



Idaho's Keeping Promises Budget

FY2025-2026 Recommendations

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Outline

- Idaho's economic and budget environment driving budget priorities
- Revenue: Conservative Approach
- Expenditures: Making Sustainable Recommendations that builds on future budget stabilization
- FY 25 and FY 26 Governor Budget Summary



Keeping Promises

1. Education is top priority
2. Tax Relief
3. Deregulation and efficient government
4. Make investments in our future for our children and grandchildren to be able to stay in Idaho



Promises Kept

- Increased education funding in Idaho by 80% since 2019, including an additional \$1.5B last session toward Idaho school facilities
- Increased the go-on rate for Idaho high school students through Launch
- Least regulated state in the country and pledge to continue cutting red tape and creating a business-friendly state for continued job growth and economic development
- Historic infrastructure investments across Idaho roads, bridges, parks, and water
- Back-to-back tax cuts since 2020



When Idaho Delivers on our Promises...

- ✓ \$4.6B in **tax relief** since Governor Little took office
- ✓ **Least regulated** state in the country
- ✓ Top 3 in the country for multiple years for **job growth** and **low unemployment**
- ✓ Among top states for **population growth** (over 22% since 2010)
- ✓ Ranks #1 for small **business friendly** environment
- ✓ 2nd **fastest GDP growth** over the last 5 years (#1 earlier in 2024)
- ✓ Idaho has the fastest **personal income growth** over last 5 years
- ✓ #2 overall **strongest economy** in the nation

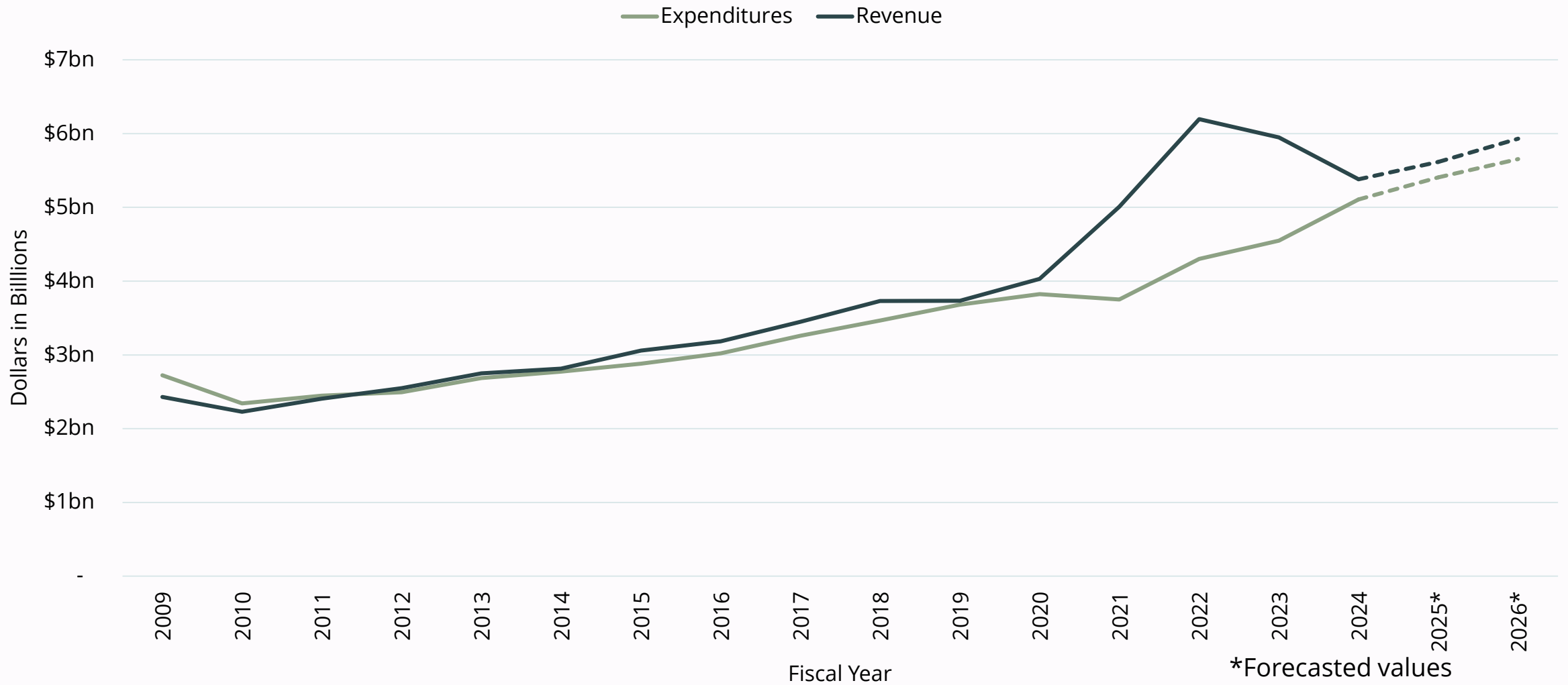


Priorities in State Budgeting

“Its not what you do in the bad years that put you out of business, it’s what you do in the good years that sets you up for success.”

