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Utah's 2012 Legislature Holds Its Course – with What Foresight?

Abstract: Utah's legislative session ended Thursday, March 9, 2013. The ship of state made little change in course. It sliced through waters calmed in part by appropriations of \$13 billion, at or near a new post-recession total. Contentions over the sources and uses of funds were limited, as the legislature steered clear of big changes. Debates (nay, pronouncements) instead built election-year themes: bash the federal government and fight (or hide) sex. This budget report focuses upon the legislative session, the allocation of benefits and burdens.

Keywords: budget; FY 2012–2013; governor; legislature; Utah.

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1 Session Summary

When Utah's 2012 legislative session ended in March, *The Salt Lake Tribune* summarized it as, "45 days of efficient law-making, angry fist-shaking at the federal government, conservative cause-pushing and the meting out of more cash than the state has seen in several years. It was an otherwise mundane session without scandal or public furor" (Gehrke 2012c,d). The next day the *Tribune*, a progressive (and the state's largest) paper opined the "Utah budget a reasonable plan." (*Salt Lake Tribune* 2012c) The ship of state made little change in course. It sliced through waters calmed in part by appropriations of \$13 billion, at or near a new post-recession total. Contentions over the sources and uses of funds were limited, as the legislature steered clear of big changes. Debates (nay, pronouncements) instead built election-year themes: bash the federal government and fight (or hide) sex.

Who frames the budget's focus and discussion? To what extent should the legislature, the press, and/or the public decide what is considered? Should, and can, attention be more certainly and usefully shifted to fiscal affairs? Does Utah's reputation for good financial management mean discussion is adequate and well-focused? Fiscal issues decided this year show varying degrees of legislative

and public attention, illustrating the problems and importance of determining what questions to consider.

1.1 Bonding

Historically, Utah legislatures have tended to avoid bonding. Recently, without fanfare, Utah rapidly expanded its bonding, providing highways and economic stimulus. Risks were controlled, even while approaching the constitutional limit of general obligation debt, through careful analysis and strategies (e.g., no new authorizations this year). Utah made a similar expansion of debt in the mid Sixties, with similar success, but for financing higher education (Rampton 1989:, pp. 126, 135, 142, 143).

1.2 Taxes

The legislature took little action and skipped most discussion of two significant decisions. It skipped the opportunity usually taken to use a portion of new revenues to reduce taxes and the question of whether to remove tax preferences in order to reduce general tax rates or to better fund programs.

1.3 Public education

Although continued complaints and facts argue for a catch-up in funding, debate and action were successfully limited to what could be done with expected revenues, and public education was not especially favored.

1.4 Transportation

Highway construction moved ahead, with the state's least transparent financing.

1.5 Health

The health budget did little to change present programs. It instead moved to resolutions that Utah, being “the best managed state in the country,” should take over government-supported health care, to be financed by new federal revenue

sharing. While such were the stuff of public debates, the real action was appropriations giving health the greatest percentage increases of the major state expenditures.

1.6 Higher Education

Colleges and universities had their best, though far from great, year since the recession hit with a 3% increase (including salary increases for the first time since the recession). The justification was to support economic growth through an educated work force and technological innovation.

2 Budget Purposes

Behind the major budget decisions were fundamental concerns and tools that appear to be increasingly recognized and more fully developed by executive and legislative staffs as well as by elected leadership. (1) The state is using, though not always recognizing, its fiscal policy tools (e.g., bonding) to smooth economic disruptions and cycles. (2) The state has growing capacities for information collection and sharing to make budgeting accountable through knowledgeable, representative, and fair procedures (e.g., financial reports; public and private medical expenditures). (3) The state's leadership, public and private, knows Utah faces questions of generational responsibilities in appropriations for operations (e.g., public education and health) and infrastructure (e.g., transportation and water) – but while Utah's planning tools are relatively strong (Huefner 2011; Murray 2011), its provisions for long-term needs (e.g., educational finance; water allocation/conservation; environmental health) are limited because support goes to immediate benefits serving present political interests.

The budget serves two purposes: to allocate funds and financial burdens, and, after passage, to assure that expenditures conform to the appropriations. The first purpose is best met through discussion and compromise informed by facts and guided by public values. Regular reports now document in some detail the budget proposals and the adopted budgets. Even so, transparency and accountability deserve improvement, particularly during the legislative process that now includes decision-making in closed caucuses and last minute surprises in “box car” bills.

The second purpose is sought through extensive, professional, and apparently effective tabulations reporting and auditing. These tools are of increasing

quality and use, although further attention could be given the increasing use of internal and external audits, to better assure professionalism for effectiveness and fairness. This report focuses upon the budget's first use: allocating benefits and burdens.

3 The People and the Economy

Utah looked ahead to 2012 with relief. Its economy was rebounding and so was immigration. Though the economic rebound was modest, it was stronger than that of most states, with unemployment dropping to 7.7% in 2011 and population growth third highest in the nation. The rebound was broadly distributed; the exceptions were a decline in public employment and an anemic rebound in the housing market.

State leadership, as in past years, touted the superiority of the state's administration and its business environment, citing as evidence national rankings and state employment rates (Harvey 2011; Oberbeck 2011a,b). These celebrations seldom satisfied critics asking why then the poor rankings of state public school support (Rowland and Gruber 2011a).

Utah's demographic exceptionalism continues. Utahns are younger, more fecund, highly urban, educated for more years, paid less, and not as likely to be very rich or very poor. These measures and their significance to the state budget, particularly the financing of education, are described more fully in past Utah reports of this series. Also described in these previous reports is a remarkable growth in minority populations that is increasingly recognized by Utahns, in such places as their children's schools and drivers-license renewal lines. This change probably leveled off during the recession, which reduced, though did not eliminate, net immigration.

Personal income must support Utah's large families and, through the state income tax, provide the financial base for Utah's relatively burdened public schools. The 2012 Economic Summary (Governor's Office of Planning and Budget 2012a) shows a roller coaster of quarterly growth in total personal income (comparing income for each quarter with that for the same quarter of the previous year). This year-to-year growth peaked at 10.8% in the first quarter of 2006, declined to 7.9% in the second quarter of 2008, fell sharply to a negative 3.6% in the third quarter of 2009, rebounded to 4.9% in the third quarter of 2010, and has maintained a rate at least this high in the quarters reported since then. This includes the effects of population increases as well as changed earnings per household. The 2012 Economic Summary reports

Table I: Economic Sectors.

Industry Sector	Change during 2011		% of Total	
	%	Number of employees	% of employees	% of GDP
Total	3.0	36,300	100	100
Natural Resources & Mining	9.3	1000	1.0	3.1
Construction	2.6	1600	5.3	4.5
Manufacturing	4.9	5500	9.6	12.6
Trade, Transportation & Utilities	2.3	5400	19.6	16.5
Information	5.5	1600	2.5	3.7
Financial Activities	0.6	400	5.6	21.7
Professional & Business Services	7.0	11,000	13.6	10.5
Education & Health Services	2.7	4300	13.2	7.3
Leisure & Hospitality	4.9	5400	9.3	3.2
Other Services	2.7	900	2.8	3.0
Government	-0.4	-800	17.6	14.0

Source: Herbert (2012a).

that for the period of 2008–2010 Utah’s median household income ranked 8th nationally at \$59,857, while Utah’s average wage ranked 34th in 2009 at \$39,282. Utah wage rates consistency rank below those of the nation. Utah’s disparities in family income now are the smallest in the nation (Davidson 2012e), but Utah has one of the largest wage gaps between women and men (House 2012).

