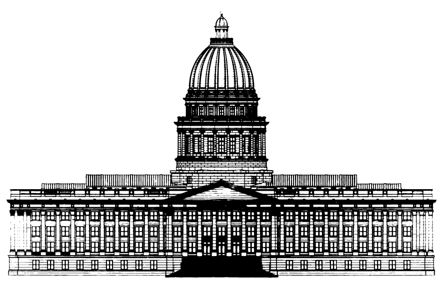
Compendium of Budget Information for the 2008 General Session

Joint Appropriations Subcommittee for Capital Facilities and Government Operations

Office of the Legislative Fiscal Analyst
Steven Allred, Richard Amon, and Todd Wardrop
November 16, 2007

UTAH STATE LEGISLATURE

COMPENDIUM OF BUDGET INFORMATION
FOR THE
2008 GENERAL SESSION



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JONATHAN C. BALL
LEGISLATIVE FISCAL ANALYST

November 16, 2007

Members of the Capital Facilities and Government Operations Appropriations Subcommittee
Utah State Capitol
Salt Lake City, UT 84114

Dear Legislators:

Please find attached the fourth 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 in which you will find detail 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 2008 General Session.

Parts two and three of the Legislature's budget analysis – Budget Briefs and Issue Briefs – will be available throughout the 2008 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 appropriations, 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 "2008 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 another member of your budget staff can assist you further regarding this document or any other matter, please do not hesitate to contact me at (801) 538-1034.

Sincerely,

Jonathan C. Ball
Legislative Fiscal Analyst

Budget History - State of Utah

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,745,251,100	1,767,809,300	1,910,800,100	1,781,898,100	2,087,726,350
General Fund, One-time	532,700	117,544,000	121,540,000	454,595,540	274,236,220
Uniform School Fund	1,734,161,174	1,815,156,111	1,917,934,675	2,115,252,445	2,413,266,208
Uniform School Fund, One-time	5,891,000	34,800,900	43,725,000	74,357,300	226,538,200
Education Fund	112,000,000	200,520,900	235,260,900	548,663,800	463,136,000
Education Fund, One-time	(23,200,000)	52,073,500	19,496,600	62,412,200	430,655,900
Transportation Fund	391,891,100	437,416,000	421,112,200	422,737,800	431,650,000
Transportation Fund, One-time	0	277,100	126,371,900	1,200,000	2,000,000
Centennial Highway Fund	117,531,900	145,772,200	126,393,400	127,976,800	128,607,800
Centennial Highway Fund, One-time	1,796,800	0	0	0	0
General Fund Restricted	154,215,300	171,101,700	214,281,100	206,576,236	251,830,800
Uniform School Fund Restricted	72,000	90,700	14,306,100	15,168,000	22,518,100
Transportation Fund Restricted	29,813,200	30,720,100	37,215,500	41,330,900	40,506,800
Federal Funds	2,174,694,678	2,264,204,145	2,294,817,646	2,382,363,452	2,501,100,000
Dedicated Credits	614,539,399	730,196,287	654,136,650	702,670,540	718,173,500
Land Grant	804,700	1,040,435	1,807,732	1,943,425	1,608,500
Federal Mineral Lease	64,176,600	64,785,719	98,278,950	92,423,753	119,865,200
Restricted Revenue	2,944,000	273,700	17,603,200	21,725,600	0
Trust and Agency Funds	406,862,037	380,298,477	668,947,402	1,048,476,080	966,725,621
Transfers	312,446,922	314,413,473	350,828,925	362,909,859	347,464,700
Repayments/Reimbursements	15,206,500	11,107,200	11,816,900	11,816,900	31,005,000
Other Financing Sources	0	0	233,722	871,096	0
Pass-through	994,900	1,503,200	1,081,300	1,276,400	90,200
Beginning Balance	508,223,541	326,000,043	270,710,688	432,551,849	122,032,500
Closing Balance	(408,377,198)	(348,039,802)	(286,829,794)	(539,495,843)	(79,332,250)
Lapsing Balance	(56,071,454)	(20,646,900)	(25,473,500)	(98,932,100)	(2,537,000)
Total	$7,906,400,899	$8,498,418,488	$9,246,397,295	$10,272,770,132	$11,498,868,349
Appropriations Subcommittees					
Executive Offices & Criminal Justice	582,590,000	618,377,000	650,467,100	678,266,700	761,042,750
Capital Facilities & Government Operat	283,219,900	466,535,900	400,525,000	534,265,800	631,601,700
Commerce & Workforce Services	370,080,100	381,785,400	374,734,600	383,649,600	449,118,300
Economic Development and Revenue	193,681,700	174,955,900	250,681,500	246,992,000	425,160,000
Health & Human Services	1,988,592,616	2,145,033,300	2,307,382,500	2,345,326,200	2,529,930,600
Higher Education	934,067,900	991,420,900	1,057,207,218	1,121,954,267	1,220,739,200
Natural Resources	165,264,800	166,619,200	189,936,600	236,873,300	228,923,600
Public Education	2,438,357,683	2,593,642,788	2,771,942,577	3,009,733,825	3,543,591,829
Transportation & Environmental Qualit	935,857,900	945,086,000	1,227,356,000	1,698,165,700	1,688,463,600
Legislature	14,688,300	14,962,100	16,164,200	17,542,740	20,296,770
Total	$7,906,400,899	$8,498,418,488	$9,246,397,295	$10,272,770,132	$11,498,868,349
Categories of Expenditure					
Personal Services	1,807,281,594	1,898,751,798	1,997,933,580	2,100,891,174	2,344,090,220
In-State Travel	14,293,546	15,513,409	17,121,676	17,998,106	14,715,500
Out of State Travel	5,103,109	5,639,200	6,097,300	6,528,900	6,547,200
Current Expense	854,753,504	955,950,991	959,134,668	1,022,841,581	1,357,724,100
DP Current Expense	82,210,762	84,280,900	87,515,600	140,273,000	146,635,200
DP Capital Outlay	12,440,919	12,629,500	14,593,000	24,152,300	33,000,300
Capital Outlay	483,245,065	317,867,416	552,774,790	789,338,760	732,105,700
Other Charges/Pass Thru	4,646,861,100	5,077,496,574	5,494,754,581	6,043,460,911	6,856,055,229
Cost of Goods Sold	(129,500)	(135,800)	(813,200)	(227,600)	881,800
Cost Accounts	(24,500)	0	6,600	(600)	13,200
Operating Transfers	144,300	172,900	157,000	2,622,900	105,000
Transfers	0	0	0	75,400	0
Trust & Agency Disbursements	221,000	130,251,600	117,121,700	124,815,300	6,994,900
Total	$7,906,400,899	$8,498,418,488	$9,246,397,295	$10,272,770,132	$11,498,868,349
Other Data					
Budgeted FTE	32,446.1	32,854.8	33,102.2	32,536.3	33,699.2
Vehicles	10,416	9,123	9,091	9,189	9,091

TABLE OF CONTENTS

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 2008 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 2008 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 that follows "FY" designating the calendar year in which the second six months fall. The current fiscal year is FY 2008, which will end June 30, 2008. During the 2008 General Session, the Legislature can make supplemental changes to the already established budget for FY 2008. The next fiscal year, for which the Legislature is determining a new budget, is FY 2009. FY 2009 includes the period of time from July 1, 2008 to June 30, 2009.

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 Government Operations (CFGO) 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 2007 General Session, the Legislature passed H.J.R. 6, "Joint Rules Resolution – Appropriation Subcommittees" which changed the subcommittee's name from "Capital Facilities and Administrative Services" to "Capital Facilities and Government Operations" to better indicate the broad array of agencies and budgets overseen by the subcommittee. The name is also consistent with other standing and interim committees.

The Legislature appropriated a total FY 2008 subcommittee budget of $631,601,700, which included a state funds (General and School Funds) appropriation of $427,397,700 (with $230,357,400 being one-time).

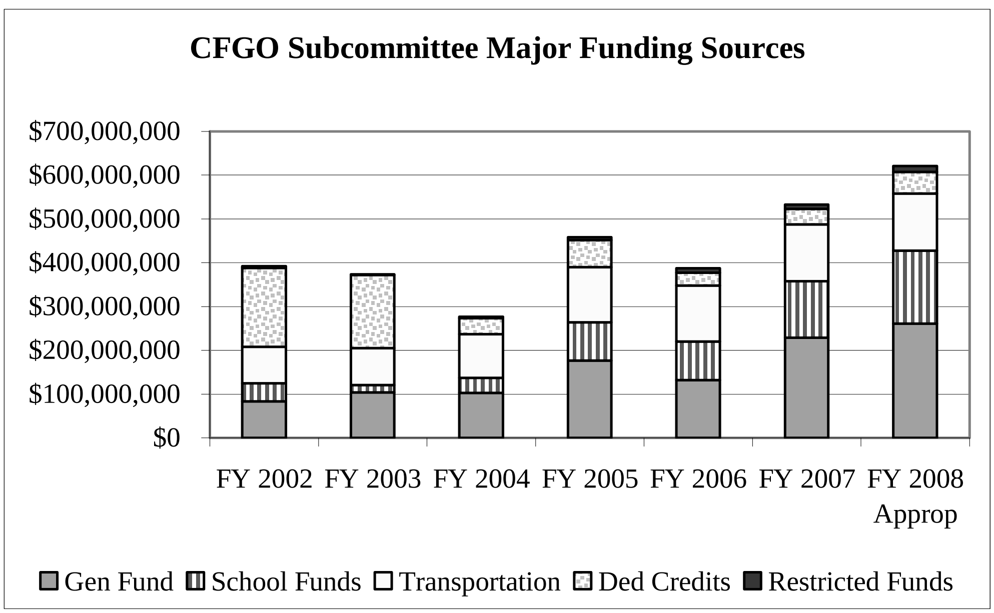


Figure 1

Budget History - Capital Facilities & Government Operations

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	101,491,700	106,351,800	130,686,800	119,793,400	146,997,000
General Fund, One-time	1,147,800	69,815,600	1,205,100	108,778,200	113,916,400
Uniform School Fund	17,164,300	17,164,300	17,164,300	0	0
Uniform School Fund, One-time	0	1,682,400	24,000,000	0	0
Education Fund	17,000,000	17,000,000	40,258,800	64,182,800	50,043,300
Education Fund, One-time	0	52,073,500	6,534,200	65,266,800	116,441,000
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Transportation Fund, One-time	0	0	1,457,000	1,200,000	2,000,000
Centennial Highway Fund	97,724,900	125,371,200	126,393,400	127,976,800	127,976,800
Centennial Highway Fund, One-time	1,796,800	0	0	0	0
Federal Funds	552,200	1,519,800	2,094,600	1,075,900	785,700
Dedicated Credits Revenue	36,314,800	61,916,300	29,098,900	34,975,900	49,890,400
Dedicated Credits - GO Bonds	0	0	0	15,200	0
Restricted Revenue	0	5,400	15,700	0	0
GFR - E-911 Emergency Services	0	250,000	250,000	290,000	300,000
GFR - Economic Incentive Restricted Acco	0	0	981,900	1,528,000	1,528,000
GFR - ISF Overhead	1,490,000	1,272,400	1,272,400	1,296,500	1,299,600
GFR - Land Exchange Distribution Accoun	0	0	0	0	3,118,700
GFR - Special Administrative Expense	0	2,801,000	0	0	0
GFR - Wildlife Resources Trust	0	250,000	0	0	0
TFR - Public Transp. System Tax	2,220,700	2,190,300	7,204,400	7,204,400	6,950,000
Transfers	3,916,100	6,976,000	7,769,700	3,639,300	0
Risk Management ISF	0	0	2,565,900	0	0
State Debt Collection Fund	0	0	0	0	500,000
Capital Project Fund	966,900	3,956,700	1,638,100	1,801,800	3,109,000
Project Reserve Fund	1,699,500	0	200,000	200,000	200,000
Contingency Reserve Fund	0	0	3,599,200	82,300	2,082,300
Beginning Nonlapsing	19,091,700	19,617,000	23,758,400	27,008,400	26,925,700
Beginning Nonlapsing - DHRM Flex Benef	0	0	0	0	10,200
Beginning Nonlapsing - Retirement	0	0	0	71,500	178,500
Closing Nonlapsing	(19,617,000)	(23,885,800)	(27,090,800)	(31,944,800)	(23,100,900)
Lapsing Balance	(190,500)	(242,000)	(983,000)	(626,600)	0
Total	$283,219,900	$466,535,900	$400,525,000	$534,265,800	$631,601,700
Agencies					
Capitol Preservation Board	2,588,200	2,703,900	2,731,100	2,864,600	5,415,900
Administrative Services	18,621,000	22,683,400	25,511,800	23,081,300	31,930,400
Human Resource Management	3,185,800	3,172,600	3,225,900	3,393,200	3,717,300
Career Service Review Board	187,500	189,200	190,500	211,800	228,200
Capital Budget	44,584,700	151,665,700	104,545,600	213,783,300	273,547,500
Debt Service	211,960,600	273,677,600	235,436,500	235,010,400	239,278,400
Technology Services	2,092,100	2,092,000	3,283,600	10,511,900	17,484,000
Restricted Revenue - CFAS	0	10,351,500	25,600,000	45,409,300	60,000,000
Total	$283,219,900	$466,535,900	$400,525,000	$534,265,800	$631,601,700
Categories of Expenditure					
Personal Services	16,061,400	16,763,200	17,532,500	16,222,900	17,892,400
In-State Travel	116,600	104,600	188,400	196,800	197,400
Out of State Travel	101,900	92,500	112,500	118,200	113,000
Current Expense	217,347,900	279,208,900	241,259,800	242,013,300	247,821,200
DP Current Expense	3,063,900	2,647,300	2,757,600	6,092,100	13,208,100
DP Capital Outlay	939,500	1,934,200	3,214,700	7,123,400	9,387,200
Capital Outlay	30,500	5,100	55,000	12,500	1,702,500
Other Charges/Pass Thru	45,558,200	165,780,100	135,404,500	262,486,600	341,280,500
Total	$283,219,900	$466,535,900	$400,525,000	$534,265,800	$631,602,300
Other Data					
Budgeted FTE	253.5	247.0	245.4	221.6	218.5
Actual FTE	240.1	243.2	240.9	208.4	0.0
Vehicles	10	10	9	8	9
Internal Service Funds					
Revenue	$157,343,500	$168,349,700	$179,341,800	$330,579,300	$308,480,000
Budgeted FTE	501.5	500.5	724.0	1342.0	1340.1
Actual FTE	484.3	471.8	461.8	1229.6	0.0
Authorized Capital Outlay	$25,187,300	$20,776,000	$19,205,100	$19,051,200	$37,767,600
Retained Earnings	$18,812,300	$20,412,700	$28,335,700	$28,381,700	$16,891,800
Vehicles	283	261	181	165	199

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
- Integrated Technology
- 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 2007 General Session.)
- Revenue Bonds and Capital Facilities Authorizations (H.B. 473 in 2007 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.

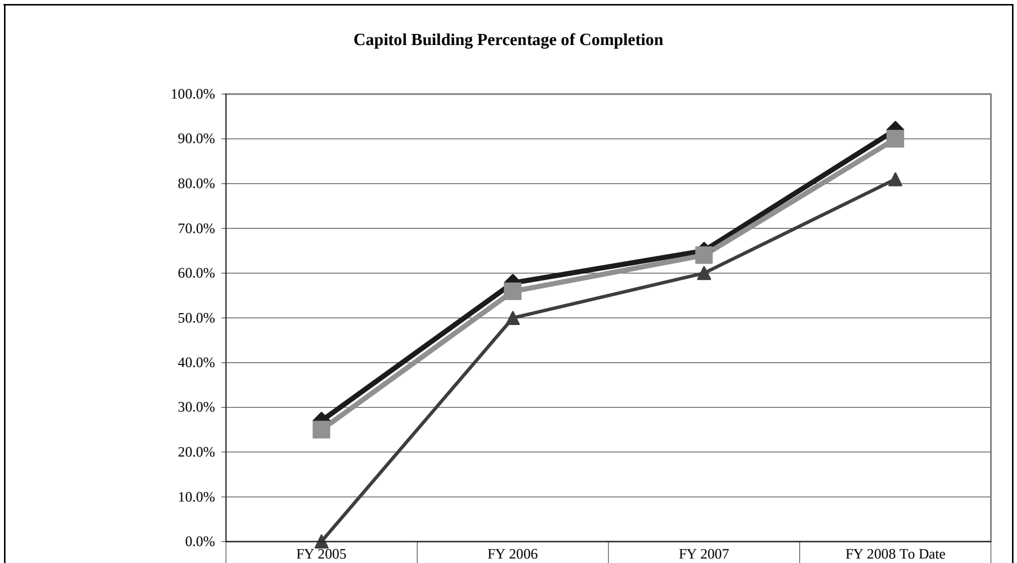
Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8.1 of the Utah Code the Legislature intends that up to $75,000 provided by Item 32, Chapter 1, and Item 34, Chapter 366, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. The use of nonlapsing funds is limited to design, construction, or one-time administrative costs associated with the Capitol restoration.*

Accountability

Common measures to track building construction progress are the percent of construction completed, the percent of budget expended, and the percent of contingency funds expended. While final numbers are never known until a project is finished, these measures give a good estimate of how things are going. Note that in the following table the percent of construction completed and the percent of budget expended are as of the end of September of the fiscal year indicated whereas the percent of contingency funds expended are as of the end of October of the fiscal year indicated.



	FY 2005	FY 2006	FY 2007	FY 2008 To Date
Construction Completed	27.0%	57.8%	65.0%	92.0%
Funds Expended	25.0%	55.9%	64.0%	90.0%
Conting. Funds Expended	0.1%	50.0%	60.0%	81.0%

Figure 2

Construction progress is on schedule and within budget. Contingency funds spent to date equate to 3.47 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 2007 General Session the Legislature appropriated a onetime amount of $250,000 for the State Capitol re-opening in January 2008 and $240,000 onetime to implement the visitor services and gift store for the Capitol. The Legislature also appropriated $99,500 for a public information officer and $200,000 onetime for a Capitol Hill seismic monitor.

Budget History - Capitol Preservation Board

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	2,165,400	2,175,800	2,358,400	2,484,600	3,781,700
General Fund, One-time	600	118,500	0	89,900	1,190,000
Dedicated Credits Revenue	280,900	313,700	289,400	296,500	377,000
Restricted Revenue	0	5,400	15,700	0	0
Transfers	104,000	141,400	141,400	65,100	0
Beginning Nonlapsing	37,300	0	51,100	124,900	67,200
Closing Nonlapsing	0	(50,900)	(124,900)	(196,400)	0
Total	$2,588,200	$2,703,900	$2,731,100	$2,864,600	$5,415,900
Categories of Expenditure					
Personal Services	167,700	177,400	216,800	254,100	613,800
In-State Travel	0	0	0	0	500
Current Expense	2,414,200	2,516,300	2,501,600	2,582,700	4,049,800
DP Current Expense	6,300	10,200	12,700	15,300	49,300
DP Capital Outlay	0	0	0	0	500,000
Capital Outlay	0	0	0	12,500	202,500
Total	$2,588,200	$2,703,900	$2,731,100	$2,864,600	$5,415,900
Other Data					
Budgeted FTE	3.0	3.0	4.0	4.0	4.0
Actual FTE	3.0	3.4	3.8	4.2	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.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

Under Section 63-38-8.1 of the Utah Code the Legislature intends that up to $5,000 provided by Item 44, Chapter 1, and Item 46, *Chapter 366, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. The use of nonlapsing funds is limited to grievance resolution.*

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. While this is one factor, other factors should also be considered such as complexity of cases, which has increased in recent years as more grievants hire attorneys.

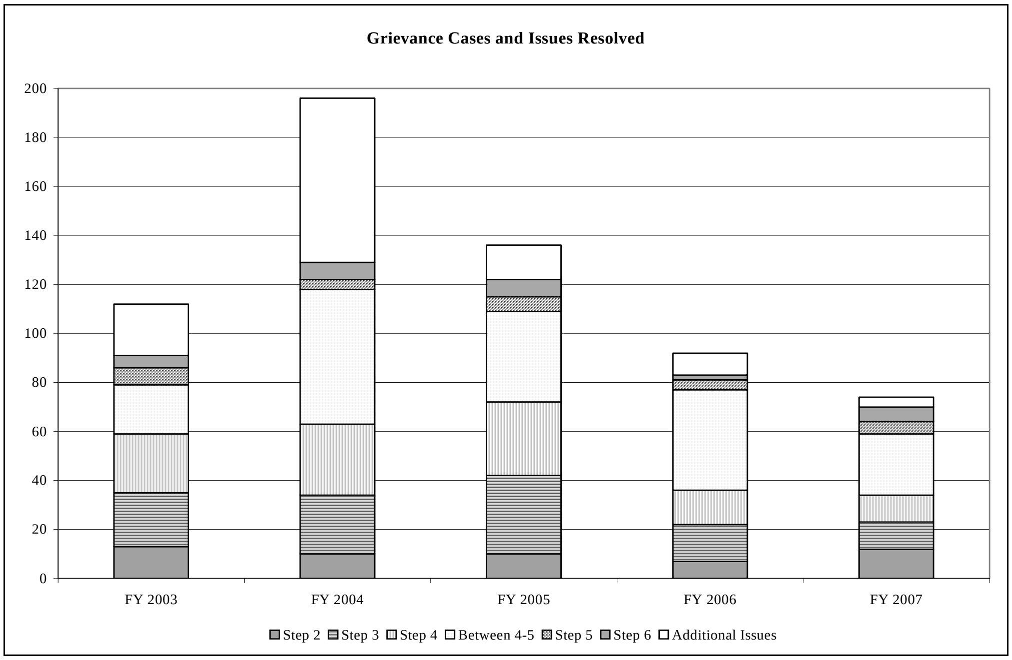


Figure 3

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: 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. 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. For FY 2007, the CSRB finished the year with $5,000 to carry forward into FY 2008.

Budget History - Career Service Review Board

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Sources of Finance					
General Fund	202,700	165,800	189,800	218,300	228,200
General Fund, One-time	0	9,000	0	(200)	0
Beginning Nonlapsing	100	15,300	900	200	0
Closing Nonlapsing	(15,300)	(900)	(200)	(5,000)	0
Lapsing Balance	0	0	0	(1,500)	0
Total	$187,500	$189,200	$190,500	$211,800	$228,200
Categories of Expenditure					
Personal Services	154,100	153,500	159,400	174,100	182,600
In-State Travel	300	0	0	0	300
Out of State Travel	0	900	0	0	1,100
Current Expense	31,800	32,600	28,500	34,700	39,900
DP Current Expense	1,300	2,200	2,600	3,000	4,300
Total	$187,500	$189,200	$190,500	$211,800	$228,200
Other Data					
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.

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.

Budget History - Department of Administrative Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	11,056,700	11,428,000	12,990,200	14,885,100	15,649,400
General Fund, One-time	3,360,100	7,268,600	115,100	986,000	3,800,000
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Federal Funds	0	0	270,400	5,900	85,700
Dedicated Credits Revenue	3,261,600	2,274,600	2,368,700	2,385,900	2,310,400
GFR - Economic Incentive Restricted Acco	0	0	981,900	1,528,000	1,528,000
GFR - ISF Overhead	1,490,000	1,272,400	1,272,400	1,296,500	1,299,600
GFR - Land Exchange Distribution Accoun	0	0	0	0	3,118,700
Risk Management ISF	0	0	65,900	0	0
Capital Project Fund	966,900	3,956,700	1,638,100	1,801,800	1,876,000
Project Reserve Fund	1,699,500	0	200,000	200,000	200,000
Contingency Reserve Fund	0	0	1,180,200	82,300	82,300
Beginning Nonlapsing	2,695,500	6,294,100	9,891,300	4,857,900	2,097,800
Beginning Nonlapsing - Retirement	0	0	0	71,500	101,500
Closing Nonlapsing	(6,294,100)	(10,019,000)	(4,929,400)	(4,901,500)	(669,000)
Lapsing Balance	(65,200)	(242,000)	(983,000)	(568,100)	0
Total	$18,621,000	$22,683,400	$25,511,800	$23,081,300	$31,930,400
Line Items					
Executive Director	861,900	818,300	936,700	836,800	874,200
Administrative Rules	285,700	350,300	365,800	346,900	374,700
DFCM Administration	3,800,900	4,026,900	4,272,000	4,792,600	6,592,700
State Archives	1,950,000	2,035,700	2,275,900	2,298,300	2,991,100
Finance Administration	9,427,700	10,087,600	11,516,800	10,483,500	11,962,800
Finance - Mandated	782,600	3,594,200	4,385,000	2,467,500	7,129,300
Post Conviction Indigent Defense	42,000	44,600	50,600	10,000	74,000
Judicial Conduct Commission	207,300	230,600	216,800	238,700	247,500
Purchasing	1,262,900	1,383,900	1,492,200	1,607,000	1,684,100
Child Welfare Parental Defense	0	111,300	0	0	0
Total	$18,621,000	$22,683,400	$25,511,800	$23,081,300	$31,930,400
Categories of Expenditure					
Personal Services	12,147,000	12,764,600	13,088,800	12,055,200	13,243,000
In-State Travel	90,300	77,000	125,000	140,900	130,700
Out of State Travel	47,600	47,000	53,800	47,300	56,900
Current Expense	2,157,600	2,205,400	2,419,100	2,289,700	2,962,100
DP Current Expense	2,494,600	2,183,200	2,264,000	4,674,900	5,477,700
DP Capital Outlay	870,300	1,768,500	2,842,800	1,396,300	1,430,700
Capital Outlay	30,500	5,100	55,000	0	1,500,000
Other Charges/Pass Thru	783,100	3,632,600	4,663,300	2,477,000	7,129,300
Total	$18,621,000	$22,683,400	$25,511,800	$23,081,300	$31,930,400
Other Data					
Budgeted FTE	197.0	187.5	188.9	169.1	163.5
Actual FTE	183.4	184.8	182.6	158.3	0.0
Vehicles	10	10	9	8	9

Table 4

CHAPTER 5 EXECUTIVE DIRECTOR'S OFFICE

Function

The Executive Director's Office (EDO) provides financial management, strategic planning, organizational development, internal auditing and public relations for the Department of Administrative Services. While the client base for most state agencies is taxpayers, the primary customers for the Department of Administrative Services are other state agencies. The director helps coordinate inter-agency cooperation on issues such as fleet consolidation, archival procedures and purchasing guidelines.

The auditing staff within EDO provides information that is valuable not only to the director, but also to the Legislature and its staff.

Statutory Authority

The following laws govern operation of the EDO:

- UCA 63A is the "Utah Administrative Services Code"
- UCA 63A-1-105 requires the governor to appoint the executive director with the consent of the Senate
- UCA 63A-1-105.5 gives the executive director rulemaking authority
- UCA 63A-1-106 allows the executive director to accept federal funds and bind the state to the terms of federal assistance
- UCA 63A-1-107 requires the executive director to provide administrative support to the State Building Board and State Building Ownership Authority
- UCA 63A-1-111 requires each division of DAS to formulate annual service plans describing services to be rendered, methods of providing those services, standards of performance, and performance measures used to gauge compliance with those standards. A copy must be sent to each customer agency before the beginning of each fiscal year.
- UCA 63A-1-112 prohibits the issuance of certificates of participation for capital projects by the department or any other state agency without prior legislative approval
- UCA 63A-1-114 creates the ISF Rate Committee and requires the executive director or a designee to be a member
- UCA 63A-9-301 requires the executive director or a designee to sit on the Motor Vehicle Review Committee

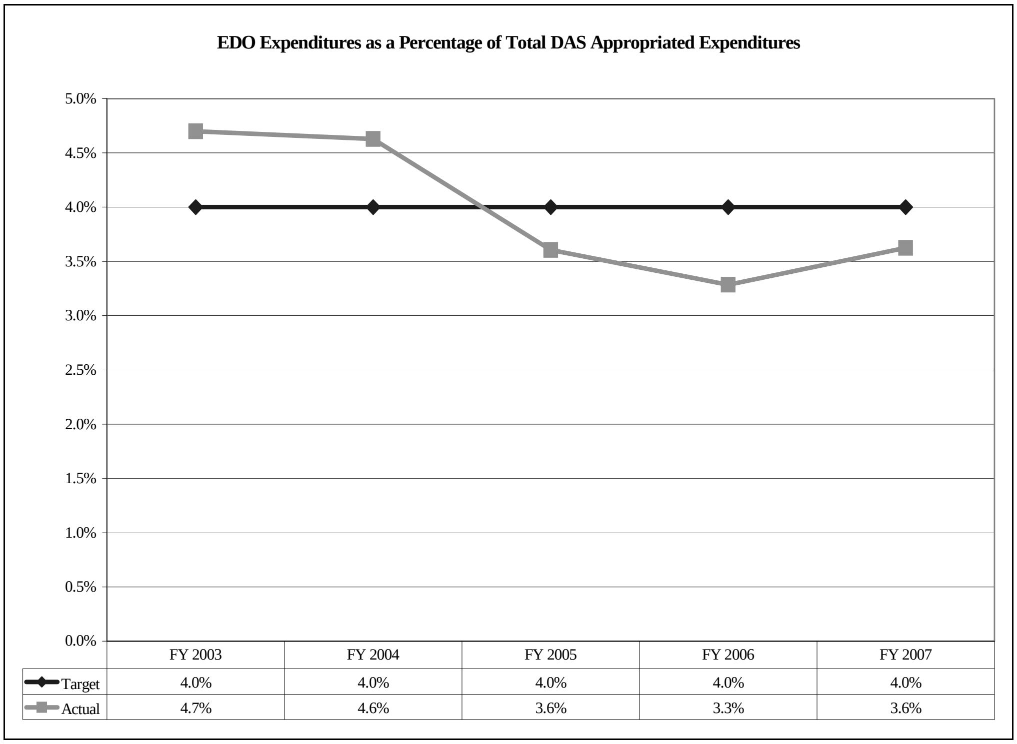
Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8.1 of the Utah Code the Legislature intends that up to $75,000 provided by Item 33, Chapter 1, and Item 35, Chapter 366, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. The use of nonlapsing funds is limited to: current expenses - up to $50,000; child welfare parental defense contracting - up to $25,000.*

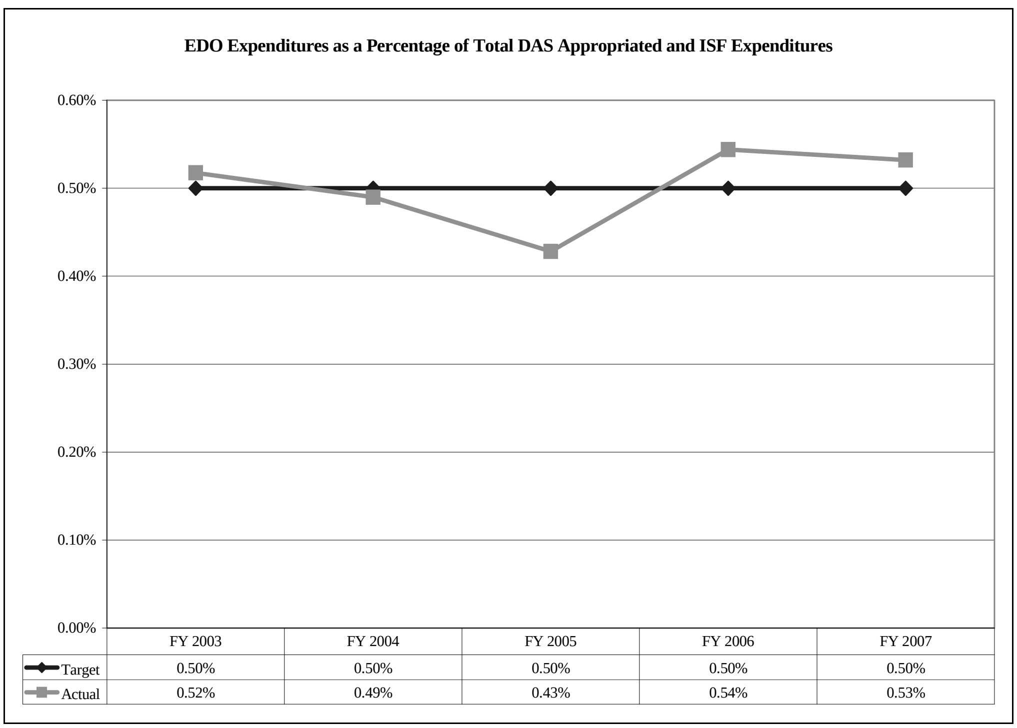
Accountability

The primary responsibility of the EDO is administrative oversight. Administrative overhead should be as low as possible so more dollars can be allocated to service-providing programs.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	4.0%	4.0%	4.0%	4.0%	4.0%
Actual	4.7%	4.6%	3.6%	3.3%	3.6%

Figure 4



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	0.50%	0.50%	0.50%	0.50%	0.50%
Actual	0.52%	0.49%	0.43%	0.54%	0.53%

Figure 5

Measure: Executive Director's Office expenditures as a percentage of total departmental costs (appropriated and appropriated plus 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 2007 DEO expenditures remained the same while total expenditures declined for the DAS appropriated side and increased for the DAS internal service fund side.

Funding Detail

In FY 2006 the line item received an additional $125,000 General Fund from the transfer of the Office of Child Welfare Parental Defense (thus closing the office) to the EDO for contract oversight.

In FY 2007 two significant changes 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. 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. With ITS (the largest ISF in department) moving to another department, the EDO will no longer oversee its operations nor collect the administrative fees.

Budget History - Administrative Services - Executive Director

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	785,300	769,000	931,200	816,900	868,500
General Fund, One-time	1,900	3,100	0	100	0
Federal Funds	0	0	0	5,900	0
Dedicated Credits Revenue	74,700	88,700	91,800	0	0
Beginning Nonlapsing	0	0	0	86,300	52,000
Closing Nonlapsing	0	0	(86,300)	(61,900)	(46,300)
Lapsing Balance	0	(42,500)	0	(10,500)	0
Total	$861,900	$818,300	$936,700	$836,800	$874,200
Programs					
Executive Director	861,900	818,300	838,000	721,000	748,500
Parental Defense	0	0	98,700	115,800	125,700
Total	$861,900	$818,300	$936,700	$836,800	$874,200
Categories of Expenditure					
Personal Services	691,100	695,200	673,200	526,700	571,200
In-State Travel	300	300	300	500	500
Out of State Travel	3,000	0	2,800	3,600	3,700
Current Expense	137,400	98,600	224,900	220,300	273,400
DP Current Expense	30,100	24,200	17,600	76,200	25,400
Other Charges/Pass Thru	0	0	17,900	9,500	0
Total	$861,900	$818,300	$936,700	$836,800	$874,200
Other Data					
Budgeted FTE	9.0	7.0	8.0	8.2	5.2
Actual FTE	7.6	7.0	7.3	4.8	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.

Budget History - Administrative Services - Executive Director

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	785,300	769,000	806,200	691,900	743,500
General Fund, One-time	1,900	3,100	0	100	0
Federal Funds	0	0	0	5,900	0
Dedicated Credits Revenue	74,700	88,700	91,800	0	0
Beginning Nonlapsing	0	0	0	60,000	29,900
Closing Nonlapsing	0	0	(60,000)	(36,900)	(24,900)
Lapsing Balance	0	(42,500)	0	0	0
Total	$861,900	$818,300	$838,000	$721,000	$748,500
Categories of Expenditure					
Personal Services	691,100	695,200	672,800	523,600	571,200
In-State Travel	300	300	300	300	500
Out of State Travel	3,000	0	2,800	3,600	3,700
Current Expense	137,400	98,600	126,700	111,100	148,400
DP Current Expense	30,100	24,200	17,500	72,900	24,700
Other Charges/Pass Thru	0	0	17,900	9,500	0
Total	$861,900	$818,300	$838,000	$721,000	$748,500
Other Data					
Budgeted FTE	9.0	7.0	8.0	8.2	5.2
Actual FTE	7.6	7.0	7.3	4.8	0.0

Table 6

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:

8. Provide assistance and advice to parental defense attorneys.
9. Develop and provide education and training programs to parental defense attorneys
10. 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 1st each year to the governor and Child Welfare Legislative Oversight Panel regarding the preceding fiscal year of operations, and submit a budget for the upcoming fiscal year.

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.

