



January 6, 2025

MEMORANDUM

From: **Lori Wolff, Administrator**

Subject: **The *Idaho Keeping Promises* Budget
Governor Little's FY 2025 – FY 2026 Budget Recommendation**

Idaho's economy is one of the strongest in the country. We have delivered some of the highest tax relief per capita in the country. We have invested in education, transportation, and critical infrastructure to help keep up with record growth while supporting a booming economy.

Idaho – like all states – is now seeing revenue normalize against a backdrop of historic inflation, supply chain backlogs, and the tapering off of federal pandemic funding. Governor Little's FY 2025-2026 budget balances critical investments in Idaho's future with conservative principles and prudent budgeting.

The Governor's *Keeping Promises* budget navigates these trends with a fiscally conservative, structurally balanced budget that reflects his commitment to ensuring Idaho is the state our children and grandchildren choose to stay. Key highlights of Governor Little's budget include:

- **Education Remains Top Priority.** Provides over \$150 million in new funding for public schools to address funding needs in rural school facilities, mental health and school safety, and accountability in learning and literacy as well as additional teacher pay increases. Also provides \$50 million in educational choice opportunities that meet the standards of fairness, transparency, and accountability.
- **Invests in the Working Class.** Provides \$25 million for additional seats at community and technical colleges and for infrastructure improvements to increase capacity for in-demand workforce programs.
- **Invests in Transportation.** Provides a 3% increase in the Strategic Initiatives Funding, as well as an additional \$50 million to augment the Transportation Expansion and Congestion Mitigation (TECM) program, allowing the state to bond for \$800 million for high-value expansion projects.
- **Enhanced Natural Resource Investments.** Invests \$130 million for fire management efforts and critical water infrastructure projects.
- **Delivers Tax Relief.** Supports Idaho families by providing an additional \$100 million in tax relief to bring the cumulative total in tax cuts to \$4.7 billion since Governor Little took office.
- **Maintains Fiscal Prudence.** Delivers a conservative budget that is structurally balanced and leaves a projected ending balance of \$228 million, increases reserve balances to the highest levels in state history at \$1.4 billion, and maintains priorities in education funding while delivering tax relief to Idahoans.