,800	7,641,600
Total	\$32,579,400	\$31,892,400	\$32,230,700	\$32,853,500	\$36,948,300
Categories of Expense					
Personal Services	1,751,000	1,743,000	1,718,900	1,747,000	1,782,400
In-State Travel	16,600	15,800	13,600	13,300	19,400
Out of State Travel	18,000	17,400	3,800	0	23,900
Current Expense	27,824,800	30,698,300	27,125,700	23,830,400	35,287,200
DP Current Expense	122,000	75,400	57,400	102,200	57,400
DP Capital Outlay	26,100	0	0	0	42,000
Other Charges/Pass Thru	384,900	129,700	854,300	1,570,100	90,000
Operating Transfers	0	2,697,100	0	3,355,000	0
Depreciation	26,600	13,900	27,000	26,100	0
	\$30,170,000	\$35,390,600	\$29,800,700	\$30,644,100	\$37,302,300
Profit/Loss	\$2,409,400	(\$3,498,200)	\$2,430,000	\$2,209,400	(\$354,000)
Other Data					
Total FTE	25.0	25.0	24.0	24.1	25.0
Authorized Capital Outlay	\$12,800	\$20,000	\$0	\$12,000	\$120,000
Retained Earnings	\$7,897,500	\$4,399,300	\$6,829,300	\$9,038,700	\$2,413,700
Vehicles	5	5	5	5	5

Table 20-1

PROGRAMS – DIVISION OF RISK MANAGEMENT

ADMINISTRATION

Function The State Risk Manager administers the state’s property and liability insurance program. The property insurance program deductible is self-funded to \$2.5 million. A private provider covers any claims beyond that. Liability insurance is entirely self-funded.

The Risk Management Fund handles claims against the state. Although coverage through the fund may be in formats similar to insurance policies, the relationship between the fund and entities covered by it is not that of insurer and insured. In managing and defending claims against covered entities, the Risk Management Fund will consider the covered entities’ interests, but the final determination as to claim management, defense and settlement is based on the overall impact to the Risk Management Fund.

Funding Detail Restricted revenue in this program comes from interest income.

ISF - Risk Management Administration					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Premiums	22,431,600	23,657,400	24,416,700	25,849,300	28,430,700
Interest Income	2,500	0	218,400	0	0
Restricted Revenue	3,125,500	1,468,800	1,217,700	893,400	876,000
Total	\$25,559,600	\$25,126,200	\$25,852,800	\$26,742,700	\$29,306,700
Categories of Expense					
Personal Services	1,607,700	1,595,000	1,569,100	1,596,100	1,631,400
In-State Travel	14,700	13,200	11,800	12,100	16,800
Out of State Travel	15,400	15,400	3,800	0	21,900
Current Expense	22,955,700	24,636,200	20,589,100	17,446,400	27,888,300
DP Current Expense	119,000	75,400	57,400	102,200	57,400
DP Capital Outlay	26,100	0	0	0	42,000
Other Charges/Pass Thru	84,900	125,100	582,800	1,467,400	88,000
Operating Transfers	0	0	0	3,355,000	0
Depreciation	26,600	13,900	27,000	26,100	0
Total	\$24,850,100	\$26,474,200	\$22,841,000	\$24,005,300	\$29,745,800
Profit/Loss	\$709,500	(\$1,348,000)	\$3,011,800	\$2,737,400	(\$439,100)
Other Data					
Total FTE	23.0	23.0	22.0	22.1	23.0
Authorized Capital Outlay	\$12,800	\$20,000	\$0	\$12,000	\$120,000
Retained Earnings	\$4,026,000	\$2,678,000	\$5,689,800	\$8,427,200	\$2,340,600
Vehicles	5	5	5	5	5

Table 20-2

WORKERS’ COMPENSATION

Function The Risk Manager administers a self-funded program to collect and remit Workers’ Compensation premiums and work to keep Workers’ Compensation

claims to a minimum. As a result, rates (determined as a percentage of payroll) charged by the Workers' Compensation program remain low. This program is an internal service fund that is not affiliated with the Utah Workers' Compensation Fund, but premiums are paid to the Utah Workers' Compensation Fund.

Accountability

Performance Data Summary - Risk Management - Workers Compensation					
Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
Financial Break-Even	Retained Earnings	Outcome		\$611,500	

Table 20-3

Since FY 2001 Workers' Compensation has intentionally kept premiums low in order to reduce retained earnings. Now that retained earnings have been reduced, increased rates will be needed to partially offset the increased premiums expected to be charged by the Utah Workers' Compensation Fund in FY 2006 and beyond.

Workers Compensation Profit/Loss				
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit</u>	<u>Retained Earnings</u>
1999	\$5,961,800	\$4,760,500	\$1,201,300	\$1,269,100
2000	\$6,033,300	\$4,755,000	\$1,278,300	\$2,171,600
2001	\$7,019,800	\$5,319,900	\$1,699,900	\$3,871,500
2002	\$4,069,100	\$6,219,300	(\$2,150,200)	\$1,721,300
2003	\$6,377,900	\$6,959,700	(\$581,800)	\$1,139,500
2004	\$6,110,800	\$6,638,800	(\$528,000)	\$611,500
2005 Est	\$7,079,500	\$7,325,700	(\$246,200)	\$365,300

Table 20-4

Funding Detail

Restricted revenue in this program comes from Workers' Compensation premiums.

ISF - Workers' Compensation					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Interest Income	0	108,200	32,600	2,300	0
Restricted Revenue	7,019,800	6,658,000	6,345,300	6,108,500	7,641,600
Total	\$7,019,800	\$6,766,200	\$6,377,900	\$6,110,800	\$7,641,600
Categories of Expense					
Personal Services	143,300	148,000	149,800	150,900	151,000
In-State Travel	1,900	2,600	1,800	1,200	2,600
Out of State Travel	2,600	2,000	0	0	2,000
Current Expense	4,869,100	6,062,100	6,536,600	6,384,000	7,398,900
DP Current Expense	3,000	0	0	0	0
Other Charges/Pass Thru	300,000	4,600	271,500	102,700	2,000
Operating Transfers	0	2,697,100	0	0	0
Total	\$5,319,900	\$8,916,400	\$6,959,700	\$6,638,800	\$7,556,500
Profit/Loss	\$1,699,900	(\$2,150,200)	(\$581,800)	(\$528,000)	\$85,100
Other Data					
Total FTE	2.0	2.0	2.0	2.0	2.0
Retained Earnings	\$3,871,500	\$1,721,300	\$1,139,500	\$611,500	\$73,100

Table 20-5

CHAPTER 21 DFCM FACILITIES MAINTENANCE (ISF)

Function	The internal service fund within DFCM is responsible for the operation and maintenance of 5.4 million square feet of state owned space. DFCM will provide maintenance, janitorial, and security services for any agency occupying state owned space. In order to keep prices as low as possible, DFCM must compete with private sector vendors in getting maintenance contracts.
Statutory Authority	<p>Chapter 7 lists DFCM's statutory authority. However, the following pieces of the division's governing statute apply specifically to the ISF:</p> <ul style="list-style-type: none">➤ UCA 63A-5-204(2) requires the ISF to receive approval for its rates and fees from the Rate Committee and the Legislature. DFCM must also conduct a market analysis of its rates and fees by July 1, 2005 and periodically thereafter.➤ UCA 63A-5-204(3) requires the division to direct or delegate maintenance and operations, preventive maintenance, and facilities inspection programs and activities for any department, commission, institution or agency except the Capitol Preservation Board and higher education institutions. Maintenance can be delegated only if requested, the agency has proven ability to comply with state maintenance standards, and the delegation would save the state money.
Intent Language	<p>The Legislature adopted the following intent language for FY 2005 in S.B. 1, Appropriations Act:</p> <p style="text-align: center;"><i>It is the intent of the Legislature that DFCM's internal service fund may add FTEs beyond the authorized level if new facilities come on line or maintenance agreements are requested. Any added FTEs will be reviewed and approved by the Legislature in the next legislative session.</i></p> <p>Until FY 1999, DFCM had been able to add FTE to its payroll only if there were an equivalent staff reduction in another agency. Agencies often request new or expanded services from DFCM during the course of the year. Without flexibility to add employees DFCM's customer service and competitive abilities suffered. To alleviate this problem, the Legislature approved the above intent language.</p> <p>The Legislature also adopted the following intent language for FY 2004 in H.B. 1, Supplemental Appropriations Act:</p> <p style="text-align: center;"><i>It is the intent of the Legislature that the Facility Management Internal Service Fund shall lapse all capital outlay authority on June 30, 2004.</i></p>

Accountability

Goal	Measure	Measure Type	FY 2004		FY 2005
			Target	Observed	Target
Efficient Operations	Average cost per square ft	Efficiency		\$3.93	
	Actual FTE Counts			133.94	

Table 21-1

At an average of \$3.93 per square foot in FY 2005, DFCM maintenance rates are less than half of that paid by the federal government and are lower than the national private and local private rates.

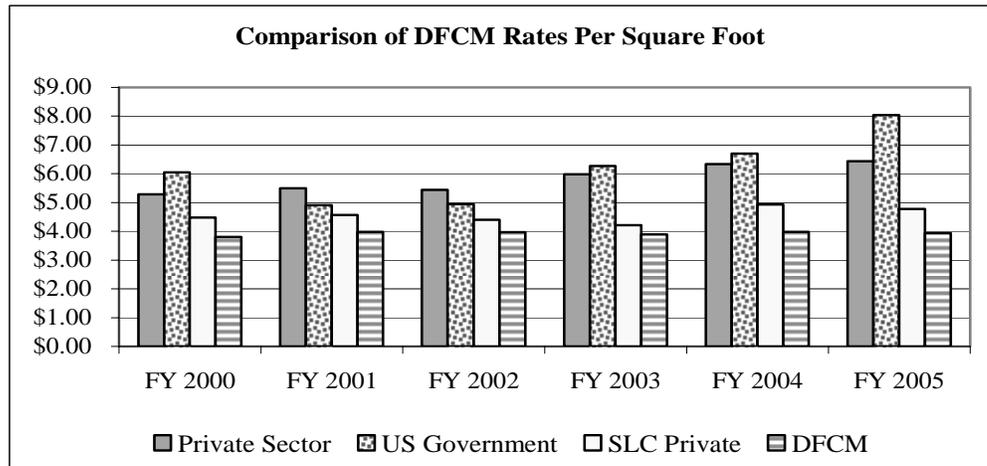


Figure 21-1

Management Cost Trend

Since FY 1990 DFCM management rates increased by approximately 11.5 percent but are still less than \$4.00 per square foot.

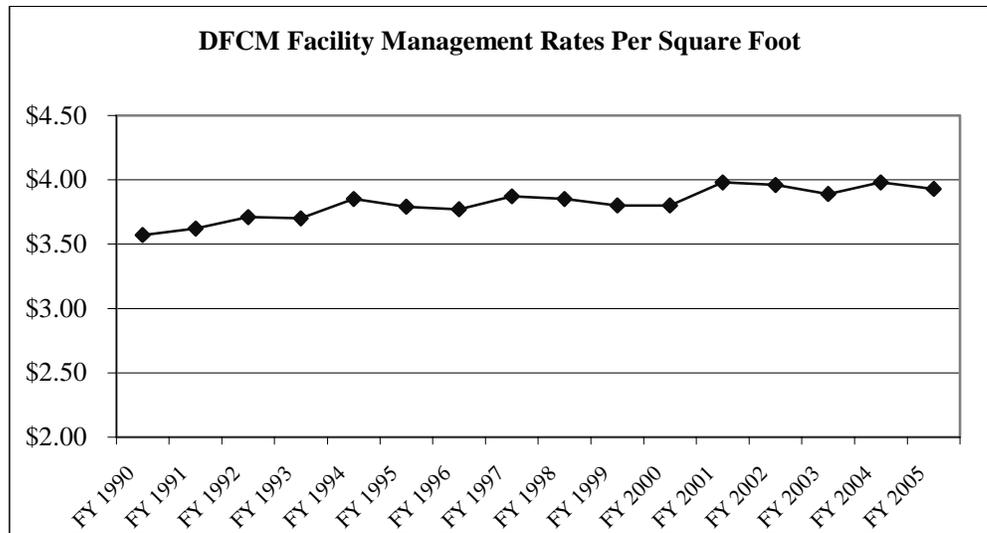


Figure 21-2

FTE Counts

DFCM’s authorized FTE count is based on legislative approval of full-time permanent employees, but can fluctuate according to the intent language discussed above. During the summer months DFCM adds temporary

employees for grounds maintenance at the Capitol and other large state facilities. The Legislature has not been counting these temporary positions against the legislatively authorized FTE level. Since 1999 FTE counts as calculated by hours worked has remained fairly constant. The decline since FY 2001 (shown in Figure 21-3) reflects the transfer of the Roofing/Paving, HazMat, and Preventive Maintenance programs from the ISF to the appropriated budget. During previous budget shortfalls DFCM has worked with agencies, including the Capital Preservation Board, to reduce services and cut costs associated with temporary positions.

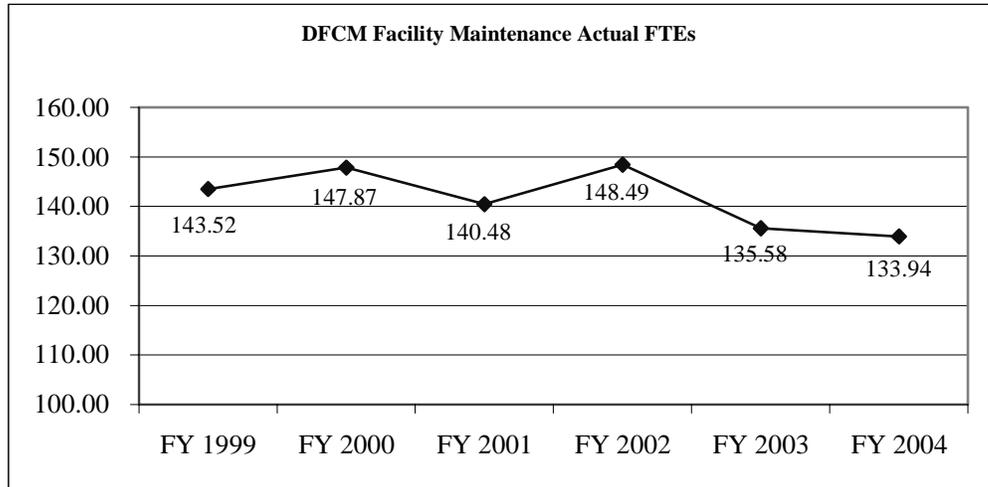


Figure 21-3

Funding Detail

This ISF's managers have achieved positive operating results for the past three years, which has resulted in slight growth in retained earnings.

