BUDGET RECOMMENDATIONS

FISCAL YEAR 2022

GOVERNOR SPENCER J. COX

LET'S GO, UTAH: OPPORTUNITY FOR ALL

BUDGET HIGHLIGHTS

FY 2022

PANDEMIC RESPONSE

$250 million to backstop and complement federal funds

- Public health response
- Short-term economic response for households and firms
- Education response

LONG-TERM ECONOMIC INVESTMENTS

- $350 million to double-track FrontRunner
- $50 million for Wasatch canyons transportation
- $125 million for upskilling
- $125 million for open space, trails, and parks

RURAL UTAH INVESTMENTS

- $125 million for rural infrastructure
  - $69 million for a rural infrastructure revolving loan fund
  - $50 million for broadband
  - $6 million for electric vehicle charging stations
- WPU add-on for rural students
- $8 million for rural county economic development grants

PUBLIC EDUCATION

Ensure equitable educational opportunities and focus on improving outcomes for all students

- $112 million for educator bonuses
- WPU add-on for students at risk of academic failure
- WPU add-on for rural students
- Computer science for all
- Constitutional Amendment G - fully fund education commitments
- Fully fund enrollment growth
- 5.82% Increase in WPU
- $22.5 million for the Teacher and Student Success Program

SUPPORTING PUBLIC SAFETY AND JUSTICE

Focus on equity and impartial justice

$10 MILLION — $10 million for workforce and equipment needs in the Utah Highway Patrol

$34 MILLION — $34 million for jail contracting consistent with new statutory requirements

$3 MILLION — $3 million for additional agents to improve probation and parole outcomes

HIGHER EDUCATION

$40 MILLION — $40 million for higher education innovation fund

$38.7 MILLION — $38.7 million for the Bridgerland Technical College Health Science and Technology building

$35 MILLION — $35 million for flexible increase for institutional priorities

GENERAL

Homeless Services Coordinator and Behavioral Health System Improvements

$15 million for earthquake insurance

$60 million for wildfire suppression

Address employee compensation and pay equity issues

REVENUE

$80 MILLION net tax cut returned to Utahns

$21.7 Billion Total Budget

$9 Billion Education Fund General Fund Budget Total

New Money **$728 Million** Education Fund General Fund (Ongoing)

New Money **$1.268 Billion** Education Fund General Fund (One-time)

Rainy Day Fund Balance: **13%** of EF/GF Budget

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STATE OF UTAH

SPENCER J. COX
GOVERNOR

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DEIDRE M. HENDERSON
LIEUTENANT GOVERNOR

My Fellow Utahns,

Let's Go, Utah! As the Cox-Henderson administration commences, we are so excited for the opportunity to serve Utah's people. Utah is a strong and resilient state. Even through recent challenges, we have achieved many successes by coming together.

Looking forward, our state will achieve even more successes. As we do so, we must ensure that **Opportunity for All** truly exists. While Utah ranks comparatively well on some indicators of opportunity such as social mobility, much work remains to be done. We must do better at ensuring that we come together as One Utah so that the blessings of opportunity are available to ALL. Similar to a chain only being as strong as its weakest link, our entire state can pull together with more power when we strengthen those who may be struggling or left behind.

To be clear, this effort is not about tearing down or denigrating those who have worked hard to achieve success, as we've unfortunately seen elsewhere. And it's not about creating a government that fosters dependence and discourages personal accountability. It's about caring for and uplifting those who are struggling or do not have the same opportunity, so that they can become empowered to also experience success. It's about investing in people so they can better add to our state's strength.

This budget represents our best thinking on how to use the state's budget resources to position Utah for long-term prosperity and quality of life. Let's work together to enact this recommendation, improve it where possible, and ensure that the final adopted budget ensures opportunity for all. Let's Go, Utah!

Sincerely,

Spencer J. Cox
Governor

Budget & Policy Brief

LET'S GO, UTAH: OPPORTUNITY FOR ALL

Background

Let's Go, Utah! As the Cox-Henderson administration commences, we are so excited for the opportunity to serve Utah's people.

Utah is a strong and resilient state. Even through recent challenges, we have achieved many successes by coming together.

Looking forward, our state will achieve even more successes. As we do so, we must ensure that Opportunity for All truly exists. While Utah ranks comparatively well on some indicators of opportunity such as social mobility, much work remains to be done. We must do better at ensuring that we come together as One Utah so that the blessings of opportunity are available to ALL. Similar to a chain only being as strong as its weakest link, our entire state can pull together with more power when we strengthen those who may be struggling or left behind.

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Role of Private Sector and Government

Efforts to lift and provide opportunity for all are often best achieved through private sector activities. We support free market capitalism precisely because history proves that it best lifts the overall wellbeing of society.

We have and will continue to strongly encourage Utahns to engage in private activities to help those who are struggling. These personal activities lift both the giver and the receiver, building stronger community relationships, and through that, a stronger Utah.

Let's Go Serve, Utah! Donate to your local food bank. Reach out to a struggling friend. Do your part to maintain Utah's natural beauty. Support charities that lift others. Look out for your neighbor.

Yet even with a strong role for the private sector in serving those in need, government has an important role to play in filling certain opportunity gaps and ensuring a fair playing field. As government fills its vital role, we must ensure that it enhances opportunity for all, not just for the well-connected.

This year provides a unique opportunity to make generational investments in Utah's future, focusing on enhancing opportunity for all Utahns. We can help each other through the pandemic. We can invest in upskilling those who need work or a better job. We can enhance education funding equity. We can invest in rural Utah infrastructure. We can improve air quality and reduce congestion by investing in transit. And we can preserve Utah's natural beauty while enhancing outdoor recreational opportunities.

Let's Go Figure Out the State's Budget Together

We're putting forward our budget recommendations to the Legislature here. But we need your help and counsel, Utah. Maybe we're not considering better ways. Let us know about those. Maybe our radar screen is missing bigger ideas. This is your state government, and we need your input.

As we work with the Legislature to put together Utah's budget for the coming fiscal year, and as we contemplate the respective roles of government and the private sector in achieving opportunity for all, we need robust debate about the future of Utah and how to best go about lifting those facing challenges. Together, we'll make better decisions.

But in the midst of this robust debate, we must respect each other as fellow human beings and for the life perspective each fellow Utahn brings to the table. We encourage all Utahns to passionately and respectfully engage in the public debate about how to make generational investments with resources available this year. As we do so, we will continue to make Utah stronger.

Fundamental Budget Principles

The Governor's budget recommendations stem from a number of core principles, including:

- **Enhance Opportunity for All** – consider the impacts on all Utahns, including specifically thinking about those that may face greater challenges or have fewer opportunities
- **Think Long Term** – strategically allocate resources to make generational investments paying quality of life dividends for decades to come
- **Focus** – make major investments in a smaller number of big-lever budget items, which will achieve better long-term results than sprinkling resources to a larger number of small items that don't move the needle
- **Seek Efficiency** – seek ways to continuously operate government more efficiently, including returning $80 million to Utah taxpayers

Budget Overview and Totals

The Governor's budget recommendation book is divided into two segments. The first segment explains, primarily with narrative, the context for various budget recommendations. The second segment provides additional technical budget details. Both can be found online at gomb.utah.gov.

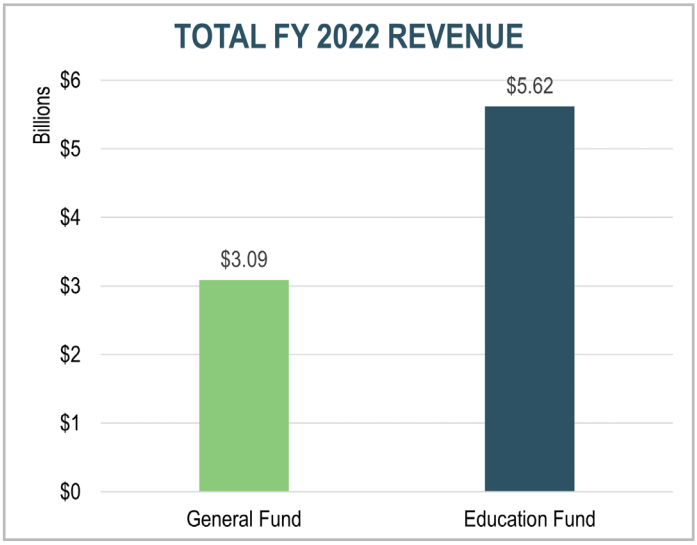
Utah's budget can be viewed in many ways, including by the level of budget discretion state policymakers exercise over the funds, whether the budget is for operational or capital expenses, and through the lens of funding sources (where the money comes from) and funding uses (where the money goes).

Three of the common ways to view the State of Utah's budget are (1) the combined General Fund and Education Fund budget (where state policymakers have broad discretion, with certain constitutional constraints on Education Fund uses); (2) total state-collected fund budget (where policymakers have substantial discretion, but may be subject to various constraints such as needing to change state statute to change the use of funds); and (3) total operating and capital budget (including certain federal funds over which the state exercises minimal discretion if accepting the funds).

The following summarizes total budget amounts for these three different budget views:

- The Governor's recommended FY 2021-22 (FY 2022) budget for the combined General Fund and Education Fund totals about $9.0 billion, including ongoing and one-time funds.
- The recommended FY 2022 budget funded by state-collected funds (i.e., excluding federal funds, certain local school property taxes, and higher education tuition) totals about $13.3 billion.
- The total recommended FY 2022 operating and capital budget is about $21.7 billion, which includes not only state-generated resources, but also federal and certain local school property taxes contemplated in state education funding formulas.

FIGURE 1



Major categories of General Fund and Education Fund allocations include public education ($4.2 billion), higher education ($1.3 billion), Medicaid and other social services ($1.2 billion), and corrections, public safety, and justice (about $760 million). In addition, the transportation budget from state-collected funds totals about $2.2 billion (including debt service payments for transportation projects); these expenditures are generally funded through various transportation funds outside the General Fund.

Revenue Forecast

In November 2020, the Governor's Office of Management and Budget, Office of Legislative Fiscal Analyst, and Utah State Tax Commission revised the state's FY 2021 revenue forecast and developed a new consensus FY 2022 revenue forecast for the State of Utah. As shown in Table 1, this forecast estimates nearly $3.1 billion in General Fund (GF) revenue and over $5.6 billion in Education Fund (EF) revenue. In addition to FY 2022 revenues, some FY 2021 EF/GF funds are available for allocation in either FY 2021 or FY 2022.

When compared to existing budget allocations, which incorporate sizable budget reductions enacted during the 2020 summer special sessions, an estimated $728 million in ongoing EF/GF revenue and $1.268 billion in one-time EF/GF revenue remain available for allocation. These available funds reflect not only year-over-year revenue growth, they also reflect unspent funds available in FY 2021.

While these are sizable amounts, it is important to note that they reflect unique circumstances related to the pandemic, including massive federal support and midyear belt-tightening by the state. Over this time, the state has continued to experience population growth and should use these funds wisely to address our growing state's needs, including ongoing pandemic response efforts.

In addition to the EF/GF revenues, the revenue estimates also reflect increases in earmarked revenues, including a $77 million increase in sales tax earmarks as reflected in Table 1 and further detailed in the *Budget Basics: Why We Should Avoid Earmarks* budget and policy brief.

With these revenue amounts, Utah's resilient economy provides the opportunity to return $80 million to Utah's taxpayers. The Governor recommends that this tax cut include a social security tax credit for low- and middle-income seniors and an increase in the state's existing tax credit for dependents to mitigate impacts from federal tax law changes in recent years.

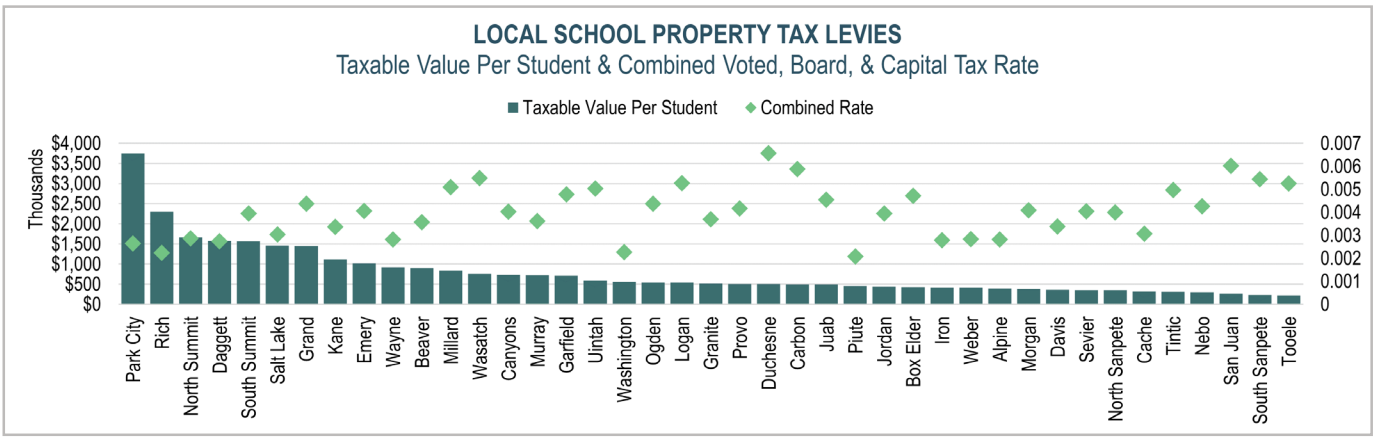
Responsible Debt and Fiscal Management

Avoiding New Debt and Funding Long-Term Obligations. Given the level of available revenues, the Governor recommends no new general obligation debt authorizations and recommends sizable cash funding for infrastructure, as explained in more detail later.

As is always done in Utah, the Governor's budget fully funds the state's long-term obligations, including bond payments and actuarially estimated amounts for state employee retirement pension and other employee benefit programs.

Maintaining Prudent Reserves. As detailed in the *Budget Basics: Why Responsible Debt and Fiscal Management Make Sense* budget and policy brief, the state has benefited this past year from prior efforts to maintain budget flexibility, including through regular budget stress testing reviews. Maintaining unused bonding capacity in recent years allowed the state to quickly access financial markets, even during the severe uncertainty of the early pandemic. Rainy day fund reserves now approach $1 billion under the Governor's recommendation. And structural balances, such as ongoing funding for the new Public Education Economic Stabilization Account, and "working rainy day" funds in the form of ongoing allocations for one-time capital expenses, remain at healthy levels.

FIGURE 2



Furthermore, the Governor recommends increasing the state's earthquake insurance coverage ($15 million) and adding to the state's wildfire suppression fund reserves ($30 million in addition to covering the $30 million in costs from last year), so the state is better prepared for future natural disasters.

With these solid buffers and a proposed tax reduction in place, the Governor recommends using the remaining funds to further enhance opportunity for all Utahns.

Education and Training Investments

K-12 Education. By approving Constitutional Amendment G, Utah voters amended the Utah Constitution to provide additional state budget flexibility in the use of income taxes, with assurances of a commitment to stabilize and increase education funding. Legislative leadership on the Executive Appropriations Committee already signaled its intent to meet this commitment by voting to include a sizable public education funding increase in the base budget bill. The Governor commends this initial action and fully anticipates final action when the Legislature convenes in session.

As explained in more detail in the *Let's Go Learn: Prioritizing Public Education Funding* budget and policy brief, the Governor recommends a total increase of nearly $431 million ongoing and $180 million one-time for K-12 education, as detailed in Table 2. This includes over $296 million ($248.3 million ongoing and $48.3 million one-time)for a 5.82% increase in the value of the weighted pupil unit (WPU) and for funding enrollment growth, including contingency funding given the pandemic-driven disruptions to enrollment. The sizable WPU value increase should allow school districts and charter schools to provide meaningful compensation increases to teachers who are absolutely critical to student success.

Major one-time investments include $50 million for dealing with pandemic-related issues, including addressing the digital divide by ensuring broadband access for students who face challenges accessing electronic resources, and over $112 million for bonuses for school-level educators and other staff members who have worked hard to keep schools going during difficult times.

In addition, the Governor recommends a number of targeted investments to ensure all students have meaningful and equitable educational opportunities. This includes $26.3 million for creating a WPU add-on for students at risk of academic failure (similar to the add-on for special education students), $9 million for optional enhanced kindergarten for those most at risk of academic failure, and an additional $8 million for small district base WPU funding for school districts in rural Utah that experience diseconomies of scale. The Governor also recommends a total of $2.8 million for the Utah Schools for the Deaf and Blind and a one-time allocation of $12 million for special education intensive services.

He also recommends $7.5 million to expand access to computer science for all students, with an initial focus on those whose circumstances may otherwise provide the least access to STEM fields, a $22 million increase for the Teacher and Student Success Program, and a $30 million increase for the equity pupil unit.

Along with re-examining funding allocation methodologies, the Governor also recommends that the Legislature re-examine the role of the statewide school property tax to better enhance educational equity, so that education funding becomes more fair for both taxpayers and students in all zip codes (see Figure 2).

Higher Education and Workforce Development. As explained in the *Let's Go Learn: Postsecondary Education for a Skilled Workforce* budget and policy brief, the Governor recommends $125 million for an Upskilling Initiative, including:

- $56 million for higher education and K-12 innovation funds intensely focused on innovative approaches to skill and career development;
- $20 million to help those struggling to find work, including $4.4 million for the system of higher education to administer a three-year pilot program to deploy college advisors to Department of Workforce Services employment centers, and $15.6 million for degree-granting and technical colleges to provide support for unemployed, underemployed, and vulnerable workers; and
- $49 million for technical education, including $10.4 million for technical education programs, equipment, and reduced tuition, and $38.7 million for the Bridgerland Technical College Health Sciences and Technology Building.

Moreover, the Governor recommends $35 million in flexible funding distributed based on enrollment to address institutional needs including compensation and other items.

Major One-Time Infrastructure Investments

With the sizable amounts of one-time resources available this year, the Governor also recommends the following generational infrastructure investments that will pay long-term dividends:

- $350 million for double-tracking FrontRunner to expand transportation options, relieve freeway congestion, and improve air quality;
- $50 million to deal with transportation issues in the Wasatch canyons;
- $125 million for open space and recreation, including critical lands conservation ($7 million), trails and other outdoor recreation amenities throughout the state ($100 million), and state parks (nearly $18 million); and
- $125 million for rural infrastructure, including $50 million for expanding broadband and fiber access, $69 million to create a new revolving loan fund for rural infrastructure, and $6 million for electric vehicle charging stations in rural Utah.

Additional background on these major investments is found in the *Balanced Growth: Addressing Major Infrastructure and Housing Challenges*, *Let's Go Play: Outdoor Recreation and Open Space Improve Our Quality of Life*, and *Let's Go Breathe: Air Quality Remains a Priority* budget and policy briefs.

LONG-TERM ECONOMIC INVESTMENTS

- **$350 million to double-track FrontRunner**
- **$50 million for Wasatch canyons transportation**
- **$125 million for upskilling**
- **$125 million for open space, trails, and parks**

In addition, the Governor recommends renovating aged state facilities and reconfiguring state workspaces ($50 million one-time and $3 million ongoing) to avoid future capital development costs and facilitate a continued focus of telework (see *Re-Imagining State Facilities* budget and policy brief). He also recommends funding various state facilities, including self-financing state liquor stores ($33 million one-time, with future ongoing payments to be used for state facility renovation), Point of the Mountain facility relocations ($30 million one-time), new state office and fire equipment storage facilities in Richfield ($15 million one-time), and a Brigham City public safety building ($7 million one-time).

Further, the budget includes increases in existing statutory earmarks for transportation ($50 million ongoing) and future water projects ($17 million ongoing), including the Lake Powell Pipeline and Bear River projects.

Public Safety and Justice

The Governor's budget includes funding to ensure public safety and justice can be impartially administered. This includes funding increases for indigent defense ($2.5 million), courts public outreach ($120,000), and public safety equity and inclusion training ($250,000). Among other items, it also includes $3.1 million for additional Adult Probation and Parole agents and related resources to help reduce recidivism, $450,000 for the Board of Pardons and Parole to

modernize its electronic systems, and $10 million for the Utah Highway Patrol for staff and equipment.

The budget recommendation includes a total of $34 million (including a $1.6 million increase) for jail contracting consistent with recent statutory changes and $15.4 million for jail reimbursement (including a $1.3 million increase).

Social Services

Many social service programs are jointly funded by the state and the federal government. Medicaid is the largest of these. As detailed in the *Helping Those in Need: Social Assistance* budget and policy brief, the Governor recommends $20 million in ongoing funding for traditional Medicaid consensus costs and further recommends $36 million be restored to the Medicaid Expansion Fund to promote structural balance between ongoing resources and future program expenditures.

Additionally, the Governor preliminarily recommends $250 million one-time from state funds to continue the state's pandemic response. As additional details emerge on Utah-specific effects of the recently passed federal bill, portions of the response needs may be filled by that bill, and remaining funding gaps that need to be funded with state funds will be better identified. Whether it be through federal or state funds, the Governor recommends ensuring funding for critical needs, including for the public health response ($100 million initial state fund recommendation), short-term economic response for heavily impacted households and firms ($100 million initial state fund recommendation), and critical education needs (the previously mentioned $50 million initial state fund recommendation).

The Governor also recommends restoring $1.5 million to support rural emergency services, $1.5 million for Baby Watch early intervention caseload increases, $3.3 million to recruit and retain frontline social service and state hospital workers in the Department of Human Services, and $2.3 million to strengthen the state's mental and behavioral health services system, among other items.

State Employee Compensation

State employees are foundational to an effective and efficient government. The Governor's budget recommendation proposes restoring the state employee cost of living increase cut during the summer special session ($25 million General Fund), along with a $6.6 million General Fund increase for health insurance costs.

In addition, the budget recommends meaningfully addressing through targeted funding some critical areas where state employee wages are highly uncompetitive ($8.8 million General Fund). He also recommends targeted increases for public safety ($2.5 million General Fund) and corrections ($4.8 million General Fund) pay plans. A number of employee classifications are 20-30% below market wages and are in critical need of targeted adjustment to attract and retain employees.

Furthermore, the Governor proposes redirecting $12.9 million of General Fund and Education Fund compensation savings in base budgets for funded long-term employee compensation liabilities into discretionary funding for state agencies to attract and retain high performing employees. As future compensation liabilities are fully funded in coming years, the Governor also recommends those funds also stay in employee compensation to ensure the state can attract quality candidates to do what are often difficult jobs.

In the 2020 General Session, the Utah Legislature passed SB 207, Paid Leave Amendments, which provided three weeks of medical leave to a childbearing state employee following the birth of a child. While this is a meaningful first step for Utah's mothers to be able to physically recover from childbirth, the Governor recommends expanding the benefit to include an additional three-week parental leave benefit for bonding with the new child. Employees eligible for the parental leave benefit should include all new parents, including mothers, fathers, and adoptive parents. The Governor recommends $1.75 million ongoing to fund the impact to state agencies for these new benefit programs.

In addition to funding this family-friendly employee benefit, the Governor also intends to ensure state pay practices are changed wherever needed to ensure appropriate pay equity.

Summary

So there it is. Our best thinking on how to use the state's budget resources to position Utah for long-term prosperity and quality of life. Let's work together to enact this recommendation, improve it where possible, and ensure that the final adopted budget ensures opportunity for all. Let's Go, Utah!

Budget & Policy Brief

LET'S GO THRIVE: UTAH'S RESILIENT ECONOMIC PERFORMANCE THROUGH COVID-19

Utah's economy has proven to be remarkably resilient through the pandemic, but challenges remain

Highlights

The COVID-19 pandemic instigated an unprecedented shock to the Utah economy, characterized by historically adverse losses to jobs and economic output.

Remarkably, the Pandemic Recession's trough was isolated to the months immediately following its start date. An unprecedented federal fiscal stimulus package supported the rapid stabilization of the Utah economy via payroll protection loans to businesses, direct payments to households, enhancements to unemployment insurance programs, and emergency funding to the state and local governments, among other aid.

Utah's economic recovery currently leads or outperforms the nation across numerous measures. However, more work remains to ensure that gains are shared across all sectors of the economy and that the most disproportionately impacted workers and businesses have the same opportunity to thrive in years to come.

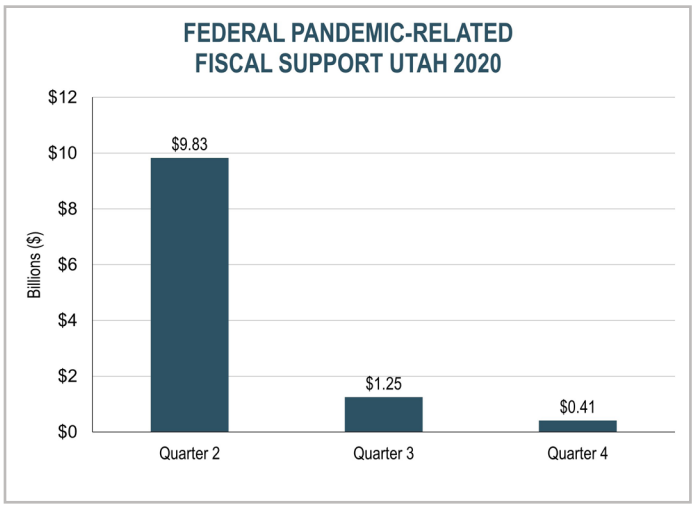
Background

Utah entered 2020 with a strong economy and indicators signaled that this trend would continue. This changed with the emergence of the COVID-19 pandemic. Like the rest of the nation, Utah experienced substantial economic turmoil as the globe adapted to the health crisis. While the state has experienced hardships over the course of the pandemic, it has remained one of the most economically resilient in the country.

Utah's economy roared through 2019 fueled by close to a decade of growth. Output as measured by gross domestic product (GDP) continued to steadily increase by approximately 3.8%. Workers enjoyed a tight labor market with unemployment reaching a record-matching low of 2.4%, jobs growing at a rate of nearly 3%, personal income increasing at 5.8%, and wages growing at 4.2%. Businesses benefited alongside workers. Taxable sales rose by 6.1%, per capita personal consumption expenditures sustained an upturn of over 2%, and permit-authorized construction reached a record peak of nearly $9.8 billion.

The COVID-19 pandemic halted economic momentum throughout the nation. Uncertainty depressed consumer confidence while actions to curb viral transmission affected workers and businesses. Here in Utah, unemployment reached 10.4%, the year-over job loss rate troughed at 7.3%, and GDP dropped by an annual rate of 22.4% from the first to the second quarter of 2020. While the economic repercussions of

FIGURE 1



the pandemic were substantial through 2020, Utah fared better than most other states with the second lowest unemployment rate, the fewest job losses relative to pre-pandemic levels (tied with Idaho), and the second most favorable ranking in GDP performance. Safeguarding public health and supporting economic wellbeing (lives and livelihoods) in tandem came to the forefront of state priorities as the COVID-19 pandemic unfolded. To support these goals, Governor Herbert released the comprehensive task force plan "Utah Leads Together" in the spring and the state published the Unified Response Scorecard in the fall.

Although uncertainty persisted through 2020, key indicators suggested the economy was moving toward recovery as soon as summer. Federal and state aid were key to the nascent economic resurgence. Major components of the support were the Paycheck Protection Program (PPP), substantial temporary increases in and changes to unemployment insurance (UI), economic impact payments (EIP) to households, the Coronavirus Relief Funds (CRF) administered by the State of Utah and local governments, and the Utah Leads Together Small Business Loan Program. In total, Utah received approximately $13 billion in federal pandemic support in 2020. As shown in Figure 1, a large portion of this was received in the second quarter of 2020, representing roughly 22% of the state's quarterly GDP.

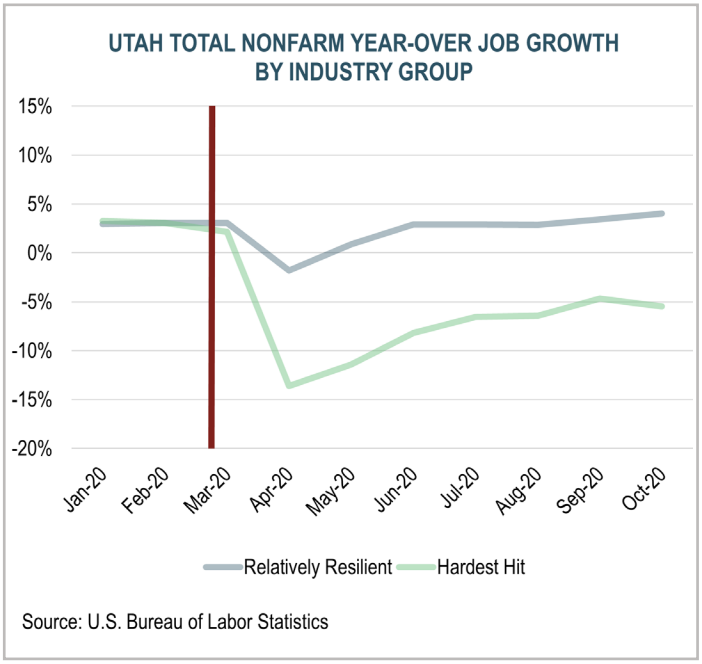
While sizable fiscal support softened the effect of the economic downturn during the early months of the COVID-19 pandemic, it was unable to deliver an equitable recovery. Certain industrial, geographical, demographic, and socio-economic groups experienced a disproportionately large share of the economic damage. The asymmetric economic effect led economists to define a new type of economic cycle called a K-shaped recovery.

Economists analyze the ups and downs of economic cycles found in time-series data to identify patterns. Often, these patterns resemble letters, and it has become common to hear about cycles that are U, V, or W shaped where an economic downturn forms the first downward angle of the letter and then the shape of the recovery forms the remaining angle(s). For instance, a downturn followed by a quick recovery forms a V-shape while a downturn followed by a sluggish economy and then recovery forms a U.

An important assumption that underpins traditional analysis of economic cycles is that economic sectors tend to experience downturns and recoveries similarly. The disparate degree of recovery during the COVID-19 pandemic left economists to conclude that this assumption is inconsistent with this downturn. Economists have come to suggest that the economic recovery associated with the pandemic downturn may take on a K-shape, where the overall economy experiences a downturn and then some groups undergo economic recovery while others continue to endure losses or recover at a lower rate than their counterparts.

Figure 2 illustrates the concept of a K-shaped economic cycle by showing Utah job growth rates from January to October 2020. For illustration, the graph includes two industry groups. These groups are separated according to job growth through the pandemic and are defined as (1) the hardest hit and (2) those that have been relatively resilient. The hardest hit group consists of those industries that experienced overall job losses from February to October

FIGURE 2



2020 while the relatively resilient group are those with job gains during these same months. The graph shows that the two groups begin at approximately the same year-over job growth in January 2020, and then the rates of change diverge through October. Imposing a red vertical line on the x-axis at March 2020 provides a visual representation of the K-shaped concept with the relatively resilient industries trending upward and the hardest hit trending downward. As seen in Figure 6, hardest hit industries include sectors like Food and Accommodation, and the relatively resilient industries include sectors like Construction.

Utah Economic Indicators

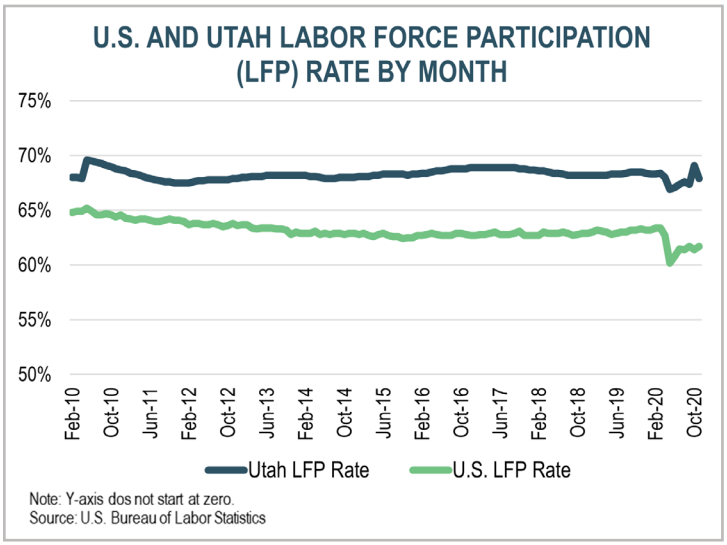
Economists use various data to evaluate economic conditions. While useful, individual economic indicators can paint an incomplete picture because they offer only glimpses into a complex system that changes over time. New economic patterns that appeared in the initial stages of the COVID-19 pandemic withered many relationships among indicators traditionally used in economic analyses. For instance, massive federal support early in the pandemic undermined the concept that an increase in unemployment always coincides with a decrease in income. Even with their individual limitations, a comprehensive suite of economic indicators can help us analyze economic conditions.

Labor Market

Labor Force Participation. The labor force participation rate is the share of the civilian non-institutional population 16 years and older that is employed or actively seeking employment. This measure helps in estimating the direction of future output changes and analyzing the unemployment rate. In general, a higher labor force participation rate increases production of goods and services, which in turn increases output. Labor force participation contextualizes unemployment rates at a given time because the unemployment rate essentially shows the rate at which workers within the labor force are seeking employment. With this, an increase in the unemployment rate may be a result of more people entering the labor force (generally viewed as a positive trend) rather than by employment losses (generally viewed as a negative trend).

As shown by Figure 3, Utah's labor force participation rate continued its historic trend of outpacing that of the nation through 2020 and even set a record with 45,400 workers entering the labor force in September. By November, Utah's

FIGURE 3



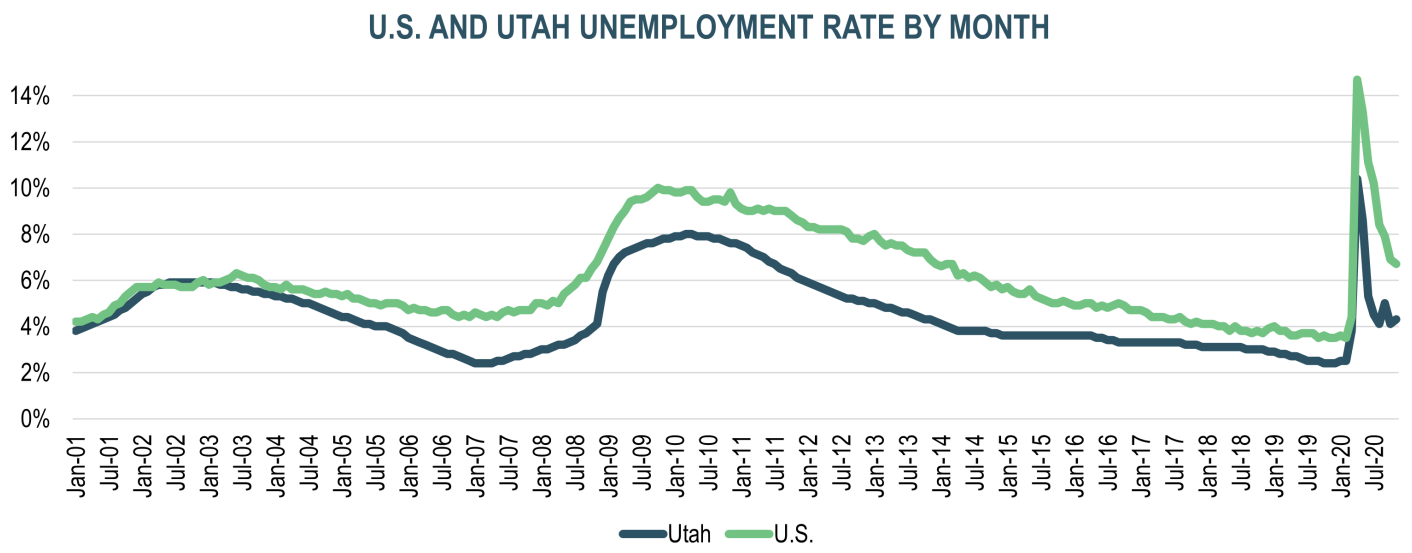
labor force participation rate was 68.1%, only three tenths of a percentage point below the state's pre-pandemic level of 68.4% in February.

Unemployment Rate. The unemployment rate is one of the most used economic indicators. This measure is simply the proportion of unemployed persons in the labor force. It is commonly thought that a rising unemployment rate signals weakened economic conditions given that a larger share of the labor force is out of work. A major limitation of this indicator is that it does not account for discouraged workers who have dropped out of the labor force. Consequently, it is important to recognize factors that influence the unemployment rate when analyzing the economy.

The 2020 pre-pandemic unemployment rate stood at 2.5% in Utah. This was approximately 30% lower than the U.S. unemployment rate of 3.6%. The state's unemployment rate climbed to 10.4% in April 2020 with pandemic-related economic effects taking hold. This rate quickly decreased, falling to 4.1% by August. Then in September, Utah experienced a record increase in labor force participation. This increase meant that more people were searching for jobs and resulted in a 0.9 percentage point increase to the state's unemployment rate (i.e. an unemployment rate of 5.0%). By October, the rate again began to fall as workers gained employment. This was followed by a slight uptick in November that might be explained by seasonal, rather than recession related, effects.

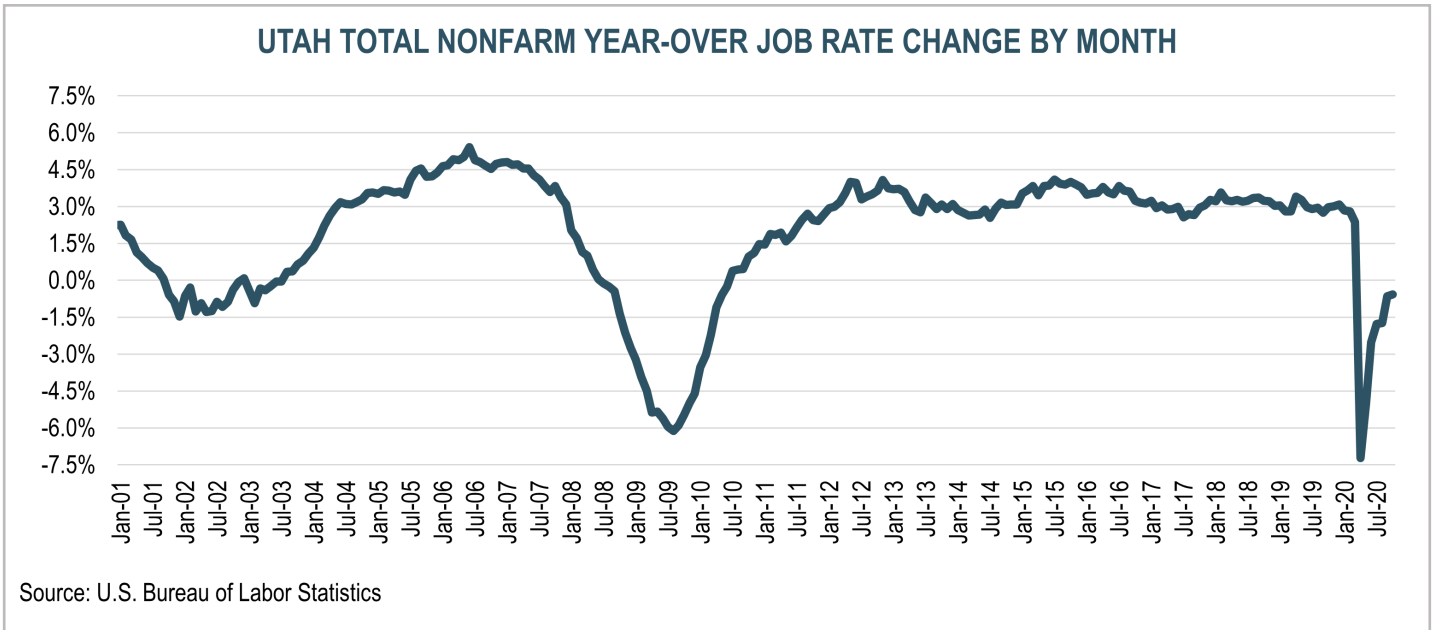
Figure 4 shows the fluctuations in Utah and U.S. unemployment rates from the early part of the century through the tail-end of 2020. The graph illustrates that Utah has enjoyed a substantially lower unemployment rate compared to the nation

FIGURE 4



Source: U.S. Bureau of Labor Statistics

FIGURE 5



Source: U.S. Bureau of Labor Statistics

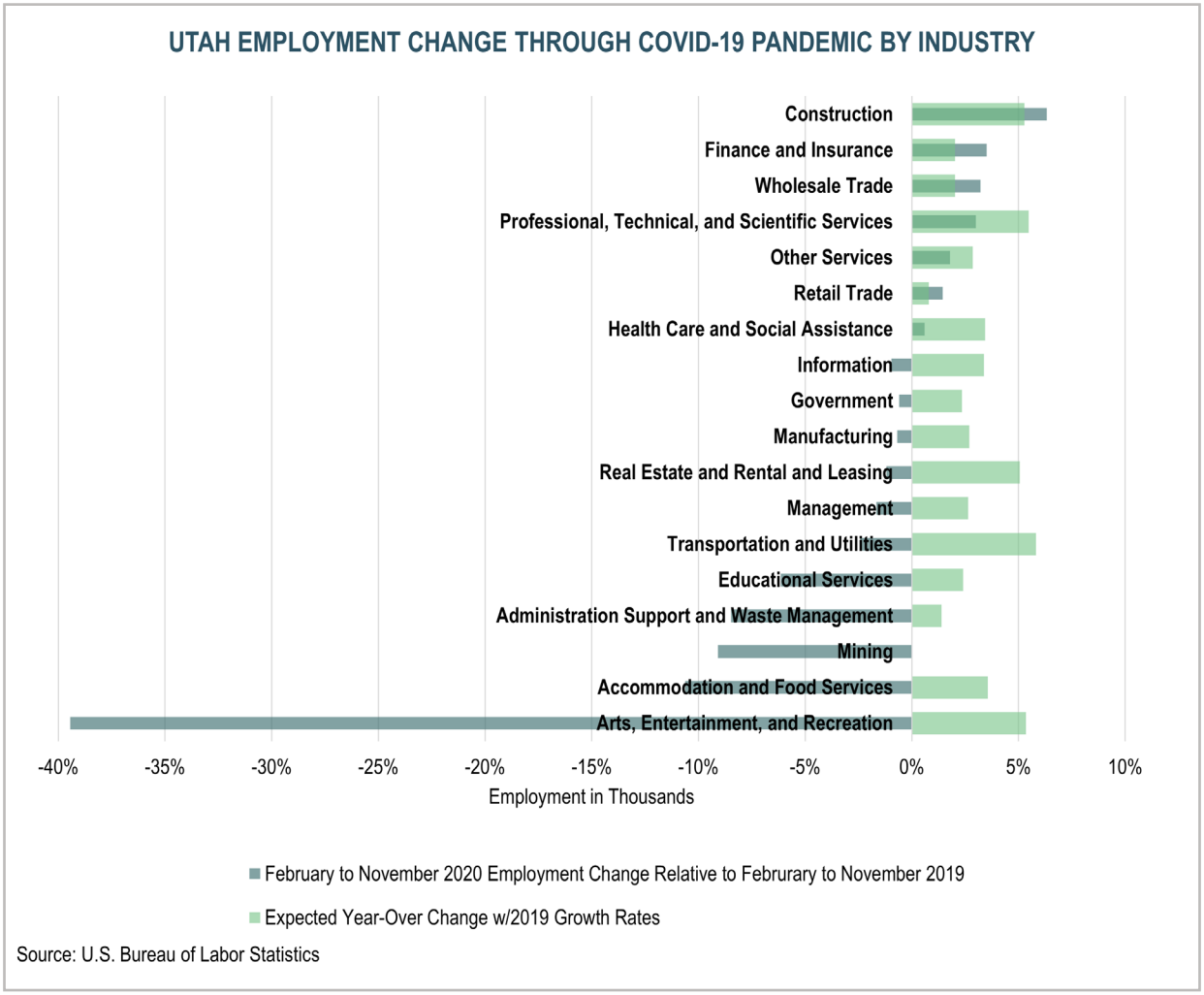
for close to two decades. This trend continued through 2020 despite the economic hardships experienced through the COVID-19 pandemic. As of November 2020, Utah's 2020 average unemployment rate was second only to Nebraska's in being lowest in the nation.

Job Growth. The year-over job rate highlights the degree to which establishments are gaining or losing employment at a given point in time. Along with other labor market indicators, this rate signaled the drastic economic downturn in the early months of the pandemic. The measure then suggested moderation through the second and third quarter of 2020.

It is important to keep in mind that job growth captures only initial job losses/gains and masks divergences in employment changes when evaluated on an aggregate level. A pattern of disproportionate impact among industries appears when job growth rates are evaluated at a more granular level. Figure 6 illustrates that sectors such as Accommodation and Food Services, and Arts, Entertainment, and Recreation experienced extreme employment losses, while industries such as Construction, and Finance and Insurance experienced job growth.

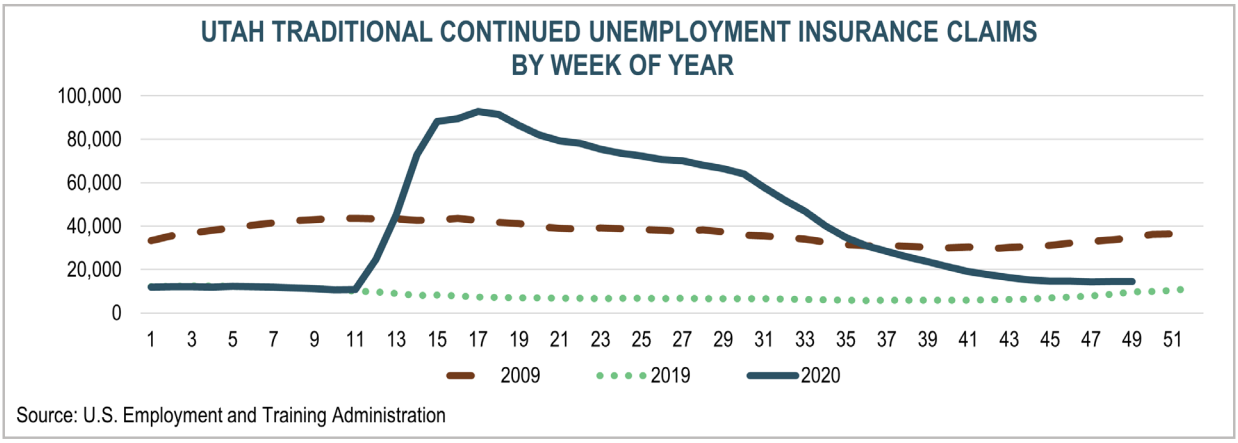
Unemployment Insurance Continued Claims. Continued unemployment insurance claims show the number of unemployed workers who have received unemployment insurance benefits and continue to file for them. This measure is particularly important in analyzing Utah's economy through the COVID-19 pandemic because it gives insight into the length of time workers remained unemployed after losing their jobs. Figure 7 shows that continued claims hit a peak in the second quarter of 2020 and then steadily declined through the summer and much of the fall. A slight uptick disrupted the downward trend in the late weeks of 2020 that may be largely attributable to seasonal effects (similar to pre-pandemic 2019).

