



NATURAL RESOURCES, AGRICULTURE, & ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE, OVERVIEW

NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

The Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee considers and discusses budgetary issues related to Utah's natural resources, agriculture, and environment. These budget issues often provide the framework for policy decisions for best use and preservation of air, land, and water in Utah.

The subcommittee reviews and approves a budget for the following state agencies: Department of Agriculture, Department of Natural Resources, School and Institutional Trust Lands Administration, Department of Environmental Quality, Public Lands Policy Coordination Office, and Office of Energy Development.

The Budget Analysis Format

The budget analyses for the 2014 General Session consist of the following:

The Compendium of Budget Information (COBI) contains financial history, references to statutory authority, performance information, and staff budget analysis at the program level. The COBI for the subcommittee is available on the Legislature's webpage (http://le.utah.gov/lfa/reports/cobi2014/sctte_28_TOC.htm).

Issue Briefs are short documents that present information about a budget area, address issues, provide accountability measures, or discuss issues transcending line items.

Base Budget

The appropriations process this year includes a much greater emphasis on how agencies use their ongoing funding (the base budget). Appropriations subcommittees will spend the first five meetings reviewing their base budget bills, determining whether base budget funding or purposes should be adjusted.

As they review each funding item in the base budget bill, committee members are to evaluate each division's mission, goals, performance measures, historic funding, and expenditure trends. Subcommittees are encouraged to identify potential savings or internal offsets to address in the base budget bill or to explore in later subcommittee meetings. By February 3, 2014, the subcommittee is to endorse, amend, or substitute the base budget bill.

The passage of a base budget bill is only the first of several budget bills each legislative session. The base budget will be further adjusted during the course of the General Session through supplemental appropriation bills.

Adoption of Fees

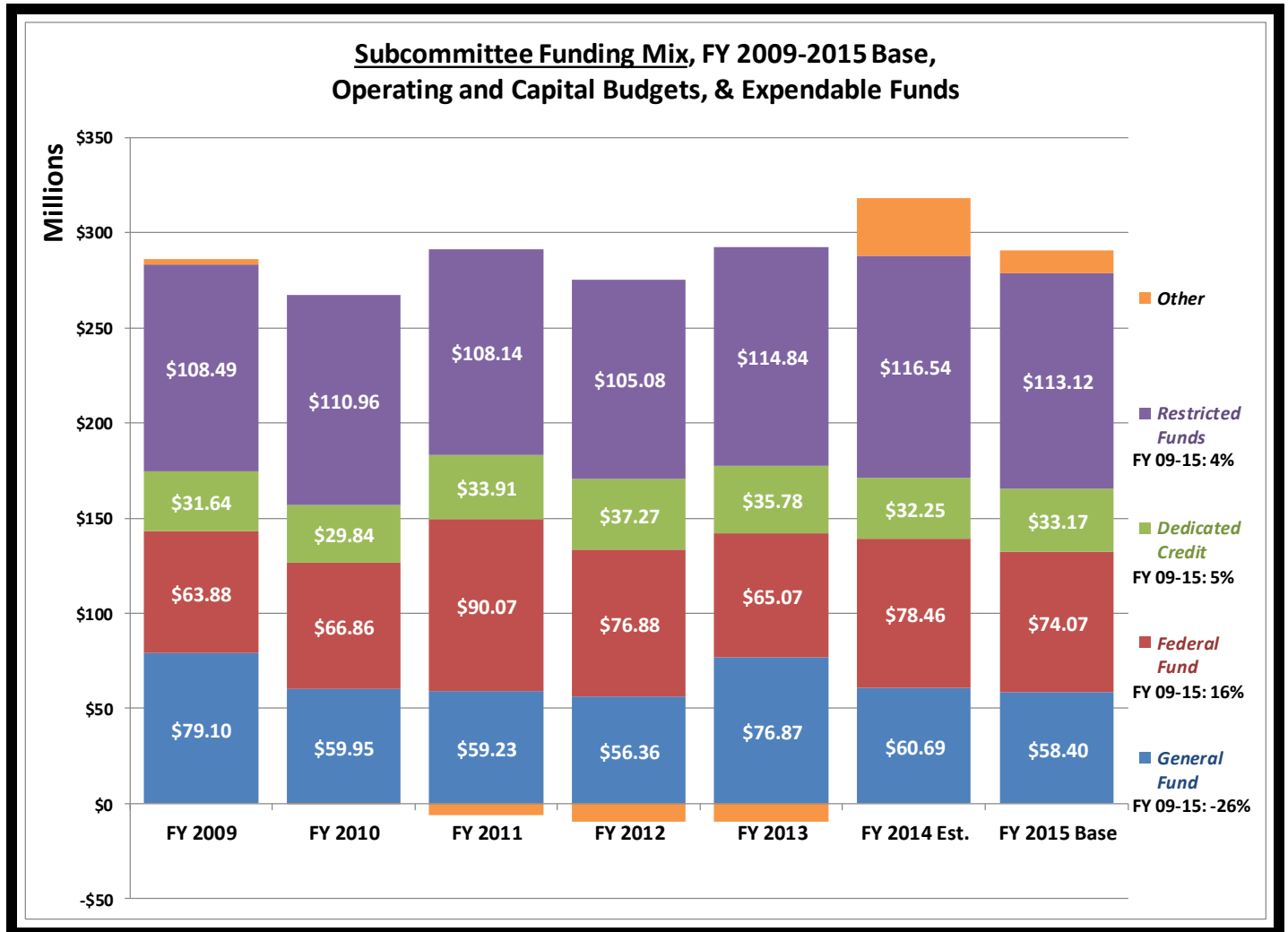
All fees, including proposed fee changes, will be presented for approval by the subcommittee first, then by EAC, and finally by the Legislature as a whole.

