



Budget Recommendations

Fiscal Year 2006

Fiscal Year 2005 Supplementals

Governor Olene S. Walker
State of Utah





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STATE OF UTAH

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OLENE S. WALKER
GOVERNOR

GAYLE F. MCKEACHNIE
LIEUTENANT GOVERNOR

December 10, 2004

My Fellow Utahns:

It has been my honor and pleasure to serve you as governor. I will shortly end a long and satisfying period of public service with deep and fond affection for both the dedicated people and spectacular landscape of this state. I have witnessed many challenges and learned many lessons during that time. I view the future of our state in the same way I have witnessed its past - we will have our challenges but we are also the bearers of marvelous hope and promise.

The budget recommendations I present here reflect the many sound principles we as a state have learned from past experience. We must live within our means matching our income with our expenses. It is important and fiscally beneficial to maintain our strong credit rating. To protect us against emergencies, it is wise to have a savings account with sufficient funds to carry us through difficult times. We should quickly pay off our debts. We can better manage over the long term when we do not specifically set aside revenues for fixed purposes. You will find within the pages of this document a budget that reflects these and other basic principles.

We also need to keep our eye fixed on tomorrow as we go about our business today. Education has been the focus for the past several years and will continue to be for many years to come. However, we shouldn't lose sight of other key issues that loom just over the horizon - our continual transportation needs, an aging population, and the need for water to keep our economy growing.

Utah is considered the best managed state in the nation. This is the result of many people in this state who have applied the necessary principles to keep us on a sound footing. The recommendations I am making will keep us in that steady position.

My fondest regards and thanks to all of you.

Sincerely,

Olene S. Walker
Governor

AGENCY GUIDE

Agency

See Section

Administrative Services	Administrative Services
Agriculture and Food	Natural Resources
Alcoholic Beverage Control	Commerce and Revenue
Attorney General	Elected Officials
Auditor	Elected Officials
Board of Pardons	Corrections (Adult and Juvenile)
Capitol Preservation Board	Administrative Services
Career Service Review Board	Economic Development and Human Resources
Commerce	Commerce and Revenue
Community and Economic Development	Economic Development and Human Resources
Corrections - Adult	Corrections (Adult and Juvenile)
Courts	Courts
Environmental Quality	Environmental Quality
Financial Institutions	Commerce and Revenue
Governor/Lt. Governor	Elected Officials
Health	Health
Higher Education	Higher Education
Human Resource Management	Economic Development and Human Resources
Human Services	Human Services
Insurance	Commerce and Revenue
Juvenile Justice Services (Youth Corrections) ..	Corrections (Adult and Juvenile)
Labor Commission	Commerce and Revenue
Legislature	Legislature
Medical Education Council	Higher Education
National Guard	National Guard
Natural Resources	Natural Resources
Public Education	Public Education
Public Safety	Public Safety
Public Service Commission	Commerce and Revenue
Retirement Office	Economic Development and Human Resources
Tax Commission	Commerce and Revenue
Transportation	Transportation
Treasurer	Elected Officials
Trust Lands Administration	Natural Resources
Utah College of Applied Technology	Higher Education
Utah Education Network	Higher Education
Utah State Fair Corporation	Natural Resources
Workforce Services	Commerce and Revenue



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Capital Budget and Debt Service

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*This publication is available in alternative formats upon request.
Telephone Megan Hough (801) 538-1724 for more information.
<http://www.governor.utah.gov/gopb/budget.html>*

State of Utah

Budget Summary

The state's total recommended budget is \$8.6 billion. Although these recommendations deal with the total state budget, their primary focus is on the discretionary state funds, both General Fund and school funds, totaling \$4.1 billion. Federal funds, fees, licenses, and other revenue types account for the remaining \$4.5 billion.

- General Fund - primary funding source for most state government operations and includes all revenue not accounted for in other funds. Its major revenue sources are sales taxes; insurance premium taxes; and beer, cigarette, liquor, and severance taxes.
- School funds - restricted to the support of education. Their major revenue sources are individual income and corporate franchise taxes. These funds include the Uniform School Fund.

Most states do not have a separate dedicated fund for major expenditures such as education. To compare to other states and show how the majority of Utah taxpayer money is spent, the General Fund and school funds are frequently combined in this document and are referred to as state funds.





GOVERNOR'S BUDGET OVERVIEW

GOVERNOR WALKER'S LESSONS LEARNED

Governor Walker's budget recommendations reflect the lessons she has learned through her extensive career in public service. She leaves behind a legacy of fiscal prudence and foresight. The following are the lessons she has learned, and the principles she leaves for others to follow.

Structural Balance

Each of us knows the importance of living within our means. Our ongoing revenues must match our ongoing expenditures. To protect against emergencies, it is prudent to have a savings account with sufficient savings to carry you through difficult times. While serving as a legislator, Governor Walker sponsored legislation establishing the state's savings account - the Budget Reserve Fund, commonly known as the Rainy Day Fund. Her foresight in creating this legislation helped provide an important tool used by the state to weather the recent economic downturn.

Since the recession, which began in 2001, the state has not had sufficient ongoing revenues to match its ongoing expenditures. The budget was balanced and rebalanced numerous times in general and special sessions. Ongoing program budgets were cut. In addition, current year budgets were balanced by using the Rainy Day Fund and other fund balances. Like the economy, state revenues

began slipping quickly, throwing the budget out of structural balance.

With an improving economy, Governor Walker is recommending a structurally balanced budget. The FY 2006 ongoing expenditures are funded with ongoing revenues. This structural balance provides the foundation of a sound budget.

Debt Management

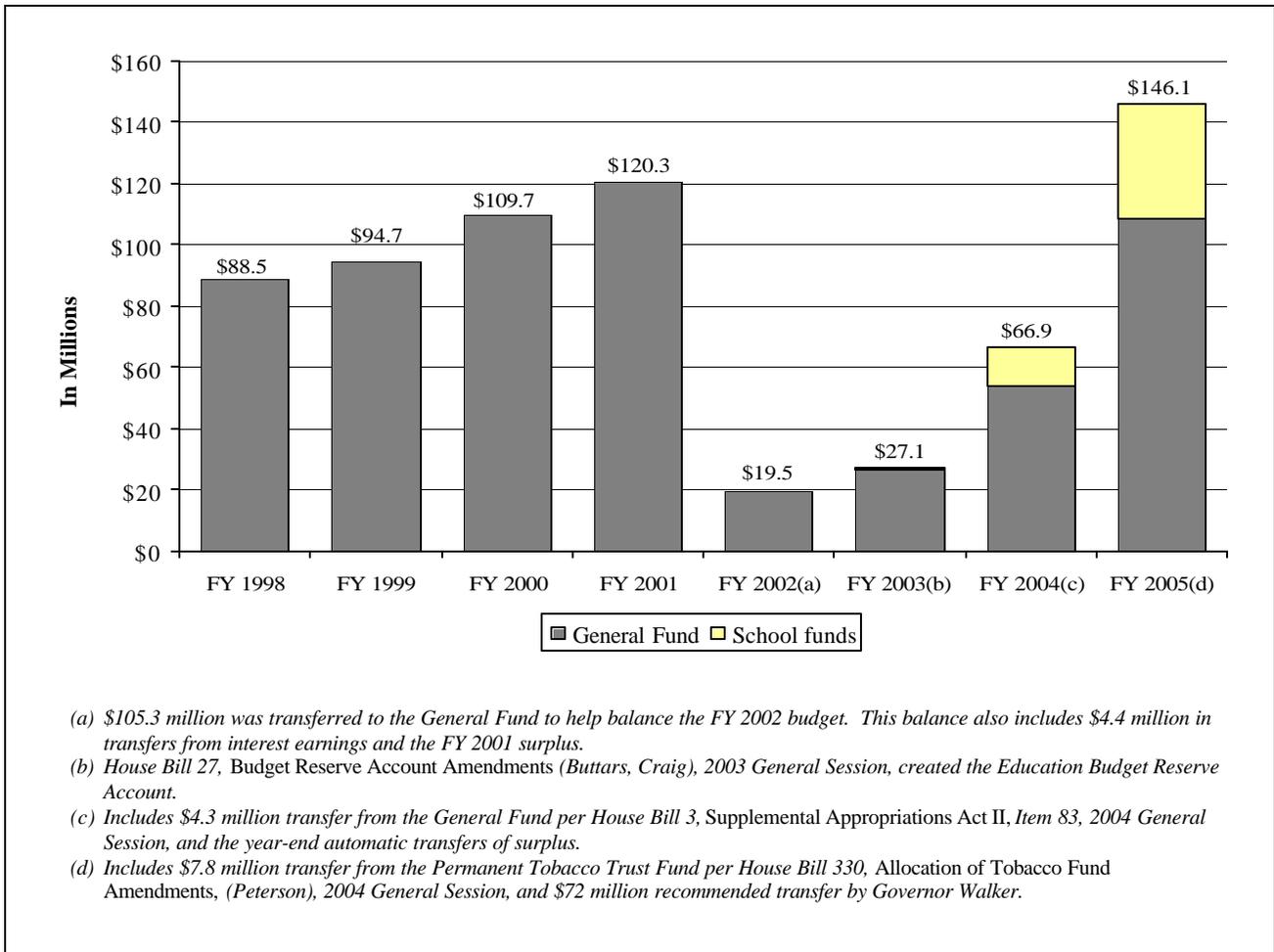
The State of Utah's prestigious triple A rating from the three major bond rating agencies has always served as a beacon to Governor Walker when making financial decisions. Prudent debt management is a hallmark of the state. To maintain the state's strong credit rating, Governor Walker has included three critical recommendations.

First, she recommends the use of \$100 million to pay cash for eight new state buildings. Paying cash for buildings forces the state to live within its means today while limiting the debt burden we leave for the future. Although the recent economic downturn led to greater state debt, reestablishing pay-as-you-go financing is a sound fiscal principle.

Second, the governor recommends transferring \$72 million of one-time money to the Rainy Day Fund to rebuild the fund's balance. This amount includes all of the available FY 2004 surplus as well as \$17.6 million from FY 2005. Bond rating

Figure 1
UTAH RAINY DAY FUND - HISTORIC BALANCES

General Fund and School Funds



agencies closely monitor the unreserved and undesignated fund balances. Rebuilding these balances in advance of future economic downturns demonstrates the governor's long-term approach to decision making.

Third, Governor Walker recommends the continued short amortization of the state's debt. This shorter payoff schedule allows Utah to retire its debts in half the time, when compared to many other states. In light of the state's increasing debt levels over the past eight years, this short amortization schedule is viewed positively by the rating agencies.

No Earmarking of Revenue

Governor Walker has taken a stand against earmarking revenues. During the robust economic times of the 1990s, the state dedicated portions of its sales tax to benefit local governments. As shown in the table on page 3, two major earmarks are Class B and C road monies and capital for water loan funds. However, the governor and the legislature need maximum flexibility when developing the state's budget and establishing spending priorities. Prudent fiscal management would direct all revenues into one pot of money and force programs to compete for funding, helping to ensure that priority

programs are funded. The governor encourages the legislature not to earmark revenue sources for specific programs, but rather allow all state programs to compete for funding.

SALES TAXES

Class B and C (city and county) roads	\$17,618,000
Water development loan funds	7,175,000
Centennial Highway Fund (1/64 percent)	5,000,000
Drinking water loan fund	3,587,000
Water quality loan fund	3,587,000
Endangered Species Act	2,450,000
State park access roads	563,000
Transportation corridor revolving loan fund	563,000
Agriculture resource development	525,000
Water Rights	175,000

OTHER TAXES

Liquor tax for school lunch program	\$16,804,000
Permanent school LAND trust interest	9,577,000
Firefighters retirement premiums	9,100,000
Beer tax distribution to local govt.	4,442,000
Fire Academy support	4,413,000
Enhanced 911 phone service	3,900,000
Tobacco tax for prevention and cessation	<u>3,382,000</u>
	\$92,861,000

Tax Policy

When Governor Walker took office, she empaneled a group of tax advisors to propose a new tax structure for the state. She recognized that our existing tax structure would not support the necessary programs and services provided by the state in the coming years. In fact, her tax advisors discovered that the income tax base is deteriorating at 1.4 percent per year and the sales tax base is declining at 1.3 percent per year, making the need for tax reform more urgent.

In November 2004, Governor Walker proposed a bold new tax structure for the State of Utah. While others must shepherd the reform effort going forward, she has laid the foundation for a sound tax structure for the future. Her recommendations promote economic development, fairness among taxpayers, balance between state and local obligations and revenues, increased stability of the revenue stream, and a more stable structure for the 21st century. The governor's plan simplifies the tax struc-

GOVERNOR WALKER'S TAX REFORM PROPOSALS:

- Retain the traditional "three-legged stool" - income, sales, and property taxes

Income Tax

- Adopt a flat tax on individual income
 - Option 1 - based on federal taxable income
 - Option 2 - based on adjusted gross income
- Eliminate the corporate income tax

Sales Tax

- Simplify and expand the sales tax exemption for business inputs
- Broaden the base of the sales tax to include services
- Monitor the sales tax rate and lower accordingly
- Continue to participate in the Streamlined Sales Tax Project
- Simplify the local sales tax rate structure

Property Tax

- Retain the general structure of the current property tax
- Restructure water funding
- Study centrally-assessed property
- Allow school districts and other special districts to choose whether to participate in redevelopment initiatives
- Allow local entities to adjust revenues for inflation without going through Truth-in-Taxation hearings

Other Taxes

- Repeal the sales tax exemption for motor fuels and reduce the per gallon rate
- Simplify current two tiered rate on oil and gas severance and dedicate a portion of the revenues to capital projects or community or economic development
- Retain the state inheritance tax as long as there is a federal estate tax

To see the tax plan, please go to:
www.utah.gov/governor/newsrels/2004/newsrel_112204.html

ture, which makes it easier for the taxpayer and encourages compliance. The basic premise of her recommendations is to broaden the base and lower the rate.

Additionally, the state must guard its taxing capacity. When other taxing entities add optional sales taxes, they encroach on one of the state's main revenue sources and limit the state's flexibility to adjust sales tax rates in the future.

Preparing for Tomorrow

Governor Walker has prepared this budget with an eye toward tomorrow. She has learned through experience that the decisions made today not only affect us now, but also impact the future. Education will continue to be a focus, but we must not lose sight of the problems that loom just over the horizon: transportation, an aging population, and the need for water to keep our economy growing. We must maintain a long-term perspective and govern not just for today.

GOVERNOR'S BUDGET OVERVIEW

With the improvement in Utah's economy over the past year, Governor Walker is again able to recommend a balanced budget without any tax increases. During the budget process, the governor met with each state agency, the courts, public education, and higher education to review their requests and to discuss the issues driving their budgets. Her recommendations continue to reflect her support for quality public education, while maintaining vital human and public safety services.

Although the economy is much stronger, the needs still far exceed the available money. Governor Walker has focused her recommendations on building the key infrastructure of the state and its services, specifically to:

- Develop our children's basic skills in literacy and math,
- Compensate employees fairly,
- Maintain existing buildings and construct new buildings, and
- Replenish the Rainy Day Fund.

Education

K-12 October enrollment growth for the 2004-2005 school year exceeded projections by 1,582 students, reaching a total 8,744. Updated enrollment projections for school year 2005-2006 show an increase of 1,318 students over preliminary pro-

jections of 8,400, for a total of 9,718. In addition, the state faces the challenge of a growing bilingual student population. Salt Lake City and Ogden City school districts report that nearly half of their students speak English as a second language.

For FY 2005 Governor Walker has implemented a K-3 reading program in the public schools as part of Performance Plus. The goal of the program is to have all students reading at grade level by the time they leave the third grade. The governor has also launched Read with a Child, a program that encourages Utahns to read to a child at least 20 minutes a day.

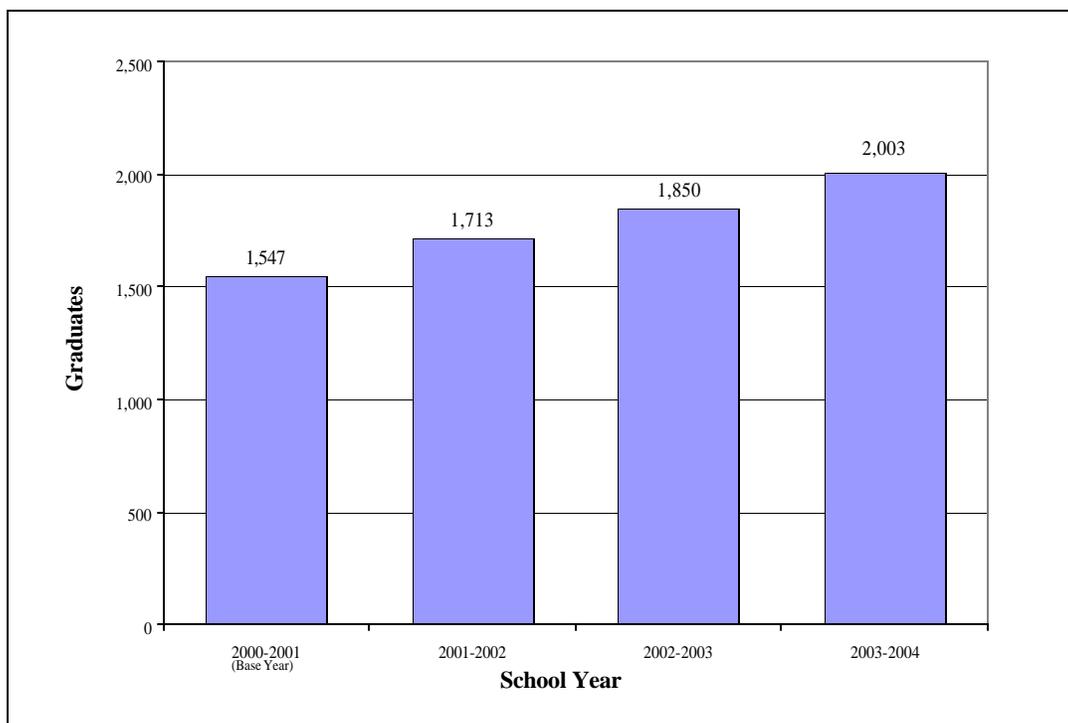
For FY 2006 the governor recommends a second phase of Performance Plus, a \$16 million math program for fourth through sixth graders with the goal of having all students performing at grade level by the time they leave the sixth grade. In addition, she recommends \$6.5 million in ongoing funds for a remedial program for tenth grade students that do not pass the Utah Basic Skills Competency Test (known as UBSCT). These programs will prove valuable in the coming years by helping students who struggle with basic skills to develop the reading and math skills necessary for them to succeed in school, and later in life.

In addition, Governor Walker recommends a 5.0 percent increase in the Weighted Pupil Unit (WPU) for salary and benefit increases for teachers.

Higher Education

Governor Walker recommends a \$3.0 million ongoing appropriation and a \$1.5 million one-time appropriation to support the engineering and nursing initiatives at the state's colleges and universities. These initiatives have proven successful in increasing the number of graduates. Figure 2 on the next page shows the increase in the number of engineering students graduating from state institutions of higher education. The governor recommends a large portion of the nursing initiative money be used to train and retain faculty to increase the state's capacity to educate new nurses.

Figure 2
ENGINEERING INITIATIVE
 Degrees Awarded by Utah Colleges and Universities



Additionally, the governor recommends that higher education receive a block grant of \$24 million for compensation. This funding will allow the colleges and universities flexibility in meeting the compensation issues they face, as well as having money to retain key faculty. Finally, Governor Walker recommends the construction of the new digital learning center at Utah Valley State College and the renovation and expansion of the Marriott Library at the University of Utah.

Human and Public Safety Services

Governor Walker is committed to maintaining state services that are basic to the health and safety of our citizens. Despite the recent improvement in Utah's economy, the state continues to face increasing costs in Medicaid (the health care program for low income individuals), food stamps, foster care, and other federal mandates.

Health – The legislature appropriated funds for emergency dental care for Medicaid recipients for FY 2005. Governor Walker recommends a \$0.5 million FY 2005 supplemental to continue the program through the end of the fiscal year, as well as an ongoing appropriation of \$1.6 million to continue the program in FY 2006 and beyond. These appropriations will be matched with federal funds.

Human Services – The demand for forensic beds at the State Hospital requires the re-opening of a wing at the hospital. To meet the immediate demand for these beds, Governor Walker recommends an FY 2005 supplemental of \$1.2 million, and an ongoing appropriation of \$2.1 million for FY 2006. The state has an obligation to provide these beds in a timely manner to qualifying patients.

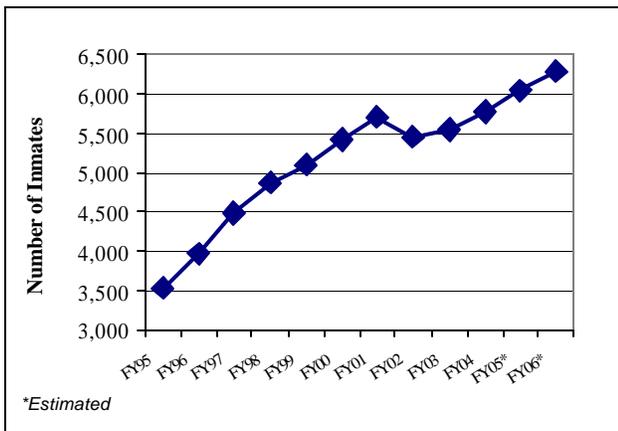
Corrections – The number of incarcerated inmates in Utah's prison system has reached an all-time high of 6,011 offenders. The need for additional prison beds is immediate; however, simply constructing more facilities is not an effective long-term solution to managing the state's prison population.

To meet the immediate need for beds, Governor Walker recommends an FY 2005 supplemental appropriation of \$1.7 million for jail contracting and operation of the Draper Dormitory facility. For FY 2006 the governor recommends \$4.5 million in ongoing funds for jail contracting (200 new beds) and \$4.4 million in ongoing funds and \$1.3 million in one-time funds for a full year's operation of the Draper Dormitory facility (300 beds). In addition, she is recommending the construction of a new 288 bed facility at the Central Utah Correctional Facility located in Gunnison, Utah.



Figure 3

ADULT INMATE POPULATION GROWTH
Projected 77 Percent Higher than FY 1995



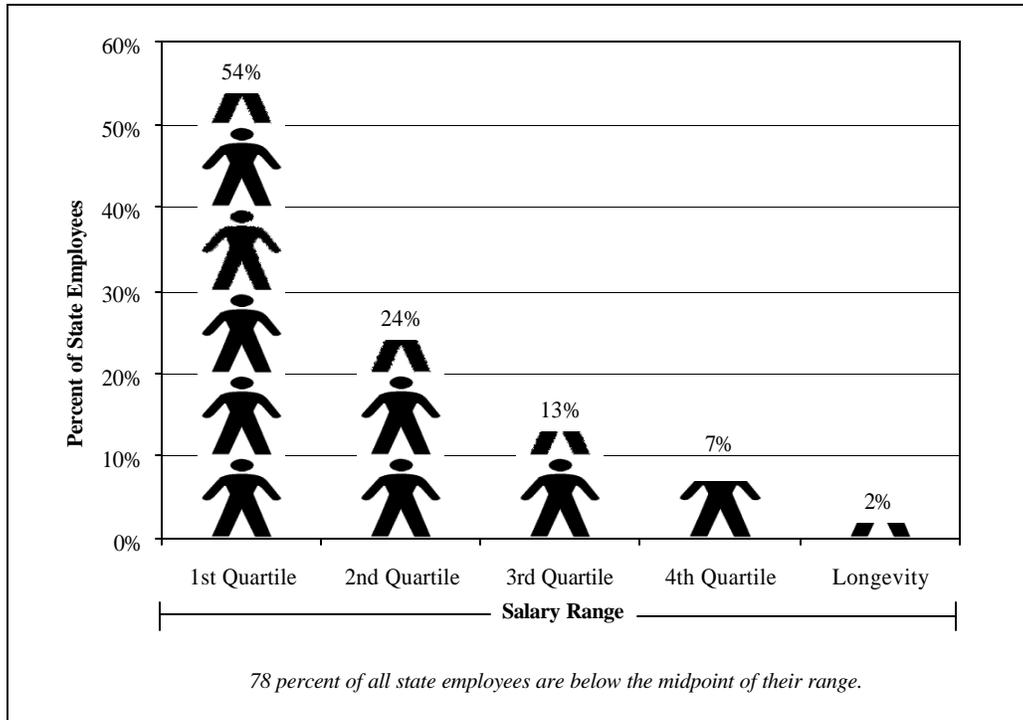
To slow the growth rate of new inmates, the Commission on Criminal and Juvenile Justice has recommended adoption of the *Drug Offenders Reform Act* (DORA). DORA will increase funding to screen and assess offenders for substance abuse

problems and then refer the offender to the proper treatment program to deal with the addiction. Substance abuse is a problem for nearly 80 percent of Utah's inmates. Similar programs have proved effective throughout the country. Governor Walker recommends \$6.3 million to fund the first phase of this program. This investment will reduce recidivism by increasing the number of inmates who have a permanent and successful reentry into society. These successful reentries should slow the growth of the state's prison population. Funding for this program will be placed within the following agencies.

- Department of Human Services - \$4,297,500
- Department of Corrections - \$1,814,700
- Courts - \$94,500
- Commission on Criminal and Juvenile Justice - \$50,000

Environmental Quality - The governor recommends \$0.2 million in one-time funds to support her watershed initiative. This will match a federal fund appropriation Senator Bennett obtained to assist in this effort. Communities throughout the state have adopted watersheds and worked on projects to stabilize stream banks and improve the quality of water in those areas.

Figure 4
SALARY COMPRESSION
Employee Salaries by Quartile



Economic Development

Governor Walker has recommended a \$5.0 million appropriation to the Department of Community and Economic Development to support programs at Hill Air Force Base (HAFB). A commitment of state funds to purchase equipment and software and to provide training for new programs at HAFB will bring 125 to 1,425 new high-paying jobs to the state. In addition, it will strengthen HAFB's viability for continued operation.

Compensation

State employee pay continues to fall further behind market levels. State employees have been given a total of 1.1 percent in salary increases over the last three years. For this three year period, inflation was 5.1 percent. The Central States Compensation Association has ranked Utah 24th out of 25 states for employee salary increases. The

average actual salary paid to state employees has dropped to 19.9 percent below market, the furthest behind it has ever been.

In the past, benefits provided to state employees were significantly richer than market. However, as benefit costs have increased and benefits have been scaled back, the state's benefit package has lost its market advantage, and is now only 1.2 percent above the market. When adding the employees' salaries at 19.9 percent below market and benefits at 1.2 percent above market, the employees' compensation is 18.7 percent below market. Benefits are no longer a key advantage in employee attraction and retention.

Governor Walker recognizes the important role employees play in delivering government services, and the need to compensate them fairly for their work. The governor recommends a 3.0 percent cost-of-living adjustment (COLA) for state employees. She also recommends the state cover the

increases in the health and dental insurance premiums of 11.8 percent and 6.0 percent, respectively. These salary and benefit increases require \$24.2 million for state employees alone. In addition, increases for public and higher education are tied to comparable increases for state employees. These combined increases equate to \$78.6 million for public education teachers and staff in the form of a 5.0 percent increase in the WPU. As discussed previously, the governor also recommends that higher education receive a \$24 million block grant to retain key faculty and staff, and to meet compensation and benefits needs.

Industry compensation standards show that employees in the private sector can expect to be at midpoint within three to five years. The majority of state employees' salaries are below the midpoint of their salary range, even though many of these employees have worked ten or more years for the state. This salary compression problem, as shown in Figure 4, often results in new employees' starting salary being the same as employees with years of experience. In essence, the state is paying training wages to its employees.

The governor is recommending the following market comparability adjustments to move actual average salaries closer to market salaries.

- Employees 15-25 percent below market receive one step, a 2.75 percent increase
- Employees 25-35 percent below market receive two steps, a 5.5 percent increase
- Employees 35-45 percent below market receive three steps, an 8.25 percent increase
- Employees more than 45 percent below market receive four steps, an 11 percent increase

Of the state's approximately 20,900 full-time equivalent positions, 66.2 percent will receive market comparability adjustments. The governor wants to begin the process of moving employees through their salary ranges, thereby reducing the compression problem.

Capital Projects

Prior to the economic downturn, the state used cash appropriations for a large portion of its building needs. This source of financing was replaced with debt when revenues declined. In addition, a number of projects were delayed. Governor Walker recommends the use of \$100 million of one-time money to finance the construction of eight state-owned buildings.

PAY-AS-YOU-GO CAPITAL PROJECTS

U of U's Marriott Library	\$48,488,000
UVSC's digital learning center*	18,857,000
Corrections' 288 bed facility	13,330,000
UBATC and USU's Vernal campus	10,788,000
Richfield Regional Center	5,043,000
Human Services' Developmental Center housing	2,575,000
Natural Resources' Fire Management Service facility	694,000
Courts' Provo land purchase	<u>225,000</u>
	\$100,000,000

** The governor also recommends \$18.9 million in general obligation bonds in FY 2006 for the center.*

In FY 2006 the state will pay off \$137.1 million of general obligation bonds. Governor Walker is proposing \$223.9 million in general obligation bonds consisting of \$70 million for highways and \$153.9 million for capital facilities. The \$153.9 million for capital facilities includes \$135 million of general obligation bond authorization for the completion of the Capitol renovation project. This will allow the Capitol Preservation Board to sign construction contracts for the completion of the project and potentially save the state money by locking in final completion prices early. Governor Walker recommends that only \$50 million of the \$135 million authorization be issued in FY 2006. The governor also recommends that \$7.9 million of lease revenue bonds be issued by the State Building Ownership Authority to construct three new Alcoholic Beverage Control stores.

Fiscal Management

Revenue Forecasts – Utah closed out FY 2004 with a \$95.5 million surplus, marking the beginning of an economic recovery for state revenues. The Governor's Office of Planning and Budget, the Tax Commission, and the Office of the Legislative Fiscal Analyst reached consensus on the revised revenue estimates used for FY 2005 and new revenues for FY 2006. Revised revenue forecasts for the General Fund and Uniform School Fund for FY 2005 are \$180.8 million more than authorized. The FY 2006 budget revenue estimate is \$370.3 million more than the FY 2005 authorized amount. It is typical for revenue forecasts to lag behind actual revenue collections at this turning point in the economic recovery.

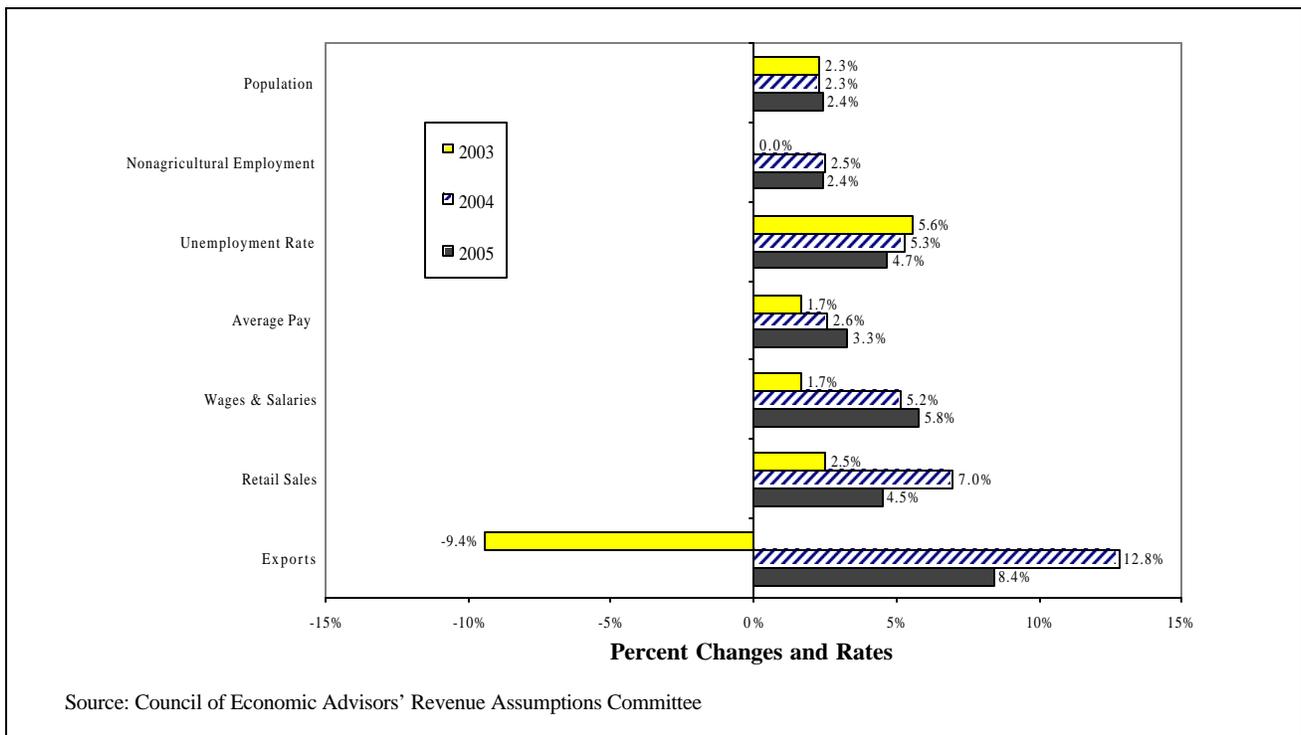
The Council of Economic Advisors provides input and reviews the basic assumptions that lead to the governor's revenue forecasts. Members of the council represent the Governor's Office of Planning

and Budget, the Office of the Legislative Fiscal Analyst, Wells Fargo Bank, Federal Reserve Bank of San Francisco, Utah Foundation, University of Utah, Utah State University, Brigham Young University, and various state agencies. Detailed information concerning Utah's economy and its outlook may be found in the *2005 Economic Report to the Governor* (available January 2005).

Economic Forecasts – Utah's economy continues to improve as it recovers from the recent economic downturn. Current expectations of the economic community are that growth will continue at a moderate rate during 2005. Service industries will remain the largest source of new jobs in the state. Figure 5 shows projected growth in economic indicators for Utah. It also shows estimated unemployment rates. The following data are for the calendar years indicated:

- Population — The current state population is estimated at 2.5 million and is forecasted to

**Figure 5
UTAH ECONOMIC INDICATORS**



grow by 2.4 percent in 2005, while the U.S. population is projected to grow at a rate of 0.9 percent. Utah experienced net in-migration of about 18,400 people in 2004 and expects net in-migration of about 22,000 people in 2005.

- **Employment** — Utah employment experienced flat growth in 2003, but is expected to increase 2.5 percent in 2004 and 2.4 percent in 2005. Meanwhile, the national employment growth rate is expected to increase by 1.7 percent in 2005. The state's 2005 unemployment rate is projected at 4.7 percent, compared to 5.4 percent nationally.
- **Personal Income** — Utahns' personal income growth is expected to be higher than the national average in 2005. State personal income grew 2.8 percent in 2003 and is projected to grow 4.9 percent in 2004 and 5.7 percent in 2005. Nationally, personal income is forecasted to grow 5.2 percent in 2004 and 4.9 percent in 2005.
- **Retail Sales** — The retail sales growth rate is expected to decrease slightly from 7.0 percent in 2004 to 4.5 percent in 2005. Nationally, the growth rate is forecasted to increase 7.0 percent in 2004 and by 3.3 percent in 2005.

Reserve Funds – For FY 2005 Governor Walker recommends \$47 million be deposited into the Rainy Day Fund and \$25 million into the Education Budget Reserve Fund, a total of \$72 million. In 1986, House Bill 13, *Surplus Revenue Trust Fund* (Walker, O.), created the Rainy Day Fund within the General Fund to help stabilize the state's budget against revenue shortfalls. These funds can only be used to cover operating deficits, retroactive tax refunds, and settlement agreements approved by the legislature. State law requires that fund interest earnings and 25 percent of any General Fund surplus be transferred to the Rainy Day Fund. In addition, another 25 percent of any General Fund surplus must be transferred to the Rainy Day Fund until the fund has replenished the FY 2002 reductions. The balance in the Rainy Day Fund at the end of FY 2004 was \$53.6 million.

In 2003, House Bill 27, *Budget Reserve Account Amendments* (Buttars, Craig), created the Education Budget Reserve Fund within the Uniform School Fund. The Education Budget Reserve Fund is a reserve to cover operating deficits in the public and higher education systems. The fund is to receive 25 percent of any surplus in the Uniform School Fund at the end of each fiscal year. The new Education Budget Reserve Fund had a balance of \$13.3 million at the end of FY 2004.

The total amount that may be held in the Rainy Day Fund and the Education Budget Reserve Fund may not exceed 6.0 percent of the combined total of appropriations for all purposes from the General Fund and the Uniform School Fund. The ceiling for the combined funds was \$214.4 million at FY 2004 year end. The governor's recommendations bring the funds' combined balance to \$146.1 million.

Appropriations Limit – Section 63-38c-201 through 205, UCA, limits how much the state can spend from the General Fund and from non-Uniform School Fund income tax. The limit allows state spending to increase only as population and inflation increase. The governor's recommendations for FY 2005 and FY 2006 are within the limit.

FY 2005 and FY 2006 Challenges

With a significantly improved economy, the FY 2005 budget remains in balance. The revised revenue estimate for FY 2005 allows the use of one-time monies to pay for capital development projects and to replenish the budget reserve funds. The FY 2006 budget has considerably more revenue available, but still not enough to meet all of the demands for services. This pressure will continue due to increases in: public and higher education enrollment, Medicaid caseload, employee compensation and health insurance, food stamp eligibility, inmate population, and the high-risk health insurance pool. The governor's recommended increases are shown in the following: (1) Table 1 in summary form, (2) Tables 6 and 7 by department, and (3) the tables in the Recommendations by Department section in detail.



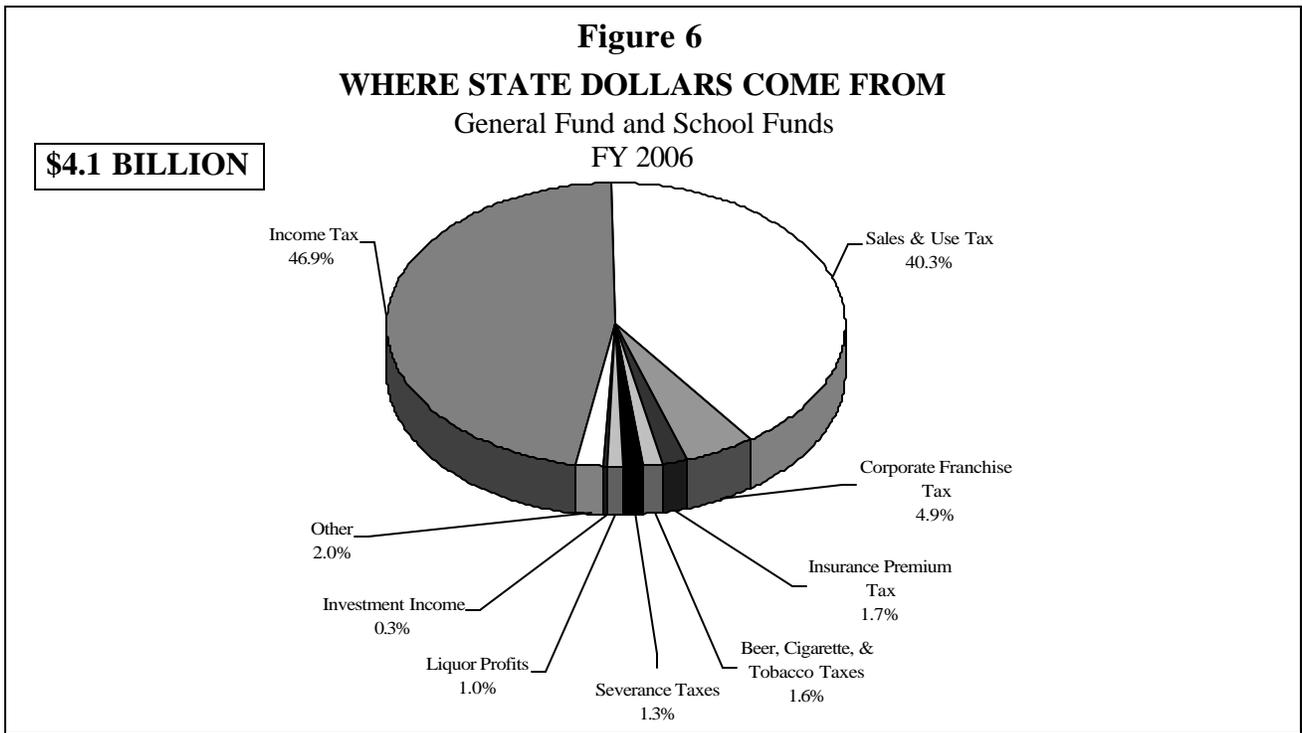


Figure 6 shows the estimated sources of state revenue (General Fund and school funds) for FY 2006.

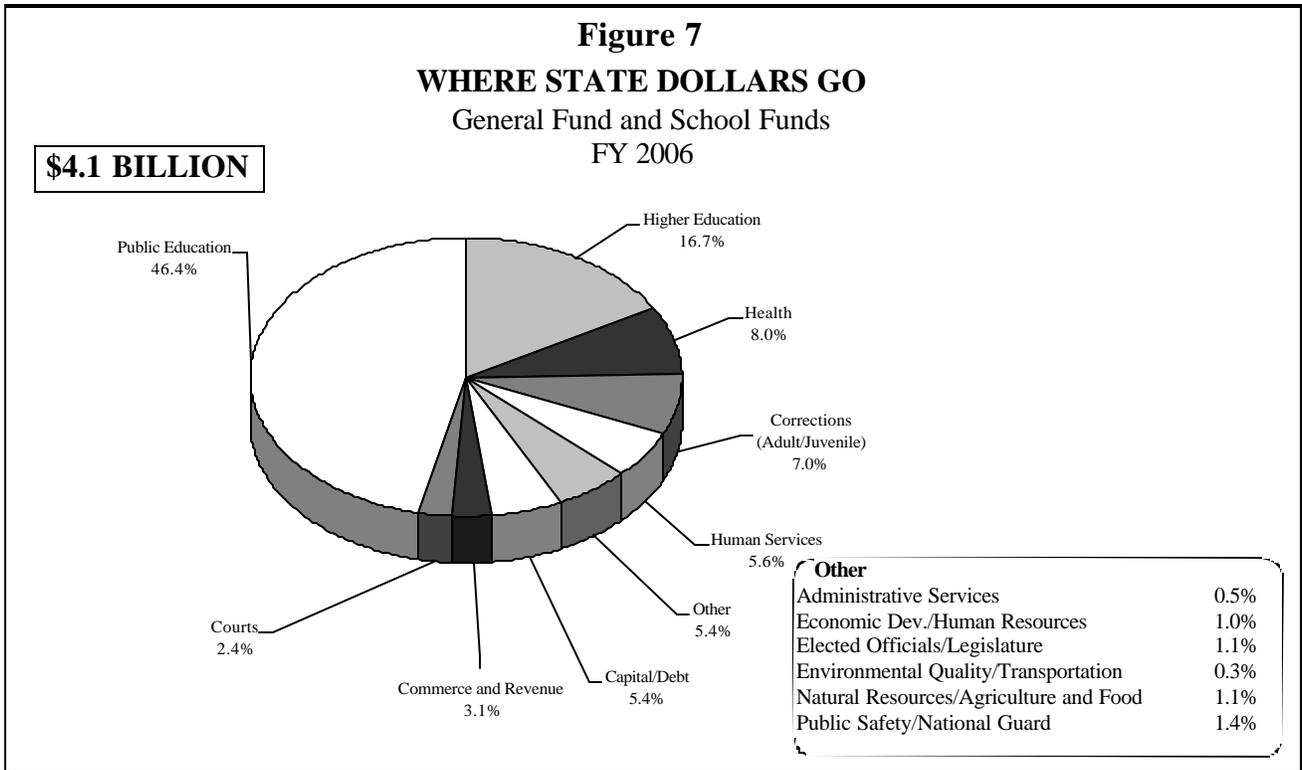


Figure 7 shows how state funds (General Fund and school funds) will be expended in FY 2006. The largest portion, amounting to 63.1 percent, goes to Public and Higher Education.

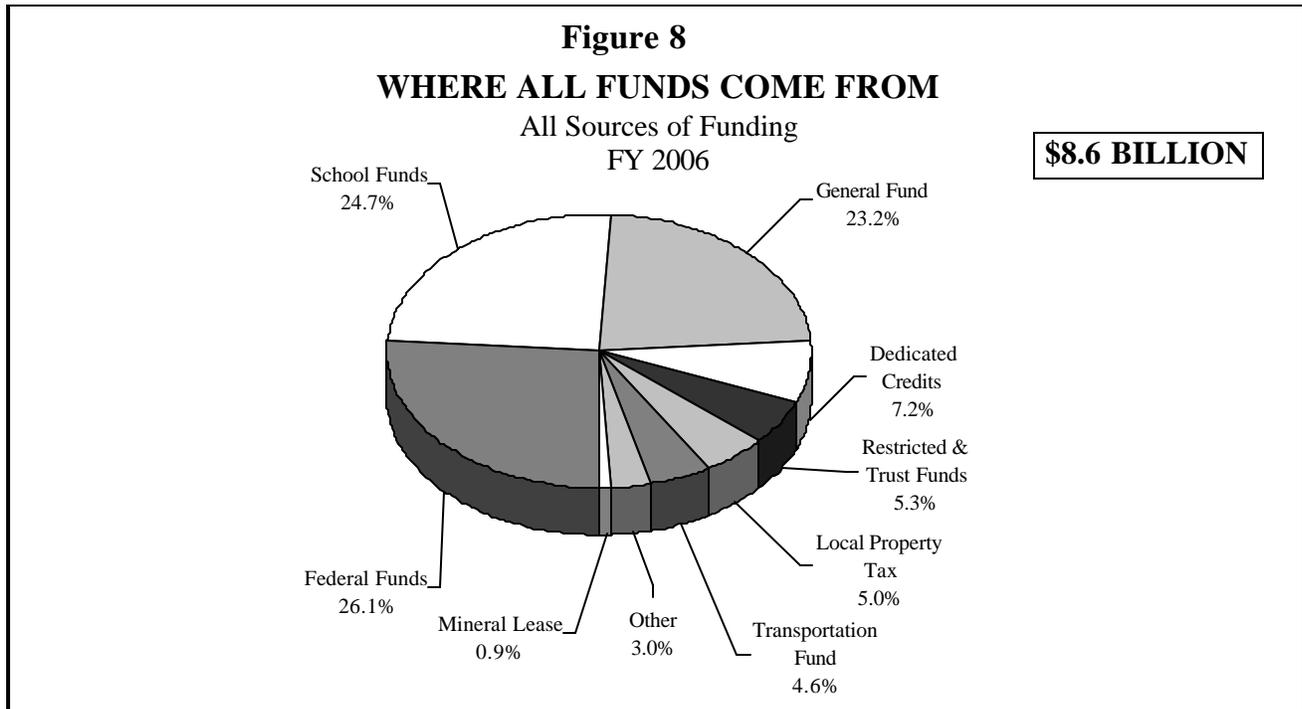


Figure 8 shows the total estimated sources of revenue for the FY 2006 budget. The General Fund and school funds, consisting primarily of sales and income taxes respectively, generate just under one-half (47.9 percent) of the total state budget.

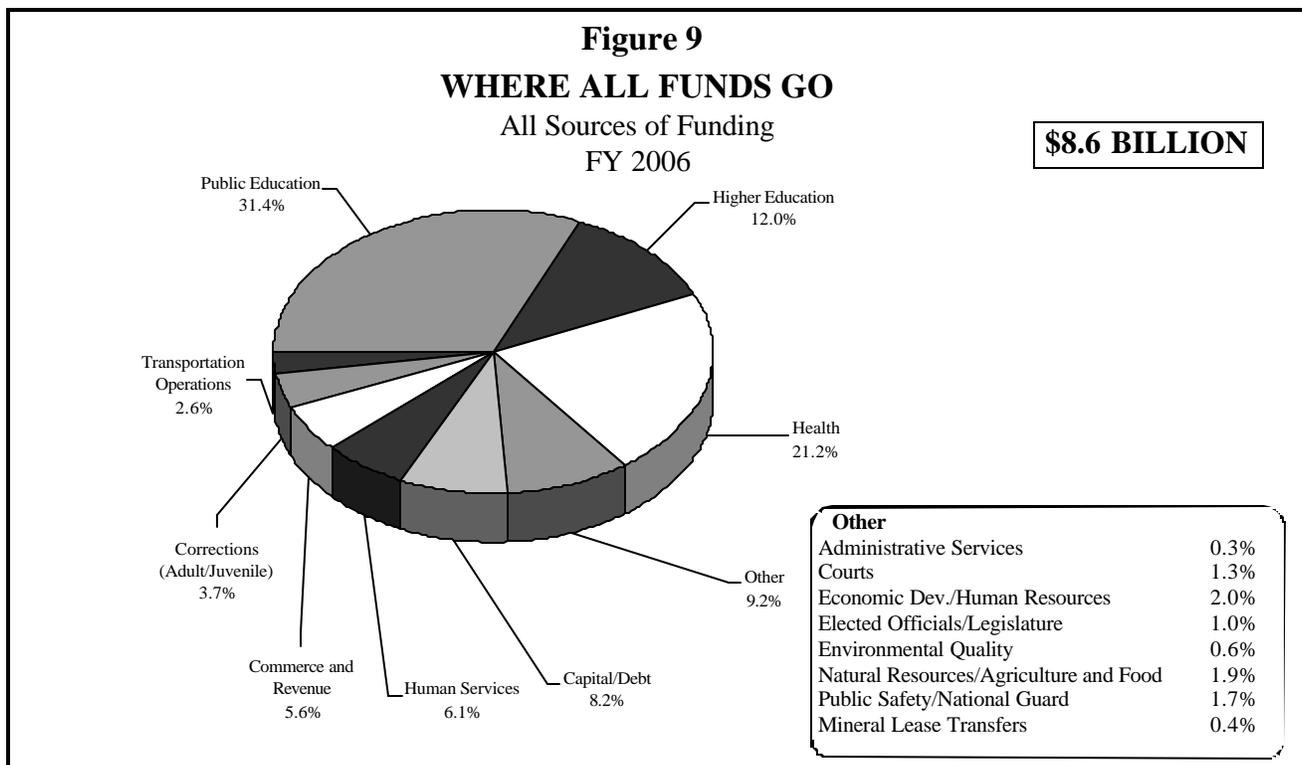


Figure 9 shows total state budget expenditures for FY 2006 from all sources of funding. Public and Higher Education receive nearly half of total state resources.