Funding Detail

Program expenses in FY 2007 were $35,500 below appropriated. Of this amount, $25,000 carried forward into FY 2008 and $10,500 lapsed back to the General Fund.

Budget History - Administrative Services - Executive Director - Parental Defense

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	0	0	125,000	125,000	125,000
Beginning Nonlapsing	0	0	0	26,300	22,100
Closing Nonlapsing	0	0	(26,300)	(25,000)	(21,400)
Lapsing Balance	0	0	0	(10,500)	0
Total	$0	$0	$98,700	$115,800	$125,700
Categories of Expenditure					
Personal Services	0	0	400	3,100	0
In-State Travel	0	0	0	200	0
Current Expense	0	0	98,200	109,200	125,000
DP Current Expense	0	0	100	3,300	700
Total	$0	$0	$98,700	$115,800	$125,700

Table 7

Special Funding

Restricted Funds Summary - Child Welfare Parental Defense

Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2007 Balance
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

Function

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 *Rulewriting Manual for Utah*. The division also provides regular notices to agencies of rules due for five-year review, rules about to expire, or rules about to lapse.

Statutory Authority

The Utah Administrative Rulemaking Act is codified as UCA 63-46a and outlines the rulemaking process.

- UCA 63-46a-2 defines a "rule" as an agency's written statement that is explicitly or implicitly required by law, implements or interprets a state or federal mandate, and applies to a class of persons or another agency.
- UCA 63-46a-3 requires each agency to maintain a current version of its rules and make it available to the public. Each agency must make rules when agency action authorizes or prohibits an action, provides or prohibits a material benefit, applies to a class of persons or another agency, and is explicitly or implicitly authorized by statute.
- UCA 63-46a-3.5 gives agency rules the effect of law if they are properly established.
- UCA 63-46a-4 outlines the proper rulemaking procedure. Subsection (3) requires each agency to develop flexible approaches in its rulemaking that meet the agency needs and involve the people affected by the rules. Subsection (4)(a) requires each agency to file its proposed rule and rule analysis with the Division of Administrative Rules.
- The division must publish the rule and rule analysis in its bulletin. The rule analysis must comment on anticipated costs or savings to governments and citizens.
- UCA 63-46a-7 allows for emergency rulemaking in extreme cases. These rules are effective for 120 days
- UCA 63-46a-9.5 creates the Division of Administrative Rules within the Department of Administrative Services.
- UCA 63-46a-9.6 requires the division to maintain the official compilation of the Utah Administrative Code and be the repository for administrative rules.
- UCA 63-46a-10 charges the division with the responsibility of regulating the filing, publishing, and hearing of proposed rules. It also

requires the division to publish effective rules and proposed rule changes through two primary publications: the Utah Administrative Code and the Utah State Bulletin. All funds appropriated or collected for publishing these publications are made nonlapsing.

- UCA 63-46a-11 creates a legislative Administrative Rules Review Committee to exercise continuous oversight of the rulemaking process.

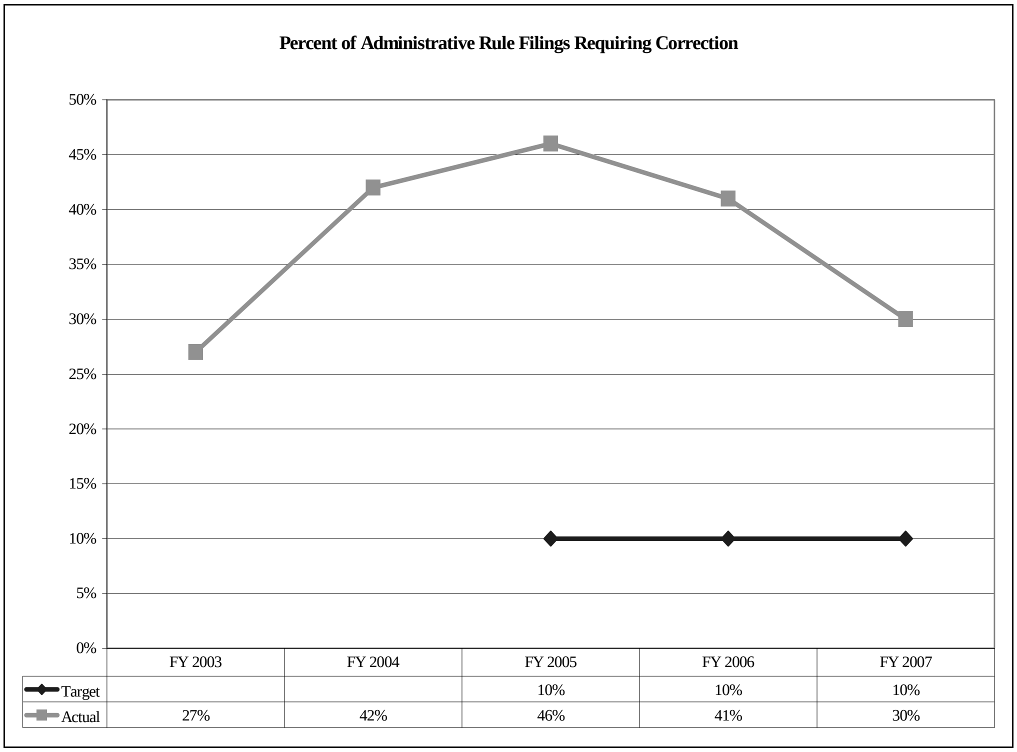
The *Utah State Bulletin* acts as state government's main means of notifying the public of rules being proposed by state agencies as well as the basic tool for soliciting public comment. The Bulletin, issued electronically on the first and fifteenth each month, is Utah's version of the Federal Register. 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.

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target			10%	10%	10%
Actual	27%	42%	46%	41%	30%

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 correction notices sent to agencies 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 chart above shows that the number of rules requiring correction has decreased since FY 2005.

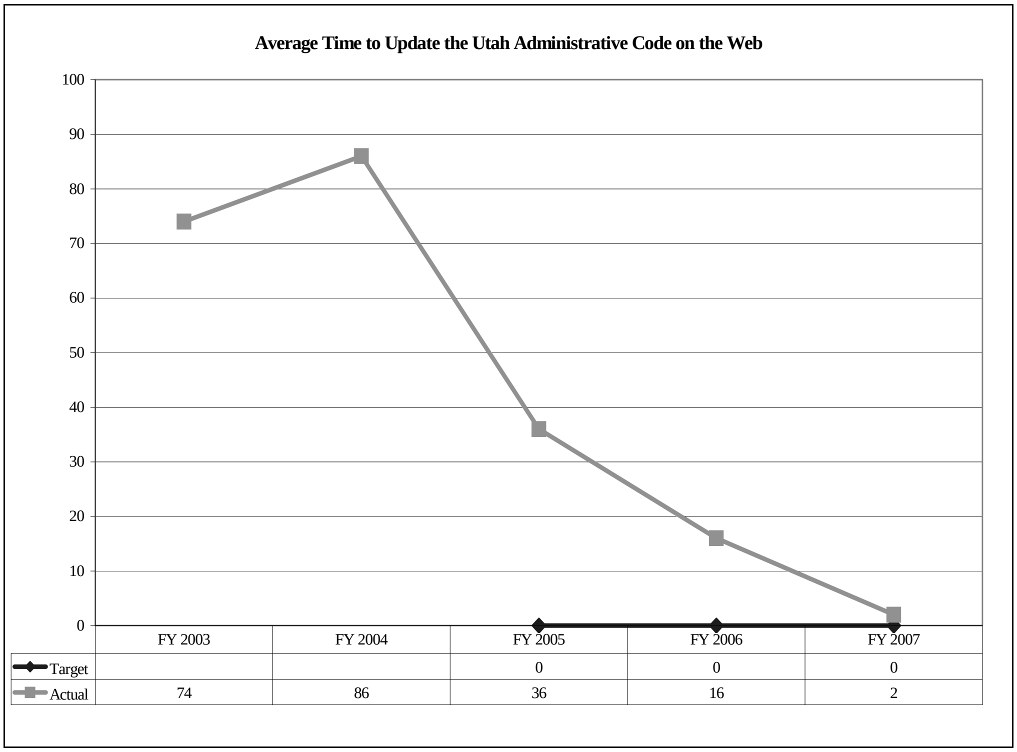


Figure 7

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.

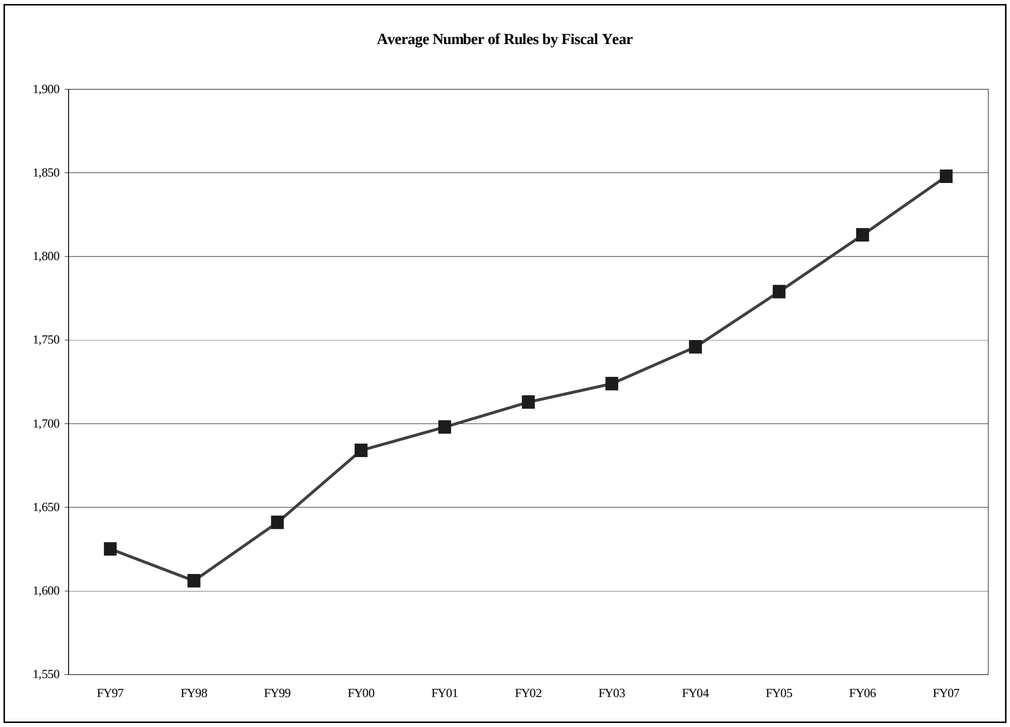


Figure 8

From FY 1997 through FY 2007 the division maintained an average of 1,716 effective rules. Annual growth in the number of effective rules averaged 1.4 percent in the same timeframe. Cumulative growth in the number of effective rules since FY 1997 is 13.7 percent.

The division processes an average of approximately 1,250 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. In 2006 the governor transferred this program to the Department of Community and Culture through executive order 2006-10.

The 2007 Legislature appropriated $71,500 from Finance Mandated Retirement Benefits program beginning balance to be used for updating the electronic rules filing system. Project delays for this new filing system required the division to close FY 2007 with a nonlapsing balance of $129,900, which it will use in FY 2008 to complete the project.

Budget History - Administrative Services - Administrative Rules

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	279,700	285,500	295,500	338,800	374,700
General Fund, One-time	55,800	2,100	6,400	23,000	0
Dedicated Credits Revenue	0	57,200	0	0	0
Risk Management ISF	0	0	55,000	0	0
Beginning Nonlapsing	8,200	58,000	52,500	43,500	0
Beginning Nonlapsing - Retirement	0	0	0	71,500	0
Closing Nonlapsing	(58,000)	(52,500)	(43,500)	(129,900)	0
Lapsing Balance	0	0	(100)	0	0
Total	$285,700	$350,300	$365,800	$346,900	$374,700
Programs					
DAR Administration	285,700	350,300	365,800	346,900	374,700
Total	$285,700	$350,300	$365,800	$346,900	$374,700
Categories of Expenditure					
Personal Services	248,500	309,600	322,400	295,000	306,600
In-State Travel	0	0	200	0	100
Out of State Travel	3,300	5,100	4,500	3,500	4,500
Current Expense	17,000	20,600	14,300	18,900	38,700
DP Current Expense	16,900	15,000	24,400	29,500	24,800
Total	$285,700	$350,300	$365,800	$346,900	$374,700
Other Data					
Budgeted FTE	5.0	4.0	5.0	4.0	4.0
Actual FTE	4.1	4.6	5.0	4.0	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:

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

Statute defines "capital improvement" as any of the following:

- Remodeling, alteration, replacement, repair, site, or utility improvement costing less than $2,500,000
- New facility with total construction cost less than $500,000

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.

Budget History - Administrative Services - DFCM Administration

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	81,300	81,300	1,198,300	2,424,400	2,595,500
General Fund, One-time	0	150,000	0	32,200	1,500,000
Dedicated Credits Revenue	1,115,700	0	108,800	257,000	338,900
Capital Project Fund	966,900	3,956,700	1,638,100	1,801,800	1,876,000
Project Reserve Fund	1,699,500	0	200,000	200,000	200,000
Contingency Reserve Fund	0	0	1,180,200	82,300	82,300
Lapsing Balance	(62,500)	(161,100)	(53,400)	(5,100)	0
Total	$3,800,900	$4,026,900	$4,272,000	$4,792,600	$6,592,700
Programs					
DFCM Administration	3,090,900	3,266,000	4,061,900	4,434,300	4,652,500
Preventive Maintenance	153,500	176,000	0	0	0
Governor's Residence	81,300	81,300	101,300	101,300	101,300
Energy Program	0	0	108,800	257,000	1,838,900
DFCM HazMat	80,200	81,400	0	0	0
Roofing and Paving	395,000	422,200	0	0	0
Total	$3,800,900	$4,026,900	$4,272,000	$4,792,600	$6,592,700
Categories of Expenditure					
Personal Services	3,071,900	3,197,300	3,488,900	3,835,100	4,112,900
In-State Travel	77,000	63,700	104,400	127,000	111,200
Out of State Travel	8,800	8,700	10,000	9,700	14,600
Current Expense	387,700	342,200	342,500	373,800	458,000
DP Current Expense	249,300	265,000	311,600	438,800	389,000
DP Capital Outlay	6,200	0	14,600	8,200	7,000
Capital Outlay	0	0	0	0	1,500,000
Other Charges/Pass Thru	0	150,000	0	0	0
Total	$3,800,900	$4,026,900	$4,272,000	$4,792,600	$6,592,700
Other Data					
Budgeted FTE	44.0	42.0	44.0	46.0	45.0
Actual FTE	41.8	41.1	43.7	44.0	0.0
Vehicles	9	9	9	8	9

Table 10

In FY 2006 the division opted to consolidate the Preventative Maintenance, the DFCM HazMat, and the Roofing and Paving programs into the DFCM Administration program.

PROGRAMS – DFCM ADMINISTRATION

ADMINISTRATION

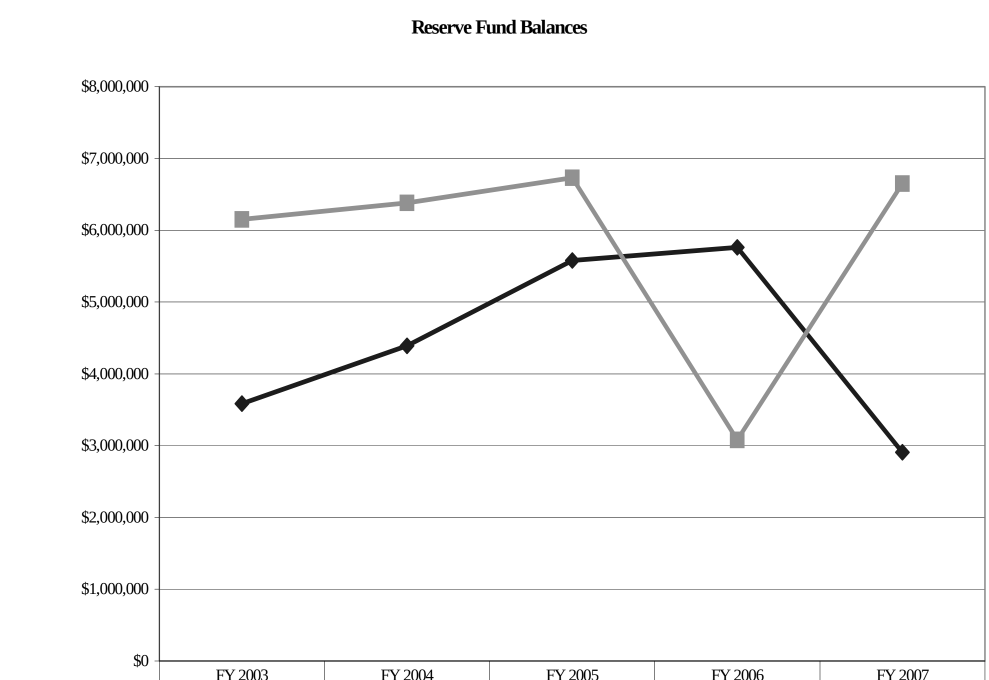
Function

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 6.7 million square feet of auxiliary space and 4.3 million square feet of small building space 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 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 2007 General Session the Legislature used $951,000 of the Project Reserve Fund for the relocation of the Department of Public Safety's Homeland Security division and for the update of the Capitol building's wireless system. The 2007 Legislature also appropriated $2,282,000 from the Contingency Reserve Fund to purchase land for the Southwest Applied Technology Center in Cedar City.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Project Reserve	3,585,100	4,390,800	5,577,300	5,762,869	2,906,981
Contingency Rsv	6,149,600	6,380,100	6,730,700	3,079,105	6,649,637

Figure 9

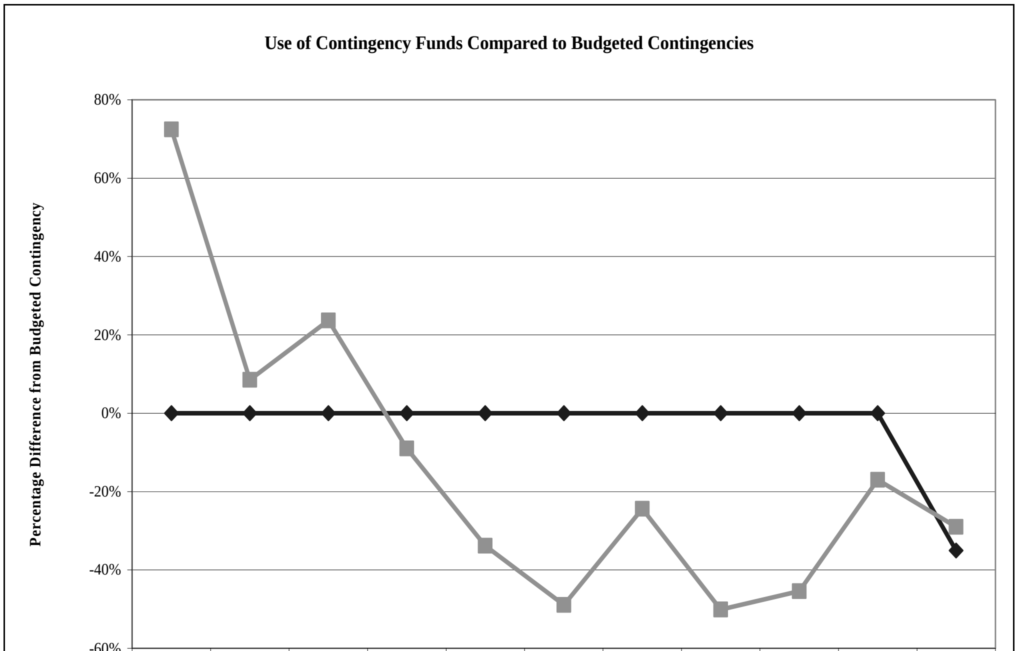
Measure: Fiscal year-end balances in the Project Reserve Fund and Contingency Reserve Fund.

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 balances reflect a transfer of $2.25 million to the DSC Health Sciences Building in early FY 2007 and a FY 2006 transfer of $2.5 million 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.



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-35%
Actual	0.724	0.085	0.237	-0.09	-0.338	-0.489	-24%	-50%	-45%	-17%	-29%

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: FY 2007 results are dramatically different than the results prior to FY 2000 when actual fund usage was as much as 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. In FY 2007 DFCM increased its expectations of high performance management by increasing the target to 35% below budget. It almost met this goal in FY 2007.

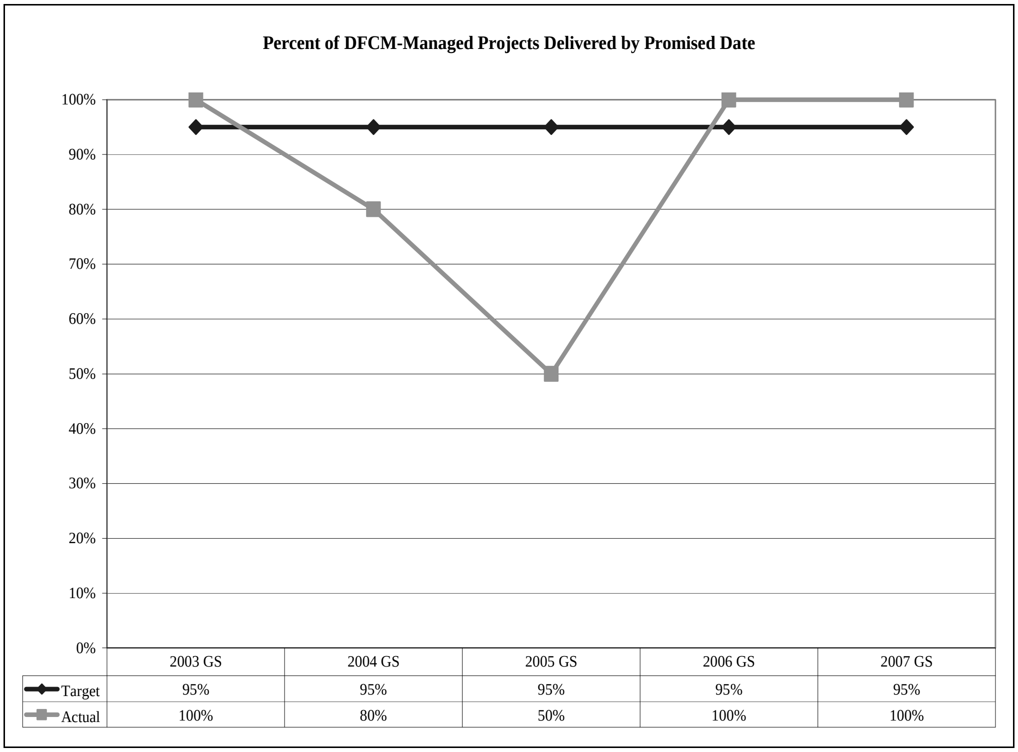


Figure 11

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: There is typically a two to three year lag time between when a project is funded and when it is substantially complete. Almost all projects in FY 2003 and 2004 have been closed out. Projects in FY 2005 thru 2007, however, are still being constructed and the percentages in the chart above only reflect a small number of the total projects.

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.

Budget History - Administrative Services - DFCM Administration

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	0	0	1,097,000	2,323,100	2,494,200
General Fund, One-time	0	150,000	0	32,200	0
Dedicated Credits Revenue	1,115,700	0	0	0	0
Capital Project Fund	966,900	3,956,700	1,638,100	1,801,800	1,876,000
Project Reserve Fund	1,699,500	0	200,000	200,000	200,000
Contingency Reserve Fund	0	0	1,180,200	82,300	82,300
Lapsing Balance	(62,500)	(161,100)	(53,400)	(5,100)	0
Total	$3,719,600	$3,945,600	$4,061,900	$4,434,300	$4,652,500
Categories of Expenditure					
Personal Services	3,071,900	3,197,300	3,388,500	3,591,500	3,791,300
In-State Travel	77,000	63,700	102,400	124,200	106,000
Out of State Travel	8,800	8,700	8,300	8,000	11,200
Current Expense	306,400	260,900	239,100	270,700	350,600
DP Current Expense	249,300	265,000	309,000	431,700	386,400
DP Capital Outlay	6,200	0	14,600	8,200	7,000
Other Charges/Pass Thru	0	150,000	0	0	0
Total	$3,719,600	$3,945,600	$4,061,900	$4,434,300	$4,652,500
Other Data					
Budgeted FTE	44.0	42.0	44.0	44.0	42.0
Actual FTE	41.8	41.1	42.7	41.8	0.0
Vehicles	9	9	9	8	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

In 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

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	81,300	81,300	101,300	101,300	101,300
Total	$81,300	$81,300	$101,300	$101,300	$101,300
Categories of Expenditure					
Current Expense	81,300	81,300	101,300	101,300	101,300
Total	$81,300	$81,300	$101,300	$101,300	$101,300

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 to this program.

In FY 2008, SBEEP is investing $1.6 million in energy projects in existing state buildings. Over 15 years, the benefits equal $7.1 million from incentives and energy savings. The net present value of the benefits is $5.5 million using a discount rate of 3%. The internal rate of return is 41%.

Efforts are not simply limited to implementing energy efficiency projects in existing buildings. DAS and DFCM are also focusing on programs and policies intended to change employee behavior, improve building operation, and increase efficiency in new construction.

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 20% 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 efficiency measures with the costs repaid from energy savings. Work is done by an Energy Savings Company (ESCO) that guarantees the savings. Work is complete on three pilot projects involving $21 million of improvements that generate over $880,000 in savings annually.

Funding Detail

Funding initially came from the Governor's Office in the form of dedicated credits that the federal government collected from oil companies for violations of petroleum pricing regulations from 1973 to 1981 (known as PVE funds). This funding source, however, is slowing dissipating. FY 2008 will be the last year PVE funds will be available to fund the DFCM energy program. The division will therefore request a building block in FY 2009 to replace these funds with General Fund.

Budget History - Administrative Services - DFCM Administration - Energy Program

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund, One-time	0	0	0	0	1,500,000
Dedicated Credits Revenue	0	0	108,800	257,000	338,900
Total	$0	$0	$108,800	$257,000	$1,838,900
Categories of Expenditure					
Personal Services	0	0	100,400	243,600	321,600
In-State Travel	0	0	2,000	2,800	5,200
Out of State Travel	0	0	1,700	1,700	3,400
Current Expense	0	0	2,100	1,800	6,100
DP Current Expense	0	0	2,600	7,100	2,600
Capital Outlay	0	0	0	0	1,500,000
Total	$0	$0	$108,800	$257,000	$1,838,900
Other Data					
Budgeted FTE	0.0	0.0	0.0	2.0	3.0
Actual FTE	0.0	0.0	1.0	2.2	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.

The 2007 Legislature approved House Bill 222, *Open and Public Meetings – Electronic Notice*, which created the Utah Public Notice Website and required the division to maintain and operate the program. The website will contain notices of public meetings for the state and its political subdivisions.

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.

UCA 63F-1-701 requires State Archives to administer and maintain the Utah Public Notice Website to assist the public in finding posted public meeting notices of the state and its political subdivisions

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8.1 of the Utah Code the Legislature intends 260 that up to $30,000 provided by Item 36, Chapter 1, and Item 38, Chapter 366, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. Expenditure of these funds is limited to digitizing and microfilming significant historical documents generated by former Utah legislators and governors for preservation and access.*

Funding Detail

The following table summarizes funding for the five programs in this line item. The 2007 Legislature appropriated $100,000 one time General Fund to implement the Utah Public Notice Website, $200,000 one-time General Fund for regional repositories, $53,500 ongoing General Fund to digitize public records, and $100,000 beginning balance from Finance Mandated to develop an electronic records management business plan.

Budget History - Administrative Services - State Archives

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,868,800	2,011,400	2,092,500	2,242,500	2,438,700
General Fund, One-time	5,500	14,000	108,700	(3,900)	300,000
Federal Funds	0	0	4,500	0	85,400
Dedicated Credits Revenue	34,100	31,200	44,500	49,100	45,500
Risk Management ISF	0	0	10,900	0	0
Beginning Nonlapsing	65,400	23,800	44,700	29,900	20,000
Beginning Nonlapsing - Retirement	0	0	0	0	101,500
Closing Nonlapsing	(23,800)	(44,700)	(29,900)	(19,300)	0
Total	$1,950,000	$2,035,700	$2,275,900	$2,298,300	$2,991,100
Programs					
Archives Administration	438,200	555,300	559,900	675,100	889,600
Records Analysis	324,000	312,900	361,700	258,800	418,600
Preservation Services	293,700	303,600	438,200	362,300	360,300
Patron Services	474,600	341,900	388,400	448,500	488,000
Records Services	419,500	522,000	527,700	553,600	834,600
Total	$1,950,000	$2,035,700	$2,275,900	$2,298,300	$2,991,100
Categories of Expenditure					
Personal Services	1,324,500	1,441,400	1,448,700	1,549,000	1,710,300
In-State Travel	5,600	4,900	9,600	8,700	9,600
Out of State Travel	4,400	5,400	5,900	8,000	5,300
Current Expense	447,300	430,600	546,100	599,100	872,900
DP Current Expense	137,200	153,400	162,100	133,500	393,000
DP Capital Outlay	0	0	53,700	0	0
Capital Outlay	30,500	0	49,800	0	0
Other Charges/Pass Thru	500	0	0	0	0
Total	$1,950,000	$2,035,700	$2,275,900	$2,298,300	$2,991,100
Other Data					
Budgeted FTE	30.0	28.0	28.0	28.0	28.0
Actual FTE	29.3	30.4	29.3	29.0	0.0
Vehicles	1	1	0	0	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 In FY 2008, the Legislature appropriated $100,000 one-time from the General Fund to implement House Bill 222, *Open and Public Meetings – Electronic Notice*, which created the Utah Public Notice Website. The division will administer and maintain this website which will contain public meeting notices for local and state government meetings.

Budget History - Administrative Services - State Archives - Archives Administration

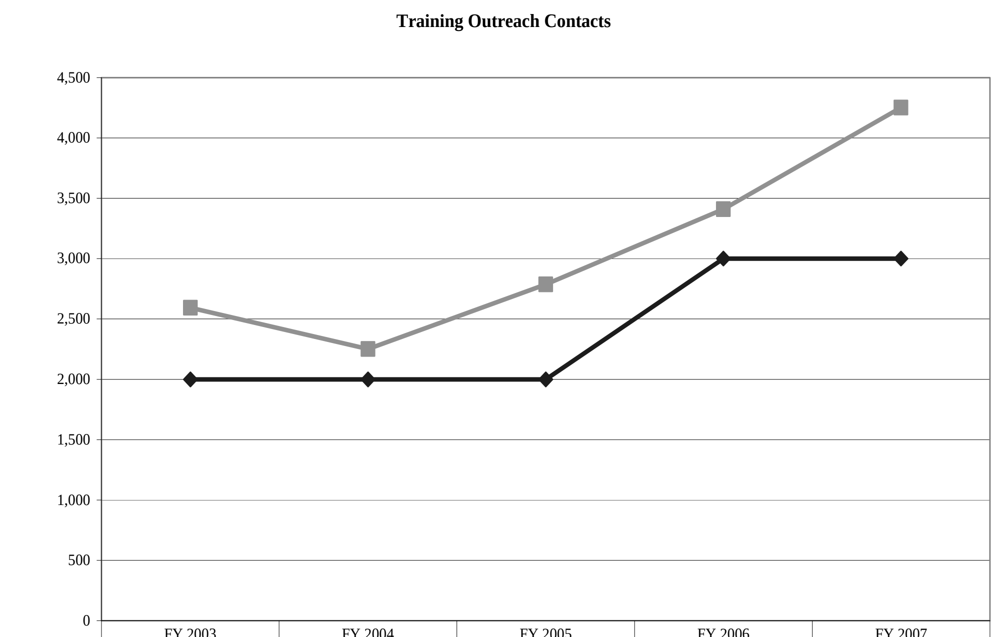
Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	460,600	574,700	540,600	675,400	684,200
General Fund, One-time	1,400	1,500	0	(300)	100,000
Federal Funds	0	0	4,500	0	85,400
Beginning Nonlapsing	0	23,800	44,700	0	20,000
Closing Nonlapsing	(23,800)	(44,700)	(29,900)	0	0
Total	$438,200	$555,300	$559,900	$675,100	$889,600
Categories of Expenditure					
Personal Services	189,600	232,400	294,400	311,400	407,300
In-State Travel	5,600	4,900	9,600	8,500	9,600
Out of State Travel	4,400	5,400	5,900	8,000	5,300
Current Expense	70,900	159,200	98,800	218,800	229,400
DP Current Expense	137,200	153,400	151,200	128,400	238,000
Capital Outlay	30,500	0	0	0	0
Total	$438,200	$555,300	$559,900	$675,100	$889,600
Other Data					
Budgeted FTE	4.0	3.0	3.0	4.0	4.0
Actual FTE	2.9	3.4	4.0	3.9	0.0
Vehicles	1	1	0	0	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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	2,000	2,000	2,000	3,000	3,000
Actual	2,593	2,251	2,786	3,409	4,252

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: In FY 2006, due to increased performance, the division increased its goal of individuals trained from 2,000 to 3,000. In FY 2007 the division exceeded this goal by almost 50 percent.

Funding Detail

All revenues come from the General Fund. However, for FY 2008 the Legislature appropriated $101,500 from the non-lapsing balance in the Finance Mandated Retirement Benefits program. The majority of these funds will be used to develop an electronic records management business plan through the Department of Technology Services.

Budget History - Administrative Services - State Archives - Records Analysis

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	322,700	309,800	361,700	259,700	318,600
General Fund, One-time	1,300	3,100	0	(900)	0
Beginning Nonlapsing - Retirement	0	0	0	0	100,000
Total	$324,000	$312,900	$361,700	$258,800	$418,600
Categories of Expenditure					
Personal Services	276,100	312,900	243,400	258,800	297,100
Current Expense	47,400	0	14,800	0	21,500
DP Current Expense	0	0	0	0	100,000
DP Capital Outlay	0	0	53,700	0	0
Capital Outlay	0	0	49,800	0	0
Other Charges/Pass Thru	500	0	0	0	0
Total	$324,000	$312,900	$361,700	$258,800	$418,600
Other Data					
Budgeted FTE	7.0	6.0	6.0	5.0	5.0
Actual FTE	5.3	5.8	4.5	4.7	0.0

Table 16

PRESERVATION SERVICES

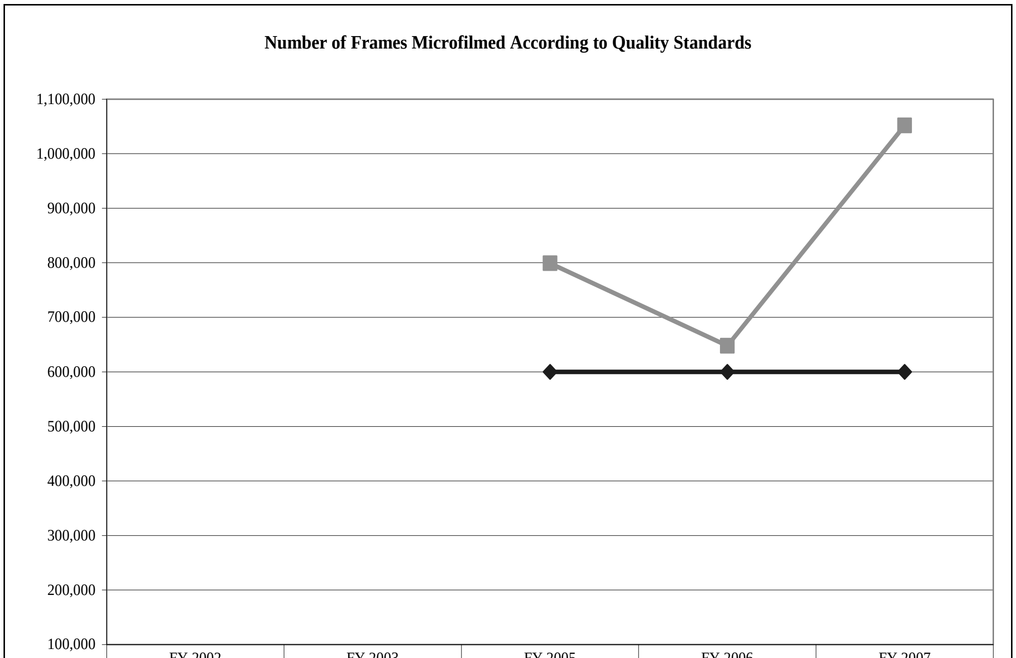
Function

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.