Intent Language

An issue brief summarizing all the proposed intent language will be provided to the subcommittee.

Major Funding Sources for the Subcommittee

The figure titled “Subcommittee Funding Mix, FY 2009-2015 Base, Operating and Capital Budgets, & Expendable Funds” below presents the major funding sources for the agencies in this subcommittee. On average, during the last seven years, the largest funding category for the subcommittee has been restricted funds, 39% of the total funding. The next largest have been federal funds, 25%, and the General Fund, 23%. The average Dedicated Credits for this period comprised 12% of the total budget. Please refer to the Glossary of Terms at the end of this brief for definitions of the different funding types.



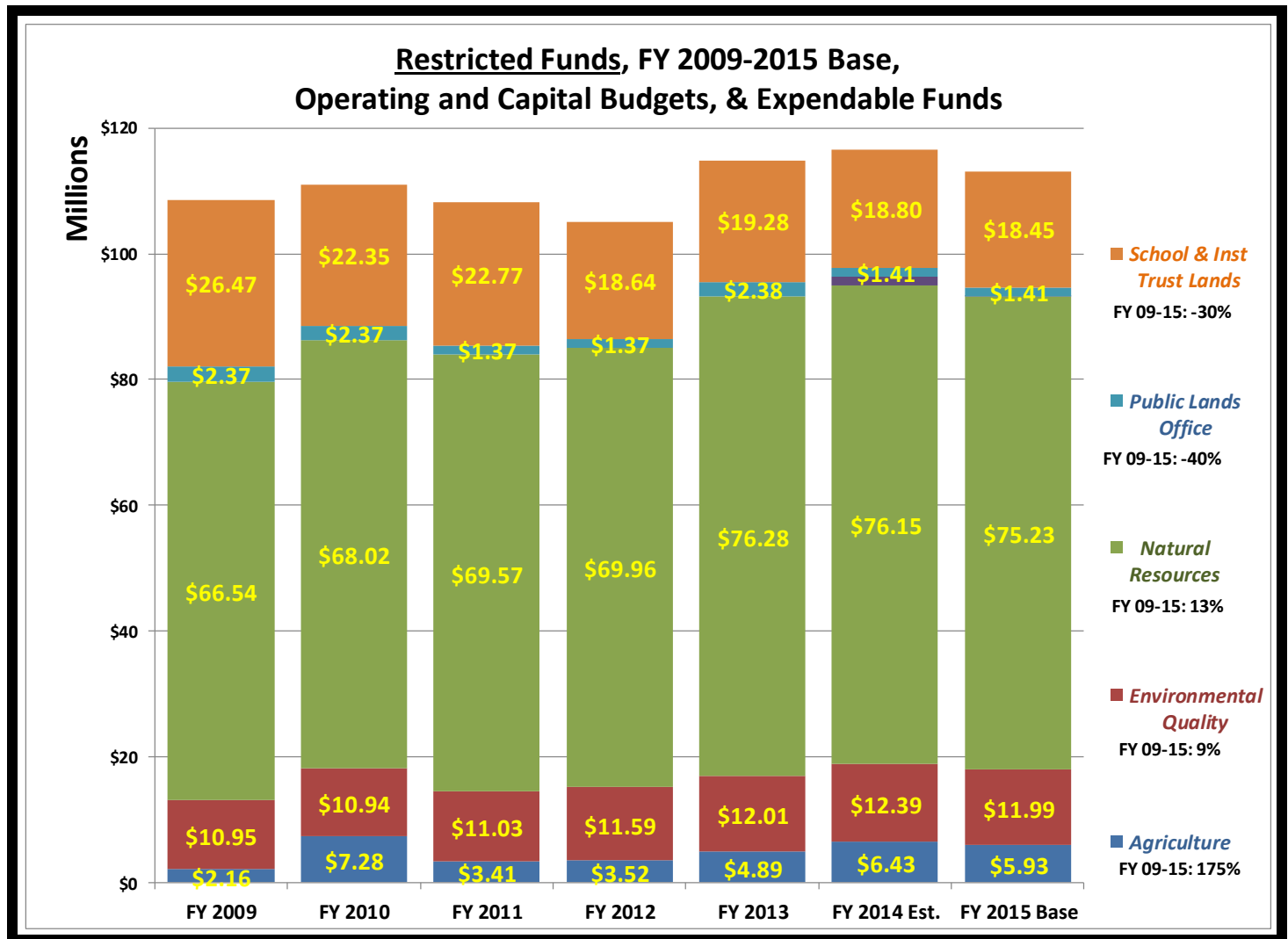
The funding type with the largest increase in the last seven year has been federal funds, \$10.1 million (16%), followed by Dedicated Credits, \$1.5 million (5%) and restricted funds, \$4.6 million (4%). The General Fund for the agencies in this subcommittee was decreased by 26% for that period.

