



# FY 2022 Budget Recommendation

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Alex J. Adams  
DFM Administrator

# Outline

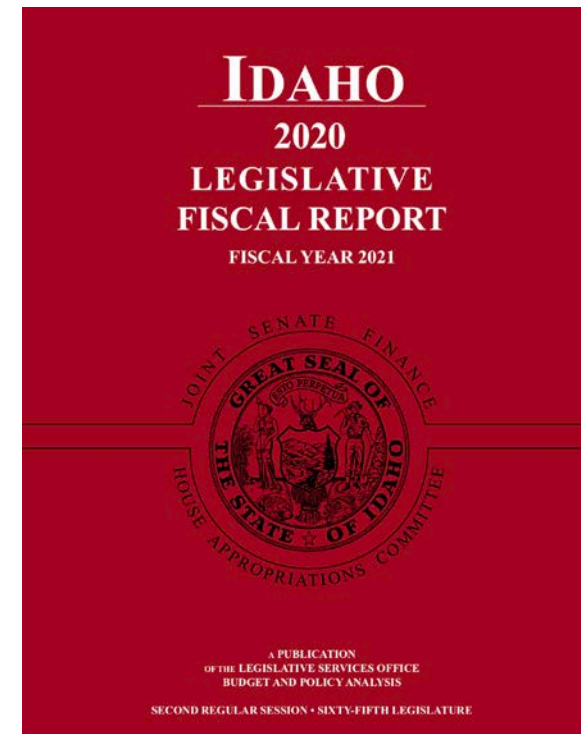
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- Managing the Uncertainty of the Revenue Forecast
- FY 2021 Budget Recommendation
- FY 2022 Budget Recommendation
- Building Idaho's Future Investment Package
- Rainy Day Funds
- Tax Relief
- Topline Summary

