

# Budget Brief – Governor’s Office & GOPB

EOCJ-GOV-01

## SUMMARY

The Governor is the executive officer of state government. His immediate offices encompass his personal, policy and administrative staff; the Lieutenant Governor’s office including elections administration; the Governor’s residence; state energy policy development; oversight of planning and budgets; and various special projects. The Governor’s budget also includes a small emergency fund, appropriations to address intergovernmental relations between Utah and the United States government, and funding for civic and character education.

## ISSUES AND RECOMMENDATIONS

### *Base Budget*

The base budget for the Governor’s Office in FY 2009 is \$9,728,200. This includes funding for four line items. They are:

- Governor’s/Lt. Governor’s Office (\$5,849,200)
- Character Education (\$50,000)
- Emergency Fund (\$100,000 non-lapsing balances only)
- Governor’s Office of Planning & Budget (\$3,828,900)

The Analyst recommends that the Legislature appropriate FY 2009 base budgets for the Governor’s Office, Character Education, Emergency Fund, and GOPB of \$9,726,100. Detail on the base budget can be found in the table on page 4 of this issue brief, or in Items 6-9 of the State Agency and Higher Education Base Budget Appropriations bill (S.B. 1, 2008 General Session).

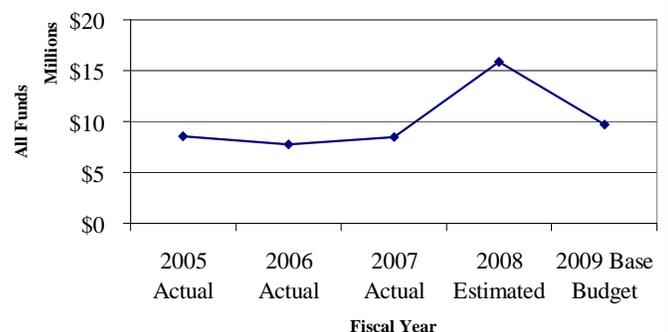
### *Governor’s Budget System*

Last General Session, the Legislature provided \$750,000 to the Governor’s Office of Planning and Budget to replace the Governor’s current budget development computer system. To date, GOPB has undertaken a high-level requirements documentation process at a cost of \$45,000. Next steps include mapping requirements to programming plans and then code writing. While GOPB intended to deliver this new system by summer of 2008, final implementation has been pushed to spring 2009.

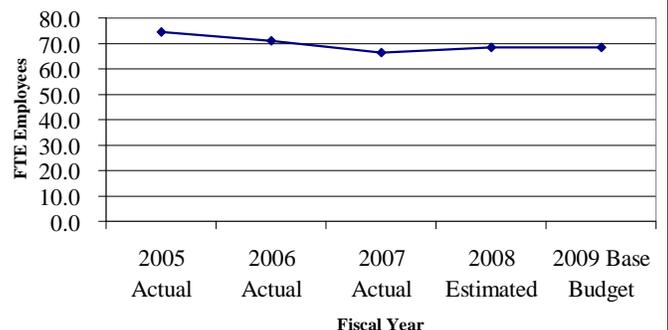
### *Western States’ Primary*

Appropriators provided \$2,500,000 one-time in the 2007 General Session for a Western States’ Presidential Primary. This is in addition to \$850,000 appropriated for the same purpose in the 2006 Session. The Primary is on track for February 5, 2008. Elections officials expect to spend the entire appropriation.

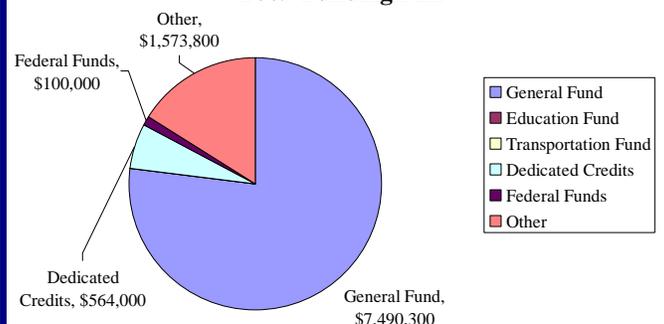
**Figure 1: Governor's Office & GOPB - Budget History**



**Figure 2: Governor's Office & GOPB - FTE History**



**Figure 3: Governor's Office & GOPB - FY 2009 Funding Mix**



***Citizens' Referendum 1 Statewide Election Cost***

The Office of the Lieutenant Governor administered a special statewide election on Citizens' State Referendum Number 1, November 6, 2007. The election was not anticipated nor was it funded in a previous session of the Legislature. The Lt. Governor requests \$2 million one-time from the General Fund to pay for publication and distribution of the Voter Information Pamphlet and local administrative costs. The Lieutenant Governor's Office has already incurred these costs. The Analyst recommends that the Executive Offices and Criminal Justice Appropriations Subcommittee place \$2 million on its one-time priorities list for this purpose.

