

# Budget in Brief 1988-1989

State of Utah

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CONTAINING THE RECOMMENDATIONS OF  
**GOVERNOR NORMAN H. BANGERTE**  
PRESENTED TO THE GENERAL SESSION OF THE 47TH  
LEGISLATURE FOR THE FISCAL PERIOD  
JULY 1, 1988 to JUNE 30, 1989



*Arlene*

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BUDGET IN BRIEF 1988-89

CONTAINING THE RECOMMENDATIONS OF  
GOVERNOR NORMAN H. BANGERTER



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DECEMBER 1987

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NORMAN H. BANGERTER  
GOVERNOR

STATE OF UTAH  
OFFICE OF THE GOVERNOR  
SALT LAKE CITY  
84114

December 17, 1987

My fellow Utahns:

This year the *Budget in Brief* is a consolidation of three budget reports that were previously published separately. The reports are 1) *Budget in Brief*, 2) *Capital Budget*, and 3) *Internal Service and Enterprise Funds*. A table of contents highlights the key section of each report. Please take the time to read the entire document. You have the right to know exactly where your state tax dollars are spent. This report is designed to provide that information.

Much has happened during the first three years of this administration. Three years ago, Utah was seriously threatened by flooding. Twenty-two of the state's 29 counties were declared federal disaster areas. Since then, local and state governments have worked together to better prepare the state should high streamflows and rising lake levels be repeated. Most importantly, the West Desert Pumping Project was implemented. It proved to be even more efficient than first thought. Adding to the success of the pumping was the dry, northern Utah summer that helped evaporate more of the lake than usual. The lake is now 2.5 feet lower than it was one year ago. For the first time in Utah's history, it is possible to exercise some management control over this fluctuating but valuable body of water. Without the pumping project, four wastewater treatment plants would probably have moved or been diked heavily. Interstate 80 would have closed on several occasions. Numerous businesses would have closed or left the state. Such consequences would have been more expensive than the pumping project.

In three years, the state has accelerated its transition from a goods-producing economy to a service-producing economy. Today 80 percent of Utah jobs are in the

service area. This transition is part of a national adjustment to the new global economy. The adjustment has caused substantial disruption for many of you, particularly those employed in mining. However, it has provided opportunities for other industries. The transition is discussed in detail in the *State of the State*. It is important that you understand this transition and adapt to it.

The best way the state can help with this transition is to ensure a quality educational system. This means providing adequate funding and implementing necessary reform. Three years ago, education consumed 60 percent of state taxes; it now uses 68 percent. Reform also has been initiated. Utah is moving to year-round schools and requiring more efficient use of school buildings. School districts, reflecting the greater emphasis on academics, have moved funds from building construction and debt service into educational programs. They are also discussing district consolidation.

But education must go further. Reform should now center on performance and accountability. The educational system must continue to raise test scores. There has been improvement during the last three years. ACT test scores in 1986 reached a 13 year high. This is a positive step forward, but scores are still below those of the years 1968-70. Utah students must reach this earlier plateau and then go beyond to be competitive in the global economy.

Between 1980 and 1986, Utah had the fastest growing school age population in the nation. Extra funding was critical for this exploding population. During the last three years, another change has occurred - births have dropped dramatically. Because of this decline, projections now show school age population slowing significantly. By 1993 school age population is projected to peak and start to decline.

Equally important is the fact that over the next several years Utah's adult working age population will grow faster than the school age population. Between now and the year 2000, school age population is expected to shrink from 26 percent to 22 percent of Utah's total population. Working age adults will increase from 55 percent to 59 percent. The demographic shifts will spread public education funding over a broader base. This should be welcome news to Utahns, who now have the highest school age dependency ratio in the nation.

The state's economy is promising for several reasons:

- Many disruptions caused by the international market have been addressed by cooperation between state government and forward-looking businessmen. Kennecott Copper and Geneva Steel are back in business because of this cooperation.
- Industries around Great Salt Lake are alive and well due to flood control efforts.
- Utah is a national leader in the transition to a service economy. It ranked tenth nationally in service jobs' growth between 1980 and 1986. In the last three years, service jobs accounted for almost all job growth in Utah.
- You, the people, convey today the same determination that settled Utah 140 years ago. You transmit a commitment and resolve to meet the challenge of a new global economy.

Utah has a bright future if we understand and wisely adjust to these new circumstances. The trend to an international economy and service-producing society cannot be reversed. It must be accepted. Most importantly, Utah must become more competitive. No more business as usual in the private or public sector. It will be hard work. But it can be done. It is being done. Kennecott and Geneva are industrial examples of doing what is necessary to be competitive. Word Perfect, Native Plants, and Nice Corporation are Utah companies competing in the international market. American Express, AT&T, and McDonnell-Douglas are large U.S. companies that now conduct their international business in Utah.

As your governor, I pledge to prepare Utah for its exciting future in this fast changing world. Please join me in this challenge, and let us adjust together to these transitional but opportunistic times.

Sincerely,



Norman H. Bangerter

Governor



# STATE OF THE STATE

## I. CURRENT CONDITIONS

### Introduction

In 1982 John Naisbitt published a book entitled *Megatrends*. The book described 10 major trends sweeping the United States that, in Naisbitt's words, were "changing our inner and outer lives." The book has since become an international best-seller. The introduction includes these comments:

As a society, we have been moving from the old to the new. And we are still in motion. Caught between eras, we experience turbulence. Yet, amid the sometimes painful and uncertain present, the restructuring of America proceeds unrelentingly.

The restructuring of America that Naisbitt talked about in his book is taking place in Utah. The impact of this restructuring has been dramatic. It has slowed employment and wage growth rates while influencing the kinds of jobs created. It is one reason why more women have entered the work force. It has forced us to rethink how we do business, educate ourselves, and run government. This restructuring was the main cause of the temporary closures of Kennecott Copper Corporation and Geneva Steel. It brought about the slowdown in oil and coal mining, and caused severe hardships on Utah farmers.

This restructuring has also created great opportunities. It has brought about tremendous growth in what Naisbitt calls the "information" industries. Because many such industries are in Utah, Naisbitt cited Salt Lake City as one of the "Ten Cities of Great Opportunity" in the United States. Over the last three years, Utah has created 40,000 jobs in these industries. In the 1980s, it is important that Utah be discussed in light of the megatrends restructuring our nation.

### Megatrend One: From a National Economy to a Global Economy

Utah employment growth and real wage growth (adjusted for inflation) in the 1980s contrast sharply with growth rates of the past several decades. Figure 1 shows this contrast.

Figure 1

#### Utah Nonagricultural Employment and Real Wage\* Growth

	<u>Employment Growth</u>	<u>Real Wage Growth</u>
1930s	(0.3%)	(0.7%)
1940s	4.9%	3.0%
1950s	3.4%	2.5%
1960s	3.1%	0.9%
1970s	4.4%	(0.1%)
1980s	2.3%	(0.2%)

\* After adjusting for inflation, measured by Consumer Price Index.

Utah's employment growth in the 1980s has been the slowest since the depression of the 1930s. It is half that of the 1970s, about two-thirds that of the 1950s and 1960s, and less than half that of the 1940s.

Utah wages have also deteriorated. Real wages (after adjusting for inflation) declined by 0.2 percent per year in the 1980s. This is a marked contrast to the 2.5 percent annual increase of the 1950s, and even to the 0.9 percent annual increase of the 1960s. Real wages began their first postwar decline in the 1970s, dropping 0.1 percent per year.

The average annual real wage in Utah is now about what it was in 1964. The same downward trend in wages has taken place nationally. Private, nonagricultural average weekly earnings (measured in 1987

dollars) fell from \$351 in 1970 to \$319 in 1985.

The slowdown is due to a downturn in the goods-producing sector of Utah's economy. That sector consists of three main industries: 1) mining, 2) manufacturing, and 3) construction. The downturn in mining and manufacturing industries is a result of the transition from a national economy to an international economy: one of the megatrends Naisbitt emphasized. A more competitive international market has developed over the last 15 years. It now dictates the price of Utah produced oil, copper, steel, and agriculture products. Utah companies and companies nationwide must meet international market prices or go out of business. Between 1984 and 1986, foreign competition caused the loss of 4,954 mining jobs and 1,096 manufacturing jobs in Utah. Similar declines occurred nationally. Between 1980 and 1986, foreign competition caused the loss of 345,000 mining jobs and 1,294,000 manufacturing jobs in the nation.

**Megatrend Two: From Goods-Producing to Service-Producing Jobs**

Fortunately for Utah and the nation, the loss of goods-producing jobs has more than been covered by the tremendous growth in the service-producing sector. Between 1980 and 1986, national employment in the service-producing sector grew by over ten million or 15.7 percent. Utah's restructuring has been equally significant. While goods producing jobs dropped by 5,638 or 4.1 percent, service-producing jobs grew by 87,887 or 21.2 percent. Currently, 80 percent of all Utah jobs are in the service-producing area.

Peter F. Drucker, renowned business and industry scholar, recently stated in the *Wall Street Journal*:

For 30 years, from the end of World War II to the mid-1970s, high-paying jobs in all developed countries were concentrated in unskilled blue-collar work. Now a majority of the new high paying

jobs are in knowledge work: technicians, professionals, specialists of all kinds, managers. The qualification for the high paying jobs of 20 years ago was a union card. Now it is formal schooling.

This shift from a goods-producing to a service-producing society means a quality education is more important than ever. The service-producing sector is creating almost all the new jobs. Well paying service jobs require education. Without education, Utah's youth will be ill prepared for the new labor market. With a good education, our youth will be in great demand for the well paying technical jobs of a service-producing economy.

**Megatrend Three: Rise of Female Labor Force Participation**

Despite the decline in real wages, real personal income per capita continues to increase for Utah and the nation. Between 1970 and 1986, annual real personal income per capita grew by 1.8 percent for the nation and 1.3 percent for Utah. The state's personal income per capita has grown more slowly than the nation's because Utah's population growth is mostly due to natural increase.

Personal income has increased while wages have decreased because more women have entered the work force. Figure 2 compares the female labor force participation in Utah with that of the nation.

**Figure 2**

Female Labor Force Participation

	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1986</u>
U.S. Average	37.7%	43.3%	51.6%	55.0%
Utah	33.5%	41.5%	51.6%	55.9%

There are many reasons why women entered the labor force. One is because wages have not increased with inflation. For families to keep pace, women have gone to work outside of the home. Another reason is because more women, in Utah and nationally, are delaying marriage to pursue careers. Once in the work force, women tend to remain there. They delay childbearing and have fewer total children. As a result, fertility rates are declining.

Utah in National Perspective

Although Utah is experiencing the slowest employment growth in decades, its growth is good by national comparisons. Between 1980 and 1986, Utah ranked 10th in the nation in employment growth. During this time, total Utah employment grew by 14.9 percent while national employment grew by only 10 percent. Utah ranked third among the 11 western states. It was exceeded only by Arizona at 32 percent and Nevada at 17 percent.

Utah total personal income grew by 56.2 percent between 1980 and 1986, just below the national average of 56.6 percent. This placed Utah sixth among the 11 western states. Utah personal per capita income is lower because of so many children. It ranks 47th in the nation above only Arkansas, West Virginia, and Mississippi. If household income is measured, Utah is closer to the national average. In 1985 the average Utah household earned \$34,518. This is 91 percent of the national average of \$38,070.

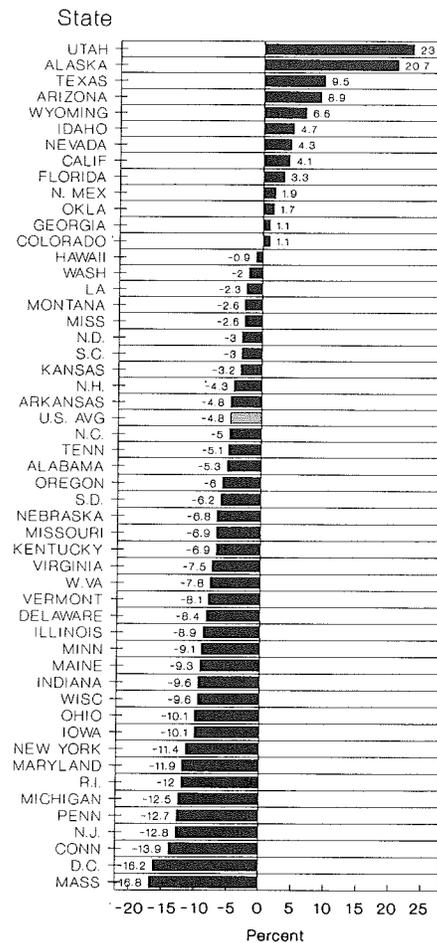
**Megatrend Four: Utah's Demographic Trends**

School Age Growth Rates

Utah was the sixth fastest growing state between 1980 and 1985. Unlike most fast growing states, Utah's growth rate was due almost entirely to natural increase. Between 1976 and 1982, annual births averaged 39,108. This is a 43 percent increase above the 27,267 annual births from 1969 to 1975.

It was only a matter of time before these children entered Utah's public schools. As Figure 3 shows, between 1980 and 1986 Utah's school age population grew by 23.1 percent. The national school age population declined by 4.8 percent. Only 13 states had school age population growth. Thirty-seven had declines. Utah's school age population explosion puts it in a unique position. Utah ranks first in the nation with 37 percent of its population ages 0-17. The national average is 25.4 percent. Equally important is the flip side of this population equation. Utah ranks last in the nation with 54.8 percent of its population ages 18-64. The national average is 61.7 percent working age.

Figure 3  
Percent Change in the School Age Population (Ages 5-17): 1980-86



Source: U.S. Census Bureau

ongoing programs have also been reduced. To help offset these losses, the governor's budget recommendation includes a 1.8 percent or \$1.2 million increase in state funds.

## CRIMINAL JUSTICE

Inmate population at the prison in 1988-89 is projected to be 65 percent higher than January 1985. The expansion is due to: 1) increased penalties for selected offenses, 2) new sentencing guidelines, 3) increased parole violations, and 4) more stringent Board of Pardons' policies. The governor recommends a total budget of \$72.6 million for Corrections, including \$800,000 additional money for contract beds to reduce current prison overcrowding. The recommendation is an increase of \$3.8 million in state funds.

Governor Bangerter recommends \$14.5 million of the total Corrections budget for Youth Corrections. The agency lost more than \$2 million in Medicaid funding when the federal government reduced Utah's Title XIX allotment. Youth Corrections also assumed local government detention responsibilities but the funding transfer was insufficient by \$500,000. The governor recommends a supplemental appropriation of \$2.2 million this fiscal year and an ongoing state fund increase of \$1.9 million for 1988-89. Despite the increased state funding, reductions will be required in secure detention facilities and community alternative programs.

Governor Bangerter recommends a total budget of \$30.3 million for state courts, a 5.2 percent overall increase over fiscal year 1987-88 and 6.2 percent increase in General Fund.

## COMPENSATION

Budgetary constraints prevent further state funding for fiscal year 1988-89 salary increases. Fiscal year 1987-88

compensation increases are funded within existing budget levels.

The Board of Regents has approved a tuition increase for institutions of higher education, a portion of which will go to fund salaries for employees. Higher education employees will receive an average increase of 0.9 percent. Tuitions have been increased by 8 percent at four-year institutions and 6 percent at two-year schools.

The Executive and Judicial Compensation Commission (EJCC) has not submitted a final salary proposal for judges and elected officials. The officials' last salary increase was in 1985. Last year, the EJCC's recommendation was not funded by the legislature. The final recommendation of the EJCC will be addressed when received.

## FEDERAL CUTBACKS

Federal Title XIX funds were recently reduced by more than \$6 million, critically impacting programs in Social Services and Youth Corrections. More cutbacks and sanctions are pending. Total federal funds received by the state are projected to be \$11 million less in fiscal year 1988-89 than the current fiscal year.

The White House and Congress are attempting to reduce the federal deficit and stabilize the stock market. They have reached basic agreement in budget reduction negotiations. Program-by-program details will not be available until mid-December.

The basic agreement requires budget cuts of about \$12 billion. Funding would be increased from: 1) \$12 billion in revenue increases, 2) \$5 billion in asset sales, and 3) \$1 billion in interest savings from reduced borrowing requirements. The agreement is expected to reduce the 1988 deficit by more than \$30 billion.

If details cannot be agreed upon, a \$23 billion Gramm-Rudman-Hollings deficit

# GOVERNOR'S BUDGET RECOMMENDATIONS

## FOREWORD

Governor Bangerter has emphasized three themes since campaigning for governor: 1) efficiency in government, 2) education, and 3) economic development. Those three Es continue to be the focus of the governor's budget recommendations. They are even more critical and central to moving Utah forward in light of current economic and demographic challenges.

When Governor Bangerter took office in fiscal year 1984-85, actual General/Uniform School Fund expenditures were \$1.3 billion. Recommended fiscal year 1988-89 expenditures are \$1.396 billion, an increase of \$96 million or 7.4 percent. Yet during the same period, demand for services has increased dramatically. Public education enrollment is projected to be up 10 percent (39,500 students) over 1984-85. Prison population for 1988-89 is projected to be up 65 percent. Case-loads in the Departments of Social Services and Health are projected to be up 29 percent. At the same time, we have experienced inflation over 15 percent.

Early in the governor's administration, it became clear that efficiency alone could not resolve the clash between flattening revenues and increasing service recipients. Efficiency alone could not generate sufficient savings to adequately fund education, economic development, and other critical programs. Efficiency must be merged with increased revenues and with reduction of less critical programs. The brightness of Utah's future depends upon our ability to harmonize all three. Increased revenues were addressed during the last legislative session. We must continue to emphasize greater efficiency and reduction of less critical programs.

Peter Behrens, President of Great Salt Lake Minerals and Chemicals Corporation, has stated: "We cannot extend the past, we must create the future." Governor Bangerter is committed to base decisions not only on what is best for the short-term, but for the long-term future of Utah. His recommendations reflect that vision. *Budget in Brief 1988-89* reports Governor Bangerter's success in creating Utah's future and moving forward through the three Es: 1) efficiency in government, 2) education, and 3) economic development.

## 1988-89 RECOMMENDATIONS

Governor Bangerter recommends a total budget of \$2.77 billion, a decrease of \$88 million or 3.1 percent below the authorized level for 1987-88. After projected inflation adjustments, the recommendation is a decrease of 6.6 percent.

Although the overall budget is decreased, state revenues in the General/Uniform School Funds are projected to increase approximately \$16 million or 1.2 percent after funding debt service requirements. It is recommended that the new revenue be allocated to the following departments:

<u>Department</u>	<u>Millions</u>
Public Education	\$ 9
Higher Education	2
Social Services and Health	3
Corrections	<u>2</u>
<b>Total</b>	<b>\$16</b>

## EFFICIENCY IN GOVERNMENT

Utah public employees are among the most productive and efficient nationwide. Excluding education, Utah's 1985 ratio of public employees to population was lowest in the nation. Utah spends less per student than does any other state.

Despite this comparative efficiency, Governor Bangerter has made it clear that state government must be even more efficient, effective, and economical. In early 1986, Governor Bangerter established State Committees on Productivity and Excellence (SCOPE). They analyzed state services to improve efficiency and effectiveness. Three standards of measurement were mentioned in the SCOPE document. Listed below is each measurement and the accomplishments made toward achievement during Governor Bangerter's administration.

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

In October 1986, Governor Bangerter implemented a plan to keep state employment in check. One year later, state employment had been reduced by more than 470 positions. The October 1987 payroll was down 61 employees from the July 1985 payroll. That decrease is significant in light of the dramatic increase in caseloads created by one of the fastest growing populations in the nation. Higher Education has also eliminated nearly 200 positions in the past year.

In 1986, total state government employment was 6.0 percent of total nonagricultural employment. The projected 1987 percentage is 5.9 percent. The decrease is significant when compared to increased service demands.

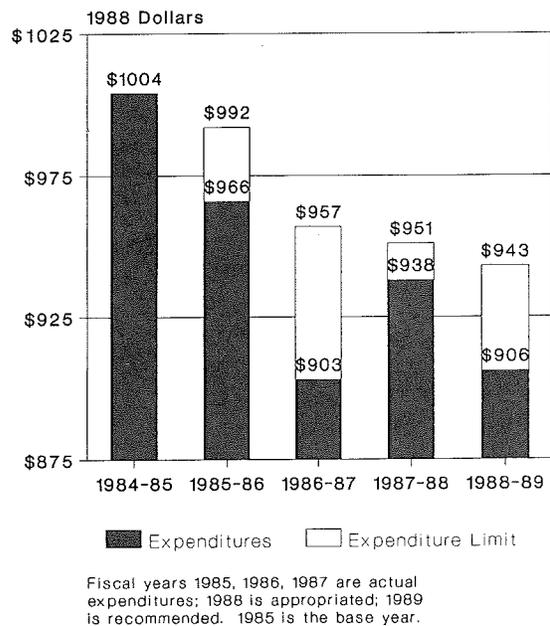
2. *The state budget, on average, will not show increases greater than the*

*growth in population and inflation during this administration.*

The budget is defined as the General, Uniform School, and Transportation Funds, and Mineral Lease Account. Governor Bangerter took office in fiscal year 1984-85. State appropriations were \$1.516 billion. Fiscal year 1988-89 recommended appropriations are \$1.615 billion, an increase of \$99 million. Adjusting for inflation and population growth, this recommendation is a decrease of 9.7 percent or \$98 per person. (See Figure 1.)