Restricted Funds

The largest category in the subcommittee’s funding mix is restricted funds, comprising 39% of the total in FY 2015 Base. These revenues are generated from over 40 different restricted accounts (for details, please refer to the Compendium of Budget Information: http://le.utah.gov/lfa/reports/cobi2014/sctte_28.htm).

The revenues in these accounts are usually generated from fees, approved by the Legislature on an annual basis through the regular budget process. The usage of these funds is prescribed in statute, and the money has to be appropriated by the Legislature in order to be expended by the agencies.

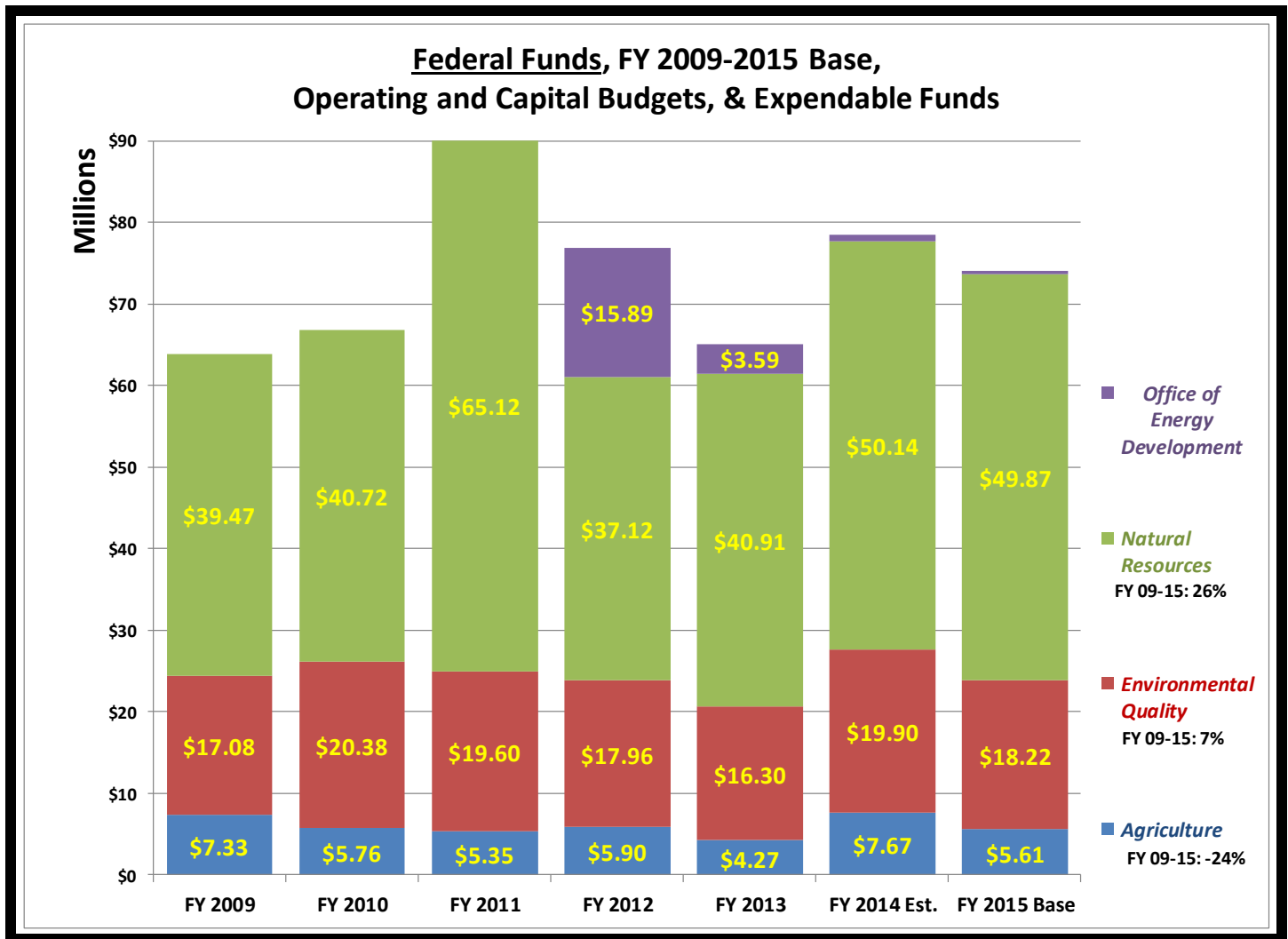
The usage of restricted funds in the subcommittee has increased between FY 2009 and FY 2015 Base by \$4.6 million or 4%. In many instances, restricted funds were used to fill the gap from the General Fund reductions. The restricted funds expenditures by agency in the last seven years are shown in the figure below.