The housing market remained weak, with an 11.6% decline in home prices from 3rd quarter 2010 to 3rd quarter 2011, compared with a national decline of 4.3%. At the end of this period, 2.35% of all loans were in foreclosure, 15th highest in the nation. But Table I shows the breadth of Utah’s economic growth. The strength of the construction sector is remarkable, a result of fortuitous timing of private and federal construction, including major private redevelopment of downtown Salt Lake City. It also includes state construction expenditures of \$7 billion over the past 5 years that were reported to have supported 30,000 jobs (Beebe 2012).

The 2012 Economic Summary expected the Utah Economy would grow more rapidly than that of the nation, accelerating beyond the growth rate of 2011, with employment increasing by 2.7% and the unemployment rate falling to 6.7%. The population was similarly expected to increase at a faster rate than for the nation, adding 39,100 persons through natural increase and 5000 through net migration.

4 Politics

The political structure of the budgeting and the political environments in which it is done have barely changed from that reported a year ago. Utah's politics are dominated by conservative Republican attitudes, these attitudes are more dominant in the legislature than in the state, ALEC (the conservative American Legislative Exchange Council) appears to influence legislation (McEntee 2012), and a conservative Republican majority can over-ride a gubernatorial veto.

Changes are marginal. The most significant is that Utah is a bell-weather for the anti-government anti-tax mood sweeping the Republican Party nationally. This mood took out conservative Senator Bennett in the 2010 election and threatened the same for a frightened Senator Hatch in 2012. A second shift came from the presidential candidacy of "favorite son" Mitt Romney in November. He raised enthusiasm and money among Utah Republicans and enhanced Republican turnout. A third shift builds upon the first two. Several prominent state legislators created openings for new legislators by retiring early to prepare for congressional candidacies, presuming this an apparently favorable year to challenge other conservative incumbents weakened because they are incumbents and not conservative enough.

Small changes may be significant, or at least interesting, One this year was that the "Mormon church skips pre-session meeting with lawmakers" (Gehrke 2012a):

This year, for the first time in decades, the gatherings will take place after Legislature wraps up ...

Senate Majority Leader Scott Jenkins, R-Plain City, said he thinks the change might be related to heightened scrutiny the Salt Lake City-based church is subjected to as Mitt Romney makes his presidential bid.

"It surprised me. I really enjoy meeting with those guys. You don't get a chance to do it very often," said Jenkins. "They know they're coming under a fair amount of scrutiny this year. I think they worry about it ..."

Scott Trotter, a spokesman for The Church of Jesus Christ of Latter-day Saints, said the legislative luncheons are designed "to thank legislators for sacrificing time to serve the citizens and communities of Utah."

"As a thank-you lunch, it seemed easiest to have it after the legislative session," Trotter said.

Ethics was a subdued public/political topic as a court decision was awaited that would determine whether a petition for a code of conduct for the legislature

would be on the November ballot. Utah ranked 35th from the top in the ethics report card issued by the Center for Public Integrity (Gingley 2012), doing best on internal auditing (a rare “A”) and relatively well in procurement (B+) and budgeting process (B-), but with failing grades for important legislative functions and an overall grade of D.

5 Budget Processes

The budget process remained essentially the same as reported last year. The budgets were prepared in an atmosphere presuming a small but significant beginning of fiscal relief from the great recession.

A detailed guide, “Budget Preparation Training Manual FY2013,” for the preparation of agency budgets is available on the Governor’s Office of Planning and Budget web site (<http://governor.utah.gov/budget/default.html>). This general guide presumes an incrementalism focusing upon continuation of existing programs and does not include fiscal guidance for budget requests.

The budget is typically looked at in two parts, reflecting differences in sources of funds and in the legislature’s discretion in using these funds. The first, somewhat smaller half, funded primarily by the income and sales taxes and most subject to legislative discretion, include the General Fund and the School Fund. Together these funds are frequently referred to as the state fund. The larger half is financed by tax receipts earmarked for specific purposes, by fees and other collections supporting specific programs, and by various federal funds, also commonly allocated to particular programs. A definitional confusion arises because the School Fund (income tax receipts) is constitutionally earmarked for education. But this includes both public and higher education. Currently, the total appropriations for all education go beyond this revenue source, to also draw from the General Fund (sales tax receipts). As long as this is the case, the earmarking has no practical significance in the appropriation process.

Utah’s budgets, as state and local budgets commonly do, build first upon revenue forecasts, rather than expenditure proposals. Utah’s estimates come from a consensual effort of the GOPB (Governor’s Office of Planning and Budget), the State Tax Commission, and the LFA (Legislative Fiscal Analyst), with input from private sector and academic economists, with the GOPB and LFA agreeing to an adopted estimate. An initial estimate is reported shortly before the governor’s budget recommendations (early December); a new estimate comes toward the end of the session (late February). The consensual process means the estimates come from multiple models, evaluated by knowledgeable personal judgments,

and agreed to through mutual trust in the objectivity of the several models and judgments. Again, as for many state and local budgets (Rose and Smith 2012), there may be a conservative bias, as errors resulting in deficits are more expensive politically than those resulting in modest surpluses. On the basis of a recent inventory of state revenue estimates (Mikesell 2012), Utah might be judged relatively balanced in the use of statistical v. experience-based judgment and perhaps relatively transparent with its projections, though not necessarily with the presumptions used in its process.

6 Governor's Budget

Governor Herbert introduced his budget (Herbert 2011, pp. 1–4) with an enthusiastic declaration that Utah has reached an economic turnaround: “Utah is poised to lead the nation into recovery.” The covering letter set forth three purposes, within the limiting constraint of no new taxes. “In short, under my budget, funding for public education will increase, core state needs will be met, and our structural imbalance (\$52 million in on-going expenditures financed in FY 2012 with temporary revenue sources) will be eliminated – all without new taxes.” This was to be accomplished while maintaining an Aaa bond rating, and preserving the balances in rainy day funds (\$232.5 million). It was to build upon “his administration’s four policy cornerstones: Education, Jobs, Energy, and Self-Determination.”

Governor Herbert focused on education (Gehrke 2011b). He first recognized that during the recession the state required the schools to absorb the cost of enrollment growth. He called for increased funding to meet the expected enrollment increase for the coming year, as well as “continued commitment to early intervention programs.” He emphasized the link between education and economic development and the essential need for a “highly educated workforce.” The Utah Education Association, the primary representative of public school teachers and this year an endorser of Republican Herbert’s reelection, expressed appreciation for the Governor’s commitment to public education. His proposed allocation of new revenues (Appendix Table II, below) to public education was, however, less than the share of the existing state funds going to public schools. The discrepancy for higher education was even greater. On the other hand, Governor Herbert last year vetoed an additional earmarking of sales tax revenues to highways, an earmarking that reduced the revenue base for general state programs, of which public school appropriations are the largest part. It was a split in voting by Democratic legislators by which the legislature overrode the veto.

The summary tables of the recommendations are presented in an abridged form in Appendix Tables II and III at the end of this report. This year the summaries present a more detailed list of programs and sources of revenue than has been the case in the past, to better explain the nature of the programs and the sources of revenue. Governor Herbert's proposed budget helpfully tabulates the growing diversion of General Fund revenues by earmarks being applied to sales tax revenues (tabulation more fully discussed below under "Revenues, Bonding and Changes in the Base").

