

STATE BUDGET OVERVIEW

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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March 9, 2004

BUDGET SUMMARY

The Legislature provided a budget increase of more than 6.5% on average statewide. It had among its highest priorities health, human service, and education programs. Legislators approved a 12% increase for social programs like Medicaid. They added nearly \$160 million (6.5%) to the public education budget, and \$49 million (5.2%) to higher education.

Continuing its penchant for strong fiscal management, the Legislature reduced Utah's structural deficit by \$4 million (10%) and deposited more than \$12 million into the "rainy day" fund.

Beyond that, appropriators funded \$130 million in buildings and facilities, and \$50 million in new and improved roads. They found ongoing revenue sufficient to provide state employees, as well as certain local and contract service providers, with a 1% cost of living allowance.

EMPLOYEE COMPENSATION

The Legislature provided in FY 2005 the following compensation package for State and Higher Education employees:

- ◆ *Cost of Living Adjustments* - Legislators authorized funding for a 1% ongoing Cost of Living Adjustment (COLA) for state and Higher Education Employees.
- ◆ *1% Cost of Living Bonus* - One-time funds equivalent to a total 1% COLA were made available for one-time bonuses to state and Higher Education employees to be calculated on a FTE basis. All full and part time employees should see a bonus based on actual distributions.
- ◆ *Health and Dental Benefits* - the Legislature provided funds necessary to pay a 5.49% increase in health and dental benefits. Certain benefits in the current program were modified to allow the Legislature to provide this increase within available funding. The State Retirement System requested an actuarially determined rate increase which was fully funded.
- ◆ *Market Comparability Adjustments* - Legislators provided \$2.7 million for market comparability adjustments for certain bench marked positions as identified by Human Resource Management. In addition, \$785,000 was allocated for the Highway Patrol, and \$500,000 for adjustments within the Attorney Generals Office.

Public Education received funding to provide for employee compensation similar to that received by State and Higher Education Employees. Funding received provides for a 1% COLA, and one-time bonus equivalent to a 1% COLA per FTE employee. In addition, funding was provided to help school districts cover increases in Health and Dental benefits, as well as retirement benefits. The total compensation package for Public Education exceeds \$63.3 million (17.2 one-time). The ongoing increase corresponds to a Weighted Pupil Unit increase of 1.5%.

REVENUE IMPACTS

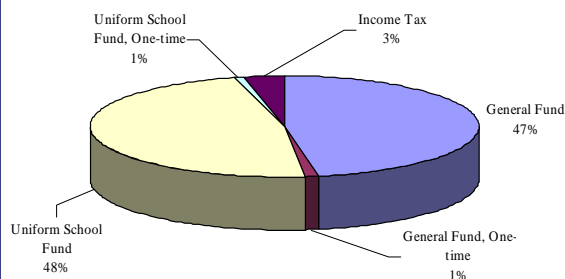
Legislative action resulted in the following tax changes:

- ◆ S.B. 190 1st Substitute, provided a sales tax exemption for film equipment rentals and purchases used in film production. The change was made in an attempt to keep film production from leaving the state.
- ◆ HB 312 approved a tax on cigarette sales of non-participating manufacturers.
- ◆ S.B. 195 changed the tax on cable services from a sales tax to an excise tax. This increased revenues by approximately \$4.4 million.

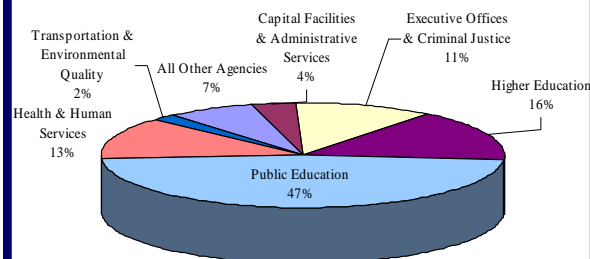
FY 2003 Actual	\$7,223,408,380
State Funds	\$3,423,214,926
FY 2004 Revised Appropriation	\$7,727,212,611
State Funds	\$3,577,659,974
FY 2005 Appropriation	\$8,267,367,088
State Funds	\$3,809,004,011

Percent Increase FY 2003/FY 2004 Revised	7.0 %
Percent Increase State Funds	4.5 %
Percent Increase FY 2004 Revised/FY 2005	7.0 %
Percent Increase State Funds	6.5 %

FY 2005 Appropriation: State Funds



FY 2005 State Funds by Subcommittee



Appropriated Budgets - Fiscal Year 2005

All Funds
By Subcommittee

Legislature	\$15,041,400
Capital Facilities & Administrative Services	344,326,500
Executive Offices and Criminal Justice	583,087,000
Economic Development & Human Resources	131,299,400
Public Education	2,537,577,488
Commerce and Revenue	506,579,500
Higher Education	942,854,900
Health & Human Services	2,193,698,400
Transportation & Environmental Quality	852,285,300
Natural Resources	160,617,200
Total	\$8,267,367,088

See subcommittee pages for further budget detail.

EXECUTIVE OFFICES & CRIMINAL JUSTICE

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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STAFF

Gary Ricks, Fiscal Analyst
Kevin Walthers, Fiscal Analyst
Jonathan Ball, Fiscal Analyst

BUDGET SUMMARY

The Executive Offices and Criminal Justice Committee provides legislative oversight for nine state agencies that employ just over 6,200 full time equivalent employees. Seventy-three percent of the committee's \$580 million budget comes from state tax funds.

While the committee approves budgets for each elected officer in the executive branch, law enforcement activities dominate the agenda. Ninety-five percent of the committee's budget goes to fund law enforcement (DPS and AG), adjudication (Courts) and punishment/rehabilitation efforts (Juvenile Justice Services, Department of Corrections and Board of Pardons).

MAJOR FUNDING INITIATIVES

- ◆ *Central Utah Correctional Facility* - \$2,199,000 ongoing for operations at Gunnison
- ◆ *Jury, Witness and Interpreter program* - \$559,300 one-time to fully fund two years of deficits
- ◆ *Judicial Branch Contracts and Leases* - \$300,000 ongoing as phase one of a two year plan to restore funds reallocated to general fund needs and \$171,400 for increased lease costs.
- ◆ *State Litigation* - \$922,900 one-time to the Attorney General to fund litigation (includes \$125,000 from previous funding).
- ◆ *2nd District Courts* - \$227,800 to add one judge and staff.
- ◆ *Juvenile Courts*: \$127,500 ongoing to fund a new juvenile day reporting center in Sanpete County
- ◆ *Juvenile Justice Services* - expanded services for Youth Offenders in the Washington and Canyonlands Regions:
 - ◆ \$807,000 ongoing for full year operations at the Washington County Youth Detention Center.
 - ◆ \$350,000 ongoing for shelter beds at the Canyonlands Youth Detention center
- ◆ *Jail Reimbursement* - \$565,000 for growth in the Jail Reimbursement Program
- ◆ *Public Safety* - \$107,900 to add two criminalists.
- ◆ *Utah Reads* - \$50,000 to publicize efforts to read to children.
- ◆ *Contractor COLAs*: \$310,000 to enhance provider funding.

