

Executive Budget
Fiscal Year 1990

State of Utah

Norman H. Bangerter

Governor Norman H. Bangerter



STATE OF UTAH
EXECUTIVE BUDGET 1989-90

CONTAINING THE RECOMMENDATIONS OF
GOVERNOR NORMAN H. BANGERTER



DECEMBER 1988

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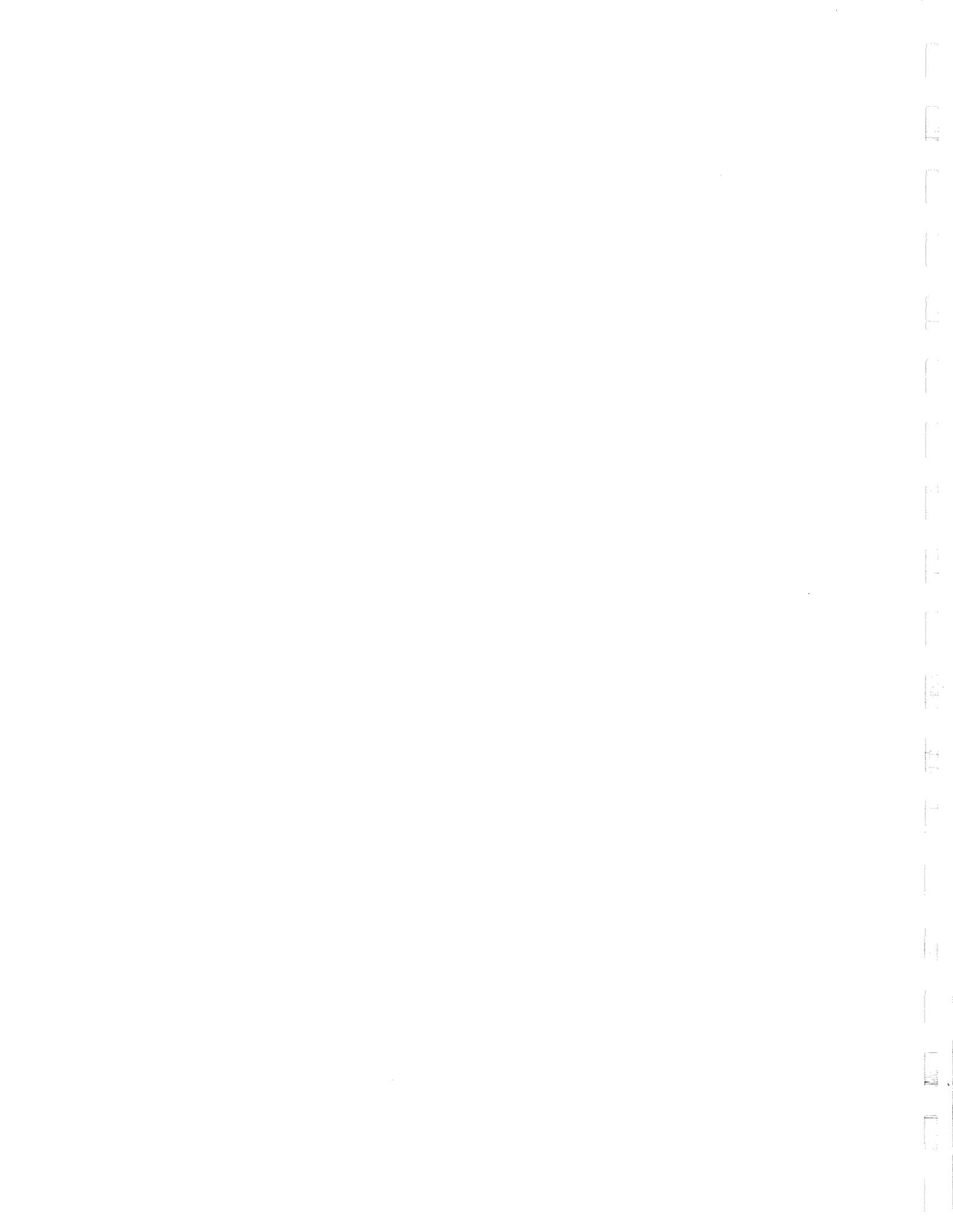
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NORMAN H. BANGERTER
GOVERNOR

STATE OF UTAH
OFFICE OF THE GOVERNOR
SALT LAKE CITY
84114

December 29, 1988

My Fellow Utahns:

My feelings about the budget and the events of the past few months can be summarized under three main headings. Each is a guiding principle of government outlined by Thomas Jefferson in his first inaugural address. They are: 1) decisions based on "a view of the whole ground," 2) "a wise and frugal government," and 3) "a jealous care of the right of election by the people."

DECISIONS BASED ON A VIEW OF THE WHOLE GROUND

Thomas Jefferson wrote: "When right, I shall often be thought wrong by those whose positions will not command a view of the whole ground. I ask your indulgence for my own errors, which will never be intentional, and your support against the errors of others, who may condemn what they would not if seen in all its parts."

As governor, I have made decisions with a view of the whole ground. Each decision has been made with Utah's best interest in mind after considering all related issues and weighing their potential impact on the state.

It is clear that many Utahns have disagreed with some of the decisions I made during the past four years. It is also clear, however, that many voters began to change their views during the recent campaign as they became more aware of the "whole ground" and realized that those were sound decisions. I am proud of the decisions I have made as governor and I pledge to make every effort to make correct choices during the next four years.

A WISE AND FRUGAL GOVERNMENT

As an advocate of wise and frugal government, efficiency has been a top priority in my administration. Adjusting for estimated inflation and population growth, total state spending has been cut over 7.0 percent since I took office; we are currently spending approximately \$100 less per person than we were five years ago.

My 1989-90 budget recommendations are again well below projected growth in inflation and population. This reflects my pledge to continue advocating a frugal yet prudent budget.

A JEALOUS CARE OF THE RIGHT OF ELECTION BY THE PEOPLE

I respect the right of each person to vote and I respect the legitimacy and importance of the initiative process. One of the most important and complex issues ever to face Utahns was on the ballot last November in the form of three tax limitation initiatives. I appreciate all those who educated themselves and voiced their opinions on these initiatives.

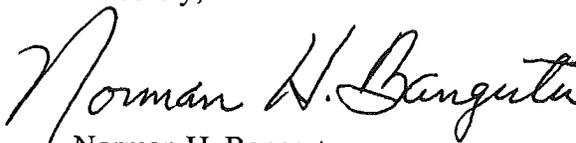
Although I favor the concept of tax limitation, I voted against the initiatives for three main reasons: 1) they went too far; 2) proponents of the initiatives refused to recognize Utah's unique demographic makeup; and 3) the proponents of the initiatives said that major cuts could be made without affecting education or other essential services. This was simply not true.

I have proposed a realistic and reasonable alternative to the tax limitation initiatives: The Bangerter Tax Limitation Plan for Utah's Future. The six main elements of the plan have been incorporated into my 1989-90 budget. They are:

1. Freeze property taxes at current levels
2. Prohibit state spending from growing faster than population and inflation
3. Provide additional property tax relief for those on fixed incomes
4. Limit state bonding to prevent future tax increases
5. Protect the 11.5 percent income tax cut enacted in June, 1988
6. Work to further reduce the state tax burden during the next four years

I am proud to have served as governor during the past four years and as a legislator during the preceding ten years. I now look forward to providing leadership for another four years. I am excited about Utah's future. With an improving economy and increasing revenue, the state's fiscal condition is the best it has been in years. This budget reflects these improving conditions yet is still frugal. I am confident that the legislature will agree as it works through the detailed hearing process and develops a "view of the whole ground." It is a reasonable budget designed to move Utah forward into the 1990s.

Sincerely,



Norman H. Bangerter
Governor of Utah

STATE OF THE STATE

INTRODUCTION

After two very rough years, Utah's economy looks bright. Between 1985 and 1987, the economy experienced a severe slowdown, including major setbacks in the mining and construction industries. Manufacturing also hit hard times. Coinciding with the slow moving economy was an unprecedented number of children entering Utah's public schools. These circumstances posed considerable challenges to the state.

As Utahns look to 1989, there is much room for optimism. First, the economy has made a significant turnaround. Second, the growth rate of Utah's school-age population is dropping to manageable levels; enrollments will begin to decline in 1993. Both of these points are discussed in more detail below.

CURRENT CONDITIONS

Employment Growth

Utah's employment growth is on the rebound. In 1985, Utah's average annual employment growth rate was 3.9 percent. The rate slowed in 1986 to 1.6 percent. It dropped even further in 1987 to 1.0 percent. The main causes of this drop were the temporary closures of Kennecott and Geneva Steel, the drop in oil prices, and the decline in construction. In 1988, the average annual growth rate is expected to be 2.9 percent, a substantial rise from the previous two years. The last few months have shown an even better rate of growth. Between November, 1987, and November, 1988, the employment growth rate rose to a healthy 3.4 percent. (See Figure 1.)

Most of Utah's employment growth continues to be in service industries. Of the 18,300 jobs created in 1988, 9,300 (51 percent) were service-related. Two

other industries also did well in 1988: manufacturing created 5,500 jobs, and trade created 2,900 jobs. Of the eight major industry categories, only construction continues to struggle.

A healthy mix of new businesses and expansion of existing businesses has brought employment back to desirable levels. These openings and expansions include Everex Systems, Western Gear, Pepcon, American Metal Foundry, SPS Technology, Grumman Aerospace, Ute Manufacturing, Shopko, CPS, Great American West, Delta Airlines, McDonnell-Douglas, Eastern Airlines, Stouffer Foods, Lucas Technologies, Sanyo-Icon, and Word Perfect.

Figure 1



Wages and Personal Income

Wages in Utah also show signs of the recovery. In 1988, total nonfarm wages are projected to rise by 5.8 percent as compared to 3.6 percent in 1987. Total personal income is up 5.8 percent and currently exceeds \$20 billion.

Population Growth

On July 1, 1988, Utah's population reached an estimated 1,696,000, a 1.0 percent increase over the 1987 estimate of 1,680,000. This is the second smallest annual increase of the 1980s. The slower growth is a result of eight straight years of decline in natural increase (births minus deaths) and the fifth consecutive year of net out-migration. The state is still growing faster than the national average and, with the improving economy, out-migration will likely shrink.

Demographic Characteristics

Few factors about Utah are as important to understand as its unique demographics. On the average, Utah residents are the youngest in the nation. Currently, the median age in the U.S. is 32.1 years while in Utah it is 25.5. By the year 2000, the U.S. median age will increase to 36.5 while Utah's will rise to 28.7. In other words, Utah's median age is currently 6.6 years less than the national average and will be 7.8 years less in the year 2000.

Utah's comparatively youthful populace can be illustrated by breaking the populations of all states into age groups and examining these groups as a percent of total population. As shown in Table 1, Utah ranks second among the states in the percent of population under the age of 5 and first in the percent of population 5 to 17 years. In contrast, Utah ranks fifty-first in the percent of the population 18 to 64 years of age and fiftieth in the 65 and over category. Having the largest school age population and the smallest working

age population creates some unique challenges for Utah.

PROJECTIONS

Employment

Nonagricultural employment is expected to grow by 16,700 in 1989, an increase of 2.5 percent. This is only slightly less than the 1988 growth rate of 2.9 percent and substantially better than the sluggish years of 1986-87. Between now and the year 2000, total employment is projected to grow at an annual average rate of 2.2 percent. By comparison, national employment growth is expected to grow by only 1.5 percent during the same period.

Employment in Utah reflects a trend toward trade and service industries rather than the historic dependence on mining, heavy industry, and government. Projections indicate that the fastest growing industries in Utah will be:

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

Agriculture and mining will continue to be the slowest growing industries.

Population

Utah's population growth will be slower in the future. During the 1970s, the average annual growth rate was 3.3 percent. Between 1980 and 1988, the rate slowed to 1.8 percent. Between now and the year 2000, Utah is projected to grow by 307,000, an annual rate of 1.4 percent. Utah's demographic makeup will change over the next few decades as well. Utah's school age population will decline from 26 percent to 22 percent of the state's total population.

TABLE 1
RANKING OF THE PERCENT DISTRIBUTION BY AGE OF THE
RESIDENT POPULATION OF STATES AND THE DISTRICT OF COLUMBIA
JULY 1, 1987

Rank	Under 5 Years	Rank	5-17 Years	Rank	18-64 Years	Rank	65 and Over				
1	Alaska	11.4	1	Utah	26.5	1	D.C.	65.9	1	Florida	17.8
2	Utah	10.9	2	Idaho	22.3	2	Virginia	64.7	2	Iowa	14.9
3	New Mexico	9.0	3	Mississippi	22.1	3	Maryland	64.4	3	Pennsylvania	14.8
4	Texas	8.9	4	Wyoming	21.4	4	Nevada	64.3	4	Rhode Island	14.7
5	Wyoming	8.8	5	Alaska	21.2	5	Colorado	64.2	5	Arkansas	14.6
6	Louisiana	8.6	6	Louisiana	20.9	6	Alaska	63.8	6	South Dakota	14.0
7	Arizona	8.5	7	New Mexico	20.8	7	Hawaii	63.5	7	West Virginia	13.9
8	Idaho	8.4	8	Texas	20.7	8	Massachusetts	63.5	8	Nebraska	13.8
9	California	8.3	9	Georgia	20.2	9	New Hampshire	63.4	9	Missouri	13.8
10	Hawaii	8.2	10	Alabama	20.1	10	Delaware	63.3	10	Oregon	13.7
11	North Dakota	8.2	11	South Carolina	20.0	11	New Jersey	63.2	11	Massachusetts	13.7
12	South Dakota	8.2	12	Arkansas	19.9	12	Connecticut	63.1	12	Kansas	13.6
13	Colorado	8.1	13	Kentucky	19.8	13	California	63.0	13	Maine	13.4
14	Mississippi	8.0	14	Montana	19.8	14	North Carolina	62.8	14	Connecticut	13.4
15	Montana	7.9	15	West Virginia	19.7	15	New York	62.6	15	North Dakota	13.3
16	Oklahoma	7.9	16	North Dakota	19.6	16	Vermont	62.5	16	Wisconsin	13.2
17	Kansas	7.8	17	Indiana	19.5	17	Washington	62.5	17	New Jersey	13.0
18	Georgia	7.7	18	Michigan	19.5	18	Georgia	62.1	18	New York	13.0
19	Nevada	7.7	19	South Dakota	19.4	19	Rhode Island	62.1	19	Oklahoma	12.8
20	Nebraska	7.6	20	Oklahoma	19.4	20	Tennessee	61.9	20	Arizona	12.7
21	Minnesota	7.6	21	Ohio	19.1	21	South Carolina	61.8	21	Minnesota	12.6
22	Washington	7.5	22	Tennessee	19.0	22	Michigan	61.7	22	Montana	12.5
23	South Carolina	7.5	23	Wisconsin	19.0	23	Illinois	61.6	23	Ohio	12.5
24	Illinois	7.4	24	Nebraska	18.9	24	Pennsylvania	61.3	24	Tennessee	12.4
25	Wisconsin	7.4	25	Iowa	18.9	25	Indiana	61.3	25	D.C.	12.4
26	D.C.	7.4	26	Illinois	18.8	26	Ohio	61.3	26	Alabama	12.4
27	Maryland	7.3	27	Arizona	18.7	27	Minnesota	61.3	27	Kentucky	12.3
28	Vermont	7.3	28	Minnesota	18.6	28	Oregon	61.1	28	Illinois	12.1
29	Delaware	7.2	29	Maine	18.5	29	Maine	61.1	29	Mississippi	12.1
30	Arkansas	7.2	30	North Carolina	18.5	30	Kentucky	61.0	30	Indiana	12.1
31	Missouri	7.2	31	Kansas	18.4	31	Wyoming	60.9	31	Vermont	11.9
32	Michigan	7.2	32	Vermont	18.4	32	Texas	60.7	32	Washington	11.8
33	Alabama	7.2	33	Missouri	18.4	33	Missouri	60.6	33	North Carolina	11.8
34	New Hampshire	7.2	34	Colorado	18.4	34	Wisconsin	60.5	34	Delaware	11.6
35	Ohio	7.2	35	Washington	18.2	35	New Mexico	60.3	35	Idaho	11.5
36	Virginia	7.1	36	Oregon	18.2	36	Alabama	60.3	36	Michigan	11.5
37	Indiana	7.1	37	Hawaii	18.2	37	West Virginia	60.3	37	New Hampshire	11.5
38	New York	7.0	38	California	18.1	38	Kansas	60.1	38	Louisiana	10.8
39	Maine	7.0	39	New Hampshire	17.9	39	Arizona	60.1	39	Maryland	10.7
40	Oregon	7.0	40	Delaware	17.9	40	Oklahoma	59.9	40	South Carolina	10.7
41	Kentucky	6.9	41	Virginia	17.6	41	Montana	59.8	41	California	10.6
42	Iowa	6.9	42	New York	17.5	42	Louisiana	59.8	42	Virginia	10.6
43	North Carolina	6.8	43	Maryland	17.5	43	Florida	59.7	43	Nevada	10.5
44	Tennessee	6.8	44	Nevada	17.4	44	Nebraska	59.6	44	Hawaii	10.1
45	Florida	6.8	45	Pennsylvania	17.3	45	Iowa	59.3	45	Georgia	10.0
46	New Jersey	6.7	46	New Jersey	17.2	46	North Dakota	58.8	46	New Mexico	10.0
47	Connecticut	6.7	47	Connecticut	16.9	47	Arkansas	58.3	47	Texas	9.7
48	Massachusetts	6.6	48	Rhode Island	16.7	48	South Dakota	58.3	48	Colorado	9.2
49	Rhode Island	6.6	49	Massachusetts	16.2	49	Idaho	57.8	49	Wyoming	8.9
50	Pennsylvania	6.6	50	Florida	15.7	50	Mississippi	57.7	50	Utah	8.2
51	West Virginia	6.2	51	D.C.	14.4	51	Utah	54.4	51	Alaska	3.6
	U.S. Average	7.5		U.S. Average	18.6		U.S. Average	61.6		U.S. Average	12.3

Source: U.S. Bureau of the Census, Current Population Reports, P-25, No. 1024.

Working age adults (18-64) will increase from 55 percent to 59 percent. As a result of these demographic changes, Utah's school age dependency ratio (see Figure 2) will drop from 48 school age children per 100 working age adults in 1990 to 38 school age children per 100 adults in the year 2000. This should relieve some of the pressure public education has placed on state resources. Utah's per capita income, which now ranks 48th in the nation, will rise simply because a greater percentage of our population will be working rather than attending school.

UTAH'S FUTURE AND TODAY'S DECISIONS

In order to get a perspective of Utah in the 1990s, it is helpful to look at what Utahns have experienced during the 1970s and 1980s.

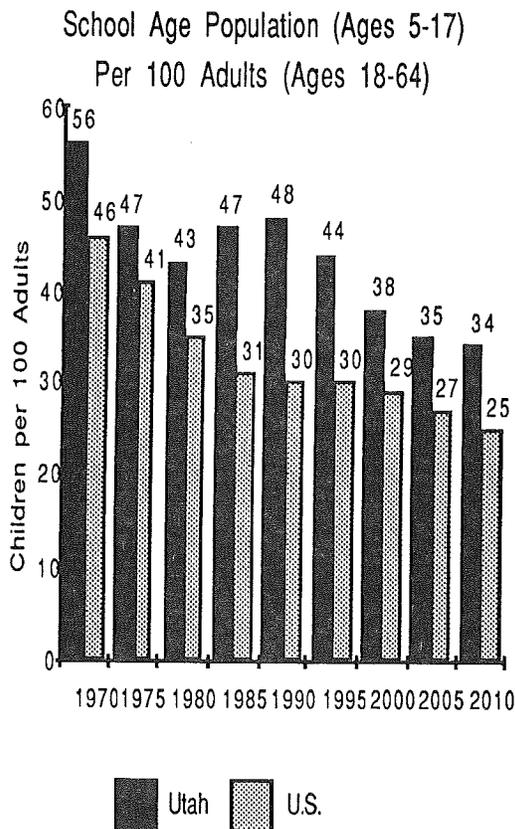
Utah in the 1970s

During the 1970s, the energy shortage, rising commodity prices, and escalating land values caused inflation to skyrocket. Such forces had a significant impact on the state. Because of the demand for oil and other energy-related minerals abundant in Utah, the state experienced a major energy boom and net in-migration. This, in turn, led to a construction boom and increases in land values. The construction industry was expanded further by the building of the Intermountain Power Project. Wealth was increased significantly by extracting natural resources and building power plants.

Utah in the 1980s

The 1980s has been much different. The decade began with a severe national recession. Internationally, commodity prices started falling and the dollar became stronger on international exchange markets. These forces hurt U.S. exports. In Utah, Kennecott (now B.P. Minerals) and Geneva Steel closed, the oil industry went into a virtual depression, and construction of the Intermountain Power Project was completed. These events caused a great disturbance in the state's economy. Utah has weathered this economic storm and is on the rebound, but questions about the state's economic future remain. Where should Utah look to create wealth in the future?

Figure 2



Source: U.S. Bureau of the Census and Utah State Office of Planning and Budget

Utah in the 1990s and Beyond

Although no one can predict the future, some basic assumptions must be drawn in order to plan properly. It does not seem likely that energy (synthetic fuels in particular and raw materials in general) will be a growing source of wealth in the 1990s. Neither does it seem that Utah's steel and copper industries will grow substantially, although they are competitively back in business. Nor is it reasonable to assume that additional power plants will be built in the near future.

