



Budget in Brief 1987~1988

State of Utah

CONTAINING THE RECOMMENDATIONS OF
GOVERNOR NORMAN H. BANGERTER
PRESENTED TO THE GENERAL SESSION OF THE 47TH LEGISLATURE
FOR THE FISCAL PERIOD JULY 1, 1987 to JUNE 30, 1988

STATE OF UTAH
BUDGET IN BRIEF 1987-88

**CONTAINING THE RECOMMENDATIONS OF
GOVERNOR NORMAN H. BANGERTER**

DECEMBER 1986

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STATE OF UTAH
OFFICE OF THE GOVERNOR
SALT LAKE CITY
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NORMAN H. BANGERTER
GOVERNOR

December 17, 1986

My fellow Utahns:

Included in the Budget in Brief are four main sections. First is my state of the state report, giving an overall analysis of current conditions, major trends and projections. Second is a report on economy and efficiency in government. Third is the budget message presenting the major recommendations by area. Finally there are the departmental budgets. But beforehand, I would like to talk very candidly with you.

Several positive things have happened in Utah this year. Two new companies are moving into the state: McDonnell-Douglas and Fidelity Investment. The economy will create about 11,000 new jobs. The West Desert Pumping Project is on schedule and should start pumping water out of the Great Salt Lake in February 1987.

Still, it has been a difficult year for the state. Projections prior to the November Special Session indicated that tax revenues would fall below the legislative appropriation by about \$110 million. This necessitated not only major state expenditure reductions but also the passage of a 4 percent surcharge on state income taxes to make ends meet. The main reason for the revenue decline is the precipitous drop in oil prices. The closures of Kennecott Copper and Geneva Steel were major disappointments. However, I am excited about the reopening of Kennecott and hope Geneva will be able to resolve its problems.

Added to these challenges is the need to educate and otherwise service our youthful population. Educating this population is now absorbing half of the total state budget. Expenditures as a percent of personal income and on a per capita basis are already well above the national average. Educators must realize that it is not realistic to expect a larger percent of the state budget pie than is being recommended for fiscal year 1987-88.

Utah is at an historic crossroad. The decisions which will be made during the next 90 days may well determine Utah's future for decades to come. When legislators meet in January, they will face the same three choices I faced as I prepared my budget. First, they can choose to agree with those who say all problems will be solved by spending more money on education regardless of the taxpayers' ability to pay. Second, they can choose to agree with those who say the state cannot afford to spend any more for education because taxes are already too high. Or third, they can choose to do as I recommend: strike a balance between services and taxes in recognition of our responsibility and opportunity to invest in Utah's future.

My fiscal year 1987-88 budget recommendation is an investment budget. Almost all of the new money being raised by my tax proposal goes to either Education or Corrections. These are areas that simply must receive more funds to carry out their responsibilities.

Utah is a great state because it has great people - people who time and again have shown that they are capable of meeting any challenge that faces them. During the Great Depression, Utahns showed their courage and foresight in two ways: 1) Utah became the first state in the nation to appropriate funds for self help production when the legislature created the Utah Self Help Cooperative Board; and 2) with the state facing an unemployment rate of 35 percent, the legislature still passed a 2 percent sales tax for the sole purpose of relief. Just three years ago the state made national headlines for its tremendous community cooperation during the floods.

Utah now faces another challenge; providing the services, especially education, for a state with the youngest median age in the nation. However, if the past is any guide, Utah successfully will meet this challenge the same way it has met other challenges; with cooperation, energy, sacrifice, and unity. Utah cannot afford to ignore the facts or shrink from the challenge. We must and will move forward with boldness and vision. As your governor, I promise to devote my administration to meeting this task. Together we truly can make the necessary investment today for a prosperous Utah tomorrow.

Sincerely,



Norman H. Bangerter
Governor

STATE OF THE STATE

I. CURRENT CONDITIONS

A. Population

On July 1, 1986 the estimated population of Utah reached 1,670,000. This is an increase of 21,000 residents or 1.3 percent above the 1985 estimate of 1,649,000. The United States increased by only 0.9 percent during this same time. Utah, unlike other rapidly growing states, is growing solely because of natural increase. Utah has actually experienced an annual net outmigration over the last three years. But because of a birth rate well above the national average, Utah's population is one of the fastest growing.

B. Employment

From 1960 to 1980, the average annual nonagricultural employment growth rate in Utah was 3.8 percent. From October 1985 to October 1986 the employment growth rate dropped to 1.4 percent. As a result, unemployment increased from 5.2 percent in May to 6.1 percent in November. Unemployment is still lower than the 7.6 percent rate when Governor Bangerter took office. It is estimated that 11,000 new jobs will be created in Utah in 1986, less than 50 percent of the 23,300 jobs created in 1985. Major factors contributing to slower job growth are:

- general slowdown in national economic growth
- depressed oil prices
- closures of Kennecott and Geneva
- federal expenditure cutbacks

C. Wages and Personal Income

Average wages in Utah are expected to increase from \$17,284 in 1985 to \$17,660 in 1986; a 2.2 percent increase. After adjusting for inflation, wages will increase by only 0.2 percent. This modest increase is nothing new for Utah or the nation. In Utah, real (inflation adjusted) nonagricultural wages have not increased since 1964. Nationally, real nonagricultural wages decreased by about 6 percent between 1965 and 1985.

Another way to measure Utah's economic health is by personal income. It is a measurement of all income received by individuals.

Utah personal income in 1986 is estimated to show a 3.9 percent increase over 1985. After adjusting for inflation, the increase will be 1.9 percent. From 1970 to 1979 Utah and the nation experienced about a 20 percent increase in real per capita personal income. Since 1980, the state's real per capita personal income has remained almost constant. It now ranks 49th in the nation.

The low ranking is primarily a result of the age mix in Utah. Thirty-seven percent of the population is between the ages of 0-17. Only 26 percent of the national population is between the ages of 0-17. Utah's per capita income is, therefore, about 76 percent of the national average. The state's low ranking can be balanced by comparing family income. According to the latest measurement, Utah's median family income is slightly above the national average.

D. Great Salt Lake Flooding

As of December 1, 1986, the Great Salt Lake south arm was at elevation 4211.05 feet. This is two feet higher than a year ago at this time. Such a high level is cause for great concern. However, the West Desert Pumping Project is well underway and is projected to be completed by late February or early March. The pumping will lower the lake level about four inches next year and thirteen inches in the first full year of pumping. After that, the pumping is expected to lower the lake an additional eight to ten inches below what it would otherwise rise to each year.

II. MAJOR TRENDS IN UTAH

A. Demographic Trends

Utah has the highest fertility rate in the United States. While the nation's fertility rate decreased between 1960 and 1975, Utah's rate did not. Since 1980 Utah's fertility rate and absolute number of births have decreased significantly. The total fertility rate declined from 3.2 births per woman in 1980 to 2.7 births in 1985. The national rate is 1.8 births. Total births declined from a high of 41,786 in 1980 to 37,441 in 1985.

The reasons for these declines are complex. Economic conditions are no doubt involved in

the decision to have fewer children. The continuing increase of women in the Utah work place is an example. Since 1980 the percent of Utah women in the work place has risen from 49.8 percent to 56.4 percent.

The decline in the birthrate is expected to have a profound impact on the state during the next several decades. Total population growth will slow significantly. Perhaps most important will be the effects on school-age population growth. The decline means a leveling out and a projected reduction in school-age population by the mid 1990s. This trend will give education a much needed breather from its growth problems. These trends, however, are not spread evenly among school districts.

B. Expenditure Trends

One important way of analyzing state expenditures is to adjust for inflation and population growth. Expenditures adjusted in this fashion are referred to as "real per capita expenditures" or "real per pupil expenditures." A comparison of the governor's recommended fiscal year 1987-88 budget with the budget just prior to his coming into office (fiscal year 1984-85) shows that real per capita expenditures have actually declined

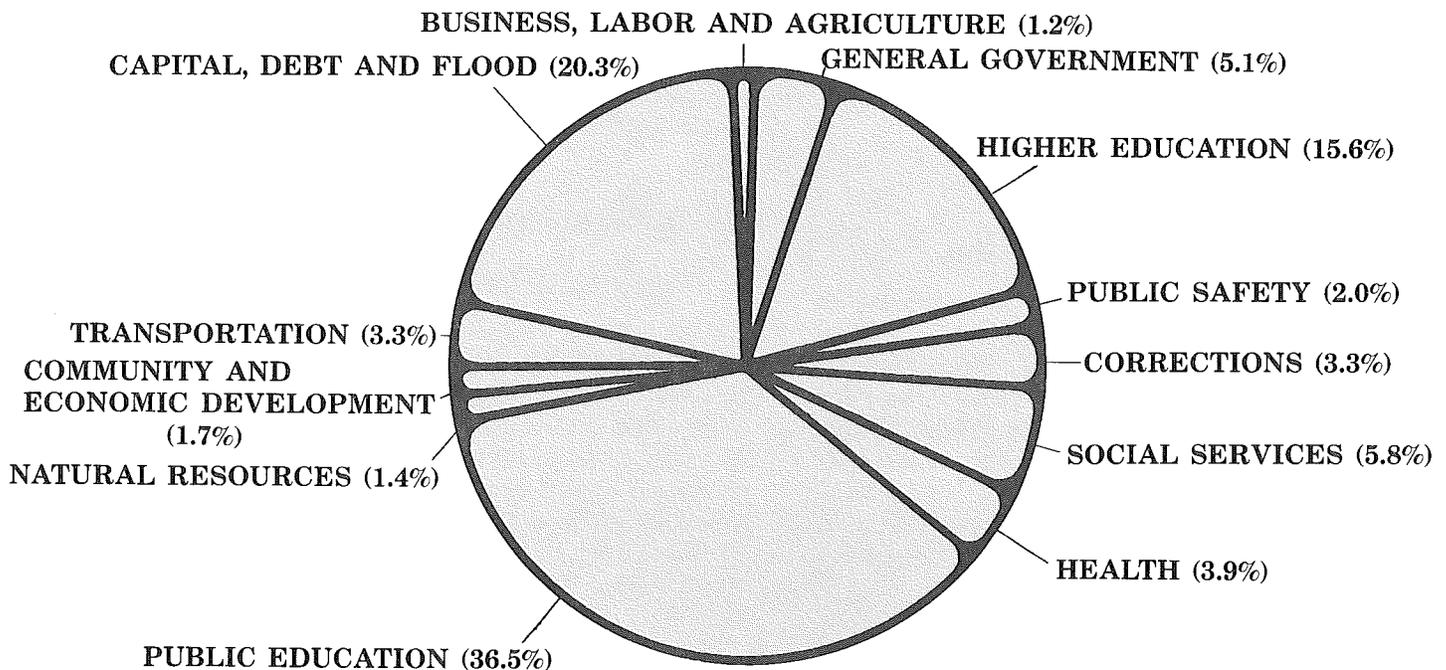
by 5.5 percent. This means that after adjusting for inflation and population growth the governor is recommending a budget that spends 5.5 percent less per person than occurred in 1985.

However this is not true of all categories of state expenditures. If the governor's recommended budget is adopted, real per pupil expenditures will have increased for Public Education by 6.2 percent and for Higher Education by 4.3 percent since coming into office. This trend is even more significant when considering that school populations have been growing much more rapidly than the total population.

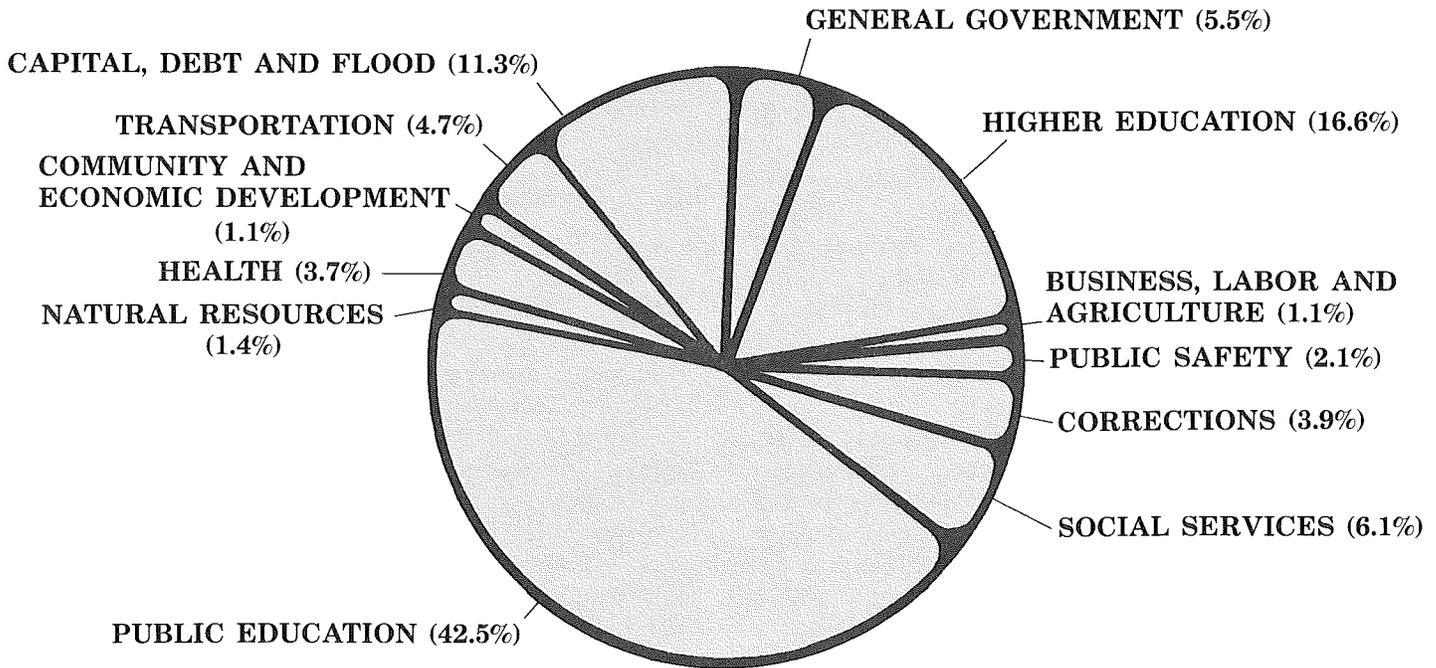
The charts which follow further illustrate this trend. In fiscal year 1984-85, 36.5 percent of the budget (General, Uniform School, and Transportation Funds and Mineral Lease Account) was allocated to public education while 15.6 percent went to higher education. The governor is now recommending 42.5 percent of the budget be allocated to Public Education and 16.6 percent to Higher Education. When both Public and Higher Education are combined, the percent change from fiscal year 1984-85 to 1987-88 goes from 52.1 percent to 59.1 percent. It is this kind of financial commitment to education that needs to be matched by reform.

Expenditures by Function 1984-85

General, Uniform School and Transportation Funds and Mineral Lease Account



Governor's Recommendations 1987-88
General, Uniform School and Transportation Funds and Mineral Lease Account



Utah's commitment to education ranks very high by national standards. Utahns spend 9.8 percent of their income on education. The national average is only 6.4 percent and the western states average is 6.6 percent. But Utah ranks lowest in education expenditures per student. The state spends only \$2,199; national expenditures average \$3,172. Utah expenditures are 66 percent of the national average. This is understandable considering that 25 percent of Utah's population is school age. Only 19 percent of the national population is school age.

For Utah to meet the national average in per student expenditures, a tax increase of about \$479 million would be necessary. It could be accomplished by 1) raising the statewide sales tax by about 90 percent, or 2) increasing individual income taxes by 111 percent. Neither option is reasonable. Instead, the state must look at methods to provide quality education with fewer dollars per student.

III. PROJECTIONS

A. Employment

Employment growth slowed considerably last fiscal year. Recent projections, however,

indicate the following job growth patterns:

- a 1.3 percent increase in fiscal year 1987-88
- a 2.7 percent yearly increase between 1987 and 1990
- a 2.2 percent yearly increase between 1987 and 2010

The national employment growth is expected to be only 1.5 percent between 1987 and 2010.

The fastest growing Utah industries are projected to be:

- machinery and electronic equipment
- air transportation
- transportation services
- hotels and lodging
- business services
- health services

The slowest growing industries will be agriculture and mining. Although mining is not seen as a growth industry, the re-emergence of Kennecott Copper Corporation will help the industry and boost the state economy.

B. Population Growth

Recently completed projections by the Office of Planning and Budget indicate that future population growth will be slower than estimated earlier. This is due to the decline in fertility rates. They will continue to decline at a slower rate until they eventually stabilize. Employment growth has also been lower than earlier projected.

A population growth rate of 1.6 percent is expected in fiscal year 1986-87. A growth rate of 1.7 percent is projected between 1987 and 2010. This is slower than past growth. Utah's population rate is expected to increase at twice the national average. Utah will continue to have one of the fastest growing populations in the nation.

Utah is unique in its growth. Virtually all of Utah's population growth is generated by natural increase. The result is a net increase of 12,000 new students yearly while most of the states are experiencing a decline in new students. Unquestionably, the state's biggest challenge continues to be educating its youth.

However, the recent decline in Utah fertility rates and the slow economic growth indicate a slowdown in school age population growth. School enrollments have been increasing by 3.4 percent annually. Between 1987 and 1990, enrollments are expected to increase by only 2.1 percent annually. Be-

tween 1990 and 1994, they are expected to increase by 1 percent annually. In 1994, they are expected to peak and then decline. The decline is expected to continue through the year 2000. At that time, a new demographic cycle and rapid growth period will begin. These growth trends, however, will not be spread evenly across the state.

C. Personal Income

Utah faces many challenges, but the future is not gloomy. The federal government's Bureau of Economic Analysis (BEA) projects that Utah personal income will grow faster than will national personal income. Between 1987 and 2000, Utah personal income will be the third fastest growing in the nation, behind only Arizona and Nevada. Utah's per capita income is expected to grow by 2 percent per year. The national average is expected to grow by only 1.8 percent. This is a significant turnaround from 1973-83. During that period, Utah per capita income grew by 0.9 percent and the national average grew by 1.4 percent.

In conclusion, the BEA thinks that Utah is one of the real growth states. The internationally acclaimed futurist John Naisbitt agrees. In his best selling book *Megatrends* he cites Salt Lake City as one of the ten major growth cities of the future.

REPORT ON ECONOMY AND EFFICIENCY IN GOVERNMENT

OVERVIEW

Three major themes have been emphasized during Governor Bangerter's administration: education, economic development and economy and efficiency in government. At the beginning of his administration the governor asked state agencies to increase their efficiency by looking at new ways of delivering services. He divided state departments into sub-cabinet councils. The governor wanted these councils to discuss ways to eliminate duplication and better coordinate state services. As a result, state agencies made division consolidations, combined positions, privatized some programs, and centralized others.

DEPARTMENT EFFICIENCY ACCOMPLISHMENTS

Below is a department listing of some of the efficiency accomplishments implemented during this year. Space does not permit a full accounting of all the efficiencies implemented.

A. Department of Community and Economic Development

1. **Administration**—Combined the positions of personnel officer and chief administrative assistant. Eliminated the position of data processing coordinator by decentralizing data processing services. Savings to the state are estimated at \$60,000 annually.
2. **Community Development**—Initiated purchase order system for office supplies and administrative items. Orders must be approved by the budget officer and division director before purchases are made. As a result, the division eliminated one full-time position.
3. **State Library**—Eliminated two full-time positions.
4. **Arts Council**—Combined the positions of assistant director and secretary to the director, saving \$20,000 annually.
5. **Small Business Office**—Restructured the office through a merger with a private development finance company. Savings to the state this year are estimated at \$40,600. After three years, state funds will be completely phased out.

B. Department of Corrections

Division of Institutions—Initiated new staff scheduling policies that reduced overtime without hiring new staff. Savings to the state are estimated at \$500,000 this year.

C. Business, Labor and Agriculture

1. **Industrial Commission**—The Safety Division increased productivity by computerizing records, allowing for better access and inspection schedules, thus increasing productivity. The division raised boiler inspection fees and is proposing the implementation of elevator inspection fees in order to make service recipients pay for the benefits received. The Compensation Division replaced a court reporter position with contract court reporters. Savings to the state are estimated at \$30,000 annually. The Division of Occupational Safety and Health is changing the method of obtaining lab tests for hygiene samples. Savings to the state will be \$30,000 annually. The division also eliminated a standards officer position saving the state \$36,000 annually and eliminated an inspector position saving the state \$32,000 per year. The Consultation Division has eliminated one full-time position saving the state \$32,000 annually.
2. **Department of Alcohol and Beverage Control**—Requires part-time employees to now work a minimum 30 hour week before qualifying for employee benefits thus saving the state \$151,000 annually. Implemented change from monthly to semi-annual physical inventories of state liquor stores. Savings to the state are estimated at \$48,000 annually. Eliminated 6.5 full-time equivalent positions by consolidating club, restaurant, and package agency purchases into a new club store. Savings to the state are estimated at \$180,000 annually.
3. **Insurance Department**—Contracted two responsibilities to the private sector. 1) Administration and prescreening of all insurance examinations were

contracted out. Fees paid by the candidate to the independent contractor will cover the examination costs. When fully implemented, one full-time equivalent position will be eliminated.

2) Regulation of surplus line carriers and agents under the new insurance code was also contracted out. Purchased point-of-sale cash register terminals which will post journal entries automatically. The terminals will be linked to a database to permit immediate posting of payments. This will reduce overtime substantially.

4. **Department of Business Regulation**—Restructured data processing, made personnel changes and cancelled software acquisitions. When fully implemented, savings to the state will exceed \$80,000 annually. Merged two deputy director positions. Savings to the state will be \$40,000 annually. Division of Real Estate and Division of Public Utilities initiated further data processing changes. Savings to the state will be \$60,000 annually.
5. **Public Service Commission**—Consolidated the duties of commission secretary and auditor. Savings to the state are estimated at \$40,000 annually. Contracted with a private attorney to act as a third part-time administrative law judge. The attorney will handle the increased transportation applications.
6. **Department of Financial Institutions**—Eliminated two office technician positions with increased use of data processing. Annual savings to the state will be \$32,000.

D. Department of Natural Resources

1. **Department**—Created a department motor pool which consolidated eight control centers and eliminated five full-time equivalent positions. This has reduced mileage rates from 28 cents to 25 cents per mile.
2. **Division of State Lands and Forestry**—Requires project developers to provide historical and archeological site surveys before the division approves their development proposals. This was previously done by the state. Savings will be \$10,000 annually.
3. **Division of Parks and Recreation**—Converted five full-time equivalent

positions in the main office to seasonal positions in field locations. This resulted in additional employees at the parks where the need is greatest. Savings to the state will be \$96,000 annually.

