

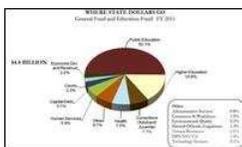


Gov.'s budget proposal to face debate from Legislature

December 14th, 2009 @ 5:00pm
By Richard Platt

SALT LAKE CITY -- Money is on nearly everyone's mind this holiday season, and the people charged with raising and spending the state's money are worried about the long-term consequences of the economy on the state budget.

In his \$11.3 billion budget proposal, Gov. Gary Herbert called for a combination of cuts, borrowing instead of paying cash for roads, tapping into the rainy day fund a bit, and preserving what's important. To the relief of advocates for the poor, that includes programs that keep them alive.



Where Utah state dollars go in FY2011. Courtesy Governor Herbert's budget proposal. Click to enlarge bottom line for schools is maintaining funding levels from last year at \$293 million. The fact that it's not a cut is good news, yet it still doesn't pay for the influx of thousands of new students.

It's an important starting point when it comes to outlining details of the governor's \$11.3 billion budget proposal. On Friday, Herbert talked about what these "lean times" mean.

"I think it goes without saying that everybody knows we're facing a significant economic challenge," he said.

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For state workers, lean times mean a 3 percent cut for all non-education-related departments. That could mean a combination of furloughs, early retirement, salary cuts or layoffs.

Advocates for Medicaid funding are pleased this year. The governor's budget calls for an additional \$36 million. That allows for significant federal matching funds and covers a large, new group of people who need assistance.

Lincoln Nehring, with the Utah Health Policy Project, said, "They recognize the value. If there's a fiscally intelligent way to fund it, they support the program."

In the governor's proposal, these services are listed as one of the critical areas.

"We have met the critical needs and will continue to meet the critical needs, especially those who are most vulnerable and in need of government services," Gov. Herbert said.

Still, there are other services for the mentally ill, disabled and others who are not seeing an increase. For those programs, hard times will continue for another year.

The governor's proposal will face scrutiny and debate. Next the Legislature will have a turn at creating a budget. It may or may not include some of the same priorities. They could want to make use of the rainy day fund or possibly create a higher tax on tobacco.

An increased tobacco tax could bring in millions of dollars, but not everyone agrees that it should be raised. Gov. Herbert, for one, is a hard-liner against any new taxes.

"If I'm going to say no new taxes, no tax rates, I ought to be consistent," Herbert said. "I ought not to say, because of the economic aspects of this, say, 'No new taxes, except for you guys.'"

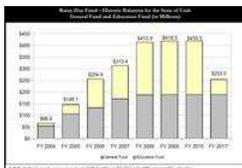
Several legislators are already anticipating a vigorous debate on the topic. It came up last year but got shot down.

Depending on how large an increase is proposed, it could generate more than \$10 million a year right away, using last year's numbers. But the question is: How would the money be used?

There are many areas, in particular, providing services for the poor and replacing stimulus money that will run out next year.

Nehring said, "Eyeglasses, dental care, audiology, speech therapy -- those are items not in the governor's budget that a tobacco tax could help cover."

But Gov. Herbert said, "I think that as we go forward in this fragile yet recovering economy, that a tax increase would be the wrong thing to do in the interest of Utah's economy."



Rainy Day Fund- Historic balances for the state of Utah (FY2004-FY2011). Courtesy Governor Herbert's budget proposal. Click to enlarge

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How do you feel about Gov. Herbert's proposed use of \$166 million of the state's Rainy Day Fund?

- This is why we have it
- Would rather not, but need a balanced budget
- No way; find another way

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Marc Giauque reporting

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Gap:	
Budget Shortfall	\$163
Supplemental Needs	20
Total FY10 Budget Gap	\$183
Solutions:	
Agency Reductions (3% COLA)	\$39 *
Medicaid Settlement	20
OPEB/Term Pool	6
Reduce USTAR ARRA	5
Restricted Fund Balances	16
Student Population Account	72 **
Bonding for Roads	25
Total Solutions	\$183
*Includes Higher Education	
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There is an equal amount of discussion over use of the rainy day fund. The governor proposed using \$166 million next year. Some people want to use more; others want to use less.

All this sets the stage for a lot of debate, starting next legislative session, if not sooner.

Story compiled with contributions from Richard Platt and Marc Giauque.

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