Federal Funds

The second largest funding source in FY 2015 Base for the subcommittee is federal funds, 26% of the total. This category includes various grants from federal agencies, as well as Federal Mineral Lease and American Recovery and Reinvestment Act (ARRA) funds.

The use of federal funding in the operating and capital budget of the agencies in the subcommittee has increased between FY 2009 and FY 2015 Base by \$10.1 million or 16%. The federal fund budgets in the last seven years are presented in the following figure.

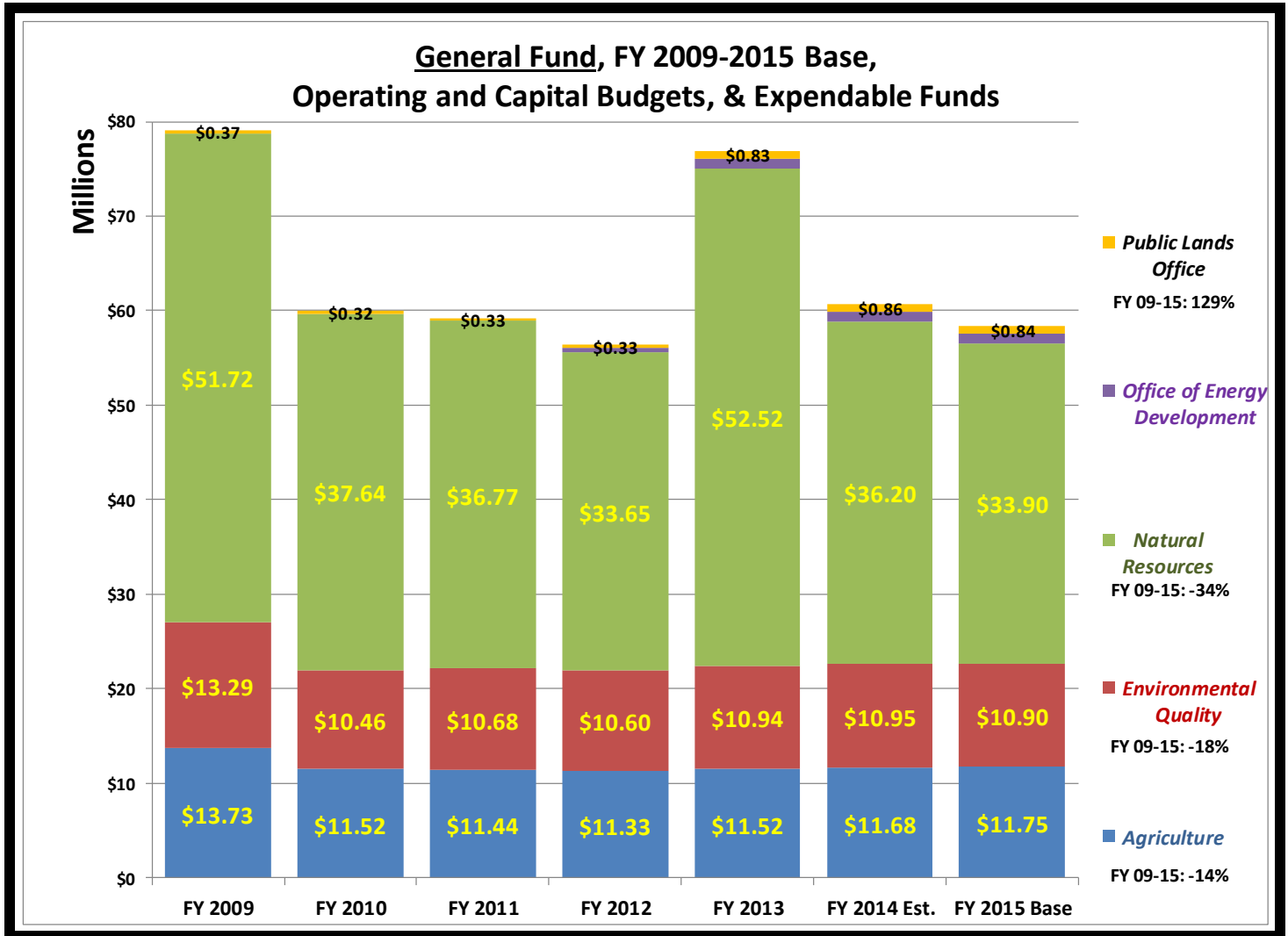


Considering the likelihood of reductions in many of the federal funding sources, it is important for agencies and programs that are currently relying on federal funds to have contingencies in place. UCA 63J-1-219 requires state agencies to report annually their plans to the Legislature. The latest report was issued on November 30, 2013 to the Executive Appropriations Committee (http://finance.utah.gov/reporting/documents/2013_Federal_Receipts_Reporting.pdf). However, the report does not seem to address specific plans of operation in the event of reduction in federal funding but rather only identifies the potential impacts of such reductions.

