

**2002-2003
APPROPRIATIONS
REPORT**

Utah Legislature

2002 General Session
May Special Session
June/July Special Session

Office of the Legislative Fiscal Analyst

John E. Massey

Legislative Fiscal Analyst

Senator Leonard M. Blackham

Representative Jeff Alexander

Co-chairs, Executive Appropriations Committee

August 2002

Foreword

This report is submitted in compliance with Utah Code Annotated 36-12-13(2j), which requires the Legislative Fiscal Analyst “to prepare, after each session of the legislature, a summary showing the effect of the final legislative program on the financial condition of the state.”

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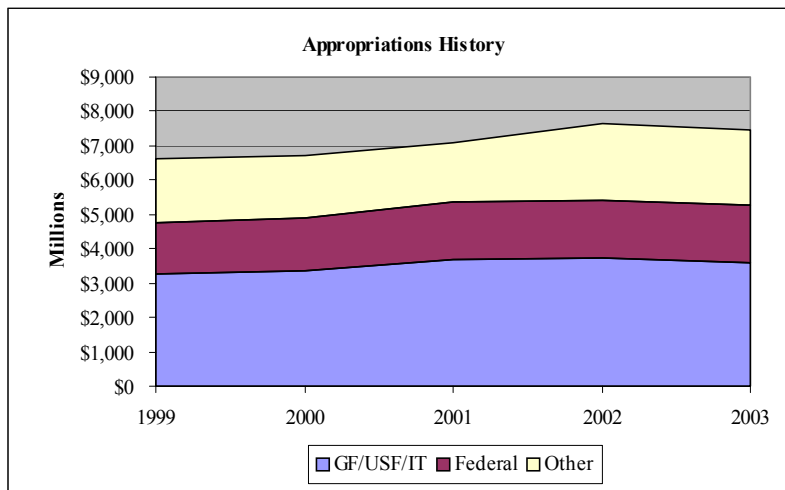
Transportation, Environmental Quality &

National GuardMark Bleazard

Executive Summary

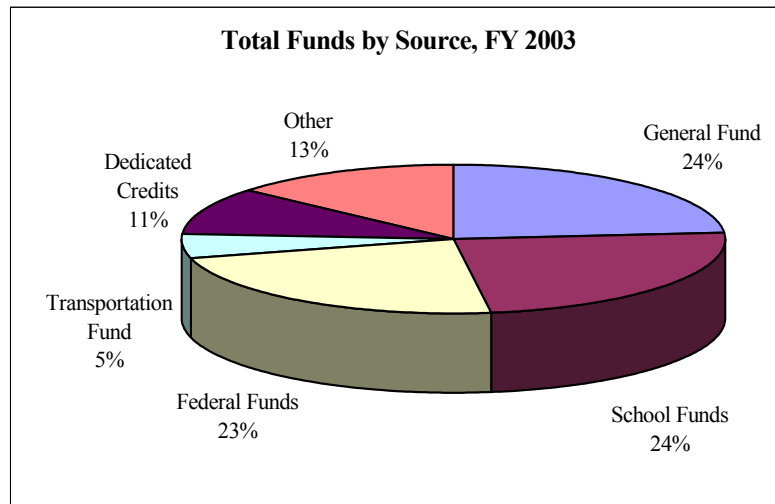
Appropriations Overview

During the 2002 General Session and in two subsequent Special Sessions, the Fifty-fourth Utah State Legislature passed a number of appropriations bills and various other appropriation-carrying legislation for both FY 2002 and FY 2003. The bills affecting FY 2002 reduced the original appropriation levels to ensure that expenditures did not exceed available revenue. Bills affecting FY 2003 established original levels, then were reduced, again to accommodate lower projected revenue. The FY 2002 revised appropriations totaled \$7.6 billion; the FY 2003 appropriation is \$7.5 billion.



Revenue

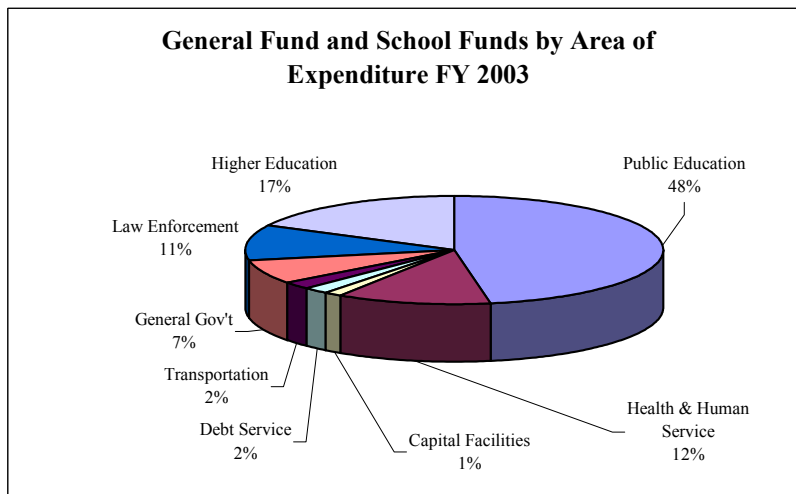
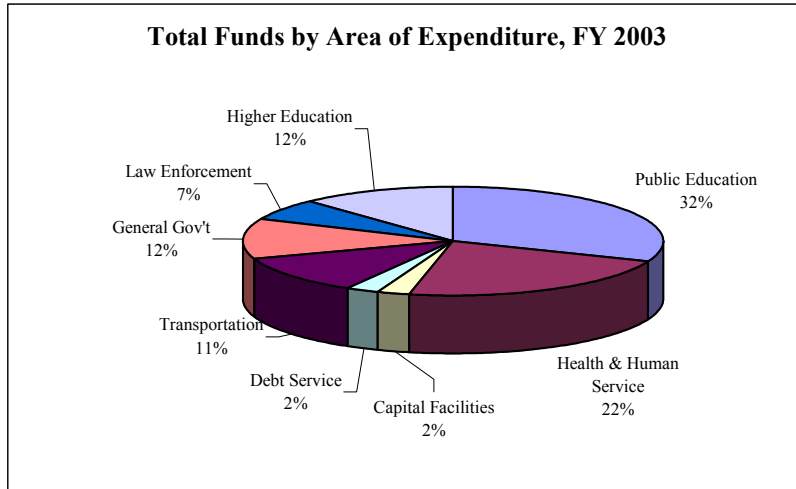
Legislators adopted FY 2003 revenue available for the General Fund, Uniform School Fund, and Income Tax of \$3,520,355,000; Transportation Funds of \$386,650,000, and Mineral Lease funds of \$39,950,000. The FY 2003 General Fund/Uniform School Fund represents a 4.4 percent decrease compared to the FY 2002 revised amount. The following pie chart graphically illustrates the distribution of the resources used in the FY 2003 State budget.



Appropriations

The Legislature appropriates from a number of revenue sources, including: the General Fund (GF), supported primarily by sales taxes; the income tax-based Uniform School Fund (USF); federal funds; Transportation Fund; dedicated credits (fee for service revenue); property taxes; bond proceeds; and other sources. The Legislature approved \$7.5 billion in spending for FY 2003, a 4.4 percent decrease from the FY 2002 revised figures. State funds total \$3.6 billion and account for 48 percent of the budget. Federal funds account for \$1.7 billion or 23 percent. It should be noted that approximately \$71.9 million of one-time revenue sources were used to fund ongoing programs in FY 2003.

Education programs dominate State spending. The combined appropriation to Public Education (K-12) and Higher Education account for 42.9 percent of the State's total expenditures from all revenue sources. When considering State revenues only, education expenditures account for approximately 64.5 percent of the budget for FY 2003. The allocation of State resources in the budget is included in the following charts.



FY 2002 in Review

Since the adjournment of the 2001 General Session, the State has faced a number of significant challenges and opportunities. The sudden downturn in the State's economy, redistricting, and the Olympic Winter Games all affected the Legislature's work.

National Economy

The State of Utah and the country had enjoyed the longest economic expansion in history, and while it was predicted that it could not last, no one agreed on when or how quickly it would end. The economy began to slow in 2000, with most of the states missing the sharpness of the slowing. According to Claire Cohen, Executive Vice president of Fitch (state credit rating agency), *“Everyone knew the party would end – they just didn’t know it would end so abruptly or that the drop would be so severe. If you would have been able to predict it, no one would have believed you.”*

To compound the slowdown, the terrorist activities of September 11th happened during the slow down and presented a totally unknown factor in terms of impact on the economy. While most economists predicted September 11th would have a significant impact, no one knew for sure how significant.

The July 2002 State Fiscal Update published by the National Conference of State Legislatures notes the following:

FY 2002

- State fiscal problems in fiscal year 2002 were widespread and often severe. By June 30th, 2002 46 states reported a combined budget gap of \$37.2 billion.
- Aggregate state balances (General Fund surplus balances and Rainy Day Funds) fell nearly 42% from FY 2001 to FY 2002, declining from \$31.5 billion to \$18.4 billion.
- State rainy day fund balances have fallen as states have tapped reserves.
- For the 42 reporting states, total revenues in FY 2002 were 1.2 percent below FY 2001 levels. A staggering 29 states collected less revenue in FY 2002 than they did in the prior year.

- Nearly every state had to take actions to close FY 2002 budget gaps. Actions to eliminate gaps included budget cuts (29 states), tapping a variety of funds (20 states), tapping rainy day funds (19 states), and using tobacco settlement funds (12 states).

FY 2003

- Growing budget problems posed significant challenges for states in their FY 2003 budgets.
- Based on initial estimates the budget gap for FY 2003 is a cumulative \$58 billion.
- General Fund balances are expected to decline further from the FY 2002 levels.
- Because most states have enacted their FY 2003 budgets, they already have taken action to close their FY 2003 gaps. Actions were the same as those taken in FY 2002, in addition to tax increases (16 states) and raising fees (10 states).

Utah Economy

Utah was not immune from the national economic slowdown. The effect on the economy of the State was delayed somewhat, in part due to construction in anticipation of the Olympic Winter Games. Early in FY 2002, projections indicated that the State budget would experience shortfalls for the first time in 15 years. There are few current legislators who were involved with previous budget shortfalls experienced by the state. In 1987, the legislature had to reduce budgets because of significant revenue shortfalls. However, this current downturn has been more sudden and more severe than in 1987. While it is impossible to quantify the impact of September 11th, it appears that up to 70% of the deficit may be attributed to that event.

Revenue Estimates during FY 2002

The Utah Revenue Assumptions Committee (made up of representatives from the Office of the Legislative Fiscal Analyst, Governor's Office of Planning and Budget, Office of Energy, Tax Commission, Brigham Young University, University of Utah, Salt Lake City, and the Department of Workforce Services) meets regularly to update State revenue projections. Based on estimates made in October of 2001 by the Revenue Assumptions Committee, a revenue shortfall of \$177.4 million was projected for FY 2002. As the real impact of September 11th became more clear, the estimates were revised downward again in November of 2001 to a loss of \$202.5 million. With more current data from the Tax Commission and other economic indicators, these estimates were again revised downward in February of 2002 to a loss of \$256.9 million. The Legislature took action to cover that shortfall during the 2002 General Session. The Legislature finished its session with both the FY 2002 and FY 2003 budgets balanced, according to the then-current revenue estimates.

In April of 2002, with 10 months of FY 2002 revenue collection data, the Revenue Assumptions Committee revised revenue estimates again for FY 2002 showing an additional \$137.9 million shortfall and projected an FY 2003 short fall of \$173.1 million. Subsequently, the Governor called the Legislature into the 4th Special Session on May 22, 2002 to balance the FY 2002 budget. The Legislature was called back into the 5th Special Session held June 26th and July 8th and 9th 2002 to balance the FY 2003 budget. The following summary shows the methods used by the Legislature to deal with the shortfalls.

Actions of the 54th State Legislature to balance the FY 2002 and FY 2003 Budgets:
FY 2002

General Session Revenue Shortfall	(\$256.9) million
Budget Reductions	144.1 million
Transfer from the Rainy Day Fund	45.4 million
Other Sources	67.4 million

Ending Balance \$0

May Special Session Revenue Shortfall	(\$137.9) million
Transfer from the Rainy Day Fund	67.9 million
Replace Capital Facility cash with bonding	70.0 million

Ending balance \$0

FY 2003

June/July Special Session Revenue Shortfall	(\$173.1) million
Budget Reductions	69.2 million
Replace Capital Facility cash with bonding	15.8 million
Transfer from Centennial Highway Fund	66.4 million
Transfer from Tobacco Permanent Trust Fund	17.8 million
Miscellaneous Revenue	3.9 million

Ending balance \$0

Tax Changes/Bills Affecting Revenue**General Fund****HB 238 – “Cigarette and Tobacco Tax Amendments”**

This bill increased the tax on a pack of cigarettes by 18 cents. Expected revenue in FY 2003 is \$11.9 million, of which \$5 million is deposited into the General Fund and the remaining funds distributed to the Department of Health’s Tobacco Prevention

Program (\$2.6 million), the University of Utah/Huntsman Cancer Institute (\$1.8 million), and the University of Utah Medical School (\$2.5 million).

Employee Compensation

For FY 2003, the Legislature did not fund any general salary increase for employees in state agencies, Public Education, or Higher Education. However, the Legislature authorized funding for increases of approximately 11.5 percent in Health and Dental insurance costs for each employee sector. In the case of Public Education, this increase came in the form of an increase in the Weighted Pupil Unit (WPU) of 0.75 percent, with no specific directions relative to Health and Dental cost increases.

The Legislature also funded \$1.2 million for Market Comparability Adjustments (MCA) as determined by the Department of Human Resource Management.

Funding Detail

The following tables present legislative budget action on a state-wide basis.

Table 1 compares the FY 2003 Appropriated levels to the FY 2002 Revised levels. The FY 2002 Estimated column includes original appropriations made during the 2001 General Session and any changes in federal funds and dedicated credits or other sources of funds. The FY 2002 Revised column and the FY 2003 Appropriated columns reflect the effect of regular appropriations, supplemental appropriations and other legislative actions taken during the 2002 General Session and the 4th and 5th Special Sessions.

Table 2 compares General Fund, Uniform School Fund, and Income Tax appropriations for FY 2003 to the estimated FY 2002 budget. The table indicates one-time and ongoing expenditures for each fiscal year,

Tables 3 and 4 show the allocation of General Fund and Uniform School Fund resources, respectively, in a format similar to that of Table 1.

Table 5 includes revenue projections for the General Fund, Uniform School Fund, Transportation Fund, and Mineral Lease Account.

Table 6 shows combined State appropriations to various agencies and programs from the General Fund, Uniform School Fund, and Income Tax revenue.

Table 7 shows a three-year historical view of the number of full-time equivalent (FTE) positions throughout the State. The reductions in FTEs that show in FY 2003 are the result of vacancy eliminations, attrition, and reductions in force.

Table 1
Appropriations Comparison, FY 2002 - FY 2003
All Funds

	FY 2002 Estimated	FY 2002 Supplemental	FY 2002 Revised	FY 2003 Appropriated	Percent Change
Financing					
General Fund	1,778,409,900		1,778,409,900	1,779,301,600	0.05%
General Fund, One-time	39,332,850	(7,680,500)	31,652,350	(20,417,000)	-164.50%
General Fund Restricted	111,279,900	7,355,300	118,635,200	124,951,600	5.32%
Uniform School Fund	1,795,527,516		1,795,527,516	1,729,733,794	-3.66%
Uniform School Fund, One-time	55,101,800	(37,177,456)	17,924,344	4,550,400	-74.61%
Uniform School Fund Restricted				81,500	
USFR - Student Growth Acct.	(20,000,000)	20,000,000			
Income Tax	220,237,200		220,237,200	83,229,800	-62.21%
Income Tax, One-time	21,967,100	(133,893,100)	(111,926,000)	(8,049,000)	-92.81%
Transportation Fund	399,476,300		399,476,300	414,418,600	3.74%
Transportation Fund, One-time	3,934,500		3,934,500	(23,550,000)	-698.55%
Transportation Fund Restricted	18,422,400	1,192,500	19,614,900	19,591,800	-0.12%
Centennial Highway Fund	101,327,500		101,327,500	101,887,500	0.55%
Aeronautics Fund	9,492,200	500,000	9,992,200	11,244,100	12.53%
Federal Funds	1,674,807,100	(3,698,115)	1,671,108,985	1,714,788,400	2.61%
Dedicated Credits	635,139,300	88,823,800	723,963,100	785,439,300	8.49%
Land Grant	803,500		803,500	803,600	0.01%
Federal Mineral Lease	21,765,700	(100)	21,765,600	42,666,300	96.03%
Mineral Bonus				2,148,000	
Restricted Revenue	185,300		185,300	(38,500)	-120.78%
Trust and Agency Funds	420,296,860	(19,439,900)	400,856,960	385,895,615	-3.73%
Transfers	243,189,000	443,200	243,632,200	255,389,300	4.83%
Repayments/Reimbursements	37,830,200		37,830,200	29,386,800	-22.32%
Other Financing Sources				(3,400)	
Beginning Balance	239,731,300		239,731,300	84,066,600	-64.93%
Closing Balance	(76,781,600)	(16,201,200)	(92,982,800)	(50,391,500)	-45.81%
Lapsing Balance	(2,537,100)	416,000	(2,121,100)	(19,300)	-99.09%
Total	\$7,728,938,726	(\$99,359,571)	\$7,629,579,155	\$7,467,105,909	-2.13%
Programs					
Legislature	15,010,850	(663,200)	14,347,650	13,648,100	-4.88%
Elected Officials	77,994,200	(129,600)	77,864,600	65,179,500	-16.29%
Courts	105,354,900	(3,184,200)	102,170,700	100,518,400	-1.62%
Corrections	305,331,700	(14,211,900)	291,119,800	288,865,500	-0.77%
Public Safety	122,896,200	(456,900)	122,439,300	104,898,500	-14.33%
Administrative Services	34,104,000	(1,403,400)	32,700,600	18,792,600	-42.53%
Debt Service	186,356,900	(5,639,900)	180,717,000	180,850,300	0.07%
Capital Facilities	183,306,900	(6,489,000)	176,817,900	184,399,400	4.29%
Health	1,164,327,200	(11,696,615)	1,152,630,585	1,216,785,200	5.57%
Human Services	475,485,800	(13,455,000)	462,030,800	456,242,700	-1.25%
Public Education Agencies	339,914,756	(2,435,256)	337,479,500	332,807,300	-1.38%
Minimum School Program	1,993,305,120	(2,069,700)	1,991,235,420	1,956,001,809	-1.77%
School Building Program	38,358,000	(10,000,000)	28,358,000	28,358,000	0.00%
Higher Education	827,505,700	(20,502,400)	807,003,300	822,266,200	1.89%
Higher Ed - Med Ed Council	550,000		550,000	483,500	-12.09%
Higher Ed - UEN	24,757,000	(538,900)	24,218,100	18,908,900	-21.92%
Applied Technology Education	47,728,500	(1,688,000)	46,040,500	41,692,500	-9.44%
Natural Resources Subcom	189,330,800	3,787,500	193,118,300	148,022,200	-23.35%
Commerce & Revenue Subcom	394,911,200	(2,011,000)	392,900,200	394,461,900	0.40%
Ec Dev & Human Res Subcom	138,118,800	(5,885,900)	132,232,900	155,359,500	17.49%
National Guard	19,411,500	(40,100)	19,371,400	21,837,500	12.73%
Environmental Quality	72,443,800	(801,500)	71,642,300	65,909,000	-8.00%
Transportation	972,434,900	155,400	972,590,300	850,817,400	-12.52%
Total	\$7,728,938,726	(\$99,359,571)	\$7,629,579,155	\$7,467,105,909	-2.13%

Table 2
Ongoing and One-time Appropriations, FY 2002 and FY 2003
General Fund, Uniform School Fund, and Income Tax

Financing	2002			2003		
	Ongoing	One-time	Total	Ongoing	One-time	Total
General Fund	1,778,409,900	31,652,350	1,810,062,250	1,779,301,600	(20,417,000)	1,758,884,600
Uniform School Fund	1,795,527,516	17,924,344	1,813,451,860	1,729,733,794	4,550,400	1,734,284,194
Income Tax	220,237,200	(111,926,000)	108,311,200	83,229,800	(8,049,000)	75,180,800
Total	\$3,794,174,616	(\$62,349,306)	\$3,731,825,310	\$3,592,265,194	(\$23,915,600)	\$3,568,349,594
Programs						
Legislature	14,344,800	(465,450)	13,879,350	13,474,300	(294,600)	13,179,700
Elected Officials	30,875,400	699,700	31,575,100	27,891,600	478,200	28,369,800
Courts	94,303,400	(3,596,200)	90,707,200	90,542,300	411,000	90,953,300
Corrections	259,755,100	(14,860,700)	244,894,400	251,312,300	(2,900,000)	248,412,300
Public Safety	45,201,600	(1,496,100)	43,705,500	44,315,200	8,000	44,323,200
Administrative Services	25,344,200	(1,703,800)	23,640,400	13,350,400	(1,682,900)	11,667,500
Debt Service	68,300,400	(5,545,000)	62,755,400	68,300,400	(2,000,000)	66,300,400
Capital Facilities	89,397,400	(49,763,400)	39,634,000	73,511,000	(29,979,300)	43,531,700
Health	229,149,800	(10,487,700)	218,662,100	234,612,600	(2,900,000)	231,712,600
Human Services	216,869,500	(9,894,100)	206,975,400	202,625,700	(1,757,400)	200,868,300
Public Education Agencies	70,136,356	(575,756)	69,560,600	67,546,200	450,400	67,996,600
Minimum School Program	1,607,061,760	27,715,300	1,634,777,060	1,581,482,794	5,100,000	1,586,582,794
School Building Program	38,358,000	(10,000,000)	28,358,000	28,358,000		28,358,000
Higher Education	587,525,300	(1,352,700)	586,172,600	566,028,700	402,000	566,430,700
Higher Ed - Med Ed Council		110,000	110,000			
Higher Ed - UEN	15,554,000	2,527,900	18,081,900	14,904,100		14,904,100
Applied Technology Education	40,406,100	1,412,000	41,818,100	38,334,500		38,334,500
Natural Resources Subcom	47,838,600	(34,700)	47,803,900	44,682,400	(555,000)	44,127,400
Commerce & Revenue Subcom	112,080,000	(5,375,800)	106,704,200	102,999,700	371,400	103,371,100
Ec Dev & Human Res Subcom	40,313,600	7,715,800	48,029,400	33,678,100	10,719,000	44,397,100
National Guard	4,090,000	243,500	4,333,500	3,987,500	132,600	4,120,100
Environmental Quality	9,969,500	310,500	10,280,000	9,722,600	81,000	9,803,600
Transportation	147,299,800	12,067,400	159,367,200	80,604,800		80,604,800
Total	\$3,794,174,616	(\$62,349,306)	\$3,731,825,310	\$3,592,265,194	(\$23,915,600)	\$3,568,349,594

Table 3
Appropriations Comparison, FY 2002 - FY 2003
General Fund Only

Financing	FY 2002	FY 2002	FY 2002	FY 2003	Percent Change
	Estimated	Supplemental	Revised	Appropriated	
General Fund	1,778,409,900		1,778,409,900	1,779,301,600	0.05%
General Fund, One-time	39,332,850	(7,680,500)	31,652,350	(20,417,000)	-164.50%
Total	\$1,817,742,750	(\$7,680,500)	\$1,810,062,250	\$1,758,884,600	-2.83%
Programs					
Legislature	14,542,550	(663,200)	13,879,350	13,179,700	-5.04%
Elected Officials	31,870,400	(295,300)	31,575,100	28,369,800	-10.15%
Courts	94,391,400	(3,684,200)	90,707,200	90,953,300	0.27%
Corrections	259,755,100	(14,860,700)	244,894,400	248,412,300	1.44%
Public Safety	45,351,600	(1,646,100)	43,705,500	44,323,200	1.41%
Administrative Services	26,932,700	(3,856,300)	23,076,400	11,694,800	-49.32%
Debt Service	43,629,800	(5,545,000)	38,084,800	41,629,800	9.31%
Capital Facilities	65,100,400	(42,466,400)	22,634,000	26,531,700	17.22%
Health	230,274,800	(11,612,700)	218,662,100	231,712,600	5.97%
Human Services	216,369,500	(9,394,100)	206,975,400	200,868,300	-2.95%
Public Education Agencies	254,900		254,900	254,900	0.00%
Higher Education	415,776,800	96,453,000	512,229,800	547,144,500	6.82%
Higher Ed - Med Ed Council	110,000		110,000		-100.00%
Higher Ed - UEN	2,649,700	(61,000)	2,588,700	2,270,000	-12.31%
Applied Technology Education	1,324,500	272,000	1,596,500	1,327,500	-16.85%
Natural Resources Subcom	49,949,500	(2,145,600)	47,803,900	44,127,400	-7.69%
Commerce & Revenue Subcom	94,817,000	(5,204,000)	89,613,000	87,159,200	-2.74%
Ec Dev & Human Res Subcom	49,838,800	(2,148,300)	47,690,500	44,397,100	-6.91%
National Guard	4,372,000	(38,500)	4,333,500	4,120,100	-4.92%
Environmental Quality	10,769,500	(489,500)	10,280,000	9,803,600	-4.63%
Transportation	159,661,800	(294,600)	159,367,200	80,604,800	-49.42%
Total	\$1,817,742,750	(\$7,680,500)	\$1,810,062,250	\$1,758,884,600	-2.83%

Table 4
Appropriations Comparison, FY 2002 - FY 2003
Uniform School Fund Only

Financing	FY 2002 Estimated	FY 2002 Supplemental	FY 2002 Revised	FY 2003 Appropriated	Percent Change
Uniform School Fund	1,795,527,516		1,795,527,516	1,729,733,794	-3.66%
Uniform School Fund, One-time	55,101,800	(37,177,456)	17,924,344	4,550,400	-74.61%
Income Tax	220,237,200		220,237,200	83,229,800	-62.21%
Income Tax, One-time	21,967,100	(133,893,100)	(111,926,000)	(8,049,000)	-92.81%
Total	\$2,092,833,616	(\$171,070,556)	\$1,921,763,060	\$1,809,464,994	-5.84%
Programs					
Administrative Services	564,000		564,000	(27,300)	-104.84%
Debt Service	24,670,600		24,670,600	24,670,600	0.00%
Capital Facilities	34,298,000	(17,298,000)	17,000,000	17,000,000	0.00%
Public Education Agencies	72,131,456	(2,825,756)	69,305,700	67,741,700	-2.26%
Minimum School Program	1,656,846,760	(22,069,700)	1,634,777,060	1,586,582,794	-2.95%
School Building Program	38,358,000	(10,000,000)	28,358,000	28,358,000	0.00%
Higher Education	190,098,200	(116,155,400)	73,942,800	19,286,200	-73.92%
Higher Ed - UEN	15,971,100	(477,900)	15,493,200	12,634,100	-18.45%
Applied Technology Education	42,181,600	(1,960,000)	40,221,600	37,007,000	-7.99%
Commerce & Revenue Subcom	17,375,000	(283,800)	17,091,200	16,211,900	-5.14%
Ec Dev & Human Res Subcom	338,900		338,900		-100.00%
Total	\$2,092,833,616	(\$171,070,556)	\$1,921,763,060	\$1,809,464,994	-5.84%

Table 5
Revenue Estimates, FY 2002 - FY 2003
In Thousands

	FY 2002	FY 2003	Legislative	FY 2003
	Estimate	Estimate	Changes	Estimate
General Fund				
Sales and Use Tax	1,434,800	1,465,650		1,465,650
Liquor Profits	31,850	32,450	1,000	33,450
Insurance Premiums	50,550	52,050		52,050
Beer, Cigarette & Tobacco	59,300	58,301	4,999	63,300
Oil and Gas Severance	25,300	25,000		25,000
Metal Severance	4,750	4,650		4,650
Inheritance	8,600	8,900		8,900
Investment Income	11,500	12,000	325	12,325
Other	55,000	48,603	5,227	53,830
Property & Energy Tax Credit	(5,400)	(5,450)		(5,450)
Subtotal	\$1,676,250	\$1,702,154	\$11,551	\$1,713,705
Uniform School Fund				
Individual Income Tax	1,622,389	1,676,625		1,676,625
Corporate Franchise Tax	99,761	108,925		108,925
Gross Receipts Tax	7,979	8,000		8,000
Escheats	8,650	8,900		8,900
Permanent Fund Interest	4,000	4,200		4,200
Subtotal	\$1,742,779	\$1,806,650		\$1,806,650
Total	\$3,419,029	\$3,508,804	\$11,551	\$3,520,355
Transportation Fund				
Motor Fuel Tax	228,100	231,200		231,200
Special Fuel Tax	84,950	88,150		88,150
Other	67,600	67,300		67,300
Total	\$380,650	\$386,650		\$386,650
Federal Mineral Lease				
Regular	39,050	35,850		35,850
Bonus	4,250	4,100		4,100
Total	\$43,300	\$39,950		\$39,950

Table 6
Revenue to Expenditure Comparison, FY 2002 - FY 2003
General Fund, Uniform School Fund, Income Tax (In Thousands)

Financing	FY 2002 Revised	FY 2003 Appropriated	Percent Change
Beginning Balance	111,757	1,000	
General Fund	1,676,250	1,713,705	2.23%
Uniform School Fund	1,634,468	1,731,469	5.93%
Income Tax	108,311	75,181	-30.59%
Subtotal	\$3,419,029	\$3,520,355	2.96%
Budget Reserve Account	113,291		
I-15 Savings	21,200	10,800	
Building Project Reserves	16,408	475	
Mineral Lease Transfers	3,824	541	
UTFC Sale	4,429		
Tobacco Settlement		17,800	
Local Water Project Sales Tax		10,000	
Bonding Stimulus		7,000	
Other One-time Revenue	45,586	782	
Total	\$3,735,523	\$3,568,754	-4.46%
Programs			
Legislature	13,879	13,180	-5.04%
Elected Officials	31,575	28,370	-10.15%
Courts	90,707	90,953	0.27%
Corrections	244,894	248,412	1.44%
Public Safety	43,706	44,323	1.41%
Administrative Services	23,640	11,668	-50.65%
Debt Service	62,755	66,300	5.65%
Capital Facilities	39,634	43,532	9.83%
Health	218,662	231,713	5.97%
Human Services	206,975	200,868	-2.95%
Public Education	1,732,696	1,682,937	-2.87%
Applied Technology Education	41,818	38,335	-8.33%
Higher Education	586,283	566,431	-3.39%
Higher Ed - UEN	18,082	14,904	-17.57%
Natural Resources Subcom	47,804	44,127	-7.69%
Commerce & Revenue Subcom	106,704	103,371	-3.12%
Ec Dev & Human Res Subcom	48,029	44,397	-7.56%
National Guard	4,334	4,120	-4.92%
Environmental Quality	10,280	9,804	-4.63%
Transportation	159,367	80,605	-49.42%
Total	\$3,731,825	\$3,568,350	-4.38%
Ending Balance	\$3,697	\$404	

Table 7
Full Time Equivalent Employees
Appropriated Entities and Internal Service Funds
FY 2001 - FY 2003

Programs	FY 2001	FY 2002	Difference	FY 2003	Difference
	Actual	Revised	'01 - '02	Revised	'02 - '03
Legislature	114.0	112.5	(1.5)	108.0	(4.5)
Elected Officials	603.3	600.5	(2.8)	550.4	(50.1)
Courts	1,318.0	1,254.0	(64.0)	1,224.0	(30.0)
Corrections	3,392.8	3,304.8	(88.0)	3,277.7	(27.1)
Public Safety	1,093.3	1,090.3	(3.0)	1,070.1	(20.2)
Administrative Services	721.8	721.7	(0.1)	710.7	(11.0)
Debt Service	0.0	0.0	0.0	0.0	0.0
Capital Facilities	0.0	0.0	0.0	0.0	0.0
Health	1,233.5	1,233.2	(0.3)	1,187.5	(45.7)
Human Services	3,633.1	3,666.4	33.3	3,546.4	(120.1)
Public Education Agencies	1,026.2	1,062.6	36.4	1,059.4	(3.3)
Minimum School Program	0.0	0.0	0.0	0.0	0.0
School Building Program	0.0	0.0	0.0	0.0	0.0
Higher Education	11,358.5	11,161.9	(196.7)	11,225.0	63.1
Higher Ed - Med Ed Council	0.0	0.0	0.0	0.0	0.0
Higher Ed - UEN	104.0	109.3	5.3	110.0	0.7
Applied Technology Education	517.4	517.4	0.0	563.5	46.1
Natural Resources Subcom	1,474.2	1,511.8	37.6	1,514.5	2.7
Commerce & Revenue Subcom	3,502.1	3,508.6	6.5	3,492.2	(16.4)
Ec Dev & Human Res Subcom	335.6	327.7	(7.9)	318.1	(9.6)
National Guard	133.0	138.5	5.5	138.5	0.0
Environmental Quality	423.8	412.6	(11.2)	419.5	6.9
Transportation	1,811.0	1,832.0	21.0	1,825.0	(7.0)
Total	32,795.5	32,565.7	(229.8)	32,340.3	(225.4)

Executive Offices & Criminal Justice

Subcommittee Overview

The Executive Offices and Criminal Justice Appropriations Subcommittee provide legislative oversight for five State Departments including the Courts and the four State elected officials.

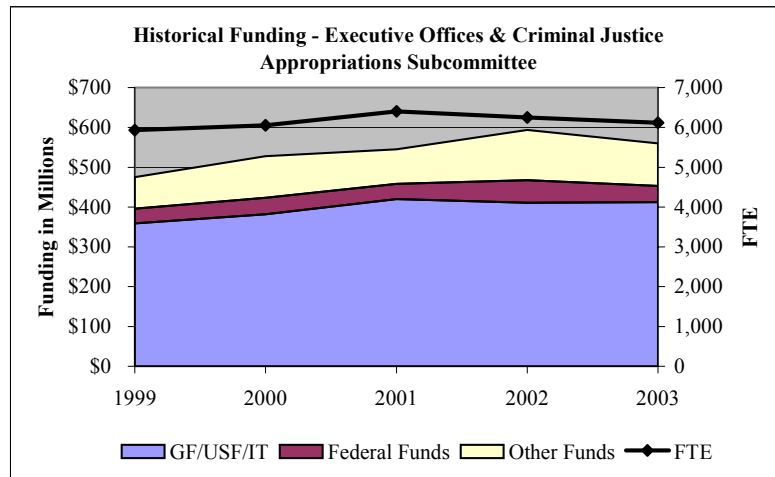
The Subcommittee oversees agency budgets representing approximately 11.4 percent of all State General funds, 31 percent of non-education State FTEs, and over 15 percent of non-education State vehicles.

The total Subcommittee FY 2002 State General Fund appropriation decreased 4.75 percent (or \$20,486,300) from the original FY 2002 General Fund appropriation.

The FY 2003 appropriation for the various agencies and offices is \$559,461,900, including all sources of funding. The FY 2003 General Fund appropriation is 4.2 percent less than the original FY 2002 General Fund appropriation. (Program budgets were reduced 5.3 percent General Fund or \$22,477,800. This was offset by \$4,400,900 General Fund for the employee compensation (benefit) package.

A significant portion of the reduction was from Adult and Youth Corrections. Departmental policy and management changes and a decrease in crime rate have contributed to a reduced number of adult inmates and youth in custody. The Promontory Correctional Facility was closed and the opening of a new wing at the Central Utah Correctional Facility has been delayed. The State portion of the Iron County Correctional Facility will also be closed.

A number of FTE positions were eliminated in the budget reductions. This reduction will be achieved primarily through the elimination of vacant positions or through attrition. As a result of the Fifth Special Session reductions, approximately 50 positions may result in layoffs or RIF's.



General Subcommittee Issues

Structural Changes: The Utah Science Advisor's Office was transferred from the Governor's Office to the Department of Community and Economic Development. The Land Use Planning Section of the Governor's Office of Planning and Budget was transferred to the Department of Natural Resources. The Youth Services Program was transferred from the Department of Human Services to the Division of Youth Corrections. (This was an internal transfer since the Division of Youth Corrections is a part of the Department of Human Services but it was made complete through legislation and will be finalized with a budgetary switch starting in FY 2003.) The Division of Youth Corrections also consolidated a number of programs and the Department of Corrections changed the names of several programs.

Budget Structure: All of the line items under the purview of this subcommittee have received nonlapsing status as in years past. This status is being reviewed for the future. The Departments of Public Safety and Corrections both were authorized to combine major line items into a single line item to provide greater budget flexibility in managing their programs in light of the overall budget reductions.

Across-the-Board Reductions: The Legislature made across-the-board General Fund reductions in general operations, travel, conventions/workshops, data processing, entertainment, and office supplies.

Nonlapsing Status: All budget line items within this Subcommittee were granted nonlapsing status by the Legislature.

Executive Offices

The Executive Offices budget consists of the statewide elected officials (Governor, Lieutenant Governor, Attorney General, Treasurer, and Auditor) and their staffs. Several of these offices are the administrative locations for a variety of programs that provide services to other State agencies as well as the general public.

Legislative Action

Contract Litigation Funding: Appropriations amounting to \$1,400,000 over two years were provided to the Attorney General to fund the Census Lawsuit and the Public Employees' Lawsuit: "HB 179 "Voluntary Contributions Act" passed during the 2001 Legislative Session. (During the 2002 interim, the U.S. Supreme Court ruled against the State of Utah in the Census Lawsuit and denied the State's argument to gain an additional congressional seat.)

HB 295, "Child Removal Warrants—Courts" Ongoing funding of \$125,000 was appropriated to the Attorney General. (The Courts also received \$75,000 ongoing funding in conjunction with this legislation.)

SB 17, "Division of Child and Family Services Management Information System Amendments" One-time funds of \$400,200 and dedicated credits of \$215,500 were appropriated to the Attorney General.

SB 5002, "Surcharge on Traffic Violations Amendments", reduces the funds earmarked for the Crime Victims Reparation Fund and makes additional funds available to the General Fund. The FY

2003 General Fund increase is estimated to be \$1,508,400. (This is budgeted for the Commission on Criminal and Juvenile Justice, which administers the Crime Victims Reparation Fund.)

Pornography and Obscenity Ombudsman Line Item: The Office of the Pornography and Obscenity Ombudsman was established as a separate line item within the Office of the Attorney General thereby assuring its continued operations and funding.

State Science Advisor Transfer: Originally part of the Governor's Office of Planning and Budget line item, this program and ongoing State funds of \$72,000 were transferred to the Department of Community and Economic Development beginning FY 2002.

Resource Planning and Legal Review Transfer: This program and ongoing State funds of \$124,600 were transferred from the Governor's Office of Planning and Budget line item to the Department of Natural Resources beginning FY 2003.

Voting Equipment for the Visually Impaired: One-time funds of \$140,000 were appropriated to the Governor's Elections Office to provide voting equipment for the visually impaired throughout the State.

Governor's Elections Office: One-time funding of \$42,000 and ongoing funds of \$6,000 were appropriated to the Elections Office to pay for certain operations costs related to elections and similar related activities.

Governor's Office Reduction Offset: Ongoing funds of \$75,000 were appropriated to programs within the Governor's Office of Planning and Budget to partially offset reductions.

As a result of programmatic reductions made to the Division of Youth Corrections additional funds were appropriated to the State Auditor and State Treasurer (and also the Department of Public Safety and the Courts) to offset reductions to these agencies.

Intent Language

RS 2477 Litigation

It is the intent of the Legislature that the Governor's Office – RS 2477 Rights of Way program provide the Department of Natural Resources up to \$100,000 from the appropriation the program receives from the Constitutional Defense Restricted Account to pay legal costs associated with seeking to preserve by lawful means the rights of the state and its citizens to determine and affect the disposition and use of federal lands within the state, including agricultural grazing rights on federal lands. The Department of Natural Resources shall coordinate these efforts with the Governor's Office and the Attorney General's Office.

Cost Study—Intermediate Sanctions

It is the intent of the Legislature that the Commission on Criminal and Juvenile Justice study the question of how costs can be reduced by further implementing intermediate sanctions, including drug treatment programs, in lieu of incarceration without compromising public safety. Findings and recommendations are to be reported to the Legislature through progress reports submitted to the Judiciary Interim Committee and the Law Enforcement and Criminal Justice Interim Committee during their October 2002 meetings and to the Executive Offices and Criminal Justice Joint Appropriations Subcommittee during one of its 2003 General Session meetings.

Office of the Governor

The Governor's Appropriated General Fund Budget for FY 2003 is \$6,650,600 ongoing funds less net one-time reductions of \$122,000. One-time General Funds reductions to the Governor's budget as part of the State's effort to meet the overall budget shortfall included a general budget cut of \$75,000 to the Governor's Office and a general budget cut of \$89,000 to the Office of Planning and Budget. Also, ongoing General Fund reductions to the Governor's Commission on Criminal and Juvenile Justice amounted to \$1,508,400 and were replaced with \$1,508,400 ongoing funds previously earmarked for the Crime Victims Reparation Surcharge. (See SB 5002, "Surcharge on Traffic Violations Amendments.")

The State Olympic Officers' Office budget was included as part of the budget for the Governor's Office of Planning and Budget (GOPB) in FY 2002. This caused a significant "spike" in GOPB's budget in FY 2002. There was a significant subsequent decrease in GOPB's budget in FY 2003 relative to FY 2002 as it returned to pre-Olympics levels.

Funding Detail

Governor's Office					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	8,702,300		8,702,300	6,650,600	(2,051,700)
General Fund, One-time	995,000	(559,100)	435,900	(122,000)	(557,900)
Federal Funds	15,405,900	(100)	15,405,800	15,219,200	(186,600)
Dedicated Credits Revenue	357,900	(151,100)	206,800	277,900	71,100
GFR - Constitutional Defense	1,105,000		1,105,000	2,000,000	895,000
Crime Victims Reparation Trust	811,300	(2,000)	809,300	2,327,800	1,518,500
Olympic Special Revenue	352,100		352,100	355,700	3,600
Transfers	15,400		15,400		(15,400)
Transfers - Administrative Services	11,000		11,000	13,500	2,500
Transfers - Commerce	2,000		2,000	2,000	
Transfers - Commission on Criminal and Juve	10,000		10,000	10,000	
Transfers - Em Svcs & Home Sec	25,000	(25,000)			
Transfers - Corrections	9,000		9,000	9,000	
Transfers - Department of Community and Ec	438,000		438,000	222,500	(215,500)
Transfers - Environmental Quality	6,000		6,000	6,000	
Transfers - Health	20,000		20,000	20,000	
Transfers - Human Resource Mgt	1,000		1,000	1,000	
Transfers - Human Services	34,000		34,000	34,000	
Transfers - Insurance	2,000		2,000	2,000	
Transfers - Natural Resources	9,600		9,600	7,000	(2,600)
Transfers - Other Agencies	234,800		234,800	1,400	(233,400)
Transfers - Other Funds	39,600		39,600		(39,600)
Transfers - Public Safety	10,000		10,000	10,000	
Transfers - Transportation	117,000		117,000	12,000	(105,000)
Transfers - Trust Lands Administration				25,000	25,000
Transfers - Utah State Tax Commission	21,900		21,900	17,000	(4,900)
Transfers - Workforce Services	46,400		46,400	42,000	(4,400)
Beginning Nonlapsing	9,762,100		9,762,100	102,000	(9,660,100)
Closing Nonlapsing	(151,000)		(151,000)		151,000
Total	\$38,393,300	(\$737,300)	\$37,656,000	\$27,245,600	(\$10,410,400)
Programs					
Governor's Office	3,359,100	(106,000)	3,253,100	2,277,600	(975,500)
Elections	633,800	(16,400)	617,400	822,100	204,700
Emergency Fund	102,000		102,000	102,000	
RS-2477 Rights of Way	2,826,700		2,826,700	2,000,000	(826,700)
Office of Planning and Budget	13,400,200	(505,500)	12,894,700	4,431,900	(8,462,800)
Commission on Criminal and Juvenile Justice	18,071,500	(109,400)	17,962,100	17,612,000	(350,100)
Total	\$38,393,300	(\$737,300)	\$37,656,000	\$27,245,600	(\$10,410,400)
Total FTE	116.9	(2.6)	114.3	110.8	(3.5)

State Auditor

The State Auditor's Appropriated General Fund Budget for FY 2003 is \$2,751,000. The Auditor's ongoing General Funds were reduced by \$137,200 as part of the State's effort to meet the overall budget shortfall. Three entry level auditor positions were eliminated with this budget reduction. Market comparability and other adjustments mitigated the reduction to a net \$71,900 in ongoing General Funds over the revised FY 2002 estimate.

Funding Detail

State Auditor					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	2,822,900		2,822,900	2,751,000	(71,900)
General Fund, One-time		(20,200)	(20,200)		20,200
Dedicated Credits Revenue	611,900		611,900	690,000	78,100
Transfers	42,000		42,000		(42,000)
Beginning Nonlapsing	79,600		79,600		(79,600)
Total	\$3,556,400	(\$20,200)	\$3,536,200	\$3,441,000	(\$95,200)
Programs					
Administration	276,200	(1,200)	275,000	276,000	1,000
Auditing	2,886,800	(16,300)	2,870,500	2,775,900	(94,600)
State and Local Government	393,400	(2,700)	390,700	389,100	(1,600)
Total	\$3,556,400	(\$20,200)	\$3,536,200	\$3,441,000	(\$95,200)
Total FTE	47.0	0.0	47.0	44.0	(3.0)

State Treasurer

The State Treasurer's Appropriated General Fund Budget for FY 2003 is \$841,400. Notwithstanding personnel compensation and benefits adjustments made to all State agencies, the Treasurer's budget, in recent years, has remained flat. Therefore, this budget was held harmless as a result of additional programmatic reductions made to the Division of Youth Corrections. The small increase over the FY 2002 appropriated amount is due to benefits adjustments.

Funding Detail

State Treasurer					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	831,900		831,900	841,400	9,500
General Fund, One-time		(700)	(700)		700
Dedicated Credits Revenue	188,100		188,100	188,200	100
Unclaimed Property Trust	1,130,400	(1,800)	1,128,600	1,160,100	31,500
Transfers	300		300		(300)
Beginning Nonlapsing	453,100		453,100		(453,100)
Total	\$2,603,800	(\$2,500)	\$2,601,300	\$2,189,700	(\$411,600)
Programs					
Treasury and Investment	1,160,400	(400)	1,160,000	881,900	(278,100)
Unclaimed Property	1,296,300	(1,800)	1,294,500	1,160,100	(134,400)
Money Management Council	80,800	(300)	80,500	81,400	900
Financial Assistance	66,300		66,300	66,300	
Total	\$2,603,800	(\$2,500)	\$2,601,300	\$2,189,700	(\$411,600)
Total FTE	27.0	0.0	27.0	26.5	(0.5)
					0.0

Office of the Attorney General

The Attorney General's Appropriated General Fund Budget for FY 2003 is \$17,648,600 ongoing and \$600,200 one-time funds. Ongoing General Funds reductions to the Attorney General's budget as part of the State's effort to meet the overall budget shortfall included: programmatic and administrative reductions of \$150,000; data processing infrastructure reductions of \$59,300; legal education expenditures reductions of \$70,000; and staff positions reductions of \$80,700.

Funding Detail

Attorney General					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	18,518,300		18,518,300	17,648,600	(869,700)
General Fund, One-time		284,700	284,700	600,200	315,500
Federal Funds	1,041,300		1,041,300	1,073,100	31,800
Dedicated Credits Revenue	11,988,500		11,988,500	11,465,900	(522,600)
GFR - Commerce Service	429,000		429,000	434,400	5,400
GFR - Domestic Violence				78,500	78,500
GFR - Public Safety Support	567,300		567,300	493,500	(73,800)
GFR - Tobacco Settlement		280,800	280,800	100,000	(180,800)
Antitrust Revolving	163,300	64,900	228,200	252,100	23,900
Transfers	835,800		835,800		(835,800)
Transfers - Commission on Criminal and Juven	137,200		137,200	101,900	(35,300)
Transfers - Other Agencies	30,000		30,000	55,000	25,000
Transfers - Within Agency					
Beginning Nonlapsing	430,000		430,000		(430,000)
Closing Nonlapsing	(700,000)		(700,000)		700,000
Total	\$33,440,700	\$630,400	\$34,071,100	\$32,303,200	(\$1,767,900)
Programs					
Attorney General	30,210,300	585,000	30,795,300	28,982,900	(1,812,400)
Contract Attorneys	300,000		300,000	300,000	
Children's Justice Centers	2,318,100	(4,500)	2,313,600	2,261,100	(52,500)
Prosecution Council	527,400	(100)	527,300	530,700	3,400
Domestic Violence	84,900		84,900	78,500	(6,400)
Obscenity and Pornography Ombudsman		50,000	50,000	150,000	100,000
Total	\$33,440,700	\$630,400	\$34,071,100	\$32,303,200	(\$1,767,900)
Total FTE	412.3	0.0	412.3	369.1	(43.2)

Department of Public Safety

The objectives of the Department of Public Safety are to preserve order by protecting lives, reduce the number and severity of accidents, and reduce damage to life, health, property, and finances caused by unlawful activity.

The budget for the Department of Public Safety was reduced from the estimated FY 2002 General Fund appropriations (one-time plus ongoing) of \$45,351,600 by \$1,646,100 or 3.6 percent in FY 2002. The FY 2003 budget reflects further General Fund reductions of \$886,400 for a total FY 2003 General Fund level of \$44,323,200 (one-time plus ongoing).

Legislative Action

HB 154, “Expansion of DNA Database”, provided ongoing funds of \$125,000 to the Department of Public Safety to pay for costs associated with obtaining and storing DNA samples from all felony convicted offenders currently remanded to State custody or State supervision. (Funds were also appropriated to Courts, Adult Corrections, and Youth Corrections for this effort.)

HB 6, “Public Safety Bureau Name Change”, changes the title of the Criminal Investigations Bureau to “State Bureau of Investigation” to more accurately identify the program’s purpose and activities.

HB 40, “Public Safety Division Name Change”, changes the title of the Division of Comprehensive Emergency Management to “Division of Emergency Services and Homeland Security” to include additional responsibilities as a result of expansion of national safety and security efforts.

HB 313, “Utah 911 Committee”, creates a 911 Committee within the Bureau of Communications of the Department of Public Safety and requires it to make recommendations to the Law Enforcement and Criminal Justice Interim Committee by November

2002 regarding 911 fees and the coordination of the statewide 911 system.