	FY 2002	FY 2003	FY 2005	FY 2006	FY 2007
Target			600,000	600,000	600,000
Actual			799,129	647,749	1,051,851

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.

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 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.

Budget History - Administrative Services - State Archives - Preservation Services					
Sources of Finance	**2004 Actual**	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2008 Appropriated**
General Fund	239,600	272,300	280,000	313,900	320,800
General Fund, One-time	700	2,800	108,700	(700)	0
Dedicated Credits Revenue	26,500	28,500	38,600	49,100	39,500
Risk Management ISF	0	0	10,900	0	0
Beginning Nonlapsing	26,900	0	0	0	0
Total	$293,700	$303,600	$438,200	$362,300	$360,300
Categories of Expenditure					
Personal Services	276,700	282,900	313,300	313,800	287,000
In-State Travel	0	0	0	100	0
Current Expense	17,000	20,700	114,000	43,300	73,300
DP Current Expense	0	0	10,900	5,100	0
Total	$293,700	$303,600	$438,200	$362,300	$360,300
Other Data					
Budgeted FTE	6.0	6.0	6.0	6.0	6.0
Actual FTE	7.6	7.6	8.5	7.8	0.0

Table 17

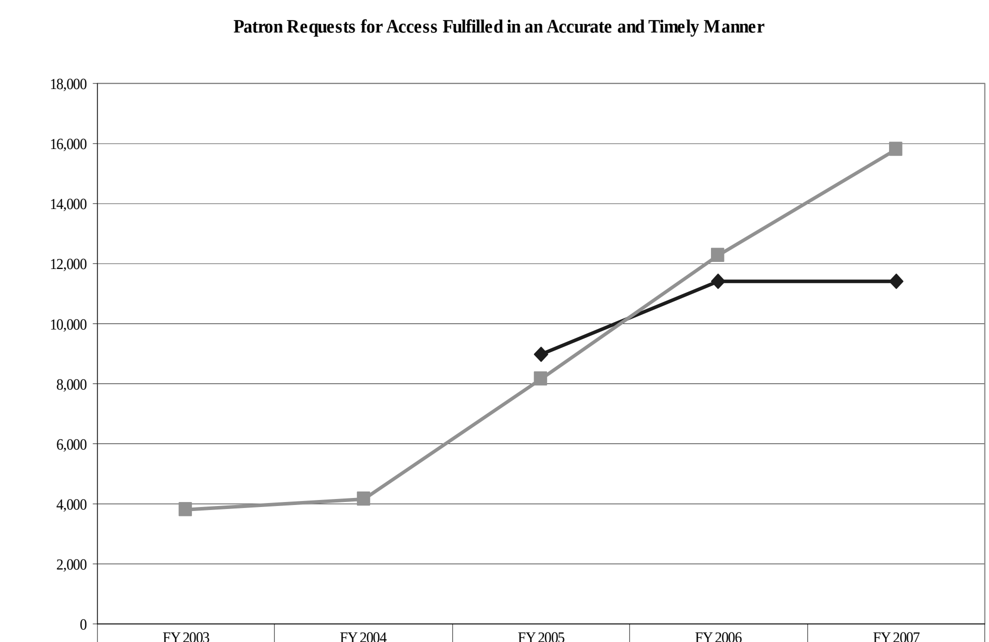
PATRON SERVICES

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).



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target			9,000	11,400	11,400
Actual	3,800	4,162	8,158	12,257	15,810

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: As of January 2005, the new Utah History Research Center has provided increased services and opportunities for patrons.

Funding Detail

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

Budget History - Administrative Services - State Archives - Patron Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	427,700	335,600	382,500	439,100	482,000
General Fund, One-time	800	3,600	0	(1,200)	0
Dedicated Credits Revenue	7,600	2,700	5,900	0	6,000
Beginning Nonlapsing	38,500	0	0	29,900	0
Closing Nonlapsing	0	0	0	(19,300)	0
Total	$474,600	$341,900	$388,400	$448,500	$488,000
Categories of Expenditure					
Personal Services	374,300	384,800	374,100	436,300	468,500
In-State Travel	0	0	0	100	0
Current Expense	100,300	(42,900)	14,300	12,100	19,500
Total	$474,600	$341,900	$388,400	$448,500	$488,000
Other Data					
Budgeted FTE	7.0	7.0	7.0	7.0	8.0
Actual FTE	7.9	7.7	7.0	7.9	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.

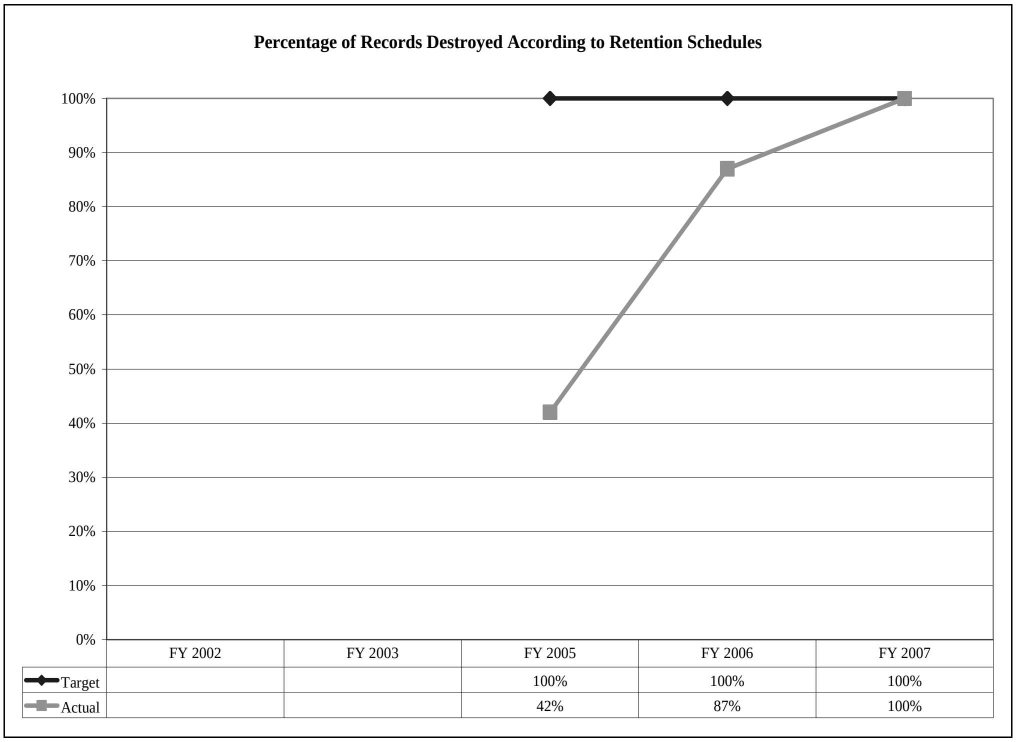


Figure 15

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: The division halted destruction 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. Since then there has been a drastic improvement and in FY 2007 the division met its goal of 100 percent.

Funding Detail

All financing comes from the General Fund. In FY 2008, the Legislature appropriated $200,000 one-time to the division to help local regional repositories care for and maintain vital historical documents. The 2007 Legislature also appropriated $53,500 ongoing General Fund for the storage and maintenance of the division's digital assets.

Budget History - Administrative Services - State Archives - Records Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	418,200	519,000	527,700	554,400	633,100
General Fund, One-time	1,300	3,000	0	(800)	200,000
Beginning Nonlapsing - Retirement	0	0	0	0	1,500
Total	$419,500	$522,000	$527,700	$553,600	$834,600
Categories of Expenditure					
Personal Services	207,800	228,400	223,500	228,700	250,400
Current Expense	211,700	293,600	304,200	324,900	529,200
DP Current Expense	0	0	0	0	55,000
Total	$419,500	$522,000	$527,700	$553,600	$834,600
Other Data					
Budgeted FTE	6.0	6.0	6.0	6.0	5.0
Actual FTE	5.6	5.9	5.4	4.7	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 General Fund surplus at the end of a fiscal year to the General Fund Budget Reserve Account.

UCA 63-38-2.6 requires the division to make transfers out of any Education Fund or Uniform School Fund surplus at the end of a fiscal year to the Education Budget Reserve Account.

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 2007 General Session the Legislature adopted the following language in H.B. 150 for FY 2008:

Under Section 63-38-8 of the Utah Code the Legislature intends that funds provided by Item 39 of House Bill 1, State Agency and Higher Education Base Budget Appropriations (2007 General Session) for the Division of Finance not lapse at the close of Fiscal Year 2008. The use of nonlapsing funds is limited to an actuarial study of post-employment benefits and to 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 transferred twenty-two FTEs, equating to 27 percent of previously existing positions, to the new Department of Technology Services. Although these FTE no longer work for the division per se, they continue to support division programs.

Budget History - Administrative Services - Finance Administration

Sources of Finance	**2004 Actual**	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2008 Appropriated**
General Fund	6,100,800	5,992,500	6,293,000	6,748,700	7,007,700
General Fund, One-time	2,841,700	88,100	0	(63,900)	0
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Federal Funds	0	0	265,900	0	300
Dedicated Credits Revenue	1,980,400	2,049,600	2,098,700	1,995,200	1,868,900
GFR - ISF Overhead	1,490,000	1,272,400	1,272,400	1,296,500	1,299,600
Beginning Nonlapsing	2,151,400	5,583,900	5,348,900	4,212,100	1,780,100
Closing Nonlapsing	(5,583,900)	(5,348,900)	(4,212,100)	(4,155,100)	(443,800)
Lapsing Balance	(2,700)	0	0	0	0
Total	$9,427,700	$10,087,600	$11,516,800	$10,483,500	$11,962,800
Programs					
Finance Director's Office	332,900	330,200	303,000	356,900	387,000
Payroll	1,767,900	1,160,700	1,210,000	1,643,600	1,876,400
Payables/Disbursing	1,997,900	2,093,300	2,286,500	1,987,900	2,364,900
Technical Services	1,409,700	1,355,200	1,334,600	1,619,900	1,878,000
Financial Reporting	1,208,100	1,154,700	1,234,300	1,320,800	1,514,300
Financial Information Systems	2,711,200	3,993,500	5,148,400	3,554,400	3,942,200
Total	$9,427,700	$10,087,600	$11,516,800	$10,483,500	$11,962,800
Categories of Expenditure					
Personal Services	5,465,200	5,568,700	5,594,000	4,197,300	4,791,800
In-State Travel	800	1,300	1,700	400	2,600
Out of State Travel	22,800	17,900	24,000	10,600	20,300
Current Expense	1,051,900	1,046,600	1,135,200	977,300	1,154,900
DP Current Expense	2,022,900	1,679,500	1,727,000	3,909,800	4,569,500
DP Capital Outlay	864,100	1,768,500	2,774,500	1,388,100	1,423,700
Capital Outlay	0	5,100	0	0	0
Other Charges/Pass Thru	0	0	260,400	0	0
Total	$9,427,700	$10,087,600	$11,516,800	$10,483,500	$11,962,800
Other Data					
Budgeted FTE	83.0	81.0	80.5	59.5	59.5
Actual FTE	78.1	76.8	73.3	54.2	0.0

Table 20

PROGRAMS – DIVISION OF FINANCE – ADMINISTRATION

FINANCE DIRECTOR'S OFFICE

Function

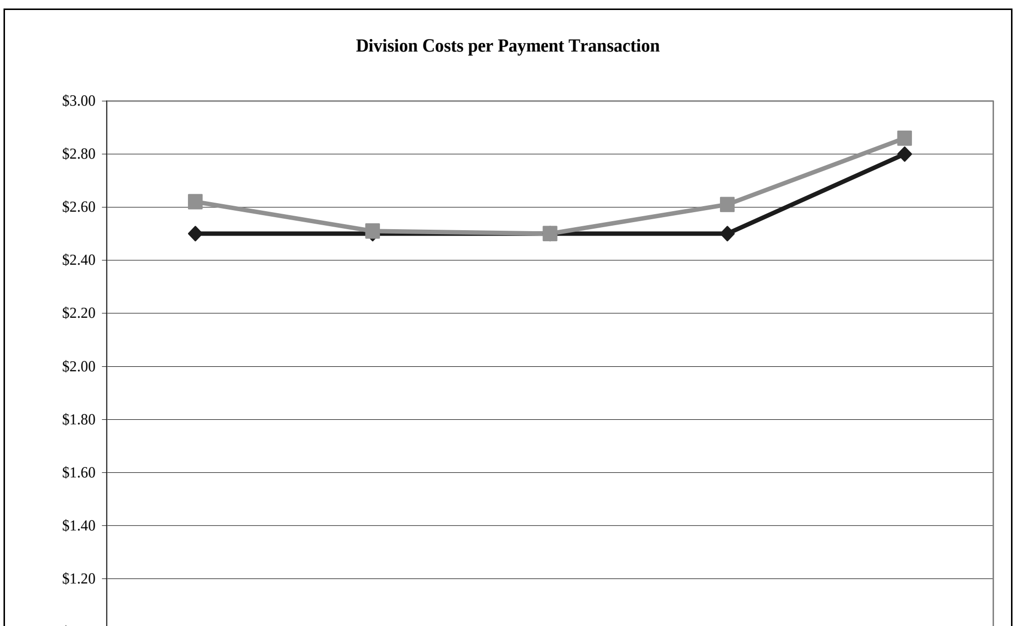
The director of the Division of Finance is the state's chief fiscal officer and is responsible for the accounting structure within state government. This includes:

- 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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	$2.50	$2.50	$2.50	$2.50	$2.80
Actual	$2.62	$2.51	$2.50	$2.61	$2.86

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.

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

Budget History - Administrative Services - Finance Administration - Finance Director's Office

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	331,900	328,700	303,000	358,200	387,000
General Fund, One-time	1,000	1,500	0	(1,300)	0
Total	$332,900	$330,200	$303,000	$356,900	$387,000
Categories of Expenditure					
Personal Services	302,500	303,000	261,000	324,700	332,900
In-State Travel	0	0	0	0	100
Out of State Travel	4,800	1,400	2,700	3,000	6,400
Current Expense	25,600	25,800	35,900	28,000	44,200
DP Current Expense	0	0	3,400	1,200	3,400
Total	$332,900	$330,200	$303,000	$356,900	$387,000
Other Data					
Budgeted FTE	3.0	3.0	3.0	3.0	3.0
Actual FTE	3.0	3.0	2.7	3.1	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 3,300 checks and 19,800 direct deposits are issued, accounting for over $35,610,000 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.

The program also oversees Employee Self-Service (ESS), a payroll and time processing system that allows employees to enter their time on-line, view their own payroll data, and update certain information such as W-4 forms without involving a payroll technician. This system has reduced administration costs and improved employee satisfaction. In July, 2007 the system had 11,897 time entry users and an additional 9,652 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 2007 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:

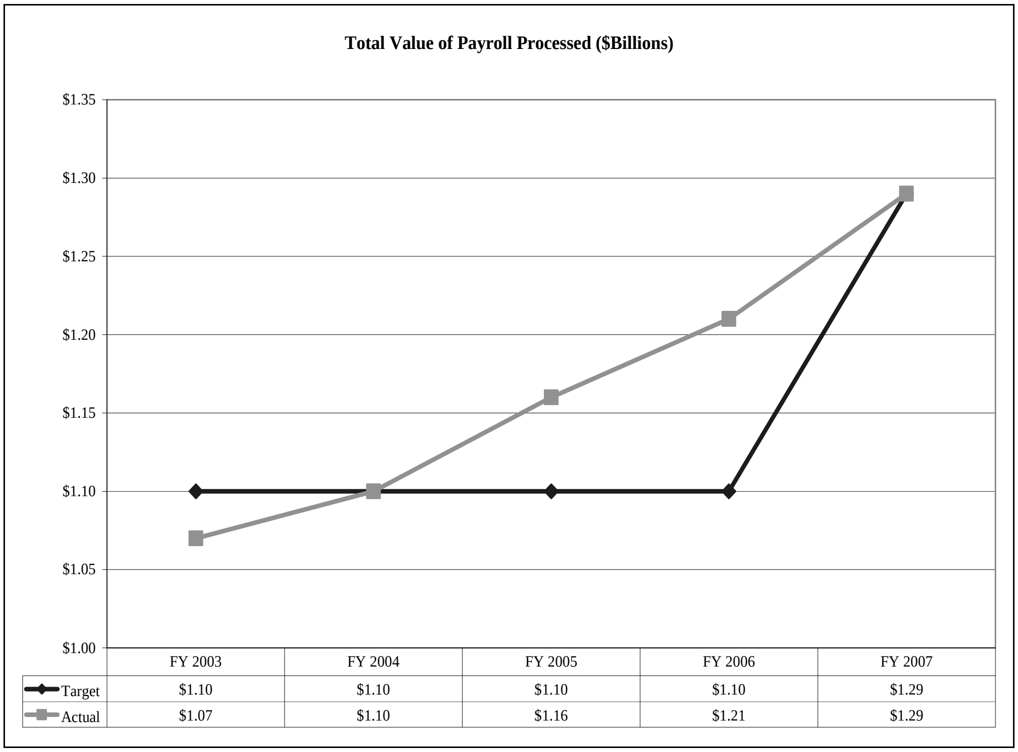


Figure 17

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 transferred four FTE to the new Department of Technology Services internal service fund in FY 2007 which results in lower personal services cost and higher current expenses (ISF rate payments) for FY 2007 and onward.

Budget History - Administrative Services - Finance Administration - Payroll

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,707,800	1,512,600	1,498,600	1,882,700	1,875,500
General Fund, One-time	(103,200)	6,200	0	(17,400)	0
Dedicated Credits Revenue	2,100	2,400	900	1,300	900
Beginning Nonlapsing	661,200	500,000	860,500	1,150,000	0
Closing Nonlapsing	(500,000)	(860,500)	(1,150,000)	(1,373,000)	0
Total	$1,767,900	$1,160,700	$1,210,000	$1,643,600	$1,876,400
Categories of Expenditure					
Personal Services	740,400	656,500	681,600	439,700	497,500
In-State Travel	0	0	100	0	600
Out of State Travel	10,200	4,600	2,400	2,100	2,400
Current Expense	11,200	15,600	14,500	16,300	14,700
DP Current Expense	776,500	484,000	511,400	924,800	1,036,000
DP Capital Outlay	229,600	0	0	260,700	325,200
Total	$1,767,900	$1,160,700	$1,210,000	$1,643,600	$1,876,400
Other Data					
Budgeted FTE	12.0	12.0	11.0	7.0	7.0
Actual FTE	11.3	10.2	9.9	6.7	0.0

Table 22

PAYABLES/DISBURSING

Function

This program:

- Audits payment and employee reimbursement requests
- Manages the FINDER collections program
- Manages vendor information in FINET
- 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 2.54 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. This program requires agencies to reimburse employees for personal vehicle use at one of two levels: (1) if a state motor pool vehicle is available, employees are reimbursed at a rate equal to, or less than, the per mile cost of a mid-size sedan operated by the Division of Fleet Operations; (2) if a state motor pool vehicle is unavailable, employees are reimbursed at a higher rate tied to IRS approved rates.

The goal of the policy is 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 2003.

Personal Vehicle Mileage Reimbursement					
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
In State	$2,802,500	$2,809,200	$3,116,900	$3,342,700	$3,659,700
Out of State	$62,900	$60,100	$68,600	$78,300	$90,400
Total	$2,865,400	$2,869,300	$3,185,500	$3,421,000	$3,750,100

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 also 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.

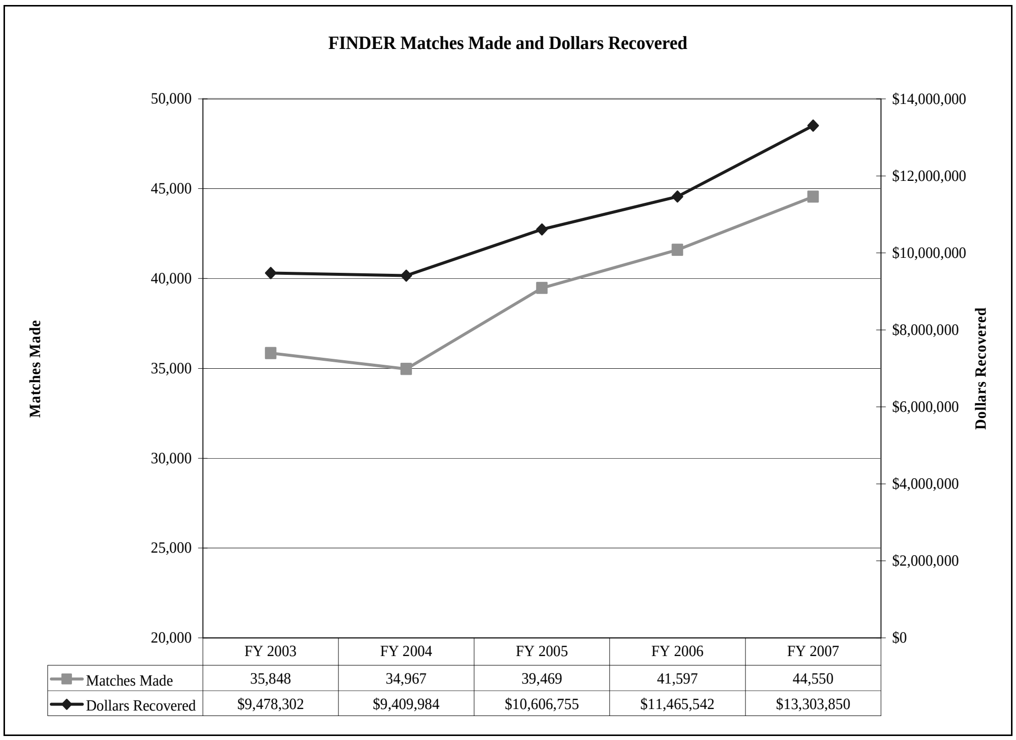


Figure 18

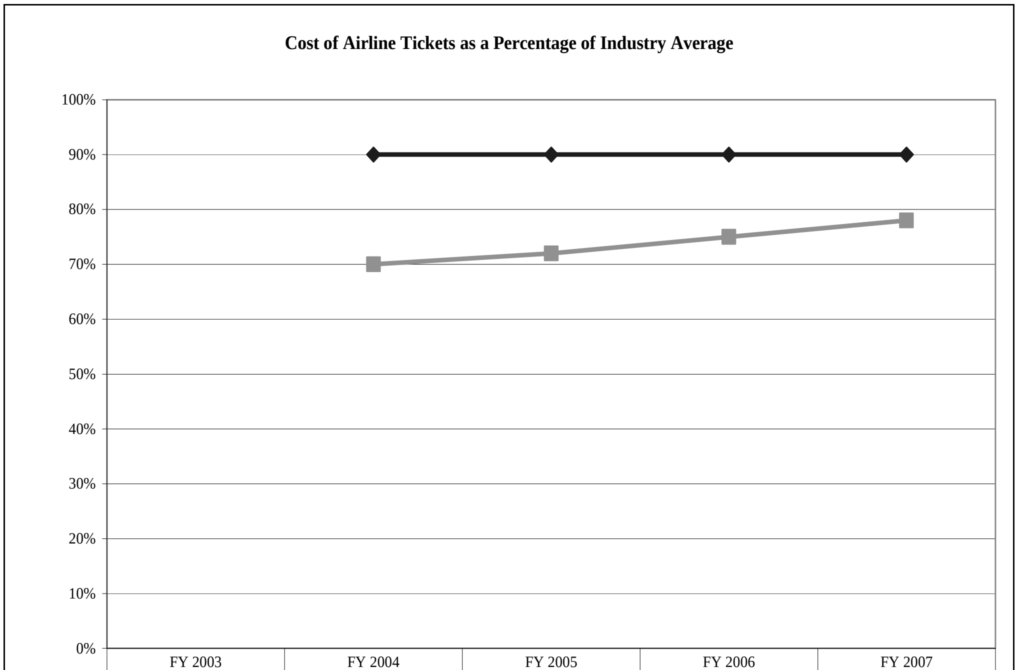
Measure: FINDER matches made and dollars recovered.

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target		90%	90%	90%	90%
Actual		70%	72%	75%	78%

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 the industry average.

Methodology: State travel office average roundtrip ticket prices divided by travel industry average roundtrip ticket prices.

Measure Type: Efficiency.

Note: The travel office has negotiated rates with airlines that help keep the average ticket price below industry average, though 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, these fares are often non-refundable tickets that must be purchased well in advance, often require a Saturday night stay, and cannot be changed without additional charges. Both refundable negotiated rates and non-refundable discount rates are available through the State Travel Office.

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.

Budget History - Administrative Services - Finance Administration - Payables/Disbursing

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	704,700	708,900	608,400	698,200	1,221,300
General Fund, One-time	3,600	9,500	0	(3,900)	0
Federal Funds	0	0	265,900	0	300
Dedicated Credits Revenue	1,289,600	1,374,900	1,412,200	1,293,600	1,143,300
Total	$1,997,900	$2,093,300	$2,286,500	$1,987,900	$2,364,900
Categories of Expenditure					
Personal Services	1,068,700	1,146,500	1,042,500	1,152,200	1,376,400
In-State Travel	800	1,300	1,300	400	1,500
Out of State Travel	100	3,000	7,300	1,400	3,100
Current Expense	928,300	942,000	974,800	833,700	983,600
DP Current Expense	0	500	200	200	300
Other Charges/Pass Thru	0	0	260,400	0	0
Total	$1,997,900	$2,093,300	$2,286,500	$1,987,900	$2,364,900
Other Data					
Budgeted FTE	21.8	20.3	20.5	20.5	20.5
Actual FTE	19.5	19.5	17.4	17.8	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.

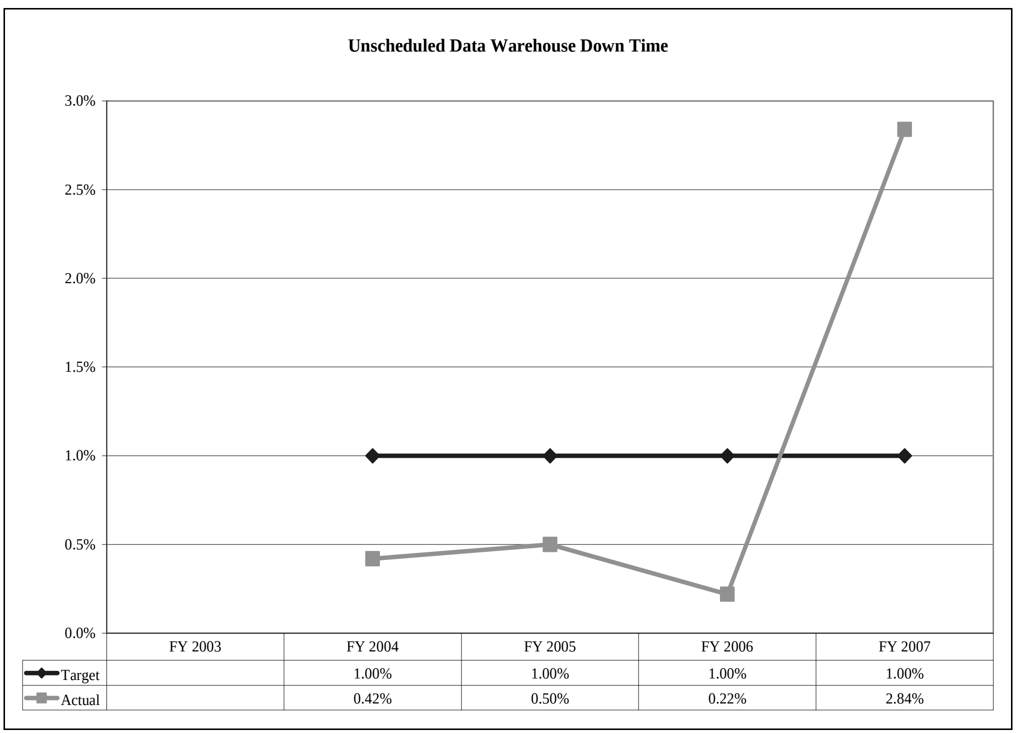


Figure 20

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: FY 2007 was the first year under the new FINET and Data Warehouse. Finance experienced downtime and performance issues as the old system went down and the new system went online. Finance has taken steps to improve performance, but the system is still new and may have higher downtime than the historical average for some time.

Funding Detail

Due to IT consolidation, the Technical Services section staff is now part of the Department of Technology Services, effective FY 2007

Budget History - Administrative Services - Finance Administration - Technical Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,486,700	1,336,400	1,331,500	1,806,100	1,878,000
General Fund, One-time	(24,600)	4,600	0	(42,300)	0
Beginning Nonlapsing	346,000	398,400	384,200	381,100	0
Closing Nonlapsing	(398,400)	(384,200)	(381,100)	(525,000)	0
Total	$1,409,700	$1,355,200	$1,334,600	$1,619,900	$1,878,000
Categories of Expenditure					
Personal Services	674,500	795,200	858,700	5,100	48,300
Out of State Travel	3,900	5,400	6,300	900	0
Current Expense	30,700	11,400	13,700	13,000	(34,400)
DP Current Expense	472,700	504,200	437,600	1,513,900	1,714,100
DP Capital Outlay	227,900	33,900	18,300	87,000	150,000
Capital Outlay	0	5,100	0	0	0
Total	$1,409,700	$1,355,200	$1,334,600	$1,619,900	$1,878,000
Other Data					
Budgeted FTE	9.0	9.0	10.0	0.0	0.0
Actual FTE	8.5	9.7	9.7	0.0	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 $10.2 billion of fixed assets, $7.7 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.

Budget History - Administrative Services - Finance Administration - Financial Reporting

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	711,900	676,900	729,700	898,400	1,019,100
General Fund, One-time	2,700	55,500	0	(2,900)	0
Dedicated Credits Revenue	488,700	472,300	485,600	500,300	520,200
Beginning Nonlapsing	7,500	0	50,000	31,000	0
Closing Nonlapsing	0	(50,000)	(31,000)	(106,000)	(25,000)
Lapsing Balance	(2,700)	0	0	0	0
Total	$1,208,100	$1,154,700	$1,234,300	$1,320,800	$1,514,300
Categories of Expenditure					
Personal Services	1,161,600	1,115,800	1,148,400	1,273,800	1,431,800
Out of State Travel	1,800	0	0	1,000	2,300
Current Expense	38,700	32,900	76,100	39,500	70,400
DP Current Expense	6,000	6,000	6,300	6,500	6,300
DP Capital Outlay	0	0	3,500	0	3,500
Total	$1,208,100	$1,154,700	$1,234,300	$1,320,800	$1,514,300
Other Data					
Budgeted FTE	16.7	15.7	16.0	16.0	16.0
Actual FTE	15.8	14.7	14.4	14.8	0.0

Table 27

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.

Budget History - Administrative Services - Finance Administration - Financial Information Systems

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,157,800	1,429,000	1,821,800	1,105,100	626,800
General Fund, One-time	2,962,200	10,800	0	3,900	0
Transportation Fund	450,000	450,000	450,000	450,000	450,000
Dedicated Credits Revenue	200,000	200,000	200,000	200,000	204,500
GFR - ISF Overhead	1,490,000	1,272,400	1,272,400	1,296,500	1,299,600
Beginning Nonlapsing	1,136,700	4,685,500	4,054,200	2,650,000	1,780,100
Closing Nonlapsing	(4,685,500)	(4,054,200)	(2,650,000)	(2,151,100)	(418,800)
Total	$2,711,200	$3,993,500	$5,148,400	$3,554,400	$3,942,200
Categories of Expenditure					
Personal Services	1,517,500	1,551,700	1,601,800	1,001,800	1,104,900
In-State Travel	0	0	300	0	400
Out of State Travel	2,000	3,500	5,300	2,200	6,100
Current Expense	17,400	18,900	20,200	46,800	76,400
DP Current Expense	767,700	684,800	768,100	1,463,200	1,809,400
DP Capital Outlay	406,600	1,734,600	2,752,700	1,040,400	945,000
Total	$2,711,200	$3,993,500	$5,148,400	$3,554,400	$3,942,200
Other Data					
Budgeted FTE	20.5	21.0	20.0	13.0	13.0
Actual FTE	20.0	19.8	19.2	11.8	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.

Restricted Funds Summary - Financial Information Systems

Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2007 Balance
GFR - ISF Overhead	Not in statute	ISF overhead charges	As appropriated by the Legislature	$22,000

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

This line item receives $482,600 ongoing General Fund for the LeRay McAllister Critical Land Fund. An additional $1 million and $2 million in one-time General Fund was appropriated to the LeRay McAllister Fund in FY 2007 and FY 2008 respectively.

The Retirement Benefits program, created to fund the establishment of retiree health reimbursement accounts under House Bill 213 of the 2005 General Session, had $50,000 General Fund appropriated for FY 2007. However, the 2007 Legislature determined that this program was unnecessary and transferred the $250,000 beginning balance to other programs.

Budget History - Administrative Services - Finance - Mandated

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	482,600	482,600	532,600	532,600	482,600
General Fund, One-time	450,000	7,000,000	0	1,000,000	2,000,000
GFR - Economic Incentive Restricted Acco	0	0	981,900	1,528,000	1,528,000
GFR - Land Exchange Distribution Accoun	0	0	0	0	3,118,700
Beginning Nonlapsing	0	150,000	4,000,000	128,500	0
Closing Nonlapsing	(150,000)	(4,000,000)	(200,000)	(178,500)	0
Lapsing Balance	0	(38,400)	(929,500)	(543,100)	0
Total	$782,600	$3,594,200	$4,385,000	$2,467,500	$7,129,300
Programs					
Land Exchange Distribution	0	0	0	0	3,118,700
LeRay McAllister Critical Land Conservati	782,600	3,482,600	332,600	1,482,600	2,482,600
Convention Facilities	0	0	4,000,000	0	0
Studies	0	111,600	0	0	0
Development Zone Partial Rebates	0	0	52,400	984,900	1,528,000
Retirement Benefits	0	0	0	0	0
Total	$782,600	$3,594,200	$4,385,000	$2,467,500	$7,129,300
Categories of Expenditure					
Current Expense	0	111,600	0	0	0
Other Charges/Pass Thru	782,600	3,482,600	4,385,000	2,467,500	7,129,300
Total	$782,600	$3,594,200	$4,385,000	$2,467,500	$7,129,300

Table 30

PROGRAMS – DIVISION OF FINANCE – MANDATED EXPENDITURES

LERAY MCALLISTER CRITICAL LAND FUND

Function

The creation of LeRay McAllister Critical Land Conservation Fund (CLCF) allows non-profit organizations, the Department of Agriculture and Food, the Department of Natural Resources, and local governments access to funds for open space preservation. Money from the CLCF must be used to preserve or restore open lands and agricultural lands. Generally, municipal parks, ball fields, and other types of developed, active recreation areas are not critical lands as defined by the Quality Growth Act.

Statutory Authority

The following laws govern use of the McAllister Fund:

UCA 11-38 is entitled the "Quality Growth Act." Part two of this act creates the Quality Growth Commission (QGC).

UCA 11-38-202 gives the QGC the duty to administer the McAllister Fund.

UCA 11-38-301 creates the LeRay McAllister Critical Land Conservation Fund consisting of:

- Appropriations by the Legislature
- Contributions from federal agencies, political subdivisions, persons, or corporations
- Proceeds a department chooses to place in the fund from sales of surplus land

The Departments of Administrative Services, Agriculture and Food, Natural Resources, and Transportation may place proceeds from sales of surplus land into the fund.

The total in the fund may not exceed $6 million.

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.

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.

Eminent domain may not be used to acquire lands for this purpose

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.

Accountability

Since Calendar Year 1999 the QGC has authorized 69 projects totaling $17.0 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.

In FY 2007 the LeRay McAllister Fund contributed $200,000 to emergency wildfire reseeding. The federal government contributed about $48.5 million to the wildfire reseeding effort, which is not reflected in the table below.

