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Indiana State Government Maintains Its Fiscal Discipline

Strong leadership and department budget reversions highlight budget story; reserves total over $1 billion

Indianapolis—State Auditor Tim Berry today announced Indiana's state government remains in the black despite a continuing poor national economy and reduced receipts to the state.

For the FY2010-11 biennium, the State received 5.0% less revenue ($1.34 billion) and spent 5.5% ($1.52 billion) less than was anticipated in the budget that was passed in June 2009. Thanks to spending restraints, the State ended the FY2011 fiscal year with a reserve balance of $1.18 billion (9.1% of FY11 expenditures).

"Without raising taxes and by carefully watching spending, Indiana state government has continued to live within its means," said Auditor Berry. "For those who believe that raising taxes is the only way out of a fiscal crisis, I say take a look at the Hoosier State."

Guided by the leadership of Governor Mitch Daniels, state government agencies reverted $1.06 billion of their total budgets.

The latest budget numbers only reinforce Indiana's position as one of the most fiscally-responsible states in the country. While other states have implemented massive tax increases or are spending money they don't have, Indiana continues to keep taxes low and outlays under control.

Perhaps even more impressive—given the condition of the national economy—is the fact that Indiana's reserve balance is nearly 1.2 billion dollars (a level that wasn't predicted to be reached until 2013).

"Governor Daniels has made fiscal accountability one of the hallmarks of his time as governor and the results speak for themselves," continued Berry. "The real heroes of this budget year, however, are the state agencies and their employees who combined to return hundreds of millions of taxpayer money to the treasury."

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Elected in 2006 as Indiana's 54th State Auditor, Tim Berry serves as the state's chief financial officer. Prior to becoming state auditor, Berry served two terms as the Indiana State Treasurer. During his tenure in state government, Auditor Berry has consistently operated under budget and has returned millions of dollars back to Hoosier taxpayers.

GENERAL FUND
COMBINED STATEMENT OF ESTIMATED UNAPPROPRIATED RESERVE

(Millions of Dollars)

	Actual FY 2011	Estimated FY 2012	Estimated FY 2013
Resources:			
Working Balance at July 1	830.7	1,124.3	1,159.0
Current Year Resources			
Actual Forecasted Revenue	13,274.2	13,741.4	14,249.4
Disproportionate Share Hospital (DSH)	58.2	58.0	58.0
Quality Assessment Fee (QAF)	39.6	36.6	46.2
Miscellaneous Unforecasted Revenue (1)	12.2	-	-
Transfer to Rainy Day Fund	(53.5)	-	-
Sales Tax / PMTF Change	-	44.0	45.9
Outside Acts - 2011	-	(17.7)	(21.4)
SEA 501 Actuarial Funding	-	27.1	26.8
Total Current Year Resources	13,330.7	13,889.4	14,404.9
Total Resources	14,161.4	15,013.7	15,563.9
Uses - Appropriations, Expenditures, and Reversions:			
Appropriations			
As-Passed Appropriations	14,113.0	13,980.7	14,317.6
Adjustments to Appropriations (2)	33.5	7.4	9.1
Total Appropriations	14,146.5	13,988.1	14,326.7
Other Expenditures and Transfers			
PTRC and Homestead Credit Adjustments	(14.0)	-	-
LOIT Distribution	1.6	-	-
Stadium/Convention Center Appropriation Reversion	(42.0)	(112.1)	(111.0)
Judgments and Settlements	8.0	8.7	8.7
Total Appropriations and Expenditures	14,100.1	13,884.7	14,224.4
Reversions	(1,063.0)	(30.0)	(30.0)
Total Net Uses	13,037.1	13,854.7	14,194.4
General Fund Reserve Balance at June 30	1,124.3	1,159.0	1,369.5
Reserved Balances:			
Medicaid Reserve	0.0	0.0	0.0
State Tuition Reserve	0.0	0.0	0.0
Rainy Day Fund (3)	57.2	60.5	63.7
Total Combined Balances	1,181.5	1,219.5	1,433.2
Net Combined Balance as a Percent of Operating Revenue	*8.9%*	*8.8%*	*9.9%*
Net Combined Balance as a Percent of the Following Year's Budgeted Appropriations	*8.5%*	*8.5%*	

