PRESS RELEASE

February 16, 2026

Idaho's Budget Debate Isn't About Crisis — It's About Priorities

The Legislature is once again focused almost entirely on the budget. Two competing philosophies have emerged.

One side argues government is too big and spending must be cut broadly, regardless of long-term consequences. The other argues Idaho is not facing a true fiscal crisis — only temporary revenue pressure — and that budget stabilization funds exist precisely for moments like this.

What's being missed is simple: this debate is not about affordability. It's about priorities.

On a recent Idaho Reports episode, both co-chairs of JFAC suggested Idaho will face a recession, with one claiming that 26 states are already in recession. That statement deserves precision, because no official list of states in recession exists. No federal agency makes that determination.

The "26 states" figure comes from a misunderstanding of the Philadelphia Federal Reserve's State Coincident Index. Historically, when 26 or more states show monthly declines, it has sometimes aligned with the start of a national recession. It is a warning threshold — not a declaration.

The latest data shows something very different. For December 2025:

- 41 states rising over three months
- 9 states declining over three months

That is nowhere near 26 states declining — let alone in recession.

More importantly, nobody has a crystal ball. Recessions cannot be predicted with certainty and are only confirmed after the fact. That's why it is concerning when leaders responsible for overseeing Idaho's budgets speak as though a recession is inevitable. Speculation presented as certainty risks driving policy decisions based on fear rather than evidence.

Nationally, some states are softening as federal employment has fallen by roughly 327,000 jobs since October 2024, reflecting tightening government spending. But the private economy remains resilient:

130,000 jobs added nationally in January 2026

- Unemployment: 4.3%
- Wage growth: 3.7% year-over-year
- Idaho's own numbers remain strong:
- Unemployment: 3.6%
- Inflation: about 2.4%
- A strong unemployment insurance trust fund that has kept employer tax rates low.

If recession were approaching, we would expect rising unemployment, falling wages, and weakening reserves. That is not what the data shows.

Yet instead of using stabilization funds — designed to smooth temporary revenue declines — we are considering cuts that will cost taxpayers more.
Examples include:

- $900,000 cut to the Tax Commission, delaying refunds by up to six weeks and costing taxpayers an estimated $7 million in interest.
- $87,000 cut to the Commission of Pardons and Parole, projected to create roughly $620,000 in additional annual costs due to downstream impacts.
- $1.8 million cut to Career Technical Education, impacting 164 secondary programs, many in rural districts.
- Cuts to wildfire training and seasonal staffing during a dry year.
- Nearly $300,000 cut from the Department of Agriculture, weakening invasive species protections.
- Reductions to DEQ and Water Resources that slow permitting and reduce monitoring capacity.

These aren't abstract numbers — they are real consequences.
And there is another risk here: if some believe a recession is coming, making drastic and unnecessary cuts while the economy is still strong is one of the fastest ways to a self-fulfilling prophecy. Pulling back investment, slowing services, and weakening workforce capacity can cause the very downturn leaders say they fear.
Idaho has prepared for uncertainty. That is why stabilization funds exist. The responsible path is clear: use stabilization funds as intended, make targeted and thoughtful cuts where true waste exists, and avoid harming programs that protect taxpayers and communities.

Idaho is not facing an economic collapse. We are facing a choice — whether to govern with discipline and precision or with fear of a future no one can predict.

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