	CY 99-03	CY 04	CY 05	CY 06	CY 07 Award	Total
Projects	34	6	11	8	10	69
Acreage	31,712.5	571.0	21,585.5	16,567.0	4,762.0	75,197.9
McAllister Grant	$8,727,308	$643,000	$3,162,500	$1,860,000	$2,600,000	$16,992,808
Federal Match	$16,180,300	$1,015,329	$6,473,000	$6,751,000	$2,255,000	$32,674,629
Other State Match	$233,500	$110,000	$213,000	$909,000	$4,791,052	$6,256,552
Private Match	$7,666,014	$172,000	$6,868,130	$9,730,816	$4,933,567	$29,370,527
Local Gov't Match	$2,812,779	$175,000	$11,588,500	$1,250,000	$751,875	$16,578,154
Landowner Donation	$11,444,815	$380,165	$0	$3,990,000	$1,676,000	$17,490,980
Total Match	$38,337,408	$1,852,494	$25,142,630	$22,630,816	$14,407,494	$102,370,842
Total	$47,064,716	$2,495,494	$28,305,130	$24,490,816	$17,007,494	$119,363,650
Match/Grant	4.39 to 1	2.88 to 1	7.95 to 1	12.17 to 1	5.54 to 1	6.02 to 1

Table 31

Funding Detail

During the 2007 General Session the Legislature enhanced funding for open space protection with an additional $2,000,000 one-time General Fund appropriation for FY 2008. This is on top of a one-time FY 2007 appropriation of $1,000,000 and a one-time FY 2005 supplemental appropriation of $3,000,000.

The base appropriation for FY 2007 was $482,600 in ongoing General Funds. In FY 2006, the Legislature redirected $150,000 on a one-time basis to the governor's office for local land planning making the total appropriation for FY 2006 $332,600.

Budget History - Administrative Services - Finance - Mandated - LeRay McAllister Critical Land Conservation Fund

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Sources of Finance					
General Fund	482,600	482,600	482,600	482,600	482,600
General Fund, One-time	300,000	3,000,000	(150,000)	1,000,000	2,000,000
Total	$782,600	$3,482,600	$332,600	$1,482,600	$2,482,600
Categories of Expenditure					
Other Charges/Pass Thru	782,600	3,482,600	332,600	1,482,600	2,482,600
Total	$782,600	$3,482,600	$332,600	$1,482,600	$2,482,600

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.

Budget History - Administrative Services - Finance - Mandated - Convention Facilities

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund, One-time	0	4,000,000	0	0	0
Beginning Nonlapsing	0	0	4,000,000	0	0
Closing Nonlapsing	0	(4,000,000)	0	0	0
Total	$0	$0	$4,000,000	$0	$0
Categories of Expenditure					
Other Charges/Pass Thru	0	0	4,000,000	0	0
Total	$0	$0	$4,000,000	$0	$0

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 and 63-38f-1705 set minimum qualifications for the rebates, some of which are:

- No payments may be made prior to verification
- Partial rebates may be paid on projects that include significant capital investment, the creation of high paying jobs, or significant purchases from Utah vendors and providers.
- Qualifying projects must involve direct investment within the geographic boundaries of the development zone
- 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.

Budget History - Administrative Services - Finance - Mandated - Development Zone Partial Rebates

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
GFR - Economic Incentive Restricted Acco	0	0	981,900	1,528,000	1,528,000
Lapsing Balance	0	0	(929,500)	(543,100)	0
Total	$0	$0	$52,400	$984,900	$1,528,000
Categories of Expenditure					
Other Charges/Pass Thru	0	0	52,400	984,900	1,528,000
Total	$0	$0	$52,400	$984,900	$1,528,000

Table 34

Restricted Funds Summary - Development Zone Partial Rebatees				
Fund/Account Name	**Statutory Authority**	**Revenue Source**	**Prescribed Uses**	**FY 2007 Balance**
Economic Incentive Restricted Account	UCA 63-38f-1309	New Revenues in the General Fund	See above under "Statutory Authority"	$1,472,600

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.

Funding Detail FY 2005 one-time funds were to be used by the Retirement Office to establish retiree health reimbursement accounts and ongoing funds were to be used to track unused sick leave. During the 2007 General Session the Legislature determined that this program was unnecessary and transferred the remaining $250,000 balance to other programs.

Budget History - Administrative Services - Finance - Mandated - Retirement Benefits					
Sources of Finance	**2004 Actual**	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2008 Appropriated**
General Fund	0	0	50,000	50,000	0
General Fund, One-time	0	0	150,000	0	0
Beginning Nonlapsing	0	0	0	128,500	0
Closing Nonlapsing	0	0	(200,000)	(178,500)	0
Total	$0	$0	$0	$0	$0
Categories of Expenditure					
Other Charges/Pass Thru	0	0	0	0	0
Total	$0	$0	$0	$0	$0

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.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

Under Section 63-38-8.1 of the Utah Code the Legislature intends that up to $250,000 provided by Item 39, Chapter 1, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. The use of nonlapsing funds is limited to post-conviction indigent defense costs.

Funding Detail

This program has operated on carry-forward balances since FY 2002, and will continue to do so in FY 2008. The fund only spent $10,000 in FY 2007 and lapsed $9,400 back to the General Fund. However, at some point in the future the program's nonlapsing balance will run out, requiring additional funding for the program.

Budget History - Administrative Services - Post Conviction Indigent Defense - Post Conviction Indigent Defense Fund

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Beginning Nonlapsing	406,600	364,600	320,000	269,400	195,400
Closing Nonlapsing	(364,600)	(320,000)	(269,400)	(250,000)	(121,400)
Lapsing Balance	0	0	0	(9,400)	0
Total	$42,000	$44,600	$50,600	$10,000	$74,000
Categories of Expenditure					
Current Expense	42,000	44,600	50,600	10,000	74,000
Total	$42,000	$44,600	$50,600	$10,000	$74,000

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.

Judicial Conduct Commission Membership

Legislators	Judges	Attorneys	Public
Sen. Gene Davis	Hon. Russell Bench	Ruth Lybbert, Chair	Rod Orton, Vice-Chair
Sen. Gregory Bell	Hon. Darwin Hansen	Ronald Russell	Elaine Englehardt, PhD
Rep. Neal Hendrickson			Flora Ogan
Rep. Douglas Aagard			

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 of record

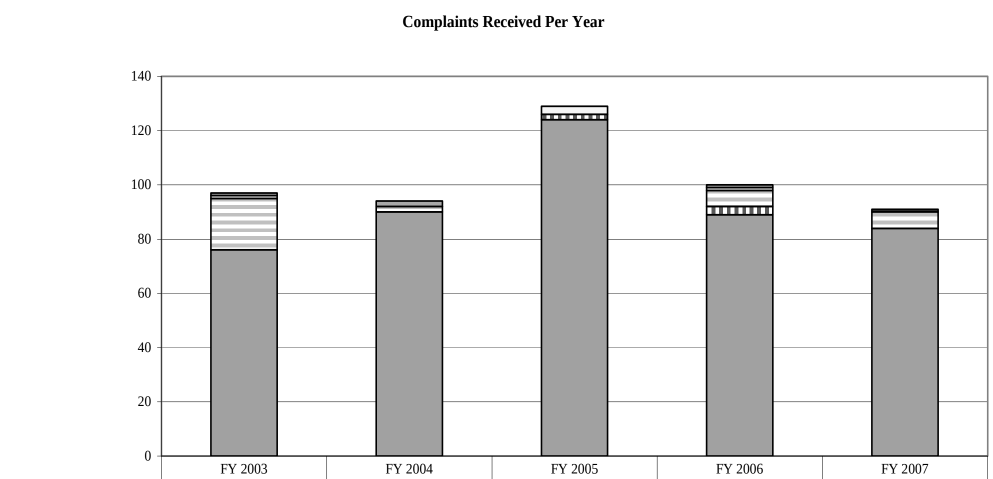
Intent Language

During the 2007 General Session the Legislature adopted the following language in H.B. 150:

> *Under Section 63-38-8 of the Utah Code the Legislature intends that funds provided by Item 42 of House Bill 1, State Agency and Higher Education Base Budget Appropriations (2007 General Session) for the Judicial Conduct Commission not lapse at the close of Fiscal Year 2008. The use of nonlapsing funds is limited to hiring 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 2007 report.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Removal Rec	1	2	0	1	0
Censure Rec	0	0	0	0	1
Reprimand Rec	1	0	3	1	0
Ongoing	19	2	0	6	6
Dismissed w/Warning	0	0	2	3	0
Dismissed	76	90	124	89	84

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.

Note: In FY 2007 the Commission had a recommendation for “censure” which falls between “reprimand” and “removal” in terms of severity.

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

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	220,300	223,200	229,200	244,500	254,700
General Fund, One-time	800	1,000	0	(600)	0
Beginning Nonlapsing	34,200	48,000	41,600	54,000	50,300
Closing Nonlapsing	(48,000)	(41,600)	(54,000)	(59,200)	(57,500)
Total	$207,300	$230,600	$216,800	$238,700	$247,500
Categories of Expenditure					
Personal Services	161,400	168,000	174,700	184,600	202,400
In-State Travel	6,000	6,200	7,100	3,100	5,000
Out of State Travel	2,800	5,600	2,100	6,600	4,000
Current Expense	29,200	44,900	25,400	33,400	30,200
DP Current Expense	7,900	5,900	2,300	11,000	5,900
Capital Outlay	0	0	5,200	0	0
Total	$207,300	$230,600	$216,800	$238,700	$247,500
Other Data					
Budgeted FTE	2.0	2.0	1.9	1.9	1.9
Actual FTE	1.7	1.8	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

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8.1 of the Utah Code the Legislature intends that up to $50,000 provided by Item 42, Chapter 1, or Item 42, Chapter 366, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. The use of nonlapsing funds is limited to electronic commerce.*

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.

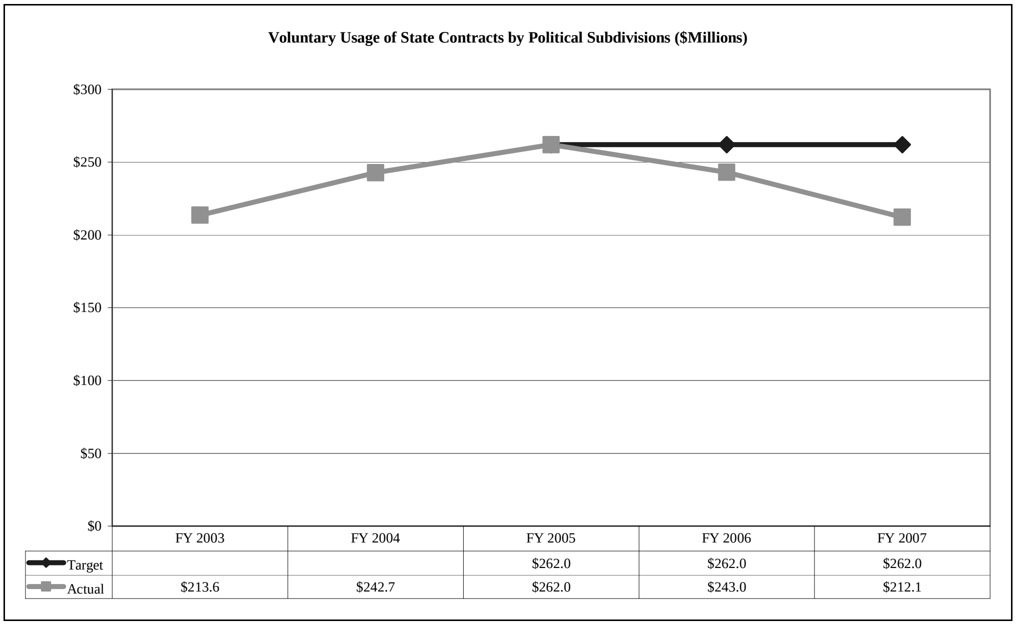


Figure 22

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 between FY 2005 and FY 2007. The division reports that these numbers can be difficult to collect, but 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.

Budget History - Administrative Services - Purchasing - Purchasing and General Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,237,900	1,343,500	1,417,900	1,536,700	1,627,000
General Fund, One-time	4,400	10,300	0	(900)	0
Dedicated Credits Revenue	56,700	47,900	24,900	84,600	57,100
Beginning Nonlapsing	29,700	65,800	83,600	34,200	0
Closing Nonlapsing	(65,800)	(83,600)	(34,200)	(47,600)	0
Total	$1,262,900	$1,383,900	$1,492,200	$1,607,000	$1,684,100
Categories of Expenditure					
Personal Services	1,184,400	1,290,200	1,386,900	1,467,500	1,547,800
In-State Travel	600	400	1,700	1,200	1,700
Out of State Travel	2,500	4,300	4,500	5,300	4,500
Current Expense	45,100	54,000	80,100	56,900	60,000
DP Current Expense	30,300	35,000	19,000	76,100	70,100
Total	$1,262,900	$1,383,900	$1,492,200	$1,607,000	$1,684,100
Other Data					
Budgeted FTE	24.0	21.5	21.5	21.5	20.0
Actual FTE	20.9	22.0	22.2	20.5	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.

Budget History - Administrative Services - Child Welfare Parental Defense - Office of Child Welfare Parental Defense

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	0	239,000	0	0	0
Closing Nonlapsing	0	(127,700)	0	0	0
Total	$0	$111,300	$0	$0	$0
Categories of Expenditure					
Personal Services	0	94,200	0	0	0
In-State Travel	0	200	0	0	0
Current Expense	0	11,700	0	0	0
DP Current Expense	0	5,200	0	0	0
Total	$0	$111,300	$0	$0	$0
Other Data					
Budgeted FTE	0.0	2.0	0.0	0.0	0.0
Actual FTE	0.0	1.2	0.0	0.0	0.0

Table 41

CHAPTER 15 OFFICE OF STATE DEBT COLLECTION (RESTRICTED SPECIAL REVENUE FUND)

Function

The Office of State Debt Collections (OSDC) had been an internal service fund (ISF) since 1995. In reality, however, it operated differently than other ISF agencies. Whereas internal service funds 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 Legislature passed S.B. 214, *Office of State Debt Collection Amendments*, 2006 General Session, which changed the State Debt Collection Fund from an ISF to a restricted special revenue fund.

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

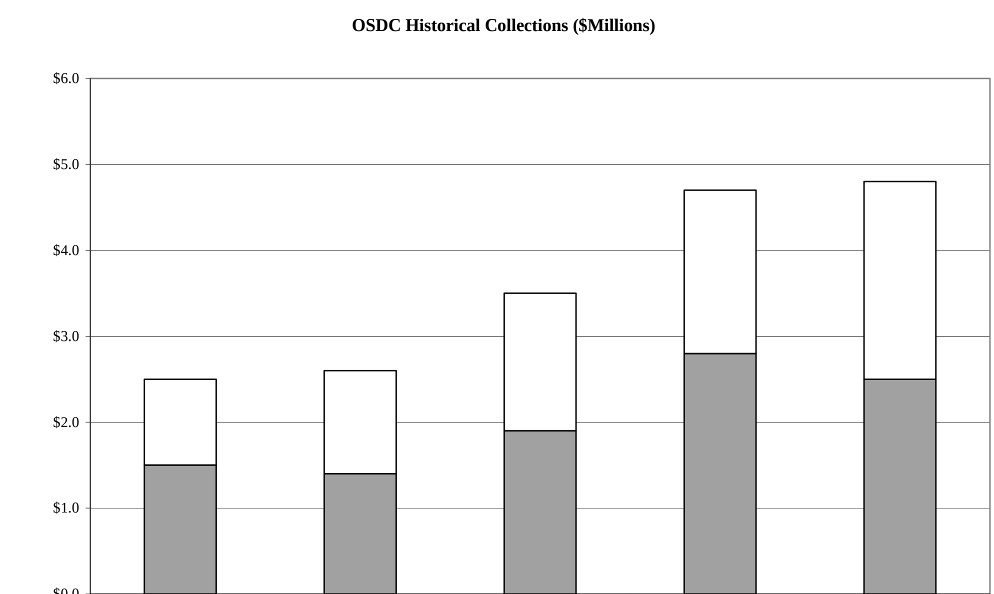
UCA 63A-8-204 requires the office to establish rules to govern collection techniques.

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007 Est
Finder	$1.0	$1.2	$1.6	$1.9	$2.3
Vendors	$1.5	$1.4	$1.9	$2.8	$2.5

Figure 23

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

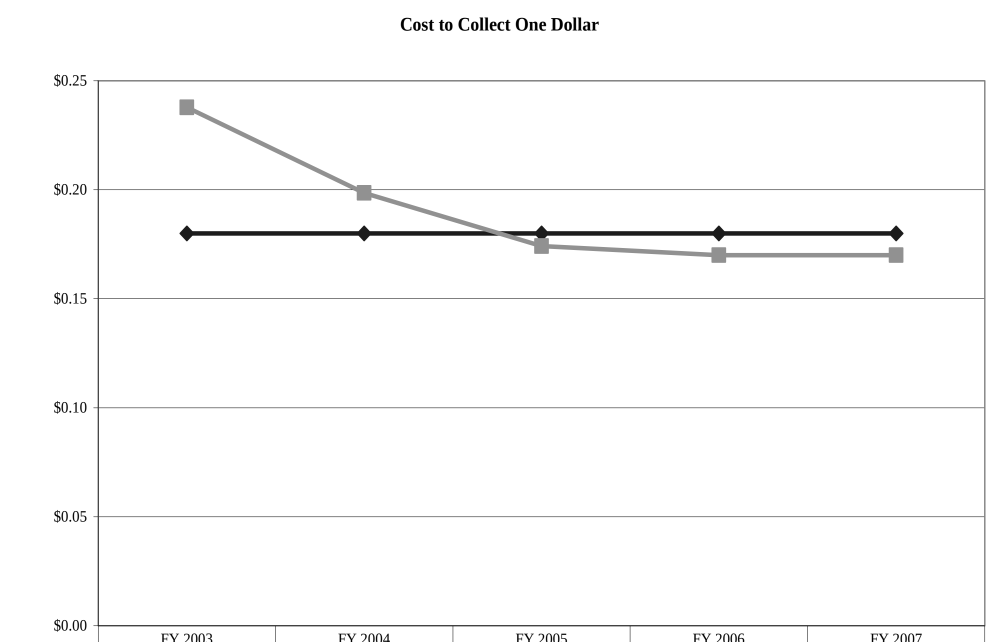
Goal: Continued increases in the amounts collected.

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.

Measure Type: Outcome.

Note: FY 2007 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, though the amounts collected by third-party vendors has decreased. 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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	$0.18	$0.18	$0.18	$0.18	$0.18
Actual	$0.24	$0.20	$0.17	$0.17	$0.17

Figure 24

Measure: OSDC cost to collect one dollar.

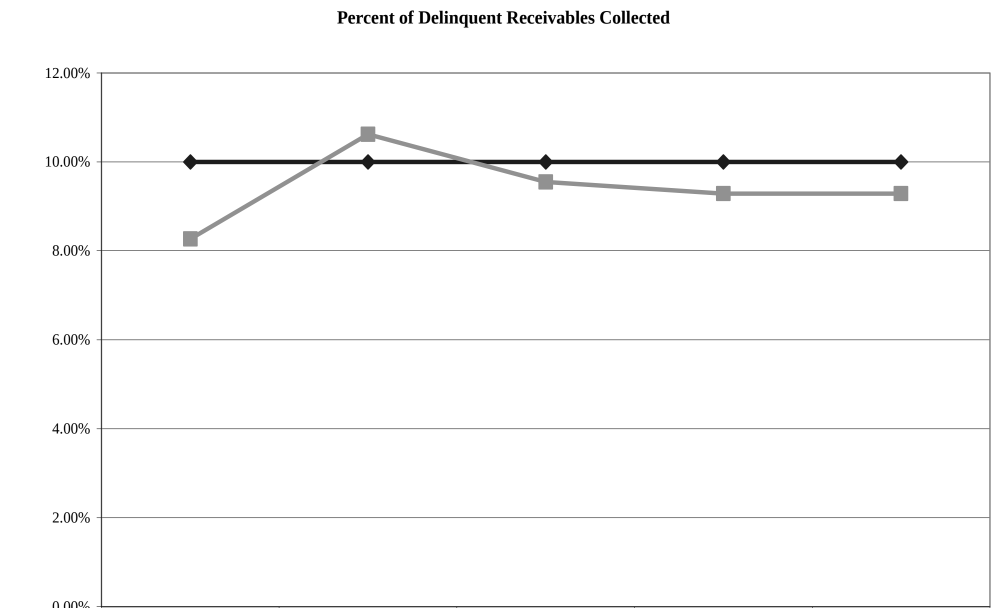
Goal: Continued decreases in the cost to collect one dollar, remaining below eighteen cents.

Methodology: OSDC expenditures divided by collections.

Measure Type: Efficiency.

Note: OSDC reached its target in FY 2005 and has maintained that result through FY 2007.

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



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007 Est
Target	10.00%	10.00%	10.00%	10.00%	10.00%
Actual	8.27%	10.62%	9.55%	9.29%	9.29%

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 2007 numbers are estimates. OSDC received thousands of new accounts from the Department of Corrections in FY 2005. OSDC hoped that as its vendors became familiar with collecting this type of debt, the percentage would increase. However, FY 2006 and FY 2007 show roughly the same achievement.

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
FY 2007	$0

OSDC opted not to transfer any money to the General Fund at the close of FY 2006 and FY 2007 even though their retained earnings were higher than usual.

Though OSDC is no longer an ISF, the standard amount of retained earnings allowed by federal auditors is sixty days' worth of reserves. The FY 2006 retained earnings of $941,600 represents approximately eight months of reserves and the FY 2007 retained earnings of $1,411,100 represents almost a year's worth of reserves.

In FY 2008, OSDC will transfer $500,000 of its retained earnings to the Capital Facilities and Government Operations Appropriations Subcommittee.

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

Funding Detail

Revenue is generated for the program by assessing an administrative fee against each collection. As a special revenue fund OSDC does not receive appropriations and no tax funds are appropriated to this program.

Budget History - ISF - Administrative Services - ISF - Office of State Debt Collection - ISF - Debt Collection

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits Revenue	668,300	771,400	866,400	832,300	970,000
Licenses/Fees	21,800	9,200	4,600	8,100	9,700
Interest Income	550,900	611,500	756,300	437,100	474,500
Other Financing Sources	(800)	7,500	15,000	7,300	8,200
Total	$1,240,200	$1,399,600	$1,642,300	$1,284,800	$1,462,400
Categories of Expenditure					
Personal Services	339,400	353,100	328,200	326,100	408,400
In-State Travel	200	200	0	0	0
Current Expense	378,900	373,600	315,500	345,200	743,000
DP Current Expense	9,800	20,000	25,800	130,400	297,000
Other Charges/Pass Thru	431,700	439,200	430,900	13,500	14,000
Operating Transfers	50,000	50,000	0	0	0
Total	$1,210,000	$1,236,100	$1,100,400	$815,200	$1,462,400
Profit/Loss	$30,200	$163,500	$541,900	$469,600	$0
Other Data					
Budgeted FTE	5.0	5.0	5.0	5.0	5.0
Actual FTE	5.2	5.0	4.7	4.6	0.0
Retained Earnings	$236,100	$399,600	$941,600	$1,411,100	$911,100

Table 42

CHAPTER 16 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.

- 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.

In the 2006 General Session the Legislature changed the Office of State Debt Collections from an internal service fund to a restricted special revenue fund by passing S.B. 214, *Office of State Debt Collection Amendments*.

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 a
- 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:

- Operating revenues
- Long-term debt
- 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. Trends show improving financial conditions with reduced General Fund borrowing and increased working capital.

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 2003	FY 2004	FY 2005	FY 2006	FY 2007
General Services: Printing					
Short Term GF Borrowing	$1,639,700	$1,651,600	$1,860,200	$1,669,800	$1,806,100
Long Term GF Borrowing	$1,318,800	$2,279,400	$2,060,200	$1,834,700	$973,200
Total GF Borrowing	$2,958,500	$3,931,000	$3,920,400	$3,504,500	$2,779,300
Working Capital*	($2,695,300)	($3,849,500)	($3,848,700)	($3,333,700)	($2,869,000)
90% Value of Fixed Assets	$2,955,000	$3,906,400	$3,725,300	$3,332,200	$2,997,200
Amount (Over) Under Limit	$259,700	$56,900	($123,400)	($1,500)	$128,200
ITS (Absorbed by DTS)					
Short Term GF Borrowing	$6,861,300	$4,291,000	$0	$0	$0
Long Term GF Borrowing	$0	$0	$0	$0	$0
Total GF Borrowing	$6,861,300	$4,291,000	$0	$0	$0
Working Capital*	($3,089,500)	($154,000)	$3,714,100	$6,267,300	$0
90% Value of Fixed Assets	$14,278,100	$10,979,200	$9,040,100	$10,062,100	$0
Amount (Over) Under Limit	$11,188,600	$10,825,200	$12,754,200	$16,329,400	$0
Fleet Ops: Motor Pool					
Short Term GF Borrowing	$14,264,200	$14,667,500	$14,212,100	$12,380,400	$16,241,300
Long Term GF Borrowing	$12,273,900	$13,454,200	$9,494,900	$7,755,600	$2,313,700
Total GF Borrowing	$26,538,100	$28,121,700	$23,707,000	$20,136,000	$18,555,000
Working Capital*	($25,113,700)	($27,069,800)	($23,167,100)	($19,785,800)	($16,196,700)
90% Value of Fixed Assets	$51,505,600	$52,985,100	$49,318,700	$48,014,000	$47,195,700
Amount (Over) Under Limit	$26,391,900	$25,915,300	$26,151,600	$28,228,200	$30,999,000
Fleet Ops: Fuel Network					
Short Term GF Borrowing	$188,000	$359,800	$591,300	$2,239,800	$905,300
Long Term GF Borrowing	$2,864,200	$4,220,100	$2,083,300	$208,300	$0
Total GF Borrowing	$3,052,200	$4,579,900	$2,674,600	$2,448,100	$905,300
Working Capital*	($564,300)	($293,500)	$360,500	$2,723,200	$4,720,000
90% Value of Fixed Assets	$837,300	$742,300	$656,100	$613,400	$538,000
Amount (Over) Under Limit	$273,000	$448,800	$1,016,600	$3,336,600	$5,258,000
Fleet Ops: Federal Surplus Property					
Short Term GF Borrowing	$10,400	$16,100	$135,900	$0	$0
Long Term GF Borrowing	$113,700	$106,200	$0	$0	$0
Total GF Borrowing	$124,100	$122,300	$135,900	$0	$0
Working Capital*	($94,100)	($123,700)	($90,200)	$14,100	$54,800
90% Value of Fixed Assets	$358,800	$302,200	$325,400	$0	$0
Amount (Over) Under Limit	$264,700	$178,500	$235,200	$14,100	$54,800
Risk Management: Insurance					
Short Term GF Borrowing	$0	$597,800	$1,558,100	$1,159,100	$2,664,200
Long Term GF Borrowing	$0	$1,643,100	$85,000	$2,035,200	$0
Total GF Borrowing	$0	$2,240,900	$1,643,100	$3,194,300	$2,664,200
Working Capital*	$38,473,000	$39,123,500	$40,450,600	$41,133,900	$42,428,400
90% Value of Fixed Assets	$73,700	$50,200	$31,600	$14,400	$0
Amount (Over) Under Limit	$38,546,700	$39,173,700	$40,482,200	$41,148,300	$42,428,400
Total General Fund Borrowing	$39,534,200	$43,286,800	$32,081,000	$29,282,900	$24,903,800

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

Table 43

Total General Fund borrowing has dropped by 42 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, and by FY 2007 the program came back into compliance. By privatizing, the division hopes to save customer agencies as much as forty percent while still reducing debt through a $0.004 per page debt elimination fee. The division's goal is to eliminate its General Fund debt and deficit working capital within five years.

Agencies must pay approved ISF rates

Internal Service Fund rates are set by the Legislature based on the recommendations of a Rate Committee composed of user agencies. Even though some ISF services are optional, agencies that use the services must pay the rates regardless of additional appropriations to their budgets.

Agencies may pay more each year for two reasons: increases due to ISF rate adjustments and increased agency utilization of services. Over the years, the Legislature has typically provided agencies with additional funds to pay for rate increases, though in times of significant budget constraints the Legislature could not always provide such funding. The Legislature, however, has made it a policy to require agencies to fund increases due to utilization themselves or through a building block request. This gives agencies an incentive to more carefully monitor their utilization of ISF services.

Funding for increased Internal Service Fund rates can come through an appropriation to the agency or from savings in other rates. When funding through appropriation, the Legislature splits the funding among all agency funding sources, not just the General Fund. This gives agencies another 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.

Note that retained earnings decreased $2.9 million from FY 2005 to FY 2006 even though there was a $4.2 million profit because $7.1 million transferred to the newly created Department of Technology Services from the ITS division.

Budget History - Department of Administrative Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits Revenue	668,300	771,400	866,400	832,300	0
Premiums	25,849,300	26,820,900	25,448,100	26,804,200	27,541,000
Licenses/Fees	21,800	9,200	4,600	8,100	0
Interest Income	1,446,700	2,121,500	3,366,300	3,582,800	2,760,000
Dedicated Credits - Intragvt Rev	123,850,700	131,321,700	90,344,800	95,516,600	96,240,200
Sale of Fixed Assets	(601,000)	(53,400)	476,400	552,300	600,000
Restricted Revenue	6,108,500	7,350,900	8,031,400	8,364,000	8,300,000
Other Financing Sources	(800)	7,500	19,500	7,300	0
Total	$157,343,500	$168,349,700	$128,557,500	$135,667,600	$135,441,200
Line Items					
ISF - Office of State Debt Collection	1,240,200	1,399,600	1,642,300	1,284,800	0
ISF - Purchasing & General Services	13,982,500	13,904,000	12,839,400	13,811,300	13,002,900
ISF - Information Technology Services	48,262,100	49,857,200	0	0	0
ISF - Fleet Operations	41,223,000	48,021,400	58,194,900	61,671,700	61,131,300
ISF - Risk Management	32,853,500	35,681,700	36,089,200	38,313,500	38,601,000
ISF - Facilities Management	19,782,200	19,485,800	19,791,700	20,586,300	22,706,000
Total	$157,343,500	$168,349,700	$128,557,500	$135,667,600	$135,441,200
Categories of Expenditure					
Personal Services	30,085,100	30,503,500	12,939,300	13,331,200	14,227,500
In-State Travel	58,000	78,700	39,200	54,400	40,100
Out of State Travel	46,400	58,800	31,500	37,300	44,800
Current Expense	91,133,200	100,702,200	94,231,200	100,054,700	105,311,300
DP Current Expense	7,857,900	8,523,100	705,700	1,327,100	1,196,100
DP Capital Outlay	(74,500)	184,200	0	0	0
Capital Outlay	5,796,500	4,399,400	0	0	0
Other Charges/Pass Thru	2,944,600	1,763,900	450,500	876,800	29,200
Operating Transfers	3,405,000	5,550,000	2,591,000	3,706,100	0
Depreciation	14,367,100	14,985,500	13,335,100	12,922,500	15,456,400
Total	$155,619,300	$166,749,300	$124,323,500	$132,310,100	$136,305,400
Profit/Loss	$1,724,200	$1,600,400	$4,234,000	$3,357,500	($864,200)
Other Data					
Budgeted FTE	501.5	500.5	252.0	243.4	241.5
Actual FTE	484.3	471.8	229.1	237.5	0.0
Authorized Capital Outlay	$25,187,300	$20,776,000	$14,103,500	$14,467,700	$18,460,000
Retained Earnings	$18,812,300	$20,412,700	$17,479,900	$20,837,100	$10,786,400
Vehicles	283	261	158	136	176

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.

Budget History - ISF - Administrative Services - ISF - Purchasing & General Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	13,974,200	13,918,100	12,871,400	13,811,300	13,002,900
Sale of Fixed Assets	8,300	(14,100)	(32,000)	0	0
Total	$13,982,500	$13,904,000	$12,839,400	$13,811,300	$13,002,900
Programs					
ISF - Central Mailing	8,904,000	9,119,500	9,282,000	10,211,000	9,227,300
ISF - Electronic Purchasing	325,400	329,600	407,200	446,000	407,200
ISF - Print Services	4,753,100	4,454,900	3,150,200	3,154,300	3,368,400
Total	$13,982,500	$13,904,000	$12,839,400	$13,811,300	$13,002,900
Categories of Expenditure					
Personal Services	2,526,800	2,494,000	2,148,700	2,307,900	2,326,000
In-State Travel	8,400	6,200	3,200	4,800	3,200
Out of State Travel	1,200	1,000	2,600	2,800	2,600
Current Expense	9,786,600	9,837,700	8,918,400	10,129,100	8,983,500
DP Current Expense	39,200	24,300	27,000	74,900	73,500
Other Charges/Pass Thru	(292,100)	(236,000)	(332,800)	(327,500)	(373,600)
Operating Transfers	0	0	0	6,100	0
Depreciation	1,641,500	1,724,100	1,676,500	1,610,700	1,927,500
Total	$13,711,600	$13,851,300	$12,443,600	$13,808,800	$12,942,700
Profit/Loss	$270,900	$52,700	$395,800	$2,500	$60,200
Other Data					
Budgeted FTE	63.0	63.5	60.0	48.5	50.5
Actual FTE	61.2	57.8	49.1	50.1	0.0
Authorized Capital Outlay	$2,359,400	$1,899,900	$1,263,000	$1,399,300	$1,973,400
Retained Earnings	$998,300	$1,051,000	$1,446,700	$1,449,100	$1,703,900
Vehicles	16	14	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.

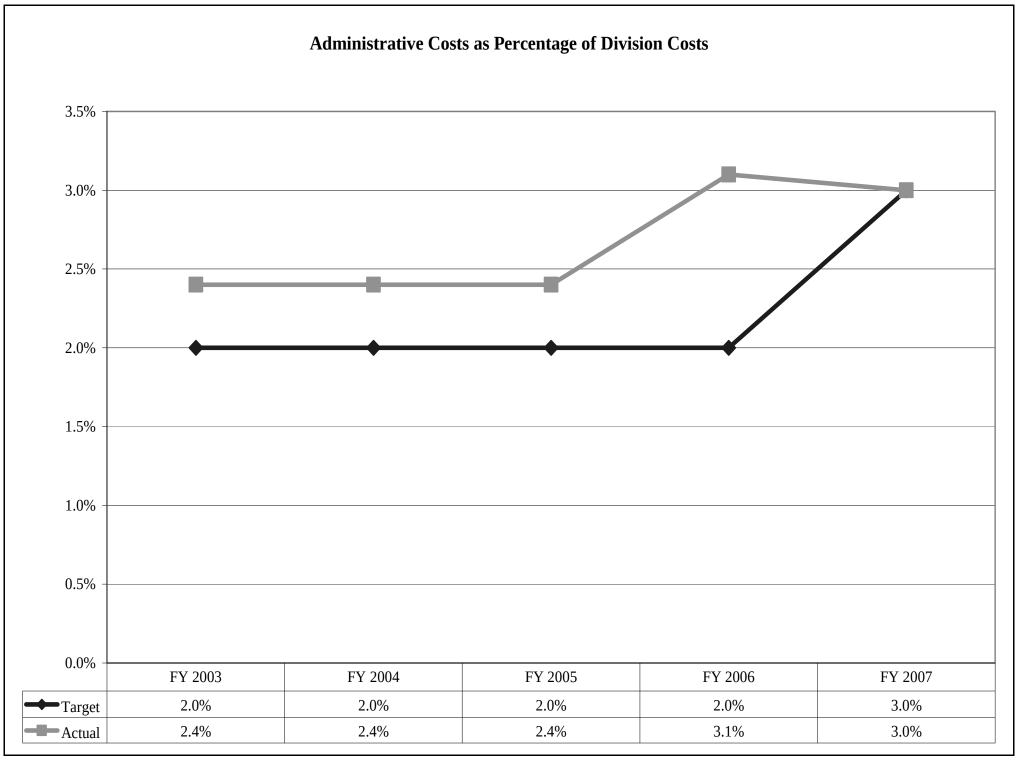


Figure 26

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: FY 2006 reflects a decline in division operating expenses as Print Services was contracted out. The division adjusted its target in FY 2007 to account for this operational change.