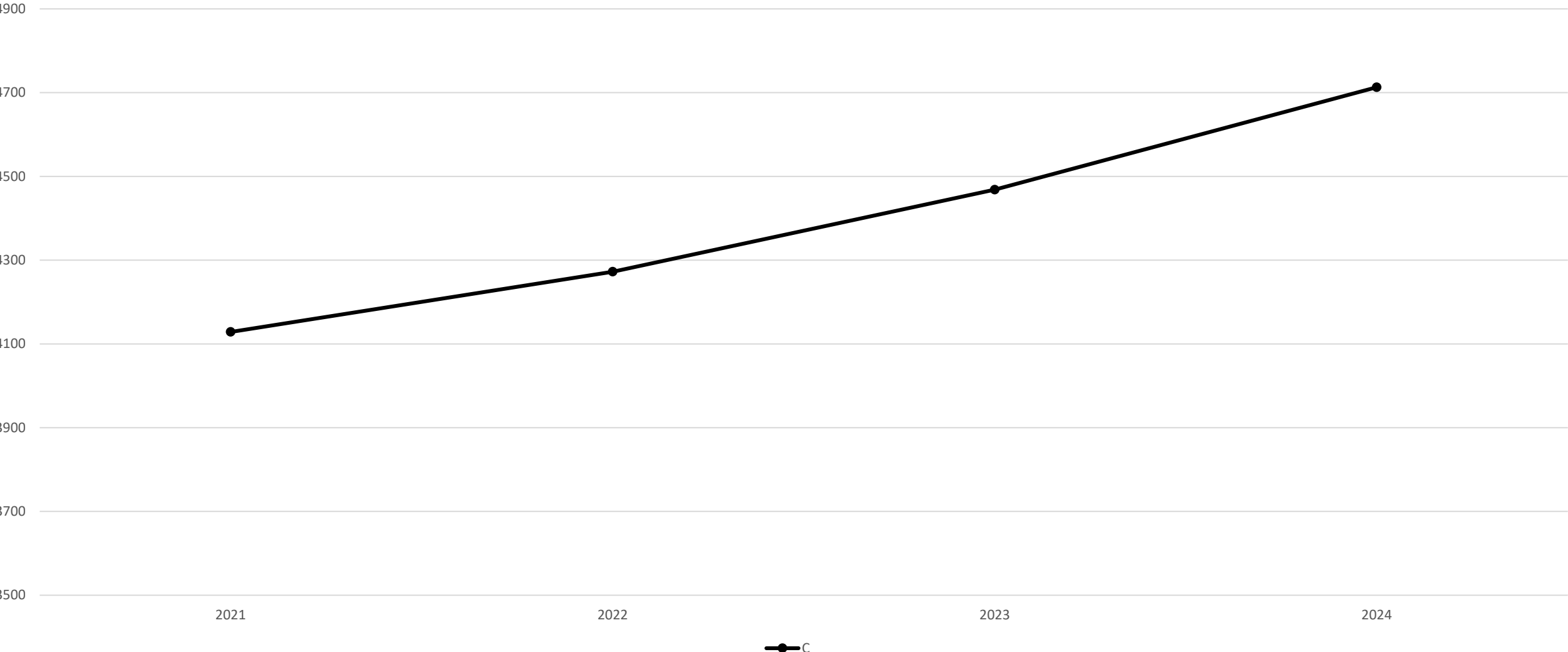
# Fiscal Year 2021 General Fund

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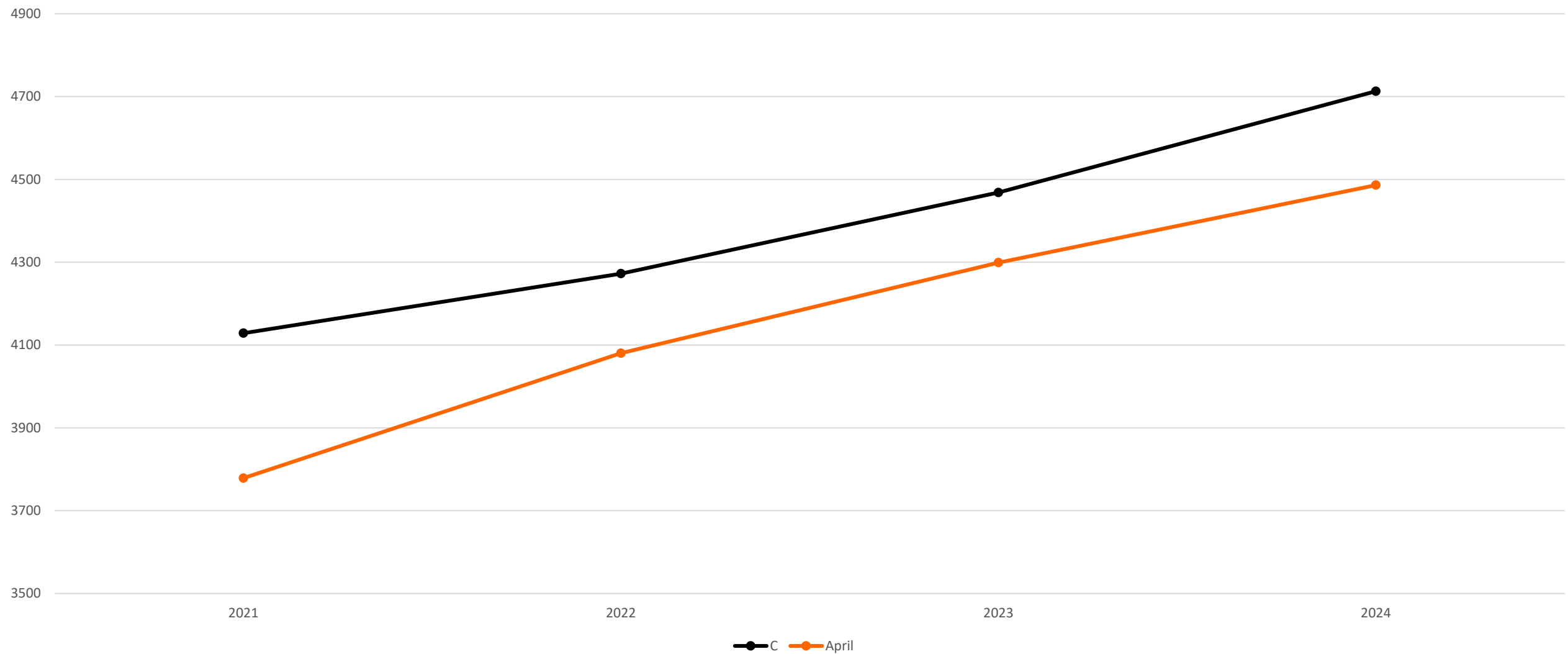
Estimated Beginning Balance	\$	55,614,100
Total Revenues	\$	4,117,853,000
Total Transfers	\$	(56,505,500)
FY 21 Appropriations	\$	(4,062,091,300)
<b>Estimated Ending Balance</b>	<b>\$</b>	<b>54,870,300</b>



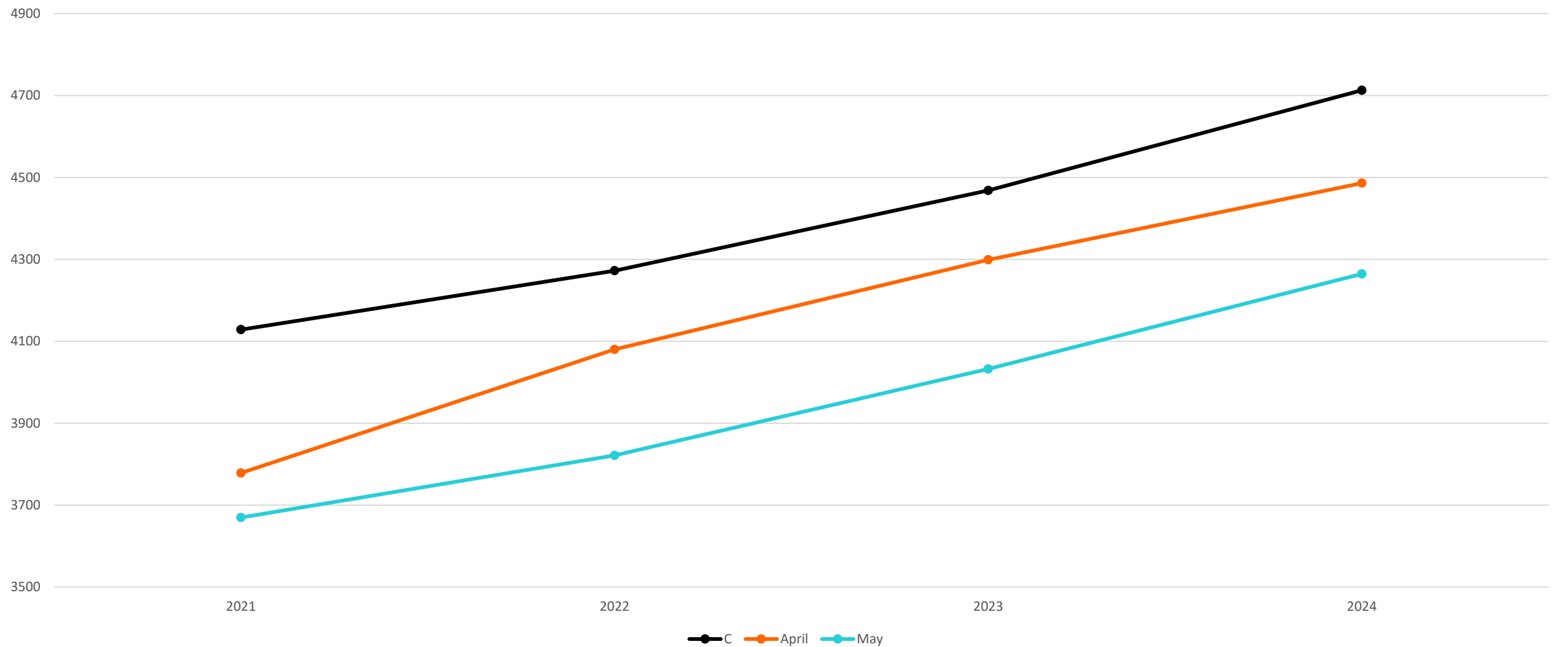
# Evolution of Revenue Forecast During Pandemic



# Evolution of Revenue Forecast During Pandemic



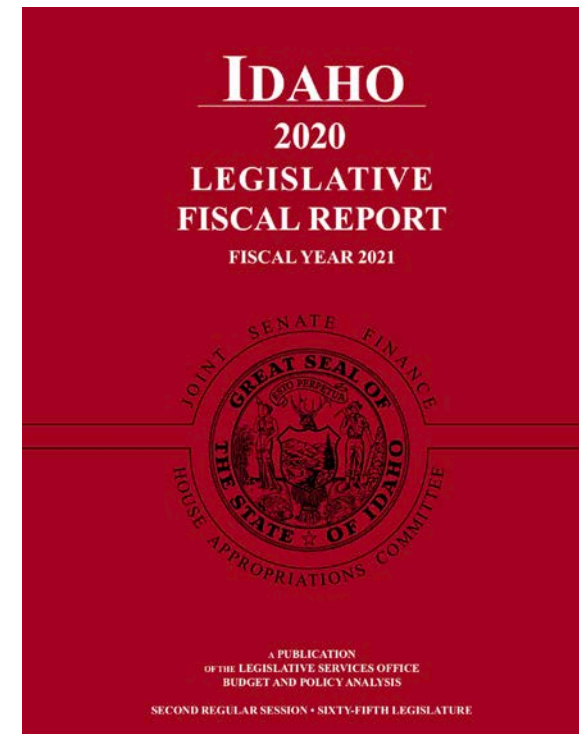
# Evolution of Revenue Forecast During Pandemic