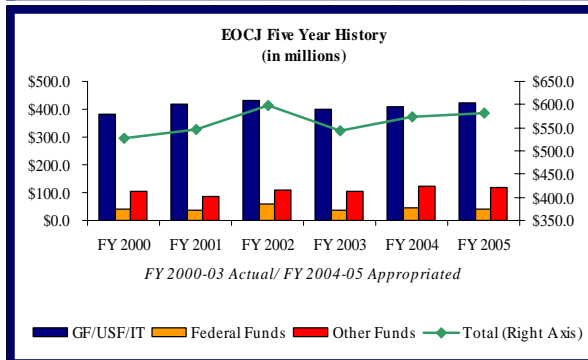
FUNDING RE-ALLOCATIONS

- ◆ Joined the HHS committee in reallocating \$251,500 for the consolidation of departmental human resource functions.
- ◆ Cooperated with the CFAS committee to identify ITS savings to fund the ongoing operations of the Chief Information Officer.

MAJOR POLICY INITIATIVES

- ◆ *Jail Reimbursement* - Clarified that state money is guaranteed for funding the core rate and that medical costs will be funded as available after core costs are covered at the statutory level.
- ◆ *UDC Flexibility* - Collapsed line items in the Department of Corrections to provide internal funding for anticipated growth.
- ◆ *Capital Facilities*:
 - ◆ Tooele Courthouse - The 3rd District received a \$7.1 million authorization to enter into a joint project with Tooele County.
 - ◆ Oxbow Jail - Corrections received \$7 million to purchase the facility in South Salt Lake for use as a women's prison. An additional \$2.7 million will be added from cash sources to upgrade the facility for state use.

FY 2003 Actual	\$544,943,300
State Funds	\$400,900,700
FY 2004 Revised Appropriation	\$574,520,700
State Funds	\$411,999,600
FY 2005 Appropriation	\$583,087,000
State Funds	\$425,203,400
Percent Increase FY 2003/FY 2004 Revised	5.4 %
Percent Increase State Funds	2.8 %
Percent Increase FY 2004 Revised/FY 2005	1.5 %
Percent Increase State Funds	3.2 %

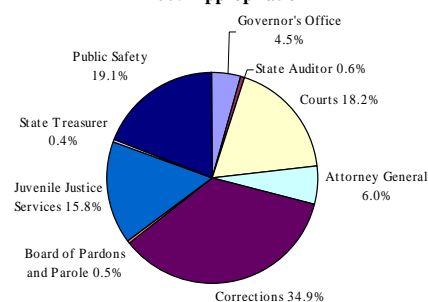


Appropriated Budgets - Fiscal Year 2005

All Funds

Governor's Office	\$26,286,600
Change from Revised FY 2004	(3,429,800)
State Auditor	\$3,591,100
Change from Revised FY 2004	(1,900)
State Treasurer	\$2,258,500
Change from Revised FY 2004	(232,500)
Attorney General	\$35,213,500
Change from Revised FY 2004	(298,900)
Corrections/ Board Of Pardons	\$206,238,300
Change from Revised FY 2004	(6,516,600)
Public Safety	\$111,824,500
Change from Revised FY 2004	(3,858,800)
Juvenile Justice Services	\$91,716,400
Change from Revised FY 2004	(766,000)
Judicial Branch	\$105,690,600
Change from Revised FY 2004	2,911,000

FY 2005 Appropriation



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March 9, 2004

CAPITAL FACILITIES & ADMINISTRATIVE SERVICES

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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March 9, 2004

BUDGET SUMMARY

The Capital Facilities Committee oversees the Capitol Preservation Board, Administrative Services, the Capital Budget and Debt Service. Operating budgets account for only seven percent of the total appropriation that uses state funds. The bulk of funds - approximately eighty percent - are used for debt service.

The Committee also approves budgets for statewide internal service funds. Internal Service Funds provide consolidated services to all agencies, higher education and participating local governments. Revenue of \$156 million appears in the chart to the right as "ISF revenue."

FUNDING RE-ALLOCATIONS

Risk Management - \$3,355,000 in one-time savings from excess retained earnings allocated for statewide issues:

- ◆ *State Financial System* - \$3,000,000 in one-time funds for replacement of the statewide financial system.
- ◆ *Administrative Rules* - \$55,000 in one-time funds for the Division to hire temporary help during Fiscal Years 2004 and 2005.
- ◆ *LeRay McAllister Critical Land Fund* - \$300,000 to provide additional matching funds for open space protection.

Information Technology Services - ongoing savings from rate changes funded the following needs:

- ◆ *State Records Center* - \$10,200 for rent increases.
- ◆ *State Archives* - \$94,800 to fund rent increases at the state records center and to fund operation and maintenance at the new State Archives.
- ◆ *CIO* - \$152,000 to fund the operations of the state's Chief Information Officer.

Division of Purchasing - The committee directed \$75,000 in ongoing funds from the capital budget to restore one full time purchasing agent.

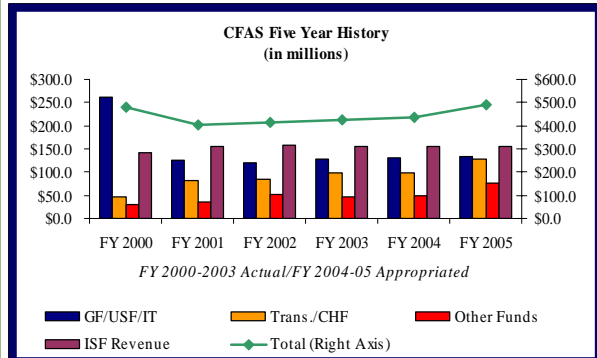
AGRC - \$250,000 for the Automated Geographic Reference Center from the E911 Emergency Services Fund.

MAJOR POLICY INITIATIVES

Policy changes by the Legislature that impact the Capital Facilities and Administrative Services Budget:

- ◆ *Authorized Capital Outlay* - SB 15 (B. Evans) provided the Legislature with control over capital purchases within internal service fund divisions.
- ◆ *ITS Procurement* - HB 31 (D. Clark) provides additional oversight to ensure that large purchases made by ITS have a strong business case.
- ◆ *Rate Committee Changes* - HB 30 (D. Clark) clarifies the role of the rate committee and requires market comparability study for rates charged by internal service funds.
- ◆ *Non-lapsing balances* - The Committee focused on carry forward balances in each division, requiring the use of non-lapsing balances to be identified prior to approval for retention.
- ◆ *Federal Surplus Property* - The Committee moved to stem the annual lost revenue associated with the Federal Surplus Property program by trimming staff to a minimal level and requiring acquisitions to be done on a request basis only.
- ◆ *Fleet Rates* - Working with DAS, the Committee approved a simplified rate structure for fleet vehicles that will continue to ensure rates reflect the true cost of vehicle ownership.
- ◆ *Debt Service* - Provided General Fund of \$1,530,600 in FY 2004 and \$4,887,000 in FY 2005 to meet the state funded portion of debt service.