Totals may not add due to rounding

June 30, 2011

GENERAL FUND REVERSIONS BY AGENCY

Agency #	Agency Name	FY11 GF Appropriation (1)	FY11 GF Reversion	Reversion Percentage
3	House of Representatives	$19,520,024	$1,691,533	8.7%
4	Senate	$14,814,540	$2,230,624	15.1%
15	Lobby Registration Commission	$271,910	$14,025	5.2%
17	Legislative Services Agency	$12,695,549	$1,727,972	13.6%
	Legislative Total	**$47,302,023**	**$5,664,154**	**12.0%**
22	Supreme Court	$28,791,303	$421,984	1.5%
23	Court of Appeals	$10,166,741	$66,248	0.7%
26	Indiana Judicial Center	$3,121,182	$15,620	0.5%
28	Indiana Tax Court	$673,013	$91,931	13.7%
39	Prosecuting Attorney's Council	$1,215,276	$54,209	4.5%
605	Public Defenders Office	$6,664,916	$319,345	4.8%
610	Public Defender Council	$1,364,097	$175,566	12.9%
	Judicial Total	**$51,996,528**	**$1,144,903**	**2.2%**
40	Secretary of State	**$2,398,746**	**$732,741**	**30.5%**
46	Attorney General	**$16,275,801**	**$1,895,486**	**11.6%**
48	Treasurer of State	**$887,227**	**$105,554**	**11.9%**
50	Auditor of State	**$6,188,530**	**$1,120,215**	**18.1%**
63	Election Division	**$1,420,788**	**$87,652**	**6.2%**
30/34	Governor's Office	$2,809,095	$889,671	31.7%
32	Indiana Criminal Justice Institute	$5,086,326	$762,117	15.0%
36	Department of Agriculture	$3,221,893	$1,492,114	46.3%
38	Lieutenant Governor's Office	$2,704,999	$824,508	30.5%
38	Tourism	$4,406,684	$2,552,993	57.9%
55	Office of Management and Budget	$1,165,175	$174,844	15.0%
56	Office of Federal Grants and Procurement	$96,356	$25,675	26.6%
57	State Budget Agency	$3,467,044	$802,947	23.2%
57	Community Development Matching Grants	$2,000,000	$0	0.0%
57	Technical Assistance and Advanced Manufacturing	$2,000,000	$2,000,000	100.0%
57	Medical Education Center Expansion	$3,000,000	$2,000,000	66.7%
57	Core Research	$5,000,000	$5,000,000	100.0%
57	Shoreline Development Commission	$1,000,000	$1,000,000	100.0%
57	Stadium/Convention Center Appropriation	$42,000,000	$42,000,000	100.0%
61	Department of Administration	$26,771,660	$3,270,905	12.2%
62	Commission on Public Records	$1,502,663	$42,370	2.8%
64	Public Access Counselor	$159,363	$21,438	13.5%
70	State Personnel Department	$3,786,326	$1,127,451	29.8%
74	State Employees Appeals Commission	$182,373	$25,388	13.9%
75	Office of Inspector General	$1,470,591	$283,663	19.3%
80	State Board of Accounts	$22,038,741	$3,559,799	16.2%
90	Department of Revenue	$54,002,709	$6,963,034	12.9%
100	Indiana State Police	$51,345,843	$6,658,585	13.0%
103	Law Enforcement Training Board	$2,230,652	$368,360	16.5%
110	Adjutant General's Office	$14,924,419	$2,658,335	17.8%
160	Department of Veterans Affairs	$735,306	$293,040	39.9%
195	Indiana Department of Gaming Research	$224,706	$40,011	17.8%
215	Department of Local Government Finance	$4,724,109	$1,070,814	22.7%
217	Board of Tax Review	$1,293,236	$187,761	14.5%
220	Workers' Compensation Board	$1,955,856	$254,541	13.0%
225	Department of Labor	$5,270,488	$2,739,403	52.0%
250	Professional Licensing Agency	$5,647,269	$734,771	13.0%
258	Civil Rights Commission	$2,246,440	$456,124	20.3%

GENERAL FUND REVERSIONS BY AGENCY

Agency #	Agency Name	FY11 GF Appropriation (1)	FY11 GF Reversion	Reversion Percentage
260	Indiana Economic Development Corporation	$43,533,950	$7,325,273	16.8%
261	Indiana Finance Authority	$500,000	$500,000	100.0%
263	Housing and Community Development Authority	$1,000,000	$1,000,000	100.0%
300	Department of Natural Resources	$56,756,980	$10,200,461	18.0%
310	White River State Park Commission	$999,766	$185,319	18.5%
315	World War Memorial Commission	$1,055,048	$170,628	16.2%
322	Kankakee River Basin Commission	$67,658	$10,267	15.2%
325	Maumee River Basin Commission	$67,658	$10,148	15.0%
330	St. Joseph River Basin Commission	$58,751	$8,811	15.0%
351	Board of Animal Health	$6,880,105	$1,078,018	15.7%
400	Indiana State Department of Health	$36,906,253	$7,085,999	19.2%
405	Family and Social Services Administration	$758,129,231	$63,518,753	8.4%
495	Indiana Department of Environmental Management	$29,057,476	$4,686,557	16.1%
496	Office of Environmental Adjudication	$374,835	$60,952	16.3%
502	Department of Child Services	$628,563,467	$103,897,220	16.5%
505	Indiana Education Employment Relations Board	$646,993	$206,963	32.0%
510	Department of Workforce Development	$1,188,445	$113,301	9.5%
550	Indiana School for the Blind and Visually Impaired	$11,781,885	$1,038,843	8.8%
560	Indiana School for the Deaf	$19,110,635	$1,053,313	5.5%
570	Indiana Veterans' Home	$13,005,873	$3,213,905	24.7%
615	Department of Correction	$667,544,713	$45,585,112	6.8%
703	Commission on Proprietary Education	$328,408	$65,239	19.9%
705	Indiana Arts Commission	$3,203,904	$495,126	15.5%
715	State Student Assistance Commission	$34,622,182	$3,009,799	8.7%
719	Commission for Higher Education	$2,137,270	$437,765	20.5%
720	Office of Faith-Based and Community Initiatives	$302,405	$63,758	21.1%
730	Indiana State Library	$5,149,914	$1,041,828	20.2%
735	Historical Bureau	$392,158	$76,551	19.5%
878	State Fair Commission	$1,619,124	$1,019,124	62.9%
	Other (including prior year reversions)		$5,080,306	
	Executive Branch Total (2)	**$2,603,455,409**	**$352,520,001**	**13.5%**
	Capital, Reconciliations, etc. (3)		**$243,017,106**	
503	**Medicaid Assistance (4)**	**$1,428,800,000**	**$148,809,847**	**10.4%**
	Higher Education: Public Universities (5)	**$1,481,612,003**	**$24,313,565**	**1.6%**
700	**K-12 Education / Department of Education (6)**	**$6,870,490,528**	**$325,579,437**	**4.7%**
	TOTAL		**$1,104,990,661**	

Notes:

(1) Excludes pension obligations, non-reverting appropriations, need-based student financial aid, and distributions ($1.63B in total); Includes transfers from the Personal Services Contingency fund to cover unbudgeted salary and health care increases

(2) Reflects only executive branch agencies under the authority of the Governor and Lieutenant Governor; excludes separately elected officials of the executive branch shown separately

(3) See "Reversions: Capital and Reconciliations" for additional details

(4) Medicaid Assistance reflects general fund reversions caused by the receipt of enhanced FMAP under the Education Jobs bill for January through June of 2011; Excludes general fund reversions from "Medicaid Administration" which are also included under fund 15050

(5) Higher Education reflects operating reductions ($13.7M), unspent debt service funds, and reversions from higher education line item appropriations

(6) K-12 Education includes tuition support reductions (from As-Passed appropriations), Department of Education operating budget reductions, and K-12 line item reversions. These reductions were largely offset by approximately $203 million of federal funds from the Education Jobs bill