# Fiscal Year 2021 General Fund

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Estimated Beginning Balance	\$	55,614,100
Total Revenues	\$	4,117,853,000
Total Transfers	\$	(56,505,500)
FY 21 Appropriations	\$	(4,062,091,300)
<b>Estimated Ending Balance</b>	<b>\$</b>	<b>54,870,300</b>



# Fiscal Year 2021 General Fund Using May 2020 Revenue Forecast Update

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Estimated Beginning Balance	\$ 55,614,100	
Total Revenues	<del>\$ 4,117,853,000</del>	\$ 3,670,000,000
Total Transfers	\$ (56,505,500)	
FY 21 Appropriations	\$ (4,062,091,300)	
<b>Estimated Ending Balance</b>	<del>\$ 54,870,300</del>	<b>\$ (392,982,700)</b>

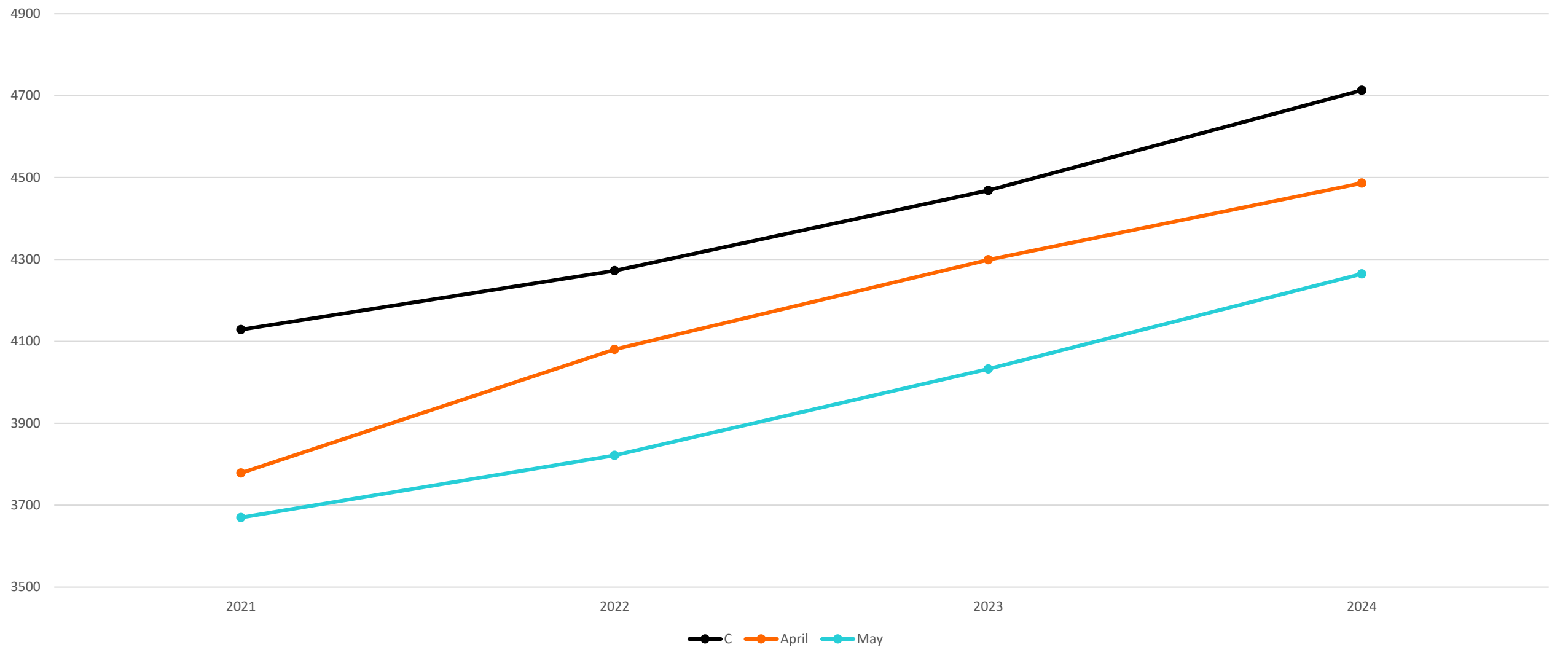


# Options to Close a Revenue Gap

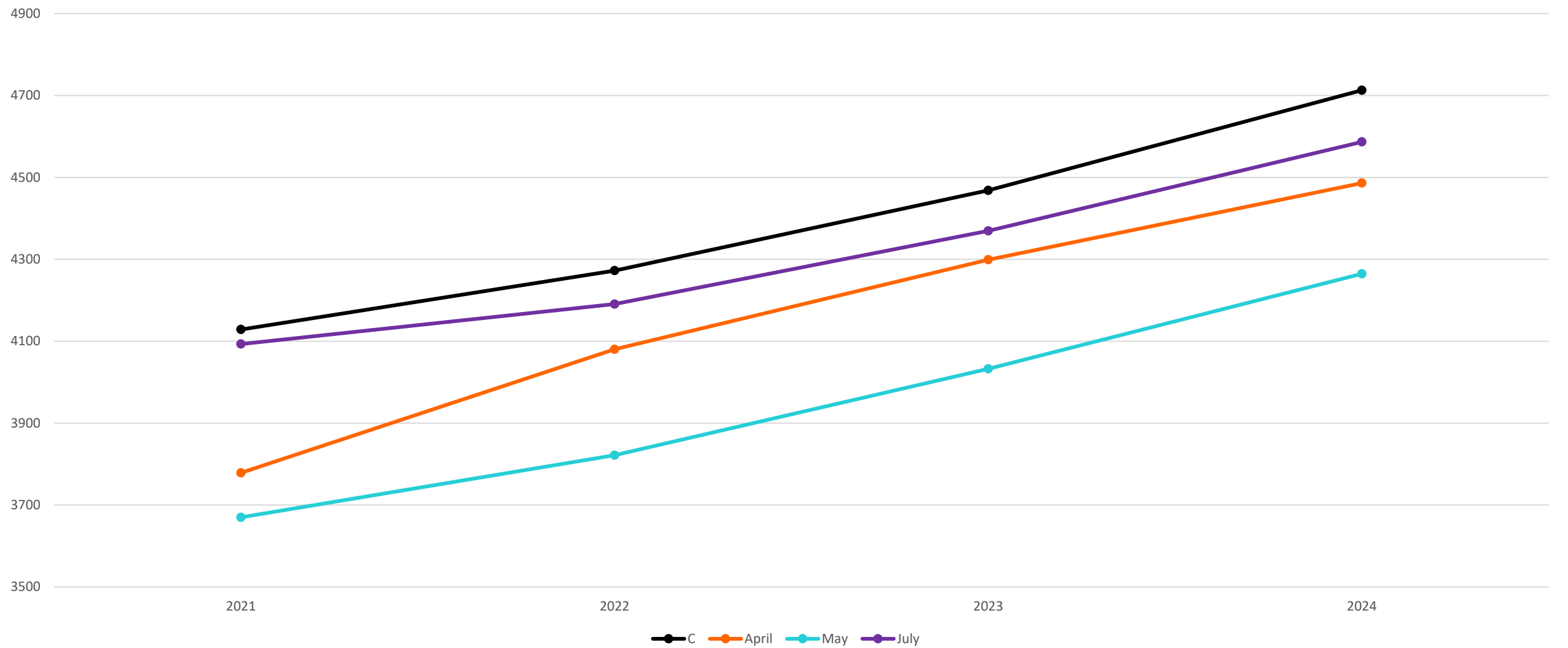
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- Raise Taxes
- Use Rainy Day Funds
- Leverage Federal Funds
- Cut Spending

