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Title

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Journal

California Journal of Politics and Policy, 4(3)

Author

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Publication Date

2012-10-01

DOI

10.5070/P2D88J

Peer reviewed

Research Article

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Utah 2011: Crisis – Don't Go Home Without It?

Abstract: The 2011 Utah Legislature faced a still difficult economy, but one not as severe as that of most states. Its politics remained strongly conservative and Republican, and continued to suffer education, giving public schools far and away the nation's lowest appropriation per child. But in a shift of very recent years, the legislature has embraced bonding, moving almost to the constitutional limit for general obligation bonds, to support highway construction.

Keywords: economy; politics; Utah budget; western state budget report

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1 The Session

Utah suffers from the Great Recession, but not as severely as most states. The crises faced by the legislative sessions of 2009, 2010, and 2011 were not wasted in Utah, although not always used well. They were the means to further cement Utah's last place nationally in per-pupil expenditures for public education, done with real and crocodile tears, amid celebrations of fiscal virtue. The state was not above invoking fiscal stimulus through bonding and, in a dance of reluctant courtship, consenting to most federal funds – but with warnings not to be seduced by temporary stimulus. This year, the legislature aggravated, with an additional sales tax earmark, the pressures that transportation expenditures place on operational budgets for other programs. With concerns about limited resources, even with evidence of a reviving economy, the legislature saved half the rainy day funds for future needs and gave no serious attention to possible one-time tax receipt enhancements or to reducing tax preferences, even when present provisions are arguably outdated and/or mostly benefit interests outside the state.

Utah's 2011 legislative session danced onto a stage set by the 2010 session, but the performance ignored the set. The contrast between performance and set revealed legislative processes, priorities, and purposes. The Legislative Fiscal Analyst's (LFA) Appropriation Report (2010) for the previous (2010) session celebrated the fiscal accountability of that session: for carrying forward revenue options that would avoid a crisis brought about by the exhaustion of the one-time funding sources the 2010 session had found it necessary to use.

The 2010 Utah Legislature fixed a potential \$850 million budget gap [as estimated by the legislature before the session, subsequently reduced by adjusted estimates to \$690 million on which the appropriations were based] with a balance of budget reductions, one-time reserves, and modest [\$43 million] revenue increases. It did so while holding Public Education essentially harmless from budget cuts and without raising sales, income, or motor fuel taxes. Legislators kept in store half of the state's rainy day funds (\$210 million) as well as an option to accelerate income tax payments [requiring tax payers not subject to withholding to periodically pay estimated tax that would produce a one-time revenue increase] (\$109 million). These amounts are more than enough to cover in FY 2012 the \$313 million in ongoing appropriations covered by one-time revenue in the FY 2011 budget.

However, that was not the set on which the 2011 legislature wished to perform. If there is not a crisis to not be wasted, define a crisis to not waste. That was done by establishing a legislative budget process that began with only the permanent revenues and ignored what the 2010 session had kept in reserve. The pain of cutting appropriations eventually forced admission that there could be and would be backfill from alternative sources. It also prompted a pushback against this two-stage budgeting for not only forcing unnecessary pain but also for its wasted effort and uncertainty. The process probably will not be repeated.

The legislature capably generated real, but unintended, crises of its own making. These produced a veto override session (May 6–7) to fend off Governor Herbert and a special session (May 21) for repairs, although the sessions fell short of producing full recovery. In part, the damage came because the legislature ignored an old adage of governors: Never pick a fight with those who buy ink by the barrel.

The first and so far most severe crisis came as the session drew to a close. House Bill (HB) 477 was put forth and quickly and easily passed that was seen as substantially and selectively reducing the legislature's exposure to the state's Government Records Access and Management Act (GRAMA). It soon was clear that Utah's press is alive, and so are its clients. The special session repealed the restrictions on GRAMA (for further study). The *Salt Lake Tribune* (2011a) editorialized to "Fire [Senate President] Waddoups", on numerous counts.

The second crisis came from an appropriation that required the closure of several state liquor stores. A legislative audit suggested closures to save expenditures. Perhaps Utah's drinking habits are not well understood, by outsiders or those in Utah. Liquor patrons successfully framed the issue as closing stores that are profitable (perhaps the state easily profits from all stores: they collect taxes as well as margins) rather than whether the closures would transfer profits to nearby stores. One store was closed, provoking pushback that is yet to be resolved.

A third crisis came when Republican Governor Herbert stood up to the Republican legislature by vetoing four bills susceptible to reasonable challenge. Legislators were offended and took the opportunity to override two of the vetoes (Roche 2011): most importantly, the legislation to earmark additional sales tax receipts to highway expenditures and the legislation ending the 4-day, 10-hour/day, workweek for state employees.

A fourth crisis came from callous action and statements by Senate President Waddoups in refusing \$100 million of federal funding to temporarily extend unemployment benefits an additional 13 weeks, while arguing Utah needs "motivation for people to get back to work" (Loftin 2011).

The legislature, with much help from the community, partially managed an earlier crisis that surfaced before the legislature met: to solve the problems of illegal immigration (Montero 2011b). A representative announced his intention to submit a bill to copy the apparent Arizona approach. An unusually strong effort, by a broad collection of community leaders, created "The Utah Compact" (Utah Compact 2011), which took fundamental issue with the Arizona approach and won national praise. This created serious divisions among Utah Republicans and resulted in a legislation that, although somewhat confused, is less drastic than the Arizona approach (Montero 2011b).

2 The People and the Economy

The Governor's Office of Planning and Budget (GOPB) offered, in its *Economic Outlook 2011* (2011a), demographic and economic background for the legislative session. It showed, as did the 2010 Census (Perlich and Downen 2011), a continuation of Utah's demographic situation and trends. It also offered evidence of a turn toward an economic recovery. The Utah reports for 2009 and 2010 provide details of the demographic trends and the economic recession, which are briefly updated here using the GOPB *Outlook*.

Utah's population continues to grow and remains the youngest in the nation. Public school enrollments grew by 2.3% in 2010 and were estimated to increase

another 2.6% in 2011. The enrollment in the state's system of higher education was predicted to increase by 4.9% in 2011. Utah's population is highly urban, concentrated along the Wasatch Front and the "Wasatch Back" (i.e., urbanizing counties adjoining the metropolitan counties). The additional and recent concentration around St. George in southwest Utah now constitutes about 5% of Utah's population, but the Great Recession hit this region hard, slowing its growth.

Powerful determinants of Utah's budget controversies are Utah's large families and modest salaries. Statistics (GOPB 2011a, "excerpts") show Utah's exceptionality (Table 1).

A particularly significant trend has been the growing racial and ethnic diversity (Perlich 2008). Although the recession dampened this trend, Utah has moved well beyond its past of almost total European roots. Minorities now constitute over 19% of the population; more than 100 native tongues are represented in the homes of Utah's schoolchildren. Although the increase in diversity slowed, public recognition of the changing demographics grew.

