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COMPENDIUM OF BUDGET INFORMATION  
FOR THE  
2007 GENERAL SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE FOR  
CAPITAL FACILITIES AND ADMINISTRATIVE SERVICES

OFFICE OF THE LEGISLATIVE FISCAL ANALYST  
STEVEN ALLRED, JONATHAN BALL, AND TODD WARDROP  
NOVEMBER 21, 2006

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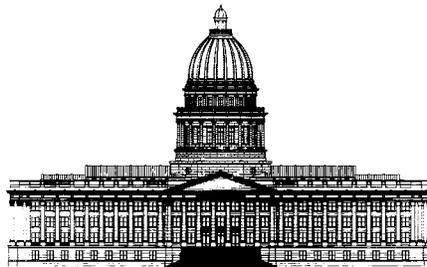
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UTAH STATE LEGISLATURE  
COMPENDIUM OF BUDGET INFORMATION  
FOR THE  
2007 GENERAL SESSION



JOHN E. MASSEY, DIRECTOR

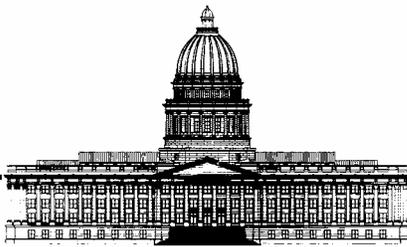
OFFICE OF THE LEGISLATIVE FISCAL ANALYST  
W310 STATE CAPITOL COMPLEX  
SALT LAKE CITY, UTAH 84114-5310

801-538-1034  
[WWW.LE.UTAH.GOV](http://WWW.LE.UTAH.GOV)

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**JOHN E. MASSEY**  
LEGISLATIVE FISCAL ANALYST

## OFFICE OF THE LEGISLATIVE FISCAL ANALYST

W310 STATE CAPITOL COMPLEX • P.O. BOX 145310  
SALT LAKE CITY, UTAH 84114-5310 • WWW.LE.STATE.UT.US/LFA  
PHONE: (801) 538-1034 • FAX: (801) 538-1692

November 21, 2006

Members of the Capital Facilities and Administrative Services Subcommittee  
House Building  
Utah State Capitol Complex  
Salt Lake City, UT 84114

Dear Legislators:

Please find attached the third edition of the Utah Legislature's Compendium of Budget Information (COBI). COBI is one part of a three-pronged approach to staff budget analysis. It is designed as a reference document from which you may garner details on Utah state government activities within your subcommittee's jurisdiction. It includes program descriptions, references to statutory authority, accountability information, and, of course, budget data. COBI sets a baseline against which you can evaluate budgets proposed during the 2007 General Session.

Parts two and three of the Legislature's budget analysis – Budget Briefs and Issue Briefs – will be available throughout the 2007 General Session beginning in January. Both are succinct, decision oriented papers that build on COBI, presenting future budget options rather than COBI's *status quo*. Budget Briefs follow the structure of state government documenting proposals for current year supplemental and future year budget action. Issue Briefs cut across "silos" to discuss subjects that impact state appropriations independent of program structure.

Detail on current state appropriations as they relate to your subcommittee are included in the "2007 Appropriated" column of the budget tables herein. Utah's total budget, by funding source, subcommittee, and category of expenditure, is summarized in the table on the following page.

If I or my staff can assist you further regarding this document or any other budget matter, please do not hesitate to contact me at (801) 538-1034.

Sincerely,

John E. Massey  
Legislative Fiscal Analyst

**Budget History - State of Utah**

<b>Sources of Finance</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Appropriated</b>
General Fund	1,795,120,600	1,745,496,800	1,768,306,150	1,910,800,000	1,781,898,100
General Fund, One-time	28,962,750	(241,600)	117,058,700	121,540,040	398,634,200
Uniform School Fund	1,684,266,694	1,734,161,174	1,815,156,111	1,917,934,675	2,115,252,445
Uniform School Fund, One-time	10,436,000	5,891,000	34,800,900	43,725,000	44,375,000
Education Fund	4,908,000	112,000,000	200,520,900	235,260,900	548,663,800
Education Fund, One-time	1,935,100	(23,200,000)	52,073,500	19,496,600	53,882,000
Transportation Fund	389,538,000	391,891,100	437,416,000	421,112,200	350,269,200
Transportation Fund, One-time	0	0	277,100	126,371,900	74,200,000
Centennial Highway Fund	103,848,200	117,531,900	145,772,200	126,393,400	128,607,800
Centennial Highway Fund, One-time	0	1,796,800	0	0	0
General Fund Restricted	132,317,200	154,215,300	171,101,700	213,939,261	208,690,600
Uniform School Fund Restricted	78,400	72,000	90,700	14,306,100	15,176,100
Transportation Fund Restricted	27,573,800	29,813,200	30,720,100	37,215,500	38,781,500
Federal Funds	1,942,099,062	2,174,694,678	2,264,204,145	2,294,817,646	2,354,240,500
Dedicated Credits	774,058,339	614,539,399	730,196,287	654,136,650	693,383,100
Land Grant	771,000	804,700	1,040,435	1,807,732	1,058,500
Federal Mineral Lease	43,612,900	64,176,600	64,785,719	98,278,950	84,756,500
Restricted Revenue	9,606,100	2,944,000	273,700	17,930,800	0
Trust and Agency Funds	377,644,015	406,862,037	380,298,477	668,393,202	914,827,380
Transfers	310,161,147	312,446,922	314,413,473	350,828,925	322,837,300
Repayments/Reimbursements	12,260,800	15,206,500	11,107,200	11,816,900	31,263,900
Other Financing Sources	0	0	0	233,722	0
Pass-through	69,500	994,900	1,503,200	1,081,300	473,300
Beginning Balance	478,431,169	508,727,141	325,904,493	270,267,852	130,364,690
Closing Balance	(508,804,742)	(408,249,298)	(347,917,902)	(284,772,991)	(53,558,640)
Lapsing Balance	(88,457,656)	(56,071,454)	(20,646,900)	(23,958,400)	(1,893,200)
<b>Total</b>	<b>\$7,530,436,379</b>	<b>\$7,906,503,799</b>	<b>\$8,498,456,388</b>	<b>\$9,248,957,863</b>	<b>\$10,236,184,075</b>
<b>Subcommittees</b>					
Executive Offices & Criminal Justice	544,478,400	582,590,000	618,377,000	650,467,161	712,137,300
Capital Facilities & Administrative Services	401,792,500	283,219,900	466,535,900	400,525,000	499,105,600
Commerce & Workforce Services	356,939,100	370,080,100	381,785,400	374,734,600	453,898,800
Economic Development and Revenue	176,396,500	193,681,700	174,955,900	250,681,500	370,173,200
Health & Human Services	1,796,226,868	1,988,592,616	2,145,033,300	2,307,382,500	2,414,290,200
Higher Education	888,515,400	934,067,900	991,420,900	1,058,618,425	1,099,975,500
Natural Resources	176,375,400	165,264,800	166,619,200	191,088,600	204,865,400
Public Education	2,330,739,161	2,438,357,683	2,593,642,788	2,771,942,577	3,012,993,025
Transportation & Environmental Quality	844,949,400	935,857,900	945,086,000	1,227,356,000	1,450,643,500
Legislature	14,023,650	14,791,200	15,000,000	16,161,500	18,101,550
<b>Total</b>	<b>\$7,530,436,379</b>	<b>\$7,906,503,799</b>	<b>\$8,498,456,388</b>	<b>\$9,248,957,863</b>	<b>\$10,236,184,075</b>
<b>Categories of Expenditure</b>					
Personal Services	1,736,353,103	1,807,342,994	1,898,810,498	1,997,989,080	2,228,961,150
In-State Travel	14,134,072	14,500,846	15,669,609	17,335,576	14,024,500
Out of State Travel	4,523,469	4,889,409	5,479,600	5,828,400	5,746,100
Current Expense	1,004,437,498	854,645,604	955,825,491	960,742,005	1,232,024,400
DP Current Expense	77,976,393	82,210,862	84,165,900	87,515,600	111,994,800
DP Capital Outlay	178,527,153	12,440,919	12,629,500	14,617,900	13,038,700
Capital Outlay	62,331,514	483,846,765	318,051,916	553,655,321	444,070,300
Other Charges/Pass Thru	4,452,009,276	4,646,415,100	5,077,535,174	5,494,801,881	6,184,767,725
Cost of Goods Sold	(299,600)	(129,500)	(135,800)	(813,200)	881,800
Cost Accounts	4,600	(24,500)	0	6,600	38,000
Operating Transfers	182,600	144,300	172,900	157,000	98,000
Trust & Agency Disbursements	256,300	221,000	130,251,600	117,121,700	538,600
<b>Total</b>	<b>\$7,530,436,378</b>	<b>\$7,906,503,799</b>	<b>\$8,498,456,388</b>	<b>\$9,248,957,863</b>	<b>\$10,236,184,075</b>
<b>Other Data</b>					
Budgeted FTE	32,789.7	33,066.0	33,462.5	33,965.5	35,792.6
Authorized Capital Outlay	21,594,700	25,731,100	20,812,900	20,904,000	41,049,400
Retained Earnings	15,795,336	16,314,149	17,763,119	27,740,867	17,518,307
Vehicles	11,255	10,701	9,386	9,299	9,319

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## INTRODUCTION

**Format**

Staff budget analysis consists of three parts:

- Compendium of Budget Information (COBI). The document you are currently reading, the COBI provides comprehensive information on state agencies, institutions, and programs. It is a resource for decision-makers desiring further detail or background information beyond the summary provided in a Budget or Issue Brief. It is useful for reviewing base budgets, but does not contain staff recommendations.
- Issue Briefs. These relatively short documents (no more than a few pages) discuss issues that transcend line items or perhaps even departments. For example, if the Legislative Fiscal Analyst wishes 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 2007 General Session.
- Budget Briefs. Another relatively short document, the budget brief is used to present issues, recommendations, performance measures, and line item-level budget tables. The purpose of this document is to bring budgets to the forefront and to discuss the analyst's recommendations. The analyst will prepare Budget Briefs just prior to the 2007 General Session.

**Process**

The Office of the Legislative Fiscal Analyst (LFA) – a non-partisan office – serves both chambers of the Legislature by making independent budget 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 follows "FY" designating the calendar year in which the second six months fall. The current fiscal year is FY 2007, which will end June 30, 2007. During the 2007 General Session, the Legislature can make supplemental changes to the already established budget for FY 2007. The next fiscal year, for which the Legislature is determining a new budget, is FY 2008. FY 2008 includes the period of time from July 1, 2007 to June 30, 2008.

**Sources**

In allocating resources for state government use, appropriations subcommittees may use funding from several sources. The following funding sources most commonly used by the subcommittees:

- 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**

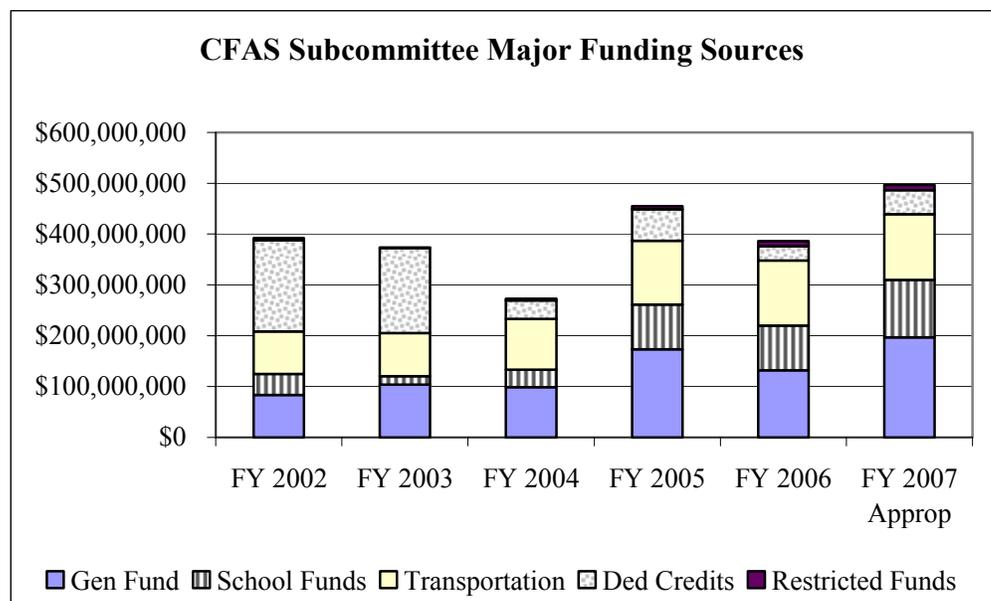
**Overview**

The Capital Facilities and Administrative Services (CFAS) Appropriations Subcommittee reviews and approves the budgets for seven 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
- Career Service Review Board
- Department of Administrative Services
- Department of Human Resource Management
- Department of Technology Services
- Capital Facilities
- Debt Service

During the 2006 General Session the Legislature decided to keep the Department of Human Resource Management rather than make it a division within the Department of Administrative Services. The Legislature also passed S.B. 214, Office of State Debt Collection Amendments, which changed this office from an internal service fund to an enterprise service fund. The CFAS subcommittee will continue to oversee its budget.

The Legislature appropriated a total FY 2007 subcommittee budget of \$499,105,600, which included a state funds (General and School Funds) appropriation of \$309,574,300 (with \$125,598,100 being one-time).



**Figure 1**

Budget History - Capital Facilities & Administrative Services					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	107,161,600	101,491,700	106,351,800	130,686,800	119,793,400
General Fund, One-time	0	1,147,800	69,815,600	1,205,100	76,764,900
Uniform School Fund	11,466,700	17,164,300	17,164,300	17,164,300	0
Uniform School Fund, One-time	0	0	1,682,400	24,000,000	0
Education Fund	4,900,000	17,000,000	17,000,000	40,258,800	64,182,800
Education Fund, One-time	0	0	52,073,500	6,534,200	48,833,200
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Transportation Fund, One-time	0	0	0	1,457,000	1,200,000
Centennial Highway Fund	84,618,200	97,724,900	125,371,200	126,393,400	127,976,800
Centennial Highway Fund, One-time	0	1,796,800	0	0	0
Federal Funds	7,900,300	552,200	1,519,800	2,094,600	416,700
Dedicated Credits Revenue	29,562,200	36,314,800	61,916,300	29,098,900	47,133,400
Dedicated Credits - GO Bonds	138,020,000	0	0	0	0
Restricted Revenue	0	0	5,400	15,700	0
GFR - E-911 Emergency Services	0	0	250,000	250,000	250,000
GFR - Economic Incentive Restricted Acco	0	0	0	981,900	1,528,000
GFR - ISF Overhead	1,489,500	1,490,000	1,272,400	1,272,400	1,272,400
GFR - Special Administrative Expense	0	0	2,801,000	0	0
GFR - Wildlife Resources Trust	0	0	250,000	0	0
TFR - Public Transp. System Tax	0	2,220,700	2,190,300	7,204,400	7,204,400
Transfers	5,118,000	3,916,100	6,976,000	7,769,700	41,400
Transfers - Internal Service Funds	130,800	0	0	0	0
Risk Management ISF	0	0	0	2,565,900	0
Capital Project Fund	3,086,600	966,900	3,956,700	1,638,100	1,764,100
Project Reserve Fund	800,000	1,699,500	0	200,000	200,000
Contingency Reserve Fund	0	0	0	3,599,200	82,300
Pass-through	7,500	0	0	0	0
Beginning Nonlapsing	26,419,400	19,091,700	19,617,000	23,758,400	9,835,300
Closing Nonlapsing	(19,091,800)	(19,617,000)	(23,885,800)	(27,090,800)	(9,823,500)
Lapsing Balance	(246,500)	(190,500)	(242,000)	(983,000)	0
<b>Total</b>	<b>\$401,792,500</b>	<b>\$283,219,900</b>	<b>\$466,535,900</b>	<b>\$400,525,000</b>	<b>\$499,105,600</b>
<b>Agencies</b>					
Capitol Preservation Board	2,576,200	2,588,200	2,703,900	2,731,100	2,884,400
Administrative Services	18,974,100	18,621,000	22,683,400	25,511,800	24,926,100
Human Resource Management	3,067,000	3,185,800	3,172,600	3,225,900	3,899,300
Career Service Review Board	201,900	187,500	189,200	190,500	217,800
Capital Budget	187,127,000	44,584,700	151,665,700	104,545,600	210,783,300
Debt Service	189,020,800	211,960,600	273,677,600	235,436,500	236,594,800
Technology Services	825,500	2,092,100	2,092,000	3,283,600	19,799,900
Restricted Revenue - CFAS	0	0	10,351,500	25,600,000	0
<b>Total</b>	<b>\$401,792,500</b>	<b>\$283,219,900</b>	<b>\$466,535,900</b>	<b>\$400,525,000</b>	<b>\$499,105,600</b>
<b>Categories of Expenditure</b>					
Personal Services	15,352,200	16,061,400	16,763,200	17,532,500	20,182,600
In-State Travel	76,200	116,600	104,600	188,400	110,200
Out of State Travel	60,300	101,900	92,500	112,500	101,400
Current Expense	193,916,300	217,347,900	279,208,900	241,259,800	243,083,100
DP Current Expense	2,841,300	3,063,900	2,647,300	2,757,600	13,647,700
DP Capital Outlay	1,460,500	939,500	1,934,200	3,214,700	1,176,800
Capital Outlay	109,400	30,500	5,100	55,000	0
Other Charges/Pass Thru	187,976,300	45,558,200	165,780,100	135,404,500	220,803,800
<b>Total</b>	<b>\$401,792,500</b>	<b>\$283,219,900</b>	<b>\$466,535,900</b>	<b>\$400,525,000</b>	<b>\$499,105,600</b>
<b>Other Data</b>					
Budgeted FTE	251.5	253.5	247.0	245.9	249.5
Actual FTE	234.3	240.1	243.2	240.9	0.0
Vehicles	10	10	10	9	10
<b>Internal Service Funds</b>					
Revenue	153,354,600	157,343,500	168,349,700	177,425,700	240,708,500
Budgeted FTE	512.2	501.5	500.5	1,426.0	1,343.0
Actual FTE	497.1	484.3	471.8	461.8	0.0
Authorized Capital Outlay	21,060,400	25,187,300	20,776,000	20,904,000	40,944,600
Retained Earnings	17,540,100	18,812,300	20,412,700	30,247,300	20,092,100
Vehicles	317	283	261	181	269

Table 1

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

Capitol Preservation Board

Career Service Review Board

Department of Administrative Services –

Executive Director

Executive Director's Office

Child Welfare Parental Defense

Administrative Rules

Division of Facilities Construction and Management (DFCM)

Administration

Governor's Residence

Energy Program

State Archives

Archives Administration

Records Analysis

Preservation Services

Patron Services

Records Services

Division of Finance Administration

Director's Office

Payroll

Payables/Disbursing

Technical Services

Financial Reporting

Financial Information Systems

Finance – Mandated

LeRay McAllister Critical Land Conservation Fund

Development Zone Rebates

Retirement Benefits

Post-Conviction Indigent Defense

Post-Conviction Indigent Defense Fund

Judicial Conduct Commission

Purchasing

Office of State Debt Collection

Restricted Special Revenue Fund

Division of Purchasing and General Services  
ISF – Central Mailing  
ISF – Electronic Purchasing  
ISF – Publishing

Division of Fleet Operations (DFO)  
ISF – Motor Pool  
ISF – Fuel Network  
ISF – State Surplus Property  
ISF – Federal Surplus Property

Risk Management  
ISF – Risk Management Administration  
ISF – Workers’ Compensation

DFCM – Facilities Management  
ISF – Facilities Management

Department of Human Resource Management  
Administration  
Policy  
Central Operations  
Flex Benefits  
Management Training  
Information Technology  
ISF – Field Services  
ISF – Payroll Field Services

Department of Technology Services  
Chief Information Officer  
Automated Geographic Reference Center  
Technology Acquisition Projects  
ISF – Agency Services  
ISF – Enterprise Technology

Capital Budget  
Capital Developments  
Capital Improvements  
Property Acquisitions

Debt Service

The subcommittee also sponsors two bonding bills:

- General Obligation Bonds (None in 2006 General Session; a separate bill, S.B. 75 “USTAR”, authorized \$110 million.)
- Revenue Bonds and Capital Facilities Authorizations (S.B. 236 in 2006 General Session)

**CHAPTER 2 CAPITOL PRESERVATION BOARD**

**Function** 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.

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).

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.

**Statutory Authority** The following statutes govern operation of the board:

UCA 63C-9-201 establishes the 15-member board, comprised of:

- The governor or the lieutenant governor
- The president of the Senate or a designee
- The speaker of the House of Representatives or a designee
- The state treasurer
- The state attorney general
- 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 state historic preservation officer

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.

UCA 63-9-301 also requires the board to:

- Preserve, maintain, and restore the capitol hill complex, facilities, grounds, and their contents
- Submit annual budget requests to the governor and Legislature
- Approve the executive director's work plans and master plans

- Approve all changes to buildings and grounds
- In consultation with other relevant agencies, identify and inventory all significant contents of the buildings and all state-owned items of historical significance that were at one time in the buildings
- Keep archives relating to the construction and content of the buildings and grounds
- Make rules to administer Capitol Hill
- Adopt procurement procedures substantially equal to the Utah Procurement Code, though it is exempt from the code

UCA 63C-9-402 lists the duties of the executive director, some of which are to:

- Develop a twenty-year master plan concerning the maintenance, preservation, restoration, and modification of the Capitol Hill facilities and grounds
- Develop a furnishings plan for the placement and care of objects under the care of the Board
- 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
- Develop a program to locate and acquire state-owned items of historical significance that were at one time in the buildings
- Approve all art and exhibits placed on Capitol Hill
- Develop and manage a visitor services program for Capitol Hill with duties that include conducting tours, managing a gift shop, and providing communication services

UCA 63C-9-602 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 2006 General Session the Legislature adopted the following intent language for FY 2006 (H.B. 1):

*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 design, construction, or one-time administrative costs associated with the Capitol restoration.*

### **Accountability**

Capitol Building Construction progress, budget expended, and contingency funds expended FY 2005 through FY 2007 to date (October 2006):

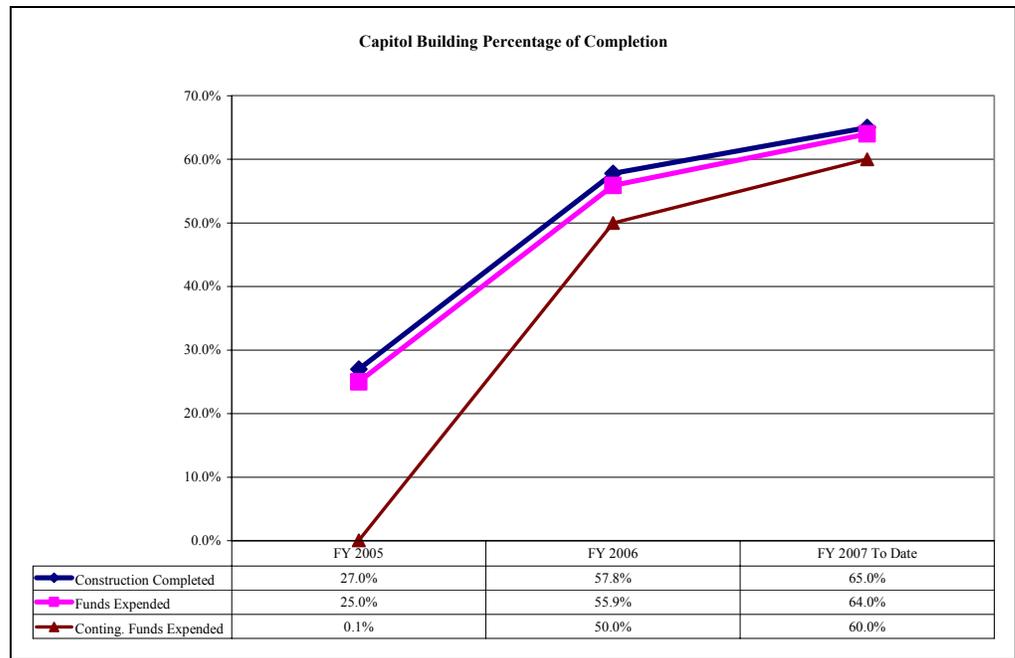


Figure 2

Construction progress is on schedule and within budget. Contingency funds spent to date equate to 1.68 percent of the construction budget, a good number for a large restoration and base isolation project with many variables. The timeline for completion is January 2008 for re-opening celebration events and the legislative session.

**Funding Detail**

During the 2006 General Session the Legislature restored \$100,000 in ongoing General Funds to this budget in order to shift administrative costs away from the Capitol restoration project budget. Funds cut during FY 2002 have now been fully restored. The Legislature also appropriated \$13,000 for a new copier and \$75,000 for publications to prepare for Capitol reopening events.

One of the FTEs shown in Table 2 (next page) is funded separately with construction funds and fundraising. Although the FTE is included in the FTE count, costs for the FTE are not included in the table. Legislators can expect an FY 2008 request to fund this FTE with ongoing state funds.

<b>Budget History - Capitol Preservation Board</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	2,202,000	2,165,400	2,175,800	2,358,400	2,484,600
General Fund, One-time	0	600	118,500	0	87,300
Dedicated Credits Revenue	269,300	280,900	313,700	289,400	271,100
Restricted Revenue	0	0	5,400	15,700	0
Transfers	121,000	104,000	141,400	141,400	41,400
Beginning Nonlapsing	21,300	37,300	0	51,100	0
Closing Nonlapsing	(37,400)	0	(50,900)	(124,900)	0
<b>Total</b>	<b>\$2,576,200</b>	<b>\$2,588,200</b>	<b>\$2,703,900</b>	<b>\$2,731,100</b>	<b>\$2,884,400</b>
<b>Categories of Expenditure</b>					
Personal Services	162,100	167,700	177,400	216,800	230,200
In-State Travel	200	0	0	0	500
Current Expense	2,406,400	2,414,200	2,516,300	2,501,600	2,518,400
DP Current Expense	7,500	6,300	10,200	12,700	109,300
DP Capital Outlay	0	0	0	0	26,000
<b>Total</b>	<b>\$2,576,200</b>	<b>\$2,588,200</b>	<b>\$2,703,900</b>	<b>\$2,731,100</b>	<b>\$2,884,400</b>
<b>Other Data</b>					
Budgeted FTE	2.0	3.0	3.0	4.0	4.0
Actual FTE	3.0	3.0	3.4	3.8	0.0

**Table 2**

**CHAPTER 3 CAREER SERVICE REVIEW BOARD****Function**

The Career Service Review Board (CSRB) administers the state's grievance and appeals process. Its policy is to resolve grievances at the lowest possible managerial level. It has hearing officers, is a quasi-judicial body, and hears final administrative appeals. The board hears cases related to decisions about promotions, dismissals, demotions, suspensions, written reprimands, wages, salary, violations of personnel rules, issues concerning the equitable administration of benefits, reductions in force, and disputes concerning abandonment of position. It has no jurisdiction over classification grievances and is required to send them to the Department of Human Resource Management.

The CSRB conducts pre-hearing conferences in an attempt to mediate many of the cases which come before them. When necessary however, they conduct jurisdictional, evidentiary, and appellate levels of adjudications as a means of resolving disputes.

The CSRB conducts hearings as efficiently as possible using hearing officers who are under contract. As such the only ongoing salary costs are for the administrator and a secretary to research, write and issue legal decisions.

**Statutory Authority**

UCA 67-19a-101 defines "grievance" as a complaint by a career service employee concerning any matter touching upon the relationship between the employee and his/her employer; and any dispute between a career service employee and his/her employer.

UCA 67-19a-202 gives the board jurisdiction to serve as the final administrative body to review appeals from career service employees and agencies.

UCA 67-19a-204 requires the board to make rules governing the appeals process.

UCA 67-19a-204 requires the governor to appoint the administrator, who may assign hearing officers to each case, subpoena witnesses, documents and other evidence, and quash unreasonable subpoenas.

UCA 67-19a-303 spells out employees' rights in a grievance and appeals procedure. Employees may have representation, use a reasonable amount of time during work hours to confer with the representative, and may not have reprisals taken against them for using grievance procedures.

UCA 67-19a-401 through 408 list the procedural steps to be followed by the employee and the employer, including the administrator's power to require a pre-hearing conference.

**Accountability**

One way of measuring this program's workload is by tracking the number of grievance cases resolved by year, as shown in Figure 3. However, other factors should be considered. Please see the narrative below the chart.

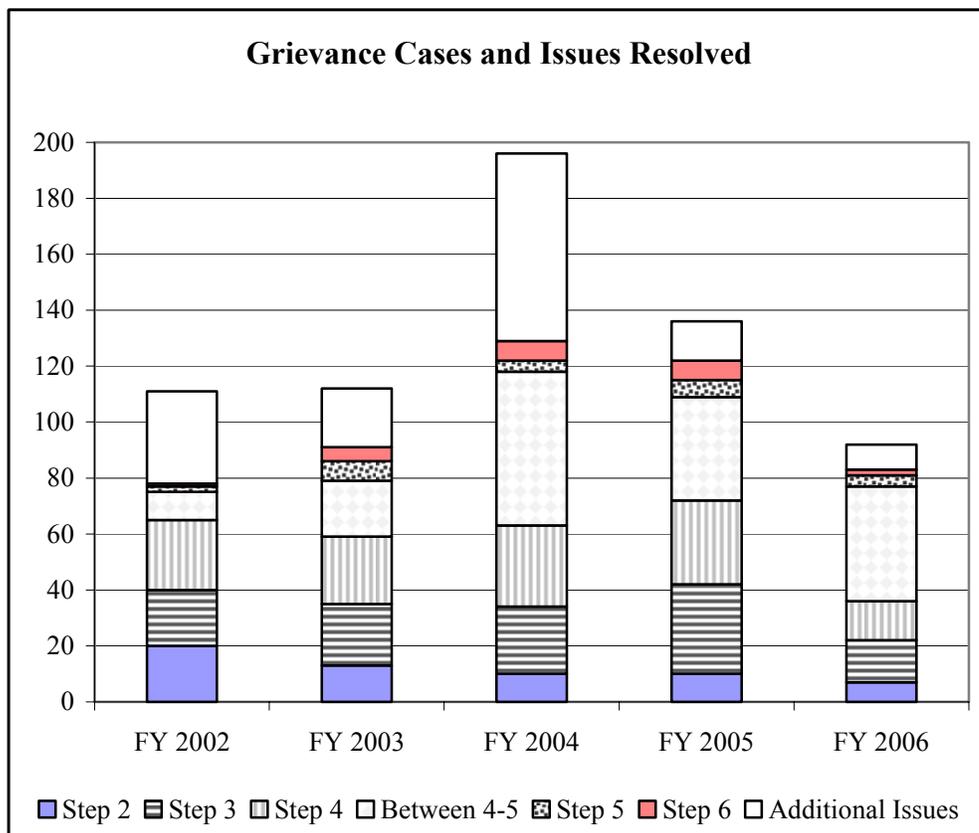


Figure 3

**Steps:** 2 = immediate supervisor level; 3 = division/agency director level; 4 = department head level; Between 4-5 = mediation forum; 5 = evidentiary hearing; 6 = appellate review/board; “Additional Issues” = some cases have multiple issues involved.

**Measure:** Number of grievances cases and issues resolved.

**Goal:** Resolve grievances at the lowest possible level; hold hearings in the fairest and most efficient way possible.

**Methodology:** This is a measure of the number of cases resolved and the level at which they are resolved by the CSRB.

**Measure Type:** Output and outcome.

**Note:** While the number of cases is one workload measure, other factors such as complexity of cases should be considered. For example, in recent years cases have become more complex as grievants are almost always hiring attorneys. This increases the time and effort required to resolve cases. The number of grievances increased by 42 percent in FY 2004 but has declined since. Reasons for the FY 2004 increase are uncertain, but the office states that grievances tend to trend upward after multiple years of no or low pay increases. The office is making an effort to reduce the number of grievances heard in an evidentiary hearing (Step 5) through mediation and closer scrutiny of grievances. A growing percentage of cases are resolved under mediation, as shown in the chart under “Between Steps 4 -5.”

**Funding Detail**

The Career Service Review Board utilizes funding from the General Fund. For FY 2007 the Legislature increased the ongoing budget by \$15,000 to pay for increased grievance hearings costs. This line item carried forward \$42,500 from FY 2002 to FY 2003 because of a gap between the retirement of the previous administrator and the hiring of a new administrator. It usually carries forward some money, but finished FY 2006 with only \$200 to carry forward into FY 2007.

<b>Budget History - Career Service Review Board</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	159,500	202,700	165,800	189,800	218,300
General Fund, One-time	0	0	9,000	0	(500)
Beginning Nonlapsing	42,500	100	15,300	900	0
Closing Nonlapsing	(100)	(15,300)	(900)	(200)	0
<b>Total</b>	<b>\$201,900</b>	<b>\$187,500</b>	<b>\$189,200</b>	<b>\$190,500</b>	<b>\$217,800</b>
<b>Categories of Expenditure</b>					
Personal Services	147,800	154,100	153,500	159,400	174,200
In-State Travel	200	300	0	0	300
Out of State Travel	1,000	0	900	0	1,100
Current Expense	51,500	31,800	32,600	28,500	37,800
DP Current Expense	1,400	1,300	2,200	2,600	4,400
<b>Total</b>	<b>\$201,900</b>	<b>\$187,500</b>	<b>\$189,200</b>	<b>\$190,500</b>	<b>\$217,800</b>
<b>Other Data</b>					
Budgeted FTE	2.0	2.0	2.0	2.0	2.0
Actual FTE	2.0	2.0	2.0	2.0	0.0

**Table 3**



**CHAPTER 4 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-1-102) 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.

The Legislature folded the Department of Human Resources into a division within DAS during the 2005 General Session (H.B. 319) but then opted to rescind the change (H.B. 269, 2006 General Session) prior to the effective date. The Department of Human Resources will be discussed under Chapters 22 and 23.

**Funding Detail**

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

<b>Budget History - Department of Administrative Services (Appropriated Agencies)</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	10,935,100	11,056,700	11,428,000	12,990,200	14,885,100
General Fund, One-time	0	3,360,100	7,268,600	115,100	964,000
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Federal Funds	0	0	0	270,400	66,700
Dedicated Credits Revenue	2,610,300	3,261,600	2,274,600	2,368,700	2,220,700
GFR - Economic Incentive Restricted Acco	0	0	0	981,900	1,528,000
GFR - ISF Overhead	1,489,500	1,490,000	1,272,400	1,272,400	1,272,400
Transfers - Internal Service Funds	130,800	0	0	0	0
Risk Management ISF	0	0	0	65,900	0
Capital Project Fund	3,086,600	966,900	3,956,700	1,638,100	1,764,100
Project Reserve Fund	0	1,699,500	0	200,000	200,000
Contingency Reserve Fund	0	0	0	1,180,200	82,300
Pass-through	7,500	0	0	0	0
Beginning Nonlapsing	3,192,300	2,695,500	6,294,100	9,891,300	1,700,200
Closing Nonlapsing	(2,695,500)	(6,294,100)	(10,019,000)	(4,929,400)	(207,400)
Lapsing Balance	(232,500)	(65,200)	(242,000)	(983,000)	0
<b>Total</b>	<b>\$18,974,100</b>	<b>\$18,621,000</b>	<b>\$22,683,400</b>	<b>\$25,511,800</b>	<b>\$24,926,100</b>
<b>Line Items</b>					
Executive Director	891,700	861,900	818,300	936,700	819,500
Administrative Rules	269,300	285,700	350,300	365,800	337,900
DFCM Administration	3,542,800	3,800,900	4,026,900	4,272,000	4,698,500
State Archives	1,973,700	1,950,000	2,035,700	2,275,900	2,348,500
Finance Administration	10,283,300	9,427,700	10,087,600	11,516,800	11,742,700
Finance - Mandated	482,600	782,600	3,594,200	4,385,000	3,060,600
Post Conviction Indigent Defense	63,800	42,000	44,600	50,600	74,000
Judicial Conduct Commission	197,700	207,300	230,600	216,800	247,600
Purchasing	1,269,200	1,262,900	1,383,900	1,492,200	1,596,800
Child Welfare Parental Defense	0	0	111,300	0	0
<b>Total</b>	<b>\$18,974,100</b>	<b>\$18,621,000</b>	<b>\$22,683,400</b>	<b>\$25,511,800</b>	<b>\$24,926,100</b>
<b>Categories of Expenditure</b>					
Personal Services	12,094,400	12,147,000	12,764,600	13,088,800	14,879,600
In-State Travel	73,900	90,300	77,000	125,000	98,800
Out of State Travel	31,300	47,600	47,000	53,800	70,500
Current Expense	2,070,300	2,157,600	2,205,400	2,419,100	2,393,100
DP Current Expense	2,661,100	2,494,600	2,183,200	2,264,000	3,335,800
DP Capital Outlay	1,460,500	870,300	1,768,500	2,842,800	1,087,700
Capital Outlay	97,300	30,500	5,100	55,000	0
Other Charges/Pass Thru	485,300	783,100	3,632,600	4,663,300	3,060,600
<b>Total</b>	<b>\$18,974,100</b>	<b>\$18,621,000</b>	<b>\$22,683,400</b>	<b>\$25,511,800</b>	<b>\$24,926,100</b>
<b>Other Data</b>					
Budgeted FTE	202.5	197.0	187.5	188.9	189.0
Actual FTE	188.7	183.4	184.8	182.6	0.0
Vehicles	10	10	10	9	10

Table 4

**CHAPTER 5 EXECUTIVE DIRECTOR'S OFFICE**

<b>Function</b>	<p>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.</p> <p>The auditing staff within EDO provides information that is valuable not only to the director, but also to the Legislature and its staff.</p>
<b>Statutory Authority</b>	<p>The following laws govern operation of the EDO:</p> <ul style="list-style-type: none"><li>➤ UCA 63A is the "Utah Administrative Services Code"</li><li>➤ UCA 63A-1-105 requires the governor to appoint the executive director with the consent of the Senate</li><li>➤ UCA 63A-1-105.5 gives the executive director rulemaking authority</li><li>➤ UCA 63A-1-106 allows the executive director to accept federal funds and bind the state to the terms of federal assistance</li><li>➤ UCA 63A-1-107 requires the executive director to provide administrative support to the State Building Board and State Building Ownership Authority</li><li>➤ 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.</li><li>➤ UCA 63A-1-112 prohibits the issuance of certificates of participation for capital projects by the department or any other state agency without prior legislative approval</li><li>➤ UCA 63A-1-114 creates the ISF Rate Committee and requires the executive director or a designee to be a member</li><li>➤ UCA 63A-9-301 requires the executive director or a designee to sit on the Motor Vehicle Review Committee</li></ul>
<b>Accountability</b>	<p>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.</p>

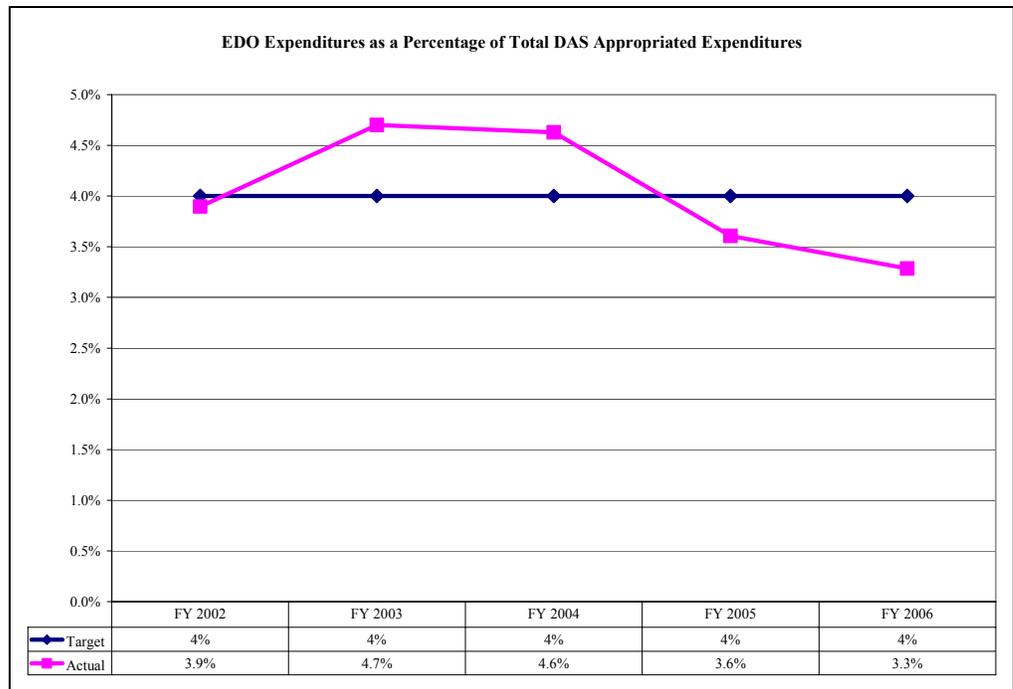


Figure 4

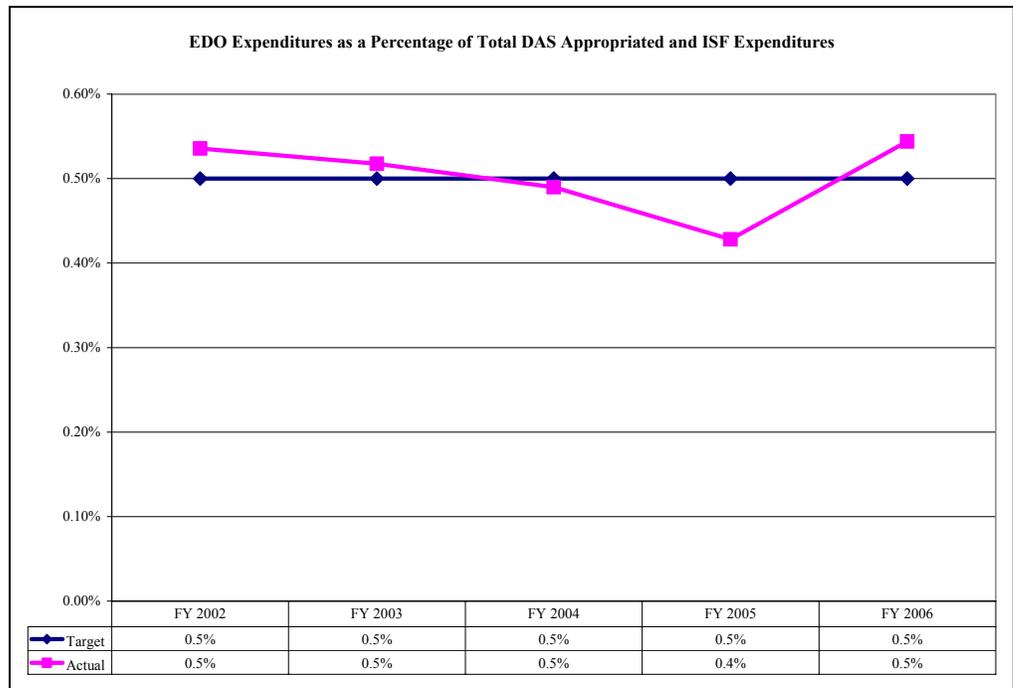


Figure 5

**Measure:** Executive Director’s Office expenditures as a percentage of total departmental costs (appropriated and appropriated + ISF).

**Goal:** Administrative overhead should be as low as possible (below four percent of total expenditures for DAS appropriated entities, and below 0.5 percent of total expenditures for DAS appropriated and ISF entities combined) so more dollars can be allocated to service-providing programs.

**Methodology:** This measure is a calculation of the Executive Director's expenditures divided by the total departmental costs.

**Measure Type:** Efficiency.

**Notes:** In FY 2006 the EDO had little growth in its operating budget, and therefore this program declined as a percentage of the total departmental appropriated budget as shown in Figure 4. In Figure 5, the increase is due mostly to the transition of the Division of Information Technology Services ISF out of DAS, thus causing overall departmental costs to decline and the EDO's percentage of costs to increase.

**Funding Detail**

This line item's FY 2006 General Funds increased primarily due to the Legislature transferring \$125,000 from the Office of Child Welfare Parental Defense (thus closing the office) to the EDO for contract oversight.

Two significant changes have occurred in the Executive Director's Office. First, creation of the Department of Human Resource Management (DHRM) internal service fund resulted in a transfer of three FTE from the EDO to DHRM, effective FY 2007. Second, the loss of Division of Information Technology Services (ITS) to the new Department of Technology Services resulted in a loss of dedicated credits revenue. Approximately ten percent of the EDO budget previously came from Internal Service Fund (ISF) transfers. However, with ITS (the largest ISF in department) moving to another department, the EDO will no longer oversee its operations nor collect the administrative fees. With transfer of the three FTE to DHRM, the Legislature left some of the savings in the EDO budget to make up for the loss of dedicated credits.

<b>Budget History - Administrative Services - Executive Director</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	761,700	785,300	769,000	931,200	816,900
General Fund, One-time	0	1,900	3,100	0	(2,300)
Dedicated Credits Revenue	0	74,700	88,700	91,800	4,900
Transfers - Internal Service Funds	130,800	0	0	0	0
Closing Nonlapsing	0	0	0	(86,300)	0
Lapsing Balance	(800)	0	(42,500)	0	0
<b>Total</b>	<b>\$891,700</b>	<b>\$861,900</b>	<b>\$818,300</b>	<b>\$936,700</b>	<b>\$819,500</b>
<b>Programs</b>					
Executive Director	891,700	861,900	818,300	838,000	694,500
Parental Defense	0	0	0	98,700	125,000
<b>Total</b>	<b>\$891,700</b>	<b>\$861,900</b>	<b>\$818,300</b>	<b>\$936,700</b>	<b>\$819,500</b>
<b>Categories of Expenditure</b>					
Personal Services	714,900	691,100	695,200	673,200	668,400
In-State Travel	700	300	300	300	500
Out of State Travel	500	3,000	0	2,800	0
Current Expense	159,400	137,400	98,600	224,900	125,000
DP Current Expense	16,200	30,100	24,200	17,600	25,600
Other Charges/Pass Thru	0	0	0	17,900	0
<b>Total</b>	<b>\$891,700</b>	<b>\$861,900</b>	<b>\$818,300</b>	<b>\$936,700</b>	<b>\$819,500</b>
<b>Other Data</b>					
Budgeted FTE	10.0	9.0	7.0	8.0	8.2
Actual FTE	8.7	7.6	7.0	7.3	0.0

Table 5

PROGRAMS – EXECUTIVE DIRECTOR’S OFFICE

EXECUTIVE DIRECTOR

**Function** This program covers all aspects of the Executive Director’s Office except oversight of the Child Welfare Parental Defense contract, which was transferred to the EDO in FY 2006.

