

STATEMENT OF PURPOSE

RS18851

The Idaho Budget Reduction Act of 2009 takes five actions to balance the current-year budget. First, it reduces the fiscal year 2009 General Fund appropriations for state agencies and institutions. It cuts the General Fund budget \$176,952,700 or 6% including a reduction of 6% for the Legislative Branch and Judicial Branch.

Second, the bill transfers \$85,097,600 from the American Reinvestment Fund to the Public School Income Fund to hold Public Schools harmless from revenue shortfalls in fiscal year 2009. Furthermore, to offset some General Fund reductions, this bill increases appropriations to the School for the Deaf and the Blind, the Department of Health and Welfare, the Department of Correction, the Department of Parks and Recreation, and the Department of Water Resources by a total of \$1,311,800.

Third, it transfers a total of \$31,150,200 from various dedicated funds into the General Fund for fiscal year 2009.

Fourth, this bill reduces all state agency and institutions personnel costs appropriations for health insurance costs by \$9,107,100, of which \$5,453,500 is from the General Fund. Those costs are shifted to the Department of Administration's group insurance reserves.

Finally, the bill adjusts the budget for the Department of Health and Welfare's Medical Assistance Services to take into account changes made by the federal American Recovery and Reinvestment Act of 2009 in the Federal Medical Assistance Percentage (FMAP). The bill cuts \$52,332,100 from the General Fund Appropriation, cuts \$21,041,900 from the dedicated appropriation, and increases the federal appropriation by \$137,731,100 for a net increase of \$64,357,100 related to FMAP.

FISCAL NOTE

This bill reduces General Fund appropriations by \$234,703,500 and all funds by \$89,922,400. That is, about \$145 million of the cut is shifted to other funds. (The shift is slightly more when considering the health insurance shift to reserves.)

Sections 6 through 9 of this bill transfer \$31,150,200 to the General Fund as follows: \$5,000,000 from the Capitol Endowment Income Fund; \$12,000,000 from the Aquifer Planning and Management Fund; \$11,950,200 from the Permanent Building Fund; and \$2,200,000 from the Consumer Protection Fund.

The net General Fund impact of appropriation reductions and cash transfers is a positive \$265,853,700.

General Fund Impact on Appropriations by Functional Area
Budget Reduction Act of 2009

	Rescissions	Additional	Health Insurance	Medicaid Percent	TOTAL
1) Education	(110,622,400)	0	(2,723,500)	0	(113,345,900)
2) Health and Human Services	(37,867,000)	34,800	(798,300)	(52,332,100)	(90,962,600)
3) Public Safety	(12,297,800)	0	(1,160,900)	0	(13,458,700)
4) Natural Resources	(5,404,800)	0	(247,600)	0	(5,652,400)
5) Economic Development	(3,941,000)	0	(88,400)	0	(4,029,400)
6) General Government	(6,819,700)	0	(434,800)	0	(7,254,500)
State of Idaho	(176,952,700)	34,800	(5,453,500)	(52,332,100)	(234,703,500)

All Funds Impact on Appropriations by Functional Area
Budget Reduction Act of 2009

	Rescissions	Additional	Health Insurance	Medicaid Percent	TOTAL
1) Education	(110,622,400)	85,262,600	(2,878,100)	0	(28,237,900)
2) Health and Human Services	(92,496,100)	520,000	(1,648,900)	64,357,100	(29,267,900)
3) Public Safety	(12,297,800)	532,000	(1,422,500)	0	(13,188,300)
4) Natural Resources	(5,404,800)	94,800	(777,500)	0	(6,087,500)
5) Economic Development	(3,941,000)	0	(1,541,200)	0	(5,482,200)
6) General Government	(6,819,700)	0	(838,900)	0	(7,658,600)
State of Idaho	(231,581,800)	86,409,400	(9,107,100)	64,357,100	(89,922,400)

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