The economy shows a slow but significant recovery (GOPB 2011a, "excerpts"), beginning to grow out of the recession except in housing (construction and sales) and mining:

- Unemployment was below 3% before the recession, then moved up from 2.7% in 2007 to 3.7% in 2008, 6.6% in 2009, and 7.6% in 2010.
- Employment decreased during 2009 by 5.1% and by only 0.7% in 2010 as it began growing midyear.
- Projections for 2011 were 7.1% unemployment and 1.4% increase in employment.

The economy remains diversified, with no dominant industry and few large locally headquartered business enterprises. A new defense installation promises

	Utah's Rank	Value	Year Reported
Fertility rate	1st	2.47	2005
Median age	1st	28.8 years	2009
Household size	1st	3.14 persons	2009
Educational attainment (age 25+ years)	8th	90.4% high school graduates	2009
Urban status	9th	88.3%	2000
Median household income	9th	\$58,491	2009
Average annual pay	36th	\$41,275	2010Q3
Per capita personal income	50th	\$31,612	2009
Poverty rate	3rd (lowest)	9.0%	2007–2009

Table 1: Utah Demographics.
Q3, third quarter.

	FY 2008	FY 2009	FY 2010	FY 2011 est
General Fund	2165.1	1934.6	1781.4	1992.1
Education Fund	3047.8	2626.8	2412.4	2545.0
Subtotal (General Fund/Education Fund)	5212.9	4561.4	4193.6	4537.1
Transportation Fund	446.0	422.1	411.4	421.3
Mineral Lease Payments	150.3	189.1	147.2	150.5
Total	5809.2	5172.7	4752.2	5108.8

Table 2: Major Funds Controlled by the State.

Figures are in millions of dollars. est, estimated.

a short-term economic boost of \$1.5 billion and 5000 to 10,000 construction jobs, although it expects only 100 to 200 permanent employees (Gorrell 2011). International exports (Downen 2011) have grown by 70% since 2007, reaching \$13.5 billion in 2010, four times the value of the anemic construction industry and representing an increase in Utah's share of total US exports: from 0.7% in 2007 to 1.1% in 2010 (Utah held 0.9% of the US population in 2010). However, gold mined or processed in Utah constitutes half the total exports and two thirds of the growth – an export of limited present impact or future growth prospects.

The *Outlook* estimated a small increase in “unrestricted” revenues for the current (FY 2011) budget, marking the end of declines in each of the previous three fiscal years. The declines had become smaller each year, foretelling the predicted increase for FY 2011. The *Outlook* attributed more than half the increase for FY 2011 to an improved economy and the remainder from policy changes (GOPB 2011a) (Table 2).

3 Politics

Utah remains one of the most Republican states in the nation, e.g., being the state with the third highest percentage margin favoring John McCain in 2008. As reported for 2010, Governor Jon Huntsman Jr. resigned from his office of the governor, after 1 year of his second term, to become the US ambassador to China. Lieutenant Governor Gary R. Herbert then became governor. He was required to stand for election in 2010 if he desired to serve out the final 2 years of the gubernatorial term. He faced the popular Democratic Mayor Peter Corroon of Salt Lake County and yet won 64% of the vote. The election also brought the Republicans further success in legislative races, enhancing their veto-proof majorities, and with these majorities probably undermining the political power of the (also Republican) governor (Table 3).

4 Budget Process and Legislative Action

Most budget processes were the same as described in 2010 for the FY 2011 appropriations. The two-stage legislative process, however, was new and, as reported above, is not expected to survive to a second year. Press coverage is changing in that journalists are increasingly sophisticated, but one of the two major Salt Lake papers, the *Deseret News*, retired a majority of its news staff to use reporters of its affiliated television station to reduce costs and emphasize its role as the paper of the Mormon Church. Analyses of the budget and policy questions by entities and individuals such as those cited in this report are increasing, expanding, and improving. Distributed to their members and clients, most are available on web sites. Equally important is the capability of skilled state staff and study commissions in both the executive and legislative branches. This capability suffered a setback this year with the passage of Senate Bill (SB) 44 to hobble the Constitutional Revision Commission and the Tax Review Commission, which now may only take up matters specifically referred to them by the legislature. However, Utah's growing electronic information systems enhance staff and commission capabilities, as well as offering public access to data by way of the web (besides the sources otherwise cited in this report, see <http://www.utah.gov/transparency/index.html>).

Sessions	Governor (4-Year Term) (Party) ^a	House (2-Year Term)		Senate (4-Year Term)	
		Republican	Democrat	Republican	Democrat
1989–1990	Bangerter (R)	48	27	22	7
1991–1992	Bangerter (R)	44	31	19	10
1993–1994	Leavitt (R)	49	26	18	11
1995–1996	Leavitt (R)	55	20	19	10
1997–1998	Leavitt (R)	55	20	20	9
1999–2000	Leavitt (R)	54	21	18	11
2001–2002	Leavitt (R)	51	24	20	9
2003	Leavitt (R)	56	19	22	7
2004	Walker (R)	56	19	22	7
2005–2006	Huntsman (R)	56	19	21	8
2007–2008	Huntsman (R)	55	20	21	8
2009	Huntsman (R)	53	22	21	8
2010	Herbert (R)	53	22	21	8
2011–2012	Herbert (R)	58	17	22	7

Table 3: Political Party: Governor and Legislature.

^aParty: R, Republican; D, Democrat.

Generalizations about legislation produced by the 2011 session and its reflection of the public's concerns are at best difficult and are generalizations. A public poll (Robinson 2010) conducted for the Legislative Policy Summit before the convening of the 2010 legislative session, anticipating the financial pressures facing that session, asked respondents to consider which programs should be least or most subject to reduced appropriations. Table 4 shows the average responses of ranked programs, using a scale of 1 to 5, with 1 being most opposed to reductions and 5 most favored.

After the 2010 legislative session, the Utah Foundation (2010a) released a poll showing appropriations and financing to be high in the public eye. The 10 top public policy issues were

1. Jobs and the economy
2. Government spending
3. K-12 education
4. Healthcare
5. Ethics of elected officials
6. Taxes
7. Energy issues, including utilities and gasoline prices
8. States' rights versus the federal government
9. Environmental issues, including air quality and pollution
10. Immigration

The report points out that priorities have not held steady:

[S]urvey participants were asked to rate each issue on a scale of one to five, five meaning they are very concerned about the issue. Three issues in the 2010 survey received a mean score above 4.00 (jobs and the economy, 4.29; government spending, 4.20; and K-12 education,

Service Area	Mean Score Comparison
Public education	1.95 (least favored reduction)
Public safety	2.31
Human services	2.39
Health department	2.53
Corrections	2.62
Higher education	2.67
Transportation	2.99
Energy/environment/natural resources	3.05
Parks and recreation	3.34 (most favored reduction)

Table 4: Public Ranking for Reducing Appropriations. Scores are in a scale of 1 to 5.

