



State of Idaho

A Report to Our Citizens

What's Inside

Plans for the Future.....	1
Idaho's Progress.....	2
Idaho's Finances.....	3
What's Next?.....	4

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

Plans for the Future

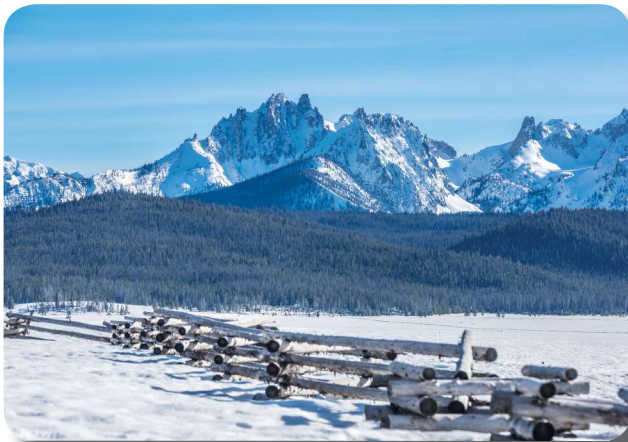


Photo Courtesy of Idaho Tourism

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.

Demographic Information

Year	Population*	Per Capita Income	Unemployment Rate	State Employees	School Year	Public School Enrollment	Public Higher Education Enrollment
2016	1,683,000	\$39,469	3.8%	24,180	2015/2016	294,471	53,147
2017	1,708,000	\$40,472	3.3%	25,307	2016/2017	298,787	53,240
Change	1.5%	2.5%	-0.5%	4.7%	Change	1.5%	0.2%

*Source: October 2017 Idaho Economic Forecast

Idaho's Progress

In Fiscal Year 2017

Primary Government Revenues

Accelerate Idaho's Economy

Under the Governor's plan, Accelerate Idaho, the State's economy continues to grow. According to the U.S. Bureau of Economic Analysis, the value of all goods produced in Idaho rose 3.7 percent from 2015 to \$68.4 billion in 2016 (unadjusted for inflation). Growth in construction, financial services, professional and business services, health care and social assistance, arts, entertainment, recreation, accommodation, and food services accounted for a majority of the gross state product increase in 2016.

Idaho Gross State Product (dollars in millions)

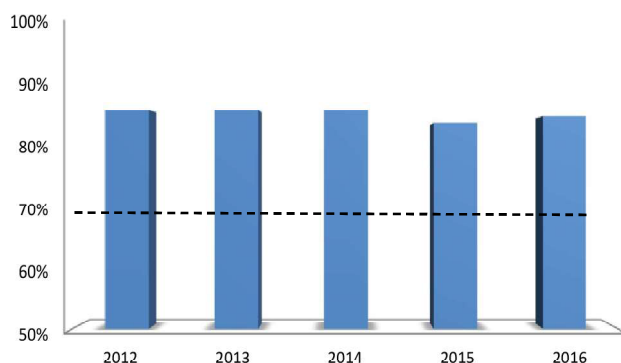
	2013	2014	2015	2016
Yearly Total	\$60,854	\$63,305	\$65,921	\$68,377

Transportation

In order to improve and maintain the State's system of roads and highways, the Legislature authorized the Idaho Transportation Board to issue GARVEE bonds. To date, \$797.2 million has been borrowed from issued bonds.

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.

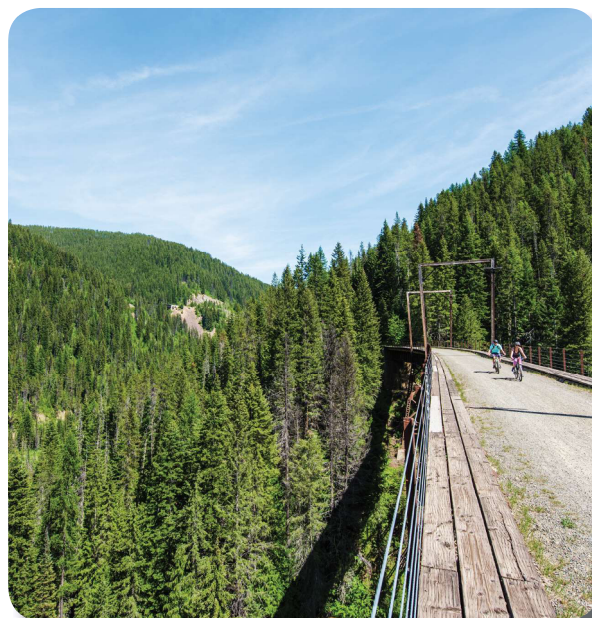


Photo Courtesy of Idaho Tourism

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

	2015	2016	2017*
Associate	5,158	5,595	5,344
Bachelor's	10,915	11,449	11,790
Master's	1,959	1,863	1,926
Doctorate	387	413	372

*Estimate

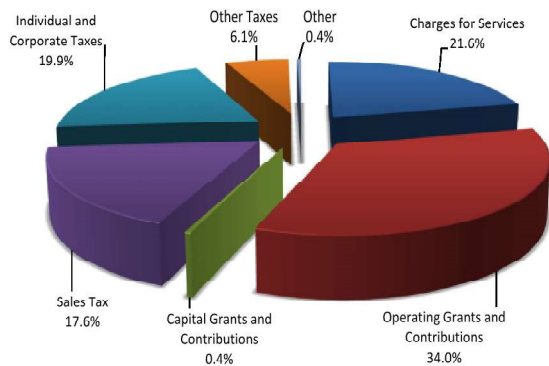
Target: No state-wide target has been identified.

