STATE BUDGET OVERVIEW

APPROPRIATION SUMMARY - 2005 GENERAL SESSION

BUDGET SUMMARY

A rebounding state economy afforded Utah's Legislature nearly $400 million in new sales and income tax revenue. Legislators appropriated $385 million (+10.3%) of new ongoing funds to state programs, including an additional $90 million for transportation infrastructure. Legislators used an additional $300 million in one-time surplus money for buildings, transportation, and to shore-up the state's rainy day funds.

Among the Legislature’s top operating budget priorities were social services, education, and economic development. Total funding for Health and Human Services increased by $159 million (+7%) over the FY05 base; funding for Public Education increased by $143 million (+6%) over the FY05 base; Higher Education funding increased by $54 million (+5%) over the FY05 base; and, funding for economic development increased by $23 million (+12%) over the FY05 base.

The Legislature restored infrastructure funds it had cut during the economic down-turn. Funds for buildings, including renovation of the State Capitol and the University of Utah’s Marriott Library, increased by $144 million (+53%). Sales tax appropriations for transportation increased by $120 million (+201%). Of these amounts, $125 million ($35 million buildings, $90 million roads) is from ongoing revenue and serves as a “working” rainy day fund. By paying cash for these capital projects, legislators avoided general obligation debt.

Finally, legislators deposited $34.4 million into the state's two rainy day funds ($10.4 million in General Fund revenue, and $24 million in Uniform School Fund revenue). This brings the state's reserves back to within 10% of pre-recession levels.

EMPLOYEE COMPENSATION

After three years of only modest compensation increases for state employees, the Legislature provided cost of living allowances, benefits funding boosts, and market comparability adjustments to state employees and teachers in FY06.

State and higher education employees will receive a 2.5% salary increase. Employees will retain current health, dental, and life insurance benefits, costing the state nearly $15 million.

Finally, certain employees will receive a pay raise (between 2.75% and 5.5%) through Market Comparability Adjustments.

State funding for the compensation of teachers and other public education employees increased by more than 4.5%. These funds will be allocated to school districts. Districts, in turn, negotiate with their employees final compensation packages.

REVENUE IMPACTS

Legislative action resulted in the following sales and income tax changes:

- Corporate Franchise and Income Tax Amendments - (HB 78) allows for a double weighted sales factor for Corporate Income Tax Purposes.
- Individual Income Tax Subtraction for Certain Military Income - (SB 13) provides a $2,200 one-time deduction from taxable income.
- Tax, Fee, or Charge Amendments - (SB 127) provides for changes to the Streamlined Sales Tax agreements.

MONTHLY RAINY DAY FUND STATUS

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EXECUTIVE OFFICES & CRIMINAL JUSTICE

APPROPRIATION SUMMARY - 2005 GENERAL SESSION

The subcommittee provides legislative oversight for nine state agencies that employ over 6,360 full time equivalent employees. Approximately 73 percent of the committee’s $623 million budget comes from state tax funds.

**MAJOR FUNDING INITIATIVES**

- V/OI/TIS Building - $1,495,400 FY05 and $5,686,700 ongoing GF for operations at the new 300 bed facility.
- Jail Contracting - $250,000 FY05 one-time and $4,527,000 FY06 ongoing to expand county jail bed space by 200.
- Jail Reimbursement - $524,900 to fund the estimated number of increased bed days.
- Funding Reduction – ($500,000) taken from the Draper facility and shifted to Human Services for mental health services.
- Caseload Growth - $1,111,600 GF, $1,095,000 Medicaid Transfers and $31,100 Federal Funds to fund an increase in caseload of juvenile offenders.
- FMAP rate change - $146,300 to maintain services at current levels in spite of federal funding reduction.
- Jury, Witness and Interpreter Program - $145,900 FY05 one-time GF to fund the program deficit from FY04.
- Executive & Judicial Compensation Increase - $812,100 ongoing GF for a 6 % judge salary increase and $35,100 ongoing GF for varied adjustments to the elected officials.
- Contracts and Leases – Funding for lease increases of $483,300 FY05 ongoing Public Safety and $498,100 FY06 ongoing Public Safety; $217,000 FY06 ongoing Adult Probation and Parole; and $718,600 FY06 ongoing for Courts.
- Fee Increases – Notary Fees increased $120,000 to offset a GF reduction and DPS fees increased $34,000 to fund overtime.
- St. George Disaster Loan Program - $25,000,000 (one-time) to provide for flood disaster relief, pursuant to HB 240.
- Governor Transition Funding - $126,000 one-time for Governor transition expenses.
- Juvenile Judge - $245,100 ongoing for judge and clerk support.
- Private Provider COLA - $358,600 for JJS and AG providers.
- Children’s Justice Centers - $361,300 ongoing to implement legislation (SB 15 & SB 93).
- Aero Bureau Aircraft Maintenance - $458,000 one-time GF.

