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Down and Out in Ada County: Coping with the Great Recession 2008-2012

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Down and Out in Ada County: Coping with the Great Recession 2008-2012 is volume 3 of the Investigate Boise Student Research Series.
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urging unemployment and the crash of property values have hit Boise-Meridian especially hard. In an economy built mostly on housing construction, in cities where the value of housing has fallen more than 40 percent, the damage is long term. Down and Out in Ada County examines the dislocation with comparisons to past recessions and an emphasis on people struggling to cope.

Investigate Boise puts a human face on vital issues of civic concern.

—Melissa Lavitt, Dean
College of Social Sciences and Public Affairs,
Boise State University

Pictured: Potatoes at The Idaho Food Bank. Cover: Single mother Heidi Gintz of Boise, 26, a tattoo and cosmetology apprentice, with daughter Tallulah.
Down and Out in Ada County
Coping with the Great Recession
2008–2012
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Coping with the Great Recession
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The Investigate Boise Student Research Series

The Boise State University College of Social Sciences and Public Affairs proudly sponsors a nine-credit field school for the study of the Treasure Valley. Each summer, about 40 students interact with professors, practitioners and public officials in a storefront classroom downtown. Students tour, investigate and compose documented research papers concerning political and social problems that vex municipal government. Top papers are peer-reviewed and edited for publication. Topics include housing and homelessness, neighborhood preservation, the political economy of energy and natural resources and the challenge of urban renewal downtown. For information and sponsorship opportunities, contact Dean Melissa Lavitt at sspadean@boisestate.edu; (208) 426-3776.

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Firefighters joined public service workers in a nationwide protest over union benefits, Idaho Statehouse, February 11, 2011.

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Introduction

“I lost my job in 2009 due to health issues. My husband is our only income, and our income has been cut in half. I’m not sure if or when I’ll ever go back to work, and it’s embarrassing to ask for help. We have a 16-year-old son at home, and I want to keep things as normal as possible for him.”

—A woman who benefited from The Idaho Foodbank, 2011

“In the past five years, I have lost my son and been divorced and unable to hold a job down due to the economy and my depression. I knew I needed medicine, but I have not been able to afford health insurance. When I found out about the Genesis Health Clinic, I knew it was my savior. I never knew places like these existed because I never needed them before.”

—A woman who received care from the Garden City Community Clinic, 2011

During the worst recession in 80 years, tens of thousands of Idahoans watched as decades of work experience, sacrifice and careful financial stewardship were ripped away from them. Employers cut 60,000 jobs across the state, increasing the number of foreclosed homes on the market and driving down home values for those who remained. The construction industry, once an engine of Ada County’s economic growth, collapsed. While the recession officially began in December 2007 and ended in June 2009, many Idahoans on the cusp of 2012 find they have been dragged across new thresholds. Once comfortably ensconced in the middle class, they are now poor.

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Ada County led the Treasure Valley with 312 filings for foreclosure in March 2001.
at Mountain Home Air Force Base, they had friends in Idaho, and they knew they could never buy a home in California. In 2006, they bought a three-bedroom house in the Collister neighborhood for $185,000, less than they qualified for at the time. They could easily afford the $1,400 monthly mortgage payment. Then the recession hit. Brad’s job was reduced to part time, no benefits. He left to work for a small business, which went bankrupt.

“Once Brad lost his job, it became unmanageable,” Kim said. Then she got laid off from her teaching job. They tried to modify their mortgage, but Brad wasn’t working consistently, and Kim was only working as a part-time, temporary teacher. Not only were they $100,000 upside down on their mort-
gage, they couldn’t pay their living expenses. In August 2011, a financial advisor suggested they sell their house. In September, they put it on the market as a short sale. “When people are forced to foreclose on their home, they’re blamed for not trying harder,” Kim said. “People think you’re irresponsible, or you had too many kids, and that’s not us.”

To downsize from their three-bedroom house to one bedroom in a friend’s house where they now live, they had a huge garage sale, took four truckloads of their belongings to the dump, donated four truckloads and stacked what remained in storage. At the end of February their house sold for $85,000. Kim cried the whole way to sign the papers. When her realtor asked her how school was going, she felt so distraught she couldn’t even form a sentence. “The wave of emotion that went through me, it’s going through our whole society right now,” she said. “It feels so awkward not to have a place of our own.”

Kim has been encouraging Brad to go to North Dakota to work, and she is seriously considering teaching overseas because they can’t find jobs in Idaho. They aren’t alone. During the worst of the bust, about 25 percent of Idahoans in the workforce were collecting unemployment benefits. Many more have gone uncounted because they didn’t qualify for unemployment. Since the so-called end of the recession, unemployment rates in many states have declined, but Idaho’s unemployment rate continued to rise, hitting a high of 8.9 percent from August through December 2010 and again in July 2011. While the current unemployment rate hovers at about 8.1 percent, it is difficult to know how many Idahoans have been forced to accept part-time temporary work, or have taken full-time jobs for a fraction of their former salaries, or have given up looking for work altogether, subsisting on what they can sell or trade in the informal economy. One new entrepreneur was recently seen in the pond at Julia Davis Park collecting Frisbees that had been overthrown from the disc golf course to resell. The state Department of Labor in January called the job outlook through 2013 “limited,” and the earliest Idahoans can expect to recover the last of the 60,000 jobs that have been cut will be the end of 2014.

Many of the jobs being created pay less than the ones that were eliminated, cutting into the ability of many families to eat. At $32,357, Idaho’s
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Many of the jobs being created pay less than the ones that were eliminated, cutting into the ability of many families to eat. At $32,357, Idaho’s
per capita income remained 49th among states in 2010, the U.S. Bureau of Economic Analysis reported. Mississippi ranked 50th. At the same time, per capita personal income nationally rose nearly 3 percent to $40,585. In addition, the state Department of Education recently reported that in 2011, half of all Idaho students qualified for the federal free and reduced lunch programs, a 37 percent increase over 2008. All of this suggests that many more Idahoans are now impoverished.

Not surprisingly, people aren’t flocking to Idaho like they used to when times were good. Population growth fell below 1 percent from mid-2010 to mid-2011, according to the Department of Labor. It’s the first time in 20 years that growth has been so low. While some may celebrate this slow-down, population growth fuels job creation, an area where Idaho is already lagging behind other states. The depressed housing market will continue to be a discouraging factor in the migration of residents from other states.

Boiseans who still had their homes in January 2012 found the city’s median home price had dropped to $130,000 from $213,000 in 2006, according to Intermountain MLS.

In the summer of 2011, amid spiking unemployment, the College of Social Sciences and Public Affairs at Boise State University sponsored student research into the causes and consequences of the economic downturn. Professor Todd Shallat and City Councilman David Eberle organized speakers, readings and tours as part of a nine-credit downtown field school on Boise public affairs. 40 undergraduates participated. Called Investigate Boise, the project was the logical sequel to two previous studies. The first volume in the series, called Making Livable Places, examined successes and failures of preservation and urban design. Growing Closer, the second volume, considered the housing and transportation patterns that crippled the Boise Valley with unsustainable growth.

In Down and Out in Ada County, the third volume in the research series, students began with the hypothesis that the sprawl of overbuilt housing contributed to the severity of the recession, inflating the bubble that preceded the crash. Nine of the 40 summer students were selected to revise papers for a peer-reviewed publication. Editors Bethann Stewart and Larry Burke guided students through the writing process. Vital assistance was provided by community experts—notably Professor Samia Islam of the Boise State University Department of Economics, Bea Black of the Women and Children’s Alliance and Tully Gerlach of the Boise Public Library. Mayor David Bieter helped students appreciate the policy choices facing a hard-hit public sector.

For Idaho’s largest and growing metropolitan research university, the student research series serves a double purpose. It demonstrates that social science, although focused on global issues, can use scholarly insights and methods to understand the here and now. The series also showcases the value of place-based undergraduate research as a teaching tool. Participatory and experiential, Investigate Boise extends learning beyond the classroom, involving students in the policy making that shapes their future employment and the quality of civic life.

Bethann Stewart, a former reporter for the Idaho Statesman, received a master’s degree in Latin American and Caribbean Studies with an emphasis on development economics from the State University of New York at Albany (2004) and a second undergraduate degree in Spanish from Boise State University (2011).
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The National Bureau of Economic Research may have deemed the Great Recession over in July 2009, but it doesn’t yet feel that way for many Americans, especially homeowners. Nearly 40 percent of American households have been affected by unemployment, negative home equity, mortgage payments in arrears or foreclosure. Housing prices are a long way from full recovery and in some parts of the nation they are still declining.

The housing crisis that brought a sudden halt to the real estate boom in 2007 was caused by numerous factors in both the credit and housing markets—imprudent/irrational consumption by consumers, corporate greed, predatory lending practices, irrational exuberance in the financial markets and several sweeping deregulatory measures by the government that gave financial institutions the ability to trade in risky assets and loan instruments. Most experts now agree that the sharp downturn in the U.S. housing market...
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He added that in comparison to Phoenix, Las Vegas and Orlando, three of the hardest-hit metropolitan areas at the start of the economic collapse, the heart of America’s boom was “right here in Idaho.” In contrast, in Las Vegas 1 out of 31 homes had filed for foreclosure during this time. However, the author incorrectly predicted how the Boise region and the state as a whole might sidestep the recession altogether and elevate its growth at even higher rates, with new developments catering to those who would have headed to those “hot-weather” places that were hit hard and underwater.

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Median home prices are increasing, but the recovery is still too tenuous to predict, said Marc Lebowitz, executive director of the Ada County Association of Realtors.

When the housing crisis finally hit Idaho, however, it hit hard. “We had one of the highest peaks — we accelerated at so fast a pace,” said Marc Lebowitz, executive director of the Ada County Association of Realtors. Lebowitz said there were approximately 1,300 homes on the market in January 2006. By the end of that year there were 4,000 homes for sale, most of them newly built. In February 2012, there were 1,900 homes listed. The median value of a home in Ada County at the 2006 peak was $247,700. The median price hit a low of $134,900 in January 2011; in January 2012, the median value was $139,000. In 2010, Idaho had the nation’s seventh highest rate of foreclosure. By then, home prices had fallen by more than a third since their peak in mid-2006. “The housing downturn started late in the Northwest and now it’s ending late,” said Mark Zandi.
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chief economist at Moody’s Analytics. Based on his observations, Idaho, Oregon and Washington lagged behind the national cycle and will suffer declines after other areas stabilize. Data from RealtyTrac show that new defaults have declined sharply and nearly bottomed out in states where the real estate crisis hit first, such as California, Nevada and Florida.

There are positive signs in the Ada County foreclosure picture. In December 2011, there were 318 foreclosures in the county compared to more than 900 the previous December, according to the Intermountain Multiple Listing Service. In July 2010, while 1 in 397 households nationwide received a notice of default, auction or bank repossession, in Idaho that figure was 1 in 240 households. At the end of 2010, 1 out of 3 mortgage holders in the Treasure Valley owed more in mortgages than their house was worth, a total of 55,542 homeowners in the region. But the numbers have improved since then. In January 2012, only 1 out of 776 homes in Idaho received a foreclosure filing. Even though foreclosures dropped, Idaho’s default rate still remained above the national average, finishing November 2011 with the 16th highest rate. Lebowitz said of the Ada County homes sold in January 2012, 40 percent were in distress. “While that may seem like a big number, two years ago 60 percent were distress sales,” he said.

The increased demand from those waiting for just the “right time” to buy a home is a good sign, which in turn should lead to a gradual increase in home values. In addition, there is a noticeable increase in investors buying up properties for investment purposes based on the thinking that prices have hit rock bottom and can’t go much lower, if at all. “Investors are coming into the Boise market now more than ever. It’s a safer bet than real estate,” said Lebowitz. But he said that rather than individual buyers, this time he’s seeing large institutional investors like equity firms “roaring into the market” to buy large groups of homes.