4.09). This is different from 2008, when only one issue had a mean score above 4.00 (energy issues, 4.10)... Concerns significantly diminished about transportation and traffic, population growth, and energy issues. However, concerns about jobs and the economy, government spending, and K-12 education have increased. Three issues are new to the survey in 2010 but clearly are high priorities this year (ethics of elected officials, states' rights, and federal lands in Utah).

These public attitudes are reflected in a multiyear assessment of community needs by the United Way of Salt Lake (2010) released late in 2010, giving focus to education, income, and health.

Before the 2011 legislative session, the Legislative Policy Summit released its 2011 findings (Robinson and Mader 2011), pursuing questions thought to be pertinent for this session. Sharply contrasting opinions were revealed by combining “definitely” and “probably” responses to questions of whether the nation, or the state, is going in the right or the wrong direction (Table 5).

On the question of financing education, two thirds of the respondents supported higher taxes for teachers' salaries and for reduced class size. On open-ended (unaided response) questions, the respondents' greatest concerns were, first, education, and then health, the economy, jobs, and taxes, and they felt the weakest link in public schools was class size, followed by administration and then funding. The Utah Foundation (2011b) subsequently developed a “Quality of Life” metric that may be a basis for comparing values and progress.

After the session, a *Salt Lake Tribune* reporter (Davidson 2011d) compared legislative action with apparent public concerns, a comparison that reveals issue complexities and ideological compromises. Giving only limited attention to finances and expenditures, the public focus was upon alcohol and drug controls, education, gun laws, election laws, and immigration. Yet expenditures and financing did constitute a (if not the) major legislative burden this year. It may be that this year, and perhaps in many years, appropriations and even finances are more critical questions within the legislature than in the eyes of the public.

Lobbying and campaign contributions, repeatedly discussed in the previous Utah reports as well as in the press, became a central legislative issue in 2010, as an initiative petition threatened to place the matter before the public.

	Government Direction Is	
	Right	Wrong
Nation	29%	65%
Utah	72%	23%

Table 5: Public Agreement with Government.

The issue was subdued this year, awaiting a court decision as to whether the petition drive met the requirements of state law to place the matter on the 2012 ballot. However, perhaps due to the petition drive and controversy of 2010, there may be enhanced sensitivity to campaign contributions. For example, the same reporter (Davidson 2011d,e) provided extensive listings and explanation of political donations during the 2010 election cycle (not all of which went to legislative candidates). The articles spoke of the influence of the donations while revealing some of the complexity and color of Utah politics. “[M]ost individuals who give large political donations in Utah are Democrats” who express concerns about one-party control, whereas “[c]orporations and other groups that are the state’s overall largest donors tend to give to incumbents who can help their business interests,” thus giving two to three times as much to Republicans as to Democrats. Realtors top the list; bank and credit unions are high on the list as they battle each other over relative regulations and taxes; and “[t]obacco, beer and payday lender groups give large amounts in heavily Mormon Utah ... even though LDS teachings denounce smoking, drinking and high-interest consumer debt. Most of these donations go to incumbents who are LDS”.

Utah has a statutory spending limit, although appropriations have been substantially below this limit. The limit grows to reflect increases in population and inflation; it could become pertinent in a future in which per capita economic growth exceeds the rate of inflation. Even then, the impact would be limited, as the limit applies only to the General and Education funds, and spending for public (not higher) education and transportation is exempt. Utah’s Comprehensive Annual Financial Report (CAFR), prepared by the Department of Administrative Services (DAS) (2010, 5, 129) calculates that, for FY 2010 (the latest year for which the report is yet available), spending was \$633.4 million below the limit.

5 Revenue and Appropriations

The appendix tables 1, 2, and 3 use official reports to summarize revenue and appropriations.

5.1 Revenue Adjustments

The most significant impact upon available revenues came from bonding: a source the legislature seldom warms to, but did this year and last. These years were

different: The Great Recession limited tax receipts, stimulus spending would be useful, and optimism about Utah's economy gave some assurance that the future could bear increased debt service. The primary beneficiaries were highways and the construction industry. Sixty-eight percent of Utah's general obligation (GO) debt service relates to bonds for transportation. Eighty-eight percent of Utah's capital budget, other than that spent for debt service, goes to transportation projects (GOPB 2011b, 168).

In calendar year 2010, the state issued three series of GO bonds, two for highway projects that totaled \$955 million and one for other capital facilities for \$79 million. This year, there was a new authorization for GO bonds of \$89 million for capital facilities, but no new GO bond authorizations for highways.

New authorizations tell the smaller part of the story. As reported (after the 2011 legislative session) by the GOPB *Budget Summary* (2011b, pp. 177–178), authorized-but-not-yet-sold bonds amounted to \$139 million (including the new \$89 million) for capital facilities and \$1148 million for highways, bringing unused authorizations to \$1287 million.

The constitutional limit for GO debt is 1.5% of the total fair market value of taxable property, calculated to allow a GO debt of \$4371 million. GO debt amounted to \$3269 million (\$1183 per capita) in the GOPB *Budget Summary* (2011b, p. 177), leaving room within the constitutional limit for an additional \$1103 million of GO debt. Thus, the constitution and prudence, not legislated authorizations, now limit the issuance of GO bonds. The state issued, after the publication of the GOPB *Budget Summary* report, an additional \$600 million of GO bonds (at 2.78% interest), providing a new base for considering the prudence of future bonding.

A subsequent LFA Issues Brief, "Update on State Debt" (2011b), finds present commitments reaching the prudent limits of GO bonds. Although all three rating agencies affirmed Utah's triple A rating for the \$600 million new bonds, they did "note the State's increasing debt levels". The LFA further reported:

Per-capita general obligation debt is at a historical high. Utah is currently at 87% of the constitutional debt limit as a result of increased bonding for highway projects and a decrease in property value.

By practice Legislative debt policy keeps outstanding principal below 85% of the Constitutional debt limit. This policy provides the state flexibility to respond to unforeseen circumstances such as natural disaster and prevents the state from going over the limit should property values decline.

The Issue Brief expects ongoing road and building projects to require additional GO bonding for \$300 million in FY 2013 and \$80 million in FY 2014. Presuming a slow recovery of property values and the scheduled repayments

of outstanding GO debt, total GO debt should fall below 85% of the Constitutional limit in FY 2014. The LFA concludes Utah can prudently issue the anticipated \$300 million and \$80 million bonds, but not other GO bonding until FY 2015.

Revenue bonds, of which Utah makes only limited use, are not an issue. The GOPB *Budget Summary* (2011b, 178) reports a total of \$334 million (\$121 per capita) outstanding revenue bonds. This leaves additional borrowing capacity, under Utah's statutory limit, for \$3477 million.

The legislature revisited the existing law that taxes sales of food at 1.75% (the general state sales tax rate is 4.7%). After more than a decade of debate, a rate of 2.75% on food was established in 2007 and then further reduced to its present rate in 2008. Proponents of exempting or lowering the rate on food have argued for its passage and retention to reduce tax burdens upon low-income households. Opponents have argued that the state cannot afford to lose the revenue. This year, the debate reignited because the repeal of the preferential rate given to sales of food was proposed to strengthen the state's fiscal base (about \$150 million) or to allow a lowering of the general state rate (to between 4.25% and 4.3%).