***Voting System Maintenance Costs***

The Federal *Help America Vote Act of 2002* (HAVA) mandates voting system standards for states in order to facilitate efficient and accurate national elections. Utah state and local governments received federal grants plus about \$900,000 in state funds to procure electronic voting systems. These previously provided funds are sufficient through FY 2009. However, ongoing costs have not been covered by the Feds. As such, the Office of the Lieutenant Governor requests \$2,072,300 one-time to cover hardware maintenance costs between 2010 and 2015 and \$1,398,700 one-time for software licenses over the same period. The amount requested by the Lt. Governor is in addition to \$200,000 provided last year for this purpose and covers both state and local costs associated with electronic voting.

Note that the amount requested is one-time to cover six years of payments. The Legislature might consider instead providing ongoing appropriations at a lower amount (\$345,400 for hardware and \$233,100 for software) instead of an up-front lump sum. Further, these funds will not be required until December 2009 (fiscal year 2010). Appropriators may decide to postpone action on this appropriation until next General Session. Or, if they were to pursue the ongoing funding options, legislators might appropriate the amounts this General Session as ongoing in FY 2009 with a one-time offset in the first year, thus making the funding ongoing beginning in FY 2010.

***Quality Growth Planning Grants***

The Governor's Office requests \$300,000 ongoing and \$250,000 one-time from the General Fund to support planning grants to local governments. The funds will be used to build development planning capacity at the local government level. In fiscal years 2005 (\$150,000 GF) and 2006 (\$200,000 GF) the grants were awarded to sixteen local governments and were matched by local resources in the amounts of \$310,000 and \$728,000 respectively. The ultimate outcome of such grants is intended to be better local land use and zoning ordinances that facilitate growth and economic development while protecting critical lands and preventing problems that might arise from development of areas at risk of natural disaster. Of the amount requested, \$15,000 is for administration and \$535,000 for grants.

***Governor's Energy Advisor***

*Energy Policy Amendment* (H.B. 46, 2006 General Session) created the position of Energy Advisor to the Governor. The fiscal impact of the bill was a shift of resources from other areas of state government, primarily the Department of Natural Resources, into the Governor's Office. The resulting appropriation included \$87,900 from the General Fund and \$1.1 million from restricted Petroleum Violation Escrow (PVE) accounts. Currently, the Energy Advisor receives \$87,900 from the General Fund, \$1.2 million from PVE funds, and has \$561,000 in nonlapsing balances.

Petroleum Violation Escrow funds result from lawsuit settlements dating from the 1970s. From 1973 – 1981, during an oil embargo mounted by the Organization of Petroleum Exporting Countries (OPEC), the United States Government regulated petroleum prices in the United States. Several lawsuits charged that U.S. oil producers violated federal price controls, and many of those lawsuits resulted in settlements to states. Utah still has funds from one of those settlements – the Stripper Well Exemption Litigation. PVE proceeds, as well as interest, are required to benefit energy consumers and cannot supplant state funds already allocated for energy-related programs.

Of the \$1,195,400 in PVE funds appropriated to the Energy Advisor in FY 2007, \$266,900 paid for the Governor's staff. \$366,600 went to energy projects, including \$257,000 for the State Buildings Energy Efficiency Program (SBEEP). The balance, \$561,900, remained unspent and was carried-forward into FY 2008.

For FY 2009, the Governor's Energy Advisor requests \$300,000 from the General Fund to cover the cost of her staff and add two new employees. The Analyst recommends providing \$270,000 from the General Fund to cover personnel and administrative costs associated with the Governor's Energy Advisor and staff. The Analyst recommends reducing the Energy Advisor's PVE appropriation by the same amount. The appropriations language below shows how such a transaction would look in a supplemental appropriations act:

ITEM #	To Governor's Office	
	From General Fund	\$270,000
	From Oil Overcharge – Stripper Well Fund	(\$270,000)
	Schedule of Programs:	
	Governor's Energy Advisor	\$0

For FY 2009, the Governor's Energy Advisor will administratively transfer a projected \$364,200 in restricted PVE funds to the State Building Energy Efficiency Program. However, the Budgetary Procedures Act states that "Monies may not be transferred from one item of appropriation to any other item of appropriation" (UCA 63-38-3). As such, the Analyst recommends that the Legislature appropriate the \$364,200 directly to the SBEEP and reduce the Energy Advisor's budget by the same amount. An appropriation to do so could be included in a supplemental appropriations act, and it would look like this:

ITEM #	To Governor's Office	
	From Oil Overcharge – Stripper Well Fund	(\$364,200)
	Schedule of Programs:	
	Governor's Energy Advisor	(\$364,200)

ITEM #	To Department of Administrative Services – DFCM Administration	
	From Oil Overcharge – Stripper Well Fund	\$364,200
	From Dedicated Credits	(\$364,200)
	Schedule of Programs:	
	Energy Program	\$0

The Governor's budget proposes that the Legislature leave all of the above PVE funds (\$300,000 that currently goes for personnel and \$364,200 that currently funds SBEEP) in the Energy Advisor's budget, plus add another \$200,000. This is a net increase in project funding of \$864,200. The Energy Advisor's budget request states that increased funding will be used "for contract work to support implementation of recommendations from the Governor's Blue Ribbon Advisory Council."