4. **Utah Energy Office**—Eliminated one full-time equivalent position in the Renewable Energy Program. Savings to the state is \$25,000 annually. Scheduled bimonthly rather than monthly Energy Council meetings. Savings to the state will be \$8,000 annually.
5. **Division of Oil, Gas and Mining**—Eliminated 7.5 full-time equivalent positions due to the decline in oil well drilling and mining. Savings to the state are estimated at \$103,000 annually.

E. Department of Health

1. **Division of Environmental Health**—Eliminated seven full-time equivalent positions by organizational adjustments. Temporarily reassigned four positions to make full use of available federal funds. Savings to the state will be \$300,000 annually.
2. **Division of Health Care Financing**—Reduced the cost of providing Medicaid patients with oxygen concentrators through the use of competitive bidding. The low bid drops the cost from \$146 per concentrator per month to \$75. Savings to the state will be \$149,100 annually.
3. **Division of Family Health**—Maximized collections from private insurance companies and Medicaid to minimize state expenditures. Quality of medical care remained at the same high level. Savings to the state are estimated at \$250,000 this year.

F. Department of Public Safety

1. **Commissioner's Office**—Consolidated from two separate divisions all aircraft and pilots into an Air Bureau. Duplication has been reduced and a uniform accounting system has been implemented.
2. **Utah Highway Patrol**—Reorganized to reduce administrative costs and to provide more staff for field operations. Eliminated the rank of major and reduced the number of captain positions. Current savings to the state are estimated at \$60,000. As more captain posi-

tions are eliminated through attrition, the savings will be greater.

3. **Administrative Services**—Consolidated all fleet operations in the division. This resulted in uniform vehicle purchases, operating procedures, cost accounting, and vehicle utilization.

G. Department of Social Services

1. **Executive Director's Office**—Eliminated six full-time equivalent positions through increased use of automation.
2. **Utah State Training School**—Eliminated ten full-time equivalent positions in maintenance, training and sewing room.
3. **Community Operations**—Worked more closely with families to provide in-home services. Savings to the state are approximately \$650,000 this year. Entitlement investigators were responsible for \$830,000 in grant savings. Self-sufficiency efforts assisted clients to obtain training and employment; a \$4.5 million savings.

H. Tax Commission

New reader/printers reduced microfilm costs from 14 cents to 2 cents per copy. Savings to the state are \$52,000 annually. Installed four rapid extraction desks (REDS) reducing the need for seasonal employees during tax season. Savings to the state will be \$50,000 annually.

I. Department of Administrative Services

1. **Division of Facilities, Construction and Management**—Reorganized and eliminated 21 full-time equivalent positions. This was accomplished by requiring contracting architects to take more responsibility over supervision and inspection of construction projects.
2. **Administration**—Created the Data Processing Review Committee in 1985. The committee, in coordination with the Data Processing Coordinator in the Office of Planning and Budget, brought the purchasing and development of data processing equipment and systems under central review. This has resulted in the creation of a strategic plan for data processing.

3. **Division of Data Processing**—Reorganized the central data processing division, bringing about significant cost containment practices. The result is a reduction of the division budget of about \$2.3 million. The division of central data processing operated at a profit for the first time, while lowering customer rates by 12 percent.

4. **State Telecommunications Services**—Developed a statewide telecommunications master plan which indicated the need for a state-owned integrated telecommunications system. Utah is currently buying telephone and switchboard equipment and replacing the AT&T leased equipment. Estimated savings to the state will be \$750,000. The division has also reduced long-distance telephone rates by \$600,000 annually through a joint effort with the University of Utah.

J. Office of Planning and Budget

Data Processing Coordinator—Created an information management policy by publishing the *Information Resource Management Handbook*. The publication includes policies and procedures for developing, retaining, and accessing information. This policy is the foundation for effective management of computer resources. Published an inventory book entitled *Taking Stock*. For the first time the state has a complete inventory of all existing data processing equipment. This will allow for better data processing planning.

SCOPE

On May 29, 1986, Governor Bangerter publicly announced his SCOPE initiative. (SCOPE stands for State Committees on Productivity and Excellence.) This program developed a more formal methodology to the already existing economy and efficiency process just described. The purpose of SCOPE is twofold: First, SCOPE is a plan to prioritize state government services under the concept that the taxpayer is the ultimate customer. Second, SCOPE is a plan to limit the growth of government while still providing quality essential services that government is best equipped to provide. Government is essential. However, it should not provide services

or take on responsibilities that can best be handled by the private sector.

The key to the SCOPE process is the department SCOPE team. The department head chairs the committee but can choose anyone from the department who is needed. The team also includes staff from the Office of Planning and Budget and administrative assistants from the governor's office.

To implement SCOPE, the governor asked all state agencies to prepare their fiscal year 1987-88 budgets at 94 percent of their current year budgets. They were then asked to create building blocks up to 100 percent and 106 percent. The building blocks were to be prioritized in order of importance. The building blocks above the 94 percent would be prioritized on a statewide basis.

STATEWIDE SCOPE ACCOMPLISHMENTS

In the SCOPE document the governor mentioned three standards of measurement by which success could be measured. Each is listed below with an analysis of accomplishments for the first eight months of work. They are:

1. *State employment will decrease as a percent of total nonagricultural employment.*

On October 6, 1986, the governor implemented a plan to keep state employment in check. In a memorandum, he asked agency heads to reduce their staffing levels by July 1, 1987 to the level reflected in the recommended budget.

Each agency was urged to accomplish this with as few terminations as possible. The Division of Personnel Management has worked with state agencies to help with early retirement and transfers within the state. Currently no hiring of new people outside of state government can take place without the approval of the governor's office.

The fiscal year 1987-88 budget recommendation eliminates about 304 full-time positions. The net reduction is 82 full-time positions because of the need to expand some departments. The Department of Corrections, for example, needs 180 new employees to staff the prison expansion.

2. *The state budget, on average, will not show increases greater than the growth in population and inflation during this administration.*

In measuring this standard, the budget is defined as the General, Uniform School, and Transportation Funds, and Mineral Lease Account. The base year is fiscal year 1984-85. As the table shows, appropriations from this budget in 1984-85 were \$1.516 billion. The 1987-88 recommendation is \$1.662 billion or an increase of \$145.9 million. In real per capita terms (adjusting for inflation and population growth) the 1987-88 recommendation is a decrease of 5.5 percent or \$51.62 less per person than in fiscal year 1984-85.

Capital, Debt and Operations Budget for General, Uniform School, and Transportation Funds and Mineral Lease Account Includes Flood Money Excludes Federal, Restricted, Dedicated Credits, Other, Property Taxes and Certificates of Participation Monies

Fiscal Year	Appropriations (In Thousands)	Budget Increase	Population	GNP Deflator 1986 = 100	Inflation Rate	Real Per Capita Dollars	Percent Change
1984 ^a	1,282,726	—	1,623,000	0.943	4.1	838.12	—
1985 ^a	1,516,192	233,466	1,649,000	0.973	3.2	944.98	12.75
1986 ^a	1,519,806	3,614	1,670,000	1.000	2.8	910.06	(3.69)
1987 ^b	1,493,216	(26,590)	1,696,000	1.033	3.3	852.31	(6.35)
1988 ^a	1,662,131	168,915	1,728,000	1.077	4.3	893.11	4.79

a) FY84, FY85 and FY86 are actual appropriations, and FY88 are the governor's recommended appropriations.
b) FY87 appropriations were adjusted for expenditure cutbacks.

3. *State employee morale and taxpayer satisfaction will be surveyed regularly to ensure that identified problems are being addressed.*

In July, Dan Jones and Associates conducted a state employee survey. The purpose was multifold: to find how to make state government a better and more productive place to work, to find cost saving measures, and to find ways to improve employee morale. The survey has become a tremendous tool for the governor in managing state government.

The administration has already taken several steps suggested by the survey. First, state employees have been frustrated by the way their pay increases seem to be the last thing considered in the legislative sessions. This year the governor's budget request includes in each department budget a merit increase for employees. Funding for the increase has come from cost saving measures implemented by the SCOPE teams.

Second, the survey showed considerable concern over management issues such as communications, participation in decisions that affect one's work, fear of recrimination, proper direction, and reward for work well done. To address this issue, the state is in the process of developing a new performance appraisal system that will require supervisors and line employees to work together more closely on goal setting and review. The administration is also recommending a new merit pay plan that will allow managers to more adequately reward high achievers in state government. The pay plan allows managers to give

merit increases of 2, 4, and 6 percent per year. This new plan, if used with the new performance appraisal system, will significantly improve morale and productivity in state government. The governor has also called together an Employee Survey Committee consisting of line employees to make recommendations to the governor concerning issues raised by the survey. The committee has been meeting for several months and is finalizing their recommendations.

THE 94 PERCENT BUDGET

Clearly, the most significant accomplishment of SCOPE was the preparation of the departments' 94 percent budget. State agencies were asked in May to prepare their fiscal year 1987-88 budget at 94 percent of the current year budget. This allowed agencies to prioritize programs and make sufficient reductions in order to fund merit increases for their employees without any new funds. This process was difficult and took the departments several months. However, it resulted in a significant prioritization process by every state agency. These 94 percent budgets with building blocks were presented to the governor at the budget hearings. The governor then had to prioritize each department's building blocks on a statewide basis. The governor's recommended budget with the building blocks reflects the 94 percent budget process.

In conclusion, the governor's economy and efficiency efforts have been very successful. The governor will continue to press forward with the SCOPE concept to find more ways of becoming efficient and cost effective. The goal is to provide the Utah taxpayer, our customer, the best service possible.

GOVERNOR'S BUDGET RECOMMENDATIONS

FOREWORD

Employment in Utah grew by 23,300 new jobs in 1985 and is expected to grow by 11,000 new jobs in 1986. The unemployment rate has dropped from 7.6 percent to 6.1 percent since Governor Norman H. Bangerter took office in January 1985. It has consistently remained below the national average.

1985-86 BUDGET

Despite positive employment statistics, Utah experienced budgetary challenges during the past fiscal year. When Governor Bangerter took office, General Fund/Uniform School Fund projected revenues were \$1,291 million for fiscal year 1985-86, an increase of 6.1 percent. Actual revenues were only \$1,250 million, a 2.6 percent increase over fiscal year 1984-85 but \$41 million less than originally projected.

In the 1986 General Legislative Session, fiscal year 1985-86 operating budgets were reduced by approximately \$24 million due to declining revenues. The legislature authorized the use of an additional \$6 million of flood money to offset any further revenue declines. Revenues continued their descent, forcing Governor Bangerter to take further action to balance the budget. Besides using the \$6 million of flood money, the governor ordered a reduction of nearly 1 percent for higher education and state agencies. Public education did not participate in the \$5 million cut. Governor Bangerter deferred another \$8 million in capital projects to ensure a balanced budget.

1986-87 BUDGET

Revenue Shortfall Continues

The deterioration of revenues has continued into the current year. A fiscal year 1986-87 revenue shortfall became evident when second quarter tax collections were received and analyzed. At that time, Governor Bangerter announced a projected shortfall of at least \$48 million below the 1986-87 adopted budget. The governor took immediate action to reduce agency operating budgets by \$31 million and capital projects by \$17 million. When the special legislative

session met in November 1986, the projected General Fund/Uniform School Fund revenue shortfall had grown to nearly \$91 million.

Prior to the November 1986 special legislative session, revenues for fiscal year 1986-87 were projected to be \$110 million less than appropriated by the legislature last February:

- \$91 million less in the General Fund/Uniform School Fund
- \$10 million less in the Transportation Fund
- \$9 million less in the Mineral Lease Account

Actions have been taken to reduce expenditures by \$74 million. The remaining \$36 million will be raised by a 4 percent surcharge on 1986 income tax liability and increased income tax withholding due to implementation of new federal tax reform.

Shortfall Caused by Unforeseen Events

The current shortfall is a result of unforeseen circumstances over which state government has no control. Approximately \$59 million is being lost annually because of lower oil prices. Of that amount, \$54 million is due to the \$12 per barrel price decline in 1986. Only \$5 million is caused by job losses in the oil industry. In other words, oil production is a very capital intensive industry. Each one dollar drop in the price of oil has cost the state about \$4.5 million in lost revenues. Tax collections related to oil prices and production are half of what they were in 1985. These losses have lowered revenues for 1) mineral lease, 2) mineral production, 3) mine occupation, 4) oil conservation, 5) state land, and 6) property tax recapture.

Other unrelated events have impacted revenues further:

- Geneva Steel's closure costs Utah an estimated \$10 million in yearly revenues
- Great Salt Lake flooding reduces annual revenues by \$2 million
- Utah's aerospace industry is negatively affected by the space shuttle accident
- Agriculture remains depressed
- Kennecott Copper's closure reduced state revenues by approximately \$19 million in 1985

Kennecott Copper Corporation has resumed business which is good for the state. This reopening should offset the expected 1987-88 revenue loss from Geneva Steel's closure.

These changes in Utah's economy reflect national and international circumstances. They are virtually impossible to predict precisely. The revenue losses are a direct result of 1) the federal deficit and 2) the nation's inability to compete in today's global economy. The U.S. trade deficit is expected to reach \$175 billion in 1986, indicating that American and Utah jobs are being exported abroad. The nation has not remained competitive in the world market place.

The federal deficit and imbalance of trade have slowed Utah's economy as well as the nation's. Sales taxes in Utah grew only 0.6 percent in fiscal year 1985-86. They are expected to remain flat in fiscal year 1986-87 with a moderate increase in 1987-88.

Governor Outlines Solutions

During the November 1986 special session, the legislature enacted the governor's plan to cover the initial \$48 million projected shortfall. The legislature also cut an additional \$9 million from agency operating budgets and raised \$20 million by authorizing a 4 percent surcharge on income tax liability. An additional \$16 million will be received in fiscal year 1986-87 from increased income tax withholding as a result of federal tax reform.

1987-88 RECOMMENDATIONS

The *Budget in Brief* summarizes recommendations for fiscal year 1987-88. Gov-

ernor Bangerter recommends a total budget of \$2.8 billion, no increase over fiscal year 1986-87 appropriations prior to reductions made in the November 1986 special session. The flat budget recommendation is a 5.8 percent decrease when adjusted for projected 1987 inflation and population.

The governor's recommendation includes a \$110 million addition to the General Fund/Uniform School Fund, an 8.3 percent increase over 1986-87. The money is necessary to 1) replace one-time revenues used in the 1986-87 budget, 2) fund growth, and 3) provide for critical education and economic development needs. Major items to be funded with the \$110 million are listed in the chart below.

Recommended performance/productivity increases and a 1.5 percent cost-of-living increase for public employees are not reflected above. They have been funded through savings from efficiencies and cost reductions. Replacement of federal dollars with state funds is not included. Utah will receive approximately \$58 million less federal funds in fiscal year 1987-88 than in fiscal year 1985-86. While not all of the federal funds can be replaced, the most critical and essential programs have been funded with state funds in the 1987-88 budget.

More than 88 percent of the General Fund/Uniform School Fund operations budget is for education, health, assistance to the poor and handicapped, and correctional institutions. Although significant efficiencies and cost reductions have been and are being implemented, massive budget reductions would have dramatic effects on school children and the less fortunate.

Major Budget Increases

Program	In Millions
Replacement of one-time revenues	\$ 30
Public Education—student population growth	25
Higher Education—student population growth and reimbursed overhead replacement	5
Corrections—inmate population growth and new prison costs	6
Social Services—case load increases	2
Natural Resources—operating costs of pumps for West Desert	3
Increased risk insurance costs	<u>2</u>
Subtotal	73
Public Education—additional priorities including cost-of-living	25
Higher Education—additional priorities including cost-of-living	10
Community and Economic Development—increased Centers of Excellence funding	<u>2</u>
Total	\$110

The detailed Operations Budget and Capital Budget will be published separately. Specific information on enterprise funds and internal service funds will be available also. Governor Bangerter's budget recommendations will be updated during the 1987 legislative session as new revenue projections and additional information are received.

Revenues

The Office of Planning and Budget and the Tax Commission estimate that General Fund/Uniform School Fund revenues for fiscal year 1987-88 will be approximately \$1.262 billion. The estimate does not include new taxes, new fees, or any impact of the new federal tax reform package. The projection is \$49 million less than the amount adopted by the legislature for fiscal year 1986-87. The legislature has redirected nearly \$12 million of sales tax revenue from a restricted account into the General Fund. Otherwise, the revenue projection would be \$61 million less than in 1986-87.

Additional revenues are necessary to move Utah forward and maintain our quality of life. Governor Bangerter recommends increases in 1) income tax, 2) corporate franchise tax, 3) sales tax, 4) cigarette tax, 5) gasoline tax, and 6) vehicle registration fees. He also recommends a new tax on soft drink consumption and a decrease in mandated property taxes.

Income Tax

As a result of the new federal tax law, Utahns will be paying an estimated \$150 million less in 1987 federal individual income taxes and \$197 million less each year thereafter. Governor Bangerter recommends that Utah capture \$102 million of that amount by increasing individual state income taxes. Of that amount, an estimated \$50 million would be received automatically because of federal tax reform; \$52 million represents increased taxes beyond the automatic effect of the new federal tax law. Income taxes go into the Uniform School Fund for education.

Taxpayers currently pay 7.75 percent of taxable income over \$7,500. Most taxpayers are subject to the 7.75 percent rate. Under Governor Bangerter's proposal, joint taxable income up to \$8,000 will be taxed at 5 percent, taxable income from \$8,000 to \$16,000 will be taxed at 7.5 percent, and taxable income over \$16,000 will be taxed at 10 percent. Although the top rate will increase from 7.5 percent to 10 percent, taxable income will more than double before the 10 percent rate applies. The new formula assesses joint taxable income from \$4,500 to \$16,000 at lower rates than does the current system. Brackets for single filers will be half of those for joint filers.

Following are comparative Utah tax rate schedules:

Husband and Wife Filing Joint Return and Head of Household:

State Taxable Income	Current Rate	Proposed Rate
\$ 0 to \$ 1,500	2.75%	5.00%
\$1,501 to \$ 3,000	3.75%	5.00%
\$3,001 to \$ 4,500	4.75%	5.00%
\$4,501 to \$ 6,000	5.75%	5.00%
\$6,001 to \$ 7,500	6.75%	5.00%
\$7,501 to \$ 8,000	7.75%	5.00%
\$8,001 to \$16,000	7.75%	7.50%
Over \$16,000	7.75%	10.00%

Single Taxpayers (Except Head of Household) and Husband and Wife Filing Separate Returns:

State Taxable Income	Current Rate	Proposed Rate
\$ 0 to \$ 750	2.75%	5.00%
\$ 751 to \$1,500	3.75%	5.00%
\$1,501 to \$2,250	4.75%	5.00%
\$2,251 to \$3,000	5.75%	5.00%
\$3,001 to \$3,750	6.75%	5.00%
\$3,751 to \$4,000	7.75%	5.00%
\$4,001 to \$8,000	7.75%	7.50%
Over \$8,000	7.75%	10.00%

Exemptions and Standard Deductions

	Current Rate	Proposed Rate
Exemptions		
Personal	\$ 750	\$2,000
Dependent	\$ 750	\$1,500
Standard Deductions		
Married	\$1,300 to \$2,000	\$5,000
Single	\$ 650 to \$1,000	\$3,000

Approximately 85,000 to 100,000 low income taxpayers will have no income tax liability under this proposal. Upon full implementation of the proposal, state exemptions and standard deductions will be increased:

Corporate Franchise Tax

Governor Bangerter recommends increased corporate taxes. Raising the corporate franchise tax rate from 5 percent to 6 percent will generate approximately \$12 million. It is recommended the corporate minimum tax be strengthened to raise an estimated \$3 million. Elimination of the corporate loss carryback provision is also recommended, providing more than \$2 million in increased revenues. Corporations will still be able to carry forward operating losses to offset future income. In addition to the \$17 million of increased state taxes noted above, Utah corporations will be paying approximately \$25 million more in federal income taxes due to federal tax reform.

Sales Tax

The governor recommends a .25 percent sales tax increase which will generate an estimated \$30 million per year. Repeal of the sales tax exemption for vending machines is recommended. It will generate in excess of \$1 million in revenue yearly.

Cigarette Tax

Governor Bangerter recommends an increase in cigarette taxes from 12 cents to 20 cents per pack. The 8 cent increase will generate an estimated \$7 million.

Gasoline Tax

The Department of Transportation estimates that an additional \$60 million is needed yearly for state highway resurfacing, rehabilitation and maintenance. Governor Bangerter recommends a gasoline tax in-

crease of 5 cents per gallon. The 5 cent increase will generate an estimated \$30 million per year for backlogged state highway needs and more than \$10 million to help alleviate city and county transportation needs. Within the next few years, additional gasoline tax increases and bonding authority will be necessary to expand the I-15 corridor between North Temple and Draper.

Vehicle Registration Fees

In September 1986, the Advisory Commission on Intergovernmental Relations issued an information report entitled "Measuring State Fiscal Capacity: Alternative Methods and Their Uses." It indicated Utah's tax effort index for collection of motor vehicle registration fees is only 61 percent of the national average. Governor Bangerter recommends that nearly \$7 million be raised by increased vehicle registration fees. He recommends that vehicle registration fees be raised as follows: motorcycles \$3, noncommercial vehicles \$5, and commercial vehicles \$7. Utah's tax effort index will still be only 74 percent of the national average.

Soft Drink Tax

A new soft drink tax of 30 cents per gallon is recommended. The tax will increase the cost of soft drinks approximately 3 cents per can. An estimated \$15 million per year will be raised.

Property Tax

Currently, the state mandated property tax levy for public education is 21.28 mills. Governor Bangerter recommends that this levy be reduced to 21 mills, reducing state mandated funding by nearly \$3 million. However, to help address the needs of education, the governor believes local school boards should have the option to levy up to two additional mills for critical public education needs.

Summary

Governor Bangerter recommends \$172 million in additional revenues for the state operating budget, \$30 million in increased gasoline taxes and \$7 million in vehicle registration fees for the Transportation Fund, and nearly a \$3 million reduction in mandated property taxes. The recommended increases exceed \$200 million. However, they will be offset by an estimated \$197 million reduction in individual federal income tax payments by Utahns upon full implementation of new federal tax reform.

Below is a summary of Governor Bangerter's recommendations for increased state revenues.

The governor's revenue package is recommended after studying numerous revenue enhancement alternatives and combinations. The governor is willing to work with the legislature to review other alternatives and funding combinations to raise the needed revenue.

