

1998-99 Appropriations Report



INTRODUCTION

The Legislative Fiscal Analyst is required by law "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," (Utah Code Annotated 36-12-13(2i)). This report is submitted in compliance with that requirement.

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Summary

Summary

The Legislative program for FY 1999 enacted in the 1998 General Session, totals \$6,501,736,323 from all funds for the operations of state government and for state and local support to local school districts. This total includes the effect of all general appropriations acts, the School Finance Act, acts carrying specific appropriations, actions of the Governor's vetoes, 1998 Special Session actions, and estimated federal funding.

The FY 1999 program is compared by function and source of funds to the revised budget for FY 1998 in Table 1. The column for the FY 1998 estimated includes the original appropriations made in the 1997 General Session and any changes in federal funds and dedicated credits or other sources of funds. The FY 1998 total column in Table 1 reflects the effect of supplemental appropriations and other legislative actions of the 1998 General Session. The FY 1999 appropriations represent an increase of 4.11 percent from the total budget for FY 1998.

General, Uniform School Fund, and Income Tax appropriations for FY 1999 are compared in Table 2 to the revised FY 1998 budget. The table indicates "One-Time" and "Ongoing" expenditures for each fiscal year. The FY 1999 General, Uniform School Fund, and Income Tax appropriation is 6.4 percent above the FY 1998 amount.

Table 3 shows the General Fund and Uniform School Fund revenue sources, as passed by the Legislature, to balance the budget with the expenditures by appropriation area. The actual funding, expenditures, and remaining balances are also indicated for FY 1997, and FY 1998.

The Higher Education appropriations for FY 1999 include \$131,193,500 in income tax revenue now available to fund higher education programs as a result of the passage of an amendment to Article X, Section 2 of the Utah Constitution by the electors of the State in the November 1996 general election.

Revenue

The revenue projections adopted by the Legislature for FY 1999 for the General, Uniform School, and Transportation Funds are shown in Table 4. Also shown are the estimates for the Mineral Lease Account. The effect of legislative changes as the result of bills or other actions are shown in a separate column resulting in a revised estimate for FY 1999. Table 4 also includes revised estimates adopted for FY 1998.

It is noted that a comparison of total ongoing revenues from Table 4 for FY 1999 of \$3,193,811,000 with ongoing expenditures of \$3,204,978,000 from Table 2 for FY 1999 yields a difference of \$11,167,000. This difference represents intended ongoing expenditures that are funded with one-time moneys. Unless the Legislature makes other adjustments these expenditures will need to be funded out of any potential new revenues that may be generated for the next fiscal year.

Tax Changes

No major tax changes occurred during the 1998 General Session.

Bills Affecting Revenue

The 1998 Legislature enacted the following bills that will affect revenues of the General Fund and Uniform School Fund.

General Fund

House Bill 65 - "Sales Tax Exemption for Passenger Transportation".

This bill provides a sales tax exemption for transportation when the transportation originates and terminates within the same county. The cost is \$25,000.

House Bill 110 - "Sales Tax Exemption for Seasonal Destination

Amusement Parks". This bill allows a sales tax exemption on equipment and electricity used to operate the rides at Lagoon. The cost is \$70,700 the first year. This bill was vetoed by the Governor.

House Bill 200 - Election Campaign Fund Designations. This bill increases the designation for the Election Campaign Fund from one dollar to two dollars. The cost is \$55,000 annually.

Senate Bill 34 - Sales Tax Exemption for Higher Education Athletic Events. This bill allows a Sales Tax Exemption for athletic events sponsored by institutions of Higher Education. The cost is \$402,000 annually.

Senate Bill 211 - Sales Tax on Prepaid Calling Cards. This bill imposes a sales tax on prepaid calling cards. The tax will generate \$24,000 annually.

Uniform School Fund

House Bill 76 - “Unclaimed Property Amendments”. This bill removes gift certificates under 25 dollars from the definition of unclaimed property. The cost is \$30,000.

Legislative Action on Employee Compensation

State Employees

The Legislature approved a compensation package for employees of state agencies that represents a 3.5 percent funding increase. The package included funding to cover merit increases, along with additional merit adjustments deemed appropriate and longevity increases. Any increases in health and dental insurance premiums are to be covered with reserves from the Insurance Division Trust Fund.

Higher Education Compensation Funding

As with other State agencies, the Legislature authorized a 3.5 percent compensation increase for faculty and staff in higher education. For FY 1999, the Legislature decided to follow its policy for funding salary adjustments. The plan for financing the salary package would follow the same proportions as current funds in the operating budgets.

The effect of this action on higher education is that approximately 75 percent of the cost of providing a 3.5 percent salary increase or \$13,154,600 came from state funds. The remaining 25 percent of the cost is expected from a 2.7 percent tuition rate increase or other institutional savings.

Public Education Compensation Funding

Compensation for administrators, teachers, and classified personnel in public education is established at the local level on a district-by-district basis through the negotiations process. Since State funds, through the Minimum School Program established by the Legislature, are usually the largest income source for local school districts, the percentage increase in the weighted pupil unit (WPU) guarantee has a direct correlation with increases in salaries and benefits.

The 1998 Legislature provided a 3.5 percent increase in the value of the weighted pupil unit for FY 1999. The School Finance Act specifies that, "local school boards shall provide higher salary adjustments to classified employee groups in comparison to other district employee groups when dividing the weighted pupil unit for salary adjustment purposes." A similar provision is also included providing the same salary adjustment intent language for "employee groups that work with the transportation of students." The Legislature also increased the Career Ladder Program funding by \$1.4 million for FY 1999 which provides for added compensation for those participating in the Career Ladder Program. In other action, the Legislature provided \$3,500,000 for teacher supplies and materials and \$9,000,000 for class size reduction. While this funding is not direct funds for compensation purposes they do have some correlation.

Executive and Judicial Officials

The Legislature increased the salaries for elected officials and judiciary as indicated on page 7.

<u>Position</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Approved</u>	<u>% Change</u>
Elected Officials			
Governor	\$87,600	\$90,700	3.5%
Lieutenant Governor	68,100	70,500	3.5%
Attorney General	73,700	76,300	3.5%
State Auditor	70,300	72,800	3.5%
State Treasurer	68,100	70,500	3.5%
Judiciary			
Associate Justice, Supreme Court	99,500	102,950	3.5%
Appellate Court	94,950	98,300	3.5%
Trial Court & Juvenile Court	90,450	93,600	3.5%
Court Administrator	90,450	93,600	3.5%

Appointed Officials

The Legislature increased the minimum and maximum rates of the Executive Compensation Plan for appointed officials (department directors) by 3.5 percent. The Governor has the authority to set the salary of appointed officials within the ranges approved by the Legislature.

Legislature

Funding was provided to give all legislators an expense allowance equal to the sum of the federal lodging per diem and federal meals allowance, and incidental expense per diem rates for Salt Lake City.

Table 1

STATE of UTAH APPROPRIATIONS COMPARISON FY 1998 - FY 1999					
<u>Plan of Financing</u>	<u>FY 1998 Estimated</u>	<u>FY 1998 Supplementals</u>	<u>FY 1998 Total</u>	<u>FY 1999 Approp.</u>	<u>Percent Inc./Dec.</u>
General Fund	\$1,462,414,100	\$4,695,385	\$1,467,109,485	\$1,530,165,300	4.30%
Uniform School Fund	1,476,471,092	4,886,500	1,481,357,592	1,580,226,282	6.67%
Income Tax	97,682,500		97,682,500	131,193,500	34.31%
Transportation Fund	341,429,300	6,982,700	348,412,000	353,755,300	1.53%
Federal Funds	1,342,011,803	2,195,500	1,344,207,303	1,349,143,600	0.37%
Dedicated Credits	303,855,086	3,249,100	307,104,186	330,245,100	7.54%
Mineral Lease	31,213,200		31,213,200	15,471,000	-50.43%
Restricted & Trust Funds	277,409,261	3,046,400	280,455,661	343,947,300	22.64%
Other	(82,212,650)	1,287,700	(80,924,950)	267,765,300	100.00%
Bonding	697,053,000		697,053,000	308,373,900	-55.76%
Property Tax	271,352,494		271,352,494	291,449,741	7.41%
Total	\$6,218,679,186	\$26,343,285	\$6,245,022,471	\$6,501,736,323	4.11%
Programs					
Legislature	\$11,367,150	\$200,000	\$11,567,150	\$12,878,500	11.34%
Ex. Off., Crts, Corr., & Pub. Safety	412,245,050	3,750,185	415,995,235	448,465,700	7.81%
Administrative Services	28,539,300	749,600	29,288,900	29,313,600	0.08%
Debt Service	112,897,100	993,000	113,890,100	134,685,400	18.26%
Capital Facilities	148,099,200		148,099,200	182,246,800	23.06%
Human Services	362,258,500	3,623,900	365,882,400	373,949,800	2.20%
Health	840,892,600		840,892,600	837,583,000	-0.39%
Public Education	1,943,857,286	3,625,800	1,947,483,086	2,051,588,723	5.35%
Higher Education	635,321,900		635,321,900	680,606,800	7.13%
Natural Resources	152,761,500	2,969,200	155,730,700	149,553,400	-3.97%
Commerce and Revenue	340,507,100	1,287,700	341,794,800	360,698,900	5.53%
Econ. Dev./Human Res.	97,045,400	1,700,000	98,745,400	110,192,900	11.59%
Trans., DEQ, & Natl. Guard	1,128,387,100	7,443,900	1,135,831,000	1,125,472,800	-0.91%
Circuit Breaker	4,500,000		4,500,000	4,500,000	
Total	\$6,218,679,186	\$26,343,285	\$6,245,022,471	\$6,501,736,323	4.11%

Table 2

STATE of UTAH GENERAL FUND, UNIFORM SCHOOL FUND/INCOME TAX ONGOING AND ONE TIME APPROPRIATIONS FY 1998 - FY 1999						
Plan of Financing	FY 1998			FY 1999		
	Ongoing	One Time	Total	Ongoing	One Time	Total
General Fund	\$1,456,535	\$10,575	1,467,110	\$1,517,538	\$12,627	\$1,530,165
Uniform School Fund	1,461,907	19,450	1,481,357	1,556,246	23,980	\$1,580,226
Income Tax	97,683		97,683	131,194		\$131,194
Total	\$3,016,125	\$30,025	\$3,046,150	\$3,204,978	\$36,607	\$3,241,585
Programs						
Legislature	\$11,074	\$68	\$11,142	\$12,014	\$370	\$12,384
Elected Officials	24,289	336	24,625	26,385	327	26,712
State Courts	77,160		77,160	83,496		83,496
Corrections	192,222		192,222	210,191	676	210,867
Public Safety	36,180	32	36,212	38,734	793	39,527
Administrative Services	16,893	3,446	20,339	17,288	3,758	21,046
Debt Service	85,328		85,328	88,378		88,378
Capital Facilities	45,169		45,169	57,062	10,500	67,562
Human Services	175,475	1,551	177,026	184,732	937	185,669
Health	168,775	750	169,525	173,811	270	174,081
Public Education - Agencies	80,551	1,300	81,851	74,704	2,780	77,484
Minimum School Program	1,344,401	5,926	1,350,327	1,408,882	8,250	1,417,132
School Building Programs	14,440	11,918	26,358	28,358		28,358
Higher Education	469,937		469,937	500,757	3,660	504,417
Natural Resources	43,834	458	44,292	43,973		43,973
Commerce and Revenue	98,800	150	98,950	101,298	470	101,768
Econ. Develop./Human Res.	34,159	4,090	38,249	32,088	3,667	35,755
National Guard	2,905		2,905	3,150	149	3,299
Environmental Quality	8,869		8,869	9,084		9,084
Transportation	81,164		81,164	106,093		106,093
Circuit Breaker	4,500		4,500	4,500		4,500
Total	\$3,016,125	\$30,025	\$3,046,150	\$3,204,978	\$36,607	\$3,241,585

Table 3

STATE of UTAH					
APPROPRIATIONS COMPARISON					
General Fund and Uniform School Fund Only					
FY 1998 - FY 1999					
Plan of Financing	FY 1997	FY 1998	Percent	FY 1999	Percent
	Actual	Estimated	Change	Appropriated	Change
Beginning Balance	\$9,071	\$43,433		\$41,820	
General Fund Estimate	1,446,014	1,453,400	0.5%	1,511,500	4.0%
Uniform Sch. Fund/Income Tax Est.	1,437,638	1,548,800	7.7%	1,682,600	8.6%
Subtotal Gen. & USF/Tax Estimates	\$2,883,652	\$3,002,200	4.1%	\$3,194,100	6.4%
Transfers	1,979	3,000			
Mineral Lease Transfers	1,343	3,800		2,050	
PEHP Rebate		5,000			
Thrift Settlement				1,000	
Public Education Transfer				1,000	
Sales Tax Legislation				(403)	
Cigarette Tax Transfer				(250)	
Asbestos Litigation Settlement		650			
Additional Judicial Collections		1,500		1,200	
Reserve For Industrial Asstance Fund	(6,761)				
Reserve from Prior Fiscal year	187,958	28,181			
Reserve for following Fiscal year	(28,181)	(41,818)			
Other Ongoing	1,886	24		364	
Other One Time		182		924	
Total	\$3,050,947	\$3,046,152	-0.2%	\$3,241,805	6.4%
Programs					
Legislature	\$11,215	\$11,142	-0.7%	\$12,384	11.1%
Ex. Off., Crts., Corr. & Pub. Safety	300,879	329,680	9.6%	360,602	9.4%
Administrative Services	19,085	20,338	6.6%	21,046	3.5%
Debt Service	83,222	85,328	2.5%	88,378	3.6%
Capital Facilities	21,987	45,169	105.4%	67,562	49.6%
Human Services	159,092	177,026	11.3%	185,669	4.9%
Health	162,069	169,525	4.6%	174,082	2.7%
Public Education	1,447,869	1,458,536	0.7%	1,522,974	4.4%
Higher Education	486,653	469,937	-3.4%	504,417	7.3%
Natural Resources	52,767	44,292	-16.1%	43,973	-0.7%
Commerce and Revenue	98,419	98,950	0.5%	101,769	2.8%
Econ. Develop./Human Res.	44,747	38,250	-14.5%	35,755	-6.5%
Trans., DEQ, & Natl. Guard	126,416	93,477	-26.1%	118,474	26.7%
Circuit Breaker	4,446	4,500	1.2%	4,500	0.0%
Lapsing	(4,591)				
Total	\$3,014,275	\$3,046,150	1.1%	\$3,241,585	6.4%
Ending Balance	\$36,672	\$2		\$220	

Table 4

STATE OF UTAH REVENUE ESTIMATES (In Thousands)				
	FY 1998	FY 1999	Effect of Legislative Changes	FY 1999 Revised Estimate
<u>General Fund</u>	<u>Estimate</u>	<u>Estimate</u>		
Sales and Use Tax	\$1,249,900	\$1,301,300	(\$403)	\$1,300,897
Liquor Profits	25,500	26,500		26,500
Insurance Premiums	42,500	46,000		46,000
Beer, Cigarette & Tobacco	56,000	60,000	(250)	59,750
Oil and Gas Severance	16,000	16,000		16,000
Metal Severance	8,000	7,200		7,200
Inheritance	10,500	9,500		9,500
Investment Income	12,000	12,000		12,000
Other	33,000	33,000	394	33,394
Total General Fund	\$1,453,400	\$1,511,500	(\$259)	\$1,511,241
<u>Uniform School Fund</u>				
Individual Income Tax	\$1,342,000	\$1,474,000		\$1,474,000
Corporate Franchise Tax	183,000	185,000		185,000
Mineral production Withholding	8,600	8,600		8,600
Gross Receipts Tax	7,200	7,000		7,000
Escheats	4,000	4,000		4,000
Permanent Fund Interest	4,000	4,000		4,000
Other			(30)	(30)
Subtotal Uniform School Fund	\$1,548,800	\$1,682,600	(\$30)	\$1,682,570
Total Gen Fund/Uniform School Fund	\$3,002,200	\$3,194,100	(\$289)	\$3,193,811
<u>Transportation Fund</u>				
Motor Fuel Tax	\$220,100	\$227,500		\$227,500
Special Fuel Tax	67,600	69,500		69,500
Motor Vehicle Registration	25,000	26,000		26,000
Other	30,000	31,000		
Total Transportation Fund	\$342,700	\$354,000	\$0	\$354,000
<u>Federal Mineral Lease</u>				
Regular	\$30,000	\$31,000		\$31,000
Bonus	2,600	2,600		2,600
Total Federal Mineral Lease	\$32,600	\$33,600		\$33,600

**Legislature,
Executive Offices and
Criminal Justice**

Legislature

The total FY 1999 appropriation of \$12,878,500 for the Legislature and its staff agencies is an increase of 11.3 percent from estimated expenditures in FY 1998. This funding includes resources for the Annual General Session and Interim Committees of the Legislature. (See Table 5 for a breakdown by program).

Major budget increases:

- ▶ Funding was provided to give each Legislator an expense allowance equal to the sum of the federal lodging per diem and federal meals allowance, and incidental expense per diem rates for Salt Lake City.
- ▶ A one-time appropriation of \$225,000 was made to the Senate for purchase and installation of equipment to allow electronic voting for members of the Senate.
- ▶ The Legislature approved funding of \$50,000 to allow the Office of the Legislative Fiscal Analyst do an extensive study of the rate structure that Fleet Services charges state agencies for rental of state vehicles.
- ▶ Additional funding of \$86,000 was provided to the Office of the Legislative Fiscal Analyst to implement provisions of House Bill 322 - "Fiscal Note on Legislation".
- ▶ Funding of \$94,800 was provided for the expense and staff support of four task forces and commissions:
 - ▶ Occupational and Professional License Task Force
 - ▶ Local Airport Funding Task Force
 - ▶ Child Care Task Force
 - ▶ Traffic Safety Task Force
 - ▶ Electric Deregulation and Customer Choice Task Force
- ▶ The Legislature also approved supplemental funding of \$35,750 in FY 1998 for a Juvenile Justice Task Force. This funding is in addition

to previous funding in FY 1998 for the following task forces and commissions:

- ▶ Capitol Art Placement Commission
- ▶ Task Force on Regulatory Barriers to Affordable Housing
- ▶ Electric Deregulation and Customer Choice Task Force
- ▶ Administrative Rules Review Committee

Table 5

LEGISLATURE					
Plan of Financing	FY 1998	FY 1998	FY 1998	FY 1999	Change from
	Estimated	Legislative Action	Revised	Appropriation	Revised FY 98
General Fund	\$10,874,300	\$200,000	\$11,074,300	\$12,014,200	\$939,900
General Fund - One-Time	32,300	35,750	68,050	369,800	301,750
Commerce Service Fund				23,500	23,500
Dedicated Credits	310,000		310,000	340,000	30,000
Beginning Nonlapsing	1,336,400		1,336,400	131,000	(1,205,400)
Ending Nonlapsing	(1,221,600)		(1,221,600)		1,221,600
Total Funding	\$11,331,400	\$235,750	\$11,567,150	\$12,878,500	\$1,311,350
Programs					
Senate	\$1,217,600	\$57,800	\$1,275,400	\$1,359,900	\$84,500
House of Representatives	2,072,200	142,200	2,214,400	2,387,600	173,200
Legislative Printing	781,800		781,800	835,900	54,100
Leg. Research & General Counsel	3,601,500		3,601,500	3,957,200	355,700
Tax Review Commission				50,000	50,000
Legislative Fiscal Analyst	1,736,300		1,736,300	1,908,000	171,700
Legislative Auditor General	1,681,400		1,681,400	1,797,700	116,300
Dues - NCSL	84,300		84,300	87,400	3,100
Dues - CSG	69,000		69,000	70,000	1,000
Constitutional Review Commission	55,000		55,000	55,000	
Subtotal	\$11,299,100	\$200,000	\$11,499,100	\$12,508,700	\$1,009,600
One-Time Funding					
Senate - Electronic Voting				\$225,000	\$225,000
Fleet Rate Study				50,000	50,000
Task Forces & Commissions	\$32,300	\$35,750	\$68,050	94,800	26,750
Total Appropriation	\$11,331,400	\$235,750	\$11,567,150	\$12,878,500	\$1,311,350

Executive Offices

The total budget for the Executive Offices of the State for FY 1999 is \$52,271,800. This is a \$1,411,715 increase over the FY 1998 budget.

Governor

- ▶ The Governor's Office was appropriated \$3,432,500 in FY 1999. This appropriation includes funding for the Governor's Administration, Residence, Elections, Motor Voter, Washington Office and Task Forces. The Commission for Women and Families was \$85,000 of this total.
- ▶ An appropriation of \$252,000 was made to the Governor's Office to fund the elections. This funding is required every other year.

Office of Planning and Budget

- ▶ The Office of Planning and Budget (OPB) was appropriated \$4,621,900 for FY 1999. The budget for OPB has been relatively flat for the last five years. The Office of Planning and Budget provides a variety of services including demographic and economic profiling, local planning assistance, state budget development and science and technology advice.
- ▶ An appropriation of \$100,000 in General Fund was made for FY 1999 to fund the Access Utah Director position in the Information Technology Section of OPB.
- ▶ An appropriation of \$100,000 in General Fund was made for FY 1999 to fund the Electronic Law Project.
- ▶ An appropriation of \$175,000 was made in FY 1999 to fund House Bill 285 - "Appropriation for Land Use Plans".
- ▶ An appropriation of \$60,000 was made to implement the provisions of Senate Bill 213 - "Appropriation for Training and Education of Local Governments".

Commission on Criminal and Juvenile Justice

- ▶ The Commission on Criminal and Juvenile Justice (CCJJ) was appropriated \$13,275,500 for FY 1999. The major funding source for CCJJ is federal funds which are then passed through to other agencies. The Commission on Criminal and Juvenile Justice also coordinates efforts for Crime Victim Reparation, Anti-Violence and Substance Abuse Programs, and Extraditions for the State.

Auditor

- ▶ The State Auditor was appropriated \$3,086,100 for FY 1999. The General Fund budget for the State Auditor has been flat for the past five years. The State Auditor is responsible for providing fiscal oversight of state agencies.

Treasurer

- ▶ The State Treasurer was appropriated \$1,873,800 for FY 1999. The State Treasurer is responsible for investing State monies at competitive rates.
- ▶ An appropriation of \$79,500 was made to fund an upgrade to the unclaimed property database system in FY 1999. A supplemental appropriation of \$45,000 was made to facilitate the upgrade in FY 1998.

Attorney General

- ▶ The Attorney General was appropriated \$26,057,000 for FY 1999. Major funding increases for the Attorney General have been in the area of Child Welfare over the past three years. There are approximately 174 attorneys in the Attorney General's Office. These attorneys provide services to many state agencies including the Department of Human Services, Corrections, Education, the Department of Commerce, Transportation, and Natural Resources.

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- ▶ The total Attorney General budget includes a General Fund appropriation for \$224,000 resulting from the passage of Senate Bill 135 - “Expansion of Children’s Justice Center Program”. The new justice centers will be located in Cache, and Duchesne counties.
 - .
 - ▶ An appropriation of \$500,000 was made to fund enhanced compensation in the Attorney General’s Office.
 - ▶ An appropriation of \$372,000 was made to the Attorney General’s Office in FY 1999 to fund four attorney positions required by passage of House Bill 239 - “Child Welfare Amendments”.
 - ▶ An appropriation of \$177,000 was made to the Attorney General’s Office in FY 1999 to fund additional staff positions in the Child Protection Section.
 - ▶ An appropriation of \$163,900 was made to the Attorney General’s Office in FY 1999 to replace federal funds lost in the Financial Crimes Section.

Table 6

EXECUTIVE OFFICES					
Plan of Financing	FY 1998		FY 1998 Revised	FY 1999 Appropriated	Change From Revised FY 1998
	Estimated	Legislative Action			
General Fund	\$24,289,300		\$24,289,300	\$26,384,600	\$2,095,300
General Fund - One-Time	20,000	316,185	336,185	327,000	(9,185)
Dedicated Credits	10,029,000	130,000	10,159,000	10,290,400	131,400
Federal Funds	10,085,400		10,085,400	11,645,600	1,560,200
Restricted and Trust Funds	2,238,000	45,000	2,283,000	2,608,900	325,900
Lapsing					
Beginning Nonlapsing	2,509,400		2,509,400	204,000	(2,305,400)
Closing Nonlapsing	(204,000)		(204,000)		204,000
Revenue Transfers	1,401,800		1,401,800	811,300	(590,500)
Total	\$50,368,900	\$491,185	\$50,860,085	\$52,271,800	\$1,411,715
Programs					
Governor	\$20,553,500	\$130,000	\$20,683,500	\$20,927,900	\$244,400
Auditor	3,595,800		3,595,800	3,086,100	(509,700)
Treasurer	1,887,500	45,000	1,932,500	1,873,800	(58,700)
Attorney General	24,332,100		24,332,100	26,057,000	1,724,900
Total	\$50,368,900	\$175,000	\$50,543,900	\$51,944,800	\$1,400,900
One-Time Funding Items					
Elections				\$152,000	\$152,000
Local Training				75,000	75,000
Electronic Law				100,000	100,000
Child Welfare Settlement		296,200	\$296,200		(296,200)
Copy Fees		10,000	\$10,000		(10,000)
Claim Against the State		9,985	\$9,985		(9,985)
Total	\$50,368,900	\$491,185	\$50,860,085	\$52,271,800	\$1,411,715

Criminal Justice

Crime

The national press has been highlighting the fact that crime rates, overall, are going down. For 1996, the last full year of data, the national crime rate is the lowest it has been since the National Crime Victimization Survey (NCVS) was begun in 1973.

Data for Utah for 1997, affirm the same trend in our State. The following statistics highlight the apparent reductions through the end of 1997:¹

- ▶ A 2.4 percent decrease in index crimes (there was a 2.61 percent decrease in 1996)
- ▶ A 3 percent decrease in violent crimes include:

Murder	down	20.4 percent
Robbery	down	16.8 percent
Rape	up	21.0 percent
Aggravated Assault	up	3.4 percent
- ▶ Property crimes are down 2.4 percent, they include:

Arson	down	37.3 percent
Larceny/theft	down	4.2 percent
Auto theft	down	3.7 percent
Burglary	up	8.9 percent
- ▶ Overall arrests are down 13.0 percent and include:

Adults	down	13 percent
Juveniles	down	14 percent

¹Crime statistics quoted compare 1997 data to the same period in 1996. Data used in the calculations does not include all jurisdictions in the state due to delayed reporting..

Judicial Branch

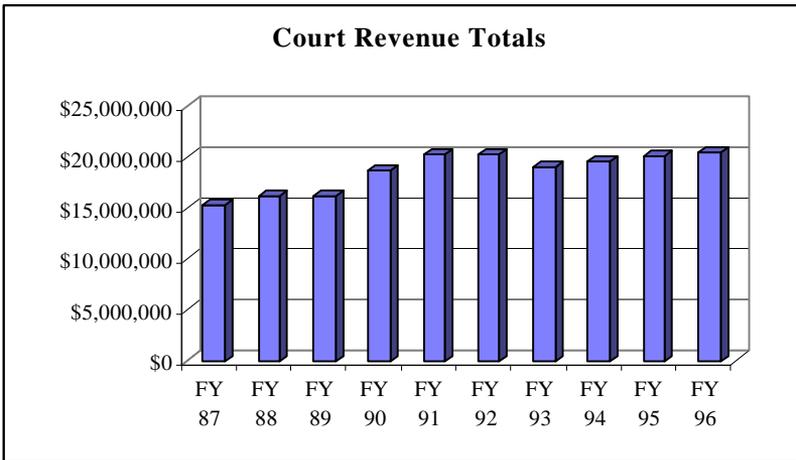
The Judicial Branch has four courts of record (Supreme Court, Court of Appeals, District Courts, and Juvenile Courts) which are funded and operated by the State. In addition to the 104 state judges, there are Justice Courts (not of record) operated within the framework of cities and counties of the State that require 128 judges for 144 court locations.

Courts Budget

The total budget for the courts for FY 1999 is \$90,730,800 with growth from FY 1998 of over 9.2 percent. Approximately 3,000 cases are filed in the Utah Courts each business day and the annual rate of growth is approximately 2.9 percent. Of particular interest is the growth in co-habitant abuse where case filings for abuse are up 174 percent since 1992.

Although the function of the courts is not revenue generation per se they remain a contributor to the overall state budget through the collection of fees, fines, and surcharges.

Court revenue has been relatively stable over the last several years as indicated in the following chart:



Highlights of the Legislative General Session are:

- ▶ A District Court Judge in the 3rd District, and a Juvenile Court Judge in the 2nd District were created and funded at \$450,000.
- ▶ Judicial salaries were increased 3.48 percent with the new District Court Judge's salary set at \$93,600. Resultant judicial salaries are:

Supreme Court	\$102,950
Appeals Court	98,300
District and Juvenile Court	93,600
Court Administrator	93,600

- ▶ A joint resolution amending the Constitution to eliminate the voting rights of convicted felons was passed. There will be some additional costs to Corrections, (\$2,000) the Courts (\$15,000), and the Elections Section of the Lieutenant Governor's Office to enforce the restrictions if it passes.
- ▶ Bills impacting the court operations include: House Bill 72, "Unlawful Sexual Activity with a Minor"; House Bill 81, "Motions to Vacate Ex Parte Protective Orders"; and Senate Bill 87, "Attempted Purchase of Tobacco by Children". These three bills combined added an additional \$32,200 to the courts budget.
- ▶ The Legislature increased the fees for jury duty from \$17 per day to \$18.50 for the first day and \$49 per day for each subsequent day. This added \$220,000 to the Jury, Witness, and Interpreter budget for the additional costs in FY 1999. Jury and Witness Fees for FY 1998 received a supplemental appropriation of \$250,000.
- ▶ Additional courts lease costs required \$234,000 in Dedicated Credits as a supplemental appropriation for FY 1998.

- ▶ The Legislature appropriated \$50,000 from the General Fund Restricted - Court Trust Fund and \$45,000 from the General Fund Restricted - Court Reporter Technology to the Courts administrative budget for FY 1998 for administrative and technology needs.

Corrections

The combined corrections budgets for FY 1999 are over a quarter of a billion dollars in total, of which, \$210,867,300 is General Funds (93 percent of the total funding). The total increase for the corrections budgets for FY 1999 over FY 1998 is \$19.7 million.

Department of (Adult) Corrections

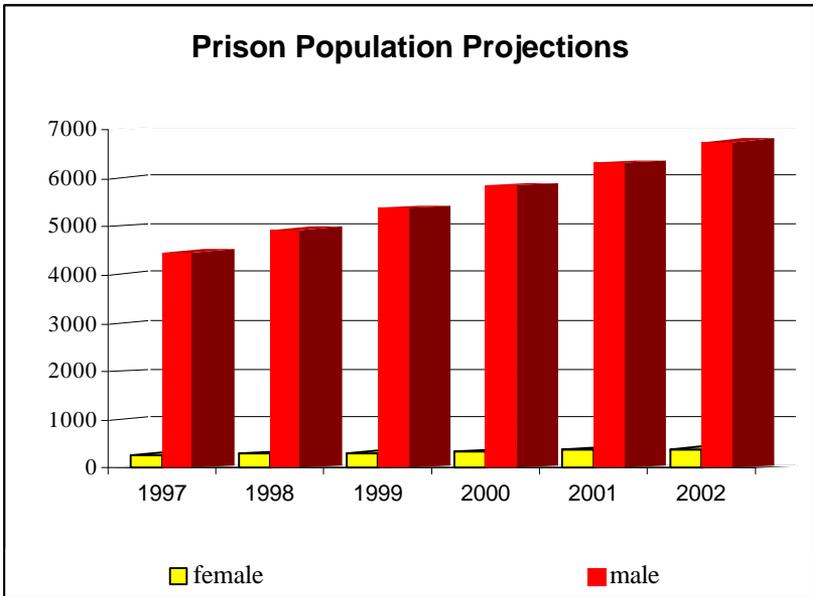
The Department of Corrections, as the adult correctional authority for the State of Utah, has a primary mission of community protection. To accomplish this goal, the Department must develop and provide programs that identify and control the convicted offender's inappropriate behavior, and help the offenders in functioning as law-abiding citizens.

Current demographic data shows that the number of Utah residents between the ages 20 and 29 (the most crime prone age group) has **not significantly increased** during the period from 1980 to present. At the same time the average rate of crime in Utah has been approximately 5,300 offenses per 100,000 over the last seven years. While the general perception is that crime is on the rise, when adjusted for population increases it has not. In fact, the crime rate has not increased nor decreased more than 8 percent over the average rate for this period.

Utah's incarceration rate has grown as follows:

Incarceration rate 1980	69 per 100,000
Incarceration rate 1998 (March)	Over 200 per 100,000

Data-to-date continues to indicate growth in excess of 9 percent for the immediate future as shown on the following graph:



The significance of this increased rate is that, without changes in current policies, the state will require a new medium sized, 500 bed, prison to be added each year. This would represent an added construction cost of \$36 million and added annual operating cost of over \$11,000,000. Each 500 bed facility added to the state system represents \$366,000,000 over a projected thirty year use period.

To continue the development of the new offender tracking program (OTRACK) the Legislature provided an additional \$400,000 in General Funds. Total funding, including FY 1999 funding is now at approximately \$2.3 million.

The Division of Field Operations consists of seven geographical regions, 16 Adult Probation and Parole field offices, and four community corrections centers. Total FY 1999 budget for these operations is \$33,159,900 to supervise approximately 10,000 probationers and 3,650 parolees.

- ▶ To reduce the pressure for inmate beds, additional funds for 24 day-reporting slots amounting to \$200,000 (or \$8,345 per year each) was provided.
- ▶ Day-reporting is a mechanism for community based supervision of probationers and parolees who are experiencing instability but do not need to be returned to the more costly inmate status and beds.
- ▶ Recognizing the increased workload on the Adult Probation and Parole system, the Legislature approved \$600,000 for additional contract service hours. These contracts will provide for pre-sentence reports for the courts so as to relieve AP&P agents for more in-the-field supervision of offenders.
- ▶ The new national radio frequency band for emergency services is in the 800 MHZ portion of the spectrum. Law enforcement and emergency services agencies throughout the country are converting to the new standard. The Legislature provided a first year allocation toward the costs of that conversion for the Department of Corrections which included: Ongoing costs of \$63,000 and one-time costs \$276,700 from the General Fund.

The Division of Institutional Operations manages the inmate population of the system. The Division represents more than half of all adult corrections costs and over half of all department employees while supervising approximately 5,000 inmates in three separate state facilities and under contracts in other locations (principally jails). The FY 1999 budget for Institutional Operations is \$92,287,800.

- ▶ With the conversion of the Women's Prison Facility at Draper to an inmate forensic unit, the Legislature added \$300,000 to provide additional staffing for the new forensic unit.
- ▶ To help realign salaries at the state prison, \$600,000 was provided in addition to the statewide merit increase.
- ▶ The Legislature affirmed its intention to add a privatized prison facility to the current mix of programs and facilities available. To cover the costs for a new, privatized prison at \$42 per day for 500 inmates for the last three months of FY 1999 (April - June) an appropriation of \$1,890,000 in General Fund was provided.
- ▶ To cover the remainder of full year costs for the new 192 bed unit at the central Utah Corrections Facility in Gunnison the Legislature provided \$2,000,000 in General Funds.
- ▶ The Legislature expanded Jail Contracting with county jail facilities to \$11,397,200 for FY 1999.

