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## Lawmakers expect Otter to issue budget holdbacks

State lawmakers say Gov. C.L. "Butch" Otter may announce midyear budget cuts - perhaps even today - in light of the state's ongoing revenue slump. Facing softening revenue figures and an uncertain economic future, Otter announced meetings with agency directors and lawmakers last week but also assured the state has the tools to maintain delivery of necessary services.

Still, lawmakers who will meet today with Otter have said ongoing issues with the economy will force budget cuts. Rep. [Maxine Bell](#), co-chairwoman of the Joint Finance-Appropriations Committee, said she expects Otter to announce cuts later today after the meetings. "We're down \$170 million so there's no way we can go forth with the 2010 budget (as set)," said Bell, a Jerome Republican. "There will have to be holdbacks."

This year's state tax revenue estimate is running about \$173 million less than projected. The 2009 fiscal year, which ended June 30, finished with the state collecting nearly \$95 million less revenue than anticipated.

Otter met with agency directors Thursday but hasn't reached any decisions, said spokesman Jon Hanian. "My guess is sometime next week, look for something then," he said when asked about a possible holdback announcement. "How the state is going to deal with (the budget) that still is up in the air."

Bell said not all of the state's \$274 million in reserves can be used to cover the shortfall because it's unclear when the economy will recover. She said the best route might be uniform holdbacks because there's little information on the state figures available so far.

"You about have to leave prisons alone because of the safety factor but I'm thinking that Medicaid and education are all going to be part of all this trimming back," she said.

Meanwhile, Sen. [Bert Brackett](#), R-Rogerson, a JFAC member, said on Wednesday that holdbacks are likely in the coming days but limited use of the reserves will be part of the mix. "There is reluctance to get into those, because when they're gone, they're gone," Brackett told a crowd at an event organized by the University of Idaho's College of Agricultural and Life Sciences. After Friday's meeting, he said, "I expect there will be a combination of holdbacks plus additional tapping into the reserve accounts."

Before Brackett spoke, Matt Freeman, the chief fiscal officer for the state board of education who recently worked in the nonpartisan legislative budget office, said he expects Otter to issue holdbacks by early next week.

Last year, Otter slashed \$130 million, or 4 percent, from the state budget in holdbacks. The Legislature made them permanent but softened further cuts with rainy day funds and the federal stimulus.

Legislators have already said revenue figures could be so poor that they'll have to make drastic changes to state government, including eliminating entire agencies. Otter and other officials have applauded the handling of the state's financial situation, citing how Idaho is in better condition than other states and is required by the Idaho Constitution to balance its budget. But, as Bell pointed out, that doesn't take away from the issues Idaho will face in 2010. "It's not California but it's not pretty," Bell said.