Table 1

**STATE FISCAL PLAN
General Fund and School Funds
(In Thousands of Dollars)**

	Actual FY 2004	Authorized FY 2005	Governor Walker's Recommendations					
			Supple- mentals (a)	Recom- mended FY 2005 (b)	Base FY 2006 (c)	Ongoing and One-time (d)	Recom- mended FY 2006 (e)	
Sources of Funding								
Beginning Balance	\$16,118	\$0	\$54,359	\$54,359	\$0	\$49,912	\$49,912	
(f) General Fund Estimates	1,803,733	1,771,485	89,715	1,861,200	1,771,485	162,215	1,933,700	
(f) School Funds Estimates	1,880,813	1,920,787	91,113	2,011,900	1,920,787	199,213	2,120,000	
<i>Subtotal GF/SF Estimates</i>	<i>3,684,546</i>	<i>3,692,272</i>	<i>180,828</i>	<i>3,873,100</i>	<i>3,692,272</i>	<i>361,428</i>	<i>4,053,700</i>	
Transfers - Other	10,218	1,438	0	1,438	0	0	0	
Transfer - Mineral Lease	0	3,703	1,310	5,013	0	1,310	1,310	
Transfer - Tobacco Settlement Fund	9,822	0	0	0	0	0	0	
(g) Tax Commission - Accounts Receivable	0	7,000	(7,000)	0	0	0	0	
Sale of Iron County Jail	1,550	0	0	0	0	0	0	
Lapsing Balances	13,987	0	0	0	0	0	0	
Risk Management Retained Earnings	0	0	4,500	4,500	0	0	0	
Asbestos Settlement - Armstrong	0	0	333	333	0	0	0	
Other	4,152	(13)	0	(13)	0	0	0	
Solid Waste Fee and Tax Amendments	(357)	0	0	0	0	0	0	
Surplus Designated for Debt Service	(1,625)	0	1,625	1,625	0	0	0	
Governor rec. transfer (to) Rainy Day Fund	0	0	(72,000)	(72,000)	0	0	0	
Transfer surplus (to) Rainy Day Fund	(39,332)	0	0	0	0	0	0	
IAF Reserve from Prior Fiscal Year	5,184	0	4,443	4,443	0	0	0	
IAF Reserve for Following Fiscal Year	(4,443)	0	0	0	0	0	0	
Reserve from Prior Fiscal Year	35,648	107,220	0	107,220	0	0	0	
Reserve for Following Fiscal Year	(107,220)	0	0	0	0	0	0	
Total Sources of Funding	\$3,628,248	\$3,811,620	\$168,398	\$3,980,018	\$3,692,272	\$412,650	\$4,104,922	
Appropriations								
Operations Budget	\$3,368,116	\$3,595,000	\$17,659	\$3,612,659	\$3,516,484	\$366,411	\$3,882,895	
Capital Budget	130,245	134,877	102,000	236,877	133,337	10,135	143,472	
Debt Service	75,528	78,886	1,684	80,570	78,886	(1,842)	77,044	
<i>Subtotal Appropriations*</i>	<i>3,573,889</i>	<i>3,808,763</i>	<i>121,343</i>	<i>3,930,106</i>	<i>3,728,707</i>	<i>374,704</i>	<i>4,103,411</i>	
Ending Balance	\$54,359	\$2,857	\$47,055	\$49,912	(\$36,435)	\$37,946	\$1,511	
*% Change from Authorized FY 2005				3.2%			7.7%	

- (a) The Supplementals column represents recommended changes to Authorized FY 2005.
- (b) The Recommended FY 2005 column is based upon updated revenue projections and includes recommended supplemental appropriations.
- (c) The Base FY 2006 column represents FY 2005 appropriations adjusted for one-time items and other base changes.
- (d) The Ongoing and One-time column represents recommended changes to the FY 2006 base budget.
- (e) The Recommended FY 2006 column is based upon updated revenue projections and includes recommended ongoing and one-time increases and adjustments.
- (f) See Table 4, Revenue Collections and Estimates.
- (g) Additional accounts receivables are now included in the revenue estimate found on Table 4.

NOTE: Minor differences on summary tables are due to rounding numbers to the nearest thousand.

Table 1 shows all the sources of funding used to balance the General Fund (Table 2) and school funds (Table 3) portions of the budget.

Table 2

STATE FISCAL PLAN
General Fund
(In Thousands of Dollars)

	Actual FY 2004	Authorized FY 2005	Governor Walker's Recommendations					
			Supple- mentals (a)	Recom- mended FY 2005 (b)	Base FY 2006 (c)	Ongoing and One-time (d)	Recom- mended FY 2006 (e)	
Sources of Funding								
Beginning Balance	\$14,316	\$0	\$16,359	\$16,359	\$0	\$49,912	\$49,912	
(f) General Fund Estimates	1,803,733	1,771,485	89,715	1,861,200	1,771,485	162,215	1,933,700	
Transfers - Other	7,718	1,438	0	1,438	0	0	0	
Transfer - Mineral Lease	0	3,703	1,310	5,013	0	1,310	1,310	
Transfer - Tobacco Settlement Fund	9,822	0	0	0	0	0	0	
(g) Tax Commission - Accounts Receivable	0	7,000	(7,000)	0	0	0	0	
Sale of Iron County Jail	1,550	0	0	0	0	0	0	
Risk Management Retained Earnings	0	0	4,500	4,500	0	0	0	
Asbestos Settlement - Armstrong	0	0	333	333	0	0	0	
Other	4,797	(21)	0	(21)	0	0	0	
Surplus Designated for Debt Service	(1,625)	0	1,625	1,625	0	0	0	
Governor rec. transfer (to) Rainy Day Fund	0	0	(47,000)	(47,000)	0	0	0	
Transfer surplus (to) Rainy Day Fund	(26,665)	0	0	0	0	0	0	
IAF Reserve from Prior Fiscal Year	5,184	0	4,443	4,443	0	0	0	
IAF Reserve for Following Fiscal Year	(4,443)	0	0	0	0	0	0	
Reserve from Prior Fiscal Year	74	53,015	0	53,015	0	0	0	
Reserve for Following Fiscal Year	(53,015)	0	0	0	0	0	0	
Total Sources of Funding	\$1,761,446	\$1,836,620	\$64,285	\$1,900,905	\$1,771,485	\$213,437	\$1,984,922	
Appropriations								
Operations Budget	\$1,601,267	\$1,682,943	(\$6,127)	\$1,676,816	\$1,645,957	\$186,526	\$1,832,483	
Capital Budget	85,456	90,588	21,867	112,455	89,048	2,000	91,048	
Debt Service	58,364	61,722	0	61,722	61,722	(1,842)	59,880	
Subtotal Appropriations*	1,745,087	1,835,253	15,740	1,850,993	1,796,727	186,684	1,983,411	
Ending Balance	\$16,359	\$1,367	\$48,545	\$49,912	(\$25,242)	\$26,753	\$1,511	
*% Change from Authorized FY 2005				0.9%			8.1%	

(a) The Supplementals column represents recommended changes to Authorized FY 2005.

(b) The Recommended FY 2005 column is based upon updated revenue projections and includes recommended supplemental appropriations.

(c) The Base FY 2006 column represents FY 2005 appropriations adjusted for one-time items and other base changes.

(d) The Ongoing and One-time column represents recommended changes to the FY 2006 base budget.

(e) The Recommended FY 2006 column is based upon updated revenue projections and includes recommended ongoing and one-time increases and adjustments.

(f) See Table 4, Revenue Collections and Estimates.

(g) Additional accounts receivables are now included in the revenue estimate found on Table 4.

Table 2 shows all the sources of funding used to balance the General Fund portion of the budget.

Table 3

STATE FISCAL PLAN
School Funds*
(In Thousands of Dollars)

	Actual FY 2004	Authorized FY 2005	Governor Walker's Recommendations				
			Supple- mentals (a)	Recom- mended FY 2005 (b)	Base FY 2006 (c)	Ongoing and One-time (d)	Recom- mended FY 2006 (e)
Sources of Funding							
Beginning Balance	\$1,802	\$0	\$38,000	\$38,000	\$0	\$0	\$0
(f) School Funds Estimates	1,880,813	1,920,787	91,113	2,011,900	1,920,787	199,213	2,120,000
Transfers - Other	2,500	0	0	0	0	0	0
Lansing Balances	13,987	0	0	0	0	0	0
Other	(645)	8	0	8	0	0	0
Solid Waste Fee and Tax Amendments	(357)	0	0	0	0	0	0
Governor rec. transfer (to) Rainy Day Fund	0	0	(25,000)	(25,000)	0	0	0
Transfer surplus (to) Rainy Day Fund	(12,667)	0	0	0	0	0	0
Reserve from Prior Fiscal Year	35,574	54,205	0	54,205	0	0	0
Reserve for Following Fiscal Year	(54,205)	0	0	0	0	0	0
Total Sources of Funding	\$1,866,802	\$1,975,000	\$104,113	\$2,079,113	\$1,920,787	\$199,213	\$2,120,000
Appropriations							
Operations Budget	\$1,766,849	\$1,912,057	\$23,787	\$1,935,844	\$1,870,526	\$179,886	\$2,050,412
Capital Budget	44,789	44,289	80,133	124,422	44,289	8,135	52,424
Debt Service	17,164	17,164	1,683	18,847	17,164	0	17,164
Subtotal Appropriations**	1,828,802	1,973,510	105,603	2,079,113	1,931,979	188,021	2,120,000
Ending Balance	\$38,000	\$1,490	(\$1,490)	\$0	(\$11,192)	\$11,192	\$0
***% Change from Authorized FY 2005				5.4%			7.4%

* Includes Uniform School Fund and income tax revenue for higher education.

(a) The Supplementals column represents recommended changes to Authorized FY 2005.

(b) The Recommended FY 2005 column is based upon updated revenue projections and includes recommended supplemental appropriations.

(c) The Base FY 2006 column represents FY 2005 appropriations adjusted for one-time items and other base changes.

(d) The Ongoing and One-time column represents recommended changes to the FY 2006 base budget.

(e) The Recommended FY 2006 column is based upon updated revenue projections and includes recommended ongoing and one-time increases and adjustments.

(f) See Table 4, Revenue Collections and Estimates.

Table 3 shows all the sources of funding used to balance the school funds portion of the budget.

Table 4 on the following page shows actual revenue collections for FY 2004 and estimated revenue collections for FY 2005 and FY 2006. These include state revenues only; federal funds, licenses, fees, etc., are not included.

Table 4

REVENUE COLLECTIONS AND ESTIMATES
Three Year Comparison
(In Thousands of Dollars)

	Governor Walker's Recommendations ^(a)							
	Actual FY 2004	Authorized FY 2005	Dollar	Recom-	Dollar	Recom-	Percent	Percent
			Change A05-R05 (b)	mented FY 2005 (c)	Change A05-R06 (d)	mented FY 2006 (e)	Change A05-R05 (f)	Change A05-R06 (g)
General Fund (GF)								
Sales and Use Tax	\$1,501,938	\$1,497,250	\$67,750	\$1,565,000	\$138,750	\$1,636,000	4.5%	9.3%
Cable/Satellite Excise Tax	0	18,421	79	18,500	1,579	20,000	0.4	8.6
Liquor Profits	36,426	37,050	950	38,000	2,450	39,500	2.6	6.6
Insurance Premiums	62,425	65,150	850	66,000	4,650	69,800	1.3	7.1
Beer, Cigarette, and Tobacco	62,813	59,680	3,320	63,000	4,320	64,000	5.6	7.2
Oil and Gas Severance Tax	36,660	35,100	12,400	47,500	8,900	44,000	35.3	25.4
Metal Severance Tax	6,026	7,000	0	7,000	0	7,000	0.0	0.0
Inheritance Tax	9,675	4,050	750	4,800	(4,050)	0	18.5	(100.0) (h)
Investment Income	5,505	7,450	2,550	10,000	3,550	11,000	34.2	47.7
Other	49,928	45,834	1,166	47,000	2,166	48,000	2.5	4.7
Temporary Federal Relief	37,970	0	0	0	0	0	--	-- (i)
Property and Energy Credit	(5,633)	(5,500)	(100)	(5,600)	(100)	(5,600)	1.8	1.8
<i>Subtotal General Fund</i>	<i>1,803,733</i>	<i>1,771,485</i>	<i>89,715</i>	<i>1,861,200</i>	<i>162,215</i>	<i>1,933,700</i>	<i>5.1</i>	<i>9.2</i>
School Funds (SF)								
(Includes Income Tax Revenue for Higher Education)								
Individual Income Tax	1,699,638	1,712,950	88,050	1,801,000	187,050	1,900,000	5.1	10.9
Corporate Franchise Tax	154,910	183,900	(1,900)	182,000	16,100	200,000	(1.0)	8.8
Permanent School Fund Interest	8,600	8,900	0	8,900	(8,900)	0	0.0	(100.0) (j)
Gross Receipts Tax	7,950	8,050	(50)	8,000	(50)	8,000	(0.6)	(0.6)
Other	9,715	6,987	5,013	12,000	5,013	12,000	71.7	71.7
<i>Subtotal School Funds</i>	<i>1,880,813</i>	<i>1,920,787</i>	<i>91,113</i>	<i>2,011,900</i>	<i>199,213</i>	<i>2,120,000</i>	<i>4.7</i>	<i>10.4</i>
Subtotal GF/SF	3,684,546	3,692,272	180,828	3,873,100	361,428	4,053,700	4.9	9.8
Pass-thru Perm Sch Fund Int.	(8,600)	(8,900)	0	(8,900)	8,900	0	0.0	(100.0)
Total GF/SF	\$3,675,946	\$3,683,372	\$180,828	\$3,864,200	\$370,328	\$4,053,700	4.9%	10.1%
Transportation Fund								
Motor Fuel Tax	\$239,925	\$240,367	(\$4,867)	\$235,500	(\$1,367)	\$239,000	(2.0%)	(0.6%)
Special Fuel Tax	86,163	87,850	2,650	90,500	5,150	93,000	3.0	5.9
Other	64,863	65,800	(300)	65,500	200	66,000	(0.5)	0.3
Total Transportation Fund	\$390,951	\$394,017	(\$2,517)	\$391,500	\$3,983	\$398,000	(0.6%)	1.0%
Mineral Lease								
Royalties	\$65,143	\$44,000	\$24,000	\$68,000	\$26,000	\$70,000	54.5%	59.1%
Bonus	9,706	8,700	(4,200)	4,500	(4,200)	4,500	(48.3)	(48.3)
Total Mineral Lease	\$74,849	\$52,700	\$19,800	\$72,500	\$21,800	\$74,500	37.6%	41.4%

(a) For other revenue and tax issues, see tables 1-3, State Fiscal Plan.

(b) The change is from the Authorized FY 2005 column to the Recommended FY 2005 column.

(c) The Recommended FY 2005 column is based upon updated economic projections from the Council of Economic Advisors' Revenue Assumptions Committee. These revenues represent consensus estimates adopted by GOPB and the LFA on November 23, 2004.

(d) The change is from the Authorized FY 2005 column to the Recommended FY 2006 column.

(e) The Recommended FY 2006 column is based upon updated economic projections from the Council of Economic Advisors' Revenue Assumptions Committee. These revenues represent consensus estimates adopted by GOPB and the LFA on November 23, 2004.

(f) The percentage change is from the Authorized FY 2005 column to the Recommended FY 2005 column.

(g) The percentage change is from the Authorized FY 2005 column to the Recommended FY 2006 column.

(h) Inheritance tax was phased out by the federal government in the following increments: FY03 25%, FY04 50%, FY05 75% and FY06 100%.

(i) Received \$37.9 million in temporary relief from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.

(j) Permanent School Fund Interest was moved to a restricted account based on the passage of HB 78, School Land Trust Program Restricted Account, passed during the 2004 General Session.

Table 5

MINERAL LEASE Three-Year Comparison

	Actual FY 2004	Governor Walker's Recommendations	
		Recommended FY 2005 (a)	Recommended FY 2006 (a)
Sources of Funding			
Federal Mineral Lease Royalties	\$57,483,400	\$61,307,300	\$63,110,500
Exchanged Lands Mineral Lease Royalties	7,582,400	6,666,700	6,862,700
National Monument Mineral Lease Royalties	77,400	26,000	26,800
<i>Subtotal Mineral Lease Royalties</i>	<i>65,143,200</i>	<i>68,000,000</i>	<i>70,000,000</i>
Federal Mineral Lease Bonus	9,655,200	4,365,000	4,365,000
Exchanged Lands Mineral Lease Bonus	51,100	135,000	135,000
<i>Subtotal Mineral Lease Bonus</i>	<i>9,706,300</i>	<i>4,500,000</i>	<i>4,500,000</i>
Total Funding	\$74,849,500	\$72,500,000	\$74,500,000
Appropriations			
Board of Education	\$1,459,100	\$1,508,300	\$1,552,700
Community Impact Fund	28,069,900	29,642,000	30,586,700
DCED - county special service districts	3,173,700	3,328,700	3,426,600
Discretionary:	2,896,500	0	0
Transfer to General Fund	0	1,309,500	1,309,500
Payment in Lieu of Taxes	2,556,100	2,480,000	2,480,000
Transportation - county special service districts	25,420,400	26,640,000	27,423,500
USU Water Research Laboratory	1,428,200	1,497,900	1,542,000
Utah Geological Survey	1,429,900	1,498,500	1,542,600
<i>Subtotal Appropriations</i>	<i>66,433,800</i>	<i>67,904,900</i>	<i>69,863,600</i>
Statutory Allocations			
Community Impact Fund	6,771,000	3,088,300	3,088,300
Constitutional Defense Restricted Account	702,900	654,000	671,600
Rural Development Fund	457,800	407,700	419,400
Rural Electronic Commerce Fund	470,300	440,500	452,300
Permanent State School Fund	13,700	4,600	4,800
<i>Subtotal Allocations</i>	<i>8,415,700</i>	<i>4,595,100</i>	<i>4,636,400</i>
Total Appropriations and Allocations	\$74,849,500	\$72,500,000	\$74,500,000
Ending Balance	\$0	\$0	\$0

(a) Governor Walker's recommendations for FY 2005 and FY 2006 are based upon updated revenue projections and statutory amendments enacted by Senate Bill 66, Revenues from Federal Land Exchange Parcels, that passed in the 2002 General Session.

Table 5 shows the actual and recommended allocation of Mineral Lease revenue. This revenue comes from mineral leases on federal lands in Utah. Statutory allocations are set by formula.

Table 6

SUMMARY OF RECOMMENDATIONS BY DEPARTMENT
FY 2005 and FY 2006 Appropriations from General Fund and School Funds
(In Thousands of Dollars)

	Actual FY 2004	Authorized FY 2005	Governor Walker's Recommendations					Percent Change B06-R06 (f)
			Supple- mentals (a)	Recom- mended FY 2005 (b)	Base FY 2006 (c)	Ongoing and One-time Adj. (d)	Recom- mended FY 2006 (e)	
Plan of Financing								
General Fund	\$1,745,087	\$1,835,253	\$15,739	\$1,850,992	\$1,796,727	\$186,684	\$1,983,411	10.4%
School Funds	1,828,802	1,973,511	105,602	2,079,113	1,931,979	188,021	2,120,000	9.7
Total Financing	\$3,573,889	\$3,808,764	\$121,341	\$3,930,105	\$3,728,706	\$374,705	\$4,103,411	10.0%
Programs								
Administrative Services	\$17,257	\$14,068	\$170	\$14,238	\$13,991	\$7,091	\$21,082	50.7% (g)
Commerce and Revenue	107,659	125,073	73	125,147	107,585	19,411	126,996	18.0 (h)
Corrections (Adult and Juvenile)	245,780	256,674	2,485	259,159	254,912	30,380	285,292	11.9 (i)
Courts	89,617	92,644	301	92,945	92,028	7,739	99,767	8.4
Econ. Development/Human Res.	40,200	37,406	4,928	42,335	33,231	7,428	40,659	22.4 (j)
Elected Officials	29,766	29,247	1,769	31,015	28,609	2,801	31,410	9.8
Environmental Quality	9,739	9,572	0	9,572	9,488	3,271	12,759	34.5 (k)
Health	226,767	287,097	760	287,857	285,751	41,272	327,023	14.4 (l)
Higher Education	618,121	641,564	254	641,818	634,684	51,157	685,841	8.1
Human Services	200,491	206,681	4,173	210,853	204,778	26,187	230,965	12.8 (m)
Legislature	14,580	14,419	0	14,419	14,357	660	15,017	4.6
National Guard	4,279	4,499	129	4,628	4,473	932	5,405	20.8 (n)
Natural Resources	41,598	42,157	1,605	43,762	41,822	4,395	46,217	10.5 (o)
Public Education	1,678,543	1,787,416	24	1,787,440	1,744,627	158,073	1,902,700	9.1
Public Safety	43,568	46,396	988	47,384	46,059	5,615	51,674	12.2 (p)
Transportation	150	88	0	88	88	0	88	0.0
Subtotal Operations Budget	\$3,368,115	\$3,595,001	\$17,659	\$3,612,660	\$3,516,483	\$366,412	\$3,882,895	10.4%
Capital Budget	\$130,245	\$134,877	\$102,000	\$236,877	\$133,337	\$10,135	\$143,472	7.6%
Debt Service	75,529	78,886	1,682	80,568	78,886	(1,842)	77,044	(2.3)
Total Budget	\$3,573,889	\$3,808,764	\$121,341	\$3,930,105	\$3,728,706	\$374,705	\$4,103,411	10.0%

Continued on next page

Table 6 Continued

**SUMMARY OF RECOMMENDATIONS BY DEPARTMENT
 FY 2005 and 2006 Appropriations from General Fund and School Funds
 (In Thousands of Dollars)**

Continued from previous page

- (a) *The Supplementals column represents recommended changes to Authorized FY 2005.*
- (b) *The Recommended FY 2005 column is based on updated revenue projections and includes recommended supplemental appropriations.*
- (c) *The Base FY 2006 column is the FY 2005 appropriated amount adjusted for one-time FY 2005 appropriations and program transfers between departments.*
- (d) *Recommended adjustments are shown in more detail in the individual department sections of the book, and include internal service fund rate changes, employee compensation and benefit rate adjustments, and ongoing and one-time program increases.*
- (e) *The Recommended FY 2006 column includes Governor Walker's budget recommendations for FY 2006.*
- (f) *The percent change is the difference from the Base FY 2006 column to the Recommended FY 2006 column.*
- (g) *The 50.7 percent increase is largely due to \$4.0 million one-time funds for the LeRay McAllister Critical Land Conservation Fund and \$1.1 million to restore General Fund that was replaced temporarily with other funds.*
- (h) *The 18 percent increase is largely due to \$5.0 million in ongoing funds and \$5.0 million in one-time funds for the Comprehensive Health Insurance Pool, \$3.4 million in one-time funding to meet increases in General Assistance and Food Stamp caseloads, \$1.5 million in child care matching funds, and the employee compensation package.*
- (i) *The 11.9 percent increase is largely due to expansion of prison beds at the Draper dormitory, increased jail contracting, county jail reimbursement and core rate increases, caseload growth in Juvenile Justice Services, and the employee compensation package.*
- (j) *The 22.4 percent increase is largely due to \$5.0 million for the Hill Air Force Base Defense Alliance and \$1.0 million for the Centers of Excellence.*
- (k) *The 34.5 percent increase is largely due to a one-time recommendation of \$2.1 million for high-level nuclear waste opposition and the employee compensation package.*
- (l) *The 14.4 percent increase results largely from funding caseload growth, inflation, and match rate changes in the Medicaid program.*
- (m) *The 12.8 percent increase is largely due to \$4.3 million for the Drug Offender Reform Act, \$3.3 million for local mental health authorities to replace lost funding due to Medicaid policy changes, recommended services for individuals with disabilities currently on a waiting list, increased adoption subsidies, and the employee compensation package.*
- (n) *The 20.8 percent increase is largely due to maintenance cost increases for armories and tuition assistance for National Guard members.*
- (o) *The 10.5 percent increase is largely due to increased funding for operating expenditures in state parks and the employee compensation package.*
- (p) *The 12.2 percent increase is largely due to in-car technology enhancements, building leases, and the employee compensation package.*

Table 6 shows the budgeted use of major state tax revenue (sales and income taxes) by state agency. It is a summary of the department tables found in a following section.

Table 7 on the following page shows the budgeted use of all sources of funding by state agency. It is a summary of the department tables found in a following section.

Table 7

SUMMARY OF RECOMMENDATIONS BY DEPARTMENT
FY 2005 and FY 2006 Appropriations from All Sources of Funding
(In Thousands of Dollars)

Plan of Financing	Actual FY 2004	Governor Walker's Recommendations						Percent Change B06-R06 (f)
		Authorized FY 2005	Supple- mentals (a)	Recom- mended FY 2005 (b)	Base FY 2006 (c)	Ongoing and One-time Adj. (d)	Recom- mended FY 2006 (e)	
General Fund	\$1,745,087	\$1,835,253	\$15,739	\$1,850,992	\$1,796,727	\$186,684	\$1,983,411	10.4%
School Funds	1,828,802	1,973,511	105,602	2,079,113	1,931,979	188,021	2,120,000	9.7
Transportation Fund	393,974	394,018	0	394,018	385,906	12,095	398,001	3.1
Federal Funds	2,149,879	2,178,131	4,295	2,182,426	2,149,148	91,518	2,240,666	4.3
Dedicated Credits	591,561	626,653	993	627,646	601,635	13,493	615,128	2.2
Mineral Lease	74,850	72,500	0	72,500	74,501	0	74,501	0.0
Restricted and Trust Funds	366,216	420,518	5,185	425,703	422,368	29,622	451,990	7.0
Transfers	206,344	177,582	(217)	177,365	170,311	7,590	177,901	4.5
Other Funds	54,470	45,572	(4,643)	40,929	59,049	4,373	63,422	7.4
Pass-through Funds	1,036	549	0	549	549	0	549	0.0
Beginning Balances	189,185	148,681	(60)	148,621	59,952	0	59,952	0.0
Closing Balances	(148,681)	(59,952)	0	(59,952)	(45,827)	0	(45,827)	0.0
Lapsing Funds	(48,054)	(5,691)	0	(5,691)	(2,738)	87	(2,651)	(3.2)
Local Property Tax	399,036	404,900	0	404,900	404,900	26,902	431,802	6.6
Total Financing	\$7,803,705	\$8,212,225	\$126,894	\$8,339,119	\$8,008,460	\$560,385	\$8,568,845	7.0%
Programs								
Administrative Services	\$21,986	\$25,836	\$170	\$26,006	\$24,660	\$2,333	\$26,993	9.5%
Commerce and Revenue	430,822	463,589	299	463,888	442,369	32,855	475,224	7.4
Corrections (Adult and Juvenile)	281,406	289,423	2,334	291,757	282,846	32,205	315,051	11.4 (g)
Courts	101,063	108,142	301	108,443	103,497	11,232	114,729	10.9 (h)
Econ. Development/Human Res.	147,443	155,617	1,346	156,963	161,421	13,041	174,462	8.1
Elected Officials	61,092	73,868	2,069	75,937	65,270	3,282	68,552	5.0
Environmental Quality	37,690	44,092	0	44,092	42,005	5,914	47,919	14.1 (i)
Health	1,521,181	1,693,716	3,077	1,696,793	1,703,062	113,763	1,816,825	6.7
Higher Education	969,779	1,005,147	254	1,005,401	971,221	58,639	1,029,860	6.0
Human Services	467,411	486,772	4,807	491,579	481,422	39,425	520,847	8.2
Legislature	14,796	15,085	0	15,085	14,810	660	15,470	4.5
National Guard	23,607	23,482	164	23,646	23,015	1,795	24,810	7.8
Natural Resources	138,485	148,603	2,590	151,193	144,660	14,336	158,996	9.9
Public Education	2,416,121	2,559,870	24	2,559,894	2,506,161	187,547	2,693,708	7.5
Public Safety	124,632	116,291	1,023	117,314	111,907	9,180	121,087	8.2
Transportation	217,689	221,012	0	221,012	215,760	9,678	225,438	4.5
Subtotal Operations Budget	\$6,975,203	\$7,430,545	\$18,458	\$7,449,003	\$7,294,086	\$535,885	\$7,829,971	7.3%
Capital Budget	\$577,159	\$472,354	\$106,754	\$579,108	\$435,415	\$20,306	\$455,721	4.7%
Debt Service	211,961	273,779	1,682	275,461	242,426	4,194	246,620	1.7
Mineral Lease Transfers	39,382	35,547	0	35,547	36,533	0	36,533	0.0
Total Budget	\$7,803,705	\$8,212,225	\$126,894	\$8,339,119	\$8,008,460	\$560,385	\$8,568,845	7.0%

(a) The Supplementals column represents recommended changes to Authorized FY 2005.

(b) The Recommended FY 2005 column is based on updated revenue projections and includes recommended supplemental appropriations.

(c) The Base FY 2006 column is the FY 2005 appropriated amount adjusted for one-time FY 2005 appropriations, program transfers between departments, and changes in estimates of non-state funding sources.

(d) Recommended adjustments are shown in more detail in the individual department sections of the book, and include internal service fund rate changes, employee compensation and benefit rate adjustments, and ongoing and one-time program increases.

(e) The Recommended FY 2006 column includes Governor Walker's budget recommendations for FY 2006.

(f) The percent change is the difference from the Base FY 2006 column to the Recommended FY 2006 column.

(g) The 11.4 percent increase is largely due to the employee compensation package, expansion of prison beds at the Draper dormitory, increased jail contracting, county jail reimbursement and core rate increases, and caseload growth in Juvenile Justice Services.

(h) The 10.9 percent increase is largely due to the employee compensation package and ongoing funding for Justice Court technology and bailiff security in Juvenile Court.

(i) The 14.1 percent increase is largely due to a one-time recommendation of \$2.1 million for high-level nuclear waste opposition and the employee compensation package.

Table 8

SUMMARY PLAN OF FINANCING BY DEPARTMENT AND SOURCES OF FUNDING

	General Fund	School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted/Trust Funds	Other	Property Tax	Total
Administrative Services										
Actual FY 2004	\$17,257,100	\$0	\$850,000	\$552,200	\$8,000,400	\$0	\$8,156,400	(\$4,430,500)	\$0	\$21,985,600
Recommend d FY 2005	14,237,800	0	450,000	500,000	2,803,600	0	5,479,100	2,535,500	0	26,006,000
Recommend d FY 2006	21,082,400	0	450,000	54,500	2,874,100	0	4,531,900	(2,000,700)	0	26,992,200
Commerce and Revenue										
Actual FY 2004	90,897,900	16,761,000	5,857,400	220,989,700	18,070,300	0	74,163,400	4,081,800	0	430,821,500
Recommend d FY 2005	107,716,500	17,430,500	5,857,400	228,542,000	18,468,500	0	86,277,000	4,596,400	0	463,887,900
Recommend d FY 2006	108,827,100	18,169,000	5,857,400	222,045,500	18,399,300	0	95,383,700	8,541,700	0	475,223,500
Corrections (Adult and Juvenile)										
Actual FY 2004	245,780,600	0	0	2,915,700	5,305,200	0	2,584,400	24,820,500	0	281,406,400
Recommend d FY 2005	239,159,300	0	0	2,964,600	5,561,400	0	2,522,400	21,549,400	0	291,757,100
Recommend d FY 2006	285,292,600	0	0	2,794,200	5,667,500	0	2,217,500	19,078,800	0	315,050,600
Courts										
Actual FY 2004	89,617,600	0	0	174,400	784,900	0	9,287,000	1,199,200	0	101,063,100
Recommend d FY 2005	92,945,300	0	0	170,000	978,500	0	12,129,100	2,220,200	0	108,443,100
Recommend d FY 2006	99,766,600	0	0	170,000	1,004,400	0	12,729,900	1,057,900	0	114,728,800
Economic Development and Human Resources										
Actual FY 2004	40,200,200	0	118,000	35,420,600	16,731,600	0	1,937,000	55,016,000	0	147,443,400
Recommend d FY 2005	42,335,000	0	118,000	48,788,100	19,150,800	0	1,631,200	44,940,400	0	156,963,500
Recommend d FY 2006	40,659,000	0	118,000	49,342,100	19,761,800	0	1,411,200	62,169,200	0	174,461,500
Elected Officials										
Actual FY 2004	29,766,000	0	0	18,921,200	15,365,100	0	6,902,700	(9,863,400)	0	61,091,600
Recommend d FY 2005	31,015,200	0	0	15,389,900	14,757,700	0	7,383,500	7,290,500	0	75,936,800
Recommend d FY 2006	31,409,800	0	0	15,451,800	15,213,400	0	6,977,200	1,500,000	0	68,552,200
Environmental Quality										
Actual FY 2004	9,738,800	0	0	13,502,300	7,032,400	0	8,682,000	(1,265,700)	0	37,689,800
Recommend d FY 2005	9,571,500	0	0	17,432,800	7,284,700	0	8,857,000	94,500	0	44,091,600
Recommend d FY 2006	12,759,200	0	0	16,635,500	7,514,200	0	10,090,700	920,500	0	47,919,700
Health										
Actual FY 2004	226,766,700	0	0	1,062,467,400	99,303,300	0	22,034,300	109,609,700	0	1,521,181,400
Recommend d FY 2005	287,856,900	0	0	1,152,299,700	108,568,900	0	27,163,400	119,904,600	0	1,696,793,500
Recommend d FY 2006	327,023,400	0	0	1,222,278,200	116,320,200	0	27,000,400	124,202,100	0	1,816,824,300
Higher Education										
Actual FY 2004	546,321,000	71,800,000	0	8,970,600	298,194,000	1,428,200	8,284,500	34,780,800	0	969,779,100
Recommend d FY 2005	509,189,400	132,628,400	0	8,909,500	317,761,500	1,497,900	8,284,500	27,129,100	0	1,005,400,300
Recommend d FY 2006	556,044,200	129,797,400	0	8,918,800	325,281,900	1,542,000	8,275,500	0	0	1,029,859,800
Human Services										
Actual FY 2004	200,490,600	0	0	116,831,000	8,283,300	0	4,282,200	137,524,100	0	467,411,200
Recommend d FY 2005	210,853,300	0	0	124,569,500	8,379,400	0	3,947,200	143,829,900	0	491,579,300
Recommend d FY 2006	230,964,400	0	0	125,170,500	8,956,200	0	4,560,800	151,415,700	0	520,847,600

	General Fund	School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted/Trust Funds	Other	Property Tax	Total
Legislature										
Actual FY 2004	14,580,300	0	0	0	220,300	0	0	(4,700)	0	14,795,900
Recommen d FY 2005	14,419,200	0	0	0	320,500	0	0	344,800	0	15,084,500
Recommen d FY 2006	15,016,400	0	0	0	320,600	0	0	132,800	0	15,469,800
National Guard										
Actual FY 2004	4,279,100	0	0	19,034,300	117,000	0	0	176,900	0	23,607,300
Recommen d FY 2005	4,627,800	0	0	18,813,300	98,900	0	0	106,500	0	23,646,500
Recommen d FY 2006	5,404,200	0	0	19,193,300	126,600	0	0	85,300	0	24,809,400
Natural Resources										
Actual FY 2004	41,597,800	0	0	29,538,800	13,985,900	1,429,900	57,737,000	(5,804,800)	0	138,484,600
Recommen d FY 2005	43,761,700	0	0	28,433,400	12,939,600	1,498,500	61,418,900	3,140,500	0	151,192,600
Recommen d FY 2006	46,217,300	0	0	29,291,200	12,536,300	1,542,600	66,929,100	2,479,600	0	158,996,100
Public Education										
Actual FY 2004	254,900	1,678,288,000	0	311,236,400	23,947,800	1,459,200	560,800	1,237,400	399,036,100	2,416,120,600
Recommen d FY 2005	1,654,900	1,785,785,400	0	314,692,700	23,947,400	1,508,300	580,700	26,824,800	404,899,600	2,559,893,800
Recommen d FY 2006	254,900	1,902,445,400	0	315,790,600	23,957,300	1,552,700	10,584,400	7,320,700	431,802,000	2,693,708,000
Public Safety										
Actual FY 2004	43,567,900	0	5,495,900	37,218,100	7,352,700	0	29,391,300	1,606,400	0	124,631,900
Recommen d FY 2005	47,383,800	0	5,495,500	22,029,600	6,070,600	0	34,088,300	2,245,700	0	117,313,500
Recommen d FY 2006	51,673,600	0	5,495,500	20,199,500	6,160,900	0	36,825,700	731,700	0	121,086,900
Transportation										
Actual FY 2004	150,100	0	150,453,800	40,190,000	24,552,200	0	10,767,600	(9,425,000)	0	217,688,700
Recommen d FY 2005	88,100	0	156,304,300	40,485,200	15,348,000	0	7,221,300	1,565,000	0	221,011,900
Recommen d FY 2006	88,100	0	164,282,100	38,618,800	15,586,900	0	6,762,900	0	0	225,438,800
TOTAL OPERATIONS BUDGET										
Actual FY 2004	\$1,601,266,600	\$1,766,849,000	\$162,374,700	\$1,919,062,700	\$543,246,400	\$4,317,300	\$240,790,600	\$338,258,700	\$399,036,100	\$6,975,202,100
Recommen d FY 2005	1,676,815,500	1,935,844,300	168,283,200	2,020,020,200	562,439,800	4,504,700	266,983,600	409,268,900	404,899,600	7,449,001,900
Recommen d FY 2006	1,832,483,200	2,050,411,800	176,303,000	2,088,954,100	579,661,600	4,637,300	292,080,900	378,635,100	431,802,000	7,829,969,000
Capital Budget										
Actual FY 2004	\$83,455,900	\$44,788,900	\$231,599,300	\$230,815,900	\$20,600,500	\$31,150,200	\$23,682,600	(\$90,934,000)	\$0	\$577,159,300
Recommen d FY 2005	112,455,100	124,421,900	225,792,700	162,405,100	1,575,000	32,448,700	31,138,000	(111,148,500)	0	579,108,000
Recommen d FY 2006	91,048,100	52,423,600	221,697,000	156,712,100	1,575,000	33,330,100	26,311,000	(127,375,700)	0	455,721,200
Debt Service										
Actual FY 2004	58,264,300	17,164,300	0	0	27,714,100	0	101,742,400	6,975,500	0	211,960,600
Recommen d FY 2005	61,721,600	18,846,700	0	0	63,631,100	0	127,561,500	3,700,000	0	275,460,900
Recommen d FY 2006	59,879,700	17,164,300	0	0	33,891,200	0	133,597,800	2,086,400	0	246,619,400
Mineral Lease Transfers										
Actual FY 2004	0	0	0	0	0	39,382,100	0	0	0	39,382,100
Recommen d FY 2005	0	0	0	0	0	35,546,600	0	0	0	35,546,600
Recommen d FY 2006	0	0	0	0	0	36,532,600	0	0	0	36,532,600
GRAND TOTALS										
Actual FY 2004	\$1,745,086,900	\$1,828,802,200	\$393,974,000	\$2,149,878,600	\$591,561,000	\$74,849,600	\$366,215,600	\$254,300,200	\$399,036,100	\$7,803,704,100
Recommen d FY 2005	1,830,992,200	2,079,112,900	394,017,900	2,182,425,400	627,645,900	72,500,000	425,703,100	301,820,400	404,899,600	8,339,117,400
Recommen d FY 2006	1,983,411,000	2,119,999,700	398,000,000	2,240,666,200	615,127,800	74,500,000	451,989,700	235,245,800	431,802,000	8,568,842,200

Table 9
SUMMARY OF FY 2006 BUDGET ADJUSTMENTS
Ongoing and One-time Funding

	General Fund	School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted and Trust Funds	Other	Property Tax	Total
Appropriations									
Administrative Services	\$7,091,400	\$0	\$0	\$0	\$79,700	(\$926,100)	(\$3,912,600)	\$0	\$2,332,400
Commerce and Revenue	18,529,400	881,400	0	7,374,300	265,400	5,677,500	1,271,100	0	32,855,100
Corrections (Adult and Juv.)	30,380,200	0	0	147,800	81,100	(304,900)	1,900,300	0	32,204,500
Courts	7,738,900	0	0	0	63,400	3,389,400	39,800	0	11,231,500
Econ. Dev./Human Res.	7,427,600	0	0	224,700	1,056,800	37,400	4,294,900	0	13,041,400
Elected Officials	2,801,100	0	0	42,600	520,400	(81,700)	0	0	3,282,400
Environmental Quality	3,271,300	0	0	859,200	417,700	1,363,300	2,900	0	5,914,400
Health	41,272,100	0	0	67,976,900	1,962,900	107,100	2,444,200	0	113,763,200
Higher Education	30,225,500	20,931,900	0	15,000	7,475,600	(9,000)	(300)	0	58,638,700
Human Services	26,187,400	0	0	4,499,300	515,800	413,600	7,809,100	0	39,425,200
Legislature	659,700	0	0	0	100	0	0	0	659,800
National Guard	931,600	0	0	862,700	0	0	900	0	1,795,200
Natural Resources	4,393,400	0	0	1,230,100	508,800	8,136,000	65,400	0	14,333,700
Public Education	0	1,98,073,000	0	1,106,600	88,100	1,102,400	274,100	26,902,400	187,546,600
Public Safety	5,614,700	0	0	370,100	217,800	2,950,700	26,300	0	9,179,600
Transportation	0	0	9,117,000	280,900	238,900	41,600	0	0	9,678,400
Total Operations Adj.	\$186,526,300	\$179,886,300	\$9,117,000	\$84,990,200	\$13,492,500	\$21,897,300	\$13,072,100	\$26,902,400	\$535,884,100
Capital Budget	\$2,000,000	\$8,134,700	\$2,977,500	\$6,528,000	\$0	\$1,688,000	(\$1,022,200)	\$0	\$20,306,000
Debt Service	(1,841,900)	0	0	0	0	6,036,300	0	0	4,194,400
Total Budget Adjustments	\$186,684,400	\$188,021,000	\$12,094,500	\$91,518,200	\$13,492,500	\$29,621,600	\$12,049,900	\$26,902,400	\$560,364,500

Table 9 shows recommended FY 2006 ongoing and one-time adjustments. This includes internal service fund rate adjustments, employee COLA and benefit rate changes, and market comparability adjustments.

Table 10

SUMMARY OF FY 2005 BUDGET ADJUSTMENTS
Supplementals, All Sources of Funding

	General Fund	School Funds	Federal Funds	Dedicated Credits	Restricted and Trust Funds	Other	Total
Appropriations by Department							
Administrative Services	\$170,000	\$0	\$0	\$0	\$0	\$0	\$170,000
Commerce and Revenue	73,600	0	23,600	0	201,400	0	298,600
Corrections (Adult and Juvenile)	2,485,400	0	0	0	(91,000)	(60,000)	2,334,400
Courts	300,900	0	0	0	0	0	300,900
Econ. Development/Human Res.	4,927,800	0	67,900	992,800	0	(4,642,800)	1,345,700
Electoral Officials	1,768,700	0	0	0	300,000	0	2,068,700
Environmental Quality	0	0	0	0	0	0	0
Health	760,400	0	2,046,100	0	270,100	0	3,076,600
Higher Education	(23,509,300)	23,762,900	0	0	0	0	253,600
Human Services	4,172,800	0	851,900	0	0	(217,300)	4,807,400
Legislature	0	0	0	0	0	0	0
National Guard	129,300	0	35,200	0	0	0	164,500
Natural Resources	1,605,000	0	0	0	984,900	0	2,589,900
Public Education	0	24,000	0	0	0	0	24,000
Public Safety	987,700	0	0	0	35,300	0	1,023,000
Transportation	0	0	0	0	0	0	0
Total Operations Adjustments	(\$6,127,700)	\$23,786,900	\$3,024,700	\$992,800	\$1,700,700	(\$4,920,100)	\$18,457,300
Capital Budget	\$21,867,000	\$80,133,000	\$1,270,000	\$0	\$3,484,000	\$0	\$106,754,000
Debt Service	0	1,682,400	0	0	0	0	1,682,400
Total Budget Adjustments	\$15,739,300	\$105,602,300	\$4,294,700	\$992,800	\$5,184,700	(\$4,920,100)	\$126,893,700

Table 10 shows recommended FY 2005 supplemental appropriations.



GUIDE TO OPERATING AND CAPITAL BUDGET TABLES

The departmental operating and capital budget tables show actual revenue and expenditures for the past fiscal year (FY 2004), authorized and recommended revenue and expenditures for the current fiscal year (FY 2005), and recommended revenue and expenditures for the budget fiscal year (FY 2006). The guide below illustrates how to read these tables.

PUBLIC SAFETY
Operating Budget

The "Recommended FY 2005" column represents the authorized year plus recommended supplementals.

The "Total FY 2006" column represents the base budget plus all recommended adjustments. The details are shown in the itemized tables.

Governor Walker's Recommendations

	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Adjust- ments	Total FY 2006
Plan of Financing						
General Fund	\$43,567,900	\$46,396,100	\$47,383,800	\$46,058,900	\$5,647,700	\$51,673,600
Transportation Fund	5,495,500	5,495,500	5,495,500	5,495,500	0	5,495,500
Federal Funds	22,029,600	22,029,600	22,029,600	22,029,600	370,100	20,199,500
Debt	70,600	70,600	70,600	70,600	27,800	6,160,900
Other	5,000	3,000	3,000	3,000	2,960,700	36,825,700
Capital	9,000	9,000	9,000	9,000	3,500	1,789,400
Contingency	1,700	1,700	1,700	1,700	2,800	12,800
Operating	5,500	5,500	5,500	5,500	0	473,300
Capital	(5,014,300)	(5,014,300)	(5,014,300)	(5,014,300)	0	(990,500)
Lapsing Funds	(1,944,000)	(1,944,000)	(1,944,000)	(1,944,000)	0	(1,949,600)
Total Financing	\$124,721,900	\$116,291,100	\$116,291,100	\$116,291,100	\$9,179,600	\$121,086,900
Highway Fund		3,358,000	3,358,000	3,358,000	\$876,000	4,234,000
Management Information	1,520,100	1,638,300	1,638,300	1,638,300	0	3,158,400
Fire Marshal	4,618,600	4,649,600	4,649,600	4,649,600	0	9,268,200
Liquor Law Enforcement		37,037,200	37,037,200	37,037,200	0	74,074,400
Total Budget						
		1,082.0	1,084.0	1,082.0	2.0	1,084.0
% Change from Recommended FY 2005 to Total FY 2006						4.1%

The "Actual FY 2004" column represents verified revenues and expenditures for FY 2004.

The "Authorized FY 2005" column reflects state tax expenditures as appropriated by the legislature, modified by revisions to federal revenues and other anticipated collections. Supplemental recommendations are not included.

The "Base FY 2006" column represents FY 2005 authorized amounts less one-time FY 2005 amounts, plus or minus other adjustments identified in the Beginning Base Budget section of the itemized tables.

The "Adjustments" column displays one-time and ongoing funding changes to existing or new programs, including the recommended compensation package. The Statewide Ongoing Adjustments, Ongoing Adjustments, and One-time Adjustments sections of the itemized table show these in detail.

The number of full-time equivalent positions (employees) is shown for reference.

GUIDE TO RECOMMENDATIONS TABLES

These tables show in detail the governor’s recommendations for base budget adjustments, ongoing program appropriations, one-time program increases, and supplemental appropriations. Ongoing program appropriations authorize expenditures on a recurring basis. One-time program increases are expenditures on a non-recurring or limited basis. Supplemental appropriations are adjustments to authorized expenditures in the current fiscal year only.

NATURAL RESOURCES		General Fund	School Funds	Other Funds	Total Funds
NATURAL RESOURCES FY 2006 OPERATING BUDGET					
Beginning Base Budget					
A1	FY 2006 appropriated budget	\$0	\$0	\$0	\$0
A2	Less one-time FY 2005 appropriations				
Total Beginning Base Budget - Natural Resources		0	0	0	0
Ongoing Adjustments					
A3	Brief title/description here				
One-time Adjustments					
A4	Brief title/description here	0	0	0	0
Total FY 2006 Natural Resources Adjustments		0	0	0	0
Total FY 2006 Natural Resources Operating Budget		0	0	0	0
NATURAL RESOURCES FY 2005 OPERATING BUDGET ADJUSTMENTS					
A5	Brief title/description here				
Total FY 2005 Natural Resources Budget Adjustments		0	0	0	0
NATURAL RESOURCES FY 2006 CAPITAL BUDGET					
One-time Adjustments					
A6	Brief title/description here				
Total FY 2006 Natural Resources Capital Adjustments		0	0	0	0
Total FY 2006 Natural Resources Capital Budget		\$0	\$0	\$0	\$0
AGRICULTURE FY 2006 OPERATING BUDGET					
Beginning Base Budget					
A7	FY 2005 appropriated budget	\$0			\$0
Total Beginning Base Budget - Agriculture		0			0
Total FY 2006 Agriculture Adjustments		0			0
Total FY 2006 Agriculture Operating Budget		\$0			\$0
NATURAL RESOURCES TOTALS					
FY 2006 Operating Base Budget		\$0			\$0
FY 2006 Operating Adjustments		0			0
FY 2006 Operating Recommendation		0			0
FY 2005 Operating Supplementals		0	0	0	0
FY 2006 Capital Base Budget		0	0	0	0
FY 2006 Capital Adjustments		0	0	0	0
FY 2006 Capital Recommendation		0	0	0	0
FY 2005 Capital Supplementals		0	0	0	0

These numbers are for ease in referencing.

Separate columns are provided for different funding sources. The "Total Funds" column represents combined funding from all sources.

Each agency has its own section for operating and capital base budget, ongoing, one-time, and supplemental adjustments. The total base budget, total adjustments, and total budget rows for each department match the base budget, adjustments, and total columns in the operating or capital tables.

Each item has a brief description.

The "Totals" section combines base budget, adjustment, recommendation, and supplemental information for all agencies in a department section for easy comparison to operating and capital tables.

State of Utah

Operating and Capital Budget Recommendations by Department

- Agency categories in alphabetical order
- Budget and program highlights
- Governor Walker's major budget recommendations
- Intent statements recommended by the governor for the FY 2005 supplemental appropriations act and the FY 2006 appropriations act
- Three-year comparison of operating and capital budgets
- Detailed FY 2006 base adjustments, FY 2006 ongoing and one-time appropriations, and FY 2005 supplemental appropriations

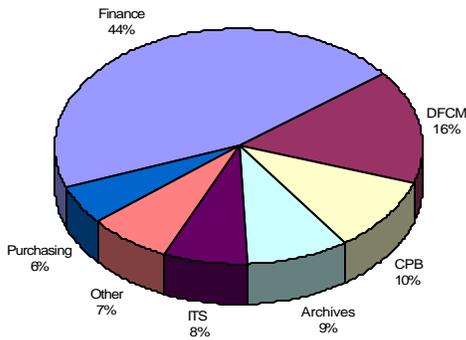




ADMINISTRATIVE SERVICES

Randa Bezzant, Analyst

Where Will My Taxes Go for Administrative Services?
(Figure Based on Total FY 2006 Operating Funding)



Highlighted Services
(Including the Governor's Recommendations)

\$12 million for Finance

- Prepares the state's *Comprehensive Annual Financial Report*
- Operates and maintains the state's financial accounting system, and processes 14.6 million records annually
- Issues approximately 2.3 million warrants (checks) and sends an estimated 667,000 electronic funds transfers (EFT)
- Collects \$9.4 million of debts owed the state through the FINDER system

\$4 million for Division of Facilities Construction and Management (DFCM)

- Oversees an estimated 579 construction projects with expenditures averaging \$230 million
- Manages about 356 leases with annual rentals of \$21 million

\$3 million for Capitol Preservation Board

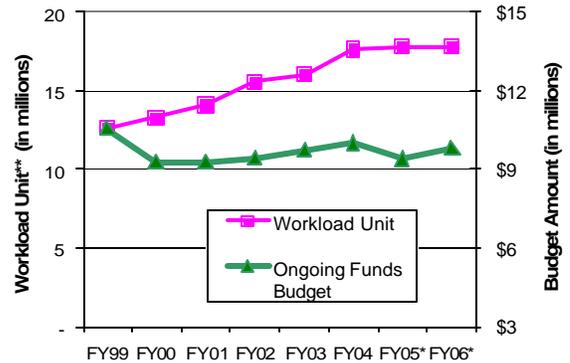
- Provides ongoing building operation and maintenance for seven buildings on the Capitol Hill Complex

\$2 million for Archives

\$2 million for Information Technology Services (ITS)

\$1 million for Purchasing

Ongoing Funding For Finance Has Decreased While Workload Has Increased



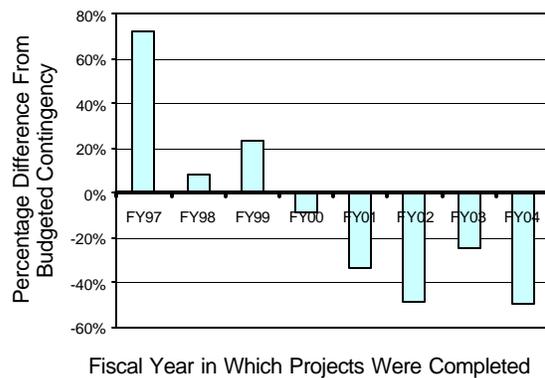
*Estimated

**The workload unit is the sum of accounting records processed, warrants issued, and EFTs sent.

Governor's Recommendation Highlights
(All Funding Sources)

- \$4.0 million - One-time increase to LeRay McAllister Critical Land Conservation Fund
- \$0.8 million - Ongoing increase for Utah Wireless Integrated Network (UWIN) - OmniLink operating costs

DFCM Has Reduced Contingency Expenditures On Capital Projects



DFCM has achieved greater cost control by changing the type of bid and contract methods it uses for capital projects.

BUDGET OVERVIEW

Administrative services consists of the Department of Administrative Services (DAS) and the Office of the Capitol Preservation Board (CPB). Their primary focus is to provide specialized agency support services, eliminate unnecessary duplication of services within state government, and preserve the State Capitol building and grounds.