HB 5002, “Court Records of Driving Under the Influence Cases”, requires the Department of Public Safety to maintain an electronic data base of DUI data from the courts. One-time funds of \$8,000 were appropriated to pay for the cost.

Line Items Consolidation: The Legislature combined several line items for FY 2003 to enable the Department of Public Safety to better manage financial recourses as a result of the budget reductions. The consolidated line items are: the Commissioner’s Office, Criminal Investigations and Technical Services Division, Liquor Law Enforcement, Utah Highway Patrol, Management Information Services, and the Fire Marshal’s Office. (See Intent Language.)

Intent Language

Line Items Consolidation

It is the intent of the Legislature that the Department of Public Safety consolidate the following line items of appropriation into one line item for Fiscal Year 2003: Commissioner’s Office; Criminal Investigations and Technical Services Division; Liquor Law Enforcement; Utah Highway Patrol; Management Information Services; Fire Marshal’s Office.

Separate Line Items

The remainder of the Department’s line items of appropriation will each remain separate line items. These are: Emergency Services and Homeland Security; Peace Officer Standards and Training; Driver License Division; Utah Highway Safety.

Fleet

It is the intent of the Legislature that the Department of Public Safety may expand the fleet from existing funds or alternate sources of revenue that become available.

Trooper Advancement

It is the intent of the Legislature that the Department of Public Safety is authorized to advance officers to the Senior Trooper III level from existing appropriations and/or savings.

Major Aircraft Maintenance

It is the intent of the Legislature that receipts above the appropriated Dedicated Credit amount of reimbursable flight time for the Department of Public Safety aircraft be nonlapsing and used for major aircraft maintenance.

Funding Detail

Public Safety					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	45,201,600		45,201,600	44,315,200	(886,400)
General Fund, One-time	150,000	(1,646,100)	(1,496,100)	8,000	1,504,100
Transportation Fund	5,495,500		5,495,500	5,495,500	
Federal Funds	35,250,300	(3,400)	35,246,900	21,057,400	(14,189,500)
Dedicated Credits Revenue	4,223,600	100	4,223,700	4,381,700	158,000
GFR - DNA Specimen				125,000	125,000
GFR - Environmental Quality	200,000		200,000		(200,000)
GFR - Fire Academy Support	3,236,300		3,236,300	3,240,600	4,300
GFR - Nuclear Oversight	1,793,300		1,793,300	1,793,300	
GFR - Public Safety Support	2,509,300		2,509,300	2,711,900	202,600
GFR - Statewide Warrant Ops	410,500		410,500	415,400	4,900
TFR - Motorcycle Education	207,400		207,400	206,300	(1,100)
TFR - Dept. of Public Safety Rest. Acct.	16,518,600	1,192,500	17,711,100	17,691,600	(19,500)
TFR - Uninsured Motorist I.D.	1,559,800		1,559,800	1,560,100	300
Organ Donation Contribution Fund				35,000	35,000
Transfers	1,037,300		1,037,300		(1,037,300)
Transfers - Commission on Criminal and Juve	521,900		521,900	359,300	(162,600)
Transfers - Other Agencies	1,167,700		1,167,700	1,270,500	102,800
Transfers - Within Agency	1,235,000		1,235,000		(1,235,000)
Beginning Nonlapsing	5,333,800		5,333,800	803,600	(4,530,200)
Closing Nonlapsing	(1,362,400)		(1,362,400)	(571,900)	790,500
Lapsing Balance	(1,793,300)		(1,793,300)		1,793,300
Total	\$122,896,200	(\$456,900)	\$122,439,300	\$104,898,500	(\$17,540,800)
Programs					
Commissioner's Office	2,503,300	6,800	2,510,100	1,632,600	(877,500)
Administrative Services	17,143,500	(194,800)	16,948,700	3,692,100	(13,256,600)
Liquor Law Enforcement	1,057,500	(5,600)	1,051,900	961,000	(90,900)
Highway Patrol	37,211,300	(382,000)	36,829,300	36,910,600	81,300
Information Management	2,064,600	(10,500)	2,054,100	1,818,700	(235,400)
Fire Marshall	4,319,800	(4,900)	4,314,900	4,399,400	84,500
Criminal Investigation & Tech Services	16,396,900	(498,000)	15,898,900	14,525,600	(1,373,300)
Emergency Services and Homeland Security	11,450,000	(4,600)	11,445,400	12,643,100	1,197,700
Safety Promotion	152,000	(97,900)	54,100		(54,100)
Peace Officers' Standards and Training	8,259,400	(53,400)	8,206,000	7,751,800	(454,200)
Driver License	19,378,000	(100)	19,377,900	18,051,400	(1,326,500)
Highway Safety	2,959,900	788,100	3,748,000	2,512,200	(1,235,800)
Total	\$122,896,200	(\$456,900)	\$122,439,300	\$104,898,500	(\$17,540,800)
Total FTE	1,093.3	(3.0)	1,090.3	1,070.1	(20.2)

Courts

The Utah State Court System consists of two appellate courts, the court of general jurisdiction (District Court) and a Juvenile Court. The State trial courts (District and Juvenile) are organized into eight Judicial Districts. These courts are fully funded and operated by the State. Additional courts not-of-record (Justice Courts) are funded and operated by local governments under standards established by the State.

The Courts' budgets were reduced from the original FY 2002 General Fund appropriation of \$94,303,400, by a sum of \$3,684,200 General Fund, or 3.91 percent in FY 2002 and a net sum decrease of \$3,761,100 or 3.99 percent for FY 2003. (A decrease between the Revised FY 2002 and FY 2003 of 0.08 percent.)

The Courts will be making significant reductions in FTE. The creation of justice courts in several communities made budget and vacant positions available for reduction. Even with the potential shifts of resources, additional positions will be eliminated through attrition and layoffs to achieve the required budget reductions. Approximately 94 FTE positions in total will be eliminated during FY 2002 and FY 2003.

Legislative Action

HB 154, "Expansion of DNA Database" Ongoing funds of \$86,500 were appropriated to the Courts to pay for costs associated with obtaining and storing DNA samples from all felony convicted offenders currently remanded to State custody or State supervision. (Funds were also appropriated to the Department of Public Safety, Adult Corrections, and Youth Corrections for this effort.)

HB 82, "Court Lockers for Concealed Weapons Carriers" One-time funds of \$163,000 were appropriated for concealed weapons storage lockers at courts throughout the State.

HB 295, "Child Removal Warrants—Courts" Ongoing funding of \$75,000 was appropriated to the Courts. (The Attorney

General also received \$125,000 ongoing funding in conjunction with this legislation.)

HB 18, “Court Records of Driving Under the Influence Cases” Ongoing FY 2003 General Fund of \$9,100 and one-time General Fund of \$16,300 for FY 2002 were appropriated to enable the State courts to collect and maintain data necessary to enable better sentencing decisions.

HB 55, “Underage Possession of Tobacco” Raises the fine for offenders from \$50 to \$60 and is expected to increase revenues to the General Fund of \$17,000 beginning in FY 2003.

H.J.R. 502, “Resolution Closing District Court in Roy” (Fifth Special Session) A joint resolution was passed authorizing the closure of the Roy Court House. It will yield lease cost savings of \$20,000 (half year) starting in FY 2003. Revenue generated by the Court will be diverted from the General Fund to local government.

HB 5002, Court Records of Driving Under The Influence Cases,” (Fifth Special Session) The act requires a justice court to collect and transmit data related to DUIs to the Department of Public Safety as soon as the court is capable of transmitting data electronically. A basic electronic data transmission requirement was established by the Judicial Council. Public Safety is to maintain the DUI database.

FTE Reductions: The Legislature reduced approximately 94 funded FTEs for the Courts between FY 2002 and FY 2003. It is estimated that less than 10 will be eliminated through layoffs. The total FTE reduction may be less depending on the positions eliminated and the funds saved from those positions.

Courts Lease Rates Increases: An appropriation of \$344,300 was provided to address courts lease rates increases.

Judicial Salaries: The salary for District Court Judges for FY 2003 was set at \$103,700. Other judicial salaries are calculated

in accordance with statutory formula and rounded to the nearest \$50. These are the same as Fiscal Year 2002. (See Intent Language.)

Intent Language

Court Commissioner

It is the intent of the Legislature that in Fiscal Year 2003 the Judicial Council is authorized to create a Court Commissioner position to be shared by the Third District Juvenile Court and the Second District Juvenile Court.

Judicial Officials' Salaries

Under the provisions of Section 67-8-2, Utah Code Annotated, the following salaries are approved for judicial officials for July 1, 2002 to June 30, 2003: District Court Judge \$103,700. Other judicial salaries will be calculated in accordance with statutory formula and rounded to the nearest \$50.00. These are the same as Fiscal Year 2002.

2002 Special Session: The Legislature met in July to make budget reductions to balance the FY 2003 budget. The FY 2003 appropriation reflects additional reductions of \$2,983,600 General Fund that were made. Proposed reductions in the State Supervision program were restored both in the Courts and in the Division of Youth Corrections. Reductions were primarily in administration, program support and clerks.

Funding Detail

	Courts				
	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
Financing					
General Fund	94,303,400		94,303,400	90,542,300	(3,761,100)
General Fund, One-time	88,000	(3,684,200)	(3,596,200)	411,000	4,007,200
Federal Funds	75,900		75,900	50,500	(25,400)
Dedicated Credits Revenue	1,183,500		1,183,500	1,306,900	123,400
GFR - Alternative Dispute Resolution	144,400		144,400	140,400	(4,000)
GFR - Children's Legal Defense	643,500		643,500	645,300	1,800
GFR - Court Reporter Technology	250,000		250,000	250,000	
GFR - Court Trust Interest	300,000	500,000	800,000	250,100	(549,900)
GFR - DNA Specimen				86,500	86,500
GFR - Guardian Ad Litem Services	246,700		246,700	257,200	10,500
GFR - Non-Judicial Assessment	753,000		753,000	766,000	13,000
GFR - Online Court Assistance	35,000		35,000	35,000	
GFR - State Court Complex	3,500,000		3,500,000	3,500,000	
GFR - Substance Abuse Prevention	348,800		348,800	369,900	21,100
GFR - Tobacco Settlement	193,700		193,700	193,700	
Transfers	609,200		609,200		(609,200)
Transfers - Commission on Criminal and Juve	1,297,200		1,297,200	1,377,000	79,800
Transfers - Federal	104,800		104,800		(104,800)
Transfers - Human Services	152,800		152,800	154,800	2,000
Transfers - Youth Corrections	123,500		123,500	154,600	31,100
Beginning Nonlapsing	1,172,000		1,172,000	170,500	(1,001,500)
Closing Nonlapsing	(170,500)		(170,500)	(143,300)	27,200
Total	\$105,354,900	(\$3,184,200)	\$102,170,700	\$100,518,400	(\$1,652,300)
Programs					
Supreme Court	1,966,000		1,966,000	1,498,200	(467,800)
Law Library	529,200		529,200	507,400	(21,800)
Court of Appeals	2,768,200	(37,800)	2,730,400	2,700,500	(29,900)
District Courts	35,153,100	(468,900)	34,684,200	33,956,800	(727,400)
Juvenile Courts	27,699,300	(563,300)	27,136,000	27,633,100	497,100
Justice Courts	171,800	(10,000)	161,800	145,900	(15,900)
Courts Security	2,281,000		2,281,000	2,424,000	143,000
Administrative Office	3,795,700	(1,546,000)	2,249,700	2,102,600	(147,100)
Judicial Education	468,300	60,900	529,200	317,000	(212,200)
Data Processing	4,689,500	(183,700)	4,505,800	4,150,000	(355,800)
Grants Program	1,544,400		1,544,400	1,480,100	(64,300)
Contracts and Leases	19,209,700	(420,000)	18,789,700	18,340,400	(449,300)
Grand Jury	900	(100)	800	800	
Jury and Witness Fees	1,329,200	(3,800)	1,325,400	1,607,900	282,500
Guardian ad Litem	3,748,600	(11,500)	3,737,100	3,653,700	(83,400)
Total	\$105,354,900	(\$3,184,200)	\$102,170,700	\$100,518,400	(\$1,652,300)
Total FTE	1,318.0	(64.0)	1,254.0	1,224.0	(30.0)

FTE reductions are primarily in administration, District Courts Clerk and Juvenile Probation Officers. Most reductions eliminated vacant positions or eliminated through normal attrition. Approximately 10 positions may be RIF'd in FY 2003

Department of Corrections

The Department of Corrections, as the adult correctional authority for the State of Utah, has a primary mission of community protection. To accomplish this goal, the Department develops and provides programs that identify and control the convicted offender's inappropriate behavior, and helps the offenders learn to function as law-abiding citizens.

2002 General Session: During the General Legislative Session, the FY 2002 General Fund budget for the Utah Department of (Adult) Corrections was reduced \$10,243,400, or 5.58 percent, from the original FY 2002 General Fund appropriation of \$183,657,000. The FY 2003 budget reflects a net General Fund reduction of \$4,451,800.

2002 Special Session: The Legislature reduced the Corrections budget an additional \$2,674,400 General Fund at the Fifth Special Session. The final Department of Corrections FY 2003 appropriation is \$198,220,900 of which \$176,530,800 is from the General Fund.

A major portion of the reductions in the Department of Corrections come from the closure of the Promontory Correctional Facility with 400 beds (over \$4.2 million), the delayed opening of a wing at the Central Utah Correctional Facility at Gunnison (192 beds), and the planned closure of the State's portion of the Iron County Correctional Facility.

Legislative Action

HB 319, "Jail Reimbursement and Jail Contracting" The Legislature appropriated ongoing funds of \$755,300 for Jail Reimbursement and ongoing funds of \$775,000 for Jail Contracting to the Counties. Jail Contracting was also established as a separate line item.

HB 154, "Expansion of DNA Database" Ongoing funds of \$117,000 were appropriated to Corrections to pay for costs

associated with obtaining and storing DNA samples from all felony convicted offenders currently remanded to State custody or State supervision. (Funds were also appropriated to the Department of Public Safety, the Courts, and Youth Corrections for this effort.)

HB 5015, “Corrections – Procedures and Fees” (Fifth Special Session) This bill requires the agency to establish procedures for determining the offender’s ability to pay for DNA testing. It also authorizes the use of reasonable force if necessary to collect the DNA specimen.

Line Items Consolidation: The Legislature combined the three largest line items for FY 2003 to enable Corrections to better manage financial recourses as a result of the budget reductions. The consolidated line items are: Administration; Adult Probation and Parole; and Institutional Operations. (See Intent Language.)

Intent Language

Line Items Consolidation

It is the intent of the Legislature that the Department of Corrections be allowed to combine the Department Administration, the Division of Institutional Operations and the Adult Probation and Parole Line Items into One Line Item for FY 2003 only. Any transfers of money are to be reported to the Legislature through the Office of the Legislative Fiscal Analyst.

Funds Transfer Authority

It is the intent of the Legislature that the Department of Corrections have the authority to transfer up to \$500,000 in FY 2002 nonlapsing funds from the Divisions of Institutional Operations and Field Operations for use by Correctional Industries. The funding can only be used to support offender work programs that teach inmates useful

skills or provides the State with an important service.

Adult Probation and Parole Agents

It is the intent of the Legislature that if the Department of Corrections is able to reallocate resources internally to fund additional Adult Probation and Parole agents, that for every two agents hired, the Legislature grants permission to purchase one vehicle with Department funds.

Utah Correctional Industries

It is the intent of the Legislature that the Utah Correctional Industries Board be authorized to approve increases in FTE for the Division where such increases will positively impact employment opportunities for the state and provide benefits to other state programs.

Funding Detail

Corrections					
Financing	2002	2002	2002	2003	Change from 2002 Revised
	Estimated	Supplemental	Revised	Appropriated	
General Fund	183,657,000		183,657,000	179,430,800	(4,226,200)
General Fund, One-time		(10,243,400)	(10,243,400)	(2,900,000)	7,343,400
Federal Funds	2,357,000	651,000	3,008,000	1,121,800	(1,886,200)
Dedicated Credits Revenue	19,498,600	(2,100)	19,496,500	19,643,900	147,400
GFR - DNA Specimen				117,000	117,000
GFR - Tobacco Settlement	81,700		81,700	81,700	
Transfers	226,800		226,800		(226,800)
Transfers - CCJJ	711,300		711,300	520,200	(191,100)
Transfers - DCED				7,500	7,500
Transfers - Human Services				248,000	248,000
Beginning Nonlapsing	2,138,600		2,138,600		(2,138,600)
Closing Nonlapsing	12,100		12,100	(50,000)	(62,100)
Total	\$208,683,100	(\$9,594,500)	\$199,088,600	\$198,220,900	(\$867,700)
Programs					
Department Administration	8,813,100	(163,600)	8,649,500	12,437,100	3,787,600
Adult Probation & Parole	39,370,000	(957,300)	38,412,700	39,440,200	1,027,500
Institutional Operations	101,456,300	(8,440,700)	93,015,600	89,615,700	(3,399,900)
Jail Contracting	17,301,200		17,301,200	15,986,200	(1,315,000)
Department Medical Services	18,005,000	(31,300)	17,973,700	16,232,100	(1,741,600)
Utah Correctional Industries	15,976,900	(1,600)	15,975,300	15,993,700	18,400
Jail Reimbursement	7,760,600		7,760,600	8,515,900	755,300
Total	\$208,683,100	(\$9,594,500)	\$199,088,600	\$198,220,900	(\$867,700)
Total FTE	2,318.2	(68.0)	2,250.2	2,219.9	(30.3)

FTE reductions were achieved through attrition, shifting personnel and the delayed opening and closing of facilities.

ISF - Corrections					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
Dedicated Credits - Intragvt Rev	1,814,400		1,814,400	1,815,000	
Total	<u>\$1,814,400</u>	<u>\$0</u>	<u>\$1,814,400</u>	<u>\$1,815,000</u>	<u>\$0</u>
Programs					
ISF - Corrections Internal Service Fund	1,814,400		1,814,400	1,815,000	
Total	<u>\$1,814,400</u>	<u>\$0</u>	<u>\$1,814,400</u>	<u>\$1,815,000</u>	<u>\$0</u>
Total FTE	4.0	0.0	4.0	4.0	0.0

Board of Pardons

The Board of Pardons is the release authority for all inmates in the State of Utah. The Board is responsible for reviewing an inmate's performance during incarceration, and determining when, and under what conditions, the inmate may be released after serving the minimum sentence required by law. In addition, the Board reviews violations of release conditions to decide whether an inmate should be sent back to prison.

As a quasi-judicial body, the Board has a responsibility not only for public safety and inmate equity of treatment, but for the record keeping and process that must meet stringent legal scrutiny. In Utah, most sentencing is indeterminate. The Board becomes the final sentencing authority and sets the standard for length of confinement for most felons. The Board of Pardons and Parole has played a significant role in reducing the number of inmates at the State Prison.

The Legislature reduced the Board of Pardons FY 2002 General Fund budget by 2.57 percent. The total FY 2003 appropriated budget is \$2,770,300. This includes a General Fund reduction of \$120,100 or an additional 4.55 percent General Fund.

Intent Language

Video Conferencing Equipment and Hearing/Courtroom

It is the intent of the Legislature that the \$60,000 identified for video conferencing equipment for the Board of Pardons be used only in conjunction with remodeling of an additional hearing or court room.

Funding Detail

Board of Pardons and Parole					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	2,601,500		2,601,500	2,518,700	(82,800)
General Fund, One-time		(66,900)	(66,900)		66,900
Dedicated Credits Revenue	2,200		2,200	2,200	
GFR - Tobacco Settlement	77,400		77,400	77,400	
Transfers	1,600		1,600		(1,600)
Beginning Nonlapsing	172,000		172,000	172,000	
Closing Nonlapsing	(172,000)		(172,000)		172,000
Total	<u>\$2,682,700</u>	<u>(\$66,900)</u>	<u>\$2,615,800</u>	<u>\$2,770,300</u>	<u>\$154,500</u>
Programs					
Board Of Pardons and Parole	2,682,700	(66,900)	2,615,800	2,770,300	154,500
Total	<u>\$2,682,700</u>	<u>(\$66,900)</u>	<u>\$2,615,800</u>	<u>\$2,770,300</u>	<u>\$154,500</u>
Total FTE	35.0	(1.0)	34.0	33.0	(1.0)

Division of Youth Corrections

The Division of Youth Corrections is responsible for all delinquent offenders committed by the State's Juvenile Courts. In addition, the Division operates Receiving Centers and Detention Facilities that deal with pre-adjudicated youth.

The FY 2002 Division of Youth Corrections' budget was reduced from the original FY 2002 General Fund appropriation of \$73,496,600, by \$4,550,400, or 6.19 percent in FY 2002. The base FY 2003 General Fund appropriation level is \$74,429,700 due to the transfer of Youth Services to the division. The FY 2003 General Fund budget was reduced another 5.62 percent from the Revised FY 2002 budget. The Legislature appropriated \$87,874,300 total funding for the Division for FY 2003.

Legislative Action

HB 154, "Expansion of DNA Database" Ongoing funds of \$41,000 were appropriated to Youth Corrections to pay for costs associated with obtaining and storing DNA samples from all felony convicted offenders currently remanded to State custody or State supervision. (Funds were also appropriated to the Department of Public Safety, the Courts, and Adult Corrections for this effort.)

SB 12, "Transfer of Youth Services Oversight" Consolidated all "youth services" functions in Youth Corrections beginning FY 2003. As a result, \$1,457,200 and 5.7 FTEs were transferred from the Division of Child and Family Services budget to the Youth Corrections budget.

HB 5015, "Corrections – Procedures and Fees" (2002 Special Session). This bill requires the agency to establish procedures for determining the offender's ability to pay for DNA testing. It also authorizes the use of reasonable force if necessary to collect the DNA specimen.

2002 Special Session – The FY 2003 appropriation includes an additional 3.7 percent General Fund reduction (\$2,668,000) made

during the Special Session. A proposed reduction to State Supervision funds was restored to both the Division and to the Courts.

Intent Language

Community Based Alternatives

It is the intent of the Legislature that the Division of Youth Corrections continue and wherever possible increase, the utilization of community based alternatives to secure incarceration of youth in the custody of the Division.

Funding Detail

Youth Corrections					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	73,496,600		73,496,600	69,362,800	(4,133,800)
General Fund, One-time		(4,550,400)	(4,550,400)		4,550,400
Federal Funds	1,360,300	(100)	1,360,200	2,146,800	786,600
Dedicated Credits Revenue	2,798,300		2,798,300	2,801,400	3,100
Dedicated Credits - Land Grant	49,800		49,800	49,900	100
GFR - DNA Specimen				41,000	41,000
GFR - Youth Corrections Victims	500,000		500,000	500,200	200
Transfers	62,900		62,900		(62,900)
Transfers - Child Nutrition	707,100		707,100	702,200	(4,900)
Transfers - Commission on Criminal ar	1,053,700		1,053,700	1,118,200	64,500
Transfers - Interagency	87,800		87,800	88,100	300
Transfers - Medicaid	11,163,800		11,163,800	10,798,700	(365,100)
Transfers - Other Funds	59,500		59,500		(59,500)
Transfers - Within Agency	265,000		265,000	265,000	
Beginning Nonlapsing	2,361,100		2,361,100		(2,361,100)
Total	\$93,965,900	(\$4,550,500)	\$89,415,400	\$87,874,300	(\$1,541,100)
Programs					
Administration	4,959,500	(1,314,300)	3,645,200	3,693,700	48,500
Community Programs	43,929,300	(2,226,200)	41,703,100	41,115,500	(587,600)
Correctional Facilities	28,591,900	(683,700)	27,908,200	27,028,800	(879,400)
Rural Programs	16,076,200	(226,300)	15,849,900	15,749,800	(100,100)
Youth Parole Authority	409,000	(100,000)	309,000	286,500	(22,500)
Total	\$93,965,900	(\$4,550,500)	\$89,415,400	\$87,874,300	(\$1,541,100)
Total FTE	1,018.6	(2.0)	1,016.6	1,020.8	4.2

Funding Detail

Executive Offices & Criminal Justice Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	430,135,500		430,135,500	414,061,400	(16,074,100)
General Fund, One-time	1,233,000	(20,486,300)	(19,253,300)	(2,002,800)	17,250,500
Transportation Fund	5,495,500		5,495,500	5,495,500	
Federal Funds	55,490,700	647,400	56,138,100	40,668,800	(15,469,300)
Dedicated Credits Revenue	40,852,600	(153,100)	40,699,500	40,758,100	58,600
Dedicated Credits - Land Grant	49,800		49,800	49,900	100
GFR - Alternative Dispute Resolution	144,400		144,400	140,400	(4,000)
GFR - Children's Legal Defense	643,500		643,500	645,300	1,800
GFR - Commerce Service	429,000		429,000	434,400	5,400
GFR - Constitutional Defense	1,105,000		1,105,000	2,000,000	895,000
GFR - Court Reporter Technology	250,000		250,000	250,000	
GFR - Court Trust Interest	300,000	500,000	800,000	250,100	(549,900)
GFR - Domestic Violence				78,500	78,500
GFR - DNA Specimen				369,500	369,500
GFR - Environmental Quality	200,000		200,000		(200,000)
GFR - Fire Academy Support	3,236,300		3,236,300	3,240,600	4,300
GFR - Guardian Ad Litem Services	246,700		246,700	257,200	10,500
GFR - Non-Judicial Assessment	753,000		753,000	766,000	13,000
GFR - Nuclear Oversight	1,793,300		1,793,300	1,793,300	
GFR - Online Court Assistance	35,000		35,000	35,000	
GFR - Public Safety Support	3,076,600		3,076,600	3,205,400	128,800
GFR - State Court Complex	3,500,000		3,500,000	3,500,000	
GFR - Statewide Warrant Ops	410,500		410,500	415,400	4,900
GFR - Substance Abuse Prevention	348,800		348,800	369,900	21,100
GFR - Tobacco Settlement	352,800	280,800	633,600	452,800	(180,800)
GFR - Youth Corrections Victims	500,000		500,000	500,200	200
TFR - Motorcycle Education	207,400		207,400	206,300	(1,100)
TFR - Dept. of Public Safety Rest. Acct.	16,518,600	1,192,500	17,711,100	17,691,600	(19,500)
TFR - Uninsured Motorist I.D.	1,559,800		1,559,800	1,560,100	300
Antitrust Revolving	163,300	64,900	228,200	252,100	23,900
Crime Victims Reparation Trust	811,300	(2,000)	809,300	2,327,800	1,518,500
Olympic Special Revenue	352,100		352,100	355,700	3,600
Organ Donation Contribution Fund				35,000	35,000
Unclaimed Property Trust	1,130,400	(1,800)	1,128,600	1,160,100	31,500

Table continued on following page.

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Executive Offices & Criminal Justice Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Transfers	2,831,300		2,831,300		(2,831,300)
Transfers - Administrative Services	11,000		11,000	13,500	2,500
Transfers - Child Nutrition	707,100		707,100	702,200	(4,900)
Transfers - Commerce	2,000		2,000	2,000	
Transfers - Commission on Criminal and Juv	3,731,300		3,731,300	3,486,600	(244,700)
Transfers - Em Svcs & Home Sec	25,000	(25,000)			
Transfers - Corrections	9,000		9,000	9,000	
Transfers - Department of Community and E	438,000		438,000	230,000	(208,000)
Transfers - Environmental Quality	6,000		6,000	6,000	
Transfers - Federal	104,800		104,800		(104,800)
Transfers - Health	20,000		20,000	20,000	
Transfers - Human Resource Mgt	1,000		1,000	1,000	
Transfers - Human Services	186,800		186,800	436,800	250,000
Transfers - Insurance	2,000		2,000	2,000	
Transfers - Interagency	87,800		87,800	88,100	300
Transfers - Medicaid	11,163,800		11,163,800	10,798,700	(365,100)
Transfers - Natural Resources	9,600		9,600	7,000	(2,600)
Transfers - Other Agencies	1,432,500		1,432,500	1,326,900	(105,600)
Transfers - Other Funds	99,100		99,100		(99,100)
Transfers - Public Safety	10,000		10,000	10,000	
Transfers - Transportation	117,000		117,000	12,000	(105,000)
Transfers - Trust Lands Administration				25,000	25,000
Transfers - Utah State Tax Commission	21,900		21,900	17,000	(4,900)
Transfers - Within Agency	1,500,000		1,500,000	265,000	(1,235,000)
Transfers - Workforce Services	46,400		46,400	42,000	(4,400)
Transfers - Youth Corrections	123,500		123,500	154,600	31,100
Beginning Nonlapsing	21,902,300		21,902,300	1,248,100	(20,654,200)
Closing Nonlapsing	(2,543,800)		(2,543,800)	(765,200)	1,778,600
Lapsing Balance	(1,793,300)		(1,793,300)		1,793,300
Total	\$611,577,000	(\$17,982,600)	\$593,594,400	\$559,461,900	(\$34,132,500)
Programs					
Governor's Office	38,393,300	(737,300)	37,656,000	27,245,600	(10,410,400)
State Auditor	3,556,400	(20,200)	3,536,200	3,441,000	(95,200)
State Treasurer	2,603,800	(2,500)	2,601,300	2,189,700	(411,600)
Attorney General	33,440,700	630,400	34,071,100	32,303,200	(1,767,900)
Corrections	208,683,100	(9,594,500)	199,088,600	198,220,900	(867,700)
Board of Pardons and Parole	2,682,700	(66,900)	2,615,800	2,770,300	154,500
Youth Corrections	93,965,900	(4,550,500)	89,415,400	87,874,300	(1,541,100)
Courts	105,354,900	(3,184,200)	102,170,700	100,518,400	(1,652,300)
Public Safety	122,896,200	(456,900)	122,439,300	104,898,500	(17,540,800)
Total	\$611,577,000	(\$17,982,600)	\$593,594,400	\$559,461,900	(\$34,132,500)
Total FTE	6,386.2	(140.6)	6,245.6	6,118.2	(127.4)

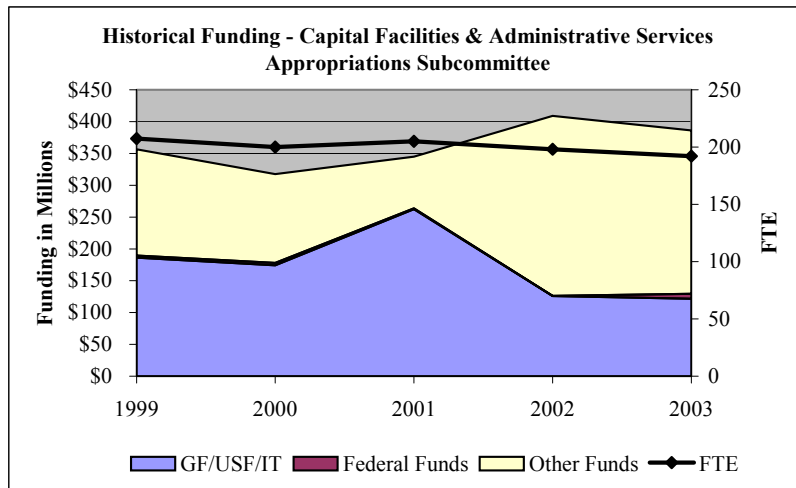
Capital Facilities & Administrative Services

Subcommittee Overview

The Capital Facilities and Administrative Service (CFAS) Appropriation Subcommittee approves funding for the Capitol Preservation Board, Department of Administrative Services, Capital Projects and Debt Service.

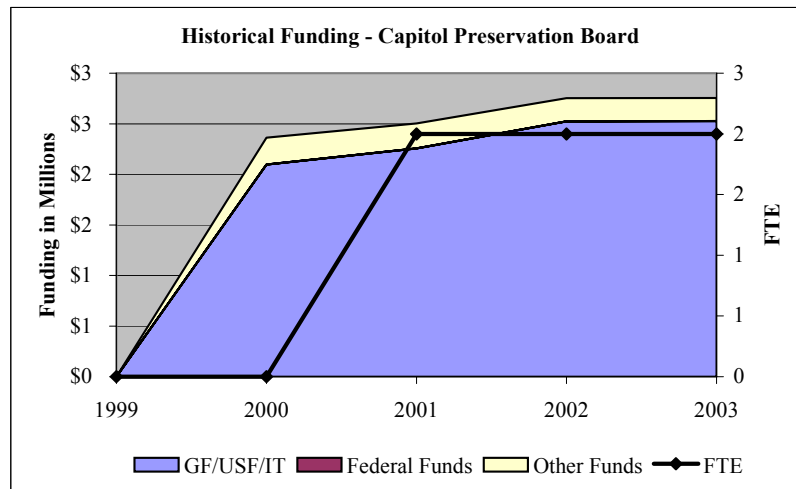
When all oversight areas are totaled, the CFAS Subcommittee authorized budget levels totaling \$384 million for Fiscal Year 2003. Of the total, approximately \$18 million provides operating budgets for the Department of Administrative Services and the Capitol Preservation Board.

After forgoing debt issuance for two years, the Legislature authorized issuance of \$218 million in new debt for capital facilities, transferring cash appropriations to other budget areas to cover shortfalls. Prior to issuing new bond authority, the Legislature transferred \$21 million from the capital budget to other pressing state needs, leaving \$68 million in state funds for facility construction, including \$40 million for capital improvements.



Capitol Preservation Board

The Capitol Preservation Board maintains buildings and grounds on Capitol Hill. The Board also manages the planning, design and renovation of the Capitol Building. The Legislature provided appropriations of \$2.1 million in FY 2001 for planning and design. Another \$40.9 million in FY 2002 will fund two new facilities on Capitol Hill to serve as surge space during the renovation of the Capitol and ultimately as permanent office space. This year the Board received \$25.97 million to begin design work on the Capitol Building and to erect a parking structure east of the complex.



Day to day operations are managed by the Executive Director with the assistance of two staff members funded from CPB budgets. The Director contracts with DFCM for janitorial, maintenance and utility service. Of the Board's \$2.5 operating budget, more than \$2.3 million pays for the DFCM management contract and other current expenses associated with building maintenance. As part of the statewide budget reduction, the Capitol Preservation Board's operating budget was reduced by \$227,400. The reduction includes the elimination of vacant positions and a transfer of funds from the Capitol Expansion project based on the amount of time spent by staff on construction oversight.

Funding Detail

Capitol Preservation Board					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	2,578,700		2,578,700	2,299,700	(279,000)
General Fund, One-time		(53,400)	(53,400)		53,400
Dedicated Credits Revenue	228,200		228,200	228,200	
Total	\$2,806,900	(\$53,400)	\$2,753,500	\$2,527,900	(\$225,600)
Programs					
Capitol Preservation Board	2,806,900	(53,400)	2,753,500	2,527,900	
Total	\$2,806,900	(\$53,400)	\$2,753,500	\$2,527,900	\$0
Total FTE	2.0	0.0	2.0	(4.0)	(6.0)

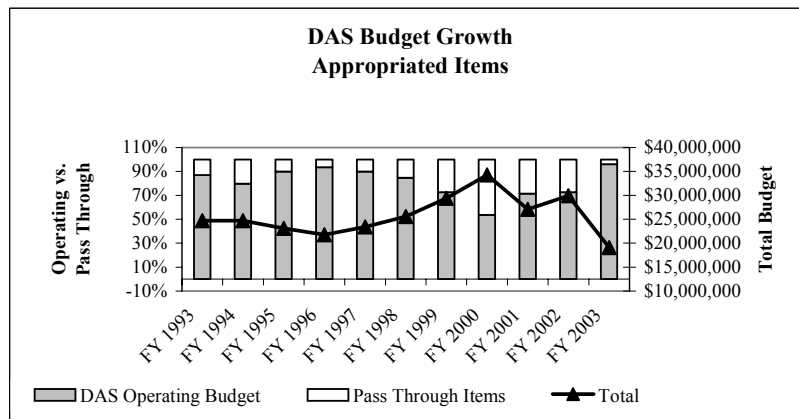
Department of Administrative Services

The Department of Administrative Services is responsible for:

1. Providing specialized agency support services;
2. Providing effective, coordinated management of state administrative services;
3. Serving the public interest by providing services in a cost-effective and efficient manner, eliminating unnecessary duplication;
4. Enabling administrators to effectively respond to technological improvements;
5. Emphasizing the service role of state administrative service agencies;
6. Permitting flexibility in meeting the service needs of state agencies;
7. Protecting the public interest by establishing professional accounting procedures and policies.

Thirteen divisions within the Department provide statewide coordination for payroll, facility management, record storage, debt collection, and risk management. The appropriated portion of the Department fluctuates widely from year to year due to financial centralization within the Division of Finance. The Finance-Mandated line item allows the Legislature to set aside funds for specific projects such as Quality Growth, Public Safety Radio Conversion, Constitutional Defense, Retirement Adjustments and the Navajo Trust Fund. Finance does not expend the funds, but holds money for other agencies to draw on.

This year the Legislature made a negative appropriation of \$2.81 million to Finance – Mandated for the purpose of transferring funds from agencies to the General Fund to implement statewide savings. When this line item is removed from operational cost calculations, the DAS operating budget totals \$18.3 million for FY 2003, \$2.8 million less than FY 2002 amounts. The table below shows annual changes in the total budget and reflects the percentage of pass-through items and notes an anomaly that for FY 2003 the Department will transfer in more funds from other agencies than it transfers out.



Department of Administrative Services Appropriated Divisions

The FY 2003 appropriated operating budget for the Department of Administrative Services is 12 percent less than it was in 1993. The combination of a departmental reorganization and the implementation of technology initiatives allows DAS to operate without significant new appropriations.

The Department of Administrative Services provides accounting services for many short-term programs throughout the state through the Division of Finance. Each year, the Division of Finance serves as the holding agency for funds to be expended by other agencies for projects not related to the mission of DAS. Over the years these projects included Y2K funding, Underground Storage Tank Mitigation and the LeRay McAllister Critical Land Conservation Fund. New items added to Finance-Mandated for FY 2003 include negative funding for retirement changes and a negative appropriation for statewide IT consolidation.

Executive Director's Office: The Executive Director's Office provides department financial management, strategic planning, organizational development, and public relations. The Division employs eleven FTEs with a budget of \$1,026,400.

Administrative Rules: The Division of Administrative Rules establishes procedures for administrative rule-making. Statute requires the division to register administrative rules, make administrative rules available to the public, publish summaries of proposed rules, and compile and codify all effective rules in the Utah Administrative Code. The Division employs four FTE with a budget for FY 2003 of \$279,200.

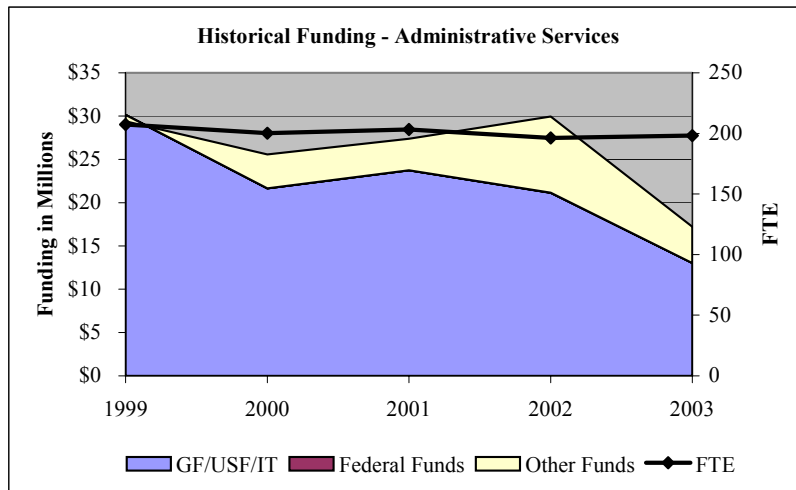
Division of Archives: The Utah State Archives is the depository for the official records of the State and its political subdivisions. It serves State government and the public by managing records created by the legislative, judicial, and executive branches of government. This includes the cataloging of vital records, storage of historic documents and the management of records created by the court system. With a supplemental reduction of one FTE in the Fifth

Special Session, Archives employs 32 FTE spread over five programs with a budget of \$2,025,300.

Division of Purchasing and General Services: The Division of Purchasing and General Services provides for the procurement of all supplies and services needed by the State. The division gave up a vacant FTE position as part of the statewide budget reductions, leaving 23 FTE and a budget of \$1,352,100.

Division of Finance: The Director of the Division of Finance is the state's chief fiscal officer and is responsible for State government's accounting structure. The division produces the Comprehensive Annual Financial Report, ensures compliance with generally accepted accounting principles, issues warrants to vendors and manages state payroll. The Division budget of \$9,473,100 funds five divisions with a combined FTE count of 85.

Division of Facilities Construction and Management: The Division of Facilities Construction and Management (DFCM) is responsible for construction, remodeling and equipping of buildings for all state institutions and agencies. The Division addresses the state's maintenance backlog by administering alteration, renovation, repair, and improvement projects on existing buildings. The Division has 38 FTEs and an operating budget of \$3,089,100. Prior to the Fifth Special Session, \$2.7 million of the DFCM budget came from the General Fund. In order to balance the state's budget, the Legislature changed statute to allow DFCM to be fully funded from capital projects, the Project Reserve Fund and the Contingency Fund.



Internal Service Funds (ISF)

In addition to the appropriated divisions, the Department manages other divisions that function as Internal Service Funds. These divisions provide goods and services based on legislatively approved rates and are mandated to operate in the manner of a private sector enterprise except in regard to profit. As “vendors” to state agencies, ISFs are designed to recover only the costs associated with providing the service. ISF revenue is derived from rates charged to other agencies for services that would be more expensive if they were not centralized. In all, Administrative Services ISFs generate \$165 million and employ 519 FTE.

Division of Purchasing and General Services (ISF): The ISF portion of this division includes a stockless, vendor direct central store, central copy services and a central mail operation. The mail operation offers processing for forms, folding and special mailers. Electronic purchasing cards allow agencies to order office supplies online, and the centralized copier service coordinates statewide pools to reduce publishing costs.

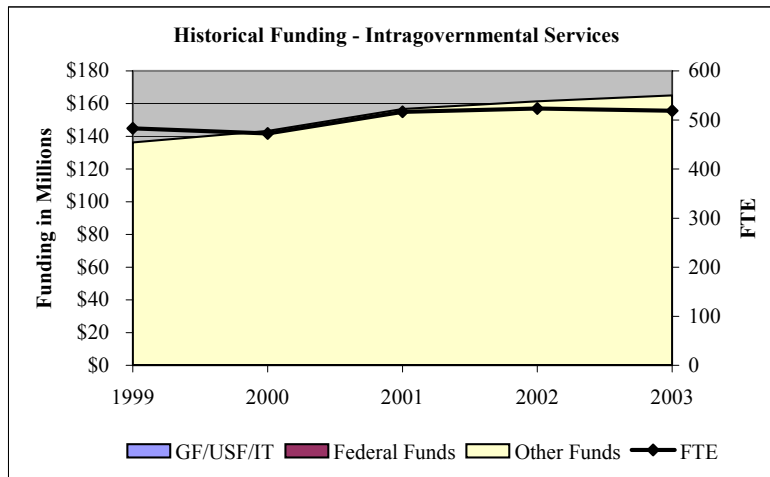
Division of Fleet Operations: The Division of Fleet Operations operates the State Central Motor Pool, the Surplus Property Program and the state fuel network.

Division of Information Technology Services: The Division of Information Technology Services (ITS) is required to provide cost effective, reliable data processing and communication service to state and local government. The data processing area of ITS provides software development, computer time-sharing, main frame computing and consultation services. The telecommunications area of ITS delivers priority service to public safety agencies and negotiates on behalf of state agencies the purchase, lease or rental of private or public telecommunications services.

Division of Risk Management: As the state's risk manager, the division provides liability, property and auto damage coverage to state agencies, school districts, colleges and eight local health departments. The liability insurance program is entirely self funded and the property insurance program is self funded up to a \$2.5 million deductible. A private carrier provides coverage beyond the aggregated deductible amount.

Division of Facilities Construction and Management - Facilities Management (ISF): The DFCM internal service fund provides building management throughout the state. Included in this budget are building expenses such as utilities, janitorial, garbage collection, and security. DFCM also evaluates preventative maintenance programs by conducting building assessments for state owned buildings and college facilities.

Office of Debt Collection: The Office of State Debt Collection collects and manages state receivables and develops policies governing long-term outstanding debt. Private collection firms provide the actual collection work. Formerly funded with tax funds, the Division now operates entirely as an internal service fund, generating dedicated credits to fund all expenditures.



Legislative Action

2002 General Session:

Fleet Capitalization: The Legislature transferred \$4 million in General Fund from the Fleet Capitalization program to more pressing needs across state government. The result of this change will be to increase the amount of General Fund debt as state vehicles are replaced. In the future, the Legislature will have to address this loss of funds either through restored funding or through increased rates on fleet vehicles.

LeRay McAllister Critical Land Fund: The Legislature reduced funding to the LeRay McAllister Fund in FY 2002 and 2003. However, more than \$2.7 million was left in the program to cover both budget years.

Finance Payroll Conversion: The Division of Finance earned approval to contract for a new payroll system. The new system will bring time tracking, benefit management and routine payroll issues directly to employee desktops, eliminating time consuming steps in the current process. Funding for the \$1.9 million project came from federal funds, retained earnings in the Workers' Compensation ISF and carry-forward balances directed by intent to be used to upgrade systems.

Fuel and Power Costs: As part of budget cutting measures, agencies and institutions were asked to absorb increases in fuel and power rates.

Division of Fleet Operations (Surplus Property): The Legislature directed the Division of Fleet Operations to prepare a formal report outlining options for making Surplus Property a solvent ISF.

Information Technology Services: The Legislature directed the Department of Administrative Services to investigate and report rates that more accurately reflect total costs for microwave sites, disk storage, and the Automated Geographic Reference Center.

The Legislature also passed several new laws that impact the Department of Administrative Services:

HB 82 - Storage of Concealed Firearms on Facilities with Secure Areas: Requires Courts to provide for firearms storage facilities where they establish secure areas and prohibit the carrying of firearms.

HB 132 - Sale of State Lands at Developmental Center: Requires legislative approval before offering land or water rights for sale, exchange, or long-term lease. The bill also requires that these transactions not be done at an amount less than the average of two appraisals conducted by licensed appraiser.

HB 311 - State Capitol Preservation Board - Chair
Allows the Governor to appoint an individual who will serve as the Governor's designee on the Capital Preservation Board. The designee will have the same voting rights as the governor.

2002 Special Session:

SB 5011 – Statutory Amendments to Implement Budget Cuts – Allows the Legislature to appropriate funds from restricted accounts to the General Fund to overcome operating deficits. Also

specifically allows the Legislature to direct DFCM to fund all operations from statewide contingency reserve accounts.