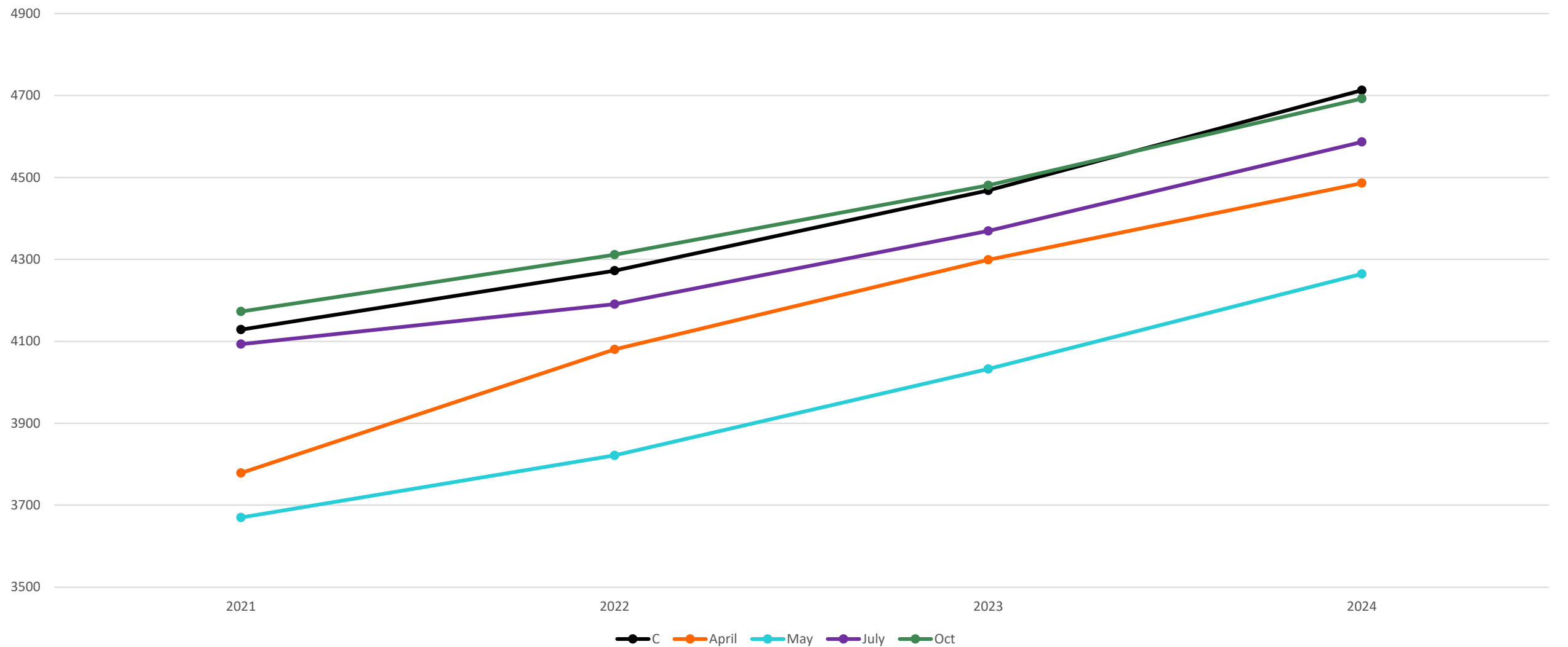
# Evolution of Revenue Forecast During Pandemic



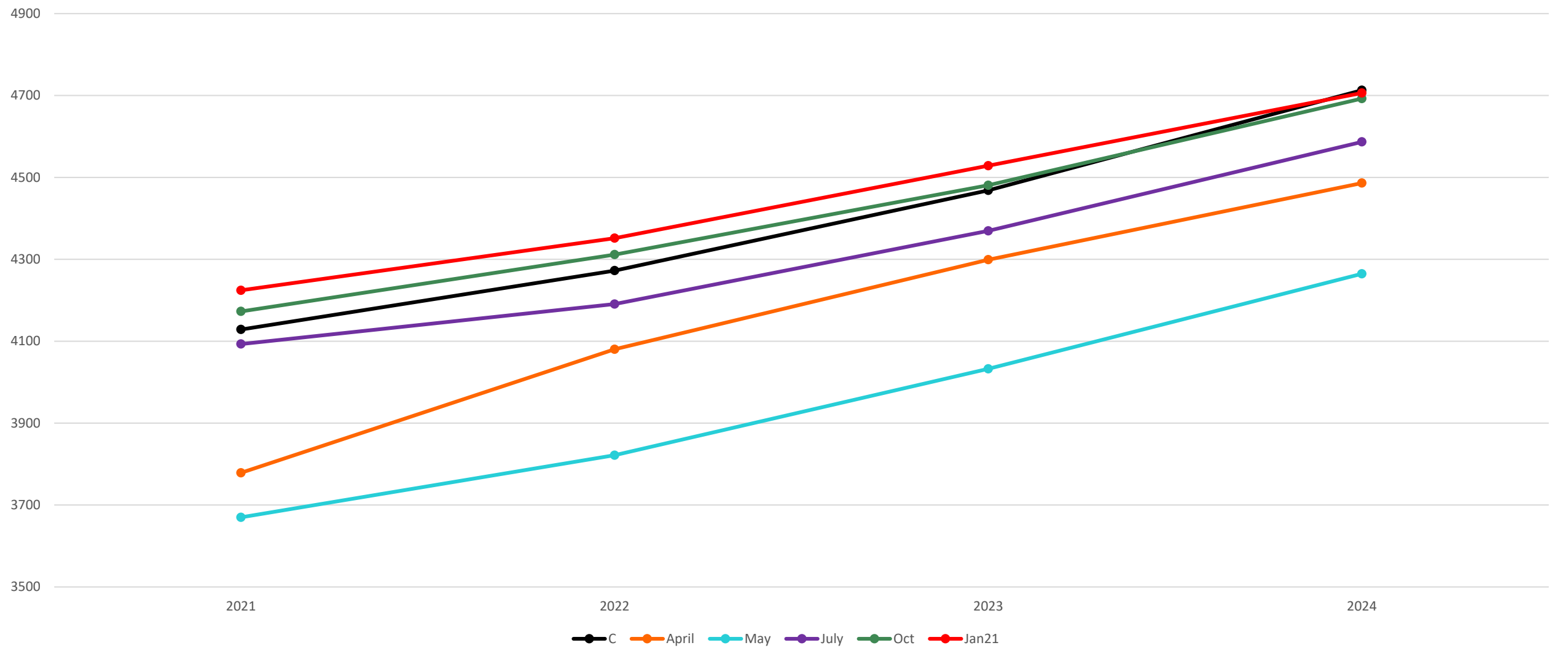
# Evolution of Revenue Forecast During Pandemic