General Fund

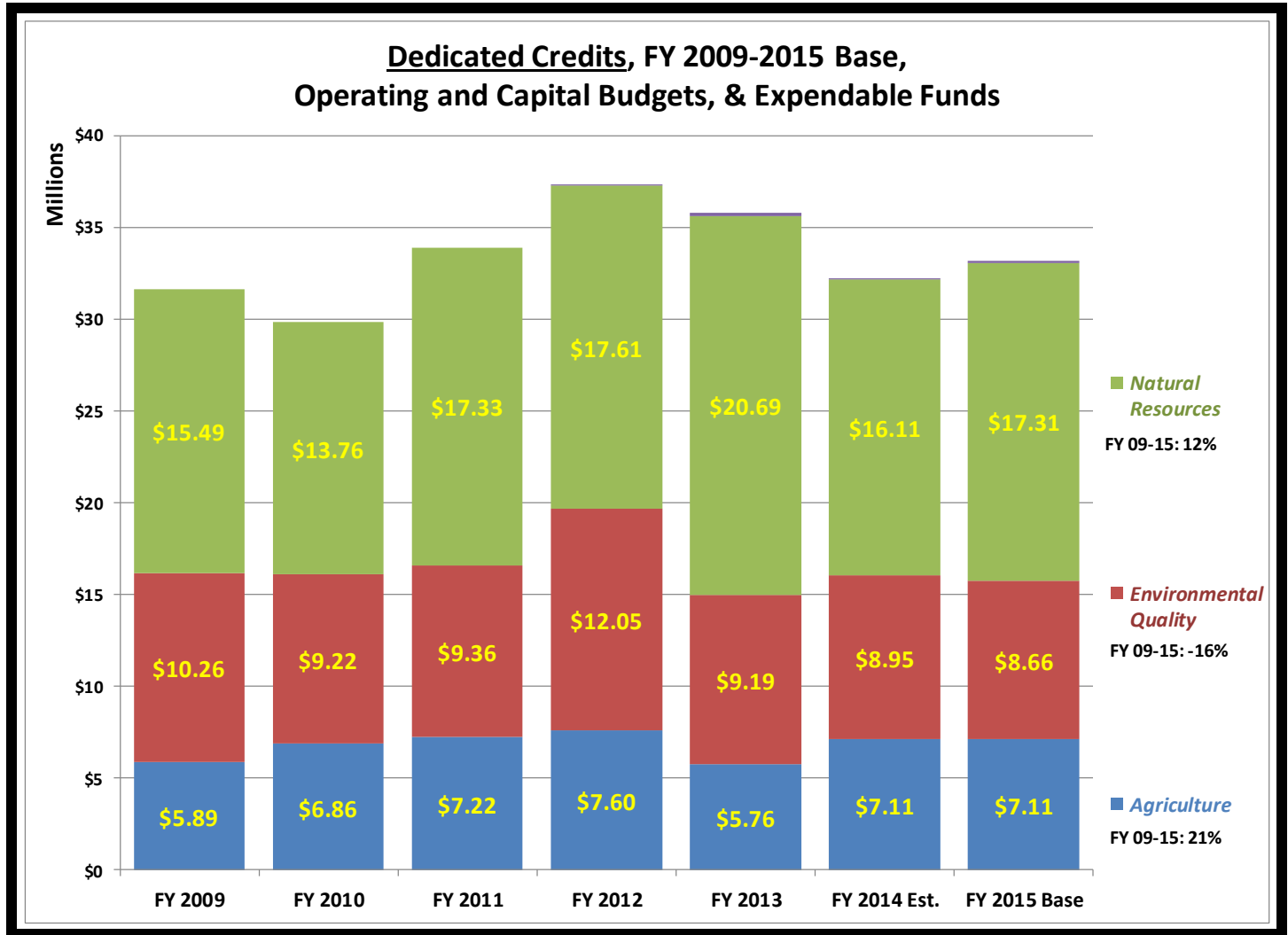
As a result of budget reductions, the General Fund appropriation to the operating and capital budgets of the agencies in this subcommittee between FY 2009 and FY 2015 Base was reduced by \$20.1 million or 26%. In FY 2015 Base, the General Fund comprises 23% of the subcommittee’s total funding, compared to a high of 28% in FY 2008. As mentioned earlier, in many instances the General Fund reductions were replaced with appropriations from restricted funds, minimizing the negative impact on the particular entities.

