



Governor Brad Little

Memorandum

DATE: August 19, 2019
TO: Directors and Agency Heads
FROM: Zach Hauge, Chief of Staff

SUBJECT: **Updated General Fund Revenue Forecast and FY 2021 Budget Planning**

Last week, DFM issued the updated General Fund revenue forecast for fiscal years 2020 through 2022.

The updated projection of 5.2% revenue growth for FY 2020 places Idaho in the top ten states nationally. However, Idaho's forecast reflects the national trend of slowing growth and uncertainty from trade relations, and it came in below the 7% revenue target established by JFAC as the basis for the FY 2020 budget.

We are not at a point where we anticipate mid-year budget adjustments for FY 2020. The larger-than-usual ending balance set by Governor Little and the Legislature provides a cushion. Because of this responsible, conservative approach, Idaho is in a much better position than more than 20 states, which have been forced to recently respond with measures ranging from across-the-board cuts to employee furloughs.

That said, the ending balance for FY 2020 is anticipated to shrink and slower growth is expected to persist, creating pressure on the FY 2021 budget.

As your agency finalizes its FY 2021 budget submission, it is prudent to consider the following as it relates to the General Fund:

1. Restrict FY 2020 supplemental requests and FY 2021 line item enhancements to emergency requests only that do not have any other source of funding available; and
2. Minimize replacement item requests to those that are emergencies for FY 2021, or shift to non-General Fund sources

If you still plan on requesting a supplemental line item or replacement item please be prepared to identify two to three offsets in your base budget. Don't hesitate to contact your Governor's Office liaison or your DFM analyst with any questions.

Thank you, as always, for your service to Idaho as leaders within Governor Little's administration.

Zach Hauge, Chief of Staff