Reversions: Capital and Reconciliations

General Fund Capital:

57	SBA	Unspent General Fund Capital	$167,516,697
310	WRSP	Unspent General Fund Capital	$980,000
262	Ports	Unspent General Fund Capital	$750,000
61	IDOA	Unspent General Fund Capital	$536,863
560	ISD	Unspent General Fund Capital	$331,771
110	Adj Gen	Unspent General Fund Capital	$282,665
550	ISBVI	Unspent General Fund Capital	$231,875
160	IDVA	Unspent General Fund Capital	$30,871
		Sub-Total	**$170,660,742**

State Budget Agency and Auditor of State Distributions:

57	SBA	Higher Education Fee Replacement	$14,799,531
50	AOS	Gaming Tax	$14,703,009
50	AOS	ABC Gallonage Tax Distribution	$1,506,124
		Sub-Total	**$31,008,664**

State Budget Agency Biennial Contingency Funds:

57	SBA	Departmental and Institutional Emergency Contingency Fund	$2,000,000
57	SBA	Outside Bill Contingency Fund	$9,153,028
		Sub-Total	**$11,153,028**

General Fund Reconciliations:

260	IEDC	Training 2000	$14,296,128
260	IEDC	Industrial Development Grant Fund	$11,512,043
385	IDHS	Public Assistance (2008 Floods - Closed)	$386,502
		Sub-Total	**$26,194,673**

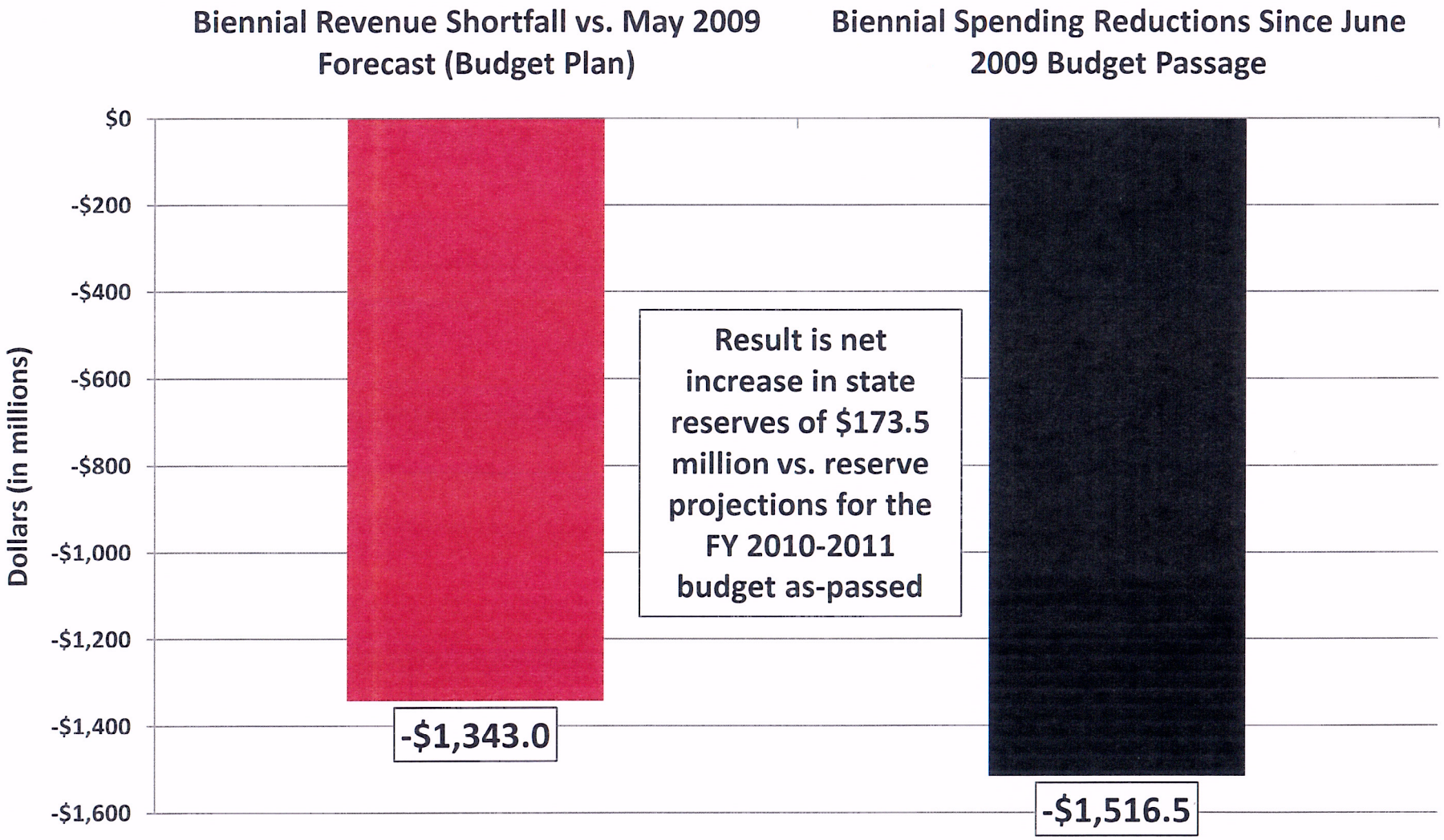
Dedicated Fund Transfer:

510	DWD	Skills 2016 Training Fund	**$4,000,000**
		TOTAL	**$243,017,107**

Adjustments to Surplus:

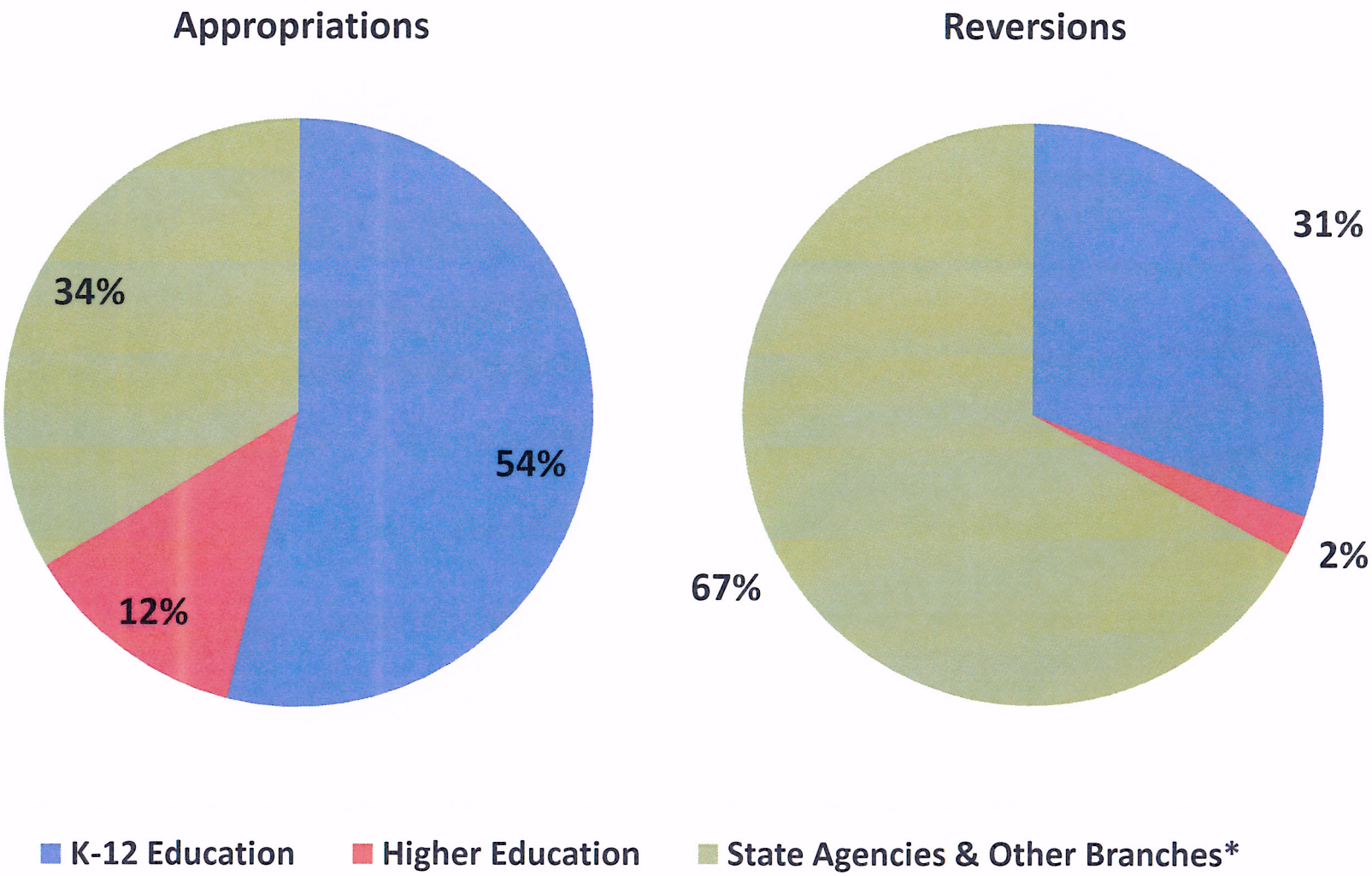
57	SBA	Stadium/Convention Center Appropriation Reversion	**$42,000,000**

