



C.L. "BUTCH" OTTER  
GOVERNOR

January 9, 2012

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 2012** – The FY 2012 General Fund revenue estimate of \$2,552,710,000 is a decrease from the last estimate I sent you and reflects a 4.43 percent increase in revenue from FY 2011. In response to this change in revenue, my budget recommendation includes the required deficiency warrants and only limited supplementals.

**FY 2013** –The FY 2013 General Fund revenue estimate of \$2,700,260,000 reflects a 5.78 percent growth in revenue. Accordingly, my budget recommendation includes:

- \$45 million in ongoing tax relief;
- Transferring \$25,980,000 to the Budget Stabilization Fund (\$9,456,200 of this total is mandated by Idaho Code);
- Transferring \$29,040,000 to the Public School Stabilization Fund;
- Transferring \$4,980,000 to the Higher Education Stabilization Fund; and
- Limited growth in the size of State government (only 5.00 percent over the prior fiscal year).

**Change in Employee Compensation (CEC)** – My recommendations for changes in salaries and benefits for FY 2013, 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 no changes to the salary ranges.

- For market-related changes necessary to address specific occupational inequities, I support the continuation of the payline exceptions identified by the Division of Human Resources in the FY 2013 CEC and Benefits report (Appendix G 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 recommending setting aside \$41,107,100 from the General Fund and \$17,143,500 from other fund sources (for a total of \$58,250,600) as a surplus eliminator that is equivalent to a three percent change in employee compensation (CES). Should revenues reach their target, then funds would be released to agencies but on a one-time basis.

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 fluid and cursive, with the first name "C.L." and the last name "Otter" being more distinct than the middle name "Butch".

C.L. “Butch” Otter  
Governor of Idaho