FY 2003 Actual	\$260,038,700
State Funds	\$120,204,800
FY 2004 Revised Appropriation	\$288,931,500
State Funds	\$137,670,400
FY 2005 Appropriation	\$344,087,500
State Funds	\$138,231,600
Percent Increase FY 2003/FY 2004 Revised	11.1 %
Percent Increase State Funds	14.5 %
Percent Increase FY 2004 Revised/FY 2005	19.1 %
Percent Increase State Funds	0.4 %



Appropriated Budgets - Fiscal Year 2005

All Funds

Capitol Preservation Board	\$2,547,000
Change from Revised FY 2004	11,600
Administrative Services	\$21,210,000
Change from Revised FY 2004	(3,531,000)
Internal Service Funds	\$156,670,600
Change from Revised FY 2004	1,647,000
Judicial Conduct Commission	\$233,700
Change from Revised FY 2004	5,600
Capital Budget (State Funds plus Bonds)	\$130,464,900
Change from Revised FY 2004	29,680,800
Facility Debt Service (G.O. Only)	\$77,741,900
Change from Revised FY 2004	(1,901,000)
Highway Debt Service	\$127,561,500
Change from Revised FY 2004	21,278,000

Projects Approved for FY 2005 - State/Bond Funds

Capital Improvements	\$43,976,900
State Capitol (Stage One)	\$50,000,000
SLCC Health Sciences Bldg	\$21,000,000
Oxbow Jail (add \$2.2m Federal Funds)	\$4,800,000
WSU Swenson Remodel (add \$3m donation)	\$5,569,000
CEU San Juan Campus (add \$2.4m other funds)	\$2,400,000
UNG Readiness Ctr. (add \$10.5m Fed Funds)	\$2,719,000
Total (State Funds/G.O. Bonds)	\$130,464,900
Lease Revenue Bonds	\$17,517,000
DABC Revenue Bonds	\$8,205,000
Regent Revenue Bonds	\$49,940,000
Donated/Other Funds	\$100,184,000

COMMERCE & REVENUE

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

APPROPRIATION SUBCOMMITTEE

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Ty McCartney
Mike Morley
J. Morgan Philpot
Peggy Wallace

STAFF

Stan Eckersley, Fiscal Analyst
Debbie Headden,
Fiscal Analyst

BUDGET SUMMARY

The subcommittee oversees the budgets of Alcoholic Beverage Control, Commerce, Financial Institutions, Insurance, Labor Commission, Public Service Commission, Tax Commission, Utah College of Applied Technology, and Workforce Services. It hears but does not act on the Workers' Compensation Fund budget. Client payments for Unemployment Insurance and Food Stamps total more than \$400,000,000 and are not shown in the budget.

FUNDING RE-ALLOCATIONS

Legislative Action resulted in the following funding re-allocations for Commerce and Revenue.

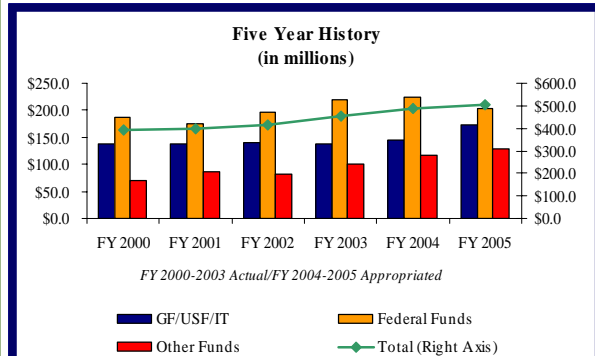
- ◆ *Alcoholic Beverage Control* - \$1,712,300 in ongoing General Funds were returned to the General Fund. Legislative action during the 2003 General Session resulted in a tax increase on beer. The revenue was dedicated to Liquor Profit Distribution to local governments from the newly created Alcoholic Beverage Enforcement and Treatment Fund.

MAJOR POLICY INITIATIVES

Major changes in policy impacting the Commerce and Revenue budget are detailed below:

- ◆ *Comprehensive Health Insurance* - Utah's Comprehensive Health Insurance Pool called HIPUtah, provides access to health insurance for people who are otherwise considered uninsurable. Fund balances have been declining for some time because of reduced state funding and increased usage. To avoid capping the program and the serious consequences to the private market, the Legislature increased funding by \$10,000,000 in one-time General Fund.
- ◆ *Technology Upgrades* - eRep is the eligibility software being built to replace PACMIS. The state has spent \$30,000,000 in federal funds to build the base program and extensions to TANF and Child Care. The Legislature appropriated an additional \$3,664,900 in General Fund to build extensions to Medicaid and Food Stamps. And authorized an additional \$3,000,000 from the Special Administrative Expense Fund if necessary.
- ◆ *General Assistance* - the Legislature increased funding by \$2,424,300 to provide financial assistance to eligible single people and couples who do not qualify for Temporary Assistance to Needy Families (TANF).
- ◆ *Federal Match Rate* - Legislators increased the funding for Food Stamps by \$1,400,000 to help with an increasing workload and a change in the federal match rate.
- ◆ *Utah College of Applied Technology* - the Legislature appropriated \$850,000 to address enrollment growth of 869,354 membership hours (\$201,620 for FY 05 and 667,734 for FY 04.) Long term projections indicate that growth will continue for the foreseeable future.

FY 2003 Actual	\$456,286,600
State Funds	\$136,837,200
FY 2004 Revised Appropriation	\$487,996,100
State Funds	\$145,933,800
FY 2005 Appropriation	\$506,579,500
State Funds	\$165,045,100
Percent Increase FY 2003/FY 2004 Revised	6.9 %
Percent Increase State Funds	6.6 %
Percent Increase FY 2004 Revised/FY 2005	3.5 %
Percent Increase State Funds	17.8 %



Appropriated Budgets - Fiscal Year 2005

All Funds

Alcoholic Beverage Control	\$19,389,200
Commerce	\$21,565,400
Financial Institutions	\$4,674,300
Insurance	\$50,200,100
Labor Commission	\$8,939,600
Public Service Commission	\$12,244,600
Tax Commission	\$68,997,800
Utah College of Applied Technology	\$44,855,400
Workforce Services	\$275,713,100

Significant Budget Increases

Workforce Services	\$7,469,200
Food Stamp Caseload	945,200
Food Stamp Match Rate Change	454,800
eRep to Food Stamp and Medicaid	3,644,900
General Assistance Case-load	2,424,300
Insurance	\$10,055,000
HIP Utah	10,000,000
Cosmos Computer Maintenance	55,000
Tax Commission	\$484,600
Davis County Rent	110,000
Collectors and Auditors	374,600
Utah College of Applied Technology	\$1,328,800
Enrollment Growth	850,000
Leases	478,800
Labor Commission	\$149,400
Administrative Secretary	54,400
Administrative Law Judge	95,000
Commerce	\$120,200
2 Real Estate FTE's	120,200
Total	\$19,607,200



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March 9, 2004

ECONOMIC DEVELOPMENT & HUMAN RESOURCES

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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Dr. Andrea Wilko,
Chief Economist

BUDGET SUMMARY

The committee oversees the Department of Community and Economic Development, The Department of Human Resource Management and the Career Service Review Board. Total State funding allocated to the committee in FY 2005 was \$37,407,200 approximately one percent of total state funds.

