

Idaho's Fiscal Health

And why it matters



**IDAHO FREEDOM
FOUNDATION**

Idaho's credit rating

- **Fitch credit rating of Idaho's general government is "AAA"**

"Idaho's 'AAA' IDR reflects the state's credit strengths, including broad powers over spending and revenues, strong reserve levels, low long-term liability burden, and expected solid long-term economic growth."




US credit rating

- **Fitch credit rating of federal government was downgraded to “AA+”**
- **Fitch cited:**
 - “... the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to ‘AA’ and ‘AAA’ rated peers over the last two decades that has manifested in repeated debt limit standoffs and last-minute resolutions.”
- **So, the federal government has problems, but not Idaho, right?**

Wrong!



Astronomical US debt

 MONTHLY STATEMENT OF THE PUBLIC DEBT OF THE UNITED STATES MAY 31, 2023 <small>(Details may not add to totals)</small>			
TABLE I -- SUMMARY OF TREASURY SECURITIES OUTSTANDING, MAY 31, 2023			
<small>(Millions of dollars)</small>			
	Amount Outstanding		Totals
	Debt Held By the Public	Intragovernmental Holdings	
Marketable:			
Bills.....	3,992,378	1,044	3,993,421
Notes.....	13,712,974	5,303	13,718,277
Bonds.....	4,133,645	6,858	4,140,504
Treasury Inflation-Protected Securities.....	1,904,034	864	1,904,897
Floating Rate Notes ²⁰	564,341	19	564,360
Federal Financing Bank ¹	0	6,722	6,722
Total Marketable ^a.....	24,307,372	20,810 ²	24,328,181
Nonmarketable:			
Domestic Series.....	22,257	0	22,257
State and Local Government Series.....	96,363	0	96,363
United States Savings Securities.....	178,582	0	178,582
Government Account Series.....	22,374	6,812,962	6,835,336
Other.....	3,738	0	3,738
Total Nonmarketable ^b.....	323,315	6,812,962	7,136,276
Total Public Debt Outstanding.....	24,630,686	6,833,771	31,464,457
TABLE II -- STATUTORY DEBT LIMIT, MAY 31, 2023			
<small>(Millions of dollars)</small>			
Title	Amount Outstanding		Totals
	Debt Held By the Public ^{17, 19}	Intragovernmental Holdings	
Debt Subject to Limit: ^{17, 19}			
Total Public Debt Outstanding.....	24,630,686	6,833,771	31,464,457
Less Debt Not Subject to Limit:			
Other Debt.....	477	0	477
Unamortized Discount ³	46,881	28,939	75,820
Federal Financing Bank ¹	0	6,722	6,722
Plus Other Debt Subject to Limit:			
Guaranteed Debt of Government Agencies ⁴	*	0	*
Total Public Debt Subject to Limit.....	24,583,328	6,798,110	31,381,438
Statutory Debt Limit ⁵			31,381,463
Balance of Statutory Debt Limit.....			25

- **Increased \$1.45 trillion in 3 months from May 31 to August 31, based on monthly US Treasury statements**
- **Total national debt was \$31.5 trillion on May 31**
- **\$24.6 trillion held by the public, \$6.8 trillion intragovernmental**
- **The debt limit was \$31.4 trillion**



Astronomical US debt, +++


 MONTHLY STATEMENT OF THE PUBLIC DEBT OF THE UNITED STATES AUGUST 31, 2023 <small>(Details may not add to totals)</small>			
TABLE I -- SUMMARY OF TREASURY SECURITIES OUTSTANDING, AUGUST 31, 2023			
	Amount Outstanding		Totals
	Debt Held By the Public	Intragovernmental Holdings	
Marketable:			
Bills.....	5,072,860	1,062	5,073,922
Notes.....	13,697,859	4,689	13,702,547
Bonds.....	4,220,198	6,729	4,226,927
Treasury Inflation-Protected Securities.....	1,916,258	860	1,917,118
Floating Rate Notes ²⁰	551,540	16	551,556
Federal Financing Bank ¹	0	5,492	5,492
Total Marketable ^a.....	25,458,715	18,849 ²	25,477,563
Nonmarketable:			
Domestic Series.....	22,378	0	22,378
State and Local Government Series.....	84,665	0	84,665
United States Savings Securities.....	176,641	0	176,641
Government Account Series.....	297,699	6,851,250	7,148,949
Other.....	3,953	0	3,953
Total Nonmarketable ^b.....	585,336	6,851,250	7,436,586
Total Public Debt Outstanding.....	26,044,051	6,870,099	32,914,149

