



STATE OF UTAH

Annual Budget 1981-82

BUDGET IN BRIEF

INCLUDING GOVERNOR SCOTT M. MATHESON'S BUDGET MESSAGE

AND STATE OF THE STATE

JANUARY 1981

Capital + Dev. prog.

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ANNUAL BUDGET 1981-82**

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AND
STATE OF THE STATE**

January 1981

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January 12, 1981

Dear Members of the Forty-Fourth Legislature:

The Budget-in-Brief contains the Governor's Budget Message, the State of the State, and summary tables of the Governor's budget recommendations for fiscal year 1981-82. The Governor's detailed recommendations are contained in the Annual Budget delivered to you in December, 1980.

Some modifications in the Annual Budget were made to reflect recent revenue and expenditure information, and the 1980-81 authorized fiscal year was adjusted to reflect the 3.5 percent budget cut in the General Fund and Uniform School Fund and the 7.2 percent cut in the Transportation Fund. The modifications are reflected in the summary tables in the Budget-in-Brief.

Also included are the Governor's proposals for Severance and Gas Tax increases, a proposed Bonding List, current and proposed allocations for mineral lease revenues, and a summary of major programs effecting local government.

The State Budget Office remains available to you for any additional information.

Sincerely,

James Edwin "Jed" Kee
State Budget Director

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Contents

Governor's Budget Message	1
Governor's State of the State	9
Adjustments to Governor's Annual Budget 1981-82	15
State Fiscal Plan — General Fund and Uniform School Fund	17
State Fiscal Plan — All Unrestricted Sources	18
Summary of Governor's Recommendations — General Fund and Uniform School Fund (Unrestricted)	19
Summary of Governor's Recommendations — All Unrestricted State Sources (General Fund, Uniform School Fund, Transportation Fund)	20
Summary of Governor's Recommendations — Total Expenditures (All Funding Sources)	21
Summary of Plan of Financing	22
Forecast of Salient Economic Indicators	24
Comparative Revenue Estimates	25
The Budget Dollar	26
Mineral Lease Account: Current and Proposed Allocations	30
Suggested Actions on the Severance Tax (Mine Occupation Tax): Expected Revenue and Proposed Expenditures	31
Suggested Actions on Transportation Fund Taxes: Expected Revenue and Proposed Expenditures	32
Proposed Building Bond List	33
State Participation in Selected Local Programs	34
Proposed Supplemental Appropriations Act	37

Governor's Budget Message

President Ferry, Speaker Bangerter, Senators and Representatives, Ladies and Gentlemen . . .

The budget I presented to the Legislature and the public on December 22, 1980 represents a total recommendation of \$1 billion 684.3 million for fiscal year 1981-82. You have had an opportunity to examine the Budget Document in detail, and today, I would like to highlight certain aspects of the budget and my perception of the major fiscal issues facing our State.

This budget asks for no general tax increase and recommends an increased level of expenditures over last year's appropriations of about half the current rate of inflation. This is the third consecutive budget I have presented to you that falls below the inflation rate. In the three major funds, the General Fund, Transportation Fund and Uniform School Fund, my expenditure recommendation of \$946.8 million is only \$53 million above the total level you appropriated for the current fiscal year just 11 months ago, a total increase in available State general revenue of less than 6 percent. This sparse increase leaves us with very little new State money with which to fund State programs.

Even when we account for this year's estimated shortfall in the Transportation Fund of approximately \$6.6 million and the 3.5 percent reduction in the General Fund and Uniform School Fund, adopted by the Special Session of the Legislature in December, 1980, the recommended expenditure level from all funding sources for fiscal year 1981-82 is only 8.6 percent above the expected level of expenditures this year.

Economic Uncertainty

There were tremendous constraints in putting together this budget for fiscal year 1981-82. The future economy of the nation and State remain uncertain. The Utah economy in 1980 was markedly different than the economy in the late 1970's. Contrasted with employment growth of 7.2 percent in 1978, growth in new jobs fell to less than 2 percent in 1980. Automobile sales and housing starts

have sunk far below 1978 levels and below our estimates made just last year.

The once buoyant Utah consumer, besieged by inflation, lower credit availability and higher interest rates, is struggling to make ends meet. In two years, the price of gasoline has doubled, and the costs of utilities, housing payments and other goods and services, have risen dramatically, reducing consumer buying power.

Revenue Projections

This all translates into a slower than expected rate of growth in sales tax and income tax revenue and reduced gasoline consumption which, in turn, has led to an actual decline in motor fuel revenue in the Transportation Fund.

We do expect the economy to brighten somewhat in 1981. However, continuing high interest rates, unstable world oil prices and a new national administration heighten the uncertainty. We question our ability to project revenue with any degree of accuracy. For the first time, however, the State Budget Office and the Tax Commission have developed joint revenue projections for the current fiscal year and fiscal year 1981-82. Basic assumptions which were used to project revenue are explicitly stated in the Budget Document. We will watch developments closely during the next few months to see if our assumptions hold up. If the national or local trends are discouraging, we will have to revise our assumptions and revenue projections. It would be a grievous mistake for us, again, to overestimate revenue and force still more mid-year budget cuts.

Special Session Action

The budget was a further challenge because of the revenue shortfall in the current 1980-81 fiscal year and my uncertainty over legislative actions in the Special Session in December. The budget was prepared on the assumption that the Legislature would eliminate, or at least postpone, the Tax Rebate Program for the current fiscal year and for fiscal year 1981-82. The Legislature opted

for a one-year extension. I recognize the sensitivity of this issue but I must again ask you to terminate or postpone indefinitely the Rebate Program.

Inflation continues as a major force in driving agency budgets. Budget cuts taken by most State agencies over the last two years have eroded their ability to cope with cost increases. The Department of Transportation has suffered the most seriously. These cuts have diminished services of State agencies and institutions of education. Capital outlay was postponed; travel and current expenses cut back. Combined with the effects of inflation, the cuts were real and painful. This budget attempts to provide realistic increases of 8 percent (still below the rate of inflation) for most travel, current expenses and capital outlay.

Future Needs

Despite these constraints, we would be derelict in our duty if this budget becomes a status quo document, bereft of any imagination or foresight for the State's needs or coming problems. This General Session gives us a little more time, allows us to reflect on existing programs and to examine these programs in light of the future needs of our State.

We need to be bold; to look at the future; to plot a firm course ahead. One of the critical areas not adequately addressed in my budget is the State's capital needs. We cannot continue to finance the State's building needs out of surplus or through a haphazard bonding program. That is why, for the first time, there is a separate Capital Budget section in my Budget Document. The \$200 million spent yearly on capital expenditures justifies, in my judgment, a separate legislative appropriation sub-committee and more consistent scrutiny in fiscal planning by both the Executive and Legislative branches.

Four Budget Goals

I hope you will consider four major goals in the adoption of an Appropriation Act for fiscal year 1981-82.

First, we need to provide reasonable pay increases for public sector employees, State workers, public school teachers, and faculty and staff at institutions of Higher Education.

These people, as most Utahns, are wracked by inflation and deserve help in easing that pressure.

Second, we must begin to handle the mounting workload pressures of State agencies and Higher Education. Though we may not adequately address all pressures, there is enough flexibility in my proposed budget to provide help in the most critical areas.

Third, I ask you to begin with me a systematic re-evaluation of State programs. During the 1980's, we must begin discarding those programs that provide marginal benefit in order that we might adequately fund those programs most important to our State's well-being.

Fourth, and most important, we must begin to plan for the future of our State and its capital needs. The Agenda for the Eighties Commission made a good start and this session should reinforce its efforts.

State Salary Compensation

I would like to discuss the four major challenges of this budget in more detail. First, I ask you to provide adequate salary compensation for public sector employees to allow them to partially keep pace with the current rate of inflation. My proposals do not provide parity with the increase in inflation, but they do provide reasonable compensation, given our resource limitations.

At the heart of my recommendation is a proposal to pick up 3.95 percent that State employees, teachers and Higher Education employees now pay into the Retirement System. The rationale is ample and compelling. It provides a gain in take-home pay to employees of the full 3.95 percent. And, while the effect to employees is the same as providing them approximately a 5 percent cost-of-living increase in salaries, the cost to the State is only about 3 percent of total salaries *and* benefits because the State is not burdened with extra benefit costs normally associated with a cost-of-living increase.

Other private sector companies cover the full cost of retirement. And, in fact, our own salary survey indicates that State employees are somewhat behind the private sector employee benefits. The rest of the salary recommendation varies somewhat with each public sector employee group. Details are included in the Budget Document.

For State employees, I am recommending we pick up the full cost of employee health insurance. This would bring State employees into parity with Public and Higher Education employees and many private companies. Public employees currently pay 20 percent and the State 80 percent for employee health insurance. Also recommended in the standard budget are the funds to provide for the continuing cost of promotions made during the current year, and for productivity and career-ladder advancements for fiscal year 1981-82.

The Office of Personnel Management is also asking for authority to move to a new State pay plan which provides long-run savings to the State. However, rather than provide funds for the one-time cost of moving to the new pay structure, I am recommending a gradual implementation through the fiscal year and asking agencies to absorb that cost within their standard budgets.

For Public Education employees, I am recommending that 4 percent of the recommended 4.2 percent increase in the value of the weighted pupil unit cover a 2 percent cost-of-living for all teachers, and 2 percent to cover the increments for half of the teachers eligible for longevity increases.

For Higher Education, I am recommending the Regents' request of 2.8 percent for merit increases and promotions and the Regents' equity recommendation, which provides greater equality with State workers and comparable institutions. This adds about 1.9 percent of total salaries to the Higher Education budget.

When all my salary proposals are considered and totaled, the cost to the State is less than 8 percent of total salaries and benefits, with individual salary increases for public sector employees varying from 4 percent to 10 percent, depending on productivity advancements and other factors.

Workload Pressures

Increases in salaries for public sector employees are important because we have not had significant money to relieve increasing workload pressures in State agencies and institutions of Higher Education. In general, the State worker, public school teacher and Higher Education employee have done an outstanding job in accommodating increased workloads without sacrificing the quality of service.

In my 1981-82 budget, I do accommodate the most critical workload pressure. In Public Education, the weighted pupil unit formu-

la and the Minimum School Program automatically accommodate for increased student population. This year, we have 10,300 additional students in Kindergarten through Grade 12; 1,500 more than expected. Next year, we anticipate nearly 14,000 additional students.

Higher Education institutions have also experienced much heavier enrollment pressure than anticipated — in 1979, an increase of 1,600 students over the previous year, and in 1980, a further increase of 2,750 new students. Institutions have accommodated this additional enrollment by increasing students in classrooms and restricting many classes. We need new faculty members in our institutions of Higher Education and, therefore, I have supported a high percentage of priority recommendations of the Board of Regents.

The continuing recession has placed additional pressures on the Departments of Social Services and Health. The caseload in Public Assistance is up 22 percent. I am recommending an additional 31 workers to partially accommodate this increase. Additional Parks personnel are also recommended in the Division of Parks and Recreation to accommodate increasing pressures on our parks, and the opening of five new facilities which become operational this year. In addition, many regulatory agencies have workload needs resulting from increases in population and employment and additional responsibilities placed on them by the Legislature. These workload increases are paid largely through fees assessed to the regulated companies.

Even while accommodating these workload increases, overall State employment shows virtually no net increase over the current year.

Program Re-Evaluation

As I developed this budget, it became apparent that we could not provide reasonable salary increases and handle critical workload needs without re-evaluating our existing services to determine where we could reduce or eliminate programs. I have made recommendations which eliminate a number of programs and forego increases in many worthwhile areas.

Some of the recommendations are controversial; for example, in Public Education,

I have recommended the elimination of a number of special purpose programs that have considerable support from many groups. However, my suggested cuts do not go to the heart of the Kindergarten through Grade 12 program, which I feel we must fund with adequate dollars, including adequate salary increases for teachers. Programs recommended for total elimination include Elementary Music, Elementary School Guidance and Extended Year, Day and Summer programs in Public Education. School districts can continue to carry on these programs with local resources.

In Higher Education, I have recommended the elimination of the General Fund subsidy for Continuing Education and propose increasing tuitions to completely cover costs. There are many critical needs in our Higher Education system that I believe are more important.

I have recommended limiting many programs that support local government. I do this, not out of choice, but because of resource limitations. Many local programs, such as Low-Income Housing, Law Enforcement, Water and Sewer Funds, and others, deserve stronger State support.

I have also proposed eliminating the Department of Systems Planning, as proposed by the Madsen Executive Reorganization Committee, at a savings of \$100,000. All of my program reductions are explained in more detail in the Budget Document.

Planning for the Future

Even though this budget is constrained, we must plan for the future of our State, with its increasing population and employment growth. We do not have a plan to finance the \$4 billion worth of capital needs estimated for this State during the 1980's. There are, however, some options to strengthen the capital portion of the budget, and I would like to suggest them for your consideration.

The Transportation Department budget is austere to the point of not addressing critical highway needs. This is true, even though I suggest freeing \$4 million of Transportation funding from the Highway Patrol and substituting General Fund money. The current rate of highway taxes will not support an adequate State construction and rehabili-

tation program. Cities and counties are experiencing similar funding problems for their road systems.

I support the Department of Transportation's proposals to increase the gasoline tax from 9 cents to 12 cents; increase car registration fees from \$5 to \$10; and double the current \$5 drivers license fee. This will provide \$8.1 million for local road needs and \$19.6 million for State construction and maintenance, and the restoration of the Safe Sidewalk program. These increases are the number one priority of local government.