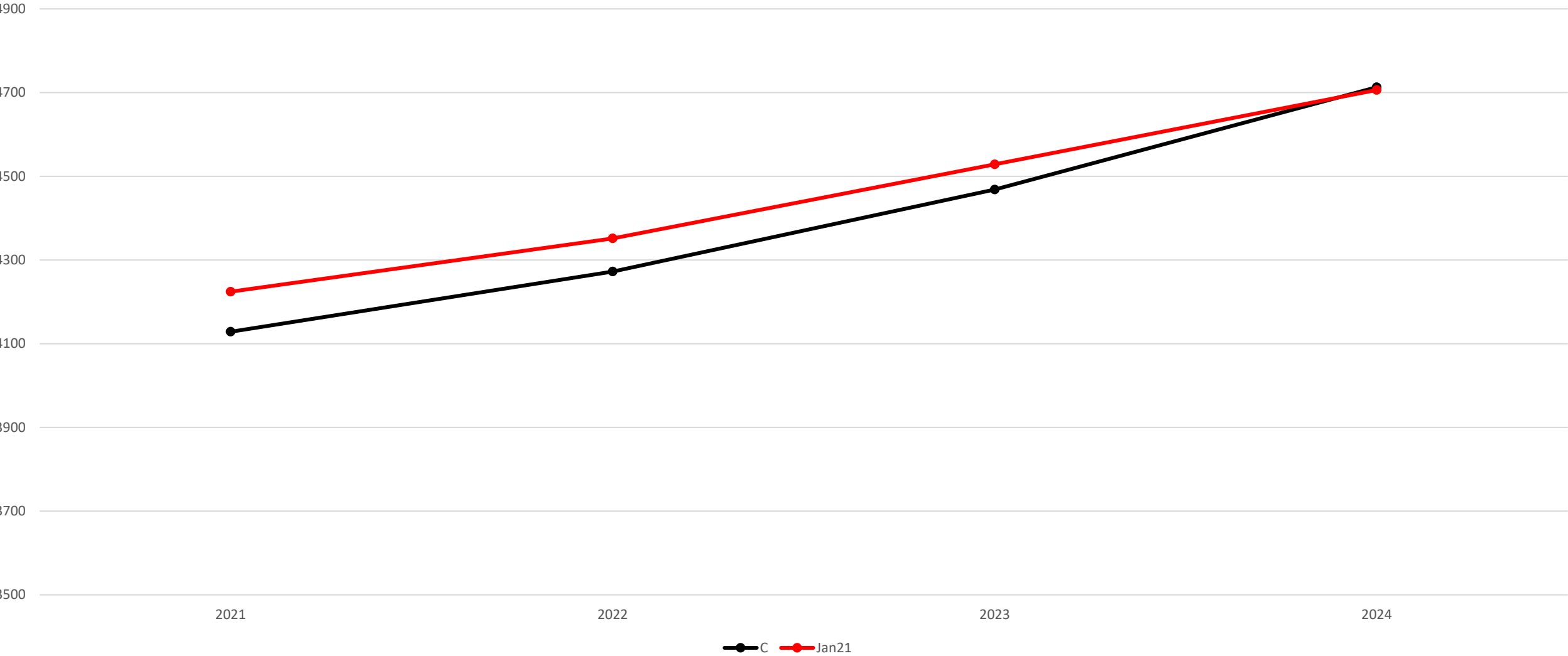
# Evolution of Revenue Forecast During Pandemic



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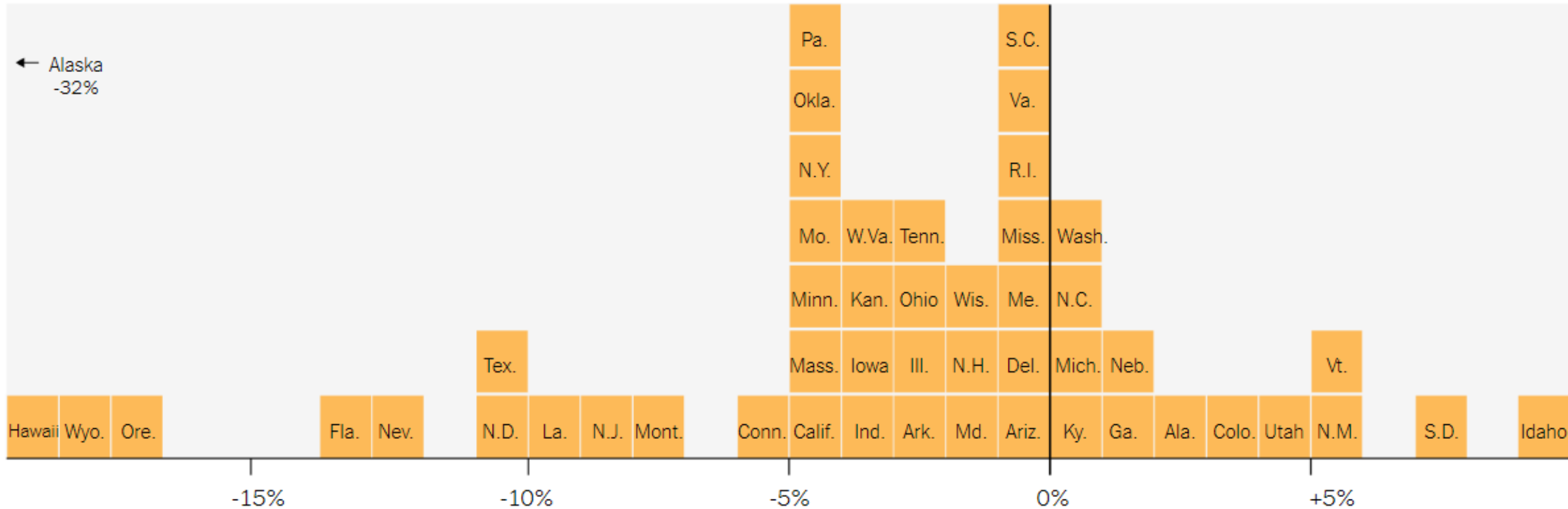
# Evolution of Revenue Forecast During Pandemic



# Comparison of State Revenue Impacts

## In Many States, the Revenue Impact Is Less Severe Than Expected

Change in tax revenue between March and October 2019 and March and October 2020



Source: State Tax and Economic Review Project, State and Local Finance Initiative at Urban Institute

# Outline

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- Managing the Uncertainty of the FY 2021 Revenue Forecast
- **FY 2021 Budget Recommendation**
- FY 2022 Budget Recommendation
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- Rainy Day Funds
- Tax Relief
- Topline Summary