Governor Bangerter's total revenue package results in an average state tax per capita increase of \$119 per year. The federal individual income tax per capita decrease will be approximately \$87 in 1987 and \$114 per year thereafter. Consequently, the average net increase in state and federal taxes will be only \$32 per person in 1987 and \$5 per year thereafter.

A detailed breakdown of revenue projections and recommendations is shown in Table VIII.

Governor Bangerter recommends that existing tax exemption provisions be studied. Those which can no longer be justified should be repealed in the 1988 General Legislative Session. The governor also recommends re-

view of the tax base. Utah, along with the rest of the nation, has been evolving from a goods producing economy to a service oriented society. Utah's mining and manufacturing industries reflect the decline in the goods producing sector. Utah's service oriented sector, on the other hand, has grown 3.3 percent during the past year. The state loses more revenue from the declining goods producing sector than it gains from the growing service oriented sector. Utah's tax base must be broadened to address the changing economy.

EDUCATION

Education continues to be the centerpiece of Governor Bangerter's budget. He recommends funding the full cost of growth in public education and a 3.5 percent increase in the weighted pupil unit. The recommendation is nearly a \$50 million increase in state funding for the minimum school program, an 8 percent increase over fiscal year 1986-87. Of that, \$25 million is necessary to fund the nearly 12,000 additional students in the public system.

The governor recommends continued funding for the following reform incentive programs: 1) experimental programs, 2) productivity, 3) outcome-based education, 4) year-round schools, and 5) career ladders. In addition, \$1 million in new funding is recommended to be split between evaluation/assessment and technology utilization.

A new finance formula for public education is recommended. The new formula requires that building utilization standards be set and maintained for local districts to qualify for

Recommended Tax Increases

Tax	In Millions
Individual Income Tax	\$102
Corporate Franchise Tax	12
Corporate Minimum Tax	3
Corporate Loss Carryback Elimination	2
Sales Tax	30
Repeal Sales Tax Exemption for Vending Machines	1
Cigarette Tax	7
Soft Drink Tax	15
Subtotal	172
Vehicle Registration Fees	7
Gasoline Tax	30
Property Tax Reduction	(3)
Total	\$206

maximum state funding of utilities. Administrative costs are targeted for 10 percent reduction over the next two years. The career ladder program is accepted as part of the basic program. Career ladders has proven effective in some districts, but the program needs to be modified to make it more effective in other districts.

The new finance formula provides reform, simplification, and flexibility while enhancing quality. The number of categories is reduced. Vocational funding is simplified by funding area vocational centers and the skills center directly rather than through the minimum school program.

Governor Bangerter has developed a totally equalized basic foundation program which fully funds kindergarten. Besides the mandatory 21 mill levy required to fund the foundation program, the governor recommends an optional two mill levy which local school boards may assess. The levy provides additional funding for 1) small schools, 2) vocational education, 3) the handicapped, 4) accelerated learners, and 5) other public education programs. This optional levy gives local districts the flexibility they have requested. Local education needs can be funded with state assistance by assessing all or part of the equalized two mills. With the flexibility provided by the optional enrichment program goes the responsibility of accounting to local taxpayers for how the money will be spent. The existing voted leeway program will be available to localities after the optional two mill leeway has been levied.

The recommended increase in state funding for higher education is nearly \$14.6 million, a 5.7 percent increase over fiscal year 1986-87. It includes funding for enrollment growth and new space. After a year of no increase in base salaries, it provides for competitive salary adjustments. They will offset more than 25 percent of compensation gaps between Utah and comparable institutions. A 1.5 percent cost-of-living increase is also funded. The reimbursed overhead allocation has been replaced with general funds as mandated by the legislature during its last general session.

While not all education needs can be addressed, more than \$65 million in new state funding will offset current-year cuts of nearly 4 percent and move education forward. Governor Bangerter's recommendation continues targeting state resources toward education. In fiscal year 1984-85, 59.9

percent of the General Fund/Uniform School Fund went to education. Governor Bangerter's 1987-88 recommendation increases the allocation to 68.3 percent.

COMMUNITY AND ECONOMIC DEVELOPMENT

A strengthened and broadened economic base will help solve Utah's current fiscal challenges. Governor Bangerter recommends \$2.8 million for the Centers of Excellence Program. A portion of the funding is recommended for high technology training centers. A separate line item appropriation of \$500,000 is recommended for the Utah Technology Finance Corporation.

Utah has been aggressive in its efforts to increase jobs. Efforts have included:

- Recruiting companies such as McDonnell-Douglas and Fidelity Investment
- Assisting Utah farmers and businesses export products abroad
- Helping small businesses gain federal contracts
- Increasing the number of tourists who visit the state
- Investing in research and development to create new industries

Further initiative is needed to build Utah's economy in the face of trying circumstances.

CRIMINAL JUSTICE

Overcrowding at Utah correctional facilities is a persistent problem despite a \$30 million prison facility under construction and a new youth secure detention facility. Growth is due to:

- Legislation increasing penalties for selected offenses
- New sentencing guidelines
- Increased number of parole violations
- More stringent Board of Pardons policies

Inmate population at the state prison has grown more than 20 percent in the last year.

The increased inmate population places growing pressures on the state's correctional system. The governor recommends a \$70.9 million budget for Corrections, a 10.5 percent increase in state funds over fiscal year 1986-87. The increase is needed for operating costs of the new facilities.

The newly authorized Court of Appeals will begin functioning within the next few

months. Full year funding for the Court of Appeals is included in Governor Bangerter's fiscal year 1987-88 recommendations. The governor recommends a total budget for state courts of \$30.3 million, an increase of 7.9 percent overall and an 8.2 percent increase in general funds over fiscal year 1986-87. Included are judicial salary increases recommended by the Executive and Judicial Compensation Commission.

Increased attention is being focused nationwide on the serious problem of drug abuse. The flow of drugs into this country is increasing. Utah is experiencing much of this increased drug traffic. In the last year, the Utah Highway Patrol has seized more than 85 pounds of cocaine worth \$15 million. The Department of Public Safety lacks sufficient resources to increase and follow up the drug seizures. Governor Bangerter recommends an additional \$1 million be appropriated to combat the drug problem in our state. A total budget of \$41.6 million is recommended for the Department of Public Safety, a 1.5 percent increase over fiscal year 1986-87.

SOCIAL SERVICES AND HEALTH

The departments of Social Services and Health are strongly impacted by Utah's population growth and demographics. Federal funding for programs continues to decrease.

Governor Bangerter recommends public assistance and day care caseload increases for the Department of Social Services. He recommends a 25-bed expansion at the Utah State Hospital. Additional funding is recommended for 1) community and residential programs for the handicapped, 2) services for troubled youth and their families, and 3) a 1.5 percent cost-of-living increase for public assistance recipients. The governor recommends a total budget of \$268.3 million for the Department of Social Services, a 2.5 percent overall increase over fiscal year 1986-87 and a 2.2 percent General Fund increase.

The governor recommends a total Department of Health budget of \$248.6 million, a 6 percent overall decrease from fiscal year 1986-87 and a 0.5 percent decrease in general funds. The decrease is due primarily to reduced federal funds and elimination of a \$1.3 million General Fund appropriation for building rental. The recommendation includes funding for prenatal care, hazardous waste monitoring and coordination, and treatment of mentally retarded patients.

Also recommended is a 1.5 percent cost-of-living increase on monies transferred to local health departments.

OTHER STATE DEPARTMENTS

Governor Bangerter recommends \$558,000 to supplement federal funds and continue efforts to eradicate insect infestation problems. He also recommends a \$250,000 appropriation to the Agricultural Resource and Development Loan Fund.

Governor Bangerter recommends increased state funding for regulatory agencies to address challenges in the financial, utility and other business fields. A total budget of \$65.7 million is recommended for Business, Labor, and Agriculture, a 1.6 percent overall decrease from fiscal year 1986-87 but a 3 percent General Fund increase.

The governor has included \$2,650,000 in the Department of Natural Resources' budget for operation and maintenance of the West Desert Pumping Project. Also provided is \$300,000 for water development studies. Governor Bangerter also recommends that funding for Utah Geological and Mineral Survey be from general funds rather than mineral lease funds. He also proposes \$269,400 from the Wildlife Restricted Account be allocated to begin treatment of Strawberry Reservoir.

CAPITAL BUDGET

Maintenance of existing capital facilities continues to be a top priority. Governor Bangerter recommends \$13.7 million in general funds for that purpose, including \$2.5 million to begin asbestos abatement throughout the state. Utah must adequately maintain and preserve its existing capital facilities. Failure to keep existing facilities serviceable will prove more costly over time. The governor's recommendation is \$4 million higher than appropriated for fiscal year 1986-87.

Governor Bangerter supports issuing a general obligation bond to fund the top three capital improvements recommendations and top eight capital development recommendations of the Building Board. The governor recommends that completion of the Wolf Creek (Middle Fork Canyon) land acquisition be added to the bond project list. He also recommends that the Ogden Youth Center correctional facility and first phase of a new regional prison be placed on the list. The total cost of projects to be funded by the bond is \$39.4 million.

Bonding List

Project	Cost
USU Plant Industries Remodel	\$ 1,473,000
SUSC Building Settlement Repairs	720,900
USU Communicative Disorders Relocation	41,000
Wolf Creek Purchase	2,085,500
Ogden-Weber AVC Site Work	1,028,100
Expositions Property Purchase	800,000
U of U Hazardous Waste Facility	641,600
UTC-SL Skills Center	2,905,500
WSC Physical Education Building	8,481,000
Dixie Science Building Addition	3,531,100
Dixie Learning Resource Center	300,000
USU Education Building	3,913,500
Ogden Youth Corrections Center	1,500,400
New Prison Phase 1	<u>12,028,300</u>
Total	<u>\$39,449,900</u>

Funding for the second phase of a new regional prison will probably be required next year. An estimated \$25 million will be necessary to fund the two phases of the regional prison. Twelve million dollars is recommended for fiscal year 1987-88 and \$13 million recommended for fiscal year 1988-89.

Advance planning continues to be a feature of the Capital Budget. The projects listed below have already received planning monies or require none. They will be considered for construction/acquisition funding next fiscal year.

Governor Bangerter recommends \$222,200 in state planning monies. Funds are to prepare a capital project master plan for the Salt Lake Valley, including Capitol Hill. The plan should address:

- The feasibility of a courts facility on Capitol Hill
- A facility for the medical examiner
- Space limitations in the Heber M. Wells Building

Highways are a critical part of the state's capital program. Governor Bangerter supports a federal highway construction budget

of \$127.8 million. He recommends a state highway construction and rehabilitation budget of \$45.4 million. The governor supports a full maintenance and rehabilitation program to address highway infrastructure needs. Accordingly, he recommends increases to the maintenance and rehabilitation programs. Governor Bangerter's transportation recommendations assure adequate highway infrastructure to stimulate and support economic growth.

The governor's recommendations for the Capital Budget are summarized later in the document.

COMPENSATION

The Division of Personnel Management, as required by statute, has recommended a compensation package for public employees comparable with the private sector. The division recommends a performance/productivity increase to qualified employees and an across-the-board 2 percent cost-of-living adjustment. Because of budgetary constraints, Governor Bangerter recommends 3 percent funding for performance/productivity and a 1.5 percent cost-of-living increase. In addi-

Planned Projects

Project	Cost
Ogden-Weber AVC	\$ 5,076,600
Bridgerland AVC	4,851,500
UTC-Provo/Orem	8,948,400
Davis AVC	551,600
Corrections	1,258,900
University of Utah	780,600
Utah National Guard	183,000
Highway Patrol	400,000
Total	<u>\$22,050,600</u>

tion, he believes the governor's salary adjustment should not exceed the increase given to state employees. All compensation adjustments are recommended to be made on July 1, 1987. Governor Bangerter recommends similar performance/productivity and cost-of-living increases for public and higher education employees. Savings through the SCOPE process have made it possible to fund fiscal year 1987-88 performance/productivity increases within 1986-87 levels.

Funding for clerical adjustments resulting from the DBM classification study and statutorily required longevity increases is included in the governor's recommendations.

Governor Bangerter concurs with the recommendation of Personnel Management that the current pay plan be revised to an open pay range system. Pay ranges will correspond to the current pay plan but all interim steps will be eliminated. The new plan provides greater flexibility and accountability by allowing variable performance/productivity increases based on individual performance levels. Employees rated below standard will receive no increase, standard employees will receive 2 percent, above standard employees will receive 4 percent, and outstanding employees can receive 6 percent. The new pay plan will be funded at the same level as the current plan. The new plan eliminates current costs for reclassifications and promotions.

The Executive and Judicial Compensation Commission (EJCC) reviewed salaries of executive and judicial positions in western and

midwestern states. The governor supports the recommendation of the EJCC for elected officials and judges. The recommendation of EJCC is outlined below.

The EJCC recommends grade changes for the executive director of the Tax Commission and the commissioner of Financial Institutions. Governor Bangerter recommends no change in grade.

The Legislative Compensation Commission is reviewing compensation and per diem payments to legislators. Preliminary data indicates that an increase is warranted. Governor Bangerter will review the commission's final recommendation and report his recommendation to the legislature.

CONCLUSION

The fiscal year 1987-88 budget accomplishes the following objectives:

- Provides an additional installment on educational reform
- Continues emphasis on economic development and efficiency in government
- Adequately addresses capital needs
- Provides essential funding to other state programs

Table I presents the General Fund/Uniform School Fund proposed fiscal plan. Tables II through VIII further summarize Governor Bangerter's recommendations. Amounts for the authorized 1986-87 fiscal year do not reflect reductions made in the November 1986 special session.

Recommendations of the Executive and Judicial Compensation Commission

Elected or Judicial Position	Current Salary	EJCC Recommendation
Governor	\$60,000	\$65,000
Lieutenant Governor	50,000	52,500
Attorney General	49,000	52,000
Auditor	45,000	47,500
Treasurer	45,000	47,500
Chief Justice	59,000	67,000
Associate Justice	58,000	66,000
Appellate Court Judge	55,100	62,700
District Court Judge	54,000	59,400
Juvenile Court Judge	54,000	59,400
Circuit Court Judge	48,600	56,100

Table I**STATE OF UTAH**

State Fiscal Plan (in thousands of dollars)
Fiscal Year 1985-86 to Fiscal Year 1987-88
General Fund/Uniform School Fund

	<u>Actual 1985-86</u>	<u>Revised 1986-87</u>	<u>Percentage Change</u>	<u>Governor's Recommendation 1987-88</u>	<u>Percentage Change</u>
EXPENDITURES					
Operations Budget	\$ 1,212,080	\$ 1,282,649	5.8	\$ 1,370,169	6.8
Capital Budget	49,419	44,433	(10.1)	66,936	50.6
Flood Funds	35,000	-0-	(100.0)	-0-	0.0
Supplementals	-0-	(42,420)	—	-0-	100.0
	<u>-0-</u>	<u>14,118</u>	—	<u>-0-</u>	<u>(100.0)</u>
TOTAL APPROPRIATIONS	\$ 1,296,499	\$ 1,298,780	0.2	\$ 1,437,105	10.7
(Lapsing Balances)	<u>(19,690)</u>	<u>-0-</u>	(100.0)	<u>-0-</u>	0.0
TOTAL EXPENDITURES	\$ <u>1,276,809</u>	\$ <u>1,298,780</u>	1.7	\$ <u>1,437,105</u>	10.7
REVENUES					
Beginning Balance	\$ 19,014	\$ 1,808	(90.5)	\$ -0-	(100.0)
General Fund	689,928	680,600	(1.4)	743,500	9.2
Uniform School Fund	560,056	588,000	5.0	693,700	18.0
Overhead Allocation	2,437	2,554	4.8	-0-	(100.0)
Transfers					
Water Resources C & D	2,700	12,700	370.4	-0-	(100.0)
Other	4,482	13,118	192.7	-0-	(100.0)
	<u>4,482</u>	<u>13,118</u>		<u>-0-</u>	
TOTAL REVENUES	\$ <u>1,278,617</u>	\$ <u>1,298,780</u>	1.6	\$ <u>1,437,200</u>	10.7
SURPLUS	1,808	-0-	(100.0)	95	—

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

Fiscal Year 1985-86 to Fiscal Year 1987-88

Transportation Fund

	Actual 1985-86	Revised 1986-87	Percentage Change	Governor's Recommendation 1987-88	Percentage Change
EXPENDITURES					
Transportation	\$ 66,246	\$ 67,815	2.4	\$ 78,661	16.0
Capital Budget	80,576	81,128	0.7	96,182	18.6
Debt Service—Bonds	16,000	2,000	(87.5)	-0-	(100.0)
Government Operations	5,534	6,576	18.8	7,120	8.3
Public Safety	19,050	23,590	23.8	21,945	(7.0)
Comm./Econ. Dev.	118	118	0.0	118	0.0
Subtotal	187,524	181,227	(3.4)	204,026	12.6
Supplementals	-0-	9,670	—	-0-	(100.0)
(Lapsing Balances)	(25,037)	-0-	100.0	-0-	0.0
Transfer to DFCM	(85)	-0-	100.0	-0-	0.0
Cost Reductions	-0-	(27,231)	—	-0-	100.0
Appropriations Expended	162,402	163,666	0.8	204,026	24.7
General Government Overhead	1,927	2,074	7.6	-0-	(100.0)
Transfer to DFCM	85	-0-	(100.0)	-0-	0.0
TOTAL EXPENDITURES	\$ 164,414	\$ 165,740	0.8	\$ 204,026	23.1
REVENUES					
Beginning Balance	\$ 243	\$ -0-	(100.0)	\$ -0-	0.0
Free Revenue	146,195	150,100	2.7	198,000	31.9
Accelerated Revenue	-0-	9,475	—	-0-	(100.0)
Bond and Note Interest	2,093	-0-	(100.0)	-0-	0.0
Intrafund Transfers	14,611	6,165	(57.8)	6,026	(2.3)
Fund Adjustment (Restricted to Unrestricted)	1,272	-0-	(100.0)	-0-	0.0
TOTAL REVENUE	\$ 164,414	\$ 165,740	0.8	\$ 204,026	23.1
SURPLUS/(Deficit)	\$ -0-	\$ -0-	0.0	\$ -0-	0.0

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

	<u>Actual</u> 1985-86	<u>Authorized</u> 1986-87	<u>Governor's</u> <u>Recommendation</u> 1987-88
Legislature	\$ 5,565,800	\$ 5,771,400	\$ 5,742,800
Elected Officials	9,938,400	10,205,200	10,718,700
State Courts	24,699,600	27,900,900	30,179,600
Government Operations	32,185,200	37,100,200	37,793,800
Public Safety	11,441,800	7,017,500	12,060,000
National Guard	1,554,300	1,619,310	1,863,900
Corrections	54,435,200	58,686,700	64,875,900
Social Services	95,249,500	100,558,700	102,788,600
Health	59,649,800	61,769,400	61,444,700
Public Education	617,887,800	659,643,900	710,201,600
Higher Education	246,869,400	257,248,500	271,825,600
Natural Resources	18,842,100	20,060,100	23,283,700
Business, Labor and Agriculture	16,794,100	17,093,600	17,599,100
Community and Economic Development	16,060,800	16,907,200	18,727,000
Transportation	<u>906,100</u>	<u>1,066,700</u>	<u>1,064,400</u>
Operations Budget	\$ <u>1,212,079,900</u>	\$ <u>1,282,649,310</u>	\$ <u>1,370,169,400</u>
Debt Service	32,721,500	41,200,000	52,000,000
Capital Budget	16,697,100	3,233,200	14,935,400
Flooding	<u>35,000,000</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	\$ <u>1,296,498,500</u>	\$ <u>1,327,082,510</u>	\$ <u>1,437,104,800</u>

Table IV

STATE OF UTAH

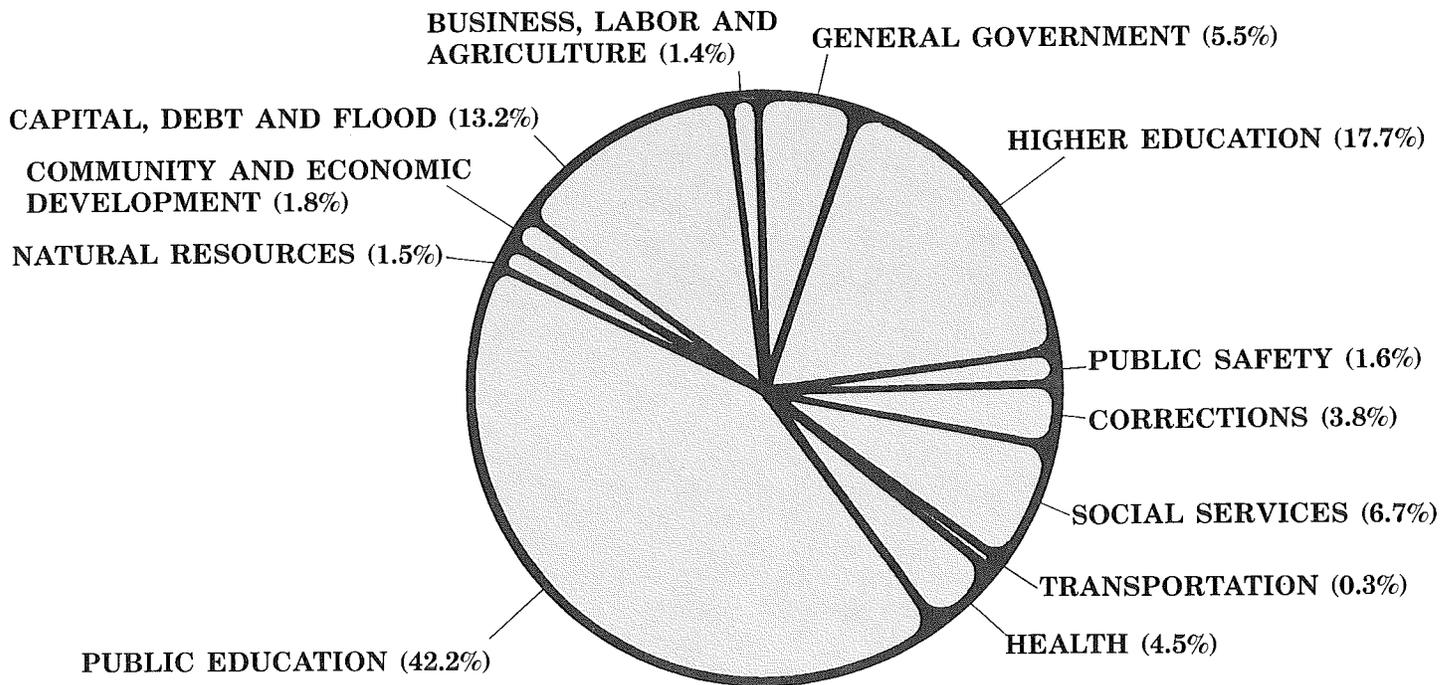
Summary of Governor's Recommendations

Expenditures From All Sources

	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88
Legislature	\$ 6,001,800	\$ 6,045,200	\$ 5,959,400
Elected Officials	13,252,700	16,268,600	16,279,400
State Courts	25,296,400	28,040,800	30,252,500
Government Operations	50,961,300	59,694,500	60,809,400
Public Safety	40,966,200	40,973,100	41,576,500
National Guard	2,781,300	2,861,310	2,905,400
Corrections	58,158,000	64,597,700	70,911,000
Social Services	245,494,900	261,697,000	268,330,200
Health	262,339,400	264,391,600	248,579,000
Public Education	918,001,600	981,502,900	1,038,268,400
Higher Education	330,358,300	335,346,400	349,470,600
Natural Resources	52,831,500	53,244,400	54,556,700
Business, Labor and Agriculture	62,193,000	66,726,000	65,672,400
Community and Economic Development	45,180,300	54,038,400	43,053,800
Transportation	<u>121,714,400</u>	<u>123,843,200</u>	<u>128,814,000</u>
Operations Budget	\$ <u>2,235,531,100</u>	\$ <u>2,359,271,110</u>	\$ <u>2,425,438,700</u>
Debt Service	60,570,500	74,957,800	52,537,400
Capital Budget	319,954,600	304,601,900	302,782,000
Flooding	<u>35,000,000</u>	<u>41,700,000</u>	<u>-0-</u>
TOTAL	\$ <u><u>2,651,056,200</u></u>	\$ <u><u>2,780,530,810</u></u>	\$ <u><u>2,780,758,100</u></u>