MAJOR FUNDING INITIATIVES

- Legislative action provided for the following funding increases:
- ◆ *Homeless Trust Fund* – \$200,000 one-time for the Homeless Committee to support local homeless service providers.
 - ◆ *Olene Walker Housing Loan Fund* – \$200,000 provided in one-time funding for the expansion of affordable housing.
 - ◆ *Museum Grants* – \$100,000 in approved one-time grant funding to allow the Office of Museum Services to encourage local museum efforts statewide.
 - ◆ *Defense Alliance* – \$2,000,000 in one-time funding for easements and the Defense Alliance which works to ensure the future of the states' military bases.
 - ◆ *Humanities Council* – \$58,900 restoration for the Humanities Council with the commitment that the funds would be used for the Mother Read program.
 - ◆ *Smart Sites* – \$250,000, one-time, for the Smart Sites Initiative. The program provides opportunities to companies that electronically outsource for services such as software testing, technical call centers, database management, data entry and website development in rural Utah.
 - ◆ *Manufacturer's Extension Partnership* – \$385,000 to the Manufacturer's Extension Partnership which provides consulting services to small and medium size manufacturers. Funding enables the program to maximize opportunities and federal dollars.
 - ◆ *Emergency Food Network* – 30,000, one-time to increase services statewide.
 - ◆ *Career Service Review Board* – \$40,000 to fund caseload growth of the Career Service Review Board as a supplemental in FY 2004.
 - ◆ *This is the Place/Zoo Planning* – \$200,000 in one-time funding to provide the state match for the proposed merger of the Hogle Zoo and This is the Place Heritage Park.
 - ◆ *Sports Commission* - \$750,000 appropriation to promote sporting events throughout the state.
 - ◆ *Industrial Assistance Fund* - \$5,153,500 appropriation to replenish the industrial assistance fund.

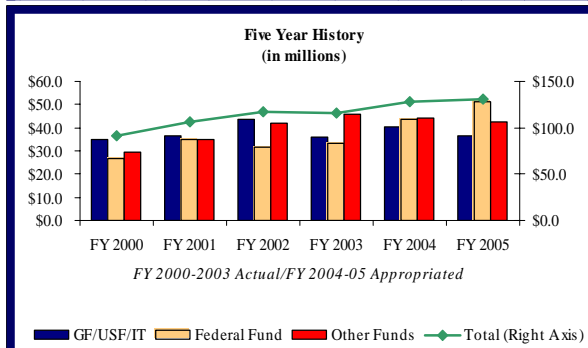
MAJOR POLICY INITIATIVES

Subcommittee actions focused on the following areas of concentration:

- ◆ The committee focused on business expansion and retention. With the downturn in the economy the committee focused funding in areas which would keep existing jobs in the state. As part of this, the committee encouraged development of a one-stop shop for business services. They also encouraged the expansion of the Industrial Assistance Fund to generate economic development opportunities. The committee supported a tax credit for film production equipment to keep film production strong in the state.
- ◆ Community development also received committee attention, with funding priority placed on housing and homeless services. The committee authorized DCED to utilize federal funding for section 8 housing administration. They also encouraged the expansion of the Pamela Atkinson Homeless Trust Fund and the Olene Walker Housing Loan Fund.

FY 2003 Actual	\$115,258,600
State Funds	\$35,912,200
FY 2004 Revised Appropriation	\$127,686,300
State Funds	\$40,200,200
FY 2005 Appropriation	\$131,299,400
State Funds	\$37,407,200

Percent Increase FY 2003/FY 2004 Revised	10.7 %
Percent Increase State Funds	11.9 %
Percent Increase FY 2004 Revised/FY 2005	3.3 %
Percent Increase State Funds	(5.4) %



Appropriated Budgets - Fiscal Year 2005

All Funds

Career Service Review Board	\$166,800
Change from Revised FY 2004	(35,900)
Human Resource Management	\$3,323,700
Change from Revised FY 2004	(79,400)
Community and Economic Development	\$127,808,900
Change from Revised FY 2004	3,728,500



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March 9, 2004

HEALTH & HUMAN SERVICES - DEPARTMENT OF HEALTH

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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Roz McGee
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STAFF

Spencer Pratt, Fiscal Analyst
Thor Nilsen, Fiscal Analyst

BUDGET SUMMARY

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

The Department administers the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP), both of which cover health and medical needs for specific populations who meet income criteria. Both are state-federal programs with the federal government providing the majority of funding. Utah structured the CHIP as a "state" program, giving it more control over services provided and the number of children served. Medicaid is an entitlement program, by federal law, eligible persons are entitled to the array of Medicaid services, which the state must fund. Historical data show significant and continual growth in the Medicaid program, which drives the entire Department budget. CHIP has been able to manage its service population. Funding increased in FY 2004, when additional state funds were made available for additional federal funds to provide services for more eligible children.

MAJOR FUNDING INITIATIVES

Medicaid continues to be the driver for the Department's budget, the following items were approved for Medicaid:

- ◆ **Utilization and Caseload Growth** - \$83,343,000 (\$18.6 million General Fund) for growth in the number individuals eligible for Medicaid. A larger number of Medicaid recipients are utilizing more services. The past couple of years have seen double-digit growth; the projection for FY 2005 is approximately 9 percent.
- ◆ **Inflation** - \$29,515,500 (\$7.8 million General Fund) to address inflationary cost increases in the areas of hospitals, pharmacy, federally qualified health centers (FQHCs), rural health, medicare buy-in, and three specific provider groups (physicians, dentists, and ambulance providers).
- ◆ **Emergency Dental Services** - \$3,576,500 (\$1 million General Fund) one-time funding to provide for emergency dental services for specific adults. Medicaid recipients have not received dental services, with the exception of extractions, since funding for services was discontinued in FY 2002.

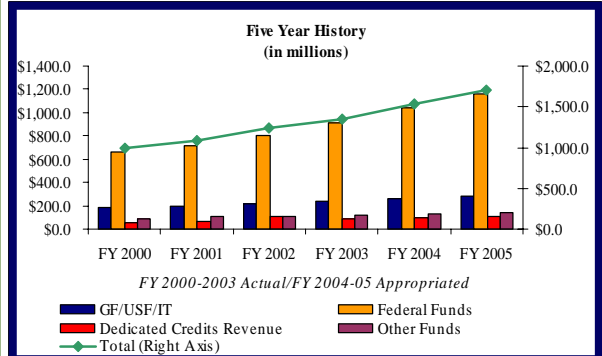
The Legislature provided \$100,000 in one-time funding for Primary Care Grants. This action provides grant funding to public and non-profit entities that offer primary health care services to medically underserved populations.

Legislative action provided for a new computer program to serve individuals in workforce services and public assistance. One module assists in Medicaid eligibility determination, one-time funds of \$1,424,000 (\$460,000 in General Funds) were provided for this module.