The legislature also considered raising the gasoline tax (SB 239). This tax generates revenue of \$10 million for each cent of tax. The rate has not been adjusted for 14 years despite inflation and growing demands for highways. Instead, increased highway expenditures have been largely supported by diversions of sales tax revenues.

An increase in the gas tax could relieve pressure on the General Fund, which is financed by the sales tax, and returning food sales to the general sales tax could enhance the capacity of that fund, unless the new revenue was used to justify reducing other revenues as some suggested to avoid the charge of a tax increase. However, the session failed to adopt either. Instead, late in the session, the legislature went in the opposite direction, passing a new earmarking for highway expenditures of 30% of future growth in sales tax revenues. This act was the most controversial of the four acts vetoed. The legislature's veto override included a divided vote by the Democrats.

Two other revenue adjustments that failed were Governor Herbert's renewed proposal that taxpayers not subject to withholding make quarterly payments of their estimated income tax (expected to realize a 1-year revenue increase of \$130 million) and a bill (HR112) by Representative King to end certain tax preferences (arguably obsolete, with benefits going out of state) for oil and gas production (estimated to increase revenue by \$11.3 million in FY 2012, increasing to \$26.5 million in FY 2013) (Davidson 2011b). The legislature did pass, however, the legislation (HB 226) requiring Salt Lake County to

eliminate, within 2 years, the police fee it had assessed against properties served by county police.

5.2 Public Education

Utah ranks last in the nation in expenditures per pupil. The large family size and the relative youth of the population increase the burden of financing education. There was a time when Utah's low ranking, although not as low as today's, could be seen with more sympathy: Utah was among the states spending the highest proportion of personal income for public education. However, that commitment eroded over recent decades (Macdonald 2010) until Utah's effort (FY 2007) of \$34 per \$1000 of personal income ranked it 45th among the states (GOPB 2011a, p. 28).

The Utah Foundation, a respected source of policy analysis and a legacy from the "good government" movement of a century ago, offered background for the 2011 legislature. It gave focus to the fact that Utah's financial commitment to public education is declining, and it challenged common explanations that Utah schools outperform others despite limited expenditures:

Despite the economic recession, public education continues to be Utah's largest budgetary expense. Starting in FY 1991, Utah state public education expenditures were steadily decreasing in proportion to personal income [from approximately \$40 to less than \$34 per \$1000 of personal income] (Utah Foundation 2011a).

Based on comparisons to national averages in school test scores, it is commonly stated that Utah's education system performs well, despite having low funding. However, Utah is much different than the average state, with low poverty, many college-educated parents, and a small minority population. Those factors should lead to higher-than-average test scores.

Using the National Assessment of Educational Progress (NAEP) to compare 4th and 8th grade math, reading, and science scores from 1992 through 2009, the report finds that Utah is underperforming compared to states with similar demographics. Among these peers, Utah most often ranks last in these tests. In addition to persistently low peer-state rankings over the past two decades, Utah's national ranking on these exams has fallen significantly (Utah Foundation 2010b).

"Held harmless" held a less harmful meaning this year. For the past 2 years, it meant something close to no reduction in appropriation (not inflation adjusted), which meant reductions in per-pupil expenditure considering the substantial increases in enrollments. This year, it meant keeping up with the most recent per-pupil expenditures, although this was achieved in part by reallocation of funds

for other public school expenditures (Utahns for Public Schools 2011). Appendix Tables 2 and 3 show that while the increase of appropriations for public education was small, it was a greater percentage increase than that of total appropriations and nearly met that recommended by Governor Herbert.

The appropriation does not improve Utah's low rankings: as expenditures per pupil, as a portion of personal income, or as a portion of state appropriations. Concerns about education continue, as reflected in a *Salt Lake Tribune* editorial (2011c).

Poll after poll shows that Utahns favor increasing education funding, that they are worried about declining test scores and graduation rates and that they realize having the nation's largest class sizes threatens their children's learning.

Recent polls even show that a majority of Utahns would pay more in taxes if that money were earmarked specifically for schools.

Nevertheless, the Legislature, year after year, ignores the wishes of constituents and continues to chip away at the ability of public schools to meet the needs of Utah children – all its children, including the growing number of minority students who are dropping out in alarming numbers.

These concerns are further aggravated by the demands of “No Child Left Behind” and other outcome evaluations.

The legislature showed continued interest in alternatives to traditional public schools. This included revisiting provisions for charter schools and encouraging online courses. After the session, legislators who led the efforts for school vouchers, an approach rejected by a voter referendum, indicated, with editorial support from the *Deseret News* (2011), they will now consider tuition tax credits.

The legislature had other specific interests in shaping public education, including directing the schools to teach that the American government is “a compound constitutional republic” (not a democracy), guiding the use of information technology (the subject of one of Governor Herbert's successful vetoes), and considering but not passing legislation (SB 224) to provide for the direct and partisan election of the state school board.

5.3 Transportation

The basic tabulations of appropriations, as in the three appendix tables, are a poor guide to the transportation budget: Major expenditures are made through the Transportation Fund and other special funds and sources and through borrowing that may not be included or not specified as transportation in those summaries.

The *GOPB Budget Summary* provides a more complete tabulation of appropriations for transportation, which includes the Transportation Fund, Federal Funds, Dedicated Credits, Restricted/Trust Funds, and Other Funds (2011b, pp. 155–6), in a three-year comparison (in millions of dollars; Table 6).

The decline from FY 2010 to FY 2011 in this funding for transportation is largely accounted for by a decline in federal funds, whereas that from FY 2011 to FY 2012 is largely accounted for by a decline in Other Funds, primarily balances carried forward from previous years.

This more complete tabulation, however, is of appropriated funds and so does not include earmarked funds, including the “mainlined” monies of portions of sales tax revenues earmarked for roads with no requirement for appropriation. The *GOPB Budget Summary* picks them up as well (2011b, p. 159) in a separate 6-year tabulation of the Transportation Investment Fund of 2005 (TIF), a fund providing much of the capital expenditures and debt service for highway projects. Table 7 shows the recession’s impact and adjustments (in millions of dollars).

Total expenditures dropped substantially in the first year of the recession (FY 2009) and then rebounded to as much as twice the prerecession level. Financing for the TIF from the General Fund fell (as did revenue for the General Fund itself). However, by FY 2010, bonding fueled a rebound that more than made up for the loss of General Fund contributions.

These tabulations show the difficulty of understanding and measuring highway expenditures, a task made particularly challenging by multiple funds, overlapping sources and uses of funds, and lack of control by common procedures. In the summary tables of the total state budget (see appendix tables), the reported transportation expenditures are so small that they warn careful readers that there must be more. The totals in the first tabulation above, from the detailed tables of the *GOPB Budget Summary* (showing \$1054.9 million for FY 2012), give a fuller measure of appropriated funds. However, expenditures also include those not requiring appropriation, i.e., the TIF, and not included in the first tabulation. The TIF adds \$677.9 million for FY 2012, for a total of \$1732.8 million of Transportation Department expenditures for operations and capital improvements (not including debt service).