# Fiscal Year 2021 General Fund

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	<u><i>Sine Die</i></u>	<u><b>Gov's Rec</b></u>
Estimated Beginning Balance	\$ 55,614,100	
Total Revenues	\$ 4,117,853,000	
Total Transfers	\$ (56,505,500)	
Expenditures	\$ (4,062,091,300)	
<b>Estimated Ending Balance</b>	<b>\$ 54,870,300</b>	

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# Fiscal Year 2021 General Fund

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	<u><i>Sine Die</i></u>	<u><b>Gov's Rec</b></u>
Estimated Beginning Balance	\$ 55,614,100	\$ 186,311,600
Total Revenues	\$ 4,117,853,000	\$ 4,075,794,700
Total Transfers	\$ (56,505,500)	\$ (195,476,400)
Expenditures	\$ (4,062,091,300)	\$ (3,881,162,700)
<b>Estimated Ending Balance</b>	<b>\$ 54,870,300</b>	<b>\$ 185,467,200</b>

# Fiscal Year 2021 – Spending Reductions

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- Reimbursement of COVID-19 Expenses: (\$141,397,000)
- General Fund Holdback: (\$96,840,000)
- Board of Examiner's Reduction: (\$98,707,300)

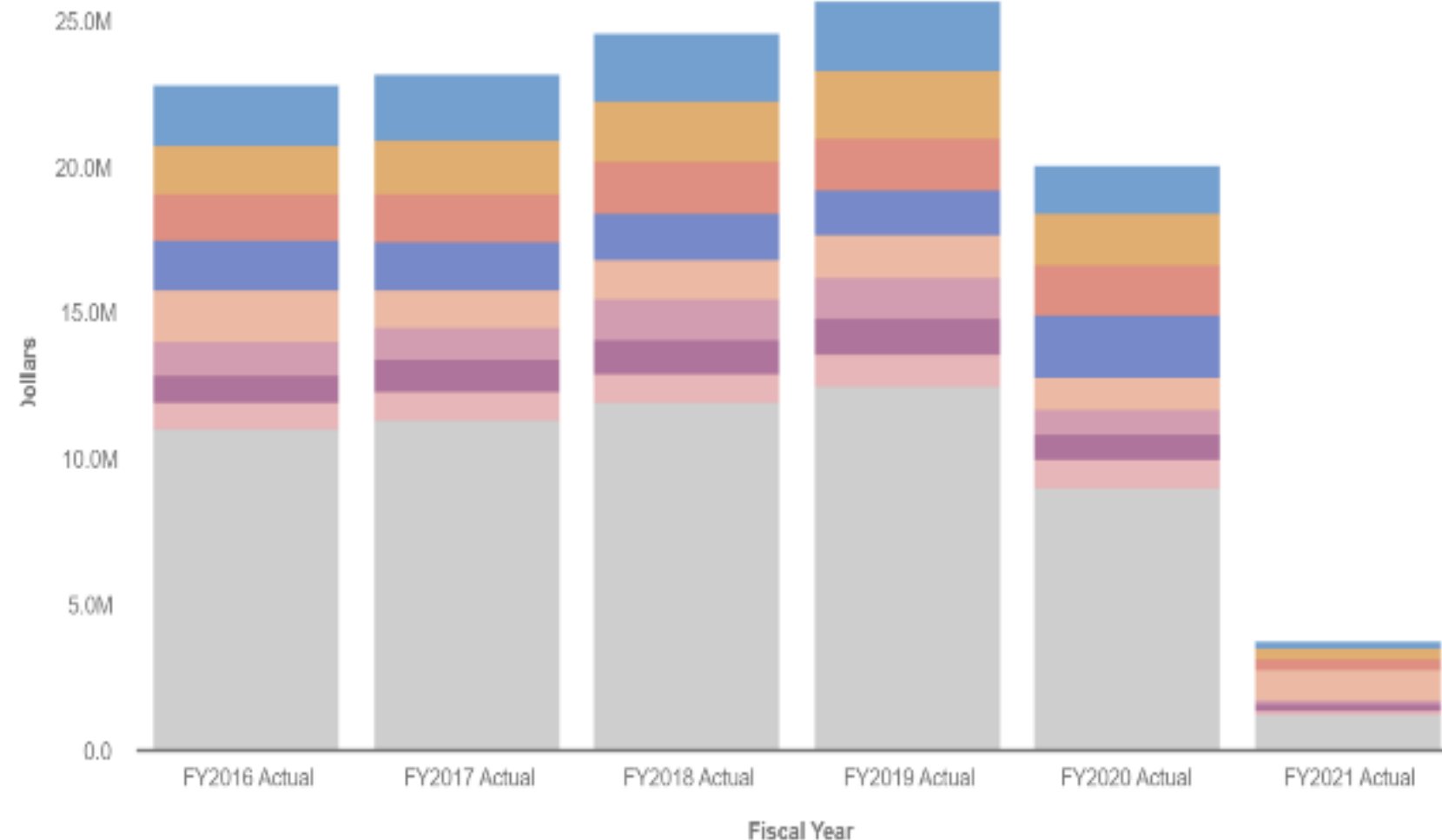
# Travel Expenses FY 16 through FY 21

## Expense & Revenue

Explore the current budget and prior-year revenues and expenses. Drill down into departments and accounts, analyze trends, use different graph-types to better understand the complex data, and even export data to Excel for further analysis.



### Visualization



Sort Large to Small

- HEALTH AND WELFARE, DEPARTMENT OF
- TRANSPORTATION, DEPARTMENT OF
- FISH AND GAME, DEPARTMENT OF
- BOISE STATE UNIVERSITY
- LANDS, DEPARTMENT OF
- JUDICIAL BRANCH
- POLICE, IDAHO STATE
- IDAHO STATE UNIVERSITY
- More (86 grouped)

Show More

# FY 2021 Department of Correction Budget

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	<u><i>Sine Die</i></u>	<u><i>Gov's Rec</i></u>
General Fund	\$ 277,795,600	
Dedicated	\$ 22,601,700	
Federal	\$ 2,772,300	
Other	\$ 6,083,800	
<b>Total</b>	<b>\$ 309,253,400</b>	
<b>% Change from FY 20</b>		<b>3.50%</b>
<b>\$ Change from FY 20</b>	<b>\$ 10,472,200</b>	

# FY 2021 Department of Correction Budget

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	<u><i>Sine Die</i></u>	<u><i>Gov's Rec</i></u>
General Fund	\$ 277,795,600	\$ 263,905,800
Dedicated	\$ 22,601,700	\$ 22,601,700
Federal	\$ 2,772,300	\$ 18,972,300
Other	\$ 6,083,800	\$ 6,083,800
<b>Total</b>	<b>\$ 309,253,400</b>	<b>\$ 311,563,600</b>
<b>% Change from FY 20</b>	<b>3.50%</b>	
<b>\$ Change from FY 20</b>	<b>\$ 10,472,200</b>	