ISF - Facilities Management					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Interest Income	300	200	100	100	0
Dedicated Credits - Intragvt Re	18,360,000	19,001,900	18,971,900	19,782,100	19,815,700
Sale of Fixed Assets	0	0	(7,200)	0	0
Trust and Agency Funds	0	171,700	0	0	0
Total	\$18,360,300	\$19,173,800	\$18,964,800	\$19,782,200	\$19,815,700
Categories of Expense					
Personal Services	5,535,500	6,047,300	5,798,500	5,699,900	5,729,000
In-State Travel	11,600	20,100	17,700	9,100	7,700
Out of State Travel	5,000	7,000	7,900	7,600	13,900
Current Expense	12,146,900	12,509,000	12,187,200	13,267,700	13,036,300
DP Current Expense	102,700	246,900	253,400	386,300	268,300
Other Charges/Pass Thru	187,200	229,300	325,900	323,200	165,500
Operating Transfers	0	11,800	0	0	0
Depreciation	66,600	73,300	59,800	54,700	42,100
Trust & Agency Disbursements	50,000	0	0	0	0
Total	\$18,105,500	\$19,144,700	\$18,650,400	\$19,748,500	\$19,262,800
Profit/Loss	\$254,800	\$29,100	\$314,400	\$33,700	\$552,900
Other Data					
Total FTE	140.5	148.5	135.6	133.9	121.0
Authorized Capital Outlay	\$12,500	\$80,000	\$5,500	\$11,500	\$70,500
Retained Earnings	\$721,400	\$750,500	\$1,064,900	\$1,098,700	\$1,950,100
Vehicles	68	73	76	72	76

Table 21-2

CHAPTER 22 CAPITAL BUDGET

Function	<p>The Capital Budget funds new construction, major remodeling, roofing and paving projects.</p> <p>Capital improvements (defined below under “Statutory Authority”)—formerly known as “Alterations, Repair and Improvements” (AR&I)—must be funded before any new capital development project can be approved. During the 2001 General Session the Legislature increased the minimum improvement funding formula from 0.9 percent to 1.1 percent of the value of all state buildings. The plan to increase funding included a transfer of existing funds within the capital budget. As revenue projections went unmet in FY 2002 and FY 2003, the Legislature amended statute to allow for more flexibility in the capital improvement program. The change allowed the Legislature the flexibility of funding the program at the original 0.9 percent level.</p> <p>At the 0.9 percent level, the state provided almost \$44 million in FY 2005 to address the maintenance backlog. Moving to 1.1 percent would have increased that amount by approximately \$11 million. It remains to be seen whether the state will be able to fund capital improvements at the 1.1 percent level in the near future.</p>
Statutory Authority	<p>UCA 63A-5-104 defines “Capital Developments” as either of the following:</p> <ul style="list-style-type: none">➤ A remodeling, site, or utility project with a cost of \$1,500,000 or more➤ A new facility with a construction cost of \$250,000 or more➤ A purchase of real property where an appropriation is requested to fund the purchase <p>The same statute defines “Capital Improvements” as either of the following:</p> <ul style="list-style-type: none">➤ A remodeling, alteration, replacement or repair project with a total cost of less than \$1,500,000➤ A site and utility improvement with a total cost less than \$1,500,000➤ New facility with a total construction cost of less than \$250,000 <p>UCA 63A-5-103 requires the State Building Board to develop and maintain a Five-Year Building Program for submission to the Governor and Legislature that includes:</p> <ul style="list-style-type: none">➤ A priority list of capital development projects➤ Detailed information for each project recommended in the first two years of the plan➤ A summary of Contingency Reserve and Project Reserve balances➤ Information about state leased facilities➤ The results of facility condition assessments including the cost of needed improvements

UCA 63A-5-104(2) requires the State Building Board to submit its capital development recommendations and priorities to the Legislature for approval and prioritization. The SBB makes recommendations on behalf of all state agencies, commissions, departments and institutions.

A capital development project may not be constructed on state property without legislative approval *unless*:

- The Building Board determines that a requesting higher education institution has provide adequate assurance that state funds will not be used for construction, O&M, or future capital improvements of the facility, and the new facility is consistent with the needs of the institution and the state
- The renovation, remodeling, or retrofitting of an existing facility will be done with non-state funds
- Facilities will be built with non-state funds and owned by non-state entities within research park areas at the U of U or USU
- Facilities will be built at This is the Place State Park
- Projects are funded by the Navajo Trust Fund and Uintah Basin Revitalization Fund, and do not provide a new facility for a state agency or higher education institution
- Projects are on school and institutional trust lands and funded from the Land Grant Management Fund, and do not provide a new facility for a state agency or higher education institution
- The project will be constructed by UDOT as a result of an exchange of real property under UCA 72-5-111, however, when UDOT approves these exchanges it must notify the Senate President, House Speaker, and CFAS co-chairs about any new facilities to be built under this exemption

UCA 63A-5-104(4) requires the State Building Board, on behalf of all state agencies and institutions, to submit by January 15 of each year a list of anticipated capital improvement requirements to the Legislature. Unless otherwise directed by the Legislature, the Building Board must prioritize capital improvements from the list submitted to the Legislature up to the level of money appropriated. In an emergency situation the Building Board may reallocate capital improvement funds.

UCA 63A-5-104(5) prohibits the Legislature from funding the design or construction of any new capital development projects, except to complete already begun projects, until the Legislature has appropriated 1.1 percent of the replacement cost of existing state facilities to capital improvements. However, if the Legislature determines that an operating deficit exists, it may help reduce the deficit by reducing the appropriation to 0.9 percent.

“Replacement cost” is determined by the Division of Risk Management, except for auxiliary facilities as defined by the Building Board.

The Building Board may make rules allocating to institutions and agencies their proportionate share of capital improvement funding.

In UCA 63A-5-104(9) the Legislature declares its intention to fund at least half of the capital improvement requirement with the General Fund.

Previous Action

During the 2004 General Session the Legislature approved the following projects:

Legislatively Approved Capital Projects - 2004 General Session				Anticipated
<u>Project</u>	<u>Amount</u>	<u>Fund</u>	<u>Bill</u>	<u>Other Funds</u>
Capital Improvements	\$43,976,000	GF \$26.976M / IT \$17.0M	S.B. 1	
State Capitol Remodel	\$50,000,000	General Obligation Bonds	H.B. 2	
WSU - Swenson Bldg Remodel	\$5,569,000	General Obligation Bonds	H.B. 2	\$3,000,000
SLCC - Health Sciences Bldg	\$21,000,000	General Obligation Bonds	H.B. 2	\$5,657,000
UNG - NSL Readiness Ctr	\$2,719,000	General Obligation Bonds	H.B. 2	\$7,817,000
CEU - San Juan Library	\$2,400,000	General Obligation Bonds	H.B. 2	\$1,000,000
Oxbow Prison Purchase	\$4,800,000	General Obligation Bonds	H.B. 2	
	<u>\$86,488,000</u>	Subtotal G.O. Bonds		
DABC - Five stores	\$8,205,000	Revenue Bonds	H.B. 328	
Ogden Regional Building	\$8,914,000	Revenue Bonds	H.B. 328	
Moab Regional Building	\$1,450,000	Revenue Bonds	H.B. 328	
Tooele Courts Bldg and Land	\$7,103,000	Revenue Bonds	H.B. 328	
USHE Office Space	\$3,600,000	Revenue Bonds	H.B. 328	
USU - Housing/Parking Terrace	\$35,500,000	Revenue Bonds	H.B. 328	
USU - Stadium Renovation	\$10,000,000	Revenue Bonds	H.B. 328	
	<u>\$74,772,000</u>	Subtotal Rev Bonds		
MATC - Pacific Avenue Bldg	\$2,900,000	Lease-Purch Author	H.B. 328	
U of U - Chemistry Gauss Haus		Own Funds	H.B. 328	\$7,600,000
U of U - Health Academic Facility		Own Funds	H.B. 328	\$15,000,000
U of U - Geology/Geophysics Bldg		Own Funds	H.B. 328	\$21,400,000
USU - Child Care Facility		Own Funds	H.B. 328	\$2,000,000
USU - Replace Team Building		Own Funds	H.B. 328	\$10,000,000
USU - Expand Chilled Water Plant	\$200,000	USU Conting Reserve	H.B. 328	
DATC - Entrepreneurial Building		Own Funds	H.B. 328	\$1,835,000
SEATC - Blanding Tech Bldg		Own Funds	H.B. 328	\$200,000
DWS Logan Employment Center	\$2,801,000	GFR - Spec Admin Exp	S.B. 1/H.B. 328	
DNR - Land Purchase Future Bldg	\$250,000	GFR - Wildlife Trust Acct	S.B. 1/H.B. 328	
UNG - Camp Williams TASS Bldg		Federal Funds	H.B. 328	\$11,719,000
UNG - Camp Williams Readiness Ctr		Federal Funds	H.B. 328	\$3,279,000
DPS/DOC/SLCC Public Safety Ctr		Own Funds	H.B. 328	\$21,000,000

Table 22-1

Funding Detail

The ongoing portion of the Capital Budget base is made up of General Fund and Income Tax – but the State can take advantage of bonds, donations and federal funds to pay for projects. Since FY 2004 this table does not show all funding for capital projects, but only cash appropriations (excludes bonds that are approved in bills other than appropriations acts).

DFCM Capital Program					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	35,505,300	22,634,000	35,506,700	27,584,700	26,976,900
General Fund, One-time	13,400,000	0	0	(4,200,000)	0
Uniform School Fund	11,816,100	0	0	0	0
Income Tax	0	17,000,000	4,900,000	17,000,000	17,000,000
Income Tax, One-time	82,546,000	0	0	0	0
Transportation Fund	611,000	0	0	0	0
Federal Funds	1,170,000	0	7,900,300	0	0
Dedicated Credits Revenue	428,000	0	0	4,200,000	0
Dedicated Credits - GO Bonds	15,000,000	143,390,000	138,020,000	0	0
Dedicated Credits - Revenue Bonds	125,930,000	0	0	0	0
GFR - Special Administrative Exper	0	1,186,700	0	0	2,801,000
Transfers - Youth Corrections	2,319,200	0	0	0	0
Project Reserve Fund	0	0	800,000	0	0
Beginning Nonlapsing	36,500	0	0	0	0
Total	\$288,762,100	\$184,210,700	\$187,127,000	\$44,584,700	\$46,777,900
Programs					
Capital Improvements	36,753,000	39,594,000	40,506,700	38,514,700	43,976,900
Capital Planning	2,086,500	40,000	0	0	0
Capital Development Fund	249,922,600	144,576,700	146,620,300	6,070,000	2,801,000
Total	\$288,762,100	\$184,210,700	\$187,127,000	\$44,584,700	\$46,777,900
Categories of Expenditure					
Other Charges/Pass Thru	288,762,100	184,210,700	187,127,000	44,584,700	46,777,900
Total	\$288,762,100	\$184,210,700	\$187,127,000	\$44,584,700	\$46,777,900

Table 22-2

PROGRAMS – CAPITAL BUDGET

CAPITAL IMPROVEMENTS

Function	<p>Capital improvements are major alteration, repair and improvements of the state’s fixed capital assets. Capital improvement funds may not be used for program equipment or routine maintenance. Minimum funding levels are set in statute.</p>
<i>Maintenance Backlog</i>	<p>DFCM’s Facility Condition Assessment Program has identified \$200 million in “immediate” repair needs to buildings and infrastructure, and more than \$1.1 billion in needs over the next ten years (not including the State Capitol). Capital improvement funds help to reduce the backlog but cannot address all issues, since many facilities have significant problems that require more than the \$1,500,000 statutory cap allowed for capital improvements (for example, the U of U’s Marriott Library). In these cases, funds must be used from the Capital Development portion of the budget. The Legislature has focused on taking care of existing needs before allocating funds to expansion. This shows recognition of the fact that capital improvements alone cannot alleviate the maintenance backlog and helps the state’s bond rating.</p> <p>Funding for capital improvements will almost always climb to new highs each year due to inflation and new facilities coming on line. Utah’s system of funding capital improvements based on a percentage of replacement value is an effective way of keeping pace with growing needs. However, capital improvement funding alone cannot eliminate the backlog of “immediate” needs identified by DFCM. Utah is not alone in carrying large backlogs. Most government entities attempt to forestall capital costs by keeping buildings longer than they are designed for or by postponing major repairs. Nearly forty percent of Utah’s facilities are over twenty-five years old. However, this does not mean Utah is unable to fix the problem. Some maintenance backlogs are eliminated through renovations or replacements of older buildings. Therefore the Legislature has focused on using capital development funds to replace aging and worn space that is contributing to the existing backlog.</p>
<i>Capital improvements support higher education</i>	<p>Since more than half of the square footage owned by the state is in higher education, over half of all capital improvement funding goes to projects that benefit higher education and the Utah College of Applied Technology. This is money that is rarely accounted for in considering state support of education even though students benefit directly from the program.</p>
Accountability	<p>Capital improvement funding since FY 1994:</p>

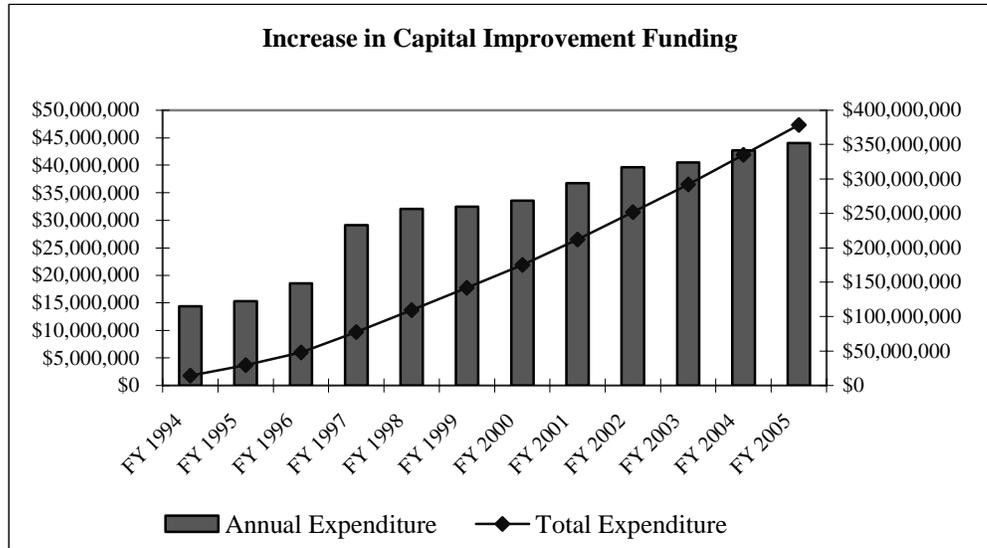


Figure 22-1

Efforts of the 2004 Legislature reduced the “immediate” need backlog by \$55.2 million, although the five and ten year needs increased.