Two months later, as the session opened, Governor Herbert's "State of the State" message gave more political color to his budget proposal. A *Salt Lake Tribune* (2012a) editorial said it "offered the red meat that states' rights ideologues love, seasoned with attacks on 'an overreaching, out-of-control and out-of-touch federal government'." The editorial continued:

At one point the governor intoned: "As a sovereign state, we not only have an obligation to find Utah solutions to Utah problems, we have a right to do so. We will not capitulate to a federal government that refuses to be constrained by its proper and constitutionally limited role. Whether fighting the federal government on ownership and control of our RS2477 roads, restoring our mule deer population, defending multiple use of our public lands, ending the budget-busting drain of Medicaid, or challenging the constitutionality of mandatory nationalized healthcare in the Supreme Court, be assured that this Governor is firmly resolved to fortify our state as a bulwark against federal overreach."

Herbert sounded like he was ready to order the National Guard to fire on Fort Sumter.

...

Elsewhere, Herbert focused on Utah's nation-leading economic recovery. In fact, he structured the speech around the six criteria that Forbes magazine uses to rate business-friendly states. In that context, he repeated his vow of no new taxes, and is asking for a reduction in unemployment insurance tax rates. He would plow \$111 million in new state revenue into public education, although that will not make a dent in Utah's lowest-in-nation per-pupil school funding. He wants more Utahns to get college degrees, but will add only \$23 million to the higher education budget. He promises a voluntary plan to improve air quality.

The Deseret News, owned by the Church of Jesus Christ of Latter Day Saints, (2012) reflected in a less cynical tone the importance and challenge of support for education:

On the pre-eminent issue of education, the governor again reiterated a pledge with a number attached: his goal is to see two-thirds of all Utahns in possession of a college degree or professional certification within 8 years. We have previously expressed our skepticism about how the state can reach this goal, though it would indeed go a long way toward enhancing the state's attractiveness to businesses in search of quality labor.

It is important for the governor to focus on public education, but it is also not an issue a chief executive can hugely influence on his or her own. Gov. Herbert's budget request for more than a \$100 million in new money for public schools is a good start and a commitment the Legislature should change only by increasing.

A *Tribune* reporter, in an article headlined “Herbert bemoans feds even as federal money pours into Utah” (Gehrke 2012b), explored the consistency of the governor’s rhetoric. Since “Herbert took office, federal funding in Utah has grown by more than \$1 billion. In Gov. Jon Huntsman’s final budget proposal, federal funds made up 23.4% of the Utah budget. In Herbert’s proposal for the coming fiscal year, that figure has jumped to 27.7% – a total of more than \$3.5 billion.” Governor Herbert blames federal policies for the growth, while a conservative opponent argued the governor is not helpless in deciding whether to accept the money. A US Census study of September, 2011 ranked Utah 48th in per capita federal spending, a ranking Governor Herbert found commendable (Davidson 2011a).

7 Legislative Themes 2012

The legislature and its observers were well aware of the November elections. A common belief in an unwritten rule to avoid embarrassing Romney’s presidential campaign was reflected in a *Tribune* headline “It was mitts off on immigration for Legislature” (Montero 2012a). But legislators denied such a rule and argued that the turmoil in electoral politics had legislators too focused on their own futures to attend to presidential politics.

There were strong intergovernmental themes. Loudest were complaints that federal programs usurp state powers, even state “sovereignty.” With less noise, several bills ironically reminiscent of the Machine Era Ripper laws sought to control local governments in zoning, billboard regulation, historic districts, car engine idling, and sex education. The legislature established a state-level independent ethics commission to review local governments while successfully opposing an independent ethics commission for the state legislature. Dillon’s rule remains alive and well in the legislative chambers of Utah.

The legislature took steps to increase executive powers of the governor. SB39 gives the governor power to fire commissioners of higher education and presidents of colleges of applied technology, and it requires the governor and the senate to approve appointments of chief executives of these organizations. SB21, “brain-child of industry groups” (Fays 2012b), changes the roles and membership of the

state's five environmental boards and gives the governor more direct control over administration of the associated agencies.

The legislative outcomes, however, are less reflected in coherent and fundamental themes than in the specific supports and rejections represented in the details of appropriations and revenue acts.

8 Revenues and Appropriations

The preparation for the legislative session expected new revenues of \$400 million or more (Gehrke 2011a). This opened new options, and options not taken may be as important as those taken. At the conclusion of the session, *The Salt Lake Tribune* (2012d) gave praise on both accounts. It read, in part:

Whenever Utah lawmakers find themselves a few bucks ahead, their normal reaction is to push a politically popular, but fiscally unsound, tax cut. This year, there wasn't even any talk of such a stunt. Also, the Legislature killed a bad idea to commit future revenue growth to boondoggle water projects, or to anything else. And it managed to slightly pay down, rather than increase, the state's bonded indebtedness.

The Beehive economy is just healthy enough that lawmakers were able to allocate some \$440 million worth of new spending in the session that wrapped late Thursday. The small – compared to a total budget of \$13 billion – but welcome windfall was allocated intelligently, with a good chunk going where it was clearly the most needed: education.

The \$110 million in new money for our children's schools isn't nearly enough, really, considering how starved the K-12 budgets have been over the last many years. But it will, on paper, maintain current levels of per-pupil spending even with the 12,500 new students expected to cross the thresholds of Utah public schools next year. The budget also includes funding for some software upgrades, computer-aided testing and language-immersion programs, and to keep up with the increased costs of medical and retirement benefits for teachers and other employees...

All in all, in a state where tax hikes are anathema and public services often means more concrete, it was a good year.

That tax-cut options were off the table at least partly reflects the stringency of the previous years of the recession. For example, appropriations affecting nearly all programs give state employees their first raise in several years (1%) and protection of coverage for health and retirement benefits (Gehrke 2012c). Most programs shared in other benefits, though generally not enough to make up for past limitations.

8.1 Revenues, Bonding, and Changes in the Base

Prospects for the 2012 legislative session expected a “good” year in the most basic and regular measure: the growth in available revenue. But by two other common measures, even this relatively good year was not good enough. The recession’s financial stringencies meant there was catching up to be done, in terms of providing more adequate support to state programs and in relaxing the dependence upon one-time funds whose use through the recession left programs without dependable continuing support and left the state with only narrow margins for meeting contingencies. It was tight enough to not only deprive the legislature of its favorite option during an election year, i.e., to enact tax cuts, but to limit support of the announced priority of education to little more than meet the immediate year’s growth in enrollments.

Utah this year did not catch up with enrollment growth during the previous years of the poor economy and left education with another decline in its proportion of the total state funds. Technical adjustments and changes in tax preferences nearly balanced their increases and decreases of revenue for FY 2013, although they show longer-term net reductions in revenues (Legislative Fiscal Analyst 2012, p. 5). In general it was a good year in terms of the legislature preserving the revenue base, but not so good in terms of fiscal opportunities given legislators by economic growth in that base.