Idaho's Finances

Revenues and Expenses

Primary Government Revenues

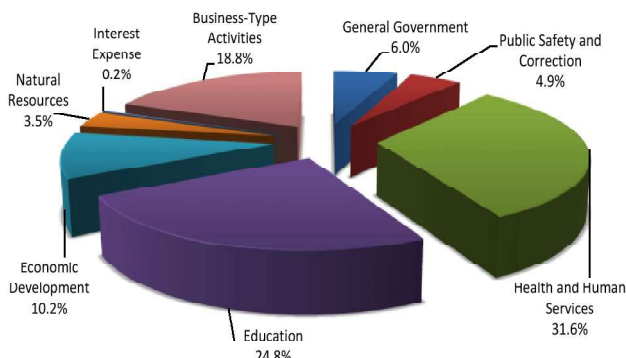
Fiscal Year 2017 Revenues by Source



Revenues By Source (dollars in thousands)	2016 Revenues	2017 Revenues	Change
Charges for Services	\$ 1,913,299	\$ 2,009,365	5.0%
Operating Grants and Contributions	2,968,674	3,163,261	6.6%
Capital Grants and Contributions	28,221	35,958	27.4%
Sales Tax	1,580,542	1,636,125	3.5%
Individual and Corporate Taxes	1,518,740	1,848,281	21.7%
Other Taxes	587,288	562,693	-4.2%
Other	44,032	37,833	-14.1%
Total Revenue	\$ 8,640,796	\$ 9,293,516	7.6%

Primary Government Expenses

Fiscal Year 2017 Expenses by Function



Expenses by Function (dollars in thousands)	2016 Expenses	2017 Expenses	Change
General Government	\$ 487,106	\$ 507,700	4.2%
Public Safety and Correction	398,539	410,975	3.1%
Health and Human Services	2,697,376	2,668,755	-1.1%
Education	1,955,642	2,089,048	6.8%
Economic Development	847,761	862,427	1.7%
Natural Resources	278,100	295,879	6.4%
Interest Expense	45,271	15,879	-64.9%
Business-Type Activities	1,526,922	1,586,813	3.9%
Total Expenses	\$ 8,236,717	\$ 8,437,476	2.4%

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 2017 State of the State Address, he emphasized his vision for expanding and developing programs through the State's colleges and universities to support the career fields which are high in demand, including energy, computer science, and health care.

Health Care

Idaho remains near the bottom nationally for physicians per capita. Contributing to the physician shortage issue is the lack of medical schools within the State. Currently, students aspiring to become physicians attend schools out of state; increasing the likelihood that those graduates will live and work within the state where they've studied and received their training. Helping to moderate this dilemma, is the building of the new Idaho College of Osteopathic Medicine in Meridian; which will be the first medical school in Idaho. The medical school plans to have it's first class of students in 2018.

Cyber Security

Cyber security is a concern that involves not just the private sector but also every level of government. Protecting the State's infrastructure such as the electrical grid, industrial control systems, and military equipment as well as securing proprietary information from cyber-crimes remains a top priority of the Governor.

Idaho's Outlook

Economy

Idaho has a dynamic economy influenced by local, national, and international factors. The State's agriculture industry remains a large part of the economy. Major markets for the State's agriculture include Japan and Latin America, particularly Mexico. According to the October 2017 Idaho Economic Forecast issued by the Idaho Division of Financial Management (DFM), the recent export agreement signed in Taiwan will represent about 5 percent of the Idaho crop. The forecast shows that farm proprietors' income for 2018 will be \$1.35 billion and farm income will grow annually by 2.5 percent over the next four years. Overall, real per capita income throughout Idaho should expand 1.3 percent per year through 2021.

Employment

The DFM forecast shows the State's unemployment rate met a historic low in August, at 2.9 percent. In September, the rate improved to 2.8 percent. Idaho's workforce is holding around 825,000 jobs this year. Although baby boomers are retiring, more people are working, lightening the unemployment level. Construction jobs should add about 4,000 more jobs by 2021. Total nonfarm employment is expected to increase by 54,600 jobs over the next four years.

Housing Market

The DFM forecast states that the supply of new homes are reaching six months, with rising home prices in the State's major metro counties showing at least a 5 percent price appreciation.

Idaho's Economic Outlook

	2018	2019	2020	2021
Per Capita Personal Income	\$36,357	\$36,846	\$37,354	\$37,829
Percentage Change	1.1%	1.3%	1.4%	1.3%
Nonfarm Employment	730,511	741,910	755,748	770,110
Percentage Change	2.1%	1.6%	1.9%	1.9%
Housing Starts	13,955	14,266	14,578	15,198
Percentage Change	6.2%	2.2%	2.2%	4.3%



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