Table V

Expenditures by Function 1984-85
General Fund and Uniform School Fund



Governor's Recommendations 1987-88
General Fund and Uniform School Fund

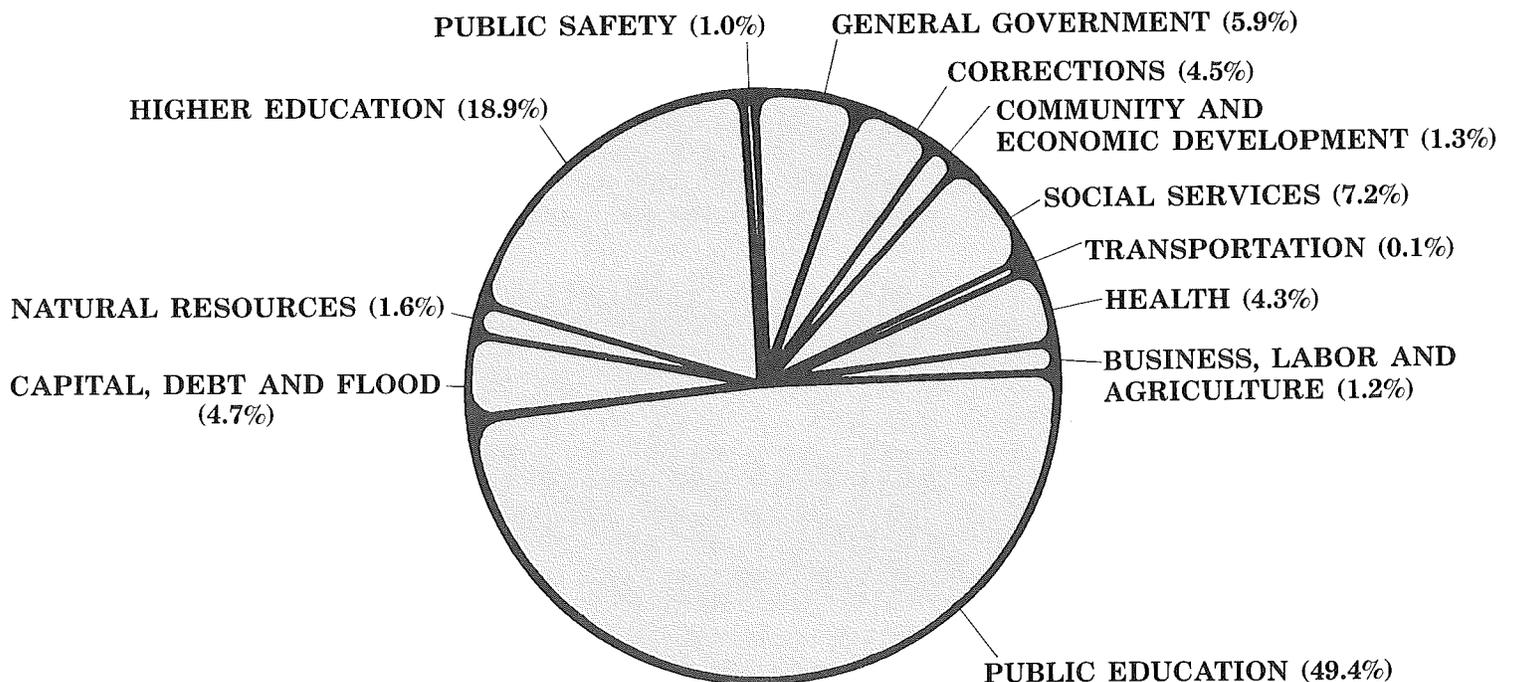


Table VI

STATE OF UTAH

Summary Plan of Financing

	General Fund	Uniform School Fund	Transportation Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted & Trust Funds	Other	Property Tax	Certificates of Participation	Total
Legislature											
Actual 85-86	5,565,800	-	-	-	98,000	-	-	338,000	-	-	6,001,800
Authorized 86-87	5,771,400	-	-	-	100,000	-	-	173,800	-	-	6,045,200
Recommended 87-88	5,742,800	-	-	-	100,000	-	-	116,600	-	-	5,959,400
Elected Officials											
Actual 85-86	9,938,400	-	-	739,500	2,663,600	-	176,500	(265,300)	-	-	13,252,700
Authorized 86-87	10,205,200	-	-	694,200	4,482,800	-	486,700	399,700	-	-	16,268,600
Recommended 87-88	10,718,700	-	-	672,100	4,393,200	-	495,400	-	-	-	16,279,400
State Courts											
Actual 85-86	24,699,600	-	-	-	85,900	-	-	13,100	-	497,800	25,296,400
Authorized 86-87	27,900,900	-	-	-	139,900	-	-	-	-	-	28,040,800
Recommended 87-88	30,179,600	-	-	-	88,500	-	-	4,400	-	-	30,252,500
Government Operations											
Actual 85-86	22,110,700	10,074,500	5,533,800	100,800	6,792,100	-	6,415,700	(66,300)	-	-	50,961,300
Authorized 86-87	23,509,700	13,590,500	6,576,300	250,000	6,979,400	-	7,348,100	1,440,500	-	-	59,694,500
Recommended 87-88	23,960,300	13,893,500	7,119,500	210,000	7,682,700	-	7,609,200	394,200	-	-	60,809,400
Public Safety											
Actual 85-86	11,441,800	-	19,050,000	8,304,100	1,141,000	-	250,000	(870,700)	-	1,650,000	40,966,200
Authorized 86-87	7,017,500	-	23,589,600	5,818,200	1,140,600	-	987,200	942,000	-	1,508,000	40,973,100
Recommended 87-88	12,060,000	-	21,945,000	5,877,700	727,400	-	966,400	-	-	-	41,576,500
National Guard											
Actual 85-86	1,554,300	-	-	764,100	31,600	-	-	431,300	-	-	2,781,300
Authorized 86-87	1,619,310	-	-	1,212,000	30,000	-	-	-	-	-	2,861,310
Recommended 87-88	1,863,900	-	-	1,021,500	20,000	-	-	-	-	-	2,905,400
Corrections											
Actual 85-86	54,435,200	-	-	-	4,832,700	-	75,000	(1,184,900)	-	-	58,158,000
Authorized 86-87	58,686,700	-	-	-	5,831,500	-	75,000	4,500	-	-	64,597,700
Recommended 87-88	64,875,900	-	-	-	5,947,100	-	88,000	-	-	-	70,911,000
Social Services											
Actual 85-86	95,249,500	-	-	108,064,400	43,759,200	193,400	295,600	(2,265,000)	-	197,800	245,494,900
Authorized 86-87	100,558,700	-	-	115,020,600	43,724,900	-	935,000	1,457,900	-	-	261,697,000
Recommended 87-88	102,788,600	-	-	114,967,200	48,446,200	-	935,000	1,193,200	-	-	268,330,200
Health											
Actual 85-86	59,649,800	-	-	182,020,700	21,274,200	43,400	553,000	(1,201,700)	-	-	262,339,400
Authorized 86-87	61,769,400	-	-	180,093,300	18,998,900	-	670,000	2,860,000	-	-	264,391,600
Recommended 87-88	61,444,700	-	-	166,648,100	19,701,700	-	685,000	99,500	-	-	248,579,000
Public Education											
Actual 85-86	-	617,887,800	-	76,045,800	4,779,000	1,113,400	11,108,400	2,458,400	204,141,800	467,000	918,001,600
Authorized 86-87	-	639,643,900	-	80,593,200	4,203,700	551,300	12,826,800	4,460,600	219,223,400	-	961,502,900
Recommended 87-88	-	710,201,600	-	80,850,300	3,096,200	461,300	11,557,200	832,800	231,269,000	-	1,038,268,400

	General Fund	Uniform School Fund	Transportation Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted & Trust Funds	Other	Property Tax	Certificates of Participation	Total
Higher Education											
Actual 85-86	246,547,100	322,300	-0-	3,572,500	64,928,900	6,031,600	602,700	8,353,200	-0-	-0-	330,358,300
Authorized 86-87	256,905,300	343,200	-0-	4,943,300	85,249,900	5,437,900	1,266,300	1,200,000	-0-	-0-	335,346,400
Recommended 87-88	271,495,600	330,000	-0-	4,809,800	65,514,400	5,293,400	602,700	1,424,700	-0-	-0-	349,470,600
Natural Resources											
Actual 85-86	18,842,100	-0-	-0-	9,215,900	4,914,500	1,695,200	16,378,700	1,785,100	-0-	-0-	52,831,500
Authorized 86-87	20,060,100	-0-	-0-	8,427,200	3,752,100	551,300	16,783,900	3,669,800	-0-	-0-	53,244,400
Recommended 87-88	23,283,700	-0-	-0-	8,620,200	4,381,700	-0-	18,056,600	214,500	-0-	-0-	54,556,700
Business, Labor and Agriculture											
Actual 85-86	16,794,100	-0-	-0-	2,097,100	2,447,100	-0-	42,593,700	(1,739,000)	-0-	-0-	62,193,000
Authorized 86-87	17,093,600	-0-	-0-	2,194,400	2,438,400	-0-	44,246,400	753,200	-0-	-0-	66,726,000
Recommended 87-88	17,599,100	-0-	-0-	2,069,200	2,294,400	-0-	43,688,200	1,500	-0-	-0-	65,672,400
Community and Economic Development											
Actual 85-86	16,060,800	-0-	118,000	26,232,300	3,297,400	-0-	399,800	(928,000)	-0-	-0-	45,180,300
Authorized 86-87	16,907,200	-0-	118,000	26,889,500	3,361,900	-0-	379,300	6,382,500	-0-	-0-	54,038,400
Recommended 87-88	18,727,000	-0-	118,000	20,157,000	3,102,300	-0-	342,500	607,000	-0-	-0-	43,053,800
Transportation											
Actual 85-86	906,100	-0-	66,245,700	32,293,000	8,487,200	-0-	4,880,500	520,800	-0-	8,381,100	121,714,400
Authorized 86-87	1,066,700	-0-	67,814,900	31,102,200	7,238,600	-0-	4,647,600	4,731,200	-0-	7,242,000	123,843,200
Recommended 87-88	1,064,400	-0-	78,661,100	32,312,000	6,660,200	-0-	5,445,000	4,671,300	-0-	-0-	128,814,000
SUBTOTAL OPERATIONS BUDGET											
Actual 85-86	583,795,300	628,284,600	90,947,500	449,450,200	169,532,400	9,077,000	83,729,600	5,379,000	204,141,800	11,193,700	2,235,531,100
Authorized 86-87	609,071,710	673,577,600	96,098,800	457,238,600	167,672,600	6,540,500	90,622,300	28,475,600	219,223,400	8,750,000	2,359,271,110
Recommended 87-88	645,804,300	724,365,100	107,843,600	438,235,100	172,136,000	5,754,700	90,471,200	9,559,700	231,269,000	-0-	2,425,438,700
Debt Service											
Actual 85-86	32,721,500	-0-	16,000,000	-0-	2,799,800	-0-	16,480,100	(7,430,900)	-0-	-0-	60,570,500
Authorized 86-87	41,200,000	-0-	2,000,000	-0-	4,492,800	-0-	12,100,000	15,165,000	-0-	-0-	74,957,800
Recommended 87-88	52,000,000	-0-	-0-	-0-	537,400	-0-	-0-	-0-	-0-	-0-	52,537,400
Capital Budget											
Actual 85-86	15,168,800	1,528,300	80,575,600	171,302,600	9,490,400	26,707,300	1,437,100	13,744,500	-0-	-0-	319,954,600
Authorized 86-87	2,033,200	1,200,000	81,128,000	123,092,900	6,870,000	18,475,000	3,846,400	67,956,400	-0-	-0-	304,601,900
Recommended 87-88	14,668,200	267,200	96,182,100	124,438,400	8,984,800	15,245,300	1,267,400	41,728,600	-0-	-0-	302,782,000
Flooding											
Actual 85-86	35,000,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	35,000,000
Authorized 86-87	-0-	-0-	-0-	-0-	-0-	-0-	-0-	41,700,000	-0-	-0-	41,700,000
Recommended 87-88	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
GRAND TOTALS											
Actual 85-86	666,665,600	629,812,900	187,525,100	620,752,800	181,822,600	35,784,300	101,646,800	11,692,600	204,141,800	11,183,700	2,651,056,200
Authorized 86-87	652,304,910	674,777,600	181,226,800	580,331,500	179,035,400	25,015,500	106,568,700	153,297,000	219,223,400	8,750,000	2,780,530,810
Recommended 87-88	712,472,500	724,632,300	204,025,700	562,673,500	181,655,200	21,000,000	91,738,600	51,288,300	231,269,000	-0-	2,780,758,100

Table VII

STATE OF UTAH

Mineral Lease Account Current and Proposed Allocations

	Actual 1985-86	Revised Estimate 1986-87	Governor's Recommendation 1987-88
Beginning Balance—			
Mineral Lease	\$ (680,600)	\$ -0-	\$ -0-
Mineral Lease Receipts	28,926,000	18,500,000	20,500,000
Estimated Bonus Transfer	<u>3,652,000</u>	<u>500,000</u>	<u>500,000</u>
Total Available	\$ 31,897,400	\$ 19,000,000	\$ 21,000,000
MANDATED			
Community Impact			
Mineral Lease (32.5%)	\$ 9,400,900	\$ 6,012,500	\$ 6,662,500
Mineral Bonus (70.0%)	2,556,400	350,000	350,000
Board of Regents	4,572,800	4,746,600	4,832,100
Board of Education (2.25%)	650,800	416,300	461,300
Geologic/Mineral Survey (2.25%)	650,800	416,300	-0-
USU Water Research Labs (2.25%)	<u>776,300</u>	<u>416,300</u>	<u>461,300</u>
Subtotal	\$ 18,608,000	\$ 12,358,000	\$ 12,767,200
DISCRETIONARY APPROPRIATIONS			
DCED Capital Budget Projects	\$ 500,000	\$ -0-	\$ -0-
U of U Fossil Fuel Research	300,000	-0-	-0-
USU Agricultural Experiment Station	52,000	-0-	-0-
USU Uintah Basin Continuing			
Education Center	141,500	-0-	-0-
CEU—Mine Training	189,000	-0-	-0-
DNR Automated Geographic Reference	328,200	-0-	-0-
Geological and Mineral Survey	340,800	-0-	-0-
UGMS Adjustment	125,400	-0-	-0-
Utah Energy Office	250,000	-0-	-0-
Board of Education	337,600	-0-	-0-
Area Vocational Centers	125,000	-0-	-0-
DSS—Community Operations	193,400	-0-	-0-
DOH Environmental Health	43,400	-0-	-0-
UDOT—State Construction	6,000,000	2,000,000	2,000,000
Critical School Building Program	<u>8,250,000</u>	<u>9,300,000</u>	<u>6,232,800</u>
Subtotal	\$ <u>17,176,300</u>	\$ <u>11,300,000</u>	\$ <u>8,232,800</u>
TOTAL ALLOCATIONS	\$ <u>35,784,300</u>	\$ <u>23,658,000</u>	\$ <u>21,000,000</u>
Required Transfer	\$ 3,886,900	\$ -0-	\$ -0-
Expenditure Reduction	<u>-0-</u>	<u>(4,658,000)</u>	<u>-0-</u>
Ending Balance	\$ <u><u>-0-</u></u>	\$ <u><u>(4,658,000)</u></u>	\$ <u><u>-0-</u></u>

Table VIII

STATE OF UTAH

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

	FY 85 Actual	FY 86 Actual	Percentage Change 85/86	November FY 87 Projected	Percentage Change 86/87	November FY 88 Projected	Percentage Change 87/88
General Fund							
Sales and Use Tax	\$ 539,699	\$ 542,827	0.58	\$ 543,000	0.03	\$ 553,000	1.84
6/64% Reserve Account							
Transfer	NA	NA	NA	11,300	NA	11,500	1.77
Proposed Sales Tax Increase	NA	NA	NA	NA	NA	31,500	NA
Liquor Profits	18,413	18,664	1.36	18,000	(3.56)	18,100	0.56
Insurance Premiums	22,262	26,077	17.14	28,000	7.37	29,000	3.57
Beer, Cig., and Tobacco	21,309	21,054	(1.20)	21,000	(0.26)	20,900	(0.48)
Proposed Cigarette Increase	NA	NA	NA	NA	NA	7,000	NA
Proposed Soft Drink Tax	NA	NA	NA	NA	NA	15,000	NA
Mine Occupation Tax	46,880	43,815	(6.54)	22,500	(48.65)	24,500	8.89
Inheritance Tax	4,786	4,719	(1.40)	4,500	(4.64)	4,500	0.00
Investment Income	14,368	12,020	(16.34)	8,000	(33.44)	8,500	6.25
Other	23,409	22,237	(5.01)	23,000	3.43	23,000	0.00
Contingent Audit Income	NA	NA	NA	3,800	NA	NA	NA
Property and Energy Credits	(2,213)	(1,485)	32.90	(2,500)	(68.35)	(3,000)	(20.00)
Subtotal	\$ 688,913	\$ 689,928	0.15	\$ 680,600	(1.35)	\$ 743,500	9.24
Uniform School Fund							
Individual Income Tax	\$ 434,873	\$ 453,769	4.35	\$ 466,000	2.70	\$ 490,000	5.15
4% Income Tax Surcharge	NA	NA	NA	18,100	NA	NA	NA
Proposed Income Tax							
Increase	NA	NA	NA	NA	NA	102,000	NA
Tax Reform Windfall	NA	NA	NA	16,500	NA	NA	NA
Corporate Franchise Tax	65,918	83,816	27.15	64,000	(23.64)	72,000	12.50
4% Corporate Tax Surcharge	NA	NA	NA	2,000	NA	NA	NA
Proposed Corporate Increase	NA	NA	NA	NA	NA	17,000	NA
School Land Income	18,409	11,227	(39.01)	8,000	(28.74)	-0-	NA
Gross Receipts Tax	NA	NA	NA	NA	NA	3,000	NA
Contingent Audit Income	NA	NA	NA	5,900	NA	NA	NA
Other	9,757	11,244	15.24	7,500	(33.30)	7,000	(6.67)
Proposed Other Increases	NA	NA	NA	NA	NA	2,700	NA
Subtotal	\$ 528,957	\$ 560,056	5.88	\$ 588,000	4.99	\$ 693,700	17.98
Total Both Funds	\$ 1,217,870	\$ 1,249,984	2.64	\$ 1,268,600	1.49	\$ 1,437,200	13.29
Transportation Fund							
Motor Fuel Tax	\$ 89,337	\$ 92,164	3.16	\$ 94,000	1.99	93,000	(1.06)
Special Fuel Tax	17,791	19,369	8.87	20,000	3.26	21,200	6.00
Proposed Fuel Tax Increase	NA	NA	NA	NA	NA	40,800	NA
Contingent Audit Income	NA	NA	NA	600	NA	NA	NA
Other	33,793	34,662	2.57	35,500	2.42	36,500	2.82
Proposed Vehicle Fee							
Increase	NA	NA	NA	NA	NA	6,500	NA
Subtotal	\$ 140,921	\$ 146,195	3.74	\$ 150,100	2.67	\$ 198,000	31.91
Total All Funds	\$ 1,358,791	\$ 1,396,179	2.75	\$ 1,418,700	1.61	\$ 1,635,200	15.26
Mineral Lease Payments	\$ 34,190	\$ 32,578	(4.71)	\$ 19,000	(41.68)	\$ 21,000	10.53



**Budget
Recommendations
by
Department**

LEGISLATURE Summary

The budget estimates for the Senate and the House of Representatives are based on annual 45 day sessions and include funding for interim study committee meetings and a reserve for potential special session days. The special session reserve included in the fiscal year 1987-88 estimate has been reduced from the amount included in the fiscal year 1986-87 budget. The amounts budgeted for dues to the National Conference of State Legislatures and the Council of State Governments are based on the national formulas for assessing the states that belong to these organizations. Also, as in past years, the budget for the Legislative Fiscal Analyst includes \$6,500 for membership in the Federal Funds Information System sponsored by the National Governors' Association and the National Conference of State Legislatures. Otherwise, the budget estimates for the legislative staff agencies were prepared using the same general guidelines issued by the Office of Planning and Budget for executive branch agencies.