Figure 1

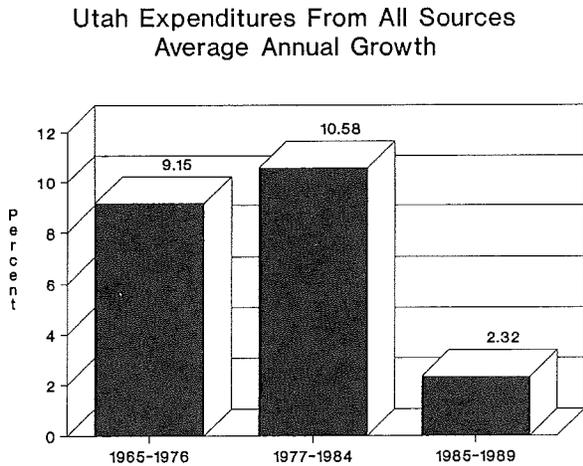
Real Per Capita Expenditures  
Comparison of Expenditures to 1979  
Revenue & Appropriations Limitation Act



In 1979, a revenue and appropriations limitation bill was enacted but never implemented. Governor Bangerter's recommended 1988-89 budget is an estimated \$66 million lower than the maximum permitted by that act or \$37 lower per person. (See Figure 1.)

Efficiencies generated by Governor Bangerter's program are also reflected by a comparison of expenditure growth rates. During Governor Rampton's administration, 1965-76, state expenditures from all sources increased an average of 9.15 percent annually. During Governor Matheson's administration, 1977-84, expenditures increased an average of 10.58 percent annually. During Governor Bangerter's administration, expenditures from all sources, including the tax increase, will have increased an average of 2.32 percent annually. (See Figure 2.)

**Figure 2**

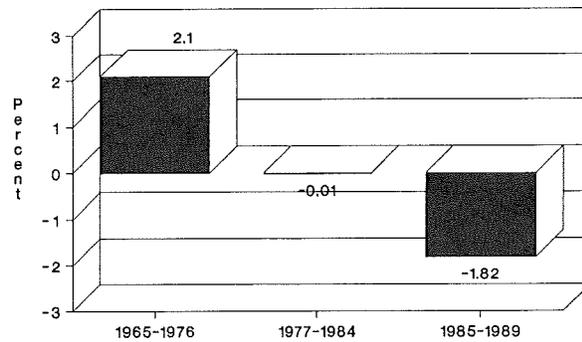


Throughout Governor Rampton's administration, yearly expenditure growth averaged 2.1 percent above inflation and population growth. During Governor Matheson's administration, yearly expenditure growth almost kept pace with inflation and population growth. Under the recommended fiscal year 1988-89 funding level, yearly expenditures will have declined an average of 1.82 percent per year during Governor Bangerter's administration. (See Figure 3.) The

fiscal year 1988-89 budget would be more than \$170 million higher if it had kept pace with inflation and population growth.

**Figure 3**

Utah Expenditures From All Sources  
Inflation Adjusted Per Capita  
Average Annual Growth



During Governor Bangerter's administration, the private sector has grown faster than state government. In fiscal year 1984-85, state appropriations were 8.9 percent of state personal income. For 1988-89, recommended state appropriations are projected to be 8.1 percent of state personal income.

Two examples of current year efficiencies are notable. First, internal service fund rates have been reduced because of efficiencies and economies of scale. As a result, departments will save more than \$2.5 million yearly. Second, an early retirement program has saved taxpayers an estimated \$18 million this year. When eligible employees retired, Governor Bangerter ordered state agencies to hire only one new person for every two retirees. The early retirement program is expected

to produce ongoing annual savings, though at reduced levels.

Governor Bangerter continues his goal to provide the maximum level of efficiency in government services commensurate with the ability of taxpayers to pay. He recently organized the Governor's Committee for Cost Effective Government. The volunteer members are prominent leaders in the private sector. The committee's objective is to seek further cost savings in state operations to complement Governor Bangerter's previous cost cutting efforts. It will review a selected 1) state government department, 2) college or university, and 3) school district. Their efficiency and effectiveness will be compared with established business standards. Improvements or reductions will be made as they are identified and approved.

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

Dan Jones and Associates conducted a state employee survey in July 1986. The survey has been a tremendous tool in managing state government. Governor Bangerter's administration has taken the following steps suggested by the survey:

- a. Salary increases - Governor Bangerter recommends a 2.5 percent salary base increase to fund the February 1, 1988 merit increase authorized, but not funded, by the legislature. The increase is justified by a salary survey and recommended by the Division of Personnel Management. It will be funded from efficiencies. Approximately 450 state positions have been eliminated, primarily because of the early retirement program. Those savings and

internal service fund efficiencies have created sufficient funding for the merit increase as well as other priorities.

State employee salary increases still will be significantly lower than those given to Public Education and Higher Education employees since 1980. The legislature's failure to increase salaries has frustrated state employees and lowered morale. For example, Governor Bangerter's fiscal year 1987-88 budget included a merit increase. It was to be funded through SCOPE savings. The legislature used the savings for other priorities even though state employee increases have been notably lower than 1) education, 2) local government, 3) federal government, and 4) most private sector classifications.

Fewer state employees are serving a rapidly growing number of customers. Governor Bangerter commends state employees for their commitment and contribution to Utah. People, not organizations, create excellence. Employees have reduced costs. Governor Bangerter believes they should be monetarily compensated from the savings.

- b. Management issues - the governor organized an Employee Survey Committee consisting of line employees to make recommendations to the governor concerning issues raised by the survey.
- c. Taxpayer satisfaction - Governor Bangerter has held town meetings throughout the state. Individual voices and viewpoints have been heard. The governor has answered questions. Attention has been given to taxpayer complaints and recommendations.

## EDUCATION

Education continues to be the budget centerpiece. In fiscal year 1984-85, education received 59.9 percent of state revenues. Public Education received 42.2 percent and Higher Education 17.7 percent. For 1988-89, Governor Bangertter recommends that education receive 67.6 percent of the state General/Uniform School Fund budget, 49.0 percent to Public Education and 18.6 percent to Higher Education. (See Table V.)

### Public Education

Public Education state funding is increasing \$9 million, but local funding is decreasing \$7 million due to lower assessed valuation. This \$2 million net increase in state and local funding is not enough to pay for student enrollment growth or keep up with inflation. Enrollment growth will require about \$9 million additional funding and keeping up with inflation will require about \$25 million.

Governor Bangertter recommends Public Education be allowed greater flexibility in spending its budget allocation. He proposes that funding for special purpose optional programs except class size reduction and textbooks and lab fees be transferred into the regular school program. Value paid for each weighted pupil unit will remain at \$1,204 and permit each school board to spend its allocation on growth or other critical priorities. The transfer is a move toward a block grant concept.

As a further movement toward greater flexibility and a block grant program, Governor Bangertter recommends pilot productivity and incentive experiments be conducted in five school districts beginning with the 1988-89 fiscal year. The School Finance Incentives Committee appointed by Governor Bangertter has recommended such a pilot program be created. The districts will apply to and be selected by the State Board of Education. Funds will be allocated by the same

formulas used for other districts. However, all expenditures are to be at the discretion of local boards of education. The pilot program will continue for three years. Student progress will be measured and reported to the State Board. If progress is better than under previous expenditure methods, the program will expand to other districts.

Utah's public school system and its teachers deserve our appreciation. In the face of challenging economic conditions, quality education is being maintained while more and more students are being educated. Student achievement remains above the national average.

Reform has been initiated. Education has been moving to year-round schools and requiring more efficient use of school buildings. During the past two years, total state, local, and federal school expenditures have increased by less than one percent. However, the proportion of funds for operating schools has increased dramatically. Districts have shifted funds from building construction and debt service into classrooms. Administrative costs have been reduced 10 percent at the recommendation of Governor Bangertter. School districts are seriously discussing consolidation.

But we must go further. The governor encourages, where warranted, continued movement to year-round options, differentiated staffing, and early graduation. Such proposals were unanimously recommended by the School Finance Incentives Committee.

To assist Public Education adopt necessary reform and improve education quality, Governor Bangertter recommends additional productivity measures. He recommends 50 percent of the approximately \$12 million saved by early retirement fund 1) evaluation and assessment of student performance compared to national standards, 2) evaluation and assessment of the core curriculum, 3) technology, 4) new delivery systems, and 5) other productivity measures.

reduction process will be triggered. It requires 8.5 percent discretionary program reductions and 10.5 percent defense reductions. Because of the extensive defense industry in Utah, those cutbacks could be most damaging to the state.

It seems clear that federal funds to Utah will be decreased further. State funds are not available to replace the millions in federal cutbacks. Reduction in services is inevitable as the federal government reduces funding to states. Budgets will be reduced as details of federal decisions are known.

### CAPITAL BUDGET

Maintenance of existing capital facilities continues to be a top priority. Governor Bangerter recommends \$8.8 million in General Fund and \$ 0.6 million in Mineral Lease Fund for that purpose. Utah must adequately maintain and preserve its existing capital facilities. Failure to keep existing facilities serviceable will prove more costly over time. Because of budget constraints, the governor's recommendation is \$ 0.6 million less than the fiscal year 1987-88 appropriation.

Governor Bangerter supports a supplemental appropriation from surplus funds for the Building Board's top two capital development recommendations. The projects are 1) a \$2.7 million medical facility, and 2) half of phase one, \$16.9 million, of a regional prison. The governor recommends that any excess funds arising during fiscal year 1987-88 be allocated for the second half of phase one. Both projects were on last year's authorized planning list.

Governor Bangerter's capital development program is on schedule. Yearly expenditures of \$30 to \$40 million fit into his bonding program and adequately address the state's capital needs. Last year, the governor recommended a \$39 million bond and \$22 million in projects for funding consideration in fiscal year

1988-89. The legislature authorized a \$58 million expanded bond to fund most of the projects. The two-year capital development total of \$78 million is within the governor's development program guidelines.

Advance planning continues to be a feature of the Capital Budget. The governor recommends \$230,000 in state planning funds for: 1) statewide library needs study in Higher Education, 2) Second District Juvenile Court Building, 3) Sandy Circuit Court Building, and 4) Deaf and Blind School consolidation campus study.

The Division of Facilities Construction and Management has generated excess contingency funds through efficient management of the bidding and construction process. During the upcoming legislative session, Governor Bangerter will identify which capital projects he recommends be funded from the excess funds.

Highways are a critical part of Utah's capital program. Governor Bangerter supports a total federal highway construction budget of \$167,855,500. He was instrumental in obtaining \$65 million in federal discretionary funds that are included in the 1987-88 and 1988-89 construction budgets. Last year the governor recommended maintenance and rehabilitation program increases to address highway infrastructure needs. Those increases were approved. Governor Bangerter recommends continuation of the increased programs this year.

Governor Bangerter's capital budget recommendations assure adequate infrastructure and support economic growth. His detailed recommendations are found in the Capital Budget section of this document.

### SURPLUS

The state ended fiscal year 1986-87 with a \$49 million surplus. The surplus was primarily the result of \$75 million of

cuts in the 1986-87 budget. The reductions were made in anticipation of revenue shortfalls. Also, federal tax reform caused the State Tax Commission to overwithhold an estimated \$15 million in state income taxes in the first six months of 1987. That money will be returned when taxpayers file their 1987 returns. In addition, it is estimated that taxpayers are voluntarily overwithholding as much as \$20 million more that will be returned.

Current revenue estimates indicate that approximately \$19 million of the surplus will remain after providing for lagging sales tax collections and potential refunds to taxpayers. The governor recommends the \$19 million be used for the two top capital development projects: 1) a medical examiner facility, and 2) half of the first phase of a regional prison.

If any of the \$49 million surplus remains, Governor Bangerter recommends it be held as a contingency against future shortfalls or be used for one-time expenditures. The surplus should not be used for ongoing programs because it is not ongoing revenue. Items to be considered for one-time funding include: 1) veterans' cemetery, 2) additional funding for Utah Technology Finance Corporation, 3) additional funding for Centers of Excellence Program, 4) development of tourism opportunities at Salt Lake City International Airport, 5) additional funding for Custom Fit Program, 6) an air museum, and 7) additional funding for the regional prison.

### SUPPLEMENTALS

Last session the legislature passed an early retirement bill permitting qualified employees to retire early. Savings were anticipated by replacing only some of the positions and filling other positions at lower levels. Estimated savings in fiscal year 1987-88 are as follows:

<u>Department</u>	<u>Millions</u>
Public Education	\$12
Higher Education	1
State Agencies	<u>5</u>
<b>Total</b>	<b>\$18</b>

Governor Bangerter recommends that Public Education be allowed to use its savings to offset a \$6 million revenue shortfall caused by lower-than-anticipated assessed valuations. The governor recommends the balance be used to fund 1) comparison of state and national student performance, 2) evaluation of core curriculum, 3) new technology, 4) new delivery systems, and 5) other productivity measures.

Governor Bangerter recommends that Higher Education be allowed to use its early retirement savings to partially cover: 1) unfunded growth, 2) new space, and 3) mandated cost increases.

It is recommended that other state agency savings be combined with excess Mineral Lease Fund and unallocated balances to fund critical items in state agencies. Primarily, the supplementals restore \$4.1 million of the federal cutbacks in Social Services and \$2.2 million of the cutbacks in Youth Corrections. The governor also recommends \$0.9 million for a Workers' Compensation/Unemployment Insurance premium increase and \$0.5 million to establish a Utah Technology Finance Corporation revolving participating loan fund.

Governor Bangerter also recommends \$325,000 to match contributions by Salt Lake City and Salt Lake County for maintenance of the Salt Palace Center. It is the cornerstone of Utah's year-round convention and tourism business. Proper maintenance of this world-class complex will generate annual revenue and enhance Utah as a destination gathering place.

## SUMMARY

The Utah State Tax Commission has made a commitment to better serve the taxpayer, improve the processing of revenue collection, and contain operating costs. The department has reorganized four divisions, increased automation, and reallocated human resources to improve services. The money received for each dollar spent in the auditing and collection divisions has increased dramatically. The ratio of collections to costs is now well above the national average. To permit this improved service and efficiency to continue, Governor Bangerter recommends a supplemental intent statement authorizing the Tax Commission to carry over any unspent fiscal year 1987-88 appropriations into fiscal year 1988-89. Such carryover will be created from efficiencies.

The supplemental recommendations are detailed at the end of this document.

The fiscal year 1988-89 budget continues to emphasize the three Es: 1) efficiency in government, 2) education, and 3) economic development. The impact of federal cutbacks is evident in the budget. Less federal funding results in fewer state services. This pattern is expected to continue as the federal government reduces its deficit.

This is a conservative, no-frills budget. Although tight, it adequately meets Utah's most important needs within a framework of what Utahns can afford. Utah has everything necessary to shape a bright destiny. A solid foundation for progress into the future has been laid.

Table I presents Governor Bangerter's 1988-89 fiscal plan for the General and Uniform School Funds. Tables II through VIII further summarize the governor's recommendations. Detailed recommendations for any section of the budget are available from the Office of Planning and Budget.

TABLE I

STATE FISCAL PLAN  
 Fiscal Year 1986-87 to Fiscal Year 1988-89  
 General Fund/Uniform School Fund  
 (In Thousands of Dollars)

	Actual 1986-87	Revised 1987-88	Percent Change	Recommended 1988-89	Percent Change
<b>Expenditures</b>					
Operating Budget	1,229,621	1,306,788	6.28	1,326,372	1.50
Capital Budget	3,809	13,248	247.81	10,397	(21.52)
Debt Service	50,300	51,129	1.65	59,231	15.85
<b>Total Appropriation</b>	<b>1,283,730</b>	<b>1,371,165</b>	<b>6.81</b>	<b>1,396,000</b>	<b>1.81</b>
Lapsing Balances	(4,478)	0	(100.00)	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>1,279,252</b>	<b>1,371,165</b>	<b>7.18</b>	<b>1,396,000</b>	<b>1.81</b>
<b>Revenues</b>					
Beginning Balance	1,808	29,242	1,517.37	0	(100.00)
General Fund	679,245	722,900	6.43	748,100	3.49
Uniform School Fund	622,875	616,800	(0.98)	647,900	5.04
Overhead Allocation	2,417	0	(100.00)	0	0.00
Transfers	22,198	2,223	(89.99)	0	(100.00)
<b>TOTAL REVENUES</b>	<b>1,328,543</b>	<b>1,371,165</b>	<b>3.21</b>	<b>1,396,000</b>	<b>1.81</b>
<b>SURPLUS</b>	<b>49,291</b>	<b>0</b>	<b>(100.00)</b>	<b>0</b>	<b>0.00</b>
Budget Reserve Transfer	(20,049)	0	(100.00)	0	0.00
<b>ENDING BALANCE</b>	<b>29,242</b>	<b>0</b>	<b>(100.00)</b>	<b>0</b>	<b>0.00</b>

**TABLE II**  
**STATE FISCAL PLAN**  
**Fiscal Year 1986-87 to Fiscal Year 1988-89**  
**Transportation Fund**  
**(In Thousands of Dollars)**

	Actual 1986-87	Adjusted 1987-88	Percentage Change	Appropriation 1988-89	Percentage Change
<b>EXPENDITURES</b>					
Operating Budget	59,432	81,918	37.8	81,160	(0.9)
Capital Budget					
Appropriated	64,381	54,005	(16.1)	77,441	43.4
Unappropriated Gas Tax Balance	5,926	30,723	418.4	0	(100.0)
Other Expenditure Authority	4,309	0	(100.0)	0	0.0
Debt Service - Bonds	10,249	0	(100.0)	4,000	0.0
Government Operations	6,899	7,217	4.6	6,375	(11.7)
Public Safety	23,415	24,261	3.6	25,306	4.3
Community and Economic Development	118	118	0.0	118	0.0
<b>Subtotal</b>	<b>174,729</b>	<b>198,242</b>	<b>13.5</b>	<b>194,400</b>	<b>(1.9)</b>
Supplementals	0	86	0.0	0	0.0
Work Program Reductions	(4,059)	0	(100.0)	0	0.0
Lapsing Balances	(6,364)	0	(100.0)	0	0.0
Non-appropriated Items	(5,533)	(4,542)	(17.9)	0	(100.0)
Transfer to DFCM	(1,675)	0	(100.0)	0	0.0
Non-lapsing Fund Balance	(62)	0	0.0	0	0.0
Cost Reductions	0	(1,567)	0.0	0	0.0
<b>Appropriations Expended</b>	<b>157,036</b>	<b>192,219</b>	<b>22.4</b>	<b>194,400</b>	<b>1.1</b>
General Government Overhead	2,074	0	(100.0)	0	0.0
Transfer to DFCM	1,675	0	(100.0)	0	0.0
				0	0.0
<b>TOTAL EXPENDITURES</b>	<b>160,785</b>	<b>192,219</b>	<b>19.6</b>	<b>194,400</b>	<b>1.1</b>
<b>REVENUES</b>					
Beginning Balance	0	1,219	0.0	0	(100.0)
Free Revenue	155,450	191,000	22.9	194,400	1.8
Dedicated Credits	1,848	0	(100.0)	0	0.0
Interfund Transfers	4,235	0	(100.0)	0	0.0
Indirect Cost Recovery Change	675	0	(100.0)	0	0.0
Reserve for Over Recovery	(204)	0	(100.0)	0	0.0
<b>TOTAL REVENUES</b>	<b>162,004</b>	<b>192,219</b>	<b>18.7</b>	<b>194,400</b>	<b>1.1</b>
Surplus/(Deficit)	1,219	0		0	

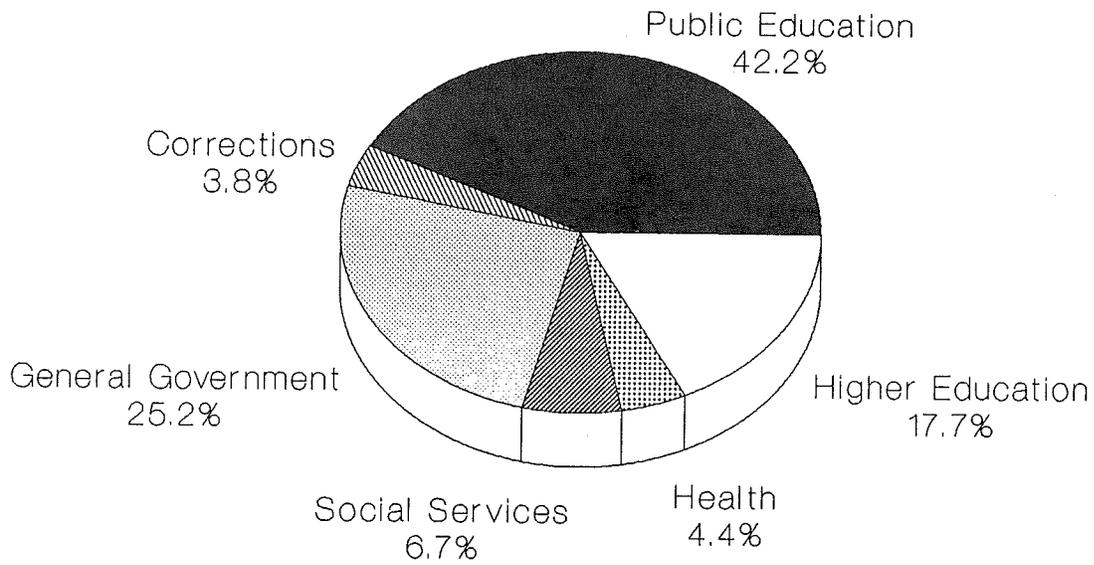
**TABLE III**  
**STATE OF UTAH**  
**SUMMARY OF GOVERNOR'S RECOMMENDATIONS**  
**General Fund/Uniform School Fund**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
Business, Labor, and Agriculture	15,500,700	15,450,600	15,584,800
Community and Economic Development	15,830,600	19,044,100	18,163,700
Corrections	56,375,300	64,991,900	68,775,900
Courts	27,009,400	28,497,700	30,251,000
Elected Officials	10,017,400	9,431,800	9,978,800
Government Operations	36,069,400	35,748,100	33,987,400
Health	57,939,300	66,063,000	67,234,300
Higher Education	244,577,300	257,387,400	259,464,700
Legislature	5,494,000	5,607,700	5,799,600
National Guard	1,519,500	1,630,000	1,657,700
Natural Resources	19,084,306	21,481,600	21,515,100
Public Education	636,032,600	674,599,300	683,456,100
Public Safety	6,703,000	7,294,000	6,954,500
Social Services	96,412,500	98,619,000	102,600,000
Transportation	1,056,000	942,000	947,700
<b>Operations Budget</b>	<b>1,229,621,306</b>	<b>1,306,788,200</b>	<b>1,326,371,300</b>
<b>Capital Budget</b>	<b>3,809,200</b>	<b>13,248,200</b>	<b>10,397,400</b>
<b>Debt Service</b>	<b>50,300,000</b>	<b>51,129,200</b>	<b>59,231,300</b>
<b>TOTAL</b>	<b>1,283,730,506</b>	<b>1,371,165,600</b>	<b>1,396,000,000</b>