FIGURE 6



Source: U.S. Bureau of Labor Statistics

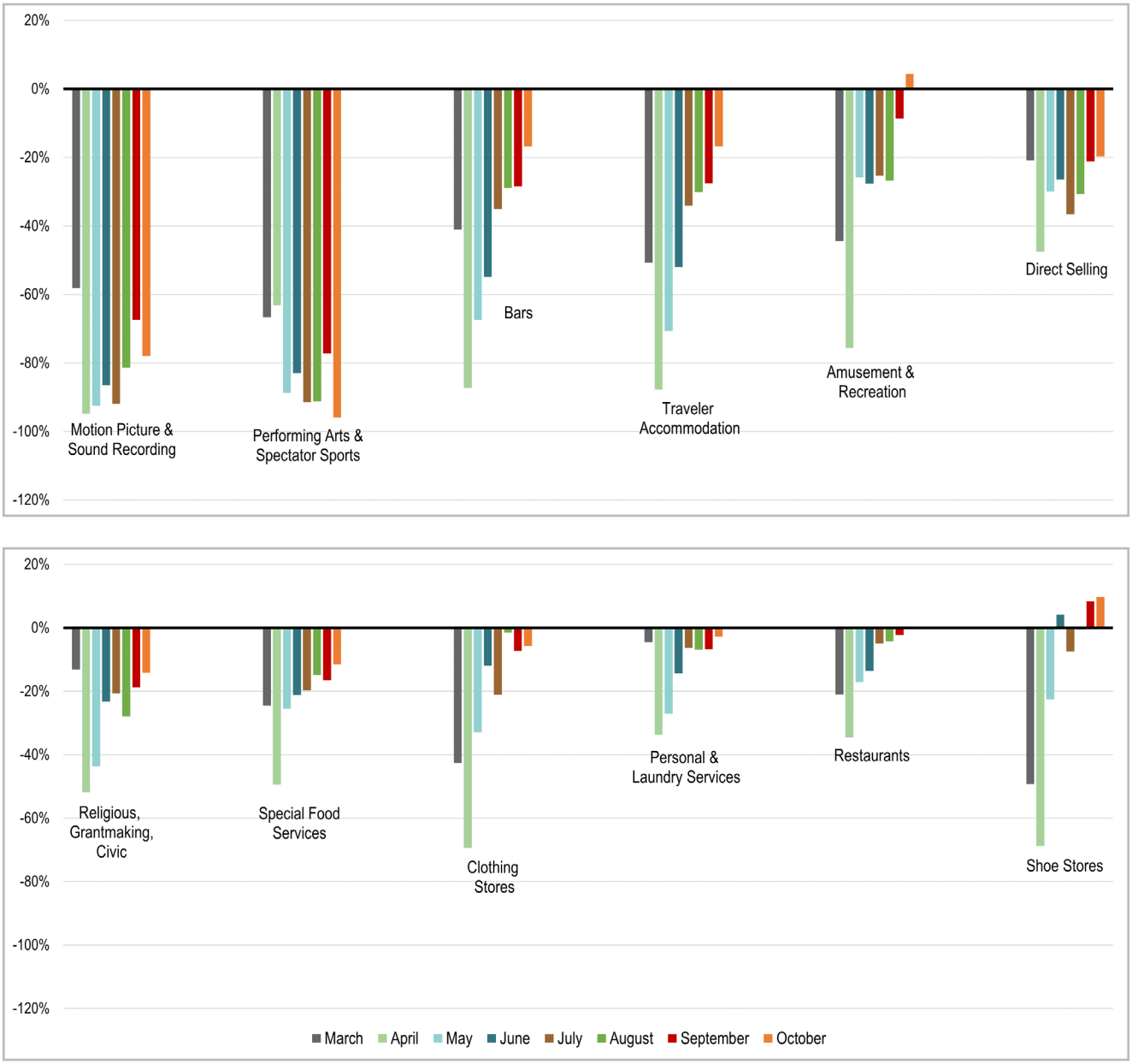
FIGURE 7



Source: U.S. Employment and Training Administration

FIGURE 8

TEN HARDEST HIT INDUSTRIES — YEAR-OVER TAXABLE SALES



Taxable Sales

The level of taxable sales is a meaningful economic indicator for industries with sales subject to sales and use tax. In aggregate, this indicator has shown resiliency throughout the pandemic. The recent addition of some remote sales to taxable sales contributes to this indicator's robustness. Total taxable sales remained fairly flat during March and April 2020 at 1.8% and -0.2% year-over growth respectively, while other economic indicators showed significant negative shifts. This indicator then surged with increases of 8.6% in May, 9.1% in June, and 10.0% in July 2020. Growth moderated in August with a rate of 7.4% and then jumped back up in September and October with growth rates of 9.9% and 9.4% respectively.

While the trend in taxable sales has been positive, it is important to recognize that an aggregate-level perspective conceals significant consumption shifts. A deeper dive into this indicator reveals that some industries experienced sizable taxable sales decreases over the course of the COVID-19 pandemic. Figure 8 illustrates the taxable sales losses for those industries that were most affected in this area from March to October 2020.

FIGURE 9

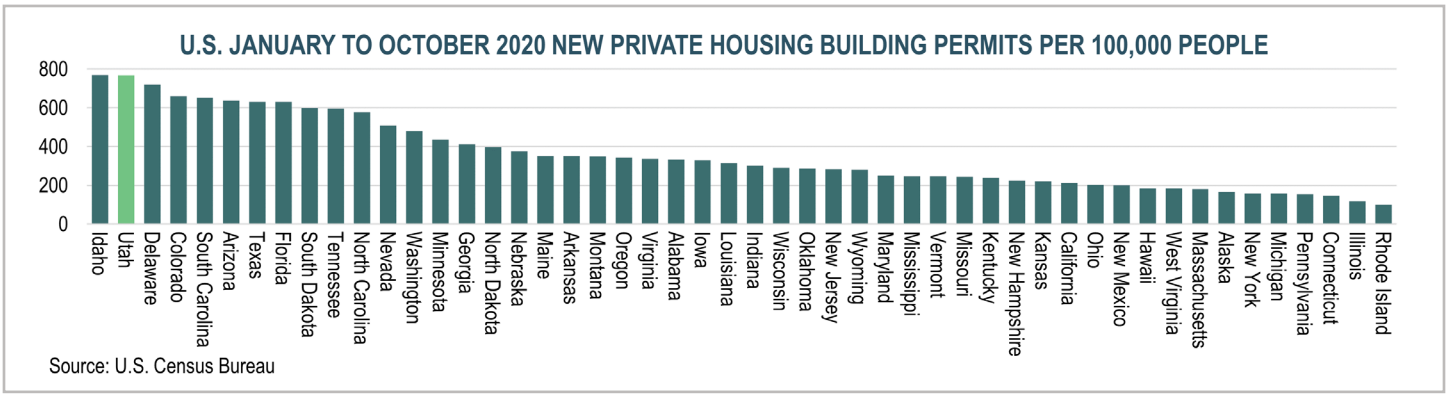
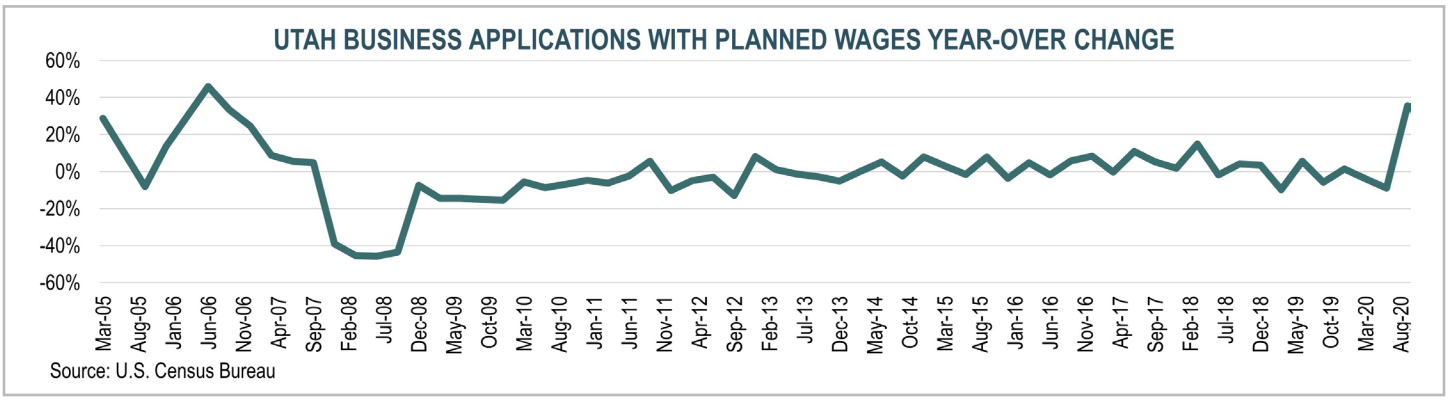


FIGURE 10



New Home Construction

Economists look to new home construction as an indicator for changes in economic cycles and sentiments. The housing market is often one of the first sectors affected by economic fluctuations, and new home construction can signal that it is improving or declining. Generally, financial conditions and economic sentiments affect new home construction. Growth may suggest increased optimism about the economy given current financial conditions (e.g., level of interest rates). In addition to being influenced by an improving economy, new home construction can enhance economic conditions by boosting production, employment, income, and spending.
New home construction is challenging to measure directly, so economists use private housing building permits as a proxy. Utah had the second highest permits per population in the nation from January to October 2020.

Business Applications

Employment and general economic activity tend to increase when more businesses form. Out of the different types of business formations, economists often look to data on new businesses that have paid a first wage because these types are likely to succeed as businesses with payrolls, and, thus, generate employment and substantially contribute to the economy. Prior to 2020, Utah's new businesses with a first wage followed the national pattern of little growth since the Great Recession. They then took a sharp decline over the course of the early months of the COVID-19 pandemic. However, this was followed by a considerable year-over increase in the third quarter of 2020.

Researchers at the Kansas City Federal Reserve explored factors that might explain the growth in new businesses at a national level. They hypothesized that the increase is connected to workers starting new businesses after losing their jobs. However, their analysis failed to find a connection between changes in unemployment and business formation. They suggest that the trend may be connected to shifts over 2020 that counter-intuitively increased the favorability of forming a new business such as lower costs from an acceleration in the telework movement.

Economic Opportunities: Moving Forward Together

While federal support has clearly helped Utah through the pandemic and provided a meaningful bridge to the future, continued economic reactivation remains key to Utah's long-term future. As Utah "recovers to better", state leaders and decision-makers should consider methods for leveraging economic changes to create a stronger, more resilient, and more inclusive economy for generations to come. Key to this outcome is promoting state policies and effectively deploying federal and state resources for economic revitalization.

TABLE 1

November 2020 Consensus Revenue Estimates

All numbers are in thousands of dollars.	FY 2020 Actual	FY 2021 Authorized Consensus Estimate	FY 2021 Revised Consensus Estimate	FY 2022 Consensus Estimate	*FY 2022 - FY 2021 Year-over-year Change from Adopted*
Sales and Use Tax - TOTAL	**3,080,292**	**3,109,673**	**3,245,365**	**3,434,934**	**325,261**
Sales and Use Tax - Earmarked for Transportation	650,186	643,555	669,735	693,469	49,914
Sales and Use Tax - Earmarked for Water	69,592	79,519	82,592	96,584	17,065
Sales and Use Tax - Earmarked for Other	95,220	90,938	95,392	101,300	10,362
Subtotal - Sales and Use Tax Eamark	**814,999**	**814,012**	**847,719**	**891,352**	**77,341**
Sales and Use Tax - General Fund	**2,265,293**	**2,295,662**	**2,397,646**	**2,543,582**	**247,920**
General Fund (GF) Revenue Sources					
Sales and Use Tax - General Fund	2,265,293	2,295,662	2,397,646	2,543,582	247,920
Cable/Satellite Excise Tax	28,367	27,675	28,067	28,000	325
Liquor Profits	121,747	126,090	123,643	130,930	4,840
Insurance Premiums	142,170	145,112	148,082	155,536	10,424
Beer, Cigarette, and Tobacco	108,485	103,750	106,674	105,446	1,696
Oil and Gas Severance Tax	19,531	13,571	10,827	12,706	(865)
Metal Severance Tax	10,761	10,821	9,056	10,714	(107)
Investment Income	30,455	20,232	13,975	12,935	(7,297)
Other	108,042	99,699	92,667	93,633	(6,066)
Property and Energy Credit	(5,855)	(6,184)	(5,967)	(5,967)	217
Subtotal General Fund	**2,828,996**	**2,836,428**	**2,924,670**	**3,087,516**	**251,088**
Subtotal General Fund / Sales and Use Tax Earmark	**3,643,995**	**3,650,440**	**3,772,389**	**3,978,869**	**328,429**
Education Fund (EF) Revenue Sources					
Individual Income Tax*	3,985,400	5,168,146	5,562,108	5,193,878	25,732
Corporate Tax*	355,875	383,244	396,430	371,412	(11,832)
Mineral Production Withholding	26,034	21,771	22,203	22,773	1,002
Escheats & Other	48,047	41,069	35,428	30,106	(10,963)
Subtotal Education Fund	**4,415,356**	**5,614,230**	**6,016,170**	**5,618,168**	**3,938**
Subtotal GF/EF/Sales and Use Tax Earmark	**8,059,351**	**9,264,670**	**9,788,559**	**9,597,037**	**332,367**
Subtotal GF/EF	**7,244,352**	**8,450,658**	**8,940,840**	**8,705,685**	**255,026**
Transportation Fund (TF) Revenue Sources					
Motor Fuel Tax	351,030	363,391	367,862	386,955	23,564
Special Fuel Tax	153,380	154,431	159,582	164,317	9,886
Other	109,586	109,839	112,005	116,551	6,712
Subtotal Transportation Fund	**613,996**	**627,661**	**639,450**	**667,823**	**40,162**
Subtotal GF/EF/TF/Sales and Use Tax Earmark	**8,673,347**	**9,892,331**	**10,428,009**	**10,264,860**	**372,529**
Subtotal GF/EF/TF	**7,858,348**	**9,078,319**	**9,580,290**	**9,373,507**	**295,188**
Mineral Lease (ML) Revenue					
Royalties	50,210	32,300	39,508	42,154	9,854
Bonuses	9,946	7,762	7,507	8,244	482
Subtotal Mineral Lease	**60,156**	**40,062**	**47,015**	**50,398**	**10,336**
Total GF/EF/TF/ML/Sales and Use Tax Earmark	**8,733,503**	**9,932,393**	**10,475,025**	**10,315,258**	**382,865**
Total GF/EF/TF/ML	**7,918,504**	**9,118,381**	**9,627,306**	**9,423,905**	**305,524**

*Moving the filing deadline from April 15 to July 15 shifted revenue from FY 2020 into FY 2021

Budget & Policy Brief

REVENUE FORECAST: STRONG AND GETTING STRONGER

Consensus revenue estimates project continued recovery from the pandemic-caused economic downturn

Consensus Estimating Process

A consensus revenue forecast underpins the Governor's budget. Jointly developed each November and February by the Governor's Office of Management and Budget (GOMB), the Office of the Legislative Fiscal Analyst (LFA), and the Utah State Tax Commission, this forecast provides a point estimate for unrestricted General Fund, Education Fund, Transportation Fund, and earmarked sales and use tax revenues. Due to the COVID-19 pandemic, state forecasters produced a revised forecast for FY 2020 and FY 2021 in June 2020.

FY 2020 Revenue Collections and Closeout

The June forecast reduced the previous FY 2020 General Fund and Education Fund estimate by $863 million, primarily due to the state moving the income tax filing and payment deadline from April 15 to July 15. With the state's fiscal year ending June 30, this shifted many income tax payments that normally would have been collected in FY 2020 into FY 2021. In addition, the June forecast projected that the economic downturn caused by the COVID-19 pandemic would negatively impact revenue collections.

However, both the General Fund and Education Fund ended up closing the fiscal year stronger than projected. Due primarily to stronger-than-projected performance in sales tax collections, the General Fund closed the prior fiscal year (FY 2020) with a revenue surplus of about $27 million relative to the revised June forecast. With an additional $15 million in budget savings and other adjustments, the General Fund closed FY 2020 with a $42 million total budget surplus. After nearly $27.5 million in automatic year-end transfers and set-asides, including a $6.9 million General Fund Budget Reserve Account transfer, a $4 million Wildland Fire Suppression Fund transfer, a $7.2 million Disaster Recovery Restricted Account transfer, a $1 million Local Government Emergency Response Loan Fund transfer, and an $8.3 million set-aside for the Industrial Assistance Fund, the net General Fund surplus after transfers was reduced to $14.5 million.

Like the General Fund, the Education Fund closed FY 2020 with a surplus. Due mainly to stronger-than-projected withholding collections, the Education Fund finished the fiscal year with a revenue surplus of $67 million, which increased to a $76 million total budget surplus after budget savings and other adjustments. After transferring $16.8 million into the Education Fund Budget Reserve Account, the net Education Fund surplus after transfers came in at over $59 million.

In summary, the state's combined General Fund and Education Fund closed out FY 2020 with a combined $118 million total budget surplus before transfers, consisting of

about $95 million in revenue surplus and about $23 million in budget savings and other adjustments. After statutorily required transfers, about $74 million remains available from FY 2020 for appropriation in the coming budget cycle. These FY 2020 closeout amounts are incorporated into the revenue estimates described below.

FY 2020 and FY 2021 General Fund and Education Fund November Revenue Estimates

In November 2020, GOMB, LFA, and the Utah State Tax Commission revised the state's FY 2021 revenue forecast and developed a new consensus revenue forecast for FY 2022 (see Table 1). The Governor's budget recommendations use this consensus revenue forecast.

The November consensus estimate yields about $728 million in available ongoing General Fund and Education Fund revenue and $1.268 billion in available one-time unrestricted General Fund and Education Fund revenues. As shown in Figure 1, $473 million of the new ongoing revenues comes from the income-tax-supported Education Fund, with $255 million from the sales-tax-supported General Fund. One-time revenues show a similar pattern, with $928 million in available one-time Education Fund revenues and $339 million in available one-time General Fund revenues. These estimates reflect both revenue growth and other unrestricted funds available due to special session budget cuts and other available revenues.

While these are sizable amounts, it is important to note that they reflect unique circumstances related to the pandemic, including massive federal support and midyear belt-tightening by the state. Over this time, the state has continued to experience population growth and should use these funds wisely to address our growing state's needs, including ongoing pandemic response efforts.

FIGURE 1

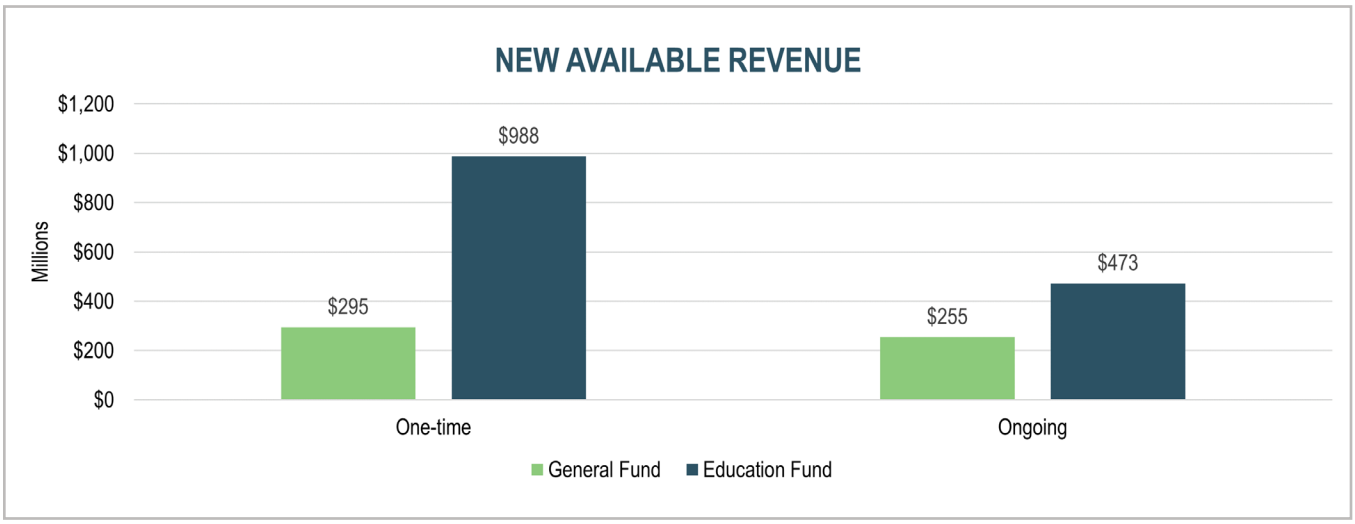
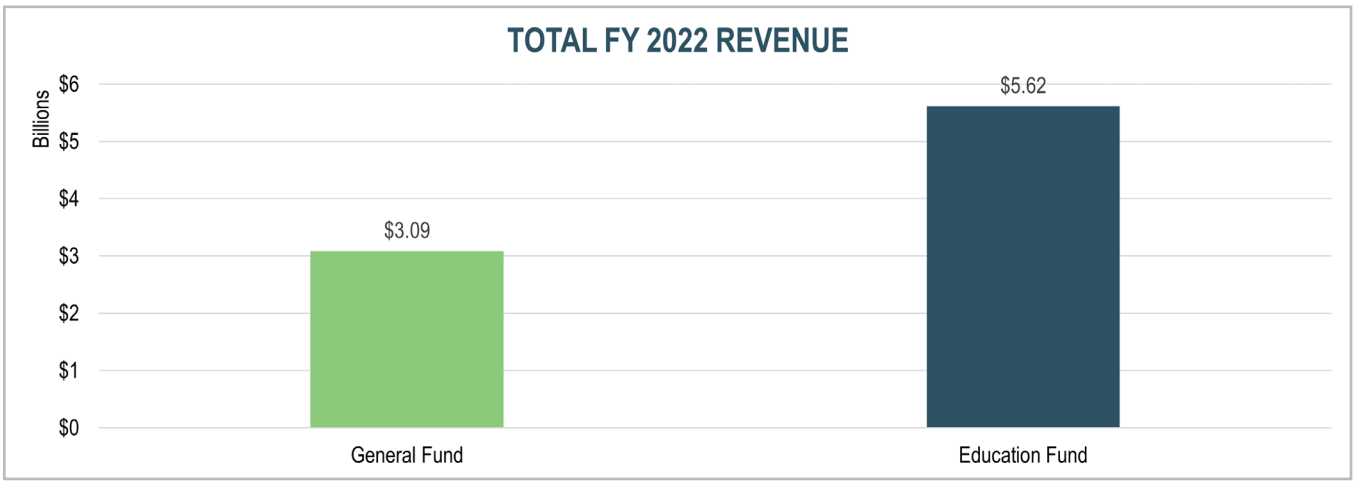
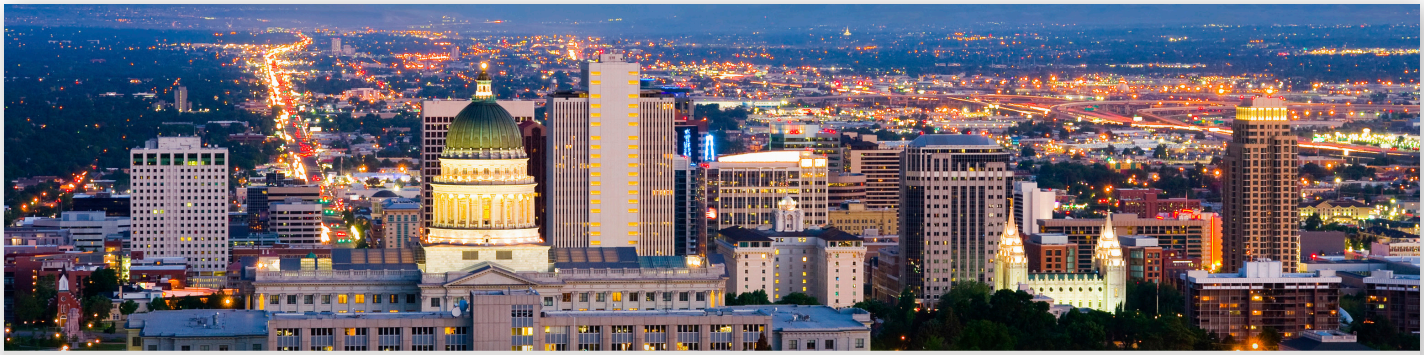


FIGURE 2



Budget & Policy Brief

BUDGET BASICS: WHERE THE MONEY COMES FROM



Major revenue sources for the State of Utah include taxes, fees, federal funds, and lapsing and non-lapsing balances to fund government programs

State Taxes and Fees

The State of Utah imposes various taxes and fees to fund government programs. The individual income tax and state sales and use tax are by far the state's two largest revenue sources. Other revenues include a corporate franchise and income tax; motor and special fuel taxes (commonly called gas taxes); severance taxes on oil, gas, and mineral extraction; beer, cigarette, and tobacco taxes; and insurance premium taxes. These tax revenues are deposited into various state accounts, which are sometimes called a "fund". Budget bills enacted by the Legislature authorize use of revenues deposited into these accounts for designated purposes.

Sales and Use Tax. The sales and use tax is the largest revenue source for state government operations, generating an estimated $3.43 billion in FY 2022 revenues. A large portion of sales and use tax revenues ($2.54 billion) is deposited into the General Fund. Of the $891 million in earmarked sales taxes not deposited into the General Fund, $693 million is for transportation, while $101 million is for certain Medicaid expenses, and more than $97 million is for water and other purposes. In addition to sales tax earmarks, additional revenues are set aside for economic development and other purposes from the General Fund.

Individual/Corporate Income Tax. The Utah Constitution requires that income taxes support public education (K-12) and higher education. Additionally, with the passage of Constitutional Amendment G in 2020, these revenues can be used to support children and individuals with a disability. Based on this constitutional directive, revenues from both individual income taxes ($5.19 billion) and corporate franchise and income taxes ($371 million) are not deposited into the General Fund. Rather, these revenues are segregated into the Education Fund and are used to support the state's public and higher education systems, children, and individuals with a disability.

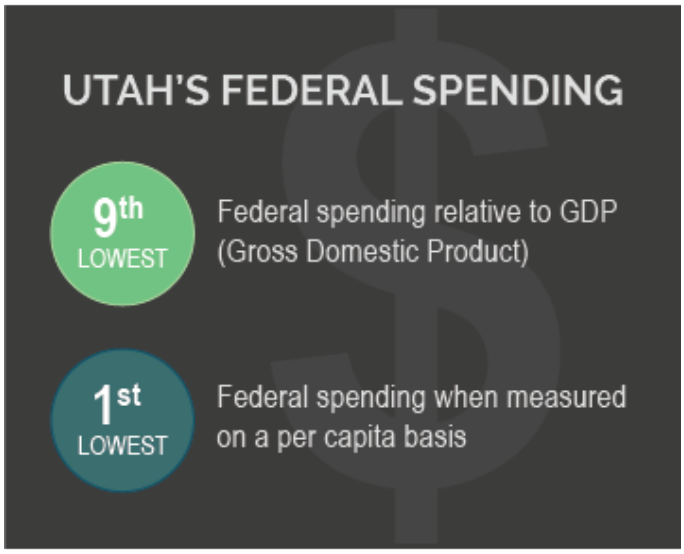
Gas Tax. The Utah Constitution also requires that "proceeds from fees, taxes, and other charges related to the operation of motor vehicles on public highways and proceeds from an excise tax on liquid motor fuel" be used for transportation purposes. Consequently, motor and special fuel taxes or "gas taxes," along with registration and other fees ($668 million) are deposited into a separate Transportation Fund to be used for transportation purposes.

General Fund Revenue Sources. State sales and use taxes are the primary revenue source for the General Fund ($2.54 billion). Other taxes deposited into the General Fund include severance taxes on oil, gas, and mineral extraction ($23 million); beer, cigarette, and tobacco taxes ($105 million); insurance premium taxes ($156 million); and cable and satellite excise taxes ($28 million). In addition, other non-tax revenues are deposited into the General Fund, such as profits from liquor sales by the Department of Alcoholic

Beverage Control ($131 million); investment income ($13 million); and other sources including legal settlements, transfers of certain fee revenues and credits, and a portion of the annual revenue from the Tobacco Master Settlement Agreement (net $94 million). In FY 2022, an estimated $7.8 million of severance tax revenue historically available to the General Fund will be deposited to the state's Permanent State Trust Fund.

Earmarked Sales Tax. As the *Budget Basics: Why We Should Avoid Earmarks* budget and policy brief highlights in greater detail, over the past 15 years, the Legislature has significantly increased its use of earmarks, thereby restricting General Fund revenues. In addition to creating funding challenges, revenue earmarking makes it difficult to create a meaningful historical comparison of General Fund allocations or combined General Fund and Education Fund allocations across previous years. For FY 2022, total earmarks and set-asides are estimated at about $1.2 billion, including $891 million in sales tax earmarks that would have been deposited into the General Fund if the earmarks were not in place.

State-imposed Fees. In addition to tax revenues, the state collects about $1 billion in fees each year. This figure excludes higher education tuition and fees, which total roughly $900 million. Revenue collected from fees is intended to tie to the cost of providing specific government services or regulation directly to the user of the service, as opposed to taxpayers in general. State statute requires that state-imposed fees be "reasonably fair and reflect the cost of services provided" and that a public hearing be held prior to fee adoption.



Examples of state-imposed fees include business registrations and licenses, motor vehicle registration, hunting and fishing licenses, and fees imposed on regulated businesses (e.g. state regulatory fees imposed on banks by the Department of Financial Institutions or insurance company fees imposed by the Department of Insurance).

Lapsing and Non-lapsing Balances

Amounts appropriated to state agencies but not expended during the year of appropriation remain available for use in future years—either when returned to the fund from which they came (lapsing balances) or remaining with the agency for expenditure (non-lapsing balances).

Federal Funds

Federal Taxes. Based on IRS data for the 2019 federal fiscal year, taxpayers from Utah paid over $24.3 billion in taxes to the federal government, including over $22.6 billion in individual income, FICA, and employment taxes; $890 million in business income taxes; and over $678 million in excise, estate, and other taxes.

Federal Spending. The federal government spends revenues collected from taxpayers in a number of ways, including payments to federal employees and contracted businesses, retirement and non-retirement benefits to individuals (such as Social Security), and programs that are appropriated and flow through the state budget (state-managed programs such as Medicaid and locally managed programs such as education). In summary, federal funds are returned both to the State of Utah and to Utahns outside of state government. In fact, most federal funds returned to Utah are outside of the state budget.

Some argue that because of the federal government's dismal fiscal trajectory, Utah should simply relinquish most or all federal funds that flow through the state budget—but doing so would not relieve Utah taxpayers of the burden of paying federal taxes. Instead, taxpayers simply would not receive the benefits being paid for. Until federal tax policies change, it is not in the best interest of Utah citizens to refuse all federal funds. Utah is already one of the states least dependent on the federal government.

Comparing Utah's Reliance on Federal Funds to Other States

A recent Pew Charitable Trust report on federal spending shows that Utah has the ninth lowest total federal spending relative to gross domestic product (GDP) when accounting for all federal spending. And according to a 2020 study published by Federal Funds Information for States (FFIS), in FY 2019, Utah had the lowest federal spending when measured on a per capita basis.

This comparatively low level of federal funding is in part because Utah's population is the youngest in the nation and receives a much smaller portion of federal dollars for programs such as Social Security and Medicare, two of the largest federal entitlement programs targeted to the elderly.

As of 2019, Utah was 1 of only 14 states that received less than 30% of its total state revenue budget from federal funds. Although there is a lag in data for comparisons with other states, Utah's percentage of federal funds appropriated through the state budget is projected at over 28% in FY 2022.

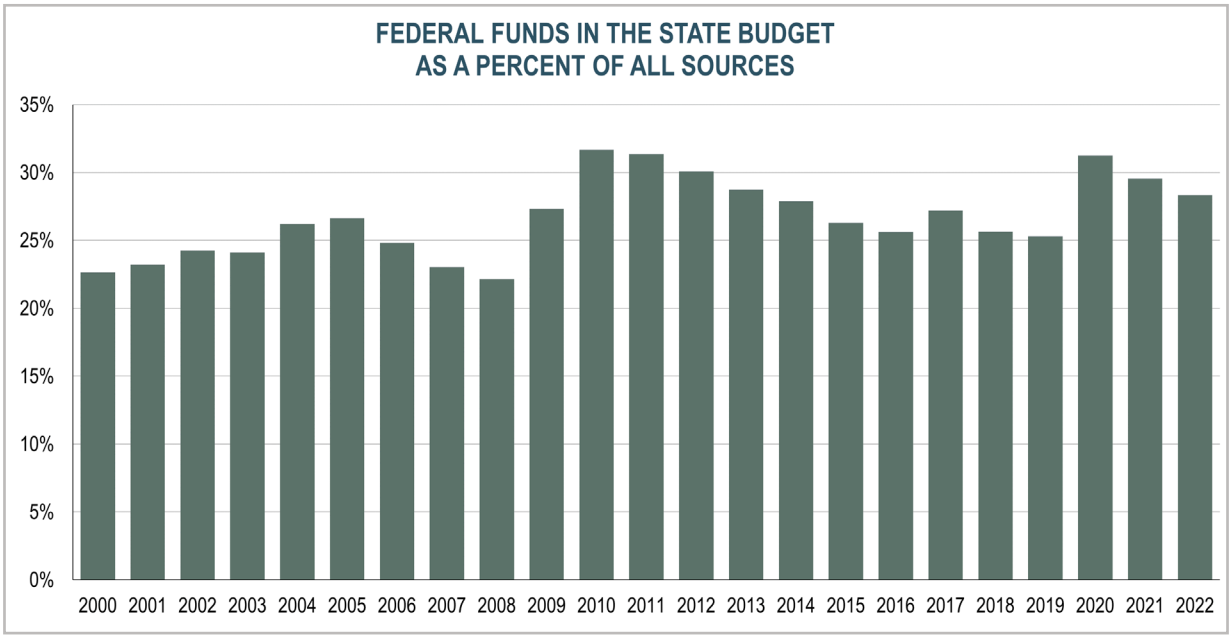
Federal Funding in the State Budget

The portion of federal taxpayer funds returned to Utah through the state budget fund many different programs. For major federal programs such as Medicaid, a state match is required, and state and federal funding is combined. In addition, some federal funds flow through the state to local entities such as school districts, counties, and cities. Separate federal funds, including grants, are also provided directly to local governments and do not flow through the state's budget.

Figure 1 shows the overall percentage of federal funds in the state budget. As illustrated, federal funding tends to increase as a share of the total budget during economic downturns and gradually return to lower levels in the years following. For example, federal funding as a percent of the state budget increased during the Great Recession when state tax revenues plummeted and federal aid to states increased. Federal increases came through long-standing programs such as Medicaid and new federal assistance programs such as the American Recovery and Reinvestment Act (ARRA). As Utah's economy recovered, the ratio of federal funds to the total state budget declined overall.

Moreover, pandemic-related federal aid provided about $1.7 billion that flowed through the state budget from the CARES Act and other initial pandemic relief bills. That is in addition to funding provided directly to other governmental entities, non-profits, businesses, and individuals. Allocations from the bill signed on December 27, 2020 are still being finalized; however, initial estimates indicate that an additional $500 million or more could flow through the state budget.

FIGURE 1



*Note that this chart does not include funding from the December COVID-related economic stimulus bill.

Figure 2 shows some of the largest federally funded program areas. These programs account for about 83% of federal funds in the state budget. Federal dollars not only fund a large portion of the state's major social service programs (Medicaid, SNAP, TANF, USOR, and WIC), but they also play a key role in funding programs that provide care for elderly veterans, clean drinking water, air pollution prevention, and salaries of citizen soldiers in Utah's National Guard. Moreover, Utah's public education system is projected to receive over $497 million in federal assistance in FY 2022, including a number of federally authorized child nutrition programs that provide financial assistance for meals to eligible children; special education funding authorized in the Individuals with Disabilities Education Act (IDEA); and funding authorized in Title I of the Elementary and Secondary Education Act that provides additional support for students living in poverty, migrant students, and neglected students.

Although Utah should exercise caution to not become overly reliant on federal funding the state should also seek to get the best value possible for the taxes paid by Utah citizens to the federal government.

FIGURE 2

SELECTED FEDERAL FUNDING AREAS FLOWING THROUGH THE STATE BUDGET ($ IN MILLIONS)

Program Area	FY 2022 Budget*
Medicaid and CHIP	$3,561
Transportation	$582
Education (including special education, school lunch, and Title 1 for disadvantaged students)	$497
Supplemental Nutrition Assistance (SNAP)	$275
Temporary Assistance for Needy Families (TANF)	$85
National Guard	$59
Office of Rehabilitation (USOR)	$50
Women, Infants, and Children (WIC)	$40

*Note that amounts in this table do not include funding from the December COVID-related economic stimulus bill.

BUDGET BASICS: WHY RESPONSIBLE DEBT & FISCAL MANAGEMENT MAKE SENSE

Responsible fiscal management means thinking long term, both to balance the budget over the economic cycle and to invest in Utah's future

Highlights

- Governor's budget focuses on improving opportunity and quality of life for all Utahns
- Rainy day fund balances equal to 13% of the FY 2021 ongoing EF/GF budget
- Utah quickly deployed emergency budget tools to respond to the economic downturn caused by the COVID-19 pandemic while still increasing rainy day fund balances
- Utah is 1 of only 12 states with a AAA bond rating from all three major rating agencies
- No new general obligation bond authorization recommended

Nationally recognized for its responsible fiscal management, Utah consistently considers both long-term and short-term impacts when building the budget. Managing a budget over the ups and downs of the economic cycle is one important aspect of long-term thinking. Equally important is understanding how today's budget decisions, such as investing in an educated future workforce, the less fortunate among us, or in infrastructure in both urban and rural Utah, alter the state's economic trajectory years and decades down the road.

The Governor's budget specifically focuses on responsibly managing available revenues as the state navigates COVID-19's implications and ensuring budget investments put the state and its taxpayers on a sustainable long-term path.

Utah's Rainy Day Funds Remain at Healthy Levels

As shown in Figure 1, Utah has consistently built up its rainy day reserves since the last economic downturn. The state's combined rainy day fund balances total nearly $992 million as of FY 2021, including $35 million in deposits made at the end of FY 2020, $122 million already appropriated into the funds in FY 2021, and $30 million recommended for Wildland Fire Suppression. The following categories make up the combined rainy day fund balances: the Education Fund Budget Reserve and Growth in Student Population ($596 million), General Fund Budget Reserve ($269 million), Medicaid Growth Reduction and Budget Stabilization ($75 million), and the Disaster Recovery and Wildland Fire Suppression ($52 million) accounts.

These amounts total 11% of the total combined FY 2021 Education Fund / General Fund budget and 13% of the ongoing Education Fund / General Fund budget (see Figure 2).

Additionally, with the passage of Constitutional Amendment G, for FY 2022 statute requires a deposit of 15% of *ongoing* Education Fund growth into the Public Education Economic Stabilization Restricted Account until the fund reaches 11% of the Uniform School Fund appropriation to the Minimum School Program. This will ensure that ongoing funding is available to address the costs of enrollment growth and inflation during economic downturns.

Further, given the current uncertainty as to the total amount of state funds needed for the public health response to the pandemic, the Governor recommends that a portion of unused state pandemic funding for public health be deposited into the Medicaid Growth Reduction and Budget Stabilization account.

Working Rainy Day Funds

The Legislature allocated $100 million from the rainy day funds for FY 2020 on a contingency basis. Ultimately, the state weathered the initial fiscal storm from the pandemic, and the funds were not utilized. However, even though use of rainy day funds should not be the state's first response to a downturn, the Legislature should be willing to use the rainy day funds when needed to help the state make it through the pandemic and other economic challenges.

FIGURE 1

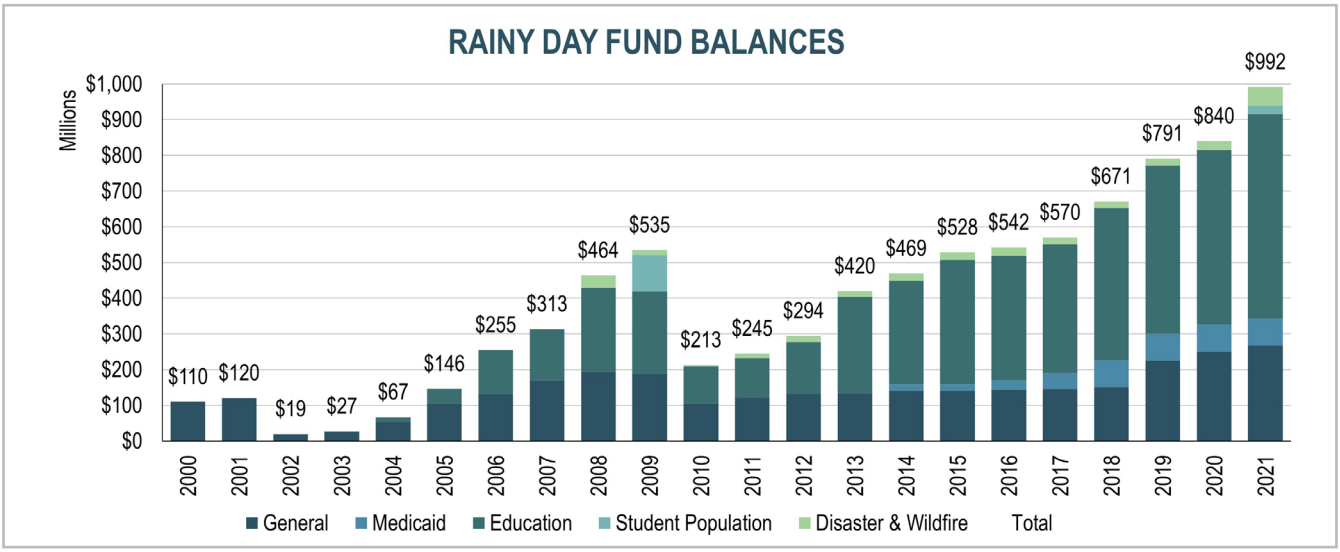
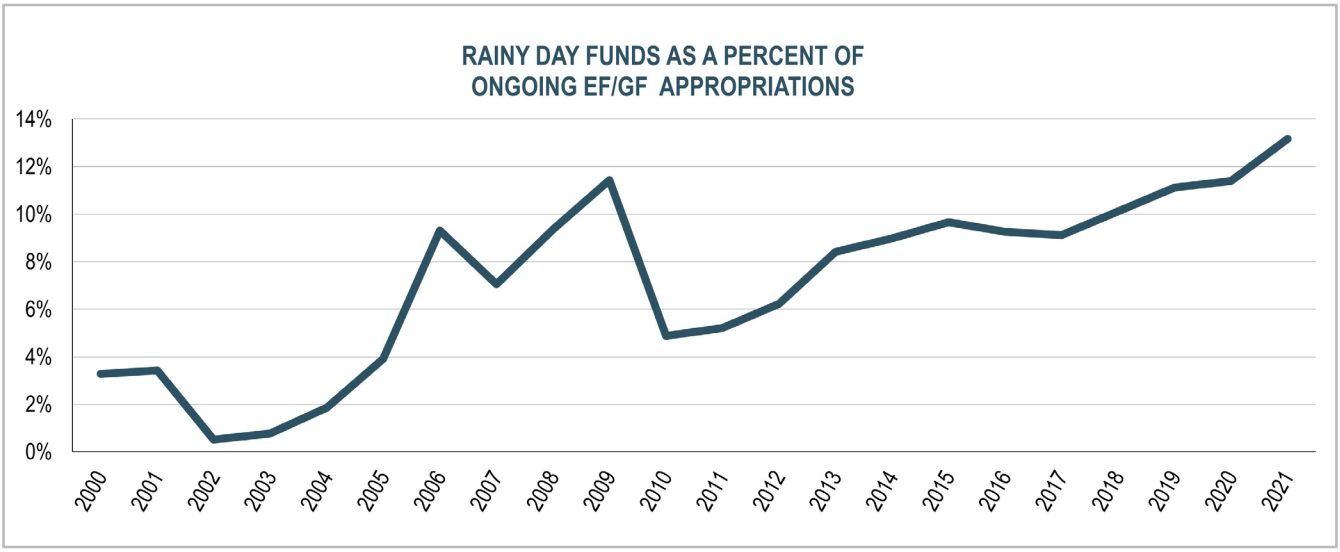


FIGURE 2



Working Rainy Day Funds

In addition to one-time rainy day funds, the state has other informal reserves available for use, including a total recommendation of $667 million in ongoing structural budget surplus and "working rainy day funds" (cash-funded capital items such as facility renovation, capital development, transportation, education stabilization, and capital improvement projects) that could be largely replaced by bonding for capital projects during a downturn, as long as bonding capacity is not exhausted during strong times. For this reason, and in light of the state's available one-time revenues, the Governor recommends no new bonding this year and continuing to minimize bonding during strong economic times to ensure this tool remains available during weaker economic times.

This past year, the wisdom of this approach was evident. Utah quickly tapped into these "working rainy day funds" at the beginning of the COVID-19 pandemic by bonding for highway projects and completion of the new state prison, which were previously contemplated to be cash funded. By issuing bonds to fund these projects, the state freed up $527 million that was then used to help address anticipated budget shortfalls due to the economic downturn caused by COVID-19.

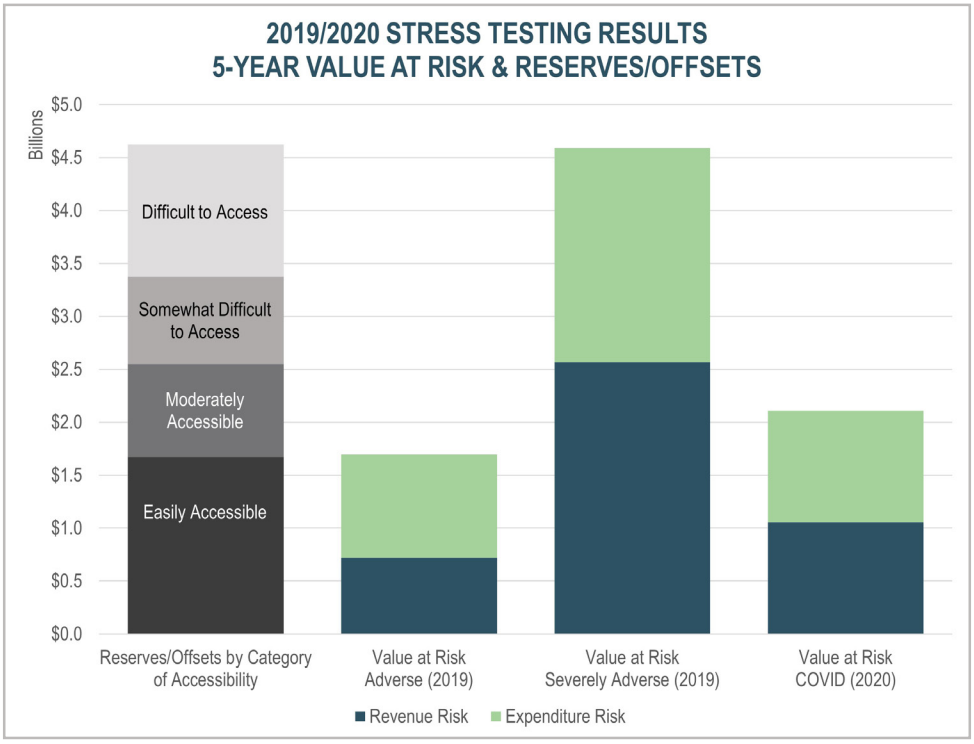
Responsible Natural Disaster Planning

The Governor recommends that the state prepare itself for future natural disasters, including by significantly increasing its earthquake coverage for both state and education facilities ($15 million). In addition, the Governor recommends that $60 million in one-time funding be set aside for wildfire costs, including $30 million in one-time costs needed to cover previously incurred wildfire costs and another $30 million as a set-aside for potential future costs.