Facility Assessment: Progress on Backlog			
	FY 2004	FY 2005	Progress
Buildings			
Immediate	\$202,971,000	\$167,164,000	\$35,807,000
Five Year	416,486,000	474,383,000	(57,897,000)
Ten Year	214,679,000	227,514,000	(12,835,000)
Total	\$834,136,000	\$869,061,000	(\$34,925,000)
Infrastructure			
Immediate	\$51,315,000	\$31,932,000	\$19,383,000
Five Year	154,395,000	169,960,000	(15,565,000)
Ten Year	80,435,000	99,194,000	(18,759,000)
	\$286,145,000	\$301,086,000	(\$14,941,000)
Total Backlog	\$1,120,281,000	\$1,170,147,000	(\$49,866,000)

Table 22-3

CAPITAL FACILITIES AND ADMIN. SERVICES

2005 GS

Funding Detail

In FY 2004 the Legislature increased its use of income tax revenues from \$4.9 million to \$17 million in order to reflect that many capital improvement dollars are spent on educational buildings.

Capital Improvements					
Sources of Finance	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Appropriated
General Fund	21,753,000	22,594,000	35,506,700	25,714,700	26,976,900
General Fund, One-time	15,000,000	0	0	(4,200,000)	0
Income Tax	0	17,000,000	4,900,000	17,000,000	17,000,000
Project Reserve Fund	0	0	100,000	0	0
Total	\$36,753,000	\$39,594,000	\$40,506,700	\$38,514,700	\$43,976,900
Categories of Expenditure					
Other Charges/Pass Thru	36,753,000	39,594,000	40,506,700	38,514,700	43,976,900
Total	\$36,753,000	\$39,594,000	\$40,506,700	\$38,514,700	\$43,976,900

Table 22-4

FY 2006 Estimate

DFCM projects the FY 2006 capital improvement funding requirement at 1.1% of replacement value to be \$59,993,681. The estimated requirement at 0.9% of replacement value is \$49,085,739. The governor's recommendation may differ, depending on how replacement cost is calculated.

FY 2006 Capital Improvement Funding Requirement											
	(Last Year) Insured Value As Of July 1, 2003	(Current Year) Insured Value As Of July 1, 2004	(Last Year) Auxiliary Amount As Of July 1, 2003	(Current Year) Auxiliary Amount As Of July 1, 2004	(Current Year) Insured Value Less Auxiliaries	Addnl. Bldgs. Completed by June 30, 2005	Total Buildings as of June 30, 2005	FY 2005 Inflation at 10%	Projected Insured Value July 1, 2005	10% Adjustment To Insured Value For Infrastructure	Projected Replacement Value as of July 1, 2005
State Agencies:											
Alcoholic Beverage Control	\$ 33,444,852	\$ 36,148,911			\$ 36,148,911		\$ 36,148,911				
Agriculture	\$ 3,139,200	\$ 3,139,200			\$ 3,139,200		\$ 3,139,200				
Attorney General	\$ 231,200	\$ 231,200			\$ 231,200		\$ 231,200				
Capitol Preservation Board	\$ 173,314,193	\$ 204,645,943	\$ 3,300,000	\$ 3,300,000	\$ 201,345,943		\$ 201,345,943				
Corrections Dept	\$ 240,438,084	\$ 240,438,084			\$ 240,438,084		\$ 240,438,084				
Courts	\$ 161,295,205	\$ 165,128,271			\$ 165,128,271	\$ 14,800,000	\$ 179,928,271				
DAS/DFCM	\$ 137,018,107	\$ 149,673,969	\$ 8,642,744	\$ 7,061,290	\$ 142,612,679		\$ 142,612,679				
DEQ	\$ 7,719,000	\$ 7,719,000			\$ 7,719,000		\$ 7,719,000				
Health	\$ 42,837,169	\$ 42,837,169			\$ 42,837,169		\$ 42,837,169				
Human Services	\$ 212,155,302	\$ 236,622,386			\$ 236,622,386		\$ 236,622,386				
Navajo Trust Fund	\$ 1,965,200	\$ 1,965,200			\$ 1,965,200		\$ 1,965,200				
Natural Resources	\$ 107,942,736	\$ 118,617,398			\$ 118,617,398		\$ 118,617,398				
National Guard	\$ 85,653,059	\$ 85,653,059			\$ 85,653,059		\$ 85,653,059				
Public Safety	\$ 12,289,919	\$ 13,009,979			\$ 13,009,979		\$ 13,009,979				
Utah State Fairpark	\$ 22,720,995	\$ 23,720,995			\$ 23,720,995		\$ 23,720,995				
Tax Commission	\$ 21,321,200	\$ 21,321,200			\$ 21,321,200		\$ 21,321,200				
Workforce Services	\$ 27,765,296	\$ 27,765,296			\$ 27,765,296		\$ 27,765,296				
Miscellaneous	\$ 7,587,478	\$ 7,918,750			\$ 7,918,750		\$ 7,918,750				
Subtotal State Agencies	\$ 1,298,838,195	\$ 1,386,556,010	\$ 11,942,744	\$ 10,361,290	\$ 1,376,194,720	\$ 14,800,000	\$ 1,390,994,720	\$ 139,099,472	\$ 1,530,094,192	\$ 153,009,419	\$ 1,683,103,611
Transportation	\$ 124,641,391	\$ 125,660,391			\$ 125,660,391	\$ 212,000	\$ 125,872,391	\$ 12,587,239	\$ 138,459,630	\$ 13,845,963	\$ 152,305,593
Public Education	\$ 27,473,259	\$ 30,425,259			\$ 30,425,259		\$ 30,425,259	\$ 3,042,526	\$ 33,467,785	\$ 3,346,778	\$ 36,814,563
UCAT	\$ 90,874,830	\$ 90,968,014			\$ 90,968,014		\$ 90,968,014	\$ 9,096,801	\$ 100,064,815	\$ 10,006,482	\$ 110,071,297
Higher Education:											
Board of Regents	\$ -	\$ 6,215,857			\$ 3,729,514		\$ 2,486,343				
CEU	\$ 55,875,803	\$ 63,740,032	\$ 16,017,269	\$ 13,630,763	\$ 50,109,269		\$ 50,109,269				
Dixie College	\$ 82,867,054	\$ 97,277,054	\$ 9,893,963	\$ 9,893,963	\$ 87,383,091		\$ 87,383,091				
SLCC	\$ 217,784,653	\$ 218,413,692	\$ 12,432,853	\$ 12,432,853	\$ 205,980,839		\$ 205,980,839				
Snow College	\$ 126,044,472	\$ 126,044,472	\$ 12,457,317	\$ 10,971,956	\$ 115,072,516		\$ 115,072,516				
SUU	\$ 169,586,396	\$ 169,586,396	\$ 25,180,930	\$ 25,180,930	\$ 144,405,466		\$ 144,405,466				
U of U	\$ 1,619,109,334	\$ 1,620,093,921	\$ 458,195,642	\$ 460,843,892	\$ 1,159,250,029		\$ 1,187,250,029				
USU	\$ 720,737,968	\$ 720,866,080	\$ 134,614,643	\$ 134,614,643	\$ 586,251,437	\$ 28,000,000	\$ 614,251,437				
UVSC	\$ 169,638,678	\$ 199,967,678	\$ 7,545,886	\$ 10,698,300	\$ 189,269,378	\$ 32,000,000	\$ 221,269,378				
WSU	\$ 287,719,443	\$ 299,625,106	\$ 30,679,798	\$ 30,679,798	\$ 268,945,308		\$ 268,945,308				
Subtotal - Higher Education	\$ 3,449,363,701	\$ 3,521,830,288	\$ 707,018,300	\$ 712,676,612	\$ 2,809,153,676	\$ 60,000,000	\$ 2,869,153,676	\$ 286,915,368	\$ 3,156,069,044	\$ 315,606,904	\$ 3,471,675,948
TOTALS	\$ 4,991,191,376	\$ 5,155,439,962	\$ 718,961,044	\$ 723,037,902	\$ 4,432,402,060	\$ 75,012,000	\$ 4,507,414,060	\$ 450,741,406	\$ 4,958,155,466	\$ 495,815,547	\$ 5,453,971,013
<p>Note #1: The Construction Cost for Additional Buildings = approx. 80% to 85% of Total Funding for the Bldg. Note #2: Construction costs escalated dramatically during 2004. Risk Management has not yet factored this into the replacement values. DFCM anticipates additional cost increases during 2005. Thus a 10% inflation factor was used. Note #3: The 10% adjustment to replacement value accounts for building components not insured by risk management such as foundations, slabs, sidewalks, infrastructure, etc.</p>											
<p>Capital Improvement Funding Requirement at 1.1% 59,993,681</p> <p>Capital Improvement Funding Requirement at .9% 49,085,739</p>											

Table 22-5

STATE FUNDED CAPITAL DEVELOPMENT

Function Capital developments include renovations or other projects costing \$1,500,000 or more, new facilities costing \$250,000 or more, or real property purchases needing an appropriation for financing. The purpose of this section is to provide information on proposed state funded capital developments. Non-state funded capital development proposals (also known as “other fund” projects) will be presented in the next section.

Funding Detail The Legislature appropriated \$2.8 million in FY 2005 to construct a new DWS employment center in Logan. Other state funds for capital developments were authorized in the general obligation bonding bill (H.B. 2).

Capital Development Fund					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	11,702,300	0	0	1,870,000	0
General Fund, One-time	(1,600,000)	0	0	0	0
Uniform School Fund	11,816,100	0	0	0	0
Income Tax, One-time	82,546,000	0	0	0	0
Transportation Fund	611,000	0	0	0	0
Federal Funds	1,170,000	0	7,900,300	0	0
Dedicated Credits Revenue	428,000	0	0	4,200,000	0
Dedicated Credits - GO Bonds	15,000,000	143,390,000	138,020,000	0	0
Dedicated Credits - Rev Bonds	125,930,000	0	0	0	0
GFR - Special Admin Expense	0	1,186,700	0	0	2,801,000
Transfers - Youth Corrections	2,319,200	0	0	0	0
Project Reserve Fund	0	0	700,000	0	0
Total	\$249,922,600	\$144,576,700	\$146,620,300	\$6,070,000	\$2,801,000
Categories of Expenditure					
Other Charges/Pass Thru	249,922,600	144,576,700	146,620,300	6,070,000	2,801,000
Total	\$249,922,600	\$144,576,700	\$146,620,300	\$6,070,000	\$2,801,000

Table 22-6

Building Board prioritization of state funded requests

On October 21, 2004, the State Building Board prioritized all requests submitted by the Board of Regents and state agencies for state funded capital developments. The following table shows their results. More detail on each proposed project will be provided later.

**FY06 Capital Development Requests
Building Board Priority List**
October 21, 2004

Rank	Agency/ Institution	Project	Objective:		#1 Existing Deficiencies			#2 Growth		#3 Cost Effective		Effectiveness & Capacity		#5 Critical Program		Alternative Funding		Bldg Brd Total Score
			Requested State Funding	Cumulative Amount	Weight	BB Average	BB Weighted	BB Average	BB Weighted	BB Average	BB Weighted	BB Average	BB Weighted	BB Average	BB Weighted	BB Average	BB Weighted	
Capital Improvement Funding at 1.1% Level			\$59,994,000															
State Funded Capital Development Recommendations:																		
1	Dixie	Health Sciences Building	\$15,743,000	\$15,743,000	-	-	5.0	10.0	4.7	14.0	5.0	10.0	4.7	9.3	2.8	2.8	46.1	
2	UofU	Marrinott Library	\$48,488,000	\$64,231,000	4.5	11.5	3.3	1.0	3.5	10.5	3.7	7.3	3.7	7.3	3.5	3.5	41.1	
3	DHS	Developmental Center Housing	\$2,575,000	\$66,806,000	-	-	4.0	8.0	4.3	13.0	4.2	8.3	5.0	10.0	1.0	1.0	40.3	
4	Corrections	CUCF 288-Bed Facility (Gunnison)	\$14,600,000	\$81,406,000	-	-	4.5	9.0	4.3	13.0	4.0	8.0	4.7	9.3	1.0	1.0	40.3	
5	UVSC	Digital Learning Center	\$37,750,000	\$119,156,000	-	-	5.0	10.0	3.7	11.0	4.2	8.3	4.5	9.0	1.5	1.5	39.8	
6	SUU	Teacher Education Center	\$10,000,000	\$129,156,000	-	-	4.3	8.7	3.5	10.5	4.2	8.3	4.7	9.3	3.0	3.0	39.8	
7	DNR	Fire Management Service Facility	\$694,000	\$129,850,000	-	-	4.7	9.3	4.2	12.5	4.0	8.0	4.5	9.0	1.0	1.0	39.8	
8	Courts	Land Purchase for Provo Juvenile	\$225,000	\$130,075,000	-	-	4.0	8.0	4.3	13.0	3.8	7.7	4.2	8.3	1.7	1.7	38.7	
9	Multi-Agency	Richfield Regional Center	\$5,043,000	\$135,118,000	3.2	5.9	3.2	2.4	3.2	9.5	4.0	8.0	3.8	7.7	3.0	3.0	36.5	
10	Snow	Library/Classroom Building	\$14,237,000	\$149,355,000	-	-	3.8	7.7	3.2	9.5	4.2	8.3	4.0	8.0	3.0	3.0	36.5	
11	UCAT	BATC Bourns Building Purchase	\$3,550,000	\$152,905,000	-	-	3.0	6.0	5.0	15.0	3.3	6.7	3.3	6.7	1.3	1.3	35.7	
12	DNR	Midway Hatchery Restoration	\$4,800,000	\$157,705,000	3.2	6.5	3.5	2.2	3.0	9.0	3.7	7.3	3.3	6.7	2.8	2.8	34.5	
13	UCAT	UBATC/USU Vernal Campus	\$10,788,000	\$168,493,000	-	-	3.3	6.7	3.0	9.0	3.7	7.3	4.2	8.3	3.0	3.0	34.3	
14	USU	Agricultural Science Classroom	\$57,237,000	\$225,730,000	4.3	3.6	2.8	4.1	2.8	8.5	4.3	8.7	4.0	8.0	1.0	1.0	33.9	
15	Brd. Of Ed.	Replace Deaf & Blind Conner St	\$13,608,000	\$239,338,000	-	-	3.8	7.7	2.8	8.5	3.7	7.3	4.5	9.0	1.0	1.0	33.5	
16	WSU	Buildings 1&2 Replacement	\$21,001,000	\$260,339,000	3.5	5.4	3.2	3.1	3.0	9.0	3.5	7.0	2.8	5.7	0.8	0.8	31.0	
17	CEU	Fine Arts Complex	\$13,976,000	\$274,315,000	4.0	4.1	2.7	3.5	2.7	8.0	3.5	7.0	3.0	6.0	2.0	2.0	30.6	
18	DNR	Price Region Office	\$2,350,000	\$276,665,000	-	-	3.7	7.3	3.3	10.0	2.3	4.7	2.5	5.0	2.3	2.3	29.3	
19	Brd. Of Ed.	Buffmire Rehab. Center Annex	\$7,029,000	\$283,694,000	-	-	3.2	6.3	3.0	9.0	3.0	6.0	2.8	5.7	1.3	1.3	28.3	
20	SLCC	Millcreek Center Replacement	\$6,000,000	\$289,694,000	-	-	3.0	6.0	2.5	7.5	2.2	4.3	2.5	5.0	0.8	0.8	23.6	

Table 22-7

“OTHER”-FUNDED CAPITAL DEVELOPMENTS

Function

On October 21, 2004 the State Building Board heard and determined its recommendations for all requests submitted by higher education institutions and other state agencies for “other”-funded capital developments. On November 17, 2004 the Building Board added a recommendation for a Mountainlands ATC lease-purchase. The table below shows the results of the Building Board process. While many of projects bring value to the state by using donations, fees, savings, or federal funds, they also represent new assets to maintain while the state’s current assets carry maintenance backlogs.