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

Budget History - ISF - Administrative Services - ISF - Purchasing & General Services - Administration

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Total	$0	$0	$0	$0	$0
Categories of Expenditure					
Personal Services	224,200	231,000	257,600	251,800	250,000
Current Expense	31,100	34,100	51,600	46,000	53,600
DP Current Expense	34,200	23,300	23,500	72,000	70,000
Other Charges/Pass Thru	(292,100)	(288,400)	(332,800)	(366,500)	(373,600)
Total	($2,600)	$0	($100)	$3,300	$0
Profit/Loss	$2,600	$0	$100	($3,300)	$0
Other Data					
Budgeted FTE	3.0	3.0	3.0	3.0	3.0
Actual FTE	3.4	3.0	3.0	3.0	0.0
Retained Earnings	($3,100)	($3,100)	($3,000)	($6,300)	$200

Table 46

CENTRAL MAILING

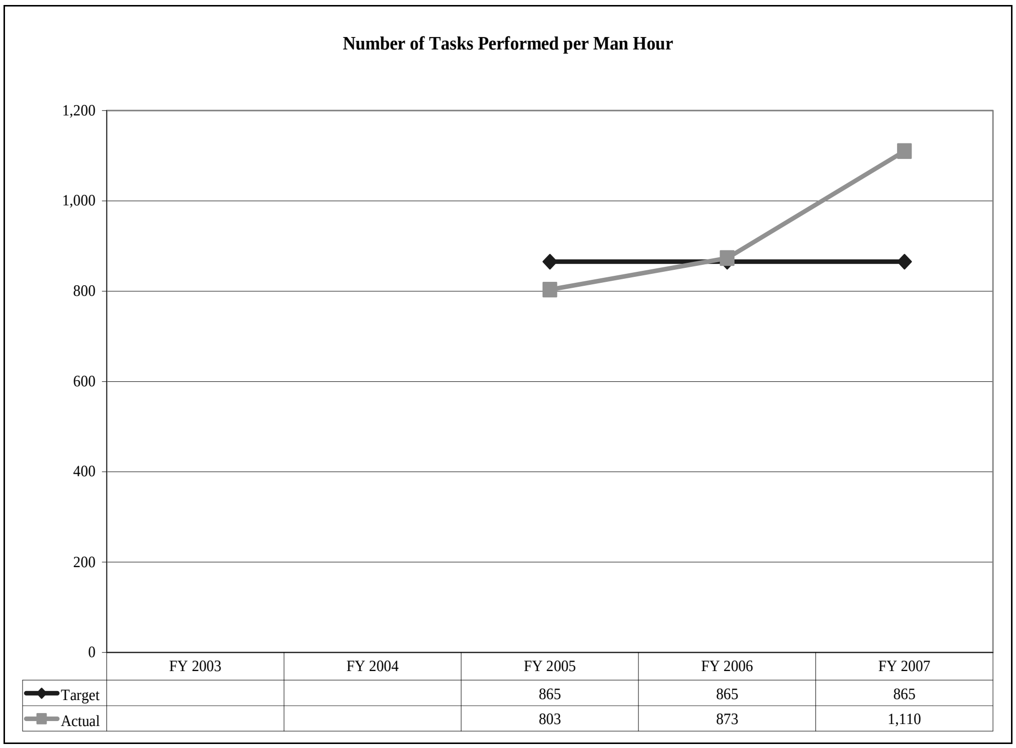
Function

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target			865	865	865
Actual			803	873	1,110

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 by almost a third in FY 2007. 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 2008 General Session.

Budget History - ISF - Administrative Services - ISF - Purchasing & General Services - ISF - Central Mailing

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	8,904,000	9,131,900	9,316,300	10,211,000	9,227,300
Sale of Fixed Assets	0	(12,400)	(34,300)	0	0
Total	$8,904,000	$9,119,500	$9,282,000	$10,211,000	$9,227,300
Categories of Expenditure					
Personal Services	1,427,000	1,490,800	1,574,900	1,679,100	1,696,400
In-State Travel	3,800	3,800	500	2,300	500
Out of State Travel	800	500	1,400	2,400	1,400
Current Expense	7,118,800	7,307,700	7,428,400	8,566,600	7,487,500
DP Current Expense	200	100	3,400	2,300	3,400
Operating Transfers	0	0	0	6,100	0
Depreciation	102,900	136,000	167,600	163,000	200,800
Total	$8,653,500	$8,938,900	$9,176,200	$10,421,800	$9,390,000
Profit/Loss	$250,500	$180,600	$105,800	($210,800)	($162,700)
Other Data					
Budgeted FTE	38.0	38.8	38.8	39.5	41.5
Actual FTE	38.7	40.0	41.1	41.3	0.0
Authorized Capital Outlay	$73,500	$492,400	$157,700	$259,600	$160,000
Retained Earnings	$1,850,700	$2,031,300	$2,137,100	$1,926,300	$1,944,100
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

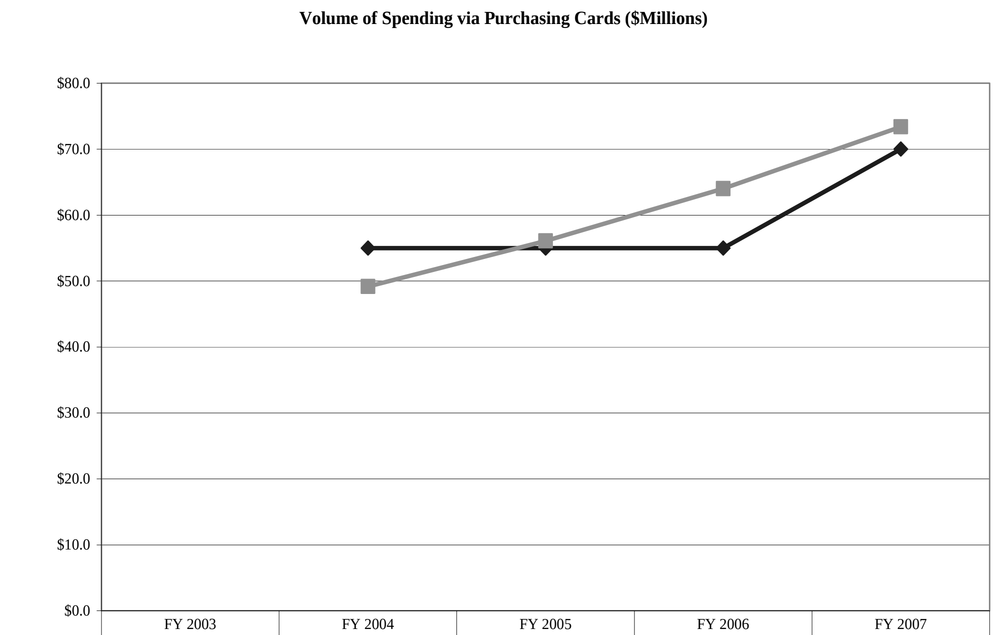
The Purchasing Card or P-Card is a Visa card that is designed to supplement or eliminate a variety of processes including petty cash, local check writing, low-value authorizations and small dollar purchase orders. It provides a more efficient, cost effective method of purchasing and payment for small 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 including the addition of one FTE in FY 2008 to monitor agency compliance with P-Card policies and procedures.

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target		$55.0	$55.0	$55.0	$70.0
Actual		$49.2	$56.1	$64.0	$73.4

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: P-Card purchases continue to climb each year showing the value of this service to both the state and its political subdivisions.

Funding Detail

Rates charged by this ISF will be provided to the Legislature for its review and approval during the 2008 General Session.

Budget History - ISF - Administrative Services - ISF - Purchasing & General Services - Electronic Purchasing

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	325,400	329,600	407,200	446,000	407,200
Total	$325,400	$329,600	$407,200	$446,000	$407,200
Categories of Expenditure					
Personal Services	133,900	137,900	121,300	178,700	186,300
In-State Travel	1,300	700	600	700	600
Out of State Travel	0	0	200	0	200
Current Expense	72,400	65,700	73,300	102,900	75,300
DP Current Expense	2,800	500	100	600	100
Other Charges/Pass Thru	0	52,400	0	39,000	0
Total	$210,400	$257,200	$195,500	$321,900	$262,500
Profit/Loss	$115,000	$72,400	$211,700	$124,100	$144,700
Other Data					
Budgeted FTE	4.0	4.0	4.0	3.0	3.0
Actual FTE	2.4	2.3	2.0	2.8	0.0
Retained Earnings	$315,300	$387,700	$599,300	$723,400	$889,300

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.

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.

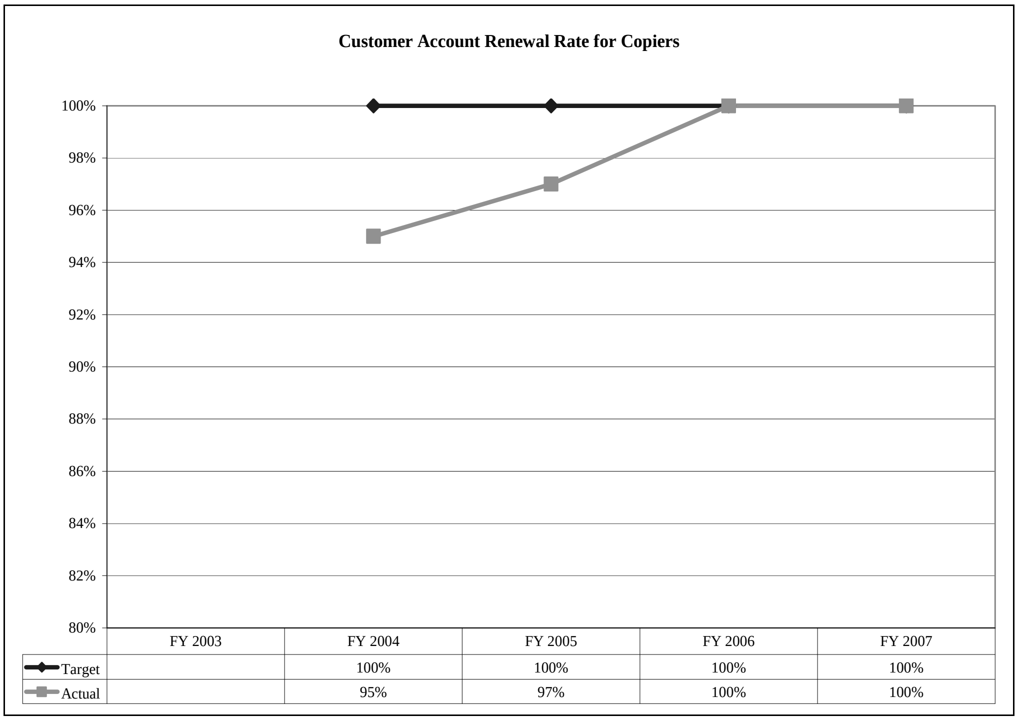


Figure 29

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: The division has attained 100% for the last two year indicating customer satisfaction both with customer service provided by the program and the financial value of the service.

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)
FY 2007	($1,194,300)

The program improved its deficit working capital position in FY 2007 (see also Table 42) but will need to improve its retained earnings position more rapidly in coming years if it is to eliminate its negative retained earnings and General Fund debt. 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 2008 General Session.

Budget History - ISF - Administrative Services - ISF - Purchasing & General Services - ISF - Print Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	4,744,800	4,456,600	3,147,900	3,154,300	3,368,400
Sale of Fixed Assets	8,300	(1,700)	2,300	0	0
Total	$4,753,100	$4,454,900	$3,150,200	$3,154,300	$3,368,400
Categories of Expenditure					
Personal Services	741,700	634,300	194,900	198,300	193,300
In-State Travel	3,300	1,700	2,100	1,800	2,100
Out of State Travel	400	500	1,000	400	1,000
Current Expense	2,564,300	2,430,200	1,365,100	1,413,600	1,367,100
DP Current Expense	2,000	400	0	0	0
Depreciation	1,538,600	1,588,100	1,508,900	1,447,700	1,726,700
Total	$4,850,300	$4,655,200	$3,072,000	$3,061,800	$3,290,200
Profit/Loss	($97,200)	($200,300)	$78,200	$92,500	$78,200
Other Data					
Budgeted FTE	18.0	17.8	14.3	3.0	3.0
Actual FTE	16.8	12.5	3.0	3.0	0.0
Authorized Capital Outlay	$2,285,900	$1,407,500	$1,105,300	$1,139,700	$1,813,400
Retained Earnings	($1,164,600)	($1,364,900)	($1,286,700)	($1,194,300)	($1,129,700)
Vehicles	2	0	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.

Budget History - Administrative Services - ISF - Information Technology Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Federal Funds	0	0	0	0	0
Dedicated Credits - Intragvt Rev	48,262,100	49,857,200	0	0	0
Transfers	0	0	0	0	0
Total	$48,262,100	$49,857,200	$0	$0	$0
Programs					
ISF - ITS Administration and Finance	0	(117,400)	0	0	0
ISF - Network Services	12,808,900	13,872,600	0	0	0
ISF - Voice Services	16,805,100	15,567,800	0	0	0
ISF - Computing	0	2,500	0	0	0
ISF - Mainframe Hosting	38,929,200	56,448,500	0	0	0
ISF - Desktop/LAN Support	4,790,900	4,691,400	0	0	0
ISF - Storage Services	4,277,000	3,636,800	0	0	0
ISF - Web Hosting	203,500	326,800	0	0	0
ISF - Application Development	891,600	397,200	0	0	0
ISF - Reporting Services	0	2,400	0	0	0
ISF - Wireless Tech Services	1,923,400	1,866,800	0	0	0
ISF - ITS Support Services	502,000	953,800	0	0	0
ISF - Automated Geographic Ref Ctr	0	0	0	0	0
ISF - Clearing	(32,869,500)	(47,792,000)	0	0	0
Total	$48,262,100	$49,857,200	$0	$0	$0
Categories of Expenditure					
Personal Services	17,267,600	17,247,300	0	0	0
In-State Travel	26,000	37,700	0	0	0
Out of State Travel	29,100	41,400	0	0	0
Current Expense	17,575,100	17,111,700	0	0	0
DP Current Expense	7,178,100	7,738,200	0	0	0
DP Capital Outlay	(74,500)	184,200	0	0	0
Capital Outlay	5,796,500	4,399,400	0	0	0
Other Charges/Pass Thru	742,200	1,383,900	0	0	0
Total	$48,540,100	$48,143,800	$0	$0	$0
Profit/(Loss)	($278,000)	$1,713,400	$0	$0	$0
Other Data					
Budgeted FTE	240.0	241.0	0.0	0.0	0.0
Actual FTE	236.7	227.8	0.0	0.0	0.0
Authorized Capital Outlay	5,732,800	6,072,500	0	0	0
Retained Earnings	5,453,400	7,166,800	0	0	0
Vehicles	24	23	0	0	0

Table 50

CHAPTER 19 DIVISION OF FLEET OPERATIONS (ISF)

Function

The Division of Fleet Operations was established as a new division of Administrative Services in 1997. The division also includes the State and Federal Surplus property programs, which were housed in the Division of Purchasing and General Services prior to 1997.

Statutory Authority

UCA 63A Chapter 9 creates the Division of Fleet Operations (Section 201) and spells out the division's duties (Section 401). Duties include:

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

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

UCA 63A-9-601 requires the division to ensure that vehicles owned or leased by the state are properly marked

UCA 63A-9-801 requires the division to establish a state surplus property system

UCA 63A-9-805 allows the division to establish a federal surplus property system

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 are best analyzed by following the trend from the "2004 Actual" to "2007 Actual" columns.

Budget History - ISF - Administrative Services - ISF - Fleet Operations

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	41,832,300	48,060,700	57,682,000	61,119,400	60,531,300
Sale of Fixed Assets	(609,300)	(39,300)	508,400	552,300	600,000
Other Financing Sources	0	0	4,500	0	0
Total	$41,223,000	$48,021,400	$58,194,900	$61,671,700	$61,131,300
Programs					
ISF - Motor Pool	21,844,000	23,616,200	25,432,800	26,583,700	28,801,900
ISF - Fuel Network	18,422,500	23,232,200	31,876,600	33,937,000	31,425,300
ISF - Fleet Administration	0	0	0	0	6,200
ISF - State Surplus Property	824,400	1,078,900	870,400	1,113,200	883,800
ISF - Federal Surplus Property	132,100	94,100	15,100	37,800	14,100
Total	$41,223,000	$48,021,400	$58,194,900	$61,671,700	$61,131,300
Categories of Expenditure					
Personal Services	2,504,400	2,572,100	2,582,100	2,218,900	2,814,300
In-State Travel	3,800	5,200	6,200	15,900	6,300
Out of State Travel	5,700	9,000	6,400	8,600	8,700
Current Expense	26,294,500	31,559,800	39,812,900	43,096,300	44,767,200
DP Current Expense	142,300	143,300	185,200	594,000	659,900
Other Charges/Pass Thru	169,500	103,500	100,700	113,300	100,600
Operating Transfers	0	0	78,300	0	0
Depreciation	12,644,800	13,203,300	11,603,400	11,257,200	13,452,100
Total	$41,765,000	$47,596,200	$54,375,200	$57,304,200	$61,809,100
Profit/Loss	($542,000)	$425,200	$3,819,700	$4,367,500	($677,800)
Other Data					
Budgeted FTE	47.5	45.0	43.0	42.9	43.0
Actual FTE	42.0	41.1	39.1	35.1	0.0
Authorized Capital Outlay	$17,061,100	$12,752,500	$12,788,200	$13,018,600	$16,300,000
Retained Earnings	$1,987,100	$2,412,300	$6,232,000	$10,599,400	$7,684,600
Vehicles	166	147	65	43	80

Table 51

PROGRAMS – DIVISION OF FLEET OPERATIONS

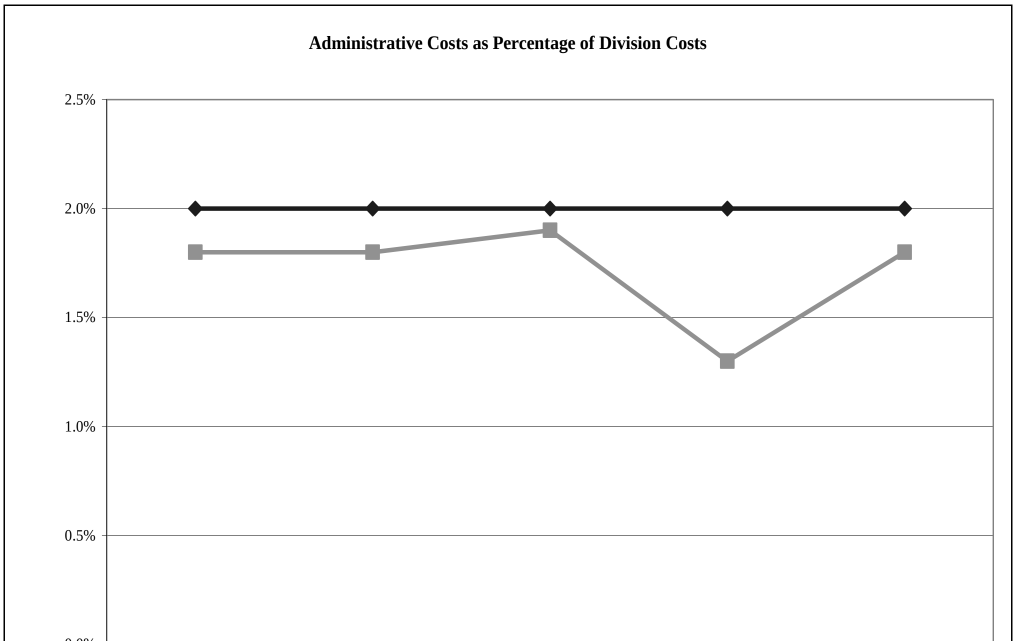
ADMINISTRATION

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	2.0%	2.0%	2.0%	2.0%	2.0%
Actual	1.8%	1.8%	1.9%	1.3%	1.8%

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.

Measure Type: Outcome.

Note: The division decreased its administrative overhead for FY 2006 and FY 2007 below the target of 2 percent. Increased division costs and an overhead cost reduction due to turnover account for this achievement.

Funding Detail

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

Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Fleet Administration

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Total	$0	$0	$0	$0	$6,200
Categories of Expenditure					
Personal Services	573,300	726,100	526,300	524,800	507,500
In-State Travel	500	1,100	200	800	300
Out of State Travel	3,600	4,800	3,000	4,800	3,000
Current Expense	40,500	41,100	96,500	115,800	99,000
DP Current Expense	87,000	87,500	37,900	138,900	481,700
Other Charges/Pass Thru	(708,100)	(860,600)	(663,900)	(785,100)	(1,085,300)
Depreciation	3,200	0	0	0	0
Total	$0	$0	$0	$0	$6,200
Profit/Loss	$0	$0	$0	$0	$0
Other Data					
Budgeted FTE	11.0	9.6	8.4	6.7	4.8
Actual FTE	7.4	12.0	10.4	5.7	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 7,411 state vehicles, even though 1,941 of those vehicles are administered in higher education fleets. The program also administers the vehicle accident management program and compliance with the federal Energy Policy Act.

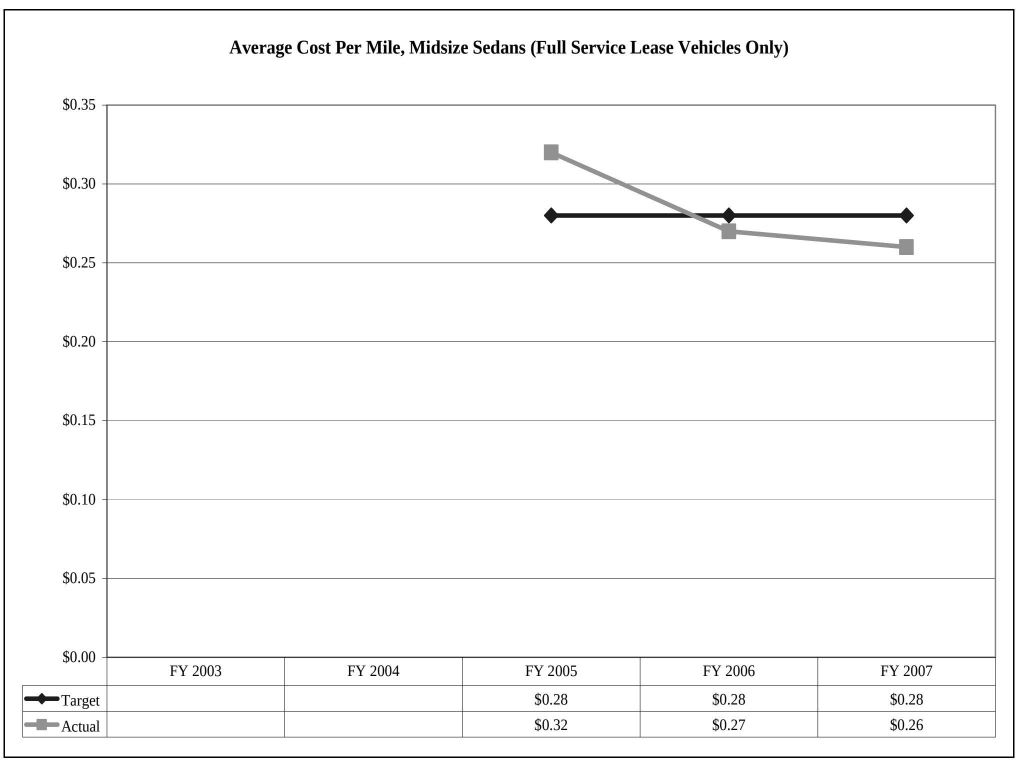
Intent Language

During the 2007 General Session the Legislature adopted the following language in H.B. 150 for FY 2008:

> *The Legislature intends that the Division of Fleet Operations internal service fund may acquire motor pool capital assets formerly in the Department of Natural Resources motor pool internal service fund as necessary to facilitate consolidation.*

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target			$0.28	$0.28	$0.28
Actual			$0.32	$0.27	$0.26

Figure 31

Measure: Average cost per mile (CPM), midsize full service lease sedans.

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.

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.

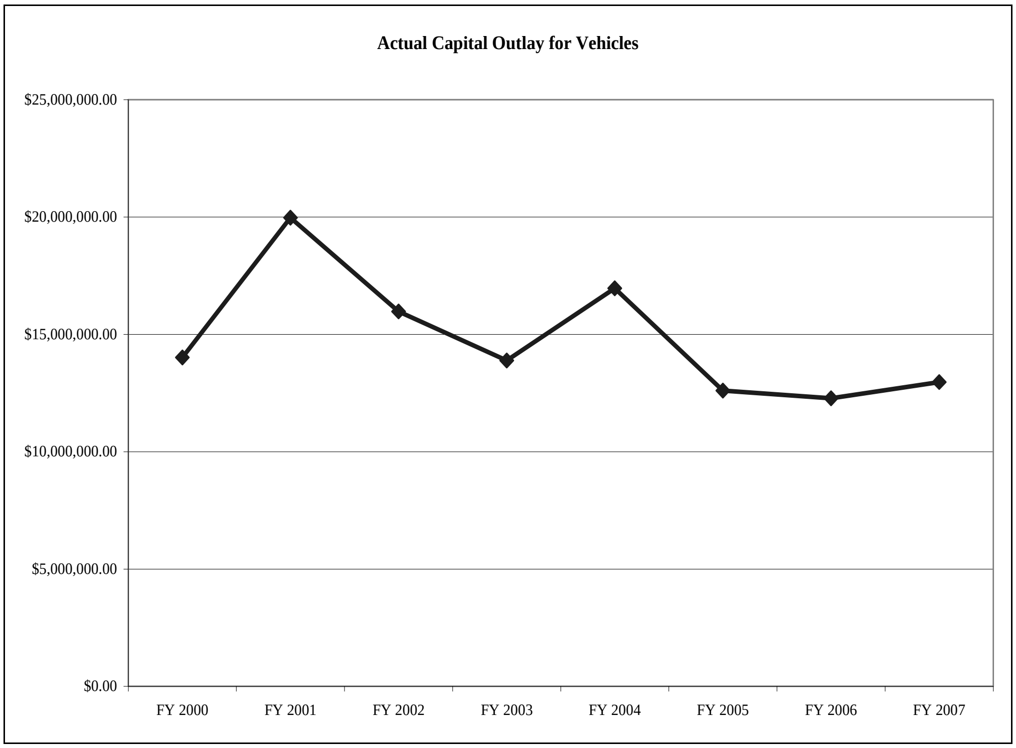


Figure 32

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.

	2003 GPA	2004 GPA	2005 GPA	2006 GPA
Agriculture	3.1	3.7	3.7	3.8
BATC	3.6	3.7	3.2	3.4
CEU	2.1	2.4	2.9	3.3
CEUSJC	2.3	2.5	2.4	2.6
Comm & Cult	2.9	3.6	3.7	3.8
Corrections	2.3	3.6	3.8	3.9
DATC	2.5	2.8	2.4	3.1
Dixie College	3.2	3.9	3.7	3.5
DFCM	3.1	**4.0**	3.9	n/a
UDOT	3.6	**4.0**	**4.0**	**4.0**
Fleet Ops	3.4	3.9	3.9	3.9
Health	2.4	3.5	3.9	**4.0**
DABC	**1.5**	**1.5**	2.3	3.8
MATC	2.2	3.8	3.7	3.6
Nat'l Guard	2.8	3.9	3.4	**4.0**
DNR	2.5	2.7	3.1	3.4
OWATC	1.8	3.0	3.7	3.8
Public Safety	2.5	2.3	2.4	3.4
Regents	n/a	**1.1**	**1.3**	n/a
Snow College	3.2	3.6	3.7	3.4
SLCC	3.8	**4.0**	**4.0**	**4.0**
SUU	3.8	**4.0**	3.9	4.0
SWATC	**1.5**	2.6	2.4	3.4
Tax Comn	**1.5**	3.4	3.9	3.9
Trustlands	n/a	n/a	n/a	3.4
DTS	n/a	n/a	n/a	3.4
UBATC	2.8	3.0	3.2	3.7
U of U	3.6	3.8	3.8	3.9
USU	3.5	3.8	3.7	3.8
UVSC	2.6	3.9	3.6	3.8
WSU	3.7	3.9	3.9	3.9
Average	2.8	3.3	3.4	3.7

Table 53

The last three years show steady improvement in the management of state fleet assets. The state as a whole has improved from an average score of 2.8 in calendar year 2003 to a commendable average score of 3.7 out of 4.0 in calendar year 2006.

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 42 percent since FY 2000. The value of the state fleet exceeds $52 million. General Fund debt has drastically declined since FY 2000 – especially in the last four years.

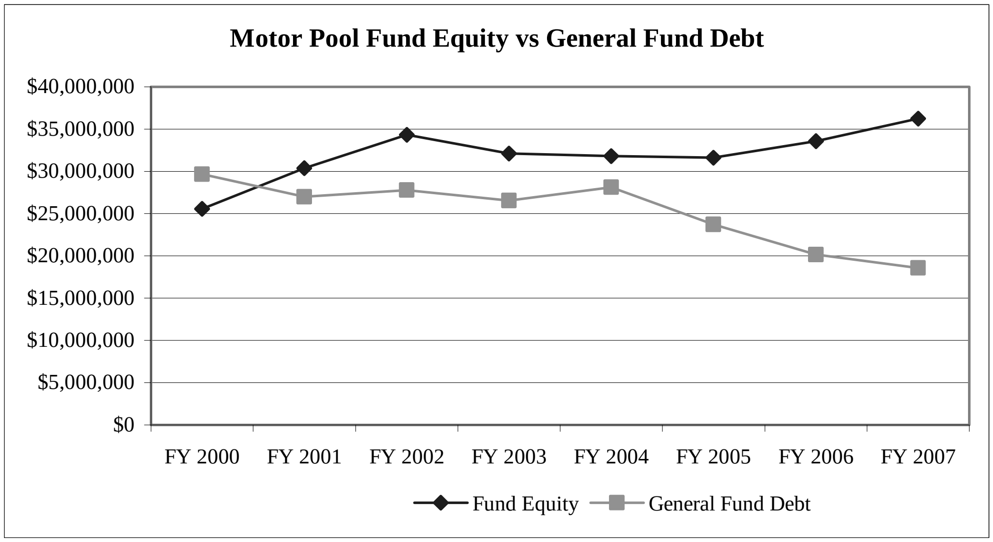
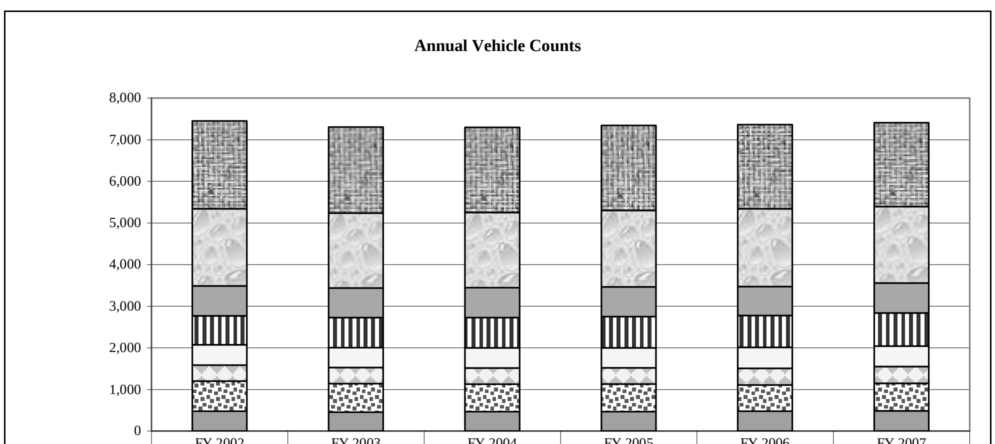


Figure 33

Vehicle Count

Total vehicle count was up by 56 vehicles in FY 2007 compared to FY 2006, but still down by 31 from its peak of 7,447 in FY 2002 (Source: State Vehicle Report). The chart shows vehicle count by major agency (those having over 350 vehicles) per year.



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Other	2,108	2,064	2,049	2,038	2,019	2,015
Transportation	1,852	1,797	1,804	1,838	1,871	1,843
Public Safety	718	714	718	711	695	714
Natural Resources	697	722	726	751	767	794
Human Services	489	479	481	482	502	497
Corrections	380	386	389	389	395	398
Utah State Univ	723	682	662	664	634	665
Univ of Utah	480	457	467	467	477	485

Figure 34

Funding Detail

Rates charged by this ISF will be provided to the Legislature during the 2008 General Session. Increased revenue and decreased expenditures in FY 2006 led to growth of $2.3 million in retained earnings. Vehicles have decreased to almost 25 percent of what they were in FY 2004 as a result of privatizing state vehicle rental vehicles using Enterprise Rent-A-Car.

Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Motor Pool

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	22,453,300	23,655,500	24,919,900	26,031,400	28,201,900
Sale of Fixed Assets	(609,300)	(39,300)	508,400	552,300	600,000
Other Financing Sources	0	0	4,500	0	0
Total	$21,844,000	$23,616,200	$25,432,800	$26,583,700	$28,801,900
Categories of Expenditure					
Personal Services	949,900	889,300	1,079,600	674,800	1,218,600
In-State Travel	1,900	2,000	3,500	8,300	3,400
Out of State Travel	800	2,700	2,500	2,600	4,200
Current Expense	8,593,400	9,418,400	10,781,100	11,685,200	15,136,300
DP Current Expense	25,700	29,500	110,200	334,800	109,500
Other Charges/Pass Thru	617,700	672,600	467,000	460,500	723,100
Depreciation	12,451,300	13,027,100	11,435,600	11,089,700	13,289,200
Total	$22,640,700	$24,041,600	$23,879,500	$24,255,900	$30,484,300
Profit/Loss	($796,700)	($425,400)	$1,553,300	$2,327,800	($1,682,400)
Other Data					
Budgeted FTE	17.4	18.5	17.4	19.5	20.8
Actual FTE	17.7	15.0	14.6	13.3	0.0
Authorized Capital Outlay	$16,962,900	$12,608,100	$12,270,200	$12,965,000	$16,100,000
Retained Earnings	$2,238,000	$1,812,600	$3,365,900	$5,693,600	$1,906,200
Vehicles	156	137	57	36	70

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.

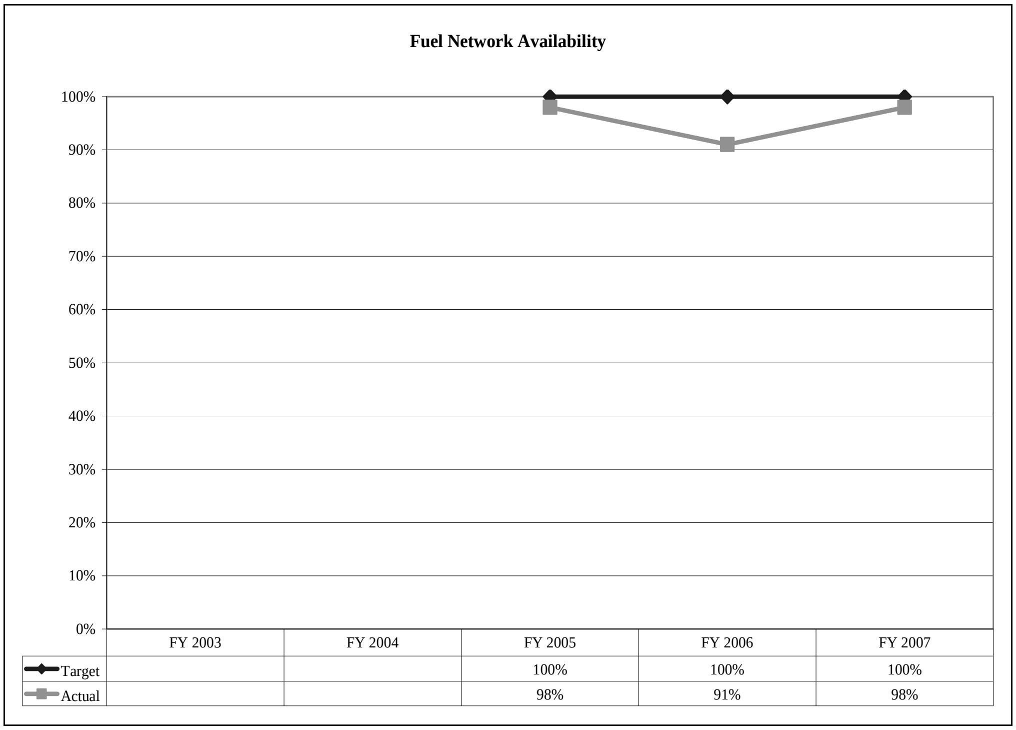


Figure 35

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 slight decrease in reliability in FY 2006 was due to technical difficulties with automated polling software at the fuel sites. The program has since corrected the problem and FY 2007 shows an achievement of 98% reliability.

