

Idaho Falls Post Register, Monday, Feb. 7, 2011 – by John Miller, The AP

Idaho schools, Medicaid face \$100 million more in cuts

BOISE, Idaho (AP) - State lawmakers wrestling with an ever-changing budget deficit have been told to identify new cuts to public schools and Department of Health and Welfare programs that could top \$100 million.

Rep. Maxine Bell and Sen. Dean Cameron, the budget committee heads, gave the leaders of the House and Senate education and health and welfare committees the bad news in a letter Thursday.

Even though a projected \$185 million revenue shortfall has been trimmed to an estimated \$137 million, the two biggest agencies by taxpayer dollars are likely suspects when it comes to bearing the burden of balancing the books. Cameron and Bell have targeted a range of between \$50 million to \$81 million in cuts to the no-growth schools budget Gov. C.L. "Butch" Otter proposed Jan. 10. And they think the current plan to slash \$25 million from Medicaid funding may have to be doubled.

The governor's budget "was too optimistic considering the recent news that we have received about revenues," wrote Bell and Cameron, both Republicans. "It would be most helpful if your committee could prioritize your recommended cuts in order of importance."

Idaho's revenue picture is so volatile, some are comparing it to the ozone hole above Antarctica: It gets bigger, it shrinks a little, seemingly of its own volition. On Jan. 10, Otter spoke of a \$35 million shortfall, which is painful but manageable. Just last Friday, the talk was of a \$185 million shortfall, as the state was buffeted by unexpected news like potential rebates for wind farms.

A week later, it has dropped by about \$50 million, since the Legislature is unlikely to adopt what could have been expensive changes to the state tax code to conform to new federal laws Congress passed in December. What's more, preliminary figures for tax revenue in January alone were \$15 million above expectations, a trend that - if it holds - could further mitigate the need for austerity measures. The problem is, lawmakers who likely will start setting the budget the middle of this month won't have the benefit of waiting to see how tax revenue fares through April, by far the biggest period for receipts.

And uncertainty breeds caution. "We need to start setting budgets in two weeks," said Sen. Shawn Keough, R-Sandpoint and co-chairwoman of the budget writing committee. "As things are today, we need to cut . to balance the budget." There's little robust discussion among dominant Republicans of raising revenue as an alternative to filling the gap, especially after this week. A \$1.50 increase on fees for convicted criminals to help make up dwindling revenue at the Idaho state police academy was killed in the House, a clear sign that GOP hawks have their talons out. Instead, lawmakers, especially in the House, are talking more and more about tapping a portion of the \$128.5 million in sales tax revenue that Idaho sent counties and cities in 2010. House Majority Leader Mike Moyle, R-Star, says he hasn't signed onto the idea just yet - it's causing serious consternation among local government officials - but said he's hearing more than whispers in his chamber.

"There's a perception out there that because their (county) budgets aren't declining as rapidly because of the property tax, that maybe they ought to participate in backfilling schools," Moyle said. Dan Chadwick, Idaho Association of Counties, didn't immediately return a phone call seeking comment.