**FUNDING REALLOCATIONS**

- Shifted $10,000 from the Youth Parole Authority to the Juvenile Justice Services Community Programs.
- Shifted $21,000 GF and the Commission on Women from the Governor’s Office to the Department of Workforce Services.

**BUDGET POLICY INITIATIVES**

- Prison Population Management – Legislators provided FY05 funding for jail contracting and operations of the upgraded VOI/TIS building. Funding of $14.6 million was provided through Capital Facilities for 288 new beds at the Gunnison facility.
- RS 2447 - Funding and oversight was transferred to the newly created Public Lands Policy Program.

NOTE: All numbers represented in this summary are preliminary. Final appropriation numbers, including gubernatorial vetoes, will be reflected in the 2005 - 2006 Appropriations Report.
ECONOMIC DEVELOPMENT &
HUMAN RESOURCES

APPROPRIATION SUMMARY - 2005 GENERAL SESSION

BUDGET SUMMARY

The committee oversees the Department of Community and Economic Development, The Department of Human Resource Management, and the Career Service Review Board. Total State funding allocated to the committee in FY 2006 was $60,447,000.

MAJOR FUNDING INITIATIVES

Legislative action provided for the following funding increases:

♦ Pamela Atkinson Homeless Trust Fund - $500,000 one-time for the Homeless Committee to support local homeless service providers.
♦ Olene Walker Housing Loan Fund - $500,000 one-time for the expansion of affordale housing.
♦ Library Development Grants - $200,000 one-time to fund library development grants to local libraries.
♦ Defense Funding - $5.0 million one-time to purchase equipment in order to bring military type jobs to the state.
♦ Manufacturer's Extension Partnership - $250,000 one-time in FY05 and $330,000 ongoing to provide the required match to fully utilize available federal dollars for the program.
♦ Sports Commission - $750,000 to promote sporting events throughout the state.
♦ Industrial Assistance Fund - $4,442,800 supplemental appropriation to replenish the industrial assistance fund.
♦ Emergency Food Network - $130,000 one-time to increase services statewide.
♦ Children's Museum - $2.0 million one-time to contribute to the building of the Children's museum.
♦ Treehouse Museum - $400,000 one-time to contribute to the relocation of the Treehouse Museum in Ogden.
♦ Motion Picture Incentive Fund - $1.0 million one-time for an incentive program to bring film production to the state.
♦ Tourism Funding - $18.0 million one-time, used over two years, to develop a promotion campaign for the state.
♦ Utah Summer Games - $25,000 one-time added to the $50,000 base funding for the Utah Summer Games.
♦ Moab Music Festival - $50,000 one-time
♦ Aerospace and Aviation Development Zone Rebate Funding - $981,900 one-time in FY06 to fund the Aerospace and Aviation Development Zones commitment.
♦ Hill Air Force Base Museum - $10,000 one-time to support the Hill Air Force Base Museum.
♦ Career Service Review Board - $8,000 one-time to cover caseload growth.

NOTE: All numbers represented in this summary are preliminary. Final appropriation numbers, including gubernatorial vetoes, will be reflected in the 2005 - 2006 Appropriations Report.

Total Budget

FY 2004 Actual $136,313,600
State Funds $40,200,200
FY 2005 Revised $198,823,100
State Funds $47,108,000
FY 2006 Appropriated $211,463,100
State Funds $60,447,000

Percent Change FY04/FY05 Rev 45.9%
State Fund Increase/(Decrease) 17.2%
Percent Change FY05 Rev/FY06 6.4%
State Fund Increase/(Decrease) 28.3%

FY 2006 Budget by Major Area

Career Service Review Board $189,800
Human Resource Management $3,458,900
Community and Economic Development $207,814,400