Stress Testing: Budget Management Over the Business Cycle

While rainy day funds are a simple way to think about fiscal preparation, many other tools also exist to manage the budget over the business cycle. Budget stress testing is a much more robust approach to thinking about the state's fiscal standing. Every three years, the Governor's Office of Management and Budget (GOMB) and the Office of Legislative Fiscal Analyst (LFA) conduct a comprehensive budget stress testing exercise to formally assess the state's ability to respond to an economic downturn. As part of this process, the Tax Commission helps analyze revenues. The stress testing exercise uses two hypothetical economic scenarios, similar to the approach employed by the Federal

FIGURE 3



Reserve, to assess the capital strength of banks. The stress test applies the selected downturn scenarios to the state budget by examining hypothetical recessionary impacts on revenues, expenditures, and both formal and informal reserves. The state's revenue trends are also analyzed.

In late 2019 GOMB, LFA, and the Utah State Tax Commission conducted their scheduled budget stress testing analysis. The analysis suggested that the state is well-positioned to weather a typical economic downturn, with over $4.7 billion in aggregate reserves to cover an estimated $4.6 billion value at risk over a five-year period associated with a severe recession. In spring 2020, the three entities conducted a special budget stress test to predict the effects of the COVID-19 recession. This analysis estimated a maximum $2.1 billion value at risk over five years, with $4.7 billion in aggregate reserves.

Importantly, formal rainy day funds are not the state's only budget reserves. Reserve buffers can be characterized as easily accessible (e.g. unappropriated balances, infrastructure working rainy day funds, and certain restricted accounts), moderately accessible (non-lapsing balances, unclaimed property, and certain earmarks), somewhat difficult to access (capital improvements commitments and restricted fund balances), and difficult to access (formal rainy day funds).

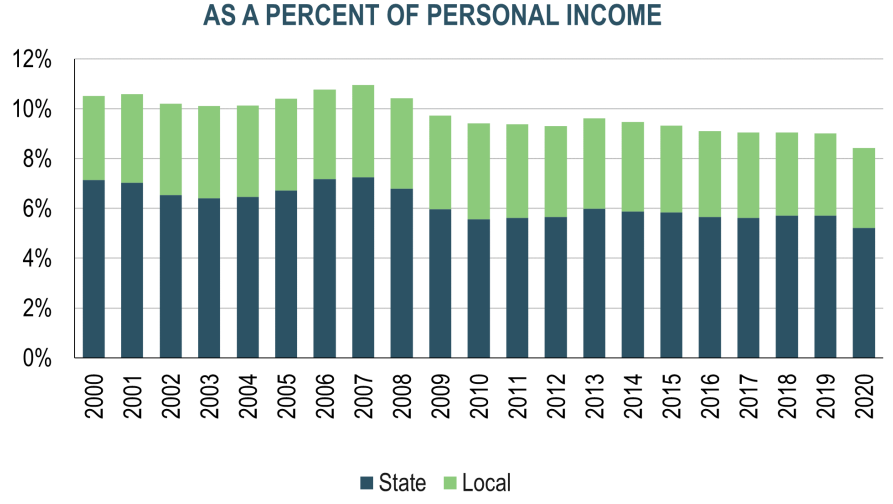
Because of the state's regular stress testing, the state was prepared to quickly respond to the economic downturn caused by COVID-19. The state's approach to budgeting and fiscal management ensures sufficient reserves and contingencies to manage a moderate and severe recession while also being mindful of Utah taxpayers' pocketbooks. GOMB recommends a continued joint comprehensive review of tools for managing the budget over the economic cycle.

Constitutional Amendment G

The recent passage of Constitutional Amendment G is also an important component of managing the budget over the business cycle. By expanding the allowable uses of the income tax, the state will have more budget flexibility and be better prepared for managing the budget over the business cycle while also protecting the funding for schools and guaranteeing annual funding increases for public education.

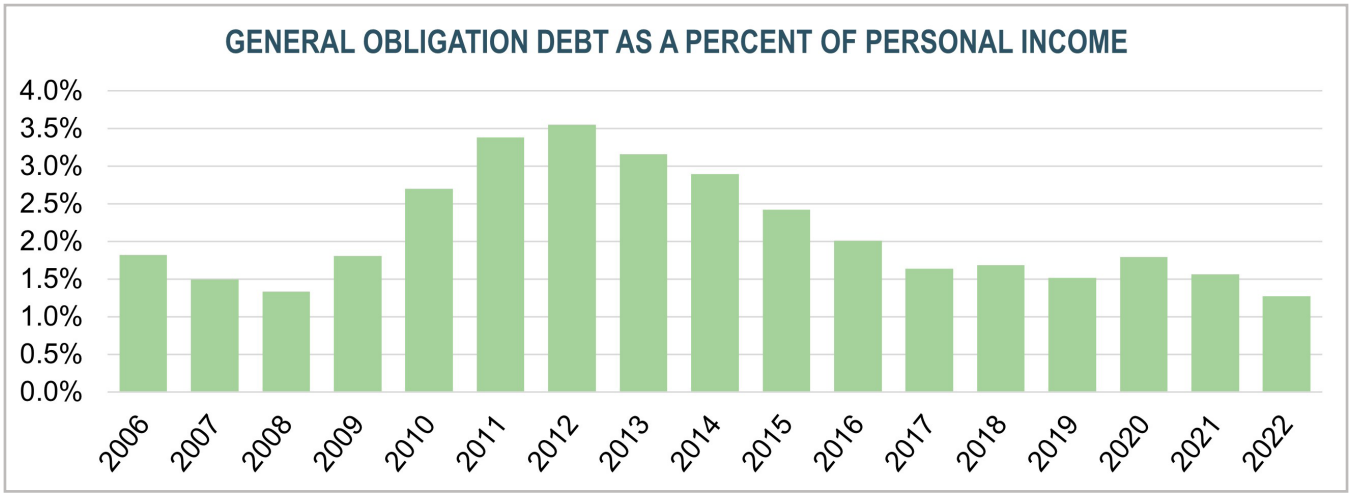
As the state modernizes its budget and tax structure, policymakers should continue to examine the overall revenue levels collected through both taxation and fees to determine if these are at appropriate levels. For example, is a tax or a fee more appropriate for the government service being provided? Do fees properly reflect the cost of the service provided? What are the appropriate levels of taxes relative to the economy (see Figure 4)? As Utah continues to ask these critical questions and make the appropriate corresponding policy decisions, the state will maintain its status as one of the most responsibly managed states in the country.

FIGURE 4



*Note that some FY 2020 revenue was shifted into FY 2021 due to the income tax filing deadline timing delay

FIGURE 5



Meeting Financial Obligations

The Governor's budget fully funds long-term obligations, including pensions and various employee benefits. Even with more conservative rate-of-return assumptions, funded ratios in these programs are increasing due to consistent, full funding of actuarially determined contributions, and improved investment returns compared to the reductions in funded ratios created by investment losses during the Great Recession.

High funding ratios in non-pension post-employment employee benefits have allowed the state to dramatically cut the amortization period to fully fund the liabilities (as of the latest valuation, three years remain). Because Utah uniquely began addressing this challenge years ago, the state nears full funding of these liabilities. The Governor recommends that as liabilities reach full funding, that those compensation savings be redirected into compensation increases to help the state attract and retain quality employees.

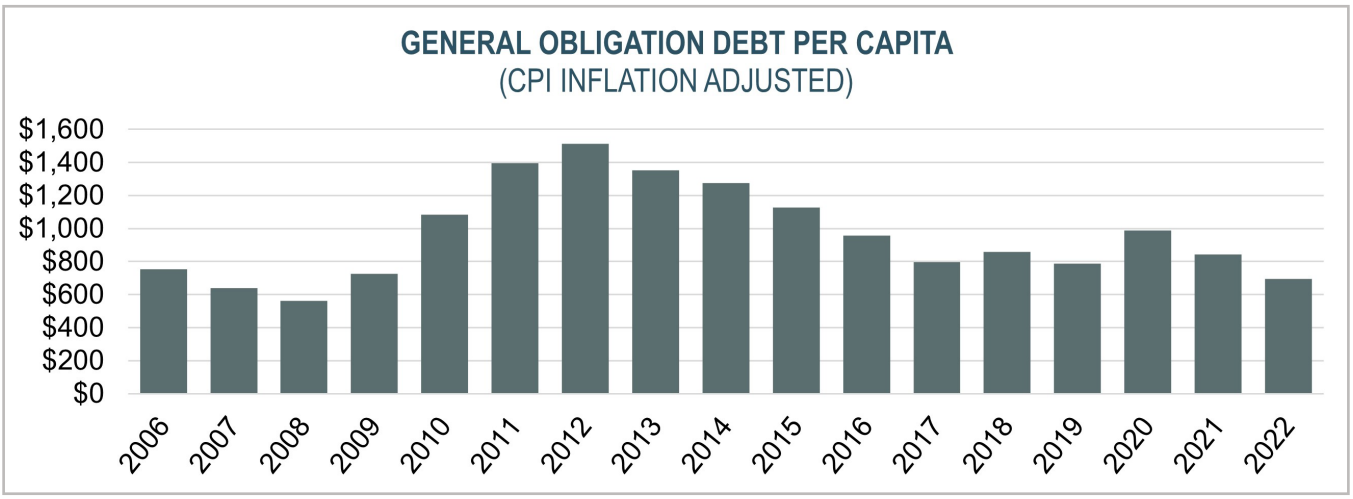
Debt Management

Reflective of the state's conservative approach to responsible debt management is Utah's continuous AAA rating—the highest possible rating assigned to an issuer's bonds by any of the three major rating agencies. Utah is currently 1 of only 12 states with a AAA rating from all three bond rating agencies. Additionally, Utah is 1 of only 4 states to hold at least one of their AAA credit ratings continuously for 50 years or more.

To ensure that Utah continues to maintain its AAA bond rating through best debt and budget management practices, the Governor recommends the following guidance regarding future general obligation bond issuances:

- **Cash finance projects and minimize bonding as much as possible during strong phases of an economic cycle to preserve borrowing capacity during a downturn.** In constructing the state's new correctional facility, the Legislature appropriated approximately $580 million in cash toward the project to minimize reliance on debt. Additionally, the Governor recommends self-financing Department of Alcoholic Beverage Control stores that have traditionally been financed with revenue bonds.
- **Use bonds only for capital infrastructure, not for operational expenses.** Utah does not fall into the category of states who bond for operating expenses, a practice that rating agencies affirm can be credit negative. While uncommon, states who subscribe to this practice have turned to it in periods of deficit spending or to pay for pension contributions.
- **Continue with short amortization periods, such as the current statutory default of no more than 15 years for major infrastructure expenses (like roads).** The state should also continue its existing practice of not exceeding seven-year amortizations for most buildings and ten years for major buildings such as the prison.
- **Focus on meaningful debt affordability measures (relative to other AAA states), rather than the maximum debt possible under the constitutional debt limit.** These affordability measures include debt

FIGURE 6



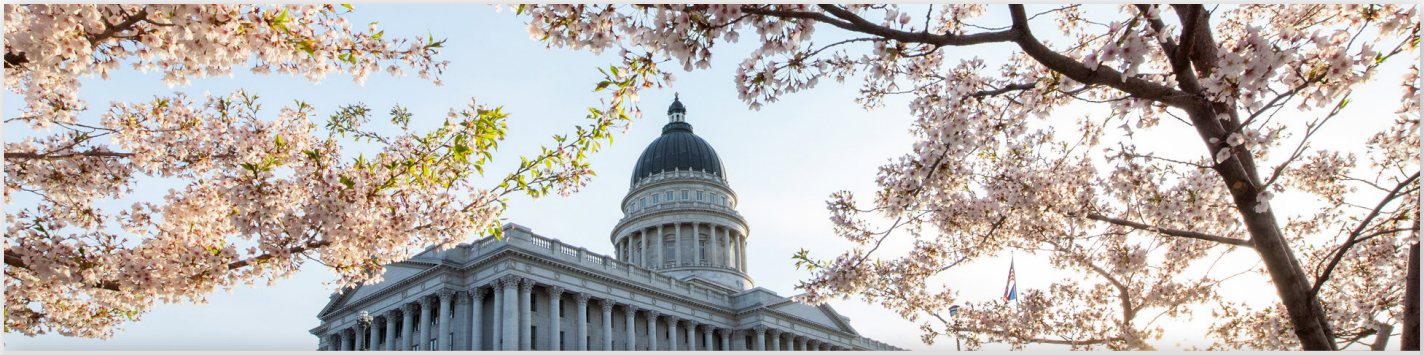
as a percentage of personal income (recommended target of 1.0% - 1.5% during periods of economic strength) and real (CPI-adjusted) debt per capita (recommended range of $400 - 600 per capita during periods of economic strength). As Figure 5 shows, Utah's total general obligation debt as a percentage of personal income was 1.8% in FY 2020 and is estimated to decrease to 1.6% in FY 2021. Using the most recent comparison with other states, Utah's 2019 net-tax-supported debt as a percentage of personal income was 1.5% (higher than the AAA state median of 1.1%). As Figure 6 shows, Utah's real (CPI-adjusted) general obligation debt per capita reached $988 in FY 2020 and is projected to decrease to $842 in FY 2021, lower than the FY 2012 peak of $1,489 but well above the pre-Great-Recession low of $553 in FY 2008. Utah's nominal net-tax-supported debt per capita in 2019 was $720 (higher than the AAA state median of $540).

- **During periods of economic strength, strive to remain in the range of 20-40% of the constitutional debt limit.** As of July 1, 2020, the State of Utah's total outstanding general obligation debt is approximately $2.8 billion, with another $273 million in lease revenue bonds outstanding. The Utah Constitution limits the state's general obligation debt to 1.5% of the value of the state's taxable property value. In FY 2022, the state's $2.3 billion in debt is approximately 38% of the constitutional debt limit.

Based on Utah's adherence to these principles, the Governor recommends preserving the state's general obligation bonding capacity to retain a budget buffer for the future and allow some temporary breathing room for major publicly funded projects that have been stretching construction markets thin and driving up costs throughout the state's economy. Given Utah's current financial position and strong recovery from the economic impacts of COVID-19, the Governor recommends that legislators first seek to cash fund projects before authorizing additional bonds.

Budget & Policy Brief

FOCUSING ON GOVERNMENT EFFICIENCY



Continually working to achieve more value for every tax dollar invested

Highlights

State agencies improved performance by 35% on measures of quality, throughput, and operating expense from 2013-2020; yet more work remains to efficiently deliver services

The Social Services Blueprint Solution coordinated case planning among social service agencies for 2,000 clients at any given time, with more work underway to overcome siloed service delivery

The state's *A New Workplace* telework initiative enabled approximately 40% of the state's workforce to work remotely during the pandemic and will allow the state to exit an expected 29 locations over the next eight years, resulting in both cost avoidance and hard-cost savings totalling in the hundreds of millions of dollars, while also avoiding thousands of pounds of carbon emissions

As required by law, GOMB annually reports agency performance measures to the Legislature as part of the budget process

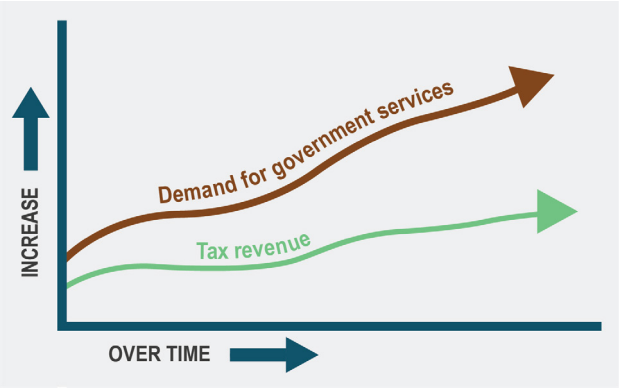
Service Demand Versus Revenue

The demand for government services will always outpace available revenue, regardless of how well the economy performs. Government is a monopoly and the demand versus revenue challenge is compounded because the external, competitive pressure faced by the private sector to provide better, faster, and cheaper services does not exist.

Consequently, all levels of government must be deliberate and self-impose ambitious measures to continually improve services. There will never be enough money to satisfy all requests for services, so government must proactively look for ways to get more value out of every tax dollar invested and focus on those core programs and services that will have the greatest positive benefit to the citizens of Utah.

FIGURE 1

THE CHALLENGE FOR GOVERNMENT



One of GOMB's roles is to ensure a strong connection between budget and agency operations. This connection is necessary to better understand when to invest additional resources into agency operations. GOMB follows a set of basic principles to determine when new or increased budget allocations may be necessary:

- Operational systems have a clear and measurable goal with related process metrics
- The agency effectively manages the flow of work within the system
- Current resources are maximized
- Demand is outpacing the ability to reliably meet quality standards
- A complete strategy exists to ensure the agency uses new funding effectively

Using these principles, limited resources can be invested in what works—a necessary condition to meet the demands for new or enhanced government services and act as responsible stewards of taxpayer dollars.

Major Efficiency Efforts

A New Workplace: Modernizing Where, How, and When Utah Works. *A New Workplace* laid the foundation to handle the increased bandwidth, security, collaboration, and support of more remote work due to COVID-19. A sixth goal of emergency preparedness was added to the initial five-goal program as it became apparent that *A New Workplace* facilitates the state's Emergency Preparedness and Continuity of Operations plans. Some benefits of the program include the following:

- Integrated *A New Workplace* with the state's Master Space plan, enabling the state to exit an expected 29 locations over the next eight years, saving an estimated $13 million annually. Future requests for new space are anticipated to be significantly reduced, avoiding $300 million in new construction costs over the next ten years.
- Finished infrastructure/VOIP upgrades, saving over $1 million per year.
- Avoided 4,600 lbs. / month of emissions during the COVID-19 teleworking surge months.
- Allowed the Department of Heritage of Arts to continue operating remotely while the Rio Grande building is closed due to the March 2020 earthquake.
- Partnered with various other states, counties, cities, private sector entities, and institutions of higher education to implement telework.
- Enabled approximately 40% of the state's workforce to work remotely during the pandemic.
- Continue encouraging state employees to work remotely on heavy snow and red air days.
- Facilitate relocation of over 200 jobs to rural Utah.

Utah's Master Space Plan. As explained in more detail in the *Re-Imagining State Facilities* budget and policy brief, the Division of Facilities Construction and Management (DFCM) Statewide Master Plan outlines remodeling of state office space in accordance with new standards, which will allow the state to exit leased sites and consolidate space. Systematically renovating state office space will reduce new building requests for up to ten years, reducing the need to build new buildings at approximately $500 per square foot and renovating existing space at costs up to $250 per square foot.

Because of *A New Workplace*, the state's master plan could use a blended ratio of space to employees of more than 1:1 when planning for department space needs. With the greater adoption of *A New Workplace* due to COVID-19, the blended rate increased from 1.25 to 1.56. This has allowed the state to exit from 6 more buildings than initially anticipated, bringing the total to 29. It is estimated that with an investment of $165 million, $430 million in costs could be avoided over the next ten years ($300 million in new construction costs and $13 million annually in occupancy savings).

To date, nearly 94,000 square feet of space savings were achieved when the Utah Department of Health (UDOH) and the Department of Public Safety (DPS) vacated its space in multiple buildings, with another nearly 70,000 square feet to be vacated by the spring of 2021. Over 700,000 square feet of savings are estimated to be realized if the whole Statewide Master Plan is enabled, over 600,000 of which is located in higher-cost Salt Lake County.

Additionally, the new DFCM space standards optimize state-owned space and productivity of state employees, including support of teleworking. As employees acclimate to working in the new space, they will more easily transition to the growing activity-based work environment.

Social Services Blueprint Solution. Over four years, Utah social services agencies working with GOMB have implemented a five-step blueprint, or replicable plan that can be applied in different social services settings, to improve outcomes for clients. The first four steps are to (1) create

and then (2) allocate capacity for front line workers to have the time to serve clients that need it most; (3) frontload customized intensity, timeliness, and types of services delivered; and (4) hold client progress to ambitious targets. The fifth step launched in August 2020 with an interoperability platform that connects workers with information when they currently have clients in common. Between the five programs currently participating, up to 2,000 clients may be concurrently involved with at least two programs at any given time. Work continues to add more service programs to the platform and improve its usability.

Other recent applications of the Blueprint Solution have rendered outstanding results as well. The Utah Department of Corrections decreased 66% of its overdue offender assessments and more than quadrupled the proportion of earned-early exits among those exiting incarceration. Elsewhere, counselors for the Vocational Rehabilitation Employment Program increased the time spent on core duties by 15%.

Budget & Policy Brief

RE-IMAGINING STATE FACILITIES

Policymakers should re-imagine state facilities, cash fund state facility projects, limit bonding, and renovate current assets

Highlights

$50 million one-time and $3 million ongoing to extend the life of existing state facilities and adapt to *A New Workplace* through a State Facility Development and Renovation Fund, ultimately leading to 29 vacated leases or buildings and saving millions of dollars annually

$33.1 million one-time to self-finance four new liquor stores that have been traditionally financed with revenue bonds, with the repayments deposited into the new State Facility Renovation and Development Fund

$30.5 million one-time to relocate two state facilities from the Point of the Mountain site

$49 million one-time for the Brigham City Consolidated Public Safety building, Bridgerland Technical College Health Science and Technology building, and the Olympic facilities improvements

$12.8 million one-time for a regional multi-agency state office building in Richfield

Background

A reliable infrastructure network is the foundation for a well-functioning state. However, rapid growth pressures and an aging infrastructure provide new challenges as the state plans for new projects. New infrastructure requires an appropriate mix of cash funding and debt financing. Debt issuance requires repayment of principal plus interest using future cash that is therefore not available to fund future projects. By conservatively approaching new debt issuance through cash funding when possible, investing in existing infrastructure maintenance, and utilizing existing space well, the State of Utah will continue to address the budgetary challenges that accompany growth in a balanced and equitable way.

The Governor's budget recommendation includes over $127 million in one-time cash funding for new facilities, in addition to a total of $133.5 million ongoing and $50 million one-time to improve, maintain, and renovate existing facilities.

Space Utilization & State Facility Renovation

The Division of Facilities Construction and Management (DFCM) has recently completed

its statewide master plan, which outlines state agency space needs over the next ten years given its newly integrated space utilization standards. With greater adoption of *A New Workplace* telework program, DFCM has further updated those standards, identifying an employee-to-desk/space ratio of 1.56 persons per 1 desk (compared to the initial standard of 1:1). The master plan estimates that with a total investment of $165 million over the next eight years, the state will be able to consolidate and renovate state space to this new standard, avoiding over $300 million dollars in future buildings costs, while also saving roughly $13 million *annually* in exiting 29 leases and properties. These savings will only compound further as construction costs escalate over time.

To accomplish these efforts, the Governor recommends $50 million one-time and $3 million ongoing, along with future repayments from self-financed buildings for the Department of Alcoholic Beverage Control, to create a new State Facility Renovation and Development Fund. The fund will minimize long-term state costs by extending the life of existing buildings, including renovations to aged state buildings such as the Cannon Health, Calvin Rampton, and Heber Wells buildings.

Additionally, the Governor recommends that the Utah System of Higher Education (USHE) continue to identify opportunities for improved space utilization among Utah's college campuses. Though USHE has begun to incorporate utilization standards into how it prioritizes new space requests, identifying opportunities for efficiencies in existing space must be considered. With significant changes in delivery of instruction, and remote courses becoming more widely available, institutions should actively identify opportunities to more efficiently use space as they seek to provide a more affordable education to their students and save taxpayer dollars.

Capital Development

As state leaders have financed the project, the new State Correctional Facility has received over $580 million in cash funding to avoid the sale of additional bonds, ultimately saving taxpayer dollars. Now with all products and services procured, and construction well underway, the project and subsequent transition from the existing state prison is estimated to be complete in June 2022. In addition to the existing state prison, several state agency divisions are housed near the existing Draper prison site, including the Department of Natural Resources' Forestry, Fire, and State Lands Lone Peak Facility and the Department of Administrative Services' Fleet Operations, Surplus Property, and Facilities Construction and Management Warehouse. Like the prison, these facilities need to be vacated prior to the sale and development of the land. Thus, the Governor recommends funding replacement buildings for the Department of Natural Resources ($13.7 million) and the Department of Administrative Services ($16.7 million).

In addition to these buildings, the Governor recommends funding for the Bridgerland Technical College Health Science and Technology building ($38.1 million) and the Brigham City Consolidated Public Safety building ($7.5 million). He also recommends $3 million for Olympic facilities improvements.

In calendar year 2020, state employees housed in the State Office Building on Capitol Hill were relocated to the recently purchased and renovated Taylorsville State Office Building (TSOB). To fulfill the intent of the Capitol Hill master plan, the existing State Office Building will eventually be replaced with a new building that will include a state history museum and additional office and public meeting space. With the programming complete for the new North building, the Governor recommends that DFCM use any budgetary savings from the prison project to move into planning and design.

Supporting our rural state employees with high-quality, flexible workspace is equally as important as supporting our state employees on the Wasatch Front. The current state regional center in Richfield is at the end of its useful life and will need to be replaced. Additionally, a handful of leases in the area can be consolidated into a single regional center. The Governor recommends building the Richfield multi-agency state office building ($12.8 million). This project will house five different state agencies and over 200 employees while incorporating the state's new space standards.

Aside from general obligation bond and cash-funded projects, the state has traditionally issued lease-revenue bonds for capital development projects, such as state liquor stores. These liquor stores are often approved without all bond and operating costs funded up front by the Legislature. To maintain structural budget balance going forward, the Governor recommends that when the Legislature approves a new liquor store, that the Legislature also appropriate the respective debt service, operations and maintenance, and personnel funding costs upon approval of the project. To that end, the Governor recommends funding all associated costs for the previously authorized Taylorsville, Foothill, and Downtown stores. In addition, he recommends fully funding all associated costs for two new liquor stores, one located in East Sandy City and another in the Sugarhouse area ($12.3 million).

However, the Governor does not recommend funding these previously authorized and requested buildings with lease revenue bonds, as they have traditionally been financed. Given the amount of one-time revenue, the Governor recommends self-financing these buildings (a total of $33.1 million) and requiring the Department of Alcoholic Beverage Control to pay back the state with its alcohol sales revenues. With the state acting as a lender, these repayment revenues should be deposited into a new State Facility Renovation and Development Fund to further support the state's space utilization and master planning efforts on an ongoing basis.

Capital Improvement

To provide proper state facility upkeep and minimize deferred maintenance costs, state statute requires 1.1% of the state's building replacement value be dedicated to capital improvements. In FY 2021, approximately 1.15% of the replacement value was appropriated on an ongoing basis, totalling over $134 million dollars. Moving forward, the Governor recommends funding capital improvements at the 1.1% statutory value, which will continue to extend the life of the buildings and achieve significant savings over time. He further recommends redirecting most of these excess funds to the State Facility Renovation and Development Fund.

While maintaining facilities through capital improvements is important, the more critical and immediate need is for building renovations whose scope may exceed the current statutory limitations on capital improvement funds. Moreover, these funds can serve as an additional budget buffer that could be replaced with bonding should an economic downturn occur.

Table 2 - Recommended Changes to Education Funding

Public K-12 Education	One-time	Ongoing	Total
A. New Education Fund and General Fund			
5.82% Increase in Weighted Pupil Unit (WPU) Value	$0	$202,963,900	$202,963,900
Costs Related to Enrollment Growth:			
Statutory Hold-harmless Enrollment Funding	$42,954,800	$0	$42,954,800
Enrollment Growth Contingency Funding		$27,786,300	$27,786,300
Statutory Enrollment Growth	$5,327,800	($495,900)	$4,831,900
Bonuses for School-level Educators ($1,500) and Other Staff ($1,000)	$112,633,400		$112,633,400
Pandemic Response for Education	$50,000,000	$0	$50,000,000
WPU Add-on for Students At Risk of Academic Failure	$0	$26,300,000	$26,300,000
Statutory Increase in Education Economic Stabilization Account	($71,132,000)	$71,132,000	$0
Upskilling Inititative - Public Education Innovation Fund	$16,000,000	$0	$16,000,000
Intensive Services Pilot Program	$12,000,000	$0	$12,000,000
School Building Safety, Health, and Security Upgrades	$10,000,000	$0	$10,000,000
Optional Enhanced Kindergarten	$0	$9,000,000	$9,000,000
Small District Base Funding	$0	$8,000,000	$8,000,000
Computer Science for All Initiative	$0	$7,500,000	$7,500,000
Utah STEM Action Center	$391,200	$391,200	$782,400
Utah State Board of Education Portion of State Compensation Changes	$196,100	$458,700	$654,800
Statutory Increase for Utah Schools for the Deaf and the Blind Educators	$0	$1,538,500	$1,538,500
Utah State Instructional Materials Access Center (USIMAC) Braille Transcription	$500,000	$0	$500,000
Utah Schools for the Deaf and the Blind Millcreek Modular Building	$450,000	$0	$450,000
Utah Schools for the Deaf and the Blind Warehouse Building	$300,000	$0	$300,000
Section A Subtotal	***$179,621,300***	***$354,574,700***	***$534,196,000***
B. New Property Tax Revenue from Statewide Levies			
Equity Pupil Unit	$0	$29,948,200	$29,948,200
Teacher and Student Success Program	$0	$22,484,800	$22,484,800
Basic Levy (Statutory Enrollment Growth)	$0	$18,679,200	$18,679,200
Charter School Levy (Statutory Enrollment Growth)	$0	($590,900)	($590,900)
Section B Subtotal	***$0***	***$70,521,300***	***$70,521,300***
C. New Funding from Other Sources			
Increased Allocations from Permanent School Trust Fund	$0	$4,013,700	$4,013,700
School and Institutional Trust Fund Office Investment and Operations Staffing	$0	$1,863,700	$1,863,700
Section C Subtotal	***$0***	***$5,877,400***	***$5,877,400***
New Funding for Public K-12 Education	***$179,621,300***	***$430,973,400***	***$610,594,700***
Postsecondary Education	One-time	Ongoing	Total
D. New Education Fund and General Fund			
Upskilling Initiative:			
Higher Education Innovation Fund	$40,000,000	$0	$40,000,000
Bridgerland Technical College Health Science and Technology Building	$38,059,600	$0	$38,059,600
Bridgerland Technical College Health Sciences and Technology Building O&M	($624,000)	$624,000	$0
Advising and Scholarships for Adult Learners	$20,000,000	$0	$20,000,000
Enrollment Growth and Capacity in Technical Education Programs	$0	$6,055,000	$6,055,000
Equipment for Technical Education Programs	$0	$2,500,000	$2,500,000
State Offset for Reductions in Technical Education Program Tuition	$0	$1,861,000	$1,861,000
Flexible Increase for Institutional Priorities	$0	$35,240,500	$35,240,500
Higher Education Health Care Increase (4.3%)	$0	$6,764,400	$6,764,400
Utah Education and Telehealth Network Statewide Network Equipment	$0	$3,000,000	$3,000,000
Youth Apprenticeship Program	$0	$2,500,000	$2,500,000
Utah Education and Telehealth Network Operational Costs and Service Expansion	$0	$2,371,800	$2,371,800
Internal Service Funds for Fleet and Risk Management	$0	$1,190,000	$1,190,000
Building Operations & Maintenance Funding	($40,500)	$685,600	$645,100
Consulting Costs for Shift to Shared Services between Institutions	$500,000	$0	$500,000
Social Work Program Expansion	$0	$458,000	$458,000
Utah Women and Leadership Project	$210,000	$190,000	$400,000
San Rafael Energy Research Center	$0	$245,500	$245,500
System Attorney for Title IX Issues	$0	$180,000	$180,000
Utah Rural Leadership Academy	$0	$116,000	$116,000
New Funding for Postsecondary Education	***$98,105,100***	***$63,981,800***	***$162,086,900***
New Education Fund and General Fund (Sections A and D)	***$277,726,400***	***$418,556,500***	***$696,282,900***
New State-directed Funding for Education	***$277,726,400***	***$494,955,200***	***$772,681,600***

Budget & Policy Brief

LET'S GO LEARN: PRIORITIZING PUBLIC EDUCATION FUNDING

The Governor recommends a sizable $610.6 million increase in state-directed funding for public education ($431 million ongoing and $179.6 million one-time)

Highlights

Investments must ensure equitable funding regardless of zip code and focus on improving outcomes for all students. State investments should mitigate funding inequities that result from disparities in assessed property values. And, as teachers are the single most important resource in any school, local school boards should use state and local investments to recruit the best and brightest individuals into the profession—and retain them.

$7.9 billion in FY 2022 total estimated funding for public education from all state, local, and federal sources.

$296.6 million ($248.3 million ongoing and $48.3 million one-time) for a 5.82% increase in the value of the weighted pupil unit (WPU) and for enrollment growth, including contingency and hold-harmless funding.

$112.6 million for bonuses for school-level educators and staff.

$50 million for pandemic response efforts.

Dividends from prior investments:

- Graduation rate of 88%, up from 76%.
- Top average ACT score among states with comparable participation rates.
- First in the nation in 8th-grade science proficiency.

Objective

To develop effective public education policies and funding solutions that ensure the following:

- Opportunities for each student, including those with fewer built-in advantages, to obtain the quality education necessary to succeed in postsecondary pursuits and strengthen society;
- Significant investment in public education to ensure Utah's students lead the nation in achievement;
- Meaningful local flexibility with funding to address unique local needs; and
- Local accountability that enables the public and policymakers to clearly understand the use of and return on the public's investment.

Background

Utah's economy continues to garner the attention of major national and international firms that demand highly skilled workers. Investments in education impact the state's long-term social and economic success as our students develop the skills required for postsecondary educational pursuits, careers, and meaningful civic engagement. Failure to invest in education will corrode Utah's social cohesion and hamper economic growth, both in the short and long terms.

FIGURE 1

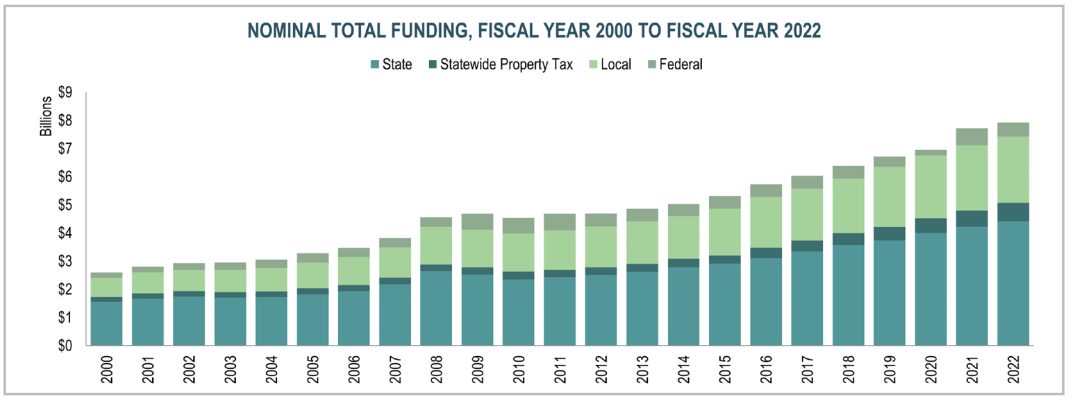
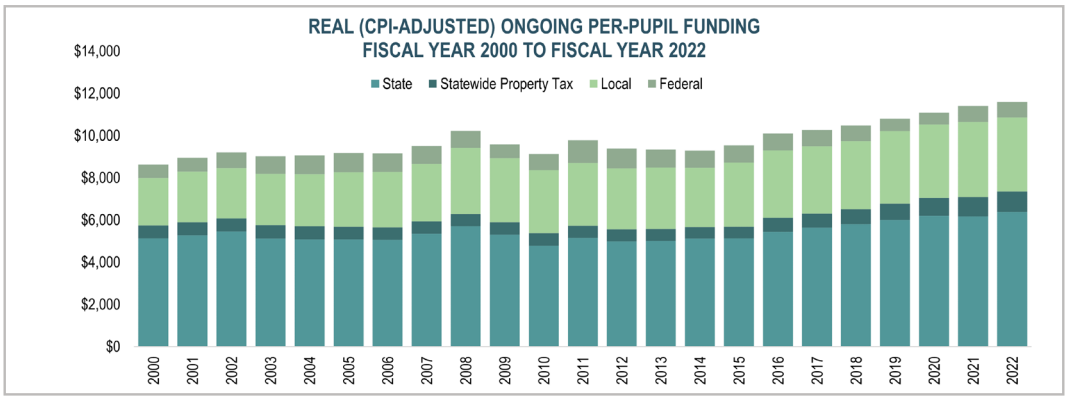


FIGURE 2



System Overview

Utah's public education system consists of a shared governance and funding structure. The Legislature and Governor establish tax policies to generate revenue, allocate state funds, and create the statutory framework within which the system operates. The State Board of Education exercises general control and supervision of the system. Local school district and charter school boards oversee educational service delivery. School districts impose local property taxes as their boards and citizens direct.

Funding Utah's education needs can be complex. However, the overarching structure of Utah's education funding system is conceptually simple: state and local funding are combined in the Minimum School Program to provide a basic level of similar educational opportunities to students across the state through equalization programs. School district boards and local citizens can then provide additional local funding if they vote to do so.

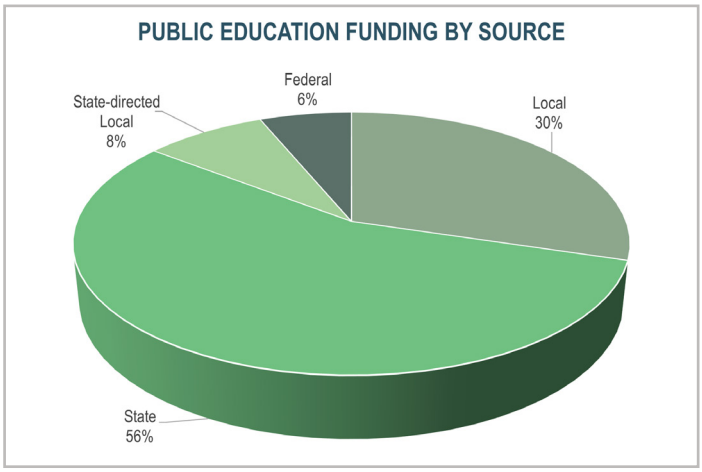
Total Funding. Considering all sources, funding for Utah's public education system will total an estimated $7.9 billion in FY 2022. This includes nearly $5.1 billion from state-directed funds, including $4.4 billion from state funds (generally income tax) and nearly $660 million from state-mandated local property taxes; an estimated $2.4 billion of local funds (generally property tax); and nearly $500 million of federal funds.

Due to the COVID-19 pandemic, many states face the prospect of cutting education funding. Utah, however, is not one of them. Unlike during previous recessions, Utah's investment in public education will increase. This opportunity is the result of investments in Utah's economy, responsible fiscal management, and passage of Constitutional Amendment G.

Minimum School Program. Of the estimated $7.9 billion in FY 2022 public education funding, the Minimum School Program accounts for nearly $5.4 billion (68%) and is comprised of the following three major programs: (1) the Basic School Program, (2) the Related-to-Basic Program, and (3) the Voted and Board Local Levy Program.

- *Basic School Program.* This program entitles school districts and charter schools to an amount of funding equal to the product of the number of weighted pupil units (WPUs) in the school district or charter school and the dollar value of the WPU. The majority of WPUs are based on a simple headcount of students; additional WPUs are based on special education, staffing, geography, and other needs. Utah's income tax is the primary revenue source for this program. A uniform statewide property tax is the other funding source.

FIGURE 3



- *Related-to-Basic Program.* This program consists of more than 30 sub-programs for which the state has specifically appropriated funding, including educator salary adjustments, pupil transportation, concurrent enrollment, early intervention, counseling, and dual language immersion.

- *Voted & Board Local Levy Guarantee Program.* This program is a state-funded effort to address inequities in local property tax revenues that are the result of disparities in property valuation.

Constitutional Amendment G. The Governor applauds the passage of Constitutional Amendment G, which activated the statutory provisions of HB 357 (2020 General Session) and HB 5011 (2020 5th Special Session). These bills provide school districts increased flexibility with local revenue in economic downturns, further protect funding for the Minimum School program, and statutorily guarantee the following annual funding increases for public education:

- Enrollment growth
- Inflationary adjustment to the value of the WPU
- At least 10% of new income tax revenue to restore $140.5 million of WPU funding cut in special session
- 15% of new income tax revenue to fund the Public Education Economic Stabilization Restricted Account

The Governor supports these investments, which total $319.5 million in ongoing funding in the Governor's budget and include full restoration of the $140.5 million in WPU funding cut during the summer 2020 special session.

Enrollment. The number of students in Utah's public schools has increased each year since 2000. In FY 2021, however, enrollment did not reach the projected headcount as a result of the COVID-19 pandemic. Consensus estimates project total enrollment of 673,584 in FY 2022, compared to the FY 2021 projection of 675,305, and FY 2021 actual enrollment of 666,609.

Moreover, the downside of a demographic wave combined with a decreasing fertility rate is projected to yield a decline in the number of school-age children beginning in FY 2023, unless strong in-migration offsets the slowing internal population changes.

Utah's Public Education Successes

With the Governor's FY 2022 recommendations, the state will have invested over $2.5 billion of new ongoing funding since 2010, which equals a 36.6% increase in real (CPI-adjusted) per-pupil ongoing state-directed funding for education.

FIGURE 4

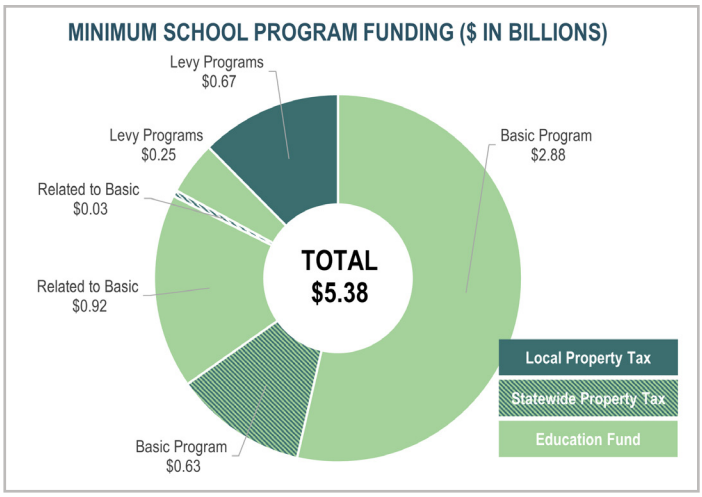
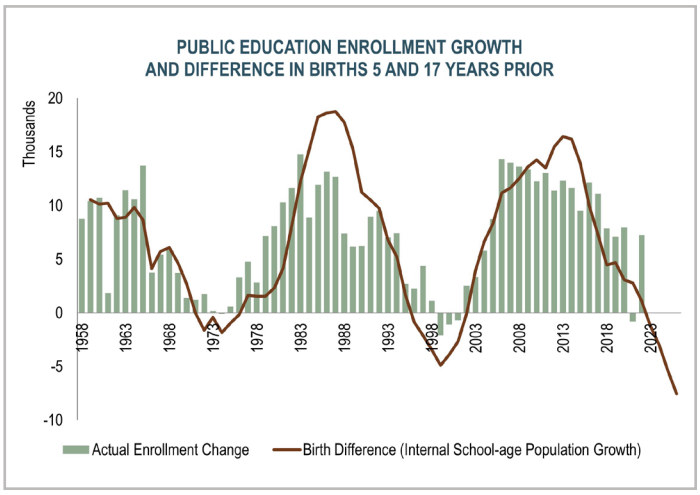


FIGURE 5



These recent investments are clearly paying dividends. Some measures of success include:

National Assessment of Educational Progress (NAEP). Our eighth-grade students rank first in the nation on the science assessment while our fourth-grade students rank sixth. Additionally, our fourth-grade and eighth-grade students are in or on the cusp of the top 10 in math and reading.

ACT. Our students score first in average composite score among the 16 states that require more than 93% of students to take the ACT.

Advanced Placement (AP). Our students' passage rate ranks ninth in the nation at 67%.

Graduation Rate. Since 2011, our students' graduation rate has steadily increased from 76% to 88%, which exceeds the national average

Key Issues

Equity—Student-based Funding. While evidence shows that collectively our students outperform many of their peers, national and state assessments and graduation rates also show room for improvement. And, not all students experience the same success. Persistent achievement gaps exist for many student groups, and those gaps will likely widen as a result of the COVID-19-related interruptions to normal educational activities.

WestEd recently reviewed Utah's funding system and found that while the fundamental elements are strong, more should be done to provide equitable educational opportunities. The Governor agrees and advocates for equitable resources that enable all of our students to continue improving—ensuring that Utah becomes the top state for educational outcomes in the nation. Specifically, the Governor supports $26.3 million in increased funding for the Enhancement for At-Risk Students program and converting the program into a WPU add-on program similar to the programs for special education students. Further, he recommends $9 million for enhanced optional kindergarten to support early learning for those most at risk for academic failure.

He also supports an $8 million increase for rural students to mitigate inequities they face due to geography and diseconomies of scale. He recommends changing the Necessarily Existent Small Schools (NESS) WPU-based program into a broader program designed to address the general inequities that rural students face. He also recommends maintaining targeted support in the new program for those schools that currently receive NESS funding.

Equity—Property Tax Revenue. In their review, WestEd found that Utah needs to address the inequity of local property taxes. The Governor agrees and recommends re-examining the role of property tax in equitably funding public education, with the intent to ensure both more equitable treatment for taxpayers statewide and that funding allocations better ensure all students have an equitable educational experience—the statutory purpose of the Minimum School Program.

Local taxing authority represents a significant opportunity for local school boards and citizens to exercise local control.

FIGURE 6

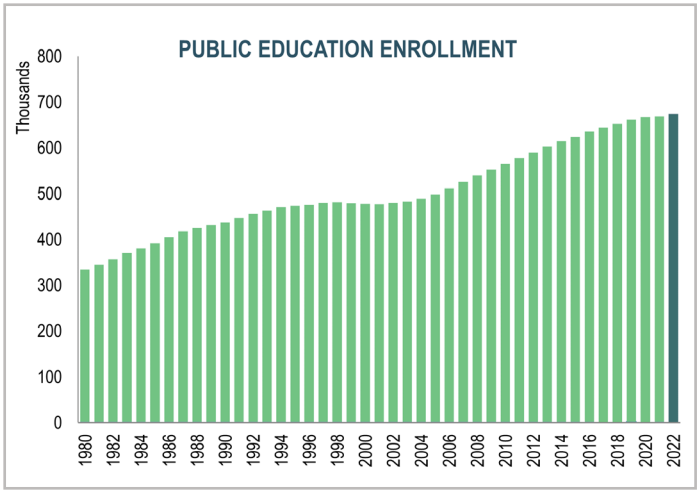
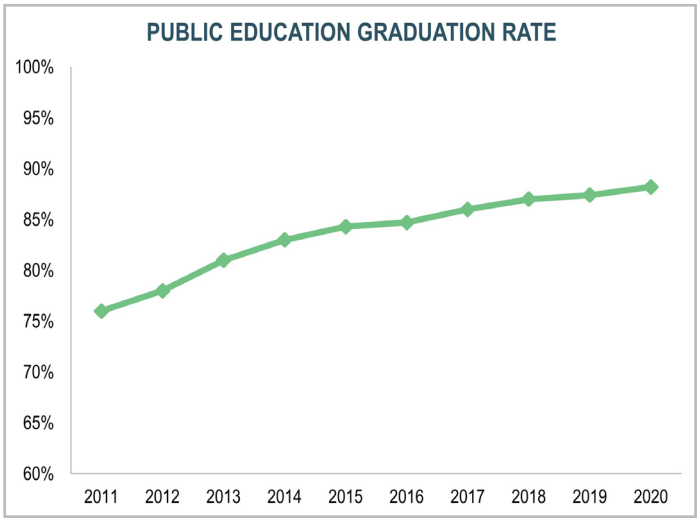


FIGURE 7



While the local decision to increase property taxes can be complex and politically challenging, nearly $1.2 billion in local discretionary property taxing authority remains available to meet local needs under existing statutory rate caps, with more than half currently restricted to capital needs such as buildings and technology infrastructure.