FY06 "Other Funds" Capital Development Requests Building Board Recommendation November 17, 2004			
Agency/Institution	Project	Total Project Cost	Increase in State O&M
Alcoholic Beverage Control	Downtown SLC Wine Store	\$ 3,221,000	\$ 42,000
Alcoholic Beverage Control	Additional St. George Store	\$ 2,323,000	\$ 35,000
Alcoholic Beverage Control	Additional Store in Southwest SL County	\$ 2,323,000	\$ 35,000
Corrections	CUCF Education Area Expansion	\$ 2,263,000	\$ 48,300
Courts	West Valley Courthouse Purchase	No Cost	\$ -
Natural Resources	Logan Fisheries Exp Str. Tech Serv. Bldg.	\$ 688,000	\$ -
UCAT/Mountainlands ATC	Southern Utah County Facility Lease/Purchase	\$ 3,000,000	\$ -
UDOT	Vernal Maintenance Complex	\$ 1,457,000	\$ -
University of Utah	Hospital Expansion - West Wing & Parking	\$ 87,500,000	\$ -
University of Utah	College of Social Work - Building Addition	\$ 3,500,000	\$ 83,000
University of Utah	New Humanities Building Phase I	\$ 11,100,000	\$ 264,200
Utah National Guard	85th Civil Support Team Readiness Center	\$ 2,068,000	\$ 34,000
Utah National Guard	Joint Forces Headquarters Addition	\$ 1,460,000	\$ 12,500
Utah National Guard	19th Special Forces Armory Addition	\$ 1,500,000	\$ 20,900
Utah National Guard	117th Util Det/120th QM Det Readiness Center	\$ 1,500,000	\$ 20,900
Weber State University	Union Building Renovation	\$ 20,000,000	\$ -
Workforce Services	Richfield Employment Center (a)	\$ 2,659,000	\$ 16,900
TOTAL		\$ 146,562,000	\$ 612,700

(a) This space need is also addressed as part of the Richfield Regional Center project that is included on the Building Board's list of state-funded capital development projects as priority # 9. The Building Board supports consideration of the Workforce Services request as an "Other Funds" project if the Richfield Regional Center project is not funded by the Legislature.

Table 22-8

Prior to its November 17, 2004 meeting, the Building Board expressed concern about the Mountainlands ATC lease-purchase proposal. By securing an ongoing appropriation of \$250,000 in the 2004 General Session, the ATC

is able to put forward an “other funds” request for a new building, thus circumventing the “state funds” list and passing other state agencies/institutions who are waiting for state building funds. While from a business perspective it makes sense to gain equity from a long-term lease, the Board was concerned that this could set a precedent that undermines the building request process. The Building Board was willing to put this request forward since UCAT agreed to seek a change in statute to clarify their lease-purchase options.

As facilities come on line they carry an impact for routine operation and maintenance. Legislative policy requires agencies to acknowledge state funded obligations when requesting non-state funded buildings. In the past, the Legislature expressed concern that O&M funds were not considered in acceptance of non-state funded buildings. Agencies also expressed frustration that O&M funds were often not appropriated once facilities were approved. To bridge this gap, committee chairs of the Capital Facilities and Administrative Services subcommittee now communicate with chairs of other subcommittees that will be affected by future O&M requests. While this is not a guarantee of future funding, it is an attempt to use as much information as possible in accepting buildings.

BUILDING BOARD FIVE YEAR PLAN (FY 2006-2010)

Function The Building Board’s five year plan places their “state funds” recommendations one through nine in FY 2006. Projects prioritized below nine are placed in FY 2007, and other known project requests are placed in FY 2008-2010.

Building Board Rank	Agency/Institution	Project	State Funds Requested	Total Project Budget	Increased State O&M
<u>FY2006</u>					
	All Agencies/Institutions	Capital Improvement Funding	59,994,000	59,994,000	N/A
1	Dixie State College	Health Sciences Building	15,743,000	18,326,000	413,100
2	UofU	Marriott Library Renovation & ASRS	48,488,000	71,188,000	480,000
3	Human Services	Developmental Center Housing	2,575,000	2,575,000	83,300
4	Corrections	CUCF 288-Bed Facility (Gunnison)	14,600,000	14,600,000	187,700
5	UVSC	Digital Learning Center	37,750,000	37,750,000	955,700
6	SUU	Teacher Education Center	10,000,000	10,000,000	242,500
7	Natural Resources	Fire Management Service Facility	694,000	694,000	-
8	Courts	Land Purchase for Provo Juvenile Court	225,000	300,000	20,000
9	Multi-Agency	Richfield Regional Center	5,043,000	7,527,000	18,700
Total FY2006			\$ 195,112,000	\$ 222,954,000	\$ 2,401,000
<u>State Capitol Building Renovation</u>					
The Building Board expresses its support for the continuation of the renovation of the State Capitol Building and suggests that the funding be addressed separately as a result of the magnitude and duration of the project and the Capitol's unique governance structure.					
<u>Building Board Priority</u>					
The projects listed for FY2006 and FY2007 were heard in detail by the Building Board and are listed in the order of the Board's recommended priority. The projects listed for FY2008, FY2009 and FY2010 are grouped by the proposed funding year and are not prioritized within the funding year. They are listed in alphabetical order by agency or institution within each fiscal year. Operations and maintenance costs and other funding sources are not estimated for these projects.					
<u>Annual Funding Level</u>					
The Building Board recognizes that the total state funding required for the prioritized projects that are listed in FY2006 and FY2007 is significantly more than is likely to be funded. It is anticipated that this will result in some of these projects extending into later years. It is also likely that some of the projects identified for FY2008 will likely be prioritized ahead of some of the FY2007 projects in future Five Year Plans.					

Table 22-9

CAPITAL FACILITIES AND ADMIN. SERVICES

2005 GS

Building Board Rank	Agency/Institution	Project	State Funds Requested	Total Project Budget	Increased State O&M
FY2007					
	All Agencies/Institutions	Capital Improvement Funding	59,994,000	59,994,000	N/A
10	Snow College	Library/Classroom Building	14,237,000	19,337,000	488,900
11	Ut. College of Applied Tech.	BATC Bourns Building Purchase	3,550,000	3,550,000	296,800
12	Natural Resources	Midway Hatchery Restoration	4,800,000	7,200,000	194,100
13	Ut. College of Applied Tech.	UBATC/USU Vernal Campus	10,788,000	13,485,000	333,700
14	Utah State University	Agricultural Science Classroom	57,237,000	57,237,000	1,119,800
15	Board of Education	Replace Deaf & Blind Conner Street	13,608,000	13,608,000	374,500
16	Weber State University	Buildings 1 & 2 Replacement	21,001,000	21,001,000	222,300
17	College of Eastern Utah	Fine Arts Complex	13,976,000	14,976,000	284,100
18	Natural Resources	Price Region Office	2,350,000	2,600,000	-
19	Board of Education	Buffmire Rehabilitation Center Annex	7,029,000	7,029,000	-
20	Salt Lake Comm. College	Millcreek Center Replacement	6,000,000	6,000,000	219,000
Total FY2007			\$ 214,570,000	\$ 226,017,000	\$ 3,533,200
FY2008					
	All Agencies/Institutions	Capital Improvement Funding	60,000,000		
	Corrections	CUCF Housing Unit	16,000,000		
	Courts	Washington County Courthouse	25,000,000		
	Dixie State College	Whitehead Student Services Center	14,000,000		
	Human Services	Juvenile Justice Services - Weber Detention	8,000,000		
	Natural Resources	State Park Campgrounds	4,000,000		
	University of Utah	Orson Spencer Hall Renovation	24,000,000		
	Ut. College of Applied Tech.	Davis ATC High Tech Building	13,000,000		
	Utah State University	Campus Farms Relocation	11,000,000		
Total FY2008			\$ 175,000,000		
FY2009					
	All Agencies/Institutions	Capital Improvement Funding	60,000,000		
	Corrections	CUCF Housing Unit	14,000,000		
	Courts	Ogden Juvenile Court	15,000,000		
	Human Services	Developmental Center Facility Conversions	5,000,000		
	Salt Lake Comm. College	Visual Arts and Design Bldg. at South City	16,000,000		
	Southern Utah University	Business Building Addition	4,000,000		
	University of Utah	Building 036 Facility Adaptation	4,000,000		
	Ut. College of Applied Tech.	Mountainlands ATC North Utah County Campus	11,000,000		
	Utah State University	Health/PE/Recreation Renovation & Addition	25,000,000		
	Utah Valley State College	Student Academic Support Building	18,000,000		
	Weber State University	Davis Campus Classroom Building	18,000,000		
Total FY2009			\$ 190,000,000		
FY2010					
	All Agencies/Institutions	Capital Improvement Funding	60,000,000		
	Corrections	CUCF Housing Unit	14,000,000		
	Dixie State College	Information Commons	17,000,000		
	Human Services	Juvenile Justice Services - Cedar Expansion	3,000,000		
	Multi-Agency	Brigham City Regional Center	5,000,000		
	Natural Resources	Bear Lake East Side Development	4,000,000		
	Salt Lake Comm. College	Classroom Building at Redwood Campus	19,000,000		
	University of Utah	East Campus Central Plant	5,000,000		
	Utah College of Applied Tech.	Ogden/Weber ATC Health Technology Building	10,000,000		
	Utah Valley State College	Fine and Performing Arts Building	45,000,000		
Total FY2010			\$ 182,000,000		

Table 22-10

ADDITIONAL INFORMATION – CAPITAL BUDGET

2005-06 BOARD OF REGENTS PRIORITIES

USHE Capital Development and Land Acquisition Priorities									September 9, 2004
Q&P Results for 2005-06									
Q&P Rank		"Q" (1) Points	O&M Points(2)	Other Funds Points(3)	Life Safety Points(4)	Function Points(5)	Priority Points(6)	Total Points	
1	UU Marriott Library Facility Adaptation and ASRS Addition	48	0	6	11	0	25	90	
2	UVSC Digital Learning Center	50	0	0	0	0	25	75	
3	DSC Health Sciences Building	46	0	2	0	0	25	73	
4	USU College of Agriculture Replacement/Classroom Building	42	0	0	5	0	25	72	
5	WSU Classroom Building/Buildings 1 & 2 Replacement	40	0	0	5	0	25	70	
6	SLCC Millcreek Center	44	0	0	0	0	25	69	
7	CEU Fine Arts Complex	34	0	2	7	0	25	68	
8	Snow College and Sanpete County Library/Classroom Building (7)	38	0	3	0	0	25	66	
9	SUU Teacher Education Building	36	0	4	0	0	25	65	

Notes:

(1) **Q Points:** These reflect (a) How much space (by space type) the institution has in its inventory, (b) how much space it needs based on 5-year enrollment projections and space standards, and (c) how well the space needs gap between (a) and (b) are met by the proposed project. The project that fills the highest relative need receives 50 points, with the next highest ranked project receiving 48, the next 46, etc (R741.4).

(2) **O&M Points:** Points are awarded to projects that obtain non-state funded O&M endowments. Between 0 and 15 points are available depending on the size of the endowment compared to the total cost of the project.. A project receives 1.5 points for each 5% of O&M that can be covered from the endowment. At 75% and above, the project received 15 points (R741.5.3.3).

UCAT funding in the project. A project receives 1 point for each 5% that is non-state funded. At 75% and above, the project received 15 points (R741.5.3.2).

is based on a formal evaluation of the facility, utilizing external engineering and/or architectural reports and DFCM personnel (R741.5.3.4).

(5) **Function Points:** Function points are awarded to infrastructure projects based on the urgency for such projects. Up to 60 points are available (R741.5.3.5).

(6) **Priority Points:** Institutional priority points are assigned by the institutions to their various projects being submitted. An institution's top priority receives 25 priority points, second receives 22 points (if available), third receives 19 points (if available). The amount of points available varies by institution: (a) UU and USU = 80 points, (b) WSU, SUU, SLCC, and UVSC = 50 points, (c) Snow, Dixie, and CEU = 30 points (R741.5.5.1).

(7) Snow College plans to obtain an additional \$2 million in other funds from a federal grant. These funds are not considered to be firm enough for scoring as part of the Q&P process. Policy R741 states that these funds must be confirmed or they may not be considered for "Other Funds" points in the Q & P process.

Table 22-11

USHE Capital Development and Land Acquisition Priorities										
September 9, 2004										
2005-06 USHE Institutional Priorities										
Q&P Rank	Project	State Cost Request ⁽¹⁾	Previous State Funds	Estimated State O&M ⁽²⁾	Other Funds	Total Project	New GSF ⁽²⁾	Renovated GSF	Disposed GSF	Net Additional GSF
1	UU Marriott Library Facility Adaptation and Addition for Automated Storage and Retrieval System (ASRS)	\$48,500,000	\$0	\$321,800	\$22,700,000	\$71,200,000	14,587	302,000	0	14,587
2	UVSC Digital Learning Center	\$32,500,000	\$0	\$1,005,000	\$0	\$32,500,000	180,000	0	0	180,000
3	DSC Health Sciences Building	\$15,743,500	\$0	\$450,800	\$2,582,500	\$18,326,000	78,503	0	0	78,503
4	USU College of Agriculture Replacement/Classroom Building	\$50,000,000	\$0	\$1,286,700	\$0	\$50,000,000	250,000	0	92,326	157,674
5	WSU Classroom Building/Buildings 1 & 2 Replacement	\$24,000,000	\$0	\$329,100	\$0	\$24,000,000	78,000	0	33,667	44,333
6	SLCC Millcreek Center	\$5,000,000	\$0	\$300,000	\$0	\$5,000,000	50,000	0	0	50,000
7	CEU Fine Arts Complex	\$10,491,000	\$0	\$257,200	\$1,250,000	\$11,741,000	54,834	11,681	11,349	43,485
8	Snow College and Sanpete County Library/Classroom Building	\$14,900,000	\$0	\$531,100	\$3,100,000 ⁽³⁾	\$18,000,000	96,000	0	0	96,000
9	SUU Teacher Education Building	\$11,473,800	\$0	\$340,800	\$3,400,000	\$14,873,800	66,089	0	0	66,089
Additional Capital Development Considerations										
	USU Agriculture functions relocation to expand Innovation Campus	\$10,000,000	\$0	\$0	\$0		0	0	0	0
	WSU IHC Property Acquisition	\$7,700,000	\$0	\$201,600	\$0		0	0	0	0
Totals		\$212,608,300		\$4,822,500			868,013	313,681	137,342	730,671
Informational Items: UCAT Capital Development Priorities (as forwarded to the Building Board by the UCAT Board of Trustees)										
UCAT Rank	Project	State Cost Request ⁽¹⁾	Previous State Funds	Estimated State O&M ⁽²⁾	Other Funds	Total Project	New GSF ⁽²⁾	Renovated GSF	Disposed GSF	Net Additional GSF
1	UBATC Vernal Classroom Building	\$8,600,000	\$0	\$333,000	\$2,135,000	\$10,735,000	66,000	0	0	66,000
2	Bridgerland ATC Purchase of the Bourns Building	\$3,550,000	\$0	\$375,000	\$0	\$3,550,000	80,000	0	0	80,000
<p>Notes:</p> <p>(1) State cost request amounts revised to reflect most recent figures.</p> <p>(2) Figures are preliminary estimates and subject to Regents, DFCM, and/or institutional review.</p> <p>(3) Snow College plans to obtain an additional \$2 million in other funds from a federal grant. These funds are not considered to be firm enough for scoring as part of the Q&P process.</p>										

Table 22-12

Higher Education Priorities

Higher education facilities occupy two-thirds of all state space and, with growth continuing throughout the system, usually receive the largest capital funding for new projects. There is no “queue” for projects—each year projects are prioritized based on merit. This avoids lining up projects that may not meet changing state or institutional priorities.

