



# State of Idaho

## A Report to Our Citizens

Fiscal Year  
2013

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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



Photo Courtesy of Mike Hargis

### 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 transferring innovative ideas from the laboratory to the marketplace.
2. Recruit new companies to Idaho by using a network of Idaho executives to engage their peers nationwide, encouraging them to move or expand their companies to Idaho.
3. Encourage foreign investment into Idaho by establishing professional relationships with firms who assist in matching foreign investors with Idaho investment opportunities.

### 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
2012	1,596,000	\$34,461	7.1%	23,186	2011/2012	280,840	53,530
2013	1,614,000	\$34,882	6.4%	23,447	2012/2013	284,318	51,526
Change	1.1%	1.2%	-0.7%	1.1%	Change	1.2%	-3.7%

# Idaho's Progress

*In Fiscal Year 2013*

## 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 \$60.0 billion. According to the Department of Labor, the value of all goods produced in Idaho rose 2 percent from 2011 to \$58.2 billion in 2012. Growth in manufacturing, trade, information and financial services, and government accounted for the gross state product increase in 2012.

### Idaho Gross State Product

(dollars in millions)

	2009	2010	2011	2012
Yearly Total	\$54,285	\$55,639	\$57,096	\$58,243

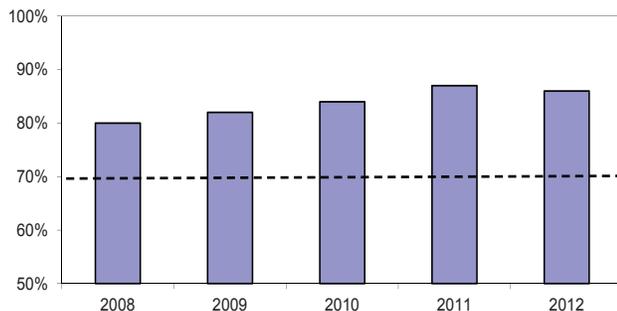
Target: Idaho Gross State Product of \$60.0 billion.

### 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 \$718.0 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 Mike Hargis

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 the educational level of the workforce.

### Degrees Awarded

	2011	2012	2013*
Associate	4,386	4,950	5,408
Bachelor's	9,194	9,814	10,630
Master's	1,793	2,046	2,059
Doctorate	321	331	399

\*Estimate

Target: No state-wide target has been identified.

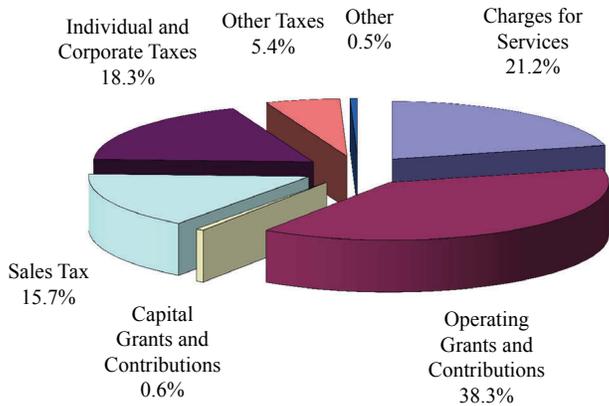
Data for 2011 and 2012 is restated based on updated figures provided by the Idaho State Board of Education.