MAJOR POLICY INITIATIVES

Community and Economic Development & Human Resource Management Restructuring

The Governor recommended a major overhaul of the Department of Community and Economic Development and the Department of Human Resource Management. The Governor recommended making DHRM a division under the Department of Administrative Services effective FY 2007. Further, he recommended consolidating the Division of Business Development, the Division of Travel Development and the Incentive Fund program into a new office under his oversight called the Governor's Office of Economic Development. The remaining divisions in DCEED will be called the Department of Community and Culture.
**APPROPRIATION SUMMARY - 2005 GENERAL SESSION**

**BUDGET SUMMARY**

The subcommittee oversees the Capitol Preservation Board (CPB), Dept. of Administrative Services, the Capital Budget, and Debt Service. Operating budgets account for only 7% of the total state fund appropriation. Approximately 46% of the FY06 state fund appropriation will be used for capital facilities, 36% will be used for debt service, and 11% will be deposited into the education rainy day fund.

The subcommittee approves the budgets for statewide internal service funds. Internal service funds provide consolidated services to all agencies, higher education and some local governments. Revenues in the amount of $161 million are anticipated to be collected by the internal service funds in FY06.

**MAJOR FUNDING INITIATIVES**

Authorized state funded capital facilities will be financed with cash, including $35 million in ongoing state funds.

- **State Funded Buildings** ........................................ $143,600,700
- **Education Rainy Day Fund** ................................... $24,000,000
- **General Rainy Day Fund** ...................................... $10,351,500
- **Capital Improvements (existing facilities)** .............. $12,184,700
- **LaRay McAllister Critical Land Conservation** .......... $2,850,000
- **New Facilities O&M** ............................................. $1,723,400
- **DFCM Administration (replaces project funds)** ....... $1,075,000
- **Automated Geographic Reference Center Base** ....... $300,000
- **AGRC GPS Initiative (one-time)** ........................... $500,000
- **State Archives Records Digitization** ...................... $108,700
- **Retirement Office Benefits Tracking (HB 213)** ....... $10,900
- **State Prison Relocation Feasibility Study** ............... $150,000
- **Post Employment Benefit Liability Actuarial Study** .. $50,000
- **FY06 debt service savings returned $1,841,900 to the General Fund**
- **FY06 debt service interest savings, est, $2,698,000**
- **State Funds Increase/(Decrease)** ............................ $90,536,000

**FUNDING REALLOCATIONS**

- **Risk Management** - $4,500,000 in excess retained earnings allocated to the General Fund one-time.
- **Risk Management** - $65,900 in excess contributed capital allocated to other subcommittee priorities:
  - Temporary administrative rules editor .................... $55,000
  - Digitization of State Archives records ................. $10,900
- **Office of Child Welfare Parental Defense** - $239,000 in ongoing state funds reallocated to other priorities:
  - Contract for Parental Defense Attorney Training .... $125,000
  - CPB - Secretary ................................................ $35,100
  - CPB - Capital Hill O&M .................................. $33,900
  - CPB - Capital Hill wireless Internet hotspots ....... $20,000
  - Post Employment Benefit Actuarial Studies .......... $25,000

**BUDGET POLICY INITIATIVES**

- **No bonding** – on FY06 approved projects.
- **Recognition of O&M costs** – the Legislature decided to commit O&M funds at the same time as it approves new facilities.
- **Information Technology Governance** – HB 109 (D. Clark) creates the Department of Technology Services and moves existing Information Technology functions to the new department.

**APPROPRIATIONS SUBCOMMITTEE MEMBERS**

**CO-CHAIRS**
- SENATOR BILL HICKMAN
- REPRESENTATIVE GREGG BUXTON

**Sponsored by**
- JOHN VALENTINE, PRESIDENT
- STEVEN ALLRED
- ROGER BARRUS
- BRENT GOODFELLOW
- DEMAR BOWMAN
- PETER KNUDSON
- JONATHAN BALL

**C A P I T A L  F A C I L I T I E S  &  A D M I N I S T R A T I V E  S E R V I C E S**

FY 2006 Budget by Major Area

- **Capitol Preservation Board** $2,788,700
- **Administrative Services** $23,170,000
- **Technology Services** $2,543,400
- **Capital Budget (State Funds)** $97,695,800
- **Facility Debt Svs. (GO Only)** $76,891,000
- **Highway Debt Service** $135,684,200

