

### ***FY 2012 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.
- While state revenues have shrunken significantly when compared to prior years (the newly revised FY 2011 revenue figure is 4.18% above the previous year and the FY 2012 revenue estimate reflects a 6.88% growth) the Governor's recommendation is built upon a 3.00% growth (\$2,429,865,700) for the new year. The Governor recommends a balanced budget that addresses important state priorities without any tax increases.
- No employee salary increases – no increased funding for raises in any fund category.
- Employee benefit costs will be funded with reserves to cover costs of the premium increase and restoration of the 2-month health insurance premium holiday.
- The Governor's recommendation includes an omnibus reduction of \$10,274,300 in ongoing reductions spread across all General Fund agencies (averages 2.2% reduction).

#### **Education**

- Includes \$963,500 to provide college entrance exams for all Idaho high school juniors without cost to them or their families.
- Includes \$4,150,000 for high school redesign and the requirement that all Idaho students complete a third year of math and science curriculum.
- The Governor recommends ongoing state funds, at the same level as FY 2011 (\$1,591,200), for continued participation of Boise State University, Idaho State University and the University of Idaho at the Center for Advanced Energy Studies (CAES) in Idaho Falls. One-time ARRA dollars provided funding in FY 2009 and FY 2010. The Center has attracted \$23.8 million of outside financial support during those initial two years of operation.
- Includes \$673,000 in federal spending authority for the College Access Challenge Grant Program which is intended to increase the number of students from low income families who are prepared to succeed in higher education pursuits after high school.
- The Governor recommends \$117,400 in General Funds for a director who will be responsible for ensuring that charter schools are operating within state guidelines as well as held accountable for operation and performance.
- The Governor recommends \$250,000 in federal spending authority for the Gaining Early Awareness and Readiness for Undergraduate Program (GEARUP) scholarships aimed at low income middle and high school students.
- The Governor designates \$1,000,000 from the General Fund for renewal of financial need-based Idaho Opportunity Scholarship awards in FY 2012.

## Summary Tables and Graphs

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- The Governor recommends \$969,200 for the second year of operational and support costs for the Statewide Longitudinal Data System which is intended to track student progress from kindergarten through potentially doctorate level university graduate school, and to initial workforce entrance.
- The Governor recommends \$250,000 in dedicated spending authority for use in building or purchasing an existing End-of-Course (EOC) series of tests to determine student readiness to graduate from high school.
- Fulfilling obligations to out-of-state universities and Idaho students, the Governor's budget recommendation includes \$266,300 for contract cost escalation in health education agreements with the University of Washington, University of Utah, Creighton University (Omaha), Washington State University and the Western Interstate Commission for Higher Education's Professional Student Exchange (Optometry) Program.

### ***Health and Human Services***

- The Governor's recommendation fully funds the FY 2011 mid-year Federal Medical Assistance Percentage (FMAP) adjustment of \$31.9 million.
- The Governor's recommendation provides for a \$35 million reduction in General Fund to be offset by dedicated funds due to the Hospital Provider and Nursing Facility Assessments.
- The Governor's recommendation maintains substance use disorder treatment funding at current levels by offsetting General Fund reductions with increased Millennium Fund.
- The Governor's recommendation includes a supplemental of \$7,235,000 in FY 2011 and \$8,500,000 for FY 2012 for the Catastrophic Health Care Fund.

### ***Public Safety***

- Fully funds operation of Correctional Alternative Placement Program (CAPP).
- The Governor recommends replacing ARRA funds (\$2,000,000) with General Funds for the Department of Correction for the purpose of addressing critical staffing needs.
- The Governor recommends the continuation of Highway Distribution Account (HDA) funding to the Idaho State Police (ISP), through FY 2012. This will provide ISP with continued agency-wide funding of an estimated \$15.9 million and will help offset \$20.7 million in funding needed to keep the Patrol Program whole. The remaining amount is offset by use of available fund balances and a fund shift to the General Fund of \$1.4 million.
- The Governor recommends \$1.6 million in funding from the General Fund for the replacement of 37 patrol vehicles.

### ***Natural Resources***

- The Governor concurs with the transportation task force recommendation to defer implementation of the dedicated fund shift for Parks and Recreation that was approved during the 2009 legislative session (HB 376).
- The Governor recommends developing volunteer sites for Eagle Island, Round lake, Malad Gorge, and Priest Lake Indian Creek campgrounds.
- The Governor recommends using \$1 million in RV registration funds for restroom, campground and infrastructure projects at four parks throughout the State.
- The Governor recommends resuming the water quality monitoring program using \$390,900 from the Water Pollution Control Account on a one-time basis to fund this important function.

