

**FY 2010 Budget Highlights**

**Statewide**

- The Governor recommends building a state budget that recognizes the tough choices facing state leaders. Throughout the entire budget, emphasis is placed on essential functions of government that directly impact the lives, safety and prosperity of all Idahoans. Significant reductions in a number of nonessential programs are included in order to ensure the continued operation of those functions most central to the proper role of government.
- While state revenues have shrunk significantly when compared to prior years (the newly revised FY 2009 revenue figure is -9.5 percent below the previous year and the current FY 2010 revenue estimate is for limited growth of only 1.0 percent), the Governor recommends a balanced budget that addresses important state priorities without any tax increases other than those directly connected to the transportation initiative. Furthermore, the Governor’s plan fully implements the scheduled phase-in of the Grocery Tax Credit increase authorized by the 2008 Legislature.
- The Governor’s recommendation limits expenditures from the state’s four “rainy day funds” to no more than 35 percent of the total funds available over fiscal years 2009 and 2010 combined. The chart below details these expenses.

<b>Fund</b>	<b>Balance (Jan 1, 2009)</b>	<b>Utilized in FY 2009</b>	<b>Utilized in FY 2010</b>	<b>Ending Balance</b>	<b>% Spent</b>
Public Education Stabilization Fund	\$113,785,084	\$60,704,200	\$ 0	\$ 53,080,884	53.35%
Economic Recovery Reserve Fund	67,443,514	0	25,300,000	42,143,524	37.51%
Budget Stabilization Fund	140,624,640	0	25,300,000	115,324,640	17.99%
Millennium Fund (non-endowed)	67,961,221	0	25,100,000	42,861,221	36.93%
<b>Total All Funds</b>	<b>\$389,814,469</b>	<b>\$60,704,200</b>	<b>\$75,700,000</b>	<b>\$253,410,269</b>	<b>34.99%</b>

- The Governor’s recommendation fully integrates several legislative priorities that his office plans to advance during the 2009 legislative session, including the transportation initiative and education reorganization package.
- The Governor’s recommendation captures the first tangible fruits of the Governor’s Zero-Based Budgeting initiative. Launched just last year, this continuing effort examines the base budgets of each area of state government in search of efficiencies and best practices. The State Department of Agriculture and a number of smaller offices completed zero-based budgeting in 2009 in preparation of the FY 2010 budget.

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### **General Government**

- Included in the Governor's recommendation for infrastructure investment is funding for the Idaho Education Network (IEN). The IEN will be a coordinated, statewide telecommunications distribution system for distance learning for each public school in the state. This infrastructure investment will provide Internet access and telecommunications services for distance learning across the state.
- The Governor's recommendation includes the use of \$19.7 million available in the Permanent Building Fund for addressing alteration, repair and life safety issues in existing state facilities. The recommendation also includes reinstatement of nearly \$5 million in maintenance projects identified by the Permanent Building Fund Advisory Council to be delayed in FY 2009 because of inadequate funds.
- The Governor's recommendation includes continued investment in efforts to consolidate statewide information technology services at the Department of Administration. These services include enterprise messaging consolidation, enterprise infrastructure and service consolidation. As agencies continue to migrate services to the department, continued investment in equipment and services provided by the department are necessary. As services and billing are consolidated within the department, savings will be realized as a result of reducing redundant services.
- The Governor recommends \$200,000 in additional spending authority to implement – in partnership with the Lottery Commission and the Department of Agriculture's Idaho Preferred Program – an employee service awards program within the Division of Human Resources. The cost per individual will be billed to the state agencies when they order service awards for their employees.
- The Governor recommends one-time funding for the purchase of 55 acres for the construction of an operational readiness training complex for the Military Division. The construction complex, along with the operations and maintenance costs, will be 100-percent federally funded. Once operational, the facilities will service between 5,000 and 15,000 soldiers each year from across the United States who will be trained here in Idaho.
- The Governor's recommendation includes returning \$5 million to the General Fund appropriated in FY 2009 to the Capitol Commission for the purpose of purchasing new furniture for the expanded Capitol. The Governor recommends that the Commission use dedicated fund sources to cover these and all other Capitol expansion expenses.