For FY 2006 the governor recommends that administrative services operating budget be appropriated \$26,992,200 in total funds. This amount includes \$21,082,400 in General Fund, a 49.9 percent increase from the FY 2005 authorized General Fund amount. The increase is due mainly to \$4,000,000 in one-time funds for the LeRay McAllister Critical Land Conservation Fund.

In addition to fully funding health and dental rate increases, the governor's recommended appropriation includes \$562,100 in General Fund (\$722,400 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Restore \$1,100,000 in ongoing funds to replace temporary capital project funds. Over the last few years the Project Reserve Fund and the Contingency Reserve Fund have had excess amounts available that have been used to fund the Division of Facilities Construction and Management (DFCM) administration staff. The nature of these funds does not guarantee that funds will be available on an ongoing basis. Excess amounts have been the result of construction prices that were lower than originally budgeted, and from greater cost control achieved by using different bid and contract methods for capital projects.
- Provide \$755,000 in ongoing funds to the Utah Wireless Integrated Network (UWIN) - OmniLink project for operating costs. The

project was developed to provide system users, including federal, state, and local agencies, with the ability to transmit voice and data communications to other system users throughout the state.

- Provide \$120,000 in ongoing funds for operations and maintenance of buildings on Capitol Hill.
- Provide \$133,100 in ongoing funds for three positions. They include an archives position to digitize records, an administrative rules editor, and a secretary for CPB.
- Provide \$4,000,000 in one-time funds to the LeRay McAllister Critical Land Conservation Fund.

Other Funds

- Use Contingency Reserve Fund of \$1,100,000 for DFCM capital development staff, real estate staff, and administrative staff costs. Eventually an ongoing General Fund appropriation should be restored to fund these costs since the Contingency Reserve Fund is one time in nature.

INTERNAL SERVICE FUNDS

DAS includes several internal service fund (ISF) agencies that provide products and services to state and other governmental agencies on a cost-reimbursement basis. They are set up to account for the cost of certain governmental services and to avoid duplication of effort among agencies, thus providing savings statewide. ISF agencies must receive legislative approval for rates charged to agencies, capital acquisitions, and full-time equivalent positions (FTEs).

For FY 2006 the governor recommends the rate changes approved by the ISF rate committee, except for the 3.0 percent inflation increase that was included in the calculation of the vehicle monthly lease rate. The governor also recommends FTEs and capital outlay authorizations for DAS' ISF agencies as indicated on the following table:

ISF Description	FTE Recommended	Capital Outlay Recommended
Debt Collection	5.0	\$0
General Services	60.0	2,816,000
Information Technology	241.0	6,800,500
Fleet Operations	43.0	14,310,600
Risk Management	25.0	100,000
DFCM	119.0	73,200

- Reduce 3.5 FTEs in General Services by closing the Cannon Health Building Publishing Service Center.
- Reduce 2.0 FTEs in Fleet Operations by cutting back the Federal Surplus Program.

FY 2005 PROPOSED LEGISLATIVE INTENT

- Funds for the Automated Geographic Reference Center (AGRC) are nonlapsing.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Funds for the Executive Director's Office are nonlapsing.
- Funds for the Division of Archives are nonlapsing and shall be used to digitize and microfilm documents generated by former Utah governors for preservation and access.
- Funds for the Division of Administrative Rules are nonlapsing.
- Funds for the Division of Finance are nonlapsing and are to be used toward statewide accounting systems.

- Funds for the Judicial Conduct Commission are nonlapsing.
- Funds for Post Conviction Indigent Defense are nonlapsing.
- Funds for LeRay McAllister Critical Land Fund are nonlapsing.
- Funds for the Division of Purchasing are nonlapsing.
- Funds for AGRC are nonlapsing.
- Funds for Child Welfare Parental Defense are nonlapsing.
- DAS' ISF agencies may add FTEs beyond the authorized level if the addition represents a benefit to the state and a decrease of FTEs in the user agency. Total FTEs within state government shall not change with the shift of FTEs.
- DFCM's ISF may add FTEs beyond the authorized level if new facilities come online or maintenance agreements are requested. Any added FTEs will be reviewed and approved by the legislature during the next legislative session.

- Unless inappropriate or prohibited by law, the Office of Debt Collection shall be authorized to establish reasonable costs of collection to be passed on to the debtor including attorney fees, all legal costs, and administrative costs.
- Funds for CPB are nonlapsing and shall be used for the design and construction costs associated with the State Capitol restoration.

ADMINISTRATIVE SERVICES

Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$17,257,100	\$14,067,800	\$170,000	\$14,237,800	\$13,991,000	\$7,091,400	\$21,082,400
Transportation Fund	450,000	450,000	0	450,000	450,000	0	450,000
Federal Funds	552,200	500,000	0	500,000	54,500	0	54,500
Dedicated Credits	4,000,400	2,803,600	0	2,803,600	2,794,400	79,700	2,874,100
Restricted and Trust Funds	4,156,400	5,479,100	0	5,479,100	5,458,000	(926,100)	4,531,900
Transfers	(678,600)	(341,200)	0	(341,200)	(341,200)	(4,000,000)	(4,341,200)
Beginning Balances	2,752,800	6,294,200	0	6,294,200	3,330,100	0	3,330,100
Closing Balances	(6,294,200)	(3,330,100)	0	(3,330,100)	(989,600)	0	(989,600)
Lapsing Funds	(190,500)	(87,400)	0	(87,400)	(87,400)	87,400	0
Total Financing	\$21,985,600	\$25,836,000	\$170,000	\$26,006,000	\$24,659,800	\$2,332,400	\$26,992,200
Programs							
Administrative Services							
Executive Director's Office	\$861,900	\$860,800	\$0	\$860,800	\$857,700	\$40,100	\$897,800
Administrative Rules	265,700	390,600	0	390,600	375,500	142,200	517,700
Archives	1,950,000	2,090,500	0	2,090,500	2,057,000	301,500	2,358,500
DFCM - Administration	3,800,800	3,950,600	0	3,950,600	3,929,500	306,100	4,235,600
Finance							
Administration	9,427,600	12,048,500	50,000	12,098,500	11,691,900	432,000	12,123,900
Mandated - Judicial Conduct Comm.	207,300	234,200	0	234,200	225,700	7,500	233,200
Mandated - Indigent Defense	42,000	74,000	0	74,000	74,000	0	74,000
Mandated - Other	782,600	632,600	0	632,600	482,600	4,000,000	4,482,600
Information Technology Services	1,559,200	1,730,400	0	1,730,400	1,202,900	842,800	2,045,700
Purchasing	1,262,900	1,476,600	0	1,476,600	1,400,500	86,800	1,487,300
Parental Defense	0	239,000	0	239,000	239,000	9,100	248,100
Transfer Appropriations to Other Funds	(782,600)	(482,600)	0	(482,600)	(482,600)	(4,000,000)	(4,482,600)
<i>Subtotal Administrative Services</i>	<i>19,597,400</i>	<i>23,245,000</i>	<i>50,000</i>	<i>23,295,000</i>	<i>22,053,700</i>	<i>2,168,100</i>	<i>24,221,800</i>
Capital Preservation Board							
Operations	2,588,200	2,591,000	120,000	2,711,000	2,606,100	164,300	2,770,400
<i>Subtotal Capital Preserv. Board</i>	<i>2,588,200</i>	<i>2,591,000</i>	<i>120,000</i>	<i>2,711,000</i>	<i>2,606,100</i>	<i>164,300</i>	<i>2,770,400</i>
Total Budget	\$21,985,600	\$25,836,000	\$170,000	\$26,006,000	\$24,659,800	\$2,332,400	\$26,992,200
% Change from Authorized FY 2005 to Total FY 2006							45%
FTE Positions	--	201.0	0.0	201.0	201.0	5.0	206.0

ADMINISTRATIVE SERVICES
Capital Budget

Governor Walker's Recommendations								
	Actual FY 2004	Authorized FY 2005	Suppl- ments	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006	FY 2006 Bond
Plan of Financing								
General Fund	\$23,384,700	\$28,516,900	\$21,867,000	\$30,383,900	\$26,976,900	\$0	\$26,976,900	\$0
School Funds	17,000,000	17,000,000	0	17,000,000	17,000,000	8,134,700	25,134,700	0
Transportation Fund	0	0	0	0	0	1,520,500	1,520,500	0
Federal Funds	0	1,500,000	1,270,000	2,770,000	0	6,528,000	6,528,000	0
Dedicated Credits	4,200,000	0	0	0	0	0	0	0
Restricted and Trust Funds	0	3,051,000	2,484,000	5,535,000	0	688,000	688,000	0
FY 2006 General Obligation Bond	0	0	0	0	0	0	0	135,000,000
FY 2006 Revenue Bond or Lease Purch	0	0	0	0	0	0	0	7,867,000
Total Financing	\$44,584,700	\$50,067,900	\$25,621,000	\$75,688,900	\$43,976,900	\$16,871,200	\$60,848,100	\$142,867,000
Projects								
Statewide capital improvements	\$38,514,700	\$43,976,900	\$0	\$43,976,900	\$43,976,900	\$9,655,200	\$53,632,100	\$0
Corrections - Promotory bond payment	1,870,000	0	0	0	0	0	0	0
CFB - Capital restoration	4,200,000	0	0	0	0	0	0	135,000,000
Corrections - capital improvements	0	1,500,000	0	1,500,000	0	0	0	0
Corrections - inmate training facilities	0	1,540,000	0	1,540,000	0	0	0	0
DNR - Cab on County land	0	250,000	0	250,000	0	0	0	0
DWS - Logan Employment Center	0	2,801,000	0	2,801,000	0	0	0	0
DABC - new downtown SLC wine store	0	0	0	0	0	0	0	3,221,000
DABC - new St. George store	0	0	0	0	0	0	0	2,323,000
DABC - new southwest SL County store	0	0	0	0	0	0	0	2,323,000
DNR - Logan fisheries experiment station	0	0	0	0	0	688,000	688,000	0
Nat. Grd. - 8.5th Civil Team Readiness Ctr.	0	0	0	0	0	2,068,000	2,068,000	0
Nat. Grd. - Joint Forces Hqtrs. addition	0	0	0	0	0	1,460,000	1,460,000	0
Nat. Grd. - 117th/120th Readiness Center	0	0	0	0	0	1,500,000	1,500,000	0
Nat. Grd. - Special Forces Amory add.	0	0	0	0	0	1,500,000	1,500,000	0
Corrections - CUCF 288 bed facility	0	0	14,600,000	14,600,000	0	0	0	0
Courts - Provo land purchase	0	0	225,000	225,000	0	0	0	0
DFCM - Richfield Regional Center	0	0	7,527,000	7,527,000	0	0	0	0
DHS - Developmental Center housing	0	0	2,575,000	2,575,000	0	0	0	0
DNR - Fire Management Service facility	0	0	694,000	694,000	0	0	0	0
Total Budget	\$44,584,700	\$50,067,900	\$25,621,000	\$75,688,900	\$43,976,900	\$16,871,200	\$60,848,100	\$142,867,000
% Change from Authorized FY 2005 to Total FY 2006							21.5%	

Capital facility projects (except for Higher Education, Public Education and Transportation) are included in the Administrative Services budget because they are administered by the Division of Facilities Construction and Management, a division of the Department of Administrative Services.

ADMINISTRATIVE SERVICES

	General Fund	School Funds	Transportation Fund	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
ADMINISTRATIVE SERVICES FY 2006 OPERATING BUDGET							
Beginning Base Budget							
AI1	\$11,890,500	\$0	\$450,000	\$2,377,100	\$5,479,100	\$1,003,400	\$21,200,100
AI2	(75,300)	0	0	(5,100)	(21,100)	0	(101,500)
AI3	0	0	0	133,500	0	821,600	955,100
Total Beginning Base Budget - Administrative Services	11,815,200	0	450,000	2,505,500	5,458,000	1,825,000	22,053,700
Statewide Ongoing Adjustments							
AI4	15,200	0	0	700	2,100	0	18,000
AI5	249,600	0	0	23,400	82,800	0	355,800
AI6	305,700	0	0	43,400	10,700	0	359,800
AI7	135,600	0	0	12,200	41,700	0	189,500
<i>Subtotal Statewide Ongoing Adjustments - Adm. Services</i>	<i>706,100</i>	<i>0</i>	<i>0</i>	<i>79,700</i>	<i>137,500</i>	<i>0</i>	<i>923,100</i>
Ongoing Adjustments							
AI8	1,100,000	0	0	0	(1,100,000)	0	0
AI9	0	0	0	0	(87,400)	87,400	0
AI10	0	0	0	0	134,000	0	134,000
AI11	43,000	0	0	0	0	0	43,000
AI12	55,000	0	0	0	0	0	55,000
AI13	25,000	0	0	0	0	0	25,000
AI14	755,000	0	0	0	0	0	755,000
<i>Subtotal Ongoing Adjustments - Administrative Services</i>	<i>1,978,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(1,063,400)</i>	<i>87,400</i>	<i>1,002,000</i>
One-time Adjustments							
AI15	68,000	0	0	0	0	0	68,000
AI16	100,000	0	0	0	0	0	100,000
AI17	75,000	0	0	0	0	0	75,000
AI18	4,000,000	0	0	0	0	(4,000,000)	0
<i>Subtotal One-time Adjustments - Administrative Services</i>	<i>4,283,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(4,000,000)</i>	<i>283,000</i>
Total FY 2006 Administrative Services Adjustments	6,927,100	0	0	79,700	(926,100)	(3,912,600)	2,168,100
Total FY 2006 Administrative Services Operating Budget	\$18,742,300	\$0	\$450,000	\$2,585,200	\$4,531,900	(\$2,087,600)	\$24,221,800
ADMINISTRATIVE SERVICES FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
AI9	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
<i>Subtotal Supplemental Adjustments - Administrative Services</i>	<i>50,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>50,000</i>
Total FY 2005 Administrative Services Budget Adjustments	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000

ADMINISTRATIVE SERVICES - CONTINUED

	General Fund	School Funds	Transportation Fund	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
ADMINISTRATIVE SERVICES FY 2006 CAPITAL BUDGET							
Base Budget							
A20	\$28,516,900	\$7,000,000	\$0	\$0	\$3,051,000	\$2,200,000	\$50,767,900
A21	(1,540,000)	0	0	0	(3,051,000)	(2,200,000)	(6,991,000)
Total FY 2006 Admin. Services Capital Base Budget	26,976,900	17,000,000	0	0	0	0	43,976,900
Ongoing Adjustments							
A22	0	8,134,700	1,520,500	0	0	0	9,655,200
	Subtotal Ongoing Capital Adjustments - Admin. Services	8,134,700	1,520,500	0	0	0	9,655,200
One-time Adjustments							
A23	0	0	0	0	688,000	0	688,000
A24	0	0	0	0	0	2,068,000	2,068,000
A25	0	0	0	0	0	1,460,000	1,460,000
A26	0	0	0	0	0	1,500,000	1,500,000
A27	0	0	0	0	0	1,500,000	1,500,000
	Subtotal One-time Capital Adjustments - Admin. Services	0	0	0	688,000	6,528,000	7,216,000
Total FY 2006 Admin. Services Capital Adjustments	0	8,134,700	1,520,500	0	688,000	6,528,000	16,871,200
Total FY 2006 Administrative Services Capital Budget	\$26,976,900	\$25,134,700	\$1,520,500	\$0	\$688,000	\$6,528,000	\$60,848,100
ADMINISTRATIVE SERVICES FY 2005 CAPITAL BUDGET ADJUSTMENTS							
Supplemental Adjustments							
A28	\$13,230,000	\$0	\$0	\$0	\$0	\$1,270,000	\$14,500,000
A29	225,000	0	0	0	0	0	225,000
A30	5,043,000	0	0	0	2,484,000	0	7,527,000
A31	2,575,000	0	0	0	0	0	2,575,000
A32	694,000	0	0	0	0	0	694,000
	Subtotal Supplemental Capital Adjustments - Admin. Services	21,867,000	0	0	2,484,000	1,270,000	25,621,000
Total FY 2005 Administrative Services Capital Adjustments	\$21,867,000	\$0	\$0	\$0	\$2,484,000	\$1,270,000	\$25,621,000
CAPITAL PRESERVATION BOARD FY 2006 OPERATING BUDGET							
Beginning Base Budget							
A33	\$2,177,300	\$0	\$0	\$228,300	\$0	\$141,400	\$2,547,000
A34	(1,500)	0	0	0	0	0	(1,500)
A35	0	0	0	60,600	0	0	60,600
Total Beginning Base Budget - Capital Preservation Bd.	2,175,800	0	0	288,900	0	141,400	2,606,100

ADMINISTRATIVE SERVICES - CONTINUED

	General Fund	School Funds	Transportation Fund	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Statewide Ongoing Adjustments							
456 Cost-of-living adjustments of 3%	4,500	0	0	0	0	0	4,500
457 Market comparability adjustments	2,300	0	0	0	0	0	2,300
458 Insurance rate adjustments	2,400	0	0	0	0	0	2,400
Subtotal Statewide Ongoing Adjustments - Cap. Pres. Bnd	9,200	0	0	0	0	0	9,200
Ongoing Adjustments							
459 DFCM O&MRate	120,000	0	0	0	0	0	120,000
460 Secretary	35,100	0	0	0	0	0	35,100
Subtotal Ongoing Adjustments - Capital Preserv. Board	255,300	0	0	0	0	0	255,300
Total FY 2006 Capital Preservation Board Adjustments	164,300	0	0	0	0	0	164,300
Total FY 2006 Capital Preservation Board Operating Budget	\$2,340,100	\$0	\$0	\$288,900	\$0	\$141,400	\$2,770,400
CAPITOL PRESERVATION BOARD FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
461 DFCM O&MRate	\$120,000	\$0	\$0	\$0	\$0	\$0	\$120,000
Subtotal Supplemental Adjustments - Capital Preservation Bnd	220,000	0	0	0	0	0	220,000
Total FY 2005 Capital Preservation Board Budget Adjustments	\$120,000	\$0	\$0	\$0	\$0	\$0	\$120,000
ADMINISTRATIVE SERVICES TOTALS							
FY 2006 Operating Base Budget	\$13,991,000	\$0	\$450,000	\$2,794,400	\$5,458,000	\$1,966,400	\$24,659,800
FY 2006 Operating Ongoing and One-time Adjustments	7,091,400	0	0	79,700	(926,100)	(3,912,600)	2,333,400
FY 2006 Operating Recommendation	21,082,400	0	450,000	2,874,100	4,531,900	(1,946,200)	26,992,200
FY 2005 Operating Adjustments	170,000	0	0	0	0	0	170,000
FY 2006 Capital Base Budget	26,976,900	7,000,000	0	0	0	0	43,976,900
FY 2006 Capital Ongoing and One-time Adjustments	0	8,134,700	1,520,500	0	688,000	6,528,000	16,871,200
FY 2006 Capital Recommendation	26,976,900	25,134,700	1,520,500	0	688,000	6,528,000	60,848,100
FY 2005 Capital Adjustments	21,867,000	0	0	0	2,484,000	1,270,000	25,621,000



COMMERCE AND REVENUE

Dan Frei, Analyst

Where Will My Taxes and Fees Go for Commerce and Revenue? (Figure Based on Total FY 2006 Funding)

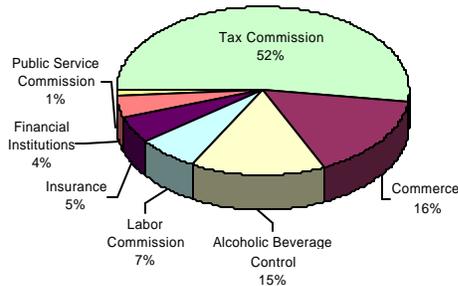
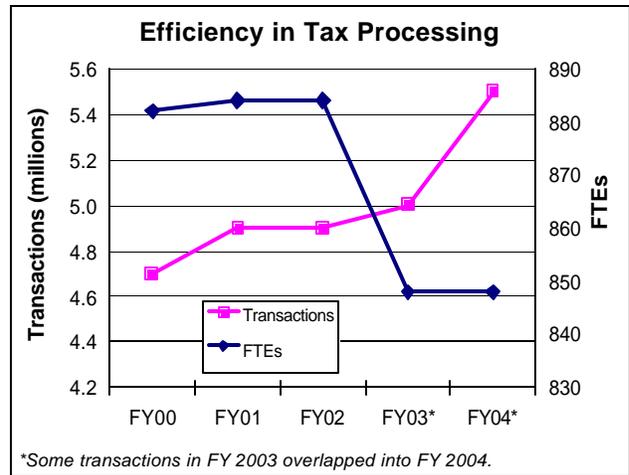


Figure excludes Workforce Services and enterprise funds.

Highlighted Services

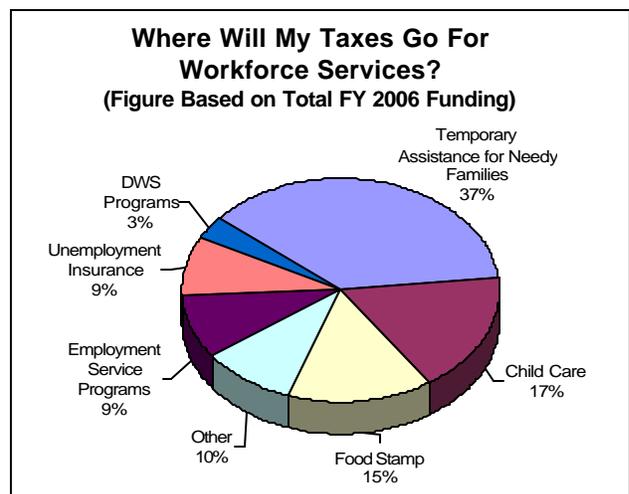
(Including the Governor's Recommendations)

- \$70 million for the Tax Commission**
 - Collects \$4.9 billion in revenue from over 40 various tax types
- \$22 million for the Department of Commerce**
 - Licenses over 260,000 occupational and professional licensees in 76 classifications
 - Registers over 500,000 Utah businesses
- \$21 million for Alcoholic Beverage Control**
 - Regulates and operates the retail sales of \$170 million in alcoholic beverages throughout Utah
- \$7 million for the Insurance Commission**
 - Regulates 1,440 licensed insurers and 48,000 licensed agents with annual premiums exceeding \$7.9 billion
- \$5 million for Financial Institutions**
 - Monitors 120 depository institutions with assets totaling \$115 billion
- \$2 million for the Public Service Commission**
 - Regulates 154 utility companies with gross intrastate revenues exceeding \$2.4 billion
- \$293 million for Workforce Services**
 - Provides employment and support services to over 260,000 Utah residents



Governor's Recommendation Highlights (All Funding Sources)

- Comprehensive Health Insurance Pool**
 - \$10 million - Subsidy for uninsurable individuals
- Workforce Services**
 - \$2.4 million - General Assistance caseload growth
 - \$0.9 million - Food Stamp caseload increase



The Unemployment Insurance and Food Stamp programs do not include benefit payments.

BUDGET OVERVIEW

Commerce and revenue agencies encourage employment, provide temporary assistance, collect taxes, and maintain an appropriate balance between business development and regulation. These agencies include the Labor, Public Service, and Tax commissions and the departments of Alcoholic Beverage Control, Commerce, Financial Institutions, Insurance, and Workforce Services (DWS).

For FY 2006 the governor recommends that these agencies receive \$475,223,500 in total funds. This includes \$126,996,100 in state funds (General Fund and Uniform School Fund), a 1.5 percent increase from the FY 2005 authorized state funds amount. DWS and the Tax Commission are the two largest commerce and revenue agencies. DWS, which comprises approximately 62 percent of total funds, provides employment and support services to over 260,000 people. The Tax Commission, which comprises approximately 15 percent of total funds, collects over \$4.9 billion in state and local revenue.

In addition to funding health and dental increases, the FY 2006 recommended appropriation includes \$3,180,000 in state funds (\$9,178,100 in total funds) to provide commerce and revenue agencies with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. For instance, the Labor Commission reports difficulty recruiting and keeping administrative law judges as higher salaries are available in the private sector. Another department, Alcoholic Beverage Control, reports that salaries for retail sales clerks are among the lowest in the nation.

GOVERNOR'S RECOMMENDATIONS

Alcoholic Beverage Control

Other Funds

- Provide \$420,000 in ongoing restricted funds for 12 full-time equivalent positions to staff three new stores.

Insurance

General Fund

- Appropriate \$5,000,000 in ongoing funds and \$5,000,000 in one-time funds for the Comprehensive Health Insurance Pool, which provides health insurance for uninsurable individuals.

Tax Commission

Other Funds

- Increase the Liquor Profit Distribution per Section 59-15-109, UCA, by \$608,100 and increase the distribution based on the intent of SB 153, *Alcohol Beverage Amendments* (Valentine), 2003 General Session, by \$700,000.

Workforce Services

General Fund

- Provide \$945,200 in one-time funding for Food Stamp caseload increases.
- Provide \$2,424,300 in one-time funding for caseload growth in General Assistance.
- Appropriate \$1,500,600 in ongoing General Fund and \$3,799,400 in matching federal funds to replace Temporary Assistance for Needy Families funds in the Child Care program.

FY 2005 PROPOSED LEGISLATIVE INTENT

Insurance

- If funds are available, the department is authorized to not lapse up to \$120,000 for computer equipment and software and up to \$10,000 for employee training and incentives.

Labor Commission

- If funds are available, the commission is authorized to not lapse up to \$50,000 for computer equipment and software.

- The commission is allowed to carry over funds dedicated to Work Place Safety grants and media campaigns until contracts are completed.

Public Service Commission

- Funds appropriated to the commission are non-lapsing.

Tax Commission

- The commission may carry forward unexpended funds related to implementing Streamlined Sales Tax legislation.

Workforce Services

- The \$3,000,000 appropriation for FY 2005 from General Fund Restricted – Special Administrative Expense for the electronic Resource Eligibility Project (e-REP) is non-lapsing through the completion of the e-REP project.

FY 2006 PROPOSED LEGISLATIVE INTENT

Commerce

- Funds for the Division of Public Utilities - Professional and Technical Services are non-lapsing.
- Funds for the Committee of Consumer Services - Professional and Technical Services are nonlapsing.
- Funds for the Committee of Consumer Services lapse to the committee's Professional and Technical Services Fund.

Labor Commission

- Fees collected from sponsoring and holding seminars are nonlapsing.
- If funds are available, the commission is authorized to not lapse up to \$50,000 for computer equipment and software.
- The commission is allowed to carry over funds dedicated to Work Place Safety grants and media campaigns until contracts are completed.

Public Service Commission

- Funds appropriated to the commission are non-lapsing.

Tax Commission

- The commission may carry forward unexpended year-end balances for costs directly related to the modernization of the tax and motor vehicle systems and business processes.
- The commission may carry forward unexpended funds related to implementing Streamlined Sales Tax legislation.

Workforce Services

- Funds appropriated to DWS are nonlapsing.
- The \$2,160,000 in funds appropriated from the Unemployment Compensation Trust come from the March 13, 2002 Reed Act distribution and are to be used for employment service administration, consistent with Section 903(d) of the federal Social Security Act.

COMMERCE AND REVENUE

Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$90,897,900	\$107,642,700	\$73,600	\$107,716,300	\$90,297,700	\$18,529,400	\$108,827,100
School Funds	16,761,000	17,430,500	0	17,430,500	17,287,600	881,400	18,169,000
Transportation Fund	5,857,400	5,857,400	0	5,857,400	5,857,400	0	5,857,400
Federal Funds	220,989,700	223,518,400	23,600	223,542,000	214,671,000	7,374,300	222,045,300
Dedicated Credits	18,070,300	18,468,300	0	18,468,300	18,133,900	265,400	18,399,300
Restricted and Trust Funds	74,163,400	86,075,600	201,400	86,277,000	87,706,200	5,677,500	93,383,700
Transfers	3,899,600	7,415,600	0	7,415,600	6,349,800	127,100	6,476,900
Pass-through Funds	38,600	75,200	0	75,200	75,200	0	75,200
Beginning Balances	22,710,900	20,704,200	0	20,704,200	23,597,300	0	23,597,300
Closing Balances	(20,704,200)	(23,597,300)	0	(23,597,300)	(21,606,400)	0	(21,606,400)
Lapsing Funds	(1,863,100)	(1,300)	0	(1,300)	(1,300)	0	(1,300)
Total Financing	\$430,821,500	\$463,589,300	\$298,600	\$463,887,900	\$442,368,400	\$32,855,100	\$475,223,500
Programs							
Commerce and Revenue							
Alcoholic Beverage Control	\$18,487,900	\$19,389,200	\$0	\$19,389,200	\$19,227,800	\$1,665,200	\$20,893,000
Commerce	18,172,700	21,865,000	0	21,865,000	21,402,500	1,081,800	22,484,300
Financial Institutions	4,263,800	4,704,300	0	4,704,300	4,648,500	507,000	5,155,500
Insurance	5,719,600	6,398,900	50,000	6,448,900	6,439,700	525,500	6,965,200
Health Insurance Pool	22,604,200	29,438,100	0	29,438,100	23,840,500	10,000,000	33,840,500
Labor Commission	8,997,700	8,992,600	248,600	9,241,200	8,898,500	1,168,900	10,067,400
Public Service Commission	1,556,200	1,928,400	0	1,928,400	1,674,600	66,100	1,740,700
Speech and Hearing Impaired Fund	1,521,100	1,573,400	0	1,573,400	1,586,500	0	1,586,500
Universal Telecom. Service Fund	7,212,300	7,938,800	0	7,938,800	8,180,100	0	8,180,100
Tax Commission	60,741,400	66,938,700	0	66,938,700	66,447,300	4,393,700	70,841,000
Workforce Services	281,994,600	294,421,900	0	294,421,900	280,022,400	13,446,900	293,469,300
Total Budget	\$430,821,500	\$463,589,300	\$298,600	\$463,887,900	\$442,368,400	\$32,855,100	\$475,223,500
% Change from Authorized FY 2005 to Total FY 2006							2.5%
FTE Positions	--	3,644.0	0.0	3,644.0	3,644.0	14.0	3,658.0

COMMERCE AND REVENUE

ALCOHOLIC BEVERAGE CONTROL FY 2006 OPERATING BUDGET									
	General and School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds		
Beginning Base Budget									
B1	\$0	\$0	\$0	\$0	\$19,389,200	\$0	\$19,389,200		
B2	0	0	0	0	(161,400)	0	(161,400)		
Adjustments for one-time FY 2005 appropriations									
Total Beginning Base Budget - Alcoholic Beverage Control									
B3	0	0	0	0	19,227,800	0	19,227,800		
Statewide Ongoing Adjustments									
B4	0	0	0	0	282,900	0	282,900		
B5	0	0	0	0	5,800	0	5,800		
B6	0	0	0	0	673,100	0	673,100		
B7	0	0	0	0	202,500	0	202,500		
B8	0	0	0	0	1,164,300	0	1,164,300		
Subtotal Statewide Ongoing Adj. - Alcoholic Beverage Control									
Ongoing Adjustments									
B9	0	0	0	0	420,000	0	420,000		
B10	0	0	0	0	25,000	0	25,000		
B11	0	0	0	0	55,900	0	55,900		
B12	0	0	0	0	500,900	0	500,900		
Subtotal Ongoing Adjustments - Alcoholic Beverage Control									
Total FY 2006 Alcoholic Beverage Control Adjustments									
	0	0	0	0	1,665,200	0	1,665,200		
Total FY 2006 Alcoholic Beverage Control Operating Budget									
	\$0	\$0	\$0	\$0	\$20,893,000	\$0	\$20,893,000		
COMMERCE FY 2006 OPERATING BUDGET									
Beginning Base Budget									
B13	\$0	\$0	\$217,600	\$1,542,000	\$19,336,900	\$550,200	\$21,646,700		
B14	0	0	0	0	(149,200)	0	(149,200)		
B15	0	0	26,800	173,400	(191,200)	(104,000)	(95,000)		
Adjustments to funding level									
Total Beginning Base Budget - Commerce									
B16	0	0	244,400	1,715,400	18,996,500	446,200	21,407,500		
Statewide Ongoing Adjustments									
B17	0	0	4,200	2,100	364,800	0	371,100		
B18	0	0	0	(100)	(14,100)	0	(14,200)		
B19	0	0	2,000	2,300	482,300	0	486,600		
B20	0	0	1,900	1,800	234,600	0	238,300		
B21	0	0	8,200	6,100	1,067,600	0	1,081,900		
Subtotal Statewide Ongoing Adjustments - Commerce									
Total FY 2006 Commerce Adjustments									
	0	0	8,100	6,100	1,067,600	0	1,081,800		
Total FY 2006 Commerce Operating Budget									
	\$0	\$0	\$252,500	\$1,721,500	\$20,064,100	\$446,200	\$22,484,300		

COMMERCE AND REVENUE - CONTINUED

	General and School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
FINANCIAL INSTITUTIONS FY 2006 OPERATING BUDGET							
Beginning Base Budget							
E17	\$0	\$0	\$0	\$0	\$4,674,300	\$0	\$4,674,300
E18	0	0	0	0	(25,800)	0	(25,800)
Adjustments for one-time FY 2005 appropriations							
Total Beginning Base Budget - Financial Institutions	0	0	0	0	4,648,500	0	4,648,500
Statewide Ongoing Adjustments							
E19	0	0	0	0	108,300	0	108,300
Cost-of-living adjustments of 3%							
E20	0	0	0	0	6,200	0	6,200
Internal service fund adjustments							
E21	0	0	0	0	89,600	0	89,600
Market comparability adjustments							
E22	0	0	0	0	52,500	0	52,500
Insurance rate adjustments							
<i>Subtotal Statewide Ongoing Adjustments - Financial Inst.</i>							
Ongoing Adjustments	0	0	0	0	117,400	0	117,400
E23	0	0	0	0	117,400	0	117,400
Renegotiate office lease							
<i>Subtotal Ongoing Adjustments - Financial Inst.</i>							
One-time Adjustments	0	0	0	0	133,000	0	133,000
E24	0	0	0	0	133,000	0	133,000
Laptop computer replacement							
<i>Subtotal One-time Adjustments - Financial Inst.</i>							
Total FY 2006 Financial Institutions Operating Budget	0	0	0	0	507,000	0	507,000
Total FY 2006 Financial Institutions Operating Budget	\$0	\$0	\$0	\$0	\$5,155,500	\$0	\$5,155,500
INSURANCE FY 2006 OPERATING BUDGET							
Beginning Base Budget							
E25	\$4,403,200	\$0	\$0	\$1,848,600	\$22,100	(\$2,200)	\$6,271,700
E26	(91,600)	0	0	(5,700)	0	0	(97,300)
Adjustments for one-time FY 2005 appropriations							
E27	0	0	0	75,100	0	190,200	265,300
Adjustments to funding levels							
Total Beginning Base Budget - Insurance	4,311,600	0	0	1,918,000	22,100	188,000	6,439,700
Statewide Ongoing Adjustments							
E28	104,400	0	0	18,600	0	0	123,000
Cost-of-living adjustments of 3%							
E29	(1,200)	0	0	(800)	0	0	(2,000)
Internal service fund adjustments							
E30	112,200	0	0	25,700	0	0	137,900
Market comparability adjustments							
E31	69,800	0	0	12,300	0	0	82,100
Insurance rate adjustments							
<i>Subtotal Statewide Ongoing Adjustments - Insurance</i>							
Ongoing Adjustments	57,500	0	0	0	0	0	57,500
E32	57,500	0	0	0	0	0	57,500
Annual software upgrade and maintenance agreement							
E33	16,000	0	0	0	0	0	16,000
Enterprise Content Management System maintenance							
E34	61,000	0	0	0	0	0	61,000
Market Analyst (1 FTE)							
<i>Subtotal Ongoing Adjustments - Insurance</i>							
Total FY 2006 Insurance Operating Budget	4,369,100	0	0	1,918,000	22,100	188,000	6,497,200

COMMERCE AND REVENUE - CONTINUED

	General and School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
One-time Adjustments							
283 Enterprise Content Management System	50,000	0	0	0	0	0	50,000
<i>Subtotal One-time Adjustments - Insurance</i>	50,000	0	0	0	0	0	50,000
Total FY 2006 Insurance Adjustments	469,700	0	0	55,800	0	0	525,500
Total FY 2006 Insurance Operating Budget	\$4,781,300	\$0	\$0	\$1,973,800	\$22,100	\$188,000	\$6,965,200
INSURANCE FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
286 Enterprise Content Management System	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
<i>Subtotal Supplemental Adjustments - Insurance</i>	50,000	0	0	0	0	0	50,000
Total FY 2005 Insurance Budget Adjustments	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
LABOR COMMISSION FY 2006 OPERATING BUDGET							
Beginning Base Budget							
287 FY 2005 appropriated budget	\$4,687,500	\$0	\$2,381,500	\$0	\$1,845,600	\$25,000	\$8,939,600
288 Adjustments for one-time FY 2005 appropriations	(30,200)	0	(17,900)	0	(11,000)	0	(59,100)
289 Adjustments to funding levels	0	0	18,000	0	0	0	18,000
Total Beginning Base Budget - Labor Commission	4,657,300	0	2,363,600	0	1,834,600	25,000	8,898,500
Statewide Ongoing Adjustments							
290 Cost-of-living adjustments of 3%	131,700	0	31,500	0	31,200	600	195,000
291 Internal service fund adjustments	(10,200)	0	(2,000)	0	100	0	(12,100)
292 Market comparability adjustments	202,800	0	99,900	0	51,000	1,100	354,800
293 Insurance rate adjustments	76,000	0	18,700	0	19,100	0	113,800
<i>Subtotal Statewide Ongoing Adjustments - Labor Commission</i>	400,300	0	148,200	0	101,400	1,700	651,500
Ongoing Adjustments							
294 Attorney General changes	23,600	0	23,600	0	0	0	47,200
295 UO SH Safety & Health Officer (1 FTE)	33,700	0	33,700	0	0	0	67,400
296 Work Place Safety media program and safety grants	0	0	0	0	402,800	0	402,800
<i>Subtotal Ongoing Adjustments - Labor Commission</i>	57,300	0	57,300	0	402,800	0	517,400
Total FY 2006 Labor Commission Adjustments	457,600	0	205,400	0	504,200	1,700	1,168,900
Total FY 2006 Labor Commission Operating Budget	\$5,114,900	\$0	\$2,569,000	\$0	\$2,338,800	\$26,700	\$10,067,400
LABOR COMMISSION FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
297 Attorney General changes	\$23,600	\$0	\$23,600	\$0	\$0	\$0	\$47,200
298 Work Place Safety media program and safety grants	0	0	0	0	201,400	0	201,400
<i>Subtotal Supplemental Adjustments - Labor Commission</i>	23,600	0	23,600	0	201,400	0	248,600
Total FY 2005 Labor Commission Budget Adjustments	\$23,600	\$0	\$23,600	\$0	\$201,400	\$0	\$248,600

COMMERCE AND REVENUE - CONTINUED

	General and School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
PUBLIC SERVICE COMMISSION FY 2006 OPERATING BUDGET							
Beginning Base Budget							
B49	\$0	\$0	\$0	\$121,200	\$1,561,700	\$0	\$1,682,900
B50	0	0	0	0	(8,800)	0	(8,800)
B51	0	0	0	500	0	0	500
Total Beginning Base Budget - Public Service Commission	0	0	0	121,700	1,552,900	0	1,674,600
Statewide Ongoing Adjustments							
B52	0	0	0	0	38,100	0	38,100
B53	0	0	0	0	1,400	0	1,400
B54	0	0	0	0	10,700	0	10,700
B55	0	0	0	0	15,900	0	15,900
<i>Subtotal Statewide Ongoing Adjustments - PSC</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>66,100</i>	<i>0</i>	<i>66,100</i>
Total FY 2006 Public Service Commission Adjustments	0	0	0	0	66,100	0	66,100
Total FY 2006 Public Service Commission Operating Budget	\$0	\$0	\$0	\$121,700	\$1,619,000	\$0	\$1,740,700
TAX COMMISSION FY 2006 OPERATING BUDGET							
Beginning Base Budget							
B56	\$38,402,300	\$5,857,400	\$455,600	\$11,875,100	\$10,399,500	\$2,007,900	\$68,997,800
B57	(379,300)	0	0	0	(63,300)	0	(442,600)
B58	0	0	(23,600)	(1,418,300)	0	(666,000)	(2,107,900)
Total Beginning Base Budget - Tax Commission	38,023,000	5,857,400	432,000	10,456,800	10,336,200	1,341,900	66,447,300
Statewide Ongoing Adjustments							
B59	913,200	0	0	36,600	175,800	0	1,125,600
B60	(8,500)	0	0	4,100	(5,900)	500	(9,800)
B61	945,400	0	0	39,000	186,100	0	1,170,500
B62	648,000	0	0	31,600	119,700	0	799,300
<i>Subtotal Statewide Ongoing Adjustments - Tax Commission</i>	<i>2,498,100</i>	<i>0</i>	<i>0</i>	<i>111,300</i>	<i>475,700</i>	<i>500</i>	<i>3,085,600</i>
Ongoing Adjustments							
B63	0	0	0	0	1,308,100	0	1,308,100
<i>Subtotal Ongoing Adjustments - Tax Commission</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,308,100</i>	<i>0</i>	<i>1,308,100</i>
Total FY 2006 Tax Commission Adjustments	2,498,100	0	0	111,300	1,783,800	500	4,393,700
Total FY 2006 Tax Commission Operating Budget	\$40,521,100	\$5,857,400	\$432,000	\$10,568,100	\$12,120,000	\$1,342,400	\$70,841,000

COMMERCE AND REVENUE - CONTINUED

	General and School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
WORKFORCE SERVICES FY 2006 OPERATING BUDGET							
Beginning Base Budget							
264	\$61,376,300	\$0	\$203,666,200	\$2,746,800	\$5,160,000	\$2,763,800	\$275,713,100
265	(7,108,600)	0	(952,800)	0	(3,000,000)	0	(11,061,400)
266	121,800	0	0	0	0	0	121,800
267	0	0	8,899,600	(211,700)	0	6,561,000	15,248,900
Total Beginning Base Budget - Workforce Services	54,389,500	0	211,613,000	2,535,100	2,160,000	9,324,800	280,022,400
Statewide Ongoing Adjustments							
268	563,700	0	2,117,700	47,400	44,700	61,200	2,834,700
269	(55,600)	0	(214,600)	(3,300)	(4,700)	(7,500)	(285,700)
270	206,600	0	913,400	15,400	9,800	31,000	1,176,200
271	400,600	0	1,490,100	32,700	33,800	40,200	1,997,400
<i>Subtotal Statewide Ongoing Adjustments - Workforce Services</i>	<i>1,115,300</i>	<i>0</i>	<i>4,306,600</i>	<i>92,200</i>	<i>83,600</i>	<i>124,900</i>	<i>5,722,600</i>
Ongoing Adjustments							
272	1,500,600	0	3,799,400	0	0	0	5,300,000
<i>Subtotal Ongoing Adjustments Workforce Services</i>	<i>1,500,600</i>	<i>0</i>	<i>3,799,400</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,300,000</i>
One-time Adjustments							
273	2,424,300	0	0	0	0	0	2,424,300
274	945,200	0	(945,200)	0	0	0	0
<i>Subtotal One-time Adjustments - Workforce Services</i>	<i>3,369,500</i>	<i>0</i>	<i>(945,200)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,424,300</i>
Total FY 2006 Workforce Services Adjustments	5,985,400	0	7,160,800	92,200	83,600	124,900	13,446,900
Total FY 2006 Workforce Services Operating Budget	\$60,374,900	\$0	\$218,773,800	\$2,627,300	\$2,243,600	\$9,449,700	\$293,469,300
COMPREHENSIVE HEALTH INSURANCE POOL FY 2005 OPERATING BUDGET							
Beginning Base Budget							
275	\$16,203,900	\$0	\$0	\$0	\$17,725,500	\$9,999,000	\$43,928,400
276	(10,000,000)	0	0	0	0	0	(10,000,000)
277	0	0	0	0	2,956,400	(13,044,300)	(10,087,900)
Total Beginning Base Budget - Comp. Health Ins. Pool	6,203,900	0	0	0	20,681,900	(3,045,300)	23,840,500
Ongoing Adjustments							
278	5,000,000	0	0	0	0	0	5,000,000
<i>Subtotal Ongoing Adjustments - Comp. Health Ins. Pool</i>	<i>5,000,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,000,000</i>

COMMERCE AND REVENUE - CONTINUED

	General and School Funds	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
One-time Adjustments							
289 General Fund subsidy	5,000,000	0	0	0	0	0	5,000,000
Subtotal One-time Adjustments - Comp. Health Ins. Pool	5,000,000	0	0	0	0	0	5,000,000
Total FY 2006 Comp. Health Ins. Pool Adjustments	10,000,000	0	0	0	0	0	10,000,000
Total FY 2006 Comp. Health Insurance Pool Operating Budget	\$16,263,900	\$0	\$0	\$0	\$20,681,900	(\$3,645,300)	\$33,840,500
SPEECH AND HEARING IMPAIRED FUND FY 2006 OPERATING BUDGET							
Beginning Base Budget							
280 FY 2005 appropriated budget	\$0	\$0	\$0	\$1,246,500	\$0	\$416,400	\$1,662,900
281 Adjustments to funding levels	0	0	0	140,400	0	(216,800)	(76,400)
Total Beginning Base Budget - Speech/Hearing Impaired	0	0	0	1,386,900	0	199,600	1,586,500
Total FY 2006 Speech and Hearing Impaired Operating Budget	\$0	\$0	\$0	\$1,386,900	\$0	\$199,600	\$1,586,500
UNIVERSAL TELECOMMUNICATIONS SERVICE SUPPORT FUND FY 2006 OPERATING BUDGET							
Beginning Base Budget							
282 FY 2005 appropriated budget	\$0	\$0	\$0	\$0	\$9,048,900	(\$170,100)	\$8,878,800
283 Adjustments to funding levels	0	0	0	0	(803,200)	104,500	(698,700)
Total Beginning Base Budget - Universal Telecom.	0	0	0	0	8,245,700	(65,600)	\$8,180,100
Total FY 2006 Universal Telecommunications Operating Budget	\$0	\$0	\$0	\$0	\$8,245,700	(\$65,600)	\$8,180,100
COMMERCE AND REVENUE TOTALS							
FY 2006 Operating Base Budget	\$107,585,300	\$5,857,400	\$214,671,000	\$18,133,900	\$87,706,200	\$8,414,600	\$442,368,400
FY 2006 Operating Ongoing and One-time Adjustments	19,410,800	0	7,374,300	265,400	5,677,500	127,100	32,855,100
FY 2006 Operating Recommendation	126,996,100	5,857,400	222,045,300	18,399,300	93,383,700	8,541,700	475,223,500
FY 2005 Operating Adjustments	73,600	0	23,600	0	201,400	0	298,600

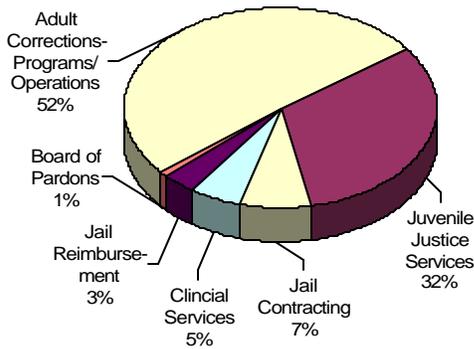


CORRECTIONS (ADULT AND JUVENILE)

David Walsh, Analyst

Where Will My Taxes Go for Corrections?

(Figure Based on Total FY 2006 Funding)



Highlighted Services

(Including the Governor's Recommendations)

\$161 million for Adult Corrections - Programs and Operations

- Incarcerates 6,400 inmates
- Supervises 14,600 offenders under probation or parole

\$101 million for Juvenile Justice Services

- Provides services for approximately 1,386 custody youth per day, including 224 juvenile offenders in secure facilities
- The Salt Lake Intensive Community Aftercare program helps residential youth maintain employment (70 percent success rate); 90 percent of the youth are either in school or in a vocational program

\$23 million for Jail Contracting

- Houses 1,518 inmates in county jails

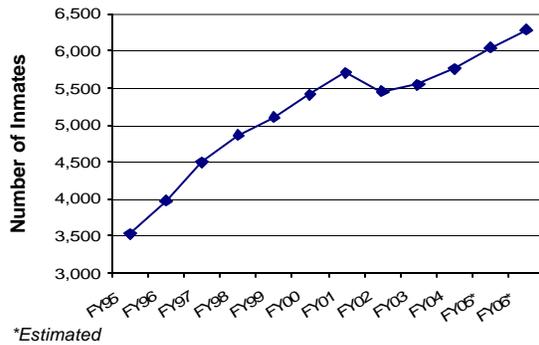
\$11 million for Jail Reimbursement

- Funds a daily average of 888 beds in county jails as a condition of probation

\$3 million for the Board of Pardons and Parole

- The five member board makes 14,100 decisions annually

Projected Adult Inmate Population Is 77% Higher Than FY 1995

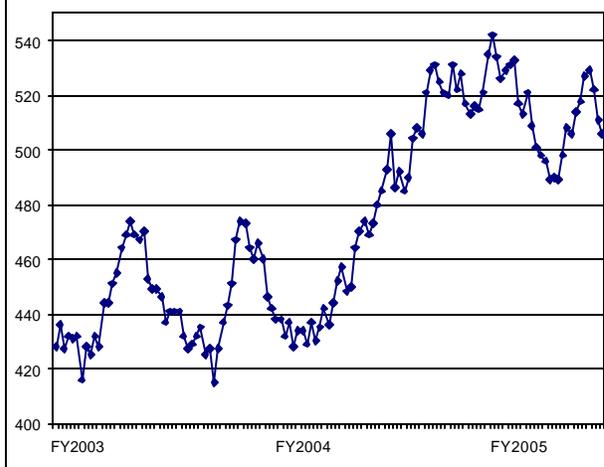


Governor's Recommendation Highlights

(All Funding Sources)

- \$10.2 million - Inmate growth
- \$2.2 million - Caseload growth for youth offenders in residential placements
- \$1.8 million - Correction treatment slots to implement the *Drug Offender Reform Act (DORA)*
- \$1.2 million - Increased services for youth offenders in Tooele and Davis counties
- \$1.1 million - Growth in jail reimbursement
- \$0.6 million - Nine probation and parole agents

Juvenile Justice Services Residential Counts Community Placements



BUDGET OVERVIEW

Corrections agencies include the Department of Corrections, the Board of Pardons and Parole, the Youth Parole Authority (YPA), and the Division of Juvenile Justice Services (formerly known as the Division of Youth Corrections). The Division of Juvenile Justice Services is a division of the Department of Human Services but is included here for budgetary purposes. These agencies protect the public, provide rehabilitation programs for young offenders, and provide adult offenders with skills training to enhance their prospects for success after release.

For FY 2006 the governor recommends that corrections agencies receive \$315,050,600 in total funds. This amount includes \$285,292,600 in General Fund, an 11.1 percent increase from the FY 2005 authorized General Fund amount. As shown in the pie chart on the previous page, the major component of the corrections budget is the Programs and Operations line item of Adult Corrections, which is projected to provide supervision for 21,000 offenders under its jurisdiction.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$8,279,100 in General Fund (\$8,902,700 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. During the last few years, the salaries of youth correctional counselors and adult correctional officers have lagged behind the general job market. For instance, salaries for Juvenile Justice Services counselors are 31 percent below market based on the latest salary survey conducted by the Department of Human Resource Management. In addition, the starting salary for a state correctional officer is \$11.53 per hour compared to \$14.31 per hour in Salt Lake County, a 24 percent difference. The State of Utah must compete with other county and city law enforcement salaries. After state correctional officers are trained by the Department of Corrections, many of the employees transfer to

county or city law enforcement where salaries are higher.

GOVERNOR'S RECOMMENDATIONS

Adult Corrections

General Fund

- Include \$4,380,900 in ongoing funds and \$1,305,800 in one-time funds to operate the recently reopened 300-bed dormitory at the Draper prison site. An additional \$4,477,100 in ongoing funds and \$50,000 in one-time funds are recommended to contract for 200 beds in county jails. The governor also recommends FY 2005 supplemental funding of \$920,000 for jail contracting and \$825,400 for the Draper dormitory.
- Add nine probation and parole agents to supervise felony offenders in the community at a cost of \$455,000 in ongoing funds and \$125,000 in one-time funds.
- Restore \$350,000 in ongoing General Fund to the Diagnostic Unit and reduce its allocation from the Crime Victim Reparations Trust Fund by the same amount. This partially replaces the \$750,000 shift that occurred in FY 2003 when state lawmakers were dealing with budgetary shortfalls in the General Fund.
- Include \$450,000 in ongoing funds to increase treatment resources for sex offenders.
- Provide \$1,814,700 in ongoing funds to implement the assessment and treatment provisions of the *Drug Offender Reform Act* (DORA), which will be considered for passage during the 2005 General Session. Approximately 80 percent of adult offenders have a substance abuse problem.
- Provide \$1,240,000 in ongoing funds to counties to pay for increasing the inmate core rate from \$42.32 per day to \$43.96 per day for costs associated with jail contracting and jail reimbursement.