It was a good year in terms of responsible bonding policy, at least in terms of managing the level of debt though the purposes of the debt are subject to greater dispute. In three years, the state increased its general obligation debt from an exceptionally conservative \$421 per capita to \$1262 per capita, within 12% of its constitutional limit (1.5% of fair market value of taxable property) and at the high end of states still given Aaa ratings. This willingness to embrace bonding helped meet infrastructure needs of Utah’s recent and projected growth and provided economic stimulus to moderate the stress of the recession. Yet it has not revealed an addiction; it established an ongoing, prudent, and publicly reported analysis that set the limit close to, but not beyond, the debt possible without losing Utah’s Aaa rating.

Of the ten Aaa rated states, Utah has the 3rd highest debt per capita, 2nd highest debt to personal income, and 4th highest debt to expenditures. In spite of the rapid increase in its debt, Utah continues to receive its high rating for the “state’s debt profile is strong with rapid amortization, moderate debt burden despite an increase in debt for transportation needs, and adequately funded pension system” and while “Utah’s Debt ratios have risen quickly, it still amortizes its debt quickly reflecting its conservative approach,” as the State Treasurer quotes first Fitch and then Moody’s. This year the budgetary discussions presumed no new debt authorizations until 2017 (Ellis 2012, pp. 6, 4, 7, 10, 15–17),

discussions that may have aided in the protection of the AAA rating but which raise questions about how to address pressures for more highway construction.

Governor Herbert's goal to eliminate structural imbalance was met and slightly exceeded by the appropriations act passed by the general session. But a calculation error by the Office of Education was subsequently discovered, requiring action in a June special session that used \$25 million of one-time funds to cover the resulting structural deficit (Legislative Fiscal Analyst 2012, pp. 4–5).

Utah has long earmarked substantial revenues from the state sales tax to be used for water development and highway projects. These diversions from the “state fund” increased in the last two decades. They are significant not simply in their amounts. They are taken off the top of the sales tax revenues, meaning they are guaranteed allocations to these purposes, not showing up in the budget for the state fund. They are thus not subject to the competitive review to which state programs in general are subjected, while they reduce the funds available for the competitive allocations to the other state purposes.

Governor Herbert's tabulation of these diversions shows their significance in amount and trends (Herbert 2011, p. 9). It is not surprising that these diversions generate concerns by educational and social service constituencies, and for new program initiatives (Huefner 2011; Rowland 2011; Rowland and Gruber 2012a). With Utah's state sales tax rate at 4.7 cents per dollar, the earmarks below mean that about 1 cent of this now goes to transportation.

Earmarked Sales and Use Tax (millions of dollars). Section 59-12-103 (Utah Code Annotated).

	Code subsection	FY2011	FY2012	FY2013
Water Development Funds	(4)–(5)	\$25.40	\$27.43	\$28.34
Transportation Fund	(6)	25.40	27.43	28.34
Centennial Highway Fund	(7)	6.35	6.86	7.23
Centennial Highway Fund	(8)	23.04	156.94	165.23
Centennial Highway Fund	(8d)	0	0	60.04
Critical Highway Needs Fund	(9a)&(11a)	99.03	99.84	100.35
Emergency Food Agencies Fund	(10)	0.91	0.54	0.54
Transportation Fund – Choquepoints	(12a)	9.03	9.84	10.35
Total		\$189.17	\$328.87	\$401.60

Utah's legislated appropriation ceiling applies to unrestricted General Funds and income tax used for higher education. It is adjusted annually using population change and inflation, but tax cuts and other restrictions on revenues keep appropriations below the ceiling, by \$840.3 million for FY2013 (Governor's Office of Planning and Budget 2012b, p. 3).

8.2 Public Education

Going into the session, Utah ranked last in the nation in expenditures per student. Yet education and jobs were the top priorities voiced by Governor Herbert, by business leaders in the Salt Lake Chamber of Commerce's Prosperity 2020 plan, by "Education First," a new PAC organized by respected leaders of business and education (Maffly 2011), and by the Utah Foundation (2012). Still, after the session, Utah remained last in expenditures per student and would quite certainly remain so for the coming fiscal year. How could this be?

With the nation's youngest population, with relatively few private and parochial schools, and with a high rate of high school graduation, Utah makes exceptional demands on its schools. Utah once met this demand with one of the nation's strongest commitments of personal income to public education, which lifted Utah's per-student expenditure somewhat above the bottom. Over recent decades this commitment eroded, approaching the national average rather than being extraordinary, though Utah continues one of the best financial equalization formulas in the nation (Baker et al. 2012). With that erosion, per-student expenditure fell to the lowest in the nation, and then to a level leaving a gap between Utah and the next lowest state that would take extraordinary effort to close (Huefner 2008).

It is increasingly difficult to justify the low level of financial support because educational outcomes are adequate. Such argument has been made, based on test scores showing Utah students doing better, though just slightly better, than average on national achievement tests. But, as reported in recent studies and in this Utah report for 2011 and previous years, the performance of Utah students is falling below the national averages and behind "peer" states, and probably was already behind if scores had been disaggregated by demographic groups (Huefner and Mott 2006; Utah Foundation 2010; Huefner 2011; ACT 2012, pp. 6, 12, 13).

If funding for public education is inadequate, and if it is the number one appropriation priority for this year, the anticipated appropriations presumably would increase the share of the state budget allocated to public education. The outside possibility, without new taxes or tax rates, would give public education all the growth of the two state funds. That could increase public school funding by about 12%. (Public education accounts for just over 50% of the FY 2012 allocations of General and Education revenues after taking away the earmarked revenues, and the growth of these two funds for FY 2013 is <6%.) But the appropriation for public schools must compete against other state programs and is handicapped by such matters as the earmarking of sales tax revenues that favor other expenditures.

The appropriation for public education, after conflicts over amounts, uses, vouchers, and the openness of the appropriation process, was not 12%, nor was it the 8.2% by which the Education Funds receipts increased, or even the 5.9% by which the School and General funds increased. The LFA reports it to be \$122.6 million or approximately 5% (LFA 2012, p. 203). Other tabulations show less: about 4.1% (Appendix Tables IV and V, below). The significance of the increase in appropriation is further reduced because any real improvement in financing public schools must come after the appropriation covers adjustments for inflation and for increases in enrollments and other continuing expenses. The final appropriation includes enough to cover (at present levels of expenditure) the expected 12,500 increase in enrollment. It also covers an increase of about 1% in per pupil expenditure, an amount that will be absorbed largely by retirement costs. The Utah Education Association expressed appreciation for funds to maintain programs. It complained, however, that the legislative directive to fund certain software programs will limit faculty cost-of-living adjustments.

Though funding was important, the summary by a *Salt Lake Tribune* reporter was “(l)awmakers, however, spent much of their time this session focusing on other, sometimes more controversial, issues.” The legislature passed and the governor vetoed legislation (HB363) giving school districts the right to opt out of sex education and requiring those districts that include it to teach abstinence-only (Governor’s Office of Planning and Budget 2012b, p. 3; Schencker 2012). Considerable time went to worries that Utah could lose local control because of the state school board’s recent adoption of the Common Core academic standards. Ironically, these standards come from studies initiated by a consortium of states, and have been adopted by most states.

Perhaps more surprising was the passage of legislation sponsored by Senator Osmond, a new Republican legislator appointed to fill the vacancy created by the retirement of one of Utah’s most conservative legislators. Osmond traveled the state before the session to discuss education reform with educators and community leaders. From this he crafted a bill for annual pay-for-performance evaluations of teachers, local district employees, and school administrators. With the support he gained from his discussions and careful design of legislation, he achieved support from nearly all stakeholders.