New Jails (already contracted by DOC) to open in FY 1998			
County	Opens		Beds
Box Elder	February 1998		70
Summit	March 1998		30
Washington	March 1998		250
Millard	April 1998		60
Beaver	July 1998		<u>160</u>
Total			<u><u>570</u></u>

- ▶ To accommodate the costs of increased incarceration due to new legislation dealing with criminal penalties \$112,500 was added to the Institutional Operations budget.

The Division of Utah Correctional Industries (UCI) was funded with \$12,250,100 in dedicated credits for FY 1999. Utah Correctional Industries has four operating components: administrative, industrial operations, service operations, and agriculture. Utah Correctional Industries daily employees approximately 634 inmates, or approximately 16 percent of the inmate population. During the year over 1,000 inmates, receive earnings, and job training.

The Board of Pardons was given \$2,380,300 for FY 1999 including \$15,000 for Pro Tempore Board members and \$35,000 for personal services costs. The Board is the release authority for inmates in the State of Utah and thereby controls much of the costs of incarceration. The Board is responsible for reviewing an inmate's performance after the inmate is incarcerated, and determining when and under what conditions the inmate may be released after serving the minimum sentence required by law. Although the Board of Pardons is budgeted with Corrections and works closely with them, the Executive Director of Corrections does not have line authority over the Board and cannot direct the Board of Pardons to release inmates early, impose release conditions, etc.

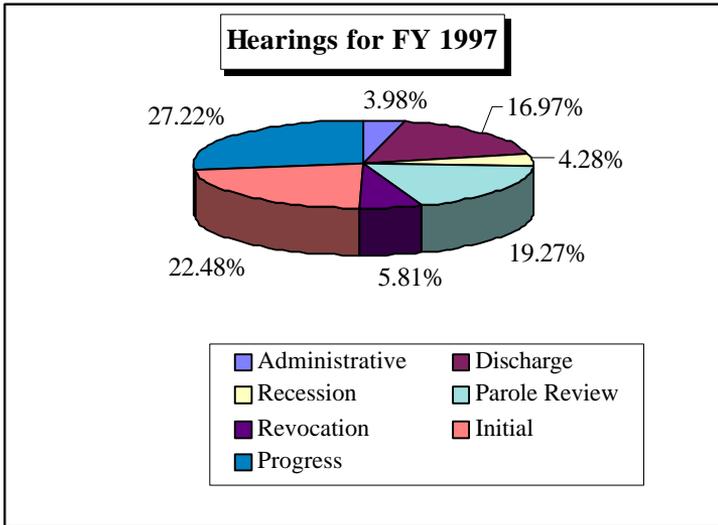
Division of Youth Corrections

The Division of Youth Corrections was given a budget of \$66,467,900 for FY 1999 to execute its responsibility for all delinquent offenders committed by the State's Juvenile Court. These youth are committed to either long-term secure confinement, short-term observation and assessment, or to alternative community residential placement.

Highlights of the Legislative General Session are:

- ▶ Legislation removed the statutory requirement that Division of Youth Corrections officer and equivalent contracted officers meet the POST requirements for Correctional Officer. To supplement the Division staff in areas requiring Peace Officer status, a separate bill authorizes the contracting for Special Function Officers where peace officer status is required. To fund this contracting an additional \$75,000 was provided in FY 1999
- ▶ The Division also received \$1,500,000 in Dedicated Credits to supplement its community alternatives programs for FY 1998.
- ▶ Legislation which allows the court to sentence youth offenders to the custody of the Department of Human Services was passed, which adds to the sentencing authority of the juvenile court.

As with the adult parole authority the Youth Parole Authority has the ultimate release decision for youth in secure detention. The part-time board had 654 hearings for youth in FY 1997 broken down into the following hearing types:



Department of Public Safety

The objectives of the Department of Public Safety are to preserve order by protecting lives, reducing the number and severity of accidents, and reducing damage to life, health, property, and finances caused by unlawful activity. For these purposes the Legislature provided an overall budget of \$79,027,100 for FY 1999.

Highlights of the Legislative General Session

- ▶ Funding for Peace Officers Standards and Training (POST) totaled \$2,107,500. To expand the management training courses available for law enforcement supervisors the Legislature included \$10,000 from the General Fund Restricted - Public Safety Support Fund. An additional

\$7,000 was also included to offset the increasing cost of food for the academy classes. To maintain the level of training in emergency vehicle driving for law officers the Legislature added \$45,000 in General Fund restricted for range vehicles.

- ▶ To convert existing certification records for all law enforcement officers in the State to a modern computer data base required a one time cost of \$35,500 in General fund restricted. Similarly, to provide video taped versions of Basic and In-service course work for use in the field required a one-time cost of \$35,600 in General Fund Restricted.
- ▶ The Utah Highway Patrol totaled \$32,864,100 and included 10 new FTE for troopers and 3 additional FTE for technology support as the patrol continues to add computer capabilities to the patrol vehicles on the road. As part of the legislation covering nuclear waste storage and movement, the patrol was given \$376,900 for impacts on Utah highways (Comprehensive Emergency Management received an additional \$1,416,400 for the same General Fund Restricted - Nuclear Waste Fund). Under separate legislation funding was also provided (\$250,000) for Trooper uniforms.
- ▶ The new national radio frequency band for emergency services is in the 800 MHZ portion of the spectrum. Law enforcement and emergency services agencies throughout the country are converting to the new standard. The following costs are a first year allocation toward the costs of that conversion for the Department of Public Safety:

Ongoing costs		
Utah Highway Patrol		\$21,600
Comprehensive Emergency Management		4,000
One time costs		
Utah Highway Patrol		\$94,900
Comprehensive Emergency Services	17,400	
Dispatch Center Consoles		289,700

-
- ▶ Dispatch Center personnel also received \$125,000 to conform to new market guidelines related to the state's pay plan. Dispatch services for Davis and Tooele counties are provided through county facilities. The State share of the dispatch cost is \$74,200 in General Funds which is included in the FY 1999 budget totals.
 - ▶ To continue the development of access to the criminal data bases and records, Investigations and Technical Services was given an additional \$70,000 in General Fund Restricted. This division also received additional funds to cover growth in the number of methamphetamine labs operating in Utah and the danger posed by the volatile components have necessitated extensive overtime by the State criminal investigations teams.
 - ▶ Increasing demands in both the number of students and nature of the training (both generalized and specialized) at the State Fire Academy and in remote areas of the State require an increase in the academy's capacity. The Legislature added \$850,000 for FY 1999 from the General Fund Restricted -Fire Academy Account that has been created specifically for such programs. At the same time an FY 1998 supplemental for \$850,000 from the same account was provided so that the expansion could begin immediately.
 - ▶ As an additional phase of the conversion of the Driver's License computer system to the new HP Unix based system the Legislature authorized an additional \$300,000 from the Transportation Restricted - Public Safety Restricted Fund.

Table 7

CRIMINAL JUSTICE					
<u>Plan of Financing</u>	1998 Legislative		FY 1998	FY 1999	Change from
	<u>Estimated</u>	<u>Action</u>	<u>Revised</u>	<u>Appropriated</u>	<u>Revised 1998</u>
General Fund	\$305,344,050	\$250,000	\$305,594,050	\$333,890,000	\$28,295,950
Transportation Fund	5,495,500		5,495,500	5,495,500	
Federal Funds	10,766,800		10,766,800	10,962,400	195,600
Dedicated Credits	22,260,000	1,734,000	23,994,000	23,627,200	(366,800)
General Fund Restricted	5,604,000	975,000	6,579,000	12,348,800	5,769,800
Transportation Fund Restricted	13,696,300	300,000	13,996,300	14,094,000	97,700
Revenue Transfers	7,091,900		7,091,900	7,061,700	(30,200)
Non-lapsing	3,521,200		3,521,200	964,400	(2,556,800)
Total	\$373,779,750	\$3,259,000	\$377,038,750	\$408,444,000	\$31,405,250
Ongoing Programs					
Courts	\$82,084,550	\$609,000	\$82,693,550	\$90,730,800	\$8,037,250
Corrections	157,536,900		157,536,900	169,161,200	11,624,300
Board of Pardons	2,335,000		2,335,000	2,380,300	45,300
Youth Corrections	59,820,300	1,500,000	61,320,300	66,467,900	5,147,600
Public Safety	71,970,600	1,150,000	73,120,600	78,163,100	5,042,500
Subtotal	\$373,747,350	\$3,259,000	\$377,006,350	\$406,903,300	\$29,896,950
One-time items					
Corrections					
800MHZ Field Operations				\$276,700	\$276,700
OTRACK computer system				400,000	400,000
Public Safety					
Highway Patrol Laptops	\$32,400		\$32,400		(32,400)
Trooper Cars				390,900	390,900
POST records conversion				35,500	35,500
POST media equipment				35,600	35,600
800MHZ equipment				94,900	94,900
800MHZ equipment				17,400	17,400
800MHZ equipment				289,700	289,700
Total	\$373,779,750	\$3,259,000	\$377,038,750	\$408,444,000	\$31,405,250

Capital Facilities and Administrative Services

Department of Administrative Services

The Department of Administrative Services was created in 1981 by the Utah Administrative Services Act (63A-1-102). The Act sets forth seven purposes for the creation of the Department.

1. Provide specialized agency support services commonly needed;
2. Provide effective, coordinated management of state administrative services;
3. Serve the public interest by providing services in a cost-effective and efficient manner, eliminating unnecessary duplication;
4. Enable administrators to respond effectively to technological improvements;
5. Emphasize the service role of state administrative service agencies in meeting the service needs of user agencies;
6. Permit flexibility in meeting the service needs of state agencies;
7. Protect the public interest by insuring the integrity of the fiscal accounting procedures and policies which govern the operation of agencies and institutions to assure that funds are expended properly and lawfully.

The following divisions within the Department have been created to accomplish these purposes:

Executive Director's Office

The Executive Director's Office (EDO) provides financial management, strategic planning, organizational development, and public relations for the Department. It is through the EDO that the Department plays a major role in the development of the State's system for information management.

Administrative Rules

The Division of Administrative Rules is responsible for establishing procedures for administrative rulemaking, recording administrative rules, making administrative rules available to the public, publishing semimonthly summaries of the proposed rules, and compiling and codifying all effective rules in the Utah Administrative Code.

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. These records contain information that document the actions of the organization and the people who work within it.

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 general supervision and control over all inventories and supplies owned by the State, and the establishment and maintenance of programs for the inspection, testing and acceptance of supplies and services. In addition, the 1997 Legislature reorganized the Department of Administrative Services and merged Central Copying, Central Mail, and Central Stores into the Division of Purchasing and changed the name to the Division of Purchasing and General Services.

Division of Finance

The Division of Finance produces the State's Comprehensive Annual Financial Report, ensures compliance with generally accepted accounting principles, controls all unrestricted and restricted funds including trust funds, reviews all State contracts, pays all bills to vendors/contractors, issues all payroll checks, and develops, operates, and maintains State accounting systems.

Office of Debt Collection

The office was established in 1995 to collect and manage State receivables and develop policies governing management and collection of State receivables. Much of the actual collection work is done with private sector collection agencies.

Division of Facilities Construction and Management

The Division of Facilities Construction and Management (DFCM) is responsible for programming, planning, bidding, and contracting the construction and equipping of buildings and related projects for all state institutions and agencies. Another responsibility is reviewing alteration, renovation, repair, and improvement projects on existing buildings.

Internal Service Funds (ISF)

In addition to the forgoing divisions, the Department has other divisions that function as Internal Service Funds. These divisions provide goods and services based on legislatively approved rates and are mandated to operate under the same principles as a private sector business.

Division of Purchasing and General Services

The ISF portion of this division includes central copy services, a central store (stockless, vendor direct), and a central mail operation.

Division of Fleet Operations

The Division of Fleet Operations operates the State Central Motor Pool. The division also includes the state and federal surplus property programs and the State fuel network. According to 63A-9-401 the division shall coordinate all purchases of state vehicles, establish fleet authorization and information systems, and make rules for all aspects of vehicle acquisition, maintenance, resale, and utilization.

Division of Information Technology Services

The Division of Information Technology Services (ITS) is required to provide cost effective and reliable data processing and communication service to all agencies of state and local government. The Public Safety Radio and Microwave Services are part of this division.

The data processing area of ITS provides data processing services to State agencies and local government entities. The primary services are software development, computer time-sharing, main frame computing, and consultation.

The telecommunications area of ITS provides telecommunications services to all State agencies, delivers priority service to public safety agencies, and negotiates the purchase, lease or rental of private or public telecommunications services or facilities.

Division of Risk Management

The Division of Risk Management provides liability, property and auto physical damage coverage to all state agencies, school districts, colleges and universities and eight city/county health departments for loss or damage. The liability insurance program is entirely self funded, while the property insurance program is self funded up to a \$2.5 million deductible with a private carrier.

Division of Facilities Construction and Management - Facilities Management

In addition to facilities construction and leasing, the Division of Facilities Construction and Management (DFCM) is also responsible for directing or delegating maintenance and operations, preventive maintenance, and facilities inspection programs for any department, commission, institution, or agency except state institutions of higher or public education. Included in this budget are building expenses such as utilities, janitorial, garbage collection, and security services.

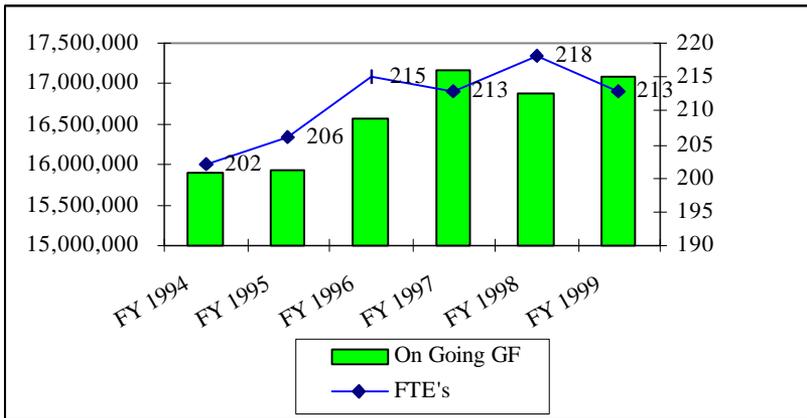
Office of Debt Collection

The ISF portion of this budget includes the private sector collection activity as coordinated by the Office of Debt Collection.

Key Departmental Issues

Ongoing General Fund and Employee increases

When one-time and mandated type expenditures such as Year 2000 problem resolution and underground storage tank mitigation are excluded, the department has averaged an annual General Fund increase of only 1.45 percent since FY 1994. At the same time, the full-time-equivalent (FTE) employee count has increased by 11, or 5.4 percent (this does not include the two FTE's transferred with the Judicial Conduct Commission).



Underground Storage Tank Mitigation

Since FY 1991, the State has been removing or cleaning up leaking State owned underground petroleum storage tanks. The purpose of the effort is to meet the December, 1998 federal Environmental Protection Agency (EPA) deadline to have all the problem tank sites mitigated. It is anticipated that the FY 1999 appropriation will complete this project.

Historical Summary of Funding for Tank Mitigation

	General Fund	Transportation Fund	Total
FY 1991	\$3,500,000	\$100,000	\$3,600,000
FY 1992	(No new Funding)		
FY 1993	1,170,000	1,993,300	3,163,300
FY 1994	3,446,300	1,000,000	4,446,300
FY 1996	1,600,000	1,000,000	2,600,000
FY 1997	900,000	600,000	1,500,000
FY 1998	700,000	180,000	880,000
FY 1999	<u>200,000</u>	<u>300,000</u>	<u>600,000</u>
Total	<u>\$11,516,300</u>	<u>\$5,173,300</u>	<u>\$16,689,600</u>

New Motor Vehicle Fleet rates to be established for FY 2000

The Division of Fleet Operations was authorized to expend \$20,869,900 for vehicle replacements and expansions. This authorization will allow for 957 replacement vehicles, 89 (additional) expansion vehicles, and 50 contingency vehicles. Because of Legislative and agency concerns with the accuracy of new proposed rates, the Legislature requested the Division of Fleet Operations to not increase rates for FY 1999. The Legislature then appropriated \$50,000 to the Office of the Legislative Fiscal Analyst for an independent study to establish full cost charge back rates for all state fleets for FY 2000 implementation.

General Fund Borrowing - Cash Deficits

By legislative intent language the Internal Service Fund rates, such as the fleet rates as previously discussed, should have a component to eliminate cash deficits. These deficits result in General Fund borrowing which has the effect of reducing earnings by the State Treasurer and makes less cash available for day-to-day state operations.

Department of Administrative Services FY 1999 Intent Language Highlights:

Senate Bill 1 "Appropriations Act":

Item 62 - Division of Archives

It is the intent of the Legislature that the Division of Archives review in detail the cost/benefits of owning data processing equipment versus paying monthly charges to the Division of Information Technology Services (ITS). The results of this analysis should be shared with the Office of the Legislative Fiscal Analyst prior to any expenditures for ITS services.

Item 63 - Division of Information Technology Services - Automated Geographic Reference Center

It is the intent of the Legislature that, subject to funding availability, the Legislative Fiscal Analyst consider adding \$300,000 in ongoing General Funds in the FY 2000 budget for the Automated Geographic Reference Center within the Division of Information Technology Services.

Item 64 - Division of Information Technology Services - Public Safety Radio and Microwave

It is the intent of the Legislature that the Division of Information Technology Services (ITS) use up to \$145,300 from retained earnings in FY 1999 to fund shared State and local public safety radio and microwave services. In addition, ITS should prepare a plan to eliminate this subsidy by FY 2002. It is acknowledged that this may require additional funding in the 1999 session of the Legislature.

Item 68 - Division of Fleet Operations

It is the intent of the Legislature that the Motor Pool operation within the Division of Fleet Operations delay implementation of any new rate structures pending implementation of the Management Information System and an independent rate structure study. The purpose of this study should be to establish equitable rates that reflect a full cost charge back relative to the state fleets and their various individual usage patterns. The proposed new rates should be presented to the interim Executive Appropriation Committee in October of 1998. The FY 1999 Capital authorization for Motor Pool should be changed from \$46,417,900 to \$20,869,900.

Item 56 - Office of Debt Collection

Seven items of intent were repeated from FY 1998 to FY 1999. This intent language is summarized as follows:

State agencies are to be brought onto the State's advanced accounts receivable system unless otherwise authorized by the advisory board to the Office of Debt Collections.

Administrative, legal, and collection costs can be passed on to the debtor.

State Courts should work with the Office of Debt Collection to transfer delinquent accounts to the office.

The State Tax Commission should work to out source all accounts over 24 months old and report the results to the office of Debt Collections.

Agencies will comply with rules for account write offs, with the Office of Debt Collection continuing collections efforts on the written off accounts.

House Bill 1 “Supplemental Appropriation Act:

Item 40 - Division of Information Technology Services - Automated Geographic Reference Center

It is the intent of the Legislature to appropriate to the Automated Geographic Reference Center the amount of \$200,000 to support rural government acquisition of geographic data and integrating systems. Distribution of funds by the Automated Geographic Reference Center will be based on recommendations developed after consultation with the Rural Partnership Board and the Utah Association of Counties, and the needs of the Twenty-first Century Communities Program.

Table 8

DEPARTMENT OF ADMINISTRATIVE SERVICES					
Plan of Financing	FY 1998		FY 1998 Revised	FY 1999 Appropriated	Change from Revised FY 98
	FY 1998 Estimated	Legislative Action			
General Fund	\$16,892,500		\$16,892,500	\$17,287,600	\$395,100
General Fund - One-time	2,670,000	\$102,000	2,772,000	2,467,900	(304,100)
Uniform School Fund - One-time	406,000	267,700	673,700	1,290,000	616,300
Transportation Fund	453,400		453,400	450,000	(3,400)
Dedicated Credits	1,732,500		1,732,500	1,891,600	159,100
Federal Funds - One-time	1,964,300		1,964,300	1,874,700	(89,600)
Revenue Transfer	1,378,400		1,378,400	1,146,500	(231,900)
Beginning Nonlapsing	2,841,000		2,841,000	1,007,000	(1,834,000)
Closing Nonlapsing	(1,007,000)		(1,007,000)		1,007,000
Restricted Funds	8,200		8,200	350,000	341,800
G.F. Restr. - ISF Overhead Re.	1,200,000	379,900	1,579,900	1,548,300	(31,600)
Total Funding	\$28,539,300	\$749,600	\$29,288,900	\$29,313,600	\$24,700
Programs					
Executive Director	\$771,900		\$771,900	\$801,000	\$29,100
Exec. Dir. - Fuel Mitigation	1,713,600		1,713,600	1,300,000	(413,600)
Exec. Dir. - Tech. Coordination	218,200		218,200		(218,200)
Archives	1,708,400		1,708,400	1,818,200	109,800
Administrative Rules	278,200		278,200	259,500	(18,700)
Purchasing	1,241,500		1,241,500	1,297,500	56,000
Finance - Administration (HB 1)	10,469,900	\$379,900	10,849,800	10,303,100	(546,700)
Finance - Mandated Exp.	149,900		149,900	120,000	(35,900)
Finance - Mandated - Year 2000	2,033,100		2,033,100	2,099,700	66,600
Finance - Mand. - Jud. Conduct				216,700	216,700
DFCM Administration	3,197,700		3,197,700	3,243,600	45,900
DFCM Facilities Management	2,463,600		2,463,600	2,463,600	
Office of Debt Collection	222,000		222,000	175,000	(47,000)
I. T. S. - Admin. HB 3 to Impl. SB 221				15,000	15,000
Info. Tech. Serv. - AGRC	850,000		850,000	1,297,500	447,500
Info. Tech. Serv. - Pub. Safety	145,300		145,300	145,300	
Total	\$25,463,300	\$379,900	\$25,843,200	\$25,555,700	(\$293,500)
GF/USF One-time Funded items					
AGRC Map Digitizing	\$50,000		\$50,000		
EDO - Utah Comm. Agency Network	185,000		185,000		
EDO - Fuel Mitigation	260,000		260,000		
Finance - Advantage 2.0	75,000		75,000		
Finance - Year 2000 (GF / USF)	2,259,000		2,259,000		
Finance Mand. - Indigent Atty/Inmate	150,000		150,000		
Finance -Mmand. Boards & Comm.	6,000		6,000		
Archives - Trans. from YR 2000	50,000		50,000		
Purchasing - Trans. from YR 2000	41,000		41,000		
Finance - Mand. Y2K Tax Comm HB 1		\$267,700	267,700		
Finance - Mand. Ft Douglas Reloc. HB 1		100,000	100,000		
Admin Rules - HB 3 to impl. SB 88		2,000	2,000		
ITS - AGRC - local pass through HB3				\$200,000	\$200,000
DFCM - SB 37				125,000	125,000
EDO - Fuel Mitigation				200,000	200,000
Finance - Payment Tracking				100,000	100,000
Finance - Electronic Commerce				200,000	200,000
Finance Mand.- YR 2000 GF				1,563,900	1,563,900
Finance Mand.- YR 2000 USF				1,290,000	1,290,000
DFCM - 800 MGz Radios				79,000	79,000
Total	\$28,539,300	\$749,600	\$29,288,900	\$29,313,600	\$24,700

Table 9

INTERNAL SERVICE FUND INCOME STATEMENT SUMMARY					
<u>Revenues</u>	FY 1998		<u>FY 1998 Revised</u>	<u>FY 1999 Appropriated</u>	<u>Change from Revised FY 98</u>
	<u>FY 1998 Estimated</u>	<u>Legislative Action</u>			
Purchasing and General Services					
Administration	\$253,500		\$253,500	\$260,700	\$7,200
Central Mail	6,405,500		6,405,500	6,530,000	124,500
Copy Centers	4,309,700		4,309,700	5,017,700	708,000
Central Stores	1,493,900		1,493,900	298,500	(1,195,400)
Total General Services	\$12,462,600		\$12,462,600	\$12,106,900	(\$355,700)
Division of Fleet Operations					
Fleet Services - Administration	\$609,900		\$609,900	\$713,900	\$104,000
Fleet Services - Motor Pool	9,275,700		9,275,700	11,350,000	2,074,300
Fleet Services - Fuel Network	7,843,300		7,843,300	9,064,300	1,221,000
Fleet Services - Surplus Property	960,000		960,000	1,169,000	209,000
Total Fleet Operations	\$18,688,900		\$18,688,900	\$22,297,200	\$3,608,300
Information Technology Serv.	\$51,362,600		\$51,362,600	\$53,304,400	\$1,941,800
Risk Management	26,296,700		26,296,700	26,500,000	203,300
DFCM Facilities Management	14,317,800		14,317,800	15,578,800	1,261,000
DFCM Fac. Mang. - Roofing/ Paving	187,700		187,700	430,400	242,700
DFCM Fac. Mang. - Planning/ Design	225,300		225,300	291,600	66,300
Office of Debt Collection	509,500		509,500	1,742,300	1,232,800
Total	\$124,051,100		\$124,051,100	\$132,251,600	\$8,200,500
Authorized FTE's	478.50		478.50	484.75	6.25
Authorized Capital Outlay	\$23,556,300		\$23,556,300	\$33,088,600	\$9,532,300

Capital Budget

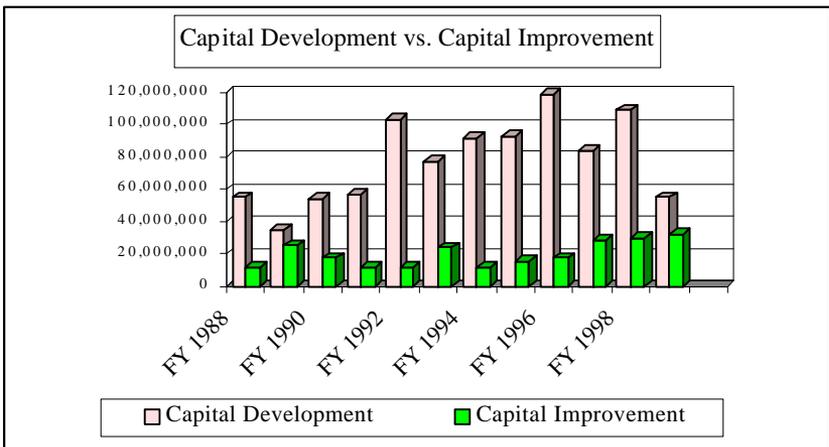
The capital budget provides funding to purchase, construct, and repair State facilities. Funding for these projects comes generally from cash and bonding. The FY 1999 capital budget includes a significant increase from previous years in the amount of cash provided. The General Fund and Uniform School Fund totaled \$67,561,900 for FY 1999 compared to \$45,168,900 in FY 1998.

Key Issues

Capital Improvements - Maintaining existing facilities

FY 1999 funding for capital improvement funding increased by 6.4 percent over FY 1998. Current law requires that .9 percent of the replacement values of state-owned facilities be funded for improvements before any new facilities are funded.

The following chart shows the historical relationship between funding for alterations, repairs, and improvements (capital improvements) and new facilities (capital developments).



The average expenditures of the last two years have shown a significant increase in the amount of capital improvements funded as a percent of development. In FY 1995 and FY 1996, the average percent was 15.63 percent. In FY 1997 and FY 1998, the average percentage was 31.43 percent. The FY 1999 appropriation reflects a 44.50 percent ratio of improvements to developments. This trend indicates an increased emphasis to take better care of state-owned facilities.

For the reasons indicated, the following projects were not included in the comparison: University of Utah Housing \$25 million - to be repaid with nonstate funds, HK Office Tower \$17.7 million - State offer to purchase was rejected. Salt Lake County Youth Corrections \$14.5 million - State was already leasing this facility and paying for maintenance.

Adult Correctional Facilities

The 1998 Legislature provided funding for 288 new adult beds at the Central Utah Correctional Facility in Gunnison. With the completion of these beds the Department of Corrections will have the following total bed counts:

State Owned	5,030
Private Sector	500
County Jails - Contracted	<u>252</u>
Total	<u><u>5,782</u></u>

Youth Correctional Facilities

The 1998 Legislature provided funding for two 32 bed facilities to be located at Logan and Vernal respectively. With the completion of these facilities, the Division of Youth Corrections will have the following total bed counts:

Long-term Secure	258
Detention	338
Observation/Assessment	128
Work Camp	72
Shelter	40
Out-of-State	<u>14</u>
Total	<u><u>850</u></u>

Funding for other agencies and institutions

The following table reflects a four-year history of capital budgets by major category:

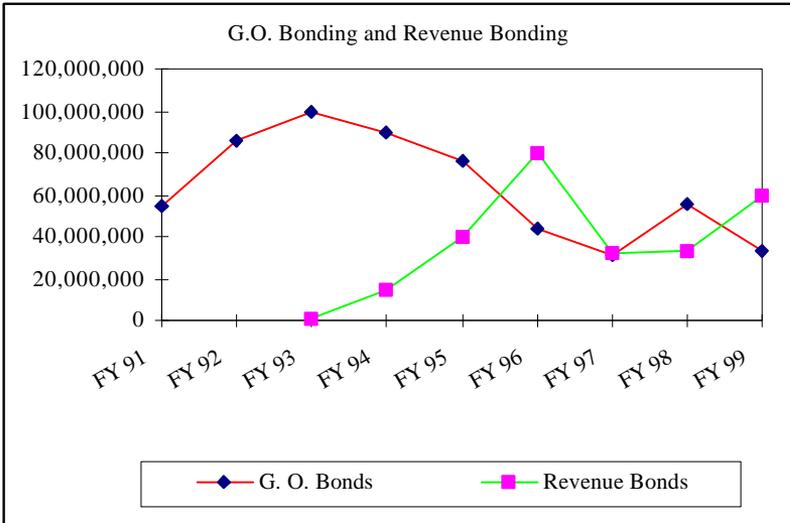
Expenditures	FY 1996	FY 1997	FY 1998	FY 1999
State Funds				
Higher Education	\$18,240,000	\$37,670,200	\$34,903,000	\$55,711,800
% Change	(39.5%)	106.5%	(7.3%)	59.6%
State Government	101,332,500	49,946,700	66,870,700	75,437,200
% Change	67.4%	(50.7%)	33.9%	12.8%
Public Education	5,700,700		7,844,900	3,054,300
% Change	(22.4%)	(100.0%)	100.0%	(61.1%)
Capital Improvements	17,403,200	28,936,600	29,980,600	31,893,500
% Change	5.0%	66.3%	3.6%	6.4%
Ogden City				500,000
UTAX			8,500,000	5,650,000
Total	<u>\$142,676,400</u>	<u>\$116,553,500</u>	<u>\$148,099,200</u>	<u>\$182,246,800</u>

Higher Education Revenue Bonds

The previous table does not reflect the \$152,400,000 revenue bond authorizations for other higher education facilities. The details of these facilities is found on Table 24.

Historical Summary of General Obligation and Revenue bonding for financing Capital Facilities

The chart below does not include the bonding authorized in FY 1998 and FY 1999 for the UTAX project. The increase in revenue bonds in FY 1999 can be mainly attributed to the \$25 million Olympic related bond for the University of Utah and the HK Building authorization of \$17.7 million. However, the HK Building will probably not be acquired since the State's offer was rejected.



Key intent language for FY 1999 Capital Budget.

Senate Bill 1 “Appropriation Act”, (Item 75)

Building Board-Ranking of Designed Projects

It is the intent of the Legislature that projects funded for design should receive the highest ranking by the State Building Board for construction funding, before any other projects are recommended for construction. Capital Improvements are excluded from this intent since they are subject to statutory directives.

UDOT-Region 3

It is the intent of the Legislature that the Utah Department of Transportation pursue the relocation of its Region 3 Headquarters Office in Orem if a replacement facility can be obtained at a cost which is not greater than the value received from the disposition of the existing Headquarters property. It is assumed that no less than market value will be accepted and that a competitive Request for Proposal process will be followed. If this condition can be satisfied, it is further the intent of the Legislature that the Division

of Facilities Construction and Management work with the UDOT to acquire and/or construct a facility which meets the needs of UDOT without additional funding.

Capitol Building Funding

It is the intent of the Legislature that funding for Capitol Building improvements be used for the Capitol Building Rehabilitation Master Concept up to \$1,000,000. Further, the Division of Facilities Construction and Management should use additional capital improvement allocations for Capitol Building life safety repairs and improvements as necessary. However, every effort should be taken to forgo making improvements that will later be replaced as the rehabilitation master concept is initiated. If House Bill 330, 1998 General Legislative session does not pass, all proposed projects for the Capitol Building shall be approved by the Speaker of the House and the President of the Senate prior to any expenditure.

Redirection of Previous Projects (note: House Bill 330 did pass)

It is the intent of the Legislature that the following funds are to be redirected for partial payment for the Courts and Youth Corrections land purchase in Vernal: a) \$80,000 authorized as project number 19 in House Bill 442 passed by the 1994 Legislature to fund a Human Services office in Cedar City and b) \$19,400 authorized in Item 6 of intent language under Section 58 of House Bill 1 passed in the 1991 First Special Session to fund programming of an addition to the Midvale Human Services office.

Use of Draper Land Sale

It is the intent of the Legislature that the \$326,900 available from the disposition of land near the Draper Prison complex is to be used for conversion of the Women's Facility for Forensics.

Decker Lake Land Exchange

It is the intent of the Legislature that proceeds arising from the exchange of State property at Decker Lake in the amount of \$260,000 are to be applied to the new Youth Corrections facilities as funded by the 1998 Legislature.

Alcoholic Beverage Control Store in Layton

It is the intent of the Legislature that the Division of Facilities Construction and Management proceed immediately to acquire a new site for a liquor store in Layton. If a new site is found prior to the sale of the existing site, the Division is authorized to use existing unencumbered balances in the Capital Projects Fund as necessary and then reimburse those balances from the proceeds of the sale of the existing site.

Department of Corrections and Board of Pardons Administrative Space

It is the intent of the Legislature that the Department of Corrections and the Board of Pardons , in cooperation with the Division of Facilities Construction and Management, pursue less expensive office space to be occupied upon expiration of current leases. Subject to economic feasibility and the availability of space, this new location should be closer to the Draper Campus of the Utah State Prison.

Utah State University - Roosevelt Campus

It is the intent of the Legislature that the FY 1999 appropriation for the Roosevelt Campus of Utah State University is made contingent on the University, or the appropriate entity, obtaining additional funding for the project of approximately \$2,800,000 from the Permanent Community Impact Board. Further, no expenditures should be made from the \$2,000,000 State appropriation until firm commitments for the additional funding have been made and verified by the Division of Facilities Construction and Management.

House Bill 3, (Item 36) - Veterans Memorial Cemetery -

It is intent of the Legislature that the operations of the Veterans memorial Cemetery be transferred from the Division of Parks and Recreation to the Division of Facilities construction and Management.