**Funding Detail** The total budget for this program has been gradually declining. As mentioned earlier, declines in the FY 2007 appropriated budget are the result of losing three FTE and losing dedicated credits revenue for ISF administration. Actual FY 2007 FTE count will be lower than shown in the “2007 Appropriated” column below, which was not adjusted during the 2006 General Session.

<b>Budget History - Administrative Services - Executive Director</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	761,700	785,300	769,000	806,200	691,900
General Fund, One-time	0	1,900	3,100	0	(2,300)
Dedicated Credits Revenue	0	74,700	88,700	91,800	4,900
Transfers - Internal Service Funds	130,800	0	0	0	0
Closing Nonlapsing	0	0	0	(60,000)	0
Lapsing Balance	(800)	0	(42,500)	0	0
<b>Total</b>	<b>\$891,700</b>	<b>\$861,900</b>	<b>\$818,300</b>	<b>\$838,000</b>	<b>\$694,500</b>
<b>Categories of Expenditure</b>					
Personal Services	714,900	691,100	695,200	672,800	668,400
In-State Travel	700	300	300	300	500
Out of State Travel	500	3,000	0	2,800	0
Current Expense	159,400	137,400	98,600	126,700	0
DP Current Expense	16,200	30,100	24,200	17,500	25,600
Other Charges/Pass Thru	0	0	0	17,900	0
<b>Total</b>	<b>\$891,700</b>	<b>\$861,900</b>	<b>\$818,300</b>	<b>\$838,000</b>	<b>\$694,500</b>
<b>Other Data</b>					
Budgeted FTE	10.0	9.0	7.0	8.0	8.2
Actual FTE	8.7	7.6	7.0	7.3	0.0

Table 6

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**CHILD WELFARE PARENTAL DEFENSE****Function**

House Bill 268 (2004 General Session) created the Office of Child Welfare Parental Defense and transferred ongoing funds from the Department of Human Services to the Child Welfare Parental Defense Fund line item.

During the 2005 Session the Legislature opted to outsource the services formerly provided by this program. Therefore the Legislature redirected the program's budget to the DAS Executive Director's Office for the purpose of overseeing the contract.

The office has the ability to contract with licensed attorneys to represent indigent parents, and to assist the attorneys in fulfilling their duties. The purpose is to strengthen the role of the parents' attorney in juvenile court and to assist with family reunification. Typically, parents are under-represented in child custody hearings.

**Statutory Authority**

The following statutes govern operation of the office:

UCA 63A-11-103 creates within the Department of Administrative Services the Office of Child Welfare Parental Defense

UCA 63A-11-104 requires the DAS executive director appoint an attorney as office director. However, if the DAS executive director does not appoint an office director, he/she becomes the office director.

UCA 63A-11-105 gives the office the following duties:

1. Provide assistance and advice to parental defense attorneys.
2. Develop and provide education and training programs to parental defense attorneys
3. Provide information and advice to help parental defense attorneys meet their professional, contractual, and ethical duties.

UCA 63A-11-106 requires the director to report by October 1<sup>st</sup> 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.

UCA 63A-11-201 allows the office to contract with a qualified attorney to defend an indigent parent. Payment shall come from the Child Welfare Parental Defense Fund.

UCA 63A-11-202 outlines the duties of a contracted parental defense attorney.

UCA 63A-11-203 creates the nonlapsing Child Welfare Parental Defense Fund.

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.

**Intent Language**            The 2006 Legislature adopted the following intent language for FY 2006 in House Bill 1:

*It is the intent of the Legislature that the FY 2005 appropriation for the Office of Child Welfare Parental Defense shall not lapse and that those funds shall be used for contracting.*

**Funding Detail**            Program expenses in FY 2006 were \$26,300 below appropriated. This money carried forward into FY 2007.

<b>Budget History - Administrative Services - Executive Director - Parental Defense</b>					
<b>Sources of Finance</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Appropriated</b>
General Fund	0	0	0	125,000	125,000
Closing Nonlapsing	0	0	0	(26,300)	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$98,700</b>	<b>\$125,000</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	400	0
Current Expense	0	0	0	98,200	125,000
DP Current Expense	0	0	0	100	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$98,700</b>	<b>\$125,000</b>

**Table 7**

**Special Funding**

<b>Restricted Funds Summary - Child Welfare Parental Defense</b>				
<b>Fund/Account Name</b>	<b>Statutory Authority</b>	<b>Revenue Source</b>	<b>Prescribed Uses</b>	<b>FY 2006 Balance</b>
Child Welfare Parental Defense Fund	UCA 63A-11-203	Appropriations, county deposits, private contrib.	Admin costs and indigent legal defense costs	\$127,700

**Table 8**



**CHAPTER 6 DIVISION OF ADMINISTRATIVE RULES**

<b>Function</b>	<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>
<b>Statutory Authority</b>	<p>The Utah Administrative Rulemaking Act is codified as UCA 63-46a and outlines the rulemaking process.</p> <ul style="list-style-type: none"><li>➤ 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.</li><li>➤ 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.</li><li>➤ UCA 63-46a-3.5 gives agency rules the effect of law if they are properly established.</li><li>➤ UCA 63-46a-4 outlines the proper rulemaking procedure. Subparagraph (3) requires each agency to develop flexible approaches in its rulemaking that meet the agency needs and involve the people affected by the rules. Subparagraph (4)(a) requires each agency to file its proposed rule and rule analysis with the Division of Administrative Rules.</li><li>➤ The division must publish the rule and rule analysis in its bulletin. The rule analysis must comment on anticipated costs or savings to governments and citizens.</li><li>➤ UCA 63-46a-7 allows for emergency rulemaking in extreme cases. These rules are effective for 120 days</li><li>➤ UCA 63-46a-9.5 creates the Division of Administrative Rules within the Department of Administrative Services.</li><li>➤ 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.</li><li>➤ UCA 63-46a-10 charges the division with the responsibility of regulating the filing, publishing, and hearing of proposed rules. It also</li></ul>

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 for FY 2007 (S.B. 4, 2006 General Session):

*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.

The following three measures are used to gauge the division's ability to disseminate accurate rules in a timely manner.

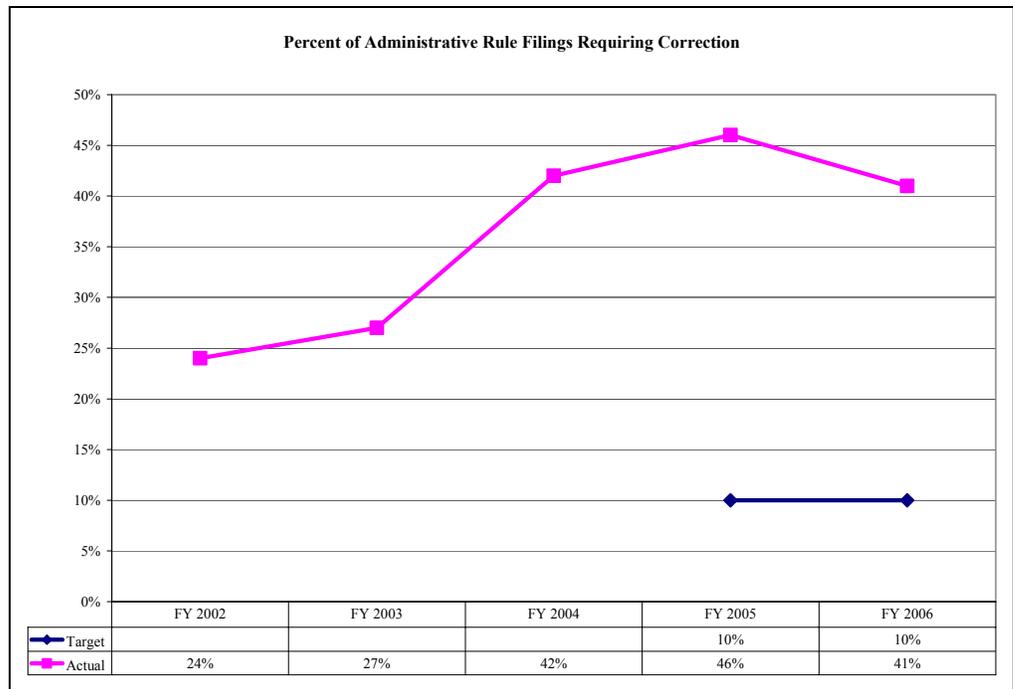


Figure 6

**Measure:** Percent of administrative rule filings requiring correction.

**Goal:** Reduce the number of administrative rule filing correction notices to ten percent of those filed.

**Methodology:** Number of rules requiring substantive correction divided by the total number of rule filings.

**Measure Type:** Outcome.

**Note:** It is much easier to challenge a rule on the grounds that an agency failed to follow proper procedures than it is to attack the substance of a rule. To help protect the state from procedural challenges, the division reviews rule filings to make sure certain minimum statutory requirements have been met. Rules that do not meet the minimum requirements are returned to the agency for correction. The division reports that it did an initial cursory review of 100% of rule filings within three working days, giving agencies adequate time to respond. The division completes a more detailed textual review later in the process. In spite of the high error rate, no successful procedural challenges have occurred because of a filing or publication error.

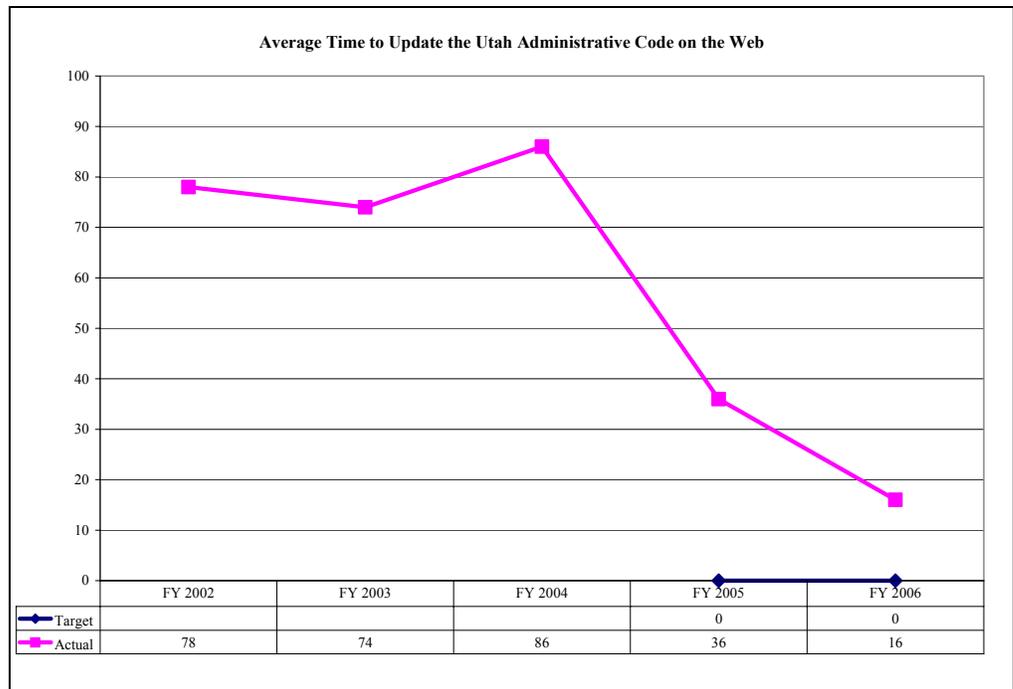


Figure 7

**Measure:** Average number of days to update the Utah Administrative Code (UAC) on the Web.

**Goal:** Reduce the average time between the tenth day of the month and the actual availability of the UAC on the Web. Anything after the tenth of the month is considered late. Target is zero days late.

**Methodology:** The division records the date on which UAC monthly updates are posted on the Web. These monthly figures are averaged over the fiscal year.

**Measure Type:** Outcome.

**Note:** Timely availability of the UAC (effective rules) plays a critical role in how Utah’s regulatory system works. Public access to administrative rules increases the likelihood of compliance. Public access also provides citizens with an understanding of government’s expectations and requirements. Being informed, citizens can then act accordingly or recommend changes to rules.

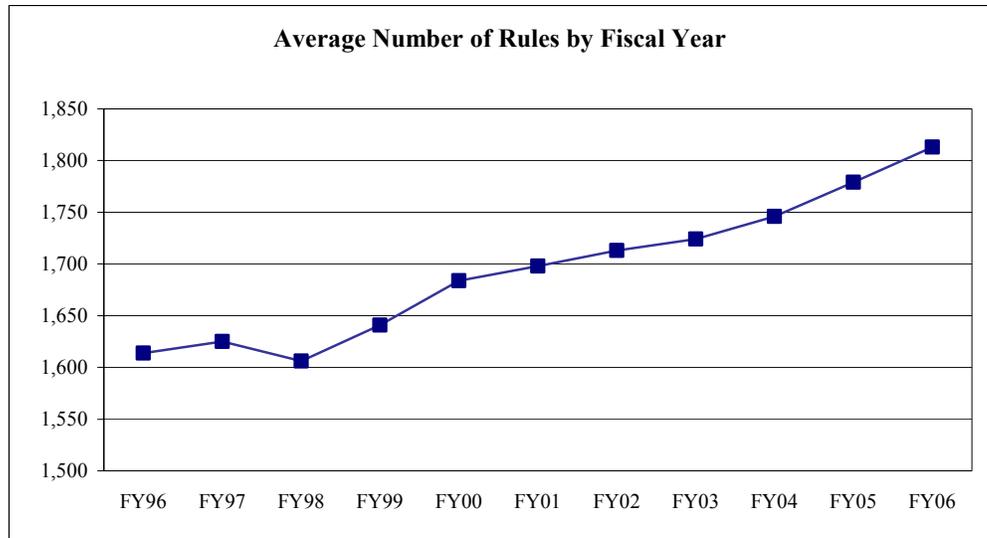


Figure 8

From FY 1996 through FY 2006 the division maintained an average of 1,695 effective rules. Annual growth in the number of effective rules averaged 1.2 percent in the same timeframe. Cumulative growth in the number of effective rules since FY 1996 is 12.3 percent.

The division processes an average of almost 1,200 rule filings per year with four staff members. The division also provides information to the legislative Administrative Rules Committee, and publishes the Utah State Bulletin and Administrative Code.

**Funding Detail**

UCA 63-46a-10(5) gives this budget nonlapsing authority. To offset rising workload issues within the division, the 2004 and 2005 Legislatures each provided \$55,000 per year in one-time funds to hire a contract employee to assist with agency training and rules publication.

Dedicated Credits of \$57,200 in FY 2005 represent one-time grant money from two foundations for an Alternative Dispute Resolution (ADR) program. The two previous governors issued executive orders assigning ADR to the Department of Administrative Services. The grant money was used to hire a temporary ADR coordinator who did a broad survey of whether such a program had potential to benefit the state. No ongoing funding has been approved to continue the program.

<b>Budget History - Administrative Services - Administrative Rules</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	272,200	279,700	285,500	295,500	338,800
General Fund, One-time	0	55,800	2,100	6,400	(900)
Dedicated Credits Revenue	0	0	57,200	0	0
Risk Management ISF	0	0	0	55,000	0
Beginning Nonlapsing	5,300	8,200	58,000	52,500	0
Closing Nonlapsing	(8,200)	(58,000)	(52,500)	(43,500)	0
Lapsing Balance	0	0	0	(100)	0
<b>Total</b>	<b>\$269,300</b>	<b>\$285,700</b>	<b>\$350,300</b>	<b>\$365,800</b>	<b>\$337,900</b>
<b>Programs</b>					
DAR Administration	254,000	285,700	350,300	365,800	337,900
Rules Publishing	15,300	0	0	0	0
<b>Total</b>	<b>\$269,300</b>	<b>\$285,700</b>	<b>\$350,300</b>	<b>\$365,800</b>	<b>\$337,900</b>
<b>Categories of Expenditure</b>					
Personal Services	236,900	248,500	309,600	322,400	285,500
In-State Travel	0	0	0	200	0
Out of State Travel	0	3,300	5,100	4,500	3,800
Current Expense	19,100	17,000	20,600	14,300	23,800
DP Current Expense	13,300	16,900	15,000	24,400	24,800
<b>Total</b>	<b>\$269,300</b>	<b>\$285,700</b>	<b>\$350,300</b>	<b>\$365,800</b>	<b>\$337,900</b>
<b>Other Data</b>					
Budgeted FTE	4.3	5.0	4.0	5.0	4.0
Actual FTE	4.0	4.1	4.6	5.0	0.0

Table 9

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 any of the following:

4. Remodeling, alteration, replacement, repair, site, or utility improvement costing less than \$1,500,000
5. 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.

- 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, and 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 possessed 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
  - USTAR Governing Authority
  - School and Institutional Trust Lands Administration
- Implement the State Building Energy Efficiency Program
- 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.
- 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.
- 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.
- Notify local governments before constructing student housing on property owned by the state.
- 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, Contingency Reserve Fund and capital improvement funds. During the 2005 General Session the Legislature restored \$1.1M in General Funds, and then another \$1.1 million in the 2006 General Session, thereby completing the restoration of General Funds. Other funding sources include:

- 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 statutory sliding scale percentage of the construction cost which ranges from 4.5 percent to 6.5 percent for new construction, and from 6 percent to 9.5 percent for remodeling projects, depending 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 re-appropriate these funds to other building needs, including administrative costs, in any amount that is determined to be in excess of the reserve required to meet future contingency needs (see UCA 63A-5-209).

Table 10 summarizes funding for the three current programs in this line item.

<b>Budget History - Administrative Services - DFCM Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	81,300	81,300	81,300	1,198,300	2,424,400
General Fund, One-time	0	0	150,000	0	(6,200)
Dedicated Credits Revenue	598,300	1,115,700	0	108,800	233,900
Capital Project Fund	3,086,600	966,900	3,956,700	1,638,100	1,764,100
Project Reserve Fund	0	1,699,500	0	200,000	200,000
Contingency Reserve Fund	0	0	0	1,180,200	82,300
Lapsing Balance	(223,400)	(62,500)	(161,100)	(53,400)	0
<b>Total</b>	<b>\$3,542,800</b>	<b>\$3,800,900</b>	<b>\$4,026,900</b>	<b>\$4,272,000</b>	<b>\$4,698,500</b>
<b>Programs</b>					
DFCM Administration	2,863,200	3,090,900	3,266,000	4,061,900	3,422,600
Preventive Maintenance	170,200	153,500	176,000	0	194,800
Governor's Residence	81,300	81,300	81,300	101,300	101,300
CADD Services	0	0	0	0	132,900
Energy Program	0	0	0	108,800	233,900
DFCM HazMat	0	80,200	81,400	0	103,700
Roofing and Paving	428,100	395,000	422,200	0	509,300
<b>Total</b>	<b>\$3,542,800</b>	<b>\$3,800,900</b>	<b>\$4,026,900</b>	<b>\$4,272,000</b>	<b>\$4,698,500</b>
<b>Categories of Expenditure</b>					
Personal Services	2,926,500	3,071,900	3,197,300	3,488,900	3,927,800
In-State Travel	56,100	77,000	63,700	104,400	82,300
Out of State Travel	10,300	8,800	8,700	10,000	15,900
Current Expense	335,400	387,700	342,200	342,500	409,800
DP Current Expense	202,600	249,300	265,000	311,600	262,700
DP Capital Outlay	6,300	6,200	0	14,600	0
Capital Outlay	5,600	0	0	0	0
Other Charges/Pass Thru	0	0	150,000	0	0
<b>Total</b>	<b>\$3,542,800</b>	<b>\$3,800,900</b>	<b>\$4,026,900</b>	<b>\$4,272,000</b>	<b>\$4,698,500</b>
<b>Other Data</b>					
Budgeted FTE	46.3	44.0	42.0	44.0	46.0
Actual FTE	40.7	41.8	41.1	43.7	0.0
Vehicles	9	9	9	9	9

Table 10

The division recently opted to consolidate its programs within this line item to three (see "Programs" under the FY 2006 Actual column). The change does not show under the FY 2007 Appropriated column because funds were appropriated prior to the decision to consolidate.

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**PROGRAMS – DFCM ADMINISTRATION****ADMINISTRATION****Function**

This program carries out all of the following functions:

- General administrative support for the division.
- 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.
- All real property transactions for most state entities except those exempted by statute. This includes leasing, acquisitions, and dispositions.
- Preventive Maintenance, which 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 (FCA) and manages the Facility Audit program. FCAs provide information on repair and improvement of state facilities. The state owns about 42 million square feet of space. To date, DFCM has had approximately 31 million square feet assessed by independent contractors. Approximately 6.6 million square feet of auxiliary space and 4.2 million square feet of small building will not be assessed under the current program. The program calls for all significant state-owned buildings to be reassessed on a five-year cycle. Approximately eighty-five percent of capital improvement funding is driven by the FCA program. Facility Audits measure progress on routine maintenance issues. Audits are intended to help agencies prolong the life of their buildings. If audits reveal failing marks, DFCM has a responsibility to assume control of the building's maintenance.
- Hazardous material abatement in conjunction with agencies.
- Roofing and paving, a program that 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. Utah Correctional Industries provides much of the labor.
- Computer-Aided Drafting and Design (CADD), formerly part of DFCM's Internal Service Fund until FY 2007. This element of the division is funded with Capital Improvement Funds.

**Accountability**

The Project Reserve Fund and Contingency Reserve Fund are used to ensure projects are completed successfully. Year-end balances are an indication of DFCM’s accuracy in estimating and managing project costs. Excess balances have been used to fund all or part of projects and administrative costs in past years. In the 2005 General Session, for example, the Legislature used contingency reserve funds to construct the DNR Fire Management Center and the Courts Provo Land Purchase. These funds are also currently being used to fund \$282,000 of DFCM’s administrative costs.



Figure 9

**Measure:** Fiscal year-end balances in the Project Reserve Fund and Contingency Reserve Fund.

**Goal:** Maintain a positive balance sufficient to ensure successful completion of projects, without accruing excessive balances which may indicate overestimation of project costs.

**Methodology:** Displays fiscal year end closing balances.

**Measure:** Outcome.

**Note:** The Project Reserve Fund balance doesn’t reflect a transfer of \$2.25 million to the DSC Health Sciences Building in early FY 2007. It does reflect an FY 2006 transfer of \$2.5 million from the Project Reserve Fund to complete the SLCC Health Sciences Building. The 2006 Legislature anticipated these needs by reallocating \$1.5 million from the Contingency Reserve Fund to the Project Reserve Fund in FY 2006. Although the Contingency Reserve Fund has always been reserved for state-funded projects, during FY 2006 the division for the first time used it to complete two non-state funded Courthouse projects. This is a change in direction that the 2007 Legislature may wish to review.

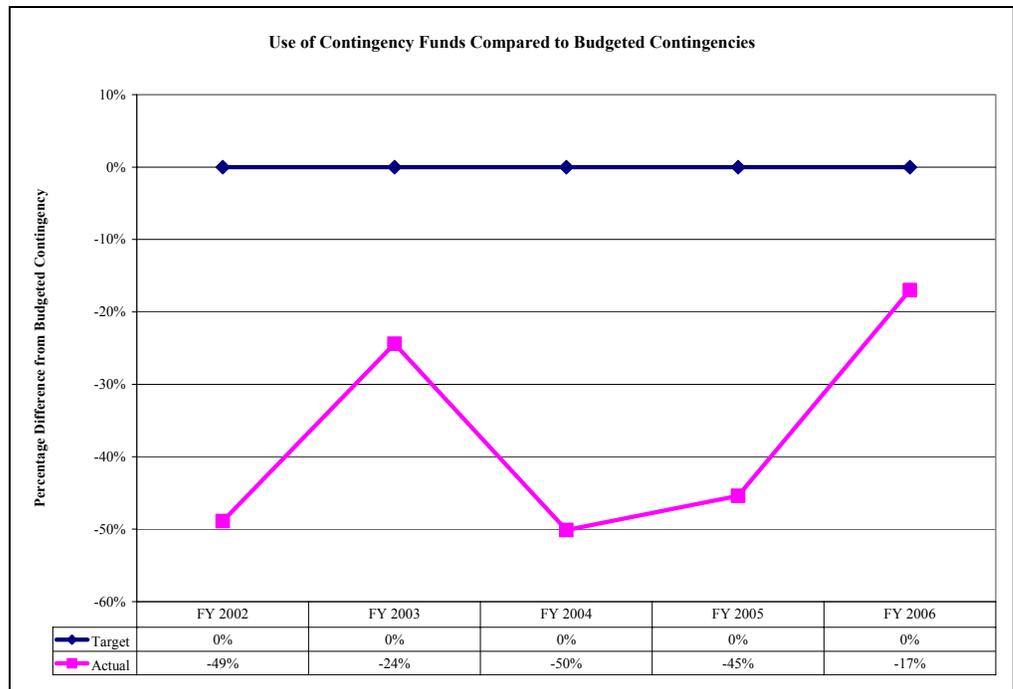


Figure 10

**Measure:** Use of contingency funds compared to budgeted contingencies.

**Goal:** Budget for and manage projects such that contingency funds are adequate to ensure project completion without accruing an excessive balance.

**Methodology:** This measure shows the percentage difference between budgeted contingency reserves (as guided by statute) and their actual usage. Negative numbers indicate funds used were less than budgeted.

**Measure:** Outcome.

**Note:** The results shown above are dramatically different than the results prior to FY 2000. In FY 1997, for example, actual fund usage was seventy percent higher than budgeted. In spite of high construction inflation in the last three years, DFCM is still using less contingency reserve funds than budgeted. This is an indication that DFCM is managing its projects well within the statutory parameters.

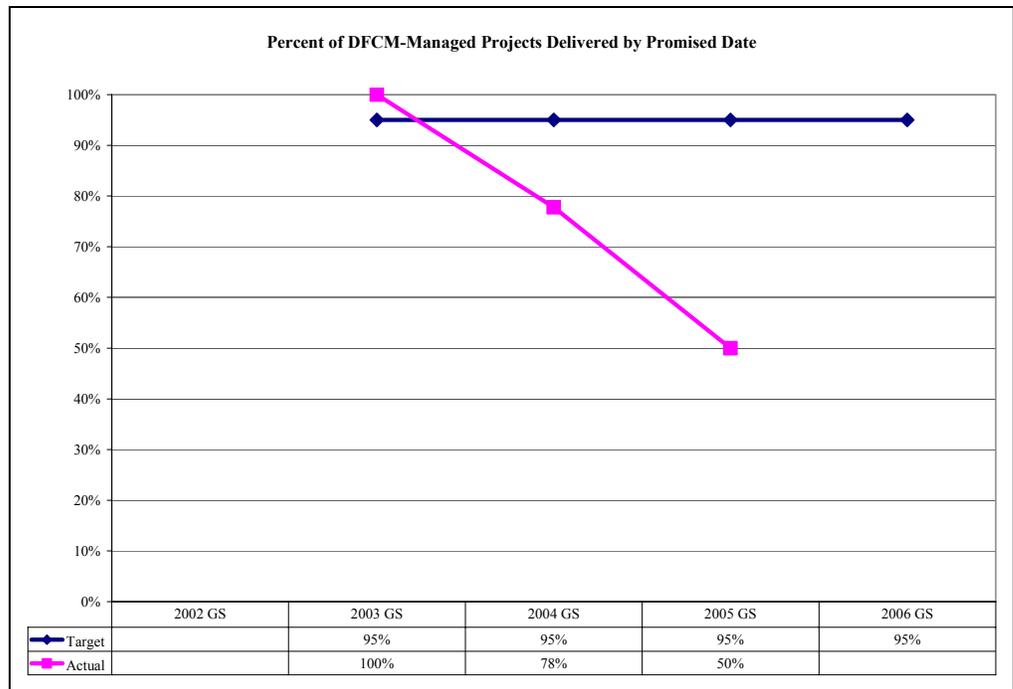


Figure 11

**Measure:** Percentage of DFCM-managed projects delivered by promised date.

**Goal:** Deliver ninety five percent of DFCM-managed building projects by the promised completion date.

**Methodology:** Number of DFCM-managed projects completed by promised date, divided by total number of DFCM-managed projects. Excludes projects delegated to other agencies/institutions, not yet completed, or not yet under construction contract.

**Measure:** Outcome.

**Note:** While Figure 11 makes the appearance that DFCM’s on-time delivery of buildings is declining, in reality it is too early to tell for the last two general sessions. Many of the projects authorized in the 2004 and 2005 General Sessions are still under construction or pending non-state funds. The 2005 General Session result of 50% reflects only two buildings completed, the DNR Fire Management facility and the DNR Fish Experiment Station, which was three months late.

**Funding Detail**

The Legislature eliminated all General Funds from this program in FY 2002, but then restored \$1.1M in FY 2006 and another \$1.1M in FY 2007. Dedicated Credits used in FY 2004 were Capital Improvement Funds. “Capital Project Fund” in FY 2005 represents Capital Improvement Funds, Project Reserve Funds, and Contingency Reserve Funds. These are broken out in FY 2006 forward.

The 2005 Legislature moved the Computer Aided Drafting and Design (CADD) program from the DFCM ISF budget to the appropriated budget. This is the reason for the growth of two budgeted FTE in FY 2006.

<b>Budget History - Administrative Services - DFCM Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	0	0	0	1,097,000	2,323,100
General Fund, One-time	0	0	150,000	0	(6,200)
Dedicated Credits Revenue	598,300	1,115,700	0	0	0
Capital Project Fund	3,086,600	966,900	3,956,700	1,638,100	1,764,100
Project Reserve Fund	0	1,699,500	0	200,000	200,000
Contingency Reserve Fund	0	0	0	1,180,200	82,300
Lapsing Balance	(223,400)	(62,500)	(161,100)	(53,400)	0
<b>Total</b>	<b>\$3,461,500</b>	<b>\$3,719,600</b>	<b>\$3,945,600</b>	<b>\$4,061,900</b>	<b>\$4,363,300</b>
<b>Categories of Expenditure</b>					
Personal Services	2,926,500	3,071,900	3,197,300	3,388,500	3,711,700
In-State Travel	56,100	77,000	63,700	102,400	78,700
Out of State Travel	10,300	8,800	8,700	8,300	11,900
Current Expense	254,100	306,400	260,900	239,100	302,100
DP Current Expense	202,600	249,300	265,000	309,000	258,900
DP Capital Outlay	6,300	6,200	0	14,600	0
Other Charges/Pass Thru	5,600	0	150,000	0	0
<b>Total</b>	<b>\$3,461,500</b>	<b>\$3,719,600</b>	<b>\$3,945,600</b>	<b>\$4,061,900</b>	<b>\$4,363,300</b>
<b>Other Data</b>					
Budgeted FTE	46.3	44.0	42.0	44.0	44.0
Actual FTE	40.7	41.8	41.1	42.7	0.0
Vehicles	9	9	9	9	9

**Table 11**

GOVERNOR’S RESIDENCE

**Function** This program funds security and other costs associated with maintaining the official ceremonial functions of the Governor’s Mansion. Normal costs of maintaining the residence are funded through a separate budget.

**Funding Detail** For FY 2006 the Legislature added \$20,000 to this program to cover increased costs associated with the governor’s family using the residence more often than before. There are no personal services costs in this program, though some contract personnel may be used.

Budget History - Administrative Services - DFCM Administration - Governor's Residence					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	81,300	81,300	81,300	101,300	101,300
<b>Total</b>	<b>\$81,300</b>	<b>\$81,300</b>	<b>\$81,300</b>	<b>\$101,300</b>	<b>\$101,300</b>
Categories of Expenditure					
Current Expense	81,300	81,300	81,300	101,300	101,300
<b>Total</b>	<b>\$81,300</b>	<b>\$81,300</b>	<b>\$81,300</b>	<b>\$101,300</b>	<b>\$101,300</b>

Table 12

ENERGY PROGRAM

**Function** The Energy Program began in FY 2006 to find and implement opportunities for improved energy efficiency in state buildings. During the 2006 General Session the Legislature transferred responsibility over the State Building Energy Efficiency Program (SBEEP) to DFCM. At the same time the Governor’s Office hired an energy director who recommends statewide energy policy and provides direction and funding to this program.

Functions of this program include:

- SBEEP, which has overall responsibility for energy efficiency in state buildings, promotes energy saving programs, provides technical assistance, monitors utility bills for opportunities for savings, and reports to the Governor and Legislature.
- High Performance Building Initiative, which includes development of a high performance building standard for new state-owned buildings similar to the nationally recognized LEED™ program. It also promotes integrated design to maximize building performance and provide better air quality, lighting, and acoustics. The goal is to invest in energy efficiency to save 30% to 40% of utility costs.
- Building Recommissioning, which finds opportunities to modify and tune-up building equipment and controls, improve system operation, reduce maintenance and repair costs, extend equipment life, improve occupant comfort and productivity
- Energy Savings Performance Contracts, which provide for the design and construction of energy conservation measures with the costs

repaid from energy savings. Work is done by an Energy Savings Company (ESCO) that guarantees the savings. Work is nearly complete with three pilot projects involving \$21 million of improvements that generate over \$1.3 million in savings annually.

**Funding Detail**

Funding comes from the Governor’s Office. The division has hired two engineers and may hire another technical assistant soon.

<b>Budget History - Administrative Services - DFCM Administration - Energy Program</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits Revenue	0	0	0	108,800	233,900
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$108,800</b>	<b>\$233,900</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	100,400	216,100
In-State Travel	0	0	0	2,000	3,600
Out of State Travel	0	0	0	1,700	4,000
Current Expense	0	0	0	2,100	6,400
DP Current Expense	0	0	0	2,600	3,800
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$108,800</b>	<b>\$233,900</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	0.0	2.0
Actual FTE	0.0	0.0	0.0	1.0	0.0

**Table 13**



**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 has been demolished and replaced with a physical plant as part of the Capitol 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**

The following table summarizes funding for the five programs in this line item. Ongoing funds of \$25,000 were added in FY 2007 to extend the lease at the State Records Center five more years. One-time General Funds were appropriated in FY 2006 to digitize archived records.

<b>Budget History - Administrative Services - State Archives</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	2,000,400	1,868,800	2,011,400	2,092,500	2,242,500
General Fund, One-time	0	5,500	14,000	108,700	(4,600)
Federal Funds	0	0	0	4,500	66,700
Dedicated Credits Revenue	39,600	34,100	31,200	44,500	43,900
Risk Management ISF	0	0	0	10,900	0
Beginning Nonlapsing	7,400	65,400	23,800	44,700	0
Closing Nonlapsing	(65,400)	(23,800)	(44,700)	(29,900)	0
Lapsing Balance	(8,300)	0	0	0	0
<b>Total</b>	<b>\$1,973,700</b>	<b>\$1,950,000</b>	<b>\$2,035,700</b>	<b>\$2,275,900</b>	<b>\$2,348,500</b>
<b>Programs</b>					
Archives Administration	529,400	438,200	555,300	559,900	677,000
Records Analysis	269,700	324,000	312,900	361,700	301,800
Preservation Services	298,300	293,700	303,600	438,200	343,600
Patron Services	369,400	474,600	341,900	388,400	461,300
Records Services	506,900	419,500	522,000	527,700	564,800
<b>Total</b>	<b>\$1,973,700</b>	<b>\$1,950,000</b>	<b>\$2,035,700</b>	<b>\$2,275,900</b>	<b>\$2,348,500</b>
<b>Categories of Expenditure</b>					
Personal Services	1,353,300	1,324,500	1,441,400	1,448,700	1,626,900
In-State Travel	7,500	5,600	4,900	9,600	6,900
Out of State Travel	3,800	4,400	5,400	5,900	8,200
Current Expense	384,700	447,300	430,600	546,100	575,000
DP Current Expense	130,000	137,200	153,400	162,100	131,500
DP Capital Outlay	0	0	0	53,700	0
Capital Outlay	91,700	30,500	0	49,800	0
Other Charges/Pass Thru	2,700	500	0	0	0
<b>Total</b>	<b>\$1,973,700</b>	<b>\$1,950,000</b>	<b>\$2,035,700</b>	<b>\$2,275,900</b>	<b>\$2,348,500</b>
<b>Other Data</b>					
Budgeted FTE	32.0	30.0	28.0	28.0	28.0
Actual FTE	29.3	29.3	30.4	29.3	0.0
Vehicles	1.0	1.0	1.0	0.0	1.0

**Table 14**

**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, which includes collection, creation, care, storage, disposition, preservation, and access of records. The program is responsible for budget and accounting procedures. The director of Archives is the governor’s representative on the State Records Committee Board.

**Funding Detail**

Funding increases in FY 2007 compared to FY 2006 reflect an increase of \$25,000 for the State Records Center lease, compensation increases, and internal reallocations by the division. Funding increases in FY 2005 compared to FY 2004 were agency reallocations to fund \$85,800 in operations and maintenance costs associated with the new Archives facility. The agency recently discontinued its usage of an assigned vehicle.

<b>Budget History - Administrative Services - State Archives - Archives Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	530,300	460,600	574,700	540,600	671,300
General Fund, One-time	0	1,400	1,500	0	(1,000)
Federal Funds	0	0	0	4,500	6,700
Beginning Nonlapsing	7,400	0	23,800	44,700	0
Closing Nonlapsing	0	(23,800)	(44,700)	(29,900)	0
Lapsing Balance	(8,300)	0	0	0	0
<b>Total</b>	<b>\$529,400</b>	<b>\$438,200</b>	<b>\$555,300</b>	<b>\$559,900</b>	<b>\$677,000</b>
<b>Categories of Expenditure</b>					
Personal Services	230,200	189,600	232,400	294,400	320,700
In-State Travel	7,200	5,600	4,900	9,600	6,900
Out of State Travel	3,800	4,400	5,400	5,900	8,200
Current Expense	66,300	70,900	159,200	98,800	209,700
DP Current Expense	127,500	137,200	153,400	151,200	131,500
Capital Outlay	91,700	30,500	0	0	0
Other Charges/Pass Thru	2,700	0	0	0	0
<b>Total</b>	<b>\$529,400</b>	<b>\$438,200</b>	<b>\$555,300</b>	<b>\$559,900</b>	<b>\$677,000</b>
<b>Other Data</b>					
Budgeted FTE	4.0	4.0	3.0	3.0	4.0
Actual FTE	3.5	2.9	3.4	4.0	0.0
Vehicles	1.0	1.0	1.0	0.0	1.0

**Table 15**

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. It assists in the appraisal of state and local government records to determine their value to current government operations and future research needs.

**Accountability**

Records Officers and others in state and local governmental entities need assistance and training in their statutory responsibilities and in the most efficient means to accomplish their duties. The Records Analysis program is mandated to promote efficient records management of government records in all government agencies.

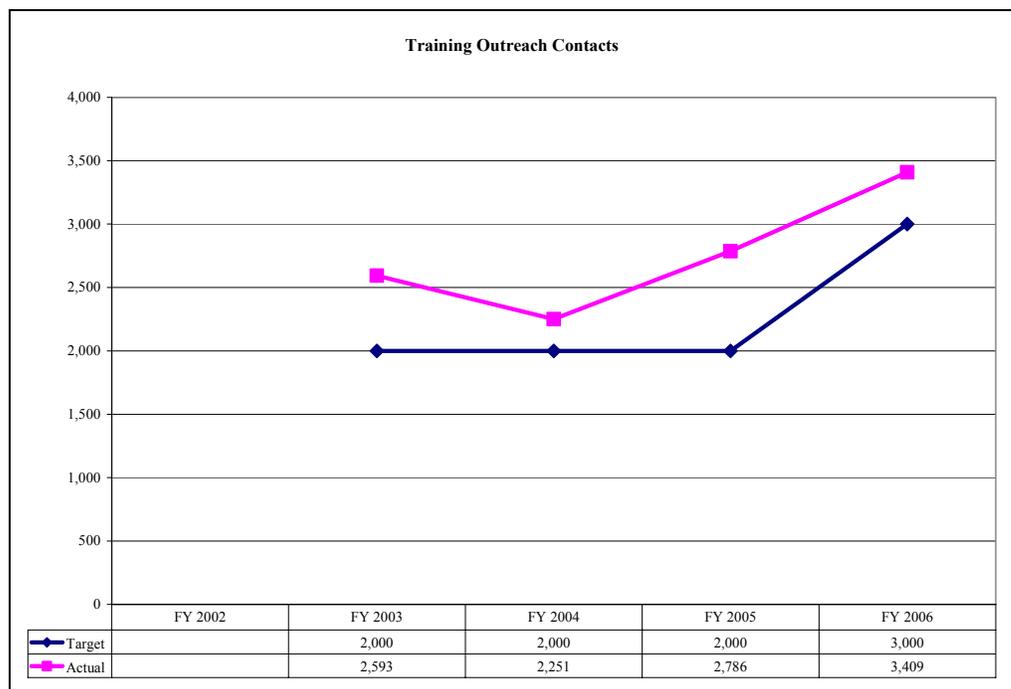


Figure 12

**Measure:** Training outreach contacts (individuals provided with training and assistance).

**Goal:** To promote effective and efficient management of government records. Ties to UCA 63-2-901(2)(d), (e) and (h).

**Methodology:** Number of Records Officers and others trained through field services and training workshops.

**Measure Type:** Output.

**Note:** Archives needs to continue to increase the number of individuals trained in a timely manner, including new agency records officers, and also because of enacted changes to GRAMA. The training and field services are a direct customer service benefit and increase the state’s ability to manage its governmental records.

Funding Detail

All revenues come from the General Fund.

<b>Budget History - Administrative Services - State Archives - Records Analysis</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	269,700	322,700	309,800	361,700	302,700
General Fund, One-time	0	1,300	3,100	0	(900)
<b>Total</b>	<b>\$269,700</b>	<b>\$324,000</b>	<b>\$312,900</b>	<b>\$361,700</b>	<b>\$301,800</b>
<b>Categories of Expenditure</b>					
Personal Services	267,400	276,100	312,900	243,400	299,400
In-State Travel	200	0	0	0	0
Current Expense	2,100	47,400	0	14,800	2,400
DP Capital Outlay	0	0	0	53,700	0
Capital Outlay	0	0	0	49,800	0
Other Charges/Pass Thru	0	500	0	0	0
<b>Total</b>	<b>\$269,700</b>	<b>\$324,000</b>	<b>\$312,900</b>	<b>\$361,700</b>	<b>\$301,800</b>
<b>Other Data</b>					
Budgeted FTE	7.0	7.0	6.0	6.0	5.0
Actual FTE	5.2	5.3	5.8	4.5	0.0

Table 16

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**

The workload in this program is primarily microfilming records at high quality standards.

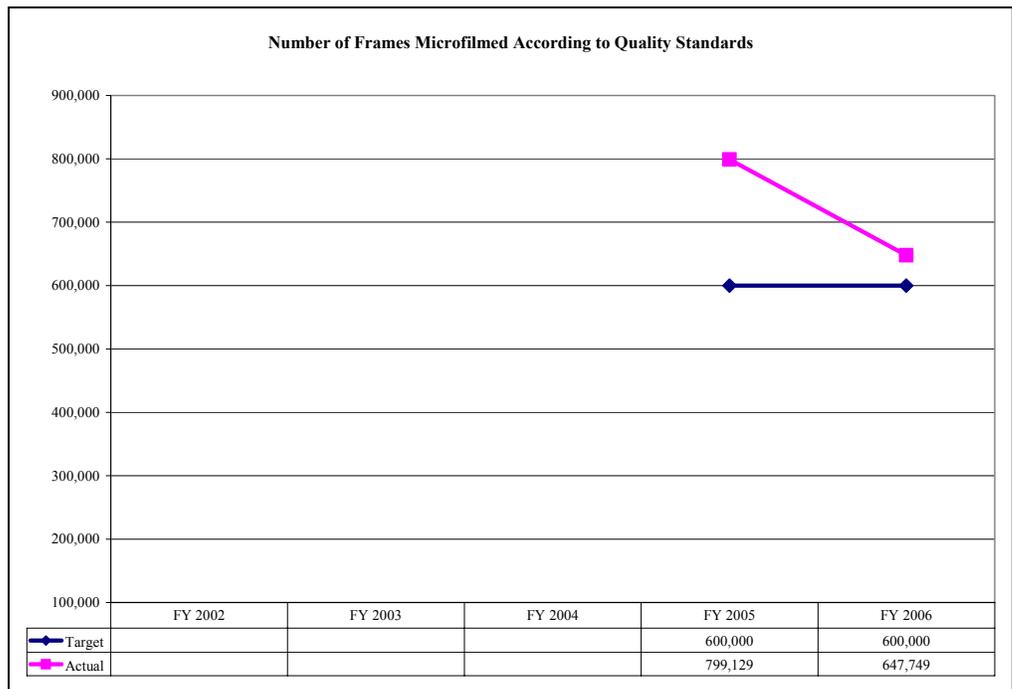


Figure 13

**Measure:** Number of rolls microfilmed according to quality standards.

**Goal:** Preservation of historic records. Ties to UCA 63-2-901(2)(f) and UCA 63-2-906(2).

**Methodology:** Count of frames microfilmed during the fiscal year.

**Measure Type:** Output.

**Note:** The division met its target in FY 2006, yet had a decline. The decline was due to staff turnover, because new staff don't film as quickly as more experienced staff.

**Funding Detail**

In the 2005 General Session the Legislature added \$119,600 in one-time funds (General Funds and a transfer from the Risk Management ISF's contributed capital) to this program to help digitize collections in order to better preserve original records and make them more accessible to the public. Dedicated Credits come primarily from sales of copies of microfilmed records.