MAJOR POLICY INITIATIVES

- ◆ **Long-Term Care Facilities Amendments** - S.B. 128 (L. Blackham) provides the mechanism for an assessment on nursing facilities which will be used as "seed money" to receive the federal Medicaid match, and then returned to the facilities to enhance services and ensure their economic viability.
- ◆ **Center for Multicultural Health** - S.B. 135 (J. Evans) establishes an office to promote and coordinate the research, data production and dissemination, education and health promotion relevant to multicultural and minority health issues.
- ◆ **Primary Care Network Amendments** - H.B. 86 (K. Holdaway) reduces the annual fee for the primary care network to \$25 per year for people whose income is below 50% of the federal poverty level.

FY 2003 Actual	\$1,343,097,682
State Funds	\$233,410,500
FY 2004 Revised Appropriation	\$1,536,132,800
State Funds	\$264,114,000
FY 2005 Appropriation	\$1,708,925,300
State Funds	\$287,096,500
Percent Increase FY 2003/FY 2004 Revised	14.4 %
Percent Increase State Funds	13.2 %
Percent Increase FY 2004 Revised/FY 2005	11.25 %
Percent Increase State Funds	8.7 %



Appropriated Budgets - Fiscal Year 2005

All Funds

Executive Director's Office	\$26,959,100
Change from Revised FY 2004	(775,300)
Health Systems Improvement	\$13,020,500
Change from Revised FY 2004	6,600
Workforce Financial Assistance	\$994,900
Change from Revised FY 2004	342,700
Epidemiology and Laboratory Services	\$15,053,100
Change from Revised FY 2004	(7,400)
Community and Family Health Services	\$98,346,300
Change from Revised FY 2004	(93,900)
Health Care Financing	\$71,563,100
Change from Revised FY 2004	(1,888,800)
Medical Assistance (Medicaid)	\$1,444,238,200
Change from Revised FY 2004	175,184,000
Children's Health Insurance Program (CHIP)	\$36,708,900
Change from Revised FY 2004	(4,000)
Local Health Departments	\$2,041,200
Change from Revised FY 2004	28,600
Total	\$1,708,925,300
Change from Revised FY 2004	172,792,500



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March 9, 2004

HEALTH & HUMAN SERVICES - DEPARTMENT OF HUMAN SERVICES

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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Spencer Pratt, Fiscal Analyst
Thor Nilsen, Fiscal Analyst

BUDGET SUMMARY

The subcommittee oversees the budgets of all divisions in the Department of Human Services, except the Division of Juvenile Justice Services (formerly Youth Corrections). Overall, the FY 2005 appropriated budget is \$25.9 million above the FY 2004 revised appropriated budget, a 5.6 percent increase. State General Funds increased by \$6.2 million, or 3.1 percent. Most of the increased funding comes from increased Federal funds, including Medicaid.

MAJOR FUNDING INITIATIVES

People with Disabilities – Additional funds provided include:

- ◆ *Waiting List* - \$990,000 including \$300,000 from the General Fund for bringing about 85 people off the community based services waiting list.
- ◆ *One-time Funding Replacement* - \$350,000 General Funds to replace one-time funding appropriated in FY 2004 for the ongoing non-waiver services program.

Child and Family Services – The Legislature appropriated for case growth:

- ◆ *Out of Home Care* - \$424,900, includes \$358,000 in General Fund revenue, for additional services.
- ◆ *Adoption Assistance* - \$621,000 including \$450,000 from the General Fund.

Private Provider COLAs - The Legislature appropriated \$2.7 million (\$1.4 million General Fund) for a 1 % COLA and for one-time bonuses for employees of private contract providers of services for DSPD and DCFS, local mental health substance abuse and aging service providers.

Mental Health – The Legislature appropriated for the following items:

- ◆ *State Hospital* - \$703,900 (\$265,800 General Fund) to fully staff the youth services section of the new Rampton II wing.
- ◆ *Local Services* - \$300,000 General Fund to provide for local mental health center services.
- ◆ *Evaluations* - \$319,900 including \$167,200 from the General Fund for competency and PASRR evaluations.
- ◆ *Autism* - \$200,000 General Fund for pre-school autism programs.

Aging Services – \$400,000 General Fund for increased “Meals on Wheels” services, which will serve about 340 seniors annually.

- ◆ *In-home Services* - \$200,000
- ◆ *Transportation Services* - \$50,000

Data Processing System Enhancements – \$902,000 including \$509,400 from the General Fund to provide for programming current DHS data processing systems to communicate with Workforce Services’ new “eREP” system.

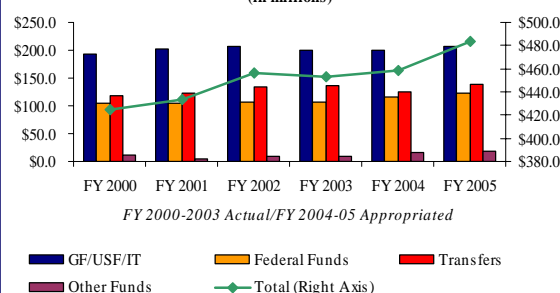
MAJOR POLICY INITIATIVES

The Legislature authorized the Division of Services for People with Disabilities to use FY 2003 non-lapsing carry-forward funds in FY 2004 and FY 2005 to serve people with disabilities coming into service due to emergency situations, court-orders, and people aging out of state custody from child welfare and juvenile justice services. Through a thorough review of its service delivery system and budgeting practices, the Division is expected to generate adequate internal savings by FY 2006 to provide continued funding for these services.

The Legislature eliminated the General Fund appropriation (\$239,000) to the Office of Child Protection Ombudsman to fund the newly created Office of Child Welfare Parental Defense in the Department of Administrative Services.

FY 2003 Actual	\$453,139,400
State Funds	\$202,792,800
FY 2004 Revised Appropriation	\$458,910,000
State Funds	\$200,490,600
FY 2005 Appropriation	\$484,773,100
State Funds	\$206,680,500
Percent Increase FY 2003/FY 2004 Revised	1.3 %
Percent Increase State Funds	(1.1) %
Percent Increase FY 2004 Revised/FY 2005	5.6 %
Percent Increase State Funds	3.1 %

DHS (Except Youth Corrections) Five Year History
(in millions)

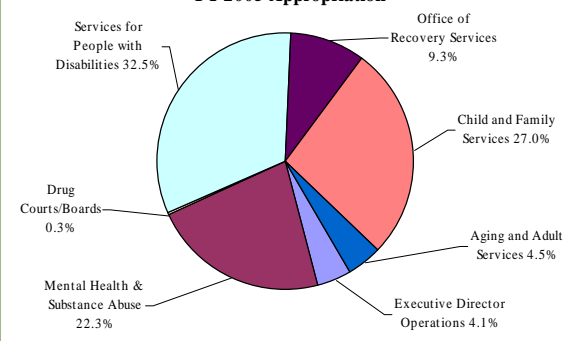


Appropriated Budgets - Fiscal Year 2005

All Funds

Executive Director	\$19,463,000
Change from Revised FY 2004	(536,100)
Drug Courts - Drug Boards	\$1,647,200
No Change from FY 2004 Revised	
Substance Abuse - Mental Health	\$108,177,600
Change from Revised FY 2004	3,703,400
Services for People with Disabilities	\$157,593,700
Change from Revised FY 2004	12,274,000
Office of Recovery Services	\$45,073,000
Change from Revised FY 2004	4,419,000
Child and Family Services	\$131,157,600
Change from Revised FY 2004	4,873,900
Aging and Adult Services	\$21,661,000
Change from Revised FY 2004	1,128,900