**TABLE IV**  
**STATE OF UTAH**  
**SUMMARY OF GOVERNOR'S RECOMMENDATIONS**  
**Expenditures from All Sources**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Business, Labor, and Agriculture</b>	63,077,600	64,275,800	64,174,000
<b>Community and Economic Development</b>	52,381,900	53,409,600	41,705,100
<b>Corrections</b>	62,487,400	71,083,700	72,560,600
<b>Courts</b>	27,184,100	28,839,100	30,328,000
<b>Elected Officials</b>	15,325,900	16,024,100	17,063,400
<b>Government Operations</b>	57,603,100	60,341,300	58,520,400
<b>Health</b>	291,987,300	289,743,900	279,391,200
<b>Higher Education</b>	325,439,700	340,728,700	348,150,700
<b>Legislature</b>	5,622,900	6,094,800	6,217,600
<b>National Guard</b>	2,920,900	2,774,700	2,905,500
<b>Natural Resources</b>	50,814,202	61,851,100	53,303,000
<b>Public Education</b>	943,455,700	1,012,846,900	1,013,505,000
<b>Public Safety</b>	42,009,800	39,227,500	40,058,300
<b>Social Services</b>	256,231,000	271,313,600	271,135,700
<b>Transportation</b>	113,042,700	127,824,200	122,397,900
 <b>Operations Budget</b>	 <b>2,309,584,202</b>	 <b>2,446,379,000</b>	 <b>2,421,416,400</b>
 <b>Capital Budget</b>	 257,361,500	 356,007,400	 281,432,700
<b>Debt Service</b>	77,270,400	53,569,500	65,099,300
<b>Flooding</b>	41,700,000	0	0
 <b>TOTAL</b>	 <b>2,685,916,102</b>	 <b>2,855,955,900</b>	 <b>2,767,948,400</b>

**Table V**  
**Expenditures by Function 1984-85**  
 General Fund and Uniform School Fund



**Governor's Recommendations 1988-89**  
 General Fund and Uniform School Fund

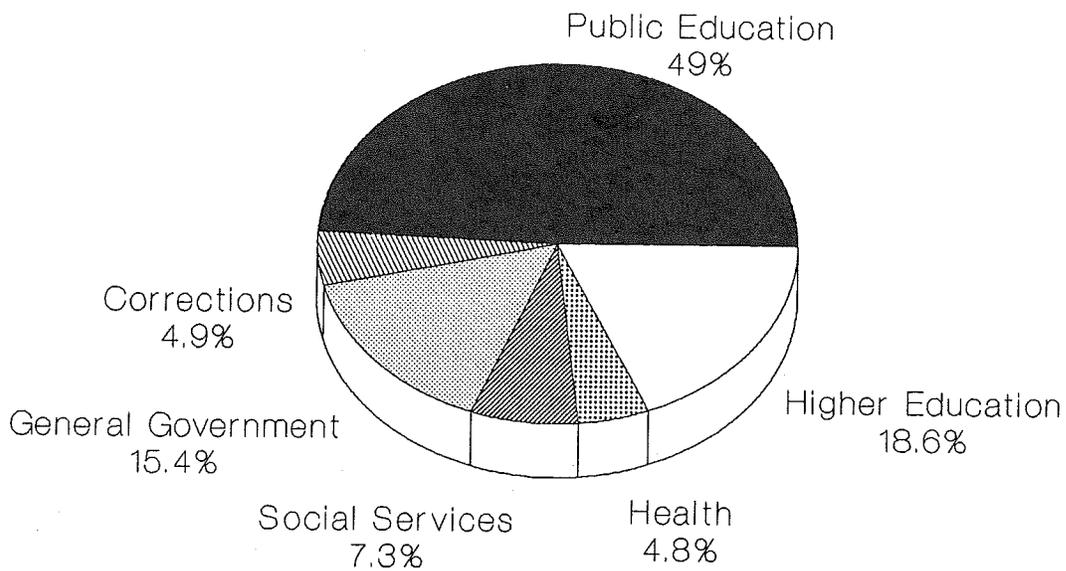


TABLE VI  
STATE OF UTAH  
Summary Plan of Financing

	General Fund	Uniform School Fund	Transportation Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted and Trust Funds	Other	Property Tax	Certificates of Participation	Total
<b>Business, Labor, and Ag.</b>											
Actual 86-87	15,500,700	0	0	2,135,600	2,564,300	0	44,200,400	(1,323,400)	0	0	63,077,600
Authorized 87-88	15,450,600	0	0	1,818,400	1,966,200	0	44,658,800	381,800	0	0	64,275,800
Recommended 88-89	15,584,800	0	0	1,831,100	2,492,400	0	43,792,000	473,700	0	0	64,174,000
<b>Community and Economic Dev.</b>											
Actual 86-87	15,830,600	0	118,000	23,890,600	3,156,300	0	373,500	9,012,900	0	0	52,381,900
Authorized 87-88	19,044,100	0	118,000	20,446,900	3,195,600	0	308,500	10,296,500	0	0	53,409,600
Recommended 88-89	18,163,700	0	118,000	19,957,900	3,114,500	0	351,000	0	0	0	41,705,100
<b>Corrections</b>											
Actual 86-87	56,375,300	0	0	191,400	4,944,700	0	75,000	901,000	0	0	62,487,400
Authorized 87-88	64,991,900	0	0	0	5,682,200	0	88,000	321,600	0	0	71,083,700
Recommended 88-89	68,775,900	0	0	0	3,570,400	0	0	214,300	0	0	72,560,600
<b>Courts</b>											
Actual 86-87	27,009,400	0	0	17,800	165,800	0	0	(8,900)	0	0	27,184,100
Authorized 87-88	28,497,700	0	0	0	341,400	0	0	0	0	0	28,839,100
Recommended 88-89	30,251,000	0	0	0	68,300	0	0	8,700	0	0	30,328,000
<b>Elected Officials</b>											
Actual 86-87	10,017,400	0	0	1,733,900	3,268,600	0	720,000	(414,000)	0	0	15,325,900
Authorized 87-88	9,431,800	0	0	2,844,400	2,948,100	0	710,600	89,200	0	0	16,024,100
Recommended 88-89	9,978,800	0	0	3,007,700	3,038,100	0	806,500	232,300	0	0	17,063,400
<b>Government Operations</b>											
Actual 86-87	23,090,100	12,979,300	6,898,700	249,800	6,144,200	0	1,523,800	6,717,200	0	0	57,603,100
Authorized 87-88	21,918,900	13,829,200	7,217,400	189,700	6,744,300	0	1,918,100	8,523,700	0	0	60,341,300
Recommended 88-89	20,532,100	13,455,300	6,374,900	186,000	6,627,800	0	2,340,100	9,004,200	0	0	58,520,400
<b>Health</b>											
Actual 86-87	57,939,300	0	0	200,658,200	24,204,800	0	801,100	8,383,900	0	0	291,987,300
Authorized 87-88	66,063,000	0	0	197,898,700	21,021,900	0	784,500	3,975,800	0	0	289,743,900
Recommended 88-89	67,234,300	0	0	188,877,200	20,320,100	0	903,400	2,056,200	0	0	279,391,200
<b>Higher Education</b>											
Actual 86-87	244,251,200	326,100	0	5,315,400	68,973,300	5,214,000	0	1,359,700	0	0	325,439,700
Authorized 87-88	257,057,400	330,000	0	5,035,700	70,146,300	5,226,400	0	2,932,900	0	0	340,728,700
Recommended 88-89	259,134,700	330,000	0	5,035,700	75,190,800	5,526,600	0	2,932,900	0	0	348,150,700
<b>Legislature</b>											
Actual 86-87	5,494,000	0	0	0	258,000	0	0	(129,100)	0	0	5,622,900
Authorized 87-88	5,607,700	0	0	0	200,000	0	0	287,100	0	0	6,094,800
Recommended 88-89	5,799,600	0	0	0	180,000	0	0	238,000	0	0	6,217,600

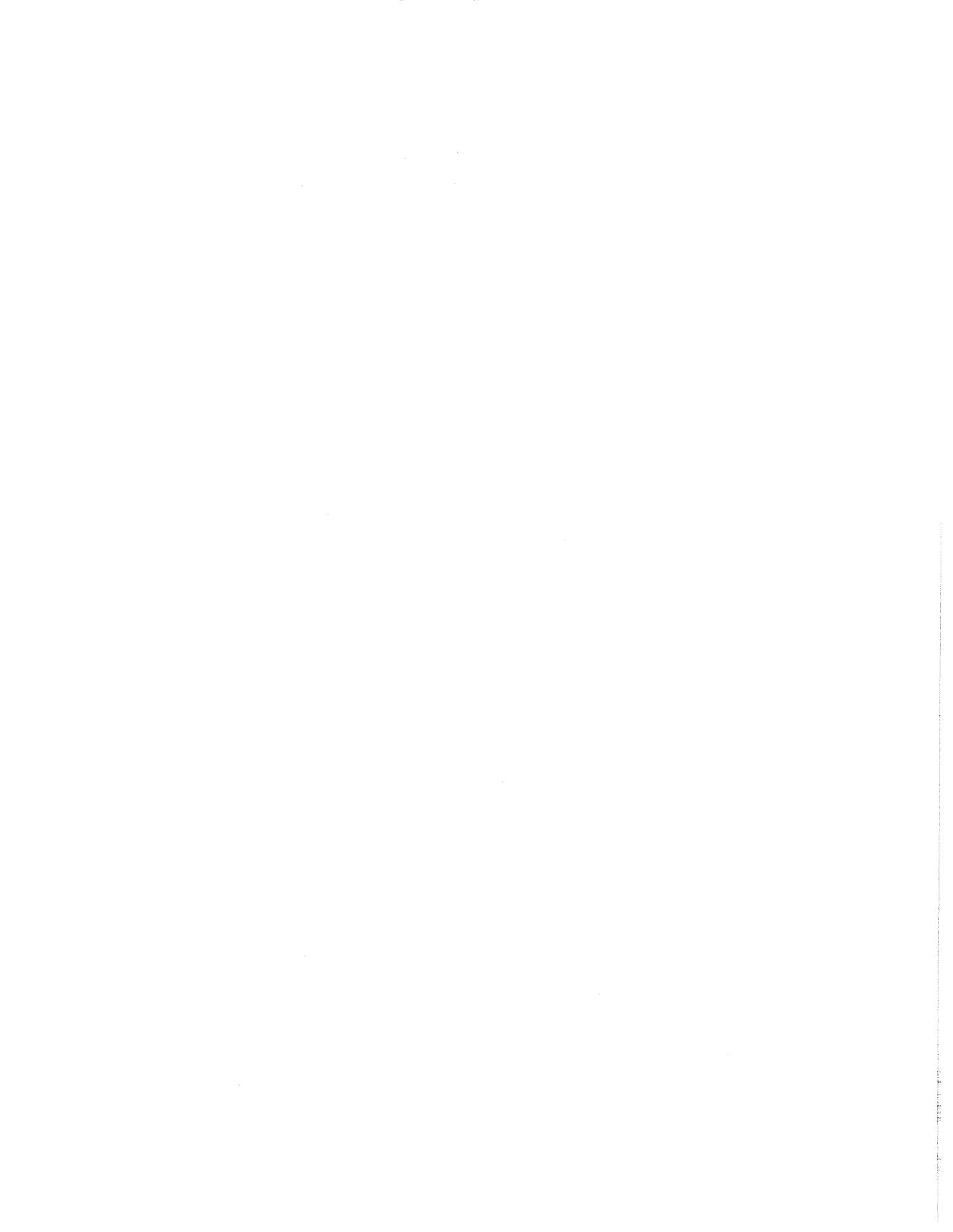
<b>National Guard</b>												
Actual 86-87	1,519,500	0	0	1,395,900	13,200	0	0	0	(7,700)	0	0	2,920,900
Authorized 87-88	1,630,000	0	0	1,129,700	15,000	0	0	0	0	0	0	2,774,700
Recommended 88-89	1,657,700	0	0	1,232,800	15,000	0	0	0	0	0	0	2,905,500
<b>Natural Resources</b>												
Actual 86-87	19,084,306	0	0	8,983,100	3,469,000	467,400	17,066,900	1,743,496	0	0	0	50,814,202
Authorized 87-88	21,481,600	0	0	8,460,000	3,599,600	427,500	19,091,600	8,790,800	0	0	0	61,851,100
Recommended 88-89	21,515,100	0	0	8,742,100	3,672,800	495,000	17,591,000	1,287,000	0	0	0	53,303,000
<b>Public Education</b>												
Actual 86-87	0	636,032,600	0	77,445,100	5,510,200	467,400	10,925,600	1,394,000	211,680,800	0	0	943,455,700
Authorized 87-88	0	674,599,300	0	80,002,800	5,696,600	461,300	10,929,400	5,826,100	235,331,400	0	0	1,012,846,900
Recommended 88-89	0	683,456,100	0	83,421,500	5,525,100	495,000	11,158,000	1,449,000	228,020,300	0	0	1,013,505,000
<b>Public Safety</b>												
Actual 86-87	6,703,000	0	23,414,600	7,833,000	1,233,800	0	1,217,700	99,700	0	1,508,000	0	42,009,800
Authorized 87-88	7,294,000	0	24,260,500	5,407,200	1,020,600	0	937,200	308,000	0	0	0	39,227,500
Recommended 88-89	6,954,500	0	25,305,700	5,538,000	1,015,300	0	937,200	307,600	0	0	0	40,058,300
<b>Social Services</b>												
Actual 86-87	96,412,500	0	0	111,850,200	13,573,700	0	945,000	33,449,600	0	0	0	256,231,000
Authorized 87-88	98,619,000	0	0	118,686,300	12,869,200	0	725,000	40,414,100	0	0	0	271,313,600
Recommended 88-89	102,600,000	0	0	117,239,800	12,817,000	0	665,000	37,813,900	0	0	0	271,135,700
<b>Transportation</b>												
Actual 86-87	1,056,000	0	59,432,000	32,833,500	4,438,300	0	5,617,800	2,423,100	0	7,242,000	0	113,042,700
Authorized 87-88	942,000	0	81,917,700	31,572,400	6,947,100	0	6,445,000	0	0	0	0	127,824,200
Recommended 88-89	947,700	0	81,159,900	33,956,600	4,246,600	0	5,909,100	0	0	0	0	122,397,900
<b>TOTAL OPERATIONS BUDGET</b>												
Actual 86-87	580,283,306	649,338,000	89,863,300	474,533,500	141,918,200	6,148,800	83,466,800	63,601,496	211,680,800	8,750,000	2,309,584,202	
Authorized 87-88	618,029,700	688,758,500	113,513,600	473,492,200	142,394,100	6,115,200	86,596,700	82,147,600	235,331,400	0	2,446,379,000	
Recommended 88-89	629,129,900	697,241,400	112,958,500	469,026,400	138,072,200	6,516,600	84,433,300	56,017,800	228,020,300	0	2,421,416,400	
<b>Capital Budget</b>												
Actual 86-87	2,651,200	1,158,000	64,381,100	130,305,500	8,467,000	15,751,600	2,150,300	32,496,800	0	0	0	257,361,500
Authorized 87-88	13,023,000	225,200	84,728,100	166,248,000	14,010,000	15,556,300	927,000	61,289,800	0	0	0	356,007,400
Recommended 88-89	10,397,400	0	77,441,500	159,779,600	15,462,600	17,983,000	368,600	0	0	0	0	281,432,700
<b>Debt Service</b>												
Actual 86-87	50,300,000	0	10,249,400	0	8,426,600	0	0	8,294,400	0	0	0	77,270,400
Authorized 87-88	51,129,200	0	0	0	3,137,400	0	0	(697,100)	0	0	0	53,569,500
Recommended 88-89	59,231,300	0	4,000,000	0	999,700	0	0	868,300	0	0	0	65,099,300
<b>Flooding</b>												
Actual 86-87	0	0	0	0	0	0	0	41,700,000	0	0	0	41,700,000
Authorized 87-88	0	0	0	0	0	0	0	0	0	0	0	0
Recommended 88-89	0	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTALS</b>												
Actual 86-87	633,234,506	650,496,000	164,493,800	604,839,000	158,811,800	21,900,400	85,617,100	146,092,696	211,680,800	8,750,000	2,685,916,102	
Authorized 87-88	682,181,900	688,983,700	198,241,700	639,740,200	159,541,500	21,671,500	87,523,700	142,740,300	235,331,400	0	2,855,955,900	
Recommended 88-89	698,758,600	697,241,400	194,400,000	628,806,000	154,534,500	24,499,600	84,801,900	56,886,100	228,020,300	0	2,767,948,400	

**TABLE VII**  
**STATE OF UTAH**  
**MINERAL LEASE ACCOUNT**  
**Current and Proposed Allocations**

	Actual 1986-87	Revised 1987-88	Governor's Recommendation 1988-89
Beginning Balance--Mineral Lease	0	483,800	0
Mineral Lease Receipts	20,771,600	23,000,000	22,000,000
Mineral Lease Bonus	1,612,600	2,000,000	2,500,000
<b>TOTAL AVAILABLE</b>	<b>22,384,200</b>	<b>25,483,800</b>	<b>24,500,000</b>
<b>MANDATED</b>			
Community Impact Fund			
Mineral Lease (32.5%)	6,750,700	7,475,000	7,150,000
Mineral Bonus (70.0%)	1,128,800	1,400,000	1,750,000
Board of Regents	4,746,600	4,837,100	5,031,600
Board of Education (2.25%)	467,400	517,500	495,000
Geological/Mineral Survey (2.25%)	467,400	517,500	495,000
USU Water Research Lab (2.25%)	467,400	517,500	495,000
<b>Subtotal</b>	<b>14,028,300</b>	<b>15,264,600</b>	<b>15,416,600</b>
<b>DISCRETIONARY APPROPRIATIONS</b>			
DFCM - Capital Maintenance	0	0	625,000
UDOT - State Construction	1,200,000	2,000,000	2,000,000
Critical School Building Program	6,672,100	6,232,800	6,458,000
<b>Subtotal</b>	<b>7,872,100</b>	<b>8,232,800</b>	<b>9,083,000</b>
<b>TOTAL ALLOCATIONS</b>	<b>21,900,400</b>	<b>23,497,400</b>	<b>24,499,600</b>
Ending Balance	483,800	1,986,400	400

**TABLE VIII**  
**COMPARATIVE REVENUE ESTIMATES**  
**Joint Projections of Utah Office of Planning and Budget**  
**and State Tax Commission**  
**(In Thousands)**