**Capital Projects - State Funded**

- **FY05 Supplemental** $102,073,500
- **FY06 Appropriation** $97,695,800
- **Capital Improvements** $56,161,600
- **State Capitol (Stage 2)** $50,000,000
- **U of U Marriott Library** $48,023,000
- **Utah Museum of Fine Arts** $400,000
- **DSC Health Sciences** $15,743,000
- **DHS Developmental Center** $2,575,000
- **Gunnison Prison** $12,184,700
- **SUU Teacher Education** $10,000,000
- **BAPT Bourns Building** $3,585,500

**Capital Projects - Other Funds**

- **DNR Fire Management Center** $694,000
- **Courts Provoc Land Purchase** $225,000
- **DABC Revenue Bonds** $7,867,000
- **Regent Revenue Bonds** $62,000,000
- **Donated/Other Funds** $90,536,000

**Percent Change FY04/FY05 Rev**

- 67.6%
- 92.5%
- -14.4%
- -15.8%

**Total Budget**

- **FY 2004 Actual** $279,313,700
- **State Funds** $133,170,400
- **FY 2005 Revised** $468,044,300
- **State Funds** $256,395,000
- **FY 2006 Appropriated** $400,677,100
- **State Funds** $215,996,100

**State Fund Increase/(Decrease)**

- 92.5%
- 67.6%
- -15.8%
## Appropriation Summary - 2005 General Session

### Budget Summary

With oversight over nine distinct budget areas, Commerce and Revenue has the most diverse portfolio of any of the appropriations subcommittees. It oversees the budgets of Alcoholic Beverage Control, Commerce, Financial Institutions, Insurance, Labor Commission, Public Service Commission, Tax Commission, and Workforce Services, and it hears but does not vote on the Workers’ Compensation Fund budget. In addition to the amounts shown in the summary, almost $300,000,000 is off-budget in Unemployment Insurance and Food Stamp Payments.

### Major Funding Initiatives

- **Comprehensive Health Insurance** – Utah’s Comprehensive Health Insurance Pool (called HIPU/Utah) provides access to health insurance for people who are otherwise considered uninsurable. Caseloads have surged because of general economic problems. Failure to keep the program healthy would have serious consequences for the private market. With caseload recovery lagging behind the general economy the Legislature will restore $10,000,000 in one-time General Fund.

- **General Assistance** provides financial assistance to single adults or married couples without dependant children who have medical or mental health problems which prevent them from making more than $500 per month. In the last four years caseloads have increased almost 75%. The Legislature restored one-time funding of $2,424,300 to Workforce Services.

- **Child Care Matching Funds** – The intent of this $1,393,000 increase in one-time General Fund is to free up TANF funding. It will be matched by $3,607,000 in federal funds. This will allow the Department to take $5,000,000 in TANF funding now subsidizing Child Care and apply it to other needs. When TANF is reauthorized, additional work requirements may require more child care spending.

- **Food Stamp Caseload Growth** – Food Stamp benefits amount to over $90,000,000 and are 100% federally funded. Administration, which includes case workers determining eligibility, is funded 50:50. Caseloads have increased more than 60% over the last three years. The Legislature has funded, for the second year, $945,200 in one-time general fund to take care of the caseload increase.

### Funding Reallocations

The Governor’s Commission on Women and Families is funded with $21,000 in General fund through the governor’s Office. The Governor’s Initiative on Families Today (GIFT) is funded with $100,800 in General Fund through the Department of Human Services. The Legislature approved moving the funding and the FTE to the Department of Workforce Services.

### Total Budget

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Percent Change FY04/FY05 Rev

- State Fund Increase/(Decrease) 7.6%
- Percent Change FY05 Rev/FY06 16.2%
- State Fund Increase/(Decrease) 5.4%
- State Fund Increase/(Decrease) 1.1%

### Commerce & Revenue Budget History

- **2002 Actual**
- **2003 Actual**
- **2004 Actual**
- **2005 Revised**
- **2006 Appropriated**

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### FY 2006 Budget by Major Area

- **Alcoholic Beverage Control** $20,498,400
- **Commerce** $22,553,600
- **Financial Institutions** $5,093,100
- **Insurance** $55,262,500
- **Labor Commission** $9,861,800
- **Public Service Commission** $11,496,900
- **Tax Commission** $70,068,200
- **Workforce Services** $293,690,200

### FY 2006 Budget Increases

- **Workforce Services**
  - General Assistance Case Load Growth $2,424,300
  - Child Care Matching $1,393,000
  - Food Stamp Caseload Matching $945,200

