



State of Idaho

A Report to Our Citizens

For Fiscal Year Ended June 30, 2014

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Governor Otter's Vision

"My goal as your Governor is to empower Idahoans to fulfill their individual potential and be the architects of their own destiny, so that Idaho can remain all that America was meant to be."

- Governor C.L. "Butch" Otter



Photo Courtesy of Idaho Tourism

Plans for the Future

Accelerate Idaho - the Governor's plan to grow the state's economy and expand career opportunities by concentrating on three key areas.

1. Create a world-class educated and skilled workforce specifically trained to advance Idaho's leading industries and to attract industries that generate higher-wage jobs.
2. Support Idaho industries by creating business environments that allow for Idaho businesses to succeed and to promote technology and innovation to advance existing industries.
3. Strengthen Idaho communities by offering community trainings, anticipating infrastructure needs, and elevating communities and industries through regional collaboration.

Government Objectives

Promote responsible government, enhance economic opportunity, and empower Idahoans by providing reasonable public and regulatory policies, essential infrastructure, educational opportunities, and government services upon which job-creating businesses rely.

- Governor C.L. "Butch" Otter

Demographic Information

Year	Population	Per Capita Income	Unemployment Rate	State Employees	School Year	Public School Enrollment	Public Higher Education Enrollment
2013	1,613,000	\$36,137	6.2%	23,447	2012/2013	284,318	51,526
2014	1,637,000	\$37,386	4.8%	23,723	2013/2014	289,063	51,530
Change	1.5%	3.5%	-1.4%	1.2%	Change	1.7%	0%

Idaho's Progress

In Fiscal Year 2014

Expanding Idaho's Economy

The Governor's previous plan, Project 60, was a comprehensive initiative to grow Idaho's gross state product (GSP) to \$60.0 billion. According to the Department of Labor, the value of all goods produced in Idaho rose 6.9 percent from 2012 to \$62.2 billion in 2013 (unadjusted for inflation). Growth in manufacturing, wholesale trade, financial services, agriculture, mining, and leisure and recreation services accounted for a majority of the gross state product increase in 2013. With the achievement of Project 60, in fiscal year 2014 the Governor introduced a new strategic plan called Accelerate Idaho to grow the state's economy and expand career opportunities for Idaho citizens.

Idaho Gross State Product (dollars in millions)

	2010	2011	2012	2013
Yearly Total	\$55,427	\$56,956	\$58,231	\$62,247

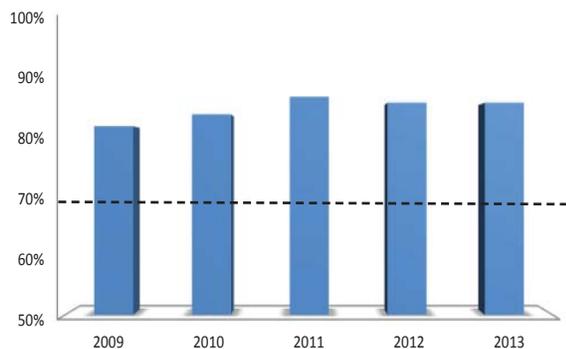
Target: Idaho Gross State Product of \$60.0 billion.

Transportation

To address the State's growing transportation needs, the Idaho Legislature established the GARVEE program in 2005. According to the Idaho Transportation Department, the State has used the GARVEE program to invest \$786.0 million into state highway projects over the past eight years.

The graph below illustrates the pavement condition of the State's highways which has an impact on the operating costs of passenger and commercial vehicles.

Percent of Pavement in Good or Fair Condition*



Target: Keep at least 70 percent of all state highways in good or fair condition.

*Information provided by the Idaho Transportation Department.

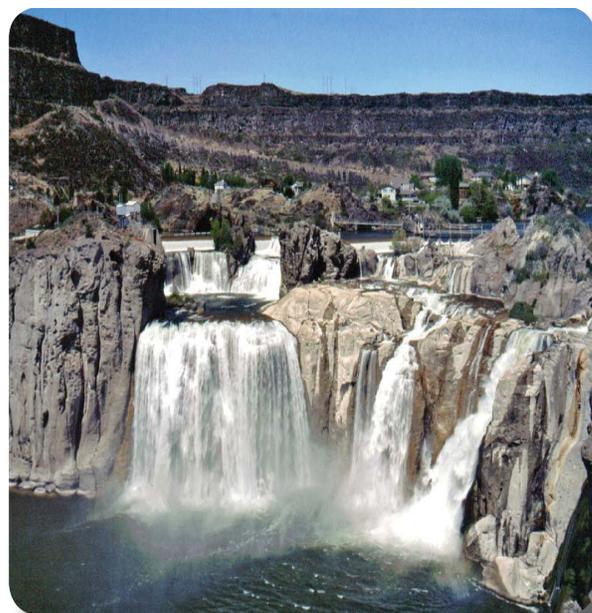


Photo Courtesy of Idaho Tourism

Education

One of the focuses of Accelerate Idaho is to create a world-class educated workforce. The table below shows the number and type of state-wide degrees awarded over the past three years.

Degrees Awarded

	2012	2013	2014*
Associate	4,962	5,766	5,421
Bachelor's	9,814	10,354	10,729
Master's	2,046	2,055	1,892
Doctorate	331	398	412

*Estimate

Target: No state-wide target has been identified.