# FY 2021 Department of Correction Budget

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	<u><i>Sine Die</i></u>	<u><i>Gov's Rec</i></u>
General Fund	\$ 277,795,600	\$ 263,905,800
Dedicated	\$ 22,601,700	\$ 22,601,700
Federal	\$ 2,772,300	\$ 18,972,300
Other	\$ 6,083,800	\$ 6,083,800
<b>Total</b>	<b>\$ 309,253,400</b>	<b>\$ 311,563,600</b>
<b>% Change from FY 20</b>	<b>3.50%</b>	<b>4.28%</b>
<b>\$ Change from FY 20</b>	<b>\$ 10,472,200</b>	<b>\$ 12,782,400</b>

# FY 2021 Public Schools Budget

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	<u><i>Sine Die</i></u>	<u><i>Gov's Rec</i></u>
General Fund	\$ 1,985,451,000	
Dedicated	\$ 105,608,400	
Federal	\$ 250,223,500	
Other	\$ 359,109,200	
<b>Total</b>	<b>\$ 2,700,392,100</b>	
<b>% Change from FY 20</b>		<b>3.83%</b>
<b>\$ Change from FY 20</b>	<b>\$ 99,584,100</b>	

**\* In addition to this amount CFAC also approved \$21M for testing, \$10M for PPE, and \$50M for family grants**



# FY 2021 Public Schools Budget

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	<u><i>Sine Die</i></u>	<u><i>Gov's Rec</i></u>
General Fund	\$ 1,985,451,000	\$ 1,886,178,500
Dedicated	\$ 105,608,400	\$ 105,608,400
Federal	\$ 250,223,500	\$ 670,018,900
Other	\$ 359,109,200	\$ 359,109,200
<b>Total</b>	<b>\$ 2,700,392,100</b>	<b>\$ 3,020,915,000*</b>
<b>% Change from FY 20</b>	<b>3.83%</b>	
<b>\$ Change from FY 20</b>	<b>\$ 99,584,100</b>	

**\* In addition to this amount CFAC also approved \$21M for testing, \$10M for PPE, and \$50M for family grants**

# FY 2021 Public Schools Budget

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	<u><i>Sine Die</i></u>	<u><i>Gov's Rec</i></u>
General Fund	\$ 1,985,451,000	\$ 1,886,178,500
Dedicated	\$ 105,608,400	\$ 105,608,400
Federal	\$ 250,223,500	\$ 670,018,900
Other	\$ 359,109,200	\$ 359,109,200
<b>Total</b>	<b>\$ 2,700,392,100</b>	<b>\$ 3,020,915,000*</b>
<b>% Change from FY 20</b>	<b>3.83%</b>	<b>16.15%*</b>
<b>\$ Change from FY 20</b>	<b>\$ 99,584,100</b>	<b>\$ 420,107,000*</b>

**\* In addition to this amount CFAC also approved \$21M for testing, \$10M for PPE, and \$50M for family grants**

# FY 2021 Public Schools Budget

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- JFAC Interim Committee discussed options for \$51,056,400 of public schools General Fund reductions
- The Governor's budget impacts only discretionary funds, **not** statutory distributions
- More than \$400 million in current and anticipated federal funds to cover these discretionary funds
- Net-zero adjustment for temporary rule that allows average weekly FTE student enrollment to be used for attendance reporting when calculating support units

# Fiscal Year 2021 – Adjustments

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- Spending Reductions
  - Reimbursement of COVID-19 Expenses: (\$141,397,000)
  - General Fund Holdback: (\$96,840,000)
  - Net Board of Examiner's Reduction: (\$98,707,300)
  
- Supplementals
  - Building Idaho's Future - \$332,040,700
  - Fire Suppression Deficiency Fund - \$20,000,000
  
- Deficiency Warrants - \$313,300

# Fiscal Year 2021 General Fund

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	<u><i>Sine Die</i></u>	<u><b>Gov's Rec</b></u>
Estimated Beginning Balance	\$ 55,614,100	\$ 186,311,600
Total Revenues	\$ 4,117,853,000	\$ 4,075,794,700
Total Transfers	\$ (56,505,500)	\$ (195,476,400)
Expenditures	\$ (4,062,091,300)	\$ (3,881,162,700)
<b>Estimated Ending Balance</b>	<b>\$ 54,870,300</b>	<b>\$ 185,467,200</b>

# Outline

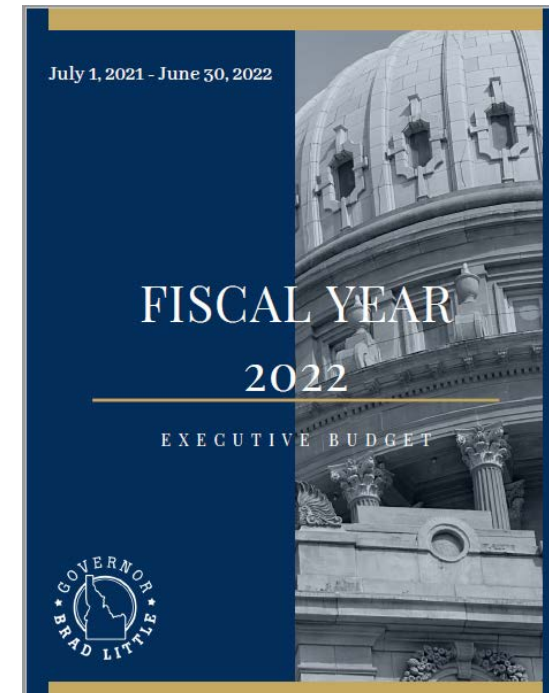
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# Fiscal Year 2022 General Fund

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		<b><u>Gov's Rec</u></b>
Estimated Beginning Balance	\$	185,467,200
Total Revenues	\$	4,186,015,300
Total Transfers	\$	(18,426,300)
FY 22 Appropriations	\$	(4,215,129,100)
<b>Estimated Ending Balance</b>	<b>\$</b>	<b>137,927,100</b>



# Public Schools Budget

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	<u><i>FY21 Sine Die</i></u>	<u><i>FY21 Gov's Rec</i></u>	<u><i>FY22 Gov's Rec</i></u>
General Fund	\$ 1,985,451,000	\$ 1,886,178,500	
GF % from Sine Die			
GF% from Gov's Rec			



# Public Schools Budget

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	<u><i>FY21 Sine Die</i></u>	<u><i>FY21 Gov's Rec</i></u>	<u><i>FY22 Gov's Rec</i></u>
General Fund	\$ 1,985,451,000	\$ 1,886,178,500	\$ 2,059,066,000
GF % from Sine Die			<b>3.71%</b>
GF% from Gov's Rec			<b>9.17%</b>

# FY 22 Maintenance Budget Items

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- Employee Benefit Costs - \$3,045,800
  - Health Insurance: \$11,650/person – no change from prior year
  - Sick Leave Fund: Rate Holiday
- CEC - \$20,027,800
  - 2% Merit Adjustment
  - 2% Pay Structure Shift
- Nondiscretionary Adjustments - \$188,293,400