<b>Budget History - Administrative Services - State Archives - Preservation Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	292,800	239,600	272,300	280,000	277,300
General Fund, One-time	0	700	2,800	108,700	(700)
Federal Funds	0	0	0	0	29,000
Dedicated Credits Revenue	32,400	26,500	28,500	38,600	38,000
Risk Management ISF	0	0	0	10,900	0
Beginning Nonlapsing	0	26,900	0	0	0
Closing Nonlapsing	(26,900)	0	0	0	0
<b>Total</b>	<b>\$298,300</b>	<b>\$293,700</b>	<b>\$303,600</b>	<b>\$438,200</b>	<b>\$343,600</b>
<b>Categories of Expenditure</b>					
Personal Services	265,300	276,700	282,900	313,300	294,200
In-State Travel	100	0	0	0	0
Current Expense	32,900	17,000	20,700	114,000	49,400
DP Current Expense	0	0	0	10,900	0
<b>Total</b>	<b>\$298,300</b>	<b>\$293,700</b>	<b>\$303,600</b>	<b>\$438,200</b>	<b>\$343,600</b>
<b>Other Data</b>					
Budgeted FTE	7.0	6.0	6.0	6.0	6.0
Actual FTE	7.5	7.6	7.6	8.5	0.0

Table 17

PATRON SERVICES

Function

This program is responsible for providing access to all public records in division custody. Staff creates inventories, guides, finding aids and indexes to describe materials and make them more accessible to researchers. 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.

Accountability

The division is required to (1) acquire and preserve historical records and (2) provide access to them. The division holds these records in the public trust, and the Patron Services program assists patrons in their research efforts (access to records).

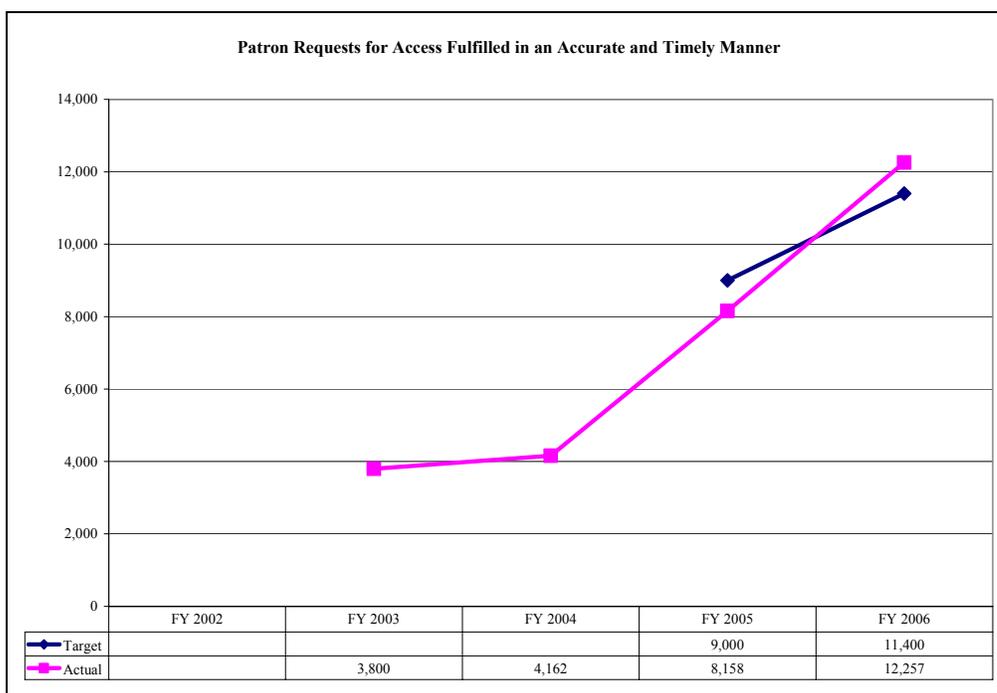


Figure 14

**Measure:** Patron requests for access fulfilled in a thorough and accurate manner.

**Goal:** Quality public access to historical records. Ties to UCA 63-2-901(2)(i). Patron requests met within applicable timeframes (same day service for walk-ins and telephone requests, within a week for correspondence requests) and adequate thoroughness (meeting request scope and/or referral to appropriate institution).

**Methodology:** Number of walk-in, telephone, email and mail patron requests fulfilled within goal parameters.

**Measure Type:** Output.

**Note:** The new (as of January 2005) Utah History Research Center has provided for increased services and opportunities to patrons and will continue to do so.

**Funding Detail**

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

<b>Budget History - Administrative Services - State Archives - Patron Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	400,700	427,700	335,600	382,500	425,600
General Fund, One-time	0	800	3,600	0	(1,200)
Federal Funds	0	0	0	0	31,000
Dedicated Credits Revenue	7,200	7,600	2,700	5,900	5,900
Beginning Nonlapsing	0	38,500	0	0	0
Closing Nonlapsing	(38,500)	0	0	0	0
<b>Total</b>	<b>\$369,400</b>	<b>\$474,600</b>	<b>\$341,900</b>	<b>\$388,400</b>	<b>\$461,300</b>
<b>Categories of Expenditure</b>					
Personal Services	363,500	374,300	384,800	374,100	437,000
Current Expense	5,900	100,300	(42,900)	14,300	24,300
<b>Total</b>	<b>\$369,400</b>	<b>\$474,600</b>	<b>\$341,900</b>	<b>\$388,400</b>	<b>\$461,300</b>
<b>Other Data</b>					
Budgeted FTE	5.0	7.0	7.0	7.0	7.0
Actual FTE	7.4	7.9	7.7	7.0	0.0

**Table 18**

RECORDS SERVICES

Function

The Records Services program stores and retrieves inactive records at the State Records Center for governmental entities. Records of temporary value are destroyed after they have met their approved retention period. The Records Center provides customer services in the access, storage, retrieval and destruction of inactive state and local records.

Accountability

An important part of managing stored records for government agencies is timely destruction of records that are not considered historical.

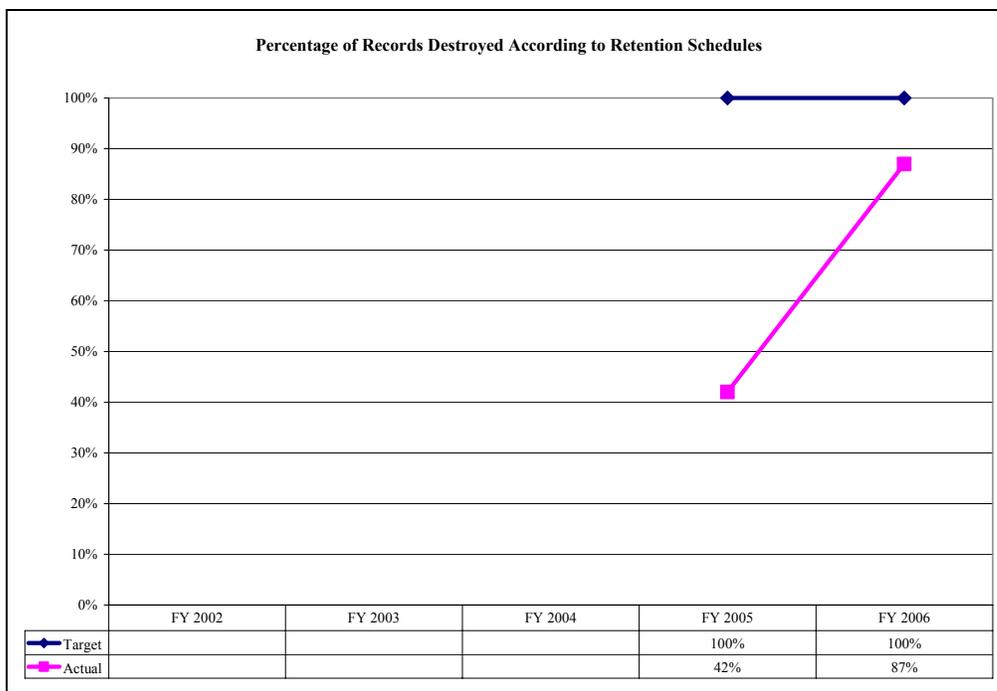


Figure 15

**Measure:** Percentage of records destroyed according to retention schedules.

**Goal:** To promote efficient management of government records. Ties to UCA 63-2-901(2)(a), (b) and (e).

**Methodology:** Number of records destroyed on schedule, divided by total number of records scheduled for destruction.

**Measure Type:** Output.

**Note:** This is the only measure where the division is not meeting its target, yet showed significant improvement in FY 2006. The target of 100 percent is the division’s long-term objective and may take several years to reach. The division halted destructions for several months in FY 2005 when it became clear that an improved inventory was needed for 120,000 boxes, some of which were mislabeled or otherwise not clear on their contents. This is the largest single reason for the improvement in FY 2006.

Funding Detail

All financing comes from the General Fund.

<b>Budget History - Administrative Services - State Archives - Records Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	506,900	418,200	519,000	527,700	565,600
General Fund, One-time	0	1,300	3,000	0	(800)
<b>Total</b>	<b>\$506,900</b>	<b>\$419,500</b>	<b>\$522,000</b>	<b>\$527,700</b>	<b>\$564,800</b>
<b>Categories of Expenditure</b>					
Personal Services	226,900	207,800	228,400	223,500	275,600
Current Expense	277,500	211,700	293,600	304,200	289,200
DP Current Expense	2,500	0	0	0	0
<b>Total</b>	<b>\$506,900</b>	<b>\$419,500</b>	<b>\$522,000</b>	<b>\$527,700</b>	<b>\$564,800</b>
<b>Other Data</b>					
Budgeted FTE	9.0	6.0	6.0	6.0	6.0
Actual FTE	5.9	5.6	5.9	5.4	0.0

**Table 19**



**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 six programs (Director, Payroll, Payables/Disbursing, Technical Services, Financial Reporting and Financial Information Systems) 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
- Disburse all payments to vendors/contractors and employees
- 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 for 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 2006 General Session the Legislature adopted the following language in S.B. 4:

*It is the intent of the Legislature that funds provided for an actuarial study of post-employment benefits shall not lapse and shall be used for that purpose. All other funds for the Division of Finance shall not lapse and shall be used for maintenance, operation, and development of statewide accounting systems.*

**Funding Detail**

Table 20 (next page) is a roll-up of funding for the programs in this line item. Financing from the General Fund Restricted – ISF Overhead account represents charges to the internal service funds for overhead services such as accounting and auditing, building space, maintenance, security, etc. These funds are used in the Financial Information Systems program for FINET (statewide accounting system) support.

In FY 2007 the division has been impacted by statewide reorganizations. Twenty-two FTEs, equating to 27 percent of previously existing positions, have been transferred to the new Department of Technology Services. Although these FTE no longer work for the division per se, they continue to support division programs.

<b>Budget History - Administrative Services - Finance Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	5,906,000	6,100,800	5,992,500	6,293,000	6,748,700
General Fund, One-time	0	2,841,700	88,100	0	(17,000)
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Federal Funds	0	0	0	265,900	0
Dedicated Credits Revenue	1,905,500	1,980,400	2,049,600	2,098,700	1,876,200
GFR - ISF Overhead	1,489,500	1,490,000	1,272,400	1,272,400	1,272,400
Pass-through	7,500	0	0	0	0
Beginning Nonlapsing	2,676,200	2,151,400	5,583,900	5,348,900	1,412,400
Closing Nonlapsing	(2,151,400)	(5,583,900)	(5,348,900)	(4,212,100)	0
Lapsing Balance	0	(2,700)	0	0	0
<b>Total</b>	<b>\$10,283,300</b>	<b>\$9,427,700</b>	<b>\$10,087,600</b>	<b>\$11,516,800</b>	<b>\$11,742,700</b>
<b>Programs</b>					
Finance Director's Office	323,300	332,900	330,200	303,000	370,200
Payroll	3,345,700	1,767,900	1,160,700	1,210,000	2,084,600
Payables/Disbursing	1,970,100	1,997,900	2,093,300	2,286,500	2,316,700
Technical Services	1,130,500	1,409,700	1,355,200	1,334,600	1,906,700
Financial Reporting	1,196,200	1,208,100	1,154,700	1,234,300	1,477,900
Financial Information Systems	2,317,500	2,711,200	3,993,500	5,148,400	3,586,600
<b>Total</b>	<b>\$10,283,300</b>	<b>\$9,427,700</b>	<b>\$10,087,600</b>	<b>\$11,516,800</b>	<b>\$11,742,700</b>
<b>Categories of Expenditure</b>					
Personal Services	5,536,200	5,465,200	5,568,700	5,594,000	6,544,500
In-State Travel	1,200	800	1,300	1,700	2,400
Out of State Travel	9,200	22,800	17,900	24,000	33,000
Current Expense	1,005,700	1,051,900	1,046,600	1,135,200	1,205,100
DP Current Expense	2,276,800	2,022,900	1,679,500	1,727,000	2,870,000
DP Capital Outlay	1,454,200	864,100	1,768,500	2,774,500	1,087,700
Capital Outlay	0	0	5,100	0	0
Other Charges/Pass Thru	0	0	0	260,400	0
<b>Total</b>	<b>\$10,283,300</b>	<b>\$9,427,700</b>	<b>\$10,087,600</b>	<b>\$11,516,800</b>	<b>\$11,742,700</b>
<b>Other Data</b>					
Budgeted FTE	84.5	83.0	81.0	80.5	79.5
Actual FTE	82.2	78.1	76.8	73.3	0.0

Table 20

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
- Procedures for approval of proposed expenditures
- Statewide payroll and accounting policies
- Financial reporting
- Budgetary compliance monitoring

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

**Accountability**

One way to gauge the efficiency of the division is to take all division-wide costs and divide them by the number of payment transactions.

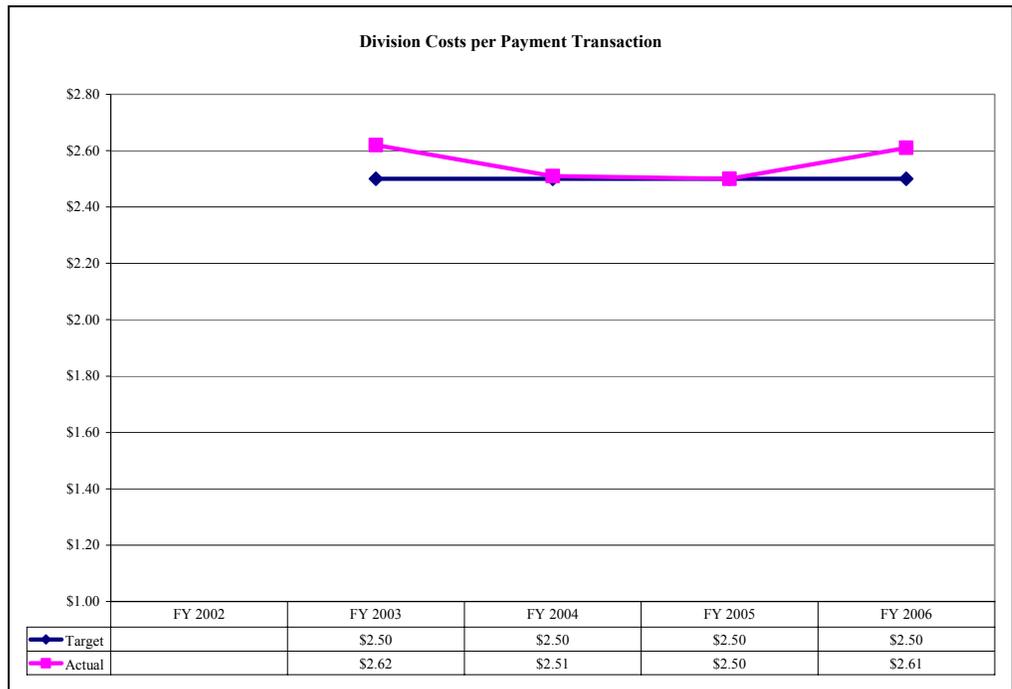


Figure 16

**Measure:** Division costs per payment transaction.

**Goal:** Financial efficiency in division operations.

**Methodology:** Total Division of Finance costs (except new system projects), divided by the number of checks and electronic fund transfers issued.

**Measure Type:** Efficiency.

**Note:** The division had a slight increase in FY 2006 due to increasing personnel costs and receipt of \$260,000 in federal funds (see Payables/Disbursing Program). Nevertheless, as shown in Table 20, the actual number of division FTEs has been gradually declining since FY 2003. Yet the number of payment transactions, the dollar value of transactions, the number of funds to monitor, and the number of Governmental Accounting Standards Board (GASB) regulations have been increasing.

**Funding Detail**

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

<b>Budget History - Administrative Services - Finance Administration - Finance Director's Office</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	323,300	331,900	328,700	303,000	371,200
General Fund, One-time	0	1,000	1,500	0	(1,000)
<b>Total</b>	<b>\$323,300</b>	<b>\$332,900</b>	<b>\$330,200</b>	<b>\$303,000</b>	<b>\$370,200</b>
<b>Categories of Expenditure</b>					
Personal Services	293,200	302,500	303,000	261,000	333,500
In-State Travel	0	0	0	0	100
Out of State Travel	3,100	4,800	1,400	2,700	6,400
Current Expense	26,600	25,600	25,800	35,900	30,200
DP Current Expense	400	0	0	3,400	0
<b>Total</b>	<b>\$323,300</b>	<b>\$332,900</b>	<b>\$330,200</b>	<b>\$303,000</b>	<b>\$370,200</b>
<b>Other Data</b>					
Budgeted FTE	3.0	3.0	3.0	3.0	3.0
Actual FTE	3.0	3.0	3.0	2.7	0.0

**Table 21**

**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.

Payroll services include collecting and processing employee time, calculating gross and net pay, calculating benefits, payments to employees, payments to third parties (such as benefit providers, taxing authorities and employee associations), calculating and distributing labor costs that are passed to the state's financial systems and data warehouse, adhering to federal and state employment laws and regulations, and maintaining current and historical employee and payroll data.

In March 2003 the division implemented a new payroll and time processing system. Employee Self-Service (ESS) is starting to be implemented by various agencies. This allows 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. In July, 2005 the ESS had 3,825 time entry users; in July, 2006 the system had 10,932 time entry users. The division hopes to reach 12,000 time entry users. An additional 9,221 employees have access to ESS for payroll data entry and updates.

**Accountability**

Perhaps the most important function of this program is to issue payments on time. In FY 2006 the program had 100 percent on-time payroll. This is an indication that the payroll system was available to agencies for timely data entry. Total value of payroll processed is always increasing, as shown below:

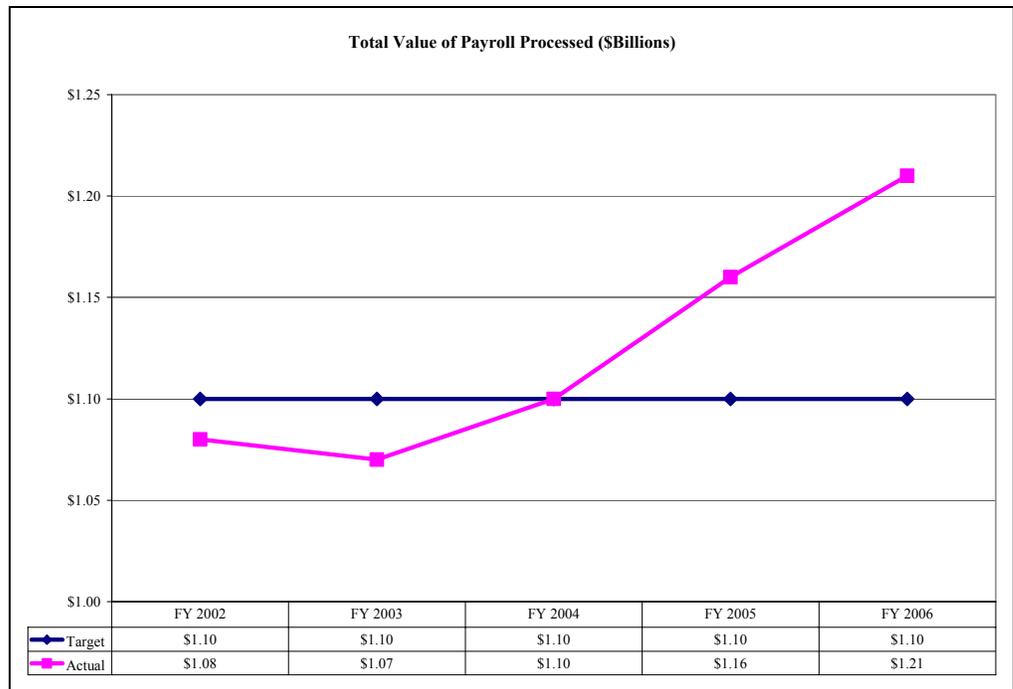


Figure 17

**Measure:** Total value of payroll processed.

**Goal:** Increasing value to payroll processing done centrally.

**Methodology:** Gross payroll dollars in billions.

**Measure Type:** Output.

**Note:** This measure indicates the significance of payroll processing done centrally.

**Funding Detail**

This program has transferred four FTE to the new Department of Technology Services internal service fund in FY 2007. Personal Services costs will be therefore be lower than shown below in the “2007 Appropriated” column, but current expenses (ISF rate payments) will be higher.

<b>Budget History - Administrative Services - Finance Administration - Payroll</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	1,825,100	1,707,800	1,512,600	1,498,600	1,656,500
General Fund, One-time	0	(103,200)	6,200	0	(2,500)
Dedicated Credits Revenue	10,800	2,100	2,400	900	1,500
Beginning Nonlapsing	2,171,000	661,200	500,000	860,500	429,100
Closing Nonlapsing	(661,200)	(500,000)	(860,500)	(1,150,000)	0
<b>Total</b>	<b>\$3,345,700</b>	<b>\$1,767,900</b>	<b>\$1,160,700</b>	<b>\$1,210,000</b>	<b>\$2,084,600</b>
<b>Categories of Expenditure</b>					
Personal Services	793,600	740,400	656,500	681,600	828,900
In-State Travel	500	0	0	100	600
Out of State Travel	4,600	10,200	4,600	2,400	7,500
Current Expense	10,300	11,200	15,600	14,500	32,700
DP Current Expense	1,093,100	776,500	484,000	511,400	1,014,900
DP Capital Outlay	1,443,600	229,600	0	0	200,000
<b>Total</b>	<b>\$3,345,700</b>	<b>\$1,767,900</b>	<b>\$1,160,700</b>	<b>\$1,210,000</b>	<b>\$2,084,600</b>
<b>Other Data</b>					
Budgeted FTE	13.0	12.0	12.0	11.0	11.0
Actual FTE	12.3	11.3	10.2	9.9	0.0

**Table 22**

PAYABLES/DISBURSING

**Function**

This program:

- Audits payment and employee reimbursement requests
- Manages the FINDER collections program
- 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 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. Annually, there are approximately 2.4 million payments made. Payments include electronic fund transfers and checks mailed for such things as vendor payments, tax refunds, and payroll.

The Travel Office is a part of this section and is responsible for arranging travel for state employees and employees of political subdivisions 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.

*Personal Vehicle Use Reimbursement*

Since the 2000 General Session the Legislature has asked the Department of Administrative Services to follow 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. (This was formerly in appropriation intent language, but was stricken due to the fact that it didn't directly relate to an appropriation.)

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 on long trips 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 2002.

Personal Vehicle Mileage Reimbursement					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
In State	\$2,755,900	\$2,802,500	\$2,809,200	\$3,116,900	\$3,342,700
Out of State	\$68,300	\$62,900	\$60,100	\$68,600	\$78,300
<b>Total</b>	<b>\$2,824,200</b>	<b>\$2,865,400</b>	<b>\$2,869,300</b>	<b>\$3,185,500</b>	<b>\$3,421,000</b>

Table 23

As gasoline prices and maintenance costs rise, the cost of operating a state sedan rises and the reimbursement rate is adjusted accordingly. The division adjusts its reimbursement rates annually to match IRS approved rates.

**Accountability**

Division goals and objectives are met with timely disbursement of tax refunds to the public and payments to vendors. They are further met by collecting funds for other agencies through FINDER and by saving taxpayers money through an efficiently run and cost effective travel agency.

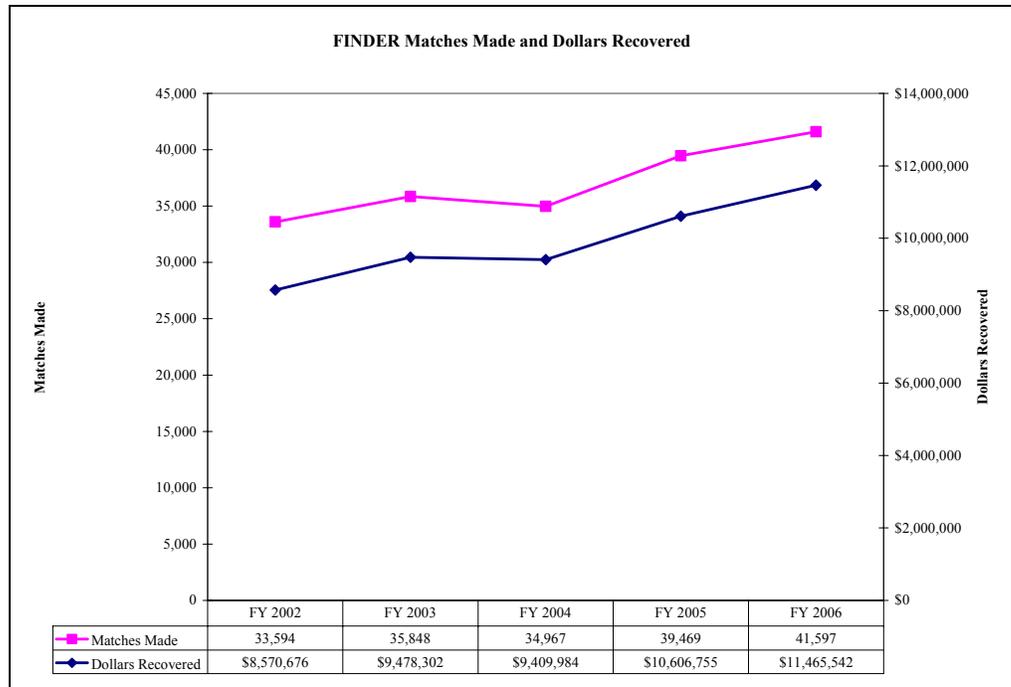


Figure 18

**Measure:** FINDER matches made and dollars recovered.

**Goal:** Improved collection of funds owed to the state.

**Methodology:** Count of matches made and dollars recovered.

**Measure Type:** Output.

**Note:** The number of matches and dollars recovered has grown steadily since FY 1995, when the number of matches made was 19,426 and dollars collected were \$4.9 million.

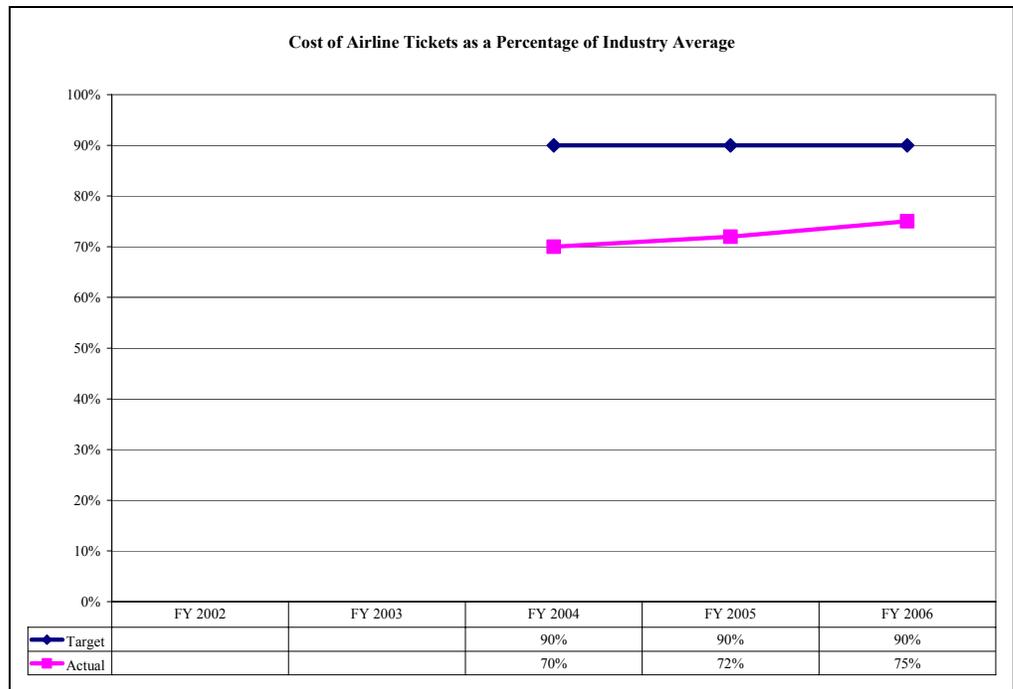


Figure 19

**Measure:** Cost of airline tickets as a percentage of industry average.

**Goal:** Save taxpayers money through an efficiently run and cost effective travel agency. The target is to stay below 90 percent of industry average.

**Methodology:** State travel office average negotiated prices divided by travel industry average prices.

**Measure Type:** Efficiency.

**Note:** The travel office has negotiated rates below industry average, but rates are gradually increasing toward the industry average. With the elimination of airline commissions the user agency pays a fee to the State Travel Office for each reservation. 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.

**Funding Detail**

Dedicated Credits are generated from user fees in the Travel Office and administrative costs charged by the FINDER System. If actual collections exceed projections, the excess will be nonlapsing and used later for system development. Federal funds in FY 2006 were used to purchase airline tickets, bus tickets and furniture for Hurricane Katrina refugees. This is a one-time event and this federal revenue is not expected to continue.

<b>Budget History - Administrative Services - Finance Administration - Payables/Disbursing</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	733,900	704,700	708,900	608,400	1,163,900
General Fund, One-time	0	3,600	9,500	0	(2,800)
Federal Funds	0	0	0	265,900	0
Dedicated Credits Revenue	1,236,200	1,289,600	1,374,900	1,412,200	1,155,600
<b>Total</b>	<b>\$1,970,100</b>	<b>\$1,997,900</b>	<b>\$2,093,300</b>	<b>\$2,286,500</b>	<b>\$2,316,700</b>
<b>Categories of Expenditure</b>					
Personal Services	1,068,000	1,068,700	1,146,500	1,042,500	1,338,300
In-State Travel	700	800	1,300	1,300	1,500
Out of State Travel	0	100	3,000	7,300	3,100
Current Expense	901,400	928,300	942,000	974,800	973,300
DP Current Expense	0	0	500	200	500
Other Charges/Pass Thru	0	0	0	260,400	0
<b>Total</b>	<b>\$1,970,100</b>	<b>\$1,997,900</b>	<b>\$2,093,300</b>	<b>\$2,286,500</b>	<b>\$2,316,700</b>
<b>Other Data</b>					
Budgeted FTE	22.5	21.8	20.3	20.5	20.5
Actual FTE	20.6	19.5	19.5	17.4	0.0

Table 24

TECHNICAL SERVICES

**Function**

This program provides support for various division systems and hardware including the statewide payroll system and also the new upgraded version of the financial system that moved from the mainframe environment as of July 1, 2006. In addition, this section is responsible for the creation and maintenance of the division’s data warehouse, which contains current and historical financial, personnel, and payroll information. Their mission is to develop the computer tools that will enable personnel in state agencies to access the division’s data warehouse and to provide the information needed by agency financial managers. Access to quality financial information should enhance the ability of managers to make sound business decisions. It has resulted in a reduction of printed reports and the amount of time needed. This information is available in a variety of ways, including the Internet.

An average of 60,000 to 80,000 queries are run against the data warehouse each month by managers and financial analysts statewide. The data warehouse is reviewed annually by the State Auditor’s Office and has been determined to contain reliable data.

**Accountability**

Data Warehouse should provide agencies the tools they need to access accurate, current, and historical information from the financial, human resource, and payroll systems. Unscheduled down time should be minimized.

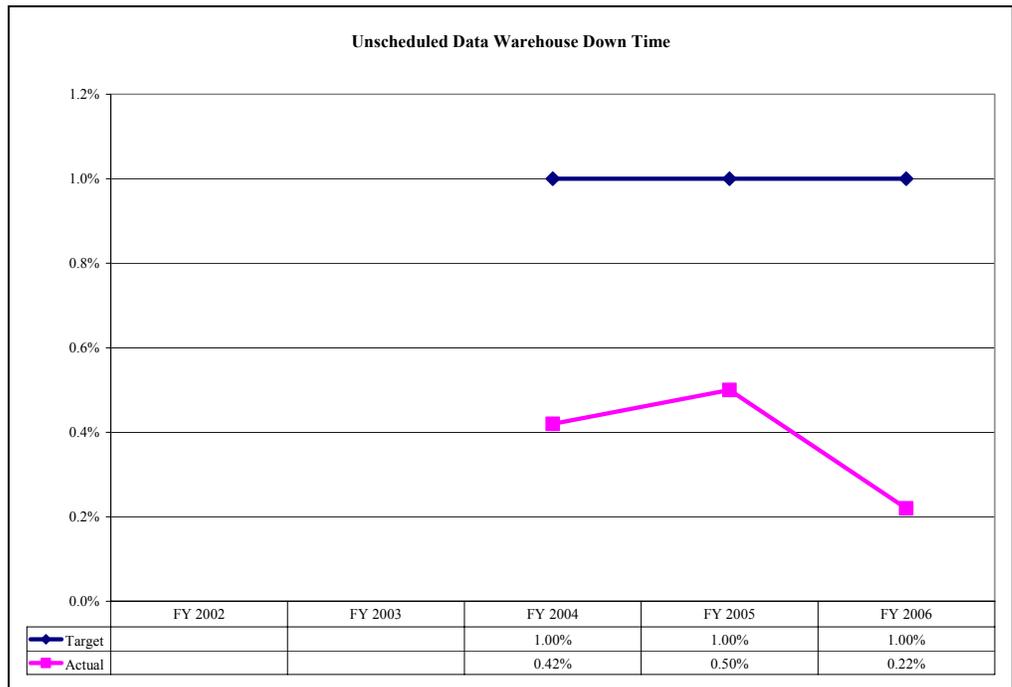


Figure 20

**Measure:** Unscheduled Data Warehouse down time.

**Goal:** Unscheduled down time should be less than one percent.

**Methodology:** Percentage of time Data Warehouse is unavailable for use by state agencies for reasons other than scheduled maintenance.

Measure Type: Outcome.

Note: The division is meeting its target of less than one percent unscheduled down time.

Funding Detail

Due to IT consolidation, the Technical Services section staff is now part of the Department of Technology Services, effective FY 2007. This change became effective after the FY 2007 appropriation, which is shown in the table below.

Budget History - Administrative Services - Finance Administration - Technical Services					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	1,261,500	1,486,700	1,336,400	1,331,500	1,767,800
General Fund, One-time	0	(24,600)	4,600	0	(2,900)
Beginning Nonlapsing	215,000	346,000	398,400	384,200	141,800
Closing Nonlapsing	(346,000)	(398,400)	(384,200)	(381,100)	0
<b>Total</b>	<b>\$1,130,500</b>	<b>\$1,409,700</b>	<b>\$1,355,200</b>	<b>\$1,334,600</b>	<b>\$1,906,700</b>
<b>Categories of Expenditure</b>					
Personal Services	688,700	674,500	795,200	858,700	956,800
Out of State Travel	0	3,900	5,400	6,300	7,000
Current Expense	13,300	30,700	11,400	13,700	29,700
DP Current Expense	417,900	472,700	504,200	437,600	701,000
DP Capital Outlay	10,600	227,900	33,900	18,300	212,200
Capital Outlay	0	0	5,100	0	0
<b>Total</b>	<b>\$1,130,500</b>	<b>\$1,409,700</b>	<b>\$1,355,200</b>	<b>\$1,334,600</b>	<b>\$1,906,700</b>
<b>Other Data</b>					
Budgeted FTE	10.0	9.0	9.0	10.0	10.0
Actual FTE	9.1	8.5	9.7	9.7	0.0

Table 25

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:** calculate and report interest earnings and comply with federal cash regulations.
- **Loans receivable:** account for and service 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:** maintain and monitor 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 on its website.

**Accountability**

The division should close each fiscal year and issue the Comprehensive Annual Financial Report (CAFR) in a timely manner. Measures for a successful CAFR include receiving an unqualified audit opinion and a certificate of achievement from the Governmental Finance Officers Association (GFOA). These two measures help the state maintain its reputation as a well-managed state and keep its “AAA” bond rating.

Comprehensive Annual Financial Report					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Unqualified Audit Opinion	Yes	Yes	Yes	Yes	Yes
GFOA Certificate of Achievement	Yes	Yes	Yes	Yes	Yes

Table 26

**Funding Detail**

During the 2005 General Session the Legislature funded a \$50,000 actuarial study to determine the state’s liability for “other post-employment benefits” (paid health insurance in exchange for unused sick leave). The Legislature further added \$25,000 in ongoing funds to the budget to repeat the actuarial study every two years as required by the Governmental Accounting Standards Board (GASB).

Dedicated Credits come from overhead charges made for accounting services.

<b>Budget History - Administrative Services - Finance Administration - Financial Reporting</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	737,700	711,900	676,900	729,700	936,400
General Fund, One-time	0	2,700	55,500	0	(2,600)
Dedicated Credits Revenue	458,500	488,700	472,300	485,600	519,100
Pass-through	7,500	0	0	0	0
Beginning Nonlapsing	0	7,500	0	50,000	25,000
Closing Nonlapsing	(7,500)	0	(50,000)	(31,000)	0
Lapsing Balance	0	(2,700)	0	0	0
<b>Total</b>	<b>\$1,196,200</b>	<b>\$1,208,100</b>	<b>\$1,154,700</b>	<b>\$1,234,300</b>	<b>\$1,477,900</b>
<b>Categories of Expenditure</b>					
Personal Services	1,157,000	1,161,600	1,115,800	1,148,400	1,368,300
Out of State Travel	0	1,800	0	0	2,900
Current Expense	33,500	38,700	32,900	76,100	100,300
DP Current Expense	5,700	6,000	6,000	6,300	6,400
DP Capital Outlay	0	0	0	3,500	0
<b>Total</b>	<b>\$1,196,200</b>	<b>\$1,208,100</b>	<b>\$1,154,700</b>	<b>\$1,234,300</b>	<b>\$1,477,900</b>
<b>Other Data</b>					
Budgeted FTE	17.0	16.7	15.7	16.0	16.0
Actual FTE	16.7	15.8	14.7	14.4	0.0

Table 27

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**FINANCIAL INFORMATION SYSTEMS****Function**

The Financial Information Systems group maintains the state central accounting system (FINET) and 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:

- 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**

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

Due to IT consolidation, eight FTE from this section are now part of the Department of Technology Services, effective FY 2007. This change became effective after the FY 2007 appropriation, which is shown in the table below.

<b>Budget History - Administrative Services - Finance Administration - Financial Information Systems</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	1,024,500	1,157,800	1,429,000	1,821,800	852,900
General Fund, One-time	0	2,962,200	10,800	0	(5,200)
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	1,489,500	1,490,000	1,272,400	1,272,400	1,272,400
Beginning Nonlapsing	290,200	1,136,700	4,685,500	4,054,200	816,500
Closing Nonlapsing	(1,136,700)	(4,685,500)	(4,054,200)	(2,650,000)	0
<b>Total</b>	<b>\$2,317,500</b>	<b>\$2,711,200</b>	<b>\$3,993,500</b>	<b>\$5,148,400</b>	<b>\$3,586,600</b>
<b>Categories of Expenditure</b>					
Personal Services	1,535,700	1,517,500	1,551,700	1,601,800	1,718,700
In-State Travel	0	0	0	300	200
Out of State Travel	1,500	2,000	3,500	5,300	6,100
Current Expense	20,600	17,400	18,900	20,200	38,900
DP Current Expense	759,700	767,700	684,800	768,100	1,147,200
DP Capital Outlay	0	406,600	1,734,600	2,752,700	675,500
<b>Total</b>	<b>\$2,317,500</b>	<b>\$2,711,200</b>	<b>\$3,993,500</b>	<b>\$5,148,400</b>	<b>\$3,586,600</b>
<b>Other Data</b>					
Budgeted FTE	19.0	20.5	21.0	20.0	19.0
Actual FTE	20.5	20.0	19.8	19.2	0.0

**Table 28**

**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.

<b>Restricted Funds Summary - Financial Information Systems</b>				
<b>Fund/Account Name</b>	<b>Statutory Authority</b>	<b>Revenue Source</b>	<b>Prescribed Uses</b>	<b>FY 2006 Balance</b>
GFR - ISF Overhead	Not in statute	ISF overhead charges	As appropriated by the Legislature	N/A

**Table 29**

**CHAPTER 10 DIVISION OF FINANCE – MANDATED EXPENDITURES**

**Function**

Each year the Legislature funds items that impact several agencies, 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 as intended 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.

The Division of Finance manages expenditures as provided in appropriations acts for each program, but is not empowered to make policy decisions regarding funding in the mandated sections.

**Funding Detail**

Ongoing General Funds in this line item's FY 2007 base budget include \$482,600 in the LeRay McAllister Critical Land Fund and \$50,000 in the Retirement Benefits program. An additional \$1 million in one-time General Funds were appropriated to the LeRay McAllister fund in FY 2007.

<b>Budget History - Administrative Services - Finance - Mandated</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	482,600	482,600	482,600	532,600	532,600
General Fund, One-time	0	450,000	7,000,000		1,000,000
GFR - Economic Incentive Restricted Acco	0	0	0	981,900	1,528,000
Beginning Nonlapsing	0	0	150,000	4,000,000	0
Closing Nonlapsing	0	(150,000)	(4,000,000)	(200,000)	0
Lapsing Balance	0	0	(38,400)	(929,500)	0
<b>Total</b>	<b>\$482,600</b>	<b>\$782,600</b>	<b>\$3,594,200</b>	<b>\$4,385,000</b>	<b>\$3,060,600</b>
<b>Programs</b>					
LeRay McAllister Critical Land Conservati	482,600	782,600	3,482,600	332,600	1,482,600
Convention Facilities	0	0	0	4,000,000	0
Studies	0	0	111,600	0	0
Development Zone Partial Rebates	0	0	0	52,400	1,528,000
Retirement Benefits	0	0	0	0	50,000
<b>Total</b>	<b>\$482,600</b>	<b>\$782,600</b>	<b>\$3,594,200</b>	<b>\$4,385,000</b>	<b>\$3,060,600</b>
<b>Categories of Expenditure</b>					
Current Expense	0	0	111,600	0	0
Other Charges/Pass Thru	482,600	782,600	3,482,600	4,385,000	3,060,600
<b>Total</b>	<b>\$482,600</b>	<b>\$782,600</b>	<b>\$3,594,200</b>	<b>\$4,385,000</b>	<b>\$3,060,600</b>

Table 30

**PROGRAMS – DIVISION OF FINANCE – MANDATED EXPENDITURES**

**LERAY McALLISTER CRITICAL LAND FUND**

<b>Function</b>	<p>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.</p>
<b>Statutory Authority</b>	<p>The following laws govern use of the McAllister Fund:</p> <p>UCA 11-38 is entitled 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"> <li>➤ Appropriations by the Legislature</li> <li>➤ Contributions from federal agencies, political subdivisions, persons, or corporations</li> <li>➤ Proceeds a department chooses to place in the fund from sales of surplus land</li> </ul> <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>
<b>Accountability</b>	<p>Since FY 1999 the QGC has authorized 66 projects totaling \$14.9 million in McAllister Fund grants. Partners in open space preservation have contributed (or are expected to contribute) about six dollars for every dollar of McAllister Fund grants.</p>

<b>Urban</b>	<u>FY99-02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06 Award</u>	<u>Total</u>
Projects	14	3	6	6	5	34
Acreage	1,194.2	147.3	644.5	1,143.8	5,941.0	9,071
Grant	\$3,224,900	\$220,000	\$628,000	\$1,192,500	\$1,030,000	\$6,295,400
Match	\$11,022,800	\$250,000	\$2,312,000	\$17,675,100	\$9,667,900	\$40,927,800
<b>Total</b>	<b>\$14,247,700</b>	<b>\$470,000</b>	<b>\$2,940,000</b>	<b>\$18,867,600</b>	<b>\$10,697,900</b>	<b>\$47,223,200</b>
Match/Grant	3.42 to 1	1.14 to 1	3.68 to 1	14.82 to 1	9.39 to 1	6.5 to 1
<b>Rural</b>	<u>FY99-02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06 Award</u>	<u>Total</u>
Projects	15	2	3	8	4	32
Acreage	29,941.1	430.0	90.0	20,914.7	3,906.0	55,282
Grant	\$5,012,400	\$270,000	\$275,000	\$2,245,000	\$830,000	\$8,632,400
Match	\$25,294,600	\$1,770,000	\$870,500	\$13,095,000	\$10,688,200	\$51,718,300
<b>Total</b>	<b>\$30,307,000</b>	<b>\$2,040,000</b>	<b>\$1,145,500</b>	<b>\$15,340,000</b>	<b>\$11,518,200</b>	<b>\$60,350,700</b>
Match/Grant	5.05 to 1	6.56 to 1	3.17 to 1	5.83 to 1	12.88 to 1	5.99 to 1
<b>Total</b>	<u>FY99-02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06 Award</u>	<u>Total</u>
Projects	29	5	9	14	9	66
Acreage	31,135.3	577.3	734.5	22,058.5	9,847.0	64,352.5
Grant	\$8,237,300	\$490,000	\$903,000	\$3,437,500	\$1,860,000	\$14,927,800
Match	\$36,317,400	\$2,020,000	\$3,182,500	\$30,770,100	\$20,356,100	\$92,646,100
<b>Total</b>	<b>\$44,554,700</b>	<b>\$2,510,000</b>	<b>\$4,085,500</b>	<b>\$34,207,600</b>	<b>\$22,216,100</b>	<b>\$107,573,900</b>
Match/Grant	4.41 to 1	4.12 to 1	3.52 to 1	8.95 to 1	10.94 to 1	6.21 to 1

Table 31

**Funding Detail**

During the 2006 General Session the Legislature enhanced funding for open space protection with an additional \$1,000,000 one-time General Fund appropriation for FY 2007. This is on top of a 2005 G.S. one-time FY 2005 supplemental appropriation of \$3,000,000.

The base appropriation for FY 2006 was \$482,600 in ongoing General Funds; however, the Legislature redirected \$150,000 on a one-time basis to the governor’s office for local land planning. The total appropriation for FY 2006 was therefore \$332,600. The ongoing General Fund base for FY 2007 returned to \$482,600.