8.3 Transportation

The Transportation Department was caught in controversies this session, not concerning appropriations but rules of the road and of road building. The gubernatorial campaign, more than the session, asked again why the state paid \$13 million

to a losing bidder on a major construction contract (Huefner 2011; Davidson 2012b; Gehrke 2012e).

The public debate of the budget gave relatively little attention to transportation, considering the expenditures involved. This reflects the lack of transparency for transportation funding and the earmarking of sales tax revenue (Huefner 2011) which together assures funding without an annual competition for relative priority. It also reflects the considerable improvement in Utah's highways, partly funded by \$214 million in federal stimulus money for "shovel ready" projects during the recession (Davidson 2011b). But the adequacy of longer-term financing did surface (Davidson 2012f), and continued in post-session committee meetings, raising possibilities of hikes in the gas tax, local property taxes, and alternative revenues to compensate for reduced gas tax revenues resulting from fuel efficiency (Davidson 2012c).

The Utah Transit Authority (UTA), the jewel of, and Utah's much touted contribution to, the reformed evolution in urban transportation, faced financial concerns raised by a legislative audit that suggested the UTA's "revenue projections are optimistic, while expenses may be understated" (Davidson 2012a,d). The audit questioned the UTA's ability to continue present levels of service and present commitments for expansions.

8.4 Health

The second biggest chunk of new revenues (\$78 million) and the largest percentage increase for a major program (9.3%) went to the Health Department to finance the growth in Medicaid, reflecting increases in the number of recipients and continued increases in costs of care. It was this appropriation, not that for public schools, that dominated the pressure and priority for the state's new money. The pressure for financing health care limits expenditures for both education and, within the Health Department, for public health and its role in disease prevention and health promotion.

It was not a happy appropriation, seen as too driven by uncontrollable increases in Medicaid enrollments and costs of health care. Utah attempts to blunt increases in expenditures by adjusting benefits and reimbursements (Rowland and Gruber 2012b; Stewart 2012d) and by seeking federal waivers allowing experimentation in provider reimbursements and in sharing financial responsibility with enrollees. To these efforts of cost control, Utah added an inspector general to reduce fraud, waste, and abuse (Stewart 2012a,e), and built Utah's own insurance exchange to facilitate a shift by small employers from guaranteed benefits to guaranteed contributions.

Health care costs in Utah, as in the nation, heavily burden both the private and the public sectors; the comparisons with other states are intriguing and controversial. Federal estimates for 2009 are that annual per-capita expenditures were \$5031 in Utah and \$6815 in the nation. Expenditures per enrollee for Medicare were \$8326 in Utah and \$10,365 in the nation. Expenditures per enrollee for Medicaid were \$7293 in Utah and \$6826 in the nation (Cuckler et al. 2011). Do the first two reflect Utah's efficiency, or the relative youth of Utah's population? Does the third reflect Utah's inefficiency, or the relative under-enrollment in Medicaid by Utah's poor?

Legislative leaders and Governor Herbert view the national Affordable Care Act (ACA) with skepticism. The session looked ahead with amendments (HB144) to Utah's Health System reform program, with staff studies, and with committee discussions. These prompted a concern that the Utah exchange would not meet federal requirements and Utah might reject or seek new waivers related to expanded Medicaid eligibility and increases in enrollment of those presently eligible for Medicaid; "All's not as quiet as it seems on reform, Medicaid" (Stewart 2012b; Stewart and Gehrke 2012). "In some instances successful legislation embraced elements of the ACA" (*Salt Lake Tribune* 2012b). But the attitude toward the ACA is better represented by legislation for Utah to join the Health Care Compact asking Congress to exempt its member states from the ACA and to provide block grants for the member states to administer (SB208).

To these burdens and uncertainties was added a data security breach in state information systems that compromised the confidentiality of identity information for a large proportion of Utahns, not just those insured by Medicaid (Stewart 2012c).

8.5 Higher Education

The legislature provided a 2.4% increase in state funds for higher education (Appendix Table V). After 3 years of frozen salaries, the institutions received a 1% increase in employee compensation. The appropriations provided mission-based allocations to the various institutions, replacing the previous allocation formula dominated by relative enrollments. There is limited new funding for building construction and renewal (Maffly 2012a).

The appropriation did little to change the long-term increase in the proportion of student costs covered by tuition. For example, over the past decade, the student share of educational costs at the University of Utah has risen from 30 to 48%, doubling the cost of tuition to nearly \$6000 per year, with blame being laid on both the legislature for low appropriations, and the institutions for high costs (Maffly 2012b).

The limited support for public schools and higher education has prompted attempts in the business community to mobilize support. Strongly spoken support from the Salt Lake Chamber of Commerce and the *Salt Lake Tribune*, is complemented by “Prosperity 2020” (*Tribune* 2011), an initiative targeting all education. Dominated by business leaders and the more moderate Republican leaders of past years, its effectiveness in the next couple of years will be an important measure of public support for education and trends within the Republican Party.

8.6 Workforce Services and Economic Promotion

Workforce Services and the Governor’s Office of Economic Development enjoy legislative respect and perhaps favoritism, given the business orientation of these programs, of Governor Herbert, and of the legislature. But this year these programs generally saw reduced appropriations from the state fund as well as other sources (Appendix Table V). The Department of Workforce Services, saw only a modest increase, in spite of its administration of eligibility for medical and social services, of unemployment benefits, and of employment services. The economic development office had decreases in appropriations, from the state fund and all sources, the later declining by nearly 30% because of reductions in federal assistance.

There was again questioning of the tax subsidies to attract new employment. The concerns are the transfer of costs to other taxpayers in the state, the reduction in revenues for public services, and the types of jobs attracted. The concern tended to pit the costs of the subsidies against the need for increased financing of education (Rowland and Gruber 2011a).

The legislature also showed concern about growth in the workforce and about family income. An interim committee to study and advise on immigration decided to commission a cost-benefit analysis of illegal immigration (Montero 2012b). It passed SB 37: “The Intergenerational Poverty Mitigation Act” to seek better data on the extent and characteristics of intergenerational poverty (Epstein 2012).

8.7 Human Services

Appropriation from all sources for the Human Services Department barely held its own as state funds were increased 6% to replace some federal funds (Appendix Table V). The Division of Children and Family Services gained no benefit from the state’s new revenue, but for the Department there is limited additional funding for mental health, disability services, and meals on wheels (Gehrke 2012c). The legislature focused attention on studies, pilot programs,

and reorganizations to improve the effectiveness and reduce the costs of inter-generational poverty, prevent illegal drug use by social services recipients, enhance low-income housing, and protect parental rights (Adams 2012a). The annual first-of-the-year survey of homelessness showed this burden of the recession to still be growing, by 13% over the past year. But in terms of programs to deal with the long-term problem of homelessness, the annualized count of the chronically homeless declined by 9%, continuing a program that since 2005 has resulted in a 72% decline in the chronically homeless (Adams 2012b). These counts are difficult to make; the figures are better in suggesting trends than actual counts.