Some parts of the Treasure Valley housing market were hit harder than others. In August 2009, for example, 53 percent of homes sold in the Eagle market were short sales or foreclosures. This was a significantly higher rate than other places in the valley during the same period, with Meridian at 41 percent, Boise at 29 percent and Kuna at only 24 percent. There are few solutions for those facing default.

With no equity, refinancing a mortgage is nearly impossible. Negotiations for loan modifications or short sales are also viable options. But this often turns into a drawn-out process that forces some homeowners into foreclosure while they are still waiting for word from their lender. Some homeowners facing foreclosure adopted a new strategy to hold on to their properties for as long as possible. They intentionally stopped making their mort-
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Meridian—a once-booming city—has faced foreclosures, job losses, business failures and slower population growth. Prior to the recession, it was the fastest-growing city in Idaho. According to the Community Planning Association of Southwest Idaho, 25,000 people moved into Meridian between 2004 and 2007. Meridian’s northwest area was the hottest real estate spot in a region where the market was already sizzling. Then came the collapse, which hit Meridian and northwest Meridian especially hard.
because many of the homes were built and purchased when housing prices were at their peak. According to Re/Max agent Tracy, "Buyers never got in on skyrocketing appreciation rates, which left many owing more than the house is worth when prices began falling." Data from the Intermountain Multiple Listing Service showed in 2006, there were 1,625 home sales recorded in northwest Meridian, selling for a median price of $250,000. In 2011, sales totaled 874 and the median price dropped to just under $145,000.

Eagle provides a useful case study of what can happen when urban planning doesn’t go as intended. In some ways, Eagle seems like it was modeled after the prototypical American suburbia. For many years, the upscale community west of Boise grew rapidly, with new development springing up nonstop. At the height of the housing boom, Eagle was an island of prosperity, an affluent community where multimillion-dollar homes were built on lots that sold in the mid-six-figure range. However, the city itself does not have a large economic base. The small city center does not offer many amenities, and is not very pedestrian-friendly. It is obvious that developers were counting on people with jobs elsewhere (mainly Boise, perhaps some in Meridian) to fill the new homes. That’s why when the housing market collapsed, Eagle was one of the hardest hit and was left with an oversupply of construction lots that have found few buyers. The city ranks poorly in nearly all statistical categories relative to the housing crisis, including a disproportionate number of foreclosures relative to its population. The city’s population of 21,000 makes up about 5 percent of the total in the Treasure Valley. However, in late 2007, Eagle had 1 in 8 foreclosure filings in the valley. That year, 101 homes in Eagle had a date set with the auctioneer. By September 2010, foreclosure filings in Eagle had jumped more than 500 percent since 2007.

Nearly half of the 400 or so homes sold in north Ada County during the first nine months of 2010 were “distressed sales” that included foreclosures, short sales or bank-owned property. According to Ada County Assessor Bob McQuade, assessed property values in Eagle have fallen to $2.5 billion from $3.5 billion in the past year (2010) alone. Families, investors and builders have all been badly hurt, especially those trading in large expensive homes. Many developers were ditched by would-be speculative buyers who opted out of buying when home values tanked. In addition, the influx of well-to-do folks from out of state has pretty much dried up. But there are signs the Ada County housing market is improving. "Prices are coming back," said Lebowitz. "Three of the last four months we’ve had a median price increase ... it’s looking positive." However, he cautioned that this is a tenuous recovery "built on fragile glass."

Wells Fargo economist Kelly Matthews said the loss of construction and high-tech jobs in the valley has made the economy of the region "no better than" the economies of Phoenix or Las Vegas. Idaho lost more than 66,000 jobs during the worst recession since the Great Depression. Construction, which was the largest job sector before the recession, took the hardest hit, shedding more than 10,000 jobs between 2007 and 2010. Retail is now the No. 1 economic activity in the state, which is problematic because the retail industry itself relies on consistent growth and solid performance from other sectors/industries. One bright spot is that after 33 consecutive months of job loss, non-farm jobs did grow in 2011, with 612,900 employed as of December 2011, up 7,900 from one year ago. According to the Idaho Department of Labor, the unemployment rate stood at 8.1 percent in...
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Steve Xia will graduate this spring with a major in history and Chinese studies. Born in Shanghai, China, he came to the U.S. as a toddler and moved to Idaho when he was in the 4th grade. He graduated from Boise High. He plans to pursue a career either in education or in a field where he can use his Chinese language skills.

Foreclosures behind the gates of luxurious subdivisions have forced new housing price reductions of more than 50 percent. Pictured: Eagle’s Tucson-themed Estates at Corrente Bello.
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"Every time I applied for a job, there was an average of about 500 or more applying for the same job. There was no one really hiring, and it was really tough. The economy destroyed my career," he said.

When the recession began back in late 2007, Idaho’s unemployment rate was a mere 3 percent. It hit a high of 9.7 percent in 2010, and the 2011 average has just come in at 8.8 percent, according to the U.S. Bureau of Labor Statistics. In December 2011, the Conference Board, a Washington, D.C.-based business think tank, estimated that statistically there were still...
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The official unemployment rate is based solely on people who have been looking for jobs in the past four weeks. It does not include: part-time workers who had and want a full-time job; the long-term unemployed who have given up trying to find work; or the self-employed.

To help companies remain profitable, workers have been forced to accept time off without pay, inconsistent work hours and part-time, temporary contract work. More businesses are looking to hire temporary workers and workers with multiple skill sets, said Wendy Gregory, Boise branch manager of ManPower, a temporary staffing agency. For example, call centers have many positions for workers with computer skills who also know how to offer excellent customer service at the same time. Unfortunately, not many people can type and talk on the phone at the same time, Gregory said.

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In the private sector, the Boise Young Professionals, a branch of the Boise Chamber of Commerce, came up with an innovative way to spur startups. The group initiated the competition among its members called “B Launched” in September 2011 with the goal of creating one or two new startups within a year. But even if their project is successful, it won’t come close to replacing the 60,000 jobs that evaporated from the economy when the housing bubble burst, taking the construction industry with it. The earliest that Idaho may see a return of those jobs is late 2014, according to the state Department of Labor.

Kelsey Wilson of Vancouver, Wash, graduated in December 2011 with a degree in political science. Her career goal is to become a lobbyist for the gun or oil industries.

"I see people who are overly qualified for entry-level jobs, and I see people who come in and are not qualified enough for the specific job,” Gregory said. "Companies have downsized certain positions and are looking for people who have more skills wrapped into one job title." To create more jobs, the city needs to be able to attract companies, she said. Boise has a number of initiatives to help bring companies to the area and to try to create jobs, said city spokesman Adam Park. For example, the city partnered with Boise State University to create a “green” business incubator in the former fire department administration building downtown to help entrepreneurs launch their ideas. The mayor also regularly visits businesses to see how the city can help them, and he created a roundtable of business leaders to discuss the challenges they are facing. City staff includes an economic development team, which functions to attract, retain and expand businesses in...
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I had always wanted the ‘American Dream’ of owning a house and raising a family,” said Ray, a former Boise homeowner who wished to remain anonymous. But Ray’s dream turned into a nightmare just a few years after he purchased his first house. “The money was so easy to get and I had a good job at the time. When my rates changed I found that I could barely afford to pay my house payments, but I managed to do it. When the market began to collapse, I lost my job. I had to take money out of savings just to make my house payment. My funds were starting to dry up and I had to make a choice,” he said. After $37,000 in house payments, Ray still owed more on the house than it was worth. He found a job and tried to work with his bank. When that didn’t pan out, Ray made a very hard choice. “I decided it was time to walk away and take a loss on my home.”

Ray’s story is a familiar one in Ada County, where the Great Recession, triggered partially by the housing debacle, hit especially hard. It only takes a short trip across the county to see many new housing developments now...
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and consumer spending, creating an unheard of increase in home values of 124 percent between 1997 and 2006. In the Treasure Valley alone, the average price for a home jumped from $160,000 in the summer of 2001 to almost $280,000 in the summer of 2006, according to the Intermountain Multiple Listing Service. Some homeowners took advantage of the increased property values to refinance their homes with lower interest rates or take out second mortgages against the added value to use for consumer spending. The collapse of the housing bubble brought high default rates on subprime, adjustable rate and other mortgage loans made to higher-risk borrowers with lower income or a poorer credit history than “prime” borrowers.

Subprime mortgag e industry showed signs of collapse in early 2007 as foreclosure rates climbed higher than expected. As homeowners fell behind in their mortgage payments in ever-growing numbers, foreclosures continued to rise and interest rates rose to their highest level in years. These conditions left subprime lenders with huge losses and unable to finance new loans.

Ernie Menchaca, then the owner of Clearwater Mortgage Co. in Boise, explained that banks provided mortgage companies with programs they

stalled by the economic turndown. Eagle and Meridian have unfinished subdivisions within their city limits. Developments like Avimore and the Legacy subdivisions of Eagle have not lived up to their promise.

"While not the sole reason for the housing collapse, loose lending practices like Ray experienced skewed the market and had a profound effect on the eventual crash. In Ada County, for example, when houses reached their highest prices in mid-2006, between 800–1,100 sold each month. By mid-2011, after the recession took its toll, sales dropped to between 500–600 per month and the median price of a house fell almost $100,000.

Subprime loans were given to potential homebuyers with patchy credit or employment histories. Many individuals receiving the loans didn’t have the proper income to make the payments or didn’t have to show proof of income in order to obtain the loan. Many subprime loans went to individuals with a credit score of 640 or below. These types of loans were highly risky to the lending organization because repayment was unlikely. “It was a false market. Lenders would give money to anyone with a pulse. No one asked the question: ‘Can you afford this?’ For most, the answer would have been no. There was no oversight by anyone … eventually that can’t sustain itself, and it didn’t,” said Holly Tastad-Pozel, an agent at Group One Real Estate.

Along with the rise of subprime loans, there was a rise in unregulated lenders, which economists say should have sounded an alarm to the industry that something was wrong. The large number of adjustable rate mortgages, interest-only mortgages and stated income loans are examples of unregulated lending methods. Stated income loans, also called no doc loans or, sarcastically, “lie loans,” did not require the borrower to provide documentation to substantiate the income stated on the application. In many areas of the country, especially those with the highest appreciation during the bubble days, such non-standard loans went from being almost unheard of to prevalent. The number of subprime loans rose as rising real estate values tempted lenders and buyers to take more risks. Some experts believe that Wall Street encouraged this type of behavior by bundling the loans into securities that were sold to pension funds and other institutional investors seeking high returns.

Subprime borrowing was a major reason for an increase in home ownership rates and the demand for housing during the bubble years of the mid-2000s. Nationally, the share of subprime mortgages to total originations increased from 9 percent in 1996 to 20 percent in 2006, according to Forbes. Subprime mortgages in 2006 accounted for approximately one-fifth of the U.S. home loan market. This demand fueled the rise of housing prices

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The recession thinned the number of lenders and real estate agents in Ada County. Marc Lebowitz, executive director of the Ada County Association of Realtors, said between 25-30 percent of the agents left the profession. “We started with 4,000 and we are now down to 3,000,” he said. Added Tastad-Pozel: “The lenders and realtors who got through it are not just survivors; they are thrivers. There was a lot of attrition in those areas.”

For Idaho homeowners, 2010 was a difficult year. More than 19,000 of them received a foreclosure filing that year, an 11 percent increase in filings from 2009 and a startling 124 percent increase from 2008. In 2010,
used to finance new loans. Basically, he said, these programs were structured so anyone who wanted money and had a job could get started on a loan. “However, the problem was that people were not required to show any financial statements to us and we didn’t ask for them ... the underwriters did this because we were not the ones approving the loans,” he said. “My hands were tied by the banks even if I didn’t want to originate a loan for someone because I didn’t feel they could afford it. The banks had so many programs that if we didn’t try to get these individuals loans, we were threatened with litigation for discriminating against individuals ... were put between a rock and a hard place,” he explains.