<b>Budget History - Administrative Services - Finance - Mandated - LeRay McAllister Critical Land Conservation Fund</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	482,600	482,600	482,600	482,600	482,600
General Fund, One-time	0	300,000	3,000,000	(150,000)	1,000,000
<b>Total</b>	<b>\$482,600</b>	<b>\$782,600</b>	<b>\$3,482,600</b>	<b>\$332,600</b>	<b>\$1,482,600</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	482,600	782,600	3,482,600	332,600	1,482,600
<b>Total</b>	<b>\$482,600</b>	<b>\$782,600</b>	<b>\$3,482,600</b>	<b>\$332,600</b>	<b>\$1,482,600</b>

Table 32

**CONVENTION FACILITIES**

**Function** House Bill 1011, 2005 First Special Session, amended the sales and use tax code so revenues from the transient room tax can be given to convention facilities, and appropriated funds to the Division of Finance to be transferred to Salt Lake County.

**Funding Detail** Funds carried forward from FY 2005 to FY 2006 before Salt Lake County met all of the conditions for receipt of the funding.

<b>Budget History - Administrative Services - Finance - Mandated - Convention Facilities</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund, One-time	0	0	4,000,000	0	0
Beginning Nonlapsing	0	0	0	4,000,000	0
Closing Nonlapsing	0	0	(4,000,000)	0	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$0</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	0	0	0	4,000,000	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$0</b>

**Table 33**

**DEVELOPMENT ZONE PARTIAL REBATES**

**Function** The Division of Finance is required by statute to make partial rebates from the Economic Incentive Restricted Account to certain industries which bring in new state revenues. Documentation is required from the Governor’s Office of Economic Development.

**Statutory Authority** UCA 63-38f-1309 establishes the Economic Development Restricted Account. The account must be used to make payments as required for:

- Any individual or company that has entered into an agreement with the Governor’s Office of Economic Development, and has generated verifiable new state revenues.
- Only projects that include significant capital investment, the creation of high paying jobs, or significant purchases from Utah vendors and providers, or any combination of these, are eligible.

UCA 63-38f-1305 sets minimum qualifications for the rebates, some of which are:

- No payments may be made prior to verification
- Partial rebates can only be paid on projects that are within the Aerospace and Aviation Development Zone (UCA 63-38f-1303)
- Partial rebates may only be paid on projects that bring new, incremental jobs to the state
- Qualifying projects must involve direct investment within the geographic boundaries of the development zone
- Only aerospace and aviation industry projects are eligible
- Entities must enter into an agreement with the Governor’s Office and comply with conditions set by the office

**Funding Detail** The Division of Finance is required to transfer from new revenues in the General Fund the amount estimated by the Governor’s Office needed to make the partial rebates. Rebates are then made from the restricted account.

<b>Budget History - Administrative Services - Finance - Mandated - Development Zone Partial Rebates</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
GFR - Economic Incentive Restricted Acco	0	0	0	981,900	1,528,000
Lapsing Balance	0	0	0	(929,500)	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,400</b>	<b>\$1,528,000</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	0	0	0	52,400	1,528,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,400</b>	<b>\$1,528,000</b>

**Table 34**

Restricted Funds Summary - Development Zone Partial Rebatees				
Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2006 Balance
Economic Incentive Restricted Account	UCA 63-38f-1309	New Revenues in the General Fund	See above under "Statutory Authority"	\$929,500

Table 35

**RETIREMENT BENEFITS**

**Function** Funding was added to this program as a result of House Bill 213, "Unused Sick Leave at Retirement Amendments," 2005 General Session.

**Intent Language** During the 2006 General Session the Legislature passed the following intent language for FY 2006 in H.B. 1:

*It is the intent of the Legislature that funds appropriated to implement provisions of Unused Sick Leave at Retirement Amendments (H.B. 213, 2005 General Session) shall not lapse.*

**Funding Detail** FY 2005 one-time funds were to be used by the Retirement Office to set up new programs to track unused sick leave. Ongoing funds were to be used to monitor the programs. During the 2007 General Session the Legislature will decide whether to continue funding this program.

Budget History - Administrative Services - Finance - Mandated - Retirement Benefits					
	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Appropriated
<b>Sources of Finance</b>					
General Fund	0	0	0	50,000	50,000
General Fund, One-time	0	0	0	150,000	0
Closing Nonlapsing	0	0	0	(200,000)	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	0	0	0	0	50,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>

Table 36

**CHAPTER 11 POST-CONVICTION INDIGENT DEFENSE FUND**

**Function**

The Legislature appropriated funds to the Division of Finance pursuant to UCA 78-35a-202. This section of code allows persons convicted to the death sentence to challenge the conviction and have counsel appointed. If a defendant requests counsel and is determined by the court to be indigent, costs of counsel and other reasonable litigation expenses incurred in providing the representation must be paid from state funds by the Division of Finance.

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.

**Funding Detail**

This program has operated on carry-forward balances since FY 2002, and should be able to continue doing so in FY 2007. After expending \$50,600 in FY 2006, the fund has \$269,400 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 2007 and FY 2008 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 2002 are \$45,700*

**Post-Conviction Indigent Defense Fund Expenditures**

FY 2000	\$23,000
FY 2001	22,300
FY 2002	27,400
FY 2003	63,800
FY 2004	42,000
FY 2005	44,600
FY 2006	50,600

<b>Budget History - Administrative Services - Post Conviction Indigent Defense - Post Conviction Indigent Defense Fund</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Beginning Nonlapsing	470,400	406,600	364,600	320,000	246,000
Closing Nonlapsing	(406,600)	(364,600)	(320,000)	(269,400)	(172,000)
<b>Total</b>	<b>\$63,800</b>	<b>\$42,000</b>	<b>\$44,600</b>	<b>\$50,600</b>	<b>\$74,000</b>
<b>Categories of Expenditure</b>					
Current Expense	63,800	42,000	44,600	50,600	74,000
<b>Total</b>	<b>\$63,800</b>	<b>\$42,000</b>	<b>\$44,600</b>	<b>\$50,600</b>	<b>\$74,000</b>

**Table 37**



**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 ninety percent of all complaints, resolves five percent by stipulation, and conducts formal hearings for five percent of all complaints.

<b>Judicial Conduct Commission Membership</b>			
<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	Elaine Englehardt, PhD
Rep. Neal Hendrickson			Flora Ogan
Rep. Gordon Snow			

**Table 38**

**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. 4, 2006 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 2006 report.

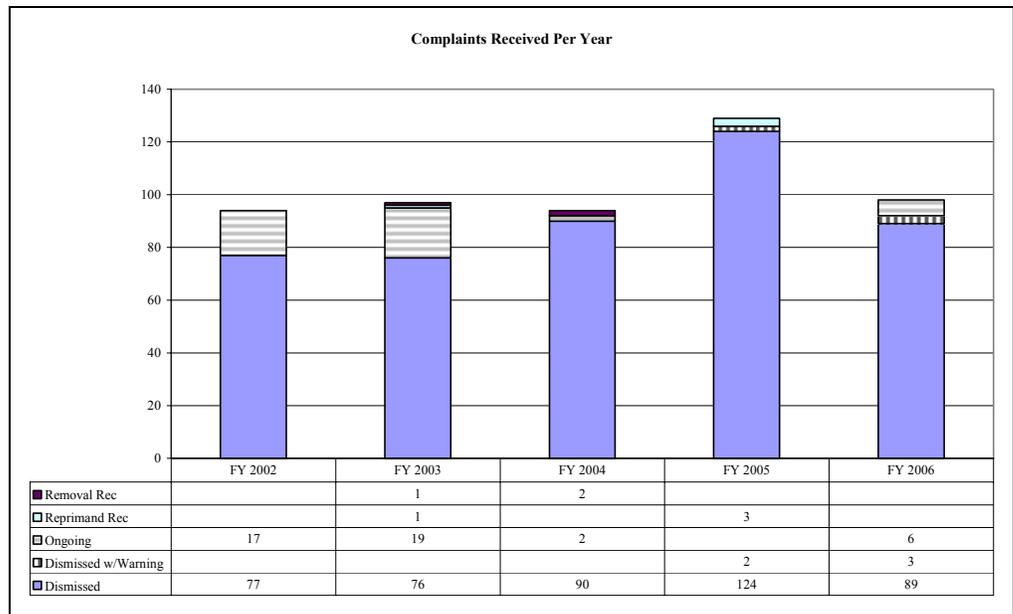


Figure 21

**Measure:** Complaints received per year.

**Goal:** Promote public confidence in the judicial system and create greater awareness of proper judicial conduct for judges and the citizens they serve.

**Methodology:** Count of investigations received and their disposition.

**Measure Type:** Output.

**Funding Detail**

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

Budget History - Administrative Services - Judicial Conduct Commission					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	218,500	220,300	223,200	229,200	244,500
General Fund, One-time	0	800	1,000	0	(600)
Beginning Nonlapsing	13,400	34,200	48,000	41,600	39,100
Closing Nonlapsing	(34,200)	(48,000)	(41,600)	(54,000)	(35,400)
<b>Total</b>	<b>\$197,700</b>	<b>\$207,300</b>	<b>\$230,600</b>	<b>\$216,800</b>	<b>\$247,600</b>
<b>Categories of Expenditure</b>					
Personal Services	144,700	161,400	168,000	174,700	192,900
In-State Travel	7,600	6,000	6,200	7,100	6,300
Out of State Travel	6,000	2,800	5,600	2,100	5,300
Current Expense	35,800	29,200	44,900	25,400	38,300
DP Current Expense	3,600	7,900	5,900	2,300	4,800
Capital Outlay	0	0	0	5,200	0
<b>Total</b>	<b>\$197,700</b>	<b>\$207,300</b>	<b>\$230,600</b>	<b>\$216,800</b>	<b>\$247,600</b>
<b>Other Data</b>					
Budgeted FTE	2.4	2.0	2.0	1.9	1.9
Actual FTE	1.6	1.7	1.8	1.8	0.0

Table 39

**CHAPTER 13 PURCHASING AND GENERAL SERVICES****Function**

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.

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.

**Statutory Authority**

The Utah Procurement Code (UCA 63-56-204) requires the director to:

- 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
- Establish and maintain programs for the inspection, testing and acceptance of supplies, services, and construction
- Prepare statistical data concerning the procurement and usage of all supplies, services and construction
- Approve new information technology contract only after the chief information officer has submitted a written needs analysis

**Accountability**

State Purchasing manages cooperative contracts that are utilized by state agencies, institutions of higher education, school districts, and local governments. Usage of the contracts is mandatory by state agencies, but voluntary by political subdivisions. Thus political subdivision usage of the contracts is a barometer of whether the contracts provide best value.

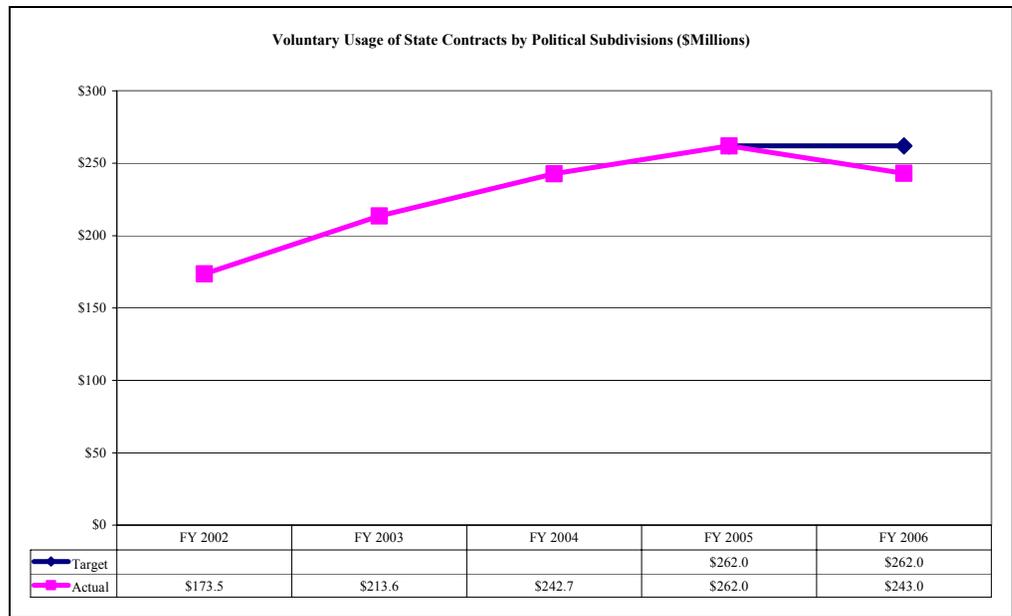


Figure 22

**Measure:** Voluntary usage of state contracts by political subdivisions.

**Goal:** Simple, clear, modern procurement procedures that demonstrate best value for users.

**Methodology:** Dollar usage of state cooperative contracts by political subdivisions.

**Measure Type:** Outcome.

**Note:** Use of state contracts by political subdivisions increased by 51 percent between FY 2002 and FY 2005, but declined slightly in FY 2006. The division reports that these numbers can be difficult to collect and changes may be nothing more than variations in data gathering methodologies. Still, this may be an indication that the value of the state purchasing contracts has been maximized.

**Funding Detail**

Dedicated Credits are generated by contract management cost reimbursements. The division participates in and manages several multi-state contracts for the Western States Contracting Alliance (WSCA) – a contracting alliance of fifteen western states. Utah has the lead on data communications, small package delivery, and other types of contracts.

<b>Budget History - Administrative Services - Purchasing - Purchasing and General Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	1,212,400	1,237,900	1,343,500	1,417,900	1,536,700
General Fund, One-time	0	4,400	10,300	0	(4,400)
Dedicated Credits Revenue	66,900	56,700	47,900	24,900	61,800
Beginning Nonlapsing	19,600	29,700	65,800	83,600	2,700
Closing Nonlapsing	(29,700)	(65,800)	(83,600)	(34,200)	0
<b>Total</b>	<b>\$1,269,200</b>	<b>\$1,262,900</b>	<b>\$1,383,900</b>	<b>\$1,492,200</b>	<b>\$1,596,800</b>
<b>Categories of Expenditure</b>					
Personal Services	1,181,900	1,184,400	1,290,200	1,386,900	1,518,600
In-State Travel	800	600	400	1,700	400
Out of State Travel	1,500	2,500	4,300	4,500	4,300
Current Expense	66,400	45,100	54,000	80,100	57,100
DP Current Expense	18,600	30,300	35,000	19,000	16,400
<b>Total</b>	<b>\$1,269,200</b>	<b>\$1,262,900</b>	<b>\$1,383,900</b>	<b>\$1,492,200</b>	<b>\$1,596,800</b>
<b>Other Data</b>					
Budgeted FTE	23.0	24.0	21.5	21.5	21.5
Actual FTE	22.2	20.9	22.0	22.2	0.0

**Table 40**



**CHAPTER 14 CHILD WELFARE PARENTAL DEFENSE**

**Function**

House Bill 268 (2004 General Session) created the Office of Child Welfare Parental Defense and transferred ongoing funds from the Department of Human Services to the Child Welfare Parental Defense Fund line item.

During the 2005 Session the Legislature opted to outsource the services formerly provided by this program. Therefore the Legislature redirected the program’s budget to the DAS Executive Director’s Office for the purpose of overseeing the contract.

The budget for this program is therefore no longer contained in this line item. Please see Chapter 5 for budget detail after FY 2005.

<b>Budget History - Administrative Services - Child Welfare Parental Defense - Office of Child Welfare Parental Defense</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	0	0	239,000	0	0
Closing Nonlapsing	0	0	(127,700)	0	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$111,300</b>	<b>\$0</b>	<b>\$0</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	94,200	0	0
In-State Travel	0	0	200	0	0
Current Expense	0	0	11,700	0	0
DP Current Expense	0	0	5,200	0	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$111,300</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	2.0	0.0	0.0
Actual FTE	0.0	0.0	1.2	0.0	0.0

**Table 41**



**CHAPTER 15 DEPARTMENT OF ADMINISTRATIVE SERVICES – ISF SUMMARY**

**Function** 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, mail processing, 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.

ISFs operated by the Department of Administrative Services provide consolidated services to all state agencies. DAS operates four ISFs that are funded by state agencies and one (Debt Collection) that is funded through collections on outstanding debts owed to the state:

- Office of State Debt Collection (restricted special revenue fund)
- Division of Purchasing and General Services (Central Mailing, Electronic Purchasing, and Publishing)
- Division of Fleet Operations
- Risk Management
- Division of Facilities Construction and Management

The Legislature removed the Division of Information Technology Services (ITS) from DAS during the 2005 General Session and placed it in the new Department of Technology Services (H.B. 109). The change became effective on July 1, 2006, the beginning of FY 2007.

**Statutory Authority** 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:

- 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

No capital acquisitions can be made by an Internal Service Fund without legislative approval.

No capital assets can be transferred to an Internal Service Fund without legislative approval.

Working capital for operations must be provided from the following sources in the following order:

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 as long as:

- The debt is repaid over the useful life of the asset
- The Division of Finance does not allow the ISF to have deficit working capital (defined as Current Assets less Current Liabilities less Long Term General Fund Borrowing) greater than ninety percent of the value of the ISF's fixed assets.

### **Accountability**

General Fund borrowing occurs when an agency needs 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 assets through operating revenues, borrowing from the General Fund is allowed under the conditions mentioned above.

The table on the following page shows General Fund debt carried by the DAS ISFs, along with their working capital positions. In most cases, trends show improving financial conditions with reduced General Fund borrowing and increased working capital. Only Risk Management shows an increase in General Fund borrowing, but it remains in solid financial shape.

Looking at trends in General Fund Borrowing and Working Capital helps gauge the fiscal condition of an ISF

General Fund Borrowing by DAS Internal Service Funds					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>General Services: Printing</b>					
Short Term GF Borrowing	\$1,769,200	\$1,639,700	\$1,651,600	\$1,860,200	\$1,591,000
Long Term GF Borrowing	\$1,656,800	\$1,318,800	\$2,279,400	\$2,060,200	\$1,913,500
Total GF Borrowing	\$3,426,000	\$2,958,500	\$3,931,000	\$3,920,400	\$3,504,500
Working Capital*	(\$2,974,300)	(\$2,695,300)	(\$3,849,500)	(\$3,848,700)	(\$3,333,700)
90% Value of Fixed Assets	\$3,168,100	\$2,955,000	\$3,906,400	\$3,725,300	\$3,332,200
Amount (Over) Under Limit	\$193,800	\$259,700	\$56,900	(\$123,400)	(\$1,500)
<b>ITS (Absorbed by DTS)</b>					
Short Term GF Borrowing	\$3,945,200	\$6,861,300	\$4,291,000	\$0	\$0
Long Term GF Borrowing	\$0	\$0	\$0	\$0	\$0
Total GF Borrowing	\$3,945,200	\$6,861,300	\$4,291,000	\$0	\$0
Working Capital*	\$732,400	(\$3,089,500)	(\$154,000)	\$3,714,100	\$6,267,300
90% Value of Fixed Assets	\$15,122,300	\$14,278,100	\$10,979,200	\$9,040,100	\$10,062,100
Amount (Over) Under Limit	\$15,854,700	\$11,188,600	\$10,825,200	\$12,754,200	\$16,329,400
<b>Fleet Ops: Motor Pool</b>					
Short Term GF Borrowing	\$16,456,600	\$14,264,200	\$14,667,500	\$14,212,100	\$12,859,200
Long Term GF Borrowing	\$11,516,400	\$12,273,900	\$13,454,200	\$9,494,900	\$7,276,800
Total GF Borrowing	\$27,973,000	\$26,538,100	\$28,121,700	\$23,707,000	\$20,136,000
Working Capital*	(\$26,631,200)	(\$25,113,700)	(\$27,069,800)	(\$23,167,100)	(\$19,785,800)
90% Value of Fixed Assets	\$54,864,300	\$51,505,600	\$52,985,100	\$49,318,700	\$48,014,000
Amount (Over) Under Limit	\$28,233,100	\$26,391,900	\$25,915,300	\$26,151,600	\$28,228,200
<b>Fleet Ops: Fuel Network</b>					
Short Term GF Borrowing	\$281,900	\$188,000	\$359,800	\$591,300	\$132,800
Long Term GF Borrowing	\$2,933,900	\$2,864,200	\$4,220,100	\$2,083,300	\$2,315,300
Total GF Borrowing	\$3,215,800	\$3,052,200	\$4,579,900	\$2,674,600	\$2,448,100
Working Capital*	(\$699,700)	(\$564,300)	(\$293,500)	\$360,500	\$2,723,200
90% Value of Fixed Assets	\$957,500	\$837,300	\$742,300	\$656,100	\$613,400
Amount (Over) Under Limit	\$257,800	\$273,000	\$448,800	\$1,016,600	\$3,336,600
<b>Fleet Ops: Federal Surplus Property</b>					
Short Term GF Borrowing	\$0	\$10,400	\$16,100	\$135,900	\$0
Long Term GF Borrowing	\$171,100	\$113,700	\$106,200	\$0	\$0
Total GF Borrowing	\$171,100	\$124,100	\$122,300	\$135,900	\$0
Working Capital*	(\$74,000)	(\$94,100)	(\$123,700)	(\$90,200)	\$14,100
90% Value of Fixed Assets	\$374,300	\$358,800	\$302,200	\$325,400	\$0
Amount (Over) Under Limit	\$300,300	\$264,700	\$178,500	\$235,200	\$14,100
<b>Risk Management: Insurance</b>					
Short Term GF Borrowing	\$0	\$0	\$597,800	\$1,558,100	\$1,159,100
Long Term GF Borrowing	\$0	\$0	\$1,643,100	\$85,000	\$2,035,200
Total GF Borrowing	\$0	\$0	\$2,240,900	\$1,643,100	\$3,194,300
Working Capital*	\$37,715,500	\$38,473,000	\$39,123,500	\$40,450,600	\$41,133,900
90% Value of Fixed Assets	\$98,000	\$73,700	\$50,200	\$31,600	\$14,400
Amount (Over) Under Limit	\$37,813,500	\$38,546,700	\$39,173,700	\$40,482,200	\$41,148,300
<b>Total General Fund Borrowing</b>	<b>\$38,731,100</b>	<b>\$39,534,200</b>	<b>\$43,286,800</b>	<b>\$32,081,000</b>	<b>\$29,282,900</b>

\*Working Capital = Current Assets - Current Liabilities - Long Term GF Borrowing

Table 42

Total General Fund borrowing has dropped by 32 percent since FY 2004 after steadily increasing in the prior three years. Most of this decrease is attributed to reduced borrowing by Fleet Operations, but is also partly attributable to reductions by ITS as it prepared to move to the new Department of Technology Services.

Publishing Program Outsourced

The General Services Printing program's deficit working capital exceeded 90 percent of the value of its fixed assets in FY 2005, a situation that put it out of compliance with statute. The division took significant steps to correct the

problem, primarily outsourcing the program to a private vendor. Table 42 indicates improvement in FY 2006, although still out of compliance by \$1,500. The program will need to improve more rapidly in coming months and years if it is to eliminate its General Fund debt and deficit working capital within five years. The program's rates include a \$0.004 per page debt elimination fee. By privatizing, the division hopes to save customer agencies as much as forty percent while still reducing debt.

*Agencies must pay  
approved ISF rates*

Even though some ISF services are optional, agencies that use the services must pay the 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 has provided agencies with additional funds to pay for rate increases, although many times that additional funding has come from savings in other rates. During times of significant budget constraints, the Legislature could not always provide additional funds to cover increasing rates. Neither does the Legislature always appropriate General Funds, but rather appropriates from existing agency funding sources. This may put 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 turning in vehicles, driving fewer miles, cutting down on mail, or finding other types of efficiencies.

**Funding Detail**

Dedicated Credits – Intragovernmental Revenue come from charges to customer agencies. Premiums are collected by Risk Management for its insurance programs. Restricted revenue comes from the Workers Compensation Fund administered by the Division of Risk Management.

<b>Budget History - Department of Administrative Services Internal Service Fund</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Federal Funds	1,080,100	0	0	0	0
Dedicated Credits Revenue	387,100	668,300	771,400	866,400	761,600
Premiums	24,416,700	25,849,300	26,820,900	25,448,100	25,261,100
Licenses/Fees	166,700	21,800	9,200	4,600	9,700
Interest Income	2,161,100	1,446,700	2,121,500	3,366,300	2,387,700
Dedicated Credits - Intragvt Rev	119,662,400	123,850,700	131,321,700	90,344,800	86,816,200
Sale of Fixed Assets	(1,223,600)	(601,000)	(53,400)	476,400	(40,000)
Restricted Revenue	6,345,300	6,108,500	7,350,900	8,031,400	7,540,000
Transfers	360,600	0	0	0	0
Other Financing Sources	(1,800)	(800)	7,500	19,500	8,000
<b>Total</b>	<b>\$153,354,600</b>	<b>\$157,343,500</b>	<b>\$168,349,700</b>	<b>\$128,557,500</b>	<b>\$122,744,300</b>
<b>Line Items</b>					
ISF - Office of State Debt Collection	1,244,300	1,240,200	1,399,600	1,642,300	1,407,000
ISF - Purchasing & General Services	13,937,400	13,982,500	13,904,000	12,839,400	12,818,600
ISF - Information Technology Services	49,737,500	48,262,100	49,857,200	0	0
ISF - Fleet Operations	37,239,900	41,223,000	48,021,400	58,194,900	53,446,000
ISF - Risk Management	32,230,700	32,853,500	35,681,700	36,089,200	34,561,100
ISF - Facilities Management	18,964,800	19,782,200	19,485,800	19,791,700	20,511,600
<b>Total</b>	<b>\$153,354,600</b>	<b>\$157,343,500</b>	<b>\$168,349,700</b>	<b>\$128,557,500</b>	<b>\$122,744,300</b>
<b>Categories of Expenditure</b>					
Personal Services	30,922,700	30,085,100	30,503,500	12,936,100	13,942,500
In-State Travel	93,600	58,000	78,700	39,200	51,300
Out of State Travel	60,800	46,400	58,800	31,500	35,700
Current Expense	89,220,700	91,133,200	100,702,200	94,231,200	91,503,700
DP Current Expense	9,003,600	7,857,900	8,523,100	705,700	819,200
DP Capital Outlay	6,892,000	(74,500)	184,200	0	0
Capital Outlay	0	5,796,500	4,399,400	0	0
Other Charges/Pass Thru	5,716,500	2,944,600	1,763,900	450,500	674,900
Operating Transfers	667,100	3,405,000	5,550,000	2,591,000	1,550,000
Depreciation	14,258,400	14,367,100	14,985,500	13,335,100	15,147,700
<b>Total</b>	<b>\$156,835,400</b>	<b>\$155,619,300</b>	<b>\$166,749,300</b>	<b>\$124,320,300</b>	<b>\$123,725,000</b>
<b>Profit/(Loss)</b>	<b>(\$3,480,800)</b>	<b>\$1,724,200</b>	<b>\$1,600,400</b>	<b>\$4,237,200</b>	<b>(\$980,700)</b>
<b>Other Data</b>					
Budgeted FTE	512.2	501.5	500.5	488.0	244.0
Actual FTE	497.1	484.3	471.8	229.1	0.0
Authorized Capital Outlay	21,060,400	25,187,300	20,776,000	14,103,500	16,067,200
Retained Earnings	17,540,100	18,812,300	20,412,700	17,483,100	12,925,300
Vehicles	317	283	261	158	245

Table 43



**CHAPTER 16 OFFICE OF STATE DEBT COLLECTION (RESTRICTED SPECIAL REVENUE FUND)****Function**

The Office of State Debt Collection is no longer an Internal Service Fund (ISF). Senate Bill 214, *Office of State Debt Collection Amendments*, 2006 General Session, changed the State Debt Collection Fund from an ISF to a restricted special revenue fund. However, at the time the FY 2007 appropriation was made, this program was still an ISF, and is therefore organized in this year's compendium with the other DAS ISFs.

This program had been an internal service fund since 1995. In reality, however, it operated differently than other ISF agencies. Whereas other ISFs provide general services to other state agencies, the OSDC collects past due bills for other agencies, but charges its fees to debtors rather than customer agencies. To recognize the difference, the 2006 Legislature passed S.B. 214.

The program contracts with private vendors to assist in collection of outstanding debt.

**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
- Prepare quarterly and annual reports of the state's receivables
- 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

Among other things, the office may:

- Collect reasonable attorney’s fees and reasonable collection costs
- 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

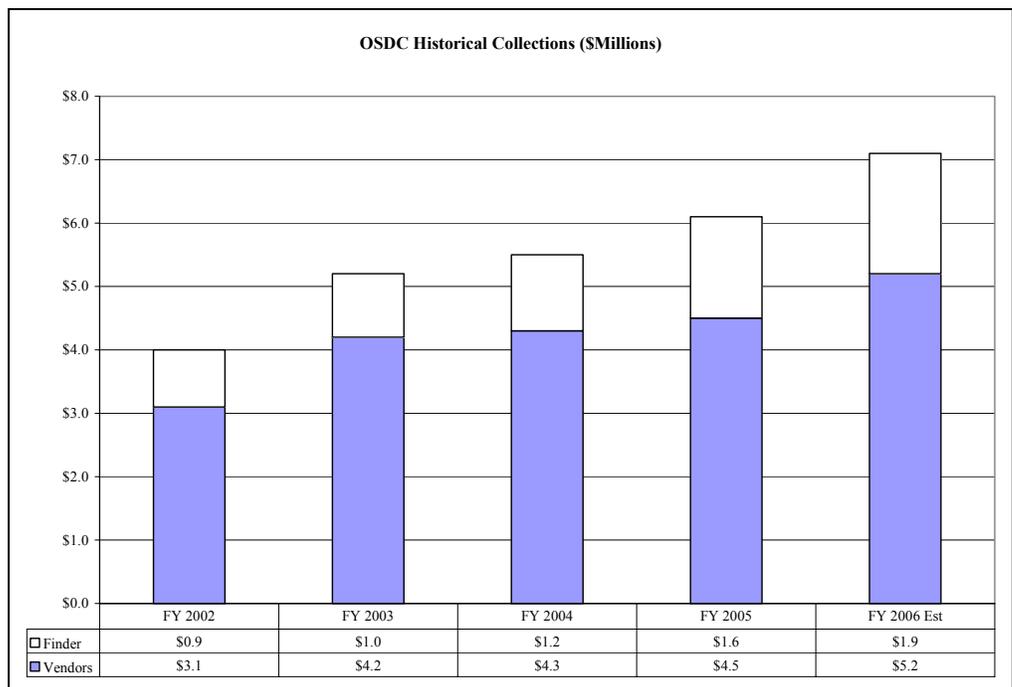
UCA 63A-8-204 requires the office to establish rules to govern collection techniques.

UCA 63A-8-301 creates the restricted special revenue fund and requires:

- Uncommitted monies in the fund be deposited in the General Fund at the end of each fiscal year
- An annual report to the administrative services appropriations subcommittee on the fund balance, revenues and expenditures

**Accountability**

The OSDC historical collections figure shows the effectiveness of collection practices by OSDC and its third party collection vendors.



**Figure 23**

**Measure:** Amounts collected by OSDC using the FINDER program and third party vendors utilizing their internal practices.

**Goal:** Continued increases in the amounts collected.

**Methodology:** Total amounts collected by third party collection vendors and FINDER. These numbers represent all collection of accounts from all state agencies administered by OSDC and also the Tax Commission’s third party collectors.

**Measure Type:** Outcome.

**Note:** FY 2006 numbers are estimates. By the time debt is turned over to OSDC, it has been deemed too difficult to collect by another state agency. In total OSDC continues to collect more dollars than in previous years. Ideally the amount of collections will increase each year, but this is influenced by other factors such as the economy and state agencies’ practices.

The cost to collect one dollar measures the efficiency of OSDC in collecting receivables for the state. Higher amounts mean the office is less efficient.

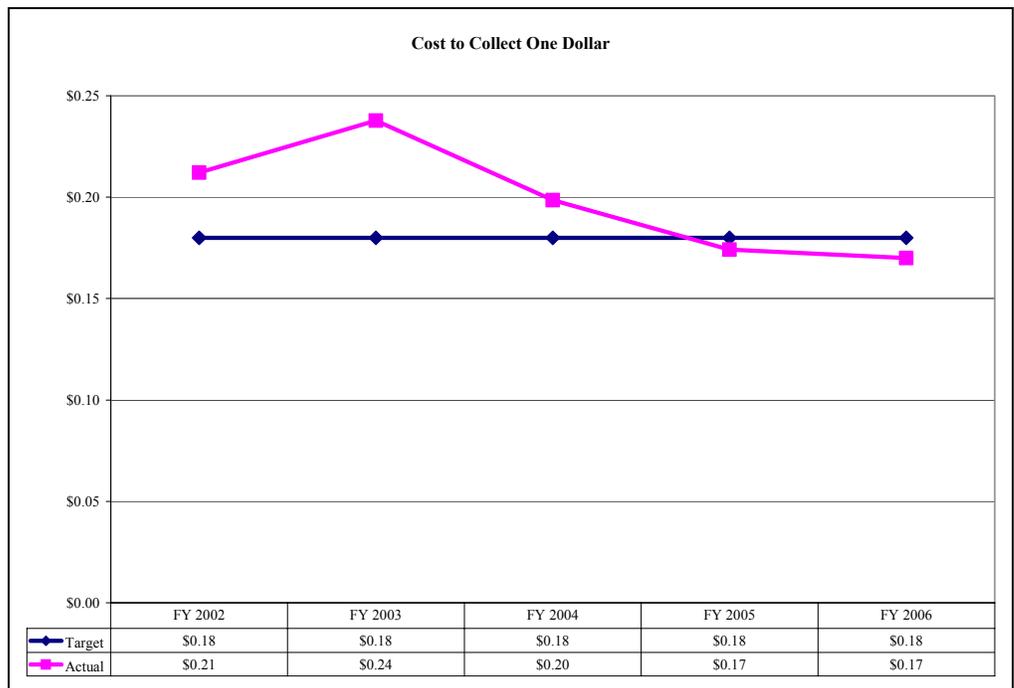


Figure 24

**Measure:** OSDC cost to collect one dollar.

**Goal:** Continued decreases in the cost to collect one dollar, remaining below eighteen cents.

**Methodology:** OSDC expenditures divided by collections.

**Measure Type:** Efficiency.

**Note:** OSDC reached its target in FY 2006. This is the result of increasing collections without increasing FTE.

Another indicator of efficient collections is the percentage of delinquent receivables collected by OSDC.

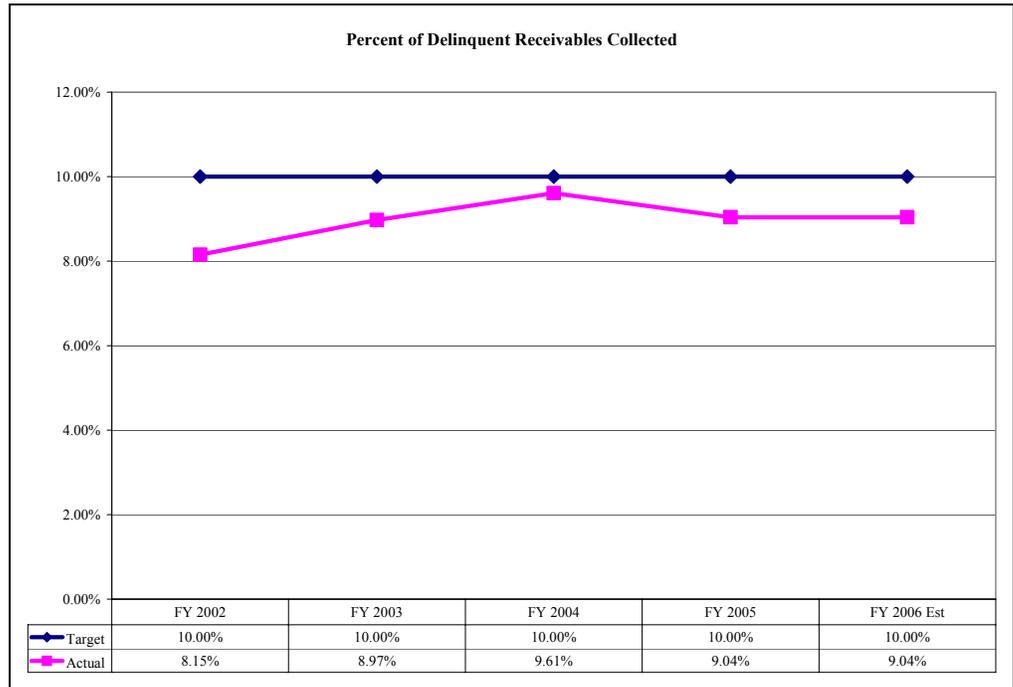


Figure 25

**Measure:** Percent of delinquent receivables collected.

**Goal:** OSDC will maximize collections of debt owed to the state. The target is ten percent.

**Methodology:** The percentage is calculated by dividing the total collected by the net receivable balance.

**Measure Type:** Outcome and efficiency.

**Note:** FY 2006 numbers are estimates. OSDC received thousands of new accounts from the Department of Corrections in FY 2005. OSDC had not received accounts from Corrections in prior years, thus accounting for the downward trend in FY 2005. It was hoped that as OSDC’s vendors became familiar with collecting this type of debt, the percentage would increase, but FY 2006 showed no improvement.

*Deposits to State General Fund*

OSDC’s statute requires that they return uncommitted monies to the General Fund at the end of each fiscal year. Here are actual amounts returned:

FY 2002	\$350,000
FY 2003	\$667,100
FY 2004	\$50,000
FY 2005	\$50,000
FY 2006	\$0

OSDC opted not to transfer any money to the General Fund at the close of FY 2006 even though their retained earnings were higher than usual. They

wanted to keep enough money to run the office in case of a revenue shortfall, yet they had more retained earnings than in prior years when they returned money to the General Fund. OSDC is no longer an ISF, but the standard used by ISFs and allowed by federal auditors is sixty days' worth of reserves. OSDC's FY 2006 retained earnings of \$941,600 represents approximately eight months of reserves.

The office also transfers approximately \$400,000 to the district courts each year to fund collection programs.

**Funding Detail**

During the 2006 General Session the Legislature approved a budget and FTE for this program while it was still an ISF (before passage of S.B. 214 made it a restricted special revenue fund). In the future, appropriations will not be necessary. Revenue is generated for the program by assessing an administrative fee against each collection. No tax funds are appropriated to this program.

<b>Budget History - ISF - Administrative Services - ISF - Office of State Debt Collection - ISF - Debt Collection</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits Revenue	387,100	668,300	771,400	866,400	761,600
Licenses/Fees	166,700	21,800	9,200	4,600	9,700
Interest Income	692,300	550,900	611,500	756,300	627,700
Other Financing Sources	(1,800)	(800)	7,500	15,000	8,000
<b>Total</b>	<b>\$1,244,300</b>	<b>\$1,240,200</b>	<b>\$1,399,600</b>	<b>\$1,642,300</b>	<b>\$1,407,000</b>
<b>Categories of Expenditure</b>					
Personal Services	320,800	339,400	353,100	328,200	364,600
In-State Travel	100	200	200	0	1,000
Current Expense	252,500	378,900	373,600	315,500	475,900
DP Current Expense	15,700	9,800	20,000	25,800	45,100
Other Charges/Pass Thru	421,900	431,700	439,200	430,900	470,400
Operating Transfers	667,100	50,000	50,000	0	50,000
<b>Total</b>	<b>\$1,678,100</b>	<b>\$1,210,000</b>	<b>\$1,236,100</b>	<b>\$1,100,400</b>	<b>\$1,407,000</b>
<b>Profit/(Loss)</b>	<b>(\$433,800)</b>	<b>\$30,200</b>	<b>\$163,500</b>	<b>\$541,900</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	5.0	5.0	5.0	5.0	5.0
Actual FTE	4.9	5.2	5.0	4.7	0.0
Retained Earnings	206,000	236,100	399,600	941,600	399,600

**Table 44**



**CHAPTER 17 PURCHASING AND GENERAL SERVICES (ISF)****Function**

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.

The programs in this line item include:

- Administration
- Central Mailing
- Electronic Purchasing
- Print Services

**Statutory Authority**

Utah Code (63A-2-103) directs the Division of Purchasing and General Services to operate and maintain:

- A central mailing service
- An electronic central store system for procuring goods and services

The director may establish microfilming, duplicating, printing, addressograph, and other central services.

Each state agency must subscribe to the division's central services unless the director delegates this authority as required by UCA 63A-2-104.

Regarding the ISF, UCA 63A-2-103(3) requires the director to:

- 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

**Funding Detail**

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

<b>Budget History - ISF - Administrative Services - ISF - Purchasing &amp; General Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	13,931,400	13,974,200	13,918,100	12,871,400	12,818,600
Sale of Fixed Assets	6,000	8,300	(14,100)	(32,000)	0
<b>Total</b>	<b>\$13,937,400</b>	<b>\$13,982,500</b>	<b>\$13,904,000</b>	<b>\$12,839,400</b>	<b>\$12,818,600</b>
<b>Programs</b>					
ISF - Central Mailing	8,814,900	8,904,000	9,119,500	9,282,000	9,040,900
ISF - Electronic Purchasing	352,300	325,400	329,600	407,200	380,600
ISF - Print Services	4,770,200	4,753,100	4,454,900	3,150,200	3,397,100
<b>Total</b>	<b>\$13,937,400</b>	<b>\$13,982,500</b>	<b>\$13,904,000</b>	<b>\$12,839,400</b>	<b>\$12,818,600</b>
<b>Categories of Expenditure</b>					
Personal Services	2,467,400	2,526,800	2,494,000	2,145,500	2,135,600
In-State Travel	11,900	8,400	6,200	3,200	5,000
Out of State Travel	900	1,200	1,000	2,600	1,800
Current Expense	9,746,500	9,786,600	9,837,700	8,918,400	8,715,600
DP Current Expense	33,000	39,200	24,300	27,000	25,000
Other Charges/Pass Thru	(281,700)	(292,100)	(236,000)	(332,800)	(291,600)
Depreciation	1,462,300	1,641,500	1,724,100	1,676,500	1,848,700
<b>Total</b>	<b>\$13,440,300</b>	<b>\$13,711,600</b>	<b>\$13,851,300</b>	<b>\$12,440,400</b>	<b>\$12,440,100</b>
<b>Profit/(Loss)</b>	<b>\$497,100</b>	<b>\$270,900</b>	<b>\$52,700</b>	<b>\$399,000</b>	<b>\$378,500</b>
<b>Other Data</b>					
Budgeted FTE	63.0	63.0	63.5	60.0	49.0
Actual FTE	62.0	61.2	57.8	49.1	0.0
Authorized Capital Outlay	1,418,600	2,359,400	1,899,900	1,263,000	2,408,400
Retained Earnings	727,400	998,300	1,051,000	1,449,900	1,826,600
Vehicles	16	16	14	14	14

**Table 45**

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

Administration costs should be kept as low as possible so resources can be used for providing services to customer agencies.

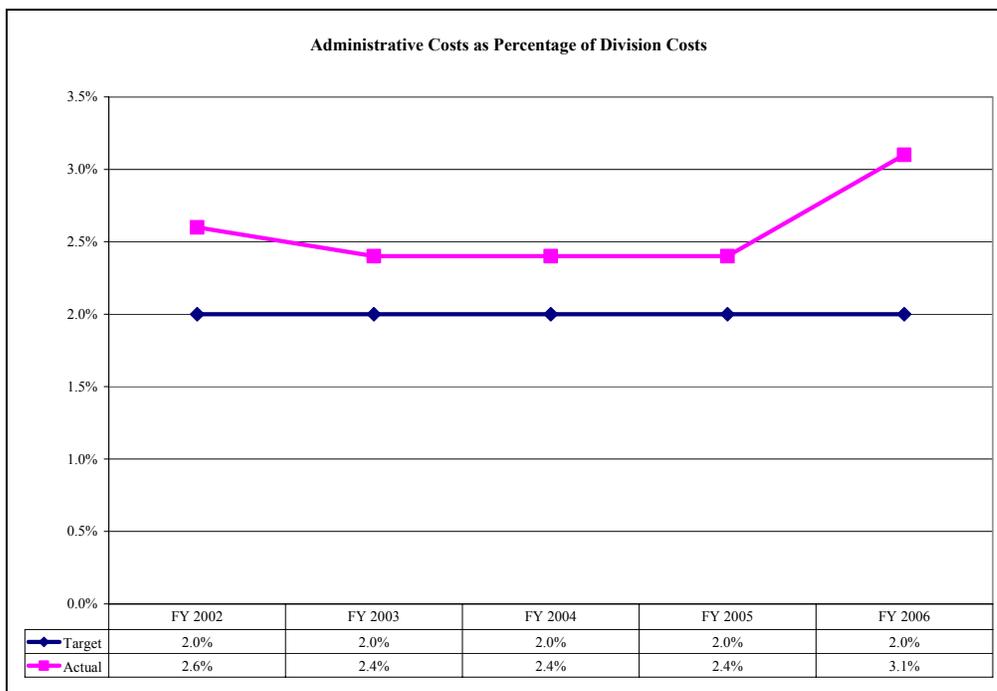


Figure 26

**Measure:** Administrative costs as a percentage of total division costs.

**Goal:** Maintain administrative costs below two percent of total division budget.

**Methodology:** Ratio between total administrative expenses versus total division budget (not counting depreciation expenses).

**Measure Type:** Outcome.

**Note:** The figure for FY 2006 shows worse performance than in prior years. This is partially due to increased administrative costs (\$44,400 more than in FY 2005), but for the most part is due to a decline in division operating expenses as Print Services was contracted out. Therefore a comparison of FY 2006 to prior years may not be valid because conditions are not the same.

**Funding Detail**

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

<b>Budget History - Administrative Services - ISF - Purchasing &amp; General Services - Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
<b>Total</b>	\$0	\$0	\$0	\$0	\$0
<b>Categories of Expenditure</b>					
Personal Services	220,800	224,200	231,000	254,400	233,700
In-State Travel	1,100	0	0	0	0
Current Expense	33,100	31,100	34,100	51,600	34,900
DP Current Expense	29,600	34,200	23,300	23,500	23,000
Other Charges/Pass Thru	(281,700)	(292,100)	(288,400)	(332,800)	(291,600)
<b>Total</b>	\$2,900	(\$2,600)	\$0	(\$3,300)	\$0
<b>Profit/(Loss)</b>	(\$2,900)	\$2,600	\$0	\$3,300	\$0
<b>Other Data</b>					
Budgeted FTE	3.0	3.0	3.0	3.0	3.0
Actual FTE	4.0	3.4	3.0	3.0	0.0
Retained Earnings	(5,700)	(3,100)	(3,100)	200	(3,100)

**Table 46**

CENTRAL MAILING

**Function**

State Mail provides mail services for agencies throughout the state. 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. 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 performed by the division.