If Utah is to grow and prosper, it must look to its human resources as well as its natural resources. The young labor force is a great asset for further economic growth. Between now and the year 2000, our civilian work force will grow by 33 percent while the national work force will grow by only 16 percent. Labor shortages are already occurring in parts of the U.S. If Utah can tie a high quality education to its rapidly growing work force, the state will become very attractive to industries both in and out of state.

The world has marveled at how Japan has recovered from the devastation of World War II. In less than forty years, this small island nation with few natural resources has become an economic giant. Most scholars agree that it has done so through a highly educated and dedicated work force. Instead of exporting raw materials, Japan imports raw materials and exports high quality finished goods.

Utah has a similar opportunity. It has a fast growing population and its culture places great emphasis on family values, education, and a strong work ethic. If the state continues to improve its educational system, the growing work force will make Utah more attractive to businesses and industries across the nation. Equally important is a good infrastructure and a free market environment. The latter is especially important for enhancing business enterprise. Governor Bangerter has made a commitment to work for a better Utah by: 1) improving a good educational system through sound reform, 2) providing a quality infrastructure, and 3) enhancing Utah's entrepreneurial environment. Utah's has a bright future if we unite to accomplish these goals.

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GOVERNOR'S BUDGET RECOMMENDATIONS

FOREWORD

Utah's fiscal condition is the best it has been in recent years. The economy is improving and revenue is increasing. A recent Arizona State University study ranked Utah seventeenth in the nation and second in the intermountain area for job creation during the first eight months of 1988. Over 17,000 new jobs were created while several surrounding states experienced a net loss in jobs during the same period.

Utah has done even better since the study was completed. There has been a net increase of over 21,000 jobs since November, 1987, and the job growth rate of 3.4 percent is double the rate of a year ago. The unemployment rate of 4.8 percent is a full percentage point lower than in November, 1987, and is below the national average of 5.6 percent.

The healthy economy permits budgetary recommendations which were not possible during the past few years of tight budgets and reduced expenditures.

TAXES

Governor Bangerter recommends a tax reduction of \$19 million. He will have a specific recommendation on which tax to reduce during the legislative session. One method would be to permit a reduction of 2 mills in the state-mandated property tax for public education. Such a reduction would also solve equity issues connected with the previous transfer of 2 mills from the capital levy. The lost property tax revenue would be replaced by state funds so that public education would not be harmed.

Other possibilities include: 1) raising the deductibility of federal taxes from one-

third to one-half on state income tax returns, 2) reducing income tax rates by approximately 2.5 percent, and 3) reducing either sales tax in general or sales tax just on food.

The governor's recommendation for a tax reduction comes shortly after the largest tax decrease in Utah history. In June, 1988, the legislature adopted Governor Bangerter's recommendation to permanently cut income taxes by over \$70 million. Tax rates were cut by 5 percent and the deduction was restored for one-third of federal income taxes. In addition, rebate checks totalling nearly \$80 million were issued.

Although the tax limitation initiatives on the November ballot were soundly defeated, taxpayers want assurance that government officials will be wise and frugal and that taxes will be kept within reasonable limits.

Governor Bangerter is committed to a reasonable tax limitation plan. He has formed a committee to recommend limitations on state expenditures and a workable freeze on property taxes. Although tax limitation legislation is complex, a concerted effort should produce reasonable legislation during the upcoming general legislative session. If the committee cannot complete its work by then, the governor will recommend a freeze on property taxes until appropriate legislation can be submitted in a special session.

1989-90 RECOMMENDATIONS

Governor Bangerter recommends a total budget of \$2.93 billion, an increase of \$21 million or 0.7 percent above the authorized FY 1988-89 level. This is a decrease of 4.6 percent after adjusting for inflation and population growth.

The governor recommends that funding from the General and Uniform School Funds be increased to \$1.48 billion, an \$8 million or 0.6 percent increase over the previous year.

When one-time expenses are removed from the FY 1988-89 General Fund/Uniform School Fund budget, Governor Bangerter's recommendation includes an increase of \$71 million in the operating budget. It is recommended that this increase be allocated as follows:

Department	Millions
Public Education	\$ 30
Higher Education	11
Social Services/Health	14
Courts	6
Corrections	4
Other	6
Total	\$71

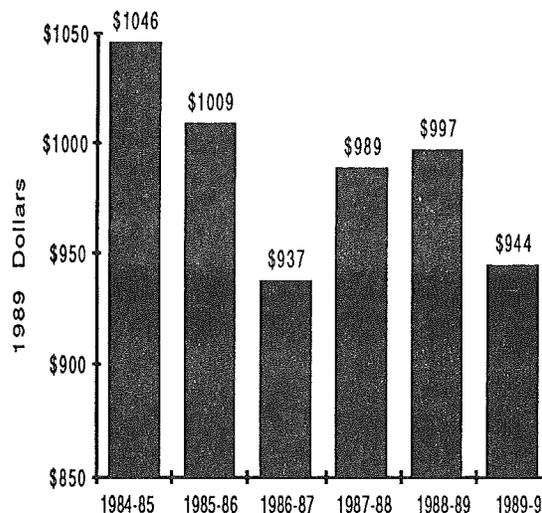
Despite recommended increases, the budget is well within Governor Bangerter's goal of keeping state budget increases below growth in population and inflation. State budget funds consist of the General, Uniform School, and Transportation Funds, and the Mineral Lease Account. When Governor Bangerter took office, state appropriations were \$1.516 billion. Recommended FY 1989-90 appropriations from these funds total \$1.712 billion, an increase of \$196 million. After adjusting for inflation and population growth, this recommendation is a decrease of 9.8 percent or \$102 per person. (See Figure 1.)

The governor's emphasis on efficiency is evident when comparing expenditure growth rates. During the period between fiscal years 1965 and 1977, total state expenditures increased an average of 10.88 percent annually. During the 1977-85 period, expenditures increased an average of 11.74 percent annually. Total expenditures during Governor Bangerter's tenure (1985-90) are estimated to increase an average of only 3.04 percent annually. (See Figure 2.)

Between fiscal years 1965 and 1977, total yearly expenditure growth averaged 2.49 percent above inflation and population growth. Between fiscal years 1977 and 1985, the average was 1.88 percent.

Figure 1

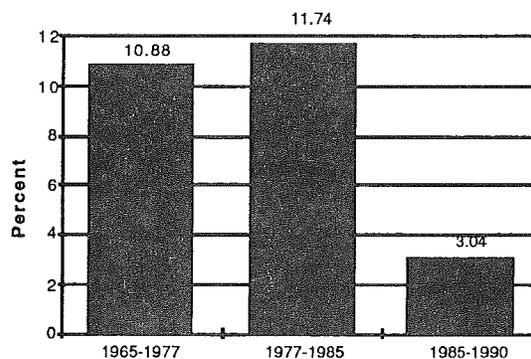
REAL PER CAPITA EXPENDITURES



Fiscal Years 1985, 1986, 1987, and 1988 are actual expenditures; FY 1989 is authorized; FY 1990 is recommended. 1985 is the base year.

Figure 2

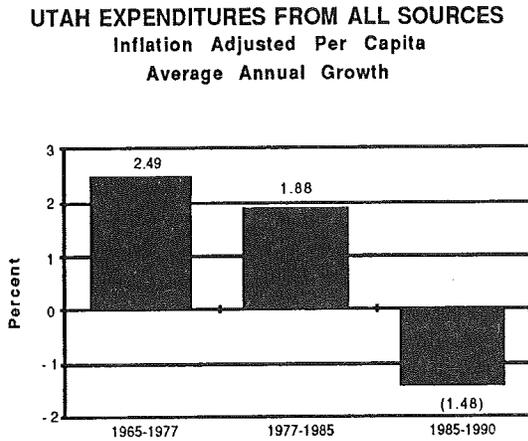
UTAH EXPENDITURES FROM ALL SOURCES
Average Annual Growth



1965, 1977, and 1985 are used as base fiscal years.

Total yearly expenditures are estimated to decline an average of 1.48 percent per year during Governor Bangerter's administration (1985-90). (See Figure 3.)

Figure 3



1965, 1977, and 1985 are used as base fiscal years.

Since fiscal year 1984-85, the private sector has grown faster than state government. During FY 1984-85, state-funded appropriations were 8.9 percent of state personal income. Appropriations for FY 1989-90 are projected to be 7.8 percent of state personal income.

The data processing area is an example of increased efficiency in government. Several significant rate decreases have occurred over the past few years. A 15 percent reduction in central processing rates was implemented in September, 1988. An additional 20 percent rate reduction is recommended, effective July, 1989.

EDUCATION

Education continues to be Governor Bangerter's highest priority. During FY 1984-85, education received 59.8 percent of the state budget. Public Education received 42.1 percent and Higher

Education received 17.7 percent. For FY 1989-90, Governor Bangerter recommends that education receive 67.1 percent of the state General/Uniform School Fund budget (48.8 percent for Public Education and 18.3 percent for Higher Education).

Comparison of budget increases also demonstrates Governor Bangerter's emphasis on education. Education accounts for all of the state budget increase since the governor took office. The state-funded budget for education has grown \$213 million (an average increase of over \$42 million per year) while the total state budget has grown only \$180 million. In other words, non-education appropriations have decreased \$32 million since FY 1984-85, while education appropriations have increased \$213 million. (See Figure 4.)

Figure 4

	1984-85	1989-90	Inc. (Dec)
Public Ed.	\$549	\$722	\$173
Higher Ed.	230	270	40
Other	521	489	(32)
Total	\$1,300	\$1,480	\$ 180

Appropriation in Millions of Dollars
(General/Uniform School Funds)

PUBLIC EDUCATION

Recommended state funding for Public Education includes an increase of \$30 million. Local property tax growth provides an additional \$8 million. This \$38 million increase in state and local funding will provide for student enrollment growth and a 3.0 percent salary increase for teachers.

Despite the recommended \$38 million funding increase, budgetary challenges remain. Health insurance rate increases costing nearly \$15 million have not been fully funded. Those increases, as well as other inflationary cost increases, must be met within recommended funding levels.

Governor Bangerter recommends additional funding for small schools, regional service centers, and program assessment.

The governor believes that block grants lead to a better education for Utah's children. He continues to support a system of block grant funding for school districts. Local districts implementing the program on a trial basis have greater autonomy in formulating education programs.

In order to maintain necessary funding, Governor Bangerter recommends that the temporary shift of the Local Two-mill Program be permanently incorporated into the basic school levy. Although the shift causes some inequity among districts, the inequity can be resolved if the governor's proposed \$19 million tax cut is implemented in the form of a property tax reduction of two mills.

HIGHER EDUCATION

Governor Bangerter recommends an \$11 million increase for Higher Education and endorses the Board of Regents' decision to increase college and university tuition. The average 8 percent tuition increase will generate over \$7 million. The total \$18 million increase will fund: 1) 50 percent of enrollment growth and reimbursed overhead reallocation, 2) a 3.0 percent salary increase for teachers, 3) additional money for nursing, engineering, and vocational programs, and 4) operation and maintenance of newly completed buildings.

ECONOMIC DEVELOPMENT

Governor Bangerter recommends continuing last year's funding level for the

Department of Community and Economic Development, including \$4 million for the Centers of Excellence Program. The program created twelve applied research centers and \$106 million in new research during FY 1987-88.

The governor recommends an appropriation of \$500,000 for the Utah Technology Finance Corporation. The governor also recommends a supplemental appropriation for the current year of \$1 million to provide funding for 20 meritorious companies.

Also recommended is over \$1 million in supplemental appropriations for critical needs housing, the Bicentennial Arts Complex, and other department programs.

The state has acted aggressively to increase jobs by helping Utah companies expand and prosper, and by attracting new businesses to the state. During FY 1987-88, economic development programs assisted in: 1) retaining and creating 700 jobs with an \$8.6 million payroll at existing companies, 2) recruiting 15 new companies which provided 2,200 jobs with a \$42.5 million payroll, and 3) bringing 1.1 million tourists to Utah.

HEALTH AND SOCIAL SERVICES

Federal decisions have a great impact on the departments of Health and Social Services. Governor Bangerter recommends nearly \$10 million in new state money to maintain existing Medicaid programs and to comply with federal mandates. In addition, the governor recommends a 3.0 percent increase in the grant level for public assistance recipients.

Governor Bangerter recommends a total budget of \$311.1 million for the Department of Health, an 8.5 percent increase over FY 1988-89. This includes a \$7.8 million increase in state funding, an increase of 11.6 percent.

The governor also recommends a total budget of \$274.0 million for the Department of Social Services, an increase of 1.8 percent. The state funded portion is \$105.8 million, an increase of \$4.9 million or 4.9 percent.

CRIMINAL JUSTICE

Between 1980 and 1986, the population at the Utah State prison nearly doubled, increasing from 916 to 1,814 inmates. This year, the population exceeds the designed space capacity for 2,002 beds. The governor recommends a total budget of \$79.2 million for Corrections, including \$1 million for payment of overtime mandated by the federal government and \$1.2 million in start-up costs to open two new facilities. The first phase of a new regional prison at Gunnison is expected to be completed by July, 1990. It will cost approximately \$12 million per year to operate. A new ten-bed Youth Correction facility will be completed by January, 1990, with a yearly operating cost of nearly \$500,000. The recommendation for Corrections is an increase of \$4.1 million in state funds.

Governor Bangerter recommends a total budget of \$41.3 million for state courts, a 20.2 percent overall increase over FY 1988-89, and a 17.3 percent increase in General Fund monies. The majority of the increase (\$4.1 million) is to provide full year funding for the District Court Act which transferred responsibility for district courts to the state.

The governor recommends that either local justices of the peace share highway patrol ticket revenue with the state or that the surcharge on fines be increased. This latter alternative was contemplated last year in the district court transfer proposal. This increased revenue would permit salary adjustments for attorneys in the Attorney General's Office, payment of juror and witness fees, and jail reimbursements to local governments.

COMPENSATION

Governor Bangerter recommends a salary increase of 3.0 percent for teachers and state employees. He also recommends a 3.0 percent increase in grant levels for public assistance recipients.

The Executive and Judicial Compensation Commission (EJCC) had not published its final salary proposal for judges and elected officials when the governor's recommendations were made. Funding based on preliminary information has, however, been included in the budget. The governor will make a final recommendation after he has had a chance to study the published EJCC report.

CAPITAL BUDGET

Governor Bangerter recommends a General Fund appropriation of \$10 million for maintenance of existing capital facilities. He also recommends a supplemental appropriation of \$1.75 million for capital maintenance and further asbestos abatement in the State Office Building.

At the beginning of his first term, Governor Bangerter analyzed Utah's capital needs and established a capital development program to adequately address those needs. The program called for yearly expenditures of approximately \$40 million.

Governor Bangerter has reassessed the state's capital needs and has determined that annual expenditures of about \$50 million will be necessary over the next four years. The governor recommends a \$50 million bond to: 1) complete phase I of the new regional prison, 2) construct a new circuit court facility, and 3) renovate several higher education buildings statewide. Although the governor supports the recommendations of the Building Board, he wants to review several items on the board's list.

The governor recommends \$287,700 for planning capital projects totalling \$51 million. (See the Capital Budget section for the recommended capital development and planning lists.)

Governor Bangerter supports a total federal highway construction budget of \$126.6 million. Funding for highway maintenance and rehabilitation has increased during the past two years. Consequently, road surface conditions are expected to show improvement this fiscal year. The governor recommends an additional increase of \$5.2 million.

To provide additional funding for transportation, Governor Bangerter recommends that transfers from the Transportation Fund to the Highway Patrol be reduced by \$5 million and replaced with General Fund monies. Local governments will receive 25 percent of the transfer reduction for their road programs.

Governor Bangerter supports construction of a West Valley Highway to improve traffic flow in the Salt Lake Valley. He recommends that \$12 million of the state's anticipated FY 1988-89 surplus be set aside for initial construction. Design and engineering expenses can be paid from the \$5 million in reduced transfers. Local governments affected by the proposed West Valley Highway are expected to help fund the project.

The governor supports a \$7 million supplemental appropriation for water development projects.

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

SUPPLEMENTALS

An improved economy has resulted in a projected FY 1988-89 surplus of over \$14 million. Settlement of a mineral lease case

has provided over \$15 million in unallocated funds, and savings by various agencies have increased unallocated funds to over \$35 million.

Governor Bangerter recommends that these unallocated funds be used for critical one-time items. Supplementals are to provide funding for a West Valley Highway (\$12 million) and water development projects (\$7 million). Other recommendations include (in millions):

Capital budget items	\$2.4
Social Services	1.2
Natural Resources	2.7
Higher Education	1.5
Economic Development	2.1
Business, Labor, and Agriculture	1.7

In addition, Governor Bangerter has reserved \$3 million to assist with asbestos abatement in public school buildings. Local school district plans and more information about the asbestos problem are needed before the governor can recommend an appropriation of state funds.

Governor Bangerter's recommendations leave approximately \$11 million in the state's rainy day fund. The supplemental recommendations are detailed at the end of this document.

OTHER NEEDS

Other unfunded requests deserve consideration if revenue projections improve before the legislature adjourns in late February. Some of these unfunded requests include, but are not limited to:

- Wasatch Supertunnel Project
- Ski Interconnect Project
- Supercomputer center participation
- Sanity exam costs
- Full funding of the medical assistance program (UMAP)
- Increased vaccine costs
- Additional compensation for teachers and state employees
- Health insurance premium increases

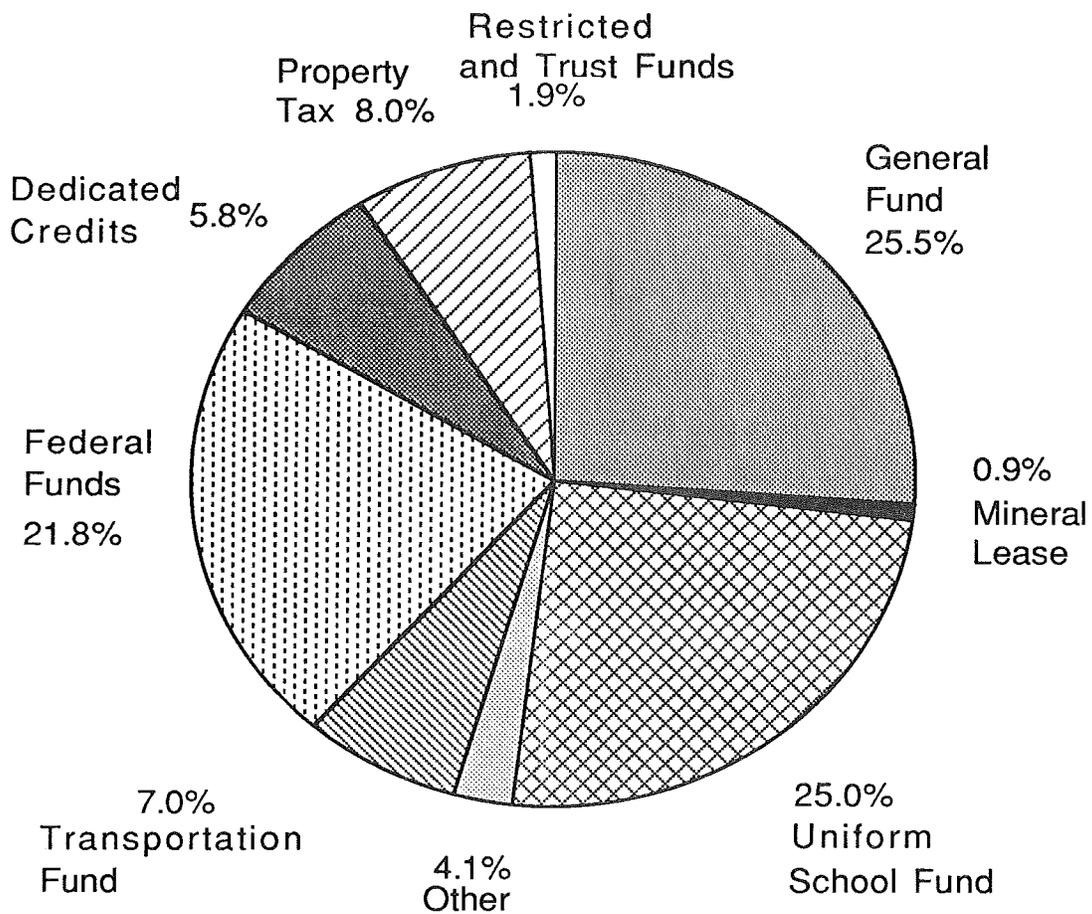
SUMMARY

The FY 1989-90 budget continues to emphasize education and economic development. It reflects Governor Bangerter's commitment to frugal yet prudent budgets and provides tax relief while meeting Utah's most important needs.

Tables I, II, and III present Governor Bangerter's FY 1989-90 fiscal plan for the General, Uniform School, and Transportation Funds. Tables IV through VIII further summarize the governor's recommendations. Detailed recommendations for all sections of the budget are available from the Office of Planning and Budget.

Figure 5

RECOMMENDED REVENUE SOURCES FOR FY 1989-90



The majority of the General Fund consists of sales and use taxes. Income tax makes up most of the Uniform School Fund.