Spending Reductions More Than Offset Unexpected Steep Decline in State Revenues

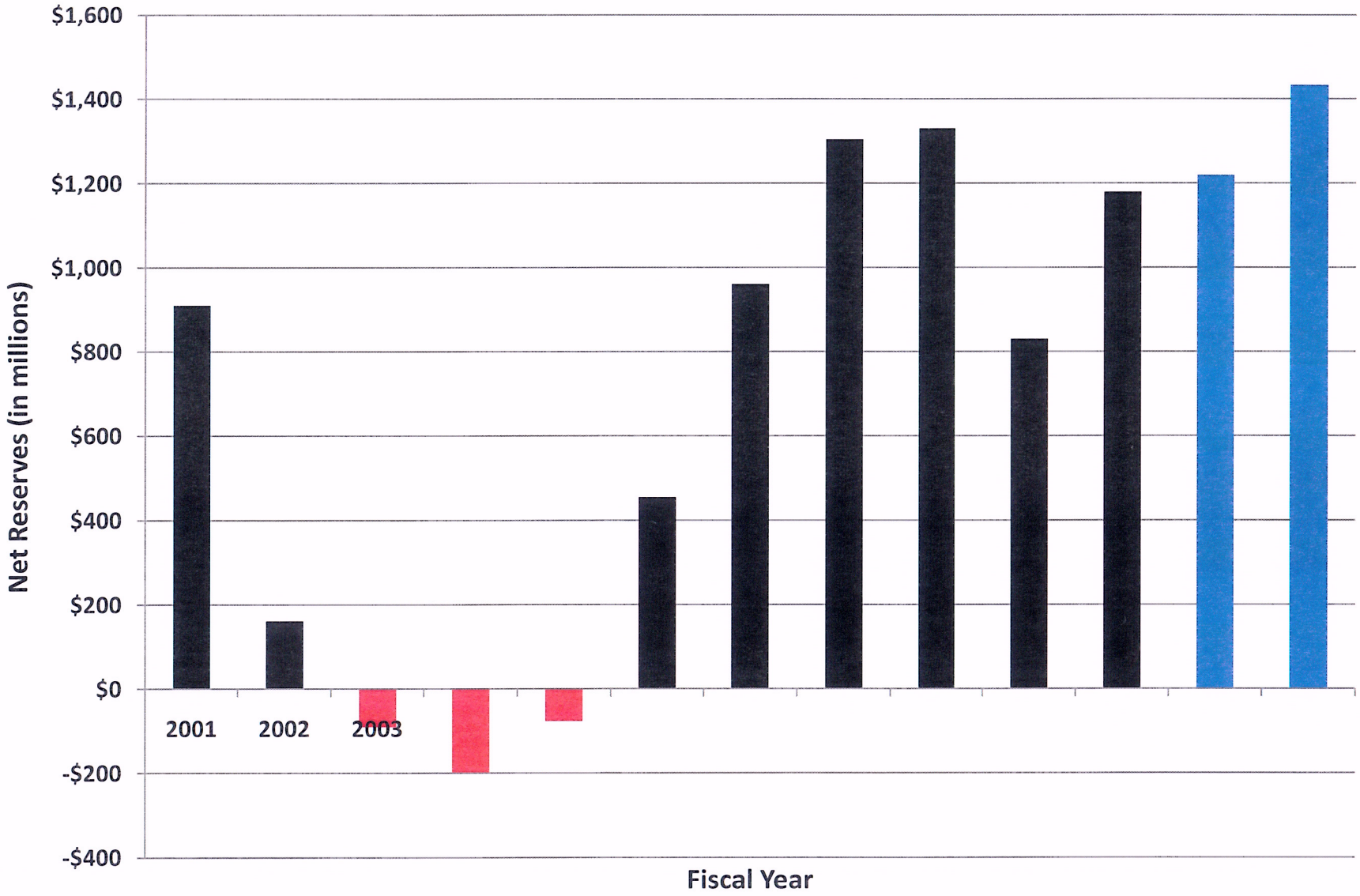


* FY 2011 reserve projections totaled $1,008 million at the time the FY 2010-2011 budget was passed

FY 2011 General Fund Appropriations and Reversions



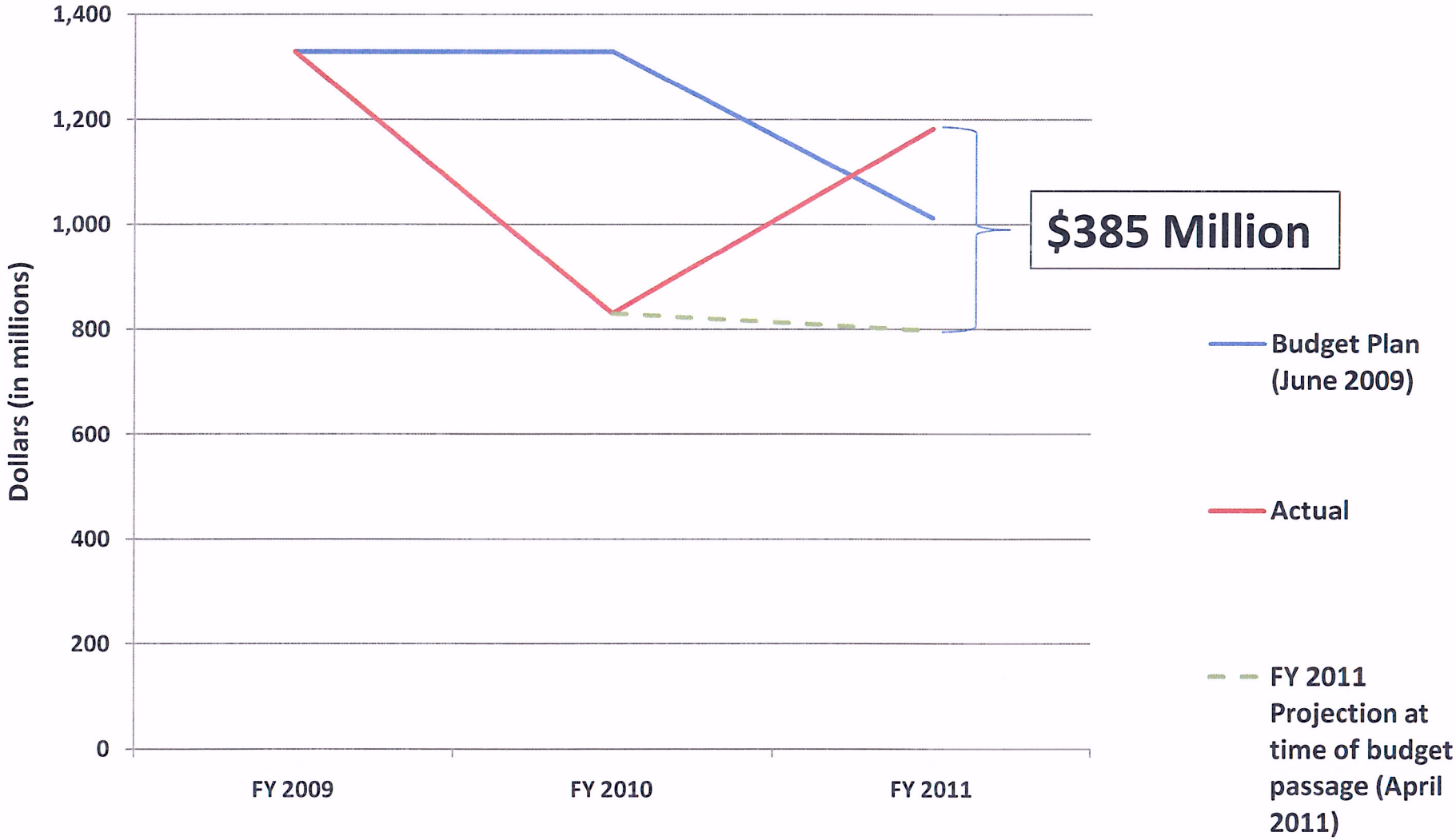
State Reserves (Cash balance - liabilities)