House Bill 2, - Southern Utah University Physical Education Building

It is the intent of the Legislature that: the Division of Facilities Construction and Management proceed with the design of the Physical Education Building at Southern Utah University; and the design include the full project scope, excluding funds for the purchase of the middle school; and the 1999 Legislature rank the Physical Education Building at Southern Utah University as the top-ranked capital facility project for full funding in the 1999 annual general session of the Legislature and the Division of Facilities Construction and Management proceed with the bidding process for construction of this project.

Related Legislation:

House Bill 330 - Capital Preservation Board - Creates a Board made up of 15 members including the President of the Senate and Speaker of the House, and the Governor. The board authority over all facility issues on Capitol Hill including maintenance, construction, and allocation of space.

The following tables provide additional detail to the FY 1998 and FY 1999 capital budget:

Table 10

CAPITAL BUDGET					
	FY 1998		FY 1998 Revised	FY 1999 Appropriated	Change from Revised FY 98
	FY 1998 Estimated	Legislative Action			
Plan of Financing					
General Fund	\$44,168,900		\$44,168,900	\$46,061,900	\$1,893,000
General Fund - One-time				\$10,500,000	10,500,000
Uniform School Fund	1,000,000		1,000,000	11,000,000	10,000,000
Uniform School Fund - One-time					
Transportation Fund	3,177,300		3,177,300	2,118,900	(1,058,400)
Federal Funds	2,700,000		2,700,000	3,505,800	805,800
General Obligation Bond - Capital Bud.	55,145,400		55,145,400	32,855,300	(22,290,100)
General Obligation Bond - UTAX	8,500,000		8,500,000	15,650,000	7,150,000
Lease Revenue Bond Proceeds (BOA)	33,407,600		33,407,600	59,868,600	26,461,000
Other				686,300	686,300
Total	\$148,099,200	\$0	\$148,099,200	\$182,246,800	\$34,147,600
Programs					
Capital Improvements	\$29,980,600		\$29,980,600	\$31,893,500	\$1,912,900
Capital Planning	153,000		153,000	40,000	(113,000)
Capital Developments	105,579,600		105,579,600	126,757,400	21,177,800
Statewide Land Purchases	708,700		708,700	5,787,000	5,078,300
Economic Dev / Other - UTAX	8,500,000		8,500,000	15,650,000	7,150,000
Transportation Buildings	3,177,300		3,177,300	2,118,900	(1,058,400)
Total	\$148,099,200	\$0	\$148,099,200	\$182,246,800	\$34,147,600

Table 11

CAPITAL BUDGET PROJECTS					
1998 General Session					
	HB 2	HB 2	SB 1	SB 1	Total
	Lease Rev.	G.O.bond	Cash	Intent	FY 1999
Capital Improvements					
Capital Improvements			\$31,893,500		\$31,893,500
Total Capital Improvements			\$31,893,500		\$31,893,500
Capital Planning					
Bridgerland ATC - South wing remodel prog			\$40,000		\$40,000
Total Capital Planning			\$40,000		\$40,000
Capital Developments					
Corrections - Women's Fac. Conv for forensic			\$1,100,000	\$326,900	\$1,426,900
SUU - Land Purchase		\$4,600,000			4,600,000
SLCC - High Tech Center - Jordan Campus		3,980,700	17,519,300		21,500,000
Childrens Special Health Care Needs Clinic		755,400	7,100,000		7,855,400
Youth Corrections - 2 @ 32 beds (Vernal / Logan)		419,500	7,321,500	260,000	8,001,000
Corrections - Gunnison 288 bed & Lagoon Exp.	\$1,568,600	8,425,600	3,505,800		13,500,000
U of U - Cowles Bldg. - Design		445,500			445,500
UVSC - Tech. Bldg - Design		1,166,300			1,166,300
Sevier Valley ATC - Shop Expansion		3,014,300			3,014,300
Courts - 8th District - Vernal Land Purch.			87,600	99,400	187,000
Parks and Rec - Statewide Restrooms		1,000,000			1,000,000
USU - Roosevelt Campus (5)			2,000,000		2,000,000
Murray Highway Patrol Office		2,300,000			2,300,000
DAS - Surplus Prop. / Fleet Op	1,100,000				1,100,000
DWS - Davis County Employment Center (4)		2,780,000			2,780,000
National Guard - American Fork / Lehi Armory		1,600,000			1,600,000
Ogden City - Defense Depot Land			500,000		500,000
Courts - 4th District Land - Provo		1,368,000			1,368,000
Dixie College - Land		1,000,000			1,000,000
U of U - Olympic related Housing (1)	25,000,000				25,000,000
HK Office Tower - Purchase - HB 3 (2)	17,700,000				17,700,000
Salt Lake Detention Center - Purchase (3)	14,500,000				14,500,000
Total Capital Developments	\$59,868,600	\$32,855,300	\$39,134,200	\$686,300	\$132,544,400
Transportation					
Santaquin - New Station			\$1,439,900		\$1,439,900
Bothwell Remodel			224,600		224,600
Logan Summit - Salt Storage Building			154,000		154,000
Junction Remodel			300,400		300,400
Total Transportaion Projects			\$2,118,900		\$2,118,900
Non capital project - UTAX		15,650,000			15,650,000
Total Capital Budget	\$59,868,600	\$48,505,300	\$73,186,600	\$686,300	\$182,246,800
<p>(1) This authorization allows the U of U to proceed with housing now, but will be repaid in 2004 with Olympic revenues. This housing will be used for athletes during the 2002 Winter Olympics</p> <p>(2) The HK Office Tower was authorized (HB 3), but the State's offer to purchase was not accepted.</p> <p>(3) The Salt Lake Detention Center is currently being leased by the State from Salt Lake County. The State will now become the owner.</p> <p>(4) The DWS will apply approximately \$1,000,000 from the sale of vacated offices to this project - the total estimated cost is \$3,780,000.</p> <p>(5) This is contingent on USU Roosevelt also obtaining \$2.8 million from the Community Impact Board.</p> <p>Note: HB 87 and HB 3 combined to appropriate \$240,000 for the DUP museum HB 3 appropriated \$150,000 for the U of U Art Museum - to Board of Regents</p>					

Table 12

CAPITAL BUDGET PROJECTS (cont.)
1998 General Session

Other Funds Projects - House Bill 2	Amount	Repayment Source
U of U - West Health Science Mixed Use Facility	Not App.	Private Sector
USU - Poisonous Plant Lab	\$7,000,000	Federal
USU - American West Heritage Center PH I	5,300,000	Donations
WSU - Weight Training Room	300,000	Donations
CEU - Arts and Conference Center	1,102,200	Federal
Total	<u>\$13,702,200</u>	
Higher Education - Revenue Bond - House	Amount	Repayment Source
U of U - Student Housing	\$86,000,000	Rents
U of U - Health Sciences Parking Structure	12,000,000	Fees
U of U - Southwest Campus Parking Structure	6,500,000	Fees
U of U - Eccles Broadcast Center	5,100,000	User Charges
U of U - Health Sciences Facilities	23,300,000	Hospital Revenues
USU - Roosevelt Campus	500,000	Student Fees
WSU - Student Housing	19,000,000	Rents
Total H.E. Revenue Bonds	<u>\$152,400,000</u>	

In addition to the above appropriations, the following actions were

1. SB 1 - Workforce Services is authorized to use agency funds for Cedar City programming.
2. SB 1 - The AGRC in ITS is to use \$300,000 from the Capital Budget General Fund for GIS

Debt Service

The Debt Service appropriation pays interest and principal due on the State's bonded indebtedness. Debt Service on Revenue bonds and General Obligation bonds are included in this appropriation.

Debt Service in FY 1999 required a General Fund increase of only 0.8 percent or \$635,200. However, the requirement from the Uniform School Fund was increased by 40.2 percent or \$2,414,400.

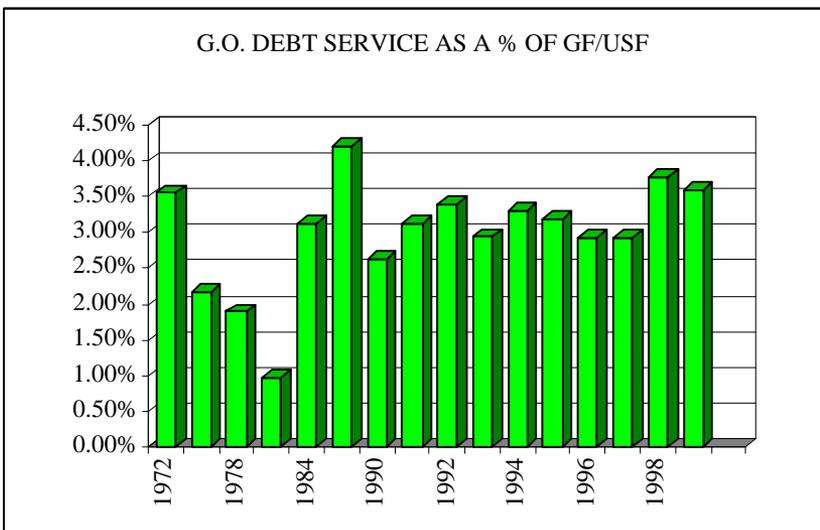
Combined, the two funds required an FY 1999 increase of 3.6 percent.

A transfer from the Centennial Highway Fund of \$28,005,600 will be required in FY 1999 to service the Highway General Obligation Bonding. Total Debt Service for FY 1999 is \$134,685,400.

Key Issues

General Obligation

General Obligation Debt Service as a percent of General Fund and Uniform School Fund appropriations.



Beginning in FY 1994, this rate began a downward trend. However, with the highway bonding the percentage increased significantly. It is also important to note that the FY 1999 debt service does not include the new bonding authorized by the 1999 Legislature.

Outstanding Indebtedness

The FY 1999 debt service appropriation will service debt on the following outstanding, indebtedness:

General Obligation Bonds	\$888,525,000
Lease Revenue Bonds	229,325,000
Other Revenue Bonds	<u>15,110,000</u>
Total (Estimated to 7/1/98)	<u><u>\$1,132,960,000</u></u>

These totals do not include any of the new debt authorized during the 1998 General Session. Also, this debt does not include colleges and universities, student loans, or the Utah Housing Finance Agency which is issued and repaid independent of the Board of Bonding Commissioners and the Utah Building Ownership Authority.

Table 13

BOARD OF BONDING COMMISSIONERS - DEBT SERVICE					
Plan of Financing	FY 1998		FY 1998 Revised	FY 1999 Appropriated	Change from Revised FY 98
	FY 1998 Estimated	Legislative Action			
General Fund	\$79,316,100		\$79,316,100	\$79,951,300	\$635,200
Uniform School Fund	5,019,000	993,000	6,012,000	8,426,400	2,414,400
Dedicated Credits - G.O.	2,484,300		2,484,300	223,500	(2,260,800)
Dedicated Credits - Rev. Bonds	13,640,800		13,640,800	18,078,600	4,437,800
Transfer - Centennial Highway Fund	12,000,000		12,000,000	28,005,600	16,005,600
Beginning Nonlapsing Balance	436,900		436,900		(436,900)
Closing Nonlapsing Balance					
Total	\$112,897,100	\$993,000	\$113,890,100	\$134,685,400	\$20,795,300
Programs					
General Obligation Principal	\$69,850,000		\$69,850,000	\$73,785,000	\$3,935,000
General Obligation Interest	26,856,100	\$993,000	27,849,100	42,509,800	14,660,700
Agent Fees	81,000		81,000	89,000	8,000
Revenue Bond Principal	4,905,000		4,905,000	7,350,000	2,445,000
Revenue Bond Interest	11,180,800		11,180,800	10,927,400	(253,400)
Revenue Bond Fees	24,200		24,200	24,200	
Total	\$112,897,100	\$993,000	\$113,890,100	\$134,685,400	\$20,795,300

Commerce and Revenue

Commerce and Revenue

Appropriations for FY 1999 totaling \$360,698,900 were allocated to agencies under the responsibility of the Commerce and Revenue Appropriations Subcommittee. Of this amount, there are \$85,511,100 ongoing General Fund, \$110,000 one-time General Fund, \$15,787,400 ongoing Uniform School Fund, \$360,000 one-time Uniform School Fund, \$189,546,900 federal funds and the remainder from other funding sources. These totals include funding added through fiscal notes on legislative bills.

Key issues include: welfare reform; funding for the Tax Commission's UTAX Technology Upgrade Project; a base budget adjustment made to the Comprehensive Health Insurance Pool; funding to continue the technology overhaul of the Alcoholic Beverage Control point-of-sale cashier system; funding to hire additional liquor store sales clerks; and the Year 2000 technology problem. The Subcommittee recommended additional funding to address the Year 2000 problem for several agencies. This funding went to the Department of Administrative Services - Division of Finance.

Department of Alcoholic Beverage Control

Utah is one of seventeen liquor control states and one of two totally state-run systems. The Department operates 36 State stores and licenses approximately 80 private agencies. The Department also administers liquor laws and licenses for on-premise businesses, manufacturers, wholesalers, warehousemen, importers and liquor representatives.

- ▶ The Legislature appropriated \$13,028,900 from the Liquor Control Fund to the Department. This is a 5.1 percent increase over the FY 1998 appropriation and includes an increase of \$590,300 for twenty-six additional sales clerks.
- ▶ Gross sales totaled \$113 million in FY 1997, with a net profit of \$24.3 million.

- ▶ The Department will receive a one-time appropriation of \$812,000 from the Liquor Control Fund in FY 1999 for technology equipment to continue the point-of-sale system technology upgrade and to purchase other capital equipment, including a new truck.
- ▶ Unfunded Legislation - House Bill 337 - “Regulation of Cork-Finished Wine Tasting” creates a pilot program to regulate the tasting of cork-finished wine by retail licensees.
- ▶ **FY 1999 Intent Language** - *It is the intent of the Legislature that no state agencies and institutions use facility operation and maintenance (O&M) funding for anything other than operation and maintenance purposes.*
- ▶ **FY 1998 Supplemental Appropriation** - A FY 1998 Supplemental Appropriation of \$1,020,800 Liquor Control Fund was made for new equipment to upgrade the point-of-sale system and technology throughout the Department.
- ▶ **FY 1998 Supplemental Appropriation** - The Legislature appropriated a FY 1998 Supplemental of \$266,900 from the Liquor Control Fund to hire sales clerks needed at new and expanded stores in the State system.
- ▶ **FY 1998 Intent Language** - *It is the intent of the Legislature that the Department of Alcoholic Beverage Control not locate a state liquor store at 1750 West 2000 North in Layton, Utah.*

Department of Commerce

The Utah Department of Commerce is the licensing and registration agency for Utah’s professional and corporate community. Business registrations, professional and occupational licensing, consumer protection and education, oversight of public utilities and monitoring of the real estate and securities industries all fall within the scope of the Department. Fees are collected to fund these regulatory functions.

- ▶ The Legislature appropriated \$14,762,200 to the Department of Commerce for FY 1999, including \$13,727,000 from the Commerce Service Fund.
- ▶ Several bills were passed creating new occupational or professional licensing or expanding current programs. Two of these bills were funded: Senate Bill 28 “Massage Practice Act Amendments” for \$39,000 and House Bill 441 “Mental Health Professional Practice Act” for \$1,000.
- ▶ Unfunded Legislation - Senate Bill 55 “Music Licensing Practices Act” establishes music licensing practices and requirements.
- ▶ Unfunded Legislation - House Bill 351 “Nurse Practice Act Amendments” repeals and reestablishes education requirements and regulation of the nursing profession.

Department of Financial Institutions

The Department of Financial Institutions regulates the deposit taking state chartered institutions in the State of Utah. This includes banks and credit unions. The assets of these regulated businesses have grown in recent years. The Year 2000 challenge will have a significant impact on this industry.

Funding for the Department is from a General Fund Restricted Account for Financial Institutions. Fees are collected on assets and for examinations. (UCA 7-1-401,402,403) These funds are used solely for the regulation of financial institutions. Funds remaining at the end of the year lapse back to the restricted account.

- ▶ The Department of Financial Institutions was appropriated \$2,832,800, including \$90,800 for building rent, and \$100,000 one-time funding for computer equipment.
- ▶ The Legislature gave the Department authority to select either a capital lease or to purchase new computer equipment.

- ▶ **Intent Language** - *It is the intent of the Legislature that the Department of Financial Institutions pursue the most economical means to acquire capital equipment and computer hardware which includes, but is not limited to, capital leasing and direct purchasing.*

Department of Insurance

The mission of the State Insurance Department is to ensure the solidity of insurers doing business in Utah; ensure that all persons in the business of insurance demonstrate adequate preparation, competency, and practice honesty and integrity; insure that Utah has a strong insurance market that actively supports the needs of our citizens for reliable insurers that provide sound innovative products at competitive prices; assist the public in being prudent purchasers through information and education; be an advocate for the citizens of Utah in their insurance dealing, and vigorously investigate all insurance fraud.

- ▶ The Insurance Department received a FY 1999 appropriation of \$4,130,900 for Administration, the Insurance Fraud Program and the Relative Value Study.
- ▶ Funding was added to the Department's FY 1999 base budget for an administrative law judge (\$60,500 General Fund) and an applications programmer (\$55,000 General Fund).
- ▶ The Comprehensive Health Insurance Pool was appropriated \$10,172,100. The General Fund portion of the appropriation was reduced to \$4,135,100.
- ▶ Unfunded Legislation - Senate Bill 161 "Motor Vehicle Repair - Insurance Deductible" requires estimates before insurance repair work is done.
- ▶ Unfunded Legislation - House Bill 132 "Motor Vehicle Insurance Premium Rates" prohibits certain insurance rate increases under certain circumstances.

- ▶ Unfunded Legislation - House Bill 265 “Title Insurance Amendments” authorizes the Insurance Commissioner to assess title insurers to pay for costs related to regulation of title insurance.
- ▶ Unfunded Legislation - House Bill 376 “Bail Reform” moves the administration of bail bond sureties from the courts to the State Insurance Department.

Labor Commission

The Utah Labor Commission serves the people of the State by assuring a safe, healthful, fair, non-discriminatory work environment. It also works to assure fair housing practices throughout the State. The Commission’s programs promote the general welfare of the State’s employees and employers and attempts to accomplish this without needless interference. Even though much of the budget is appropriated from General Fund, fees and fines are collected and added to the General Fund which offset most of the State’s costs of oversight.

Changes passed by the 1997 Legislature restructured the State’s Industrial Commission leadership and programs into the current operation called the Labor Commission. The Department leadership was streamlined from three Commissioners to one Commissioner.

- ▶ The Labor Commission FY 1999 appropriation of \$8,218,400 includes \$4,310,600 from the General Fund, \$2,196,400 from federal funds and the remainder from several other funding sources, as shown on Table 19.
- ▶ An ongoing appropriation of \$46,000 from the General Fund was made to reduce the caseload backlog in the Anti-Discrimination Division.
- ▶ The Legislature added \$119,000 ongoing General Fund for an administrative law judge and clerk.
- ▶ A base budget increase of \$102,000 from General Fund was made for two additional boiler inspectors, increasing the total to five.

- ▶ One new elevator inspector was added to the Commission with \$59,000 General Fund. There are currently four elevator inspectors.
- ▶ For the first time, the Commission was appropriated funding for pressure vessel inspectors. Funding of \$116,000 from General Fund was provided for two inspectors.

Public Service Commission

The primary responsibility of the Public Service Commission is to ensure safe, reliable and adequate utility service. It conducts hearings and investigations of utility company operations in order to determine just and reasonable rates for service. The Commission's goals for regulation are efficient reliable, reasonably-priced utility service for customers, and maintenance of financially healthy utility companies. These goals are generally attained through the regulatory decisions the Commission makes in each formal case. The biggest issue currently facing the Commission is the deregulation of the electric industry.

Funding for the operation of the Commission has remained stable over the last few years. No major adjustments have been made to the FY 1999 budget. Fees are collected by the Commission which are added to the General Fund. Year 2000 changes and computer upgrades are being done within the current budget limits.

- ▶ The Public Service Commission maintained a flat budget with compensation being the only adjustment. The FY 1999 base budget is for \$1,460,800, including Research and Analysis (\$60,000) and building maintenance (\$26,300).

The Utah Relay Service (URS) is operated by the Utah Association for the Deaf and provides telecommunication access twenty-four hours a day between hearing impaired persons using a telecommunication device (TDD) and hearing persons. The Utah Relay Service employs about thirty operators who type the messages of hearing persons and speak the typed messages of the deaf.

- ▶ The Speech and Hearing Impaired Program was appropriated \$1,607,300. Most of the estimated Dedicated Credit revenue of \$3,270,600 will be carried over and used for a major overhaul of the system in FY 2000.

The Universal Service Trust Fund account is funded by a \$0.005 per minute surcharge on long distance toll calling within the State. It is intended to subsidize eligible telephone exchange customers whose costs are much higher to operate than the State-wide average for providing local exchange and switched access service. Currently the subsidized lines are provided by nine rural telephone companies. This is an effort to provide low cost basic telephone service throughout the State.

- ▶ An appropriation of \$5,370,000 from Dedicated Credits was made to the Universal Public Telecommunications Service Support Fund.

Utah State Tax Commission

The Utah State Tax Commission administers the tax laws and collects tax revenue for the State of Utah and its local governments. It collects and distributes revenue from approximately 40 taxes, surcharges and fees. It also regulates the automobile industry and collects motor vehicle registration fees. The UTAX project is the Utah State Tax Commission's modernization project to use technology to streamline and integrate business processes in the identification, processing, and collection of the State's taxes and motor vehicle fees.

- ▶ The appropriation for the Utah State Tax Commission is \$53,998,000, including \$21,344,500 General Fund, \$16,147,400 Uniform School Fund, \$4,857,400 Transportation Fund, \$3,208,000 Dedicated Credits, \$6,993,600 General Fund Restricted - Sales and Use Tax Administrative Fees Account and various other funding sources as shown on Table 18.
- ▶ A base increase of \$217,300 from the General Fund was made to reimburse local governments for the transaction volume increases and office rent for the motor vehicle registration processes. House Bill 177 "Collection of Motor Vehicle Fees Amendments", increases the rate of

reimbursement on each transaction. Funding of \$350,000 of General Fund was added to the base budget to cover this increase.

- ▶ An ongoing appropriation of \$100,000 was made to cover increased costs for licensing software related to the International Fuel Tax Agreements and the International Registration Plan (IFTA/IRP).
- ▶ One-time appropriations were made to purchase a remittance processor (\$360,000 Uniform School Fund) and to continue the UTAX Project (\$2,000,000 General Fund Restricted - Sales and Use Tax Administrative Fees Account).
- ▶ The Tax Commission will receive \$15,650,000 from general obligation bonding for the UTAX Project to upgrade a number of tax systems and processes.
- ▶ Three new license plates were added to the State's repertoire, "Snowmobile Special License Plates" (Senate Bill 24), "Soil Conservation Special License Plate", (Senate Bill 134), and "License Plates for Children's Issues" (Senate Bill 215). The new plates will be used as fund raisers. The organizations must pay the set-up costs before the plates are made available for purchase.
- ▶ Funding for "Liquor Profit Distribution" to local governments (\$2,609,000) and "License Plate Production" (\$2,008,900) was maintained at the FY 1998 funding level.
- ▶ **Intent Language** - *It is the intent of the Legislature that the Utah State Tax Commission carry forward unexpended year end balances during the term of the UTAX project, for costs directly related to UTAX.*
- ▶ **Intent Language** - *It is the intent of the Legislature that no state agencies and institutions use facility operation and maintenance (O&M) funding for anything other than operation and maintenance purposes.*

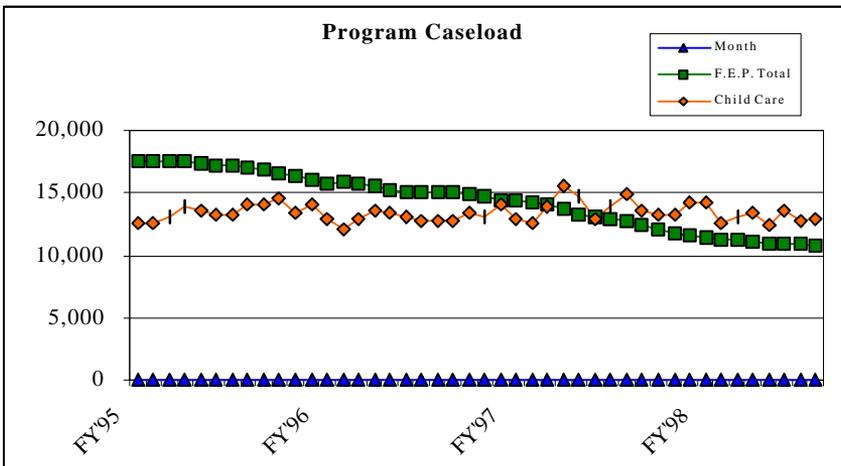
Department of Workforce Services

The Department of Workforce Services officially began operation on July 1, 1997. The 1998 Legislature appropriated funding for the Department in a single line item to facilitate efficient utilization of State and federal funding resources. The major Department emphasis is on employment and self-sufficiency. Besides the creation of the new department, they are addressing issues related to State and federal welfare reform. The Department administers a number of State and federal programs to assist Utah citizens in becoming self-sufficient. These programs are operated through regional organizations and include: 1) employment development services; 2) employment security payments; 3) Temporary Assistance for Needy Families (TANF); 4) Food Stamp Program; 5) refugee relocation assistance; 6) transportation assistance; 7) medical assistance; and 8) child care.

- ▶ The Department of Workforce Services was appropriated \$239,441,000 for FY 1999. The major revenue sources are \$48,226,900 General Fund, \$186,720,600 federal funds, \$4,038,700 Revenue Transfers - Medical Assistance, and \$454,800 Dedicated Credits.
- ▶ The Department of Workforce Services, State fund budget remained flat while utilizing maintenance-of-effort savings within the Department to fund critical needs such as increased technology costs (\$800,000 General Fund), additional childcare federal matching funds (\$374,800 General Fund), and moving expenses.
- ▶ Transfers of \$225,400 General Fund, \$225,400 federal funds and eight FTE were made to the Department of Health for additional health care eligibility workers due to a shift in responsibility for quality control and a caseload reduction in Workforce Services.
- ▶ **FY 1998 Supplemental Appropriation** - A funding shift of \$1,500,000 was made between line items within the Department. Funding from Child Care Administration in Client Services was shifted to Child Care Administration in State and Regional Operations to correct the funding allocation made by the 1997 Legislature.

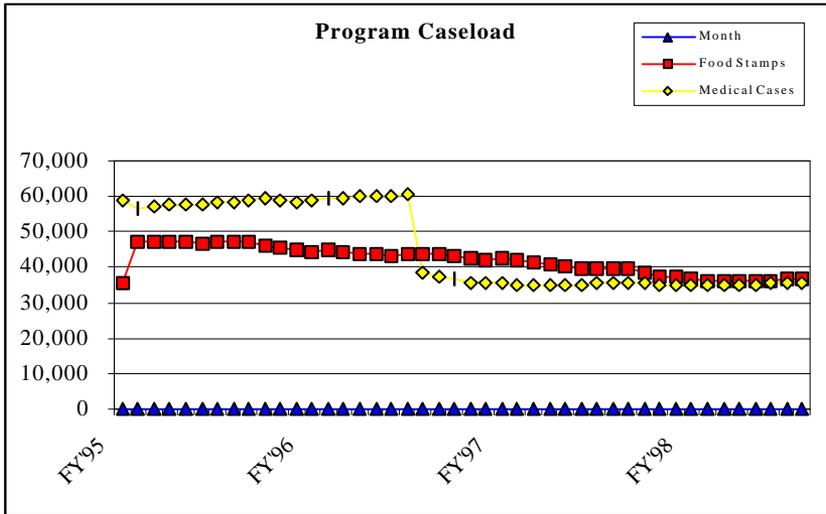
Department of Workforce Services Caseload Trends

Family Employment Program (FEP) caseloads have been declining since before the Department was created. Several reasons could be contributing to this success: 1) Utah is and has been benefitting from a healthy economy and record job creation; 2) the State has implemented a number of successful job training programs targeting specific populations with barriers; and 3) coordination between the private sector, education, and the public sector has been enhanced through various new organizations and programs. The following charts give some historical perspective to the statistics.



- ▶ The Family Employment Program (F.E.P.) makes the direct assistance payments through the Temporary Assistance to Needy Families (TANF) program. Prior to TANF, payments were made through the Aid to Families with Dependent Children (AFDC) program.
- ▶ Even though direct financial payments are declining, the need for supportive services, (such as child care, transportation, food stamps and medical care) has remained stable and is actually increasing at the present time. The transition period between assistance and employment requires additional resources and supportive services to assure long-term self-sufficiency and success.

- ▶ The Department has a strong emphasis on employment development.



- ▶ The sharp drop in medical cases shown in February of 1996 on the chart above is due to a transfer of nearly half of the caseload to the Department of Health. The cases transferred were those which received no other assistance-type services other than medical assistance. A large portion of these cases serves a different population which includes long-term care and nursing homes.
- ▶ Medical assistance is one of the last support services a person may receive as they move toward self-sufficiency. Medical cases receiving no other form of assistance are actually increasing while all other forms of assistance are stable or declining.
- ▶ **Intent Language** - *It is the intent of the Legislature that the Department of Workforce Services evaluate the need and impact of increasing the percentage applied to the State median income used for determining child care payments. Based on the results of the evaluation, adjustments to child care payments may be made within available resources.*

- ▶ **Intent Language** - *It is the intent of the Legislature that in scheduling appropriation subcommittee meetings for the 1999 General Session, the Legislative Management Committee schedule a meeting of the FACT (Families, Agencies, Communities Together) Joint Legislative Group within the first three weeks of the General Session. It is further the intent of the Legislature that the agenda for this meeting include a review of all FACT-related budget items and consideration of any appropriate recommendation of those items to the appropriation subcommittees involved with FACT.*

- ▶ **Intent Language** - *It is the intent of the Legislature that the Departments of Health and Human Services, the Division of Employment Development in the Department of Workforce Services, and the State Office of Education work jointly through the regular budget process to present program budget overviews for services to people with disabilities and for services to the aging to be presented to the 1999 Health and Human Services Appropriations Subcommittee. These program budget overviews will include a discussion of the most appropriate and least costly funding options.*

- ▶ **Intent Language** - *It is the intent of the Legislature that no state agencies and institutions use facility operation and maintenance (O&M) funding for anything other than operation and maintenance purposes.*

Workers' Compensation Fund of Utah

The Workers Compensation Fund of Utah (the Company) provides employers with low cost workers' compensation and employer liability insurance. All funding comes from premiums paid by policyholders. The Company receives no funding from the State except for premiums paid by the State as a policyholder. Premiums paid by the State accounted for \$4,908,000 or 4.3 percent of total 1997 premium collected.

The Legislature established the workers' compensation system in 1917. Employers have the option of obtaining workers' compensation coverage through this company, another private carrier, or by self-insuring (with the approval of the State Labor Commission). The Company insures over

29,000 Utah employers. The Company is an independent, quasi-public corporation. In connection with this designation, the budgetary control has been shifted from the Legislature to the Company's Board of Directors. The Company is a component unit of the State of Utah and is accounted for as a proprietary fund. However, statute indicates that "the State is not liable for the expenses, liabilities, or debts of the Workers' Compensation Fund, and may not use any assets of the Injury Fund for any purpose." [UCA 31A-33-105(2)]

Selected Bills with Local Government Impact

Local governments are political subdivisions of the State. The Legislature has a significant impact on local government through legislation. The following items are a few selected pieces of legislation with impact on local government, with either policy or fiscal ramifications.

- ▶ The "LeRay McAllister Critical Land Conservation Revolving Loan Fund" was created by Senate Bill 51 and funded with \$100,000 from the General Fund.
- ▶ House Bill 195 "Special District Amendments" repeals the community redevelopment agency provisions and restricts the creation of further regional service areas.
- ▶ House Bill 210 "Affordable Housing Amendments" establishes an annual review and reporting requirement and provides some technical assistance for moderate income planning.
- ▶ House Bill 287 "Tax Increment Financing for Affordable Housing" authorizes a redevelopment agency to allocate a percentage of tax increment financing for affordable housing.
- ▶ House Bill 371 "Taxing Authority Amendments" clarifies local government taxing authority.
- ▶ House Bill 447 "Traffic Violation Changes" imposes a traffic mitigation surcharge on certain offenses and provides for collection, distribution and use of these monies.

- ▶ Senate Bill 159 “Government Relationship To Olympics” creates the State Olympic Public Safety Command and defines intergovernmental relationships.
- ▶ Senate Bill 188 “State Olympic Coordination Amendments” addresses the relationship between the Utah Sports Authority and the State Olympic Officer. It also amended the provisions related to the reimbursement of sales and use taxes.
- ▶ Senate Bill 221 “Emergency Services Telephone Charge” increases telephone rates to pay for 911 emergency telephone service and to fund the State’s poison control center.