Severance Tax

Now is the time for across-the-board increases in the State Severance Tax. We are an energy-rich State, whose resources will play an integral role in national energy policy throughout the 1980's. We want to encourage energy development, yet insure that the State receives its fair share from the extraction of its mineral resources.

I recommend consideration of increasing the Mine Occupation Tax on oil and gas from 2 percent to 4 percent; the doubling of the Mine Occupation Tax on metals from 1 percent to 2 percent and the inclusion of non-metals, such as coal, salt, stone, oil shale, sand and gravel. I believe achieving a 4 percent rate for our oil and gas and 2 percent for other minerals is fair and competitive with surrounding states. The *Budget-in-Brief*, which you will receive by the end of the week, suggests allocations for this additional revenue.

I propose that the State set aside one-fifth of all Severance Tax proceeds to a Capital Construction Account which would cover additional debt service for a needed bond issue or help fund critical capital needs on an on-going basis. A Capital Construction Account would provide on-going and increasing funds for the State's capital needs.

I propose that all new revenue generated from the Coal Severance Tax go into the Community Impact Account to help local governments cope with the costs associated with coal and mineral development. Severance Tax revenue could also restore some of the cuts that were necessary to balance the budget, including increased funding to the Cities Water Loan Fund, the Water Con-

struction Fund, the Rangeland Fund, and to Low-Income Housing. I hope that the Legislature uses the new monies realized from severance taxes to help satisfy the State's capital needs and assist communities impacted by resource development.

Revenue Stabilization Fund

Two other important items for long-range planning are the need to establish a reserve Revenue Stabilization Fund to meet revenue shortfalls and the necessity to re-evaluate our policy towards local school building needs.

For the last two years, I have suggested the need to establish a reserve fund. After two years of revenue shortfalls and in the face of continuing economic uncertainty, the establishment of such a fund is essential. I suggest that any surplus revenue at the end of a fiscal year (up to one percent of the General Fund and Uniform School Fund) be placed into a Revenue Stabilization Fund for use *only* if there is a revenue shortfall below the expectation of the Legislative Appropriation Act.

I have set aside \$17.7 million for the State's contribution to local school building needs; the same appropriation level as last year. However, I suggest re-evaluation of the current formula to require greater utilization of existing school buildings, including year-round schools. I also commend the suggestion of Senator Warren Pugh for a pilot program to increase productivity in the schools. We cannot afford the projected \$2 billion worth of new construction needs; we simply must explore alternatives in the Public School System to utilize our schools more effectively.

Private education can help meet growing elementary and secondary school needs. I suggest we examine an incentive to parents to use private education by allowing them a credit on their income taxes. The credit could equal 50 percent of the value of the weighted pupil unit as set by the Legislature beginning in 1982. This would not affect the State's budget until fiscal year 1982-83 and would allow proper time for planning. A doubling of students in private education would result in no net cost to the State, and any increase above that would result in savings to the State.

Local Property Tax

My budget is again comprehensive, since it includes the local property tax contribution to the State Minimum School Program. While it is called a local tax, it is mandated by the State in the School Finance Act and supports the State's school program.

The decision of the State Tax Commission to index all property assessments to 20 percent of the 1978 value was necessary to provide equality among counties. We have conducted our current local property revaluation program since 1969 but have not succeeded in achieving equity. The Tax Commission's decision is necessary because of its constitutional and statutory responsibility and because of federal legislation requiring equalization between local and State assessed properties. Indexing accomplishes this purpose, but it does cause an increase in property taxes for homeowners in many counties and a partial shift in taxation from State to locally-assessed property.

While the rationale for indexing is rooted in equity, the actions produce \$34 million that helps balance the State's Budget. A similar revenue increase occurred the year Salt Lake County was revalued. The Legislature can take a number of actions to ease the burden on homeowners and still provide the necessary equity.

First, the Legislature can restrict the tax gain to localities by limiting the total 1981 property tax revenue to a certain percent above 1980. Second, the Legislature can equalize the local school levy across all counties. Currently, counties undergoing revaluation would have a lower tax rate than counties that were indexed. This would reduce the school mill levy by about four-fifths of one mill. Third, the Legislature could further reduce the school mill levy by increasing the Corporate Franchise Tax which is below the national average. An increase from 4 percent to 5.5 percent in Corporate Taxes would provide \$15 million to allow a further 2 mill reduction. The reduced property taxes on business from the indexing and mill reduction would largely offset the increase in Corporate Franchise Tax. These actions would reduce the local school levy to about 21 mills and actually reduce property taxes for a majority of homeowners in the State.

Finally, the State can gradually shift away from the property tax to the Income Tax and Corporate Franchise Tax as a source of education funding. Two years ago, I proposed a constitutional change to allow the State to pick-up more than 75 percent of the operations and maintenance of the public schools. Even though the comprehensive Tax Article Revision was defeated, I believe this proposal would pass if placed separately on the ballot in 1982 and I recommend it for your consideration.

I believe we must continue to re-evaluate how we handle our property assessment program. The current State program of local assessment began in 1969. We need to eventually turn the revaluation responsibility back to the localities, but I believe we need to finish cycle 2 of revaluation, computerize the data and give local government adequate tools before we return the program. Passage of a Real Estate Transfer Act would quicken State reappraisal and provide better ongoing data to local government when the State has completed its program. The importance of the State Tax Commission's revaluation program is demonstrated by the fact that the local school property tax levy provides about 11 cents out of the State Budget dollar.

Supplementals

Because of the actions I took last year in reducing expenditures 4 percent, \$18 million was saved, and the State ended with a small surplus over legislative expectations. All of this surplus is necessary to handle critical supplemental needs, the largest in public assistance. Details are included in the *Budget-in-Brief*.

Tax Rebate Program

I do not believe we can formulate a legitimate budget and address the needs of the State without terminating or indefinitely postponing the Property Tax Rebate Program scheduled to go into effect for the 1981 calendar year. Two years ago, I stood before the Legislature and presented a plan of tax relief for Utah's citizens. The Legislature adopted a different program. But that is not the critical distinction.

The tax relief program adopted in 1978 was possible because of several years' experience with revenue surpluses and the prospect of continued dynamic growth. No shadows were on the horizon. That is not true today. Our surpluses have vanished. Even had the Legislature adopted my program of tax relief, my message would be the same: We cannot afford it now. We cannot afford it for fiscal year 1981-82.

Today we can only artificially create a surplus, through across-the-board cuts or by denying State employees and teachers a fair salary increase. The only legitimate method to provide a surplus is through a re-examination and elimination of \$40 million worth of programs, because \$40 million is the estimated cost of the Property Tax Rebate Program for fiscal year 1981-82.

I ask you not to artificially create a one-time surplus through incremental cuts which whittle away at the muscle, fiber and marrow of all State programs. If, in your judgment, a Tax Rebate Program is more critical than \$40 million worth of programs, then I am willing to work with you to re-examine State programs and eliminate those you consider less essential. In doing so, let us be upfront and honest in what we are doing; we are reducing State services in order to provide tax relief.

State government is not bloated. Fifty-four cents of every budget dollar goes to finance Public and Higher Education, and another 13 cents of each dollar finances medical and public assistance for the needy. We have a strong historical basis for these programs and they must be funded at an adequate level.

I believe the 1980's will find us continually re-evaluating programs we have grown to accept as part of the status quo. I may not always agree with your choice of program reductions, but at least I recognize this as an appropriate approach to solving State Budget problems. There are no easy solutions. We are not likely to see a change in our State's attitude towards large families. Thus, we face a growing school-age population and critical needs in State and local government. These needs will occur before the growth helps generate additional revenue. We may only be able to provide for these needs at the expense of programs less critical to the State.

Conclusion

1981 starts as a challenging year for the Executive branch and for the Legislative branch. The 1981-82 budget is a challenging budget. On the one hand, we have limited resources, yet we have a responsibility to State workers, to the growing number of new school-age children, and to ourselves and our posterity in planning for future growth of the State.

In this Budget Message I have presented some concepts and alternatives for you to consider. I am sure the Legislature will respond, revise and begin to shape the policies that will guide the State in the 1980's. I hope you will accept the challenge and I want to work with you. We may disagree on details, but let us begin the dialogue. We cannot afford to wait.

Thank you.

Governor's State of the State Message

Speaker Bangerter, President Ferry and Members of the 44th Utah Legislature:

Introduction

In fulfillment of the constitutional requirement that the Governor "shall communicate by message the condition of the State to the Legislature at every regular session and recommend such measures as he may deem expedient," I appear before you to present the State of the State.

In considering a theme for my remarks to you this morning, the opening lines from Dicken's *A Tale of Two Cities* kept imposing themselves: "It was the best of times, it was the worst of times."

Certainly few decades will be as momentous for our State as the one which we have entered. There is the possibility that Utah could emerge from this decade in a disheveled fashion that would be unrecognizable to all of us. That would be a senseless tragedy. Senseless, in that I believe we have the will, the confidence and the ability to shape our own destiny and to manage our growth. And tragic, in that I believe we have in this State natural and human attributes that are unique and irreplaceable.

But events are upon us. Decisions will be made before this Legislature meets again regarding the scope and extent of synthetic fuel development, over-thrust belt exploration and development, energy facility siting, MX Missile Deployment, long-term coal export agreements and a new era in public land policies. The State needs the tools to more effectively stimulate and manage growth, not only to provide for ourselves and our posterity, but also to maintain those qualities of our collective experience that make Utah a special place to live. Ultimately, whether growth enriches or impoverishes the quality of our lives depends on how well we manage it.

This is the central theme that has emerged from the public hearings, Task Force reports and Steering Committee recommendations of the Agenda for the Eighties that is now concluding. This project was the public participation phase of a planning process

that began over two years ago and involved thousands of Utahns in its deliberations. The summary report has been made available to each of you and it is worthy of your careful consideration.

Population and Economic Growth

As we enter the 85th year of statehood, the census results show that Utah has 1,461,037 people, a 37.5 percent increase over our population of 1970. This made Utah the fifth fastest growing State in the union during the past decade.

To put things in perspective, Utah did not reach a population of one million until 1966, but we estimate an increase to two million by 1992, an interval of only 26 years. By the end of this century, assuming we choose to follow a high development policy, Utah will have a population of 2.45 million, which is another million people over our present population. The implications for public services are enormous.

And, since the vast majority of this increase will be the result of natural population growth and not in-migration, it will have a staggering effect on Public Education as children surge through the Public School System in increasing numbers.

In my message to the 43rd Legislature two years ago, I called for a long-range educational policy that would address our burgeoning school population and its capital and curriculum needs. The State Board of Education launched one year ago a statewide education planning effort which intends to make its final recommendations in November of 1981. I believe that we are on the verge of a crisis in Public Education and that the Budget Session of this Legislature in 1982 should be prepared to receive and consider the recommendations of the State Board on how we should resolve them. We must be equal to this task if Utah's traditional commitment to quality education is not to be compromised.

The economy of this State must be strong enough and diverse enough to absorb these students when they complete their education. Job creation, therefore, will remain

one of our primary objectives. In this regard, the economic downturn of the past two years continues to be a real source of concern. In 1978, the Utah economy generated nearly 37,000 new non-aricultural jobs. In 1980, however, only 5,600 new jobs were created in Utah.

Even though the four-year period from 1977 to 1980 shows a 5.7 percent increase in jobs, and we suffered through an eight-week copper strike during 1980, we cannot ignore the fact that Utah's economy is not as immune from national trends as we perhaps thought.

This should come as no surprise when we consider how the structure of the Utah economy has shifted from public to private sector employment in recent years. From 1967 to 1977, the private sector provided 80 percent of all new jobs in this State. This is a healthy trend and one that we will continue to encourage. But as we more closely approximate the public/private employment ratios that exist nationally, we become more susceptible to national trends and lose the insulation from economic fluctuations that public sector employment provides. Still, Utah's annual average unemployment rate for the biennium 1979-1980 was nearly one and one-half percent lower than the national average and among the lowest in the West.

National economic indicators remain uncertain on the depth and duration of the present recession. However, this much is certain: Utah requires an expanding and diverse economic base in order to provide basic public services to our demographically unique population with its high ratio of children to adults.

The seriousness of the dilemma before us of exploding population growth and rising demand for public services in the face of an interruption in the dramatic economic expansion of the past decade was aptly stated in the summary report of the Agenda for the Eighties: "The plain fact is that we must encourage but manage economic growth to accommodate Utah's present population growth. At the same time, our efforts to manage economic growth must not suffocate our promising potential for expansion of attractive jobs and industries and the vital increase in both public and private revenues such expansion will bring."

Community and Natural Resource Development

It will be the continued policy of this Administration to emphasize the development of our natural resources as the fundamental method of increasing our wealth. We have identified between 20 and 30 major energy and natural resource projects that are planned and could be under construction within the next two years in this State. I am recommending that you enact legislation that will provide for expedited review of these major projects. This would not constitute a waiver of currently required State permits, but it would provide a coordinated and systematic review of all permit applications under a procedure that would include federal land managers through negotiated cooperative agreements.

I made reference earlier to an emerging new era in public land policies. At his confirmation hearing last week in Washington, Interior Secretary-Designate Jim Watt spoke of the need for a good neighbor policy between State and local governments and the federal land managers who have such enormous influence in the public land states of the West. I believe that the cooperative agreements that the State of Utah has already negotiated with the Bureau of Land Management, the Forest Service, and the National Park Service can provide the basis for an effective land management policy that will allow prudent development to occur. The expedited review process I have asked you to adopt can provide the basis for cooperative agreements between the State and the industries who wish to develop our energy resources.