* Projected

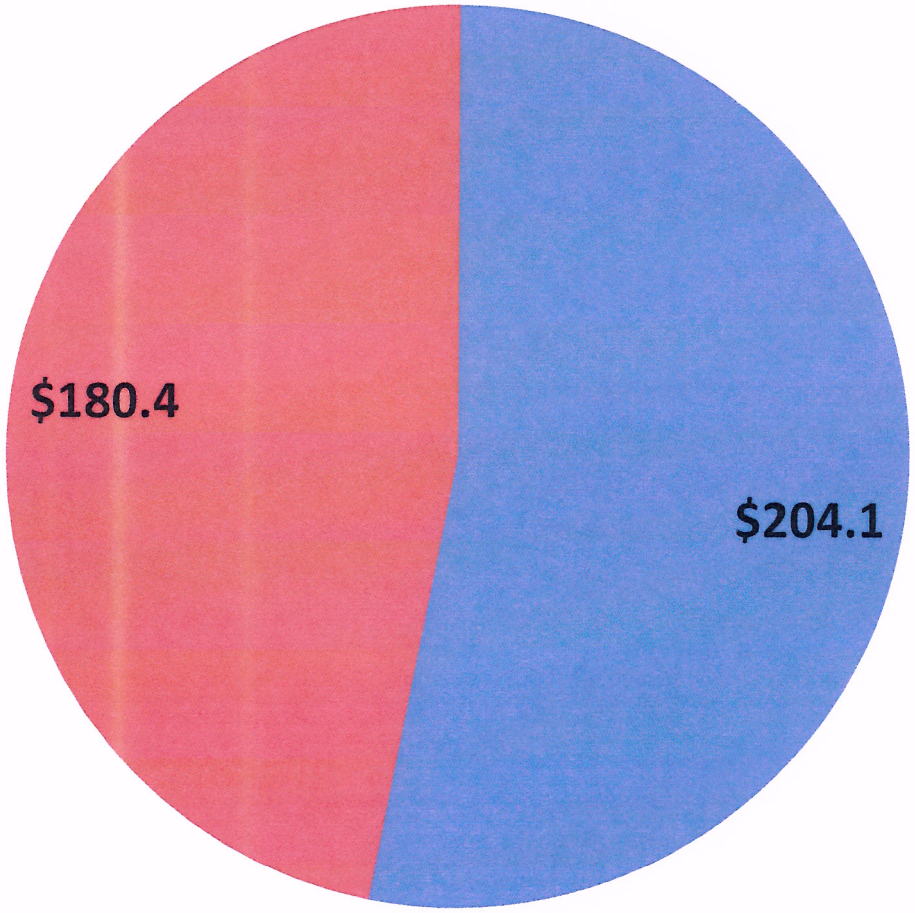
Total Reserves:

Comparison of Actual Results to Initial Budget Plan and April 2011 Projections



Breakdown of How Revenue and Spending Out-Performed April 2011 Projections*

(dollars in millions)

