



February 10, 2026

## **MEMORANDUM**

To: **Joint Finance-Appropriations Committee Members**

From: **Lori Wolff, Administrator**

Subject: **FY 2027 Additional Budget Reduction Impacts**

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Dear members of the Joint Finance-Appropriations Committee,

Governor Little appreciates the Legislature for sharing his commitment to passing a balanced budget as required by the Idaho Constitution.

Members of JFAC confronted tough budget decisions last week, and we appreciate the thoughtful deliberation that goes into balancing Idaho's priorities while maintaining fiscal restraint.

Governor Little's *Enduring Idaho* plan lays out recommendations for a balanced budget that reduced spending by \$700 million in FY 2027 and reduced agencies' ongoing budgets by 3%. Agencies made careful, thoughtful, and sometimes difficult decisions within their budgets and operations to determine efficiencies and align with spending reductions.

The actions taken by JFAC last week reduced the ongoing amount for FY 2027 by an additional 2% (\$30.1 million), making the overall reduction to agency budgets 5% for next fiscal year.

Many agencies will see impacts that go beyond efficiencies and vacant positions and directly affect service delivery, workforce capacity, and long-term economic health.

These additional reductions risk long-term structural impacts to:

- Workforce pipelines through higher education and career-technical education
- Child protection and public health services
- Permitting timelines and infrastructure protections
- Agricultural programs and seasonal firefighting capacity
- Local grants and community infrastructure and prevention investments

As the Legislature continues to finalize budget decisions, it is important that legislators fully understand the real-world impacts of additional reductions beyond the savings in the Governor's plan. The following examples come from materials already submitted to JFAC.

#### Public Safety:

- **Courts (\$3,890,600):** The Governor did not recommend any ongoing reductions in his budget for FY 2027. The courts will feel the impact of the full 5% reduction in this action. Additional cuts to ***treatment courts (drug/mental health/veterans courts) will increase crime.*** The number of individuals sentenced to term will increase, exacerbating prison population problems and leading to increased costs in the correctional system.
- **Commission of Pardons and Parole (\$87,100):** Additional cuts ***would require lay-offs and result in delays in processing paroles and parole violations.*** This will put more potentially ***dangerous criminals on the streets*** without timely supervision or enforcement, increasing risks to public safety and making it harder for the justice system to manage offenders effectively while increasing costs. For every 20 parolees delayed a year, it costs the Department of Correction an estimated ***\$620,500 annually in incarceration costs.***
- **Juvenile Corrections (\$1,035,400):** Additional cuts will strip essential staff from corrections centers and weaken prevention and diversion programs that protect high-risk youth. Funding reductions for ***Community Youth Assessment Centers and Youth Substance Abuse mentoring*** will leave vulnerable kids with reduced critical support. Eliminating School Resource Officer (SRO) coordination further erodes protections at schools and shifting costs to counties and cities which could drive higher property taxes.
- **Military Division (\$190,800):** Additional reductions to the State Education Assistance Program will directly ***harm recruitment and erode trust with our soldiers and airmen*** promised education assistance.

#### General Government and Economic Development:

- **Tax Commission (\$903,000):** Additional cuts reduce the temporary tax-season workforce, ***slowing processing by 12–24 weeks and delaying taxpayer refunds by up to 6 weeks.*** The delays will cost taxpayers up to \$7 million in increased refund-interest payments. The elimination of Fast Collection Services (\$550,000) will further reduce General Fund revenue by an estimated \$20–\$50 million.
- **Veteran Services (\$36,000):** Additional cuts would ***degrade maintenance at VA cemeteries.*** The cuts could lead to us falling below VA National Shrine standards, risking further losses in funding through the federal reimbursement for veteran and spouse interments.

- **Commerce (\$138,600):** Additional cuts will *directly harm community infrastructure grant projects, hitting rural Idaho the hardest*—where these funds are essential for attracting private investment and creating jobs. Cuts will also reduce agency support in global markets, leaving Idaho companies, especially small and first-time exporters, without the resources they need to compete and grow internationally. Rural communities will bear the brunt of lost opportunities and economic growth.

#### **Education:**

- **Career Technical Education (CTE) (\$1,877,300):** Eliminate funding for *~164 secondary CTE programs in K-12 education, disproportionately impacting rural districts.* Superintendent Critchfield will follow up with more details on the impact to K-12 with these reductions. Suspend *fire service training, affecting ~1,050 certifications*, largely in rural and volunteer departments. Contribute to additional reductions for Community Colleges offering CTE courses beyond their own budget reductions.
- **Health Medical Education Programs (\$319,000):** GME funding is already fully committed to resident and faculty salaries, leaving no room to absorb additional cuts. *Cuts would immediately halt the Family Medicine–Obstetrics Fellowship in Pocatello* required by HB 333 (2025), with no fellows starting in 2027. A 2% reduction to WWAMI would reduce joint faculty with the College of Science, growing class sizes and threatening accreditation related to increased student-to instructor ratios. WIMU would reduce experiential learning rotations, further reducing already limited student exposure to large-animal veterinary medicine.
- **Community Colleges (\$1,369,500):** Community colleges would lose, on average, *7% of their budgets* with these additional cuts after accounting for CTE reductions and withheld EWA – CSI (8.2%), CEI (7.5%), CWI (7.4%) and NIC (5.1%). For example, CEI would be forced to cap enrollment in its License Practical Nursing (LPN) program (\$100,000 to restore), and CSI would reduce funding for instructional supplies connected to healthcare careers (\$94,000 to restore).