In response to the COVID-19 pandemic, the Legislature granted school districts temporary flexibility with this restriction. And, passage of Constitutional Amendment G activated a statutory provision granting similar flexibility in economic downturns. The Governor intends to work with the Legislature to permanently reduce or eliminate this restriction, so that local school boards have maximum flexibility to address both operational and capital needs.

The Governor recognizes that nine urban districts account for 77% of the remaining local property tax capacity. He also recognizes that disparities in property valuation yield inequities in local taxing effort in the form of higher tax rates coupled with lower per-student funding. The state created the Basic School Program and Voted and Board Local Levy Guarantee Program to mitigate these inequities, but the current efforts do not fully address them.

Further mitigating these inequities on both the revenue side and the allocation side is critical to ensuring all students and taxpayers are treated more equitably. More specifically on the revenue side, he proposes consideration of re-emphasizing statewide property taxes over local property taxes and other methods for improving tax equity.

School Construction. A significant amount of taxpayers' dollars are spent each year to construct and maintain school facilities—$1.8 billion—or nearly 26% of total expenditures in FY 2019. School facilities are a critical component of public education. But with so much being spent, the Governor calls for a review of capital project costs, capital procurement processes, and the use of facility condition assessments in prioritizing capital improvements. The Governor also recommends the state Division of Facilities Construction and Management work with the Utah State Board of Education and stakeholder groups to examine the potential value of meaningful statewide capital project standards.

Accountability. The public has a keen interest in how well their schools prepare students to succeed. While the Governor shares this interest, he is concerned that the excessive burden of formal reporting requirements prevents educators from focusing on their most important role. He believes that a focus on a small number of key measures linked to systemic goals is the best approach to accountability and applauds the State Board of Education for focusing their strategic plan on seven key measures. The Governor will work to ease the reporting burden.

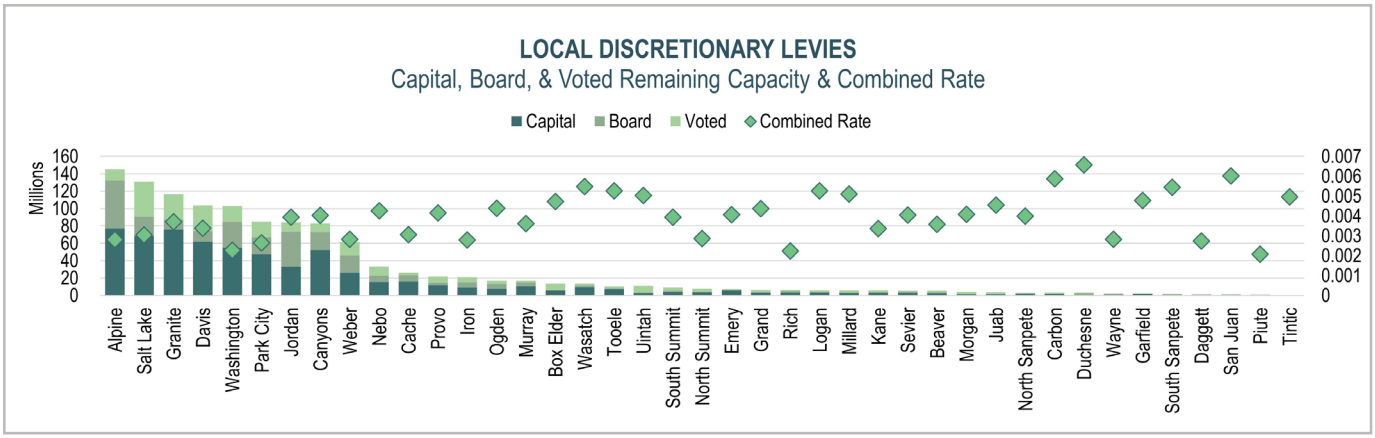
Local Control vs. State Control. The Governor firmly believes local board members, local administrators, teachers, and parents know best how to meet students' needs—which they do most effectively when granted local control over funding. The Governor believes local control is the dominant need in most funding decisions, but he also recognizes that the state has a responsibility to address specific needs from time to time.

The Governor recognizes the single most important resource in a classroom for our students is a motivated and qualified teacher. He is committed to providing local boards funding they can use to increase compensation, including for beginning teachers, to better recruit and retain teachers.

Guiding Principles

- The state must work together with local school boards to define the state and local roles in investing sufficiently to ensure Utah's students lead the nation in achievement.
- The state must continue to provide district and charter school boards with flexible resources and the responsibility to prioritize expenditures to achieve student outcomes the public expects.
- Policymakers must continue to monitor student achievement to ensure the substantial funding allocated to public education continues to translate into positive student outcomes.
- Stakeholders must make efforts to clarify the relationship between spending and educational outcomes so policymakers and the general public can better understand the outcomes expected from current and proposed investments.
- Policymakers should take time to understand the significant data currently available on school performance, including how socioeconomic factors influence student outcomes.
- Local boards must be able to successfully recruit and retain quality teachers to ensure long-term social and economic success

FIGURE 8



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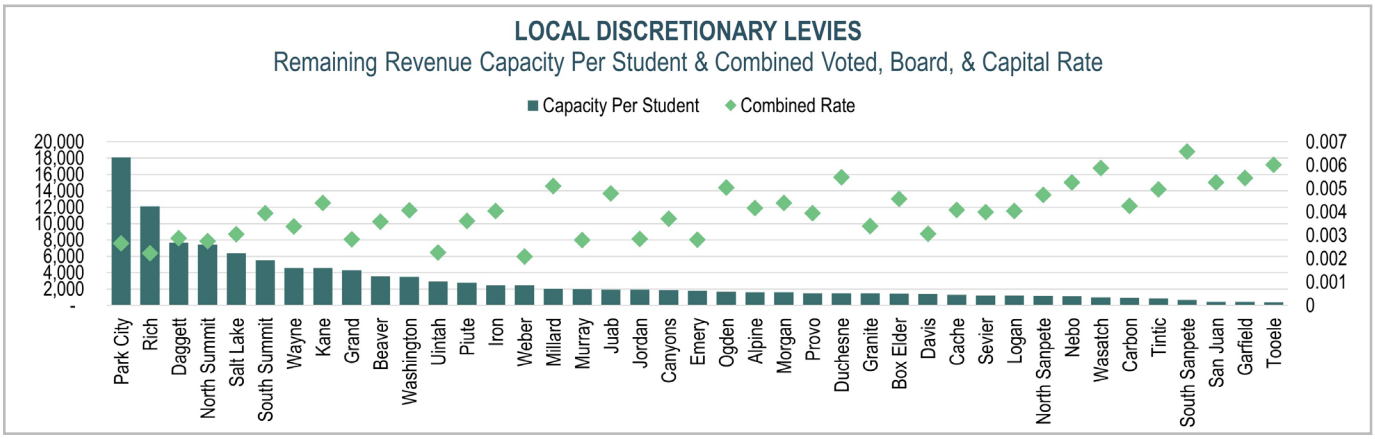


FIGURE 10

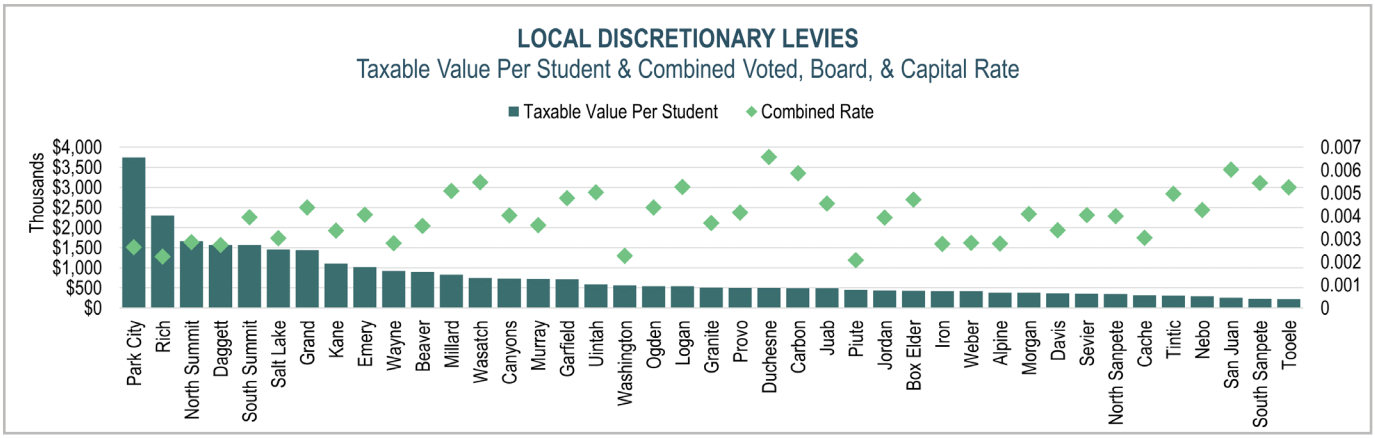
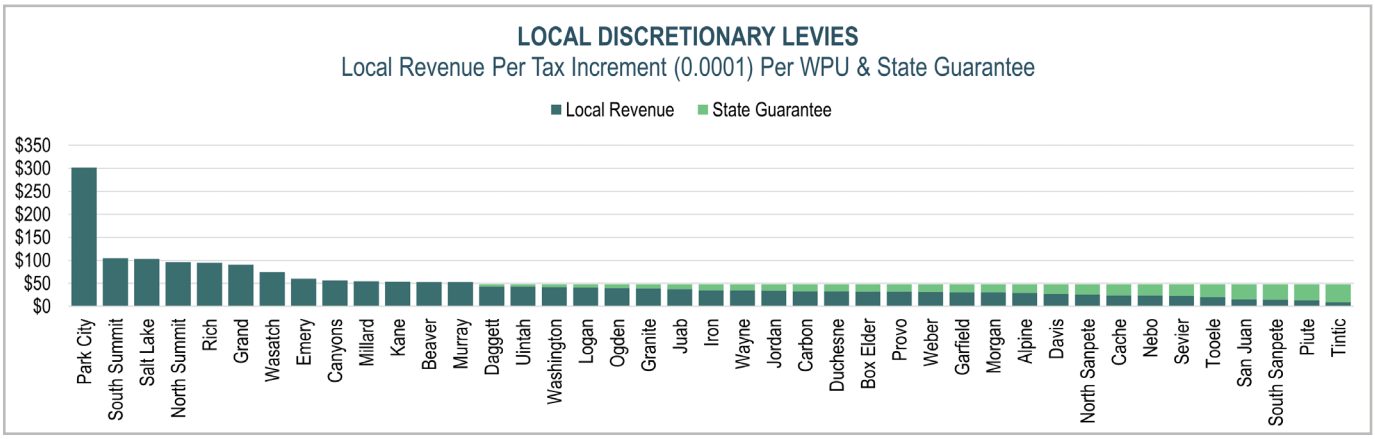


FIGURE 11



Funding Recommendations

For a detailed breakdown that differentiates between ongoing and one-time recommendations see *Table 2 - Recommended Changes to Education Funding*.

- $93.7 million for consensus enrollment growth, including contingency and hold-harmless funding (*statutory guarantee upon passage of Amendment G*)
- $202.9 million for a 5.82% increase in the value of the WPU:
    - $61.9 million for a 1.82% inflationary increase in the value of the WPU (*statutory guarantee upon passage of Amendment G*)
    - $47.6 million (10% of new ongoing Education Fund [EF]) for a 1.36% increase in the value of the WPU (*statutory guarantee upon passage of Amendment G*)
    - $93.4 million for a 2.64% discretionary increase in the value of the WPU
- $71.1 million (15% of new ongoing EF) for a deposit into the Public Education Economic Stabilization Restricted Account (*statutory guarantee upon passage of Amendment G*)
- $112.6 million to provide one-time bonuses to school-level educators and staff
- $34.3 million to provide equitable educational opportunities
    - $26.3 million for a WPU add-on for students at risk of academic failure
    - $8 million for small district base funding
- $50 million for pandemic response efforts to improve broadband access to help bridge the digital divide, re-engage students, etc.
- $29.9 million for the Voted and Board Local Levy Guarantee Programs from growth in the Equity Pupil Unit
- $22.5 million for the Teacher and Student Success Program
- $16 million for a public education innovation fund for one-time grant awards to seed innovative solutions to persistent challenges, including working with institutions of higher education to develop the future workforce
- $12 million for a special education intensive services pilot program
- $10 million for school building safety and security upgrades
- $9 million for the Early Intervention Program (Optional Enhanced Kindergarten)
- $7.5 million for the computer science initiative (with the requirement for local matching funds)
- $4 million for an increased allocation to the School LAND Trust program from the permanent school trust fund
- $2.8 million for the Utah Schools for the Deaf and the Blind
- $1.9 million for investment and operations staffing in the School and Institutional Trust Fund Office
- $782,400 for the STEM Action Center
- $654,800 (net) to increase compensation for the State Board of Education's staff, commensurate with increases for other state employees

Policy Recommendations

The Governor recommends:

- Converting the Enhancement for At-Risk Students Program into a WPU add-on program;
- Converting the Necessarily Existent Small Schools (NESS) WPU-based program into a broader program designed to address the general inequities that rural students face while maintaining targeted support in the new program for those schools that currently receive NESS funding;
- Including the Early Intervention (Optional Enhanced Kindergarten) program in interim discussions about programs that should be in the WPU-based Basic School Program;
- Enhancing education funding flexibility by permanently reducing or eliminating restrictions on the use of local property tax revenue;
- Re-emphasizing the role of the statewide property tax in equitably funding public education;
- Repealing any reporting requirement that is not federally required and not meaningfully related to an operational need;
- Reviewing capital project costs, capital procurement processes, and the use of facility condition assessments in prioritizing capital improvements;
- Assigning the state Division of Facilities Construction and Management to work with the Utah State Board of Education and stakeholder groups to examine the potential value of meaningful statewide capital project standards.

TABLE 3

MINIMUM SCHOOL PROGRAM & SCHOOL BUILDING PROGRAMS

	Fiscal Year 2020 Actual Expenditures		Fiscal Year 2021 Revised Appropriations		Fiscal Year 2022 Recommended Appropriations
Section 1: Total Minimum School Program Revenue					
Revenue Sources					
A. General State Revenue					
1. Education Fund	$3,388,720,200		$3,411,903,700		$0
2. Education Fund, One-time	(49,374,600)		27,666,800		0
B. Restricted State Revenue					
1. Uniform School Fund	32,500,000		25,500,000		3,657,694,700
2. Uniform School Fund, One-time	(3,000,000)		26,805,200		31,477,400
3. USF Restricted -Interest & Dividends Account	82,663,100		88,829,100		92,842,800
4. EF Restricted - Various Accounts	216,128,900		250,063,700		301,905,800
Subtotal State Revenue:	***$3,667,637,600***		***$3,830,768,500***		***$4,083,920,700***
C. Local Property Tax Revenue					
1. Minimum Basic Tax Rate	$423,036,700		$440,367,400		$459,046,600
2. Equity Pupil Tax Rate	48,997,900		70,135,200		100,083,400
3. WPU Value Rate	37,450,000		46,750,000		69,234,800
4. Voted Local Levy	350,202,100		380,353,200		401,318,300
5. Board Local Levy	223,914,000		256,253,800		266,524,600
Subtotal Local Revenue:	***$1,083,600,700***		***$1,193,859,600***		***$1,296,207,700***
B. Transfers	$0		$5,000,000		$0
C. Beginning Nonlapsing Balances	56,730,000		44,084,900		74,684,900
D. Closing Nonlapsing Balances	(44,084,900)		(74,684,900)		(74,684,900)
E. Lapsing Balances	(61,900)		0		0
Total Revenue:	**$4,763,821,500**		**$4,999,028,100**		**$5,380,128,400**
Section 2: Revenue & Expenditure Details by Program					
Part A: Basic School Program (Weighted Pupil Unit Programs)					
WPU Value:	***$3,532***		***$3,596***		***$3,809***
Revenue Sources					
A. General State Revenue					
1. Education Fund	$2,561,578,400		$2,605,872,000		$0
2. Education Fund, One-time	(7,791,200)		29,420,500		0
B. Restricted State Revenue					
1. Uniform School Fund	32,500,000		25,500,000		2,861,036,000
2. Uniform School Fund, One-time	(3,000,000)		21,477,400		21,477,400
Subtotal State Revenues:	***$2,583,287,200***		***$2,682,269,900***		***$2,882,513,400***
C. Local Property Tax Revenue					
1. Minimum Basic Tax Rate					
a. Basic Levy	$348,036,700		$365,367,400		$384,046,600
b. Basic Levy Increment Rate	75,000,000		75,000,000		75,000,000
2. Equity Pupil Tax Rate	48,997,900		70,135,200		100,083,400
3. WPU Value Rate	37,450,000		46,750,000		69,234,800
Subtotal Local Property Tax Revenues:	***$509,484,600***		***$557,252,600***		***$628,364,800***
D. Transfers	$0		$0		$0
E. Beginning Nonlapsing Balances	29,812,700		$13,663,500		44,263,500
F. Closing Nonlapsing Balances	(13,663,500)		(44,263,500)		(44,263,500)
Total Revenue:	**$3,108,921,000**		**$3,208,922,500**		**$3,510,878,200**
Expenditures by Program		**WPUs**		**WPUs**	
A. Regular Basic School Program					
1. Kindergarten	$85,646,300	27,308	$98,199,600	26,446	$100,732,800
2. Grades 1-12	2,140,899,000	606,016	2,179,233,500	604,069	2,300,898,800
3. Foreign Exchange Students	1,123,200	0	0	328	1,249,400
4. Rural Student Add-on WPUs	33,892,600	10,577	38,034,900	12,677	48,287,800
5. Professional Staff	196,911,000	56,572	203,433,000	57,070	217,379,600
6. Administrative Costs	5,103,700	0	88,300	0	0
7. Students At Risk of Academic Failure	0	0	0	20,726	78,946,800
8. Enrollment Growth Contingency	0	0	21,477,400	7,727	50,909,500
Subtotal:	**$2,463,575,800**	**700,473**	**$2,540,466,700**	**729,044**	**$2,798,404,700**
B. Restricted Basic School Program					
1. Special Education - Regular - Add-on WPUs	$295,476,200	86,450	$310,865,700	88,328	$336,441,400
2. Special Education - Regular - Self-Contained	48,286,500	13,229	47,571,500	12,510	47,650,600
3. Special Education - Pre-School	38,848,900	11,311	40,674,500	11,311	43,083,600
4. Special Education - Extended Year Program	1,583,300	457	1,643,400	457	1,740,700
5. Special Education - Impact Aid	7,148,700	2,060	7,407,700	2,060	7,846,500
6. Special Education - Intensive Services	2,776,200	0	0	0	0
7. Special Education - Extended Year for Special Educators	3,280,000	909	3,268,800	909	3,462,400
8. Career & Technical Education - District Add-on	$101,037,700	29,100	$104,643,600	29,100	$110,841,900
9. Class Size Reduction	$146,907,700	42,375	$152,380,600	42,375	$161,406,400
Subtotal:	**$645,345,200**	**185,891**	**$668,455,800**	**187,050**	**$712,473,500**
Total Expenditures:	**$3,108,921,000**	**886,364**	**$3,208,922,500**	**916,094**	**$3,510,878,200**

MINIMUM SCHOOL PROGRAM & SCHOOL BUILDING PROGRAMS

	Fiscal Year 2020 Actual Expenditures	Fiscal Year 2021 Revised Appropriations		Fiscal Year 2022 Recommended Appropriations	
Part B: Related to Basic School Program					
Revenue Sources					
A. General State Revenue					
1. Education Fund	$698,401,300	$710,981,200			$0
2. Education Fund, One-time	(11,474,600)	(1,753,700)			0
B. Restricted State Revenue					
1. Uniform School Fund	0	0			701,608,200
2. Uniform School Fund, One-time	0	5,327,800			10,000,000
3. USF Restricted - Trust Distribution Account	82,663,100	88,829,100			92,842,800
4. EF Restricted - Teacher and Student Success Account	83,950,000	93,250,000			115,734,800
5. EF Restricted - Charter School Levy Account	26,931,000	30,428,500			29,837,600
Subtotal:	**$880,470,800**	**$927,062,900**			**$950,023,400**
B. Transfers	$0	$5,000,000			$0
C. Beginning Nonlapsing Balances	26,917,300	30,421,400			30,421,400
D. Closing Nonlapsing Balances	(30,421,400)	(30,421,400)			(30,421,400)
E. Lapsing Balances	(61,900)	0			0
Total Revenue:	**$876,904,800**	**$932,062,900**			**$950,023,400**
Expenditures by Program			**Changes**		**Changes**
A. Related to Basic Programs					
1. Pupil Transportation - To & From School	$97,944,700	$101,421,000		$7,185,500	$108,606,500
2. Pupil Transportation - Rural Transportation Grants	1,000,000	1,000,000			1,000,000
3. Pupil Transportation - Rural School Reimbursement	500,000	500,000			500,000
4. Flexible Allocation - WPU Distribution	7,788,000	0			0
5. Charter School Local Replacement	186,818,900	205,331,500		12,847,200	218,178,700
6. Charter School Administrative Costs	8,112,200	0			0
7. Charter School Funding Base Program	0	3,100,000			3,100,000
Subtotal:	**$302,163,800**	**$311,352,500**			**$331,385,200**
B. Focus Populations					
1. Enhancement for At-Risk Students	$44,780,300	$48,203,700		($48,203,700)	$0
2. Youth-in-Custody	25,451,800	25,980,500		1,840,700	27,821,200
3. Adult Education	14,300,600	14,601,400		1,034,500	15,635,900
4. Enhancement for Accelerated Students	5,466,100	5,648,100		400,200	6,048,300
5. Centennial Scholarship Program	134,100	0			0
6. Concurrent Enrollment	11,750,900	12,104,100		857,600	12,961,700
7. Title I Schools in Improvement - Paraeducators	300,000	300,000			300,000
8. Early Literacy Program	14,561,200	14,550,000			14,550,000
9. Early Intervention	7,410,000	17,455,000		9,000,000	26,455,000
Subtotal:	**$124,155,000**	**$138,842,800**			**$103,772,100**
C. Educator Supports					
1. Educator Salary Adjustments	$182,636,800	$187,954,200	$5,327,800	$5,327,800	$187,954,200
2. Teacher Salary Supplement	17,066,000	22,228,600			22,228,600
3. National Board Certified Teacher Programs	234,900	246,300			246,300
4. Teacher Supplies & Materials	5,500,000	5,500,000			5,500,000
5. Effective Teachers in High-poverty Schools	250,000	250,000			250,000
6. Grants for Educators in High-need Schools	90,500	500,000		(500,000)	0
7. Elementary School Counselor Program	2,025,000	2,100,000			2,100,000
Subtotal:	**$207,803,200**	**$218,779,100**			**$218,279,100**
D. Statewide Initiatives					
1. School LAND Trust Program	$82,601,200	$88,829,100		$4,013,700	$92,842,800
2. Teacher and Student Success Program	98,701,500	108,250,000		22,484,800	130,734,800
3. Student Health and Counseling Support Program	13,229,000	25,480,000			25,480,000
4. School Library Books & Electronic Resources	850,000	765,000			765,000
5. Matching Fund for School Nurses	1,001,800	1,002,000			1,002,000
6. Dual Immersion	5,030,000	5,030,000			5,030,000
7. Year-round Math & Science (USTAR Centers)	5,490,600	0			0
8. Beverley Taylor Sorenson Arts Learning Program	11,916,400	10,880,000			10,880,000
9. Digital Teaching & Learning Program	23,962,300	19,852,400			19,852,400
10. Safe and Health Schools	0	0		10,000,000	10,000,000
10. Statewide Computer Adaptive Testing	0	3,000,000			0
Subtotal:	**$242,782,800**	**$263,088,500**			**$296,587,000**
Total Expenditures:	**$876,904,800**	**$932,062,900**			**$950,023,400**

MINIMUM SCHOOL PROGRAM & SCHOOL BUILDING PROGRAMS

	Fiscal Year 2020 Actual Expenditures	Fiscal Year 2021 Revised Appropriations	Fiscal Year 2022 Recommended Appropriations
Part C: Voted & Board Local Levy Programs			
Revenue Sources		**Changes**	**Changes**
A. General State Revenue			
1. Education Fund	$128,740,500	$95,050,500	$0
2. Education Fund, One-time	(30,108,800)	0	0
B. Restricted State Revenue			
1. Uniform School Fund	0	0	95,050,500
2. Uniform School Fund, One-time	0	0	0
2. EFR - Minimum Basic Growth Account	56,250,000	56,250,000	56,250,000
3. EFR - Local Levy Growth Account	48,997,900	70,135,200	100,083,400
Subtotal State Revenues:	***$203,879,600***	***$221,435,700***	***$251,383,900***
C. Local Property Tax Revenue			
1. Voted Local Levy	$350,202,100	$380,353,200	$401,318,300
2. Board Local Levy	223,914,000	256,253,800	266,524,600
Subtotal Local Property Tax Revenues:	***$574,116,100***	***$636,607,000***	***$667,842,900***
Total Revenue:	**$777,995,700**	**$858,042,700**	**$919,226,800**
Expenditures by Program		**Changes**	**Changes**
Guarantee Rate (per 0.0001 Tax Rate per WPU):	***$44.98***	***$48.28***	***$50.72***
A. Voted and Board Local Levy Programs			
1. Voted Local Levy Program	$504,654,000	$538,548,500	$563,483,200
2. Board Local Levy Program	273,341,700	319,494,200	355,743,600
Total Expenditures:	**$777,995,700**	**$858,042,700**	**$919,226,800**
Total Minimum School Program Expenditures:	**$4,763,821,500**	**$4,999,028,100**	**$5,380,128,400**

Section 3: School Building Programs (Not Included in MSP Totals Above)

Revenue Sources		**Changes**	**Changes**
A. State Revenue			
1. Education Fund	$14,499,700	$14,499,700	$14,499,700
2. Education Fund, One-time	0	0	0
3. EFR - Minimum Basic Growth Account	18,750,000	18,750,000	18,750,000
Total Revenue:	**$33,249,700**	**$33,249,700**	**$33,249,700**
Expenditures by Program		***Amount***	***Amount***
A. Capital Outlay Programs			
1. Foundation	$27,610,900	$27,610,900	$27,610,900
2. Enrollment Growth	5,638,800	5,638,800	5,638,800
Total Expenditures:	**$33,249,700**	**$33,249,700**	**$33,249,700**

Governor's Office of Management & Budget *Date Modified: 12/22/20*

Notes:

1. Passage of Constitutional Amendment G activated the provisions of Utah Code 53F-9-201.1 directing the shift of funding for the Minimum School Program from the Education Fund to the restricted Uniform School Fund.
2. Beginning and nonlapsing balances may not reflect the impact of prior-year encumbrances or projected expenditures.
3. The Governor recommends transforming the Necessarily Existent Small Schools (NESS) program into a broader rural-student WPU add-on program, while still maintaining the support for NESS schools. His recommendation of $9 million is to increase funding for the Small District Base Funding portion of the NESS program.
4. The Governor recommends converting the Enhancement for At-Risk Students program into a WPU add-on program.
5. The COVID-19 pandemic has disrupted the traditional enrollment and introduced significant uncertainty into enrollment projections. As a result the Governor, in consensus with the Office of the Legislative Fiscal Analyst and Utah State Board of Education, recommends setting aside one-time and ongoing funding for the Utah State Board of Education to distribute as needed in response to enrollment shifts between schools and overall enrollment that exceeds the projection. This funding will be set aside in a new program: Enrollment Growth Contingency.
6. The Early Literacy Program requires a local funding match that has historically shown as a separate item in the Voted & Board Local Levy Programs section of this table. The historically reported $15 million local matching funds are now included in the Board Local Levy figures rather than being reported separately.
7. The Legislative Fiscal Analyst reviewed the Grants for Educators in High-need Schools program, found minimal participation, and with support from the Utah State Board of Education recommended fully reducing the appropriation.
8. The Governor's recommendations to increase funding for rural students and to convert the Enhancement for At-Risk Students program into a WPU add-on result in the calculation of additional WPUs. This increases the number of WPUs factored into the Voted & Board Local Levy program.

Budget & Policy Brief

LET'S GO LEARN: POSTSECONDARY EDUCATION FOR A SKILLED WORKFORCE

The Governor is committed to ensuring all individuals have access to the postsecondary education pathway that enables them to pursue their preferred careers

Highlights

$125 million for an Upskilling Initiative, including:

- $56 million for higher education and K-12 innovation funds intensely focused on innovative approaches to skill and career development
- $20 million to help those struggling to find work, including $4.4 million for USHE to administer a three-year pilot program to deploy college advisors to Department of Workforce Services employment centers and $15.6 million for degree-granting and technical colleges to provide financial support for unemployed, underemployed, and vulnerable workers
- $49.1 million for technical education, including $10.4 million for technical education programs, equipment, and reduced tuition and $38.7 million for the Bridgerland Technical College Health Sciences and Technology building

$35 million in flexible funding to address institutional needs

Objective

Prepare Utah's citizens to outcompete other populations for high-paying jobs and support significant economic growth by:

- Providing access and equity to postsecondary education for all students, including first-generation and non-traditional students;
- Ensuring alignment of technical and academic programs to workforce demands; and
- Dramatically increasing the completion rate and number of graduates while lowering per-student costs.

Background

The 21st century requires a dynamic economy and an educated workforce. Education drives innovation, attracts employers looking to fill high-skill jobs, and supports a higher quality of life. Postsecondary education levels correspond to higher average income and lower levels of government dependence—issues the COVID-19-driven economic downturn highlighted.

In addition to highlighting the value of postsecondary education, the COVID-19 pandemic has revealed

opportunities to adapt and improve the delivery and quality of education throughout the system.

Postsecondary education is among the largest state funding commitments and constitutes approximately 16% of the combined Education Fund and General Fund budget.

The Utah System of Higher Education (USHE) consists of eight degree-granting institutions and eight technical colleges. In FY 2020, these institutions served nearly 212,000 students—an increase of 73% since 2000. They also awarded 50,364 degrees and certificates—an increase of 137% since 2000.

As of July 1, 2020, the newly formed Utah Board of Higher Education governs the 16 institutions indicated below.

Utah's Postsecondary Education Successes

Utah has a remarkable postsecondary education system from which students are earning credentials in ever-increasing numbers. Utah enjoys the following distinctions:

- U.S. News & World Report ranks Utah 6th in the nation for higher education
- The Institute for College Access & Success reports Utah's students have the lowest average debt per graduate in the nation ($17,935)
- The College Board reports Utah's public four-year institutions have the third lowest average annual tuition and fees in the nation ($7,250)

Room for Improvement Remains

In spite of its successes, the postsecondary system is not as effective as it could be.

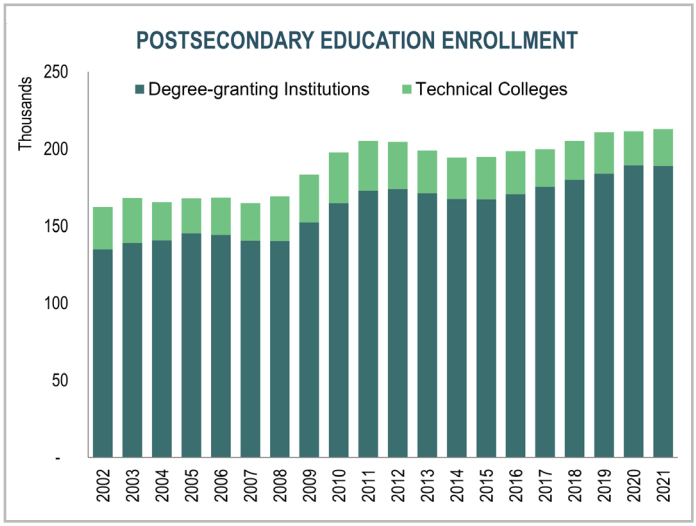
- Only 51% of high school graduates enroll in postsecondary education within three years
- Only 41% of students complete a degree within eight years of enrolling
- Tuition and fees have increased over 220% since the year 2000, compared to a 50% increase in general inflation and a 78% increase in median household income
- Utah's students borrowed nearly $960 million in federal student loans last year
- Since 2010, institutions have spent nearly $2.2 billion in state (35%) and non-state (65%) money to construct new buildings (excluding hospital facilities)
- The average classroom (before COVID-19) was used 30 hours per week during the fall semester and 10 hours during the summer semester
- On average (before COVID-19), 58% of seats were occupied when a classroom was in use during the fall semester and 40% during the summer semester

Key Issues

Innovation. A postsecondary credential is a key designed to unlock the door to a meaningful career. Some students are able to unlock that door quickly, beginning their chosen careers immediately upon graduation or certification. Unfortunately, many students are not as fortunate and find themselves unemployed or underemployed upon graduation. Institutions of higher education have a commitment to their students beyond simply conferring a certificate or degree. It is time for innovative approaches to this commitment.

The Governor recommends setting aside a one-time $40 million allocation establishing a Higher Education Innovation Fund designed to facilitate and reward postsecondary education innovation (a related $16 million fund for K-12 education is also proposed). With these resources, the Board of Higher Education can award seed money grants

FIGURE 1



to both technical and academic postsecondary programs. Grant allocation criteria should include (a) leveraging new non-state resources such as the private sector and federal grants and reallocations of existing base resources, (b) more efficient use of existing facilities, (c) high levels of student placement in sustainable careers, and (d) ability to self-finance the piloted program long term through other resources.

Upskilling Initiative. The economic impact of the COVID-19 pandemic highlighted the edge of economic vulnerability at which many adults find themselves. Many of these individuals find themselves unemployed, in need of new skills to secure meaningful employment, and lacking experience with the postsecondary system that can offer them a path to stability.

During the fall of 2020, USHE successfully administered the Learn & Work in Utah initiative. This initiative was designed to take advantage of federal Coronavirus Relief Funds and provide unemployed, underemployed, and vulnerable workers with education and training. This need remains.

The Governor recommends using $125 million of one-time funding for an Upskilling Initiative to continue supporting adult learners in need of additional education and training, with a very focused emphasis on job placement. More specifically, the Governor recommends:

- $20 million to help those struggling to find work, including $4.4 million for USHE to administer a three-year pilot program to deploy college advisors to Department of Workforce Services employment centers and $15.6 million for degree-granting and technical colleges to provide financial support for unemployed, underemployed, and vulnerable workers;
- $49 million for technical education, including a new Bridgerland technical training facility, and $10.4 million for technical programs, technical equipment, and reducing tuition;
- As previously mentioned, $56 million for two new education innovation funds ($40 million for higher education and $16 million for K-12 education) to seed cooperative efforts between schools, institutions of higher education, employers, and other parties to increase the number of students who receive job offers upon graduation.

FIGURE 2

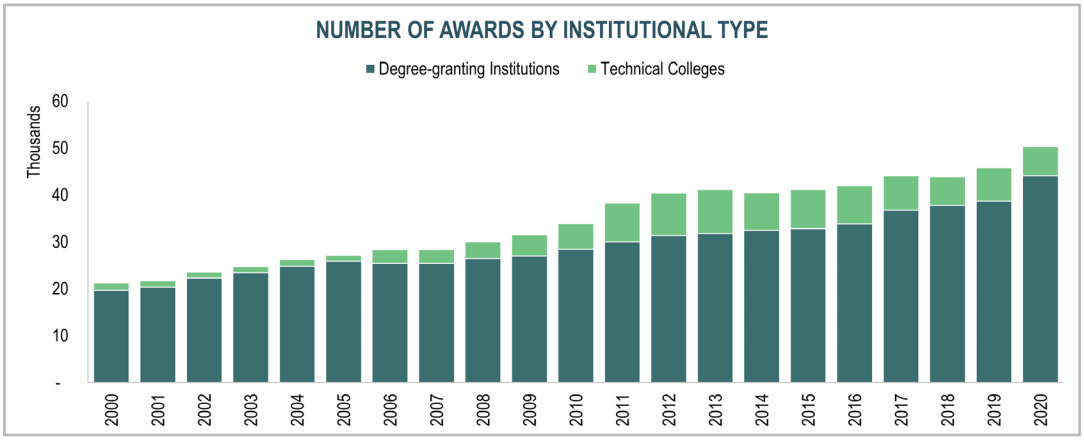
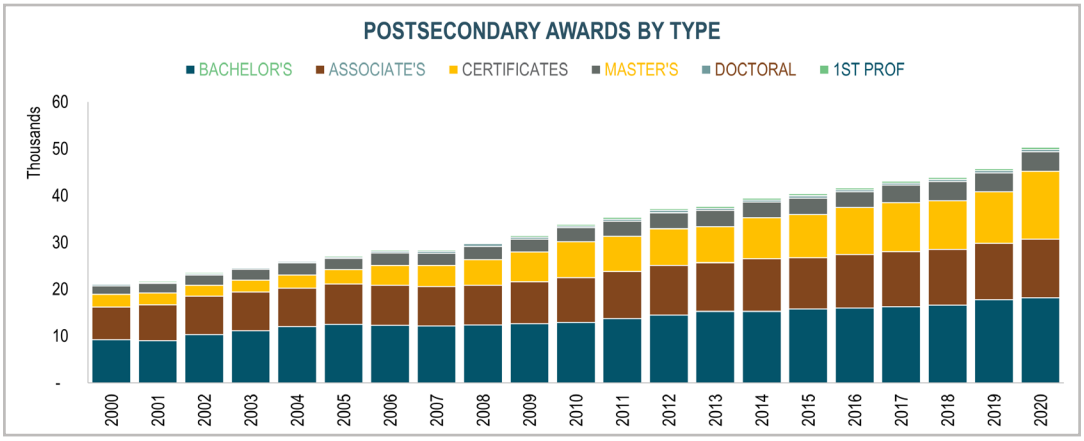


FIGURE 3



Opportunity. The Governor believes that each student, regardless of any individual characteristic or circumstance, should have access to the bright future to which postsecondary education is the bridge. The Utah Board of Higher Education, along with institutional boards of trustees, have a responsibility to ensure that institutional and programmatic administrative structures do not function as barriers to enrollment and completion for any student. Opportunity gaps must be closed.

Remote Learning. The flexibility of online courses appeals to many students. The hasty shift to remote learning during the spring of 2020 revealed opportunities to improve the quality of online courses, but it also highlighted the unnecessary duplication of online courses within the system of higher education. The Governor applauds the Board of Higher Education for establishing a task force to explore opportunities for systemwide innovations in remote learning. He recommends that the Board implement a systemic approach to remote learning that eliminates the institutional duplication of online courses.

Pathways. The Governor knows that a postsecondary education will afford students more opportunities, employment stability, and higher earnings throughout their lives. However, the unfortunate reality is that too many people equate getting postsecondary education only with earning a four-year degree. The Governor believes that the direction of postsecondary education should closely align with the career a student intends to pursue. K-12 students should be taught about all formal opportunities for postsecondary education, including technical education certificate programs and the opportunities to build on those programs through micro-credentials and stackable credential pathways. K-12 students should also be taught about the economic realities of these opportunities: some lead to high incomes while others—even though they may sound exciting—lead to low incomes.

Regardless of the formal postsecondary education students choose, the Governor believes that all students should be life-long learners—willing to seek opportunities to gain understanding and wisdom through both study and hands-on experience. Utah's postsecondary institutions play a critical role in supporting life-long learners.

Competency-based Education. As the population of students aged 25 years and older continues to increase, awarding credit for prior learning will become a more critical component of student success. Institutions of higher education must adapt traditional methods of awarding credit to better serve all students, but especially these non-traditional students.

In addition to receiving credit for prior learning, students should have the opportunity to move through coursework and courses as quickly as they are able to learn the material, develop the skills, and demonstrate competency. Students should have the opportunity to demonstrate competency and have it certified as it is attained rather than be required to wait for the end of a traditional semester. The Governor recommends that the Utah Board of Higher Education identify all the courses and programs for which competency-based education is a natural fit and adopt an aggressive transition plan.

Affordability. While on average our public institutions have the third lowest tuition and fees in the nation, since the year 2000, the cost of tuition and fees has increased over 220% while median household income has increased 78%.

The Governor believes that affordability must be defined in a way that all stakeholders can embrace, and he recognizes that the definition may vary with institutional missions. In defining affordability, the Governor recommends stakeholders focus on what is right for students, families, and taxpayers and avoid being complacent as a result of how favorably our institutions fare in national comparisons of tuition costs.

Differential Tuition. Utah's dual-mission institutions have received national and international attention for their innovative model that combines the roles of a traditional community college and regional university. And while this model yields a number of significant benefits, the current practice of charging university tuition for sub-baccalaureate programs eliminates the financial savings a student would expect from enrolling in a community college. The Governor recommends that the Utah Board of Higher Education require the presidents of Utah's dual-mission institutions to present a plan for differentiating tuition for their sub-baccalaureate students by FY 2023.

Performance Funding. The Governor applauds the use of institutional performance to award new funding. With the Board of Higher Education's adoption of new educational attainment goals, the Governor believes the time is right to re-evaluate the performance funding model to ensure

that it serves as an impetus and guide for the institutional performance required to reach the attainment goals by 2030.

Facilities. Leaders of postsecondary institutions have a responsibility to actively seek internal efficiencies and maximize the quality return on the state's substantial investment in postsecondary education. These leaders should seek to maximize the efficient use of existing facilities, including at night and during the summer months, and focus capital expenditures on extending the operational lives of existing facilities to avoid unnecessary expenditures for expensive new facilities. The Governor appreciates ongoing efforts to measure and report building utilization rates. The Governor recommends funding the Bridgerland Technical College Health Science and Technology building. However, he recommends limiting future postsecondary capital development until the state has a prioritization plan for postsecondary capital investments in place.

Funding Recommendations

For a detailed breakdown that differentiates between ongoing and one-time recommendations see *Table 2 - Recommended Changes to Education Funding*

- $125 million for the Governor's Upskilling Initiative, which includes:
  - $40 million for a higher education innovation fund and another $16 million for a K-12 innovation fund
  - $20 million focused on those currently unemployed, including $4.4 million for a three-year adult learner college access advisor program.
  - $38.7 million for the Bridgerland Technical College Health Science and Technology building (includes $624,000 for ongoing operations and maintenance)
  - $6.1 million for enrollment growth and capacity in technical education programs
  - $2.5 million for equipment used in technical education programs
  - $1.9 million to offset reductions in technical education program tuition
- $35.2 million for a flexible increase in state funding for institutions to address their priorities, which may include compensation
- $6.8 million for the projected 4.3% increase in the cost of health insurance
- $3 million for Utah Education and Telehealth Network statewide network equipment
- $2.5 million for a youth apprenticeship program
- $2.4 million for Utah Education and Telehealth Network growth and operations
- $645,100 for operations and maintenance of new facilities
- $500,000 for consulting costs to shift to shared services between institutions
- $180,000 for a Title IX attorney
- $1.2 million for internal service funds for fleet and risk management.
- $458,000 for social work program expansion
- $400,000 for the Utah Women and Leadership Project
- $245,500 for the San Rafael Energy Research Center
- $116,000 for the Utah Rural Leadership Academy

Policy Recommendations

The Governor recommends that the Utah Board of Higher Education:

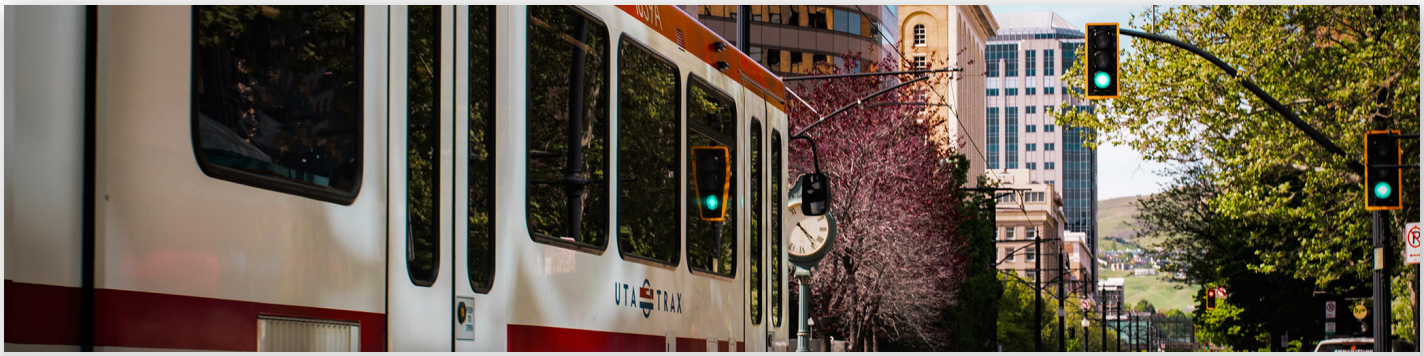
- Implement a systemic approach to remote learning that eliminates the institutional duplication of online courses;
- Identify all the courses and programs for which competency-based education is a natural fit and adopt an aggressive transition plan; and
- Require the presidents of Utah's dual-mission institutions to present a plan for differentiating tuition for their sub-baccalaureate students by FY 2023.

The Governor recommends re-evaluating the performance funding model to ensure that it serves as an impetus and guide for the institutional performance required to reach the Utah Board of Higher Education's new attainment goals by 2030.

Additionally, the Governor believes the state must develop a statewide prioritization plan for postsecondary capital investments and recommends limiting future capital development until such a plan is in place.

Budget & Policy Brief

BALANCED GROWTH: ADDRESSING MAJOR INFRASTRUCTURE & HOUSING CHALLENGES



Utah's high quality of life will be maintained only through efficient land and water use, better air quality, more affordable housing and integrated transportation systems

Highlights

One-time revenues allow for generational investments that will pay dividends long term, including:

- $350 million to improve the speed and efficiency of commuter rail by double-tracking strategic sections of FrontRunner
- $125 million for rural infrastructure investments, including $50 million for rural fiber and broadband, $6 million for electric vehicle charging stations in rural Utah, and $69 million for a new revolving loan infrastructure fund for rural Utah
- $50 million to address Wasatch canyons transportation issues

$23.5 million one-time and $200,000 ongoing for water quality, dam safety, and water efficiency programs

$1 million to provide transportation planning assistance to high-growth emerging areas outside of metropolitan planning areas

$800,000 for landlord-tenant mediation and rural housing technical assistance

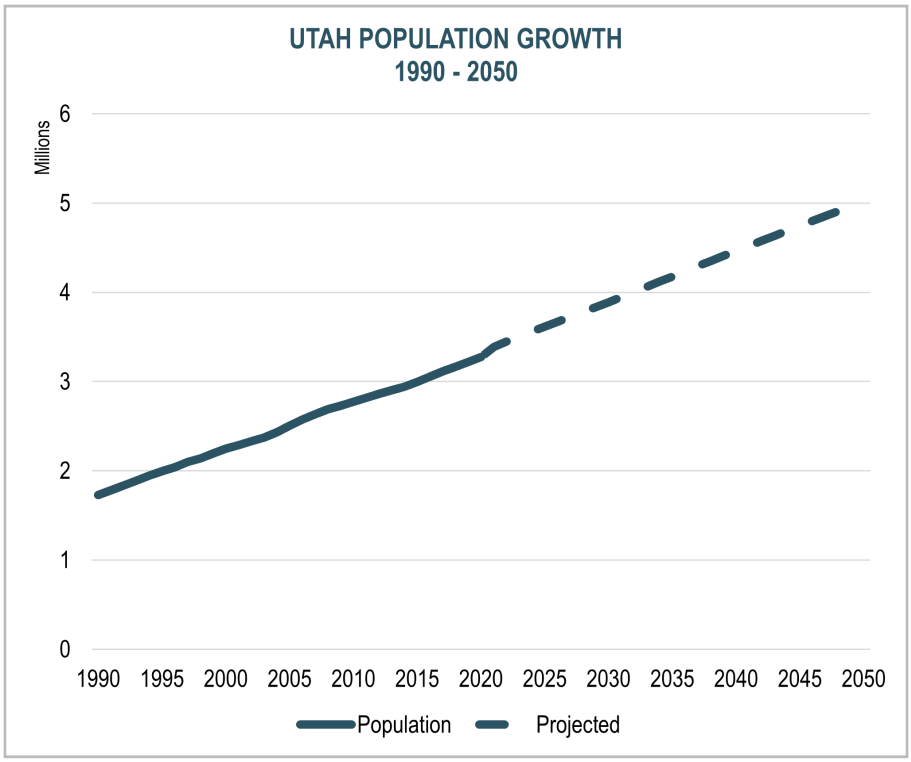
Utah's Growth Continues

Despite the impacts of a global pandemic and a national economic downturn, Utah's growth remains strong. The fundamental principles that made Utah the nation's fastest growing state during the past decade continue to attract new residents and make our home-grown population glad to call Utah home. Utah's efficient and effective governance, thriving communities, sound infrastructure investments, unparalleled economic opportunities, unmatched quality of life, and top-notch workforce underpin Utah's economic success and continued population growth.