The figure below presents the General Fund budgets between FY 2009 and FY 2015 Base by agency.



Dedicated Credits

Dedicated Credit revenues are generated mainly from fees for service provided by the agencies. This type of funding comprises 11% of the total subcommittee funding mix in FY 2015 Base, and it has increased by \$1.5 million or 4% in the last seven years. The figure below shows the Dedicated Credit revenues appropriated in the last seven years by agency.



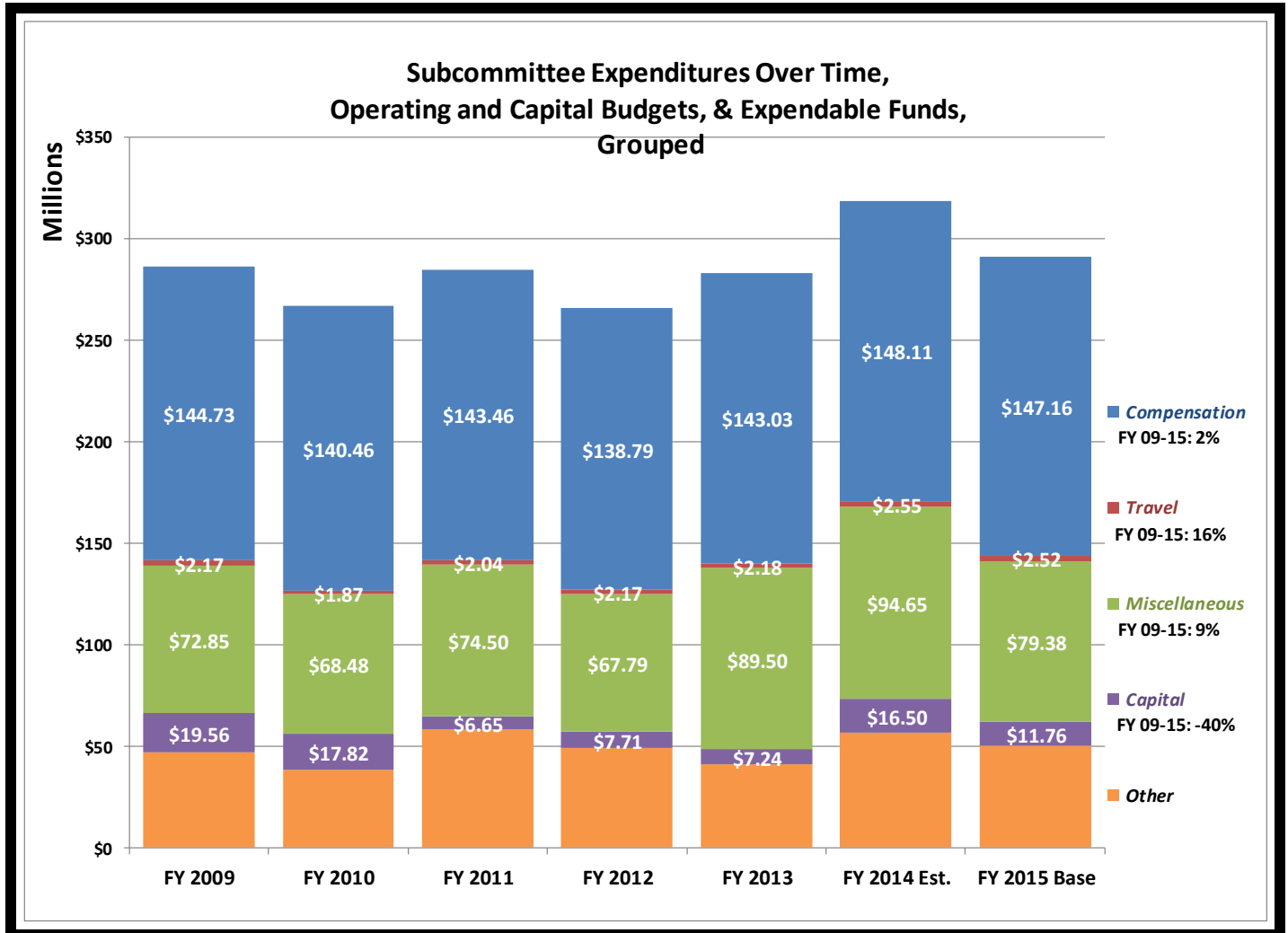
Fund Balances of the Restricted Accounts at the End of FY 2013

The table titled “Restricted Accounts Fund Balances, FY 2013” below represents the FY 2013 year-end-balances for the major restricted accounts appropriated in this subcommittee. The table also has references for the statutory authority, the revenue sources, and the prescribed uses of the funds. The last column shows how much each fund balance has increased or decreased from the previous year.