Legislature Budget Summary

Schedule of Programs:	Actual	Authorized	Governor's Recommendation	
	1985-86	1986-87	1987-88	% Change
Senate	\$ 687,600	\$ 651,700	\$ 641,300	(1.6)
House of Representatives...	1,319,100	1,138,600	1,120,400	(1.6)
Legislative Printing	331,900	407,500	390,000	(4.3)
Office of Legislative Research and General Counsel	1,674,400	1,712,200	1,695,100	(1.0)
Tax Recodification	77,400	97,000	90,000	(7.2)
Office of Legislative Fiscal Analyst	825,900	875,600	865,000	(1.2)
Office of Legislative Auditor General	912,700	997,500	985,000	(1.3)
Legislature—Dues to the National Conference of State Legislatures	40,000	47,000	51,200	8.9
Legislature—Dues to the Council of State Governments	37,400	39,700	43,400	9.3
Constitutional Revision Commission	71,600	56,000	56,000	0.0
Judicial Qualifications Commission	23,800	22,400	22,000	(1.8)
Total Expenditures	<u>\$ 6,001,800</u>	<u>\$ 6,045,200</u>	<u>\$ 5,959,400</u>	<u>(1.4)</u>
Plan of Financing:				
General Fund	\$ 5,565,800	\$ 5,771,400	\$ 5,742,800	(0.5)
Dedicated Credits	98,000	100,000	100,000	0.0
Beginning Non-Lapsing Funds	922,300	530,200	356,400	(32.8)
Closing Non-Lapsing Funds	(530,200)	(356,400)	(239,800)	32.7
Lapsing Funds	(54,100)	-0-	-0-	0.0
Total Revenue	<u>\$ 6,001,800</u>	<u>\$ 6,045,200</u>	<u>\$ 5,959,400</u>	<u>(1.4)</u>
Full-Time Equivalent Positions		102.1	101.1	

ELECTED OFFICIALS

Summary

Mission

Elected Officials include the governor, lieutenant governor, attorney general, state treasurer, and state auditor. This section also incorporates the following special appropriations:

- Governor's Emergency Fund
- Emergency Prosecution Fund
- Commission on Uniform State Laws
- Fund for Miscellaneous Claims Against the State

Programs and Accomplishments

In 1984 the governor and lieutenant governor were elected as a team for the first time. Since then, productivity and consistency have improved greatly at the highest administrative level. State government efficiency and effectiveness are top priorities. Their importance was highlighted by establishment of State Committees on Productivity and Excellence (SCOPE) to evaluate state government.

In the past fiscal year, the Attorney General's Office won several lawsuits filed against the state and its agencies, saving taxpayers millions of dollars. White collar criminals were prosecuted successfully. The office consolidated important child support collections from state and local governments when counties opted to abandon this work.

The Treasurer's Office continued to work with local governments to consolidate investments, thereby increasing their return. Monitoring of state fund investments assured a reliable return to the state, counties, municipalities, and special districts.

A second statewide federal compliance audit was completed by the Auditor's Office. It audited statewide computer-based financial systems, completed 50 Federal Emergency Management Agency (FEMA) flood-related audits, and helped local governments comply with state fiscal laws. Utah was the fourth state to receive the Certificate of Achievement for Excellence in Financial Reporting. This prestigious award was presented by the Government Finance Officers' Association of the United States and Canada.

Current Conditions

The state of Utah is facing its greatest economic challenge in decades. Elected officials must cope with a growing population plus dwindling physical and financial resources. Types and levels of state services are evaluated constantly. Only long-range government planning can meet these demands in the most responsive, cost-effective manner.

Budget Recommendations

Office of the Governor

A total budget of \$5,967,200 is recommended for the Office of the Governor; a 1.9 percent decrease from fiscal year 1986-87. This recommendation includes \$1,730,200 for Criminal Justice; a decrease of 6.4 percent.

The governor recommends \$684,100 to continue the siting study of a high level nuclear waste repository in southeastern Utah. Program costs are funded totally by the U.S. Department of Energy.

Lieutenant Governor

Governor Bangerter recommends a budget of \$390,400 for the Lieutenant Governor's Office; a 17.7 percent decrease from fiscal year 1986-87.

Attorney General

The governor recommends a budget of \$7,433,900 for the Attorney General's Office; a 3.5 percent increase over fiscal year 1986-87. The governor also recommends 1) restoration of six

attorney positions, 2) funding of an Environmental Protection Agency attorney previously on loan from the federal government, 3) funding of career ladders, and 4) transfer of the Commission on Uniform State Laws from the Attorney General's Office to the Legislative General Counsel's Office. Direct action by the legislature is required for this transfer. Commission funding is included in the recommendations for the Attorney General's Office.

State Treasurer

Governor Bangertter recommends a budget of \$768,600 for the State Treasurer's Office; a 2.2 percent increase over fiscal year 1986-87.

State Auditor

The governor recommends a budget of \$1,719,300 for the State Auditor's Office; a 3.3 percent decrease from fiscal year 1986-87. With the termination of grand jury funding in fiscal year 1987-88, this recommendation is a 0.5 percent increase over fiscal year 1986-87's authorized budget.

**Elected Officials
Budget Summary**

Schedule of Programs:	Actual 1985-86	Authorized 1986-87	Elected Officials Request 1987-88	Gov. Recommend.	
				1987-88	% Chg.
Governor	\$ 4,563,100	\$ 6,083,900	\$ 6,190,900	\$ 5,967,200	(1.9)
Lt. Governor	252,500	474,400	400,600	390,400	(17.7)
Auditor	1,955,700	1,777,700	1,764,900	1,719,300	(3.3)
Treasurer	606,200	751,800	770,600	768,600	2.2
Attorney General	5,875,200	7,180,800	7,390,500	7,433,900	3.5
Total Expenditures	<u>\$ 13,252,700</u>	<u>\$ 16,268,600</u>	<u>\$ 16,517,500</u>	<u>\$ 16,279,400</u>	<u>0.1</u>
Plan of Financing:					
General Fund	\$ 9,938,400	\$ 10,205,200	\$ 10,956,400	\$ 10,718,700	5.0
Federal Funds	739,500	694,200	668,700	672,100	(3.2)
Dedicated Credits	2,663,600	4,482,800	4,399,000	4,393,200	(2.0)
Restricted and Trust Funds	176,500	486,700	493,400	495,400	1.8
Transfers	(42,900)	40,000	-0-	-0-	(100.0)
Beginning Non-Lapsing Funds	619,100	395,700	25,000	25,000	(93.7)
Closing Non-Lapsing Funds	(395,700)	(25,000)	(25,000)	(25,000)	0.0
Lapsing Funds	(445,800)	(11,000)	-0-	-0-	100.0
Total Revenue	<u>\$ 13,252,700</u>	<u>\$ 16,268,600</u>	<u>\$ 16,517,500</u>	<u>\$ 16,279,400</u>	<u>0.1</u>
Full-Time Equivalent Positions		278.8	283.52	274.02	

STATE COURTS

Summary

Mission

The mission of State Courts is to decide legal disputes. The courts include:

- Supreme Court
- Court of Appeals
- District courts
- Circuit courts
- Juvenile courts
- State Juvenile Court Administrator's Office
- State Court Administrator's Office
- Juror and witness fee fund
- Judicial education

Programs and Accomplishments

The 1986 Utah Legislature enacted legislation which 1) reorganized the constitutionally mandated Judicial Council and 2) established the seven-member Court of Appeals to assist the Supreme Court in reducing case backlogs. The Court of Appeals will begin operation in February 1987.

The Judicial Council implemented task forces on statewide court facilities and on district courts' administration of justice. Results of the Task Force on Court Facilities will be published in January 1987. The Task Force on District Courts published a report recommending that the state assume funding of district courts.

The Judicial Council approved judicial performance evaluation policies and established a Standing Oversight Committee to implement the policies. The council also directed that alternative mediation dispute resolution programs be thoroughly studied. Recommendations will be presented to the 1988 legislature.

Current Conditions

State Courts continue to be dramatically impacted by the state's increasing population as well as by new legislation. The Juvenile Court is especially affected by the rapidly expanding youth population. Approximately 40 percent of all felonies committed each year are charged to juveniles.

Revenue is generated by the State Courts through fines, bail forfeitures, and fees. Such revenue is shared by state and local governments. Competition for these funds is increasing due to economic conditions. The only source of state revenues is through circuit and district courts. Revenues from justice of the peace courts remain in the localities. Counties and cities are creating additional justice of the peace courts which handle revenue-generating cases previously heard in circuit courts. The resulting shift in funding from state to local government requires concentrated attention. A Commission on Criminal and Juvenile Justice task force is reviewing justice of the peace courts.

Budget Recommendations

Governor Bangerter recommends a total budget of \$30,252,500 for State Courts; an 8.2 percent General Fund increase over fiscal year 1986-87. Most of this increase is for operational costs of the newly established Court of Appeals and for increased lease costs of court facilities. The governor also recommends \$641,000 for increased judicial compensation, as approved by the Executive and Judicial Compensation Committee. The recommended salary increase would place Utah judicial salaries 32nd nationally as compared to the current rating of 42nd. To increase flexibility, Governor Bangerter recommends consolidating line items in the appropriations bill into one line item.

**State Courts
Budget Summary**

Schedule of Programs:	Actual 1985-86	Authorized 1986-87	Court Request 1987-88	Gov. Recommend. 1987-88	% Chg.
Supreme Court	\$ 1,373,400	\$ 1,330,900	\$ 1,348,400	\$ 1,276,700	(4.1)
Law Library	112,700	150,500	230,200	160,200	6.4
Court of Appeals	-0-	643,900	1,197,100	1,353,500	110.2
Court Administration ..	789,200	1,002,800	1,326,800	1,211,300	20.8
Judicial Education	91,700	173,300	239,300	176,300	1.7
District Court	3,634,800	3,974,500	4,519,200	4,149,200	4.4
Juvenile Court Administration	891,800	1,052,700	1,170,800	1,033,400	(1.8)
Juvenile Court	6,949,600	7,527,100	8,982,600	8,001,600	6.3
Circuit Court	11,041,100	11,760,100	12,786,500	12,465,300	6.0
Juror and Witness	412,100	425,000	425,000	425,000	0.0
Total Expenditures	<u>\$ 25,296,400</u>	<u>\$ 28,040,800</u>	<u>\$ 32,225,900</u>	<u>\$ 30,252,500</u>	<u>7.9</u>
Plan of Financing:					
General Fund	\$ 24,699,600	\$ 27,900,900	\$ 32,153,000	\$ 30,179,600	8.2
Dedicated Credits	85,900	139,900	68,500	68,500	(51.0)
Transfers	26,400	-0-	-0-	-0-	0.0
Certificates of Participation	497,800	-0-	-0-	-0-	0.0
Beginning Non-Lapsing Funds	1,000	4,400	4,400	4,400	0.0
Closing Non-Lapsing Funds	(4,400)	(4,400)	-0-	-0-	0.0
Lapsing Funds	(9,900)	-0-	-0-	-0-	0.0
Total Revenue	<u>\$ 25,296,400</u>	<u>\$ 28,040,800</u>	<u>\$ 32,225,900</u>	<u>\$ 30,252,500</u>	<u>7.9</u>
Full-Time Equivalent Positions		652.80	771.80	652.80	

**GOVERNMENT OPERATIONS
Summary**

Mission

Government Operations is comprised of the Department of Administrative Services, Tax Commission, Personnel Review Board, and Retirement Office.

Department of Administrative Services

The mission of the Department of Administrative Services is to provide support services to other state agencies. The services include:

- Purchasing
- Personnel
- Financial accounting and control
- Facilities management
- Records management
- Motor pool
- Printing
- Data processing
- Telecommunications

These services are paid from agency user fees and the General Fund.

Tax Commission

The Tax Commission collects tax revenue for the operation of state government. Taxes which raise the most revenue include:

- Sales and use tax
- Corporate and personal income tax
- Fuels tax

The commission strives to ensure that everyone who owes taxes pays the required amount.

Programs and Accomplishments

Department of Administrative Services

During the past fiscal year, the Department of Administrative Services decreased costs while improving service in many areas. The department evaluated programs in order to provide essential services at the most economical costs. Privatization was carefully analyzed as an alternative method of providing services. Reorganization of the Division of Facilities Construction and Management shifted many services to the private sector. Other support services were already provided by the private sector through contracts.

Tax Commission

The Tax Commission continued to improve internal efficiency and management control. Staff and equipment acquired during the last two years enabled the commission to provide better service to the public. Assessment and collection of delinquent taxes were accelerated. All income tax returns and checks were processed by the first week in May 1986. In previous years, processing was not completed until much later. An estimated \$300,000 in additional interest was earned by this rapid processing.

Current Conditions

Department of Administrative Services

The Department of Administrative Services recently completed master plans for data processing and telecommunications. With deregulation of the telecommunications industry, the state must develop and maintain its own telecommunications system. The Data Processing Review Committee is using the master plan to coordinate the hardware and software needs for all state government. Data processing is a major tool in 1) handling the expanding information needs of state government and 2) increasing staff efficiency.

Tax Commission

Automation is essential to efficiently process data handled by the Tax Commission. Many key information systems are not automated. Some existing automated systems cannot manage the current quantity of data. The commission is developing an automated income tax system to 1) expedite processing, 2) improve the accessibility of data, and 3) reduce personnel costs.

The Heber M. Wells Building does not have adequate space for the increased staff. A study is underway to determine future space needs of the Tax Commission and other building occupants.

Budget Recommendations

Governor Bangerter recommends a total budget of \$60,809,400 for Government Operations; a 1.9 percent increase over fiscal year 1986–87. The combined General Fund, Uniform School Fund, and Transportation Fund represent a 2.8 percent increase. The recommendation includes a one-time appropriation of \$1,036,700 to implement the first phase of the new decision band pay plan. In subsequent years this item will appear in individual agency budgets. If this item is not included, the recommendation represents an overall 0.1 percent decrease from the previous year and a 0.5 percent increase in combined General Fund, Uniform School Fund, and Transportation Fund.

Department of Administrative Services

Governor Bangerter recommends a budget of \$14,874,500; a 1.9 percent increase over fiscal year 1986-87. This is a 9.1 percent increase in state funds. The recommendation includes:

- \$600,000 increase in the worker's compensation premium
- \$385,000 to allow the Department of Transportation to access the FIRMS central accounting system
- \$519,000 for nine additional building blocks

Tax Commission

The governor recommends a budget of \$34,888,200; a 1.1 percent decrease from fiscal year 1986-87. The commission will increase selected fees, allowing state funds to be decreased by 2.1 percent.

Schedule of Programs:	Government Operations Budget Summary			
	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88	% Change
Administrative Services				
Executive Director	\$ 274,700	\$ 303,800	\$ 322,800	6.3
Archives	1,390,100	1,473,000	1,383,600	(6.1)
DFCM—				
Administration	1,660,200	1,524,000	1,634,400	7.2
Energy	-0-	40,000	-0-	(100.0)
Facilities Management	2,407,300	2,731,500	2,598,500	(4.9)
Supplemental	127,400	472,600	-0-	(100.0)
Ogden Center Rent	-0-	12,000	-0-	(100.0)
Finance—				
Administration	3,138,200	3,998,400	4,254,900	6.4
Mandated	1,441,300	1,649,400	2,154,300	30.6
Personnel Management . .	1,333,600	1,375,900	1,427,700	3.8
Purchasing	456,700	584,900	665,800	13.8
Risk Management	158,100	201,000	196,200	(2.4)
Crime Victims'				
Reparations	-0-	233,300	236,300	1.3
Personnel Review Board . . .	87,600	86,400	90,200	4.4
Pay Plan Implementation . .	-0-	-0-	1,036,700	100.0
Retirement Systems				
Legislature and				
Governor's Pension	107,000	86,000	86,000	0.0
Retirement Assistance . .	1,337,100	1,400,000	1,250,000	(10.7)
Administration	6,166,700	7,073,100	7,321,400	3.5
Group Insurance	1,080,900	1,173,000	1,262,400	7.6
Tax Commission				
Administration and				
Revenue Collection	24,524,100	29,401,200	29,699,200	1.0
License Plates	1,064,300	1,525,000	1,100,000	(27.9)
Liquor Profits	4,206,000	4,350,000	4,089,000	(6.0)
Total Expenditures	<u>\$ 50,961,300</u>	<u>\$ 59,694,500</u>	<u>\$ 60,809,400</u>	<u>1.9</u>

Plan of Financing

General Fund	\$ 22,110,700	\$ 23,509,700	\$ 23,960,300	1.9
Uniform School Fund	10,074,500	13,590,500	13,833,500	1.8
Transportation Fund	5,533,800	6,576,300	7,119,500	8.3
Federal Funds	100,800	250,000	210,000	(16.0)
Dedicated Credits	6,792,100	6,979,400	7,682,700	10.1
Restricted and Trust				
Funds	6,415,700	7,348,100	7,609,200	3.6
Transfers	939,600	-0-	-0-	0.0
Other	166,200	201,000	394,200	96.1
Beginning Non-Lapsing				
Funds	649,000	1,239,500	-0-	(100.0)
Closing Non-Lapsing				
Funds	(1,241,100)	-0-	-0-	0.0
Lapsing Funds	(580,000)	-0-	-0-	0.0
Total Revenue	<u>\$ 50,961,300</u>	<u>\$ 59,694,500</u>	<u>\$ 60,809,400</u>	<u>1.9</u>

Full-Time Equivalent

Positions	1,057.5	1,080.0
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DEPARTMENT OF PUBLIC SAFETY

Summary

Mission

The Department of Public Safety provides programs and services which promote the general safety and welfare of all state residents. The department accomplishes its mission by:

- Providing local law enforcement agencies with manpower or expertise as needed
- Planning and coordinating state resources to respond to disasters and emergencies in a timely manner
- Maintaining a statewide communications network for law enforcement, highway, medical, and other public safety personnel
- Assisting motorists on Utah highways
- Enforcing traffic safety laws, fire codes, and proper medicare provider practices
- Educating the public in crime prevention methods
- Providing strict, standardized training for law enforcement personnel throughout the state
- Maintaining an extensive criminal records file that is available to law enforcement agencies nationwide

Programs and Accomplishments

During the last fiscal year, the Department of Public Safety won several battles in its war against drugs. Highway patrol troopers seized over \$15 million worth of cocaine being transported through southern Utah. State narcotic and organized crime agents helped break up drug rings that manufactured and distributed drugs statewide. The department cooperated with federal and local law enforcement agencies to control the drug flow into Utah. A successful airport interdiction program was organized, and an air smuggling program will be activated soon to combat the nationwide drug problem.

The Bureau of Criminal Identification (BCI) improved service to local law enforcement agencies by publishing a quarterly crime report. BCI also initiated methods for consistent, accurate, and timely filing of arrest records and court dispositions. These efforts reduced the serious backlog of outdated criminal history files and provided better law enforcement statewide.

Current Conditions

With increased drug control in southern Florida, illegal drug flow into this country is shifting to the west coast. During the first quarter of 1986, U.S. Customs Service officials seized more cocaine at the California-Mexico border than they did in all of 1985. Utah is receiving its share of this increased drug trafficking. Stronger enforcement in New Mexico and Arizona is shifting the drug traffic into areas with less enforcement. This compounds the problem for states such as Utah.

The Department of Public Safety continues to face a growing challenge. It requires new resources and more sophisticated techniques to adequately control the increasing flow of drugs into Utah.

Budget Recommendations

Governor Bangerter recommends a total budget of \$41,576,500 for the Department of Public Safety; a 1.5 percent increase over fiscal year 1986-87. Included is \$34,005,000 in state funds; a 5.9 percent increase.

The governor recommends \$1 million to intensify drug enforcement. This includes hiring eight highway patrol troopers and ten narcotics agents and upgrading agency aircraft. One additional pilot will augment air smuggling investigations and marijuana eradication efforts.

To comply with federal mandates, the governor proposes that the Bureau of Criminal Identification hire two auditors to monitor agencies' use of criminal history information.

It is recommended that the department continue to increase efficiencies. Cost saving measures already initiated include 1) reorganization of highway patrol administration, 2) civilian inspectors for safety inspection stations, and 3) consolidations in fleet, aircraft, and dispatch communications.

The governor also recommends that the Sex Offender Registry program be transferred to the Department of Corrections. The program can be administered more effectively within that department's current resources.

Department of Public Safety Budget Summary

Schedule of Programs:	Actual	Authorized	Governor's Recommendation	
	1985-86	1986-87	1987-88	% Change
Comprehensive Emergency Management	\$ 6,468,600	\$ 4,223,000	\$ 3,997,800	(5.3)
Highway Patrol	18,911,500	20,097,400	21,222,200	5.6
Safety Promotion	105,100	107,900	107,000	(0.8)
Police Academy	925,700	970,200	1,029,400	6.1
Law Enforcement	1,867,700	1,527,800	1,496,600	(2.0)
Driver License	6,130,000	6,350,100	6,543,200	3.0
Commissioner's Office	1,252,300	1,405,900	1,497,800	6.5
Protective Services	535,300	-0-	-0-	0.0
Highway Safety	1,384,000	2,478,100	1,273,300	(48.6)
Narcotics and Liquor	1,200,100	1,624,300	2,199,200	35.4
Medicaid Fraud	572,400	588,900	573,200	(2.7)
Communications	1,095,600	1,078,400	1,100,600	2.1
Fire Marshal	517,900	521,100	536,200	2.9
Total Expenditures	<u>\$ 40,966,200</u>	<u>\$ 40,973,100</u>	<u>\$ 41,576,500</u>	<u>1.5</u>

Plan of Financing:

General Fund	\$ 11,441,800	\$ 7,017,500	\$ 12,060,000	71.9
Transportation Fund	19,050,000	23,589,600	21,945,000	(7.0)
Federal Funds	8,304,100	5,818,200	5,877,700	1.0
Dedicated Credits	1,141,000	1,140,600	727,400	(36.2)
Restricted and Trust Funds	250,000	957,200	966,400	1.0
Transfers	1,000	-0-	-0-	0.0
Certificates of Participation	1,650,000	1,508,000	-0-	(100.0)
Beginning Non-Lapsing Funds	405,400	942,000	-0-	(100.0)
Closing Non-Lapsing Funds	(942,000)	-0-	-0-	0.0
Lapsing Funds	(335,100)	-0-	-0-	0.0
Total Revenue	<u>\$ 40,966,200</u>	<u>\$ 40,973,100</u>	<u>\$ 41,576,500</u>	<u>1.5</u>

Full-Time Equivalent Positions	881.10	897.10
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UTAH NATIONAL GUARD Summary

Mission

The Utah National Guard is an integral part of the United States' defenses. It provides personnel and equipment in the event of a state emergency.

The Utah Army National Guard has grown from 1,400 personnel in World War I to a present-day level of 6,456 officers and enlisted personnel. The Utah Air National Guard, formed in 1946, has a present-day level of 172 officers and 1,431 airmen organized into 13 units. The air guard has a full-time, 24-hour mission to provide support to the U.S. Air Force Strategic Air Command and Tactical Air Command. Both the army guard and air guard are expected to expand and provide additional support to active units of the United States armed forces.

Programs and Accomplishments

The guard plays a major role in providing emergency resources. During the 1983 and 1984 spring floods, the guard provided crucial support to the regions most impacted. This past fiscal year, additional flood construction projects were completed to assure the safety of personal and public property.