Funding Detail

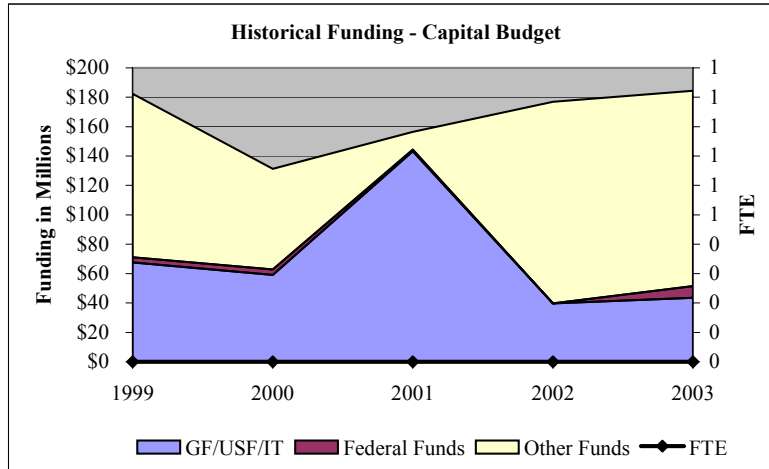
Administrative Services					
Financing	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	22,201,500		22,201,500	11,078,000	(11,123,500)
General Fund, One-time	2,152,500	(3,802,900)	(1,650,400)	(1,682,900)	(32,500)
Uniform School Fund	564,000		564,000	(27,300)	(591,300)
Transportation Fund	539,800		539,800	444,400	(95,400)
Federal Funds	47,600		47,600	(22,500)	(70,100)
Dedicated Credits Revenue	1,507,200	(500)	1,506,700	1,471,700	(35,000)
Restricted Revenue				(38,500)	(38,500)
GFR - Boating	500		500		(500)
GFR - Children's Legal Defense	200		200		(200)
GFR - Commerce Service	3,100		3,100		(3,100)
GFR - Environmental Quality	1,500		1,500		(1,500)
GFR - Financial Institutions	700		700		(700)
GFR - Industrial Assistance	100		100		(100)
GFR - ISF Overhead	1,483,500	99,700	1,583,200	1,489,500	(93,700)
GFR - Livestock Brand	200		200		(200)
GFR - Medicaid Restricted	200		200		(200)
GFR - Public Safety Support	100		100		(100)
GFR - Sales and Use Tax Admin Fees	1,400		1,400		(1,400)
GFR - Substance Abuse Prevention	100		100		(100)
GFR - Tobacco Settlement	200		200		(200)
GFR - Wildlife Resources	3,500		3,500		(3,500)
GFR - Workplace Safety	300		300		(300)
TFR - Dept. of Public Safety Rest. Acct.	2,800		2,800		(2,800)
Crime Victims Reparation Trust	200		200		(200)
Land Grant Mgt Fund	900		900		(900)
Liquor Control Fund	2,300		2,300		(2,300)
Unclaimed Property Trust	100		100		(100)
Transfers	394,600		394,600	600,000	205,400
Transfers - Internal Service Funds				213,400	213,400
Project Reserve Fund				2,486,600	2,486,600
Risk Management - Workers Compensation		1,836,400	1,836,400		(1,836,400)
Other Financing Sources				(3,400)	(3,400)
Beginning Nonlapsing	3,247,400		3,247,400	341,400	(2,906,000)
Closing Nonlapsing	(443,400)	101,300	(342,100)	(85,700)	256,400
Lapsing Balance	(416,000)	416,000			
Total	\$31,297,100	(\$1,350,000)	\$29,947,100	\$16,264,700	(\$13,682,400)

Programs					
Executive Director	949,200	(25,500)	923,700	1,026,400	102,700
Information Tech Services	876,600	(419,900)	456,700	376,600	(80,100)
Administrative Rules	278,100	(2,100)	276,000	279,200	3,200
DFCM Administration	3,187,000	(287,800)	2,899,200	3,089,100	189,900
DFCM Facilities Management	262,700	(13,000)	249,700	225,400	(24,300)
State Archives	2,152,900	(64,500)	2,088,400	2,025,300	(63,100)
Finance Administration	11,458,500	1,741,900	13,200,400	9,473,100	(3,727,300)
Finance - Mandated	5,418,200	(812,800)	4,605,400	750,000	(3,855,400)
Post Conviction Indigent Defense	200,000	(34,900)	165,100	249,300	84,200
Judicial Conduct Commission	248,700	(1,400)	247,300	228,200	(19,100)
Finance - Mandated - Retirement	752,200		752,200	(810,000)	(1,562,200)
Finance - Mandated - IT				(2,000,000)	(2,000,000)
Purchasing	1,513,000	(110,000)	1,403,000	1,352,100	(50,900)
Fleet Capitalization	4,000,000	(1,320,000)	2,680,000		(2,680,000)
Total	\$31,297,100	(\$1,350,000)	\$29,947,100	\$16,264,700	(\$13,682,400)
Total FTE	203.1	(7.0)	196.1	196.2	0.1

Intragovernmental Services					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
Dedicated Credits Revenue	409,100		409,100	450,000	40,900
Premiums	23,441,200		23,441,200	25,159,800	1,718,600
Licenses/Fees	145,000		145,000	145,000	
Interest Income	615,800		615,800	664,900	49,100
Dedicated Credits - Intragvt Rev	127,217,100		127,217,100	129,111,500	1,894,400
Restricted Revenue	8,983,900		8,983,900	9,262,200	278,300
Transfers	876,600	(299,900)	576,700	290,100	(286,600)
Other Financing Sources	9,200		9,200	9,200	
Total	\$161,697,900	(\$299,900)	\$161,398,000	\$165,092,700	\$3,694,700
Programs					
ISF - Office of State Debt Collection	1,179,100		1,179,100	1,182,600	3,500
ISF - Purchasing & General Services	13,670,900		13,670,900	13,850,400	179,500
ISF - Information Technology Services	55,642,900	(299,900)	55,343,000	54,907,400	(435,600)
ISF - Fleet Operations	39,360,500		39,360,500	41,240,100	1,879,600
ISF - Risk Management	32,303,800		32,303,800	34,300,700	1,996,900
ISF - Facilities Management	19,055,800		19,055,800	19,126,600	70,800
ISF - DFCM Roofing and Paving	484,900		484,900	484,900	
Total	\$161,697,900	(\$299,900)	\$161,398,000	\$165,092,700	\$3,694,700
Total FTE	523.6	0.0	523.6	518.5	(5.1)

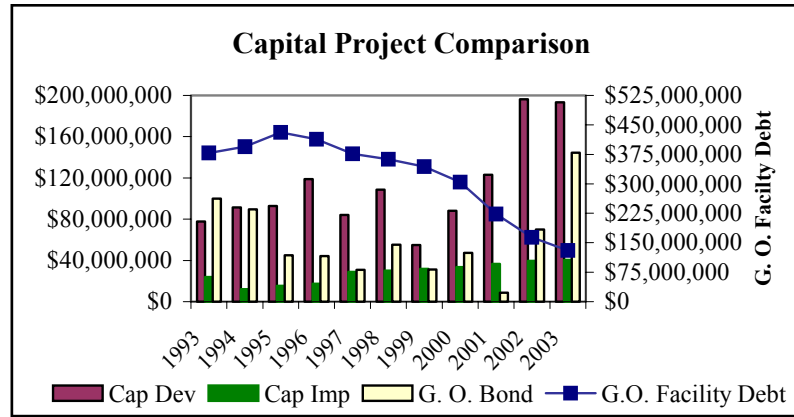
Capital Budget

The capital budget provides funding to purchase, construct and repair State facilities. Over the last two years, funding for projects came from cash appropriations. Due to revenue shortfalls, the FY 2003 capital budget includes significant authorizations of general obligation debt for facilities.



2002 General Session: In FY 2002, the Legislature transferred \$25 million in debt service savings to the capital budget. Action taken by the Legislature during the General Session included the transfer of \$21 million from the capital budget to other areas of state government with pressing needs. The end result of this was a capital budget that used \$68 million in state funds and \$129 million in G.O. and Revenue Bond authorizations.

2002 Special Sessions: During the 4th Special Session the Legislature replaced an additional \$70 million from cash appropriated in FY 2002. Then during the 5th Special Session another \$16 million was replaced in FY 2003 to bring the total facility General Obligation Bond Authorization to \$218 million.



The chart above shows the historical relationship between funding for alterations, repairs, and improvements (capital improvements), new or replacement facilities (capital developments) and annual bond authorizations. This year the Legislature approved more than \$193 million in new capital projects (including non-state funded).

General Obligation Facility Debt totals (the right vertical axis shown in the chart) will not include debt authorized during the 2002 session until it has actually been issued.

Legislative Action

2002 General Session:

Capital Improvements - Maintaining existing facilities:

To balance the FY 2002 budget, the Legislature redirected \$4.4 million in funding for capital improvements. With a formula change adopted during the 2001 General Session, FY 2003 Capital Improvement funding increased by 25 percent to a record level of \$49,486,000. However, as noted below, legislation passed in the fifth special session reduced that amount to \$40.5 million.

HB 252 - Engineering Building Bond - During the 2001 General Session, the Legislature set aside \$20,943,500 for engineering buildings at the University of Utah and Utah State

University. The funds were to be held in escrow until each institution raised a promised amount.

Since neither institution will have matching funds for at least two years, the Legislature redirected funds in escrow for other uses. Once matching funds are in hand, the Legislature can provide additional cash or allow the bonds to be issued.

2002 4th Special Sessions:

SB 4001 – 2002 Bonding for Capital Projects – Passed during the Fourth Special Session, this bill freed up \$70.5 million in one time funds to balance the FY 2002 budget. The bond authorization replaced cash originally appropriated for the State Capitol, four higher education facilities and a state parks museum.

2002 5th Special Session:

SB 5006 – 2002 Bonding for Capital Projects – Passed during the Fifth Special Session, this bill added another \$19 million in authorizations to the capital facility bond, bringing the total authorization to \$200 million, not including the engineering bond noted above. The bond authorization replaced cash originally appropriated for several small projects and provided flexibility in funding for a youth corrections facility.

SB 5011 – Statutory Amendments to Implement Budget Cuts – Legislation passed during the 2001 General Session increased the calculation for Capital Improvement funding from 0.9 percent to 1.1 percent of the value of all state assets. With the budget shortfall in FY 2003, the Legislature modified statute to allow the legislature to use the increase (0.2 percent) for other needs to cover an operating deficit. Since this will take special legislative action each time it is used, the funds transferred are one time in nature. Passage of this act allowed the Legislature to use \$8.9 million from the capital budget in FY 2003. Those funds will return to the capital improvement program in FY 2004.

Funding Detail

Capital Budget					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	65,099,400		65,099,400	48,462,000	(16,637,400)
General Fund, One-time	1,000	(42,466,400)	(42,465,400)	(21,930,300)	20,535,100
Income Tax	24,298,000		24,298,000	25,049,000	751,000
Income Tax, One-time	10,000,000	(17,298,000)	(7,298,000)	(8,049,000)	(751,000)
Transportation Fund, One-time	1,399,000		1,399,000		(1,399,000)
Federal Funds				7,900,300	7,900,300
Dedicated Credits Revenue	41,000,000		41,000,000	5,500,000	(35,500,000)
Dedicated Credits - GO Bonds		88,683,000	88,683,000	124,831,400	36,148,400
Dedicated Credits - Revenue Bonds	10,735,800		10,735,800	1,836,000	(8,899,800)
GFR - Special Administrative Expense	1,186,700		1,186,700		(1,186,700)
GFR - State Court Complex	700,000		700,000		(700,000)
Olympic Special Revenue	28,500,000	(19,000,000)	9,500,000		(9,500,000)
Transfers	387,000		387,000		(387,000)
Project Reserve Fund				800,000	800,000
Total	\$183,306,900	(\$6,489,000)	\$176,817,900	\$184,399,400	\$7,581,500
Programs					
DFCM Capital Program	183,306,900	(6,489,000)	176,817,900	181,658,400	4,840,500
Property Acquisition				2,741,000	2,741,000
Total	\$183,306,900	(\$6,489,000)	\$176,817,900	\$184,399,400	\$7,581,500
Total FTE	0.0	0.0	0.0	0.0	0.0

State Funded Capital Projects

The table below shows projects funded in part or in whole by state funds. Income Tax funds may only be spent on education projects.

<i>Project</i>	<i>GF/IT Funds</i>	<i>G.O. 2 Bond</i>	<i>Other Funds</i>	<i>Total Project</i>
Capital Improvements (a)	\$49,386,000		\$100,000	\$49,486,000
Brigham City Education Center Purchase		\$2,741,000		2,741,000
Dixie State College Eccles/Graff Performing Arts Ctr. (b)		13,308,000	3,500,000	16,808,000
Snow College Performing Arts Center (b)		15,583,000	2,000,000	17,583,000
WSU Classroom Building--Davis Campus		20,500,000		20,500,000
U of U Health Sciences Building		33,000,000		\$33,000,000
Capitol Restoration Design/Parking Structure		25,970,000		\$25,970,000
UVSC Wasatch Campus		9,587,000		\$9,587,000
Youth Corrections - Washington County (c)		1,792,700	5,424,300	\$7,217,000
Youth Corrections - Canyonlands (c)	3,125,000		2,476,000	\$5,601,000
Utah National Guard - Maintenance Projects (a)		1,074,700	600,000	\$1,674,700
DABC - Tooele Package Store Replacement (d)			1,836,000	\$1,836,000
USU Merrill Library - Planning and Design		800,000		\$800,000
DFCM - Planning for Regional Centers (a)			100,000	\$100,000
Courts - Salt Lake Courts (e)			475,000	\$475,000
	<u>\$52,511,000</u>	<u>\$124,356,400</u>	<u>\$16,511,300</u>	<u>\$193,378,700</u>

Other Funds:

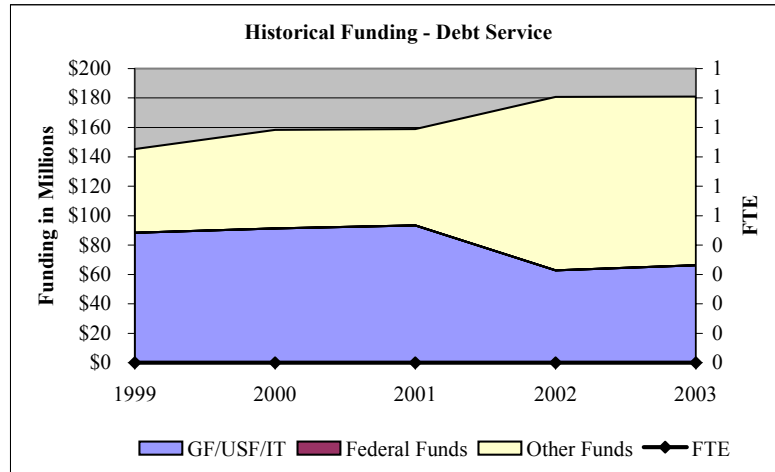
- (a) Project Reserve Fund
- (b) Donations
- (c) Federal Funds
- (d) Revenue Bond - H.B. 2
- (e) Excess Court Fees - Fund 106

Non-State Funded Capital Projects

Non-State Funded Projects		
Project	Amount	Source of Funds
SLCC Grand Theater Renovate/Addition	\$12,000,000	Donations
U of U Department of Chemistry Gauss House	1,500,000	Grant
U of U Eccles Health Science Library	7,500,000	Donations
U of U Moran Eye Ctr. II Addition	16,900,000	Donations
U of U Children's Dance Theatre	6,100,000	Donations
USU Research Foundation Facility	19,000,000	Revenue Bond
USU Teaching Pavilion Animal Science Farm	500,000	Donations
SUU Student Housing Complex	11,000,000	Donation/ Fees
Snow South - Multi Purpose Center	2,500,000	Revenue Bond
UNG Salt Lake/Davis Co. Land Acquisition	1,300,000	Federal Funds
UNG Ft. Douglas Military Museum Renovation	7,727,000	Federal Funds
Public Safety - Orem Facility	2,372,500	Property Trade
	<u>\$88,399,500</u>	

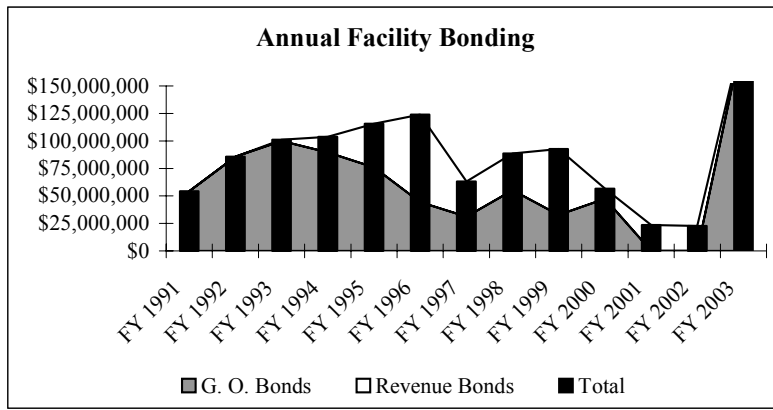
Debt Service

Outstanding Indebtedness: The State Constitution limits general obligation debt to 1.5 percent of the taxable value of property in the state. Current outstanding debt utilizes just over 50 percent of the Constitutional authority.

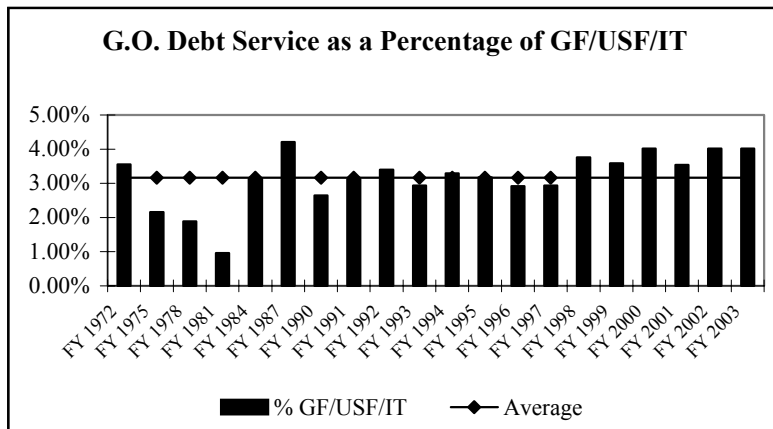


Utah Code limits debt to 20 percent of the fiscal year appropriation limit but exempts transportation bonds. The Legislature issued an additional \$159 million in transportation bonds for FY 2003.

With the issuance of \$127 million in facility debt this year, outstanding indebtedness will rise from approximately 29 percent of the statutory limit to 39 percent of the limit.



Debt Service for FY 2003 requires an increase of \$133,300 to fund obligations for capital facilities and the Centennial Highway Program. The Legislature approved total debt service funding of \$180,850,300.



General Obligation Debt Service as a percent of FY 2003 General Fund and Uniform School Fund appropriations rose to 4.01 percent, essentially the same as FY 2002 levels. FY 2003 marks the third year in four in which debt service exceeded four percent of tax funds.

Dedicated Credits, used to fund revenue bonds, increased by \$2,213,400 to \$31,555,400. The Legislature approved new revenue bonds in the amount of \$1,836,000 to fund a Department of Alcohol Beverage Control store in Tooele County. Debt service will be funded from profits on liquor sales.

Funding Detail

Debt Service					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	43,629,800		43,629,800	43,629,800	
General Fund, One-time		(5,545,000)	(5,545,000)	(2,000,000)	3,545,000
Uniform School Fund	24,670,600		24,670,600	24,670,600	
Centennial Highway Fund	82,657,500		82,657,500	82,657,500	
Dedicated Credits Revenue	29,342,000		29,342,000	31,555,400	2,213,400
Beginning Nonlapsing	11,474,700		11,474,700	5,512,600	(5,962,100)
Closing Nonlapsing	(5,417,700)	(94,900)	(5,512,600)	(5,175,600)	337,000
Total	<u>\$186,356,900</u>	<u>(\$5,639,900)</u>	<u>\$180,717,000</u>	<u>\$180,850,300</u>	<u>\$133,300</u>
Programs					
Debt Service	186,356,900	(5,639,900)	180,717,000	180,850,300	
Total	<u>\$186,356,900</u>	<u>(\$5,639,900)</u>	<u>\$180,717,000</u>	<u>\$180,850,300</u>	<u>\$0</u>
Total FTE	0.0	0.0	0.0	0.0	0.0

Capital Facilities & Administrative Services Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	133,509,400		133,509,400	105,469,500	(28,039,900)
General Fund, One-time	2,153,500	(51,867,700)	(49,714,200)	(25,613,200)	24,101,000
Uniform School Fund	25,234,600		25,234,600	24,643,300	(591,300)
Income Tax	24,298,000		24,298,000	25,049,000	751,000
Income Tax, One-time	10,000,000	(17,298,000)	(7,298,000)	(8,049,000)	(751,000)
Transportation Fund	539,800		539,800	444,400	(95,400)
Transportation Fund, One-time	1,399,000		1,399,000		(1,399,000)
Centennial Highway Fund	82,657,500		82,657,500	82,657,500	
Federal Funds	47,600		47,600	7,877,800	7,830,200
Dedicated Credits Revenue	72,077,400	(500)	72,076,900	38,755,300	(33,321,600)
Dedicated Credits - GO Bonds		88,683,000	88,683,000	124,831,400	36,148,400
Dedicated Credits - Revenue Bonds	10,735,800		10,735,800	1,836,000	(8,899,800)
Restricted Revenue				(38,500)	(38,500)
GFR - Boating	500		500		(500)
GFR - Children's Legal Defense	200		200		(200)
GFR - Commerce Service	3,100		3,100		(3,100)
GFR - Environmental Quality	1,500		1,500		(1,500)
GFR - Financial Institutions	700		700		(700)
GFR - Industrial Assistance	100		100		(100)
GFR - ISF Overhead	1,483,500	99,700	1,583,200	1,489,500	(93,700)
GFR - Livestock Brand	200		200		(200)
GFR - Medicaid Restricted	200		200		(200)
GFR - Public Safety Support	100		100		(100)
GFR - Sales and Use Tax Admin Fees	1,400		1,400		(1,400)
GFR - Special Administrative Expense	1,186,700		1,186,700		(1,186,700)
GFR - State Court Complex	700,000		700,000		(700,000)
GFR - Substance Abuse Prevention	100		100		(100)
GFR - Tobacco Settlement	200		200		(200)
GFR - Wildlife Resources	3,500		3,500		(3,500)
GFR - Workplace Safety	300		300		(300)
TFR - Dept. of Public Safety Rest. Acct.	2,800		2,800		(2,800)
Crime Victims Reparation Trust	200		200		(200)
Land Grant Mgt Fund	900		900		(900)
Liquor Control Fund	2,300		2,300		(2,300)
Olympic Special Revenue	28,500,000	(19,000,000)	9,500,000		(9,500,000)
Unclaimed Property Trust	100		100		(100)
Transfers	781,600		781,600	600,000	(181,600)
Transfers - Internal Service Funds				213,400	213,400
Project Reserve Fund				3,286,600	3,286,600
Risk Management - Workers Compensation		1,836,400	1,836,400		(1,836,400)
Other Financing Sources				(3,400)	(3,400)
Beginning Nonlapsing	14,722,100		14,722,100	5,854,000	(8,868,100)
Closing Nonlapsing	(5,861,100)	(16,401,200)	(22,262,300)	(5,261,300)	17,001,000
Lapsing Balance	(416,000)	416,000			
Total	\$403,767,800	(\$13,532,300)	\$390,235,500	\$384,042,300	(\$6,193,200)
Programs					
Capitol Preservation Board	2,806,900	(53,400)	2,753,500	2,527,900	(225,600)
Administrative Services	31,297,100	(1,350,000)	29,947,100	16,264,700	(13,682,400)
Capital Budget	183,306,900	(6,489,000)	176,817,900	184,399,400	7,581,500
Debt Service	186,356,900	(5,639,900)	180,717,000	180,850,300	133,300
Total	\$403,767,800	(\$13,532,300)	\$390,235,500	\$384,042,300	(\$6,193,200)
Total FTE	205.1	(7.0)	198.1	192.2	(5.9)

Capital Facilities & Administrative Services Appropriations Subcommittee	
One-time State Fund Items (GF/USF/IT)	
Item Name	FY 2003 Appropriated
Administrative Services - State Archives - Preservation Svcs	67,100
Administrative Services - Finance - Mandated - LeRay McAllister Critical Land Conservation Fund	(1,750,000)
Capital Budget - DFCM Capital Program - Capital Improvements	(8,979,300)
Capital Budget - DFCM Capital Program - Capital Planning	(12,951,000)
Capital Budget - DFCM Capital Program - Capital Development Fund	(8,049,000)
Total	(33,662,200)

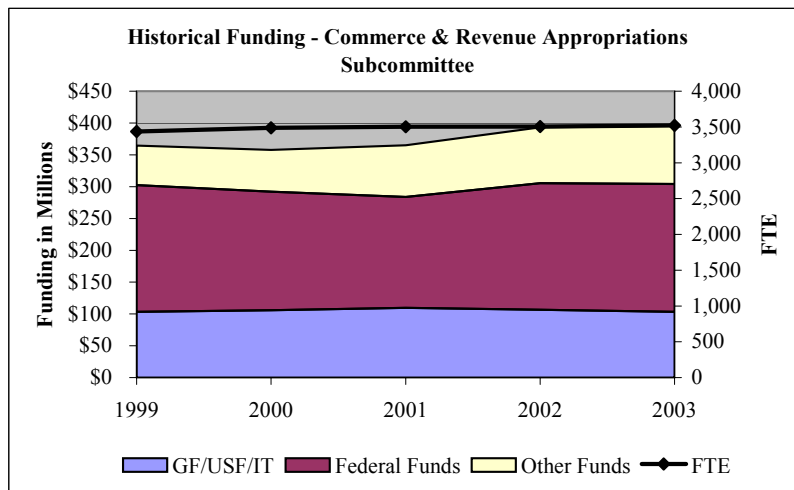
Commerce & Revenue

Subcommittee Overview

Legislative Action

2002 General Session: The Legislature reduced the original FY 2002 appropriations to Commerce and Revenue by \$5,204,000 in General Fund and \$283,800 in Uniform School Fund. For FY 2003, the original appropriations for the Commerce and Revenue budgets increased by 2.16 percent in state funds. Total funds increased by \$3,549,700. There could be additional increases as a result of federal actions on the stimulus package and reauthorization of TANF and Child Care.

2002 Special Session: New revenue estimates showed that the original state budget appropriations were \$173,000,000 over revenues. The Governor called a special session so that the Legislature could deal with the shortfall. The Legislature reduced Commerce and Revenue budgets by \$5,564,200 in General Fund and \$74,700 in Uniform School Funds for a total reduction in state funds of \$5,638,900. This resulted in a total FY 2003 appropriation of \$436,154,400, of which \$104,698,600 is General Fund and Uniform School Fund.



The Committee expressly granted leeway to adjust to reductions with this intent which was applied to each department:

The Legislature intends that the [department] adjust appropriation reductions according to its best judgment. While the amount of the reduction is set by the Legislature, the particulars of how are up to the [department].

Agencies anticipated FY 2002 reductions with hiring freezes so that while 21 positions were eliminated, all but one of those were vacant.

Alcoholic Beverage Control

The Department administers liquor laws that regulate the manufacture, sale, and use of alcoholic beverages by licensing on-premise businesses, manufacturers, wholesalers, warehousemen, importers, and liquor representatives.

Utah is one of 18 liquor control states and one of two states which have totally state run systems. The Department operates 36 state stores and approximately 80 package agencies. These state stores and package agencies are the exclusive retailers of liquor, wine and heavy beer in the state.

Legislative Action

This session the Legislature did not reduce ABC budgets for FY 2002 and increased Liquor Control Funding for FY 2003 by \$76,400.

Funding Detail

Alcoholic Beverage Control					
Financing	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
Liquor Control Fund	16,294,800		16,294,800	16,371,200	76,400
Beginning Nonlapsing	23,100		23,100		(23,100)
Total	\$16,317,900	\$0	\$16,317,900	\$16,371,200	\$53,300
Programs					
Alcoholic Beverage Control	16,317,900		16,317,900	16,371,200	
Total	\$16,317,900	\$0	\$16,317,900	\$16,371,200	\$0
Total FTE	310.5	(1.0)	309.5	311.5	2.0

Commerce

Commerce registers businesses, licenses professionals, runs consumer protection and education, oversees public utilities, and monitors real estate and securities industries. The department is funded from the Commerce Service Fund which is made up from fees. In general, fees are equal to costs but the department also collects fines. Excess collections to the Commerce Service Fund can be transferred to the General Fund.

Legislative Action

2002 General Session: There were two technical corrections in the appropriation for FY 2002, one in the General Fund for \$100,000, and one for \$10,000 in Certified Nurse Midwife Education and Enforcement Fund that should have been in Nurses Education and Enforcement Fund. After those two corrections, the net change to FY 2002 was an increase of \$37,000 from the Commerce Service Fund (from Public Utility Regulation Fee). For FY 2003, Commerce Service Funding increases \$589,600. Primarily because of non-lapsing balances, the total budget decreases by \$701,400.

The Legislature added \$55,200 from the Commerce Service Fund to implement H.B. 111, State Responsibility for Regulation of Postsecondary Proprietary Schools, and \$41,500 from the Commerce

Service Fund to implement S.B. 51, Nurse Practice Act Amendments.

2002 Special Session: H. B. 96, Licensure of Geologists, passed into law in the General Session, but not soon enough to get funding into the Supplemental Appropriations Act II. To correct the problem, the Legislature added \$85,400 from the Commerce Service Fund during the 5th Special Session. This is a revenue neutral action since these funds will be collected from the licensure of geologists.

To help balance the budget, the Legislature reduced funding to Consumer Protection by \$50,000 in Commerce Service Funds. This will result in eliminating Public Service Announcements and some brochures.

The Legislature increased the Securities Agent Licensing fee from \$45 to \$50 which will increase the transfer to the General Fund by about \$500,000.

Intent Language

The Legislature added intent statements to the FY 2003 budget:

It is the intent of the Legislature that the Department of Commerce change the job functions for the investigators in the Division of Occupational and Professional Licensing to a focus on investigations of violations within licensed trade groups within 90 days.

It is the intent of the Legislature that the money appropriated to the Committee of Consumer Services for legal counsel be used to contract with the Attorney General for attorney services.

It is the intent of the Legislature that the Department of Commerce allow the Committee of Consumer Services to stay in the Heber Wells Building and move to the area that is now occupied

*by Consumer Protection or another suitable area
within the Heber Wells Building within 45 days.*

Funding Detail

Commerce					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	(100,000)		(100,000)		100,000
General Fund, One-time		100,000	100,000		(100,000)
Federal Funds	138,400		138,400	143,200	4,800
Dedicated Credits Revenue	440,800		440,800	440,800	
Restricted Revenue	104,400		104,400		(104,400)
GFR - Cert Nurse Midwife Ed. & Enf		(10,000)	(10,000)		10,000
GFR - Commerce Service	16,436,600	37,000	16,473,600	17,098,600	625,000
GFR - Factory Built Housing Fees				104,400	104,400
GFR - Nurses Ed & Enf Fund	10,000	10,000	20,000	10,000	(10,000)
Real Estate Education and Recovery	163,800		163,800	187,100	23,300
Transfers	(80,500)		(80,500)		80,500
Beginning Nonlapsing	674,600		674,600		(674,600)
Beginning Fund Balances - CSF	735,000		735,000		(735,000)
Lapsing Balance	(10,000)		(10,000)		10,000
Total	\$18,513,100	\$137,000	\$18,650,100	\$17,984,100	(\$666,000)
Programs					
Commerce General Regulation	17,433,400	(28,000)	17,405,400	17,199,000	(206,400)
Real Estate Education	191,500		191,500	185,100	(6,400)
Public Utilities Professional & Techni	281,500		281,500	100,000	(181,500)
Committee of Consumer Services Pro	606,700	165,000	771,700	500,000	(271,700)
Total	\$18,513,100	\$137,000	\$18,650,100	\$17,984,100	(\$666,000)
Total FTE	250.5	(3.0)	247.5	249.3	1.8

Financial Institutions

The Department of Financial Institutions regulates state chartered deposit-taking institutions including banks, credit unions, and industrial loan corporations. Department funding is from the General Fund Restricted – Financial Institutions. The fund is made up from fees collected on assets and examinations (UCA 7-1-401, 402, 403). The expenditure of these funds is limited to the regulation of financial institutions. Funds remaining at the end of the year lapse back to the restricted account.

Legislative Action

The Legislature did not change FY 2002 budgets and increased FY 2003 by \$254,400. The increase was primarily from a Market Comparability Adjustment.

Funding Detail

Financial Institutions					
	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
Financing					
GFR - Financial Institutions	3,927,400		3,927,400	4,181,800	
Total	<u>\$3,927,400</u>	<u>\$0</u>	<u>\$3,927,400</u>	<u>\$4,181,800</u>	<u>\$0</u>
Programs					
Financial Institutions Administrati	3,927,400		3,927,400	4,181,800	
Total	<u>\$3,927,400</u>	<u>\$0</u>	<u>\$3,927,400</u>	<u>\$4,181,800</u>	<u>\$0</u>
Total FTE	50.0	0.0	50.0	50.0	0.0

Insurance

The department regulates the state's insurance industry to protect consumers and the public. It monitors and promotes insurance company solvency and fosters a competitive insurance market. It also oversees the Comprehensive Health Insurance Pool, the Title Insurance Industry, and the Bail Bond Surety Program. Funding comes from General Funds (about 46 percent) and fees (about 54 percent).

Legislative Action

2002 General Session: For FY 2002, the budget was reduced by \$385,400. For FY 2003, General Fund increased by \$165,900 on the Revised FY 2002 and Dedicated Credits (from fees) increase by 2,384,300. Most of this increase was from increasing rates in the Comprehensive Health Insurance Pool (\$2,352,500). The Legislature approved a major overhaul of the fee structure, going from an "a la carte" type of structure to a global fee for the most usual services.

The Legislature added \$25,000 from Dedicated Credits to implement H.B. 276, Assessment on Title Insurers and Title Insurance Agencies.

2002 Special Session: The Legislature reduced funding to Insurance by \$50,000 in one-time General Fund. This will result in pushing the personal computer replacement cycle from three to four years.

Intent Language

The Legislature added this intent statement to the FY 2003 budget:

*It is the intent of the Legislature,
conditioned on the passage of Senate Bill 122 or a
form thereof, that the fees approved by the
Commerce and Revenue Joint Appropriations
Subcommittee for the Utah Department of Insurance*

that are set for the purpose of developing electronic and other information technology be treated as dedicated credits only until June 30, 2006.

Beginning July 1, 2006 the fees designated as electronic commerce use fees, if collected, will be deposited into the General Fund for appropriation by the Legislature. Beginning July 1, 2006, the fees designated as fees imposed upon renewal or issuance of a license, registration, or certificate of authority will be repealed unless the Legislature takes further action.

Funding Detail

Insurance					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	7,563,500		7,563,500	7,347,000	(216,500)
General Fund, One-time	3,000	(385,400)	(382,400)	(50,000)	332,400
Dedicated Credits Revenue	6,112,700		6,112,700	8,497,000	2,384,300
GFR - Bail Bond Surety Admin	22,100		22,100	22,100	
Transfers	72,600		72,600		(72,600)
Beginning Nonlapsing	13,036,600		13,036,600	12,480,100	(556,500)
Closing Nonlapsing	(12,480,100)		(12,480,100)	(9,669,500)	2,810,600
Lapsing Balance	(17,800)		(17,800)	(19,300)	(1,500)
Total	\$14,312,600	(\$385,400)	\$13,927,200	\$18,607,400	\$4,680,200
Programs					
Insurance Department Administration	5,784,600	(259,900)	5,524,700	5,439,400	(85,300)
Comprehensive Health Insurance Pool	8,471,200	(125,500)	8,345,700	13,111,300	4,765,600
Bail Bond Program	4,300		4,300	2,800	(1,500)
Title Insurance Program	52,500		52,500	53,900	1,400
Total	\$14,312,600	(\$385,400)	\$13,927,200	\$18,607,400	\$4,680,200
Total FTE	85.0	(2.0)	83.0	85.0	2.0

Labor Commission

The Commission improves the work environment with programs aimed at safety, health, fairness, and non-discrimination. It also administers state and federal fair housing programs and administers policies related to workers' compensation for employers that are self-insured.

Legislative Action

2002 General Session: The Commission's budget for FY 2002 was reduced by \$223,600. The FY 2003 budget carried forward with an increase in General Fund of \$17,900.

2002 Special Session: The Legislature reduced funding to the Labor Commission by \$456,900. Of that amount, \$1,400 is a result of a decrease in fees paid to Administrative Services. The remaining reductions were off-set by increases of \$227,700 from General Fund Restricted – Workplace Safety and \$227,800 from Employers' Reinsurance Fund.

Funding Detail

Labor Commission					
	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
Financing					
General Fund	5,147,200		5,147,200	4,584,600	(562,600)
General Fund, One-time	100,000	(223,600)	(123,600)		123,600
Federal Funds	2,431,400		2,431,400	2,472,800	41,400
GFR - Workplace Safety	999,900		999,900	731,600	(268,300)
Employers' Reinsurance Fund	240,100		240,100	472,200	232,100
Uninsured Employers' Fund	587,400		587,400	594,300	6,900
Transfers	21,200		21,200		(21,200)
Beginning Nonlapsing	25,000		25,000		(25,000)
Lapsing Balance	(300,000)		(300,000)		300,000
Total	<u>\$9,252,200</u>	<u>(\$223,600)</u>	<u>\$9,028,600</u>	<u>\$8,855,500</u>	<u>(\$173,100)</u>
Programs					
Labor Commission	9,252,200	(223,600)	9,028,600	8,855,500	
Total	<u>\$9,252,200</u>	<u>(\$223,600)</u>	<u>\$9,028,600</u>	<u>\$8,855,500</u>	<u>\$0</u>
Total FTE	129.5	(2.0)	127.5	107.0	(20.5)

Public Service Commission

The Commission regulates public utilities with the goal of efficient, reliable, reasonably priced service for customers and maintenance of financially healthy utilities. It also oversees several other programs: Research and Analysis (the court mandated Wexpro Agreement) funded from dedicated credits, Speech and Hearing Impaired funded from dedicated credits with large non-lapsing balances, and Universal Telecommunications Service Support Fund funded from dedicated credits with large non-lapsing balances.

Legislative Action

2002 General Session: Funding for FY 2002 was reduced by \$10,000. For FY 2003 the Legislature appropriated an additional \$33,500 in General Fund to help with anticipated workload increases.

2002 Special Session: The Legislature reduced funding by \$1,800 in General Fund. This will be off-set by a decrease in Building Operations and Maintenance expense charges by Administrative Services.

Funding Detail

Public Service Commission					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	1,471,900		1,471,900	1,493,600	21,700
General Fund, One-time		(10,000)	(10,000)		10,000
Dedicated Credits Revenue	1,720,100		1,720,100	1,643,400	(76,700)
Universal Public Telecom Service Fund	7,998,000		7,998,000	8,666,000	668,000
Beginning Nonlapsing	15,116,500		15,116,500	14,421,300	(695,200)
Closing Nonlapsing	(14,421,300)		(14,421,300)	(14,035,900)	385,400
Total	\$11,885,200	(\$10,000)	\$11,875,200	\$12,188,400	\$313,200
Programs					
Public Service Commission	1,557,100	(10,000)	1,547,100	1,564,500	17,400
Research and Analysis	60,000		60,000	60,000	
Speech and Hearing Impaired	1,784,600		1,784,600	1,784,600	
Universal Telecommunications Support Fund	8,483,500		8,483,500	8,779,300	295,800
Total	\$11,885,200	(\$10,000)	\$11,875,200	\$12,188,400	\$313,200
Total FTE	16.0	0.0	16.0	17.0	1.0

Tax Commission

The Tax Commission collects state and local taxes. It administers tax and motor vehicle laws, handles revenue from more than 40 taxes, surcharges and fees, registers automobiles, and regulates the automobile dealer industry. It employs nearly 900 individuals, operates 12 offices across the state, and collects more than \$4.5 billion in revenue annually.

Legislative Action

2002 General Session: The Legislature reduced FY 2002 funding by \$1,418,600 in state funds and increased state funding for FY 2003 by \$308,600 from FY 2002 Revised.

The FY 2002 Liquor Profit Distribution budget was reduced by \$510,000. The budget was restored for FY 2003 to the original budget of \$2,609,000. The Legislature added intent that allowed the department to continue with planned modernization of the tax and motor vehicle systems and processes. However, carry-forward balances were reduced by \$1,000,000.

The Legislature added \$30,400 from One-time General Fund to the budget to implement H.B. 172, Vehicle Safety Inspection Amendments, and \$9,000 from the Organ Donation contribution Fund for S.B. 15, Organ Donation Check-off.

2002 Special Session: The Legislature substituted \$4,000,000 of one-time General Fund plus \$1,000,000 of ongoing Transportation Fund for \$5,000,000 in ongoing General Fund. It initiated an audit by the Legislative Auditor to determine the legitimate uses of Transportation Funds in the Tax Commission. They also eliminated all funding for Liquor Profit Distribution to Local Governments (\$2,609,000). Finally, it reduced operating budgets by \$945,000. This will result in a reduction in force of about 21 employees and a reduction in expert testimony on tax appeals.

Funding Detail

Tax Commission					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	24,682,000		24,682,000	18,768,700	(5,913,300)
General Fund, One-time	9,000	(1,134,800)	(1,125,800)	1,421,400	2,547,200
Uniform School Fund	17,375,000		17,375,000	17,211,900	(163,100)
Uniform School Fund, One-time		(283,800)	(283,800)	(1,000,000)	(716,200)
Transportation Fund	4,857,400		4,857,400	5,857,400	1,000,000
Federal Funds	637,200		637,200	499,800	(137,400)
Dedicated Credits Revenue	6,995,300		6,995,300	7,041,300	46,000
GFR - Sales and Use Tax Admin Fees	5,949,400		5,949,400	6,117,400	168,000
TFR - Uninsured Motorist I.D.	133,800		133,800	133,800	
Organ Donation Contribution Fund				9,000	9,000
Transfers	338,000		338,000	64,000	(274,000)
Transfers - Utah State Tax Commissic	16,100		16,100		(16,100)
Beginning Nonlapsing	7,239,400		7,239,400	3,932,400	(3,307,000)
Closing Nonlapsing	(4,132,400)		(4,132,400)	(2,732,400)	1,400,000
Total	\$64,100,200	(\$1,418,600)	\$62,681,600	\$57,324,700	(\$5,356,900)
Programs					
Tax Administration	59,237,400	(908,600)	58,328,800	55,228,500	(3,100,300)
License Plates Production	2,096,200		2,096,200	2,096,200	
Liquor Profit Distribution	2,766,600	(510,000)	2,256,600		(2,256,600)
Total	\$64,100,200	(\$1,418,600)	\$62,681,600	\$57,324,700	(\$5,356,900)
Total FTE	884.0	(10.0)	874.0	853.0	(21.0)

Workforce Services

The department administers the state's job placement, job training, and welfare functions. It has 49 employment and eligibility centers throughout the state.

Legislative Action

2002 General Session: The Legislature reduced General Fund support to Child Care by \$3,550,200 in FY 2002. This was offset with federal TANF (Temporary Assistance to Needy Families) funding so that services were not reduced. Many of these reductions were one-time due to the one-time nature of the TANF funds. So in FY 2003 the Legislature increased General Funding by \$1,779,900. The total budget may increase by more than is shown in the table because federal funding was not settled before state budgets were completed. The state is expecting that funding from the federal economic stimulus package will increase funding as will supplemental TANF funding.

2002 Special Session: The Legislature reduced funding for Child Care Match by \$575,100. Child Care funds are matched 70:30 by the federal government. The Legislature reduced \$1,100 to compensate for a reduction in facility expenses charged by Administrative Services. The Legislature appropriated \$2,160,000 in additional Federal Funds as a result of the Reed Act and approved the following intent: *It is the intent of the Legislature that the funds appropriated from the Reed Act Distribution be used for Employment Services Administration.*

Intent Language

The Legislature added intent to FY 2002 that endorsed Workforce Services' plan to rebuild PACMIS with \$18,000,000 in federal TANF funds.

The Legislature added intent to FY 2003 that directs the department to *"revise its rules to allow for flexible use of State*

Median Income (SMI) guidelines when determining eligibility for child care services.”

Funding Detail

Workforce Services					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	55,940,400		55,940,400	53,593,900	(2,346,500)
General Fund, One-time		(3,550,200)	(3,550,200)		3,550,200
Federal Funds	192,177,700	3,439,800	195,617,500	197,844,200	2,226,700
Dedicated Credits Revenue	3,729,200		3,729,200	3,761,300	32,100
Transfers	3,755,300		3,755,300	3,721,300	(34,000)
Transfers - H - Medical Assistan				28,000	28,000
Transfers - Medicaid				100	100
Beginning Nonlapsing	1,000,000		1,000,000		(1,000,000)
Total	\$256,602,600	(\$110,400)	\$256,492,200	\$258,948,800	\$2,456,600
Programs					
Workforce Services	256,602,600	(110,400)	256,492,200	258,948,800	
Total	\$256,602,600	(\$110,400)	\$256,492,200	\$258,948,800	\$0
Total FTE	1,798.1	3.0	1,801.1	1,819.4	18.3

Funding Detail

Commerce & Revenue Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	94,705,000		94,705,000	85,787,800	(8,917,200)
General Fund, One-time	112,000	(5,204,000)	(5,092,000)	1,371,400	6,463,400
Uniform School Fund	17,375,000		17,375,000	17,211,900	(163,100)
Uniform School Fund, One-time		(283,800)	(283,800)	(1,000,000)	(716,200)
Transportation Fund	4,857,400		4,857,400	5,857,400	1,000,000
Federal Funds	195,384,700	3,439,800	198,824,500	200,960,000	2,135,500
Dedicated Credits Revenue	18,998,100		18,998,100	21,383,800	2,385,700
Restricted Revenue	104,400		104,400		(104,400)
GFR - Bail Bond Surety Admin	22,100		22,100	22,100	
GFR - Cert Nurse Midwife Ed. & Enf.		(10,000)	(10,000)		10,000
GFR - Commerce Service	16,436,600	37,000	16,473,600	17,098,600	625,000
GFR - Factory Built Housing Fees				104,400	104,400
GFR - Financial Institutions	3,927,400		3,927,400	4,181,800	254,400
GFR - Nurses Ed & Enf Fund	10,000	10,000	20,000	10,000	(10,000)
GFR - Sales and Use Tax Admin Fees	5,949,400		5,949,400	6,117,400	168,000
GFR - Workplace Safety	999,900		999,900	731,600	(268,300)
TFR - Uninsured Motorist I.D.	133,800		133,800	133,800	
Employers' Reinsurance Fund	240,100		240,100	472,200	232,100
Liquor Control Fund	16,294,800		16,294,800	16,371,200	76,400
Organ Donation Contribution Fund				9,000	9,000
Real Estate Education and Recovery	163,800		163,800	187,100	23,300
Uninsured Employers' Fund	587,400		587,400	594,300	6,900
Universal Public Telecom Service Fund	7,998,000		7,998,000	8,666,000	668,000
Transfers	4,106,600		4,106,600	3,785,300	(321,300)
Transfers - H - Medical Assistance				28,000	28,000
Transfers - Medicaid				100	100
Transfers - Utah State Tax Commission	16,100		16,100		(16,100)
Beginning Nonlapsing	37,115,200		37,115,200	30,833,800	(6,281,400)
Beginning Fund Balances - CSF	735,000		735,000		(735,000)
Closing Nonlapsing	(31,033,800)		(31,033,800)	(26,437,800)	4,596,000
Lapsing Balance	(327,800)		(327,800)	(19,300)	308,500
Total	\$394,911,200	(\$2,011,000)	\$392,900,200	\$394,461,900	\$1,561,700
Programs					
Tax Commission	64,100,200	(1,418,600)	62,681,600	57,324,700	(5,356,900)
Workforce Services	256,602,600	(110,400)	256,492,200	258,948,800	2,456,600
Alcoholic Beverage Control	16,317,900		16,317,900	16,371,200	53,300
Labor Commission	9,252,200	(223,600)	9,028,600	8,855,500	(173,100)
Commerce	18,513,100	137,000	18,650,100	17,984,100	(666,000)
Financial Institutions	3,927,400		3,927,400	4,181,800	254,400
Insurance	14,312,600	(385,400)	13,927,200	18,607,400	4,680,200
Public Service Commission	11,885,200	(10,000)	11,875,200	12,188,400	313,200
Total	\$394,911,200	(\$2,011,000)	\$392,900,200	\$394,461,900	\$1,561,700
Total FTE	3,523.6	(15.0)	3,508.6	3,492.2	(16.4)

Utah College of Applied Technology

Department Overview

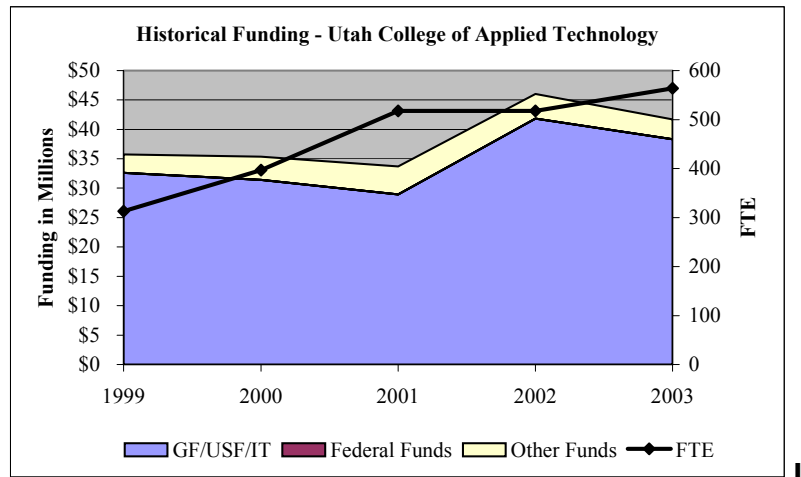
The Utah College of Applied Technology

In the Special Legislative Session on June 20, 2001, the Legislature passed House Bill 1003, “Applied Technology Governance.” With the passage of this bill, the Utah College of Applied Technology (UCAT) was established September 1, 2001 and became the tenth higher education institution. UCAT is comprised of 10 regional applied technology colleges (ATCs) located throughout the state.

Each regional Applied Technology College is governed by a board comprised of members from business and industry, the local school districts and the higher education institution located in that region.

UCAT is governed by a fifteen member Board of Trustees consisting of a business representative from each regional board, two members from the State Board of Education, two members from the State Board of Regents and one member from business and industry.

The mission of UCAT is to provide applied technology education (ATE) for both adult and secondary students to meet the social and economic needs of the state efficiently and effectively, through collaborative partnerships between the educational systems and business and industry. UCAT is to offer quality educational programs and innovative delivery systems to ensure a skilled and educated workforce. UCAT colleges are to offer open-entry/open-exit, high quality, competency based training for secondary and adult students. In the future, UCAT will be offering competency based high school equivalency diplomas and college associate degrees.



Legislative Action

2002 General Session: The Utah College of Applied Technology experienced a budget reduction of \$1,688,000 in state funds in the FY 2002 appropriated budget. Including all reductions in FY 2002, the revised FY 2002 budget amount represents a 20 percent increase over the FY 2001 level of appropriated state funds. Also, in the 2002 General Session, the Legislature decreased FY 2003 funding to the Utah College of Applied Technology (UCAT) by \$4,133,900 or 8.98 percent decrease compared to the FY 2002 revised budget of \$46,040,500. The total funding for FY 2003 of \$41,906,600 consists of General Funds, Income Tax Revenue, and Dedicated Credits (tuition revenue). State Funds (General Funds and Income Tax Revenue) account for \$38,548,600 or about 92 percent of the UCAT appropriated budget.

2002 Special Session: Later revenue projections indicated that additional budget reductions for FY 2003 would have to be made statewide in the amount of \$173 million to balance the State budget. In the Fifth Special Session, the UCAT budget was reduced by \$214,100 or 0.56 percent. The revised FY 2003 appropriated budget for UCAT is \$41,692,500 (State funds of \$38,345,500). This represents a \$4,348,000 or 9.44 percent decrease compared to the FY 2002 revised budget of \$46,040,500. The total budget reduction for FY 2003 for UCAT

amounted to \$2,669,100 of which \$2,455,000 was reduced in the 2002 General Session and \$214,100 in the Fifth Special Legislative Session.

Internal Service Fund Adjustments: The change to the base for Internal Service Fund adjustments includes \$16,500, of which \$13,300 is for Risk Management and \$3,200 for Fleet Management.

Retirement Rate Adjustments: The passage of Senate Bill 171, “State Retirement Formula Changes,” provided an additional benefit to contributory and non-contributory retirees. The bill changed the retirement allowance from 1.10 to 1.25 percent, which increased the retirement rate costs for UCAT by \$5,700.

Transfer of Applied Technology Programs to the Central Applied Technology College: An evaluation of ATE programs taught by Snow College South determined that two programs, the Farm Ranch Management and the Prison ATE programs would be better served at the Central Applied Technology College (CATC). The enrollments, instructors and \$210,700 of funding associated with these two programs were transferred to CATC.

Transfer of Administrative Funds to Dixie Applied Technology: The Legislature transferred \$75,000 from the UCAT – Administrative line item to the Dixie Applied Technology College to support administrative costs at the college.