### **Public Safety**

- The Governor supports the Idaho Department of Correction's "Zero-Growth Initiative" to lower operating costs and more effectively manage Idaho's prison population. The initiative capitalizes on the proven procedures responsible for Idaho's slowed prison growth. Additionally, the department will make better use of existing and increased capacity to facilitate closer proximity to inmate treatment and programming, work more closely with the Pardons and Parole Commission to reduce the number of inmates incarcerated past parole eligibility dates, and institute a penalty matrix for offenders on supervised parole and/or probation to better define offenses that require incarceration or other punitive measures.
- The Governor recommends a fund shift of \$3.2 million that phases out the Idaho State Police's reliance on the Highway Distribution Account over five years and replaces the dedicated fund revenue stream with funding from the General Fund. This will create a more stable funding

source that is not subject to the influence of fuel prices. Funding is contingent on the successful passage of the Governor's transportation initiative.

- The Governor's recommendation includes three additional FTP in the Forensics Division of the Idaho State Police. The additional staff will assist in shortening the turnaround time for DNA and latent print analyses utilized by almost every county and city across the state and provide additional resources to keep the state's population safe.
- The Governor recommends one-time funding for furnishings and operating for the new Idaho State Police regional headquarters in Kootenai County. This building will combine Patrol, Commercial Vehicle Safety, a Regional Communications Center, Investigations, POST and a forensic laboratory into a single, secure facility.
- The Governor recommends \$25,000 in ongoing funding from the General Fund to augment the Treasure Valley Special U.S. Attorney Project. This project is a unique approach to confronting gang violence and allows for prosecution in the federal court system. In the past year alone, the project has led to the conviction of over 20 individuals, each of whom is serving a federal prison sentence outside Idaho.
- The Governor's recommendation provides for two additional Probation and Parole officers directly responsible for offender supervision. This enhancement will keep caseload size at manageable levels to reduce recidivism.
- The Governor's recommendation includes three new appellate attorneys for the office of the State Appellate Public Defender (SAPD). Attorney caseloads have steadily increased since FY 2006, putting the SAPD at risk of violating ethical obligations and falling out of compliance with national standards.

### **Health and Human Services**

- The Governor's recommendation includes \$500,000 for the Idaho Meth Project to further promote its powerful statewide message focused on prevention by highlighting the dangers of methamphetamine use.
- The Governor's recommendation incorporates changes in how the county contribution for Catastrophic Health Care is calculated. Counties now are statutorily responsible for the costs incurred up to \$10,000 per client, and the state is responsible for the costs exceeding \$10,000. The Governor supports proposed legislation to increase the county contribution cap to \$15,000.
- The Governor recommends increased funding to complete two crucial Information Technology projects at the Department of Health and Welfare. Replacement of the state eligibility determinations system, or EPICS, and completion of the Medicaid Management Information System, or MMIS, will enable the Department to operate with better accuracy and more efficiency.

### **Education**

- The Governor's recommendation includes funding for estimated growth in mid-term support units, pupil transportation costs, student enrollment in the Idaho Digital Learning Academy, as well as classroom supplies for new teachers.

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- To help encourage more physicians to provide demanded medical services in Idaho, and especially within the state's rural areas, the Governor's recommendation includes an increase for Family Practice Residency. This increase in funding will assist Idaho State University and Boise Family rural residency programs place additional medical students throughout all regions of the state.

