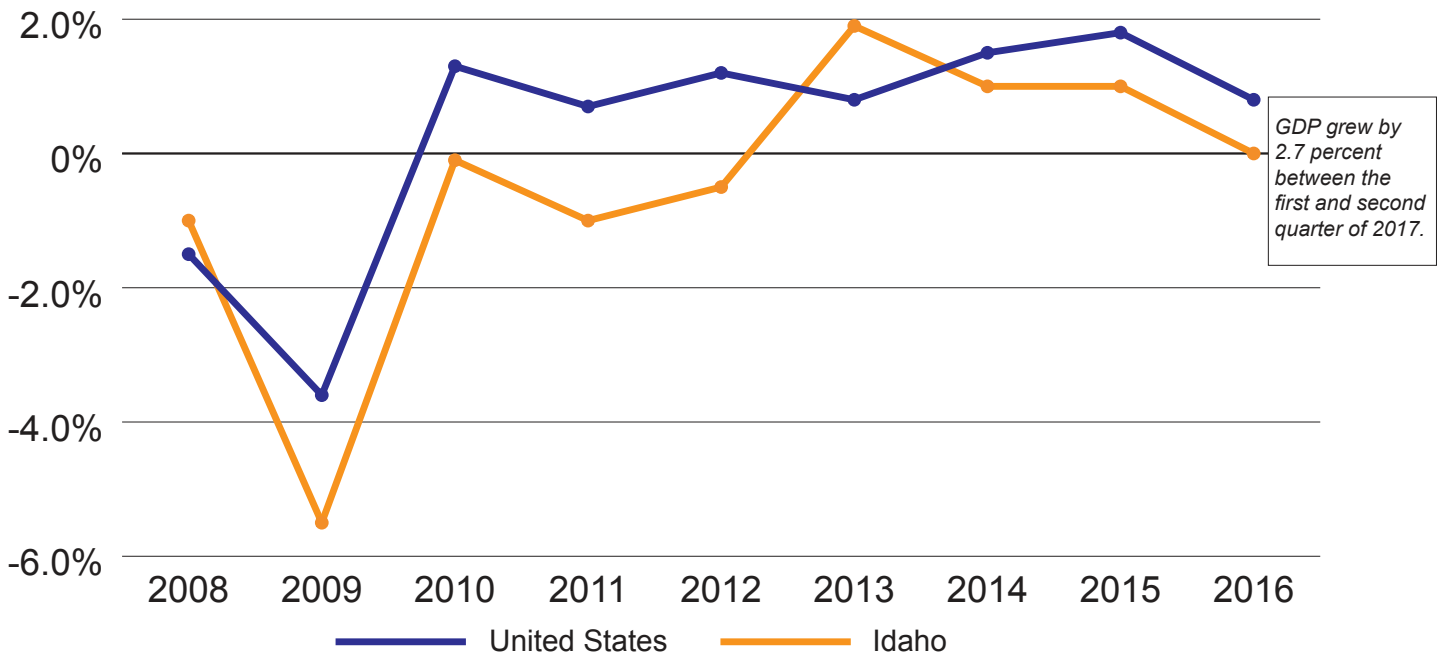




Annual Per Capita GDP Growth Rate, Idaho vs. United States, inflation-adjusted dollars



*Note-- NAICS Industry detail is based on the 2007 North American Industry Classification System (NAICS).
 Note-- Per capita real GDP statistics for 2010-2016 reflect Census Bureau midyear population estimates available as of December 2016.
 Last updated: May 11, 2017 -- new statistics for 2016 and revised statistics for 2013-2015*

Nine years after the Great Recession upended the economy, Idaho faces multiple policy options for encouraging economic growth due to stronger revenues. After five years of shrinking economic performance between 2008 and 2012 (see chart) our state now produces more in goods and services per Idahoan today than it did before the downturn (\$35,000 per capita, compared with about \$50,000 for the nation), even taking into account inflation and population growth. At the same time, Idaho is experiencing the lowest

unemployment rates on record since 1976¹. By many measures, our economy is gaining steam.

Other signs, however, suggest that these gains could come with a stronger footprint, and could be more broadly shared across communities. For example, while Idaho’s economy has generally grown, that growth has occurred at a slower rate than the nation as a whole. And while gross domestic product in the first quarter of 2017 remains strong, wages have remained stagnant during the entirety of the recovery.

Idaho Rankings (where 1 is best)	
Business Friendliness	3
Cost of Living	6
Economy	8
Cost of Doing Business	11
Quality of Life	18
Infrastructure	32
Workforce	33
Technology and Innovation	36
Access to Capital	41
Education	44
Overall	20

Source: CNBC, America's Top States for Business

Idaho Strong in Business Friendliness, Weak in Providing an Educated Workforce

A mix of factors drive state success in growing businesses that provide opportunities for residents. And different types of businesses require different inputs in order to thrive. Idaho tops national business rankings for its relatively little red tape and low cost of doing business (taxes, labor, and utilities). But low workforce, technology and innovation, and education levels prohibit the state from rising higher than the middle of the pack in overall business rankings. Companies want to draw from a well-educated labor force. But the education levels of Idaho workers are lower than the rest of the nation. Though universities here provide a pipeline of talent, disinvestment from higher education and static achievement levels in public schools mean education opportunities aren't being maximized.