Members of the Utah National Guard participated in annual training throughout the United States and abroad, including combined arms training with allies in Japan, Korea, and Germany. Linguist units also received training in Europe and Central America.

The guard's state of readiness has brought distinction to the state. Members of the guard have seen action in all major conflicts from the Spanish American War to the Vietnam War.

During fiscal year 1985-86 the guard co-sponsored the following events:

- Freedom Academy for high school leaders
- Veterans Day Concert at University of Utah
- Annual Awards Banquet for residents who have made distinguished contributions to freedom, security, and quality of life
- Annual Military Ball

Current Conditions

Utah National Guard members continue to assist local governments and nonprofit organizations with numerous projects to improve facilities.

In 1987 the National Guard Administration and Armory Maintenance programs will move to the Applied Digital Data Corporation facility at Draper. This building was purchased in partnership with the Army National Guard Bureau.

Budget Recommendations

Governor Bangertter recommends a total budget of \$2,905,400 for the Utah National Guard; a 1.5 percent increase over fiscal year 1986–87. This recommendation includes the following:

- Replacement of two state funded personnel by two full time, 100 percent federally funded personnel. They will provide essential secretarial and maintenance services.
- SCOPE savings of \$54,000 in nonpersonal services categories.
- Full year funding of \$239,600 for the new National Guard Complex. Funding includes \$24,600 for one additional maintenance person and \$215,000 for current expenses.

The federal government will spend more than \$60,000,000 in Utah for national defense in fiscal year 1987–88.

**National Guard
Budget Summary**

Schedule of Programs:	Actual 1985–86	Authorized 1986–87	Governor's Recommendation 1987–88	% Change
National Guard	\$ 2,316,600	\$ 2,860,810	\$ 2,904,900	1.5
Veterans' Cemetery	-0-	500	500	0.0
Flood Emergency	464,700	-0-	-0-	0.0
Total Expenditures	<u>\$ 2,781,300</u>	<u>\$ 2,861,310</u>	<u>\$ 2,905,400</u>	<u>1.5</u>
 Plan of Financing:				
General Fund	\$ 1,554,300	\$ 1,619,310	\$ 1,863,900	15.1
Federal Funds	764,100	1,212,000	1,021,500	(15.7)
Dedicated Credits	31,600	30,000	20,000	(33.3)
Transfers	1,300	-0-	-0-	0.0
Beginning Non-Lapsing Funds	464,700	-0-	-0-	0.0
Lapsing Funds	(34,700)	-0-	-0-	0.0
Total Revenue	<u>\$ 2,781,300</u>	<u>\$ 2,861,310</u>	<u>\$ 2,905,400</u>	<u>1.5</u>
 Full-Time Equivalent Positions				
		58.75	59.75	

CORRECTIONS

Summary

Mission

The mission of Adult Corrections and Youth Corrections is to protect the community from violent offenders. An important goal is to provide offenders with individualized programs that offer services and treatment to modify behavior. Members of the Board of Pardons and the Youth Parole Authority determine when inmates from Adult Corrections and Youth Corrections should be paroled.

Programs and Accomplishments

The Division of Youth Corrections continued to receive national attention for its innovative approaches to treating delinquent youth. Projects ranged from secure confinement to community based, privately operated programs. Youth Corrections was recently featured in a CBS national television news broadcast. The division will receive more national recognition when a National Council on Crime and Delinquency study is published in early 1987. The study indicates that Utah's Youth Corrections programs are having a positive rehabilitative impact on delinquent youth. The division's approach to treating seriously delinquent youth demonstrated that they can be treated close to home, humanely and successfully, without compromising citizens' safety.

The Department of Corrections made significant advances despite a period of prison overcrowding. A major accomplishment was an approximate \$28 million savings in design and construction costs for the Phase I prison renovation project. The original master plan provided 1,700 secure beds for an estimated cost of \$70 million. The revised plan will provide 2,250 beds at an estimated cost of \$42 million. The savings are directly related to the efforts of the Bureau of Facilities Management. Double-bunking in the 288-bed young adult offender prison provided additional inmate facilities during construction. Prison industry programs showed a profit for the first time in many years.

Current Conditions

Utah faces serious ongoing problems in crime prevention and citizen protection. Populations in prisons, jails, and other secure facilities continue to climb.

The Utah State Prison census count increased dramatically last fiscal year. Department of Corrections officials, in conjunction with the Board of Pardons, began an early release program to lessen the increased prison population. The \$30 million construction project, scheduled for completion in July of 1987, will temporarily relieve overcrowding. Nevertheless, prison population is expected to increase. To meet this demand, the department will begin a site study for a 500-bed regional facility.

The Division of Youth Corrections is planning for construction of a youth observation and assessment center in northern Utah and for 10 additional secure beds at the Decker Lake facility. The 16-bed secure/detention facility in Cedar City, scheduled for completion in March 1987, will begin operation in July 1987. The delay is a result of budget reductions in fiscal year 1986-87.

Budget Recommendations

Governor Bangerter's budget recommendations provide funding to staff new facilities at the Department of Corrections and the Division of Youth Corrections.

The governor recommends a total budget of \$57,068,800 for the Department of Corrections; a 10.9 percent overall increase over fiscal year 1986-87 and an 11.6 percent General Fund increase. This recommendation permits the addition of 176.85 new full-time equivalent positions and 564 new beds at the Department of Corrections. The recommendation removes 192 beds in A block, providing a 372 net increase in bed capacity.

Governor Bangerter recommends a budget of \$686,300 for the Board of Pardons; a 19.8 percent increase over fiscal year 1986-87. This recommendation includes restoration of a

hearing officer position. Costs for a separate line item have been included for the Board of Pardons.

The governor recommends a budget of \$13,155,900 for Youth Corrections; a 4.8 percent overall increase over fiscal year 1986-87 and a 4.9 percent General Fund increase. This allows the Division of Youth Corrections to open the 16-bed secure/detention facility in Cedar City.

**Corrections
Budget Summary**

Schedule of Programs:	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88	% Change
Adult Corrections.....	\$ 43,171,500	\$ 46,588,400	\$ 53,263,500	14.3
Jail Reimbursement	949,700	1,025,000	963,500	(6.0)
Jail Contracts	-0-	1,000,000	-0-	(100.0)
Correctional Industries.....	1,557,700	2,859,100	2,841,800	(0.6)
Board of Pardons	506,200	573,000	686,300	19.8
Youth Corrections	11,972,900	12,552,200	13,155,900	4.8
Total Expenditures	<u>\$ 58,158,000</u>	<u>\$ 64,597,700</u>	<u>\$ 70,911,000</u>	<u>9.8</u>
Plan of Financing:				
General Fund	\$ 54,435,200	\$ 58,686,700	\$ 64,875,900	10.5
Dedicated Credits.....	3,275,000	2,972,400	3,105,300	4.5
Correctional Industries				
Fund	1,557,700	2,859,100	2,841,800	(0.6)
Restricted and Trust				
Funds	75,000	75,000	88,000	17.3
Transfers	(467,900)	-0-	-0-	0.0
Beginning Non-Lapsing				
Funds	249,800	4,500	-0-	(100.0)
Closing Non-Lapsing				
Funds	(4,500)	-0-	-0-	0.0
Lapsing Funds	(962,300)	-0-	-0-	0.0
Total Revenue.....	<u>\$ 58,158,000</u>	<u>\$ 64,597,700</u>	<u>\$ 70,911,000</u>	<u>9.8</u>
Full-Time Equivalent				
Positions.....		1,308.38	1,489.22	

**DEPARTMENT OF SOCIAL SERVICES
Summary**

Mission

The mission of the Department of Social Services is:

- Prevention of social, emotional, and related problems
- Resolution of problems in the most appropriate, least restrictive setting
- Establishment of policies and services to enhance and preserve family relationships and protect individuals
- Maximization of self-worth, independence, and self-sufficiency

Programs and Accomplishments

The Department of Social Services faces critical philosophical and practical decisions regarding which services to provide with available funding. The department's efforts to achieve excellence in service delivery contributed to the overall quality of life in Utah. Department employees continued to serve increasing numbers of clients and to maintain program integrity despite reductions in staff and resources.

The Office of Community Operations (OCO) is the department's service delivery arm. The OCO staff provided statewide services through district offices. OCO emphasized the department initiative of self-sufficiency. This concept is based on the premise that public assistance is, in most cases, a temporary need for emergency circumstances. Special efforts were made to find alternatives to public assistance and to help individuals achieve appropriate training and employment.

Increasing numbers of children needed prevention/protection from abuse and neglect. OCO implemented intensive in-home services. To maintain the family unit, OCO served children in their own homes rather than in foster care or other alternative settings.

Staff identified and prevented errors in public entitlement cases. Errors in eligibility determination and benefit calculation are potential sources of federal financial disallowance. Through the efforts of Quality Control and Assistance Payments, OCO staff developed corrective action committees and quality assurance programs. As a result, increased efficiency and case accuracy led to fewer worker errors. Case errors and fraud were reduced by 1) field investigations and 2) emphasis on collecting correct information from applicants and clients.

A 1981 federal sanction of the Food Stamp Program was successfully appealed to the Department of Agriculture, eliminating a \$500,000 disallowance. Currently, the case error rate in the Utah Food Stamp Program is below the federal tolerance level.

The Division of Alcoholism and Drugs was granted reauthorization in November 1986. The division emphasized women's services. It increased statewide funding for this population by nearly 5 percent during fiscal year 1985-86.

The federal government undertook initiatives in the area of substance abuse. Approximately \$500,000 in new, one-time federal prevention and treatment funds will flow to the division by early 1987. The division will use these funds to coordinate state and local programs and services, particularly youth services. State education agencies and the Office of the Governor will receive an additional \$1,400,000 three-year grant.

The Division of Mental Health and the Division of Services to the Handicapped remained committed to quality services. Individuals received a continuum of care from institutions to community settings. Both divisions continued to develop community programs for their recipients. These programs were based on transitional support leading to increased independence and self-esteem.

The Office of Recovery Services again led the nation in the recovery of Aid to Families with Dependent Children (AFDC) payments. Payments were regained through child support collections. Utah returned 23 percent of its federal AFDC funds. The national average is only 7 percent.

The department focused on programs leading to employment and independence. Day care provided a major support service in this area. To continue the department self-sufficiency efforts, day care must be adequately funded. The Emergency Work Program (EWP) secured positions for more than 1,500 chronically unemployed families and individuals in fiscal year 1985-86; an increase of 10 percent over the previous fiscal year. Participants remained on the program an average of 10 weeks. Nearly 70 percent of the family participants found employment through EWP.

Current Conditions

The Department of Social Services is strongly impacted by Utah's population growth and demographics. Utah is not immune to social and economic factors that create poverty, unemployment, underemployment, emotional problems, abuse, neglect, substance abuse, divorce,

and domestic violence. The public is more willing to acknowledge existence of social and emotional problems than in the past. As a result, service demand often exceeds resources of the department and the state.

A growing population of ungovernable youth places pressures on the Juvenile Justice system as well as on the Department of Social Services. The Division of Family Services is required to respond with shelter, intervention, and counseling. In an effort to keep families intact, short-term crisis services are needed for troubled teens.

Economic and social conditions have contributed to the increasing numbers of homeless individuals in need of food, shelter, employment, and social services. A recent task force study estimated that more than 1,000 persons are homeless on a daily basis in Utah. A significant number of these individuals are chronically mentally ill. Inadequate services for this population result in demands on law enforcement, courts, health programs, and public and private social programs.

Many handicapping conditions and forms of mental illness are chronic, requiring extensive, if not lifelong, services. These ongoing needs require continued funding.

Budget Recommendations

Governor Bangerter recommends a total budget of \$268,330,200 for the Department of Social Services; a 2.5 percent increase over fiscal year 1986–87 and a 2.2 percent General Fund increase.

Building blocks totaling \$13,532,700 are recommended in the following critical areas:

- Public assistance caseload increases
- Day care caseload increases
- 25-bed expansion at the Utah State Hospital
- Community and residential programs for handicapped individuals
- Services for troubled youth and their families
- Implementation of the Public Assistance Case Management Information System
- Field investigators
- Cost-of-living increase for public assistance recipients

Department of Social Services Budget Summary

Schedule of Programs:	Actual 1985–86	Authorized 1986–87	Governor's Recommendation 1987–88	% Change
Executive Director	\$ 9,373,200	\$ 11,859,800	\$ 14,443,400	21.8
Community Operations	42,857,900	44,746,000	44,814,900	0.2
Mental Health	30,421,000	33,199,000	32,145,800	(3.2)
Alcoholism and Drugs	8,427,100	9,245,600	8,825,900	(4.5)
Assistance Payments	86,838,700	89,319,200	90,387,800	1.2
Services to the				
Handicapped	34,861,800	39,529,400	42,662,700	7.9
Recovery Services	12,568,500	13,282,800	15,024,100	13.1
Family Services	11,906,400	12,246,200	12,071,200	(1.4)
Aging and Adult Services . .	8,240,300	8,269,000	7,954,400	(3.8)
Total Expenditures	<u>\$ 245,494,900</u>	<u>\$ 261,697,000</u>	<u>\$ 268,330,200</u>	<u>2.5</u>

Plan of Financing:

General Fund	\$ 95,249,500	\$ 100,558,700	\$ 102,788,600	2.2
Federal Funds	108,064,400	115,020,600	114,967,200	(0.1)
Dedicated Credits	43,759,200	43,724,900	48,446,200	10.8
Mineral Lease	193,400	-0-	-0-	0.0
Restricted and Trust Funds	295,600	935,000	935,000	0.0
Transfers	307,600	574,100	573,200	(0.2)
Certificates of Participation	197,800	-0-	-0-	0.0
Other	(339,700)	129,000	126,400	(2.0)
Beginning Non-Lapsing Funds	1,936,000	1,766,600	493,600	(72.1)
Closing Non-Lapsing Funds	(1,766,600)	(493,600)	-0-	100.0
Lapsing Funds	(2,402,300)	(518,300)	-0-	100.0
Total Revenue	<u>\$ 245,494,900</u>	<u>\$ 261,697,000</u>	<u>\$ 268,330,200</u>	<u>2.5</u>
Full-Time Equivalent Positions		3,416.8	3,285.5	

DEPARTMENT OF HEALTH Summary

Mission

The mission of the Department of Health is to:

- Ensure availability of cost-effective, basic public health services
- Reduce incidence of disease, disability, and premature death
- Protect environmental quality of the state
- Provide timely, accurate, and competitive medical reimbursements for eligible clients

Programs and Accomplishments

The Utah Medical Assistance Program (UMAP) provided acute medical services to migrants, transients, and low income persons not able to qualify under any other state or federal medical assistance program. During fiscal year 1985–86, two new clinics were opened to serve medically indigent persons in Weber and Utah counties. Both clinics had physician's assistants and nurse practitioners with physician back up. The clinic delivery system was much more cost-effective than the traditional fee-for-service arrangement. Currently, 99 percent of Utah residents live in counties that participate in the Utah Medical Assistance Program.

The first-ever statewide, random Health Status Survey was completed. This poll provided baseline data in areas of 1) health behavior, 2) the incidence of chronic disease, 3) utilization of medical care, and 4) the prevalence of disability. State and local health departments will use the information to develop prevention programs targeting high risk populations.

The Maternal and Infant Care Program demonstrated that a team approach to the care of women with high risk pregnancies can reduce the incidence of low birthweight babies. Low birthweight is a major cause of infant mortality and morbidity. Rural physicians were served by traveling health care specialists trained to deal with high risk pregnancies.

The AIDS Control Program was formally established in April 1986. It was organized to reduce the spread of the AIDS virus. The program served as a statewide resource for AIDS information,

and provided screening and counseling for high risk individuals.

The Division of Environmental Health transferred funds to Utah County for an Automobile Inspection and Maintenance Program. This and other strategies are expected to reduce carbon monoxide in Utah County, meeting the primary health standard for carbon monoxide. Establishment of the program also allowed the state to keep federal highway and air quality monies.

Department of Health employees helped establish a no smoking policy for all state agencies. The policy addressed 1) the effects of secondhand smoke on public health and 2) the economic impact of cigarette smoking. All state agencies have implemented the policy.

Current Conditions

The Vitro Uranium Mill Tailings Relocation Project is ahead of schedule. Under the combined efforts of the departments of Health and Transportation, 3,500,000 tons of radioactive material were moved by rail to a remote location in western Utah. While many states have similar waste problems, only Utah has directly managed the cleanup effort. This direct involvement saved nearly \$18 million in federal funds and \$2 million in General Fund.

Health care needs for the indigent and low income population have increased. Services such as Medicaid and the Utah Medical Assistance Program are most affected. The department has contracted with three health maintenance organizations (HMOs) to deliver Medicaid services. Participation in HMOs is an effort to control health costs while maintaining needed medical services.

With the Superfund reauthorization, Utah will receive additional monies from the federal Environmental Protection Agency. If specific hazardous waste sites in Utah are recommended for the Superfund list, they will be eligible for federal funding.

Ground water is a critical source of fresh water for domestic, industrial and agricultural use. Ground water is also easily contaminated and nearly impossible to clean up. In response to this problem, a proposed Ground Water Quality Protection Strategy was prepared. Statewide public hearings were held before the proposed strategy was completed.

"What to Do Until the Ambulance Arrives?" is an education program dealing with life-threatening illnesses and injuries. It has been offered statewide to more than 18,000 high school students. The Utah Emergency Medical Training Council, a nonprofit corporation, helped organize and present the program.

Budget Recommendations

Governor Bangerter recommends a total budget of \$248,579,000 for the Department of Health; a 6 percent overall decrease from fiscal year 1986-87 and a 0.5 percent General Fund decrease. This overall decrease is primarily due to the loss of federal funds from the completed Vitro Uranium Mill Tailings Relocation Project.

The governor recommends funding 16 building blocks for a total of \$8,895,700; \$3,614,600 of which is General Fund. These programs include:

- \$380,000 for prenatal care
- \$108,400 to coordinate local hazardous substance emergencies as required by recent federal regulation
- \$100,000 pass-through money to local health departments for basic environmental health needs
- \$3,282,600 to help mentally retarded patients function at their maximum potential levels
- \$28,500 for a continued federal program to determine highway deaths involving marijuana and alcohol
- \$22,300 for a 1.5 percent cost-of-living increase on General Fund monies transferred to local health departments

**Department of Health
Budget Summary**

Schedule of Programs:	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88	% Change
Administration and Planning	\$ 7,165,900	\$ 6,926,200	\$ 7,015,200	1.3
Environmental Health	28,362,400	25,088,600	8,633,700	(65.6)
Community Health Services	6,530,100	7,073,400	7,245,500	2.4
Family Health Services	23,108,700	23,288,200	23,357,600	0.3
Health Care Financing	17,525,000	17,312,000	19,853,600	14.7
Medical Assistance	179,647,300	183,207,000	182,321,700	(0.5)
Debt Service	-0-	1,496,200	151,700	(89.9)
Total Expenditures	<u>\$ 262,339,400</u>	<u>\$ 264,391,600</u>	<u>\$ 248,579,000</u>	<u>(6.0)</u>
Plan of Financing:				
General Fund	\$ 59,649,800	\$ 61,769,400	\$ 61,444,700	(0.5)
Federal Funds	182,020,700	180,093,300	166,648,100	(7.5)
Dedicated Credits	21,274,200	18,998,900	19,701,700	3.7
Mineral Lease	43,400	-0-	-0-	0.0
Restricted and Trust Funds	553,000	670,000	685,000	2.2
Water Development Security Account	134,000	92,000	99,500	8.2
Beginning Non-Lapsing Funds	3,654,100	4,836,400	337,700	(93.0)
Closing Non-Lapsing Funds	(4,836,400)	(337,700)	(337,700)	0.0
Lapsing Funds	<u>(153,400)</u>	<u>(1,730,700)</u>	<u>-0-</u>	<u>100.0</u>
Total Revenue	<u>\$ 262,339,400</u>	<u>\$ 264,391,600</u>	<u>\$ 248,579,000</u>	<u>(6.0)</u>
Full-Time Equivalent Positions		771.7	741.0	

PUBLIC EDUCATION Summary

Mission

The Utah public school system is mandated to provide free education to all children in the state. The system, which is governed by the State Board of Education, accomplishes the following:

- Provides direct educational services to the handicapped
- Promotes the fine arts in public schools
- Manages the Schools for the Deaf and the Blind
- Directs the area vocational centers in its role as the State Board for Vocational Education

Programs and Accomplishments

Utah's system of public education is among the most productive in the nation. Recent Statewide Educational Assessment tests and ACT tests showed that Utah students scored higher than national norms in most academic areas. More Utah students responded to increased academic standards by enrolling in higher mathematics, foreign languages, and science classes. Additional students enrolled in the advanced placement program to receive college credit for high school courses.

In the area of vocational education, greater emphasis was placed on training students for available job openings. Custom Fit funds were leveraged with federal funds to provide vocational training to place students in jobs as quickly as possible. Rehabilitation personnel worked with handicapped individuals to place them in supported employment. This placement helped the individuals improve their self-concept, maintain jobs, and make a positive contribution to society.

School districts changed their approaches to education. Some districts implemented year-round schools and changed the length of the schoolday to provide better education at lower costs. Satellite technology increased educational opportunities to rural students. Career ladder programs were revised as districts increased incentives for good teachers to stay in the classroom. Cooperation among public education, higher education, and vocational education increased through the efforts of the liaison committee established by the Board of Education and State Board of Regents.

Current Conditions

The number of students entering the school system grows each year. Nearly 12,000 more students will be attending public schools in fiscal year 1987-88 than do currently. The growth rate is slowing down, but a sizable increase will continue each year until the early 1990s. This growth is the greatest challenge facing education. With less revenue per student than any state in the nation, Utah educational leaders must develop and implement programs to provide quality education.

Utah is unique among the states. The revenue scenario and rapid student growth create challenges which require new approaches. Utah educators have participated in the development of national education reform ideas. Since *A Nation at Risk* was written, a wave of educational reform has been sweeping the country. Public and higher education continue to be part of that wave. Adapted elements of national reform will be a major element of Utah's educational policymaking throughout this decade.

The direction of education in Utah will be driven by two major factors: 1) efficient use of sparse revenue and 2) improved quality of educational programs. Both goals are compatible if properly planned.

Paramount tasks include:

- Incorporate differentiated staffing in public education
- Improve facilities use in both public and higher education
- Increase use of high technology
- Begin concurrent enrollment programs statewide
- Reduce duplicate programs
- Focus on academic goals

New approaches will require changes in public expectations and methods of delivering education.