- Ensure budget is structurally balanced – meaning ongoing revenue can cover ongoing expenditures
- Healthy ending balances
- Record funds in rainy day accounts
- Spend wisely so growth doesn’t outpace the State’s ability to deliver

Actual General Fund Expenditures and Revenues





FY2026 Budget Summary

- **Education remains Top Priority** and invests over \$100M in education priorities
- **Focus on Idaho's Working Class:** Addresses capacity for waitlist and demand for working class careers at technical and community colleges
- **Invests in Idaho's Resources:** Fire and Water had the largest impact on Idaho's agriculture industry this year. This budget addresses these issues
- **Provides Tax Relief** and supports Idaho family's ability to afford to stay in Idaho through tax cuts and investments in housing supply
- **Maintains Fiscally Conservative approach:** Leaves a projected ending balance, bolsters the rainy-day funds, ensures structural balance with one-time and ongoing funds



Governor's Budget Recommendation

	FY 2025	FY 2026
Estimated Beginning Balance	\$320,065,600	\$383,286,720
Total Revenue Projection	\$5,947,783,300	\$6,261,717,000
Revenue Adjustments	(included)	\$284,723,400
Total Transfers	\$517,164,000	\$477,302,800
Expenditures	\$5,411,816,600	\$5,655,324,100
Estimated Ending Balance	\$383,286,700	\$227,653,400



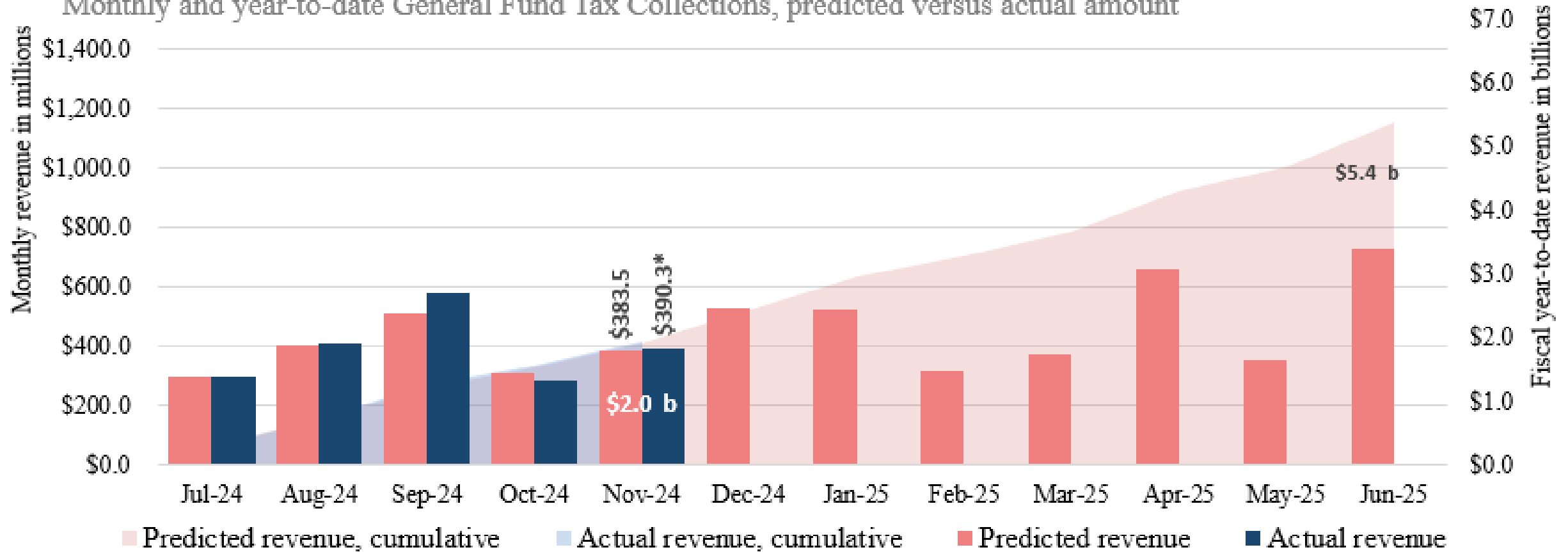
Conservative Budgeting

- General Fund revenue growth anticipated at 5.6% increase from FY 25-FY 26 using conservative revenue forecast for FY 26.
- 4.6% increase on year over year expenditures and 7.5% increase from original appropriation.
- Leaves healthy ending balance to address revenue uncertainties.
 - FY2025: \$383M (6.4% cushion)
 - FY2026: \$228M (3.6% cushion)
- Bolsters Budget Stabilization Fund by \$59M and increases PESF by \$50M.
- Lowers out year program costs by funding the Fire Suppression Deficiency Fund.

