



State of Idaho
DIVISION OF FINANCIAL MANAGEMENT
Executive Office of the Governor

BRAD LITTLE
Governor

ALEX J. ADAMS
Administrator

January 8, 2024

MEMORANDUM

FROM: Alex J. Adams, Administrator

Handwritten signature of Alex J. Adams in cursive.

SUBJECT: **The Idaho Works Budget**
Governor Little's FY 2024-2025 Budget Recommendation

Last year, Idaho came into the legislative session with a record \$1.5 billion surplus given strong FY 2022 revenue growth as Idaho rebounded from the pandemic.

Idaho – like all states – is now seeing revenue normalize against a backdrop of historic inflation, supply chain backlogs, and the tapering off of federal transfer payments.

Further, the 2022 special session adopted a flat income tax at a rate of 5.8% starting in January 2023, and a sales tax transfer of \$410 million for public schools and in-demand careers beginning in July 2023. As a result, revenue was projected to decrease in the current fiscal year, with a rebound beginning in FY 2025.

The Governor's *Idaho Works* 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.** Makes the most significant advancement in school facility funding in state history -- \$200 million annually – to provide resources for both facility construction and maintenance.
- **Invests in Idaho Jobs for Idaho Businesses.** Fully funds Idaho LAUNCH, which provides qualified Idaho high school graduates with \$8,000 to use at the Idaho college, career technical program, or workforce training provider of their choice.
- **Invests in Transportation.** Closes out the final third of the local bridge repair backlog (\$200 million), while adding \$50 million to the ongoing transportation bonding program.
- **Enhanced Natural Resource Investments.** Invests \$56 million in water storage projects, outdoor recreation, and quagga mussel response.
- **Maintains Fiscal Prudence.** Leaves a projected ending balance of more than \$250 million in both FY 2024 and FY 2025, maxes out the rainy-day funds, and limits spending growth to just 2.2% over prior year levels.