Table 14

SUMMARY OF FINANCING					
Financing	FY 1998		FY 1998	FY 1999	Change From
	FY 1998	Legislative			
	<u>Estimated</u>	<u>Action</u>	<u>Revised</u>	<u>Appropriation</u>	<u>Revised FY 1998</u>
General Fund	\$83,534,500		\$83,534,500	\$85,511,100	\$1,976,600
General Fund-One-Time	150,000		150,000	110,000	(40,000)
Uniform School Fund	15,265,600		15,265,600	15,787,400	521,800
Uniform School Fund-One-Time				360,000	360,000
Transportation Fund	4,857,400		4,857,400	4,857,400	
Federal Funds	179,992,500		179,992,500	189,546,900	9,554,400
Dedicated Credits	13,322,900		13,322,900	14,868,400	1,545,500
Dedicated Credits-One-Time				27,000	27,000
GF Rest.-Comm. Srvc. Fund	13,188,200		13,188,200	13,727,000	538,800
GF Rest.-Comm. Srvc. Fund-One-Time	215,000		215,000		(215,000)
GF Rest.-Fin. Instit. Acct	2,492,300		2,492,300	2,732,800	240,500
GF Rest.-Fin. Instit. Acct-One-Time	11,000		11,000	100,000	89,000
GF Rest.-Workplace Safety Account	1,015,800		1,015,800	795,000	(220,800)
GF Rest.-Sales & Use Tax Admin. Fees	5,101,100		5,101,100	4,753,600	(347,500)
GF Rest.-Sales & Use Tax Admin. Fees-One-Time				2,240,000	2,240,000
Revenue Transfer-Medical Assistance	4,501,600		4,501,600	4,038,700	(462,900)
Universal Telephone Trust Fund	5,631,600		5,631,600	6,014,100	382,500
Other - Liquor Control Fund	11,508,600		11,508,600	13,028,900	1,520,300
Other-Liquor Control Fund - One-Time	888,000	\$1,287,700	2,175,700	812,000	(1,363,700)
Other - Employers' Reinsurance Fund	372,200		372,200	381,800	9,600
Other - R. E. Education, Res. & Rec. Fund	140,000		140,000	143,400	3,400
Other - Uninsured Employers' Fund	482,100		482,100	494,600	12,500
Expend. Trust Fund-Pet.Storage Tank Fund				70,000	70,000
Beginning Nonlapsing	13,548,800		13,548,800	15,471,300	1,922,500
Closing Nonlapsing	(15,471,300)		(15,471,300)	(15,172,500)	298,800
Lapsing	(240,800)		(240,800)		240,800
Total	<u>\$340,507,100</u>	<u>\$1,287,700</u>	<u>\$341,794,800</u>	<u>\$360,698,900</u>	<u>\$18,904,100</u>

Table 15

SUMMARY OF PROGRAMS					
Programs	FY 1998		FY 1998 Revised	FY 1999 Appropriation	Change From Revised FY 1998
	FY 1998 Estimated	Legislative Action			
	Alcoholic Beverage Control	\$11,559,600		\$11,559,600	\$13,028,900
Department of Commerce	13,133,900		13,133,900	13,662,500	528,600
DOC Real Estate Education	138,000		138,000	141,400	3,400
Division of Public Utilities P&T	205,800		205,800	200,000	(5,800)
Committee of Consumer Services P&T	349,400		349,400	535,000	185,600
DOC Building O & M	223,300		223,300	223,300	
Department of Financial Institutions	2,401,500		2,401,500	2,642,000	240,500
Financial Institutions Building O & M	90,800		90,800	90,800	
Insurance Department	3,887,700		3,887,700	4,130,900	243,200
Comprehensive Health Insurance Pool	6,501,000		6,501,000	10,172,100	3,671,100
Labor Commission	7,510,100		7,510,100	8,218,400	708,300
Labor Commission Building O & M	146,600		146,600	146,600	
Public Service Commission	1,289,600		1,289,600	1,374,500	84,900
PSC Research and Analysis	60,000		60,000	60,000	
Speech and Hearing Impaired	1,607,300		1,607,300	1,607,300	
Univrsal Public Tele. Service Support Fund	4,500,000		4,500,000	5,370,000	870,000
PSC Building O & M	26,200		26,200	26,300	100
Tax Commission	50,226,300		50,226,300	51,361,000	1,134,700
License Plate Production	2,008,900		2,008,900	2,008,900	
Liquor Profit Distribution	2,609,000		2,609,000	2,609,000	
Department of Workforce Services	230,768,100		230,768,100	239,441,000	8,672,900
Subtotal	\$339,243,100	\$0	\$339,243,100	\$357,049,900	\$17,806,800
One-Time Funding					
Alcoholic Beverage Control	\$888,000	\$1,287,700	\$2,175,700	\$812,000	(\$1,363,700)
Department of Commerce Technology Equip.	215,000		215,000		(215,000)
Department of Financial Institutions	11,000		11,000	100,000	89,000
Utah State Tax Commission Bills Adjustment	150,000		150,000	10,000	(140,000)
Utah State Tax Commission Remittance				360,000	360,000
Utah State Tax Commission License Plate Set-Up				27,000	27,000
Utah State Tax Commission UTAX				2,000,000	2,000,000
Utah State Tax Commission House Bill 360				240,000	240,000
LeRay McAllister Critical Land Conservation				100,000	100,000
Total	\$340,507,100	\$1,287,700	\$341,794,800	\$360,698,900	\$18,904,100
Standard FTE			3,382.60	3,366.60	(16.00)
Expansion FTE				35.00	35.00

Table 16

ALCOHOLIC BEVERAGE CONTROL					
Financing	FY 1998		FY 1998	FY 1999	Change From
	FY 1998	Legislative			
	Estimated	Action	Revised	Appropriation	Revised FY 1998
Other - Liquor Control Fund	\$11,508,600		\$11,508,600	\$13,028,900	\$1,520,300
One-Time Other-Liquor Control Fund	888,000	1,287,700	2,175,700	812,000	(1,363,700)
Beginning Nonlapsing	51,000		51,000		(51,000)
Total	\$12,447,600	\$1,287,700	\$13,735,300	\$13,840,900	\$105,600
Program					
Executive Director's Office	\$810,700		\$810,700	\$842,400	\$31,700
Administration	828,300		828,300	974,300	146,000
Operations	1,008,200		1,008,200	1,412,000	403,800
Computer Hardware & Software	717,000	\$1,020,800	1,737,800	670,000	(1,067,800)
Warehouse and Distribution	654,200		654,200	681,200	27,000
Computer Hardware & Software	171,000		171,000	142,000	(29,000)
Stores and Agencies	8,258,200		8,258,200	8,569,000	310,800
Sales Clerks		266,900	266,900	550,000	283,100
Total	\$12,447,600	\$1,287,700	\$13,735,300	\$13,840,900	\$105,600

Table 17

DEPARTMENT OF COMMERCE					
Financing	FY 1998		FY 1998	FY 1999	Change From
	FY 1998	Legislative			
	Estimated	Action	Revised	Appropriation	Revised FY 1998
GF Rest. - Commerce Service Fund	\$12,631,900		\$12,631,900	\$13,170,700	\$538,800
GF Rest.-Com. Srve. Fund-One-Time	215,000		215,000		(215,000)
Federal Funds	126,600		126,600	149,900	23,300
Dedicated Credits	274,900		274,900	316,900	42,000
Beginning Nonlapsing	125,500		125,500	25,000	(100,500)
Closing Nonlapsing	(25,000)		(25,000)		25,000
Total	\$13,348,900	\$0	\$13,348,900	\$13,662,500	\$313,600
Program					
Administration	\$1,186,200		\$1,186,200	\$1,062,600	(\$123,600)
Occupational & Professional Licensing	5,087,800		5,087,800	5,276,200	188,400
Senate Bill 28 "Nassage Practice Act"				39,000	39,000
House Bill 44 "Mental health Prof practice Act"1				1,000	1,000
Division of Securities	1,028,700		1,028,700	1,050,200	21,500
Division of Consumer Protection	568,000		568,000	585,000	17,000
Corporations & Commercial Code	1,402,800		1,402,800	1,431,300	28,500
Division of Real Estate	767,000		767,000	780,500	13,500
Division of Public Utilities	2,707,300		2,707,300	2,819,600	112,300
Committee of Consumer Services	601,100		601,100	617,100	16,000
Total	\$13,348,900	\$0	\$13,348,900	\$13,662,500	\$313,600

Table 18

UTAH STATE TAX COMMISSION					
Financing	FY 1998		FY 1998 Revised	FY 1999 Appropriation	Change From Revised FY1998
	Estimated	Legislative Action			
General Fund	\$20,035,400		\$20,035,400	\$21,334,500	\$1,299,100
General Fund-One-Time	150,000		150,000	10,000	(140,000)
Uniform School Fund	15,265,600		15,265,600	15,787,400	521,800
Uniform School Fund-One-Time				360,000	360,000
Transportation Fund	4,857,400		4,857,400	4,857,400	
Federal Funds	480,000		480,000	480,000	
Dedicated Credits	3,141,400		3,141,400	3,181,000	39,600
One-Time Dedicated Credits				27,000	27,000
GF Rest.-Sales & Use Tax Admin. Fees	5,101,100		5,101,100	4,753,600	(347,500)
GF Rest.-Sales & Use Tax Admin. Fees-One Time				2,240,000	2,240,000
Expendable Trust Fund-Petroleum Storage Tank Fund				70,000	70,000
Beginning Nonlapsing	2,728,200		2,728,200	1,382,800	(1,345,400)
Closing Nonlapsing	(1,382,800)		(1,382,800)	(485,700)	897,100
Total	\$50,376,300	\$0	\$50,376,300	\$53,998,000	\$3,621,700
Program					
Administration	\$6,310,700		\$6,310,700	\$5,673,000	(\$637,700)
UTAX (One-Time)				2,000,000	2,000,000
House Bill 112 "Underground Storage Tank Assurance"				70,000	70,000
Auditing Division	7,468,800		7,468,800	7,709,200	240,400
Senate Bill 62 "District Court Review of Tax Commission Cases"				30,000	30,000
Multi-State Compact	174,300		174,300	174,300	
Technology Management Division	9,147,700		9,147,700	8,940,000	(207,700)
House Bill 360 (One-Time)				240,000	240,000
House Bill 3 (One-Time)				10,000	10,000
Senate Bill 215, 134, 24 (One-Time)				15,000	15,000
Tax Processing Division	7,784,400		7,784,400	8,089,700	305,300
Remittance Equipment (One-Time)				360,000	360,000
Senate Bill 215, 134, 24 (One-Time)				12,000	12,000
Seasonal Employees	675,000		675,000	701,000	26,000
Collections Division	4,814,700		4,814,700	4,987,900	173,200
Property Tax Division	3,771,600		3,771,600	3,901,200	129,600
Senate Bill 62				70,000	70,000
Customer Service Division	8,320,400		8,320,400	8,814,000	493,600
Local Govt Cashiering Equipment	150,000		150,000		(150,000)
Senate Bill 6 "Enforcement and Penalties of Uninsured Motor Vehicle Violation				29,300	29,300
House Bill 177"Collection of Motor Vehicle Fees"				350,000	350,000
Motor Vehicle Enforcement Division	1,758,700		1,758,700	1,821,400	62,700
Total	\$50,376,300	\$0	\$50,376,300	\$53,998,000	\$3,621,700

Table 19

LABOR COMMISSION					
Financing	FY 1998		FY 1998	FY 1999	Change From
	Estimated	Legislative Action			
General Fund	\$3,706,900		\$3,706,900	\$4,310,600	\$603,700
Federal Funds	2,131,100		2,131,100	2,196,400	65,300
GF Rest.-Workplace Safety Account	1,015,800		1,015,800	795,000	(220,800)
Other-Employers' Reinsurance Fund	372,200		372,200	381,800	9,600
Other-Uninsured Employers' Fund	482,100		482,100	494,600	12,500
Beginning Nonlapsing	82,800		82,800	40,000	(42,800)
Closing Nonlapsing	(40,000)		(40,000)		40,000
Lapsing	(240,800)		(240,800)		240,800
Total	\$7,510,100	\$0	\$7,510,100	\$8,218,400	\$708,300
Program					
Administration	\$1,453,100		\$1,453,100	\$1,571,800	\$118,700
Industrial Accidents	1,015,800		1,015,800	1,059,800	44,000
Appeals Board	100,000		100,000	29,600	(70,400)
Adjudication	490,500		490,500	629,900	139,400
Division of Safety	671,600		671,600	983,500	311,900
Workplace Safety	863,100		863,100	871,300	8,200
Anti-Discrimination	1,073,400		1,073,400	1,157,500	84,100
Occupational Safety and Health	1,842,600		1,842,600	1,915,000	72,400
Total	\$7,510,100	\$0	\$7,510,100	\$8,218,400	\$708,300

Table 20

DEPARTMENT OF WORKFORCE SERVICES					
Financing	FY 1998		FY 1998	FY 1999	Change From
	Estimated	Legislative Action			
General Fund	\$47,564,800		\$47,564,800	\$48,226,900	\$662,100
Federal Funds	177,254,800		177,254,800	186,720,600	9,465,800
Dedicated Credits	450,100		450,100	454,800	4,700
Revenue Transfer-Medical Assistance	4,501,600		4,501,600	4,038,700	(462,900)
Beginning Nonlapsing	996,800		996,800		(996,800)
Total	\$230,768,100	\$0	\$230,768,100	\$239,441,000	\$8,672,900
Program					
Executive Director's Office	\$2,963,100		\$2,963,100	\$3,023,500	\$60,400
Administration	1,612,700		1,612,700	1,704,200	91,500
Finance Division	1,312,800		1,312,800	1,382,100	69,300
Human Resources	518,300		518,300	558,800	40,500
Information Technology	15,974,000		15,974,000	17,202,200	1,228,200
Public Affairs	381,000		381,000	394,300	13,300
Adjudication Division	1,603,600		1,603,600	1,683,700	80,100
Employment Development Division	2,792,400		2,792,400	2,691,900	(100,500)
Workforce Info. & Payment Services	11,758,800		11,758,800	12,334,900	576,100
Regional Administration	100,100		100,100	114,200	14,100
Regional Operations	71,990,100		71,990,100	74,851,500	2,861,400
Temp. Assistance for Needy Families	57,203,700		57,203,700	59,028,900	1,825,200
Food Stamp Cash Out Program	18,000,000		18,000,000	18,000,000	
Refugee Relocation	1,055,000		1,055,000	1,055,000	
General Assistance	3,004,000		3,004,000	3,004,000	
Supplemental Security Income	150,000		150,000	150,000	
Work Toward Employment	330,400		330,400	330,400	
Child Care	40,018,100		40,018,100	41,931,400	1,913,300
Total	\$230,768,100	\$0	\$230,768,100	\$239,441,000	\$8,672,900

Economic Development and Human Resources

Funding Overview

The Legislature appropriated \$110,192,900 to the Department of Community and Economic Development, the Department of Human Resource Management, Career Service Review Board, Utah Technology Finance Corporation, and the Utah State Fair Corporation. General Fund appropriations are \$32,087,800 in ongoing funds and \$3,667,000 in one-time funds totaling \$35,754,800.

The increase in ongoing General Fund is \$453,300, a 1.4 percent change. Of that amount, \$452,300 is for personal services adjustments leaving \$1,000 for programs. Getting to these seemingly simple numbers involves 19 changes to ongoing budgets, 49 personal services adjustments, and 39 one-time items.

The Legislature reallocated funds originally appropriated for Utah County Baseball and the Midvale Golf Course. Most of these funds have been reappropriated to the Special Initiatives line item but some have been transferred to other budgets.

The Legislature reduced budgets and reallocated ongoing General Fund from the following budgets:

Utah Technology Finance Corporation	\$1,000,000
Industrial Assistance Fund	175,000
Business and Economic Development -	
Local Economic Development Initiatives	150,000
State History - Centennial Project	60,000

Supplemental Appropriation

The Legislature appropriated \$1,700,000 to the Industrial Assistance Fund from one-time General Fund for FY 1998.

Committee Responsibilities

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 two independent agencies: Utah Technology Finance Corporation, and Utah State Fair Corporation. They also review, but do not appropriate the budget of Utah Housing Finance Corporation.

Department of Community and Economic Development

This department has 88 different programs organized into 19 divisions. Each program may have separate activities.

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

The lease is up on the Department's main building. The Legislature appropriated \$56,000 in ongoing General Fund for the new lease and \$70,000 in one-time General Fund to help with moving expenses. The Department is still negotiating other options.

Legislative intent:

It is the intent of the Legislature that the Department of Community and Economic Development permanent employee FTE count be maintained at the FY 1998 level or lower.

One-time Initiatives is a catch-all area for one-time Legislative initiatives.

This year the Legislature funded the following one-time items from General Fund:

Move a Steam Locomotive from Pioneer Park to the Ogden Rail Road Museum	\$125,000
Memory Grove	12,000
Memory Grove, House Bill 87	60,000
Riverton Historic Farm	10,000
Utah County Equestrian Park	150,000
Daughters of the Utah Pioneers Building	100,000
Daughters of the Utah Pioneers Building, House Bill 87	140,000
Move the Festival of the American West, Senate Bill 204	300,000
Davis County Conference and Community Center, House Bill 28	500,000
Bridgerland Ice Arena, House Bill 284	250,000

The Legislature funded these items from nonlapsing balances:

North Logan City Library	\$25,000
Kanab City Library	35,000
Browning Art Center - Weber State University	100,000
Ogden City Defense Depot Acquisition	490,000
Utah County Equestrian Park	100,000
Layton Arts Council	15,000
Uinta Arts Council	10,000
Blanding Dinosaur Museum	20,000
Edge of the Cedars State Park	5,000
100 th Anniversary of Utah Amateur Golf Association	10,000
University of Utah - Marriott Library - Periodicals	100,000
Salt Lake County Parks	20,000

Legislative intent:

The Legislature reallocates funds originally appropriated to the Department of Community and Economic Development - Special Initiatives for Utah County Baseball and Midvale golf course.

It is the intent of the Legislature that funds for the Blanding Dinosaur Museum be matched on the basis of two dollars for every state dollar.

Supplemental Legislative Intent:

It is the intent of the Legislature that funds appropriated by the 1997 Legislature for the following projects are nonlapsing:

Weber County Fairgrounds (House Bill 283)

Tuacahn Foundation (Senate Bill 16)

Brigham Young Academy Restoration (Senate Bill 48)

Eccles Community Art Center (Senate Bill 105)

Hill Air Force Base Museum (Senate Bill 126)

Children's Museum Study (Senate Bill 198)

Heritage Museum of Layton (Senate Bill 247)

Industrial Assistance Fund gives financial incentives to entice jobs to Utah. It also manages the State's tax exempt volume cap bonding authority called the Private Activity Bond Authority; the Community and Economic Development Project Fund; and the Waste Tire Recycling Fund.

The Legislature eliminated \$175,000 in ongoing General Fund but added \$925,000 in one-time General Fund, \$200,000 from one-time transfers for FY 1999, and \$1,700,000 from one-time General Fund for FY 1998.

Business and Economic Development promotes and develops Utah's Economy. The Film Commission entices motion picture, television and advertising business and had a record year in FY 1997 with \$132,000,000 spent in Utah. The International Program develops foreign investment in Utah and helps Utah businesses export to foreign countries. National Development

recruits new and expanding businesses to Utah. The Business Development Program helps local companies grow through the Rural Development Council, Small Business Development Centers, Utah's Defense Conversion Fund, and Local Economic Development Initiatives. Procurement helps Utah firms get government and large commercial contracts. Modeled after the National Science Foundation's University-Industry Cooperative Research Centers Program, Centers of Excellence is devoted to commercializing research at Utah's universities.

The Legislature eliminated \$150,000 in ongoing General Fund from the Local Economic Development Initiatives (LEDI) program. It added \$52,000 in ongoing General Fund to the Film program and \$100,000 to create more Small Business Development Centers through the Business Development program. From one-time General Fund the Legislature appropriated \$300,000 to purchase Hill Air Force Base easements, and \$50,000 to the Project Fund through House Bill 347. From one-time transfers the Legislature appropriated \$50,000 to the Local Economic Development Initiatives program, and \$24,400 to the Film program

Minority Affairs The minority offices are Asian Affairs, Polynesian Affairs, Black Affairs, Hispanic Affairs, Indian Affairs, and the Martin Luther King Commission. They coordinate issues for the Governor.

Through Senate Bill 44, the Legislature appropriated \$300,000 to Indian Affairs for an Urban Indian Programs site. The Legislature added \$10,000 from one-time transfers to the Martin Luther King Commission.

Travel Development develops the State's economy through tourism. The Destination Development Program develops rural tourism attractions and facilities. Internal Development oversees the Welcome Centers, information services, travel publications, and publicity. External Development manages the national and international travel development programs. The Division also has programs that do research and planning, and advertising.

At the beginning of the session, the Subcommittee set aside funding for this budget pending a more in-depth review. After hearing the budget, the Legislature added \$200,000 in ongoing General Fund and \$100,000 from one-time Transfers.

Legislative intent:

It is the intent of the Legislature that the Travel Council examine the viability of travel regions, take appropriate action, and report to the Economic Development and Human Resources Appropriations Subcommittee in the next general session

The **Historical Society** is State History's fund raising arm.

State History promotes all things related to the State's history except paleontology which belongs to the Department of Natural Resources. The Collections and Education Program curates collections and sets up displays and shows for educational and public relations purposes. It publishes the Utah Historical Quarterly, Beehive History and occasionally books such as *Brief History of Utah* and the County Histories Project. The Preservation Office runs the Division's Antiquities Section which issues archeological work permits for state lands and maintains a cultural sites database. It also runs both State and federal historic preservation programs. Through the History Projects Program it funds the Utah State History Fair, the Utah Heritage Foundation, the Centennial History Writing Project and the County Centennial Writing Projects.

The Legislature eliminated \$60,000 in ongoing General Fund for the History Centennial Project.

Supplemental Legislative Intent:

It is the intent of the Legislature that the County Centennial Histories Project be completed by June 30, 1999. All funds allocated to that project remaining at that time shall lapse to the General Fund.

The **Arts Council** promotes Utah's fine arts. Grants to Nonprofit Organizations funds more than 200 arts organizations, and 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.

The Legislature added \$50,000 each in ongoing General Fund for the Utah Valley Symphony, Southwest Symphony, and the Utah Festival Opera Company. The Legislature appropriated \$75,000 in one-time General Fund to implement Senate Bill 199; Arts, Technology and Education Video. The intent language below reduces the rent cost from \$225,000 to \$150,000 which will allow the Arts Council another \$75,000 for programs.

Legislative intent:

It is the intent of the Legislature that funding appropriated to the Utah Arts Council for operation and maintenance of the Union Pacific Depot be limited to \$150,000 and that payment to the Division of Facilities Construction and Management shall not exceed that amount.

State Library improves Utah's libraries. The Blind and Physically Handicapped program is the sole state source of materials 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.

Energy Services promotes energy efficiency. The Weatherization program helps low income, elderly, and handicapped persons save on energy bills. State Energy Conservation is an education program that targets the general public, school children, private building managers, and federal agencies. Energy Technology Demonstration provides grants and loans to implement the latest energy saving technologies. State Building Energy Loan program finances energy efficiency projects in State buildings with energy savings repaying the loans. Clean Fuel Loan Fund finances fleet vehicle conversions to cleaner burning fuels with savings repaying the loans.

Community Development helps local governments develop infrastructure. 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 the Food Bank, Food Bank Network, and Healthy Communities. The Commission on Volunteers is the federal AmeriCorps program that gives post secondary scholarships for volunteer type work. The Zoos program helps support Hogle Zoo in Salt Lake City and Willow Park Zoo in Logan. The Homeless Committee channels General Funds and income tax homeless check-off funds to state and local housing organizations.

The Legislature added \$500,000 in ongoing General Fund to the Olene Walker Housing Trust Fund which is part of the Housing Development budget. This brings the annual Trust contribution to \$1,500,000. The Legislature added another \$48,000 to the Housing Development budget for another employee. Intent language requires that there be no net increase in the Department's employee count. The Legislature transferred the Low Income Housing Energy Assistance Program from the Department of Human Services to Community Development through Senate Bill 20. Funding for this program is \$6,125,000 in Federal Funds

The Legislature also added ongoing General Fund for the following:

Homeless Committee	\$130,000
To implement House Bill 210, Affordable Housing	25,000
Commission on Volunteers	25,000

The Legislature appropriated one-time from Transfers:

Community Services - Food Bank	\$40,000
Homeless Trust	100,000
Seekhaven (a private domestic violence shelter in Moab)	20,000

Legislative intent:

The Legislature intends that the Office of Community Services be the state agency responsible for evaluating and improving emergency food services in Utah and monitor the impact of welfare reform on the emergency food network as funding allows.

It is the intent of the Legislature that \$20,000 in one-time funds for Seekhaven be matched on the basis of two dollars for every state dollar.

Community Development Capital provides funding for housing the needy, and rural development. Emergency Shelter pays for utilities, building renovations and leased space for the homeless. Supportive Housing buys housing for the chronically mentally ill and disabled homeless with HUD funds. Critical Needs Housing helps local governments buy shelters for the homeless, low-income, battered women, mentally ill, retarded, abused children and migrant farm workers. Housing Preservation Grants provides low income home improvement federal matching grants that bring rural homes in Farmer Home Loan eligible areas up to code. The Permanent Community Impact Fund program uses Mineral Lease and Mineral Bonus funds to mitigate the effects of mineral development in the state.

The Legislature transferred \$22,200 from Nonlapsing balances to the Film Commission.

Disaster Relief Board is run by the Permanent Community Impact Board. It provides funding to mitigate disasters, usually in addition to Federal Emergency Management Agency (FEMA) funds.

Department of Human Resource Management

DHRM manages the State's personnel system.

The Legislature added \$50,000 in ongoing General Fund to pay for software license fees.

Legislative intent:

It is the intent of the Legislature that the Department of Human Resource Management permanent FTE employee count be maintained at the FY 1998 level or lower.

It is the intent of the Legislature that the compensation adjustment for FY 1999 be allocated as follows:

- A. The funds allocated for state employees under the state system are to be used for merit increase adjustments including longevity increases, with remaining funds utilized by departments and agencies for further merit adjustments as deemed appropriate.*
- B. Selective salary adjustments are to be funded first from available turnover and other compensation related savings and second, from other available savings in state agency budgets.*
- C. Increases for service providers are to be calculated at three percent.*

It is the intent of the Legislature that the FY 1999 compensation package for state employees have retrospective application to June 27, 1998, to coincide with the state payroll period.

It is the intent of the Legislature that any health and dental insurance premium increased costs for FY 1999 for the Group Insurance Division (PEHP) shall be borne by the allocation of reserves from the Insurance Division Trust Fund. This increase in premium shall be included in the base budget for future years.

Career Service Review Board

The CSRB runs the State's grievance and appeals process.

Legislative intent:

It is the intent of the Legislature that the Career Service Review Board's permanent employee FTE count be maintained at the FY 1998 level or below.

Utah Technology Finance Corporation

UTFC provides capital and technical assistance to starting and emerging Utah businesses.

The Legislature eliminated all \$1,000,000 in ongoing General Fund. An audit by the Legislative Auditor General is in progress.

Utah State Fair Corporation

The Fair is an independent public nonprofit corporation that holds the annual State Fair and runs the State owned grounds and facilities year-round.

The Legislature added \$50,000 from one-time Transfers and \$300,000 in one-time General Fund through Senate Bill 214.

Utah Housing Finance Corporation

UHFC helps create affordable housing through financial incentives. The Legislature oversees but does not appropriate this budget.

Ongoing Budget Changes

DCED Rent Increase	\$56,000
DBED - Local Economic Development Initiatives	(150,000)
DBED - Film Development	52,000
DBED - Business Development - Small Business Development Centers	100,000
Industrial Assistance Fund	(175,000)
Utah Travel Council - Advertising	200,000
State History - Centennial Project	(60,000)
Utah Arts Council - Utah Valley Symphony	50,000
Utah Arts Council - Southwest Symphony	50,000
Utah Arts Council - Utah Festival Opera Company	50,000
Community Dev. - Commission on Volunteers	25,000
Community Dev. - Pioneer Communities	50,000
Community Dev. - Homeless Committee	130,000
Community Dev. - Housing Dev. - Housing Trust Fund	500,000
Community Dev. - Housing Dev.	48,000
Community Dev. - Homeless Committee, House Bill 210, Affordable Housing	25,000
Utah Technology Finance Corporation	(1,000,000)
DHRM - Software Licenses	50,000
Personal Service Adjustment	<u>452,300</u>
Subtotal	\$453,300

One-Time Budget Changes From General Fund:

DCED - Moving Expense	\$70,000
DBED - Hill Air Force Base Easements	300,000
Special Initiatives - Steam Engine to Ogden	125,000
Special Initiatives - Memory Grove	12,000
Special Initiatives - Riverton Historic Farm	10,000
Special Initiatives - Daughters of the Utah Pioneers Building	100,000
DCED - Senate Bill 204, Festival of the American West	300,000
DCED - House Bill 28, Davis County Conference and Community Center	500,000
DCED - House Bill 87, Capitol Hill Projects - Daughters of the Utah Pioneers Building	140,000
DCED - House Bill 87, Capitol Hill Projects - Memory Grove	60,000
DCED - House Bill 284, Bridgerland Ice Arena	250,000
Arts Council - Senate Bill 199, Arts, Technology and Education Video	75,000
DBED - House Bill 347, Project Fund	50,000
Indian Affairs - Senate Bill 44, Site for Urban Indian Programs	300,000
Utah State Fair Corporation - Senate Bill 214	300,000
Special Initiatives - Utah County Equestrian Park	150,000
Industrial Assistance Fund	<u>925,000</u>
Subtotal	\$3,667,000

One-Time Budget Changes From Transfers:

DBED - Local Economic Development Initiatives	\$50,000
DBED - Film Development	24,400
Community Development Capital	(22,200)
Disaster Relief	(2,200)
Martin Luther King Commission	10,000
Utah Travel Council - Advertising	100,000
Community Dev. - Community Services - Food Bank	40,000
Community Dev. - Homeless Trust	100,000
Community Dev. - Seekhaven	20,000
Utah State Fair Corporation	50,000
Industrial Assistance Fund	<u>200,000</u>
Subtotal	<u>\$570,000</u>

One-Time Budget Changes From Nonlapsing:

Special Initiatives - North Logan City Library	\$25,000
Special Initiatives - Kanab City Library	35,000
Special Initiatives - Weber State University - Browning Art Center	100,000
Special Initiatives - Ogden City Defense Depot Acquisition	490,000
Special Initiatives - Utah County Equestrian Park	100,000
Special Initiatives - Layton Arts Council	15,000
Special Initiatives - Uinta Arts Council	10,000
Special Initiatives - Blanding Dinosaur Museum	20,000
Special Initiatives - Edge of the Cedars State Park	5,000
Special Initiatives - 100 th Anniversary of Utah Amateur Golf Association	10,000
Special Initiatives - University of Utah - Marriott Library - Periodicals	100,000
Special Initiatives - Salt Lake County Parks	<u>20,000</u>
Subtotal	<u>\$930,000</u>
One-time Grand Total	<u><u>\$5,167,000</u></u>

Table 21

Economic Development and Human Resources					
	FY 1998	FY 1998	FY 1998	FY 1999	Change from
Financing	Estimated	Supplemental	Revised	Appropriated	FY 98 Revised
General Fund	\$31,634,500		\$31,634,500	\$32,087,800	\$453,300
General Fund (1-time)	4,915,000	\$1,700,000	6,615,000	3,667,000	(2,948,000)
Total General Fund	36,549,500	1,700,000	38,249,500	35,754,800	(2,494,700)
Federal Funds	23,915,000		23,915,000	36,212,000	12,297,000
Dedicated Credits	7,959,700		7,959,700	8,103,000	143,300
Transportation	118,000		118,000	118,000	
GFR-Industrial Assistance	173,800		173,800	177,100	3,300
GFR-Homeless Trust	650,000		650,000	150,000	(500,000)
GFR-Mineral Lease	15,304,000		15,304,000		(15,304,000)
Permanent Community Impact				16,911,100	16,911,100
Repayments	8,842,400		8,842,400	8,900,000	57,600
Oil Overcharge-Stripper Well	3,017,700		3,017,700	2,342,500	(675,200)
Transfers	100,000		100,000	570,000	470,000
Beginning Nonlapsing	13,234,500		13,234,500	13,749,200	514,700
Closing Nonlapsing	(12,819,200)		(12,819,200)	(12,794,800)	24,400
Total	\$97,045,400	\$1,700,000	\$98,745,400	\$110,192,900	\$11,447,500
Programs					
Administration	2,207,700		2,207,700	2,258,800	51,100
Special Initiatives	(2,575,000)		(2,575,000)		2,575,000
Industrial Assistance Fund	348,800		348,800	244,500	(104,300)
Business & Economic Dev.	7,898,200		7,898,200	8,057,000	158,800
Asian Affairs	115,700		115,700	118,700	3,000
Polynesian Affairs	115,800		115,800	118,900	3,100
Black Affairs	115,700		115,700	118,700	3,000
Hispanic Affairs	118,200		118,200	121,000	2,800
Indian Affairs	205,700		205,700	210,600	4,900
Martin Luther King Comm	45,100		45,100	25,000	(20,100)
Travel Development	4,142,300		4,142,300	4,275,900	233,600
Utah State Historical Society	307,600		307,600	317,400	9,800
Division of State History	2,558,300		2,558,300	2,416,200	(142,100)
Division of Fine Arts	3,496,700		3,496,700	3,503,900	7,200
State Library Division	6,045,100		6,045,100	6,496,000	450,900
Energy Services	5,028,400		5,028,400	4,504,700	(523,700)
Community Development	26,394,600		26,394,600	35,128,500	8,733,900
Community Capital	24,797,900		24,797,900	27,413,100	2,615,200
Disaster Relief				2,200	2,200
Utah Tech Finance Corp.	4,147,400		4,147,400	3,147,400	(1,000,000)
Utah State Fair	3,391,100		3,391,100	3,255,900	(135,200)
Human Resource Management	3,085,000		3,085,000	3,146,900	61,900
Career Service Review Board	140,100		140,100	144,600	4,500
Total	\$92,130,400		\$92,130,400	\$105,025,900	\$12,995,500
One-time					
Administration				\$70,000	\$70,000
Special Initiatives	\$2,575,000		\$2,575,000	2,577,000	2,000
Industrial Assistance Fund		\$1,700,000	1,700,000	1,125,000	(575,000)
Business & Economic Dev.				424,400	424,400
Indian Affairs	30,000		30,000	300,000	270,000
Martin Luther King Comm				10,000	10,000
Travel Development	150,000		150,000	100,000	(150,000)
Division of State History	85,000		85,000		(85,000)
Division of Fine Arts				75,000	75,000
Community Development	2,075,000		2,075,000	160,000	(1,915,000)
Community Capital				(22,200)	(22,200)
Disaster Relief				(2,200)	(2,200)
Utah State Fair				350,000	350,000
Total	\$4,915,000	\$1,700,000	\$6,615,000	\$5,167,000	(\$1,548,000)

Department of Health

Department of Health

The total FY 1999 appropriation of \$837,583,000 for the Department of Health is a decrease of 0.4 percent compared to FY 1998 estimated expenditures. The FY 1999 General Fund appropriation is an increase of 2.7 percent. The appropriations and legislative intent for the divisions and offices of the Department are outlined below.

Executive Director Operations

Executive Director Operations includes those functions of the Department of Health that provide overall policy and management direction and administrative support to the divisions, offices and programs of the Department. This organizational category also includes the Office of Health Data Analysis, Office of the Medical Examiner, and the Office of Public Health Data. Significant budget changes occurring in this category are listed below.

- ▶ Funding for Executive Director Operations decreased by 4.9 percent from \$11,535,900 in FY 1998 (estimated) to \$10,967,800 approved for FY 1999.
- ▶ The Legislature approved utilizing \$100,000 from the Kurt Oscarson Children's Organ Transplant Trust Account for purposes as outlined in 26-18a-4.
- ▶ The Legislature also funded \$46,500 to cover a 3.0 percent increase tied to the compensation component for local health department budgets.
- ▶ Senate Bill 10 - "Registry of Unidentified Deceased Person", and Senate Bill 145 - "Child Support Amendments" added \$27,000 and \$5,000 respectively to the Executive Director's budget.

The Legislature approved the following items of intent language for FY 1999:

It is the intent of the Legislature that the Department of Health present to the Legislative Fiscal Analyst's Office, with its annual budget submission, detailed outcome measures for each budget area in each division within the department. These outcome measures shall be, wherever possible, reported in terms of outcomes achieved with the population served in addition to the report of total numbers served. The Legislative Fiscal Analyst's Office shall include the department's report including measurements within its budget presentation on an item by item basis.

It is the intent of the Legislature that the Department of Health, Department of Human Services, the Division of Employment Development in the Department of Workforce Services, and the State Office of Education work jointly through the regular budget process to present budget overviews for disabilities services and for aging services to be presented to the 1999 Health and Human Services Appropriations Subcommittee. These program budget overviews will include a discussion of the most appropriate and least costly funding options.

