



State of Idaho

A Report to Our Citizens

For Fiscal Year Ended June 30, 2015

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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
2014	1,635,000	\$36,733	4.8%	23,723	2013/2014	289,063	51,530
2015	1,659,000	\$37,488	4.2%	23,821	2014/2015	291,009	50,812
Change	1.5%	2.1%	-0.6%	0.4%	Change	0.7%	-1.4%

*Estimates. Prior year population number may change due to revisions by the U.S. Census Bureau.

Idaho's Progress

In Fiscal Year 2015

Expanding Idaho's Economy

Accelerate Idaho is the state's commitment to being a national and global leader for economic growth and prosperity. According to the U.S. Bureau of Economic Analysis, the value of all goods produced in Idaho rose 4.6 percent from 2013 to \$64.0 billion in 2014 (unadjusted for inflation). Growth in manufacturing, utilities, wholesale trade, financial services, agriculture, mining, construction, and leisure and recreation services accounted for a majority of the gross state product increase in 2014.

Idaho Gross State Product (dollars in millions)

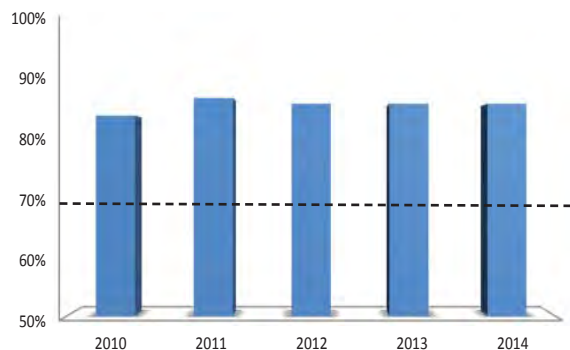
	2011	2012	2013	2014
Yearly Total	\$57,050	\$58,353	\$61,117	\$63,952

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 \$841.0 million into state highway projects over the past ten 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

	2013	2014	2015*
Associate	5,766	5,421	5,158
Bachelor's	10,354	10,729	10,915
Master's	2,055	1,892	1,959
Doctorate	398	412	387

*Estimate

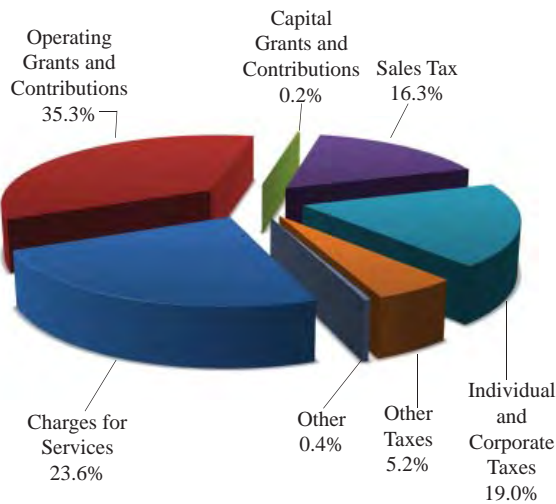
Target: No state-wide target has been identified.

