



FY 2027 Budget Highlights ***The ENDURING IDAHO Plan***

Balanced Budget

Governor Little delivers his **ENDURING IDAHO** plan, a **balanced FY 2026 and FY 2027 budget** to the Idaho Legislature that reflects Idaho's long-standing commitment to fiscal responsibility and long-term stability.

The State of Idaho's consistent record of conservative budgeting has resulted in the lowest debt per capita in the nation, record reserve balances, and strategic long-term investments. Idaho is well positioned to right-size spending to match the taxpayers' means without undermining confidence in the state's economic future.

Governor Little's ENDURING IDAHO plan makes thoughtful, measured adjustments that preserve Idaho's financial strength and protects what matters most to the long-term prosperity of our state.

FY 2026 Budget Actions: The Idaho Act Executive Order

In August of 2025, Governor Little issued "**The Idaho Act**" **Executive Order**, directing state agencies to right-size expenditures, delay or reduce lower-priority spending, and identify cost-saving opportunities across state government. The actions taken by state agencies early in FY 2026 reduced spending by more than **\$200 million** and redirected those savings to the General Fund. These savings were achieved without making any cuts to public school budgets.

This proactive action helped stabilize the state's financial position early in FY 2026 and ensured Idaho could deliver a balanced FY 2027 budget without deficit spending or new debt. This approach reflects Idaho's disciplined tradition of living within its means.

FY 2027 Budget Actions

Preserving Idaho's Future

Governor Little's ENDURING IDAHO plan protects the programs foundational to Idaho's long-term prosperity. Governor Little's budget looks beyond this fiscal year, positioning the state for continued economic growth by protecting critical industries and ensuring workforce pipelines, public education, agriculture, and public safety are protected. By focusing on foundational infrastructure, strong communities, and a skilled workforce, Idaho is preparing for the next decade of growth, not just the next budget cycle. These priorities reflect what Idahoans value and what will matter decades from now.

- **Public schools:** Since Governor Little took office, state support for public education has increased 70 percent. This includes historic increases in teacher pay, a seven-fold increase in literacy funding leading to better reading scores, unprecedented new funding for school facilities, and even more discretionary funding to address local needs. To continue his firm commitment to education, Governor Little's *ENDURING IDAHO* plan **protects public school funding**. The plan utilizes the Public Education Stabilization Fund to cover any statutorily required increases for FY 2027.
- **Trump's Talent Strategy through LAUNCH:** Governor Little's budget protects funding for Idaho LAUNCH and continues his commitment to helping President Trump achieve his vision of **fighting for the American worker**.
- **Water infrastructure:** The *ENDURING IDAHO* plan preserves water infrastructure funding championed last year to secure Idaho's water sovereignty and protect our agriculture economy and future energy development.
- **Public safety:** Idahoans greatly value safe communities. Holdbacks and reductions were minimized for the Idaho Department of Correction and the Idaho State Police to maintain operational priorities and avoid furloughs and layoffs so the state can keep crime off our streets.

Right-Sizing Spending to Match Taxpayers' Means

Just like Idaho families must live within their means, state government expenditures will not exceed revenues. Governor Little recommends maintenance-only spending for all executive agency budgets and the plan includes a 3% reduction in ongoing General Fund expenditures for FY 2027 across agencies.

Highlights of the spending reductions include:

- Makes the **3% spending reductions** achieved through The Idaho Act permanent, resulting in ongoing savings of nearly **\$120 million** each year.
- **Reverts over 100 state positions** that had been vacant for more than six months, totaling a nearly **\$20 million** reduction in General Fund personnel spending moving forward.
- Reduces **\$30 million ongoing from Empowering Parents grants**, a program the Legislature ended last year after it had served its purpose during pandemic.
- Idaho has invested hundreds of millions of dollars in local water projects over the past few years. Moving forward, the plan recommends reducing **\$10 million ongoing for local drinking and wastewater projects at** Department of Environmental Quality.
- Removes **\$275 million** from Idaho Transportation Department's **Strategic Initiatives Fund**, including \$110 million for local highway districts. This is intended to be a **one-time** reduction in transportation investments. Over the past six years, the state has invested more than \$1.8 BILLION in improvements to roads, bridges, pedestrian projects, and congestion mitigation, and the funding pause gives ITD and local districts the ability to use these historic investments to catch up on the backlog of transportation projects.
- The Governor did not recommend the enrollment workload adjustment for **universities and community colleges** saving **\$9.5 million** in FY 2027. The Governor applauds university presidents for their innovation and leadership in finding efficiencies and prioritizing high-return programs that best prepare Idaho's future workforce.

Improving Rural Healthcare and Making Responsible Changes in Medicaid

*The Governor remains firmly committed to **improving access to healthcare and addressing affordability**, especially in rural Idaho. His ENDURING IDAHO plan includes:*

- **\$925 million** over five years in federal spending authority for **Rural Healthcare Transformation grants** to strengthen healthcare delivery, affordability, and support across rural Idaho.
- Nearly **\$1 million for the Graduate Medical Residency program** to support programs already in place that address physician shortages and support Idaho's growing healthcare workforce. This is on top of the tens of millions of dollars Idaho expects to invest to address the physician shortage in the coming years, thanks to the One Big Beautiful Bill.
- Continued implementation of **Medicaid reforms** (through House Bill 345 in 2025), including managed care procurement and Medicaid work requirements, to improve outcomes and value for taxpayers.