While growth projections in some places remain uncertain in the face of economic fears brought on by the global COVID-19 pandemic, Utah's strong and diverse economy and high quality of life continue to attract additional residents.

While we await the official 2020 decennial census results, the most recent estimates suggest that Utah was the nation's fastest growing state during the past decade. With a projected 18% growth rate between 2010 and 2020, Utah welcomed nearly half a million new residents during the past decade. While growth indicates positive economic momentum, unmanaged or poorly managed

FIGURE 1



growth that fails to balance economic, housing, and transportation needs can negatively impact Utah's quality of life, which undermines the desired effect of economic growth.

Fortunately, Utah's communities, regional planning entities, the Utah Transit Authority (UTA), and state agencies have proactively looked ahead and worked together to manage growth. Going forward, maintaining the state's high quality of life will require a sustained commitment not only to traditional supply-side approaches such as building roads and highways, but also to increasing investments in other supply-side alternatives such as transit and active transportation, as well as other efficiency-driven approaches including teleworking, flexible work hours, and appropriate price signals that influence transportation demand.

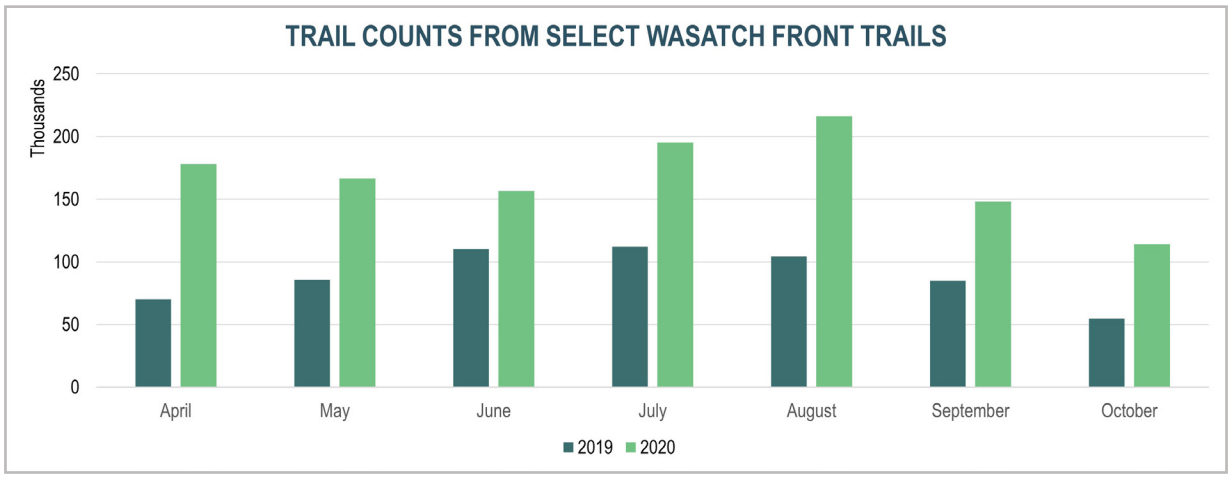
Land use and transportation are inextricably interconnected. Land use drives transportation decisions, and transportation decisions drive land use and development decisions.

To maintain and enhance the state's high quality of life and improve air quality, Utah must ensure a majority of residents have easy access to ample opportunities for jobs, education, recreation, and shopping within a short walk, drive, transit trip, or bike ride. This can be accomplished by increasing the state's commitment to transit and active transportation, maintaining its commitment to roads, and working with community leaders, planners, and developers to promote a pattern of well-planned and dispersed regional centers and transit-oriented developments with a vibrant mix of jobs and affordable, market-driven housing choices. And, as detailed in the *Let's Go Play: Outdoor Recreation and Open Space Improve Our Quality of Life* brief, it also requires proactively investing in open spaces and recreational opportunities for all in society as land use patterns change.

A Balanced Approach to Growth

During rush hour, congestion often clogs Utah's roadways, extending commutes. Rapidly rising rent and home prices, coupled with government limitations on market-driven supply, reduce housing affordability and choice. Limited water resources and booming communities cause concern with adequate water supply. A review of future infrastructure proposals reveals staggering costs in the tens of billions of dollars that far exceed revenues. For example, consider the multi-billion dollar estimates of major projects proposed in coming decades, such as those proposed for the Point of the Mountain area ($3.8 billion), for water development ($15 billion), and for other transit and road projects (an unfunded

FIGURE 2



$18.1 billion for transit and $14.3 billion for roads beyond projects projected to be funded with anticipated revenues of $16.8 billion for transit and $57.5 billion for roads).

In light of these many challenges, and to ensure an equitable, balanced, and conservative approach to growth, the Governor recommends that stakeholders:

1. Consider the combined fiscal impacts of many large projects on the state's taxpayers
2. Ensure that all pay their fair share to fund these growth costs and that the state carefully examine when and where it provides economic development inducements and the full costs of those inducements
3. Increasingly look to user fees rather than taxes as the appropriate revenue source to fund and finance projects
4. Increasingly rely on private sector and federal financing when it is available, with the state acting as a lender or financial market facilitator only when absolutely necessary, so private lenders can serve their function as lenders and the state can minimize tying up limited taxpayer funds for long periods of time
5. Encourage strong local funding participation when the state participates in a local project
6. Work closely with the State Treasurer in determining the appropriate time, amount, and means to pursue debt financing to maintain a prudent fiscal approach and ensure the state does not jeopardize its AAA bond rating
7. Renew focus on infrastructure needs outside of the Wasatch Front by better understanding, addressing, and advocating for projects impacting our rural communities

Transportation

The COVID-19 pandemic had a dramatic short-term impact on transportation in Utah, with I-15 traffic volumes decreasing by roughly 46% during the initial stages of the pandemic. However, by July, total traffic volumes had increased back to 94% of pre-pandemic levels while truck traffic has remained relatively constant in spite of the pandemic. Meanwhile, based on available trail counts, active transportation (biking and walking) increased by an estimated 88% during the summer of 2020 (April through October), with some trails surpassing a 100% increase. While the shifts caused by the COVID-19 pandemic and an increasing transition toward permanent teleworking options may change the transportation landscape, the fundamental needs to move people, goods, and services will not go away.

As growth increases the demand on transportation, one possible response would be to rely solely on new highways and additional traffic lanes. However, policymakers should consider additional key strategies for improving the total transportation system, including options for active transportation networks, developing and improving transit, and pursuing private investments. For instance, as Wasatch Front development pressures increase at the Point of the Mountain, Utah is seizing a generational opportunity to create an innovative development plan that can serve as a model for integrating housing, employment, recreation, and services that are each linked by highways, transit, and active transportation.

The linear valleys of the greater Wasatch Front region are ideally suited to mass transit solutions. Investing in the

FrontRunner commuter rail system has already yielded significant returns in reducing I-15 congestion. During the first ten years of operation, FrontRunner transported more than 31 million riders—many of whom would have otherwise added to freeway traffic. In addition to reducing traffic, commuter rail stations can stimulate adjacent land uses and provide opportunities for vibrant centers with a mix of housing, retail, dining, and entertainment. As Utah's population continues to grow, it will become impractical to add enough highway lanes to accommodate the projected transportation demands. A successful long-term approach to transportation must include improved commuter rail to more efficiently move employees between regional economic centers.

In addition, communities can reduce congestion and the demand for more roads by allowing market-driven housing to be developed close to economic centers and encouraging job and housing centers in appropriate locations that are closer to existing transit infrastructure. Simply changing the mix and location of housing and jobs to leverage existing infrastructure capacity will bend the cost curve of transportation and other infrastructure while decreasing the negative impacts on air quality.

The era of rapidly changing and improved technology brings increased flexibility in job location. Flexible work options, such as teleworking and flexible hours, can improve employee retention, alleviate highway congestion, and reduce air pollution. The COVID-19 pandemic has been a catalytic force driving significant increases in teleworking. The Governor calls on employers at every level of government, as well as the private sector, to review their workforce needs and determine how they can maintain teleworking as a long-term strategy to improve employee satisfaction, reduce demand on freeways, and improve air quality.

While innovation and flexibility in where and how citizens live and work will help, people and goods will always need to be moved. New transportation options will need to be developed and our existing infrastructure will need to be maintained. To ensure a more effective and efficient transportation system, the Governor calls on the Utah Department of Transportation (UDOT), the Utah Transit Authority (UTA), and other transportation planning entities to continue to coordinate and ensure the state plans and develops a more integrated and holistic transportation system funded by an equitable, user-based funding model. To do this, the state needs to decrease reliance on sales taxes for transportation and increase reliance on user fees. These new revenues should allow the growth in total transportation funding to be proportionally allocated between roads and transit, based on the needs identified in the Unified Plan through 2050. Just as Utah's transportation systems must evolve, the mechanisms for funding transportation must change to ensure equitable, market-based solutions that will meet the needs of a growing population, changing transportation demands, and changing revenue structures. A new mechanism should include a mix of alternatives such as direct mileage-based charges, congestion pricing, expanded tolling, registration fees, and fuel taxes. Specifically, UDOT should focus intently on how best to advance the timely transition to a Road Usage Charge program (RUC).

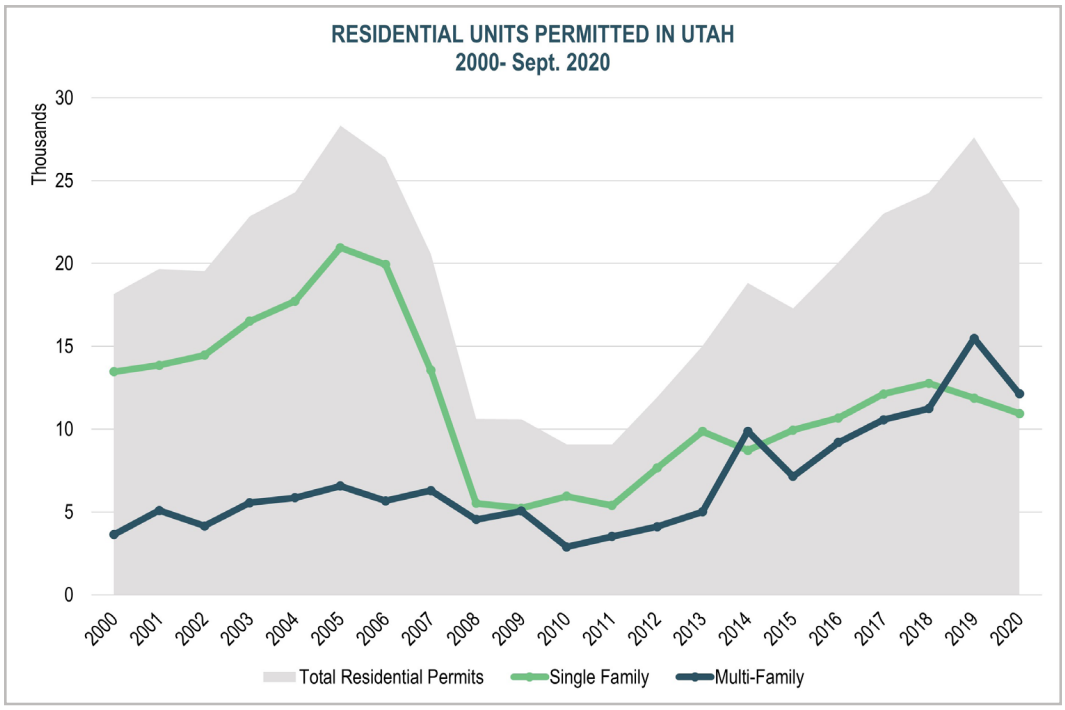
Currently enrolling electric and hybrid vehicles, the RUC program is intended to transition all vehicles in the state away from fuel and sales taxes by 2032. As directed by the Legislature, a ten-year roadmap to accomplish that vision is currently being developed by UDOT and will be reported in April 2021. The Governor recommends that this report should not only identify strategies to accelerate enrollment, but also include recommendations regarding data privacy, public buy-in, and the financial viability of long-term account management.

In addition to moving to a funding system based more on road-user fees, the state must place a greater emphasis on transit funding. Recognizing the Utah Constitution stipulates that certain transportation revenues (i.e. fuel taxes) be used for roads, the Governor recommends that transit receive a higher portion of total transportation revenues over time. With transit currently anticipated to be 33% of demand through 2050, total transportation funding should be apportioned so that new revenue growth allows for funding allocations better aligned with Utah's Unified Transportation plans.

Housing

To ensure a supply of affordable housing, market forces must be allowed to help shape how communities grow and develop. According to the Kem C. Gardner Policy Institute, Utah continues to face a significant housing supply shortage that is driving up the cost of housing. If left unaddressed, housing shortages and resulting house price increases represent one of Utah's biggest long-term economic risks. Addressing this major challenge is mission-critical to Utah's future.

FIGURE 3



Over the past five years, the monthly payment on a median-priced Utah home increased 43%, while median household incomes increased by only 24%. Even with record-low interest rates, the mortgage payment required to finance a median priced single-family home in Utah has now surpassed $2,200 per month. Housing prices in the Salt Lake Metropolitan Area are more expensive than 88% of all major metropolitan areas in the United States. Housing price increases not only make it difficult to attract and retain needed talent, but also make it difficult for rising generations to remain close to home.

While local zoning controls provide a necessary check on inappropriate and potentially costly developments, they must also be agile enough to respond to changing market conditions. Land use changes are a prerequisite to allowing market forces to provide the diversity of housing options that are needed to match our increasingly diverse needs. Utah's growing population is expected to add an additional 131,000 households over the next five years, and the market must be allowed to provide more affordable housing options.

Already-tight housing supplies have been exacerbated by rising construction costs, the impacts of COVID-19 on labor markets, and public opposition to development at the local level. As Utah's economy continues to attract job seekers in a slowed national economy, even greater demand will be placed on housing.

Responding to these challenges is a tall order. As growth pressures and market forces increase, the market demand for more complex mixed-use and transit-oriented developments in urban areas increases. And, as unprecedented growth moves to small towns on the urban fringe and rural hamlets now connected to the global economy through broadband and teleworking options, communities will need to reevaluate how to accommodate new growth in a manner that aligns with their community character. Existing zoning policies that may have served a community well for decades could be insufficient in responding to today's needs.

For instance, 74% of residential units permitted in 2005 were for single-family units and only 23% were for multi-family housing. In 2019, over half of permitted residential units were for multi-family units, a trend that highlights the changing housing market. While multi-family development has slowed somewhat during the COVID-19 pandemic, the number of multi-family permits issued through the second quarter of 2020 ranks as the second highest on record and still outpaces single-family units permitted. In many cases, communities facing the greatest growth pressures are the least equipped to respond as limited staff resources are strained under the demands of rapid growth. In such cases, additional support and resources may be needed to help communities ensure that planning efforts provide the highest quality of life for Utah residents.

To balance local character and values with regional visions and transportation needs, the Governor recommends $1 million in technical planning assistance funds to allow UDOT to assist local communities in creating 'emerging area' plans in high-growth areas that fall outside of the scope of the state's Metropolitan Planning Organizations (MPOs) and Rural Planning Organizations (RPOs). Additionally, the Governor recommends UDOT's Technical Planning Assistance program continue to leverage their funds to strengthen transportation-supportive land use planning efforts in ways that will decrease long-term state transportation costs and improve housing options.

In addition to planning support to guide future development, the Governor recommends an $800,000 for landlord-tenant mediation and rural housing technical assistance to ensure the most vulnerable residents' immediate needs are met. Solving housing affordability issues will require an ongoing partnership between state and local governments and the private sector. Ultimately, land use patterns and housing supply need to adapt to the increasing demands for a range of market-driven housing options that will allow the rising generation to call Utah home. The Governor commends legislative efforts to enact SB 34 of the 2019 General Session and Utah cities' and towns' efforts to proactively and aggressively explore and implement options to expand the supply of housing options from entry level to empty nest.

While new growth should cover the costs needed to expand infrastructure and services, to ensure a supply of attainable workforce housing, local governments must take an increasingly hard look to ensure that impact fees are matched to the level of services being provided. Where possible, impact fees should be reduced or eliminated. For instance, infill development in areas already served by infrastructure should not pay to offset infrastructure expansion in "green field" developments. The Governor calls on local government leaders throughout the state to reevaluate their zoning ordinances and policies to proactively determine how adjustments can be made to allow increased housing supply without compromising community character or overwhelming infrastructure needs.

The state recently utilized $36.5 million of its Coronavirus Relief Fund allocation for rental assistance and affordable housing programs. This includes a $4 million partnership with the Utah Housing Preservation Fund and the Utah Non-Profit Housing Corporation to help COVID-19-impacted families and individuals secure affordable housing and keep those same units affordable in the future. Additional federal and state allocations may be needed through the duration of the pandemic to support those impacted by COVID-19.

Teleworking

One of the silver linings to the COVID-19 pandemic has been the rapid adoption of teleworking throughout the state. While much of this transition was initiated out of necessity as a short-term response to an extraordinary situation, it has demonstrated the potential for teleworking as a primary long-term working arrangement. Many employees who may not have considered teleworking have discovered the cost and time savings, while employers have learned to manage remote workforces without sacrificing, and sometimes even enhancing, productivity. In a recent survey, 96% of teleworking respondents were neutral to satisfied with the arrangement, and 27.5% of those not teleworking would like to telework if given the opportunity.

Teleworking has the potential to reshape how our state grows. A significant portion of employees working from home could reduce traffic congestion, decrease emissions, and allow workers greater options for where to live. It may also result in additional inmigration as out-of-state workers are now able to choose to enjoy Utah's high quality of life without severing their employment. Regardless of whether or not teleworkers are tethered to a physical employment location, most will still choose to live in areas with access to amenities, services, and housing options that fit their budget and lifestyle. As flexibility in work locations increase, so too must our commitment to a high quality of life and housing affordability in order to remain competitive in a global environment while providing housing options for a rising generation of Utahns.

Water Quality

As Utah faces challenges surrounding rapid population growth and an aging infrastructure, a more comprehensive view of water management will be needed to ensure that a sufficient, safe, and reliable supply of water meets appropriate usage levels for a growing population and balances residential, commercial, recreational, agricultural, and environmental uses.

To that end, the Governor recommends $18 million one-time to the Board of Water Resources Dam Safety Program to accelerate the inspection and classification process of over 700 dams throughout the state, bringing high-

hazard dams into compliance. Additionally, he recommends $200,000 ongoing to the Division of Water Quality to monitor and respond to harmful algal blooms that not only impact recreational users, but also impact drinking water and agricultural water sources. Lastly, the Governor recommends $4.5 million one-time to enhance the Division of Drinking Water's water system inspection program to provide needed assistance and regulatory oversight to small-scale water systems until fee revenue is adequate to cover the ongoing costs of the program.

Efficient Water Use

Assuming current water usage levels remain as is or only minor efficiency improvements occur, demand for municipal and industrial (M&I) water is projected to exceed supply over the coming decades as Utah's population growth continues. This means Utahns face a very important choice about water use. If population growth continues as projected, the timing of new water system development can vary significantly depending on water usage levels. More judicious use of existing water could delay costly major development projects, while the failure to use existing developed water more efficiently will lead to accelerated water project construction schedules and bring accelerated cost increases.

Looking to the future, policymakers should take a comprehensive view of water and seek to optimize water use across the board. In particular, a strong emphasis on more efficient M&I water use should continue for all types of water users, particularly for excessive outdoor water use. Unfortunately, significant portions of Utah's M&I water remain unmetered, especially for residential and institutional (government and nonprofit entity) users. Having significant unmetered water means, at best, total water use levels and water use per capita are approximations. Measuring all M&I water use and informing consumers of their water use are important steps in better managing this scarce resource. The Governor recommends a one-time $5 million allocation to support greater water efficiency, including through M&I secondary water meters and smart water meters and controllers.

Water Project Financing

As the state and local entities anticipate developing new water supplies, it is critical that the state maintain a financial role that is both fiscally prudent and sustainable, and that accurate and reliable data is available to policymakers to make informed financial decisions.

The Division of Water Resources contracted with EY (formerly Ernst & Young) to provide a comprehensive review of various funding, financing, and repayment alternatives for major water projects, including the Lake Powell Pipeline. The report, anticipated to be published early this year, explores the most likely sources of financing and repayment revenues, and their respective reliability given future fiscal and economic changes. In addition to the report, EY provided the state a financial framework that models multiple repayment scenarios, given different sets of inputs and assumptions.

While this study provides meaningful information to policymakers as they contemplate a financing plan for the Lake Powell Pipeline and other major water projects, important decisions will need to be made that address some key questions, including:

- What up-front local participation should be required, such as through a meaningful down payment and meaningful tiered water rates?
- How much should state taxpayers subsidize water projects, both initially (through an up-front timing subsidy) and ultimately (through an ultimate time-value-of-money subsidy)?
- Which of the project costs borne up front by state taxpayers should be repaid to the state with interest?
- What combination of repayment revenues are appropriate given their associated risk factors?

Though the Division of Water Resources is ultimately waiting on a federal record of decision prior to the project moving forward, the Governor recommends that the Division, in conjunction with the Washington County Conservancy District, continue to pursue federal financing for the Lake Powell Pipeline through the federal Water Infrastructure Finance and Innovation Act (WIFIA) program. WIFIA offers relatively low-cost, long-tenor loans for up to 49% of the project costs. Access to WIFIA is not guaranteed and depends on a formal evaluation process against program criteria. The state and impacted local governments should actively be engaged in WIFIA's application process to ensure a competitive bid for federal assistance.

Recommendations

Utah will likely continue to experience significant population growth. The challenge will be to chart a course that balances a growing population while maintaining and improving quality of life. Supporting effective land use decisions at the local level, with collaboration at the regional and state level, provides the best chance of creating a future with the lowest possible tax burden while maintaining a high quality of life.

For example, ongoing efforts to link local land use and regional transportation provide a more integrated approach to reduce congestion, improve economic development, and enhance community character. With recent changes in state law, the Transportation Commission should heavily emphasize good land use planning when allocating scarce state transportation funds.

The Governor recommends significantly improving the efficiency of commuter rail by investing $350 million toward double-tracking FrontRunner. This investment will improve speed and frequency of trips and serve as the backbone of the region's transit system. The Governor encourages local governments to continue to increase the mix of housing and employment options connected by active transportation routes in the vicinity of existing and planned transit stations.

Capital Budget Summary

The Governor's budget recommendation includes over $626 million in one-time state funds for capital infrastructure projects and $1.5 billion in ongoing state cash funding for capital projects, not including debt service payments for capital. These state funds include $613 million toward new transportation and building infrastructure and $1 billion for maintaining and renovating existing infrastructure. In addition, the Governor's recommendation includes a $35.4 million increase in ongoing revenue to service debt payments on previous infrastructure projects.

Table 4: General Obligation and Revenue Bonds

General Obligation Bonds Payable (Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2019
2009 D Highway Issue	9/29/2009	2019, 2024	4.15 % - 4.55 %	$491,760	$417,615
2010 B Highway Issue	9/30/2010	2019 – 2025	3.19 % – 3.54 %	$621,980	$592,510
2011 A Highway/Capital Facility Issue	7/6/2011	2012 – 2021	2.00 % – 5.00 %	$609,920	$87,980
2013 Highway Issue	7/30/2013	2014 – 2028	3.00 % – 5.00 %	$226,175	$44,850
2015 Refunding Issue	4/29/2015	2019 – 2026	3.50 % – 5.00 %	$220,980	$117,785
2017 Highway/Prison Issue	7/10/2017	2019 – 2026	3.50 % – 5.00 %	$142,070	$124,855
2017 Refunding Issue	12/15/2017	2018 - 2028	0.0221	$118,700	$116,300
2018 Highway/Prison Issue	2/28/2018	2018 - 2032	3.13 % – 5.00 %	$343,155	$302,010
2019 Highway Issue	1/15/2019	2019 - 2033	0.05	$127,715	$121,290
2020 Highway Issue	2/11/2020	2020 - 2034	3.00 % – 5.00 %	$448,430	$448,430
2020B Highway Issue	5/14/2020	2020 - 2034	3.00 % – 5.00 %	$447,315	$447,315
Total General Obligation Bonds Outstanding					*$2,820,940*
Unamortized Bond Premium					$239,852
Total General Obligation Bonds Payable					**$3,060,792**

State Building Ownership Authority Lease Revenue Bonds Payable (Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2020
Government Activities					
Series 2009 E	9/9/2009	2018 – 2030	4.62% – 5.77%	$89,470	$57,690
Series 2010	11/30/2010	2011 – 2024	2.00% – 5.00%	$24,555	$8,094
Series 2011	10/25/2011	2012 – 2031	2.13% – 4.00%	$5,250	$1,960
Series 2012 A	11/20/2012	2017 – 2027	1.50% – 5.00%	$11,755	$8,135
Series 2012 B	11/20/2012	2013 – 2022	1.50% – 2.25%	$9,100	$759
Series 2015	4/29/2015	2016 – 2030	3.00% – 5.00%	$785	$55
Series 2016	4/5/2016	2016 – 2038	2.25% – 5.00%	$93,625	$87,175
Series 2017	12/15/2017	2020 – 2024	5.00%	$25,910	$21,105
Series 2018	2/21/2018	2020 – 2039	3.00% – 5.00%	$2,920	$2,825
Business-Type Activities					
Series 2009 C	9/9/2009	2024, 2029	5.29 %, 5.77 %	$16,715	$15,410
Series 2010	11/30/2010	2011 – 2024	2.00% – 5.00%	$12,180	$4,476
Series 2012 A	11/20/2012	2017 – 2027	1.50% – 5.00%	$3,855	$2,545
Series 2012 B	11/20/2012	2013 – 2022	1.50% – 2.25%	$2,600	$121
Series 2015	4/29/2015	2016 – 2030	3.00% – 5.00%	$29,230	$25,095
Series 2016	4/5/2016	2016 – 2038	2.25% – 5.00%	$4,525	$4,050
Series 2018	2/21/2018	2020 – 2039	3.00% – 5.00%	$15,545	$15,050
Series 2020	2/27/2020	2021 – 2039	2.00% – 5.00%	$18,865	$18,865
Total Lease Revenue Bonds Outstanding					*$273,410*
Unamortized Bond Premium					$8,895
Total Lease Revenue Bonds Payable					**$282,305**

Source: FY 2020 State of Utah Comprehensive Annual Financial Report

Legal Debt Margin (Millions)

	2016	2017	2018	2019	2020
Taxable Value	$235,273	$251,598	$271,649	$298,114	$329,096
Fair Market Value	$323,367	$347,716	$377,260	$415,650	$461,064
Debt Limit Amount (1.5%)	$4,851	$5,216	$5,659	$6,235	$6,916
Net General Obligation Bonded Debt	$2,585	$2,235	$2,498	$2,374	$3,061
Legal Debt Margin	$2,266	$2,981	$3,161	$3,861	$3,855
Net General Obligation Bonded Debt Percent of Limit	53.29%	42.85%	44.14%	38.08%	44.26%

Note: Article XIV, Section 1 of the Utah Constitution allows the State to contract debts not exceeding 1.5 percent of the total taxable property in the State.

Statutory Debt Limit (Millions)

	2016	2017	2018	2019	2020
Appropriations Limitation Amount	$3,469	$3,567	$3,738	$3,911	$3,990
Statutory Debt Limit (45%)	$1,561	$1,605	$1,682	$1,760	$1,796
Net General Obligation Bonded Debt	$2,585	$2,235	$2,498	$2,374	$3,061
Exempt Highway Construction Bonds	$2,402	$2,180	$2,282	$2,175	$2,534
Net General Obligation Bonded Debt Subject to Limit	$183	$55	$216	$199	$527
Additional General Obligation Debt Incurring Capacity	$1,378	$1,550	$1,466	$1,561	$1,269

Note: Article XIV, Section 5 of the Utah Constitution limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the Utah Code limits outstanding state general obligation debt to not exceed the 45% (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriation limit. Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings for years prior to 2014. Beginning in 2014, deferred amount on refunding is no longer included.

Source: FY 2020 State of Utah Comprehensive Annual Financial Report

Budget & Policy Brief

LET'S GO PLAY: OUTDOOR RECREATION & OPEN SPACE IMPROVE OUR QUALITY OF LIFE

Preserve Utah's legacy of a high quality of life by balancing quality urban growth with trails, parks, recreation amenities, wildlife habitat, watershed protection, and agricultural and open space preservation

Highlights

$125 million for outdoor recreation and open space, including the following:

- $100 million for outdoor recreation
- $7.3 million for the LeRay McAllister Critical Lands Conservation Fund
- $17.7 million to expand and improve recreation opportunities at Utah's state parks

$50 million to address transportation issues in the Wasatch canyons

Background

During the past year, Utahns have seen dramatic shifts in how they interact with their communities due to the COVID-19 pandemic. In lieu of distant vacations, many Utahns rediscovered their backyards. While much has been discussed regarding globalization in recent years, 2020 has shifted our focus inward as a great localization has reshaped many Utahns' relationships with their local communities. Even with travel restrictions in place, Utahns learned to physically distance by taking advantage of local parks, trails, and open spaces. While Utah's Mighty Five national parks have long attracted recreationists from every corner of the globe, 2020 became a year where community parks and trails also became star attractions. While Utahns have always been prone to "physical distancing" in Utah's great outdoors, the surge of participation during 2020 has underscored the importance of outdoor recreation and open spaces.

Since the last decennial Census in 2010, estimates indicate that Utah has been the nation's fastest-growing state. While people flock here for many reasons, Utah's unmatched quality of life and connections to magnificent landscapes play a key role in attracting and retaining residents. According to a study from the Kem C. Gardner Policy Institute, Utah's outdoor lifestyle and access to

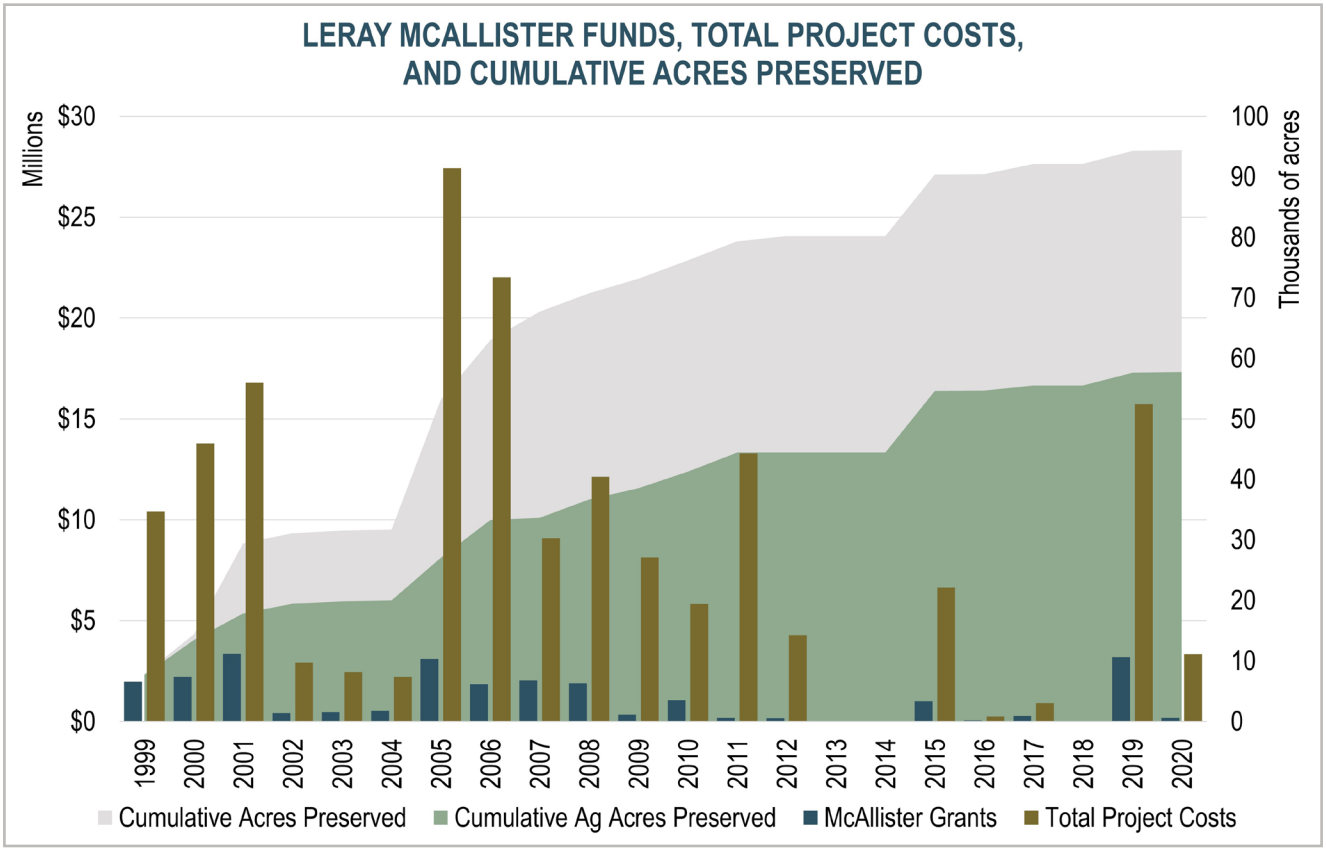
outdoor recreation was a significant aspect in business owners' decision to locate in Utah—ranking higher than tax rates, transportation, or educational quality. As Utah retains and attracts the best and brightest individuals, development pressures increase, open spaces are lost, and recreational destinations become increasingly crowded. In short, the very quality of life that makes Utah so attractive will be diminished if we do not take proactive steps to preserve and enhance it.

In fostering market-driven developments and transportation solutions, we must consider the close-to-home open spaces and recreation access that residents desire and provide the much-needed quality of life. While land uses can change over time, it is much easier and more likely to redevelop a site than it is to *undevelop* a site and return it to a natural open space, recreation amenity, or agricultural land. Thus, planning for and preserving these spaces must be done prior to development to be successful.

As a high-growth state, Utah's success can be measured not only by what and how it builds but also by what it chooses to leave untouched. Residents remember with gratitude the visionary leaders of foregone generations who built the freeway systems, transit systems, and airports that allow easier travel. They appreciate the significant structures that provide places of learning, employment, worship, and entertainment and add architectural interest to the skylines of Utah's cities. However, residents also commemorate with fondness those who recognized the unique and irreplaceable landscapes that were better left as they were created and the farmers who have worked the soil for generations to provide fresh, locally produced food.

In addition to protecting areas for recreation, protecting our agricultural areas is crucial to maintaining a high quality of life throughout the state. The value of local and secure food supplies has become increasingly apparent during a year that has been filled with supply-chain disruption. As land values increase in some of our most productive agricultural areas, the risk of paving over our prime agricultural soils becomes ever greater. State programs like the LeRay McAllister Critical Conservation Fund provide options for willing landowners to benefit financially from their land, while the public receives the benefit of locally produced food, open space, watershed protection, wildlife habitat, and the

FIGURE 1



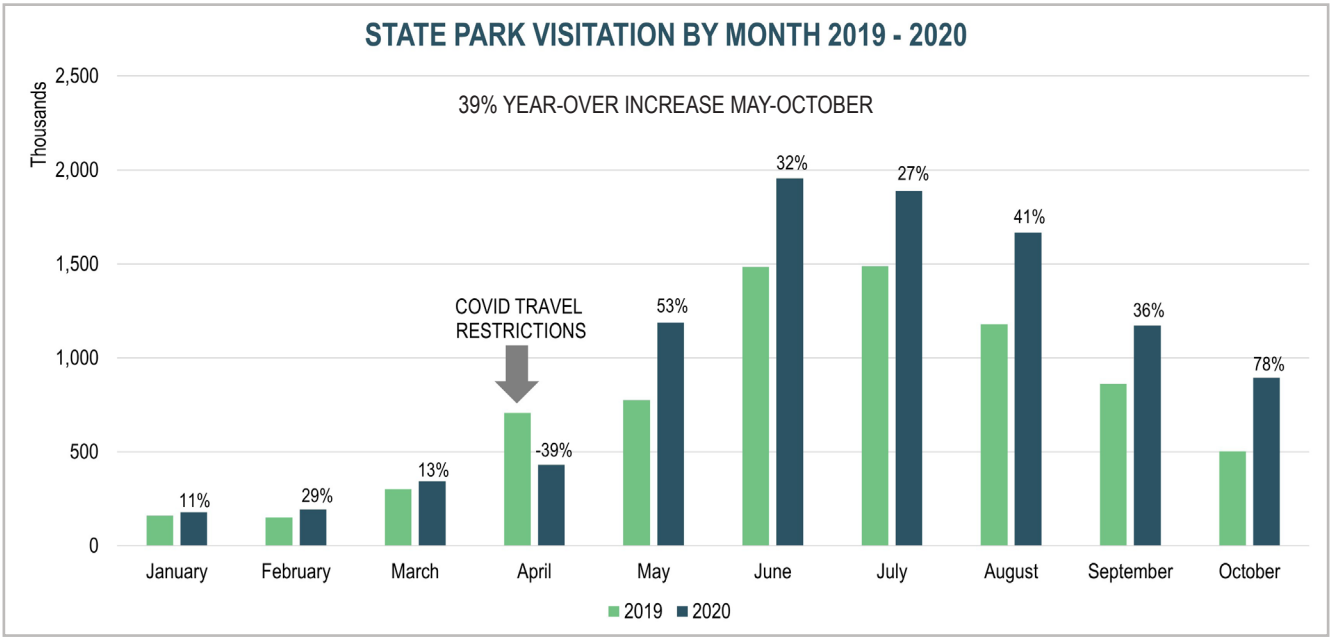
rural character that remind us of our agricultural heritage. In the past 20 years, the LeRay McAllister Fund has worked with conservation entities and local governments to preserve over 94,000 acres—including over 57,000 acres of agricultural land—throughout the state. The state's $25.2 million investment in this fund has leveraged over $211.9 million in non-state contributions. In addition to preserving our local food production and water quality, many of these protected landscapes provide access to Utah's incredible outdoor recreation and provide critical habitat for fish, game species, and sensitive wildlife such as the sage grouse. As development and recreation demand continue to increase, so too will the need to preserve and manage our most critical landscapes. The Governor recommends $7.3 million for this purpose.

Land preservation is crucial to preserve access and open space. However, demand for outdoor recreation infrastructure has only increased with the COVID-19 pandemic. During the summer and fall of 2020, state park visitation was up over 39% from the summer of 2019 with an additional 2.5 million visits. Similarly, hunting and fishing participation saw a noticeable increase this year as over 83,000 Utahns looked for physically distant activities that could be enjoyed close to home and purchased hunting or fishing licenses for the first time—a 40% increase in new customers. In total, over 488,600 Utahns currently possess a valid hunting or fishing license. Many more Utahns enjoyed hiking, wildlife watching, and camping in developed and undeveloped areas of Utah's magnificent landscape. Further, Utahns took to their local trails and bike paths in record numbers. Based on available trail counts, Utah saw an estimated 88% increase in walking and biking trips during the summer of 2020—with some experiencing short-term increases of over 100% from the prior year.

Accommodating these recreationists requires effort and resources. Fortunately, a 152% increase in fee collections since FY 2009 has reduced state park reliance on the General Fund by nearly 75%. During this time period, Utah's state parks have added over 100 improved campsites, added and improved restrooms, and built new state parks and facilities. Similarly, revenue from increasing hunting and fishing license sales allow Wildlife Resource professionals to manage our fisheries and wildlife populations and habitat.

Furthermore, Utahns have benefited from $16.3 million in state outdoor recreation grants invested in outdoor recreation infrastructure development since 2015.

FIGURE 2



This funding has leveraged matching dollars for a total investment of over $121.4 million and will provide sustained returns in Utah's quality of life, physical and mental health improvements, and ability to attract visitor spending for years to come. Through this program, over 370 miles of new family-friendly trails have been funded, 14 campgrounds have been improved, and several other projects have improved fishing, skiing, and bouldering amenities throughout the state. These investments improve residents' quality of life as well as the experience of the visitors Utah attracts each year.

While these initial investments provide a strong beginning to the state's commitment to funding outdoor recreation, the needs will not diminish once the funding source sunsets on January 1, 2023. The Governor recommends eliminating the current sunset date so the program can continue and further recommends a historic $100 million generational investment for this purpose.

Even with current funding, demand continues to surpass available funds. As more people discover Utah and the many benefits of outdoor recreation, additional facilities must be developed and maintained. The COVID-19 pandemic caused a surge in demand for trails and bike paths, while simultaneously causing budget freezes due to uncertain revenue projections that stalled planned trail expansion projects. While progress in past years has been significant, the state and local entities still need to fund and develop an estimated 615 miles of new family-friendly trails to meet the state's goal of adding 1,000 miles of family-friendly trails between 2017 and 2027. Fortunately, many local governments continue to develop active transportation plans that will provide the blueprint for future trails and pathway development.

It is unlikely that the new bikers, walkers, anglers, hunters, campers, climbers, and other outdoor recreationists will abandon these ambitions once the COVID-19 pandemic has passed. Additionally, as the surge in teleworking allows for much more flexibility in where the best and the brightest can choose to live, access to open lands and recreation infrastructure will become increasingly crucial to maintain our competitive advantage as a state. As Utah continues to grow and develop, proactive steps must be taken to preserve open spaces, agricultural lands, and recreation amenities that contribute so significantly to our quality of life and resilience.

FIGURE 3

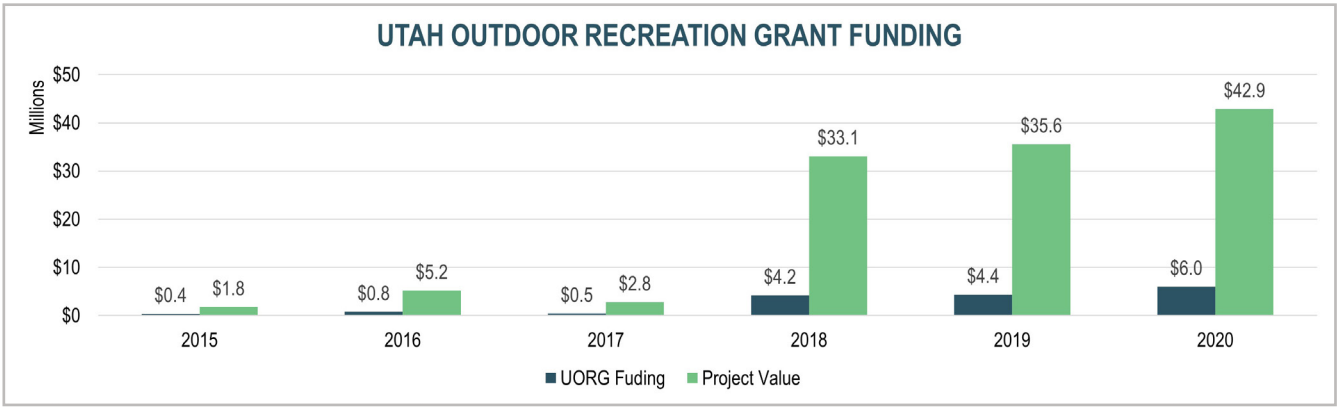
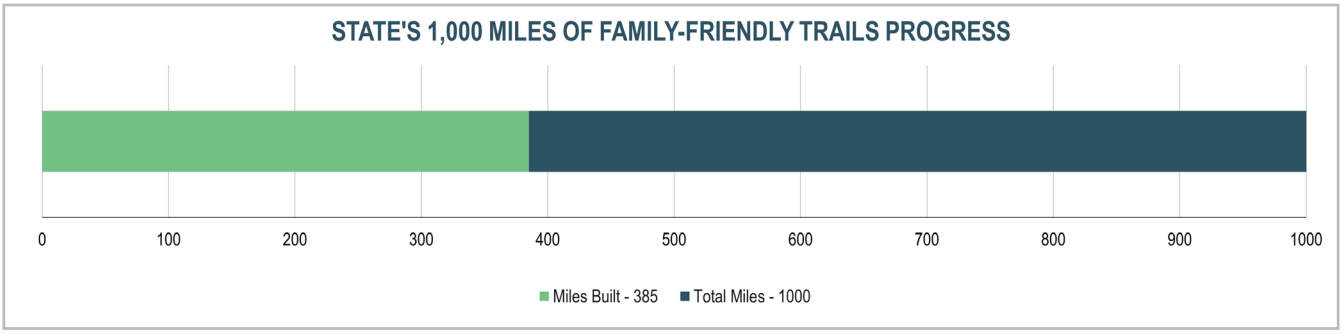


FIGURE 4



Recommendations

To perpetuate Utah's heritage as a wise steward of the natural landscape and to allow continued preservation of the most unique and irreplaceable open spaces, agricultural lands, and recreational amenities, the Governor recommends the following:

- An unprecedented $100 million boost for outdoor recreation, trails, open space, and parks. To maintain and enhance Utah's quality of life in the face of continued population growth and increasing demand for open space and outdoor recreation, the Governor recommends significant investments in the future of Utah's health, beauty, and livability. This investment will benefit current residents and leave an enduring legacy for future generations.
- $50 million to address transportation congestion issues in the Wasatch canyons. With millions of visitors seeking access to the geographically constrained spaces of the Wasatch canyons each year, traffic congestion has become a significant challenge. Finding solutions to accommodate surging visitation without degrading the environment, watershed, or user experience will require the continued efforts and resources befitting of these recreational gems.
- Invest $7.3 million in the LeRay McAllister Critical Lands Conservation Fund to preserve and restore natural and agricultural lands in areas facing the greatest likelihood of development. As Utah experiences steady population growth and the accompanying increase in development, state-funded open space preservation should keep pace with population growth—projected to increase by 18% over the next ten years. The LeRay McAllister Critical Land Conservation Fund has been a unique and significant source of matching funds for preserving over 94,000 acres of prime agricultural lands, cherished cultural landscapes, pristine watersheds, and critical wildlife habitat for sensitive species and prized game alike. Keeping this program funded will enable landowners, local governments, and conservation entities to plan ahead with the knowledge that resources will be available to preserve Utah's most unique and irreplaceable open lands.
- Invest $17.7 million of user fees to expand and improve state park camping, lodging, and other infrastructure, including new and expanded campgrounds at Quail Creek, Bear Lake, Escalante, and Palisade State Parks. As state parks experience record visitation, revenues should continue to be reinvested to improve and expand the visitor experience.
- Remove the sunset on the Utah Outdoor Recreation Grant funding. As more and more people discover Utah's magnificent outdoor landscapes, the need to expand, enhance, and maintain our recreation infrastructure will only increase. Since a significant percentage of those who pay transient room taxes participate in outdoor recreation, it is appropriate to continue to dedicate a portion of these taxes to improve the visitor experience through improving facilities. In addition to facilitating a variety of other outdoor recreation infrastructure, this funding will contribute toward funding and developing the estimated 615 additional trail miles needed by 2027 to meet the state's goal of 1,000 miles of family-friendly trails within ten years.
- The Governor recommends increased local control of the use of local transient room taxes.
- Invest $1.5 million for the Shared Stewardship Initiative to leverage $4 million from the U.S. Forest Service for on-the-ground projects in mutually identified landscapes. This will accelerate planning and implementation for priority forest management work to reduce wildfires and improve watersheds and wildlife habitat.