FY 2005 Appropriation



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March 9, 2004

HIGHER EDUCATION

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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Boyd Garriott, Fiscal Analyst
Debbie Headden,
Fiscal Analyst

BUDGET SUMMARY

The Utah System of Higher Education (USHE) provides high quality academic, professional and applied technology learning opportunities for its students as well as promote research, economic, intellectual, cultural, and social programs for Utah's citizens. Ten institutions comprise the USHE the 18 member State Board of Regents governs the USHE. The FY 2004 estimated annualized enrollments exceeded 105,000 Full Time Equivalent (FTE) students for the nine institutions and over 5.1 million membership hours for the Utah College of Applied Technology.

Utah Education Network (UEN), a partnership of Utah's public and higher education institutions, delivers distance learning educational services statewide. UEN operates two public television stations, provides closed circuit two-way video services through EDNET, and connects state institutions to each other and the Internet with UtahLINK.

MAJOR FUNDING INITIATIVES

Legislative action provided for the following increases:

- ◆ **Enrollment Growth** - \$4.6 million to help fund enrollment needs in FY 2005. Funding covers 10.3 percent of funding for the new 10,550 FTE students on campus.
- ◆ **Nursing** - \$675,000 for the Nursing Initiative including \$50,000 in one-time funding for a nursing program at SUU.
- ◆ **Engineering** - \$1,050,000 (500,000 one-time) for the Engineering Initiative. Funding includes \$50,000 ongoing for the Engineering Loan Repayment Program.
- ◆ **Utah Education Network** - \$900,000 in one-time funding to increase system capacity, digital EDNET conversion, and expand technical support.
- ◆ **Financial Aid** - \$1.5 million for student financial aid. Funding provides \$265,000 for the state match to federal financial aid programs. The New Century Scholarship program received \$407,000 and state's UCOPE grant-in-aid program received \$828,000. This reduces the 1st tier tuition rate by 0.5 percent and saves students approximately \$1.3 million in tuition charges.

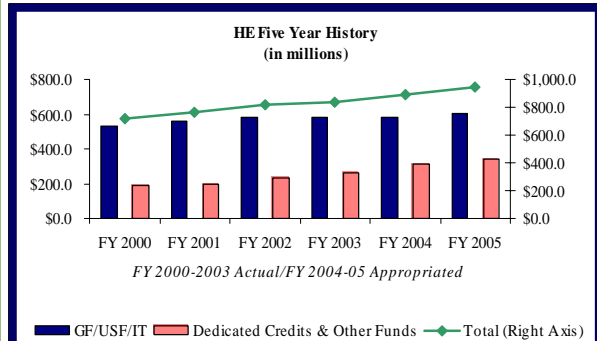
Tuition Increases - 3 percent 1st-tier tuition increase helps to finance the FY 2005 compensation package for USHE.

- ◆ **Second Tier Tuition Increase** - \$18 million, Presidents may use these funds to meet individual institution needs.
- ◆ **Undergraduate Tuition Ceiling** - the Legislature placed a ceiling on undergraduate tuition rate increases above the 3 percent 1st-tier tuition increase as follows: U of U 7%, USU 6%, WSU 7%, SUU 8%, Snow 6%, DSC 5%, CEU 5%, UVSC 11.5 %, and SLCC 5%.

FUNDING RE-ALLOCATIONS

- ◆ **Remedial Education** - Remedial education funding for use in financing critical needs at the three community colleges and the two state colleges. This supports the proposal making remedial classes self-supporting.
- ◆ **Unfunded Institutional Expenses** - the institutions received full flexibility to address \$34,670,900 backlog of unfunded fuel and power costs (\$21,372,600), operation and maintenance costs for new facilities (\$2,444,400), and student growth (\$10,853,900) through internal reallocation of institutional funds.
- ◆ **Unfunded Enrollment** - the Legislature proposed establishing a funding mechanism to eliminate the back log of unfunded enrollment by FY 2007.

FY 2003 Actual	\$843,570,600
State Funds	\$578,766,400
FY 2004 Revised Appropriation	\$871,024,300
State Funds	\$580,446,100
FY 2005 Appropriation	\$942,854,900
State Funds	\$601,642,300
Percent Increase FY 2003/FY 2004 Revised	3.3 %
Percent Increase State Funds	0.3 %
Percent Increase FY 2004 Revised/FY 2005	8.2 %
Percent Increase State Funds	3.6 %



Appropriated Budgets - Fiscal Year 2005

All Funds

Utah System of Higher Education	\$921,620,300
Change from Revised FY 2004	76,410,500
Utah Education Network	\$21,211,600
Change from Revised FY 2004	(4,002,900)
Utah Medical Education Program	\$23,000
Change from Revised FY 2004	(577,000)

Projects Approved for FY 2005 - All Funds

USHE Ongoing Increases

Enrollment Growth	\$4,600,000
Engineering Initiative	500,000
Nursing Initiative	675,000
U of U Archaeology	200,000
USU Climate Center	120,000
Campus Compact	100,000
DSC Paleontologist	100,000
Engineering Loan Repayment Program	50,000
Total	\$6,345,000

USHE One-time Increases

Financial Aid	\$1,500,000
Engineering Initiative	500,000
USU Climate Center	180,000
SUU Nursing Program	50,000
Total	\$2,230,000

UEN One-time Increases

Growth	\$400,000
EDNET Conversion	240,000
Tech Support	260,000
Total	\$900,000



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March 9, 2004

NATURAL RESOURCES

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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STAFF

Steven Allred, Fiscal Analyst

BUDGET SUMMARY

The subcommittee oversees the budgets for the Department of Agriculture and Food, the School and Institutional Trust Lands Admin., the Department of Natural Resources, and the State Fair. The State Fair received \$300,000 in new funding for FY 2004, plus another \$350,000 in new ongoing funding for FY 2005. The subcommittee reallocated funds internally to fund many of its priorities. Some of these reallocations were based on new revenue sources, and some were done without the need for new revenues.

MAJOR FUNDING INITIATIVES

- The following ongoing initiatives in FY 2005:
- ◆ *State Fair* - \$350,000 to ensure the continued viability of the State Fair.
 - ◆ *Meat Inspection* - \$18,400 for an additional meat inspector.
 - ◆ *Junior Livestock Shows* - \$40,000 (\$20,000 ongoing) for youth in agriculture.
 - ◆ *Soldier Hollow* - \$100,000 for park operations.
 - ◆ *Wildlife Resources* - \$60,000 for general operations.
 - ◆ *Water Rights* - \$45,000 to the Division of Water Rights for operation expenses.
 - ◆ *Agriculture Market News* - \$40,000 for ongoing operations.
 - ◆ *Farm Safety* - \$40,000 for farm safety education.
 - ◆ *Brucellosis Vaccinations* - \$20,000 to purchase vaccinations required by H.B. 92.