We must have a resource development policy that provides local government with front-end funds to mitigate the shock of sudden growth. The chronic problem is the time-lag between the arrival of impacts associated with a project and the receipt of tax revenues from the project. I am therefore recommending that the Natural Resources Development Act be amended to enable local government to negotiate with project sponsors for the pre-payment of property taxes in order to provide front-end funds for mitigation. This is entirely consistent with the precedent established with the Inter-

mountain Power Project that energy companies will be expected to help plan for and mitigate the adverse impacts they create.

It is imperative that the State acknowledge and accept its responsibilities toward local governments who are attempting to cope with rapid growth. The quality of our lives is heavily influenced by the amenities that are available to us in the cities and towns where we live. I would commend to you, in its entirety, the Urban Policy that was adopted by the Utah League of Cities and Towns at its annual convention last year. This is a remarkable statement. Its findings and recommendations provide the rationale and the need for a comprehensive urban policy established by the Legislature that urges the adoption of several innovative policies including the preservation of open spaces and agricultural land along the Wasatch Front. I urge you to move in that direction by enacting enabling legislation allowing local governments to adopt subdivision standards including the imposition of impact fees. I also urge you to adopt legislation requiring that special service districts comply with the provisions of the Boundary Commission Act adopted in the last General Session.

To further assist local governments, legislation will be introduced to assist growth impacted communities. They will authorize a cooperative and innovative use of the State's capability and are patterned after Alberta's experience in impact mitigation and new community development. Those legislators who accompanied me on a visit to the Athabasca Tar Sands Project in Northeast Alberta last summer, will recall how the provincial government was able to use its resources as leverage to prepare itself, and its communities, for the stress and sudden change of rapid growth. After our return, I established a task force to adopt those aspects of the Alberta experience that could be beneficial to Utah. Legislation has been prepared that would authorize the Board of State Lands to use Trust Lands for planned unit developments within an impact area and to invest the permanent trust funds in capital facilities in these areas. Another bill would establish an agency to issue bonds in behalf of local government, thereby using combined community resources to provide economies of scale for smaller jurisdictions.

There is one other management tool that I believe is essential. As I have indicated, there are between 20 and 30 major projects that could be under construction in Utah before the next General Session of the Legislature convenes. These projects represent a cumulative peak work force of 25,000 and billions in capital investment. The sheer force and magnitude of these numbers require that Utah adopt energy facility siting legislation in order to shape the rate and direction of growth in this State. The proposed legislation will insure that the location, construction and operation of major facilities be done in a sensible and orderly manner. I am concerned that if we fail to rationally site major projects, our limited resources of air, land and water will sustain significantly less development over the long-run and certainly with more costly environmental consequences.

We must also insist that the State be fairly reimbursed for the depletion of its non-renewable resources. I, therefore, urge you to increase the royalty payment on oil and gas production as well as the Severance Tax on these and other natural resources. I also urge you to place a modest Severance Tax on coal. I will outline in more detail in my Budget Message tomorrow the rationale, incidence and proposed uses of these payments and taxes.

The programs that I recommend to be financed in part through an increase in Severance Taxes, the Rangeland Development Program, Cities Water Loan Fund, the Water Construction Fund, and the Low-Income Housing Program, have in common a commitment to reinvestment in the land, or in the housing and capital infrastructure of our cities.

In the area of renewable resources, I recommend that the Legislature extend the Solar Tax Credit for various conservation practices and enable local government to adopt energy efficient practices in their master plans. I urge the adoption of the Geothermal Resource Conservation Act in order to encourage the discovery, development and utilization of geothermal resources.

Health and Human Resources

We must never forget that the greatest renewable resource is the strength and ingenuity of our people. In this State, we have

established a level and philosophy of Social Services that stretches people but does not stifle them. In furtherance of this objective, I recommend that you adopt several measures which reflect our commitment to deinstitutionalize and improve delivery in our Social Service Programs.

I urge you to establish an advocate for the institutionalized elderly to act as an ombudsman in protecting their rights as patients, residents and clients of nursing homes, and other health care facilities. I am also asking you to support the resolution for an interim committee assessment of an income tax credit for anyone who maintains and supports a developmentally disabled or elderly person in their home. There are sound economic as well as humanitarian grounds for the State to encourage and assist practices which keep those who are old or disabled out of institutions. This is the justification for my recommendation that you enact legislation that would exempt residential facilities for developmentally disabled people from city and county zoning ordinances requiring single-family occupancy.

Deinstitutionalization is a cumbersome word but it expresses a very important concept. Wherever appropriate, I would like to shift from institutional programs to community-based or family-centered methods of treatment or care. There are simply limits to what government can do for people and we are reaching those limitations both in terms of cost and in terms of care. We cannot require that everyone be a good samaritan, but we can encourage those who are willing to accept personal responsibility for themselves, their families or their fellow man. I recommend that you establish alternative treatment facilities for public intoxicants which would be financed through an increase in beer tax. This would provide humane and realistic treatment of public intoxicants including the forty percent of those native Americans living in Utah's urban areas who have alcohol related problems. These detoxification centers would relieve some of the pressure on our jails which are appallingly overcrowded. This bill would not decriminalize public intoxication; but it would allow peace officers the discretion of either incarcerating or taking the offender to a detoxification facility for treatment and referral. This approach is sensible and self-sustaining, and I hope you will adopt it.

New Solutions to Problems

One of the major challenges of the eighties will be finding solutions to the economic and social problems of our State without spending significant amounts of money. Some solutions will have to come through a better understanding of how our system functions. We must be able to recognize the incentives and disincentives created by public policy and make the necessary adjustments; we must continue to improve the administration and productivity of our agencies; and, we must anticipate problems before conditions deteriorate to the point that rehabilitation is prohibitively expensive. That challenge will require a partnership between the Legislature and the Executive Branches, but with cooperation, significant progress can be made.

For example, two years ago, the Legislature passed Senate Bill 332, which authorized the experimental creation of a Department of Health, and outlined goals for that Department. It was charged with the responsibility of developing and implementing a State Health Policy that would ". . . improve the management of the quality, accessibility, and cost of health services to the State and the public." During this Session, you will examine several bills that will help achieve these goals, but I want to specifically mention two of them.

You will consider legislation that will permanently create a Department of Health. This bill is the result of three years of careful study and evaluation by the Legislature, the Committee on Executive Reorganization, and personnel in the Departments of Health and Social Services. Within that Department, an Office of Rural Health will be established whose responsibility will be working with citizens and units of local government in developing local health resources. The citizens of rural Utah deserve access to quality primary health care, but many of our rural communities do not have the same health opportunities that urban residents enjoy. The Office of Rural Health is an effort to begin to change that inequity.

The second health-related bill is one that would promote competition and the development of market forces in the health care industry by prohibiting unfair discrimination by insurers between professional groups. Too often, health insurance has the effect of re-

ducing cost-consciousness among consumers of health care and creates inappropriate economic incentives among providers of health care.

Public and Consumer Protection

The protection and promotion of the health and safety of the public is a significant responsibility of public officials. Two bills have been carefully prepared that will dramatically improve our preparations for and response to a natural or man-made disaster. It is essential that legislative measures be enacted that will authorize the Governor to request, accept, and administer categories of federal disaster assistance that are made available by a presidential emergency or disaster declaration. Additionally, there is a critical need to replace the ancient and ineffective Council of Defense with a comprehensive Emergency Management Program within the Department of Public Safety.

A dimension of emergency preparedness that I consider essential for Utah is seismic safety. Eighty percent of Utah's population lives in a linear city that runs parallel to the Wasatch Fault. A major earthquake along the Wasatch Front would cause an unimaginable catastrophe. We can reduce the loss of life and property if a major quake is centered here by adopting measures that will require that new construction of State buildings comply with earthquake safety provisions and that will enable city and county governments to achieve the same objective through their planning and zoning powers. I would further urge that the Legislature create an Earthquake Safety Officer for the State of Utah in order to implement the policies of the Seismic Safety Council.

In the interests of consumer protection, I request that you adopt a Mobile Home Residency Act that would provide among other provisions for an extended no-cause eviction period rather than the 15-day period that presently exists.

The Role of the States in the Federal System

As we approach the bicentennial of the constitutional convention, our federal system is being converted into a unitary system by the relentless and insidious erosion of

states' rights. There is, however, a growing resolve among Governors and State Legislatures in this country to strike back and to breathe new life into the Tenth Amendment through the use of Article Five of the Constitution, if necessary. We have a role in the governance of this nation, and we mean to exercise it responsibly, creatively, and compassionately. All we want is what Supreme Court Justice Nelson described in *Texas vs. White* in 1868: "An indestructible union comprised of indestructible states."

I am, therefore, asking that you adopt a concurrent resolution establishing a statewide convocation on federalism that would involve both the Executive and Legislative Branches. This is in response to a joint resolution of the National Governors' Association and the National Conference of State Legislatures in a combined effort to restore balance to the federal system.

I am optimistic about this endeavor based upon the attitudes of the new Administration toward the decentralization of power. The states must be prepared to play a larger role in the federal system. If we limit our ability to accept and discharge our rights and responsibilities because we have emasculated our capacity to tax and spend, we will have provided the proof to the argument that has been used to take those traditional powers away from us: that the states lack the will and the resources to solve the problems of a modern industrial society and both the problems and the money should be sent to Washington, D.C. for disposition.

Not only must our ability to act quickly and creatively as a government be maintained and improved, but the structure of State government must be strengthened and improved.

The Committee on Executive Reorganization has performed an incalculable and uncommon public service through its systematic and innovative review of the Executive Branch of State Government. For his leadership of this effort, Arch Madsen was awarded the Distinguished Service Award by the National Governors' Association last year. The Madsen Committee has proposed three bills in its continuing effort to increase accountability, efficiency, and productivity in State government. I have already mentioned the legislation creating a Department of Health. Legislation has also been prepared

placing the Energy Office in the Department of Energy and Natural Resources. This will allow an efficient integration of natural resource development and conservation functions. I am also asking you to create a Department of Administrative Services that will consolidate several management functions that are now spread among several agencies into a single department.

The people of Utah are entitled to a high quality judiciary. Two obstacles to that objective are low compensation and high caseload. I support legislation that would establish a Judicial Compensation Commission to set judicial salaries patterned after the Executive Compensation Commission. A salary increase for judges has been included in my Budget for the next fiscal year. In addition, I am recommending that you adopt legislation that would increase the civil jurisdiction of the Circuit Courts. A companion bill would authorize an appellate panel within the District Court to hear Circuit Court appeals with no further rights of appeal except on constitutional grounds. These measures would reduce some of the pressure on both the District Court and the Supreme Court while increasing the efficiency of the Circuit Court.

In improving government, we must be prepared to examine process and content as well as structure. Legislation will be introduced that will result in the modernization of the

code of two state regulatory agencies. The major regulatory bill that will come before you this Session is a complete revision of Title 7 relating to Financial Institutions. This legislation is the result of hard negotiations throughout the financial community and represents a major improvement in the regulation of financial institutions within the State of Utah. It significantly strengthens the power of the Commissioner to protect the public and our capital position nationally and regionally.

I would like to extend the same process of reform and modernization to the insurance industry. I am therefore asking that you establish by statute an Insurance Law Revision Commission for a four-year period to revise the insurance code to guarantee that policyholders, claimants and insurers are treated fairly and to provide for a healthy and competitive insurance industry.

Conclusion

I wish you well in the work that is before you. In these difficult yet exhilarating times, the cooperation of the Executive and Legislative Branches is essential if we are to be equal to the responsibility that has been entrusted to us by the people of this State. I offer the full support of my office in fulfilling that responsibility.

Thank you.

Adjustments and Corrections to the Governor's Annual Budget for Fiscal Year 1981-82

Since the Governor's Budget for fiscal year 1981-82 was completed and released to the public and members of the Legislature in mid-December, the Governor and Budget Office have made some adjustments and corrections which are summarized below and in the tables that follow.

The Governor's Budget was prepared in advance of the Special Session of the 43rd Legislature in December of 1980. At that time, the Governor was proposing repeal of the Tax Rebate Program for Homeowners and Renters and a 2.5 percent across-the-board cut in the General Fund and Uniform School Fund for all state agencies, Public Education and institutions of Higher Education. The Legislature in the Special Session adopted a one year postponement of the Tax Rebate Program and a 3.5 percent across-the-board reduction.

The Governor is again asking for the repeal or indefinite postponement of the Tax Rebate Program, and his budget recommendations reflect that recommendation. The estimated cost of the Tax Rebate Program for fiscal year 1981-82 is in excess of \$40 million. An accommodation of the Rebate Program would, therefore, require program reductions of \$40 million, or an increase in revenue from some other source. The Governor is not recommending that option.

The tables which follow indicate the current authorized program for fiscal year 1980-81. For comparative purposes, the Budget Office, in the *Budget-in-Brief*, has reduced total expenditures from the General Fund and Uniform School Fund by the 3.5 percent and has reduced the Transportation Fund by the expected \$6.6 million shortfall, a 7.2 percent reduction in Transportation programs. The Governor is asking for some exceptions to the 3.5 percent cut. Those are explained in the proposed Supplemental Appropriation Act included at the end of the tables. Of particular concern are the areas of public assistance and the State Prison. The *Governor's Annual Budget 1981-82*, however, contains the appropriated level for General Funds and

Uniform School Funds in the 1980-81 fiscal year, and that is the base from which the Governor has calculated his increases in the various programs.