8.8 Natural Resources and Environment

The Department of Natural Resources and the Department of Environmental Quality have more than air, water, and land in common; they both are rife with conflicts among interest groups. With a state budget that is stretched, even programs popular with the legislature seldom make big wins in appropriations. Regulatory and other unpopular programs are especially easy targets for skimming to place money elsewhere. The net result has been that these departments seldom are big winners, and some of their divisions are vulnerable to cut backs. This year Natural Resources suffered a loss of appropriations from state funds, while Environmental Quality gained state funds, though only half as much as state programs in general. When federal and other funds are included, relative results are reversed. Natural Resources does better than the state as a whole, reflecting the department's access to dedicated fees as well as federal support, while environmental quality suffered a reduction in funding.

This session had little success in resolving major tensions such as the competing demands for water and for financing water resource development, the means and level of the management of air pollution, the priority or lack of priority of alternative energy development, the encouragement or control of traditional energy resources, and the conservation or development of land. Calls were commonly made for long range plans to guide the resolution of conflicts. The insubstantial funding provided planning may be the measure of the difficulty of such planning and of a limited interest in clarifying program purposes.

One resolution was to recognize the tension between a Democrat's proposal for a task force to study air quality and a Republican's proposal for a task force to study economic development. A resolution to combine the task forces seemed to presume a reachable resolution because a survey has shown air quality to be a major consideration in business location (Fays 2012a).

Comprehensive and long-range planning for Utah's natural resources, given the complexity of the issues and of the competing purposes, goes beyond a state's political capacity. But some guides might be useful for planning projects and systems. For example, one might be to avoid subsidizing the consumption of scarce resources, a guide of substantial significance to programs for water, transportation, and air quality.

8.9 Courts, Corrections, and Law Enforcement

A few million dollars of new money will finance further use of county jails for state prisoners, the increasing costs of health care for prisoners, and the enhancement of selected law enforcement staffs (McFarland 2012) including a significant increase in highway patrol troopers (Gehrke 2012c). But four urban youth receiving centers suffered budget reductions that require shorter hours of operation.

8.10 Other Appropriations

Robert Gehrke (2012c), the Salt Lake Tribune's budget reporter, included in his session summary:

As is often the case during good budget years, lawmakers steered bits of funding to various pet projects in their respective districts, items like the Taylorsville Dayzz Symphony, a trail project in Sugar House, the Shakespeare Festival, the Hill Air Force Base Air Show, Hole In The Rock Museum and Moab Music festival, among others, all were to receive taxpayer funds.

Large appropriations serving specific geographic constituencies can include programs for transportation, higher education, and natural resources; responsibilities spread throughout the appropriation subcommittees. Smaller and numerous appropriations for particular areas, commonly financed as one-time appropriations, tend to be within the jurisdiction of the Appropriations Subcommittee for Business, Economic Development & Labor (Legislative Fiscal Analyst 2012, pp. 27–63).

9 Conclusion

The session shows the power and limits of the tools and procedures of budgeting. Arguably the most important are those that achieve openness and account-

ability, matters that can be substantially improved. For example, the tabulation of earmarks in the governor's budget proposal shines light on this backdoor financing. Similar tabulation could be useful for tax preferences, which reduce revenues and escape the rigors of the annual reviews given general appropriations.

For other concerns and tools, the budgeting, and especially the staff work supporting it, shows capacity and some success. Bonding and federal stimulus funding were used forcefully but carefully, and the use of rainy day funds was done openly. There could be future guidance through studies of choices in the timing, size, use, and processes of such stimulus. Success with bonding and federal funds, in the speed and application of the funds, proved the value of multi-year infrastructure planning done by some agencies, e.g., transportation and buildings (Legislative Fiscal Analyst 2012, pp. 137–141), a process that could be expanded through a longer-term and more comprehensive capital budget that includes high priority projects beyond those already funded. Besides providing more effective management of economic cycles, this could strengthen the tools for coordination of programs physically and fiscally and also inform and improve intergenerational responsibilities. But care is required to avoid rigid planning that burns bridges in front of us. It deserves to be done to increase rather than reduce future options.

Operational expenditures, such as those for education and social services, also play counter-cyclical roles. Financing of these expenditures is challenging. Federal funds are appropriate supplements during recessions, to tap the greater federal capacity for financial stimulation and to sustain the state programs of special importance and demands during recessions, e.g., income support and education. State budgeting important to operational budgets include eliminating structural deficits over economic cycles by supporting adequate rainy day funds and by using bonding to reduce the draw upon basic tax receipts to finance infrastructure when the economy is weak.

Is the most certain conclusion to be drawn from this session that Utah's dismal financing of public schools cannot change in the present political/economic/cultural environments? Can the state even climb out of last place without fundamental change in at least one of these environments? Present political leadership places Utah's hopes on economic growth, to better fill its revenue coffers. But economic growth means population growth, which means enrollment growth. This solution requires that the wealth and income of Utahns increase much faster than the population.

Nationally, the future of state financing is not encouraging. The State Budget Crisis Task Force co-chaired by Richard Ravitch and Paul Volker reported (2012, pp. 2–4):

Our purpose ... has been to understand the extent of the fiscal problems faced by the states of this nation ... There can be no doubt that the magnitude of the problem is great and extends beyond the impact of the financial crisis and the lingering recession. The ability of the states to meet their obligations to public employees, to creditors and most critically to the education and well-being of their citizens is threatened.

... The capacity to raise revenues is increasingly impaired.

The conclusion of the Task Force is unambiguous. The existing trajectory of state spending, taxation, and administrative practices cannot be sustained. The basic problem is not cyclical. It is structural.

Nor is Utah's history encouraging, as even in the best of times Utah ranked only slightly above the lowest level of state school support in the nation. Utah's best, but not-so-good, times for the support of public schools came not just from a strong economy but also in a time of a willingness to carry an extraordinary financial burden.

Utah's now near-average tax burden reflects the repeated tax cuts of the last two decades. These cuts narrowed the tax base upon which budgets now build even in good economic times. The last decade offers little encouragement that the economics of Utah's growth will increase income per capita and tax revenues per student enough to recover even the limited support, of the greater effort, that Utah once exercised for its school children. Utah might pursue a cultural alternative of reducing the fertility of its population. But though sex often shapes politics, politics are unlikely to constrain Utah's fertility. If the state cannot manage the production of its sex, it can meet a compensatory responsibility to support these children. To do so depends on whether Utah has the political purpose and capacity to recapture the revenue base lost through reductions in tax rates, through failure to adjust gas taxes for inflation, through special tax preferences, and through earmarking of revenue. To be the best run state in the nation, Utah has tough choices to make.

Appendix

Appendix Table II: Governor Herbert's Budget Recommendations – Plan of Financing (millions of dollars). All funds (i.e., all sources), including General and School funds FY 2013.

	FY 2011 Actual	FY 2012 Authorized	FY 2012 Adj for supplements & cuts	FY 2013 Base (a)	FY 2013 Recommended	% change FYs 2013–2012(b)
General Fund (sales tax)	2056	2036	58	1990	2072	1.8%
Education Fund (income tax)	2654	2745	5	2730	2989	8.9%
Subtotal	4710	4781	62	4720	5062	5.9%
Transportation Fund	447	443	1	444	451	2.0%
Federal Fund	3594	3547	125	3332	3577	0.9%
Dedicated Credits	1235	1237	1	1313	1316	6.4%
Mineral Lease	71	70	0	71	71	1.8%
Restricted & Trust	1952	1315	29	1333	1428	8.6%
Transfers	320	321	•	333	332	3.4%
Other Funds	0	0	•	0	0	0
Pass-through Funds	5	3	0	3	3	0.0%
Beginning Balances	649	866	0	125	125	-85.5%
Closing Balances	-866	-123	-2	-120	-121	2.4%
Lapsing Funds	-62	-3	0	-3	-3	8.3%
Local Property Tax	634	590	0	590	262	-0.1%
Total	12,689	13,046	216	12,142	12,833	-1.6%

• Less than half a million dollars, or (+ or -) 0.1%.