**Accountability**

State Mail Services is primarily a production environment. Efficiency can be measured by calculating the number of tasks performed per hour.

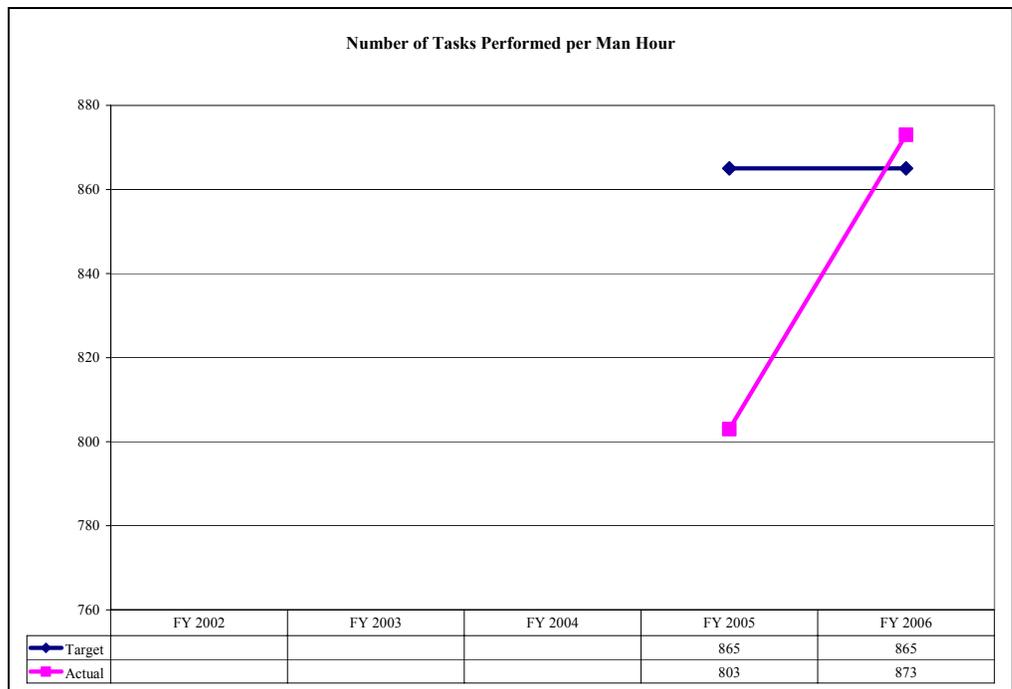


Figure 27

**Measure:** Number of tasks performed per man hour.

**Goal:** Increase productivity and efficiency by reaching a level of 865 tasks completed per hour.

**Methodology:** Calculation of tasks performed divided by total man hours. A “task” is each process for which the program has established a rate (e.g. folding, inserting, metering, OCRing, etc.). Data are collected through barcodes containing billing information. The central accounting system tracks each task by mail account for monthly billing.

**Measure Type:** Efficiency

**Note:** State Mail established an aggressive target to reach 865 tasks completed per hour, and was able to surpass it in FY 2006. Improvements are

due to upgrading most of their postage meters (eliminating a number of preliminary screening steps), ongoing training and retraining programs, and employee recognition.

**Funding Detail**

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2007 General Session.

<b>Budget History - Administrative Services - ISF - Purchasing &amp; General Services - Central Mailing</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	8,814,900	8,904,000	9,131,900	9,316,300	9,040,900
Sale of Fixed Assets	0	0	(12,400)	(34,300)	0
<b>Total</b>	<b>\$8,814,900</b>	<b>\$8,904,000</b>	<b>\$9,119,500</b>	<b>\$9,282,000</b>	<b>\$9,040,900</b>
<b>Categories of Expenditure</b>					
Personal Services	1,406,700	1,427,000	1,490,800	1,574,900	1,525,200
In-State Travel	4,800	3,800	3,800	500	3,800
Out of State Travel	500	800	500	1,400	1,200
Current Expense	7,037,800	7,118,800	7,307,700	7,428,400	7,301,300
DP Current Expense	1,800	200	100	3,400	100
Depreciation	73,900	102,900	136,000	167,600	238,000
<b>Total</b>	<b>\$8,525,500</b>	<b>\$8,653,500</b>	<b>\$8,938,900</b>	<b>\$9,176,200</b>	<b>\$9,069,600</b>
<b>Profit/(Loss)</b>	<b>\$289,400</b>	<b>\$250,500</b>	<b>\$180,600</b>	<b>\$105,800</b>	<b>(\$28,700)</b>
<b>Other Data</b>					
Budgeted FTE	38.0	38.0	38.8	38.8	39.8
Actual FTE	38.2	38.7	40.0	41.1	0.0
Authorized Capital Outlay	160,000	73,500	492,400	157,700	380,000
Retained Earnings	1,600,200	1,850,700	2,031,300	2,137,100	1,996,300
Vehicles	14	14	14	14	14

**Table 47**

ELECTRONIC PURCHASING

**Function**

Prior to 1997, Central Stores was the state's outlet for office and specialty supplies. Supplies were furnished at a lower markup than that 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 private sector vendors to make direct deliveries and invoicing to state agencies and institutions. Office supplies are delivered directly to agencies within 24 hours of order receipt. The division provides contract management services for these outsourced contracts.

*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.

An audit conducted in the summer of 2006 concluded that the purchasing card is an efficient tool, but lacked sufficient oversight to prevent fraud or abuse. The auditors didn't find any evidence of fraud or abuse. The agency agreed with the findings and promised to take steps to improve oversight.

**Accountability**

Since use of the P-Card has established itself as the most efficient way to make small purchases, the volume of P-Card purchasing is an indicator of statewide efficiency in making small transactions.

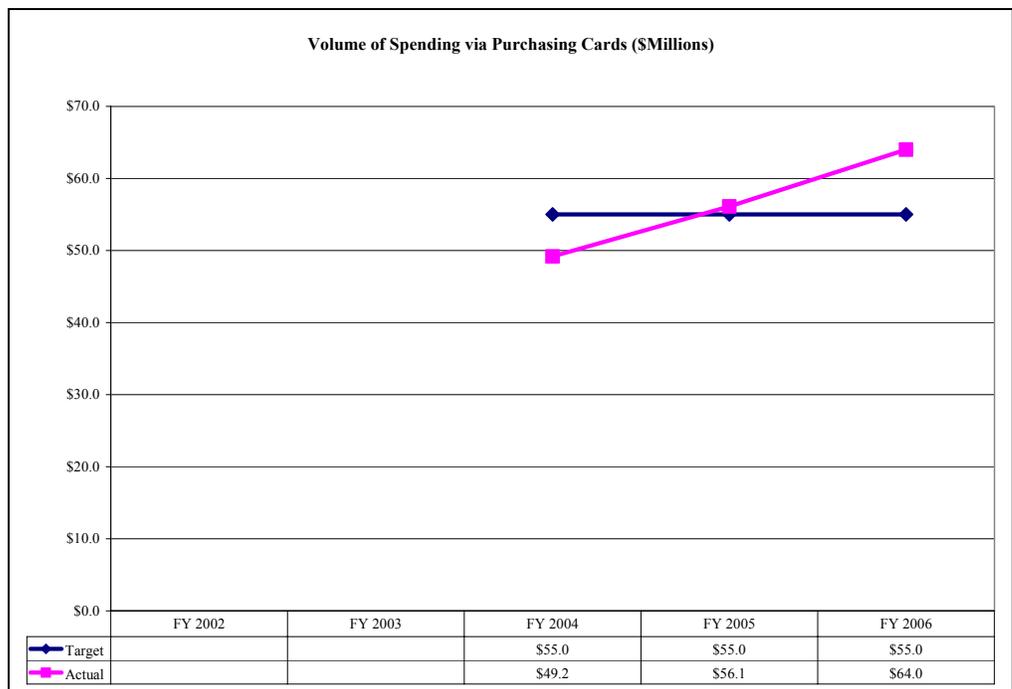


Figure 28

**Measure:** Volume of spending via P-Cards

**Goal:** Increased awareness and use of using P-Card for small purchasing transactions, free from fraud or abuse.

**Methodology:** Calculation of dollar amounts (in millions).

**Measure Type:** Output/Efficiency

**Note:** Of the total expenditures shown in FY 2006, \$10.7 million was by state agencies and the balance was by higher education or local governments. State agency use of the card is actually down from \$12 million in FY 2005, indicating a need to better promote the value of the card to state agency personnel. Because the state has negotiated rebates with the card issuer, and transaction costs are low, the state benefits financially by using the card to pay bills.

**Funding Detail**

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2007 General Session.

<b>Budget History - Administrative Services - ISF - Purchasing &amp; General Services - Electronic Purchasing</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	352,300	325,400	329,600	407,200	380,600
<b>Total</b>	<b>\$352,300</b>	<b>\$325,400</b>	<b>\$329,600</b>	<b>\$407,200</b>	<b>\$380,600</b>
<b>Categories of Expenditure</b>					
Personal Services	111,200	133,900	137,900	121,300	177,200
In-State Travel	800	1,300	700	600	800
Out of State Travel	0	0	0	200	0
Current Expense	72,000	72,400	65,700	73,300	68,100
DP Current Expense	0	2,800	500	100	500
Other Charges/Pass Thru	0	0	52,400	0	0
Depreciation	0	0	0	0	50,000
<b>Total</b>	<b>\$184,000</b>	<b>\$210,400</b>	<b>\$257,200</b>	<b>\$195,500</b>	<b>\$296,600</b>
<b>Profit/(Loss)</b>	<b>\$168,300</b>	<b>\$115,000</b>	<b>\$72,400</b>	<b>\$211,700</b>	<b>\$84,000</b>
<b>Other Data</b>					
Budgeted FTE	5.0	4.0	4.0	4.0	3.0
Actual FTE	2.0	2.4	2.3	2.0	0.0
Authorized Capital Outlay	0	0	0	0	250,000
Retained Earnings	200,300	315,300	387,700	599,300	552,600

**Table 48**

PRINT SERVICES

**Function**

Print Services operates a self-service copier program and service centers. The division contracts with Xerox to operate service centers providing high speed copying and finishing services, though the program is still managed by the division. The program seeks to offer high quality copy services at below market prices. Agencies are not required to use State Print Services if other options are more cost effective. The division hopes that contracting the service centers will result in approximately forty percent savings to customer agencies while eliminating negative retained earnings.

**Intent Language**

The 2006 Legislature adopted the following intent language for FY 2006 in H.B. 1:

*It is the intent of the Legislature that proceeds from the privatization and sale of Copy Services equipment be returned to the Division of Purchasing and General Services, less a negotiated fee to cover the Surplus Property costs for processing and handling.*

**Accountability**

In addition to service centers contracted to Xerox, the program still leases self-service copiers to agencies. The rate at which customers renew their accounts is a good measure of the value provided by the service.

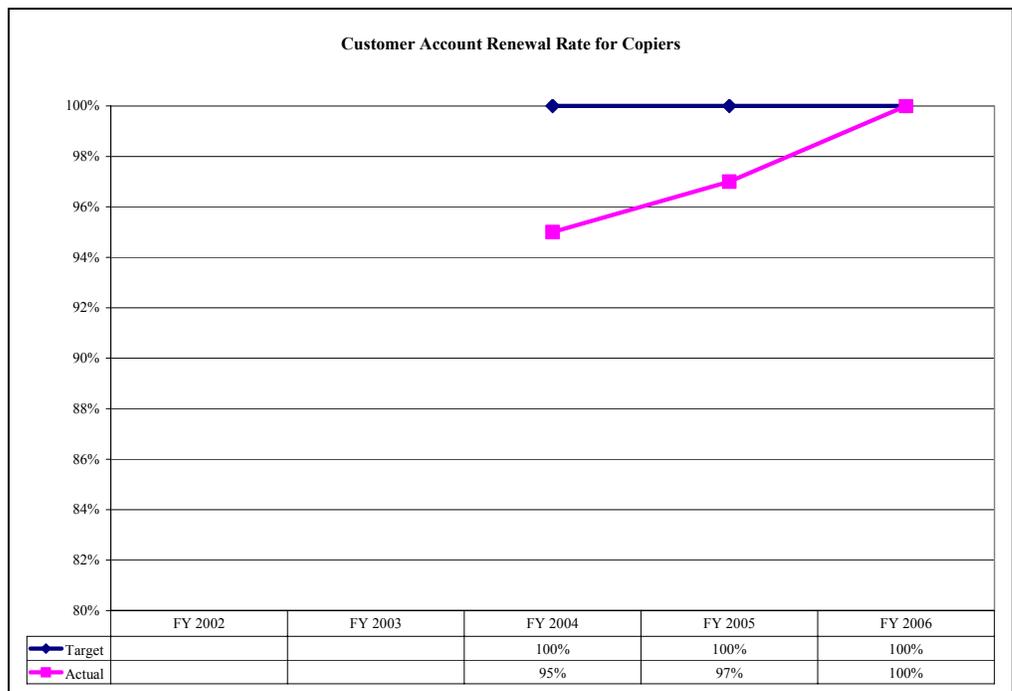


Figure 29

**Measure:** Customer account renewal rate for copiers.

**Goal:** 100% renewal rate.

**Methodology:** Number of customers who renew their copier lease, divided by the total number of prior customers.

**Measure Type:** Outcome.

**Note:** This is a measure of customer satisfaction both with customer service provided by the program and the financial value of the service. In FY 2006 the program for the first time reached its target of 100%.

*Retained Earnings*

In response to legislative concerns, several years ago the division consolidated operations and reduced equipment in an effort to return to profitability and reverse losses in retained earnings. However, the division was not able to reduce its debt. Further, the division's deficit working capital fell below the statutory limit of 90 percent of the value of its fixed assets in FY 2005.

**Print Services Retained Earnings**

FY 2001	(\$1,604,500)
FY 2002	(\$1,109,700)
FY 2003	(\$1,067,400)
FY 2004	(\$1,164,600)
FY 2005	(\$1,364,900)
FY 2006	(\$1,286,700)

The program improved slightly in FY 2006 (see also Table 42) but will need to improve more rapidly in coming months and years if it is to eliminate its negative retained earnings, General Fund debt and deficit working capital within five years. The program's rates include a \$0.004 per page debt elimination fee.

**Funding Detail**

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2007 General Session.

<b>Budget History - Administrative Services - ISF - Purchasing &amp; General Services - Print Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	4,764,200	4,744,800	4,456,600	3,147,900	3,397,100
Sale of Fixed Assets	6,000	8,300	(1,700)	2,300	0
<b>Total</b>	<b>\$4,770,200</b>	<b>\$4,753,100</b>	<b>\$4,454,900</b>	<b>\$3,150,200</b>	<b>\$3,397,100</b>
<b>Categories of Expenditure</b>					
Personal Services	728,700	741,700	634,300	194,900	199,500
In-State Travel	5,200	3,300	1,700	2,100	400
Out of State Travel	400	400	500	1,000	600
Current Expense	2,603,600	2,564,300	2,430,200	1,365,100	1,311,300
DP Current Expense	1,600	2,000	400	0	1,400
Depreciation	1,388,400	1,538,600	1,588,100	1,508,900	1,560,700
<b>Total</b>	<b>\$4,727,900</b>	<b>\$4,850,300</b>	<b>\$4,655,200</b>	<b>\$3,072,000</b>	<b>\$3,073,900</b>
<b>Profit/(Loss)</b>	<b>\$42,300</b>	<b>(\$97,200)</b>	<b>(\$200,300)</b>	<b>\$78,200</b>	<b>\$323,200</b>
<b>Other Data</b>					
Budgeted FTE	17.0	18.0	17.8	14.3	3.3
Actual FTE	17.8	16.8	12.5	3.0	0.0
Authorized Capital Outlay	1,258,600	2,285,900	1,407,500	1,105,300	1,778,400
Retained Earnings	(1,067,400)	(1,164,600)	(1,364,900)	(1,286,700)	(719,200)
Vehicles	2	2	0	0	0

**Table 49**

**CHAPTER 18 DIVISION OF INFORMATION TECHNOLOGY SERVICES (ISF)****Function**

The Division of Information Technology Services (ITS) was part of the Department of Administrative Services through fiscal year 2006. House Bill 109, *Information Technology Governance Amendments* (2005 General Session) created the Department of Technology Services (DTS) and transferred ITS' functions to the new department. For more information on DTS, see chapters 24 and 25.

ITS provided centralized data processing and communication service to all agencies of state government as well as various local entities. The division was an internal service fund.

ITS' data processing services included software licensing and development, central computing, wide area network connectivity, and consultation. Its telecommunications services included negotiating the purchase, lease or rental of private or public telecommunications services, and operating the state's network of microwave sites.

**Statutory Authority**

The following sections of Utah code governed the Division of Information Technology Services. The first title is repealed by *Information Technology Governance Amendments* (H.B. 109, 2005 General Session).

- 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.

**Funding Detail**

There were fourteen separate programs in this division prior to FY 2006. Detail on the ITS budget is included below for historical purposes.

<b>Budget History - Administrative Services - ISF - Information Technology Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Federal Funds	1,080,100	0	0	0	0
Dedicated Credits - Intragvt Rev	48,296,800	48,262,100	49,857,200	0	0
Transfers	360,600	0	0	0	0
<b>Total</b>	<b>\$49,737,500</b>	<b>\$48,262,100</b>	<b>\$49,857,200</b>	<b>\$0</b>	<b>\$0</b>
<b>Programs</b>					
ISF - ITS Administration and Finance	0	0	(117,400)	0	0
ISF - Network Services	11,059,900	12,808,900	13,872,600	0	0
ISF - Voice Services	16,331,900	16,805,100	15,567,800	0	0
ISF - Computing	0	0	2,500	0	0
ISF - Mainframe Hosting	14,122,200	38,929,200	56,448,500	0	0
ISF - Desktop/LAN Support	4,708,800	4,790,900	4,691,400	0	0
ISF - Storage Services	2,514,400	4,277,000	3,636,800	0	0
ISF - Web Hosting	206,500	203,500	326,800	0	0
ISF - Application Development	137,200	891,600	397,200	0	0
ISF - Reporting Services	0	0	2,400	0	0
ISF - Wireless Tech Services	2,091,300	1,923,400	1,866,800	0	0
ISF - ITS Support Services	552,200	502,000	953,800	0	0
ISF - Automated Geographic Ref Ctr	2,206,900	0	0	0	0
ISF - Clearing	(4,193,800)	(32,869,500)	(47,792,000)	0	0
<b>Total</b>	<b>\$49,737,500</b>	<b>\$48,262,100</b>	<b>\$49,857,200</b>	<b>\$0</b>	<b>\$0</b>
<b>Categories of Expenditure</b>					
Personal Services	18,066,000	17,267,600	17,247,300	0	0
In-State Travel	46,700	26,000	37,700	0	0
Out of State Travel	38,700	29,100	41,400	0	0
Current Expense	17,589,100	17,575,100	17,111,700	0	0
DP Current Expense	8,508,500	7,178,100	7,738,200	0	0
DP Capital Outlay	6,880,200	(74,500)	184,200	0	0
Capital Outlay	0	5,796,500	4,399,400	0	0
Other Charges/Pass Thru	3,443,000	742,200	1,383,900	0	0
<b>Total</b>	<b>\$54,572,200</b>	<b>\$48,540,100</b>	<b>\$48,143,800</b>	<b>\$0</b>	<b>\$0</b>
<b>Profit/(Loss)</b>	<b>(\$4,834,700)</b>	<b>(\$278,000)</b>	<b>\$1,713,400</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	248.0	240.0	241.0	236.0	0.0
Actual FTE	250.7	236.7	227.8	0.0	0.0
Authorized Capital Outlay	5,745,800	5,732,800	6,072,500	0	0
Retained Earnings	6,183,400	5,453,400	7,166,800	0	0
Vehicles	23	24	23	0	0

Table 50

**CHAPTER 19 DIVISION OF FLEET OPERATIONS (ISF)**

<b>Function</b>	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.
<b>Statutory Authority</b>	<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"> <li>➤ Perform all administrative duties related to managing the state's vehicles</li> <li>➤ Coordinate all purchases of state vehicles</li> <li>➤ Establish fleet information system(s) for state vehicles</li> <li>➤ Make rules regarding maintenance, safety, loss prevention, procurement, fuel management, cost management, disposal, reallocation, rate structures, and insurance requirements for state vehicles</li> <li>➤ Establish a parts inventory</li> <li>➤ Create and administer a fuel dispensing service</li> <li>➤ Emphasize customer service</li> <li>➤ Conduct an annual audit of all state vehicles</li> <li>➤ Charge rates approved by the Rate Committee and Legislature</li> <li>➤ Conduct a market analysis by July 1, 2005</li> <li>➤ By November 1 of each year submit a state-owned vehicle report to the governor and legislative fiscal analyst</li> </ul> <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>

**Funding Detail**

This budgetary line item contains five programs. However, the Administration program exists only to account for overhead costs of services provided to the other four programs. Note that retained earnings increased by \$3.8 million in FY 2006. This occurred in the Motor Pool program (\$1.5M) and Fuel Network program (\$2.3M). The division is proposing a rate reduction in the Fuel Network program for FY 2008 to bring revenues down closer to a breakeven point. Retained earnings in the “2007 Appropriated” column are not an estimate, but a figure that was appropriated during the 2006 General Session based on the numbers available at that point. Retained earnings are best analyzed by following the trend from the “2003 Actual” to “2006 Actual” columns.

<b>Budget History - ISF - Administrative Services - ISF - Fleet Operations</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	38,462,300	41,832,300	48,060,700	57,682,000	53,486,000
Sale of Fixed Assets	(1,222,400)	(609,300)	(39,300)	508,400	(40,000)
Other Financing Sources	0	0	0	4,500	0
<b>Total</b>	<b>\$37,239,900</b>	<b>\$41,223,000</b>	<b>\$48,021,400</b>	<b>\$58,194,900</b>	<b>\$53,446,000</b>
<b>Programs</b>					
ISF - Motor Pool	21,335,200	21,844,000	23,616,200	25,432,800	26,105,700
ISF - Fuel Network	14,687,300	18,422,500	23,232,200	31,876,600	26,250,000
ISF - State Surplus Property	881,200	824,400	1,078,900	870,400	1,075,000
ISF - Federal Surplus Property	336,200	132,100	94,100	15,100	15,300
<b>Total</b>	<b>\$37,239,900</b>	<b>\$41,223,000</b>	<b>\$48,021,400</b>	<b>\$58,194,900</b>	<b>\$53,446,000</b>
<b>Categories of Expenditure</b>					
Personal Services	2,551,100	2,504,400	2,572,100	2,582,100	3,217,900
In-State Travel	3,600	3,800	5,200	6,200	13,400
Out of State Travel	9,500	5,700	9,000	6,400	8,900
Current Expense	22,319,700	26,294,500	31,559,800	39,812,900	35,870,500
DP Current Expense	135,600	142,300	143,300	185,200	152,300
DP Capital Outlay	11,800	0	0	0	0
Other Charges/Pass Thru	953,100	169,500	103,500	100,700	120,600
Operating Transfers	0	0	0	78,300	0
Depreciation	12,709,300	12,644,800	13,203,300	11,603,400	13,217,600
<b>Total</b>	<b>\$38,693,700</b>	<b>\$41,765,000</b>	<b>\$47,596,200</b>	<b>\$54,375,200</b>	<b>\$52,601,200</b>
<b>Profit/(Loss)</b>	<b>(\$1,453,800)</b>	<b>(\$542,000)</b>	<b>\$425,200</b>	<b>\$3,819,700</b>	<b>\$844,800</b>
<b>Other Data</b>					
Budgeted FTE	49.8	47.5	45.0	43.0	43.0
Actual FTE	44.3	42.0	41.1	39.1	0.0
Authorized Capital Outlay	13,890,500	17,061,100	12,752,500	12,788,200	13,507,300
Retained Earnings	2,529,100	1,987,100	2,412,300	6,232,000	2,568,500
Vehicles	197	166	147	65	150

**Table 51**

PROGRAMS – DIVISION OF FLEET OPERATIONS

ADMINISTRATION

Function

The Administration program is responsible for the management, accounting and budget functions of the Division of Fleet Operations. This program is also responsible for billing and associated activities. It coordinates the annual rate package and distributes the annual budget for the division. The programs are charged administrative costs in proportion to their share of the total division budget.

Accountability

Administration costs should be kept as low as possible so resources can be used for providing services to customer agencies.

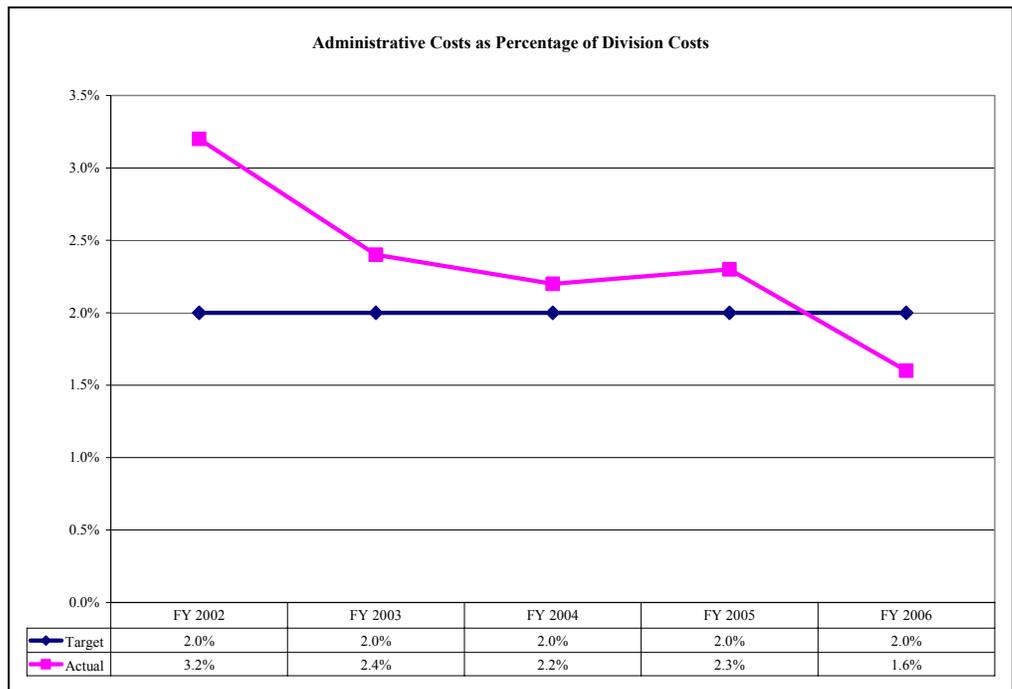


Figure 30

**Measure:** Administrative costs as a percentage of total division costs.

**Goal:** Maintain administrative costs below two percent of total division budget.

**Methodology:** Ratio between total administrative expenses versus total division budget (not counting depreciation expenses).

**Measure Type:** Outcome.

**Note:** Figure 30 shows the division dropped its administrative overhead to 1.6 percent in FY 2006. Reasons are twofold: 1) An overhead cost reduction of \$200,000 as turnover savings and employee transfers reduced actual FTE by 1.6; 2) Total division costs increased by \$7 million, almost entirely because of increased fuel costs (see the Fuel Network program).

**Funding Detail**

All expenses in this program are passed through to the programs in proportion to their share of the total division budget. Actual FTE in FY 2006 dropped by 1.6 due to turnover savings as the old director left and it took some time to hire a new director, and an internal employee transfer.

<b>Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Fleet Administration</b>					
<b>Sources of Finance</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Appropriated</b>
<b>Total</b>	\$0	\$0	\$0	\$0	\$0
<b>Categories of Expenditure</b>					
Personal Services	578,200	573,300	726,100	526,300	655,400
In-State Travel	500	500	1,100	200	800
Out of State Travel	3,200	3,600	4,800	3,000	2,600
Current Expense	34,800	40,500	41,100	96,500	35,000
DP Current Expense	35,600	87,000	87,500	37,900	42,200
DP Capital Outlay	7,400	0	0	0	0
Other Charges/Pass Thru	(659,700)	(708,100)	(860,600)	(663,900)	(736,000)
Depreciation	0	3,200	0	0	0
<b>Total</b>	\$0	\$0	\$0	\$0	\$0
<b>Profit/(Loss)</b>	\$0	\$0	\$0	\$0	\$0
<b>Other Data</b>					
Budgeted FTE	12.0	11.0	9.6	8.4	6.7
Actual FTE	11.3	7.4	12.0	10.4	0.0
Retained Earnings	9,100	9,100	9,100	9,100	9,100

**Table 52**

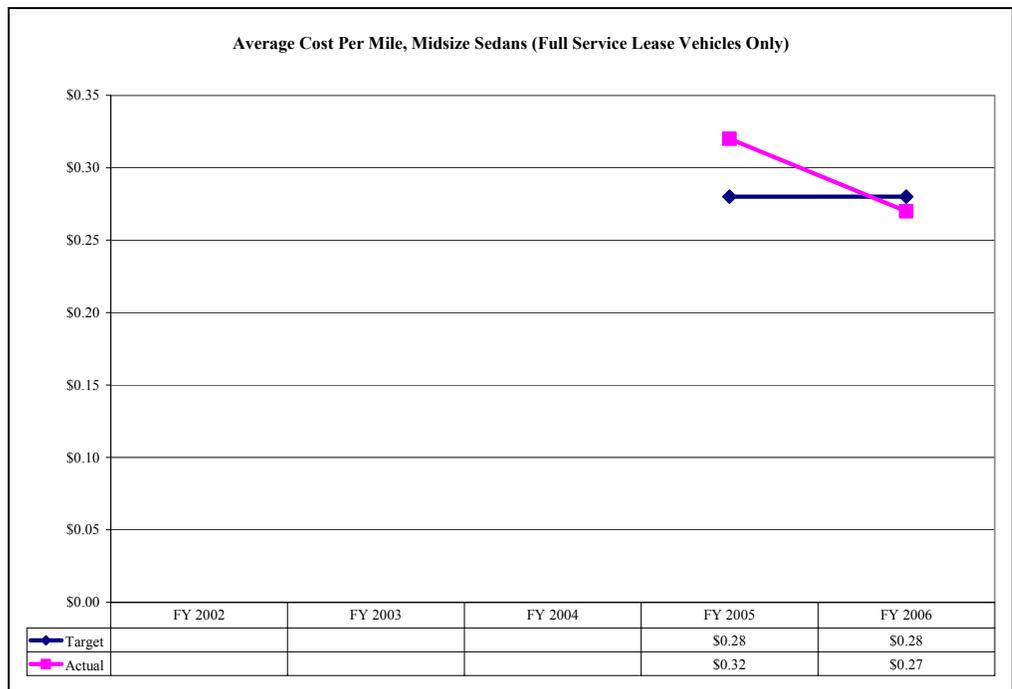
**MOTOR POOL**

**Function**

This program is responsible for all management accountability associated with the operation of the statewide fleet, central motor pool operation, and division-wide safety objectives/compliance, including the statewide fleet management information system (Fleet Anywhere). The motor pool accounts for all 7,360 state vehicles, even though 1,899 of those vehicles are administered in higher education fleets (as of November 1, 2006). The program also administers the vehicle accident management program, and federal alternative fuel program.

**Accountability**

The Motor Pool program is tasked with the responsibility to manage the state’s fleet assets at the lowest possible cost. Measuring the “cost per mile” (CPM) for each vehicle class allows the division to track the cost trends relative to increased vehicle costs and inflation factors. The division monitors responsibility by closely watching the “midsize” vehicle class. This vehicle represents the average fleet vehicle and correlates with the Personally-Owned Vehicle (POV) reimbursement rates set by the Division of Finance and the IRS.



**Figure 31**

**Measure:** Average cost per mile (CPM), midsize full service lease sedans. Only two years of data are available currently.

**Goal:** Maintain the CPM of the midsize sedan at a level less than the private sector and the IRS privately-owned vehicle reimbursement rates.

**Methodology:** Aggregate midsize sedan class total fixed cost plus total variable costs divided by total vehicle miles.

**Measure Type:** Efficiency and Outcome.

**Note:** Actual average CPM dropped slightly lower than the target of \$0.28 set by DFO. The decrease from \$0.32 in FY 2005 to \$0.27 in FY 2006 is not an indication of increased efficiency as much as it is an indication of better data collection. FY 2005 was the first year this data was gathered, and several vehicles that year had an unusually high CPM, driving up the average. The data behind these vehicles has been fixed or the vehicles have been rotated out of service. The average in FY 2006 reflects better data.

*Capital Outlay*

Since FY 2000 state 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.

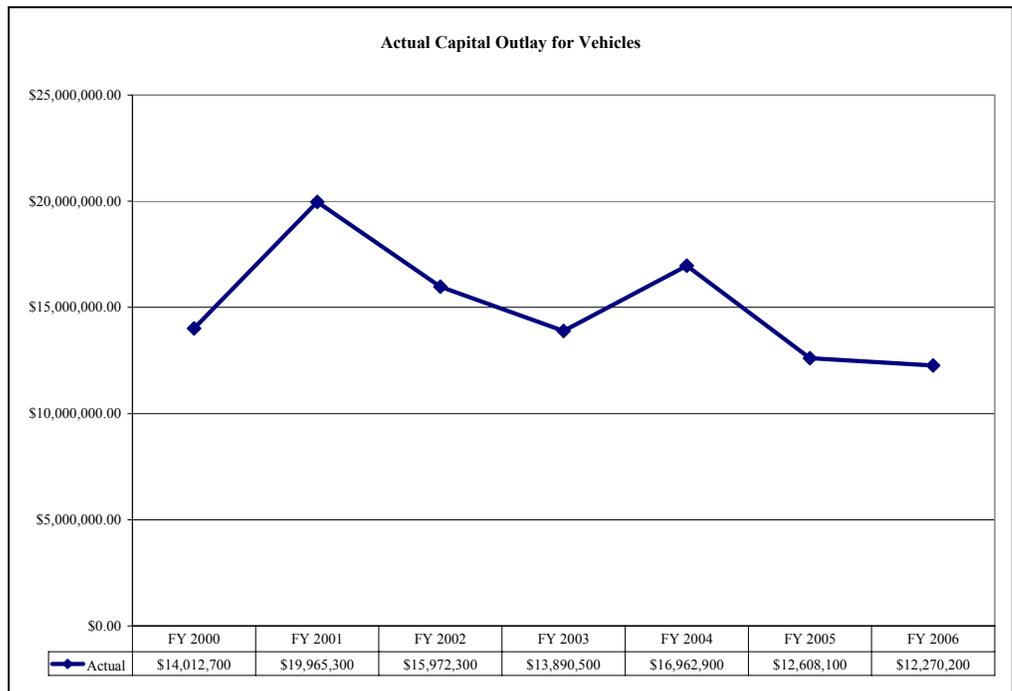


Figure 32

*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 in the table on the following page.

The GPA is based on many factors, including inventory, information entry into the database, currency of operator information, fuel usage, preventive maintenance routines, and reservations made. Some agencies have earned a GPA of 4.0 in the last two years. The fact that Fleet Operations hasn’t earned a 4.0 yet shows that a perfect GPA is not easy to achieve. The colleges and universities are doing well on data entry and are improving in most areas.

	<b>DFO Report Cards</b>			
	2002	2003	2004	2005
	<u>GPA</u>	<u>GPA</u>	<u>GPA</u>	<u>GPA</u>
Agriculture		3.1	3.7	3.7
BATC	3.5	3.6	3.7	3.2
CEU	2.3	2.1	2.4	2.9
CEUSJC	2.3	2.3	2.5	2.4
Comm & Cult		2.9	3.6	3.7
Corrections		2.3	3.6	3.8
DATC	2.7	2.5	2.8	2.4
Dixie College	3.4	3.2	3.9	3.7
DFCM		3.1	<b>4.0</b>	3.9
UDOT	3.7	3.6	<b>4.0</b>	<b>4.0</b>
Fleet Ops	3.8	3.4	3.9	3.9
Health		2.4	3.5	3.9
DABC		<b>1.5</b>	<b>1.5</b>	2.3
MATC		2.2	3.8	3.7
Nat'l Guard		2.8	3.9	3.4
DNR	2.8	2.5	2.7	3.1
OWATC	2.5	1.8	3.0	3.7
Public Safety		2.5	2.3	2.4
Regents			<b>1.1</b>	<b>1.3</b>
Snow College	2.9	3.2	3.6	3.7
SLCC	3.5	3.8	<b>4.0</b>	<b>4.0</b>
SUU	3.7	3.8	<b>4.0</b>	3.9
SWATC		<b>1.5</b>	2.6	2.4
Tax Comm		<b>1.5</b>	3.4	3.9
UBATC	3.4	2.8	3.0	3.2
U of U	3.4	3.6	3.8	3.8
USU	3.2	3.5	3.8	3.7
UVSC	2.8	2.6	3.9	3.6
WSU	3.6	3.7	3.9	3.9
Average	3.1	2.8	3.3	3.4

Table 53

The last two years have shown general improvement and remarkable improvement in a some cases (Corrections, DFCM, UDOT, Health, MATC, SLCC, SUU, Tax Commission). The Board of Regents shows the most need for improvement.

*General Fund Subsidy*

The Legislature appropriated \$4 million to this division in both 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.

Allowing DFO to borrow from the General Fund for replacement vehicles can provide flexibility to the state, but should only be done so long as the Motor Pool remains in a positive equity position. As shown in the following chart, DFO’s fund equity (value of assets—vehicle and revenue—compared to liabilities—expenses and General Fund debt) has increased by more than 31 percent since FY 2000. The value of the state fleet exceeds \$53 million.

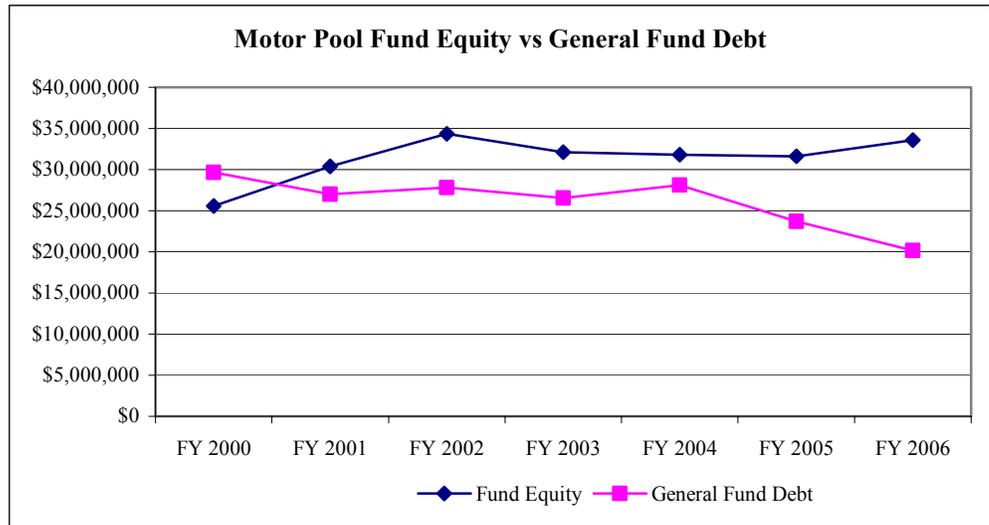


Figure 33

Vehicle Count

Total vehicle count was up by 20 vehicles in FY 2006 compared to FY 2005, but still down by 87 from its peak of 7,447 in FY 2002 (Source: State Vehicle Report). The chart shows vehicle count by major agency (those having over 300 vehicles) per year.

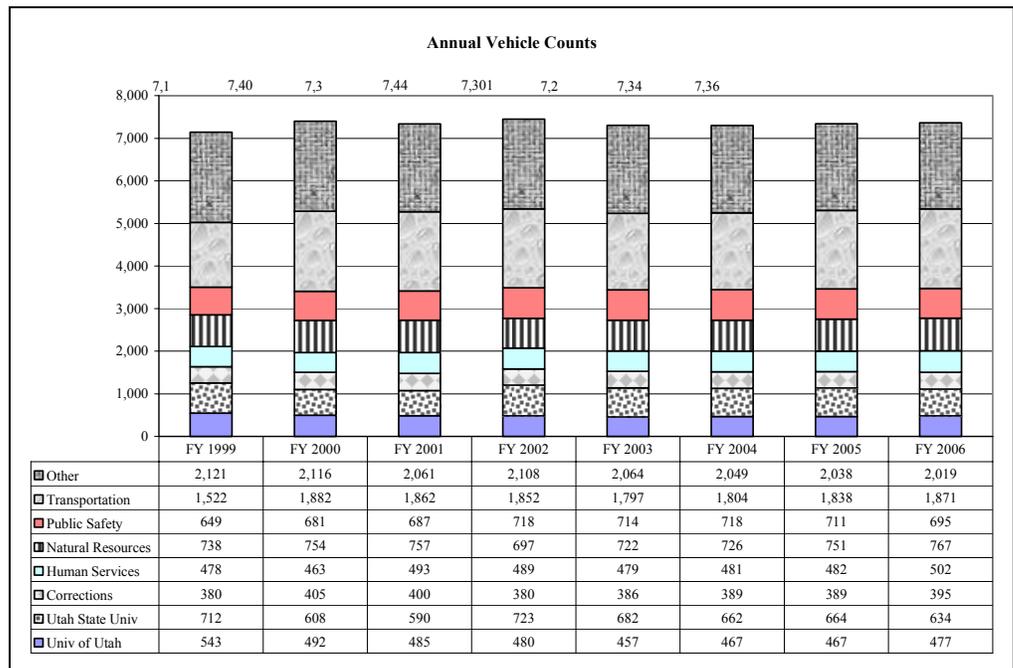


Figure 34

**Funding Detail**

Rates charged by this ISF will be provided to the Legislature during the 2007 General Session. Increased revenue and decreased expenditures in FY 2006 led to growth of \$1.5 million in retained earnings. Expenditures decreased because of a reduction in depreciation charges. Depreciation charges declined because of an increase in the number of vehicles that were fully depreciated in FY 2006. This is probably a one-time occurrence brought on by cyclical variations of when new cars are delivered by manufacturers and older cars removed from inventory.

<b>Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Motor Pool</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	22,557,600	22,453,300	23,655,500	24,919,900	26,145,700
Sale of Fixed Assets	(1,222,400)	(609,300)	(39,300)	508,400	(40,000)
Other Financing Sources	0	0	0	4,500	0
<b>Total</b>	<b>\$21,335,200</b>	<b>\$21,844,000</b>	<b>\$23,616,200</b>	<b>\$25,432,800</b>	<b>\$26,105,700</b>
<b>Categories of Expenditure</b>					
Personal Services	993,100	949,900	889,300	1,079,600	1,417,600
In-State Travel	2,000	1,900	2,000	3,500	10,400
Out of State Travel	700	800	2,700	2,500	4,800
Current Expense	8,115,300	8,593,400	9,418,400	10,781,100	10,873,000
DP Current Expense	66,800	25,700	29,500	110,200	84,000
Other Charges/Pass Thru	1,262,400	617,700	672,600	467,000	515,500
Depreciation	12,519,900	12,451,300	13,027,100	11,435,600	13,027,100
<b>Total</b>	<b>\$22,960,200</b>	<b>\$22,640,700</b>	<b>\$24,041,600</b>	<b>\$23,879,500</b>	<b>\$25,932,400</b>
<b>Profit/(Loss)</b>	<b>(\$1,625,000)</b>	<b>(\$796,700)</b>	<b>(\$425,400)</b>	<b>\$1,553,300</b>	<b>\$173,300</b>
<b>Other Data</b>					
Budgeted FTE	18.8	17.4	18.5	17.4	19.5
Actual FTE	17.0	17.7	15.0	14.6	0.0
Authorized Capital Outlay	13,890,500	16,962,900	12,608,100	12,270,200	13,295,300
Retained Earnings	3,034,700	2,238,000	1,812,600	3,365,900	702,700
Vehicles	183	156	137	57	140

**Table 54**

FUEL NETWORK

Function

The Fuel Network manages the state’s fuel purchase contracts and the state’s fuel infrastructure, including 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

The state’s fuel network adds value only if fueling sites are functional and costs are below commercial prices. In FY 2006 the average price per gallon at state sites was \$1.899, and the average price per gallon at commercial sites under state contract was \$1.999.

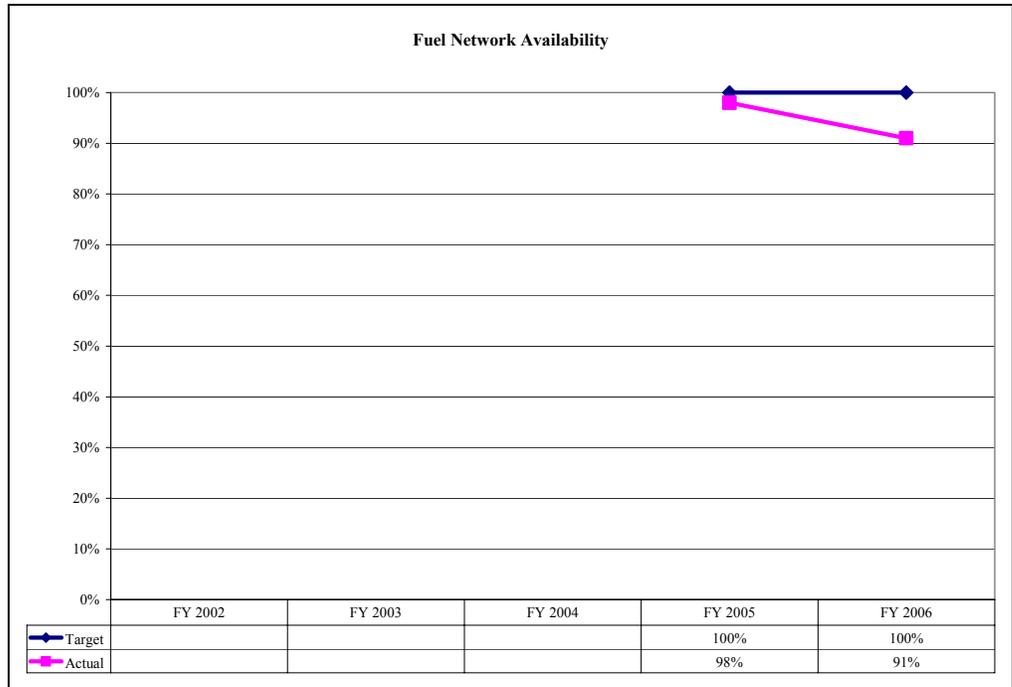


Figure 35

**Measure:** Fuel network availability

**Goal:** Zero downtime for state fuel sites except for scheduled maintenance.

**Methodology:** Operational fuel sites divided by total number of fuel sites.

**Measure Type:** Outcome.

**Note:** The division showed a decrease in reliability in FY 2006. They report that they have been adding automating polling software to the fuel sites and have encountered a communication problem. They believe they have since fixed the problem and will show improvement in the near future.