| Restricted Accounts Fund Balances, FY 2013 | | | | | | |
|---|--|--|--|--|------------------------|------------------------|
| Agency | Account Name | Statutory Authority | Revenue Sources | Prescribed Uses | FY 2013 Balance | FY 12-13 Change |
| Forestry & Fire | Sovereign Land Management Account | UCA 65A-5-1 | Revenue derived from sovereign lands | Division expenses relating directly to management of state lands | \$24,258,064 | \$4,744,764 |
| Wildlife | Wildlife Resources Account | UCA 23-14-13 | fee revenues | Administration of Wildlife Resources | \$10,613,536 | (\$431,064) |
| Parks | State Park Fees Restricted Account | UCA 79-4-402 | Entrance, camping & golf fees; Sales of buffalo | Division | \$10,050,023 | \$2,496,223 |
| DEQ | Radioactive Waste Perpetual Care & Maintenance Account | UCA 19-3-106 | annual fees, interest | perpetual care & maintenance of commercial radioactive waste facilities | \$4,909,715 | \$431,015 |
| Parks | Off Highway Vehicle Account | UCA 41-22-19; Fuel tax (UCA 59-13-201 (8)) | OHV registration fees Fuel tax | Construction or maintenance of public OHV facilities; Mitigation of OHV use; As grants for public OHV facilities; OHV education; | \$4,685,497 | (\$1,090,403) |
| DEQ | Environmental Quality Restricted Account | UCA 19-1-108 | radioactive waste fees, hazardous waste fees, PCB waste fees, solid waste fees, generator site access permits, uranium recovery, waste facility fees | radiation control programs, solid & hazardous waste programs | \$2,841,980 | \$24,280 |
| Wildlife | Wildlife Resource Trust Account | UCA 23-19-17.7 | lifetime licenses fee revenues | enhancement of wildlife | \$1,905,300 | (\$600) |
| Parks | Boating Account | UCA 73-18-22; Fuel tax (UCA 59-13-201 (6)) | Motorboat and sailboat registration fees; fuel tax | construction or maintenance of public boating facilities; Boater education; Division admin and enforcing boating laws. | \$1,764,493 | (\$337,807) |
| DNR Admin | Species Protection Account | UCA 79-2-303 | brine shrimp tax, brine shrimp royalties | for studies; wetlands mitigation projects; Reclamation Mitigation and Conservation Account; Tax Commission. | \$1,317,091 | \$283,991 |
| Wildlife | Wildlife Habitat Account | UCA 23-19-43 | fee revenues | wetlands; nonprofit conservation organizations; upland game projects | \$1,128,384 | \$203,684 |
| DEQ | Used Oil Collection Administration Account | UCA 19-6-719 | recycling fee, permits, penalties, grants & donations | recycling incentive payments, public education programs, grants, local health departments | \$997,030 | \$151,530 |
| Agriculture | Utah Livestock Brand and Anti-theft Fund | UCA 4-24-24 | fee revenues | for livestock brand and anti-theft and domesticate elk | \$313,480 | (\$176,520) |
| Agriculture | Agricultural and Wildlife Damage Prevention Account | UCA 4-23-7.5 | fee revenues and contributions | by the department | \$160,681 | \$60,281 |

Agencies Expenditures

The figure titled “Subcommittee Expenditures Over Time, Operating and Capital Budgets, & Expendable Funds, Grouped” below provides summary data on the subcommittee expenditures over the last seven years.



For simplicity, the expenditure data is grouped in the following categories:

- Compensation: Personal Services
- Travel: In-state and Out-of-state Travel
- Miscellaneous: Current Expense and DP Current Expense
- Capital: DP Capital Outlay and Capital Outlay
- Other: Other Charges/Pass-Thru, Cost Accounts, and Trust & Agency Disbursements

Please refer to the Glossary of Terms at the end of this brief for definitions of the different expenditure types. The data with the detailed expenditure categories is provided in the table on the following page.

| Subcommittee Expenditures Over Time, Operating and Capital Budgets | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Expenditure Category | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 Est. | FY 2015 Base | Change FY 2009-2015 |
| Personnel Services | 144,728,200 | 140,461,400 | 143,455,400 | 138,788,300 | 143,029,200 | 148,108,100 | 147,161,200 | 2% 2,433,000 |
| In-state Travel | 1,447,100 | 1,305,500 | 1,317,900 | 1,385,500 | 1,359,800 | 1,585,900 | 1,566,200 | 8% 119,100 |
| Out-of-state Travel | 724,900 | 561,900 | 722,000 | 783,100 | 823,300 | 967,600 | 949,300 | 31% 224,400 |
| Current Expense | 64,302,900 | 60,452,100 | 65,793,300 | 59,944,600 | 81,717,400 | 85,830,800 | 71,221,800 | 11% 6,918,900 |
| DP Current Expense | 8,546,700 | 8,026,700 | 8,707,300 | 7,850,200 | 7,785,800 | 8,819,500 | 8,157,700 | -5% (389,000) |
| DP Capital Outlay | 25,800 | 44,000 | 86,900 | 57,700 | 32,300 | 324,300 | 139,100 | 439% 113,300 |
| Capital Outlay | 19,536,100 | 17,779,100 | 6,565,200 | 7,652,800 | 7,207,000 | 16,178,700 | 11,619,600 | -41% (7,916,500) |
| Other Charges/Pass Thru | 46,756,100 | 38,350,200 | 58,245,100 | 49,133,900 | 40,695,400 | 56,518,200 | 49,942,500 | 7% 3,186,400 |
| Cost Accounts | 2,300 | 5,400 | 4,300 | 118,700 | 111,400 | 283,200 | 193,900 | 8330% 191,600 |
| Trust & Agency Disbursemer | 0 | 0 | 0 | 0 | 192,000 | 25,000 | 0 | 0 |
| Grand Total | 286,070,100 | 266,986,300 | 284,897,400 | 265,714,800 | 282,999,200 | 318,641,300 | 290,951,300 | 2% 4,881,200 |