The tables were also adjusted to reflect more accurate estimates of the salary proposals of the Governor. The detail by line item on the allocation of those adjustments was prepared by the Budget Office and given to the Legislative Fiscal Office. The tables also reflect revised estimates of mineral lease revenue for both fiscal year 1980-81 and fiscal year 1981-82.

Table XI indicates the new estimate of mineral lease revenues to the State and proposed allocations from the Mineral Lease Account. Both the estimates for the 1980-81 fiscal year and for fiscal year 1981-82 were revised upward in light of the first payment received during the current fiscal year. The projection of mineral revenues is difficult because it includes both ongoing royalty payments as well as one-time bonus payments. For example, the first payment to the State, slightly more than \$9 million, contained nearly \$4 million of one-time bonus payments. While bonus payments occur periodically, it is not possible to project their magnitude with any degree of accuracy. However, there is evidence to suggest that the mineral lease royalties to the State will continue to grow, and we have made our best projections based on the information available.

Because of the uncertainty over State revenue in the 1980-81 fiscal year, the Governor is recommending that any unallocated balances in the Mineral Lease Account at the end of the fiscal year lapse to the General Fund in order to balance any possible shortfalls in other revenue sources. We currently estimate this balance at slightly under one-half million dollars.

The Budget Office and Tax Commission have not made any changes in their revenue estimates for fiscal year 1980-81 or for 1981-82. December revenue data was slightly better than expected in sales tax collections but worse than expected in income tax. The Budget Office and Tax Commission will

make a new projection in mid-February as additional economic information and revenue collections are received.

The Governor is recommending legislative consideration of two areas of tax increases. First, an across-the-board increase in Severance Taxes, including increasing from 2 to 4 percent the Mine Occupation Tax on oil and gas, and increasing from 1 to 2 percent the Mine Occupation Tax on metals with the inclusion of non-metals, such as coal, salt, stone, and sand and gravel. The Governor is suggesting that the Legislature set aside one-fifth of the total revenue from the Mine Occupation Tax into a Capital Construction Account to assist in the financing the State's building needs. With the proposed increase in the Severance Taxes, nearly \$8 million would be available for this account.

The Governor is also suggesting a proposed allocation for the additional revenue generated by Severance Taxes to the General Fund. It includes increases in funding to the Community Impact Account, the Cities Water Loan Fund, the Water Construction Fund, the Rangeland Development Fund, and the restoration of some cuts made in the Governor's fiscal year 1981-82 budget proposal. While the Governor is not locked into a specific allocation of the revenue from the proposed increase from the Severance Tax, he believes that a majority of the increased revenue should go to permanent expenditures, such as the Cities Water Loan Fund, the Construction Fund and the Capital Construction Account, and to assist communities impacted by energy and mineral development.

Following the Severance Tax proposal is a proposal to increase funding to the State's Transportation Fund. Specifically, the Governor recommends that all revenue derived from increasing the gasoline tax, the driver's license fee, and car registration fee, increase the financing to local roads, the maintenance and construction of the State Highway System, and the restoration of the Safe Sidewalk Program. The latter program was eliminated in the Governor's original budget because of limited funds in the Transportation Fund. The Governor is not recommending that any of these dollars go towards the hiring of additional staff or for administrative expenses. In fact, the Department of Transportation has reduced its total employees by over 100 from

the 1980-81 fiscal year to the 1981-82 fiscal year in an effort to tighten its administrative costs.

Following the Transportation Fund proposals is a proposed Building Bond list of top priority projects of the State Building Board. While these projects are explained in more detail in the Capital Budget section of the *Governor's Annual Budget*, they are presented in priority order of the Building Board for consideration by the Legislature. The Governor believes the Legislature should consider authorizing a bond issue of up to \$70 million to cover the first 21 priorities listed on the Building Board construction list. Funds set aside from the Severance Tax and placed into the Capital Construction Account could assist in the payment of principal and interest for such a bond issue. Of particular concern is item 2 which was initially funded by the Legislature in 1980 but cut because of the 3.5 percent budget reduction. Items 3 through 7 are buildings where the State has lease-purchase option agreements, which are up during the coming fiscal year. The State can purchase these facilities at considerable savings below their current value if it exercises its option to purchase the buildings. The Governor is concerned that this opportunity not be lost.

The Budget Office will present other items of information in a Budget Supplement for each of the legislative appropriations subcommittees. While there are undoubtedly errors in the *Governor's Annual Budget* which have not been caught by the Budget Office or readers of the Document, to date, only two significant errors were brought to the attention of the Budget Office.

In the Budgetary Perspective, we noted that the Circuit Breaker Property Tax Relief Program was expanded. However, the income figures were incorrectly stated at \$7,000; the 1980 Budget Session expanded the income eligibility to those individuals aged 65 or over and all widows and widowers whose incomes are under \$9000.

In the Transportation section, the Governor's recommendation for furnishings and equipment for the new complex should be \$3,277,400 rather than \$3,227,400 as appears on page 234. The salary adjustment figure for the Transportation Fund was adjusted upward by \$46,000. The figure for State Construction on page 234 and page 253 changes from \$5,027,200 to \$4,931,200.

Table I

STATE OF UTAH

State Fiscal Plan (in thousands of dollars)
FY 1979-80 — FY 1981-82 (General Fund, Uniform School Fund)

	<u>FY 1979-80 Actual</u>	<u>FY 1980-81 Legislative Appropriation</u>	<u>FY 1980-81 Budget Office Estimate (a)</u>	<u>Percent Change</u>	<u>FY 1981-82 Budget Office Forecast</u>	<u>Percent Change</u>
Beginning Balance	\$ 15,357	\$ 2,801	\$ 8,677	(43.5)	\$ -0-	(100.0)
Unrestricted Revenue						
General Fund	406,143	443,300	420,500	3.5	450,000	7.0
Uniform School Fund	333,179	390,035	357,600	7.3	412,050	15.2
Overhead Allocation	1,496	1,500	1,500	.3	1,600	6.7
Total Funds Available	<u>\$ 756,175</u>	<u>\$ 837,636</u>	<u>\$ 788,277</u>	<u>4.3</u>	<u>\$ 863,650</u>	<u>9.6</u>
Expenditures						
Governor's Recommendations						
Public Education	345,579	396,472	382,596	10.7	409,839	7.1
Higher Education	144,432	161,088	155,450	7.6	174,552	12.3
Social Services/ Health	114,664	131,972	127,353	11.1	144,732	13.7
Transportation	314	283	273	(13.1)	2,005	634.4
Other/Salary Adjustment	110,041	113,044	109,451	(.5)	129,414	18.2
Subtotal	\$ 715,030	\$ 802,859	\$ 775,123	8.4	\$ 860,542	11.0
Tax Relief						
Mill Reduction	19,802	23,900	23,900	20.7	30,000	25.5
Circuit Breaker	2,884	2,700	2,700	(6.4)	2,700	-0-
Property Tax Rebate	44,823	31,391	-0-	(100.0)	-0-	-0-
Subtotal	\$ 67,509	\$ 57,991	\$ 26,600	(60.6)	\$ 32,700	22.9
Other						
Lapsing Balance	(3,005)		(1,500)	(50.1)		(100.0)
Adjustments	(19,802)	(23,900)	(23,900)	20.7	(30,000)	25.5
Agency Savings (a)	(15,500)					
Supplementals	3,266		5,748	76.0		(100.0)
Total Expenditures	<u>\$ 747,498</u>	<u>\$ 836,950</u>	<u>\$ 782,071</u>	<u>4.6</u>	<u>\$ 863,242</u>	<u>10.4</u>
Surplus	<u>8,677</u>	<u>686</u>	<u>6,206^(b)</u>		<u>408</u>	

(a) Authorized program in fiscal year 1980-81 reflects 3.5 percent reduction mandated by Governor and Legislature with the exception of a few areas which the Governor is asking for an exception from the 3.5 percent cut (see proposed Supplemental Bill).

(b) The Governor is recommending that any surplus for fiscal year 1980-81 be appropriated to a Revenue Stabilization Fund (up to one percent of the General Fund and Uniform School Fund).

Table II**STATE OF UTAH****State Fiscal Plan** (in thousands of dollars)

FY 1981-82 (unrestricted revenue: General Fund, Uniform School Fund, Transportation Fund)

	General Fund	Uniform School Fund	Transportation Fund	Total All Funds
Revenues:				
Available Surplus	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Unrestricted Revenue				
General Fund	450,000			450,000
Uniform School Fund		412,050		412,050
Transportation Fund			87,500	87,500
Overhead Allocation	4,100	(2,500)	(1,236)	364
Total Funds Available	<u>\$ 454,100</u>	<u>\$ 409,550</u>	<u>\$ 86,264</u>	<u>\$ 949,914</u>
Expenditures:				
Governor's Recommendations				
Legislature	3,381			3,381
Elected Officials	6,557			6,557
State Courts	12,696			12,696
Government Operations	15,969	7,426	3,381	26,776
Public Safety	16,095		7,568	23,663
Social Services	92,797			92,797
Health	51,935			51,935
Public Education		409,839		409,839
Higher Education	174,287	266		174,553
Natural Resources	14,052			14,052
Business, Labor and Agriculture	5,389			5,389
Community and Economic Development	8,287		118	8,405
Transportation	2,005		73,753	75,758
Debt Service	19,300			19,300
Capital Facilities	15,343			15,343
Salary Adjustment	4,332	586	1,444	6,362
Subtotal Recommendations	<u>\$ 442,425</u>	<u>\$ 418,117</u>	<u>\$ 86,264</u>	<u>\$ 946,806</u>
Tax Relief				
Mill Reduction	30,000			30,000
Circuit Breaker	2,700			2,700
Subtotal	<u>\$ 32,700</u>			<u>\$ 32,700</u>
Adjustments	(30,000)			(30,000)
Total Expenditures	<u>\$ 445,125</u>	<u>\$ 418,117</u>	<u>\$ 86,264</u>	<u>\$ 949,506</u>
Surplus	\$ 8,975	\$ (8,567)	\$ -0-	\$ 408

Table III**STATE OF UTAH****Summary of Governor's Recommendations**
General Fund/Uniform School Fund

	<u>Actual 1978-79</u>	<u>Actual 1979-80</u>	<u>Authorized Program 1980-81 (a)</u>	<u>Governor's Recommendation 1981-82</u>	<u>Percent Change Over 1980-81</u>
Legislature	\$ 3,272,300	\$ 2,853,100	\$ 3,503,000	\$ 3,380,900	(3.5)
Elected Officials	6,640,500	6,250,800	7,266,800	6,557,300	(9.8)
State Courts	9,311,100	9,536,400	10,453,100	12,696,400	21.4
Government Operations	18,153,500	19,488,300	20,649,700	23,394,600	13.3
Public Safety	6,824,900	7,454,800	10,151,700	16,095,000	58.5
Social Services	72,619,200	72,744,900	85,052,200	92,796,800	9.1
Health	36,892,600	38,941,400	45,301,000	51,934,900	14.6
Public Education	315,051,300	344,942,900	382,595,800	409,839,000	7.1
Higher Education	135,783,900	138,674,100	155,450,000	174,552,400	12.3
Natural Resources	11,100,300	11,417,000	12,608,500	14,052,400	11.5
Business, Labor and Agriculture	8,333,700	8,498,800	8,968,100	5,389,100	(39.9)
Community and Economic Development	7,136,500	6,928,100	7,427,500	8,287,000	11.6
Transportation	206,200	776,000	273,200	2,004,900	633.9
Debt Service	9,230,500	17,071,300	10,377,400	19,299,900	86.0
Capital Facilities	5,206,000	17,702,400	17,315,800	15,343,000	(11.4)
Other Appropriations			755,400		
Subtotal	\$ 645,762,500	\$ 703,280,300	\$ 775,149,200	\$ 855,623,600	10.4
Salary Adjustment (b)				4,918,400	
TOTAL	<u>\$ 645,762,500</u>	<u>\$ 703,280,300</u>	<u>\$ 775,149,200</u>	<u>\$ 860,542,000</u>	<u>11.0(c)</u>

a) Authorized program in fiscal year 1980-81 reflects 3.5 percent reduction mandated by Governor and Legislature, with the exception of a few areas which the Governor is asking for an exemption from the 3.5 percent cut (See proposed Supplemental Bill).

b) Recommendation for State pick-up of additional 3.95 percent of retirement costs for State employees and 100 percent on Health Insurance.

c) Represents a 7.2 percent increase over the Appropriation Act.