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And today the hard-won lessons of the subprime era linger. “We learned that good sound practice can’t be ignored … that a healthy community is one in which there is reasonable economic growth and reasonable price appreciation in housing investments. We learned not to be so greedy,” explained Lebowitz.

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Holes in the SAFETY NET
by Ashley Cross

A social service can be defined as an act of kindness to better improve the quality of life for others. This photo essay provides insight on how three local nonprofit organizations, which are not government funded, are surviving in times when money is tight and more people are in need of their help. We look at the Boise Rescue Mission, the Garden City Community Clinic and The Idaho Foodbank.
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The Rev. Bill Roscoe, executive director of the Boise Rescue Mission, has watched as the recession filled up his kitchen floors with bodies searching for a warm place to sleep at night. The mission operates three shelters: City Light for Women and Children (98 beds), Lighthouse Rescue Mission in Nampa (60 beds) and the River of Life for men (145 beds). Not only do visitors receive good food and a warm place to lay their head, but they are assisted with substance abuse and mental health issues if needed.

In the summer of 2011, the recession caught up to the Boise Rescue Mission, which found itself behind its projected income by $125,000. Over the 10 years that Roscoe has been a part of our community, he has only seen the numbers reach this alarming low one other time. An urgent plea to supporters and community members carried by local media brought the mission the needed money. Roscoe said that no matter how bad the recession gets, he is confident that sufficient funds will come in. The Treasure Valley is the most reliable and by far the most charitable community he has ever been a part of, he said.

The mission had its most difficult year of the recession in 2010. That year the mission logged more than 2,103 people who said that they had never stayed in a shelter before. It served the highest number of meals (340,790), had the highest number of beds occupied (126,311) and the highest amount of clothing distributed (99,685). But compared to 2010, in 2011 more women and children became homeless (1,124). Roscoe said single mothers who lose their jobs due to the economy are most at risk. Fewer paychecks mean less money for daycare services, which forces some to enter the shelter for help. The week of Sept. 12, 2011, the women’s shelter was...
The Rev. Bill Roscoe, executive director of the Boise Rescue Mission, has watched as the recession filled up his kitchen floors with bodies searching for a warm place to sleep at night. The mission operates three shelters: City Light for Women and Children (98 beds), Lighthouse Rescue Mission in Nampa (60 beds) and the River of Life for men (145 beds). Not only do visitors receive good food and a warm place to lay their head, but they are assisted with substance abuse and mental health issues if needed.

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overflowing, forcing 11 people to sleep on the couches, which Roscoe said has not been uncommon during these hard times. Roscoe said lack of jobs is the No. 1 reason people can’t get out of this funk. As long as people can’t work, they will not be able to sustain a living on their own and will end up in his shelters. Lack of affordable child care services is also a problem, forcing mothers and fathers to walk through the mission’s doors during this recession. Roscoe is seeing more than ever those who have lost their jobs or can’t find work visit the mission because they cannot afford to care for their children.

Another factor Roscoe views as an issue for this recession is the lack of public transportation. Some people who have no cars work the graveyard shifts and that is a problem when the buses stop running at 5 p.m. If people who need work have no way of getting to a source of income, they will continue to be homeless, Roscoe said.
The Garden City Community Clinic began in 2002 after another free health care clinic shut down abruptly. It is a project of Genesis World Mission. A Garden City warehouse was remodeled to become the clinic, which has focused on serving the uninsured and those who make less than 200 percent of federal poverty guidelines. Some of their services include dental and mental health care, and they will accommodate all other health services for each person that walks through their doors. The clinic is run with volunteers except for a thin layer of staff. Pharmacists, doctors, nurses, social workers and dentists take time out of their schedules to help serve the community.

Executive Director Steve Reames said they have seen a drastic change in the kinds of people they are helping. “It used to be the poor class whom we saw, but now we are seeing more and more middle class people needing help due to the economy,” he said. During the fall of 2010, the clinic was denied three significant grants totaling $50,000. In December, the clinic had to cut two positions and struggled to meet its financial needs. Fortunately, a
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recent grant of $100,000 from the Ada County Commissioners allowed the clinic to hire a nurse practitioner and a part-time social service coordinator. Ream said one trend they are seeing during this recession are churches stepping up and seeing their responsibility to help people, not only spiritually but physically as well. As a result, more churches are starting health clinics or sponsoring one, he said.

The Idaho Foodbank

Since 2008, The Idaho Foodbank has had a 93 percent increase in the volume of free emergency food it has provided to church pantries, senior centers and shelters in 39 of Idaho’s 44 counties, said President and CEO Karen Vauk. The foodbank hit a record in December 2009 of providing 139,000 people with free emergency food donations that month alone. In March 2011, a second high of 132,000 people was reached.

In fiscal year 2011, the Idaho Foodbank distributed more than 10.6 million pounds of food, up more than 3 million pounds from 2010. Donations of food and funds have increased over these same years, but are not increasing at a rate needed to meet the increased need. As of 2011, about 1 of every 6 Idahoans, or about 236,000 people, didn’t know where their next meal was coming from. About 1 of every 4 children, or 95,000 kids, were food insecure.

Ashley Cross is an undergraduate with an interest in municipal government and social welfare.

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If you are destitute ... especially in a recession ... chances are the scales of justice will be weighed against you. Idaho Legal Aid Services exists to balance those scales, but that is becoming more and more difficult as the organization’s budget shrinks and its services reduced. The non-profit legal aid law firm assists low-income families by providing a variety of free legal services for domestic violence and sexual assault victims, abused and neglected children, veterans, senior citizens and persons with disabilities. But budget reductions are taking a heavy toll.

Take the case of Jan, whose story is repeated many times each day as people needing legal assistance are turned away. Concerned about a divorce and child custody battle, Jan was told by Idaho Legal Aid Services that she would have to wait “a while” before an attorney could contact her because the organization didn’t have enough manpower to meet the demand.

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honestly felt that my son and I could possibly be in an unsafe situation. If we totally lose these resources, what will become of our citizens who really do need the help?" she asked.

ILA S has a potential clientele of 187,000 people whose incomes are low enough to qualify for free legal assistance, and that number is growing as unemployment numbers remain high in the wake of the Great Recession. The Poverty Law Journal, the organization’s newsletter, stated that 3,694 Idahoans were served in 2010 through offices in Boise, Caldwell, Twin Falls, Idaho Falls, Pocatello, Lewiston and Coeur d’Alene. However, ILA S estimates another 15,000 people needing legal support could not be served. And this number could take a turn for the worse, predicted Jim Cook, ILA S deputy director, because Congress has outlined a 10-year schedule of cuts to federal discretionary spending as part of efforts to balance the federal budget.

This year ILA S is working with a $2.4 million budget, but is projecting a $397,000 shortfall. That amount, however, could drop because of cost-cutting measures in place. The shortfall results from a loss of funding from a variety of sources, most notably the federal government. Any loss of federal funds is more keenly felt at ILA S because Idaho is one of the few states that doesn’t provide some financial support for its non-profit legal aid program. Cook said ILA S has cut back in a variety of ways to meet the budget challenges—offices now close one day per month, many attorneys and staff are on reduced hours and some vacant positions have not been filled. And the organization is tapping its reserve account to make up for the shortfall, a strategy that Cook called “unsustainable" because the account will be depleted by the end of the year without a new source of state funding.

ILA S’ September 2011 organization chart listed 21 attorney positions, but 13 have been moved to part-time status, with several working 80 percent of a full-time schedule. Three positions remain vacant. In addition, Ernesto Sanchez, executive director, and Howard Belodoff, associate director and Indian Law unit director, are now considered part time at an 80 percent

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Cook, said Medicare and Social Security cuts are on the Congressional table, there would be no hesitation to cut or eliminate smaller budgets such as legal aid, he said.

One way to stabilize funding and reduce reliance on federal sources is to receive state support, like legal aid organizations in 47 other states. In the 2011 legislative session, ILAS went to state lawmakers to add a new $10 user fee on civil cases within the Idaho court system, which would have raised $800,000 for legal aid. This money would have been used to aid victims of domestic violence, abused and neglected children, elder exploitation and foreclosures as well as veteran’s issues, said Cook. That bill passed the House but was not heard in the Senate. In the 2012 session, ILAS advocated
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work schedule. The reduction in hours, combined with already low salaries ($33,500 starting for an attorney) has led to some attrition, especially with younger attorneys, explained Cook. “They will work here 2-3 years, long enough to get some good experience, and then they move on to higher-paying firms.”

Because of the reduced budget, each year ILAS, with the input from state judges, attorneys and social service providers, prioritizes which types of cases (domestic violence, child abuse, foreclosures, housing, etc.) will be given priority. This process limits the number of eligible citizens who receive legal aid. Cook emphasized that while they have not eliminated any legal categories, the loss of funding does reduce the number of those who can be served. For example, Cook said in family law cases unless your situation involves domestic violence, you are not eligible for assistance according to the restrictions of the grant that funds that program. So people who need advice on child custody or divorce cases that don’t involve violence have nowhere to go. "There are thousands of people who need us for family law cases and we aren’t touching a single one because they aren’t domestic violence victims. We have to aggressively weed people out … it’s not nice,” said Cook.

But Cook added that changes have been made to serve people in ways other than face-to-face contact with an attorney. Statewide hotlines staffed by attorneys offer advice on domestic violence, senior citizen and housing issues. And a website offers 160 brochures and educational documents along with dozens of interactive forms.

The biggest hole in the budget comes from a reduction in funding to the Legal Aid Services Corporation, the primary federal funding source that underwrites 60 percent of ILAS’ operations. This year the grant was just over $1.3 million. “They provide us the bedrock grant that allows us to survive,” explained Cook. In February 2011, there was an effort in Congress to eliminate all funding for the Legal Aid Services Corporation. That measure was defeated, but other legislation did pass that called for a reduction to non-essential services spending. The result, said Cook, is that the ILAS budget has been cut by $300,000 over the last two years. “When Medicare and Social Security cuts are on the Congressional table, there would be no hesitation to cut or eliminate smaller budgets such as legal aid,” he said.

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for a revised bill that would have added to an existing fee on family cases. That fee would have generated $300,000 annually. But that proposal also failed, leaving an even more gaping hole in ILAS’ budget.

The recession has affected other funding sources such as the Department of Justice, Idaho Law Foundation and United Way, which in turn means fewer funds provided to ILAS. For example, statewide attorney retainers are placed in a client trust account to generate bank interest for the Idaho Law Foundation. The interest supports programs such as ILAS and the Idaho Volunteer Attorney Program. But bank interest rates have declined substantially, causing ILAS funding to drop from $190,000 to $81,000 between 2008 and 2012. In addition, Cook said reductions in the federal grant pool in the Department of Justice and in many other agencies that provide legal aid grants are trickling down to agencies like ILAS.

Donations are another source of revenue. So far, corporations are not a major ILAS funder, but many local foundations give their support, such as the Wittenberger Foundation in Canyon County, the Seagrave Foundation in Twin Falls and the Casey Foundation. When Idaho’s foreclosure rate skyrocketed more than 100 percent after 2008, the Weyerhaeuser Company Foundation donated funds to ILAS to fight wrongful foreclosures.

ILAS frequently collaborates with partners such as the Idaho Coalition Against Sexual and Domestic Violence, the Nampa Family Justice Agency and several other agencies that receive grants and then subcontract with Idaho Legal Aid for services. Other federal funds are passed through from state agencies like the Idaho State Police, which use some of their federal funding so ILAS can serve victims of domestic violence at the FACES justice center in Boise and the Nampa Family Justice Center. Funds also come from the Idaho Council on Domestic Violence and Victim Assistance.