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TABLE I
STATE FISCAL PLAN
General Fund/Uniform School Fund
(In Thousands of Dollars)

	Actual 1987-88	Revised 1988-89	Percent Change	Recommended 1989-90	Percent Change
Expenditures					
Operating Budget	1,318,177	1,343,993	1.96	1,407,542	4.73
Capital Budget	13,998	43,320	209.47	10,724	(75.24)
Debt Service	51,129	59,147	15.68	61,343	3.71
State Insurance Fund	1,027	0	(100.00)	0	0.00
Thrift Settlement	0	25,000	0.00	0	(100.00)
Total Appropriations	1,384,331	1,471,460	6.29	1,479,609	0.55
Early Retirement Transfer	(3,849)	0	0.00	0	0.00
Lapsing Balances	(5,822)	0	0.00	0	0.00
Recommended Supplementals	0	14,212	0.00	0	0.00
TOTAL EXPENDITURES	1,374,660	1,485,672	8.08	1,479,609	(0.41)
Revenues					
Beginning Balance	29,207	9,723	(66.71)	0	(100.00)
General Fund	758,121	797,400	5.18	801,800	0.55
Uniform School Fund	703,045	658,500	(6.34)	692,000	5.09
Transfers	(6,133)	0	0.00	0	0.00
Recommended Tax Reduction	0	0	0.00	(19,000)	0.00
Circuit Breaker Increase	0	0	0.00	(1,000)	0.00
Sales Tax Transfer to Local Gvt	0	0	0.00	(7,000)	0.00
TOTAL REVENUES	1,484,240	1,465,623	(1.25)	1,466,800	0.08
SURPLUS					
Budget Reserve Transfer	(22,857)	20,049	(187.71)	12,809	(36.11)
Income Tax Refund	(77,000)	0	(100.00)	0	0.00
ENDING BALANCE	9,723	0	(100.00)	0	(100.00)

TABLE II
STATE FISCAL PLAN
Transportation Fund

	Actual FY 1987-88	Authorized FY 1988-89	Recommended FY 1989-90
Revenue Available			
Motor Fuel Tax	129,370,000	130,700,000	131,300,000
Special Fuel Tax	27,554,000	29,500,000	30,900,000
License Fees and Permits	35,524,000	36,200,000	36,800,000
General Fund	942,000	943,600	943,600
Federal Funds	149,710,500	193,668,300	146,090,700
Department Collections	5,829,400	2,522,000	2,528,800
Aeronautics	6,519,100	5,861,200	6,004,200
Mineral Lease	2,000,000	4,233,900	4,584,900
Miscellaneous	(497,100)	1,086,700	1,108,900
Total Revenue Available	356,951,900	404,715,700	360,261,100
Total Expenditures			
Operating Budget	117,384,500	120,179,900	122,261,200
Capital Budget	192,617,600	250,322,400	214,992,300
Other Expenditures	33,290,800	38,573,400	28,033,800
Total Expenditures	343,292,900	409,075,700	365,287,300
Increase(Decrease)	13,659,000	(4,360,000)	(5,026,200)
Ending Balance Analysis			
Beginning Balance	6,244,000	15,948,000	9,030,700
Increase(Decrease)	13,659,000	(4,360,000)	(5,026,200)
Equity Transfer	(3,955,000)	(2,557,300)	0
Ending Total Balance	15,948,000	9,030,700	4,004,500
Restricted Balance			
Resource Development	837,600	0	0
Aeronautics	1,517,000	1,517,000	1,517,000
Other	31,000	0	0
Total	2,385,600	1,517,000	1,517,000
Unrestricted Balance	13,562,400	7,513,700	2,487,500

TABLE III

TRANSPORTATION FUND APPROPRIATION
Operating and Capital Budgets and Transfers

	Actual FY 87-88	Authorized FY 88-89	Recommended FY 89-90
Operating Budget			
Support Services	6,892,800	8,146,500	12,213,500
Engineering Services	17,707,100	18,021,700	14,929,700
Construction Management	15,433,600	15,386,400	15,728,700
District Management	8,867,300	9,473,000	9,650,300
Equipment Management	497,100	672,500	687,400
Maintenance	49,738,400	52,288,900	52,720,600
Aeronautics	18,248,200	16,190,900	16,331,500
Operating Subtotal	117,384,500	120,179,900	122,261,700
Capital Budget			
Sidewalk Construction	497,700	1,337,600	500,000
B and C Roads	40,394,900	41,492,800	43,067,800
Federal Construction	130,790,800	168,250,000	126,624,600
State Construction	0	13,079,500	18,700,000
Highway Rehabilitation	18,995,000	21,928,600	21,515,000
Finance Clearing	(60,800)	0	0
Mineral Lease	2,000,000	2,000,000	4,000,000
Payment In Lieu of Taxes	0	233,900	584,900
Burr Trail	0	2,000,000	0
Capital Subtotal	192,617,600	250,322,400	214,992,300
Transfers			
Community and Economic Development	118,000	118,000	118,000
Government Operations	6,908,700	6,389,100	6,433,400
Public Safety	24,085,700	25,013,100	19,902,800
Facilities Construction and Management	93,800	3,053,200	1,579,600
Mandated Expense	268,400	0	0
Early Retirement	1,816,200	0	0
Debt Service		4,000,000	0
Other Subtotal	33,290,800	38,573,400	28,033,800
Total Expenditures	343,292,900	409,075,700	365,287,800
Plan of Financing			
General Fund	942,000	943,600	943,600
Transportation Fund	206,646,500	203,429,200	205,079,700
Federal Fund	149,710,500	193,668,300	146,090,700
Dedicated Credits	5,829,400	2,522,000	2,528,800
Transfers	(6,166,900)	(2,465,100)	0
Beginning Non-lapsing Funds	847,500	837,600	0
Closing Non-lapsing Funds	(837,600)	0	0
Lapsing Funds	(22,156,300)	0	0
Aeronautics	6,519,100	5,861,200	6,004,200
Mineral Lease	2,000,000	4,233,900	4,584,900
Other	(41,300)	45,000	55,900
Total Revenue	343,292,900	409,075,700	365,287,800

TABLE IV
STATE OF UTAH
SUMMARY OF RECOMMENDATIONS
General Fund/Uniform School Fund

	Actual 1987-88	Authorized 1988-89	Recommended 1989-90	Percent Change	Dollar Change
Business, Labor, and Agriculture	15,200,600	15,499,800	15,872,600	2.4	372,800
Community and Economic Development	20,223,100	18,286,100	18,475,800	1.0	189,700
Corrections	67,191,900	69,358,800	73,450,700	5.9	4,091,900
Courts	28,487,700	34,275,100	40,208,500	17.3	5,933,400
Elected Officials	9,984,300	9,854,700	10,090,600	2.4	235,900
Government Operations	37,839,900	34,323,600	34,360,600	0.1	37,000
Health	66,063,000	67,752,000	75,584,700	11.6	7,832,700
Higher Education	257,218,300	259,613,700	270,418,700	4.2	10,805,000
One-time appropriation	0	3,000,000	0	(100.0)	(3,000,000)
Legislature	5,642,700	5,967,800	6,059,600	1.5	91,800
National Guard	1,630,000	1,661,500	1,809,100	8.9	147,600
Natural Resources	21,481,600	20,054,100	19,970,800	(0.4)	(83,300)
Public Education	675,099,300	691,623,100	721,563,700	4.3	29,940,600
One-time appropriation	3,000,000	4,000,000	0	(100.0)	(4,000,000)
Public Safety	7,294,000	6,943,800	12,954,600	86.6	6,010,800
Social Services	100,878,500	100,835,500	105,778,100	4.9	4,942,600
Transportation	942,000	943,600	943,600	0.0	0
Operations Budget	1,318,176,900	1,343,993,200	1,407,541,700	4.7	63,548,500
Capital Budget	13,998,200	43,319,500	10,723,700	(75.2)	(32,595,800)
Debt Service	51,129,200	59,147,000	61,343,100	3.7	2,196,100
Thrift Settlement	0	25,000,000	0	(100.0)	(25,000,000)
State Insurance Fund	1,027,300	0	0	0.0	0
TOTAL	1,384,331,600	1,471,459,700	1,479,608,500	0.6	8,148,800

TABLE V
STATE OF UTAH
SUMMARY OF RECOMMENDATIONS
Expenditures from All Sources

	Actual 1987-88	Authorized 1988-89	Recommended 1989-90	Percent Change	Dollar Change
Business, Labor, and Agriculture	60,259,800	60,806,200	60,450,500	(0.6)	(355,700)
Community and Economic Development	45,170,100	52,112,400	47,709,600	(8.4)	(4,402,800)
Corrections	69,311,100	74,738,100	79,186,600	6.0	4,448,500
Courts	28,676,600	34,346,400	41,293,500	20.2	6,947,100
Elected Officials	16,877,800	17,334,400	17,878,600	3.1	544,200
Government Operations	59,299,200	61,499,100	60,925,600	(0.9)	(573,500)
Health	281,106,300	286,768,500	311,066,800	8.5	24,298,300
Higher Education	338,524,000	349,706,600	365,881,400	4.6	16,174,800
One-time appropriation	0	3,000,000	0	(100.0)	(3,000,000)
Legislature	5,583,300	6,531,300	6,551,700	0.3	20,400
National Guard	3,272,000	2,998,600	3,272,700	9.1	274,100
Natural Resources	53,610,200	64,610,700	59,118,900	(8.5)	(5,491,800)
Public Education	1,007,959,300	1,031,722,600	1,066,400,900	3.4	34,678,300
One-time appropriation	3,000,000	4,000,000	0	(100.0)	(4,000,000)
Public Safety	39,427,100	40,397,700	39,206,500	(2.9)	(1,191,200)
Social Services	260,036,300	269,127,100	274,032,800	1.8	4,905,700
Transportation	117,384,500	120,179,900	122,261,700	1.7	2,081,800
Operations Budget	2,389,497,600	2,479,879,600	2,555,237,800	3.0	75,358,200
Capital Budget	296,548,300	341,875,400	312,620,600	(8.6)	(29,254,800)
Debt Service	53,413,000	65,066,800	64,676,900	(0.6)	(389,900)
Thrift Settlement	0	25,000,000	0	(100.0)	(25,000,000)
State Insurance Fund	1,027,300	0	0	0.0	0
TOTAL	2,740,486,200	2,911,821,800	2,932,535,300	0.7	20,713,500

TABLE VI
STATE OF UTAH
Summary of Recommendations

	General Fund	Uniform School Fund	Transportation Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted and Trust Funds	Other	Property Tax	Total
Business, Labor, and Ag.										
Actual 87-88	15,200,600	0	0	31,932,400	3,211,900	0	11,709,900	(1,795,000)	0	60,259,800
Authorized 88-89	15,499,800	0	0	29,681,900	2,900,500	0	11,539,400	1,184,600	0	60,806,200
Recommended 89-90	15,872,600	0	0	28,895,300	2,890,900	0	11,713,200	1,078,500	0	60,450,500
Community and Economic Dev.										
Actual 87-88	20,223,100	0	118,000	21,132,800	3,210,100	0	437,500	48,600	0	45,170,100
Authorized 88-89	18,286,100	0	118,000	20,254,500	3,193,400	0	473,700	9,786,700	0	52,112,400
Recommended 89-90	18,475,800	0	118,000	25,412,500	3,122,400	0	480,900	100,000	0	47,709,600
Corrections										
Actual 87-88	67,191,900	0	0	112,000	3,757,000	0	88,000	(1,837,800)	0	69,311,100
Authorized 88-89	69,358,800	0	0	50,000	4,225,600	0	88,000	1,015,700	0	74,738,100
Recommended 89-90	73,450,700	0	0	25,000	4,612,500	0	640,600	457,800	0	79,186,600
Courts										
Actual 87-88	28,487,700	0	0	124,100	23,300	0	0	41,500	0	28,676,600
Authorized 88-89	34,275,100	0	0	46,000	11,100	0	0	14,200	0	34,346,400
Recommended 89-90	40,208,500	0	0	0	15,300	0	1,069,700	0	0	41,293,500
Elected Officials										
Actual 87-88	9,984,300	0	0	2,341,800	4,195,400	0	781,400	(425,100)	0	16,877,800
Authorized 88-89	9,854,700	0	0	2,834,400	3,706,500	0	801,300	137,500	0	17,334,400
Recommended 89-90	10,090,600	0	0	2,448,500	3,824,500	0	1,515,000	0	0	17,878,600
Government Operations										
Actual 87-88	24,010,700	13,829,200	7,217,400	211,400	9,378,300	0	210,000	4,442,200	0	59,299,200
Authorized 88-89	23,125,900	11,197,700	6,389,100	186,000	9,578,800	0	210,000	10,811,600	0	61,499,100
Recommended 89-90	23,397,900	10,962,700	6,433,300	186,000	9,864,700	0	210,000	9,871,000	0	60,925,600
Health										
Actual 87-88	66,063,000	0	0	185,859,800	27,405,100	0	987,100	791,300	0	281,106,300
Authorized 88-89	67,752,000	0	0	187,199,500	25,455,700	0	1,269,200	5,092,100	0	286,768,500
Recommended 89-90	75,584,700	0	0	203,711,500	25,405,400	0	943,400	3,421,800	0	311,066,800
Higher Education										
Actual 87-88	256,888,300	330,000	0	5,591,500	65,014,900	5,437,100	0	5,262,200	0	338,524,000
Authorized 88-89	262,268,400	345,300	0	5,278,500	69,664,400	6,042,100	0	9,107,900	0	352,706,600
Recommended 89-90	270,073,400	345,300	0	5,104,800	77,073,500	5,731,200	0	7,553,200	0	365,881,400
Legislature										
Actual 87-88	5,642,700	0	0	0	211,800	0	0	(271,200)	0	5,583,300
Authorized 88-89	5,967,800	0	0	0	200,000	0	0	363,500	0	6,531,300
Recommended 89-90	6,059,600	0	0	0	180,000	0	0	312,100	0	6,551,700

National Guard											
Actual 87-88	1,630,000	0	0	1,647,000	19,000	0	0	0	(24,000)	0	3,272,000
Authorized 88-89	1,661,500	0	0	1,322,100	15,000	0	0	0	0	0	2,998,600
Recommended 89-90	1,809,100	0	0	1,445,400	18,200	0	0	0	0	0	3,272,700
Natural Resources											
Actual 87-88	21,481,600	0	0	8,107,000	4,397,300	638,200	20,128,200	(1,142,100)	0	0	53,610,200
Authorized 88-89	20,054,100	0	0	9,173,000	3,811,300	1,041,800	18,769,600	11,760,900	0	0	64,610,700
Recommended 89-90	19,970,800	0	0	8,562,900	3,973,000	555,800	19,822,000	6,234,400	0	0	59,118,900
Public Education											
Actual 87-88	0	678,099,300	0	83,294,800	5,312,600	638,200	10,435,600	993,000	232,185,800	1,010,959,300	
Authorized 88-89	0	695,623,100	0	88,662,900	5,132,200	1,041,800	10,449,500	6,819,700	227,993,400	1,035,722,600	
Recommended 89-90	0	721,563,700	0	90,260,000	5,630,600	555,800	10,459,300	1,872,200	236,059,300	1,066,400,900	
Public Safety											
Actual 87-88	7,294,000	0	24,260,500	5,518,900	2,451,100	0	937,200	(1,034,600)	0	0	39,427,100
Authorized 88-89	6,943,800	0	25,013,100	5,541,900	1,303,200	0	937,200	658,500	0	0	40,397,700
Recommended 89-90	12,954,600	0	19,902,800	3,742,900	1,477,800	0	1,068,300	60,100	0	0	39,206,500
Social Services											
Actual 87-88	100,878,500	0	0	115,136,100	12,483,300	0	424,800	31,113,600	0	0	260,036,300
Authorized 88-89	100,835,500	0	0	115,790,500	13,054,200	0	775,000	38,671,900	0	0	269,127,100
Recommended 89-90	105,778,100	0	0	119,188,200	12,013,800	0	775,000	36,277,700	0	0	274,032,800
Transportation											
Actual 87-88	942,000	0	82,003,300	38,067,000	1,558,000	0	6,519,100	(11,704,900)	0	0	117,384,500
Authorized 88-89	943,600	0	81,782,300	33,590,900	422,000	0	5,861,200	(2,420,100)	0	0	120,179,900
Recommended 89-90	943,600	0	82,293,600	32,533,600	428,800	0	6,004,200	55,900	0	0	122,261,700
TOTAL OPERATIONS BUDGET											
Actual 87-88	625,918,400	692,258,500	113,599,200	499,076,600	142,629,100	6,713,500	52,658,800	24,457,700	232,185,800	2,389,497,600	
Authorized 88-89	636,827,100	707,166,100	113,302,500	499,612,100	142,673,900	8,125,700	51,174,100	93,004,700	227,993,400	2,479,879,600	
Recommended 89-90	674,670,000	732,871,700	108,749,700	523,516,600	150,531,400	6,842,800	54,701,600	67,294,700	236,059,300	2,555,237,800	
Capital Budget											
Actual 87-88	13,773,000	225,200	90,869,900	115,117,500	13,268,900	18,081,800	1,200,000	44,013,000	0	0	296,548,300
Authorized 88-89	43,319,500	0	86,126,800	162,038,600	14,883,000	28,539,400	368,800	6,599,300	0	0	341,875,400
Recommended 89-90	10,723,700	0	96,329,900	116,435,700	17,829,500	20,470,400	831,400	50,000,000	0	0	312,620,600
Debt Service											
Actual 87-88	51,129,200	0	0	0	4,389,700	0	0	(2,105,900)	0	0	53,413,000
Authorized 88-89	59,147,000	0	4,000,000	0	2,064,300	0	0	(144,500)	0	0	65,066,800
Recommended 89-90	61,343,100	0	0	0	912,100	0	0	2,421,700	0	0	64,676,900
Thrift Settlement											
Authorized 88-89	25,000,000	0	0	0	0	0	0	0	0	0	25,000,000
State Insurance Fund											
Actual 87-88	1,027,300	0	0	0	0	0	0	0	0	0	1,027,300
GRAND TOTALS											
Actual 87-88	691,847,900	692,483,700	204,468,100	614,194,100	160,287,700	24,795,300	53,858,800	66,364,800	232,185,800	2,740,486,200	
Authorized 88-89	764,293,600	707,166,100	203,429,300	661,650,700	159,621,200	36,665,100	51,542,900	99,459,500	227,993,400	2,911,821,800	
Recommended 89-90	746,736,800	732,871,700	205,079,600	639,952,300	169,273,000	27,313,200	55,533,000	119,716,400	236,059,300	2,932,535,300	

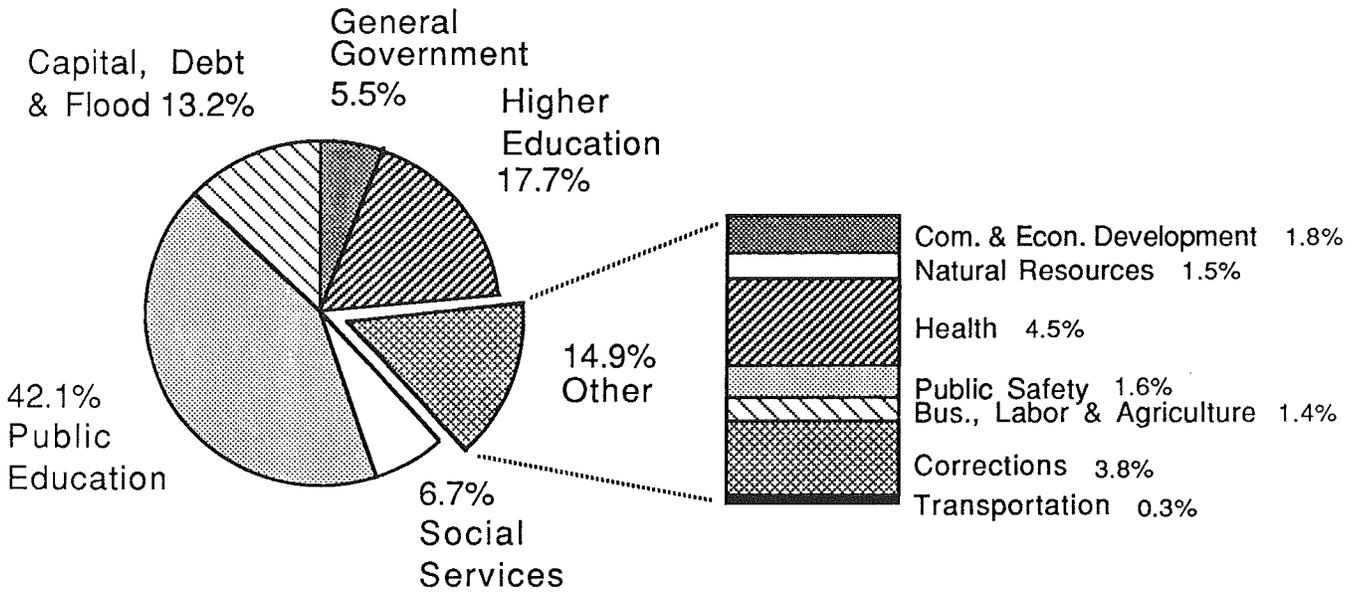
TABLE VII
STATE OF UTAH
MINERAL LEASE ACCOUNT
Current and Proposed Allocations

	Actual 1987-88	Revised 1988-89	Governor's Recommendation 1989-90
Beginning Balance--Mineral Lease	483,800	4,524,800	3,659,700
Mineral Lease Receipts	28,363,500	46,300,000	24,700,000
Mineral Lease Bonus	472,700	2,000,000	2,000,000
TOTAL AVAILABLE	29,320,000	52,824,800	30,359,700
MANDATED			
Community Impact Fund			
Mineral Lease (32.5%)	9,218,100	15,047,500	8,027,500
Mineral Bonus (70.0%)	330,900	1,400,000	1,400,000
Board of Regents	4,798,800	5,000,300	5,175,400
Board of Education (2.25%)	638,200	1,041,800	555,800
Geological/Mineral Survey (2.25%)	638,200	1,041,800	555,800
USU Water Research Lab (2.25%)	638,200	1,041,800	555,800
UDOT Special Districts	2,000,000	2,000,000	4,000,000
Payment in lieu of taxes	0	233,900	584,900
Subtotal	18,262,400	26,807,100	20,855,200
DISCRETIONARY APPROPRIATIONS			
DFCM - Capital Maintenance	300,000	1,400,000	0
UDOT - Burr Trail	0	2,000,000	0
Critical School Building Program	6,232,800	6,458,000	6,458,000
Supplementals	0	12,500,000	0
Subtotal	6,532,800	22,358,000	6,458,000
TOTAL ALLOCATIONS	24,795,200	49,165,100	27,313,200
Surplus/(Deficit)	4,524,800	3,659,700	3,046,500