#### **Health and Human Services:**

- **Commission on Aging - Meals on Wheels/Senior Nutrition (\$130,000):** Additional cuts would limit the commission's capacity to deliver meals to eligible seniors, increasing waitlists and *denying approximately 31,000 meals* to vulnerable older Idahoans.
- **Department of Health and Welfare - Child Welfare (\$431,900):** Additional cuts will lead to *vulnerable, hard-to-place children remaining in foster care longer*. Cuts will impact post-adoption training for people who adopt children out of foster care, increasing costs for the state long term.

- **Department of Health and Welfare - Child Welfare (\$250,000):** Cuts will *reduce safety assessments* during nights, weekends, and holidays, leaving children in danger without timely oversight. Mandatory overtime, higher caseloads, and increased staff turnover will further weaken the system, putting vulnerable kids at greater risk.
- **Department of Health and Welfare – Children’s Mental Health and Adult Mental Health (\$777,100):** Additional cuts will weaken support for the Jeff D. Settlement, force reductions to the Magellan contract, and *leave kids and adults with mental health challenges without timely care*, pushing them into hospitals and crisis services instead of providing the preventative support they need.

#### **Natural Resources:**

- **Idaho Department of Lands (\$265,500):** Additional cuts mean *fewer seasonal firefighters* will be available to the IDL fire protective districts, or the duration of their seasonal employment would be reduced, increasing the risk of uncontrolled fires. The additional cuts will force the agency to *cut back on acres treated and fire prevention* work across state, private, and federal lands, increasing the fire risk to rural communities.
- **Idaho Department of Agriculture (\$292,000):** The Invasive Species Program receives nearly one-third of the agency’s General Fund. Additional cuts will force ISDA to shut down a watercraft inspection station and delay opening two others, leaving the state exposed to a *higher risk of invasive quagga mussels* and other harmful species, threatening energy, agriculture, and recreation.
- **Department of Environmental Quality (\$587,200):** Additional cuts will force DEQ to slow development, extend cleanup timelines, and increase compliance risks in water quality efforts. Elimination of the Toxicologist position (\$59,900) weakens the agency’s expertise to adequately monitor *air quality, water quality, and solid waste standards*. Removal of the position could likely result in prolonged litigation, permitting delays, and operational inefficiencies. Eliminating funding for the *Bear Lake Commission* (\$100,000) and *Lake Pend Oreille, Pend Oreille River, Priest Lake and Priest River Commission* (\$133,700) limits Idaho’s protection of its natural resources, address regional water issues, and slow economic development.
- **Idaho Department of Water Resources (\$390,000):** Additional cuts mean IDWR will IDWR will need to *reduce stream gaging services* that monitor ground and surface water potentially causing a reduction of matching federal funds undermining future water planning efforts. This will reduce or eliminate valuable data and create significant flood control operations and the ability to accurately administer water rights, *creating additional water use controversies*, such as ground water/surface water use conflicts.

The Governor thanks the Legislature for responding to his feedback by excluding Public Schools, Medicaid, the Department of Corrections, and the Idaho State Police from any proposed additional cuts.

However, additional cuts jeopardize Idaho's ability to keep up with population growth, service delivery, infrastructure, and economic development. These effects are not temporary; rebuilding after cuts can take years, even when revenues recover.

The Governor's budget recognized that recent tax relief and federal conformity decisions reduce near-term revenue and intentionally relied on a responsible mix of one-time and short-term reductions to avoid long-term structural harm. As budgets move forward, we respectfully ask members to carefully consider the impacts of these additional cuts and evaluate opportunities to restore funding where reductions pose the greatest risk or harm to Idaho families, businesses, and communities.

Restoring only the items listed above for FY 2027 would only reduce savings by about **\$13 million** while still leaving a healthy balance of over **\$184 million** for the fiscal year. With Idaho's strong economy, we strongly encourage consideration of protecting programs that support Idaho's long-term growth and prosperity. We appreciate the challenge in making these budget decisions and stand ready to help with alternative options to increase the cushion in Idaho's ending balance should there be uncertainty in revenue collections for next year.

Respectfully,  
Lori Wolff  
Administrator, Division of Financial Management

cc: Speaker Mike Moyle  
Pro Temp Kelly Anthon  
Administrative Director of Courts Sara Omundson  
Superintendent Debbie Critchfield  
Executive Agency Directors