	Actual 1986-87	Revised Estimate 1987-88	Change 1987-88	Percent Change 87/88	Estimate 1988-89	Change 1988-89	Percent Change 88/89
<b>General Fund</b>							
Sales and Use Tax							
Normal Growth	541,256	518,500	(22,756)	(4.20)	535,500	17,000	3.28
Reserve Account Transfer	12,000	10,800	(1,200)	(10.00)	11,200	400	3.70
1/2 Cent Tax Increase	6,000	57,600	51,600	860.00	59,500	1,900	3.30
Liquor Profits	17,111	17,500	389	2.27	17,700	200	1.14
Insurance Premiums	27,762	29,400	1,638	5.90	30,400	1,000	3.40
Beer, Cig., and Tobacco							
Normal Growth	21,195	21,300	105	0.50	21,500	200	0.94
11 Cents Tax Increase	2,800	9,000	6,200	221.43	10,000	1,000	11.11
Oil Occupation Tax	20,775	26,000	5,225	25.15	27,500	1,500	5.77
Metal Occupation Tax	755	2,500	1,745	231.13	4,000	1,500	60.00
Inheritance Tax	2,318	2,300	(18)	(0.78)	2,300	0	0.00
Investment Income	3,836	4,600	764	19.92	4,900	300	6.52
Other	24,679	24,600	(79)	(0.32)	24,800	200	0.81
Property and Energy Credit	(1,242)	(1,200)	42	(3.38)	(1,200)	0	0.00
<b>Subtotal</b>	<b>679,245</b>	<b>722,900</b>	<b>43,655</b>	<b>6.43</b>	<b>748,100</b>	<b>25,200</b>	<b>3.49</b>
<b>Uniform School Fund</b>							
Individual Income Tax							
Growth and Reform	506,090	550,000	43,910	8.68	573,000	23,000	4.18
Voluntary Overwithholding	0	20,000	20,000		10,000	(10,000)	(50.00)
One-Time Capital Gains	12,300	(8,000)	(20,300)	(165.04)	(3,000)	5,000	(62.50)
Invol. Overwithholding	14,800	(14,800)	(29,600)	(200.00)	0	14,800	(100.00)
Refunds on Vol. Overwith.	0	(20,000)	(20,000)		(10,000)	10,000	(50.00)
Corporate Franchise Tax							
Normal Growth	56,698	65,000	8,302	14.64	63,000	(2,000)	(3.08)
Corporate Tax Surcharge	1,700	500	(1,200)	(70.59)	0	(500)	(100.00)
Corporate Acceleration	10,500	10,500	0	0.00	0	(10,500)	(100.00)
School Land Income	7,940	0	(7,940)	(100.00)	0	0	
Gross Receipts Tax	510	4,500	3,990	782.35	5,000	500	11.11
Other	12,337	9,100	(3,237)	(26.24)	9,900	800	8.79
<b>Subtotal</b>	<b>622,875</b>	<b>616,800</b>	<b>(6,075)</b>	<b>(0.98)</b>	<b>647,900</b>	<b>31,100</b>	<b>5.04</b>
<b>TOTAL BOTH FUNDS</b>	<b>1,302,120</b>	<b>1,339,700</b>	<b>37,580</b>	<b>2.89</b>	<b>1,396,000</b>	<b>56,300</b>	<b>4.20</b>
<b>Transportation Fund</b>							
Motor Fuel Tax							
Normal Growth	95,485	94,000	(1,485)	(1.56)	95,400	1,400	1.49
5 Cents Tax Increase	4,500	33,600	29,100	646.67	34,100	500	1.49
Special Fuel Tax							
Normal Growth	19,127	20,900	1,773	9.27	21,300	400	1.91
5 Cent Tax Increase	1,500	7,500	6,000	400.00	7,600	100	1.33
Other	34,838	35,000	162	0.47	35,400	400	1.14
Proposed Fee Increase	0	0	0		600	600	
<b>Subtotal</b>	<b>155,450</b>	<b>191,000</b>	<b>35,550</b>	<b>22.87</b>	<b>194,400</b>	<b>3,400</b>	<b>1.78</b>
<b>TOTAL ALL FUNDS</b>	<b>1,457,570</b>	<b>1,530,700</b>	<b>73,130</b>	<b>5.02</b>	<b>1,590,400</b>	<b>59,700</b>	<b>3.90</b>
Mineral Lease Payments	22,385	25,000	2,615	11.68	24,500	(500)	(2.00)
<b>GRAND TOTAL</b>	<b>1,479,955</b>	<b>1,555,700</b>	<b>75,745</b>	<b>5.12</b>	<b>1,614,900</b>	<b>59,200</b>	<b>3.81</b>



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**OPERATING BUDGET**

**Recommendations  
By  
Department**

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## **Programs and Accomplishments**

The Department of Agriculture saved thousands of dollars by correcting violations in quilted products, gasoline, stores, processing plants, and food establishments. A new marketing campaign, "Buy Utah Products," was initiated with the Department of Community and Economic Development. The campaign will improve the market share of all Utah-produced agricultural products.

The Department of Alcoholic Beverage Control remained one of the major, revenue-producing agencies in the state. During fiscal year 1986-87, the department generated \$29.7 million. Of this, \$12.6 million went to support the school lunch program. The remaining \$17.1 million was net profit transferred to the General Fund.

The Department of Business Regulation has increased its average workload by about 5 percent annually. Department staff size is about 12 percent smaller today than in 1985, with no unreasonable delays in work output. The department initiated a bank lock box system. It requires all department licensees and registering businesses to pay transaction fees directly to a contracted depository institution. This system provides faster, more accurate service. Immediate crediting to the state's account also increases its interest earnings. Turnaround time has decreased from as much as eight weeks to as little as eight hours. The department's new descriptive brochure and its business startup guide have transformed it from the exclusive role of regulator to that of business facilitator.

The Department of Financial Institutions personnel spent most of their time and energy dealing with the closure of the Industrial Loan Guaranty Corporation (ILGC) and five Utah thrift and loan companies. All but the ILGC were turned over to a private accounting firm for liquidation under court supervision. Utah's privately insured credit unions were all converted to federal depository insurance. The department began reshaping state regulatory procedures for supervision and examination of interstate operations.

The Industrial Commission of Utah reorganized during the past year. It continued efficient and effective service while operating with approximately 20 percent less than the previous year's funding (excluding Employment Security).

The Department of Insurance, in cooperation with the Department of Financial Institutions, played a key role in converting all of Utah's privately insured credit unions to federal depository insurance.

The Workers' Compensation Fund (WCF) increased the number of policyholders by approximately 1,200 since January 1, 1986. The WCF processed about 40,000 new injuries in fiscal year 1986-87, a 12 percent increase. Premium rates remain 20 to 25 percent less than private sector rates, and administrative costs remain one-third less than private sector costs.

## **Current Conditions**

The Department of Agriculture is now responsible for 850 additional food inspections per year. This is the result of insufficient funding in several Wasatch Front counties. Grasshopper infestation problems decreased last year, but surveys indicate

an increase of Mormon crickets. Some neighboring states require Utah to control apple maggot infestation as a precondition to their accepting shipment of Utah fruits.

The Department of Alcoholic Beverage Control reported that case sales increased while dollar sales and net profit decreased. This is attributed to the rapid growth of low-cost products such as wine coolers. The department is reviewing its recently changed markup formula to determine if adjustments are necessary.

The Employment Security federal funding formula was changed by the Job Training Partnership Act. Utah, however, receives the same relative share of available federal dollars.

The Department of Financial Institutions is hiring and training new examiners as conditions return to normal.

The Industrial Commission's Division of Occupational Health and Safety is cross-training its inspectors in safety training techniques. The Divisions of Labor and Anti-Discrimination have suspended their women and minors inspection program in order to handle increased wage claims. The Division of Workers' Compensation workload continues to increase. The Division of Safety established a fee structure for elevator inspections. One of three coal mine inspector positions was eliminated. Most coal mine inspection responsibilities now come under the Mine Safety and Health Administration.

The Department of Insurance reports that approximately 1,400 insurance companies are currently licensed to do business in Utah. The property-and-casualty market segment is softening. This will probably cause the return of some abuses which existed in the last soft market. To deal with this condition, the department will audit policy rate filings to ensure that industry activities comply with filings submitted to the department. Many consumers are now priced out of the health insurance market. If Congress passes a catastrophic health care bill this session, a major challenge will be incorporating the bill into the private sector. Two bills currently in Congress would completely or partially repeal the McCarran-Ferguson Act which permits state regulation of insurance. Both SB 1299 and SB 80 represent a giant step toward federal regulation of insurance. The AIDS crisis is also at the regulatory forefront nationwide. Each state insurance department will be challenged to deal fairly with the problem.

The Public Service Commission is involved in the following major issues: 1) Utah Power and Light/PacifiCorp merger, 2) natural gas transmission, 3) electrical transmission, 4) deregulation in certain telecommunications areas, and 5) cogeneration and small power production.

## **Budget Recommendations**

Governor Bangertter recommends a total budget of \$64,174,000 for Business, Labor, and Agriculture, a 0.2 percent overall decrease from fiscal year 1987-88 and a 0.9 percent increase in General Fund. Although the budget remains relatively flat, the governor's recommendations provide resources to manage heavier workloads in several departments.

The Department of Agriculture programs reflect growth in the following areas: 1) food establishment inspections, 2) seed analysis demand, 3) workload of the non-point source pollution control and underground water programs, and 4) facility

operation and maintenance costs. In many cases, increased workloads will be managed without budgetary growth.

The Department of Alcoholic Beverage Control (DABC) will experience many cost increases, specifically in liquor store rent. Since a significant portion of the fiscal year 1987-88 budget funded one-time capital items, the governor recommends a decreased DABC budget.

The Division of Occupational and Professional Licensing in the Department of Business Regulation must respond to federal legislation concerning health care providers. The Regulated Carrier Section of the Division of Public Utilities received increased support for enforcement of Public Law 89-170. Legislation created a non-lapsing, dedicated credit revenue source for this purpose.

Employment Security might receive fewer federal funds as a result of the Gramm-Rudman-Hollings Act.

The Department of Financial Institutions' budget includes risk management costs for the department.

The Industrial Commission's workload continues to be heavy, especially in the divisions of Labor and Anti-Discrimination. The commission will present legislation to fund data processing improvements without relying on the General Fund.

**BUSINESS, LABOR, AND AGRICULTURE  
Budget Summary**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89	Percent Change
<b>Schedule of Programs:</b>				
Agriculture	7,271,000	7,218,500	7,628,700	5.7
Alcoholic Beverage Control	8,028,500	8,885,600	8,729,600	(1.8)
Business Regulation	7,172,300	7,621,400	7,731,400	1.4
Citizens' Council on Liquor Control	3,600	7,000	7,000	0.0
Employment Security	28,940,200	28,692,600	27,867,300	(2.9)
Financial Institutions	1,365,900	1,506,300	1,577,700	4.7
Industrial Commission	3,743,900	3,352,100	3,641,000	8.6
Insurance	1,728,000	1,795,600	1,797,500	0.1
Public Service Commission	988,600	970,800	978,200	0.8
Workers' Compensation Fund	3,835,600	4,225,900	4,215,600	(0.2)
<b>Total Expenditures</b>	<b>\$63,077,600</b>	<b>\$64,275,800</b>	<b>\$64,174,000</b>	<b>(0.2)</b>

**Plan of Financing:**

General Fund	15,500,700	15,450,600	15,584,800	0.9
Federal Funds	2,135,600	1,818,400	1,831,100	0.7
Dedicated Credits	2,564,300	1,966,200	2,492,400	26.8
Restricted and Trust Funds	44,200,400	44,658,800	43,792,000	(1.9)
Revenue Transfers	7,800	121,600	131,400	8.1
Other Funds	619,700	0	5,000	0.0
Beginning Non-lapsing Funds	761,700	1,237,600	974,900	(21.2)
Closing Non-lapsing Funds	(1,237,600)	(974,900)	(637,600)	(34.6)
Lapsing Funds	(1,475,000)	(2,500)	0	(100.0)
<b>Total Revenue</b>	<b>\$63,077,600</b>	<b>\$64,275,800</b>	<b>\$64,174,000</b>	<b>(0.2)</b>

Full-time Equivalent Positions	1,499	1,486
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## COMMUNITY AND ECONOMIC DEVELOPMENT

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**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 the 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 1986-87. They assisted in generating:

- 3,500 placements through job training programs
- 1,800 jobs
- 12 percent increase in tourism
- 322 new federal contracts
- \$21 million in outside film and television expenditures
- \$12 million in foreign investments
- \$8 million in economic impact from sports event bookings

The Centers of Excellence Program's 16 research centers received \$35 million from 123 private companies and 14 federal agencies in fiscal year 1986-87. These centers

focused on seven areas: 1) space engineering and applications, 2) biomedical technologies, 3) manufacturing and material technologies, 4) natural resources, 5) communications and information technologies, 6) engineering technologies, and 7) biotechnologies.

Community development programs provided local government agencies with nearly \$20 million in federal and state funds. The Community Development Block Grant funded several revolving loan pools to assist small cities in economic development efforts. Other programs assisted with infrastructure and critical housing needs.

The Division of State Library initiated two programs that increase public access to national information and education resources. The privately funded Intermountain Community Learning and Information Services project will provide Vernal and Price with microcomputer and telecommunications technology. It will increase access to database information as well as training and education programs. The Upgrade Program strengthens public libraries by providing 1) consulting assistance, 2) continuing education, 3) standards, and 4) grants.

Arts programs and events sponsored by the Division of Fine Arts and its grant recipients served nearly 3.5 million people in fiscal year 1986-87. Programs include 1) Grants, 2) Arts in Education, 3) Folk Arts, 4) Literary Arts, 5) Design Arts, 6) Visual Arts including the Traveling Exhibition Program, and 7) Community/State Partnership including the Utah Performing Arts Tour.

The Utah Technology Finance Corporation funded 19 research projects through the first three rounds of the Small Business Innovation Program. The Utah Partnership Program was established to provide matching funds to companies selected by six local government agencies.

## **Current Conditions**

Business and economic development programs are adapting to the changing Utah marketplace as it relates to national and international dynamics. Expansion of existing companies accounts for 80 to 90 percent of job growth in Utah. The Business Finance Program has been merged with a private, nonprofit firm to help small businesses obtain financing vital to their growth.

Several community development programs are conducting reviews to 1) provide necessary infrastructure, 2) enhance quality of life, and 3) support economic development in Utah communities.

The Division of State History has determined it should be combined with the Division of Archives. This consolidation will strengthen the unique functions in both divisions as well as the common functions such as 1) classification, 2) retention, 3) retrieval, and 4) public access.

The Division of Expositions is upgrading the image of the Utah State Fairgrounds. This initiative includes rehabilitation and expansion of existing facilities. Improved marketing efforts will support year-round cultural, sporting, and agricultural exhibition activities.

The Division of Fine Arts continues to provide a wide variety of arts opportunities statewide. Arts town meetings in every county allow interested people and local leaders to express their concerns directly to the Utah Arts Council.

Division of State Library priorities include 1) public library development, and 2) regional coordination of library services among public, academic, and school libraries and bookmobile services.

Utah needs more venture financing to capitalize on the entrepreneurship of its citizens. The Utah Technology Finance Corporation is evaluating applications for the fourth round of financing by the Small Business Innovation Program. All but one company presently funded through this program are progressing satisfactorily. The corporation recently established a Participating Loan Program involving local banks. This program provides technical expertise so that loans can be made earlier in a company's development. State investments can be matched by banks' private funds on a two-to-one basis.

### **Budget Recommendations**

Governor Bangerter recommends a total budget of \$41,705,100 for both agencies, a 21.9 percent overall decrease from fiscal year 1987-88 and a 4.6 percent General Fund decrease. The overall decrease is due to the expenditure in fiscal year 1987-88 of \$10.3 million in state funds which have been carried forward for several years. Line items primarily impacted include Business Development, Disaster Relief, and Utah Technology Finance Corporation.

The recommendation for the Department of Community and Economic Development is \$41,112,000, an 18.6 percent overall decrease from fiscal year 1987-88 and a 4.8 percent General Fund decrease. The General Fund recommendation includes purchase of a braille computer and the hiring of one additional library technician to expand library service to the visually handicapped. This expansion is funded within the department's base budget.

The recommendation for the Utah Technology Finance Corporation is \$593,100, a 79.5 percent overall decrease from fiscal year 1987-88.

**COMMUNITY AND ECONOMIC DEVELOPMENT  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Governor's Recommendation 1988-89</b>	<b>Percent Change</b>
<b>Schedule of Programs:</b>				
Administration	683,600	180,300	190,100	5.4
Job Training	17,147,400	13,691,500	12,533,200	(8.5)
Business Development	5,858,700	10,813,100	8,006,100	(26.0)
Travel Development	3,738,000	3,555,800	3,461,900	(2.6)
Community Development	6,019,400	5,541,000	5,674,400	2.4
Disaster Relief	7,506,200	5,350,900	0	(100.0)
Community Services	1,346,200	1,335,200	1,347,700	0.9
Minority Affairs	224,900	257,300	253,300	(1.6)
Fine Arts	2,210,600	2,143,600	2,058,300	(4.0)
State Library	4,183,600	4,335,700	4,262,800	(1.7)
State History	1,617,200	1,541,600	1,532,300	(0.6)
Expositions	1,669,300	1,768,700	1,791,900	1.3
Utah Technology Finance Corporation	176,800	2,894,900	593,100	(79.5)
	<hr/>	<hr/>	<hr/>	
<b>Total Expenditures</b>	<b>\$52,381,900</b>	<b>\$53,409,600</b>	<b>\$41,705,100</b>	<b>(21.9)</b>
 <b>Plan of Financing:</b>				
General Fund	15,830,600	19,044,100	18,163,700	(4.6)
Transportation Fund	118,000	118,000	118,000	0.0
Federal Funds	23,890,600	20,446,900	19,957,900	(2.4)
Dedicated Credits	3,156,300	3,195,600	3,114,500	(2.5)
Community Impact Fund	324,600	251,500	294,000	16.9
Navajo Trust Fund	48,900	57,000	57,000	0.0
Revenue Transfers	(5,038,200)	0	0	0.0
Other Funds	85,000	2,301,800	0	(100.0)
Beginning Non-lapsing Funds	22,119,300	7,994,700	0	(100.0)
Closing Non-lapsing Funds	(7,994,700)	0	0	0.0
Lapsing Funds	(158,500)	0	0	0.0
	<hr/>	<hr/>	<hr/>	
<b>Total Revenue</b>	<b>\$52,381,900</b>	<b>\$53,409,600</b>	<b>\$41,705,100</b>	<b>(21.9)</b>
 Full-time Equivalent Positions		252	256	

## CORRECTIONS

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### **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. Utah's Youth Corrections was recently featured in an NBC national television special about juvenile corrections. Since the broadcast, numerous officials from other states have contacted the division for information concerning Utah's approach to juvenile corrections.

The Division of Youth Corrections also continued to manage a growing number of juveniles assigned to secure confinement. On July 1, 1987 the division successfully took over detention operations from the counties. Hearings before the Youth Parole Authority have increased 14 percent in the last year. Even though staff support was reduced, the Youth Parole Authority conducted the hearings in a timely manner.

The Department of Corrections successfully managed the increased prison population and field operations with no major incidents. Double-bunking and master plan and design modifications allowed the Draper site to expand its capacity to more than 1,800 inmates with minimum increases in operational costs. Officials recently completed a two-year study establishing standard operating procedures for handling inmates, parolees, and probationers within the department. The Board of Pardons met its increased demand to review individual inmate situations. Hearings before the Board of Pardons increased 17 percent in the last two years.

The department recently received national attention for its crackdown on drugs and corruption at the prison. The executive director will be featured on the CBS news program, "60 Minutes." The program will highlight Utah's approach to dealing with prison corruption. The Inspector General's Office is currently providing technical assistance to at least 10 states concerned with issues of liability.

Prison industry programs showed a profit for the second year in a row. One of the most successful programs is a contract with the Department of Health to enter essential Medicaid information into the computer. The Department of Health saved \$180,000 under this contract during the last year. A third shift will soon begin operation under this contract.

### **Current Conditions**

Utah continues to face serious problems in crime prevention and citizen protection. Populations in secure facilities, probation, and parole are on the rise. The population at the

Utah State Prison reached an all-time high of 1,825 in November 1987. This represents an increase of 42 percent in prison population since January of 1985. The increase is attributed to 1) increased lengths of stay for inmates, 2) establishment of sentencing and release guidelines, 3) legislation that increases penalties, and 4) increased parole violations. Current department projections estimate the prison population will exceed 4,500 by 1994.

Phase I of a \$30 million prison expansion and renovation project should be ready for occupancy this fiscal year. It will boost the prison's capacity to approximately 2,200 beds. The new beds will only temporarily relieve overcrowding. The department, in conjunction with the Division of Facilities Construction and Management, recently selected Gunnison as the site for a new 2,000 bed regional prison. In the first phase, 624 beds will be completed. If this new facility is fully operational by July 1990, prison capacity will be barely sufficient to meet department needs.

The Division of Youth Corrections is planning for additional growth in its youth corrections population. Currently, juveniles commit approximately 40 percent of reported felonies in Utah. With the youth-at-risk population (ages 15-17) projected to increase from 86,000 in 1987 to 111,000 in 1995, the division must prepare for future growth. Currently, the division has only 70 secure beds and 250 slots in community alternatives. For community alternatives to provide needed services, the state must offset a \$2.2 million reduction in federal Medicaid funds. The Division of Youth Corrections, juvenile courts, and the Commission on Criminal and Juvenile Justice are participating in a juvenile justice system study. It will examine alternatives to maintain the increase in youth population impacting the division.

The Commission on Criminal and Juvenile Justice created two task forces to study expected increases in the youth and adult corrections population, as well as the policies that affect this growth. Division of Youth Corrections and Department of Corrections staff are participating in these studies.

## **Budget Recommendations**

For the area of Corrections, Governor Bangerter recommends a total budget of \$72,560,600, a 2.1 percent overall increase over fiscal year 1987-88 and a 5.8 percent General Fund increase.

Governor Bangerter recommends a total budget of \$53,847,300 for Adult Corrections in the Department of Corrections, a 3.2 percent overall increase over fiscal year 1987-88 and a 3.3 percent General Fund increase. This recommendation permits the department to increase jail contracts by \$800,000. The governor also recommends increasing county jail reimbursement by \$200,000. He also recommends a supplemental appropriation of \$16.9 million to fund phase one of the new regional prison.

The governor recommends six additional full-time positions to expand prison industries in areas such as aquaculture, micrographics, and data entry.

Governor Bangerter recommends a budget of \$14,471,800 for Youth Corrections, a 3.4 percent overall decrease from fiscal year 1987-88 and a 15.3 percent General Fund increase. The General Fund increase provides only partial replacement of federal Medicaid funds. The governor also recommends a supplemental appropriation of \$2.2 million to replace the majority of the federal Medicaid cutback in the current fiscal year. This recommendation reduces division programs by 22 full-time equivalent positions and

decreases funding for 1) community programs, 2) detention, 3) observation and assessment, and 4) secure facilities.