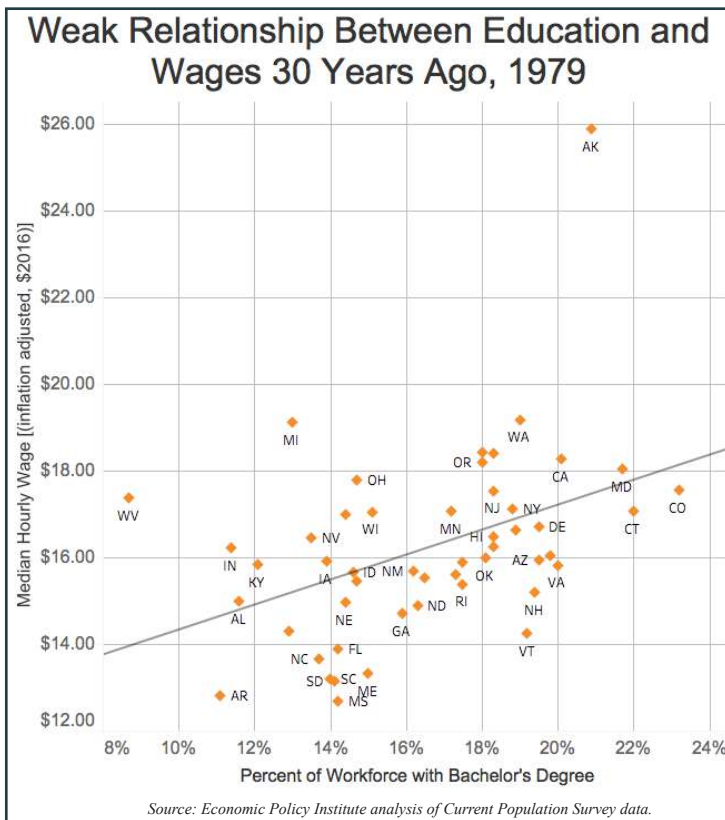
Economic Prosperity Strongly Tied to Education Levels

Comparatively low education levels were not always a losing bet, neither for residents nor entities seeking state economies in which to grow their enterprises. In the 1970s, education was not closely tied to wage levels (see chart). But today's economy has tilted towards higher education levels and today wages are closely linked to education levels (see chart). Taxes – here expressed as the share of state personal income paid in taxes – are not linked today to wage levels.





Rural economies are especially vulnerable in the modern economy. Dairy production and processing seem to have protected earnings in the Magic Valley, where median household incomes by county are in middle of the state range: Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, and Twin Falls counties (see table). Statewide, the median income is \$51,647. Of the five counties with the highest median income – Ada, Blaine, Bonneville, Jefferson, and Teton - all have educational attainment rates above the state average, and three of those have rates well above. But many rural counties that lack an economic hub have fallen behind, both in earnings and in education levels.



There is a strong relationship between education and economic performance for individuals, communities, and our state. Fiscal policy changes that take place this winter and spring may affect financing both for public schools and postsecondary education. Idaho policymakers can make decisions now that secure widely shared economic gains that include urban and rural communities.

Endnote:

1. Idaho Department of Labor, 2017.

Idaho Counties by Income and Education Listed by Median Income

County	Share of Young Adults with Associates Degree or Higher	Median Household Income	County	Share of Young Adults with Associates Degree or Higher	Median Household Income
Blaine	37.7%	\$66,210	Payette	16.1%	\$46,595
Ada	44.3%	\$61,571	Fremont	28.8%	\$46,465
Jefferson	40.6%	\$61,156	Power	17.6%	\$45,933
Teton	44.8%	\$60,745	Bear Lake	18.8%	\$45,875
Bonneville	37.8%	\$59,293	Custer	34.3%	\$45,591
Valley	33.2%	\$58,738	Benewah	16.6%	\$45,285
Caribou	27.4%	\$55,152	Elmore	25.6%	\$45,003
Franklin	29.3%	\$54,427	Latah	58.6%	\$43,767
Kootenai	32.4%	\$52,019	Clearwater	16.5%	\$43,626
Bingham	28.7%	\$51,586	Boundary	-	\$42,725
Boise	30.8%	\$50,123	Adams	-	\$42,310
Nez Perce	34.9%	\$50,030	Clark	-	\$42,050
Twin Falls	28.4%	\$49,415	Idaho	30.8%	\$42,049
Camas	-	\$49,153	Gem	23.9%	\$42,027
Cassia	33.7%	\$48,983	Butte	23.6%	\$41,706
Minidoka	23.6%	\$48,903	Washington	17.5%	\$41,647
Jerome	19.4%	\$48,590	Madison	50.0%	\$41,199
Canyon	27.1%	\$48,461	Lewis	21.6%	\$41,092
Bannock	36.5%	\$48,453	Lemhi	29.0%	\$39,934
Bonner	19.1%	\$48,097	Shoshone	30.5%	\$39,285
Lincoln	15.2%	\$47,754	Owyhee	16.9%	\$35,866
Gooding	21.5%	\$46,948	Idaho (State)	35.3%	\$51,647
Oneida	-	\$46,596	United States	41.8%	\$57,617

Source: Small Area Income and Poverty Estimates and American Community Survey, 2016.