This balanced approach reflects Idaho's ability to make responsible decisions while reinforcing core priorities in health care.

The Governor's budget controls Medicaid costs and improves long-term sustainability in the program. These decisions are part of a broader effort to preserve healthcare access while ensuring the program remains affordable.

- The Governor recommends **\$45 million** General Fund reduction in Medicaid expenditures through the following actions:
 - The Department of Health and Welfare implemented an ongoing **4% Medicaid provider rate adjustment**, yielding **\$23 million** in General Fund savings for FY 2027.
 - To achieve a balanced budget, the Governor's budget also recommends an **additional \$22 million General Fund decrease in Medicaid spending** through further service reductions. The Governor's budget provides the Legislature a list of options to achieve these reductions. **Repealing Medicaid Expansion is not among the options the Governor proposed.**

Federal Tax Conformity and the One Big Beautiful Bill

Governor Little's ENDURING IDAHO plan updates Idaho's tax code to conform with recent federal tax changes beginning January 1, 2026. Conforming with federal law keeps Idaho's tax system simple, fair, predictable, and competitive for families and businesses. If Idaho does not conform, many taxpayers would face higher costs and more complicated tax filings. Conformity helps Idaho remain competitive for jobs and investment.

- The estimated ongoing revenue impact is **\$155 million**.
- Conforming with the federal tax cuts allows Idaho to implement no taxes on tips, no taxes on overtime, reduced tax burden for seniors and other Trump tax cuts that support economic development.

Governor Little believes protecting Idahoans from higher taxes is the right long-term decision, made possible by Idaho's strong reserves, low debt, and disciplined budgeting. This approach supports economic growth while maintaining fiscal responsibility.

One-Time Statutory Exceptions on Interest Earnings

To maintain stability, the Governor's ENDURING IDAHO plan includes limited, one-time statutory exceptions allowing certain interest earnings to be transferred to the General Fund for FY 2027.

- Approximately **\$100 million in interest earnings** from four state accounts including the Budget Stabilization Fund, Millennium Fund, Strategic Initiatives Transportation Fund, and the DEQ Water Pollution Control Fund, would be redirected to the General Fund for FY 2027.
- No principal balances are reduced.

This one-time strategy allows Idaho to use existing earnings responsibly while protecting core services and maintaining strong long-term financial health.

Maintaining Idaho's Coveted AAA Credit Rating

Governor Little's budget **does not rely on the Budget Stabilization Fund – the state's largest rainy day fund** – to balance the FY 2027 budget. Instead, it reflects disciplined planning and confidence in Idaho's economic strength.

This reflects the Governor's commitment to not use reserve funds to support additional spending, but to protect against unexpected revenue volatility.

This strategy reflects the Governor's clear message: **The state's economy is strong, resilient, and positioned for continued growth.** By protecting reserves while exercising fiscal discipline, Governor Little's budget reinforces stability today and preserves important investments for Idaho's future.

Government Efficiency and Accountability

Governor Little continues to advance efficient, accountable government by reducing red tape, improving oversight, and continuing agency-driven innovation to deliver better results for Idaho taxpayers.

- **Code Clean-up and the Red-Tape Rollback Plan:** To further improve efficiency and clarity in state law, the Governor's Office delivered **627 sections of Idaho Code** to the Legislature for repeal or consolidation. This ongoing code clean-up effort helps remove outdated, duplicative, or unnecessary statutes, making state government more transparent, easier to navigate, and less burdensome for citizens and businesses.
- **Virtual Public School Funding Accountability:** A recent Office of Performance Evaluation (OPE) review identified inefficiencies in Idaho's virtual public school funding model. The Governor's budget supports the OPE recommendations and in coordination with the Idaho Department of Education and the State Board of Education recommends **\$23 million in savings** in online public school funding while strengthening accountability and long-term sustainability. This recommendation eliminates Supplemental Learning Funds and transportation funding for virtual schools.
- **Idaho Digital Learning Academy:** The Governor's budget eliminates approximately **\$10 million in state funding** for Idaho Digital Learning Academy (IDLA). This action right-sizes public funding to ensure IDLA uses public funds to prioritize courses required for graduation and courses not offered in the local school districts. It will also expand allowable uses of Advanced Opportunity funding for students who choose to enroll in elective courses at IDLA. Schools and students will still have access to IDLA, and this recommendation only adjusts the funding model. This budget recommendation also assumes reimbursement for private school students and homeschool students is not reimbursed with public funds because the Parental Choice Tax Credit is now available.
- **Executive Agency Innovation:** Through The Idaho Act Executive Order and collaboration with the DOGE Committee, the Governor's Office and executive agencies continue to **identify operational efficiencies and cost-saving reforms**. These efforts will remain a priority during the upcoming legislative session to improve government efficiencies and performance while protecting services that matter to Idaho families.