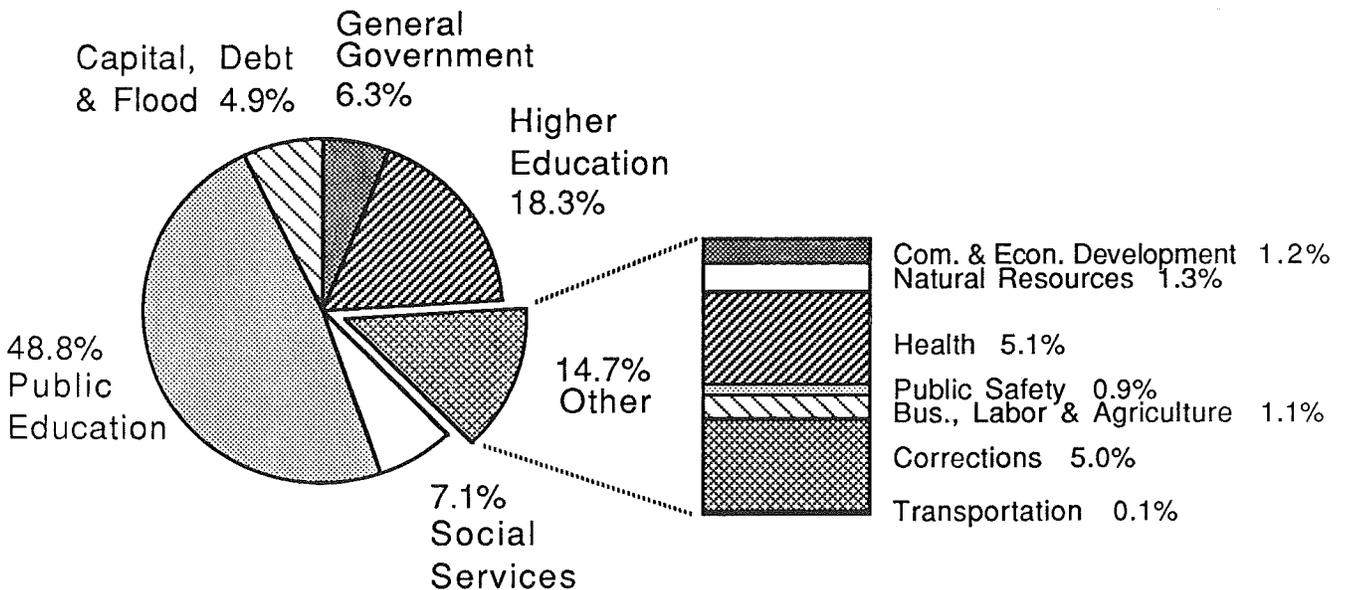
TABLE VIII
REVENUE ESTIMATES
Joint Projections of Utah Office of Planning and Budget
and State Tax Commission
(In Thousands)

	Actual 1987-88	Revised Estimate 1988-89	Dollar Change 88/89	Percent Change 88/89	Estimate 1989-90	Dollar Change 89/90	Percent Change 89/90
General Fund							
Sales and Use Tax	616,228	655,000	38,772	6.29	668,000	13,000	1.98
Liquor Profits	15,918	15,000	(918)	(5.77)	14,700	(300)	(2.00)
Insurance Premiums	28,223	30,000	1,777	6.30	31,300	1,300	4.33
Beer, Cig., and Tobacco	29,153	29,300	147	0.50	28,900	(400)	(1.37)
Oil Occupation Tax	25,513	21,700	(3,813)	(14.95)	17,900	(3,800)	(17.51)
Metal Occupation Tax	3,643	3,600	(43)	(1.18)	3,200	(400)	(11.11)
Inheritance Tax	3,443	7,000	3,557	103.31	3,000	(4,000)	(57.14)
Investment Income	10,688	10,000	(688)	(6.44)	8,500	(1,500)	(15.00)
Other	26,464	26,800	336	1.27	27,200	400	1.49
Property and Energy Credit	(1,152)	(1,000)	152	(13.19)	(900)	100	(10.00)
Subtotal	758,121	797,400	39,279	5.18	801,800	4,400	0.55
Uniform School Fund							
Individual Income Tax	607,519	572,000	(35,519)	(5.85)	600,000	28,000	4.90
Corporate Franchise Tax	79,103	68,000	(11,103)	(14.04)	70,000	2,000	2.94
Permanent School Fund Int.	2,075	2,800	725	34.94	3,100	300	10.00
Gross Receipts Tax	4,498	5,000	502	11.16	5,500	500	10.00
Other	9,850	10,700	850	8.63	13,400	2,700	25.23
Subtotal	703,045	658,500	(44,545)	(6.34)	692,000	33,500	5.09
TOTAL BOTH FUNDS	1,461,166	1,455,900	(5,266)	(0.36)	1,493,800	37,900	2.60
Transportation Fund							
Motor Fuel Tax	129,370	130,700	1,330	1.03	131,300	600	0.46
Special Fuel Tax	27,554	29,500	1,946	7.06	30,900	1,400	4.75
Other	35,524	36,200	676	1.90	36,800	600	1.66
Subtotal	192,448	196,400	3,952	2.05	199,000	2,600	1.32
TOTAL ALL FUNDS	1,653,614	1,652,300	(1,314)	(0.08)	1,692,800	40,500	2.45
Mineral Lease Payments	28,836	48,300	19,464	67.50	26,700	(21,600)	(44.72)
GRAND TOTAL	1,682,450	1,700,600	18,150	1.08	1,719,500	18,900	1.11

ACTUAL EXPENDITURES FY 1984-85 General Fund and Uniform School Fund



RECOMMENDED EXPENDITURES FY 1989-90 General Fund and Uniform School Fund



Expenditures for education have increased from 59.8 percent of the state budget in FY 1984-85 to 67.1 percent in FY 1989-90. Public Education alone has gone from 42.1 percent to 48.8 percent.

OPERATING BUDGET

**Recommendations
by
Department**



BUSINESS, LABOR, AND AGRICULTURE

Overview

Business, Labor, and Agriculture consists of seven regulatory departments, one enterprise fund operation, and one advisory council. They are as follows:

- Agriculture - conserves and develops Utah's agricultural economy and resources, and promotes consumer health and safety by monitoring the marketing of agricultural products.
- Business Regulation - executes and administers state laws which regulate professional occupations and business activities affecting the public.
- Employment Security - provides employment-related services for workers, employers, and communities.
- Financial Institutions - examines and regulates all state-chartered financial institutions.
- Industrial Commission of Utah - promotes a safe and fair work place as well as the general welfare of employees.
- Insurance - promotes a competitive business environment by assuring that companies and individuals in the insurance industry practice honestly and equitably.
- Public Service Commission - sets utility service rates and regulates public utility companies.
- Alcoholic Beverage Control - regulates the distribution and sale of alcoholic beverages sold in the state.
- Citizens' Council on Alcoholic Beverage Control - makes recommendations to the governor, the legislature, and the Alcoholic Beverage Control Commission on matters related to the sale and consumption of alcoholic beverages.

The Department of Agriculture assisted farmers and ranchers during the past fiscal year through effective insect control programs, low-interest loans for farm and ranch improvements, and an improved chemistry laboratory. Newly mechanized grain inspection facilities have shortened testing time for grain marketers. The "Utah Works" program has encouraged Utahns to buy local products and services. The department is currently preparing to exterminate gypsy moths, expand the livestock brand identification program, and increase pollution control and water conservation.

The Department of Business Regulation increased service to the public through effective and innovative use of computer systems and received several awards for achievements in data processing. Department records are now available to registered

public subscribers via remote computer access. Charging fees on credit cards and using a bank lock box have expedited fee collections. Prelitigation hearings have reduced the burden on the court system. The department is currently studying the standardization of license applications, incentive regulation to promote utilities efficiency, and optical disk technology which will eventually replace hundreds of file cabinets.

The Department of Employment Security (Job Service) is a federally-funded state agency which comes under the administrative jurisdiction of the Industrial Commission. Congressional appropriations determine the total dollars available for annual nationwide distribution. Allocations to individual states are based on size of civilian labor force, number of unemployed persons, and other federal formulas.

The Department of Financial Institutions is commencing normal operations as the turmoil of the thrift crisis subsides. It has hired new financial examiners and is resuming all regulatory responsibilities. The department is planning to reform restrictions on banking services and is devising a cooperative system for regulating institutions involved in interstate operations.

The Industrial Commission implemented a new computer billing system for inspection fee collections. During the past fiscal year, the commission processed over 1,600 wage claims and 300 discrimination charges. Several uninsured employers were identified and 16,000 previously uninsured employees were provided with workers compensation insurance. Some health and safety inspection responsibilities have been privatized by involving the Utah Farm Bureau, the Utah Safety Council, and Utah State University in various projects throughout the state. The Commission is currently restructuring divisions to better utilize resources.

The Department of Insurance made an extensive effort to prevent the insolvency of the Maxicare health maintenance organization. After the insolvency became inevitable, the department successfully minimized the impact on nearly 20,000 enrollees and arranged for other health maintenance organizations to cover those previously insured by Maxicare. The liquidation of Maxicare is still underway and may take two more years to complete. The department has drafted new rules to accommodate the federal Medicare Catastrophic Coverage Act of 1988. It is also involved in issues related to the AIDS crisis and the increasing cost of health insurance.

The Public Service Commission implemented the Hearing Impaired Dual Relay System. It also approved decreases in telephone rates of \$35 million, natural gas rates of \$2.9 million, and electrical power rates of \$43.9 million. The commission has approved the merger between Utah Power and Light and Pacific Corporation and is involved in a rate case with U.S. West Communications.

The Department of Alcoholic Beverage Control operates as an enterprise fund. It is one of the major revenue-producing agencies in the state. During FY 1987-88, the department generated \$27.7 million. This amount consisted of \$4.0 million in sales tax and \$8.2 million in support for the school lunch program. The remaining net profit of \$15.9 million was transferred to the General Fund. The department reported a decrease in both case sales and net profit. This decrease reflects the national trend toward less liquor consumption. Sales are down nationwide.

Recommendations

Governor Bangerter recommends a total budget of \$60,450,500 for Business, Labor, and Agriculture, a 0.6 percent overall decrease from FY 1988-89, and a 2.4 percent increase in General Fund.

Employment Security is receiving fewer federal dollars because of a smaller base workload. This is due to a decrease in the number of Utahns filing for unemployment benefits.

BUSINESS, LABOR, AND AGRICULTURE Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Agriculture	6,656,000	7,898,000	7,724,200	(2.2)
Business Regulation	7,244,200	7,856,100	8,294,000	5.6
Employment Security	30,210,300	27,867,300	26,929,700	(3.4)
Financial Institutions	1,431,800	1,597,900	1,598,100	0.0
Industrial Commission	3,307,800	3,672,900	3,774,800	2.8
Insurance	1,719,800	1,814,100	1,913,800	5.5
Public Service Commission	1,183,400	1,348,000	1,352,000	0.3
Alcoholic Beverage Control	8,502,100	8,745,600	8,857,600	1.3
Citizens' Council on ABC	4,400	6,300	6,300	0.0
Total Expenditures	\$60,259,800	\$60,806,200	\$60,450,500	(0.6)
Plan of Financing:				
General Fund	15,200,600	15,499,800	15,872,600	2.4
Federal Funds	31,932,400	29,681,900	28,895,300	(2.7)
Dedicated Credits	3,211,900	2,900,500	2,890,900	(0.3)
Restricted and Trust Funds	11,709,900	11,539,400	11,713,200	1.5
Revenue Transfers	105,800	506,000	592,200	17.0
Other Funds	(173,200)	0	0	0.0
Beginning Non-lapsing Funds	1,237,500	1,368,900	690,300	(49.6)
Closing Non-lapsing Funds	(1,368,900)	(690,300)	(204,000)	(70.4)
Lapsing Funds	(1,596,200)	0	0	0.0
Total Revenue	\$60,259,800	\$60,806,200	\$60,450,500	(0.6)
Full-time Equivalent Positions		1,337.19	1,338.20	

COMMUNITY AND ECONOMIC DEVELOPMENT

Overview

The mission of the Department of Community and Economic Development is to improve the standard of living and quality of life in Utah by broadening the economic base and providing jobs for the growing population. The mission of the Utah Technology Finance Corporation is to provide start-up funding and other resource assistance to emerging high technology businesses in Utah.

During FY 1987-88, economic development programs assisted in:

- recruiting 15 new companies providing 2,200 jobs with a \$42.5 million payroll;
- retaining and creating 700 jobs with an \$8.6 million payroll at existing companies;
- winning 600 federal procurement contracts valued at \$41 million;
- generating export sales of \$37.2 million;
- creating 12 applied research centers and \$106 million in new research;
- generating 600 film and television production days in the state;
- bringing 1.1 million tourists to the state; and
- training and providing job placement for 4,200 Utahns.

The department assisted the Utah Housing Finance Agency in evaluating new programs to finance small business expansion. The Utah Technology Finance Corporation strengthened its entrepreneur support program and helped 24 companies receive start-up grants. The support program encourages legal, financial, and managerial professionals to assist new companies in becoming viable commercial enterprises.

The State Library Division continued its efforts to fully implement public library standards by late 1990. The division has also promoted interlibrary cooperation in accordance with recommendations contained in the statewide study of academic library services.

The Division of Expositions started a major renovation of the state fairgrounds including restoration of the historic Commercial Exhibit Building. This project reversed long-term deterioration and underutilization of facilities, and has generated community support totalling \$500,000 in donated services and equipment.

The Division of Fine Arts continued to promote the arts throughout Utah. In addition to providing grant and outreach programs, the division held town meetings to allow interested citizens the opportunity to make suggestions to the Utah Arts Council.

The Division of State History upgraded its museum function by exhibiting a valuable collection of silver artifacts and by renovating the bookstore and exhibits in the Rio Grande Depot. The division has also restructured and strengthened its preservation programs.

Recommendations

Governor Bangerter recommends a total budget of \$47,709,600 for community and economic development programs, an 8.4 percent decrease over FY 1988-89, and a 1.0 percent increase in General Fund.

COMMUNITY AND ECONOMIC DEVELOPMENT Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Administration	180,200	193,000	212,300	10.0
Job Training	14,447,100	12,533,200	17,655,600	40.9
Business Development	7,633,600	11,437,400	8,344,600	(27.0)
Travel Development	3,313,500	3,695,100	3,306,600	(10.5)
Utah Technology Finance Corporation	1,359,100	2,888,000	658,000	(77.2)
Community Development	7,126,400	7,070,900	7,178,700	1.5
Disaster Relief	1,555,900	3,679,400	0	(100.0)
Fine Arts	2,136,200	2,248,300	2,211,200	(1.7)
State Library	3,994,800	4,417,100	4,354,900	(1.4)
State History	1,469,000	1,826,600	1,587,800	(13.1)
Expositions	1,703,700	1,870,000	1,920,800	2.7
Minority Affairs	250,600	253,400	279,100	10.1
Total Expenditures	\$45,170,100	\$52,112,400	\$47,709,600	(8.4)
Plan of Financing:				
General Fund	20,223,100	18,286,100	18,475,800	1.0
Transportation Fund	118,000	118,000	118,000	0.0
Federal Funds	21,132,800	20,254,500	25,412,500	25.5
Dedicated Credits	3,210,100	3,193,400	3,122,400	(2.2)
Perm. Community Impact Fund	251,500	294,000	309,000	5.1
Restricted and Trust Funds	186,000	179,700	171,900	(4.3)
Revenue Transfers	(206,800)	0	0	0.0
Beginning Non-lapsing Funds	10,145,800	9,886,700	100,000	(99.0)
Closing Non-lapsing Funds	(9,886,700)	(100,000)	0	(100.0)
Lapsing Funds	(3,700)	0	0	0.0
Total Revenue	\$45,170,100	\$52,112,400	\$47,709,600	(8.4)
Full-time Equivalent Positions		259.62	262.97	

CORRECTIONS

Overview

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 which 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.

Utah continues to face serious problems in crime prevention and citizen protection. The number of convicts in secure facilities and on probation and parole is on the rise. Between 1980 and 1986, the population at the Utah State Prison increased from 916 to 1,814 inmates. During this six-year period, Utah's prison population grew at an annual rate of 12.2 percent, compared to the national average of 8.8 percent. This 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. The department estimates that the prison population will exceed 4,500 by 1994, and 6,600 by the turn of the century.

To respond to this increase in prison population, the state has increased the prison bed space capacity to 2,200 beds. Phase I of this \$30 million expansion and renovation project has been completed. In addition, the 1988 legislature appropriated \$17 million for the first phase of a regional prison at Gunnison. A total of 624 beds will be added by July, 1990. Ultimately, 2,200 beds are planned for the Gunnison prison.

The Division of Youth Corrections is also planning for additional growth in its youth corrections population. Juveniles commit approximately 40 percent of reported felonies in Utah. The youth-at-risk population (ages 15-17) is projected to increase from 86,000 in 1987 to 111,000 in 1995. Consequently, the division must prepare to accommodate additional offenders. Currently, the division has only 70 secure beds and 250 community slots. Another ten secure beds will be added at Decker Lake by January, 1990.

Recommendations

Governor Bangerter recommends a General Fund budget of \$73,450,700 for the area of corrections, a 5.9 percent increase over FY 1988-89.

The governor also recommends a General Fund budget of \$57,331,600 for adult corrections, an 8.0 percent increase over FY 1988-89.

The recommendation provides the Department of Corrections with \$1,000,000 in start-up costs for the Gunnison Prison, which is scheduled to open July 1, 1990. If prison construction remains on schedule, during the 1990 legislative session the governor may recommend an estimated \$2.8 million in supplemental funding for

additional start-up costs. (Full-year funding for FY 1990-91 is estimated at \$12 million.)

The governor recommends funding to implement Fair Labor Standards regulations regarding overtime, as well as funding for increased food, utility, and medical costs. The governor also recommends funding for four additional employees to expand the prison's wool manufacturing industry and other businesses.

Governor Bangerter recommends that \$500,000 for jail reimbursement to local governments be changed from the General Fund to a restricted fund. Funding for these increases will be generated from surcharges on fines assessed by the courts or by requiring local justices of the peace to share highway patrol ticket revenue with the state.

The governor recommends a budget of \$772,300 for the Board of Pardons. This includes funding for a victims coordinator from the Public Safety Support Fund. Changes in current statutes will be necessary to allow the board to use the Public Safety Support Fund.

Governor Bangerter recommends a General Fund budget for Youth Corrections of \$15,382,400, a 2.0 percent increase in General Fund over FY 1988-89.

CORRECTIONS
Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Adult Corrections	51,384,500	54,932,100	58,689,000	6.8
Youth Corrections	14,455,600	15,628,600	15,881,300	1.6
Jail Reimbursement	599,800	500,000	500,000	0.0
Correctional Industries	2,228,400	2,957,100	3,344,000	13.1
Board of Pardons	642,800	720,300	772,300	7.2
Total Expenditures	\$69,311,100	\$74,738,100	\$79,186,600	6.0
Plan of Financing:				
General Fund	67,191,900	69,358,800	73,450,700	5.9
Federal Funds	112,000	50,000	25,000	(50.0)
Dedicated Credits	1,528,600	1,268,500	1,268,500	0.0
UCI Fund	2,228,400	2,957,100	3,344,000	13.1
Restricted and Trust Funds	88,000	88,000	640,600	628.0
Revenue Transfers	671,500	579,800	457,800	(21.0)
Beginning Non-lapsing Funds	5,300	435,900	0	(100.0)
Closing Non-lapsing Funds	(435,900)	0	0	0.0
Lapsing Funds	(2,078,700)	0	0	0.0
Total Revenue	\$69,311,100	\$74,738,100	\$79,186,600	6.0
Full-time Equivalent Positions		1,631.80	1,640.08	

COURTS

Overview

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

- Supreme Court
- Court of Appeals
- District Courts
- Circuit Courts
- Juvenile Courts
- State Court Administrator's Office
- Juror and Witness Fees Fund
- Judicial education
- Data processing

Utah's growing population continues to impact the state court system. The population has increased 31 percent during the last 10 years. Court filings for the same period increased 11 percent in district courts, 50 percent in circuit courts, and 106 percent in juvenile courts. This results from an increase in case filings due to population growth and changes in legislative policies.

State population is expected to increase by 15 percent during the next ten years. Case filings are expected to grow by 40 percent in district courts, 61 percent in circuit courts, and 118 percent in juvenile courts. By 1996, an additional 36 judicial positions and 129 non-judicial positions may be required to manage increased filings. The recently completed Judicial Facilities Master Plan concluded that only 30 percent of statewide court facilities are adequate.

A significant change occurred during the 1988 legislative session when the legislature enacted Senate Bill 146 which allows for statewide control and funding for district courts. Twenty-eight of 29 counties will come into the state system on January 1, 1989.