- **Insurance**
  - Comprehensive Health Insurance $10,000,000
  - COSMOS Maintenance & Upgrade $57,500
  - Market Conduct Examiner $61,000

- **Labor Commission**
  - Safety & Health Officer $33,500
  - Attorney General Charges $23,600

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NOTE: All numbers represented in this summary are preliminary. Final appropriation numbers, including gubernatorial vetoes, will be reflected in the 2005 - 2006 Appropriations Report.
HEALTH & HUMAN SERVICES
DEPARTMENT OF HEALTH

APPROPRIATION SUMMARY - 2005 GENERAL SESSION

BUDGET SUMMARY

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

The Department administers the Medical Assistance Program (Medicaid) and the Children’s Health Insurance Program (CHIP), both of which cover health and medical needs for specific populations who meet income criteria. Both are state-federal programs with the federal government providing the major portion of the funding. Utah structured the CHIP as a “state” program, giving it more control over the types of services provided and the number of children served. Medicaid is an entitlement program by federal law, which means that a person who is deemed eligible is entitled to the entire array of Medicaid services, which the State must fund. Historical data show significant and continual growth in the Medicaid program, which has been a driver for the entire department’s budget. CHIP has been able to handle budget constraints with enrollment caps. The Legislature provided additional CHIP funding in FY 2004, which was used to obtain matching federal funds and provide services for additional eligible children.

MAJOR FUNDING INITIATIVES

Medicaid continues to be the driver for the Department’s budget. The following items were approved:

- **Utilization and Caseload Growth** - $48,354,500 (10,850,000 General Fund) for anticipated growth in the number of individuals eligible for Medicaid. FY 2003 and FY 2004 had double-digit growth; FY 2005 is estimated at 9 percent; the projection for FY 2006 is 5.4 percent.
- **Inflation** - $39,568,800 ($10,577,000 General Fund) to increase reimbursement rates to selected providers of Medicaid services.
- **Restoration of Medicaid Vision and Adult Dental Services** - $17,165,100 ($4,959,000 one-time General Fund) to provide these services to Medicaid recipients. These services were eliminated in FY 2002.
- **Utilization and Caseload Growth** - $48,354,500 (10,850,000 General Fund) for anticipated growth in the number of individuals eligible for Medicaid. FY 2003 and FY 2004 had double-digit growth; FY 2005 is estimated at 9 percent; the projection for FY 2006 is 5.4 percent.
- **Inflation** - $39,568,800 ($10,577,000 General Fund) to increase reimbursement rates to selected providers of Medicaid services.
- **Restoration of Medicaid Vision and Adult Dental Services** - $17,165,100 ($4,959,000 one-time General Fund) to provide these services to Medicaid recipients. These services were eliminated in FY 2002.

The Legislature provided $397,000 for Primary Care Grants to public and non-profit entities that offer primary health care services to medically underserved populations. Lawmakers approved funding of $180,000 to purchase drugs for individuals diagnosed with HIV/AIDS to help replace reduced federal funding lost over the past year.

The Legislature approved an increase of $50,000 to the Center for Multicultural Health.

BUDGET POLICY INITIATIVES

- **Assistance for People with Bleeding Disorders** - HB 33 (D. Litvack) creates a pilot program to assist people with bleeding disorders. The bill appropriates $250,000 for the bleeding disorders assistance grant program.
- **Amendments to Intermediate Care Facilities for Mentally Retarded** - HB 62 (R. Lockhart) expands the definition of nursing care facilities which subjects ICFs/MR to the Nursing Care Facilities Assessment. This will increase Medicaid reimbursement rates by $5 million.
- **Children’s Health Insurance Coverage Amendments** - HB 144 (D. Hogue) adds $15.8 million to eliminate any enrollment cap in the CHIP. State funding is provided by $3.3 million from the Tobacco Settlement Account.

NOTE: All numbers represented in this summary are preliminary. Final appropriation numbers, including gubernatorial vetoes, will be reflected in the 2005 - 2006 Appropriations Report.
The Subcommittee oversees the budgets of all Human Services Divisions, excluding Division of Juvenile Justice Services (formerly Youth Corrections). Overall, the FY06 appropriated budget is $15.0 million above the FY05 revised budget, a 3.0% increase. State General Funds (GF) increased by $13.1 million, or 6.3%.