**Funding Detail**

Revenues and expenditures increased dramatically in FY 2006 because of increased fuel costs, not because of significantly higher consumption. Hurricane Katrina and its fuel cost aftermath occurred in September, 2005 (FY 2006). During FY 2006 6,444,615 gallons of gasoline were consumed, compared to 6,397,074 gallons in FY 2005, a 47,541 gallon or 1 percent increase. Retained earnings increased by \$2.3 million. The state ISF rate committee has recommended approval of the division’s request to decrease their fuel network transaction fees in FY 2008. The Legislature will consider this recommendation during the 2007 General Session.

<b>Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Fuel Network</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	14,687,300	18,422,500	23,232,200	31,876,600	26,250,000
<b>Total</b>	<b>\$14,687,300</b>	<b>\$18,422,500</b>	<b>\$23,232,200</b>	<b>\$31,876,600</b>	<b>\$26,250,000</b>
<b>Categories of Expenditure</b>					
Personal Services	454,800	498,900	511,000	533,900	599,500
In-State Travel	400	200	1,000	1,300	1,000
Out of State Travel	500	700	1,500	900	1,500
Current Expense	13,804,000	17,414,500	21,819,400	28,671,700	24,664,800
DP Current Expense	16,600	17,900	16,500	21,100	16,400
Other Charges/Pass Thru	256,400	175,300	188,700	199,700	225,800
Depreciation	152,800	149,900	135,700	132,800	149,900
<b>Total</b>	<b>\$14,685,500</b>	<b>\$18,257,400</b>	<b>\$22,673,800</b>	<b>\$29,561,400</b>	<b>\$25,658,900</b>
<b>Profit/(Loss)</b>	<b>\$1,800</b>	<b>\$165,100</b>	<b>\$558,400</b>	<b>\$2,315,200</b>	<b>\$591,100</b>
<b>Other Data</b>					
Budgeted FTE	9.0	9.0	8.7	9.0	8.8
Actual FTE	7.0	9.0	7.2	7.1	0.0
Authorized Capital Outlay	0	44,200	40,000	85,300	212,000
Retained Earnings	(447,500)	(282,400)	276,000	2,591,200	1,468,300
Vehicles	2	3	3	2	3

**Table 55**

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**

The Surplus Property program receives property from various state agencies and local governments for ethical disposition on a consignment basis. It is incumbent on the program to carry out this responsibility and audit process in a timely and efficient manner in order to receive the maximum value when disposing of used property.

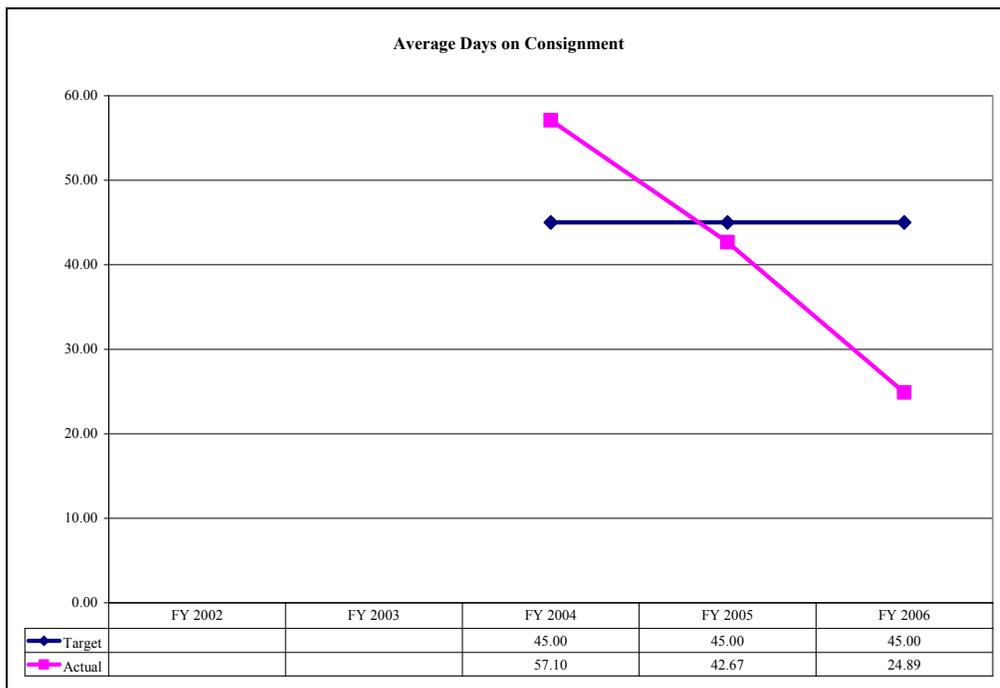


Figure 36

**Measure:** Aggregate average property days on consignment.

**Goal:** Dispose of property under 45 days to maintain higher disposal return on sale.

**Methodology:** Disposal Date minus Date Received from agency.

**Measure Type:** Outcome.

**Note:** The program has improved since FY 2004. The division reports that they disposed of older equipment in the prior two years and thus had slower turn-around times. The FY 2006 average is determined by three components: 1) 54.67 days for state vehicles sold by contractors; 2) 24.45 days for state property; 3) 20.44 days for state vehicles sold by Surplus.

The rate structure for State Surplus Property allows the program to retain total proceeds from sales in order to fund operating expenses. If the program

shows a profit and no longer carries a negative retained earning balance it may proportionately rebate profits to state agencies. The program had profits in each of FY 2004 and FY 2005, but a loss of \$63,000 in FY 2006. 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.

<b>State Surplus Property Profit/Loss</b>				
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit/Loss</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	\$1,078,900	\$814,500	\$264,400	\$399,300
2006	\$870,400	\$933,300	(\$62,900)	\$336,400

**Table 56**

The division instituted its own online auction program in FY 2005. The website is located at <http://168.177.192.14:8080/Surplus/InventoryList>. Establishing parameters for bidders has been a learning process for the division, particularly with automobiles, and so items auctioned online are now primarily not automobiles. The division also auctions items on other commercial websites such as eBay.

**Funding Detail**

Rates charged by this ISF will be provided for legislative consideration and approval during the 2007 General Session.

<b>Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - State Surplus Property</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	881,200	824,400	1,078,900	870,400	1,075,000
<b>Total</b>	<b>\$881,200</b>	<b>\$824,400</b>	<b>\$1,078,900</b>	<b>\$870,400</b>	<b>\$1,075,000</b>
<b>Categories of Expenditure</b>					
Personal Services	353,000	382,500	439,400	441,500	531,800
In-State Travel	600	1,000	800	1,200	900
Out of State Travel	0	600	0	0	0
Current Expense	244,200	204,700	236,700	263,400	297,400
DP Current Expense	9,700	7,800	9,800	16,000	9,700
Other Charges/Pass Thru	58,000	60,300	98,400	97,900	114,200
Operating Transfers	0	0	0	78,300	0
Depreciation	23,900	25,100	29,400	35,000	40,600
<b>Total</b>	<b>\$689,400</b>	<b>\$682,000</b>	<b>\$814,500</b>	<b>\$933,300</b>	<b>\$994,600</b>
<b>Profit/(Loss)</b>	<b>\$191,800</b>	<b>\$142,400</b>	<b>\$264,400</b>	<b>(\$62,900)</b>	<b>\$80,400</b>
<b>Other Data</b>					
Budgeted FTE	5.0	6.0	6.7	8.2	7.9
Actual FTE	5.0	5.0	6.8	7.0	0.0
Authorized Capital Outlay	0	54,000	56,800	432,700	0
Retained Earnings	(7,500)	134,900	399,300	336,400	473,100
Vehicles	12	7	7	6	7

**Table 57**

**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.

Rates charged between FY 2000 and FY 2004 failed to recover sufficient amounts to cover operating expenses, but changes made in FY 2005 and FY 2006 have turned the trend around. The division struggled to make this program solvent due to lower than expected property donations and law enforcement donations.

<b>Federal Surplus Property Profit/Loss</b>				
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit/Loss</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	\$94,100	\$66,300	\$27,800	(\$84,700)
2006	\$15,100	\$1,000	\$14,100	(\$70,600)

**Table 58**

During the 2004 General Session the Legislature decided to reduce this non-essential program to merely an agent to acquire federal property when requested from state or local entities.

**Funding Detail**

If the program continues the pace of its revenues and expenditures set in FY 2006, it will eliminate its negative retained earnings in approximately FY 2011.

<b>Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Federal Surplus Property</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	336,200	132,100	94,100	15,100	15,300
<b>Total</b>	<b>\$336,200</b>	<b>\$132,100</b>	<b>\$94,100</b>	<b>\$15,100</b>	<b>\$15,300</b>
<b>Categories of Expenditure</b>					
Personal Services	172,000	99,800	6,300	800	13,600
In-State Travel	100	200	300	0	300
Out of State Travel	5,100	0	0	0	0
Current Expense	121,400	41,400	44,200	200	300
DP Current Expense	6,900	3,900	0	0	0
DP Capital Outlay	4,400	0	0	0	0
Other Charges/Pass Thru	36,000	24,300	4,400	0	1,100
Depreciation	12,700	15,300	11,100	0	0
<b>Total</b>	<b>\$358,600</b>	<b>\$184,900</b>	<b>\$66,300</b>	<b>\$1,000</b>	<b>\$15,300</b>
<b>Profit/(Loss)</b>	<b>(\$22,400)</b>	<b>(\$52,800)</b>	<b>\$27,800</b>	<b>\$14,100</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	5.0	4.1	1.4	0.0	0.1
Actual FTE	4.0	3.0	0.1	0.0	0.0
Authorized Capital Outlay	0	0	47,600	0	0
Retained Earnings	(59,700)	(112,500)	(84,700)	(70,600)	(84,700)

**Table 59**

**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 physical damage coverage to all state agencies, the forty school districts, over 40 charter schools, and all state-owned colleges and universities except medical malpractice coverage at the University of Utah. The Owner Controlled Insurance Program (OCIP) fund provided optional construction project insurance, but at present the only project insured is the State Capitol renovation. The division also acts as an agent in purchasing aircraft insurance for various state entities that have airplanes or flight instruction programs.

The division has several internal sections: Administration/Support Staff, Claims, Workers Compensation/ADA, and Loss Control.

**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 (done)

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.

**Funding Detail**

The following table summarizes funding for the two programs in this line item. Restricted Revenue represents collections of Workers' Compensation premiums. More detail on each program is provided on the following pages.

<b>Budget History - ISF - Administrative Services - ISF - Risk Management</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Premiums	24,416,700	25,849,300	26,820,900	25,448,100	25,261,100
Interest Income	1,468,700	895,700	1,509,900	2,609,700	1,760,000
Restricted Revenue	6,345,300	6,108,500	7,350,900	8,031,400	7,540,000
<b>Total</b>	<b>\$32,230,700</b>	<b>\$32,853,500</b>	<b>\$35,681,700</b>	<b>\$36,089,200</b>	<b>\$34,561,100</b>
<b>Programs</b>					
ISF - Risk Management Administration	25,852,800	26,742,700	28,330,800	28,057,800	26,991,100
ISF - Workers' Compensation	6,377,900	6,110,800	7,350,900	8,031,400	7,570,000
<b>Total</b>	<b>\$32,230,700</b>	<b>\$32,853,500</b>	<b>\$35,681,700</b>	<b>\$36,089,200</b>	<b>\$34,561,100</b>
<b>Categories of Expenditure</b>					
Personal Services	1,718,900	1,747,000	1,901,400	1,900,000	1,978,000
In-State Travel	13,600	10,500	16,900	17,400	19,300
Out of State Travel	3,800	2,800	2,300	14,100	0
Current Expense	27,125,700	23,830,400	28,975,800	31,499,600	32,663,200
DP Current Expense	57,400	102,200	328,500	105,000	332,800
Other Charges/Pass Thru	854,300	1,570,100	(93,000)	94,100	200,200
Operating Transfers	0	3,355,000	5,500,000	2,512,700	1,500,000
Depreciation	27,000	26,100	20,700	19,100	39,700
<b>Total</b>	<b>\$29,800,700</b>	<b>\$30,644,100</b>	<b>\$36,652,600</b>	<b>\$36,162,000</b>	<b>\$36,733,200</b>
<b>Profit/(Loss)</b>	<b>\$2,430,000</b>	<b>\$2,209,400</b>	<b>(\$970,900)</b>	<b>(\$72,800)</b>	<b>(\$2,172,100)</b>
<b>Other Data</b>					
Budgeted FTE	24.5	25.0	25.0	25.0	25.0
Actual FTE	24.0	24.1	24.8	23.6	0.0
Authorized Capital Outlay	0	0	0	0	100,000
Retained Earnings	6,829,300	9,038,700	8,067,800	7,995,000	7,096,600
Vehicles	5	5	5	6	6

**Table 60**

PROGRAMS – DIVISION OF RISK MANAGEMENT

ADMINISTRATION

Function

The Administration Program includes liability, property and auto physical damage coverage. The liability insurance and auto physical damage programs are entirely self funded, while the property insurance program is self-insured up to a \$3.5 million aggregate yearly deductible with private insurance being purchased for amounts in excess of the deductible.

The Risk Management Fund handles claims against the state. The final determination as to claim management, defense and settlement is determined by the State Risk Manager.

During the 2006 General Session the Legislature passed S.B. 113, increasing the state’s government immunity aggregate cap from \$1,167,900 to \$2,000,000 effective July 1, 2007.

Intent Language

During the 2006 General Session the Legislature passed intent language in House Bill 1 for FY 2006:

*It is the intent of the Legislature that the Division of Risk Management be allowed to increase their number of vehicles by 1. The division is authorized to transfer the necessary funds to the Division of Fleet Operations.*

The division acquired a vehicle at a cost of \$12,756.

Accountability

The following measures gauge the division’s performance in three key areas: Rates, prevention, and process effectiveness.

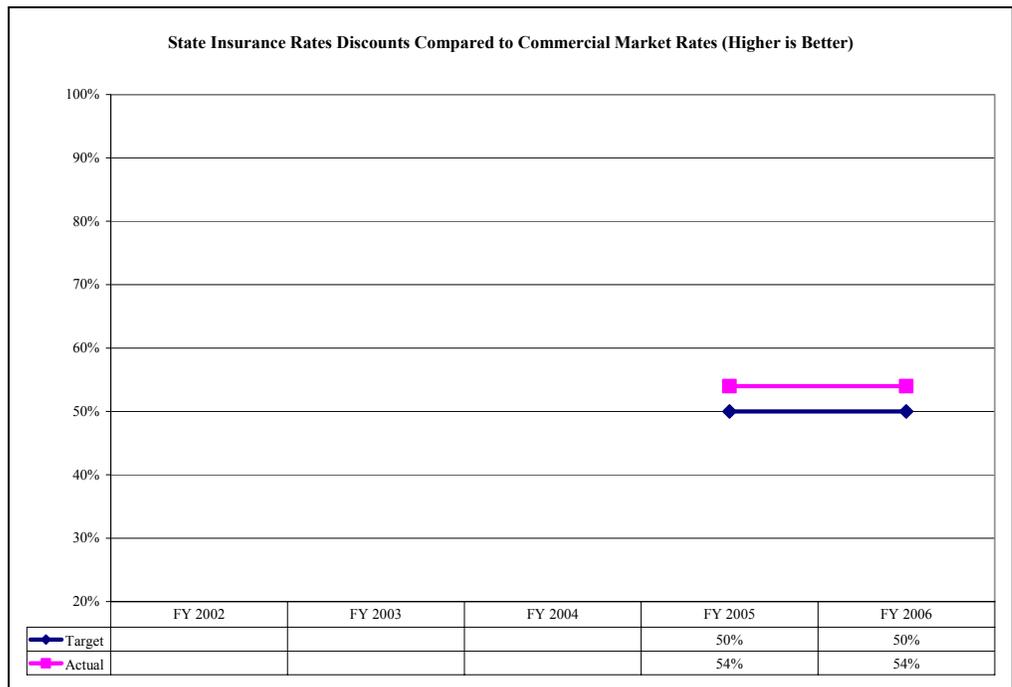


Figure 37

**Measure:** Division rates discounts compared to market rates.

**Goal:** Maintain division average rates discounts at fifty percent (or higher) of market rates.

**Methodology:** Average division rates divided by average market rates.

**Measure Type:** Outcome/Efficiency (Figure 37).

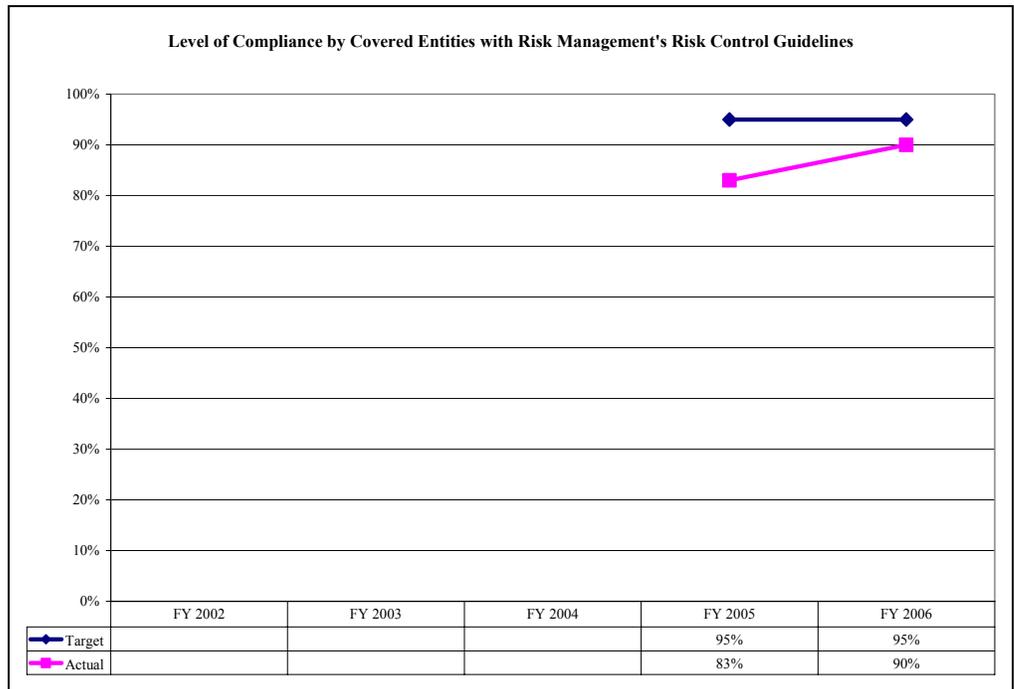


Figure 38

**Measure:** Level of compliance by covered entities with division risk control guidelines.

**Goal:** Maintain compliance rates at 95 percent or higher.

**Methodology:** Percentage of entities receiving full credits for risk control activities.

**Measure Type:** Outcome

**Note:** The actions of customer agencies are outside the direct control of the division. However, the division influences this measure with financial motivation and by educating customers to the benefits of compliance.

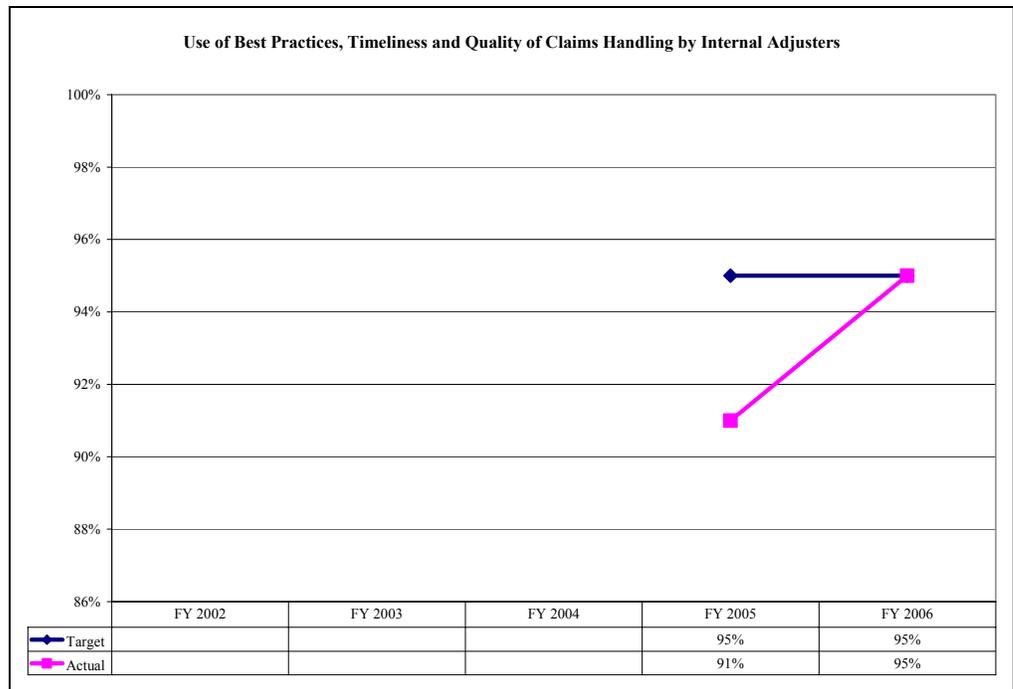


Figure 39

**Measure:** Use of best practices, timelines, and quality of claims handling by internal adjusters.

**Goal:** Maintain 95 percent or higher performance by internal adjusters.

**Methodology:** The division contracts with an insurance consulting firm to audit adjusters’ work to see if they are meeting standards in documentation, timeliness, fairness to both sides, compliance with regulations, etc. The contractor uses a rating scale to assign a score.

**Measure Type:** Outcome

**Note:** The division’s score of 95 percent in FY 2006 is an improvement over FY 2005 and is considered a “Superior Rating” by the insurance consulting firm.

**Funding Detail**

All revenue comes from insurance premiums or interest earned. In the past, the Legislature sometimes returned excess retained earnings to the General Fund. The state’s liability rates have been declining for several consecutive years. However, property insurance rates are increasing industry-wide. The 2007 Legislature will consider rate adjustments accordingly.

<b>Budget History - ISF - Administrative Services - ISF - Risk Management - ISF - Risk Management Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Premiums	24,416,700	25,849,300	26,820,900	25,448,100	25,261,100
Interest Income	1,436,100	893,400	1,509,900	2,609,700	1,730,000
<b>Total</b>	<b>\$25,852,800</b>	<b>\$26,742,700</b>	<b>\$28,330,800</b>	<b>\$28,057,800</b>	<b>\$26,991,100</b>
<b>Categories of Expenditure</b>					
Personal Services	1,569,100	1,596,100	1,752,300	1,750,300	1,817,800
In-State Travel	11,800	9,300	15,500	14,800	17,900
Out of State Travel	3,800	2,800	2,300	11,800	0
Current Expense	20,589,100	17,446,400	22,079,500	24,827,800	24,689,600
DP Current Expense	57,400	102,200	328,500	104,200	332,800
Other Charges/Pass Thru	582,800	1,467,400	(93,000)	(8,500)	200,200
Operating Transfers	0	3,355,000	5,500,000	2,512,700	1,500,000
Depreciation	27,000	26,100	20,700	19,100	39,700
<b>Total</b>	<b>\$22,841,000</b>	<b>\$24,005,300</b>	<b>\$29,605,800</b>	<b>\$29,232,200</b>	<b>\$28,598,000</b>
<b>Profit/(Loss)</b>	<b>\$3,011,800</b>	<b>\$2,737,400</b>	<b>(\$1,275,000)</b>	<b>(\$1,174,400)</b>	<b>(\$1,606,900)</b>
<b>Other Data</b>					
Budgeted FTE	22.5	23.0	23.0	23.0	23.0
Actual FTE	22.0	22.1	22.9	21.8	0.0
Authorized Capital Outlay	0	0	0	0	100,000
Retained Earnings	5,689,800	8,427,200	7,152,200	5,977,800	6,521,800
Vehicles	5	5	5	6	6

**Table 61**

**WORKERS' COMPENSATION**

**Function**

The Workers' Compensation program is a pass-through of workers' compensation expenses paid by the state and its employees to the Workers' Compensation Fund of Utah. Coverage is only for employees on the state's payroll system. Higher education and school districts are not included in the program. Premiums are billed by the Workers' Compensation Fund of Utah monthly, and amounts needed to pay the premiums are collected from employees' paychecks.

The fund supports two employees who work to reduce Workers' Compensation exposure and awareness by employees in an attempt to reduce accidents and therefore reduce claims. The fund also pays state agencies for half of approved expenses for ergonomic furniture, keyboards, and similar injury-preventing items for employees.

**Accountability**

Since FY 2001 Workers' Compensation had intentionally kept premiums low in order to reduce retained earnings. This trend changed in FY 2006. Revenues increased (see Table 63) because the payroll rate increased from 0.82% to 0.86% for non-UDOT state agencies, and the Legislature funded a COLA increase on which the rate was applied. Expenditures, however, didn't rise as expected because of an unanticipated \$671,800 refund received from the Utah WCF. These costs/refunds are difficult to estimate. Medical costs continue to increase and the number of accidents is unpredictable.

<b>Workers Compensation Profit/Loss</b>				
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Profit/Loss</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	\$6,766,200	\$8,916,400	(\$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	\$7,350,900	\$7,046,800	\$304,100	\$915,600
2006	\$8,031,400	\$6,929,800	\$1,101,600	\$2,017,200

**Table 62**

**Funding Detail**

Restricted revenue in this program comes from Workers' Compensation premiums. Interest income gradually declined as retained earnings and interest rates declined, but interest rates are now increasing.

<b>Budget History - ISF - Administrative Services - ISF - Risk Management - ISF - Workers' Compensation</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Interest Income	32,600	2,300	0	0	30,000
Restricted Revenue	6,345,300	6,108,500	7,350,900	8,031,400	7,540,000
<b>Total</b>	<b>\$6,377,900</b>	<b>\$6,110,800</b>	<b>\$7,350,900</b>	<b>\$8,031,400</b>	<b>\$7,570,000</b>
<b>Categories of Expenditure</b>					
Personal Services	149,800	150,900	149,100	149,700	160,200
In-State Travel	1,800	1,200	1,400	2,600	1,400
Out of State Travel	0	0	0	2,300	0
Current Expense	6,536,600	6,384,000	6,896,300	6,671,800	7,973,600
DP Current Expense	0	0	0	800	0
Other Charges/Pass Thru	271,500	102,700	0	102,600	0
<b>Total</b>	<b>\$6,959,700</b>	<b>\$6,638,800</b>	<b>\$7,046,800</b>	<b>\$6,929,800</b>	<b>\$8,135,200</b>
<b>Profit/(Loss)</b>	<b>(\$581,800)</b>	<b>(\$528,000)</b>	<b>\$304,100</b>	<b>\$1,101,600</b>	<b>(\$565,200)</b>
<b>Other Data</b>					
Budgeted FTE	2.0	2.0	2.0	2.0	2.0
Actual FTE	2.0	2.0	1.9	1.8	0.0
Retained Earnings	1,139,500	611,500	915,600	2,017,200	574,800

**Table 63**

**CHAPTER 21 DFCM FACILITIES MAINTENANCE (ISF)**

<b>Function</b>	<p>The internal service fund within DFCM provides building maintenance, management and preventive maintenance services to its state agency subscribers. The ISF performs maintenance and services such as janitorial, security, grounds maintenance, heating/air conditioning equipment repair, etc. to ensure each building's specific maintenance concerns are resolved in a timely and cost effective manner. The ISF also coordinates small building construction projects that may be required by various state agencies on a cost-reimbursement basis.</p> <p>Services of the DFCM internal service fund are optional. Currently DFCM contracts with agencies to provide services in about 145 owned and leased facilities throughout the state. By Building Board policy, however, if an agency not using DFCM fails to meet maintenance standards, DFCM must take whatever action is necessary.</p>
<b>Statutory Authority</b>	<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"><li>➤ 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.</li><li>➤ 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.</li></ul>
<b>Intent Language</b>	<p>The 2006 Legislature adopted the following intent language for FY 2007 in S.B. 4, New Fiscal Year Supplemental Appropriations Act:</p> <p><i>It is the intent of the Legislature that DFCM's internal service fund be allowed to increase their number of vehicles by 2 for maintenance at the Tooele Courthouse and Ogden Regional Center #2. The division is authorized to transfer the necessary funds to the Division of Fleet Operations.</i></p> <p><i>It is the intent of the Legislature that DFCM's internal service fund may add up to three FTE and up to two vehicles beyond the authorized level if new facilities come on line or maintenance agreements are requested. Any FTE or vehicles will be reviewed and may be approved by the Legislature in the next legislative session.</i></p> <p>Agencies often request new or expanded services from DFCM during the course of the year. Without flexibility to add employees or vehicles, DFCM's customer service and competitive abilities may suffer. To alleviate this problem, the Legislature approved the above intent language.</p>

**Accountability**

At an average of \$3.98 per square foot in FY 2006, DFCM’s maintenance rates are about 58 percent of rates paid by the federal government in 2004 and are lower than national private and local private rates.

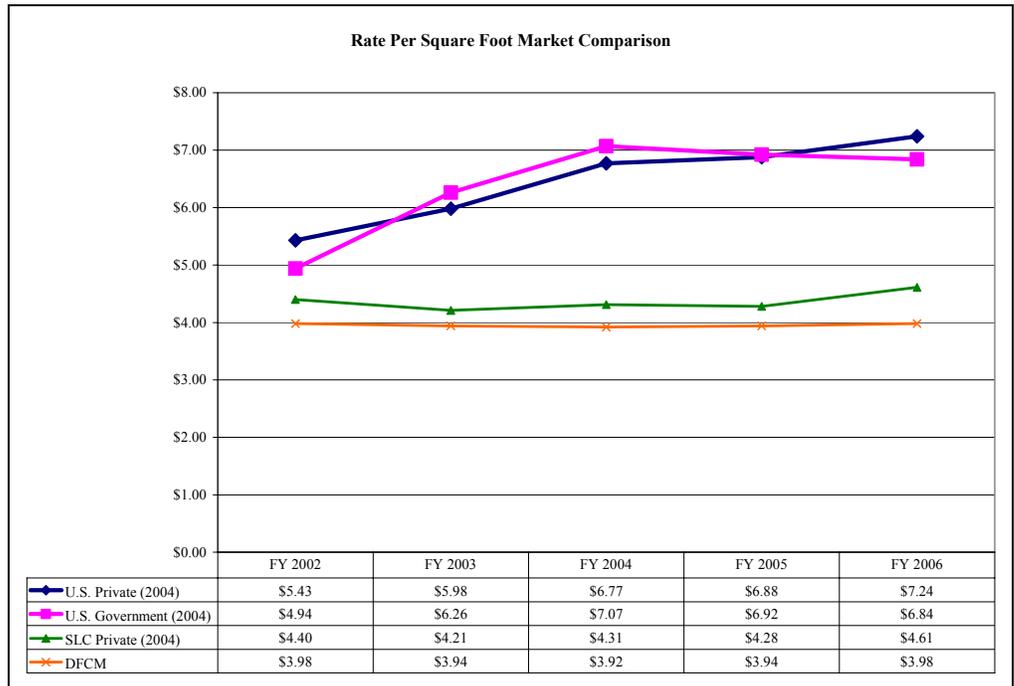


Figure 40

**Measure:** Rate per square foot market comparison.

**Goal:** Provide facility maintenance at rates lower than Salt Lake City average private market rate.

**Methodology:** U.S. Private, U.S. Government, and Salt Lake City Private figures come from the annual publication of BOMA International (Building Owners and Managers Association).

**Measure Type:** Efficiency

**Note:** DFCM’s actual rate in FY 2006 was lower than market rates for 2004 (the last year for which BOMA has reported).

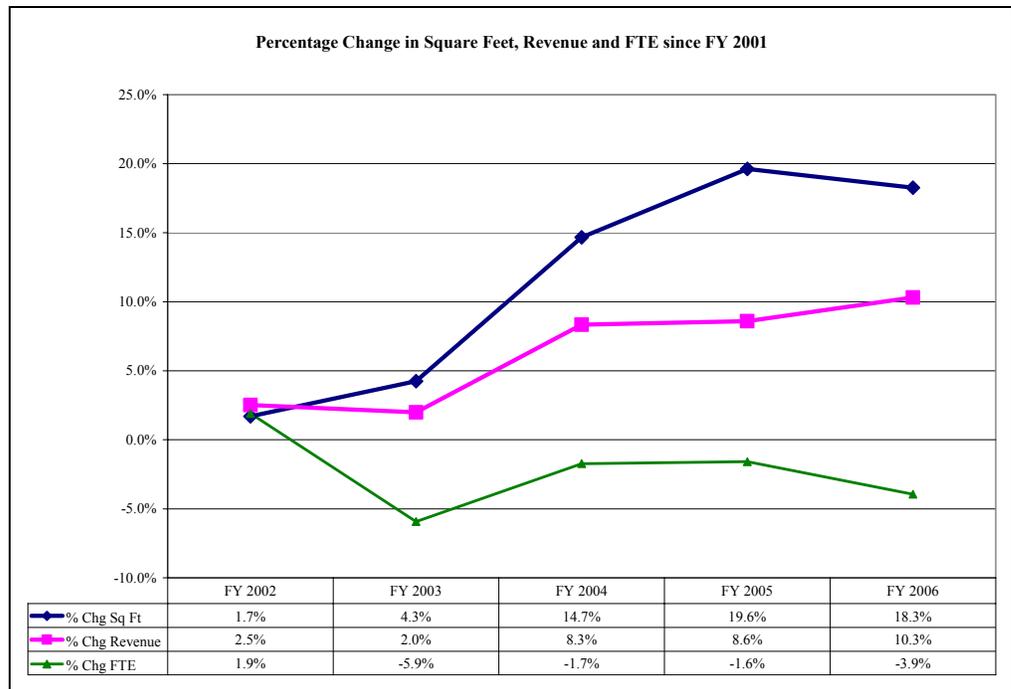


Figure 41

**Measure:** Percentage growth (decline) in square feet managed, revenues collected, and FTE.

**Goal:** Effective facility maintenance while keeping revenue and FTE percentage growth lower than square footage percentage growth.

**Methodology:** Using FY 2001 as the baseline, calculate annual growth in square feet managed, revenues collected, and FTE.

**Measure Type:** Efficiency

**Note:** This program’s actual FTE count is based on non-overtime hours worked by full-time personnel. During the summer months DFCM adds temporary employees for grounds maintenance, but the Legislature has not been counting these temporary workers against the legislatively authorized FTE level. Actual FTE peaked in FY 2002, declined substantially in FY 2003, and has remained fairly constant since. DFCM transferred seven Capital Improvement-funded FTE from its ISF budget to its appropriated budget in FY 2003 through FY 2006.

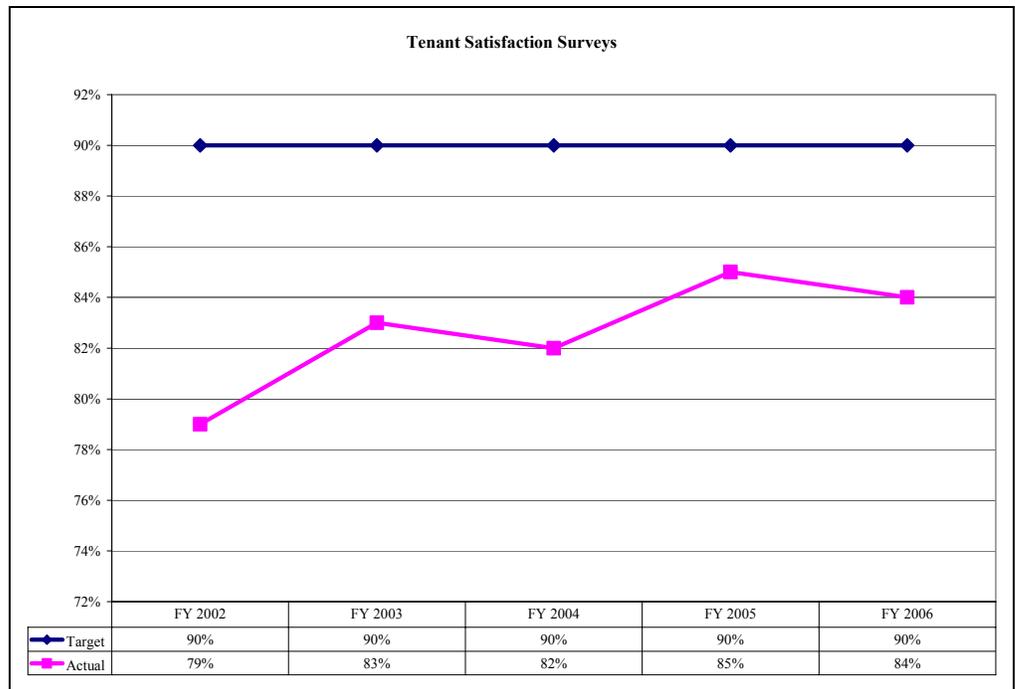


Figure 42

**Measure:** Tenant satisfaction surveys.

**Goal:** Ninety percent customer satisfaction.

**Methodology:** Tenant satisfaction surveys are conducted to determine the quality of service provided.

**Measure Type:** Outcome.

**Funding Detail**

This ISF suffered negative operating results in FY 2006 for the first time in five years. The program was able to absorb utility cost increases for many of its buildings with retained earnings and other efficiency measures until FY 2006. However, as utilities have continued to increase, opportunities to absorb their impact in areas other than rate increases will diminish. Rates for FY 2008 are expected to average \$4.29 per square foot.

<b>Budget History - ISF - Administrative Services - ISF - Facilities Management</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Interest Income	100	100	100	300	0
Dedicated Credits - Intragvt Rev	18,971,900	19,782,100	19,485,700	19,791,400	20,511,600
Sale of Fixed Assets	(7,200)	0	0	0	0
<b>Total</b>	<b>\$18,964,800</b>	<b>\$19,782,200</b>	<b>\$19,485,800</b>	<b>\$19,791,700</b>	<b>\$20,511,600</b>
<b>Categories of Expenditure</b>					
Personal Services	5,798,500	5,699,900	5,935,600	5,980,300	6,246,400
In-State Travel	17,700	9,100	12,500	12,400	12,600
Out of State Travel	7,900	7,600	5,100	8,400	25,000
Current Expense	12,187,200	13,267,700	12,843,600	13,684,800	13,778,500
DP Current Expense	253,400	386,300	268,800	362,700	264,000
Other Charges/Pass Thru	325,900	323,200	166,300	157,600	175,300
Depreciation	59,800	54,700	37,400	36,100	41,700
<b>Total</b>	<b>\$18,650,400</b>	<b>\$19,748,500</b>	<b>\$19,269,300</b>	<b>\$20,242,300</b>	<b>\$20,543,500</b>
<b>Profit/(Loss)</b>	<b>\$314,400</b>	<b>\$33,700</b>	<b>\$216,500</b>	<b>(\$450,600)</b>	<b>(\$31,900)</b>
<b>Other Data</b>					
Budgeted FTE	121.9	121.0	121.0	119.0	122.0
Actual FTE	111.2	115.1	115.3	112.5	0.0
Authorized Capital Outlay	5,500	34,000	51,100	52,300	51,500
Retained Earnings	1,064,900	1,098,700	1,315,200	864,600	1,034,000
Vehicles	76	72	72	73	76

**Table 64**



**CHAPTER 22 DEPARTMENT OF HUMAN RESOURCE MANAGEMENT – APPROPRIATED BUDGET****Function**

The Department of Human Resource Management (DHRM) is the central human resource office for the state's workforce. Department staff is responsible for recruitment, training, classification and compensation systems for the state. The mission of DHRM is to "develop, implement and administer a statewide human resource management system for state employees that will:

- Promote quality government that aids in the effective execution of public policy
- Attract and retain quality employees and foster productive and meaningful careers in public service
- Develop effective relationships that aid in rendering assistance to agencies in performing their missions and working with customers and stakeholders."

During the 2006 General Session the Legislature passed House Bill 269, *Human Resource Management Amendments*, which allowed DHRM to stay as an independent department rather than becoming a division in DAS. Further, the bill allowed DHRM to operate an internal service fund for agencies that subscribe to its services. More information on DHRM's internal service fund is located in Chapter 23.

**Statutory Authority**

The powers and duties of DHRM are established in UCA 67-19-5. The director is given full responsibility and accountability for administration of statewide human resource management.

Responsibilities for the department are identified in UCA 67-19-6, some of which include:

- Administer a statewide personnel management program that aids efficient execution of public policy, fosters careers, and assists state agencies in performing their missions
- Design and administer the state pay plan
- Design and administer the state classification system
- Design and administer the state recruitment and selection system
- Ensure human resource practices comply with federal law, state law and state rules
- Perform duties assigned by the governor or statute
- Adopt rules for personnel management
- Maintain a management information system that will provide current information on authorized positions, payroll, and related matters
- Help eliminate discrimination in state employment
- Advise local governments on effective personnel management

- Establish compensation policies and procedures for early voluntary retirement
- Submit an annual report to the governor and legislature about funded vacant positions and especially those vacant for more than 180 days
- Establish statewide training programs

UCA 67-19-6.1 allows the director to establish field offices at state agencies, in consultation and agreement with the agency head.

**Funding Detail**

The department utilizes funding from the General Fund and Dedicated Credits. Dedicated Credits are collected from training fees and Flex Benefit fees. Most of the department funding is used for staff support and IT costs.

<b>Budget History - Human Resource Management</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	2,797,000	2,888,200	2,943,000	3,066,900	3,196,500
General Fund, One-time	0	0	18,700	0	(9,200)
Dedicated Credits Revenue	298,500	400,200	391,500	346,700	542,000
Beginning Nonlapsing	157,400	171,900	274,500	455,100	170,000
Closing Nonlapsing	(171,900)	(274,500)	(455,100)	(642,800)	0
Lapsing Balance	(14,000)	0	0	0	0
<b>Total</b>	<b>\$3,067,000</b>	<b>\$3,185,800</b>	<b>\$3,172,600</b>	<b>\$3,225,900</b>	<b>\$3,899,300</b>
<b>Programs</b>					
Administration	901,800	790,000	799,000	892,900	610,200
Policy	451,700	452,900	484,200	533,200	1,279,000
Central Operations	527,100	537,800	486,000	500,000	299,900
Flex Benefits	3,400	100,400	0	0	50,000
Management Training and Development	258,800	261,900	332,500	295,600	580,000
Information Technology	924,200	1,042,800	1,070,900	1,004,200	1,080,200
<b>Total</b>	<b>\$3,067,000</b>	<b>\$3,185,800</b>	<b>\$3,172,600</b>	<b>\$3,225,900</b>	<b>\$3,899,300</b>
<b>Categories of Expenditure</b>					
Personal Services	2,544,700	2,338,700	2,313,100	2,498,300	3,269,300
In-State Travel	1,500	11,300	1,100	1,500	0
Out of State Travel	15,200	24,600	17,900	27,000	0
Current Expense	338,300	475,700	456,600	428,500	630,000
DP Current Expense	151,800	293,100	281,300	270,600	0
DP Capital Outlay	0	42,400	102,600	0	0
Capital Outlay	12,100	0	0	0	0
Other Charges/Pass Thru	3,400	0	0	0	0
<b>Total</b>	<b>\$3,067,000</b>	<b>\$3,185,800</b>	<b>\$3,172,600</b>	<b>\$3,225,900</b>	<b>\$3,899,300</b>
<b>Other Data</b>					
Budgeted FTE	40.0	36.5	36.5	36.5	36.5
Actual FTE	36.6	33.1	30.9	31.2	0.0

**Table 65**

PROGRAMS – DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

ADMINISTRATION

Function

Administration is designed to keep the department functioning in terms of goals, plans and implementation. Functions include planning, coordination with the governor’s office and Legislature on key issues, public information and dissemination, budget oversight and control, and compensation and benefits oversight. Overall state human resource oversight resides in Administration.

Total Compensation Index

Salary surveys indicate how state employees’ compensation and benefits (combined) compare to competitors. Compensation and benefits are packaged into the “Total Compensation Index” (TCI) so that the impact of benefits is considered. The department has a target for the average of all state employees to be no more than five percent below market. This information is provided for information purposes only, since it is based on legislative funding which is outside of the department’s direct control. Data is gathered at the end of each calendar year.

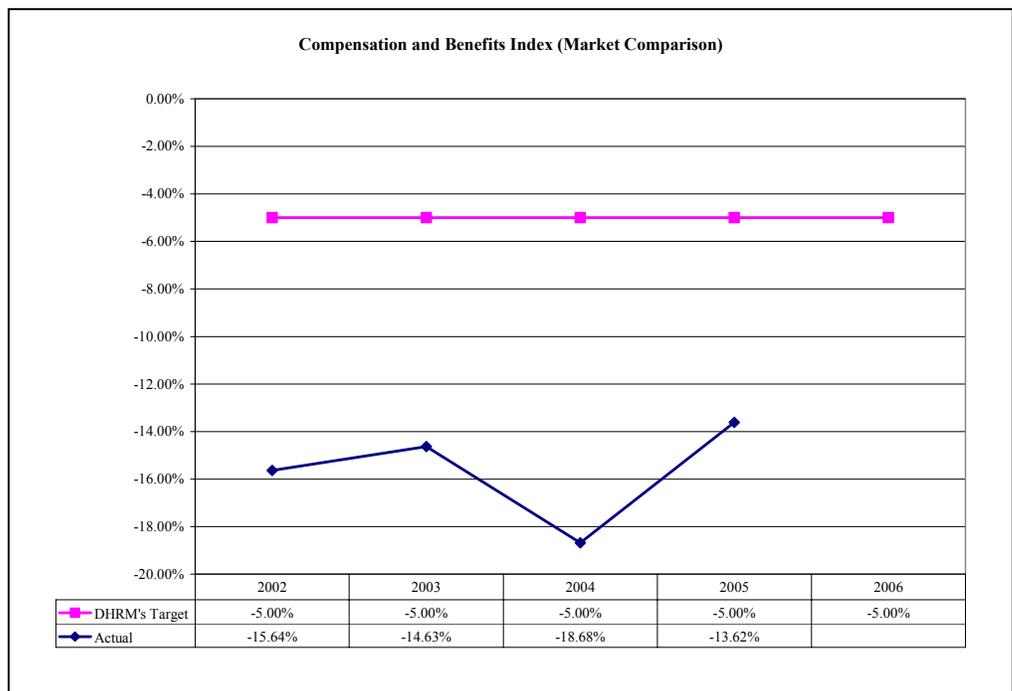


Figure 43

Based on the TCI for 2005, benchmarked positions gained approximately five points on the index. The state may have gained more ground in 2006, but numbers aren’t available yet.