Table IV

STATE OF UTAH

Summary of Governor's Recommendations

General Fund/Uniform School Fund/Transportation Fund

	Actual 1978-79	Actual 1979-80	Authorized Program 1980-81 (a)	Governor's Recommendation 1981-82	Percent Change Over 1980-81
Legislature	\$ 3,272,300	\$ 2,853,100	\$ 3,503,000	\$ 3,380,900	(3.5)
Elected Officials	6,640,500	6,250,800	7,266,800	6,557,300	(9.8)
State Courts	9,311,100	9,536,400	10,453,100	12,696,400	21.4
Government Operations	21,540,700	22,931,900	23,777,600	26,775,900	12.6
Public Safety	18,352,000	18,820,000	20,688,900	23,662,900	14.4
Social Services	72,619,200	72,744,900	82,052,200	92,796,800	13.1
Health	36,892,600	38,941,400	45,301,000	51,934,900	14.6
Public Education	315,051,300	344,942,900	382,595,800	409,839,000	7.1
Higher Education	135,783,900	138,674,100	155,450,000	174,552,400	12.3
Natural Resources	11,100,300	11,417,000	12,608,500	14,052,400	11.5
Business, Labor and Agriculture	8,333,700	8,498,800	8,968,100	5,389,100	(39.9)
Community and Economic Development	7,136,500	7,041,400	7,537,000	8,405,000	11.5
Transportation	76,975,400	72,342,700	70,644,700	75,757,800	7.2
Debt Service	9,230,500	17,071,300	10,377,400	19,299,900	86.0
Capital Facilities	5,206,000	19,862,400	17,631,300	15,343,000	(13.0)
Other Appropriations			755,400		
Subtotal	\$ 737,446,000	\$ 791,929,100	\$ 859,610,800	\$ 940,443,700	9.4
Salary Adjustment ^(b)				6,362,300	
TOTAL	\$ 737,446,000	\$ 791,929,100	\$ 859,610,800	\$ 946,806,000	10.1^(c)

(a) Authorized program in fiscal year 1980-81 reflects 3.5 percent reduction mandated by Governor and Legislature, with the exception of a few areas which the Governor is asking for an exemption from the 3.5 percent cut (See proposed Supplemental Bill). The authorized program also reflects a 7.2 percent reduction in the Transportation Fund based on an expected shortfall of \$6.6 million.

(b) Recommendation for State pick-up of additional 3.95 percent of retirement costs for State employees and 100 percent on Health Insurance.

(c) Represents a 5.3 percent increase over the Appropriation Act.

Table V

STATE OF UTAH

Summary of Governor's Recommendations
Expenditures From All Sources

	Actual 1978-79	Actual 1979-80	Authorized Program 1980-81 (a)	Governor's Recommendation 1981-82 (d)	Percent Change Over 1980-81
Legislature	\$ 3,014,100	\$ 2,906,000	\$ 3,503,000	\$ 3,380,900	(3.5)
Elected Officials	7,157,400	7,010,400	8,185,600	7,438,100	(9.1)
State Courts	9,463,800	9,871,700	10,793,600	12,710,700	17.8
Government Operations	59,507,500	57,603,900	62,949,700	58,194,500	(7.6)
Public Safety	23,753,600	25,459,400	26,813,400	28,226,000	5.3
Social Services	154,287,900	161,855,000	193,119,900	194,709,000	0.8
Health	110,492,300	114,982,700	141,803,200	159,311,400	12.4
Public Education	481,533,900	525,663,700	588,029,100	674,717,600	14.7
Higher Education	177,989,300	185,024,900	207,801,500	230,043,500	10.7
Natural Resources	32,423,500	36,123,000	42,050,200	37,956,900	(9.7)
Business, Labor and Agriculture	15,614,600	18,743,200	20,712,200	22,399,600	8.2
Community and Economic Development	14,544,100	17,266,600	17,970,700	17,789,500	(1.0)
Transportation	166,714,600	231,790,100	195,758,300	190,059,700	(2.9)
Debt Service	11,726,600	18,552,800	12,947,800	20,483,500	58.2
Capital Facilities	5,506,000	20,912,400	19,431,300	16,343,000	(15.9)
Other Appropriations			755,400		
Subtotal	\$ 1,273,729,200	\$ 1,433,765,800	\$ 1,552,624,900	\$ 1,673,763,900	7.8
Salary Adjustment (b)				10,545,400	
TOTAL	\$ 1,273,729,200	\$ 1,433,765,800	\$ 1,552,624,900	\$ 1,684,309,300	8.5(c)

(a) Authorized program in fiscal year 1980-81 reflects 3.5 percent reduction mandated by Governor and Legislature, with the exception of a few areas which the Governor is asking for an exemption from the 3.5 percent cut (See proposed Supplemental Bill). The authorized program also reflects a 7.2 percent reduction in the Transportation Fund based on an expected shortfall of \$6.6 million.

(b) Recommendation for State pick-up of additional 3.95 percent of retirement costs for State employees and 100 percent on Health Insurance.

(c) Represents a 6.1 percent increase over the authorized program before the 3.5 percent reduction in General Funds and Uniform School Funds and the 7.2 percent reduction in the Transportation Fund.

(d) Includes an increase in estimate for Mineral Lease Payments (See Table XI, for details).

Table VI

STATE OF UTAH

Summary of Plan for Financing

	General Fund	Uniform School Fund	Transportation Fund	Federal Grants	Dedicated Credits	Mineral Lease (b)	Other Funds Restricted and Trust Accounts	Other	Local School Property Tax	TOTAL
Legislature										
Actual 79-80	\$ 2,853,100	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 52,400	\$ -	\$ 2,906,000
Authorized 80-81	3,503,000	-	-	-	-	-	-	-	-	3,503,000
Gov. Rec. 81-82	3,380,900	-	-	-	-	-	-	-	-	3,380,900
Elected Officials										
Actual 79-80	6,250,800	-	-	148,800	703,500	-	81,200	(173,900)	-	7,010,400
Authorized 80-81	7,266,800	-	-	87,800	708,600	-	116,600	5,800	-	8,185,600
Gov. Rec. 81-82	6,557,300	-	-	-	774,700	-	104,100	2,000	-	7,438,100
State Courts										
Actual 79-80	9,536,400	-	-	283,700	12,600	-	3,200	35,800	-	9,871,700
Authorized 80-81	10,453,100	-	-	324,800	13,000	-	3,200	(500)	-	10,793,600
Gov. Rec. 81-82	12,696,400	-	-	-	12,000	-	3,200	(900)	-	12,710,700
Government Operations										
Actual 79-80	12,908,700	6,579,600	3,443,600	28,443,800	3,049,400	-	679,100	2,499,700	-	57,603,900
Authorized 80-81	13,868,000	6,781,700	3,127,900	34,673,100	3,942,800	-	736,500	419,700	-	62,949,700
Gov. Rec. 81-82	15,968,500	7,426,100	3,381,300	27,214,600	3,424,100	-	779,900	-	-	58,194,500
Public Safety										
Actual 79-80	7,454,800	-	11,365,200	5,856,700	66,100	-	-	716,600	-	25,459,400
Authorized 80-81	10,151,700	-	10,537,200	6,011,900	40,200	-	-	72,400	-	26,813,400
Gov. Rec. 81-82	16,095,000	-	7,567,900	4,505,400	57,700	-	-	-	-	28,226,000
Social Services										
Actual 79-80	72,744,900	-	-	66,669,300	22,710,600	-	-	(269,800)	-	161,855,000
Authorized 80-81	82,052,200	-	-	84,541,500	25,827,300	-	-	696,900	-	193,119,900
Gov. Rec. 81-82	92,796,800	-	-	93,575,400	8,086,800	-	-	250,000	-	194,709,000
Health										
Actual 79-80	38,941,400	-	-	73,633,600	3,003,300	-	-	(595,600)	-	114,892,700
Authorized 80-81	45,301,000	-	-	93,156,600	3,345,600	-	-	-	-	141,803,200
Gov. Rec. 81-82	51,394,900	-	-	103,220,700	4,155,800	-	-	-	-	159,311,400
Public Education										
Actual 79-80	-	344,942,900	-	49,315,100	4,597,800	4,637,700	5,607,400	(602,200)	117,165,000	525,663,700
Authorized 80-81	-	382,595,800	-	54,153,200	4,255,900	2,362,800	6,107,500	(652,800)	139,103,700	588,029,100
Gov. Rec. 81-82	-	409,839,000	-	59,044,900	4,637,600	4,389,800	6,328,000	(2,163,700)	192,642,000	674,717,600

	Other Funds				Local School Property Tax	TOTAL				
	General Fund	Uniform School Fund	Transportation Fund	Federal Grants			Dedicated Credits	Mineral Lease	Restricted and Trust Accounts	Other
Higher Education										
Actual 79-80	\$ 138,471,600	202,500	\$ -	\$ 2,782,400	\$ 38,053,800	\$ 3,430,000	\$ -	\$ 2,084,600	\$ -	\$ 185,024,900
Authorized 80-81	155,220,900	229,100	-	5,522,000	40,710,800	4,110,200	-	2,008,500	-	207,801,500
Gov. Rec. 81-82	174,286,500	265,900	-	5,011,300	44,905,600	4,478,000	-	1,096,200	-	230,043,500
Natural Resources										
Actual 79-80	11,417,000	-	-	9,195,600	1,353,200	3,369,000	9,079,400	1,708,800	-	36,123,000
Authorized 80-81	12,608,500	-	-	8,898,800	1,967,000	2,621,700	10,775,800	5,170,400	-	42,050,200
Gov. Rec. 81-82	14,052,400	-	-	8,362,800	2,427,400	2,047,500	11,066,800	-	-	37,956,900
Bus., Labor & Agri.										
Actual 79-80	8,498,800	-	-	2,105,400	368,400	617,900	7,313,900	(161,200)	-	18,745,200
Authorized 80-81	8,868,100	-	-	2,426,500	346,400	509,900	8,377,100	84,200	-	20,712,200
Gov. Rec. 81-82	5,389,100	-	-	1,874,300	323,700	250,000	14,463,200	93,300	-	22,399,600
Comm. & Econ. Dev.										
Actual 79-80	6,928,100	-	113,300	5,336,600	1,833,300	4,853,100	-	(1,797,800)	-	17,266,600
Authorized 80-81	7,427,300	-	109,500	3,218,300	1,849,000	5,240,300	-	126,100	-	17,970,700
Gov. Rec. 81-82	8,287,000	-	118,000	2,253,200	1,899,700	5,525,000	-	(293,400)	-	17,789,500
Transportation										
Actual 79-80	776,000	-	71,566,700	133,347,100	4,049,800	-	4,204,700	17,846,600	-	231,790,100
Authorized 80-81	273,200	-	70,371,500	108,000,000	5,670,600	-	3,305,000	8,138,000	-	195,758,300
Gov. Rec. 81-82	2,004,900	-	73,752,900	92,700,000	4,403,700	-	9,391,000	7,807,200	-	190,059,700
Debt Service										
Actual 79-80	17,071,300	-	-	-	1,481,500	-	-	-	-	18,552,800
Authorized 80-81	10,377,400	-	-	-	489,900	-	-	2,080,500	-	12,947,800
Gov. Rec. 81-82	19,299,900	-	-	-	-	-	-	1,183,600	-	20,483,500
Capital Facilities										
Actual 79-80	17,702,400	-	2,160,000	-	-	1,000,000	50,000	-	-	20,912,400
Authorized 80-81	17,315,800	-	315,500	-	-	800,000	-	1,000,000	-	19,431,300
Gov. Rec. 81-82	15,343,000	-	-	-	-	-	1,000,000	-	-	16,343,000
Other Appropriations										
1980-81	560,000	195,400	-	-	-	-	-	-	-	755,400
Salary Adjust. (c) 81-82	4,332,200	586,200	1,443,900	2,594,900	597,100	-	874,300	116,800	-	10,545,400
TOTALS										
Actual 79-80	351,555,300	351,725,000	88,648,800	377,118,100	81,283,000	17,907,700	27,018,900	21,344,000	117,165,000	1,433,765,800
Authorized 80-81 (a)	385,347,200	389,802,000	84,461,500	401,014,500	88,570,100	15,644,900	29,421,700	19,259,200	139,103,700	1,552,624,900
Gov. Rec. 81-82	442,424,800	418,117,200	86,264,000	400,357,500	75,711,900	16,690,300(b)	44,010,500	8,091,100	192,642,000	1,684,309,300

(a) Authorized program in F.Y. 1980-81 reflects 3.5 percent reduction mandated by Governor and Legislature, with the exception of a few areas which the Governor is asking for an exemption from the 3.5 percent cut (See proposed Supplemental Bill). The authorized program also reflects a 7.2 percent reduction in the Transportation Fund based on an expected shortfall of \$6.6 million.

(b) Includes an increase in estimate for Mineral Lease Payments (See Table XI, for details).

(c) Recommendation for State pick-up of additional 3.95 percent of retirement costs for State employees and 100 percent on Health Insurance.