Budget Recommendations

Governor Bangerter recommends a total budget of \$1,038,268,400 for Public Education; a 7.7 percent Uniform School Fund increase over fiscal year 1986-87 and a 5.5 percent local funds increase. This recommendation includes:

- Additional funds for new space and new programs at the area vocational centers and skills centers
- Additional funds to develop assessment and testing programs for the new core curriculum
- Additional funds for technology

Area vocational centers and skills centers are being funded directly rather than through the minimum school program. This will encourage school districts to send students to the centers for vocational training.

Governor Bangerter recommends major reforms in education. They are outlined in his budget recommendations and implemented in his legislative package. The reforms include:

- Better use of facilities
- Reduced administrative costs
- More local school district responsibility

The governor proposes changes in the minimum school program finance formula. To increase local flexibility and provide increased public education funds, the governor has developed a basic foundation formula. It includes:

- A fully funded kindergarten
- Full funds for the basic 1–12 program
- Increased funds for handicapped students
- Increased funds for accelerated learners
- Full funding for the added costs of vocational classes
- Full funds for student growth
- Incorporation of the career ladder program into the basic program

In addition to the basic foundation program, there is an optional enrichment program. It provides additional funds to be used at the option of the local school district. Increased funds are provided for districts which have handicapped students or small schools. These monies are totally equalized and are dependent upon the local school district levying all or part of a two mill levy. Funds provided will allow all districts to participate. Funds not needed for this program can be used to help guarantee the value of the weighted pupil unit.

Governor Bangerter recommends an increase of 3.5 percent in the value of the weighted pupil unit. He also recommends that the state 1) pay all teacher retirement costs for members of both the contributory and noncontributory systems, 2) pay for the transportation of secondary students who live more than three miles from schools, and 3) subsidize senior high school lunches only for those who cannot afford to pay full price.

Public Education Budget Summary

Schedule of Programs:	Actual 1985–86	Authorized 1986–87	Governor's Recommendation 1987–88	% Change
State Office of Education	\$ 101,163,800	\$ 109,980,400	\$ 107,002,800	(2.7)
State Board for Vocational Education	520,500	1,953,600	276,400	(85.9)
Area Vocational Centers and Skills Center	13,419,200	14,357,100	14,470,000	0.8
Schools for the Deaf and the Blind	7,537,300	7,890,000	7,753,300	(1.7)
Fine Arts and Hansen Planetarium	777,700	835,600	848,200	1.5
Utah State Training School	1,584,000	1,401,800	1,331,400	(5.0)
State Hospital	-0-	551,100	509,200	(7.6)
Educational Excellence	194,200	371,700	-0-	(100.0)
Minimum School Program	<u>792,804,900</u>	<u>844,161,600</u>	<u>906,077,100</u>	<u>7.3</u>
Total Expenditures	<u>\$ 918,001,600</u>	<u>\$ 981,502,900</u>	<u>\$1,038,268,400</u>	<u>5.8</u>

Plan of Financing:

Uniform School Fund	\$ 617,887,800	\$ 659,643,900	\$ 710,201,600	7.7
Federal Funds	76,045,800	80,593,200	80,850,300	0.3
Dedicated Credits	4,779,000	4,203,700	3,096,200	(26.3)
Mineral Lease	1,113,400	551,300	461,300	(16.3)
Restricted and Trust Funds	11,108,400	12,826,800	11,557,200	(9.9)
Transfers	937,500	982,800	832,800	(15.3)
Certificates of Participation	467,000	-0-	-0-	0.0
Local Property Tax	204,141,800	219,223,400	231,269,000	5.5
Beginning Non-Lapsing Funds	5,596,800	3,844,500	366,700	(90.5)
Closing Non-Lapsing Funds	(3,844,500)	(366,700)	(366,700)	0.0
Lapsing Funds	(231,400)	-0-	-0-	0.0
Total Revenue	<u>\$ 918,001,600</u>	<u>\$ 981,502,900</u>	<u>\$ 1,038,268,400</u>	<u>5.8</u>

HIGHER EDUCATION Summary

Mission

The mission of Higher Education in Utah is to provide instruction, conduct research, and render public service. The Higher Education system consists of:

- University of Utah
- Utah State University
- Weber State College
- Southern Utah State College
- Snow College
- Dixie College
- College of Eastern Utah
- Utah Technical College/Provo-Orem
- Utah Technical College/Salt Lake

These nine public campuses are governed by a Board of Regents comprised of 15 state citizens serving six-year appointed terms. One student is appointed annually to the board. Accreditation is granted by the Northwest Association of Schools and Colleges. Several outreach rural education centers are also managed by the above institutions. The Commissioner of Higher Education, three regents, three members of the State Board of Education, and the Superintendent of Public Instruction form the Liaison Committee coordinating overlapping education policies.

Programs and Accomplishments

Quality programs in higher education benefit the state's economy. Biotechnology programs at Utah State University are making food production more economical. Genetics research at the University of Utah attracted several million dollars from the Howard Hughes Medical Institute. Funds will be used for a large genetic research center. The growth of Utah's research corridor was aided by state funds for Centers of Excellence. Despite heavy budget cuts, the Board of Regents continued to advocate a strong commitment to high quality education. This attitude was uppermost in the selection of a new head for Dixie College, President Douglas

Alder. He stressed his intent to bolster student academic achievement.

Utah's colleges and universities are responding to the Governor's ALERT program. Unnecessary duplication of classes, programs, and departments is being eliminated. Some new students, who would normally enter the universities, will be redirected to community colleges in 1987-88 and beyond. Course credit transfer from one campus to other campuses is being improved. New buildings are not planned for construction while older structures can absorb new growth. Efforts were begun to increase high school concurrent enrollments.

An important national report from the Holmes Group, plus the Carnegie Forum's *The Revolution that is Overdue*, focused public attention on teacher education at public colleges and universities. In Utah, course-work is being examined and rearranged. Even before final recommendations by a special subcommittee are completed, some old assumptions about teacher preparation are being discarded. New strategies are being implemented that focus on a laboratory experience with master teachers. Parallel to this effort is an attempt to draw more students into teaching careers. Utah's Career Teaching Scholarship program was funded two years ago as part of a statewide reform. Early reports indicate that this strategy is a significant incentive in attracting high quality potential teachers.

Current Conditions

Fall quarter 1986 enrollments at Utah's campuses are higher than last year's. Approximately 73,800 head-count students are enrolled; 2,644 more than in 1985. Student full-time equivalent enrollments are 54,826; an increase of 1,293. This offsets a decline of about 440 in 1985.

Nationally, 17-20 percent of students attend research universities. In Utah, that group averages 51-52 percent. To direct more new students into less expensive two-year colleges, legislators will be asked to change the names of the technical colleges to "Utah Valley Community College" and "Salt Lake Community College." Universities are having to provide more remediation. Roughly one-third of new university entrants are placed on academic probation. By contrast, less than one-fifth of those students who transfer from other colleges are placed on probation. Governor Bangerter feels that Utah students need increased preparation for university study. This will require that more new students begin their work at other institutions and later transfer to universities or comprehensive colleges.

The governor encourages growth of the community colleges. He recommends that technical colleges no longer be required to offer a minimum of 75 percent technical courses. He also supports tuition adjustments: higher tuitions at research universities, medium tuitions at four-year schools, and modest tuitions at community colleges. Such a policy is comparable with peer institutions in surrounding states. For 1987-88, the governor supports tuition increases of 8 percent at the universities, 6 percent at the four-year colleges, and 4 percent at the community colleges. Nonresident students will continue to pay 3.2 times more than do resident students.

Budget Recommendations

Governor Bangerter recommends a total budget of \$349,470,600 for Higher Education; a 4.2 percent overall increase over fiscal year 1986-87 and a 5.7 percent General Fund increase. Included are proposals to provide faculty and staff with 1) 1.5 percent cost-of-living increases and 2) funds to narrow by 30 percent, the competitive salary equity gaps with peer institutions. The governor proposes \$909,600 to operate and maintain new space, and \$586,000 for fuel and power. Funds for travel, current expense, and equipment will increase by approximately 2 percent, as requested in the Board of Regents' budget.

The governor proposes enrollment increases to meet 1987-88 anticipated growth. He recommends that \$1,041,900 in state funds and \$620,600 in new tuitions be earmarked for 884 new students. These funds will be distributed to the following campuses:

- Southern Utah State College—170 students
- Snow College—82 students
- Dixie College—232 students
- Utah Technical College, Provo-Orem—200 students
- Utah Technical College, Salt Lake—200 students

Other budgeted items include:

- \$585,200 for the state's risk management insurance funds
- \$289,600 to continue the Weber College B.S. Nursing Program
- \$1,856,700 tuition replacement made necessary by fewer nonresident enrollments
- Tuition increases requested by the Board of Regents

Governor Bangerter recommends eliminating the Fifth Pathway Program and reducing the Computer Services/Uniform Accounting program by 85 percent. Fifth Pathway training funds for foreign medical school students have not attracted qualified applicants for three years. The Computer Services/Uniform Accounting service provided by Weber State College to the other six colleges is being decentralized.

The governor has complied with a measure passed by the 1986 Legislature. That legislation replaces \$3.8 million of reimbursed overhead revenues with General Fund.

The governor recommends the following allocations for Higher Education.

Higher Education Budget Summary

Schedule of Programs:	Actual	Authorized	Governor's Recommendation	
	1985-86	1986-87	1987-88	% Change
University of Utah	\$ 145,764,300	\$ 147,996,400	\$ 151,824,000	2.6
Utah State University	77,925,400	79,401,400	81,904,400	3.2
Weber State College	38,243,200	39,758,100	41,276,800	3.8
Southern Utah State College	11,010,500	11,310,100	12,327,800	9.0
Snow College	6,131,500	6,387,800	6,816,200	6.7
Dixie College	6,298,200	6,893,100	7,841,600	13.8
College of Eastern Utah	5,389,500	5,811,000	6,079,100	4.6
Utah Technical College at Provo	15,450,500	16,314,500	17,454,500	7.0
Utah Technical College at Salt Lake	17,881,900	17,986,500	19,165,600	6.6
Regents' Programs	6,263,300	3,487,500	4,780,600*	37.1
Total Expenditures	<u>\$ 330,358,300</u>	<u>\$ 335,346,400</u>	<u>\$ 349,470,600</u>	<u>4.2</u>

Plan of Financing:

General Fund	\$ 246,547,100	\$ 256,905,300	\$ 271,495,600	5.7
Uniform School Fund	322,300	343,200	330,000	(3.8)
Tuitions and Fees	56,759,300	59,324,200	61,996,700	4.5
Reimbursed Overhead	8,169,600	5,925,700	3,517,700*	(40.6)
Federal Funds	3,572,500	4,943,800	4,809,800	(2.7)
Mineral Lease	6,031,600	5,437,900	5,293,400	(2.7)
Land Grant Trust Funds	602,700	1,266,300	602,700	(52.4)
Transfers	262,700	(291,100)	-0-	(100.0)
Other	2,358,100	1,415,900	1,422,800	0.5
Beginning Non-Lapsing Funds	9,219,300	84,100	1,900	(97.7)
Closing Non-Lapsing Funds	(1,018,200)	(8,900)	-0-	100.0
Lapsing Funds	(2,468,700)	-0-	-0-	0.0
Total Revenue	<u>\$ 330,358,300</u>	<u>\$ 335,346,400</u>	<u>\$ 349,470,600</u>	<u>4.2</u>

*Note: Includes \$1,306,400 in Reimbursed Overhead, scheduled for distribution to institutions using a 10% formula as required by House Bill 397.

DEPARTMENT OF NATURAL RESOURCES

Summary

Mission

The Department of Natural Resources manages and protects the state's natural assets. The department consists of an administrative section and the following eight divisions:

- State Lands and Forestry
- Oil, Gas and Mining
- Parks and Recreation
- Wildlife Resources
- Water Resources
- Water Rights
- Utah Geological and Mineral Survey
- Utah Energy Office

Programs and Accomplishments

During the fiscal year 1985–86, the Utah Geological and Mineral Survey (UGMS) expanded its Geologic Hazards Program. Excess precipitation, flooding, landslides, and high water tables forced government and private officials to recognize geologic hazards as major concerns. There was a growing awareness of potential earthquake damage and needed planning as the Wasatch Front population increased.

The Division of Parks and Recreation experienced a major reorganization and priority evaluations. More than 60,000 recreationists and 8,000 boaters visited Quail Creek Reservoir, a newly acquired state park, between March 1986 and October 1986.

The Division of Water Rights neared completion of its six-year project to computerize water rights records. Approximately 125,000 records were entered into the data base. The division will develop computer models to assist water rights decisions.

The Division of Water Resources began management of the West Desert Pumping Project. Labor was contracted to private engineering and construction firms. The \$55 million undertaking required close cooperation with the U.S. Air Force, the Bureau of Land Management, the Office of the Governor, the legislature, private industry, and the news media. Through efficient management, the department handled the increased workload without additional staff. The project is on schedule and pumping should begin in February 1987.

During the 1980s, population growth and increased outdoor activity are seriously impacting wildlife habitat. To offset these impacts, the Division of Wildlife Resources acquired nearly 2,500 acres of critical wildlife habitat. The division also participated in habitat development and improvement projects.

Current Conditions

Parks and Recreation

State park usage has increased from 549,524 visitors in 1962, when attendance counts were first recorded, to 5,224,930 visitors in fiscal year 1985–86. Last fiscal year, there were more than 500,000 additional state park visitors.

Oil Overcharge Funds

In 1983 the U.S. District Court for the District of Columbia found the Exxon Corporation liable for overcharges on 1975 to 1981 domestic crude oil sales. It was ruled that Exxon refund the total overcharges plus interest.

In 1986 the Supreme Court denied Exxon's final appeal, thus mandating payment of the overcharge funds. The money was distributed to states for five energy conservation-related programs. Four of the programs in Utah are administered by the Utah Energy Office. They are 1) Weatherization Assistance Program, 2) Institutional Conservation Program, 3) Energy Extension Service, and 4) State Energy Conservation Program. The fifth program, Low Income

Home Energy Assistance Program, is administered by the Department of Social Services.

In addition to being restricted to the five programs, Exxon funds and the interest on those funds cannot replace state support nor cover administrative costs.

Utah's share of the Exxon settlement is \$12.4 million. In October 1986, Governor Bangerter authorized the release of \$1 million in Exxon funds to the Weatherization Assistance Program. The release replaced funding reductions from other sources. It will allow houses to be weatherized before winter.

Utah received an additional \$4 million in oil overcharge funds from the Stripper Well settlement. Expenditure guidelines are similar to, although not as restrictive as, the Exxon guidelines.

Budget Recommendations

Governor Bangerter recommends a total budget of \$54,556,700 for the Department of Natural Resources. While total budget figures for fiscal year 1987-88 show a slight increase over current fiscal year expenditures, significant reductions have occurred at the line item and program levels. Budget recommendations for the divisions of State Lands and Forestry, Parks and Recreation, Utah Geological and Mineral Survey, and the Utah Energy Office are less than current fiscal year estimated expenditures. These reductions are offset by a large increase in the Division of Wildlife Resources and \$2,650,000 for operation and maintenance of the West Desert Pumping Project.

In August 1985, the department entered into a four-year agreement to purchase property in Middle Fork Canyon for the purpose of protecting and developing critical wildlife habitat. The legislature appropriated money from the General Fund for the first payment. The governor recommends that the balance of the contract be paid during fiscal year 1987-88 with proceeds from the sale of a general obligation bond. This item is included in the capital budget.

The Utah Geological and Mineral Survey's budget includes replacement of Mineral Lease monies with General Fund. The change in revenue source will help stabilize the financial and budgeting base of UGMS.

The Division of State Lands and Forestry's budget includes \$22,200 for replacement equipment in the Field Operations Program.

Governor Bangerter recommends \$35,000 to the Division of Water Resources for cloud seeding projects in southern Utah. The state money is to be matched with local participation. Studies have shown that cloud seeding is the least expensive method of water development available.

In previous years, money for water development studies was appropriated through separate legislation. In fiscal year 1987-88, the governor's budget includes \$300,000 for the Division of Water Resources to conduct water studies.

Governor Bangerter proposes a \$269,400 appropriation from the Wildlife Resources Restricted Account for the first step in treating Strawberry Reservoir. Strawberry is the state's most important trout fishery, but has deteriorated in quality during the past few years.

The governor does not recommend funding the Predator Control Program with an appropriation to the Division of Wildlife Resources. Funding for the program is included in the Department of Agriculture's budget. The Division of Wildlife Resources will contract predator control services when those services are specifically required by the division.

Other division budget items include additional accounting and data processing support.

**Department of Natural Resources
Budget Summary**

Schedule of Programs:	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88	% Change
Administration	\$ 1,307,300	\$ 1,224,800	\$ 1,119,600	(8.6)
Building Operations	1,215,700	1,204,100	1,324,100	10.0
A.G.R.	438,100	-0-	-0-	0.0
State Lands and				
Forestry	3,665,700	4,799,800	3,887,200	(19.0)
Oil, Gas and Mining	4,375,900	4,917,800	5,103,800	3.8
Wildlife Resources	15,204,500	16,236,500	18,502,500	14.0
Predator Control	75,200	74,500	-0-	(100.0)
Hardware Ranch	35,400	39,500	39,500	0.0
Contributed Research	110,800	139,400	98,100	(29.6)
Reimbursement	93,400	100,400	13,400	(86.7)
Cooperative Studies	46,200	116,300	116,300	0.0
Parks and Recreation	9,513,900	10,449,900	9,432,800	(9.7)
Utah Geological and				
Mineral Survey	2,356,500	2,451,900	2,273,200	(7.3)
Water Resources	5,467,900	4,606,400	5,796,900	25.8
Water Rights	3,849,900	4,015,100	4,060,000	1.1
Utah Energy Office	5,075,100	2,868,000	2,789,300	(2.7)
Total Expenditures	<u>\$ 52,831,500</u>	<u>\$ 53,244,400</u>	<u>\$ 54,556,700</u>	<u>2.5</u>
 Plan of Financing:				
General Fund	\$ 18,842,100	\$ 20,060,100	\$ 23,283,700	16.1
Federal Funds	9,215,900	8,427,200	8,620,200	2.3
Dedicated Credits	4,914,500	3,752,100	4,381,700	16.8
Mineral Lease	1,695,200	551,300	-0-	(100.0)
Restricted and Trust				
Funds	16,378,700	16,783,900	18,056,600	7.6
Transfers	(245,000)	-0-	-0-	0.0
Other	1,402,400	34,500	26,900	(22.0)
Beginning Non-Lapsing				
Funds	6,641,800	3,822,900	187,600	(95.1)
Closing Non-Lapsing				
Funds	(3,822,900)	(187,600)	-0-	100.0
Lapsing Funds	(2,191,200)	-0-	-0-	0.0
Total Revenue	<u>\$ 52,831,500</u>	<u>\$ 53,244,400</u>	<u>\$ 54,556,700</u>	<u>2.5</u>
 Full-Time Equivalent				
Positions		1,040.8	1,021.9	

BUSINESS, LABOR AND AGRICULTURE

Summary

Mission

Business, Labor and Agriculture consists of seven departments that regulate the state's trades, professions, businesses, utilities, and agricultural interests. Two other departments regulate liquor sales and one department provides worker's compensation insurance to employers. The departments are as follows:

- Citizen's Council on Liquor Control
- Department of Agriculture
- Department of Alcoholic Beverage Control
- Department of Business Regulation
- Department of Employment Security
- Department of Financial Institutions
- Department of Insurance
- Industrial Commission
- Public Service Commission
- Workers' Compensation Fund

Programs and Accomplishments

In 1986 the Department of Agriculture coordinated more than 50 railcar loads of hay. Utah farmers donated the hay to drought-stricken farmers in the southeastern United States. The 1,800–2,000 tons of quality hay were valued at approximately \$120,000.

The department's Animal Industry Division, Meat Inspection Bureau, maintained a high federal certification rating of five. The highest possible rating is six.

The Weights and Measures Bureau identified 400,000 gallons of inferior gasoline on the market. The distributor quickly cooperated with the bureau and eliminated this threat to Utah consumers.

The Department of Alcoholic Beverage Control opened its first club store. It is a central, caseload product supply point to clubs in the Salt Lake Valley. The club store reduced the demand for increased liquor store inventory, deliveries, personnel, and capital facilities. Salt Lake area clubs may now purchase a larger volume of product more expeditiously.

The Department of Business Regulation implemented a plan to promote an appropriate, public/business service orientation. The plan's objectives are to eliminate 1) negative perceptions and attitudes, and 2) unnecessary obstacles for the business community.

Through the Department of Financial Institutions, the state assumed control of three banks and one savings and loan in 1985. The department's actions in the bank sector prevented any losses to depositors. In 1986 the state assumed control of seven thrift-and-loan institutions due to the insolvency of the Industrial Loan Guarantee Corporation. From five of the institutions, the department engineered the creation of one federally-insured institution titled Charter Thrift and Loan. The state directed the remaining two institutions to seek FSLIC insurance.

The Industrial Commission continued the Wilberg Mine investigation in conjunction with the Federal Mine Safety and Health Administration. The investigation is near completion.

Utah's new insurance code became effective on July 1, 1986. The Department of Insurance is monitoring compliance and working with the insurance industry to develop rules.

The Public Service Commission is involved in 1) the Utah Associated Municipal Power Systems case, 2) the Simonelli Investigation Report, and 3) the case of Cogeneration and Small Power Production.

The Workers' Compensation Fund (WCF), formerly the Utah State Insurance Fund, is an enterprise fund supported by restricted funding. The number of policyholders has increased by approximately 1,200 since January 1, 1986. The WCF processed 40,000 new injuries in the past fiscal year—a 12 percent increase. WCF premium rates remain 25–30 percent less than private sector rates, and administrative costs remain one-third less than private sector costs.

Current Conditions

During spring 1986, Utah faced serious insect infestation problems. The Utah Department of Agriculture, in conjunction with the U.S. Department of Agriculture, sprayed more than 287,000 acres of infested lands to eradicate grasshoppers. Some difficulty was experienced in coordinating the treatment for Mormon crickets on eastern Utah lands. The department is resolving this problem. Grasshopper infestation should subside temporarily, but the cricket problem could increase in the next two or three years.

A California quarantine on Utah's \$22 million fruit industry is still in effect due to apple maggot infestation. The department is continuing its efforts to survey lands, work with farmers to eliminate the apple maggot, and remove the quarantine.

The Department of Business Regulation foresees continued growth in 1) licensure, 2) corporate and security filings, 3) public and consumer complaints, and 4) occupational and professional registrations.