Allocation of UCAT – Administrative Funds: Included in the line item for UCAT – Administration are the following programmatic funds:

1. Administrative – to cover the operating expenses of the central office;
2. Custom Fit – to be distributed to UCAT as well as some higher education institutions based on custom fit contracts;
3. Development – to be distributed to UCAT institutions based on enrollments, enrollment growth, placements and competencies; and

4. Equipment – to be distributed to UCAT institutions based on need.

Initially, the Legislature allocated the Development funds to the UCAT institutions based on enrollments, however, the allocation was reversed and the following intent language was adopted addressing the allocation of the custom fit, development and equipment funds as well as the transfer of administration funding to the Dixie Applied Technology College:

It is the intent of the Legislature that \$75,000 of Income Tax Revenue be transferred from the Utah College of Applied Technology - Administration line item to the Dixie Applied Technology College. It is further the intent of the Legislature that the funding for the Utah College of Applied Technology - Administration line item be allocated by the Utah College of Applied Technology Board of Trustees.

Health and Dental Rate Increases: The Legislature funded health and dental rate increases based on PEHP rates of 11.25 percent for health and 3 percent for dental. UCAT received \$364,600 in state funds for health and dental premium rate changes.

Intent Language

The following intent language for UCAT was passed during the 2002 General Session:

Enrollment Growth Funding Formula

It is the intent of the Legislature that the Utah College of Applied Technology Board of Trustees perform an interim study of the enrollment growth formula in conjunction with the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget to determine an equitable and appropriate funding formula for enrollment growth. It is further the intent of the Legislature that

the results of the study be reported to the Commerce and Revenue Appropriation Subcommittee by October 31 of 2002.

Tuition Revenue

It is the intent of the Legislature that a study be performed in the interim with members of the UCAT Board of Trustees, the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget to evaluate the UCAT tuition revenue. It is also the intent of the Legislature that uniform tuition rates be established for UCAT programs based on cost of instruction and on market demand. It is further the intent of the Legislature that the outcome of the study on UCAT tuition be reported to the Commerce and Revenue Appropriation Subcommittee by October 31 of 2002, and that the recommended tuition rate increase be implemented as soon as possible. It is also the intent of the Legislature that each college is to use tuition revenue generated by the tuition rate increases to cover institutional priorities.

Satellite Campuses

It is the intent of the Legislature that the Utah College of Applied Technology's Regional Colleges with satellite campuses, proportionately allocate the budget reductions between the main campuses and the satellite campuses.

UCAT Budget Requests

It is the intent of the Legislature that all budget requests for the Utah College of Applied Technology flow from the regional applied technology boards of each regional applied technology college to the Utah College of Applied

Technology Board of Trustees to be prioritized and submitted to the Legislature.

Funding Detail

Utah College of Applied Technology					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	1,324,500		1,324,500	1,327,500	3,000
General Fund, One-time		272,000	272,000		(272,000)
Uniform School Fund	26,291,000		26,291,000		(26,291,000)
Uniform School Fund, One-time		(1,537,800)	(1,537,800)		1,537,800
Income Tax	12,790,600		12,790,600	37,007,000	24,216,400
Income Tax, One-time	3,100,000	(422,200)	2,677,800		(2,677,800)
Dedicated Credits Revenue	3,358,000		3,358,000	3,358,000	
Beginning Nonlapsing	900,400		900,400	864,400	(36,000)
Closing Nonlapsing	(36,000)		(36,000)	(864,400)	(828,400)
Total	\$47,728,500	(\$1,688,000)	\$46,040,500	\$41,692,500	(\$4,348,000)
Programs					
Administration	7,160,500	(587,600)	6,572,900	5,972,500	(600,400)
Bridgerland ATC	8,620,800	(220,700)	8,400,100	7,902,700	(497,400)
Central ATC	1,464,300	(36,900)	1,427,400	1,386,800	(40,600)
Davis ATC	8,493,300	(211,600)	8,281,700	7,725,200	(556,500)
Dixie ATC	784,200	(19,600)	764,600	728,200	(36,400)
Mountainlands ATC	2,192,600	(108,800)	2,083,800	1,912,800	(171,000)
Ogden/Weber ATC	10,029,600	(233,900)	9,795,700	8,509,700	(1,286,000)
Salt Lake/Tooele ATC	2,467,500	(125,600)	2,341,900	1,736,000	(605,900)
Southeast ATC	895,500	(23,000)	872,500	739,900	(132,600)
Southwest ATC	1,274,100	(28,300)	1,245,800	1,135,500	(110,300)
Uintah Basin ATC	4,346,100	(92,000)	4,254,100	3,943,200	(310,900)
Total	\$47,728,500	(\$1,688,000)	\$46,040,500	\$41,692,500	(\$4,348,000)
Total FTE	517.4	0.0	517.4	563.5	46.1

FTE Employees for UCAT

The above table indicates UCAT experienced an increase in faculty and staff in FY 2003. This change was due to Applied Technology Centers that were formerly service regions (Southwest, Southeast and Mountainlands) not reporting FTE's in previous fiscal years, and the addition of the Central Applied Technology College which moved an additional 24 FTE's to UCAT.

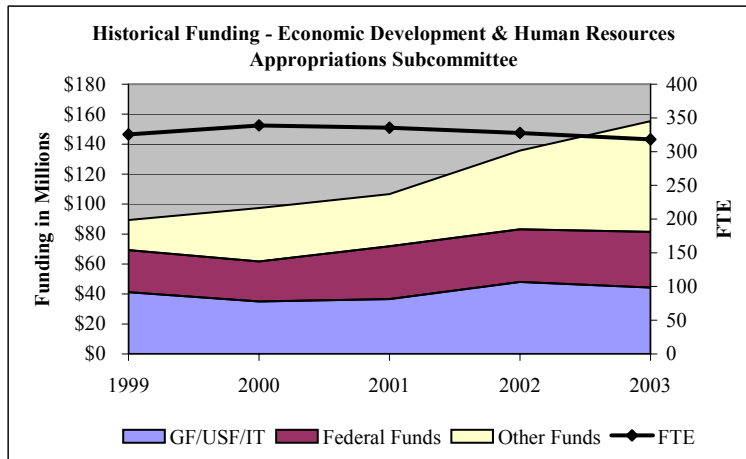
Economic Development & Human Resources

Subcommittee Overview

The Economic Development and Human Resources Subcommittee is responsible for the Department of Community and Economic Development, The Department of Human Resource Management, the Career Service Review Board, and an independent agency, the Utah State Fair Corporation. They also review, but do not appropriate, the Utah Housing Finance Corporation's budget.

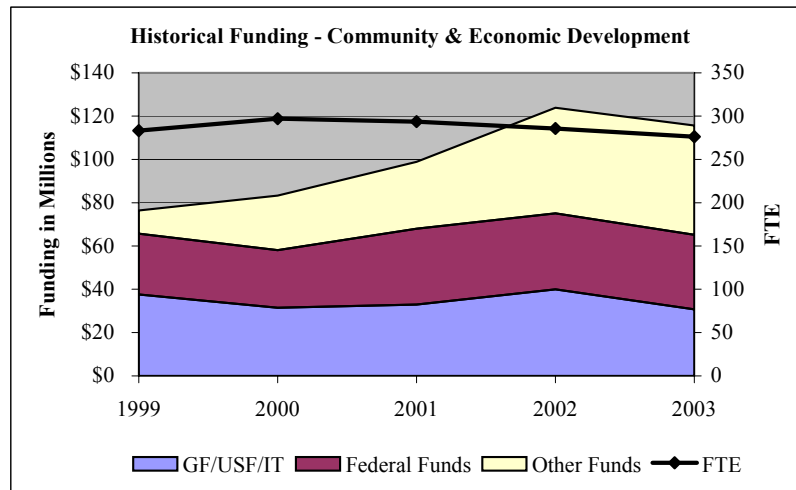
The Legislature appropriated \$155,359,500 to the agencies mentioned above. Of that amount, \$33,678,100 is ongoing General Fund and \$10,719,000 is one-time General Fund. Compared to the FY 2002 Revised Appropriation, the total increased 17.4 percent, with ongoing General Fund decreasing by 15.8 percent and one-time General Fund increasing by 38.9 percent.

Each program was directed to continue to develop performance measures in FY 2003.



Department of Community and Economic Development

The Department's divisions and offices are: Administration, Incentives Funds, Business Development, Asian Affairs, Black Affairs, Pacific Islander Affairs, Hispanic Affairs, Indian Affairs, Travel Council, Utah State Historical Society, State History, Fine Arts, State Library, Community Development, and Community Development Capital.



Department Administration

Department Administration leads the department and provides public relations, personnel, accounting, research, legal, and data processing services.

Legislative Action

2002 General Session: The Legislature reduced a Human Resource Analyst position and an Olympic Coordinator position, slowed the computer replacement schedule and made across the board reductions for a total FY 2003 budget reduction of \$186,200.

2002 Special Session: During the 5th Special Session the Legislature eliminated the pass-through funding of \$145,000 for Smart Utah for FY 2003.

Incentives Funds

The Industrial Assistance Fund gives financial incentives to attract jobs to the state. It also manages the Private Activity Bond Authority (the State's tax exempt volume cap) and the Community and Economic Development Project Fund. Custom Fit provides worker training for new businesses.

Legislative Action

2002 General Session: The Industrial Assistance Fund was reduced on a one-time basis in FY 2002 by \$198,000.

The Legislature appropriated \$329,400 in one-time supplemental funds and \$7,000,000 in one-time FY 2003 funds. Of that amount \$2,000,000 is to be used to move the Kuhni rendering plant, \$1,000,000 is to be used for the Ogden High Tech Center, and \$4,000,000 is to be used for the bio-medical industry.

2002 Special Session: During the 5th Special Session the Legislature reduced grants as follows: Kuhni \$200,000, Ogden High Tech Center \$100,000, and the bio-medical grant \$260,000.

The Legislature also reallocated \$113,600 in funding from the liquidation of the Utah Technology Finance Corporation to other Department programs.

Intent Language

It is the intent of the Legislature that any proceeds in excess of a total of \$4,000,000 paid to the state from the liquidation of the Utah Technology Finance Corporation whether these proceeds come from cash, sale of real property, or collection of accounts

receivable shall be deposited into the Industrial Assistance Fund.

Business and Economic Development

Business and Economic Development promotes and develops Utah's economy.

The Film Commission entices motion picture, television and advertising businesses to Utah.

The International Development program develops foreign investment in Utah and helps Utah businesses export to foreign countries.

The Business Development program helps local companies grow through the Rural Development Council, Small Business Development Centers, and Utah's Defense Conversion Fund.

Procurement helps Utah firms get government and large commercial contracts.

The Centers of Excellence program, modeled after the National Science Foundation's program, is devoted to commercializing research at Utah's universities.

Legislative Action

2002 General Session: Funding for a technology position was reduced by \$70,000. The Legislature also reduced the Defense Conversion Program on a one-time basis by \$100,000 and the Manufacturer's Extension Partnership on an ongoing basis for \$75,300. Summer Games funding was decreased by \$25,000 on a one-time basis in FY 2003 and by \$5,000 in ongoing funds beginning in FY 2002. Funding for the Space Port was reduced by \$230,000 in FY 2002. Additional across the board reductions for FY 2003 totaled \$131,000.

To take advantage of Post Olympic opportunities, the Legislature appropriated \$1,000,000 in one-time funds. These funds will be used in FY 2003 to take advantage of business contacts made during the Olympics. Funding of \$230,000 was also provided to fund the Coronet and High Tech conferences.

2002 Special Session: During the 5th Special Session funding was reduced to the following pass-through entities: Summer Games (\$20,000), Defense Conversion (\$100,000), Utah Partnership (\$20,000), Wayne Brown Institute (\$30,000), Smart Sites (\$20,000) and Sports Commission (\$50,000).

The Legislature encouraged the reorganization of the Film Commission and International Program for cost savings of \$72,900 and \$73,000 respectively. They also reduced funding for 2 interns in the International program.

Minority Offices

The Minority Offices of Asian Affairs, Pacific Islander Affairs, Black Affairs, Hispanic Affairs, and Indian Affairs coordinate issues for the Governor.

Legislative Action

2002 General Session: Across the board reductions totaling \$8,400 were made in the Minority Offices.

The Legislature appropriated \$1,000 in dedicated credits to Asian Affairs for an Achievement Awards Conference. They also appropriated \$45,000 in dedicated credits to Hispanic Affairs for the development of a conference related to workforce participation. Pacific Islander Affairs was appropriated \$5,000 in dedicated credits to fund the Young Achievers Scholarship Program and an additional \$30,000 to fund a National Cancer Institute outreach program.

2002 Special Session: During the 5th Special Session the Legislature recommended the reclassification of an assistant director position in Indian Affairs for cost savings of \$20,400. It also

reduced funding for conference development in Indian Affairs by \$3,200.

Travel Development

Travel Development improves the State's economy through tourism. Strategic Development is responsible for administration, advertising and research. Internal Development oversees the Welcome Centers, information services, travel publications, and publicity. External Development manages the national and international travel development programs.

Legislative Action

2002 General Session: The Legislature made across the board reductions in the Travel Council totaling \$31,900.

To take advantage of Post Olympic opportunities the Legislature appropriated \$2,000,000 in one-time funds to tourism promotion and \$2,000,000 in one-time funds to the Tourism Marketing Performance Fund in FY 2003. The Legislature also appropriated a one-time supplemental of \$2,000,000 for tourism marketing in FY 2002.

2002 Special Session: The Legislature reduced funding for regional travel grants by \$180,000 in the 5th Special Session. There was also an across the board decrease of \$186,000 which will be distributed to the various programs in Travel Development. Post Olympic Travel Marketing was reduced by \$500,000 and the appropriation to the Tourism Marketing Performance fund was reduced by \$250,000.

State History and the State Historical Society

State History promotes all things related to the State's history except paleontology, which belongs in the Department of Natural Resources. The Historical Society is the Division's fund raising arm and is shown as a separate line item. Collections and Education curates collections and sets-up shows for educational and public relation purposes. It publishes the Utah Historical Quarterly, Beehive History, and books such as *Brief History of Utah* as well as the County Histories Project.

The Preservation Office funds the Division's Antiquities Section which issues archeological work permits for state lands and maintains a cultural sites database. It also funds both state and federal historic preservations programs. Through the History Projects program, the division funds the Utah State History Fair, and the Utah Heritage Foundation.

Legislative Action

2002 General Session: The Legislature reduced grants by \$52,000 and made across the board reductions totaling an additional \$65,100.

2002 Special Session: During the 5th Special Session funding for Cemetery Grants was reduced by an additional \$40,000. Reductions were also made in the intern program and local support totaling \$48,500 in additional cuts. The Legislature also recommended transferring \$25,000 in costs to the Historical Society.

Arts Council

The Arts Council promotes fine arts. Grants to nonprofit organizations fund more than 200 arts organizations. The Community Arts Outreach and Development provides technical assistance to organizations and runs the Arts in Education, Visual Arts, Folk Arts, Literary Arts, and Percent for the Arts activities.

Legislative Action

2002 General Session: The Legislature reduced a vacant position in Fine Arts in the amount of \$38,000. It also repealed the Design Arts program and reduced Arts Grants in FY 2003 by \$42,100. The Opera Grant was reduced by \$50,000 in FY 2002. Across the board reductions for this Division totaled \$18,900 in FY 2003.

The Legislature funded Operation & Maintenance for Arts House in the amount of \$57,300.

2002 Special Session: Repeal of an accounting technician position and reductions in administration operations were made in the 5th Special Session. The Humanities Council pass through grant was also reduced by \$25,000. Internal service fund rate reductions in the amount of \$20,700 were distributed to the Fine Arts.

State Library

The State Library improves Utah libraries. The Blind and Physically Handicapped program is the sole state source of material for the visually handicapped and, by contract with the Library of Congress, serves 24 other states. The division has a computer driven Braille printer that can generate materials. The Library Development program trains and consults local librarians. Information Services coordinates the interlibrary loan network for smaller libraries; orders, catalogs, and processes library materials; circulates audiovisual materials; reimburses net lender libraries; and sponsors a children's book examination center. In partnership with the Utah Education Network, the Utah Academic Library Consortium, and the State Office of Education, the State Library created PIONEER: Utah's Online Electronic Library.

Legislative Action

2002 General Session: The Legislature reduced grants by \$20,000 and made across the board reductions totaling \$70,400.

2002 Special Session: Funding for a librarian and a radio reading specialist was eliminated in the 5th Special Session. Funds to the PIONEER database were also reduced by \$60,000. Internal Service Fund rate reductions of \$73,200 were distributed to the State Libraries.

Community Development

Community Development is comprised of a number of programs which help local governments develop infrastructure.

Weatherization helps low income, elderly, and handicapped persons save on energy bills.

Museum Services gives grants and technical support to local museums.

Community Assistance administers the federal Community Development Block Grant program and staffs the Permanent Community Impact Board, Disaster Relief Board, Private Activity Bond Review, Navajo Revitalization Fund and the Uintah Basin Revitalization Fund.

Pioneer Communities helps local governments preserve and revitalize their historic districts.

Housing Development staffs all of the State's housing programs: Homeless Committee, HOME, Housing Trust Fund, Critical Needs Housing, and Emergency Shelter.

Community Services administers the federal anti-poverty Community Services Block Grant Program and special projects like funding for food banks, and Healthy Communities.

The Commission on Volunteers is the federal AmeriCorps program that gives post secondary scholarships for volunteer work.

The Homeless Committee channels General Fund and income tax homeless check-off funds to state and local housing organizations.

The Emergency Food program helps fund emergency food organizations.

Special Housing is a federally-funded program that pays for utilities, building renovations and leased space for special population homeless.

HEAT is Utah's name for the federal LIHEAP program that provides home winter utility assistance to low-income households. It is administered through the Associations of Governments and nonprofit agencies.

The Martin Luther King Commission promotes the holiday.

Legislative Action

2002 General Session: The Legislature repealed funding in FY 2002 for the Children's Museum and the State Science Center in the amount of \$2,225,000. The Olene Walker Housing Trust Fund was reduced by \$100,000 and affordable housing was reduced by \$5,000 in both FY 2002 and FY 2003. The HEAT program was reduced \$200,000 in one-time funding in FY 2002. Funding for the Association of Governments in the amount of \$253,400 was repealed in FY 2003. There was a corresponding reduction of \$86,600 in FY 2002. Additional across the board reductions totaling \$15,000 occurred in FY 2003.

A reduction of \$247,500 was made to the zoo's budget in FY 2003 and a reduction of \$122,500 was made in FY 2002.

The Legislature provided a \$100,000 ongoing appropriation to the Homeless Trust Fund and in FY 2003 and a \$100,000 one-time appropriation in FY 2002 to fund the Pete Suazo Legal Defense Center. In addition, the Legislature appropriated \$49,000 on a one-time basis to the State Science Center in FY 2003. An appropriation of \$32,000 in dedicated credits was provided to the Martin Luther King Commission to develop an outreach program.

2002 Special Session: During the 5th Special Session, the Legislature repealed funding of \$25,000 to the Winter Games. Funds for a secretary position and the Martin Luther King coordinator were reduced by \$70,000. The department shifted \$60,000 in costs to mineral lease funds. Funding of \$20,400 was provided to the Emergency Food Network. The zoo's budget was reduced by an additional \$100,000.

Community Development Capital

Community Development Capital mitigates the impacts of non-metallic mineral extraction on local communities. It administers

the Permanent Community Impact and Special Service District Funds from Mineral Lease Revenues. These funds are distributed by formula.

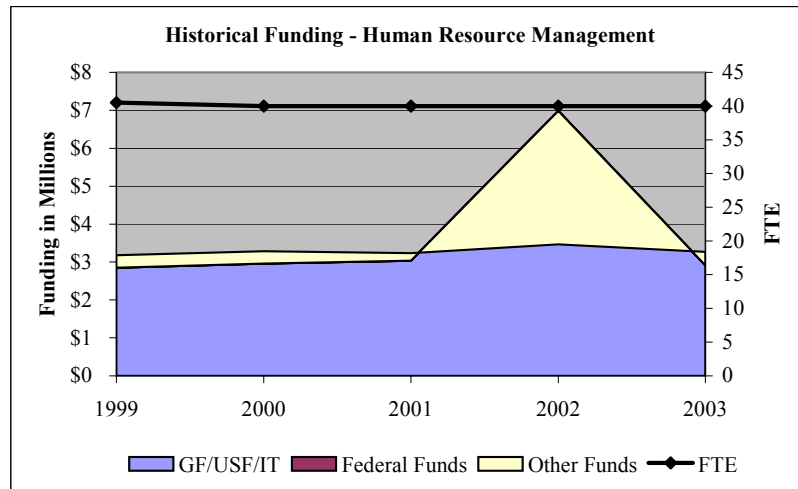
Funding Detail

Community & Economic Development					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	32,747,400	(42,800)	32,704,600	28,131,000	(4,573,600)
General Fund, One-time	9,742,300	(2,457,600)	7,284,700	2,619,000	(4,665,700)
Transportation Fund	118,000		118,000	118,000	
Federal Funds	36,642,800	(1,511,500)	35,131,300	34,452,700	(678,600)
Dedicated Credits Revenue	3,854,200	280,700	4,134,900	3,635,000	(499,900)
Federal Mineral Lease	2,479,800		2,479,800	2,003,800	(476,000)
GFR - Homeless Trust	150,000		150,000	150,000	
GFR - Industrial Assistance	185,800	45,000	230,800	300,200	69,400
Oil Overchg - Exxon	2,376,300	(2,376,300)			
Oil Overchg - Stripper Well	255,500	(255,500)			
Permanent Community Impact	18,400,000		18,400,000	19,116,900	716,900
Transfers	3,944,900	55,000	3,999,900	4,910,000	910,100
Transfers - Em Svcs & Home Sec		25,000	25,000	25,000	
Repayments	13,301,500		13,301,500	20,200,000	6,898,500
Beginning Nonlapsing	6,421,000		6,421,000		(6,421,000)
Closing Nonlapsing	(500,000)		(500,000)		500,000
Total	\$130,119,500	(\$6,238,000)	\$123,881,500	\$115,661,600	(\$8,219,900)
Programs					
Administration	2,803,900	(95,900)	2,708,000	2,510,700	(197,300)
Special Initiatives	4,800		4,800		(4,800)
Incentive Funds	2,173,300	45,000	2,218,300	307,500	(1,910,800)
Indian Affairs	234,600	108,600	343,200	211,000	(132,200)
Asian Affairs	157,300	700	158,000	127,500	(30,500)
Black Affairs	173,200	(500)	172,700	126,500	(46,200)
Hispanic Affairs	157,900	45,300	203,200	174,500	(28,700)
Pacific Islander Affairs	131,200	63,500	194,700	190,000	(4,700)
Business and Economic Development	16,537,900	(965,500)	15,572,400	9,631,000	(5,941,400)
Travel Council	4,828,300	1,969,300	6,797,600	5,569,400	(1,228,200)
Energy Services	4,471,200	(4,471,200)			
State History	3,424,800	(62,100)	3,362,700	2,509,200	(853,500)
Historical Society	658,600		658,600	401,000	(257,600)
Fine Arts	4,247,900	(146,000)	4,101,900	3,274,300	(827,600)
State Library	8,014,000	(85,200)	7,928,800	7,329,300	(599,500)
Community Development	46,926,300	(2,521,500)	44,404,800	41,422,600	(2,982,200)
Zoos	1,730,000	(122,500)	1,607,500	1,382,500	(225,000)
Community Development Capital Budget	33,444,300		33,444,300	40,494,600	7,050,300
Total	\$130,119,500	(\$6,238,000)	\$123,881,500	\$115,661,600	(\$8,219,900)
Total FTE	295.4	(9.7)	285.7	276.1	(9.6)

Restricted Revenue - EDHR					
	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
Financing				2,033,400	2,033,400
		329,400	329,400	7,930,000	7,600,600
				2,690,000	2,690,000
				16,907,800	16,907,800
				2,148,000	2,148,000
Total	\$0	\$329,400	\$329,400	\$31,709,200	\$31,379,800
Programs				19,055,800	19,055,800
				4,623,400	4,623,400
				100,000	100,000
				1,500,000	1,500,000
		329,400	329,400	6,430,000	6,100,600
Total	\$0	\$329,400	\$329,400	\$31,709,200	\$31,379,800
					0.0

Department of Human Resource Management

The Department of Human Resource Management operates the State's personnel system.



(The funding peak in 2002 was a result of funding for Market Comparability Adjustments appropriated to DHRM and then distributed across state agencies. This funding was transferred to the respective agencies in FY 2003.)

Legislative Action

2002 General Session: FY 2002 General Funds for the Department of Human Resource Management were reduced by \$160,800.

2002 Special Session: The Legislature reduced non-lapsing balances by \$80,000 in the 5th Special Session.

Funding Detail

Human Resource Management					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	6,731,100		6,731,100	2,988,600	(3,742,500)
General Fund, One-time	79,000	(160,800)	(81,800)	(80,000)	1,800
Uniform School Fund	338,900		338,900		(338,900)
Dedicated Credits Revenue	261,500		261,500	283,000	21,500
Transfers	(3,899,700)		(3,899,700)		3,899,700
Beginning Nonlapsing	114,900		114,900		(114,900)
Closing Nonlapsing				80,000	80,000
Total	\$3,625,700	(\$160,800)	\$3,464,900	\$3,271,600	(\$193,300)
Programs					
Human Resource Management	3,625,700	(160,800)	3,464,900	3,271,600	
Total	\$3,625,700	(\$160,800)	\$3,464,900	\$3,271,600	\$0
Total FTE	40.0	0.0	40.0	40.0	0.0

Career Service Review Board

The Career Service Review Board manages the state's grievance and appeals process.

2002 General Session: Funding for the Career Service Review Board was reduced by \$4,100 in FY 2003. Some of this reduction was off-set by miscellaneous adjustments for a total General Fund decrease of \$2,400.

Funding Detail

Career Services Review Board					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	169,000		169,000	166,600	(2,400)
Beginning Nonlapsing	13,200		13,200		(13,200)
Total	\$182,200	\$0	\$182,200	\$166,600	(\$15,600)
Programs					
Career Service Review Board	182,200		182,200	166,600	
Total	\$182,200	\$0	\$182,200	\$166,600	\$0
Total FTE	2.0	0.0	2.0	2.0	0.0

Outside Reporting Agencies

Utah State Fair Corporation

The Utah State Fair Corporation operates the Utah State Fair and the fairground facilities.

Legislative Action

2002 General Session: The State Fair budget was reduced by \$16,500 in FY 2002 and FY 2003.

The State Fair received a FY 2002 supplemental appropriation of \$200,000 and an ongoing increase of \$50,000 in FY 2003.

2002 Special Session: Funding was reduced by \$45,000 in the 5th Special Session.

Utah Housing Finance Corporation

Utah Housing Finance Corporation helps create affordable housing through financial incentives. The Legislature oversees, but does not appropriate this budget.

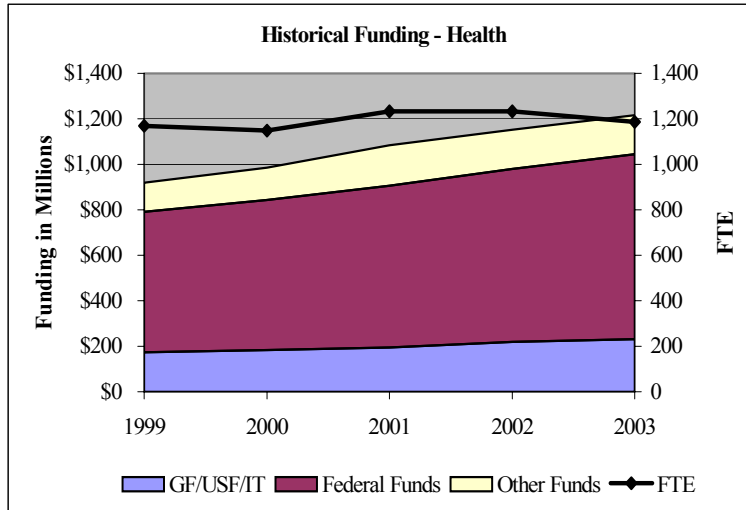
Funding Detail

Economic Development & Human Resources Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	40,017,500	(42,800)	39,974,700	33,678,100	(6,296,600)
General Fund, One-time	9,821,300	(2,105,500)	7,715,800	10,719,000	3,003,200
Uniform School Fund	338,900		338,900		(338,900)
Transportation Fund	118,000		118,000	118,000	
Federal Funds	36,642,800	(1,511,500)	35,131,300	37,142,700	2,011,400
Dedicated Credits Revenue	7,610,800	280,700	7,891,500	7,651,700	(239,800)
Federal Mineral Lease	2,479,800		2,479,800	18,911,600	16,431,800
GFR - Homeless Trust	150,000		150,000	150,000	
GFR - Industrial Assistance	185,800	45,000	230,800	300,200	69,400
GFR - Mineral Bonus				2,148,000	2,148,000
Oil Overchg - Exxon	2,376,300	(2,376,300)			
Oil Overchg - Stripper Well	255,500	(255,500)			
Permanent Community Impact	18,400,000		18,400,000	19,116,900	716,900
Transfers	45,200	55,000	100,200	4,910,000	4,809,800
Transfers - Em Svcs & Home Sec		25,000	25,000	25,000	
Repayments	13,301,500		13,301,500	20,200,000	6,898,500
Beginning Nonlapsing	8,072,100		8,072,100	1,196,700	(6,875,400)
Closing Nonlapsing	(1,696,700)		(1,696,700)	(908,400)	788,300
Total	\$138,118,800	(\$5,885,900)	\$132,232,900	\$155,359,500	\$23,126,600
Programs					
Career Services Review Board	182,200		182,200	166,600	(15,600)
Human Resource Management	3,625,700	(160,800)	3,464,900	3,271,600	(193,300)
Community & Economic Development	130,119,500	(6,238,000)	123,881,500	115,661,600	(8,219,900)
Utah State Fair Corporation	4,191,400	183,500	4,374,900	4,300,500	(74,400)
Restricted Revenue - EDHR		329,400	329,400	31,959,200	31,629,800
Total	\$138,118,800	(\$5,885,900)	\$132,232,900	\$155,359,500	\$23,126,600
Total FTE	337.4	(9.7)	327.7	318.1	(9.6)

Department of Health

Department Overview

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



Legislative Action

2002 General Session: Because of shortfalls in FY 2002 revenue, the Legislature began its 2002 General Session dealing with significant budget reductions. The original General Fund appropriation for FY 2002 was \$230,274,800 for the Department of Health. This amount was reduced by a total of \$11,612,700, or 5.04 percent, to \$218,662,100. The total FY 2002 revised budget (after the budget reductions and accounting for changes in non-State funds) is \$1,152,630,600.

2002 Special Session: The original FY 2003 appropriation for the Department of Health was \$1,233,090,300. Following the 5th Special Session, the appropriation was reduced by \$16,305,100, for a

revised total of \$1,216,785,200, representing a net increase of 5.6 percent compared to the FY 2002 revised level of expenditures. The FY 2003 General Fund appropriation of \$231,712,600 is an increase of 6.0 percent.

The appropriations increases and decreases and legislative intent for the divisions and offices of the Department are outlined below.

FY 2002

The Legislature approved reducing the Department's FY 2002 budget by a total of \$11,696,600. Of this amount, \$11,612,700 represents the General Fund reduction. The Legislature approved using other sources of funding to cover approximately half of the General Fund reductions. These other sources included the Medicaid Restricted Account, from which \$3,601,600 was appropriated, and the Tobacco Settlement Account, from which \$2 million was appropriated.

The FY 2002 reductions covered the following items:

Across the Board reductions & Internal Service Fund rate change.....	(436,000)
(Travel, office supplies, training, data processing, etc.)	
Program Reductions.....	(722,100)
(Indoor Clean Air, Cancer Registry, education materials)	
FTE Positions.....	(537,600)
(receptionist, human resources, programmer, data processing, child care surveyors, child health specialists, cardiovascular specialist, FACT)	
Local Health Department funding.....	(47,000)
Medicaid:	
Health Care Financing contracts.....	(1,595,900)
Reduce retroactive eligibility period.....	(3,150,000)
Delay coverage for 18 yr. Olds from July 1, 2001 to Oct. 1, 2001.....	(820,600)
Increase copays.....	(950,000)
Increase third-party collections.....	(1,083,300)
Reinsurance savings.....	(780,000)

UMAP Waiver.....	(220,000)
Other Medicaid reductions	(1,277,100)

Of the \$11,612,700 General Fund that was reduced from the Department's budget for FY 2002, \$6,013,500 carried on into FY 2003 as on-going reductions; the remaining amount represented one-time budget reductions for FY 2002 only.

FY 2003

Because a significant portion of the FY 2002 reductions were one-time in nature, the Legislature needed to approve additional base budget reductions to begin FY 2003. After continuing and annualizing the on-going FY 2002 reductions, the Legislature reduced the Department's base by an additional \$14,229,600 (\$6,846,200 in General Funds).

These additional reductions covered the following items:

Across the Board reductions &
 Internal Service Fund rate changes (78,900)
 (Travel, office supplies, training, data processing, etc.)
 Program reductions (1,351,400)
 (Loan/Scholarship programs, Bureau of Primary Care,
 Rural, and Ethnic Health, and FACT)
 FTE Positions..... (561,100)
 (Programmer, Licensing, Food Safety/Environmental
 Health, child health specialists)
 Medicaid:
 Limit the number of monthly prescriptions to seven .. (4,940,000)
 Increase copays (950,000)
 Eliminate Chiropractic services (329,300)
 Medicaid Optional Services (7,000,000)
 Reduce inflationary increases (977,300)
 (Nursing facilities, hospitals, physicians, HMOs)
 Reduce Pharmacy reimbursement rates (2,420,600)
 DSH arrangement with University of Utah Hospital 7,000,000

During the 5th Special Session, in June and July of 2002, the Legislature approved further reductions to make up for an additional shortfall in FY 2003 revenues. The total of these reductions was \$16,543,100 (\$7,909,800 in General Funds).

These reductions were for the following functions:

FTE Positions (9.7 FTEs).....	(439,200)
(Internal Auditor, DP, Executive Secretary, Chief Information Officer, Security, Office Technician, Licensor, Lab Technician, Chemist, Programmer)	
Emergency Medical Services	(250,000)
(General Fund reduced; authorized to be replaced with dedicated credits)	
Other General Reductions	(187,600)
(Medical Examiner budget, market adjustments, contract renegotiations, testing, site visits)	
Medicaid:	
Funding shift.....	(183,000)
(General Fund reduced, authorized to be replaced with Medicaid Restricted Account)	
Authorize return of unused prescription drugs	
in Nursing Facilities	(200,000)
Eliminate Medicaid HMOs.....	(6,650,000)

Executive Director: The Executive Director’s Office includes those functions of the Department of Health that provide overall direction of policy, management, and administrative support to the divisions, offices, and programs of the Department. This organizational category also includes the Office of the Medical Examiner and the Center for Health Data.

The Legislature passed Senate Bill 15, “Organ Donation Checkoff”, which authorizes a voluntary checkoff for motor vehicle registrations and driver license applications for the purpose of promoting and supporting organ donation. The bill is expected to generate \$113,000 in FY 2003, which is to be distributed to organizations that promote and support organ donations and provide donor awareness education.

The Legislature also approved on-going funding in the amount of \$200,000 for the Medical Examiner, continuing the one-time FY 2002 funding approved by the 2001 Legislature. This was later reduced by \$50,000 to \$150,000 and will allow the Medical Examiner to continue providing 24 hour/day service.

Health Systems Improvement: The Division of Health Systems Improvement assures and improves the quality of the Utah health care system. This is achieved through examination, analysis, and actions to improve service availability, accessibility, acceptability, continuity, quality, and cost.

The Legislature approved increasing the funding for primary care grants by \$100,000. These grants are awarded to health care providers whose services are mainly utilized by low-income individuals and families.

Loan/Scholarship Programs: There are currently three programs which offer student loan repayments or scholarships for students in specific health care fields in exchange for their commitment to provide health care services in rural or underserved areas of the State. The original budget reductions took \$200,000 of funding from these programs, but that funding was later restored. Senate Bill 113, "Health Care Workforce Loan Repayment Assistance" consolidates the three programs into one comprehensive program, and is projected to save the State approximately \$8,000 annually.

Epidemiology and Laboratory Services: The Division of Epidemiology and Laboratory Services encompasses three programs within the State Health Laboratory and three programs associated with community health services. The division's budget was reduced by some of the items listed above, but did not experience significant reductions. No additional funding was approved.

Community and Family Health Services: This division assures that women, infants, and children, and their families have access to comprehensive coordinated, affordable, community-based quality health care. These services are available to all citizens of the State according to their ability to pay, but primary clients are women, infants, and children who have special health care needs and are low income. The Division coordinates efforts, identifies needs, prioritizes programs, and develops resources necessary to reduce illness, disability, and death from adverse pregnancy outcomes,

chronic diseases, disabling conditions, injury and violence, and vaccine-preventable infections.

The Legislature passed House Bill 238, "Cigarette and Tobacco Tax Amendments", which increased the tax levied on cigarettes by 18 cents per pack. The increase is expected to generate nearly \$12 million in FY 2003. The bill designates where the revenue will be spent, including 22 percent at the Department of Health to enhance its anti-tobacco efforts, 15 percent to the University of Utah for the Huntsman Cancer Institute, and 21 percent to the University of Utah School of Medicine. The balance of the revenue generated from the increase in the tax is deposited into the General Fund. The funds appropriated to the Department of Health from this bill amount to \$2,618,400.

Medical Assistance: Medical Assistance is a joint federal/state entitlement services that provides health care to selected low-income populations.

General Medicaid Increases: An increase of \$88,500,300 (of which \$20,304,800 comes from the General Fund) was approved to cover the projected inflation and increases in utilization rate and caseload growth in the Medicaid Program. The General Fund was offset by an increased Federal Medical Assistance Percentage (FMAP) in the amount of \$3,886,900. This means that the Federal government will cover a larger percentage of the cost of the Medicaid program and the State's share can be reduced. This change does not affect the level of services, but saves the State's General Fund. For the past several years, the FMAP has moved the opposite direction, meaning that the State has had to cover an increasing percentage of the cost from its sources, but without any increase in service levels.

Medicaid Provider Reimbursement Rates: Increases in the rates which the State pays for Medicaid services were approved for certain categories of service providers. These services include nursing facilities, children's dental services, and physicians. The total amount approved for these increases in rates was \$9,200,000.

Restoration of Medicaid Reductions: As part of the original proposed reductions, pharmacy reimbursement rates were reduced by a total of \$2.4 million. This reduction was restored at a level of \$2.5 million. In addition, funding for two specific optional services was restored, to be funded from the Medicaid Restricted Account. These services include physical therapy/occupational therapy and vision. The total amount approved for these two services is \$633,300.

Continuation of FY 2002 one-time funding: The Legislature approved one-time funding in FY 2002 for two new Medicaid programs: Disabled Return to Work and Breast/Cervical Cancer eligibility. These two programs were funded with ongoing funding for FY 2003, however, the amount for the Disabled Return to Work program was funded at \$333,300 for FY 2003, a reduction from its FY 2002 level of funding of \$1,666,600. The Breast/Cervical Cancer eligibility program allows uninsured women diagnosed with breast or cervical cancer to become eligible for Medicaid services. The FY 2003 funding was maintained at the current level of \$389,900.

Reinsurance: The Legislature approved funding in the amount of \$3,999,400 to cover increased costs for Medicaid HMO reinsurance. In the Medicaid HMO arrangement, the HMOs accept a certain level of risk for normal medical costs. However, the Department takes the risk for extraordinary costs through reinsurance. The costs of this reinsurance are increasing and will be \$4 million more in FY 2003.

Medicaid Reductions: During the 5th Special Session, the Legislature approved reductions for the Medicaid program, including eliminating HMOs as the main health service delivery system, returning to fee-for-service. It is anticipated that this move will save \$6,650,000 in General Funds in FY 2003 (\$2.9 million one-time). In addition, the Legislature approved legislation allowing the return of unused prescription drugs that were distributed in nursing facilities, under specific conditions. It is anticipated that this will save the Medicaid program approximately \$200,000 in General Funds. The Legislature also approved utilizing the balance of \$183,000 in the

Medicaid Restricted Account, to lessen further General Fund reductions.

Children's Health Insurance Program (CHIP): CHIP provides health insurance coverage to uninsured children up to age 19 living in families whose income is less than 200 percent of the Federal Poverty Levels. This program's budget was not reduced nor increased in either FY 2002 or FY 2003. However, because of the increased enrollment during the last half of 2001, an enrollment cap was instituted to prevent the program from overspending its budget. In addition, dental benefits were reduced and copays and premium costs were increased. It is anticipated that there will be an open enrollment period in July 2002, until the limit is again reached.

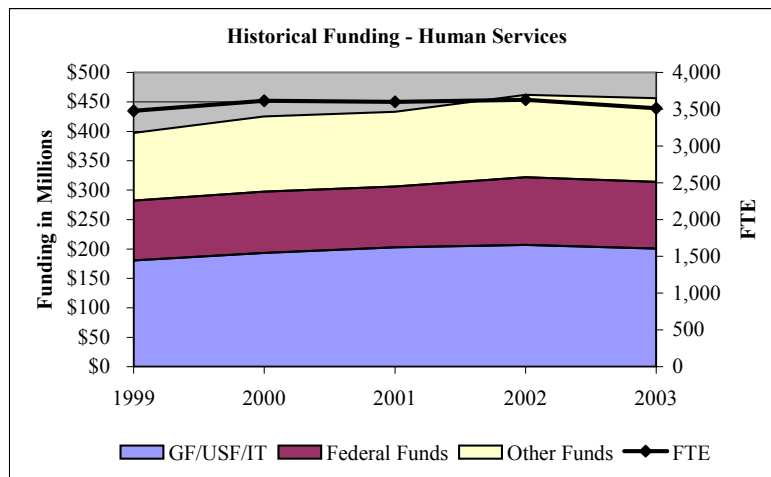
Funding Detail

	Health				
	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
Financing					
General Fund	229,149,800		229,149,800	234,612,600	5,462,800
General Fund, One-time	1,125,000	(11,612,700)	(10,487,700)	(2,900,000)	7,587,700
Federal Funds	767,493,900	(5,686,315)	761,807,585	813,505,300	51,697,715
Dedicated Credits Revenue	69,608,100		69,608,100	69,905,300	297,200
GFR - Cigarette Tax Rest	250,000		250,000	2,868,400	2,618,400
GFR - Kurt Oscarson Trans	100,000		100,000	100,000	
GFR - Medicaid Restricted	615,600	3,601,600	4,217,200	1,573,000	(2,644,200)
GFR - State Lab Drug Testing Account	267,500		267,500	270,800	3,300
GFR - Tobacco Settlement	9,549,500	2,000,000	11,549,500	11,558,500	9,000
Organ Donation Contribution Fund				113,000	113,000
Transfers	80,038,500	800	80,039,300	84,732,300	4,693,000
Beginning Nonlapsing	8,062,500		8,062,500	1,903,800	(6,158,700)
Closing Nonlapsing	(1,933,200)		(1,933,200)	(1,457,800)	475,400
Total	\$1,164,327,200	(\$11,696,615)	\$1,152,630,585	\$1,216,785,200	\$64,154,615
Programs					
Executive Director's Operations	11,024,100	(164,200)	10,859,900	11,794,200	934,300
Veterans' Nursing Home	3,244,100		3,244,100		(3,244,100)
Health Systems Improvement	13,515,800	(325,800)	13,190,000	11,442,700	(1,747,300)
Physician & Physician Assistants Grant & Scholarship Program	422,200	(19,600)	402,600	364,200	(38,400)
Nurse Education Financial Assistance Program	296,000	(14,400)	281,600	196,500	(85,100)
Special Population Health Care Provider Financial Assistance Program	143,400	(3,900)	139,500	97,600	(41,900)
Epidemiology & Lab Services	15,728,700	(302,500)	15,426,200	14,609,200	(817,000)
Community & Family Health	89,644,400	(842,700)	88,801,700	88,083,200	(718,500)
Health Care Financing	72,480,600	(1,676,600)	70,804,000	67,314,400	(3,489,600)
Medical Assistance	929,896,200	(8,299,815)	921,596,385	993,549,700	71,953,315
Children's Health Ins Prog	25,799,000	(100)	25,798,900	27,247,800	1,448,900
Local Health Departments	2,132,700	(47,000)	2,085,700	2,085,700	
Total	\$1,164,327,200	(\$11,696,615)	\$1,152,630,585	\$1,216,785,200	\$64,154,615
Total FTE	1,243.7	(10.5)	1,233.2	1,187.5	(45.7)

Department of Human Services

Subcommittee Overview

The Department of Human Services is established and functions under authority of Title 62A of the Utah Code. In addition to the Executive Director Operations, there are seven divisions within the Department of Human Services. These include the Divisions of Substance Abuse, Mental Health, Services for People with Disabilities, Aging and Adult Services, Office of Recovery Services, Child and Family Services, and Youth Corrections. There is also a separate line item of appropriation for Drug Courts and Boards. The Division of Youth Corrections budget is not included in this chapter of the report as its budget is heard in the Executive Offices, Criminal Justice and Legislature Appropriations Subcommittee.



Due to projected revenue shortfalls in FY 2002, the 2002 Legislature first reduced the FY 2002 budget before determining the FY 2003 spending level. Reductions included across the board reductions in administration, travel, current operating expense, etc. There were some program eliminations and most human service programs saw some budget reductions. Most of the FY 2002 budget reductions also became part of base budget reductions for FY 2003. However, there were some budget increases for FY 2003.

FY 2002 Summary: The original FY 2002 appropriation for the Department of Human Services totaled \$461,911,500, including \$216,369,500 in General Funds. Before the legislative session began, this budget had increased (due to additional federal grants, Medicaid draw downs, other transfers, and \$1.4 million of beginning non-lapsing funds) to \$475,485,800 (FY 2002 authorized budget). As a result of 2002 legislative action, the revised FY 2002 budget now totals \$462,030,800, which includes \$206,975,400 from the General Fund. This represents a 4.3 percent reduction in State funding. Overall funding, while actually slightly higher than the original appropriation, is down 2.8 percent from the authorized FY 2002 budget.

FY 2003 General Session: The total appropriation for FY 2003 is \$463,815,200, including \$208,777,400 from the General Fund. This represents a slight increase of \$1.8 million in total funds (0.4 percent) from the revised FY 2002 budget. The increase is largely due to increased appropriations from the General Fund of \$1.8 million (an increase of 0.9 percent). The FY 2003 appropriated budget includes across the board administrative reductions of \$4.4 million (General Fund) and program reductions totaling \$5.5 million (General Fund). FACT (Families, Agencies, Communities Together) programs statewide were reduced from \$5.1 million to \$2 million. The Legislature increased funding by \$4.1 million (General Fund) for adoption assistance, emergency services for people with disabilities, fuel and power increases, medical cost increases, market cost adjustments for selected staff and other personnel benefit cost adjustments.

2002 Special Sessions: In the 4th special session, the Legislature addressed additional budget shortfalls in the FY 2002 budget. No further adjustments were made in the Human Services FY 2002 appropriated budgets. During the 5th special session, the Legislature dealt with the increasing budget deficits for FY 2003, reducing the Human Services appropriated General Fund budget by \$7.9 million (3.8 percent) and eliminating about 74 FTE positions. This includes \$1.8 million of non-lapsing carry-forward balances from FY 2002. It also includes savings from legislation passed which consolidates the Divisions of Mental Health and Substance Abuse. After the 5th special session, the total Department FY 2003 appropriated

budget is \$456.2 million (\$200.9 million General Fund). This compares to the FY 2002 appropriated budget (as reduced during the 2002 general session) of \$462.0 million (\$207.0 million General Fund).

General Departmental Issues

Personnel Services Adjustments: For FY 2003, the Legislature appropriated \$2,677,500 (\$1,281,200 General Fund) for an 11.2 percent increase in employee health insurance premiums and a three percent increase in dental insurance costs. In addition, funding was provided for market salary adjustments (total cost \$781,400, \$396,500 General Fund). There was no cost of living adjustment provided for state employees. Similarly, no cost of living adjustment was provided for employees of private contract services providers and local mental health, substance abuse, and aging authorities.

Across the Board Reductions: The Legislature reduced administration, travel, current expenses, computer costs, etc. in all divisions of the department. For FY 2002, these reductions total \$7,401,600 (\$3,042,300 General Fund) and for FY 2003 the reductions amount to \$8,621,800 (\$4,214,200 General Fund). Travel and current expenses were reduced by 10 percent, while data processing equipment acquisitions were cut 50 percent. Of the total \$8.6 million in across the board reductions in FY 2003, the divisions' "administration" program budgets were reduced by a total of \$2.8 million (\$1.5 million General Fund). The balance of the across the board cuts were made to administration of various service delivery programs.

Medicaid Match Rate Change: Due to an increase in the federal share of the cost of Medicaid expenses, from 70.36 percent to 70.93 percent effectively in FY 2003, the Department will see a "savings" of \$1,037,800 of General Funds. These "freed up" state funds were used to offset some of the budget reductions proposed to balance the FY 2003 budget.

FACT: Funding for Families, Agencies, Communities Together programs (known as FACT) was significantly altered by

the 2002 Legislature. It directed that all funding for FACT be appropriated to the Department of Human Services instead of to the various agencies involved in FACT. The 2002 Legislature passed intent language directing that funds appropriated “. . . for FACT programs be used, consistent with Section 63-75-4, for the most critical services as determined by the FACT Council representing the Departments of Human Services, Health, Workforce Services, the Office of the Court Administrator, and the State Office of Education.”

For FY 2002, the Legislature reduced the various FACT budgets by approximately one-third overall. In Human Services, this reduction totaled \$677,300. For FY 2003, all State funds in agency appropriations for FACT were eliminated. In Human Services, the reduction totals \$2,139,000.

TANF Transfers to SSBG: As in previous sessions, the FY 2003 appropriation includes \$5,307,000 in transfers from the Temporary Assistance for Needy Families Fund (TANF) to the Social Services Block Grant (SSBG). These funds will be used mainly in the Division of Services for People with Disabilities for people in the home and community based waiver, and in the Division of Child and Family Services for a variety of child and family services. The TANF program is scheduled to be re-authorized by Congress this year. It is very possible that the current surplus in the State's TANF account will be depleted after FY 2003. The Legislature included intent language in the FY 2003 appropriation for the Department stating that the Fiscal Analyst should consider a recommendation to replace a portion of these funds with State Funds for FY 2004.

