

If you liked where 2 terms got you, try 3

Marty Trillhaase/Lewiston Tribune

Want to see where Gov. C.L. (Butch) Otter would take Idaho in a third term?

It's not a pretty picture.

Commissioned by the J.A. and Kathryn Albertson Foundation and the Idaho Charter School Network, ECONorthwest of Portland, Ore., made news last week by projecting an Idaho student body that will be more ethnically and racially diverse, more urban and more impoverished by 2019 than it is today. The economists looked at Idaho's history since the turn of the century and extrapolated the trends forward.

But within the report was a disturbing portrait of Idaho. By the decade's end, the state will have a growing underclass - people actually living in poverty or just above it:

- The number of households subsisting on incomes of less than \$15,000 will grow 14 percent to 93,252.
- There will be 84,685 households getting by on incomes between \$15,000 and \$25,000. That's an increase of 10 percent.
- Households in the \$25,000-to-\$35,000 bracket will grow to 85,024 - a 7 percent jump.
- Another 102,080 households will live on incomes between \$35,000 and \$50,000. That's an increase of 4 percent.

Even worse, Idaho's middle class is shrinking:

- There will 15,377 households at the \$50,000 to \$75,000 level - a drop of 1 percent.
- Households with incomes of \$75,000 to \$100,000 will fall 2 percent to 65,682.
- Idaho will see a 2 percent drop, to 75,751, in the number of its households earning more than \$100,000.

That tells you Idaho is clearly headed in the wrong direction - stuck in a vicious cycle of low-skill workers attracting low-wage jobs.

Idaho tops the nation in the share of its workers earning the minimum wage. It's near the bottom in terms of per capita incomes. Idaho wages have stagnated these last 15 years - while almost everywhere else, earnings have expanded.

By the time Otter ends his third term, Idaho won't be the Mississippi of the West.

It will be the new Mississippi.

Only Mississippi shields Idaho from reaching the national basement on per capita earnings and average wages. But time is on Mississippi's side. A decade ago, Mississippi incomes were about 10 percent behind Idaho. That gap is down to less than 2 percent and closing.

Why?

Mississippi invested in its people. The amount of money the Magnolia State put behind each child's public education jumped 37 percent to \$9,104 - moving the state up five notches to 44th in the nation.

By contrast, Idaho invested in tax cuts.

Lower property taxes for corporations and the owners of high-end houses.

Cutting the income taxes for corporations and upper-income families.

Eliminating the property tax farmers and many businesses pay on machinery and equipment.

Expanding job credits and sales tax exemptions for businesses.

Add it up and in the period ECONorthwest surveyed, Idaho has cut the share of its personal income devoted to schools by 25 percent. It has yet to fully restore the budget cuts schools sustained in the Great Recession.

So with \$7,405 in per pupil expenditures, Idaho is now dead last in the country, having fallen three notches.

Short-term steps - boosting the minimum wage or investing in public works such as highways and bridges - could help.

But lasting improvement comes down to investing in human capital. Even the best reforms won't replace the need for putting money back into the classroom.

Otter's task force wants to boost public school spending by \$350 million. While the governor has pledged to implement that plan during the next five years, he has yet to answer how he will pay for it without raising taxes, let alone cutting them as he promised. In his most recent proposed budget last winter, Otter wanted to move more than \$100 million into tax cuts and savings accounts, while actually slashing the share of Idaho income going to public schools.

But this latest study raises a more vexing problem. With the Gem State sinking into more economic despair, will Idaho have enough people around who can afford to make the investment? - M.T.