LET'S GO BREATHE: AIR QUALITY REMAINS A PRIORITY

Utah has made significant strides to address air quality, but more remains to be accomplished

Highlights

$356 million for air quality efforts, including $350 million to double-track FrontRunner and $6 million for electric vehicle charging stations in rural Utah

Continued improvement toward 25% reduction in per capita emissions by 2026

Utah's air quality is compliant with EPA standards

INVESTING IN UTAH'S AIR

Good air quality is essential to Utah's long-term economic vitality and quality of life. Fortunately, Utah's air quality continues a trend of significant improvement, even with a growing population and economy. Given the improvements outlined below, important work remains to be done. For this reason, the Governor recommends both generational state financial investments and increased individual and community actions to improve Utah's air quality and transportation systems.

Reliable and Efficient Transportation (Double-Tracking FrontRunner). The Governor recommends a generational $350 million investment to strategically double-track FrontRunner and significantly improve the reliability and frequency of commuter rail. Together with leveraged federal resources, this investment will allow for double-tracking many track segments, purchasing more trains, and expanding platforms. The linear valleys of the greater Wasatch Front region are ideally suited to mass transit solutions. Investing in the FrontRunner commuter rail system has already yielded significant returns in reducing congestion on I-15. During the first ten years of operation, FrontRunner transported more than 31 million riders—many of whom would have otherwise added to freeway traffic and vehicle emissions. As our population continues to grow, increasing vehicle miles traveled will begin to erode the air quality progress gained from adopting cleaner Tier 3 fuels. A successful long-term approach to transportation and air quality must include improving the efficiency and reliability of commuter rail to increase the viability of transit as a primary transportation mode.

Teleworking. The COVID-19 pandemic has drastically accelerated trends in teleworking. Where some were hesitant to pursue teleworking options prior to the pandemic, many have found it to be an effective alternative that improves productivity, enhances work-life balance, and saves money for the employee and employer alike. Additionally, teleworking has decreased the number of cars on the road and diffused peak travel times.

The Governor recommends that the state continue to solidify and expand telework as part of the state workplace culture. Furthermore, for those state employees who are not worksite essential, the state should require teleworking on yellow and red air days and encourage similar actions from the private sector. Finally, agencies should encourage teleworking options that allow interested employees to live off of the Wasatch Front. This will strengthen rural economies and result in fewer commuters in more congested airsheds.

Active Transportation Infrastructure. One impact of the COVID-19 pandemic has been a historic increase in biking and active transportation. Based on available trail counts, it is estimated that biking and walking increased by approximately 88% during the summer of 2020. This zero-emission form of transportation benefits physical and mental health and contributes to improved air quality. The Governor recommends continued focus on active transportation infrastructure in keeping with the 2017 goal to add 1,000 miles of family-friendly trails and paths by 2027. While many of the trails funded with the $125 million recommended for open space and trails are primarily for recreation purposes, some can also facilitate active transportation for commuting purposes.

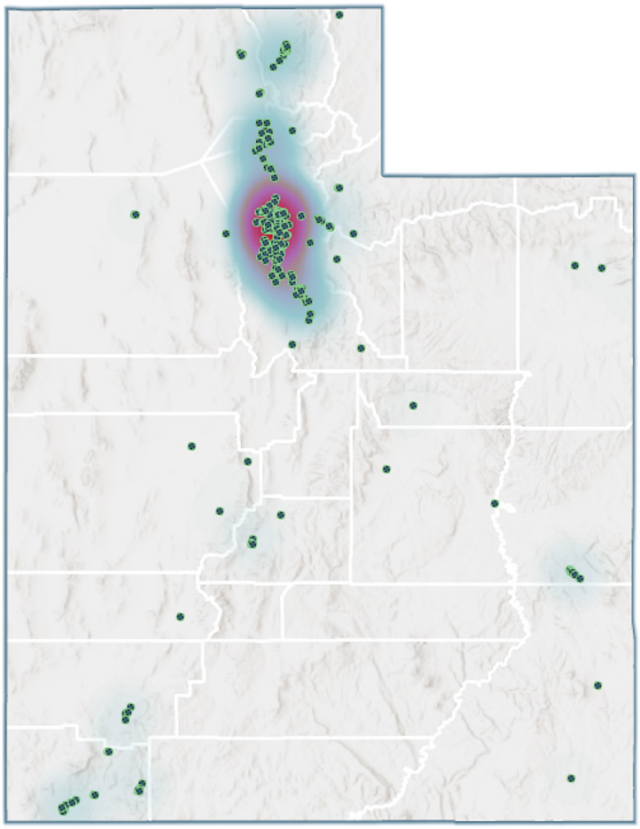
Efficient Land Uses. Utah has been the nation's fastest growing state in the past decade. With growth projected to continue increasing into the future, it is critical that communities design future development with air quality in mind. This includes providing well-connected transportation choices (such as transit and active transportation options) and mixed-use centers to provide access to jobs, services, and shopping within a short walk, drive, or transit trip of the majority of Utah residents.

Transition to Tier Three Fuels. In 2014, the Herbert-Cox administration endorsed accelerating the transition to Tier 3 standards. Tier 3, an integrated system of national vehicle and fuel standards, requires that much cleaner vehicles phase in from model years 2017 to 2025. Tier 3 standards also require the reduction of sulfur content in gasoline from 30 to 10 parts per million (ppm).

Vehicle emission controls are more effective when the gasoline used has lower sulfur content. For this reason, the Governor continues to encourage local gasoline refineries to produce low-sulfur Tier 3 gasoline. Four operators—Silver Eagle, Marathon, Chevron, and HollyFrontier—are already producing Tier 3 gasoline, and this fuel can currently be purchased along the Wasatch Front. The remaining refinery, Big West, indicates it will be producing Tier 3 fuel by 2024. The Governor applauds the local refineries for committing to produce cleaner fuels in Utah.

Electric Vehicle Charging Infrastructure. During the 2020 General Session, HB 259 required UDOT to develop an electric charging station plan to increase the availability of DC fast charging stations. Utah does have the beginnings of a statewide DC fast charger network. However, this network is largely limited to urban areas and interstate highways. A need exists to extend this network into key areas of rural Utah, including the Uintah Basin, central and southern Utah, and the West Desert to eliminate range anxiety (i.e. an electric car driver's worry that the battery will run out of power before the destination or a suitable charging point is reached). There is also a need for more chargers along existing corridors to reduce crowding and to provide alternative charging sites in the event of equipment failure. Finally, locating chargers at Utah's state parks, national parks, and national monuments will enhance tourism opportunities.

UDOT is currently working to identify gaps in Utah's electric vehicle charging station network. Once identified, the state can coordinate with the private sector to prioritize strategic ways to fill the gaps in locations that best foster economic development, tourism, and private ownership. Additionally,



ELECTRIC VEHICLE CHARGING STATIONS

the Governor recommends $6 million be allocated to Rural Electric Vehicle Charging infrastructure to ensure that stations are built out in high-priority locations in rural parts of the state.

The US Office of Energy Efficiency and Renewable Energy says that electric vehicles typically produce fewer life cycle emissions than conventional gas vehicles because most emissions are lower for electricity generation than burning gasoline or diesel. Also, on a national average, it costs less than half as much to travel the same distance in an electric vehicle than a conventional gas vehicle. These benefits, coupled with the fact that 42% of the Wasatch Front's air pollution comes from mobile-vehicle emissions, mean that the more zero-emissions vehicles on the road (and the more the state can incentivize their use through a comprehensive charging network), the greater the benefit to regional air quality.

Forest Management. Even if all human-caused wildfires were eliminated, the state would continue to experience naturally occurring fires that will impact air quality. The impacts of these fires can be reduced, however, through proper forest and range management. Through efforts such as the Watershed Restoration Initiative (WRI), the Catastrophic Wildfire Reduction Strategy, and the Shared Stewardship Initiative, the Governor recommends continuous focus on forest and range health that will reduce the occurrences and impacts from catastrophic wildfires. To this end, the Governor recommends the state contribute $1.5 million to the Shared Stewardship Initiative, which will be matched by $4 million of federal funds. These dollars will be used to strengthen cooperative efforts with the US Forest Service to identify and treat priority areas to decrease both natural and human-caused wildfires.

Individual Actions. Clean air benefits every Utahn. While advances in Tier 3 fuels, electric vehicles, and energy efficient buildings will continue to reduce our per capita emissions, our continued population growth means that Utahns must remain committed to a culture of continuous improvement. Choosing energy efficient housing designs, filling up at stations with Tier 3 fuels, using transit or active transportation options, and using remote work options on yellow and red air days must all be part of our combined efforts to clear our air. The Governor calls for the state to continue moving in this direction and calls on the private sector to do its part, including a review of fleets and teleworking opportunities.

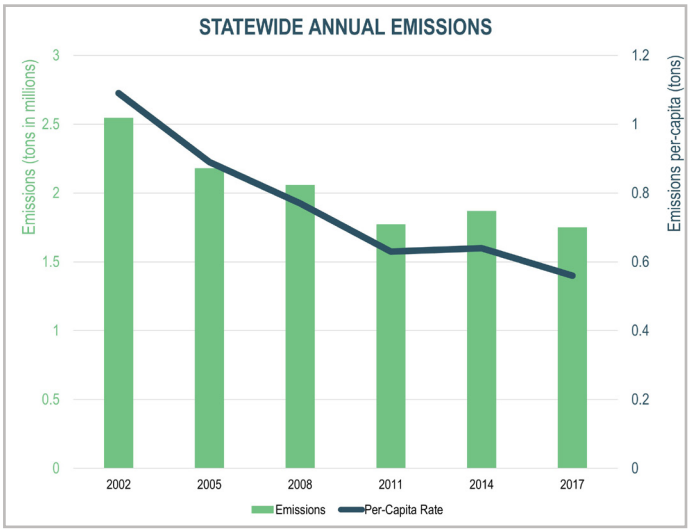
CONTINUOUS IMPROVEMENT

Between 2002 and 2017 (the year of the latest statewide emissions inventory), total statewide emissions dropped by 27.3%, even as Utah's population increased by more than 770,000 people. Adjusting for this population growth, this means Utah achieved a very sizable 45.7% reduction in per capita emissions.

Additionally, the maximum daily air quality index value—a scale that measures the health impacts of all air pollutants—has improved by 10% in annual average values over the past ten years along the Wasatch Front. Utah residents and business owners continue to do their part in making our air healthier. Large industries reduced air pollutant emissions by 12% between 2017 and 2019—resulting in over 9,000 fewer tons of particulate matter. Along the Wasatch Front, these criteria pollutants decreased by 19% over the same time period.

After decades of work, all areas in Utah now meet the 2006 federal standard for PM2.5 and have been designated as being in attainment by the Environmental Protection Agency. This milestone demonstrates the impressive progress our state has made through emission control installation, state rules controlling emissions at industrial sources, and the introduction of Tier 3 fuels. However, this achievement does not diminish the state's ongoing commitment to continuous and sustained improvement. With the federal standards met, the state will continue to strengthen partnerships and innovation with an eye toward the state goal of reducing emissions by 25% across the state by 2026.

FIGURE 1



An estimated 85% of Utah's winter air pollution comes from mobile and local area sources such as vehicles, homes, consumer products, and small businesses. Over the past three years, winter air pollution levels have also improved significantly. While the COVID-19 pandemic has had numerous negative impacts, it has demonstrated that a significant portion of our workforce can effectively use teleworking options and avoid the drive to a physical office space. As teleworking continues to be a more widely used work option, employees and businesses can leverage this option to have a greater impact on reducing wintertime emissions. For those who are unable to telework, it will be increasingly critical to have an efficient and reliable transit system to provide transportation options with extremely low per-passenger emissions.

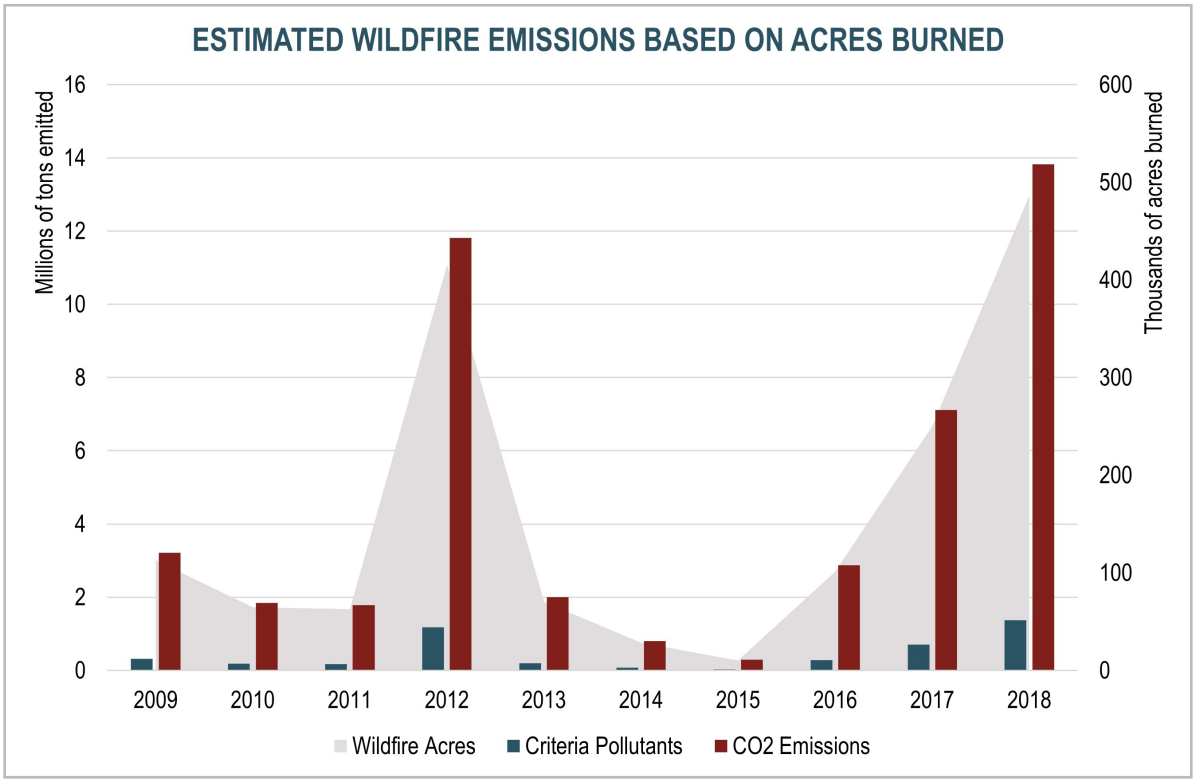
In summertime, wildfires can often contribute to regional haze and air pollution. Human-caused wildfires account for more than half of all wildfires in Utah annually and also contribute to Utah's air quality problems. Unfortunately, 2020 was a record-setting year for human-caused wildfires as record numbers of Utahns spent time recreating outdoors. In fact, as of November 2020, humans caused 1,110 wildfires that burned over 107,000 acres. Human-caused fires, and the emissions they cause, are entirely preventable. Specifically problematic are equipment-caused wildfires along roadsides, which are the number one human cause of wildfires in the state.

To reduce fire risk, the Utah Department of Transportation (UDOT) is now conducting roadside mowing in advance of fire season. Changing the timing of mowing will measurably reduce burnable fuels on the roadside, thus reducing the number of wildfires and improving air quality during fire season. Additionally, the Division of Forestry, Fire, and State Lands is increasing fire prevention efforts to reduce the risk of human-caused wildfires through a statewide education and outreach campaign. This, along with fuel reduction treatments, will continue to reduce the risk of catastrophic wildfires and the associated air quality impacts.

In recent years, Utah has taken the following significant actions to improve air quality:

- Required industrial sources to install stringent new control technology
- Passed nearly 30 new formal administrative rules addressing large categories of emission sources
- Launched public education campaigns
- Implemented travel-reduction plans
- Obtained grants to help build clean fuel infrastructure
- Coordinated prescribed fire and smoke management activities to mitigate the impacts from large wildfires

FIGURE 2



While great strides have been made, more remains to be accomplished. Utah's unique topography, climate, and air chemistry exacerbate air pollution during certain times of the year. The Department of Environmental Quality (DEQ) is researching, through state and federally funded grant dollars, to gain a greater understanding of the causes and effects of Utah's unique air pollution contributors to determine the most effective and cost-efficient mechanisms for improvement.

Current research projects include understanding emissions from natural-gas fired engines in the Uintah Basin, better quantifying the exploration and production emissions from the different oil and gas formations in the Basin, exploring the effect of wildfires on ozone formation on the Wasatch Front, and understanding PM2.5 formation mechanisms specific to Utah airsheds. With better data on the sources of air pollution, DEQ's Division of Air Quality (DAQ) can build better models. These models help inform policy decisions and assist in better regulation of pollution. Better policies and better regulation lead to better air quality.

25% AIR QUALITY IMPROVEMENT TARGET

In 2017, the state set an ambitious goal to reduce annual statewide anthropogenic (human-originated) emissions by 100,000 tons by 2026. This goal represents a 25% per capita reduction.

To help meet this target, in 2020 the Herbert-Cox administration proposed a historic $100 million allocation to fund high-impact air quality improvement projects. Investment strategies focus on efforts generating the greatest pollution reduction at the lowest cost. The Legislature appropriated $28.7 million for FY 2020, a historic allocation in its own right, for both statewide enterprise projects and efforts focused on the public at large.

DAQ and the Department of Administrative Services Resource Stewardship Division have already achieved significant progress in implementing and establishing the programs with the $28.7 million in funding provided in the 2020 General Session.

Wood burning contributes significantly to winter inversions and pollution levels across the most populated parts of Utah. To put this in perspective, one fireplace can emit as much particulate pollution as 90 SUVs, and the pollution from one wood-burning stove is equivalent to the amount emitted from 3,000 gas stoves. Because of this large impact, a significant portion of the $28.7 million FY 2020 investment ($9 million) went to a comprehensive wood stove replacement program, which offers incentives to convert existing fireplaces or wood stoves into natural gas units.

As of October 2020, DAQ has completed approximately 700 wood stove and fireplace conversions with approximately $2 million of the allocation. With the remaining $7 million, the state can convert up to an additional 1,600 wood stoves or fireplaces—with a focus on awarding to low income households and those that use wood stoves and fireplaces for home heating, instead of recreational use.

Budget & Policy Brief

HELPING THOSE IN NEED: SOCIAL ASSISTANCE

Elevate vulnerable populations in order to achieve sustainable and positive outcomes, appropriate workforce participation, and self-sufficiency through efficient operational design and effective service delivery

Highlights

Invest in Utah's social safety net programs to ensure access and sustainability throughout the duration of the COVID-19 public health crisis and into the future.

Ensure that Utah's social service interventions respond to those disproportionately impacted by the pandemic's negative economic impacts.

$100 million in one-time General Fund support to continue the state's pandemic public health response, including activities such as testing, surveillance and other epidemiologic support. The federal COVID-19 relief package, enacted in late December 2020, will add another round of significant federal funding to states to conduct testing and for vaccine procurement and distribution, among other supports.

$20.3 million in ongoing funding for traditional Medicaid consensus items in FY 2022, as well as $79.6 million in one-time state fund savings, mostly made available by increased pandemic-related federal cost sharing in FY 2021.

Nearly $130 million from the Medicaid Expansion Fund to continue serving the expansion population in FY 2022.

Restore $36 million in General Fund to the Medicaid Expansion Fund to promote structural balance between ongoing resources and future program expenditures.

Strengthen the state's behavioral health provider workforce with $450,000 for student financial assistance, and increased faculty and operational support to the Master of Social Work Graduate Program at Utah State University.

Restore numerous 2020 General Session appropriations, such as $1.5 million to support rural emergency services, $1.5 million for Baby Watch early intervention caseload increases, and $3.3 million to recruit and retain front line social service and state hospital workers in the Department of Human Services, among other items.

Medicaid Expansion

Prior to the global COVID-19 pandemic's onset, early 2020 brought full implementation of Utah's 2019-adopted Medicaid expansion program. In January 2020, Utah launched the 'Fallback Plan' addendum to the state's Medicaid expansion program, which extended Medicaid eligibility to individuals with income up to 138% of the Federal Poverty Level (FPL) who were not otherwise categorically eligible for benefits. As of November 2020, Utah's Medicaid expansion programs cover roughly 75,000 enrollees.

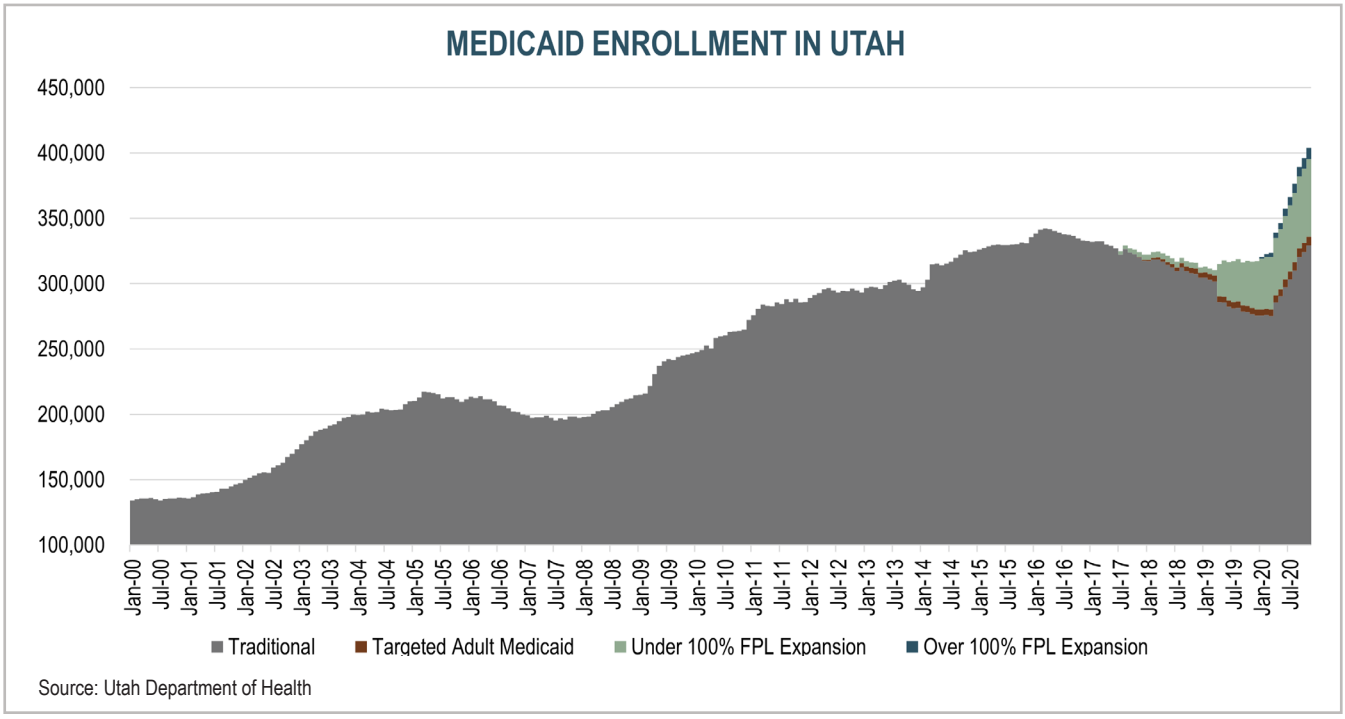
The 2020 General Session brought further policy developments to Utah's social service network, with new funding and statutory assurance that mobile crisis outreach teams operate in rural counties of the state, the creation of a behavioral health receiving center grant to support acute crisis interventions outside of emergency room or law enforcement settings, and enactment of a new limited services supports waiver that expands the reach of community-based care to people with disabilities.

COVID-19 Pandemic

Just as the state turned its attention to implementing many of these new or enhanced programs, the COVID-19 public health crisis emerged, requiring an immediate and massively scaled response from all levels of government. On March 18th, the federal Families First Coronavirus Response Act (FFCRA) was signed into law. On March 27th, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted. The federal assistance provided by the CARES Act was in many ways unprecedented, both in terms of magnitude—over $2 trillion in economic relief nationally—and timing, with much of the stimulus impacting state economies primarily in the second and third quarters of 2020. While the CARES Act directly assisted businesses and households through the Paycheck Protection Program and IRS economic impact payments, states also oversaw key sources of this aid package. The subsequent Paycheck Protection Program and Health Care Enhancement Act enacted on April 24th provided additional financial support.

Utah's Department of Workforce Services was one of the first agencies in the country to begin delivering the enhanced weekly unemployment insurance benefit of $600 to displaced workers, and Utah's legislative and executive branches engaged to appropriate and deploy over $900 million in Coronavirus Relief Fund (CRF). Numerous CRF-resourced interventions specifically buoyed Utah's social safety net, such as $30.5 million for residential housing assistance and housing needs for at-risk populations, $8 million for behavioral health services, $1 million for services for victims of domestic violence, and $7.5 million for respite

FIGURE 1



Source: Utah Department of Health

care and equipment for people with disabilities, among many other social-service-oriented allocations.

Although less recognized as an economic vehicle than the CARES Act, the Families First Coronavirus Response Act (FFCRA) also provided Utah a significant financial infusion. The FFCRA provided a 6.2 percentage point increase in the federal share of state Medicaid spending through the end of the calendar quarter in which the public health emergency declaration ends. Currently, Utah's Medicaid consensus process has identified nearly $79 million in FY 2021 state General Fund savings associated with this pandemic assistance.

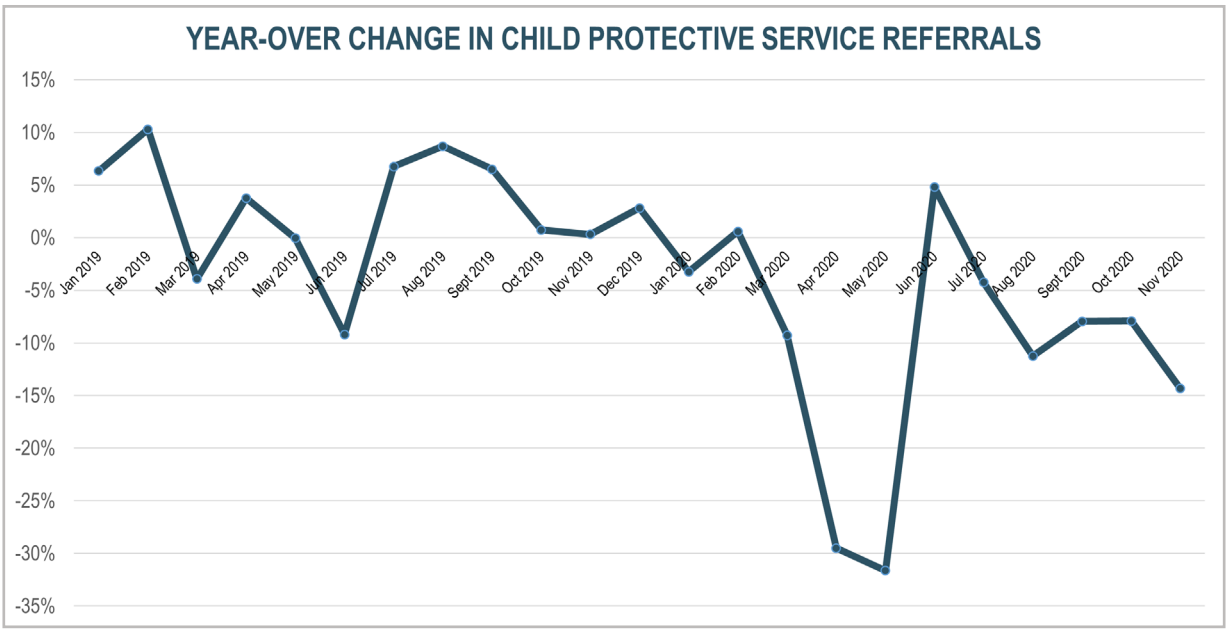
A condition of receipt of these new federal funds is a requirement that states maintain eligibility and provide continuous coverage for Medicaid enrollees during the public health emergency. While the precise number of continuously covered enrollees has not been estimated for FY 2021, the 6.2 percentage point increase in federal match is expected to outweigh the state share of FFCRA continuous enrollment driven costs. Nevertheless, as seen in Figure 1, the combined effects of countercyclical program entrants and the maintenance of FFCRA coverage for those who may have otherwise been disenrolled have resulted in a dramatic program enrollment acceleration since the beginning of the pandemic.

Pandemic pressures and other impacts have affected social service and health systems beyond Medicaid. In the early-to-mid spring, referrals to the state's child protective services system experienced an approximate 30% year-over decline as K-12 school closures limited opportunities for teachers and other staff to report suspected abuse and neglect (Figure 2). During that same time period, average weekly visits to emergency rooms for reasons of self-harm, and suicide attempt and ideation had grown on a year-over basis, but not at the growth levels seen in January and February of 2020. Fortunately, these reductions in emergency room visits may not be entirely indicative of foregone care, since state investments in crisis line services better enabled non-clinical response to these mental health needs, with the warm line also functioning as intended by providing a backstop for non-crisis care.

Budget and Policy Recommendations for Selected Social Service Items

In many ways, Utah has fared much better than other states through the COVID-19 public health crisis. As the state looks forward to COVID-19 vaccinations at scale moving into 2021, the Governor recommends concurrent improvements to Utah's social service system. These recommendations include identifying and evaluating essential mental health system investments, keeping a careful eye on post-FFCRA Medicaid enrollment, restoring structural balance to Utah's Medicaid expansion programs, and continuing the integration of workflows and systems to overcome program silos and allow multi-service beneficiaries to focus on most effectively utilizing services to achieve stability.

FIGURE 2



- $76.3 million in net one-time savings in FY 2021 for Medicaid consensus items, primarily due to the federal cost sharing increase of 6.2% for three-fourths of the state fiscal year.
- $20.3 million in ongoing funding for traditional Medicaid consensus items in FY 2022 to address net cost changes associated with year-over differences in enrollment, the traditional non-FFCRA FMAP and other anticipated program expenditures.
- Nearly $130 million from the Medicaid Expansion Fund to continue serving the expansion population in FY 2022.
- $36 million in ongoing General Fund directed back to the Medicaid Expansion Fund in order to restore long-term fiscal integrity to the program.
- Over $1.5 million in one-time and $3 million in ongoing state funds to Utah support provider networks, thereby ensuring access to and sustainability of Medicaid autism services, Children's Health Insurance Program managed care plans, intermediate care facilities, and Medicaid participating behavioral health providers.
- Almost $9 million in ongoing funding to support youth in state custody who are transitioning to Division of Services for People with Disabilities (DSPD) benefits and additional needs for current DSPD service recipients.
- $11.9 million ongoing to support various social service items such as caseload growth in the Baby Watch early intervention program, individuals transitioning from intermediate care facilities to community-based services, rural emergency medical services, staffing and retention needs in the Department of Human Services and Utah State Hospital, the continued operation of the Salt Lake Health Clinic of Utah, increased access to social work programs and mental and behavioral health grants, among other items.

IMPROVING CORRECTIONS, PUBLIC SAFETY, AND RECIDIVISM

Continuing the state's focus on reducing recidivism, improving public safety, and enhancing fair administration of justice

Highlights

$2.5 million increase to restore grants supporting indigent defense in local governments and to establish a statewide appellate office for counties of the third through sixth class (counties with populations of 125,000 or less)

$250,000 ongoing increase for public safety equity and inclusion staff

$120,000 ongoing increase for a courts public outreach coordinator for marginalized communities

$34.1 million, including a $1.6 million increase for jail contracting consistent with new statutory requirements

$3.1 million to fully restore hiring additional Adult Probation and Parole agents and case workers at the Utah Department of Corrections to implement the Milestone Management Blueprint, which will allow sharing of case management plans with social service agencies to improve outcomes for offenders who are under supervision

$4.8 million to fund the fourth year of the certified pay plan for the Utah Department of Corrections to improve officer retention

$10 million ($8.6 million one-time and $1.4 million ongoing) to fund workforce and equipment needs in the Utah Highway Patrol, including 46 highway patrol vehicles and a new helicopter and staff for the Department of Public Safety Aero Bureau

$15.4 million for jail reimbursement, including a $1.3 million increase

A Fair System of Justice

It is critical that all Utahns have equal access to justice and that the law be administered appropriately. A strong criminal justice system ensures both the protection and trust of Utah citizens and the equitable administration of justice, allows a victim to feel justice has been served, provides indigent criminal defense consistent with the state and federal Constitutions, and helps released offenders successfully become contributing members of society.

To further the equitable administration of justice, the Governor recommends a $250,000 ongoing increase for public safety equity and inclusion staff and a $120,000 ongoing increase for a courts public outreach coordinator for marginalized communities. He also recommends $2.5 million for indigent defense as detailed below.

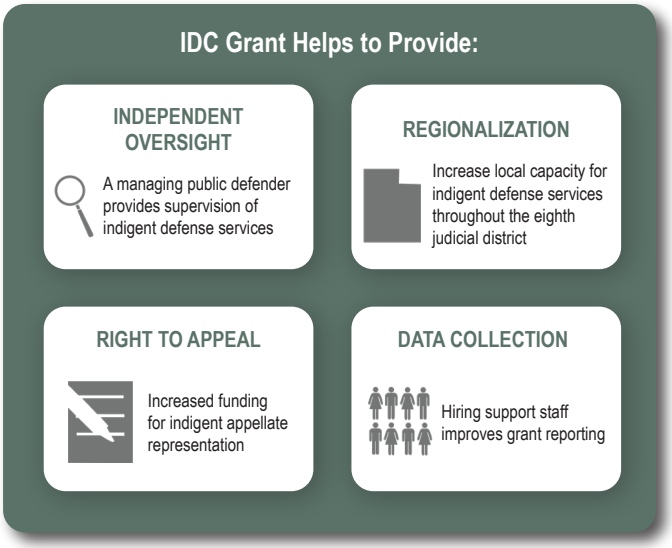
Indigent Defense

In 2016, the Legislature created the Indigent Defense Commission housed within the Commission on Criminal and Juvenile Justice (CCJJ). The Indigent Defense Commission protects constitutionally guaranteed liberties through ongoing support for effective indigent defense services in the state. Adults with incomes at or below 150% of the U.S. poverty level, or who otherwise have insufficient income to pay for legal services without depriving the individual or family of food, shelter, clothing, and/or other necessities, qualify for court appointment of indigent defense services.

The Governor recommends restoring $1.5 million to establish a centralized appellate office for counties with populations less than 125,000 to increase the quality of appellate representation and to help provide consistency across Utah's local criminal justice systems. Additionally, the Governor recommends restoring $1 million ongoing General Fund for grant funding to continue providing indigent defense assistance to local governments.

Milestone Management

In 2019, the Department of Corrections adopted sweeping changes to its case management practice, both in the prison and under community supervision. In a groundbreaking move, Corrections redesigned the Correctional Case Manager position to defend critical staff time meaningfully spent on offender rehabilitation. Among other changes, case managers and Adult Probation and Parole officers were no longer reassigned to offenders with every physical relocation of the offender. This created more continuity of care and case planning. With significantly increased case manager capacity in the Draper and Gunnison prisons, the Inmate Placement Program, and Adult Probation and Parole, overdue offender assessments decreased by over 66%, allowing the system to more effectively address each offender's needs.



The Department of Corrections also elevated rehabilitative programming for offenders to the top priority for the entire correctional system. New correctional data and technology features now support true needs and eligibility-based programming offerings have been thoroughly re-evaluated for fidelity and to provide a continuum of care. The re-entry teams were crafted to begin transitioning inmates back into the community ahead of their release. With these changes in place, nearly one-third of offenders on supervision earned early exits in 2020, compared to only 6% in 2019. The Department of Corrections' ultimate goal is to see every eligible offender rigorously earn their early exit from correctional jurisdiction.

The solution went live in August 2020, featuring automated information sharing based on client consent, with case managers receiving notification if their client appears to be concurrently engaged across programs. As available, Adult Probation and Parole overlaid clients' case plans into a single view to gauge the true capacity and status of the client at any given time.

Between the only five programs currently participating, the solution connects case managers for up to 2,000

(approximately 10%) clients who may be engaged with at least two programs at any given time. At this time, the agency is making enhancements to the solution in preparation to onboard additional client information related to education, behavioral and physical health, housing, and more.

Corrections

The Governor recommends $4.8 million to restore funding for the fourth year of the Department of Corrections' certified officer pay plan, better allowing the agency to stay competitive with local law enforcement pay, with the intent to reduce costly turnover. As turnover declines, resources previously dedicated to dealing with turnover's effects can be redirected to salaries, making the pay plan self funded over time.

The Governor further recommends fully restoring $3.1 million from the 2020 General Session to reinstate all funded positions for Adult Probation and Parole community case management to help alleviate the significant caseload current staff face due to more higher intensity individuals being released from prison (over the last five years, the number of intensive-risk-level offenders who have been released into the community has increased by 61%).

Justice Reinvestment

In August 2020, the average daily population of Utah's prison hit its lowest point since June 2003, at 5,691 inmates. As shown in Figure 1, prior to hitting this current milestone low, the prison population has been relatively unstable.

Prior to implementing criminal justice reforms after the passage of H.B. 348 (2015 General Session), the prison population had peaked at 7,192 in September 2013 and remained high (at 7,049) in January 2015 just before approval of the reform package. By January 2017, the prison population fell to 6,108 inmates—a low point not seen since 2005. From that point, however, the population began to rise steadily again for several years to 6,820 in October 2019. While still well below levels prior to reform, it represented an increase of almost 12% over the low achieved in the two years after initiation of the reforms.

FIGURE 1

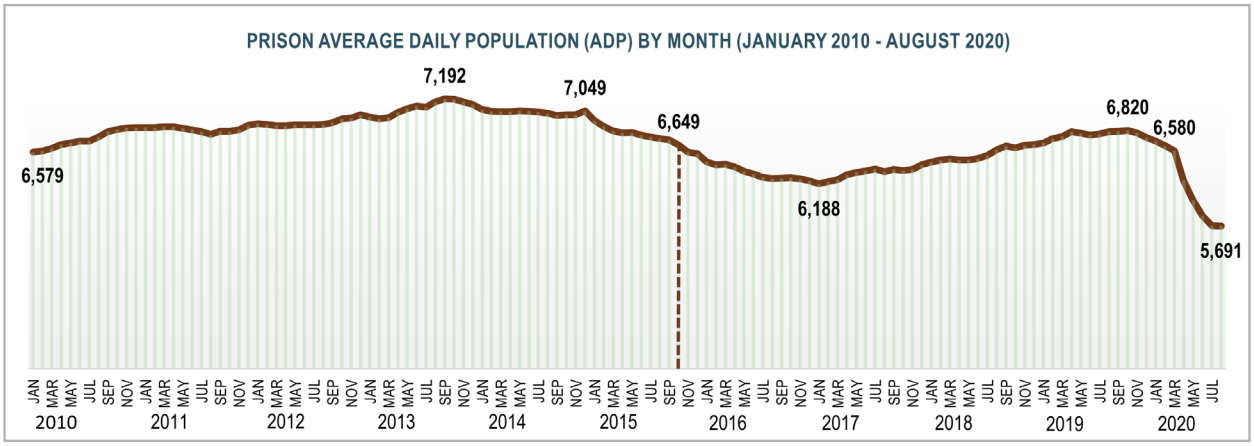
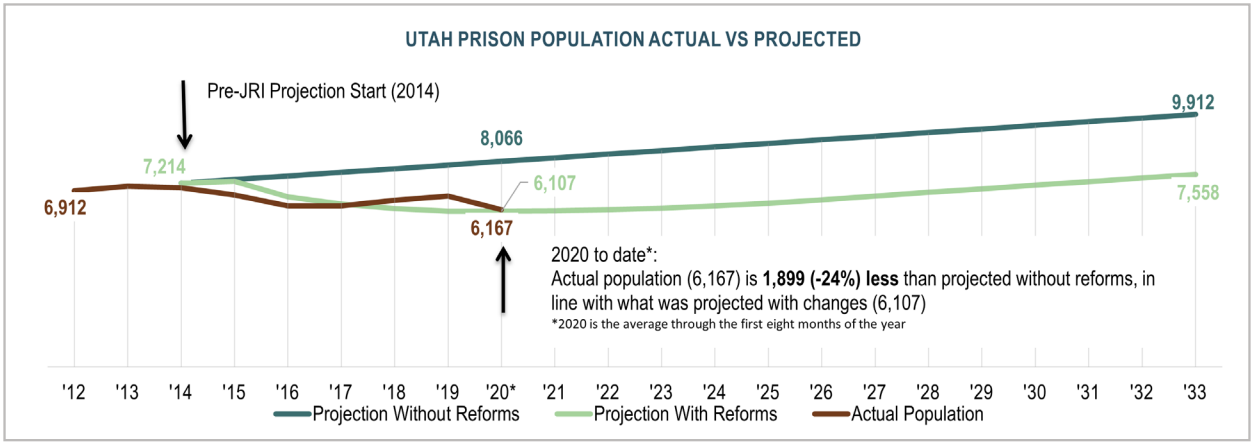


FIGURE 2



Prior to reform, 62% of offenders sent directly to prison from court were sentenced for nonviolent crimes, and nonviolent offenders consistently made up over 40% of the prison population. Despite research demonstrating the diminishing public safety returns of longer prison sentences, nonviolent offenders were spending 18% longer in prison compared to ten years prior even as crime rates were decreasing.

Since implementation of reforms, Utah has been successful in focusing prison beds on serious and violent offenders. Nonviolent offenders now account for 34% of the prison population and 46% of direct prison sentences. Length of stay for these offenders and those admitted for technical violations of parole and probation is significantly down while remaining steady for those with violent offenses. These achievements have occurred while crime rates remain low.

The volume of both admission to and release from the prison has been increasing, as well as the volatility of their interplay, which has a direct effect on the stability of the prison population (increases occur when admissions exceed releases and vice versa). Reform policies aimed at standardizing supervision practices have not been as successful as anticipated, and the supervision population has shifted to a greater concentration of offenders requiring intensive levels of probation and parole. As a result, the system has experienced higher-than-expected failure rates, particularly for those on parole. The increase in the number of revocations, which is in large part caused by technical violations, puts pressure on the prison population. In FY 2020, 60% of prison admissions came from parole and 22% came from probation, while only 18% came from direct sentences from the court. Adult Probation and Parole clearly needs more evidence-based tools to deal with this supervision population beyond what the initial reforms recommended.

The current pandemic plays a large role in the historic low population levels in the prison at this time, though a more modest decrease had already begun prior to March 2020 (a

FIGURE 3

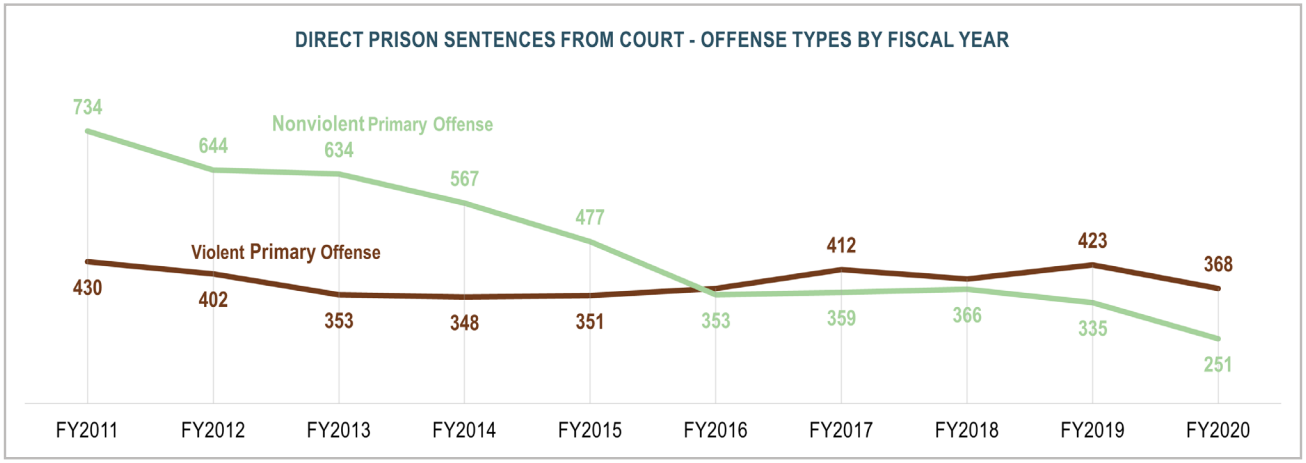
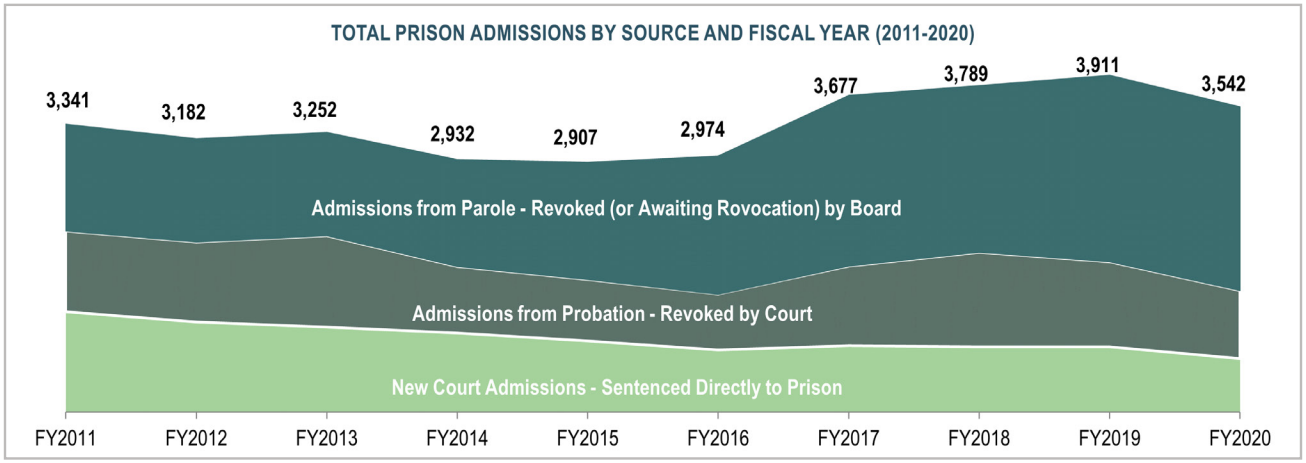


FIGURE 4



4% decrease occurred from October 2019 to March followed by a much larger drop of over 13% between March 2020 and August 2020).