At the Nampa Family Justice Center, law enforcement takes victims to a location designed as a home kitchen and a children’s playroom. The intent is to have a more relaxed and comfortable environment rather than a police station or hospital. At this location all service providers are readily available to the victims—law enforcement, prosecuting attorneys, victim/witness coordinators, Idaho Department of Health and Welfare social workers, child protection staff, nurses and physicians and ILAS attorneys. ILAS has two part-time and one full-time attorneys located at the Justice Center, but one of the part-time positions is now vacant because of the funding shortfall. More than 30 women, most with children, needing legal assistance are on a waiting list as the two remaining attorneys have a full client schedule, said Cook. Funding cuts to other state and county programs also can increase caseloads for ILAS because attorneys must represent newly acquired clients created by
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Dennis K. O’Dell, Boise, is pursuing a degree in general studies with a communications minor. A 61-year-old veteran, he produces television shows for veterans for Treasure Valley Community Television.

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reductions in funding. For example, when payments through the Aid for the Aged, Blind and Disabled program were cut for more than 1,200 people, ILAS sued on behalf of Idaho residents who were improperly denied benefits.

Three different studies at the national level all concluded that there is a significant shortage of civil legal assistance available to low-income people. The studies determined that there was 1 legal services attorney for every 6,861 low-income Americans. In Idaho, with its 21 legal aid attorneys, that number is 1 per every 9,000 eligible persons. These funding statistics were based on the 49 states that provided funding and support for their legal aid systems. (Two states have ceased funding legal aid since the studies were conducted.) This puts the ILAS in the worst possible financial scenario in the entire nation since it receives no state funding.

The budget cuts mean the low-income population is not getting as much access to Idaho’s justice system as it was prior to the recession.
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After three years of funding cuts at the hands of the Idaho State Legislature, the two largest school districts in Idaho have coped with eroding budgets and a diminishing set of options to protect the quality of education they offer. The ramifications of the revenue pinch are amplified because the two districts—the Independent School District of Boise City and the Meridian Joint School District No. 2—together comprise approximately 20 percent of the state’s total enrollment, a total of more than 65,500 students. A drop in educational quality affects the futures of these students and the thousands who will follow. Though both districts have faced tough times and appealed to their patrons for additional support, they offer much different approaches to solving their budget woes.

BSD serves approximately 25,500 students in 49 schools, a population that has remained relatively level over the last few years. The BSD spends $7,557 in general fund expenditures per student based on average daily attendance, according to preliminary figures from the state Department of Education.

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so-to-speak, these "charter districts" were granted a unique authority to levy property taxes. Growth in the the Boise district operating budget has been partially funded by these tax levies since the 1930s. In the past, most districts in Idaho used property tax revenue to fund their maintenance and operations. But in 2006 the Idaho Legislature shifted the source of those funds away from local property taxes to statewide taxes. Because Boise was a charter district, it retained its ability to levy property taxes, although at a lower rate than in previous years. That has provided the district with a funding source that has softened some of the blow from recent cuts in state funding.

Nonetheless, falling property values, resulting in lower property tax revenues, have combined with state cuts to put the Boise School District in a financial bind. In response, the district has cut $22 million in administrative and operations costs. And the district predicts a total drop of approximately $12.2 million in yearly tax revenue by 2012-13 due to lower property values. Facing an annual deficit of $14 million beginning next year, the district asked voters to approve a March 13 supplemental levy for $70 million over the next five years. The district told voters that without the levy funds, Boise schools would lose 200 teachers, class sizes would increase by up to six students and some programs would be lost. More than 28,500 voters turned out, responding with a strong 71 percent in favor of the levy.

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Responding to cuts in state education funding, Boise and Meridian voters passed school levies in March 2012. Pictured: a levy campaign poster.

Education. The district budgeted $227.4 million for 2011-12. Where does this money go? More than 78 percent of the district’s total budget goes to employee and teacher salaries and benefits. The rest is dispersed over capital investments, transportation, maintenance, supplies, insurance and other lesser expenses. Boise’s school district, however, has a funding source that sets it apart from others in Idaho. BSD, along with those in Lewiston and Emmettsville (now Emmett), preceded statehood in 1890. Grandfathered in, this “charter districts” were granted a unique authority to levy property taxes. Growth in the the Boise district operating budget has been partially funded by these tax levies since the 1930s. In the past, most districts in Idaho used property tax revenue to fund their maintenance and operations. But in 2006 the Idaho Legislature shifted the source of those funds away from local property taxes to statewide taxes. Because Boise was a charter district, it retained its ability to levy property taxes, although at a lower rate than in previous years. That has provided the district with a funding source that has softened some of the blow from recent cuts in state funding.

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The additional $14 million per year will allow the district to replace one-time funds from federal sources and to stop using its "rainy day" savings account. The district used $8.5 million from that fund during the 2011-12 school year to stay in the black. "Without those one-time sources, we would have had to cut faculty and staff. Our hope is in five years the economy will...
so-to-speak, these “charter districts” were granted a unique authority to levy property taxes. Growth in the the Boise district operating budget has been partially funded by these tax levies since the 1930s. In the past, most districts in Idaho used property tax revenue to fund their maintenance and operations. But in 2006 the Idaho Legislature shifted the source of those funds away from local property taxes to statewide taxes. Because Boise was a charter district, it retained its ability to levy property taxes, although at a lower rate than in previous years. That has provided the district with a funding source that has softened some of the blow from recent cuts in state funding.

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The additional $14 million per year will allow the district to replace one-time funds from federal sources and to stop using its “rainy day” savings account. The district used $8.5 million from that fund during the 2011-12 school year to stay in the black. “Without those one-time sources, we would have had to cut faculty and staff. Our hope is in five years the economy will

Education. The district budgeted $227.4 million for 2011-12. Where does this money go? More than 78 percent of the district’s total budget goes to employee and teacher salaries and benefits. The rest is dispersed over capital investments, transportation, maintenance, supplies, insurance and other lesser expenses. Boise’s school district, however, has a funding source that sets it apart from others in Idaho. BSD, along with those in Lewiston and Emmettsville (now Emmett), preceded statehood in 1890. Grandfathered in,
Idaho ranks near the bottom of states in per capita college attendance. Fairmont Junior High, pictured, has been honored for advancement programs that narrow the higher education gap.

turn around so we can start weaning ourselves off the $14 million each year. We do not want to go back to the voters in five years,” said Nancy Landon, the district’s budget and finance manager. Additional state funding, an increase in real estate values and continued savings will help the district reach that goal, she explained.

Previously the levy was scheduled for the August 2011 ballot, but was postponed in anticipation of one-time supplemental funds that the Idaho Legislature divided between schools from an estimated $60 million 2010 tax surplus. The district received $5.1 million in one-time funds, which stretched over five years allowed the district to reduce the supplemental levy from $15 million to $14 million per year.

The ad valorem property tax granted by Boise’s charter status contributes 32.8 percent of the district’s total budgeted revenue. The Board of Trustees determines the amount of the tax as well as potential increases during its annual budget process. This built-in property tax represents the biggest single source of funding after the 60 percent from combined state

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and federal sources, and is the major reason that the Boise district differentiates from Meridian. But the Boise district also is subject to the ups and downs of the real estate market. Between 2006 and 2008, the total market value of property in the Boise district rose 22.5 percent to $22.6 billion. When the housing bubble burst, property values fell approximately 21 percent from 2008 to 2011. As the tax base for Boise schools continues to decline, the amount of property tax revenue they receive also falls. The Boise district has made changes to cope with the budget shortage. District officials have made it a priority to retain teaching positions and class sizes while cutting $22 million in administration and non-instructional costs since 2008. Cuts have been made, but they are less visible than the larger class sizes and staff reductions that have taken place elsewhere in the state.

The school district publishes a semi-annual Community Update that reports the changes made in recent years. Administrations positions such as assistant principals, directors and school counselors have already been scaled back. The district has furloughed employees for up to eight days to save on personnel costs. School textbook and library book budgets have been reduced, and supply budgets are going to have to wait for an economic upturn before they see any significant increases. For the past two years the district has frozen salaries and benefits. In 2010-11, district officials staggered school start times to reduce and consolidate busing needs and expenses. Funds from the levy may restore a few of these cuts, but not many. The district still plans to furlough teachers for at least five days and there may be some pay increases for teachers who pursue additional education.

The district demographics include 3,800 English Language Learners, a population of students speaking 97 different languages and representing 112 different countries. Of the ELL students, approximately 2,000 are Limited English Proficient. There are more than 1,000 refugees in this group. Numbers of ELL and LEP students are expected to grow in the coming years. Programs to meet the needs of special needs groups require funding above standard instructional costs across the district. BSD operates dual language schools at Whitney and Whitter elementary schools. These programs are open to both English and Spanish native speakers and are designed to teach the standard curriculum in both English and Spanish to promote bilingualism and biliteracy. Another advantage of the bilingual program is to socially integrate Spanish speakers in an atmosphere open for bilingual communication between students and with teachers. Another effort, called the Bridge Program, focuses on beginning-level immigrant and refugee ELL students at Borah High and Hillside Junior High. It is a two-year transitional program in which students are immersed in an intensive language-learning curriculum so they can transition to mainstream classrooms. These programs can be costly, but Boise’s diverse student body requires resources to meet the needs of all students.

The district emphasizes the importance of post-secondary education to its students and is growing programs that promote higher education, even with the continuing budget crisis. Bridging the gap between high school graduation requirements and college expectations, the Advancement Via Individual Determination program consists of class offerings in junior high and high schools to prepare students who would not traditionally pursue a college education. Though this program is only currently offered at 11 Boise schools, the district aims to launch ÁVID programs districtwide by the 2012-
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The Boise School District absorbed cuts to the Marian Pritchett High School when the Idaho Legislature zeroed-out the funding in 2010. The school serves pregnant and parenting teens. Pictured: children of student mothers at the alternative school.

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Advanced Placement courses are another tool BSD uses to bridge learning from high school to college. BSD is making an all-out effort to increase AP options for all high school students in the district. Students’ participation in AP classes and testing has increased 23 percent over the last three years as a result.

Meridian Joint School District No. 2 is the largest in Idaho, spanning Meridian, Eagle, Star and parts of Boise. Enrollment for the 2011-12 school year is 35,189, up 608 students from the previous year. The Meridian district spends $5,340 in general fund expenditures per student based on average daily attendance, according to preliminary figures from the state Department of Education. The district includes 48 schools and employs approximately 1,800 teachers. State monies and voter-approved levies provide the majority of the funds in the district. More than 90 percent—$144 million—of its $168 million operating budget comes from the state. As state purse strings have tightened, the Meridian district has trimmed $40 million over the last three years, mostly by eliminating days from the school calendar and not filling vacant positions. In contrast to the Boise School District, Meridian does not have the authority to levy property taxes to cover operational costs without voter approval. So the only avenue left is to ask patrons for additional funding via supplemental levies. Historically, Meridian’s voters have approved almost all these petitions, including the most recent on March 13.

District superintendent Linda Clark summarized that “less is less” and said the 2011-12 budget cuts are already eating at the meat of education. To make ends meet over the last three years, the district cut 14 days from the school calendar, 9 of them instructional days and 5 faculty-training days. Each day represents a savings of $75,000 in personnel costs. More than 50 administrative and support staff positions were cut. The district also saved $6 million by underfilling its state-funded allotment of teaching slots by 100. “The credo is that if someone leaves, you don’t hire a replacement,” said Alex Simpson, director of budget and finance, citing as an example 10 custodians who were not replaced after they left last year. In other cost-saving measures, the district terminated mid-day busing for kindergarten students, instituted pay-to-play fees for student athletics and activities, eliminated an hour of teacher preparation time and shifted a 17 percent increase in health insurance premiums to employees. And the district used up its reserve fund to make ends meet. Simpson said that except for some middle school sports, the district has left its programs intact, but smaller. “The model has been to shrink the system rather than cut. If you cut a program, it is hard to get it back, but if you shrink it, you can grow it back when things turn around.”