Table 22-13 shows Higher Education’s top priorities since FY 2001. Projects that were funded are lined out.

Higher Education's Top Priorities by Institution FY 2001-2006						
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
UU	Fine Arts Museum	Fine Arts Museum	Marriott Library	Marriott Library	Marriott Library	Marriott Library
USU	Heat System Renovation	Heat System Renovation	Merrill Library	Merrill Library	Animal Sciences	Agriculture Building
WSU	Chilled Water Plant	Davis Campus	Land Purchase	Swenson Renovation	Swenson Renovation	Bldgs 1 & 2 Replacment
SUU	Business Building	Teacher Education	Teacher Education	Teacher Education	Teacher Education	Teacher Educ/Old Main
UVSC	Classroom Additions	Classroom Building	Wasatch Campus	Vineyard Purchase	Digital Learning Ctr	Digital Learning Ctr
SLCC	Perimeter Road/Buildings	Auto Trades Remodel	Health Sciences	Health Sciences	Health Sciences	Millcreek Center
DSC	Fine Arts Building	Fine Arts Building	Health Sciences	Health Sciences	Health Sciences	Health Sciences
Snow	Performing Arts	Performing Arts	Classroom Building	Classroom Building	Library/Classroom	Library/Classroom
CEU	Main Building Remodel	Main Building Remodel	Fine Arts Complex	Fine Arts Complex	SJC Library	Fine Arts Complex
UCAT					UBATC/USU Campus	UBATC/USU Campus
UCAT					BATC Bourns Bldg	BATC Bourns Bldg

Source: USHE and OLFA

Table 22-13

PROPERTY ACQUISITION

Function	This budgetary line item was established for real property acquisitions. Real property acquisitions requiring a legislative appropriation to finance the acquisition are considered capital developments.
Previous Action	<p>During the 2004 General Session the Legislature appropriated \$250,000 from the Division of Wildlife Resources' Trust Fund (remaining funds from sales of lifetime licenses) to purchase land in Carbon County. Potential sites are still under review. For the 2005 General Session the Department of Natural Resources has submitted a request for \$2,200,000 state funding to construct a building on the site.</p> <p>Also during the 2004 General Session the Legislature appropriated \$1,540,000 in one-time General Funds and \$2,200,000 in federal VOI/TIS funds to assist with purchasing and remodeling the Oxbow jail. Since Salt Lake County opted not to sell the jail to the state, the Legislature passed S.B. 4003 during the 2004 Fourth Special Session, which required that \$1.5 million of the VOI/TIS funds be reallocated to the Department of Corrections for capital improvements, and directed that the \$1,540,000 in one-time General Fund monies be reallocated to construct an inmate training center for the Wasatch and Oquirrh facilities of the Department of Corrections.</p>
Intent Language	<p>The Legislature adopted the following intent language during the 2004 General Session (see H.B. 3, Supplemental Appropriations Act II):</p> <p><i>The Legislature intends that the Division of Facilities and Construction Management shall use up to \$1.5 million in Capital Improvement funds for the remodeling and upgrade of the Oxbow Jail for state use.</i></p> <p>Since Salt Lake County opted not to sell the Oxbow to the state, the Legislature later struck the above language and replaced it with the following in S.B. 4003 (2004 Fourth Special Session):</p> <p><i>If the United States Department of Justice determines that Federal VOI/TIS Funds allocated in amended Item 20 in Section 3 of this bill may not be used for capital improvements in the Department of Corrections, the Legislature intends that up to \$1.5 million in Capital Improvement Funds be used for capital improvements in the Department of Corrections.</i></p> <p>Also in S.B. 4003 the Legislature modified the following intent language originally passed in H.B. 3:</p> <p><i>The Legislature intends that the Commission on Criminal and Juvenile Justice apply [\$2.2] up to \$1.5 million in Federal VOI/TIS Funds [to the purchase of the Oxbow Jail.] for capital improvements in the Department of Corrections.</i></p>

S.B. 4003 included new intent language to redirect the \$1,540,000 in one-time General Fund monies no longer being used for Oxbow but for an inmate training center:

It is the intent of the Legislature that the \$1.54 million from General Fund One-time monies be used to construct an inmate training center for the Department of Corrections' Wasatch and Oquirrh facilities.

Funding Detail

While S.B. 4003 redirected how funds originally appropriated for Oxbow Jail purchase are to be used, it did not amend the appropriated amounts.

Building/Land Purchases						
	2001	2002	2003	2004	2005	
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated	
General Fund, One-time	0	0	0	0	1,540,000	
Federal Funds	0	0	0	0	2,200,000	
GFR - Wildlife Res Trust	0	0	0	0	250,000	
Total	\$0	\$0	\$0	\$0	\$3,990,000	
Categories of Expenditure						
Other Charges/Pass Thru	0	0	0	0	3,990,000	
Total	\$0	\$0	\$0	\$0	\$3,990,000	

Table 22-14

LEASE REPORT

Function Three entities have leasing authority in Utah: DFCM, the Courts and the Utah System of Higher Education. DFCM bears the responsibility for coordinating and reporting lease activity:

Statutory Authority **UCA 63A-5-303. Lease reporting and coordination.**
 (1) The director shall:
 (a) prepare a standard form upon which agencies and other state institutions and entities can report their current and proposed lease activity, including any lease renewals; and
 (b) develop procedures and mechanisms within the division to:
 (i) obtain and share information about each agency's real property needs; and
 (ii) provide oversight and review of lessors and lessees during the term of each lease.
 (2) Each agency, the Judicial Council, and the Board of Regents for each institution of higher education shall report all current and proposed lease activity on the standard form prepared by the division to:
 (a) the State Building Board; and
 (b) the Office of Legislative Fiscal Analyst.

Each year DFCM presents a lease report as part of the Five Year Book. The Legislature provides a flexible system of reporting that allows agencies to manage their programs with leases when appropriate by simply reporting their intention rather than gaining formal approval for each lease. Current statute requires DFCM or Judicial Council oversight for high cost leases, defined as a lease that:

- (a) has an initial term including any agency optional term of ten years or more; or
- (b) will require lease payments of more than \$1,000,000 over the term of the lease including any agency optional term (UCA 63A-5-301.)

This provision is not applicable to the Utah System of Higher Education which has the ability to establish its own policies:

UCA 63A-5-305. Leasing by higher education institutions.

- (1) The Board of Regents shall establish written policies and procedures governing leasing by higher education institutions.
- (2) Each higher education institution shall comply with the procedures and requirements of the Board of Regents' policies before signing or renewing any lease.

Colleges and universities are allowed to seek lease space with Regent approval but are prohibited from coming to the Legislature to seek funds for the new leases. In meeting their statutory goal, the Regents commit to:

Review and approve institutional requests for plans to lease capital facilities space with state-appropriated funds for programs of instruction, research, or service when contracts for leasing such facilities: (1) exceed \$50,000 per year; (2) commit the institution to space rentals for a 5-year duration or beyond; or (3) lead to the establishment of regular state-supported daytime programs of instruction in leased space. An annual report of all space leased by the institutions, including space leased

for off-campus continuing education programs and space leased in research parks, shall be compiled by the Commissioner's Office for review by the Board of Regents and forwarding to the State Building Board for possible inclusion in its comprehensive 5-year building plan. (Regent Policy R710-4.5.7. - Leased Space)

Leasing offers the state a substantial value when used appropriately. Lease space can offer low cost and flexibility while tying the cost of facilities directly to agency budgets. The tables below present data on leases held by the courts, state agencies and the USHE. A complete agency (non-USHE) list of leases is provided later in this chapter.

The most prevalent type of leased space is office space, at nearly 1.3 million square feet.

DFCM Building Leases						
Type of Space	Number of Leases	FTE	FY 2004 Square Feet	FY 2004 Annual Rent	Cost Per Square Foot	
Air Monitor Station	8	-	3,600	\$8,390	\$2.33	
Free Office	26	2	18,316	\$0	\$0.00	
Hangar	2	-	2,498	\$6,204	\$2.48	
Hangar/Office	4	26	103,535	\$50,246	\$0.49	
Human Resource	14	122	52,291	\$450,186	\$8.61	
Library	3	6	5,110	\$2,000	\$0.39	
Office	215	3,991	1,176,884	\$16,909,877	\$14.37	
Office/Other	10	101	91,207	\$787,425	\$8.63	
Office/Sublease	9	44	27,132	\$270,876	\$9.98	
Storage	7	1	41,470	\$98,182	\$2.37	
Storage/Other	11	85	83,250	\$361,550	\$4.34	
Store	8	55	44,762	\$579,708	\$12.95	
Total	317	4,432	1,650,055	\$19,524,643		

Source: DFCM

Table 22-15

The state leases more than twelve million square feet of land.

DFCM Land Leases						
Type of Space	Number of Leases	FTE	FY 2004 Square Feet	FY 2004 Annual Rent	Cost Per Square Foot	
Ground Lease	15	-	11,939,369	\$80,134	\$0.01	
Parking	9	-	163,250	\$231,158	\$1.42	
Stock Pile Yard	1	-	105,450	\$75	\$0.00	
Trailer Space	5	13	29,600	\$10,770	\$0.36	
Transmit Station	4	-	94,672	\$2,400	\$0.03	
Total	34	13	12,332,341	\$324,537		

Source: DFCM

Table 22-16

Judicial Branch leases total nearly \$3.8 million per year. This figure does not include funds used to pay debt service on revenue bonds.

Courts Leases						
Type of Space	FY 2004 Leases	FTE	FY 2004 Square Feet	FY 2004 Annual Rent	Cost Per Square Foot	
Court/Office	28	196	268,834	\$2,748,467	\$10.22	
Office	19	85	74,910	\$1,027,503	\$13.72	
Parking	0	-	0	\$0		
Storage	1	-	2,701	\$17,556	\$6.50	
Total	48	281	346,445	\$3,793,526		

Source: DFCM

Table 22-17

The Utah System of Higher Education leases an additional 1.9 million square feet at a cost of \$18.1 million (up from \$14.8 million in FY 2003). The table below shows changes from FY 2002 to 2004. A significant portion of space leased by the University of Utah is in their research park.

Utah System of Higher Education Institutional Lease Summary												
	FY 2002			FY 2003			FY 2004			FY 2003-2004 Change Summary		
	Leases	Square Ft	Rent	Leases	Square Ft	Rent	Leases	Square Ft	Rent	Leases	Square Ft	Rent
University of Utah	85	838,282	\$10,305,216	90	838,098	\$10,655,760	90	1,061,400	\$14,691,984	0.0%	26.6%	37.9%
Utah State University	15	99,133	744,556	15	107,392	786,989	16	118,273	781,349	6.7%	10.1%	-0.7%
Weber State University	8	54,442	134,894	7	44,369	98,228	4	23,105	69,670	-42.9%	-47.9%	-29.1%
Southern Utah University	22	42,506	290,024	23	41,934	298,552	24	42,342	305,598	4.3%	1.0%	2.4%
Snow College	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%
Dixie State College of Utah	1	5,840	125	1	5,840	125	1	5,840	134	0.0%	0.0%	7.2%
College of Eastern Utah	4	32,325	60,126	6	49,541	64,926	9	37,448	14,231	50.0%	-24.4%	-78.1%
Utah Valley State College	17	200,097	736,994	14	189,551	641,277	14	189,536	521,836	0.0%	0.0%	-18.6%
Salt Lake Comm College	9	107,283	649,623	9	108,218	1,145,896	9	76,975	649,790	0.0%	-28.9%	-43.3%
Subtotal	161	1,379,908	\$12,921,558	165	1,384,943	\$13,691,753	167	1,554,919	\$17,034,592	1.2%	12.3%	24.4%
Bridgerland ATC	0	0	\$0	1	87,731	\$78,958	1	87,731	\$0	0.0%	0.0%	-100.0%
Davis ATC	1	10,000	35,700	1	10,000	37,200	1	10,000	37,200	0.0%	0.0%	0.0%
Dixie ATC	0	0	0	0	0	0	2	22,480	114,360	0.0%	0.0%	0.0%
Mountainland ATC	3	97,924	239,901	5	107,324	300,501	5	107,324	300,501	0.0%	0.0%	0.0%
Ogden-Weber ATC	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%
Salt Lake/Tooele ATC	3	29,076	418,720	4	72,276	510,720	3	56,922	460,108	-25.0%	-21.2%	-9.9%
Southeast ATC	2	47,241	223,484	6	4,430	18,256	5	11,595	39,892	-16.7%	161.7%	118.5%
Southwest ATC	0	0	0	1	45,000	130,000	1	36,000	130,000	0.0%	-20.0%	0.0%
Uintah Basin ATC	1	0	24,000	1	0	24,000	1	0	24,000	0.0%	0.0%	0.0%
Subtotal UCAT	10	184,241	\$941,805	19	326,761	\$1,099,635	19	332,052	\$1,106,061	0.0%	1.6%	0.6%
USHE TOTAL	171	1,564,149	\$13,863,363	184	1,711,704	\$14,791,388	186	1,886,971	\$18,140,653	1.1%	10.2%	22.6%
Total Leases Added:	29	309,175	\$1,925,123	29	210,974	\$775,075	19	323,414	\$4,473,672			
Total Leases Ended:	8	(37,600)	(\$373,760)	17	(92,717)	(\$796,110)	17	(121,768)	(\$1,314,414)			
Total Leases Changed:	80	26,570	\$346,876	96	20,128	\$832,480	98	(46,620)	\$94,522			
Total Increase:	21	301,145	\$1,899,109	12	149,795	\$951,512	2	155,026	\$3,253,780			