Table VII

STATE OF UTAH

Forecast of Salient Economic Indicators

Economic and Statistical Unit, State Tax Commission

United States Indicators	1976	1977	1978	1979		1980		1981	
				1979	Percent Change	Est.	Percent Change	Forecast	Percent Change
U.S. Inflation — IPDPDE	1.331	1.407	1.503	1.633	8.7	1.796	10.0	1.967	9.5
U.S. Inflation — CPI	1.743	1.861	2.029	2.299	13.3	2.593	12.8	2.878	11.0
U.S. Disposable Income Rate	.858	.852	.843	.846		.844		.845	
U.S. Housing Starts (millions)	1.548	1.990	2.022	1.749	(13.5)	1.300	(25.7)	1.700	30.8
Interest Rates									
U.S. Treasury Notes 90-Day	4.99%	5.27%	7.22%	10.04%		11.19%		11.00%	

Utah Indicators

Utah Dwelling Unit Permits	18,621	23,282	21,264	16,767*	(21.1)	9,500	(43.3)	11,000	15.8
Utah Residential Construction (\$)	507	728	734	646	(12.0)	365	(43.5)	440	20.5
Non Residential Construction (\$)	217	327	339	490	44.5	425	(13.3)	397	(6.6)
New Car & Truck Sales	73,200	77,300	86,600	71,000	(18.0)	60,000	(15.5)	68,000	13.3
Utah Population (000)	1,253	1,301	1,352	1,405	3.9	1,454	3.5	1,500	3.2
Utah Employment (000)	463	489	524	549	4.8	562	2.4	581	3.4
Utah Non-Agricultural Wages (\$)	4,417	4,918	5,781	6,608	14.3	7,370	11.5	8,400	14.0
Utah Personal Income (\$)	6,627	7,575	8,692	9,838	13.2	10,863	10.4	12,440	14.5
Utah Disposable Real									
Non-Agricultural Wages (\$)	2,847	3,014	3,242	3,423	5.6	3,463	1.2	3,609	4.2

Table VIII

STATE OF UTAH

Comparative Revenue Estimates (in thousands of dollars)
 Joint Projections of State Budget Office and State Tax Commission

	1978-79 Actual	1979-80 Actual	Percent Change	1980-81 Appro.*	Percent Change	1980-81 Budget Office Tax Comm. Estimate	Percent Change	1981-82 Budget Office Tax Comm. Forecast	Percent Change From 1980-81 Estimate	Percent Change From 1980-81 Appro.
General Fund										
Sales and Use Tax	\$ 291,287	\$ 321,089	10.2	\$ 367,000	14.3	\$ 336,000	4.7	\$ 361,000	7.5	(1.6)
Liquor Profits	12,991	15,054	15.9	15,500	3.0	17,400	15.6	19,300	10.9	24.5
Insurance Premiums	13,445	14,725	9.5	17,200	16.8	16,000	8.7	18,400	15.0	7.0
Interest Income	10,884	22,370	105.5	9,500	(57.5)	11,700	(47.7)	12,000	2.6	26.3
Oil and Gas Occupation Tax	5,605	6,214	10.9	10,300*	4.9	8,900	43.2	13,600	52.8	74.8
Metalliferous Occupation Tax	2,818	3,607	28.0	12,300*	(.8)	4,100	13.7	4,400	7.3	-0-
Cigarette and Tobacco	8,179	10,224	25.0	1,500	(11.6)	11,400	11.5	11,500	.9	12.2
Beer Tax	1,914	2,174	13.6	1,500	(11.6)	2,300	5.8	2,300	-0-	-0-
Inheritance Tax	1,423	1,696	19.2	1,500	(11.6)	1,500	(11.6)	1,500	-0-	-0-
Other Taxes and Fees	8,052	8,990	11.7	10,000	11.2	11,200	24.6	6,000**	(46.4)**	(40.0)**
Total General Fund	\$ 356,598	\$ 406,143	13.9	\$ 443,300	9.2	\$ 420,500	3.5	\$ 450,000	7.0	1.5
Uniform School Fund										
Individual Income Tax	226,784	265,328	17.0	320,800	20.9	297,700	12.2	354,500	19.1	10.5
Corporate Franchise Tax	32,874	40,377	22.8	41,000	1.6	37,700	(6.6)	40,400	7.2	(1.5)
School Land Income	8,860	10,728	21.1	10,700	(0.3)	13,000	21.2	16,000	23.1	49.5
School District Recapture	937	2,291	144.5	2,200	(4.0)	1,800	(21.4)	650	(63.9)	(70.5)
Escheats, Other	406	410	1.0	1,000	143.9	400	(2.4)	500	25.0	(50.0)
Federal Revenue Sharing	13,443	14,045	4.5	14,300	1.8	7,000	(50.2)	-0-	(100.0)	(100.0)
Total Uniform School Fund	\$ 283,304	\$ 333,179	17.6	\$ 390,000	17.1	\$ 357,600	7.3	\$ 412,050	15.2	5.7
Total Both Funds	639,902	739,322	15.5	833,300	12.7	778,100	5.2	862,050	10.8	3.5
Transportation Fund										
Motor Fuel Tax	61,372	60,451	(1.5)	60,100	(0.6)	56,200	(7.0)	57,100	1.6	(5.0)
Special Fuel Tax	9,852	10,470	6.3	11,300	7.9	9,300	(11.2)	10,200	9.7	(9.7)
Motor Vehicle Registration										
Permits Fees and Use Taxes	15,865	16,619	4.8	18,200	9.5	17,400	4.7	17,900	2.9	(1.6)
Driver License Fees	1,629	2,014	23.6	2,000	(0.7)	2,000	(0.7)	2,000	-0-	-0-
Interest, Safety Inspection	2,965	240	(91.9)	200	(16.7)	300	25.0	300	-0-	50.0
Total Transportation Fund	\$ 91,683	\$ 89,794	(2.1)	\$ 91,800	2.2	\$ 85,200	(5.1)	\$ 87,500	2.7	(4.7)
Total All Funds	\$ 731,585	\$ 829,116	13.3	\$ 925,100	11.6	\$ 863,300	4.1	\$ 949,550	10.0	2.6

*1980-81 Occupation taxes are combined and beer taxes are included with cigarette and tobacco; Transportation fund breakdown is estimate.

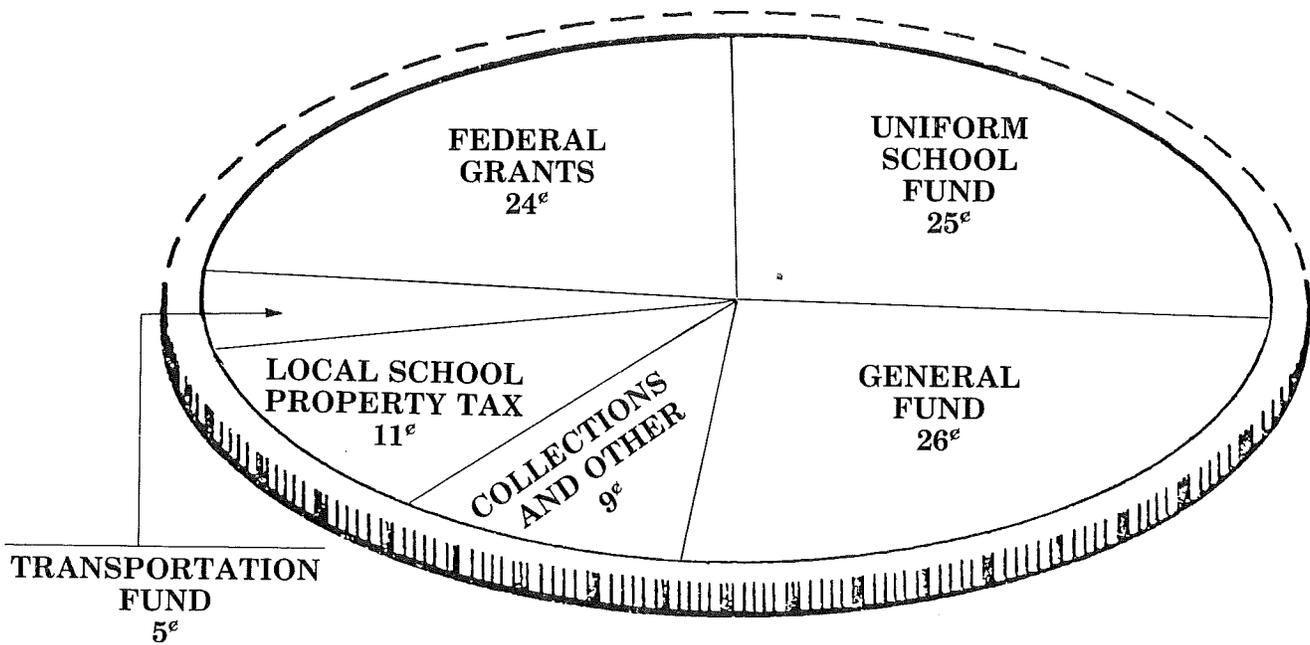
**Governor proposes \$6.0 million in fees to restricted accounts; also includes estimated Circuit Court revenues from proposed legislation.

Illustration #3

THE BUDGET DOLLAR

FISCAL YEAR 1981-82

Where it comes from:



BUDGET DOLLAR

FISCAL YEAR 1981-82

Where it goes:

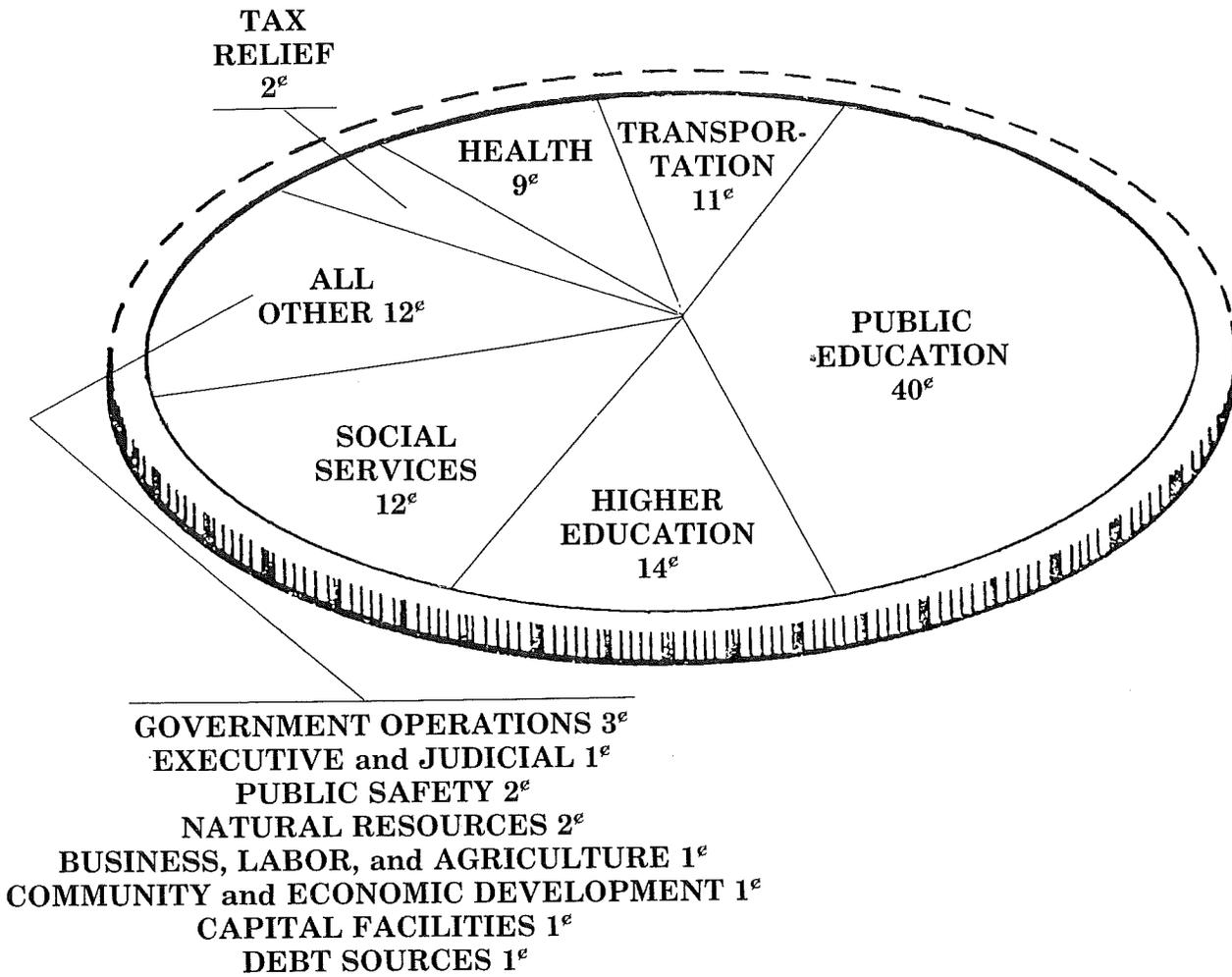
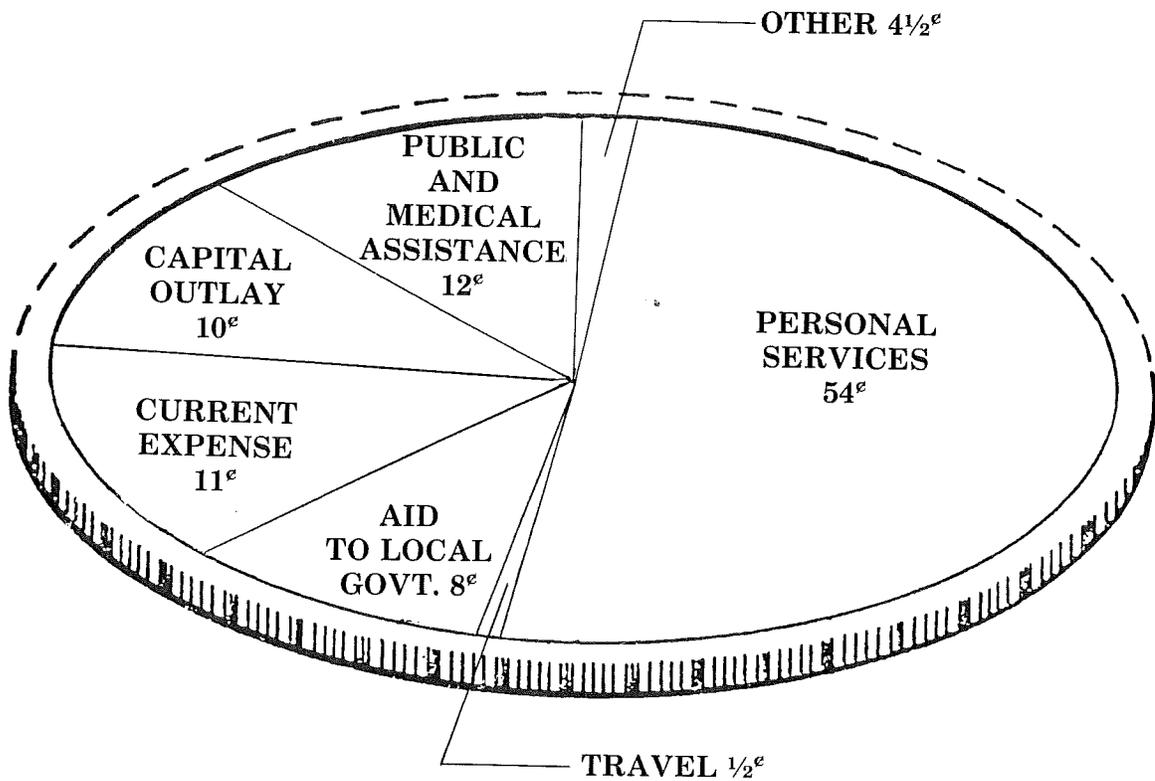