The Public Service Commission continues to grapple with the changing utility regulatory environment. National trends favor some degree of telecommunication services deregulation.

Budget Recommendations

Governor Bangertter recommends a total budget of \$65,679,000 for Business, Labor and Agriculture; a 3.0 percent General Fund increase over fiscal year 1986-87.

The governor recommends a base budget of \$63,654,800 plus the following building blocks totaling \$2,024,200:

- \$124,500 to the Department of Agriculture for equipment in the Weights and Measures Bureau and the Chemical Laboratory
- \$1,068,600 to the Department of Alcoholic Beverage Control for new cash registers, a new computer central processing unit, and store remodeling
- \$252,700 to the Department of Business Regulation to maintain full-time employees and monitor Federal Energy Regulatory Commission developments in Washington, D.C.
- \$120,900 to the Department of Financial Institutions to fund examiner's vacant positions and purchase six portable computers
- \$123,000 to the Industrial Commission to fund the elevator inspection program
- \$70,000 to the Department of Insurance to fund the distribution of new rules and a Market Compliance Auditor
- \$55,000 to the Public Service Commission to contract for the development of an electrical energy consumption model
- \$209,500 to the Workers' Compensation Fund to increase its service level to meet consumer demand

The Department of Financial Institutions will submit a new fee schedule to the legislature in 1987. The Industrial Commission will establish an elevator inspection fee to recapture the cost of its elevator inspection program. All inspection fees will be deposited directly to the General Fund.

**Business, Labor and Agriculture
Budget Summary**

Schedule of Programs:	Actual	Authorized	Governor's Recommendation	
	1985-86	1986-87	1987-88	% Change
Agriculture	\$ 7,250,400	\$ 10,058,500	\$ 8,327,500	(17.2)
Alcoholic Beverage				
Control	8,351,900	8,925,200	9,214,300	3.2
Business Regulation	7,802,600	7,813,300	7,885,200	0.9
Citizens' Council on				
Liquor Control	3,800	7,800	7,300	(6.4)
Employment Security	27,021,400	27,217,000	27,217,000	0.0
Financial Institutions	1,358,400	1,518,900	1,610,400	6.0
Industrial Commission	3,946,200	3,999,000	3,984,300	(0.4)
Insurance	1,769,200	1,873,600	1,895,800	1.2
Public Service				
Commission	1,009,400	1,063,100	1,105,500	4.0
Workers' Compensation				
Fund	<u>3,679,700</u>	<u>4,249,600</u>	<u>4,425,100</u>	<u>4.1</u>
Total Expenditures	<u>\$ 62,193,000</u>	<u>\$ 66,726,000</u>	<u>\$ 65,672,400</u>	<u>(1.6)</u>
Plan of Financing:				
General Fund	\$ 16,794,100	\$ 17,093,600	\$ 17,599,100	3.0
Federal Funds	2,097,100	2,194,400	2,089,200	(4.8)
Dedicated Credits	2,447,100	2,438,400	2,294,400	(5.9)
Restricted and Trust				
Funds	42,593,700	44,246,400	43,688,200	(1.3)
Beginning Non-Lapsing				
Funds	874,900	761,900	8,700	(98.9)
Closing Non-Lapsing				
Funds	(761,900)	(8,700)	(7,200)	17.2
Lapsing Funds	<u>(1,852,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>0.0</u>
Total Revenue	<u>\$ 62,193,000</u>	<u>\$ 66,726,000</u>	<u>\$ 65,672,400</u>	<u>(1.6)</u>
Full-Time Equivalent				
Positions		1,501.8	1,482.5	

**DEPARTMENT OF
COMMUNITY AND ECONOMIC DEVELOPMENT
Summary**

Mission

The Department of Community and Economic Development is challenged to:

- Broaden the economic base of the state
- Provide jobs for the increasing population
- Improve standard of living and quality of life

The Utah Technology Finance Corporation, a nonprofit public corporation, assists with the creation and growth of new high technology businesses.

Programs and Accomplishments

Business and economic development programs played a significant role in the state's economy during fiscal year 1985-86. They assisted in generating:

- 5,700 jobs and \$104 million in payroll
- \$22 million in new federal contracts
- \$16 million in foreign investments
- \$15.6 million in outside film and television expenditures
- 30 new companies and 26 small business expansions
- 15 percent increase in tourist visitation

Department job training programs also had a significant economic impact:

- 3,700 disadvantaged Utahns were placed in jobs
- 2,200 dislocated workers were retrained and placed in new jobs
- 1,280 single parents were trained and placed, reducing welfare payments by \$3.3 million

The Centers of Excellence Program funded 15 research centers with \$2.5 million of state funds and \$16 million from federal and private sources. These centers focused on seven areas: 1) space engineering and applications, 2) biomedical technologies, 3) computer technologies, 4) natural resources, 5) communications and information technologies, 6) engineering technologies, and 7) biotechnology.

Utahns' quality of life was enhanced through community development programs. The Critical Needs Housing Program received the highest performance rate in the nation. The program won six awards including three from the United Nations for:

- Developing \$11,000 houses for Navajo reservation residents
- Utilizing volunteers to build low-income housing in Hyde Park
- Providing low cost mobile home/manufactured housing for handicapped and elderly persons in Myton

The Certified Local Government Program in the Division of State History helped more than 30 communities to preserve and promote Utah heritage. Revolving loan funds were established to assist local business creation and expansion in Davis County, the Uintah Basin, and Bear River region.

Two new programs were established. The Business Expansion and Retention Program helped Utah firms use state resources and services. The Sports Development Program increased economic activity by bringing national amateur athletic events to the state.

The Utah Technology Finance Corporation helped three high growth Utah firms increase from 10 to 80 employees within one year. The corporation's Research Innovation Program helped two firms in attracting \$750,000 each with matching state grants of \$100,000 each.

Current Conditions

Business and economic development programs are adapting to the changing Utah marketplace as it relates to national and international dynamics. Since 80 to 90 percent of jobs come through existing company expansion, the Business Finance Program is exploring a merger with a nonprofit financing firm. The merger will better meet the expansion financing needs of small businesses.

High technology jobs increasingly require a background in science, engineering, mathematics, and specific machine-oriented training. The Centers of Excellence Program is developing a Center for High Technology Training at Weber State College. The center will provide a contact point for industry. It will also coordinate existing and tailor-made programs at state institutions.

The Travel Council is conducting research to 1) define Utah's travel market, 2) obtain travelers' impressions of Utah, 3) determine the economic impact of tourism, and 4) assess the effects of council advertising.

Community development programs are using the SCOPE process to 1) more effectively provide necessary infrastructure, 2) enhance quality of life, and 3) support economic development in Utah communities.

As a result, the State Library Division will increase its response to individual library needs and trends in public library development. One trend is the use of public libraries as community information centers. Price and Vernal libraries soon will have computer access to national information and educational resources. Funding is from a Kellogg Foundation grant.

The State Library and the Division of State History are using the SCOPE process to review their relationship with the Division of State Archives, Department of Administrative Services. State Fairgrounds facilities are being evaluated to increase public and business use between fairs.

The Division of Fine Arts is developing a Design Arts Program to help communities make public spaces more attractive and functional.

Utah needs more venture financing to capitalize on the ideas and entrepreneurship of its citizens. To fill this gap, the Utah Technology Finance Corporation is creating a \$3.8 million state fund and is developing a community venture fund program. One recent \$100,000 state funds investment stimulated \$1.2 million in private investments.

Budget Recommendations

Governor Bangerter recommends a total budget of \$43,053,800; a 20.3 percent overall decrease from fiscal year 1986-87 and a 10.8 percent General Fund increase.

The overall decrease is primarily due to a \$6.5 million decrease in federal job training grants and a \$6.2 million decrease in one-time funds. The General Fund increase is primarily due to a \$2.7 million increase in business and economic development programs. The recommendation includes \$2.8 million in General Fund for the Centers of Excellence Program and \$500,000 in General Fund for the Utah Technology Finance Corporation.

Community and Economic Development Budget Summary

Schedule of Programs:	Actual	Authorized	Governor's Recommendation	
	1985-86	1986-87	1987-88	% Change
Administration	\$ 724,100	\$ 839,300	\$ 162,600	(80.6)
Job Training	17,812,000	20,361,600	13,805,000	(32.2)
Travel Development	3,977,500	3,848,800	3,808,800	(1.0)
Business and Economic Development	2,786,200	7,889,000	6,765,900	(14.2)
Utah Technology Finance Corporation	570,100	3,016,100	1,107,000	(63.3)
Indian Affairs	94,400	98,200	106,500	8.4
Black Affairs	42,200	61,800	64,800	4.8
Hispanic Affairs	39,400	42,700	49,600	16.2
Asian Affairs	40,100	42,300	44,300	4.7
Expositions	1,669,000	1,809,700	1,761,400	(2.7)
State History	1,609,300	1,629,200	1,546,600	(5.1)
Fine Arts	2,061,700	2,281,900	2,201,600	(3.5)
State Library	4,250,600	4,468,600	4,364,500	(2.3)
Community Development . .	8,087,500	6,364,300	6,103,000	(4.1)
Community Services	1,416,200	1,284,900	1,162,200	(9.5)
Total Expenditures	<u>\$ 45,180,300</u>	<u>\$ 54,038,400</u>	<u>\$ 43,053,800</u>	<u>(20.3)</u>

Plan of Financing:

General Fund	\$ 16,060,800	\$ 16,907,200	\$ 18,727,000	10.8
Transportation Fund.....	118,000	118,000	118,000	0.0
Federal Funds.....	26,232,300	26,889,500	20,157,000	(25.0)
Dedicated Credits.....	3,297,400	3,361,900	3,102,300	(7.7)
Restricted and Trust Funds	399,800	379,300	342,500	(9.7)
Transfers	-0-	9,500	-0-	(100.0)
Other	148,900	150,000	-0-	(100.0)
Beginning Non-Lapsing Funds	6,062,100	6,830,000	607,000	(91.1)
Closing Non-Lapsing Funds	(6,830,000)	(607,000)	-0-	100.0
Lapsing Funds	(309,000)	-0-	-0-	0.0
Total Revenue.....	<u>\$ 45,180,300</u>	<u>\$ 54,038,400</u>	<u>\$ 43,053,800</u>	<u>(20.3)</u>
Full-Time Equivalent Positions.....		294.8	270.0	

DEPARTMENT OF TRANSPORTATION

Summary

Mission

The Department of Transportation is responsible for establishing a safe, balanced, integrated transportation system in the state of Utah. To achieve this objective, the department maintains, regulates, and administers all transportation systems within the state. The department's major goals are:

- Completing the interstate system
- Reversing the decline of pavement conditions on noninterstate highways
- Assuring safety on all state highways by appropriate design and signing, and prompt snow and ice removal
- Expanding the I-15 corridor in Salt Lake County

Programs and Accomplishments

Currently, 93 percent of the 938 miles of federally authorized interstate highways is completed. During fiscal year 1987-88, the department anticipates that 11.3 miles will be added to make the system 94 percent complete. The Federal Highway Administration fiscal plan now calls for completion of the interstate system by fall 1989.

In July 1986, the department implemented the new FIRMS cost accounting system. It will allow accurate billing to the federal government for state costs associated with federally funded construction projects.

SCOPE was successfully implemented by the department. Actions included:

- Maximum use of private contractors
- More efficient operations through changes in travel, overtime, and seasonal hire policies
- Reduced liability insurance costs through reorganization of the safety program

Current Conditions

In 1983 the department issued the Utah Highways Development Plan. It identified the worsening conditions of state highway surfaces. Further monitoring indicates that over 60 percent of highway surfaces are in poor to very poor condition, excluding interstate mileage. Sections of the interstate also are showing poor surface conditions.

To reverse this trend, the department needs an annual maintenance program of \$65 million and a state rehabilitation program of \$45 million. Current maintenance funding is at \$46.7 million annually and rehabilitation at \$16.6 million. This is \$46.7 million less than the amount needed annually. Unless additional funding is provided, the state's highways will continue to deteriorate.

The department, in concert with the Utah Transit Authority and the Wasatch Front Regional Planning Council, has reviewed alternatives for expansion of I-15 from Sandy to North Temple in Salt Lake City. Their proposal will increase I-15 traffic capacity by adding four lanes and at least three interchanges. Corridor expansion costs are estimated at about \$400 million in 1986 dollars.

Budget Recommendations

To improve state highways, Governor Bangerter recommends a state gasoline tax increase from 14 to 19 cents. The 5 cent increase will earn \$40.8 million for the Maintenance and Capital Budget programs.

Governor Bangerter recommends a total operations budget of \$128,814,000 for the Department of Transportation; a 3.0 percent increase over fiscal year 1986–87. Specific recommendations include:

- SCOPE savings allocated to maintenance and construction activities
- Cost of living adjustments to maintain wages competitive with the private sector and surrounding state governments
- Performance and productivity increases for competent employees
- Data processing funding for the FIRMS cost accounting system
- \$47,409,000 for a preventive maintenance program supplemented by a \$10,800,000 transfer from State Rehabilitation Program funds for hard surface maintenance
- Accounting subsystems development of \$368,000 to assure full federal construction project reimbursements and establish needed budget controls

Recommended Capital Budget funding levels are:

— State Construction and Rehabilitation	\$ 45,468,000
— Federal Construction	127,780,000
— B & C Road Fund	40,671,000
— Sidewalk Construction	400,000

**Department of Transportation
Budget Summary**

Schedule of Programs:	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88	% Change
Administrative Services	\$ 7,389,300	\$ 7,696,500	\$ 8,006,600	4.0
Safety Division	3,143,500	4,164,500	6,449,200	54.9
Comptroller	2,373,300	2,307,800	2,783,200	20.6
Accounting Systems				
Development	1,900,000	350,000	368,000	5.1
Internal Auditor	369,100	375,000	358,600	(4.4)
Community Relations	367,300	302,200	377,300	24.9
Construction				
Administration	627,700	652,600	716,400	9.8
Right of Way	1,067,400	1,152,100	983,400	(14.6)
District Management	11,377,100	11,194,900	11,003,000	(1.7)
Planning and Programming	3,912,000	4,191,500	4,230,100	0.9
Equipment Management	9,718,700	10,136,800	9,558,100	(5.7)
Preconstruction	8,429,400	8,792,700	8,957,900	1.9
Lands and Buildings	522,900	500,000	483,300	(3.3)
Maintenance Management	42,627,400	46,694,400	47,409,000	1.5
Aeronautics	13,062,600	9,876,800	10,661,800	7.9
State/Federal Construction				
Field Crews	<u>14,826,700</u>	<u>15,455,400</u>	<u>16,468,100</u>	<u>6.6</u>
Total Expenditure	<u>\$ 121,714,400</u>	<u>\$ 123,843,200</u>	<u>\$ 128,814,000</u>	<u>4.0</u>
Plan of Financing:				
General Fund	\$ 906,100	\$ 1,066,700	\$ 1,064,400	(0.2)
Transportation Fund	66,245,700	67,814,900	78,661,100	16.0
Federal Funds	32,293,000	31,102,200	32,312,000	3.9
Dedicated Credits	8,487,200	7,238,600	6,660,200	(8.0)
Restricted and Trust				
Funds	4,880,500	4,647,600	5,445,000	17.2
Transfers	(85,200)	-0-	-0-	0.0
Certificates of				
Participation	8,381,100	7,242,000	-0-	(100.0)
State/Federal Construction				
Transfer	4,528,800	4,731,200	4,671,300	(1.3)
Beginning Non-Lapsing				
Funds	147,600	-0-	-0-	0.0
Closing Non-Lapsing				
Funds	247,200	-0-	-0-	0.0
Lapsing Funds	<u>(4,317,600)</u>	<u>-0-</u>	<u>-0-</u>	<u>0.0</u>
Total Revenue	<u>\$ 121,714,400</u>	<u>\$ 123,843,200</u>	<u>\$ 128,814,000</u>	<u>4.0</u>
Full-time Equivalent				
Positions		1,977.95	1,924.75	

Summary of Capital Facility Recommendations

	Actual 1985-86	Authorized 1986-87	Governor's Recommendation 1987-88
Agriculture			
Resource Development Fund	\$ -0-	\$ 1,200,000	\$ 250,000
Community and Economic Development			
Community Assistance	7,785,800	15,904,200	13,962,500
Low Income Housing	728,000	922,500	400,000
Disaster Relief	2,673,500	17,957,100	-0-
Public Education			
Critical School Building	9,778,300	10,500,000	6,500,000
Natural Resources and Energy			
Water Resources			
Cities Water Loan Fund	2,970,000	3,050,000	2,000,000
Revolving Construction	3,794,000	3,470,000	2,090,000
Construction and Development	2,888,000	3,150,000	3,800,000
Parks and Recreation			
Recreation Services	800,000	231,000	-0-
Riverway Enhancement	175,000	-0-	-0-
Clear Creek Museum	800,000	-0-	-0-
Wildlife Resources			
Information and Education	280,000	310,000	282,500
Fisheries	250,000	2,340,600	2,340,600
Game Management	1,127,400	1,467,000	1,467,000
Middle Fork Canyon	946,000	1,274,700	2,085,500
State Building Program			
Capital Maintenance	-0-	10,379,500	13,923,300
Capital Developments	37,969,300	33,990,900	39,139,400
Planning Funds	-0-	762,200	222,200
Department of Transportation			
Federal Highway Construction	175,776,000	124,497,800	127,780,000
State Highway Construction	25,420,600	21,294,400	24,685,700
Highway Rehabilitation	12,526,500	16,600,000	20,782,300
Resource Development	20,800	1,300,000	-0-
Sidewalk Construction	1,149,400	500,000	400,000
B & C Road Account	32,096,000	33,500,000	40,671,000
Debt Service	60,570,500	74,957,800	52,537,400
Total	<u>\$ 380,525,100</u>	<u>\$ 379,559,700</u>	<u>\$ 355,319,400</u>

STATE OF UTAH
Plan of Financing

	<u>Actual 1985-86</u>	<u>Authorized 1986-87</u>	<u>Governor's Recommendation 1987-88</u>
General Fund	\$ 47,890,300	\$ 43,233,200	\$ 66,668,200
Uniform School Fund	1,528,300	1,200,000	267,200
Transportation Fund	96,575,600	83,128,000	96,182,100
Federal Funds	171,302,600	123,092,900	124,438,400
Dedicated Credits	12,290,200	11,362,800	9,522,200
Mineral Lease	26,707,300	18,475,000	15,245,300
Restricted and Trust Funds	17,917,200	15,946,400	1,267,400
Other	13,800,000	31,200,600	6,950,000
Bonding	29,500,000	23,529,900	39,449,900
Transfers	(4,528,800)	(4,731,200)	(4,671,300)
Beginning Non-Lapsing Funds	19,654,200	33,122,100	-0-
Closing Non-Lapsing Funds	(34,418,100)	-0-	-0-
Lapsing Funds	(17,693,700)	-0-	-0-
Total Revenues	<u>\$ 380,525,100</u>	<u>\$ 379,559,700</u>	<u>\$ 355,319,400</u>

**SUPPLEMENTAL APPROPRIATIONS ACT
1987
GENERAL SESSION**

Bill No. _____

By _____

AN ACT MAKING APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 1987, 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, are appropriated from the funds indicated in addition to appropriations, if any, made by Chapter 218, Laws of Utah, 1986, for the use and support of certain state departments and agencies and for other purposes as in this Act provided.

ELECTED OFFICIALS

Item 1

It is the intent of the Legislature that at the end of fiscal year 1986-87, the Office of the Governor, Office of Planning and Budget, carry forward unexpended General Fund monies in their appropriation line items. It is the intent of the Legislature that any lapsing funds be nonlapsing. It is the intent of the Legislature that the Office of Planning and Budget be allowed to spend any nonlapsing balances on the National Association of State Budget Officers national conference to be held in Utah in July 1987.

Item 2

To Lieutenant Governor—Governor’s Commission on Law and Citizenship	
From General Fund.....	\$ 61,900
To cover the costs of the Bicentennial Commission relating to the bicentennial of the U.S. Constitution.	

Item 3

To Attorney General	
From General Fund.....	634,200.50
To cover the costs of juror and witness fees (\$1,200.50); to pay contract settlement for removal of uranium tailings from Vitro site (\$633,000). Both have been approved by the Board of Examiners.	

GOVERNMENT OPERATIONS

Item 4

To Administrative Services—Division of Finance	
From General Fund.....	630,000
To provide for increase in Workers’ Compensation premium (\$600,000); to cover costs of legal contract review (\$30,000).	

Item 5

To Administrative Services—Division of Finance	
From Transportation Fund.....	450,000
To allow the Department of Transportation to utilize the state central accounting system (FIRMS) and to provide single-point entry of payroll data.	

Item 6

To Debt Service	
From General Fund	12,100,000
To correct the funding mechanism of Debt Service to meet statutory requirements of the 1986 Second Special Session. This adjustment will transfer funds from the General Fund rather than from the Executive Reserve Account.	

CORRECTIONS

Item 7

To Corrections	
From General Fund	500,000
To cover cost of overtime (\$100,000), medical expenses (\$250,000) and food (\$150,000) at the prison.	

HIGHER EDUCATION

Item 8

To Dixie College	
From General Fund	67,800
To cover fuel and power costs at Dixie College.	

Item 9

To Utah State University—Water Research Laboratory	
From General Fund	123,700
To cover appropriation act miscalculation in Mineral Lease Fund for the laboratory.	

NATURAL RESOURCES

Item 10

To Department of Natural Resources—Wildlife Resources	
From General Fund Restricted—Wildlife Resources Account	100,000
From Dedicated Credits	(100,000)
To correct the appropriation made by the Supplemental Appropriations Act, H.B. 3, Item 111, 1986 Fourth Special Session, for Wildlife Resources.	

TRANSPORTATION

Item 11

It is the intent of the Legislature that up to \$775,000 of Certificates of Participation appropriated to the Department of Transportation be used for capital purchases by other departments. It is the intent of the Legislature that an equivalent amount of General Fund be transferred to the Transportation Fund.

Item 12

To Department of Transportation—Planning and Programming	
From Transportation Fund	270,000
To cover costs of conducting the Functional Classification, Needs and Financing Study of public roads.	

Item 13

To Department of Transportation—Comptroller	
From Transportation Fund	700,000
To cover cost of data processing for Department of Transportation management systems.	

Item 14

To Debt Service

From Transportation Fund 8,249,600
To cover the obligations of the Transportation Fund to Debt Service.

Plan of Financing

General Fund.....	\$ 14,117,600.50
General Fund Restricted—Wildlife	100,000.00
Dedicated Credits	(100,000.00)
Transportation Fund	9,669,600.00

