



C.L. "BUTCH" OTTER
GOVERNOR

January 12, 2009

Idaho State Legislature
State Capitol Building
PO Box 83720
Boise, Idaho 83720

Dear Legislator:

I am transmitting to you today the *Executive Budget* documents in accordance with 67-3506, *Idaho Code*. My budget proposal includes:

FY 2009 - The FY 2009 General Fund budget recommendation totals \$2,858,612,600. The FY 2009 General Fund revenue estimate is \$2,633,801,200, a decrease of 9.5% from the prior year and an increase of \$47.8 million from the projection used at the end of the 2008 session. The budget includes:

- A General Fund holdback totaling \$136,938,350 as detailed in the enclosed chart.
- Supplementals totaling \$893,600 in the General Fund.
- Projects an ending balance of \$8,145,100.

FY 2010 - The FY 2010 General Fund budget recommendation totals \$2,742,344,200. Revenue includes an estimated \$2,659,261,600 in forecasted revenues, \$8,145,100 in General Fund carryover from FY 2009, and \$79,256,100 in transfers from various other sources. The budget recommendation contains:

- No new tax increases other than those directly connected to the transportation initiative.
- Full implementation of the Grocery Tax Credit increase authorized by the 2008 session.
- Using only 35 percent of the four "rainy day" funds over the two-year period (fiscal years 2009 and 2010).

- A reduction in the base budgets of all Executive branch agencies and departments.
- Almost no line-item enhancements and net increase of only eight (8) FTPs.

Change in Employee Compensation (CEC) – My recommendations for changes in salaries and benefits for FY 2010, addressing each of the four components identified in 67-5309C(2), Idaho Code, include:

- For market-related changes necessary to address system-wide structure adjustments, I recommend increasing the salary ranges by 3% to keep the salary structure in line with the market at the State's chosen policy position while maintaining the minimum salaries at their current levels.
- For market-related changes necessary to address specific occupational inequities, I support the payline exceptions identified by the Division of Human Resources in the FY 2010 CEC and Benefits report (Appendix O of the CEC Report).
- For a merit increase component to recognize and reward state employees in the performance of public service to the citizens of Idaho, I am unable to recommend an increase due to the current economic situation. However, if the revenue situation changes or agencies have salary savings I encourage agencies to reward their employees to the extent possible.
- For changes to the employee benefit package, I support the recommendations of the Department of Administration as outlined in the FY 2010 CEC and Benefits report (page 4).

Additional details are provided to all legislative members and the public in my *Executive Budget* and related documents that are available at <http://dfm.idaho.gov/>. Print versions will be provided upon request.

As Always – Idaho, “Esto Perpetua”

A handwritten signature in black ink, appearing to read "C.L. Butch Otter". The signature is stylized and cursive.

C.L. “Butch” Otter
Governor of Idaho