It is the intent of the Legislature that in scheduling appropriation subcommittee meetings for the 1999 General Session, the Legislative Management Committee schedule a meeting of the FACT (Families, Agencies, Communities Together) Joint Legislative Group within the first three weeks of the General Session. It is further the intent of the Legislature that the agenda for this meeting include a review of all FACT related budget items and consideration of any appropriate recommendation of those items to the appropriation subcommittees involved with FACT.

Veterans' Nursing Home

The Veterans' Nursing Home is a project which will provide skilled and intermediate levels of care to Utah's veterans and eligible spouses. The nursing home is expected to open in April of 1998. The FY 1999 budget is \$2,520,000 and comes mostly from patient fees.

Health Systems Improvement

The mission of the Division of Health Systems Improvement is to facilitate, encourage and coordinate continuous improvement in the Utah health care system. The mission is fulfilled through examination and analysis in terms of service availability, accessibility, acceptability, continuity, quality and cost. The Division includes the Bureaus of Emergency Medical Services, Health Facility Licensing, Medicare/Medicaid Program Certification and Resident Assessment, and Primary Care and Rural Health Systems. Highlights of the budget for Health Systems Improvement are listed below.

- ▶ Overall funding for Health Systems Improvement increased by 17.4 percent from \$10,513,100 in FY 1998 to \$12,343,900 in FY 1999. The increase is due in part to the funding of the remaining \$100,000 to implement 1997's House Bill 124, "Licensing of Day Care Facilities"; \$70,000 to cover the costs associated with Senate Bill 64, "Background Check of Home Health Professionals"; and \$80,000 added for the Special Populations Health Care Provider Financial Assistance and Retention Program.
- ▶ The Legislative approved increasing funding to \$500,000 from Mineral Lease Funds to provide medical coverage to medically underserved populations. Also approved was \$100,000 in one-time Mineral Lease Funds for rural telemedicine.

The following intent language was approved for this division.

It is the intent of the Legislature that the fees collected for the purpose of plan reviews by the Bureau of Health Facility Licensure be considered nonlapsing.

It is the intent of the Legislature that the funding from the Mineral Lease Account for the State Primary Care Grant Program for Underserved Populations be considered nonlapsing.

It is the intent of the Legislature that the Primary Course Grant Program be funded with ongoing funds in FY 2000.

Epidemiology and Laboratory Services

The mission of the Division of Epidemiology and Laboratory Services is to protect the health of the people of Utah by identifying and controlling communicable and infectious diseases, outbreaks, environmental health hazards, and occupational risks; and by providing laboratory testing and technical consultation to public agencies, health professionals and the public.

The division is comprised of three bureaus at the State Health Laboratory, as well as bureaus dealing with HIV/AIDS/Tuberculosis Control/Refugee Health, Epidemiology, and Environmental Services.

The FY 1999 appropriation of \$10,127,400 is a decrease of 2.0 percent when compared to the estimated FY 1998 expenditure level. The General Fund increase is 2.6 percent.

The 1998 Legislature passed House Bill 71, "Alcohol and Drug Testing Fee", which increases the administrative fee for reinstatement of a driver's license following an alcohol ordering offense. A portion of this increase is deposited into the newly created "State Laboratory Drug Testing Account" and is to be used for drug and alcohol analysis tests.

The following intent language was approved for this division.

It is the intent of the Legislature that the Division of Epidemiology and Laboratory Services may receive donated laboratory equipment and shall use such donated equipment for the purpose of promoting and protecting the public health.

Community and Family Health Services

The purpose of the Division of Community and Family Health Services is to assure that all women, infants, children and their families have access to comprehensive, coordinated, affordable, community-based quality health

care. The Division must coordinate the effort, identify the needs, prioritize the programs and develop the resources necessary to accomplish the goals.

The Division is organized into the Office of the Director and five other functional bureaus to carry out its purposes. The five bureaus are Division Resources, Health Education, Maternal and Child Health, Chronic Disease, and Children with Special Health Care Needs.

While the services of the Division are available to all citizens of the State according to their ability to pay, its primary clients are women, infants, and children who have special health needs and problems and are low income.

The major funding source for the Division is federal grants, primarily the Maternal and Child Health (MCH) Block Grant and the Women's, Infants' and Children's (WIC) Nutritional Grant. In total, federal funds represent 66 percent of the Division's appropriated FY 1999 budget.

Most of the federal funds are contracted to local health departments as part of the WIC nutrition program or to provide other services.

The total appropriation for the Division of \$71,637,400 for FY 1999 is a decrease of 1.7 percent from the estimated FY 1998 level of expenditures. The General Fund portion of the budget reflects a decrease of 1.0 percent due in part to the transfer of \$271,000 to the University of Utah to fund the Poison Control Center.

The Legislature approved the fourth (of four) year funding of the 2nd dose measles, mumps, and rubella (MMR) vaccine in the amount of \$250,000.

House Bill 404, "Use of Cigarette Tax", passed by the 1998 Legislature, deposits \$250,000 in the newly created "Cigarette Tax Restricted Account" to be used to continue the media campaign geared toward children and adolescents to discourage them from using tobacco products.

Senate Bill 39, “Penalties for Sale of Tobacco to Youth” added \$130,000 to this budget, most of which will be passed through to the local health departments to assist them in enforcement efforts. House Bill 205, “Insurance Coverage for Metabolic Disease” requires insurance carriers to provide special dietary products as part of their benefit packages. It is expected that this will reduce the need for the department to provide those products and will save approximately \$40,000 annually.

The following intent language was approved for this division

It is the intent of the Legislature that if House Bill 404 passes, the funds be allocated to the Tobacco Prevention and Control Program within the Utah Department of Health. The Department of Health will be responsible for contracting for the design and implementation of the media campaign directed at children and adolescents in Utah for the purpose of discouraging them from starting to use tobacco products.

It is the intent of the Legislature that the funding for second dose Measles, Mumps, and Rubella, (MMR) be considered nonlapsing.

It is the intent of the Legislature that the Department of Health implement the parent fee schedule for the Early Intervention program in such a way as to minimize the administrative burden on both clients and local providers. The Department will continue to evaluate the impact of the parent fee schedule on consumer participation in, and satisfaction with, the Early Intervention services. The results of this evaluation will be reported to the Health and Human Services Appropriations Committee during the 1999 Legislative General Session.

The Division of Health Care Financing

The Division of Health Care Financing has responsibility for the development and administration of the state/federal Medical Assistance (Medicaid) program, as well as the State-funded Utah Medical Assistance

Program. Functions include eligibility determination, claims processing, and coverage and reimbursement.

- ▶ The Legislature appropriated \$44,073,800 to the Division of Health Care Financing of which \$9,554,900 is from the General Fund.

The Legislature included the following intent statement in the FY 1998 Appropriations Act:

It is the intent of the Legislature that the Division of Health Care Financing may expend up to \$10,000 of the General Funds allocated for Medical Assistance to provide emergency medical-related services for persons.

It is the intent of the Legislature that funds collected by the Division of Health Care Financing from the Utah Medical Assistance Program Dental Clinic for services provided are nonlapsing.

It is the intent of the Legislature that the Division of Health Care Financing pursue Federal Medicaid waivers to include Home Health Care in order to reduce costs and improve the quality of services.

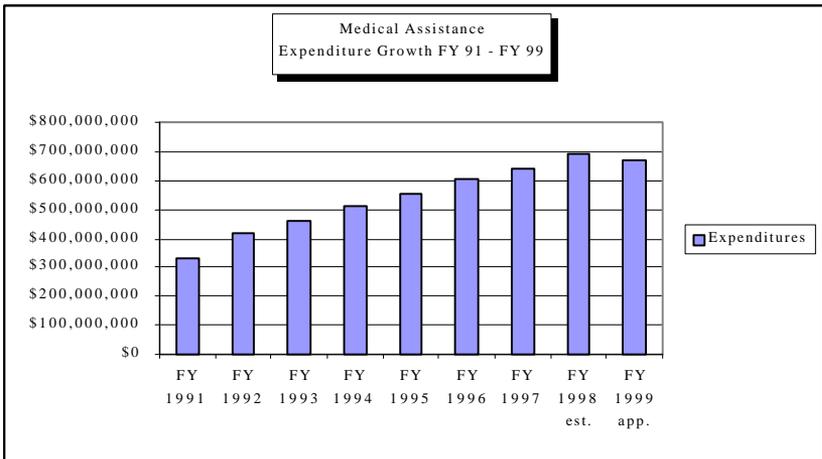
It is the intent of the Legislature that the Division of Health Care Financing use a Utah-specific market basket indicator for nursing facilities, to the extent possible, instead of a national one, in determining future rate increases for long-term care facilities.

It is the intent of the Legislature that the Department of Health contract with a private entity to process and administer Medicaid crossover claims. The compensation for processing and administering such claims shall be for the amount of the costs incurred by the department to process the claims internally.

Medical Assistance

Medical Assistance includes the Medicaid Base Program, Title XIX funding for Human Services, and the Utah Medical Assistance Program (UMAP). With the exception of UMAP, these programs fund health care for individuals eligible for medical assistance under Title XIX of the Social Security Act. The UMAP program provides a limited array of services to individuals who do not qualify for any other assistance program.

The following chart shows the growth in the Medical Assistance Program from FY 1991.



The Legislature appropriated \$673,140,100 for Medical Assistance for FY 1999, with \$136,852,600 coming from the General Fund. The funding includes the following items:

- ▶ An increase of \$17.3 million to cover the reduction in the federal match rate, projected inflation, caseload growth, and utilization rates.
- ▶ \$2.1 million to cover additional new children who are expected to enroll in Medicaid following outreach programs.

The Legislature included the following intent statement in the FY 1999 Appropriations Act:

It is the intent of the Legislature that the Department of Health will review with the Interim Executive Appropriations Committee any Medicaid Program reductions or additions.

Children's Health Insurance Program

The Legislature authorized the creation of the Children's Health Insurance Program (CHIP) by passing House Bill 137. The program will provide comprehensive health insurance coverage to approximately 30,000 children from families who earn up to 200 percent of the federal poverty level (approximately \$32,000 for a family of four). It is expected that 15,000 children will be enrolled in FY 1999 and the remaining 15,000 in FY 2000. The FY 1999 appropriation is \$12,349,100. The state match (\$5.5 million) is coming from an assessment on hospital providers. The federal funds expected in FY 1999 are estimated at \$6,849,100. The federal funds will increase in FY 2000 as additional children are enrolled.

Health Policy Commission

The 1994 Legislature established the Health Policy Commission with the goal that health system reform in Utah will provide a mechanism through which every Utahn will have access to affordable health insurance in an environment that relies primarily on a market-oriented system that contains cost and enhances quality. (UCA 63C-3). The FY 1999 appropriation of \$423,500 reflects an increase in the Commission's budget of 14.4 percent. The Commission is required to report to the Legislature and governor and make recommendations on specific issues each year through the year 2000.

Table 22

UTAH DEPARTMENT OF HEALTH					
Plan of Financing	FY 1998		FY 1998 Revised	FY 1999 Appropriation	Change from Revised FY 1998
	FY 1998 Estimated	Legislative Action			
General Fund	\$168,774,700		\$168,774,700	\$173,811,500	\$5,036,800
General Fund - one-time	750,000		750,000	270,000	(480,000)
Federal Funds	577,592,203		577,592,203	564,918,700	(12,673,503)
Dedicated Credits	37,450,586		37,450,586	40,870,200	3,419,614
Restricted Funds	12,349,500		12,349,500	13,915,700	1,566,200
Transfers	42,504,961		42,504,961	41,926,500	(578,461)
Beginning Nonlapsing	3,341,050		3,341,050	1,870,400	(1,470,650)
Closing Nonlapsing	(1,870,400)		(1,870,400)		1,870,400
Total	\$840,892,600	\$0	\$840,892,600	\$837,583,000	(\$3,309,600)
Programs					
Executive Director	\$10,993,600		\$10,993,600	\$10,947,800	(\$45,800)
Veterans' Nursing Home	500,000		\$500,000	\$2,520,000	2,020,000
Health Systems Improv.	10,513,100		10,513,100	12,343,900	1,830,800
Epidemiology and Laboratory Services	10,338,700		10,338,700	10,127,400	(211,300)
Community and Family Health Services	72,662,900		72,662,900	71,387,400	(1,275,500)
Health Care Financing	43,492,000		43,492,000	44,073,800	581,800
Medical Assistance	691,229,900		691,229,900	673,140,100	(18,089,800)
Children's Health Insurance				12,349,100	12,349,100
Health Policy Comm.	370,100		370,100	423,500	53,400
Subtotal	\$840,100,300	\$0	\$840,100,300	\$837,313,000	(\$2,787,300)
One-time Funding Items					
2nd Dose MMR	\$250,000		\$250,000	\$250,000	
Medical Examiner Equipment				15,000	\$15,000
Health Data Analysis	542,300		542,300		(542,300)
Public Health Data				5,000	5,000
Total	\$840,892,600	\$0	\$840,892,600	\$837,583,000	(\$3,309,600)

Department of Human Services

Department of Human Services

Reorganization

The Department of Human Services transferred its Office of Family Support to the Department of Workforce Services effective July 1, 1997. The Federal Energy Assistance Program, with its budget of \$6,125,000 of federal funds, will be transferred to the Department of Community and Economic Development effective July 1, 1998.

Appropriated Budget

For FY 1999, the Legislature appropriated \$373.9 million to the Department of Human Services, which includes \$185.7 million from the General Fund. This includes \$2,029,200 in one-time appropriations (\$936,700 General Fund). In total funding, this represents a 2.2 percent increase from the current fiscal year authorized budget. If the Federal Energy Program was not transferred, the overall FY 1999 budget would be 3.9 percent above current levels. Appropriations from the General Fund increased 4.9 percent from FY 1998. These numbers do not include appropriations for the Division of Youth Corrections as its budget is considered in another appropriations subcommittee.

The 1998 Legislature provided \$3,623,900 in supplemental appropriations for FY 1998. This includes \$2,238,800 in additional federal funds and \$1,385,100 in additional dedicated credits.

Funding Transfers

Funding for the pre-school autism programs now operating in Utah and Salt Lake Counties will be transferred from the Division of Services for People with Disabilities to the Division of Mental Health for FY 1999. Also, effective with FY 1999, state funds for the Office of Recovery Services' contract with the Department of Health for collection services will be transferred from the Health Department.

Funding Source Changes

The Legislature included several funding changes in the Department's budget for FY 1999. In the Office of Recovery Services, federal incentive funding (approximately \$2 million) received for meeting collection goals will no longer be deposited into the General Fund due to federal restrictions on their use. As a result, the General Fund budget for the Office of Recovery Services was reduced by \$2 million and federal revenue was increased by the same amount. A similar adjustment was made in the supplemental appropriation for FY 1998.

Effective October 1, 1997, Medicaid funds became available for day treatment for people with disabilities who had not previously been institutionalized. As a result, an estimated \$1,253,700 in federal funds will be available to the Division of Services for People with Disabilities. The General Fund budget was reduced by this amount and federal funds increased.

Compensation

In addition to a 3.5 percent compensation increase for State employees, the Legislature funded a 3 percent salary adjustment for employees of local mental health, substance abuse, adult and aging services authorities and private service providers who contract with the Division of Services for People with Disabilities.

Child Welfare

In 1993, the National Center for Youth Law (NCYL) filed a civil rights complaint in U.S. District Court on behalf of all children reported as abused and neglected and all foster children in Utah. A settlement agreement was negotiated between the State of Utah and NCYL and was signed by Governor Leavitt on May 17, 1994. It consists of 92 points of compliance requirements. The agreement created a Monitoring Panel to make periodic reports on the State's compliance with the settlement. To date the panel has issued three reports, the last one being in July, 1996.

On March 17, 1997, Judge Winder issued an order declaring that the Division of Child and Family Services should not be placed in receivership as

the plaintiffs had requested in their motion. The judge's order required, however, that the Division draft a corrective action plan to address serious shortcomings in complying with the Settlement Agreement. It also required the independent Monitoring Panel to write a comprehensive plan which more accurately describes the Division's compliance and better defines compliance factors. The Panel (through the Department of Human Services) has contracted with Paul Vincent and Associates to prepare this plan at a cost of just under \$300,000. A final compliance report is expected in early summer, prior to the settlement agreement's expiration in August, 1998.

Between FY 1994 and FY 1998, the budget for the Division of Child and Family Services has increased from \$48.9 million to \$103.5 million (112 percent increase). General Fund increased from \$18.9 million to \$56.3 million (374 percent increase). Staff has almost doubled, from 576 FTEs in FY 1994 to about 1,064 FTEs in FY 1998. Growth is partly responsible for these increases, but the majority can be traced to the Division's efforts to improve the State's child welfare and protective service programs and its compliance with the court settlement.

Families, Agencies, Communities Together (FACT)

The FACT initiative is an attempt to address the needs of at-risk children using a collaborative effort by various state and local agencies. FACT has been implemented statewide as a community-based program intended to address the problems of a child and family. The program brings service providers together to aid the family in an attempt to correct interrelated problems rather than addressing one problem at a time.

The Joint Group for Recommendations on Appropriations for Collaborative Programs for Children and Youth-At-Risk met during the 1998 General Session, as directed by House Joint Resolution 10 (1996 General Session). It reviewed appropriations for FACT programs totaling \$5.9 million spread through the budgets of four departments as shown in the following table. The Group voted to request authorization of the Legislative Management Committee to meet during the interim to hear FACT related issues. It also voted to hold next year's meeting earlier in the General Session.

F.A.C.T. FY 1999 FUNDING						
Funding	Public Education	Human Services	Workforce Services	*Youth Correct.	Dept. of Health	Totals
General Fund		\$2,406,200	\$376,300	\$49,500	\$931,700	\$3,763,700
Uniform School Fund	\$1,258,000					1,258,000
Federal Funding		205,000	414,900		252,300	872,200
Total	\$1,252,000	\$2,611,200	\$791,200	\$49,500	\$1,184,000	\$5,893,900

** A division of the Department of Human Services*

Executive Director Operations

The Executive Director Operations 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. It also includes programs that are independent of the divisions such as the Governor's Council for People with Disabilities, Foster Care Citizens Review Boards, David C. Settlement Monitoring Panel, and the Office of Children's Ombudsman. For FY 1998, the department moved several functions from the Division of Child and Family Services into the Executive Director Operations' budget. This includes the Compliance and Implementation Teams which work to ensure compliance with the David C. settlement agreement, the Child Ombudsman Office, FACT coordinating staff, and the Office of Licensing.

For FY 1999, three additional staff persons and accompanying budget (\$84,000 General Fund) will be transferred from The Division of Child and Family Services to the Office of Licensing in The Executive Director Operations. The Legislature also approved the transfer of \$49,200 of General Funds from the Division of Substance Abuse which represents half the cost of an attorney who will now split time between The Division of Substance Abuse and The Executive Director Operations.

The David C. court settlement agreement expires in August, 1998. Therefore, the budget for The Division of Child and Family Services Monitoring Panel (\$131,900 in FY 1998, including \$116,900 from the General Fund) was replaced with one-time funding of \$24,200 (\$21,700 General Fund) for FY 1999. The Legislature also provided \$297,000 in one-time supplemental funding for FY 1998 to cover the cost of a contract with Paul Vincent and Associates to prepare a plan and an improved monitoring process to report on compliance with the agreement.

The Legislature passed Senate Bill 120 which transfers oversight of the Federal Energy Assistance Program from The Executive Director Operations in Human Services to the Department of Community and Economic Development. Approximately \$6,125,000 in federal funds are budgeted in this program.

Also approved by the 1998 Legislature was House Bill 4 which expands the Foster Care Citizens Review Boards statewide. First established in 1993, then expanded in 1995 and 1997, these Boards review foster care cases as required by federal law and will replace the current administrative review process. To complete this expansion, the Legislature appropriated an additional \$116,500 (\$100,000 General Fund) and transferred the remaining administrative review budget from The Division of Child and Family Services (\$35,300, with \$29,000 from the General Fund). The total FY 1999 budget for the Boards is \$842,400 (including \$689,000 from the General Fund).

The total FY 1999 appropriation for The Executive Director Operations is \$18,185,800 (including \$8,106,400 from the General Fund). This includes the one-time funding for The Division of Child and Family Services Monitoring Panel of \$24,200 (\$21,700 General Fund). The overall budget is 23.7 percent below the FY 1998 authorized budget. However, if the Federal Energy Assistance Program is not included, the FY 1999 budget is 2.7 percent higher.

The following intent language is included in the FY 1999 Appropriations Act for the Executive Director Operations budget:

It is the intent of the Legislature that in scheduling appropriations subcommittee meetings for the 1999 General Session, the Legislative Management Committee schedule a meeting of the FACT (Families, Agencies, Communities Together) Joint Legislative Group within the first three weeks of the General Session. It is further the intent of the Legislature that the agenda for this meeting include a review of all FACT related budget items and consideration of any appropriate recommendations of those items to the appropriation subcommittees involved with FACT.

It is the intent of the Legislature that the Department of Human

Services present to the Legislative Fiscal Analyst's office, with its annual budget submission, detailed outcome measures for each budget area in each division within the Department. These outcome measures shall be, wherever possible, reported in terms of outcomes achieved with the population served in addition to the report of total numbers served. The Legislative Fiscal Analyst Office shall include the department's report including measurements within their budget presentation on an item by item basis.

It is the intent of the Legislature that no public money be used by the Governor's Council for People with Disabilities to develop, train for, or promote legislative lobbying efforts. Therefore, the funds appropriated by this Act for the use of the Council shall be used to develop services and supports for people with disabilities in areas where the Council has identified weaknesses or gaps in the system.

In addition, for FY 1998, the Legislature approved intent language to make funding for the Paul Vincent consulting contract for the Monitoring Panel and funding for the Foster Care Citizen Review Boards nonlapsing. Authority was given the Division to spend up to \$100,000 from FY 1998 nonlapsing ending balances for computer equipment and software.

Division of Mental Health

The Division of Mental Health is the State's mental health authority. The Division has general supervision of the State Hospital in Provo. Other mental health services are delivered by 10 local mental health authorities, as required by State law. 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 county fund match.

In prior years, the State contracted with two local authorities (Uintah Basin and San Juan) to be the substance abuse and mental health service providers. The Uintah Basin discontinued its contract with the State in FY 1997 and San Juan is now contracting with a newly created private provider. The State is no longer a provider in these two areas of the State. The program

“Local Centers” in the Division of Substance Abuse, which administered both the mental health and substance abuse programs, has been discontinued.

For FY 1999, the Legislature transferred \$871,000 in General Funds from the Division of Services for People with Disabilities to Division of Mental Health for the autism pre-school programs currently operating in Utah and Salt Lake Counties. An additional \$375,000 from the General Fund was provided during this General Session to start a program in Davis County.

The State Hospital in Provo received FY 1999 funding increases of \$304,300 from the General Fund to replace losses of federal funds in two areas. The federal medical assistance percentage match rate for FY 1999 is changing from 72.5775 percent to 71.99 percent due to an increase in the State’s personal income level. This will result in a loss of federal funds of \$48,500. In addition, the Hospital will lose approximately \$255,800 in Medicaid Disproportionate Share funds made available to hospitals that serve a “disproportionate share” of Medicaid patients. The rate was 13 percent above the Medicaid room and board rate at the beginning of FY 1997. For FY 1998 and later, the rate has been reduced to 9 percent. The Legislature also provided a \$193,800 supplemental appropriation from the General Fund for FY 1998 to make up the federal funding shortfall expected in the current fiscal year.

The Legislature also appropriated \$380,900 (\$200,000 General Fund) to the Hospital for increased medication costs. These costs have escalated rapidly in recent years. In addition, residents now being admitted to the Hospital are more seriously ill and require more medication.

The current administrative computer system at the State Hospital is inadequate to meet current operations and reporting requirements. The Hospital needs to implement an integrated information system that will automate all aspects of patient care, administrative support functions, and management information requirements. The Legislature appropriated \$600,000 (\$200,000 General Fund) on a one-time basis for FY 1999 to address this need.

The Division also received an increased appropriation of \$300,000 from the General Fund for the Mental Health Centers for treatment of severely

emotionally disturbed children. These funds will be used to increase available treatment for children suffering from a wide variety of diagnosis, including autism, juvenile sex offenses, developmental disabilities, etc. Some of these funds will also be used to support additional children and youth discharged from the State Hospital into the community and for treating children in custody of the Department.

The Division's FY 1999 appropriated budget totals \$60,988,400, including \$48,802,800 from the General Fund. This includes \$600,000 in one-time funding (\$200,000 General Fund). The Division's FY 1999 appropriated budget is 7.0 percent above the authorized FY 1998 budget with General Funds increasing by 7.5 percent

The Legislature passed intent language in the supplemental appropriations act for FY 1998 authorizing the Division to spend up to \$100,000 from FY 1998 nonlapsing ending balances for computer equipment, other capital equipment, and special projects.

Division of Substance Abuse

The Division of Substance Abuse is the substance abuse authority for the state. The Division administers state and federal funds, contracting with local substance abuse authorities which provide services, either themselves or by contract with private providers. As of FY 1998, the Division is no longer the substance abuse services provider in the Uintah Basin and San Juan regions. Private service providers are now contracting with these regions.

The Legislature provided \$100,000 from the General Fund to the Division to increase methamphetamine abuse treatment services in FY 1999. Methamphetamine (METH) "labs" are popping up everywhere in Utah as well as the rest of the country. Treatment admissions for METH abuse have multiplied over the last several years but are not keeping pace with the need. The Division will provide another \$100,000 from other demonstration projects that are closing down. Combined, these funds will provide treatment for approximately 200 individuals annually.

For FY 1999, the Legislature appropriated to the Division of Substance Abuse a total operating budget of \$23,054,900, including \$10,401,500 from

the General Fund. This represents a 1.3 percent increase over the FY 1998 authorized budget (2.7 percent increase in General Funds). These figures include the \$49,200 General Fund transfer to the Executive Director Operations' budget for half an attorney who will be splitting time between The Executive Director Operations and The Division of Substance Abuse.

The Legislature passed intent language in the supplemental appropriations act for FY 1998 authorizing the Division to spend up to \$10,000 from FY 1998 nonlapsing ending balances for computer equipment and software.

Division of Services for People with Disabilities

The Division of Services for People with Disabilities is responsible for providing residential, day, and support services for people with mental retardation and other developmental disabilities. The services provided range from limited family support to a full array of 24-hour services at the Utah State Developmental Center. The Division provides its community-based services through four regional offices.

Until last October, Medicaid funds were only available for day treatment services for people with disabilities if they had been previously institutionalized. Effective October 1, 1997, an estimated \$1,253,700 in state funds were “freed up” as Medicaid funds became available. The Legislature reduced the General Fund appropriation for FY 1999 to the Division of Services for People with Disabilities by this amount and increased Medicaid transfers.

The 1998 Legislature made a significant effort to provide funding for people waiting for services from the Division. The appropriations subcommittee first recommended that \$500,000 from the General Fund (\$1,164,600 total funds) be appropriated for a variety of services including residential care. Near the end of the Session, another \$800,000 from the General Fund was provided for services. This latter amount is intended for “preventative” type services; i.e., lower cost support programs that may prevent more costly residential services. In total, the Legislature appropriated \$2,764,600 (\$1,300,000 General Fund) for services for people on the waiting list. Depending on the mix of services provided, this funding should meet the needs of 350 to 400 of the approximately 2,000 people waiting for services.

The Legislature also appropriated \$728,400 (\$200,000 General Fund) for emergency community placements for individuals in crises situations. Crises arise when children who reach their teens become too large or too behaviorally challenging for their parents to care for, older parents can no longer physically care for their adult child, care givers become ill or die. This budget increase will fund about 12 emergency cases needing residential and day program services.

An additional \$100,000 was appropriated from the General Fund for people waiting for movement into the community from Intermediate Care Facilities for people with Mental Retardation. There are about 80 people currently in such facilities waiting for community-based services to allow them to live where they choose. Combined with matching federal funds of approximately \$263,600, this will fund community-based services for five to ten individuals (depending on their level of need).

The Legislature increased the Developmental Center’s base budget by \$365,000 (\$91,200 General Fund) for FY 1999 to help offset rising

medication costs. There has been a rapid inflationary increase in the cost of medication in recent years. In addition the residents of the Developmental Center are aging and are more seriously disabled.

The rapid rise in housing cost in Utah recently has eroded the ability of Division clients to provide for their own housing or to cover the rent of living in provider housing. Federal matching funds may not be used for housing costs. The Legislature approved a budget increase of \$200,500 (General Fund) to augment the Division's housing allowance program.

In 1995, the Legislature created a Trust Fund for People with Disabilities comprised of proceeds from the sale or lease of lands and facilities at the Utah State Developmental Center at American Fork. With the recent sale of land to American Fork City, the Trust Fund's current balance is approximately \$1.3 million. Last year, the Legislature authorized one-time expenditures from this Trust Fund totaling \$738,000. Most of these expenditures have been delayed until next year. For FY 1999, the Legislature appropriated \$690,000 from this fund for needs of people who live at the Developmental Center or in the community. The 1998 Legislature also passed House Bill 251, effective July 1, 1998, which restricts the Legislature to appropriating only "interest earned on the fund monies, leases from real property and improvement, leases from water, rents and fees."

The Legislature appropriated \$107,974,200 to Division of Services for People with Disabilities for FY 1999. This includes \$35,810,800 from the General Fund, and it includes the \$690,000 in one-time funding from the Disabilities Trust Fund. This is a 6.8 percent increase in funding over the FY 1998 authorized budget and a 3.7 percent increase in the General Fund amount. These amounts reflect the \$871,000 General Fund transfer to Mental Health for the autism pre-school programs. It also includes \$459,300 in additional General Fund to replace losses expected from the reduced federal Title XIX match rate.

The following intent language was included in the FY 1999 Appropriations Act for the Division of Services for People with Disabilities:

It is the intent of the Legislature that in renewing contracts with private providers the Division of Services for People with Disabilities shall consider prevailing labor market conditions.

It is the intent of the Legislature that rent collected from individuals who occupy state owned group homes be applied to the cost of maintaining these facilities. The Division of Services for People with Disabilities will provide an accounting of state owned group home rents and costs upon request from the Legislature or the Legislative Fiscal Analyst.

It is the intent of the Legislature that the Departments of Health and Human Services, the Division of Employment Development in the Department of Workforce Services, and the State Office of Education work jointly through the regular budget process to present program budget overviews for services to people with disabilities and for services to the aging to be presented to the 1999 Health and Human Services Appropriations Subcommittee. These program budget overviews will include a discussion of the most appropriate and least costly funding options.

The Legislature also passed intent language in the supplemental appropriations act for FY 1998 authorizing the Division to spend up to \$100,000 from FY 1998 nonlapsing ending balances for computer equipment and software, other capital equipment or improvements, and for equipment and supplies.

Office of Recovery Services

The Office of Recovery Services is responsible for collecting funds owed to the State in the Social Services and Medical Assistance areas. Federal law requires the Office to provide child support collection services also to families not receiving assistance.

The Office receives approximately \$2 million each year from the Federal

Government if it meets certain objectives in case collections. In the past, these incentives were deposited with the State General Fund along with the 25 percent state share of these cases. Due to federal restrictions on the use of these funds, beginning with FY 1998, the Office of Recovery Services will keep these incentives (an increase in federal revenues). Therefore, the Legislature reduced the General Fund appropriation by \$2 million for both FY 1998 and FY 1999.

The Legislature also transferred the \$530,000 General Fund contractual amount from the Department of Health to the Office of Recovery Services. Currently, the Utah Department of Health contracts with the Office for operation and management of third party liability functions and cost avoidance programs such as health insurance collections, estate recovery, provider fraud and overpayments, and HMO (Health Maintenance Organizations) duplicate premium collections. The current funding source for the salaries of these Office of Recovery Services employees working in the "Medical Cost Containment Section" is "transfers," not the General Fund. Therefore, in the past, there were no General Funds made available for their compensation increases. The Office of Recovery Services will continue to perform the contractual services for the Department of Health but the funding will be in the Office of Recovery Services' budget.

The Office of Recovery Services FY 1999 appropriated budget totals \$37,382,900, including \$11,953,300 from the General Fund. This represents a net increase of 3.2 percent over the FY 1998 authorized budget. Funding from the General Fund decreased by 8.3 percent due to the funding switch involving the federal incentive funds.

The Legislature approved the following intent language for the Office of Recovery Services in the FY 1999 appropriations act:

It is the intent of the Legislature that the Office of Recovery Services maintain a process for response to constituent complaints in a timely manner, and attempt to resolve those complaints within the provisions and limitations of state and federal law.

The Legislature also passed intent language in the supplemental

appropriations act for FY 1998 authorizing the Office to spend up to \$100,000 from FY 1998 nonlapsing ending balances for computer equipment and software.

Division of Child and Family Services

State statute (62A-4a-103) defines the primary purpose of the Division of Child and Family Services 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...."

The 1998 Legislature's increased appropriation to the Division is the smallest increase in recent years. The Division has been instituting more effective cost reporting and controls. The Child Welfare Management Information System (SAFE) is expected to be completed this winter, at a cost of approximately \$12 million. The table below summarizes the increases in the budget for The Division of Child and Family Services for FY 1999 related to child welfare services.

CHILD WELFARE SERVICES - ADDITIONAL FUNDING		
Division of Child and Family Services - FY 1999		
	General Fund	Total Funds
Children In Custody - Out of Home Care	\$2,050,000	\$4,100,000
Adoption Assistance	1,500,000	2,232,000
"Christmas Box" Shelter Operation	400,000	400,000
Domestic Violence - Youth Programs	150,000	150,000
Replace Federal Title XIX losses	127,400	
Early Intervention Youth Pilot Program*	320,000	320,000
Intensive Family Treatment Pilot Program*	195,000	195,000
Total	\$4,742,400	\$7,397,000
<i>*One-time appropriations</i>		

The “Out of Home Care” program includes foster parent homes, group homes, structured homes, high cost care and respite care, as well as related treatment services. The Legislature increased the appropriation for these services by \$4.1 million (\$2,050,000 General Fund), which is close to the projected requirements for FY 1999.

One of the main provisions of the David C. Settlement agreement is that permanency be the goal of placing children whenever possible. The State subsidizes adoptions of children who would most likely not otherwise be permanently placed. One is a monthly subsidy of up to \$420 per month. The other is on an “as need” basis for specialized medical care, specialized equipment, etc. The Legislature provided \$1.5 million from the General Fund (total \$2.2 million) in additional funding for FY 1999, which nearly matches the projected needs for next year.

In Salt Lake County, grants and donations, including a significant contribution from the Christmas Box Foundation, are funding the construction of a unified shelter for children for intake, assessment and residential services. Currently these services are provided in various locations around the valley. The Legislature appropriated \$400,000 from the General Fund to fund a contract with Salt Lake County for the operation of this facility.

Prior to FY 1999, domestic violence programs in The Division of Child and Family Services were budgeted in several programs listed in the appropriation act. For FY 1999, the Legislature created a new budget program called “Domestic Violence Services.” It’s budget of \$2,959,300 was pulled from three other programs: Service Deliver, Treatment Services, and Restricted Services. The Legislature increased funding for FY 1999 by \$150,000 from the General Fund for treatment programs aimed at children witnessing domestic violence.