5th Special Session: For additional FY 2003 budget cuts in Human Services, the Legislature avoided “across the board” administrative reductions. These budgets were already significantly reduced in the 2002 General Session. Instead, additional budget adjustments were aimed at specific program reductions and eliminations.

F.A.C.T. (5th Special Session): The Legislature eliminated the remaining \$2 million (General Fund) appropriated for Families,

Agencies, Communities Together (FACT) programs. These funds were appropriated to the Department of Human Services to be distributed by the FACT Council. Proposed legislation to delete FACT statutory language; however, did not pass. The Legislature also included intent language directing the Office of Legislative Fiscal Analyst to continue with its review of the FACT program, including an evaluation of any structures that continue to function without FACT funding, a report on the impact of the loss of FACT funding on families already receiving services, and the impact on collaboration and coordination of services.

Consolidation of Divisions of Mental Health and Substance Abuse (5th Special Session): The consolidation of these two divisions had been proposed in earlier legislative sessions. In the 2002 General Session, such legislation was proposed. It did not pass, but the two division budgets were reduced to reflect savings from such a consolidation. In the 5th Special Session, legislation was again introduced as part of identified potential budget reductions. This time the legislation passed. The consolidation identified three positions that could be eliminated, including one division director. These savings of \$187,600 (\$129,300 General Fund) equally divided between the two current divisions, are in addition to savings taken during the regular 2002 session.

ISF Rate Reductions (5th Special Session): The Division of Facilities Construction and Management (DFCM) is reducing “rental” rates at several buildings occupied by the Department of Human Services. This will result in budget reductions of \$14,200 (\$9,900 General Fund).

Executive Director Operations

The Executive Director Operations (EDO) budget includes the Department Director's Office and various services and bureaus that serve other divisions in the Department such as Fiscal Operations and Human Resource Management. EDO also includes programs that are independent of the divisions, such as the Governor's Council for People with Disabilities, Foster Care Citizens Review Boards, and the Office of Children's Ombudsman.

Legislative Action

2002 General Session: The Legislature reduced the FY 2002 EDO budget by \$1,274,300 (\$537,900 General Fund) for administrative and across the board adjustments, including internal service fund rate adjustments. The Legislature, as part of re-sizing FACT, appropriated \$655,200 to EDO for critical FACT programs. As a result of Legislative action, the revised FY 2002 budget totals \$19,834,500 (\$8,763,500 General Fund).

For FY 2003, the Legislature appropriated a total budget of \$20,464,500 (\$9,355,600 General Funds), an increase of \$709,400 from the General Fund (with net increase in all funds at \$110,900), an increase of 8.2 percent in State Funds (0.5 percent increase overall). The main reason for the increased funding is the \$2 million appropriation for FACT in FY 2003, to be allocated for the most critical needs of the FACT program.

Administrative and across the board reductions total \$1,578,700 (\$963,800 General Fund). Funds originally appropriated to EDO for FACT (\$500,500 General Fund) were also deleted. The Legislature increased funding by \$236,000 (\$123,300 General Fund) for personnel cost increases.

After considering various oversight / review entities related to the Division of Child and Family Services, the Legislature eliminated funding for the Consumer Hearing Panel (\$45,900, with \$25,900 from General Funds). Part of the cost of this function is also budgeted in the Division of Child and Family Services.

2002 Special Session: The Legislature reduced the FY 2003 Executive Director Operations' budget by a total of \$2,024,500 (\$2,022,700 General Fund). This includes the \$2 million FACT funding elimination, \$2,100 (\$1,200 General Fund) for reduced rental charges at the Foster Care Citizens Review Boards offices in Salt Lake City, and \$22,400 (\$21,500 General Fund) for reductions in other EDO programs.

Intent Language

Local Medicaid Match Rate Changes: The Legislature directed the Department to consider changes in this match rate change in its annual budget preparation for FY 2004.

Outcome Measures: The Legislature directed the Department to provide outcome measures for each Division regarding populations served and information on people eligible but not served.

Breakout of Administration and Services Costs: The Department was instructed to present budget analysis documents with a breakdown of cost between administrative functions and services delivered.

Detailed Budget Presentation: The Health and Human Services Appropriations Subcommittee will choose one of the division budgets of the Department of Health and the Department of Human Services to be presented in extensive detail at the annual budget hearing. For the 2002 Session, the committee reviewed the Division of Aging and Adult Services budget in greater detail.

FACT Funding Distribution: The Legislature directed that funds appropriated to the Department of Human Services for FACT (Families, Agencies, Communities, Together) be used for the most critical services as determined by the FACT Council, represented by the Departments of Human Services, Health, Workforce Services, the Office of the Court Administrator, and the State Office of Education. This language was included in both FY 2002 and FY 2003 appropriations, but became meaningless with the elimination of FACT funding in the 5th Special Session.

FACT Study (5th Special Session): The Legislature directed the Office of Legislative Fiscal Analyst to continue with an assigned study of the FACT program, in spite of the elimination of FACT funding. The study should include an evaluation of FACT structures continuing to function, impact of the loss of FACT

funding on families already receiving services, and the impact on collaboration and coordination of services.

Drug Courts, Drug Boards

Drug Court is a judicial process that offers nonviolent, drug-abusing offenders intensive court-supervised drug treatment as an alternative to jail if the offender completes the program. Local area substance abuse authorities and private entities provide treatment services. Drug Board is an administrative process similar to Drug Court, but is offered by the Board of Pardons and Parole in the Corrections system to individuals entering parole. Drug Courts / Drug Boards was created by the 2000 Legislature when it appropriated funds from the Tobacco Settlement for expansion of the drug court system and creation of drug boards (S.B.15, 2000 General Session).

Legislative Action

2002 General Session: The 2002 Legislature appropriated \$1,647,200 for this line item for FY 2002 and FY 2003 (all General Fund Restricted - Tobacco Settlement Account). This reflects the Legislature's decision to eliminate the \$1 million of General Funds first appropriated by the 2001 Legislature for FY 2002. Of the total \$1.6 million appropriation, \$1,296,300 is intended for various Drug Courts around the State. The Drug Board pilot project in Weber and Davis Counties will continue to receive \$350,900.

Funds appropriated to the Department of Human Services (DHS) provide treatment services. The Legislature also has appropriated funds to the Courts System for administrative needs. Typically, 87 percent of total drug court and drug board funds are appropriated to Human Services for treatment and 13 percent are appropriated to the Courts.

Intent Language

For FY 2002, the Legislature authorized that funds appropriated to Drug Courts and Drug Boards from the Tobacco Settlement Restricted Account be non-lapsing.

Division of Mental Health

The Division of Mental Health (DMH) is the State's public mental health authority. The Division has general supervision of the State Hospital in Provo. Other mental health services are delivered by 11 local mental health authorities. The Division contracts with county governing boards and distributes state and federal funds earmarked for mental health services. Counties are required to provide a minimum scope and level of service, and must provide a minimum 20 percent funding match.

Legislative Action

2002 General Session: The Legislature reduced the FY 2002 DMH budget by \$1,953,100 (\$1,874,700 General Fund). The revised FY 2002 budget totals \$74,253,200 (\$58,594,900 General Fund). This represents a reduction of 2.6 percent (3.1 percent General Fund) from the authorized FY 2002 budget.

Budget reductions include the elimination of the \$300,000 one-time General Fund appropriation for Mental Health Centers approved by the 2001 Legislature. It also includes a base reduction of \$319,000 in the Mental Health Center budget and \$218,700 in the Residential Services program used by the Mental Health Centers (both General Fund figures), which reflects a 2.3 percent reduction in those budgets. It should be noted that the appropriations subcommittee intends that local Mental Health Centers to contract directly with the Department of Workforce Services for TANF (Temporary Assistance for Needy Families) funds for mental health services for families eligible under TANF requirements. This could offset the \$319,000 budget reduction in FY 2002.

The Legislature also reduced the State Hospital budget by \$392,700 (\$295,000 General Fund) from the closure of one wing (30 beds) of the geriatric unit at the State Hospital. This required legislation (HB181) to be enacted to reduce the number of beds available at the State Hospital for use by local Mental Health Centers from 212 to 182. According to HB181, the number of

beds is to be restored to 210 on July 1, 2002, "as funding permits." The Legislature did not restore any funds for these beds for FY 2003.

Other FY 2002 reductions include funding for FACT (\$469,900 General Fund), a reduction in the rate paid by the Hospital to off-campus health providers (\$120,800 General Fund), and a \$500 reduction in the Rural Mental Health Education Support Program. The Division's budget was also reduced by \$468,900 (\$350,800 General Funds) for administrative and across the board adjustments, including internal service fund rate changes.

The Legislature did increase the State Hospital's FY 2002 budget by \$200,000 (General Fund) for increased costs of fuel and power.

For FY 2003, the Legislature reduced the Division's base authorized budget by \$2,547,900 (\$2,237,700 General Fund). This represents a 3.4 percent reduction (3.7 percent General Fund). FY 2003 budget reductions largely reflect continued program reductions made to the FY 2002 budget.

Reductions include FACT, \$1,407,500 (General Fund); State Hospital geriatric wing, \$972,700 (\$730,600 General Fund); Hospital rate paid to off-campus health care providers, \$200,200 (\$150,000 General Fund); and administrative and across the board cuts, \$563,700 (\$445,500 General Fund). The Mental Health Centers' budget was reduced by \$175,500 and the Residential Services program used by the Centers was reduced by \$87,200 (both General Fund figures), which reflects a 1.1 percent reduction in those budgets.

Other FY 2003 reductions include the \$500 reduction in the Rural Mental Health education program, an \$87,900 reduction in General Funds from the Medicaid match rate change (offset by a similar increase in Medicaid funding), and \$125,500 (\$81,600 General Fund) reduction due to savings from a proposed merger of the Divisions of Mental Health and Substance Abuse. Even though this attempted consolidation did not pass the Legislature (HB 314), the estimated administrative cost savings were still taken in both divisions, equally.

The 2002 Legislature did increase the Division's FY 2003 budget in several areas. For the State Hospital budget, it appropriated \$147,800 (\$107,800 General Fund) for increases in fuel and power costs and \$315,500 (\$230,300 General Fund) for increased medical costs. It also appropriated \$674,900 (\$504,700 General Fund) for personnel cost increases. The Legislature also provided \$4,500 (General Funds) for the Hospital's share of costs of operating the new 800 MHZ communication system.

2002 Special Session: The Legislature reduced the FY 2003 Division of Mental Health's budget by a total of \$1,821,300 (\$1,792,100 General Fund). This includes half of the savings from consolidating the Divisions of Mental Health and Substance Abuse (\$64,600 General Fund, \$29,300 federal funds), and savings from closing one wing at the State Hospital's forensic facility (\$1,727,500 General Fund). No reductions were made in the local Mental Health Centers' funding.

There are four wings in the newly completed forensic facility at the State Hospital. By closing one wing (26 beds), the Hospital can eliminate 46 FTE positions. As a result, more psychiatric evaluations will now be performed in jail or prison. Local correctional facilities may see cost increases from housing some prisoners that would previously be sent to the Hospital.

Division of Substance Abuse

The Division of Substance Abuse (DSA) is the substance abuse authority for the state. The Division administers state and federal funds for the treatment and prevention of substance abuse. It contracts with the 13 local substance abuse authorities which either provide services directly or contract with private providers.

Legislative Action

2002 General Session: The Division's FY 2002 authorized budget was reduced by \$509,300 (\$377,700 General Fund) The revised FY 2002 budget totals \$32,019,600 (\$10,601,600 General

Fund). This represents a reduction of 1.6 percent (3.4 percent General Fund) from the authorized FY 2002 budget.

Reductions for FY 2002 include administrative and across the board cuts, \$306,300 (\$174,700 General Fund); and \$15,000 (General Fund) for a local "Neighborhood Action Coalition" whose federal grant expired last year. The Legislature also reduced funding for local substance abuse authorities, \$188,000 (General Fund), a 2.0 percent reduction in State funds.

For FY 2003, the Legislature appropriated \$32,013,200 (\$10,514,900 General Fund) for the Division. It reduced the Division's base authorized budget by \$509,700 (\$464,400 General Fund). This represents a 1.6 percent reduction (4.2 percent General Fund). FY 2003 budget reductions largely reflect continued program reductions made to the FY 2002 budget. Of course, the amounts are larger as the reductions in FY 2003 are applied to the full twelve months.

FY 2003 reductions include administrative and across the board cuts, \$351,400 (\$199,000 General Fund); local substance abuse authorities, \$188,000 (General Fund); and the Neighborhood Action Coalition, \$15,000 (General Fund). It also includes a \$125,400 (\$81,500 General Fund) reduction from savings from the proposed merger of the Divisions of Mental Health and Substance Abuse. Even though the attempted consolidation did not pass the Legislature (HB 314), the estimated administrative cost savings were still taken equally in both divisions.

The Legislature increased the Substance Abuse budget for FY 2003 in several areas. The appropriation from the "Intoxicated Driver Rehabilitation Account" (General Fund Restricted) was increased by \$150,000 to a total of \$1,200,000. These funds are distributed to the local substance abuse authorities for education, intervention and treatment services for drivers convicted of driving under the influence.

The Legislature also appropriated additional funds of \$20,100 (\$10,500 General Fund) for personnel cost increases.

2002 Special Session: The Legislature reduced the FY 2003 Division of Substance Abuse budget by \$93,800 (\$64,400 General Fund), which represents half of the savings from consolidating the Divisions of Mental Health and Substance Abuse. No reductions were made in the local Substance Abuse Authorities' funding.

Division of Services for People with Disabilities

The Division of Services for People with Disabilities (DSPD) is responsible for providing residential, day and support services for people with mental retardation and other developmental disabilities. To receive services, people must have substantial functional limitations in three or more of the following life activities: self care, receptive and expressive language, learning, mobility, self direction, capacity for independent living, and economic self-sufficiency. Services provided range from limited family support to a full array of 24-hour services both in the community and at the Utah State Developmental Center. Community services are provided under contracts with private providers. Services are also available in private Intermediate Care Facilities for people with Mental Retardation (ICFs/MR) with funding through the Department of Health.

Legislative Audit: The 2002 Legislature heard the Legislative Auditor General's audit report of the Division of Services for People with Disabilities which focused on the waiting list and the process for bringing people into service. Results of the audit showed the number of persons on the waiting list has been consistently overstated. According to the audit, the current waiting list of people in immediate need of services is about 1,290. It also estimated the cost of providing services for these individuals at approximately \$7.5 million (State Funds). Cost of funding the waiting list depends, of course, on policy decisions regarding whom the State should serve, what level of needs assessment makes a client eligible for services, and the of level of services provided.

One recommendation of the DSPD waiting list audit was to restructure the programmatic organization of the Division. As a result, the following "programs" were deleted for FY 2003:

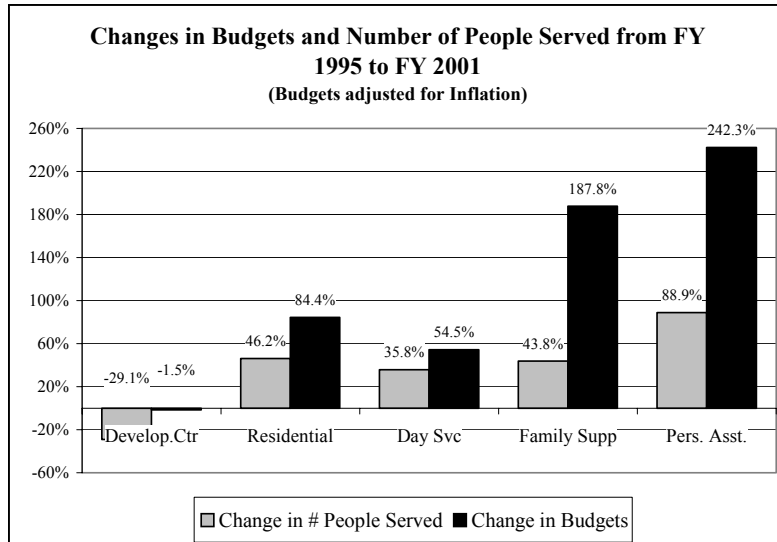
Residential Services, Day Services, Supported Employment, Family Support, Services for People with Physical Disabilities, and Transportation. In their place, the following “programs” appear in the FY 2003 appropriations act: DD/MR Waiver Services, Brain Injury Waiver Services, Physical Disabilities Waiver Services, and Non-Waiver Services. The budgets of the six deleted programs were re-distributed among the four new programs. Three programs were not affected by this restructuring: Administration, Service Delivery, and the Developmental Center.

The audit also reviewed clients in service who are not Medicaid eligible. With no Medicaid matching funds, the State pays the total cost of services for these individuals (currently numbering about 440). The budget for this service category is about \$6.2 million, with \$1.9 million in General Funds and the balance from federal SSBG (Social Services Block Grant) and TANF (Temporary Assistance to Needy Families) funds. The Division is currently reviewing its policies regarding who is served, including tightening policies on serving people not Medicaid eligible. As a result, DSPD’s budget was reduced by \$330,000 (General Fund) in both FY 2002 and 2003.

Mini-Grants to People on the Waiting List: For several years, the Division has attempted to meet some temporary needs of individuals on the waiting list not receiving any services. In 2000 and 2001, it awarded \$500 one-time grants to about 1,000 individuals each year for respite care, specialized equipment, training, education, and other one-time needs. This program was eliminated in FY 2002 and the Legislature reduced DSPD’s budget by \$500,000 (General Fund) in both FY 2002 and FY 2003.

Growth of Services and Costs: The following chart compares six-year changes in service budgets with increases in the number of people receiving services. The Analyst has adjusted budgets by an annual inflation factor. In all cases, budgets show a much greater percentage increase than the percentage increase in the number of people served. For example, in residential services, while the budget has increased by 84.4 percent, as adjusted for inflation, the number of people receiving services has increased by only 46.2 percent. Note that at the Developmental Center, while the budget

(adjusted for inflation) has been reduced 1.5 percent, the population has dropped by 29.1 percent. The comparative budgets and actual numbers of people served are also shown in the table below.



	NUMBER OF INDIVIDUALS SERVED			
	FY 1995		FY 2001	
	People	Budget	People	Budget
Developmental Center	330	\$27,566,500	234	\$27,144,200
Residential Services	1,276	\$28,152,100	1,865	\$51,909,300
Day Services *	1,706	\$11,106,500	2,316	\$17,161,400
Family Support/Respite Svc	998	\$1,931,500	1,435	\$5,557,900
Personal Assistants	54	\$339,500	102	\$1,162,000

*Includes Supported Employment Source: DSPD

Trust Fund for People with Disabilities: This fund was created by the Legislature in 1995 to receive proceeds from the sale or lease of land and assets of the Developmental Center. The Legislature may only appropriate the interest and lease revenues deposited in the Fund. Proceeds from the sale of assets stay in the Fund. Funds are to be used for needs at the Developmental Center or for programs for people with disabilities as authorized by statute. The Legislature directed the Division to use \$100,000 of these funds (in both FY 2002 and FY 2003) for program expenses in the Division. If the total \$400,000 of appropriations (total of FY 2002

and FY 2003) from the Fund is spent, this will deplete most of accrued interest and lease income accumulated in the Fund. Currently, a little more than \$100,000 in interest and lease revenues are earned by the fund annually.

Legislative Action

2002 General Session: The Legislature reduced the FY 2002 DSPD budget by \$2,924,500 (\$1,895,900 General Fund). The revised FY 2002 budget totals \$142,460,200 (\$40,207,900 General Fund). This represents a reduction of 2.0 percent (4.5 percent General Fund) from the authorized FY 2002 budget. The budget also includes \$3,445,200 of TANF (Temporary Assistance for Needy Families) funds transferred to the Social Services Block Grant (SSBG).

The Division's FY 2002 budget was reduced by \$1,523,200 (\$576,600 General Funds) for administrative and across the board adjustments, including internal service fund rate changes. The Division's service delivery staff budget (mostly service coordinators) was reduced by \$801,300 (\$389,300 General Fund) representing a reduction of about 15 FTE positions (most of which are already vacant). The General Fund budget was also reduced by \$100,000 and replaced by funds appropriated from the Trust Fund for People with Disabilities. Other reductions in FY 2002 include the \$500,000 General Fund reduction for the "mini-grants," and \$330,000 General Fund (replaced by increased Medicaid funds) for restricting services to non-Medicaid clients.

For FY 2003, the Legislature reduced the General Fund budget by \$1,571,900 from the FY 2002 authorized budget. Due to offsetting increases in federal funds, the overall budget is actually \$575,700 above the FY 2002 authorized amount. The General Fund appropriation represents a reduction of 3.6 percent. The total FY 2003 appropriated budget is \$145,960,400 (\$42,131,900 General Fund).

The reductions reflect FY 2002 adjustments continued into FY 2003. Included are reductions in service deliver staff,

\$1,422,400 (\$689,300 General Fund); “mini-grants” to people on the waiting list, \$500,000 (General Fund); services to non-Medicaid eligible clients, \$330,000 (General Fund); and administrative and across the board adjustments, \$595,400 (\$309,800 General Fund). The Legislature also reduced the FY 2003 budget by \$100,000 General Fund to be replaced by funds from the Trust Fund for People with Disabilities. The impact of the Medicaid match rate change in DSPD is a reduction of required General Fund match of \$730,200 (offset by an increase in Medicaid Title XIX funds). The General Funds made available from this shift were used to offset other proposed reductions in the Department.

The Legislature increased the FY 2003 budget by \$3,193,500 (\$1,087,400 General Fund). These increases include \$1,987,200 (\$662,400 General Fund) for emergency services required by individuals who lose their care givers or are ordered into service by the court system. Other increases are \$208,500 (\$68,500 General Fund) for increased cost of medications, \$58,200 (\$18,200 General Fund) for increased fuel and power costs, and \$939,600 (\$315,300 General Fund) for employee costs. The Legislature did not appropriate cost of living adjustments for employees of private contract service providers.

2002 Special Session: The FY 2003 services budgets for DSPD were reduced by \$658,500 (General Fund), which represents a reduction of about 2.4 percent. While the Legislative Fiscal Analyst indicated the cuts be taken mostly in the “Non-waiver Services” program, the Legislature included intent language giving the Division flexibility in choosing programs to be reduced.

Intent Language (FY 2002)

Use of Trust Fund for People with Disabilities: The Legislature directed DSPD to use funds already appropriated from the Trust Fund in the FY 2002 budget to pay increased fuel and power costs at the Developmental Center.

Intent Language (FY 2003)**Limitation on Services to Non-Medicaid Eligible Clients:**

The Legislature indicated its intent that DSPD limit services to clients who are not Medicaid eligible to 15 percent of the total number of people served by the Division. For FY 2003, it directed DSPD to limit its expenditures for this category of clients to \$6.5 million. Currently, about 11.5 percent of clients served are non-Medicaid eligible and the Division spends about \$6.2 million on those services.

Prevailing Labor Market Conditions: The Legislature directed the division to consider prevailing labor market conditions when renewing contracts with private service providers.

State Owned Group Homes: Rents collected from occupants of state owned group homes are to be applied to maintenance costs of these homes. The Division will provide an accounting to the Legislature.

Increasing Services for People with Disabilities: The Division was directed to review policies, budgets, pursue additional federal waivers, and use other creative means to increase the number of people served.

Use of Funds: DSPD must limit funds appropriated for the home and community based services waiting list to direct services and related support only. It is to report by December on the number served and services provided.

TANF Transfers: The Legislature intends that any TANF funds transferred to DSPD in excess of the amount transferred in the FY 2000 base budget (\$1,645,200) be considered one-time. The Fiscal Analyst was instructed to consider replacing the excess transfers with sufficient General Fund to provide the equivalent amount of service. Transfers to DSPD included in the FY 2003 budget total \$3,445,200.

Division Priorities and Flexibility on Program Cuts (5th Special Session): The Legislature intends that the Division should have flexibility in identifying specific programs to reduce. It also outlined the priorities for the Division to follow when reducing client services.

Office of Recovery Services

The Office of Recovery Services (ORS) is responsible for collecting child support and other funds owed to the State by individuals receiving services in the social service and medical assistance areas. Federal law requires the Office to provide child support collection services to families not receiving government assistance.

Legislative Action

2002 General Session: The Legislature reduced the authorized FY 2002 ORS budget by \$1,692,600 (\$632,000 General Fund). The revised FY 2002 budget totals \$42,463,700 (\$11,943,600 General Fund). This represents a reduction of 3.8 percent (5.0 percent General Fund) from the authorized FY 2002 budget.

The Division's FY 2002 budget was reduced by \$1,676,700 (\$467,300 General Funds) for administrative and across the board adjustments, including internal service fund rate changes. A "data rewiring project" at several Office locations was put on hold saving \$43,000 (\$15,300 General Fund). The Office was directed to use \$100,000 of performance based funds ORS received under the federal Title IVD program, which made available \$100,000 of General Funds for use elsewhere.

Passage of SB 24, "Release of Custodial or Non-custodial Parent's Address," requires ORS to notify about 75 percent of its 115,000 cases about modifications in requirements under which ORS may release information on custodial and non-custodial parents. The fiscal note provided a one-time supplemental appropriation in FY 2002 of \$27,100 (\$7,600 General Fund).

Legislative intent language directed ORS to amend its rules and increase check processing fees to \$5.00 per check, with a maximum \$10.00 per month. In FY 2002, this will generate an estimated increase of \$57,000 of dedicated credits and the

Legislature reduced the General Fund budget by a similar amount. For FY 2003, this amount is expected to reach \$228,000.

For FY 2003, the Legislature reduced the ORS base budget by \$2,209,500 (\$929,400 General Fund). The total FY 2003 appropriated budget is \$41,946,800 (\$11,646,200 General Fund). The total reduction is 5 percent below the FY 2002 budget; the General Fund reduction is 7.4 percent below the FY 2002 budget.

The Division's FY 2003 budget was reduced by \$2,607,300 (\$765,000 General Funds) for administrative and across the board adjustments, including internal service fund rate changes, and \$43,000 (\$15,300 General Fund) for the "data rewiring project." The General Fund was reduced by \$228,000 and replaced by increased dedicated credits from increased check processing fees. The Legislature authorized the transfer of a "fraud and overpayment" function from ORS to the Department of Workforce Service (\$140,000 General Funds and 5.7 FTE's).

The Legislature also increased the FY 2003 budget by \$580,800 (\$218,900 General Fund). These increases include \$580,200 (\$174,000 General Fund) for employees' costs. Contract attorneys from the Attorney General's Office are included in these personnel cost adjustments. The FY 2003 appropriation includes \$600 (General Fund) for ORS' costs of operating the new 800 MHZ communication system.

2002 Special Session: The Legislature reduced the FY 2003 ORS operating budgets by a total of \$1,446,800 (\$442,500 General Fund), which represents a 4.0 percent reduction in the revised FY 2002 General Fund budget. It is estimated that this will eliminate about 23 of the currently authorized 573 FTE positions in the Office.

Division of Child and Family Services

State statute (62A-4a-103) defines the primary purpose of the Division of Child and Family Services (DCFS) as providing child welfare services. The Division shall also, "when possible and

appropriate, provide preventive services and family preservation services” Furthermore, the Division shall “provide domestic violence services in accordance with federal law,” and “youth services for minors who are dependent, ungovernable, or runaway”

Legislative Action

2002 General Session: The Legislature reduced the authorized FY 2002 DCFS budget by \$3,553,200 (\$2,591,900 General Fund). The revised FY 2002 budget totals \$128,586,700 (\$64,720,600 General Fund). This represents a reduction of 2.7 percent (3.9 percent General Fund) from the authorized FY 2002 budget.

The reductions for FY 2002 include \$2,288,700 (\$1,054,700 General Fund) for administrative and across the board adjustments, including internal service fund rate changes. Reductions were made to last year’s funding increases for: a) replacement of Social Services Block Grant funding decrease (\$323,900 General Fund), b) replacement of expected decrease in federal funding for operation of the Child Welfare Management Information System (\$270,900 General Fund but replaced by Federal funds), and c) adoption assistance funding (\$289,700, \$148,600 General Fund). These adjustments reflect overestimated needs made last year.

Other budget decreases include \$44,100 (General Fund) appropriated last year for a new scholarship program for children once in State custody (HB64, 2001 Session), \$100,800 (General Fund) in the Your Reclamation Outreach program, \$275,800 (\$141,500 General Fund) due to decreased caseload projections, and \$232,400 (\$207,400 General Fund) from redirecting all FACT funds to the Department’s Executive Director of Operation’s budget.

To fund the DCFS contract with Salt Lake County for operation of the Christmas Box Shelter in FY 2002, the Legislature appropriated the use of \$300,000 federal TANF (Temporary Assistance to Needy Families) funds. This made available \$300,000 of General Funds that was allocated for other uses in FY 2002. The

total annual contract with Salt Lake County for the Christmas Box shelter is \$400,000.

For FY 2003, the Legislature reduced the FY 2002 authorized budget by \$3,176,200 (\$2,378,600 General Fund). This represents a 2.4 percent reduction (3.5 percent General Fund). The FY 2003 appropriated budget totals \$127,969,100 (\$64,933,900 General Fund).

Reductions for FY 2003 include \$2,814,200 (\$1,521,300 General Fund) for administrative and across the board adjustments, including internal service fund rate changes; the Social Services Block Grant funding decrease (\$323,900 General Fund); operation of the Child Welfare Management Information System (\$270,900 General Fund replaced with Federal funds); adoption assistance funding (\$289,700, \$148,600 General Fund); scholarship program \$44,100 (General Fund), Youth Reclamation Outreach (\$100,800 General Fund); decreased caseload projections (\$452,200, \$232,000 General Fund); and FACT restructuring (\$256,000, \$231,000 General Fund).

The Legislature considered various DCFS oversight / review functions and eliminated funding for the Consumer Hearing Panel. In DCFS, this resulted in a budget reduction of \$21,900 (\$17,900 General Fund). The Panel was also budgeted in the Executive Director Operations budget.

The Medicaid match rate change for FY 2003 impacts DCFS by \$219,000. These General Funds became available for other funding uses in the Department.

The 2002 Legislature passed SB 12, "Transfer of Youth Services Oversight." This bill consolidated all "youth services" functions in the Division of Youth Corrections (DYC) for FY 2003. As a result, \$1,457,200 (\$933,100 General Funds) and 5.7 FTE employees will be transferred from the DCFS budget to the DYC budget. The Legislature also passed SB17, "DCFS Management Information System Amendments" which provided DCFS with a one-time appropriation in FY 2003 of \$52,700 (\$42,600 General Fund) to cover estimated one-time costs.

The FY 2003 budget was increased by \$1,523,600 (\$777,000 General Fund) for personnel costs. It also increased the Adoption Assistance budget by \$1,007,500 (\$783,100 General Fund) to a total level of \$11,793,100 (\$6,766,500 General Fund). No cost of living adjustments were provided employees of private contract service providers for DCFS.

2002 Special Session: The FY 2003 budget for DCFS was reduced by \$2,788,700 in General Funds (4.3 percent). However, \$1.8 million of this amount is a one-time reduction, as the Division in FY 2003 will replace it with \$1.8 million in non-lapsing carry-forward balances from FY 2002 in its Adoption Subsidies program. The Legislature also reduced the Adoption Subsidies program's base budget by \$420,000 (\$320,000 General Fund) for FY 2003. Adoption subsidies have not increased as dramatically as was predicted earlier due to fewer than anticipated adoptions and more adopted children's special needs being met through the Medicaid program.

Other FY 2003 DCFS services' budget were reduced by \$755,500 (\$460,000 General Fund) in various service components of the Division, including "Out of Home Care," "Facility Based Services," "Special Needs," and "Domestic Violence Services." Another Division budget reduction reflects reduced "rent" at two Division regional office buildings owned by the State, totaling \$12,100 (\$8,700 General Fund).

The Legislature also reduced funding for the DCFS contract with the Court appointed monitor (Child Welfare Policy and Practice Group – CWPPG, from Montgomery, Alabama) by \$200,000. The current annual contract is over \$500,000, which mainly pays for the cost of examiners to travel here from Alabama to review DCFS cases and report to the Court. The Division has staff trained by the CWPPG and are certified in this process who can take over some of the review process from the CWPPG

Intent Language

Purchase of Vehicles: The Legislature authorized DCFS to purchase up to six additional vehicles in FY 2002, if funds are available.

Adoption Assistance Funding Non-Lapsing : The Legislature included intent language in both the FY 2002 and FY 2003 appropriations acts authorizing DCFS to not lapse funds appropriated for the adoption assistance program at the end of FY 2002 and at the end of FY 2003. These funds are to be used for adoption assistance programs.

Division of Aging and Adult Services

The Division of Aging and Adult Services (DAAS) is the designated State agency authorized to coordinate all State activities related to the Older Americans Act of 1965. It advocates for the elderly, contracts for services, and administers State and federal programs for the elderly. The Division is also responsible for the protection of abused, neglected and exploited adults. Programs funded through the Older Americans Act must be distributed to the State's 12 local Area Agencies on Aging (AAAs) through an approved funding formula.

Legislative Action

2002 General Session: The Legislature reduced the authorized FY 2002 DAAS budget by \$1,163,100 (\$1,139,200 General Fund). The revised FY 2002 budget totals \$20,765,700 (\$12,143,300 General Fund). This represents a reduction of 5.3 percent (8.6 percent General Fund) from the authorized FY 2002 budget. However, \$800,000 of the General Fund reductions were one-time FY 2002 appropriations made by the Legislature in the last session. If these one-time funding items are not counted, the General Fund budget reduction is only 2.7 percent.

The first reductions recommended and approved by the Legislature for FY 2002 were the one-time appropriations made in the 2001 session: a) \$250,000 for alternative in-home services; b) \$300,000 for the meals program; and c) \$250,000 for local

transportation equipment needs (all General Funds). Other reductions include \$76,600 (General Fund) in the Medicaid Waiver program (for alternative in-home services), \$109,500 (\$100,000 General Fund) in the Adult Protective Services day care program, and \$202,000 (\$112,600 General Fund) for administrative and across the board adjustments, including internal service fund rate changes.

The Legislature reduced the meals program by another \$50,000 of General Funds, but provided \$75,000 in new federal funding from funds transferred from TANF (Temporary Assistance to Needy Families) to the SSBG (Social Service Block Grant) program.

For FY 2003, the 2002 Legislature reduced the authorized FY 2002 budget by \$363,700 (\$219,500 General Fund). This represents a 1.7 percent reduction (1.8 percent General Fund). The FY 2003 appropriated budget totals \$20,420,700 (\$12,263,000 General Fund).

Reductions for FY 2003 include \$101,600 (General Fund) for the Medicaid Waiver services program, \$142,300 (\$130,000 General Fund) in the Adult Protective Services day care program, and \$324,000 (\$179,300 General Fund) for administrative and across the board adjustments, including internal service fund rate changes.

The Legislature increased the DAAS budget for FY 2003 by \$100,000 (General Fund) for the alternative in-home service programs, \$25,000 (General Fund) for an additional vehicle in a local Area Agency on Aging, and \$79,200 (\$60,700 General Fund) for personnel costs.

Legislative Intent Language: The Legislature directed DAAS to spend \$25,000 of its FY 2002 beginning non-lapsing fund balance for in-home services in FY 2002.

2002 Special Session: The Legislature eliminated the remaining Adult Protective Services (APS) budget for adult day care \$140,000 (General Fund). This will restrict APS somewhat in services they can provide for some of its clients. The Legislature did not reduce funding for the local Area Agencies on Aging

Internal Service Funds

The Department of Human Services operates two internal service funds (ISF) that provide shared services to the divisions and bureaus of the Department. These include General Services and Data Processing. General Services collects funds from divisions in the Department for building maintenance and rent in the main office in Salt Lake City. Data Processing provides programming services for the Department.

The FY 2003 Appropriations Act authorized collections of \$3,951,800 with operating expenses estimated at \$3,944,500. This should provide an operating income of \$7,700. Accumulated retained earnings are expected to reach \$152,500 by the end of FY 2003. The Legislature also approved a staffing level of 33 FTEs and no capital acquisitions for FY 2003. The Administration Building per square foot rate and the programmer hourly rates will not change from FY 2002 to FY 2003.

Funding Detail

Human Services					
Financing	2002		2002	2003	Change from 2002 Revised
	Estimated	Supplemental	Revised	Appropriated	
General Fund	216,869,500		216,869,500	202,625,700	(14,243,800)
General Fund, One-time	(500,000)	(9,394,100)	(9,894,100)	(1,757,400)	8,136,700
Federal Funds	117,411,400	(2,433,000)	114,978,400	113,132,400	(1,846,000)
Dedicated Credits Revenue	8,168,900	(78,700)	8,090,200	8,317,300	227,100
GFR - Children's Trust	350,000		350,000	350,000	
GFR - Domestic Violence	650,000		650,000	650,000	
GFR - Intoxicated Driver Rehab	1,050,000		1,050,000	1,200,000	150,000
GFR - Tobacco Settlement	1,647,200		1,647,200	1,647,200	
GFR - Trust for People with Disabilities	200,000		200,000	200,000	
Transfers - H - Medical Assistance	120,574,200	(1,451,900)	119,122,300	122,470,900	3,348,600
Transfers - Other Agencies	7,614,400	(97,300)	7,517,100	5,606,600	(1,910,500)
Beginning Nonlapsing	1,450,200		1,450,200	1,800,000	349,800
Total	\$475,485,800	(\$13,455,000)	\$462,030,800	\$456,242,700	(\$5,788,100)
Programs					
Executive Director Operations	20,453,600	(619,100)	19,834,500	18,440,000	(1,394,500)
Drug Courts/Board	2,647,200	(1,000,000)	1,647,200	1,647,200	
Mental Health	76,246,400	(1,993,200)	74,253,200	71,572,000	(2,681,200)
Substance Abuse	32,528,900	(509,300)	32,019,600	31,919,400	(100,200)
Sves for People w/Disabilities	145,384,700	(2,924,500)	142,460,200	145,301,900	2,841,700
Office of Recovery Services	44,156,300	(1,692,600)	42,463,700	40,500,000	(1,963,700)
Child and Family Services	132,139,900	(3,553,200)	128,586,700	126,581,500	(2,005,200)
Aging and Adult Services	21,928,800	(1,163,100)	20,765,700	20,280,700	(485,000)
Total	\$475,485,800	(\$13,455,000)	\$462,030,800	\$456,242,700	(\$5,788,100)
Total FTE	3,748.4	(118.0)	3,630.4	3,513.4	(117.1)

Higher Education

Subcommittee Overview

The Legislature originally appropriated \$844,903,400 for the Utah System of Higher Education, the Utah Education Network and the Utah Medical Education Council for FY 2003. This represents a \$13,132,000 or 1.5 percent increase over the FY 2002 revised budget of \$831,771,400. State funding from the General Fund, Uniform School Fund and Income Tax is \$584,579,600 or 69 percent of the total funding. The General Fund Restricted Account totals \$8,284,500 and the remaining balance of \$252,039,300 consists of federal revenue, dedicated credits (tuition and fees), interest income, transfers, mineral lease and land grant management funds.

After the 2002 General Session, it was determined that an additional budget reduction of \$173 million would be needed to balance the FY 2003 State budget based on the estimated revenue projections. In the Fifth Special Session, the Utah System of Higher Education and the Utah Education Network experienced an additional 0.56 percent budget reduction. The budget reductions for higher education and the Utah Education Network amounted to \$3,161,600 and \$83,200 respectively.

The revised FY 2003 appropriation for the Utah System of Higher Education, the Utah Education Network and the Utah Medical Education Council is \$841,658,600. This represents an \$9,887,200 or 1.09 percent increase over the FY 2002 revised budget of \$831,771,400. State funding from the General Fund, Uniform School Fund and Income Tax is \$581,334,800 or 69 percent of the total funding. The General Fund Restricted Account totals \$8,284,500 and the remaining balance of \$252,039,300 consists of federal revenue, dedicated credits (tuition and fees), mineral lease, and land grant management funds.

The Utah System of Higher Education

The Utah System of Higher Education (USHE) consists of nine public colleges and universities governed by the sixteen-member State Board of Regents (SBR). The Governor appoints

fifteen members of the Board, and the Student Body Presidents' Council appoints the sixteenth member. With the creation of the Utah College of Applied Technology (UCAT), two non-voting members from the State Board of Education are appointed to sit with the Board of Regents to represent the vocational education needs of secondary students in public education.

The Board of Regents appoints the Commissioner of Higher Education as well as the nine USHE institutional presidents and the UCAT president. The USHE is comprised of two research universities, two metropolitan/regional universities, two state colleges, and three community colleges.

UCAT has ten regional institutions throughout the State. UCAT is governed by a fifteen member Board of Trustees consisting of a business representative from each regional board, two members from the State Board of Education, two members from the State Board of Regents and one member from business and industry.

The mission of UCAT is to provide open-entry/open-exit, high quality, competency based applied technology education (ATE) for both adult and secondary students. The discussion of the UCAT FY 2003 appropriation is presented in the section for Commerce and Revenue.

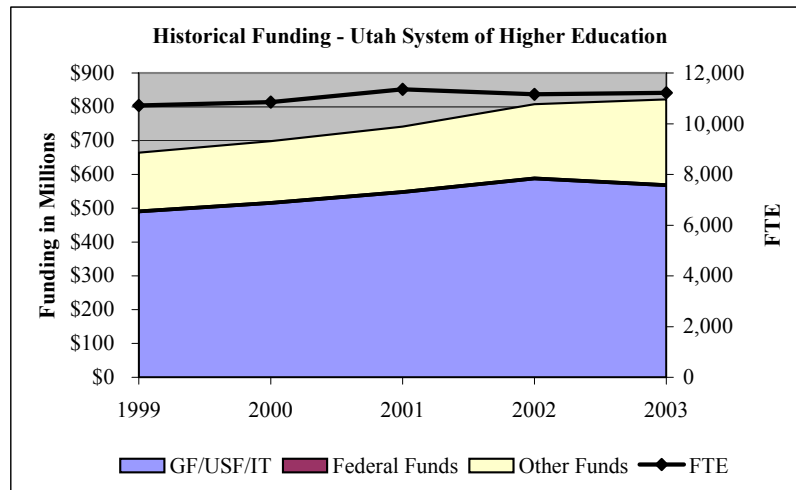
Research Universities: Research universities are charged with creating knowledge through the research process. Faculty members are evaluated based on the classes they teach and the quality of their research. In addition to undergraduate programs, the research universities maintain a strong commitment to graduate studies. Utah has two research universities: the University of Utah (U of U) and Utah State University (USU), with a combined enrollment of more than 41,387 full time equivalent (FTE) students. Approximately 18 percent or about 7,300 FTE students of the total enrollments of these two institutions are students seeking graduate degrees.

Metropolitan/Regional Universities: Metropolitan/Regional Universities focus on undergraduate education offering selected graduate degrees. The primary responsibility of the faculty

is classroom instruction, although there is an expectation of moderate production knowledge through applied research. Only 2.8 percent of the nearly 18,410 FTE students enrolled at the two metropolitan/regional universities, Weber State University (WSU) and Southern Utah University (SUU) are seeking graduate degrees.

State Colleges: The USHE has two state colleges, Utah Valley State College (UVSC) and Dixie State College of Utah (DSCU). The state colleges are comprised of two interdependent divisions. The lower division embraces and preserves the philosophy and mission of a comprehensive community college offering general and applied technology education. The upper division consists of programs leading to baccalaureate degrees in areas of high demand for the community and student body. The primary focus of faculty is classroom instruction. Both state colleges offer specialized certificates in applied technology education, associate degrees and a limited number of bachelor degrees. The combined FTE students enrolled at the two state colleges are about 19,899. Approximately 9 percent take upper division courses.

Community Colleges: Snow College, the College of Eastern Utah (CEU) and Salt Lake Community College (SLCC) are the State's open-access comprehensive community colleges. The mission of the state community colleges is to address the needs with programs of vocational technical training, general education and continuing education for the personal enrichment and career development of its students. Faculty members at community colleges are evaluated solely on the quality of their instruction. With no research expectations, the faculty at the community colleges, are expected to carry a heavier teaching load than their counterparts at the metropolitan/regional and research universities. The students enrolled at the three community colleges number approximately 20,826 FTE.



Legislative Action

2002 General Session: For FY 2003, the Legislature initially increased funding to the Utah System of Higher Education (USHE) by \$17,424,500 or 2.08 percent increase over the FY 2002 revised budget of \$807,003,300.

2002 Special Session: After the 2002 General Session, it was determined that an additional budget reduction of \$173 million would be needed to balance the FY 2003 State budget based on the revenue forecast. The revised total FY 2003 Higher Education funding is \$822,266,200 (State funds of \$566,430,700). This represents an increase in funding to the USHE of \$15,262,900 or a 1.89 percent over the FY 2002 revised budget of \$807,003,300.

Funding Sources: For FY 2003, Higher Education receives its funding from several sources. The total funding of \$822,266,200 consists of General Funds, Uniform School Funds, Income Tax Revenue, Dedicated Credits (tuition and fees), Federal Funds, Mineral Lease Account, Land Grant Management, the Cigarette Tax General Fund Restricted Account and the Tobacco Settlement General Fund Restricted Account. State funds (General Funds, Uniform School Funds and Income Tax Revenue) account for

\$566,430,700 or about 69 percent of the Higher Education appropriated budget.

Internal Service Fund Adjustments: The change to the base for Internal Service Fund adjustments of \$168,000 includes increases for Risk Management of \$75,900 and Fleet Management of \$92,100.

USU Water Research Lab Mineral Leases Funds: As provided by statute, the Water Research Lab at the Utah State University receives an allocation of 2.25 percent of the royalties deposited in the Mineral Lease Account. The projected amount of Mineral Lease for FY 2003 is \$901,700 for an increase of \$62,200 above the FY 2002 appropriation of \$839,500.

Budget Reduction for FY 2002: The budget reduction for FY 2002 was \$20,702,400. Based on Senate Bill 142, "Higher Education Budget Authority," each USHE President is granted the authority for FY 2002 to reallocate the budget reduction appropriated to their institution between line items.

In 2001 General Session, Senate Bill 58, "Repeal of Nursing Facilities Assessment," appropriated \$1.3 million of one-time funds from the General Fund Restricted-Nursing Facilities Account to the University of Utah for the Area Health Education Centers (AHEC). In addition to the budget reduction in the above paragraph, the 2002 Legislative Session reduced the one-time funding for AHEC by \$800,000.

Budget Reduction for FY 2003: State funds were reduced \$26,191,300 from the FY 2002 revised estimate of \$624,605,800. Included in this amount is a reduction of \$3,161,600 which occurred during the Fifth Special Legislative Session.

Tuition: It is estimated that tuition revenues will increase by \$31.2 million in FY 2003, which the Legislature adopted in its Plan of Financing for the Utah System of Higher Education.

- **Tuition Rate Increase:** The State Board of Regents approved a 3.5 percent tuition rate increase for academic year 2002-2003 for \$6.5 million in new revenue.

- **Enrollment Growth:** The Legislature appropriated \$17,424,500 in tuition revenue to the USHE for enrollment growth for 8,632 full time equivalent students. This is supplemented by \$10 million in state revenue.
- **Graduate Tuition:** Policy changes in the way graduate tuition is calculated will generate about \$2 million in new tuition revenue.
- **Nonresident Tuition:** House Bill 331, “Nonresident Tuition for Higher Education,” amended the definition of a resident student for tuition purposes. A nonresident student will have to maintain continuous residency in Utah while completing 60 credit hours before seeking a change in his residency status. It is estimated that the passage of this bill will generate approximately \$5 million in additional tuition revenue.

Prior to the passage of House Bill 331, the Higher Education Appropriation Subcommittee adopted the following intent language relating to nonresident tuition policy:

It is the intent of the Legislature that the State Board of Regents establish a policy that when an adult who comes to Utah and establishes residence here for the purpose of attending an institution of higher education must demonstrate that they have followed the provisions already set by the Utah Code Section 53B-8-102, as well as reside in Utah one continuous year (12 months) prior to enrolling full-time in an institution of higher education for the academic semester in question and prove that they have been financially independent of their parent(s) or guardian(s) by submitting appropriate Federal tax returns (for two consecutive years) for the calendar year prior to the beginning of the academic period for which registration as a resident student is sought.

Subsequent to the 2002 General Session, the State Board of Regents approved a second-tier tuition rate increase for the Utah System of Higher Education for the 2002-2003 academic year. The rate increase ranged from a 5 percent increase for lower division at Dixie State College to a 19.5 percent increase at Utah Valley State College for lower division. The second-tier tuition will generate revenue of about \$13.8 million in addition to the tuition increases mentioned above.

The following intent language was adopted by the Higher Education Appropriation Subcommittee relating to tuition revenue:

It is the intent of the Legislature that tuition revenue generated from tuition rate increases shall remain with the institution after compensation. However, the allocation of tuition revenue for institutional needs shall be determined by the President of each institution in consultation with the student body representatives.

Health and Dental Rate Increases: The Legislature funded health and dental rate increases based on PEHP rates of 11.25 percent for health and 3 percent for dental. USHE received \$4,595,700 in State funds for health and dental premium rate changes.

Engineering and Computer Science Initiative: In the 2001 General Session, the Legislature passed Senate Bill 61, which established an Engineering and Computer Science Initiative. The purpose of the initiative is to double the number of graduates in engineering, computer science and related technologies by 2006 and triple the number by 2009. The Legislature initially appropriated \$3,000,000 (\$1,000,000 ongoing and \$2,000,000 in one-time) in FY 2002. In the 2002 General Session, the Legislature appropriated \$2,000,000 for FY 2003 and a supplemental appropriation of \$1,000,000 for FY 2002 to enhance funding for this initiative. Institutions will still be required to evaluate current program offerings and reallocate funds internally to leverage the appropriated funds

U of U School of Medicine: Historically, State funding, dedicated credits and clinical revenues fund the operating budget for the School of Medicine at the University of Utah. In 1999, the physician practices subsidized medical education by approximately \$17 million. Changes in healthcare financing have affected the ability of the physicians and hospital to continue supporting the School of Medicine. In FY 2003, the Legislature appropriated \$1.6 million in State funds to the School of Medicine. In addition, House Bill 238 appropriated \$2,499,300 from the Cigarette Tax General Fund Restricted Account to the University of Utah Health Sciences Center for medical education at the School of Medicine. This bill also appropriated \$1,785,200 from the Cigarette Tax General Fund Restricted Account to the Huntsman Cancer Institute.