Recommendations

Governor Bangerter recommends a General Fund appropriation for FY 1989-90 of \$40,208,500, a 17.3 percent increase over FY 1988-89. The majority of the increase (\$4.1 million) is to provide full-year funding for the District Court Act. The recommendation includes \$1,408,200 for increased judicial compensation approved by the Executive and Judicial Compensation Commission. This raises the salary level of a supreme court justice from \$64,000 to \$80,000, a 25 percent increase. Funding is also provided for a central staff attorney for the court of appeals and restitution supervisors for the juvenile court.

The governor also recommends establishing a separate line item for juror and witness fees. Funding for these fees will be generated from surcharges on fines assessed by the courts or by requiring local justices of the peace to share highway patrol ticket revenue with the state.

COURTS Budget Summary

	Actual 1987-88	Authorized 1988-89	Court Request 1989-90	Governor Recommends 1989-90	Percent Change
Schedule of Programs:					
Supreme Court	1,179,900	1,238,100	1,348,900	1,374,200	11.0
Law Library	198,400	231,100	233,800	236,400	2.3
Court of Appeals	1,079,400	1,193,700	1,382,900	1,403,700	17.6
Court Administrator	3,240,100	3,977,300	5,939,100	5,904,900	48.5
Judicial Education	343,800	383,600	411,500	404,400	5.4
District Court	3,620,400	6,964,900	9,694,000	9,874,600	41.8
Juvenile Court	7,596,200	8,251,300	8,714,200	8,646,900	4.8
Circuit Court	8,094,800	8,938,200	10,065,400	10,095,300	12.9
Data Processing	2,560,300	2,274,300	2,318,600	2,283,400	0.4
Juror and Witness Fees	763,300	893,900	1,043,900	1,069,700	19.7
Total Expenditures	\$28,676,600	\$34,346,400	\$41,152,300	\$41,293,500	20.2
Plan of Financing:					
General Fund	28,487,700	34,275,100	41,137,000	40,208,500	17.3
Federal Funds	124,100	46,000	0	0	(100.0)
Dedicated Credits	23,300	11,100	15,300	15,300	37.8
Restricted and Trust Funds	0	0	0	1,069,700	0.0
Revenue Transfers	98,700	0	0	0	0.0
Beginning Non-lapsing Funds	8,700	14,200	0	0	(100.0)
Closing Non-lapsing Funds	(14,200)	0	0	0	0.0
Lapsing Funds	(51,700)	0	0	0	0.0
Total Revenue	\$28,676,600	\$34,346,400	\$41,152,300	\$41,293,500	20.2
Full-time Equivalent Positions		785.30	790.90	778.40	

ELECTED OFFICIALS

Overview

Governor

During his second term, Governor Bangerter will emphasize the same issues that have helped Utah move forward during his first term: 1) education reform, 2) economic development, and 3) efficiency in government.

The governor has implemented a block grant funding program in which several school districts are now participating. This program allows local districts greater flexibility in implementing a core curriculum. A major study on consolidation of the Deaf and Blind schools and a Master Plan for educational services to deaf and blind students have been completed. These studies will be evaluated and recommendations will be made to the legislature in the near future.

The governor's emphasis on economic development is paying off. Utah's economy has improved significantly over the last year. This growth is spawned by a healthy mix of new businesses moving into the state and existing businesses expanding their operations.

The governor's office continues to push for greater efficiency in government. The proposed 1989-90 budget continues to keep expenditures below the growth rate of inflation and population.

Lieutenant Governor

As the chief election officer for the state, the lieutenant governor supervised statewide elections including verification of three tax initiatives. Although feelings toward these initiatives were strong on both sides, the petitions were processed without any major problems. The office also published and distributed the Voter Information Pamphlet.

Promoting and coordinating the state's Bicentennial of the United States Constitution was an enjoyable and rewarding project. Over 5,000 activities were held throughout the state.

The office has developed a computer system for tracking all gubernatorial appointments. The governor has 186 advisory boards and commissions with a total membership of over 1,800. The office has also developed a response and information collection system. The office can now respond more quickly to recommendations for appointments. Information on potential appointments can be collected and filed in an orderly manner.

Attorney General

The Attorney General's Office has been involved in prosecution of white collar crime and child abuse cases and has contributed significantly to the settlement of the thrift crisis. The office is also involved in Indian affairs, tax litigation, and drug prosecution cases. The office continues to lose staff to other government agencies and to the private sector due to salary disparities.

State Auditor

During the past year, the State Auditor continued using both public and private auditors to complete statewide financial and compliance audits. The Auditor's Office completed an audit of local government's costs for collecting and assessing property taxes. The Auditor's Office continues to work with local governments in preparing budgets and in assuring that audits are performed by independent auditors.

State Treasurer

During FY 1987-88, the State Treasurer invested an average of \$1.16 billion per day and earned \$87 million in interest for an average yield of 7.50 percent. In comparison, 91-day US Treasury Bills earned 6.21 percent during the same period. The treasurer completed automation of the office's accounting and reporting system. The state retained its triple A rating by both Moody's Investors Service, Inc. and Standard and Poor's Corporation.

The State Treasurer currently manages investments totaling \$1.178 billion. Interest earnings in excess of \$90 million are anticipated during FY 1988-89. The treasurer intends to continue investing state money and other public funds in top quality domestic securities, and to promote the timely deposit of state revenue.

Commission on Criminal and Juvenile Justice

The Commission on Criminal and Juvenile Justice coordinates criminal justice issues for the governor. Task forces are currently studying issues related to: 1) jail reimbursement, 2) constables, and 3) crime victims. Studies in the areas of grand juries and juvenile justice have been completed. The Utah Juvenile Justice and Delinquency Prevention Board published a report entitled *Success Insurance for Youth*, which provides alternatives which could help reduce delinquency in youth and failure in school.

Office of Crime Victim Reparations

The workload of the Office of Victim Reparations continues to increase. During FY 1987-88, 336 claims were processed and \$639,500 was awarded to victims of crime. An estimated \$1.2 million will be paid during the current fiscal year.

Recommendations

Governor

The recommended budget for the Office of the Governor is \$3,537,100. This is a 4.8 percent increase over FY 1988-89. Of the \$161,900 increase, \$136,500 is for the Automated Geographic Reference Program and is funded with dedicated credits. The recommended General Fund increase is 2.2 percent.

Lieutenant Governor

Governor Bangerter recommends a budget of \$283,000 for the Office of the Lieutenant Governor, a decrease of 5.9 percent from FY 1988-89. The decrease is due to a drop in election expenditures.

Attorney General

The governor recommends a budget of \$8,593,000 for the Attorney General's Office, a 10.0 percent increase overall, and a 6.9 percent increase in the General Fund. This recommendation includes \$588,500 to fund career ladder increases for the attorneys in the office. Funding for these increases will be generated from surcharges on fines assessed by the courts or by requiring local justices of the peace to share highway patrol ticket revenue with the state.

State Auditor

Governor Bangerter recommends a budget of \$1,730,100 for the State Auditor, a 4.1 percent increase over FY 1988-89. Included in this amount is the cost of one senior staff auditor to conduct quality control reviews of private audits of local governments.

State Treasurer

The governor recommends a budget of \$851,800 for the State Treasurer's Office, a 1.6 percent decrease from the previous year. The reduction is a result of funding in the current year for the surety bond required by statute. The bond has a four-year term.

Commission on Criminal and Juvenile Justice

Governor Bangerter recommends a budget of \$2,565,600, a 12.2 percent decrease from FY 1988-89. The General Fund recommendation of \$403,400 is a 2.0 percent increase over the authorized year. The large decrease in federal funds results from changes in two federal programs. The Justice Assistance Act was not reauthorized by Congress, while funding for the Drug Free Schools Communities Act has been transferred to the Division of Substance Abuse.

Office of Crime Victim Reparations

The recommended budget for the Office of Crime Victim Reparations is \$318,000. This is a 45.7 percent increase in the Crime Victim Reparations Trust Fund. This includes \$56,000 for office relocation and lease expenses.

**ELECTED OFFICIALS
Budget Summary**

	Actual 1987-88	Authorized 1988-89	Elected Officials' Request 1989-90	Governor Recommends 1989-90	Percent Change
Schedule of Programs:					
Governor	3,387,000	3,375,200	3,457,700	3,537,100	4.8
Lieutenant Governor	295,100	300,800	274,800	283,000	(5.9)
Elections	0	175,000	0	0	(100.0)
Attorney General	8,319,200	7,815,300	8,315,800	8,593,000	10.0
Auditor	1,618,200	1,662,200	1,650,700	1,730,100	4.1
Treasurer	744,200	865,600	820,300	851,800	(1.6)
Criminal Justice Comm.	2,337,500	2,922,100	2,557,800	2,565,600	(12.2)
Crime Victim Reparations	176,600	218,200	313,900	318,000	45.7
Total Expenditures	\$16,877,800	\$17,334,400	\$17,391,000	\$17,878,600	3.1
Plan of Financing:					
General Fund	9,984,300	9,854,700	10,571,500	10,090,600	2.4
Federal Funds	2,341,800	2,834,400	2,162,200	2,448,500	(13.6)
Dedicated Credits	4,195,400	3,706,500	3,741,600	3,824,500	3.2
Restricted and Trust Funds	781,400	801,300	915,700	1,515,000	89.1
Revenue Transfers	(89,800)	0	0	0	0.0
Beginning Non-lapsing Funds	221,000	137,500	0	0	(100.0)
Closing Non-lapsing Funds	(137,500)	0	0	0	0.0
Lapsing Funds	(418,800)	0	0	0	0.0
Total Revenue	\$16,877,800	\$17,334,400	\$17,391,000	\$17,878,600	3.1
Full-time Equivalent Positions		294.92	285.88	286.88	

GOVERNMENT OPERATIONS

Overview

Administrative Services

The Department of Administrative Services provides support services that assist state agencies in fully utilizing their technological resources. Services include:

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

During the past fiscal year, the Department of Administrative Services decreased costs while improving service and efficiency in many areas. The Division of Data Processing significantly decreased rates and improved billing procedures allowing for more effective cost control. The Telecommunications Division installed a new state-wide communications network. The Division of Facilities Construction and Management, in cooperation with the Department of Corrections, initiated an effort to rid state-owned buildings of asbestos.

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. During the past year, the Tax Commission continued to improve internal efficiency and management control by streamlining programs. Revenue generated through enhanced auditing and collection efforts has risen dramatically. Educational opportunities and increased automation have improved the quality of employee performance. The Motor Vehicle Division's branch offices have been regionalized and digital cashiering equipment has been installed to improve service to customers. The commission's Motor Vehicle Business Administration became widely recognized as a leader in combating auto theft and odometer fraud.

Human Resource Management

Human Resource Management became a separate department of state government in April, 1988. The department contributes to the success and integrity of state government by developing and coordinating the state's human resource programs. The department defines and advances the state's human resource philosophy to encourage excellence, strengthen the organization, maximize employee potential, and facilitate sound and fair management practices.

Recommendations

Administrative Services

Governor Bangerter recommends a total budget of \$11,499,900 for the Department of Administrative Services, a 3.7 percent decrease from FY 1988-89 and a 0.4 percent decrease in state funds. The decrease is primarily due to a recommended reduction in data processing rates. Central processing rates were reduced 15 percent in September. It is recommended that an additional 20 percent reduction be implemented July 1989.

Tax Commission

Governor Bangerter recommends a total budget of \$35,352,600 for the Tax Commission, a 3.0 percent decrease from FY 1988-89 and a 0.2 percent decrease in state funds. The recommendation for the administration line item reflects an overall decrease of 1.6 percent from FY 1988-89. After adjusting for one-time expenditures the governor's recommendation reflects a 2.1 percent increase in that line item.

Human Resource Management

Governor Bangerter recommends a total budget of \$1,497,300 for the Department of Human Resource Management, an increase of 11.4 percent over FY 1988-89, and a 14.9 percent increase in state funds.

The governor also recommends that up to three employees be transferred from departmental human resource sections to the Department of Human Resource Management. This transfer will strengthen the centralized function of the department. This transfer will take place after further study.

Retirement Office

The governor recommends that the legislature include intent language allowing the State Retirement Board to spend more than its appropriated level, if necessary, to meet its fiduciary responsibility.

GOVERNMENT OPERATIONS
Budget Summary

	Actual	Authorized	Governor's Recommendation	Percent Change
	1987-88	1988-89	1989-90	
Schedule of Programs:				
Administrative Services				
Executive Director	308,300	331,000	388,100	17.3
Administrative Rules	167,400	168,500	212,400	26.1
Archives	1,162,800	1,202,000	1,281,100	6.6
DFCM				
Administration	1,560,500	1,593,100	1,628,100	2.2
Facilities Management	2,648,700	2,680,500	2,680,500	0.0
Reorganization	40,700	149,100	0	(100.0)
Finance				
Administration	3,873,400	4,692,300	4,167,200	(11.2)
Mandated Expenditures	2,946,600	383,800	385,000	0.3
Purchasing	781,200	738,300	757,500	2.6
Subtotal	13,489,600	11,938,600	11,499,900	(3.7)
Human Resource Management	1,197,500	1,343,700	1,497,300	11.4
Personnel Review Board	85,600	91,000	97,300	6.9
Retirement Systems				
Legislative and Gov.'s Pension	86,000	100,000	100,000	0.0
Retirement Office	7,560,500	9,139,100	9,871,000	8.0
Group Insurance	2,049,300	2,433,500	2,507,500	3.0
Subtotal	9,695,800	11,672,600	12,478,500	6.9
Tax Commission				
Administration and Revenue				
Collection	29,032,500	30,561,800	30,058,600	(1.6)
License Plates	1,141,600	1,220,000	1,205,000	(1.2)
Litigation	567,600	582,400	0	(100.0)
Liquor Profits Distribution	4,089,000	4,089,000	4,089,000	0.0
Subtotal	34,830,700	36,453,200	35,352,600	(3.0)
Total Expenditures	\$59,299,200	\$61,499,100	\$60,925,600	(0.9)
Plan of Financing:				
General Fund	24,010,700	23,125,900	23,397,900	1.2
Uniform School Fund	13,829,200	11,197,700	10,962,700	(2.1)
Transportation Fund	7,217,400	6,389,100	6,433,300	0.7
Federal Funds	211,400	186,000	186,000	0.0
Dedicated Credits	9,378,300	9,578,800	9,864,700	3.0
Restricted and Trust Funds	210,000	210,000	210,000	0.0
Other Funds	6,596,800	9,139,100	9,871,000	8.0
Beginning Non-lapsing Funds	763,200	2,498,600	743,100	(70.3)
Closing Non-lapsing Funds	(2,498,600)	(743,100)	(743,100)	0.0
Lapsing Funds	(419,200)	(83,000)	0	(100.0)
Total Revenue	\$59,299,200	\$61,499,100	\$60,925,600	(0.9)
Full-time Equivalent Positions		1,088.52	1,101.32	

HEALTH

Overview

The Department of Health is organized into the following major areas:

- Office of Administration and Planning
- Division of Environmental Health Services
- Division of Community Health Services
- Division of Family Health Services
- Division of Health Care Financing

The Office of Administration and Planning (OAP) provides support functions for the entire department. Within OAP, the State Health Laboratory performs approximately 400,000 tests annually to protect the public from communicable diseases and toxic pollutants. During FY 1987-88, more effective tests for detecting AIDS-related HIV antibodies were introduced. Plans were approved to construct a new Medical Examiner facility that is scheduled for completion in late 1990.

The Division of Environmental Health Services completed removal of radioactive Vitro tailings from South Salt Lake and began removal of radioactive mill tailings at Green River and Mexican Hat. The division increased hazardous waste disposal fees, developed hazardous waste facility-siting criteria, and established certification criteria for contractors involved in asbestos removal. A cooperative agreement with the Environmental Protection Agency was signed for the Underground Storage Tank program. The Community Right-To-Know Program has produced a data base for tracking and evaluating information about hazardous chemical usage and associated health effects. A plan for comprehensive ground water quality protection will be adopted before the end of FY 1988-89.

The Division of Community Health Services' AIDS Control Section was reorganized and expanded to increase education and prevention. Last year, 23,100 Utahns received hypertension clinic services, and approximately 10,000 were screened for serum cholesterol levels. The department provided 413 Cancer Screening Clinics at 122 sites statewide. Due to inadequate funding for vaccine purchases, the division implemented a \$4-per-dose charge for diphtheria-tetanus-pertussis vaccine distributed to local health departments.

The Division of Family Health Services developed a Prenatal Initiative which includes the "Baby Your Baby" media campaign. Approximately 1,900 women were served during the first year of the program. The Prenatal Initiative will receive a boost when Medicaid coverage is expanded to cover women living at up to 100 percent of the poverty level, effectively doubling the number of women served. Family Health Services has received a \$1.1 million federal grant for home-based health services to low income individuals.

Under the direction of the Division of Health Care Financing, Utah hospitals donated \$1.8 million in services for the Utah Medical Assistance Program. This allows the state to use the money saved to purchase an additional \$6.8 million in Medicaid

services when matched with federal funds. Two recent pieces of federal legislation, the Medicare Catastrophic Coverage Act of 1988 and the Omnibus Budget Reconciliation Act (OBRA) of 1987, require significant expenditures which will escalate over the next four years. These expenditures are required if the state is to maintain federal funds in the Medicaid program. The state receives \$3 of federal funds for every \$1 of state money spent for Medicaid services.

Recommendations

Governor Bangerter recommends a total budget of \$311,066,800 for the Department of Health, an 8.5 percent overall increase over FY 1988-89, and an 11.6 percent increase in General Fund. This increase is primarily due to expenditures required by the Medicare Catastrophic Coverage Act of 1988 and the Omnibus Budget Reconciliation Act of 1987. The governor's recommendations include \$11.4 million for requirements of this legislation. Of that amount, \$3.6 million comes from the General Fund. The governor also recommends funding in the amount of \$15.3 million (\$3.9 million in state funds) for federally-mandated rate increases going to nursing homes, hospitals, and pharmacists. Funds have been included for required utilization increases in Medicaid services. The governor also requests that Utah hospitals continue to donate \$1.8 million in services for the Utah Medical Assistance Program in FY 1989-90. Excluding the 3.0 percent employee merit increase for all state agencies, the governor's budget includes more new funds for Medicaid-related expenditures than for any other area in the state.

Governor Bangerter also recommends funding for increased inspections of air quality activities along the Wasatch Front. This increase will help minimize air pollution, bring sources into compliance with permit conditions, and develop and implement a new state plan to attain and maintain air quality standards.

HEALTH
Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Administration and Planning	6,507,800	6,956,600	6,987,300	0.4
Environmental Health	16,541,100	13,227,900	11,305,000	(14.5)
Community Health Services	7,317,100	8,847,300	8,777,700	(0.8)
Family Health Services	25,612,100	28,864,200	28,007,300	(3.0)
Health Care Financing	18,113,400	18,411,400	18,474,700	0.3
Medical Assistance	207,014,800	210,461,100	237,514,800	12.9
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Total Expenditures	\$281,106,300	\$286,768,500	\$311,066,800	8.5
 Plan of Financing:				
General Fund	66,063,000	67,752,000	75,584,700	11.6
Federal Funds	185,859,800	187,199,500	205,711,500	9.9
Dedicated Credits	27,405,100	25,455,700	25,405,400	(0.2)
Restricted and Trust Funds	987,100	1,269,200	943,400	(25.7)
Revenue Transfers	2,166,700	3,492,300	3,370,900	(3.5)
Other Funds	88,700	96,500	25,900	(73.2)
Transfer - Retirement	(198,100)	0	0	0.0
Beginning Non-lapsing Funds	850,300	1,954,700	451,400	(76.9)
Closing Non-lapsing Funds	(1,954,700)	(451,400)	(426,400)	(5.5)
Lapsing Funds	(161,600)	0	0	0.0
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Total Revenue	\$281,106,300	\$286,768,500	\$311,066,800	8.5
 Full-time Equivalent Positions		 814.62	 822.61	

HIGHER EDUCATION

Overview

The mission of higher education in Utah is to provide instruction, conduct research, and render public service. The 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 rural education outreach centers are also managed by these institutions. The 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 higher and public education policies.

Higher education's contributions to economic development will be enhanced through formation of the Utah Partnership for Educational and Economic Development. The Board of Regents, Board of Education, and private businesses are working to make education more responsive to the needs of business and industry. The partnership aims to accomplish this through 1) market-driven training programs, 2) improved basic education, 3) maximized use of resources, 4) enhancement of university research, and 5) better communication of the state's unique strengths.

A strategic planning effort undertaken by the Board of Regents is addressing the challenge of projected sharp enrollment increases set against modest increases in state revenue. Among the issues to be considered through the strategic planning effort are: 1) increasing higher education's contributions to the Utah economy, 2) balancing the needs for educational quality, access, and diversity, and 3) raising the overall efficiency and effectiveness of the system.

Recommendations

Governor Bangerter recommends a total budget of \$365,881,400. This is a 3.7 percent increase over FY 1988-89, and a 3.0 percent General Fund increase. Last year the legislature provided a one-time \$3 million supplemental appropriation to fund educational equipment. If that amount is not considered part of the 1988-89 General Fund base, the FY 1989-90 increase in state funds is 4.2 percent.

The governor's recommendation includes new funding for: 1) operation and maintenance of newly completed buildings, 2) three percent salary adjustment, 3) enrollment growth of 1,300 full-time equivalent students, 4) investment in research, and 5) expanding educational programs in nursing, engineering, and vocational training.

The Board of Regents has approved a tuition increase of 7.0 percent at two-year institutions and 9.0 percent at four-year schools. The governor supports the increase and has included it in his recommendation.