The federal medical assistance percentage match rate for FY 1999 is changing from 72.5775 percent to 71.99 percent, due to increases in the State’s personal income levels. The Legislature appropriated \$127,400 from the General Fund to make up the expected shortfall in The Division of Child and Family Services.

The “Early Intervention for Juveniles” pilot program offers time limited, intensive treatment and electronic monitoring as an alternative to out-of-home placement for ungovernable minors and juvenile offenders in custody of the Division. First begun as a pilot program in Utah County with a \$320,000 one-time appropriation (House Bill 373, 1996 General Session), it was expanded by the 1997 Legislature into the Fifth and Sixth Juvenile Court Districts. This year, the Legislature passed House Bill 239 (Child Welfare Amendments) which, among other things, expands this pilot program into the 3rd District (Salt Lake County). The Legislature again appropriated \$320,000, on a one-time basis, for FY 1999.

Another pilot project, created and funded by the 1996 Legislature in House Bill 373, is intended to “provide intensive family-based services, protective services, and quick response teams for families who are the subject of a substantiated Priority I or Priority II report of child abuse or neglect, and whose children have been removed from the home” The Legislature appropriated \$195,000 for FY 1997. This project was originally intended to be one-time, but was considered part of the base budget last year when the Legislature appropriated the FY 1998 budget. The 1998 Legislature appropriated another \$195,000, on a one-time basis, for FY 1999, to continue the project one more year.

The Office of Recovery Services collects child support payments, when possible, from parents of children in custody of The Division of Child and Family Services. These funds come to the Division as dedicated credits when they are transferred from the Office of Recovery Services. The Division identified \$571,100 in increased collections in four requested building blocks as a “match” required by the Governor’s Office of Planning and Budget. The Legislature reduced the base General Fund appropriation to The Division of Child and Family Services for FY 1999 by \$571,700 and increased dedicated credits by the same amount.

The total appropriated budget for the Division of Child and Family Services for FY 1999 is \$107,789,200, (\$59,872,200 General Fund). This amount is 4.2 percent above the authorized FY 1998 budget including a 6.4 percent increase from the General Fund. These numbers include \$515,000 in one-time funding for two pilot projects. It also reflects the transfer of \$84,000 and three FTEs to the Executive Director Operations’ Office of Licensing.

Supplemental appropriations for FY 1998 total \$3,326,900 (\$1,509,200 General Fund). This includes:

- ▶ \$200,000 from the General Fund for litigation expenses anticipated for the upcoming David C. settlement hearings,
- ▶ \$1,741,800 (\$1,341,200 General Fund) to make up a budget shortfall in the current year for adoption assistance payments, and,
- ▶ \$1,385,100 in expected additional Supplement Security Income revenues and collections by the Office of Recovery Services.

In the FY 1998 supplemental appropriations act, the Legislature included intent language making funds for David C. litigation expenses, the Child Management Information System, the Early Intervention Pilot Program, and “all funds appropriated to the Division of Child and Family Services” nonlapsing.

Division of Aging and Adult Services

The Division of Aging and Adult Services is responsible for planning, development, and administration of service plans for Utah's adult and elderly population as required by the federal Older Americans Act. The Division is also responsible for the protection of abused, neglected and exploited adults. Programs funded through the Older Americans Act is distributed to the State's 12 Area Agencies on Aging.

The Home and Community Based Waiver program permits Medicaid funding for services to the elderly in non-institutional settings. Medicaid restricts the cost of services to not exceed the cost of nursing homes. The Legislature provided \$200,000 from the General Fund and \$100,000 from nonlapsing carry-forward balances for FY 1999 to increase funding for people waiting for this option. Federal matching Medicaid funds could provide another \$744,600.

The Area Agencies on Aging provide both group and home delivered meals to approximately 45,000 people in the State. The Legislature appropriated an additional \$100,000 from the General Fund and \$100,000 from nonlapsing carry-forward balances for FY 1999 to provide services to approximately 200 additional elderly Utahns.

The Adult Protective Services arm of the Division will receive \$52,100 from the General Fund for FY 1999 to add one Adult Protective Service investigator for the Salt Lake area. There has been a significant increase in abuse referrals in recent years. In Salt Lake County, referrals increased 19 percent last year, from 301 to 356.

The 1998 Legislature provided a one-time appropriation of \$100,000 (General Fund - FY 1999) for transportation services for the elderly. The Legislature also passed House Bill 61- "Funding for Senior Citizen Centers" which provided \$100,000 (one-time General Fund - FY 1999) for senior citizen center renovation. Both of these appropriations will be distributed to local authorities by the State Board of Aging and Adult Services.

The FY 1999 appropriations to the Division total \$18,574,400 (\$10,740,100 General Fund). This includes \$200,000 in one-time funding from the General Fund. Overall funding for FY 1999 is up 8.6 percent, with General Funds increasing by 8.1 percent over the authorized FY 1998 budget.

The following intent language for the Division was included in the FY 1999 appropriations act:

It is the intent of the Legislature that the Departments of Health and Human Services, the Division of Employment Development in the Department of Workforce Services, and the State Office of Education work jointly through the regular budget process to present program budget overviews for services to people with disabilities and for services to the aging to be presented to the 1999 Health and Human Services Appropriations Subcommittee. These program budget overviews will include a discussion of the most appropriate and least costly funding options.

In the FY 1998 supplemental appropriations act, the Legislature included

intent language making funds for the National Aging Information System in the Division nonlapsing. It also included language authorizing the Division to spend up to \$100,000 from FY 1998 nonlapsing ending balances for "Transportation Programs for the Aged." This last authorization was accompanied by the following intent language:

The State Board on Aging and Adult Services may make grants to local Area Agencies on Aging to acquire, upgrade or repair vehicles for transportation of aged persons. Selection criteria for the grants shall be made to serve as effectively as possible those areas of the state in greatest need of assistance. It is understood that this is the number one priority for the use of nonlapsing funds in the division.

Internal Service Funds

The Department of Human Services currently operates three internal service funds that provide shared services to the divisions and bureaus of the Department. These include General Services, Field Services and Data Processing. General Services manages building maintenance, rent expense, photocopy, and supply services for the building located at 120 North 200 West and a nearby warehouse, both in Salt Lake City. Field Facilities provides maintenance and rent expense in the Richfield, Blanding, and Brigham City facilities. Data Processing provides programming services for the Department. Field Facilities will no longer be operating after the current fiscal year. Agencies occupying these facilities will pay rent directly to their owners in FY 1999.

The FY 1999 budget anticipates collections of \$4,778,700. The Legislature authorized a staffing level of 45 FTEs and no capital acquisitions for FY 1999. The Legislature approved a rate increase from \$3.662 to \$4.75 per square foot for use of the warehouse facility. The rate for programmers was also increased from \$47 to \$50 per hour.

Table 23

DEPARTMENT OF HUMAN SERVICES					
<u>Plan of Financing</u>	FY 1998	FY 1998	FY 1998	FY 1999	Change from
	<u>Estimated</u>	<u>Legislative</u>	<u>Revised</u>	<u>Appropriated</u>	<u>Rev FY1998</u>
General Fund	\$175,475,300		\$175,475,300	\$184,732,400	\$9,257,100
General Fund - One-time	1,550,600		1,550,600	936,700	(613,900)
General Fund Restricted	2,588,000		2,588,000	2,540,000	(48,000)
Federal Funds	91,266,000	\$2,238,800	93,504,800	87,640,600	(5,864,200)
Dedicated Credits	6,062,200	1,385,100	7,447,300	7,507,600	60,300
Revenue Transfers	84,149,100		84,149,100	90,392,500	6,243,400
Beginning Nonlapsing	1,670,900		1,670,900	503,600	(1,167,300)
Ending Nonlapsing	(503,600)		(503,600)	(303,600)	200,000
Total	\$362,258,500	\$3,623,900	\$365,882,400	\$373,949,800	\$8,067,400
<u>Programs</u>					
Exec. Director Operations	\$23,841,500		\$23,841,500	\$18,161,600	(\$5,679,900)
Mental Health	57,004,000		57,004,000	60,388,400	3,384,400
Substance Abuse	22,764,200		22,764,200	23,054,900	290,700
Svc for People w Disabilities	101,079,800		101,079,800	107,284,200	6,204,400
Child & Family Services	99,851,200		99,851,200	107,274,200	7,423,000
Office of Recovery Svc	36,237,200		36,237,200	37,382,900	1,145,700
Aging & Adult Svc	17,103,300		17,103,300	18,374,400	1,271,100
Subtotal	\$357,881,200	\$0	\$357,881,200	\$371,920,600	\$14,039,400
<u>One-Time Funding</u>					
DCFS CWMIS (SAFE)	\$3,319,300		\$3,319,300		(\$3,319,300)
DCFS: YRI Pilot Project	320,000		320,000	\$320,000	
DSPD: Trust Fund Projects	738,000		738,000	690,000	(48,000)
DCFS: Contract for Monitoring		\$297,000	297,000		(297,000)
DCFS: Court Litigation Costs		200,000	200,000		(200,000)
DCFS: Adoptions Assistance		1,741,800	1,741,800		(1,741,800)
DCFS: Increased Collections		1,385,100	1,385,100		(1,385,100)
EDO: (DCFS) Monitoring Panel				24,200	24,200
DCFS: Intensive Family Treatm				195,000	195,000
DMH: State Hospital MIS				600,000	600,000
DAAS: Aging Services				200,000	200,000
Total	\$362,258,500	\$3,623,900	\$365,882,400	\$373,949,800	\$8,067,400

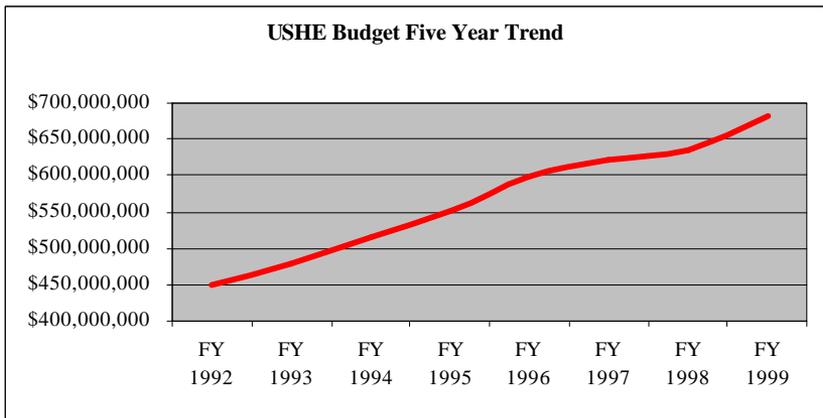
**Utah System of Higher
Education**

Utah System of Higher Education

The Utah System of Higher Education (USHE) consists of nine public colleges and universities governed by the State Board of Regents, assisted by local Boards of Trustees. The system includes two major research/teaching universities, two metropolitan/regional universities, and five community colleges.

Growth in Funding

The Legislature increased State funding to the USHE by \$35,622,200 for Fiscal Year 1999. Higher Education draws its funding from several sources. Money from the General Fund, Uniform School Fund, Income Tax, Mineral Lease Account and student tuition will amount to \$680,606,800 in Fiscal Year 1999, an increase of 5.5 percent.



USHE Funding Sources

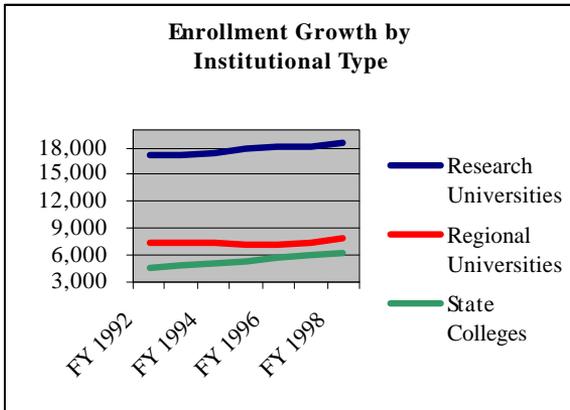
State Funds

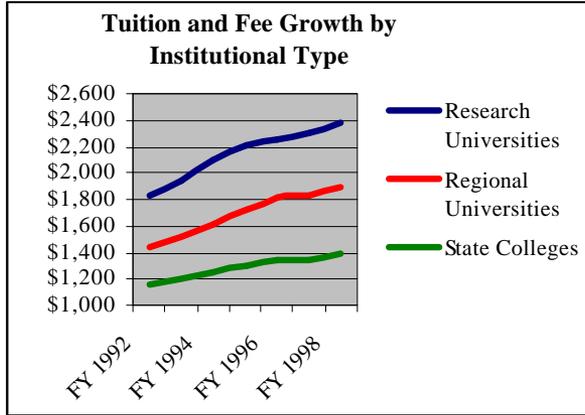
State funds account for \$504,416,900 (74 percent) of the appropriated budget for higher education. Of this amount, \$363,155,300 is from the

General Fund, \$131,193,500 is from Income Tax revenue, and \$10,068,100 is from the Uniform School Fund. An additional \$3,524,600 is provided through the Mineral Lease Revenue Account.

Tuition and Fees

The State Board of Regents is responsible for establishing tuition rates for each of the nine institutions within the USHE. Tuition is set in consideration of institutional mission, which includes research universities, regional universities and state community colleges. In addition to tuition, each college or university may enact fees to cover increased costs associated with particular classes (such as lab fees) or items that are not directly instructional but enhance the educational quality of programs (such as student unions). These fees often include student services, computer centers and recreational programs. The Regents approved a 2.7 percent tuition increase for fiscal year 1999, which is expected to generate an additional \$4,108,600 in dedicated credits. Total tuition collections are expected to total \$167,543,000.





Research Universities

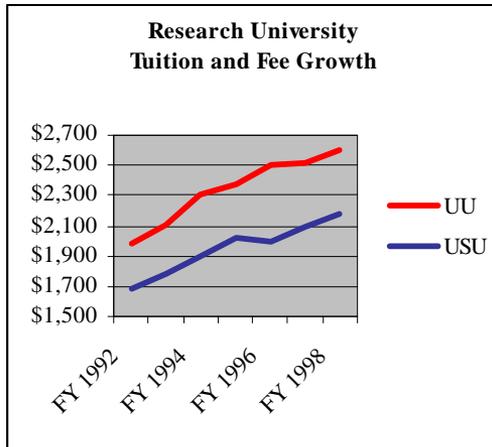
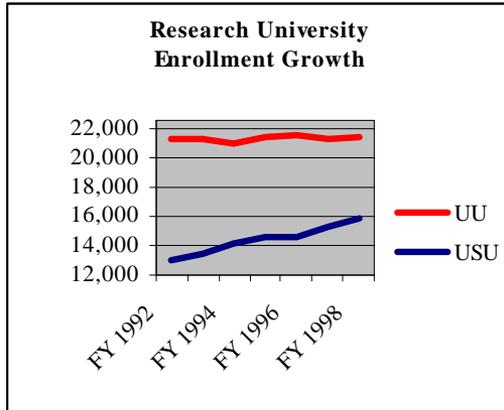
Research Universities are charged with creating knowledge through the research process. Faculty members are evaluated not only for the classes they teach, but also for the quality of their research. In addition to undergraduate programs, research universities maintain a strong commitment to graduate studies. Utah has two research universities with a combined enrollment of more than 35,000 full time equivalent students. Approximately 15 percent of total enrollment are students seeking graduate degrees.

University of Utah

The mission of the University of Utah is that of a major urban state university with significant programs of sponsored research and of graduate, professional, and undergraduate education in some 15 colleges and professional schools and their authorized degree programs.

Utah State University

Utah State University serves as the state's land-grant institution under state and federal legislation and is a primary center of university research and of graduate, professional, and undergraduate education in numerous authorized fields of study.



Regional Universities

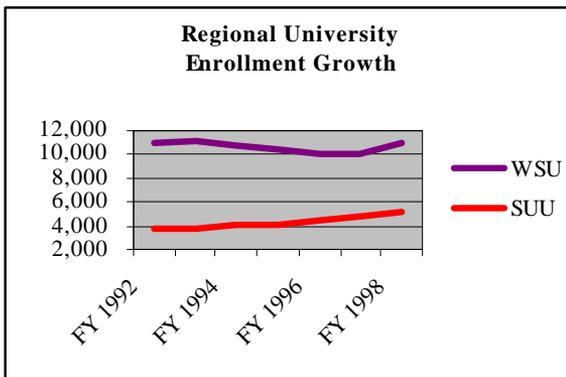
Regional Universities focus on undergraduate education and offer selected graduate degrees. The primary duty of faculty members at a regional university is classroom instruction, although there is an expectation of moderate production of knowledge through research. Only 2 percent of the nearly 15,000 full time equivalent students enrolled at one of Utah's two regional universities are seeking graduate degrees.

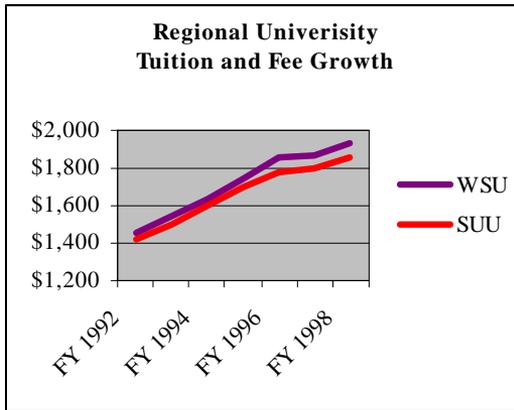
Weber State University

Weber State University has the mission of a large comprehensive undergraduate institution seeking to develop and refine programs and achieve distinction within that mission. Any new graduate programs authorized for the institution will not be oriented toward traditional basic research.

Southern Utah University

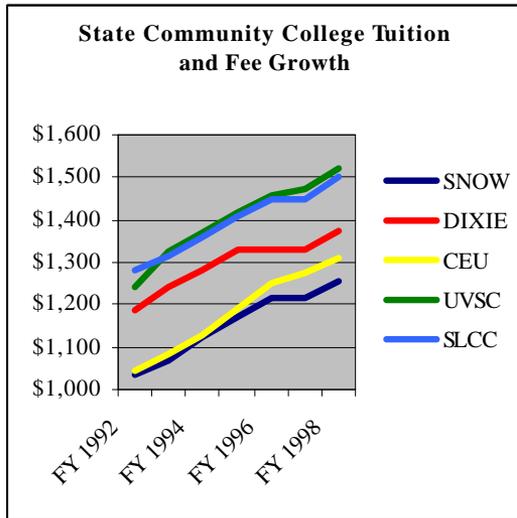
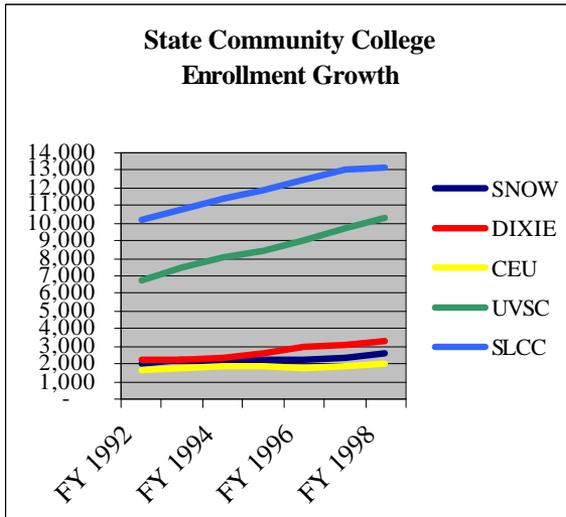
Southern Utah University has the mission of a four-year undergraduate teaching institution meeting the baccalaureate and assigned vocational training needs of Southern Utah.





State Community Colleges

Snow College, Dixie College, the College of Eastern Utah, Utah Valley State College, and Salt Lake Community College have similar missions as open-access comprehensive community colleges addressing area needs with programs of vocational-technical training, transfer and general education, continuing education for personal enrichment or career counseling, developmental remedial studies, and placement. In addition to the above mentioned missions, Utah Valley State College is currently authorized by the Board of Regents to offer five baccalaureate level programs serving specific regional needs. Faculty members at community colleges are evaluated solely on the quality of their instruction. With no research expectations, community college faculty are expected to carry a heavier teaching load than their counterparts at regional or research universities. Currently there are more than 30,000 full time equivalent students enrolled in the five community colleges throughout the state.



Changes to the Base

Changes to the base involved making technical adjustments in several programs. Funds appropriated to the State Board of Regents in Fiscal Year

1998 for library needs were transferred to the institutions where the services were being provided. The Utah Education Network, funded through both Public and Higher Education, will now be considered as a line item in Higher Education. Utah Education Network governance will still be shared by Public Education and Higher Education, but consolidation of budgets will allow the Legislature to be more efficient in establishing budget priorities for this program. The Poison Control Center, located at the University of Utah, will now receive funds from the 911 telephone surcharge rather than obtaining funds from the General Fund.

Legislative Additions to Higher Education's Budget

Mandated Costs

Mandated costs are those costs incurred as a part of operating an institution. The Legislature attempts to cover as many costs as possible that are incurred as a result of operating an institution of higher education but which are not directly under the control of the administration. Expenses incurred beyond the capacity of the Legislature to fund must be absorbed by the institution within existing budgets.

- ▶ Operation and Maintenance of new facilities - \$1,476,400.
 - University of Utah - \$872,800
 - Southern Utah University - \$22,400
 - Snow College - \$19,500
 - Dixie College - \$411,000
 - College of Eastern Utah - \$150,700
- ▶ Energy Use Tax - \$282,500.
- ▶ Risk Management - \$535,000.
- ▶ Increased utility, fuel and power costs - \$287,700.

Enrollment

Enrollment funding increased by \$4,451,200 for FY 1999. This change includes an adjustment in the funding formula for the University of Utah that compensates for a Regent policy that encourages freshman and sophomore students to attend community colleges. During the interim, the Legislative

Fiscal Analyst, the State Board of Regents and the Governor's Office of Planning and Budget will develop a common method for funding enrollment.

FY 1999 Enrollment Change	
University of Utah	(100)
Utah State University	694
Weber State University	200
Southern Utah University	376
Snow College	167
Dixie College	160
College of Eastern Utah	(21)
Utah Valley State College	723
Salt Lake Community College	125
Total	2,324

Technology Projects

The Legislature continued its commitment to improving technological capabilities within the Utah System of Higher Education. Funds provided in FY 1999 will be used to increase access to distance education through Ednet, UtahLink and the new Utah Electronic Community College. Additionally, each school and the State Board of Regents received funds that are set aside for addressing specific institutional needs that have been identified by the administration.

- ▶ Utah Education Network (ongoing) - \$400,000.
- ▶ Utah Education Network (one time) - \$800,000.
- ▶ Utah Electronic Community College - \$118,600.
- ▶ Institutional Technology Needs - \$980,300.
- ▶ System wide Technology needs - \$800,000.

Specific Projects

The Legislature provided funds for several important projects. Additional funding for the Americans with Disabilities Act increases the base budget to \$2.5 million for programs that assist the physically disabled,

blind and deaf on USHE campuses. This budget does not include funds allocated for the removal of barriers and increased physical access which are part of the Capital Facilities budget.

- ▶ Americans with Disabilities Act - \$200,000.
- ▶ Financial Aid - \$33,000.
- ▶ Library Acquisitions - \$500,000, one-time.
- ▶ Occupational Therapy program at the University of Utah - \$174,500.
- ▶ USHE Master Planning - \$50,000.

Applied Technology Education

- ▶ Applied Technology Education Equipment: The Legislature continues to believe that Applied Technology Education is an integral part of the Utah System of Higher Education, appropriating \$500,000 in one-time funds to the five two-year schools for equipment purchases.

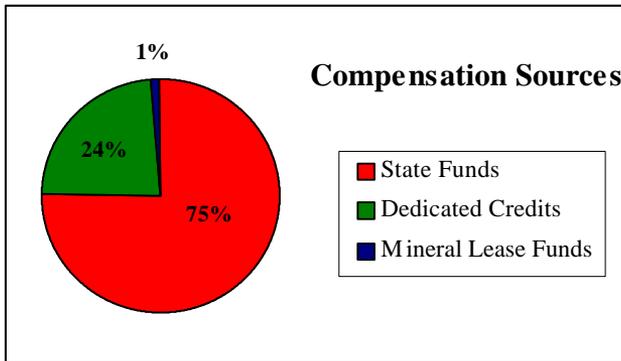
ATE Equipment	
Snow College	\$48,000
Dixie College	56,000
College of Eastern Utah	54,000
Utah Valley State College	111,000
Salt Lake Community College	231,000
Total	\$500,000

- ▶ Applied Technology Service Regions - The Legislature allocated \$267,100 to the State Board of Regents to support the funding of ATE Service Regions. ATE Service Regions play an integral role in the delivery of vocational education in areas where a free-standing Applied Technology Centers are not financially feasible.

Compensation

- ▶ The Legislature funded a 3.5 percent salary package that includes increases for benefits. Legislative policy requires agencies that receive revenue from dedicated credits to fund a proportional share of

compensation with the revenue received. In accordance with this policy, a proportional amount (24 percent) of the USHE salary package is funded by dedicated credits (tuition). The compensation package totals \$17,255,800, of which \$12,963,800 is state funds, \$190,800 is from Mineral Lease Funds and \$4,101,200 is from dedicated credits.



House Bill 3 - “Appropriation Act II”

The following items found in House Bill 3 were funded by the Legislature.

- ▶ Poultry Science at Utah State University- \$100,000.
- ▶ Area Health Education Centers - \$35,000.
- ▶ U of U Art Museum - \$150,000.
- ▶ Institutional Technology Needs - \$200,000.
- ▶ Dixie College Dental Hygiene - \$150,000.

Bills with Fiscal Impact

- ▶ **House Bill 68, “Appropriation for Utah State University Pasture and Forage Initiative”**, to enhance the agriculture research program at Utah State University - \$225,000.
- ▶ **House Bill 100, “Utah Summer Games Appropriation”**, at Southern Utah University (one-time) to defray costs associated with staging the games - \$30,000.

- ▶ **House Bill 114, “Snow College South”**, transfers the operation of the Sevier Valley ATC from the State Board of Education to Snow College. Snow College must maintain the vocational mission of the ATC as it adds academic classes on the Richfield Campus.
- ▶ **House Bill 121, “Program for At-risk Youth and Their Families”**, at Utah State University, a program designed to assist families with children who are identified as at risk of dropping out of school - \$100,000.
- ▶ **House Bill 135, Higher Education Tuition Assistance Program”**, a matching program administered by the State Board of Regents for students attending any of Utah’s five two-year colleges. - \$50,000
- ▶ **House Bill 162, “Utah State Museum of Natural History Amendments”**, to enhance programs at the University of Utah’s museum - \$100,000.
- ▶ **House Bill 245, “Utah Botanical Center Appropriation”**, one-time funds to expand the botanical garden program at Utah State University - \$250,000.
- ▶ **Senate Bill 29, “Appropriation for Moving Botanical Gardens”**, one-time funds to cover the costs associated with relocation of Utah State University’s botanical gardens - \$200,000.
- ▶ **Senate Bill 35, “Recreation and Tourism Research and Extension Program”**, at Utah State University - \$150,000.
- ▶ **Senate Bill 105, “Utah Centennial Opportunity Program for Education Act Amendment”**, increasing the scholarship program administered by the State Board of Regents - \$125,000.
- ▶ **Senate Bill 172, “Apprenticeship Training Funding”**, for the apprentice program administered by the State Board of Regents - \$300,000.

- ▶ **Senate Bill 208, “Appropriation for Engineering and Preengineering Program”**, separated into \$320,000 in ongoing funds and \$400,000 in one-time funds allocated directly to the nine schools within the Utah System of Higher Education - \$720,000.
- ▶ **Senate Bill 221, “Emergency Services Telephone Charge”**, adds \$0.07 to the 911 telephone surcharge to provide funds for the Poison Control Center.

The following intent language was approved.

It is the intent of the Legislature that the State Board of Regents closely supervise fuel and power budgets. If surplus fuel and power funds appear likely in FY 1999, the Regents may authorize expenditures in excess of 10 percent of the projected surplus for energy efficiency projects, then other critical institutional needs. These authorizations should be reported to the Legislature in the annual budget requests. No supplemental appropriation for fuel and power will be considered except for emergency measures or for unanticipated rate increases.

It is the intent of the Legislature that the Utah State Board of Regents in consultation with the Utah Academic Library Council coordinate system library funding for the University of Utah, Utah State University, Weber State University, Southern Utah University, Snow College, Dixie College, College of Eastern Utah, Utah Valley State College, and Salt Lake Community College.

It is the intent of the Legislature that the programmatic funding for the Utah Electronic Community College be designated for program development by UECC member schools. Where appropriate, the Legislature intends for the State Board of Regents to administer a “Request for Proposal” process in the distribution of funds. It is the intent of the Legislature that the State Board of Regents establish accountability measures and a master plan for the operation of the UECC in consultation with UECC member schools, the Governor’s Office, and the Legislative Fiscal Analyst.

It is the intent of the Legislature that Fiscal Year 2000 enrollment funding of USHE institutions will be no less than the total amount appropriated for enrollment in Fiscal Year 1999.

It is the intent of the Legislature that scheduling and programming of technology delivered courses be coordinated through the Utah Education Network. It is the intent of the Legislature that each institution within the USHE have access to distance education technology.

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

It is the intent of the Legislature that the State Board of Regents, in cooperation with the Legislative Fiscal Analyst, present a report on graduate tuition to the Executive Appropriations Committee and the Education Interim Committee during the 1998 interim session.

It is the intent of the Legislature that Mineral Lease replacement funds appropriated to higher education be distributed before the Executive Appropriations Committee establishes guidelines for new funds.

It is the intent of the Legislature that the State Board of Regents, the Governor's Office of Planning and Budget, and the Legislative Fiscal Analyst adopt a common method for determining enrollment funding.

It is the intent of the legislature that \$25,000 from the allocation to Southern Utah University from the mineral lease account for research shall be directed to the Division of Continuing Education Office of Distance Learning at Southern Utah University to develop an environmental education literacy curriculum.

Other Bills of Significance: Capital Projects

Full explanation of these Bills may be found in the “Capital Facilities and Administrative Services” section of this report.

- ▶ **Senate Bill 1, “Appropriation Act”**, The Legislature authorized more than \$19.5 million for capital projects at Salt Lake Community College and Utah State University’s Roosevelt Campus to be funded through the Uniform School Fund (USF).
- ▶ **House Bill 2, “Capital Facilities Bonding and Debt Financing Authorizations”**, The Legislature approved \$205,309,000 in capital projects for Higher Education.

Table 24

HIGHER EDUCATION CAPITAL BUDGET PROJECTS				
1998 General Session				
	HB 2	HB 2	SB 1	Total
Capital Developments	Lease Rev. Bond	G.O. Bond	USF	FY 1999
SUU - Land Purchase		\$4,600,000		\$4,600,000
SLCC - High Tech Center - Jordan Campus		3,980,700	\$17,519,300	21,500,000
U of U - Cowles Bldg. - Design		445,500		445,500
UVSC - Tech. Bldg - Design		1,166,300		1,166,300
Sevier Valley ATC - Shop Expansion		3,014,300		3,014,300
USU - Roosevelt Campus			2,000,000	2,000,000
Dixie College - Land		1,000,000		1,000,000
U of U - Olympic related Housing (1)	\$25,000,000			25,000,000
Total Capital Developments	\$25,000,000	\$14,206,800	\$19,519,300	\$58,726,100
Other Funds Projects - HB 2				
		Amount		Source
USU - Poisonous Plant Lab		\$7,000,000		Federal
USU - American West Heritage Center PH I		5,300,000		Donations
WSU - Weight Training Room		300,000		Donations
CEU - Arts and Conference Center		1,102,200		Federal
Total		\$13,702,200		
Higher Education - Revenue Bond - HB 2				
		Amount		Source
U of U - Student Housing		\$86,000,000		Rents
U of U - Health Sciences Parking Structure		12,000,000		Fees
U of U - Southwest Campus Parking Structure		6,500,000		Fees
U of U - Eccles Broadcast Center		5,100,000		User Charges
U of U - Health Sciences Facilities		23,300,000		Hospital Revenues
USU - Roosevelt Campus		500,000		Student Fees
WSU - Student Housing		19,000,000		Rents
Total H.E. Revenue Bonds		\$152,400,000		

Table 25

UTAH SYSTEM OF HIGHER EDUCATION					
	FY 1998	FY 1998	FY 1998	FY 1999	Change From
<u>Plan of Financing</u>	<u>Estimated</u>	<u>Supplemental</u>	<u>Revised</u>	<u>Appropriated</u>	<u>Revised FY 1998</u>
General Fund	\$395,093,300	(\$22,889,000)	\$372,204,300	\$363,155,300	(\$9,049,000)
Income Tax	74,793,500	22,889,000	97,682,500	131,193,500	33,511,000
Uniform School fund	50,000		50,000	10,068,100	10,018,100
Dedicated Credits	155,135,400		155,135,400	166,790,300	11,654,900
Federal Funds	4,742,300		4,742,300	5,122,300	380,000
Mineral Lease	4,754,700		4,754,700	3,524,600	(1,230,100)
Land Grant Revenue	752,700		752,700	752,700	
Total	\$635,321,900		\$635,321,900	\$680,606,800	\$45,284,900
<u>Programs</u>					
University of Utah	\$230,993,100		\$230,993,100	\$241,024,900	\$10,031,800
Utah State University	140,668,000		140,668,000	149,393,900	8,725,900
Weber State University	65,363,500		65,363,500	68,887,100	3,523,600
Southern Utah University	27,666,700		27,666,700	30,228,600	2,561,900
Snow College	12,589,600		12,589,600	13,653,900	1,064,300
Dixie College	15,514,200		15,514,200	17,264,400	1,750,200
College of Eastern Utah	11,837,300		11,837,300	12,495,100	657,800
Utah Valley State College	42,676,900		42,676,900	47,664,600	4,987,700
Salt Lake Community College	61,822,900		61,822,900	64,885,400	3,062,500
State Board of Regents	22,814,700		22,814,700	19,865,500	(2,949,200)
Utah Education Network				11,583,100	11,583,100
Total	\$631,946,900		\$631,946,900	\$676,946,500	\$44,999,600
<u>One-Time Funding Items</u>					
Semester Study	\$2,500,000		\$2,500,000		(\$2,500,000)
Relocate USU Botanical Center	250,000		250,000	\$200,000	(50,000)
USU Botanical Center				250,000	250,000
USU Pastureland Study	125,000		125,000		(125,000)
Engineering Initiative	500,000		500,000	400,000	(100,000)
ATE Equipment				500,000	500,000
Libraries				500,000	500,000
Institutional Technology				980,300	980,300
UEN				800,000	800,000
Summer Games Appropriation				30,000	30,000
Subtotal	\$3,375,000		\$3,375,000	\$3,660,300	\$285,300
Total	\$635,321,900		\$635,321,900	\$680,606,800	\$45,284,900

Natural Resources

Natural Resources

The FY 1999 appropriation of \$149,553,400 for the Departments of Agriculture & Food and Natural Resources and the School and Institutional Trust Lands Administration is a 2.1 percent decrease from revised expenditures in FY 1998. The General Fund appropriation of \$43,973,200 is an increase of 4.2 percent.