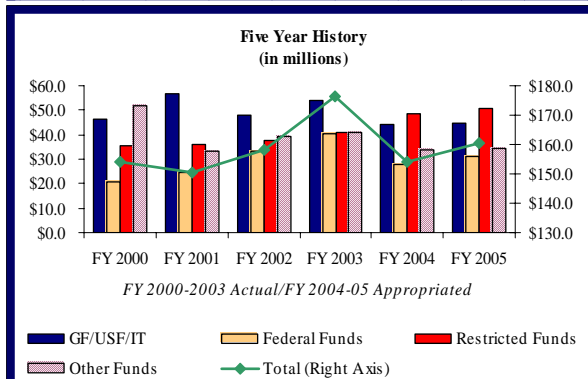
FUNDING RE-ALLOCATIONS

- The subcommittee reallocated one-time funds from the Division of Forestry, Fire & State Lands to the following:
- ◆ *Agriculture in the Classroom* - \$70,000
 - ◆ *High School Rodeo Competitors* - \$10,000
 - ◆ *Agriculture Market News* - \$45,000
 - ◆ *Brucellosis Vaccination Administration (H.B. 92)* - \$20,000
 - ◆ *Field House of Natural History (Vernal)* - \$100,000
 - ◆ *Soldier Hollow Park Operations* - \$100,000
 - ◆ *Abandoned Mine Reclamation* - \$50,000
 - ◆ *Groundwater Studies* - \$116,600
 - ◆ *Bear Lake Commission* - \$40,000
 - ◆ *Cedar Mountain Science Center* - \$25,000
 - ◆ *State Affairs in General* - \$120,000

MAJOR POLICY INITIATIVES

- ◆ *365 Day Fishing Licenses*: H.B. 211 validates fishing licenses for 365 days rather than until the end of the calendar year.
- ◆ *Wildlife License Fees*: Legislative action increased many hunting license fees to fund increased predator control efforts and other division costs. Fishing licenses fees were unchanged.
- ◆ *Off-Highway Vehicle Changes*: H.B. 220 increased the maximum fee for OHV registrations from \$10 to \$17; H.B. 51 requires some nonresidents to purchase a decal to operate an OHV in Utah; S.B. 166 requires OHV owners to affix their registration numbers to their vehicles.
- ◆ *Brucellosis Vaccinations*: H.B. 92 requires all instate origin replacement cattle that are kept for breeding stock to be vaccinated for brucellosis.
- ◆ *New Agriculture Licensing Procedures*: H.B. 283 requires all food establishments to be annually licensed, and entities using weights and measures devices in commerce to have the devices annually licensed. Licensing fees will apply.
- ◆ *Water Conservation Plans*: H.B. 71 requires water providers to set detailed goals for water conservation and explain how they will achieve those goals.

FY 2003 Actual	\$176,375,400
State Funds	\$54,241,500
FY 2004 Revised Appropriation	\$154,320,300
State Funds	\$44,074,300
FY 2005 Appropriation	\$160,617,200
State Funds	\$44,481,200
Percent Increase FY 2003/FY 2004 Revised	(12.5 %)
Percent Increase State Funds	(18.7 %)
Percent Increase FY 2004 Revised/FY 2005	4.0 %
Percent Increase State Funds	0.9 %



Appropriated Budgets - Fiscal Year 2005

All Funds

Department of Agriculture and Food	\$16,658,700
Change from Revised FY 2004	42,700
School and Institutional Trust Lands Admin.	\$11,520,900
Change from Revised FY 2004	178,800
Department of Natural Resources	\$128,904,600
Change from Revised FY 2004	7,580,200
Utah State Fair Corporation	\$3,533,000
Change from Revised FY 2004	(1,504,800)

Projects Approved for FY 2004 - Supplemental

Insect Control	
Crickets and Grasshoppers	\$200,000
Mosquitoes	500,000
Utah State Fair	300,000
Off Highway Vehicle Rider Management	200,000
Utah Lake Boundary Settlement	450,000
Total	\$1,650,000



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March 9, 2004

PUBLIC EDUCATION

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

APPROPRIATION SUBCOMMITTEE

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Michael Kjar, Deputy Director
Ben Leishman, Fiscal Analyst

BUDGET SUMMARY

Public Education accounts for the largest expenditure category in the state budget. The budget exceeds \$2.5 billion with \$1.8 billion from state tax revenues. The Legislature provided additional funding for WPU growth and a WPU increase from \$2,150 to \$2,182. The WPU increase provides for additional student growth, a 1% increase in teacher salaries, and help with health and dental benefits. One-time funding provides for a 1% bonus for each employee, for teacher supplies and materials, U-PASS online testing and the Reading Achievement Initiative. The Legislature provided similar compensation benefits to Agency employees.

MAJOR FUNDING INITIATIVES

The Legislature provided for the following funding increases:

- ◆ **Enrollment Growth** - \$25,798,099 to fund 7,162 new students entering Utah's schools and Charter Schools.
- ◆ **Reading Achievement Initiative** - \$15,000,000 provides matching state revenue for school district reading programs.
- ◆ **Teacher Supplies and Materials** - \$5,500,000 to reimburse school teachers for supplies used in classroom instruction.
- ◆ **Adult Education** - \$1,600,000 one-time funding to partially restore the reduction made during the 2003 General Session.
- ◆ **Electronic High School** - \$300,000 ongoing and \$175,500 one-time supplemental for increasing EHS enrollments.
- ◆ **U-PASS** - \$5,000,000 one-time for on-line testing.
- ◆ **Office of Rehabilitation** - \$550,000 for Rehabilitation Counselors, Assistive Technology, Independent Living, and a Deaf Specialist in Southern Utah.
- ◆ **Utah Schools for the Deaf and Blind** - \$172,200 provides for statutory Teacher Salary Adjustments.
- ◆ **Fine Arts and Sciences** - \$320,000 one-time funding POPS Program and the RFP program.
- ◆ **Scholarship Program** - \$1,500,000 for 3 Sub. H.B. 115 (J. Philpot) one-time to provide private school scholarships to special needs students.

FUNDING RE-ALLOCATIONS

Legislative action resulted in the following reallocations:

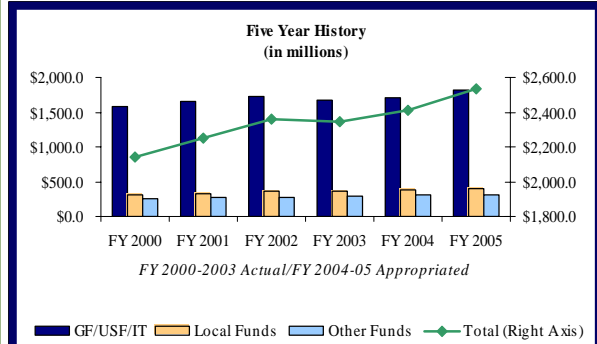
- ◆ **Jean Massieu Charter School** - \$350,000 one-time from FY 2004 beginning balances in Utah Schools for the Deaf and Blind to support operation of the charter school.
- ◆ **School LAND Trust Administration** - \$80,000 transferred from the Minimum School Program to the USOE. This action formalized existing practice.