Rural Development: The Legislature appropriated \$225,900 (\$100,000 of ongoing and \$125,900 of one-time) for FY 2003 to Southern Utah University for the development of healthcare programs for rural Utah.

Nursing Program: Two institutions received funding to support their nursing programs. Southern Utah University was appropriated \$30,000 in ongoing funds and Dixie State College was appropriated one-time funds of \$150,000.

Snow College Information Technology: The Legislature appropriated \$150,000 in ongoing funds to Snow College for the development of information technology on their campus.

Operation and Maintenance: The following schools received operation and maintenance funding for new facilities for FY 2003 totaling \$386,100:

- Snow College South - Multi Event Center - \$100,000
- College of Eastern Utah – Campus Facilities & Historic Museum in Price - \$150,000
- Salt Lake Community College – Larry Miller Campus Facilities - \$136,100 of one-time funding

The following intent language was adopted regarding the operation and maintenance of new facilities:

It is the intent of the Legislature that all Utah System of Higher Education institutions use facility operation and maintenance (O&M) funding consistent with State Agencies only for O&M purposes.

Other Legislative Action

- U of U Fine Art Building- \$25,000
- UVSC Restoration of National Guard Transfer - \$90,000 one-time
- U of U School of Medicine Transfer – \$168,000 one-time budget reduction
- New Century Scholarships - \$68,000 one-time
- WSU and SUU MBA Program Restoration - \$200,000
- USU Distance Education Doctorate Degree - \$200,000

Intent Language

Salaries

It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.

Formula Funding

It is the intent of the Legislature that the Council of Presidents and representatives of the Board of Regents working in conjunction with legislators, the Legislative Fiscal Analyst and a representative of the Governor's Office review and refine the funding formula for the Utah System of Higher Education. It is the intent of the Legislature that this proposed formula reduce dependence on growth funding, link to measurable

systemwide and institutional specific performance indicators, respond to changes in costs of instruction due to the implementation of technology or the utilization of cost saving measures and respond to market demand, student performance as well as recognized differences in institutional roles and mission.

Fuel and Power

It is the intent of the Legislature that the State Board of Regents be directed to closely supervise the fuel and power budgets with the intent of promoting greater energy efficiency on each campus. It is also the intent of the Legislature that the Board of Regents report during the interim to the Subcommittee on Higher Education on the implementation of long term plans to control and manage energy costs.

Financial Reports

It is the intent of the Legislature that the USHE complete and submit all financial reports (i.e. A-1's, R-1's, S-10's, and S-12's, etc.) to the Office of the Legislative Fiscal Analyst by November 1 of each fiscal year.

Hospital Fees

It is the intent of the Legislature that patient fees shall be retained by the Hospital provided that they are spent in compliance with the Hospital's operating budget approved by the State Board of Regents.

Educationally Disadvantaged

It is the intent of the Legislature that the Utah System of Higher Education in submitting its budget for FY 2003 and FY 2004 for the educationally disadvantaged shall separate their request by the main

campus and by any branch campuses. It is further the intent of the Legislature that the Office of Legislative Fiscal Analyst in preparing the annual Appropriations Act for FY 2003 and FY 2004 shall separate into line items of appropriation those requests approved for the educationally disadvantaged by the main campus and by any branch campuses.

Excess Coursework

It is the intent of the Legislature that the State Board of Regents establish a policy regarding excess course taking by students. The policy may require that a student who registers two or more times in the same undergraduate course be subject to a repeat-course fee of one hundred percent of the full cost of instruction.

Tuition Waivers

It is the intent of the Legislature that the State Board of Regents present a detailed written report to the Executive Appropriations Committee on the distribution of the tuition waiver funds that were set aside from the resident and nonresident tuition revenue collected at each institution. It is also the intent of the Legislature that this report includes the current policy and practices employed for distributing these funds.

Libraries

It is the intent of the Legislature that the State Board of Regents in consultation with the Utah Academic Library Consortium should coordinate the acquisition of library materials for the nine USHE institutions.

Funding Detail

Utah System of Higher Education					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	406,294,200		406,294,200	546,742,500	140,448,300
General Fund, One-time	9,482,600	96,453,000	105,935,600	402,000	(105,533,600)
Uniform School Fund	50,000		50,000	50,000	
Income Tax	181,181,100		181,181,100	19,236,200	(161,944,900)
Income Tax, One-time	8,867,100	(116,155,400)	(107,288,300)		107,288,300
Federal Funds	4,619,700		4,619,700	4,619,700	
Dedicated Credits Revenue	210,117,800		210,117,800	241,275,900	31,158,100
Dedicated Credits - Land Grant	753,700		753,700	753,700	
Federal Mineral Lease	839,500		839,500	901,700	62,200
GFR - Cigarette Tax Rest				4,284,500	4,284,500
GFR - Nursing Facility	1,300,000	(800,000)	500,000		(500,000)
GFR - Tobacco Settlement	4,000,000		4,000,000	4,000,000	
Total	\$827,505,700	(\$20,502,400)	\$807,003,300	\$822,266,200	\$15,262,900
Programs					
University of Utah	299,319,100	(8,402,800)	290,916,300	297,579,300	6,663,000
Utah State University	177,815,800	(4,415,500)	173,400,300	174,878,300	1,478,000
Weber State University	83,584,200	(2,027,200)	81,557,000	83,219,900	1,662,900
Southern Utah University	37,238,800	(962,800)	36,276,000	37,142,200	866,200
Snow College	19,828,300	(559,300)	19,269,000	19,127,800	(141,200)
Dixie State College	22,655,700	(596,900)	22,058,800	22,579,300	520,500
College of Eastern Utah	13,933,800	(321,700)	13,612,100	14,374,400	762,300
Utah Valley State College	70,580,800	(1,463,800)	69,117,000	73,628,600	4,511,600
Salt Lake Community College	78,783,000	(1,933,700)	76,849,300	79,912,200	3,062,900
State Board of Regents	23,766,200	181,300	23,947,500	19,824,200	(4,123,300)
Total	\$827,505,700	(\$20,502,400)	\$807,003,300	\$822,266,200	\$15,262,900
Total FTE	11,161.9	0.0	11,161.9	11,225.0	63.1

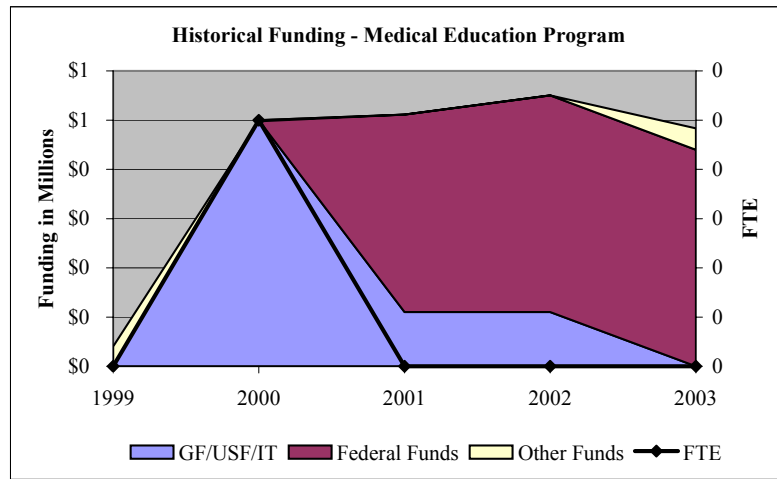
The Utah Medical Education Council

The Utah Medical Education Council (UMEC) was created in Section 63C-8-101 of the Utah Code Annotated to determine the types and numbers of health care professionals needed to provide appropriate levels of health care. In addition, the UMEC seeks public and private funding for clinical training and determines the method of reimbursement for the entities sponsoring clinical training.

Clinical training programs for health care professionals are threatened because of the changing health care environment. The movement to managed health care has forced competition based on cost of patient care. Institutions sponsoring clinical training cannot compete for the market share when the cost of clinical training are included in the rate structure. As a result, those entities that previously supported Graduate Medical Education (GME) are now unable to subsidize clinical training. The UMEC is identifying ways to maximize the revenue sources and stabilize funding for clinical training programs. In the past year, the UMEC has identified the following:

- Identified approximately \$8 million of federal underpayments from 1996-2001.
- Identified \$12 million of ongoing additional revenue to support residency training.

Starting in the 2002 Legislative Session, the budget for UMEC is to be part of the Higher Education Appropriations Subcommittee. The sources of funding for the UMEC is Federal Funds of \$440,000 and Beginning Nonlapsing Funding of \$43,500. In the past, the UMEC received one-time General Funds of \$110,000 to help offset their expenditures.



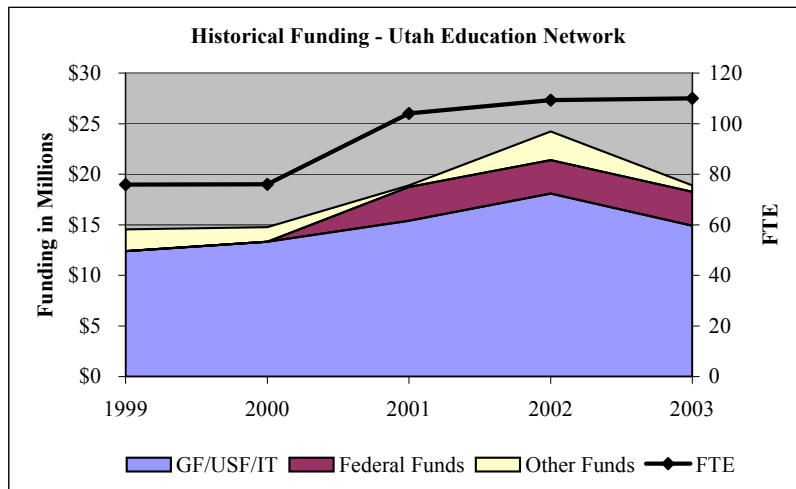
Funding Detail

Medical Education Program					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund, One-time	110,000		110,000		(110,000)
Federal Funds	440,000		440,000	440,000	
Beginning Nonlapsing	43,500		43,500	43,500	
Closing Nonlapsing	(43,500)		(43,500)		43,500
Total	\$550,000	\$0	\$550,000	\$483,500	(\$66,500)
Programs					
Medical Education Program	550,000		550,000	483,500	(66,500)
Total	\$550,000	\$0	\$550,000	\$483,500	(\$66,500)

Utah Education Network

The Utah Education Network (UEN) is a collaboration of higher and public education that provides distance education and electronic connectivity to Utah's colleges and schools. UEN also serves State government by providing a gateway to the Internet through which Utah citizens access on-line government services.

UEN's appropriation supports the "EdNet" two-way video network, Internet connectivity, Satellite Telecommunications, and public television from KULC. In addition, UEN receives a subsidy it passes through to the College of Eastern Utah for CEU's "Star Schools".



UEN's revised FY 2002 budget is \$24,218,100, a 2.2% decrease from FY 2002 Estimated. For FY 2003, UEN's budget is \$18,908,900, nearly even with FY 2002 revised levels after adjusting for one-time and carry-forward funds expended upon digital television conversion and building construction in FY 2002.

Legislative Action

2002 General Session: For FY 2002, the Legislature reduced UEN's budget by \$538,900. It spread this reduction proportionately among UEN's three line-items, allowing UEN managers to determine the most appropriate programmatic impacts. Additionally, lawmakers credited state coffers with \$465,000 in interest income that previously flowed to UEN but now accrues to the state Treasury due to an accounting change.

For FY 2003, the Legislature reduced UEN's state funds during the General Session by \$649,500, spread proportionally among UEN line items.

2002 Special Session: During the 2002 Fifth Special Session, Legislators further reduced UEN's main line-item appropriation by \$83,200 for a total reduction agency-wide of \$732,700. This amount was partially offset, as described below, for a net FY 2003 state fund base reduction of \$646,700. As they did for FY 2002, appropriators included in State revenue estimates \$325,000 in interest income that previously accrued to UEN.

Budget Increases: Appropriators provided to UEN \$85,500 in FY 2003 state funds to cover Internal Service Fund rate increases and anticipated new personal services costs. They included new money to cover an extra work day, market comparability increases for select positions, an 11.25% increase in health benefits, and a 3.0% increase in dental benefits. Lawmakers also transferred from the state's Division of Finance to UEN \$500 in FY 2003 to cover previous year market comparability increases.

Appropriation Reorganization: Legislators approved a reorganization of UEN's appropriations so that the budget better reflects UEN's management structure. In addition, legislators for the first time included in UEN's appropriations all funding sources received by UEN. When considering all funding sources and correcting for one-time FY 2002 expenses, appropriators increased UEN's FY 2003 budget by 2.1% compared with FY 2002 revised estimates.

Intent Language

The Legislature passed the following intent language with its appropriations for the Utah Education Network:

SB 1 “Appropriations Act”, Items 190 - 192:

It is the intent of the Legislature that any salary increases be distributed to faculty, professional and classified employees in an equitable manner.

Funding Detail

Utah Education Network					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	2,649,700		2,649,700	2,270,000	(379,700)
General Fund, One-time		(61,000)	(61,000)		61,000
Uniform School Fund	10,936,800		10,936,800	10,696,500	(240,300)
Uniform School Fund, One-time	3,066,800	(460,400)	2,606,400		(2,606,400)
Income Tax	1,967,500		1,967,500	1,937,600	(29,900)
Income Tax, One-time		(17,500)	(17,500)		17,500
Federal Funds	3,318,700		3,318,700	3,363,600	44,900
Interest Income	369,000		369,000	400,000	31,000
Transfers	(110,100)		(110,100)	241,200	351,300
Beginning Nonlapsing	2,716,200		2,716,200	157,600	(2,558,600)
Closing Nonlapsing	(157,600)		(157,600)	(157,600)	
Total	\$24,757,000	(\$538,900)	\$24,218,100	\$18,908,900	(\$5,309,200)
Programs					
Utah Education Network	22,315,600	139,200	22,454,800	17,158,000	(5,296,800)
UEN Technology Initiative	615,000	(615,000)			
USU Satellite Telecom	1,546,100	(53,400)	1,492,700	1,482,200	(10,500)
CEU Distance Learning	280,300	(9,700)	270,600	268,700	(1,900)
Total	\$24,757,000	(\$538,900)	\$24,218,100	\$18,908,900	(\$5,309,200)
Total FTE	109.3	0.0	109.3	110.0	0.7

Funding Detail

Higher Education Appropriation Subcommittee Total					
Financing	2002 Estimated	2002 Supplemental	2002 Revised	2003 Appropriated	Change from 2002 Revised
General Fund	408,943,900		408,943,900	546,335,300	137,391,400
General Fund, One-time	9,592,600	48,054,500	57,647,100	402,000	(57,245,100)
Uniform School Fund	10,986,800		10,986,800	10,746,500	(240,300)
Uniform School Fund One-time	3,066,800	(460,400)	2,606,400		(2,606,400)
Income Tax	183,148,600		183,148,600	23,851,000	(159,297,600)
Income Tax, One-time	8,867,100	(67,835,400)	(58,968,300)		58,968,300
Federal Funds	8,378,400		8,378,400	8,423,300	44,900
Dedicated Credits Revenue	210,117,800		210,117,800	241,275,900	31,158,100
Dedicated Credits - Land Grant	753,700		753,700	753,700	
Federal Mineral Lease	839,500		839,500	901,700	62,200
Interest Income	369,000		369,000	400,000	31,000
Transfers	(110,100)		(110,100)	241,200	351,300
GFR - Cigarette Tax Rest				4,284,500	4,284,500
GFR - Nursing Facility	1,300,000	(800,000)	500,000		(500,000)
GFR - Tobacco Settlement	4,000,000		4,000,000	4,000,000	
Beginning Nonlapsing	2,759,700		2,759,700	201,100	(2,558,600)
Closing Nonlapsing	(201,100)		(201,100)	(157,600)	43,500
Total	\$852,812,700	(\$21,041,300)	\$831,771,400	\$841,658,600	\$9,887,200
Programs					
University of Utah	299,319,100	(8,402,800)	290,916,300	297,579,300	6,663,000
Utah State University	177,815,800	(4,415,500)	173,400,300	174,878,300	1,478,000
Weber State University	83,584,200	(2,027,200)	81,557,000	83,219,900	1,662,900
Southern Utah University	37,238,800	(962,800)	36,276,000	37,142,200	866,200
Snow College	19,828,300	(559,300)	19,269,000	19,127,800	(141,200)
Dixie State College	22,655,700	(596,900)	22,058,800	22,579,300	520,500
College of Eastern Utah	13,933,800	(321,700)	13,612,100	14,374,400	762,300
Utah Valley State College	70,580,800	(1,463,800)	69,117,000	73,628,600	4,511,600
Salt Lake Community College	78,783,000	(1,933,700)	76,849,300	79,912,200	3,062,900
State Board of Regents	23,766,200	181,300	23,947,500	19,824,200	(4,123,300)
Utah Medical Education Council	550,000		550,000	483,500	(66,500)
Utah Education Network	24,757,000	(538,900)	24,218,100	18,908,900	(5,309,200)
Total	\$852,812,700	(\$21,041,300)	\$831,771,400	\$841,658,600	\$9,887,200
Total FTE	11,271.2	0.0	11,271.2	11,335.0	63.8

FTE Employees for Higher Education

The above table indicates an increase in faculty and staff for FY 2003. This change was due to enrollment growth funded by dedicated credits.

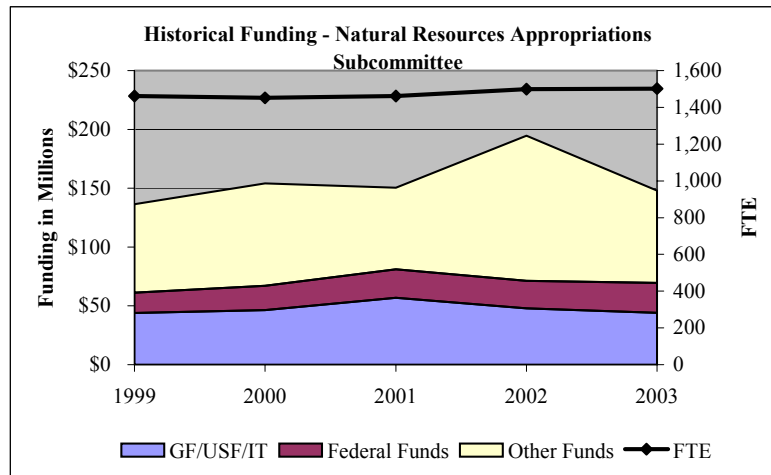
Natural Resources

Subcommittee Overview

The Natural Resources Appropriations Subcommittee oversees the budgets for the Department of Natural Resources, Department of Agriculture and Food, and the School and Institutional Trust Lands Administration.

2002 General Session: The FY 2003 appropriation enacted during the 2002 General Session totaled \$149,449,000, a 5.8 percent increase from the original FY 2002 appropriation of \$141,210,500, and an 11.9 percent decrease from the revised FY 2002 appropriation of \$169,637,900. The FY 2003 General Fund appropriation enacted during the 2002 General Session totaled \$45,684,200, an 8.5 percent decrease from the original FY 2002 appropriation of \$49,949,500, and a 4.4 percent decrease from the revised FY 2002 appropriation of \$47,803,900.

2002 Special Session: Revisions to the budget were made during the Fifth Special Session. The total FY 2003 appropriation was reduced by \$1,426,800 for a new total of \$148,022,200, a 4.8 percent increase from the original FY 2002 appropriation and a 12.7 percent decrease from the revised FY 2002 appropriation. The FY 2003 General Fund appropriation was reduced by \$1,556,800 for a new total of \$44,127,400, an 11.7 decrease from the original FY 2002 appropriation and a 7.7 percent decrease from the revised FY 2002 appropriation.



General Subcommittee Issues

In addition to the figures provided above, the Utah Code requires that revenue from a 1/16 percent sales and use tax be deposited in various water development accounts for use by the Department of Natural Resources and the Department of Agriculture and Food. Estimated deposits are \$10 million annually. For FY 2003 only, the Legislature approved a bill that will take \$5 million, or 48.1 percent of the subcommittee's sales tax revenue, and deposit it in the state General Fund instead.

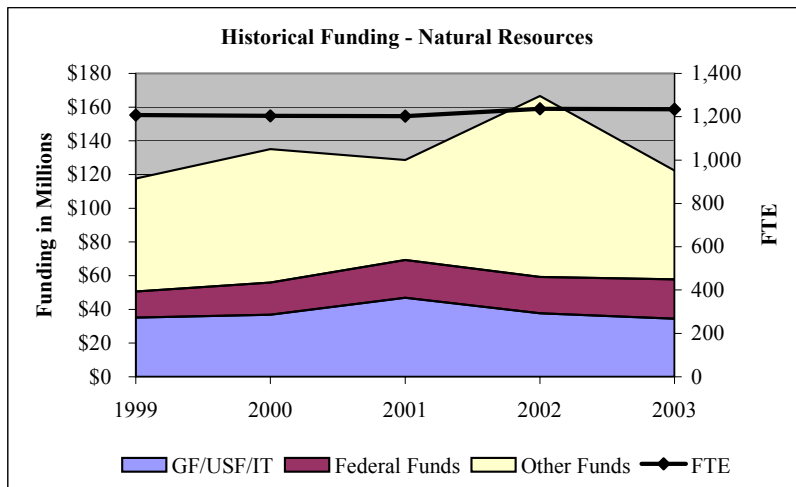
In addition to changes affecting FY 2002 and FY 2003 appropriations, the Legislature and the Governor reduced some FY 2001 General Funds. Half of the Division of Parks and Recreation's \$10 million one-time appropriation for capital improvements was held back, and \$1.6 million from the Fire Suppression Fund within the Division of Forestry, Fire and State Lands was rebated to the General Fund. Combined, these reductions made up a decrease of 10.6 percent from the FY 2001 General Fund appropriation.

Department of Natural Resources

The Department of Natural Resources contains seven divisions and an administrative section that regulate, monitor, enhance access to, and preserve the natural resources of the state.

2002 General Session: The FY 2003 General Fund appropriation enacted during the 2002 General Session totaled \$35,694,700, a 9.3 percent decline from the original FY 2002 General Fund appropriation of \$39,369,200, and 5.2 percent decline from the revised FY 2002 General Fund appropriation of \$37,653,700.

2002 Special Session: During the Fifth Special Session the General Fund appropriation was reduced by \$1,257,000 for a new total of \$34,437,700, a 12.5 percent decrease from the original FY 2002 appropriation and an 8.5 percent decrease from the revised FY 2002 appropriation.



Administration

The functions of Administration include the Executive Director, Administrative Services, Private Property Ombudsman, Energy and Resource Planning, Public Affairs, Law Enforcement, Species Protection, internal service fund operation, and building maintenance. The Administration budget contains pass-through funding for the Bear Lake Regional Commission and for public grazing lands protection.

Legislative Action

RS 2477 Defense Funding: The Legislature eliminated pass-through funding for RS 2477 Defense, in the amount of \$60,000 per year. The Governor's Office will perform this function with appropriations from the Constitutional Defense Restricted Account.

Administrative General Fund Reductions: General Funds in the amount of \$295,700, or 8.3 percent of the ongoing base, were cut from the Administration line item due to statewide revenue shortfalls. This amount does not include funds that were added back for compensation, internal service fund rate changes, or other initiatives. Between one and three FTEs will be eliminated, depending on the position(s) cut.

Species Protection General Fund Reductions: The Species Protection line item was reduced \$625,900, or 100 percent of its ongoing General Fund base. These reductions were offset by \$2.3 million in new sales tax revenues beginning in FY 2002.

Grazing Lands Protection: The Legislature appropriated \$40,000 in one-time General Funds to the Department of Natural Resources for legal costs associated with protecting grazing rights on federal lands. Intent language also directs the Governor's Office to transfer up to \$100,000 to the Department of Natural Resources for this purpose.

Program Transfers: The Legislature authorized the transfer of two programs, six FTEs, and associated funding from other departments to the Department of Natural Resources. These include the Energy Office from the Department of Community and Economic Development, and the Resource Planning and Legal Review Division from the Governor's Office of Planning and Budget.

Intent Language

Grazing Lands:

It is the intent of the Legislature that the FY 2003 one-time General Fund appropriation of \$40,000 to the Department of Natural Resources be used to pay legal costs associated with seeking to preserve by lawful means the rights of the state and its citizens to determine and affect the disposition and use of federal lands within the state, including agricultural grazing rights on federal lands. The Department of Natural Resources shall coordinate these efforts with the Governor's Office and the Attorney General's Office.

Species Protection:

It is the intent of the Legislature that the Department of Natural Resources study brine shrimp royalty laws to determine if adjustments could be made to enhance revenue collections in an effort to offset General Fund reductions to the Species Protection program. This study shall be presented to the Natural Resources Appropriations Subcommittee in January 2003.

Forestry, Fire and State Lands

The Division of Forestry, Fire and State Lands manages the sovereign lands of the state, which are lands, exposed or submerged, that were navigable waterway areas at the time of statehood. The division also assists individuals and organizations in the use of scientific forestry practices. During the wildland fire season, the division carries out the state's commitment to fighting fires.

Legislative Action

General Fund Reductions: General Funds in the amount of \$66,900, or 2.2 percent of the ongoing base, were cut from the Forestry, Fire and State Lands line item due to statewide revenue shortfalls. This amount does not include funds that were added back for compensation, internal service fund rate changes, or other initiatives.

Forest Water Quality Guidelines (FWQG): The Legislature appropriated \$33,000 from the restricted Sovereign Land Management Account, and \$33,000 from matching federal funds, to begin a process for monitoring the awareness, acceptance, and effectiveness of FWQGs in Utah.

Native American Grave Protection: The fluctuating level of the Great Salt Lake affects Native American burial sites on the lake. The Legislature appropriated \$15,000 from the restricted Sovereign Land Management Account for proper recordation, reburial, excavation, and/or repository actions. This is to be done in consultation with the Division of State History, the Division of Indian Affairs, and the Native American Remains Review Committee.

Oil, Gas and Mining

In order to regulate the extraction of oil, natural gas, minerals, and other related resources in the state, the Division of Oil, Gas and Mining authorizes the operation and inspects the sites of these activities. The division also represents the interests of the federal government, through primacy, in assuring that these operations adhere to federal law.

Legislative Action

General Fund Reductions: General Funds in the amount of \$52,300, or 3.8 percent of the ongoing base, were cut from the Oil, Gas and Mining line item due to statewide revenue shortfalls. This amount does not include funds that were added back for compensation, internal service fund rate changes, or other initiatives.

Oil and Gas Permitting: Recent increases in oil and gas permitting requests have taken staff from pursuing compliance and enforcement matters. The Legislature appropriated \$166,300 from the restricted Oil and Gas Conservation Account for increased staffing to ensure compliance by operators.

Minerals Regulatory Activities: In order to offset some of the General Fund reductions, and to make the Minerals Regulatory program more self-sustaining, the Legislature authorized increased fees for permitting. The appropriation from Dedicated Credits was increased by \$39,500 to authorize use of the fee revenues.

Wildlife Resources

The Division of Wildlife Resources is responsible for the wildlife that lives within the boundaries of the state. Whether a species is consumptive, non-consumptive, threatened, endangered, or somewhere in between, the division is responsible for its management. The division also acts as a regulator of the hunting and fishing activities in Utah.

Legislative Action

General Fund Reductions: General Funds in the amount of \$472,600, or 13.7 percent of the ongoing base, were cut from the Wildlife Resources operating line items due to statewide revenue shortfalls. This amount does not include funds that were added back for compensation, internal service fund rate changes, or other initiatives. No reductions were made to the General Fund base of \$800,000 in the Capital Budget.

Fishery Improvements: The Legislature increased the price of most fishing licenses by \$2 in order to fund improvements to fisheries. Intent language directs that up to \$500,000 be spent on the Olympic/Blue Ribbon Fisheries Program, and up to \$250,000 be spent on the Community Fisheries Program.

Intent Language

Fishery Improvements:

It is the intent of the Legislature that \$500,000 in revenues from the \$2 fishing/combination license increase be spent on the Olympic/Blue Ribbon Fisheries Program. These funds shall be nonlapsing.

It is the intent of the Legislature that \$250,000 in revenues from the \$2 fishing/combination license increase be spent on the Community Fisheries Program. These funds shall be nonlapsing.

Deer Herd Improvements:

It is the intent of the Legislature that the division spend a minimum of \$265,000 to improve deer herds according to management plan objectives.

Predator Control:

It is the intent of the Legislature that the Division of Wildlife Resources transfer \$200,000 General Funds to the Department of Agriculture and Food. It is further the intent of the Legislature that \$100,000 of this transfer be used to match funds from local governments in the Predatory Animal Control Program, and \$100,000 be used to supplement the amount required by UCA 4-23-9(2)(a).

It is the intent of the Legislature that the Division of Wildlife Resources spend a minimum of \$70,000 from the General Fund Restricted – Wildlife Habitat Account for purposes stated in UCA 23-19-43(5)(a)(i) (control of predators).

Big Game Depredation:

It is the intent of the Legislature that up to \$500,000 of this budget may be used for big game depredation expenditures. The Legislature also intends that half of these funds shall be from the General Fund Restricted – Wildlife Resources Account and half from the General Fund. This funding shall be nonlapsing.

Revenue Generation:

It is the intent of the Legislature that the Division of Wildlife Resources emphasize as much as possible the revenue-generating activities within its mission.

Conservation Easements on Former Trust Lands:

It is the intent of the Legislature that the Wildlife Board use the FY 2002 one-time General

Fund appropriation of \$1 million for the acquisition of conservation easements for big game habitat on land disposed of after July 1, 2001, by the School and Institutional Trust Lands Administration. It is further the intent of the Legislature that the ownership of the real property shall be in a property tax paying, private party or parties, with the Division of Wildlife Resources owning the conservation easements for big game habitat in that real property as provided in Utah Code Ann. Sec. 57-18-4. This appropriation is nonlapsing.

Parks and Recreation

Responsibility for the management and development of the state's park system is entrusted to the Division of Parks and Recreation. Utah's state parks are a combination of heritage, scenic, and recreation parks. The division is also responsible for statewide boating safety and statewide off-highway vehicle safety.

Legislative Action

General Fund Reductions: General Funds in the amount of \$1,173,300, or 12.3 percent of the ongoing base, were cut from the Parks and Recreation Operating Budget due to statewide revenue shortfalls. An additional \$950,000 in General Funds (\$850,000 on a one-time basis), or 85.2 percent of the ongoing base, were cut from the Parks and Recreation Capital Budget. These amounts do not include funds that were added back for compensation, internal service fund rate changes, or other initiatives. Intent language directed the Parks Board to save \$500,000 by recommending parks for closure (see below).

Boating and Off-Highway Vehicle Activities: The Legislature appropriated \$100,000 from the restricted Boating Account, and \$150,000 from the restricted Off-Highway Vehicle Account, for increased boating and off-highway vehicle activities within the state.

Sand Hollow Reservoir: This new reservoir near St. George will be completed and filled in the near future. The reservoir is expected to be a major recreation attraction in the area. The Legislature appropriated \$483,400 from the restricted Boating Account, and \$350,000 from the restricted Off-Highway Vehicle Account, for initial costs of setting up these programs on site. These funds will be matched by up to \$2 million in federal funds, plus other funds from the Washington County Water Conservancy District.

Intent Language

This is the Place Management Fee:

It is the intent of the Legislature that, because the appropriation for the This is the Place Foundation management fee has been reduced to \$750,000, the Division of Parks and Recreation provide an amount no greater than \$750,000 to the Foundation. (Note: The appropriation was later reduced to \$700,000 during the 2002 Fifth Special Session.)

Park Closures:

It is the intent of the Legislature that the State Parks Board, in coordination with the division director, analyze the costs and benefits of each state park, and by December 1, 2002 recommend parks for closure to meet the \$500,000 reduction in the state parks budget. It is further the intent of the Legislature that the reduction may be covered by both the operating and capital budgets of the state parks.

Bonneville Shoreline Trail:

It is the intent of the Legislature that \$100,000 of the Trails Grants budget be dedicated to the Bonneville Shoreline Trail pursuant to UCA 63-11A-

504, if applications and matching funds are available from local governments (Senate Bill 1).

It is the intent of the Legislature that \$65,000 of the \$100,000 dedicated to the Bonneville Shoreline Trail by intent language in Item 207, Senate Bill 1, be used for planning and engineering of the trail, with priority given to the Sandy/Southeast County segment (House Bill 3).

Golf Course at Soldier Hollow:

It is the intent of the Legislature that no portion of a golf course or other improvements to be constructed at Soldier Hollow shall infringe upon space designated for winter or summer biathlon or cross-country events including the safety zones necessary for the safe operation of the biathlon rifle range.

Utah Geological Survey

The Utah Geological Survey generates, interprets, preserves, and distributes geological information. The survey cooperates with local, state, and federal agencies, universities, industry, and private groups to promote economic development and public safety. The Survey emphasizes making timely geological information available in an understandable format.

Legislative Action

General Fund Reductions: General Funds in the amount of \$182,600, or 7.3 percent of the ongoing base, were cut from the Utah Geological Survey line item due to statewide revenue shortfalls. This amount does not include funds that were added back for compensation, internal service fund rate changes, or other initiatives.

Water Resources

The Division of Water Resources is the water resource authority for the state. The division provides comprehensive water planning, protects Utah's rights to interstate waters, and manages

Utah's water resource construction programs. In addition, the division promotes the orderly and timely planning, conservation, development, utilization, and protections of Utah's water resources.

Legislative Action

General Fund Reductions: General Funds in the amount of \$193,700, or 7.2 percent of the ongoing base, were cut from the Water Resources operating budget due to statewide revenue shortfalls. This amount does not include funds that were added back for compensation, internal service fund rate changes, or other initiatives. Sales taxes in the amount of \$4,690,000 were withheld from the Water Resources operating budget for FY 2003 only.

Water Rights

The Division of Water Rights is the office of record for water rights in the State of Utah and acts as a quasi-judicial body that submits its rulings to the courts for final action. The division also oversees dam safety, stream alteration permits, and well drilling.

Legislative Action

Advertising Program: The division is required to advertise in local papers all applications to appropriate or change the use of water. The Legislature appropriated \$30,000 one-time General Funds to cover increases in these advertising costs.

Compensation: The Legislature appropriated \$100,000 in one-time General Funds to allow the State Engineer to add to the generally approved compensation package for certain division staff.

House Bill 340: Passage of HB 340 allowed the division to keep fee revenues which were formerly deposited in the General Fund. Therefore the division's appropriation from Dedicated Credits was increased, and from the General Fund was decreased, by \$150,000.

General Fund Reductions: General Funds in the amount of \$135,800, or 2.2 percent of the ongoing base, were cut from the Water Rights line item due to statewide revenue shortfalls. This amount does not include funds that were added back for advertising, compensation, internal service fund rate changes, or other initiatives.

Funding Detail

Natural Resources					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	37,795,200	42,800	37,838,000	35,117,700	(2,720,300)
General Fund, One-time	1,574,000	(1,758,300)	(184,300)	(680,000)	(495,700)
Federal Funds	19,641,700	1,860,800	21,502,500	23,435,600	1,933,100
Dedicated Credits Revenue	14,374,600	44,700	14,419,300	15,657,500	1,238,200
Federal Mineral Lease	827,100	(100)	827,000	760,300	(66,700)
GFR - Boating	3,310,300	1,299,500	4,609,800	3,993,100	(616,700)
GFR - Off-highway Vehicle	2,044,500	97,500	2,142,000	2,600,200	458,200
GFR - Oil & Gas Conservation Account	1,476,700		1,476,700	1,669,200	192,500
GFR - Sovereign Land Mgt	1,668,700		1,668,700	1,736,700	68,000
GFR - Species Protection	324,100		324,100	687,200	363,100
GFR - State Fish Hatch Maint	1,000,000		1,000,000	1,000,000	
GFR - Trails and Streams				700,000	700,000
GFR - Wildlife Habitat	2,383,100		2,383,100	2,385,100	2,000
GFR - Wildlife Resources	22,402,900		22,402,900	23,441,600	1,038,700
Designated Sales Tax	7,550,000		7,550,000		(7,550,000)
Oil Overchg - Exxon		2,376,300	2,376,300	2,376,300	
Oil Overchg - Stripper Well	500,000	255,500	755,500	755,500	
Water Resources C&D	5,637,400	(600)	5,636,800	4,673,200	(963,600)
Water Res Construction	150,000		150,000	150,000	
Transfers	(4,956,700)		(4,956,700)	392,100	5,348,800
Repayments	15,930,400		15,930,400		(15,930,400)
Beginning Nonlapsing	32,484,500		32,484,500	1,887,500	(30,597,000)
Closing Nonlapsing	(3,782,600)		(3,782,600)	(303,100)	3,479,500
Total	\$162,335,900	\$4,218,100	\$166,554,000	\$122,435,700	(\$44,118,300)
Programs					
Administration	4,273,200	4,367,700	8,640,900	8,639,300	(1,600)
Species Protection	3,250,000	(179,700)	3,070,300	2,987,200	(83,100)
Building Operations	1,608,500	9,300	1,617,800	1,621,700	3,900
Forestry, Fire and State Lands	12,045,100	(128,400)	11,916,700	10,002,600	(1,914,100)
Oil, Gas and Mining	7,346,600	(61,500)	7,285,100	7,113,900	(171,200)
Wildlife Resources	35,607,100	(164,300)	35,442,800	36,240,500	797,700
Predator Control					
GFR - Wildlife Resources		(83,000)	(83,000)	68,000	151,000
Contributed Research	336,700		336,700	336,700	
Cooperative Env Studies	3,574,200	(600)	3,573,600	3,596,500	22,900
Wildlife Resources Capital	7,309,500	(18,300)	7,291,200	4,116,000	(3,175,200)
Parks & Recreation	23,839,900	(47,600)	23,792,300	23,209,500	(582,800)
Parks & Recreation Capital	16,633,000	1,070,600	17,703,600	4,738,200	(12,965,400)
Utah Geological Survey	4,917,100	(118,500)	4,798,600	4,167,500	(631,100)
Water Resources	4,865,800	(117,800)	4,748,000	4,885,400	137,400
W Res Revolving Const	10,699,500		10,699,500	3,373,000	(7,326,500)
W Res Cities Water Loan	1,745,800		1,745,800		(1,745,800)
W Res Conserv & Develop	18,097,900	(50,000)	18,047,900	1,089,500	(16,958,400)
Water Rights	6,186,000	(259,800)	5,926,200	6,250,200	324,000
Total	\$162,335,900	\$4,218,100	\$166,554,000	\$122,435,700	(\$44,118,300)
Total FTE	1,236.7	0.0	1,236.7	1,234.9	(1.8)

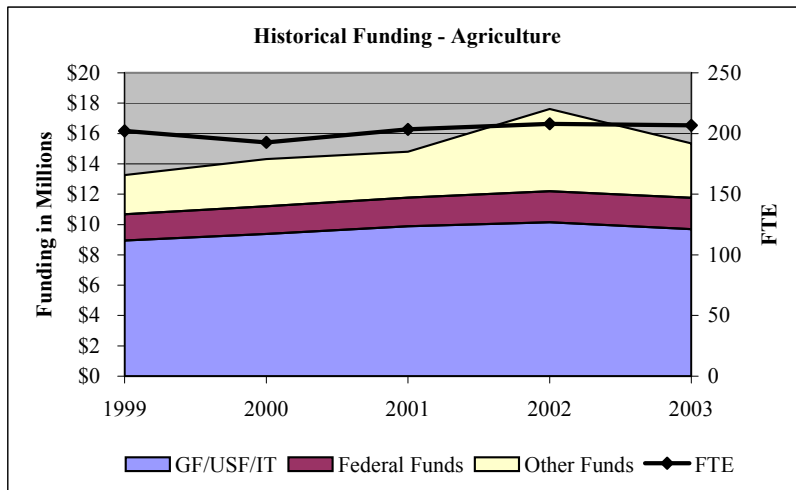
Department of Agriculture and Food

The Department of Agriculture and Food is responsible for the administration of Utah's agricultural laws. The laws mandate a variety of activities including inspection, regulation, information, rule-making, loan issuance, marketing and development, pest and disease control, improving the economic position of agriculture, and consumer protection.

The department protects consumers by inspecting commercial food processing establishments. Inspections are made of meat packing plants, grocery stores, dairy farms, and cattle auctions. Further, inspections are made of establishments that sell goods using weights and measures, to ensure that uniform standards are met. The department also ensures that labeling reflects the true measure and composition of package contents.

2002 General Session: The FY 2003 General Fund appropriation enacted during the 2002 General Session totaled \$9,989,500, a 5.6 percent decline from the original FY 2002 General Fund appropriation of \$10,580,300 and 1.6 percent decline from the revised FY 2002 General Fund appropriation of \$10,150,200.

2002 Special Session: During the Fifth Special Session the General Fund appropriation was reduced by \$299,800 for a new total of \$9,689,700, an 8.4 percent decrease from the original FY 2002 appropriation and a 4.5 percent decrease from the revised FY 2002 appropriation.



Legislative Action

Research Program Funding: The Legislature eliminated funding for the Research Program, saving General Funds of \$171,000 per year.

Agriculture in the Classroom: This program, operating in cooperation with Utah State University, provides youth with a better understanding of the importance of food production from farms and ranches in the state. The Legislature appropriated \$70,000 in one-time General Funds for increased participation through workshops and material for hands-on experiences.

High School Rodeo Competitors: High school rodeo competitors who represent the state in interstate competitions will receive financial assistance from a one-time General Fund appropriation of \$20,000 to help with travel costs.

Trichomoniasis Prevention and Control: Trichomoniasis is a disease in bulls that results in a high percentage of abortions in calves. The Legislature appropriated \$40,000 in one-time General

Funds to stop the spread of this potentially economically devastating disease.

Sales Tax Reduction: Sales taxes in the amount of \$310,000 were withheld from the Agriculture Resource Development Loan (ARDL) Fund in FY 2003 only. These funds will be deposited in the state General Fund instead. Excepting FY 2003, the statutorily required amount of sales taxes deposited in the ARDL Fund is \$500,000 per year.

Intent Language

Milk Commission Study:

It is the intent of the Legislature that the Department of Agriculture and Food organize, staff, and conduct a task force to study the implementation of a Utah Milk Commission, and report back to the Natural Resources, Agriculture, and Environment Interim Committee on or before their October 2002 meeting.

Rules Affecting Seed Industry:

It is the intent of the Legislature that the Utah Department of Agriculture and Food use its rulemaking authority granted in UCA 4-16-3 to make rules concerning seed container labeling requirements, after consultation with the seed industry, the Utah Seed Council, and the Utah Crop Improvement Association.

Conservation Easements:

It is the intent of the Legislature that the appropriation for grants to charitable organizations specified under UCA 57-18-3, or held by the Department of Agriculture and Food,

be used for purchase of conservation easements for agricultural protection and be nonlapsing.

Predator Control:

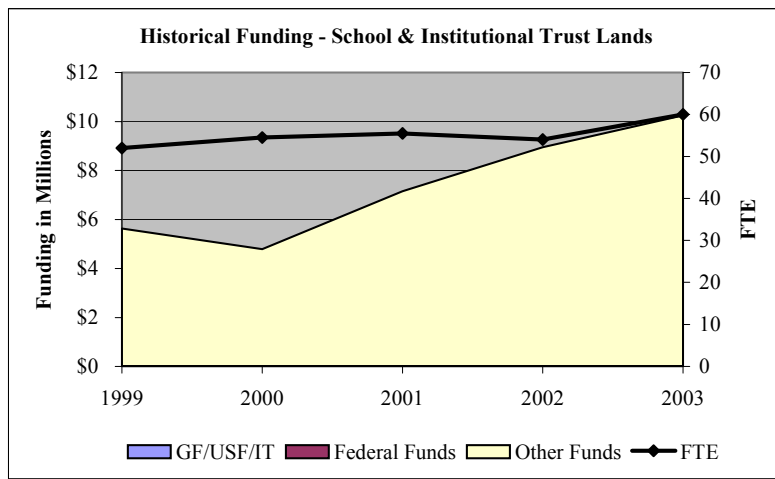
It is the intent of the Legislature that the Division of Wildlife Resources transfer \$200,000 General Funds to the Department of Agriculture and Food. It is further the intent of the Legislature that \$100,000 of this transfer be used to match funds from local governments in the Predatory Animal Control program, and \$100,000 be used to supplement the amount required by UCA 4-23-9(2)(a). These funds shall be nonlapsing.

Funding Detail

Agriculture					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	10,000,600		10,000,600	9,564,700	(435,900)
General Fund, One-time	579,700	(430,100)	149,600	125,000	(24,600)
Federal Funds	2,054,000	(200)	2,053,800	2,077,000	23,200
Dedicated Credits Revenue	929,800		929,800	944,500	14,700
GFR - Horse Racing	50,100		50,100	50,000	(100)
GFR - Livestock Brand	682,000		682,000	700,500	18,500
GFR - TB & Bangs Control	6,800		6,800		(6,800)
GFR - Wildlife Damage Prev	518,100		518,100	527,500	9,400
Agri Resource Development	531,200		531,200	531,500	300
Utah Rural Rehab Loan	18,000		18,000	18,000	
Transfers	866,300		866,300	804,100	(62,200)
Beginning Nonlapsing	1,808,800		1,808,800		(1,808,800)
Closing Nonlapsing				(3,700)	(3,700)
Total	\$18,045,400	(\$430,300)	\$17,615,100	\$15,339,100	(\$2,276,000)
Programs					
Administration	14,073,300	(330,800)	13,742,500	12,103,200	(1,639,300)
Building Operations	228,000	15,800	243,800	264,000	20,200
Predatory Animal Control	1,589,400	(34,300)	1,555,100	1,338,100	(217,000)
Resource Conservation	1,840,600	(81,000)	1,759,600	1,319,700	(439,900)
Loans	314,100		314,100	314,100	
Total	\$18,045,400	(\$430,300)	\$17,615,100	\$15,339,100	(\$2,276,000)
Total FTE	208.1	0.0	208.1	206.6	(1.5)

School and Institutional Trust Lands Administration

The School and Institutional Trust Lands Administration (SITLA), a quasi-governmental independent state agency, is established to manage lands that Congress granted to the State of Utah for the support of common schools and other beneficiary institutions under the Utah Enabling Act. Management in this sense refers to maximizing revenue from the lands. Funding for SITLA operations is provided through the Land Grant Management Fund, which consists of revenues derived from trust lands. Unexpended appropriations are distributed back to the beneficiaries or the Permanent School Fund. The FY 2003 Land Grant Management Fund appropriation of \$10,247,400 is a 14.5 percent increase from the FY 2002 appropriation.



Legislative Action

Rental Increase: Rental costs for the agency’s office will increase by \$36,000 in FY 2003. The Legislature authorized funding for this purpose.

Associate Director: The agency has hired an Associate Director to assist the Executive Director in managing the agency, specifically coordinating efforts on exchanges, working with other state agencies, and other types of special projects that are not day-to-day management. The Legislature appropriated \$120,000 for this position.

Royalty Auditing: The Legislature approved \$18,500 to allow the agency to hire a contract auditor as necessary in the Houston, Texas area, and for increased travel to sites necessary to gather audit information.

Block Management: In FY 2002 the Legislature authorized and funded the creation of a Block Management program within SITLA. The purpose of the program is to establish a comprehensive management strategy to fulfill the revenue potential of trust lands blocked together. In FY 2003 the Legislature appropriated \$44,000 for hiring an office technician to assist with administrative duties.

Server and Plotter: The Legislature authorized \$60,000 for the agency to replace its server and plotter, both of which had reached the end of their useful lives.

Capital Budget: The Legislature approved the Board's request for \$1 million in increased capital funds in case opportunities arise or in case increased funds are necessary to adequately fund existing projects. Half of the funding was appropriated to the Development program, the other half to the Block Management program.

Intent Language

Compensation Package Limitations:

It is the intent of the Legislature that the compensation package for employees of the School and Institutional Trust Lands Administration not

exceed the legislatively approved compensation package for employees in other departments.

Block Management Program:

It is the intent of the Legislature that the School and Institutional Trust Lands Administration report on the development of management strategies and on the use of funds appropriated for block management to the Natural Resources, Agriculture, and Environment Interim Committee during fall 2002.