- Add \$1,090,000 in ongoing funds to the counties to pay for costs associated with the increased growth in jail reimbursement.

Other Funds

- Increase the capital outlay to \$690,000 and authorize two additional full-time equivalent positions in FY 2006 for the data processing internal service fund.

Board of Pardons and Parole

General Fund

- Add \$105,300 in ongoing funds to hire two additional staff to assist with increased board hearings.

Juvenile Justice Services

General Fund

- Include \$1,111,600 in ongoing General Fund (\$2,237,700 in ongoing total funds) to cover the increased costs due to a rise in residential placements. An FY 2005 supplemental of \$750,000 in General Fund is also recommended to provide the necessary resources for this increase in residential placements. Residential placements for FY 2004 were up by an average of 117 youth offenders per day.
- Add \$769,400 in ongoing funds (\$1,167,700 in ongoing total funds) and \$44,200 in one-time funds to increase services in Tooele and Davis counties.
- Recommend \$255,500 in ongoing funds to replace federal grants to continue successful aftercare programs for youth offenders that transition from secure care. Results of these programs show that 76 percent of the offenders have been successful in this transition compared with 35 percent when these transition programs are not provided.
- Appropriate \$130,300 in ongoing funds and \$19,200 in one-time funds to operate the Strawberry Work Camp for female offenders.

- Recommend \$146,300 in ongoing funds to fund Juvenile Justice Services' federal share of Medicaid costs.

- Recommend a reduction of \$10,000 in FY 2005 supplemental funds for YPA. Adjustments to the base have already been made to the FY 2006 budget.

- Reduce YPA beginning nonlapsing balances with an FY 2005 negative supplemental of \$60,000. The administrator of the YPA supports this decrease in funding.

Other Funds

- Reduce the DNA specimen account in FY 2005 by \$91,000 because this account is not being used by Juvenile Justice Services. Adjustments to the base have already been made in the FY 2006 budget. This reduction should allow additional appropriations to be made from this restricted account to other criminal justice agencies.

FY 2006 PROPOSED LEGISLATIVE INTENT

Adult Corrections

- Resources may be reallocated internally to fund additional adult probation and parole agents. For every two agents hired, one vehicle may be purchased with department funds.
- Funds for Programs and Operations, Medical Services, Jail Contracting, Jail Reimbursement, and Utah Correctional Industries are non-lapsing.

Board of Pardons and Parole

- Funds for the board are nonlapsing.

Juvenile Justice Services

- Funds for the division and YPA are nonlapsing.

CORRECTIONS (ADULT AND JUVENILE)

Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supplementals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	T total FY 2006
Plan of Financing							
General Fund	\$245,780,600	\$256,673,900	\$2,485,400	\$259,159,300	\$254,912,400	\$30,380,200	\$285,292,600
Federal Funds	2,915,700	2,964,600	0	2,964,600	2,646,400	147,800	2,794,200
Dedicated Credits	5,305,200	5,561,400	0	5,561,400	5,586,400	81,100	5,667,500
Restricted and Trust Funds	2,584,400	2,613,400	(91,000)	2,522,400	2,522,400	(304,900)	2,217,500
Transfers	23,940,100	17,623,800	0	17,623,800	17,178,500	1,900,300	19,078,800
Beginning Balances	5,760,800	3,985,600	(60,000)	3,925,600	0	0	0
Closing Balances	(3,985,600)	0	0	0	0	0	0
Lapsing Funds	(294,800)	0	0	0	0	0	0
Total Financing	\$281,406,400	\$289,422,700	\$2,334,400	\$291,757,100	\$282,846,100	\$32,204,500	\$315,050,600
Programs							
Adult Corrections							
Administration	\$13,005,300	\$13,351,600	\$0	\$13,351,600	\$13,263,200	\$61,740	\$13,880,600
Adult Probation and Parole	39,590,600	41,872,100	0	41,872,100	41,195,200	3,515,800	44,711,000
Institutional Operations	88,360,400	91,672,400	825,400	92,497,800	89,609,500	12,472,700	102,082,200
Clinical Services	16,794,000	16,605,900	0	16,605,900	16,527,300	863,400	17,390,700
Jail Contracting	17,766,600	18,565,800	920,000	19,485,800	18,136,200	4,708,300	22,844,500
Jail Reimbursement	9,515,900	9,081,000	0	9,081,000	9,081,000	1,462,200	10,543,200
<i>Subtotal Adult Corrections</i>	<i>185,032,800</i>	<i>191,148,800</i>	<i>1,745,400</i>	<i>192,894,200</i>	<i>187,812,400</i>	<i>23,659,800</i>	<i>211,472,200</i>
Board of Pardons and Parole							
Operations	2,622,800	2,885,800	0	2,885,800	2,712,100	208,500	2,920,600
<i>Subtotal Board of Pardons and Parole</i>	<i>2,622,800</i>	<i>2,885,800</i>	<i>0</i>	<i>2,885,800</i>	<i>2,712,100</i>	<i>208,500</i>	<i>2,920,600</i>
Juvenile Justice Services							
Administration	7,486,000	3,840,400	0	3,840,400	3,803,500	175,400	3,978,900
Early Intervention	10,301,100	11,900,500	0	11,900,500	11,677,400	828,900	12,506,300
Community Placements	31,108,000	31,332,300	750,000	32,082,300	29,607,500	4,817,100	34,424,600
Correctional Facilities	24,518,500	25,735,900	(91,000)	25,644,900	25,403,400	1,291,000	26,694,400
Rural Programs	20,075,600	22,232,900	0	22,232,900	21,553,700	1,222,000	22,775,700
Youth Parole Authority	261,600	348,100	(70,000)	278,100	276,100	21,800	297,900
<i>Subtotal Juvenile Justice Services</i>	<i>93,750,800</i>	<i>95,388,100</i>	<i>589,000</i>	<i>95,977,100</i>	<i>92,321,600</i>	<i>8,356,200</i>	<i>100,677,800</i>
Total Budget	\$281,406,400	\$289,422,700	\$2,334,400	\$291,757,100	\$282,846,100	\$32,204,500	\$315,050,600
% Change from Authorized FY 2005 to Total FY 2006							8.9%
FTE Positions	-	3,247.7	0.0	3,247.7	3,240.6	104.3	3,344.9

CORRECTIONS (ADULT AND JUVENILE)

	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
ADULT CORRECTIONS FY 2006 OPERATING BUDGET						
Beginning Base Budget						
C1	\$183,284,400	\$696,300	\$3,035,800	\$1,375,700	\$502,800	\$188,895,000
C2	(1,105,500)	0	(9,900)	0	0	(1,115,400)
C3	0	0	(86,800)	0	119,600	32,800
Total Beginning Base Budget - Adult Corrections	182,178,900	696,300	2,939,100	1,375,700	622,400	187,812,400
Statewide Ongoing Adjustments						
C4	3,101,700	0	0	0	0	3,101,700
C5	2,489,200	0	0	0	0	2,489,200
C6	(139,800)	0	0	0	0	(139,800)
C7	2,165,500	0	0	0	0	2,165,500
	<i>Subtotal Statewide Ongoing Adjustments - Adult Corrections</i>	0	0	0	0	7,616,600
Ongoing Adjustments						
C8	4,380,900	0	0	0	0	4,380,900
C9	4,477,100	0	0	0	0	4,477,100
C10	455,000	0	0	0	0	455,000
C11	217,000	0	0	0	0	217,000
C12	350,000	0	0	(350,000)	0	0
C13	417,700	0	0	0	0	417,700
C14	450,000	0	0	0	0	450,000
C15	1,240,000	0	0	0	0	1,240,000
C16	1,090,000	0	0	0	0	1,090,000
C17	1,814,700	0	0	0	0	1,814,700
	<i>Subtotal Ongoing Adjustments - Adult Corrections</i>	0	0	(350,000)	0	14,592,400
One-time Adjustments						
C18	1,305,800	0	0	0	0	1,305,800
C19	50,000	0	0	0	0	50,000
C20	125,000	0	0	0	0	125,000
	<i>Subtotal One-time Adjustments - Adult Corrections</i>	0	0	0	0	1,480,800
Total FY 2006 Adult Corrections Adjustments	23,989,800	0	0	(350,000)	0	23,639,800
Total FY 2006 Adult Corrections Operating Budget	\$206,168,700	\$696,300	\$2,939,100	\$1,025,700	\$622,400	\$211,452,200
ADULT CORRECTIONS FY 2005 OPERATING BUDGET ADJUSTMENTS						
Supplemental Adjustments						
C21	\$920,000	\$0	\$0	\$0	\$0	\$920,000
C22	825,400	0	0	0	0	825,400
	<i>Subtotal Supplemental Adjustments - Adult Corrections</i>	0	0	0	0	1,745,400
Total FY 2005 Adult Corrections Budget Adjustments	\$1,745,400	\$0	\$0	\$0	\$0	\$1,745,400

CORRECTIONS (ADULT AND JUVENILE) - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
BOARD OF PARDONS AND PAROLE FY 2006 OPERATING BUDGET						
Beginning Base Budget						
C23	\$2,649,500	\$0	\$2,200	\$77,400	\$144,800	\$2,873,900
C24	Adjustments for one-time FY 2005 appropriations (17,000)	0	0	0	0	(17,000)
C25	Adjustments to funding levels 0	0	0	0	(144,800)	(144,800)
	Total Beginning Base Budget - Bd. of Pardons and Parole	0	2,200	77,400	0	2,712,100
Statewide Ongoing Adjustments						
C26	Cost-of-living adjustments of 3% 58,800	0	0	0	0	58,800
C27	Internal service fund adjustments (30,500)	0	0	0	0	(30,500)
C28	Market comparability adjustments 50,400	0	0	0	0	50,400
C29	Insurance rate adjustments 24,500	0	0	0	0	24,500
	<i>Subtotal Statewide Ongoing Adj. - Board of Pardons and Parole</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>103,200</i>
Ongoing Adjustments						
C30	Hearing officer 66,400	0	0	0	0	66,400
C31	Office specialist 38,900	0	0	0	0	38,900
	<i>Subtotal Ongoing Adjustments - Board of Pardons and Parole</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>105,300</i>
	Total FY 2006 Board of Pardons and Parole Adjustments	0	0	0	0	208,500
	Total FY 2006 Board of Pardons and Parole Operating Budget	\$2,941,000	\$2,200	\$77,400	\$0	\$2,920,600
JUVENILE JUSTICE SERVICES FY 2006 OPERATING BUDGET						
Beginning Base Budget						
C32	\$70,740,000	\$2,220,600	\$2,810,700	\$1,160,300	\$14,784,800	\$91,716,400
C33	Adjustments for one-time FY 2005 appropriations (629,000)	(30,300)	(5,400)	0	(600)	(665,300)
C34	Adjustments to funding levels (10,000)	(240,200)	(160,200)	(91,000)	1,771,900	1,270,500
	Total Beginning Base Budget - Juvenile Justice Services	1,950,100	2,645,100	1,069,300	16,556,100	92,321,600
Statewide Ongoing Adjustments						
C35	Cost-of-living adjustments of 3% 901,500	23,700	24,000	11,700	157,500	1,118,400
C36	Internal service fund adjustments (19,200)	(800)	(500)	(100)	(3,400)	(3,400)
C37	Market comparability adjustments 1,677,500	39,200	46,600	22,600	298,300	2,084,200
C38	Insurance rate adjustments 736,600	26,300	11,000	10,900	129,200	914,000
	<i>Subtotal Statewide Ongoing Adjustments - Juvenile Justice Services</i>	<i>88,400</i>	<i>81,100</i>	<i>45,100</i>	<i>582,600</i>	<i>4,092,600</i>
Ongoing Adjustments						
C39	Caseeload growth impact (all programs) 1,111,600	31,100	0	0	1,095,000	2,237,700
C40	Strawberry Work Camp 130,300	0	0	0	0	130,300
C41	Tool kit case management and early intervention services 331,900	28,300	0	0	0	360,200
C42	Wasatch Mental Health 75,000	0	0	0	0	75,000

CORRECTIONS (ADULT AND JUVENILE)

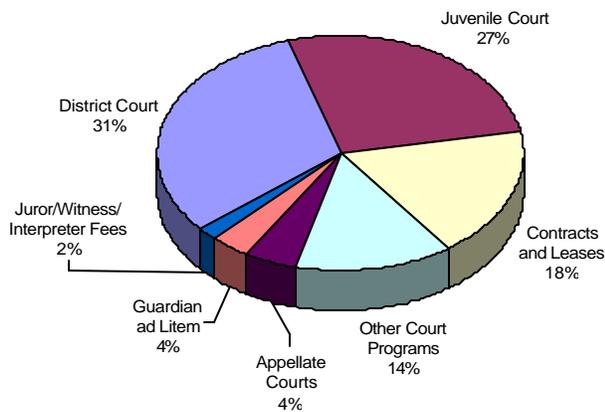
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
C83 Utah County Aftercare Program	198,000	0	0	0	0	198,000
C84 Davis County observation and assessment	437,500	0	0	0	370,000	807,500
C85 Intensive Community Aftercare Program	57,500	0	0	0	0	57,500
C86 Medicaid match rate change	146,300	0	0	0	(146,300)	0
C87 Cost-of-living adjustments for providers of 2%	334,000	0	0	0	0	334,000
<i>Subtotal Ongoing Adjustments - Juvenile Justice Services</i>	2,822,100	59,400	0	0	1,318,700	4,200,200
One-time Adjustments						
C88 Strawberry Work Camp	19,200	0	0	0	0	19,200
C89 Tools & case management and early intervention services	44,200	0	0	0	0	44,200
<i>Subtotal One-time Adjustments - Juvenile Justice Services</i>	63,400	0	0	0	0	63,400
Total FY 2006 Juvenile Justice Services Adjustments	6,181,900	147,800	81,100	45,100	1,900,300	8,356,200
Total FY 2006 Juvenile Justice Services Operating Budget	\$76,282,900	\$2,097,900	\$2,726,200	\$1,114,400	\$18,456,400	\$100,677,800
JUVENILE JUSTICE SERVICES FY 2005 OPERATING BUDGET ADJUSTMENTS						
<i>Supplemental Adjustments</i>						
C50 DNA Specimen Account	\$0	\$0	\$0	(\$91,000)	\$0	(\$91,000)
C51 Youth Parole Authority reduction	(10,000)	0	0	0	(60,000)	(70,000)
C52 Caseload growth impact (all programs)	750,000	0	0	0	0	750,000
<i>Subtotal Supplemental Adjustments - Juvenile Justice Services</i>	740,000	0	0	(91,000)	(60,000)	589,000
Total FY 2005 Juvenile Justice Services Budget Adjustments	\$740,000	\$0	\$0	(\$91,000)	(\$60,000)	\$589,000
CORRECTIONS TOTALS						
FY 2006 Operating Base Budget	\$254,912,400	\$2,646,400	\$5,586,400	\$2,522,400	\$17,178,500	\$282,846,100
FY 2006 Operating Ongoing and One-time Adjustments	30,380,200	147,800	81,100	(304,900)	1,900,300	32,204,500
FY 2006 Operating Recommendation	285,292,600	2,794,200	5,667,500	2,217,500	19,078,800	315,050,600
FY 2005 Operating Adjustments	2,485,400	0	0	(91,000)	(60,000)	2,334,400



COURTS

David Walsh, Analyst

Where Will My Taxes Go for Courts?
(Figure Based on Total FY 2006 Funding)



Highlighted Services

(Including the Governor's Recommendations)

\$37 million for District Court

- Handles 243,500 cases, including 20,100 domestic case filings

\$31 million for Juvenile Court

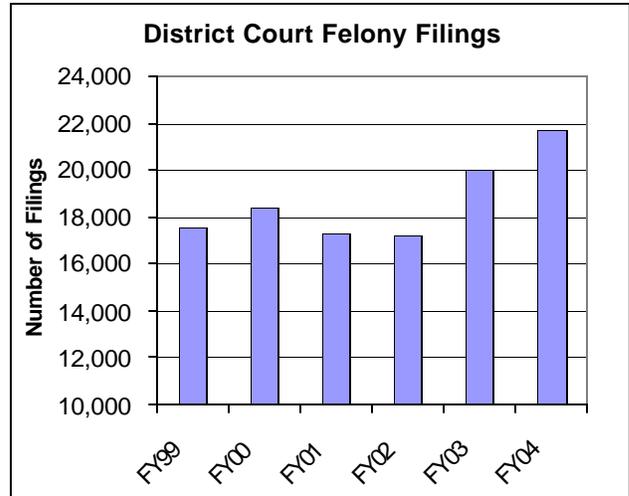
- Receives 48,300 juvenile court referrals
- Receives 3,900 dependency, neglect, and abuse referrals

\$21 million for Contracts and Leases

- Provides funding for 54 lease facilities and courthouses

\$5 million for Appellate Courts

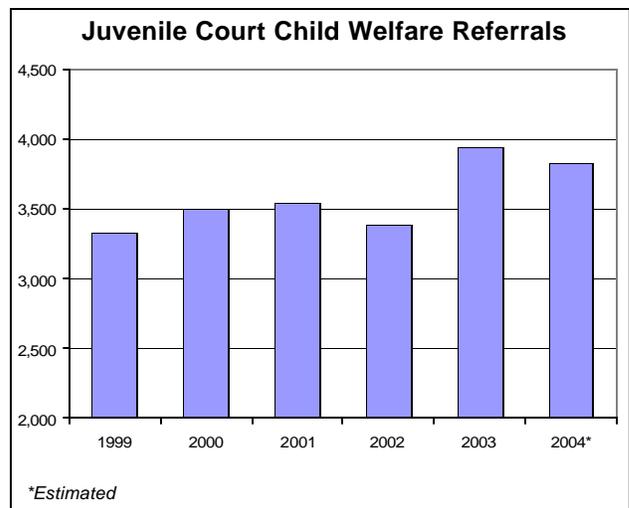
- Files 600 cases in the Supreme Court
- Files 900 cases in the Court of Appeals



Governor's Recommendation Highlights

(All Funding Sources)

- \$1,306,800 - Increases in contract and lease expenses
- \$490,200 - District and juvenile court judge and support staff
- \$369,500 - Five law clerks to assist district court judges



BUDGET OVERVIEW

The judiciary is a separate and coequal branch of government which seeks to ensure equity and fairness for the people through judicial review of laws and cases. For FY 2006 the governor recommends that the courts receive \$114,728,800 in total funds. This amount includes \$99,766,600 in General Fund, a 7.7 percent increase from the FY 2005 authorized General Fund amount. As shown in the pie chart on the prior page, the two major components of the courts' budget are the District and Juvenile courts. In FY 2004 there were 243,500 District Court cases with an 8.0 percent increase in felony filings. For 2003 there were 48,300 Juvenile Court referrals, a 3.0 percent increase from the previous year.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$3,202,400 in General Fund (\$3,350,200 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. During the last several years some employees' salaries, especially those of juvenile court probation officers, have lagged significantly behind the general job market. Currently probation officers are 38 percent below market when compared to the average in the western states region. Also, judicial salaries are now approaching the bottom quartile compared to national rankings, which directly impacts the quality of applicants for judicial office. The stagnation in judicial salaries over the past three years has contributed to a decrease in the proportion of applicants with top peer ratings from 11 percent in 2001 to 6.0 percent in 2003.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Provide an ongoing appropriation of \$893,100 for a 7.0 percent salary and benefits increase recommended by the Executive and Judicial Compensation Commission for judges.
- Add five law clerks at a cost of \$369,500 in ongoing funds to improve the quality and timeliness of judges' decisions through the use of research and analysis.
- Recommend \$490,200 in ongoing funds for one additional district judge, one juvenile court judge, and the necessary support staff. Based on weighted caseload standards, the workload is 128 percent of standard in the Second Juvenile District and 119 percent of standard in the Fourth District Court.
- Recommend an ongoing appropriation of \$150,000 and an FY 2005 supplemental appropriation of \$300,900 to support the juror/witness/interpreter fees.
- Add 3.5 Guardian ad Litem attorney positions at a cost of \$260,000 in ongoing funds and \$87,300 in one-time funds to assist with increased caseloads.
- Recommend \$718,600 in ongoing funds for increased contract and lease costs associated with court facilities.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Funds for the Judicial Council/State Court Administrator are nonlapsing.
- Funds for Contracts and Leases are nonlapsing.
- Under provisions of Section 67-6-2, UCA, salaries for District Court judges are approved at \$112,100 for July 1, 2005 to June 30, 2006; other judicial salaries will be calculated in accordance with the statutory formula and rounded to the nearest \$50. (These amounts reflect an increase of 7.0 percent.)
- Funds for the Jury and Witness Program are nonlapsing.
- Funds for the Guardian ad Litem Program are nonlapsing.

COURTS

Operating Budget

	Actual FY 2004	Authorized FY 2005 ^(a)	Governor Walker's Recommendations			
			Courts' Request FY 2006 ^(b)	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing						
General Fund	\$89,617,600	\$92,644,400	\$94,650,000	\$92,027,700	\$7,738,900	\$99,766,600
Federal Funds	174,400	170,000	170,000	170,000	0	170,000
Dedicated Credits	784,900	978,500	951,400	941,000	63,400	1,004,400
Restricted and Trust Funds	9,287,000	12,129,100	12,618,300	9,340,500	3,389,400	12,729,900
Transfers	1,883,100	1,431,400	843,400	843,400	39,800	883,200
Beginning Balances	860,700	738,100	(50,700)	(50,700)	0	(50,700)
Closing Balances	(738,100)	50,700	225,400	225,400	0	225,400
Lapsing Funds	(806,200)	0	0	0	0	0
Total Financing	\$101,063,100	\$108,142,200	\$109,407,800	\$103,497,300	\$11,231,500	\$114,728,800
Programs						
Courts						
Supreme Court	\$1,966,300	\$2,046,900	\$2,046,900	\$2,046,900	\$143,900	\$2,190,800
Law Library	517,600	500,900	500,900	500,900	13,800	514,700
Court of Appeals	2,701,900	2,816,600	2,816,600	2,816,600	193,400	3,010,000
District Court	32,390,100	33,889,900	34,376,500	33,660,600	3,052,000	36,712,600
Juvenile Court	25,663,900	28,401,200	28,788,800	28,406,600	2,671,500	31,078,100
Justice Courts	116,300	1,019,300	1,019,300	119,300	903,900	1,023,200
Court Security	2,163,300	4,000,000	4,000,000	2,200,000	1,800,000	4,000,000
Administration	3,487,300	4,064,700	3,267,000	3,267,000	180,500	3,447,500
Judicial Education	530,400	387,900	598,200	549,900	13,700	563,600
Data Processing	5,340,500	4,458,600	4,647,000	4,338,600	164,800	4,503,400
Grants	1,463,100	1,151,000	506,400	506,400	17,300	523,700
Grand Jury	1,400	1,000	800	800	0	800
Contracts/Leases	19,339,600	19,628,400	20,658,800	19,565,400	1,296,700	20,862,100
Jury/Witness/Interpreter Fees	1,676,200	1,675,600	1,990,600	1,675,600	149,800	1,825,400
Guardian ad Litem	3,705,200	3,920,200	4,190,000	3,842,700	630,200	4,472,900
Total Budget	\$101,063,100	\$108,142,200	\$109,407,800	\$103,497,300	\$11,231,500	\$114,728,800
% Change from Authorized FY 2005 to Total FY 2006						6.1%
FTE Positions	--	1,231.0	1,246.3	1,224.0	20.3	1,244.3

(a) In addition to the amounts listed in the authorized FY 2005 column, Governor Walker recommends a supplemental appropriation of \$300,900 from the General Fund for Jury/Witness/Interpreter fees.

(b) As per statute, the Courts' request is included without changes (the Courts' request does not include salary or benefit amounts, which are recommended on a statewide basis).

COURTS

COURTS FY 2006 OPERATING BUDGET						
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Beginning Base Budget						
D1	\$92,644,400	\$53,300	\$996,500	\$12,129,100	\$2,567,300	\$108,390,600
D2	(616,700)	0	0	(2,703,500)	0	(3,320,200)
D3	0	116,700	(55,500)	(85,100)	(1,549,200)	(1,573,100)
Total Beginning Base Budget - Courts	92,027,700	170,000	941,000	9,340,500	1,018,100	103,497,300
Statewide Ongoing Adjustments						
D4	1,330,600	0	15,000	32,100	14,700	1,412,400
D5	893,100	0	0	0	0	893,100
D6	(24,400)	0	(400)	(600)	(100)	(25,500)
D7	1,851,800	0	25,100	51,600	9,300	1,937,800
D8	1,277,700	0	0	0	0	1,277,700
D9	1,131,600	0	13,300	28,500	15,900	1,189,300
	5,350,400	0	53,000	111,600	39,800	5,554,800
<i>Subtotal Statewide Ongoing Adjustments - Courts</i>						
Ongoing Adjustments						
D10	369,500	0	0	0	0	369,500
D11	245,100	0	0	0	0	245,100
D12	101,300	0	0	0	0	101,300
D13	280,000	0	0	0	0	280,000
D14	245,100	0	0	0	0	245,100
D15	137,100	0	0	0	0	137,100
D16	130,000	0	0	0	0	130,000
D17	718,600	0	10,400	577,800	0	1,306,800
D18	0	0	0	900,000	0	900,000
D19	94,500	0	0	1,800,000	0	1,894,500
D20	2,321,200	0	10,400	3,277,800	0	5,609,400
<i>Subtotal Ongoing Adjustments - Courts</i>						
One-time Adjustments						
D21	87,300	0	0	0	0	87,300
	87,300	0	0	0	0	87,300
<i>Subtotal One-time Adjustments - Courts</i>						
Total FY 2006 Courts Adjustments	7,738,900	0	63,400	3,389,400	39,800	11,231,500
Total FY 2006 Courts Operating Budget	\$99,766,600	\$170,000	\$1,004,400	\$12,729,900	\$1,057,900	\$114,728,800

COURTS - CONTINUED

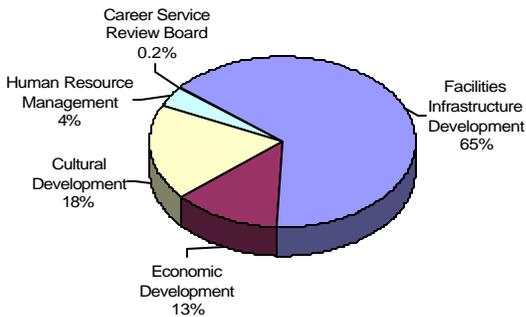
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
COURTS FY 2005 OPERATING BUDGET ADJUSTMENTS						
Supplemental Adjustments						
D22 Jury/Witness/Interpreter fees	\$300,900	\$0	\$0	\$0	\$0	\$300,900
Subtotal Supplemental Adjustments - Courts	300,900	0	0	0	0	300,900
Total FY 2005 Courts Operating Adjustments	\$300,900	\$0	\$0	\$0	\$0	\$300,900
COURTS TOTALS						
FY 2006 Operating Base Budget	\$92,027,700	\$170,000	\$941,000	\$9,340,500	\$1,018,100	\$103,497,300
FY 2006 Operating Ongoing and One-time Adjustments	7,738,900	0	63,400	3,389,400	39,800	11,231,500
FY 2006 Operating Recommendation	99,766,600	170,000	1,004,400	12,729,900	1,057,900	114,728,800
FY 2005 Operating Adjustments	300,900	0	0	0	0	300,900



ECONOMIC DEVELOPMENT AND HUMAN RESOURCES

Megan Hough, Analyst

Where Will My Taxes Go for Economic Development & Human Resources? (Figure Based on Total FY 2006 Funding)



Highlighted Services

(Including the Governor's Recommendations)

\$55 million for Facilities Infrastructure Development

- Rehabilitates homes for some of Utah's lowest income populations; approximately \$40,000 in materials are donated, as well as 25,000 volunteer labor hours (\$150,000 value).
- Creates and preserves approximately 1,040 multi-family units with the Olene Walker Housing Loan Fund

\$16 million for Cultural Development

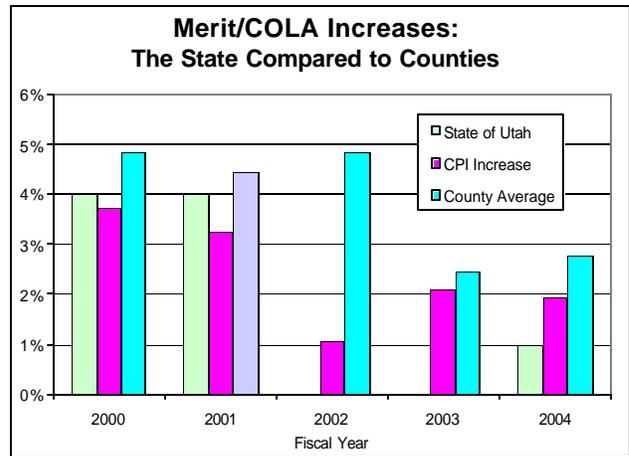
- Circulates 267,800 items to patrons of the Regional Library for the Blind and Disabled
- Leads a collaborative partnership bringing in 20 exhibits to 46 different institutions

\$11 million for Economic Development

- Facilitates technology transfer from Utah universities to create new businesses through the Centers of Excellence Program
- Creates and retains Utah jobs by assisting Utah companies in securing an estimated 1,000 governmental contracts bringing \$352 million to Utah companies

\$3 million for Human Resources

- Supports the newly completed Utah Job Match recruitment system to provide quick and easy access to job and recruitment information

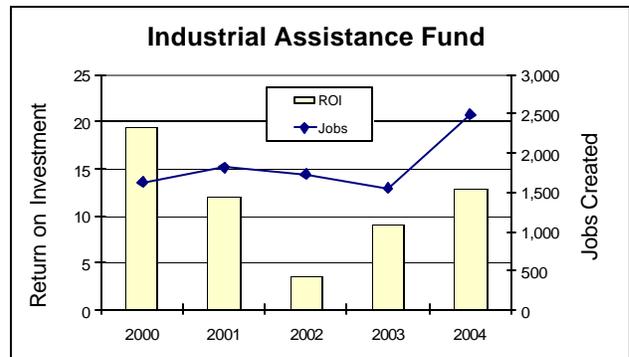


Note: The county average includes Davis County, Salt Lake County, Washington County, Utah County, and Weber County.

Governor's Recommendation Highlights

(All Funding Sources)

- \$1,000,000 - Centers of Excellence
- \$100,000 - Smart Sites
- \$5,000,000 - Hill Air Force Base Defense Alliance
- \$4,442,800 - Industrial Assistance Fund earned credits
- 3.0 percent COLA for employees



The Industrial Assistance Fund has averaged an 11.4:1 return on investment and created an average of 1,840 jobs per year for the last five years.

BUDGET OVERVIEW

Community and Economic Development

The Department of Community and Economic Development (DCED) endeavors to create quality Utah jobs, foster a productive business climate within the state, and enhance the quality of life for everyone in the state.

For FY 2006 the governor recommends that DCED receive \$90,597,500 in total funds. This amount includes \$37,355,000 in General Fund, a 9.0 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the majority of DCED's budget pays for facilities infrastructure development, which promotes affordable housing, facilitates infrastructure development, and enhances quality of life.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$753,100 in General Fund (\$1,036,300 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment (COLA) and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. For example, the librarians in DCED have an average salary that is 47.1 percent below the market average. In addition, at the Arts Council, the arts program specialists' average salary is 35.6 percent below the market average. When salaries are significantly below market, the state has difficulty retaining its experienced employees.

Human Resource Management

The Department of Human Resource Management (DHRM) manages state employee classification, compensation, recruitment, selection, and development.

For FY 2006 the governor recommends that DHRM receive \$3,483,000 in total funds. This amount includes \$3,091,000 in General Fund, a 4.4 percent increase from the FY 2005 General Fund amount.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$112,300 in General Fund to provide employees with a 3.0 percent COLA and market comparability adjustments. The state gave employees a 1.0 percent COLA for FY 2005. No increases were given in FY 2003 and FY 2004. Inflation during this time period was 5.1 percent. The average actual salaries paid to state employees have fallen to 19.9 percent below market, the furthest state employees have ever been behind market. A 2004 Central States Compensation Association report ranked Utah next to last among 25 central states for only giving a 1.1 percent salary increase over the last three years.

In the past, benefits provided to state employees were significantly richer than market and were one of the state's biggest competitive advantages in attracting and retaining a quality workforce. However, as benefit costs have increased, the state's benefit package has lost its market advantage, and is now only 1.2 percent above the market. With benefits in line with market averages, and wages 19.9 percent below market, state government no longer has a competitive advantage in the labor market for attracting and retaining a quality workforce.

Career Service Review Board

The Career Service Review Board (CSRБ) administers state employee grievances and appeal procedures. CSRБ also mediates disputes between agencies and employees.

For FY 2006 the governor recommends that CSRБ receive \$213,000 from the General Fund, a 17 percent increase.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$5,000 in General Fund to provide employees with a 3.0 percent COLA and market comparability adjustments.

GOVERNOR'S RECOMMENDATIONS

Community and Economic Development

General Fund

- Provide \$500,000 in ongoing funds and \$500,000 in one-time funds for the Centers of Excellence. In FY 2004 the program denied requests for approximately \$2,500,000 due to limited available dollars. These denials resulted in university technologies not receiving assistance in licensing and job creation.
- Provide \$100,000 in ongoing funds for developing additional Smart Sites, and collectively marketing these sites to obtain more contracts and create more jobs in rural Utah. The Smart Sites have created 1,000 jobs since their inception in FY 2001.
- Provide \$80,000 in ongoing funds to the State Library to implement a children's library program.
- Provide \$32,000 in ongoing funds to the State Library for a digital recording system.
- Provide \$15,000 in ongoing funds and \$15,000 in FY 2005 supplemental funds to the Office of Hispanic Affairs. The legislature added a position to the office, but it was not fully funded.
- Provide \$10,000 in ongoing funds to the Division of Indian Affairs for the identification and repatriation of remains.
- Provide \$10,000 in ongoing funds and \$10,000 in FY 2005 supplemental funds for the Martin Luther King, Jr. Human Rights Commission.

The office has been using one-time funds for operating expenses for several years.

- Provide \$80,000 in FY 2005 supplemental funds to the Utah Arts Council to design the Utah commemorative quarter.
- Provide \$5,000,000 in one-time funds for the Hill Air Force Base Defense Alliance.
- Provide \$45,000 in FY 2005 supplemental funds to State History for relocation expenses.
- Provide \$4,442,800 in FY 2005 supplemental funds to the Industrial Assistance Fund for earned credits.
- Provide \$100,000 in FY 2005 supplemental funds to the Utah Arts Council for the maintenance of the art collection.
- Provide \$200,000 in FY 2005 supplemental funds to the Tourism Marketing Performance Fund as required in statute when tourism taxes have met or exceeded the 4.0 percent growth rate.

Other Funds

- Provide increased dedicated credit authority in FY 2005 and FY 2006 for Housing and Community Development to collect \$850,000 from Questar and Utah Power for weatherization.
- Provide increased dedicated credit authority in FY 2005 and FY 2006 for Housing and Community Development's Office of Black Affairs to collect \$25,000 for its scholarship program.
- Provide increased dedicated credit authority in FY 2005 for Housing and Community Development's Office of Pacific Islander Affairs to collect \$84,100 for a program to increase awareness of cancer-related issues affecting the Tongan population in Utah.

- Provide one-time authority for the Utah Arts Council to accept \$75,000 in federal funds to evaluate the arts education partnerships.
- Provide authority in FY 2005 for Housing and Community Development's Office of Museum Services to accept \$42,900 in federal funds and collect \$33,700 in dedicated credits for marketing Utah's museums.

Human Resource Management

All Funds

- Fund an 11.8 percent increase in health insurance premiums for the Public Employees Health Plans (PEHP).
- Fund a 6.0 percent increase in dental insurance premiums for PEHP.
- The long-term disability insurance rate is increasing from 0.6 percent to 0.75 percent, however, the governor was unable to consider this increase due to PEHP's late submission date. Because this benefit is defined in statute, the governor recommends the legislature's favorable consideration of this increase.
- There is no retirement contribution increase in FY 2006, except the judges' retirement, which increased 112 basis points.
- Fund DHRM's market comparability adjustment recommendations and provide a 3.0 percent cost-of-living adjustment for all state employees in FY 2006.

Career Service Review Board

General Fund

- Provide a \$35,000 FY 2005 supplemental and an ongoing \$40,000 appropriation to pay for increased costs for grievance cases brought to the board.

FY 2006 PROPOSED LEGISLATIVE INTENT

Community and Economic Development

- Funds appropriated in each line item of DCED are nonlapsing.
- Any remaining net proceeds paid to the state from the liquidation of the Utah Technology Finance Corporation shall be deposited in the Industrial Assistance Fund.
- The department shall work with Hill Air Force Base Defense Alliance to use the additional one-time General Fund of \$5,000,000 to identify and pursue missions from other bases that can best be accomplished at Hill Air Force Base.

Career Service Review Board

- Funds for CSRB are nonlapsing.

Human Resource Management

- Funds for DHRM are nonlapsing.
- COLAs shall become effective beginning the first pay period of FY 2006.

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES
Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time A dj.	Total FY 2006
Plan of Financing							
General Fund	\$40,200,200	\$37,407,200	\$4,927,800	\$42,335,000	\$33,231,400	\$7,427,600	\$40,659,000
Transportation Fund	118,000	118,000	0	118,000	118,000	0	118,000
Federal Funds	3,5420,600	48,720,200	67,900	48,788,100	49,117,400	224,700	49,342,100
Dedicated Credits	16,731,600	18,158,000	992,800	19,150,800	18,705,000	1,056,800	19,761,800
Restricted and Trust Funds	53,139,400	4,539,720	(4,642,800)	40,754,400	58,874,300	4,294,900	63,169,200
Beginning Balances	4,087,700	4,186,000	0	4,186,000	0	0	0
Closing Balances	(4,186,000)	0	0	0	0	0	0
Lapsing Funds	(25,100)	0	0	0	0	0	0
Total Financing	\$147,443,400	\$155,617,800	\$1,345,700	\$156,963,500	\$161,419,900	\$13,041,400	\$174,461,300
Programs							
Community and Economic Development							
Administration	\$2,373,800	\$4,445,700	\$0	\$4,445,700	\$2,395,200	\$109,300	\$2,504,500
Business Development	8,234,700	12,278,700	0	12,278,700	8,610,500	6,242,500	14,853,000
Housing and Community Development	44,828,600	51,990,900	1,060,700	53,051,600	51,107,000	1,097,000	52,204,000
Indian Affairs	260,600	238,000	0	238,000	209,000	18,900	227,900
Fine Arts	3,186,600	4,212,900	205,000	4,417,900	3,295,300	208,000	3,503,300
Historical Society	174,600	689,900	0	689,900	270,000	3,000	273,000
Incentive Funds	321,000	349,300	0	349,300	347,800	10,300	358,100
State History	2,316,100	2,435,700	45,000	2,480,700	2,784,700	124,000	2,908,700
State Library	7,349,200	7,826,000	0	7,826,000	7,740,500	674,100	8,414,600
Travel Development	4,195,600	4,052,700	0	4,052,700	3,883,200	68,500	3,951,700
Zoos	1,398,700	1,398,700	0	1,398,700	1,398,700	0	1,398,700
Fund Transfers							
Industrial Assistance Fund	5,153,800	0	4,442,800	4,442,800	0	0	0
Oleone Walker Housing Loan Fund	2,084,500	1,961,400	0	1,961,400	2,236,400	0	2,236,400
Homeless Trust Fund	200,000	400,000	0	400,000	200,000	0	200,000
Tourism Marketing Performance Fund	250,000	0	200,000	200,000	0	0	0
Transfer Appropriations to Other Funds	(7,688,200)	(2,361,400)	(4,642,800)	(7,004,200)	(2,436,400)	0	(2,436,400)
<i>Subtotal Comm/Econ. Development</i>	<i>74,639,500</i>	<i>90,778,500</i>	<i>1,310,700</i>	<i>91,429,200</i>	<i>82,047,900</i>	<i>8,335,600</i>	<i>90,597,500</i>
Human Resources							
Human Resource Management	3,185,800	3,598,200	0	3,598,200	3,335,000	148,000	3,483,000
Career Service Review Board	187,500	182,100	35,000	217,100	165,800	47,200	213,000
<i>Subtotal Human Resources</i>	<i>3,373,300</i>	<i>3,780,300</i>	<i>35,000</i>	<i>3,815,300</i>	<i>3,500,800</i>	<i>195,200</i>	<i>3,696,000</i>
Outside Reporting Agencies							
Retirement Office	69,430,600	61,719,000	0	61,719,000	75,877,200	4,290,600	80,167,800
<i>Subtotal Outside Reporting Agencies</i>	<i>69,430,600</i>	<i>61,719,000</i>	<i>0</i>	<i>61,719,000</i>	<i>75,877,200</i>	<i>4,290,600</i>	<i>80,167,800</i>
Total Budget	\$147,443,400	\$155,617,800	\$1,345,700	\$156,963,500	\$161,419,900	\$13,041,400	\$174,461,300
% Change from Authorized FY 2005 to Total FY 2006							12.1%
FTE Positions		312.0	1.0	313.0	310.5	2.0	312.5

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES
 Capital Budget

	Governor Walker's Recommendations				
	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Total FY 2006
Plan of Financing					
Mineral Lease	\$3,173,700	\$3,328,700	\$3,328,700	\$3,426,600	\$3,426,600
Total Financing	\$3,173,700	\$3,328,700	\$3,328,700	\$3,426,600	\$3,426,600
Projects					
Special Service Districts	\$3,173,700	\$3,328,700	\$3,328,700	\$3,426,600	\$3,426,600
Total Budget	\$3,173,700	\$3,328,700	\$3,328,700	\$3,426,600	\$3,426,600
% Change from Authorized FY 2005 to Total FY 2006					2.9%

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES

COMMUNITY AND ECONOMIC DEVELOPMENT FY 2005 OPERATING BUDGET							
	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
Beginning Base Budget							
E1	\$24,278,700	\$48,509,400	\$5,817,900	\$0	\$1,631,200	(\$2,243,400)	\$85,993,800
E2	(4,156,100)	(15,200)	(6,200)	0	(2,200)	400,000	(3,779,700)
E3	0	628,200	(65,200)	0	(255,200)	(475,000)	(172,200)
Total Beginning Base Budget - DCED	30,122,600	49,117,400	3,746,500	0	1,373,800	(2,318,400)	82,041,900
Statewide Ongoing Adjustments							
E4	58,600	3,900	7,400	0	200	0	70,100
E5	173,700	41,900	28,300	0	8,300	0	252,200
E6	428,800	41,800	118,300	0	13,600	0	602,500
E7	324,300	62,100	32,100	0	15,300	0	433,800
	<i>Subtotal Statewide Ongoing Adjustments - DCED</i>	<i>949,700</i>	<i>186,100</i>	<i>0</i>	<i>37,400</i>	<i>0</i>	<i>1,358,600</i>
Ongoing Adjustments							
E8	15,000	0	0	0	0	0	15,000
E9	10,000	0	0	0	0	0	10,000
E10	10,000	0	0	0	0	0	10,000
E11	32,000	0	0	0	0	0	32,000
E12	80,000	0	0	0	0	0	80,000
E13	500,000	0	0	0	0	0	500,000
E14	100,000	0	0	0	0	0	100,000
E15	0	0	25,000	0	0	0	25,000
E16	0	0	850,000	0	0	0	850,000
	<i>Subtotal Ongoing Adjustments - DCED</i>	<i>747,000</i>	<i>875,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,622,000</i>
One-time Adjustments							
E17	0	75,000	0	0	0	0	75,000
E18	500,000	0	0	0	0	0	500,000
E19	5,000,000	0	0	0	0	0	5,000,000
	<i>Subtotal One-time Adjustments - DCED</i>	<i>5,500,000</i>	<i>75,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,575,000</i>
Total FY 2006 DCED Adjustments	7,232,400	224,700	1,061,100	0	37,400	0	8,555,600
Total FY 2006 DCED Operating Budget	\$37,355,000	\$49,342,100	\$4,807,600	\$0	\$1,411,200	(\$2,318,400)	\$90,597,500
COMMUNITY AND ECONOMIC DEVELOPMENT FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
E20	\$4,442,800	\$0	\$0	\$0	\$0	(\$4,442,800)	\$0
E21	80,000	0	0	0	0	0	80,000
E22	45,000	0	0	0	0	0	45,000

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
E23 Housing & Community Development - Hispanic Affairs staff	15,000	0	0	0	0	0	15,000
E24 Housing & Comm. Dev. - Martin Luther King, Jr. Commission	10,000	0	0	0	0	0	10,000
E25 Housing & Community Development - Black Affairs scholarship	0	0	25,000	0	0	0	25,000
E26 Housing & Comm. Dev. - Pacific Islander's cancer control grant	0	0	84,100	0	0	0	84,100
E27 Fine Arts - folk art grant	0	25,000	0	0	0	0	25,000
E28 Housing & Community Development - Weatherization assistance	0	0	850,000	0	0	0	850,000
E29 Housing & Community Development - marketing Utah's museums	0	42,900	33,700	0	0	0	76,600
E30 Fine Arts - art collection maintenance	100,000	0	0	0	0	0	100,000
E31 Tourism Marketing Performance Fund	200,000	0	0	0	0	(200,000)	0
<i>Statelocal Supplemental Adjustments - DCEED</i>	4,892,800	67,900	992,800	0	0	0	1,550,700
Total FY 2005 DCEED Budget Adjustments	\$4,892,800	\$67,900	\$992,800	\$0	\$0	(\$4,642,800)	\$1,310,700
COMMUNITY AND ECONOMIC DEVELOPMENT FY 2006 CAPITAL BUDGET							
Base Budget							
E32 FY 2005 appropriated budget	\$0	\$0	\$0	\$1,698,200	\$0	\$0	\$1,698,200
E33 Adjustments to funding levels	0	0	0	1,728,400	0	0	1,728,400
Total FY 2006 DCEED Capital Base Budget	0	0	0	3,426,600	0	0	3,426,600
Total FY 2006 DCEED Capital Budget	\$0	\$0	\$0	\$3,426,600	\$0	\$0	\$3,426,600
HUMAN RESOURCE MANAGEMENT FY 2006 OPERATING BUDGET							
Beginning Base Budget							
E34 FY 2005 appropriated budget	\$2,961,700	\$0	\$362,000	\$0	\$0	\$0	\$3,323,700
E35 Adjustments for one-time FY 2005 appropriations	(18,700)	0	30,000	0	0	0	11,300
Total Beginning Base Budget - DHRM	2,943,000	0	392,000	0	0	0	3,335,000
Statewide Ongoing Adjustments							
E36 Insurance rate adjustments	35,700	0	0	0	0	0	35,700
E37 Market comparability adjustments	44,200	0	0	0	0	0	44,200
E38 Cost-of-living adjustments of 3%	68,100	0	0	0	0	0	68,100
<i>Statelocal Statewide Ongoing Adjustments - DHRM</i>	148,000	0	0	0	0	0	148,000
Total FY 2006 DHRM Adjustments	148,000	0	0	0	0	0	148,000
Total FY 2006 DHRM Operating Budget	\$3,091,000	\$0	\$392,000	\$0	\$0	\$0	\$3,483,000

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
CAREER SERVICE REVIEW BOARD FY 2006 OPERATING BUDGET							
Beginning Base Budget							
239	\$166,800	\$0	\$0	\$0	\$0	\$0	\$166,800
240	(1,000)	0	0	0	0	0	(1,000)
Adjustments for one-time FY 2005 appropriations							
Total Beginning Base Budget - CSRB	165,800	0	0	0	0	0	165,800
Statewide Ongoing Adjustments							
241	2,200	0	0	0	0	0	2,200
242	1,100	0	0	0	0	0	1,100
243	3,900	0	0	0	0	0	3,900
	7,200	0	0	0	0	0	7,200
Subtotal Statewide Ongoing Adjustments - CSRB							
Ongoing Adjustments							
244	40,000	0	0	0	0	0	40,000
	40,000	0	0	0	0	0	40,000
Subtotal Ongoing Adjustments - CSRB							
Total FY 2006 CSRB Adjustments	47,200	0	0	0	0	0	47,200
Total FY 2006 CSRB Operating Budget	\$213,000	\$0	\$0	\$0	\$0	\$0	\$213,000
CAREER SERVICE REVIEW BOARD FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
245	\$35,000	\$0	\$0	\$0	\$0	\$0	\$35,000
	53,000	0	0	0	0	0	53,000
Subtotal Supplemental Adjustments - CSRB							
Total FY 2005 CSRB Budget Adjustments	\$88,000	\$0	\$0	\$0	\$0	\$0	\$88,000
UTAH RETIREMENT OFFICE FY 2006 OPERATING BUDGET							
Beginning Base Budget							
246	\$0	\$0	\$14,566,500	\$0	\$0	\$61,310,700	\$75,877,200
FY 2006 base budget							
Total Beginning Base Budget - Utah Retirement Office	0	0	14,566,500	0	0	61,310,700	75,877,200

ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
Ongoing Adjustments							
247 Investment advisor fees and security handling fees	0	0	0	0	0	4,287,000	4,287,000
248 Other fees	0	0	(4,300)	0	0	7,900	3,600
Subtotal Ongoing Adjustments - Utah Retirement Office	0	0	(4,300)	0	0	4,294,900	4,290,600
Total FY 2006 Utah Retirement Office Adjustments	0	0	(4,300)	0	0	4,294,900	4,290,600
Total FY 2006 Utah Retirement Office Operating Budget	\$0	\$0	\$14,562,200	\$0	\$0	\$65,605,600	\$80,167,800
ECONOMIC DEVELOPMENT AND HUMAN RESOURCES TOTALS							
FY 2006 Operating Base Budget	\$33,231,400	\$49,117,400	\$18,705,000	\$0	\$1,373,800	\$58,992,300	\$161,419,900
FY 2006 Operating Ongoing and One-time Adjustments	7,427,600	224,700	1,056,800	0	37,400	4,294,900	13,041,400
FY 2006 Operating Recommendation	40,659,000	49,342,100	19,761,800	0	1,411,200	63,287,200	174,461,300
FY 2005 Operating Adjustments	4,927,800	67,900	992,800	0	0	(4,642,800)	1,345,700
FY 2006 Capital Base Budget	0	0	0	3,426,600	0	0	3,426,600
FY 2006 Capital Recommendation	0	0	0	3,426,600	0	0	3,426,600

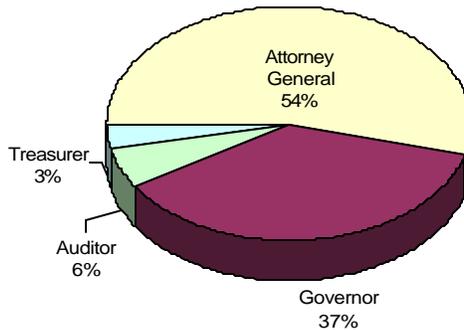


ELECTED OFFICIALS

Hunter Finch, Analyst

Where Will My Taxes Go for Elected Officials?