(a) FY 2012 removing one-time appropriations and transfers.

(b) Percent change calculated (using detail to thousands of \$s rather than rounded millions of \$s) as increases from authorized FY 2012 to Governor Herbert's recommendations for FY 2013.

Source: Herbert (2011, pp. 10–13) Tables 4 and 5.

Appendix Table III: Governor Herbert's Recommended Expenditures FY 2013 (millions of dollars). General and School funds, Except as Noted as "All".

	FY 2011 Actual	FY 2012 Authorized	FY 2012 Adj for supplements & cuts	FY 2013 Base (a)	FY 2013 Recommended	% change FYs 2013-2012 (b)	All: FY 2012 Recommended	All: % change FYs 2013-2012 (c)
Operating Budgets								
Administrative.	21	25	•	24	25	1.4%	46	-12.5%
Services								
Agriculture & Food	11	11	•	11	12	5.0%	30	-5.4%
Alcoholic Bev. Control	0	0	0	0	0	0.0%	34	7.7%
Attorney General	29	33	0	27	42	27.5%	67	16.4%
Auditor	3	3	0	3	3	3.1%	5	3.0%
Pardons & Parole	4	4	0	4	4	2.8%	4	-4.2%
Capital Preservation	4	4	0	3	4	-12.5%	4	-10.8%
Career. Serv. Review	•	•	•	•	•	9.2%	•	2.9%
Commerce	0	0	0	0	0	0.0%	28	-8.3%
Community & Culture	21	20	0	16	17	-17.3%	81	-44.4%
Corrections	236	237	1	237	256	8.0%	262	-0.7%
Courts	108	105	2	105	110	4.0%	133	0.7%
Environmental	11	11	0	11	11	5.6%	53	0.6%
Quality								
Financial Institutions	0	0	0	0	0	0.0%	7	9.9%
Governor & Lt. Gov.	9	10	•	9	11	7.2%	39	-2.8%
Gov. Off. Econ. Dev.	16	20	1	15	17	-16.3%	26	-39.3%
Health	301	375	54	377	488	30.2%	2599	15.3%
Higher Education	637	668	0	661	683	2.2%	1281	4.5%

(Appendix Table III: Continued)

	FY 2011 Actual	FY 2012 Authorized	FY 2012 Adj for supplements & cuts	FY 2013 Base (a)	FY 2013 Recommended	% change FYs 2013–2012 (b)	All: FY 2012 Recommended	All: % change FYs 2013–2012 (c)
Human Resource	3	3	0	3	3	7.2%	3	-7.9%
Mgm.								
Human Services	272	278	0	276	293	3.6%	586	2.6%
Insurance	13	8	0	8	8	-0.4%	125	36.9%
Juvenile Justice Servs.	90	85	0	82	88	3.6%	93	-0.1%
Labor Commission	6	5	•	5	6	5.6%	38	1.1%
Legislature	19	19	0	19	20	2.9%	20	2.9%
Medical Educ. Council	1	1	0	1	1	1.6%	1	1.6%
Nat Guard	6	6	•	5	5	-0.7%	69	82.5%
Natural Resources	36	33	--•	32	37	13.8%	174	-11.8%
Public Education	2322	2408	5	2392	2498	3.8%	3627	1.2%
Public Lands Off.	•	•	0	•	•	8.5%	2	-16.5%
Public Safety	62	61	0	60	65	6.6%	182	-11.5%
Public Service Comm.	0	0	0	0	0	0.0%	11	8.2%
School Trust Lands	0	0	0	0	0	0.0%	10	-1.1%
State Off. Of Rehab.	18	18	0	18	18	3.8%	79	8.3%
Tax Commission	43	42	0	42	44	4.1%	85	4.3%
Technology Serv.	2	2	0	2	2	3.4%	5	-8.6%
Transportation	0	0	0	0	0	0.0%	293	2.3%
Treasurer	1	1	0	1	1	2.6%	3	-5.3%
UCAT	47	48	0	48	50	4.1%	57	3.6%
Utah Educ. Network	18	17	0	17	17	0.0%	38	0.0%

(Appendix Table III: Continued)

	FY 2011 Actual	FY 2012 Authorized	FY 2012 Adj for supplements & cuts	FY 2013 Base (a)	FY 2013 Recommended	% change FYs 2013–2012 (b)	All: FY 2012 Recommended	All: % change FYs 2013–2012 (c)
USTAR	15	14	0	14	15	4.1%	20	-3.5%
Veterans' Affairs	1	1	0	1	2	48.0%	2	34.8%
Workforce Services	63	58	0	59	61	3.6%	1,234	-12.9%
Subtotal Oper. Budg.	4,448	4,634	62	4,589	4,916	6.1%	11,452	1.8%
Capital Budget	181	60	0	59	59	-1.9%	911	-35.2%
Debt Service	82	87	0	72	87	0.0%	470	15.3%
Total	4,710	4,781	62	4,720	5,062	5.9%	12,833	-1.6%

• Less than half a million dollars, or (+ or -) 0.1%.

(a) FY 2012 removing one-time appropriations and transfers.

(b) Percent change calculated (using detail to thousands of \$s rather than rounded millions of \$s) as increases from authorized FY 2012 to Governor Herbert's recommendations for FY 2013.

(c) Percent change calculated (using detail to thousands of \$s rather than rounded millions of \$s) as increases from authorized FY 2012 to Governor Herbert's recommendations for FY 2013.

Source: Herbert (2011, pp. 10–13) Tables 4 and 5.

Appendix Table IV: Appropriations: General and School Funds (millions of dollars).
 FY 2012–FY 2013. Reported by Office of Legislative Fiscal Analyst.

	FY2012 Ongoing	FY2012 OneTime	FY2012 Total	FY2013 Ongoing	FY2013 OneTime	FY2013 Total	Change % (a)
Financing							
General Fund	1995	116	2111	2068	75	2143	1.5
Education Funds	2711	6	2717	2897	43	2940	8.2
Uniform School Fund	19	12	31	16	45	61	96.8
Programs							
Elected Officials	41	6	47	43	14	57	21.1
Adult Corrections & Bd. of Pardons	241	—	241	249	1	250	3.8
Courts	105	2	107	109	•	109	1.3
Public Safety	60	1	61	63	•	63	3.7
Transportation	1	2	3	1	•	2	-50.3
Capital Facilities	42	—	42	42	58	100	140.2
Debt Service	72	15	87	72	15	87	0.0
Administrative & Technical Services	26	—	25	25	1	26	1.7
Community & Culture	16	4	20	16	3	19	-6.3
Business, Econ. Development & Labor	85	7	91	90	6	96	4.8
Health	377	45	422	455	7	462	9.3
Human Services & Youth Corrections	357	3	361	372	7	379	5.0
Workforce & Rehabilitation Services	77	-1	76	78	•	79	3.4
Higher Education							
State Administration	24	6	29	28	3	31	4.8
Colleges & Universities	637	1	638	655	-2	653	2.3
Applied Technical College	48		48	52	—	51	6.9
Utah Education Network	17		17	17		17	1.9
Medical Education Council	1		1	1		1	2.3