Full Time Equivalent

Despite the budget reductions in the last few years, the overall number of full time equivalent (FTE) for the subcommittee has remained relatively unchanged between FY 2009 and FY 2015 Base (see table below).

| Actual FTE Over Time | | | | | | Change FY 2009-2013 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | |
| Agriculture | 203.2 | 195.1 | 194.9 | 196.1 | 203.0 | 0% |
| Environmental Quality | 379.6 | 383.0 | 374.9 | 373.7 | 375.6 | -1% |
| Natural Resources | 1,343.6 | 1,333.7 | 1,342.7 | 1,284.2 | 1,286.5 | -4% |
| Office of Energy Development | - | - | - | 16.0 | 13.7 | |
| Public Lands Office | 7.6 | 8.7 | 9.2 | 13.3 | 11.6 | 53% |
| School & Inst Trust Lands | 72.9 | 73.0 | 71.4 | 71.2 | 70.8 | -3% |
| Grand Total | 2,006.9 | 1,993.5 | 1,993.1 | 1,954.5 | 1,961.2 | -2% |

Glossary of Terms

Capital Outlay – Costs for furnishings, land, buildings, infrastructure, design services, and non-IT equipment over \$5,000 per unit.

Current Expense – Costs for non-IT supplies, materials, services, and equipment under \$5,000 per unit.

DP Current Expense (Data Processing Current Expense) – Costs to operate IT systems, such as Local Area Network (LAN) connections, for materials, supplies, and equipment under \$5,000 per unit.

DP Capital Outlay (Data Processing Capital) – Costs for IT equipment and software over \$5,000 per unit.

Dedicated Credits Revenue – Money paid to an agency by the public or by other agencies, such as fees, for services or goods. By law, these funds must be spent before other state funds are spent.

Education Fund (EF) – The revenues come from taxes on intangible property or from income tax.

Federal Funds – Money made available to the state through the federal government, and generally comes with specific requirements, such as a funding match or in-kind contributions.

Fiscal Note – The estimate by the Legislative Fiscal Analyst of the amount of revenue and/or expenditures resulting from the passage of a given bill.

Fiscal Year (FY) – An accounting period of 12 months at the end of which the organization ascertains its financial conditions. The state fiscal year (FY) runs from July 1 through June 30. The federal fiscal year (FFY) is from October 1 through September 30.

Fee – A fixed charge for a good or service, usually recorded as Dedicated Credit revenue.

Full Time Equivalent (FTE) – It is a method of standardizing the personnel count, and it is calculated by dividing the total hours worked by 2080 (the total work hours in a year for a person, excluding weekends and holidays).

General Fund (GF) – The primary source of this revenue is the sales tax, although there are several other taxes and fees that contribute to the General Fund.

Intent Language – A statement added to appropriations bills to explain or put conditions on the use of line item appropriations. The intent language expires at the end of the fiscal year and cannot replace or supersede current statutes.

Lapsing Funds – Unspent money at the end of the fiscal year reverts/lapses back to the account of origin.

Line Item – Each appropriated amount has an item number in an appropriations bill. A line item appropriation may have several programs. Once the appropriation becomes law, an agency may move funds from program to program within the line item, but not from one line item to another.

Nonlapsing Funds – The Legislature can authorize an agency, via statute or intent language, to keep unused funds at the end of a fiscal year. Otherwise, unspent funds return/lapse to their account of origin.

Other Charges/Pass-through – Distribution of funds to other levels of government, payments to grant recipients, cash assistance to citizens, etc.

Personnel Services – Costs associated with personnel, including salary and benefits.

Restricted Funds – The revenues for the restricted funds usually come from specific sources, such as fees or taxes, with statutory restrictions to be used for specific purposes. Examples include GFR-State Park Fees, GFR-Wildlife Resources, and Waste Tire Recycling Fund.

Retained Earnings – The accumulated earnings of an Internal Service Fund (ISF) still in the fund and not reserved for any specific purpose.

Travel, In-state or Out-of-state – Costs for travel, including airline tickets, rental cars, hotels, meals, etc.