### **LEGISLATIVE ACTION**

The following serves as a summary of actions that could be taken by the subcommittee should subcommittee members choose to adopt the Analyst's budget recommendations as contained in this brief:

1. Approve the base budget for the Governor's Office line item - \$5,849,200 from various sources (\$3,832,400 from the General Fund) as contained in S.B. 1, Item 6.
2. Approve the base budget for the Character Education line item - \$50,000 from the General Fund (S.B. 1, Item 7).

3. Approve the base budget for the Emergency Fund line item - \$100,000 from nonlapsing balances (S.B. 1, Item 8)
4. Approve the base budget for the Governor's Office of Planning and Budget line item - \$3,828,900 from various sources (\$3,607,900 from the General Fund) as contained in S.B. 1, Item 9.
5. Place on the subcommittee's one-time priorities list \$2 million from the General Fund to pay for special election costs associated with Citizens' State Referendum Number 1.
6. Place on the subcommittee's ongoing priorities list \$270,000 from the General Fund to replace one-time PVE funds for salaries and administrative costs in the office of the Governor's Energy Advisor.
7. Move to reduce appropriations from the General Fund Restricted – Stripper Well Settlement account to the Governor's Energy Advisor by \$270,000 contingent upon approval of funding in number 6, above.
8. Move to reduce appropriations from the General Fund Restricted – Stripper Well Settlement account to the Governor's Energy Advisor by \$338,900 and increase appropriations from the General Fund Restricted – Stripper Well Settlement account to the State Building Energy Efficiency Program by \$338,900.

**BUDGET DETAIL**

Governor's Office & GOPB						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	6,836,200	7,490,300	0	7,490,300	0	7,490,300
General Fund, One-time	956,800	3,481,300	0	3,481,300	(3,481,300)	0
Federal Funds	64,900	100,000	31,400	131,400	(31,400)	100,000
Dedicated Credits Revenue	633,300	540,400	34,600	575,000	(11,000)	564,000
Oil Overchg - Exxon	763,500	771,500	0	771,500	(771,500)	0
Oil Overchg - Stripper Well	431,900	436,500	0	436,500	771,500	1,208,000
Transfers - Within Agency	90,600	90,600	59,400	150,000	0	150,000
Beginning Nonlapsing	1,785,400	443,400	2,629,800	3,073,200	(2,757,400)	315,800
Closing Nonlapsing	(3,073,200)	(100,000)	(154,400)	(254,400)	154,400	(100,000)
<b>Total</b>	<b>\$8,489,400</b>	<b>\$13,254,000</b>	<b>\$2,600,800</b>	<b>\$15,854,800</b>	<b>(\$6,126,700)</b>	<b>\$9,728,100</b>
<b>Line Items</b>						
Governor's Office	4,773,000	8,301,100	1,929,000	10,230,100	(4,380,900)	5,849,200
Character Education	50,000	50,000	0	50,000	0	50,000
Governor's Office of Planning and Budget	3,666,400	4,902,900	671,800	5,574,700	(1,745,800)	3,828,900
<b>Total</b>	<b>\$8,489,400</b>	<b>\$13,254,000</b>	<b>\$2,600,800</b>	<b>\$15,854,800</b>	<b>(\$6,126,700)</b>	<b>\$9,728,100</b>
<b>Categories of Expenditure</b>						
Personal Services	5,193,500	5,778,800	203,400	5,982,200	0	5,982,200
In-State Travel	28,900	67,200	(28,000)	39,200	0	39,200
Out of State Travel	89,500	174,300	135,000	309,300	(1,000)	308,300
Current Expense	1,648,100	1,952,300	(154,300)	1,798,000	(367,400)	1,430,600
DP Current Expense	797,700	1,456,600	533,000	1,989,600	(1,135,300)	854,300
Other Charges/Pass Thru	731,700	3,824,800	1,911,700	5,736,500	(4,623,000)	1,113,500
<b>Total</b>	<b>\$8,489,400</b>	<b>\$13,254,000</b>	<b>\$2,600,800</b>	<b>\$15,854,800</b>	<b>(\$6,126,700)</b>	<b>\$9,728,100</b>
<b>Other Data</b>						
Budgeted FTE	66.4	68.3	0.0	68.3	0.0	68.3
Actual FTE	58.5	0.0	0.0	0.0	0.0	0.0
Vehicles	5.0	4.0	1.0	5.0	0.0	5.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

**Table 1**