**CORRECTIONS  
Budget Summary**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89	Percent Change
<b>Schedule of Programs:</b>				
Adult Corrections	47,051,500	52,155,600	53,847,300	3.2
Youth Corrections	11,874,900	14,976,900	14,471,800	(3.4)
Jail Reimbursement	975,000	600,000	800,000	33.3
Jail Contracts	455,100	0	0	0.0
Correctional Industries	1,593,200	2,697,000	2,763,500	2.5
Board of Pardons	537,700	654,200	678,000	3.6
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<b>Total Expenditures</b>	<b>\$62,487,400</b>	<b>\$71,083,700</b>	<b>\$72,560,600</b>	<b>2.1</b>
<b>Plan of Financing:</b>				
General Fund	56,375,300	64,991,900	68,775,900	5.8
Federal Funds	191,400	0	0	0.0
Dedicated Credits	1,165,200	721,500	806,900	11.8
Prepaid Health	3,140,900	2,263,700	0	(100.0)
UCI Fund	1,593,200	2,697,000	2,763,500	2.5
Restricted and Trust Funds	75,000	88,000	0	(100.0)
Prepaid Health Transfer	(954,600)	0	0	0.0
Revenue Transfers	74,300	316,300	214,300	(32.2)
Other Funds	1,240,800	0	0	0.0
Beginning Non-lapsing Funds	4,500	5,300	0	(100.0)
Closing Non-lapsing Funds	(5,300)	0	0	0.0
Lapsing Funds	(413,300)	0	0	0.0
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<b>Total Revenue</b>	<b>\$62,487,400</b>	<b>\$71,083,700</b>	<b>\$72,560,600</b>	<b>2.1</b>
 Full-time Equivalent Positions		 1,577	 1,572	

## COURTS

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### **Mission**

The mission of State Courts is to operate as the third branch of government. The Judicial Branch decides legal disputes by interpreting state laws. The State Courts budget includes:

- Supreme Court
- Court of Appeals
- District courts
- Juvenile courts
- Circuit courts
- State Court Administrator's Office
- Judicial education
- Juror and Witness Fee Reimbursement Fund

### **Programs and Accomplishments**

The judicial branch of government has undergone extensive changes and improvements in the last few years. The Judicial Council, with boards of judges at all court levels, is addressing the growth in case workloads. Increases have occurred and will continue to occur in the next decade. During the past fiscal year, the Judicial Council directed programs to more effectively manage current and future caseloads.

Delay continues to be one of the most serious problems facing the courts. The seven member Court of Appeals began operation in February 1987. As of August 31, 1987, a total of 745 cases were filed in the Court of Appeals. Of those, 372 were new and 373 transferred from the Supreme Court. The Court of Appeals has already disposed of 300 cases. This is a substantial contribution to reducing the backlog, but more resources may be needed to eliminate future delays in appellate courts. The primary objective of the Board of Appellate Court Judges is to provide immediate and long-term solutions to the backlog problem.

District courts have also addressed the issue of delay. A new calendaring system in the Third District reduced the pretrial jail population from 17 to 10 percent. Statistics indicate that 1) trials are set six months earlier, 2) the number of motions filed decreased by one-third, and 3) civil and criminal trials are processed within prescribed time standards. At the trial court level, trials can begin within 90 days after filing the Notice of Readiness for Trial.

Both the Judicial Council and the Supreme Court have been fulfilling their constitutional responsibilities in the rulemaking area. The Judicial Council is compiling administrative rules of the judicial branch into a single *Code of Judicial Administration*. The Supreme Court set up special advisory committees to modify rules of court procedure evidence.

The Judicial Council, in conjunction with the Division of Facilities Construction and Management and local and national consultants, developed a *Judicial Facilities Master Plan*. Its purpose is to help state planners meet future workload needs of the courts.

Based upon the master plan, the Judicial Council adopted minimum standards for court facilities. They include 1) number of courtrooms, 2) operational and physical space requirements, and 3) security design.

The council established programs to improve the quality of justice in courts. The Code of Judicial Conduct was revised to better address current ethical problems. The council is also establishing judicial performance standards and a program to measure a judge's performance relative to those standards.

To attract and keep qualified candidates on the bench, a committee was established to examine judicial salaries. The committee, comprised of business leaders and other citizens, studied the process for setting judicial salaries. It is examining strategies to address the continuing gap between judicial salaries and state and local executive branch salaries. Recommendations concerning judicial salary levels and the process to determine them will be made to the Executive and Judicial Compensation Commission.

### **Current Conditions**

State courts continue to be impacted by the growing population. Over the last 10 years, the population has increased 31 percent. Court filings for the same period have increased 11 percent in the district courts, 50 percent in the circuit courts, and 106 percent in the juvenile courts. This increase does not represent a litigation explosion. It reflects 1) a natural increase in case filings commensurate with population growth, and 2) increases in case filings due to changes in legislative policies. For example, Utah's juvenile population growth is reflected in the juvenile court's caseload growth and in the traffic case growth. The recent legislative increase in small claims court jurisdiction resulted in a sharp increase in case filings.

Projections for the next 10 years indicate a 15 percent population increase. Case filings are expected to grow by 40 percent in district courts, 61 percent in circuit courts, and 118 percent in the juvenile courts. By 1996, an additional 36 judicial positions and 129 non-judicial positions may be required to manage the increased filings.

The *Judicial Facilities Master Plan* concluded that only 30 percent of statewide court facilities are adequate. Courtrooms, operational space, and security do not meet standards. Clerical and probation officer resources are insufficient. These problems will increase as the caseload grows.

District court structure and function have been studied extensively the last few years by a special task force and the National Center for State Courts. The studies identified obstacles in efficiently managing the judiciary and in coordinating judicial and nonjudicial resources. Further improvements have been hampered by dividing funding and administrative authority between counties and the state.

Court personnel are trying to create more flexible management. Alternatives include dispute resolution programs such as 1) court commissioners, 2) court jurisdiction adjustments, 3) procedural rules changes, and 4) court boundary changes.

The judiciary is also participating in jurisdictional issues concerning juvenile and justice of the peace courts. The studies are sponsored by the Commission on Criminal and Juvenile Justice.

## Budget Recommendations

Governor Bangerter recommends a total budget of \$30,328,000 for State Courts, a 6.2 percent General Fund increase over fiscal year 1987-88. The majority of this increase is for 1) higher lease costs of court facilities, and 2) \$500,000 to fund high priority programs.

### COURTS Budget Summary

	Actual 1986-87	Authorized 1987-88	Court Request 1988-89	Governor Recommends 1988-89	Percent Change
<b>Schedule of Programs:</b>					
Supreme Court	1,332,300	1,158,600	1,261,900	1,196,300	3.3
Law Library	86,000	213,700	223,700	208,700	(2.3)
Court of Appeals	677,100	1,090,900	1,278,200	1,117,600	2.4
Court Administrator	933,300	3,342,600	3,775,000	4,196,700	25.6
Judicial Education	144,600	348,500	352,000	351,100	0.7
District Court	3,817,200	3,747,900	4,069,800	3,833,600	2.3
Juvenile Court	7,861,400	7,842,700	9,025,800	8,269,300	5.4
Circuit Court	9,771,300	8,267,900	9,322,000	8,544,200	3.3
Data Processing	1,796,200	2,001,300	1,997,500	1,830,500	(8.5)
Juror and Witness Fees	764,700	825,000	780,000	780,000	(5.5)
<b>Total Expenditures</b>	<b>\$27,184,100</b>	<b>\$28,839,100</b>	<b>\$32,085,900</b>	<b>\$30,328,000</b>	<b>5.2</b>
<b>Plan of Financing:</b>					
General Fund	27,009,400	28,497,700	32,010,600	30,251,000	6.2
Federal Funds	17,800	0	0	0	
Dedicated Credits	165,800	341,400	66,600	68,300	(80.0)
Revenue Transfers	1,200	0	0	0	
Beginning Non-lapsing Funds	4,400	8,700	8,700	8,700	0.0
Closing Non-lapsing Funds	(8,700)	(8,700)	0	0	(100.0)
Lapsing Funds	(5,800)	0	0	0	0.0
<b>Total Revenue</b>	<b>\$27,184,100</b>	<b>\$28,839,100</b>	<b>\$32,085,900</b>	<b>\$30,328,000</b>	<b>5.2</b>
Full-time Equivalent Positions		639	675	639	

## ELECTED OFFICIALS

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### **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
- Fund for Miscellaneous Claims Against the State
- Crime Victim Reparations
- Commission on Criminal and Juvenile Justice

### **Programs and Accomplishments**

#### *Governor*

The Governor's Office continues to concentrate on the three goals of this administration: 1) education, 2) economic development, and 3) efficiency in government.

Three new education committees were organized to study school finance, technology, and adult literacy. The School Finance Incentives Committee recommended 1) pilot block grant programs be set up in five school districts, 2) early graduation of students be encouraged, and 3) differentiated staffing and the use of technology be expanded. The Governor's Technology Commission was formed to make recommendations on how to maximize the state's investment in educational technology and more effectively involve the private sector. The governor has also developed ACCESS - the governor's literacy project to study adult literacy in Utah.

The emphasis on economic development is paying some dividends. Most exciting is the bid for the superconducting supercollider. There is an indication that Utah will be on the "best qualified list" developed by the National Academy of Sciences.

Government has become more efficient and lean through a workforce reduction plan and tight expenditure guidelines.

Further discussion of Governor Bangerter's success in creating Utah's future is found in the Governor's Budget Recommendations section of this document.

#### *Lieutenant Governor*

The Lieutenant Governor's Office conducted several new initiatives while managing its traditional responsibilities. The office developed a computer system for tracking and collecting information for all gubernatorial appointments to state boards and commissions. This made the appointment process easier and more efficient for the governor.

During the past few months, the Lieutenant Governor has conducted a series of nine Small Business Development Conferences throughout the state. The purpose is to develop

*Office of Crime Victim Reparations*

The governor recommends a budget of \$218,400 for the Office of Crime Victim Reparations, a 14.2 percent increase in the Crime Victim Reparations Trust Fund. This allows the office to add an additional full-time clerical position to assist in helping victims of crime receive timely assistance.

*Commission on Criminal and Juvenile Justice*

The governor recommends a budget of \$3,110,000, a 22.0 percent increase over fiscal year 1987-88. The General Fund recommendation of \$397,000 remains identical to the authorized year. The large increase in federal funds is the result of the commission being designated the lead agency for two new federal programs 1) State and Local Assistance for Narcotics Control, and 2) Drug Free Schools Communities Act. The majority of these funds are passed through to other state and local agencies.

**ELECTED OFFICIALS  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Elected Officials Request 1988-89</b>	<b>Governor Recommends 1988-89</b>	<b>Percent Change</b>
<b>Schedule of Programs:</b>					
Governor	3,578,300	3,881,800	4,104,100	3,877,300	(.1)
Lieutenant Governor	292,900	315,500	269,700	269,700	(14.5)
Elections	117,200	0	175,000	175,000	
Attorney General	6,828,700	6,724,900	7,210,300	6,905,900	2.7
Auditor	2,030,600	1,630,300	1,670,000	1,619,900	(.6)
Treasurer	612,000	731,000	916,100	887,200	21.4
Criminal Justice	1,564,900	2,549,300	3,110,000	3,110,000	22.0
Crime Victim Reparations	157,900	191,300	219,000	218,400	14.2
Executive Reorganization	143,400	0	0	0	.0
<b>Total Expenditures</b>	<b>\$15,325,900</b>	<b>\$16,024,100</b>	<b>\$17,674,200</b>	<b>\$17,063,400</b>	<b>6.5</b>
<b>Plan of Financing:</b>					
General Fund	10,017,400	9,431,800	10,769,900	9,978,800	5.8
Federal Funds	1,733,900	2,844,400	3,007,700	3,007,700	5.7
Dedicated Credits	3,268,600	2,948,100	2,848,300	3,038,100	3.1
Restricted and Trust Funds	720,000	710,600	816,000	806,500	13.5
Revenue Transfers	8,600	30,000	30,000	30,000	.0
Other Funds	15,200	53,400	32,300	32,300	(39.5)
Beginning Non-lapsing Funds	345,900	195,800	170,000	170,000	(13.2)
Closing Non-lapsing Funds	(195,800)	(170,000)	0	0	(100.0)
Lapsing Funds	(587,900)	(20,000)	0	0	(100.0)
<b>Total Revenue</b>	<b>\$15,325,900</b>	<b>\$16,024,100</b>	<b>\$17,674,200</b>	<b>\$17,063,400</b>	<b>6.5</b>
Full-time Equivalent Positions		271	290	274	

## GOVERNMENT OPERATIONS

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### **Mission**

Government Operations consists primarily of the Department of Administrative Services and the Tax Commission. Also included are the Retirement Office and Personnel Review Board.

#### *Department of Administrative Services*

The mission of the Department of Administrative Services is to provide support services that assist state agencies in fully utilizing their technological and human resources. Its goal is to reduce government costs while improving service quality and responsiveness to agency needs. The services include:

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

#### *Tax Commission*

The Tax Commission provides efficient, cost effective administration of state tax laws. It considers each taxpayer's rights and obligations to pay his or her share of government costs.

### **Programs and Accomplishments**

#### *Department of Administrative Services*

Administrative Services reduced rates in Data Processing, State Telecommunications Services, and Motor Pool. More than \$2.6 million in state funds (General Fund, Uniform School Fund, Transportation Fund) was saved in fiscal year 1987-88. The newest division, Administrative Rules, recodified, standardized, and compiled the first complete administrative state code.

#### *Tax Commission*

The Tax Commission increased collection of delinquent taxes by 50 percent over fiscal year 1986. This enlarged the current tax collection by 41 percent. Bankruptcy cases garnered \$4.5 million, a 728 percent increase over fiscal year 1986. A new roster system was completed for auditing decisions. Total audit assessments increased by 56 percent. Motor Vehicle Business Administration started filing civil actions to help fraud victims

## HEALTH

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### **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**

Successes were achieved in a number of public health initiatives during the past year. The AIDS Control Program, including a 30-member advisory committee, was established during fiscal year 1986-87. This program has already made considerable progress in the areas of AIDS counseling, testing, and education. A major effort was also mounted to make Utah tobacco-free by 1999. A departmental legislative priority resulted in Utah's first smoking-control appropriation. The effort was indirectly funded by an 11 cent increase in the cigarette excise tax. The increased tax itself will be a smoking deterrent, especially for adolescents.

In the Bureau of Vital Records, work was done with Intermountain Health Care (IHC) to implement an automated system for preparing birth certificates at IHC hospitals. The Bureau of Planning and Policy Analysis gained national recognition for its initiative regarding identification of frontier areas (those areas with populations considered too small for rural status). These efforts resulted in revised standards to qualify for certain federal funds. Several rural areas of the state benefited financially from these revisions.

The Medical Genetics Program in the Division of Family Health Services provided diagnosis, treatment, and counseling to more than 1,500 families and patients with birth defects and hereditary diseases. The division also sponsored a series of 11 summer migrant clinics that evaluated 503 migrant children through physical examinations, and dental and audiologic screening. When necessary, the children were referred to private physicians for follow-up.

Several successful initiatives involved the area of environmental health. The Division of Environmental Health produced a draft *Hazardous Substances Initiative* to address major environmental health concerns. This document outlines methods to eliminate or reduce exposure to hazardous substances. Completed objectives include legislative enactment of the Leaking Underground Storage Tank Program, Community Right to Know, and Groundwater Protection initiatives. Other program objectives include asbestos control, radon monitoring, and cleanup of abandoned hazardous waste sites. The Bureau of Water Pollution Control also obtained authority to administer the National Pollutant Discharge Elimination System in Utah. Authority for this program requires the state to monitor and enforce industries and municipalities that discharge pollutants into the state's waters. State control over this program ensures greater sensitivity to state priorities.

The State Health Laboratory, in response to several environmental health crises, provided air pollution analyses of 1) windblown tailings from Kennecott's inactive sludge ponds, and 2) smoke from the Ogden tire fire. Extensive chemical pollution testing was also done on samples from the Wasatch Chemical site.

Efficiency was improved in the medical services area. By strengthening its Medicaid claim processing system, the Division of Health Care Financing qualified for increased federal funding from 70 to 75 percent. It also eliminated 15 full-time staff positions through 1) reassignment of responsibilities, and 2) efficient use of personnel.

## **Current Conditions**

The Division of Community Health Services is assisting Utah's 12 local health departments with a variety of community health programs including AIDS control, immunization efforts, and communicable disease control. The Emergency Medical Services Grants Program is providing approximately \$800,000 to various agencies and communities to upgrade emergency medical services. The Bureau of Chronic Disease Control is helping implement a Cholesterol Education Program for use by physicians to educate the general public regarding this subject.

The Division of Family Health Services is expanding service to include 100 percent of pregnant women whose incomes are under the poverty level. This expansion is based on a legislative mandate to enhance prenatal care. The number of women served will increase by approximately 1,700. The program includes 1) outreach, 2) public information, 3) public and client education, 4) health, prenatal, and delivery services, 5) newborn infant care, and 6) follow-up. Partial funding may be available through Medicaid coverage. A new federal law has allowed Utah and other states to provide services to handicapped children under three years of age. As the lead agency in Utah, the division will eventually provide total comprehensive services including 1) early identification and tracking, 2) diagnosis, 3) treatment, and 4) pre-school follow-up. The division is currently in the planning stage.

In the Office of Administration and Planning, the State Health Laboratory has received further federal funding for the Marijuana-Driving Under the Influence (DUI) Program. Driving under the influence of marijuana analyses were performed for law enforcement agencies. The first marijuana-DUI convictions were obtained with evidence provided by this program. The Bureau of Budget, also in the Office of Administration and Planning, is working with the Office of Planning and Budget on a new budget system that will facilitate budget preparation throughout state government.

The Division of Environmental Health completed the Vitro Mill Tailings Relocation Project in December 1987. More than 3.5 million tons of radioactive material have been relocated to a remote site in western Utah. Questions surrounding the siting and permitting of hazardous and radioactive waste facilities in Utah are being resolved through the division's lead effort.

Due to increased medical costs and greater participation, the Medicaid Program was reduced in fiscal year 1987-88. Reductions are being made through 1) program service restrictions, 2) lower reimbursement rates, and 3) closer monitoring to eliminate unnecessary medical care. Resultant restrictions on nursing home admissions and adult dental care have been of particular concern. Despite budget constraints, Medicaid serves 80,000 Utahns annually. Its \$200 million budget is stretched to cover more individuals at a lower cost per person.

## Budget Recommendations

Governor Bangerter recommends a total budget of \$279,391,200 for the Department of Health, a 3.6 percent overall decrease from fiscal year 1987-88 and a 1.8 percent General Fund increase. This overall decrease is primarily due to the loss of federal funds from the completed Vitro Uranium Mill Tailings Relocation Project.

The governor's recommendation includes:

- Increased funding to expand the AIDS Program
- Increased funding for a Groundwater Quality Protection Initiative
- A shift in existing funds to local health departments for environmental health needs
- Funding for anticipated growth in the Medicaid Program
- Adjustments to reduce service categories and eligibility levels within the Medicaid Program

### HEALTH Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89	Percent Change
<b>Schedule of Programs:</b>				
Administration and Planning	6,618,900	6,678,300	6,708,000	0.4
Environmental Health	28,374,000	19,541,400	9,057,000	(53.7)
Community Health Services	6,493,600	7,701,500	7,490,300	(2.7)
Family Health Services	23,531,100	26,458,200	26,338,700	(0.5)
Health Care Financing	17,481,600	19,325,700	17,906,000	(7.3)
Medical Assistance	207,991,900	210,038,800	211,891,200	0.9
Debt Service	1,496,200	0	0	
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<b>Total Expenditures</b>	<b>\$291,987,300</b>	<b>\$289,743,900</b>	<b>\$279,391,200</b>	<b>(3.6)</b>
<b>Plan of Financing:</b>				
General Fund	57,939,300	66,063,000	67,234,300	1.8
Federal Funds	200,658,200	197,898,700	188,877,200	(4.6)
Dedicated Credits	24,204,800	21,021,900	20,320,100	(3.3)
Restricted and Trust Funds	801,100	784,500	903,400	15.2
Revenue Transfers	4,301,400	3,426,900	2,043,700	(40.4)
Other Funds	72,500	0	0	0.0
Beginning Non-lapsing Funds	4,890,200	850,400	96,200	(88.7)
Closing Non-lapsing Funds	(850,400)	(96,200)	(83,700)	(13.0)
Lapsing Funds	(29,800)	(205,300)	0	(100.0)
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	<b>\$291,987,300</b>	<b>\$289,743,900</b>	<b>\$279,391,200</b>	<b>(3.6)</b>
Full-time Equivalent Positions		760	736	

## HIGHER EDUCATION

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### **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 Valley Community College
- Salt Lake Community College

Several outreach rural education centers are also managed by the above institutions. 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. 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 which coordinates overlapping education policies.

### **Programs and Accomplishments**

Utah ranks eighth in the nation in the percentage of residents who are college graduates. College enrollment is swelling with the increased number of high school graduates who intend to pursue higher education. Also, more adults are returning to college for specialized training and degrees.