	Year		
	FY 2010 Actual	FY 2011 Authorized	FY 2012 Appropriated
Operations budget	296.9	279.5	283.5
Capital budget	1338.0	1064.9	771.4
Total	1634.9	1344.3	1054.9

Table 6: Governor’s Office of Planning and Budget Summary of Transportation Appropriations.

	Year					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total funding available ^a	602.9	655.2	384.5	867.4	1205.4	948.2
Total project expenditures	364.0	398.0	268.7	450.6	886.0	677.9
Debt service	128.0	131.7	135.2	153.0	319.3	270.2
General fund	201.0	249.0	0.0	0.0	0.0	0.0
General fund sales tax	201.9	177.3	157.0	145.0	40.3	159.5
GO bonds issued	0.0	0.0	0.0	587.3	546.4	578.9
Ending balance	110.9	125.5	(19.4)	263.7	0.1	0.1
Bond debt outstanding	945.8	854.4	755.3	1238.0	1673.5	2113.5

Table 7: Governor's Office of Planning and Budget Detail of Available Funds for Transportation.

^aThese totals differ from those reported in the GOPB table in that the GOPB deducts the amount paid for debt servicing. These totals (as reported here or in the GOPB table) are not equal the sum of the project expenditures and debt service, as funds have been carried over from year to year, in amounts ranging from a deficit of \$19.4 million (FY 2009) to a surplus of \$263.7 million (FY 2010). Such carryover was estimated to be insignificant for FY 2011 and FY 2012 (entries for FY 2011 and FY 2012 were estimates).

The LFA (2011b, p. 3) reports total transportation expenditures, however, as slightly above \$1800 million including debt service. The most recent CAFR report, for FY 2010 (DAS 2010, p. 156), shows the final budgets (apparently not including debt service) for the Transportation Fund and the Transportation Investment Funds to be \$1256.9 and \$825.3, respectively. This totals \$2082.2 million, compared with the \$2230.3 million obtained by adding the FY 2010 expenditures in the tables (excerpted above) of the GOPB *Budget Summary*. Some differences between the three sources (LFA, GOPB, and the CAFR) reflect different times of reporting. The size of the differences suggests, however, differences in what is included. Still, although total expenditures may not be clear, the size clearly is large and so is the diversion of sales tax receipts (Voices for Utah Children 2011).

Expenditures will remain large. The Department of Transportation has announced its priorities for the near future, including the widening of I-80 that joins the Salt Lake and Park City valleys through steep and narrow Parley's Canyon (*Salt Lake Tribune* 2011b), an inevitably costly enterprise. Thus, more financing is sought. As explained above, the failure to produce \$50 million of new revenue for transportation by increasing the gasoline tax 5 cents (SB 239) led the legislature to instead earmark 30% of future increases in sales tax revenues (SB 229), estimated to add \$60 million in FY 2013 and growing to \$250 million by FY 2018. The act limits the ultimate diversion to no more than 17% of sales tax revenue, the estimated proportion of revenue from sales of vehicles and vehicle-related products.

The GOPB *Budget Summary*, although careful and extensive, does not offer a tabulation of the extent to which the transportation budgets are financed by

the General Fund and sales tax receipts diverted from the General Fund. A report by Voices for Utah Children (2011) calculates that for FY 2012 the existing sales tax earmarks, without including the new \$60 million earmarking, will total \$295 million.

Although expenditures may not be clearly understood, drivers know there is much construction as they weave through orange barrels for the widening of I-15 in Utah County (Provo/Orem) and the extending of light rail in Salt Lake County. In addition, a new, and hence not so visible, Mountain View Corridor for which \$860 million was previously provided is linking I-80 in Utah County to the less developed western edge of Salt Lake Valley and then to I-15 (Fidel 2011). There also are numerous smaller projects throughout the state, partly financed by federal stimulus funds (Leonard 2011).

This year, public attention to transportation expenditures included controversies raised during the 2010 gubernatorial race about the \$1.1 billion contract for rebuilding I-15 in Utah County. Questions concerned bidding processes, possible biases resulting from relationships between bidders and Transportation Department staff, the \$87,000 that the winning contractor contributed to Governor Herbert's campaign, and the \$13 million that the Transportation Department paid to settle claims made by a losing bidder. Governor Herbert asked for an audit by the independently elected State Auditor. Not waiting for the audit report, the legislature passed HB 34 requiring the Transportation Department to gain higher-level approvals for most future settlements with bidders. The audit, delivered April 12 (Davidson 2011a), said that because "of subjectivity and lack of documentation, we were unable to conclude regarding the actual legitimacy" of the bidding. Although it recommended numerous process clarifications and changes, lawmakers were said to remain skeptical that problems had been adequately revealed and corrected (Davidson 2011c).

5.4 Health

The legislature's attention to health-care reform, championed in the past by the extraordinary leadership of then House Speaker Clark, was threatened this year by the surprise election of a new speaker. Still, with Representative Clark's continuing support and with other legislators adding their own energies and directions, Utah is building public reporting of health-care costs, a clinical information exchange and, with Massachusetts, the first functioning, but still struggling in Utah, health insurance exchanges (the two states book-ending the possible private-public continuum of such exchanges).

Major attention moved, however, to Medicaid expenditures with the passage of SB 180, sponsored by Senator Liljenquist, which “maximizes replacement of the fee-for-service delivery model (using) one or more risk-based delivery models”, hoping to save \$770 million over the next 7 years. The reform is presumed to require a federal waiver, which state administrators were directed to, and did, request by July 1, 2011. The emphasis upon market forces to manage costs, including consideration of privatizing the determination of Medicaid eligibility, pressured the Department of Workforce Services to reduce, through attrition, its caseworker staff by 147. Cost concerns were further reflected in the establishment of an office of inspector general and in a requirement that physically able Medicaid recipients do community service in exchange for their coverage.

With its intense focus on Medicaid and health-care costs, there was little attention to, and increased uncertainty about, traditional public health. It, like education and most state programs, faced constant pressure to restrain programs, partly because of growing health-care expenditures.

An additional uncertainty was added when the Health Department director retired midsession, with the legislature amending the qualifications of the director to general administrative experience rather than health administration education and experience. The deputy director, who met the new requirements, was named the permanent replacement.

5.5 Higher Education

The Board of Regents' concern about educating the state's workforce provided background for Governor Herbert's higher education recommendation and helped protect higher education from budget reductions:

A Georgetown University study indicates by the year 2018, 66% of all jobs in Utah will require a post-secondary degree or certificate. To meet Utah's education and workforce needs, the Board of Regents and the Commissioner of Higher Education have set a “Big Goal” for Utah: to have 66% of Utahns with a post-secondary degree or certificate by the year 2020.

