IDAHO Budget Report Card
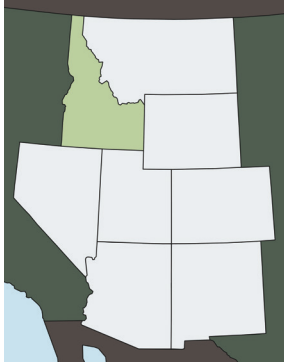
IDAHO IS A MODEL of budgetary conservatism. It was one of only two states—along with neighboring Utah—to win top A averages for fiscal 2015 through 2019 in budget maneuvers, legacy costs, and reserve funds.

The budget maneuvers grade reflects Idaho's avoidance of one-time revenue or expenditure tactics to achieve balance. In reserve funds, the state has clear rules for tapping its budget reserve account, and the replenishment policy includes revenue volatility in calculating deposits. Idaho automatically places up to 1 percent of general fund collections into its rainy day fund whenever revenues rise by over 4 percent from the prior year. Its reserve fund was $378 million in 2019, equivalent to 11 percent of general fund expenditures, up from 8.3 percent in 2015.

Idaho's legacy costs mark stemmed from its paying actuarially recommended annual contributions for public worker pension plans, which in 2019 had a 95 percent funded ratio, 24 percentage points above the total for all states. Since the state has minimal obligations for other postemployment benefits (OPEB), primarily health care, it is a reasonable budgeting practice for Idaho to pay benefits out of operating revenues rather than build reserves.

The one exception to Idaho's outstanding performance is budget forecasting, in which the state posted a D average. Idaho eschews a consensus revenue forecasting process and relies instead on projections from the Department of Finance, with no legislative involvement. The state also confines its outlook for revenues and expenditures to the upcoming fiscal year.

MOUNTAIN STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arizona	B	C	C	A	B
Colorado	C	B	D	B	B
Idaho	D	A	A	A	B
Montana	D	B	C	C	B
Nevada	C	B	C	B	B
New Mexico	B	C	D-	B	B
Utah	B	A	A	A	C
Wyoming	B	B	D-	C	C
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org.

![THE VOLCKER ALLIANCE]

IDAHO Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	D	D	D	D	D					
Consensus Revenue Forecasts	X	X	X	X	X					
Multiyear Expenditure Forecasts	X	X	X	X	X					
Multiyear Revenue Forecasts	X	X	X	X	X					
Revenue Growth Projections	✓	✓	✓	✓	✓	●	●	●	●	●
5-YEAR AVERAGE D										

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	A	A	A	A	A					
Deferring Recurring Expenditures	✓	✓	✓	✓	✓	●	●	●	●	●
Revenue and Cost Shifting	✓	✓	✓	✓	✓					
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓					
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓					
5-YEAR AVERAGE A										

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	A	A	A	A	A					
Public Employee OPEB Funding	✓	✓	✓	✓	✓	●	●	●	●	●
Public Employee Pension Funding	✓	✓	✓	✓	✓					
Public Employee Pension Funded Ratio*	92%	88%	91%	92%	95%					
5-YEAR AVERAGE A										

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	A	A	A	A	A					
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	●	●	●	●	●
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓					
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓					
Reserves Tied to Revenue Volatility	✓	✓	✓	✓	✓					
5-YEAR AVERAGE A										

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Consolidated Budget Website	✓	✓	✓	✓	✓					
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●
Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X					
Discloses Tax Expenditures	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.
* **SOURCE** Bloomberg.