HIGHER EDUCATION Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
University of Utah	148,425,500	154,144,500	157,618,100	2.3
Utah State University	80,003,400	82,795,900	85,332,200	3.1
Weber State College	40,332,800	42,145,200	43,877,200	4.1
Southern Utah State College	11,725,000	12,126,300	13,138,300	8.3
Snow College	6,642,200	6,691,400	7,222,100	7.9
Dixie College	6,996,100	7,555,900	7,904,400	4.6
College of Eastern Utah	6,006,700	6,224,300	6,843,700	10.0
Utah Valley Community College	16,994,700	18,051,400	18,678,300	3.5
Salt Lake Community College	18,132,700	19,467,900	21,745,900	11.7
Commissioner's Office	3,264,900	3,503,800	3,521,200	0.5
Total Expenditures	\$338,524,000	\$352,706,600	\$365,881,400	3.7
Plan of Financing:				
General Fund	256,888,300	259,268,400	270,073,400	4.2
One-time appropriation	0	3,000,000	0	
Uniform School Fund	330,000	345,300	345,300	0.0
Tuition and Fees	65,014,900	69,664,400	77,073,500	10.6
Reimbursed Overhead	6,184,500	5,898,400	4,367,600	(26.0)
Federal Funds	5,591,500	5,278,500	5,104,800	(3.3)
Mineral Lease	5,437,100	6,042,100	5,731,200	(5.1)
Revenue Transfers	176,900	0	0	0.0
Other Funds	3,033,500	3,055,800	3,055,800	0.0
Beginning Non-lapsing Funds	9,729,600	283,500	129,800	(54.2)
Closing Non-lapsing Funds	(13,862,300)	(129,800)	0	(100.0)
Total Revenue	\$338,524,000	\$352,706,600	\$365,881,400	3.7

LEGISLATURE

Overview

Budget estimates for the Senate and the House of Representatives are based on annual 45-day sessions. Estimates also include funding for interim study committee meetings and a reserve for potential special session days. Dues to the National Conference of State Legislatures and the Council of State Governments are based on national formulas. The budget for the Legislative Fiscal Analyst includes funding for the Federal Funds Information System which is sponsored by the National Governor's Association and the National Conference of State Legislatures.

Legislative staff has utilized non-lapsing balances as an integral part of the plan for financing the FY 1989-90 budget instead of requesting new appropriations from the General Fund. These balances have been budgeted for capital outlay needs including improvement of the sound and recording systems in the Senate and House.

LEGISLATURE Budget Summary

	Actual 1987-88	Authorized 1988-89	Legislative Request 1989-90	Percent Change
Schedule of Programs:				
Senate	567,000	629,300	629,100	0.0
House of Representatives	980,700	1,110,900	1,120,100	0.8
Legislative Printing	508,700	608,100	542,000	(10.9)
Legislative Research and General Counsel	1,548,500	1,985,600	2,063,400	3.9
Tax Recodification	77,100	109,000	50,000	(54.1)
Legislative Fiscal Analyst	830,000	907,200	929,800	2.5
Legislative Auditor General	916,100	988,500	1,040,500	5.3
Dues - NCSL	51,100	54,200	57,300	5.7
Dues - Council of State Govts.	43,400	46,500	49,500	6.5
Constitutional Revision Comm.	41,700	60,000	50,000	(16.7)
Judicial Conduct Commission	19,000	32,000	20,000	(37.5)
Total Expenditures	\$5,583,300	\$6,531,300	\$6,551,700	0.3
Plan of Financing:				
General Fund	5,642,700	5,967,800	6,059,600	1.5
Dedicated Credits	211,800	200,000	180,000	(10.0)
Beginning Non-lapsing Funds	658,400	929,600	566,100	(39.1)
Closing Non-lapsing Funds	(929,600)	(566,100)	(254,000)	(55.1)
Total Revenue	\$5,583,300	\$6,531,300	\$6,551,700	0.3

NATIONAL GUARD

Overview

The Utah National Guard is an integral part of the United States defense system. The guard provides personnel and equipment in the event of a state emergency, and augments the regular Army and Air Force of the United States. The Air Guard has a full-time mission to provide tanker refueling support to the U.S. Air Force Strategic Air Command and the Tactical Air Command.

The Army Guard and the Air Guard are expected to provide additional support to active units of the United States when requested. In return, the federal government provides significant financial support to the guard bureau. In FY 1988-89, the federally-funded portion of Utah Guard activities totaled over \$97 million. The General Fund contribution of \$1,809,100 is a small investment in comparison to the total return to the State of Utah.

Recommendations

Governor Bangerter recommends a total budget of \$3,272,700 for the Utah National Guard, a 9.1 percent increase over FY 1988-89. This includes a General Fund increase of \$147,600 to fund additional pay and benefits, insurance, lease expenses at the Army National Guard air facility, and utilities at Guard headquarters.

NATIONAL GUARD Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Administration	212,800	195,300	203,300	4.1
Armory Maintenance	3,059,200	2,802,800	3,068,900	9.5
Veterans' Cemetery	0	500	500	0.0
	\$3,272,000	\$2,998,600	\$3,272,700	9.1
Plan of Financing:				
General Fund	1,630,000	1,661,500	1,809,100	8.9
Federal Funds	1,647,000	1,322,100	1,445,400	9.3
Dedicated Credits	19,000	15,000	18,200	21.3
Revenue Transfers	(9,800)	0	0	0.0
Lapsing Funds	(14,200)	0	0	0.0
	\$3,272,000	\$2,998,600	\$3,272,700	9.1
Full-time Equivalent Positions		66.12	66.82	

NATURAL RESOURCES

Overview

The Department of Natural Resources is responsible for managing Utah's natural resources in a manner which will optimize economic development and recreation and maintain the balance between development and conservation.

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

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

The American Society of Civil Engineers presented its Award of Merit to the West Desert Pumping Project during national competition for the 1988 Outstanding Civil Engineering Achievement Award. The pumping project also won recognition in Utah and California competitions of the American Association of Consulting Engineers.

During the first seventeen months of operation, the pumps removed over 1.75 million acre-feet of water from the Great Salt Lake. This lowered the lake level by approximately 14.5 inches and reclaimed 50,000 acres of land.

Plans to reopen Antelope Island State Park are under way. The park has been closed since the rising waters of the Great Salt Lake cut off public access. Park managers, wildlife biologists, and recreation planners met during the year to discuss water development, introduction of game and non-game animals, and management of the island's buffalo herd. The second annual buffalo roundup was held in November, 1988, to test, measure, vaccinate, and cull the herd.

The Division of Parks and Recreation hosted 5,225,000 visitors to state parks in FY 1987-88, an increase of 127,000 people.

The Utah Energy Office projects that 800 people will contact the Energy Factline for information about energy conservation and renewable and nonrenewable energy resources in FY 1988-89.

Through the Weatherization Assistance Program, nearly 2,000 homes of low-income elderly and handicapped residents will be made more energy efficient during the current fiscal year. Since 1977, over 23,000 homes have been weatherized.

The Energy Office also participates in making public schools and hospitals more energy efficient. Over 400 buildings have been retrofitted since 1979. Approximately 30 buildings will be completed this year. Once retrofitted, a building's average energy savings is about 16 percent.

Utah's 1988 fire season was the worst the Division of State Lands and Forestry has recorded since 1940. The division responded to over 900 fire reports, 600 of which were wildland fires. The average number of fires per season is 490. The fires burned approximately 28,300 acres and caused about \$1.3 million in damages to real property and natural resources. Suppression costs were the highest ever and the threat to man-made structures, including dwellings, far exceeded any previous year.

The Utah Geological and Mineral Survey (UGMS) has successfully solicited proposals for geologic projects which encourage the economic development of Utah's resources. The program is designed to generate geologic information by contracting with individuals, companies, and universities. UGMS funded 12 projects, including a study of uranium deposits in Grand County and an analysis of granite in the Sheeprock Mountains of west-central Utah. These projects are funded with mineral lease revenue.

Recommendations

Governor Bangerter recommends a total budget of \$59,118,900 for the Department of Natural Resources, an 8.5 percent decrease from FY 1988-89. The decline is primarily the result of reduction in funding for the West Desert Pumping Project. It is recommended that operation of the pumps in FY 1989-90 be funded from the balance of money appropriated for the construction and operation of the project.

Oil overcharge funds are included in the governor's numbers for informational purposes only. The governor does not recommend appropriation of these monies by the legislature.

The governor recommends that the legislature include intent statements allowing Utah Geological and Mineral Survey and State Lands and Forestry to carry over funds for mineral lease and range improvement projects.

NATURAL RESOURCES
Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Administration	1,021,800	1,146,700	1,231,200	7.4
Building Operations	1,322,000	1,349,200	1,349,200	0.0
State Lands and Forestry	3,314,600	3,815,900	3,694,300	(3.2)
Oil, Gas, and Mining	3,627,900	4,745,000	4,692,000	(1.1)
Wildlife Resources	17,457,600	18,228,700	18,406,900	1.0
Predator Control	55,300	72,100	77,800	7.9
Contributed Research	66,600	152,500	96,000	(37.0)
Discount Reimbursement	132,900	173,400	183,300	5.7
Cooperative Studies	556,100	142,500	116,300	(18.4)
Parks and Recreation	10,727,000	10,800,600	10,972,700	1.6
Utah Geological and Mineral Survey	2,194,300	2,748,600	2,227,100	(19.0)
Water Resources	2,981,000	3,835,300	3,791,900	(1.1)
West Desert Pump Operation	1,646,300	2,380,400	70,000	(97.1)
Water Rights	3,790,700	3,884,900	3,988,200	2.7
Utah Energy Office	4,716,100	11,134,900	8,222,000	(26.2)
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Total Expenditures	\$53,610,200	\$64,610,700	\$59,118,900	(8.5)
 Plan of Financing:				
General Fund	21,481,600	20,054,100	19,970,800	(0.4)
Federal Funds	8,107,000	9,173,000	8,562,900	(6.7)
Dedicated Credits	4,397,300	3,811,300	3,973,000	4.2
Mineral Lease	638,200	1,041,800	555,800	(46.7)
Restricted and Trust Funds	20,128,200	18,769,600	19,822,000	5.6
Revenue Transfers	(239,400)	109,500	65,000	(40.6)
Oil Overcharge Funds *	2,244,900	8,795,700	6,184,400	(29.7)
Other Funds	(391,800)	575,000	0	(100.0)
Beginning Non-lapsing Funds	2,171,000	2,614,100	333,400	(87.2)
Closing Non-lapsing Funds	(2,614,100)	(333,400)	(348,400)	4.5
Lapsing Funds	(2,312,700)	0	0	0.0
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Total Revenue	\$53,610,200	\$64,610,700	\$59,118,900	(8.5)
 Full-time Equivalent Positions		1,015.45	1,018.95	

* Oil overcharge funds are included in the governor's figures for comparison only.

PUBLIC EDUCATION

Overview

Utah's constitution charges the State Board of Education with general control and supervision of the public school system from kindergarten through twelfth grade. The board is also designated by statute as the State Board for Vocational Education. In this latter role, the board supervises and manages five area vocational centers and the skills center.

The State Superintendent of Public Instruction is the chief executive officer of the board. The three separate agencies which function under the direction of the state board and the superintendent are: 1) Utah State Office of Education, 2) Utah Schools for the Deaf and the Blind, and 3) Vocational Rehabilitation Agency.

Under the leadership of Governor Bangerter, the State Board of Education has initiated a system of block grant funding on a trial basis in a limited number of school districts. The block grants permit a higher level of local autonomy in formulating educational programs to implement the authorized core curriculum.

The board recently established a Strategic Planning Commission. Its purpose is to construct a plan to shift the focus of public education to a student-focused system. The commission has defined the mission of public education in student-centered terms, and has developed goals and outcomes related to the mission statement.

A study with respect to consolidation of the Deaf and the Blind schools on one campus has been completed and presented to the State Board of Education. The Master Plan for Educational Services to Students with Hearing and Visual Impairments has also been finalized.

The Vocational Rehabilitation Agency serves handicapped individuals throughout the state. The agency provides direct services to the severely disabled and support services to assist in independent living, employment, business enterprise, and other needs of the handicapped.

The combined factors of continued growth in Utah's student-age population, low per pupil expenditure, and high pupil/teacher ratio pose serious challenges to the maintenance of a quality educational program for each student. With a student enrollment of more than 429,000 students for the 1988-89 school year (an increase of 6,165 over the prior year and a projected increase of 4,849 for the 1989-90 school year), Utah public schools must continually seek innovative and cost-effective delivery systems to meet the changing needs.

Recommendations

Governor Bangerter recommends a total budget of \$1,066,400,900 for Public Education, a 3.4 percent increase over FY 1988-89, and a 4.3 percent increase in the Uniform School Fund when a one-time appropriation is taken into consideration.

This budget recommendation includes funding for the increased number of students in public education as well as necessary contributions to the social security and retirement funds.

An increase in the Weighted Pupil Unit from \$1,204 to \$1,237 is recommended to provide for increases in salary and employee benefits. In order to maintain necessary funding, Governor Bangerter recommends that the Local Two-mill Program be incorporated into the basic levy.

Governor Bangerter also recommends that Career Ladders be funded at the same level as for the previous fiscal year.

**PUBLIC EDUCATION
Budget Summary**

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
State Office of Education	49,185,100	56,021,100	52,223,000	(6.8)
Child Nutrition	37,423,100	39,000,000	40,509,300	3.9
Office of Rehabilitation	19,012,800	20,963,800	21,600,100	3.0
Custom Fit Training	700,200	1,889,700	550,000	(70.9)
Educational Contracts	1,755,200	4,084,900	4,577,600	12.1
Fine Arts	776,700	756,200	756,200	0.0
AVC's/Skills Center	17,171,900	16,793,300	17,537,100	4.4
Schools for the Deaf and Blind	7,323,100	7,739,000	7,992,500	3.3
Minimum School Program	877,611,200	888,474,600	920,655,100	3.6
Total Expenditures	\$1,010,959,300	\$1,035,722,600	\$1,066,400,900	3.0
Plan of Financing:				
Uniform School Fund	675,099,300	691,623,100	721,563,700	4.3
One-time appropriation	3,000,000	4,000,000	0	
Federal Funds	83,294,800	88,662,900	90,260,000	1.8
Dedicated Credits	5,312,600	5,132,200	5,630,600	9.7
Mineral Lease	638,200	1,041,800	555,800	(46.7)
Restricted and Trust Funds	10,435,600	10,449,500	10,459,300	0.1
Revenue Transfers	1,226,200	1,878,000	1,855,100	(1.2)
Local Property Tax	232,185,800	227,993,400	236,059,300	3.5
Other Funds	2,700	0	0	0.0
Beginning Non-lapsing Funds	5,045,400	5,281,300	339,600	(93.6)
Closing Non-lapsing Funds	(5,281,300)	(339,600)	(322,500)	(5.0)
Total Revenue	\$1,010,959,300	\$1,035,722,600	\$1,066,400,900	3.0

PUBLIC SAFETY

Overview

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

- providing local law enforcement agencies with manpower and expertise as needed
- investigating narcotics violations, organized crime, and Medicaid fraud
- planning and coordinating state resources in order to respond to disasters and emergencies in a timely manner
- maintaining a statewide communications network for law enforcement, highway, medical, and other public safety personnel
- licensing Utah drivers, maintaining records of licensed drivers, and rehabilitating poor drivers
- assisting motorists on Utah highways
- enforcing traffic laws and fire codes
- educating the public in crime prevention methods
- providing strict, standardized training for law enforcement personnel throughout the state
- maintaining extensive fingerprint and criminal history files available to law enforcement agencies nationwide

During the past year, the Department of Public Safety confiscated cocaine valued at over \$21 million and marijuana valued at over \$10 million. The department made 2,200 DUI arrests in its effort to curtail drunk driving. Ports-of-entry inspected approximately 2,200,000 trucks, of which 10 percent were in regulatory violation. Portable scales activity stopped over 12,600 trucks, weighed 7,000, and found approximately one-third overweight. Safety inspection stations inspected 1,091,000 vehicles, of which 19 percent were rejected for safety reasons.

The department is planning implementation of the federally-mandated Commercial Motor Vehicle Safety Act which directs states to test commercial drivers and issue federal commercial driver licenses. Enforcement of this act will help eliminate abuse related to commercial drivers possessing more than one license and spreading infractions over several licenses. Enlargement of test facilities will be necessary for the expanded operator road test required by the law. The department is improving the automated driver license system and will soon be issuing renewal licenses through the mail to drivers who have a satisfactory record. The department is also planning an automated fingerprint identification system which will be shared with several western

states. This technology will match fingerprints by computer and facilitate rapid identification.

Recommendations

Governor Bangerter recommends a total budget of \$39,206,500 for the Department of Public Safety, a 2.9 percent reduction from FY 1988-89. Most of the decrease is in the federally-funded Comprehensive Emergency Management program. The Commissioner's Office also shows a reduction of \$513,700. This reduction reflects expenditure of accumulated drug seizure money in FY 1988-89.

The governor recommends a \$114,900 increase in the Police Officer Standards and Training program. This program is funded from the Crime Victim Reparation Fund. The increase will provide additional drug, alcohol, and police activity training to all police jurisdictions throughout the state.

PUBLIC SAFETY Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Comprehensive Emergency Management	4,181,900	3,896,200	2,037,100	(47.7)
Highway Patrol	17,868,400	18,207,600	18,892,600	3.8
Safety Promotion	99,500	107,100	110,100	2.8
Police Academy	1,015,900	1,001,300	1,137,300	13.6
Investigative Services	2,481,100	2,322,600	2,471,900	6.4
Law Enforcement	1,422,100	1,556,600	1,581,400	1.6
Driver License	6,418,400	6,958,400	6,968,800	0.1
Commissioner's Office	1,568,900	2,082,100	1,568,400	(24.7)
Highway Safety	1,025,900	1,258,200	1,280,800	1.8
Communications	2,868,500	2,471,400	2,612,600	5.7
Fire Marshal	476,500	536,200	545,500	1.7
Total Expenditures	\$39,427,100	\$40,397,700	\$39,206,500	(2.9)
Plan of Financing:				
General Fund	7,294,000	6,943,800	12,954,600	86.6
Transportation Fund	24,260,500	25,013,100	19,902,800	(20.4)
Federal Funds	5,518,900	5,541,900	3,742,900	(32.5)
Dedicated Credits	2,451,100	1,303,200	1,477,800	13.4
Restricted and Trust Funds	937,200	937,200	1,068,300	14.0
Revenue Transfers	(142,800)	60,100	60,100	0.0
Beginning Non-lapsing Funds	200	598,400	0	(100.0)
Closing Non-lapsing Funds	(598,400)	0	0	0.0
Lapsing Funds	(293,600)	0	0	0.0
Total Revenue	\$39,427,100	\$40,397,700	\$39,206,500	(2.9)
Full-time Equivalent Positions		879.00	881.00	

SOCIAL SERVICES

Overview

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 preserve families and promote individual self-worth and self-sufficiency.

The department is organized into the following divisions and offices:

- Executive Director's Office
- Office of Community Operations
- Division of Mental Health
- Division of Substance Abuse
- Office of Assistance Payments
- Division of Services to the Handicapped
- Office of Recovery Services
- Division of Family Services
- Division of Aging and Adult Services

The Executive Director's Office (EDO) provides administrative and data processing support. The Public Assistance Case Management Information System (PACMIS) comes under the direction of EDO. PACMIS is a computer system designed to handle major federally-supported public entitlement programs, including Aid to Families with Dependent Children (AFDC), Food Stamps, and Medicaid. PACMIS also handles state-funded public assistance programs. PACMIS should be fully implemented by the end of the current fiscal year.

The Office of Community Operations is the service arm for: 1) Family Services, 2) Services to the Handicapped, 3) Aging and Adult Services, and 4) the Office of Assistance Payments.

The Division of Mental Health oversees the State Hospital and community mental health programs. Increased demand for services to the mentally ill has placed additional pressure on inpatient, outpatient, day treatment, and residential services. Utah's mental health system, although lean in its funding (47th per capita nationally), has been recently ranked 9th best mental health program in the country in meeting the needs of its seriously mentally ill adult population.

The Office of Assistance Payments oversees a number of federal and state public assistance programs. The number of eligible welfare recipients continued to grow during FY 1987-88. The AFDC caseload increased 13.3 percent, peaking at 15,000 households. Although public assistance caseloads continue to rise, a sound process is in place for making accurate eligibility determinations and benefit payments.

Utah's AFDC two-parent household program has drawn national attention. It was recognized as a national model in the recently-passed federal welfare reform bill, the

Family Support Act of 1988. Because of Utah's innovation, the state should have little difficulty in putting the requirements of this bill in place. The Division of Substance Abuse initiated a statewide youth treatment program and planned a statewide alcohol and drug coordinating council.

The Division of Services to the Handicapped successfully moved 130 mentally retarded people from nursing homes into less restrictive community alternatives. Another 36 individuals were moved from the Utah State Training School into the community. Fifty-two people are now in the Supported Employment Program and are becoming contributors rather than consumers.

The federal Omnibus Budget Reconciliation Act of 1987 (OBRA) requires review and assessment of every mentally retarded person who resides in intermediate care or skilled nursing facilities. These clients must be given the choice to live in a less restrictive community alternative. If the client so chooses, the state must provide alternative housing and treatment. The governor's budget includes \$7.3 million (\$2.1 million in the General Fund) to cover the estimated costs of OBRA. Costs will increase as requirements are phased in over the next four years.

The Division of Family Services emphasizes home-based services such as parenting classes, youth advocates, and the teen parent program. These services have decreased out-of-home foster placements. The division's risk assessment model for child abuse and neglect investigations has received national recognition.

The Division of Aging and Adult Services helps individuals remain independent for as long as possible. The division provides funding for family support and home-based and community-based services in lieu of expensive nursing home care. The division is cooperating with the Department of Health to establish a Medicaid Home and Community-Based Services Waiver.