(Figure Based on Total FY 2006 Funding)



Highlighted Services

(Including the Governor's Recommendations)

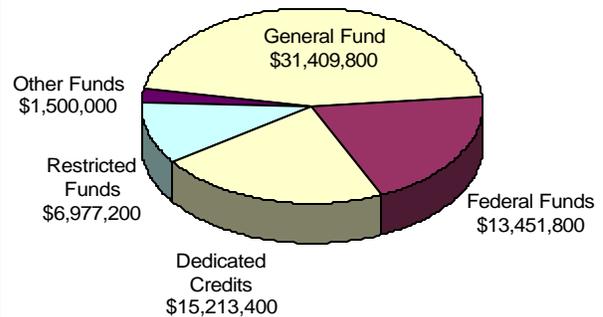
- \$37 million for Attorney General's Office*
 - Brings in about \$80 million in state revenue
 - Currently leads the country in per capita arrests and convictions for internet crimes against children
- \$15 million for Criminal and Juvenile Justice*
 - Passes \$12.5 million in federal grants to state, local, and private non-profit agencies
 - Administers the Crime Victim Compensation Fund to 6,800 victims annually
- \$10 million for the Governor's Office*
 - Supports the statewide Utah Wireless Information Network
 - Supports comprehensive state tax reform
- \$4 million for the State Auditor's Office*
 - Audits for financial compliance, comprising approximately \$17 billion in expenditures or expenses
 - Issues on average 80 audit reports and 40 investigation or special project reports annually
- \$2 million for the State Treasurer's Office*
 - Manages the \$5.5 billion investment fund
 - Returns about \$11 million in unclaimed property to owners

Governor's Recommendation Highlights

(All Funding Sources)

- \$1,460,000 - Budget system database purchase and maintenance
- \$750,000 - Commission on Criminal Juvenile Justice partial restoration of General Fund from temporary funding source.
- \$500,000 - Crime Reduction Assistance (forfeiture) Program (also \$300,000 FY 2005 supplemental)
- \$289,000 - Four Attorney General positions
- \$268,700 - Attorney General settlement fees
- \$187,200 - Three auditor positions

Elected Officials Receive Funding from a Variety of Sources



BUDGET OVERVIEW

Four of Utah's statewide elected officials head the Attorney General's Office, the State Auditor's Office, the Governor's Office, and the State Treasurer's Office.

For FY 2006 the governor recommends elected officials receive \$68,552,200 in total funds. This amount includes \$31,409,800 in General Fund, a 7.4 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the majority of elected official's budget goes to the Attorney General's Office.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$1,075,000 in General Fund (\$1,639,900 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given an increase for FY 2005, no increases were given in FY 2003 or FY 2004.

GOVERNOR'S RECOMMENDATIONS

Attorney General

General Fund

- Provide an ongoing appropriation of \$220,000 for three attorneys to address Utah College of Applied Technology, Corrections, and Human Resources/Career Service Review Board case-load increases.
- Provide an ongoing appropriation of \$69,000 for the position of ID theft investigator.
- Provide an ongoing appropriation of \$24,600 to Children's Justice Centers providers for cost-of-living adjustments of 2.0 percent.
- Provide an ongoing appropriation of \$13,200 for an 11.9 percent salary and benefits increase recommended by the Executive and Judicial Compensation Commission (Compensation Commission).

- Provide an FY 2005 supplemental appropriation of \$268,700 to pay attorneys' fees for the *David C.* (foster care) and Worker's Compensation Fund cases.

State Auditor

General Fund

- Provide an ongoing appropriation of \$187,200 to fund restoration of two auditor positions and creation of one performance auditor position.
- Provide an ongoing appropriation of \$4,500 for a 4.3 percent salary and benefits increase recommended by the Compensation Commission.

Governor's Office

General Fund

- Provide an ongoing appropriation of \$50,000 for the Commission on Criminal and Juvenile Justice (CCJJ) to evaluate and coordinate the *Drug Offender Reform Act* (DORA).
- Partially restore \$750,000 in ongoing General Fund to CCJJ and reduce its allocation from the Crime Victim Reparation Trust Fund by the same amount. During the economic downturn, the state had temporarily replaced \$1,514,400 of CCJJ's General Fund with trust fund monies. Because current appropriations are depleting the trust fund, the governor recommends this switch back to General Fund.
- Provide an ongoing appropriation of \$18,600 to reallocate FY 2005 compensation package funding.
- Provide an ongoing appropriation of \$92,000 to fund the domestic violence state coordinator. This position was previously funded for two years by a transfer from the Crime Victims Reparations Office.
- Provide an ongoing appropriation of \$60,000 to fund budget system maintenance.

- Provide an FY 2005 supplemental appropriation of \$1,400,000 to fund the purchase of a new budget system.
- Provide an FY 2005 supplemental appropriation of \$100,000 to fund inauguration expenses for the new governor.
- Provide an ongoing appropriation of \$6,000 to the governor for a 4.5 percent salary and benefits increase and \$3,600 to the lieutenant governor for a 3.5 percent salary and benefits increase recommended by the Compensation Commission.

Other Funds

- Provide an ongoing appropriation of \$500,000 in restricted funds and an FY 2005 supplemental appropriation of \$300,000 in restricted funds to the Crime Reduction Assistance (forfeiture) program.

State Treasurer

General Fund

- Provide an ongoing appropriation of \$7,800 for a 7.6 percent salary and benefits increase recommended by the Compensation Commission.

FY 2006 PROPOSED LEGISLATIVE INTENT

Attorney General

- Funds for the Attorney General's Office are nonlapsing.
- Funds for contract attorneys are nonlapsing.
- Funds for the Children's Justice Centers and the Prosecution Council are nonlapsing.
- Funds for the prevention of domestic violence are nonlapsing.

- Funding sources and personnel cost billings to state agencies utilized by the Attorney General's Office shall be reviewed and approved by the legislature.

State Auditor

- Funds for the State Auditor are nonlapsing.

Governor's Office

- Funds for the Governor's Office are nonlapsing.
- Funds for the State Elections Office are nonlapsing.
- Funds for the Governor's Emergency Fund are nonlapsing.
- Funds for RS 2477 Rights of Way are nonlapsing.
- Funds expended from the RS 2477 Fund shall be used for litigation or negotiations designed to quiet title to existing rights of way established before 1976 under RS 2477 guidelines. The governor or a designee shall present a report to the legislature during each general session detailing activities funded within this line item.

- Funds for the Governor's Office of Planning and Budget are nonlapsing.

- Funds for CCJJ are nonlapsing.

- Funds for the Chief Information Officer are nonlapsing.

State Treasurer

- Funds for the State Treasurer are nonlapsing.

ELECTED OFFICIALS
Operating Budget

	Governor Walker's Recommendations					
	Actual FY 2004	Authorized FY 2005 ^(a)	Elected Officials' Request FY 2006 ^(b)	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing						
General Fund	\$29,766,000	\$29,246,500	\$31,496,900	\$28,608,700	\$2,801,100	\$31,409,800
Federal Funds	18,921,200	15,389,900	13,417,200	13,409,200	42,600	13,451,800
Dedicated Credits	15,365,100	14,757,700	15,605,000	14,693,000	520,400	15,213,400
Restricted and Trust Funds	6,902,700	7,083,500	6,893,200	7,058,900	(81,700)	6,977,200
Transfers	(8,021,800)	372,000	53,000	280,000	0	280,000
Other Funds	0	0	66,000	0	0	0
Beginning Balances	6,879,200	8,340,500	1,322,000	1,322,000	0	1,322,000
Closing Balances	(8,340,500)	(1,322,000)	(102,000)	(102,000)	0	(102,000)
Lapsing Funds	(380,300)	0	0	0	0	0
Total Financing	\$61,091,600	\$73,868,100	\$68,751,300	\$65,269,800	\$3,292,400	\$68,552,200
Programs						
Elected Officials						
Attorney General	\$36,181,300	\$36,237,400	\$37,786,900	\$35,393,600	\$1,693,700	\$37,087,300
Auditor	3,360,600	3,915,700	3,935,400	3,567,800	340,800	3,908,600
Governor	19,570,700	31,061,500	24,784,500	24,063,900	1,135,100	25,199,000
Treasurer	1,979,000	2,653,500	2,244,500	2,244,500	112,800	2,357,300
Total Budget	\$61,091,600	\$73,868,100	\$68,751,300	\$65,269,800	\$3,292,400	\$68,552,200
% Change from Authorized FY 2005 to Total FY 2006						(7.2%)
FTE Positions	-	552.7	564.7	552.7	7.0	559.7

(a) In addition to the amounts listed in the Authorized FY 2005 column, Governor Walker recommends \$268,700 from the General Fund to the Attorney General's Office to meet attorneys' fees for the costs associated with the David C. Livingston and the Workers Compensation Fund outside legal counsel, \$1,500,000 in General Fund to the Governor's Office to fund a new budget system and inauguration expenses, and \$300,000 from Restricted Funds to the Governor's Office to fund the Crime Reduction Assistance Program.

(b) The Elected Officials' request is included without changes. They do not include compensation increases except for \$1,000,000 requested by the Attorney General for attorney compensation increases.

ELECTED OFFICIALS

	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
ATTORNEY GENERAL FY 2006 OPERATING BUDGET						
Beginning Base Budget						
F1	\$18,532,500	\$1,228,300	\$13,119,500	\$1,526,200	\$832,000	\$35,238,500
F2	(149,500)	0	(70,400)	(6,500)	0	(226,200)
F3	0	67,100	319,200	0	(5,000)	381,200
T total Beginning Base Budget - Attorney General	18,383,000	1,295,400	13,368,300	1,519,700	827,000	35,393,600
Statewide Ongoing Adjustments						
F4	476,700	0	282,000	25,800	0	784,500
F5	2,400	100	3,500	1,900	0	7,900
F6	195,400	0	114,800	9,600	0	319,800
F7	126,700	4,700	114,100	9,200	0	254,700
<i>Subtotal Statewide Ongoing Adjustments - Attorney General</i>	<i>801,200</i>	<i>4,800</i>	<i>514,400</i>	<i>46,500</i>	<i>0</i>	<i>1,366,900</i>
Ongoing Adjustments						
F8	90,000	0	0	0	0	90,000
F9	55,000	0	0	0	0	55,000
F10	75,000	0	0	0	0	75,000
F11	69,000	0	0	0	0	69,000
F12	24,600	0	0	0	0	24,600
F13	13,200	0	0	0	0	13,200
<i>Subtotal Ongoing Adjustments - Attorney General</i>	<i>326,800</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>326,800</i>
T total FY 2006 Attorney General Adjustments	1,128,000	4,800	514,400	46,500	0	1,693,700
Total FY 2006 Attorney General Operating Budget	\$19,511,200	\$1,300,200	\$13,882,700	\$1,566,200	\$827,000	\$37,087,300
ATTORNEY GENERAL FY 2005 OPERATING BUDGET ADJUSTMENTS						
Supplemental Adjustments						
F14	\$169,500	\$0	\$0	\$0	\$0	\$169,500
F15	99,200	0	0	0	0	99,200
<i>Subtotal Supplemental Adjustments - Attorney General</i>	<i>268,700</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>268,700</i>
Total FY 2005 Attorney General Budget Adjustments	\$268,700	\$0	\$0	\$0	\$0	\$268,700
AUDITOR FY 2006 OPERATING BUDGET						
Beginning Base Budget						
F16	\$2,819,100	\$0	\$772,000	\$0	\$0	\$3,591,100
F17	(23,300)	0	0	0	0	(23,300)
T total Beginning Base Budget - Auditor	2,795,800	0	772,000	0	0	3,567,800

ELECTED OFFICIALS - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Statewide Ongoing Adjustments						
F18	94,800	0	0	0	0	94,800
	Cost of living adjustments of 3%					(4,400)
F19	(2,200)	0	(1,200)	0	0	58,200
	Internal service fund adjustments					500
F20	58,200	0	0	0	0	191,700
	Market comparability adjustments					150,500
F21	500	0	0	0	0	
	Insurance rate adjustments					
	<i>Subtotal Statewide Ongoing Adjustments - Auditor</i>		(1,200)	0	0	
Ongoing Adjustments						
F22	124,800	0	0	0	0	124,800
	Restoration of two Auditor positions					62,400
F23	62,400	0	0	0	0	62,400
	Performance Audit position					4,500
F24	4,500	0	0	0	0	4,500
	Comp. Commission recommended 4.5% increase for State Auditor					191,700
	<i>Subtotal Ongoing Adjustments - Auditor</i>		0	0	0	191,700
Total FY 2006 Auditor Adjustments	342,000	0	(1,200)	0	0	340,800
Total FY 2006 Auditor Operating Budget	\$3,137,800	\$0	\$770,800	\$0	\$0	\$3,908,600
GOVERNOR FY 2006 OPERATING BUDGET						
Beginning Base Budget						
F25	\$7,039,900	\$14,187,300	\$392,900	\$4,345,500	\$321,000	\$26,286,600
	FY 2005 appropriated budget					(456,900)
F26	(438,800)	(6,800)	(1,300)	(10,000)	0	(21,000)
	Adjustments for one-time FY 2005 appropriations					352,000
F27	(21,000)	0	0	0	0	(1,744,800)
	Transfer Commission on Women & Families to DWS					
F28	0	(2,066,700)	(30,100)	0	0	673,000
	Adjustments to funding levels					
Total Beginning Base Budget - Governor	6,580,100	12,113,800	361,500	4,335,500	673,000	24,063,900
Statewide Ongoing Adjustments						
F29	144,600	23,400	2,400	50,100	0	220,500
	Cost of living adjustments of 3%					20,400
F30	18,600	1,700	0	100	0	63,700
	Internal service fund adjustments					100,300
F31	41,700	6,800	700	14,500	0	100,300
	Market comparability adjustments					89,700
F32	68,400	4,100	2,800	25,000	0	404,900
	Insurance benefit adjustments					
	<i>Subtotal Statewide Ongoing Adjustments - Governor</i>		5,900	89,700	0	
Ongoing Adjustments						
F33	50,000	0	0	0	0	50,000
	CCJ portion of Drug Offender Reform Act					0
F34	750,000	0	0	(750,000)	0	18,600
	CCJ funding switch from trust fund back to General Fund					0
F35	18,600	0	0	0	0	18,600
	CCJ misallocation of FY2005 compensation package					0
F36	92,000	0	0	0	0	92,000
	Domestic Violence State Coordinator					0
F37	0	0	0	500,000	0	500,000
	Crime Reduction Assistance Program (offshore)					0
F38	60,000	0	0	0	0	60,000
	Budget system maintenance					

ELECTED OFFICIALS - CONTINUED

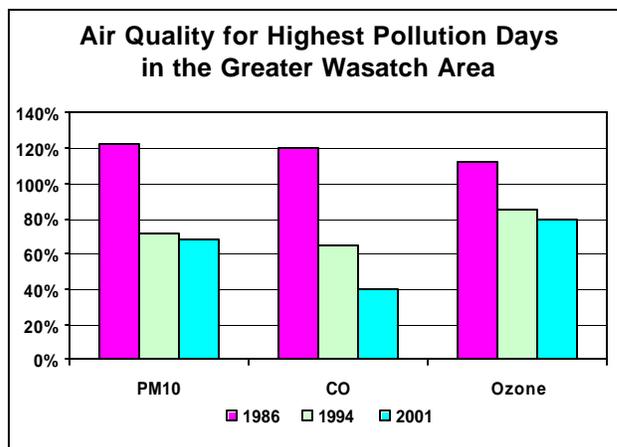
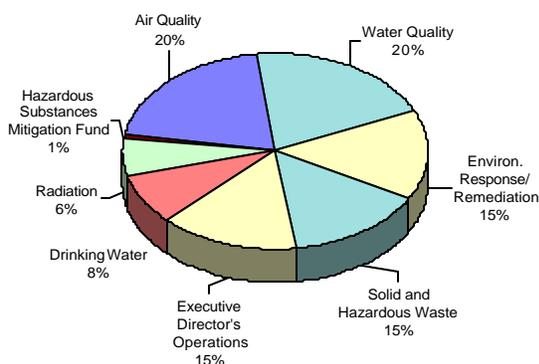
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
F29 Comp. Commission recommended 4.5% increase for Governor	6,000	0	0	0	0	6,000
F30 Comp. Commission recommended 3.5% increase for Lt. Governor	3,600	0	0	0	0	3,600
Subtotal Ongoing Adjustments - Governor	980,200	0	0	(250,000)	0	730,200
Total FY 2006 Governor Adjustments	1,253,800	36,000	5,900	(160,300)	0	1,135,100
Total FY 2006 Governor Operating Budget	\$7,833,600	\$12,149,800	\$387,400	\$4,175,200	\$673,000	\$25,199,000
GOVERNOR FY 2005 OPERATING BUDGET ADJUSTMENTS						
Supplemental Adjustments						
F42 Crime Reduction Assistance Program (fortifire)	\$0	\$0	\$0	\$300,000	\$0	\$300,000
F42 Budget system purchase	1,400,000	0	0	0	0	1,400,000
F43 Inauguration expenses for new governor	100,000	0	0	0	0	100,000
Subtotal Supplemental Adjustments - Governor	1,500,000	0	0	300,000	0	1,800,000
Total FY 2005 Governor Budget Adjustments	\$1,500,000	\$0	\$0	\$300,000	\$0	\$1,800,000
TREASURER FY 2006 OPERATING BUDGET						
Beginning Base Budget						
F44 FY 2005 appropriated budget	\$855,000	\$0	\$191,700	\$1,211,800	\$0	\$2,258,500
F45 Adjustments for one-time FY 2005 appropriations	(5,400)	0	(500)	(8,100)	0	(14,000)
Total Beginning Base Budget - Treasurer	\$849,600	0	191,200	1,203,700	0	2,244,500
Statewide Ongoing Adjustments						
F46 Cost of living adjustments of 3%	42,300	1,800	0	21,300	0	65,400
F47 Internal service fund adjustments	(5,600)	0	(800)	0	0	(6,400)
F48 Market comparability adjustments	21,300	0	900	10,800	0	33,000
F49 Insurance rate adjustments	11,800	0	1,200	0	0	13,000
Subtotal Statewide Ongoing Adjustments - Treasurer	69,800	1,800	1,300	32,100	0	105,000
Ongoing Adjustments						
F30 Comp. Commission recommended 7.6% increase for State Treasurer	7,800	0	0	0	0	7,800
Subtotal Ongoing Adjustments - Treasurer	7,800	0	0	0	0	7,800
Total FY 2006 Treasurer Adjustments	77,600	1,800	1,300	32,100	0	112,800
Total FY 2006 Treasurer Operating Budget	\$927,200	\$1,800	\$192,500	\$1,235,800	\$0	\$2,357,300
ELECTED OFFICIALS TOTALS						
FY 2006 Operating Base Budget	\$28,608,700	\$13,409,200	\$14,695,000	\$7,038,900	\$1,500,000	\$65,269,800
FY 2006 Operating Ongoing and One-time Adjustments	2,801,100	42,600	520,400	(81,700)	0	3,282,400
FY 2006 Operating Recommendation	31,409,800	13,451,800	15,215,400	6,957,200	1,500,000	68,552,200
FY 2005 Operating Adjustments	1,768,700	0	0	300,000	0	2,068,700



ENVIRONMENTAL QUALITY

Joseph Brown, Analyst

Where Will My Taxes and Fees Go for Environmental Quality? (Figure Based on Total FY 2006 Funding)



The worst air quality exceeds 100 percent of standard.

Highlighted Services

(Including the Governor's Recommendations)

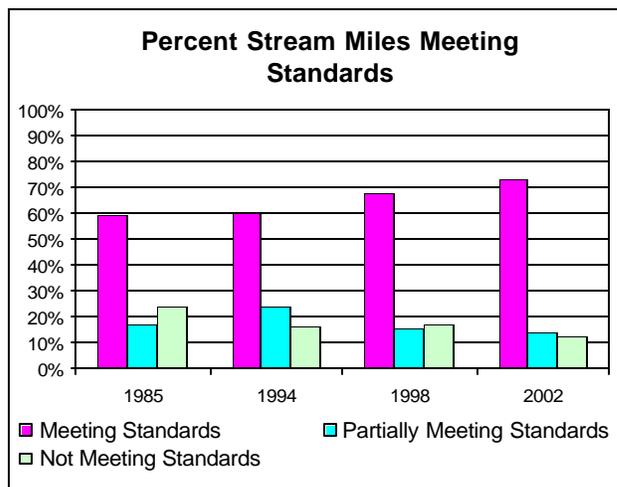
\$48 million for Environmental Quality

- Protects public health and the environment from the harmful effects of air pollution
- Oversees the state's public drinking water systems and protects the public against water-borne health risks, altogether a total of 1,850 water sources
- Monitors approximately 220 licensees and 2,500 facilities, from dentist offices to hospitals, that have registered X-ray units
- Ensures proper management of solid and hazardous waste
- Aids in protecting surface and ground water quality of more than 16,000 miles of rivers and streams, 3,000 lakes and reservoirs, and approximately 510,000 acres of wetlands
- Implements waste cleanup plans and coordinates the agency's response to spills and accidents that threaten the environment

Governor's Recommendation Highlights

(All Funding Sources)

- \$2,070,000 - High-level nuclear waste opposition
- \$200,000 - Watershed programs
- \$82,500 - Waste management auditor



BUDGET OVERVIEW

The Utah Department of Environmental Quality (DEQ) safeguards human health and quality of life by protecting and enhancing the environment.

For FY 2006 the governor recommends that DEQ receive \$47,919,700 in total funds. This amount includes \$12,759,200 in General Fund, a 33.3 percent increase from the FY 2005 authorized General Fund amount. The majority of this General Fund increase is due to a one-time recommendation of \$2,070,000 to keep high-level nuclear waste from coming into the state.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$859,700 in General Fund (\$2,470,400 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 and FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. DEQ has always had a difficult time hiring for certain positions due to the specialty of the job and the limited number of individuals qualified for these positions. As a result, DEQ often hires entry level personnel and invests significant resources to train those individuals. Once trained, it is difficult to retain employees when the private sector is willing to pay significantly more for their services.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Increase funding for high-level nuclear waste opposition by \$2,070,000 with one-time funds. These funds are necessary to continue establishing the state's position against high-level nuclear waste coming to Utah.
- Recommend \$200,000 in one-time funding to promote the governor's watershed initiative. This funding will be used to protect and enhance Utah's waters by promoting water education activities, encouraging partnerships involving private groups and public agencies, advocating pollution prevention through personal stewardship projects, and acknowledging the water quality education and improvement efforts of individuals and groups.

Other Funds

- Provide \$82,500 from the Environmental Quality Restricted Account for an auditor who will provide financial oversight of the various hazardous waste programs monitored by the department.
- Recommend one-time funding of \$93,700 and ongoing funding of \$54,300 from the Environmental Quality Restricted Account to improve records and file management of monitored and inspected waste disposal systems.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Any unexpended groundwater permit administration fees are nonlapsing and authorized for program use in the following fiscal year to reduce the fees charged.
- Any unexpended funds in the air operating permit program are nonlapsing and authorized for program use to reduce the fee in the second fiscal year following the year the unexpended funds occurred.
- Funding of \$2,070,000 for high-level nuclear waste is nonlapsing.

ENVIRONMENTAL QUALITY
Operating Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing						
General Fund	\$9,738,800	\$9,571,500	\$9,571,500	\$9,487,900	\$3,271,300	\$12,759,200
Federal Funds	13,502,300	17,432,800	17,432,800	15,776,100	859,200	16,635,300
Dedicated Credits	7,032,400	7,284,700	7,284,700	7,096,500	417,700	7,514,200
Restricted and Trust Funds	8,682,000	8,857,000	8,857,000	8,727,400	1,363,300	10,090,700
Transfers	178,200	227,700	227,700	169,300	2,900	172,200
Beginning Balances	1,731,000	1,477,800	1,477,800	759,900	0	759,900
Closing Balances	(1,477,800)	(759,900)	(759,900)	(11,800)	0	(11,800)
Lapsing Funds	(1,697,100)	0	0	0	0	0
Total Financing	\$37,689,800	\$44,091,600	\$44,091,600	\$42,005,300	\$5,914,400	\$47,919,700
Programs						
Environmental Quality						
Executive Director's Operations	\$4,832,100	\$5,241,300	\$5,241,300	\$4,568,500	\$2,381,000	\$6,949,500
Air Quality	8,161,400	9,951,300	9,951,300	8,917,200	736,800	9,654,000
Drinking Water	3,634,500	3,780,400	3,780,400	3,720,300	264,500	3,984,800
Environ. Response/Remediation	5,448,600	6,657,700	6,657,700	6,586,300	601,700	7,188,000
Radiation	1,969,700	2,825,500	2,825,500	2,624,000	352,900	2,976,900
Solid and Hazardous Waste	5,794,700	6,621,900	6,621,900	6,648,200	486,800	7,135,000
Water Quality	7,848,800	9,013,500	9,013,500	8,940,800	690,700	9,631,500
Hazardous Substances Mitigation Fund	0	0	0	0	400,000	400,000
Total Budget	\$37,689,800	\$44,091,600	\$44,091,600	\$42,005,300	\$5,914,400	\$47,919,700
% Change from Authorized FY 2005 to Total FY 2006						8.7%
FTE Positions	--	418.0	418.0	418.0	2.0	420.0

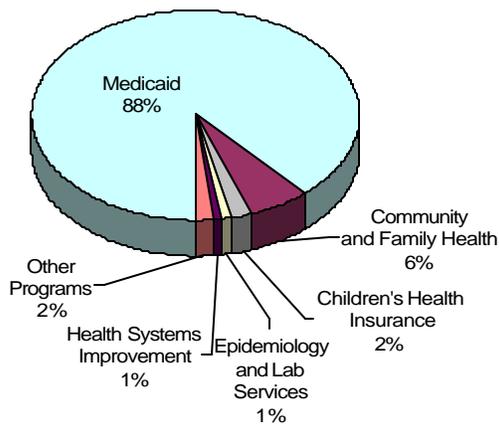
ENVIRONMENTAL QUALITY

ENVIRONMENTAL QUALITY FY 2006 OPERATING BUDGET						
	General Fund	Federal Funds	Debit ed Credits	Restricted Funds	Other Funds	Total Funds
Beginning Base Budget						
G1	\$9,571,530	\$16,060,600	\$6,894,000	\$8,857,000	\$949,200	\$42,332,400
G2	(92,630)	(67,000)	(33,100)	(129,600)	(1,100)	(214,700)
G3	0	(217,500)	235,600	0	(30,500)	(12,400)
Total Beginning Base Budget - Environmental Quality	9,487,900	15,776,100	7,096,500	8,727,400	917,400	42,005,300
Statewide Ongoing Adjustments						
G4	222,930	248,700	130,500	167,400	1,800	771,300
G5	17,430	9,700	5,000	6,600	0	38,700
G6	636,830	470,600	2,134,000	378,300	0	1,699,100
G7	115,030	128,700	67,800	91,600	1,100	404,200
	992,190	857,700	416,700	643,900	2,900	2,913,300
	<i>Subtotal Statewide Ongoing Adjustments - Environmental Quality</i>					
Ongoing Adjustments						
G8	9,230	1,500	1,000	1,700	0	13,400
G9	0	0	0	82,500	0	82,500
G10	0	0	0	54,300	0	54,300
	9,230	1,500	1,000	138,500	0	150,200
	<i>Subtotal Ongoing Adjustments - Environmental Quality</i>					
One-time Adjustments						
G11	2,070,000	0	0	0	0	2,070,000
G12	0	0	0	87,200	0	87,200
G13	0	0	0	93,700	0	93,700
G14	200,000	0	0	0	0	200,000
G15	0	0	0	400,000	0	400,000
	2,270,000	0	0	580,900	0	2,850,900
	<i>Subtotal One-time Adjustments - Environmental Quality</i>					
Total FY 2006 Environmental Quality Adjustments	3,271,300	859,200	417,700	1,363,300	2,900	5,914,400
Total FY 2006 Environmental Quality Operating Budget	\$12,759,200	\$16,635,300	\$7,514,200	\$10,090,700	\$920,300	\$47,919,700
ENVIRONMENTAL QUALITY TOTALS						
FY 2006 Operating Beginning Base Budget	\$9,487,930	\$15,776,100	\$7,096,500	\$8,727,400	\$917,400	\$42,005,300
FY 2006 Operating Ongoing and One-time Adjustments	3,271,330	859,200	417,700	1,363,300	2,900	5,914,400
FY 2006 Operating Recommendation	12,759,230	16,635,300	7,514,200	10,090,700	920,300	47,919,700



Nathan Checketts, Analyst

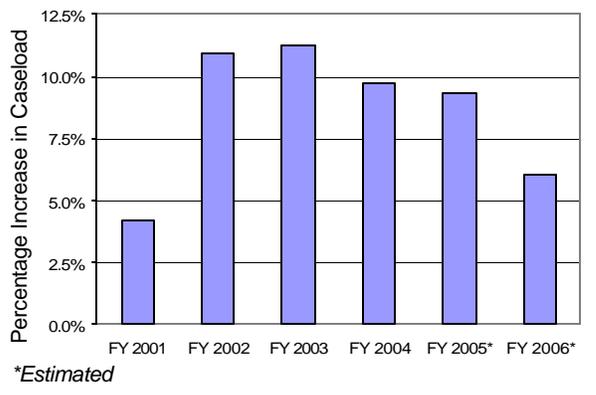
Where Will My Taxes Go for Health?
(Figure Based on Total FY 2006 Funding)



Highlighted Services
(Including the Governor's Recommendations)

- \$1.6 billion for Medicaid**
 - Health care for 190,000 individuals
 - Primary health care for 19,000 individuals
- \$103 million for Community and Family Health**
 - Tobacco cessation services for 7,850 smokers
 - 118,000 vaccine doses for children and adults
 - Cancer screening for 6,800 women
- \$37 million for Children's Health Insurance (CHIP)**
 - Health and dental care for 28,000 children
- \$16 million for Epidemiology and Lab Services**
 - Detection and investigation of communicable diseases, including *E. coli* and influenza
 - Enhanced capacity to rapidly detect and respond to bioterrorism events
- \$14 million for Health Systems Improvement**
 - Basic health and safety inspections in 580 health care and 2,700 child care facilities
 - Statewide efforts to reduce the estimated 327 deaths/year due to medical errors in hospitals
- \$27 million for other services, such as local health department and bioterrorism funding**

Improving Economy, Slower Medicaid Growth

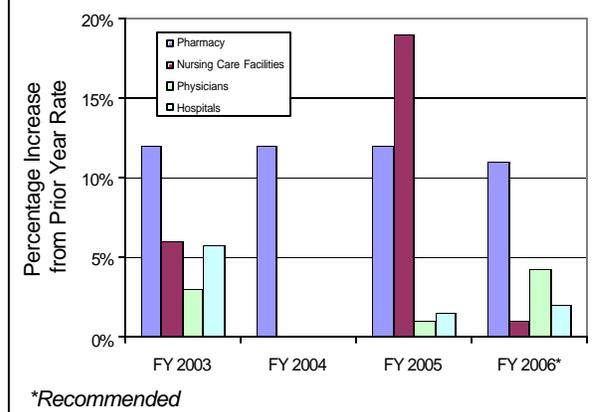


Utah's unemployment rate peaked at 6.3 percent in April 2002 and has fallen to 4.8 percent in September 2004.

Governor's Recommendation Highlights
(All Funding Sources)

- Medicaid*
- \$67 million - Caseload growth
 - \$38.9 million - Inflation increases
 - \$20 million one-time - Replace payment system
 - \$9.3 million in General Fund - Change in federal match rate

Inflation Increases Differ for Major Medicaid Providers



BUDGET OVERVIEW

The Department of Health (Health) seeks to protect the public's health by preventing avoidable disease and injury, assuring access to quality health care, promoting healthy lifestyles, and monitoring health trends and events. Health manages the state's Medicaid program, which provides health care for eligible low-income individuals. The department also manages other health care programs and provides an array of public health services.

For FY 2006 the governor recommends that Health receive \$1,816,824,300 in total funds. This amount includes \$327,023,400 in General Fund, a 13.9 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the majority of Health's budget pays for the Medicaid program, which receives a large amount of federal funds.

In addition to funding health and dental increases, the FY 2006 recommended appropriation includes \$1,647,300 in General Fund (\$4,550,200 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. For instance, Health reports difficulty recruiting experienced registered nurses to provide administrative case management for children in foster care because qualified candidates can make more money elsewhere. Low salaries for epidemiologists were also a factor in two employees leaving to work for local health departments. In addition, computer programmers trained in commercially-used programming languages are often recruited away for higher salaries in the private sector.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Fund Medicaid utilization and caseload growth with \$15,421,400 in ongoing General Fund (\$67,028,500 in ongoing total funds). These funds are needed to allow Medicaid to continue to operate with the same eligibility criteria, benefits package, and provider reimbursement rates. As shown in the graph on the prior page, FY 2006 caseload growth is estimated to slow from the over 10 percent growth experienced in recent years. Slower caseload growth is attributed to the economy improving and unemployment declining.
- Increase ongoing General Fund by \$9,338,700 and reduce ongoing federal funds by \$9,338,700 to account for a reduction in the percentage of Medicaid costs paid for by the federal government. Although Utah has received a favorable change in the match rate over the last three fiscal years, the FY 2006 change will require additional state funds to draw down federal funds. The recommended funds are needed to maintain the existing Medicaid program.
- Provide \$10,559,100 in ongoing General Fund (\$38,915,000 in ongoing total funds) to give Medicaid providers an increase in their reimbursement rates for inflation. Half of these funds will cover an 11 percent increase in prescription drug prices. While some providers, including federally qualified health centers and Medicare Crossover, will receive mandated increases for inflation, the majority of Medicaid providers will receive a 2.0 percent increase in their reimbursement rates. These inflationary increases will help providers cover their increasing costs and encourage them to continue providing services to Medicaid clients. A 2.0 percent cost-of-living adjustment is also

recommended for funds given to local health departments.

- Increase ongoing General Fund by \$1,574,800 (ongoing total funds by \$5,450,000) to continue emergency adult dental services in Medicaid. Because the 2004 legislature did not appropriate sufficient funds to provide these services through all of FY 2005, the governor also recommends an FY 2005 General Fund supplemental of \$480,000 (\$1,722,900 in total funds).
- Provide \$75,800 in ongoing General Fund (\$190,900 in ongoing total funds) for three positions to implement the federally required system to calculate the payment error rate in Medicaid.
- Appropriate \$2,000,000 in one-time General Fund (\$20,000,000 in one-time total funds) to fund the first phase of the replacement of the Medicaid payment system. The federal government matches each dollar of state funding for these projects with nine dollars in federal funds.
- Increase ongoing funding by \$100,000 for the Medical Examiner's Office to address rising transportation costs and an increased caseload.

Other Funds

- Reduce ongoing federal funds and dedicated credits by \$23,936,000 to account for the implementation of Medicare Part D drug coverage. While it is estimated the state will save \$7,314,000 in ongoing General Fund from

reduced Medicaid drug costs, the federal government will recapture the state savings, a process referred to as a clawback. Meanwhile, the state will face higher Medicaid caseload growth for those eligible for both Medicaid and Medicare and therefore will need additional eligibility workers to process the new cases.

FY 2005 PROPOSED LEGISLATIVE INTENT

- If funds are available, the Division of Epidemiology and Lab Services is authorized to not lapse up to \$200,000 at the end of FY 2005. These funds are to be used for the purchase of lab equipment, computer equipment and software, or building improvements.
- Funds previously appropriated for enhancements to the electronic Resource Eligibility Program, known as e-REP, are nonlapsing.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Fees collected for the purpose of plan reviews by the Bureau of Licensing are nonlapsing.
- Funds for the Primary Care Health Grants are nonlapsing.
- Funds for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs are nonlapsing.
- Civil money penalties collected for child care and health care provider violations are nonlapsing.

HEALTH

Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$226,766,700	\$287,096,500	\$760,400	\$287,856,900	\$285,751,500	\$41,272,100	\$327,023,400
Federal Funds	1,063,467,400	1,151,253,600	2,046,100	1,153,299,700	1,154,301,300	67,976,900	1,222,278,200
Dedicated Credits	99,303,300	108,568,900	0	108,568,900	114,357,300	1,962,900	116,320,200
Restricted and Inst Funds	22,034,300	26,893,300	270,100	27,163,400	26,893,300	107,100	27,000,400
Fees	110,532,600	118,340,300	0	118,340,300	121,007,500	2,444,200	123,451,700
Beginning Balances	3,802,300	3,747,800	0	3,747,800	2,183,500	0	2,183,500
Closing Balances	(3,747,800)	(2,183,500)	0	(2,183,500)	(1,433,100)	0	(1,433,100)
Lapsing Funds	(977,400)	0	0	0	0	0	0
Total Financing	\$1,521,181,400	\$1,693,716,900	\$3,076,600	\$1,696,793,500	\$1,703,061,100	\$113,763,200	\$1,816,824,300
Programs							
Health							
Executive Director's Operations	\$24,385,900	\$24,941,300	\$0	\$24,941,300	\$24,222,500	\$1,061,000	\$25,283,500
Health Systems Improvement	13,081,400	14,293,200	0	14,293,200	13,549,000	478,800	14,027,800
Epidemiology and Lab Services	15,259,700	15,480,100	0	15,480,100	15,063,100	743,000	15,806,100
Community and Family Health	94,064,400	102,290,200	0	102,290,200	101,796,300	1,287,000	103,083,300
Health Care Financing	64,274,900	62,913,300	0	62,913,300	61,867,000	22,456,800	84,323,800
Medical Assistance	1,274,428,500	1,435,096,700	3,076,600	1,438,173,300	1,447,929,500	87,667,400	1,535,596,900
Children's Health Insurance	33,674,000	36,660,900	0	36,660,900	36,606,800	40,400	36,647,200
Local Health Departments	2,012,600	2,041,200	0	2,041,200	2,026,900	28,800	2,055,700
Total Budget	\$1,521,181,400	\$1,693,716,900	\$3,076,600	\$1,696,793,500	\$1,703,061,100	\$113,763,200	\$1,816,824,300
% Change from Authorized FY 2005 to Total FY 2006							7.3%
FTE Positions	-	1,3158	0.0	1,3158	1,3109	60	1,3169

HEALTH

	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
HEALTH FY 2006 OPERATING BUDGET						
Beginning Base Budget						
HF	\$287,096,500	\$1,166,397,900	\$110,190,400	\$26,893,300	\$118,347,200	\$1,708,925,300
HF	(1,345,200)	(2,891,100)	(87,400)	(24,800)	(12,400)	(4,360,900)
HF	0	(9,205,200)	4,254,300	24,800	3,423,100	(1,503,300)
Total Beginning Base Budget - Health	285,751,300	1,154,301,600	114,357,300	26,893,300	121,757,900	1,703,061,100
Statewide Ongoing Adjustments						
HF	680,700	944,700	172,800	31,500	101,100	1,930,800
HF	(7,600)	(20,300)	12,800	1,800	1,300	(12,000)
HF	966,600	1,270,100	250,000	52,200	80,500	2,619,400
HF	439,400	616,800	116,100	21,600	65,100	1,259,000
	2,079,100	2,811,300	551,700	107,100	248,000	5,797,200
Ongoing Adjustments						
HF	15,421,400	45,770,700	3,640,200	0	2,196,200	67,028,500
HF	10,559,100	24,647,400	3,708,500	0	0	38,915,000
HF 0	9,338,700	(9,338,700)	0	0	0	0
HF 1	(7,314,000)	(17,998,200)	(5,937,500)	0	0	(31,250,000)
HF 2	7,314,000	0	0	0	0	7,314,000
HF 3	1,574,800	3,875,200	0	0	0	5,450,000
HF 4	94,400	94,400	0	0	0	188,800
HF 5	75,800	115,100	0	0	0	190,900
HF 6	100,000	0	0	0	0	100,000
HF 7	28,800	0	0	0	0	28,800
	37,193,000	47,185,600	1,411,200	0	2,196,200	87,966,000
One-time Adjustments						
HF 8	2,000,000	18,000,000	0	0	0	20,000,000
	2,000,000	18,000,000	0	0	0	20,000,000
Total FY 2006 Health Adjustments	41,272,100	67,976,900	1,962,900	107,100	2,444,200	113,763,200
Total FY 2006 Health Operating Budget	\$327,023,400	\$1,222,278,200	\$116,320,200	\$27,000,400	\$124,202,100	\$1,816,824,300

HEALTH - CONTINUED

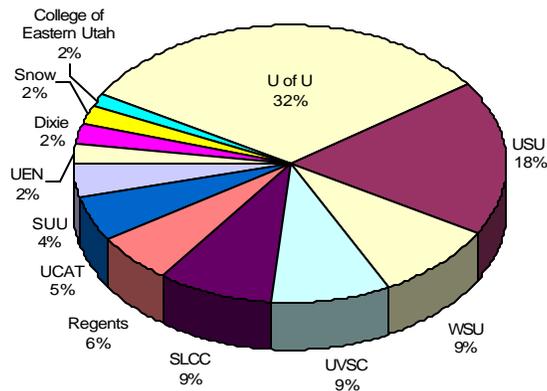
HEALTH FY 2005 OPERATING BUDGET ADJUSTMENTS						
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Supplemental Adjustments						
H19 Medicare adult emergency dental continuation	\$480,000	\$1,242,900	\$0	\$0	\$0	\$1,722,900
H20 Medicare inflation for Medicare Part B premiums	280,400	803,200	0	270,100	0	1,353,700
Subtotal Supplemental Adjustments - Health	760,400	2,046,100	0	270,100	0	3,076,600
Total FY 2005 Health Budget Adjustments	\$760,400	\$2,046,100	\$0	\$270,100	\$0	\$3,076,600
HEALTH TOTALS						
FY 2006 Operating Base Budget	\$285,751,300	\$1,154,301,300	\$114,357,300	\$26,893,300	\$121,757,900	\$1,703,061,100
FY 2006 Operating Ongoing and One-time Adjustments	41,272,100	67,976,900	1,962,900	107,100	2,444,200	113,763,200
FY 2006 Operating Recommendation	327,023,400	1,222,278,200	116,320,200	27,000,400	124,202,100	1,816,824,300
FY 2005 Operating Adjustments	760,400	2,046,100	0	270,100	0	3,076,600



HIGHER EDUCATION

Kim Hood, Analyst

Where Will My Taxes Go for Higher Education? (Figure Based on Total FY 2006 Funding)



Highlighted Services (Including the Governor's Recommendations)

\$951 million for the Utah System of Higher Education

- About 128,000 students attend Utah's nine traditional colleges and universities
- Faculty and staff bring about \$425 million in external research and development grants

\$53 million for the Utah College of Applied Technology

- UCAT's nine campuses train over 50,000 adults and 13,000 secondary students in over 100 skill areas
- UCAT provides over 250,000 hours of Custom Fit training to employees of business and industry

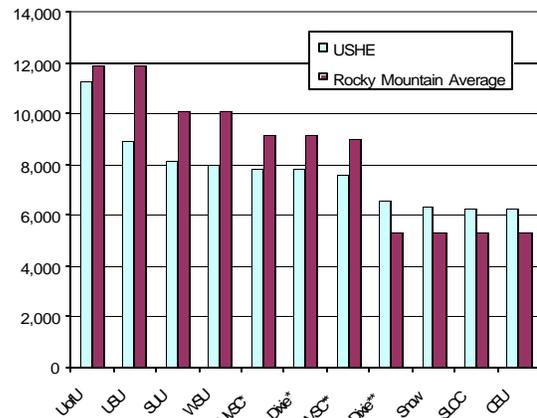
\$25 million for the Utah Education Network (UEN)

- Nearly 6,200 high school and college students take classes through the EDNET videoconferencing system
- Traffic more than doubles every 18 months on UEN's Wide Area Network, which provides over 200 mission-critical network applications for Utah schools and colleges

Governor's Recommendation Highlights (All Funding Sources)

- \$24 million - Critical compensation issues
- \$4.7 million - Operations and maintenance for new buildings
- \$3.3 million - Rate increases for fuel and power
- \$2.5 million - Engineering initiative
- \$2.3 million - Student financial aid
- \$2.0 million - Nursing initiative

USHE Tuition as Compared to the Rocky Mountain Average



*Upper Division **Lower Division

BUDGET OVERVIEW

Higher education includes nine colleges and universities in the Utah System of Higher Education (USHE), nine applied technology campuses in the Utah College of Applied Technology (UCAT), the Utah Education Network (UEN), and the Medical Education Council (MEC). These agencies provide academic, professional, and applied technology learning opportunities designed to advance the intellectual, cultural, social, and economic well-being of the state and its people.

For FY 2006 the governor recommends that higher education receive \$1,029,859,800 in total funds. This amount includes \$685,841,600 in state funds (General Fund and Uniform School Fund), a 6.9 percent increase from the FY 2005 authorized state funds amount. As shown by the pie chart on the previous page, the majority of the funding pays for USHE.

The FY 2006 recommendation includes a block grant of \$24,012,400 in state funds (\$31,251,700 in total funds) to address critical compensation issues and to adjust funding ratios for student tuition. USHE competes in a national market for faculty and staff. The latest salary equity study shows that 47 percent of benchmarked salaries for faculty and staff are more than 10 percent below the market. These below market salaries make it difficult to compete in the marketplace to attract and retain key faculty and staff. In addition, with the shortfall in state funds, student tuition has increased to offset the impact. On average, the students' portion of the appropriated budget has increased from 25 percent to 36 percent in the last few years. The block grant allows for the flexibility to respond to the most compelling needs and maintains the accountability of the funds.

In FY 2005 the governor recommends that the capital budget receive a supplemental of

\$78,133,000 in school funds to remodel the University of Utah's Marriott Library, to build the digital learning center for Utah Valley State College (UVSC), and to build the Uintah Basin Applied Technology and Utah State University campus in Vernal. For FY 2006 the governor recommends \$18,893,000 in general obligation bonds for the remaining portion of UVSC's digital learning center.

GOVERNOR'S RECOMMENDATIONS

Utah System of Higher Education

General Fund

- Appropriate \$22,010,800 in ongoing General Fund and \$7,223,000 in ongoing dedicated credits for critical compensation issues and to adjust funding ratios for student tuition.
- Appropriate \$2,183,800 in ongoing funds for operations and maintenance for new facilities in FY 2006 and \$2,500,200 in ongoing funds for facilities built in FY 2005.
- Provide \$3,310,500 in ongoing funds to offset increases in rates for fuel and power. Currently critical funds for instruction and programs are being used to pay utility bills. The ongoing funding offsets the permanent reduction to academic budgets. With 66 percent of the state's facility inventory and over 25 million square feet of space, institutions are highly impacted by rising energy costs.
- Continue the state's engineering initiative with an appropriation of \$1,500,000 in ongoing funds and \$1,000,000 in one-time funds.
- Provide \$1,500,000 in ongoing funds and \$500,000 in one-time funds to continue the nursing initiative and qualify for the \$1,000,000 match from Utah's hospitals.

- Appropriate \$530,000 in ongoing funds and an FY 2005 supplemental of \$253,600 to meet obligations to students who qualify for New Century scholarships.
- Appropriate \$1,500,000 in ongoing funds and \$1,815,000 in one-time funds for student financial aid, teacher incentive programs, and programs for the disabled.

Utah College of Applied Technology

Uniform School Fund

- Appropriate \$1,774,100 in ongoing funds to address critical compensation issues.
- Appropriate \$2,027,800 in ongoing funds to accommodate growth in membership hours.
- Provide \$584,600 in ongoing funds for program expansion and development.
- Appropriate \$698,100 in ongoing funds and \$1,108,000 in one-time funds to purchase equipment, implement the student information system, and provide a financial officer for oversight.
- Appropriate \$500,000 in ongoing funds for Custom Fit programs to respond quickly to market needs.

Utah Education Network

General Fund

- Appropriate \$206,000 in ongoing funds to address critical compensation issues.
- Appropriate \$800,000 in one-time funds to replace the EDNET system with IP Video.
- Provide \$2,500,000 in one-time funds and \$650,000 in ongoing funds for network capacity and reliability.
- Appropriate \$500,000 in ongoing funds for the Pioneer Online Library. By sharing information through the online library and by expanding the network to rural areas, school children and teachers will have access to quality information for enhancing knowledge and educational opportunities.

Medical Education Council

General Fund

- Appropriate \$21,500 in ongoing funds to address critical compensation issues.

FY 2006 PROPOSED LEGISLATIVE INTENT

- UCAT campuses are to receive funding from the legislature prior to entering into a lease agreement.