Illustration #5

BUDGET DOLLAR

FISCAL YEAR 1981-82

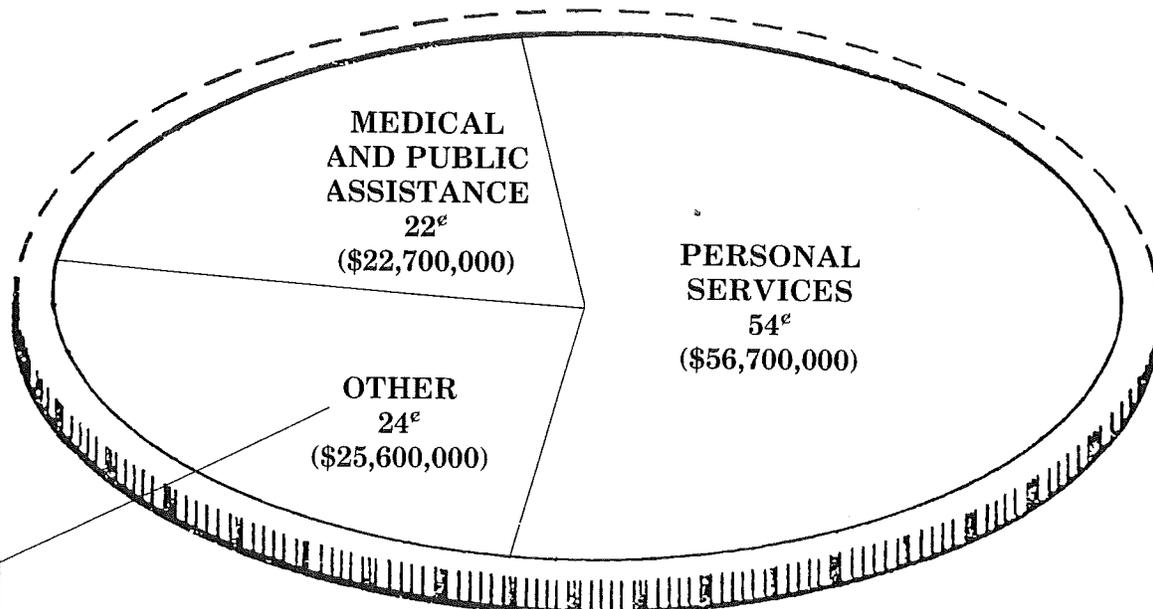
Budget Recommendations estimated
by object of expenditures



BUDGET DOLLAR

FISCAL YEAR 1981-82

Where the \$105 million budget increase is going



- FOOD
- UTILITIES
- GASOLINE
- PAPER
- DATA PROCESSING
- TRAVEL
- EQUIPMENT
- LOCAL GOVT.

Table XI

STATE OF UTAH

Mineral Lease Account: Current and Proposed Allocations

(Revised Estimates for Fiscal Year 1980-81 and Proposed 1981-82)

	Fiscal Year 1980-81				FY 1981-82
	Appropriation	Revised Estimate	First Payment Actual	Second Payment Projected	Governor's Recommendations
Beginning Balance	\$	\$ 128,000	\$ 128,000	\$	\$ -0- (b)
Current Estimate	\$ 14,474,300	\$ 16,124,000	\$ 9,124,000(c)	\$ 7,000,000	\$ 17,000,000
Less Appropriations:					
Community Impact					
Account (32.5%)	4,704,100	5,240,300	2,965,300	2,275,000	5,525,000
Higher Education (a)	3,403,400	3,403,400	1,813,700	1,589,700	3,743,700
Board of Education (2.25%)	325,700	362,800	205,300	157,500	382,500
Geological & Mineral Survey (2.25%)	325,700	362,800	205,300	157,500	382,500
USU Water Research Lab (2.25%)	325,700	362,800	205,300	157,500	382,500
Subtotal	9,084,600	9,732,100	5,394,900	4,337,200	10,416,200
Discretionary Appropriations:					
Rangeland Development Fund	509,900	509,900	325,800	184,100	250,000
Energy Council	118,400	118,400	75,700	42,700	84,000
Ground Water Study (USU)	44,000	44,000	28,200	15,800	51,800
Coal Research (U of U)	300,000	300,000	191,700	108,300	300,000
Water Resources Construction Fund	1,000,000	1,000,000	638,900	361,100	500,000
Cities Water Loan Fund	1,000,000	1,000,000	638,900	361,100	1,000,000
Utah Geologic Survey	140,500	140,500	89,800	50,700	81,000
School Building Program	2,000,000	2,000,000	1,277,800	722,200	3,968,100
State Facilities Maintenance	800,000	800,000	511,200	288,800	
C.E.U. Mine Training (Supplemental)		125,000	79,100	45,900	
Petroleum Tech Program					39,200
Subtotal	5,912,800	6,037,800	3,857,100	2,180,700	6,274,100
Total Allocations	\$ 14,997,400	\$ 15,769,900	\$ 9,252,000	\$ 6,517,900	\$ 16,690,300
Ending Balance	\$ (523,100)	\$ 482,100(b)	\$ -0-	\$ 482,100	\$ 309,700

- (a) The Board of Regents receives 33.5%, or a maximum increase of 10%, the cost-of-living index, whichever is less.
- (b) The Governor is recommending that the ending balance for fiscal year 1980-81 lapse to the General Fund.
- (c) Of the first payment, \$3,997,795 is a bonus payment. Because of the uncertainty of bonus payments to be received, the Governor is projecting \$7,000,000 for the second mineral lease payment for fiscal year 1980-81.

**SUGGESTED ACTIONS ON THE SEVERANCE TAX (MINE OCCUPATION TAX):
EXPECTED REVENUE AND PROPOSED EXPENDITURES**

Oil and Gas Occupation Tax:

Proposal to increase from 2% to 4%:

Total Revenue Estimated for FY 1981-82	\$	27,200,000
Increase in Revenue to General Fund.....	\$	13,600,000

Mine Occupation Tax:

Proposal to increase from 1% to 2% in 1981 and add non-metals (including coal, oil shale, salt, stone, sand and gravel, etc.) to metals:

Total Revenue Estimated for FY 1981-82	\$	12,100,000
Increase in Revenue to General Fund.....	\$	7,700,000

TOTAL REVENUE ESTIMATED FOR FY 1981-82..... \$ 39,300,000

TOTAL INCREASE IN REVENUE TO GENERAL FUND..... \$ 21,300,000

Proposed Expenditures:

Partial restoration of cuts in Higher Education:

Educationally Disadvantaged	\$	528,500
WICHE		507,600
Summer Session		1,157,200
Subtotal.....	\$	2,193,300

Coal Lab Expansion.....		300,000
Increase Vocational Training Programs.....		1,000,000
Partial Restoration Rangeland Development Cut		400,000
Water Construction Fund.....		1,000,000
Partial Restoration of Cloud Seeding Program.....		250,000
Parks Development Priorities.....		1,000,000
Community Impact Account		4,000,000
Capital Construction Account.....		7,860,000
(One-Fifth of Total Mine Occupation Tax Revenue)		
Cities Water Loan Fund.....		1,500,000
Low-Income Housing.....		1,500,000

TOTAL PROPOSED EXPENDITURES FOR FY 1981-82 \$ 21,003,300

**SUGGESTED ACTIONS ON THE TRANSPORTATION FUND TAXES:
EXPECTED REVENUE AND PROPOSED EXPENDITURES**

Motor Fuel Tax:

Proposal to increase motor fuel tax from 9 cents per gallon to 12 cents per gallon in FY 1981-82.

Total Revenue Estimated for FY 1981-82	\$	74,500,000
Increase in Revenue to the Transportation Fund	\$	17,400,000

Special Fuel Tax:

Proposal to increase special fuel tax from 9 cents per gallon to 12 cents per gallon in FY 1981-82.

Total Revenue Estimated for FY 1981-82	\$	13,500,000
Increase in Revenue to the Transportation Fund	\$	3,300,000

Motor Vehicle Registration:

Proposal to increase the registration for motor vehicles by \$5.00.

Total Revenue Estimated for FY 1981-82	\$	10,000,000
Increase in Revenue to the Transportation Fund	\$	5,000,000

Drivers License Fees:

Proposal to increase the fee for drivers licenses from \$5.00 to \$10.00.

Total Revenue Estimated for FY 1981-82	\$	4,000,000
Increase in Revenue to the Transportation Fund	\$	2,000,000

TOTAL REVENUE ESTIMATED FOR FY 1981-82..... \$ 102,000,000

TOTAL INCREASE IN REVENUE TO TRANSPORTATION FUND..... \$ 27,700,000

Proposed Expenditures:

Highway Maintenance (Includes Snow Removal)	\$	2,000,000
B & C Road Fund (Improvements in City and County Roads).....		3,900,000
Collector Road Fund (Used for Roads Connecting Local Street Systems to Major Systems)		4,200,000
Restore Safe Sidewalk Program		1,500,000
State Construction (Rehabilitation and Reconstruction of State Highways)		16,100,000
TOTAL PROPOSED EXPENDITURES FOR FY 1981-82	\$	<u>27,700,000</u>

PROPOSED BUILDING BOND LIST
(From State Building Board Capital Facilities Priority List)

Priority	Agency/Project	Amount
1	Weber State College - Business & Economics Building	\$ 2,300,000
2	Corrections — State Prison	1,255,000
3	Board of Education - Purchase Board of Education Administration Building*	3,800,000
4	Social Services — Purchase Department of Social Services Administration Building*	6,000,000
5	Social Services — Purchase Richfield Regional Office Building*	368,000
6	Social Services — Purchase Kearns Division of Family Services Office Building*	448,000
7	Tax Commission — Purchase of Grandview School (Local Valuations Office)*	950,000
8	Southern Utah State College — Administration Building Completion	496,000
9	Juvenile Court - New Facility for Third District Court Office Courtroom	2,115,000
10	Youth Corrections - Regional Facilities	2,400,000
11	MR/DD — Training School — New Facilities and Alterations and Improvements to Residential Facilities, Phases IV and V	3,500,000
12	Corrections — State Prison and Community Centers — New Community Correction Center and Partial Funding For Industry Maintenance Building	4,202,000
13	Utah State University — Natural Resources/Biology Wing, Phase 1	5,466,000
14	Board of Education — New Facility for Adult Center for Deaf	2,347,000
15	Systems Planning and Office of Emergency Services — New Computer and Emergency Operations Center	3,000,000
16	Expositions — State Fair — New Livestock/Horse Complex	2,500,000
17	Utah Technical College at Provo — New Health Technology and Administration Building	6,253,000
18	Utah Technical College at Salt Lake — New Business Building, Phase 1	5,500,000
19	University of Utah — Chemistry Building Addition, Phase 1	4,250,000
20	College of Eastern Utah — New Physical Education Building, Phase 1	7,394,000
21	Weber State College — New Allied Health Building, Phase 1	4,000,000
	TOTAL	\$ 68,544,000

*Purchase option price expires during the 1981-82 fiscal year.

State Participation in Selected Local Programs

As part of the fiscal year 1981-82 budget process, the Governor again requested his Advisory Council on Community Affairs, in conjunction with the Associations of Government, to prioritize the budget needs of State-funded programs impacting local government. The State Budget Office compiled a reference document describing the programs, and a survey sheet asking Associations of Government (AOG) to prioritize programs into high, medium and low categories. They were also asked to allocate the monies, assuming no increases in real terms, and assuming a 5 percent increase.

Responses were received from Bear River, Mountainlands, Southeastern, Five-County, Six-County (Commissioners and Mayors) and Wasatch Front Associations of Government. Input was also received from Salt Lake County, Davis County, Roosevelt City, the Association of Counties and the League of Cities and Towns. All programs were then summarized into high, medium and low categories, and special urban, rural and county priorities were identified.

The Governor's Advisory Council on Community Affairs reviewed the information and adopted a prioritization list. The State Budget Office used the prioritized list in making budget recommendations.

The high priorities identified included the B & C Road Fund, the Collector Road fund, Cities Water Loan Fund, and Circuit Court. Urban priorities also included Low-Income

Housing and Alcohol Detoxification Funds. Rural priorities included the Community Impact Account and the Water Construction Fund. The Safe Sidewalks funding, the General Law Enforcement Fund, and Instate Travel Promotion were identified as low priority programs.

Most of the high priority needs are for capital improvements, such as roads, housing, and water projects. The Governor is recommending an increase in the Motor Fuel Tax to fund the needed road projects and an increase in the Severance Tax to fund other anticipated capital needs resulting from the energy-related growth. The Governor is also recommending an increase in the beer tax to fund the Alcohol Detoxification programs. A large increase in Circuit Court funding is also recommended, contingent upon a change in the Circuit Court revenue distribution formula.