Table 22-18

AGENCY LEASES

FY 2005 Projections

	Oct. 2001 FY 2002 Square Feet	Oct. 2002 FY 2003 Square Feet	Oct. 2003 FY 2004 Square Feet	Oct. 2003 FY 2004 Annual Rent	Projected FY 2005 FTE Count	Projected FY 2005 Square Feet	Projected FY 2005 Annual Rent
Administrative Services							
Ground	74,202	74,202	74,202	\$1,501		74,202	\$1,539
Office	20,939	20,939	20,939	\$220,531	53.00	20,939	\$226,044
Parking	41,400	54,900	61,500	\$151,640	-	61,500	\$155,431
Storage/Other	50,858	52,058	52,058	\$242,866	11.50	52,058	\$248,938
Transmit Station	97,672	94,672	94,672	\$2,400		94,672	\$2,460
Total	285,071	296,771	303,371	\$618,938	64.50	303,371	\$634,411
Agriculture							
Hangar	1,175	1,175	1,175	\$3,204	-	1,175	\$3,284
Office	159	159	160	\$450	2.00	160	\$450
Office/Other			5,000	\$83,644	10.00	5,000	\$83,644
Total	1,334	1,334	6,335	\$87,298	12.00	6,335	\$87,378
Alcoholic Beverage Control							
Parking	14,225	6,000	6,000	\$5,610		6,000	\$5,750
Store	50,772	51,762	44,762	\$579,708	55.00	44,762	\$594,201
Total	64,997	57,762	50,762	\$585,318	55.00	50,762	\$599,951
Attorney General							
Office	4,860	21,632	21,632	\$296,993	79.00	21,632	\$304,418
Total	4,860	21,632	21,632	\$296,993	79.00	21,632	\$304,418
Commerce							
Office/Sublease	137	137	137	\$2,083	1.00	137	\$2,135
Total	137	137	137	\$2,083	1.00	137	\$2,135
Development							
Library	6,011	6,011	5,110	\$2,000	6.00	5,110	\$2,050
Office	54,510	40,356	36,144	\$619,593	119.00	36,144	\$635,083
Storage	3,500	3,500	3,500	\$12,205	-	3,500	\$12,510
Total	64,021	49,867	44,754	\$633,797	125.00	44,754	\$649,642
Corrections							
Ground	74,009	74,009	74,009	\$1,450		74,009	\$1,486
Office	47,222	48,029	55,080	\$587,832	153.50	55,080	\$602,528
Office/Sublease	1,467	1,467	1,088	\$14,756	4.00	1,088	\$15,125
Total	122,698	123,505	130,177	\$604,038	157.50	130,177	\$619,139
Courts Administrator							
Office	65,679	78,128	74,910	\$1,027,503	84.50	74,910	\$1,053,191
Courts/Office	234,218	277,301	268,834	\$2,748,467	196.15	268,834	\$2,817,178
Parking	14,000	14,000	-	\$0	-	-	\$0
Storage	2,701	2,701	2,701	\$17,556	-	2,701	\$17,995
Total	316,598	372,130	346,445	\$3,793,526	280.65	346,445	\$3,888,364

CAPITAL FACILITIES AND ADMIN. SERVICES

2005 GS

FY 2005 Projections

	Oct. 2001 FY 2002 Square Feet	Oct. 2002 FY 2003 Square Feet	Oct. 2003 FY 2004 Square Feet	Oct. 2003 FY 2004 Annual Rent	Projected FY 2005 FTE Count	Projected FY 2005 Square Feet	Projected FY 2005 Annual Rent
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Criminal and Juvenile Justice

Office	4,093	4,093	5,218	\$65,177	18.00	5,218	\$66,806
Total	4,093	4,093	5,218	\$65,177	18.00	5,218	\$66,806

Education

Human Resource	2,460	2,460	2,460	\$29,616	-	2,460	\$30,356
Office	80,844	81,217	73,091	\$1,072,738	212.00	74,491	\$1,099,572
Office/Other	44,337	44,337	44,337	\$291,253	18.00	44,337	\$298,534
Classrooms	80,000	80,686	686	\$3,000	-	686	\$3,075
Total	207,641	208,700	120,574	1,396,607	230.00	121,974	1,431,537

Environmental Quality

Air Monitor Station	12,600	3,280	3,600	\$8,390	-	3,600	\$8,600
Ground	600	500	1,100	\$2,400	-	1,100	\$2,460
Office	1,200	1,200	1,200	\$3,200	7.00	1,200	\$3,280
Office/Other	13,500	13,500	13,500	\$81,810	17.00	13,500	\$83,855
Storage/Other	5,550	5,550	5,550	\$15,815	1.00	5,550	\$16,211
Trailer Space	2,400	2,400	2,400	\$1,270	-	2,400	\$1,302
Total	35,850	26,430	27,350	\$112,885	25.00	27,350	\$115,707

Financial Institutions

Office	8,735	8,735	8,735	\$107,671	50.00	8,735	\$110,362
Total	8,735	8,735	8,735	\$107,671	50.00	8,735	\$110,362

Governor

Office	648	648	648	\$26,392	2.00	648	\$27,052
Total	648	648	648	\$26,392	2.00	648	\$27,052

Health

Free Office	4,400	4,400	5,300		2.00	5,300	\$0
Ground	256,331	256,331	256,331	\$5	-	256,331	\$5
Office	21,564	28,153	40,692	\$487,650	102.00	40,692	\$499,842
Office/Other	8,702	8,702	2,625	\$31,614	6.00	2,625	\$32,405
Storage	9,890	9,890	9,890	\$48,566	1.00	9,890	\$49,780
Storage/Other	1,880	1,880	1,880	\$11,355	2.00	1,880	\$11,639
Total	302,767	309,356	316,718	\$579,191	113.00	316,718	\$593,671

Human Services

Ground	45,738	45,738	45,738	\$1	-	45,738	\$1
Human Resource	47,332	49,831	49,831	\$420,570	122.00	49,831	\$431,084
Office	400,541	398,359	425,330	\$6,041,325	1,563.50	425,330	\$6,192,359
Office/Other	19,235	19,235	19,235	\$255,443	35.50	19,235	\$261,829
Office/Sublease	7,708	7,708	7,708	\$92,224	20.00	7,708	\$94,530
Parking	2,100	2,100	2,100	\$3,780	-	2,100	\$3,875
Storage	2,000	2,000	2,000	\$7,200	-	2,000	\$7,380
Trailer Space	1,960	-	-	\$0	-	-	\$0
Total	526,614	524,971	551,942	\$6,820,544	1,741.00	551,942	\$6,991,057

CAPITAL FACILITIES AND ADMIN. SERVICES

2005 GS

FY 2005 Projections

	Oct. 2001 FY 2002 Square Feet	Oct. 2002 FY 2003 Square Feet	Oct. 2003 FY 2004 Square Feet	Oct. 2003 FY 2004 Annual Rent	Projected FY 2005 FTE Count	Projected FY 2005 Square Feet	Projected FY 2005 Annual Rent
Insurance							
Office	4,419	4,419	4,419	\$88,986	14.00	4,419	\$91,210
Total	4,419	4,419	4,419	\$88,986	14.00	4,419	\$91,210
Judicial Conduct Commissn							
Office	739	739	739	\$9,976	3.00	739	\$10,225
Total	739	739	739	\$9,976	3.00	739	\$10,225
National Guard							
Ground	4,497,569	4,497,569	4,497,569	\$69,657	-	4,497,569	\$71,398
Office	4,237	5,707	5,707	\$71,636	11.00	5,707	\$73,427
Total	4,501,806	4,503,276	4,503,276	\$141,293	11.00	4,503,276	\$144,825
Natural Resources							
Ground	700	87,940	262,180	\$4,545	-	262,180	\$4,659
Office	21,998	27,028	27,388	\$310,976	112.00	27,388	\$318,750
Hangar/Office	4,363	4,363	4,363	\$8,944	2.00	4,363	\$9,168
Office/Other	5,790	5,790	6,510	\$43,661	14.00	6,510	\$44,752
Office/Sublease	9,248	9,248	9,248	\$93,084	14.00	9,248	\$95,411
Residence	1,400				3.00	-	\$0
Storage	300	300	300	\$1,650	-	300	\$1,691
Total	43,799	134,669	309,989	\$462,859	145.00	309,989	\$474,431
Navajo Trust Administration							
Office	1,224	1,224	1,224	\$26,510	2.00	1,224	\$27,173
Total	1,224	1,224	1,224	\$26,510	2.00	1,224	\$27,173
Public Safety							
Ground	6,641,120	6,641,120	6,641,120	\$75	-	6,641,120	\$77
Hangar	1,323	1,323	1,323	\$3,000	-	1,323	\$3,075
Office	115,260	106,115	103,244	\$1,132,425	484.50	110,581	\$1,160,747
Free Office	13,976	13,016	13,016	\$0		13,016	\$0
Office/Hangar	4,247	4,247	4,247	\$10,618	3.00	4,247	\$10,883
Office/Sublease	8,175	8,175	8,175	\$59,412	3.00	8,175	\$60,897
Storage	8,480	8,480	8,480	\$28,536	-	8,480	\$29,249
Storage/Other	1,476	1,476	1,476	\$6,642	7.00	1,476	\$6,808
Trailer Space	6,000	6,000	6,000	\$1,500	-	6,000	\$1,538
Total	6,800,057	6,789,952	6,787,081	\$1,242,208	497.50	6,794,418	\$1,273,274
Tax Commission							
Office	22,141	25,091	32,228	\$437,970	103.00	32,228	\$448,919
Storage/Other	21,600	21,600	21,600	\$81,871	63.00	21,600	\$83,918
Total	43,741	46,691	53,828	\$519,841	166.00	53,828	\$532,837

CAPITAL FACILITIES AND ADMIN. SERVICES

2005 GS

FY 2005 Projections

	Oct. 2001 FY 2002 Square Feet	Oct. 2002 FY 2003 Square Feet	Oct. 2003 FY 2004 Square Feet	Oct. 2003 FY 2004 Annual Rent	Projected FY 2005 FTE Count	Projected FY 2005 Square Feet	Projected FY 2005 Annual Rent
Transportation							
Ground	87,120	87,120	87,120	\$500	-	87,120	\$513
Office	17,636	16,786	17,760	\$118,940	45.00	17,760	\$121,913
Hangar/Office	94,925	94,925	94,925	\$30,684	21.00	94,925	\$31,451
Stock Pile Yard	107,650	105,450	105,450	\$75	-	105,450	\$77
Storage	17,300	17,300	17,300	\$25	-	17,300	\$26
Trailer Space	28,700	21,200	21,200	\$8,000	13.00	21,200	\$8,200
Total	353,331	342,781	343,755	\$158,224	79.00	343,755	\$162,179
State Treasurer's Office							
Office	7,576	7,576	7,576	\$108,716	15.00	7,576	\$111,433
Total	7,576	7,576	7,576	\$108,716	15.00	7,576	\$111,433
Trust Lands Administration							
Office	16,665	22,424	22,424	\$392,590	56.00	23,124	\$402,423
Office/Sublease	776	776	776	\$9,317	2.00	776	\$9,550
Total	17,441	23,200	23,200	\$401,907	58.00	23,900	\$411,973
Workforce Services							
Office	199,224	239,187	265,306	\$4,681,602	784.00	266,140	\$4,798,660
Parking	93,900	93,650	93,650	\$70,128		93,650	\$71,881
Total	293,124	332,837	358,956	\$4,751,730	784.00	359,790	\$4,870,541
Grand Total	14,013,321	14,193,435	14,328,841	\$23,642,706	4,728.15	14,339,112	\$24,231,734

The agency lease report will be updated and provided to the Legislature during the 2005 General Session as part of the State Building Board's Five Year Building Program Report.

CHAPTER 23 DEBT SERVICE

Function	Debt Service is made up of interest and principal due on the state's bonded indebtedness. The state uses long-term debt to finance large capital expenditures including new construction, major remodeling and highway projects. Dedicated revenue streams such as enterprise fund revenue or dedicated lease payments secure some bonds. Debt service on revenue bonds and general obligation bonds are included in this appropriation.
Statutory Authority	<p><u>Constitutional Debt Limit:</u> Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the state to an amount equal to 1.5 percent of the value of the total taxable property of the state.</p> <p><u>Statutory Debt Limit:</u> UCA 63-38c-402 limits the maximum general obligation borrowing ability of the state at any given time to no more than forty five percent of the maximum allowable state budget appropriations limit set in UCA 63-38c-201. The maximum allowable budget appropriation is based on a formula that reflects changes in population and inflation. However, the Legislature has amended the statute to exempt some highway bonds from the limitation.</p> <p>UCA 63B-1-201 creates the State Bonding Commission composed of the governor, state treasurer, and a third person appointed by the governor.</p> <p>UCA 63B-1-202 requires all legislation authorizing the State Bonding Commission to issue bonds to contain an estimate of the annual amount of funds necessary for operation and maintenance of each project.</p> <p>UCA 63B-1-304 creates the State Building Ownership Authority composed of the governor, state treasurer, and the chair of the State Building Board. The authority may, among other things, borrow money and issue obligations—including refunding obligations, pledge revenues from any facility to secure the payment of obligations relating to that facility, cause to be executed mortgages, trust deeds, etc., own, lease, operate and encumber facilities, and rent or lease any facility to any state body. However, any obligations issued by the authority may not constitute general obligation debt of the state and must be legislatively authorized.</p> <p>UCA 63B-1-307 requires the Building Ownership Authority to lease space back to the agency for which obligations were issued, and rent amounts must be sufficient to pay off the principal and interest as they come due.</p> <p>UCA 63B-1a, known as the “Master General Obligation Bond Act,” authorizes the State Bonding Commission to issue bonds only if the Legislature has affirmatively authorized the issuance of the bonds, the capital projects to be funded, and the maximum amount of the bonds.</p> <p>Article XIII Section 5(3) of the State Constitution requires a tax levy (property tax was the sole form of taxation available when the Constitution was written) to pay off general obligation bonds within 20 years. UCA 63B-1a-101(4) requires the Bonding Commission to comply with any maturity dates set by</p>

the Legislature. Absent any maturity dates set by the Legislature, statute requires maturity dates not later than 15 years.

UCA 63B-1a-301 requires that a sinking fund be created to pay debt service on general obligation bonds. The state treasurer administers the fund and deposits monies into the fund as necessary to pay debt service. Any bond monies remaining after a project is completed are to be deposited in the sinking fund.

UCA 63B-1a-303 levies a direct property tax each year after bonds are issued until they are paid off, sufficient to pay principal, interest, and premiums on each bond. However, subparagraph (5) abates the tax to the extent money is available from other sources.

UCA 63B-1a-601 allows the State Bonding Commission to issue bond anticipation notes that represent a general obligation of the state. Notes are payable from proceeds of the sale of bonds and/or other monies of the state.

Intent Language

During the 2004 General Session the Legislature adopted the following intent language (S.B. 1, Appropriations Act):

It is the intent of the Legislature that DFCM is not required to collect rent from the Department of Corrections for the Promontory Facility in FY 2005 if the Legislature in the 2004 General Session appropriates funds to debt service for FY 2005 to replace the uncollected rent.

During the 2004 General Session the Legislature appropriated money for the Promontory Facility's debt service for FY 2005, therefore the State Building Ownership Authority did not need to collect rent (revenue bond payment) from the Department of Corrections. The final payment has been made and this language is no longer needed.