This situation also creates an opportunity to recalibrate the state's approach to the implementation of the reforms and redouble efforts to ensure that the prison population remains stable at these lower levels. CCJJ and its Executive Committee have begun discussing plans to address issues with community supervision over the past year. The recent comprehensive and timely audit of the Justice Reinvestment Initiative (JRI) by the Office of the Legislative Auditor General also addressed many themes that were under discussion by CCJJ and others.

Issues include improved information sharing for oversight and accountability (particularly for connecting offenders to treatment), improved coordination and communication at the local level through criminal justice coordinating councils, increased access to treatment for offenders and improved monitoring of its effectiveness and outcomes, and improved implementation of evidence-based supervision practices.

As a result of this and previous discussion, CCJJ has proposed the formation of four workgroups anchored by its Executive Committee to plan and do the work necessary to sustain low prison and jail levels:

1. **Local Criminal Justice Coordination** – form coordinating bodies in counties or regions to increase information flow
2. **No Entry** – improve a service system that keeps individuals out of the criminal justice system and helps those within it to avoid the cycle of incarceration
3. **Implementation Fidelity** – apply recommendations of the audit with an emphasis on evidence-based supervision, treatment practices, and data sharing
4. **Redefining Success and Recidivism** – develop new measures to capture outcomes in the criminal justice system with an emphasis on promoting success

Jail Reimbursement

The state reimburses counties at a specified rate for the cost of offenders sentenced to jail as a condition of felony probation. For FY 2021, jail reimbursement funding initially increased to $17.4 million, but was cut to about $14 million during the 2020 5th Special Session. Legislative changes to jail reimbursement formulas, along with significant decreases to jail populations due to the pandemic, have created a situation in FY 2021 wherein the total appropriated for jail reimbursement exceeds the total distribution to counties based on existing allocation formulas. For FY 2022, the Governor recommends an additional $1.34 million for jail reimbursement and calls upon the Legislature to ensure that the total amount appropropriated going forward be available for full distribution to counties based on statutory formula.

Jail Contracting

The state contracts with counties at a specified rate to cover costs associated with housing state inmates in county jails. The Governor recommends a total of $34.1 million ongoing General Fund for FY 2022 ($32.5 million base funding and an additional $1.6 million needed to comply with the new statutory formula enacted by SB 236 of the 2020 General Session). This will allow the state to house approximately 1,517 inmates in county jails in FY 2022.

Public Safety

The Governor recommends $1.6 million from the General Fund to purchase 46 new Utah Highway Patrol (UHP) vehicles for troopers who transitioned from the Rio Grande project and other needs. Additionally, the Governor recommends $1.2 million for additional UHP equipment needs.

The Governor also recommends $6.3 million from the General Fund to replace a 25-year-old helicopter and to fund additional staff for the Department of Public Safety (DPS) Aero Bureau team to properly carry out their duties. The new helicopter will be equipped with proper rescue equipment (i.e. a hoist for resources in remote or dangerous locations), police support equipment, modernized aircraft safety improvements, and safety standards.

Finally, the Governor recommends funding for two critical pay plan increases for better hiring and retention outcomes. First, $600,000 from the General Fund to increase state 911 dispatchers' wages to be competitive with other non-state dispatch entities. Second, $1.86 million to fund a more competitive pay plan for sworn officers (troopers), which will help the department to attract and retain quality employees.

BUDGET BASICS: WHY WE SHOULD AVOID EARMARKS

Voter approval of Constitutional Amendment G enhanced constitutional budget flexibility by expanding the permissible uses of income tax. In light of this constitutional earmark reduction, the Governor recommends that the Legislature reconsider its recent approach to earmarking general revenues as the preferred method for handling important issues.

Highlights

Constitutional Amendment G relaxed the constitutional earmark of income tax revenue

The Legislature should reconsider its earmark policy, as continued earmark expansion runs counter to the direction in Constitutional Amendment G and puts the state on the path of the federal government and states experiencing fiscal challenges

In FY 2022, an estimated $1.2 billion of General Fund and Education Fund revenues will be earmarked, including 26% of state sales tax revenue

Constitutional Amendment G

Constitutional Amendment G, which was approved by voters in 2020, expanded the permitted uses of income tax revenues to include programs for children and disabled people in addition to educational uses. This expansion provides greater constitutional flexibility in managing the state budget. Statutory funding guarantees for education were an essential component of this constitutional change and will enhance education funding stability. However, as the state moves forward with these changes in place, this constitutional change that increases budget flexibility should not be offset by further statutory earmark expansions that reduce budget flexibility.

The fiscal problems of the federal government and of many states with recurring fiscal challenges stem directly from revenue earmarks hamstringing the annual budget process. Utah should avoid continuing down this dangerous path.

Earmark Alternatives Should Be Considered

To preserve the state's strong fiscal standing, the state's long-term fiscal wellbeing requires a healthy annual budget prioritization process. This process is weakened to the degree that general state tax revenue is statutorily earmarked for specific purposes. As Figure 1 shows, earmarking has grown dramatically in the past 15 years. In FY 2022, 26% of sales tax revenue will be earmarked. When recent Education Fund earmarks are included with General Fund earmarks, over $1.2 billion of general state revenue will be earmarked (see Table 5).

Programs funded with earmarked revenues do not fully compete against other state needs, potentially resulting in a less efficient allocation of state dollars. Such earmarks tend to become viewed as captured revenue—revenue belonging only to those benefiting from the earmark—rather than as general taxpayer dollars focused on the highest priority use. Reducing or repealing earmarks gives Utah lawmakers more budget flexibility.

The largest earmarks are used for infrastructure. To be clear, investing in infrastructure is key to Utah's long-term economic and fiscal health. However, earmarking general revenues is not the only way to pay for this infrastructure. A better approach than earmarking general revenues for infrastructure is to align cost with use through user fees, rather than through general taxes, so that those who use the resource the most pay the most. This is particularly urgent with transportation, where fuel taxes may not keep pace with long-term demand as cars become more fuel efficient and more drivers turn to hybrid and electric vehicles. Requiring those who use the roads more heavily to increasingly pay a larger share of transportation costs through user fees such as road usage charges, transportation service taxes and fees, and congestion pricing would lead to both a more economically efficient transportation system and allow for a reduction in sales tax earmarks. Similarly, water user fees can facilitate more efficient use of water.

The Governor opposes the expansion of existing earmarks or the enactment of new earmarks.

FIGURE 1

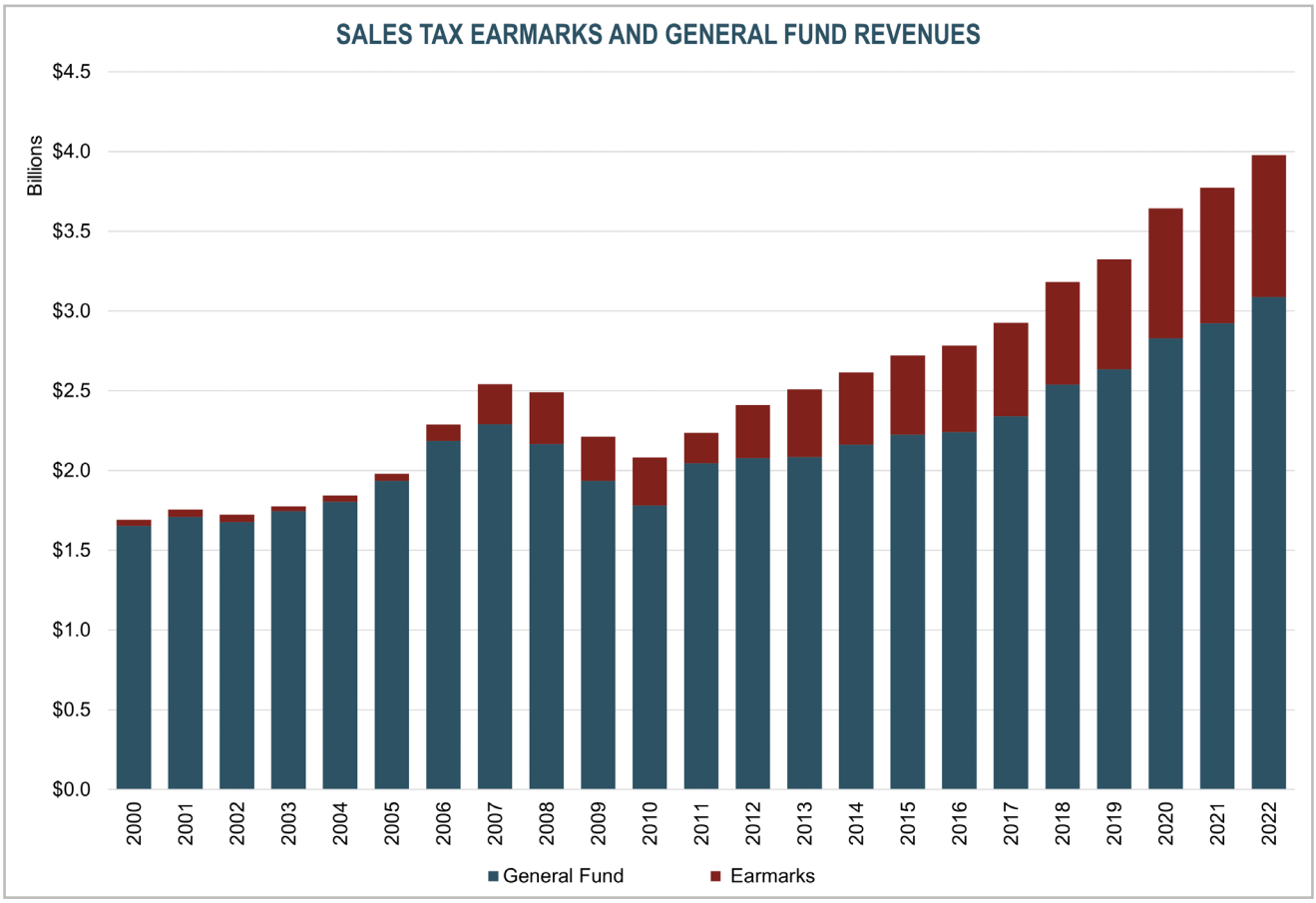


TABLE 5

General Fund and Education Fund Earmarks and Set-Asides FY 2022

Earmarks are revenues set aside for a certain purpose. This table includes earmarks from revenues that have historically been deposited into the General Fund and Education Fund. As shown in the table, General and Education Fund earmarks total $1.2 billion in FY 2022. All numbers are in thousands of dollars.

Earmark Item	Statute	Actual FY 2020	Authorized FY 2021	Consensus FY 2021	% Chg. FY 20 - FY 21	Consensus FY 2022	% Chg. FY 21 - FY 22
Sales and Use Tax							
Transportation:							
Transportation Investment Fund of 2005 (1/16%)	59-12-103(6)	17,398	8,835	9,177	-47.3%	0	-100.0%
Transportation Investment Fund of 2005 (17% of sales tax)	59-12-103(8)	507,553	513,276	535,620	5.5%	566,843	5.8%
Transportation Investment Fund of 2005 (.05%)	59-12-103(11)	15,365	10,335	10,806	-29.7%	5,735	-46.9%
Transportation Investment Fund of 2005 (3.68% of sales tax)	59-12-103(8)	103,671	95,774	105,156	1.4%	109,699	4.3%
Transit and Transportation Investment Fund (35% over $.294 fuel tax)	59-12-103(9)	6,199	10,593	10,790	74.0%	13,006	20.5%
Additional Earmark Reduction	59-12-103(15)	0	0	-1,813		-1,813	0.0%
Subtotal - Sales and Use Tax Transportation		**650,186**	**638,813**	**669,735**	**3.0%**	**693,469**	**3.5%**
Water:							
Water development (85% of $ over $18.5M gen. by 1/16%)	59-12-103(5)(d)	21,543	22,123	23,574	9.4%	25,621	8.7%
Water Infrastructure Account	59-12-103(6)	26,097	35,342	36,708	40.7%	48,292	31.6%
Water development (41% of $17.5M)	59-12-103(4)(e)	7,175	7,175	7,175	0.0%	7,175	0.0%
Drinking water (20.5% of $17.5M)	59-12-103(4)(g)	3,588	3,588	3,588	0.0%	3,588	0.0%
Water quality (20.5% of $17.5M)	59-12-103(4)(f)	3,588	3,588	3,588	0.0%	3,588	0.0%
Endangered species (14% of $17.5M)	59-12-103(4)(b)(i)	2,450	2,450	2,450	0.0%	2,450	0.0%
Water rights (15% of $ over $18.5M gen. by 1/16%)	59-12-103(5)(e)	3,802	3,904	4,160	9.4%	4,521	8.7%
Agricultural resource development (3% of $17.5M)	59-12-103(4)(c)	525	525	525	0.0%	525	0.0%
Watershed rehabilitation ($ over $18M gen by 1/16%, up to $500K)	59-12-103(5)(b)	500	500	500	0.0%	500	0.0%
Water rights (1% of $17.5M)	59-12-103(4)(d)	175	175	175	0.0%	175	0.0%
Cloud seeding ($ over $18M gen by 1/16%, up to $150K)	59-12-103(5)(c)	150	150	150	0.0%	150	0.0%
Subtotal - Sales and Use Tax Water		**69,592**	**79,519**	**82,592**	**18.7%**	**96,584**	**16.9%**
Other:							
Qualifed Emergency Food Agency Fund	59-12-103(10)	534	534	534	0.0%	534	0.0%
Search and Rescue Financial Assistance Program	59-12-103(14)	0	0	200		200	0.0%
Medicaid Expansion Fund	59-12-103(13)	94,686	90,404	94,658	0.0%	100,566	6.2%
Subtotal - Sales and Use Tax Other		**95,220**	**90,938**	**95,392**	**0.2%**	**101,300**	**6.2%**
Subtotal - All Sales and Use Tax Earmarks		**814,999**	**809,269**	**847,719**	**4.0%**	**891,352**	**5.1%**
Severance Tax:							
Permanent State Trust Fund	51-9-305	10,097	8,131	6,628	-34.4%	7,807	17.8%
Subtotal - Severance Tax		**10,097**	**8,131**	**6,628**	**0.0%**	**7,807**	**0.0%**
Cigarette Tax:							
Dept. of Health - tobacco prevention and control media campaign	59-14-204(5)(c)(i)	250	250	250	0.0%	250	0.0%
Dept. of Health - tobacco prevention, reduction, cessation, control	59-14-204(5)(c)(ii)	2,900	2,900	2,900	0.0%	2,900	0.0%
University of Utah - Huntsman Cancer research	59-14-204(5)(c)(iii)	2,000	2,000	2,000	0.0%	2,000	0.0%
University of Utah - medical eduation	59-14-204(5)(c)(iv)	2,800	2,800	2,800	0.0%	2,800	0.0%
Subtotal - Cigarette Tax Earmarks		**7,950**	**7,950**	**7,950**	**0.0%**	**7,950**	**0.0%**
Beer Tax:							
Alcohol law enforcement	59-15-109	5,577	5,651	5,651	1.3%	6,365	12.6%
Subtotal - Beer Tax		**5,577**	**5,651**	**5,651**	**1.3%**	**6,365**	**12.6%**
Insurance Premium Tax:							
Fire Academy Support Account	53-7-204(2)	3,974	4,056	4,139	4.2%	4,348	5.0%
Relative Value Study Restricted Account	59-9-105	159	162	166	4.2%	174	5.0%
Workplace Safety Account	34A-2-701	1,365	1,393	1,422	4.2%	1,493	5.0%
Employers' Reinsurance Fund	34A-2-702	9,794	9,997	10,201	4.2%	10,715	5.0%
Uninsured Employers' Fund	34A-2-704	1,693	1,728	1,763	4.2%	1,852	5.0%
Firefighters' Retirement Trust & Agency Fund	49-11-901(5)	7,948	8,112	8,279	4.2%	8,695	5.0%
Public Safety and Firefighter Tier II Retirement Enhancements	49-11-904	0	0	0		1,188	
Subtotal - Insurance Premium Tax		**24,933**	**25,449**	**25,970**	**4.2%**	**28,465**	**9.6%**
General Fund Set-Asides							
Economic Development - Tax Increment Financing	63N-2-109	3,255	3,255	3,255	0.0%	3,255	0.0%
Subtotal - General Fund Set-Asides		**3,255**	**3,255**	**3,255**	**0.0%**	**3,255**	**0.0%**
Subtotal - All General Fund Earmarks and Set-Asides		**866,812**	**859,705**	**897,172**	**3.5%**	**945,195**	**5.4%**
Education Fund							
K-12 Enrollment Growth	53F-9-201.1	0	0	0		75,573	
Inflationary Adjustment to Weighted Pupil Unit (WPU)	53F-9-201.1	0	0	0		61,906	
10% of New Ongoing Education Fund to Increase WPU	53F-9-201.1	0	0	0		47,644	
15% of New Ongoing Education Fund into Education Stabilization Acct	53F-9-204	0	0	0		71,132	
Peformance Funding Restricted Account	53B-7-703	2,854	8,292	8,292	190.5%	11,208	35.2%
Subtotal - Education Fund		**2,854**	**8,292**	**8,292**	**190.5%**	**267,462**	**3125.4%**
Total - General Fund and Education Fund Earmarks		**869,666**	**867,998**	**905,465**	**4.1%**	**1,212,657**	**33.9%**

Table 6 - Recommended General, Education, and Uniform School Funds

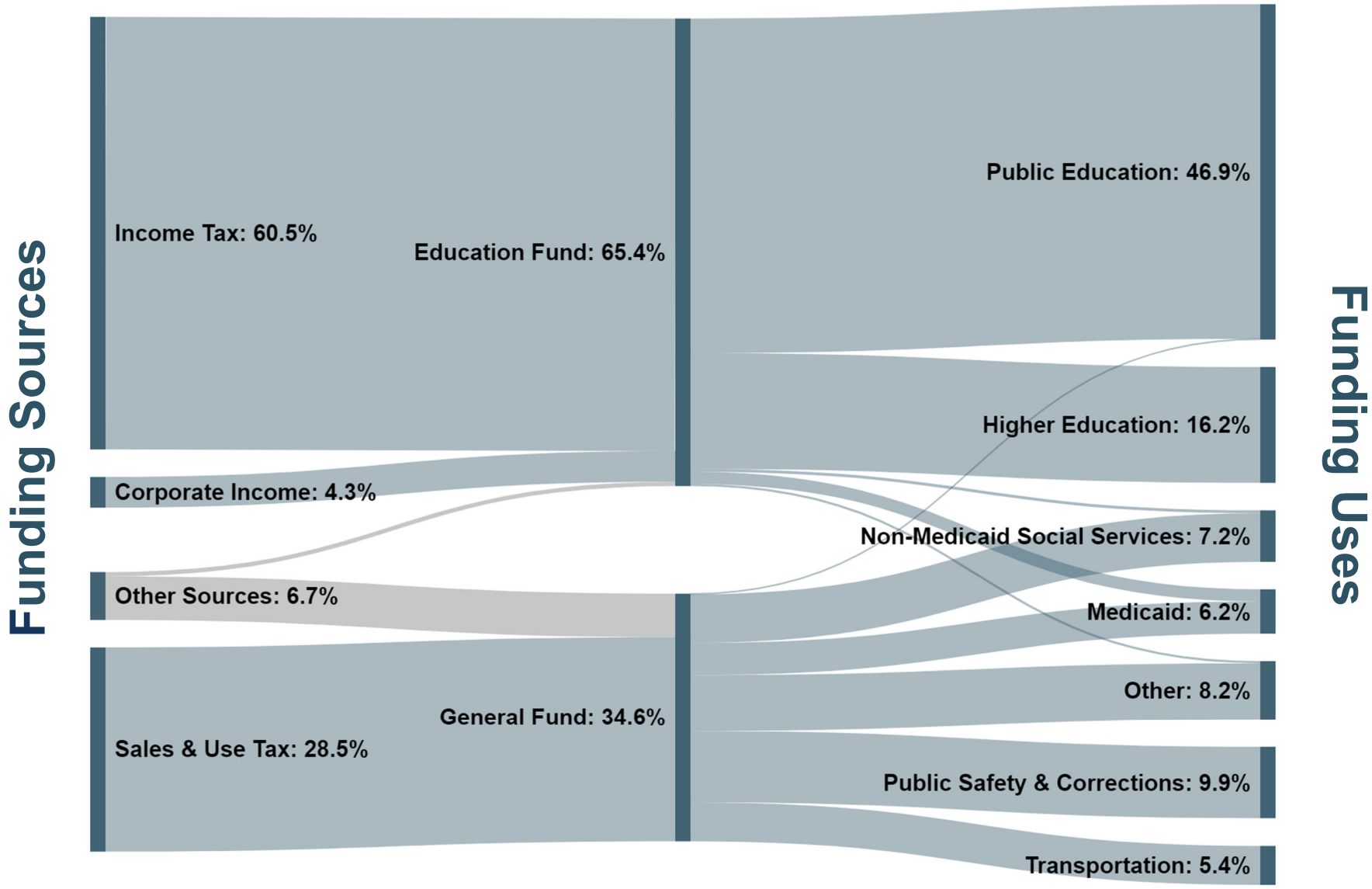
(In Thousands of Dollars)

		Governor's Recommendations					
Sources	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
General Fund	2,504,530	2,756,337	0	2,756,337	2,753,059	199,858	2,952,916
General Fund, One-time	258,248	183,215	189,412	372,627	0	151,397	151,397
Education Fund	4,835,906	4,743,458	0	4,743,458	4,744,165	-3,229,718	1,514,446
Education Fund, One-time	-330,508	727,671	213,260	940,931	0	654,593	654,593
Uniform School Fund	32,500	25,500	0	25,500	25,500	3,662,255	3,687,755
Uniform School Fund, One-time	-3,000	0	26,805	26,805	0	31,477	31,477
Grand Total	**7,297,676**	**8,436,181**	**429,477**	**8,865,658**	**7,522,723**	**1,469,861**	**8,992,584**

Programs	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
Operating							
Administrative Services	42,769	26,195	252,552	278,747	25,166	18,538	43,703
Agriculture and Food	13,985	17,149	1,636	18,785	15,158	3,460	18,618
Attorney General	38,801	29,280	700	29,980	29,076	2,292	31,368
Auditor	4,307	3,715	0	3,715	3,500	87	3,587
Board of Pardons and Parole	6,432	6,597	0	6,597	5,980	963	6,944
Capitol Preservation Board	5,745	4,936	0	4,936	4,931	-665	4,267
Career Service Review Office	279	290	0	290	289	6	295
Commerce	0	72	0	72	1	0	1
Corrections	325,217	331,358	538	331,896	333,342	20,452	353,794
Courts	145,205	141,586	210	141,796	142,606	6,211	148,817
Economic Development	44,992	43,047	0	43,047	31,176	160,853	192,029
Energy Development	1,662	1,665	0	1,665	1,611	29	1,640
Environmental Quality	15,813	26,901	0	26,901	15,384	5,794	21,177
Governor and Lieutenant Governor	43,373	41,633	5,606	47,239	37,680	10,686	48,366
Health	475,763	605,047	-59,746	545,301	613,053	22,956	636,009
Heritage and Arts	26,727	28,526	1,084	29,610	27,385	7,905	35,290
Higher Education	1,133,550	1,258,691	626	1,259,317	1,187,070	114,752	1,301,822
Human Resource Management	0	85	0	85	42	0	42
Human Services	416,884	446,850	-16,841	430,009	444,189	20,979	465,168
Insurance	0	24	0	24	10	0	10
Juvenile Justice Services	93,602	90,115	-151	89,964	89,750	1,515	91,265
Labor Commission	6,870	6,651	0	6,651	6,627	470	7,096
Legislature	19,041	45,698	0	45,698	31,661	665	32,325
National Guard	7,745	12,738	0	12,738	7,524	3,564	11,088
Natural Resources	57,187	56,639	60,000	116,639	46,008	10,219	56,228
Public Education	3,541,673	3,632,576	139,439	3,772,015	3,597,843	290,239	3,888,083
Public Lands Policy Coordination	2,146	3,279	204	3,483	2,674	231	2,904
Public Safety	100,483	100,855	530	101,385	100,289	18,263	118,552
Tax Commission	53,766	52,349	48	52,397	51,794	1,208	53,003
Technology Services	2,524	1,911	0	1,911	1,908	14	1,922
Transportation	6,429	9,228	0	9,228	2,877	482,108	484,985
Treasurer	1,031	1,080	0	1,080	1,028	520	1,548
Utah Education and Telehealth Network	32,338	28,596	0	28,596	28,227	5,765	33,992
Utah Science, Technology, and Research	354	38	0	38	38	-38	0
Veterans and Military Affairs	4,187	3,680	500	4,180	3,691	532	4,224
Workforce Services	88,232	102,727	-887	101,840	88,758	1,703	90,461
Subtotal Operating Budget	***6,759,111***	***7,161,807***	***386,048***	***7,547,855***	***6,978,343***	***1,212,277***	***8,190,620***
Capital							
Capital Budget	142,639	137,765	33,100	170,865	137,765	142,929	280,694
Natural Resources	448	599	0	599	599	0	599
Public Education	14,500	14,500	0	14,500	14,500	0	14,500
Subtotal Capital Budget	***157,587***	***152,864***	***33,100***	***185,964***	***152,864***	***142,929***	***295,793***
Debt Service	38,308	47,861	4,175	52,037	37,535	42,531	80,065

		Governor's Recommendations					
Sources	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
Transfers							
Administrative Services	14,000	12,000	0	12,000	12,000	15,000	27,000
Agriculture and Food	3,046	4,646	0	4,646	4,096	0	4,096
Attorney General	2,125	79	0	79	227	3	231
Capital Budget	0	603,973	0	603,973	2,077	0	2,077
Economic Development	24,500	16,332	6,154	22,486	24,493	0	24,493
Environmental Quality	1,724	1,552	0	1,552	1,552	0	1,552
Governor and Lieutenant Governor	5,154	5,659	0	5,659	5,656	2,000	7,656
Health	25,992	28,227	0	28,227	3,238	1,500	4,738
Heritage and Arts	20	20	0	20	20	0	20
Higher Education	16,500	16,500	0	16,500	16,500	0	16,500
Human Services	315	315	0	315	315	0	315
National Guard	1,010	1,210	0	1,210	10	0	10
Natural Resources	589	250	0	250	250	0	250
Public Education	208,348	345,303	0	345,303	261,785	52,433	314,218
Public Safety	3,716	216	0	216	216	0	216
Tax Commission	219	219	0	219	219	0	219
Transfers	19,245	19,457	0	19,457	0	1,188	1,188
Transportation	0	1,525	0	1,525	3,660	0	3,660
Workforce Services	16,167	16,167	0	16,167	17,667	0	17,667
Subtotal Transfers	***342,670***	***1,073,649***	***6,154***	***1,079,803***	***353,982***	***72,124***	***426,106***
Total	**7,297,676**	**8,436,181**	**429,477**	**8,865,658**	**7,522,723**	**1,469,861**	**8,992,584**

Sources and Uses of Unrestricted General Fund and Education Fund
FY 2022 Recommendations $9.0 Billion



Based on *Table 6 - Recommended General, Education, and Uniform School Funds*. Figures may vary from other sources due to rounding and categorization.

Table 7 - Recommended State-collected Funds

(Operating and Capital Budgets, in Thousands of Dollars)

		Governor's Recommendations					
Sources	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
General Fund	2,395,875	2,676,939	0	2,676,939	2,677,362	144,167	2,821,530
General Fund, One-time	249,081	-289,839	183,258	-106,581	0	187,396	187,396
Education Fund	4,564,058	4,465,173	0	4,465,173	4,465,879	-3,323,335	1,142,544
Education Fund, One-time	-283,508	484,758	213,260	698,018	0	725,725	725,725
Uniform School Fund	32,500	25,500	0	25,500	25,500	3,632,306	3,657,806
Uniform School Fund, One-time	-3,000	0	26,805	26,805	0	31,477	31,477
Transportation Fund	576,425	641,510	0	641,510	641,510	10,448	651,958
Transportation Fund, One-time	4,156	1,469	1,722	3,191	0	8,073	8,073
General Fund Restricted	468,880	423,056	24,227	447,283	405,070	43,044	448,114
Education Special Revenue	336,424	377,533	0	377,533	377,150	55,797	432,947
Transportation Special Revenue	70,143	74,448	109	74,557	73,066	972	74,038
Dedicated Credits	769,014	769,833	105,266	875,099	769,549	103,158	872,708
Restricted Revenue	26,616	30,622	0	30,622	31,571	1	31,572
Special Revenue	259,004	218,758	-122	218,637	218,958	3,821	222,778
Private Purpose Trust Funds	4,639	4,664	0	4,664	4,651	118	4,769
Other Trust and Agency Funds	713	3	0	3	3	0	3
Capital Project Funds	162,991	60,173	0	60,173	5,660	299	5,959
Transportation Investment Fund	1,145,286	1,215,441	2,647	1,218,088	941,310	-127	941,183
Internal Service Funds	0	0	0	0	0	233	233
Enterprise Funds	200,358	203,297	1,009	204,307	185,118	31,776	216,894
Transfers	655,976	751,271	186,200	937,471	606,435	73,607	680,042
Other Financing Sources	7,958	8,663	0	8,663	9,230	21	9,251
Pass-through	1,969	3,866	0	3,866	3,864	8	3,872
Beginning Balance	1,584,633	1,522,455	281	1,522,736	1,358,616	0	1,358,616
Closing Balance	-1,478,692	-1,359,582	0	-1,359,582	-1,223,370	1,000	-1,222,370
Lapsing Balance	-271,276	-2,955	0	-2,955	-1,604	0	-1,604
Total	**11,480,224**	**12,307,055**	**744,663**	**13,051,718**	**11,575,528**	**1,729,985**	**13,305,513**

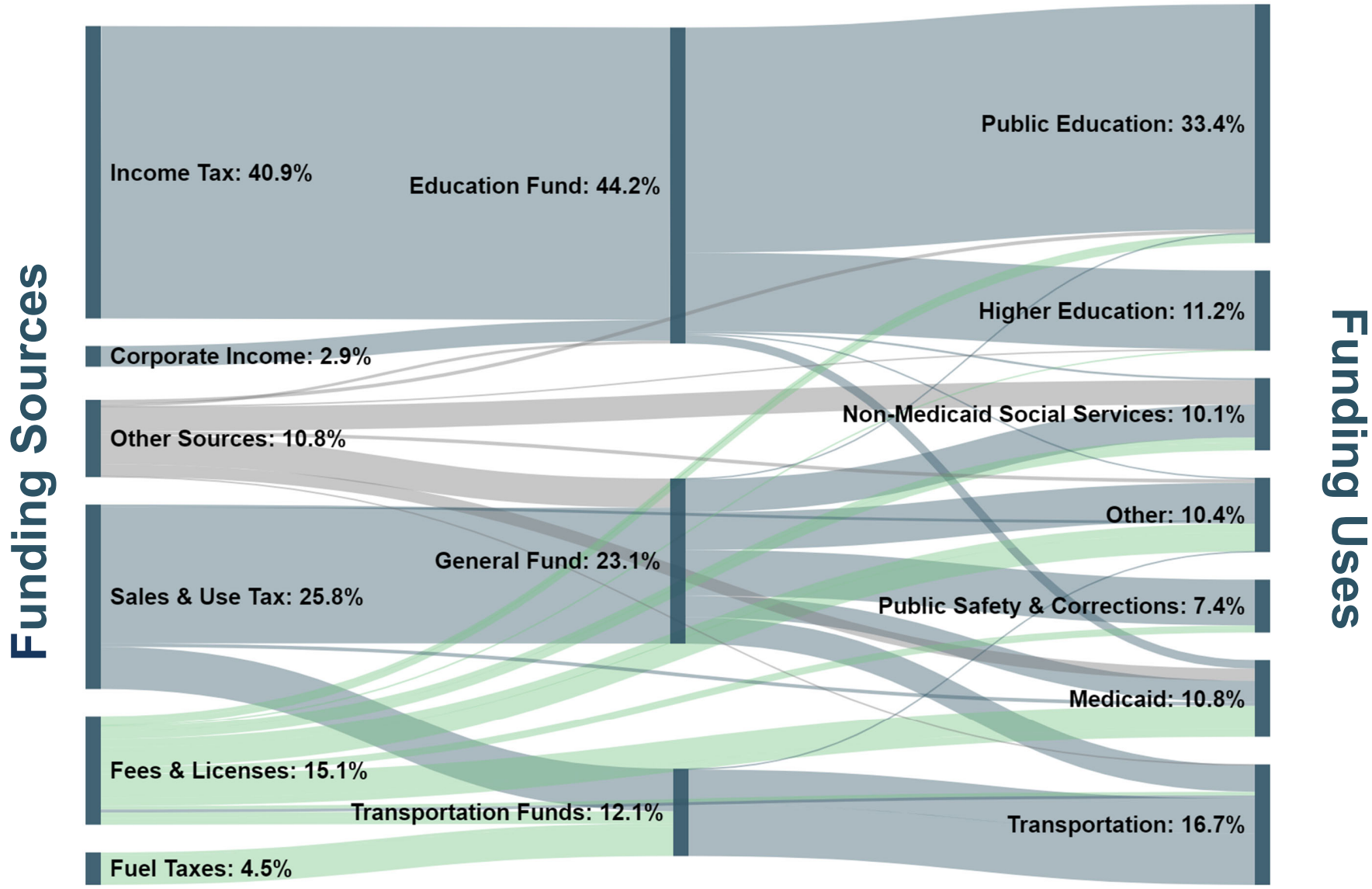
This table includes operating and capital budgets, including expendable special revenue funds and accounts, from all state-collected sources of funding. Sources of funding include not only the General Fund and the Education Fund, but also earmarked tax revenue, funding from restricted funds and accounts, and dedicated credits. State-collected funds do not include federal funds, mineral lease, higher education tuition, or local property tax.

Table 7 - Recommended State-collected Funds Continued

(Operating and Capital Budgets, in Thousands of Dollars)

		Governor's Recommendations					
Programs	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
Operating Budget							
Administrative Services	38,065	66,415	259,762	326,177	44,218	20,182	64,400
Agriculture and Food	36,279	40,617	2,684	43,301	42,053	5,778	47,831
Alcoholic Beverage Control	60,151	63,263	0	63,263	61,373	8,075	69,447
Attorney General	52,070	44,898	700	45,598	43,066	10,389	53,455
Auditor	7,074	7,223	0	7,223	6,952	172	7,125
Board of Pardons and Parole	6,008	7,399	0	7,399	5,983	968	6,951
Capitol Preservation Board	59,757	5,605	0	5,605	5,592	-819	4,773
Career Service Review Office	265	290	0	290	289	6	295
Commerce	34,378	48,224	1,377	49,601	35,776	1,461	37,238
Corrections	328,264	351,053	3,274	354,327	340,156	21,421	361,577
Courts	161,104	171,952	210	172,162	168,168	6,225	174,394
Economic Development	69,168	94,073	0	94,073	63,060	160,881	223,941
Energy Development	2,508	3,280	0	3,280	2,147	37	2,184
Environmental Quality	45,088	51,037	-148	50,889	62,168	6,444	68,612
Financial Institutions	7,134	8,128	0	8,128	8,098	543	8,641
Governor and Lieutenant Governor	81,363	63,852	5,762	69,614	71,731	13,017	84,748
Health	1,280,758	1,478,526	42,863	1,521,389	1,479,171	119,003	1,598,174
Heritage and Arts	31,041	35,491	23,889	59,380	33,937	6,587	40,523
Higher Education	1,235,788	1,295,390	626	1,296,017	1,221,076	114,697	1,335,773
Human Resource Management	22	22	0	22	19	0	19
Human Services	734,515	797,549	32,426	829,975	757,776	50,775	808,550
Insurance	13,429	15,341	1,000	16,341	14,568	1,611	16,179
Juvenile Justice Services	91,302	98,753	1,505	100,257	93,555	2,552	96,107
Labor Commission	34,291	11,558	2,000	13,558	12,573	588	13,161
Legislature	30,700	33,805	0	33,805	32,241	671	32,912
National Guard	10,882	12,789	0	12,789	12,744	3,599	16,343
Natural Resources	206,233	187,357	77,671	265,027	201,587	50,080	251,668
Public Education	3,930,243	4,050,993	171,339	4,222,331	4,067,857	346,127	4,413,983
Public Lands Policy Coordination	5,017	4,320	204	4,524	4,312	243	4,555
Public Safety	187,696	209,490	1,640	211,130	190,544	26,519	217,063
Public Service Commission	21,586	26,270	1	26,271	26,259	63	26,321
School and Inst. Trust Fund Office	1,095	1,425	0	1,425	1,423	1,888	3,311
School and Inst. Trust Lands Admin.	10,880	11,620	0	11,620	11,582	254	11,837
Tax Commission	95,818	99,674	75	99,748	99,375	2,383	101,758
Technology Services	3,848	4,131	0	4,131	3,456	36	3,492
Transportation	309,754	370,520	2,870	373,389	347,394	501,964	849,357
Treasurer	3,993	4,800	0	4,800	4,490	666	5,156
Utah Communications Authority	28,179	31,464	0	31,464	31,414	0	31,414
Utah Education and Telehealth Network	46,810	182,923	0	182,923	45,727	5,767	51,494
Utah Science, Technology, and Research	5,433	38	0	38	38	-38	0
Veterans and Military Affairs	5,715	4,541	500	5,041	4,243	536	4,778
Workforce Services	203,233	263,737	43,766	307,503	231,419	11,373	242,792
Subtotal Operating Budget	***9,516,936***	***10,259,836***	***675,994***	***10,935,829***	***9,889,605***	***1,502,725***	***11,392,330***
Capital Budget							
Capital Budget	302,034	194,342	33,100	227,442	139,842	142,929	282,772
Natural Resources	6,112	36,651	1,500	38,151	7,527	16,150	23,677
Public Education	33,250	33,250	0	33,250	33,250	0	33,250
School and Inst. Trust Lands Admin.	3,463	9,137	0	9,137	5,852	0	5,852
Transportation	1,108,288	1,250,696	25,000	1,275,696	976,025	25,000	1,001,025
Workforce Services	46,113	93,060	0	93,060	93,060	0	93,060
Subtotal Capital Budget	***1,499,260***	***1,617,136***	***59,600***	***1,676,736***	***1,255,555***	***184,079***	***1,439,635***
Debt Service	449,313	430,083	8,070	438,153	430,367	43,181	473,548
Total	**11,465,509**	**12,307,055**	**743,663**	**13,050,718**	**11,575,528**	**1,729,985**	**13,305,513**

Sources and Uses of State-collected Funds
FY 2022 Recommendations $13.3 Billion



Based on *Table 7 - Recommended State-collected Funds.* Figures may vary from other sources due to rounding and categorization.

Table 8 - Recommended Operating and Capital Budget

(All Sources of Finance, in Thousands of Dollars)

		Governor's Recommendations					
Sources	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
General Fund	2,395,875	2,676,939	0	2,676,939	2,677,362	144,167	2,821,530
General Fund, One-time	249,081	-289,839	183,258	-106,581	0	187,396	187,396
Education Fund	4,564,058	4,465,173	0	4,465,173	4,465,879	-3,323,335	1,142,544
Education Fund, One-time	-283,508	484,758	213,260	698,018	0	725,725	725,725
Uniform School Fund	32,500	25,500	0	25,500	25,500	3,632,306	3,657,806
Uniform School Fund, One-time	-3,000	0	26,805	26,805	0	31,477	31,477
Transportation Fund	576,425	641,510	0	641,510	641,510	10,448	651,958
Transportation Fund, One-time	4,156	1,469	1,722	3,191	0	8,073	8,073
General Fund Restricted	468,880	423,056	24,227	447,283	405,070	43,044	448,114
Education Special Revenue	336,424	377,533	0	377,533	377,150	55,797	432,947
Local Education Revenue	1,083,601	1,193,860	0	1,193,860	1,193,860	102,348	1,296,208
Transportation Special Revenue	70,143	74,448	109	74,557	73,066	972	74,038
Federal Funds	4,635,667	5,862,782	122,016	5,984,799	5,597,055	521,123	6,118,178
Federal Funds - COVID-19	150,098	1,579,315	138,812	1,718,127	948	31,241	32,189
Dedicated Credits	1,678,843	1,672,033	112,998	1,785,031	1,661,441	106,507	1,767,948
Federal Mineral Lease	60,645	60,864	-418	60,446	60,853	-372	60,481
Restricted Revenue	26,616	30,622	0	30,622	31,571	1	31,572
Special Revenue	259,004	218,758	-122	218,637	218,958	3,821	222,778
Private Purpose Trust Funds	4,639	4,664	0	4,664	4,651	118	4,769
Other Trust and Agency Funds	713	3	0	3	3	0	3
Capital Project Funds	162,991	60,173	0	60,173	5,660	299	5,959
Transportation Investment Fund	1,145,286	1,215,441	2,647	1,218,088	941,310	-127	941,183
Internal Service Funds	0	0	0	0	0	233	233
Enterprise Funds	200,358	203,297	1,009	204,307	185,118	31,776	216,894
Transfers	655,976	751,271	186,200	937,471	606,435	73,607	680,042
Other Financing Sources	7,958	8,663	0	8,663	9,230	21	9,251
Pass-through	1,969	3,866	0	3,866	3,864	8	3,872
Beginning Balance	1,584,633	1,522,455	281	1,522,736	1,358,616	0	1,358,616
Closing Balance	-1,478,692	-1,359,582	0	-1,359,582	-1,223,370	1,000	-1,222,370
Lapsing Balance	-276,640	-2,955	0	-2,955	-1,604	0	-1,604
Total	**18,314,701**	**21,906,075**	**1,012,805**	**22,918,881**	**19,320,136**	**2,387,674**	**21,707,810**

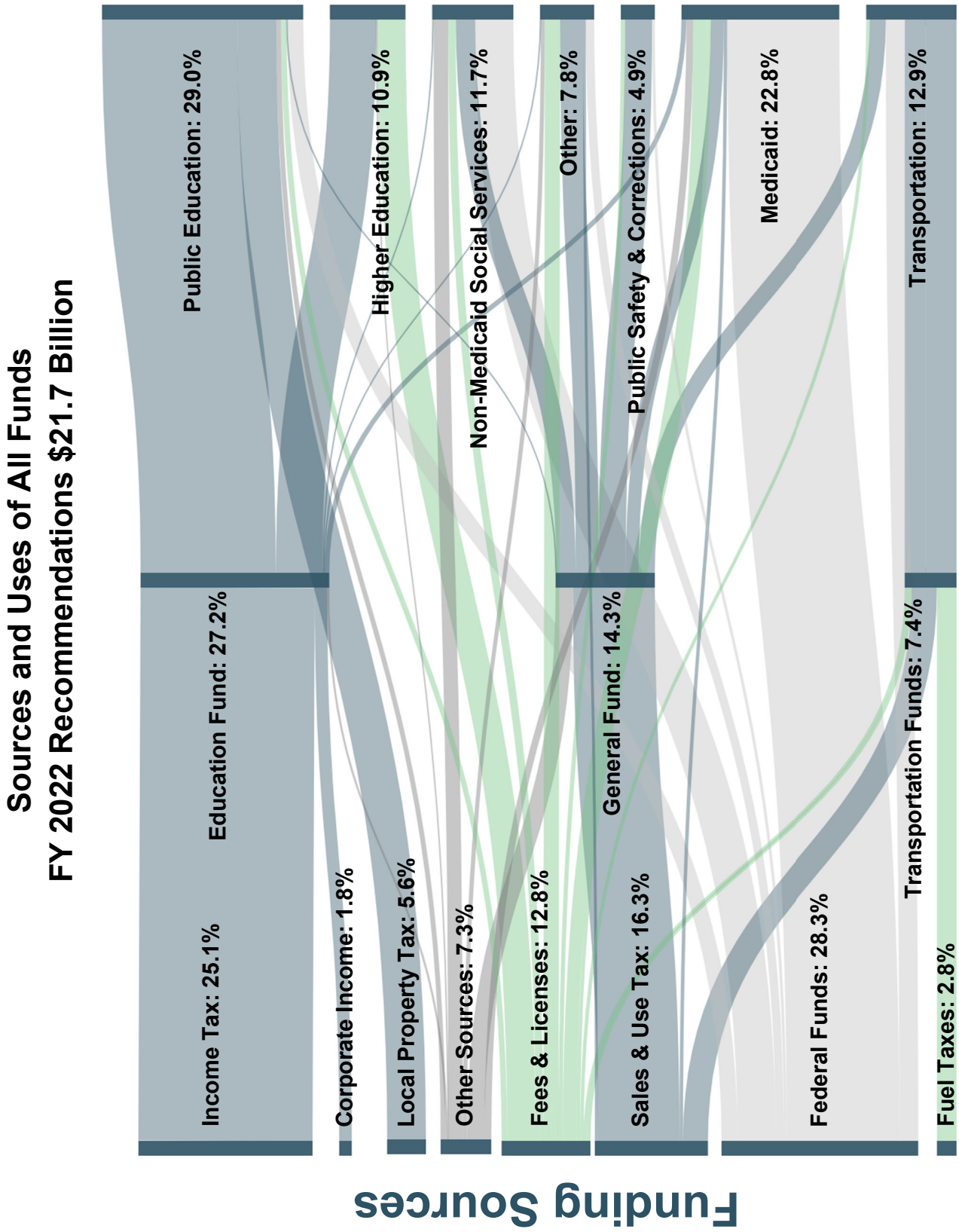
This table includes operating and capital budgets, including expendable special revenue funds and accounts, from all sources of funding. These sources of funding include state-collected funds from taxes and fees, plus federal funds, mineral lease revenues, higher education tuition, and a portion of local school property taxes. This table does not include transfers to restricted, enterprise, internal service, fiduciary, or capital project funds or accounts.