Idaho General Fund Revenue, FY 2025

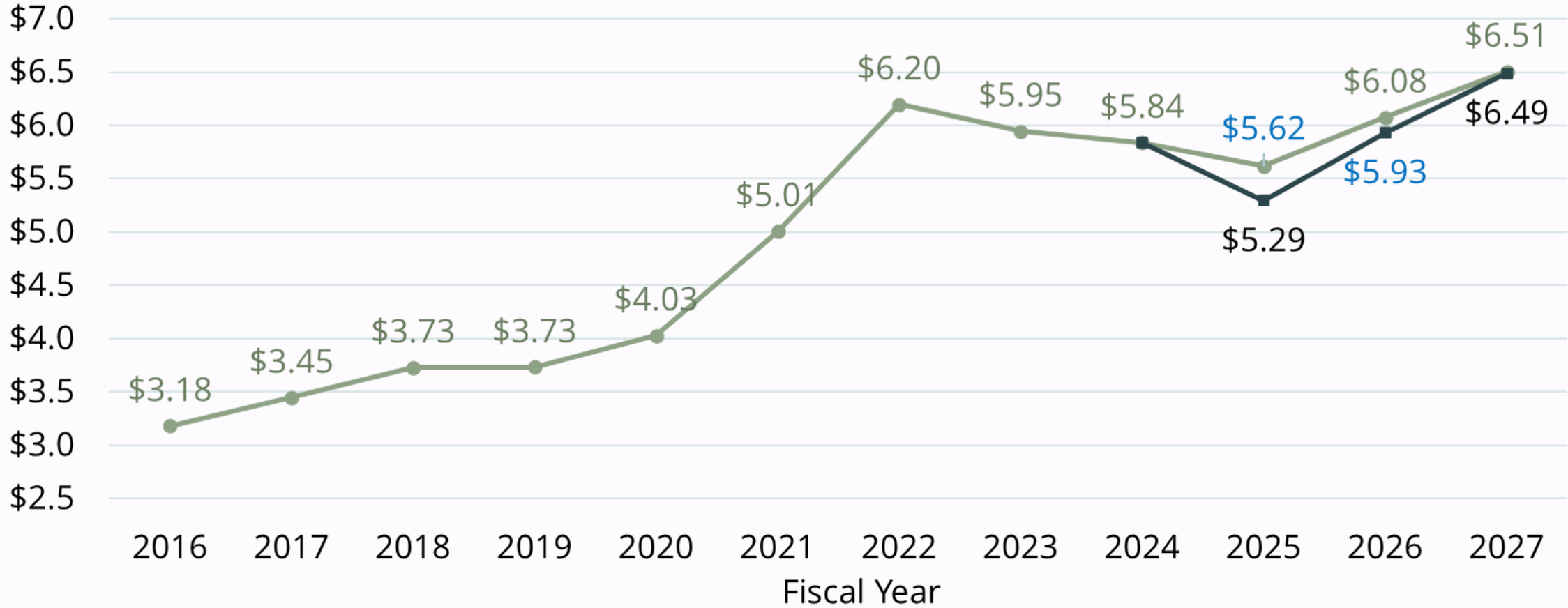
*November preliminary

Monthly and year-to-date General Fund Tax Collections, predicted versus actual amount



General Fund Revenue Forecast (in billions)

—●— Baseline —■— Conservative





FY26 Maintenance Budget

- **Change in Employee Compensation (CEC): 5% or \$1.55 increase**
 - State Employee costs: \$47,384,900
 - Teacher/Public School costs: \$83,197,000
 - Fund additional 4.5% increase for IT/Engineering and shift salary schedules: \$709,400
- **Employee Benefit Costs: \$13,000/person to \$14,300/person (10% increase)**
 - State Employee costs: \$13,959,300
 - Teacher/Public School costs: \$28,117,300
- **Interagency Adjustments (SWCAP): \$3,590,700**
- **Contract Inflationary Adjustments: \$1,291,500**