Recommendations

Governor Bangerter recommends a total budget of \$274,032,800 for the Department of Social Services, a 1.8 percent overall increase over FY 1988-89, and a 4.9 percent increase in the General Fund. Funding has been included for federally mandated OBRA costs and a 3.0 percent increase in the grant level to public assistance recipients.

The governor recommends additional funding for the Office of Community Operations to accommodate the federal Medicare Catastrophic Coverage Act of 1988. The act significantly expands the eligible population for Medicaid services. The budget also includes state funds to supplant lost Medicaid revenue for handicapped individuals as well as to cover an estimated shortfall in collections and increased employee costs at the Utah State Hospital and Utah State Training School.

SOCIAL SERVICES
Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90	Percent Change
Schedule of Programs:				
Executive Director	12,877,200	11,897,000	8,997,100	(24.4)
Community Operations	41,968,200	43,427,500	45,077,800	3.8
Mental Health	31,831,400	32,616,600	33,355,900	2.3
Substance Abuse	8,885,300	10,389,600	9,890,400	(4.8)
Public Assistance	89,971,900	92,631,100	95,432,700	3.0
Services to the Handicapped	40,546,900	42,971,700	44,338,600	3.2
Recovery Services	12,739,200	13,371,700	15,433,900	15.4
Family Services	13,100,900	13,795,700	13,543,600	(1.8)
Aging and Adult Services	8,115,300	8,026,200	7,962,800	(0.8)
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Total Expenditures	\$260,036,300	\$269,127,100	\$274,032,800	1.8
Plan of Financing:				
General Fund	100,878,500	100,835,500	105,778,100	4.9
Federal Funds	115,136,100	115,790,500	119,188,200	2.9
Dedicated Credits	12,483,300	13,054,200	12,013,800	(8.0)
Restricted and Trust Funds	424,800	775,000	775,000	0.0
Revenue Transfers	33,093,000	36,085,600	36,277,700	0.5
Other Funds	(1,025,800)	0	0	0.0
Transfer - Retirement	(838,000)	0	0	0.0
Beginning Non-lapsing Funds	4,032,800	2,586,300	0	(100.0)
Closing Non-lapsing Funds	(2,586,300)	0	0	0.0
Lapsing Funds	(1,562,100)	0	0	0.0
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Total Revenue	\$260,036,300	\$269,127,100	\$274,032,800	1.8
 Full-time Equivalent Positions		 3,336.72	 3,355.60	

TRANSPORTATION

Overview

The mission of the Utah Department of Transportation is to establish and maintain a safe, balanced, and integrated state transportation system. Department goals are:

- to complete the interstate highway system and improve pavement conditions on other roads
- to assure safety on all state highways through appropriate design, signing, and snow removal
- to plan and implement the expansion of the West Valley Highway, the I-15 corridor, and other priority highway projects throughout the state
- to review and analyze Utah's transportation needs, including development of new ports-of-entry on major interstate highways

The State of Utah has 49,900 miles of public roads which are maintained by government agencies. Approximately 16,000 miles of road are hard-surfaced with either bituminous or concrete roadways. The Pavement Serviceability Index is a numerical rating which indicates the condition of the road surface as measured by pavement roughness and ride quality. This index is expected to show improvement in FY 1989-90 because of maintenance funds generated by the five-cent motor fuel tax increase of 1987. These additional funds make it possible to award more maintenance projects at the state, county, and city levels.

Construction on the interstate highway system nears completion. As of November 1, 1988, 92 percent of the 938 mile system was complete. Forty-seven additional miles were partially finished but open to traffic. The remaining 28 miles are under construction. During the past year, traffic volume in the state increased by 3.6 percent to a total of 12.7 billion vehicle miles.

Recommendations

Governor Bangerter recommends a total operating budget of \$122,261,700 for the Department of Transportation, a 1.7 percent increase from FY 1988-89. The General Fund recommendation remains the same as for the previous year.

The governor also recommends a total capital budget of \$214,992,300. See the Capital Budget section of this document for details.

TRANSPORTATION
Budget Summary

	Actual	Authorized	Governor's	
	1987-88	1988-89	Recommendation	Percent
			1989-90	Change
Schedule of Programs:				
Support Services	6,892,800	8,146,500	12,213,500	49.9
Engineering Services	17,707,100	18,021,700	14,929,700	(17.2)
Construction Management	15,433,600	15,386,400	15,728,700	2.2
District Management	8,867,300	9,473,000	9,650,300	1.9
Equipment Management	497,100	672,500	687,400	2.2
Maintenance	49,738,400	52,288,900	52,720,600	0.8
Aeronautics	18,248,200	16,190,900	16,331,500	0.9
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Total Expenditures	\$117,384,500	\$120,179,900	\$122,261,700	1.7
 Plan of Financing:				
General Fund	942,000	943,600	943,600	0.0
Transportation Fund	82,003,300	81,782,300	82,295,600	0.6
Federal Funds	38,067,000	33,590,900	32,533,600	(3.1)
Dedicated Credits	1,558,000	422,000	428,800	1.6
Revenue Transfers	(1,543,400)	(2,465,100)	0	(100.0)
Beginning Non-lapsing Funds	(272,800)	0	0	0.0
Closing Non-lapsing Funds	0	0	0	0.0
Lapsing Funds	(5,892,300)	0	0	0.0
Restricted - Aeronautics	6,519,100	5,861,200	6,004,200	2.4
Other	(3,996,400)	45,000	55,900	24.2
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Total Revenue	\$117,384,500	\$120,179,900	\$122,261,700	1.7
 Full-time Equivalent Positions		1,617.00	1,617.00	

CAPITAL BUDGET



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 and 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. Public facilities affect the state economy throughout all phases of planning, construction, and operation. Any construction should be carefully planned.

Historically, the state's investment in capital facilities has been irregular. For almost 70 years, capital 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 partially funded 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

SUMMARY OF CAPITAL FACILITY RECOMMENDATIONS

Department	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Agriculture			
Agriculture Resource Development			
Loan Fund	\$ 500,000	\$ 0	\$ 0
Community and Economic Development			
Community Assistance Program	8,541,400	22,247,500	15,317,000
Critical Needs Housing	681,100	645,500	766,500
Burr Trail	0	2,000,000	0
Natural Resources			
Parks and Recreation			
Park Maintenance	185,000	1,262,600	0
Development and Acquisition	150,500	173,700	48,000
Recreation Services	864,000	225,000	0
Riverway Enhancement	4,500	340,200	0
Veterans Cemetery	0	29,600	
Utah Energy Office			
Energy Improvements	1,000,000	0	0
Water Resources			
Cities Water Loan Fund	2,000,000	2,000,000	1,902,000
Revolving Construction Fund	2,090,000	2,168,000	2,962,000
Conservation and Development	3,800,000	2,200,000	4,951,000
West Desert Pumping	4,118,700	2,338,000	0
Wildlife Resources			
Law Enforcement	0	0	89,000
Information and Education	183,900	187,600	170,000
Fisheries	1,119,600	858,500	1,761,500
Game Management	1,532,000	1,525,600	1,248,000
Middle Fork Canyon	1,144,000	1,082,300	0
Public Education			
Critical School Buildings	6,458,000	6,458,000	6,458,000
State Building Program			
Capital Maintenance	10,177,300	12,400,000	10,088,000
Capital Developments	57,096,200	35,155,900	51,579,600
Planning Funds	2,285,000	255,000	287,700
Department of Transportation			
Federal Highway Construction	130,790,800	168,250,000	126,624,600
State Construction	0	13,079,500	18,700,000
Highway Rehabilitation	18,995,000	21,928,600	21,515,000
Sidewalk Construction	497,700	1,337,600	500,000
B and C Road Account	40,394,900	41,492,800	43,067,800
Finance Clearing	(60,800)	0	0
Special Districts	2,000,000	2,000,000	4,000,000
In Lieu Taxes	0	233,900	584,900
Debt Service	<u>53,413,000</u>	<u>65,066,800</u>	<u>64,676,900</u>
Total	\$349,961,800	\$406,942,200	\$377,297,500

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Plan of Financing:			
General Fund	\$ 64,902,200	\$102,466,500	\$ 72,066,800
Uniform School Fund	225,200	0	0
Transportation Fund	90,868,900	90,126,800	96,329,900
Federal Funds	115,117,500	162,038,600	116,435,700
Dedicated Credits	17,658,600	16,947,300	18,741,600
Mineral Lease Fund	18,081,800	28,539,400	20,470,400
Restricted Accounts	1,200,000	368,800	831,400
Bonding	57,291,200	0	50,000,000
Other Funds	120,000	1,500,000	0
Beginning Non-lapsing Funds	9,162,700	7,376,500	2,421,700
Closing Non-lapsing Funds	(7,376,500)	(2,421,700)	0
Lapsing Funds	<u>(17,289,800)</u>	<u>0</u>	<u>0</u>
Total Revenue	\$349,961,800	\$406,942,200	\$377,297,500

AGRICULTURE

Overview

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) cropland soil and water conservation projects, and 4) energy efficient farming.

Recommendations

Governor Bangerter recommends a supplemental appropriation of \$450,000 for FY 1988-89.

Agriculture Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Agriculture Resource Development Loan Fund	<u>\$ 500,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures	\$500,000	\$ 0	\$ 0
Plan of Financing:			
General Fund	<u>\$ 500,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenue	\$500,000	\$ 0	\$ 0

COMMUNITY AND ECONOMIC DEVELOPMENT

Overview

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

Critical Needs Housing - helps local governments and housing agencies meet critical housing needs of Utah citizens. Funding is from federal grants and state appropriations.

Recommendations

Governor Bangerter recommends an appropriation of \$16,083,500. This includes \$300,000 from the General Fund for critical needs housing. The governor is also recommending a supplemental appropriation of \$200,000 for critical needs housing in FY 1988-89.

Community and Economic Development Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Community Assistance Program	\$ 8,541,400	\$ 22,247,500	\$ 15,317,000
Critical Needs Housing	681,100	645,500	766,500
Burr Trail	<u>0</u>	<u>2,000,000</u>	<u>0</u>
Total Expenditures	\$9,222,500	\$24,893,000	\$16,083,500
Plan of Financing:			
General Fund	\$ 300,000	\$ 300,000	\$ 300,000
Federal Funds	426,600	300,000	466,500
Dedicated Credits	0	5,800,000	5,889,500
Mineral Lease Funds	9,549,000	18,447,500	9,427,500
Beginning Balance	0	45,500	0
Closing Non-lapsing Balance	(45,500)	0	0
Lapsing Balance	<u>(1,007,600)</u>	<u>0</u>	<u>0</u>
Total Revenue	\$ 9,222,500	\$24,893,000	\$16,083,500

NATURAL RESOURCES

Overview

Division of Parks and Recreation

Park Maintenance - provides facilities necessary to maintain and store equipment and supplies.

Development and Acquisition - provides funding for property acquisition.

Recreation Services - provides grants to local governments for park development.

Riverway Enhancement - provides matching and development funds for the Provo/Jordan River Parkway and other riverways.

Veterans Cemetery - provides state funding to supplement private contributions for the construction of this project.

Recommendations

Governor Bangerter recommends \$48,000 from the General Fund for FY 1989-90. The governor is also recommending a supplemental appropriation of \$1,050,000 to fund park improvements in FY 1988-89.

Division of Parks and Recreation Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Park Maintenance	\$ 185,000	\$ 1,262,600	\$ 0
Development and Acquisition	150,500	173,700	48,000
Recreation Services	864,000	225,000	0
Riverway Enhancement	4,500	340,200	0
Veterans Cemetery	<u>0</u>	<u>29,600</u>	<u>0</u>
Total Expenditures	\$1,204,000	\$2,031,100	\$48,000
 Plan of Financing:			
General Fund	\$ 20,700	\$ 79,600	\$ 48,000
Dedicated Credits	800,000	600,000	0
Federal Funds	864,000	325,000	0
Restricted Funds	73,600	0	0
Other Funds	(195,000)	0	0
Beginning Balance	667,200	1,026,500	0
Closing Non-lapsing Balance	<u>(1,026,500)</u>	<u>0</u>	<u>0</u>
Total Revenue	\$1,204,000	\$2,031,100	\$48,000

Utah Energy Office

Overview

Energy Improvements - entail allocation of petroleum overcharge recovery revenue to various state and local agencies and nonprofit organizations to improve capital facility energy conservation.

Recommendations

Governor Bangerter will continue to authorize spending within the guidelines outlined by the court.

Utah Energy Office Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Energy Conservation and Financial Assistance	\$ <u>1,000,000</u>	\$ <u>0</u>	\$ <u>0</u>
Total Expenditures	\$1,000,000	\$ 0	\$ 0
Plan of Financing:			
Other Funds	\$ <u>1,000,000</u>	\$ <u>0</u>	\$ <u>0</u>
Total Revenue	\$1,000,000	\$ 0	\$ 0

Division of Water Resources

Overview

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

Revolving Construction Fund - helps local irrigation companies develop new water sources or improve existing irrigation systems.

Conservation and Development Fund - disburses \$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.

Recommendations

Governor Bangerter recommends that water development programs be funded by the repayment of loans. To accelerate water development, the governor is recommending supplemental appropriations for FY 1988-89. Funding for the supplementals will come from \$3.5 million in mineral lease collections and a transfer of unexpended funds from the Great Salt Lake pumping project accounts. The amount of the transfer will depend on the final cost of closing the pumping plant. It is estimated at approximately \$3.5 million.

**Water Resources
Capital Budget Summary**

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Cities Water Loan Fund	\$ 2,000,000	\$ 2,000,000	\$ 1,902,000
Revolving Construction Fund	2,090,000	2,168,000	2,962,000
Conservation and Development	3,800,000	2,200,000	4,951,000
West Desert Pumping Project	<u>4,118,700</u>	<u>2,338,000</u>	<u>0</u>
Total Expenditures	\$12,008,700	\$8,706,000	\$9,815,000
Plan of Financing:			
Dedicated Credits	\$ 7,840,000	\$ 6,318,000	\$ 9,765,000
Reservoir Fund	50,000	50,000	50,000
Other Funds	(500,000)	0	0
Beginning Balance	6,956,700	2,338,000	0
Closing Non-lapsing Balance	<u>(2,338,000)</u>	<u>0</u>	<u>0</u>
Total Revenue	\$12,008,700	\$8,706,000	\$9,815,000

Division of Wildlife Resources

Overview

Law Enforcement - provides facilities for law enforcement personnel and equipment.

Information and Education - continues the construction and development of the Lee Kay Center for Hunter Education and other facilities. 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 comes 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 - permits preservation of critical game habitat in Ogden Canyon as part of the game management program. The state has made four of five payments.

Recommendations

Governor Bangerter recommends \$3,268,500 to fund wildlife capital projects. The governor also recommends a supplemental appropriation for the final Middle Fork payment in the current fiscal year.

Wildlife Resources Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Law Enforcement	\$ 0	\$ 0	\$ 89,000
Information and Education	183,900	187,600	170,000
Fisheries	1,119,600	858,500	1,761,500
Game Management	1,532,000	1,525,600	1,248,000
Middle Fork Canyon	<u>1,144,000</u>	<u>1,082,300</u>	<u>0</u>
Total Expenditures	\$3,979,500	\$3,654,000	\$3,268,500
Plan of Financing:			
General Fund	\$ 1,162,300	\$ 1,082,300	\$ 0
Federal Funds	2,183,400	1,336,200	2,412,100
Dedicated Credits	357,500	65,000	75,000
Wildlife Restricted Fund	899,100	318,800	781,400
Beginning Non-lapsing Balance	247,200	851,700	0
Closing Non-lapsing Funds	(851,700)	0	0
Lapsing Funds	<u>(18,300)</u>	<u>0</u>	<u>0</u>
Total Revenue	\$3,979,500	\$3,654,000	\$3,268,500

PUBLIC EDUCATION

Overview

Critical School Building Program - provides grants to assist school districts with existing debt requirements.

Recommendations

Governor Bangerter recommends \$6,458,000 for this program.

**Public Education
Capital Budget Summary**

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Critical Building Program	\$ 6,458,000	\$ 6,458,000	\$ 6,458,000
Total Expenditures	\$6,458,000	\$6,458,000	\$6,458,000
 Plan of Financing:			
Uniform School Fund	\$ 225,200	\$ 0	\$ 0
Mineral Lease Funds	<u>6,232,800</u>	<u>6,458,000</u>	<u>6,458,000</u>
Total Revenue	\$6,458,000	\$6,458,000	\$6,458,000

STATE BUILDING PROGRAM

Overview

Capital Maintenance - provides for major alterations, repairs, or improvements of state-owned buildings. Maintenance of existing capital facilities is a major concern. Funding comes from agency operating budgets and the building board capital budget. Declining revenue has 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.

Last year, the legislature funded an asbestos abatement program for state buildings. Work is currently underway on the State Office Building. With continued funding, work will extend to all other state buildings in need of asbestos abatement.

Capital Developments - fund new building construction and major changes to existing facilities. Last year the state did not bond to fund the construction program. Instead, the legislature was able to use surplus funds in approving \$30.6 million for construction. Included was partial funding for Phase I of the Gunnison Regional Prison. The need for additional capacity within the corrections system makes the completion of Phase I essential.

Planning Funds - provide funding for project planning and design. Projects identified for planning will be considered for construction funds next year. This process results in improved cost estimates and better planning.

Recommendations

Governor Bangerter recommends \$10,088,000 to fund capital maintenance projects as recommended by the Building Board. To further strengthen the capital maintenance program, the governor is recommending supplemental appropriations for FY 1988-89 of: 1) \$1,750,000 to accelerate asbestos abatement and expansion of the maintenance program and 2) \$250,000 for completion of the uranium mill tailings cleanup in Salt Lake County and Green River.

Governor Bangerter recommends a \$50 million bond to fund the construction program. He supports the Building Board's construction list, but reserves the right to change items or amounts on the list after further study. The following projects are recommended:

Gunnison Regional Prison	\$17,773,000
USU Old Main Renovation	4,486,500
CEU Business Building	3,613,700
Agriculture Chemical Storage Building	75,900
Public Safety Ogden Radio Shop	241,600
Sandy Circuit Court	4,618,200
U of U Talmage Building	3,566,300
SUSC Academic Services Building	3,712,600
Health Building Parking Lot Purchase	500,000
Social Services Group Homes	3,000,000
Hill Air Force Base Museum	1,700,000
Alcohol Beverage Commission Store Purchases	1,031,000
Public Safety Richfield Communications Shop	205,600
WSC Old Building Renovation	2,344,000
Fairgrounds Improvements	1,000,000
USU Agriculture Education Building	2,818,500

The governor also recommends \$1,579,600 from the Transportation Fund to construct highway maintenance facilities.

Governor Bangerter recommends \$287,700 for planning future construction projects. The preliminary planning list includes:

SLCC Library	\$33,000
UVCC Library	18,100
Salt Lake Courts Master Plan	50,700
State Hospital Psychiatric Facility	52,400
Utah Community Center for the Deaf	12,200
Health Department Facility Master Plan	50,000
Consolidation of the Schools for the Deaf and Blind	33,800
National Guard Utah County South Armory	14,200
SUSC Science Center Remodel	23,300

**State Building Program
Capital Budget Summary**

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Capital Maintenance	\$ 10,177,300	\$ 12,400,000	\$ 10,088,000
Capital Developments	57,096,200	35,155,900	51,579,600
Planning Funds	<u>2,285,000</u>	<u>255,000</u>	<u>287,700</u>
Total Expenditures	\$69,558,500	\$47,810,900	\$61,955,300
Plan of Financing:			
General Fund	\$ 11,790,000	\$ 41,857,600	\$ 10,375,700
Transportation Fund	0	3,053,300	1,579,600
Mineral Lease	300,000	1,400,000	0
Restricted Funds	177,300	0	0
Other Funds	0	1,500,000	0
Bonding	<u>57,291,200</u>	<u>0</u>	<u>50,000,000</u>
Total Revenue	\$69,558,500	\$47,810,900	\$61,955,300

TRANSPORTATION

Overview

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 - funds state highway repair through 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.

Special Districts - provide counties with funding for special highway projects.

Payment-in-Lieu-of Taxes - reimburses counties for taxes lost as a result of state land ownership.

Recommendations

Governor Bangerter recommends \$214,992,300 for the Department of Transportation capital budget.

Transportation Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Federal Construction	\$ 130,790,800	\$ 168,250,000	\$ 126,624,600
State Construction	0	13,079,500	18,700,000
Highway Rehabilitation	18,995,000	21,928,600	21,515,000
Sidewalk Construction	497,700	1,337,600	500,000
B and C Road Account	40,394,900	41,492,800	43,067,800
Finance Clearing	(60,800)	0	0
Special Districts	2,000,000	2,000,000	4,000,000
In Lieu Taxes	<u>0</u>	<u>233,900</u>	<u>584,900</u>
Total Expenditures	\$192,617,600	\$248,322,400	\$214,992,300
Plan of Financing:			
Transportation Fund	\$ 90,868,900	\$ 83,073,500	\$ 94,750,300
Dedicated Credits	4,271,400	2,100,000	2,100,000
Federal Funds	111,643,500	160,077,400	113,557,100
Mineral Lease Funds	2,000,000	2,233,900	4,584,900
Revenue Transfers	(185,000)	0	0
Beginning Non-lapsing Funds	1,120,300	837,600	0
Closing Non-lapsing Funds	(837,600)	0	0
Lapsing Funds	<u>(16,263,900)</u>	<u>0</u>	<u>0</u>
Total Revenue	\$192,617,600	\$248,322,400	\$214,992,300

DEBT SERVICE

Recommendations

Governor Bangerter recommends \$64,676,900 for debt service.