### ***Economic Development***

- The Governor recommends spending authority for facility amendments and other costs associated with integrating the Feed & Fertilizer Chemical Lab with the Idaho Food Quality Assurance Lab in Twin Falls in order to share lab space, equipment, and staff.
- The Governor recommends funding for the aquatic weed program. The Department of Agriculture will have State and federal funds for noxious weeds on terrestrial lands and state funding for invasive species (quagga mussels), but the funding received for eurasian milfoil and needed funding for other aquatic weed species will not be available for the next season. The State has invested over \$11 million and not continuing the funding may have a negative impact on the aquatic weed program.
- The Governor recommends spending authority for cash in the Business and Jobs Development Fund and Miscellaneous Revenue Fund to allow the Department of Commerce to incentivize business re-location and expansion in Idaho.
- The Governor recommends \$150,000 in spending authority in the Business and Jobs Development Fund to provide assistance in applying for federal grants.
- The Governor recommends seven new FTPs for the Accredited Mortgage Examination Program within the Department of Finance. The federal government has enacted laws requiring enhanced state supervision of the mortgage industry. Accreditation standards have been established to measure each state's mortgage industry supervisory capability. Failure to meet these standards may result in the federal government's supplanting state oversight.
- The Governor's recommendation includes the second of the four-year General Fund phase-out for the Human Rights Commission. The Commission has been successfully combined with the Department of Labor and alternate funding sources have been identified.
- The Governor recommends FY 2012 spending authority to complete the Idaho Commission on Libraries' \$1.9 million ARRA Broadband Technology Opportunities Program (BTOP) competitive grant which was awarded in late FY 2010 by the U.S. Department of Commerce to provide high speed internet service as well as acquire new computer equipment for Idaho's 55 least connected public libraries.

## Summary Tables and Graphs

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- The Governor is recommending that \$291,900 be restored in the Libraries Commission's budget to ensure continuity of Linking Libraries Idaho-Database (LiLI-D) services for periodical and reference book availability to connected local branches across the state. A change in vendor contract period of performance from a calendar to state fiscal year basis permitted Idaho to skip service funding during FY 2011.
- The Governor recommends one-time federal funding from the National Cemetery Administration VA State Cemeteries Grant for an expansion of 5,500 or more sites for cremated remains and 4,000 ground vaults for casketed interments.

### **General Government**

- The Governor recommends second year spending authority for a two year grant from the J.A. and Kathryn Albertson Foundation. In FY 2010, the Idaho legislature approved \$3 million in ARRA funding to begin the statewide coordinated high-bandwidth education network, and in FY 2011, \$3 million dollars of spending authority was approved from a two year grant. The Idaho Education Network provides distance learning and will give every student in Idaho access to highly qualified instructors for advanced curriculum opportunities.
- The Governor recommends \$100,000 from the General Fund for the continued legal research, personnel, and operating costs associated with the firefighter 218 referendum in the State Controller's budget.
- The Governor recommends additional spending authority and 8.0 FTPs for the Liquor Division to enhance customer service by keeping select stores open an additional two hours per day and on Labor Day and New Years Day.
- The Governor recommends \$180,000 in General Fund funding and \$600,000 in federal fund spending authority as a one-time FY 2011 supplemental appropriation for the National Guard Youth Challenge Program to cover start-up costs. This program will provide a structured and disciplined 22 week residential phase for 16 to 18 year old high school dropouts that focuses on education and practical life skills. This will be followed by a 12 month post-residential phase involving skilled and trained mentors that will support graduates engaged in positive placement. The program has been implemented in 28 states and is noted for its military based discipline and training, combined with educational instruction, experiential learning, and mentoring. Funding to finish the start-up phase amounts to \$520,000 in FY 2012 (\$120,000 General Fund and \$400,000 federal funds).
- The Governor recommends \$13 million in dedicated fund spending authority for the upgrade of the Public Employee Retirement System's core membership, employer, and benefit payment technology. Replacement of the current system, Galena, is necessary because it is at the end of its lifecycle.
- The Governor recommends transferring funding for the Office of Drug Policy from the Millennium Fund to the General Fund.

## Summary Tables and Graphs

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- The Governor recommends \$694,900 from the General Fund and \$122,700 from dedicated funds to the Tax Commission for the replacement of the phone and call center infrastructure. The new phone system is critical to the added capacity needed to accommodate the expansion of service necessary for the successful implementation of the Governor's Initiative to close the Tax Gap.
- The Governor recommends \$5,162,300 in funding for the continuation of the Compliance Initiative to address the Tax Gap. Funding will primarily be used to make permanent the 48.0 temporary employees hired in FY 2011 and hire additional temporary employees for FY 2012. In FY 2010, \$20.5 million was generated in increased tax receipts as a result of \$1.5 million in additional funding. In FY 2011, the Commission projects a total of \$27.5 million in increased tax receipts from the \$3.3 million appropriation.
- Of the \$7,577,700 available for program distribution from the Millennium Fund, the Governor recommends \$1,859,200 for community-based substance abuse treatment for the felony re-entry population, \$650,000 for tobacco counter-marketing and nicotine replacement therapy, \$500,000 for the Idaho Meth Project, \$250,000 for tobacco cessation programs through the Public Health Districts, \$420,000 for youth courts, diversion courts, and status offender and community based programs through the Supreme Court, and \$94,000 for the monitoring of the sale of tobacco to minors. The Governor recommends that the remaining amount of \$3,804,500 be used for substance abuse treatment through the Department of Health and Welfare.