Higher education contributes to the state's economic development through research spinoff and job training. The University of Utah and Utah State University bring more than \$100 million annually into the state through research grants and contracts. In recent years, university research has spawned more than 4,500 new jobs with an annual payroll in excess of \$150 million. In total, the research grants and contracts have contributed more than \$250 million to the state's economy and in excess of \$20 million in state and local taxes. Job training at Utah's colleges and universities attracts new industries to Utah and strengthens existing businesses and industries.

The 1987 Legislature approved bills affecting the two urban community colleges. The bills 1) changed the names of the colleges, 2) eliminated the requirement that 75 percent of the courses be vocational, and 3) initiated an associate of arts degree. These changes were consistent with the Utah State Board of Regents master plan that encourages an enrollment shift toward community colleges.

The Board of Regents has made several efforts to improve efficiency and effectiveness. These include 1) a policy to more easily transfer course credits from one

campus to another, 2) a qualification process for capital facilities requests, 3) a joint committee with public education to implement the concurrent enrollment law, 4) preliminary research toward improved funding for noncredit vocational training, 5) coordination with public education on vocational offerings, and 6) an advisory committee to oversee telecommunications in public and higher education.

### **Current Conditions**

Utah's colleges and universities are being encouraged to 1) improve quality while maintaining low tuitions, 2) measure how much students learn, 3) emphasize undergraduate teaching, 4) conduct research to revitalize the state's economy, 5) increase enrollment of minority students, and 6) improve teacher education. These challenges must be addressed in the environment of a student population that is growing faster than state appropriations.

Full-time enrollment at Utah's colleges and universities increased by nearly 1,400 students in fall 1987. Community colleges experienced the greatest growth. Universities and colleges opened school with 195 fewer faculty and staff than last year. Due to budget constraints, the institutions of higher education received no increase in their budgets and had to reallocate money to higher priority needs. Increased expenses due to 1) enrollment growth, 2) operations, 3) insurance, 4) fuel and power, and 5) other areas were paid from existing funds made available by staff reductions and reallocation of monies.

### **Budget Recommendations**

Governor Bangerter recommends a total budget of \$348,150,700 for Higher Education, a 2.2 percent overall increase over fiscal year 1987-88 and a 0.8 percent General Fund increase. Included are proposals to provide faculty and staff with 1) 0.5 percent merit increases, and 2) funds to narrow, by 5 percent, the competitive salary equity gaps with peer institutions. The total salary package represents a 0.9 percent increase in personal services funding.

It is projected that by fall 1988, higher education will be responsible for an additional 3,200 full-time equivalent students. The Board of Regents requested funding for 1,600 of those new students. The governor's recommendation can fund 1,130 or 35 percent of them.

The Board of Regents approved a 6 percent tuition increase at two-year institutions and an 8 percent increase at four-year schools. The governor supports the increase and has included it in his recommendation.

Governor Bangerter recommends that \$600,000 in reimbursed overhead be replaced with General Fund. This will allow institutions to invest reimbursed overhead in research and economic development efforts.

**HIGHER EDUCATION  
Budget Summary**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89	Percent Change
<b>Schedule of Programs:</b>				
University of Utah	143,257,600	149,677,500	151,974,800	1.5
Utah State University	76,591,800	79,901,800	80,986,500	1.4
Weber State College	38,247,500	40,634,200	41,450,600	2.0
Southern Utah State College	11,196,700	11,576,100	12,191,700	5.3
Snow College	6,068,300	6,494,200	6,665,900	2.6
Dixie College	6,722,700	7,135,800	7,586,400	6.3
College of Eastern Utah	5,604,900	5,875,800	6,162,300	4.9
Utah Valley Community College	16,506,800	17,236,700	17,960,200	4.2
Salt Lake Community College	18,127,600	18,550,900	19,526,600	5.3
Commissioner's Office	3,115,800	3,645,700	3,645,700	0.0
<b>Total Expenditures</b>	<b>\$325,439,700</b>	<b>\$340,728,700</b>	<b>\$348,150,700</b>	<b>2.2</b>
<b>Plan of Financing:</b>				
General Fund	244,251,200	257,057,400	259,134,700	0.8
Uniform School Fund	326,100	330,000	330,000	0.0
Federal Funds	5,315,400	5,035,700	5,035,700	0.0
Tuition and Fees	63,008,600	64,108,600	69,753,100	8.8
Mineral Lease	5,214,000	5,226,400	5,526,600	5.7
Revenue Transfers	187,700	0	0	0.0
Reimbursed Overhead	5,964,700	6,037,700	5,437,700	(9.9)
Other Funds	2,609,300	2,747,600	2,747,600	0.0
Beginning Non-lapsing Funds	3,353,200	224,100	224,100	0.0
Closing Non-lapsing Funds	(4,790,500)	(38,800)	(38,800)	0.0
<b>Total Revenue</b>	<b>\$325,439,700</b>	<b>\$340,728,700</b>	<b>\$348,150,700</b>	<b>2.2</b>

## LEGISLATURE

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 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 Governor's 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.

Budgets for the Senate and the House of Representatives do not include any legislative retirement costs. Funds for this program previously were included in the legislature's budget, and a legislative and governor's pension line item in the General Government and Capital Facilities budget. As a result, the Retirement Office has indicated that the governor's and legislators' retirement fund is currently overfunded.

### Budget Summary

	Actual 1986-87	Authorized 1987-88	Legislative Request 1988-89	Percent Change
<b>Schedule of Programs:</b>				
Senate	608,500	638,000	621,100	(2.6)
House of Representatives	1,006,100	1,125,700	1,079,000	(4.1)
Legislative Printing	495,800	555,700	524,200	(5.7)
Legislative Research and General Counsel				
Research and Administration	1,530,200	1,731,300	1,748,600	1.0
Administrative Rules	0	0	130,000	
Tax Recodification	86,900	89,000	89,000	0.0
Legislative Fiscal Analyst	837,300	836,600	852,800	1.9
Legislative Auditor General	897,600	945,900	990,200	4.7
Dues - National Conference of State Legislatures	47,000	51,200	54,200	5.9
Dues - Council of State Govts.	39,700	43,400	46,500	7.1
Constitutional Revision Commission	53,400	56,000	60,000	7.1
Judicial Conduct Commission	20,400	22,000	22,000	0.0
<b>Total Expenditures</b>	<b>\$5,622,900</b>	<b>\$6,094,800</b>	<b>\$6,217,600</b>	<b>2.0</b>
<b>Plan of Financing:</b>				
General Fund	5,494,000	5,607,700	5,799,600	3.4
Dedicated Credits	258,000	200,000	180,000	(10.0)
Beginning Non-lapsing Funds	530,200	658,400	371,300	(43.6)
Closing Non-lapsing Funds	(658,400)	(371,300)	(133,300)	(64.1)
Lapsing Funds	(900)	0	0	
<b>Total Revenue</b>	<b>\$5,622,900</b>	<b>\$6,094,800</b>	<b>\$6,217,600</b>	<b>2.0</b>

# NATIONAL GUARD

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## **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 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 provide additional support to other active units of the United States armed forces.

## **Programs and Accomplishments**

The Utah Army National Guard has grown from 1,400 personnel in World War I to a present-day level of 835 officers and 5,590 enlisted personnel. The Utah Air National Guard, formed in 1946, has a present-day level of 172 officers and 1,383 airmen organized into 15 units. 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. In subsequent fiscal years, additional flood construction projects were completed to assure the safety of private 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 1986-87 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. This year the guard was the recipient of a \$100,000 grant to construct approved national and state park facilities. Materials were provided by the respective national and state park agencies. Utah's Division of Parks and Recreation received services valued at approximately \$60,000.

The guard's move to the Applied Digital Data Corporation facility at Draper is near completion. The building's refurbishing has made it a showplace of Army National Guard Bureau armories.

The bureau is expanding the Utah National Guard's linguist and helicopter assault forces. Construction will soon begin on new linguist facilities at the air guard base at Salt Lake City International Airport. These new facilities will house 100 new language specialists. In the near future, another squadron of Apache attack helicopters will be located at Airport No. 2.

### Budget Recommendations

Governor Bangerter recommends a total budget of \$2,905,500 for the Utah National Guard, a 4.7 percent increase over fiscal year 1987-88 and a 1.7 percent increase in General Fund. Included is \$154,000 to fund utility costs at the new National Guard Headquarters in Draper.

#### NATIONAL GUARD Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89	Percent Change
<b>Schedule of Programs:</b>				
Administration	210,400	224,800	231,100	2.8
Armory Maintenance	2,710,200	2,549,400	2,673,900	4.9
Veterans' Cemetery	300	500	500	0.0
<b>Total Expenditures</b>	<b>\$2,920,900</b>	<b>\$2,774,700</b>	<b>\$2,905,500</b>	<b>4.7</b>
<b>Plan of Financing:</b>				
General Fund	1,519,500	1,630,000	1,657,700	1.7
Federal Funds	1,395,900	1,129,700	1,232,800	9.1
Dedicated Credits	13,200	15,000	15,000	0.0
Lapsing Funds	(7,700)	0	0	0.0
<b>Total Revenue</b>	<b>\$2,920,900</b>	<b>\$2,774,700</b>	<b>\$2,905,500</b>	<b>4.7</b>
Full-time Equivalent Positions		64	64	

## NATURAL RESOURCES

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### **Mission**

The Department of Natural Resources is charged with a broad range of responsibilities from managing school trust lands to handling recreation issues. The department's goal is to optimize economic development and recreation in Utah while maintaining the balance between development and conservation.

### **Programs and Accomplishments**

The department consists of an administrative section and the following eight divisions:

Oil, Gas, and Mining  
Parks and Recreation  
State Lands and Forestry  
Utah Energy Office

Utah Geological and Mineral Survey  
Water Resources  
Water Rights  
Wildlife Resources

During fiscal year 1987-88, issues surrounding the Great Salt Lake appeared on nearly all division agendas. Completion of the West Desert Pumping Project was a turning point in future economic development of industry and recreation around the lake. It is estimated that the pumps have already contributed significantly to the decline of the lake level.

Several land exchanges enhanced management and promoted multiple-use, serving both agency and public needs. State Lands and Forestry is working closely with the Governor's Office, local government, and the public to develop a land exchange proposal. The goal is to trade state lands located in national parks and reservations for federal lands that offer greater immediate and long-term economic potential.

Parks and Recreation joined forces with the Utah National Guard to complete several park renovation projects. They included construction of new rest rooms, boat docks, and picnic shelters.

### **Current Conditions**

Divisions have implemented programs to share expertise and equipment. Geologic studies conducted by the Utah Geological and Mineral Survey are helpful to other divisions in making land management decisions. Similarly, Water Resources' engineering expertise is being used to design and repair small fishing reservoirs managed by Wildlife Resources. The divisions of Wildlife Resources and Parks and Recreation are working together on a free fishing and state park day to promote outdoor recreation in Utah.

All divisions are looking for opportunities to reduce costs through use of volunteers and private sector companies. Oil, Gas, and Mining is contracting construction work and prereclamation studies for the Abandoned Mine Reclamation Program. Water Resources contracted with a private company to operate and manage the west desert pump station,

eliminating the need to hire additional state employees. Some volunteers serve as campground hosts in state parks.

Divisions are increasing user fees to reflect costs of services. Water Rights revised its water appropriation fee structure. Parks and Recreation increased user fees and, in some cases, extended collection efforts to cover operating expenses.

The Utah Energy Office is using oil overcharge funds to 1) reduce energy costs within state and local government, and 2) promote efficient energy use in all sectors of the state's economy. Oil overcharge funds are restitutionary payments made by the petroleum industry for violating price controls.

Under the leadership of the executive director, the department is carefully monitoring programs, personnel, and equipment to optimize resources and minimize costs. Expenditures are scrutinized, and employees are encouraged to share cost-saving ideas and job-related concerns.

### **Budget Recommendations**

Governor Bangerter recommends a total budget of \$53,303,000 for the Department of Natural Resources, a 13.8 percent decrease from fiscal year 1987-88. The governor's recommendation does not include oil overcharge funds. Exclusion of these funds accounts for much of the difference between the two budgets. Oil overcharge funds are spent under court order for projects approved by the U.S. Department of Energy.

The recommendation for Water Resources includes \$575,000 in federal funds for the Cloud Seeding Program. The grants are from the National Oceanographic and Atmospheric Administration and the Bureau of Reclamation. These funds have not appeared previously in the budget .

The governor recommends additional personnel for Parks and Recreation to staff the new facilities at Saltair Beach and the Recreational Vehicle Program. Also included in the recommended budget is an additional conservation officer for the Heber Valley area and a full-time employee to administer the Oil Reclamation Program. Despite these additions, the governor's recommendation reduces total department positions by six.

**NATURAL RESOURCES**  
**Budget Summary**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89	Percent Change
<b>Schedule of Programs:</b>				
Administration	1,130,413	1,078,500	1,089,500	1.0
Building Operations	1,204,100	1,324,100	1,349,200	1.9
State Lands and Forestry	3,737,800	3,831,200	3,619,200	(5.5)
Oil, Gas, and Mining	4,317,600	4,810,900	4,718,200	(1.9)
Wildlife Resources	16,086,165	19,270,300	17,352,300	(10.0)
Predator Control	55,300	55,300	55,300	0.0
Contributed Research	82,600	183,000	96,000	(47.5)
Reimbursement	100,400	132,900	173,400	30.5
Cooperative Studies	209,900	116,300	116,300	0.0
Parks and Recreation	10,016,924	11,462,500	10,654,900	(7.0)
Utah Geological and Mineral Survey	2,307,600	2,367,800	2,208,700	(6.7)
Water Resources	3,787,500	3,418,900	3,642,000	6.5
West Desert	0	2,500,000	2,460,000	(1.6)
Water Rights	3,836,200	3,941,400	3,905,200	(0.9)
Utah Energy Office	3,941,700	7,358,000	1,862,800	(74.7)
	<hr/>	<hr/>	<hr/>	
<b>Total Expenditures</b>	<b>\$50,814,202</b>	<b>\$61,851,100</b>	<b>\$53,303,000</b>	<b>(13.8)</b>
 <b>Plan of Financing:</b>				
General Fund	19,084,306	21,481,600	21,515,100	0.2
Federal Funds	8,983,100	8,460,000	8,742,100	3.3
Dedicated Credits	3,469,000	3,599,600	3,672,800	2.0
Mineral Lease	467,400	427,500	495,000	15.8
Restricted and Trust Funds	17,066,900	19,091,600	17,591,000	(7.9)
Revenue Transfers	83,100	186,900	164,500	(12.0)
Oil Overcharge Funds	1,099,500	5,312,200	0	(100.0)
Other Funds	969,000	1,071,600	1,142,500	6.6
Beginning Non-lapsing Funds	3,964,500	2,651,000	228,200	(91.4)
Closing Non-lapsing Funds	(2,651,000)	(228,200)	(248,200)	8.8
Lapsing Funds	(1,721,604)	(202,700)	0	(100.0)
	<hr/>	<hr/>	<hr/>	
<b>Total Revenue</b>	<b>\$50,814,202</b>	<b>\$61,851,100</b>	<b>\$53,303,000</b>	<b>(13.8)</b>
 Full-time Equivalent Positions		1,031	1,025	

**PUBLIC SAFETY  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Governor's Recommendation 1988-89</b>	<b>Percent Change</b>
<b>Schedule of Programs:</b>				
Comprehensive Emergency Management	6,567,500	3,913,700	3,903,900	(0.3)
Highway Patrol	20,041,200	17,926,600	18,444,600	2.9
Safety Promotion	102,700	102,100	130,800	28.1
Police Academy	1,033,900	1,000,200	1,000,200	0.0
Investigative Services	2,246,700	2,406,900	2,356,100	(2.1)
Law Enforcement	1,502,100	1,402,400	1,457,000	3.9
Driver License	6,109,900	6,338,700	6,914,300	9.1
Commissioner's Office	1,403,200	1,489,300	1,525,100	2.4
Highway Safety	1,349,100	1,264,500	1,263,400	(0.1)
Communications	1,116,700	2,867,400	2,525,200	(11.9)
Fire Marshal	536,800	515,700	537,700	4.3
	<hr/>	<hr/>	<hr/>	
<b>Total Expenditures</b>	<b>\$42,009,800</b>	<b>\$39,227,500</b>	<b>\$40,058,300</b>	<b>2.1</b>
<b>Plan of Financing:</b>				
General Fund	6,703,000	7,294,000	6,954,500	(4.7)
Transportation Fund	23,414,600	24,260,500	25,305,700	4.3
Federal Funds	7,833,000	5,407,200	5,538,000	2.4
Dedicated Credits	1,233,800	1,020,600	1,015,300	(0.5)
Restricted and Trust Funds	1,217,700	937,200	937,200	0.0
Revenue Transfers	525,100	308,000	307,600	(0.1)
Certificates of Participation	1,508,000	0	0	0.0
Lapsing Funds	(425,400)	0	0	0.0
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<b>Total Revenue</b>	<b>\$42,009,800</b>	<b>\$39,227,500</b>	<b>\$40,058,300</b>	<b>2.1</b>
 Full-time Equivalent Positions		877	877	

## SOCIAL SERVICES

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### **Mission**

The Department of Social Services assists individuals, families, and communities with the prevention and resolution of social and emotional problems in the most appropriate and least restrictive setting. Services are intended to enhance and preserve families, maximize personal self-worth, and promote independence and self-sufficiency. Basic concepts underlying Social Services' activities include:

- People are responsible to provide for themselves. When problems arise, the family is the first line of support. The state is charged to assist families and individuals when they are unable to provide for or protect themselves.
- The use of public funds for human needs is a responsible investment. While timely short-term intervention is stressed, it is recognized that many clients require long-term care to function or have a basic standard of living.
- The department seeks to be open and honest in dealing with the public so served, and to be accountable to the public, the governor, and the legislature for efficient and effective administration of programs and funds.

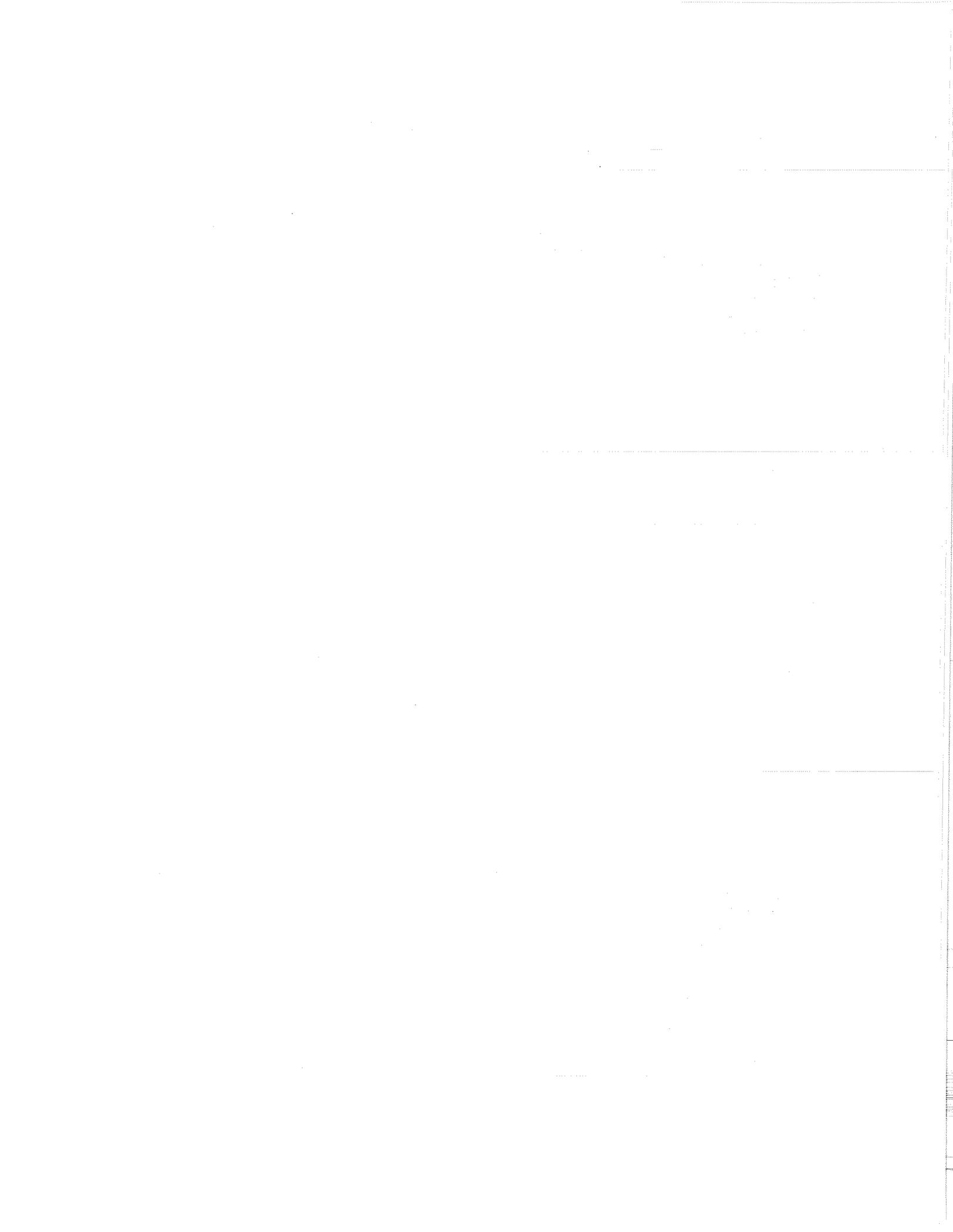
### **Programs and Accomplishments**

The Department of Social Services is an umbrella agency that offers consolidated services to 1) low-income individuals and families, 2) children, 3) senior citizens, 4) youth offenders, 5) substance abusers, 6) the handicapped, and 7) the mentally ill. Utah's growing population and a shrinking budget have forced prioritization of services delivered through district offices administered by the Office of Community Operations (OCO). In these district offices, OCO staff have emphasized self-sufficiency to help eligible recipients reduce dependency on state assistance. Despite personnel and resource reductions in past years, staff are serving more clients while maintaining program integrity.