Funding Detail

Revenues and expenditures increased dramatically in FY 2006 because of increased fuel costs, not because of significantly higher consumption. This trend is projected to continue into FY 2008. During FY 2007 9,316,160 gallons of gasoline were consumed at State Managed fuel sites, compared to 9,276,302 gallons in FY 2006 - a 39,858 gallon or 0.43 percent increase. Retained earnings increased by $1.9 million in FY 2007. The 2007 Legislature approved division's request to decrease their fuel network transaction fees in FY 2008 from 4% to 3%.

Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - Fuel Network

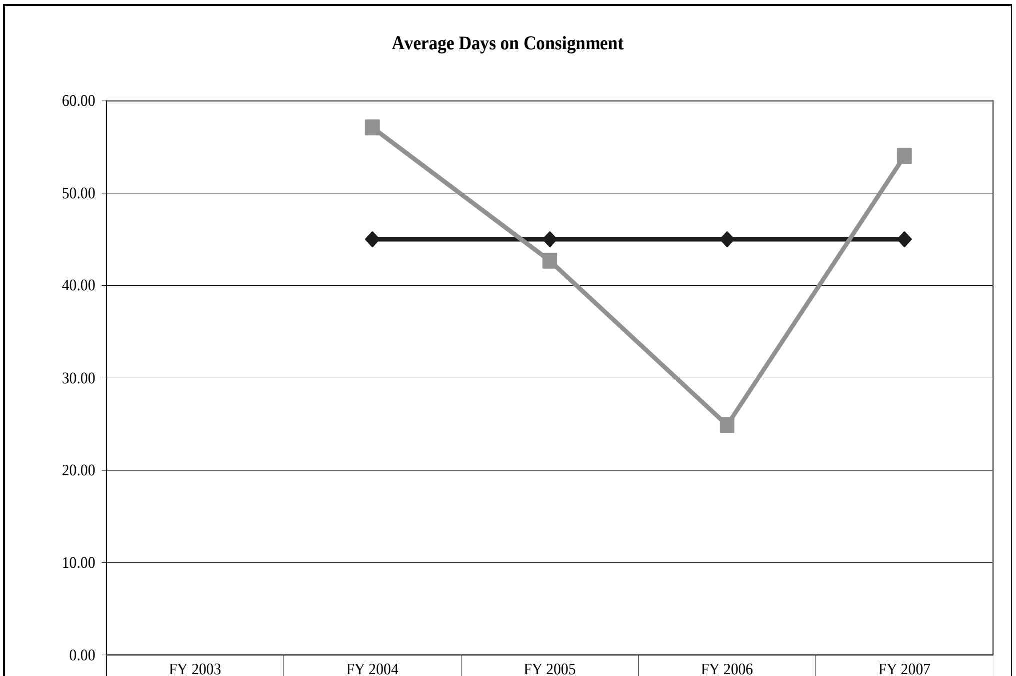
Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	18,422,500	23,232,200	31,876,600	33,937,000	31,425,300
Total	$18,422,500	$23,232,200	$31,876,600	$33,937,000	$31,425,300
Categories of Expenditure					
Personal Services	498,900	511,000	533,900	544,800	544,300
In-State Travel	200	1,000	1,300	6,500	1,300
Out of State Travel	700	1,500	900	1,200	1,500
Current Expense	17,414,500	21,819,400	28,671,700	31,025,200	29,249,100
DP Current Expense	17,900	16,500	21,100	48,500	33,300
Other Charges/Pass Thru	175,300	188,700	199,700	260,400	307,600
Depreciation	149,900	135,700	132,800	137,400	132,800
Total	$18,257,400	$22,673,800	$29,561,400	$32,024,000	$30,269,900
Profit/Loss	$165,100	$558,400	$2,315,200	$1,913,000	$1,155,400
Other Data					
Budgeted FTE	9.0	8.7	9.0	8.8	8.8
Actual FTE	9.0	7.2	7.1	8.5	0.0
Authorized Capital Outlay	$44,200	$40,000	$85,300	$53,600	$200,000
Retained Earnings	($282,400)	$276,000	$2,591,200	$4,504,200	$5,750,400
Vehicles	3	3	2	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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target		45.00	45.00	45.00	45.00
Actual		57.10	42.67	24.89	54.00

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: From FY 2006 to FY 2007 the program more than doubled the average days it takes to dispose of property.

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

FY 2004 and FY 2005, but had losses in FY 2006 and FY 2007. Profitability is a bonus for the state in relation to disposal of old equipment. In addition to properly disposing of equipment in accordance with environmental law, State Surplus Property provides a consistent accountability structure for disposal of property. With a central system the state is protected against fraud and claims of fraud in the disposition of surplus property.

State Surplus Property Profit/Loss

Fiscal Year	Revenue	Expense	Profit/Loss	Retained Earnings
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
2007	$1,113,200	$1,027,300	$85,900	$422,300

Table 56

The division instituted its own online auction program in FY 2005 located at https://surplusapps.dts.utah.gov/SPOMaster/public.aspx. The division also auctions items on four other commercial websites – eBay, GovDeals, Public Surplus, and TNT Auction.

Funding Detail

Rates charged by this ISF will be provided for legislative consideration and approval during the 2008 General Session.

Budget History - ISF - Administrative Services - ISF - Fleet Operations - ISF - State Surplus Property

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	824,400	1,078,900	870,400	1,113,200	883,800
Total	$824,400	$1,078,900	$870,400	$1,113,200	$883,800
Categories of Expenditure					
Personal Services	382,500	439,400	441,500	474,200	543,200
In-State Travel	1,000	800	1,200	300	1,300
Out of State Travel	600	0	0	0	0
Current Expense	204,700	236,700	263,400	270,100	282,600
DP Current Expense	7,800	9,800	16,000	75,100	35,400
Other Charges/Pass Thru	60,300	98,400	97,900	177,500	155,200
Operating Transfers	0	0	78,300	0	0
Depreciation	25,100	29,400	35,000	30,100	30,100
Total	$682,000	$814,500	$933,300	$1,027,300	$1,047,800
Profit/Loss	$142,400	$264,400	($62,900)	$85,900	($164,000)
Other Data					
Budgeted FTE	6.0	6.7	8.2	7.9	8.6
Actual FTE	5.0	6.8	7.0	7.7	0.0
Authorized Capital Outlay	$54,000	$56,800	$432,700	$0	$0
Retained Earnings	$134,900	$399,300	$336,400	$422,300	$63,200
Vehicles	7	7	6	5	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.

Federal Surplus Property Profit/Loss

Fiscal Year	Revenue	Expense	Profit/Loss	Retained Earnings
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)
2007	$37,800	($2,900)	$40,700	($29,800)

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

The program has reduced its negative retained earnings balance to (29,800) in FY 2007 and projects a positive retained earnings balance by FY 2008 – three years earlier than anticipated.

Budget History - ISF - Administrative Services - ISF - Fleet Operations - Federal Surplus Property

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	132,100	94,100	15,100	37,800	14,100
Total	$132,100	$94,100	$15,100	$37,800	$14,100
Categories of Expenditure					
Personal Services	99,800	6,300	800	300	700
In-State Travel	200	300	0	0	0
Current Expense	41,400	44,200	200	0	200
DP Current Expense	3,900	0	0	(3,300)	0
Other Charges/Pass Thru	24,300	4,400	0	0	0
Depreciation	15,300	11,100	0	0	0
Total	$184,900	$66,300	$1,000	($3,000)	$900
Profit/Loss	($52,800)	$27,800	$14,100	$40,800	$13,200
Other Data					
Budgeted FTE	4.1	1.4	0.0	0.1	0.0
Actual FTE	3.0	0.1	0.0	0.0	0.0
Authorized Capital Outlay	$0	$47,600	$0	$0	$0
Retained Earnings	($112,500)	($84,700)	($70,600)	($29,800)	($44,300)

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 50 charter schools, and all state-owned colleges and universities except medical malpractice coverage at the University of Utah. The division also offers the Owner Controlled Insurance Program (OCIP) to provide optional insurance on construction projects, but due to the lack of interest and funding concerns, the division will be phasing out this program. The division also acts as an agent in purchasing aircraft insurance for various state entities that have airplanes or flight instruction programs.

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.

Budget History - ISF - Administrative Services - ISF - Risk Management

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Premiums	25,849,300	26,820,900	25,448,100	26,804,200	27,541,000
Interest Income	895,700	1,509,900	2,609,700	3,145,300	2,760,000
Restricted Revenue	6,108,500	7,350,900	8,031,400	8,364,000	8,300,000
Total	$32,853,500	$35,681,700	$36,089,200	$38,313,500	$38,601,000
Programs					
ISF - Risk Management Administration	26,742,700	28,330,800	28,057,800	29,949,500	30,301,000
ISF - Workers' Compensation	6,110,800	7,350,900	8,031,400	8,364,000	8,300,000
Total	$32,853,500	$35,681,700	$36,089,200	$38,313,500	$38,601,000
Categories of Expenditure					
Personal Services	1,747,000	1,901,400	1,900,000	2,218,000	2,233,700
In-State Travel	10,500	16,900	17,400	15,900	18,200
Out of State Travel	2,800	2,300	14,100	21,500	13,200
Current Expense	23,830,400	28,975,800	31,499,600	32,242,600	36,810,300
DP Current Expense	102,200	328,500	105,000	115,700	96,200
Other Charges/Pass Thru	1,570,100	(93,000)	94,100	767,800	94,100
Operating Transfers	3,355,000	5,500,000	2,512,700	3,700,000	0
Depreciation	26,100	20,700	19,100	16,000	33,300
Total	$30,644,100	$36,652,600	$36,162,000	$39,097,500	$39,299,000
Profit/Loss	$2,209,400	($970,900)	($72,800)	($784,000)	($698,000)
Other Data					
Budgeted FTE	25.0	25.0	25.0	25.0	25.0
Actual FTE	24.1	24.8	23.6	25.4	0.0
Authorized Capital Outlay	$0	$0	$0	$0	$100,000
Retained Earnings	$9,038,700	$8,067,800	$7,995,000	$7,211,000	$1,179,300
Vehicles	5	5	6	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-insured, 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.

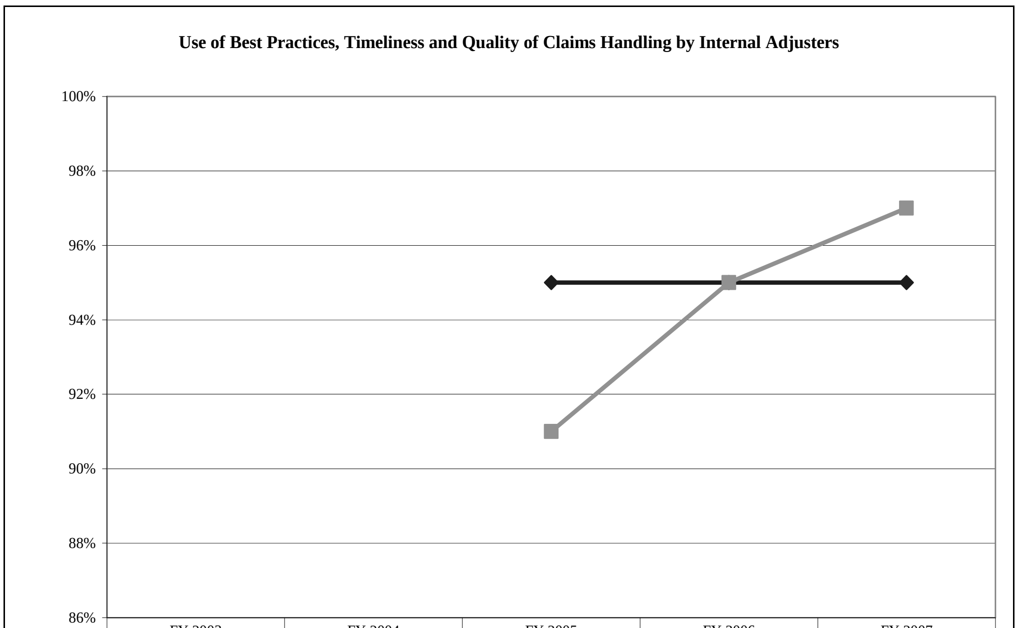
During the 2006 General Session the Legislature passed S.B. 113, increasing the state's government immunity aggregate cap from $1,167,900 to $2,000,000 effective July 1, 2007.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *The Legislature intends to transfer $1,000,000 in contributed capital from the Risk Management - Workers' Compensation program to the Risk Management -Administration program.*

Accountability The following measure gauges the division's operational performance.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target			95%	95%	95%
Actual			91%	95%	97%

Figure 37

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 adjustors' 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 and 97 percent in FY 2007 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 stable or declining for several consecutive years. However, property insurance rates have been increasing industry-wide. The 2008 Legislature will consider rate adjustments accordingly.

Budget History - ISF - Administrative Services - ISF - Risk Management - ISF - Risk Management Administration

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Premiums	25,849,300	26,820,900	25,448,100	26,804,200	27,541,000
Interest Income	893,400	1,509,900	2,609,700	3,145,300	2,760,000
Total	$26,742,700	$28,330,800	$28,057,800	$29,949,500	$30,301,000
Categories of Expenditure					
Personal Services	1,596,100	1,752,300	1,750,300	2,051,400	2,045,400
In-State Travel	9,300	15,500	14,800	15,500	15,600
Out of State Travel	2,800	2,300	11,800	18,700	10,900
Current Expense	17,446,400	22,079,500	24,827,800	23,774,500	28,809,300
DP Current Expense	102,200	328,500	104,200	115,700	95,400
Other Charges/Pass Thru	1,467,400	(93,000)	(8,500)	665,600	(10,900)
Operating Transfers	3,355,000	5,500,000	2,512,700	3,700,000	0
Depreciation	26,100	20,700	19,100	16,000	33,300
Total	$24,005,300	$29,605,800	$29,232,200	$30,357,400	$30,999,000
Profit/Loss	$2,737,400	($1,275,000)	($1,174,400)	($407,900)	($698,000)
Other Data					
Budgeted FTE	23.0	23.0	23.0	23.0	23.0
Actual FTE	22.1	22.9	21.8	23.5	0.0
Authorized Capital Outlay	$0	$0	$0	$0	$100,000
Retained Earnings	$8,427,200	$7,152,200	$5,977,800	$5,569,900	($837,900)
Vehicles	5	5	6	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 2005. Revenues increased in FY 2006 (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 in FY 2006 because of an unanticipated $671,800 refund received from the Utah WCF. In FY 2007, the expenditures did increase to levels sufficient to decrease retained earnings. These costs/refunds are difficult to estimate. Medical costs continue to increase and the number of accidents is unpredictable.

Workers Compensation Profit/Loss

Fiscal Year	Revenue	Expense	Profit/Loss	Retained Earnings
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
2007	$8,364,000	$8,740,100	($376,100)	$1,641,100

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 in FY 2001 thru FY 2004 and now are increasing as interest rates have been increasing in FY 2005 thru FY 2007.

Budget History - ISF - Administrative Services - ISF - Risk Management - Workers' Compensation

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Interest Income	2,300	0	0	0	0
Restricted Revenue	6,108,500	7,350,900	8,031,400	8,364,000	8,300,000
Total	$6,110,800	$7,350,900	$8,031,400	$8,364,000	$8,300,000
Categories of Expenditure					
Personal Services	150,900	149,100	149,700	166,600	188,300
In-State Travel	1,200	1,400	2,600	400	2,600
Out of State Travel	0	0	2,300	2,800	2,300
Current Expense	6,384,000	6,896,300	6,671,800	8,468,100	8,001,000
DP Current Expense	0	0	800	0	800
Other Charges/Pass Thru	102,700	0	102,600	102,200	105,000
Total	$6,638,800	$7,046,800	$6,929,800	$8,740,100	$8,300,000
Profit/Loss	($528,000)	$304,100	$1,101,600	($376,100)	$0
Other Data					
Budgeted FTE	2.0	2.0	2.0	2.0	2.0
Actual FTE	2.0	1.9	1.8	1.9	0.0
Retained Earnings	$611,500	$915,600	$2,017,200	$1,641,100	$2,017,200

Table 63

CHAPTER 21 DFCM FACILITIES MAINTENANCE (ISF)

Function

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.

Services of the DFCM internal service fund are optional. Currently DFCM contracts with agencies to provide services for over 150 facilities throughout the state. However, if an agency not using a DFCM contract fails to meet maintenance standards, DFCM is required by Building Board policy to take the necessary action to correct the problem.

Statutory Authority

While chapter 7 lists DFCM's statutory authority, the following statutes apply specifically to the ISF:

- UCA 63A-5-204(2) requires the ISF to receive approval for its rates and fees from the Rate Committee and the Legislature. DFCM must also conduct a market analysis of its rates and fees by July 1, 2005 and periodically thereafter.
- UCA 63A-5-204(3) requires the division to direct or delegate maintenance and operations, preventive maintenance, and facilities inspection programs and activities for any department, commission, institution or agency except the Capitol Preservation Board and higher education institutions. Maintenance can be delegated only if requested, the agency has proven ability to comply with state maintenance standards, and the delegation would save the state money.

Intent Language

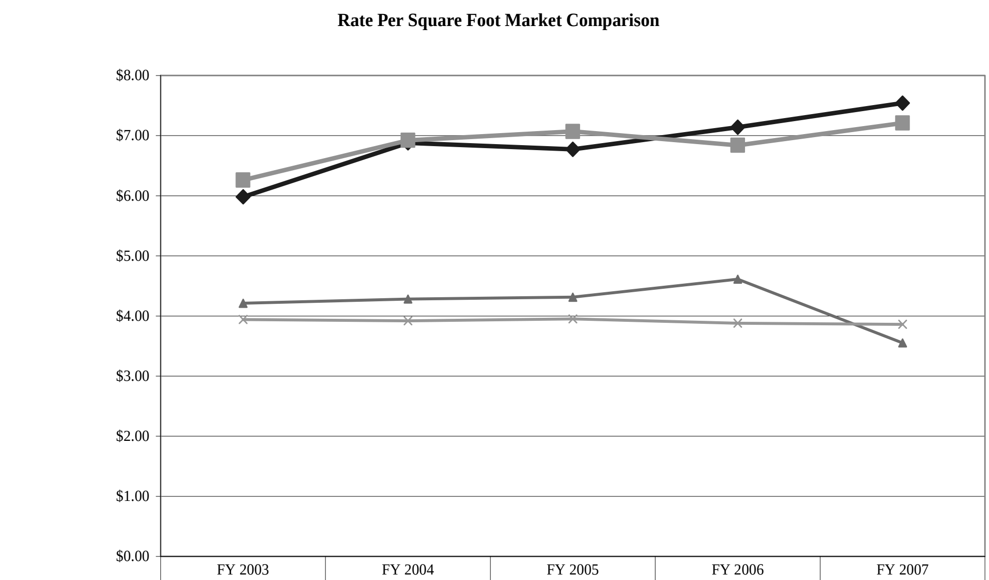
During the 2007 General Session the Legislature adopted the following language in H.B. 150:

> *The Legislature intends that DFCM's internal service fund may add up to twenty-five FTEs and up to five vehicles beyond the authorized level if new facilities come on line or maintenance agreements are requested at the College of Eastern Utah and at the State Developmental Center. Any added FTEs or vehicles will be reviewed and may be approved by the Legislature in the next legislative session.*

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.

Accountability

At an average of $3.86 per square foot in FY 2007, DFCM's maintenance rates are about 56 percent of rates paid by the federal government in 2005 and are lower than national private and local private rates.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
U.S. Private	$5.98	$6.88	$6.77	$7.14	$7.54
U.S. Government	$6.26	$6.92	$7.07	$6.84	$7.21
SLC Private	$4.21	$4.28	$4.31	$4.61	$3.55
DFCM	$3.94	$3.92	$3.95	$3.88	$3.86

Figure 38

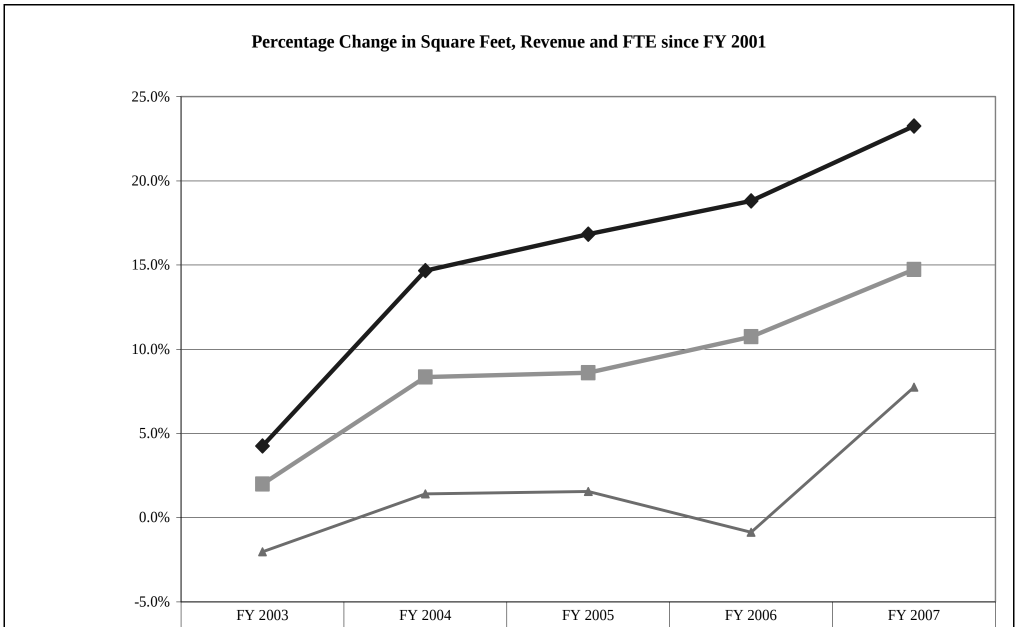
Measure: Rate per square foot market comparison.

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: For the last five years DFCM's actual rate has been lower than market rates according to an annual building association report conducted by BOMA. In FY 2007 the BOMA rates show that the SLC private market rates are lower than DFCM rates. DFCM can show that this number is inaccurate and based on skewed data. BOMA, however, does not issue retractions and the number is included above because it is a published number. In FY 2008 the number jumps back up to the historical trend.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
% Chg Sq Ft	4.3%	14.7%	16.8%	18.8%	23.3%
% Chg Revenue	2.0%	8.3%	8.6%	10.7%	14.7%
% Chg Actual FTE	-2.0%	1.4%	1.6%	-0.9%	7.8%

Figure 39

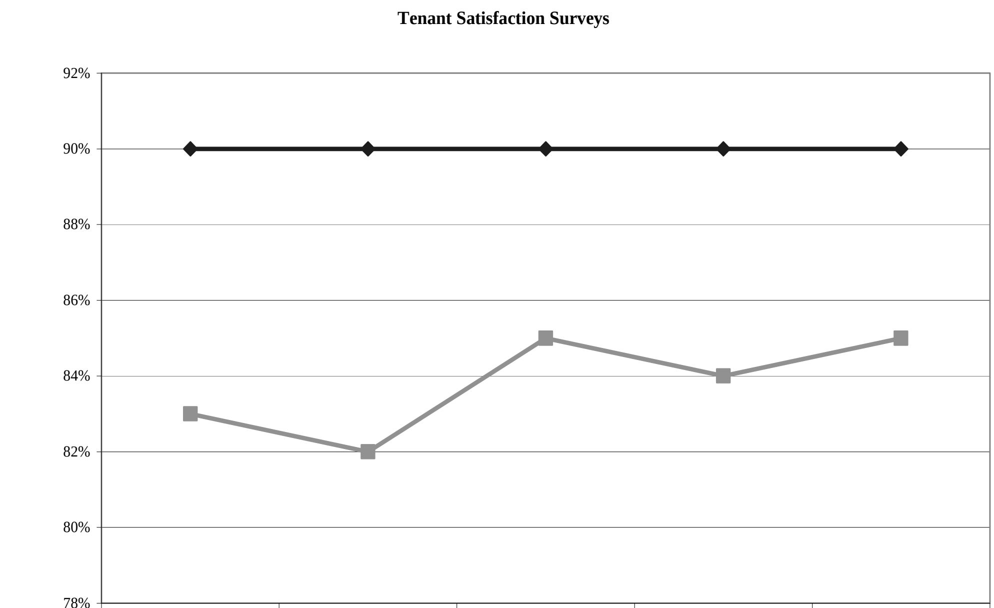
Measure: Percentage growth (decline) in square feet managed, revenues collected, and FTE.

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: Actual FTE counts jumped in FY 2007 as a result of a new maintenance contract with College of Eastern Utah (see intent language above).



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	90%	90%	90%	90%	90%
Actual	83%	82%	85%	84%	85%

Figure 40

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 and FY 2007 due to the increasing costs of gas and electricity. The program was able to absorb utility cost increases for many of its buildings with retained earnings and other efficiency measures until FY 2008 when rates were increased. The rates for FY 2008 are expected to average $4.29 per square foot.

Budget History - ISF - Administrative Services - ISF - Facilities Management

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Interest Income	100	100	300	400	0
Dedicated Credits - Intragvt Rev	19,782,100	19,485,700	19,791,400	20,585,900	22,706,000
Total	$19,782,200	$19,485,800	$19,791,700	$20,586,300	$22,706,000
Categories of Expenditure					
Personal Services	5,699,900	5,935,600	5,980,300	6,260,300	6,853,500
In-State Travel	9,100	12,500	12,400	17,800	12,400
Out of State Travel	7,600	5,100	8,400	4,400	20,300
Current Expense	13,267,700	12,843,600	13,684,800	14,241,500	14,750,300
DP Current Expense	386,300	268,800	362,700	412,100	366,500
Other Charges/Pass Thru	323,200	166,300	157,600	309,700	208,100
Depreciation	54,700	37,400	36,100	38,600	43,500
Total	$19,748,500	$19,269,300	$20,242,300	$21,284,400	$22,254,600
Profit/Loss	$33,700	$216,500	($450,600)	($698,100)	$451,400
Other Data					
Budgeted FTE	121.0	121.0	119.0	122.0	123.0
Actual FTE	115.1	115.3	112.5	122.3	0.0
Authorized Capital Outlay	$34,000	$51,100	$52,300	$49,800	$86,600
Retained Earnings	$1,098,700	$1,315,200	$864,600	$166,500	$218,600
Vehicles	72	72	73	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. 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.

Budget History - Human Resource Management

	2004	2005	2006	2007	2008
Sources of Finance	**Actual**	**Actual**	**Actual**	**Actual**	**Appropriated**
General Fund	2,888,200	2,943,000	3,066,900	3,196,500	3,317,300
General Fund, One-time	0	18,700	0	12,500	0
Dedicated Credits Revenue	400,200	391,500	346,700	295,600	400,000
Beginning Nonlapsing	171,900	274,500	455,100	631,900	0
Closing Nonlapsing	(274,500)	(455,100)	(642,800)	(686,300)	0
Lapsing Balance	0	0	0	(57,000)	0
Total	$3,185,800	$3,172,600	$3,225,900	$3,393,200	$3,717,300
Programs					
Administration	790,000	799,000	892,900	807,300	1,021,900
Policy	452,900	484,200	533,200	1,222,800	1,240,700
Central Operations	537,800	486,000	500,000	0	0
Flex Benefits	100,400	0	0	0	0
Management Training and Development	261,900	332,500	295,600	269,500	400,000
Information Technology	1,042,800	1,070,900	1,004,200	1,093,600	1,054,700
Total	$3,185,800	$3,172,600	$3,225,900	$3,393,200	$3,717,300
Categories of Expenditure					
Personal Services	2,338,700	2,313,100	2,498,300	1,805,900	2,039,600
In-State Travel	11,300	1,100	1,500	1,300	3,200
Out of State Travel	24,600	17,900	27,000	26,800	22,600
Current Expense	475,700	456,600	428,500	471,300	618,900
DP Current Expense	293,100	281,300	270,600	1,087,900	1,033,000
DP Capital Outlay	42,400	102,600	0	0	0
Total	$3,185,800	$3,172,600	$3,225,900	$3,393,200	$3,717,300
Other Data					
Budgeted FTE	36.5	36.5	36.5	28.5	28.0
Actual FTE	33.1	30.9	31.2	22.3	0.0

Table 65

PROGRAMS – DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

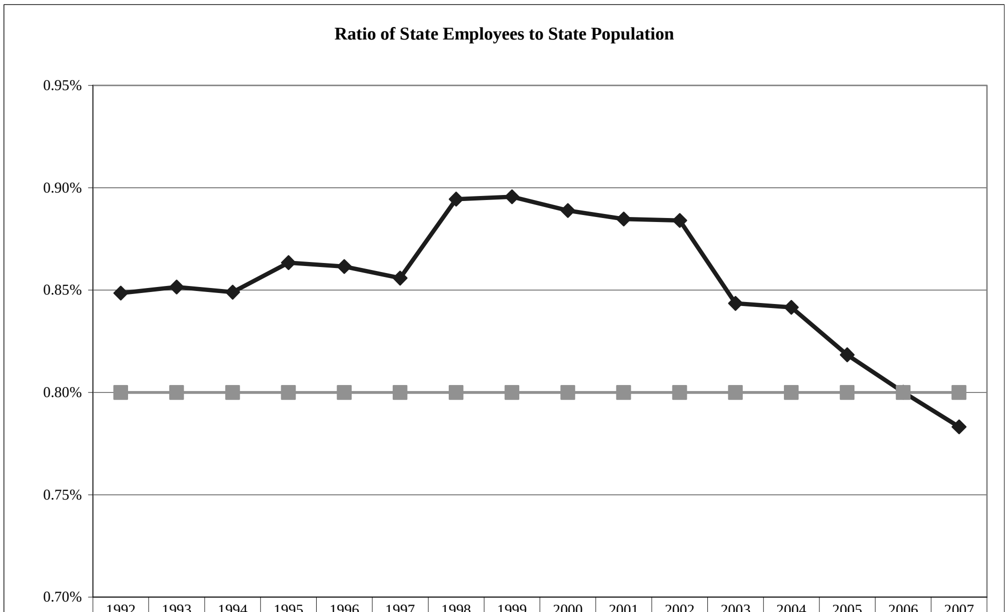
ADMINISTRATION

Function

Administration is designed to keep the department functioning in terms of goals, plans and implementation. Functions include workforce 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.

Accountability

An important component of the overall state human resource management 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).



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Ratio	0.85%	0.85%	0.85%	0.86%	0.86%	0.86%	0.89%	0.90%	0.89%	0.88%	0.88%	0.84%	0.84%	0.82%	0.80%	0.78%
Target	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%

Figure 41

Measure: Ratio of State Population to State Employees

Goal: Limit the growth of the State workforce to less than 0.8% of the state population.

Methodology: Divide the number of state Full-Time Equivalent (FTE) positions by the total state population.

Measure Type: Outcome.

Note: 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. The chart shows a declining ratio of state employees to state population, thus suggesting increased efficiency of the state workforce.

Funding Detail

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

Budget History - Human Resource Management - Administration

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	789,900	793,000	928,300	702,500	1,021,900
General Fund, One-time	0	5,900	0	(1,900)	0
Dedicated Credits Revenue	100	100	0	0	0
Beginning Nonlapsing	0	0	0	106,700	0
Closing Nonlapsing	0	0	(35,400)	0	0
Total	$790,000	$799,000	$892,900	$807,300	$1,021,900
Categories of Expenditure					
Personal Services	671,400	635,400	763,400	605,500	811,100
In-State Travel	1,000	1,000	100	400	2,200
Out of State Travel	2,600	12,500	9,800	4,300	3,600
Current Expense	110,900	130,000	119,500	197,100	205,000
DP Current Expense	4,100	2,200	100	0	0
DP Capital Outlay	0	17,900	0	0	0
Total	$790,000	$799,000	$892,900	$807,300	$1,021,900
Other Data					
Budgeted FTE	11.0	11.5	11.5	9.0	12.0
Actual FTE	9.9	8.9	9.6	7.2	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 Enterprise 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 21,000 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

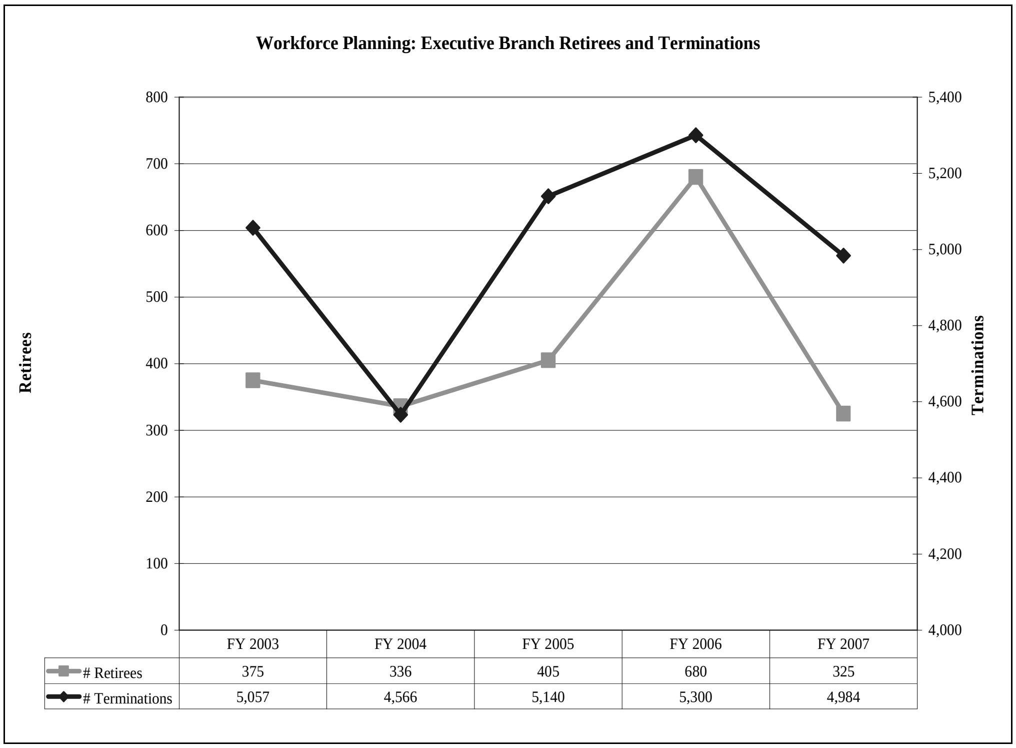


Figure 42

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. Retirements returned to the average level in FY 2007.

Funding Detail

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

Budget History - Human Resource Management - Policy

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	452,900	480,100	533,600	1,235,400	1,240,700
General Fund, One-time	0	4,100	0	(3,900)	0
Beginning Nonlapsing	0	0	0	400	0
Closing Nonlapsing	0	0	(400)	0	0
Lapsing Balance	0	0	0	(9,100)	0
Total	$452,900	$484,200	$533,200	$1,222,800	$1,240,700
Categories of Expenditure					
Personal Services	444,900	481,900	512,600	1,198,100	1,228,500
In-State Travel	300	100	200	800	0
Out of State Travel	100	0	0	0	0
Current Expense	7,200	1,900	20,300	23,500	12,200
DP Current Expense	400	300	100	400	0
Total	$452,900	$484,200	$533,200	$1,222,800	$1,240,700
Other Data					
Budgeted FTE	7.5	8.0	8.0	16.0	16.0
Actual FTE	6.9	7.0	7.0	15.1	0.0

Table 67

CENTRAL OPERATIONS

Function The Central Operations program is responsible for the recruiting, selection, employee development, and training functions of 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.

Budget History - Human Resource Management - Central Operations

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	537,800	481,900	571,700	900	0
General Fund, One-time	0	4,100	0	(900)	0
Closing Nonlapsing	0	0	(71,700)	0	0
Total	$537,800	$486,000	$500,000	$0	$0
Categories of Expenditure					
Personal Services	507,900	483,700	495,400	0	0
In-State Travel	500	0	400	0	0
Out of State Travel	18,500	(300)	(1,000)	0	0
Current Expense	1,400	2,200	4,800	0	0
DP Current Expense	9,500	400	400	0	0
Total	$537,800	$486,000	$500,000	$0	$0
Other Data					
Budgeted FTE	8.0	8.0	8.0	3.5	0.0
Actual FTE	7.9	7.1	6.6	0.0	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. DHRM therefore discontinued this program.