TABLE II -- STATUTORY DEBT LIMIT, AUGUST 31, 2023			
Title	Amount Outstanding		Totals
	Debt Held By the Public ^{17, 19}	Intragovernmental Holdings	
Debt Subject to Limit: ^{17, 19}			
Total Public Debt Outstanding.....	26,044,051	6,870,099	32,914,149
Less Debt Not Subject to Limit:			
Other Debt.....	477	0	477
Unamortized Discount ³	57,563	31,554	89,117
Federal Financing Bank ¹	0	5,492	5,492
Plus Other Debt Subject to Limit:			
Guaranteed Debt of Government Agencies ⁴	*	0	*
Total Public Debt Subject to Limit.....	25,986,011	6,833,053	32,819,064
Statutory Debt Limit ⁵			0

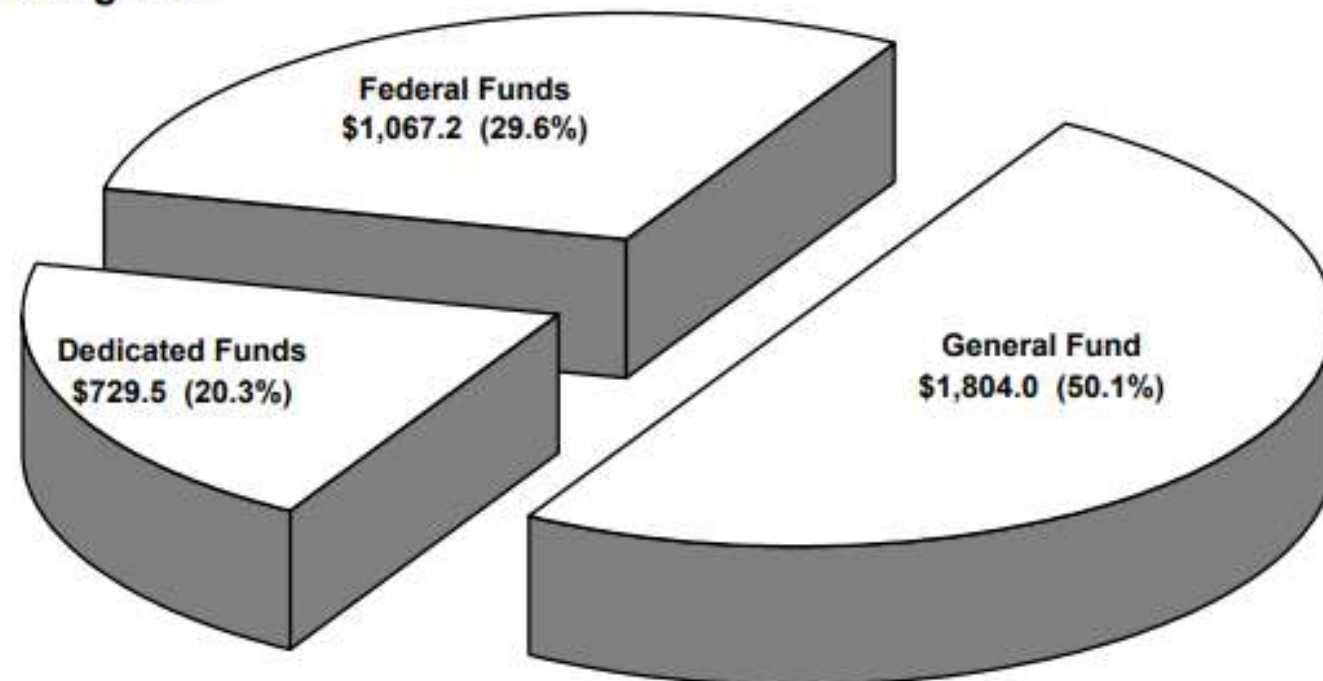
- **On August 31, the total national debt rose to \$32.9 trillion**
- **\$26.0 trillion held by the public, \$6.9 trillion intragovernmental**
- **The statutory debt limit was suspended**



Idaho took fewer federal dollars

STATE of IDAHO
FY 2001 ALL FUNDS Appropriations
Millions of Dollars (% of total)

Fund Categories



- **In federal FY01, the US government ran a surplus of \$128 billion**
- **In 2001, federal funds were 29.6% of Idaho's total appropriation**

Image source: Idaho Legislative Budget Book (2000). Idaho Legislative Services Office. (pp. 23).