# FY 22 Medicaid Expansion

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	Original Milliman Estimate for FY 22	Updated Milliman Estimate for FY 22	Difference
Total Gross Cost	\$439.5 million		
Federal Funds	\$394.9 million		
State Funds	\$44.6 million		
Enrollment	93,018		
Per Member Per Month	\$393.74		

# FY 22 Medicaid Expansion

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	Original Milliman Estimate for FY 22	Updated Milliman Estimate for FY 22	Difference
Total Gross Cost	\$439.5 million	\$843.9 million	
Federal Funds	\$394.9 million	\$759.5 million	
State Funds	\$44.6 million	\$84.4 million	
Enrollment	93,018	115,745	
Per Member Per Month	\$393.74	\$607.58	

# FY 22 Medicaid Expansion

	Original Milliman Estimate for FY 22	Updated Milliman Estimate for FY 22	Difference
Total Gross Cost	\$439.5 million	\$843.9 million	\$404.4 million (92%)
Federal Funds	\$394.9 million	\$759.5 million	\$364.6 million (92%)
State Funds	\$44.6 million	\$84.4 million	\$39.8 million (89%)
Enrollment	93,018	115,745	22,727 (24%)
Per Member Per Month	\$393.74	\$607.58	\$214 (54%)

# FY 22 Medicaid Expansion

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- Net non-discretionary growth: \$47.6 million
- Proposed county cost-share: (\$12.5 million)
- Proposed cost containment: (\$3.1 million)

# Medicaid Budget

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	<u><b>FY21 <i>Sine Die</i></b></u>	<u><b>FY22 Gov's Rec</b></u>
General Fund	\$ 723,893,400	
Total Funds	\$ 3,115,077,600	
General Fund % Change		
Total Fund % Change		

# Medicaid Budget

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	<u><b>FY21 <i>Sine Die</i></b></u>	<u><b>FY22 Gov's Rec</b></u>
General Fund	\$ 723,893,400	\$ 769,603,100
Total Funds	\$ 3,115,077,600	\$ 3,587,766,200
General Fund % Change		<b>6.31%</b>
Total Fund % Change		<b>15.17%</b>



# Select FY 22 Line Item Enhancements

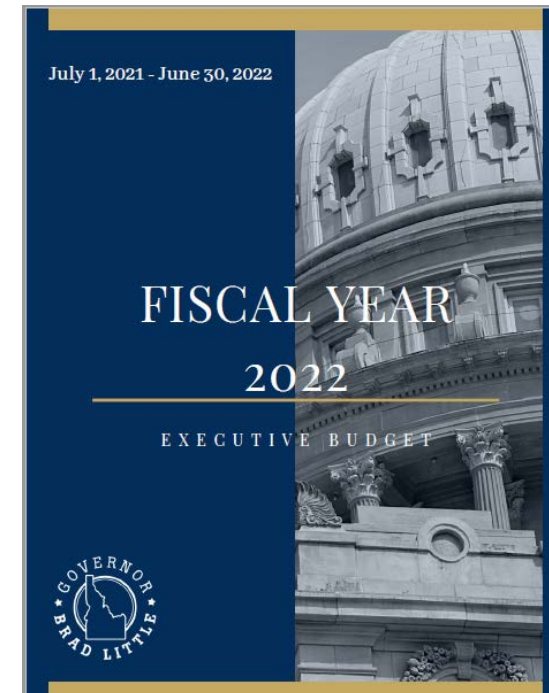
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- Nursing Capacity - \$1 million
- Transparency Website - \$375k
- Local Government Budget Transparency - \$1.7 million
- Consolidating Occupational Licensing - \$5.8 million
- 27<sup>th</sup> Payroll Fund - \$15 million transfer

# Fiscal Year 2022 General Fund

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		<b><u>Gov's Rec</u></b>
Estimated Beginning Balance	\$	185,467,200
Total Revenues	\$	4,186,015,300
Total Transfers	\$	(18,426,300)
FY 22 Appropriations	\$	(4,215,129,100)
<b>Estimated Ending Balance</b>	<b>\$</b>	<b>137,927,100</b>



# Outline

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- Managing the Uncertainty of the Revenue Forecast
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# Building Idaho's Future Investment Package

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- Transportation Infrastructure: \$126 million
- Water and Agriculture Infrastructure: \$60 million
- Broadband and Economic Development: \$54 million
- Education Investments: \$30.25 million
- Public Safety: \$964k
- Capital Construction and Repair Projects: \$96.2 million

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# Rainy Day Funds

Fund	Balance as of December 31, 2020	Percent of FY 2020 General Fund Revenue Collections of \$4,032M	Governor Little's Recommendation for FY 21 – FY 22
Budget Stabilization Fund (BSF)	\$423,410,830	10.5%	
Public Education Stabilization Fund	\$61,226,203	1.5%	
Higher Education Stabilization Fund	\$14,225,529	0.4%	
<b>Total (with emergency and Millennium Funds)</b>	<b>\$588,342,340</b>	<b>14.6%</b>	

# Rainy Day Funds

Fund	Balance as of November 30, 2020	Percent of FY 2020 General Fund Revenue Collections of \$4,032M	Governor Little's Recommendation for FY 21 – FY 22 (Changes)
Budget Stabilization Fund (BSF)	\$423,410,830	10.5%	<b>\$214,000,000</b>
Public Education Stabilization Fund	\$61,226,203	1.5%	<b>\$31,100,000</b>
Higher Education Stabilization Fund	\$14,225,529	0.4%	<b>(\$14,214,800)</b>
<b>Total (with emergency and Millennium Funds)</b>	<b>\$588,342,340</b>	<b>14.6%</b>	<b>\$230,885,200</b>

# Outline

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# Tax Relief

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- Tax Conformity
  - FY 21: (\$59,984,100)
  - FY 22: (\$55,174,300)
- One Time Tax Relief in FY 21
  - (\$180,000,000)
- Ongoing Tax Relief in FY 22
  - (\$160,000,000) – paired with Governor Little’s Transportation Plan

# Outline

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# Topline Summary

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- **Education Remains Top Priority.** Funding for K-12 grows 16% this year and 5.4% next year.
- **Invests in Economic Stimulus Projects.** The budget includes Governor Little's *Building Idaho's Future* \$332 million investment package.
- **Provides Tax Relief.** More than \$455 million in tax relief for Idaho families and small businesses.
- **Leaves a Prudent Surplus.** Leaves a projected ending balance of \$185 million this year and \$138 million next year, ensuring a cushion for economic uncertainty.
- **Bolsters Rainy Day Funds.** Bolsters state rainy day funds by \$230 million, augmenting the state's preparedness for economic uncertainty as federal funding tapers off.
- **Strengthens Public Health Response.** More than \$250 million to respond to COVID-19.

# Questions

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