In 2009, 37.6% of Utahns age 25 and older had an associate's degree or higher. In order to reach the goal, 55% of Utah's population between the ages of 25 and 64 will need to complete an associate's degree or higher. In addition to those with an associate degree or higher, 11% more of Utah's future workforce needs to earn a one-year post-secondary certificate from an ATC or trade group, bringing the total to 66%. USHE institutions will also need to encourage greater participation and increase capacity to accommodate more students entering the system. With the increased emphasis on higher education, it is expected that the 2011 fall enrollment will increase from 2010 (GOPB 2011a, p. 31).

The institutions themselves lost 1% or 2% of their state appropriations (Maffly 2011b) and looked at increasing tuition as much as 9% (Koepp 2011). The legislature changed the formula for the allocation of funds among the institutions to give less emphasis to comparative enrollments and more to mission-based funding that recognizes the importance and costs of the more technical or advanced programs (Maffly 2011a).

5.6 Human Services

Suffering under continuing pressures for more cuts, Senator Allen Christensen, cochair of the Health and Human Services Appropriations Subcommittee “thought we had nothing left to cut” (Weist 2011). Late backfilling helped the programs, but even so, the appropriations were expected to require staff reductions of 149 and 46 full-time equivalent positions in the Division of Children and Family Services and the State Hospital, respectively. Legislators referred to a performance audit by the Legislative Auditor General to justify the particularly large reduction for the Division of Children and Family Services. The Office of Ethnic Affairs lost half a million dollars, two thirds of its budget, reducing its staff from 12 to five by mid-June (Montero 2011a). A bill that did not pass would require utilities to gain permission from customers before charging customers fees to be used to assist low-income households pay for power and gas (Weist 2011).

Social welfare programs, like the urban school districts discussed in previous Utah reports, are experiencing major shifts in the ethnic and racial mix of those served. The Department of Human Services is more than an onlooker in the contentious issues of nondocumented individuals and the broader matters of immigration. In FY 2010, nearly 40% of the enrollees in the Women, Infants, and Children (WIC) program identified themselves as Latino. The basic support services of welfare, food stamps, and Medicaid are not legally available to the undocumented immigrants, although they are to their citizen children. There is pressure on these programs for a thorough screening, as well as challenges to other programs (e.g., the WIC program administered by the Department of Health) having responsibility to protect the public from diseases and address other problems of underserved persons. Incidentally, the *Salt Lake Tribune* (Carlisle 2011) reported, 3 weeks before the session began, that a Brigham Young University study indicated that “undocumented immigrants commit no more violent and property crime than those born and raised in the United States. By some measures, they commit less”. On the same day, another article reported on studies finding that undocumented workers usually pay the same taxes as other

wage earners (Oberbeck 2011). These articles, part of a series, examined “whether common claims made about undocumented workers match reality”. The series explicitly recognized that in “coming months, Utah lawmakers intent on immigration reform will argue their case based sometimes on facts and sometimes on assumptions”.

5.7 Natural Resources and Environment

Utah has a small but rapidly growing population in a large geographic area that is mostly government owned, has very limited rainfall, and enjoys a remarkable range of land forms and natural resources. These characteristics and an originally communitarian culture produced a concentrated settlement pattern that places Utah among the most urbanized states in the nation. Utahns know they live with the natural environment. What is not clear is whether their life purpose is to subdue or to sustain nature. This plays out in environmental and natural resource programs, in related program budgets, in intergovernmental affairs, and in frequently partisan politics.

The Department of Environmental Quality and Department of Natural Resources might seem to represent the purposes of sustaining and subduing nature, respectively. However, the discretion within both programs and the budgets supporting them mean tension within as well as between programs. For some time, even before the recession, the budgets changed little. That from the General Fund for Natural Resources was generally about four times that for Environmental Quality and, although both received higher than average increases in General Fund appropriations, in neither case did this make up for losses from other sources. Tight budgets for these programs evidence the conflicting and confusing politics.

Pressures of the budget shortfalls combine with political conflicts to create losers, and greater losers. A greater loser appears to be the state park system, as budget reductions and a critical legislative audit threaten the closure of at least several parks. The FY 2012 appropriation sets the stage for this matter to come to a head in the 2012 legislative session; the appropriation funds the parks with a historically large amount of one-time funding, which the FY 2013 budget will find it difficult to cover.

Major conflicts may involve the budget only incidentally and indirectly, perhaps more so in a time of severely limited budgets. For example, conflicts over water now tend to focus upon questions of management, as in how to encourage careful use of available supplies. Even so, bigger issues simmer, such as piping water from Lake Powell to St. George, which would cost billions of dollars. Another conflict plays out in air pollution control. Greater control is pressed

by federal sanctions for violation of air quality standards and by citizen action concerned about asthma and is opposed for its limits upon industry and lifestyle (e.g., automobiles). These tensions spill beyond the budget: in the case of air pollution, the governor's energy advisor resigned and the air quality director was fired (Fahys 2011). Pending issues may affect the budget on the revenue side as well as in expenditures. These include proposals for major expansions of the Kennecott Copper mine and of disposal of radioactive wastes. The press for expanding the utilization of public lands is traditionally argued on the basis of enhancing private and public revenues, although this too is now more seriously challenged by civil disobedience (Alder 2011; *Salt Lake Tribune* 2011) and by financial analysis (Peterson 2011).

5.8 Courts, Corrections, and Law Enforcement

Courts continue to express concerns about their workloads. Although Utah's courts have typical state rates of filings per capita, they are burdened with nearly three times the number of filings per year as all the federal nonbankruptcy courts in the nation (Court Statistics Project 2010). Having absorbed budget cuts in 2 of the past 5 years, Utah's administrative support staff fell by 9%, whereas filings have increased by 16% since prerecession levels. These trends are partly accommodated by an "e-everything" program of making all paperwork electronic, a step that Utah Chief Justice Durham reports is progressing well, with Utah again to be one of the first to exploit new information technology. Still, she expressed substantial concern that the courts could not take further reductions (Durham 2011). Governor Herbert recommended a 0.7% increase, but the appropriation was a 2% reduction.

The state's burdens of incarceration grow. The number of inmates leveled off between 2006 and 2010, at about 6500 persons. Growth has since returned, however, to the pre-2006 rates of about 200 additional inmates each year (3%). The GOPB appropriation report (2011b) estimates the operational capacity to be just under 6700 inmates, a number exceeded in 2010. It estimates the maximum capacity to be about 6900, a number reached near the end of 2011. Facing other pressures, Governor Herbert recommended a 0.4% increase. However, the appropriations act decreased the budget by about 0.4% (\$4 million), despite a decline in funds available from other sources. The act provides that \$5 million of the reduced budget be used to increase "jail contracting" (state contracting to use cells in local jails) for the incarceration of 301 additional inmates (the \$64.29 legislated daily rate for actual use equals \$23,466 per person for 365 days). It directs the Corrections Department to evaluate existing and future contracts in order to lower departmental costs.