(Appendix Table IV: Continued)

	FY2012		FY2012		FY2013		FY2013		Change % (a)
	Ongoing	OneTime	Ongoing	OneTime	Ongoing	OneTime	Ongoing	OneTime	
Natural Resources	32	2	34	1	34	1	35	1	2.5
Agricul., Environ. Qual. & Public Lands	22	•	22	•	22	•	23	•	2.4
Public Education									
State Administration & Agencies	66	6	67	6	76	16	92	16	38.1
Minimum School Program	2326	16	2342	16	2424	15	2439	15	4.1
School Building Program	15	•	14	•	15	•	15	•	0.7
Cap Res Bd, DHRM, and Career Svc	6	1	7	1	7	•	7	•	-5.7
National Guard & Veterans' Affairs	6	1	7	1	7	1	8	1	23.2
Legislature	19	•	19	•	20	•	20	•	4.0
Subtotal: Operating & Capital	4720	110	4830	110	4972	147	5119	147	6.0
Transfers to Other Accounts & Funds	5	24	29	24	9	16	25	16	-13.5
Total	4725	134	4859	134	4980	163	5143	163	5.9

• Less than half a million \$s.

(a) Change in "Totals." Because of rounding to nearest million dollars, the appropriations that amount to <\$100 million show the relative size but are poor indicators of change. The percent change shown in this column is based upon the detailed figures to provide the comparison by fiscal years. Sources: LFA (2012, p. 9). All figures from Table 3 except the percentage calculations which are calculated from the detailed figures of Table 3.

Appendix Table V: Appropriations FY 2013: General and School Funds, Except as Noted as All Sources, Reported by Governor's Office of Planning and Budget (millions of dollars).

	FY 2011 Actual	FY 2012 Current Authorization.	FY 2013 Approp.	% Change: Initial Approp. FY2012/ FY 2013	FY 2013 Gov Recommended	FY 2013 Approp. Differ.	All Sources FY 2012 Current Authorizations	All Sources FY 2013 Approp.	% Change: FY 2012/ FY 2013
Financing									
General Fund (primarily sales tax)	2056	2083	2116	3.9	2072	43			
Education Fund (primarily income tax)	2654	2746	2977	8.4	2989	-12			
Programs									
Administrative Services	21	24	24	-5.8	25	-2	55	52	-5.8
Agriculture & Food	11	11	11	1.7	12	-•	31	30	-2.7
Alcoholic Beverage Control							31	39	23.1
Attorney General	29	33	43	30.9	42	1	57	69	21.0
Auditor	3	3	3	4.1	3	•	5	5	3.3
Pardons & Parole	4	4	4	2.1	4	-•	4	4	-4.8
Capital Preservation	4	4	4	-12.1	4	•	5	4	-10.5
Career Services Review	•	•	•	8.3	•	-•	•	•	-9.2
Commerce							30	28	-8.8
Community & Culture	20	20	19	-6.3	17	2	146	85	-41.7
Corrections	236	237	246	3.9	256	-10	264	253	-4.4
Courts	108	107	109	3.0	110	-1	134	133	-0.9
Environmental Quality	11	11	11	3.2	11	-•	53	52	-2.3
Financial Institutions							6	7	9.1
Governor & Lt. Governor	9	10	10	-3.6	11	-1	39	39	0.1
Governor's Off. Econ .Devel.	16	21	19	-8.5	17	2	43	30	-29.8

(Appendix Table V: Continued)

	FY 2011 Actual	FY 2012 Current Authorization.	FY 2013 Approp.	% Change: Initial Approp. FY2012/ FY 2013	FY 2013 Gov Recommended	FY 2013 Approp. (Ss) Differ. from GovRec	All Sources FY 2012 Current Authorizations	All Sources FY 2013 Approp.	All Sources % Change: FY2012/ FY2013
Health	301	422	462	23.2	488	-26	2363	2520	6.7
Higher Education	637	668	684	2.4	683	1	1226	1293	5.4
HumanResource Management	3	3	3	3.5	3	-•	4	3	-11.0
Human Services	272	276	294	6.0	293	1	579	585	1.1
Insurance	13	8	8	-0.3	8	•	92	125	34.9
Juvenile Justice Services	90	85	85	0.1	88	-3	93	91	-2.4
Labor Commission	6	5	6	1.9	6	-•	37	37	0.5
Legislature	19	19	20	4.3	20	•	19	20	4.0
Medical Educ. Council	1	1	1	2.3	1	•	1	1	1.1
National Guard	6	6	6	4.2	5	•	38	69	82.9
Natural Resources	36	33	33	-0.3	37	-5	168	174	3.7
Energy Development	0	0	1	NA	0	1	30	1	-95.4
Public Education	2322	2409	2506	4.1	2498	8	3586	3651	1.8
Public Lands Off.	•	•	•	0.0	•	-•	2	3	29.4
Public Safety	62	61	63	2.9	65	-2	204	179	-12.1
Public Service Commission							11	11	8.1
School Trust Lands							10	10	-1.2
State Office of Rehabilitation	18	18	19	6.1	18	•	73	80	9.0
Tax Commission	43	42	44	2.5	44	-•	82	84	3.3
Technology Services	2	2	2	18.9	2	•	6	5	-5.2
Transportation	0	0	•	NA	0	•	286	288	0.8
Treasurer	1	1	1	2.0	1	•	3	3	-6.0

(Appendix Table V: Continued)

	FY 2011 Actual	FY 2012 Current Authorization.	FY 2013 Gov Recommended	FY 2013 Approp. (Ss) Differ. from GovRec	FY 2013 Gov Recommended	% Change: Initial Approp. FY 2012/ FY 2013	All Sources FY 2012 Authorizations	All Sources FY 2013 Approp.	All Sources FY 2012/ FY 2013 % Change:
UCAT	47	48	51	1	50	6.9	55	58	6.1
Utah Educ. Network	18	17	17	•	17	1.9	38	38	0.9
USTAR	15	14	20	5	15	43.3	31	25	-18.6
Veterans' Affairs	1	1	2	1	2	122.5	1	3	89.7
Workforce Services	63	58	60	-1	61	2.6	1441	1232	-14.5
Subtotal Operating Budget	4448	4683	4889	-27	4916	5.5	11,382	11,420	0.3
Capital Budget	181	60	117	58	59	95.4	1409	1068	-24.0
Debt Service	82	87	87	0	87	0.0	438	465	6.0
Total	4710	4781	5093	31	5062	6.5	13,227	12,953	-2.1

Current Authorizations for FY 2012 include initial appropriations and authorization and subsequent changes made by the end of the 2012 session. Percent changes from FY 2012 to FY 2013 are from the initial appropriation for FY 2012 rather than these appropriations combined with subsequent changes. Thus the above table shows the percentage change at comparable points of the appropriations process. Percentage changes from the initial appropriation FY 2012 to the current authorized FY 2012 may be found, however, in tables 6 and 7 of the GOP's Budget Summary (2012b). The differences between the Governor's recommendations and the final appropriations are calculated using detail to thousands of dollars rather than rounded to millions of dollars.

• Less than half a million dollars.

Sources: Herbert (2010, p. 10) Table 4; GOPB (2012b, tables 6 and 7).

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