



State of Idaho

A Report to Our Citizens

Fiscal Year
2011

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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; recruit foreign direct investment utilizing our International Trade Offices; establish an Immigrant Investor Program which grants visas to foreign nationals; and target 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
2010	1,566,000	\$31,915	9.3%	23,546	2009/2010	278,522	49,574
2011	1,587,000	\$33,130	9.1%	23,065	2010/2011	278,455	49,153
Change	1.4%	3.8%	-0.2%	-2.0%	Change	0.0%	-0.1%

Idaho's Progress

In Fiscal Year 2011

Expanding Idaho's Economy

Governor Otter's focus is on growing the State's economy. Project 60 is a comprehensive initiative to grow Idaho's gross state product (GSP) to \$60 billion. According to the Department of Labor, Idaho's GSP rebounded in 2010 after posting a decline in 2009. Idaho's 3.3 percent gain in GSP, to a record \$55.4 billion, was the fourth best performance among the 11 western states.

The State continues to see progress as companies choose to locate and hire within the gem state. Recently, Chobani broke ground on a new yogurt manufacturing plant in Twin Falls, Idaho. Chobani plans to hire 400 workers along with an estimated investment of \$100.0 million.

Idaho Gross State Product

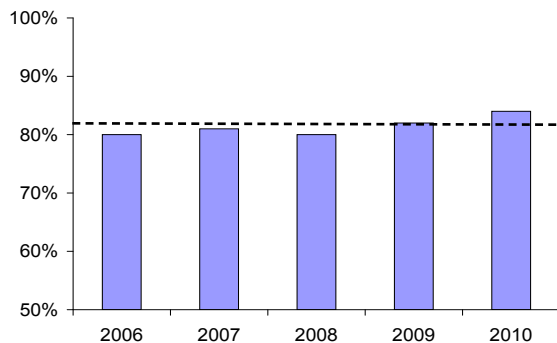
	2007	2008	2009	2010
Yearly Total	\$54,344	\$55,212	\$53,661	\$55,435

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

Transportation

When stimulus money became available through the American Reinvestment and Recovery Act, the Idaho Transportation Department (ITD) began investing the funds into transportation projects. Sixteen projects were selected by ITD to provide critical improvements to roads and bridges, improve safety, create jobs, and stimulate economic activity. Of the sixteen projects selected, fourteen have been completed.

Percent of Pavement in Good or Fair Condition



ITD Target: keep at least 82 percent of all state highways in good or fair condition.



One of the focuses of Project 60 is enhancing Idaho's workforce. One way to determine whether the workforce is being enhanced is by measuring their level of education.

Degrees Awarded

	2009	2010	2011*
Associate	2,945	2,924	3,359
Bachelor's	7,996	7,912	9,066
Master's	1,609	1,576	1,581
Doctorate	161	156	159

* Estimate

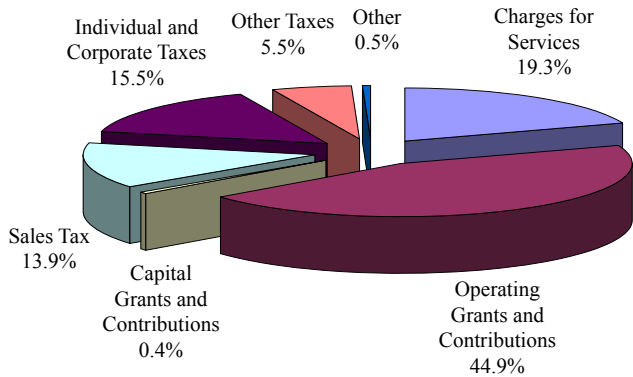
Target: no state-wide target has been identified.

