

From: [Gideon Tolman](#)
Subject: State budget updates
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Hi school leaders,

We want to make you aware of the following budget updates:

FY 27 budget request

For the past several years, the Division of Financial Management (Governor's budget office) has provided guidance for the upcoming budget cycle. The FY 27 budget guidance was recently released. It calls for a "maintenance" only budget, which consists of the 1% CEC placeholder (the actual CEC will be determined next session by the Legislature) and health insurance increases. It allows for statutory adjustments like salary-based apportionment, career ladder, and transportation, but not for additional General Fund enhancements. We know special education and operational costs are not decreasing, and we will keep working through scenarios to address those needs.

This approach, which is more conservative than past years, is a result of lower state revenues. In addition to state agencies not requesting any new funding, DFM has asked all agencies to put together plans for 2%, 4%, and 6% General Fund reductions in the case of revenues falling even shorter than current projections. These scenarios are not necessarily expected, but we're being asked to plan for them out of an abundance of caution.

There are no discussions about an FY 26 holdback at this point. We will put together scenarios for the public schools budget in compliance with the guidance, and we will keep you posted as additional information becomes available.

FY 26 appropriation

During the post-legislative session tour, we discussed the new and transferred funding that makes up the FY 26 appropriation. We continue to receive questions regarding the components of the appropriation, and a chart illustrating that information is attached.

FY 25 year-end

Additional federal fund spending authority was added to the public schools budget during the past legislative session to have sufficient ability to cash flow federal payments to you all. Even with the additional spending authority, we ended up a little bit short, and some end-of-year federal fund payments may be delayed by a few days. We apologize for the delay, and we will request additional federal fund spending authority in the next budget cycle to avoid this happening again.

School district facilities

In the last business managers webinar, School Modernization Facilities Fund reporting was discussed. Questions about interest earnings reporting were brought up, and those have been clarified. The bond provisions do not require detailed interest earning expenditure reporting. What will be required is where the funds were invested and the amount of interest earned. The report information will be sent to you all soon, and responses are due to the Department by August 7. Interest earnings should be used on facilities-related items but do not have to be used on capital projects.

The Public School Facilities Cooperative Funding program is underway, and the application can be accessed here: [Idaho-Public-School-Facilities-Cooperative-Funding-Application.docx](#). Here is a link to the PowerPoint from last week's webinar:  [Facilities Cooperative Funding Presentation \(June 2025\).pptx](#), and the meeting recording should be posted on the Public School Finance webpage under the "Facilities" heading in the next week or so: [Public School Finance / Departments / Idaho Department of Education](#).

Thank you, and please let us know if you have questions.



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