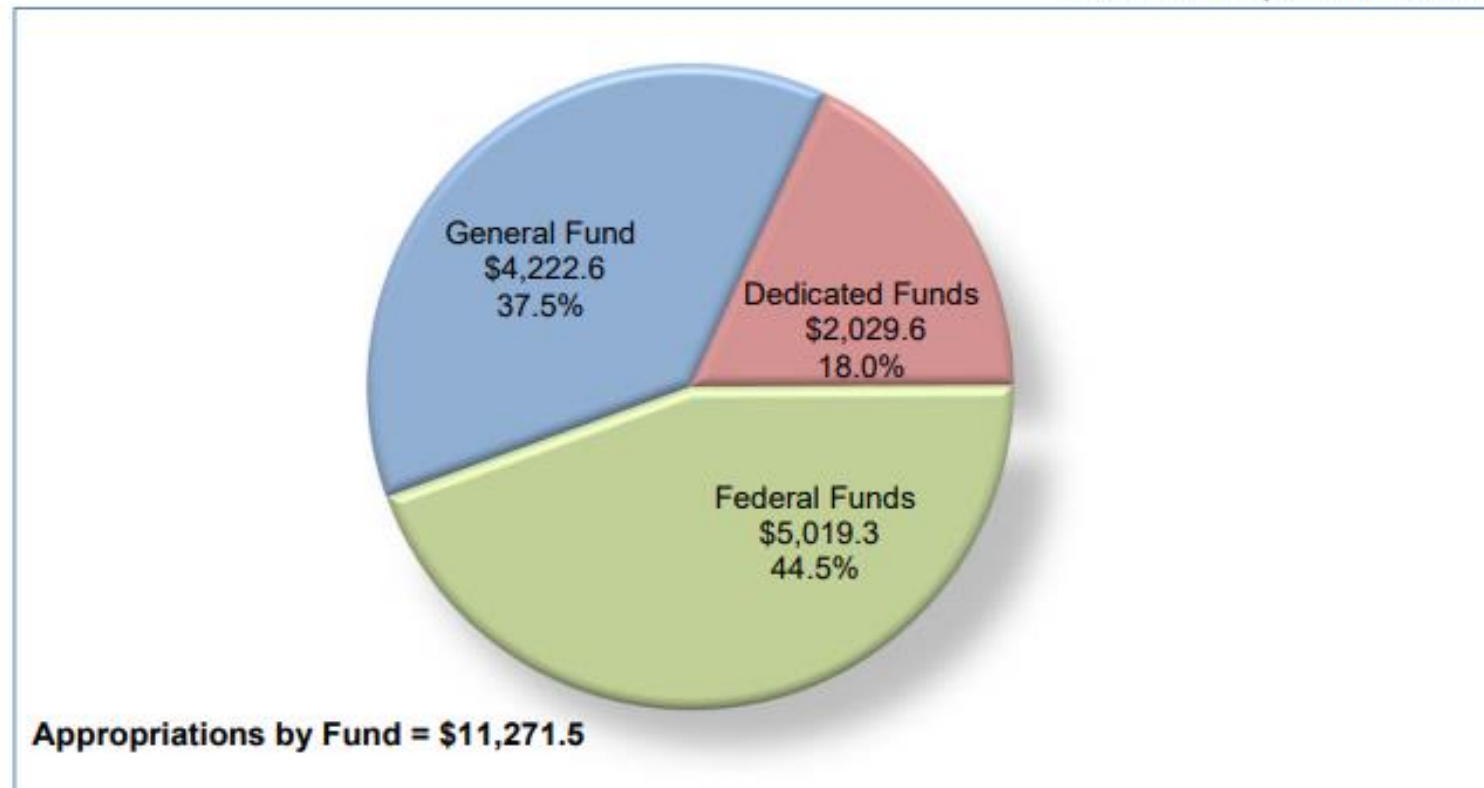
Data source: Table 1.3 – Summary of Receipts, Outlays, and Surpluses or Deficits (-) in Current Dollars, Constant (FY 2012) Dollars, and as Percentages of GDP: 1940-2028. [hist01z3_fy2024,xlsx](#)



Idaho now relies on borrowed dollars

FY 2022 All Original Appropriations by Fund & Function

"Where the money comes from . . ."
Dollars In Millions (Percent of Revenue)



- **For FY22, federal funds were 44.5% of Idaho appropriations**
- **Idahoans would pay \$1.68 billion more in taxes if federal support was at 2001 levels**
- **Total federal grants to all state and local gov are up 60% from 2001 to 2022***

***Total federal grants to state and local governments relative to GDP, federal data.**

Image source: Idaho Legislative Budget Book (2021). Idaho Legislative Services Office. (pp. 31).



What is driving Idaho's spending?