Idaho's Finances

Revenues and Expenses

Primary Government Revenues

Fiscal Year 2011 Revenues by Source

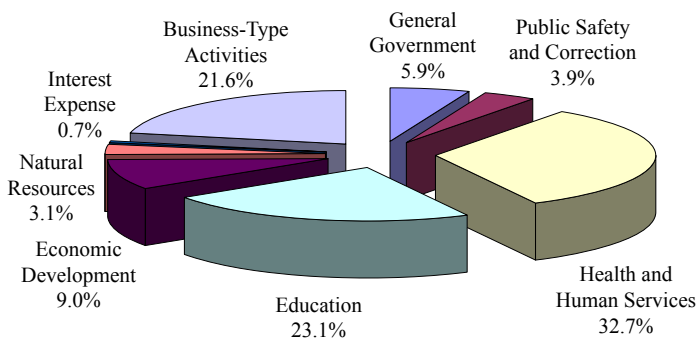


Revenues By Source (dollars in thousands)	2010 Revenues*	2011 Revenues
Charges for Services	\$1,450,672	\$1,622,320
Operating Grants and Contribution	3,572,849	3,767,516
Capital Grants and Contributions	48,754	33,919
Sales Tax	1,127,013	1,165,095
Individual and Corporate Taxes	1,242,032	1,296,558
Other Taxes	407,272	458,807
Other	42,920	43,092
Total Revenues	\$7,891,512	\$8,387,307

*This column has been restated for changes reported to the prior year's revenues and expenditures that did not affect equity.
Capital Grants and Contributions revenue decreased due to a drop in money received from the American Recovery and Reinvestment Act.

Primary Government Expenses

Fiscal Year 2011 Expenses by Function



Expenses by Function (dollars in thousands)	2010 Expenses*	2011 Expenses
General Government	\$548,757	\$453,141
Public Safety and Correction	320,423	296,034
Health and Human Services	2,092,319	2,510,983
Education	1,830,608	1,777,026
Economic Development	799,054	688,431
Natural Resources	241,508	241,203
Interest Expense	45,782	50,773
Business-Type Activities	1,809,223	1,656,187
Total Expenses	\$7,687,674	\$7,673,778

*This column has been restated for changes reported to the prior year's revenues and expenditures that did not affect equity.
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.



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

Idaho's Outlook

Economy

According to the Division of Financial Management, a surge in housing starts at the end of 2010 proved to be temporary, as Idaho's economic recovery stalled in the spring of 2011. The economy is expected to grow at a slower pace than previously forecasted due to a lack of growth in nonfarm employment and a weak national economy.

Jobs

All of the major Idaho employment categories are feeling the sting of the weaker national economy. Idaho's nonfarm employment was forecast to grow 2 percent between January and March of 2011 and increase to nearly 3 percent between October and December 2011. Instead, more current data show employment did not grow between January and March of 2011.

Exports

The Idaho Department of Commerce reports that through the end of September 2011 Idaho exports continued to rise to \$4.9 billion, an increase of more than 16.6 percent over the same period in 2010. Through November 2011, Idaho had a \$870.5 million positive trade balance with the world. Idaho is one of only 17 states to have a positive trade balance.

Idaho companies export products to more than 115 countries. The top export destinations for Idaho goods during the third quarter of 2011 were: Canada, Singapore, Taiwan, China, and Japan.

Challenges

The most recent Division of Financial Management economic forecast indicates improvements in 2012 and beyond will be slower than normal due to an economic recovery which continues to struggle with the following:

- High unemployment rates
- Cautious consumer spending
- Slow recovery of the housing market

General Fund

According to the Division of Financial Management state tax receipts totaled \$2.4 billion in fiscal year 2011, a 4.2 percent increase over 2010. Much of the surplus was earmarked for public education. The recession's drain on the State revenues forced budget cuts and hundreds of millions of dollars in reserve cash to be used. Reserve funds have been depleted leaving little cushion if revenue shortfalls continue.

Reduce the amount of Uncollected Taxes

A 2009 report by the State Tax Commission estimated the amount of uncollected taxes due at \$255.0 million, of which they estimated \$64.5 million was collectable. The Legislature appropriated \$4.3 million to enhance the Tax Commission's collections staff to reduce the amount of uncollected taxes. The additional money from this tax compliance initiative is estimated to be \$19.7 million for fiscal year 2012.

Idaho Economic Outlook

	2011	2012	2013	2014
Per Capita Personal Income	\$33,130	\$33,740	\$34,457	\$35,666
Percentage Change	3.8%	1.8%	2.1%	3.5%
Nonfarm Employment	605,137	616,848	632,419	648,515
Percentage Change	0.4%	1.9%	2.5%	2.5%
Housing Starts	4,484	7,142	10,552	12,464
Percentage Change	-14.1%	59.3%	47.7%	18.1%



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