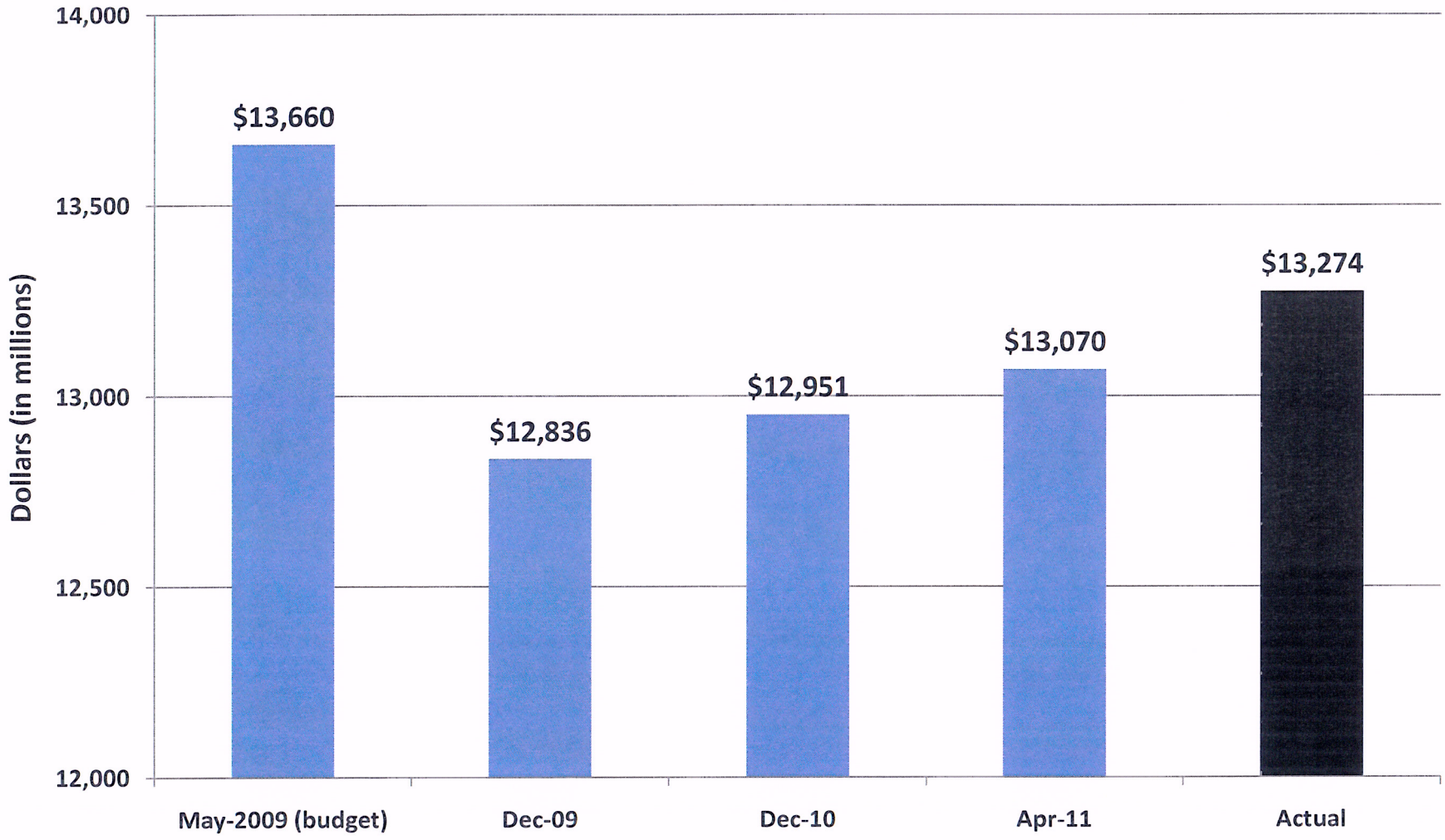


Actual Revenue vs April Forecast

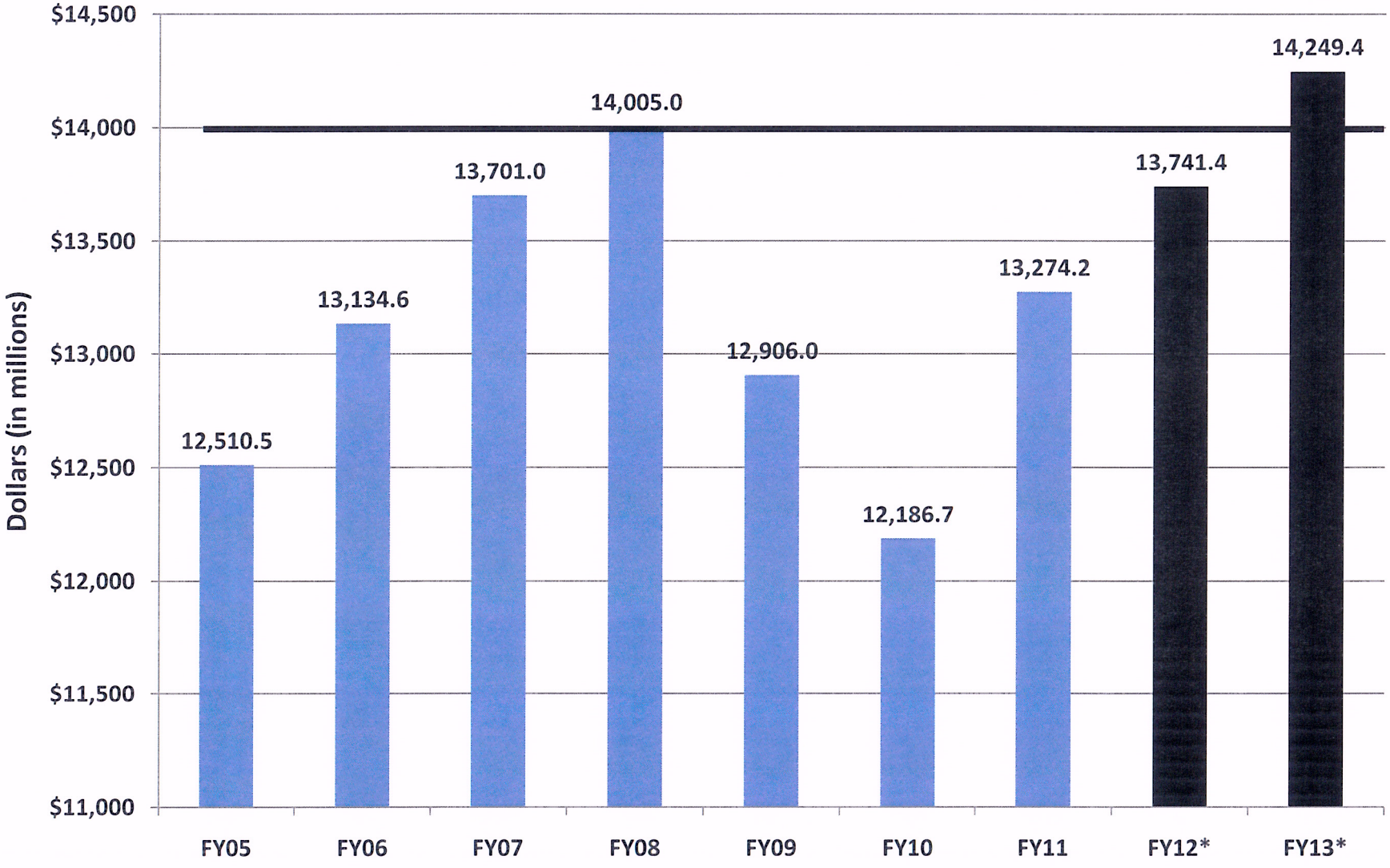
Additional Spending Reductions vs. April 2011 Projections

* Projections of FY 2011 close-out at time of FY 2010-11 budget passage ($797M vs. $1,182M)