5.9 Economic Promotion

Economic development continued to be high on the priorities of both the legislature and the governor, despite rumblings concerning who benefits (existing or new Utah companies), how costs compare with returns (in terms of revenue, employment, environment, etc.), whether education spending is adequate to provide skills that encourage and meet high-quality economic expansion, and whether transparency is adequate. Although the programs and their success are reported in the state reports (GOPB 2010, pp. 34–35; GOED 2011), their costs are not as well tabulated or as accessible as the direct expenditures shown in the budget.

6 Conclusion

Utah's 2011 legislative session appropriated a FY 2012 budget that moved beyond the crisis of the Great Recession and the more severe financial limits of the past 3 years. Utah thought it could now see recovery, although the final tabulation of revenues for FY 2011 would not be reported until six months after the session (Utah State Tax Commission 2011). The legislature was loath to escape crisis and experimented with a crisis it contrived – a throwback to President Carter's zero-base budgeting – which brought enough pain and inefficiency to discourage its use again. The real crisis of the past 3 years would have been longer lasting and more serious were it not for federal stimulus contributions to the budgets of the 2 previous years; stimulus funds helped to protect state programs and preserve state financial capacity for FY 2012. The state itself further aided the economy and state programs by a willingness to issue bonds and spend some of the Rainy Day fund, recognizing the recession as a time of low interest and low construction costs and as an economy to be strengthened by the stimulus of debt. However, did the state resolve its fundamental budget issues?

Utah does understand it is dealing with the Great Recession. Using a relatively limited tax base, the state maintained a superb credit rating and has had painful, but not massive, spending cuts. In doing so, it claimed both efficiency and frugality and was recognized as relatively successful in its efforts, e.g., as the Brookings Mountain West Project reports (Murray 2011):

One Mountain state that does not contend with massive budget problems is Utah.... One reason is that the state was relatively less invested in the housing boom ... But another influence ... has been its strong embrace of quality budget information and sound budget processes.

In Utah, planning and budgeting are undertaken as a collaborative process and are so well informed by good data and strong processes that in 2008 the state garnered “A” grades on both fronts from the Pew Government Performance Project, which named it the best managed state in the union.

The efficiency builds, to an extent that is too seldom recognized, upon the diligence, innovation, and professionalism of many state staff, as, for e.g., with the state’s relative success in applying information technology. Efficiency also depends upon effective linkages between administrative agencies and the legislature, largely through the budget process, as in Utah’s development of health databases and clinical health information exchanges. Such linkages include executive and legislative staff engaged in the budget process, from its beginning with the GOPB to its final reviews by the CAFR and audit agencies. These staff, and the state leaders to whom they report, deserve credit for the quality, availability, and use of reports and analyses. However, these capabilities are sometimes threatened, as in the restrictions upon the Constitution Revision Commission and the Tax Review Commission, and new opportunities may not be easily pursued, as in clarifying highway financing. There remain difficulties to be addressed in assuring understanding of budget allocations, accountability of budgeted expenditures, and professional integrity in applying powerful auditing tools. Transparency is crucial to efficiency, and progress depends upon fair, skilled, and active use of state staff.

Frugality goes beyond efficiency, to matters of relative priorities. Can a state be highly rated for its financial management when financial support for public school students is the lowest in the nation? Utah has shown, repeatedly, that many are willing to answer “yes”. This answer comes from some within the state and sometimes from national assessments. In its budget, the state annually faces the question, and not only answers “yes” but does so even though polls suggest the public would answer otherwise (Gehrke 2011). A fundamental question for Utah is the relative priorities of present versus future generations: e.g., is it false frugality to so limit the resources applied to educating the state’s children? To prepare children for the future and support Utah’s economy, what should be the relative priority of highways and public schools and what are fair means to finance each?

Answers to the challenges of efficiency and of competing priorities nearly always include matters of finance; answers are shaped, if not given, by the budgeting process. Participants know that budgeting faces tough questions, too tough to be forced simply by real or contrived crises or answered by mechanical formulas and too complicated to escape discretionary judgments. Because the adequacy of decisions depends upon the quality of the process as well as of its participants, success in frugality, as in efficiency, depends upon the transparency provided by the process as well as the skills, care, foresight, and fairness of state legislators, state officers, and staff. Utah has made progress that positions it for further progress, which is needed.

Appendix

	FY 2010		FY 2011		FY 2012 Recommended	% Change, FY 2012/ FY 2011 ^b	FY 2012 Recommended	% Change, FY 2012/ FY 2011 ^c
	Actual	Authorized	Adjusted for Supplements and Cuts	Base ^a				
Plan of financing								
General Fund (sales tax)	1810	2057	-5	1998	1995	-3.1		
Education Fund (income tax)	2630	2711	-50	2695	2878	6.2		
Programs								
Administrative Services	27	28	1	24	35	24.3	63	10.2
Commerce and Workforce	104	100	^d	100	101	0.5	1444	-20.7
Corrections	306	329	^d	318	331	0.4	343	-3.6
Courts	106	108	1	108	108	0.7	132	-1.6
Economic Development and Revenue	90	93	1	89	102	8.8	262	-7.9
Elected Officials	41	42	^d	41	46	10.5	99	-13.8
Environmental Quality	10	11	0	11	11	3.3	56	-3.2
Health	267	305	-1	362	422	38.6	2177	0.1
Higher Education	693	721	0	740	746	3.6	1288	-2.9
Human Services	245	275	-6	270	284	3.1	564	-2.5
Legislature	19	19	0	18	18	-5.4	19	-5.7
National Guard and Veterans Affairs	7	7	0	6	7	3.8	40	5.4
Natural Resources	49	48	^d	49	50	4.3	220	-11.0
Public Education	2271	2370	-50	2358	2411	1.7	3419	1.7
Public Safety	60	62	0	62	63	1.7	179	-14.3
Technology Service	2	2	0	2	2	0.4	5	7.0
Transportation	^d	0	0	0	0	0.0	279	^d

(Appendix Table 1 Continued)

	FY 2010		FY 2011		FY 2012		% Change,		All	
	Actual	Authorized	Adjusted for Supplements and Cuts	Base ^a	Recommended	Recommended	FY 2012/ FY 2011 ^b	FY 2012/ FY 2011 ^b	FY 2012/ FY 2011 ^c	FY 2012/ FY 2011 ^c
Capital Budget	75	181	0	68	68	68	-62.6		837	-40.2
Debt Service	69	69	0	69	69	69	0.0		432	18.9
Total	4441	4769	-55	4693	4873	4873	2.2		11,858	-7.6

Appendix Table 1: Governor Herbert's Budget Recommendations.

In millions of dollars.

General and school funds, except as noted as "all" (i.e., all sources): FY 2012.

Source: Herbert (2010, Tables 6 and 7).

^aFY 2011 removing one-time appropriations and transfers.

^bPercentage change calculated (using detail to thousands of dollars rather than rounded millions of dollars) as increases from authorized FY 2011 to Governor Herbert's recommendations for FY 2012.

^cPercentage change calculated (using detail to thousands of dollars rather than rounded millions of dollars) as increases from authorized FY 2011 to Governor Herbert's recommendations for FY 2012.