**MAJOR FUNDING INITIATIVES**

**People with Disabilities:**
- Waiting List: $2,977,600 ($1.0 million GF) funds about 235 people waiting for community based services.
- Residence Facilities: Five town homes (40 beds) will replace older Developmental Center buildings, O&M costs of $83,300 were provided for when the homes are completed.

**Child and Family Services:**
- Case Growth: $3.0 million (GF) for adoption subsidy case growth, out of home care, case workers and $801,200 (GF) for FY05 for adoption subsidy cost increases.

**Mental Health:**
- State Hospital Forensic Beds Re-opening: $2,147,100 (GF) in FY06 and $1,252,400 for FY05
- Clinical and OSHA Standards Compliance at the State Hospital: $305,100 (GF) for FY06 and $76,300 for FY05
- Medicaid Funds Loss: $2.0 million (GF one-time) for non-Medicaid indigent clients previously funded with “surplus” Medicaid capitated rate fees.

**Substance Abuse:**
- Federal Maintenance of Effort: $365,700 (GF one-time) for FY05 federal fund “maintenance of effort” requirements.

**Recovery Services:**
- Federal Incentive Grant, Replace Reduction: $553,100 FY06 (GF)

**Aging Services:**
- Meals for Elderly: $200,000 FY06 (Replaced GF one-time)
- Medicaid Waiver Services: $300,000 FY06 (GF one-time)

**Private Contract Provider COLAs:**
- $2.9 million ($1,460,200 GF) for a 2% COLA for DSPD, DCFS, local mental health, substance abuse and aging services authorities contract service providers’ employees.

**Federal Medical Assistance Percentage Rate Change:**
- $1.9 million in State funds to maintain program levels in various divisions.

**BUDGET POLICY INITIATIVES**

- DSPD received authorization to use FY 2004 non-lapsing funds in FY05 and FY06 to provide services due to emergencies, court-orders, and people aging out of state custody from child welfare and juvenile justice services.
- DCFS received authorization to use up to $350,000 to hire up to six positions to provide information, services, and counseling to adoptive families.
Higher Education

Appropriation Summary - 2005 General Session

The Utah System of Higher Education (USHE) provides academic, career, and technical education learning opportunities for students. USHE promotes research, as well as, economic, academic, cultural, and other social programs for the citizens of Utah. The USHE is comprised of ten institutions and is governed by the State Board of Regents.

The Utah Education Network (UEN), a partnership of Utah’s public and higher education institutions, delivers distance learning educational services statewide. UEN operates two public television stations providing closed circuit two-way video services through EDNET, and connects state agencies to each other and the Internet with UtahLINK.

The Utah Medical Education Program (UMEP) works closely with the healthcare industry, colleges & universities, and medical education programs. The UMEP also evaluates current and future funding needs for the UMEP. UMEP works closely with the healthcare industry, colleges & universities, and medical education programs. The UMEP also evaluates current and future funding needs for the UMEP.

Major Funding Initiatives

Legislative action provided the following increases:

- Retention of Faculty and Staff - $2,650,000 ($2,226,900 for USHE, $334,000 for UCAT and $89,100 for UEN).
- Operation & Maintenance - $5,000,700 ($296,800 for UCAT) and $900,000 FY05 one-time for new facilities for FY04-06.
- Fuel & Power - $5,000,000 in FY06 and FY05 supplemental to help offset shortfalls in fuel and power expenditures.
- Engineering & Computer Science Initiative - $2,000,000 ($500,000 one-time) to increase the number of graduates with engineering and computer science degrees.
- Nursing Initiative - $2,000,000 ($500,000 one-time) to help with the nursing shortage.
- Science, Technology & Research Initiative - $4,000,000 and a supplemental for FY05 of $3,350,000 to stimulate economic development.
- Institution Funding Adjustment - $4,800,000 to move the ratio of state funds and dedicated credits closer to 65/35 ratio for WSU, UVSC and SLCC.
- Financial Aid - New Century Scholarship received funding for FY06 of $530,000 and a supplemental appropriation for FY05 of $253,600. In addition, federal financial aid received a one-time appropriation for FY06 of $265,000.
- Jobs Now Initiative - $1,000,000 to provide short-term training for businesses that have jobs available now.
- UCAT Leases - $758,300 for FY06 and $489,300 FY05 one-time for the lease of facilities on three UCAT campuses.
- UCAT Enrollment Growth - $1,500,000 for a growth in membership hours of 781,932. This represents 40 percent of the total funding.
- UEN - $2,300,000 in one-time funding for network reliability and video conferencing.
- UEN - $540,000 one-time FY05 appropriation made ongoing in FY06.
- UMEP - $300,000 through passage of S.B. 119 for rural residency programs.