Like Boise, the Meridian district turned to its patrons for help on March 13, asking them to approve a two-year, $28 million levy to restore some of the past cuts and maintain current programs. Almost 23,000 voters came to the polls, with nearly 54 percent voting in favor of the levy. The district said when the levy funds are available next year it will restore the nine instructional days cut from the calendar, maintain programs at their current levels and use $5.5 million to replace one-time funds, which include a transfer...
Proposals for more school technology and less salaried school personnel are central to the cost-savings measures before the Idaho State Legislature.

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The school calendar has suffered with more than half a month of instruction chopped over the last three years—down to 176 days from 190 days. Longer and more frequent breaks trouble teachers whose task of teaching our youth is challenged by a lack of retention over breaks. Classrooms with limited instruction time will be hard pressed to achieve benchmarks in math, language and reading scores. State minimums for hours of instruction were still met with the cuts to the schedule, but there was little margin for error. No Child Left Behind also presents challenges for teachers.
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Meridian teachers also faced larger class sizes and overloaded schedules in the fall of 2011. Each year, parents of more than 2,500 Meridian district kindergartners anxiously watch their 5-year-old child head off to the first day of school. This year brought new stresses for parents. Meridian no longer offered mid-day busing for kindergarten students. District officials presented an alternative, every-other full-day kindergarten plan that would have saved $1.3 million in transportation costs, but the plan was squashed after a public budget meeting. The resolution? Retain half-day kindergarten while suspending busing at the noon hour, which caused transportation dilemmas for working parents.

Simpson said two years ago the district eliminated 1,400 bus stops and is now saving $2.53 million a year in transportation costs. But the state reimbursement for busing was also reduced as a result, so the net savings were less.

Both Boise and Meridian districts faced another funding shift during the first year of Superintendent Tom Luna’s education reform plan that re-allocated funds to new programs, including mandated money for technology. The 2011 legislation, commonly referred to as the “Luna Laws,” could result in increased class sizes and a reduction in the number of teachers, depending on how individual districts decide to reallocate their funds. This year the two districts had to transfer 1.67 percent of their salary base to pay for technology. That represented $700,000 for Boise and $1.46 million for Meridian, according to their budget officers. The transfer left the districts with a reduction in their pool of funds allocated to teaching positions.


A 17 percent hike in health care premiums was cut from the budget and the costs were passed down to employees, further eating at dwindling paychecks. For middle and high school students and their parents, athletics and activities like band carry a surcharge. Middle school extracurriculars now have a $90 fee for the first two activities and high school students are being charged $110. These fees offset the cut in coaching salaries that the district felt were unavoidable.

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There is always another side to the story. In an article published in Newsweek, U.S. Secretary of Education Dr. Arne Duncan said that our nation’s stagnant and underperforming school system needs a jolt. Stimulus money from the February 2009 education package, according to Secretary Duncan, too often compensated for lacking operating budgets and building maintenance. Innovation in education was the proposed focus for education stimulus monies. Another topic debated when budget dollars are divided among worthy programs is class size. Statistically, the significance of class size is questionable. There is little resolution on the topic and academic peer-reviewed studies can be found to support both sides. The debate continues in the media, but by substituting public perception and speculation for the academic arguments of data and interpretation. If no immediate solution presents itself, what can we focus on? Great teachers! Class size becomes less relevant when great teachers are in classrooms. Districts across the nation are doing more with less: more kids and fewer teachers. Race to the Top, a portion of the education reform, incentivizes teaching performance by offering prize money to states that exhibit innovation in teaching and education. Secretary Duncan is promoting this program, introduced by President Obama in 2009, as the model of our nation’s future in education.

Education cuts are inevitable—the economic climate dictates available funds. The Boise and Meridian school boards have not made their decisions lightly, but some legislators have lost sight of the long-term implications of
striving to help students achieve higher test scores mandated by the U.S. Department of Education. Teachers already face hurdles of diverse student bodies and learning aptitudes. Along with ongoing challenges and a reduced instructional time frame, Meridian teachers also faced larger class sizes and overloaded schedules in the fall of 2011.

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Boise, Meridian and Pocatello have kept teachers in the classrooms with supplemental tax levies. Pictured: misspelling "suplemental," Pocatello, 2011.

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During his 1931 inaugural speech, Gov. C. Ben Ross addressed the national depression that began in 1929: “The present depression is due just to the same causes in the business cycle as all the others, and recovery is bound to come shortly. . . . the recovery will be slower than the slump, but it is in the air for this year of 1931.” His optimistic assurances soon proved to be unfounded. Over the next two years, the economic impacts of the Great Depression hit Boise, along with the state as a whole, with a force that Ross did not foresee.

Still recovering from an agricultural depression in the previous decade, Idaho’s economy faltered under the weight of the new depression. Boise experienced rapid decline due to heavy losses in the state’s lumber and mining industries, on top of major price drops for agricultural goods. By the end of 1932, these losses brought Boise to its lowest economic point in the Depression. Boise didn’t truly recover until the increased need for production during World War II revitalized the economy.
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But from the onset of the Depression until the state’s eventual recovery, Boiseans were not passive victims of the economic damage. They were proactive and resourceful, and worked to protect their community. Their efforts lessened the effects of the Depression on the Boise community and with the help of federal aid money provided by President Franklin Delano Roosevelt’s New Deal, Boiseans not only weathered the storm but also made big improvements to the city’s public infrastructure. Many buildings now considered Boise landmarks, along with many of its sidewalks and bridges, were constructed under the auspices of the New Deal.

Boise’s economy was most damaged by the loss of demand for the staple industries of the city and the state as a whole: agriculture, lumber and manufacturing. Although Boise’s economy did not immediately see any drastic impacts from the national depression, these key parts of the economy were already struggling at the turn of the decade, leaving Boise vulnerable when the crash finally came to Idaho in 1931-32. Industries across the state felt the impact as national demand fell; between 1929 and 1933, Idaho’s manufacturing force dropped by half. The total payroll for manufacturing employees statewide dropped from $22.5 million in 1929 to $7.1 million in 1933, a decrease of about two-thirds. Many of those unemployed by the slump in manufacturing came to Boise to look for work. Boise-Payette Lumber Company, for example, lost $1.8 million between 1930 and 1932 and dismantled its mill in Barber. The company stayed afloat only because of its larger mill in Emmett, scraping by until the demand for lumber resurfaced in the 1940s.

Although the industrial collapse damaged Boise’s economy, it didn’t compare to the damage caused by drops in agricultural prices. Wheat and beet prices remained relatively strong, but there were major price drops in sheep, dairy, dry beans and hay. Cattle prices dropped to levels comparable to the agricultural prices of 1911. The state’s famous potatoes fell 20 percent. Hay prices fell by half.

Like cities across the country, Boise experienced a banking crisis in 1932, which had its roots in the earlier drops in agricultural prices. As the largest city in a heavily rural state, Boise was the hub for the state’s banking industry. As farm prices fell, so too did the value of farm loans. This led Idahoans to lose confidence in the economy and citizens rushed en masse to withdraw their money. Of Boise’s three major banks, only one, First Security, was able to remain open during the bank runs of 1932. Boise’s First National bank was shut down temporarily. It reopened after reorganization by the Reconstruction Finance Corporation and the Federal Reserve Board. However, it had to close once again later in 1932 during the complete shutdown of all national banks. Idaho First National Bank was shut down and eventually liquidated.

But First Security Bank was able to remain open, due in part to quick action taken by bank manager, J. Lynn Driscoll. Aware of the problems that had occurred during bank runs in other parts of the country, Driscoll arranged to have $500,000 delivered quietly to Boise from Salt Lake City. With these extra funds available, Driscoll placed a sign above the doors to First Security that read: “Open Until Late Tonight. If you want your money, come and get it.” In addition, several of Boise’s most influential merchants, including local department store tycoon C.C. Anderson, made grand gestures of depositing cash at the bank. These shows of courage restored the confidence of the bank’s customers. By the time the $500,000 arrived, the run had subsided, and the money was eventually returned to Salt Lake City, its packaging unopened. Driscoll went on to secure $150,000 security free
But from the onset of the Depression until the state’s eventual recovery, Boiseans were not passive victims of the economic damage. They were proactive and resourceful, and worked to protect their community. Their efforts lessened the effects of the Depression on the Boise community and with the help of federal aid money provided by President Franklin Delano Roosevelt’s New Deal, Boiseans not only weathered the storm but also made big improvements to the city’s public infrastructure. Many buildings now considered Boise landmarks, along with many of its sidewalks and bridges, were constructed under the auspices of the New Deal.

Boise’s economy was most damaged by the loss of demand for the staple industries of the city and the state as a whole: agriculture, lumber and manufacturing. Although Boise’s economy did not immediately see any drastic impacts from the national depression, these key parts of the economy were already struggling at the turn of the decade, leaving Boise vulnerable when the crash finally came to Idaho in 1931-32. Industries across the state felt the impact as national demand fell; between 1929 and 1933, Idaho’s manufacturing force dropped by half. The total payroll for manufacturing employees statewide dropped from $22.5 million in 1929 to $7.1 million in 1933, a decrease of about two-thirds. Many of those unemployed by the slump in manufacturing came to Boise to look for work. Boise-Payette Lumber Company, for example, lost $1.8 million between 1930 and 1932 and dismantled its mill in Barber. The company stayed afloat only because of its larger mill in Emmett, scraping by until the demand for lumber resurfaced in the 1940s.

Although the industrial collapse damaged Boise’s economy, it didn’t compare to the damage caused by drops in agricultural prices. Wheat and beet prices remained relatively strong, but there were major price drops in sheep, dairy, dry beans and hay. Cattle prices dropped to levels comparable to the agricultural prices of 1911. The state’s famous potatoes fell 20 percent. Hay prices fell by half.

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An infusion of $500,000 from Salt Lake City allowed Boise’s First Security Bank to stay open during the panic of 1932.
By the time the RFC refinanced the stockmen, they could pay back the entire loan, plus interest. Driscoll and First Security Bank, through their quick actions and wise planning, managed to keep one of Boise’s biggest banks open for business even as their competitors failed, and they helped secure federal funds to keep local workers employed and paid. However, even with First Security still open, Boise’s banking situation was in rough shape, and it didn’t recover without extensive help from the New Deal.

Prior to 1933, Boise had difficulty mounting a dynamic or truly effective response to the Depression. This can in part be attributed to the state’s lack of revenue, which made large-scale recovery projects unfeasible. Gov. Ross advocated for a strong federal response. This was a move perhaps unconventional for a self-made politician-farmer, but Ross could seldom be described as conventional. He thought that state governments could economize and give their citizens tax relief, while the federal government should try to implement a program to control inflation. He also argued that the federal government should be held responsible for the unemployment problem “because of the fact that the policy of the government over the last several years brought on the depression which threw millions of men out of employment; therefore the Federal government should pay the bill. The states can properly be called upon to take care of the indigent poor, as they have in the past.”

Initially, the city’s response to the Depression was carried out by private organizations, unions or individuals like J. Lynn Driscoll, but the arrival of President Roosevelt’s New Deal policies in 1933 created a much larger response from the state and federal government. Whereas Ross had been forced to pursue austerity measures to compensate for a lack of funds, the New Deal provided Idaho with bountiful funds to pay for a variety of programs to provide for the needy and put the jobs back in the hands of the unemployed. Nationally, Idaho ranked eighth for per capita expenditures by New Deal agencies between 1933 and 1939.

Gov. Ross, despite his apparent support for federal intervention, caused some problems for the federal government when New Deal programs began to operate in Idaho. While Ross was pleased to see the federal government take on the responsibility of unemployment relief, he frequently criticized what he saw as excessive red tape and resisted the federal demands when administrators from the Federal Emergency Relief Act requested that state governments raise funds to match federal aid. Ross resisted by arguing that tax levies were impossible due to the large number of tax delinquencies in Idaho. This lack of cooperation from the governor hampered the impact of New Deal policies in Boise, but certain substantial programs still were able to
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from the Reconstruction Finance Corporation, which he then distributed to local stockmen so that herders could be paid and the precious cattle herds protected. In doing so, he required that every expense be recorded and accounted for by the stockmen. Despite their grumblings about such a strict level of accounting, they complied, and it resulted in very efficient spending.