Funding Detail

Although Utah’s overall debt service payments have been increasing, debt service for general obligation bonds has leveled off at approximately \$208 million per year. See figures on the following five pages for more information.

Debt Service					
	2001	2002	2003	2004	2005
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	73,223,900	38,084,800	54,833,700	56,833,700	61,721,600
General Fund, One-time	0	0	0	1,530,600	0
Uniform School Fund	20,152,500	24,670,600	11,466,700	17,164,300	17,164,300
Centennial Highway Fund	41,104,400	82,657,500	84,618,200	97,724,900	125,371,200
Centen Hwy Fund One-Time	3,079,000	0	0	1,796,800	0
Dedicated Credits Revenue	20,044,000	33,909,700	26,227,500	27,714,100	62,881,500
TFR - Public Transp Syst Tax	0	0	0	2,220,700	2,190,300
Transfers	3,999,800	6,638,700	4,997,000	3,812,100	0
Beginning Nonlapsing	8,757,200	12,109,400	22,882,100	16,004,400	7,126,000
Closing Nonlapsing	(11,474,700)	(22,882,100)	(16,004,400)	(12,841,000)	(7,126,000)
Total	\$158,886,100	\$175,188,600	\$189,020,800	\$211,960,600	\$269,328,900
Categories of Expenditure					
Current Expense	158,886,100	175,188,600	189,020,800	211,960,600	269,328,900
Total	\$158,886,100	\$175,188,600	\$189,020,800	\$211,960,600	\$269,328,900

Table 23-1

FURTHER INFORMATION

Constitutional debt limit

The state’s constitutional debt limit caps total general obligation debt at 1.5 percent of total fair market value of taxable property. The following table shows the state’s position as of Series 2004A&B Lease Revenue Bond which closed on October 26, 2004:

Constitutional Debt Limits				
	FY 2002	FY 2003	FY 2004	FY 2005 Est*
Fair Market Value	\$163,185,740,000	\$170,775,938,000	\$176,540,976,000	\$176,540,976,000
Constitutional Debt Limit	\$2,447,786,000	\$2,561,639,000	\$2,648,115,000	\$2,648,115,000
Outstanding Constitutional GO Debt	(\$1,498,371,000)	(\$1,713,755,000)	(\$1,588,810,000)	(\$1,598,073,000)
Additional Bonding Capacity	\$949,415,000	\$847,884,000	\$1,059,305,000	\$1,050,042,000
* As of October 26, 2004				
Source: Division of Finance, 2004A&B Lease Revenue Bonding Official Statement				

Table 23-2

Statutory debt limit

The state’s statutory debt limit further limits general obligation debt to 45 percent of the allowable appropriations limit unless approved by more than two thirds of the Legislature. However, statute excludes most highway bonds from being subject to the statutory debt limitation.

Statutory Debt Limits				
	FY 2002	FY 2003	FY 2004	FY 2005 Est*
Appropriations Limitation	\$4,176,703,000	\$4,150,684,000	\$1,856,205,000	\$1,955,887,100
Statutory Debt Limit	\$835,341,000	\$830,137,000	\$835,292,000	\$880,149,200
Outstanding Constitutional GO Debt	(\$1,498,371,000)	(\$1,713,755,000)	(\$1,588,810,000)	(\$1,598,073,000)
Exempt Transportation Bonds	\$1,004,004,000	\$1,020,049,000	\$980,811,000	\$961,277,000
Net Outstanding Debt	(\$494,367,000)	(\$693,706,000)	(\$607,999,000)	(\$636,796,000)
Additional Bonding Capacity	\$340,974,000	\$136,431,000	\$227,293,000	\$243,353,200

*As of October 26, 2004

Source: Division of Finance, 2004A&B Lease Revenue Bonding Official Statement

Table 23-3

During the 2004 General Session the Legislature changed the formula for calculating the appropriations and debt limitations. House Bill 66 excluded the Uniform School Fund and Transportation Fund from the appropriations limitation formula, and changed the debt limitation from 20 percent to 45 percent of the appropriations limitation.

Bonding is one of the tools used by the Legislature to finance new facilities. The state incurs several advantages and disadvantages by issuing general obligation bonds:

Advantages:

- Since the state pledges its full taxing power and its full faith and credit, in addition to having an excellent credit rating, general obligation bond issues are considered to be secure investments. This fact makes general obligation bond offerings attractive both to underwriters and other investors while interest rates are lower than other bond types.
- When interest rates are low, bonding allows the state to pay back present value with future dollars. Long-term bonds may offer value in excess of present value.
- General obligation bonding allows non-revenue producing projects to be financed over long periods of time.
- Projects funded through the sale of these bonds generally benefit the entire community for long periods of time.
- The outstanding debt is retired over the life of the asset by residents who benefit from the asset.
- Revenue in the sinking fund may be invested and used to retire the debt prior to final maturity.

Disadvantages:

- If a state issues long-term bonds every year it may ultimately find that debt service will become a driving force for all budget decisions.
- Bonds are expensive to analyze, underwrite, and place on the market.

- The interest portion of debt service payments would be better used on state projects than paying off indebtedness.
- All residents are taxed to pay off the bonds although some of them may not directly use the asset. However, paying with cash offers the same disadvantage. Revenue bonds only impact users of the asset.
- Though chances of default are small, general obligation bonding may result in additional tax increases if necessary to pay off the bonds.

The state typically offers bonds with a fifteen year amortization schedule. In recent years the state issued general obligation bonds for facilities that mature in six years. The following table shows how the state’s debt service payments have been increasing since FY 2001:

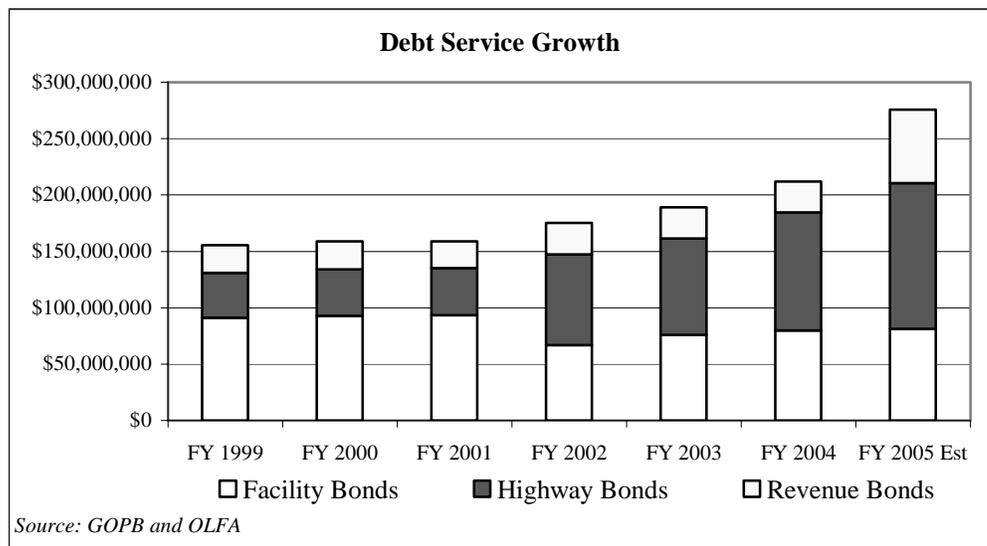


Figure 23-1

Over the past seven years the bulk of debt service shifted from buildings to transportation.

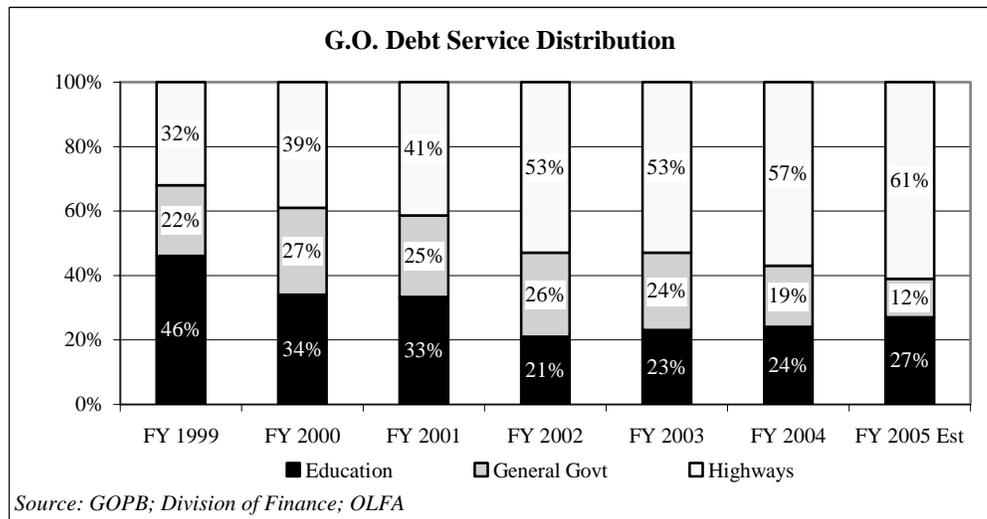


Figure 23-2

The following table shows the state’s current minimum debt service schedule:

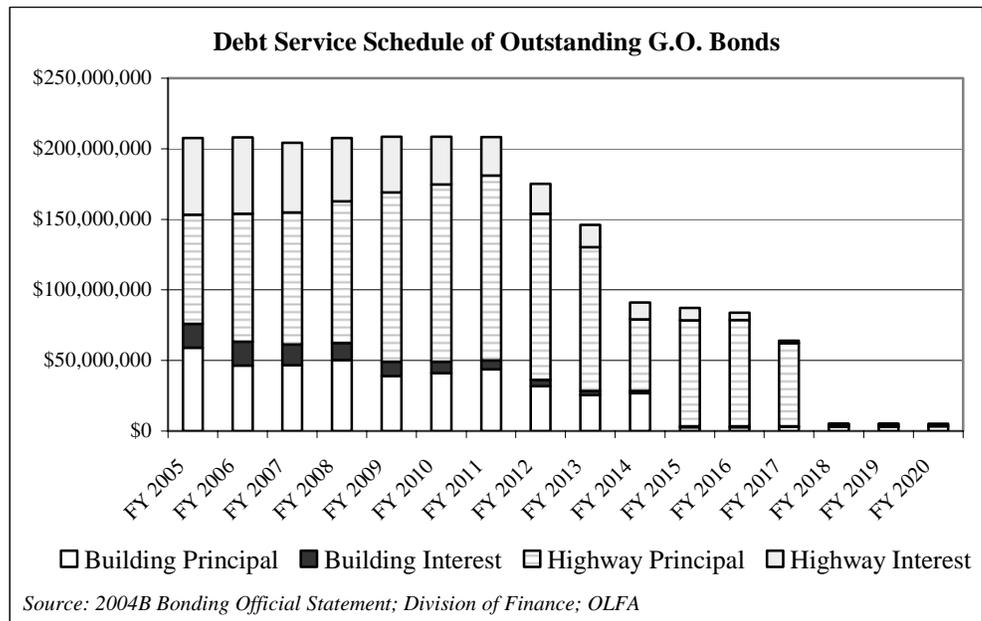


Figure 23-3

Utah has long been known as a very conservative state when it comes to bonding, but debt service as a percentage of General Fund expenditures increased to 5.6 percent in FY 2004.

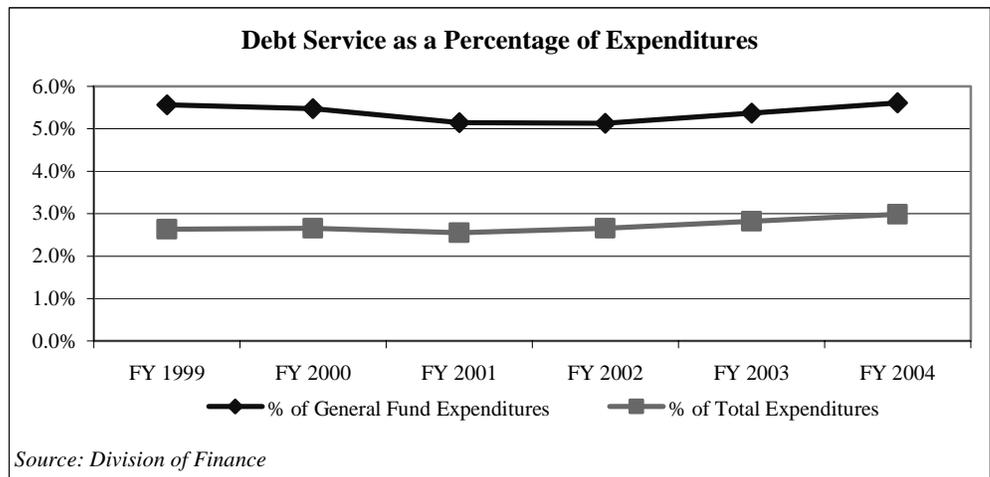


Figure 23-4

Population growth creates a large impact on state governments, so any analysis of budget increases should be matched against population growth. Utah’s growth is primarily internal, meaning that the state must contend not only with the problems of a growing population, but also the problems brought by a young population that cannot contribute to the tax base. Even considering the state’s growth, Utah now finds itself in unprecedented territory in relation to outstanding debt. The state’s population has grown by approximately 20 percent since FY 1995; the state’s per capita general obligation debt has grown by 200 percent (tripled) in the same amount of

time. As the following chart shows, most of this new debt is due to the I-15 reconstruction project.

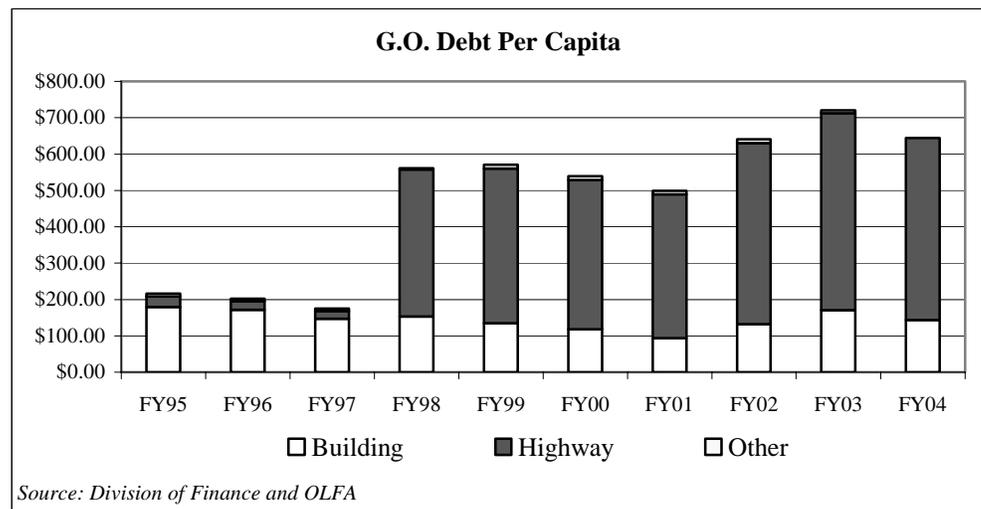


Figure 23-5

“Pay As You Go” provides increased economic benefit and flexibility

When bonds are issued annually, at some point a significant amount of money is being spent for interest rather than construction. This is a dual drain on resources. Although cash funding for capital projects carries some opportunity cost, the Analyst believes it is better to put money into economically beneficial construction rather than interest payments. Clearly, this cannot be done all the time. Unique and significant projects such as the I-15 reconstruction project or the restoration of the State Capitol are projects that would be difficult to fund with cash.