FY 2011 State Revenue Forecasts and Actual Collections



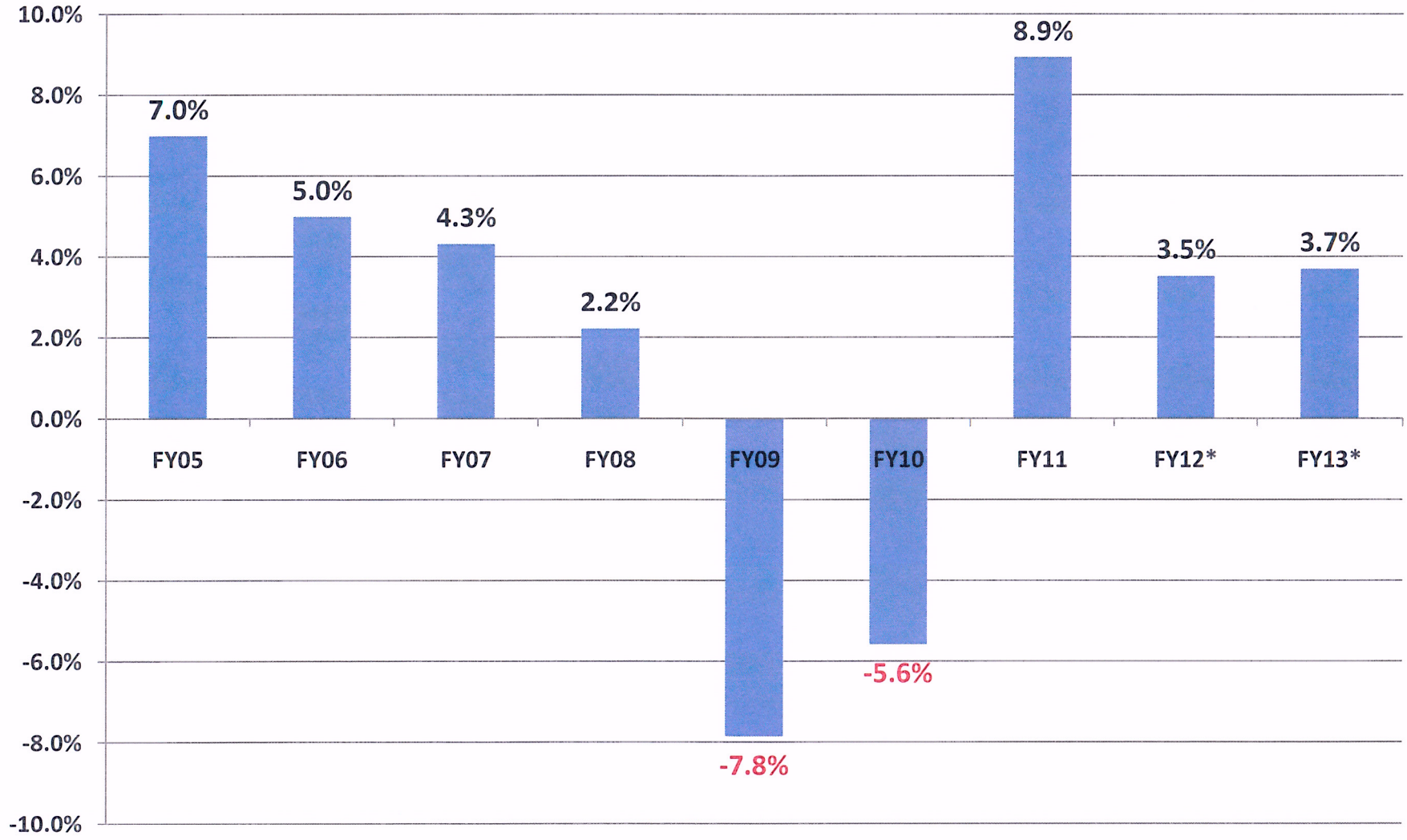
General Fund Revenues



* Projected

% Change in General Fund Revenues

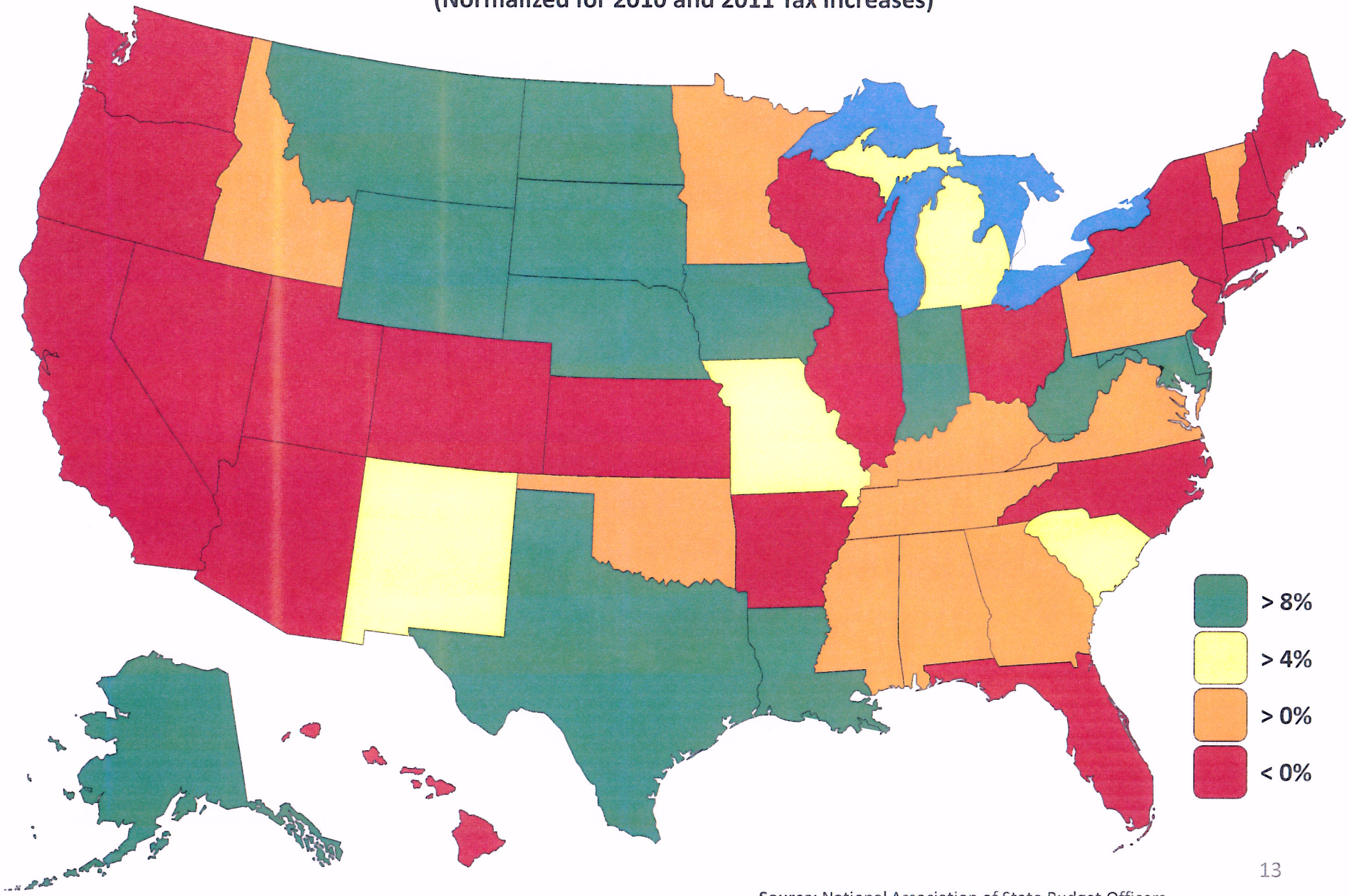
(Year-over-year)



* Projected

Balances as a Percent of Expenditures

(Normalized for 2010 and 2011 Tax Increases)



Source: National Association of State Budget Officers