### ***Economic Development***

- The Governor's recommendation allocates funding for implementation of the Governor's initiative to grow the state's economy. Entitled "Project 60," this comprehensive approach to growth within the Department of Commerce aims at increasing the state's economic output while simultaneously limiting the impact of the current economic downturn. By focusing spending on areas of growth and maximum return on investment, the Governor's recommendation makes lemonade of the economic lemons being yielded by the current business climate.
- The Governor's recommendation includes one-time funding for the Idaho Rural Partnership (IRP). IRP works to increase the capacity of rural communities by conducting community reviews, providing leadership training for rural leaders, providing a forum for intergovernmental and interagency collaboration to resolve local issues and compiling the profile of rural Idaho to educate policy makers on the conditions and needs of rural communities.
- The Governor's recommendation includes a one-year extension in the funding for noxious weed projects. Originally provided in FY 2008, the extension will allow a continued, consistent and targeted approach to this effective eradication program.
- The Governor's recommendation represents the first step in addressing the immediate statewide need to preserve and maintain Idaho's \$16 billion infrastructure of roads and bridges.
- Included in the Governor's budget are several measures designed to promote greater accountability and efficiency at the Idaho Transportation Department (ITD). Reflected in the budget is an immediate 10-percent reduction of administrative costs at ITD. These resources are being reallocated to ITD functions that directly serve Idaho drivers and Idaho businesses.
- The Governor's recommendation reduces capital replacement dollars at the Idaho Transportation Department (ITD) by 15 percent. These savings are reflected in increased contract construction and right-of-way monies that will serve the driving public across the state. Full funding for the ITD "buy back" program, allowing the department to continue to update and replace key equipment while selling used equipment back to vendors, also is included.

### ***Natural Resources***

- The Governor's recommendation includes approximately \$15 million in new funds from the Bonneville Power Administration and the Snake River Basin Adjudication for on-the-ground projects related to habitat and other species of special concern issues. The Office of Species Conservation also received two limited service positions to administer these new projects.
- The Governor's recommendation includes a combination of General Fund and dedicated funds to support the initial phase of the Coeur d'Alene Lake Management Plan. The plan reflects the overall Lake Management Agreement between the U.S. Environmental Protection Agency, The Department of Environmental Quality, and the Coeur d'Alene Tribe. Phase I will focus on the

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core program of coordination, monitoring and modeling, nutrient inventory, and educational outreach.

- As part of a more intensive silvicultural treatment, the Governor is recommending an increase of \$500,000 in Endowment funds spending authority for increased forest fertilization, pre-commercial thinning, planting, logging slash treatments, and maintenance of the Endowment-owned road systems. The increased Operational Expenditures will allow the agency to thin an additional 3,560 acres per year. The agency projects this pre-commercial thinning will increase growth and volume by 35 percent to 50 percent, with a 5-percent to 7-percent expected return on investment.
- The Governor's recommendation includes approximately \$2.9 million to administer the large portfolio of office, retail buildings, and parking lots owned by the Endowments. This increase in Endowment funds spending authority will allow for the payment of increased utilities, housekeeping, common area, general and landscape maintenance costs and property management services, as well as enabling deferred life/safety maintenance needs to be addressed, and restoring the assets to a condition suitable for maintaining a revenue stream for the Endowments.
- The Governor's recommendation includes approximately \$500,000 in dedicated spending authority to enhance the motorbike program throughout the State of Idaho. The initiative will provide needed additional equipment, an educational DVD to be incorporated into the Idaho Department of Fish and Game's Hunter Education program, a Web-based GIS/mapping project, and a Trail Ambassador Pilot Project. This initiative will provide increased opportunities for off-highway riders throughout the state.
- The Governor's recommendation includes spending authority for the new wastewater systems at Farragut and Heyburn state parks. The systems will be in place in 2009 and will require staff to monitor operations and maintain the grounds around the systems.
- The Governor's recommendation includes reauthorization of \$1.0 million in one-time spending authority for continued development of Eagle Island State Park. This spending authority will be funded by gravel extracted from the park.
- The Governor recommends the use of previously appropriated dollars to fund the first three years of implementation of the Eastern Snake Comprehensive Aquifer Plan at a total of \$9 million. This plan was developed by broad and diverse group of stakeholders and has the potential to serve as a model for providing for the long-term stability of other aquifers throughout the state.