Funding Detail

School & Institutional Trust Lands					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Land Grant Mgt Fund	8,949,500	(300)	8,949,200	10,247,400	1,298,200
Total	\$8,949,500	(\$300)	\$8,949,200	\$10,247,400	\$1,298,200
Programs					
School & Inst Trust Lands	8,949,500	(300)	8,949,200	10,247,400	1,298,200
Total	\$8,949,500	(\$300)	\$8,949,200	\$10,247,400	\$1,298,200
Total FTE	54.0	0.0	54.0	60.0	6.0

Funding Detail

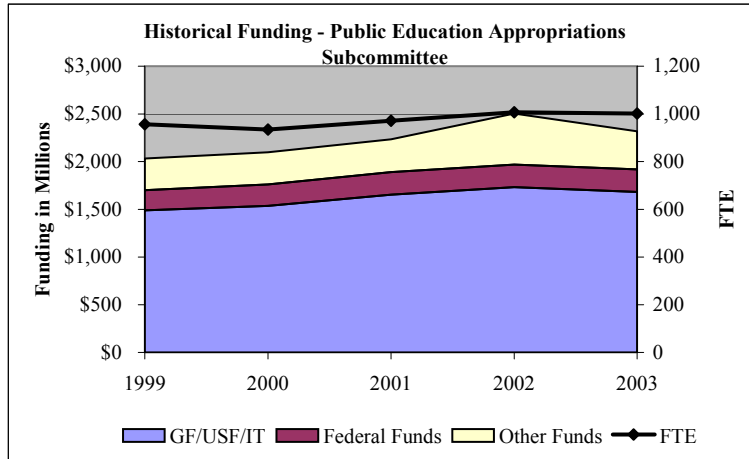
Natural Resources Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	47,795,800	42,800	47,838,600	44,682,400	(3,156,200)
General Fund, One-time	2,153,700	(2,188,400)	(34,700)	(555,000)	(520,300)
Federal Funds	21,695,700	1,860,600	23,556,300	25,512,600	1,956,300
Dedicated Credits Revenue	15,304,400	44,700	15,349,100	16,602,000	1,252,900
Federal Mineral Lease	827,100	(100)	827,000	760,300	(66,700)
GFR - Boating	3,310,300	1,299,500	4,609,800	3,993,100	(616,700)
GFR - Horse Racing	50,100		50,100	50,000	(100)
GFR - Livestock Brand	682,000		682,000	700,500	18,500
GFR - Off-highway Vehicle	2,044,500	97,500	2,142,000	2,600,200	458,200
GFR - Oil & Gas Conservation Account	1,476,700		1,476,700	1,669,200	192,500
GFR - Sovereign Land Mgt	1,668,700		1,668,700	1,736,700	68,000
GFR - Species Protection	324,100		324,100	687,200	363,100
GFR - State Fish Hatch Maint	1,000,000		1,000,000	1,000,000	
GFR - TB & Bangs Control	6,800		6,800		(6,800)
GFR - Trails and Streams				700,000	700,000
GFR - Wildlife Damage Prev	518,100		518,100	527,500	9,400
GFR - Wildlife Habitat	2,383,100		2,383,100	2,385,100	2,000
GFR - Wildlife Resources	22,402,900		22,402,900	23,441,600	1,038,700
Agri Resource Development	531,200		531,200	531,500	300
Designated Sales Tax	7,550,000		7,550,000		(7,550,000)
Wildland Fire Suppression Fund		1,578,600	1,578,600		(1,578,600)
Land Grant Mgt Fund	8,949,500	(300)	8,949,200	10,247,400	1,298,200
Oil Overchg - Exxon		2,376,300	2,376,300	2,376,300	
Oil Overchg - Stripper Well	500,000	255,500	755,500	755,500	
Utah Rural Rehab Loan	18,000		18,000	18,000	
Water Resources C&D	5,637,400	(600)	5,636,800	4,673,200	(963,600)
Water Res Construction	150,000		150,000	150,000	
Transfers	(4,090,400)		(4,090,400)	1,196,200	5,286,600
Repayments	15,930,400		15,930,400		(15,930,400)
Beginning Nonlapsing	34,293,300		34,293,300	1,887,500	(32,405,800)
Closing Nonlapsing	(3,782,600)		(3,782,600)	(306,800)	3,475,800
Total	\$189,330,800	\$5,366,100	\$194,696,900	\$148,022,200	(\$46,674,700)
Programs					
Natural Resources	162,335,900	4,218,100	166,554,000	122,435,700	(44,118,300)
Agriculture	18,045,400	(430,300)	17,615,100	15,339,100	(2,276,000)
School & Institutional Trust Lands	8,949,500	(300)	8,949,200	10,247,400	1,298,200
Revenue - NRAS		1,578,600	1,578,600		(1,578,600)
Total	\$189,330,800	\$5,366,100	\$194,696,900	\$148,022,200	(\$46,674,700)
Total FTE	1,498.8	0.0	1,498.8	1,501.5	2.7

Natural Resources Appropriations Subcommittee	
One-time State Fund Items (GF/USE/IT)	
Item Name	FY 2003 Appropriated
Natural Resources - Administration - Grazing Land Protection	40,000
Natural Resources - Parks & Recreation Capital - Riverway Enhancement Grants	(375,000)
Natural Resources - Parks & Recreation Capital - Trail Grants	(475,000)
Natural Resources - Water Rights - Compensation	100,000
Natural Resources - Water Rights - Advertising	30,000
Agriculture - Administration - Agriculture in the Classroom	70,000
Agriculture - Administration - High School Rodeo Competitors	15,000
Agriculture - Administration - Trichomoniasis Prevention and Control	40,000
Total	(555,000)

Public Education

Subcommittee Overview

The Public Education Appropriations Subcommittee oversees the largest allocation of the budget for Utah State Government. The subcommittee oversees budgeting for the Minimum School Program, the Utah State Office of Education, the Child Nutrition Programs, the School Building Programs, the Utah State Office of Rehabilitation, the Utah Schools for the Deaf and the Blind, the Fine Arts and Sciences Outreach Program, and Educational Contracts.



2002 General Session: The Legislature appropriated more than \$2.3 billion to Public Education for FY 2003. This is a 1.3 percent decrease from the FY 2002 revised budget. The subcommittee has responsibility for 46 percent of the State's General and Uniform School Funds expenditures for FY 2003.

2002 Special Session: Legislative action reduced the FY 2003 state fund appropriation to Public Education by \$10,254,000. The total FY 2003 Legislative appropriation to Public Education is \$2.3 billion. This is a 1.7 percent decrease from the FY 2002 revised budget. The Legislature reduced the Quality Teaching Block Grant in the Minimum School Program by \$5,000,000. Reductions to the

State Office of Education, State Office of Rehabilitation, Utah Schools for the Deaf and Blind, and the Fine Arts and Sciences program, make up the remaining \$5,254,000 in reductions.

Minimum School Program

The Minimum School Program is the single largest portion of the Public Education budget. It provides support to public schools in each of forty local school districts to allow educational opportunities for all children in the State. Distribution of State money is made on a formula basis to equalize wealth between "poorer" and "richer" districts. The basis for the distribution of State funds is the Weighted Pupil Unit (WPU). The Legislature appropriated slightly under \$2 billion for FY 2003 to the Minimum School Program. The appropriation is a 0.5 percent decrease from the FY 2002 revised appropriation excluding one time funding.

Legislative Action

Weighted Pupil Unit (WPU) Equivalent Increase: The Legislature increased the value of the WPU by \$16 to \$2,132 for FY 2003. This amounted to a total increase of \$13.1 million. This increase effectively raised the value of the WPU by 0.75 percent over last year.

Block Granting: The Legislature continued consolidation of programs within the Minimum School Program and reordered them under three block grant categories. A description of each follows:

Local Discretionary Block: The Local Discretionary Block was created with the consolidation of ten programs by the 2001 Legislature as follows: Truancy Intervention & Prevention; Unrestricted Local Program; Incentives for Excellence; Education Technology Initiative; Character Education; School Nurses; Alternative Middle Schools; Reading Initiative; Experimental Developmental Formula; and Local Discretionary Program. The 2002 Legislature removed six of these leaving the four remaining programs of Unrestricted Local Program, Education Technology Initiative, Character Education, and School Nurses. The Hold

Harmless funding was added to complete the new Local Discretionary Block grant program for FY 2003.

After this rearrangement, the block was then reduced in funding to accommodate the funding reductions implemented by the Legislature. The reductions consisted of an ongoing amount funded with one time funding in FY 2002 of \$9,608,500. In addition, another general reduction of \$8,667,900 and \$2,000,000 considered as an ETI (Education Technology Initiative) was removed from the block funding. Additionally, an amount of \$62,200 of the ETI funding that had been designated for the Utah Schools for the Deaf and the Blind (USDB) was removed and appropriated directly to the USDB.

The total appropriation remaining for the Local Discretionary Block Grant for FY 2003 was at \$21.8 million.

Interventions for Student Success Block Grant: The Interventions for Student Success Block Grant was created from the six programs removed from the Local Discretionary Block program. These consisted of: Truancy Intervention and Prevention, Incentives for Excellence, Alternative Middle School, Reading Initiative, Experimental/Developmental Formula funds, and Local Discretionary Program funds. In addition, the Alternative Language Services program was removed from the Special Population funding category and included to complete the Interventions for Student Success Block Grant program. The total funding appropriated for this program was \$15,553,062 for FY 2003.

Quality Teaching Block Grant: The Professional Development Block created by the 2001 Legislature was renamed Quality Teaching Block Grant by the 2003 Legislature. This program was created from the former Career Ladder Program and funding for two additional U-PASS days for teacher development. Former U-PASS funding of \$84,600 was removed and appropriated directly to the Utah Schools for the Deaf and the Blind. The total appropriation for FY 2003 to the Quality Teaching Block is \$69.2 million.

2002 Special Session: The Legislature reduced the Quality Teaching Block Grant by \$5,000,000. The total appropriation for FY 2003 to the Quality Teaching Block Grant is \$64,178,111. Legislative intent language was adopted.

Equitable Funding Distribution: The Legislature took supplemental action to allow the State Board of Education to distribute the FY 2002 appropriation for Hold Harmless funding to school districts that would be more equitable based on final year-end funding distributions and proportional allotments as appropriate. Similar action was also taken to allow the State Office of Education to develop equitable formula distributions for the three block grants as now constituted for FY 2003.

Growth: The Legislature provided funding for education growth of \$5.6 million. Voted and board leeway funding was increased by \$635,491. This provided for base growth and changes in rates approved by school districts. Automatic formula increases that were included in the statutes were delayed by Legislative action due to funding restraints for FY 2003. This delayed an increase in these programs of \$6.2 million for FY 2003. The implementation date was changed to 2004 when the Legislature will consider the added costs.

Concurrent Enrollment: The Legislature reduced the appropriation for the Concurrent Enrollment program in the Accelerated Learning Programs category by \$1,000,000 for FY 2003. The reduction would assume a program direction towards more essential core class offerings leading to graduation. The Concurrent Enrollment Program enables qualified high school students to earn college credit while finishing high school graduation requirements

Electronic High School: The Legislature provided an additional \$200,000 for a total of \$400,000 in ongoing funding for the Electronic High School. The Electronic High School enables Utah students to take secondary courses over the Internet. The funding enables the continued development of courses for Internet access and delivery.

Trust Lands: The State's contribution increased with \$800,000 for FY 2003. The total State contribution for FY 2003 is \$6,000,000.

At Risk: The Legislature reduced the At Risk programs by \$880,500, which is intended to eliminate the state's contribution toward pregnancy prevention programs in school districts. The districts will make their own decisions as to the support of these types of programs in their districts.

Teacher supplies and materials: Lawmakers appropriated \$5 million one-time funding for teacher supplies and materials. This will continue the same funding level in FY 2003 as was available in FY 2002.

Math/Science Initiative: The Math/Science Initiative was reduced in FY 2002 by \$600,000 in ongoing funding and by \$1,800,000 for FY 2003. This leaves \$600,000 available for the 2003 fiscal year.

Families, Agencies, Communities Together (FACT): This program was reduced from \$1,250,670 to \$774,470 for FY 2002, and was completely eliminated for FY 2003.

The tables on the following pages show the appropriations for FY 2002 as revised by the Legislature, and the funding for FY 2003 along with a comparison between the two years. The budget reductions and funding increases are also detailed. A crosswalk reconciliation is provided to highlight program changes.

1	FY 2002 Revised		FY 2003 Legislature		Legislature/ FY 2002 Difference	
	WPUS 2001-02	Funding @	2003 WPUS	Funding @		
2	Minimum School Program FY 2003					
3	Financing					
4	Local Revenue	\$2,116	\$2,132			
5	A. Basic Tax Levy	\$196,908,771	\$206,690,578		\$9,781,807	
6	B. Voted Leeway	124,307,548	126,669,788		2,362,240	
7	C. Board Leeway	35,242,041	36,058,649		816,608	
8	Total Local Contribution (A, B, & C)	356,458,360	369,419,015		12,960,655	
9	State Revenue					
10	A. Uniform School Fund	1,605,192,060	1,581,582,794		(23,609,266)	
11	B. Uniform School Fund - One Time	29,585,000	5,000,000		(24,585,000)	
12	C. Beginning Non-lapsing Balance	19,555,800	5,055,800		(14,500,000)	
13	D. Closing Non-lapsing Balance	(5,055,800)	(5,055,800)			
14	E. Lapsing Balance	(14,500,000)			14,500,000	
15	Total Revenue	1,991,235,420	1,956,001,809		(35,233,611)	
16	I. Basic Program					
17	A. Regular Basic School Programs					
18	1. Kindergarten	20,616	43,623,456	20,097	42,846,804	(776,652)
19	2. Grads 1-12	427,244	904,048,304	429,871	916,484,972	12,436,668
20	3. Necessarily Existent Small Schools	7,336	15,522,976	7,386	15,746,952	223,976
21	4. Professional Staff	41,394	87,589,704	41,187	87,810,684	220,980
22	5. Administrative Costs	1,655	3,501,980	1,655	3,528,460	26,480
23	Total Regular Basic School Programs (1-5)	498,245	1,054,286,420	500,196	1,066,417,872	12,131,452
24	B. Restricted Basic School Programs					
25	1. Special Education-Regular Program					
26	a. Special Education add-on WPUs	53,153	112,471,748	52,997	112,989,604	517,856
27	b. Self-Contained Regular WPUs	12,466	26,378,056	12,542	26,739,544	361,488
28	2. Special Education - Pre-School	6,109	12,926,644	6,146	13,103,272	176,628
29	3. Extended Year Program for Severely Disabled	237	501,492	238	507,416	5,924
30	4. Special Education-State Programs	1,350	2,856,600	1,358	2,895,256	38,656
31	Total Special Education (1-4)	73,315	155,134,540	73,281	156,235,092	1,100,552
32	5. Applied Technology Education - District	23,423	49,563,068	23,566	50,242,712	679,644
33	6. Applied Tech. Education-District Set Aside	989	2,092,724	995	2,121,340	28,616
34	Total Applied Technology Ed. (5 - 6)	24,412	51,655,792	24,561	52,364,052	708,260
35	7. Class Size Reduction	29,577	62,584,932	29,757	63,441,924	856,992
36	Total Basic School Programs (A - B)	625,549	1,323,661,684	627,795	1,338,458,940	14,797,256
37	C. Related to Basic Programs					
38	1. Interventions for Student Success Block Grant			15,553,062	15,553,062	
39	2. Quality Teaching Block Grant			64,178,111	64,178,111	
40	3. Local Discretionary Block Grant Program	49,748,636		21,824,448	27,924,188	(21,824,448)
41	4. Professional Development Block Grant	68,821,511			68,821,511	
42	5. Social Security & Retirement	214,685,479		217,072,218	2,386,739	
43	6. Pupil Transportation	55,745,940		56,164,040	418,100	
44	7. Guarantee Transportation Levy	500,000		500,000		
45	8. Math/Science - Beginning Teacher Recruitment	1,800,000		600,000	(1,200,000)	
46	Total Related to Basic Programs	391,801,566		375,891,879	(15,409,687)	
47	D. Special Populations					
48	1. Families and Agencies Coming Together	774,470			(774,470)	
49	2. Alternative Language Services	3,528,564			(3,528,564)	
50	3. Highly Impacted Schools	5,123,207		5,123,207		
51	4. At Risk Programs	24,730,088		24,324,161	(405,927)	
52	5. Adult Education	8,368,247		8,431,047	62,800	
53	6. Accelerated Learning Programs	9,251,074		8,622,674	(628,400)	
54	Total Special Populations	51,775,650		46,501,089	(5,274,561)	
55	E. Other					
56	1. Block Grant Hold Harmless	3,897,110			(3,897,110)	
57	2. Experimental - Developmental Programs	3,102,369		602,369	(2,500,000)	
58	3. Electronic High School	200,000		400,000	200,000	
59	4. School Land Trust Program	5,200,000		6,000,000	800,000	
60	Total Other	12,399,479		7,002,369	(5,397,110)	
61	Total Related to Basic, C - E	455,476,695		429,395,337	(26,081,358)	
62	II. Board and Voted Leeway Programs:					
63	A. Voted Leeway Program	141,362,359		141,682,087	319,728	
64	B. Board Leeway Program	41,149,682		41,465,445	315,763	
65	Total Board and Voted Leeway Programs	182,512,041		183,147,532	635,491	
66	Total Minimum School Program - I - II	1,961,650,420		1,951,001,809	(10,648,611)	
67	III. One-Time Appropriations	29,585,000		5,000,000	(24,585,000)	
68	Total Minimum School Program (I - III)	\$1,991,235,420		\$1,956,001,809	(35,233,611)	
69	Assessed Value = \$120,181,000,000	Student Growth Factor = (.61)%				

Legend	
USDB =	Utah Schools for the Deaf and the Blind
USOR =	Utah State Office of Rehabilitation
USOE =	Utah State Office of Education
MSP =	Minimum School Program

Budget Adjustments	
1. Original Base Reductions ongoing from FY 2002	
(\$397,000)	Character Education Elimination
(176,500)	FACT Restructuring
(8,800,000)	Reduction equivalent to a 1 day furlough
(235,000)	Math & Science Beginning Teacher Recruitment Prog.
Sub-Total	(9,608,500) Taken as a lump sum reduction to Local Block Grant
2. Additional Base Reductions	
(8,677,900)	Discretionary
(2,000,000)	ETI suggested reduction
(2,646,800)	Moved to Agency Budgets
(29,785,000)	One time Funding
(1,800,000)	Math/Science Teacher Incentives
(1,250,670)	FACT
(880,500)	Pregnancy Prevention
(1,000,000)	Concurrent Enrollment
Sub-Total	(48,040,870)
3. Fifth Special Session Reduction	
Sub-Total	(5,000,000)
Total Reductions	(62,649,370)
4. Additions	
200,000	Electronic High School
800,000	School Land Trust Program
13,187,215	Compensation Increase
5,523,353	Student Growth
5,000,000	Teacher Supplies & Materials
635,491	Voted and Board Leeway
Total Additions	25,346,059
Net Balance	(\$37,303,311) Decrease from FY 2002 Appropriated Budget
	\$35,233,611 Decrease from FY 2002 Revised Budget

Reconciliations	
84,600	USDB - UPASS \$ appropriated direct to USDB
62,200	USDB - ETI funds appropriated direct to USDB
146,800	

Discretionary Funds	
600,500	
(3,100,500)	\$463,600 USDB
	500,000 FINE ARTS/SCI.
	175,000 USOE - Advanced Readers at Risk
	210,000 USOE - Charter Schools
	150,000 USOE - Rural Schools, Equity in Education
	751,800 USOR - Vocational Rehabilitation
	150,000 USOR - Independent Living Centers
	104,300 USOR - Services for the Blind and Visually Impaired
	75,800 USOR - Services for the Deaf & Hard of Hearing
	170,000 USOR - Budget Reduction Restoration
	150,000 USOR - Hearing Impaired Interpreters
	200,000 MSP - Electronic High School
	3,100,500

	FY 2002 Revised		FY 2003 Legislature		Percent	Legislature/ FY 2002
2	Financing		2003		% Diff.	FY 2002
3	WPU's	Funding @	2003	Funding @	% Diff.	FY 2002
3	2001-02	\$2,116	WPU'S	\$2,132	02 Rev.	Difference
4	0.001813	\$196,908,771	0.001813	\$206,690,578	5.0%	\$9,781,807
5		124,307,548		126,669,788	1.9%	2,362,240
6		35,242,041		36,058,649	2.3%	816,608
7		356,458,360		369,419,015	3.6%	12,960,655
8	State Revenue					
9		1,605,192,060		1,581,582,794	-1.5%	(23,609,266)
10		29,585,000		5,000,000	-83.1%	(24,585,000)
11		19,555,800		5,055,800	-74.1%	(14,500,000)
12		(5,055,800)		(5,055,800)		
13		(14,500,000)			-100.0%	14,500,000
14		1,991,235,420		1,956,001,809	-1.8%	(35,233,611)
15	I. Basic Program					
16	A. Regular Basic School Programs					
17	20,616	43,623,456	20,097	42,846,804	-1.8%	(776,652)
18	427,244	904,048,304	429,871	916,484,972	1.4%	12,436,668
19	7,336	15,522,976	7,386	15,746,952	1.4%	223,976
20	41,394	87,589,704	41,187	87,810,684	0.3%	220,980
21	1,655	3,501,980	1,655	3,528,460	0.8%	26,480
22	498,245	1,054,286,420	500,196	1,066,417,872	1.2%	12,131,452
23	B. Restricted Basic School Programs					
24	1. Special Education-Regular Program					
25	53,153	112,471,748	52,997	112,989,604	0.5%	517,856
26	12,466	26,378,056	12,542	26,739,544	1.4%	361,488
27	6,109	12,926,644	6,146	13,103,272	1.4%	176,628
28	237	501,492	238	507,416	1.2%	5,924
29	1,350	2,856,600	1,358	2,895,256	1.4%	38,656
30	73,315	155,134,540	73,281	156,235,092	0.7%	1,100,552
31	23,423	49,563,068	23,566	50,242,712	1.4%	679,644
32	989	2,092,724	995	2,121,340	1.4%	28,616
33	24,412	51,655,792	24,561	52,364,052	1.4%	708,260
34	29,577	62,584,932	29,757	63,441,924	1.4%	856,992
35	625,549	1,323,661,684	627,795	1,338,458,940	1.1%	14,797,256
36	C. Related to Basic Programs					
37				15,553,062	100.0%	15,553,062
38				64,178,111	100.0%	64,178,111
39	49,748,636		21,824,448		-56.1%	(27,924,188)
40	68,821,511				-100.0%	(68,821,511)
41	214,685,479		217,072,218		1.1%	2,386,739
42	55,745,940		56,164,040		0.8%	418,100
43	500,000		500,000			
44	1,800,000		600,000		-66.7%	(1,200,000)
45	391,301,566		375,891,879		-3.9%	(15,409,687)
46	D. Special Populations					
47	774,470				-100.0%	(774,470)
48	3,528,564				-100.0%	(3,528,564)
49	5,123,207		5,123,207			
50	24,730,088		24,324,161		-1.6%	(405,927)
51	8,368,247		8,431,047		0.8%	62,800
52	9,251,074		8,622,674		-6.8%	(628,400)
53	51,775,650		46,501,089		-10.2%	(5,274,561)
54	E. Other					
55	3,897,110				-100.0%	(3,897,110)
56	3,102,369		602,369		-80.6%	(2,500,000)
57	200,000		400,000		100.0%	200,000
58	5,200,000		6,000,000		15.4%	800,000
59	12,399,479		7,002,369		-43.5%	(5,397,110)
60	455,476,695		429,395,337		-5.7%	(26,081,358)
61	II. Board and Voted Leeway Programs:					
62	141,362,359		141,682,087		0.2%	319,728
63	41,149,682		41,465,445		0.8%	315,763
64	182,512,041		183,147,532		0.3%	635,491
65	1,961,650,420		1,951,001,809		-0.5%	(10,648,611)
66	29,585,000		5,000,000		-83.1%	(24,585,000)
67	\$1,991,235,420		\$1,956,001,809		-1.8%	(35,233,611)
68	Assessed Value = \$120,181,000,000		Student Growth Factor = (.61%)			

Intent Language

Local Discretionary Block Grant:

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) to school districts and charter schools according to a formula adopted by the board, after consultation with school districts and charter schools that allocates the funding in a fair and equitable manner. (3) School districts and charter schools shall use Local Discretionary Block Grant monies for (a) maintenance and operation costs; (b) capital outlay; and (c) debt service.

Interventions for Student Success Block Grant Program:

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) to school districts and charter schools according to a formula adopted by the board, after consultation with school districts and charter schools, that allocates the funding in a fair and equitable manner (3) Schools districts and charter schools shall use Interventions for Student Success Block Grant monies to improve student academic success, with priority given to interventions on of students not performing to standards as determined by U-PASS test results.(4) (a) Each school district shall develop a plan for the expenditure of Interventions for Student Success Block Grant monies.(b) The plan (i) shall specify anticipated results; and (ii) may include continuing existing programs to improve students' academic success for which funds were appropriated before the establishment of the block grant (c) The local school board shall approve the plan for the expenditure of the block grant monies in an open public meeting before the monies are spent.

Quality Teaching Block Grant:

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) to school districts and charter schools according to a formula adopted by the board, after consultation with school districts and charter schools, that allocates the funding in a fair and equitable manner. (3) Schools districts and charter schools shall use Quality Teaching Block Grant monies to implement school and school district comprehensive, long-term professional development plans required by Section 53A-3-70, (4) Each local school board shall: (a) as provided by Section 53A-3-70, review and either approve or recommend modifications for each school's comprehensive, long-term professional development plan within the district so that each school's plan is compatible with the district's comprehensive, long-term professional development plan; and (b) in an open public meeting, approve a plan to spend Quality Teaching Block Grant monies to implement the school district's comprehensive, long-term professional development plan.

2002 Special Session: *Because of the public education reductions made in the 2002 Fifth Special Session were specifically applied to the Quality Teaching Block, the State Office of Education, and the State Office of Rehabilitation, it is the intent of the Legislature that school districts not increase their class size as a result of these reductions.*

Reduction of district allocation based on insufficient revenues:

(a) If it is necessary because of insufficient revenues in the Uniform School Fund for the Legislature to reduce appropriations made to support schools under Title 53A, Chapter 17a, Minimum School Program Act the State Board of Education, after consultation with each school district and charter

school, shall reduce each school district's and charter school's allocation of monies appropriated to support school districts and charter schools. (b) Each school district's or charter school's share of the total reduction of appropriations to support school districts and charter schools shall be in the same proportion of the school district's or charter school's allocation of appropriated monies is to the total appropriations to support school districts and charter schools (2) Each district and charter school shall determine which programs are affected by, and the amount of, the reductions. (3) The requirement to spend a specified amount in any particular program is waived if reductions are required under this section.

Use of nonlapsing balances:

For the fiscal year beginning on July 1, 2002, the State Board of Education may use up to \$300,000 of nonlapsing balances for the following: (1) to stabilize the value of the weighted pupil unit; (2) to maintain program levels in school districts that may experience unanticipated and unforeseen losses of students; (3) to equalize programs in school districts where a strict application of the law provides inequity; (4) to pay the added cost when students attend school out of state; (5) to assist in the operation of the laboratory school at Utah State University, through the allocation of monies for a career ladder program at the school; and (6) other uses approved by the board.

Public Education Agencies

The State Board of Education is constitutionally charged with the general control and supervision of the public school system. It appoints the State Superintendent to oversee the administration of the system.

Public Education Agencies consist of several entities under the control and supervision of the State Board of Education. These entities supplement the basic educational program provided through the Minimum School Program. The Agencies - the Utah State Office of Education (USOE); the Utah State Office of Rehabilitation (USOR); the Utah Schools for the Deaf and Blind; Child Nutrition Programs (School Lunch Program); Fine Arts and Sciences; and Education Contracts - provide support services to the state's 40 school districts and eight charter schools.

2002 General Session: The Legislature appropriated \$337 million to Public Education Agencies for FY 2003. Of this amount, \$73 million is state funds. The Legislature reduced Public Education Agencies' estimated FY 2002 budgets by \$2.5 million (\$2.8 million from state funds). Even after these reductions, the Public Education Agencies' FY 2002 budgets are 5.5 percent higher than in FY 2001.

2002 Special Session: The Legislature reduced the 2002 General Session state fund appropriation to Public Education Agencies by \$4.4 million, or a 4 percent state fund reduction from FY 2002 revised estimates. The total 2003 fiscal year appropriation is \$332.8 million. Of this amount, \$67.9 million is state funds. After 2002 Fifth Special Session reductions, Public Education Agencies' FY 2003 budgets are 3.9 percent higher than in FY 2001.

Lawmakers passed **HB 275 "State Board of Education Budget Authority"** giving the State Board of Education leeway to implement supplemental cuts notwithstanding line-item detail included in various FY 2002 appropriations acts.

Utah State Office of Education

The Utah State Office of Education develops state curricula, provides training, offers leadership and administrative support, and manages funds for the state system of public education. Its budget covers the State Board of Education, Agency Support, Applied Technology Education, District Services, Instructional Services, Planning and Project Services, and support for the Utah Education Network.

2002 General Session: For Fiscal Year 2003, the Legislature appropriated \$169,513,000 to the State Office of Education, including \$29,104,000 from the Uniform School Fund. It also reduced the State Office's FY 2002 estimated budget by \$1,819,756, resulting in a revised 6.6 percent increase over FY 2001 actual expenditures.

2002 Special Session: Legislative action resulted in a \$3.5 million state fund reduction to the State Office of Education. Of this amount \$1.5 million is ongoing. The total appropriation to the State Office of Education for FY 2003 is \$165,955,000, including \$25,546,000 million from the Uniform School Fund – resulting in a decrease of 3 percent versus FY 2002 revised estimates.

Legislative Action

Discretionary Budget Adjustments: The Legislature directed the State Office of Education to reduce its anticipated expenditures by \$2,046,256 in FY 2002 and by \$2,855,856 in FY 2003. With the exception of a limitation on cuts in Regional Service Centers (see intent language, below) the Legislature did not earmark specific programs for reduction or elimination.

Advanced Readers at Risk: Lawmakers appropriated an additional \$175,000 in FY 2003 from the Uniform School Fund to bolster the Advanced Readers at Risk program.

2002 Special Session: The Legislature reversed the \$175,000 Uniform School Fund appropriation for the Advanced Readers at Risk program.

Charter School Funding: Legislators provided \$225,500 in FY 2002 from the Uniform School Fund for start-up costs at schools chartered by the State Board of Education. In FY 2003 Legislators provided \$210,000 to replace the local funding retained by students' home school district. In addition to this funding, Legislators approved \$3 million in one-time FY 2003 Uniform School Funds to establish state-chartered "high-tech" high schools.

2002 Special Session: The \$3,000,000 one-time Uniform School Fund appropriation to establish state-chartered “high-tech” high schools received a \$1,000,000 reduction.

HB 253 “Rural Schools – Equity in Education” provides \$150,000 in FY 2003 Uniform School Funds to the State Board of Education for scholarships to help teachers in necessarily existent small schools or small school districts to obtain endorsements or master’s degrees.

2002 Special Session: The Legislature reversed the \$150,000 Uniform School Fund appropriation to implement the provisions of HB 253. The Legislature did not repeal HB 253.

Personal Services: Appropriators approved \$205,100 in FY 2003 for personal services costs at the State Office of Education.

University of Utah Reading Clinic: The Legislature included \$375,000 in one-time FY 2003 Uniform School funds to support the reading clinic at the University of Utah. The Clinic “trains trainers” who return to districts and train individual teachers in techniques for improving student reading skills.

2002 Special Session: The Legislature reversed the one-time appropriation of \$375,000 in Uniform School Funds to the University of Utah Reading Clinic.

Intent Language

The Legislature passed the following intent language with its appropriations for the State Office of Education:

It is the intent of the Legislature that the State Office of Education should not apply for, nor accept federal grants specifically used to fund sexual education, including AIDS Education and Prevention.

It is the intent of the Legislature that Regional Service Centers' share of State Office of Education budget reductions shall not exceed \$36,000 in FY 2003.

It is the intent of the Legislature that the Utah State Office of Education, during fiscal year 2003, use \$700,000 of an anticipated one-time federal grant designated for the development and administration of electronic testing; in compliance with rules established by the Utah State Board of Education in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

It is the intent of the Legislature that the State Office of Education use up to \$500,000 of appropriated state funds to support a District Online Testing Pilot Program until federal funds become available

Funding Detail

State Office of Education					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
Uniform School Fund	27,569,656		27,569,656	24,215,100	(3,354,556)
Uniform School Fund, One-time	1,750,000	(2,018,756)	(268,756)	1,330,900	1,599,656
Federal Funds	133,165,300	(1,200)	133,164,100	132,455,700	(708,400)
Dedicated Credits Revenue	5,282,500	100,000	5,382,500	5,397,300	14,800
Federal Mineral Lease	859,300		859,300	943,500	84,200
Restricted Revenue	80,900		80,900		(80,900)
GFR - Substance Abuse Prevention	400,700		400,700	450,700	50,000
USFR - Professional Practices				81,500	81,500
Transfers				100	100
Transfers - Interagency	1,038,400	100,200	1,138,600	1,080,200	(58,400)
Beginning Nonlapsing	6,004,700		6,004,700	3,371,600	(2,633,100)
Closing Nonlapsing	(3,371,600)		(3,371,600)	(3,371,600)	
Total	\$172,779,856	(\$1,819,756)	\$170,960,100	\$165,955,000	(\$5,005,100)
Programs					
Board of Education	3,572,500	(38,200)	3,534,300	1,090,900	(2,443,400)
Instructional Services	123,033,900	(582,800)	122,451,100	119,616,900	(2,834,200)
Agency Support	4,647,300	(83,700)	4,563,600	4,458,900	(104,700)
Planning and Project Services	21,880,600	(616,300)	21,264,300	22,062,900	798,600
Applied Technology Education	15,864,800	(79,500)	15,785,300	15,303,900	(481,400)
District Services	3,575,556	(419,256)	3,156,300	3,214,900	58,600
Utah Education Network	205,200		205,200	206,600	1,400
Total	\$172,779,856	(\$1,819,756)	\$170,960,100	\$165,955,000	(\$5,005,100)
Total FTE	210.2	0.0	210.2	202.2	(8.0)

Utah State Office of Rehabilitation

The Utah State Office of Rehabilitation (USOR) operates programs that assist individuals with disabilities in preparing for and obtaining gainful employment and increasing their independence. USOR contains an Executive Director's Office and four operating divisions: Rehabilitation Administration, Disability Determination Services, Services to the Deaf and Hard-of-Hearing, and Services to the Blind and Visually Impaired.

2002 General Session: For Fiscal Year 2003, the Legislature appropriated \$50,920,000 to the State Office of Rehabilitation, including \$18,895,200 from state funds; an increase of 3.3 percent versus FY 2002 revised estimates. It also reduced USOR's FY 2002 estimated budget by \$331,500, resulting in a revised 8.7 percent increase over FY 2001 actual expenditures. While the Legislature reduced USOR's FY 2002 Uniform School Fund appropriation, it directed the State Office of Education to replace these funds on a one-time basis with nonlapsing balances.

2002 Special Session: Legislative action resulted in a net \$644,700 state fund reduction to the State Office of Rehabilitation. The Legislature reduced USOR's FY 2003 Uniform School Fund appropriation by \$969,700. To offset this reduction, appropriators provided for a \$325,000 one-time Uniform School Fund restoration. The Legislature appropriated \$50,275,300, including \$18,250,500 in state funds – resulting in an increase of 2 percent over FY 2002 revised estimates.

Legislative Action

Building Operations and Maintenance: Legislators provided \$27,800 in new FY 2003 state funds to cover increased operations and maintenance costs due to a previously approved expansion of the Utah Community Center for the Deaf and Hard of Hearing.

Caseload Growth: The Legislature increased the Vocational Rehabilitation budget by \$426,800 from the Uniform School Fund in FY 2003 to help address caseload growth. The funding will partially offset growth of nearly 660 additional clients and reduce caseload size by financing additional personnel.

2002 Special Session: Legislative action reversed the Uniform School Fund appropriation increase for caseload growth. The Legislature provided for a one-time Uniform School Fund restoration of \$187,400.

Discretionary Budget Adjustments: The Legislature directed the State Office of Rehabilitation to reduce its anticipated state fund expenditures by \$124,900 in FY 2003. The Legislature did not earmark specific programs for reduction or elimination.

Hearing Impaired Interpreters: Appropriators added \$150,000 in FY 2003 Uniform School funds to hire additional hearing-impaired interpreters.

2002 Special Session: Appropriators reversed the Uniform School Fund appropriation increase to hire additional hearing-

impaired interpreters. To offset this reduction, the Legislature provided for a one-time Uniform School Fund restoration of \$75,700.

Independent Living Centers: The Legislature increased the budget for Independent Living Centers by \$150,000 from the Uniform School Fund in FY 2003. Independent Living Centers across the state help individuals with severe disabilities live in the least restrictive environment possible.

2002 Special Session: The Legislature reversed the \$150,000 appropriation increase for Independent Living Centers. Appropriators provided for a one-time Uniform School Fund restoration of \$42,500 to offset this reduction.

Orientation and Mobility Specialists: Legislators appropriated \$104,300 in additional FY 2003 state funds to hire two Orientation and Mobility Specialists. Orientation and Mobility Specialists train blind and visually impaired individuals to function safely and independently in their homes, neighborhoods, work places, and communities.

2002 Special Session: Legislative action reversed the Uniform School Fund appropriation increase to hire two Orientation and Mobility Specialists. The Legislature provided for a one-time Uniform School Fund restoration of \$19,400 to offset this reduction.

Personal Services: Appropriators approved \$371,400 in FY 2003 for personal services costs at the State Office of Rehabilitation.

Intent Language

The Legislature passed the following intent language with its appropriations for the State Office of Rehabilitation:

It is the intent of the Legislature that the State Board of Education replace budget reductions for the Utah Schools for the Deaf and the Blind, the Utah

State Office of Rehabilitation, and the Fine Arts and Sciences from nonlapsing balances remaining in the Uniform School Fund.

Funding Detail

State Office of Rehabilitation					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	254,900		254,900	254,900	
Uniform School Fund	17,659,900		17,659,900	17,995,600	335,700
Uniform School Fund, One-time		(316,600)	(316,600)		316,600
Federal Funds	31,086,800	(14,900)	31,071,900	31,672,800	600,900
Dedicated Credits Revenue	233,900		233,900	238,000	4,100
Transfers - Interagency	130,700		130,700	114,000	(16,700)
Beginning Nonlapsing	267,500		267,500		(267,500)
Total	<u>\$49,633,700</u>	<u>(\$331,500)</u>	<u>\$49,302,200</u>	<u>\$50,275,300</u>	<u>\$973,100</u>
Programs					
Executive Director	1,591,300	(7,600)	1,583,700	1,605,500	21,800
Blind and Visually Impaired	4,689,900	(76,000)	4,613,900	4,786,700	172,800
Rehabilitation Administration	34,523,400	(183,300)	34,340,100	34,834,300	494,200
Disability Determination	7,332,200	(9,700)	7,322,500	7,414,600	92,100
Deaf and Hard of Hearing	1,496,900	(54,900)	1,442,000	1,634,200	192,200
Total	<u>\$49,633,700</u>	<u>(\$331,500)</u>	<u>\$49,302,200</u>	<u>\$50,275,300</u>	<u>\$973,100</u>
Total FTE	403.7	0.0	403.7	405.7	2.0

Utah Schools for the Deaf and Blind

The Utah Schools for the Deaf and the Blind (USDB) help children with hearing and/or visual impairments to become competent, caring and contributing citizens. The schools provide educational services to hearing and/or visually impaired children from birth to age twenty-one. They operate an educational resource center that supplies educational materials to other agencies who serve these sensory-impaired children. The schools also have a short-term, five day per week, residential program for autistic children.

2002 General Session: For Fiscal Year 2003, the Legislature appropriated \$21,995,000 to the Schools for the Deaf and Blind, including \$18,103,600 from state funds. It also reduced USDB's FY 2002 estimated budget by \$115,300, resulting in a revised 10.8 percent increase over FY 2001 actual expenditures. While the Legislature reduced USDB's FY 2002 Uniform School

Fund appropriation, it directed the State Office of Education to replace these funds on a one-time basis with nonlapsing balances.

2002 Special Session: Legislative action resulted in a \$880,500 one-time Uniform School Fund reduction to the Utah Schools for the Deaf and Blind. Nonlapsing balances within the agency's budget will be used to replace the Uniform School Fund reduction.

Legislative Action

Discretionary Budget Adjustments: The Legislature directed the Schools for the Deaf and Blind to reduce their anticipated expenditures by \$115,400 in FY 2003. The Legislature did not earmark specific programs for reduction or elimination.

Instructor Compensation: Legislators added \$610,400 to USDB's FY 2003 budget for a 6.08 percent instructor compensation increase. Under Utah Code 53A-25-111, USDB employees are to be given each year a compensation adjustment equal to the average of that given to school district employees in the previous year.

Other Personal Services: Appropriators approved \$146,300 in FY 2003 for USDB personal services costs in addition to the instructor compensation described above.

Intent Language

The Legislature passed the following intent language with its appropriations for the Schools for the Deaf and Blind:

It is the intent of the Legislature that the State Board of Education replace budget reductions for the Utah Schools for the Deaf and the Blind, the Utah State Office of Rehabilitation, and the Fine Arts and Sciences from nonlapsing balances remaining in the Uniform School Fund.

Funding Detail

School for the Deaf and Blind					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Uniform School Fund	17,450,000		17,450,000	18,103,600	653,600
Uniform School Fund, One-time		(315,300)	(315,300)	(880,500)	(565,200)
Dedicated Credits Revenue	1,075,400		1,075,400	1,204,800	129,400
Transfers - Interagency	3,531,300		3,531,300	3,091,200	(440,100)
Beginning Nonlapsing	1,436,900		1,436,900	1,078,300	(358,600)
Closing Nonlapsing	(1,278,300)	200,000	(1,078,300)	(602,400)	475,900
Total	\$22,215,300	(\$115,300)	\$22,100,000	\$21,995,000	(\$105,000)
Programs					
Instruction	12,562,000	(61,400)	12,500,600	13,034,600	534,000
Support Services	9,653,300	(53,900)	9,599,400	8,960,400	(639,000)
Total	\$22,215,300	(\$115,300)	\$22,100,000	\$21,995,000	(\$105,000)
Total FTE	367.7	0.0	367.7	367.7	0.0

Child Nutrition Programs

The Child Nutrition Program provides administration and implementation of nutritional programs in the schools. Child Nutrition Programs are largely funded by the Federal Government through programs such as National School Lunch, National School Breakfast, Special Milk Program, and Food Distribution Programs. Qualifying students may receive free or reduced price meals based on criteria established by the Federal Government.

Legislative Action

The Legislature appropriated \$87.7 million for Child Nutrition Programs. Federal Funds make up about 83 percent or \$72.6 million of the total budget. The program also receives approximately \$15 million from Liquor Control revenues, and \$164,400 from the Uniform School Fund.

Funding Detail

Child Nutrition					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Uniform School Fund	170,500		170,500	164,400	(6,100)
Uniform School Fund, One-time		(8,100)	(8,100)		8,100
Federal Funds	72,575,000	6,400	72,581,400	72,600,400	19,000
Dedicated Credits Revenue	15,000,000		15,000,000	15,004,600	4,600
Total	\$87,745,500	(\$1,700)	\$87,743,800	\$87,769,400	\$25,600
Programs					
Child Nutrition	87,745,500	(1,700)	87,743,800	87,769,400	
Total	\$87,745,500	(\$1,700)	\$87,743,800	\$87,769,400	\$0
Total FTE	25.5	0.0	25.5	25.5	0.0

Fine Arts and Sciences

The Fine Arts and Sciences Program provides funding to several organizations through a modified line item program and a request for proposal (RFP) program. The organizations provide statewide professional outreach performances, presentations, and activities for children in Utah's public schools. The program is designed to enhance Arts and Science education in Utah.

The Arts groups participating in the line item program are: The Utah Symphony, Ballet West, Utah Opera, Children's Dance Theatre, Repertory Dance Theatre, Ririe-Woodbury Dance Company, Springville Arts Museum, Utah Festival Opera, and the Utah Shakespearean Festival. Science groups participating in the program are the Hansen Planetarium, the Utah Museum of Natural History, and the Children's Museum of Utah.

There are several groups participating in the RFP program that are generally regional organizations and do not provide statewide outreach.

Legislative Action

2002 General Session: The Legislature appropriated \$3,105,100 to the Fine Arts and Sciences Program for FY 2003, which is \$439,400 less than the FY 2002 Appropriation. The

Legislature reduced the line item programs by a total of \$117,000 and eliminated the RFP Program previously funded at \$322,400.

The Legislature provided \$500,000 in ongoing funding to replace one-time funding provided in FY 2002 for the Utah Festival Opera, Utah Shakespearean Festival, Utah Museum of Natural History and the Children's Museum of Utah. This appropriation will maintain parity among the line item groups.

2002 Special Session: Legislative action reduced the Uniform School Fund appropriation to the Fine Arts and Sciences by \$170,800, equating to a 5.5 percent reduction. This reduction will be distributed equally among all line item groups.

Intent Language

It is the intent of the Public Education Appropriations Subcommittee to study the funding, administration, service delivery and growth issues relating to the Fine Arts and Sciences program during the interim.

Funding Detail

Fine Arts and Sciences					
Financing	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Uniform School Fund	3,044,500		3,044,500	2,934,300	(110,200)
Uniform School Fund, One-time	500,000	(167,000)	333,000		(333,000)
Total	\$3,544,500	(\$167,000)	\$3,377,500	\$2,934,300	(\$443,200)
Programs					
Request for Proposal Program	322,400	(50,000)	272,400		(272,400)
Hansen Planetarium	489,300	(17,800)	471,500	445,600	(25,900)
Ririe-Woodbury Dance Company	93,100	(3,400)	89,700	84,700	(5,000)
Repertory Dance Company	94,600	(3,400)	91,200	86,200	(5,000)
Children's Dance Theater	109,400	(4,000)	105,400	99,600	(5,800)
Utah Opera Company	226,600	(8,200)	218,400	206,400	(12,000)
Ballet West	433,200	(15,700)	417,500	394,500	(23,000)
Utah Symphony	889,600	(32,200)	857,400	810,200	(47,200)
Springville Arts Museum	136,300	(5,000)	131,300	124,100	(7,200)
Children's Museum of Utah	50,000	(1,800)	48,200	45,500	(2,700)
Utah Museum of Natural History	293,400	(10,700)	282,700	267,200	(15,500)
Utah Festival Opera	181,200	(6,600)	174,600	165,000	(9,600)
Utah Shakespearean Festival	225,400	(8,200)	217,200	205,300	(11,900)
Total	\$3,544,500	(\$167,000)	\$3,377,500	\$2,934,300	(\$443,200)

Educational Contracts

The State Board of Education has the direct responsibility to provide education services to students in state custody. To provide these educational services, the State Board contracts with area school districts. The programs that receive funding are the State Hospital Youth Center in Provo and Corrections Institutions located in Draper, Gunnison and Cedar City. The Provo, Jordan, South Sanpete, and Iron school districts are the major recipients of contract funds.

Legislative Action

The Legislature appropriated a total budget of \$3,878,300 for Education Contracts. The Youth Center was appropriated \$1,160,200, which is unchanged from FY 2002. Corrections Institutions was appropriated \$2,718,100, which is \$50,000 less than FY 2002. The reduction of \$50,000 will be implemented by reducing administrative expenses while maintaining student services.

Intent Language

It is the intent of the Public Education Appropriations Subcommittee to study the funding, program delivery and administration issues relating to the education of individuals in state custody during the interim.

Funding Detail

Educational Contracts					
	2002		2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Uniform School Fund	3,928,300		3,928,300	3,878,300	(50,000)
Beginning Nonlapsing	9,000		9,000		(9,000)
Total	\$3,937,300	\$0	\$3,937,300	\$3,878,300	(\$59,000)
Programs					
Youth Center	1,160,200		1,160,200	1,160,200	
Corrections Institutions	2,777,100		2,777,100	2,718,100	(59,000)
Total	\$3,937,300	\$0	\$3,937,300	\$3,878,300	(\$59,000)

State Office Internal Service Funds

The State Office of Education operates two internal service funds (ISF). The first, called an Indirect Cost Pool (ICP), includes accounting, budgeting, purchasing, and government liaison functions of USOE. This ISF is not directly funded from Uniform School Funds, but rather takes a proportion of all federal and state funds that support personal services. The second ISF, called the State Board of Education Internal Service Fund, supports the Board's print shop and mailroom. It is financed entirely through Dedicated Credits collected from State Office operating entities.

Legislative Action

Lawmakers approved an FY 2003 operating budget of \$4,965,700 for State Office of Education internal service funds, an increase of 2%. The Legislature also authorized \$92,300 in capital outlay. It further allowed USOE to transfer 3 full-time equivalent employees (FTE) from USOE operating entities to USOE ISFs, for a total of 58 internal service fund FTE in FY 2003.

