



# State of Idaho

## A Report to Our Citizens

Fiscal Year  
2010

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### Governor Otter's Vision

"My goal as your governor is to empower Idaho to be all that America was meant to be and to empower Idahoans to be the architects of their own destiny. I hope you will join me in that endeavor."

- Governor C.L "Butch" Otter



### Plans for the Future

Project 60 - the Governor's plan to position Idaho for economic recovery and future prosperity by concentrating on three key parts of Idaho's economy.

1. Foster systemic growth by maintaining and enhancing Idaho's current workforce, recruiting highly-skilled workers, and supporting business with transportation and technical infrastructure.
2. Recruit new companies to Idaho by targeting those that fit our current industries (energy, recreation technology, manufacturing, aeronautics, technology) and continuing to build and market Idaho as a top state for business.
3. Encourage foreign investment into Idaho by promoting Idaho products through increased foreign marketing, recruiting foreign direct investment utilizing our International Trade Offices, establishing an Immigrant Investor Program which grants visas to foreign nationals, and targeting specific markets such as Canada, Asia, and Mexico.

### 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
2009	1,546,000	\$31,632	8.0%	24,231	2008/2009	275,075	48,777
2010	1,564,000	\$31,948	9.1%	23,546	2009/2010	278,522	49,574
Change	1.2%	1.0%	0.2%	-2.8%	Change	1.3%	1.6%

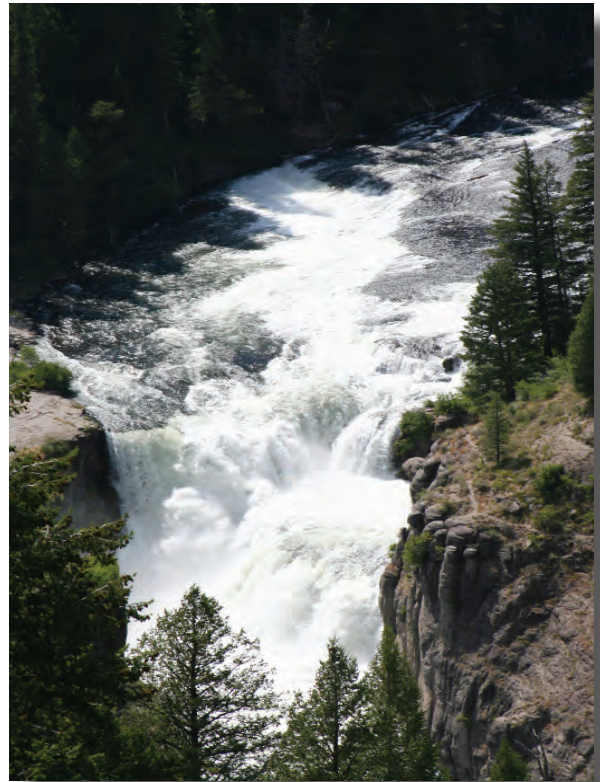
# Idaho's Progress

*In Fiscal Year 2010*

## Expanding Idaho's Economy

Governor Otter's focus is on growing the State's economy. To accomplish that, Idaho encourages businesses to relocate to the State and actively lobbies those which create jobs in the renewable energy field. Two separate groups are in the process of constructing wind farms in south-central and eastern Idaho. The projects expect to create a total of 425 construction jobs and at least 25 permanent jobs.

Tourism is on the rebound in Idaho, an industry which employs 26,000 Idahoans. Revenue from the bed tax on hotel, motel, and private campgrounds was up in May and June 2010 after decreases in the prior 19 months.



## Building Highways

Several highway projects were completed or substantially completed during fiscal year 2010 including:

- The U.S. 95, Worley to Setters corridor reconstruction effort on U.S. 95 from Worley north to the Mica Creek Bridge
- The Interstate 84, Caldwell to Meridian Project Corridor which is divided into nine projects
- The U.S. 95, Garwood to Sagle Corridor which is divided into eight projects

## High School Graduation Rates

	2007/08	2008/09
Rate	89.7%	91.7%

Note: graduation rate goal is 90 percent or an improvement over the prior year.

## State Road Condition Assessments

	2008		2009	
Good	7,401	62%	7,226	60%
Fair	2,203	18%	2,653	22%
Poor	1,779	15%	1,589	13%
Very Poor	561	5%	521	5%
Total Lane Miles	11,944		11,989	

Note: goal is no more than 30 percent of pavement shall be in poor or very poor condition.

## Providing Educational Opportunities

The Idaho Education Network will digitally connect more than 200 Idaho schools with the College of Southern Idaho over the next two years, allowing high school students in rural areas to earn college credits.

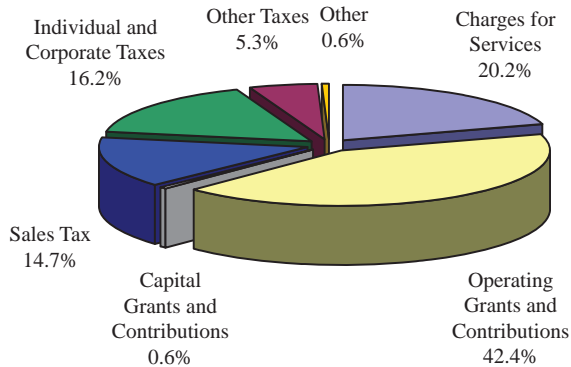
The Idaho Education Network allows students from all parts of Idaho to benefit from the educational opportunities offered anywhere in the state.