For the past two years the Legislature has limited cash appropriations to capital improvement funding, while committing to new facility bonds at the amount of principal retired in the previous fiscal year. Such a plan keeps debt service stable, but makes it difficult for the state to move to a “Pay As You Go” (PAYGo) system. The Legislature initiated a PAYGo plan in 2000, but had to use it as a source of funding for state government during the economic downturn. Future sources of one-time funds may be applied to the capital budget to re-start the PAYGo plan.

Utah is one of seven states with highest bond rating

National rating agencies such as Moody’s Investor Service, Fitch Ratings, or Standard and Poor’s provide ratings of the credit-worthiness of all states. At this time only seven states merit a “Triple A” rating from all three agencies. Ratings are complex, and the impact of some factors over others is not easily predicted. Some of the data investor services analyze include:

- Structural gap between ongoing tax revenues and ongoing spending
- Planning
- Economic (industrial) conditions
- Reserve fund balances, and use of reserves to balance budgets
- Flexibility in finances

- Debt burden
- Infrastructure maintenance
- Management policies and stability

Utah maintains a AAA rating in large part because of the commitment to good management shown by both the Executive and Legislative Branches. Utah's stable economy with a young and growing population provides a ready source of labor and a growing tax base. Utah also maintains a diverse revenue collection system and takes the issue of structural balance seriously (matching ongoing revenue to ongoing expenses). While debt levels are at all time highs, the debt is tied to fixed assets rather than operating costs. Repayment plans are aggressive and workable – rating agencies believe that Utah can and will maintain its ability to pay.

Inter-branch cooperation and management are among the strongest factors in Utah's "Triple AAA" rating. In the Executive Branch the Division of Finance follows Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) accounting practices. The timely publication of the Comprehensive Annual Financial Report (CAFR) assures rating agencies that oversight systems are in place. In the Legislative Branch the commitment to limited indebtedness, restoration of aging facilities (capital improvements) and the ability to present a balanced budget on time are key factors to planning.

Rating agencies seem to focus more on planning than anything else. They do not expect rainy day funds to be restored overnight, but they expect states to have a workable plan to prepare for the next downturn. Agencies want to see development plans such as the Five Year Book for buildings or the Centennial Highway Plan for roads. Ratings are based on a state's ability to manage. So long as the state's tax base is solid, its economy sound, and state managers (both elected officials and professional staff) are committed to fiscal discipline then Utah will maintain an AAA rating.

Planning and management are keys to AAA rating

Although no single policy or decision (within the realm of reason) will change the strength of Utah's rating, the Analyst does note that several bond-rating factors should be considered in preparing the FY 2006 budget.

Structural Balance: In a report presented to Executive Appropriations Committee in 2003 the Analyst noted the state could balance "ongoing appropriations with ongoing revenue at the close of each appropriations session. Such balancing could be accomplished by providing one-time rather than ongoing appropriations for discrete projects such as capital investment, all the while analyzing the impact of such action on long-term needs" (Ball, Jonathon, et al. (2003) "Balancing the Structural Deficit," Office of the Legislative Fiscal Analyst).

Planning: The state's Five Year Building Plan and Centennial Highway Plan are examples of taking a long-term view of future needs. The Legislature must also maintain a plan for debt service – any funding plan that omits a reasonable plan for repayment of debt obligations is likely to be viewed

negatively by rating agencies. Continued commitment to restoring the rainy day fund over time will also strengthen the state's credit rating.

Balancing Growth vs. Infrastructure: Utah will spend almost \$44 million in FY 2005 and more in FY 2006 to repair and upgrade state facilities. Over the past five years the Legislature also devoted funds to replacing large facilities that no longer were safe or able to function properly. This focus on preventing an infrastructure crisis is a plus with rating agencies, but that does not obviate the need to provide facilities for the needs of a growing population, such as on college campuses.

*Capital facility
financing*

The State employs several methods of financing to meet state needs.

General Obligation Bonds – General Obligation debt is secured by the full faith and credit of the State and its ability to tax its citizens. General Obligation debt is counted against the state's constitutional and statutory debt limits (certain highway bonds are exempt from the statutory limit). In recent years the State of Utah issued General Obligation Bonds for facilities that mature in six years. Other states and government entities typically issue General Obligation Bonds with terms of 10 to 20 years. Debt service interest begins to accrue when the bonds are issued.

Revenue Bonds - The State Building Ownership Authority (SBOA), the official owner of state facilities, issues Revenue Bonds. This type of bond may be issued when a revenue stream can be identified and legally restricted for repayment of the bonds. The only state facilities which have been financed using pure revenue bonds have been higher education facilities where the revenues pledged have included student fees, auxiliary services revenues, or reimbursable overhead. In order for the bonds to be marketable, the pledged revenue stream must be substantially larger than the debt service requirements. This type of debt is not secured by the full faith and credit of the state nor its taxing power and is exempted from calculations of the state's constitutional and statutory debt limits.

Lease Revenue Bonds - The occupying agency pays rent to the SBOA which is used to pay debt service. A pledge of future rental payments (subject to legislative appropriation) and a mortgage on the financed project secure debt.

Since neither the full faith and credit of the state nor its taxing power secure lease revenue bonds, they are not counted against debt limits. However, UCA 63B-1-306 states the debt issued by the SBOA plus other debt issued by the state (less \$961 million in highway debt) cannot exceed 1.5 percent of the value of the taxable property of the state. A statutory change would be required for SBOA bonds if general obligation bonds were authorized up to the constitutional limit. Unlike general obligation bonds, revenue bonds are typically issued with a repayment period of 20 years. An additional amount is borrowed to cover interest payments during construction.

Certificates of Participation (COP) - COPs are very similar to lease revenue bonds with one major difference – instead of being a bond issued directly by a governmental entity, COPs represent an undivided interest in a lease

agreement. This lease agreement may be entered into by any entity that has the ability to lease space. Although either the state or a private entity may initially hold title to the facility, title must pass to the state by the end of the lease term in order for the interest on the COP to be exempt from federal income tax.

Summary - All of the above are accounted for as debt on the state's financial statements and are considered to be debt by national rating agencies. In addition, the State Auditor issued an opinion in December of 1995 that any General Fund, Uniform School Fund, or Transportation Fund used to retire lease purchase and revenue bond obligations should be counted in the spending limitation formula.

Relative costs

The total cost associated with various options for financing projects are listed below, ranked from least expensive to most expensive. Specific projects may have circumstances that would affect this ranking. The order for revenue bonds and certificates of participation depends on the nature of the project and the source of funding for the debt service.

1. Cash (state funds)
2. General Obligation Bonds
3. Lease Revenue Bonds
4. Revenue Bonds
5. Certificates of Participation
6. Leasing (long-term)

The true cost of bond financing may be much less than commonly assumed because most of the state's payments to investors are made in future years using dollars that may be cheaper due to inflation. However, savings from inflated dollars are difficult to achieve with short-term bonds. The Analyst believes that the difference between interest costs and inflation savings should be considered when the state issues general obligation debt.

The relative cost of different types and terms of debt fluctuates with the financial market. As a general rule, a twenty year general obligation bond carries an interest cost which is about two thirds of one percentage point higher than a six year general obligation bond. A twenty year lease revenue bond carries an interest cost which is about one third of one percentage point higher than a twenty year general obligation bond. Interest rates for certificates of participation are generally higher than lease revenue bonds. By far the largest costs occur when the state enters into a long-term lease instead of purchasing a building that an agency will need for fifteen or twenty years.

Suggested policy issues

During the 1996 General Session, the Legislature adopted general guidelines for issuing state debt. The Analyst recommends the adoption of those guidelines again for the 2005 General Session.

General Obligation bonding should be the preferred method for critical facilities whose costs exceed the availability of current funding. It is assumed that the need for the facility has received full analysis for justification. Short-term bonds (6 to 10 years) should be used when a facility has no present funding base to service debt and when the building fulfills a critical need that cannot be funded within the base budget for capital facilities. Long-term bonds should be used (15 to 20 years) when there are current facility occupancy costs within the agency base budget that could be used to assist the funding of debt service.

Current market conditions should also be considered when bonding is discussed. For example, if current rates are lower than what the State Treasurer is earning on the state investment pool, it may be a favorable time to bond. This is especially true with short-term bonds that will not recover interest costs through inflation.

Revenue Bonds should be considered when a dedicated source of revenue is available to cover underwriting requirements. Generally, a coverage ratio is required that is in excess of actual debt service. Examples would include higher education facilities such as dormitories and parking lots where the funding source for debt service is derived from rents or fees.

Lease Revenue Bonds or *Certificates of Participation* should be used if the Legislature is willing to fund a lease for a long-term facility. This type of funding could be considered when an agency has an outside source of revenue in addition to any existing costs in the budget base. An example would be the State Library where federal funds are available as lease costs but federal regulation may not allow the funds to be used for debt retirement. Of course, it would be wiser still to issue a long-term general obligation bond instead and shift the operating funds to debt service. Caution should be exercised by the Legislature to avoid excessive lease purchase obligations since they are treated like debt once funds have been committed. If funds were not appropriated in a given year the state would enter into a default position. Lease revenue bonds should be issued with a repayment period not to exceed twenty years.

Leasing provides the least expensive option for space only for short-term needs. Some programs are temporary in nature or provide a function that needs to be able to change locations frequently. The Analyst recommends that the Division of Facilities Construction and Management (DFCM) continue to provide funding alternatives for the Legislature when agency high cost leases are requested. High cost leases are defined in statute as real property leases that have an initial term of ten years or more or will require lease payments of more than \$1,000,000 over the term of the lease, including any renewal options.

GLOSSARY

Finance categories used by the state are:

<i>General Fund</i>	This is one of the state's most important sources of income. The primary revenue source is the sales tax, although there are other taxes and fees which are deposited into this fund. General Funds may be spent at the discretion of the Legislature, as the Constitution allows. Personal income taxes and corporate franchise taxes are not deposited into the General Fund, but into the Uniform School Fund.
<i>School Funds</i>	This is another of the state's most important sources of income. Revenues come primarily from personal income taxes and corporate franchise taxes. Funds are constitutionally restricted to public and higher education. In the Capital Facilities subcommittee, these funds are used for debt service and capital improvements (alteration, repair and improvements).
<i>Transportation Funds</i>	Transportation funds are derived primarily from the gas tax and are constitutionally restricted to road and highway related issues. In the Capital Facilities subcommittee, these funds are used for debt service on highway bonds, especially for Centennial Highway Fund projects.
<i>Federal Funds</i>	Federal agencies often make funds available to the state for programs that are consistent with the needs and goals of the state and its citizens and are not prohibited by law. Generally, federal funds are accompanied by certain requirements. A common requirement is some form of state match in order to receive the federal dollars. The Legislature must review and approve most large federal grants before state agencies may receive and expend them.
<i>Dedicated Credits</i>	Dedicated Credits are funds that are paid to an agency for specific services and are dedicated to financing that service. For example, fees collected by an internal service fund agency from another state agency are dedicated credits. By law, these funds must be spent before other appropriated state funds are spent. An agency must estimate the level of its service for the following fiscal year, and thus its level of dedicated credits.
<i>Restricted Funds</i>	Restricted funds are statutorily restricted to designated purposes. The restricted funds usually receive money from specific sources, with the understanding that those funds will then be used for related purposes.
<i>Lapsing/Nonlapsing</i>	Several other small funds are used by certain agencies. These will be discussed in further detail as the budgets are presented. Lapsing funds, however, should be addressed. Funds lapse, or revert back to the state, if the full appropriation is not spent by the end of the fiscal year. Since it is against the law to spend more than the Legislature has appropriated, all programs will either spend all the money or have some left over. The funds left over lapse to the state, unless specifically exempted. Those exceptions include funds that are setup as nonlapsing in their enabling legislation, or appropriations designated nonlapsing by annual intent language per UCA 63-38-8.1. In these cases, left over funds do not lapse back to the state, but remain with the agency in a special nonlapsing balance, for use in the next fiscal year. In the

budgets, the Beginning Nonlapsing balance is the balance on July 1, while the balance on the next June 30 is termed the Closing Nonlapsing balance. The Closing Nonlapsing balance from one fiscal year becomes the Beginning Nonlapsing balance of the following fiscal year. The reasoning behind nonlapsing funds is that a specific task may take an indeterminate amount of time, or span more than one fiscal year. By allowing departments to keep their unexpended funds, the state not only eliminates the rush to spend money at the end of a fiscal year, but also encourages managers to save money.

Expenditure categories used by the state are:

<i>Personal Services</i>	Includes employee compensation and benefits such as health insurance, retirement, and employer taxes.
<i>Current Expenses</i>	Includes general expenses such as utilities, subscriptions, communications, postage, professional and technical services, maintenance, laundry, office supplies, small tools, etc. that cost less than \$5,000 or are consumed in less than one year.
<i>Data Processing Current Expense</i>	Includes items such as small computer hardware and software, port charges, programming, training, supplies, etc.
<i>Capital Outlays</i>	Includes items that cost over \$5,000 and have a useful life greater than one year.
<i>Pass Through</i>	Includes funds passed on to other non-state entities for use by those entities, such as grants to local governments.

Other budgeting terms and concepts that the Legislature will encounter include the following:

<i>Performance Measures</i>	<p>In recent years, performance based budgeting has received more attention as citizens and decision-makers demand evidence of improved results from the use of tax dollars.</p> <p>Care must be exercised in crafting performance measures to avoid misdirected results. Moving to performance based budgeting is a long term commitment. The Analyst has drafted some ideas for performance measures in the write-up, however, it is recognized that the measures are a work in progress and that long-term tracking of measures would require a statewide commitment in both the executive and legislative branches.</p>
<i>Intent Language</i>	Intent language may be added to an appropriation bill to explain or put conditions on the use of the funds in the line item. Intent language may restrict usage, require reporting, or impose other conditions within the item of appropriation. However, intent language cannot contradict or change statutory language.
<i>Supplemental Appropriation</i>	The current legislative session is determining appropriations for the following fiscal year. However, it may be determined that unexpected circumstances have arisen which require additional funding for the current year. The appropriations subcommittee can recommend to the Executive Appropriations

Committee that a supplemental appropriation be made for the current fiscal year.

FTE

An abbreviation for Full Time Equivalent, this is a method of standardizing personnel counts. A full time equivalent is equal to one employee working 40 hours per week. Four employees each working ten hours per week would also count as 1 FTE.

Line Item

This is a term that applies to an appropriation bill. A line number in the appropriations bill identifies each appropriated sum. Generally, each line item may contain several programs. Once the appropriation becomes law, the money may be moved from program to program within the line item, but cannot be moved to another line item of appropriation.

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