Funding Detail

Dedicated Credits have not been collected since FY 2004.

Budget History - Human Resource Management - Flex Benefits

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits Revenue	102,800	200	0	0	0
Beginning Nonlapsing	7,600	10,000	10,200	0	0
Closing Nonlapsing	(10,000)	(10,200)	(10,200)	0	0
Total	$100,400	$0	$0	$0	$0
Categories of Expenditure					
Current Expense	100,400	0	0	0	0
Total	$100,400	$0	$0	$0	$0

Table 69

MANAGEMENT TRAINING

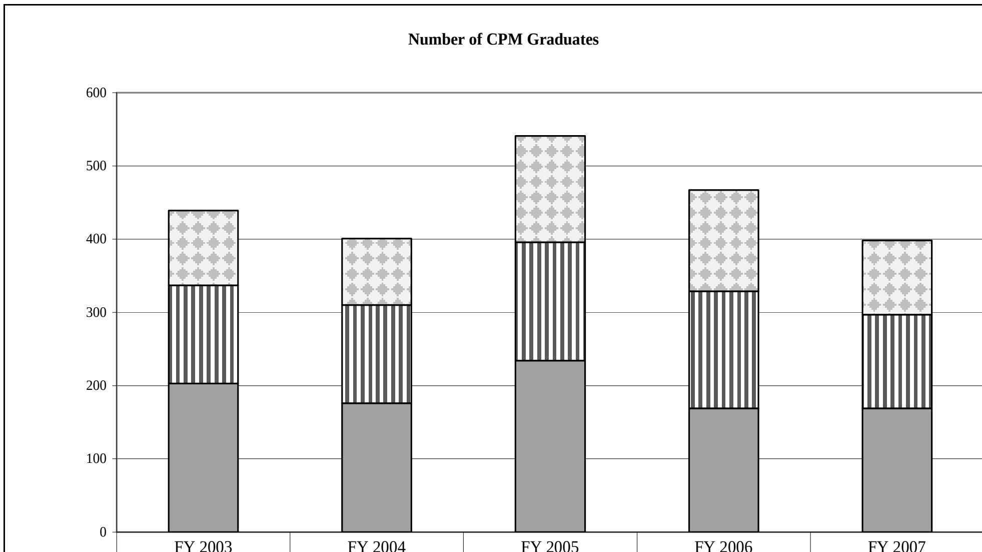
Function

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

Accountability

Number of Certified Public Manager graduates



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Course III	102	91	145	138	101
Course II	134	134	162	160	128
Course I	203	176	234	169	169

Figure 43

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 only course 3 graduates receive certification.

Measure Type: Output.

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

Budget History - Human Resource Management - Management Training and Development

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits Revenue	296,300	391,200	346,700	295,600	400,000
Beginning Nonlapsing	91,000	125,400	184,100	235,200	0
Closing Nonlapsing	(125,400)	(184,100)	(235,200)	(261,300)	0
Total	$261,900	$332,500	$295,600	$269,500	$400,000
Categories of Expenditure					
Personal Services	12,000	15,000	0	0	0
In-State Travel	2,100	0	800	0	1,000
Out of State Travel	3,400	2,700	18,200	22,500	19,000
Current Expense	225,500	301,600	276,500	247,000	380,000
DP Current Expense	18,900	13,200	100	0	0
Total	$261,900	$332,500	$295,600	$269,500	$400,000

Table 70

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.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8 of the Utah Code the Legislature intends that up to $425,000 provided by Item 39, Chapter 367, Laws of Utah 2006 not lapse at the close of Fiscal Year 2007. The use of nonlapsing funds is limited to: information technology - up to $325,000; consulting services - up to $100,000.*

Funding Detail

In FY 2007 all FTE in this program transferred to the new Department of Technology Services, which will bill them back to DHRM as current expenses.

Budget History - Human Resource Management - Information Technology

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	1,107,600	1,188,000	1,033,300	1,257,700	1,054,700
General Fund, One-time	0	4,600	0	19,200	0
Dedicated Credits Revenue	1,000	0	0	0	0
Beginning Nonlapsing	73,300	139,100	260,800	289,600	0
Closing Nonlapsing	(139,100)	(260,800)	(289,900)	(425,000)	0
Lapsing Balance	0	0	0	(47,900)	0
Total	$1,042,800	$1,070,900	$1,004,200	$1,093,600	$1,054,700
Categories of Expenditure					
Personal Services	702,500	697,100	726,900	2,300	0
In-State Travel	7,400	0	0	100	0
Out of State Travel	0	3,000	0	0	0
Current Expense	30,300	20,900	7,400	3,700	21,700
DP Current Expense	260,200	265,200	269,900	1,087,500	1,033,000
DP Capital Outlay	42,400	84,700	0	0	0
Total	$1,042,800	$1,070,900	$1,004,200	$1,093,600	$1,054,700
Other Data					
Budgeted FTE	10.0	9.0	9.0	0.0	0.0
Actual FTE	8.4	8.0	8.0	0.0	0.0

Table 71

CHAPTER 23 DEPARTMENT OF HUMAN RESOURCE MANAGEMENT – INTERNAL SERVICE FUND

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 save money or at worst be revenue neutral with improved coordination and control. FY 2007 rates built in that intent.

Budget History - ISF - Human Resource Management

	2004	2005	2006	2007	2008
Sources of Finance	**Actual**	**Actual**	**Actual**	**Actual**	**Appropriated**
Dedicated Credits - Intragvt Rev	0	0	0	11,297,100	12,137,300
Total	$0	$0	$0	$11,297,100	$12,137,300
Programs					
Field Services	0	0	0	10,251,800	11,047,600
Payroll Field Services	0	0	0	1,045,300	1,089,700
Total	$0	$0	$0	$11,297,100	$12,137,300
Categories of Expenditure					
Personal Services	0	0	0	10,438,800	10,757,100
In-State Travel	0	0	0	26,000	17,900
Out of State Travel	0	0	0	6,000	52,100
Current Expense	0	0	0	270,200	836,600
DP Current Expense	0	0	0	165,300	499,700
Total	$0	$0	$0	$10,906,300	$12,163,400
Profit/Loss	$0	$0	$0	$390,800	($26,100)
Other Data					
Budgeted FTE	0.0	0.0	0.0	165.6	166.1
Actual FTE	0.0	0.0	0.0	152.5	0.0
Retained Earnings	$0	$0	$0	$390,800	($828,200)

Table 72

PROGRAMS – DHRM INTERNAL SERVICE FUND

FIELD SERVICES

Function

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.

The DHRM administrative office sets the guidelines for Field Services, evaluates their performance and governs their workload.

Field Services also should ensure efficient use of automated HR-related software in order to maximize efficient data output and effective administration of programs.

Accountability

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.

Funding Detail

FY 2007 was the first year of operation for this program, which ended the year with a slightly negative retained earnings ($56,400).

Budget History - ISF - Human Resource Management - Field Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	0	0	0	10,251,800	11,047,600
Total	$0	$0	$0	$10,251,800	$11,047,600
Categories of Expenditure					
Personal Services	0	0	0	9,845,100	10,512,000
In-State Travel	0	0	0	25,500	16,300
Out of State Travel	0	0	0	6,000	47,200
Current Expense	0	0	0	268,400	760,100
DP Current Expense	0	0	0	163,200	453,400
Total	$0	$0	$0	$10,308,200	$11,789,000
Profit/Loss	$0	$0	$0	($56,400)	($741,400)
Other Data					
Budgeted FTE	0.0	0.0	0.0	145.8	161.6
Actual FTE	0.0	0.0	0.0	139.7	0.0
Retained Earnings	$0	$0	$0	($56,400)	($2,259,600)

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

This program ended FY 2007, the first year of operation, with significant positive retained earnings. Therefore, the division lowered the rate for this program beginning in FY 2009 to better balance the revenues to expenditures.

Budget History - ISF - Human Resource Management - Payroll Field Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	0	0	0	1,045,300	1,089,700
Total	$0	$0	$0	$1,045,300	$1,089,700
Categories of Expenditure					
Personal Services	0	0	0	593,700	245,100
In-State Travel	0	0	0	500	1,600
Out of State Travel	0	0	0	0	4,900
Current Expense	0	0	0	1,800	76,500
DP Current Expense	0	0	0	2,100	46,300
Total	$0	$0	$0	$598,100	$374,400
Profit/Loss	$0	$0	$0	$447,200	$715,300
Other Data					
Budgeted FTE	0.0	0.0	0.0	19.8	4.5
Actual FTE	0.0	0.0	0.0	12.8	0.0
Retained Earnings	$0	$0	$0	$447,200	$1,431,400

Table 74

CHAPTER 24 DEPARTMENT OF TECHNOLOGY SERVICES – APPROPRIATED

Function

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.

Information Technology Governance Amendments (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.

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.

Statutory Authority

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:

- Reengineer state government IT architecture and governance
- Coordinate strategic planning and best meet the business needs of customer agencies
- Improve efficiency of state IT resources through certain defined best practices
- Act as the General Contractor for acquisition of IT resources statewide
- Assist the Governor's Office of Planning and Budget with development of statewide IT budgets

Funding Detail

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.

Budget History - Department of Technology Services

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	760,300	940,700	1,299,000	1,426,400	2,159,800
General Fund, One-time	456,500	509,300	400,000	7,885,500	112,800
Federal Funds	552,200	495,500	440,400	1,070,000	700,000
Dedicated Credits Revenue	458,000	428,400	841,400	1,790,100	12,224,200
GFR - E-911 Emergency Services	0	250,000	250,000	290,000	300,000
State Debt Collection Fund	0	0	0	0	500,000
Beginning Nonlapsing	182,500	192,100	724,100	671,300	1,400,000
Beginning Nonlapsing - DHRM Flex Benef	0	0	0	0	10,200
Beginning Nonlapsing - Retirement	0	0	0	0	77,000
Closing Nonlapsing	(192,100)	(724,000)	(671,300)	(2,621,400)	0
Lapsing Balance	(125,300)	0	0	0	0
Total	$2,092,100	$2,092,000	$3,283,600	$10,511,900	$17,484,000
Line Items					
Chief Information Officer	532,900	563,200	895,200	792,400	640,100
Integrated Technology	1,559,200	1,528,800	2,388,400	3,997,400	3,750,400
Technology Acquisition Projects	0	0	0	5,722,100	13,093,500
Total	$2,092,100	$2,092,000	$3,283,600	$10,511,900	$17,484,000
Categories of Expenditure					
Personal Services	1,253,900	1,354,600	1,569,200	1,933,600	1,813,400
In-State Travel	14,700	26,500	61,900	54,600	62,700
Out of State Travel	29,700	26,700	31,700	44,100	31,800
Current Expense	308,000	320,400	445,600	1,624,500	872,100
DP Current Expense	268,600	170,400	207,700	311,000	6,643,800
DP Capital Outlay	26,800	63,100	371,900	5,727,100	7,456,500
Other Charges/Pass Thru	190,400	130,300	595,600	817,000	603,700
Total	$2,092,100	$2,092,000	$3,283,600	$10,511,900	$17,484,000
Other Data					
Budgeted FTE	15.0	18.0	14.0	18.0	21.0
Actual FTE	18.6	22.1	21.3	21.6	0.0

Table 75

LINE ITEMS – DEPARTMENT OF TECHNOLOGY SERVICES

CHIEF INFORMATION OFFICER

Function

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.

Statutory Authority

The following statutes govern the Chief Information Officer:

- UCA 63F-1-201 creates the CIO and assigns reporting requirements
- UCA 63F-1-202 creates a Technology Advisory Board from which the CIO can seek advice
- UCA 63F-1-203 and 204 require the CIO to develop and review information technology strategic plans
- UCA 63F-1-205 empowers the CIO to acquire information technology assets for state agencies only after thorough business needs assessments
- UCA 63F-1-206 gives the CIO rulemaking authority
- UCA 63F-1-207 directs the CIO to coordinate executive branch IT plans with those of other branches of state government
- 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

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8 of the Utah Code the Legislature intends that funds provided in this item, Item 50 of Chapter 1, Laws of Utah 2006, Item 48 of Chapter 366, Laws of Utah 2006, and Item 33 of Chapter 361, Laws of Utah 2006 for the Department of Technology Services - Chief Information Officer not lapse at the close of fiscal year 2007.*

Funding Detail

The following table shows the CIO's budget, as well as budget history for years prior to FY 2006 during which the CIO was part of the Governor's Office.

Budget History - Technology Services - Chief Information Officer

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	388,800	553,500	572,200	610,400	640,100
General Fund, One-time	153,700	2,600	400,000	1,400	0
Beginning Nonlapsing	182,500	192,100	185,000	262,000	0
Closing Nonlapsing	(192,100)	(185,000)	(262,000)	(81,400)	0
Total	$532,900	$563,200	$895,200	$792,400	$640,100
Categories of Expenditure					
Personal Services	436,200	461,400	463,800	506,500	511,800
In-State Travel	2,000	3,100	500	1,400	500
Out of State Travel	14,100	10,800	10,500	17,000	10,500
Current Expense	41,800	68,500	370,300	220,700	71,700
DP Current Expense	14,800	7,400	23,100	46,800	26,400
DP Capital Outlay	0	0	7,800	0	0
Other Charges/Pass Thru	24,000	12,000	19,200	0	19,200
Total	$532,900	$563,200	$895,200	$792,400	$640,100
Other Data					
Budgeted FTE	5.0	5.0	4.0	4.0	4.0
Actual FTE	4.1	4.6	4.3	4.0	0.0

Table 76

INTEGRATED TECHNOLOGY

Function

The division of Integrated Technology coordinates application development and project management for agencies and programs that share common needs. As opposed to the division of Enterprise Technology, which oversees the information technology that affects all state agencies, the division of Integrated Technology oversees the information technology that affects multiple, but not all, agencies.

The biggest component of the division is the Automated Geographic Reference Center (AGRC) which maintains and operates Utah's State Geographic Information Database (SGID). The AGRC works with state agencies to collect and retain geospatial data and assists agencies in culling information from that data using computer applications. 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 division of Integrated Technology:

UCA 63F-1-501 creates the division of Integrated Technology.

UCA 63F-1-504 specifies the duties of the division which include:

- Establish standards for the project management, application development, and procurement of information technology for executive branch agencies that share common stakeholders
- Provide oversight of information technology standards that impact multiple executive branch agency IT services in order to control costs, ensure business value, maximize resources, apply best practices, and avoid the duplication of resources
- Review agency IT plans for compliance with state information architecture and DTS policies and rules for projects that impact multiple agencies

UCA 63F-1-506 creates the AGRC as part of the division in order 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
- Assist the Leutenant 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 serves as the central reference for all information contained in any GIS database by any state agency and the standard 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 allow the AGRC access to all public data and requires the Tax Commission to annually submit 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

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

> *Under Section 63-38-8 of the Utah Code the Legislature intends that funds provided in this item, Item 51 of Chapter 1, Laws of Utah 2006, Item 49 of Chapter 366, Laws of Utah 2006, and Item 34 of Chapter 361, Laws of Utah 2006 for the Department of Technology Services - Integrated Technology Division - Automated Geographic Reference Center not lapse at the close of fiscal year 2007.*

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. In FY 2004, the Legislature changed the budget structure of the AGRC to receive direct appropriations instead of subsidies by internal service fund customers. Prior to FY 2006, the AGRC resided within the Department of Administrative Services (DAS).

In FY 2006 the AGRC became a part of the new Department of Technology Services, Integrated Technology Division. For comparison purposes, AGRC's historical budget is shown as FY 2004 and FY 2005 in the table below.

Budget History - Technology Services - Integrated Technology

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	371,500	387,200	726,800	816,000	1,519,700
General Fund, One-time	302,800	506,700	0	884,100	112,800
Federal Funds	552,200	495,500	440,400	1,070,000	700,000
Dedicated Credits Revenue	458,000	428,400	841,400	1,668,000	530,700
GFR - E-911 Emergency Services	0	250,000	250,000	290,000	300,000
State Debt Collection Fund	0	0	0	0	500,000
Beginning Nonlapsing	0	0	539,100	409,300	0
Beginning Nonlapsing - DHRM Flex Benef	0	0	0	0	10,200
Beginning Nonlapsing - Retirement	0	0	0	0	77,000
Closing Nonlapsing	0	(539,000)	(409,300)	(1,140,000)	0
Lapsing Balance	(125,300)	0	0	0	0
Total	$1,559,200	$1,528,800	$2,388,400	$3,997,400	$3,750,400
Programs					
Automated Geographic Reference Ctr.	1,559,200	1,528,800	2,388,400	3,997,400	3,100,400
Statewide Interoperable Communicat.	0	0	0	0	650,000
Total	$1,559,200	$1,528,800	$2,388,400	$3,997,400	$3,750,400
Categories of Expenditure					
Personal Services	817,700	893,200	1,105,400	1,305,000	1,301,600
In-State Travel	12,700	23,400	61,400	53,200	62,200
Out of State Travel	15,600	15,900	21,200	27,100	21,300
Current Expense	266,200	251,900	75,300	1,403,800	800,400
DP Current Expense	253,800	163,000	184,600	264,200	217,400
DP Capital Outlay	26,800	63,100	364,100	127,100	763,000
Other Charges/Pass Thru	166,400	118,300	576,400	817,000	584,500
Total	$1,559,200	$1,528,800	$2,388,400	$3,997,400	$3,750,400
Other Data					
Budgeted FTE	10.0	13.0	10.0	14.0	17.0
Actual FTE	14.5	17.6	17.1	17.5	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.

Restricted Funds Summary - Automated Geographic Reference Center

Fund/Account Name	Statutory Authority	Revenue Source	Prescribed Uses	FY 2007 Balance
Statewide Unified E-911 Emergency Service Fund	UCA 53-10-603	Telephone user fees	Enhance Public Safety; Statewide Wireless E911 Service	$2,018,900

Table 78

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.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1:

Under Section 63-38-8.1 of the Utah Code the Legislature intends that up to $1,400,000 provided in Item 43 of Chapter 367, Laws of Utah 2006 not lapse at the close of fiscal year 2007. The use of any nonlapsing funds is limited to the Arches Tax System Modernization project.

Under Section 63-38-8 of the Utah Code the Legislature intends that up to $120,000 from Dedicated Credits provided by this item for Digitization Initiatives not lapse at the close of fiscal year 2007.

Funding Detail

Table 79 below details the funding provided DTS for new technology acquisition. The $7 million General Fund appropriation in FY 2007 was for Tax System Modernization. $5.6 million of this money was spent in FY 2007 and the remaining $1.4 million will be used in FY 2008 to complete the project.

Budget History - ISF - Technology Services - Technology Acquisition Projects

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund, One-time	0	0	0	7,000,000	0
Dedicated Credits Revenue	0	0	0	122,100	11,693,500
Beginning Nonlapsing	0	0	0	0	1,400,000
Closing Nonlapsing	0	0	0	(1,400,000)	0
Total	$0	$0	$0	$5,722,100	$13,093,500
Programs					
Tax System Modernization	0	0	0	5,600,000	6,400,000
UDOT Maintenance Management System	0	0	0	122,100	0
Electronic Resource Eligibility Product	0	0	0	0	3,244,000
Digitization Initiatives	0	0	0	0	1,449,500
Medicaid Management Information System	0	0	0	0	2,000,000
Total	$0	$0	$0	$5,722,100	$13,093,500
Categories of Expenditure					
Personal Services	0	0	0	122,100	0
DP Current Expense	0	0	0	0	6,400,000
DP Capital Outlay	0	0	0	5,600,000	6,693,500
Total	$0	$0	$0	$5,722,100	$13,093,500

Table 79

CHAPTER 25 DEPARTMENT OF TECHNOLOGY SERVICES – OPERATIONS – ISF

Function

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 portion of DTS, the Internal Service Fund (ISF) portion.

Statutory Authority

The following statutes govern the Department of Technology Services Internal Service Fund:

- UCA 63F-1-103 creates the Department of Technology Services and gives DTS authority to operate as an internal service fund.
- 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.
- UCA 63-38, "Budgetary Procedures Act" defines internal service funds and sets guidelines for their operations.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2007 in S.B. 1 allowing DTS to carry-forward capital acquisition authority for certain capital projects.

> *The Legislature intends that, under the terms and conditions of Utah Code Annotated 63-38-8.2, $996,000 in capital outlay authority granted to the Department of Technology Services in Item 50 of Chapter 366, Laws of Utah 2006 not lapse at the close of fiscal year 2007. The Legislature intends that this authority only be used for the following projects: Network Convergence ($425,000), Data Archiving ($345,000), Information Life Cycle ($226,000).*

Funding Detail

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. The FY 2007 budget reflects the addition of all state agency IT employees to the former ITS budget. 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.

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.

Budget History - ISF - Technology Services - ISF - DTS Operations

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	0	0	50,784,300	124,132,500	160,901,500
Total	$0	$0	$50,784,300	$124,132,500	$160,901,500
Programs					
Agency Services Division	0	0	1,871,700	76,396,300	113,419,700
Enterprise Technology Division	0	0	48,912,600	47,736,200	47,481,800
Total	$0	$0	$50,784,300	$124,132,500	$160,901,500
Categories of Expenditure					
Personal Services	0	0	18,114,100	78,493,200	80,602,000
In-State Travel	0	0	55,000	102,700	159,000
Out of State Travel	0	0	59,800	173,700	340,300
Current Expense	0	0	15,815,500	17,895,800	26,953,900
DP Current Expense	0	0	9,404,100	24,485,900	46,179,500
DP Capital Outlay	0	0	0	0	1,766,100
Capital Outlay	0	0	0	0	6,444,600
Other Charges/Pass Thru	0	0	395,500	3,417,800	837,200
Depreciation	0	0	3,251,400	3,265,400	0
Total	$0	$0	$47,095,400	$127,834,500	$163,282,600
Profit/Loss	$0	$0	$3,688,900	($3,702,000)	($2,381,100)
Other Data					
Budgeted FTE	0.0	0.0	236.0	933.0	933.0
Actual FTE	0.0	0.0	232.8	839.6	0.0
Authorized Capital Outlay	$0	$0	$5,101,600	$4,583,500	$19,307,600
Retained Earnings	$0	$0	$10,855,800	$7,153,800	$6,933,600
Vehicles	0	0	23	29	23

Table 80

PROGRAMS – DTS INTERNAL SERVICE FUND

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 estimated 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.

Intent Language

During the 2007 General Session the Legislature adopted the following intent language for FY 2008 in S.B. 3 allowing DTS to adjust rates in order to cover the cost of compensation increases.

> *The Legislature intends that the Department of Technology Services adjust its rates for the Agency Services Division downward as allowed by law to match the compensation package provided in 'State Agency and Higher Education Compensation Amendments' 408 (S.B. 228, 2007 General Session) The Legislature further intends that the Department of Technology Services charge such adjusted rates to customer agencies to cover the cost of compensation increases in the Agency Services Division, and that customer agencies pay the rates using amounts appropriated for that purpose throughout Senate Bill 228.*

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

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	0	0	1,871,700	76,396,300	113,419,700
Total	$0	$0	$1,871,700	$76,396,300	$113,419,700
Categories of Expenditure					
Personal Services	0	0	0	57,189,800	59,631,800
In-State Travel	0	0	0	51,100	95,000
Out of State Travel	0	0	0	114,000	244,700
Current Expense	0	0	0	1,305,100	11,337,400
DP Current Expense	0	0	1,871,700	15,616,000	38,644,700
DP Capital Outlay	0	0	0	0	1,766,100
Capital Outlay	0	0	0	0	1,700,000
Other Charges/Pass Thru	0	0	0	2,590,100	0
Total	$0	$0	$1,871,700	$76,866,100	$113,419,700
Profit/Loss	$0	$0	$0	($469,800)	$0
Other Data					
Budgeted FTE	0.0	0.0	0.0	702.0	702.0
Actual FTE	0.0	0.0	0.0	608.8	0.0
Authorized Capital Outlay	$0	$0	$0	$0	$9,307,600
Retained Earnings	$0	$0	$0	($469,800)	$0
Vehicles	0	0	0	5	0

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.

The Division of Enterprise Technology Rates sets rates based on the cost of the products and services provided by the division. In so doing, the division attempts to leverage economies of scale while minimizing cost to customer agencies. Each year a rate committee composed of customer agencies reviews and approves these rates.

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.

Budget History - ISF - Technology Services - ISF - DTS Operations - Enterprise Technology Division

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
Dedicated Credits - Intragvt Rev	0	0	48,912,600	47,736,200	47,481,800
Total	$0	$0	$48,912,600	$47,736,200	$47,481,800
Categories of Expenditure					
Personal Services	0	0	18,114,100	21,303,400	20,970,200
In-State Travel	0	0	55,000	51,600	64,000
Out of State Travel	0	0	59,800	59,700	95,600
Current Expense	0	0	15,815,500	16,590,700	15,616,500
DP Current Expense	0	0	7,532,400	8,869,900	7,534,800
Capital Outlay	0	0	0	0	4,744,600
Other Charges/Pass Thru	0	0	395,500	827,700	837,200
Depreciation	0	0	3,251,400	3,265,400	0
Total	$0	$0	$45,223,700	$50,968,400	$49,862,900
Profit/Loss	$0	$0	$3,688,900	($3,232,200)	($2,381,100)
Other Data					
Budgeted FTE	0.0	0.0	236.0	231.0	231.0
Actual FTE	0.0	0.0	232.8	230.7	0.0
Authorized Capital Outlay	$0	$0	$5,101,600	$4,583,500	$10,000,000
Retained Earnings	$0	$0	$10,855,800	$7,623,600	$6,933,600
Vehicles	0	0	23	24	23

Table 82

CHAPTER 26 CAPITAL BUDGET

Function

The Capital Budget funds new construction, major remodeling, alterations, repairs, improvements, real estate, roofing and paving projects.

The Capital Budget is divided into three line items:

1. Capital Developments
2. Capital Improvements
3. Property Acquisition

Statutory Authority

UCA 63A-5-104 defines "Capital Developments" as either of the following:

- A remodeling, site, or utility project with a cost of $2,500,000 or more
- A new facility with a construction cost of $500,000 or more
- A purchase of real property where an appropriation is requested to fund the purchase

The same statute defines "Capital Improvements" as either of the following:

- A remodeling, alteration, replacement or repair project with a total cost of less than $2,500,000
- A site and utility improvement with a total cost less than $2,500,000
- New facility with a total construction cost of less than $500,000

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:

- A priority list of capital development projects
- Detailed information for each project recommended in the first two years of the plan
- A summary of Contingency Reserve and Project Reserve balances
- Information about state leased facilities
- The results of facility condition assessments including the cost of needed improvements

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

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

- The Building Board determines that a requesting higher education institution has provided adequate assurance that state funds will not be used for construction, O&M, or future capital improvements of the facility, and the new facility is consistent with the needs of the institution and the state

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

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

UCA 63A-5-104(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 2007 General Session the Legislature approved the following projects:

Legislatively Approved Capital Budget - 2007 Session

State Funded Projects	State Funds	G.O. Bonds	Other Funds	Anticipated Donations	Total	Bill(s)
Capital Improvements	$73,059,900				$73,059,900	H.B. 1
CPB State Capitol Renov/Parking	$50,000,000				$50,000,000	H.B. 150
Peace Officers Memorial	$500,000				$500,000	H.B. 150
Health Lab Module 1	$30,852,000				$30,852,000	H.B. 150
WSU Classrm/Chiller Plant	$22,950,000			$6,000,000	$28,950,000	H.B. 150
DPS/DMV Joint Bldg S SL County	$5,342,000				$5,342,000	H.B. 150
DATC Tech/Manuf Bldg	$14,240,000			$760,000	$15,000,000	H.B. 150
Snow Library/Classroom Bldg	$17,651,000			$3,300,000	$20,951,000	H.B. 150
Courts St. George Courthouse	$29,000,000				$29,000,000	H.B. 150
DPS/UDC/SLCC Train Ctr Design	$1,277,400				$1,277,400	H.B. 150
USU Ag Building Planning	$2,500,000				$2,500,000	H.B. 150
UU Nursing Bldg Renov/Expans	$13,500,000			$9,000,000	$22,500,000	H.B. 150
MATC N Utah Co Bldg Planning	$1,000,000				$1,000,000	H.B. 150
Subtotal Projects	**$261,872,300**	**$0**	**$0**	**$19,060,000**	**$280,932,300**	
State Funded Acquisitions						
CEU Dorms Payoff	$3,000,000		$154,500		$3,154,500	S.B. 1
DSC Aux Bldgs Rev Bond Payoff	$4,200,000				$4,200,000	S.B. 3
Heber Wells Bldg Parking Replace	$1,500,000				$1,500,000	S.B. 3
USU Uintah Basin Bond Payoff	$400,000				$400,000	S.B. 3
Capitol Bldg Wireless Tech	$342,000		$400,000		$742,000	H.B. 150
Subtotal Acquisitions	**$9,442,000**	**$0**	**$554,500**	**$0**	**$9,996,500**	
Total State Funded	**$271,314,300**	**$0**	**$554,500**	**$19,060,000**	**$290,928,800**	

Other Funded Projects	SBOA Bonds	USHE Bonds	Other Funds	Anticipated Donations	Total	Bill(s)
DABC Three Liquor Stores	$5,662,000				$5,662,000	H.B. 473
UCI Production Warehouse	$1,476,000				$1,476,000	H.B. 473
UU Student Life Center		$42,500,000			$42,500,000	H.B. 473
SUU Dormitories		$17,500,000			$17,500,000	H.B. 473
POST Building Improvements			$551,000		$551,000	H.B. 150
SWATC Land Purchase			$2,282,000		$2,282,000	H.B. 150
UDOT Panguitch Maint Shed			$2,000,000		$2,000,000	H.B. 150
SLCC Facilities/Parking Bldg			$2,500,000		$2,500,000	H.B. 473
WSU Lifelong Learning Bldg			$3,000,000	$5,000,000	$8,000,000	H.B. 473
DHS Building Sale			($11,000,000)		($11,000,000)	H.B. 473
DHS Bldg Rev Bond Payoff			$4,500,000		$4,500,000	H.B. 473
USDB Bldg Purchase/Improve			$6,500,000		$6,500,000	H.B. 473
USU Tooele County Bldg				$1,200,000	$1,200,000	H.B. 473
SEATC/CEU/LDS Property Exch					$0	H.B. 473
MATC/UTA/Lehi City Prop Exch					$0	H.B. 473
Total Other Funded	**$7,138,000**	**$60,000,000**	**$10,333,000**	**$6,200,000**	**$83,671,000**	

Appropriated Separately	State Funds	G.O. Bonds	Other Funds	Donations	Total	Bill(s)
DNR State Park Renovations	$2,225,000				$2,225,000	S.B. 3

Table 83

Funding Detail The table shown below includes all appropriations in the capital budget. It does not show bond revenue or other non-appropriated funds.

Budget History - Capital Budget

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	27,584,700	26,976,900	53,600,800	45,902,800	70,180,900
General Fund, One-time	(4,200,000)	51,540,000	(2,108,000)	67,828,800	88,813,600
Education Fund	17,000,000	17,000,000	40,258,800	47,018,500	32,879,000
Education Fund, One-time	0	52,073,500	6,534,200	51,833,200	76,441,000
Transportation Fund, One-time	0	0	1,457,000	1,200,000	2,000,000
Federal Funds	0	1,024,300	1,383,800	0	0
Dedicated Credits Revenue	4,200,000	0	0	0	0
GFR - Special Administrative Expense	0	2,801,000	0	0	0
GFR - Wildlife Resources Trust	0	250,000	0	0	0
Risk Management ISF	0	0	2,500,000	0	0
Capital Project Fund	0	0	0	0	1,233,000
Contingency Reserve Fund	0	0	919,000	0	2,000,000
Total	$44,584,700	$151,665,700	$104,545,600	$213,783,300	$273,547,500
Line Items					
Capital Development	6,070,000	101,289,000	45,659,000	139,892,000	192,105,600
Capital Improvements	38,514,700	43,976,900	58,661,600	62,921,300	73,059,900
Property Acquisition	0	6,399,800	225,000	10,970,000	8,382,000
Total	$44,584,700	$151,665,700	$104,545,600	$213,783,300	$273,547,500
Categories of Expenditure					
Other Charges/Pass Thru	44,584,700	151,665,700	104,545,600	213,783,300	273,547,500
Total	$44,584,700	$151,665,700	$104,545,600	$213,783,300	$273,547,500

Table 84

LINE ITEMS – CAPITAL BUDGET

STATE FUNDED CAPITAL DEVELOPMENT

Function

Capital developments include renovations or other projects costing $2,500,000 or more, new facilities costing $500,000 or more, or real property purchases needing an appropriation for financing. The purpose of this section is to provide information on proposed state funded capital developments. Non-state funded capital development proposals (also known as "other fund" projects) will be presented in the next section.

Funding Detail

The Legislature used $30 million in ongoing General Funds for capital development projects in the 2007 General Session. These funds will make up the ongoing base budget for the 2008 General Session. The state can also take advantage of one-time funds, bonds, donations and federal funds to pay for projects. A list of capital projects funded in this line item is provided in Table 85 under "Programs."

Budget History - Capital Budget - Capital Development

Sources of Finance	**2004 Actual**	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2008 Appropriated**
General Fund	1,870,000	0	18,489,200	10,791,200	30,000,000
General Fund, One-time	0	50,000,000	(2,108,000)	64,208,800	87,313,600
Education Fund	0	0	19,208,800	19,208,800	0
Education Fund, One-time	0	48,488,000	6,534,200	44,483,200	71,841,000
Transportation Fund, One-time	0	0	1,457,000	1,200,000	2,000,000
Federal Funds	0	0	1,383,800	0	0
Dedicated Credits Revenue	4,200,000	0	0	0	0
GFR - Special Administrative Expense	0	2,801,000	0	0	0
Capital Project Fund	0	0	0	0	951,000
Contingency Reserve Fund	0	0	694,000	0	0
Total	$6,070,000	$101,289,000	$45,659,000	$139,892,000	$192,105,600
Programs					
Capital Development Fund	6,070,000	2,801,000	0	0	0
CPB State Capitol Building	0	50,000,000	590,000	50,000,000	51,242,200
DSC Health Sciences Building	0	0	15,743,000	0	0
UU Marriott Library	0	48,023,000	0	0	0
DHS Developmental Center Housing	0	0	2,575,000	0	0
UDC Gunnison Inmate Housing	0	0	14,600,000	20,000,000	0
SUU Teacher Education Building	0	0	10,000,000	0	0
UDOT Vernal Maintenance Complex	0	0	1,457,000	0	0
DNR Fire Management Service Facility	0	0	694,000	0	0
Utah Museum of Fine Arts	0	465,000	0	0	0
POST Building	0	0	0	0	551,000
UVSC Digital Learning Center	0	0	0	46,750,000	0
Unified Health Lab	0	0	0	0	30,852,000
UBATC/USU Vernal Building	0	0	0	9,942,000	0
DNR Midway Fish Hatchery	0	0	0	5,000,000	0
USU Agriculture Campus	0	0	0	5,000,000	0
UDOT Clearfield Maintenance Complex	0	0	0	1,200,000	0
WSU Classroom Building/Chiller Plant	0	0	0	2,000,000	22,950,000
DPS/Tax Joint DL/DMV Building	0	0	0	0	5,342,000
DATC Technology/Manufacturing Buildin	0	0	0	0	14,240,000
Snow College Library/Classroom Building	0	0	0	0	17,651,000
Courts St. George Courthouse	0	0	0	0	29,000,000
UDOT Panguitch Maintenance Complex	0	0	0	0	2,000,000
SLCC Public Safety Training Center	0	0	0	0	1,277,400
USU Agriculture Building	0	0	0	0	2,500,000
UU Nursing Building	0	0	0	0	13,500,000
MATC N. Utah County Building	0	0	0	0	1,000,000
Total	$6,070,000	$101,289,000	$45,659,000	$139,892,000	$192,105,600
Categories of Expenditure					
Other Charges/Pass Thru	6,070,000	101,289,000	45,659,000	139,892,000	192,105,600
Total	$6,070,000	$101,289,000	$45,659,000	$139,892,000	$192,105,600

Table 85

Building Board prioritization of state funded requests

On October 18, 2007, 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.