^dLess than half a million dollars, or ±0.1%.

	FY 2011			FY 2012			% Change Totals ^a
	Ongoing	One Time	Total	Ongoing	One Time	Total	
Financing							
General Fund	2006	65	2070	1995	53	2048	-1.1
Education Funds ^b	2695	-40	2654	2730	16	2745	3.4
Programs							
Elected Officials	41	1	42	41	6	47	12.3
Adult Corrections and Board of Pardons	236	4	240	241	-c	241	0.5
Courts	108	c	108	105	c	105	-2.0
Public Safety	62	0	62	60	1	61	-0.9
Transportation	2	0	2	1	2	3	87.9
Capital Facilities	51	113	164	42	-c	42	-74.6
Debt Service	69	13	82	72	15	87	5.9
Administrative and Technical Services	20	3	23	26	1	27	19.1
Community and Culture	19	1	20	16	4	20	0.2
Business, Economic Development, and Labor	95	11	106	88	13	101	-5.0
Social Services							
Health	362	-61	301	377	-3	375	24.4
Human Services and Youth Corrections	352	10	362	357	5	362	0.1
Workforce and Rehabilitation Services	81	0	81	77	-1	76	-5.8
Higher Education							
State Administration	23	4	27	24	6	29	7.7
Colleges and Universities	651	-41	609	637	1	638	4.8
Applied Technical College	48	-1	47	48	0	48	2.0
Utah Education Network	17	1	18	17	0	17	-7.6
Medical Education Council	1	0	1	1	0	1	-7.8
Natural Resources	38	-1	37	32	1	34	-8.3
Agriculture, Environmental Quality, and Public Lands	24	c	24	24	0	24	-0.9

(Appendix Table 2 Continued)

	FY 2011			FY 2012			% Change Totals ^a
	Ongoing	One Time	Total	Ongoing	One Time	Total	
	Public Education						
State Administration and Agencies	63	c	63	66	2	69	9.6
Minimum School Program	2295	-36	2260	2326	14	2339	3.5
School-Building Program	15	0	15	15	-c	14	-0.7
Cap Res Bd, DHRM, and Career Service	6	1	7	6	1	7	-2.5
National Guard and Veterans Affairs	6	1	7	6	1	7	0.0
Legislature	18	1	19	19	c	19	-2.1
Total	4700	24	4724	4725	68	4793	1.5

Appendix Table 2: Appropriations: General and School Funds plus Adjustments Used to Balance the Budget. In millions of dollars.

Reported by the Office of Legislative Fiscal Analyst (LFA 2011a).

Note: In FY 2011, certain areas received flexible funds from the American Recovery and Reinvestment Act in lieu of General Fund and in addition to the amounts shown here. Those areas and amounts are as follows: Health, \$82 million; Human and Juvenile Justice Services, \$12.3 million; Higher Education, \$38 million.

Source: LFA (2010, 7, 8). All figures are from Table 2, p. 7. (LFA 2010), except the percentage calculations, which come from Table 3, p. 8.

^aBecause of rounding to nearest million dollars, the appropriations that amount to < \$100 million show the relative size but are poor indicators of change. The Percentage change shown in this column is based upon the detailed figures to provide the comparison by fiscal year.

^bThis combines the Uniform School Fund and the Education Fund.

^cLess than half a million dollars.

Cap Res Bd, Capitol Preservation Board; DHRM, Department of Human Resource Management.

	FY2010 Actual	FY 2011 Current Authori- zations	FY 2012 Appropria- tions	% Change Initial Appropria- tions, FY 2012/ FY 2011	Govern- ment Recom- mended	FY 2012 Appropriations (\$), Difference from Government Recommended	FY 2011, Current Authoriza- tions	FY 2012, Appro- priations	All % Change, FY 2012/ FY 2011, Initial Appropriations
Financing									
General Fund (sales tax)	1810	2056	2036	-1.1	1995	41	51	55	15.6
School Fund (income tax)	2630	2654	2745	1.3	2878	-133	477	465	-1.0
Programs									
Admin Services	20	21	25	21.4	35	-10	51	55	15.6
Business, Ec Dev, and Labor	109	114	111	-1.8	^a	^a	477	465	-1.0
Corrections	306	329	325	-1.2	331	-5	356	338	-3.2
Courts	106	108	105	-2.0	108	-3	134	129	-1.2
Elected Officials	41	42	47	12.3	46	1	115	102	1.7
Environ. Quality	10	11	11	-0.8	11	^b	58	56	8.1
Health	267	301	375	23.0	422	-48	2307	2081	-3.9
Higher Education	693	703	733	1.8	746	-13	1279	1269	3.1
Human Services	245	272	278	0.8	284	-6	578	563	-6.7
Legislature	19	19	19	-2.0	18	1	20	19	-2.0
Nat Guard and V A	10	10	11	3.4	7	4	42	44	4.6
Natural Resource	49	48	45	-6.7	50	-5	231	230	-2.5
Public Education	2271	2322	2408	1.6	2411	-3	3436	3353	-0.2
Public Safety	60	62	61	-0.9	62	-2	210	180	0.2
Retirement and Independent Entities	3	4	3	-14.6	^a	^a	5	4	-13.1
Technology Services	2	2	2	-0.3	2	^b	5	5	-1.0
Transportation	^b	0	0	0	0	0	279	283	1.7
Workforce Services	85	81	76	-5.8	^a	^a	2085	1260	4.7

(Appendix Table 3 Continued)

	FY 2010	FY 2011	FY 2012	% Change	FY 2012		FY 2012		All	
	Actual	Current Authorizations	Appropriations	Initial Appropriations, FY 2012/ FY 2011	Government Recommended	Appropriations (\$), Difference from Government Recommended	FY 2011, Current Authorizations	FY 2012, Appropriations	% Change, FY 2012/ FY 2011, Initial Appropriations	
Capital Budget	75	181	60	-66.8	68	-8	1277	872	11.5	
Debt Service	69	82	87	26.5	69	18	381	426	16.0	
Total	4441	4710	4781	0.3	4873	-20	13,325	11,735	0.9	

Appendix Table 3: Appropriations: General and School Funds, Except as Noted as "All" (i.e., All Sources). In millions of dollars.

Reported by the GOPB: FY 2012.

Current appropriations and authorizations for FY 2010 include initial appropriations and authorization and subsequent changes made by the end of the 2010 session. Percentage changes from FY 2010 to FY 2011 are from the initial appropriation for FY 2010 rather than those appropriations combined with subsequent changes. This table shows the percentage change at comparable points of the appropriations process. The percentage changes from the initial appropriation FY 2011 to the current authorized FY 2011 are shown, however, in Table 7 of the GOPB's *Budget Summary*. 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.

Sources: Herbert (2010, Table 6) and GOPB (2011b, Tables 6 and 7).

^aThese programs are recategorized for the appropriations report, as compared with the governor's earlier recommendations.

^bLess than half a million dollars.

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