Other budget recommendations resulting from this prioritization include eliminating the lower priority Safe Sidewalk Program to help fund the higher priority road funds (a gas tax increase would restore this program); eliminating the General Law Enforcement Assistance Fund to finance training programs for local police officers and to equip the new State Crime Laboratory; and continuing funding of the Liquor Law Enforcement Fund with changes in the law to reduce administrative paper work and the restrictive use of the monies.

STATE PARTICIPATION IN SELECTED LOCAL PROGRAMS

	FY 1980-81 Total Authorized Expenditures	FY 1981-82 Total Recommended Expenditures	FY 1981-82 Recommendation With Severance Tax and Gasoline Tax Increases	Percent Increase Over FY 1980-81 Without Tax Increases	Percent Increase Over FY 1980-81 With Tax Increases
A. EDUCATION					
Vocational Education and Training (Area Vocational Centers — Adult)	\$ 3,073,100	\$ 3,317,700	\$ 4,317,700	8.0	40.5
Minimum School Program	490,348,500	570,819,200	570,819,200	16.4	16.4
School Building Program	18,312,100	17,655,800	17,655,800	(3.6)	(3.6)
Subtotal	511,733,700	591,792,700	592,792,700	15.6	15.8
B. TRANSPORTATION					
Safe Sidewalks	1,453,500	-0-	1,500,000	(100.0)	3.2
B & C Road Fund	11,000,000	11,300,000	15,400,000	2.7	40.0
Collector Road Fund	5,900,000	6,100,000	10,300,000	3.4	74.6
Subtotal	18,353,500	17,400,000	27,200,000	(5.2)	48.2
C. NATURAL RESOURCES					
Cities Loan Fund	1,000,000	1,000,000	2,500,000	-0-	150.0
Water Construction Fund	1,000,000	500,000	1,500,000	(50.0)	50.0
Subtotal	2,000,000	1,500,000	4,000,000	(25.0)	100.0
D. ECONOMIC OPPORTUNITIES					
Housing Development Agency	174,400	130,700	130,700	(25.1)	(25.1)
Low-Income Housing	482,500	500,000	2,000,000	3.6	314.5
Instate Travel Promotion	144,000	122,000	122,000	(15.3)	(15.3)
Bookmobile	1,285,400	1,395,900	1,395,900	8.6	8.6
Subtotal	2,086,300	2,148,600	3,648,600	3.0	74.9

	FY 1980-81 Total Authorized Expenditures	FY 1981-82 Total Recommended Expenditures	FY 1981-82 Recommendation With Severance Tax and Gasoline Tax Increases	Percent Increase Over FY 1980-81 Without Tax Increases	Percent Increase Over FY 1980-81 With Tax Increases
E. INTERGOVERNMENTAL PROGRAMS					
Technical Assistance to Local Government	\$ 126,100	\$ 141,800	\$ 141,800	12.5	12.5
Multi-County Assistance	121,700	133,700	133,700	9.9	9.9
Intergovernmental Personnel Agency	194,000	162,600	162,600	(16.2)	(16.2)
Community Impact Account	5,240,300	5,525,000	9,525,000	5.4	81.8
Subtotal	5,682,100	5,963,100	9,963,100	4.9	75.3
F. PUBLIC SAFETY/COURTS					
Criminal Justice Council Programs (1)	1,715,900	496,200	496,200	(71.1)	(71.1)
(Local Government Grants Only)	1,214,300	395,800	395,800	(67.4)	(67.4)
Highway Safety (1)	434,300	458,200	458,200	5.5	5.5
(Local Government Grants Only)	1,175,000	1,175,000	1,175,000	-0-	-0-
Prosecution Fund	48,300	50,000	50,000	3.5	3.5
General Law Enforcement Assistance	965,000	-0-	-0-	(100.0)	(100.0)
Liquor Law Enforcement Assistance	965,000	1,000,000	1,000,000	3.6	3.6
Circuit Court					
(Local Government Assistance Only)	717,400	1,069,000	1,069,000	49.0	49.0
Police Training	456,800	408,900	408,900	(10.5)	(10.5)
Juror and Witness Fees					
(Includes Circuit Court)	139,900	517,000	517,000	270.0	270.0
Council of Defense					
(Local Government Assistance Only)	213,200	200,000	200,000	(6.2)	(6.2)
Subtotal	8,045,100	5,770,100	5,770,100	(28.3)	(28.3)
G. SOCIAL SERVICES/HEALTH					
Aging (Local Government Grant)	4,265,100	4,303,000	4,303,000	.9	.9
Alcohol and Drugs (Community Services and Prevention/Education) (3)	3,110,300	2,993,400	4,493,400 ⁴	(3.8)	44.5
Community Mental Health Centers	9,271,000	10,187,900	10,187,900	9.9	9.9
Juvenile Detention	624,300	1,020,500	1,020,500	63.5	63.5
Local Health Districts/Departments	2,075,500	2,118,300	2,118,300	2.1	2.1
County Medical Indigent Programs	2,016,600	2,681,100	2,681,100	33.0	33.0
Title XX Discretionary	3,160,100	3,290,500	3,290,500	4.1	4.1
Subtotal	24,522,900	26,594,700	28,094,700	8.5	14.6
GRAND TOTAL	\$ 572,423,600	\$ 651,169,200	\$ 671,469,200	13.8	17.3

(1) Includes administration and State grants only. Local grants are federally funded.

(2) Apparent decrease results from \$90,000 in one-time expenditures made in FY 1980-81 for new academy.

(3) Figure omits \$400,000 which was transferred from Public Assistance to Alcohol Recovery Centers.

(4) Increase in beer tax (\$1,500,000) from Public Intoxication Treatment Act.

**SUPPLEMENTAL APPROPRIATION ACT
1981
GENERAL SESSION**

___ B. No. _____

By _____

AN ACT MAKING APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 1981 FOR THE USE AND SUPPORT OF CERTAIN STATE DEPARTMENTS AND AGENCIES OF STATE GOVERNMENT AND FOR OTHER PURPOSES AS IN THIS ACT PROVIDED.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF UTAH:

Section 1

The following sums of money, or so much thereof as may be necessary, are appropriated from the funds indicated in addition to appropriations, if any, made by Chapter 86, Laws of Utah, 1980, for the use and support of certain State departments and agencies and for other purposes as in this Act provided.

EXECUIVE AND JUDICIAL

Item 1

To Attorney General — Miscellaneous Claims
From General Fund\$35,500
 To pay for miscellaneous claims against the state approved by the Board of Examiners.

Item 2

To Attorney General
From General Fund6,500
 To cover fiscal year 1979-80 deficit.

Item 3

To State Treasurer
From General Fund5,300
 To cover fiscal year 1979-80 deficit.

Item 4

To State Treasurer
From General Fund 27,300
 For payment of the bond for the newly elected State Treasurer.

Item 5

To State Auditor
From General Fund43,000
 To pay for microfilming and re-sorting of warrant requests.

Item 6

To Lt. Governor - Elections
From General Fund15,400
 To pay for the overexpenditure for printing election materials.

Item 7

To Trial Courts — Circuit Court
From General Fund43,500
 To cover fiscal year 1979-80 deficit incurred for clerical reimbursement.

Item 8

To Trial Courts — Juror and Witness Fees
From General Fund212,700
To cover fiscal year 1979-80 overrun and anticipated overrun for fiscal year 1980-81.

Item 9

To Juvenile Court
From General Fund3,500
To cover fiscal year 1979-80 deficit.

GOVERNMENT OPERATIONS

Item 10

To Finance — Administration
From General Fund35,000
To cover personnel and data processing costs to reconcile and balance several cash accounts with the State Accounting System.

It is the intent of the Legislature that the Utah State Department of Finance establish a General Fund Account to be called the Employee Compensation and Injury Account. This account is to be used only for the purpose of paying the premium to the State Insurance Fund for Workers Compensation.

The Department of Finance is authorized to reduce all agencies' work programs by an amount equal to 50 percent of the funds appropriated by the 1980 Legislature to State agencies to pay the premium for Workers Compensation and transfer this sum to the new Employee Compensation and Injury Account.

The funds in this account not used for the purpose as stated shall lapse to the General Fund at the close of the fiscal period ending June 30, 1981. (Estimated savings \$250,000.)

Item 11

To Finance — Extraditions
From General Fund34,800
To cover fiscal year 1979-80 deficit.

Item 12

To Finance — Unemployment Compensation
From General Fund27,000
To cover fiscal year 1979-80 deficit.

Item 13

To Tax Commission
From General Fund340,600
To cover overruns in fiscal year 1979-80 for Administration and Motor Vehicle budgets.

Item 14

To State Insurance Fund
From Insurance Fund150,000
To complete computer system by July 1, 1981.

Item 15

To Office of Personnel Management
It is the intent of the Legislature that the Office of Personnel Management be exempted from the 3.5% budget reduction in the sum of \$31,300.

PUBLIC SAFETY

Item 16
To Public Safety — Comprehensive Emergency Management
From General Fund25,000
 To reimburse costs incurred during the floods of last Spring.

Item 17
To Public Safety — Highway Patrol
From General Fund300,000
 To pay for higher cost of gasoline for Highway Patrol vehicles.

SOCIAL SERVICES

Item 18
To Social Services — Corrections
From General Fund130,000
 To cover Prison overrun from fiscal year 1979-80.
 It is the intent of the Legislature that the Prison be exempted from the 3.5% budget reduction in the sum of \$409,200.

Item 19
To Social Services — Public Assistance
From General Fund3,762,500
 To cover fiscal year 1979-80 deficit (\$162,500) and anticipated cost overruns in public assistance programs in fiscal year 1980-81 (\$3,600,000).
 It is the intent of the Legislature that the Division of Public Assistance be exempted from the 3.5% budget reduction in the sum of \$579,500.

Item 20
To Social Services — Public Entitlements
 It is the intent of the Legislature that the Office of Assistance Payments Administration be exempted from the 3.5% budget reduction in the sum of \$139,000.

Item 21
To Department of Health — Health Lab
From General Fund100,000
 To cover loss of federal 314(d) monies in fiscal year 1980-81.

Item 22
To Department of Health — County Indigent Program
From General Fund16,000
 To cover the cost of Box Elder County entering the program in fiscal year 1980-81 at mid-year.

HIGHER EDUCATION

Item 23
To Weber State College — Skills Center North
From General Fund246,800
 To partially replace loss of federal funds in fiscal year 1980-81.

Item 24

To Utah Technical College at Salt Lake — Skills Center South
From General Fund186,000
To partially replace loss of federal funds in fiscal year 1980-81.

Item 25

To College of Eastern Utah — Education and General
From Mineral Lease Funds.....125,000
To apportion unallocated Mineral Lease Funds to the Mine Safety Program.

Item 26

To Utah Technical College at Provo/Orem
From General Fund.....46,000
To cover costs associated with replacement of the campus boiler.

NATURAL RESOURCES

Item 27

To Natural Resources — State Lands and Forestry
From General Fund.....44,000
To cover a cost overrun in the Fire Suppression Fund.

BUSINESS, LABOR AND AGRICULTURE

Item 28

To Business Regulation — Committee on Consumer Services
From General Fund.....15,500
For professional and technical services for the balance of fiscal year 1980-81.

Item 29

To Apprenticeship Council
From General Fund.....15,000
To pick-up a partial loss of federal funds in the 1980-81 fiscal year.

Item 30

To Agriculture — Brand Inspection
From General Fund.....31,000
From Brand Inspection Account31,000
To cover fiscal year 1979-80 deficit and anticipated deficit for fiscal year 1980-81.

Item 31

To Agriculture — Agricultural and Wildlife Damage Control
From Agricultural and Wildlife Damage Prevention Account.....16,000
To cover fiscal year 1979-80 deficit.

Item 32

To Agriculture — Rural Rehabilitation and Rangeland Development
From Rural Rehabilitation Fund.....3,000
To cover fiscal year 1979-80 deficit.

COMMUNITY AND ECONOMIC DEVELOPMENT

Item 33

To Fine Arts

It is the intent of the Legislature that the Division of Fine Arts be exempted from part of the 3.5% budget reduction in the sum of \$14,000.

Plan of Financing

General Fund	\$5,747,900
Insurance Fund	150,000
Mineral Lease	125,000
Restricted Accounts	<u>50,000</u>
Total	\$6,072,900

Section 2

The following sums of money, or so much thereof as may be necessary, is authorized to be transferred from one line-item of appropriation to another from appropriations made by Chapter 86, Laws of Utah, 1980.

Item 1

To Transportation:

District Management (Item 211)	\$100,000
Administrative Services (Item 212)	68,700
Community Relations (Item 217)	8,000
Right-of-Way (Item 219)	100,000
Maintenance (Item 223)	228,400
State Construction (Item 225)	256,800

From Transportation:

Equipment Management (Item 220)	508,700
Land and Buildings (Item 222)	253,200

Section 3

It is the intent of the Legislature that any unallocated lapsing Mineral Lease Funds at the end of the 1980-81 fiscal year lapse to the General Fund. (The current estimate of this amount is \$482,100).

Section 4

It is the intent of the Legislature that \$755,400 in special one-time appropriations be exempted from the 3.5% budget reduction.

Section 5

It is the intent of the Legislature that \$11,388,000 from General Fund lapsing balances at the close of the 1979-80 fiscal year be transferred to the Uniform School Fund to cover the deficit in the Uniform School Fund at the close of the 1979-80 fiscal year.

