



## Memorandum

**To:** Executive Appropriations Committee

**From:** Travis Eisenbacher, Deputy Chief Economist

**Date:** December 5, 2025

**Re:** **Budget Stress Testing 2025**

---

[UCA 36-12-13\(2\)\(e\)](#) requires the Office of the Legislative Fiscal Analyst, repeating every three years, to prepare the following cycle of analyses of long-term fiscal sustainability:

1. in year one, a joint revenue volatility report required under [UCA 63J-1-205](#);
2. in year two, a long-term budget for programs appropriated from major funds and tax types; and
3. in year three, a budget stress test comparing estimated future revenue to and expenditure from major funds and tax types under various potential economic conditions.

In your December meeting, we will present a budget stress test as required in year three of the cycle. State budget stress tests measure the effects of various hypothetical economic scenarios on long-term revenue and budget estimates. They then compare those scenarios to a more realistic baseline and measure potential value at risk. Finally, the tests inventory budget buffers and judge whether the buffers are adequate.

The Utah Legislature has always been forward-thinking and acting. For this reason, Utah is in better fiscal shape than most states. However, lawmakers face many of the same economic challenges as other states. Lawmakers need quality information about the impact of these challenges and their ability to withstand them. Our goal with the stress test is to provide such information.