HIGHER EDUCATION
Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- ments	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$546,321,000	\$532,698,700	(\$23,509,300)	\$509,189,400	\$525,818,700	\$30,225,500	\$556,044,200
School Funds	71,800,000	108,865,500	23,762,900	132,628,400	108,865,500	20,931,900	129,797,400
Federal Funds	8,970,800	8,909,500	0	8,909,500	8,903,800	15,000	8,918,800
Dedicated Credits	298,194,000	317,761,500	0	317,761,500	317,806,300	7,475,600	325,281,900
Mineral Lease	1,428,200	1,497,900	0	1,497,900	1,542,300	(300)	1,542,000
Restricted and Trust Funds	8,284,500	8,284,500	0	8,284,500	8,284,500	(9,000)	8,275,500
Transfers	5,342,200	62,600	0	62,600	0	0	0
Beginning Balances	56,505,100	27,066,500	0	27,066,500	0	0	0
Closing Balances	(27,066,500)	0	0	0	0	0	0
Total Financing	\$969,779,100	\$1,005,146,700	\$253,600	\$1,005,400,300	\$971,221,100	\$68,636,700	\$1,029,859,800
Programs							
Higher Education							
University of Utah	\$305,842,400	\$336,214,200	\$0	\$336,214,200	\$326,494,200	\$1,169,500	\$327,663,700
Utah State University	196,600,500	196,100,900	0	196,100,900	187,181,300	1,132,000	188,313,300
Weber State University	98,458,000	91,961,300	0	91,961,300	93,571,100	283,400	93,854,500
Southern Utah University	37,845,600	40,717,000	0	40,717,000	40,155,500	(21,000)	40,134,500
Snow College	21,856,500	22,298,600	0	22,298,600	21,784,100	17,200	21,801,300
Dixie State College of Utah	27,588,200	24,304,800	0	24,304,800	24,129,500	170,300	24,299,800
College of Eastern Utah	14,990,500	14,951,600	0	14,951,600	15,491,900	179,100	15,671,000
Utah Valley State College	92,534,700	89,624,300	0	89,624,300	89,376,000	1,157,200	90,533,200
Salt Lake Community College	87,109,100	97,985,500	0	97,985,500	88,300,700	76,100	88,376,800
Regents/Statewide Programs	19,491,000	20,963,300	253,600	21,216,900	18,383,300	42,130,800	60,514,100
<i>Subtotal Higher Education</i>	<i>902,316,500</i>	<i>955,171,500</i>	<i>253,600</i>	<i>955,375,100</i>	<i>904,867,600</i>	<i>46,294,600</i>	<i>951,162,200</i>
Utah Education Network							
Operations	20,965,500	21,237,400	0	21,237,400	20,260,700	4,812,300	25,073,000
<i>Subtotal Utah Education Network</i>	<i>20,965,500</i>	<i>21,237,400</i>	<i>0</i>	<i>21,237,400</i>	<i>20,260,700</i>	<i>4,812,300</i>	<i>25,073,000</i>
Utah College of Applied Technology							
Operations	45,844,900	48,086,700	0	48,086,700	45,362,800	7,510,500	52,873,100
<i>Subtotal College of Applied Tech</i>	<i>45,844,900</i>	<i>48,086,700</i>	<i>0</i>	<i>48,086,700</i>	<i>45,362,800</i>	<i>7,510,500</i>	<i>52,873,100</i>
Medical Education Council							
Operations	632,200	701,100	0	701,100	730,000	21,500	751,500
<i>Subtotal Medical Ed Council</i>	<i>632,200</i>	<i>701,100</i>	<i>0</i>	<i>701,100</i>	<i>730,000</i>	<i>21,500</i>	<i>751,500</i>
Total Budget	\$969,779,100	\$1,005,146,700	\$253,600	\$1,005,400,300	\$971,221,100	\$68,636,700	\$1,029,859,800
% Change from Authorized FY 2005 to Total FY 2006							2.5%

HIGHER EDUCATION
Capital Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supplementals	Recommended FY 2005	Base FY 2006	Total FY 2006	FY 2006 Bond
Plan of Financing							
School Funds	\$0	\$0	\$78,133,000	\$78,133,000	\$0	\$0	\$0
FY 2006 General Obligation Bond	0	0	0	0	0	0	18,893,000
Total Financing	\$0	\$0	\$78,133,000	\$78,133,000	\$0	\$0	\$18,893,000
Projects							
UofU Mammott Library Renovation & ASRS	\$0	\$0	\$48,488,000	\$48,488,000	\$0	\$0	\$0
UVSC Digital Learning Center	0	0	18,857,000	18,857,000	0	0	18,893,000
UBA TC/USU Vernal Campus	0	0	10,788,000	10,788,000	0	0	0
Total Budget	\$0	\$0	\$78,133,000	\$78,133,000	\$0	\$0	\$18,893,000
% Change from Authorized FY 2005 to Total FY 2006							-

HIGHER EDUCATION

UTAH SYSTEM OF HIGHER EDUCATION FY 2006 OPERATING BUDGET							
	General Fund	School Funds	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Beginning Base Budget							
<i>L1</i>	\$476,705,800	\$108,865,500	\$4,205,900	\$322,648,400	\$9,084,100	\$62,600	\$921,570,300
<i>L2</i>	(5,705,500)	0	0	(1,715,700)	0	(62,600)	(7,483,500)
<i>L3</i>	0	0	(100)	(9,961,800)	742,700	0	(9,219,200)
	471,000,600	108,865,500	4,205,800	310,970,900	9,826,800	0	904,867,600
Statewide Ongoing Adjustments							
<i>L4</i>	(223,800)	(118,800)	(1,400)	(175,400)	(9,200)	0	(528,700)
	<i>Subtotal Statewide Ongoing Adjustments - USHE</i>	<i>(118,800)</i>	<i>(1,400)</i>	<i>(175,400)</i>	<i>(9,200)</i>	<i>0</i>	<i>(528,700)</i>
Ongoing Adjustments							
<i>L5</i>	22,010,800	0	0	7,223,000	0	0	29,233,800
<i>L6</i>	2,183,800	0	0	0	0	0	2,183,800
<i>L7</i>	2,300,200	0	0	0	0	0	2,300,200
<i>L8</i>	3,310,500	0	0	0	0	0	3,310,500
<i>L9</i>	1,300,000	0	0	0	0	0	1,300,000
<i>L10</i>	1,300,000	0	0	0	0	0	1,300,000
<i>L11</i>	750,000	0	0	0	0	0	750,000
<i>L12</i>	1,300,000	0	0	0	0	0	1,300,000
<i>L13</i>	530,000	0	0	0	0	0	530,000
<i>L14</i>	25,777,000	25,777,000)	0	0	0	0	0
	<i>Subtotal Ongoing Adjustments - USHE</i>	<i>25,777,000)</i>	<i>0</i>	<i>7,223,000</i>	<i>0</i>	<i>0</i>	<i>49,000,300</i>
One-time Adjustments							
<i>L15</i>	500,000	0	0	0	0	0	500,000
<i>L16</i>	1,000,000	0	0	0	0	0	1,000,000
<i>L17</i>	500,000	0	0	0	0	0	500,000
<i>L18</i>	265,000	0	0	0	0	0	265,000
<i>L19</i>	500,000	0	0	0	0	0	500,000
<i>L20</i>	450,000	0	0	0	0	0	450,000
<i>L21</i>	600,000	0	0	0	0	0	600,000
	<i>Subtotal One-time Adjustments - USHE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,815,000</i>
	65,153,500	(25,895,800)	(1,400)	7,047,600	(9,300)	0	46,294,600
	\$836,154,100	\$82,969,700	\$4,202,400	\$318,018,500	\$9,817,500	\$0	\$951,162,200

HIGHER EDUCATION - CONTINUED

	General Fund	School Funds	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
UTAH SYSTEM OF HIGHER EDUCATION FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
ZZ New Century Scholarship Program mandate	\$253,600	\$0	\$0	\$0	\$0	\$0	\$253,600
ZS Funding source adjustments	16,209,000	16,209,000)	0	0	0	0	0
Subtotal Supplemental Adjustments - USHE	16,462,600	(16,209,000)	0	0	0	0	253,600
Total FY 2005 USHE Budget Adjustments	\$16,462,600	(\$16,209,000)	\$0	\$0	\$0	\$0	\$253,600
UTAH SYSTEM OF HIGHER EDUCATION FY 2005 CAPITAL BUDGET ADJUSTMENTS							
Supplemental Adjustments							
Z4 UofU - Marriott Library renovation & ASRS	\$0	\$8,488,000	\$0	\$0	\$0	\$0	\$8,488,000
Z5 UVSC - digital learning center	0	18,857,000	0	0	0	0	18,857,000
Subtotal Supplemental Capital Adjustments - USHE	0	67,345,000	0	0	0	0	67,345,000
Total FY 2005 USHE Capital Adjustments	\$0	\$67,345,000	\$0	\$0	\$0	\$0	\$67,345,000
UTAH EDUCATION NETWORK FY 2006 OPERATING BUDGET							
Beginning Base Budget							
Z6 FY 2005 appropriated budget	\$15,998,000	\$0	\$4,705,600	\$508,000	\$0	\$0	\$21,211,600
Z7 Adjustments for one-time FY 2005 appropriations	(945,300)	0	0	0	0	0	(945,300)
Z8 Adjustments to funding levels	0	0	(5,600)	0	0	0	(5,600)
Total Beginning Base Budget - Utah Education Network	15,052,700	0	4,700,000	508,000	0	0	20,260,700
Ongoing Adjustments							
Z9 Block grants to address critical compensation issues	206,000	0	16,400	0	0	0	222,400
Z0 Network reliability, capacity, and security - replace one-time funds	400,000	0	0	0	0	0	400,000
Z1 Enterprise-level technology support - replace one-time funds	140,000	0	0	0	0	0	140,000
Z2 Network capacity and reliability	250,000	0	0	0	0	0	250,000
Z3 Pioneer Online Library	500,000	0	0	0	0	0	500,000
Subtotal Ongoing Adjustments - Utah Education Network	1,496,000	0	16,400	0	0	0	1,512,400
One-time Adjustments							
Z4 Network capacity and reliability	2,300,000	0	0	0	0	0	2,300,000
Z5 EDNET conversion	800,000	0	0	0	0	0	800,000
Subtotal One-time Adjustments - Utah Education Network	3,100,000	0	0	0	0	0	3,100,000
Total FY 2006 Utah Education Network Adjustments	4,796,000	0	16,400	0	0	0	4,812,400
Total FY 2006 Utah Education Network Operating Budget	\$19,848,700	\$0	\$4,716,400	\$508,000	\$0	\$0	\$25,073,100

HIGHER EDUCATION - CONTINUED

UTAH COLLEGE OF APPLIED TECHNOLOGY FY 2006 OPERATING BUDGET										
	General Fund	School Funds	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds			
Beginning Base Budget										
256	\$39,971,900	\$0	\$0	\$4,893,500	\$0	\$0	\$44,865,400			
257	(226,400)	0	0	0	0	0	(226,400)			
258	0	0	0	733,800	0	0	733,800			
Total Beginning Base Budget - UCAI										
	\$39,745,500	0	0	5,617,300	0	0	45,362,800			
Statewide Ongoing Adjustments										
259	0	(6,300)	0	(1,100)	0	0	(7,600)			
	0	(6,300)	0	(1,100)	0	0	(7,600)			
<i>Subtotal Statewide Ongoing Adjustments - UCAI</i>										
Ongoing Adjustments										
260	0	1,774,100	0	0	0	0	1,774,100			
261	0	2,027,800	0	367,200	0	0	2,395,000			
262	0	584,600	0	61,600	0	0	646,200			
263	0	114,800	0	0	0	0	114,800			
264	0	101,300	0	0	0	0	101,300			
265	0	482,000	0	0	0	0	482,000			
266	0	500,000	0	0	0	0	500,000			
267	0	75,000	0	0	0	0	75,000			
268	0	75,000	0	0	0	0	75,000			
269	0	237,000	0	0	0	0	237,000			
270	0	9,100	0	0	0	0	9,100			
271	(39,745,500)	39,745,500	0	0	0	0	0			
	(39,745,500)	45,728,200	0	428,100	0	0	6,409,800			
<i>Subtotal Ongoing Adjustments - UCAI</i>										
One-time Adjustments										
272	0	108,000	0	0	0	0	108,000			
273	0	1,000,000	0	0	0	0	1,000,000			
	0	1,108,000	0	0	0	0	1,108,000			
<i>Subtotal One-time Adjustments - UCAI</i>										
Total FY 2006 UCAI Adjustments										
	(39,745,500)	46,827,700	0	428,100	0	0	7,510,200			
Total FY 2006 UCAI Operating Budget										
	\$0	\$46,827,700	\$0	\$6,045,300	\$0	\$0	\$52,873,000			
UTAH COLLEGE OF APPLIED TECHNOLOGY FY 2005 OPERATING BUDGET ADJUSTMENTS										
Supplemental Adjustments										
274	(339,971,900)	\$39,971,900	\$0	\$0	\$0	\$0	\$0			
	(339,971,900)	39,971,900	0	0	0	0	0			
<i>Subtotal Supplemental Adjustments - UCAI</i>										
Total FY 2005 UCAI Budget Adjustments										
	(339,971,900)	\$39,971,900	\$0	\$0	\$0	\$0	\$0			

HIGHER EDUCATION - CONTINUED

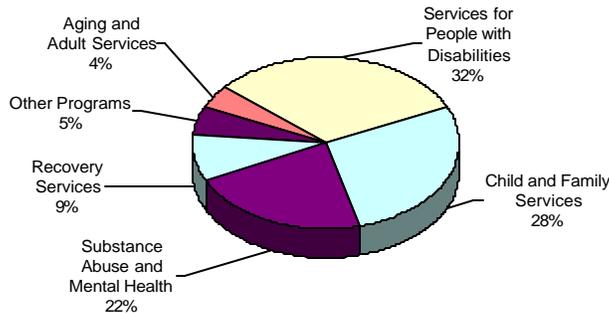
	General Fund	School Funds	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
UTAH COLLEGE OF APPLIED TECHNOLOGY FY 2005 CAPITAL BUDGET ADJUSTMENTS							
Supplemental Adjustments							
25	Utah Basin Applied Technology/USU Vernal campus	\$0	\$10,788,000	\$0	\$0	\$0	\$10,788,000
	<i>Subtotal Supplemental Capital Adjustments - UCAT</i>	0	10,788,000	0	0	0	10,788,000
	Total FY 2005 UCAT Capital Adjustments	\$0	\$10,788,000	\$0	\$0	\$0	\$10,788,000
MEDICAL EDUCATION COUNCIL FY 2006 OPERATING BUDGET							
Beginning Base Budget							
26	FY 2005 appropriated budget	\$23,000	\$0	\$0	\$0	\$0	\$23,000
27	Adjustments for one-time FY 2005 appropriations	(3,100)	0	0	0	0	(3,100)
28	Adjustments to funding levels	0	0	710,100	0	0	710,100
	Total Beginning Base Budget - MEC	19,900	0	710,100	0	0	730,000
Ongoing Adjustments							
29	Block grants to address critical compensation issues	21,500	0	0	0	0	21,500
	<i>Subtotal Ongoing Adjustments - MEC</i>	21,500	0	0	0	0	21,500
	Total FY 2006 MEC Adjustments	21,500	0	0	0	0	21,500
	Total FY 2006 Medical Education Council Operating Budget	\$41,400	\$0	\$710,100	\$0	\$0	\$751,500
HIGHER EDUCATION TOTALS							
	FY 2006 Operating Base Budget	\$225,818,700	\$08,865,500	\$8,902,800	\$3,17,806,200	\$0	\$971,221,100
	FY 2006 Operating Ongoing and One-time Adjustments	30,205,500	20,923,100	15,000	7,475,600	0	58,628,700
	FY 2006 Operating Recommendation	556,044,200	129,797,400	8,918,800	325,281,900	0	1,029,899,800
	FY 2005 Operating Adjustments	(23,309,200)	23,762,900	0	0	0	23,600
	FY 2005 Capital Adjustments	0	78,133,000	0	0	0	78,133,000



HUMAN SERVICES

Stephen Jardine, Analyst

Where Will My Taxes Go for Human Services? (Figure Based on Total FY 2006 Funding)



Highlighted Services

(Including the Governor’s Recommendations)

\$167 million for Services for People with Disabilities

- Provides in-home and self-directed support services for about 2,700 disabled individuals, and day services and supported employment for about 2,600 disabled individuals annually
- Provides residential services at the State Developmental Center for an estimated 230 disabled individuals and in the community for an estimated 1,443 individuals

\$144 million for Child and Family Services

- Investigates approximately 21,000 reported incidents of abuse and neglect each year
- Serves about 3,800 children in foster care settings
- Provides in-home services for approximately 18,600 children and families annually

\$114 million for Substance Abuse and Mental Health

- Provides treatment to an estimated 700 individuals with severe mental illness at the Utah State Hospital
- Treats approximately 43,000 individuals for mental illnesses and 20,000 individuals each year for substance abuse through local authority mental health centers and local authority substance abuse programs

\$95 million for other programs

Governor’s Recommendation Highlights

(All Funding Sources)

Services for People with Disabilities

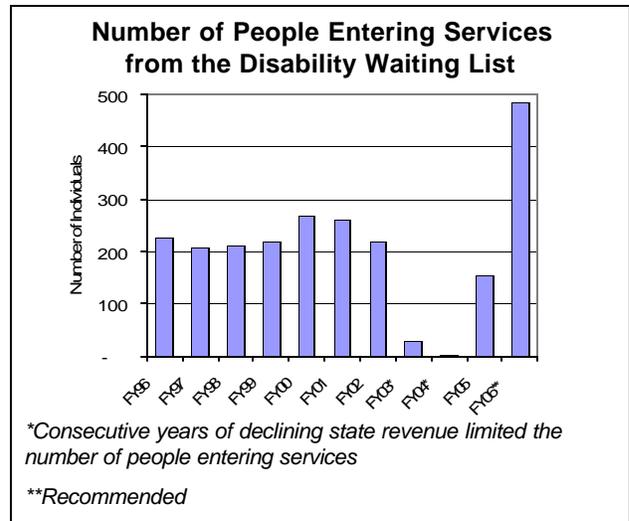
- \$6.6 million - Fund services to an estimated 486 individuals with disabilities currently on a waiting list

Child and Family Services

- \$6.8 million - Caseload growth for Out-of-Home Care and adoption subsidies

Substance Abuse and Mental Health

- \$3.3 million - Replace funding losses encountered by local mental health centers due to changes in federal Medicaid policy



BUDGET OVERVIEW

The Department of Human Services (Human Services), as represented here, includes all divisions and offices in the department except the Division of Juvenile Justice Services which is included for appropriation summary purposes in the Corrections (Adult and Juvenile) section. Through the various divisions and offices the department helps individuals and families resolve personal problems.

For FY 2006 the governor recommends Human Services receive \$520,847,600 in total funds. This amount includes \$230,964,400 in General Fund, an 11.7 percent increase from the FY 2005 authorized General Fund amount. As shown in the pie chart on the previous page, the three major components of Human Services' budget are the Division of Services for People with Disabilities (DSPD), the Division of Child and Family Services (DCFS), and the Division of Substance Abuse and Mental Health (DSAMH). DSPD provides a wide range of services and assistance for citizens with disabilities. DCFS oversees abuse and neglect investigations, foster care, and domestic violence programs. DSAMH oversees local mental health centers, substance abuse treatment and prevention services, and operates the Utah State Hospital for the severely mentally ill.

In addition to fully funding health and dental rate increases, the governor's recommended FY 2006 appropriation includes \$2,806,100 in General Fund (\$6,475,400 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Support passage of the *Drug Offenders Reform Act* (DORA) by recommending \$4,297,500 in

ongoing funds for assessment and treatment of drug offenders.

- Fund \$2,147,000 in ongoing funds and \$1,252,400 in FY 2005 supplemental funds to reopen 26 forensic beds at the Utah State Hospital.
- Allocate \$3,260,000 in ongoing funds to replace funding losses experienced by local mental health centers through changes in federal Medicaid policy.
- Provide \$2,122,900 in ongoing General Fund (\$6,613,700 in ongoing total funds) to finance additional services to an estimated 486 individuals with disabilities currently on a waiting list.
- Replace lost federal incentive funds to the Office of Recovery Services with \$553,100 in ongoing General Fund to maintain current service levels.
- Provide \$1,642,800 in ongoing General Fund (\$3,020,400 in ongoing total funds) to pay for increases in DCFS out-of-home care for foster children and youth.
- Provide \$2,055,400 in ongoing General Fund (\$3,741,900 in ongoing total funds) to pay for DCFS adoption assistance.
- Fund \$100,000 in ongoing funds to ensure statewide coverage of domestic violence treatment services.
- Fund \$626,000 in ongoing funds to extend medical coverage for foster youth up through age 20.
- Provide \$269,500 in one-time General Fund (\$328,600 in one-time total funds) to pay for court monitor costs in connection with the *David C.* child welfare lawsuit.
- Provide \$200,000 in ongoing funds for senior meals.

- Provide \$1,460,200 in ongoing General Fund (\$2,614,300 in ongoing total funds) for a 2.0 percent cost-of-living increase, calculated on the state General Fund portion of payments to local mental health, substance abuse, and aging providers, as well as for service providers who contract with DSPD and DCFS.
- Replace lost federal Medicaid matching revenue with \$1,892,100 in ongoing funds.

Other Funds

- Increase the ongoing spending authority by \$300,000 for the Driving Under the Influence (DUI) Fines Restricted Fund.
- Increase the authorization by three FTEs in FY 2005 for the data processing internal service fund.

FY 2005 PROPOSED LEGISLATIVE INTENT

- Funds appropriated to Drug Courts/Drug Board from the Tobacco Settlement Restricted Account for FY 2005 are nonlapsing.
- If funds are available, DSAMH is authorized to not lapse up to \$65,000 at the end of FY 2005. These funds are to be used for the purchase of computer equipment and software, capital equipment or improvements, and equipment or supplies.
- Funds appropriated in FY 2005 to counties to replace lost federal Medicaid revenue should not be passed through the funding formula based upon Section 62A-15-108 (2) (c), UCA. Given that the financial impact on each county is unique, this would meet the criteria provided in Section 62A-15-108 (2) (c), UCA, which exempts funds provided "to meet needs only within their local areas" from the formula.

Funds passed through to counties to replace lost federal Medicaid revenue should not require a local match. Counties previously provided the match with regard to the lost federal Medicaid

revenue. Funds previously used by counties to match the lost Medicaid revenue shall now be spent in providing services to non-Medicaid clients.

The distribution of funds to counties should be based upon each local mental health center's percentage of the total financial impact as submitted to DSAMH in July 2004 and agreed to by local mental health center directors at their association meeting on October 14, 2004. This distribution would provide that the \$815,000 be directed as follows: \$47,700 (5.9 percent) to Bear River Mental Health, \$46,500 (5.7 percent) to Central Utah Mental Health, \$81,300 (10 percent) to Davis Behavioral Health, \$50,400 (6.2 percent) to Four Corners Behavioral Health, \$7,200 (0.9 percent) to Heber Valley Mental Health, \$26,800 (3.3 percent) to Northeastern Counseling Center, \$87,100 (10.7 percent) to Southwest Behavioral Health, \$155,200 (19 percent) to Wasatch Mental Health, \$165,000 (20.2 percent) to Weber Human Services, and \$147,800 (18.1 percent) to Valley Mental Health.

These funds, along with the county match associated with the lost Medicaid revenue, are to be used solely to provide services to the non-Medicaid population who meet the criteria for services within the public mental health system. Information regarding the number of clients served and services provided with this additional General Fund and the county match remaining in the system shall be reported to the Health and Human Services Appropriations Subcommittee during the 2006 General Session.

- If funds are available, DCFS is authorized to not lapse up to \$50,000 at the end of FY 2005. These funds are to be used for the purchase of computer equipment and software.
- If funds are available, DCFS is authorized to purchase up to six additional vehicles.

- If funds are available, the Division of Aging and Adult Services is authorized to not lapse up to \$100,000. These funds are to be used for senior center renovations and to assist with vehicle maintenance and replacements within local area agencies on aging.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Funds appropriated in FY 2006 to counties to replace lost federal Medicaid revenue should not be passed through the funding formula based upon Section 62A-15-108 (2) (c), UCA. Given that the financial impact on each county is unique, this would meet the criteria provided in Section 62A-15-108 (2) (c), UCA, which exempts funds provided "to meet needs only within their local areas" from the formula.

Funds passed through to counties to replace lost federal Medicaid revenue should not require a local match. Counties previously provided the match with regard to the lost federal Medicaid revenue. Funds previously used by counties to match the lost Medicaid revenue shall now be spent in providing services to non-Medicaid clients.

The distribution of funds to counties should be based upon each local mental health center's percentage of the total financial impact as submitted to DSAMH in July 2004 and agreed to by local mental health center directors at their association meeting on October 14, 2004. This distribution would provide that the \$3,260,000 be directed as follows: \$190,800 (5.9 percent) to Bear River Mental Health, \$185,900 (5.7 percent) to Central Utah Mental Health, \$325,200 (10 percent) to Davis Behavioral Health, \$201,500 (6.2 percent) to Four Corners Behavioral Health, \$28,800 (0.9 percent) to Heber Valley Mental Health, \$107,100 (3.3 percent) to Northeastern Counseling Center, \$348,400 (10.7 percent) to Southwest Behavioral Health, \$620,700 (19 percent) to Wasatch Mental Health, \$660,000 (20.2 per-

cent) to Weber Human Services, and \$591,600 (18.1 percent) to Valley Mental Health.

These funds, along with the county match associated with the lost Medicaid revenue, are to be used solely to provide services to the non-Medicaid population who meet the criteria for services within the public mental health system. Information regarding the number of clients served and services provided with this additional General Fund and the county match remaining in the system shall be reported to the Health and Human Services Appropriations Subcommittee during the 2006 General Session.

- Funds previously appropriated to the Office of Technology for the electronic Resource Eligibility Program (e-REP) enhancements are nonlapsing.
- DSPD is to use nonlapsing funds carried over from FY 2005 to provide services for: 1) individuals needing emergency services, 2) individuals needing additional waiver services, 3) individuals aging out of state custody from the divisions of Child and Family Services and Juvenile Justice Services, and 4) individuals court ordered into DSPD services. DSPD will use generated budget savings to continue funding services for these people through FY 2006. DSPD will report to the Office of the Legislative Fiscal Analyst on progress to generate these cost savings.
- Funds previously appropriated to the Office of Recovery Services for e-REP enhancements are nonlapsing.
- Funds appropriated for FY 2006 for the Out-of-Home Care program in DCFS are nonlapsing at the end of FY 2006 and are to be used for the Out-of-Home Care program.
- Funds appropriated for FY 2006 for the Adoption Assistance program in DCFS are

nonlapsing at the end of FY 2006 and are to be used for adoption assistance programs.

- Funds appropriated to DCFS for Adoption Assistance may be used to hire up to six positions to provide post-adoption support. This support will provide adoptive parents with information, services, and counseling in an effort to prevent adoptive placements from

failing, and to ensure efficient and appropriate services and accountability of funds. The division will track Adoption Assistance funds transferred as well as estimated savings resulting from this effort and report back to the Health and Human Services Appropriations Subcommittee during the 2006 General Session to determine the value of continuing this post-adoption support effort.

HUMAN SERVICES
Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$200,490,600	\$206,680,500	\$4,172,800	\$210,853,300	\$204,777,000	\$26,187,400	\$230,964,400
Federal Funds	116,831,000	123,717,600	851,900	124,569,500	120,671,200	4,499,300	125,170,500
Dedicated Credits	8,283,300	8,379,400	0	8,379,400	8,420,400	515,800	8,936,200
Restricted and Trust Funds	4,282,200	3,947,200	0	3,947,200	3,947,200	413,600	4,360,800
Transfers	142,280,400	141,934,600	(217,300)	141,717,300	141,087,400	7,809,100	148,896,500
Beginning Balances	4,152,600	6,705,300	0	6,705,300	4,592,700	0	4,592,700
Closing Balances	(6,705,300)	(4,992,700)	0	(4,992,700)	(2,073,500)	0	(2,073,500)
Lapsing Funds	(2,203,600)	0	0	0	0	0	0
Total Financing	\$467,411,200	\$486,771,900	\$4,807,400	\$491,579,300	\$481,422,400	\$39,425,200	\$520,847,600
Programs							
Human Services							
Executive Director Operations	\$18,338,400	\$20,305,900	\$0	\$20,305,900	\$19,696,200	\$1,014,700	\$20,710,900
Drug Courts/Drug Board	1,647,200	1,647,200	0	1,647,200	1,647,200	4,463,500	6,110,700
Substance Abuse and Mental Health	104,096,300	108,582,600	3,254,800	111,837,400	105,403,700	9,086,300	114,490,000
Services for People w/ Disabilities	153,193,300	156,429,400	0	156,429,400	156,123,900	10,620,200	166,746,100
Recovery Services	41,764,500	44,840,000	170,000	45,010,000	44,670,500	2,178,000	46,848,500
Child and Family Services	127,707,300	133,228,800	1,382,600	134,611,400	132,576,300	11,445,200	144,021,500
Aging and Adult Services	20,644,000	21,738,000	0	21,738,000	21,302,600	617,300	21,919,900
Total Budget	\$467,411,200	\$486,771,900	\$4,807,400	\$491,579,300	\$481,422,400	\$39,425,200	\$520,847,600
% Change from Authorized FY 2005 to Total FY 2006							7.0%
FTE Positions	--	3,632.1	27.7	3,659.8	3,628.3	69.2	3,697.5

HUMAN SERVICES

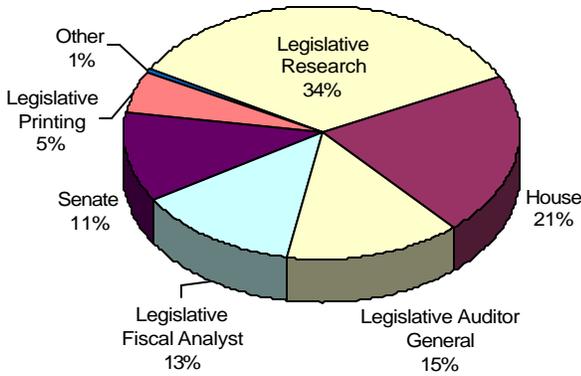
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
HUMAN SERVICES FY 2006 OPERATING BUDGET						
Beginning Base Budget						
J1	\$206,680,500	\$122,090,300	\$12,024,900	\$3,947,200	\$140,030,200	\$484,773,100
J2	(1,802,700)	(492,200)	(87,300)	0	(1,085,200)	(3,467,400)
J3	(100,800)	0	0	0	0	(100,800)
J4	0	(926,900)	(3,517,200)	0	4,661,600	217,500
T total Beginning Base Budget - Human Services	204,777,000	120,671,200	8,420,400	3,947,200	143,606,600	481,422,400
Statewide Ongoing Adjustments						
J5	2,115,300	1,232,700	147,900	7,800	1,141,200	4,644,900
J6	(17,600)	(126,200)	2,100	0	(4,300)	(146,000)
J7	690,800	672,300	75,200	0	392,200	1,830,500
J8	1,543,100	875,400	113,400	5,800	923,300	3,461,000
	4,331,600	2,654,200	338,600	13,600	2,452,400	9,790,400
<i>Subtotal Statewide Ongoing Adjustments - Human Services</i>						
Ongoing Adjustments						
J9	4,297,500	0	0	0	0	4,297,500
J10	0	0	0	0	166,000	166,000
J11	2,147,100	0	0	0	0	2,147,100
J12	305,100	0	0	0	0	305,100
J13	145,200	0	14,900	0	26,000	186,100
J14	34,000	0	11,300	0	0	45,300
J15	3,260,000	0	0	0	0	3,260,000
J16	50,000	0	0	0	0	50,000
J17	87,500	0	0	0	262,400	349,900
J18	67,600	0	0	0	0	67,600
J19	25,800	0	0	0	0	25,800
J20	315,200	0	0	0	0	315,200
J21	0	0	0	300,000	0	300,000
J22	137,400	0	0	0	0	137,400
J23	22,700	0	0	0	58,600	81,300
J24	7,800	0	0	0	19,900	27,700
J25	2,122,900	0	0	0	4,490,800	6,613,700
J26	0	0	0	100,000	233,000	333,000
J27	503,600	0	0	0	857,500	1,361,100
J28	72,100	105,400	0	0	7,400	184,900
J29	553,100	(553,100)	0	0	0	0
J30	1,642,800	348,300	151,000	0	878,300	3,020,400
J31	2,055,400	1,686,500	0	0	0	3,741,900
J32	314,200	63,000	0	0	0	377,200
J33	100,000	0	0	0	0	100,000



LEGISLATURE

Hunter Finch, Analyst

Where Will My Taxes Go for Legislature? (Figure Based on Total FY 2006 Funding)



HIGHLIGHTED SERVICES

- \$5 million for House and Senate*
- \$5 million for Legislative Research and General Counsel*
- \$2 million for Legislative Fiscal Analyst*
- \$2 million for Legislative Auditor General*
- \$1 million for Legislative Printing*
- \$55,000 for Constitutional Revision Commission*
- \$50,000 for Tax Review Commission*

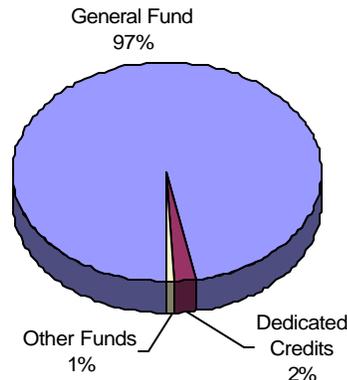
BUDGET OVERVIEW

Legislature consists of the House of Representatives, the Senate, the Office of Legislative Research and General Counsel, the Office of the Legislative Fiscal Analyst, the Legislative Auditor General, Legislative Printing, and the Tax Review and Constitutional Revision commissions. The state legislature consists of two houses—the House of Representatives with 75 members elected to two-year terms and the Senate with 29 members elected to four-year terms. Each representative represents about 33,700 constituents. Each senator represents about 87,100 constituents.

For FY 2006 the governor recommends the legislature receive \$15,469,800 in total funds. This amount includes \$15,016,400 in General Fund, a 4.1 percent increase from the FY 2005 authorized General Fund appropriation.

The FY 2006 recommendation includes \$280,200 in General Fund to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments.

FY 2006 Legislature Operating Budget



LEGISLATURE
Operating Budget

	Actual FY 2004	Authorized FY 2005	Legislature's Request FY 2006 ^(a)	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing						
General Fund	\$14,580,300	\$14,419,200	\$14,624,500	\$14,356,700	\$659,700	\$15,016,400
Dedicated Credits	220,300	320,300	320,500	320,500	100	320,600
Beginning Balances	2,861,300	2,866,000	2,521,200	2,521,200	0	2,521,200
Closing Balances	(2,866,000)	(2,521,200)	(2,388,400)	(2,388,400)	0	(2,388,400)
Total Financing	\$14,795,900	\$15,084,500	\$15,077,800	\$14,810,000	\$659,800	\$15,469,800
Programs						
Legislature						
Senate	\$1,737,000	\$1,683,250	\$1,684,050	\$1,682,550	\$42,700	\$1,725,250
House of Representatives	2,963,100	3,084,250	3,113,550	3,077,250	110,100	3,187,350
Legislative Printing	800,100	812,100	808,500	808,500	9,700	818,200
Legislative Research	494,200	5,117,800	5,165,600	5,105,600	207,600	5,313,200
Tax Review Commission	48,100	50,000	50,000	50,000	0	50,000
Legislative Fiscal Analyst	2,281,800	2,149,100	2,013,000	2,013,000	56,000	2,069,000
Legislative Auditor General	1,961,900	2,133,000	2,186,100	2,018,100	233,700	2,251,800
Constitutional Revision Commission	61,600	55,000	55,000	55,000	0	55,000
Total Budget	\$14,795,900	\$15,084,500	\$15,077,800	\$14,810,000	\$659,800	\$15,469,800
% Change from Authorized FY 2005 to Total FY 2006						2.6%
FTE Positions	--	116.3	116.0	116.0	0.0	116.0

(a) As per statute, the legislature's request is included without changes.

LEGISLATURE

LEGISLATURE FY 2006 OPERATING BUDGET						
	General Fund	Transportation Fund	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Beginning Base Budget						
<i>K1</i> FY 2005 appropriated budget	\$14,419,200	\$0	\$320,500	\$0	\$301,700	\$15,041,400
<i>K2</i> Adjustments for one-time FY 2005 appropriations	(62,500)	0	0	0	0	(62,500)
<i>K3</i> Adjustments to funding levels	0	0	0	0	(168,900)	(168,900)
Total Beginning Base Budget - Legislature	14,356,700	0	320,500	0	132,800	14,810,000
Statewide Ongoing Adjustments						
<i>K4</i> Cost-of-living adjustments of 3%	278,700	0	0	0	0	278,700
<i>K5</i> Internal service fund adjustments	6,100	0	100	0	0	6,200
<i>K6</i> Market comparability adjustments	1,500	0	0	0	0	1,500
<i>K7</i> Insurance rate adjustments	105,600	0	0	0	0	105,600
<i>Subtotal Statewide Ongoing Adjustments - Legislature</i>	<i>391,900</i>	<i>0</i>	<i>100</i>	<i>0</i>	<i>0</i>	<i>392,000</i>
Ongoing Adjustments						
<i>K8</i> Senate - increase fees and costs	1,500	0	0	0	0	1,500
<i>K9</i> House of Representatives - increase fees and costs	38,200	0	0	0	0	38,200
<i>K10</i> Legislative Research and General Counsel - workload	60,000	0	0	0	0	60,000
<i>K11</i> Legislative Auditor General - workload	168,000	0	0	0	0	168,000
<i>Subtotal Ongoing Adjustments - Legislature</i>	<i>267,700</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>267,700</i>
Total FY 2006 Legislature Adjustments	659,700	0	100	0	0	659,800
Total FY 2006 Legislature Operating Budget	\$15,016,400	\$0	\$320,600	\$0	\$132,800	\$15,469,800
LEGISLATURE TOTALS						
FY 2006 Operating Base Budget	\$14,356,700	\$0	\$320,500	\$0	\$132,800	\$14,810,000
FY 2006 Operating Ongoing and One-time Adjustments	659,700	0	100	0	0	659,800
FY 2006 Operating Recommendation	15,016,400	0	320,600	0	132,800	15,469,800

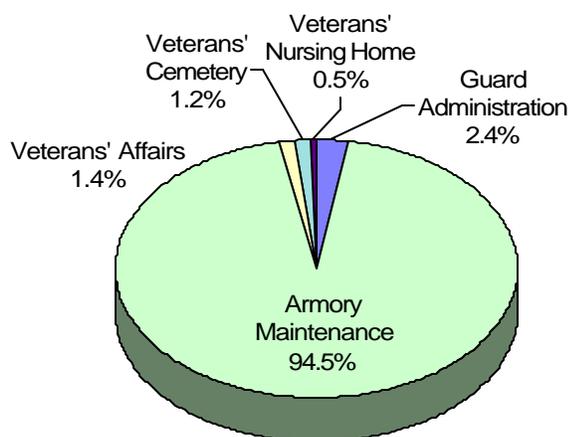


NATIONAL GUARD

Joseph Brown, Analyst

Where Will My Taxes Go for National Guard?

(Figure Based on Total FY 2006 Funding)



Utah Army National Guard Units

- 97th Troop Command
- 300th Military Intelligence Brigade
- 211th Aviation Group (Attack)
- 640th Regional Training Institute
- I Corps Artillery
- 115th Engineer Group
- 19th Special Forces Group
- Army Garrison Camp Williams

Utah Air National Guard Units

- 151st Air Refueling Wing
- 109th Air Control Squadron
- 299th Range Control Squadron
- 130th Eng. Installation Squadron
- 169th Intelligence Squadron
- 101st Information Warfare Flight
- 191st Refueling Squadron

Governor's Recommendation Highlights (All Funding Sources)

- \$500,000 - Tuition assistance
- \$117,500 - Armory maintenance (also \$117,500 FY 2005 supplemental)
- \$100,000 - Outreach program for veterans

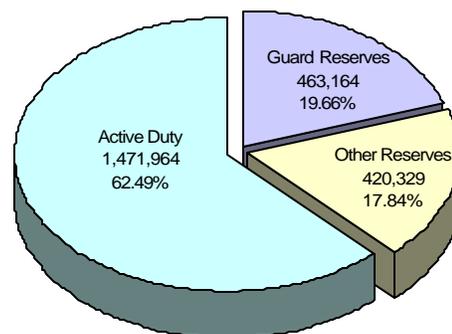
Highlighted Services

(Including the Governor's Recommendations)

\$25 million for the National Guard

- Includes the Air Guard base and Camp Williams training facility
- 96 percent of the Guard's total budget flows back into the state economy
- Receives approximately 350 formal requests for community support annually
- Has 6,400 active members
- Operates 21 armories throughout the state

Total Military Force Composition



BUDGET OVERVIEW

The National Guard provides trained and disciplined forces for domestic emergencies, participates in community programs that add value to America, and maintains properly trained and equipped units for prompt mobilization in case of war or natural emergencies.

For FY 2006 the governor recommends that the National Guard receive \$24,809,400 in total funds. This amount includes \$5,404,200 in General Fund, a 20.1 percent increase from the FY 2005 authorized General Fund amount. Over half of this increase is due to a \$500,000 recommendation for tuition assistance.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$145,400 in General Fund (\$786,600 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 and FY 2004.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Increase funding for operations and maintenance with an FY 2005 supplemental of \$117,500 and an ongoing appropriation of \$117,500.
- Provide ongoing funds of \$27,200 for increased utility costs at National Guard facilities.
- Provide \$100,000 in one-time funding to bolster the veterans outreach program. This program assists veterans to prepare claims for compensation, hospitalization, education and vocational training, and other entitlements from

the federal Veterans' Administration. If demonstrated that this funding significantly increases veteran participation and benefits, additional funding will be considered in FY 2007.

- Recommend \$500,000 in ongoing funds for tuition assistance for National Guard members. Currently, 2.5 percent in tuition waivers at state institutions of higher education are set aside for members of the National Guard. The waivers only apply to full-time students. This \$500,000 recommendation will help National Guard members who are part-time students with tuition assistance. Tuition waivers and tuition assistance are useful tools in recruitment and retention of National Guard members.

FY 2005 PROPOSED LEGISLATIVE INTENT

- If funds are available, Armory Maintenance is authorized to not lapse up to \$50,000 in FY 2005. These funds are for the purchase of computer equipment and software, capital equipment and improvements, and equipment and supplies.
- If funds are available, Veterans' Cemetery is authorized to not lapse up to \$50,000 in FY 2005. These funds are for the purchase of computer equipment and software, capital equipment and improvements, and equipment and supplies.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Funds for the Veterans' Nursing Home are non-lapsing.
- Funds for the Veterans' Affairs program are nonlapsing.
- Funds for the Veterans' Cemetery are non-lapsing.

NATIONAL GUARD
Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supplementals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$4,279,100	\$4,498,500	\$129,300	\$4,627,800	\$4,472,600	\$931,600	\$5,404,200
Federal Funds	19,034,300	18,778,100	35,200	18,813,300	18,330,600	862,700	19,193,300
Dedicated Credits	117,000	98,900	0	98,900	126,600	0	126,600
Transfers	107,100	84,400	0	84,400	84,400	900	85,300
Beginning Balances	91,900	22,100	0	22,100	0	0	0
Closing Balances	(22,100)	0	0	0	0	0	0
Total Financing	\$23,607,300	\$23,482,000	\$164,500	\$23,646,500	\$23,014,200	\$1,795,200	\$24,809,400
Programs							
National Guard							
Administration	\$548,300	\$576,600	\$0	\$576,600	\$574,800	\$22,300	\$597,100
Armory Maintenance	22,441,200	22,289,400	164,300	22,453,900	21,808,300	1,646,400	23,454,700
Veterans' Affairs	208,300	227,500	0	227,300	232,000	106,800	338,800
Veterans' Cemetery	292,600	267,100	0	267,100	281,300	16,100	297,600
Veterans' Nursing Home	116,900	121,400	0	121,400	117,600	3,600	121,200
Total Budget	\$23,607,300	\$23,482,000	\$164,500	\$23,646,500	\$23,014,200	\$1,795,200	\$24,809,400
% Change from Authorized FY 2005 to Total FY 2006							5.7%
FTE Positions	-	140.0	0.0	140.0	140.0	0.0	140.0

NATIONAL GUARD

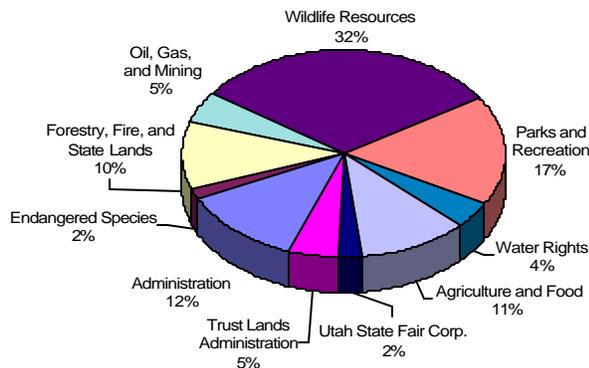
NATIONAL GUARD FY 2006 OPERATING BUDGET						
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Beginning Base Budget						
NZ	\$4,498,500	\$20,478,200	\$1,939,300	\$0	\$84,200	\$27,000,200
NZ	(25,900)	(45,600)	0	0	0	(71,500)
NZ	0	(2,102,000)	(1,812,700)	0	200	(3,914,500)
Total Beginning Base Budget - National Guard	4,472,600	18,330,600	126,600	0	84,400	23,014,200
Statewide Ongoing Adjustments						
M4	59,400	201,900	0	0	900	262,200
M5	0	3,700	0	0	0	3,700
M6	86,000	438,400	0	0	0	524,400
M7	41,500	137,200	0	0	0	178,700
	286,900	781,300	0	0	900	969,100
<i>Subtotal Statewide Ongoing Adjustments - National Guard</i>						
Ongoing Adjustments						
M8	117,500	0	0	0	0	117,500
M9	4,800	14,200	0	0	0	19,000
M10	22,400	67,200	0	0	0	89,600
M11	500,000	0	0	0	0	500,000
	644,700	81,400	0	0	0	726,100
<i>Subtotal Ongoing Adjustments - National Guard</i>						
One-time Adjustments						
M12	100,000	0	0	0	0	100,000
	200,000	0	0	0	0	200,000
<i>Subtotal One-time Adjustments - National Guard</i>						
Total FY 2006 National Guard Adjustments	931,600	862,700	0	0	900	1,795,200
Total FY 2006 National Guard Operating Budget	\$5,404,200	\$19,193,300	\$126,600	\$0	\$85,300	\$24,809,400
NATIONAL GUARD FY 2005 OPERATING BUDGET ADJUSTMENTS						
Supplemental Adjustments						
M13	\$117,500	\$0	\$0	\$0	\$0	\$117,500
M14	11,800	35,200	0	0	0	47,000
	129,300	35,200	0	0	0	164,500
<i>Subtotal Supplemental Adjustments - National Guard</i>						
Total FY 2005 National Guard Budget Adjustments	\$129,300	\$35,200	\$0	\$0	\$0	\$164,500
NATIONAL GUARD TOTALS						
FY 2006 Operating Base Budget	\$4,472,600	\$18,330,600	\$126,600	\$0	\$84,400	\$23,014,200
FY 2006 Operating Ongoing and One-time Adjustments	931,600	862,700	0	0	900	1,795,200
FY 2006 Operating Recommendation	5,404,200	19,193,300	126,600	0	85,300	24,809,400
FY 2005 Operating Adjustments	129,300	35,200	0	0	0	164,500



NATURAL RESOURCES

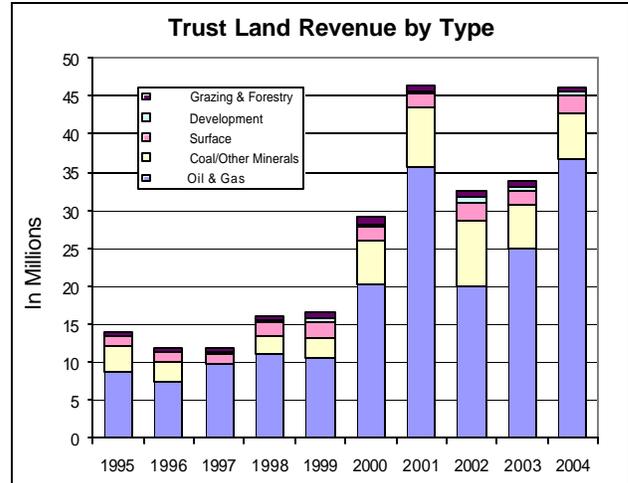
Terrah Anderson, Analyst

Where Will My Taxes and Fees Go for Natural Resources? (Figure Based on Total FY 2006 Funding)



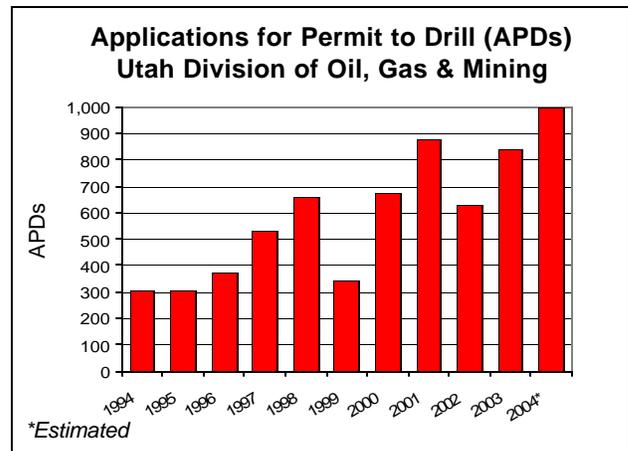
Highlighted Services (Including the Governor's Recommendations)

- \$49 million for Wildlife Resources**
 - Owns and operates 10 state fish hatcheries
- \$27 million for Parks and Recreation**
 - Manages 41 state parks with 6 million visitors each year
- \$16 million for Forestry, Fire, and State Lands**
- \$12 million for Water Resources and Rights**
 - Funds about 25 water development projects annually
- \$3 million for Endangered Species**
 - Helps 11 listed endangered species and 14 sensitive species each year through approximately 44 projects
- \$31 million for other Natural Resources services**
- \$17 million for Agriculture and Food**
 - Protects the food supply from the farm to the consumer
- \$4 million for the Utah State Fair Corporation**



Governor's Recommendation Highlights (All Funding Sources)

- \$2,000,000 - Parks capital development
- \$1,500,000 - DNR office building in Price
- \$1,300,000 - Wildland Fire Suppression
- \$1,000,000 - Trust Lands capital improvement
- \$729,100 - Parks facility operations
- \$446,000 - FTEs for Oil, Gas, and Mining
- \$253,000 - Roadless area plan implementation



APDs have increased over the last ten years (with no increase in staff), and are projected to remain at high levels for at least the next five years.

BUDGET OVERVIEW

Natural resources consists of the Department of Natural Resources (DNR), the Department of Agriculture and Food (Agriculture), the School and Institutional Trust Lands Administration (SITLA), and the Utah State Fair Corporation. Their primary focus is to conserve, protect, and develop Utah's natural resources and agriculture and to effectively manage school and institutional trust lands.

For FY 2006 the governor recommends that natural resources receive \$158,996,100 in total funds. This amount includes \$46,217,300 in General Fund, a 9.6 percent increase from the FY 2005 authorized General Fund amount. As shown on the pie chart on the previous page, the three major components of the natural resources budget are Agriculture and the DNR divisions of Parks and Recreation (Parks) and Wildlife Resources (DWR). Federal and restricted funds make up 61 percent of the natural resources budget.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$1,800,900 in General Fund (\$5,075,200 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. Engineers, biologists, environmental health scientists, geologists, and support staff are just a few of the most underpaid. For example, veterinarians in Agriculture are paid 32 percent below market salary. This inadequate compensation has severe repercussions, including high turnover, inability to attract and hire qualified candidates, and rising training costs.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Increase policy and planning efforts by providing \$253,000 in ongoing funds to more effec-

tively coordinate land and forest inventory with federal and local agencies and work on land management plans.

- Provide ongoing funding of \$116,500 for groundwater analysis. This funding will replace one-time funding given last year and allow the continuation of strategic aquifer studies to assist with better water management. Analyses help the state engineer make informed groundwater appropriation decisions.
- Allocate \$120,000 in one-time funding and \$80,000 in ongoing funding for Soldier Hollow golf and Utah Field House operations, respectively. Funding will accommodate new facility costs for the museum and temporary golf course needs until it begins making a profit.
- Recommend ongoing funding of \$104,000 for security and operations at Range Creek. Additional one-time funding of \$57,000 is recommended to provide a vehicle, office equipment, and basic structural repairs.
- Fund a \$100,000 FY 2005 supplemental and \$106,000 in ongoing money for river analysis to regulate water usage and install water metering systems.
- Provide ongoing funding of \$250,000 for fire dispatch centers to maintain federal partnership and quick response to wildland fires.
- Allocate \$100,000 in ongoing funds to the Utah Association of Conservation Districts to replace previously cut funds. This allocation is to be used only for conservation planners, travel reimbursements, or technical assistance grants.
- Recommend \$729,100 in ongoing funds for Parks' operations and maintenance in new and existing facilities.
- Recommend \$2,000,000 to Parks' capital budget for development, maintenance, and repairs. Currently Parks has over \$68 million

of capital needs to maintain facilities and access to state parks.

Other Funds

- Provide \$446,000 in ongoing restricted funds to fund workload expansion in the Division of Oil, Gas, and Mining. Permit applications processed by the division have tripled since 1994, with no increase in FTEs. Permit applications are projected to remain at high levels for at least the next five years.
- Allow Parks to use \$412,800 in ongoing restricted funds and \$175,800 in FY 2005 supplemental restricted funds for off-highway vehicle (OHV) projects, an additional OHV ranger, and boating law enforcement.
- Recommend \$1,500,000 in one-time Wildlife restricted funds be used to construct an office building in Price. The restricted funds will be paid back with interest from division rent payments.
- Allocate \$1,099,000 of one-time restricted funds from the Sovereign Lands Account for Great Salt Lake improvements, including removal of navigation hazards, the mandated upgrade of the Saltair sewer system, watershed work, and water studies.
- Use \$750,000 of one-time restricted funds from the DWR Hatchery Maintenance account for the rebuilding of the Mantua hatchery.

FY 2005 PROPOSED LEGISLATIVE INTENT

Natural Resources

- If funds are available, Parks is authorized to not lapse up to \$150,000 at the end of FY 2005. These funds are to be used for computer equipment and software, employee training and incentives, equipment and supplies, and special projects and studies.
- If funds are available, DNR Administration is authorized to not lapse up to \$175,000 at the

end of FY 2005. These funds are to be used for computer equipment and software, employee training and incentives, equipment and supplies, special projects and studies, capital equipment and improvements, and professional and technical services.

- If funds are available, the Division of Water Resources is authorized to not lapse up to \$112,000 at the end of FY 2005. These funds are to be used for computer equipment and software, employee training and incentives, equipment and supplies, special projects and studies, and contractual and technical services.
- If funds are available, the Division of Oil, Gas, and Mining is authorized to not lapse up to \$80,000 at the end of FY 2005. These funds are to be used for computer equipment and software, employee training and incentives, and equipment and supplies.
- If funds are available, the Division of Water Rights is authorized to not lapse up to \$150,000 at the end of FY 2005. These funds are to be used for computer equipment and software, employee training and incentives, special projects and studies, and water investigations.

Agriculture and Food

- If funds are available, Agriculture is authorized to not lapse up to \$800,000 at the end of FY 2005. These funds are to be used for the purchase of capital equipment and improvements, computer equipment and software, training and incentives, supplies, special projects or studies, and vehicle purchases.

FY 2006 PROPOSED LEGISLATIVE INTENT

Natural Resources

- Funds for the Bear Lake Regional Commission shall be expended only as a one-to-one match with the funds from the State of Idaho.