**Funding Detail**

Administration utilizes mostly General Funds and a small portion of Dedicated Credits for overhead costs.

<b>Budget History - Human Resource Management - Administration</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	900,800	789,900	793,000	928,300	610,100
General Fund, One-time	0	0	5,900	0	(1,900)
Dedicated Credits Revenue	1,000	100	100	0	2,000
Closing Nonlapsing	0	0	0	(35,400)	0
<b>Total</b>	<b>\$901,800</b>	<b>\$790,000</b>	<b>\$799,000</b>	<b>\$892,900</b>	<b>\$610,200</b>
<b>Categories of Expenditure</b>					
Personal Services	837,800	671,400	635,400	763,400	610,200
In-State Travel	1,200	1,000	1,000	100	0
Out of State Travel	4,200	2,600	12,500	9,800	0
Current Expense	46,400	110,900	130,000	119,500	0
DP Current Expense	100	4,100	2,200	100	0
DP Capital Outlay	0	0	17,900	0	0
Capital Outlay	12,100	0	0	0	0
<b>Total</b>	<b>\$901,800</b>	<b>\$790,000</b>	<b>\$799,000</b>	<b>\$892,900</b>	<b>\$610,200</b>
<b>Other Data</b>					
Budgeted FTE	6.0	11.0	11.5	11.5	9.0
Actual FTE	11.0	9.9	8.9	9.6	0.0

**Table 66**

POLICY

Function

The Policy program includes job classification and administration of the classification grievance system, job and position management, corrective action and discipline, work/life balance issues, administration of the Human Resource Information System (HRE) for employee records and the Job and Position system, and administration of the Fair Labor Standards Act (FLSA).

These functions affect the working life of 24,000 employees in terms of salaries and working conditions.

Accountability

As part of workforce planning, the program monitors the number of retirees and terminations in order to plan for future workforce needs



Figure 44

**Note:** Increases in the number of retirees occurred in FY 2005 and FY 2006 because of House Bill 213 (2005 General Session) and an aging workforce. FY 2006 retirees were double the number of retirees in an average year from FY 2002 – FY 2004. It is still unclear whether the surge in retirees in FY 2006 was simply an acceleration of retirements that would have occurred later.

Another important component of workforce planning is the ratio of state employees to state population. As the state’s population has grown rapidly over the past decade, the number of state employees has grown more slowly (even declined in 2003). The following chart shows a declining ratio of state employees to state population, thus suggesting increased efficiency of the state workforce.

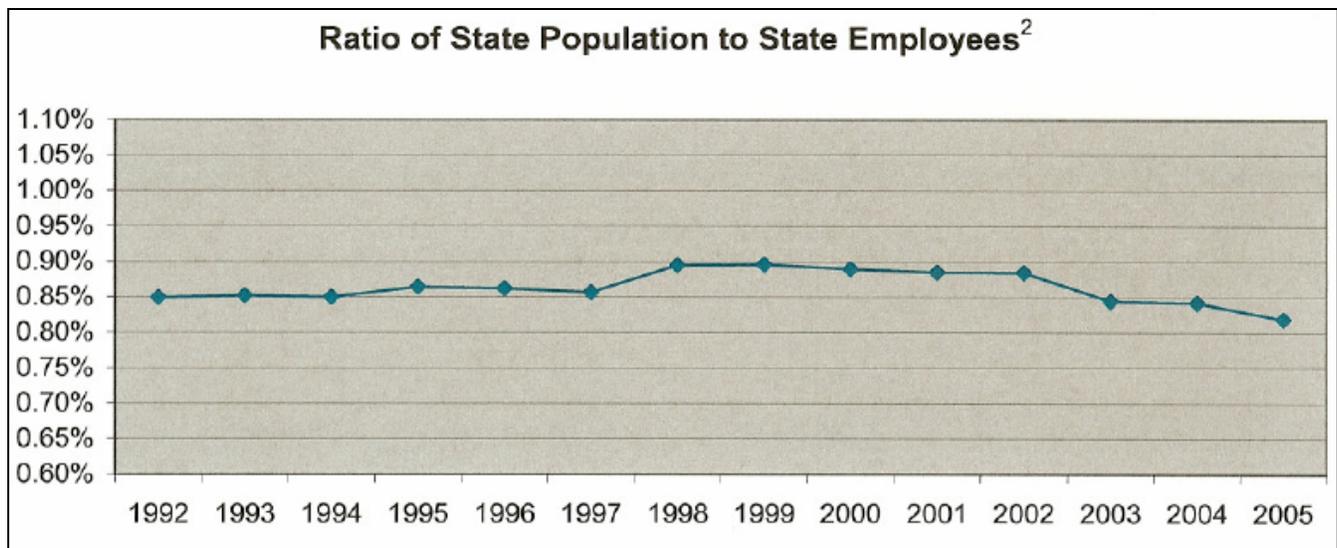


Figure 45

<sup>2</sup> = The increase in 1998 was caused by employees from Employment Security, who were not on the state’s payroll system, transferring to the new Department of Workforce Services.

**Funding Detail**

The Policy program utilizes funding from the General Fund. Most program funding is for personal services.

Budget History - Human Resource Management - Policy					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	451,700	452,900	480,100	533,600	1,282,900
General Fund, One-time	0	0	4,100	0	(3,900)
Closing Nonlapsing	0	0	0	(400)	0
<b>Total</b>	<b>\$451,700</b>	<b>\$452,900</b>	<b>\$484,200</b>	<b>\$533,200</b>	<b>\$1,279,000</b>
<b>Categories of Expenditure</b>					
Personal Services	442,600	444,900	481,900	512,600	1,279,000
In-State Travel	100	300	100	200	0
Out of State Travel	700	100	0	0	0
Current Expense	7,500	7,200	1,900	20,300	0
DP Current Expense	800	400	300	100	0
<b>Total</b>	<b>\$451,700</b>	<b>\$452,900</b>	<b>\$484,200</b>	<b>\$533,200</b>	<b>\$1,279,000</b>
<b>Other Data</b>					
Budgeted FTE	14.0	7.5	8.0	8.0	16.0
Actual FTE	7.6	6.9	7.0	7.0	0.0

Table 67

**CENTRAL OPERATIONS**

**Function**                      The Central Operations program is responsible for the recruiting, selection, employee development and training functions for the state. By request, the program develops personnel recruitment and selection policies for state agencies. It also provides training and technical support on employee relations, fair employment practices, diversity and liability prevention, including sexual harassment prevention training and drug testing.

**Funding Detail**                This program receives all of its funding from the General Fund.

<b>Budget History - Human Resource Management - Central Operations</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	526,200	537,800	481,900	571,700	300,800
General Fund, One-time	0	0	4,100	0	(900)
Dedicated Credits Revenue	900	0	0	0	0
Closing Nonlapsing	0	0	0	(71,700)	0
<b>Total</b>	<b>\$527,100</b>	<b>\$537,800</b>	<b>\$486,000</b>	<b>\$500,000</b>	<b>\$299,900</b>
<b>Categories of Expenditure</b>					
Personal Services	509,500	507,900	483,700	495,400	299,900
In-State Travel	100	500	0	400	0
Out of State Travel	0	18,500	(300)	(1,000)	0
Current Expense	15,100	1,400	2,200	4,800	0
DP Current Expense	2,400	9,500	400	400	0
<b>Total</b>	<b>\$527,100</b>	<b>\$537,800</b>	<b>\$486,000</b>	<b>\$500,000</b>	<b>\$299,900</b>
<b>Other Data</b>					
Budgeted FTE	10.0	8.0	8.0	8.0	3.5
Actual FTE	8.0	7.9	7.1	6.6	0.0

**Table 68**

**FLEX BENEFITS**

**Function**

The Flex Benefits program was adopted by the state under federal legislation to authorize employees to deduct a portion of their biweekly paycheck to establish a pool of money which can be used to pay for out-of-pocket day care, medical, and dental expenses. This money is deducted on a pre-tax basis and is free from FICA taxes and other employment taxes. Therefore it provides a savings to both the state and the employees who elect to use the program.

In the past, DHRM collected the money from payroll withholdings, passed it through to PEHP, and processed employee claims. Now, however, the Division of Finance is remitting the funds directly to PEHP and PEHP processes claims.

**Funding Detail**

Dedicated Credits appropriated in FY 2007 will in all likelihood not be collected.

<b>Budget History - Human Resource Management - Flex Benefits</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits Revenue	1,500	102,800	200	0	40,000
Beginning Nonlapsing	9,500	7,600	10,000	10,200	10,000
Closing Nonlapsing	(7,600)	(10,000)	(10,200)	(10,200)	0
<b>Total</b>	<b>\$3,400</b>	<b>\$100,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>
<b>Categories of Expenditure</b>					
Current Expense	0	100,400	0	0	50,000
Other Charges/Pass Thru	3,400	0	0	0	0
<b>Total</b>	<b>\$3,400</b>	<b>\$100,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>

Table 69

MANAGEMENT TRAINING

Function

Human Resource Management Training and Development provides opportunities and resources available to agencies across the state to meet workforce needs including:

- Employment law and liability prevention training to increase compliance with laws, decrease litigation and promote ethical and lawful work environments
- Certified Public Manager program to promote excellence in public management and leadership in accordance with national standards and recognized by the designation of a nationally recognized certification
- Employee and management development courses to enhance broadly applicable workplace skills, productivity, and communication
- Performance management courses to strengthen managerial skills and maximize workforce productivity

Intent Language

During the 2006 General Session the Legislature passed intent language for FY 2006 in House Bill 1. The intent language accompanied an appropriation of \$30,000 from Dedicated Credits. The appropriation enabled the department to conduct a market comparability study without needing General Funds.

*It is the intent of the Legislature that pursuant to UCA 67-19-6(3)(b)(ii) the appropriation of \$30,000 from Dedicated Credits come from funds in the Training and Development Program and that those funds be used for a market comparability study.*

Accountability

Number of Certified Public Manager graduates

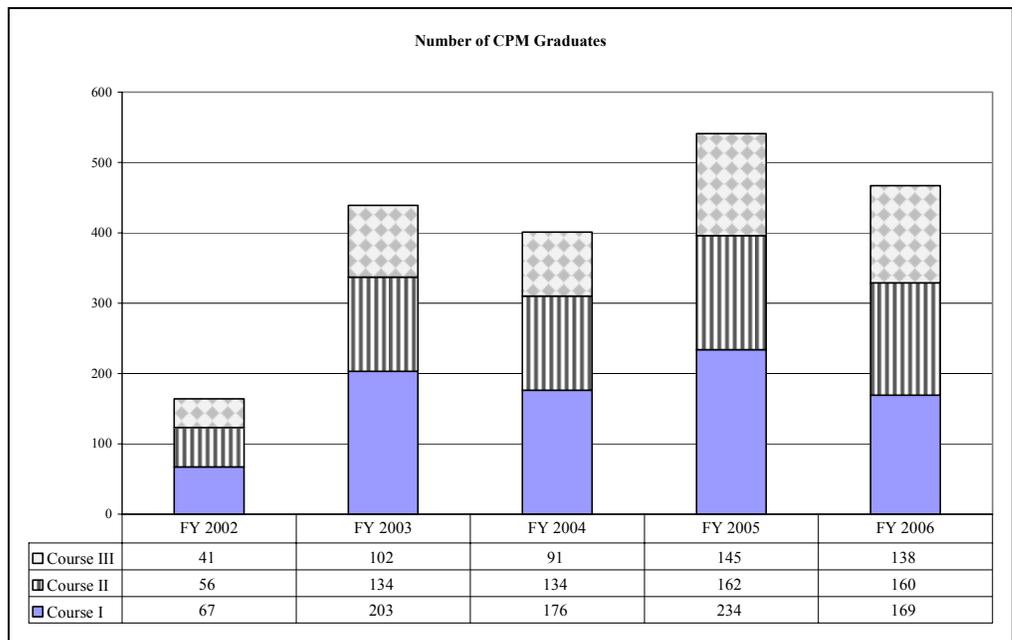


Figure 46

Measure: Number of CPM graduates.

**Goal:** Excellence in public management and leadership.

**Methodology:** Count of graduates in each course. Attendees must complete the first course before attending the second, and so on.

**Measure Type:** Output.

**Note:** Interest in the course is growing as reflected by an increasing number of completed courses.

**Funding Detail**

The program is funded through Dedicated Credit revenue generated by fees for services provided.

<b>Budget History - Human Resource Management - Management Training and Development</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits Revenue	294,100	296,300	391,200	346,700	500,000
Beginning Nonlapsing	55,700	91,000	125,400	184,100	80,000
Closing Nonlapsing	(91,000)	(125,400)	(184,100)	(235,200)	0
<b>Total</b>	<b>\$258,800</b>	<b>\$261,900</b>	<b>\$332,500</b>	<b>\$295,600</b>	<b>\$580,000</b>
<b>Categories of Expenditure</b>					
Personal Services	0	12,000	15,000	0	0
In-State Travel	100	2,100	0	800	0
Out of State Travel	5,100	3,400	2,700	18,200	0
Current Expense	252,100	225,500	301,600	276,500	580,000
DP Current Expense	1,500	18,900	13,200	100	0
<b>Total</b>	<b>\$258,800</b>	<b>\$261,900</b>	<b>\$332,500</b>	<b>\$295,600</b>	<b>\$580,000</b>

**Table 70**

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**INFORMATION TECHNOLOGY****Function**

Information Technology is used to provide automated systems for the enterprise Human Resource Management system. This system provides support to all agencies relative to employee recruitment, employment, pay and all other employee related functions.

Statewide systems supported by DHRM include:

- HRE (Human Resource Enterprise)
- TRM (Training Records Management)
- Employee Profile
- HR Data Warehouse
- UJM (Utah Job Match)
- UJM Job & Position Analysis
- Lifestyle Benefits
- UMD (Utah Master Directory)
- HR Web-Reports

The Information Technology program provides the technology support for the department. It provides support for internal DHRM needs as well as other state agencies in processing HR business. This includes processing from recruitment through termination.

The program provides direct access to human resource information to employees. It also provides information to the public and employees through the Web.

**Funding Detail**

Even though this program has eight budgeted FTE in FY 2007, it will not have any actual FTE because they have been transferred to the new Department of Technology Services. There will be no savings – personal services expenditures will become current expenses.

<b>Budget History - Human Resource Management - Information Technology</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	918,300	1,107,600	1,188,000	1,033,300	1,002,700
General Fund, One-time	0	0	4,600	0	(2,500)
Dedicated Credits Revenue	1,000	1,000	0	0	0
Beginning Nonlapsing	92,200	73,300	139,100	260,800	80,000
Closing Nonlapsing	(73,300)	(139,100)	(260,800)	(289,900)	0
Lapsing Balance	(14,000)	0	0	0	0
<b>Total</b>	<b>\$924,200</b>	<b>\$1,042,800</b>	<b>\$1,070,900</b>	<b>\$1,004,200</b>	<b>\$1,080,200</b>
<b>Categories of Expenditure</b>					
Personal Services	754,800	702,500	697,100	726,900	1,080,200
In-State Travel	0	7,400	0	0	0
Out of State Travel	5,200	0	3,000	0	0
Current Expense	17,200	30,300	20,900	7,400	0
DP Current Expense	147,000	260,200	265,200	269,900	0
DP Capital Outlay	0	42,400	84,700	0	0
<b>Total</b>	<b>\$924,200</b>	<b>\$1,042,800</b>	<b>\$1,070,900</b>	<b>\$1,004,200</b>	<b>\$1,080,200</b>
<b>Other Data</b>					
Budgeted FTE	10.0	10.0	9.0	9.0	8.0
Actual FTE	10.0	8.4	8.0	8.0	0.0

Table 71

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**CHAPTER 23 DEPARTMENT OF HUMAN RESOURCE MANAGEMENT – INTERNAL SERVICE FUND**

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**Function**

The Department of Human Resource Management (DHRM) Internal Service Fund was established by House Bill 269 in the 2006 General Session.

Internal Service Funds (ISF) employ business practices to provide a service or product for other state and governmental agencies. Typical services include 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.

Upon establishing the ISF, DHRM consolidated all human resource employees statewide. Whereas previously most HR staff in the “field” worked for the agency where they were housed, they now work for DHRM. The consolidation should allow for efficiencies by avoiding duplication of effort, particularly in rural or remote locations. Consolidation should also result in better control and coordination over HR functions.

The ISF operated by DHRM provides consolidated services to all state agencies. The ISF has two programs:

- Field Services
- Payroll Field Services

**Statutory Authority**

UCA 67-19-5 (6) allows the department to operate an internal service fund in accordance with Section 63-38-3.5 for the human resource functions the department provides.

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:

- 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

No capital acquisitions can be made by an Internal Service Fund without legislative approval.

No capital assets can be transferred to an Internal Service Fund without legislative approval.

Working capital for operations must be provided from the following sources in the following order:

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 as long as:

- The debt is repaid over the useful life of the asset
- The Division of Finance does not allow the ISF to have deficit working capital (defined as Current Assets less Current Liabilities less Long Term General Fund Borrowing) greater than ninety percent of the value of the ISF’s fixed assets.

**Funding Detail**

Rates established for FY 2007 were based on a detailed analysis of the costs of providing human resource functions statewide. The intent behind creation of the ISF was to be save money or at worst be revenue neutral with improved coordination and control. FY 2007 rates built in that intent.

<b>Budget History - ISF - Human Resource Management</b>					
	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Appropriated</b>
<b>Sources of Finance</b>					
Dedicated Credits - Intragvt Rev	0	0	0	0	11,279,800
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,279,800</b>
<b>Programs</b>					
Field Services	0	0	0	0	10,235,800
Payroll Field Services	0	0	0	0	1,044,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,279,800</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	0	10,277,800
In-State Travel	0	0	0	0	33,800
Current Expense	0	0	0	0	464,400
DP Current Expense	0	0	0	0	373,500
Other Charges/Pass Thru	0	0	0	0	100,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,249,500</b>
<b>Profit/(Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,300</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	0.0	165.6

**Table 72**

**PROGRAMS: DHRM INTERNAL SERVICE FUND**

**FIELD SERVICES**

<b>Function</b>	<p>Field Services is the primary program for delivery of services to state agencies. This program delivers frontline services in the major functional areas including recruitment, training and development, classification, management of grievances and application of DHRM policies. This program should coordinate program effectiveness and maximize efficient use of DHRM services, funds and personnel.</p> <p>The DHRM administrative office sets the guidelines for Field Services, evaluates their performance and governs their workload.</p> <p>Field Services also should ensure efficient use of automated HR-related software in order to maximize efficient data output and effective administration of programs.</p>
<b>Intent Language</b>	<p>The Legislature approved creation of the ISF but wanted to ensure it would be revenue neutral and wouldn't increase the size of state government. Therefore, in allowing DHRM to consolidate all HR employees statewide under its organization, the 2006 Legislature adopted the following intent language (S.B. 4, 2006 General Session):</p> <p style="padding-left: 40px;"><i>It is the intent of the Legislature that for each full-time equivalent position filled in the Department of Human Resource Management internal service fund at least one position will be vacated and eliminated elsewhere in state government.</i></p> <p>DHRM reports that all of the personnel in the DHRM ISF came from other state agencies</p>
<b>Accountability</b>	<p>The ratio of HR field staff to agency employees should be kept as low as possible while still delivering quality service. The current ratio is 1:145. This and other performance measures will be tracked as the program matures.</p>
<b>Funding Detail</b>	<p>Actual FY 2007 FTE may turn out higher than budgeted for this particular program, but FTE in the Payroll Field Services program will be lower. The department cannot exceed the legislatively authorized FTE for the line item overall.</p>

Budget History - ISF - Human Resource Management - Field Services					
	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Appropriated
<b>Sources of Finance</b>					
Dedicated Credits - Intragvt Rev	0	0	0	0	10,235,800
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,235,800</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	0	9,348,300
In-State Travel	0	0	0	0	29,800
Current Expense	0	0	0	0	409,000
DP Current Expense	0	0	0	0	328,900
Other Charges/Pass Thru	0	0	0	0	88,100
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,204,100</b>
<b>Profit/(Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,700</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	0.0	145.8

Table 73

**PAYROLL FIELD SERVICES**

**Function**

Since payroll work is cyclical, the agency staff assigned to it normally performs other functions as well. This program exists for those agencies that wish to purchase payroll administration rather than use internal staff. Similarly to the Field Services program, any FTE growth in this program must come from positions vacated elsewhere in state government.

**Funding Detail**

Actual FY 2007 FTE may turn out lower than budgeted, as fewer agencies than expected are buying this service right now.

Budget History - ISF - Human Resource Management - Payroll Field Services					
	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Appropriated
<b>Sources of Finance</b>					
Dedicated Credits - Intragvt Rev	0	0	0	0	1,044,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,044,000</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	0	929,500
In-State Travel	0	0	0	0	4,000
Current Expense	0	0	0	0	55,400
DP Current Expense	0	0	0	0	44,600
Other Charges/Pass Thru	0	0	0	0	11,900
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,045,400</b>
<b>Profit/(Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,400)</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	0.0	19.8

Table 74

**CHAPTER 24 DEPARTMENT OF TECHNOLOGY SERVICES – APPROPRIATED**

<b>Function</b>	<p>The Department of Technology Services (DTS) manages information technology (IT) programs and resources statewide. It acts as the Executive Branch’s lead agency on IT, working with all other state agencies to ensure efficient and effective investment in and operation of IT. It responds first and foremost to the business needs of its customers – other agencies in the state.</p> <p><i>Information Technology Governance Amendments</i> (House Bill 109, 2005 General Session) created DTS. The bill immediately moved the Office of the Chief Information Officer and the Automated Geographic Reference Center into DTS as appropriated budget items. Subsequent appropriations acts added Technology Acquisition projects as appropriated items. Those directly appropriated functions are addressed in this chapter.</p> <p>H.B. 109 also provided mechanisms through which the governor consolidated the Division of Information Technology Services (ITS) and all agency information technology functions into DTS before July 1, 2006. The internal service fund portion of DTS, including what was formerly known as ITS, will be addressed in the following chapter.</p>
<b>Statutory Authority</b>	<p>UCA 63F-1-103 creates the Department of Technology Services and gives DTS authority to operate as an internal service fund. The statute requires DTS to:</p> <ul style="list-style-type: none"> <li>➤ Reengineer state government IT architecture and governance</li> <li>➤ Coordinate strategic planning and best meet the business needs of customer agencies</li> <li>➤ Improve efficiency of state IT resources through certain defined best practices</li> <li>➤ Act as the General Contractor for acquisition of IT resources statewide</li> <li>➤ Assist the Governor’s Office of Planning and Budget with development of statewide IT budgets</li> </ul>
<b>Funding Detail</b>	<p>The following table illustrated funds appropriated to DTS for fiscal years 2006 and 2007. For comparison purposes, it also includes historical information for the Chief Information Officer – which prior to FY 2006 was in the Governor’s Office – and the Automated Geographic Reference Center – which prior to FY 2006 was in the Department of Administrative Services.</p>

<b>Budget History - Department of Technology Services</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	727,600	760,300	940,700	1,299,000	1,426,400
General Fund, One-time	0	456,500	509,300	400,000	7,894,500
Federal Funds	0	552,200	495,500	440,400	350,000
Dedicated Credits Revenue	156,600	458,000	428,400	841,400	9,730,700
GFR - E-911 Emergency Services	0	0	250,000	250,000	250,000
Beginning Nonlapsing	123,800	182,500	192,100	724,100	624,400
Closing Nonlapsing	(182,500)	(192,100)	(724,000)	(671,300)	(476,100)
Lapsing Balance	0	(125,300)	0	0	0
<b>Total</b>	<b>\$825,500</b>	<b>\$2,092,100</b>	<b>\$2,092,000</b>	<b>\$3,283,600</b>	<b>\$19,799,900</b>
<b>Line Items</b>					
Chief Information Officer	464,900	532,900	563,200	895,200	826,900
Integrated Technology	360,600	1,559,200	1,528,800	2,388,400	2,773,000
Technology Acquisition Projects	0	0	0	0	16,200,000
<b>Total</b>	<b>\$825,500</b>	<b>\$2,092,100</b>	<b>\$2,092,000</b>	<b>\$3,283,600</b>	<b>\$19,799,900</b>
<b>Categories of Expenditure</b>					
Personal Services	403,200	1,253,900	1,354,600	1,569,200	1,629,300
In-State Travel	400	14,700	26,500	61,900	10,600
Out of State Travel	12,800	29,700	26,700	31,700	29,800
Current Expense	29,000	308,000	320,400	445,600	909,000
DP Current Expense	19,500	268,600	170,400	207,700	10,198,200
DP Capital Outlay	0	26,800	63,100	371,900	63,100
Other Charges/Pass Thru	360,600	190,400	130,300	595,600	6,959,900
<b>Total</b>	<b>\$825,500</b>	<b>\$2,092,100</b>	<b>\$2,092,000</b>	<b>\$3,283,600</b>	<b>\$19,799,900</b>
<b>Other Data</b>					
Budgeted FTE	5.0	15.0	18.0	14.0	18.0
Actual FTE	4.1	18.6	22.1	21.3	0.0

Table 75

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**LINE ITEMS – DEPARTMENT OF TECHNOLOGY SERVICES****CHIEF INFORMATION OFFICER**

<b>Function</b>	By statute, the Executive Director of the Department of Technology Services serves as the State’s Chief Information Officer (CIO). In addition to administering the Department, the CIO provides policy direction and strategic vision for state information technology endeavors. The CIO reports directly to the governor, as well as to the Utah Technology Commission and Public Utilities and Technology Interim Committee. He or she has a seven member advisory board from which to seek input.
<b>Statutory Authority</b>	<p>The following statutes govern the Chief Information Officer:</p> <ul style="list-style-type: none"><li>➤ UCA 63F-1-201 creates the CIO and assigns reporting requirements</li><li>➤ UCA 63F-1-202 creates a Technology Advisory Board from which the CIO can seek advice</li><li>➤ UCA 63F-1-203 and 204 require the CIO to develop and review information technology strategic plans</li><li>➤ UCA 63F-1-205 empowers the CIO to acquire information technology assets for state agencies only after thorough business needs assessments</li><li>➤ UCA 63F-1-206 gives the CIO rulemaking authority;</li><li>➤ UCA 63F-1-207 directs the CIO to coordinate executive branch IT plans with those of other branches of state government</li><li>➤ UCA 63F-1-208 and 209 give the CIO sole authority to hire information technology staff and discretion to delegate those staff and associated functions to other agencies of state government</li></ul>
<b>Intent Language</b>	<p>The Legislature included the following intent language at Item 18 of the <i>Current Year Supplemental Appropriations Act</i> (H.B. 1, 2006 General Session):</p> <p style="text-align: center;"><i>The Legislature intends that funds provided for the Department of Technology Services - Chief Information Officer in Items 56 and 57 of Supplemental Appropriations Act II (S.B. 3, 2005 General Session) shall not lapse.</i></p>
<b>Funding Detail</b>	The following table shows the CIO’s budget for FY 2006 and FY 2007, as well as budget history for years prior to FY 2006 during which the CIO was part of the Governor’s Office.

<b>Budget History - Technology Services - Integrated Technology - Automated Geographic Reference Center</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	360,600	371,500	387,200	726,800	816,000
General Fund, One-time	0	302,800	506,700	0	896,100
Federal Funds	0	552,200	495,500	440,400	350,000
Dedicated Credits Revenue	0	458,000	428,400	841,400	530,700
GFR - E-911 Emergency Services	0	0	250,000	250,000	250,000
Beginning Nonlapsing	0	0	0	539,100	406,300
Closing Nonlapsing	0	0	(539,000)	(409,300)	(476,100)
Lapsing Balance	0	(125,300)	0	0	0
<b>Total</b>	<b>\$360,600</b>	<b>\$1,559,200</b>	<b>\$1,528,800</b>	<b>\$2,388,400</b>	<b>\$2,773,000</b>
<b>Categories of Expenditure</b>					
Personal Services	0	817,700	893,200	1,105,400	1,135,600
In-State Travel	0	12,700	23,400	61,400	8,600
Out of State Travel	0	15,600	15,900	21,200	15,500
Current Expense	0	266,200	251,900	75,300	627,300
DP Current Expense	0	253,800	163,000	184,600	163,000
DP Capital Outlay	0	26,800	63,100	364,100	63,100
Other Charges/Pass Thru	360,600	166,400	118,300	576,400	759,900
<b>Total</b>	<b>\$360,600</b>	<b>\$1,559,200</b>	<b>\$1,528,800</b>	<b>\$2,388,400</b>	<b>\$2,773,000</b>
<b>Other Data</b>					
Budgeted FTE	0.0	10.0	13.0	10.0	14.0
Actual FTE	0.0	14.5	17.6	17.1	0.0

Table 76

**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 depiction of legislative district boundaries.

**Statutory Authority** The following laws govern operation of the AGRC:

UCA 63F-1-506 creates the AGRC as part of the Department of Technology Services (DTS). The AGRC 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
- Assist the Lieutenant Governor, state agencies, and local entities with boundary creation, changes, collection, tracking, and mapping.

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

UCA 63F-1-507 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 63F-1-507 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 72-5-304 requires AGRC to create and maintain records of RS-2477 roads, and 72-5-309 directs AGRC to make those records available to the public. UCA 63F-1-508 creates within the AGRC a subcommittee to award grants to counties to inventory and map RS-2477 rights-of-way.

UCA 63F-1-204 requires state agencies develop Information Technology Strategic Plans. In coordination with the Chief Information Officer, AGRC reviews and consults with agencies on agency IT plans, especially data acquisition efforts.

A number of statutes require AGRC to maintain certain records in its geospatial database. They include:

- UCA 10-9a-203 which requires localities to submit zoning and general plan information to AGRC;
- 11-36-201 which requires submission of capital facilities plans to AGRC; and
- 20A-5-303 requires municipalities submit voting precinct data to AGRC.

UCA 63F-1-509 creates a statewide Global Positioning Reference Network to provide more accurate location information. The statute directs AGRC to administer the GPS reference system.

#### **Intent Language**

The Legislature included the following intent language at Item 19 of the *Current Year Supplemental Appropriations Act* (H.B. 1, 2006 General Session):

*The Legislature intends that funds provided for the Department of Technology Services - Integrated Technology Division - Automated Geographic Reference Center in Items 58 and 59 of Supplemental Appropriations Act II (S.B. 3, 2005 General Session) shall not lapse.*

#### **Funding Detail**

Prior to FY 2004, the AGRC was subsidized by revenue generated within the Department of Administrative Services, Division of Information Technology Services 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.

Since FY 2006 AGRC has been part of the new Department of Technology Services, Integrated Technology Division. For comparison purposes, AGRC's historical budget is also shown with DTS, below.

<b>Budget History - Technology Services - Integrated Technology - Automated Geographic Reference Center</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	360,600	371,500	387,200	726,800	816,000
General Fund, One-time	0	302,800	506,700	0	896,100
Federal Funds	0	552,200	495,500	440,400	350,000
Dedicated Credits Revenue	0	458,000	428,400	841,400	530,700
GFR - E-911 Emergency Services	0	0	250,000	250,000	250,000
Beginning Nonlapsing	0	0	0	539,100	406,300
Closing Nonlapsing	0	0	(539,000)	(409,300)	(476,100)
Lapsing Balance	0	(125,300)	0	0	0
<b>Total</b>	<b>\$360,600</b>	<b>\$1,559,200</b>	<b>\$1,528,800</b>	<b>\$2,388,400</b>	<b>\$2,773,000</b>
<b>Categories of Expenditure</b>					
Personal Services	0	817,700	893,200	1,105,400	1,135,600
In-State Travel	0	12,700	23,400	61,400	8,600
Out of State Travel	0	15,600	15,900	21,200	15,500
Current Expense	0	266,200	251,900	75,300	627,300
DP Current Expense	0	253,800	163,000	184,600	163,000
DP Capital Outlay	0	26,800	63,100	364,100	63,100
Other Charges/Pass Thru	360,600	166,400	118,300	576,400	759,900
<b>Total</b>	<b>\$360,600</b>	<b>\$1,559,200</b>	<b>\$1,528,800</b>	<b>\$2,388,400</b>	<b>\$2,773,000</b>
<b>Other Data</b>					
Budgeted FTE	0.0	10.0	13.0	10.0	14.0
Actual FTE	0.0	14.5	17.6	17.1	0.0

**Table 77**

**Special Funding**

The table below provides information on the restricted account used by AGRC. The account was created in the 2004 General Session to be used beginning in FY 2005.

<b>Restricted Funds Summary - Automated Geographic Reference Center</b>				
<b>Fund/Account Name</b>	<b>Statutory Authority</b>	<b>Revenue Source</b>	<b>Prescribed Uses</b>	<b>FY 2006 Balance</b>
Statewide Unified E-911 Emergency Service Fund	UCA 53-10-603	Telephone user fees	Enhance Public Safety; Statewide Wireless E911 Service	\$722,800

**Table 78**

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**TECHNOLOGY ACQUISITION PROJECTS****Function**

DTS is responsible for managing all information technology statewide. As such, it acts as the systems integrator for new technology projects acquired by individual state agencies.

In FY 2007, the Legislature funded the following computer system upgrades in the Technology Acquisition Projects program:

- Tax System Modernization: \$7 million from the General Fund and \$5 million from Dedicated Credits paid by the Tax Commission to replace sales, income, and corporate tax accounting systems, among others, facilitating income tax reform and streamlined sales tax. The first phase, beginning in FY 2007, would provide core functionality plus the income tax code set.
- UDOT Maintenance Management System: \$3 million from Dedicated Credits paid by the Department of Transportation to replace existing systems that have not kept pace with changing technology, are time consuming, and do not easily answer the types of questions asked by UDOT managers. The MMS will store and retrieve information about repair needs on state roads and roadside appurtenances. The system will allow UDOT to more accurately target its resources and prolong the life of the state's assets.
- DNR Oil and Gas Electronic Permitting System: \$100,000 from Dedicated Credits paid by the Department of Natural Resources to develop computer applications to process, approve, and monitor oil and gas drilling permits and other activities. The new system will allow the Department of Natural Resources to meet the increased demands for oil & gas exploration and drilling in Utah.
- UCC Online Filing System: \$100,000 from Dedicated Credits paid by the Department of Commerce to enhance Commerce's on-line filing system so that it is more efficient and offers additional functionality to users. Commerce especially wants to add the ability to upload images, serve agricultural users, and improve reporting capabilities.
- Electronic Resource Eligibility Project (eREP): \$3 million from Dedicated Credits to be paid by the Departments of Health, Human Services, and Workforce Services to automate management of certain social service programs. The FY 2007 appropriation is intended to add a Medicaid eligibility module to eRep.

**Funding Detail**

Table 79 below details the funding provided DTS for new technology acquisition. Of the amount appropriated, \$7 million from the General Fund was for Tax System Modernization. The remaining dedicated credits appropriation allows DTS to collect from other agencies the amounts necessary to build the projects listed.

<b>Budget History - ISF - Technology Services - Technology Acquisition Projects</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund, One-time	0	0	0	0	7,000,000
Dedicated Credits Revenue	0	0	0	0	9,200,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,200,000</b>
<b>Programs</b>					
Tax System Modernization	0	0	0	0	10,000,000
UDOT Maintenance Management Sys	0	0	0	0	3,000,000
DNR Electronic Permitting System	0	0	0	0	100,000
UCC Online Filing System	0	0	0	0	100,000
Electronic Resource Eligibility Product	0	0	0	0	3,000,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,200,000</b>
<b>Categories of Expenditure</b>					
DP Current Expense	0	0	0	0	10,000,000
Other Charges/Pass Thru	0	0	0	0	6,200,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,200,000</b>

Table 79



**CHAPTER 25 DEPARTMENT OF TECHNOLOGY SERVICES – OPERATIONS – ISF**

<b>Function</b>	As noted in Chapter 23, the Department of Technology Services (DTS) acts as Utah’s central service provider for information technology (IT) related activities. While part of DTS’ budget is directly appropriated, another part will be financed by billing customer agencies. This chapter addresses that latter part of DTS, the Internal Service Fund (ISF) portion.
<b>Statutory Authority</b>	<p>The following statutes govern the Department of Technology Services Internal Service Fund:</p> <ul style="list-style-type: none"> <li>➤ UCA 63F-1-103 creates the Department of Technology Services and gives DTS authority to operate as an internal service fund.</li> <li>➤ UCA 63F-1-301 creates an Information Technology Rate Committee that reviews and approves all rates before they are charged by DTS. The rate committee forwards such rates to the Legislature for final authorization.</li> <li>➤ UCA 63-38, “Budgetary Procedures Act” defines internal service funds and sets guidelines for their operations.</li> </ul>
<b>Intent Language</b>	<p>The Legislature provided in Item 20 of the <i>Current Year Supplemental Appropriations Act</i> (H.B. 1, 2006 General Session) the following intent language allowing DTS to carry-forward capital acquisition authority for certain capital projects.</p> <p style="padding-left: 40px;"><i>The Legislature intends that, under the terms and conditions of Utah Code Annotated 63-38-8.2, \$838,500 in capital outlay authority granted to the Department of Technology Services for Fiscal Year 2006 shall not lapse. The Legislature intends that this authority will be used for the following projects: Asset Management (\$85,000), RACF/UMD Integration (\$112,500), Intrusion Prevention Services (\$120,000), Unattended Install/System Imaging (\$150,000), LAN Infrastructure Upgrades (\$71,000), Storage Virtualization (\$300,000).</i></p> <p>DTS continues to pursue these projects in FY 2007.</p>
<b>Funding Detail</b>	<p>The following table shows budget information for DTS internal service fund. Consolidation of the former Department of Administrative Service Division of Information Technology Services (ITS) into DTS began in FY 2006. DTS’ FY 2007 budget reflects the former ITS as well as all other state IT employees. Historical budgets for ITS can be found in chapter 18, and historical information on IT budgets prior to FY 2007 is spread throughout the agencies of state government.</p> <p>For FY 2006, the Legislature provided Full Time Equivalent employment authorization to both DTS and ITS. While this appears to double count DTS employees (236 positions), the Legislature included intent language stating that each time a position was filled in DTS, one must be eliminated elsewhere. The FY 2006 FTE authorization did not include Agency Services employees as those employees were not consolidated with DTS until FY 2007.</p>

Budget History - ISF - Technology Services - ISF - DTS Operations					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	0	0	0	48,868,200	106,684,400
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,868,200</b>	<b>\$106,684,400</b>
<b>Programs</b>					
Agency Services Division	0	0	0	0	54,284,400
Enterprise Technology Division	0	0	0	48,868,200	52,400,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,868,200</b>	<b>\$106,684,400</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	19,563,200	74,038,800
In-State Travel	0	0	0	38,200	70,400
Out of State Travel	0	0	0	59,800	29,600
Current Expense	0	0	0	13,784,400	18,900,300
DP Current Expense	0	0	0	7,092,300	10,475,200
DP Capital Outlay	0	0	0	1,000	226,500
Capital Outlay	0	0	0	2,383,100	3,706,600
Other Charges/Pass Thru	0	0	0	348,800	(763,000)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$43,270,800</b>	<b>\$106,684,400</b>
<b>Profit/(Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,597,400</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	236.0	933.0
Actual FTE	0.0	0.0	0.0	232.8	0.0
Authorized Capital Outlay	0	0	0	6,800,500	24,877,400
Retained Earnings	0	0	0	12,764,200	7,166,800
Vehicles	0	0	0	23	23

Table 80

**AGENCY SERVICES DIVISION**

**Function** The DTS Agency Services Division provides direct IT support to agencies of state government. Agency Services employs information technology professionals that prior to FY 2007 were employed directly by individual state agencies. Through the DTS internal service fund, these employees now work for DTS but provide services to their “home” agencies on a cost reimbursement basis.

The rates charged by DTS for Agency Services for FY 2007 are equal to the cost of employees on an agency-by-agency basis. For future years, DTS is optimizing services so that rates for Agency Services will be based on products not pre-existing personnel costs.

**Statutory Authority** The duties of the Department of Technology Services Agency Services Division are enumerated in Utah Code 63F-1-604. They include but are not limited to providing support for information technology projects, programs, or functions that are unique to a given executive branch agency.

**Funding Detail** The following table depicts the FY 2007 budget for Agency Services. Prior to FY 2007, the employees and budgets reflected here were disbursed throughout state government.

Budget History - ISF - Technology Services - ISF - DTS Operations - Agency Services Division					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
Dedicated Credits - Intragvt Rev	0	0	0	0	54,284,400
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,284,400</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	0	54,284,400
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,284,400</b>
<b>Profit/(Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	0.0	702.0
Authorized Capital Outlay	0	0	0	0	14,063,000

Table 81

**ENTERPRISE TECHNOLOGY DIVISION**

**Function**

The DTS Enterprise Technology Division provides to other agencies of state government statewide information technology products such as telephone service, wide area computer networks, data storage and recovery, mainframe computing, and web and application hosting and development. The Enterprise Technology Division houses what was formerly known as the Department of Administrative Services Division of Information Technology Services.

Rates charged by the Enterprise Technology Division center on products and services provided by the division. Those rates are set and reviewed each year in an attempt to leverage economies of scale while minimizing cost to customer agencies and allowing DTS to just break-even.

**Statutory Authority**

Utah Code 63F-1-404 tasks the DTS Enterprise Technology Division with, among other things, promulgating architectures for statewide technology products and providing technology services used by the majority of state agencies.

**Funding Detail**

The following table depicts the budget for Enterprise Technology. Prior to FY 2006, the employees and budgets shown here were included in the Department of Administrative Services, Division of Information Technology Services.

<b>Budget History - ISF - Technology Services - ISF - DTS Operations - Enterprise Technology Division</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
Dedicated Credits - Intragvt Rev	0	0	0	48,868,200	52,400,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,868,200</b>	<b>\$52,400,000</b>
<b>Categories of Expenditure</b>					
Personal Services	0	0	0	19,563,200	19,754,400
In-State Travel	0	0	0	38,200	70,400
Out of State Travel	0	0	0	59,800	29,600
Current Expense	0	0	0	13,784,400	18,900,300
DP Current Expense	0	0	0	7,092,300	10,475,200
DP Capital Outlay	0	0	0	1,000	226,500
Capital Outlay	0	0	0	2,383,100	3,706,600
Other Charges/Pass Thru	0	0	0	348,800	(763,000)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$43,270,800</b>	<b>\$52,400,000</b>
<b>Profit/(Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,597,400</b>	<b>\$0</b>
<b>Other Data</b>					
Budgeted FTE	0.0	0.0	0.0	236.0	231.0
Actual FTE	0.0	0.0	0.0	232.8	0.0
Authorized Capital Outlay	0	0	0	6,800,500	10,814,400
Retained Earnings	0	0	0	12,764,200	7,166,800
Vehicles	0	0	0	23	23

Table 82

**CHAPTER 26 CAPITAL BUDGET**

<b>Function</b>	<p>The Capital Budget funds new construction, major remodeling, alterations, repairs, improvements, real estate, roofing and paving projects.</p> <p>The Capital Budget is divided into three line items:</p> <ol style="list-style-type: none"> <li>1. Capital Developments</li> <li>2. Capital Improvements</li> <li>3. Property Acquisition</li> </ol>
<b>Statutory Authority</b>	<p>UCA 63A-5-104 defines “Capital Developments” as either of the following:</p> <ul style="list-style-type: none"> <li>➤ A remodeling, site, or utility project with a cost of \$1,500,000 or more</li> <li>➤ A new facility with a construction cost of \$250,000 or more</li> <li>➤ A purchase of real property where an appropriation is requested to fund the purchase</li> </ul> <p>The same statute defines “Capital Improvements” as either of the following:</p> <ul style="list-style-type: none"> <li>➤ A remodeling, alteration, replacement or repair project with a total cost of less than \$1,500,000</li> <li>➤ A site and utility improvement with a total cost less than \$1,500,000</li> <li>➤ New facility with a total construction cost of less than \$250,000</li> </ul> <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"> <li>➤ A priority list of capital development projects</li> <li>➤ Detailed information for each project recommended in the first two years of the plan</li> <li>➤ A summary of Contingency Reserve and Project Reserve balances</li> <li>➤ Information about state leased facilities</li> <li>➤ The results of facility condition assessments including the cost of needed improvements</li> </ul> <p>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.</p> <p>A capital development project may not be constructed on state property without legislative approval <i>unless</i>:</p> <ul style="list-style-type: none"> <li>➤ The Building Board determines that a requesting higher education institution has provide adequate assurance that state funds will not be used for construction, O&amp;M, or future capital improvements of the</li> </ul>

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(6) 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.

UCA 63-38-8(3)(d) prohibits transfers from a line item of any agency or institution into the Capital Projects Fund without the prior express approval of the Legislature.

