

IDAHO OUTLOOK

NEWS OF IDAHO'S ECONOMY AND BUDGET

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Congratulations to the nation's University Class of 2009! You have achieved an important milestone in your life. Study, sacrifice, and debt have prepared you to become a valuable member of the nation's workforce. Unfortunately, you are entering a terrible job market. When you began your college career four years ago, there was a job for everyone who wanted one. Currently, there are not enough of them to go around. While the current weak job market may have you questioning if all the work and expense of getting your college education was worth it, we would like to provide some information to reassure you that your investment was a wise one that will likely pay dividends over your lifetime.

One advantage of your newly minted degree is that it makes you less vulnerable to the downturns in the economy. This fact can be seen in the unemployment data for members of the labor force who are at least 25 years old. The U.S. Department of Labor reports

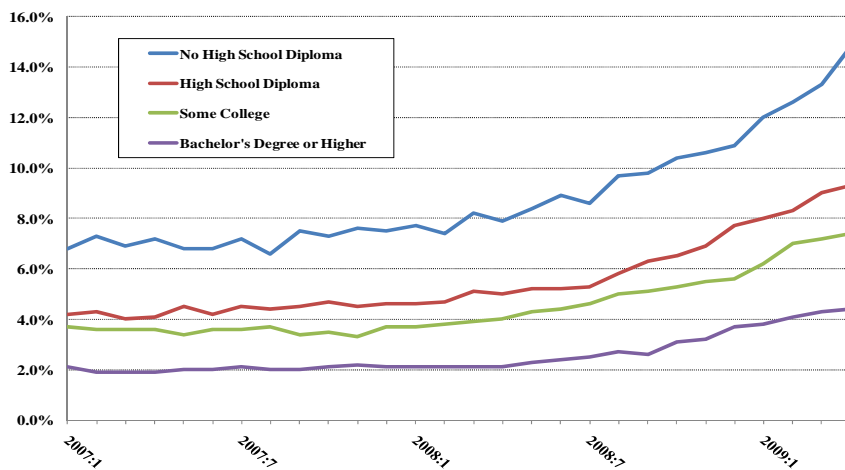
that since the recession's start in December 2007 to April 2009 the nation's civilian unemployment rate increased four percentage points from 4.9% to 8.9%. However, the unemployment rate varies by education level, with the rate falling the more years of education a person has. This can clearly be seen in the chart below that shows the monthly unemployment rate by educational attainment. The group with at least a bachelor's degree (purple line) has had the lowest unemployment of all groups during the current slowdown. However, it should be made clear this group was not immune from the impacts of the recession; its unemployment rate grew from 2.1% to 4.4%. Even after doubling, this group's unemployment rate was still under the five-percent level consistent with full employment.

In contrast, workers without a high school diploma (blue line) have been much worse off. They also saw their unemployment rate virtually double, but

in their group it went from 7.5% to 14.8%. In other words, this group was not fully employed at the beginning of the recession and its situation deteriorated over the following months. (Interestingly, a review of this group's monthly unemployment data going back through 2000 reveals the lowest rate was 5.9% in December of that year.) The next group consists of those that have a high school diploma (red line), but have done no college work. This group's monthly unemployment rates are consistently lower than the previous group's rates. Even lower are the unemployment rates for the group with a high school diploma and some college (green line). The only group with lower unemployment rates than this group was the one consisting of workers with at least a bachelor's degree.

Another advantage of your college degree is that it greatly increases your earning potential. Estimates by the U.S. Department of Labor show the median weekly earnings for full-time wage and salary workers with at least a bachelor's degree in 2008 was \$978. Not surprisingly, the lowest earnings were for the group without a high school diploma of \$426 per week. High school graduates earned \$591 per week and workers with some college but no bachelor's degree earned \$645. Of course, these differences add up over the course of one's career. Assuming a worker's career starts at 25 and they work to 65 and get a three percent raise annually, the worker with a bachelor's degree will earn about \$2.3 million more over the four decades than someone without a high school diploma. Gaining a high school diploma narrows the gap, but it still is a significant \$1.6 million. Your hard-earned education will easily pay for itself.

Monthly National Unemployment Rates by Educational Attainment



Source: U.S. Department of Labor

Idaho General Fund Update

As of April 30, 2009

\$ Millions			
Revenue Source	FY 2009 Executive Estimate³	DFM Predicted to Date	Actual Accrued to Date
Individual Income Tax	1,222.6	1,085.2	1,039.8
Corporate Income Tax	156.5	125.9	116.8
Sales Tax	1,041.6	874.8	864.2
Product Taxes ¹	29.7	24.8	25.1
Miscellaneous	110.1	51.9	51.5
TOTAL GENERAL FUND²	2,560.4	2,162.6	2,097.4

1 Product Taxes include beer, wine, liquor, tobacco and cigarette taxes *3 Revised Estimate as of March 2009*
2 May not total due to rounding

April did not perform well in terms of General Fund revenue collections. All five revenue categories were below expectations for the month, to the tune of a combined shortage of \$47.2 million. This brings the cumulative General Fund shortfall to a very disappointing \$65.2 million.

The individual income tax turned in the worst performance of the month, coming in \$21.0 million below target. It is also the farthest below its fiscal year-to-date target, at \$45.4 million lower than expected. This category accounts for over two-thirds of the total year-to-date General Fund shortage. Filing collections were almost exactly on target for the month, coming in just \$0.3 million lower than expected. Filing collections are \$12.4 million lower than expected for the fiscal year to date. Withholding collections were \$6.8 million lower than expected for the month, and are \$14.1 million low for the fiscal year to date. Refunds were the big source of April's weakness, coming in \$11.5 million higher than expected. On a

fiscal year-to-date basis, refunds are \$15.9 million above the predicted amount.

The corporate income tax had its second consecutive month of disappointing performance in April, coming in \$7.2 million lower than expected (up from the \$6.9 million hit in March). This category is now \$10.6 million lower than expected on a fiscal year-to-date basis. The bulk of April's weakness was in the filing category, which came in \$6.5 million lower than expected for the month. Filing collections are \$12.5 million light for the fiscal year to date. Estimated payments were \$0.3 million higher than expected for the month, and are \$2.3 million higher than expected for the fiscal year to date. Refunds were \$1.1 million higher than expected for the month, and are \$1.8 million higher than expected for the fiscal year to date.

The sales tax came in \$7.3 million below expectations for April, and now stands \$10.6 million low on a fiscal year-to-date basis. April gross collections had been expected to decline 7.4%, but the

actual decline was 14.7%. On a cumulative basis gross collections through April were expected to be down 8.8%, but with April's weak showing, the decline is actually 9.8%.

The product tax and miscellaneous revenues both came in below their respective targets for the month of April—\$0.2 million low in the case of product taxes and \$11.5 million low in the case of miscellaneous revenue. In the case of product taxes, minor weakness in the beer tax and tobacco tax were partially offset by modest strength in the wine tax. In the case of miscellaneous revenues the dominant factor was interest earnings that were \$8.7 million lower than expected for the month. This was due to the timing of the transfer of funds needed to pay off the state's Tax Anticipation Note. On a fiscal year-to-date basis, interest earnings are \$2.0 million higher than expected. The other item that brought down the April result was unclaimed property, which was \$2.6 million lower than expected for the month. On a fiscal year-to-date basis, unclaimed property is \$0.1 million higher than expected.