Debt Service Capital Budget Summary

	Actual 1987-88	Authorized 1988-89	Governor's Recommendation 1989-90
Schedule of Programs:			
Debt Service Payments	\$ 53,413,000	\$ 65,066,800	\$ 64,676,900
Total Expenditures	\$53,413,000	\$65,066,800	\$64,676,900
Plan of Financing:			
General Fund	\$ 51,129,200	\$ 59,147,000	\$ 61,343,100
Transportation Fund	0	4,000,000	0
Dedicated Credits	4,389,700	2,064,300	912,100
Beginning Non-lapsing Funds	171,300	2,277,200	2,421,700
Closing Non-lapsing Funds	<u>(2,277,200)</u>	<u>(2,421,700)</u>	<u>0</u>
Total Revenue	\$53,413,000	\$65,066,800	\$64,676,900

**RECOMMENDED
SUPPLEMENTAL
APPROPRIATIONS**



STATE OF UTAH
Recommended Supplemental Appropriations

Item	General/ Uniform School Fund	Mineral Lease	Other State Funds	Federal Matching Funds	Total
Business, Labor, and Agriculture					
Agriculture					
1	0	0	10,000	0	10,000
2	0	0	25,000	0	25,000
3	18,000	0	0	0	18,000
4	0	450,000	0	0	450,000
5	0	200,000	0	0	200,000
Alcoholic Beverage Control					
6	50,000	0	0	0	50,000
7	75,000	0	0	0	75,000
8	160,000	0	0	0	160,000
9	0	0	500,000	0	500,000
Business Regulation					
10					
Insurance					
11	171,500	0	0	0	171,500
Community and Economic Development					
12	0	0	50,000	0	50,000
13	0	0	335,000	0	335,000
14	0	0	50,000	0	50,000
15	0	0	125,000	0	125,000
16	0	304,800	0	0	304,800
17	0	1,000,000	0	0	1,000,000
18	3,800	0	0	0	3,800
19	200,000	0	0	0	200,000
Courts					
20	(893,900)	0	0	0	(893,900)
	893,900	0	0	0	893,900
Elected Officials					
21	0	0	21,100	0	21,100
22	0	0	400,000	0	400,000
Government Operations					
23	(38,500)	0	0	0	(38,500)
	38,500	0	0	0	38,500
24					
25	20,300	0	0	0	20,300
26					
27					
28					
Health					
29	0	100,000	0	0	100,000
30	0	259,000	0	980,000	1,239,000
31	0	0	57,000	0	57,000
Higher Education					
32	56,200	0	0	0	56,200
33	259,400	0	0	0	259,400
34	72,800	0	0	0	72,800
35	41,000	0	0	0	41,000
36	251,000	0	0	0	251,000
37	700,000	0	0	0	700,000
38	130,600	0	0	0	130,600

Item	General/ Uniform School Fund	Mineral Lease	Other State Funds	Federal Matching Funds	Total	
National Guard						
39	Liability and property insurance increase	42,000	0	0	42,000	
40	Lease on Army Aviation Support Facility	36,000	0	0	36,000	
Natural Resources						
41	Fire suppression costs	0	500,000	0	500,000	
42	Middle Fork land purchase	0	937,300	0	937,300	
43	Cloud seeding/Water development	0	200,000	0	200,000	
44	Cities Water Loan Fund	0	500,000	0	500,000	
45	Park capital equipment/improvements	400,000	0	0	400,000	
46	UGMS Mineral Lease windfall	(400,000)	0	0	(400,000)	
47	Water development projects	0	3,000,000	3,500,000	6,500,000	
48	Park restrooms and maintenance shops	0	1,050,000	0	1,050,000	
Public Education						
49	State Hospital	0	100,000	0	100,000	
50	Educational Technology	0	150,000	0	150,000	
51	Custom Fit	0	350,000	0	350,000	
52	Mineral Lease windfall	0	(400,000)	0	(400,000)	
Public Safety						
53	Driver License data processing project	0	200,000	0	200,000	
Social Services						
54	Eligibility workers	0	259,500	0	259,500	
55	Mental Health OBRA 87 costs	25,900	0	0	25,900	
56	State Hospital shortfall in collections	530,000	0	0	530,000	
57	State Hospital waiting list	250,000	0	0	250,000	
58	Sanity exams - State Hospital	400,000	0	0	400,000	
59	State Hospital cost settlement	404,500	395,500	0	800,000	
60	Public Assistance anticipated lapse	(1,400,000)	0	0	(1,400,000)	
61	Handicapped Services OBRA 87 costs	0	43,900	0	43,900	
62	Handicapped Services prevocation day care	0	500,000	0	500,000	
63	Family Services anticipated lapse	(210,400)	0	0	(210,400)	
Transportation						
64	Administrative Services	0	0	162,000	162,000	
65	State Construction	0	0	(162,000)	(162,000)	
Capital Budget						
66	Superfund	0	400,000	0	400,000	
67	Capital maintenance (improvements)/asbestos	0	1,750,000	0	1,750,000	
68	West Valley Highway	11,924,400	0	0	11,924,400	
69	Uranium Mill Tailings	0	250,000	0	250,000	
TOTAL		14,212,000	12,500,000	5,073,100	1,314,700	33,099,800

SUPPLEMENTAL APPROPRIATIONS

Business, Labor, and Agriculture

Item

- 1 Agriculture - Four-wheel-drive vehicles - to Brand Inspection program to upgrade motor pool to trucks which can handle on-ranch livestock inspections on unsurfaced roads. Funding will come from Brand Inspection Restricted Fund.
- 2 Agriculture - Legal assistance - to Ag-loan program to pay legal fees to Attorney General's Office for representation of department's interest in growing number of bankruptcy, foreclosure, and sale proceedings. Funding will come from the Agricultural Resource Development Loan Fund.
- 3 Agriculture - Security system - to General Administration to equip administration building in Salt Lake City with electrical security system.
- 4 Agriculture - ARDL funding - to revolving Agricultural Resource Development Loan program to provide financial assistance for stabilization and development of vital soil and water resources.
- 5 Agriculture - Insect infestation - to Insect Infestation program to combat gypsy moth infestation in Salt Lake County. Funds will also be used for apple maggot, Russian wheat aphid, and cereal leaf beetle extermination programs.
- 6 Alcohol Beverage Control - Accounting Package - to Administration to acquire automated accounting system to replace manual ledger card system.
- 7 Alcohol Beverage Control - Store #21 - to Retail Operations to remodel store #21 in Ogden with upgraded floor, shelves, lighting, heating, and air-conditioning to meet minimum public standards.
- 8 Alcohol Beverage Control - Upgrade of data processing area - to General Operations to remodel inefficient data processing and maintenance areas.
- 9 Alcohol Beverage Control - working capital - to replenish liquor inventory working capital account to preclude operating with cash deficit. Funding will come from the Department of Financial Institutions Restricted Account - Thrifts.
- 10 Business Regulation - Remote access fee intent language - to Corporations to allow authority to continue using remote access fee revenue as a dedicated credit for the purchase of an optical disk system.
- 11 Insurance - Data processing capital outlay - to Administration to acquire maintenance-efficient WANG VS 5000 data processing equipment for new department location at State Office Building.

Community and Economic Development

- 12 Union Pacific Depot Study - to the Division of Facilities Construction and Management to determine the costs of one-time improvements and ongoing maintenance associated with potential adaptive uses of the building including a state art and history museum.
- 13 Bicentennial Arts Complex - to the Division of Community Development to fund the state's one-third share of the annual payment required by agreement with Salt Lake City and County.
- 14 U.S. Ski Team - to the Office of the Executive Director to fulfill the second annual payment provision of a three-year agreement.
- 15 Metro Utah - to the Division of Business and Economic Development to continue activities which coordinate the corporate recruitment efforts of urban counties. It is recommended that any unexpended balance at the end of FY 1988-89 be allowed to carry over into FY 1989-90.
- 16 Zoos - to the Division of Community Development to help alleviate the revenue shortfall at the Hogle and Willow Park Zoos.
- 17 Utah Technology Finance Corporation - to make awards to no less than 20 of the most promising technology-based start-up companies. It is recommended that any unexpended balance at the end of FY 1988-89 be allowed to carry over into FY 1989-90.
- 18 Office of Black Affairs - to the Office of Black Affairs to partially restore the historic level of current expense.
- 19 Critical Needs Housing - to the Division of Community Development to restore the historic level of state matching funds.

Courts

- 20 Juror and witness fees - to create a separate line item for juror and witness fees.

Elected Officials

- 21 Treasurer - Unclaimed Property - State law requires the Unclaimed Property Division of the Treasurer's Office to publish the names of unclaimed property owners in various newspapers twice each year. Funds appropriated for the current year are insufficient. Funding will come from the Unclaimed Property Trust Fund.
- 22 Attorney General - Thrift litigation - to appropriate up to \$400,000 from the Department of Financial Institutions Restricted Account - Thrifts. It is recommended that any unexpended balance at the end of FY 1988-89 be considered non-lapsing.

Government Operations

- 23 Division of Finance/Administrative Rules - to transfer funds to the Division of Administrative Rules from the Division of Finance to offset increased costs of data processing and to print the Administrative Code.
- 24 Telecommunications ISF - intent language - to authorize increases in personnel and capital in the telecommunications internal service fund.
- 25 Human Resource Management - to fund the one-time purchase of necessary office equipment.
- 26 Tax Commission - intent language - to allow the Tax Commission to carry over into FY 1989-90 any unspent funds appropriated for FY 1988-89.
- 27 Division of Finance - intent language - to transfer funds from the Budget Reserve Account to the General Fund and/or Uniform School Fund to cover any shortfalls therein.
- 28 Division of Finance - FEMA intent language - to include intent language stating that upon final audit of the Thistle flood expenditures by the Federal Emergency Management Agency (FEMA) any costs not eligible for federal reimbursement may be offset prior to the closing of FY 1988-89, first against non-lapsing flood monies maintained by the Department of Public Safety, and second against any General Fund surplus. The offset may not exceed \$764,000.

Health

- 29 X-ray licensing fees - to the Division of Environmental Health to appropriate licensing fees which by statute are deposited directly into the General Fund.
- 30 Accounting accrual - to fund an expenditure associated with the final audit of the Medicaid program. An additional accrual was set aside for FY 1987-88 medical services' costs which exceeded the appropriation.
- 31 Home and community-based waiver - to fund a study associated with Medicaid home and community-based waiver for handicapped individuals. The federal government requires such a study before it will renew the waiver. The study will be funded from savings associated with a data processing rate reimbursement.

Higher Education

- 32 Dixie College - Dixie Center Rent - to fund lease payments from the college to the Dixie Center. Previous operating budget appropriations have failed to fund this rent obligation.
- 33 Board of Regents - EDNET expansion - to complete the educational microwave network. State funds will be matched by a federal grant to extend the network to St. George and Dixie College.

- 34 Utah Valley Community College - Utility costs - to fund a deficit in the fuel and power account due to unanticipated utility cost increases. Reallocation will cover the increase in future years.
- 35 Salt Lake Community College - Fire and vehicle insurance - to fund rate increases for risk insurance premiums.
- 36 Southern Utah State College - Theater equipment - to fund equipment purchases for the new college facility. Private donations will match state funds.
- 37 University of Utah - Animal Care facility - to fund equipment necessary to occupy the new facility. Last year the legislature funded construction costs.
- 38 Salt Lake Community College - Airport facilities move - to fund moving and increased rental costs of relocating the aeronautics program to the Salt Lake Airport.

National Guard

- 39 Liability and property insurance - to cover the cost of increased liability and property insurance.
- 40 Lease on Army Aviation Support Facility - to replace federal funds that have been used to pay the lease on the Army Aviation Support Facility.

Natural Resources

- 41 Fire suppression costs - to the Division of State Lands and Forestry for wildland fire suppression costs on state-owned land and to reimburse counties for costs incurred in suppressing wildland fires in FY 1988-89.
- 42 Middle Fork land purchase - to make the last payment on the Middle Fork land purchase. Early payment will save the state over \$85,000 in interest costs.
- 43 Cloud seeding/Water development - to the Division of Water Resources to enhance cloud seeding efforts. It is recommended that any unexpended balance at the end of FY 1988-89 be allowed to carry over into FY 1989-90 and that any unexpended balance at the end of FY 1989-90 lapse into the Revolving Construction Fund.
- 44 Cities Water Loan Fund - to the Division of Water Resources for municipal water system improvements.
- 45 Park capital equipment/improvements - to the Division of Parks and Recreation for the replacement of existing equipment and the improvement of existing state parks.
- 46 UGMS Mineral Lease windfall - to adjust the Geological and Mineral Survey's budget to accommodate a one-time increase in mineral lease revenues.

- 47 Water development projects - for the construction and planning of critical water development and conservation projects. It is also recommended that the unexpended balance of construction and operating funds for the West Desert Pumping Project be used to operate the pumps in FY 1989-90, to prepare the pumps for long term storage, and the balance to be used in the Conservation and Development Fund.
- 48 Park restrooms and maintenance shops - to the Division of Parks and Recreation for the construction of restrooms and maintenance shops in existing parks.

Public Education

- 49 State Hospital - to replace worn-out and defective equipment at the Utah State Hospital youth center.
- 50 Educational Technology - to provide for continuation of the integrated distributed data processing system, and for extension of EDNET.
- 51 Custom Fit Training - to restore a major portion of the Critical Industry Revolving Fund.
- 52 Mineral Lease Windfall - to adjust for an unexpected increase in mineral lease revenue.

Public Safety

- 53 Drivers License data processing project - to Drivers License Division to cover a shortfall in the Driver License data processing project created by an acceleration of the project schedule. This results in overall project savings.

Social Services

- 54 Eligibility workers - to the Office of Community Operations to fund additional workers needed to handle an expected increase in people eligible for Medicaid coverage. This results from passage of the Federal Medicare Catastrophic Coverage Act of 1988.
- 55 Mental Health OBRA 87 costs - to the Division of Mental Health to fund increased costs due to passage of the Federal Omnibus Budget Reconciliation Act (OBRA) of 1987.
- 56 State Hospital shortfall in collections - to fund a shortfall in collections from insurance companies and individuals.
- 57 State Hospital waiting list - to reimburse local mental health centers for hospital costs paid on behalf of court committed individuals waiting to get into the hospital.

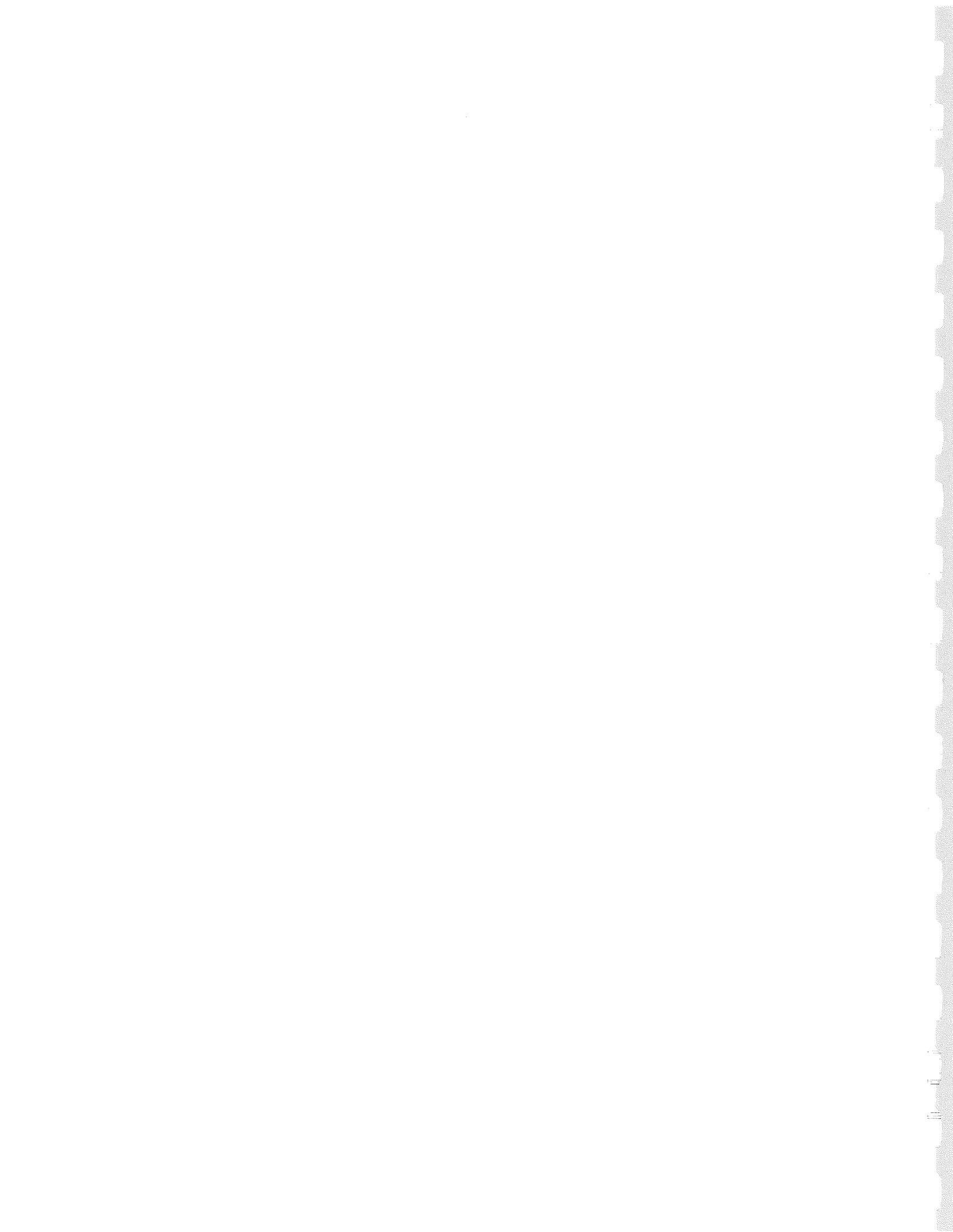
- 58 Sanity exams - State Hospital - to fund a shortfall resulting from some counties refusing to pay the hospital for sanity exams.
- 59 State Hospital cost settlement - to pay funds back to the federal government that, under its guidelines, were overpaid to the state in previous years for patients receiving federal financial coverage through Medicare or Medicaid.
- 60 Public assistance anticipated lapse - to return an estimated surplus to the General Fund that resulted from public assistance caseloads being less than originally projected.
- 61 Handicapped Services OBRA 87 costs - to the Division of Services to the Handicapped to fund costs required by the passage of the Federal Omnibus Budget Reconciliation Act (OBRA) of 1987.
- 62 Handicapped Services prevocation day care - to continue funding prevocational services provided to handicapped individuals who will no longer qualify for federal funding under the Medicaid program.
- 63 Family Services anticipated lapse - to return an estimated surplus to the General Fund.

Transportation

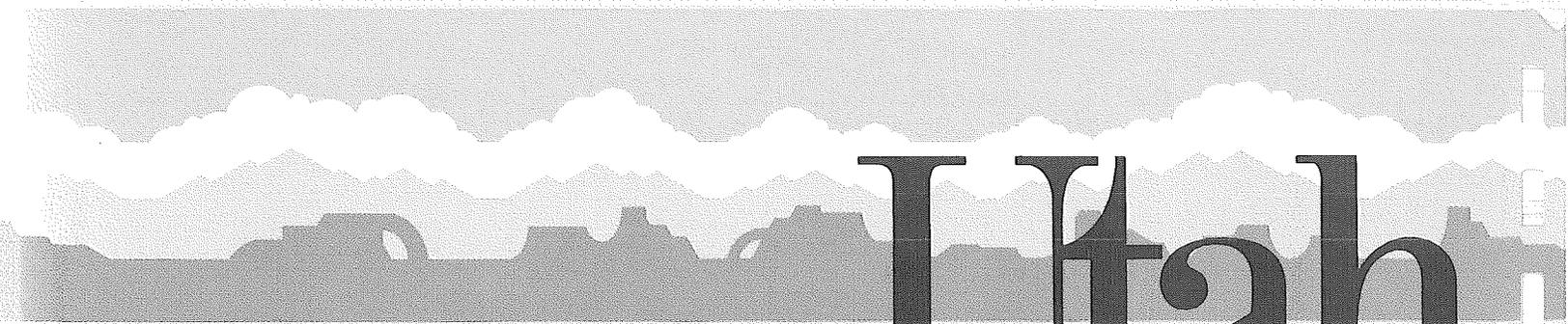
- 64 Administrative Services - Insurance Costs - insurance costs for FY 1988-89 are \$162,000 higher than funded. The components of the insurance increase are property insurance premium increases of \$7,100 and retired employee-related insurance cost increase of \$154,900.
- 65 State Construction - to cover the cost of increased insurance in Administrative Services.

Capital Budget

- 66 Superfund - to begin a state fund used for the required state match on federal superfund projects or for high priority state hazardous waste cleanups. The governor recommends that legislation be passed to establish a state superfund program administered by the Department of Health.
- 67 Division of Facilities Construction and Management - Capital Maintenance - to fund asbestos abatement and improvement projects as ranked by the Building Board.
- 68 West Valley Highway - to begin initial design and construction of a highway along the 4000 West corridor from 9000 South to 2100 South. It is recommended that this appropriation be made non-lapsing.
- 69 Division of Facilities Construction and Management - Uranium mill tailings - to fund completion of the removal and site stabilization of uranium mill tailings in Salt Lake County and Green River.





A silhouette of a Utah landscape featuring a range of mountains, a city skyline with several buildings, and a body of water in the foreground. The sky is filled with stylized, fluffy clouds.

Utah

A pretty, great state.