- DNR is allowed the option of transferring any lapsing unrestricted balances from appropriations in any other FY 2005 line item in the department to the FY 2006 Building Operations line item.
- If available, the Utah Geological Survey may pay up to \$200,000 in contributed capital to the Natural Resources Warehouse Internal Service Fund in order to pay down its existing debt on the Core Sample Library.
- Funds for the Minerals Reclamation program are nonlapsing.
- Up to \$250,000 will be spent on the Community Fisheries program. This funding is nonlapsing.
- Up to \$500,000 will be spent on the Blue Ribbon Fisheries program. This funding is nonlapsing.
- DWR shall enter into a contract with Agriculture for the purpose of providing predator control. The contract shall consist of \$500,000 annually in General Fund with \$150,000 being used to match funds from local governments and \$350,000 being used to supplement the amount required by Section 4-12-9 (2), UCA. Under the direction of DWR, Agriculture shall direct these funds to meet deer herd management objectives consistent with the Utah Wildlife Board predator policy.
- DWR will spend a minimum of \$265,000 to improve deer herds according to management plan objectives.
- Up to \$500,000 of the DWR budget may be used for big game depredation expense. Half of these funds will be from the General Fund Restricted - Wildlife Resources Account and half from the General Fund. These funds are nonlapsing.
- Funds from the General Fund Restricted - Wildlife Habitat Account are nonlapsing.
- Contributed Research funds are nonlapsing.
- Cooperative Environmental Studies funds are nonlapsing.
- Donations to DWR received through the Wolf Tax check-off box on the Utah state tax return shall be nonlapsing and shall be spent by DWR as follows: 1) The division shall fully and expeditiously compensate livestock owners, up to the amount of funds available, for all wolf depredation damage realized during the fiscal year. Up to \$20,000 shall carry forward to the next fiscal year if not spent during the current year for this purpose. 2) Donations in excess of \$20,000 and not otherwise expended or carried forward as required above, shall be available for wolf management expenditures.
- The DWR capital budget is nonlapsing.
- Any appropriation of a management fee to the This Is The Place foundation will not exceed \$700,000.
- Park's capital budget is nonlapsing.
- Appropriations to the Minerals Regulatory Program are nonlapsing.
- Cooperative Water Conservation program funds are nonlapsing.
- Funds appropriated to Water Rights are nonlapsing.
- Prior-year federal funds in the Dam Safety program are nonlapsing.
- If funds are available, DNR is allowed to use up to \$263,000 in nonlapsing funds to expand its motor pool fleet by four vehicles in FY 2006. These specialized vehicles are used

by the Division of Forestry, Fire, and State Lands (FFSL) in firefighting and hazardous fuels reduction activities. FFSL will provide up to \$263,000 of contributed capital to the Motor Pool Internal Service Fund within the Department of Administrative Services - Fleet Operations for the vehicles.

Agriculture and Food

- Funds for the Grain Inspection program are nonlapsing.
- The Auction Market Veterinarian collection is nonlapsing.
- Funds collected in the Organic Certification program are nonlapsing.
- Funds for the Agricultural Inspection program are nonlapsing.
- Funds for grants to charitable organizations specified under Section 57-18-3, UCA, or held by Agriculture, will be used for purchase of conservation easements for agricultural protection. These funds are nonlapsing.
- DWR shall enter into a contract with Agriculture for the purpose of providing predator control. The contract shall consist of \$500,000 annually in General Fund with \$150,000 being used to match funds from local governments and \$350,000 being used to supplement the amount required by Section 4-12-9 (2), UCA. Under the direction of DWR, Agriculture shall direct these funds to meet deer herd management objectives consistent with the Utah Wildlife Board predator policy.
- Funds for Predator Animal Control are nonlapsing.
- Collections for the Ag Tag license plate are nonlapsing.
- The Soil Conservation Districts will submit annual reports documenting supervisory expenses to the Office of the Legislative Fiscal Analyst, the Governor's Office of Planning and Budget, and the Soil Conservation Commission. These documents will be reviewed and reported to the governor and the 2006 legislature.
- Funding approved for Soil Conservation District elections is nonlapsing and will be spent only during even-numbered years when elections take place.
- The \$100,000 funding increase for the Utah Association of Conservation Districts may only be used for conservation planners, travel reimbursements, or technical assistance grants.
- The Brand Bureau shall seek information on the creation of reciprocal fee agreements with neighboring states in order to eliminate double inspection charges sometimes incurred when crossing state lines.

Utah State Fair Corporation

- Funds for the Utah State Fair Corporation are nonlapsing.

NATURAL RESOURCES
Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supplementals	Recommended FY 2005	Base FY 2006	On-going and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$41,597,800	\$42,156,700	\$1,605,000	\$43,761,700	\$41,821,900	\$4,395,400	\$46,217,300
Federal Funds	29,238,800	28,433,400	0	28,433,400	28,061,100	1,230,100	29,291,200
Dedicated Credits	13,985,900	12,939,600	0	12,939,600	12,027,500	508,800	12,536,300
Mineral Lease	1,429,900	1,498,500	0	1,498,500	1,542,600	0	1,542,600
Restricted and Trust Funds	57,737,000	60,434,000	984,900	61,418,900	58,793,100	8,136,000	66,929,100
Transfers	2,561,100	1,445,500	0	1,445,500	1,412,300	0	1,412,300
Other Funds	175,000	175,000	0	175,000	175,000	65,400	240,400
Pass-through Funds	135,900	0	0	0	0	0	0
Beginning Balances	6,755,700	7,207,400	0	7,207,400	2,239,400	0	2,239,400
Closing Balances	(7,207,400)	(2,239,400)	0	(2,239,400)	(712,500)	0	(712,500)
Lapsing Funds	(8,420,100)	(3,448,000)	0	(3,448,000)	(700,000)	0	(700,000)
Total Financing	\$138,484,600	\$148,602,700	\$2,589,900	\$151,192,600	\$144,660,400	\$14,335,700	\$158,996,100
Programs							
Natural Resources							
Administration	\$2,893,400	\$3,386,700	\$0	\$3,386,700	\$3,116,600	\$1,008,600	\$4,125,200
Endangered Species	2,597,500	3,207,000	0	3,207,000	3,000,000	5,400	3,005,400
Building Operations	1,660,700	1,660,700	0	1,660,700	1,660,700	0	1,660,700
Emergency Services	2,597,600	2,885,200	0	2,885,200	2,882,400	52,900	2,935,300
Forestry, Fire, and State Lands	14,897,300	14,933,400	800,000	15,733,400	13,625,400	2,746,600	16,372,000
Oil, Gas, and Mining	6,488,700	7,483,800	0	7,483,800	7,366,500	965,800	8,332,300
Wildlife Resources	33,905,400	37,155,100	0	37,155,100	39,433,300	3,754,800	43,188,100
Contributed Research	1,594,200	353,400	0	353,400	353,400	3,100	356,500
Cooperative Studies	5,814,800	5,031,000	0	5,031,000	5,024,500	142,300	5,166,800
Parks and Recreation	22,935,000	25,472,900	(54,200)	25,418,700	24,760,000	2,630,100	27,390,100
Geological Survey	4,624,400	5,888,200	0	5,888,200	5,267,500	387,300	5,654,800
Water Resources	4,743,900	4,685,800	0	4,685,800	4,594,600	298,400	4,893,000
Water Rights	6,078,900	6,426,100	100,000	6,526,100	6,287,600	538,700	6,846,300
<i>Subtotal Natural Resources</i>	<i>110,631,700</i>	<i>118,569,300</i>	<i>845,800</i>	<i>119,415,100</i>	<i>117,372,500</i>	<i>12,534,000</i>	<i>129,926,500</i>
Agriculture and Food							
Administration	17,471,600	18,289,400	444,100	19,233,500	16,113,300	1,245,900	17,359,200
<i>Subtotal Agriculture and Food</i>	<i>17,471,600</i>	<i>18,789,400</i>	<i>444,100</i>	<i>19,233,500</i>	<i>16,113,300</i>	<i>1,245,900</i>	<i>17,359,200</i>
Utah State Fair Corporation							
Operations	3,524,000	3,723,100	0	3,723,100	3,685,600	0	3,685,600
<i>Subtotal Utah State Fair Corp.</i>	<i>3,524,000</i>	<i>3,723,100</i>	<i>0</i>	<i>3,723,100</i>	<i>3,685,600</i>	<i>0</i>	<i>3,685,600</i>
Trust Lands Administration							
Operations	6,857,300	7,520,900	0	7,520,900	7,489,000	535,800	8,024,800
<i>Subtotal Trust Lands Admin.</i>	<i>6,857,300</i>	<i>7,520,900</i>	<i>0</i>	<i>7,520,900</i>	<i>7,489,000</i>	<i>535,800</i>	<i>8,024,800</i>
Wildland Fire Suppression Fund							
Restricted Funds	0	0	1,300,000	1,300,000	0	0	0
<i>Subtotal Wildland Fire Supp.</i>	<i>0</i>	<i>0</i>	<i>1,300,000</i>	<i>1,300,000</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Budget	\$138,484,600	\$148,602,700	\$2,589,900	\$151,192,600	\$144,660,400	\$14,335,700	\$158,996,100
% Change from Authorized FY 2005 to Total FY 2006							7.8%
FTE Positions		1,571.6	4.5	1,576.1	1,560.7	19.2	1,579.9

NATURAL RESOURCES
Capital Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supplementals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$2,476,500	\$2,476,500	\$0	\$2,476,500	\$2,476,500	\$2,000,000	\$4,476,500
Federal Funds	6,054,900	5,500,000	0	5,500,000	5,500,000	0	5,500,000
Dedicated Credits	602,100	25,000	0	25,000	25,000	0	25,000
Restricted and Trust Funds	5,905,000	5,880,000	1,000,000	6,880,000	5,880,000	1,000,000	6,880,000
Transfers	2,100,000	(1,232,300)	0	(1,232,300)	(1,232,300)	0	(1,232,300)
Beginning Balances	12,388,800	7,897,900	0	7,897,900	250,000	0	250,000
Closing Balances	(7,897,900)	(250,000)	0	(250,000)	0	0	0
Lapsing Funds	(294,300)	(205,000)	0	(205,000)	0	0	0
Total Financing	\$21,335,100	\$20,092,100	\$1,000,000	\$21,092,100	\$12,899,200	\$3,000,000	\$15,899,200
Projects							
Natural Resources							
Wildlife Resources							
Fisheries	\$6,524,100	\$6,842,500	\$0	\$6,842,500	\$6,555,000	\$0	\$6,555,000
Soldier Hollow Golf Course	807,100	700,000	0	700,000	700,000	0	700,000
Park Renovation	347,900	489,000	0	489,000	125,000	2,000,000	2,125,000
Acquisition and Development	5,864,800	2,556,800	0	2,556,800	114,200	0	114,200
Boating Access Grants	1,906,000	1,966,600	0	1,966,600	700,000	0	700,000
Off-Highway Vehicle Grants	830,100	2,049,600	0	2,049,600	175,000	0	175,000
Riverway Enhancement and Trails	1,099,400	1,487,600	0	1,487,600	530,000	0	530,000
Water Resources							
Revolving Construction Fund	539,100	539,100	0	539,100	539,100	0	539,100
Conservation/Development Fund	1,043,200	1,043,200	0	1,043,200	1,043,200	0	1,043,200
Transfer Appropriations to Loan Funds	(1,582,300)	(1,582,300)	0	(1,582,300)	(1,582,300)	0	(1,582,300)
<i>Subtotal Natural Resources</i>	<i>17,399,400</i>	<i>16,092,100</i>	<i>0</i>	<i>16,092,100</i>	<i>8,899,200</i>	<i>2,000,000</i>	<i>10,899,200</i>
Trust Lands Administration							
Development and Improvement	3,935,700	4,000,000	1,000,000	5,000,000	4,000,000	1,000,000	5,000,000
<i>Subtotal Trust Lands Administration</i>	<i>3,935,700</i>	<i>4,000,000</i>	<i>1,000,000</i>	<i>5,000,000</i>	<i>4,000,000</i>	<i>1,000,000</i>	<i>5,000,000</i>
Total Budget	\$21,335,100	\$20,092,100	\$1,000,000	\$21,092,100	\$12,899,200	\$3,000,000	\$15,899,200
% Change from Authorized FY 2005 to Total FY 2006							(20.9%)

NATURAL RESOURCES

NATURAL RESOURCES FY 2006 OPERATING BUDGET									
	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds		
Beginning Base Budget									
M1	\$3,137,600	\$26,005,700	\$8,169,800	\$809,400	\$51,158,400	\$497,200	\$118,014,100		
M2	(3,100)	(118,200)	(32,200)	(5,700)	(1,007,900)	0	(1,067,100)		
M3	0	3,800	(775,600)	738,900	(550,600)	1,109,000	525,500		
Total Beginning Base Budget - Natural Resources									
	31,370,500	25,891,300	7,362,000	1,542,600	49,599,900	1,606,200	117,372,500		
Statewide Ongoing Adjustments									
M4	549,900	333,300	80,400	0	770,400	21,900	1,755,900		
M5	136,900	84,800	1,600	0	149,000	400	372,700		
M6	769,100	418,500	197,300	0	1,011,000	30,700	2,426,600		
M7	304,600	213,800	38,600	0	458,500	12,400	1,027,900		
<i>Subtotal Statewide Ongoing Adjustments - Natural Resources</i>									
	1,760,500	1,050,400	517,900	0	2,388,900	65,400	5,583,100		
Ongoing Adjustments									
M8	253,000	0	0	0	0	0	253,000		
M9	116,500	0	0	0	0	0	116,500		
M10	80,000	0	0	0	0	0	80,000		
M11	104,000	0	0	0	0	0	104,000		
M12	106,000	0	0	0	0	0	106,000		
M13	729,100	0	0	0	0	0	729,100		
M14	30,000	0	0	0	0	0	30,000		
M15	250,000	0	0	0	0	0	250,000		
M16	0	0	0	0	380,000	0	380,000		
M17	0	0	92,300	0	0	0	92,300		
M18	0	0	0	0	446,000	0	446,000		
M19	0	0	0	0	273,900	0	273,900		
M20	0	0	0	0	68,900	0	68,900		
M21	0	0	0	0	70,000	0	70,000		
M22	0	0	0	0	325,000	0	325,000		
<i>Subtotal Ongoing Adjustments - Natural Resources</i>									
	1,668,600	0	92,300	0	1,563,800	0	3,324,900		
One-time Adjustments									
M23	57,000	0	0	0	0	0	57,000		
M24	0	0	0	0	195,000	0	195,000		
M25	0	0	0	0	50,000	0	50,000		
M26	0	0	0	0	70,000	0	70,000		
M27	0	0	0	0	904,000	0	904,000		

NATURAL RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
M28 DWR - Price office building	0	0	0	0	1,500,000	0	1,500,000
M29 Parks - Soldier Hollow golf funding	120,000	0	0	0	0	0	120,000
M30 DWR - hatchery maintenance	0	0	0	0	750,000	0	750,000
<i>Subtotal One-time Adjustments - Natural Resources</i>	177,000	0	0	0	3,468,000	0	3,645,000
Total FY 2006 Natural Resources Adjustments	3,606,100	1,050,400	410,400	0	7,421,700	65,400	12,554,000
Total FY 2006 Natural Resources Operating Budget	\$34,976,600	\$26,941,700	\$7,772,400	\$1,542,600	\$87,021,600	\$1,671,600	\$129,926,500
NATURAL RESOURCES FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
M31 Water Rights - water metering system	\$100,000	\$0	\$0	\$0	\$0	\$0	\$100,000
M32 Parks - museum artifacts insurance	30,000	0	0	0	0	0	30,000
M33 Parks - OHV operations	0	0	0	0	76,900	0	76,900
M34 Parks - boating law enforcement	0	0	0	0	68,900	0	68,900
M35 Parks - OHV ranger	0	0	0	0	70,000	0	70,000
M36 Parks - OHV Shoshone trail	0	0	0	0	(260,000)	0	(260,000)
M37 FFSL - Utah Lake court order	0	0	0	0	450,000	0	450,000
M38 FFSL - Rozell Point oilwells	0	0	0	0	50,000	0	50,000
M39 FFSL - communications equipment	0	0	0	0	300,000	0	300,000
<i>Subtotal Supplemental Adjustments - Natural Resources</i>	130,000	0	0	0	715,800	0	845,800
Total FY 2005 Natural Resources Budget Adjustments	\$130,000	\$0	\$0	\$0	\$715,800	\$0	\$845,800
NATURAL RESOURCES FY 2006 CAPITAL BUDGET							
Base Budget							
M40 FY 2005 appropriate dbudget (excluding appropriations for loans)	\$2,476,500	\$2,861,000	\$2.5,000	\$0	\$1,880,000	(\$1,582,300)	\$5,660,200
M41 Adjustments to funding levels	0	2,639,000	0	0	0	600,000	3,239,000
Total FY 2006 Natural Resources Capital Base Budget	2,476,500	5,500,000	25,000	0	1,880,000	(982,300)	8,899,200
One-time Adjustments							
M42 Parks - capital development	2,000,000	0	0	0	0	0	2,000,000
<i>Subtotal One-time Capital Adjustments - Natural Resources</i>	2,000,000	0	0	0	0	0	2,000,000
Total FY 2006 Natural Resources Capital Adjustments	2,000,000	0	0	0	0	0	2,000,000
Total FY 2006 Natural Resources Capital Budget	\$4,476,500	\$5,500,000	\$25,000	\$0	\$1,880,000	(\$982,300)	\$10,899,200

NATURAL RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Minimal Lease	Restricted Funds	Other Funds	Total Funds
AGRICULTURE AND FOOD FY 2006 OPERATING BUDGET							
Beginning Base Budget							
M43	\$9,989,800	\$2,183,500	\$2,358,600	\$0	\$1,754,700	\$55,900	\$16,342,500
M44	(331,700)	(13,700)	(9,100)	0	(50,500)	0	(405,000)
M45	0	0	(349,800)	0	0	725,600	175,800
Total Beginning Base Budget - Agriculture and Food	9,658,100	2,169,800	1,799,700	0	1,704,200	781,500	16,113,300
Statewide Ongoing Adjustments							
M46	189,000	27,000	30,600	0	21,900	0	268,500
M47	2,900	(6,500)	(1,100)	0	1,000	0	(3,700)
M48	292,900	44,200	40,600	0	66,200	0	443,900
M49	143,100	21,900	28,300	0	22,400	0	215,700
<i>Subtotal Statewide Ongoing Adjustments - Ag. and Food</i>	<i>627,900</i>	<i>86,600</i>	<i>98,400</i>	<i>0</i>	<i>111,500</i>	<i>0</i>	<i>924,400</i>
Ongoing Adjustments							
M50	0	90,700	0	0	0	0	90,700
M51	35,000	0	0	0	0	0	35,000
M52	20,000	0	0	0	0	0	20,000
M53	2,400	2,400	0	0	0	0	4,800
M54	4,000	0	0	0	0	0	4,000
M55	100,000	0	0	0	0	0	100,000
<i>Subtotal Ongoing Adjustments - Ag. and Food</i>	<i>161,400</i>	<i>93,100</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>254,500</i>
One-time Adjustments							
M56	0	0	0	0	67,000	0	67,000
<i>Subtotal One-time Adjustments - Ag. and Food</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>67,000</i>	<i>0</i>	<i>67,000</i>
Total FY 2006 Agriculture and Food Adjustments	789,300	179,700	98,400	0	178,500	0	1,245,900
Total FY 2006 Agriculture and Food Operating Budget	\$10,447,400	\$2,349,500	\$1,898,100	\$0	\$1,882,700	\$781,500	\$17,359,200
AGRICULTURE AND FOOD FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
M57	\$175,000	\$0	\$0	\$0	\$0	\$0	\$175,000
M58	0	0	0	0	269,100	0	269,100
<i>Subtotal Supplemental Adjustments - Agriculture and Food</i>	<i>175,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>269,100</i>	<i>0</i>	<i>444,100</i>
Total FY 2005 Agriculture and Food Budget Adjustments	\$175,000	\$0	\$0	\$0	\$269,100	\$0	\$444,100

NATURAL RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
UTAH STATE FAIR CORPORATION FY 2006 OPERATING BUDGET							
Beginning Base Budget							
M69 FY 2005 appropriate budget	\$793,300	\$0	\$2,838,200	\$0	\$0	(\$98,500)	\$3,533,000
M60 Adjustments to funding levels	0	0	27,600	0	0	125,000	152,600
Total Beginning Base Budget - Utah State Fair Corporation	793,300	0	2,865,800	0	0	26,500	3,685,600
Total FY 2006 State Fair Corporation Operating Budget	\$793,300	\$0	\$2,865,800	\$0	\$0	\$26,500	\$3,685,600
TRUST LANDS ADMINISTRATION FY 2006 OPERATING BUDGET							
Beginning Base Budget							
M61 FY 2005 appropriate budget	\$0	\$0	\$0	\$0	\$7,520,900	\$0	\$7,520,900
M62 Adjustments for FY 2005 extra working day	0	0	0	0	(31,900)	0	(31,900)
Total Beginning Base Budget - Trust Lands Administration	0	0	0	0	7,489,000	0	7,489,000
Statewide Ongoing Adjustments							
M63 Cost-of-living adjustments of 3%	0	0	0	0	115,800	0	115,800
M64 Internal service fund adjustments	0	0	0	0	1,300	0	1,300
M65 Market comparability adjustments	0	0	0	0	64,500	0	64,500
M66 Insurance rate adjustments	0	0	0	0	600	0	600
<i>Subtotal Statewide Ongoing Adjustments - Trust Lands Administration</i>							
	0	0	0	0	182,200	0	182,200
Ongoing Adjustments							
M67 Exchange program	0	0	0	0	200,000	0	200,000
M68 Attorneys fees/legal costs	0	0	0	0	25,000	0	25,000
M69 Office technician	0	0	0	0	30,000	0	30,000
M70 Increased rent for Moab office	0	0	0	0	5,000	0	5,000
M71 Vehicle for St. George office	0	0	0	0	8,600	0	8,600
<i>Subtotal Ongoing Adjustments - Trust Lands Administration</i>							
	0	0	0	0	268,600	0	268,600
One-time Adjustments							
M72 Investigator	0	0	0	0	85,000	0	85,000
<i>Subtotal One-time Adjustments - Trust Lands Administration</i>							
	0	0	0	0	85,000	0	85,000
Total FY 2006 Trust Lands Administration Adjustments	0	0	0	0	535,800	0	535,800
Total FY 2006 Trust Lands Administration Operating Budget	\$0	\$0	\$0	\$0	\$8,024,800	\$0	\$8,024,800

NATURAL RESOURCES - CONTINUED

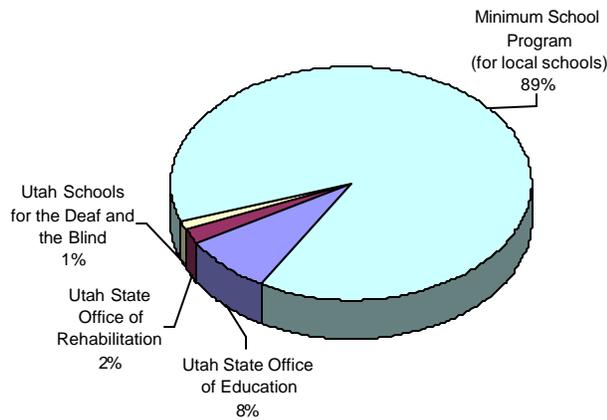
	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
TRUST LANDS ADMINISTRATION FY 2006 CAPITAL BUDGET							
Base Budget							
AG3 FY 2005 appropriated budget	\$0	\$0	\$0	\$0	\$4,000,000	\$0	\$4,000,000
Total FY 2006 Trust Lands Admin. Capital Base Budgets	0	0	0	0	4,000,000	0	\$4,000,000
Ongoing Adjustments							
AG4 Development operations - capital improvements	0	0	0	0	1,000,000	0	1,000,000
Subtotal Ongoing Capital Adjustments - Trust Lands Admin.	0	0	0	0	1,000,000	0	1,000,000
Total FY 2006 Trust Lands Admin. Capital Adjustments	0	0	0	0	1,000,000	0	1,000,000
Total FY 2006 Trust Lands Administration Capital Budget	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$5,000,000
TRUST LANDS ADMINISTRATION FY 2005 CAPITAL BUDGET ADJUSTMENTS							
Supplemental Adjustments							
AG5 Development operations - capital improvements	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000
Subtotal Supplemental Adjustments - Trust Lands Admin. Capital	0	0	0	0	1,000,000	0	1,000,000
Total FY 2005 Trust Lands Administration Capital Adjustments	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000
WILDLAND FIRE SUPPRESSION FUND FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
AG6 Wildland fire suppression	\$1,300,000	\$0	\$0	\$0	\$0	\$0	\$1,300,000
Subtotal Supplemental Adjustments - Wildland Fire Supp. Fund	1,300,000	0	0	0	0	0	1,300,000
Total FY 2005 Wildland Fire Supp. Fund Budget Adjustments	\$1,300,000	\$0	\$0	\$0	\$0	\$0	\$1,300,000
NATURAL RESOURCES TOTALS							
FY 2006 Operating Base Budget	\$41,821,900	\$28,061,100	\$12,027,300	\$1,542,600	\$58,793,100	\$2,414,200	\$144,660,400
FY 2006 Operating Ongoing and One-time Adjustments	4,395,400	1,230,100	308,800	0	8,136,000	65,400	14,335,700
FY 2006 Operating Recommendation	46,217,300	29,291,200	12,336,300	1,542,600	66,929,100	2,479,600	158,996,100
FY 2005 Operating Adjustments	1,605,000	0	0	0	984,900	0	2,589,900
FY 2006 Capital Base Budget	2,476,500	5,500,000	25,000	0	5,880,000	(982,300)	12,899,200
FY 2006 Capital Ongoing and One-time Adjustments	2,000,000	0	0	0	1,000,000	0	3,000,000
FY 2006 Capital Recommendation	4,476,500	5,500,000	25,000	0	6,880,000	(982,300)	15,899,200
FY 2005 Capital Adjustments	0	0	0	0	1,000,000	0	1,000,000



PUBLIC EDUCATION

Phillip Jeffery, Analyst

Where Will My Taxes Go for Public Education? (Figure Based on Total FY 2006 Funding)



Highlighted Services (Including the Governor's Recommendations)

\$2.3 billion for the Minimum School Program

- Provides funding for 40 school districts, with a projected 505,400 students in K-12, based on enrollment, student, district, and taxpayer characteristics

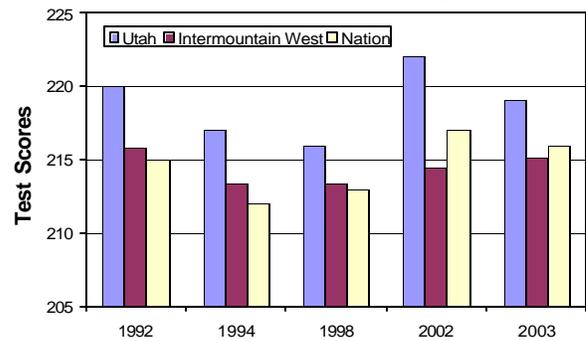
\$23.8 million for Utah Schools for the Deaf and Blind

- Provides comprehensive educational services for children who are deaf and/or blind throughout the state

\$22 million (state funds) for the Utah State Office of Education

- Provides support for school districts concerning federal and state requirements
- Acts as the fiduciary agent in the disbursement of federal funding to local school districts

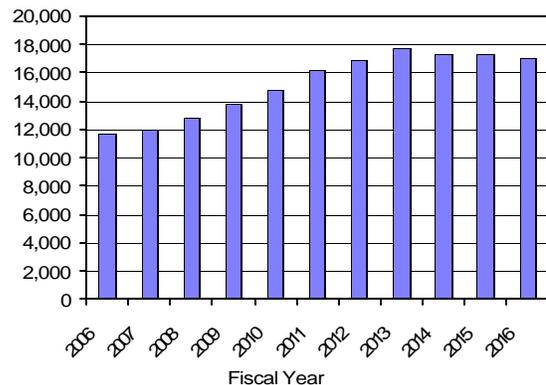
Utah's National Assessment of Educational Progress Fourth Grade Reading Results



Governor's Recommendation Highlights (All Funding Sources)

- \$78.6 million - WPU increase of 5.0 percent
- \$28.5 million - Enrollment growth of 9,718
- \$16 million - Performance Plus II 4th-6th grade math initiative
- \$10 million one-time - Literacy and math materials
- \$5.3 million - Charter Schools Local Replacement Funding growth
- \$6.5 million - UBSCT support (Performance Plus II)
- \$1.0 million - Reading Achievement Program

Projected Annual Growth in School Age Population



BUDGET OVERVIEW

Public education consists of the Utah State Board of Education (USB E), Utah State Office of Education (USOE), Utah Schools for the Deaf and the Blind (USDB), Utah State Office of Rehabilitation (USOR), and the Minimum School Program (MSP). USB E provides policy and fiscal oversight for the agencies and school districts. The MSP provides funding for the 40 school districts that comprise over 800 schools and a projected 505,400 students.

The governor recommends \$2,720,996,900 as the total appropriation for FY 2006. This amount includes \$254,900 from the General Fund and \$1,929,734,300 from the Uniform School Fund, representing a 6.4 percent increase from the FY 2005 authorized amounts.

Teacher and administrative compensation adjustments are funded out of increases in the value of the Weighted Pupil Unit (WPU). Increases to the WPU have not kept pace with inflation, much less the rising costs of insurance. Teacher salaries continue to lag behind those of other professionals. Administrative, staff, and teacher positions have been cut in order to balance rising costs with limited fiscal resources. According to *Education State Rankings 2002-2003*, Utah has the highest pupil-teacher ratios (22 students per teacher), is tied for last in the nation with three other states for the lowest percent of staff working in district administration (0.3 percent), and only pays \$44 per student in administration costs, which is the lowest in the nation (national average is \$137 per pupil).

The FY 2006 recommended MSP appropriation includes a 5.0 percent increase in the value of the WPU (\$78,616,300 in Uniform School Fund) to cover the proposed 3.0 percent cost-of-living salary adjustment and benefit rate increases for school district employees. In addition to fully funding health and dental rate increases, the governor recommends that funding for state employees in USOE, USOR, and USDB include \$1,004,200 in Uniform School

Fund (\$2,018,700 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments.

The National Assessment of Educational Progress (NAEP), also known as the Nation's Report Card, is a nationally representative state assessment into student knowledge in various subject areas. The subtests include areas of reading and mathematics. Based on 2003 results, Utah students perform at or above national averages in fourth and eighth grades. However, when results are stratified by race and ethnicity, Utah's averages are lower than national averages.

NAEP 2003 Mathematics Results

	Fourth Grade		Eighth Grade	
	Utah	U.S.	Utah	U.S.
All Students	235	235	281	278
White	238	243	285	288
Black	*	216	*	252
Hispanic	216	222	249	259
Asian/Pacific Islander	224	246	275	291
Amer. Indian/ Alaska Native	*	223	*	263

**Reporting standards not met, sample size insufficient to permit a reliable estimate*

Governor Walker initiated the Reading Achievement Program in FY 2005 to help every child read at or above grade level by third grade. For FY 2006 the governor recommends funding for a new fourth through sixth grade math program, Performance Plus II.

GOVERNOR'S RECOMMENDATIONS

Utah State Office of Education

Uniform School Fund

- Appropriate \$112,100 in ongoing funds for an education specialist who is needed to implement

2004 General Session legislation that requires integration of civics, citizenship, and service learning into the state curriculum.

Minimum School Program (MSP)

Uniform School Fund

- Appropriate \$16,000,000 in ongoing funds for Performance Plus II, a fourth through sixth grade math program, to help all students perform at or above grade level by sixth grade.
- Fully fund a projected increase of 9,764 students with \$28,518,400 in ongoing funds, which includes \$4,455,400 for Social Security and Retirement.
- Provide \$3,000,000 in ongoing funds for Pupil Transportation for increased prices of buses and fuel.
- Appropriate \$1,600,000 in ongoing funds for partial restoration of FY 2003 cuts to Adult Education.
- Appropriate \$1,100,000 in ongoing funds for student growth in the Youth-in-Custody program.
- Fund the state guarantee of the Board and Voted Leeways program with \$4,784,400 in ongoing funds.
- Appropriate one-time funds of \$5,500,000 to reimburse teachers for the purchase of classroom supplies.
- Appropriate \$1,000,000 in ongoing funds for FY 2006 to replace one-time money allocated to the Reading Achievement Program in FY 2005 to ensure that every child is reading at or above grade level by the third grade.

- Provide for projected growth in Charter Schools Local Replacement Funding with \$5,275,600 in ongoing funds.
- Increase the value of the WPU by 5.0 percent from \$2,182 to \$2,291, or \$78,616,300 in ongoing funds, which includes \$7,359,800 for Social Security and Retirement.
- Appropriate \$2,499,500 in ongoing funds for high cost/low incidence students (special needs students whose individual education costs exceed \$15,000 in a given year).

Other Funds

- School Permanent Trust Fund interest for FY 2006 is projected to be \$10,000,000, representing a \$1,100,000 increase from the FY 2005 appropriated amount. Total allocations for FY 2005 are up \$677,500 for a total of \$9,577,500.
- Use \$1,424,000 in MSP beginning balances in FY 2005 to fund Youth-in-Custody student growth (\$442,000), transportation increases (\$300,000), Electronic High School (\$200,000), and a National Geographic endowment match (\$300,000).

Utah State Office of Rehabilitation

Uniform School Fund

- Fund two full-time benefit planning specialists with \$130,000 in ongoing funds.
- Fund program growth and operations for the Deaf/Hard of Hearing Division with \$117,000 in ongoing funds.

PUBLIC EDUCATION
Operating Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$254,900	\$1,654,900	\$0	\$1,654,900	\$254,900	\$0	\$254,900
School Funds	1,678,288,000	1,785,761,400	24,000	1,785,785,400	1,744,372,400	158,073,000	1,902,445,400
Federal Funds	311,336,400	314,692,700	0	314,692,700	314,684,000	1,106,600	315,790,600
Dedicated Credits	23,947,800	23,947,400	0	23,947,400	23,889,200	88,100	23,957,300
Mineral Lease	1,499,200	1,308,300	0	1,308,300	1,552,700	0	1,552,700
Restricted and Trust Funds	560,800	580,700	0	580,700	9,482,000	1,102,400	10,384,400
Transfers	7,495,000	7,020,800	0	7,020,800	7,067,200	274,100	7,341,300
Beginning Balances	36,480,400	28,473,700	0	28,473,700	8,669,700	0	8,669,700
Closing Balances	(28,473,700)	(8,669,700)	0	(8,669,700)	(8,690,300)	0	(8,690,300)
Lapsing Funds	(14,264,300)	0	0	0	0	0	0
Local Property Tax	399,036,100	404,899,600	0	404,899,600	404,899,600	26,902,400	431,802,000
Total Financing	\$2,416,120,600	\$2,559,869,800	\$24,000	\$2,559,893,800	\$2,506,161,400	\$187,546,600	\$2,693,708,000
Programs							
Public Education							
State Office of Education	\$209,293,100	\$215,864,400	\$0	\$215,864,400	\$214,357,300	\$935,600	\$215,292,900
State Office of Rehabilitation	51,941,100	53,123,600	24,000	53,147,600	52,987,200	1,470,000	54,457,200
Schools for Deaf and Blind	22,451,400	23,142,800	0	23,142,800	22,799,600	1,034,500	23,834,100
USDB - Institutional Council	336,300	436,800	0	436,800	436,800	7,700	444,500
Science and the Arts	2,979,000	3,311,500	0	3,311,500	2,991,300	0	2,991,300
Education Contracts	3,861,800	3,854,800	0	3,854,800	3,854,800	0	3,854,800
Nutrition Programs	112,927,300	113,087,800	0	113,087,800	113,086,700	127,600	113,214,300
Minimum School Program	1,998,763,000	2,134,395,500	0	2,134,395,500	2,083,019,100	182,742,700	2,265,761,800
Trust Fund Interest to Schools	10,050,000	8,820,000	0	8,820,000	8,820,000	1,100,000	9,920,000
Indirect Cost Pool	3,515,600	3,832,600	0	3,832,600	3,808,400	128,500	3,956,900
Total Budget	\$2,416,120,600	\$2,559,869,800	\$24,000	\$2,559,893,800	\$2,506,161,400	\$187,546,600	\$2,693,708,000
% Change from Authorized FY 2005 to Total FY 2006							5.2%
FTE Positions	--	1,054.8	0.0	1,054.8	1,051.2	3.5	1,054.7

PUBLIC EDUCATION
Capital Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Total FY 2006
Plan of Financing						
School Funds	\$27,788,900	\$27,288,900	\$2,000,000	\$29,288,900	\$27,288,900	\$27,288,900
Total Financing	\$27,788,900	\$27,288,900	\$2,000,000	\$29,288,900	\$27,288,900	\$27,288,900
Projects						
Capital Outlay Program	\$24,358,000	\$24,358,000	\$0	\$24,358,000	\$24,358,000	\$24,358,000
Enrollment Growth Program	2,930,900	2,930,900	0	2,930,900	2,930,900	2,930,900
Charter Schools Revolving Loan Fund	500,000	0	0	0	0	0
New Century High Schools Initiative	0	0	2,000,000	2,000,000	0	0
Total Budget	\$27,788,900	\$27,288,900	\$2,000,000	\$29,288,900	\$27,288,900	\$27,288,900
% Change from Authorized FY 2005 to Total FY 2006						0.0%

MINIMUM SCHOOL PROGRAM FY 2006

	Appropriation S.B. 3 FY 2005		Governor Recommendations FY 2006		Difference FY 2005 - FY 2006	
	FY 2005 WPU's	\$2,182	FY 2006 WPU's	\$2,291	\$ Amount	WPU Percent
Plan of Financing						
Local Revenue						
1. Basic Levy		\$217,590,703		\$225,872,138	\$8,281,435	3.81%
2. Voted Leeway		146,631,201		162,172,538	15,541,337	10.60%
3. Board Leeway		40,677,673		43,757,326	3,079,653	7.57%
Total Local Contribution		\$404,899,577		\$431,802,002	\$26,902,425	6.64%
State Revenue						
1. Uniform School Fund		\$1,565,619,511		\$1,813,459,799	\$147,840,288	8.88%
2. Uniform School Fund Building Aid		27,288,900		27,288,900	0	0.00%
3. Uniform School Fund One-time		24,300,400		20,500,000	(3,800,400)	(15.64%)
4. Permanent Trust Fund Interest to Local Schools		8,820,000		9,920,000	1,100,000	12.47%
<i>Subtotal - Minimum School Program Act</i>		<i>\$1,726,028,811</i>		<i>\$1,871,168,699</i>	<i>\$145,139,888</i>	<i>8.41%</i>
Other Bills						
1. Education Technology Support for Testing Initiative - SB 51		\$5,000,000		\$0	(\$5,000,000)	(100.00%)
2. Reading Achievement Program - SB 230		15,000,000		0	(15,000,000)	(100.00%)
<i>Subtotal Other Bills</i>		<i>\$20,000,000</i>		<i>\$0</i>	<i>(\$20,000,000)</i>	<i>(100.00%)</i>
Total Revenue		\$2,150,928,388		\$2,302,970,701	\$152,042,313	7.07%
Programs						
A. Regular Basic School Programs						
1. Kindergarten	22,481	\$49,053,542	22,769	\$52,163,779	\$3,110,237	6.34%
2. Grades 1-12	438,303	256,377,146	445,065	1,019,643,915	63,266,769	6.62%
3. Necessarily Existent Small Schools	7,667	16,729,394	7,798	17,865,218	1,135,824	6.79%
4. Professional Staff	42,814	93,420,148	43,542	99,754,722	6,334,574	6.78%
5. Administrative Costs	1,662	3,626,484	1,662	3,807,642	181,158	5.00%
Total Regular Basic School Programs	512,927	\$1,119,206,714	520,836	\$1,193,235,276	\$74,028,562	6.61%
B. Restricted Basic School Programs						
1. Special Education--Regular Program						
a. Special Education Add-On WPU's	53,891	\$117,590,162	55,124	\$126,289,084	\$8,698,922	7.40%
b. Self-Contained Regular WPU's	12,579	27,447,378	12,854	29,448,514	2,001,136	7.29%
2. Special Education Pre-School	6,664	14,540,848	7,252	16,614,332	2,073,484	14.26%
3. Extended Year Program for Severely Disabled	351	765,882	357	817,887	52,005	6.79%
4. Special Education--State Programs	1,378	3,006,796	2,493	5,711,463 (a)	2,704,667	89.95%
5. Applied Technology Education						
a. Applied Technology Education--District	23,698	51,709,036	24,100	55,213,100	3,504,064	6.78%
b. Applied Technology--District Set Aside	1,010	2,203,820	1,030	2,359,730	155,910	7.07%
6. Class Size Reduction	30,203	65,903,946	30,774	70,503,234	4,600,288	6.98%
Total Restricted Basic School Programs	129,774	\$283,166,868	133,984	\$306,957,344	\$23,790,476	8.40%
Total Basic School Program	642,701	\$1,402,373,582	654,820	\$1,500,192,620	\$97,819,038	6.98%

C. Related to Basic Program			
1. Social Security and Retirement	\$361,482,231	\$273,297,434	\$11,815,203 4.52%
2. Pupil Transportation to and from school	57,061,128	60,061,128	3,000,000 5.26%
3. Transportation Levy Guarantee	500,000	500,000	0 0.00%
4. Local Discretionary Block Grant	21,824,448	21,824,448	0 0.00%
5. Interventions for Student Success Block Grant	14,908,708	14,908,708	0 0.00%
6. Quality Teaching Block Grant	57,426,623	57,426,623	0 0.00%
7. Math/Science Recruitment and Retention	0	600,000	600,000 100.00%
Total Related to Basic Program	\$413,263,138	\$428,618,341	\$15,415,203 3.73%
D. Categorical Programs			
1. Highly Impacted Schools	\$5,123,207	\$5,123,207	\$0 0.00%
2. At-Risk Programs	24,778,484	25,690,684	912,200 3.68%
3. Adult Education	5,826,865	7,426,865	1,600,000 27.46%
4. Accelerated Learning Programs	8,695,104	8,695,104	0 0.00%
Total Categorical Programs	\$44,423,660	\$46,935,860	\$2,512,200 5.66%
E. Special Purpose Programs			
1. Reading Achievement Program - SB 230	\$15,000,000	\$13,500,000	(\$1,500,000) (10.00%)
2. Performance Plus 4 - 6 Grade Math Program	0	16,000,000	16,000,000 100.00%
3. Electronic High School	700,000	1,000,000	300,000 42.86%
4. Permanent Trust Fund Interest to Schools	8,820,000	9,920,000	1,100,000 12.47%
5. Charter Schools Local Replacement Funding	5,002,450	10,260,000	5,257,550 105.10%
6. University of Utah Reading Clinic	375,000	375,000	0 0.00%
7. Performance Plus - UBSCCT Support	0	6,500,000	6,500,000 100.00%
Total Special Purpose Programs	\$29,897,450	\$57,555,000	\$27,657,550 92.51%
F. Board and Voted Leeway Programs			
1. Voted Leeway Program	\$159,084,342	\$173,595,341	\$14,510,999 9.12%
2. Board Leeway Program	45,357,016	48,284,739	2,927,723 6.45%
Total Board and Voted Leeway Programs	\$204,441,358	\$221,879,980	\$17,438,722 8.53%
G. School Building Aid Program			
1. Capital Outlay Equalization Program	\$34,358,000	\$34,358,000	\$0 0.00%
2. Enrollment Growth Program	2,930,900	2,930,900	0 0.00%
Total School Building Aid Program	\$27,288,900	\$27,288,900	\$0 0.00%
H. One-time Appropriations			
1. Classroom Supplies	\$5,500,000	\$5,500,000	\$0 0.00%
2. Adult Education	1,600,000	0	(1,600,000) (100.00%)
3. One-time compensation bonus	17,200,400	0	(17,200,400) (100.00%)
4. Literacy and math materials	0	10,000,000	10,000,000 100.00%
5. U-Pass Technology - On Line Testing (SB 51)	5,000,000	5,000,000	0 0.00%
Total One-time Appropriations	\$29,300,400	\$20,500,000	(\$8,800,400) (30.04%)
Total Minimum School Program	\$2,150,928,388	\$2,302,970,701	\$152,042,313 7.07%

(c) Includes \$2,499,481 in ongoing funds (1.091 WPU's) for high cost/low incidence students

PUBLIC EDUCATION

PUBLIC EDUCATION FY 2006 OPERATING BUDGET										
	General Fund	School Funds	Federal Funds	Dedicated Credits	Other Funds	Property Tax Funds	Total Funds			
Beginning Base Budget										
N1	FY 2005 appropriated budget	\$1,654,900	\$1,788,761,400	\$289,263,600	\$23,846,600	\$404,899,600	\$2,510,188,700			
N2	Adjustments for one-time FY 2005 appropriations	(1,400,000)	(30,489,000)	(111,500)	(31,500)	0	(34,036,200)			
N3	Adjustments to funding levels	0	(3,900,000)	25,431,900	54,100	13,422,900	30,008,900			
	Total Beginning Base Budget - Public Education	254,900	1,744,372,400	314,684,000	23,869,200	404,899,600	2,506,161,400			
Statewide Ongoing Adjustments										
N4	Internal service fund adjustments	0	51,200	20,200	3,000	0	91,700			
N5	Cost-of-living adjustments of 3%	0	602,700	473,100	33,300	0	1,239,300			
N6	Market comparability adjustments	0	401,500	317,800	19,600	0	779,400			
N7	Insurance rate adjustments	0	462,500	295,500	32,200	0	879,000			
	<i>Statistical Statewide Ongoing Adjustments - Public Education</i>	<i>0</i>	<i>1,518,200</i>	<i>1,106,600</i>	<i>88,100</i>	<i>0</i>	<i>2,989,400</i>			
Ongoing Adjustments										
N8	MSP - enrollment growth	0	28,518,400	0	0	0	28,518,400			
N9	MSP - Charter Schools Local Replacement Funding growth	0	5,257,600	0	0	0	5,257,600			
N10	MSP - Youth-in-Custody	0	912,200	0	0	0	912,200			
N11	MSP - Reading Achievement Program	0	1,000,000	0	0	0	1,000,000			
N12	MSP - WPU increase of 5.0%	0	78,616,300	0	0	0	78,616,300			
N13	MSP - Pupil Transportation	0	3,000,000	0	0	0	3,000,000			
N14	MSP - Electronic High School	0	300,000	0	0	0	300,000			
N15	MSP - Adult Education	0	1,600,000	0	0	0	1,600,000			
N16	MSP - high cost/low incidence students	0	2,499,500	0	0	0	2,499,500			
N17	MSP - Math and Science teacher recruitment	0	600,000	0	0	0	600,000			
N18	MSP - Performance PHS II 4th-6th grade math	0	15,000,000	0	0	0	16,000,000			
N19	MSP - DESCT support (Performance PHS II)	0	5,500,000	0	0	0	6,500,000			
N20	USOR - Desfard of the spring program growth and operations	0	117,000	0	0	0	117,000			
N21	USOR - benefit planning assistance (2 FTEs)	0	130,000	0	0	0	130,000			
N22	USOE - civics, citizenship and service learning EA, Spec. (1.5 FTEs)	0	112,000	0	0	0	112,000			
N23	USDB - Pupil Transportation	0	345,600	0	0	0	345,600			
N24	USDB - Connor Street lease	0	9,800	0	0	0	9,800			
N25	MSP - Permanent Trust Fund interest to local schools	0	0	0	0	1,100,000	1,100,000			
N26	MSP - Base Levy property tax offset	0	(3,281,400)	0	0	8,281,400	0			
N27	MSP - Board and Voted Leeways tax offset	0	(5,966,700)	0	0	18,621,000	12,654,300			
N28	MSP - Board and Voted Leeways state guarantee	0	4,784,400	0	0	0	4,784,400			
N29	USOE - eliminate educator licensing USP subsidy	0	(416,000)	0	0	0	(416,000)			
	<i>Statistical Ongoing Adjustments - Public Education</i>	<i>0</i>	<i>153,688,800</i>	<i>0</i>	<i>0</i>	<i>26,902,400</i>	<i>183,691,200</i>			
One-time Adjustments										
N30	MSP - funding for classroom supplies	0	5,500,000	0	0	0	5,500,000			
N31	MSP - U-Pass technology - online testing	0	5,000,000	0	0	0	5,000,000			

PUBLIC EDUCATION - CONTINUED

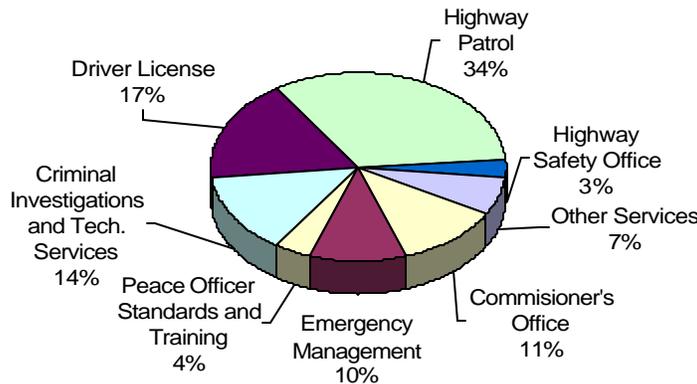
	General Fund	School Funds	Federal Funds	Dedicated Credits	Other Funds	Property Tax Funds	Total Funds
NE2 MSP - literacy and math materials	0	10,000,000	0	0	0	0	10,000,000
NE3 USOE - educator licensing USF subsidy one year extension	0	416,000	0	0	0	0	416,000
Subtotal One-time Adjustments - Public Education	0	23,916,000	0	0	0	0	23,916,000
Total FY 2006 Public Education Adjustments	0	158,073,000	1,106,600	88,100	1,376,500	26,902,400	187,546,600
Total FY 2006 Public Education Operating Budget	\$254,900	\$1,902,445,400	\$315,790,600	\$23,957,300	\$19,457,800	\$431,802,000	\$2,693,708,000
PUBLIC EDUCATION FY 2005 OPERATING BUDGET ADJUSTMENTS							
Supplemental Adjustments							
NE4 USOR - equipment for Southern Utah Community Center	\$0	\$24,000	\$0	\$0	\$0	\$0	\$24,000
Subtotal Supplemental Adjustments - Public Education	0	24,000	0	0	0	0	24,000
Total FY 2005 Public Education Budget Adjustments	\$0	\$24,000	\$0	\$0	\$0	\$0	\$24,000
PUBLIC EDUCATION FY 2006 CAPITAL BUDGET							
Base Budget							
NE5 FY 2005 appropriated budget	\$0	\$27,288,900	\$0	\$0	\$0	\$0	\$27,288,900
Total FY 2006 Public Education Capital Base Budget	0	27,288,900	0	0	0	0	27,288,900
Total FY 2006 Public Education Capital Budget	\$0	\$27,288,900	\$0	\$0	\$0	\$0	\$27,288,900
PUBLIC EDUCATION FY 2005 CAPITAL BUDGET ADJUSTMENTS							
Supplemental Adjustments							
NE6 New Century High Schools Initiative	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Subtotal Supplemental Capital Adjustments - Public Education	0	2,000,000	0	0	0	0	2,000,000
Total FY 2005 Public Education Capital Supplementals	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
PUBLIC EDUCATION TOTALS							
FY 2006 Operating Base Budget	\$254,900	\$1,744,372,400	\$314,884,900	\$23,869,200	\$18,081,200	\$404,899,600	\$2,506,161,400
FY 2006 Operating Ongoing and One-time Adjustments	0	153,073,000	1,106,600	88,100	1,376,500	26,902,400	187,546,600
FY 2006 Operating Recommendation	254,900	1,902,445,400	315,790,600	23,957,200	19,457,800	431,802,000	2,693,708,000
FY 2005 Operating Adjustments	0	24,000	0	0	0	0	24,000
FY 2006 Capital Base Budget	0	27,288,900	0	0	0	0	27,288,900
FY 2006 Capital Recommendation	0	27,288,900	0	0	0	0	27,288,900
FY 2005 Capital Adjustments	0	2,000,000	0	0	0	0	2,000,000



PUBLIC SAFETY

Hunter Finch, Analyst

Where Will My Taxes Go for Public Safety?
(Figure Based on Total FY 2006 Funding)



Highlighted Services
(Including the Governor's Recommendations)

- \$40 million for Highway Patrol*
- Seizes an estimated 3,600 pounds of illegal substances annually
 - Issues approximately 143,000 violations generating \$14 million for cities and counties
 - Awarded for the highest decrease in alcohol-related fatalities of any state

- \$21 million for Driver License*
- Issues 540,000 licenses

- \$16 million for Criminal Investigations and Technical Services*
- Performs about 254,000 background checks

\$14 million for Commissioner's Office

- \$13 million for Emergency Management and Homeland Security*
- Trains about 12,500 in homeland security, hazardous materials, and emergency preparedness

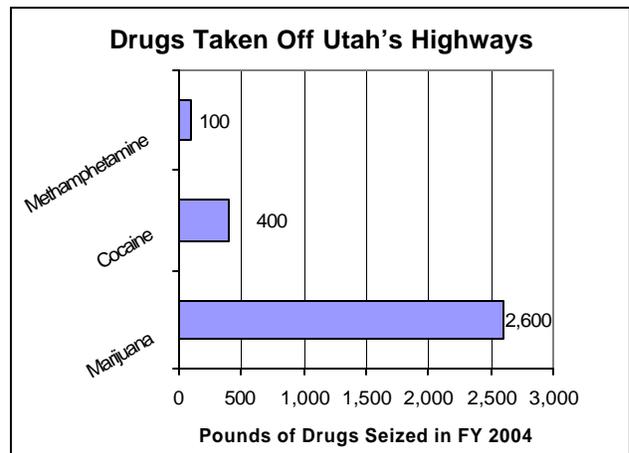
- \$5 million for Peace Officer Standards and Training*
- Trains an estimated 300 new law enforcement officers each year

\$4 million for Highway Safety Office

\$8 million for other Public Safety Services

Governor's Recommendation Highlights
(All Funding Sources)

- \$4,306,900 to provide cost-of-living adjustments and market comparability adjustments (MCA), including \$1,900,000 for law enforcement officers' MCA
- \$1,300,000 - Restricted fund increase for insurance and licensing
- \$981,400 - Building leases
- \$750,000 - In-car laptop technology
- \$358,000 - Aero Bureau increased costs
- \$292,800 - Two new positions to meet state and federal records mandates



BUDGET OVERVIEW

The Department of Public Safety (DPS) provides quality services to ensure a safe society and protects the rights of all people in Utah.