The Streeter family of Boise celebrates a birthday despite the austerity gripping the city in 1932.
function. The Civil Works Administration is an excellent example. Established in 1933, the CWA provided employment for 4 million Idahoans, including many Boiseans, through the winter of 1933-34. The CWA’s programs cost more than $5.4 million and workers earned an average of $15 a week. One of their programs, the Women’s Work Program, provided women with employment sewing, making bedding, canning food, nursing and teaching. Primarily though, the CWA created work that focused on constructing and repairing infrastructure. CWA employees were responsible for many of Boise’s parks and fairgrounds. They constructed airports, sanitary facilities, waterworks and flood control measures. A full third of the CWA’s projects dealt with building bridges and roads.

Ross eventually gave in to governmental pressure, creating a sales tax to raise matching funds in 1935. The federal government’s financial support for Boise was very broad from 1935 to 1937 and New Deal programs were most dramatic and effective during these years. The Works Progress Administration, created in 1935, provided work for much of Idaho’s unemployed population, alongside the Public Works Administration. The Social Security program and the Idaho Cooperative Relief Agency provided relief for the unemployable.

Although the negative impacts of the Great Depression are undeniable, the 1930s was an era in which Boise saw a large amount of infrastructure growth driven by New Deal programs that provided jobs. The city’s population also grew significantly during the Depression decade, and this population growth created both a need for extra infrastructure and the workforce to make it possible. At the time of the 1930 census, Boise’s population was 21,544, only 0.7 percent more than the 1920 census. But by the 1940 census, Boise’s population grew to 26,130, a jump of 21.3 percent. This exceeded the state average of 18 percent population growth during the 1930s. Given that Boise experienced a depression during both these decades, and that the depression of the 1930s was arguably more severe than that of the 1920s, it might seem odd that the levels of population growth were so disparate. But the Great Depression differed from the agricultural depression in the scale of its national impact. The agricultural depression affected only a few heavily agricultural states, while the rest of the country seemed to be in much better economic shape. There were plenty of reasons to emigrate, and few to immigrate. During the Great Depression, however, the economic crash heavily affected every state, reducing the viability of a Boise emigration. At the same time, the ecological disaster of the Dust Bowl in the Midwest brought waves of immigrants to the West. While most of these migrants, known as Okies because such a high percentage of them came from Oklahoma, sought work in California, many settled in other western states, Idaho included. Although work was scarce in Boise even before their arrival, the immigrants stayed and made do as best they could. This growth helped contribute to the increased urban development that Boise experienced during this time, particularly by increasing the need for housing and schools. The New Deal subsidized growth. For example, a 1934 program initiated by the Federal Housing Administration guaranteed home mortgage loans, thus encouraging growth in such neighborhoods as Rose Park and Ressegue.
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The Bouquet Bar and Kelly’s Restaurant were Depression Era institutions on the 800 block of West Main. The glassy Wells Fargo Building now occupies the site.
The New Deal programs lead to the construction of several buildings of major significance to Boise in addition to creating substantial urban development by building roads, bridges, waterworks and other infrastructure. Notable buildings completed or started from 1933 to 1939 include the Ada County Courthouse, the State Historical Museum and the office building that eventually came to be Boise City Hall. The Courthouse, built in 1938-39, was a project of the Works Progress Administration. Because New Deal projects aimed to create work for many people over a period of time, buildings like the Courthouse show a high level of quality in their design, materials and construction. Designed by two architectural firms local to Idaho, Tourtellotte & Hummel and Wayland & Fennel, the Courthouse was originally to be built in a neoclassical style that resembled the nearby Statehouse. However, many workers on WPA projects were unfamiliar with construction techniques, so the design was changed to a simpler and more modern Art Deco style.

Gas stations on Main Street and Grove competed for the transcontinental traffic on US. Route 30 in 1931.
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other New Deal programs also allocated considerable funds and effort to constructing bridges and roads. The Public Roads Administration provided funds for more than 1,650 miles of roadwork throughout the state, spending approximately $15 million from 1933 to 1939. The Public Works Administration similarly spent $8.2 million on streets and highways statewide over the same time period.

Boise did not make a full recovery from the Great Depression until World War II created a new demand for agricultural goods, manufacturing and lumber production, which revitalized the city’s economy. But the projects and support provided by the New Deal programs of President Roosevelt, along with the actions taken by Boise citizens to protect their own livelihoods during the period of economic hardship, helped keep the city going through a difficult decade. More than that, they brought new growth into the city, and helped Boise develop into the vibrant place it is today.

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A new Oldsmobile sponsored by the Idaho State Automobile Association goes through downtown Boise in preparation for a coast-to-coast run.

The Public Works Administration contributed $16.6 million statewide to the construction of buildings and infrastructure, much of which was devoted to Boise. It spent $500,000 on administrative buildings, $2.7 million on school buildings, $1.3 million on sewers and waterworks and $3.9 million on flood control and land reclamation. A single PWA grant of $225,000 contributed to building North Junior High, the Boise High School gymnasium and an addition to Whitney elementary school. The total cost of these three projects, constructed between 1936 and 1937, was $452,975, meaning that the PWA provided just under half of the funding.

Boise’s road system also grew during the New Deal era. The CWA devoted about one-third of its projects to building roads and bridges. But
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Boise’s downtown still showed the scars of urban removal when the econo-
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In 1980, after months of debate, the Idaho State Senate passed an amendment to the 1% Initiative that froze the collection of any property taxes in Ada County that were already above 1 percent of the property’s 1978 tax value, and limited property tax increases to 2 percent per year. For local governments such as Boise’s that operated primarily on property tax revenues, the 1% Initiative restricted their ability to raise municipal funds. From 1978 to 1981, the constraining effects of the initiative cramped the city’s budget. The recession dealt an additional blow that challenged the city’s ability to provide basic municipal services to its citizens.

In Boise, where the property tax was still the mainstay of municipal government funding, the initiative hit especially hard. The City of Boise employed more firemen and police in 1979 (before the 1% Initiative took effect) than in 1990, despite a 25 percent jump in population and soaring property values. Richard Eardley, a former three-term Boise mayor now living in Meridian, remembered that the city was forced to lay off firefighters and close down a fire station. “We learned to live with less,” said Eardley, who added that the sudden loss of revenue caught Boise off guard.

In addition to the effects of national economic downturn, by 1982, Idaho governments grappled with a dramatic change in the way the state assessed and distributed tax revenue. Inspired by similar efforts in California, in November 1978, Idaho voters approved the 1% Initiative, which limited the assessment of local property taxes to 1 percent of the property’s 1978 tax value, and limited property tax increases to 2 percent per year. For local governments such as Boise’s that operated primarily on property tax revenues, the 1% Initiative restricted their ability to raise municipal funds. From 1978 to 1981, the constraining effects of the initiative cramped the city’s budget. The recession dealt an additional blow that challenged the city’s ability to provide basic municipal services to its citizens.

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In the early 1980s, Ada County and Boise began to experience explosive population growth that remained steady until recent years. According to Mayor Eardley, the 1% Initiative hampered the city’s ability to gain additional revenues from that new growth. While cities in the county grew rapidly, they received only minimal increases from property taxes to pay for the growing demand for services. This hampered their ability to recover from recession, explained Eardley, who said the 1% Initiative was a major reason for Boise’s dire financial situation.

Mayor Richard Eardley struggled to sustain police and fire protection in the wake of the California-inspired “1 Percent” taxation revolt. Elected to three terms as mayor, Eardley served from 1974 to 1986.

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Saying 1982 would be the tightest year in memory, educators across the state looked for new ways to raise funds to supplement declining revenues. Since property tax revenues were a primary source for funding education, the 1% Initiative curtailed a large portion of school funding statewide. Many districts attempted to increase funding for the schools through tax levies, many of which were voted down by residents already feeling the pinch of the recession. That left school districts the choice of finding ways to either gather more funding or cut costs, or a combination of both. Funding for schools in 1982 became an extreme situation. The Boise School District had to cut funding to multiple programs and reduce staff. In the fall of 1982, there were 200 fewer teachers in the district than the previous year and the school board dipped into its reserve account to make up a $500,000 shortfall in the $41 million budget. The district even proposed to close Madison Elementary to save money, an alternative that never took place but illustrated the district’s desperate search for savings.

A state revenue shortfall led Gov. John Evans to order a 9 percent cut in budgets, which at Boise State led to the elimination of degrees in French and German, home economics and others. The university eliminated 30

Boise State University President John Keiser and Governor John Evans made tough decisions to cope with the 1982 recession, including cutting several programs at BSU. From left: former Boise Junior College President Eugene Chaffee, President Keiser, Governor Evans, and former BSU President John Barnes, 1982.


property’s value (whichever is less) would be removed from taxable value. Municipalities in Ada County were only allowed to collect taxes from 1 percent of the remaining 80 percent of the taxable property value. One important measure of the economy’s health is the unemployment rate. Near the end of the ’70s, the unemployment rate did trend higher than it had since the Great Depression, reaching as high as 7.7 percent in Idaho for February 1979. This was the beginning of major downturn in Idaho. As the recession worsened, the annual unemployment rate also went up. In January 1980, Idaho’s unemployment rate was 7.9 percent and continued to climb. In 1981, the rate in Idaho never fell below 6.6 percent and rose to 9.3 percent in January of that year. This trend continued through the early 1980s with a staggeringly high unemployment rate of 11.6 percent for Idaho in
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The next fiscal year, costs and inflation grew much faster than revenues. The city again used funds from the same savings account that it used the previous year. This time the city took $888,000 from that account.

Boise continued to lay off city workers and borrow from the city savings account in the years that followed. In 1984-85 the Idaho State Legislature approved a bill that allowed sharing of state and local sales tax revenues between the state and local municipalities. The influx of revenue made it possible to stop borrowing money from the city savings account, thus giving it a chance to regain some of its lost totals from the years of borrowing against it.

By the middle of the 1980s, Boise and the rest of the nation started to recover from the recession. Unemployment rates in Idaho, although remaining high, started to dip. The recovery from this major downturn in the economy was not caused by a single action from local, state, or city governments. The process took time. Increased government spending on the federal and state levels combined with initiatives by the Federal Reserve to lower interest rates allowed inflation to come down and created more earnings in both the government and private sectors. These increased revenues allowed federal, state and local governments to create more jobs and reopen vacant positions. The recovery process also allowed the private sector to create more jobs and encouraged entrepreneurs to start new businesses to jump-start the weakened economy.

Eventually the economy was back on its feet, but the impacts of the cuts in personnel and programs meant a reduction in services that lasted for years later. What also remained was the sobering experience of governments that had to do whatever was necessary to adapt to severe, sudden drops in revenue. Some services were eventually restored; others never came back. But as Mayor Eardley put it, “We kept the city alive.”

Daniel R. Gans, a history major, will graduate in May. He plans to work as a financial adviser. He is from Arbuckle, Calif., and now lives in Middleton.
The next fiscal year, costs and inflation grew much faster than revenues. The city again used funds from the same savings account that it used the previous year. This time the city took $888,000 from that account. Because of this and increased efficiency among city workers, the city was able to maintain the same service levels that it had in the previous year.

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Government Struggles TO COPE
by David Eberle with Brian Laurent

The effects of the recession drag on in the halls of government, long after the headlines have claimed the worse is over for Ada County. Local government remains dependent on revenue from property taxes. In Ada County, hard hit by the housing crisis, the fall of revenue from construction fees and property taxes leaves governments struggling to cope.