Other Funded Items

- Water Research Lab (Mineral Lease Funds) $880,200
- U of U Reading Clinic (Transfer from Public Education) $375,000
- USU Climate Center 180,000
- Prison Programs (HB 234) 100,000
- Range Creek 50,000
- Shakespearean Festival (22,500 one-time) 35,000
- USU Agriculture Buildings Relocation (one-time) 5,000,000
- CEU Energy Match (one-time) 225,000
- Dixie ATC Admin. Funding 200,000
- UCAT Student Information System (one-time) 108,000

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The Subcommittees oversees the budgets for the Department of Agriculture and Food, Department of Natural Resources, the School and Institutional Trust Lands Administration, Utah State Fair, and the newly created Public Lands Policy Coordinating Office. The Subcommittees priorities were funded by obtaining additional general fund revenues, as well as by internal reallocation of base budgets.

### Major Funding Initiatives

The Legislature provided the following funding increases from the state general fund:

- Parks Capital Development (one-time) ........... $2,000,000
- Watershed Development (one-time) ............. 2,000,000
- Wildland Fire Suppression (one-time) ........... 1,300,000
- ARDL Emergency Loans (one-time) ............... 1,000,000
- Parks Facilities O&M ................................... 729,500
- Mosquito Abatement ...................................... 329,300
- Parks Operations .......................................... 299,700
- Public Lands Coordinator ............................... 253,000
- Range Creek ($57,000 one-time) .................... 161,000
- Water Rights Criminal Penalties (HB 38/HB 157), 132,000
- Marketing Program Enhancement ................... 100,000

The total (includes ongoing and one-time) non-state funding increases approved by the Subcommittee were as follows:

- Division of Forestry Fire & State Lands ............ $2,721,000
- School & Institutional Trust Lands Admin. ...... 2,345,000
- Division of Wildlife Resources ................. 750,000
- Division of Parks & Recreation ..................... 588,600
- Division of Oil, Gas, & Mining ...................... 446,000
- Department of Agriculture & Food ............... 429,200
- Department of Natural Resources ................. 92,500

### Funding Reallocations

Some of the programs funded by the Subcommittee through reallocating one-time general funds from the Division of Forestry, Fire & State Lands, and from the Division of Oil, Gas, & Mining; and ongoing general funds from the Division of Parks & Recreation and from the Division of Wildlife Resources were:

- Parks Facilities O&M (one-time) .................... $729,500
- Diagnostic Lab ............................................. 305,000
- Fire Dispatch Centers (one-time) .................. 225,000
- Water Rights (one-time) ............................... 206,000
- Registration Program (one-time) .................. 150,000
- Soil Conservation Districts (one-time) .......... 100,000
- Cougar and Bear (one-time) ......................... 100,000
- Groundwater Analysis (one-time) ................. 116,500
- Soldier Hollow Golf (one-time) ...................... 120,000
- UFS Natural History Operations (one-time) .... 80,000
- Ag in the Classroom .................................... 80,000
- Brand Inspection ($28,000 one-time) ............ 101,000
- DWR Discount License Reimbursement (one-time)65,000
- Bear Lake Regional Commission (one-time) .... 50,000

### Major Policy Initiatives

Water Enforcement Procedures and Penalties - (HB 157) authorizes the state engineer to issue cease and desist orders; establishes an enforcement process; and authorizes enforcement suits.

Water Law - Criminal Penalties Amendments - (HB 38) provides for graduated criminal penalties for violations of the regulation and distribution of water.

Office of Energy Oversight - (SB 199) eliminates the Utah Energy Office, moves the Clean Fuels Vehicle program and fund from DNR to DEQ, and transfers to UGS authority for certain federally-related programs.

Public Lands Policy Coordination - (SB 239) creates the Public Lands Policy Coordinating Office & Council.

Brine Shrimp Royalty Act Amendments - (SB 129) changes the amount of the brine shrimp royalty, which will result in a loss of restricted revenues of about $300,000 in FY 2005, and possibly that amount annually.

