

Idaho Hospital Association 12/2/11

Some Growth Anticipated in State Budget: This week, IHA President/CEO, Steve Millard, and key IHA staff attended the Associated Taxpayers of Idaho's annual conference. In addition to hearing from several lawmakers and financial experts, Legislative Budget & Policy Analysis Division Manager, Cathy Holland-Smith presented an [overview of the state's fiscal Year 2012 budget](#) situation as well as some preliminary information for 2013.

The budget picture for both years is better than initially anticipated. In addition to ending SFY 2011 with a \$39.4 million general fund surplus, SFY 2012 (which ends June 30, 2012) is currently projected to have a surplus of nearly \$133.9 million. The surplus primarily results from higher than anticipated tax revenues. While this appears to be a great deal of extra cash, much of it will be placed back in the education budget in order to meet the requirements placed on the State as a condition of having previously accepted supplemental federal funding. Before decisions are made on what to do with the surplus, the legislature will consider approximately \$31.5 million dollars in supplemental budget requests for SFY 2012, the vast majority of which come from the State CAT Fund and Department of Health & Welfare. After deciding these requests, the remainder will most likely be used to restore "rainy day" funds that have been depleted during this economic downturn.

With state revenues trending in a positive direction, Holland-Smith presented a SFY 2013 budget outline showing a conservative revenue growth of 3%. This would create an ending general fund balance of \$77.6 million. However, there are \$142.5 million in additional requests that the Legislature will have to consider that would more than erase the surplus. Included in that \$142.5 million is the request from the Department of Health and Welfare to replace the hospital provider taxes that are set to sunset at the end of SFY 2012.

The request to replace the hospital provider taxes represents the agreement made between the department and hospitals who voluntarily contributed funds to offset the State's Medicaid budget shortfalls during this economically stressful time. It is IHA's intent to see those taxes sunset without being extended by new legislation. We are obviously competing with numerous other budget requests and will keep all concerned updated as the next Legislative session progresses.