The consequence of this recession has been more significant in Ada County than in most other areas in the country. What does this mean for the residents of the valley? In some ways, the conservative bent of Ada County citizens has kept city services at a fairly modest level and softened the impact on the valley. However, the downside is that when cities’ budgets are cut, there will be no capacity to make the infrastructure repairs needed to maintain current services or build new infrastructure to serve the population growth that will inevitably return.
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Without good transportation access, adequate parks or sufficient public safety staff, top businesses will bypass the valley and once again residents will be looking at jobs that pay below the national average, thus perpetuating the low wage base, the low level of services, an inadequate infrastructure and more importantly, a low tax base. This low tax base translates into low support for education and needed infrastructure, thus perpetuating the cycle of not living up to the valley’s potential.

The combined federal, state and local governments in Ada County are the largest employment sector in the county. During the first quarter of 2011, government employed 29,864 people in Ada County, the highest of all industry sectors. In Fiscal Year 2010, general fund government expenditures in Ada County and the six individual municipalities reached approximately $378 million. At the end of FY 2011, that number fell by 3 percent at a time when the economy as a whole started to grow. This decline translated to 178 fewer employed people in the valley making $50,000 with full benefits. When governments have to cut services, it slows down the economy. The irony is that this 3 percent reduction, likely less than $10 out-of-pocket a year to the average county resident, disrupts 178 families and causes ripple effects into the greater economy. It impacts all the businesses that serve that laid off employee. But the economic impact of cuts to local government budgets only occurs one to two years after an economic recession, so a reduction in government services will prolong any recession and retard any recovery or even create a double-dip recession. Is this the future for Ada County? How local elected officials respond to the anti-government sentiment playing out across the county will determine whether we will follow the national recovery or lag behind. Today the experts’ best guess is that the valley will avoid the double dip, but not see significant job expansion for several more years as the education and local and state government sectors continue to cut employees.

Ada County residents have long distrusted government while depending on government largess. They have protested government beginning with the Boise chartering protest in the 1860s and have accepted federal monies to support their lifestyle since 1915 when the U.S. Reclamation Service dedicated Arrowrock Dam. The national subsidy of our valley and how we collect local government tax revenue cloud the picture of whether we will feel the effects of the recession long after the national economy recovers.

Local governments receive revenues from a number of sources, the primary ones being the property tax, sales tax, liquor and utility taxes and economic development fees. Total revenues fell but property tax collections did increase in some jurisdictions (Boise was the only local government (out of the six cities, Ada County and ACHD) to take any of the allowed 3 percent. They took 1.5 percent.) It is no surprise that development fees and sales taxes fell because these are directly tied to economic activity and the recession. The reasons for drops in liquor and utility taxes are a little more
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At $24.57 billion, the county’s overall taxable market value of property is close to 2005 levels. Taxable market values in Boise and Garden City were actually lower in 2011 than in 2005. But the overall valuation in the City of Star was especially on a roller coaster. Taxable market value in the city was $149.1 million in 2005 before nearly tripling in just two years to $444.9 million before collapsing back to pre-2008 levels. Local governments have had to scramble to respond to this valuation collapse just as homeowners have. All of this is happening without considering the increased costs of health care for employees, increased cost of utilities and gasoline as well as any union contracts with fire and police. The result has been the delay of major repair and maintenance of infrastructure, even revenues from seemingly recession-proof liquor sales have declined in the last four years. Pictured: full service at an empty bar in Boise’s Harris Ranch subdivision.
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complicated. However, it is clear that franchise taxes on cable TV fell most significantly because people dropped cable service.

The property tax is the largest and most controversial revenue source for local governments. Most residents dislike this tax, partly because it is misunderstood and partly because they see the tax bill in one lump sum each year. If residents saw how much they paid in sales tax or excise taxes in one lump sum they may be equally upset. It is misunderstood because the nexus between property tax and local services is not a close relationship, so people feel like they are not getting fair value for their tax. It is also misunderstood because of who assesses the property—the county assessor—and who sets the tax revenue amount—the cities. This often leads to confusion. Finally, the total tax on a property comes from multiple jurisdictions. If a resident lives in a city, there will be a city levy, a county levy, a school district levy and a levy from other special taxing districts such as the Ada County Highway District and the Mosquito Abatement District. Thus, taxpayers feel general disgust when one taxing district claims that it has lowered its levy and the taxpayers see their bill going up.

Property taxes are set when local governments take the value of last year’s budget plus up to 3 percent of that budget at their discretion and divide this amount by last year’s assessed property value to come up with the new property tax levy. We know from algebra that when the denominator of a fraction goes down the size of the fraction goes up. So if property values fall, the property tax levy will rise even if local governments do not take the optional 3 percent increase in the prior year’s budget. It is this phenomenon that causes people to think that tax revenues are going up because their tax levy is going up. And, if their house holds better value than their neighbors, then their taxes will rise. There is one final piece of information required to grasp the impact of this recession on local governments.

State law sets the upper limit of the tax levy to be no greater than 1 percent of the assessed property value. So as property values fall and tax levies rise, there is a cap on how high local governments can raise their levies.

It is not an understatement to say property values throughout Ada County have tanked since 2007. In the last three years, property values in Ada County have fallen by about 40 percent. And in terms of actual dollar amounts, it is not surprising that Eagle homeowners have taken the largest hit; the average improved residential value there was more than $400,000 in 2007. Since then, the value has fallen by 65 percent to slightly more than $260,000.

Even revenues from seemingly recession-proof liquor sales have declined in the last four years. Pictured: full service at an empty bar in Boise’s Harris Ranch subdivision.
Median Sale Price for a Home in Ada County

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<th>2010</th>
<th>2011</th>
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<tr>
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<td>$232,000</td>
<td>$225,000</td>
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<td>$155,000</td>
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<tr>
<td>Percent Change</td>
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<td>-11.11%</td>
<td>-16.50%</td>
<td>-7.19%</td>
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<td>Cumulative Change</td>
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<td>-43.08%</td>
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</tr>
</tbody>
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Source: Idaho Multiple Listing Service

cuts in staff and cuts in public safety officials. These effects will not really be felt until the economy starts growing and local governments do not have the resources to fill the positions.

It is a complicated picture from the perspective of the resident who hears governments are raising taxes when their own personal finances are tight. Yet, even though taxes may be going up, the net result is that all local governments in Ada County have experienced a decrease in total revenues and each government has responded differently given their political makeup and what revenue sources they were relying on.

Each local government reacted differently because they faced different situations. Cities relying on a continued housing boom suffered the most. Eagle and Kuna saw their new development revenues fall precipitously. The City of Eagle cut services, laid off 25 percent of its staff, cut library hours and threw itself at the mercy of the county to continue police coverage. Additionally, the City of Boise picked up the bus service to the Eagle area. As a result, the mayor resigned and the council fractured. Kuna convinced voters to float a bond for a sewer plant that was going to be paid for by new housing development coming to the area. But the new houses weren’t built and now existing residents are saddled with significant extra taxes. Today, residents who signed up are on the hook for $11,000 per acre assessment. The homeowners who purchased small ranchettes for a rural lifestyle now find themselves owing tens of thousands of dollars. And, for farmers in the area, the sewer plant assessment exceeds the value of the land, raising the prospect of foreclosure by the debt holder and creating more chaos in the region.

Garden City, Meridian and Boise have a broader tax base and did not rely on new development to fund basic services, so their residents did not see broad cuts in services. However, the three cities have not pursued the same strategy throughout the recession. Boise has chosen to continue its...
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Meridian and Garden City have chosen a more cautious approach by pulling back on their expansion plans and keeping property tax increases at a minimum. They hope that when the economic recovery takes hold, people will choose to live and shop in Meridian and Garden City because they have a lower tax base and smaller government than Boise. This has been a successful strategy in the past. However, with increased fuel costs and delays in new road construction, this may not be as successful this time around.

Star is in an entirely different situation. The remotest community from the central city was the hardest hit in percentage terms from the loss of development-related fees and taxes. As a consequence, land use planning is in shambles. What the future holds for these smaller communities will depend on how the larger communities recover.

One of the more interesting counterintuitive correlations with the recession has been the decrease in crime. Looking back at the 2006-10 time period, there is a consistent, steady drop in the crime rate in Boise and Meridian. In 1995, the major crime rate in Ada County was more than 10,000 per 100,000 in population. The crime rate fell 21.7 percent in the following four years; there was a small uptick in 1998—in the midst of economic expansion. Between 2002 and 2009, the crime rate continued to fall, with Garden City leading the way with a 54.3 percent drop. Unfortunately this drop did not hold for Garden City, with more than 10,000 crimes reported per 100,000 residents in 2010. Reports of vandalism within Garden City doubled, and there were large increases in simple assaults, drugs/narcotics and drug equipment. Garden City’s experience may be due to its much lower income population compared to the other three jurisdictions in Ada County. Boise continues to enjoy a crime holiday with lower major incidents.

Altogether, Ada County’s overall crime rate decreased 26.2 percent between 2006 and 2010. With a hold on filling new public safety vacancies and a cap on salaries, the question becomes: When population begins to grow again, as it will, how will the cities staff up to sustain the gains that resulted from the recession?

Perhaps the Ada County infrastructure most at risk is its road system. The Ada County Highway District, which is responsible for all the roads in the county, determined that it should not increase the property tax levy rate to show solidarity with citizens. ACHD has experienced a double whammy to its budget. The first is the local economy. Like the other taxing districts, ACHD has been impacted by the drop in housing values and in the slowdown of capital projects, most notably two regional parks, one of which includes a new whitewater park. To fund a share of these projects, Boise has been willing to take a portion of the legal increase, 1.5 percent instead of 3 percent, in the tax base. Garden City and Meridian have decided to not take a percent increase in their budgets, meaning they are deferring maintenance and capital projects.

What does this mean for the future of Boise, Meridian and Garden City? Boise is committed to a strategy to become the most livable city in the country. This means Boise has made the commitment to both physical infrastructure and services, which go beyond the traditional public safety, police and fire, to also include a commitment to the performing arts, business incubators for emerging technology companies and economic incentives to bring interesting jobs into the city. And Boise is committed to creating a new comprehensive plan that promotes neighborhoods like Bown Crossing and 36th
Development impact fees once funded one-fifth of the Ada County Highway District’s budget. The housing crash has crippled that revenue source. Pictured: building in a Boise Valley subdivision.

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new car purchases. But more importantly, ACHD moved to developer impact fees over the last decade to pay for new infrastructure. A common refrain from boom times was that “growth should pay for itself.” ACHD turned this phrase into reality by using development impact fees to ensure growth-related development. Other local governments use developer fees, but ACHD had a much greater reliance on this financing technique. Today the downside of this policy has been revealed. ACHD itself admits that these fees are an extremely unreliable source of funding over time. Impact fees decreased 67.3 percent between Fiscal Years 2007 and 2012. This has delayed many of its scheduled road rebuilds and upgrades, which will ultimately lead to a decrease in the level of service. In FY 2012, ACHD’s budgeted development impact fees are just over $6 million. This is more than two-thirds lower than the $18.5 million seen as recently as FY 2007. These impact fees now comprise just 7 percent of ACHD’s budget compared to 21.2 percent in FY 2007. ACHD’s revenue future is clouded by the fact that it is dependent upon cities’ land use plans and their economic recoveries. And the future is uncertain due to national trends that include higher gas prices, better fuel mileage and changes in housing preferences.

ACHD dedicated a portion of the recent tax increase on car registrations to sidewalk and safe-routes-to-school improvements. This new tax corrects a significant existing deficiency by improving safety for children who walk or ride their bikes to school. And, ACHD has received significant revenues for its Commuteride program, ACHD’s service to provide an alternative to the traditional single-occupant commute. This may help promote the reduction of total autos on the road, thus reducing the need for new roads.

ACHD remains confident that the recession has not adversely impacted its ability to maintain and build new roads. According to Matt Edmond, ACHD senior transportation planner, it is difficult to attribute changes in the five-year work plan to the economic downturn. That being said, of the 55 projects listed in the 2008-12 five-year work plan, 16 have been delayed and 8 were removed; almost 50 percent of the projects have been delayed or scrapped. Five of the removals included a variety of proposed widening projects along Fairview Avenue, which is of great concern because it is a long-term corrective project to improve commuter traffic flow while reducing cuts through residential neighborhoods.