- **Health and Welfare, primarily Medicaid**
 - Medicaid was 17% of total budget in FY01, in FY22 it was 34%, and for FY24 it was also 34%
 - Medicaid has grown from \$607 million in FY01 to \$4.684 billion in FY24, a 672% increase
 - Medicaid expansion to able-bodied adults in 2020 is now 23% of the total cost of the Medicaid program, \$1.087 billion out of \$4.684 billion
 - If Medicaid was the same share of the pie in FY24 as it was back in 2001, we could substantially lower taxes in Idaho
 - Medicaid spending has grown 2 ½ times faster than education spending over these years



Other drivers of spending

FY01 to FY24, CPI increase is 77%, population increase of circa 46%, total is 123%

- **The Office of the State Board of Education has gone from 21 FTP and \$1.5 million in General Fund spending in FY01 to \$41.4 million in FY24 and 74 FTP. They have added some responsibilities from State DOE**
- **Health Education spending has increased from \$2.1 million to \$27.2 million (over 1000%), all funds, from FY01 to FY24, and FTP from 19.4 to 44.7**



Other drivers of spending

FY01 to FY24, CPI increase is 77%, population increase of circa 46%, total is 123%

- **K-12 public school support, from \$930 million to \$3.368 billion, 262%.
Federal was \$0 in FY01 and \$557.5 million for FY24**
- **Judicial Branch, from \$26.1 million to \$90.3 million, 246%**
- **Corrections, including pardons and parole, from \$107.8 million to \$358.3 million, 232%**



Other drivers of spending

FY01 to FY24, CPI increase is 77%, population increase of circa 46%, total is 123%

- **DEQ from \$36.6 million to \$166.1 million, 354%, a lot of federal money driving this**
- **Self-governing agencies (SGA), 611 to 900 FTP, and budget from \$50.6 million to \$216.1 million, 327%***

*Note: Historical Society and Libraries were not part of SGA in FY01, but were added for the comparison.



COVID funding impacts

- **In FY20 pre-COVID, Idaho appropriated \$9 billion in all funds, state and federal**
- **COVID brought in \$22.9 billion to the state and local governments as well as payments to businesses and individuals**
- **This has driven government spending and inflation as government competes for resources in Idaho**



COVID funding impacts

And plenty of money for Idaho



Funds Flowing to Idaho for COVID, IJA, and IRA
(as of 1/6/2023; \$ in millions)



Image source: "It's Been a Busy Few Years," (Jan. 2023). Federal Funds Information for States, (pp. 7). ID Joint Finance Appropriations Committee meeting.

One-time COVID funding myth

- **From FY20 to FY24, the ongoing appropriations have increased from \$8.63 billion to \$12.22 billion, a 42% increase**
- **Ongoing doesn't mean “permanent” — it means that it is not a one-time allocation and is assumed to continue**
- **K-12 schools, up from \$2.26 billion to \$3.07 billion, a 36% increase**



One-time COVID funding myth

- **From FY20 to 24, Education, Office of the State Board, up from \$15.10 billion to \$49.14 billion, up 225%**
- **Medicaid, up from \$2.79 billion to \$4.47 billion, up 60%**
- **Office of the Governor — 16 agencies, such as various commissions, liquor, financial management, HR, etc.; and up from \$177.2 million to \$316.7 million, up 79%**



Reviewing spending: resources

- **CPI Inflation Calculator ([bls.gov](https://www.bls.gov))**
- **Federal spending and debt data ([omb.gov](https://www.omb.gov))**
- **Idaho budget information:**
 - Budget and policy division (legislature.idaho.gov)
 - Budget publications (legislature.idaho.gov)
 - JFAC session record (legislature.idaho.gov)
 - FY25 agency budget requests (dfm.idaho.gov)



FY25 Budget issues

- **Medicaid agency request is for \$4.587 billion, but the department has indicated that over 120k were deemed ineligible**
 - The request does not appear to account for removing the ineligible
 - Each Medicaid enrollee costs an average of \$11,072 (FY24 estimate, Legislative Budget Book)
 - Removing that many should save hundreds of millions
 - Also, Medicaid wants 60 more FTPs



FY25 Budget issues

- **All budgets with headcount (FTP) increases should be closely scrutinized**
 - Examples include the Dept. of Insurance, Dept of Agriculture, Office of Administrative Hearings, etc.
 - Now is not the time to grow headcount
- **Also, agencies with a multi-year trend of vacancies should not have headcount increased but decreased**



FY25 Budget issues

- **Education generally, including State Board of Ed, universities, and K-12**
 - **K-12 budget reorganization makes comparisons more difficult**
 - **DEI needs to be eliminated. Review headcount for DEI administrators and cut positions.**
 - **Health Education Programs needs intent language on abortion and transgender training**



FY25 Budget issues

- **Given difficulties with LUMA software system (e.g., no General revenue numbers for FY24 yet available as of 10/1), the Office of Information Technology services needs review, big FTP increase**
- **Workforce Development Council - has \$75M for in-demand careers fund in the budget**
- **DEQ and Parks and Rec keep growing and seeking more FTPs**
- **Judicial branch requested an 11% spending increase and 16 new FTP**



Questions



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