

# **Governor's Proposal – End of the Year Budget Bill**

## **Section 1. Transfer from Budget Stabilization Fund**

In order to balance all spending authorized to date by JFAC, accommodate other pending legislative action (such as IRS conformity) and to allow the scheduled phase-in of the grocery tax credit expansion to take place, \$30 million will be transferred from the Budget Stabilization Fund (BSF) to the General Fund.

## **Section 2. Revenue Short Fall Provision**

In anticipation of the possibility of a revenue shortfall at the end of FY 2009 and notwithstanding any other provision of law, the Legislature authorizes the Governor to draw upon funds from BSF and the Public Education Stabilization Fund (PESF) in the amount required to meet the shortfall. The Governor is to draw upon both funds in a ratio consistent with current law and only if the shortfall exceeds the projected ending balance. The Governor's authority will be capped at no more than 50% of either fund. Should the shortfall exceed this limit, it would be the Governor's responsibility to call a special session of the Legislature to address the matter.

## **Section 3. Beginning Balance Provision**

Should the FY 2009 General Fund ending balance equal less than the current projection of \$50 million, the Governor would be authorized to transfer up to \$50 million from BSF and PESF to the General Fund in a ratio consistent with current law to restore the projected FY 2010 beginning balance. Doing so would avoid the need to any additional holdbacks in FY 2010 until such time as the Legislature was convened in January.

## **Section 4. Agency Director Flexibility**

All sections of intent language in each appropriation bill mandating a 3% across-the-board salary reduction and outlining legislative priorities shall be repealed and each agency director charged with meeting the reduction in a manner best suited for their individual agency. All such plans would require DFM approval prior to implementation.

## **Section 5. Decrease of PC Reduction**

In order to reduce the FY 2010 PC reduction set from the 5% set by JFAC to 3%, \$8 million will be transferred from either BSF or the federal stimulus to the General Fund. This provision does not apply to public education where the reduction is already less than 3% or higher education where federal stimulus funds have already been authorized to offset the PC reduction.

## **Section 6. Federal Stimulus Funds**

The following appropriations will be made from the \$44.8 million available in the State Fiscal Stabilization Fund of the federal stimulus bill (ARRA):

- \$3 million for the Idaho Education Network administered by the Dept of Administration
- \$5 million for drinking water projects administered by DEQ
- \$10 million for clean water projects administered by DEQ
- The remaining funds for transportation infrastructure projects

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## **Advantages**

- Eliminates cross-the-board salary reductions for all employees
- Decreases the statewide PC reduction from JFAC approved 5% to 3%
- Provides flexibility to agency directors in how to implement PC reduction
- Uses “rainy-day” funds for their intended purposes while maintaining healthy balances as a safeguard against continued economic decline
- Maximizes impact of federal stimulus dollars by helping communities across the entire state while putting Idahoans back to work in construction projects in both the private and public sectors
- Provides safeguards for possible end-of-year revenue shortfalls.