Idaho's Finances

Revenues and Expenses

Primary Government Revenues

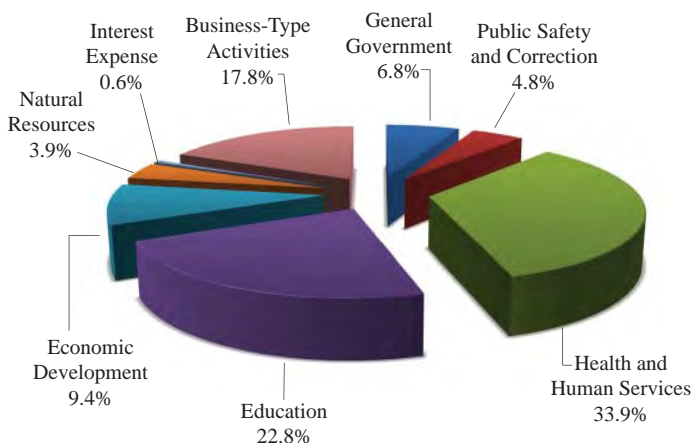
Fiscal Year 2015 Revenues by Source



Revenues By Source (dollars in thousands)	2014 Revenues	2015 Revenues	Change
Charges for Services	\$ 1,811,107	\$ 2,100,033	16.0%
Operating Grants and Contributions	3,246,870	3,133,790	-3.5%
Capital Grants and Contributions	22,911	19,608	-14.4%
Sales Tax	1,400,547	1,444,781	3.2%
Individual and Corporate Taxes	1,739,957	1,686,455	-3.1%
Other Taxes	475,913	464,268	-2.4%
Other	41,824	34,635	-17.2%
Total Revenue	\$ 8,739,129	\$ 8,883,570	1.7%

Primary Government Expenses

Fiscal Year 2015 Expenses by Function



Expenses by Function (dollars in thousands)	2014 Expenses	2015 Expenses	Change
General Government	\$ 513,746	\$ 548,518	6.8%
Public Safety and Correction	364,998	387,694	6.2%
Health and Human Services	2,592,563	2,751,283	6.1%
Education	1,756,231	1,845,144	5.1%
Economic Development	785,184	761,384	-3.0%
Natural Resources	247,294	316,384	27.9%
Interest Expense	51,600	46,860	-9.2%
Business-Type Activities	1,450,943	1,452,977	0.1%
Total Expenses	\$ 7,762,559	\$ 8,110,244	4.5%

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

Education

In the Governor's 2015 State of the State Address, he emphasized that post-secondary level education needs to be a top priority in Idaho. In an increasingly complex and expanding Idaho economy, employers are requiring more well-trained and qualified workers. At current levels of economic growth, the state is well short of industrial demands for the skills and level of post-secondary training and education needed in the coming years. This has led to a drive to promote education beyond high school. Post-secondary education is vital in maintaining Idaho's economic expansion.

Transportation

Replacing Idaho's aging infrastructure is a growing concern. Currently, the state has a funding shortfall for repairing or upgrading hundreds of bridges that are over 50 years old. Most of the funding for the state's transportation costs come from the federal government through the Highway Trust Fund. The Highway Trust Fund provides money used for work on the nation's highways, roads, and mass transit systems. Recently, there were concerns that federal funding would be reduced due to congressional gridlock over the transportation funding bill. Fortunately, a five-year federal highway bill, the Fixing America's Surface Transportation Act (FAST), was passed in early December 2015 which will provide much needed funding for state highway projects. However, it is uncertain if there still will be enough funding to cover Idaho's increasing infrastructure funding shortfall.

Idaho's Outlook

Economy

According to the Idaho Division of Financial Management (DFM), the Idaho housing and job markets continue to show solid gains, and are expected to grow through 2019. The continued expansion of the economy is due to strong employment growth, income growth, and increased housing and construction.

Employment and Wage Growth

According to DFMs July and October 2015 Economic Forecasts, Idaho's nonfarm employment continues to grow steadily. Total nonfarm employment grew at a seasonally adjusted annualized rate of 6.2 percent in the first quarter of 2015, which is the fastest pace since the first quarter of 2006. The goods-producing sector saw the strongest growth at 11.4 percent in the first quarter. Several food processing manufacturers have recently either expanded operations in Idaho or have moved operations to the state. This growth has made food processing the largest manufacturing employment sector in Idaho. Due to the recovering economy, local labor markets are tightening, caused by a decline in available workers. As the supply of available workers declines, businesses will be pressured to pay more to attract and retain employees.

Housing Market

Idaho's population, employment, and income growth continue to contribute to expansion in the housing market.

Idaho's Economic Outlook

	2016	2017	2018	2019
Per Capita Personal Income	\$34,906	\$35,421	\$35,989	\$36,549
Percentage Change	1.8%	1.5%	1.6%	1.6%
Nonfarm Employment	688,691	703,523	719,283	734,931
Percentage Change	2.3%	2.2%	2.2%	2.2%
Housing Starts	11,590	12,774	12,967	13,228
Percentage Change	10.7%	10.2%	1.5%	2.0%



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