Traffic volume has fallen, perhaps in part due to the fact that the unemployed are not driving to work. What happens when recovery takes hold in the valley? Will the higher gas prices and behavioral changes result in long-term traffic reduction or will people return to old driving habits? Will projects like the Fairview transit corridor continue to be delayed?

The cities walk a fine line between maintaining the downsized services of today and hoping that housing values will not continue to decline. The near term outlook is that the county should be able to weather 2012 much like 2011. However, there are outside potential events that could radically change this forecast, such as the political rancor leading up to the 2012 national elections, Europe’s failure to resolve its banking crisis, a potential war between Israel and Iran and a collapse in China’s housing bubble.

The longer-term outlook will be much more nuanced between the cities. Which city picked the right strategy for preserving what we have and improving the quality of life in the future? Will it be Boise’s strategy of staying the course on its long-term strategic plan or Meridian’s pause in services to wait for an economic recovery to restart its public policy initiatives? Eagle, Kuna, Garden City and Star are completely dependent on the strength of the valley’s recovery, on ACHD having funds to support new roads and on whether Americans have made a fundamental shift in what kind of housing stock and location they want.

### Allocation of Funds for ACHD

- 37% Property Taxes
- 9% Commuteride
- 7% Development Impact Fees
- 5% Federal Grants/Cost Share
- 4% Other
- 2% Rescheduled Projects
- 1% Services and Fees
- 10% Adams County Registration
- 1% State Sales Tax
- 2% Carryover Funds
- 1% Services and Fees
- 5% Federal Grants/Cost Share
- 1% Other

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ACHD remains confident that the recession has not adversely impacted its ability to maintain and build new roads. According to Matt Edmond, ACHD senior transportation planner, it is difficult to attribute changes in the five-year work plan to the economic downturn. That being said, of the 55 projects listed in the 2008-12 five-year work plan, 16 have been delayed and 8 were removed; almost 50 percent of the projects have been delayed or scrapped. Five of the removals included a variety of proposed widening projects along Fairview Avenue, which is of great concern because it is a long-term corrective project to improve commuter traffic flow while reducing cuts through residential neighborhoods.

Traffic volume has fallen, perhaps in part due to the fact that the unemployed are not driving to work. What happens when recovery takes hold in the valley? Will the higher gas prices and behavioral changes result in long-term traffic reduction or will people return to old driving habits? Will projects like the Fairview transit corridor continue to be delayed?

The cities walk a fine line between maintaining the downsized services of today and hoping that housing values will not continue to decline. The near term outlook is that the county should be able to weather 2012 much like 2011. However, there are outside potential events that could radically change this forecast, such as the political rancor leading up to the 2012 national elections, Europe’s failure to resolve its banking crisis, a potential war between Israel and Iran and a collapse in China’s housing bubble.

The longer-term outlook will be much more nuanced between the cities. Which city picked the right strategy for preserving what we have and improving the quality of life in the future? Will it be Boise’s strategy of staying the course on its long-term strategic plan or Meridian’s pause in services to wait for an economic recovery to restart its public policy initiatives? Eagle, Kuna, Garden City and Star are completely dependent on the strength of the valley’s recovery, on ACHD having funds to support new roads and on whether Americans have made a fundamental shift in what kind of housing stock and location they want.
Assuming that housing values will rise slowly for years to come, one can make several observations. If other parts of the county are an example for the Boise Valley, central cities will recover more quickly than the suburbs. The further one goes out from Boise, the slower the rebound. There is some evidence that our recovery will look like the rest of the nation. Kuna is burdened with higher taxes and infrastructure that its residents will continue to pay for into the future. Star has land that will neither be developed nor farmed, thus scarring their landscape. Eagle will continue to be a partial city, with services being provided by other governments in the valley. Garden City may escape its past by virtue of its proximity to Boise and Meridian. Boise is most likely to experience economic recovery because it is the central city and also because it continues to invest in its infrastructure and has a number of amenities already built that prospective companies can see when they are deciding where to locate their next business venture.

David Eberle is a member of the Boise City Council and director of Boise State University’s Environmental Finance Center. With a Ph.D. in economics, he specializes in the financing of infrastructure and urban renewal.

Brian Laurent will graduate from Boise State University with a Master’s of Public Administration in May. Originally from Hockessin, Delaware, he received a business administration degree from the University of Delaware.

Thus, the choices for elected officials range from populism—cutting taxes and services—to implementing strategies to beat the national average for economic recovery. The risks to elected officials who pursue the growth strategy is that there will be further layoffs if the recovery does not come soon enough and the city hits the 1 percent cap on property tax increases. The risk of following a populist strategy is that the community will lag in developing its assets, causing people to choose to locate in other areas and extending the recession for their community.
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Conclusion: What’s Next

With the bursting of the housing bubble, many Boiseans who fueled the economy by filling restaurants, shopping centers and the ranks of the middle class now find themselves in a hole they can’t climb out of, yet. Many residents may face a decade of lost wages, lost savings and lost homes before they see their personal economies turn around. Some will never recover the stability that market forces ripped away from them. The effects of this prolonged recession don’t stop there. Since parental wealth and education are good predictors of the opportunities kids have, an entire generation of Boise children may have far fewer chances to bootstrap their way out of poverty by the time an economic recovery is underway. So what’s next for Boise? To gain some perspective, here are some ideas from community leaders.

David H. Bieter
is mayor of Boise.

Boise is a city forged from adversity. From the beginning, our arid climate made agriculture difficult. For decades, the nation’s railroads passed us by. Even today, we remain the most geographically isolated metropolitan area in the Lower 48 states.

Time and again, though, Boise has conquered these challenges. Our remoteness has inspired great resourcefulness and resilience; our hardships have yielded greater energy and creativity. The people who come here recognize our city as an oasis in the desert—“a bright green gem in a setting of blue,” as Clarence Darrow once described us.

No wonder so many visitors stay. No wonder Boise consistently ranks as one of the healthiest, most economically vibrant and most livable communities in the nation.

Hard times, like harsh conditions, can be a source of strength. And so it will be, I believe, with the Great Recession. By most metrics, Boise has suffered more than most of our peers in the Intermountain West during this, the worst financial downturn in generations.

But as we have throughout our history, Boise has endured. In my regular conversations with owners, managers and workers in companies of every size, I sense abundant optimism—not just that better times are coming, but a real determination to create those good times.

To do so, we must continue to diversify our local economy to make the transition from resource-based regional markets to information-based global ones. We cannot continue to rely so heavily on housing construction, an
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industry and a market that may never regain their former vigor. Most of all, we must continue to enhance our outstanding quality of life, which is the real reason that businesses and workers and families want to make Boise their home.

There is no passive road to prosperity; getting there requires serious investment in the fundamentals—education, transportation and communication infrastructure and economic development—and a lot of hard work. I have no doubt that Boise is up to the task.

Lisa McGrath is an attorney who specializes in new media law and the Internet.

I think there is a disconnect between university curriculum and the needs of the marketplace, which means that recent graduates are walking out of universities with degrees but not the skills for the job. In the local software development industry, for example, there became such a deficit in the quantity and quality of job candidates that outside technology groups, such as the Idaho Technology Council Software Alliance, stepped in and partnered with universities, industry professionals and businesses to implement practical educational and internship programs for computer science students and to build community collaboration across the industry. This problem isn’t isolated to the technology industry. I’ve seen the same issues in legal, health care and other sectors. The solution starts with a conversation between universities and businesses about how to best align curriculum and training at the university level with the needs of the marketplace.

Boise is becoming fat with tech startups, but there is no one-stop company or nonprofit that assists entrepreneurs with legal counsel, advertising, marketing, accounting, software development and venture capital in order to grow a viable business. For example, a software engineer could develop a brilliant product but may not know the critical role that legal counsel, marketing and accounting play in running a successful business—or even where to go to find such services. Many startups fail for this reason.

Currently, many local professional business associations focus on bringing established companies into the state as a way to boost the economy, but long-term economic development will come from supporting and growing existing startups and future entrepreneurs in Idaho. That’s where the jobs will come from.

Landis Rossi is executive director of Catholic Charities of Idaho and a board member of United Way.

Boise is a community of individuals who show compassion for one another, and that has been demonstrated over and over again during these difficult economic times. We are starting to see the unemployment numbers decline and other signs that we are on the path to recovery, but we have to remember that “recovery” will take many years, and individuals and families will need time get back on their feet. My hope is that members of Boise’s community and citizens across the state of Idaho remain cognizant of the continued needs that low- and middle-income families face.

Idahoans are proud people who value family, faith, community and independence. We are also people of compassion. In a time when so many are struggling from the effects of economic, emotional and spiritual poverty, offering compassion, without judgment, is more important than ever.
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Chapter 3: Subprime Crisis


Estrella, Joe. “Ada County home prices, sales rise in May; Canyon County still lags.” Idaho Statesman, June 16, 2011.


Intermountain Multiple Listing Service website at www.intermountainmls.com, February 2012.


Chapter 4: Holes in the Safety Net


Morrison, Greg. Interview, Fall 2011. (Project CATCH).

Roscoe, B. Interview, Fall 2011. (Garden City Community Clinic).

The Boise Rescue Mission, founded in 1958, served more than a quarter of a million meals in 2011.
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Chapter 6: Shortchanging Education


Sanchez, Ernesto. "Funding Crisis Forces Idaho Legal Aid to Cut Services." Idaholegalaid.org, May 12, 2011.


Chapter 7: Boise and the Great Depression

"Yes for Boise Schools" pamphlet. Friends of Boise Public Schools, March 2012.


Chapter 3: Losing Social Security
Sanchez, Ernesto. “Funding Crisis Forces Idaho Legal Aid to Cut Services.” Idaholegalaid.org, May 12, 2011.

Chapter 4: Losing Public Assistance

Chapter 5: Losing Legal Aid
Sanchez, Ernesto. “Funding Crisis Forces Idaho Legal Aid to Cut Services.” Idaholegalaid.org, May 12, 2011.

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Sanchez, Ernesto. “Funding Crisis Forces Idaho Legal Aid to Cut Services.” Idaholegalaid.org, May 12, 2011.

Chapter 6: Shortchanging Education
Annual Budget and Letter to Board of Trustees and Community Members, Boise School District, June 8, 2010.
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Chapter 8: The 1982 Recession


Chapter 10: Government Struggles to Cope


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Boise State University

Boise State University, with an enrollment of more than 19,000 students, is a progressive student-focused university dedicated to excellence in teaching, innovative research, leadership development and community service. Its students benefit from an emphasis on the undergraduate experience, including public affairs research as demonstrated by the student papers in this publication.

With record student enrollment, new academic buildings, additional degree programs and an expanding research portfolio, it is no coincidence that recently Boise State was ranked by U.S. News & World Report among the nation’s “top up-and-coming schools.” With Idaho’s fastest-growing research program, Boise State is in the midst of a transformation that builds on its traditional teaching strengths while expanding its capabilities in research and scholarly activity. This evolution reflects the integral role that Boise State plays in contributing to the quality of life in the Treasure Valley and beyond.
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Surging unemployment and the crash of property values have hit Boise-Meridian especially hard. In an economy built mostly on housing construction, in cities where the value of housing has fallen more than 40 percent, the damage is long term. *Down and Out in Ada County* examines the dislocation with comparisons to past recessions and an emphasis on people struggling to cope.

Investigate Boise puts a human face on vital issues of civic concern.

—Melissa Lavitt, Dean
College of Social Sciences and Public Affairs;
Boise State University

Pictured: Potatoes at The Idaho Food Bank. Cover: Single mother Heidi Gintz of Boise, 26, a tattoo and cosmetology apprentice, with daughter Tallulah.