FY26 Recommended Enhancements

- **Repair and Replacement Items: \$9,277,200**
 - IT security and infrastructure replacements
- **Population Forecast Adjustments: \$80,082,400**
 - DHW: \$77,929,400
 - IDOC: \$7,255,800
 - Public Schools: (-\$6,218,300)
- **Total Recommended Enhancements: \$151,548,300**
 - \$129,501,200 ongoing
 - \$22,047,100 one-time



Governor's FY 2026 Budget Priorities

- Education
- Transportation and Infrastructure Funding
- Supporting Working Class and Idaho workforce
- Tax Cuts
- Water and Fire funding
- Deregulation and Government Efficiency
- Foster Care Reform



Delivering on Promises for Education

- Provides over **\$150M** for public schools:
 - **\$50M** for needs in rural school facilities, mental health, and accountability for learning and literacy.
 - **\$83M** toward teacher and classified staff pay increases
 - **\$28M** toward teacher health insurance
 - Recommends State Department of Education budget
- Holds **\$50M** for education choice initiatives:
 - Policy initiatives must ensure fairness, transparency, and accountability, prioritize those who need it most, and ensure funding is not taken away from public schools



Delivering on Promises for Transportation

- **\$50M** for TECM. Allow the state to bond for an additional \$800M in high value expansion projects
- **3% increase** to the continuously appropriated Strategic Initiatives Program Fund which is split 60% State and 40% for local projects. Increases funding from \$302M annually to \$311.8M annually



Supporting Idaho's Working Class

- **\$25M for Workforce Training Programs**
 - **\$15M** one-time funding toward infrastructure to increase capacity.
 - Funding distributed by State Board of Education through block grants requiring private match.
 - **\$10M** ongoing in CTE to address waitlists and demand in Community and Technical colleges.
 - Investment expected to create hundreds of seats in Community and Technical colleges, prioritizing working class jobs such as welding, automotive, trades, and nursing/healthcare.



Delivering on Promises for Natural Resources

- Protecting Idaho lands through **proactive fire management** investments:
 - **\$100M** toward Fire Management in Idaho, including \$60M to back fill fire account from 2024 and \$40M ongoing to ensure preparation for 2025 season and beyond.
 - **\$5M** toward aviation and detection strategies, including FTE, equipment, and software that will support early suppression and improved fire management.
- Investing in **water infrastructure**:
 - **\$30M** ongoing to support recharge and storage capacity infrastructure needs to prioritize reliable water supply for Idaho growers.
- **Permitting reform efforts**:
 - **\$480,000** to accelerate major energy and mining projects in Idaho.



Keeping up the Fight Against Bidenflation

- Holds **\$100M** for tax relief for Idaho families: Governor Little remains steadfast in upholding Idaho's tradition of reducing taxes while making strategic investments and bolstering rainy day funds.
- Invests **\$15M** for Workforce Housing Fund to address increased demand with population growth.



Promises to Idaho Families

- Invests nearly **\$9.6M** to support efforts with Family First Prevention Act to reform Idaho's Foster Care System.
- Invests over **\$1M** toward addressing physician shortages across Idaho, including \$850,000 for Medical Residency positions and \$500,000 for Rural Physician Incentive Program.



Promises for a Safe & Secure Idaho

- Invests **\$10M** for cybersecurity investments to protect Idaho's infrastructure and personal data from increased attacks from foreign adversaries.
- Invests **\$500,000** for the continuation of Idaho's successful Fentanyl Takes All awareness campaign to fight fentanyl impacts in Idaho.
- **\$3.4M** at Idaho's state prisons toward securing transportation of dangerous offenders and interdicting contraband.



State Public Defense

FY25 original appropriation: **\$52M**

FY26 Total Recommendation: **\$83M**

- **Sept. 2024 Original Agency Request:** Included a \$17,516,200 increase over the FY 2026 base.
- **Dec. 2024 Supreme Court Transcript Decision:** Added an FY 2025 supplemental of \$390,200 and FY 2026 enhancement of \$1,290,200.
- **Jan. 2025 Updated Recommendation:** Added contract and personnel costs as an FY 2025 supplemental of \$5,427,600 and FY 2026 one-time enhancement of \$16,867,400.
- **Policy Decision for Ongoing Funding**



FY2026 Budget Strengths

- Structurally balanced with **~\$228M** budgeted ending balance and conservative revenue forecasting.
- Maintains priority in education and ensuring Idaho kids have a pathway to career.
- Critical investments to support Idaho growth and puts Idaho in the driver seat for managing roads, water, and lands.
- Provides additional tax relief and maintains priority in education and economic development.
- Record investments in reserve funds



Keeping Promises to Idahoans