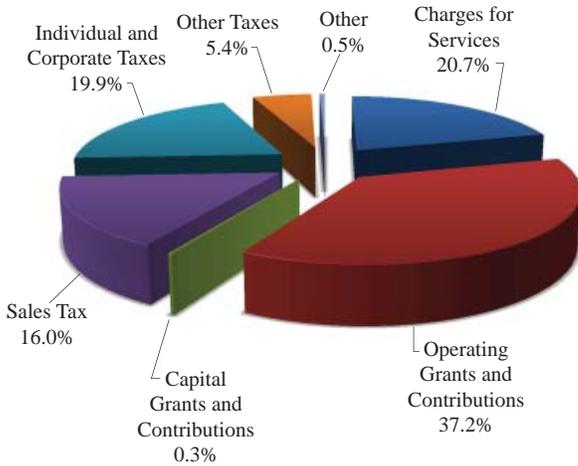
Data for 2012 and 2013 is restated based on updated figures provided by the Idaho State Board of Education.

Idaho's Finances

Revenues and Expenses

Primary Government Revenues

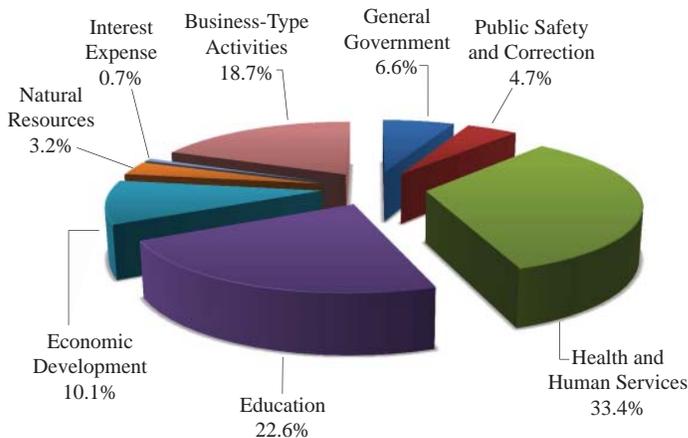
Fiscal Year 2014 Revenues by Source



Revenues By Source (dollars in thousands)	2013 Revenues	2014 Revenues	Change
Charges for Services	\$ 1,774,495	\$ 1,811,107	2.1%
Operating Grants and Contributions	3,212,383	3,246,870	1.1%
Capital Grants and Contributions	48,546	22,911	-52.8%
Sales Tax	1,315,002	1,400,547	6.5%
Individual and Corporate Taxes	1,533,850	1,739,957	13.4%
Other Taxes	458,154	475,913	3.9%
Other	44,054	41,824	-5.1%
Total Revenue	\$ 8,386,794	\$ 8,739,129	4.2%

Primary Government Expenses

Fiscal Year 2014 Expenses by Function



Expenses by Function (dollars in thousands)	2013 Expenses	2014 Expenses	Change
General Government	\$ 470,836	\$ 513,746	9.1%
Public Safety and Correction	353,585	364,998	3.2%
Health and Human Services	2,532,626	2,592,563	2.4%
Education	1,707,233	1,756,231	2.9%
Economic Development	811,193	785,184	-3.2%
Natural Resources	245,452	247,294	0.8%
Interest Expense	49,961	51,600	3.3%
Business-Type Activities	1,541,263	1,450,943	-5.9%
Total Expenses	\$ 7,712,149	\$ 7,762,559	0.7%

An independent audit of the State's financial statements (the Comprehensive Annual Financial Report) resulted in a clean audit opinion.



To view the Comprehensive Annual Financial Report, please visit the State Controller's website at www.sco.idaho.gov



What's Next?

Future Challenges and Economic Outlook

Future Challenges

Housing Starts

According to the Idaho Division of Financial Management (DFM), the rapid growth in housing prices over the last two years has enticed homeowners to sell their properties. This has increased inventory of existing homes, curbing price growth. The slower price growth has made builders cautious about starting new projects, contributing to a short-term drag on housing starts.

Wages for New College Graduates

The growth in starting wages for new college graduates in their first job is trailing the growth in wages for full-time workers currently in the workforce. This has created a substantial gap between wages for new college graduates and wages for workers overall. Because of the slow wage growth for first jobs, it will take longer for current graduates to recover the cost of their college education.

Employment

Even though the job growth has recently accelerated, the labor force growth has slowed significantly. Furthermore, the growth in certain employment sectors is becoming increasingly restricted due to the lack of available qualified workers.

Idaho's Outlook

Economy

According to the DFM, 2014 is one of the first years of stabilized economic growth since the December 2007 to June 2009 Great Recession. The economy is expected to continue to move in a positive direction through 2018 due to solid employment, an improved housing sector, rising personal income, and increased consumer spending.

Jobs

The labor market has helped offset the recent slowing of the housing market. Idaho nonfarm employment is expected to increase by more than 62,000 jobs from 2014 to 2018.

Housing Starts

Idaho's housing market is moving out of the recovery stage and into a more sustainable growth stage. Although growth in new residential construction is more modest than during the prior two years, new housing starts are expected to continue to grow through 2018.

Personal Income

As the job market improves, wages continue to grow, especially for high-skilled workers. Idaho's average annual wage is expected to grow by 3.6% in 2014, the strongest growth rate since 2006. Wages are expected to continue to rise through 2018, contributing to an increase in personal income.

Idaho's Economic Outlook

	2015	2016	2017	2018
Per Capita Personal Income	\$38,211	\$39,490	\$41,126	\$42,668
Percentage Change	2.2%	3.3%	4.1%	3.7%
Nonfarm Employment	672,245	688,823	705,104	720,682
Percentage Change	2.1%	2.5%	2.4%	2.2%
Housing Starts	10,792	12,595	14,220	14,773
Percentage Change	6.4%	16.7%	12.9%	3.9%



We want to hear from you. Do you like this report? What information would you like to see in next year's report? Your input is important to us. Please let us know by contacting: cafr@sco.idaho.gov