Due to the overcrowding of radio airwaves by commercial radio, television, cellular telephones, and governmental agencies the federal government has authorized the use of the 800 megahertz frequency range for emergency response organizations. Because of this, the Divisions of Wildlife Resources and Parks and Recreation were appropriated General Funds totaling \$219,700. These funds will be used to purchase radio and dispatch units and pay the cost of connecting into the Utah Communications Agency Network.

Department of Agriculture and Food

The Department of Agriculture and Food is responsible for the administration of the laws that are related to agricultural activities. It acts in both a regulatory and advisory function.

As a regulator, the Department inspects commercial establishments processing food to assure compliance with the laws that are related to agricultural activities.

It also inspects the commercial establishments processing food for consumption by the public. Inspections are made of meat packing plants, grocery stores, dairy farms, and cattle auctions. In addition, inspections are made of establishments that sell goods using weights and measures to insure that uniform standards are met. The Department also insures that packaging reflects the true measure and composition of their contents.

Recent efforts have been directed toward helping local agricultural industries in marketing their products outside the State. Foreign and domestic markets have been tapped and Utah products are becoming more and more recognized around the world.

The FY 1999 appropriation of \$14,465,000 for the Department of Agriculture and Food reflects an increase of 2.6 percent over FY 1998. The increase is due mainly from the \$650,000 increase in federal funding, House Bill 276 – “Conservation District Technical Assistance Appropriation”, which allocated \$400,000 to the Soil Conservation Districts, and a \$100,000 appropriation to assist counties in purchasing conservation easements.

To assist in the Animal Health and Meat Inspection programs of the Department, funding of \$65,000 was made available to hire an additional veterinarian.

The Legislature made appropriations nonlapsing in the following programs:

- ▶ Agricultural Inspection
- ▶ Resource Soil Conservation and Development
- ▶ Marketing and Promotion
- ▶ Predatory Animal Control
- ▶ Auction Market Veterinarians
- ▶ Grain Inspection

Department of Natural Resources

Administration

The Department of Natural Resources acts as an umbrella organization for the divisions that regulate, change, monitor, or maintain the natural resources of the State. The administration budget also includes the Office of Energy and Resource Planning. This office provides economic analysis and engineering services to the Executive Director.

In the 1997 General Legislative Session, a private property ombudsman position, was created. There was no ongoing funding available at the time for the position so a one-time appropriation was approved. In the 1998 General Legislative Session, ongoing funding for the position was authorized to begin in FY 1999. A supplemental appropriation was authorized for the position in order to cover the FY 1998 costs of the ombudsman.

The federal government has identified several endangered species that live in the southern part of Utah. In order to accommodate economic and demographic growth in the area, the Legislature funded the General Fund Restricted – Species Protection Account. The funds in that account will be used to pay the mitigation costs incurred when disturbing the habitat of an endangered species.

The Legislature approved the following items of new intent language for FY 1999:

It is the intent of the Legislature that the Department of Natural Resources prepare a written plan identifying those areas of the State where General Fund Restricted - Species Protection Account monies can be most effectively used.

It is the intent of the Legislature that the Executive Director of the Department of Natural Resources report to the Natural Resources, Agriculture and Environment Interim Committee on the condition of the Great Salt Lake.

Forestry, Fire and State Lands

The Division of Forestry, Fire and State Lands manages the sovereign lands of the State. These lands include all lands, exposed or submerged, that were navigable waterway areas at the time of statehood. They assist individuals and organizations in the use of scientific forestry practices. During the wildland fire season, the Division takes responsibility for the State's commitment to fighting those fires.

The budget for Forestry, Fire and State Lands was increased by \$48,000 from the General Fund Restricted - Sovereign Lands Account.

The purpose for the increase was to create a permitting process to regulate the use of facilities on State Lands by commercial river outfitting operators.

Oil, Gas and Mining

In order to regulate the extraction of oil, natural gas, minerals and other related natural 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 interest of the federal government, through primacy, in assuring that these operations are done in accordance with federal law.

In order to help shorten the permitting time for mining operations, the Legislature authorized a tiered system of fees to be paid by mining operators. The fee schedule requires the payment of a fee based on the number of acres the mining operation disturbs. With the revenue generated by these fees, the Division will be able to hire additional FTEs to perform the inspection process thus shortening the time required for an operation to become permitted.

The Legislature approved the following item of new intent language for FY 1999:

It is the intent of the Legislature that the funds collected by the Division of Oil, Gas and Mining be nonlapsing.

Utah Geological Survey

The Utah Geological Survey acts as a professional geological organization to inform the State and its citizens of geological activities and opportunities. Recently they have been deeply involved in the determination of what natural resources are contained in the Grand Staircase of the Escalante National Monument.

The budget for the Utah Geological Survey (UGS) was only increased by the amount of the compensation package.

For FY 1999 the Division has realigned some of its operations. Because of a decrease in the federal funding available to the UGS the FY 1999 budget shows a funding shift among the programs within the Division while the total budget has remained relatively constant.

Parks and Recreation

Responsibility for the management and development of the State's park system is entrusted to the Division of Parks and Recreation. It trains and certifies people on personal watercraft and off-highway vehicles. Grooming and maintenance of snowmobile trails is performed by Division personnel during the winter months. Many park rangers are trained in law enforcement and police Utah's waterways, along with the state parks.

The operation of "This Is The Place State Park" was transferred to the "This Is The Place Foundation" created in Senate Bill 114. This transfer was made in order to allow the park to be more like a non-profit organization.

The Legislature transferred the Veterans' Memorial Cemetery operation from the Division of Parks and Recreation to the Division of Facilities Construction and Management.

Water Rights

While the ownership of the water in Utah rests with the State, the right to use the water is determined by the Division of Water Rights. In this function, the Division acts as a quasi-judicial body which submits its ruling to the courts for final action. The Division also oversees dam safety, stream channel alterations, and well drilling.

The only major action beyond the compensation package for Water Rights was the addition of \$22,200 in General Funds for FY 1998 and FY 1999 to cover the additional cost of rent for the Cedar City regional office.

Water Resources

The Division of Water Resources has the responsibility of maintaining an orderly planning and development process for Utah's water. It prepares plans for different water basins in the State.

The Board of Water Resources reviews potential water projects in the State. The board also makes determinations as to what projects will be funded from three of the State's water loan funds.

The Legislature maintained the operations budget for the Division of Water Resources at current levels. General Funds of \$50,000 were appropriated to the Division to be passed through to the Escalante Water Conservancy District.

The Legislature also authorized the transfer of \$100,000 from the Water Resources Conservation and Development Loan Fund to the General Fund Restricted - Species Protection Account.

The Legislature approved the following item of new intent language for FY 1999:

It is the intent of the Legislature that the Board of Water Resources make available from the Water Resources - Conservation and Development Loan fund, in the form of a grant, \$150,000 to the Department of Natural Resources for a study of the groundwater in the Cedar/Beaver basin, unless monies are obtained from the General Fund for the project.

Wildlife Resources

The Division of Wildlife Resources is responsible for the wildlife that live within the boundaries of the State. Whether a species is consumptive, endangered, or somewhere in between, the Division is responsible for their management.

The Division also acts as a regulator of the hunting and fishing activities in Utah. It accomplishes its mission through professionals employed by the State, volunteer boards, and from the input of the Legislature and the citizens of Utah.

Because of the need to update the state-owned fish hatcheries, House Bill 45 – “Wildlife Fees” created the State Fish Hatchery Maintenance Account. The bill authorized the increase in some fishing license fees. The increased fees collected will fund the new account.

It was determined by the Human Resource section of the Department of Natural Resources that the retirement fund used to pay current conservation officer retirees has been underfunded. The Legislature appropriated \$250,000 from the General Fund Restricted - Wildlife Resources Account, in FY 1998, to properly fund the account.

The Legislature approved the following items of new intent language for FY 1998:

It is the intent of the Legislature that the Department of Natural Resources replace seven seasonal vehicles with regular motor pool vehicles, purchased with the monies used to fund the seasonal vehicles.

School and Institutional Trust Lands Administration

At the time of statehood, Congress declared that certain lands should be held in trust by the State of Utah for the benefit of the common schools. School and Institutional Trust Lands Administration manages these trust lands. Management in this sense refers to maximizing the return on investment of the State’s trust lands. An opinion by the Attorney General states, “...The interest of the school and institutional trust beneficiary is paramount and must always prevail over any conflicting public use or purpose.”

The FY 1999 budget for School and Institutional Trust Lands Administration was appropriated at FY 1998 levels increased by the compensation package and an additional \$30,000 directed at other various needs of the Department. The total budget increased by 1.7 percent over the FY 1998 level. The increase of 1.7 percent followed two years where the appropriation grew 23 percent and 17 percent respectively.

During the 1998 General Legislative Session the Legislature authorized the budget changes shown in the following table.

Table 26

Budget Changes	NATURAL RESOURCES			
	General Fund		All Funds	
	FY 1998	FY 1999	FY 1998	FY 1999
	Supplemental	Appropriation	Supplemental	Appropriation
<u>Department of Agriculture and Food</u>				
General Administration				
Agricultural Easement Acquisition		\$100,000		\$100,000
Veterinarian		41,500		65,000
Marketing and Development				
Restore Funding to Public Information		2,000		2,000
Environmental Quality				
Waste Management Practices				250,000
National Salinity Requirements				400,000
Resource Conservation				
Soil Conservation Commission Assistance		400,000		400,000
<u>Department of Natural Resources</u>				
Administration				
Private Property Ombudsman	\$29,000	100,000	\$29,000	100,000
RS 2477 Roads Defense		35,000		35,000
Recreation Planning		85,000		85,000
Endangered Species Protection		(100,000)		(100,000)
Forestry, Fire and State Lands				
Commercial River Runner Permitting				48,000
Fire Suppression	2,076,000		2,076,000	
Oil, Gas and Mining				
Abandoned Mine Reclamation		150,000		150,000
Water Rights				
Cedar City Office Rent	22,200	22,200	22,200	22,200
Water Resources				
Escalante Water Conservancy Assistance		50,000		50,000
Wildlife Resources				
Land Management Plans				11,500
Wildlife Transplant Reporting and Review				8,900
Hunter & Fisher Access to Trust Lands				200,000
Fish Hatchery Maintenance Account				500,000
Communication Conversion to 800Mhrz		114,200		114,200
License Fee Increases				495,100
Habitat Projects			392,000	
Conservation Officer Retirement Funding			250,000	
Ogden Hunter Ed. Lead Abatement			50,000	
Parks and Recreation				
Two Additional Park Rangers				83,300
Maintenance Personnel - Edge of the Cedars		23,400		46,800
Transfer of This Is The Place State Park				(200,900)
Recreation Services Equipment				363,200
Field House of Natural History		100,000		100,000
Communication Conversion to 800Mhrz		105,500		105,500
Yuba Lake State Park Construction				
Monte Christo Trailhead Property			150,000	
Parks and Recreation - Capital				
Riverways and Trails		200,000		200,000
<u>Trust Lands Administration</u>				
Administration				
Lease Files Microfilming Project				20,000
Surface				
Rugged Travel Vehicle Use				5,500
Development				
St. George Office Expansion				4,800
Total	\$2,127,200	\$1,428,800	\$2,969,200	\$3,665,100

A detailed listing of the one-time and supplemental appropriations is

shown in the following Table.

Table 27

NATURAL RESOURCES					
One-Time and Supplementals	FY 1998	FY 1998	FY 1998	FY 1999	\$ Change from
Department of Natural Resources	Estimated	Supplemental	Revised	Appropriation	Revised FY 98
Administration					
Private Property Ombudsman		\$29,000	\$29,000		(\$29,000)
RS 2477 Roads Defense				\$25,000	25,000
Recreation Planning				85,000	85,000
Forestry, Fire and State Lands					
Fire Suppression		2,076,000	2,076,000		(2,076,000)
Water Rights					
Cedar City Office Rent		22,200	22,200		(22,200)
Water Resources					
Escalante Water Conservancy Assistance				50,000	50,000
Wildlife Resources					
Habitat Projects		392,000	392,000		(392,000)
Conservation Officer Retirement Funding		250,000	250,000		(250,000)
Ogden Hunter Ed. Lead Abatement		50,000	50,000		(50,000)
Communication Conversion to 800Mhrz				102,800	102,800
Parks and Recreation					
Boating Enhancements	\$1,000,000		1,000,000		(1,000,000)
Field House of Natural History				100,000	100,000
Communication Conversion to 800Mhrz				94,900	94,900
Yuba Lake State Park Construction	300,000		300,000		(300,000)
Monte Christo Trailhead Property		150,000	150,000		(150,000)
Parks and Recreation - Capital					
Riverways and Trails	325,000		325,000		(325,000)
<u>Trust Lands Administration</u>					
Data Processing					
Business Information System	544,000		544,000		(544,000)
Director's Office					
Grand Stairway of the Escalante					
National Monument Land Exchange	500,000		500,000		(500,000)
Total	\$2,669,000	\$2,969,200	\$5,638,200	\$457,700	(\$5,180,500)

Table 28

NATURAL RESOURCES					
Plan of Financing	FY 1998	FY 1998	FY 1998	FY 1999	\$Change from
	Estimated	Supplemental	Revised	Approp.	Revised FY 98
General Fund	\$42,164,600	\$2,127,200	\$44,291,800	\$43,973,200	(\$318,600)
GF - Fixed Collections	1,247,300		1,247,300	1,287,200	39,900
GF - Mineral Lease Account	720,000		720,000	726,100	6,100
GFR - Wildlife Damage Prevention	468,900		468,900	478,000	9,100
GFR - Agriculture Resource Dev	1,029,600		1,029,600	1,030,500	900
GFR - Boating	3,430,300		3,430,300	2,804,900	(625,400)
GFR - Off-highway Vehicle	1,301,800	150,000	1,451,800	1,690,700	238,900
GFR - Sovereign Lands Management	1,022,000		1,022,000	1,091,800	69,800
GFR - TB and Bangs Disease Control	6,800		6,800	10,000	3,200
GFR - Brand and Anti-Theft	613,500		613,500	632,000	18,500
GFR - Wildlife Resources	17,717,200	300,000	18,017,200	19,247,500	1,230,300
GFR - Wildlife Habitat	4,103,500	392,000	4,495,500	4,109,700	(385,800)
GFR - Horse Racing	50,000		50,000	50,000	
GFR - State Fish Hatchery Maintenance				500,000	500,000
GFR - Species Protection Account				800,000	800,000
Federal Funds	25,926,600		25,926,600	26,588,400	661,800
Dedicated Credits	10,354,800		10,354,800	10,858,700	503,900
Revenue Transfers	(7,346,500)		(7,346,500)	(7,584,500)	(238,000)
Land Grant Management Fund	8,263,300		8,263,300	7,340,000	(923,300)
Utah Rural Rehabilitation Fund	18,000		18,000	18,000	
Stripper Well Fund	350,000		350,000	350,000	
Water Res. - C &D	7,864,300		7,864,300	8,111,200	246,900
Water Res. - Construction	150,000		150,000	150,000	
Construction: Investigation	488,500		488,500	309,500	(179,000)
Sales Tax Revenue	8,700,000		8,700,000	8,700,000	
Repayments	12,502,700		12,502,700	13,116,700	614,000
Reimbursement	(213,800)		(213,800)	(206,400)	7,400
Beginning Nonlapsing	27,392,300		27,392,300	15,564,200	(11,828,100)
Closing Nonlapsing	(15,564,200)		(15,564,200)	(12,194,000)	3,370,200
Total	\$152,761,500	\$2,969,200	\$155,730,700	\$149,553,400	(\$6,177,300)

Table 29

NATURAL RESOURCES					
	FY 1998	FY 1998	FY 1998	FY 1999	\$Change from
<u>Operating Budgets</u>	<u>Estimated</u>	<u>Supplemental</u>	<u>Revised</u>	<u>Approp.</u>	<u>Revised FY 98</u>
Agriculture	\$14,101,300		\$14,101,300	\$14,465,000	\$363,700
Trust Lands	7,219,300		7,219,300	7,340,000	120,700
DNR Administration	3,619,000		3,619,000	4,911,100	1,292,100
Internal Service Funds	4,577,000		4,577,000	4,344,200	(232,800)
I.S.F. Adjustment	(4,577,000)		(4,577,000)	(4,344,200)	232,800
Rent	1,641,500		1,641,500	1,620,500	(21,000)
Forestry, Fire and State Lands	5,456,900		5,456,900	5,478,900	22,000
Oil, Gas, Mining	5,920,600		5,920,600	6,192,300	271,700
Utah Geological Survey	4,139,400		4,139,400	3,578,100	(561,300)
Water Rights	6,154,600		6,154,600	6,211,400	56,800
Water Resources	7,402,800		7,402,800	7,504,800	102,000
Wildlife Resources	30,513,300		30,513,300	31,980,800	1,467,500
Cooperative Studies	12,080,400		12,080,400	12,100,900	20,500
Contributed Research	334,200		334,200	334,200	
Parks and Recreation	19,585,600		19,585,600	20,877,900	1,292,300
Subtotal Operating	\$118,168,900		\$118,168,900	\$122,595,900	\$4,427,000
<u>Capital Budgets</u>					
Water Resources					
Cities Water Loan	\$4,148,300		\$4,148,300	\$1,966,300	(\$2,182,000)
Revolving Construction	12,219,900		12,219,900	7,561,300	(4,658,600)
Conservation & Develop.	8,845,900		8,845,900	9,456,300	610,400
Wildlife	2,316,000		2,316,000	2,816,000	500,000
Parks and Recreation	4,393,500		4,393,500	4,699,900	306,400
Subtotal Capital	\$31,923,600		\$31,923,600	\$26,499,800	(\$5,423,800)
	\$150,092,500		\$150,092,500	\$149,095,700	(\$996,800)
<u>One-Time and Supplementals</u>					
Trust Lands	\$1,044,000		\$1,044,000		(\$1,044,000)
DNR Administration		\$29,000	29,000	\$110,000	81,000
Forestry, Fire and State Lands		2,076,000	2,076,000		(2,076,000)
Water Rights		22,200	22,200		(22,200)
Wildlife Resources		692,000	692,000	152,800	(539,200)
Parks and Recreation	300,000	150,000	450,000	194,900	(255,100)
Parks and Recreation Capital	1,325,000		1,325,000		(1,325,000)
Subtotal	\$2,669,000	\$2,969,200	\$5,638,200	\$457,700	(\$5,180,500)
Grand Total	\$152,761,500	\$2,969,200	\$155,730,700	\$149,553,400	(\$6,177,300)

Public Education

Public Education

Summary

For the first time in the State's history, Utah will spend more than \$2 billion on Public Education in a given fiscal year. The State will spend \$2.05 billion on Public Education in FY 1999-an increase of \$104.1 million or 5.3 percent over FY 1998 revised estimated expenditures with one-time and supplemental funding included.

In comparison to the FY 1998 appropriation, FY 1999 Ongoing Uniform School Funds will increase \$64.4 million or 4.8 percent. The Minimum School Program will increase \$102.1 million or 6.3 percent and local property tax revenue will grow 7.4 percent. The basic tax levy will decline from 0.00201 to 0.001858. FY 1999 one-time appropriations will amount to \$20.7 million.

Legislative Bills

The Legislature passed a number of bills reflecting its commitment to Public Education. They include:

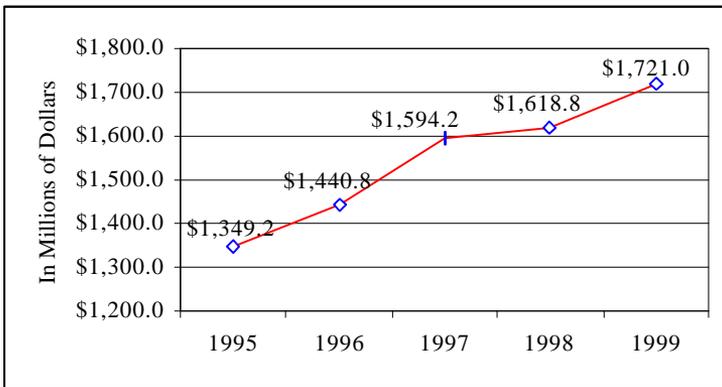
- ▶ House Bill 7 - "Computers for Public Schools Pilot Program", appropriating \$500,000 one-time funding for establishing a pilot program for the acquisition and refurbishing of donated computers to be used in public schools. The computers will be refurbished at a state correctional facility by inmates who receive computer repair training, therefore providing them with useful job skills.
- ▶ House Bill 16 - "Funding Classroom Supplies", appropriating \$3.5 million one-time funding to the State Board of Education for distribution to public school teachers for classroom supplies and materials.
- ▶ House Bill 106 - "Truancy Prevention Appropriation", appropriating \$100,000 ongoing funding to provide grants to school districts to provide and staff truancy support centers.

- ▶ House Bill 145 - “Schools for the 21st Century”, appropriating \$800,000 ongoing funding for 21st Century Schools and \$500,000 one-time funding for Charter Schools.
- ▶ House Bill 182 - “Class Size Reduction in Grades 7-8”, appropriating \$9 million ongoing funding targeting seventh and eighth graders.

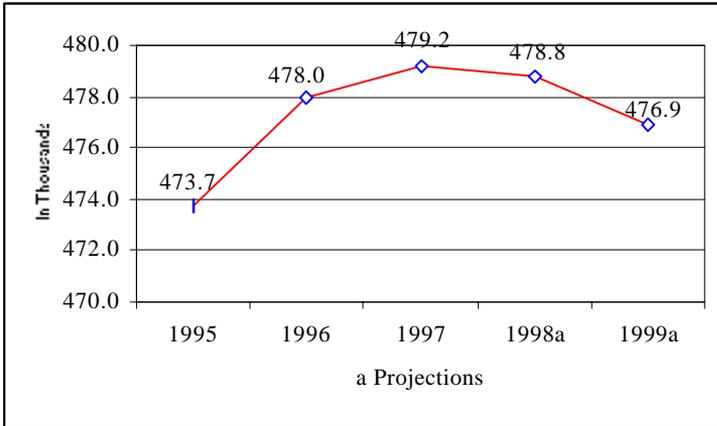
Minimum School Program

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 enable education 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 \$1.7 billion for FY 1999 for the Minimum School Program. In each of the last five fiscal years, the Legislature has increased the budget of the Minimum School Program. The following graph illustrates this growth in funding:



Fall student enrollment counts have risen during the early to mid 1990s. However, in 1998 and 1999, they are expected to decline before resuming a growth trend which is projected to continue through the year 2010. The following graph illustrates Fall student enrollment counts from 1995 through 1999.



Within the Minimum School Program, the Legislature increased Total Uniform School Funding for FY 1999 \$69.7 million (5.2 percent) over FY 1998's appropriation. Total Basic Programs increased 3.8 percent to \$1.2 billion and the total Related to Basic Programs grew 8.1 percent to \$333.7 million. The following table details FY 1999 appropriations compared with FY 1998.

Table 30

MINIMUM SCHOOL PROGRAM

Financing	FY 1998 Appropriation		FY 1999 Appropriation			Legislature
	1997-98 WPU'S	Funding @ \$1,791	1998-99 WPU'S	Funding @ \$1,854	% Diff. 1997-98	FY 1999 Difference
Local Revenue:						
A. Basic Tax Levy	0.00201	\$171,589,730	0.001858	\$175,959,630	2.5%	\$4,369,900
B. Voted Leeway		74,735,114		86,439,189	15.7%	11,704,075
C. Board Leeway		25,027,650		29,050,922	16.1%	4,023,272
Total Local Contribution (A, B, & C)		\$271,352,494		\$291,449,741	7.4%	\$20,097,247
State Revenue:						
A. Uniform School Fund		\$1,344,401,192		\$1,408,882,182	4.8%	\$64,480,990
B. Uniform School Fund - One Time		3,000,000		8,250,000	175%	5,250,000
C. General Fund - One Time		100,000			-100%	(100,000)
D. Nonlapsing Balances - One Time				12,450,000		12,450,000
Total Revenue		\$1,618,853,686		\$1,721,031,923	6.3%	\$102,178,237
Program						
I. Basic Program						
A. Regular Basic School Programs						
1. Kindergarten	19,379	\$34,707,789	19,443	\$36,047,322	3.9%	\$1,339,533
2. Grades 1-12	430,342	770,742,522	430,531	798,204,474	3.6%	27,461,952
3. Necessarily Existing Small Schools	5,494	9,839,754	5,494	10,185,876	3.5%	346,122
4. Professional Staff	41,610	74,523,510	41,635	77,191,290	3.6%	2,667,780
5. Administrative Costs	1,655	2,964,105	1,655	3,068,370	3.5%	104,265
Total Reg. Basic School Programs (1-5)	498,480	\$892,777,680	498,758	\$924,697,332	3.6%	\$31,919,652
B. Restricted Basic School Programs						
a. Special Education-Regular Program						
1. Special Education add-on WPU's	52,668	\$94,328,388	52,532	\$97,394,328	3.3%	\$3,065,940
b. Self-Cont. Reg. WPU's	11,735	21,017,385	11,868	22,003,272	4.7%	985,887
2. Special Education - Pre-School	4,338	7,769,358	4,380	8,120,520	4.5%	351,162
3. Ext. Year Prog. for Severely Disabled	239	428,409	238	441,252	3.1%	13,203
4. Special Education-State Programs	1,361	2,437,551	1,358	2,517,732	3.3%	80,181
Total Special Education (1-4)	70,341	\$125,980,731	70,376	\$130,477,104	3.6%	\$4,496,373
5. Applied Technology Ed. - District	19,619	\$35,137,629	19,578	\$36,297,612	3.3%	\$1,159,983
6. Applied Tech. Ed.-District Set Aside	997	1,785,627	995	1,844,730	3.3%	59,103
Total Applied Technology Ed. (5 - 6)	20,616	\$36,923,256	20,573	\$38,142,342	3.3%	\$1,219,086
7. Youth In Custody	4,860	\$8,704,260	5,765	\$10,688,310	22.8%	\$1,984,050
8. Adult Education	3,434	6,150,294	3,427	6,353,658	3.3%	203,364
9. At Risk Programs	3,887	6,961,617	3,889	7,210,206	3.6%	248,589
10. Accelerated Learning Programs	3,330	5,964,030	3,863	7,162,002	20.1%	1,197,972
11. Career Ladder	24,445	43,780,995	24,394	45,226,476	3.3%	1,445,481
12. Class Size Reduction	25,858	46,311,678	25,804	47,840,616	3.3%	1,528,938
Total Other Restricted Prgms (7-12)	65,814	\$117,872,874	67,142	\$124,481,268	5.6%	\$6,608,394
C. Unrestricted Local Program	11,640	\$20,847,240	11,616	\$21,536,064	3.3%	\$688,824
Total Basic School Programs (A - C)	666,891	\$1,194,401,781	668,465	\$1,239,334,110	3.8%	\$44,932,329
D. Related to Basic Programs						
1. Social Security & Retirement		\$229,443,217		\$238,069,744	3.8%	\$8,626,527
2. Pupil Transportation		47,348,900		49,297,947	4.1%	1,949,047
3. Contingency Fund		623,000		421,692	-32.3%	(201,308)
4. Incentives for Excellence		619,800		618,498	-0.2%	(1,302)
5. Regional Service Centers		799,500		1,084,495	35.6%	284,995
6. Staff Development		1,001,230		1,474,127	47.2%	472,897
7. Comprehensive Guidance		4,936,150		6,900,784	39.8%	1,964,634
8. Educational Technology Initiative		6,419,162		8,505,682	32.5%	2,086,520
9. Centennial Schools		2,649,000		1,143,437	-56.8%	(1,505,563)
10. Families, Agencies & Communities Together		1,260,613		1,257,966	-0.2%	(2,647)
11. Alternative Language Services		2,350,000		2,845,065	21.1%	495,065
12. Character Education		550,000		400,000	-27.3%	(150,000)
13. Highly Impacted Schools		4,975,000		5,404,553	8.6%	429,553
14. Sign Language Education		100,000			-100.0%	(100,000)
15. School Nurses		350,000		399,265	14.1%	49,265
16. Class Size - Elementary Reading				9,000,000		9,000,000
17. Truancy Intervention and Prevention				100,000		100,000
18. Experimental/Developmental Programs		5,306,900		6,045,756	13.9%	738,856
19. Twenty First Century Schools				800,000		800,000
Total Related to Basic Programs (1 - 19)		\$308,732,472		\$333,769,011	8.1%	\$25,036,539
II. Board and Voted Leeway Programs:						
A. Voted Leeway Program		\$82,171,518		\$93,726,459	14.1%	\$11,554,941
B. Board Leeway Program		30,447,915		33,502,343	10.0%	3,054,428
Total Board and Voted Leeway Programs		\$112,619,433		\$127,228,802	13.0%	\$14,609,369
III. One-Time Appropriations		\$3,100,000		\$20,700,000	567.7%	\$17,600,000
Total Minimum School Program		\$1,618,853,686		\$1,721,031,923	6.3%	\$102,178,237

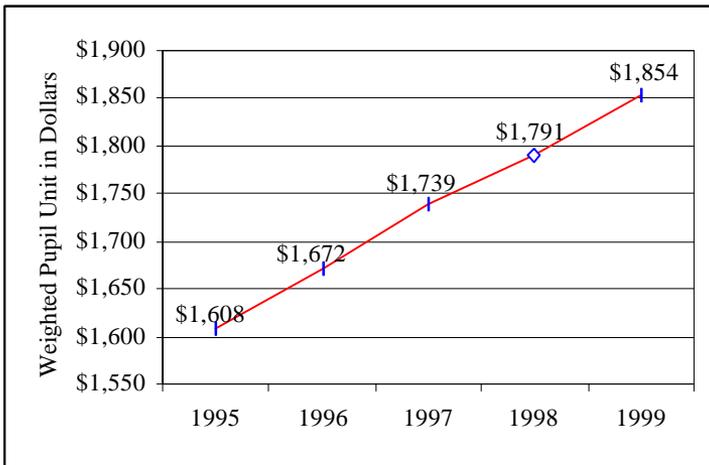
Assessed Value = \$95,075,494,976

Student Growth Factor = -.21%

Minimum School Program Funding Increases

Some of the funding increases provided in the Minimum School Program for FY 1999 included the following:

- ▶ **Voted and Board Leeways** - The Legislature increased funding for Voted and Board Leeways by \$14.6 million. The State's guarantee to the school districts also increased.
- ▶ **Weighted Pupil Unit** - The Weighted Pupil Unit (WPU) which funds all of the public school program was increased by 3.5 percent from \$1,791 to \$1,854 providing \$51,906,790 in ongoing funding. This rate increase is above the projected inflation rate and is the ninth consecutive year the value of the WPU was increased higher than the rate of inflation. The following graph illustrates the growth in the value of the WPU during last five fiscal years:



- ▶ **Special Education** - For FY1999 the Legislature increased funding for Special Education \$4,496,373. Special Education add-on WPUs increased by \$3,065,940 and Self-Contained Regular WPUs rose by \$985,887. Special Education - Preschool WPU funding also increased \$351,162.

- ▶ **Applied Technology Education: District** - Applied Technology Education funding within the Minimum School Program grew \$1,219,086 to \$38,142,342. This constitutes a 3.3 percent increase.
- ▶ **Youth In Custody/At Risk** - The Legislature increased the number of WPU's for the Youth In Custody Program for FY 1999 by 905 and the funding increase amounted to \$1,984,050. At Risk Programs funding increased by \$248,589.
- ▶ **Pupil Transportation** - Pupil Transportation funding was increased by 4.1 percent or \$1,949,047 to \$49,297,947 for FY 1999.
- ▶ **Accelerated Learning Programs** - The Legislature increased the funding for Accelerated Learning Programs 20.1 percent or \$1,197,972.

The following table delineates Minimum School Program increases for FY 1999:

Table 31

Summary	Public Education		
	FY 1999		FY 1999
MINIMUM SCHOOL PROGRAM	Legislature	One Time	Legislature Total
Uniform School Fund Base	\$1,347,501,192		\$1,347,501,192
Base Adjustments	(3,100,000)		(3,100,000)
Adjusted Base - Uniform School Fund	\$1,344,401,192		\$1,344,401,192
Enrollment Growth	(\$147,600)		(\$147,600)
Voted and Board Leeways	14,609,369		14,609,369
Weighted pupil unit	51,906,790		51,906,790
Class size reduction	9,000,000		9,000,000
Twenty-First Century Schools	800,000		800,000
Centennial Schools (Reduction)	(1,500,000)		(1,500,000)
Comprehensive Guidance	1,975,000		1,975,000
Alternative Language Services	500,000		500,000
Staff Development	475,000		475,000
Youth In Custody	2,000,000		2,000,000
Extended Year Program	750,000		750,000
Textbooks and Instructional Materials		\$6,300,000	6,300,000
Reading Specialists at regional service centers	250,000		250,000
Technology Initiative (ETI)	2,100,000	5,500,000	7,600,000
Library Media Resources		2,250,000	2,250,000
District Applied Technology Equipment		500,000	500,000
Concurrent Enrollment	1,203,028	750,000	1,953,028
Highly Impacted Schools	440,000		440,000
Truancy intervention and prevention	100,000		100,000
Preschool Special Education	111,850		111,850
MESA program	22,000		22,000
School Nursing program	50,000		50,000
Sign Language Education	(99,800)		(99,800)
Contingency Fund	(200,000)		(200,000)
Character Education	(148,800)		(148,800)
Math and Science Equipment		400,000	400,000
Teacher Supplies and Materials		3,500,000	3,500,000
Charter Schools Plan start-up Costs		500,000	500,000
Computers for schools		500,000	500,000
Transportation - Special Needs	(118,600)		(118,600)
Transportation	500,000	500,000	1,000,000
Total Program Additions	\$84,578,237	\$20,700,000	\$105,278,237
Financing - Program Additions			
Uniform School Funds	\$64,480,990		\$64,480,990
Uniform School Funds - One Time		\$8,250,000	\$8,250,000
Non-lapsing Balances		12,450,000	\$12,450,000
Local Funds	20,097,247		20,097,247
Total Fund Additions	\$84,578,237	\$20,700,000	\$105,278,237
Total Budget - Minimum School Program			
Uniform School Fund	\$1,408,882,182		\$1,408,882,182
Uniform School Fund - One Time		\$8,250,000	\$8,250,000
Local Revenue	291,449,741		291,449,741
Non-lapsing Balances		12,450,000	12,450,000
Grand Total -MSP	\$1,700,331,923	\$20,700,000	\$1,721,031,923

Educational Contracts

The Educational Contracts furnish educational services to the Developmental Center in American Fork, the State Hospital Youth Center in Provo, and to corrections institutions in Draper, Gunnison, and Cedar City. Each of the educational contracts received a 3.5 percent compensation increase which amounted to a combined total of \$294,900. This increase will pay for salary increases and other escalating costs due to inflation. The total budget for Educational Contracts for FY 1999 is \$4,435,900.

