



Governor Brad Little

State Capitol :: Boise, Idaho 83720
(208) 334-2100 :: gov.idaho.gov

January 12, 2026

Idaho State Legislature State Capitol Building
P.O. Box 83720
Boise, Idaho 83720

Dear Legislator:

I am transmitting to you today the Executive Budget documents in accordance with Idaho Code Section 67-3506. My budget proposal, the ENDURING IDAHO plan, includes the following highlights:

FY 2026 – The FY 2026 General Fund revenue estimate of \$5,512,406,100 is a 6.2% decrease in revenue from FY 2025.

FY 2027 – The FY 2027 General Fund revenue estimate of \$5,679,246,700 reflects a 3% increase in anticipated revenue from FY 2026. The proposed General Fund expenditures in FY 2027 reflect a 0.5% decrease from FY 2026 General Fund expenditures. My FY 2027 budget leaves an ending balance of \$25 million.

My ENDURING IDAHO plan reflects Idaho's enduring values: living within our means, respect for taxpayers, personal responsibility, accountability in government, and long-term stewardship. This is a balanced budget that responds thoughtfully to softer revenues while maintaining confidence in Idaho's strong economic future.

My budget recommendations focus on right-sizing government and addressing inefficiencies rather than across-the-board cuts. These include ongoing reductions in select programs, elimination of duplicative or double funding, and maintenance-only budgets. I propose slowing Medicaid spending growth through targeted reductions and program reforms while preserving access and investing in rural healthcare and workforce capacity. Highlights of spending reductions include the following:

- Balanced budget with no deficit spending
- Makes way for Trump tax cuts and budgets \$155M to OB3/federal tax conformity
- 3% ongoing General Fund spending reduction in agency budgets
- 0.5% overall reduction in expenditures from FY 26 to FY 27
- No reliance on the Budget Stabilization Fund to balance ongoing operations and reserves maintained above 20% of GF revenues, protecting AAA credit rating
- Tight ending balance to manage uncertainty while preserving flexibility



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My budget deliberately protects long-term priorities:

- Public education: Top priority, no cuts or holdbacks for K–12 public schools
- Trump’s Talent Strategy and workforce training: Idaho LAUNCH is preserved
- Transportation: TECM received an additional \$20M in sales tax revenue for FY 27
- Healthcare: \$925M in federal funds over five years for rural healthcare; \$900K in new General Fund support for graduate medical education on top of tens of millions in federal funds expected from OB3 to address rural physician shortage
- Water infrastructure and public safety investments are protected
- Continued focus on accountability, efficiency, and program integrity

Change in Employee Compensation (CEC) – My recommendation for changes in salaries and benefits for FY 2027, addressing each of the four components identified in Idaho Code Section 67-5309C(2), include the following:

- Due to the current revenue picture, I am not recommending a change in employee compensation for state employees for FY 2027. Idaho’s state employees still lag behind the Idaho market in pay, and this will remain a challenge in the future. This recommendation reflects the revenue reality, not a lack of appreciation for state employees and the work they do.
- Continuation of the payline exceptions identified by the Division of Human Resources in the CEC and Benefits Report.
- Maintaining a competitive benefits package and plan design.

Federal funding reports required by Idaho Code Section 67-1917 and disclosures required by Idaho Code Section 67-3502 are included.

Additional details are provided to all legislative members and the public in my Executive Budget and related documents that are available at <http://dfm.idaho.gov>.

Sincerely,

A blue ink signature of Brad Little, Governor of Idaho, is written in a cursive style.

Brad Little, Governor
State of Idaho