# Idaho's Finances

## Revenues and Expenses

### Primary Government Revenues

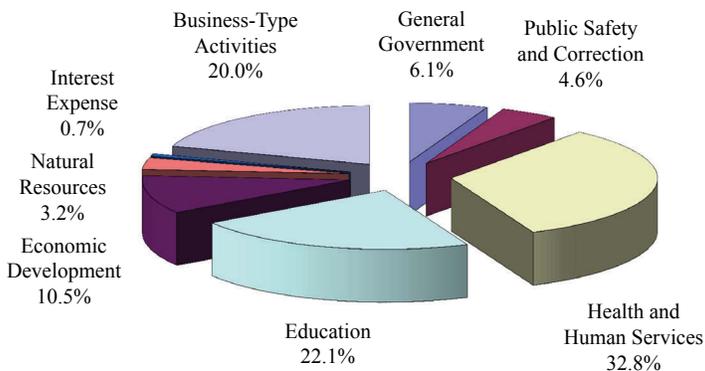
Fiscal Year 2013 Revenues by Source



Revenues By Source (dollars in thousands)	2012 Revenues	2013 Revenues
Charges for Services	\$1,781,590	\$1,774,495
Operating Grants and Contributions	3,150,520	3,212,383
Capital Grants and Contributions	27,512	48,856
Sales Tax	1,213,623	1,315,002
Individual and Corporate Taxes	1,390,226	1,533,850
Other Taxes	457,006	458,154
Other	38,468	44,054
<b>Total Revenues</b>	<b>\$8,058,945</b>	<b>\$8,386,794</b>

### Primary Government Expenses

Fiscal Year 2013 Expenses by Function



Expenses by Function (dollars in thousands)	2012 Expenses	2013 Expenses
General Government	\$413,832	\$470,836
Public Safety and Correction	335,493	353,585
Health and Human Services	2,396,437	2,532,626
Education	1,712,567	1,707,233
Economic Development	820,530	811,193
Natural Resources	264,080	245,452
Interest Expense	50,372	49,961
Business-Type Activities	1,600,555	1,541,263
<b>Total Expenses</b>	<b>\$7,593,866</b>	<b>\$7,712,149</b>

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](http://www.sco.idaho.gov)

# What's Next?

## *Future Challenges and Economic Outlook*

### Idaho's Outlook

#### Economy

According to the Division of Financial Management (DFM), Idaho's economy continues to grow and is expected to maintain an upward trend through 2017. Idaho's economy is benefiting from the recovery of thousands of Idaho jobs, continuing growth of the housing sector, and rising personal income.

#### Jobs

Idaho's job market is forecasted to grow at a faster rate than the U.S. job market. In 2014, for instance, total Idaho nonfarm jobs are forecasted to grow by 2.6 percent compared to 1.7 percent for the U.S. Total nonfarm employment in Idaho is expected to reach pre-recession levels of more than 656,000 jobs in early 2015.

#### Housing Starts

New housing starts are up by more than 50 percent since 2011. Home values began rising again in 2012 and continue to rise in 2013, contributing to the growth in sales of new and existing homes. Based on economic forecast, the housing sector will continue to show moderate to strong growth through 2017.

#### Personal Income

Idaho's real personal income has shown steady growth every year since 2010 and is forecasted to continue to rise through 2017.

### Challenges

#### Rising Interest Rates and Supply of Existing Homes

According to DFM, the growth in construction of new housing units is beginning to lose momentum as a result of rising mortgage interest rates and a growing supply of existing homes on the market. New home construction growth is expected to decline through 2017.

#### Federal Fiscal Budget

In October 2013 a stalemate in Washington over the federal budget led to a partial shutdown of the federal government which will have a direct impact on real GDP in the fourth quarter of 2013, and possibly longer.

#### Education

With the growing demand for skilled workers, education remains the Governor's top economic priority. In an August 15, 2013, Opinion, Governor Otter expressed the need to improve education in the State. He stated that education is the key to higher-paying jobs and to improving Idaho's economy. He also stated that in the near future, most jobs will require postsecondary education or training. The goal is that 60 percent of Idahoans 25 through 34 years old will obtain a post-secondary certification or degree by 2020.

### Idaho's Economic Outlook

	2014	2015	2016	2017
Per Capita Personal Income	\$36,038	\$37,420	\$38,983	\$40,686
Percentage Change	2.8%	3.8%	4.2%	4.4%
Nonfarm Employment	655,725	677,604	699,889	721,858
Percentage Change	2.6%	3.3%	3.3%	3.1%
Housing Starts	11,274	13,958	15,166	16,087
Percentage Change	25.8%	23.8%	8.7%	6.1%



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