**Previous Action**

In the 2006 General Session and Third Special Session the Legislature approved the following projects:

<b>Legislatively Approved Capital Projects - 2006 Sessions</b>						
<u>State Funded Projects</u>	<u>State Funds</u>	<u>G.O. Bonds</u>	<u>Other Funds</u>	<u>Anticipated Donations</u>	<u>Total</u>	<u>Bill(s)</u>
Capital Improvements	\$62,921,300				\$62,921,300	S.B. 1
CPB State Capitol Renov/Parking	\$50,000,000				\$50,000,000	H.B. 3
UDC Gunnison Expansion	\$20,000,000				\$20,000,000	H.B. 3
UVSC Digital Learning Center	\$46,750,000			\$1,250,000	\$48,000,000	H.B. 3
UBATC/USU Vernal Building	\$9,942,000			\$4,500,000	\$14,442,000	H.B. 3
WSU Classrm/Chiller Plnt Design	\$2,000,000				\$2,000,000	H.B. 3
DNR Midway Fish Hatchery	\$5,000,000		\$3,200,000		\$8,200,000	H.B. 3
USU Relocate Ag Buildings	\$5,000,000				\$5,000,000	H.B. 3
Courts St. George Property Exch	\$3,620,000				\$3,620,000	H.B. 3
MATC N. Utah Land Purchase	\$3,250,000			\$1,250,000	\$4,500,000	H.B. 3
CEU Energy Training Center	\$1,100,000				\$1,100,000	H.B. 3
USU Old Engineering Bldg Renov		(\$5,943,500)		(\$10,000,000)	(\$15,943,500)	S.B. 236
USU New Enging Bldg Addition		\$5,943,500		\$5,000,000	\$10,943,500	S.B. 236
Subtotal State Funded	\$209,583,300	\$0	\$3,200,000	\$2,000,000	\$214,783,300	
<u>Appropriated Separately</u>						
CPB Capitol Wireless Tech	\$590,000				\$590,000	H.B. 1
USTAR Research Buildings	\$50,000,000	\$110,000,000		\$40,000,000	\$200,000,000	S.B. 75
DNR State Parks Renovations	\$3,000,000				\$3,000,000	S.B. 4
Total State Funded	\$263,173,300	\$110,000,000	\$3,200,000	\$42,000,000	\$418,373,300	
<u>Other Funded Projects</u>						
DABC Three Liquor Stores	\$7,371,000				\$7,371,000	S.B. 236
UU Hospital Expansion		(\$42,000,000)	(\$45,500,000)		(\$87,500,000)	S.B. 236
UU Hospital Expansion		\$90,000,000	\$30,000,000		\$120,000,000	S.B. 236
DSC Abbey Apts Purchase		\$1,275,000			\$1,275,000	S.B. 236
UU Pharmacy Bldg Expansion				(\$35,000,000)	(\$35,000,000)	S.B. 236
UU Pharmacy Bldg Expansion				\$67,823,000	\$67,823,000	S.B. 236
UU Business Bldg Remodel				\$30,787,000	\$30,787,000	S.B. 236
Snow Trad Constr Skills Bldg				\$3,500,000	\$3,500,000	S.B. 236
UNG Camp Williams JLTC #4			\$1,177,000		\$1,177,000	S.B. 236
UDOT Clearfield Maint Shed			\$1,200,000		\$1,200,000	H.B. 3
Total Other Funded	\$7,371,000	\$49,275,000	(\$13,123,000)	\$67,110,000	\$110,633,000	

**Table 83**

**Funding Detail**

The Legislature used \$30 million in ongoing funds for capital development projects in the 2006 General Session. These funds will make up the ongoing base budget for FY 2008 and are made up of General Fund and Income Tax. The state can also take advantage of one-time funds, 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).

<b>Budget History - Capital Budget</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	35,506,700	27,584,700	26,976,900	53,600,800	45,902,800
General Fund, One-time	0	(4,200,000)	51,540,000	(2,108,000)	67,828,800
Education Fund	4,900,000	17,000,000	17,000,000	40,258,800	47,018,500
Education Fund, One-time	0	0	52,073,500	6,534,200	48,833,200
Transportation Fund, One-time	0	0	0	1,457,000	1,200,000
Federal Funds	7,900,300	0	1,024,300	1,383,800	0
Dedicated Credits Revenue	0	4,200,000	0	0	0
Dedicated Credits - GO Bonds	138,020,000	0	0	0	0
GFR - Special Administrative Expense	0	0	2,801,000	0	0
GFR - Wildlife Resources Trust	0	0	250,000	0	0
Risk Management ISF	0	0	0	2,500,000	0
Project Reserve Fund	800,000	0	0	0	0
Contingency Reserve Fund	0	0	0	919,000	0
<b>Total</b>	<b>\$187,127,000</b>	<b>\$44,584,700</b>	<b>\$151,665,700</b>	<b>\$104,545,600</b>	<b>\$210,783,300</b>
<b>Line Items</b>					
Capital Development	146,620,300	6,070,000	101,289,000	45,659,000	139,892,000
Capital Improvements	40,506,700	38,514,700	43,976,900	58,661,600	62,921,300
Property Acquisition	0	0	6,399,800	225,000	7,970,000
<b>Total</b>	<b>\$187,127,000</b>	<b>\$44,584,700</b>	<b>\$151,665,700</b>	<b>\$104,545,600</b>	<b>\$210,783,300</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	187,127,000	44,584,700	151,665,700	104,545,600	210,783,300
<b>Total</b>	<b>\$187,127,000</b>	<b>\$44,584,700</b>	<b>\$151,665,700</b>	<b>\$104,545,600</b>	<b>\$210,783,300</b>

**Table 84**

**LINE ITEMS – CAPITAL BUDGET****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** A list of capital projects funded in this line item is provided in Table 85 under “Programs.” The Legislature used \$30 million in ongoing funds (\$10.8 million General Fund plus \$19.2 million Income Tax) for capital projects in the 2006 General Session.

Budget History - Capital Budget - Capital Development					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	0	1,870,000	0	18,489,200	10,791,200
General Fund, One-time	0	0	50,000,000	(2,108,000)	64,208,800
Education Fund	0	0	0	19,208,800	19,208,800
Education Fund, One-time	0	0	48,488,000	6,534,200	44,483,200
Transportation Fund, One-time	0	0	0	1,457,000	1,200,000
Federal Funds	7,900,300	0	0	1,383,800	0
Dedicated Credits Revenue	0	4,200,000	0	0	0
Dedicated Credits - GO Bonds	138,020,000	0	0	0	0
GFR - Special Administrative Expense	0	0	2,801,000	0	0
Project Reserve Fund	700,000	0	0	0	0
Contingency Reserve Fund	0	0	0	694,000	0
<b>Total</b>	<b>\$146,620,300</b>	<b>\$6,070,000</b>	<b>\$101,289,000</b>	<b>\$45,659,000</b>	<b>\$139,892,000</b>
<b>Programs</b>					
Capital Development Fund	146,620,300	6,070,000	2,801,000	0	0
CPB State Capitol Building	0	0	50,000,000	590,000	50,000,000
DSC Health Sciences Building	0	0	0	15,743,000	0
UU Marriott Library	0	0	48,023,000	0	0
DHS Developmental Center Housing	0	0	0	2,575,000	0
UDC Gunnison Inmate Housing	0	0	0	14,600,000	20,000,000
SUU Teacher Education Building	0	0	0	10,000,000	0
UDOT Vernal Maintenance Complex	0	0	0	1,457,000	0
DNR Fire Management Service Facility	0	0	0	694,000	0
Utah Museum of Fine Arts	0	0	465,000	0	0
UVSC Digital Learning Center	0	0	0	0	46,750,000
UBATC/USU Vernal Building	0	0	0	0	9,942,000
DNR Midway Fish Hatchery	0	0	0	0	5,000,000
USU Agriculture Campus	0	0	0	0	5,000,000
UDOT Clearfield Maintenance Complex	0	0	0	0	1,200,000
WSU Classroom Building/Chiller Plant	0	0	0	0	2,000,000
<b>Total</b>	<b>\$146,620,300</b>	<b>\$6,070,000</b>	<b>\$101,289,000</b>	<b>\$45,659,000</b>	<b>\$139,892,000</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	146,620,300	6,070,000	101,289,000	45,659,000	139,892,000
<b>Total</b>	<b>\$146,620,300</b>	<b>\$6,070,000</b>	<b>\$101,289,000</b>	<b>\$45,659,000</b>	<b>\$139,892,000</b>

Table 85

*Building Board prioritization of state funded requests*

On October 19, 2006, 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.

Utah State Building Board  
**FY 2008 Capital Development Prioritization Hearings**  
**Final Board Ranking**

October 19, 2006 - Revised October 24, 2006

Ranking	Agency/Institution	Project	Total Cost	Alt. Funds	State Funding
1	Health	Unified Lab	\$ 30,852,000		\$ 30,852,000
2	Public Safety/Tax	Joint Driver License/DMV Building	\$ 5,342,000		\$ 5,342,000
3	UCAT	DATC: Technology/Manufacturing Building	\$ 15,000,000	\$ 760,000	\$ 14,240,000
4	WSU	Classroom Building/Chiller Plant	\$ 30,950,000	\$ 6,000,000	\$ 24,950,000
5	Snow	Library/Classroom Building	\$ 20,951,000	\$ 3,300,000	\$ 17,651,000
6	UCAT	MATC: North Utah County Campus Building	\$ 14,855,000		\$ 14,855,000
7	Courts	Saint George Courthouse	\$ 29,000,000		\$ 29,000,000
8	UCAT	DXATC: Land Purchase	\$ 5,500,000		\$ 5,500,000
9	Board of Ed	Schools for Deaf/Blind: Connor St & JMS Replacement	\$ 15,828,000	\$ 450,000	\$ 15,378,000
10	U of U	College of Nursing Renovation/Addition & Central Plant	\$ 22,775,000	\$ 8,000,000	\$ 13,775,000
11	UCAT	OWATC: Health Technology Building	\$ 18,613,000		\$ 18,613,000
12	SLCC	Digital Design/Communication Ctr/Student Life Ctr	\$ 61,879,000	\$ 12,200,000	\$ 49,679,000
13	USU	Agricultural Science & Classroom Building	\$ 83,110,000	\$ 42,000,000	\$ 41,110,000
14	Multi Agency	Salt Lake Area Government Office Building	\$ 38,500,000		\$ 38,500,000
15	UVSC	Science/Health Building Addition	\$ 47,645,000		\$ 47,645,000
16	DNR	DWR: Springville Hatchery Renovation	\$ 4,476,000		\$ 4,476,000
17	UCAT	SWATC: Land Purchase	\$ 2,282,000		\$ 2,282,000
18	DNR	Parks & Rec: State Park Upgrades	\$ 12,650,000	\$ 150,000	\$ 12,500,000
19	SUU	Science Center Addition	\$ 20,727,000		\$ 20,727,000
20	Multi Agency	Richfield Regional Center	\$ 15,197,000		\$ 15,197,000
21	Dixie	Centennial Building	\$ 71,050,000		\$ 71,050,000
22	DHS	Juvenile Justice: Weber County Detention Center	\$ 11,479,000		\$ 11,479,000
23	Courts	Ogden Property Purchase	\$ 2,000,000		\$ 2,000,000
24	DHS	State Hospital: Pediatric Treatment Center	\$ 23,077,000		\$ 23,077,000
25	GOED	Saint George Visitor Center Replacement	\$ 3,000,000		\$ 3,000,000
26	FairPark	Multipurpose Building	\$ 20,000,000		\$ 20,000,000

**Recommended by the Utah State Building Board But Not Ranked**

Capitol Preservation Board	State Capitol Restoration and Parking Terrace	\$50,000,000
College of Eastern Utah	Debt Reduction on Student Dorm Mortgage	\$2,184,500

Table 86

*FY 2008 Board of Regents Priorities Compared to Building Board Priorities*

Each year higher education institutions submit their capital development proposals for consideration by the Board of Regents and the State Building Board. Both boards consider existing space in their evaluations of capital development requests. If an existing facility is in poor condition, has life safety issues, or has inadequate space by type (e.g. classroom, labs, offices, study areas, or P.E.), then both boards’ systems should give the project a relatively high ranking. This coincides with the Legislature’s philosophy of prioritizing replacement or improvement of existing buildings before adding new square footage for new programs. Other factors such as alternative funding sources, cost effectiveness, and criticality of programs may also move a project up or down the rankings.

The Utah System of Higher Education’s Qualification and Prioritization (Q&P) Process emphasizes the current space inventory by type, how much space is needed based on standards and projected enrollment, and how well the requested project fills the gap. Additional points are given for life safety and alternative funding sources. The Building Board’s evaluation guide emphasizes condition of existing assets, program growth, cost effectiveness, and alternative funding. Neither board uses the evaluation process to replace deliberations which take into account other factors such as the current budget climate and acceptability of certain kinds of projects. However, rarely do boards deviate from the rankings provided in their evaluation systems.

The table below shows the Regents’ priorities for capital developments for FY 2008. Note the differences between the Regents’ rankings and the Building Board rankings in Table 86. Ultimately the rankings and recommendations are submitted to the Legislature for final evaluation.

<b>USHE Capital Development and Land Acquisition Priorities</b>					
Regent Rank	Project	Q&P Points	Bldg Bd. Rec. Score	State Funds	Cumulative State Funds
*	College of Eastern Utah Dormitory Project (Special Project)	n/a	n/a	\$2,200,000	\$2,200,000
1	WSU Classroom Bldg./Chiller Plant	80	5.0	\$22,650,000	\$24,850,000
1	U of U College of Nursing	82	5.0	\$14,465,400	\$39,315,400
2	USU Agriculture/ Classroom Replacement Building (Design Only)	78	4.5	\$3,000,000	\$42,315,400
3	SLCC Dig. Design & Comm. Center/ S. City Campus Student Life Ctr.	76	4.5	\$42,979,700	\$85,295,100
3	Snow Library/ Classroom	76	4.5	\$17,650,800	\$102,945,900
4	UVSC Science/Health Sciences Building Addition	75	4.0	\$52,755,500	\$155,701,400
5	SUU Science Center Addition	68	4.0	\$20,496,400	\$176,197,800
6	DSC Centennial Commons	65	3.0	TBD	
7	U of U Campus Learning Center	60	3.0	\$47,842,900	\$224,040,700

**Table 87**

*FY 2007 Board of Regents Priorities Compared to Building Board Priorities*

Although UCAT is a higher education institution, the Regents allow the UCAT Board of Trustees to rank their own projects. The following table shows UCAT’s FY 2008 requests as ranked by the trustees.

UCAT Rank	Project	State Cost Request <sup>(1)</sup>	Previous State Funds	Other Funds	Total Project
1	MATC - North Utah County Campus	\$14,265,000			\$14,265,000
2	DATC - Technology/Manufacturing Building	\$12,000,000		\$600,000	\$12,600,000
3	OWATC - Health Technology Building	\$14,265,000			\$14,265,000
4	SEATC - Carbon-Emery Campus Building	\$2,200,000			\$2,200,000
1	DXATC - Land Purchase	\$5,900,000			\$5,900,000
2	SWATC - Land Purchase	\$2,282,400			\$2,282,400

Table 88

*History of State-Funded Capital Projects for Higher Education*

Higher education facilities occupy two-thirds of all state space and, despite a temporary lull in enrollment growth, 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.

The following chart shows higher education’s state funded capital developments since FY 1997.

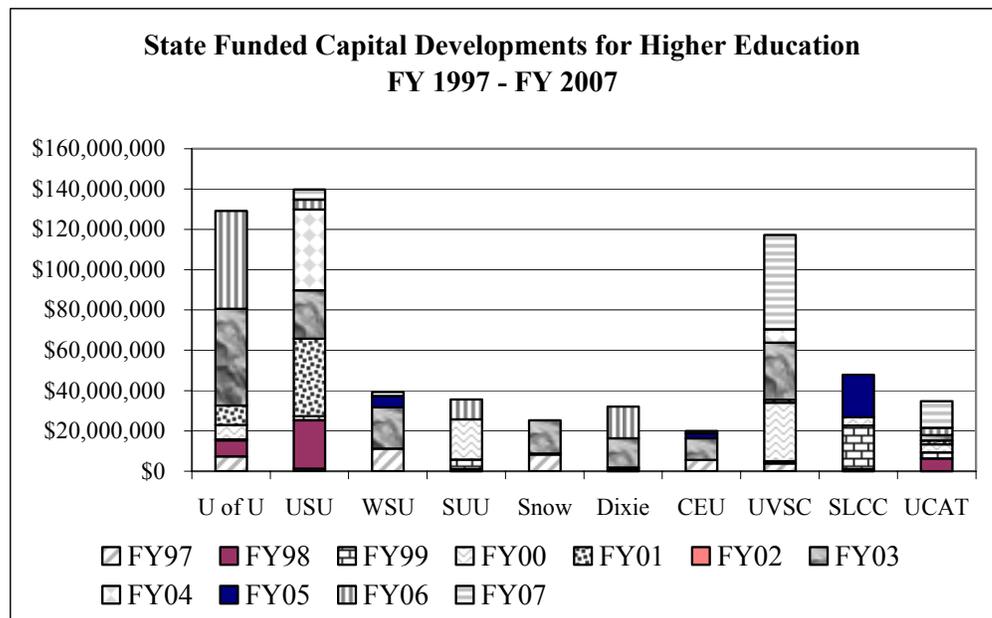


Figure 47

“OTHER”-FUNDED CAPITAL DEVELOPMENTS

**Function**

On October 19, 2006 the State Building Board heard and determined its recommendations for all requests submitted by higher education institutions and state agencies for “other”-funded capital developments. The table below shows the results of the Building Board process. While many of the projects bring value to the state by using donations, fees, restricted funds, or federal funds, they also represent new operations costs, fuel and power costs and assets to maintain while the state’s current assets carry maintenance backlogs.

<b>Utah State Building Board</b> <b>Recommended FY08 Other Funds</b> <b>Capital Development Requests</b> October 19, 2006		
Agency/Institution	Project	Est. Cost
SLCC	Facilities and Parking Building	\$ 2,500,000
U of U	Student Recreation Center	\$ 45,708,000
WSU	Hurst Lifelong Learning Building	\$ 8,000,000
UCAT	Southeast ATC Property Exchange	\$ 2,200,000
DABC	North Temple Store Expansion	\$ 1,770,000
DABC	Bountiful Store Expansion	\$ 1,822,000
DABC	Taylorsville Store Expansion	\$ 1,770,000
UDC	Utah Correctional Industries Production Warehouse	\$ 1,476,000
UDOT	Panguitch Maintenance Station	\$ 2,000,000
UDOT	Morgan Maintenance Station Replacement	\$ 2,700,000
	<b>TOTALS</b>	<b>\$ 69,946,000</b>

Table 89

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, the Legislature has adopted a policy to approve O&M funding at the same time it approves state-funded capital development projects. For other funded projects, the 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 for other funded projects, it is an attempt to use as much information as possible in accepting buildings.

CAPITAL IMPROVEMENTS LINE ITEM

Function

Capital improvements (defined above under “Statutory Authority”)—formerly known as “Alterations, Repair and Improvements” (AR&I)—are improvement projects on the state’s existing fixed capital assets. Capital improvement funds may not be used for program equipment or routine maintenance.

Capital improvements 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. The change allowed the Legislature to fund the program at the original 0.9 percent level during times of budget deficits.

To address the state’s maintenance backlog, the Legislature appropriated \$56,161,600 for FY 2006, which exceeded the minimum 1.1 percent requirement by \$2,529,500.

Maintenance Backlog

DFCM’s Facility Condition Assessment Program has identified \$249 million in “immediate” repair needs to buildings and infrastructure, and more than \$1.4 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, Weber State University’s Buildings 1 and 2). 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 recognizes the fact that capital improvements alone cannot alleviate the maintenance backlog and helps the state’s bond rating.

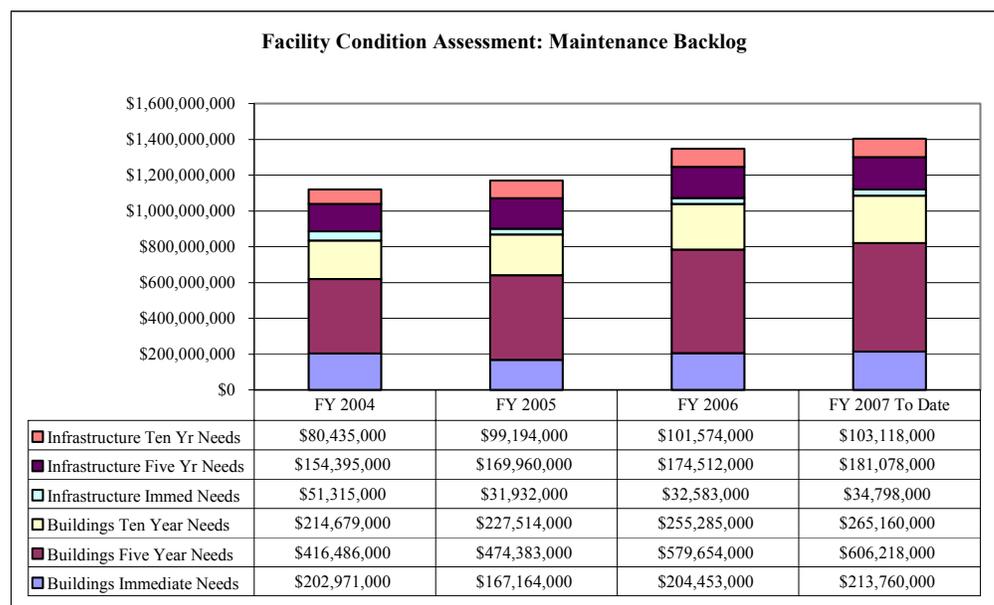


Figure 48

The reason for the large increase in FY 2006 is inflation associated with the cost of completing repairs that were not completed in FY 2005, and because the evaluators have recently completed reassessments on several buildings (all buildings are reassessed on a five-year cycle).

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 a nationally recognized way of keeping pace with growing needs, though it cannot eliminate the backlog of “immediate” needs by itself. Utah is not alone in carrying large backlogs, but we address them in a timelier manner than many states due to the capital improvement program. Nearly forty percent of Utah’s facilities are over twenty-five years old. 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.

*Capital improvements support higher education*

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. In FY 2007 the Building Board approved \$36.7 million for higher education improvement projects. This is money that is not always accounted for in considering state support of education even though students benefit directly from the program.

**Intent Language**

The Legislature adopted the following intent language during the 2006 General Session for FY 2006 (H.B. 1):

*It is the intent of the Legislature that \$2,500,000 reallocated from Risk Management retained earnings be used for capital improvements that mitigate life and safety hazards on state buildings.*

Since the funds were reallocated from excess earnings in the Division of Risk Management, the Legislature wanted to ensure the funds were used on projects that reduce the state’s risk.

**Accountability**

Since FY 1994 the Legislature has maintained its commitment to funding capital improvements. Each year’s funding has exceeded that of the prior year.

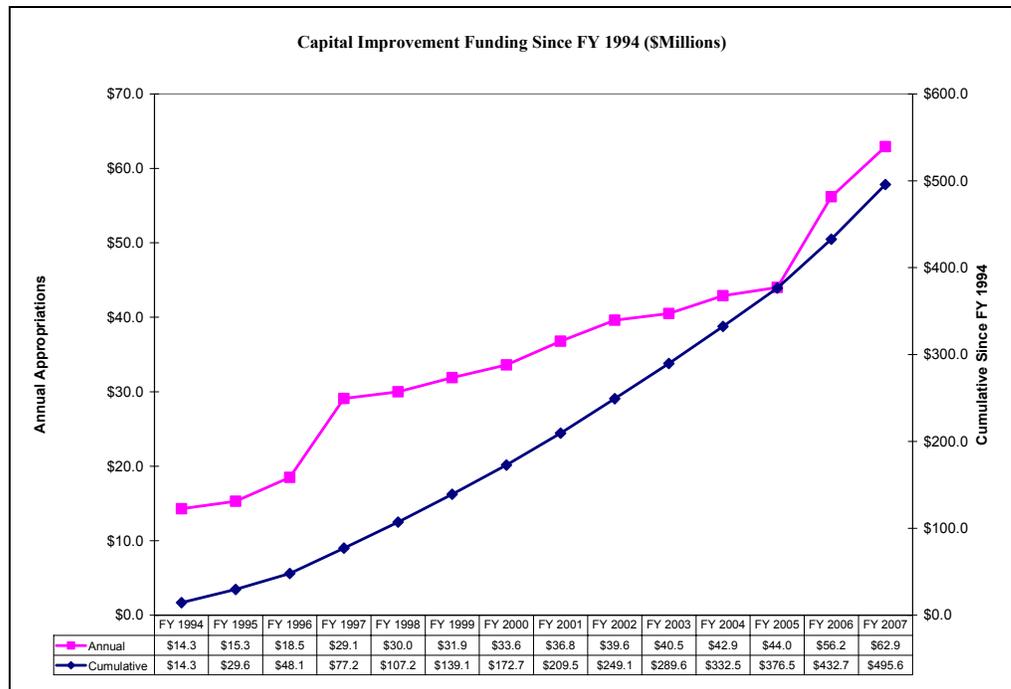


Figure 49

Funding for capital improvements saw dramatic growth in FY 1997 and again in FY 2006 through 2007. In FY 2006, for the first time, the Legislature funded this line item at 1.1% of the replacement value of state buildings. In fact, it funded 1.3% that year. FY 2007 was funded at the 1.1% level.

**Funding Detail**

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

Budget History - Capital Budget - Capital Improvements					
	2003	2004	2005	2006	2007
Sources of Finance	Actual	Actual	Actual	Actual	Appropriated
General Fund	35,506,700	25,714,700	26,976,900	35,111,600	35,111,600
General Fund, One-time	0	(4,200,000)	0	0	0
Education Fund	4,900,000	17,000,000	17,000,000	21,050,000	27,809,700
Risk Management ISF	0	0	0	2,500,000	0
Project Reserve Fund	100,000	0	0	0	0
<b>Total</b>	<b>\$40,506,700</b>	<b>\$38,514,700</b>	<b>\$43,976,900</b>	<b>\$58,661,600</b>	<b>\$62,921,300</b>
<b>Programs</b>					
Capital Improvements	40,506,700	38,514,700	43,976,900	58,661,600	62,921,300
<b>Total</b>	<b>\$40,506,700</b>	<b>\$38,514,700</b>	<b>\$43,976,900</b>	<b>\$58,661,600</b>	<b>\$62,921,300</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	40,506,700	38,514,700	43,976,900	58,661,600	62,921,300
<b>Total</b>	<b>\$40,506,700</b>	<b>\$38,514,700</b>	<b>\$43,976,900</b>	<b>\$58,661,600</b>	<b>\$62,921,300</b>

Table 90

PROPERTY ACQUISITION LINE ITEM

**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.

**Funding Detail** During the 2006 General Session the Legislature used this line item to finalize a property trade and revenue bond payoff in St. George, to purchase land in northern Utah County, and to purchase the mine buildings that would become the CEU Energy Training Center.

<b>Budget History - Capital Budget - Property Acquisition</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund, One-time	0	0	1,540,000	0	3,620,000
Education Fund, One-time	0	0	3,585,500	0	4,350,000
Federal Funds	0	0	1,024,300	0	0
GFR - Wildlife Resources Trust	0	0	250,000	0	0
Contingency Reserve Fund	0	0	0	225,000	0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,399,800</b>	<b>\$225,000</b>	<b>\$7,970,000</b>
<b>Programs</b>					
Building/Land Purchases	0	0	2,814,300	0	0
BATC Bourns Building	0	0	3,585,500	0	0
Courts Provo Land Purchase	0	0	0	225,000	0
Courts St. George Land Purchase	0	0	0	0	3,620,000
MATC Northern Utah County Land Purcha	0	0	0	0	3,250,000
CEU Energy Training Center	0	0	0	0	1,100,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,399,800</b>	<b>\$225,000</b>	<b>\$7,970,000</b>
<b>Categories of Expenditure</b>					
Other Charges/Pass Thru	0	0	6,399,800	225,000	7,970,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,399,800</b>	<b>\$225,000</b>	<b>\$7,970,000</b>

Table 91

**LEASE INFORMATION****Function**

The Legislature provides flexibility to state agencies/institutions to manage their programs with leases without requiring formal legislative approval of each lease. Nevertheless, an agency's program size and ability to lease is ultimately controlled by legislative appropriations. The Legislature also requires that lease terms be economically advantageous, sufficiently flexible, and competitive in the market. In order to ensure these conditions are met, the Legislature has given oversight duties to DFCM, the Judicial Council, and the Board of Regents.

**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.

*Other duties and powers of DFCM*

DFCM must lease, in the name of the division, all real property space to be occupied by an agency (other than Courts of Higher Education). Subject to legislative appropriation, DFCM may enter into facility leases with terms of up to ten years when the length of the lease is economically advantageous to the state, or subject to State Building Board approval and legislative appropriation, enter into longer leases.

DFCM must evaluate each lease under its control to determine whether or not the lease is cost effective, sufficiently flexible, and competitive. If evaluations show these conditions are not being met, the division should recommend viable alternatives, including such possibilities as lease/purchase and outright ownership.

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:

*Responsibilities of the Utah System of Higher Education*

**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 its comprehensive 5-year building plan. (Regent Policy R710-4.5.7. - Leased Space)*

*Responsibilities of the Courts*

Before entering into a high-cost lease, the Administrative Office of the Courts must submit a draft of the new lease to the Judicial Council and DFCM. Within thirty days DFCM must review the drafts and submit a report detailing its opinion on whether the lease meets the Courts' needs, whether another option would be more cost effective, and whether the lease terms are flexible and competitive. The Judicial Council must review DFCM's report and approve all high-cost leases before the leases can be signed.

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 recent detailed state leasing information is available in DFCM's 2006 Five Year Program, located on-line at:

[http://buildingboard.utah.gov/fiveyrprogram/2006\\_five\\_year\\_book.pdf](http://buildingboard.utah.gov/fiveyrprogram/2006_five_year_book.pdf)

**CHAPTER 27 DEBT SERVICE**

<b>Function</b>	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 general obligation and revenue bonds is included in this appropriation.
<b>Statutory Authority</b>	<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, and other documents, 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 State 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 State Bonding Commission to comply with any maturity dates set</p>

by 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.

**Funding Detail**

FY 2007 General Fund appropriations for debt service declined for the second consecutive year as a result of two years without issuing general obligation bonds for buildings. FY 2006 dedicated credits for debt service dropped compared to FY 2005 largely because the University of Utah paid off its SLOC/student housing project (revenue bonds) in FY 2005. Utah’s overall debt service payments for general obligation bonds have leveled off at approximately \$210 million per year, with declining payments for buildings and increasing payments for highways. See figures on the following pages for more information.

<b>Budget History - Debt Service</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriated</b>
General Fund	54,833,700	56,833,700	61,721,600	57,181,700	51,679,700
General Fund, One-time	0	1,530,600	0	2,698,000	0
Uniform School Fund	11,466,700	17,164,300	17,164,300	17,164,300	0
Uniform School Fund, One-time	0	0	1,682,400	0	0
Education Fund	0	0	0	0	17,164,300
Centennial Highway Fund	84,618,200	97,724,900	125,371,200	126,393,400	127,976,800
Centennial Highway Fund, One-time	0	1,796,800	0	0	0
Dedicated Credits Revenue	26,227,500	27,714,100	58,508,100	25,252,700	34,368,900
TFR - Public Transp. System Tax	0	2,220,700	2,190,300	7,204,400	7,204,400
Transfers	4,997,000	3,812,100	6,834,600	7,628,300	0
Beginning Nonlapsing	22,882,100	16,004,400	12,841,000	12,635,900	7,340,700
Closing Nonlapsing	(16,004,400)	(12,841,000)	(12,635,900)	(20,722,200)	(9,140,000)
<b>Total</b>	<b>\$189,020,800</b>	<b>\$211,960,600</b>	<b>\$273,677,600</b>	<b>\$235,436,500</b>	<b>\$236,594,800</b>
<b>Categories of Expenditure</b>					
Current Expense	189,020,800	211,960,600	273,677,600	235,436,500	236,594,800
<b>Total</b>	<b>\$189,020,800</b>	<b>\$211,960,600</b>	<b>\$273,677,600</b>	<b>\$235,436,500</b>	<b>\$236,594,800</b>

**Table 92**

FURTHER INFORMATION

*Constitutional debt limit* The state’s constitutional debt limit caps total general obligation debt at 1.5 percent of the value of the state’s taxable property. The following table shows the state’s position as of June 30, 2006.

Constitutional Debt Limits				
	FY 2003	FY 2004	FY 2005	FY 2006
Fair Market Value	\$170,775,938,000	\$176,540,976,000	\$185,620,197,200	198,982,832,556
Constitutional Debt Limit	\$2,561,639,000	\$2,648,115,000	\$2,784,303,000	\$2,984,742,000
Outstanding Constitutional GO Debt	(\$1,713,755,000)	(\$1,588,810,000)	(\$1,587,804,000)	(1,436,845,100)
<b>Additional Bonding Capacity</b>	<b>\$847,884,000</b>	<b>\$1,059,305,000</b>	<b>\$1,196,499,000</b>	<b>\$1,547,896,900</b>

Table 93

*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 2003	FY 2004	FY 2005	FY 2006
Appropriations Limitation	\$4,150,684,000	\$1,856,205,000	\$1,956,584,000	\$ 2,099,609,400
Statutory Debt Limit	\$830,137,000	\$835,292,000	\$880,462,800	\$944,824,200
Outstanding Constitutional GO Debt	(\$1,713,755,000)	(\$1,588,810,000)	(\$1,587,804,000)	(\$1,436,845,100)
Exempt Transportation Bonds	\$1,020,049,000	\$980,811,000	\$957,092,800	877,979,000
Net Outstanding Debt	(\$693,706,000)	(\$607,999,000)	(\$630,711,200)	(\$558,866,100)
<b>Additional Bonding Capacity</b>	<b>\$136,431,000</b>	<b>\$227,293,000</b>	<b>\$249,751,600</b>	<b>\$385,958,100</b>

Table 94

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 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 require additional expense 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 general obligation debt service payments have been changing since FY 1999. Note that in FY 2006 payments actually declined for the first time in years due to a reduction of \$7.4 million in building general obligation debt service. Debt service for highway bonds increased by \$1 million in FY 2006.

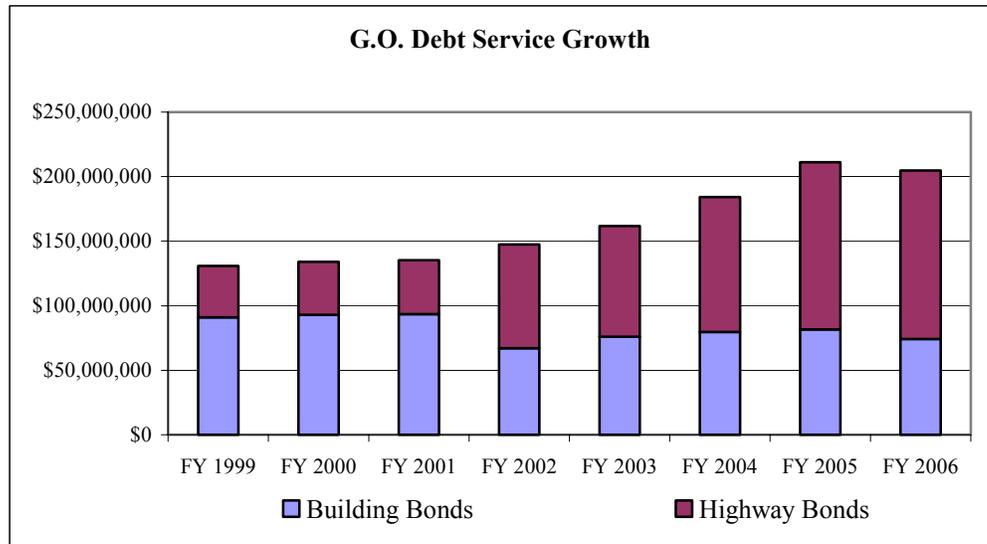


Figure 50

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

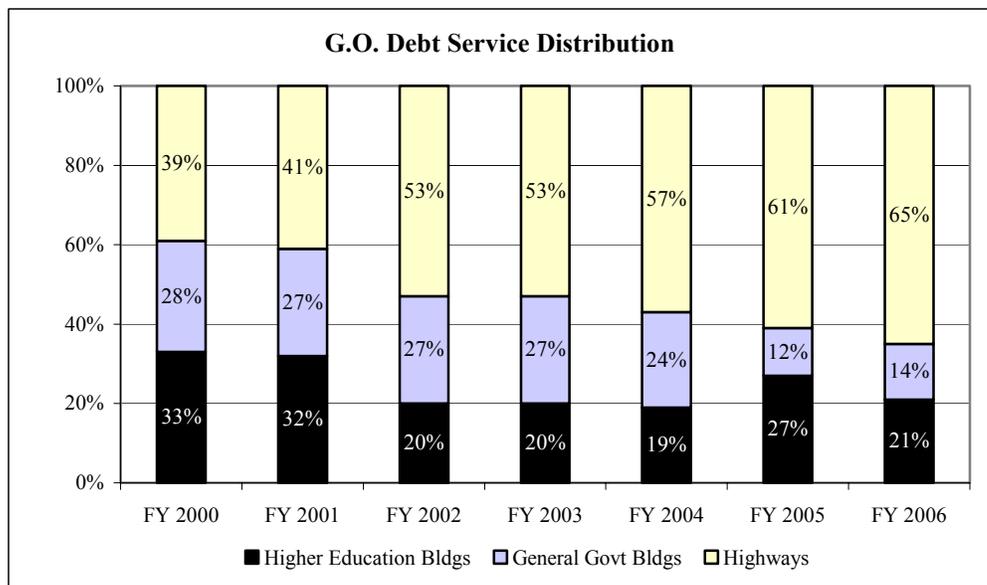


Figure 51

The following table illustrates the state’s current general obligation debt service schedule:

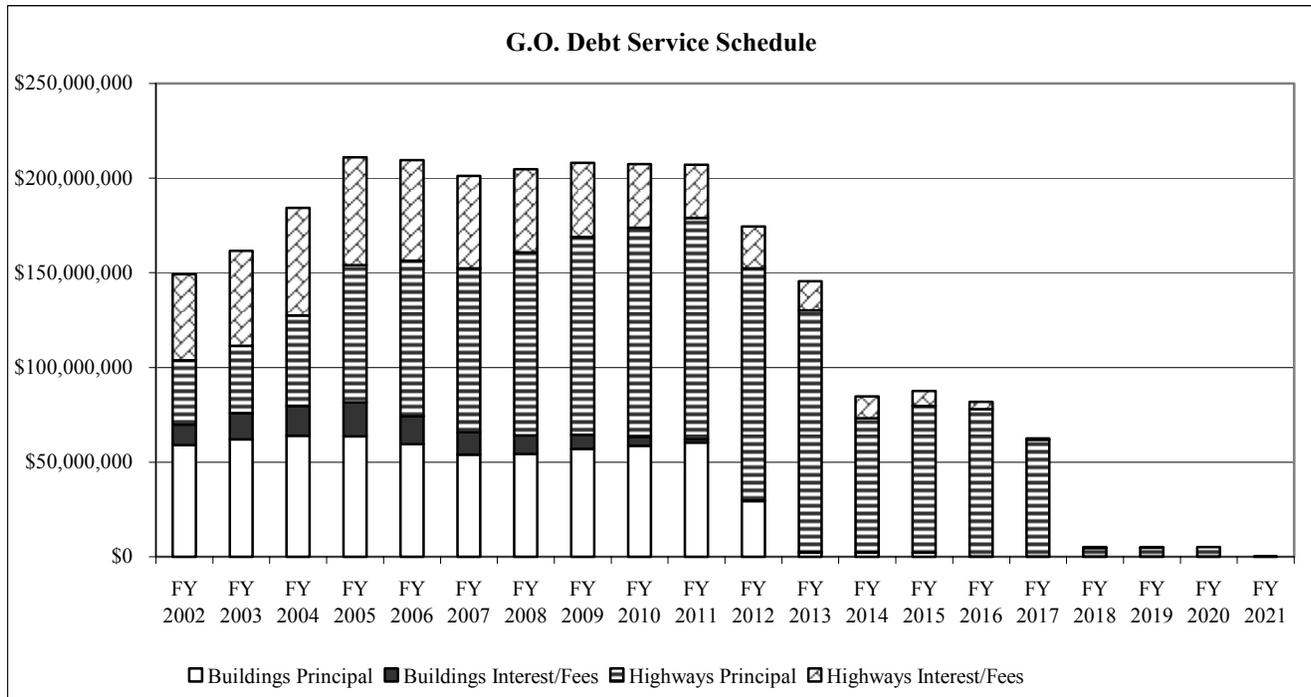


Figure 52

Utah has long been known as a very conservative state when it comes to bonding, and after several years of increasing debt service payments as a percentage of General Fund expenditures, FY 2006 saw a decline down to 5.4 percent. This is a result of reduced bonding and increased General Fund expenditures.

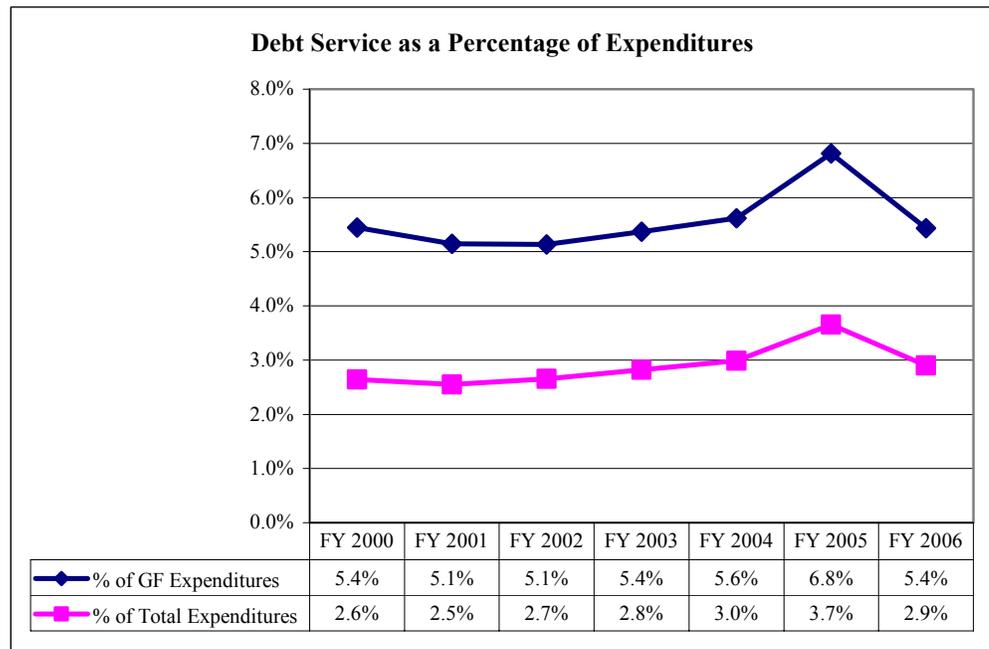


Figure 53

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 provide infrastructure for an expanding population while a younger portion of that population is not yet contributing to the tax base. While the state’s population has grown by 28.3 percent since FY 1996, the state’s per capita general obligation debt has grown by 171 percent (nearly tripled) in the same amount of time. However, since FY 2003 per capita general obligation debt has declined slightly each year. In fact, since FY 2000 the population has grown by 16.6 percent, but per capita general obligation debt has grown by 1.6 percent. As the following chart shows, most of the per capita debt growth beginning in FY 1998 is due to the I-15 reconstruction project.

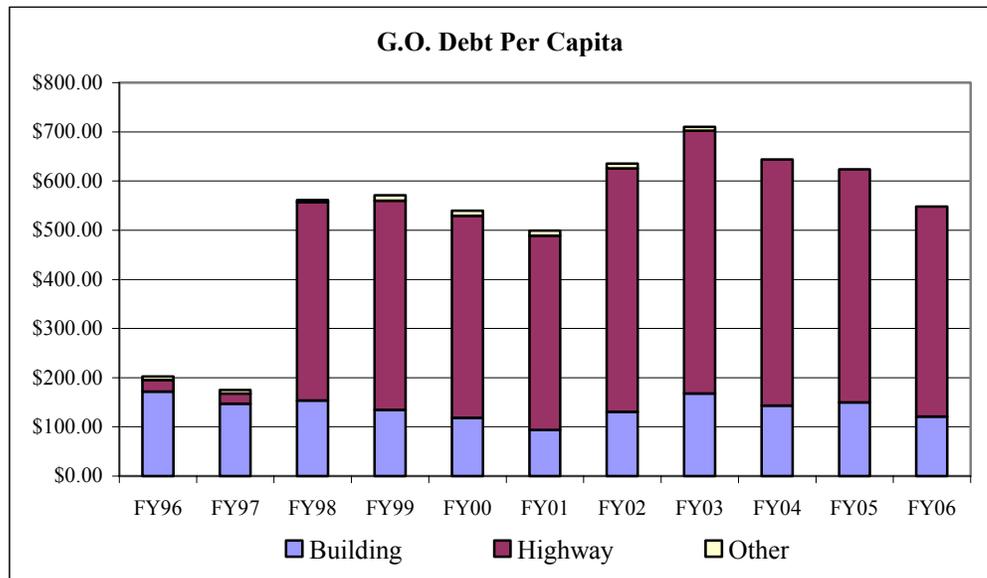


Figure 54

*“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 entirely with cash.

In the 2005 General Session the Legislature authorized only \$4.5 million in new general obligation bonds, placed almost \$38 million in ongoing funds in the Capital Developments base budget, and used one-time dollars to fund the rest of its capital development projects. In the 2006 General Session the Legislature authorized \$110 million in new general obligation bonds for USTAR and kept \$30 million in ongoing funds in the capital development base budget. These actions led toward returning to a “Pay as You Go” (PAYGo) plan. 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. In the 2003 and 2004 General Sessions the Legislature limited cash appropriations to capital improvement funding, while committing to new

*Utah is one of six states with highest bond rating*

facility bonds at the amount of principal retired in the previous fiscal year. Such a plan kept debt service stable, but did not reduce debt or return to PAYGo. Future sources of ongoing and one-time funds may be applied to the capital budget to strengthen the PAYGo plan.

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 six states merit an "AAA" rating from all three agencies (Delaware, Georgia, Maryland, Missouri, Utah, and Virginia). 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 an "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 and future 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 "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 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. Utah has replenished its rainy day funds to pre-2002 levels and continues to annually deposit money in the funds. Rating agencies want to see development plans such as the

DFCM Five Year Program 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 should 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 2008 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."

**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 rainy day funds over time will also strengthen the state's credit rating.

**Balancing Growth vs. Infrastructure:** Utah will spend almost \$63 million in FY 2007 and probably more in FY 2008 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** - 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 exempted from

calculations of the state's constitutional and statutory debt limits because it is neither secured by the full faith and credit of the state nor its taxing power.

**Lease Revenue Bonds** - The State Building Ownership Authority (SBOA), the official owner of state facilities, issues 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 \$878 million in highway debt) cannot exceed 1.5 percent of the value of the state's taxable property. 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 construction 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 2007 General Session.

*General Obligation Bonds* 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 facility 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 Public Treasurer's Investment Fund, 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 when short-term needs are an issue. 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 million over the term of the lease, including any renewal options.

## GLOSSARY

**Finance categories used by the state are:**

- General Fund* 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.
- Education Fund* 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, higher education capital developments, and higher education capital improvements (alteration, repair and improvements).
- Transportation Funds* 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.
- Federal Funds* 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.
- Dedicated Credits* 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.
- Restricted Funds* 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.
- Lapsing/Nonlapsing* 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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