A major accomplishment was Medicaid certification of the Utah State Training School. Since 1985 the facility has been at risk of losing federal funds due to noncompliance with active treatment regulations. The Division of Services to the Handicapped moved approximately 136 training school residents into community residential settings. Staff also improved individual treatment for remaining residents. These two efforts led to Medicaid certification.

With the loss of its freedom-of-choice waiver, the department lost about \$6.2 million or roughly one third of its Medicaid funding. This reduced funds to Community Mental Health Centers, and the divisions of Family Services, Handicapped Services, Aging and Adult Services, and Youth Corrections.

A series of bills recommended by the Social Services Interim Committee was enacted in the 1987 legislative session. The bills altered funding relationships between the department and local governments. Youth Corrections assumed responsibility for statewide juvenile detention programs. In return, Social Service Block Grant funds for counties were reduced



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# CAPITAL BUDGET

Recommendations  
By  
Department

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## CAPITAL BUDGET OVERVIEW

Utah has adopted a separate capital budget. It involves advance planning for the next several years. Facility needs must be determined early to allow lead time for planning, financing, and construction. Capital budget decisions should be made in light of prior legislative commitments and future capital needs.

The capital budget directs state expenditures for public facilities. It includes all facilities funded with state monies. The budget encompasses the following capital investments:

- Highway and bridge construction and repairs
- Wildlife habitat improvement
- Drinking water development and treatment
- Waste water treatment
- Park development
- School and office building development
- Correctional facilities development
- Hospital development
- Farm and rangeland development

Capital investments are distinct from recurring operating expenditures. The investments typically require years to plan and construct, but last for many decades when properly maintained. Throughout all phases - planning, construction, and operation - public facilities substantially influence the state economy. Any construction should be carefully planned and coordinated.

Historically, the state's investment in capital facilities has been irregular. For almost 70 years, these investments were dependent upon the availability of surplus revenue. In 1965 the legislature authorized the first general obligation building bond to address the backlog of facility needs. In recent years, capital facilities have been funded partially through operating revenue. The balance of funding has come from general obligation and revenue bonds.

The Office of Planning and Budget processes departmental requests and prepares capital budget proposals for Governor Bangerter's consideration. A number of boards and commissions also play a vital role in the decision-making process. They are responsible for areas in which they have special expertise. These groups include:

- State Building Board
- Transportation Commission
- Board of Water Resources
- Water Pollution Control Committee
- Safe Drinking Water Committee
- Community Impact Board
- Board of Parks and Recreation
- Wildlife Board
- Soil Conservation Commission
- Board of Education
- Board of Regents

## CONDITION OF EXISTING FACILITIES

It is estimated that the value of state buildings is in excess of \$1.5 billion. The state highway system is worth many times that amount. These facilities are essential to the quality of life and economic viability of Utah. Proper maintenance and operation of existing capital facilities is the top priority of the governor's capital facilities investment strategy.

### State Building Program

**Asbestos Removal:** Exposure to airborne asbestos has been linked to an increased incidence of lung cancer, mesothelioma, and asbestosis. Materials containing asbestos have been used extensively in many public and private buildings. The Division of Facilities Construction and Management and the Department of Health have recently completed a study to assess the health risk posed by asbestos in state buildings. Last year a program of asbestos control in state buildings was funded. Work has begun on the State Office Building. The governor recommends continued funding for asbestos control.

**Capital Maintenance:** Maintenance of existing capital facilities is a major concern. Funding comes from 1) agency operating budgets, and 2) the building board capital budget process. Declining revenues have resulted in smaller operating budgets. This has caused the postponement of necessary maintenance. Continued failure to keep existing facilities serviceable will prove more costly over time. Governor Bangerter recommends \$9.4 million for capital maintenance.

**Capital Developments:** Last year's legislatively authorized building bond of more than \$57 million and current surplus make it unnecessary to bond for fiscal year 1988-89. The governor recommends funding the \$2.7 million medical examiner facility and one half of the cost, \$16.9 million, of phase I of a regional prison from surplus funds as a supplemental for fiscal year 1987-88.

Prison overcrowding continues to be a serious problem for the Department of Corrections. Present inmate population is higher than previously estimated. Future projections indicate continued growth. Through double bunking and other creative solutions, the department has been able to maximize resources. The original prison master plan provided 1,700 secure beds for \$70 million. The revised plan will provide 2,250 beds for \$42 million. Last year, planning and site acquisition funds were appropriated to begin work on a new regional prison. Construction will begin in spring 1988.

### Highways

In 1983 the Department of Transportation issued the *Utah Highways Development Plan*. It identified the worsening condition of state highway surfaces. Further monitoring indicates more than 50 percent of highway surfaces, excluding the interstate system, are in poor to very poor condition. Some sections of the interstate are also in poor condition. The gasoline tax increase approved last year is helping to improve the quality of state highways.

## SUMMARY OF CAPITAL FACILITY RECOMMENDATIONS

Department	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
Agriculture			
Agriculture Resource Development Loan Fund	\$ 600,000	\$ 250,000	\$ 0
Community and Economic Development			
Community Assistance Program	5,827,000	12,323,500	14,700,000
Critical Needs Housing	601,100	651,000	600,000
Natural Resources			
Parks and Recreation			
Recreation Services	938,500	20,700	0
Utah Energy Office			
Energy Improvements	0	1,000,000	0
Water Resources			
Cities Water Loan Fund	1,850,000	2,000,000	2,000,000
Revolving Construction Fund	1,970,000	2,090,000	2,090,000
Conservation and Development	3,150,000	3,800,000	3,800,000
Wildlife Resources			
Information and Education	174,500	282,500	155,000
Fisheries	1,246,000	1,552,900	433,000
Game Management	1,108,300	1,645,800	1,131,800
Middle Fork Canyon	1,258,800	1,162,300	1,082,300
Public Education			
Critical School Buildings	7,830,100	6,458,000	6,458,000
State Building Program			
Capital Maintenance	6,012,500	10,177,300	9,410,100
Capital Developments	31,890,900	56,296,200	3,053,300
Planning Funds	762,200	2,285,000	230,000
Department of Transportation			
Federal Highway Construction	142,592,600	169,885,500	167,855,500
State Construction	1,425,500	22,326,000	5,796,100
Highway Rehabilitation	16,447,100	20,845,000	21,388,900
Sidewalk Construction	685,000	215,000	500,000
B and C Road Account	30,991,400	40,740,700	40,748,700
Debt Service	<u>77,270,400</u>	<u>53,569,500</u>	<u>65,099,300</u>
<b>Total</b>	<b>\$334,631,900</b>	<b>\$409,576,900</b>	<b>\$346,532,000</b>

**Plan of Financing:**

General Fund	\$ 52,951,200	\$ 64,152,200	\$ 69,628,700
Uniform School Fund	1,158,000	225,200	0
Transportation Fund	74,630,500	84,728,100	81,441,500
Federal Funds	130,305,500	166,248,000	159,779,600
Dedicated Credits	16,893,600	17,147,400	16,462,300
Mineral Lease Fund	15,751,600	15,556,300	17,983,000
Restricted Accounts	2,150,300	927,000	368,600
Bonding	22,729,900	57,291,200	0
Other Funds	13,810,400	1,000,000	0
Beginning Non-lapsing Funds	9,978,500	3,169,800	868,300
Closing Non-lapsing Funds	(4,171,600)	(868,300)	0
Lapsing Funds	<u>(1,556,000)</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$334,631,900</b>	<b>\$409,576,900</b>	<b>\$346,532,000</b>

## AGRICULTURE

**Agriculture Resource Development Loan Fund:** Provides low-interest loans to farmers and ranchers for 1) rangeland improvement and management projects, 2) watershed protection and flood prevention projects, 3) agricultural cropland soil and water conservation projects, and 4) energy efficient farming.

**Governor's Recommendation:** Governor Bangerter recommends no state funding for fiscal year 1988-89 because he recommends a supplemental appropriation of \$250,000 for 1987-88. The supplemental will double the current year authorization.

### Agriculture Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Schedule of Programs:</b>			
Agriculture Resource			
Development Loan Fund	\$ <u>600,000</u>	\$ <u>250,000</u>	\$ <u>0</u>
Total	<b>\$600,000</b>	<b>\$250,000</b>	<b>\$ 0</b>
<b>Plan of Financing:</b>			
General Fund	\$ 0	\$ 250,000	\$ 0
Other Funds	<u>600,000</u>	<u>0</u>	<u>0</u>
Total	<b>\$600,000</b>	<b>\$250,000</b>	<b>\$ 0</b>

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## COMMUNITY AND ECONOMIC DEVELOPMENT

**Community Assistance Program:** Provides loans and grants to local government or state agencies to mitigate energy development impacts. Funding is provided by 32.5 percent of all mineral lease payments, 70 percent of mineral bonus payments, and loan repayments.

**Critical Needs Housing:** Helps local governments and housing agencies meet critical housing needs of Utah citizens. Funding is from federal grants and state money.

**Governor's Recommendation:** Governor Bangerter recommends an appropriation of \$15.3 million. This includes \$300,000 from the General Fund for critical needs housing.

**Community and Economic Development  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Governor's Recommendation 1988-89</b>
<b>Schedule of Programs:</b>			
Community Assistance Program	\$ 5,827,000	\$ 12,323,500	\$ 14,700,000
Critical Needs Housing	<u>601,100</u>	<u>651,000</u>	<u>600,000</u>
<b>Total</b>	<b>\$6,428,100</b>	<b>\$12,974,500</b>	<b>\$15,300,000</b>
 <b>Plan of Financing:</b>			
General Fund	\$ 150,000	\$ 300,000	\$ 300,000
Federal Funds	189,100	351,000	300,000
Dedicated Credits	12,000	5,000,000	5,800,000
Mineral Lease Funds	7,879,500	7,323,500	8,900,000
Other Funds	<u>(1,802,500)</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$6,428,100</b>	<b>\$12,974,500</b>	<b>\$15,300,000</b>

**NATURAL RESOURCES**

**Division of Parks and Recreation**

**Recreation Services:** Provides grants to local governments for park development.

**Governor's Recommendation:** Governor Bangerter recommends no state funding.

**Division of Parks and Recreation  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Governor's Recommendation 1988-89</b>
<b>Schedule of Programs:</b>			
Recreation Services	\$ <u>938,500</u>	\$ <u>20,700</u>	\$ <u>0</u>
<b>Total</b>	<b>\$938,500</b>	<b>\$20,700</b>	<b>\$ 0</b>
 <b>Plan of Financing:</b>			
General Fund	\$ 231,000	\$ 20,700	\$ 0
Dedicated Credits	542,300	0	0
Other Fund	500,000	0	0
Beginning Balance	216,900	0	0
Closing Non-Lapsing Balance	<u>(551,700)</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$938,500</b>	<b>\$20,700</b>	<b>\$ 0</b>

## Utah Energy Office

**Energy Improvements:** Allocates petroleum overcharge recovery revenues to various state and local agencies and nonprofit organizations for improving capital facility energy conservation.

**Governor's Recommendation:** Governor Bangerter will authorize spending within the guidelines outlined by the court.

### Utah Energy Office Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Schedule of Programs:</b>			
Energy Conservation and Financial Assistance	\$ <u>0</u>	\$ <u>1,000,000</u>	\$ <u>0</u>
Total	\$ 0	\$1,000,000	\$ 0
<b>Plan of Financing:</b>			
Other Funds	\$ <u>0</u>	\$ <u>1,000,000</u>	\$ <u>0</u>
Total	\$ 0	\$1,000,000	\$ 0

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## Division of Water Resources

**Cities Water Loan Fund:** Offers funding to communities for the development or improvement of culinary water systems. Most projects funded address immediate health or growth needs.

**Revolving Construction Fund:** Helps local irrigation companies develop new water sources or improve existing irrigation systems.

**Conservation and Development Fund:** Disburses the \$70 million in water bonds issued since 1978. Projects in this category are too large for the cities water loan or the revolving construction funds. State participation is in the form of low-interest loans to local culinary or irrigation water companies.

**Governor's Recommendation:** Governor Bangerter recommends that division water development programs be funded by the repayment of loans. The division may generate additional revenue by remarketing previous loans.

**Water Resources  
Budget Summary**

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Schedule of Programs:</b>			
Cities Water Loan Fund	\$ 1,850,000	\$ 2,000,000	\$ 2,000,000
Revolving Construction Fund	1,970,000	2,090,000	2,090,000
Conservation and Development	<u>3,150,000</u>	<u>3,800,000</u>	<u>3,800,000</u>
Total	<b>\$6,970,000</b>	<b>\$7,890,000</b>	<b>\$7,890,000</b>
 <b>Plan of Financing:</b>			
Dedicated Credits	\$ 6,770,000	\$ 7,840,000	\$ 7,840,000
Reservoir Fund	150,000	50,000	50,000
Other Funds	<u>50,000</u>	<u>0</u>	<u>0</u>
Total	<b>\$6,970,000</b>	<b>\$7,890,000</b>	<b>\$7,890,000</b>

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**Division of Wildlife Resources**

**Information and Education:** Continues the construction and development of the Lee Kay Center for Hunter Education. State funds are matched by federal grants.

**Fisheries:** Acquires stream access for 1) public fishing, 2) expansion of fish hatchery capacity, and 3) fish habitat acquisition. Funding is from federal grants and the Wildlife Restricted Fund.

**Game Management:** Obtains land ownership or easements for preservation of critical game habitat. Funding comes from federal grants and the Wildlife Restricted Fund.

**Middle Fork Canyon Purchase:** As part of the game management program, three years ago the state purchased land in Ogden Canyon for the preservation of critical game habitat. The state has made three of five partial payments.

**Governor's Recommendation:** Governor Bangerter recommends \$2,802,100 to fund wildlife capital projects.

**Wildlife Resources  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Governor's Recommendation 1988-89</b>
<b>Schedule of Programs:</b>			
Information and Education	\$ 174,500	\$ 282,500	\$ 155,000
Fisheries	1,246,000	1,552,900	433,000
Game Management	1,108,300	1,645,800	1,131,800
Middle Fork Canyon	<u>1,258,800</u>	<u>1,162,300</u>	<u>1,082,300</u>
 Total	 <b>\$3,787,600</b>	 <b>\$4,643,500</b>	 <b>\$2,802,100</b>
 <b>Plan of Financing:</b>			
General Fund	\$ 1,337,200	\$ 1,162,300	\$ 1,082,300
Federal Funds	1,982,400	2,756,500	1,336,200
Dedicated Credits	275,000	25,000	65,000
Wildlife Restricted Fund	644,000	699,700	318,600
Closing Non-lapsing Funds	(450,100)	0	0
Lapsing Funds	<u>(900)</u>	<u>0</u>	<u>0</u>
 Total	 <b>\$3,787,600</b>	 <b>\$4,643,500</b>	 <b>\$2,802,100</b>

**PUBLIC EDUCATION**

**Critical School Building Program:** Provides grants to assist school districts with existing debt requirements.

**Governor's Recommendation:** Governor Bangerter recommends \$6,458,000.

**Public Education  
Budget Summary**

	<b>Actual 1986-87</b>	<b>Authorized 1987-88</b>	<b>Governor's Recommendation 1988-89</b>
<b>Schedule of Programs:</b>			
Critical Building Program	\$ <u>7,830,100</u>	\$ <u>6,458,000</u>	\$ <u>6,458,000</u>
 Total	 <b>\$7,830,100</b>	 <b>\$6,458,000</b>	 <b>\$6,458,000</b>
 <b>Plan of Financing:</b>			
Uniform School Fund	\$ 1,158,000	\$ 225,200	\$ 0
Mineral Lease Funds	<u>6,672,100</u>	<u>6,232,800</u>	<u>6,458,000</u>
 Total	 <b>\$7,830,100</b>	 <b>\$6,458,000</b>	 <b>\$6,458,000</b>

## STATE BUILDING PROGRAM

**Capital Maintenance:** Provides for major alterations, repairs, or improvements of state-owned buildings.

**Capital Developments:** Funds new building construction or major changes in existing space.

**Planning Funds:** Provides funding for project planning and design. Results in improved cost estimates and better planning. Projects identified for planning funds will be considered for construction funds next year.

**Governor's Recommendation:** Governor Bangerter recommends \$12,693,400 for this program. This includes 1) \$9,410,100 for capital maintenance projects as prioritized by the Building Board, 2) \$230,000 for planning higher education library needs, court buildings, and the Deaf and Blind Schools consolidation, and 3) \$3,053,300 in Transportation Fund to construct a Department of Transportation office complex in District No. 5.

### State Building Program Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Schedule of Programs:</b>			
Capital Maintenance	\$ 6,012,500	\$ 10,177,300	\$ 9,410,100
Capital Developments	31,890,900	56,296,200	3,053,300
Planning Funds	<u>762,200</u>	<u>2,285,000</u>	<u>230,000</u>
Total	<b>\$38,665,600</b>	<b>\$68,758,500</b>	<b>\$12,693,400</b>
<b>Plan of Financing:</b>			
General Fund	\$ 933,000	\$ 11,290,000	\$ 9,015,100
Transportation Fund	1,675,000	0	3,053,300
Mineral Lease	0	0	625,000
Restricted Funds	1,356,300	177,300	0
Other Funds	11,971,400	0	0
Bonding	<u>22,729,900</u>	<u>57,291,200</u>	<u>0</u>
Total	<b>\$38,665,600</b>	<b>\$68,758,500</b>	<b>\$12,693,400</b>

## TRANSPORTATION

**Federal Highway Construction:** Funds construction on the interstate system and other federally sponsored highways. Federal appropriations are matched by state and local funds.

**State Construction:** Supports 1) state highway traffic control, 2) construction, 3) device installation, and 4) preliminary engineering.

**Highway Rehabilitation:** Repairs state highways. Funded by a special tax on motor fuels.

**Sidewalk Construction:** Funds correction of pedestrian hazards and other safety projects on state highways.

**B and C Road Account:** Provides maintenance and construction funds to cities and counties for highways not under federal or state jurisdiction.

**Governor's Recommendation:** Governor Bangerter recommends \$236,289,200 for the Department of Transportation capital budget.

### Transportation Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Schedule of Programs:</b>			
Federal Construction	\$ 142,592,600	\$ 169,885,500	\$ 167,855,500
State Construction	1,425,500	22,326,000	5,796,100
Highway Rehabilitation	16,447,100	20,845,000	21,388,900
Sidewalk Construction	685,000	215,000	500,000
B and C Road Account	<u>30,991,400</u>	<u>40,740,700</u>	<u>40,748,700</u>
<b>Total</b>	<b>\$192,141,600</b>	<b>\$254,012,200</b>	<b>\$236,289,200</b>
<b>Plan of Financing:</b>			
Transportation Fund	\$ 62,706,100	\$ 84,728,100	\$ 74,388,200
Dedicated Credits	867,700	1,145,000	1,757,600
Federal Funds	128,134,000	163,140,500	158,143,400
Mineral Lease Funds	1,200,000	2,000,000	2,000,000
Revenue Transfers	2,491,500	0	0
Beginning Non-lapsing Funds	1,296,000	2,998,600	0
Closing Non-lapsing Funds	(2,998,600)	0	0
Lapsing Funds	<u>(1,555,100)</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$192,141,600</b>	<b>\$254,012,200</b>	<b>\$236,289,200</b>

## DEBT SERVICE

**Governor's Recommendation:** Governor Bangerter recommends \$65,099,300 for Debt Service.

### Debt Service Budget Summary

	Actual 1986-87	Authorized 1987-88	Governor's Recommendation 1988-89
<b>Schedule of Programs:</b>			
Debt Service Payments	\$ <u>77,270,400</u>	\$ <u>53,569,500</u>	\$ <u>65,099,300</u>
Total	<b>\$77,270,400</b>	<b>\$53,569,500</b>	<b>\$65,099,300</b>
<b>Plan of Financing:</b>			
General Fund	\$ 50,300,000	\$ 51,129,200	\$ 59,231,300
Transportation Fund	10,249,400	0	4,000,000
Dedicated Credits	8,426,600	3,137,400	999,700
Beginning Non-lapsing Funds	8,465,600	171,200	868,300
Closing Non-lapsing Funds	<u>(171,200)</u>	<u>(868,300)</u>	<u>0</u>
Total	<b>\$77,270,400</b>	<b>\$53,569,500</b>	<b>\$65,099,300</b>

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**INTERNAL SERVICE**

**And**

**ENTERPRISE FUNDS**

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## INTERNAL SERVICE FUNDS AND ENTERPRISE FUNDS

### Introduction

Internal service and enterprise funds are managed and operated financially more like private sector organizations than like typical government organizations. They use the same accounting structure as a private business.

Internal service funds (ISFs) are maintained to account for the operation of state agencies which provide goods or services to other state agencies and governmental units on a cost reimbursement basis. They do not generate a profit. Internal service programs are subject to the same administrative statutes (Budgetary Procedures Act, Procurement Act, and Personnel Management Act) as the more routine operations of state government.