# Idaho's Finances

## Revenues and Expenses

### Primary Government Revenues

Fiscal Year 2010 Revenues by Source

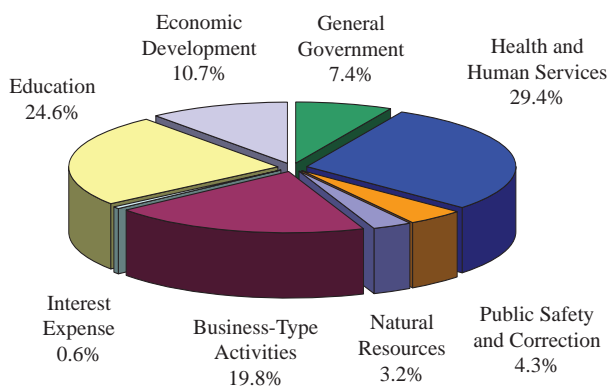


Revenues By Source (dollars in thousands)	2009 Revenues	2010 Revenues
Charges for Services	\$1,381,973	\$1,540,945
Operating Grants and Contribution	2,328,468	3,237,157
Capital Grants and Contributions	30,046	48,754
Sales Tax	1,177,106	1,127,013
Individual and Corporate Taxes	1,320,968	1,242,032
Other Taxes	400,602	407,272
Other	67,233	42,920
<b>Total Revenues</b>	<b>\$6,706,396</b>	<b>\$7,646,093</b>

Operating grants and contributions revenue increased primarily due to federal grant revenue from the American Recovery and Reinvestment Act of 2009, benefiting health, transportation, education, and natural resources. Sales, individual, and corporate taxes decreased due to the recession and decreased levels of employment and personal income.

### Primary Government Expenses

Fiscal Year 2010 Expenses by Function



Expenses by Function (dollars in thousands)	2009 Expenses*	2010 Expenses
General Government	\$450,875	\$548,757
Public Safety and Correction	326,125	320,423
Health and Human Services	2,115,148	2,182,592
Education	1,850,258	1,830,608
Economic Development	743,811	799,054
Natural Resources	241,108	241,508
Interest Expense	46,767	45,782
Business-Type Activities	1,472,846	1,473,531
<b>Total Expenses</b>	<b>\$7,246,938</b>	<b>\$7,442,255</b>

\*This column has been restated.

General government expenses increased primarily due to tax refunds and various building projects for the colleges and universities. Health and human services expenses increased due to greater medical assistance payments.

An independent audit of the State's financial statements (the Comprehensive Annual Financial Report) resulted in an unqualified audit opinion. Financial information is prepared according to Generally Accepted Accounting Principles (GAAP).



# What's Next?

## *Future Challenges and Economic Outlook*

### Idaho's School Financial Cuts

Nearly all of the American Recovery and Reinvestment Act and Public Education Stabilization Fund moneys were used in fiscal year 2009 and 2010 to avoid significant public school budget reductions. The result of using these funds, coupled with continued weak revenues, is that reductions of \$128.5 million were necessary for fiscal year 2011.

Public Schools total appropriations for fiscal year 2011 are 7.5 percent less than fiscal year 2010. This loss in revenue has resulted in base salary reductions of 6.5 percent for administrators and 4 percent for teachers. Public Schools operations will see a reduction of 14.4 percent compared to fiscal year 2010.

The challenge for Idaho schools will be to maintain quality educational services for the approximately 275,000 K-12 students amid unprecedented budget cuts.

### Short-Term Solution for a Long-Term Challenge

As of June 30, 2010, Idaho was awarded \$751.9 million dollars in federal stimulus (ARRA) money. Of this, 53 percent, or \$398.6 million had been spent as of the fiscal year end. Some of the money was spent on one-time projects, such as those in the Transportation sector. Public Schools used their portion of the money to offset revenue shortfalls in fiscal years 2009 and 2010.

To compensate for the lack of stimulus money in the future, most cuts in appropriations made in fiscal year 2010 were made permanent in the fiscal 2011 budget process. State employee compensation will not be increased in fiscal year 2011.

### Idaho Long-Term Job Growth to Outpace the Nation

While the worst recession in generations siphoned 55,000 jobs from the Idaho economy over the past three years, Idaho's job growth should exceed the national rate through 2018, according to long-term job projections by the Idaho Department of Labor.

According to the Idaho Department of Labor, job growth over the next 16 months will be fractional – just a few thousand jobs, according to short-term job projections through 2011. But for the 10 years ending with 2018, the state economy should add over 110,000 jobs – including those lost in the first year of the recession – to lift total jobs to over 825,000. That is a 15.6 percent increase and compares to a 10.1 percent projected increase in jobs nationally.

Health care; education; and information, professional, technical, and scientific services are the sectors where the bulk of that job growth will occur in the next decade. Nursing, pharmacy, postsecondary education, natural resource managers, and computer software system engineers will be among the fastest-growing, high-paying, abundant occupations.

### High-Tech Remains Significant to Idaho

Despite thousands of layoffs before and during the harshest recession in two generations, high technology remains a significant factor of Idaho's economy.

A number of high technology occupations remain on the list of those that pay well and will remain in high demand in the years to come. Among those jobs are computer software engineers, system analysts, and administrators and computer support specialists.



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](mailto:cafr@sco.idaho.gov)