For FY 2006 the governor recommends DPS receive \$121,086,900 in total funds. This amount includes \$51,673,600 in General Fund, an 11.4 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the largest portion of DPS' budget goes to the Highway Patrol.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$2,592,000 in General Fund (\$4,306,900 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given an increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, employees' salaries have lagged significantly behind the general job market. For instance, the discrepancies between troopers' wages and wages of officers working for cities and counties have escalated as city and county officers continue to receive wage increases. Consequently troopers' salaries lag 28.5 percent behind the salaries of their peers.

GOVERNOR'S RECOMMENDATIONS

General Fund

- Provide \$498,100 in ongoing funds and \$483,300 in FY 2005 supplemental monies for building leases. These funds will cover previously unfunded increases in leases.
- Provide \$138,900 in ongoing funds for Crown Victoria pre-wired cruisers. This type of vehicle is safer to operate and easier to modify for department use.
- Provide \$146,400 in ongoing funds for two new Bureau of Criminal Identification positions due

to increased workload in meeting federal and state mandates.

- Provide \$750,000 in FY 2005 supplemental monies for in-car technology and equipment. In-car technology enables troopers to reduce their obligated time up to 40 percent.

Other Funds

- Provide an ongoing appropriation of \$300,000 in restricted funds to database improvements for drivers license insurance checks.
- Provide an ongoing appropriation of \$1,000,000 in restricted funds to pay for improvements for licensing administration, records, and driver improvement programs.
- Provide an ongoing appropriation of \$35,000 in restricted funds for unfunded building leases.

FY 2006 PROPOSED LEGISLATIVE INTENT

- Funds appropriated to DPS are nonlapsing.
- DPS may continue with the consolidated line items of appropriation for FY 2006 to assist with management of budget restrictions.
- DPS may expand the fleet if funding is provided through federal aid or other sources for special programs or projects. Fleet vehicles obtained under this intent language will not be eligible for replacement using General Fund borrowing capacity held by the Division of Fleet Operations. Any expansion vehicles obtained during the interim under this intent language shall be reported to the Governor's Office of Planning and Budget and the Office of the Legislative Fiscal Analyst.
- Funds appropriated to equip police vehicles are nonlapsing.

- DPS is authorized to advance officers to the Senior Trooper III level from existing appropriations and/or savings.
- Receipts above the appropriated dedicated credit amount of reimbursable flight time for DPS aircraft are nonlapsing and are to be used for major aircraft maintenance.

PUBLIC SAFETY

Operating Budget

Governor Waller's Recommendations							
	Actual FY 2004	Authorized FY 2005	Supple- ments	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing							
General Fund	\$43,567,900	\$46,396,100	\$87,700	\$47,383,800	\$46,058,900	\$5,614,700	\$51,673,600
Transportation Fund	5,495,500	5,495,500	0	5,495,500	5,495,500	0	5,495,500
Federal Funds	37,218,100	22,029,600	0	22,029,600	19,829,400	370,100	20,199,500
Dedicated Credits	7,352,700	6,070,600	0	6,070,600	5,943,100	217,800	6,160,900
Restricted and Trust Funds	29,391,300	34,053,000	35,300	34,088,300	33,875,000	2,950,700	36,825,700
Transfers	3,042,400	2,099,000	0	2,099,000	1,775,900	13,500	1,789,400
Other Funds	0	0	0	0	0	12,800	12,800
Pass-through Funds	861,700	473,300	0	473,300	473,300	0	473,300
Beginning Balances	2,675,600	3,019,300	0	3,019,300	1,396,300	0	1,396,300
Closing Balances	(3,019,300)	(1,396,300)	0	(1,396,300)	(990,500)	0	(990,500)
Lapsing Funds	(1,954,000)	(1,949,600)	0	(1,949,600)	(1,949,600)	0	(1,949,600)
Total Financing	\$124,631,900	\$116,290,500	\$1,023,000	\$117,313,500	\$111,907,300	\$9,179,600	\$121,086,900
Programs							
Public Safety							
Commissioner's Office	\$5,428,100	\$14,358,000	\$876,600	\$15,234,600	\$13,003,200	\$874,300	\$13,877,500
Emergency Management	30,606,300	12,335,700	0	12,335,700	12,337,300	276,400	12,633,700
Peace Officer Standards and Training	4,968,400	6,459,700	0	6,459,700	4,975,900	217,900	5,193,800
Criminal Investigations and Tech. Svcs.	15,678,400	15,512,800	146,400	15,659,200	15,314,000	1,065,100	16,379,100
Liquor Law Enforcement	1,299,500	1,390,600	0	1,390,600	1,390,600	72,100	1,462,700
Driver License	18,396,600	19,118,400	0	19,118,400	18,476,500	2,661,600	21,138,100
Highway Patrol	38,551,700	37,037,200	0	37,037,200	36,576,600	3,740,100	40,316,700
Highway Safety Office	3,564,200	3,390,200	0	3,390,200	3,579,800	45,100	3,624,900
Management Information Systems	1,520,100	1,638,300	0	1,638,300	1,640,300	138,400	1,778,700
Fire Marshal	4,618,600	4,649,600	0	4,649,600	4,523,100	88,600	4,681,700
Total Budget	\$124,631,900	\$116,290,500	\$1,023,000	\$117,313,500	\$111,907,300	\$9,179,600	\$121,086,900
% Change from Authorized FY 2005 to Total FY 2006							4.1%
FTE Positions	--	1.082.0	2.0	1.084.0	1.082.0	2.0	1.084.0

PUBLIC SAFETY

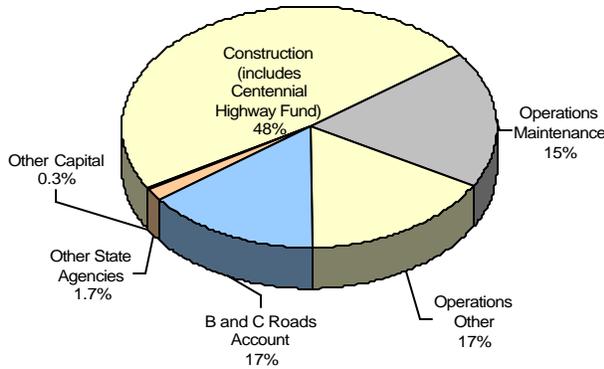
PUBLIC SAFETY FY 2006 OPERATING BUDGET									
	General Fund	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds		
Beginning Base Budget									
O1	\$46,396,100	\$5,495,500	\$22,029,600	\$6,070,600	\$34,033,000	\$1,679,700	\$115,724,500		
O2	(337,200)	0	(35,800)	(21,600)	(178,000)	0	(572,600)		
O3	0	0	(2,164,400)	(105,900)	0	(974,300)	(3,244,600)		
Total Beginning Base Budget - Public Safety									
	46,058,900	5,495,500	19,829,400	5,943,100	33,875,000	705,400	111,907,300		
Statewide Ongoing Adjustments									
O4	1,089,000	0	98,700	62,100	384,900	13,500	1,648,200		
O5	625,900	0	11,200	13,700	(38,000)	0	612,800		
O6	1,503,000	0	172,800	87,700	895,200	0	2,658,700		
O7	863,400	0	87,400	54,300	373,200	12,800	1,391,100		
	4,081,300	0	370,100	217,800	1,615,500	26,300	6,310,800		
<i>Subtotal: Statewide Ongoing Adjustments - Public Safety</i>									
Ongoing Adjustments									
O8	498,100	0	0	0	35,400	0	533,500		
O9	138,900	0	0	0	0	0	138,900		
O10	146,400	0	0	0	0	0	146,400		
O11	0	0	0	0	300,000	0	300,000		
O12	0	0	0	0	1,000,000	0	1,000,000		
	783,400	0	0	0	1,335,400	0	2,118,800		
<i>Subtotal: Ongoing Adjustments - Public Safety</i>									
One-time Adjustments									
O13	750,000	0	0	0	0	0	750,000		
	750,000	0	0	0	0	0	750,000		
<i>Subtotal: One-time Adjustments - Public Safety</i>									
Total FY 2006 Public Safety Adjustments									
	5,614,700	0	370,100	217,800	2,950,700	26,300	9,179,600		
Total FY 2006 Public Safety Operating Budget									
	\$51,673,600	\$5,495,500	\$20,199,500	\$6,160,900	\$36,825,700	\$731,700	\$121,086,900		
PUBLIC SAFETY FY 2005 OPERATING BUDGET ADJUSTMENTS									
Supplemental Adjustments									
O14	\$483,300	\$0	\$0	\$0	\$25,300	\$0	\$518,600		
O15	358,000	0	0	0	0	0	358,000		
O16	146,400	0	0	0	0	0	146,400		
	987,700	0	0	0	25,300	0	1,023,000		
<i>Subtotal: Supplemental Adjustments - Public Safety</i>									
Total FY 2005 Public Safety Budget Adjustments									
	\$987,700	\$0	\$0	\$0	\$25,300	\$0	\$1,023,000		
PUBLIC SAFETY TOTALS									
FY 2006 Operating Base Budget									
	\$46,058,900	\$5,495,500	\$19,829,400	\$5,943,100	\$33,875,000	\$705,400	\$111,907,300		
FY 2006 Operating Ongoing and One-time Adjustments									
	5,614,700	0	370,100	217,800	2,950,700	26,300	9,179,600		
FY 2006 Operating Recommendation									
	51,673,600	5,495,500	20,199,500	6,160,900	36,825,700	731,700	121,086,900		
FY 2005 Operating Adjustments									
	987,700	0	0	0	25,300	0	1,023,000		



TRANSPORTATION

Joseph Brown, Analyst

Where Will My Federal and State Fuel Taxes Go for Transportation? (Figure Based on FY 2006 Funding)



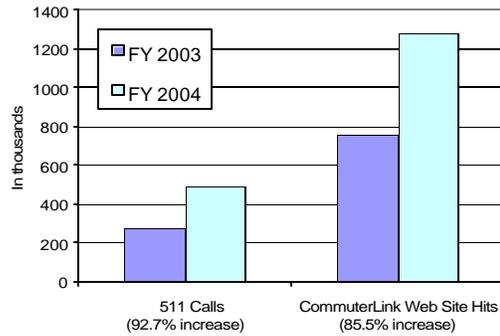
Highlighted Services

(Including the Governor's Recommendations)

\$574 million for Transportation

- Maintains over 6,000 miles of state highways
- 70 percent of all travel miles are on state roads
- Deploys about 130 snowplows along the Wasatch Front during a major snow storm
- Maximizes transportation efficiency through intelligent transportation systems
- Designs and oversees construction of highways
- First state to offer 511, a free travel information phone number
- Oversees 51 airports

Usage of Travel Information is Increasing Rapidly

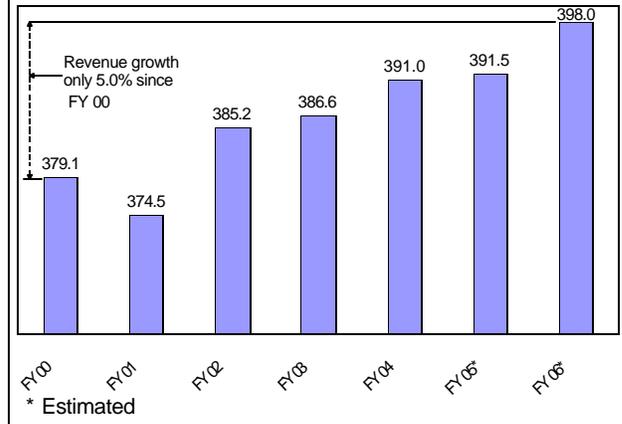


Governor's Recommendation Highlights

(All Funding Sources)

- \$70 million - General obligation bonds for CHF projects
- \$1,020,100 - Additional lane miles maintenance
- \$540,700 - Increased cost of 511 program, traffic management devices, and Traffic Operations Center
- \$1,457,000 - Vernal maintenance complex

Revenue Growth in Transportation Fund is Slow (in millions)



While the CPI is estimated to grow 14.7 percent from FY 2000 to FY 2006, the Transportation Fund revenue is estimated to grow only 5.0 percent over the same period.

BUDGET OVERVIEW

The Utah Department of Transportation (UDOT) provides quality transportation by taking care of current roads, making the highway system work better, improving safety, and increasing road capacity.

For FY 2006 the governor recommends UDOT operations receive \$225,438,800 in total funds. This amount includes \$164,382,100 in Transportation Fund, a 5.2 percent increase from the FY 2005 authorized Transportation Fund amount.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$5,784,400 in Transportation Fund (\$6,119,100 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 and FY 2004.

The governor recommends the capital budget for UDOT receive \$348,258,400 in total funds for FY 2006. She also recommends \$70,000,000 in general obligation bonds. This capital budget includes \$59,594,700 in General Fund and \$220,176,500 in Transportation Fund.

GOVERNOR'S RECOMMENDATIONS

Transportation Fund

- Provide ongoing funds in Engineering Services for increased costs due to expanded customer use of the 511 program (\$205,000), additional costs associated with increased public demand for services provided by the Traffic Operations Center (\$210,700), and increased maintenance costs of additional traffic management devices (\$125,000).
- Increase ongoing funding in Maintenance Management by \$1,020,100 for costs associated with additional lane miles on state highways.

- Use \$1,457,000 in one-time funding for the Vernal maintenance complex.

General Fund

- Issue \$70,000,000 in general obligation bonds for the Centennial Highway Fund.

FY 2005 PROPOSED LEGISLATIVE INTENT

- If funds are available, Support Services is authorized to not lapse up to \$100,000 for data processing system development.
- If funds are available, Engineering Services is authorized to not lapse up to \$100,000 for special projects and studies.
- If funds are available, Maintenance Management is authorized to not lapse up to \$100,000 for equipment and supplies, \$200,000 for land and buildings environmental cleanup, and \$500,000 for land purchases.
- If funds are available, Region Management is authorized to not lapse up to \$100,000 for special projects and studies.
- If funds are available, Equipment Management is authorized to not lapse up to \$100,000 for equipment and supplies.

FY 2006 PROPOSED LEGISLATIVE INTENT

- All collections or cash income from the sale or salvage of land and buildings are to lapse to the Transportation Fund.
- Any surplus in the Transportation Fund not otherwise appropriated may be used by the department for the construction, rehabilitation, and preservation of state highways in Utah. The appropriation shall 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.

- The number of FTEs for 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 appropriations made to the department for other purposes.

TRANSPORTATION
Operating Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
Plan of Financing						
General Fund	\$150,100	\$88,100	\$88,100	\$88,100	\$0	\$88,100
Transportation Fund	150,453,800	156,304,300	156,304,300	155,265,100	9,117,000	164,382,100
Federal Funds	40,190,000	40,485,200	40,485,200	38,337,900	280,900	38,618,800
Dedicated Credits	24,552,200	15,348,000	15,348,000	15,348,000	238,900	15,586,900
Restricted and Trust Funds	10,767,600	7,221,300	7,221,300	6,721,300	41,600	6,762,900
Beginning Balances	841,600	1,565,000	1,565,000	0	0	0
Closing Balances	(1,565,000)	0	0	0	0	0
Lapsing Funds	(7,701,600)	0	0	0	0	0
Total Financing	\$217,689,700	\$221,011,900	\$221,011,900	\$215,760,400	\$9,678,400	\$225,438,800
Programs						
Transportation						
Support Services	\$24,656,700	\$24,737,100	\$24,737,100	\$24,114,400	\$1,200,000	\$25,314,400
Engineering Services	27,842,800	29,434,900	29,434,900	27,411,300	2,270,400	29,681,700
Maintenance Management	85,516,600	99,028,800	99,028,800	97,615,200	4,077,600	101,692,800
Region District Management	21,157,500	22,941,800	22,941,800	22,332,900	1,579,300	23,912,200
Equipment Management	24,838,500	17,648,000	17,648,000	17,565,300	509,500	18,074,800
Aeronautics	33,676,600	27,221,300	27,221,300	26,721,300	41,600	26,762,900
Total Budget	\$217,689,700	\$221,011,900	\$221,011,900	\$215,760,400	\$9,678,400	\$225,438,800
% Change from Authorized FY 2005 to Total FY 2006						2.0%
FTE Positions	--	1,730.0	1,730.0	1,730.0	0.0	1,730.0

TRANSPORTATION
Capital Budget

Governor Walker's Recommendations							
	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006	FY 2006 Bond
Plan of Financing							
General Fund	\$59,594,700	\$59,594,700	\$59,594,700	\$59,594,700	\$0	\$59,594,700	\$0
Transportation Fund	231,599,300	225,792,700	225,792,700	218,719,500	1,457,000	220,176,500	0
Federal Funds	224,761,000	154,135,100	154,135,100	144,684,100	0	144,684,100	0
Dedicated Credits	15,798,400	1,550,000	1,550,000	1,550,000	0	1,550,000	0
Mineral Lease	27,976,500	29,120,000	29,120,000	29,903,500	0	29,903,500	0
Restricted and Trust Funds	17,777,600	18,743,000	18,743,000	18,743,000	0	18,743,000	0
FY 2006 G.O. Bond	0	0	0	0	0	0	70,000,000
Transfers	(91,724,800)	(118,901,800)	(118,501,800)	(125,371,200)	(1,022,200)	(126,393,400)	0
Other Funds	1,155,800	0	0	0	0	0	0
Beginning Balances	1,862,500	1,542,700	1,542,700	0	0	0	0
Closing Balances	(1,542,700)	0	0	0	0	0	0
Lapsing Funds	(6,981,400)	0	0	0	0	0	0
Total Financing	\$480,276,900	\$371,576,400	\$371,576,400	\$347,823,600	\$434,800	\$348,258,400	\$70,000,000
Projects							
Construction	\$273,400,300	\$182,553,200	\$182,553,200	\$159,463,400	\$0	\$159,463,400	\$0
Sidewalk Construction	675,400	1,931,700	1,531,700	500,000	0	500,000	0
B&C Road Account	110,221,900	114,988,200	114,588,200	114,138,200	0	114,138,200	0
Maintenance Sheds	0	0	0	0	1,457,000	1,457,000	0
Centennial Highway Fund	67,858,400	42,872,300	42,872,300	43,818,500	(1,022,200)	42,796,300	70,000,000
Mineral Lease Programs	28,120,900	29,231,000	29,231,000	29,903,500	0	29,903,500	0
Total Budget	\$480,276,900	\$371,576,400	\$371,576,400	\$347,823,600	\$434,800	\$348,258,400	\$70,000,000
% Change from Authorized FY 2005 to Total FY 2006							(6.3%)

CENTENNIAL HIGHWAY FUND
(In Millions of Dollars)

	Through FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Total
Annual Funding Available										
1 Beginning Balance	0.0	284.9	119.1	48.7	142.6	211.0	216.9	102.5	0.3	
2 General Fund	298.0	122.0	137.0	146.0	59.6	59.6	59.6	59.6	59.6	1,000.9
3 General Fund I-15 Savings Transfer	0.0	0.0	0.0	(21.2)	(10.8)	0.0	0.0	0.0	0.0	(32.0)
4 General Fund Sales Tax (1/64 cent)	0.0	2.8	5.4	4.9	4.8	4.6	5.2	5.4	5.6	38.7
5 Transit Tax Revenue	0.0	0.0	0.0	0.9	6.2	2.5	0.0	0.0	0.0	9.6
6 Transportation Funds - Gas Tax 5.5 Cents	112.2	58.3	60.0	61.8	63.7	65.6	67.6	69.6	71.7	630.5
7 Department Contribution	18.0	7.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0	67.4
8 Registration Fee Increase	30.9	17.2	17.4	18.1	18.7	19.6	20.6	21.6	22.0	186.1
9 Investment Income	40.9	8.4	2.9	0.3	5.4	2.8	1.4	0.9	0.7	63.7
10 General Obligation Bonds Issued	908.0	0.0	0.0	126.3	151.6	95.3	47.0	0.0	0.0	1,328.1
11 Premiums on Bonds Issued	19.8	0.0	0.0	0.0	11.2	14.0	3.0	0.0	0.0	48.1
12 Less: Issuance Costs	(4.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.5)
13 Less: Debt Service - Interest/Fees	(64.7)	(42.2)	(44.2)	(48.9)	(51.3)	(52.9)	(54.7)	(50.9)	(46.8)	(456.6)
14 Less: Debt Service - Principal	0.0	0.0	0.0	(33.8)	(35.6)	(47.8)	(72.5)	(77.6)	(81.5)	(348.8)
15 Federal Sources	80.8	45.1	105.1	46.9	34.8	42.3	34.6	34.0	26.4	450.0
16 Local Governments	6.9	0.1	8.3	(8.4)	0.0	0.0	0.0	0.0	0.0	6.9
Total Annual Funding Available	1,446.5	503.9	417.0	347.6	407.0	422.5	334.7	237.7	294.3	3,285.2
Recommended Bonding										
17 General Obligation Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.0	246.0	316.0
18 Less: Issuance Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(1.5)	(1.9)
19 Less: Debt Service - Interest/Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.0)	(14.1)	(17.1)
20 Less: Debt Service - Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Annual Funding Available	1,446.5	503.9	417.0	347.6	407.0	422.5	334.7	237.7	294.3	3,285.2
Project Expenditures										
22 I-15 Project Costs	1,034.1	322.1	167.0	54.0	3.1	4.6	5.1	0.0	0.0	1,590.0
23 I-15 Project Costs Savings	0.0	0.0	0.0	(32.0)	0.0	0.0	0.0	0.0	0.0	(32.0)
24 Other Projects	127.5	62.7	201.3	183.0	192.9	201.0	237.0	237.4	293.6	1,726.4
Total Project Expenditures	1,161.6	384.8	368.3	205.0	196.0	205.6	232.1	237.4	293.6	3,284.4
25 Ending Balance	284.9	119.1	48.7	142.6	211.0	216.9	102.5	0.3	0.3	
26 Bond Debt Outstanding	908.0	908.0	908.0	1,000.5	1,105.9	1,130.4	1,104.9	1,097.3	1,261.8	
27 Net Cash Balance	(623.1)	(788.9)	(859.3)	(657.9)	(894.9)	(913.5)	(1,002.4)	(1,097.0)	(1,260.9)	
										(Line 26 less: Line 27)

Notes to Form Numbers:
 (3) Savings from the I-15 project transferred to General Fund.
 (4) Sales tax generated by the 1/64 percent tax rate that previously went to the Sports Authority, Special Revenue Fund.
 (5) Revenue estimate from a quarter of the quarter cent transit tax increase passed by Salt Lake County voters in the 2000 General Election.
 (6) Transportation revenues from fuel tax increase passed in the 1997 General Session. Growth rate is 3.0 percent per year.
 (7) Transportation revenues from auto and truck registration fee increase passed in the 1997 General Session.
 (8) Anticipated federal bonding above what Utah normally receives annually.
 (9) Estimated revenue from sources other than state money.
 (10) Estimated bonding needed to finance expenditures.
 (11) Estimated bonding needed to finance expenditures.

TRANSPORTATION

TRANSPORTATION FY 2006 OPERATING BUDGET									
Beginning Base Budget									
	General Fund	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds		
P1	\$88,100	\$155,304,300	\$40,485,200	\$15,654,900	\$11,221,300	\$0	\$223,753,800		
P2	0	(1,039,200)	(111,000)	(58,400)	(303,800)	0	(1,712,400)		
P3	0	0	(2,036,300)	(248,500)	(3,996,200)	0	(6,281,000)		
Total Beginning Base Budget - Transportation	\$8,100	155,265,100	38,337,900	15,348,000	6,721,300	0	215,760,400		
Statewide Ongoing Adjustments									
P4	0	2,390,100	173,100	127,200	21,600	0	2,712,000		
P5	0	212,100	3,400	9,400	400	0	225,300		
P6	0	3,394,300	0	4,100	8,700	0	3,407,100		
P7	0	1,559,700	104,400	98,200	10,900	0	1,773,200		
	0	7,556,200	280,900	238,900	41,600	0	8,117,600		
<i>Subtotal Statewide Ongoing Adjustments - Transportation</i>									
Ongoing Adjustments									
P8	0	205,000	0	0	0	0	205,000		
P9	0	210,700	0	0	0	0	210,700		
P10	0	125,000	0	0	0	0	125,000		
P11	0	205,900	0	0	0	0	205,900		
P12	0	610,200	0	0	0	0	610,200		
P13	0	78,400	0	0	0	0	78,400		
P14	0	600	0	0	0	0	600		
P15	0	107,500	0	0	0	0	107,500		
P16	0	17,500	0	0	0	0	17,500		
	0	1,560,800	0	0	0	0	1,560,800		
<i>Subtotal Ongoing Adjustments - Transportation</i>									
Total FY 2006 Transportation Operating Budget	\$88,100	\$164,382,100	\$38,618,800	\$15,586,900	\$6,762,900	\$0	\$225,488,800		
TRANSPORTATION FY 2006 CAPITAL BUDGET									
Base Budget									
P17	\$59,594,700	\$223,792,700	\$154,523,700	\$1,550,000	\$18,743,000	(\$102,102,200)	\$358,101,900		
P18	0	(7,072,200)	(9,839,600)	0	0	6,634,500	(10,278,300)		
Total FY 2006 Transportation Capital Base Budget	\$59,594,700	216,719,500	144,684,100	1,550,000	18,743,000	(95,467,700)	347,823,600		

TRANSPORTATION - CONTINUED

	General Fund	Transportation Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
Ongoing Adjustments							
P19 Central Highway Fund - debt serv. & transfer	0	0	0	0	0	(1,022,200)	(1,022,200)
Subtotal Ongoing Capital Adjustments - Transportation	0	0	0	0	0	(1,022,200)	(1,022,200)
One-time Adjustments							
P20 Vernal maintenance complex	0	1,457,000	0	0	0	0	1,457,000
Subtotal One-time Capital Adjustments - Transportation	0	1,457,000	0	0	0	0	1,457,000
Total FY 2006 Transportation Capital Adjustments	0	1,457,000	0	0	0	(1,022,200)	434,800
Total FY 2006 Transportation Capital Budget	\$59,594,700	\$220,176,500	\$144,684,100	\$1,550,000	\$18,743,000	(\$96,489,900)	\$348,258,400
TRANSPORTATION TOTALS							
FY 2006 Operating Base Budget	\$88,100	\$155,265,100	\$38,237,900	\$15,348,000	\$6,721,300	\$0	\$215,760,400
FY 2006 Operating Ongoing and One-time Adjustments	0	9,117,000	280,900	238,900	41,600	0	9,678,400
FY 2006 Operating Recommendation	88,100	164,382,100	38,618,800	15,586,900	6,762,900	0	225,438,800
FY 2006 Capital Base Budget	59,594,700	213,719,500	144,684,100	1,550,000	18,743,000	(95,467,700)	347,823,600
FY 2006 Capital Ongoing and One-time Adjustments	0	1,457,000	0	0	0	(1,022,200)	434,800
FY 2006 Capital Recommendation	59,594,700	223,176,500	144,684,100	1,550,000	18,743,000	(96,489,900)	348,258,400

State of Utah

Capital Budget and Debt Service Summary

- Capital budget overview
- Bonding limit
- Capital table showing three-year comparisons
- Capital facility projects recommended for FY 2006 and supplemental projects for FY 2005
- Debt service table showing three-year comparisons
- Bonds outstanding

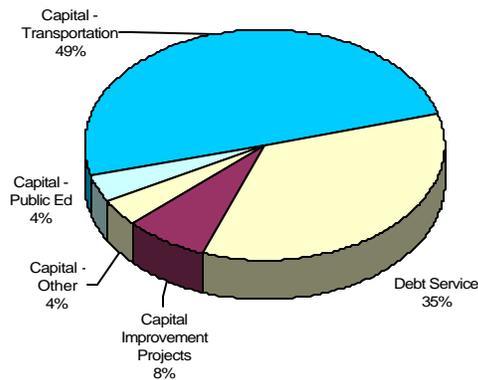




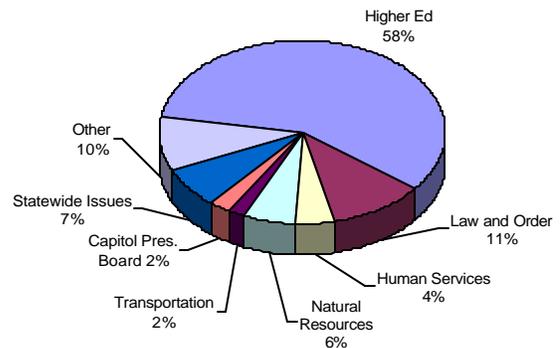
CAPITAL BUDGET AND DEBT SERVICE

Randa Bezzant, Analyst

Where Will My Taxes Go for Capital Budget and Debt Service? (Figure Based on Total FY 2006 Funding)



Allocation of Capital Improvement Funds (Five Year Average)



Law and order includes Corrections, Courts, National Guard, and Public Safety.

Highlighted Services

(Including the Governor's Recommendations)

\$54 million for Capital Improvement Projects

- The state owns approximately 39 million square feet of facility space worth close to \$5 billion
- Facility condition assessments conducted by independent professionals have identified over \$1 billion in repairs to buildings that need to be addressed over the next ten years

\$348 million for Transportation Capital

- Major construction or reconstruction of state highways
- 252 additional miles will be added to the state highway system in FY 2005

\$247 million for Debt Service

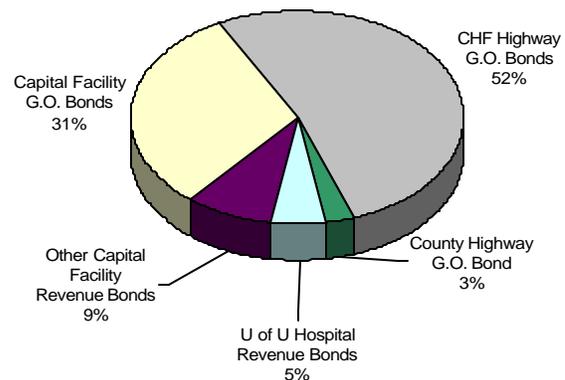
- The state has a triple A rating on general obligation bonds from Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings; and a double A rating on revenue bonds from Moody's Investors Service and Standard and Poor's Corporation

Governor's Recommendation Highlights

(All Funding Sources)

- \$100 million state funds - Eight state facilities
- \$9.7 million - Capital improvement increase
- \$223.9 million general obligation bonds - for digital learning center, Capitol renovation, and highways
- \$7.9 million State Building Ownership Authority revenue bonds - Three state facilities
- \$4.2 million - Debt service budget increase (also \$1.7 million FY 2005 supplemental)

FY 2006 Debt Service Expense



BUDGET OVERVIEW

The capital budget includes the acquisition, development, construction, and improvement of fixed public assets.

CAPITAL BUDGET

Capital developments include any of the following: 1) a remodeling, site, or utility project costing \$1,500,000 or more; 2) a new facility with a construction cost of \$250,000 or more; or 3) a purchase of real property where an appropriation is requested to fund the purchase.

Capital improvements are major remodeling, alterations, replacement, repairs, or improvements of fixed capital assets costing less than \$1,500,000. State law requires annual capital improvement funding to be at least 1.1 percent of the estimated replacement cost of all state facilities. For FY 2006 this amount is \$53,632,100. The Utah State Building Board allocates capital improvement funds to priority projects.

DEBT SERVICE BUDGET

The Utah Constitution Article XIV, Section 1 limits general obligation debt to 1.5 percent of the total fair market value of taxable property. As of December 1, 2004, the state's total outstanding general obligation debt is \$1,596,600,200, which is below the constitutional debt limit by \$1,051,514,400.

Section 63-38c-402, UCA, further limits outstanding general obligation debt to no more than 45 percent of the maximum allowable limit on appropriations from the General Fund and from non-Uniform School Fund income tax revenues. Considering \$960,677,300 of highway bonds are exempt from this limit, the state's net outstanding general obligation debt is below the appropriation debt limit by \$244,226,300.

Because of the state's sound debt administration, the state continues to enjoy a triple A rating on general obligation bonds from Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings; and a double A rating on revenue bonds from Moody's Investors Service and Standard and Poor's Corporation. These are the highest credit ratings available and save the state millions of dollars of interest on general obligation and revenue bonds.

GOVERNOR'S RECOMMENDATIONS

Governor Walker recommends a total FY 2006 capital facility budget of \$455,721,200 and debt service budget of \$246,619,400. Please see the capital table that follows for a list of the projects recommended by the governor.

Department of Administrative Services Capital Facility Projects Budget

General Fund/School Funds

- Increase \$8,134,700 in ongoing funds (\$9,655,200 in total funds) to the Division of Facilities Construction and Management (DFCM) capital project funds for capital improvement projects.
- Provide \$100,000,000 in FY 2005 supplemental funds to DFCM's capital project funds for capital development projects. Please see the capital table that follows for a list of the projects recommended by the governor.

Other Funds

- Recommend general obligation bonds of \$153,893,000, including \$135,000,000 to complete the restoration of the Capitol and \$18,893,000 to build the digital learning center at Utah Valley State College.
- Recommend State Building Ownership Authority revenue bonds of \$7,867,000 for three Alcoholic Beverage Control stores.

Department of Transportation Capital Budget

Other Funds

- Recommend general obligation bonds of \$70,000,000 for the Centennial Highway Fund.

Department of Natural Resources Capital Budget

General Fund

- Provide \$2,000,000 in one-time funds to the Division of Parks and Recreation for development, maintenance, and repairs.

Other Funds

- Increase \$1,000,000 in ongoing restricted funds to School and Institutional Trust Lands Administration for capital improvements.

Debt Service Budget

General Fund/School Funds

- Decrease \$1,841,900 in ongoing funds to the debt service budget.

- Provide \$1,682,400 in FY 2005 supplemental funds to the debt service budget. The increase is due to additional bonds authorized by the legislature during the 2004 General Session.

Other Funds

- Increase \$1,022,200 in ongoing Centennial Highway Fund to the debt service budget.
- Increase \$5,014,100 in ongoing Public Transportation System Tax Fund to the debt service budget.

FY 2006 PROPOSED LEGISLATIVE INTENT

- The issuance of the \$135,000,000 bond authorization for the Capitol restoration shall be limited to \$50,000,000 for FY 2006, \$50,000,000 for FY 2007, and \$35,000,000 for FY 2008.

CAPITAL BUDGET
All Sources of Funding

Governor Waller's Recommendations									
	Actual FY 2004	Authorized FY 2005	Supple- ments	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006	FY 2006 Bond	
Plan of Financing									
General Fund	\$85,455,900	\$90,588,100	\$21,867,000	\$112,455,100	\$89,048,100	\$2,000,000	\$91,048,100	\$0	
School Funds	44,788,900	44,288,900	80,133,000	124,421,900	44,288,900	8,134,700	52,423,600	0	
Transportation Fund	231,599,300	225,792,700	0	225,792,700	218,719,500	2,977,500	221,697,000	0	
Federal Funds	290,815,900	161,135,100	1,270,000	162,405,100	150,184,100	6,528,000	156,712,100	0	
Dedicated Credits	20,600,500	1,575,000	0	1,575,000	1,575,000	0	1,575,000	0	
Mineral Lease	31,150,200	32,448,700	0	32,448,700	33,330,100	0	33,330,100	0	
Restricted and Trust Funds	23,682,600	27,674,000	3,484,000	31,158,000	24,623,000	1,688,000	26,311,000	0	
FY 2006 G.O. Bond	0	0	0	0	0	0	0	223,893,000	
FY 2006 Revenue Bond	0	0	0	0	0	0	0	7,867,000	
Transfers	(89,624,800)	(120,134,100)	0	(120,134,100)	(126,603,500)	(1,022,200)	(127,625,700)	0	
Other Funds	1,155,800	0	0	0	0	0	0	0	
Beginning Balances	14,251,300	9,440,600	0	9,440,600	230,000	0	230,000	0	
Closing Balances	(9,440,600)	(230,000)	0	(230,000)	0	0	0	0	
Lapsing Funds	(7,275,700)	(205,000)	0	(205,000)	0	0	0	0	
Total Financing	\$577,159,300	\$473,354,000	\$106,754,000	\$579,108,000	\$435,415,200	\$20,306,000	\$455,721,200	\$231,760,000	
Departments									
Administrative Services	\$44,584,700	\$50,067,900	\$25,621,000	\$75,688,900	\$43,976,900	\$16,871,200	\$60,848,100	\$142,867,000	
Econ. Dev./Human Res.	3,173,700	3,328,700	0	3,328,700	3,426,600	0	3,426,600	0	
Higher Education	0	0	78,133,000	78,133,000	0	0	0	18,893,000	
Natural Resources	21,335,100	20,092,100	1,000,000	21,092,100	12,899,200	3,000,000	15,899,200	0	
Public Education	27,788,900	27,288,900	2,000,000	29,288,900	27,288,900	0	27,288,900	0	
Transportation	480,276,900	371,576,400	0	371,576,400	347,823,600	434,800	348,258,400	70,000,000	
Total Budget	\$577,159,300	\$473,354,000	\$106,754,000	\$579,108,000	\$435,415,200	\$20,306,000	\$455,721,200	\$231,760,000	
% Change from Authorized FY 2005 to Total FY 2006							(3.5%)		

This table shows a summary of capital project costs for all departments and includes roads, General Fund appropriations to loan programs, state parks improvements, the Public Education Capital Outlay Program and economic development. The table on the following page shows only facility-related projects including the cost of each facility development or acquisition. For more detail on other projects, refer to the capital tables in the individual department sections.

CAPITAL FACILITIES BUDGET - FY 2006 Governor Walker's Recommendations

All Sources of Funding

	General Fund	School Fund	Transportation	Federal Funds	Restricted/Trust	Total Appropriated	Donations / Private / Institutional	C/D Bonds	SEDA Revenue Bonds	Total Project
CAPITAL FACILITY PROJECTS										
Administrative Services										
1 Statewide capital improvements	\$26,976,900	\$25,134,700	\$1,520,500	\$0	\$0	\$53,632,100	\$0	\$0	\$0	\$53,632,100
2 CPB - Capitalize donation	0	0	0	0	0	0	0	135,000,000	0	135,000,000
3 Corrections - CUCF expand educ. area	0	0	0	0	0	0	2,263,000	0	0	2,263,000 (a)
4 DABC - new downtown SL Civic store	0	0	0	0	0	0	0	0	3,221,000	3,221,000
5 DABC - new St. George store	0	0	0	0	0	0	0	0	2,323,000	2,323,000
6 DABC - new southwest SL County store	0	0	0	0	0	0	0	0	2,323,000	2,323,000
7 DNR - Loganfisheries experiment station	0	0	0	0	688,000	688,000	0	0	0	688,000 (b)
8 Nat. G.d. - 88th Civil Team Readiness Ctr.	0	0	0	2,068,000	0	2,068,000	0	0	0	2,068,000
9 Nat. G.d. - Joint Forces Hqtrs. addition	0	0	0	1,460,000	0	1,460,000	0	0	0	1,460,000
10 Nat. G.d. - 117th/120th Readiness Center	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000
11 Nat. G.d. - Special Forces Army add.	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000
Total Administrative Services	26,976,900	25,134,700	1,520,500	6,528,000	688,000	60,848,100	2,263,000	135,000,000	7,367,000	205,978,100
Higher Education										
12 UofU - hospital expansion and parking	0	0	0	0	0	0	87,300,000	0	0	87,300,000 (c)
13 UofU - College of Social Work bldg. add.	0	0	0	0	0	0	3,500,000	0	0	3,500,000 (d)
14 UofU - new humanities building - phase 1	0	0	0	0	0	0	11,100,000	0	0	11,100,000 (d)
15 UVSC - digital learning center	0	0	0	0	0	0	0	18,893,000	0	18,893,000 (e)
16 WSU - Union Building renovation	0	0	0	0	0	0	20,000,000	0	0	20,000,000 (e)
17 MATC - South County ATC	0	0	0	0	0	0	3,000,000	0	0	3,000,000 (f)
Total Higher Education	0	0	0	0	0	0	125,100,000	18,893,000	0	143,993,000
Transportation										
18 Vernal maintenance complex	0	0	1,457,000	0	0	1,457,000	0	0	0	1,457,000
Total Transportation	0	0	1,457,000	0	0	1,457,000	0	0	0	1,457,000
TOTAL CAP. FACILITY PROJECTS	\$26,976,900	\$25,134,700	\$2,977,500	\$6,528,000	\$688,000	\$62,305,100	\$127,363,000	\$153,893,000	\$7,367,000	\$351,428,100

(a) Private and public contributions
 (b) DWR Hatchery Maintenance Fund
 (c) \$32 million from foundation, \$12 million from bond, and \$13.5 million from hospital operation
 (d) Private donations and institutional funds
 (e) Student fees
 (f) Lease-purchase agreement with Nico School District

CAPITAL FACILITIES BUDGET - FY 2005 Governor Walker's Supplemental Recommendations
 All Sources of Funding

	General Fund	School Fund	Federal Funds	Restricted/Trust	Total Appropriated	Donations / Private / Institutional	Total Project
CAPITAL FACILITY PROJECTS							
Administrative Services							
¹⁹ Comptroller - CUCE 288 building	\$13,330,000	\$0	\$1,270,000	\$0	\$14,600,000	\$0	\$14,600,000
²⁰ Courts - Provo land purchase	225,000	0	0	0	225,000	75,000	300,000 (a)
²¹ DFCM - Richfield Regional Center	5,043,000	0	0	2,484,000	7,527,000	0	7,527,000 (b)
²² DHS - Developmental Center housing	2,575,000	0	0	0	2,575,000	0	2,575,000
²³ DNR - Fire Management Service facility	694,000	0	0	0	694,000	0	694,000
Total Administrative Services	21,867,000	0	1,270,000	2,484,000	25,621,000	75,000	25,696,000
Higher Education							
²⁴ UofU - Marriott Library renov. & ASES	0	48,488,000	0	0	48,488,000	22,700,000	71,188,000 (c)
²⁵ UVSC - digital learning center	0	18,857,000	0	0	18,857,000	0	18,857,000
²⁶ UBATC/USU - Vernal campus	0	10,788,000	0	0	10,788,000	2,697,000	13,485,000 (d)
Total Higher Education	0	78,133,000	0	0	78,133,000	25,397,000	103,530,000
TOTAL CAP. FACILITY PROJECTS	\$21,867,000	\$78,133,000	\$1,270,000	\$2,484,000	\$103,754,000	\$25,472,000	\$129,226,000

(a) Court funds
 (b) DWS Special Administrative Expense Fund
 (c) Private donations and FEMA Grant
 (d) Utah State Court has committed to fund 20% of the project

DEBT SERVICE
All Sources of Funding

Governor Walker's Recommendations							
Plan of Financing	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
General Fund	\$38,364,300	\$61,721,600	\$0	\$61,721,600	\$61,721,600	(\$1,841,900)	\$59,879,700
School Funds	17,164,300	17,164,300	1,682,400	18,846,700	17,164,300	0	17,164,300
Dedicated Credits	27,714,100	63,631,100	0	63,631,100	33,891,200	0	33,891,200
Restricted and Trust Funds	101,742,400	127,561,500	0	127,561,500	127,561,500	6,036,300	133,597,800
Transfers	3,812,100	0	0	0	0	0	0
Beginning Balances	16,004,400	12,841,000	0	12,841,000	9,141,000	0	9,141,000
Closing Balances	(12,841,000)	(9,141,000)	0	(9,141,000)	(7,054,600)	0	(7,054,600)
Total Financing	\$211,960,600	\$273,778,500	\$1,682,400	\$275,460,900	\$242,425,000	\$4,194,400	\$246,619,400
Programs							
Debt Service							
G.O. Bond Principal	\$111,810,000	\$136,285,000	\$0	\$136,285,000	\$138,371,400	\$3,523,600	\$141,895,000
G.O. Bond Interest	71,254,100	72,624,200	1,679,900	74,304,100	69,844,400	667,100	70,511,500
G.O. Bond Fees	1,282,200	94,200	2,500	96,700	95,000	3,700	98,700
Revenue Bond Principal	12,688,200	41,251,800	0	41,251,800	16,704,300	0	16,704,300
Revenue Bond Interest	14,601,200	23,339,100	0	23,339,100	17,253,300	0	17,253,300
Revenue Bond Fees	324,800	184,200	0	184,200	156,600	0	156,600
Total Budget	\$211,960,600	\$273,778,500	\$1,682,400	\$275,460,900	\$242,425,000	\$4,194,400	\$246,619,400
% Change from Authorized FY 2005 to Total FY 2006 (9.9%)							

GENERAL OBLIGATION BONDS OUTSTANDING

As of December 1, 2004

Bond Series or Bond Authorization	Original Amount	Final Maturity Date	Outstanding Principal as of 1-Dec-04	Amount Exempt From Statutory Debt Limit	Unissued Bond Authorizations ^(a)
Capital Facility Projects					
2001B Series	\$13,750,000	July 1, 2005	\$3,000,000	\$0	
2002A Series	129,640,000	July 1, 2007	129,640,000	0	
2003A Series	138,020,000	July 1, 2010	138,020,000	0	
2004B Series	93,585,000	July 1, 2011	93,585,000	0	
2002 Authorization HB 252 (Adair) - USU engineering building					\$6,206,300
2004 Authorization HB 2 (Pace) - various projects					9,142,400
Capital Facility Projects Subtotal			\$364,245,000	\$0	
Highway Projects					
1997E Series	\$135,000,000	July 1, 2007	\$29,775,000	\$29,775,000	
1997F Series	205,000,000	July 1, 2007	49,475,000	49,475,000	
1998A Series	210,000,000	July 1, 2008	69,100,000	69,100,000	
2001B Series (Refunding - \$208M)	334,250,000	July 1, 2009	173,575,000	173,575,000	
2002A Series	151,560,000	July 1, 2011	38,350,000	0	
2002B Series (Refunding)	253,100,000	July 1, 2012	251,065,000	251,065,000	
2003A Series (Refunding \$128.7M)	269,385,000	July 1, 2013	177,100,000	174,100,000	
2004A Series (Refunding)	314,775,000	July 1, 2016	314,775,000	125,315,000	
2004B Series	47,050,000	July 1, 2019	47,050,000	47,050,000	
2000 Authorization SB 273 (Steele) - Interstate 80 interchange at 5600 West					6,000,000 ^(b)
2003 Authorization HB 260 (Harper) - Salt Lake County 1/4 of 0.25 percent					26,398,200 ^(b)
Highway Projects Subtotal			\$1,150,265,000	\$919,455,000	
Total General Obligation Bonds Outstanding			\$1,514,510,000	\$919,455,000	
Plus Unamortized Premiums			107,562,700	60,399,700	
Less Deferred Amount on Refunding			(25,472,500)	(19,177,400)	
Total General Obligation Bonds Payable			\$1,596,600,200	\$960,677,300	
Debt Per Capita ^(c)			\$647		

(a) Bonds authorized but not yet issued. (b) These bond authorizations are exempt from statutory debt limit calculations.
(c) Based on 2004 population estimate of 2,469,230.

Constitutional Debt Limit, Utah Constitution Article XIV, Section 1

Total Fair Market Value (FMV) of Taxable Property	<u>\$ 176,540,975,839</u>
Constitutional Debt Limit (1.5%)	\$ 2,648,114,600
Less: Outstanding General Obligation Debt	<u>(1,596,600,200)</u>
Additional Constitutional Debt Incurring Capacity of the State	<u>\$ 1,051,514,400</u>

Limits general obligation debt to 1.5 percent of the total FMV of taxable property. The FMV of taxable property is based on the Utah Property Tax 2003 Annual Statistical Report.

State Appropriations and Tax Limitation Statutory Debt Limit, Title 63, Chapter 38c, Section 402

Fiscal Year Ending June 30, 2005 Appropriation Limit	<u>\$ 1,955,887,100</u>
Statutory General Obligation Debt Limit (45%)	\$ 880,149,200
Less: Outstanding General Obligation Debt	(1,596,600,200)
Plus: Statutorily Exempt General Obligation Highway Bonds	<u>960,677,300</u>
Remaining Statutory G.O. Debt Incurring Capacity	<u>\$ 244,226,300</u>

Limits outstanding general obligation debt to no more than 45 percent of the maximum allowable limit on appropriations from the General Fund and from non-Uniform School Fund income tax revenues.

STATE BUILDING OWNERSHIP AUTHORITY REVENUE BONDS OUTSTANDING

As of December 1, 2004

Bond Series or Bond Authorization	Original Amount	Final Maturity Date	Outstanding Principal as of 1-Dec-04	Amount Exempt From Statutory Debt Limit	Unissued Bond Authorizations ^(a)
1992AB Series	\$27,580,000	August 15, 2011	\$13,650,000	\$0	
1993A Series	6,230,000	January 1, 2013	3,650,000	0	
1994A Series	30,915,000	May 15, 2005	1,895,000	0	
1995A Series	93,000,000	May 15, 2007	11,860,000	0	
1996AB Series	61,600,000	May 15, 2007	9,020,000	0	
1997A Series	4,150,000	May 15, 2008	735,000	0	
1998A Series	25,710,000	May 15, 2008	4,830,000	1,945,000	
1998B Series	23,091,500	May 15, 2005	30,799,300	0	
1998C Series (Refunding)	105,100,000	May 15, 2019	104,860,000	0	
1999A Series	9,455,000	May 15, 2009	1,825,000	0	
2001A Series	69,850,000	May 15, 2021	69,850,000	0	
2001B Series	25,780,000	May 15, 2024	25,355,000	0	
2001C Series	30,300,000	May 15, 2022	30,300,000	0	
2003 Series (Refunding \$4.455M)	22,725,000	May 15, 2025	22,725,000	0	
2004A Series (Refunding \$19.095M)	45,805,000	May 15, 2027	45,805,000	0	
2004B Series (Refunding)	8,920,000	May 15, 2013	8,920,000	0	
1999 Authorization SB 2 (Evans B.) - Human Services Brigham City office					\$2,510,000
2000 Authorization SB 235 (Suazo) - State Fair Park multipurpose building					10,500,000
Total State Building Ownership Authority Revenue Bonds Outstanding			\$386,079,300	\$1,945,000	
Plus Unamortized Premiums			6,154,000	\$0	
Less Deferred Amount on Refunding			(2,565,600)	0	
Total State Building Ownership Authority Revenue Bonds Payable			\$389,667,700	\$1,945,000	
Debt Per Capita ^(b)			\$158		

(a) Bonds authorized but not yet issued.
(b) Based on 2004 population estimate of 2,469,230.

State Building Ownership Authority (SBOA) Statutory Debt Limit, Title 63B, Chapter 1, Section 306

Total Fair Market Value (FMV) of Taxable Property	<u>\$176,540,975,839</u>
Statutory Debt Limit (1.5%)	\$ 2,648,114,600
Less: General Obligation Debt	(1,596,600,200)
Less: SBOA Lease Revenue Bonds	(389,667,700)
Plus: Statutorily Exempt General Obligation Highway Bonds	960,677,300
Plus: Statutorily Exempt SBOA Lease Revenue Bonds	<u>1,945,000</u>
SBOA's Additional Debt Incurring Capacity	<u>\$ 1,624,469,000</u>

Limits general obligation and SBOA debt to 1.5 percent of the total FMV of taxable property. The FMV of taxable property is based on the Utah Property Tax 2003 Annual Statistical Report.