Enterprise programs are maintained to account for operations of state agencies that provide goods and services to the general public and private organizations. They finance their operations through user charges. Enterprise programs are allowed to generate a profit and may be exempted from the previously mentioned statutes.

The approval of the Division of Finance must be obtained before an internal service program or enterprise program may be established as a separate fund. This approval was given to Finance in the 1965 Funds Consolidation Act. It is recommended that internal service and enterprise funds play a larger part in the budget process, including review by the legislature.

Direct funding for ISF services appears in individual agency budgets. Any changes in rates will have a direct impact on user agencies. The level of service utilized by agencies constrains internal service fund budgets. The volume of services provided by a particular internal service program is dependent on service levels requested by that program's customers.

### Current Conditions

Higher Education has established a new enterprise fund, Student Loan Purchase. The Department of Transportation has put in place three new internal service funds: 1) data processing, 2) materials testing, and 3) equipment management.

Efficiencies and economies of scale allowed rate reductions in several significant areas. Motor Pool lowered rates by 31 percent, Telecommunications by 7.5 percent, and Data Processing by 25 percent. These rate reductions created more than \$2.5 million in savings.

The governor supports the need to account for depreciation as an operating expense in internal service and enterprise programs. The cost of depreciation should be paid by customers. This helps ISFs account for all costs of a given service and compare costs with the private sector.

## **Recommendations**

The governor recommends \$123,890,500 for internal service fund expenditures, a 4.4 percent increase when adjusted for ISFs added in fiscal year 1988-89. Over \$51 million of the total (41 percent) is accounted for by Risk Management and Employees Group Insurance. A total of \$253,824,200 is recommended for enterprise fund expenditures, an increase of 4.5 percent. More than \$205 million (81 percent) is accounted for in cost of goods sold (Alcoholic Beverage Control), interest expense (Housing Finance Agency), and insurance costs (Workers' Compensation Fund).

Capital acquisitions for the ISFs total \$18,164,700 for fiscal year 1988-89. Capital acquisitions for enterprise funds total \$406,100.

New General Fund borrowing accounts for \$3,578,300 in internal service funds. General Fund reimbursement from the internal service funds totals \$4,032,900 for a net reduction in total General Fund borrowing of \$454,600. There has been no General Fund borrowing by any enterprise fund since prior to fiscal year 1986.

**INTERNAL SERVICE FUNDS  
OPERATIONS AND CHANGES IN RETAINED EARNINGS**

	Actual FY 1987	Authorized FY 1988	Recommended FY 1989
<b>EXPENDITURES:</b>			
Administrative Services:			
Central Administration	356,100	353,000	361,900
Central Mailing	1,687,600	1,873,000	1,952,600
Central Printing	3,194,300	3,318,500	3,349,600
Central Stores	2,313,200	2,051,100	2,062,000
Communications	6,627,600	6,323,500	6,442,000
Motor Pool	2,112,300	2,530,000	2,655,800
Facilities Management	6,172,900	6,633,500	7,185,000
Risk Management	6,057,600	10,297,800	11,722,400
Surplus Property	696,400	590,000	586,500
Board of Education:			
Miscellaneous Support Services	782,700	775,100	782,400
Office of Superintendent	0	0	0
Employees Group Insurance	37,840,000	38,666,600	39,520,600
Natural Resources:			
Motor Pool	1,608,700	1,762,100	1,713,100
Warehouse	801,700	716,100	715,600
Social Services - Internal Services	2,987,000	3,449,600	3,422,000
Transportation:			
Materials Testing	0	0	2,256,200
Equipment Management	0	0	9,180,900
Admin. Services - Division of Data Processing	13,850,200	14,798,600	16,123,800
Agriculture - Data Processing	166,700	239,500	246,900
Board of Education - Information and			
Instructional Systems	3,623,700	3,832,400	3,877,800
Corrections - Data Processing	130,400	149,500	151,100
Governor - Automated Geographic Reference	389,700	410,100	441,000
Health - Data Processing	2,503,200	2,241,100	2,265,200
Heber M. Wells Building - Computer Center	992,900	1,072,300	1,058,500
Natural Resources - Data Processing	486,700	564,000	525,400
Public Safety - Data Processing	132,200	137,900	152,000
Social Services - Data Processing	1,325,900	1,459,500	1,534,300
Transportation - Data Processing	0	0	3,605,900
<b>TOTAL EXPENDITURES</b>	<b>96,839,700</b>	<b>104,244,800</b>	<b>123,890,500</b>
<b>NET CHANGES TO RETAINED EARNINGS:</b>	<b>(483,200)</b>	<b>(161,800)</b>	<b>2,381,300</b>
<b>TOTAL EXPENDITURES AND CHANGES TO RETAINED EARNINGS</b>	<b>96,356,500</b>	<b>104,083,000</b>	<b>126,271,800</b>
<b>SOURCE OF FUNDS FOR OPERATIONS:</b>			
Sale of Services	94,324,400	101,579,300	119,373,200
Interest on Investments	126,600	502,000	502,000
Gain (loss) on Sale of Assets	(179,100)	0	60,000
Other Sources	2,084,600	2,001,700	6,336,600
<b>TOTAL FUNDS FOR OPERATIONS</b>	<b>96,356,500</b>	<b>104,083,000</b>	<b>126,271,800</b>

**INTERNAL SERVICE FUNDS  
CAPITAL ACQUISITIONS**

	Actual FY 1987	Authorized FY 1988	Recommended FY 1989
<b>CAPITAL ACQUISITIONS:</b>			
<b>Administrative Services:</b>			
Central Administration	2,400	0	0
Central Mailing	0	0	10,000
Central Printing	233,500	150,000	0
Central Stores	7,500	0	0
Communications	2,880,000	4,624,900	2,683,800
Motor Pool	2,148,300	1,900,000	2,150,000
Facilities Management	51,000	91,500	75,700
Risk Management	0	0	0
Surplus Property	4,100	32,800	5,000
<b>Board of Education:</b>			
Miscellaneous Support Services	9,000	13,500	13,500
Office of Superintendent	0	0	0
Employees Group Insurance	131,600	111,600	179,400
<b>Natural Resources:</b>			
Motor Pool	1,563,400	910,000	950,000
Warehouse	81,400	78,200	152,400
Social Services - Internal Services	93,600	140,000	46,000
<b>Transportation:</b>			
Materials Testing	0	0	263,200
Equipment Management	0	0	7,402,300
Admin. Services - Division of Data Processing	2,843,500	6,756,400	2,515,000
Agriculture - Data Processing	22,000	14,400	71,500
Board of Education - Information and Instructional Systems	212,700	359,300	359,300
Corrections - Data Processing	0	56,400	0
Governor - Automated Geographic Reference	159,200	180,000	10,000
Health - Data Processing	11,600	78,000	0
Heber M. Wells Building - Computer Center	658,300	306,200	0
Natural Resources - Data Processing	250,000	130,800	117,100
Public Safety - Data Processing	12,100	16,900	20,000
Social Services - Data Processing	50,000	89,100	0
Transportation - Data Processing	0	0	1,140,500
<b>TOTAL CAPITAL ACQUISITIONS</b>	<b>11,425,200</b>	<b>16,040,000</b>	<b>18,164,700</b>
 <b>SOURCE OF FUNDS FOR CAPITAL ACQUISITIONS:</b>			
General Fund Appropriation	30,600	0	0
New General Fund Borrowing	5,933,400	3,176,700	3,578,300
Trade-in of Assets	240,600	0	0
Working Capital	5,220,600	12,863,300	14,586,400
<b>TOTAL FUNDS FOR CAPITAL ACQUISITIONS</b>	<b>11,425,200</b>	<b>16,040,000</b>	<b>18,164,700</b>

**INTERNAL SERVICE FUNDS  
CHANGES IN GENERAL FUND BORROWING**

	Actual FY 1987	Authorized FY 1988	Recommended FY 1989
<b>YEARLY NET GENERAL FUND BORROWING:</b>			
<b>Administrative Services:</b>			
Central Administration	0	0	0
Central Mailing	(21,700)	(21,600)	(21,700)
Central Printing	(132,300)	(132,300)	(132,300)
Central Stores	(40,000)	(40,000)	(40,000)
Communications	732,000	0	1,081,000
Motor Pool	0	0	0
Facilities Management	0	0	0
Risk Management	0	0	0
Surplus Property	0	0	0
<b>Board of Education:</b>			
Miscellaneous Support Services	0	0	0
Office of Superintendent	0	0	0
Employees Group Insurance	0	0	0
<b>Natural Resources:</b>			
Motor Pool	0	0	0
Warehouse	0	0	0
Social Services - Internal Services	0	0	0
<b>Transportation:</b>			
Materials Testing	0	0	0
Equipment Management	0	0	0
Admin. Services - Division of Data Processing	(3,485,300)	(400,000)	(1,150,000)
Agriculture - Data Processing	0	0	0
<b>Board of Education - Information and</b>			
Instructional Systems	0	0	0
Corrections - Data Processing	0	0	0
Governor - Automated Geographic Reference	0	180,000	(36,000)
Health - Data Processing	0	0	0
Heber M. Wells Building - Computer Center	(96,000)	(96,000)	(96,000)
Natural Resources - Data Processing	298,000	(59,600)	(59,600)
Public Safety - Data Processing	0	0	0
Social Services - Data Processing	0	0	0
Transportation - Data Processing	0	0	0
<b>TOTAL NET GENERAL FUND BORROWING</b>	<b>(2,745,300)</b>	<b>(569,500)</b>	<b>(454,600)</b>
<b>PREVIOUS GENERAL FUND BORROWING</b>	<b>8,890,500</b>	<b>9,164,200</b>	<b>8,594,700</b>
<b>TOTAL GENERAL FUND BORROWING</b>	<b>6,145,200</b>	<b>8,594,700</b>	<b>8,140,100</b>
<b>CHANGE IN GENERAL FUND BORROWING:</b>			
Beginning Balance	8,890,500	9,164,200	8,594,700
New Borrowing	5,981,400	3,176,700	3,578,300
Payments	(8,726,700)	(3,746,200)	(4,032,900)
Ending Balance	<b>6,145,200</b>	<b>8,594,700</b>	<b>8,140,100</b>

**ENTERPRISE FUNDS  
OPERATIONS AND CHANGES IN RETAINED EARNINGS**

	Actual FY 1987	Authorized FY 1988	Recommended FY 1989
<b>EXPENDITURES:</b>			
Alcoholic Beverage Control	64,512,800	65,604,500	67,155,800
Board of Education:			
Blind Industries	766,100	763,800	768,400
Corrections:			
Correctional Industries	4,302,100	5,200,000	5,200,000
Housing Finance Agency	77,713,000	82,163,000	83,500,000
Board of Regents:			
Student Assistance Programs	13,162,700	14,020,000	14,020,000
Higher Education Assistance Authority	1,845,500	1,910,000	1,910,000
Technology Finance Corporation	694,000	1,270,000	1,270,000
Administrative Services:			
Workers' Compensation Fund	89,420,500	72,000,000	80,000,000
<b>TOTAL EXPENDITURES</b>	<b>252,416,700</b>	<b>242,931,300</b>	<b>253,824,200</b>
<b>NET CHANGES TO RETAINED EARNINGS:</b>	<b>383,700</b>	<b>34,558,300</b>	<b>35,306,500</b>
 <b>TOTAL EXPENDITURES AND CHANGES TO RETAINED EARNINGS</b>	 <b>252,800,400</b>	 <b>277,489,600</b>	 <b>289,130,700</b>
 <b>SOURCE OF FUNDS FOR OPERATIONS:</b>			
Sale of Services	196,947,900	204,317,600	213,022,700
Interest on Investments	38,721,100	49,642,000	52,451,000
Gain (loss) on Sale of Assets	0	0	0
Other Sources	17,131,400	23,530,000	23,657,000
<b>TOTAL FUNDS FOR OPERATIONS</b>	<b>252,800,400</b>	<b>277,489,600</b>	<b>289,130,700</b>

**ENTERPRISE FUNDS  
CAPITAL ACQUISITIONS**

	<b>Actual FY 1987</b>	<b>Authorized FY 1988</b>	<b>Recommended FY 1989</b>
<b>CAPITAL ACQUISITIONS:</b>			
Alcoholic Beverage Control	194,100	756,100	202,900
Board of Education:			
Blind Industries	0	0	0
Corrections:			
Correctional Industries	282,700	162,900	122,000
Housing Finance Agency	26,200	0	0
Board of Regents:			
Student Assistance Programs	6,000	0	0
Higher Education Assistance Programs	6,000	0	0
Technology Finance Corporation	2,000	0	0
Administrative Services:			
Workers' Compensation	366,900	153,000	81,200
<b>TOTAL CAPITAL ACQUISITIONS</b>	<b>883,900</b>	<b>1,072,000</b>	<b>406,100</b>
 <b>SOURCE OF FUNDS FOR CAPITAL ACQUISITIONS:</b>			
General Fund Appropriation	0	0	0
New General Fund Borrowing	0	0	0
Trade-in of Assets	0	0	0
Working Capital	883,900	1,072,000	406,100
<b>TOTAL FUNDS FOR CAPITAL ACQUISITIONS</b>	<b>883,900</b>	<b>1,072,000</b>	<b>406,100</b>



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**SUPPLEMENTAL  
APPROPRIATIONS ACT**

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**SUPPLEMENTAL APPROPRIATIONS ACT  
1988  
GENERAL SESSION**

Bill No. \_\_\_\_\_

By \_\_\_\_\_

**AN ACT MAKING APPROPRIATIONS FOR THE FISCAL YEAR ENDING  
JUNE 30, 1988, 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 or reduced from funds indicated in addition to appropriations, if any, made by Senate Bill 250 and House Bill 304, 1987 General Session, for the use and support of certain state departments and agencies and for other purposes as in this act provided.

**BUSINESS, LABOR, AND AGRICULTURE**

Item 1	To Department of Agriculture - General Administration From Early Retirement Savings Account To cover increased responsibilities and workload for two additional full-time equivalent positions.	\$ 72,000
Item 2	To Department of Agriculture - General Administration From Insect Infestation funds appropriated by 1987 Senate Bill 250, Item 45 For Chemical Lab equipment replacement.	5,000
Item 3	To Department of Agriculture - Non-Point Pollution From Insect Infestation funds appropriated by 1987 Senate Bill 250, Item 45 For the Underground Water Program.	29,000
Item 4	To Department of Agriculture - Marketing and Development From Insect Infestation funds appropriated by 1987 Senate Bill 250, Item 45 For Agriculture Resource Development research.	21,000
Item 5	To Department of Agriculture - Agricultural Resource Development Loan From Insect Infestation funds appropriated by 1987 Senate Bill 250, Item 45 For the Loan Fund.	250,000

Item 6	To Department of Financial Institutions From Early Retirement Savings Account To return retirement savings to the Financial Institutions Fund.	40,700
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**COMMUNITY AND ECONOMIC DEVELOPMENT**

Item 7	To Department of Community and Economic Development - Division of Community Development From Early Retirement Savings Account To provide the state's share of operation and maintenance of the Bicentennial Arts Complex.	325,000
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Item 8	To Department of Community and Economic Development - Division of Community Development From Mineral Lease Account From Community Impact Fund To correct error in 1987 Senate Bill 250, Item 80.	(251,500) 251,500
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Item 9	To Utah Technology Finance Corporation From Early Retirement Savings Account To establish a revolving participating loan fund.	500,000
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**CORRECTIONS**

Item 10	To Department of Social Services - Youth Corrections From Early Retirement Savings Account To replace federal Medicaid funds.	2,200,000
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**ELECTED OFFICIALS**

Item 11	To Attorney General From Early Retirement Savings Account To cover attorneys' fees associated with cable TV litigation.	40,800
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Item 12	To Attorney General - Federal Narcotics Discretionary Grant From Federal Funds To allow the Attorney General to implement a Statewide Drug Prosecution Program during fiscal year 1987-88 and fiscal year 1988-89. It is the intent of the legislature that these funds be non-lapsing.	427,612.35
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Item 13	To Governor - Automated Geographic Reference System From Early Retirement Savings Account To continue operations for the remainder of fiscal year 1987-88. It is the intent of the legislature that the Automated Geographic Reference System be	80,000
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allowed to borrow from the General Fund an amount not to exceed \$180,000 to finance capital purchases in fiscal year 1987-88.

Item 14 To Lieutenant Governor - Governor's Commission on Law and Citizenship

It is the intent of the legislature that any unexpended funds appropriated in Item 14 of House Bill 304 (1987 General Session) be non-lapsing. It is further the intent of the legislature that any non-lapsing funds in the Lieutenant Governor's Office for the Governor's Commission on Law and Citizenship (U.S. Constitution Bicentennial) be used to cover the costs of promoting and coordinating Bicentennial programs and activities in the state of Utah through 1991, or as long as funds remain, in support of the national effort to commemorate the U.S. Constitution through that date. It is further the intent of the legislature that the Governor's Commission on Law and Citizenship possess the authority to accept dedicated credits in the form of donations and contributions and to disburse these funds for the same purposes as stated above. Unexpended dedicated credits would also be non-lapsing.

Item 15 To State Treasurer - Unclaimed Property  
From Unclaimed Property Trust Fund 65,600  
To cover costs of auditor training as well as expenses associated with an expanding workload.

**GOVERNMENT OPERATIONS**

Item 16 To Department of Administrative Services -  
Division of Finance  
From Early Retirement Savings Account 295,000  
To cover the costs of the Human Resource Management System.

Item 17 To Department of Administrative Services -  
Division of Finance - Mandated Expenditures -  
Workers' Compensation  
From Early Retirement Savings Account 900,000  
To cover a premium increase.

Item 18 To Department of Administrative Services - Division  
of Finance - Mandated Expenditures -Workers'  
Compensation  
From Early Retirement Savings Account 102,900  
To return retirement savings to the Workers' Compensation Fund.

- Item 19 To Department of Administrative Services - Division of Finance  
 It is the intent of the legislature that the Division of Finance be able to transfer funds from the Budget Reserve Account to the General Fund and/or Uniform School Fund to cover any shortfall therein.
- Item 20 To Department of Administrative Services - Division of Facilities Construction and Management  
 From Budget Reserve Account 19,563,000  
 Schedule of Programs:  
 Medical examiner facility 2,663,000  
 Regional corrections facility - phase one 16,900,000  
 It is the intent of the legislature that any excess contingency funds and any excess General Fund prior to transfer to the Executive Reserve Account be used to further fund phase one of the regional corrections facility.
- Item 21 To Tax Commission  
 It is the intent of the legislature that the Tax Commission be allowed to carry over into fiscal year 1988-89 any unspent funds appropriated by the 1987 legislature for fiscal year 1987-88.

**HEALTH**

- Item 22 To Department of Health - Medical Assistance  
 From Early Retirement Savings Account 197,800  
 To partially cover a shortfall in Medicaid funding due to an unrealized reimbursement.

**HIGHER EDUCATION**

- Item 23  
 It is the intent of the legislature that any funds identified in fiscal year 1987-88 as early retirement savings can be distributed by the Board of Regents to the nine colleges and universities to cover costs for new space, enrollment growth, and mandated cost increases.

**NATURAL RESOURCES**

- Item 24 To Department of Natural Resources - Division of Wildlife Resources  
 From Early Retirement Savings Account 123,900  
 To return retirement savings to the General Fund Restricted - Wildlife Resources Account.

Item 25

It is the intent of the legislature that the Department of Natural Resources, Division of Water Resources be allowed to carry over into fiscal year 1988-89 any unspent funds appropriated by 1987 House Bill 304, Item 112, for the West Desert Pumping Project.

**PUBLIC EDUCATION**

Item 26

It is the intent of the legislature that any funds identified in fiscal year 1987-88 as early retirement savings can be distributed by the Board of Education to cover costs associated with the loss of local property tax revenues, evaluation and assessment of student performance on nationally normed tests and the core curriculum, and for new technology or other productivity measures.

**SOCIAL SERVICES**

Item 27	To Department of Social Services	
	From Early Retirement Savings Account	581,000
	From Mineral Lease Account	1,986,400
	From Division of Mental Health Beginning Balance	775,800
	From Executive Director's Office PACMIS	
	Beginning Balance	729,100
	Schedule of Programs:	
	Division of Assistance Payments	587,800
	Division of Aging and Adult Services	152,200
	Division of Services to the Handicapped	1,118,000
	Division of Family Services	2,214,300
	To cover loss of federal funds.	

**TRANSPORTATION**

Item 28	To Department of Transportation - Engineering Services	
	From Transportation Fund	85,600
	To cover increase in overhead costs of Attorney General services.	

Item 29	To Department of Transportation - Division of Aeronautics	
	From Aeronautics Fund	128,400
	To fund the purchase of an automated weather observation system [\$67,250], tuition payments to Flight Safety International [\$11,150], and the cost of replacing two airplane engines [\$50,000].	

Item 30 To Department of Transportation - Sidewalk Construction

It is the intent of the legislature that the Department of Transportation be authorized to utilize unrestricted fund equity in the Transportation Fund to pay for any sidewalk construction commitments that were outstanding on June 30, 1986.

PLAN OF FINANCING

Budget Reserve Account	\$ 19,563,000.00
Early Retirement Savings Account	5,459,100.00
Mineral Lease Account	1,734,900.00
Beginning Balance	1,504,900.00
Federal Funds	427,612.35
Insect Infestation Fund	305,000.00
Community Impact Fund	251,500.00
Aeronautics Fund	128,400.00
Transportation Fund	85,600.00
Unclaimed Property Trust Fund	65,600.00