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BUDGET SUMMARY

The public education budget represents the largest expenditure category in the state budget. Public education expenditures total over $2.7 billion, representing 30% of the total expenditures appropriated by the Legislature. When only state General and Uniform School Funds are considered, the share appropriated to Public Education increases to 45 percent.

MAJOR FUNDING INITIATIVES

Legislative action resulted in state fund increases to various public education programs as detailed below:

- 4.5% Weighted Pupil Unit Increase - Legislators provided $75.7 million to increase the value of the WPU.
- Enrollment Growth - $29.7 million was provided to fund 9,786 new students in fall 2005 as well as $912,000 for Youth-in-Custody and $300,000 for the Electronic High School.
- FY05 Adjustments - $642,000 (one-time) for FY05 growth in Youth-in-Custody and the Electronic High School.
- Charter Schools - The Legislature approved $8 million for Local Replacement Funding, $2.8 million (one-time) for charter school start-up costs, and $100,000 for administration.
- Teacher Supplies & Materials - Over $6 million (one-time) was provided to help teachers with out of pocket expenses. The statutory distribution formula was adjusted to provide more funding per teacher, with an emphasis on new teachers.
- Public Education Job Enhancement Program - $4.5 million ($2 million one-time) to restore the program providing incentives for Math, Science, and Special Education Teachers.
- Adult Education - $1.6 million partially restores a 2003 reduction and meets federal maintenance of effort requirements.
- National Geographic Endowment - $300,000 to leverage matching funds for a geography education endowment.
- Utah State Office of Rehabilitation - $600,000 ($300,000 one-time) to support Transitional Services, Independent Living, Deaf/Hard of Hearing Services, and Assistive Technology.
- Utah Schools for the Deaf and Blind - $183,700 for statutory teacher salary adjustments and teacher steps and lanes.
- Fine Arts and Sciences - $330,000 (one-time) for the POPS & RFP Programs, continuing FY05 budget levels.
- School Building Program - $5.0 million (one-time) for additional Enrollment Growth Program funds for school districts experiencing significant student growth.
- USOE - $15,000 (one-time) for a civic education action plan.

BUDGET POLICY INITIATIVES

Jean Massieu Charter School will merge with the Utah Schools for the Deaf and Blind in fall 2005. Legislators transferred $407,500 from the Minimum School Program to support the current program and students served by Jean Massieu once they transition to USDB.

HB 249, Carson Smith Special Needs Scholarships (M. New- bold) provides scholarships to students with disabilities who attend private schools. The Legislature provided $2.5 million (one-time) to provide for student scholarships and program administration. Due to estimated reduced expenditures in the districts, the Minimum School Program was reduced $903,300.

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Legislative action resulted in the following increases to the Department of Transportation Budget:

- **Maintenance** - $1,500,000 increase in Transportation Funds for Highway Maintenance.
- **Traffic Operations Center** - $540,000 increase in Transportation Funds for increased current expense for traffic management.
- **Centennial Highway Program** - An increase of $90,000,000 ongoing commitment to the building of Centennial Projects. Also a one-time increase of $30,000,000 commitment for Centennial Highway projects. Likely to be used for additional lanes on I-15 in Utah County.

The Department of Environmental Quality budget received the increases detailed below:

- **Underground Storage Tanks** - $87,200 in one time Petroleum Storage Tank Funds approved for an attorney to recover Underground Storage Tank Cleanup Funds.
- **High Level Nuclear Waste Opposition** - $2,000,000 one time General Fund appropriation to oppose High Level Nuclear Waste in Utah.
- **Auditor Position** - $81,600 from General Fund Restricted – Environmental Quality Account to fund a waste disposal facilities auditor.
- **Hazardous Substance Mitigation Fund** - $400,000 one time appropriation to the Hazardous Substance Mitigation Fund for cleanup of hazardous materials releases.
- **Radiation Electric Files Management** - $142,300 to implement electronic management of records and files at Radiation Control.

Utah National Guard received the following budget changes:

- **Armory Maintenance** - $144,700 from the General Fund and $103,800 from Federal Funds for maintenance of National Guard Armories.
- **Tuition Assistance** - $500,000 one time from the General Fund for tuition assistance for National Guard Personnel.

### BUDGET POLICY INITIATIVES

The Legislature increased the price per ton paid to waste tire disposal companies for disposal for waste tires. Legislators enacted legislation to eliminate the possibility of storing B & C Low Level Nuclear Waste in Utah.