Funding Detail

State Office of Education Internal Service Funds					
	2002		2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
Dedicated Credits - Intragvt Rev	1,157,500		1,157,500	1,200,800	43,300
Transfers	3,444,400		3,444,400	3,504,400	60,000
Beginning Nonlapsing	685,300		685,300	418,400	(266,900)
Closing Nonlapsing	(418,400)		(418,400)	(157,900)	260,500
Total	\$4,868,800	\$0	\$4,868,800	\$4,965,700	\$96,900
Programs					
ISF - USOE Internal Service Fund	1,157,400		1,157,400	1,201,500	44,100
ISF - USOE Indirect Cost Pool	3,711,400		3,711,400	3,764,200	52,800
Total	\$4,868,800	\$0	\$4,868,800	\$4,965,700	\$96,900
Total FTE	55.5		55.5	58.3	2.8
Authorized Capital Outlay	88,600		88,600	92,300	3,700
Retained Earnings	418,400		418,400	157,900	(260,500)

Funding Detail

State Board of Education					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	254,900		254,900	254,900	
Uniform School Fund	69,881,456		69,881,456	67,291,300	(2,590,156)
Uniform School Fund, One-time	2,250,000	(2,825,756)	(575,756)	450,400	1,026,156
Federal Funds	236,827,100	(9,700)	236,817,400	236,728,900	(88,500)
Dedicated Credits Revenue	21,591,800	100,000	21,691,800	21,844,700	152,900
Federal Mineral Lease	859,300		859,300	943,500	84,200
Restricted Revenue	80,900		80,900		(80,900)
GFR - Substance Abuse Prevention	400,700		400,700	450,700	50,000
USFR - Professional Practices				81,500	81,500
Transfers				100	100
Transfers - Interagency	4,700,400	100,200	4,800,600	4,285,400	(515,200)
Beginning Nonlapsing	7,718,100		7,718,100	4,449,900	(3,268,200)
Closing Nonlapsing	(4,649,900)	200,000	(4,449,900)	(3,974,000)	475,900
Total	\$339,914,756	(\$2,435,256)	\$337,479,500	\$332,807,300	(\$4,672,200)
Programs					
State Office of Education	172,779,856	(1,819,756)	170,960,100	165,955,000	(5,005,100)
Dist Svcs Comp - Regional Svc Ctrs	58,600		58,600		(58,600)
State Office of Rehabilitation	49,633,700	(331,500)	49,302,200	50,275,300	973,100
School for the Deaf and Blind	22,215,300	(115,300)	22,100,000	21,995,000	(105,000)
Child Nutrition	87,745,500	(1,700)	87,743,800	87,769,400	25,600
Fine Arts and Sciences	3,544,500	(167,000)	3,377,500	2,934,300	(443,200)
Educational Contracts	3,937,300		3,937,300	3,878,300	(59,000)
Total	\$339,914,756	(\$2,435,256)	\$337,479,500	\$332,807,300	(\$4,672,200)
Total FTE	1,007.1	0.0	1,007.1	1,001.1	(6.0)

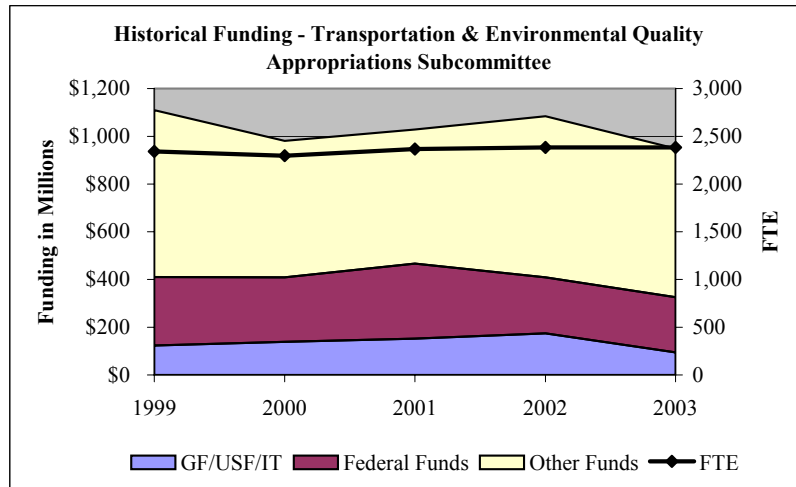
Funding Detail

Public Education Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	254,900		254,900	254,900	
Uniform School Fund	1,715,301,216		1,715,301,216	1,677,132,094	(38,169,122)
Uniform School Fund, One-time	52,035,000	(34,895,456)	17,139,544	5,550,400	(11,589,144)
Federal Funds	236,827,100	(9,700)	236,817,400	236,728,900	(88,500)
Dedicated Credits Revenue	21,591,800	100,000	21,691,800	21,844,700	152,900
Federal Mineral Lease	859,300		859,300	943,500	84,200
Restricted Revenue	80,900		80,900		(80,900)
GFR - Substance Abuse Prevention	400,700		400,700	450,700	50,000
USFR - Growth in Student Population	(20,000,000)	20,000,000			
USFR - Professional Practices				81,500	81,500
Local Property Tax	356,458,360		356,458,360	369,419,015	12,960,655
Transfers				100	100
Transfers - Interagency	4,700,400	100,200	4,800,600	4,285,400	(515,200)
Beginning Nonlapsing	27,735,900		27,735,900	9,505,700	(18,230,200)
Closing Nonlapsing	(24,667,700)	200,000	(24,467,700)	(9,029,800)	15,437,900
Total	\$2,371,577,876	(\$14,504,956)	\$2,357,072,920	\$2,317,167,109	(\$39,905,811)
Programs					
State Board of Education	339,914,756	(2,435,256)	337,479,500	332,807,300	(4,672,200)
Minimum School Program	1,993,305,120	(2,069,700)	1,991,235,420	1,956,001,809	(35,233,611)
School Building Program	38,358,000	(10,000,000)	28,358,000	28,358,000	
Total	\$2,371,577,876	(\$14,504,956)	\$2,357,072,920	\$2,317,167,109	(\$39,905,811)
Total FTE	1,007.1	0.0	1,007.1	1,001.1	(6.0)

Transportation and Environmental Quality

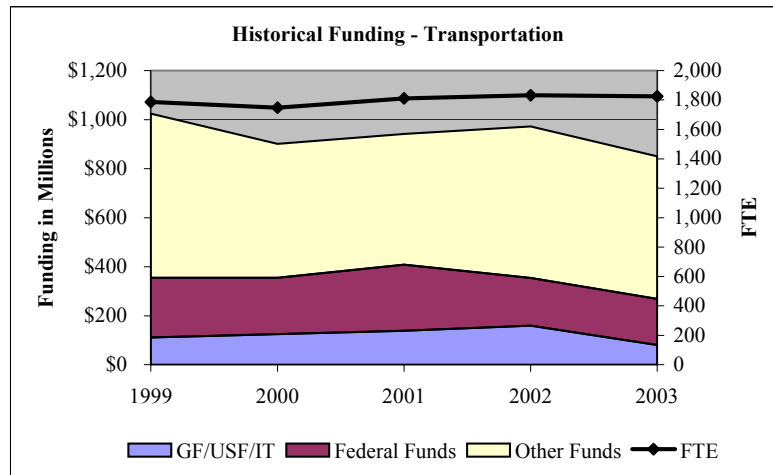
Subcommittee Overview

The Legislature provided funding of \$938,563,900 to the Department of Transportation, Department of Environmental Quality, and the Utah National Guard for FY 2003. Major sources of funding for these agencies include: General Fund, Transportation Funds and Federal Funds. The following chart shows funding trends and sources of funding for the agencies that the Transportation and Environmental Quality Subcommittee recommends appropriations.



Department of Transportation

Because of shortfalls in FY 2002 revenue, the Legislature began its 2002 General Session dealing with significant budget reductions. The original General Fund appropriation for FY 2002 was \$159,661,800 for the Department of Transportation. This amount was reduced by a total of \$294,600, or .02 percent, to \$159,367,200. The revised FY 2002 appropriation for the Department of Transportation was \$972,590,300. The total FY 2003 appropriation is \$850,817,400.



Legislative Action

Support Services

The Support Services Division is comprised of the following programs: Administration, Data Processing, Human Resource Management, Procurement, Building and Grounds, Loss Management, Motor Carrier, Ports of Entry, Comptroller's Office, Internal Auditor, and Community Relations. The Legislature approved a FY 2003 budget of \$25,364,400 for Support Services which is a decrease of \$9,512,400 from the FY 2002 appropriation. The appropriation included the following new items:

Project Development System - An appropriation of \$250,000 from the Transportation Fund was made to continue the phase funding for development and hardware purchase of a project development system.

Echo Port of Entry Operations – An appropriation of \$44,400 from the Transportation Fund was granted to assist with utilities and janitorial expenses associated with the opening of the new port of entry located on I-80 at Echo.

FTE Transfers - The Legislature increased the FY 2002 appropriation by \$147,100 to cover the transfer of three FTEs from the Construction Management Programs within the Department.

Engineering Services

The Engineering Services Division includes the following programs: Safety Operations, Traffic Safety, Program Development, Preconstruction Administration, Structures, Materials Lab, Research, Engineering Services, and Right of Way. The FY 2003 budget approved for the Engineering Services Division is \$22,212,400.

The Legislature adjusted the FY 2002 appropriation by \$43,400 and the FY 2003 appropriation by \$401,100 to the Engineering Services line item. These appropriations include transfers of FTE assignments from Construction Management to Engineering Services.

Location Reference Engine Systems Development appropriation - An appropriation of \$300,000 as a one time appropriation from the Transportation Fund (\$100,000) and Federal Funds (\$200,000) was made to begin the phase funding for development to incorporate various location reference numbering conventions and parameter identification systems within the department.

The following intent statements were included with the Engineering Services appropriations:

Adjustment Improvements, Efficiencies, Cost Reductions and FTE Assignments,

It is the intent of the Legislature that the Department of Transportation continue to implement the adjustment improvements contained in their Performance Management Initiative Internal Plan. This plan will continue to be updated and coordinated through the Performance Management

Team, with the approval from and implementation directed by the Department's Executive Director.

It is the intent of the Legislature that the Department make a report to the Interim Executive Appropriations Committee and Transportation Joint Appropriations Committee prior to the General 2003 Legislative Session, indicating the efficiencies and cost reductions that have been achieved and those that are anticipated as a result of implementing these improvement actions.

It is the intent of the Legislature that the Department of Transportation, in conjunction with these improvement initiatives, be given authorization to adjust the assignment of FTE positions between line items as may be necessary in order to achieve the objectives of this plan. Such reassignments of FTE positions will be included in the report to the Interim Executive Appropriations Committee and Transportation Joint Appropriation Committee and any transfer of funding will be facilitated through a supplemental appropriations request in the 2003 General Session.

Construction

The Construction line item includes the Construction Management Program, Rehabilitation/Preservation, Federal Construction-New, and State Construction-New. The Legislature approved a total FY 2003 budget for the Construction line item of \$207,270,200. The appropriation included funding for the following items:

Sales Tax for Infrastructure - The appropriation transferred \$500,000 due to provisions of House Bill 393, "Sales Tax for Infrastructure", passed during the 1996 General Session. This law directs the first \$500,000 annually generated by a 1/16 of one percent sales tax increase to be used for corridor preservation. Additional funding for corridor preservation has been provided since

on July 1, 1998 with implementation of provisions of House Bill 111, "Transportation Corridor Funding". This law directs increased taxes collected on rental vehicles be provided or corridor preservation.

The transfer of twenty-nine FTEs from the Construction line item to assist with other assignments within the Department.

The transfer of two FTEs to the Construction line item to assist with contracts for statewide highway construction projects.

The following intent statements were included with the Construction line item:

Use of Surplus Transportation Funds

It is the intent of the Legislature that there is an appropriation to the Department of Transportation from the Transportation Fund, not otherwise appropriated, a sum sufficient, but not more than the surplus of the Transportation Fund, to be used by the Department for the construction, rehabilitation and preservation of State highways in Utah.

It is the intent of the Legislature that the appropriation fund first, a maximum participation with the federal government for the construction of federally designated highways, as provided by law; next the rehabilitation and preservation of State highways, as provided by law, and last, the construction of State highways, as funding permits.

It is also the intent of the Legislature that FTEs for the field crews may be adjusted to accommodate the increase or decrease in the Federal Construction Program. No portion of the money appropriated by this item shall be used either directly or indirectly to enhance or

increase the appropriation otherwise made by this act to the Department of Transportation for other purposes.

Centennial Highway Fund

A commitment was made by the Legislature during the 1996 General Session to provide funding over a ten-year period for the rebuild of the I-15 corridor from 700 North to approximately 10800 South in the Salt Lake Valley and fund an additional \$1.24 billion dollars in highway construction statewide. These expenditures are in addition to the existing revenue sources that were available at the time. The Centennial Highway Fund was created by action of the Legislature during the 1996 General Session to segregate the increased highway construction funding from the regular ongoing funding revenues. The 2003 Fiscal Year commitment to the Centennial Highway Fund is \$313,986,700. The following are some of the key funding sources:

The Legislature made \$79,594,000 available to the Department of Transportation for highway construction from the General Fund as ongoing funding to the Centennial Highway Fund. These funds are anticipated to be used to mitigate critical statewide transportation issues, particularly along the I-15 corridor and Legacy Highway.

An appropriation of \$3,408,000 in Dedicated Credits was appropriated to the Centennial Highway Fund. These funds are expected to be collected from Local/Private sources.

Provisions of Senate Bill 252, "Collection of Fuel Taxes", enacted during the 1997 General Session are expected to increase revenues to the Centennial Highway Fund by \$8,694,800 in FY 2003.

Enactment of Senate Bill 253, "Sales Tax Reduction, Fuel Taxes, and Repeal of Environmental Surcharge on Petroleum", enacted during the 1997 General Session is expected to increase

revenues to the Centennial Highway Fund by \$54,994,500 in FY 2003.

House Bill 414, "Registration Fees on Vehicles", enacted during the 1997 General Session is estimated to increase revenues to the Centennial Highway Fund by \$19,230,000 in FY 2003.

Designated Sales Tax of \$5,382,000 made available by shifting the 1/64 percent of sales tax from the 2003 Olympics to the Centennial Highway Fund and \$24,215,000 from beginning balances in the Centennial Highway Fund.

General obligation bonds will be issued in FY 2003 in the amount of \$159,000,000 for use on projects within the Centennial Highway Program. Debt service on previous bond issues is estimated to be 82,657,500 for FY 2003.

Federal funds available for Centennial Highway Projects are estimated to be \$37,858,000.

Region Management

The Legislature approved a total FY 2003 budget for Region Management of \$24,611,200 which is an increase of \$1,890,600 from FY 2002 estimated. This change came primarily from the reassignment of personnel from Engineering Services to the Region Management line item and increases approved for the Traffic Operations Center. The appropriation included the following new items:

A one time appropriation of \$450,000 was approved to purchase testing equipment for the regional laboratories. This equipment will be used to test asphalt materials used in new construction and highway rehabilitation.

FTE Transfers - A transfer of the 22 FTEs to various Region Management functions was made to decentralize field crews to assignments in the four regions to assist with preconstruction engineering and materials testing.

Equipment Management

The Legislature approved a FY 2003 expenditure of \$18,432,400 for Equipment Management.

This appropriation includes \$8,140,800 to purchase replacement equipment for those items that will be retired from the Department of Transportation's current fleet. The estimated value of the fleet is over \$40 million.

800 Megahertz Funding- An appropriation of \$199,300 was provided for the Department of Transportation's portion of the new 800 Megahertz communications system operations.

One time Capitol Outlay Increase - A one time appropriation of \$500,000 was granted to purchase equipment to cover the expansion of I-15 in Salt Lake and Davis counties.

Maintenance Management

The Legislature approved a FY 2003 budget for Maintenance Management of \$80,927,900. The appropriation includes an increase of \$2,000,000 from the Transportation Fund to increase maintenance of state highways.

The appropriation also included the following intent language:

It is the intent of the Legislature that any and all collections or cash income from the sale or salvage of other land and buildings are to be lapsed to the Transportation Fund.

Sidewalk Construction

The Legislature approved a FY 2003 budget of the Sidewalk Construction Program of \$500,000. The following intent was also included:

It is the intent of the Legislature that the funds appropriated from the Transportation Fund for pedestrian safety projects are used specifically to correct pedestrian hazards on State highways.

It is also the intent of the Legislature that the local authorities are encouraged to participate in the construction of pedestrian safety devices. The appropriated funds are to be used according to the criteria set forth in Section 72-8-104, Utah Code Annotated 1953. The funds appropriated for sidewalk construction shall not lapse.

If local governments cannot use their allocation of Sidewalk Safety Funds in two years, these funds will then be available for other governmental entities which are prepared to use the resources.

It is the intent of the Legislature that local participation in the Sidewalk Construction Program be on a 75 percent State - 25 percent local match basis.

Mineral Lease/Payment in Lieu

The Legislature approved FY 2003 expenditure for the Mineral Lease/Payment in Lieu programs of \$21,149,200. The following intent language was included with the appropriation:

It is the intent of the Legislature that the funds appropriated from the Federal Mineral Lease Account shall be used for improvement or reconstruction of highways not on the State Highway System that have been heavily impacted by energy development.

It is also the intent of the Legislature that private industries engaged in the developing of the State's natural resources be encouraged to participate in the construction of highways leading to their facilities.

It is the intent of the Legislature that local governments use their mineral lease funds to improve the most heavily impacted highways in their jurisdiction.

The funds appropriated for improvement or reconstruction of energy impacted highways are nonlapsing.

B & C Road Fund

The Legislature approved \$114,383,000 for distribution to local governments through the B & C Road Account for FY 2003. This is an estimate only since the actual disbursement will depend on the total free revenues collected in the Transportation Fund in FY 2003. The appropriation includes Designated Sales Tax Funds created by provisions of House Bill 393 - "Sales Tax for Infrastructure," as passed by the Legislature during the 1996 General Session. These funds are estimated to provide approximately \$19,388,000 to the B & C Road Fund in FY 2003.

Aeronautics

The Legislature approved a total FY 2003 budget for the Aeronautics Division of \$21,980,000 which is a decrease of \$280,100 from estimated FY 2002.

Increases to the Aeronautics budget for FY 2003 include the following:

Airplane Funding - An appropriation of \$989,000 from the Transportation Fund Restricted - Aeronautics was approved to payoff the lease of a new plane that was approved by the Legislature during the 2000 General Session.

Additional Restricted Transportation Fund - Aeronautics Increase - A one time increase of \$500,200 was appropriated to assist local airports with maintenance and reconstruction of their airport facilities.

Funding Detail

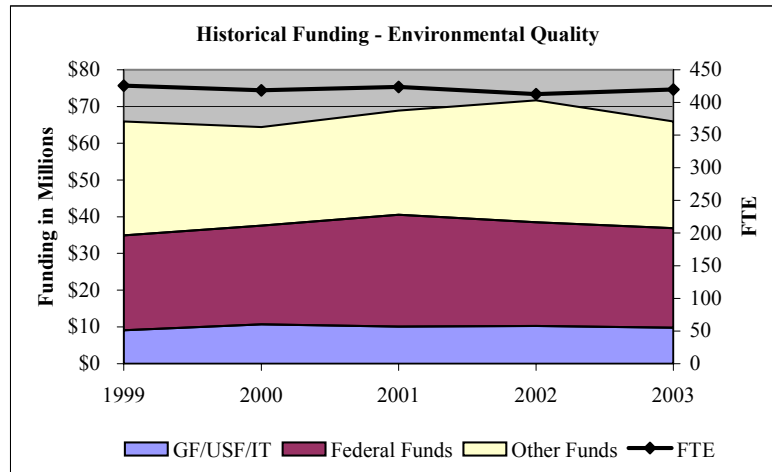
Transportation					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	147,299,800		147,299,800	80,604,800	(66,695,000)
General Fund, One-time	12,362,000	(294,600)	12,067,400		(12,067,400)
Transportation Fund	388,465,600		388,465,600	402,503,300	14,037,700
Transportation Fund, One-time	2,535,500		2,535,500	(23,550,000)	(26,085,500)
Centennial Highway Fund	18,670,000		18,670,000	19,230,000	560,000
Federal Funds	194,090,700		194,090,700	188,022,200	(6,068,500)
Dedicated Credits Revenue	23,008,700	(50,000)	22,958,700	21,018,800	(1,939,900)
Dedicated Credits - Transportation Bonds	125,000,000		125,000,000	159,000,000	34,000,000
Federal Mineral Lease	16,760,000		16,760,000	21,149,200	4,389,200
TFR - Aeronautics Fund	9,492,200	500,000	9,992,200	11,244,100	1,251,900
Debt Service	(82,657,500)		(82,657,500)	(82,657,500)	
Designated Sales Tax	35,212,000		35,212,000	25,770,000	(9,442,000)
Transfers - Within Agency	6,000,000		6,000,000	6,000,000	
Centennial Highway Program					
Beginning Nonlapsing	76,754,400		76,754,400	24,215,000	(52,539,400)
Closing Nonlapsing	(558,500)		(558,500)	(1,732,500)	(1,174,000)
Total	\$972,434,900	\$155,400	\$972,590,300	\$850,817,400	(\$121,772,900)
Programs					
Support Services	35,418,100	52,500	35,470,600	25,364,400	(10,106,200)
Engineering Services	21,611,700	53,400	21,665,100	22,212,400	547,300
Maintenance Management	78,857,300	(30,100)	78,827,200	80,927,900	2,100,700
Construction Management	228,837,900	13,942,700	242,780,600	207,270,200	(35,510,400)
District Management	22,720,600	1,104,300	23,824,900	24,611,200	786,300
Equipment Management	18,471,100	10,600	18,481,700	18,432,400	(49,300)
Aeronautics	22,880,100	300,000	23,180,100	21,980,000	(1,200,100)
B and C Roads	117,194,800		117,194,800	114,383,000	(2,811,800)
Safe Sidewalk Construction	2,040,300		2,040,300	500,000	(1,540,300)
Mineral Lease	16,760,000		16,760,000	21,149,200	4,389,200
Centennial Highway Program	407,643,000	(15,278,000)	392,365,000	313,986,700	(78,378,300)
Total	\$972,434,900	\$155,400	\$972,590,300	\$850,817,400	(\$121,772,900)
Total FTE	1,832.0	0.0	1,832.0	1,825.0	(7.0)

Department of Environmental Quality

The responsibility of the Department of Environmental Quality is to safeguard public health and quality of life by protecting and improving environmental quality while considering the benefits to public health, the impacts on economic development, property, wildlife, tourism, business, agriculture, forests, and other interests. The Legislature approved FY 2003 expenditures for the Department of Environmental Quality of \$65,909,000. This includes \$310,600 in compensation adjustments.

2002 General Session: Because of shortfalls in FY 2002 revenue, the Legislature began its 2002 General Session dealing with significant budget reductions. The original General Fund appropriation for FY 2002 was \$10,769,500 for the Department of Environmental Quality. This amount was reduced by a total of \$489,500, or 4.6 percent, to \$10,280,000. The original General Fund FY 2003 appropriation for the Department of Environmental Quality was \$10,288,500.

2002 Special Session: Following the 5th Special Session, the appropriation was reduced by \$484,900, for a revised total of \$9,803,600, representing a net decrease of 8.97 percent compared to the FY 2002 revised level of expenditures.



The appropriations and legislative intent for the Department of Environmental Quality are outlined below.

FY 2002

The Legislature approved reducing the Department of Environmental Quality General Fund budget by a total of \$364,000.

The total FY 2002 adjustments covered the following items:

Director's Office.....	(\$219,900)
Air Quality.....	(5,500)
Environmental Response and Remediation.....	(4,200)
Radiation Control.....	(50,100)
Water Quality.....	68,500
Drinking Water.....	(41,800)
Solid and Hazardous Waste.....	(48,500)
Water Security Development Acct. –	
Water Pollution.....	(250,000)
Water Security Development Acct. –	
Drinking Water.....	(250,000)

The total \$364,000 General Fund reduction from Environmental Quality budgets was carried on into FY 2003 as on-going reductions.

FY 2003

During the 5th Special Session, in June and July of 2002, the Legislature approved further reductions to make up for an additional shortfall in FY 2003 revenues. The total of these General Fund reductions for the Department of Environmental Quality budgets was \$484,900.

These reductions covered the following items:

Director's Office.....	(\$116,800)
Air Quality.....	(53,500)
Environmental Response and Remediation.....	(49,000)

Radiation Control.....	(30,000)
Water Quality.....	(46,600)
Drinking Water	(20,000)

Executive Director's Office

The Executive Director's Office provides administrative direction to the entire department. This office has the responsibility to implement state and federal environmental laws and regulations, coordinate department programs with local health departments, and provide fiscal oversight for the department.

Legislative Action

The Legislature approved a total FY 2003 budget for the Executive Director's Office of \$4,659,100. This appropriation includes salary and benefit adjustments of \$35,400.

High Level Nuclear Waste Storage - One-time appropriations of \$250,000 from the General Fund and \$432,000 from the General Fund Restricted - Environmental Quality Account for FY 2003 were approved to conduct an investigation to identify, evaluate, and communicate risks associated with the storage of high level nuclear waste in Utah. These funds will also be used to initiate litigation to fight the disposal of high level nuclear waste in Utah.

The following intent statement was included with the Executive Director's appropriation:

It is the intent of the Legislature that the funds appropriated for the purpose of addressing High Level Nuclear Waste be nonlapsing.

It is the intent of the Legislature that if House Bill 248 passes, all savings from local health insurance premiums shall be used to provide services for clients of local health departments,

mental health, aging services, and substance abuse authorities

Air Quality

The mission of the Air Quality Program is to protect the public health, property and vegetation in Utah from the effects of air pollution.

Legislative Action

The Legislature approved a FY 2003 budget for Air Quality of \$8,204,200. The following intent statements were included with the Air Quality Program:

Operating Permit Program

It is the intent of the Legislature that any unexpended funds in the Air Operating Permit Program are nonlapsing and authorized for use in the Operating Permit Program in FY 2003 to reduce emission fees.

Response and Remediation

The mission of the Division of Environmental Response and Remediation is to protect the health and environment of the citizens of Utah from exposure to hazardous substances.

Legislative Action

The Legislature appropriated \$5,759,400 to the Response and Remediation Program for FY 2003. The appropriation included the following items:

Reauthorization of Attorney - The Legislature reauthorized one-time funding of \$87,200 from the Petroleum Storage Tank Expendable Trust Fund for FY 2003 to continue services of an

attorney to recover funds from the same that have been expended to clean up sites not covered by the Petroleum Storage Tank Expendable Trust Fund.

The following intent language was included with the appropriation of the Response and Remediation Program:

It is the intent of the Legislature that funding provided to hire a full time attorney to recover Petroleum Storage Tank Trust Funds and Petroleum Storage Cleanup Funds be used exclusively for that purpose. It is the intent of the Legislature that this funding is to be considered a one time appropriation.

Hazardous Materials Clean up - The Legislature appropriated \$400,000 from the General Fund Restricted - Environmental Quality Account as a one time appropriation. These funds will be used to cleanup hazardous material releases that cause an immediate threat to public health or the environment when the responsible party is unwilling, unavailable, or unable to take appropriate action.

Radiation Control

Radiation Control has the responsibility to assure the citizens of the state the lowest exposure to any form of radiation.

The Legislature appropriated \$2,265,800 as an expenditure level for FY 2003 for the Radiation Control Program.

Containerized A Low Level Radioactive Waste - The State's low level radioactive waste licensee has requested and amendment to their license to be able to accept Containerized A Low Level Radioactive Waste. An increase of \$317,700 from the General Fund Restricted Account - Environmental Quality was provided to fund increased costs to administer regulations if the amendment to the license is granted.

Senate Bill 96 - "Uranium Mill Tailings Oversight" was enacted to begin state oversight of uranium mill tailings located and disposed of in Utah.

Water Quality

Water Quality protects the public health and ensures the beneficial use of water by maintaining and enhancing the chemical, physical and biological integrity of Utah's waters.

Legislative Action

An expenditure level of \$10,106,900 was approved by the Legislature for the Water Quality Program for FY 2003. In addition \$14,787,800 was approved for the water quality loan program for FY 2003. The plan of financing includes \$5,000,000 in federal funds, \$8,015,800 from loan repayments, and \$1,772,000 from designated sales tax revenue. The designated sales tax revenue is realized with implementation of provisions of House Bill 393, "Sales Tax for Infrastructure," enacted during the 1996 General Session. This legislation provided the Water Quality Program an equivalent of 1/64 of a cent of state sales tax revenue. However, House Bill 275, "Sales

and Use Tax Allocation for Species Protection”, was enacted during the 2000 Session that reduces the 1/64 cent portion by \$575,000 annually for species protection.

The following intent language was included with the appropriation of the Water Quality Program:

It is the intent of the Legislature that any unexpended Groundwater Permit Administration fees are non-lapsing and authorized for use in the Groundwater Permit Administration Program in the following fiscal year to reduce fees charged.

Drinking Water

The mission of the Drinking Water Division is to see that public water systems in Utah provide safe and adequate drinking water to all residents and visitors.

Legislative Action

The Legislature approved an operating budget for the Division of Drinking Water for FY 2003 of \$3,911,100. In addition, an appropriation of \$9,493,000 was approved for the Drinking Water Loan Program for FY 2003. This appropriation includes \$6,550,000 in federal funds and \$1,772,000 from Designated Sales Tax Revenue. The Designated Sales Tax Revenue is realized with implementation of provisions of House Bill 393, “Sales Tax for Infrastructure,” 1996 General Session. The legislation provided 1/64 of a cent of State sales tax revenue for drinking water programs. However, House Bill 275, “Sales and Use Tax Allocation for Species Protection”, was enacted during the 2000 Session that reduces the 1/64 cent portion by \$575,000 annually for species protection.

In addition \$283,000 from Federal Funds will be made available from within current budgets to implement provisions of the Environmental Protection Agency’s requirements for drinking water rules.

Solid and Hazardous Waste

The Division of Solid and Hazardous Waste protects the public health and environment by ensuring proper management of solid and hazardous wastes within the State of Utah

Legislative Action

The Legislature approved a FY 2003 budget for Solid and Hazardous Waste of \$6,340,300.

Funding Detail

Environmental Quality					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	9,969,500		9,969,500	9,722,600	(246,900)
General Fund, One-time	800,000	(489,500)	310,500	81,000	(229,500)
Federal Funds	28,189,800	(3,800)	28,186,000	27,108,100	(1,077,900)
Dedicated Credits Revenue	6,174,900	(2,300)	6,172,600	6,345,800	173,200
GFR - Environmental Quality	5,272,300	98,000	5,370,300	5,695,800	325,500
GFR - Underground Wastewater System		76,000	76,000	76,000	
GFR - Used Oil Administration	685,600		685,600	690,300	4,700
GFR - Voluntary Cleanup	88,900	20,300	109,200	110,400	1,200
GFR - WDS - Drinking Water	52,000		52,000	53,100	1,100
GFR - WDS - Water Quality	544,900	(100)	544,800	772,200	227,400
ET - Petroleum Storage Tank	1,112,100		1,112,100	1,126,300	14,200
ET - Waste Tire Recycling	98,500		98,500	99,900	1,400
Designated Sales Tax	9,280,800	(500,000)	8,780,800	3,544,000	(5,236,800)
Petroleum Storage Tank Account	50,000		50,000	50,200	200
Petroleum Storage Tank Loan	130,000	(100)	129,900	131,400	1,500
Transfers - Human Resource Mgt	337,500		337,500		(337,500)
Transfers - Within Agency	447,600		447,600	187,300	(260,300)
Repayments	8,598,300		8,598,300	9,186,800	588,500
Beginning Nonlapsing	1,707,800		1,707,800	1,210,900	(496,900)
Closing Nonlapsing	(1,096,700)		(1,096,700)	(283,100)	813,600
Total	<u>\$72,443,800</u>	<u>(\$801,500)</u>	<u>\$71,642,300</u>	<u>\$65,909,000</u>	<u>(\$5,733,300)</u>
Programs					
Environmental Quality	41,621,900	(301,500)	41,320,400	41,228,200	(92,200)
Water Security Devel Acct - Water Pollution	18,331,400	(250,000)	18,081,400	14,787,800	(3,293,600)
Water Security Devel Acct - Drinking Water	12,090,500	(250,000)	11,840,500	9,493,000	(2,347,500)
Hazardous Substance Mitigation Fund	400,000		400,000	400,000	
Total	<u>\$72,443,800</u>	<u>(\$801,500)</u>	<u>\$71,642,300</u>	<u>\$65,909,000</u>	<u>(\$5,733,300)</u>
Total FTE	415.6	(3.0)	412.6	419.5	6.9

National Guard

The primary purposes of the Utah National Guard are to provide military forces to assist with national military actions, as a state force to quell civil disturbances, and to provide public assistance during natural disasters. The Utah Army and Air National Guard serve both state and federal governments by providing organized, trained, and equipped air and ground units to perform state missions, as directed by the Governor, while supporting the mobilization programs of the federal government.

2002 General Session: Because of shortfalls in FY 2002 revenue, the Legislature began its 2002 General Session dealing with significant budget reductions. The original General Fund appropriation for FY 2002 was \$4,372,000 for the Utah National Guard. This amount was reduced by a total of \$38,500, or 0.9 percent, to \$4,333,500. The original General Fund appropriation for FY 2003 to the National Guard was \$4,319,000.

2002 Special Session: Following the 5th Special Session, the appropriation was reduced by \$198,900, for a revised total of \$4,120,100, representing a net decrease of 4.75 percent compared to the FY 2002 revised level of expenditures.

The appropriations and legislative intent for the National Guard are outlined below.

FY 2002

The Legislature approved reducing the National Guard General Fund budget by a total of \$40,100.

The FY 2002 reductions covered the following items:

Administration	(1,700)
Armory Maintenance	(29,400)
Veteran's Affairs.....	(4,000)
Veteran's Cemetery	(5,000)

The total \$38,500 General Fund reduction from National Guard budgets was carried on into FY 2003 as on-going reductions.

FY 2003

During the 5th Special Session, in June and July of 2002, the Legislature approved further reductions to make up for an additional shortfall in FY 2003 revenues. The total of these General Fund reductions for National Guard budgets was \$198,900.

These reductions covered the following items:

Armory Maintenance(198,900)

Legislative Action

The Legislature approved FY 2003 expenditures for the Utah National Guard of \$21,837,500. This includes \$146,800 in compensation adjustments and \$3,376,200 to fund increased expenditures for legislation enacted during the 2000 General Session of the Legislature. The appropriation included the following new items:

Veterans' Nursing Home - An appropriation of \$3,376,200 to transfer the responsibility of the Veterans' Nursing Home from the Department of Health to the National Guard as required by enactment of House Bill 140 "Reorganization of Veteran Related Programs" during the 2000 General Session.

House Bill 140 - During the 2000 General Session of the Legislature House Bill 140, "Reorganization of Veteran Related Programs", was enacted. Provisions of this bill transfer all military and veteran related functions in state government to the Utah National Guard. The Office of Veterans' Affairs will be moved from the Department of Community and Economic Development. The Veterans' Memorial Park will be moved from the Department of Natural Resources and responsibility for the Veterans' Nursing Home will be moved from the Department of Health. The Veteran's

Affairs Program and Veterans' Cemetery transfers are now completed with the FY 2003 appropriation and will now be part of the 2004 budget recommendation for the Utah National Guard.

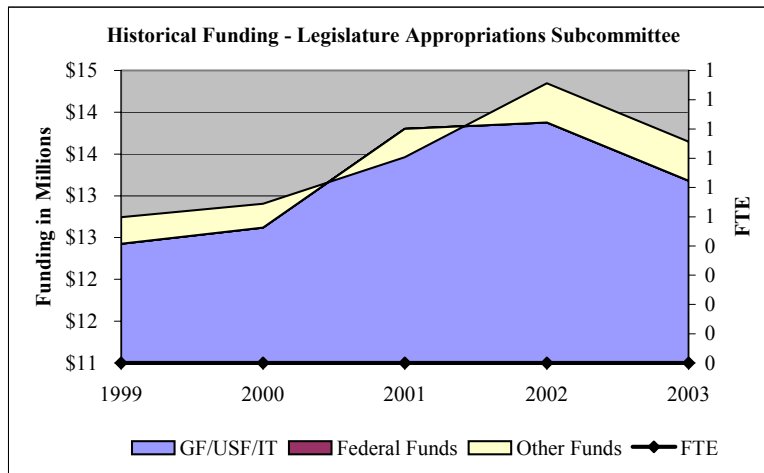
Funding Detail

National Guard					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	4,090,000		4,090,000	3,987,500	(102,500)
General Fund, One-time	282,000	(38,500)	243,500	132,600	(110,900)
Federal Funds	13,154,300	(1,600)	13,152,700	15,706,300	2,553,600
Dedicated Credits Revenue	1,843,400		1,843,400	1,835,600	(7,800)
Transfers - Intergovernmental	40,500		40,500	165,500	125,000
Beginning Nonlapsing	67,600		67,600	41,500	(26,100)
Closing Nonlapsing	(66,300)		(66,300)	(31,500)	34,800
Total	\$19,411,500	(\$40,100)	\$19,371,400	\$21,837,500	\$2,466,100
Programs					
Utah National Guard	19,411,500	(40,100)	19,371,400	21,837,500	2,466,100
Total	\$19,411,500	(\$40,100)	\$19,371,400	\$21,837,500	\$2,466,100
Total FTE	138.5	0.0	138.5	138.5	0.0
Transportation & Environmental Quality Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	2002 Revised
General Fund	161,359,300		161,359,300	94,314,900	(67,044,400)
General Fund, One-time	13,444,000	(822,600)	12,621,400	213,600	(12,407,800)
Transportation Fund	388,465,600		388,465,600	402,503,300	14,037,700
Transportation Fund, One-time	2,535,500		2,535,500	(23,550,000)	(26,085,500)
Centennial Highway Fund	18,670,000		18,670,000	19,230,000	560,000
Federal Funds	235,434,800	(5,400)	235,429,400	230,836,600	(4,592,800)
Dedicated Credits Revenue	31,027,000	(52,300)	30,974,700	29,200,200	(1,774,500)
Dedicated Credits - Transportation Bonds	125,000,000		125,000,000	159,000,000	34,000,000
Federal Mineral Lease	16,760,000		16,760,000	21,149,200	4,389,200
GFR - Environmental Quality	5,272,300	98,000	5,370,300	5,695,800	325,500
GFR - Underground Wastewater System		76,000	76,000	76,000	
GFR - Used Oil Administration	685,600		685,600	690,300	4,700
GFR - Voluntary Cleanup	88,900	20,300	109,200	110,400	1,200
GFR - WDS - Drinking Water	52,000		52,000	53,100	1,100
GFR - WDS - Water Quality	544,900	(100)	544,800	772,200	227,400
TFR - Aeronautics Fund	9,492,200	500,000	9,992,200	11,244,100	1,251,900
ET - Petroleum Storage Tank	1,112,100		1,112,100	1,126,300	14,200
ET - Waste Tire Recycling	98,500		98,500	99,900	1,400
Debt Service	(82,657,500)		(82,657,500)	(82,657,500)	
Designated Sales Tax	44,492,800	(500,000)	43,992,800	29,314,000	(14,678,800)
Petroleum Storage Tank Account	50,000		50,000	50,200	200
Petroleum Storage Tank Loan	130,000	(100)	129,900	131,400	1,500
Transfers - Human Resource Mgt	337,500		337,500		(337,500)
Transfers - Intergovernmental	40,500		40,500	165,500	125,000
Transfers - Within Agency	6,447,600		6,447,600	6,187,300	(260,300)
Centennial Highway Program		21,200,000	21,200,000	10,800,000	(10,400,000)
Repayments	8,598,300		8,598,300	9,186,800	588,500
Beginning Nonlapsing	78,529,800		78,529,800	25,467,400	(53,062,400)
Closing Nonlapsing	(1,721,500)		(1,721,500)	(2,047,100)	(325,600)
Total	\$1,064,290,200	\$20,513,800	\$1,084,804,000	\$949,363,900	(\$135,440,100)
Programs					
National Guard	19,411,500	(40,100)	19,371,400	21,837,500	2,466,100
Environmental Quality	72,443,800	(801,500)	71,642,300	65,909,000	(5,733,300)
Transportation	972,434,900	155,400	972,590,300	850,817,400	(121,772,900)
Revenue - TEQ		21,200,000	21,200,000	10,800,000	(10,400,000)
Total	\$1,064,290,200	\$20,513,800	\$1,084,804,000	\$949,363,900	(\$135,440,100)
Total FTE	2,386.1	(3.0)	2,383.1	2,383.0	(0.1)

Transportation & Environmental Quality Appropriations Subcommittee	
One-time State Fund Items (GF/USF/IT)	
Item Name	FY 2003 Appropriated
National Guard - Utah National Guard - Veterans Nursing Home	132,600
Environmental Quality	146,000
Environmental Quality	(65,000)
Total	213,600

Legislature

Subcommittee Overview



Legislative Action

2002 General Session: Because of shortfalls in FY 2002 revenue, the Legislature began its 2002 General Session dealing with significant budget reductions. The original General Fund appropriation for FY 2002 was \$14,542,550 for the Legislature. This amount was reduced by a total of \$729,700, or 5.02 percent, to \$13,812,550. Additionally two Legislative Task Forces for FY 2002 were approved at a cost of \$66,500. The total FY 2002 revised General Fund budget is \$13,879,350. The original FY 2003 General Fund appropriation for the Legislature was \$13,818,800.

2002 Special Session: Following the 5th Special Session, the appropriation was reduced by \$656,800 and a Legislative Task Force was added for \$17,700, for a revised General Fund total of \$13,179,750, representing a net decrease of 1.2 percent compared to the FY 2002 revised level of expenditures. The FY 2003 General Fund appropriation of \$13,179,700 is a decrease of 4.6 percent.

The appropriations and legislative intent for the Legislature and staff offices are outlined below.

FY 2002

The Legislature approved reducing the Legislative General Fund budget by a total of \$729,700. The FY 2002 reductions covered the following items:

Senate.....	(\$79,500)
House of Representatives.....	(140,300)
Legislative Auditor General.....	(106,900)
Legislative Fiscal Analyst.....	(112,200)
Legislative Printing.....	(13,500)
Legislative Research and General Counsel.....	(277,300)

The total \$729,700 General Fund reductions from Legislative budgets were carried on into FY 2003 as on-going reductions. However, after action was taken on the FY 2003 budgets \$358,600 was reconsidered and became one-time reductions in FY 2003.

FY 2003

During the 5th Special Session, in June and July of 2002, the Legislature approved further reductions to make up for an additional shortfall in FY 2003 revenues. The total of these General Fund reductions for Legislative budgets was \$656,800.

These reductions covered the following items:

Senate.....	(75,200)
House of Representatives.....	(121,500)
Legislative Auditor General.....	(94,000)
Legislative Fiscal Analyst.....	(99,600)
Legislative Printing.....	(24,900)
Legislative Research and General Counsel.....	(241,600)

The total FY 2003 appropriation of \$13,648,100 for the Legislature and its staff agencies is a decrease of 1.2 percent from estimated expenditures in FY 2002. This funding includes resources for the annual General Session and Interim Committees of the Legislature, as well as the following items:

- Funding to increase compensation for in-session secretarial supervisors, committee secretaries, pages, sergeant-at-arms, clerks, public information officers, tour guides, and hostess personnel.
- The Legislature approved funding during the general session of \$64,000 and \$17,000 during the 5th special session in FY 2003 for three task forces and commissions:

State and County Health and Human Services
Involuntary Commitment of the Mentally Ill
Alternative Revenue Sources for Water Funding

- The Legislature also approved supplemental funding of \$66,500 in FY 2002 for two additional task forces and commissions:

Access to Health Care Force
Competition in Telecommunications

The Legislature rejected recommendations of the Legislative Compensation Commission to increase the legislative salary level from \$120 to \$130 per day.

During the 5th Special Session, the Legislature approved further reductions of \$20 per day to legislative salaries for the remainder of calendar year 2002 to make up for an additional shortfall in FY 2003 revenues.

The following intent language was included for the Office of the Legislative Auditor General:

It is the intent of the Legislature that the Legislative Auditor General conduct an audit of the local mental health system and report on the funding between the state, the counties, Utah Behavioral Health Network and the service providers for mental health services. The analysis shall include review of the rate

negotiations for Medicaid funding and the state funding formula specified by statute.

Funding Detail

Legislature Appropriations Subcommittee					
	2002	2002	2002	2003	Change from
	Estimated	Supplemental	Revised	Appropriated	2002 Revised
Financing					
General Fund	14,344,800		14,344,800	13,474,300	(870,500)
General Fund, One-time	197,750	(663,200)	(465,450)	(294,600)	170,850
Dedicated Credits Revenue	319,600		319,600	319,600	
Beginning Nonlapsing	3,452,800		3,452,800	3,304,100	(148,700)
Closing Nonlapsing	(3,304,100)		(3,304,100)	(3,155,300)	148,800
Total	<u>\$15,010,850</u>	<u>(\$663,200)</u>	<u>\$14,347,650</u>	<u>\$13,648,100</u>	<u>(\$699,550)</u>
Programs					
Legislature	15,010,850	(663,200)	14,347,650	13,648,100	
Total	<u>\$15,010,850</u>	<u>(\$663,200)</u>	<u>\$14,347,650</u>	<u>\$13,648,100</u>	<u>\$0</u>

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Glossary

Glossary of Terms

Allocation - The division of an appropriation into parts which are designated for expenditure by specific units or for specific purposes.

Appropriation - A legislative authorization to make expenditures and incur obligations.

Bill - A proposed law or statute presented to the Legislature for their consideration.

Bill of Bills (Supplemental Appropriations Act II) - A bill which contains funding for legislation that has fiscal impact and funding for other legislative action. It covers two fiscal years.

Bond - A certificate of indebtedness issued by a government entity as evidence of money borrowed. It is a written promise to pay a specified sum at a specified date or dates together with specific periodic interest at a specified rate. The primary bonds used by the State are General Obligation Bonds, Lease Revenue Bonds, and Revenue Bonds.

Budget - Estimates of proposed expenditures and expected revenues for a fiscal year.

Building Blocks - Funding increases or decreases to existing programs.

Calendar Year - The year beginning 1 January and ending 31 December.

Capital Outlay - Expenditures which result in the acquisition or replacement of fixed assets other than computers & related hardware.

Current Expense - An expenditure category which includes general operational expenses of the programs including: consultants; contracts; building maintenance; small office supplies; etc.

Data Processing (DP) - An expenditure category which includes costs incurred to operate information technology systems, such as LAN connections, software under \$5,000, and supplies.

Debt - Any obligation resulting from borrowing money or from the purchase of goods and/or services on deferred payment terms.

Short-term Debt is debt of less than one year.

Debt Service - The money required to pay the current outstanding interest payments on existing obligations according to the terms of the obligations.

Dedicated Credits Revenue - Money that is paid to an agency by other agencies or the public for services or goods. These funds are usually dedicated to paying for expenses of the agency.

DP Capital (Data Processing Capital) - An expenditure category which includes funding for computer hardware, support equipment, systems and software over \$5,000.

Encumbrance - An obligation in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a portion of an appropriation is reserved.

Enterprise Fund - Fund established by a governmental unit which operates much like a business. Used by governmental units that cover most or all of their operating costs through user charges.

Expenditures - Expense categories for personnel, goods and services needed by the State programs. These include: personal services, travel, current expense, DP processing, DP capital, capital outlay, pass-through, and other.

Federal Funds - Money made available to the State by an Act of the Federal Congress. The Governor is authorized to accept,

on behalf of the state, any federal assistance funds for programs that are consistent with the needs and goals of the state and its citizens and that are not prohibited by law. Generally, money comes to the State from the federal government with specific requirements. In many cases, the state must provide a match in State funds.

Fiscal Note - The estimate by the Legislative Fiscal Analyst of the amount of present or future revenue and/or expenditures that will be affected by 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 Oct. 1 through Sept. 30.

Fee - A fixed charge for a good or service. This is often recorded as Dedicated Credit Revenue.

Fixed Assets – Long-term assets which will normally last in excess of one year, such as land, buildings, machinery, furniture, etc.

FTE - is the abbreviation for “**Full Time Equivalent**” position or employee. It is a method of standardizing the personnel count. One person working a full 40 hour week for one year is equal to 1 FTE. Two people working part-time 20 hour weeks are equal to 1 FTE. Any combination of hours that would be the equivalent of a full-time, 40-hour a week employee.

Full Faith and Credit - A pledge of the general taxing power of the government for the payment of a debt obligation.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts.

General Fund (GF) - A major revenue source for the State. These funds can be spent at the discretion of the Legislature, as the Constitution allows. The primary source of this revenue is the sales tax, although there are several other taxes and fees that contribute to the General Fund.

General Obligation Bonds (G.O.) - G.O. debt is secured by the full faith and credit of the State and its ability to tax its citizens and is limited both by the Constitution and statute. G.O. debt is the least expensive tool available to the state for long term borrowing and is usually issued for six year terms.

Grant - A contribution by one entity to another without expectation of repayment. This is usually made in support of some specified function or goal.

Income Tax - A major source of revenue for the Uniform School Fund and a potential source of revenue for Higher Education.

Indirect Charges - Also called Overhead Shared Expenses, which cannot be exactly identified to a specific product or service that are often allocated rather than computed.

Initiative - A procedure by which citizens can propose a law and ensure its submission to the electorate.

Intent Language - A statement, added to appropriations bills to explain or put conditions on the use of line item appropriations. These statements are part of an Appropriations Act, but, expire at the end of the fiscal year. Intent language cannot replace or supersede current statutes.

Interim - The period between regular sessions of the Legislature.

Internal Service Fund - A fund established by a governmental unit to provide goods and services, primarily to other governmental agencies which will be financed through user charges.

Lapse - Means the automatic termination of an appropriation and the return of the unexpended funds to the base fund.

Lapsing Funds - Money that is left over at the end of the year reverts (or lapses) back to the base fund, unless otherwise designated.

Lease Revenue Bonds - The State Building Ownership Authority, issues lease revenue bonds as the official owner of state facilities. Debt service (usually paid over 20 years) is funded through rents collected from user agencies and carries an interest rate slightly higher than general obligation debt.

Legislative Oversight - The responsibility of the Legislature to review operations of executive and judicial agencies.

Line Item - Each appropriated sum is identified by an item number in an appropriations bill. Each line item appropriation may have several programs. Once the appropriation becomes law, funds can be moved from program to program within the line item, but, cannot be moved from one line item to another.

Nonlapsing Funds - The Legislature can authorize an agency to keep unused funds at the end of a fiscal year. This can be done in statute or through intent language. Otherwise, unexpended funds are returned to their account of origin.

Obligations - Amounts which a governmental unit may be legally required to pay out of its resources.

One-time vs. Ongoing Funding - Both revenue and expenditures may be one-time (short, distinct period of time) or ongoing (lasting from year to year).

Operating Expenses - Those costs which are necessary to the operations of an agency and its program(s).

Operations and Maintenance (O&M) - Expenses to clean and maintain facilities on a regular basis.

Pass-Through - An expenditure category where funds that are collected by a program or agency and “passed-through” to another group for services or expenditure.

Per Diem - Literally, per day, daily expense money rendered legislators and State personnel.

Personal Services - An expenditure category which includes all personnel costs, including salary and benefits.

Referendum - A method by which a measure, adopted by the Legislature, may be submitted to a popular vote of the electorate.

Regulation - A rule or order of an agency promulgated under the authority of a statute.

Restricted Funds (GFR, USFR, Transportation Fund Restricted) - These accounts restrict revenue for specific purposes or programs.

Retained Earnings - The accumulated earnings of an Internal Service Fund (ISF) or Enterprise Fund (EF) which have been retained in the fund which are not reserved for any specific purpose.

Revenue - The yield of taxes and other sources of income that the state collects.

Revenue Bonds – Revenue bonds are funded through a dedicated source other than a lease payment. Revenue debt service comes primarily from sales revenue such as at State Liquor stores or from auxiliary functions (such as student housing) at institutions of higher education.

Rule - The precise method or procedure of action to govern as determined by each house or both houses.

Administrative rules are the detailed procedures established by the Departments to implement statute and programs.

Shared Revenue - Revenue levied by one governmental unit and distributed to one or more other governmental units.

Statute - A written law enacted by a duly organized and constituted legislative body and approved by the Governor.

Supplemental Appropriation - The adjustment of funds allocated over/under the original appropriation. Generally, an increase in current year appropriations above the original legislative appropriation.

Surety Bond - A written commitment to pay damages for losses caused by the parties named due to non-performance or default.

Tax - A compulsory charge or contribution levied by the government on persons or organizations for financial support.

Transfers - Movement of money from one governmental unit account to another governmental unit account. (Usually reflects the exchange of funds between line items.)

Transportation Fund - The funding is primarily from the gas tax. This revenue is constitutionally restricted to road and highway related issues.

Travel, in-state and out-of-state - An expenditure category which includes funding for program travel and supportive services, e.g. airline tickets, rental cars, hotels, meals, etc.

Uniform School Fund (USF) - Revenue for education programs that is primarily from personal income taxes and corporate franchise taxes.

Veto - An official action of the governor to nullify legislative action. The legislature may override the action by a constitutional 2/3 vote of each house if still in Session or if called back into veto override session.