Child Nutrition

The total budget for the Child Nutrition Programs for FY 1999 is \$100,645,600 which provides for the overall administration and implementation of the school lunch programs. This is an increase of \$3,947,500 over the FY 1998 revised estimate. The funding provides for free and reduced price meals for those who qualify. This budget primarily consists of Federal Funds (87.7 percent). It also receives funding from the Liquor Control Tax which is deposited in a restricted account. This account will provide approximately \$12,200,000 in FY 1999 while Federal Funds will provide approximately \$88,273,800, Dedicated Credits Revenue \$10,300, and the Uniform School Fund \$161,500.

School Building Programs

The Legislature appropriated a total of \$30,858,000 for School Building Programs for FY 1999. This was \$4,500,000 more than the revised estimate for FY1998. Of this \$4,500,000 increase, \$2,000,000 is established as ongoing funding. The remaining \$2,500,000 is one-time funding provided by utilizing nonlapsing balances. The following table delineates the FY 1999 School Building Programs budget.

SCHOOL BUILDING PROGRAMS	FY 1999		Total
	Ongoing	One-Time	
Uniform School Fund Base	\$14,439,600		\$14,439,600
Program Additions			
Capital Outlay Foundation Program	\$11,134,720	\$2,500,000	\$13,634,720
Emergency School Building Program	2,783,680		2,783,680
Total Additions	\$13,918,400	\$2,500,000	\$16,418,400
Financing - Program Additions			
Uniform School Fund	\$13,918,400		\$13,918,400
Transfers		\$2,500,000	250,000
Total Additions	\$13,918,400	\$2,500,000	\$16,418,400
Total Operating Budget			
Uniform School Fund	\$28,358,000		\$28,358,000
Transfers		\$2,500,000	2,500,000
Grand Total - School Building Programs	\$28,358,000	\$2,500,000	\$30,858,000

Utah State Office of Rehabilitation

The Utah State Office of Rehabilitation is a part of the State's Public Education System and is under the direction of the Utah State Board of Education. The Office of Rehabilitation operates programs designed to assist individuals with disabilities to prepare for and obtain gainful employment and increase their independence. The Office of Rehabilitation offers services such as medical services and treatment, personal adjustment training, vocational training, counseling and guidance, assistive technology, job placement and follow-up, and any other goods or services needed to achieve an employment outcome.

The Office of Rehabilitation's total budget for FY 1999 is \$41,326,800. The office receives a substantial portion of its annual budget from the Federal Government. The Federal Government will provide \$26,980,700 in FY 1999. The remainder will come from the Uniform School Fund - \$12,957,000; the General Fund - \$80,000; Dedicated Credits Revenue - \$449,800; Beginning Nonlapsing Appropriation Balances - \$459,300; and Senate Bill 123 - \$400,000. The FY 1999 budget for the office is \$1,283,200 more than the previous fiscal year. The funding increases provided by the Legislature to the Utah State Office of Rehabilitation include:

- ▶ Ongoing maintenance and operations funding of \$65,000 for the new facility jointly occupied by the Division of Services for the Blind and Visually Impaired and the Utah State Library.
- ▶ Senate Bill 123 - “Appropriation for Assistive Technology Devices and Services”, appropriating \$200,000 ongoing funding and \$200,000 one-time funding to provide assistance to individuals with disabilities in acquiring, customizing, and learning to use and maintain assistive technology to facilitate their independence; and support through the Independent Living Centers and other similar programs to facilitate interagency cooperation in providing assistive technology devices and services.
- ▶ Ongoing funding appropriation of \$125,000 for the Division of Services for the Deaf and Hard-of-Hearing to pay the costs resulting from a growing number of individuals needing services and increasing costs from inflation.
- ▶ Ongoing funding appropriation of \$75,000 for the Independent Living Services Program to provide services that assist individuals with disabilities to increase and maintain their independence.
- ▶ A compensation increase of 3.5 percent.

Utah Schools for the Deaf and the Blind

The Utah Schools for the Deaf and the Blind provide educational programs and services for the hearing and/or visually impaired children in the state of Utah from birth to age twenty-one. The schools currently operate residential and daytime programs. They also operate extension programs in a number of locations throughout the State. The Legislature approved a budget of \$17,188,400 for FY 1999 for the Utah Schools for the Deaf and the Blind. This is \$696,800 more than the revised estimate for FY 1998.

The Legislature addressed a number of compensation issues affecting the Utah Schools for the Deaf and the Blind. They include:

- ▶ Ongoing funding appropriation of \$192,400 for equity salary adjustments increases to be used to fund the teachers' annual step and lane changes in the teachers' pay plan and a salary increase for the teachers' aids.
- ▶ House Bill 82 - "Annual Salary Adjustment for Deaf and Blind Schools Employees", providing that the Board of Trustees at the Schools for the Deaf and the Blind make annual salary/benefits adjustments for employees at the Schools using adjustments made by the school districts and on the basis of adjustments approved for other State government employees in similar positions.
- ▶ Intent language: *It is the intent of the Legislature that if funds are available, employees of the Utah Schools for the Deaf and the Blind defined as interveners, who are projected to work more than 800 hours in a school year, be provided with benefits afforded State employees.*
- ▶ A compensation increase of 3.5 percent.

The Legislature also provided \$49,000 ongoing funding for statewide orientation and mobility resource training for children with visual impairments.

Applied Technology Education

The Utah System of Applied Technology Education provides skills and technical training to adults and secondary students. It consists of training provided in Higher Education Institutions, Applied Technology Centers and Applied Technology Center Service Regions, and the Public School System. Applied Technology Education (ATE) provided in Higher Education Institutions is under the jurisdiction and direction of the Board of Regents and the Higher Education System. ATE provided by the State's Applied Technology Centers and Applied Technology Center Service Regions and the Public School System is in the domain of Public Education and is therefore under the jurisdiction and direction of the Utah State Board of Education and the State Office of Education.

Within the Public Education segment, ATE is funded three ways:

- ▶ Training provided in the Public School System represents costs to the State's school districts and is funded through the Minimum School Program (see Minimum School Program for funding information).
- ▶ The State's nine Applied Technology Centers and Applied Technology Center Service Regions (ATCs/ATCSRs) are funded in the agency budgets as individual line items.
- ▶ ATE administration is performed in the State Office of Education and is funded as a separate program.

Agency Funding - The Legislature increased funding for the State's Applied Technology Centers and Applied Technology Center Service Regions. The ATCs/ATCSRs received enrollment growth funding of \$1,918,200. This increase consists of \$1,750,000 of Uniform School Funds and \$168,200 of Dedicated Credits. Other increases include:

- ▶ A compensation increase of 3.5 percent. The Legislature also included the following intent language for each of the ATCs: *It is the intent of the Legislature that the teachers for the Applied Technology Centers receive an increase in pay comparable to that provided for certificated teachers in FY 1999.*
- ▶ Supplemental funding of \$300,000 for FY 1998 and one-time funding of \$200,000 for FY 1999 for equipment purchases for the ATCs/ATCSRs.
- ▶ Ongoing maintenance and operations funding of \$345,000 for the ATCs, including \$200,000 for the new Allied Health Building at the Davis Applied Technology Center.

Program Administration Funding - The Legislature appropriated \$18,728,400 for ATE Program Administration within the State Office of Education for FY 1999.

Custom Fit Training

The Custom Fit Training Program provides employee training for new and/or expanding companies. This training helps provide companies with a better trained group of employees better enabling firms to remain competitive in today's economy. Companies participating in this program typically contribute a matching portion of the expense to train their workforce.

The Legislature approved replacing ongoing funding for the Custom Fit Program with one-time funding. The Legislature appropriated \$500,000 of supplemental funding for FY1998 and \$2,810,200 of one-time funding for FY 1999. The Legislature also approved the following intent language:

It is the intent of the Legislature that the funding appropriated to the State Board of Education for the purpose of providing Custom Fit Training within the educational service regions, Wasatch Front South and Mountainlands shall be distributed to Salt Lake Community College and Utah Valley State College as sole providers of Custom Fit Training for those areas.

Fine Arts and Sciences

The Fine Arts and Sciences Program provides funding for several fine arts organizations and the Hansen Planetarium. In exchange for this funding, the organizations perform educational demonstrations for Utah's school children.

The Legislature increased total funding for the Fine Arts and Sciences 3.5 percent or \$74,200. With this increase, the FY 1999 appropriation is \$2,193,700. The Legislature also modified the system of funding. The Utah Symphony, Ballet West, Utah Opera Company, Ririe-Woodbury Dance Company, Repertory Dance Theater, Children's Dance Theater, and the Hansen Planetarium were moved to line item funding, but every fourth year, they are to go through a request for proposal process to reestablish their participation in the program at the level indicated. The following language was included to establish this and other modifications to the program:

It is the intent of the Legislature that:

- 1. An amount of \$200,000 is retained in the Request for Proposal Program for other organizations to bid in the Request for Proposal process based on services.*
- 2. Every fourth year, the listed program groups [the Utah Symphony, Ballet West, Utah Opera Company, Ririe-Woodbury Dance Company, Repertory Dance Theater, Children's Dance Theater, and the Hansen Planetarium] are to go through a Request for Proposal process to reestablish their participation in the program at the level indicated.*
- 3. The State Office of Education shall validate the groups' function in the planned curriculum for arts and sciences in the schools.*
- 4. The State Office of Education shall report to the Legislature any problems or changes necessary to implement and maintain the validity of the arts and sciences program in the school curriculum.*

It is the intent of the Legislature that during the interim, the Utah State Board of Education study the Science and the Arts Program/Funding to define a set of performance guidelines, procedures, criteria, and objective approval process that may be used as a possible process to move organizations from the Request for Proposal category of funding to the more specified organizational funding area. The Utah State Board of Education will present its recommendations for Legislative consideration during the 1999 Legislative Session.

The Legislature also passed Senate Bill 199 - "Arts, Technology, and Education Appropriation", appropriating one-time funding of \$20,000 to the State Board of Education and one-time funding of \$75,000 to the Utah Arts Council for a collaborative effort on the development of a film and video on arts, technology, and education.

Table 32

PUBLIC EDUCATION					
	FY 1998				
	FY 1998	Legislative	FY 1998	FY 1999	Difference from
Financing	Estimated	Action	Revised	Appropriated	Revised FY 1998
General Fund	\$80,000		\$80,000	\$180,000	\$100,000
General Fund One Time	100,000		100,000	100,000	
Uniform School Fund	1,439,312,092		1,439,312,092	1,511,764,182	72,452,090
Uniform School Fund - One-Time	15,418,400	\$3,625,800	19,044,200	10,930,200	(8,114,000)
Federal Funds	191,393,800		191,393,800	194,490,500	3,096,700
Dedicated Credits	8,777,000		8,777,000	8,992,900	215,900
Mineral Lease	686,700		686,700	697,500	10,800
Restricted and Trust Funds	11,404,000		11,404,000	12,626,400	1,222,400
Transfers	2,711,600		2,711,600	2,740,600	29,000
Other Funds	193,700		193,700	193,700	
Pass-through Funds					
Beginning Nonlapsing Balances	25,596,600		25,596,600	25,167,100	(429,500)
Closing Nonlapsing Balances	(23,169,100)		(23,169,100)	(6,744,100)	16,425,000
Local Property Tax	271,352,494		271,352,494	291,449,741	20,097,247
Lapsing Funds				(1,000,000)	(1,000,000)
Total Financing	\$1,943,857,286	\$3,625,800	\$1,947,483,086	\$2,051,588,723	\$104,105,637
Program					
Utah State Office of Education	\$99,376,100		\$99,376,100	\$99,355,600	(\$20,500)
Utah State Office of Rehabilitation	40,043,600		40,043,600	41,126,800	1,083,200
Utah Schools for Deaf and Blind	16,491,600		16,491,600	17,188,400	696,800
Utah System of Applied Tech	30,525,700		30,525,700	31,472,600	946,900
Science and the Arts	2,119,500		2,119,500	2,193,700	74,200
Educational Contracts	4,141,000		4,141,000	4,435,900	294,900
Nutrition Programs	96,698,100		96,698,100	100,645,600	3,947,500
Minimum School Program	1,615,753,686		1,615,753,686	1,700,331,923	84,578,237
School Building Programs	14,439,600		14,439,600	28,358,000	13,918,400
Utah Education Network	8,750,000		8,750,000		(8,750,000)
Subtotal Ongoing	\$1,928,338,886		\$1,928,338,886	\$2,025,108,523	\$96,769,637
One-Time Funding					
Utah State Office of Education				\$70,000	\$70,000
Utah State Office of Rehabilitation				200,000	200,000
Utah System of Applied Tech	\$500,000	\$800,000	\$1,300,000	3,010,200	1,710,200
Minimum School Program	3,100,000	2,825,800	5,925,800	20,700,000	14,774,200
School Building Programs	11,918,400		11,918,400	2,500,000	(9,418,400)
Subtotal One-Time	\$15,518,400	\$3,625,800	\$19,144,200	\$26,480,200	\$7,336,000
Total	\$1,943,857,286	\$3,625,800	\$1,947,483,086	\$2,051,588,723	\$104,105,637

**Transportation,
Environmental Quality and
National Guard**

Department of Transportation

State highways in Utah are constructed and maintained, for the most part, with highway user revenues. Principal revenue sources are motor fuel taxes, motor vehicle registration fees, and special transportation permit revenues. These funds are deposited in the State's Transportation Fund. Other sources of revenue to the Department of Transportation include federal grants from the Federal Highway Trust Fund, bonding, and appropriations from the General Fund. Revenue estimates adopted by the Legislature for FY 1999 for the Transportation Fund total \$354,000,000 and an additional \$174,229,700 in federal funds.

The Legislature approved FY 1999 expenditures for the Department of Transportation of \$1,033,161,000 (see Tables 33 and 34). This includes \$3,148,400 in compensation adjustments and \$561,718,100 to fund the FY 1999 portion of the Centennial Highway Program as shown in Table 34. The detail of these appropriations by line item follows.

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 1999 budget of \$21,413,700 for Support Services which is a decrease of \$636,500 from the FY 1998 appropriation. The appropriation included the following new items:

- ▶ An appropriation of \$250,000 was made to the Data Processing Program to fund additional maintenance costs for hardware and software to maintain the Department's engineering data processing systems.
- ▶ An appropriation of \$250,000 was made for phase two of a data processing system to administer the construction functions of the Department.

- ▶ Funding of \$116,000 from the General Fund Restricted - Nuclear Waste Facility Oversight Account was appropriated to the Motor Carrier Program to implement provisions of Senate Bill 196 - "High Level Nuclear Waste Disposal".

The Legislature approved FY 1998 supplemental funding of an additional \$583,000 for Support Services and transferred the Preconstruction Project Management System with thirteen FTEs from Engineering Services to the Support Services Division.

Engineering Services

The Engineering Services Division includes the following programs: Safety Operations, Traffic Safety, Transportation Planning, Preconstruction Administration, Environmental, Roadway Design, Structures, Materials lab, Research, Engineering Services, and Right of Way. The FY 1999 budget approved for the Engineering Services Division is \$19,606,600.

The Legislature reduced the FY 1998 appropriation by \$2,570,800 from the Engineering Services line item. These appropriations include the following FTE and assignment changes:

- ▶ The transfer of thirteen FTEs administering the Preconstruction Project Management System to Support Services.
- ▶ Transfer of nine FTEs to the Construction line item to assist with the Statewide Construction, I-15, and Legacy Highway projects.
- ▶ Transfer of the eighteen FTEs to the various Region Management functions to decentralize such items as environmental studies, program development, utilities, and engineering services.
- ▶ Transfer one full-time equivalent from Program Development to Aeronautics to be used in airport planning.

The following intent statements were included with the Engineering Services appropriations:

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 Interim Committee prior to the General 1999 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 Interim committee and any transfer of funding will be facilitated through a supplemental appropriations request in the 1999 Session.

It is the intent of the Legislature that the Department of Transportation study the feasibility of High Occupancy Toll lanes and report their findings to the Interim Transportation Committee before December 1, 1998.

It is the intent of the Legislature that the Transportation Commission prioritize at least one additional pedestrian overpass in programming any enhancement funds made available in the reauthorized Intermodal Surface Transportation and Efficiency Act. It is the intent of the Legislature that local governments and/or school districts provide matching funds, and that the prioritization process adopted by the Transportation Commission be followed.

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 1999 budget for the Construction line item of \$187,695,900. The appropriation included the following items to provide funding for the Construction Program.

- ▶ Provisions of House Bill 461 - Funding for Highway Acquisition allows up to \$10,000,000 of revenue bonds to be issued for purchase of real property in identified transportation corridors.
- ▶ The appropriation transferred \$500,000 of funding through provisions of House Bill 393, "Sales Tax for Infrastructure", passed during the 1996 General Session of the Legislature. 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 will be provided beginning 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 available for corridor preservation.

The Legislature approved FY 1998 supplementals for the Construction line item, including:

- ▶ Transfer of nine FTEs to the Construction line item to assist with the Statewide Construction and Legacy Highway projects.
- ▶ Transfer of the two FTEs to the I-15 Management Oversight Team.
- ▶ Reduction of three full-time equivalents from Field Crews to be used in the Traffic Operations Center.

The following intent statements were included with the Construction line item:

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.

It is the intent of the Legislature that representatives of the Utah Department of Transportation meet with the Critical Lands Task Force Committee and identify and discuss critical lands that could be used as wetlands mitigation.

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 worth of highway construction statewide. These expenditures were expected to be 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 then ongoing funding revenues. The 1999 Fiscal Year commitment to the Centennial Highway Fund is \$561,718,100 (see Table 34). The following are some of the key funding sources:

- ▶ The Legislature made \$125,000,000 available to the Department of Transportation for highway construction from the General Fund to the Centennial Highway Fund. These funds are anticipated to be used to mitigate critical transportation issues particularly along the I-15 corridor.
- ▶ An appropriation of \$5,668,100 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 \$7,725,000 in FY 1999.
- ▶ 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 \$48,861,000 in FY1999.
- ▶ House Bill 414, “Registration Fees on Vehicles”, enacted during the 1997 General Session is estimated to increase revenues to the Centennial Highway Fund by \$16,583,000 in FY 1999.
- ▶ Provisions of Senate Bill 2, “1998 Highway Financing”, provided authorization for \$190,000,000 of bonds to fund projects related to the Centennial Highway Program. In addition, another \$50 million in bonding will become available if anticipated federal funding is not realized.

Region Management

The Legislature approved a total FY 1999 budget for Region Management of \$16,227,000 which is an increase of \$1,644,100 from FY 1998 estimated. This change came primarily from the reassignment of personnel from Engineering Services to the Region Management line item. The appropriation included the following new items:

- ▶ An appropriation of \$397,300 was made to Region Two to fund five FTEs to begin operations of the new Traffic Operations Center being built in conjunction with the rebuild of I-15.
- ▶ Transfer of the eighteen FTEs to the various Region Management functions to decentralize such items as environmental studies, program development, utilities, and engineering services.

In addition, an increase of \$607,300 was made to the FY 1998 appropriation for Region Management to implement changes in the reorganization of Engineering Services at headquarters and reassignment of positions to the Region Management Programs.

Equipment Management

The Legislature approved a FY 1999 expenditure level for Equipment Management of \$17,423,100 which represents a \$520,900 increase from FY 1998.

An appropriation of \$453,300 was provided for the Department of Transportation's portion of the FY 1999 phase of the new 800 Megahertz communications system.

Maintenance Management

The Legislature approved a FY 1999 budget for Maintenance Management of \$68,061,000. The appropriation included the following new items:

- ▶ A one-time expenditure of \$180,000 for underground storage tank mitigation was appropriated.
- ▶ An appropriation increase of \$1,000,000 from the Transportation Fund for ongoing funding 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 land and buildings are to be lapsed to the Transportation Fund.

Sidewalk Construction

The Legislature approved a FY 1999 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 be used specifically to correct pedestrian hazards on State highways.

It is also the intent of the Legislature that the local authorities be 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 27-14-5, Utah Code Annotated 1953. The funds appropriated for sidewalk construction are nonlapsing.

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 a FY 1999 expenditure for the Mineral Lease/Payment in Lieu programs of \$9,922,800. 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 be used for improvement or reconstruction of roads not on the State Road System that have been heavily impacted by energy development.

It is also the intent of the Legislature that private industry engaged in the developing of the State's natural resources be encouraged to participate in the construction of the roadway leading to their facilities. The funds appropriated for improvement or reconstruction of energy impacted roads that are not on the State Road System are nonlapsing.

B & C Road Fund

The Legislature approved \$102,770,000 for distribution to local governments through the B & C Road Account for FY 1999. This is an estimate only since the actual disbursement will depend on the total collection of motor fuel taxes collected FY 1999. The appropriation included 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 and is estimated to provide approximately \$18,700,000 Designated Sales Tax to the B & C Road Fund in FY 1999.

Aeronautics

The Legislature approved a total FY 1999 budget for the Aeronautics Division of \$17,310,000 which is a decrease of \$71,200 from FY 1998.

Table 33

DEPARTMENT OF TRANSPORTATION					
Plan of Financing	FY 1998	FY 1998	FY 1998	FY 1999	Change from
	Estimated	Legislative Action	Revised	Appropriation	Revised FY 98
General Fund	\$3,163,900		\$3,163,900	\$1,093,300	(\$2,070,600)
General Fund Restricted - Nuclear Waste Facility Oversight				116,000	116,000
Transportation Fund	279,390,200	(\$17,300)	279,372,900	284,129,500	4,756,600
Transportation Fund-Restricted	6,804,700	60,600	6,865,300	6,894,100	28,800
B & C Road Account					
Federal Funds	123,730,400	(43,300)	123,687,100	124,229,700	542,600
Dedicated Credits	16,715,600		16,715,600	16,891,500	175,900
Designated Sales Tax	16,500,000		16,500,000	18,000,000	1,500,000
Mineral Lease	9,297,800		9,297,800	9,922,800	625,000
Centennial Highway Trust Fund					
Bonding				10,000,000	10,000,000
Transfers	165,700		165,700	166,000	300
Beginning Nonlapsing	8,937,700		8,937,700		(8,937,700)
Total Funding	\$464,706,000		\$464,706,000	\$471,442,900	\$6,736,900
Programs					
Support Services	\$21,467,200	\$583,000	\$22,050,200	\$21,413,700	(\$636,500)
Engineering Services	21,710,700	(2,570,800)	19,139,900	19,606,600	466,700
Construction	192,656,400	1,250,000	193,906,400	187,695,900	(6,210,500)
Region Management	13,975,600	607,300	14,582,900	16,227,000	1,644,100
Equipment Management	16,873,200	29,000	16,902,200	17,423,100	520,900
Maintenance Management	66,921,900	40,900	66,962,800	68,061,000	1,098,200
Sidewalk Construction	1,730,600		1,730,600	500,000	(1,230,600)
Aeronautics	17,320,600	60,600	17,381,200	17,310,000	(71,200)
B & C Road Fund	99,958,500		99,958,500	102,770,000	2,811,500
Mineral Lease/In Lieu	9,311,300		9,311,300	9,922,800	611,500
Subtotal	\$461,926,000		\$461,926,000	\$460,930,100	(\$995,900)
One-Time Funding					
Support Services - Database Dev	\$600,000		\$600,000	\$250,000	(\$350,000)
Construction - Adams Toll Road	2,000,000		2,000,000		(2,000,000)
Construction - Rights of Way				10,000,000	10,000,000
Equipment Management - 800 Megahertz				82,800	82,800
Underground Storage Tanks	180,000		180,000	180,000	
Total Appropriation	\$464,706,000		\$464,706,000	\$471,442,900	\$6,736,900

Table 34

CENTENNIAL HIGHWAY FUND					
Plan of Financing	FY 1998	FY 1998	FY 1998	FY 1999	Change from
	Estimated	Legislative	Revised	Appropriation	Revised FY 98
		Action			
General Fund	\$78,000,000		\$78,000,000	\$105,000,000	\$27,000,000
General Fund - Debt Service	(27,274,000)		(27,274,000)	(36,406,000)	(9,132,000)
Transportation Fund	54,937,500		54,937,500	56,586,000	1,648,500
Federal Funds	31,261,000		31,261,000	50,000,000	18,739,000
Dedicated Credits	2,829,000		2,829,000	5,668,100	2,839,100
Centennial Highway Fund	15,134,000		15,134,000	16,583,000	1,449,000
Petroleum Storage Tank Trust Fund				5,000,000	5,000,000
Bonding	600,000,000		600,000,000	190,000,000	(410,000,000)
Transfers				6,000,000	6,000,000
Beginning Nonlapsing	(24,613,800)		(24,613,800)	163,287,000	187,900,800
Ending Nonlapsing	(163,287,000)		(163,287,000)		163,287,000
Total Funding	\$566,986,700		\$566,986,700	\$561,718,100	(\$5,268,600)
<hr/>					
Programs					
Centennial Highway Fund	\$566,986,700		\$566,986,700	\$561,718,100	(\$5,268,600)
Total Appropriation	\$566,986,700		\$566,986,700	\$561,718,100	(\$5,268,600)

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 1999 expenditures for the Department of Environmental Quality of \$79,111,100 (see Table 35). This includes \$889,600 in compensation adjustments and \$3,090,700 to fund fiscal impact of legislation passed during the 1998 General Session of the Legislature. The detail of these appropriations by program follows.

Executive Director's Office

The Legislature approved a total FY 1999 budget for the Executive Director's Office of \$7,291,900. This appropriation includes a cost-of-living adjustment of \$17,600 for local health department employees used by the department to deliver environmental quality services to local areas.

Appropriations of \$222,500 for FY 1999 and \$378,000 for FY 1998 from the General Fund Restricted - Environmental Quality Account were approved to conduct an investigation to identify, evaluate, and communicate risks associated with storage of high level nuclear waste in Utah.

Additionally, an appropriation of \$3,090,700 was approved from the General Fund Restricted - High Level Nuclear Waste Disposal Account for FY 1999 to implement provisions of Senate Bill 196, "High Level Nuclear Waste Disposal". The bill requires permitting and state oversight 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 FY 1998 and FY 1999 for the purpose of addressing High Level Nuclear Waste shall be nonlapsing.

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.

Air Quality

The Legislature approved a FY 1999 budget for Air Quality of \$7,231,100. This is an increase of \$25,200 from the FY 1998 appropriation.

The following intent statement was included with the Air Quality Program:

It is the intent of the Legislature that any unexpended funds in the Air Operating Permit Program in FY 1998 are nonlapsing and authorized for use in the Operating Permit Program in FY 1999 to reduce emission fees.

The mission of the Air Quality Program is to protect the public health, property and vegetation in Utah from the effects of air pollution.

Response and Remediation

The Legislature appropriated \$15,213,500 to the Response and Remediation Program for FY 1999. The appropriation included the following items:

- ▶ A transfer of funding from the General Fund Restricted - Environmental Quality Account to the Hazardous Substances Mitigation Account of \$400,000 to assist with hazardous substances emergency cleanups.
- ▶ A transfer of \$2,000,000 from the Petroleum Storage Tank Trust Fund to the Petroleum Storage Tank Cleanup Fund to assist with the cleanup of the leaking underground storage tanks was approved to implement provisions of House Bill 113, "Underground Storage Tank Program Amendments".
- ▶ A one-time appropriation of \$26,000 from the General Fund Restricted -

Environmental Voluntary Cleanup Restricted Account for FY 1998 and \$40,000 for FY 1999 was approved to implement provisions of Senate Bill 190, "Voluntary Release Cleanup Program", that was passed during the 1997 General Session.

The following intent language was included with the appropriation of the Response and Remediation Program:

It is the intent of the Legislature that funds appropriated under the Voluntary Cleanup Program shall be nonlapsing.

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.

Radiation Control

The Legislature appropriated \$1,791,800 as an expenditure level for FY 1999 for the Radiation Control Program. The appropriation included one-time funding of \$39,900 in FY 1998 for completion of the repermitting process of the Envirocare low level nuclear waste facility.

The following intent language was included with the appropriation of the Radiation Control Program:

It is the intent of the Legislature that funds appropriated to the Radiation budget for permitting completion shall be nonlapsing.

In addition, the Legislature appropriated \$50,000 in FY 1999 to hire an environmental scientist to assist with groundwater contamination evaluations.

Radiation Control has the responsibility to assure the citizens of the state the lowest exposure to any form of radiation.

Water Quality

An expenditure level of \$6,464,700 was approved by the Legislature for the Water Quality Program for FY 1999. In addition an appropriation of \$18,400,700 was approved for the water quality loan program for FY 1999. This appropriation is made up of \$6,043,000 in federal funds, \$8,007,700 from loan repayments, and \$4,350,000 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 sales tax revenue annually for water quality programs.

An appropriation of \$207,700 from the General Fund Restricted - Water Development Security Account - Water Quality in FY 1999 was approved to hire three FTEs to assist the Water Quality Division's implementation of the Total Maximum Daily Load (TMDL) provisions of the Federal Clean Water Act that identifies lake and stream pollutant levels.

Water Quality is assigned to protect the public health and all beneficial uses of water by maintaining and enhancing the chemical, physical and biological integrity of Utah's waters.

Drinking Water

The Legislature approved an operating budget for the Division of Drinking Water for FY 1999 in the amount of \$3,273,800. In addition an appropriation of \$12,552,100 was approved for the drinking water loan program for FY 1999. This appropriation is made up of \$6,000,000 in federal funds, \$2,202,100 from loan repayments, and \$4,350,000 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 Drinking Water Program an equivalent of 1/64 of a cent of sales tax revenue annually for drinking water programs.

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.

Solid and Hazardous Waste

The Legislature approved a FY 1999 budget of for Solid and Hazardous Waste of \$6,491,500.

The Division of Solid and Hazardous Waste is responsible to protect the public health and environment by ensuring proper management of solid and hazardous wastes within the State of Utah.

Table 35

DEPARTMENT OF ENVIRONMENTAL QUALITY					
Plan of Financing	FY 1998		FY 1998 Revised	FY 1999 Appropriation	Change from Revised FY 98
	FY 1998 Estimated	Legislative Action			
General Fund	\$8,868,900		\$8,868,900	\$9,084,100	\$215,200
General Fund - One Time					
General Fund-Restricted					
Environmental Quality	3,978,300	\$417,900	4,396,200	4,364,800	(31,400)
Used Oil Administration	694,700		694,700	694,700	
Petroleum Storage Tank	50,000		50,000	50,000	
Water Dev. Sec. - Drinking Water	49,400		49,400	50,800	1,400
Water Dev. Sec. - Water Quality	259,500		259,500	477,200	217,700
Environmental Voluntary Cleanup	14,000	26,000	40,000	54,000	14,000
Nuclear Waste Facility Oversight				3,090,700	3,090,700
Federal Funds	56,973,700		56,973,700	32,543,900	(24,429,800)
Dedicated Credits	5,902,200		5,902,200	6,673,500	771,300
Waste Tire Recycling Trust Fund	56,000		56,000	56,000	
Haz Sub Mitigation Trust Fund	441,100		441,100		(441,100)
Petroleum Storage Tank Fund	2,890,200		2,890,200		(2,890,200)
Petroleum Storage Tank Loan Fund	123,400		123,400	123,400	
Petroleum Storage Tank Trust Fund	91,000		91,000	815,500	724,500
Designated Sales Tax	8,700,000		8,700,000	8,700,000	
Loan Repayments				10,209,800	10,209,800
Transfers	187,600		187,600	149,700	(37,900)
Beginning Nonlapsing	1,718,000		1,718,000	4,494,700	2,776,700
Closing Nonlapsing				(2,521,700)	(2,521,700)
TotalFunding	\$90,998,000	\$443,900	\$91,441,900	\$79,111,100	(\$12,330,800)
Programs					
Executive Director's Office	\$3,630,200		\$3,630,200	\$4,151,700	\$521,500
Air Quality	7,205,900		7,205,900	7,231,100	25,200
Response and Remediation	40,178,200		40,178,200	15,173,500	(25,004,700)
Radiation Control	1,467,700		1,467,700	1,791,800	324,100
Water Quality	13,548,200		13,548,200	6,464,700	(7,083,500)
Drinking Water	7,325,800		7,325,800	3,273,800	(4,052,000)
Solid and Hazardous Waste	5,898,400		5,898,400	6,491,500	593,100
Wat Dev Sec Acct. - Water Qual	4,350,000		4,350,000	18,400,700	14,050,700
Wat Dev Sec Acct. - Drinking Water	4,350,000		4,350,000	12,552,100	8,202,100
Subtotal	\$87,954,400		\$87,954,400	\$75,530,900	(\$12,423,500)
One-Time Funding					
Exe Dir Office - High Level Nuc Waste		\$378,000	\$378,000	\$3,140,200	\$2,762,200
Response and Remediation - Vol Cleanup		26,000	26,000	40,000	14,000
Response and Remediation - Haz Sub	\$400,000		400,000	400,000	
Underground Storage Tank Cleanup	2,195,000		2,195,000		(2,195,000)
Radiation Control - Permit Reissue		39,900	39,900		(39,900)
Radiation Control - Equipment Purchase	7,500		7,500		(7,500)
Water Quality - Groundwater Cleanup	441,100		441,100		(441,100)
TotalAppropriation	\$90,998,000	\$443,900	\$91,441,900	\$79,111,100	(\$12,330,800)

National Guard

The responsibilities of the National Guard include the safety and security of the citizens of Utah. The Legislature approved FY 1999 expenditures for the Utah National Guard of \$13,200,700 (see Table 36). This includes \$208,100 in compensation adjustments and \$149,000 to fund one-time expenditures passed during the 1998 General Session of the Legislature. The appropriation included the following new items:

- ▶ A one-time appropriation of \$100,000 from the Uniform School Fund was approved to provide tuition assistance for active members of the Utah National Guard.
- ▶ A one-time appropriation of \$49,000 to assist with costs to upgrade displays at the Fort Douglas Military Museum.
- ▶ An increase of \$150,000 was appropriated to augment the operations and maintenance of armory facilities throughout the state.
- ▶ A General Fund appropriation of \$10,000 to increase funding for the Fort Douglas Military Museum.

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.

Table 36

UTAH NATIONAL GUARD					
Plan of Financing	FY 1998	FY 1998	FY 1998	FY 1999	Change from
	Estimated	Legislative	Revised	Appropriation	Revised FY 98
General Fund	\$2,904,600		\$2,904,600	\$3,149,600	\$245,000
General Fund - One-Time				49,000	49,000
Uniform School Fund - One-Time				100,000	100,000
Federal Funds	9,701,800		9,701,800	9,862,100	160,300
Dedicated Credits	40,000		40,000	40,000	
Beginning Nonlapsing	50,000		50,000		(50,000)
Total Funding	\$12,696,400		\$12,696,400	\$13,200,700	\$504,300
Programs					
National Guard	\$12,696,400		\$12,696,400	\$13,051,700	\$355,300
Subtotal	\$12,696,400		\$12,696,400	\$13,051,700	\$355,300
One-Time Funding					
Fort Douglas Museum				\$49,000	\$49,000
Tuition Assistance				100,000	100,000
Total Appropriation	\$12,696,400		\$12,696,400	\$13,200,700	\$504,300