MAJOR POLICY INITIATIVES

Legislative policy changes that impact the education budget:

- ◆ **USDB** - Moved the financial administration to USOE and passed intent language implementing Legislative Audit recommendations and requested an interim progress report.
- ◆ **Fees** - Provided for the creation of a needs based fee for Adult Education. Directed USOE to submit a fee schedule for FY 2006 to cover Educator Licensing Section costs.
- ◆ **Charter Schools** - HB 152 (M. Dillree) created a State Charter School Board that authorizes and promotes the establishment of charter schools and advises the State Board of Education on charter school issues.
- ◆ **Charter Schools** - Authorized the use of MSP non-lapsing balances to fund the Charter School Local Replacement when actual enrollment is greater than projected enrollment.
- ◆ **Tuition Tax Credit** - Provided \$150,000 in one-time funding to conduct a cost/benefit analysis of a tuition tax credit program.

FY 2003 Actual	\$2,342,286,809
State Funds	\$1,656,252,894
FY 2004 Revised Appropriation	\$2,401,501,811
State Funds	\$1,705,027,274
FY 2005 Appropriation	\$2,537,577,488
State Funds	\$1,814,805,211
Percent Increase FY 2003/FY 2004 Revised	2.5 %
Percent Increase State Funds	2.9 %
Percent Increase FY 2004 Revised/FY 2005	5.7 %
Percent Increase State Funds	6.4 %

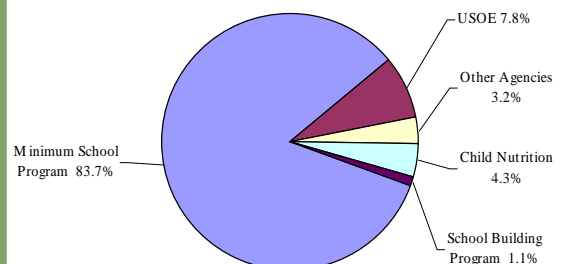


Appropriated Budgets - Fiscal Year 2005

All Funds

Minimum School Program	\$2,123,639,488
Change from Revised FY 2004	126,017,377
Utah State Office of Education (Includes - School LAND Trust Program Administration and the State Charter School Board approved by the Legislature.)	\$197,343,200
Change from Revised FY 2004	94,800
Utah State Office of Rehabilitation	\$50,920,400
Change from Revised FY 2004	1,216,700
Utah Schools for the Deaf and Blind (Includes the Institutional Council Line Item)	\$23,273,400
Change from Revised FY 2004	848,600
Child Nutrition Programs	\$107,945,800
Change from Revised FY 2004	65,700
Fine Arts and Sciences (POPS)	\$3,311,500
Change from Revised FY 2004	332,500 (\$12,500 ongoing and \$320,000 one-time)
Education Contracts	\$3,854,800
No Change from FY 2004 Revised	

FY 2005 Appropriation



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March 9, 2004

TRANSPORTATION, ENVIRONMENTAL QUALITY & NATIONAL GUARD

APPROPRIATION SUMMARY - 2004 GENERAL SESSION

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STAFF

Mark Bleazard, Fiscal Analyst

MAJOR FUNDING INITIATIVES

Legislative action resulted in the following increases/(decreases) to the Department of Transportation Budget:

- ◆ *FTE Reduction* - (\$5,000,000) the Legislature approved a reduction of 98.5 FTE with estimated savings of \$5 million annually.
- ◆ *Tram Inspection* - (\$62,000) reduction in General Fund, the subcommittee recommended that tram inspections be self sustained rather than funded by the General Fund.
- ◆ *Maintenance* - \$1,000,000 in increased General Funds for Highway Maintenance.
- ◆ *Centennial Projects* - \$212,224,500, including \$48,000,000 in bond revenue for FY 2005. The subcommittee recommended unanimously to continue to build Centennial Projects with current revenue streams.
- ◆ *Winter Maintenance* - \$4,000,000 Transportation Fund appropriation in FY 2004 for extraordinary snow plowing requirements for winter of 2003/2004.

The Department of Environmental Quality budget received the increases detailed below:

- ◆ *Underground Storage Tanks* - \$87,200 in ongoing General Funds approved for an attorney to recover underground storage tank cleanup funds.
- ◆ *Nuclear Waste Opposition* - \$500,000 General Fund appropriated to oppose storage of High Level Nuclear Waste in Utah.

Utah National Guard received the following budgetary changes:

- ◆ *Armory Maintenance* - \$297,900 in FY 2004 and \$ 374,000 in FY 2005 to contract with Division of Facilities Construction and Management for maintenance of rural armory facilities

FUNDING RE-ALLOCATIONS

The Legislature reprioritized use of General Fund spending of \$62,000 savings at Department of Transportation:

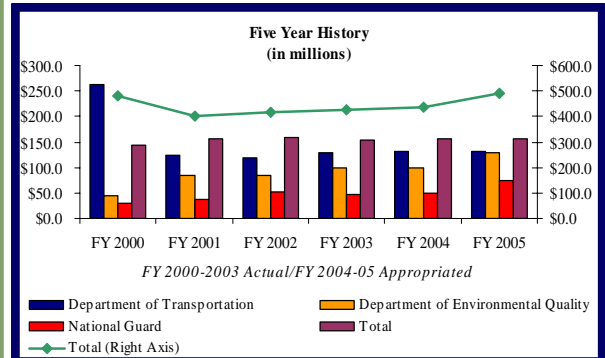
- ◆ *Utah National Guard* - \$25,000 for additional lease and maintenance of Air Guard facilities.
- ◆ *Veterans' Affairs* - \$37,000 to convert part time office assistant at Veterans' Affairs to full time.

MAJOR POLICY INITIATIVES

Legislative action resulted in maximizing efficiencies, which resulted in FTE reductions. The Legislature also recommended that certain fees be assessed.

- ◆ Approved combining of Field Crews with Maintenance Crews for more efficient use of FTEs.
- ◆ Recommended fees for Gravel Pits and Asphalt Facilities

FY 2003 Actual	\$652,099,400
State Funds/Transportation/CHF	\$328,275,200
FY 2004 Revised Appropriation	\$704,051,800
State Funds/Transportation/CHF	\$391,594,700
FY 2005 Appropriation	\$852,285,300
State Funds/Transportation/CHF	\$476,250,800
Percent Increase FY 2003/FY 2004 Revised	8.0 %
Percent Increase State Funds	19.3 %
Percent Increase FY 2004 Revised/FY 2005	21.1 %
Percent Increase State Funds	21.6 %



Appropriated Budgets - Fiscal Year 2005

All Funds

Department of Transportation	\$751,288,700
Department of Environmental Quality	\$73,288,700
Utah National Guard	\$27,000,200



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March 9, 2004