Table 8 - Recommended Operating and Capital Budget Continued

(All Sources of Finance, in Thousands of Dollars)

		Governor's Recommendations					
Programs	**FY 2020 Actual**	**FY 2021 Authorized**	**FY 2021 Adjustments**	**FY 2021 Total**	**FY 2022 Base**	**FY 2022 Adjustments**	**FY 2022 Total**
Operating Budget							
Administrative Services	188,041	740,542	370,502	1,111,044	44,268	20,184	64,452
Agriculture and Food	41,105	49,014	2,843	51,857	50,423	6,128	56,551
Alcoholic Beverage Control	60,151	63,263	0	63,263	61,373	8,075	69,447
Attorney General	54,681	48,848	700	49,548	47,004	10,460	57,465
Auditor	7,074	7,223	0	7,223	6,952	172	7,125
Board of Pardons and Parole	6,008	7,399	0	7,399	5,983	968	6,951
Capitol Preservation Board	59,757	5,605	0	5,605	5,592	-819	4,773
Career Service Review Office	265	290	0	290	289	6	295
Commerce	34,723	48,652	1,437	50,089	36,203	1,528	37,731
Corrections	329,793	352,551	3,274	355,825	341,654	21,425	363,080
Courts	161,634	172,646	210	172,856	168,859	6,235	175,094
Economic Development	69,679	94,760	0	94,760	63,746	160,890	224,635
Energy Development	3,272	4,116	0	4,116	2,981	52	3,033
Environmental Quality	66,786	88,958	5,753	94,711	85,521	21,817	107,338
Financial Institutions	7,134	8,128	0	8,128	8,098	543	8,641
Governor and Lieutenant Governor	120,610	122,062	5,762	127,824	114,860	13,105	127,965
Health	3,862,578	5,169,402	-29,702	5,139,700	5,072,345	368,655	5,441,000
Heritage and Arts	40,326	44,524	25,103	69,627	42,961	6,841	49,802
Higher Education	2,152,170	2,203,238	8,359	2,211,596	2,118,615	118,046	2,236,662
Human Resource Management	22	22	0	22	19	0	19
Human Services	894,031	961,093	71,731	1,032,824	905,085	64,138	969,224
Insurance	13,435	15,665	1,000	16,665	14,891	1,620	16,511
Juvenile Justice Services	92,987	101,702	1,687	103,389	96,261	2,594	98,854
Labor Commission	37,324	14,654	2,000	16,654	15,655	732	16,388
Legislature	30,700	33,805	0	33,805	32,241	671	32,912
National Guard	59,540	71,547	0	71,547	71,392	4,072	75,465
Natural Resources	262,281	252,773	78,508	331,281	266,663	55,011	321,674
Public Education	5,504,267	5,840,052	171,339	6,011,391	5,759,438	448,658	6,208,096
Public Lands Policy Coordination	5,017	4,320	204	4,524	4,312	243	4,555
Public Safety	219,306	351,201	19,092	370,293	228,888	28,890	257,778
Public Service Commission	21,586	26,270	1	26,271	26,259	63	26,321
School and Inst. Trust Fund Office	1,095	1,425	0	1,425	1,423	1,888	3,311
School and Inst. Trust Lands Admin.	10,880	11,620	0	11,620	11,582	254	11,837
Tax Commission	96,377	100,295	75	100,369	99,993	2,403	102,396
Technology Services	4,448	4,947	0	4,947	4,156	38	4,194
Transportation	345,266	439,814	16,008	455,822	394,261	514,319	908,580
Treasurer	3,993	4,800	0	4,800	4,490	666	5,156
Utah Communications Authority	28,179	31,464	0	31,464	31,414	0	31,414
Utah Education and Telehealth Network	51,174	187,189	0	187,189	49,993	5,780	55,773
Utah Science, Technology, and Research	5,433	38	0	38	38	-38	0
Veterans and Military Affairs	40,134	45,736	500	46,236	45,434	676	46,110
Workforce Services	895,676	1,709,783	102,880	1,812,663	885,791	102,060	987,851
Subtotal Operating Budget	***15,888,939***	***19,441,437***	***859,265***	***20,300,702***	***17,227,405***	***1,999,051***	***19,226,456***
Capital Budget							
Administrative Services	22,898	27,798	0	27,798	27,798	0	27,798
Capital Budget	302,034	194,342	33,100	227,442	139,842	142,929	282,772
Natural Resources	10,495	41,971	3,000	44,971	12,846	17,950	30,796
Public Education	33,250	33,250	0	33,250	33,250	0	33,250
School and Inst. Trust Lands Admin.	3,463	9,137	0	9,137	5,852	0	5,852
Transportation	1,526,035	1,619,992	109,357	1,729,349	1,345,321	176,393	1,521,715
Workforce Services	49,129	96,076	0	96,076	96,076	0	96,076
Subtotal Capital Budget	***1,947,303***	***2,022,566***	***145,457***	***2,168,023***	***1,660,985***	***337,273***	***1,998,258***
Debt Service	449,313	442,073	8,084	450,157	431,746	51,350	483,096
Total	**18,285,555**	**21,906,075**	**1,012,805**	**22,918,881**	**19,320,136**	**2,387,674**	**21,707,810**

Funding Uses



Based on *Table 8 - Recommended Operating and Capital Budget.* Figures may vary from other sources due to rounding and categorization.

Table 9 - Recommended General Fund and Education Fund Adjustments

FY 2021 Adjustments

Recommended Adjustments	One-time	Ongoing
Administrative Services		
Finance FINET Upgrade	2,500,000	
Judicial Conduct Commission	52,000	
Pandemic Response - Household and Business Impacts	100,000,000	
Pandemic Response - Public Health	100,000,000	
Pandemic Response for Education	50,000,000	
Agriculture and Food		
Administrative Staff	75,000	
Attorney ISF Rate Increase	23,200	
Invasive Species Mitigation	1,000,000	
Meat Processing Inspectors	158,900	
Predator Control	122,500	
Utah Veterinary Diagnostics Laboratory Staff	150,000	
Weights and Measures Staff	106,300	
Attorney General		
Legal Settlements	500,000	
Utah County North Justice Center	200,000	
Capital Budget		
Self-Finance Bonding with Cash Funding for New Recommended Liquor Stores (East Sandy and Sugarhouse), With Repayment to State Facility Renovation and Development Fund	12,249,700	
Self-Finance Bonding with Cash Funding for Previously Approved Liquor Stores (Downtown and Foothill), With Repayment to State Facility Renovation and Development Fund	20,850,100	
Corrections		
Community Case Management	300,000	
Operations Funding for Utah County Corrections Center	238,000	
Courts		
IT Infrastructure and Development	210,000	
Debt Service		
Build America Bond Subsidy	11,100	
Prison Bond Debt Service	4,164,100	
Economic Development		
Utilize Portion of Industrial Assistance Set-aside for Rural Programs	-3,200,000	
Utilize Portion of New Industrial Assistance Set-aside for Rural Programs	9,353,900	
Governor and Lieutenant Governor		
Criminal Justice Data Integration Restoration	350,000	
Homeless Services Coordinator	125,000	
Prosecutor Data Collection Amendments	105,000	
Set-aside for Additional Recommendations	5,000,000	
Utah Consumer Confidence Index	26,000	
Health		
Children's Health Insurance Program (CHIP) Managed Care Plan Rate Increase	417,000	
Medicaid Consensus Items	-61,965,900	
Quality Improvement Incentives and Direct Care Staff Increases for Intermediate Care Facilities	1,225,000	
Salt Lake Health Clinic Ongoing Operations	250,000	

Recommended Adjustments	One-time	Ongoing
Staffing and Operational Support in the Office of Medical Examiner	183,000	
Staffing in the Division of Family Health and Preparedness	145,000	
Heritage and Arts		
Administrative Staffing	199,300	
Arts Education Program	152,200	
Division of History Staffing	128,000	
Library Staffing	189,400	
Temporary Artifact Collection Facility Operations & Maintenance	15,000	
Utah Commission on Service and Volunteerism	8,900	
Utah STEM Action Center	391,200	
Higher Education		
Upskilling Initiative - Advising and Scholarships for Adult Learners	626,300	
Human Services		
Federal Medical Assistance Percentage (FMAP) Restoration	781,300	
Medicaid Consensus Items	-14,622,400	
Repurpose Division for Services for People with Disabilities (DSPD) Excess Balances	-3,000,000	
Juvenile Justice Services		
Medicaid Consensus Items	-150,800	
Natural Resources		
Wildfire Suppression, Rehabilitation, and Prevention	60,000,000	
Public Education		
Bonuses for School-level Educators ($1,500) and Other Staff ($1,000)	112,633,400	
Statutory Enrollment Growth	5,327,800	
Statutory Hold-harmless Enrollment Funding	21,477,400	
Public Lands Policy Coordination		
Public Lands Attorneys	203,900	
Public Safety		
Executive Protection	480,000	
Public Safety Equity and Inclusion	50,000	
Tax Commission		
Enforcement of Tobacco Settlement Agreement	48,000	
Veterans and Military Affairs		
Veteran First Time Home Buyers Program	500,000	
Workforce Services		
General Assistance Balances	-777,400	
Homeless Health and Wellness	-49,800	
Work is the Way	-59,700	
Total FY 2021 Recommended Adjustments for the General Fund and Education Fund	**$429,476,900**	

FY 2022 Adjustments

Recommended Adjustments	One-time	Ongoing
Administrative Services		
Finance FINET Upgrade	4,300,000	1,500,000
Increased Earthquake Insurance		15,000,000
Judicial Conduct Commission		12,000
Open Records Portal and Public Notice Website Upgrades	100,000	
State Employee Compensation - One-time Set-aside for Unanticipated Pandemic Related Liabilities	2,100,000	

Recommended Adjustments	One-time	Ongoing
Agriculture and Food		
Administrative Staff		75,000
Agriculture Marketing	20,000	
Attorney ISF Rate Increase		23,200
Invasive Species Mitigation		1,000,000
Meat Processing Inspectors		211,900
Predator Control		245,000
Predator Control Vehicles	90,000	
State Fair Operations Support	675,000	
Utah Veterinary Diagnostics Laboratory Staff		250,000
Weights and Measures Staff		106,300
Attorney General		
Funding for Attorney General Priorities		1,382,400
Utah County North Justice Center		150,000
Board of Pardons and Parole		
Administrative and Operational Functions		121,000
Defense Attorney Contract		10,000
Electronic Records System and Operational Functions		450,000
Pardons and Parole Support Staff (3 FTE)	11,400	281,400
Capital Budget		
Bridgerland Technical College Health Science and Technology Building	38,059,600	
Brigham City Consolidated Public Safety Building	7,525,700	
Capital Improvement at Statutory 1.1% Replacement Value		-4,313,700
Fleet, Surplus, and DFCM Relocation	16,716,200	
Forestry, Fire and Land Lone Peak Facility Relocation	13,752,500	
Olympic Facility Improvements	3,000,000	
Richfield Fire Cache and Storage Building	2,429,100	
Richfield Regional Office Building	12,760,400	
State Facility Renovation and Development Fund	50,000,000	3,000,000
Capitol Preservation Board		
Administrative Services Internal Service Funds - Facilities	120,000	-813,600
Corrections		
Community Case Management	163,200	2,645,000
Electronic Health Records System		263,200
Inmate Hepatitis C Treatment	1,419,300	765,100
Jail Contracting (SB 236 of the 2020 General Session)		1,585,500
Operations Funding for Utah County Corrections Center	112,000	4,200,300
State Employee Compensation - Corrections Certified Staff Pay Plan		4,813,000
Utah County Corrections Center - Partial Year Adjustment	-2,100,500	
Courts		
IT Infrastructure and Development		1,452,000
Judicial Administration Certificate Program	10,000	50,000
Public Outreach Coordinator for Marginalized Communities		120,000
Public Safety Assessment National Crime Information Center Funding		220,600
Debt Service		
Build America Bond Subsidy	8,189,800	
Debt Service		34,340,800
Economic Development		
Rural Economic Development - Rural Certified Sites		200,000
Rural Fiber/Broadband/Wifi	50,000,000	200,000

Recommended Adjustments	One-time	Ongoing
Rural Utah Economic Development Grants (SB 95 of 2020 GS)	3,200,000	4,250,000
Salesforce for Business Operations and Customer Relationship Management	220,000	
Trails, Outdoor Recreation, Open Space, and Parks	100,000,000	
Youth Apprenticeship Program		2,500,000
Environmental Quality		
Drinking Water System Public Health Regulatory Capacity	4,500,000	
Environmental Quality Legal Support		168,300
Harmful Algal Bloom Monitoring		200,000
Governor and Lieutenant Governor		
Boards and Commissions	300,000	120,000
Criminal Justice Data Integration Restoration		150,000
Governor's Policy Support Staff		400,000
Homeless Services Coordinator		225,000
Indigent Defense Commission		2,000,000
Jail Reimbursement Increase		1,338,700
LeRay McAllister Critical Lands Conservation Fund	7,350,000	
Municipal Incorporation Studies	35,000	
Prosecutor Data Collection Amendments		122,500
Social Services Blueprint	200,000	
Utah Consumer Confidence Index		105,000
Victim Council Director		120,000
Health		
Address Structural Imbalance in Medicaid Expansion Fund	-36,000,000	36,000,000
Baby Watch Early Intervention Caseload Growth		1,545,200
Children's Health Insurance Program (CHIP) Managed Care Plan Rate Increase		417,000
Increase Maximum Premium Reimbursement for Utah’s Premium Partnership Program		120,000
Increase Telehealth Access in Medicaid		110,900
Medicaid Consensus Items	-3,296,900	16,919,500
Medicaid Provider Reimbursement Information System (PRISM)	2,900,000	
Medicaid Reimbursement Rate Increases for Autism Services		1,467,700
Quality Improvement Incentives and Direct Care Staff Increases for Intermediate Care Facilities		67,000
Rural Emergency Medical Service Grants & Regional Liaisons (HB 389 of 2020 GS)		1,500,000
Salt Lake Health Clinic Ongoing Operations	250,000	775,000
Staffing and Operational Support in the Office of Medical Examiner		610,000
Staffing in the Division of Family Health and Preparedness		145,000
Heritage and Arts		
Administrative Staffing		199,300
Arts Education Program		152,200
Arts Sustainability Grant Program		6,000,000
Division of History Staffing		128,000
Library Staffing		189,400
Martha Hughes Cannon Installation Ceremony	175,000	
Multicultural Affairs Staffing		250,000
Temporary Artifact Collection Facility Operations & Maintenance		15,000
Utah Commission on Service and Volunteerism		8,900
Utah STEM Action Center		391,200
Women's History Staffing		150,000

Recommended Adjustments	One-time	Ongoing
Higher Education		
Attorney for Title IX Issues		180,000
Bridgerland Technical College Health Science and Technology Building		624,000
Building Operations & Maintenance Funding	-40,500	685,600
Consulting Costs for Shift to Shared Services Between Institutions	500,000	
Enrollment Growth and Capacity in Technical Education Programs		6,055,000
Equipment for Technical Education Programs		2,500,000
Flexible Increase for Institutional Priorities		34,910,500
Higher Education Health Insurance Increase (4.3%)		6,701,300
Higher Education Innovation Fund	40,000,000	
Operations & Maintenance One-Time Backout	-1,097,400	
San Rafael Energy Research Center		245,500
Social Work Program Expansion		458,000
State Offset for Reductions in Technical Education Program Tuition		1,861,000
Statutory Deposit - Performance Funding Restricted Account (Net)		0
Upskilling Initiative - Advising and Scholarships for Adult Learners	19,373,700	
Utah Rural Leadership Academy		116,000
Utah Women and Leadership Project	210,000	190,000
Human Services		
Behavioral Health and Crisis Response Grants		700,000
Federal Medical Assistance Percentage (FMAP) Restoration		105,900
Medicaid Behavioral Health Reimbursement Rate Increases and Service Adjustments		550,000
Medicaid Consensus Items		3,337,500
Transitioning Intermediate Care Facility Residents to Community-Based Services	-2,000,000	2,594,700
Youth in State Custody Aging Into Division for Services for People with Disabilities (DSPD) Services and Additional Needs for DSPD Service Recipients	-299,000	8,925,000
Juvenile Justice Services		
Medicaid Consensus Items		28,500
Labor Commission		
Antidiscrimination and Labor Staff and Operations		271,300
National Guard		
Buffer Around Camp Williams (West Traverse Sentinel Landscape)	3,500,000	
Natural Resources		
Geologic Survey Revenue Shortfall	125,000	125,000
Oil, Gas, and Mining Attorney		175,000
Oil, Gas, and Mining Revenue Shortfall	1,500,000	1,000,000
Shared Stewardship Wildfire Prevention Match	1,500,000	
Water Efficiency Improvements, Including Secondary Water Meters	5,000,000	
Public Education		
Computer Science for All Initiative		7,500,000
Contingency Enrollment Growth Funding		27,786,300
Discretionary Increase in Weighted Pupil Unit Value (2.64%)		93,413,800
Dual Language Pilot Online Language Course Technical Reduction	-100,000	
High-need School Amendments Technical Reduction		-500,000
Intensive Services Pilot Program	12,000,000	
KnowWhere Campus Safety Technical Reduction	-670,000	
Optional Enhanced Kindergarten		9,000,000
Public Education Innovation Fund	16,000,000	
Residential Treatment Center Compliance Technical Reduction	-50,000	

Recommended Adjustments	One-time	Ongoing
School Building Safety, Health, and Security Upgrades	10,000,000	
Small District Base Funding		8,000,000
Statutory Enrollment Growth		-495,900
Statutory Hold-harmless Enrollment Funding	21,477,400	
Statutory Increase for Utah Schools for the Deaf and the Blind Educators		1,538,500
Statutory Increase in Education Economic Stabilization Account	-71,132,000	71,132,000
Statutory Increase in the Equity Pupil Unit		0
Statutory Increase in the Teacher and Student Success Program		0
Statutory Increase in Weighted Pupil Unit Value (1.36%)		47,644,000
Statutory Increase in Weighted Pupil Unit Value for Inflation (1.82%)		61,906,100
Utah Schools for the Deaf and the Blind Millcreek Modular Building	450,000	
Utah Schools for the Deaf and the Blind Warehouse Building	300,000	
Utah State Instructional Materials Access Center (USIMAC) Braille Transcription	500,000	
Weighted Pupil Unit Add-on for Students At Risk of Academic Failure		26,300,000
Public Lands Policy Coordination		
Public Lands Attorneys		203,900
Public Safety		
Additional Attorney		250,000
Brigham City Consolidated Public Safety Building		37,300
Dispatch Contracts with Local Dispatch Entities		250,000
Emergency Management Increase in Personnel		500,000
Executive Protection		900,000
Operations & Maintenance One-Time Backout	-37,300	
Public Safety Equity and Inclusion		250,000
Public Safety Helicopter Replacement & Additional Pilot/Tactical Flight Officers	5,900,000	375,000
Rural Utah Major Crash Investigation Team	120,000	220,000
SBI Investigators		950,000
Southern Crime Lab Additional Personnel		600,000
State Employee Compensation - Public Safety Dispatch Employee Pay Plan		600,000
State Employee Compensation - Public Safety Sworn Officer Pay Plan		1,860,000
UHP Equipment	1,212,500	
Vehicles for Troopers	1,587,000	
Tax Commission		
Enforcement of Tobacco Settlement Agreement		192,000
Transfers		
State Employee Compensation - Public Safety and Firefighter Retirement Rate Changes		1,187,800
Transportation		
Aircraft Fleet Replacement	7,000,000	
Amusement Ride Safety Program Operating Costs	100,000	
Rural Electric Vehicle Charging Infrastructure	6,000,000	
Rural Infrastructure Revolving Loan Funds	69,000,000	
Urban Transportation Infrastructure - Double Track FrontRunner	350,000,000	
Wasatch Canyons Transportation Infrastructure	50,000,000	
Treasurer		
State Employee Compensation - Targeted Increases		6,600
Westwater Project	500,000	

Recommended Adjustments	One-time	Ongoing
Utah Education and Telehealth Network		
Flexible Increase for Institutional Priorities		330,000
Higher Education Health Insurance Increase (4.3%)		63,200
Operational Costs and Service Expansion		2,371,800
Statewide Network Equipment		3,000,000
Utah Science, Technology, and Research		
USTAR Final Closure		-37,900
Veterans and Military Affairs		
Veteran First Time Home Buyers Program		500,000
Workforce Services		
Affordable Housing		800,000
Compensation		
State Employee Compensation - 4.3% Health Insurance Increase		6,265,500
State Employee Compensation - 401(k) Match	-249,100	526,700
State Employee Compensation - Judges Retirement Rate Changes		14,300
State Employee Compensation - Paid Parental Leave Benefit		1,752,200
State Employee Compensation - Postretirement and Annual Leave Liabilities Rate		-12,220,300
State Employee Compensation - Public Safety and Firefighter Retirement Rate		-33,800
State Employee Compensation - Reinvesting Rate Change Savings for Discretionary		12,881,000
State Employee Compensation - Restore State Employee COLA at 3%		23,155,500
State Employee Compensation - Targeted Increases		6,821,900
State Employee Compensation - Unemployment and Workers Comp Rate Changes		115,700
Internal Service Fund (ISF) Rate Impact		
Administrative Services Internal Service Funds - Facilities		1,451,800
Administrative Services Internal Service Funds - Fleet		110,800
Administrative Services Internal Service Funds - Risk Management		2,253,900
Technology Services Internal Service Fund		-171,800
Total FY 2022 Adjustments for the General Fund and Education Fund	**$837,467,100**	**$632,304,900**

Table 10 - Recommended Adjustments Impacting General Fund Revenue

FY 2021 Adjustments to Other Funds That Impact General Fund Revenue

Recommended Adjustments	One-time	Ongoing
Commerce		
Utah Recovery Assistance Program Funding	377,000	
Insurance		
Align Captive Insurance Appropriation with Statute	494,000	
Pharmacy Database Development	163,100	
Regulatory Waiver Process	133,000	
Natural Resources		
Oil, Gas, and Mining Database Enhancements	250,000	
Total FY 2021 General Fund Revenue Impacts	**$1,417,100**	

FY 2022 Adjustments to Other Funds That Impact General Fund Revenue

Recommended Adjustments	One-time	Ongoing
Alcoholic Beverage Control		
Bonds Payment on Previously Approved Liquor Stores (Saratoga Springs, Taylorsville, West Valley, and Farmington)		1,085,300
New Recommended Liquor Stores Operations & Maintenance (East Sandy and Sugarhouse)	-86,200	86,200
New Requested Liquor Stores Staffing (East Sandy and Sugarhouse)	-1,078,900	1,078,900
Operations and Maintenance for Previously Approved Liquor Stores (Downtown, Foothill, Taylorsville, and West Valley)	-53,700	119,200
Parents Empowered (0.6% Gross Sales)		660,300
Previously Authorized Liquor Store Staffing (Taylorsville)		752,700
Previously Authorized Liquor Stores Staffing (Downtown and Foothill)	-822,500	822,500
Upgrade DABC Operating System	2,783,500	
Commerce		
Utah Recovery Assistance Program Funding		377,000
Insurance		
Align Captive Insurance Appropriation with Statute		494,000
Captive Insurance Fees		440,000
Pharmacy Database Development		163,100
Regulatory Waiver Process		133,000
Natural Resources		
Oil, Gas, and Mining Database Enhancements		250,000
Compensation		
State Employee Compensation - 4.3% Health Insurance Increase		374,100
State Employee Compensation - 401(k) Match	249,100	
State Employee Compensation - Postretirement and Annual Leave Liabilities Rate Changes		-660,700
State Employee Compensation - Restore State Employee COLA at 3%		1,355,400
State Employee Compensation - Targeted Increases		1,978,500
State Employee Compensation - Unemployment and Workers Comp Rate Changes		7,000
Internal Service Fund (ISF) Rate Impact		
Administrative Services Internal Service Funds - Facilities		75,800
Administrative Services Internal Service Funds - Fleet		1,100
Administrative Services Internal Service Funds - Risk Management		127,600
Technology Services Internal Service Fund		-81,900
Total FY 2022 General Fund Revenue Impacts	**$991,300**	**$9,639,100**

Table 11 - Recommended Adjustments to Restricted Funds and Other Sources

FY 2021 Adjustments

Adjustment	Funding Source	One-time	Ongoing
Agriculture and Food			
Cannabis Program Attorney	Dedicated Credits	60,000	
Dairy Program Food Safety Management System Integration	Dedicated Credits	140,000	
Egg and Poultry Grading Staff	Dedicated Credits	98,000	
Meat Processing Inspectors	Federal Funds	158,900	
Medical Cannabis Inspection and Testing	Dedicated Credits	500,000	
Medical Cannabis Program Computer System	Dedicated Credits	250,000	
Debt Service			
Debt Service	County of First Class Highway Projects Fund	-400	
Debt Service	Dedicated Credits	1,247,700	
Debt Service	Federal Funds	14,000	
Debt Service	Transportation Investment Fund	2,647,000	
Governor and Lieutenant Governor			
Crime Victims Reparation Recovery Unit	Crime Victim Reparations Fund	156,000	
Health			
Children's Health Insurance Program (CHIP) Managed Care Plan Rate Increase	Federal Funds	1,427,000	
Medicaid Consensus Items	Federal Funds	-179,674,200	
Medicaid Consensus Items	Medicaid Restricted (GFR)	13,800,000	
Quality Improvement Incentives and Direct Care Staff Increases for Intermediate Care Facilities	Federal Funds	2,851,000	
Social Determinants of Health Electronic Referral System with Long Term Fiscal and Operational Plan	Medicaid Restricted (GFR)	300,000	
Human Services			
Medicaid Consensus Items	Federal Funds	14,622,400	
Federal Medical Assistance Percentage (FMAP) Restoration	Federal Funds	-781,300	
Insurance			
Pharmacy Database Development	Technology Development (GFR)	210,000	
Juvenile Justice Services			
Medicaid Consensus Items	Federal Funds	150,800	
Natural Resources			
State park Campground Expansion	State Park Fees (GFR)	1,500,000	
Public Safety			
Motorcycle Education Program	Motorcycle Education	50,000	
UHP Inspections (HB 143 of the 2020 General Session)	Dept. of Public Safety Rest. Acct.	59,700	
Tax Commission			
Clean Air Special Group License Plate	Dedicated Credits	7,500	
Latino Community Support Special Group License Plate	Dedicated Credits	7,500	
Martin Luther King, Jr. Special License Plate	Dedicated Credits	7,500	
Variable Fund Adjustment	Dedicated Credits	4,000	
Transfers			
Build America Bond Subsidy	Beginning Nonlapsing Balance	11,100	
Transportation			
B&C Road Administration	Transportation Fund	15,000	
Federal Revenue	Federal Funds	98,305,000	
Road Usage Charge Operations	Transportation Fund	151,800	
Road Usage Charge State Match	Transportation Fund	745,000	
Workforce Services			
Appropriation Adjustments Related to UI Administration	Unemployment Compensation Fund	952,200	
Total FY 2021		**-$40,006,800**	

FY 2022 Adjustments

Adjustment	Funding Source	One-time	Ongoing
Agriculture and Food			
Administrative Assistant	Dedicated Credits		75,000
Agriculture Lab Equipment Replacement Fund	Dedicated Credits		500,000
Cannabis Program Attorney	Dedicated Credits		60,000

Adjustment	Funding Source	One-time	Ongoing
Dairy Program Food Safety Management System Integration	Dedicated Credits		250,000
Egg and Poultry Grading Staff	Dedicated Credits		98,000
Industrial Hemp Program Vehicles	Dedicated Credits	70,000	20,000
Meat Processing Inspectors	Federal Funds		211,900
Medical Cannabis Inspection and Testing	Dedicated Credits		350,000
Medical Cannabis Program Laboratory Equipment	Dedicated Credits	302,000	
Medical Cannabis Technicians and Vehicles	Dedicated Credits	90,000	140,000
Plant Industry Administrative Assistant	Dedicated Credits		40,000
Attorney General			
Board of Examiners Recommendation on Personal Injury Settlement	General Fund Restricted	7650000	
Debt Service			
Debt Service	County of First Class Highway Projects Fund	-148,500	
Debt Service	Dedicated Credits		926,300
Debt Service	Federal Funds	8,189,800	-21,000
Debt Service	Transportation Investment Fund	-127,400	
Financial Institutions			
Desktop Computer Replacements	Financial Institutions (GFR)	35,000	
Governor and Lieutenant Governor			
Crime Victims Reparation Recovery Unit	Crime Victim Reparations Fund		295,000
Indigent Defense Commission	Indigent Defense Resources (GFR)		2,000,000
Health			
Children's Health Insurance Program (CHIP) Managed Care Plan Rate Increase	Federal Funds		1,427,000
Increase Maximum Premium Reimbursement for Utah's Premium Partnership Program	Federal Funds		250,000
Increase Telehealth Access in Medicaid	Federal Funds		232,300
Medicaid Behavioral Health Reimbursement Rate Increases and Service Adjustments	Federal Funds		6,102,300
Medicaid Behavioral Health Reimbursement Rate Increases and Service Adjustments	Medicaid Expansion Fund		550,000
Medicaid Consensus Items	Federal Funds	-6,819,400	36,990,100
Medicaid Provider Reimbursement Information System (PRISM)	Federal Funds	50,850,000	
Medicaid Provider Reimbursement Information System (PRISM)	Medicaid Expansion Fund	2,750,000	
Medicaid Reimbursement Rate Increases for Autism Services	Federal Funds		3,539,100
Quality Improvement Incentives and Direct Care Staff Increases for Intermediate Care Facilities	Federal Funds		149,000
Rural Emergency Medical Service Grants & Regional Liaisons (HB 389 of 2020 GS)	Emergency Medical Services System Account (GFR)		1,500,000
Social Determinants of Health Electronic Referral System with Long Term Fiscal and Operational Plan	Medicaid Restricted (GFR)	100,000	
Higher Education			
Higher Education Health Insurance Increase (4.3%)	Dedicated Credits		1,827,300
Human Services			
Medicaid Consensus Items	Federal Funds		-3,337,500
Youth in State Custody Aging Into Division for Services for People with Disabilities (DSPD) Services and Additional Needs for DSPD Service Recipients	Transfers		18,695,000
Federal Medical Assistance Percentage (FMAP) Restoration	Federal Funds		-105,900
Insurance			
Pharmacy Database Development	Technology Development (GFR)		10,000
Juvenile Justice Services			
Medicaid Consensus Items	Federal Funds		-28,500
Natural Resources			
Bear Lake State Park Campground	State Park Fees (GFR)	3,000,000	
Dam Safety Upgrades	Water Resources C and D	18,000,000	
Escalante State Park Campground	State Park Fees (GFR)	3,500,000	
Goblin Valley State Park Power Line	State Park Fees (GFR)	3,000,000	
Great Salt Lake Water Line	State Park Fees (GFR)	2,500,000	
Palisade State Park Campground	State Park Fees (GFR)	400,000	

Adjustment	Funding Source	One-time	Ongoing
Quail Creek State Park Campground	State Park Fees (GFR)	3,000,000	
State Parks Motorized Watercraft Rentals	State Park Fees (GFR)	750,000	
Public Education			
Increased Allocations from the Permanent School Trust Fund	Trust Distribution Account		4,013,700
Statutory Enrollment Growth	Charter School Levy Account (EFR)		-590,900
Statutory Enrollment Growth	Local Education Revenue		49,915,100
Statutory Increase in the Equity Pupil Unit	Local Education Revenue		29,948,200
Statutory Increase in the Equity Pupil Unit	Local Levy Growth Account		29,948,200
Statutory Increase in the Teacher and Student Success Program	Local Education Revenue		22,484,800
Statutory Increase in the Teacher and Student Success Program	Teacher and Student Success Account		22,484,800
Public Safety			
Compensation - Public Safety Trooper Overtime	Closing Nonlapsing Balance	1,000,000	
Motorcycle Education Program	Motorcycle Education		165,000
Public Safety License Plates	Firefighter Support Account (GFR)		118,000
Public Safety License Plates	Public Safety Honoring Heroes Account (GFR)		100,000
Public Safety License Plates	Utah Law Enforcement Memorial Support Restr Acct (GFR)		32,500
Records Management System	Motor Vehicle Safety Impact Restricted Account	3,500,000	
State Employee Compensation - Public Safety Dispatch Employee Pay Plan	Dedicated Credits		454,300
UHP Inspections (HB 143 of the 2020 General Session)	Dept. of Public Safety Rest. Acct.		119,400
School and Inst. Trust Fund Office			
Investment and Operations Staffing	School and Inst Trust Fund Mgt Acct		1,863,700
Tax Commission			
Liquor Tax - Statutory Distribution	Alc Bev Enf and Treatment (GFR)		713,600
Variable Fund Adjustment	Dedicated Credits		4,000
Transfers			
Build America Bond Subsidy	Beginning Nonlapsing Balance	8,189,800	
Captive Insurance Fees	Beginning Nonlapsing Balance	440,000	
Transportation			
Amusement Ride Safety Program Operating Costs	Amusement Ride Safety Restricted Account (GFR)	-100,000	
B&C Road Administration	Transportation Fund		60,000
Emerging Area Transportation Planning	Transportation Fund		1,000,000
Enhanced Employee Safety Training	Transportation Fund		50,000
Federal Revenue	Federal Funds	71,498,600	92,094,900
Road Maintenance For Added Lane Miles	Transportation Fund		48,200
Road Usage Charge Operations	Transportation Fund		925,900
Road Usage Charge State Match	Transportation Fund	1,250,000	
Technology Systems Upgrades	Transportation Fund		685,200
Traffic Management System Replacement	Transportation Fund	6,000,000	200,000
Treasurer			
Land Trusts Protection and Advocacy	Land Trusts Protection and Advocacy Account		75,000
State Employee Compensation - Targeted Increases	Dedicated Credits		6,500
State Employee Compensation - Targeted Increases	Land Trusts Protection and Advocacy Account		2,700
State Employee Compensation - Targeted Increases	Unclaimed Property Trust		11,900
Utah Education and Telehealth Network			
Higher Education Health Insurance Increase (4.3%)	Dedicated Credits		2,000
Higher Education Health Insurance Increase (4.3%)	Federal Funds		13,300
Workforce Services			
Job Creation Programs	Special Administrative Expense (GFR)	3,750,000	
Unemployment Insurance System Modernization	Unemployment Compensation Fund	3,200,000	
Compensation			
State Employee Compensation - 4.3% Health Insurance Increase	Various		6,245,700
State Employee Compensation - 401(k) Match	Various	5,274,100	
State Employee Compensation - Postretirement and Annual Leave Liabilities Rate Changes	Various		-9,412,500
State Employee Compensation - Public Safety and Firefighter Retirement Rate Changes	Various		1,187,200
State Employee Compensation - Restore State Employee COLA at 3%	Various		23,929,100
State Employee Compensation - Targeted Increases	Various		4,786,500

Adjustment	Funding Source	One-time	Ongoing
State Employee Compensation - Unemployment and Workers Comp Rate Changes	Various		446,600
Internal Service Fund (ISF) Rate Impact			
Administrative Services Internal Service Funds -	Various		1,098,800
Administrative Services Internal Service Funds - Fleet	Various		177,600
Administrative Services Internal Service Funds - Risk Management	Various		1,956,600
Technology Services Internal Service Fund	Various		-1,116,900
Total FY 2022		**$201,094,000**	**$358,994,100**

Table 12 - Technical Adjustments to Variable Funding Sources

FY 2021 Adjustments

Recommended Adjustments	One-time	Ongoing
Administrative Services		
Dedicated Credits	2,147,000	
Expendable Receipts	3,000,000	
Federal Funds - Coronavirus Relief Fund	110,740,200	
Interest Income	3,000,000	
Commerce		
Federal Funds	60,000	
Transfers	1,000,000	
Corrections		
Transfers	2,736,000	
Environmental Quality		
Dedicated Credits	-520,000	
Federal Funds	8,101,000	
Repayments	10,148,200	
Transfers	114,100	
Health		
Ambulance Service Provider Assess Exp Rev Fund	20,000	
Beginning Nonlapsing Balance	281,100	
Dedicated Credits	2,693,400	
Expendable Receipts	18,333,200	
Expendable Receipts - Rebates	40,969,100	
Federal Funds	104,527,900	
Federal Funds - CARES Act	-1,696,300	
Medicaid Expansion Fund	-300,000	
Transfers	29,246,200	
Heritage and Arts		
Dedicated Credits	-1,343,900	
Federal Funds	214,000	
Transfer for COVID-19 Response	25,000,000	
Transfers	149,000	
Higher Education		
Dedicated Credits	7,732,400	
Human Services		
Dedicated Credits	800	
Expendable Receipts	5,156,300	
Federal Funds	23,297,200	
Federal Funds - CARES Act	2,167,400	
Transfer for COVID-19 Response	17,669,600	
Transfers	26,440,100	
Juvenile Justice Services		
Dedicated Credits	904,900	
Expendable Receipts	27,400	
Federal Funds	31,600	
Transfers	723,100	
Labor Commission		
Transfer for COVID-19 Response	2,000,000	
Natural Resources		
Dedicated Credits	-1,511,700	
Expendable Receipts	8,122,600	
Federal Funds	2,756,100	

Recommended Adjustments	One-time	Ongoing
Federal Mineral Lease	-418,400	
Transfers	10,809,800	
Public Education		
Transfer for COVID-19 Response	31,900,000	
Public Safety		
Dedicated Credits	-1,000,000	
Federal Funds	17,452,500	
Transfers	2,000,000	
Public Service Commission		
Transfers	900	
Transportation		
Dedicated Credits	1,147,900	
Expendable Receipts	25,000,000	
Workforce Services		
Dedicated Credits	35,130,000	
Expendable Receipts	100,000	
Federal Funds	31,512,300	
Federal Funds - CARES Act	27,601,100	
Homeless Housing Reform Restricted Account (GFR)	7,000,000	
Medicaid Expansion Fund	1,500	
Olene Walker - Fed Home Income	-21,800	
Olene Walker - Low Income Housing	46,400	
Olene Walker - Low Income Housing-PI	-21,000	
Olene Walker Housing	53,500	
Qualified Emergency Food Agencies Fund	1,000	
Transfer for COVID-19 Response	34,965,000	
Transfers	8,446,400	
Total FY 2021 Recommended Adjustments	**$685,845,100**	

FY 2022 Adjustments

Recommended Adjustments	One-time	Ongoing
Administrative Services		
Dedicated Credits		4,750,200
Commerce		
Dedicated Credits		-500,000
Federal Funds		60,000
Transfers		1,000,000
Corrections		
Transfers	150,000	
Environmental Quality		
Dedicated Credits		-1,415,200
Federal Funds	14,665,600	363,600
Repayments		418,200
Transfers		-23,800
Governor and Lieutenant Governor		
Federal Funds	106,400	
Health		
Ambulance Service Provider Assess Exp Rev Fund		20,000
Dedicated Credits	13,500	864,600
Expendable Receipts		18,125,800
Expendable Receipts - Rebates		40,975,200
Federal Funds	34,687,600	117,697,200

Recommended Adjustments	One-time	Ongoing
Federal Funds - CARES Act	3,029,400	
Transfers		33,098,900
Heritage and Arts		
Dedicated Credits	50,000	-1,393,900
Federal Funds		214,000
Human Services		
Dedicated Credits		294,100
Expendable Receipts		4,916,500
Federal Funds		15,308,700
Restricted Revenue		300
Transfers		4,073,100
Juvenile Justice Services		
Dedicated Credits		904,900
Expendable Receipts		27,400
Federal Funds		31,600
Transfers		76,700
Natural Resources		
Dedicated Credits		-1,682,000
Expendable Receipts		10,185,300
Federal Funds		6,472,900
Federal Mineral Lease		-409,100
Transfers		10,809,800
Public Safety		
Dedicated Credits		-1,000,000
Federal Funds		2,315,400
Transfers		2,000,000
Public Service Commission		
Transfers		1,000
Transportation		
Dedicated Credits		1,147,900
Expendable Receipts		25,000,000
Workforce Services		
Dedicated Credits		35,130,000
Expendable Receipts		150,000
Federal Funds	32,300	60,089,500
Federal Funds - CARES Act	28,211,400	
Homeless Account (GFR)		100
Homeless Shelter Cities Mitigation Restricted Account (GFR)		300
Housing Opportunities for Low Income Households		400
Medicaid Expansion Fund		1,500
Olene Walker - Fed Home		400
Olene Walker - Fed Home Income		-21,800
Olene Walker - Low Income Housing		46,800
Olene Walker - Low Income Housing-PI		-21,000
Olene Walker Housing		53,900
Permanent Community Impact		400
Qualified Emergency Food Agencies Fund		1,000
Transfers		1,446,700
Total FY 2022 Adjustments	**$80,946,200**	**$391,607,500**

Table 13 - Funding Reallocations

FY 2021 Adjustments

Adjustment	Funding Source	One-time	Ongoing
Agriculture and Food			
Reallocated Federal Revenue Appropriation			
SIAA DAG Plant Industry	Federal Funds	-400,000	
SJAA DAG Regulatory Services	Federal Funds	400,000	
Corrections			
Line Item Reallocation for Medical Shortfall			
MAAA DOC Programs & Operations	General Fund	-1,500,000	
MDAA DOC Medical Services	General Fund	1,500,000	
Environmental Quality			
Attorney General Funding			
NAAA Executive Director	General Fund	-75,000	
NAFF Drinking Water	General Fund	75,000	
Health			
Coordination of Care for Older Adults			
LEAA DOH Disease Control & Prevention	General Fund	55,000	
LFAA DOH Family Health & Preparedness	General Fund	-55,000	
FHP Federal Sanctions Motion			
LFAA DOH Family Health & Preparedness	Beginning Nonlapsing Balance	-1,065,900	
LRAA DOH Medicaid Sanctions	Beginning Nonlapsing Balance	1,065,900	
Higher Education			
Balance Funding Sources			
QCAA USU Education & General	Education Fund	5,000,000	
QCAA USU Education & General	General Fund	-5,000,000	
QJAA UVU Education & General	Education Fund	45,000,000	
QJAA UVU Education & General	General Fund	-45,000,000	
Transportation			
FTE Line Item Shift			
XBAA DOT Support Services	Transportation Fund	140,000	
XDAA DOT Operations/Maintenance	Transportation Fund	-101,000	
XFAA DOT Region Management	Transportation Fund	-39,000	
Technical Reallocation - Federal/State Shift			
XBAA DOT Support Services	Federal Funds	-59,400	
XBAA DOT Support Services	Transportation Fund	59,400	
XDAA DOT Operations/Maintenance	Federal Funds	-231,300	
XDAA DOT Operations/Maintenance	Transportation Fund	231,300	
XFAA DOT Region Management	Federal Funds	-519,300	
XFAA DOT Region Management	Transportation Fund	519,300	
Workforce Services			
Reallocate General Assistance Funding to Cover GA Expenses in Other Line Items			
NJAA DWS Administration	General Fund	100,000	
NJBA DWS Operations & Policy	General Fund	870,000	
NKAA DWS General Assistance	General Fund	-1,000,000	
NLAA DWS Unemployment Insurance	General Fund	30,000	
Reallocation of Women in the Economy Appropriations			
NJBA DWS Operations & Policy	General Fund	-5,300	
NLAA DWS Unemployment Insurance	General Fund	5,300	
Total FY 2021		**$0**	

FY 2022 Adjustments

Adjustment	Funding Source	One-time	Ongoing
Agriculture and Food			
Reallocate Chemistry Lab			
SAAA DAG Agriculture & Food Administration	Dedicated Credits		491,500
SAAA DAG Agriculture & Food Administration	Federal Funds		1,600
SAAA DAG Agriculture & Food Administration	General Fund		742,500
SIAA DAG Plant Industry	Dedicated Credits		-141,500
SIAA DAG Plant Industry	General Fund		-343,300

Adjustment	Funding Source	One-time	Ongoing
SJAA DAG Regulatory Services	Federal Funds		-1,600
SJAA DAG Regulatory Services	General Fund		-399,200
SLAA Medical Cannabis	Dedicated Credits		-350,000
Reallocated Federal Revenue Appropriation			
SIAA DAG Plant Industry	Federal Funds		-400,000
SJAA DAG Regulatory Services	Federal Funds		400,000
Reallocated Horse Racing Commission			
SAAA DAG Agriculture & Food Administration	General Fund		-77,300
SAAA DAG Agriculture & Food Administration	Horse Racing (GFR)		-21,700
SHAA DAG Animal Health	General Fund		77,300
SHAA DAG Animal Health	Horse Racing (GFR)		21,700
Environmental Quality			
Attorney General Funding			
NAAA Executive Director	General Fund		-75,000
NAFF Drinking Water	General Fund		75,000
Health			
Balance Funding Sources			
LFAA DOH Family Health & Preparedness	Education Fund	17,401,500	
LFAA DOH Family Health & Preparedness	General Fund	-17,401,500	
LIAA DOH Medicaid Services	Education Fund	154,987,500	
LIAA DOH Medicaid Services	General Fund	-154,987,500	
LPAA DOH Children`s Health Insurance	Education Fund	22,095,600	
LPAA DOH Children`s Health Insurance	General Fund	-22,095,600	
Higher Education			
Balance Funding Sources			
QBAA UOU Education & General	Education Fund	204,664,200	
QBAA UOU Education & General	General Fund	-204,664,200	
QBQA UOU SafeUT Crisis Text & Tip	Education Fund	250,000	
QBQA UOU SafeUT Crisis Text & Tip	General Fund	-250,000	
QCAA USU Education & General	Education Fund	100,324,000	17,000,000
QCAA USU Education & General	General Fund	-100,324,000	-17,000,000
QEAA SUU Education & General	Education Fund	20,100	
QEAA SUU Education & General	General Fund	-20,100	
QFAA SNOW Education & General	Education Fund	90,300	
QFAA SNOW Education & General	General Fund	-90,300	
QGAA DSU Education & General	Education Fund	100,700	
QGAA DSU Education & General	General Fund	-100,700	
QJAA UVU Education & General	Education Fund	100,035,200	
QJAA UVU Education & General	General Fund	-100,035,200	
QKAA SLCC Education & General	Education Fund	30,900	
QKAA SLCC Education & General	General Fund	-30,900	
Reallocation			
QAAA RGT Board of Regents Administration	Education Fund		46,200
QABA RGT Student Support	Performance Funding Restricted Account		-1,243,200
QBAA UOU Education & General	Performance Funding Restricted Account		302,100
QCAA USU Education & General	Education Fund		-155,700
QCAA USU Education & General	Performance Funding Restricted Account		204,900
QCFA USU Agriculture Experiment Station	Education Fund		51,200
QCGA USU Cooperative Extension Service	Education Fund		104,500
QCHA USU Uintah Basin CEC	Education Fund		-178,100
QCLA USU Eastern Education & General	Education Fund		-2,405,800
QCNA USU Eastern Career & Technical Education	Education Fund		2,415,200
QCQA USU Blanding Campus	Education Fund		-277,000
QCRA USU Brigham City CEC	Education Fund		-225,700
QCTA USU Regional Campus	Education Fund		671,400
QDAA WSU Education & General	Performance Funding Restricted Account		108,800
QEAA SUU Education & General	Performance Funding Restricted Account		57,600
QFAA SNOW Education & General	Performance Funding Restricted Account		29,600
QGAA DSU Education & General	Performance Funding Restricted Account		49,700
QJAA UVU Education & General	Performance Funding Restricted Account		163,800
QKAA SLCC Education & General	Education Fund		89,300
QLAA UTech Administration	Education Fund		-46,200
QLGA UCAT Bridgerland ATC	Performance Funding Restricted Account		29,700
QLHA UCAT Davis ATC	Performance Funding Restricted Account		29,700
QLJA UCAT Ogden/Weber ATC	Performance Funding Restricted Account		29,700
QLKA UCAT Uintah Basin ATC	Performance Funding Restricted Account		29,700

Adjustment	Funding Source	One-time	Ongoing
QLMA UCAT Mountainland ATC	Performance Funding Restricted Account		29,700
QLPA UCAT Southwest ATC	Performance Funding Restricted Account		29,600
QLQA UCAT Dixie ATC	Performance Funding Restricted Account		29,700
QLRA UCAT Tooele ATC	Performance Funding Restricted Account		29,600
Public Education			
Personnel Alignment			
PAAA PED Office of Education	Education Fund		196,000
PTAA PED General System Support	Education Fund		-196,000
Statutory Shift of Education Fund to Uniform School Fund			
PPAA PED Basic School Program	Education Fund		-2,605,783,700
PPAA PED Basic School Program	Uniform School Fund		2,605,783,700
PQAA PED Related to Basic Programs	Education Fund		-710,727,500
PQAA PED Related to Basic Programs	Uniform School Fund		710,727,500
PRAA PED Voted & Board Leeway Programs	Education Fund		-95,050,500
PRAA PED Voted & Board Leeway Programs	Uniform School Fund		95,050,500
Transportation			
FTE Line Item Shift			
XBAA DOT Support Services	Transportation Fund		140,000
XDAA DOT Operations/Maintenance	Transportation Fund		-101,000
XFAA DOT Region Management	Transportation Fund		-39,000
Technical Reallocation - Federal/State Shift			
XBAA DOT Support Services	Federal Funds		-59,400
XBAA DOT Support Services	Transportation Fund		59,400
XDAA DOT Operations/Maintenance	Federal Funds		-231,300
XDAA DOT Operations/Maintenance	Transportation Fund		231,300
XFAA DOT Region Management	Federal Funds		-519,300
XFAA DOT Region Management	Transportation Fund		519,300
Workforce Services			
Reallocation of Women in the Economy Appropriations			
NJBA DWS Operations & Policy	General Fund		-5,300
NLAA DWS Unemployment Insurance	General Fund		5,300
Total FY 2022		**$0**	**$0**

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GOVERNOR'S OFFICE OF
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