Projects on the Building Board's priority list total $997,874,000, with $758,936,000 requested from state funds. Eight projects include projected "other" funds, primarily raised by higher education institutions. The first five projects on the priority list total $216,724,000 in requested state funding. More detail on each proposed project will be provided later.

2008 General Session Capital Development Prioritization
As ranked by Building Board, Board of Regents, and UCAT Board of Trustees

BB	BOR	UCAT	Agency/Inst	Description	Requested State Funds	Projected Other Funds	Total Cost
1			Multi-Agency	Salt Lake Government Office Bldg #1 (DHS)	$51,500,000		$51,500,000
2			Corrections	Gunnison Prison Expansion	77,340,000		77,340,000
3			Veterans Affairs	Ogden Nursing Home	19,568,000		19,568,000
4			DHS	State Hsptl: Demolish MS Bldg/Const New Bldg	51,510,000		51,510,000
5		1	UCAT	MATC: North Utah County Campus Building	16,806,000		16,806,000
6			UT Museum	New Museum Building	30,000,000	67,873,000	97,873,000
7	T1		USU	Agricultural Science/Agricultural Research Bldg	43,111,000	60,000,000	103,111,000
8		2	UCAT	OWATC: Health Technology Building	23,864,000	300,000	24,164,000
9			DFCM/Regents	150 - 200 Acres (Draper Prison) for Future Campus	0		0
10	T1		U of U	School of Business Replacement/Expansion	28,500,000	79,065,000	107,565,000
11	3		SLCC	Digital Design/Communication Technology Ctr	40,509,000	12,200,000	52,709,000
12	T4		UVSC	Science/Health Building Addition	52,486,000		52,486,000
13			Courts	Ogden Juvenile Court	29,071,000		29,071,000
14			Ntl Guard	Upgrades to Seven Armories	12,000,000		12,000,000
15			DNR	Southern Regional Office Expansion	4,558,000		4,558,000
16			DTS	Richfield Alternate Data Center Expansion	6,783,000		6,783,000
17	T6		CEU	Fine and Performing Arts Center Replacement	20,129,000		20,129,000
18			Multi-Agency	Richfield Regional Center	18,264,000		18,264,000
19	T4		SUU	Science Center Addition	17,000,000	3,000,000	20,000,000
20	T6		WSU	Davis Professional Programs Bldg/Central Plant	34,191,000	9,500,000	43,691,000
21		3	UCAT	SWATC: Health Science/Information Tech Bldg	11,936,000		11,936,000
22			DNR	Parks & Rec. Bear Lake Marina Expansion	12,000,000		12,000,000
23			DHS	Juvenile Justice: Weber County Detention Ctr	13,692,000		13,692,000
24			Agriculture	Unified Lab (Module #2)	23,225,000		23,225,000
25		1L	UCAT	DXATC: Land Purchase	1,825,000		1,825,000
26	9		Dixie	Centennial Commons Building	68,215,000	7,000,000	75,215,000
27			Board of Ed	Deaf/Blind Utah County School	10,245,000		10,245,000
28			Public Safety	Unified Lab (Module #3)	26,156,000		26,156,000
29			FairPark	Covered Arena and Seating	9,206,000		9,206,000
Not Ranked			Snow College	Richfield Bond Payoff	1,746,000		1,746,000
Not Ranked			CPB	Supplemental Funding to Remodel E/W Bldgs	3,500,000		3,500,000

Table 86

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.

FY 2009 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 Board of Regents' Qualification and Prioritization (Q&P) Process calculates current space inventory by type and compares current space to needed space based on space standards and projected enrollment. Qualification points are given according to how well the requested project fills the needed space. Prioritization points are given for life safety and alternative funding sources.

The Building Board's evaluation guide gives equal emphasis to life safety or other deficiencies in existing buildings, and the degree to which requested buildings address essential program growth and capacity requirements. Other points may be given for cost-effective solutions, program improvement, and alternative funding sources.

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 the 2008 General Session (FY 2009). 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.

USHE Capital Development Priorities				
Commissioner's Recommendation FY 2009				
Q&P Rank	Project	Q&P Points	State Funds	Cumulative State Funds
*	Snow College Richfield - Bond Payoff	n/a	$1,746,017	$1,746,017
1	UU School of Business	86	$28,500,000	$30,246,017
1	USU College of Agriculture Replacement/Classroom Building	86	$42,000,000	$72,246,017
3	SLCC Digital Design & Comm. Center/ South City Campus Student Life Center	83	$49,679,000	$121,925,017
4	SUU Science Building Addition	75	$17,000,000	$138,925,017
4	UVSC Science Building Addition	75	$47,645,000	$186,570,017
6	CEU Fine Arts Complex	69	$22,000,000	$208,570,017
6	WSU Professional Programs Classroom Building and Central Plant	69	$32,100,000	$240,670,017
8	UU Pharmacy Building	68	$39,600,000	$280,270,017
9	DSC Centennial Commons	64	$81,178,000	$361,448,017

* Not a ranked project

Table 87

FY 2009 UCAT Board of Trustees Priorities

Although UCAT is a higher education institution, UCA 53B-2a-104 allows the UCAT Board of Trustees to receive requests from each campus, ensure that the requests comply with stature, prioritize the requests, and submit them to the State Building Board (without going through the Board of Regents). The following table shows UCAT's FY 2009 requests as ranked by the trustees.

Utah College of Applied Technology 2008-2009 Capital Development Projects Ranking Priority				
Campus	Project Name	Preliminary Cost Estimate	Gross Square Footage	Rank
Mountainland	MATC - North Utah County Campus	$14,625,000	65,000	1
Ogden-Weber	Health Technology Building	$18,400,000	65,000	2
SWATC	Health Science and Technology Bldg	$5,000,000	20,000	3
Land Purchase				
DXATC	Land Purchase	$1,825,000	N/A	1

Table 88

History of State-Funded Capital Projects for Higher Education

Higher education facilities occupy two-thirds of all state space and, despite a recent temporary lull in enrollment growth, usually receive a large portion of capital development funding. Since FY 2003 appropriations for the Capitol Building restoration increased the percentage of funds going to non-higher education purposes.

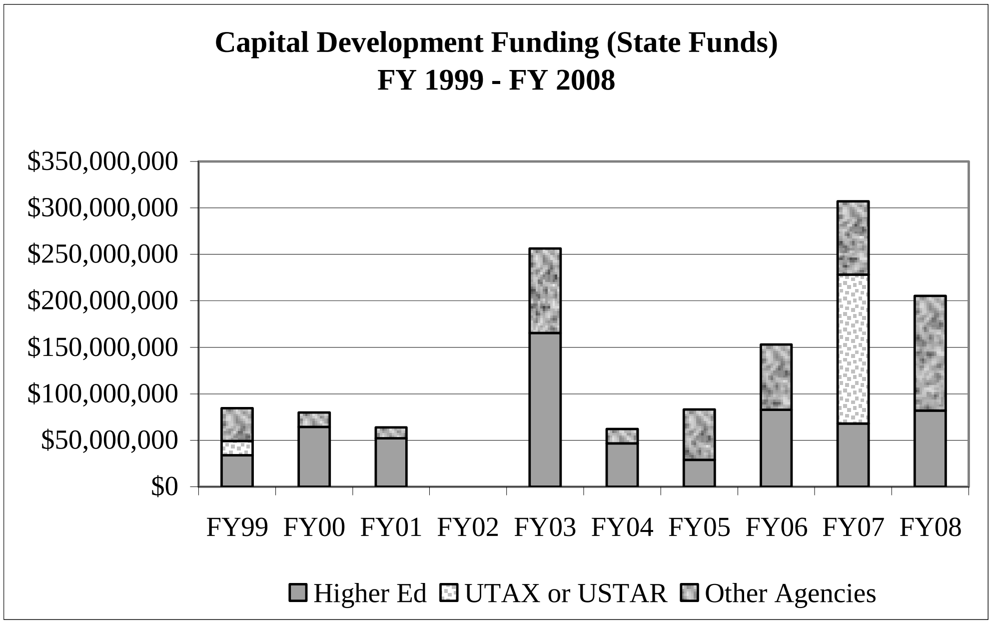


Figure 44

The following chart shows higher education's state funded capital developments since FY 1999.

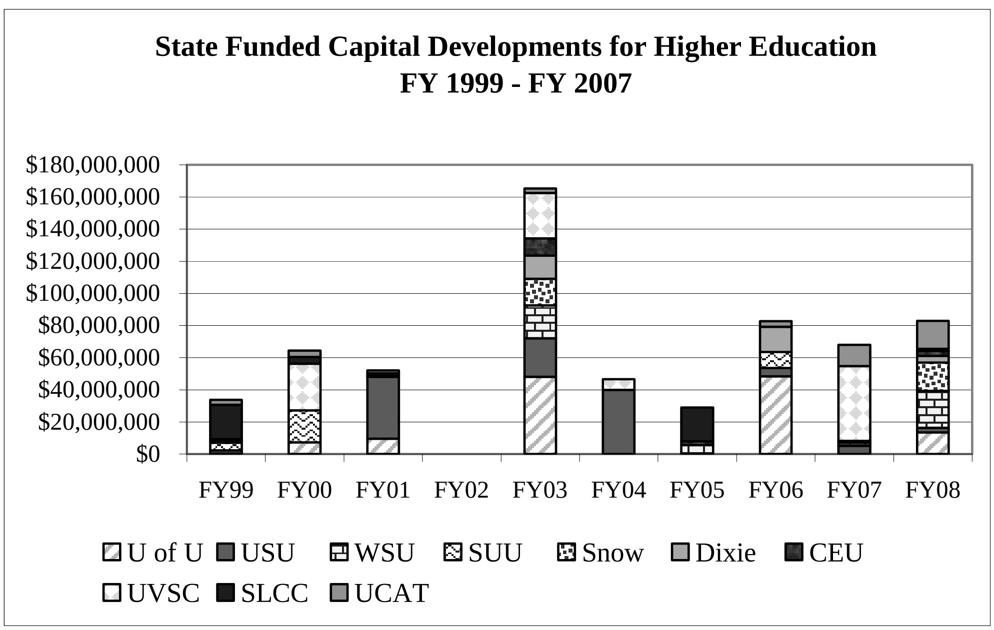


Figure 45

"OTHER"-FUNDED CAPITAL DEVELOPMENTS

Function

On October 18, 2007 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 revenue bond commitments (in some cases), operations costs, fuel and power costs, and assets to maintain while the state's current assets carry maintenance backlogs.

Utah State Building Board
FY 2009 Projects From Other Funding Sources

State Agencies	Project Name	"Other" Funds Cost Estimate
ABC	Cedar City Liquor Store Replacement	$ 4,451,000
ABC	Utah County North Liquor Store	$ 4,907,000
ABC	Washington County North Liquor Store	$ 4,801,000
ABC	Wasatch County Heber/Midway Liquor Store	$ 5,011,000
ABC	Utah County South Liquor Store	$ 4,557,000
Transportation	Hurricane DOT Station	$ 4,506,000
Transportation	Kamas DOT Station	$ 4,192,000
Corrections	Chill/Cook Draper Kitchen Upgrade	$ 20,765,000
University of Utah	Huntsman Cancer Hospital II-B	$ 110,413,000
University of Utah	Neuropsychiatric Institute Expansion	$ 45,862,000
University of Utah	NW Campus Parking Structure	$ 21,280,000
University of Utah	Arboretum Visitor Center Addition	$ 1,400,000
Utah State University	Structures Lab Enclosure	$ 350,000
Utah State University	Hydraulics Lab Addition to Water Lab	$ 1,595,000
Utah State University	Early Childhood Research Center	$ 15,828,000
Utah State University	Business Building Addition	$ 18,038,000
Utah State University	Vernal Entrepreneurship/Energy Research Center	$ 19,000,000

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 Government Operations 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 O&M on "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 earlier in this chapter 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.

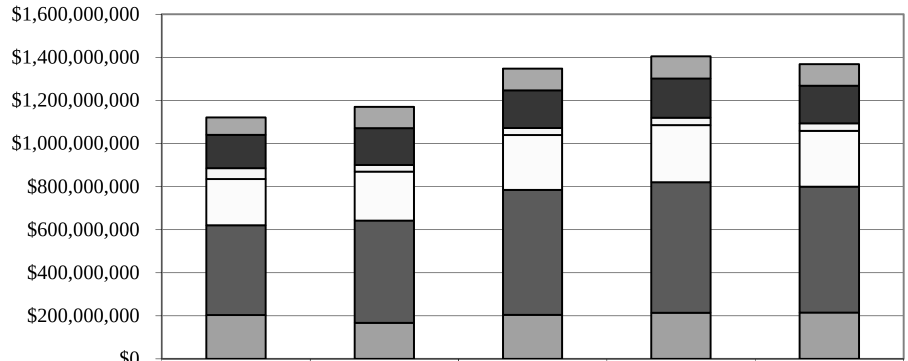
Capital improvements must be funded before any new capital development project can be approved. During the 2001 General Session the Legislature increased the minimum improvement funding formula from 0.9 percent to 1.1 percent of the value of all state buildings and increased funding to this line item by transferring 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.

As construction costs have escalated since FY 2005, so has the value of the state's buildings, which in turn has led to large funding increases to this line item. Please refer to Figure 46 for a graphic representation of this funding growth.

Maintenance Backlog

DFCM's Facility Condition Assessment Program has identified $250 million in "immediate" repair needs to buildings and infrastructure, and $1.3 billion in needs over the next ten years (not including the State Capitol). Even though funding for capital improvements will almost always climb to new highs each year due to inflation and new facilities coming on line, it alone cannot address all issues, since many facilities have significant problems that require more than the $2,500,000 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.

Facility Condition Assessment: Maintenance Backlog



	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008 To Date
Infrastructure Ten Yr Needs	$80,435,000	$99,194,000	$101,574,000	$103,118,000	$100,762,000
Infrastructure Five Yr Needs	$154,395,000	$169,960,000	$174,512,000	$181,078,000	$174,657,000
Infrastructure Immed Needs	$51,315,000	$31,932,000	$32,583,000	$34,798,000	$34,943,400
Buildings Ten Year Needs	$214,679,000	$227,514,000	$255,285,000	$265,160,000	$259,103,000
Buildings Five Year Needs	$416,486,000	$474,383,000	$579,654,000	$606,218,000	$584,723,000
Buildings Immediate Needs	$202,971,000	$167,164,000	$204,453,000	$213,760,000	$214,652,600

Figure 46

To date in FY 2008 slight progress has been made over FY 2007, with improvements or holding steady in each area. Not all items in the maintenance backlog are equally needed. Some items in the database are minor repairs or wear-and-tear related issues. The reasons for the large increase in FY 2006 were construction inflation and recently completed reassessments on several buildings (all buildings are reassessed on a five-year cycle).

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 2008 the Building Board approved $40.8 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.

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.

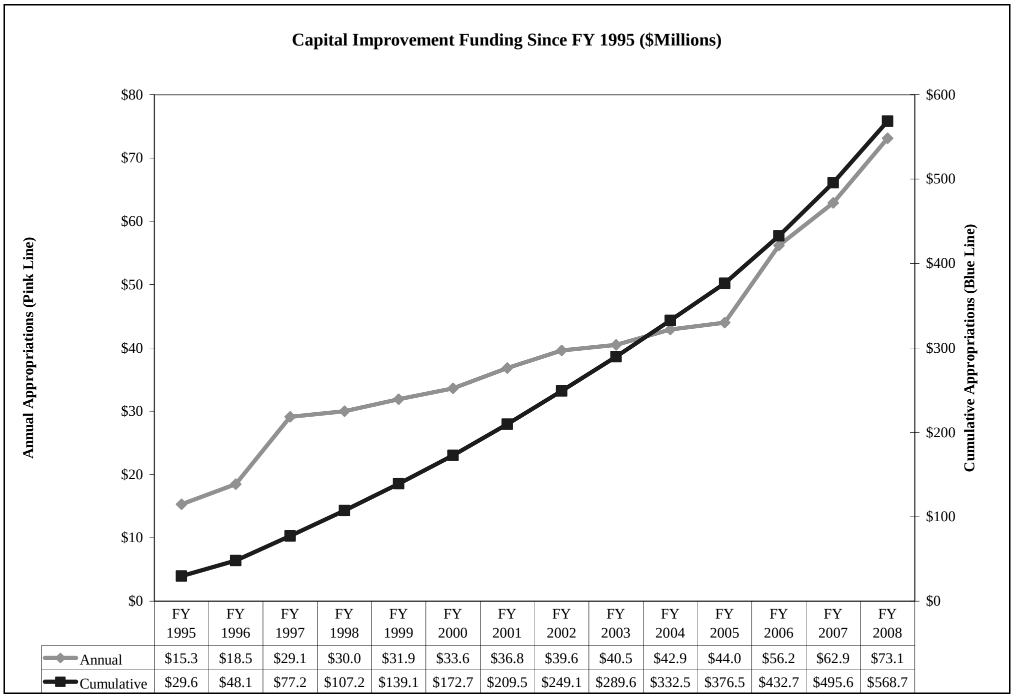


Figure 47

Funding for capital improvements saw dramatic growth in FY 1997 and again in FY 2006 through 2008. In FY 2006, for the first time, the Legislature funded this line item at 1.1 percent of the replacement value of state buildings. In fact, it funded 1.3 percent that year. Since then funding has remained at the 1.1 percent level each year.

Funding Detail

Budget History - Capital Budget - Capital Improvements

Sources of Finance	**2004 Actual**	**2005 Actual**	**2006 Actual**	**2007 Actual**	**2008 Appropriated**
General Fund	25,714,700	26,976,900	35,111,600	35,111,600	40,180,900
General Fund, One-time	(4,200,000)	0	0	0	0
Education Fund	17,000,000	17,000,000	21,050,000	27,809,700	32,879,000
Risk Management ISF	0	0	2,500,000	0	0
Total	$38,514,700	$43,976,900	$58,661,600	$62,921,300	$73,059,900
Programs					
Capital Improvements	38,514,700	43,976,900	58,661,600	62,921,300	73,059,900
Total	$38,514,700	$43,976,900	$58,661,600	$62,921,300	$73,059,900
Categories of Expenditure					
Other Charges/Pass Thru	38,514,700	43,976,900	58,661,600	62,921,300	73,059,900
Total	$38,514,700	$43,976,900	$58,661,600	$62,921,300	$73,059,900

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 2007 General Session the Legislature used $2 million from the Contingency Reserve Fund plus a reallocation of $282,000 from the Capital Project Fund to acquire land for the Southwest ATC in Cedar City. Education funds were used to pay off revenue bonds at USU-Vernal and Dixie State College. Finally, $1.5 million in General Funds were used to acquire new parking for employees in the Heber Wells Building.

Budget History - Capital Budget - Property Acquisition

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund, One-time	0	1,540,000	0	3,620,000	1,500,000
Education Fund, One-time	0	3,585,500	0	7,350,000	4,600,000
Federal Funds	0	1,024,300	0	0	0
GFR - Wildlife Resources Trust	0	250,000	0	0	0
Capital Project Fund	0	0	0	0	282,000
Contingency Reserve Fund	0	0	225,000	0	2,000,000
Total	$0	$6,399,800	$225,000	$10,970,000	$8,382,000
Programs					
Building/Land Purchases	0	2,814,300	0	0	0
BATC Bourns Building	0	3,585,500	0	0	0
Courts Provo Land Purchase	0	0	225,000	0	0
Courts St. George Land Purchase	0	0	0	3,620,000	0
MATC Northern Utah County Land Purcha	0	0	0	3,250,000	0
SWATC Land Purchase	0	0	0	0	2,282,000
CEU Dormitories	0	0	0	3,000,000	0
USU Uintah Basin Building	0	0	0	0	400,000
DSC Auxiliary Facilities	0	0	0	0	4,200,000
Heber Wells Building Parking	0	0	0	0	1,500,000
CEU Energy Training Center	0	0	0	1,100,000	0
Total	$0	$6,399,800	$225,000	$10,970,000	$8,382,000
Categories of Expenditure					
Other Charges/Pass Thru	0	6,399,800	225,000	10,970,000	8,382,000
Total	$0	$6,399,800	$225,000	$10,970,000	$8,382,000

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.

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.

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 $5,000,000 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.

Location of Latest Leasing Report

The most recent detailed state leasing information is available in the Building Board's 2007 Five Year Program, located on their Web Site at:

http://buildingboard.utah.gov/fy2007_5yrplan.pdf

CHAPTER 27 DEBT SERVICE

Function

Debt Service is made up of interest and principal due on the state's bonded indebtedness. The state uses long-term debt to finance large capital expenditures including new construction, major remodeling and highway projects. Dedicated revenue streams such as enterprise fund revenue or dedicated lease payments secure some bonds. Debt service on general obligation and revenue bonds is included in this appropriation.

Statutory Authority

Constitutional Debt Limit: 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.

Statutory Debt Limit: 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.

UCA 63B-1-201 creates the State Bonding Commission composed of the governor, state treasurer, and a third person appointed by the governor.

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.

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.

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.

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.

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 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, subsection (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

The decline in General Fund appropriations since FY 2005 is a result of two years without issuing general obligation bonds. This trend, however, will gradually reverse when the state begins to issue the $1.1 billion of general obligation bonds for highways authorized by the 2007 General Session. $69 million of these bonds were issued July 3, 2007 and will begin to impact the debt service line item in FY 2008.

Annual revenue bond debt service payments (dedicated credits) have remained consistent at approximately $30 million and will continue at this level for the next several years. FY 2005 is an exception when a University of Utah housing bond principal payment came due at $23 million.

Budget History - Debt Service

Sources of Finance	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Appropriated
General Fund	56,833,700	61,721,600	57,181,700	51,679,700	51,679,700
General Fund, One-time	1,530,600	0	2,698,000	0	0
Uniform School Fund	17,164,300	17,164,300	17,164,300	0	0
Uniform School Fund, One-time	0	1,682,400	0	0	0
Education Fund	0	0	0	17,164,300	17,164,300
Centennial Highway Fund	97,724,900	125,371,200	126,393,400	127,976,800	127,976,800
Centennial Highway Fund, One-time	1,796,800	0	0	0	0
Dedicated Credits Revenue	27,714,100	58,508,100	25,252,700	30,207,800	34,578,800
Dedicated Credits - GO Bonds	0	0	0	15,200	0
TFR - Public Transp. System Tax	2,220,700	2,190,300	7,204,400	7,204,400	6,950,000
Transfers	3,812,100	6,834,600	7,628,300	3,574,200	0
Beginning Nonlapsing	16,004,400	12,841,000	12,635,900	20,722,200	23,360,700
Closing Nonlapsing	(12,841,000)	(12,635,900)	(20,722,200)	(23,534,200)	(22,431,900)
Total	$211,960,600	$273,677,600	$235,436,500	$235,010,400	$239,278,400
Categories of Expenditure					
Current Expense	211,960,600	273,677,600	235,436,500	235,010,400	239,278,400
Total	$211,960,600	$273,677,600	$235,436,500	$235,010,400	$239,278,400

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, 2007.

Constitutional Debt Limits

	FY 2004	FY 2005	FY 2006	FY 2007
Fair Market Value	$176,540,976,000	$185,620,197,200	198,982,832,556	233,012,858,600
Constitutional Debt Limit	$2,648,115,000	$2,784,303,000	$2,984,742,000	$3,495,193,000
Outstanding Constitutional GO Debt	($1,588,810,000)	($1,587,804,000)	(1,436,845,100)	(1,284,023,200)
Additional Bonding Capacity	**$1,059,305,000**	**$1,196,499,000**	**$1,547,896,900**	**$2,211,169,800**

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 2004	FY 2005	FY 2006	FY 2007
Appropriations Limitation	$1,856,205,000	$1,956,584,000	$ 2,099,609,400	$ 2,276,693,000
Statutory Debt Limit	$835,292,000	$880,462,800	$944,824,200	$1,024,511,900
Outstanding Constitutional GO Debt	($1,588,810,000)	($1,587,804,000)	($1,436,845,100)	($1,284,023,200)
Exempt Transportation Bonds	$980,811,000	$957,092,800	877,979,000	790,567,100
Net Outstanding Debt	($607,999,000)	($630,711,200)	($558,866,100)	($493,456,100)
Additional Bonding Capacity	**$227,293,000**	**$249,751,600**	**$385,958,100**	**$531,055,800**

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. In FY 2007, the debt service for highway bonds increased by $5 million while the debt service for building bonds decreased by $10 million.

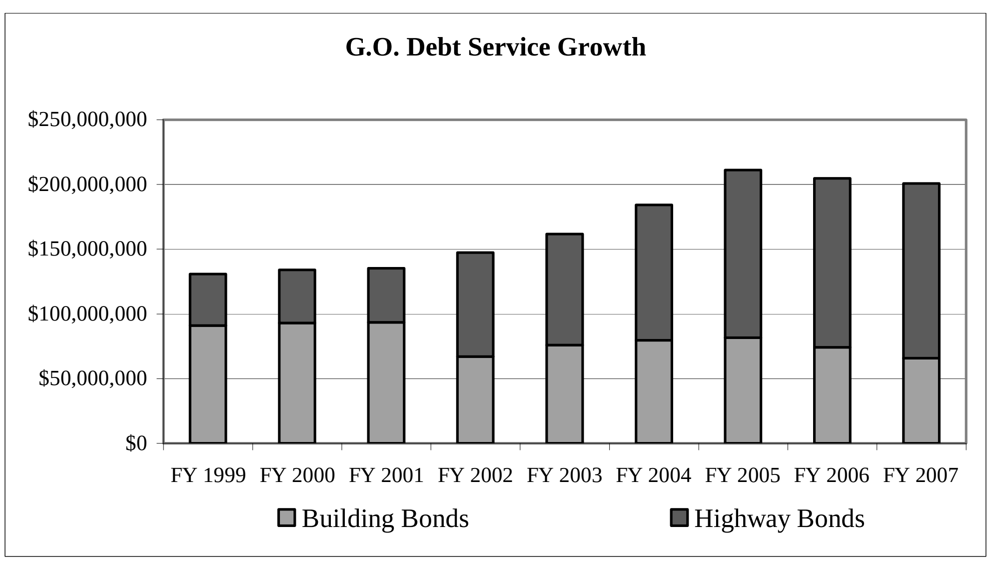


Figure 48

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

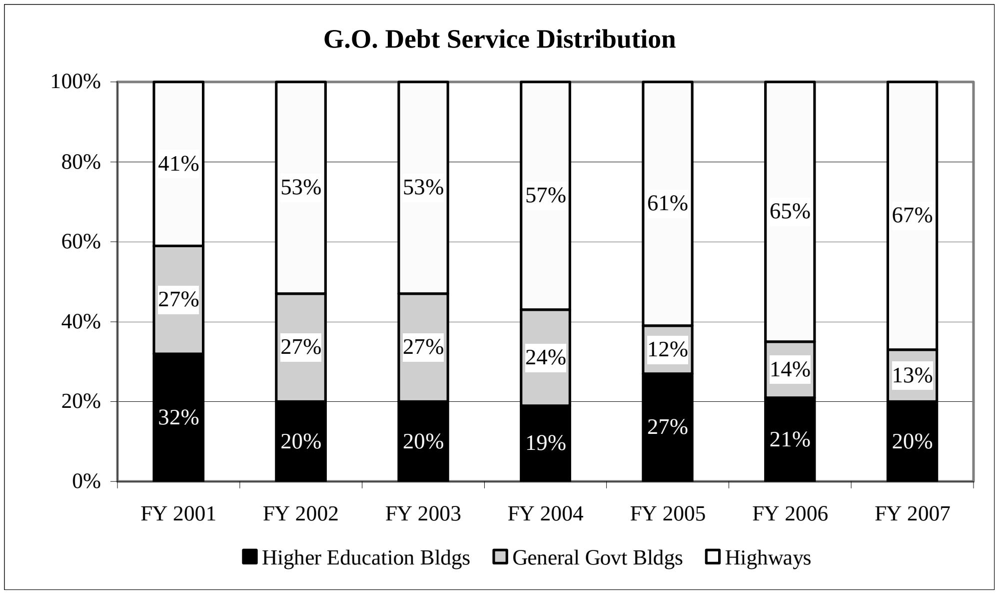


Figure 49

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

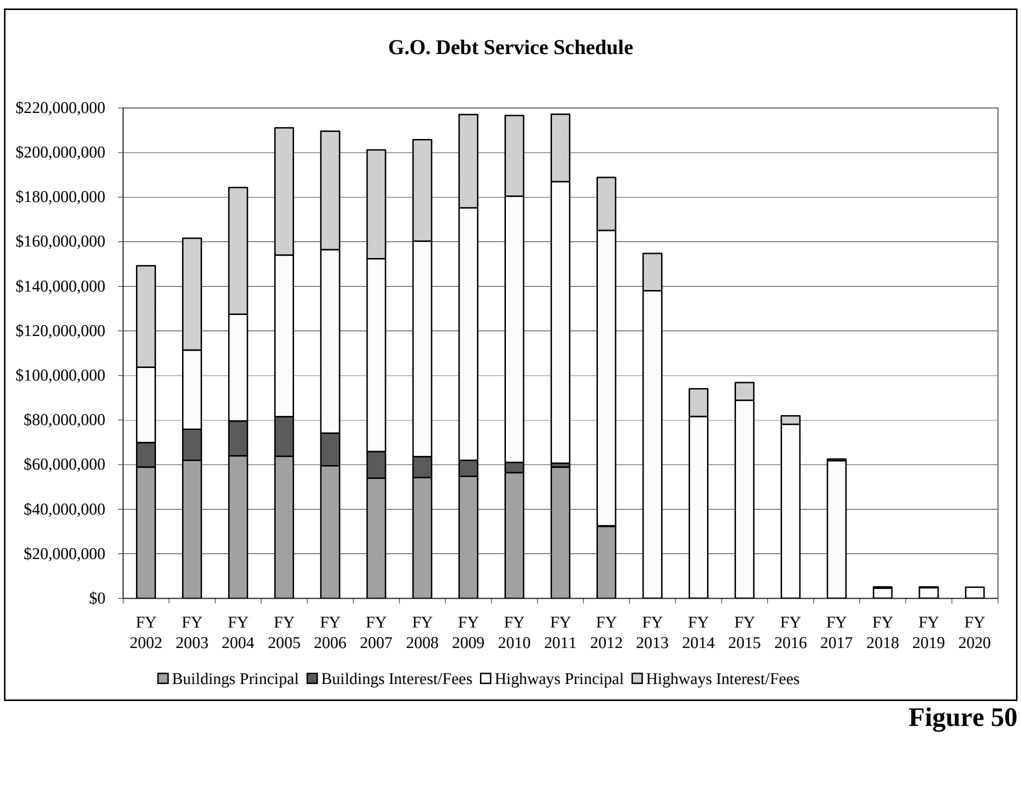
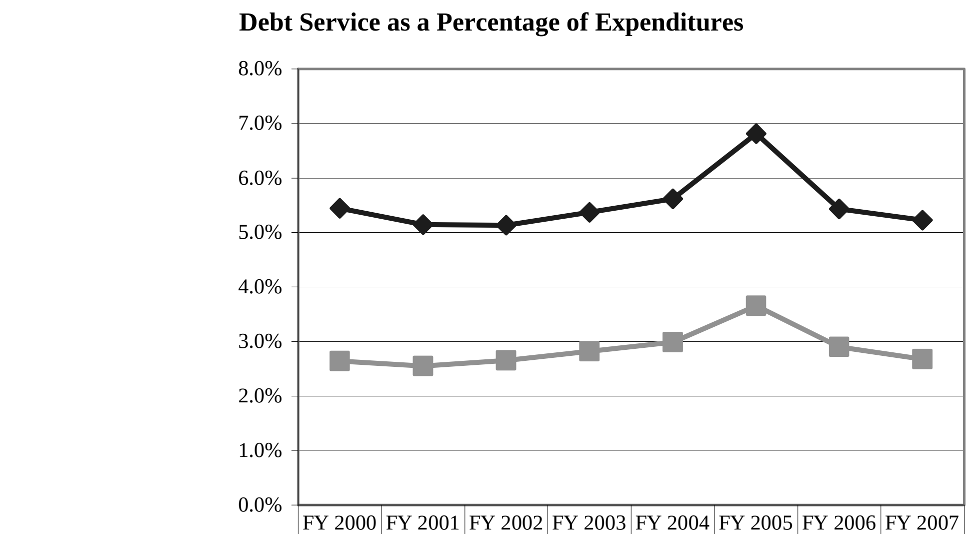


Figure 50

Utah has long been known as a very conservative state when it comes to bonding. After several years of increasing debt service payments as a percentage of General Fund expenditures, FY 2006 and FY 2007 saw a decline down to 5.2 percent. This is a result of reduced bonding and increased General Fund expenditures.



	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
% of GF Expenditures	5.4%	5.1%	5.1%	5.4%	5.6%	6.8%	5.4%	5.2%
% of Total Expenditures	2.6%	2.5%	2.7%	2.8%	3.0%	3.7%	2.9%	2.7%

Figure 51

To a large extent population growth drives state government expenditures including bonding. 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. Over the last ten years the state's population has grown by 25.4 percent while the state's per capita general obligation debt has actually decreased by 19.9. This is a result of paying cash for buildings and highways during the last few years instead of bonding. It should be noted that prior to FY 1998 the G.O. debt per capita hovered around $200. The large increase in per capita debt growth beginning in FY 1998 is due to the I-15 reconstruction project.

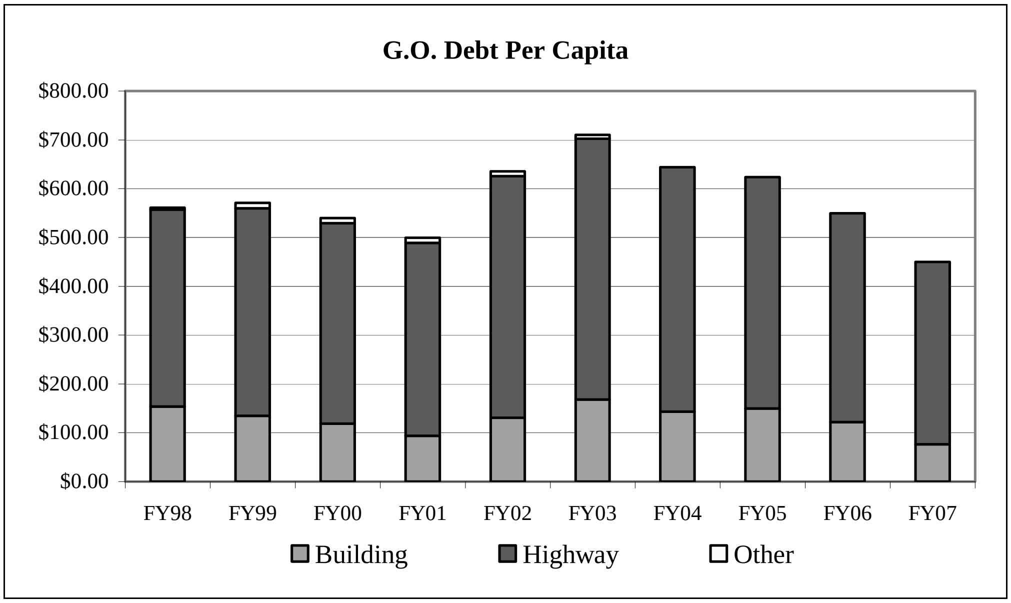


Figure 52

"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 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.

Utah is one of six states with highest bond rating

National rating agencies such as Moody's Investor Service, Fitch Ratings, or Standard and Poor's provide ratings of the credit-worthiness of all states. At this time only 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 near 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 2009 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 $73 million FY 2008 to repair and upgrade state facilities. Over the past five years the Legislature has 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 $791 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 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 2008 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. 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:

Personal Services — Includes employee compensation and benefits such as health insurance, retirement, and employer taxes.

Current Expenses — 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.

Data Processing Current Expense — Includes items such as small computer hardware and software, port charges, programming, training, supplies, etc.

Capital Outlays — Includes items that cost over $5,000 and have a useful life greater than one year.

Pass Through — 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:

Performance Measures — 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.

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.

Intent Language — 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.

Supplemental Appropriation — 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.

INDEX