

Making Ends Meet: Indiana's Next Biennial Budget

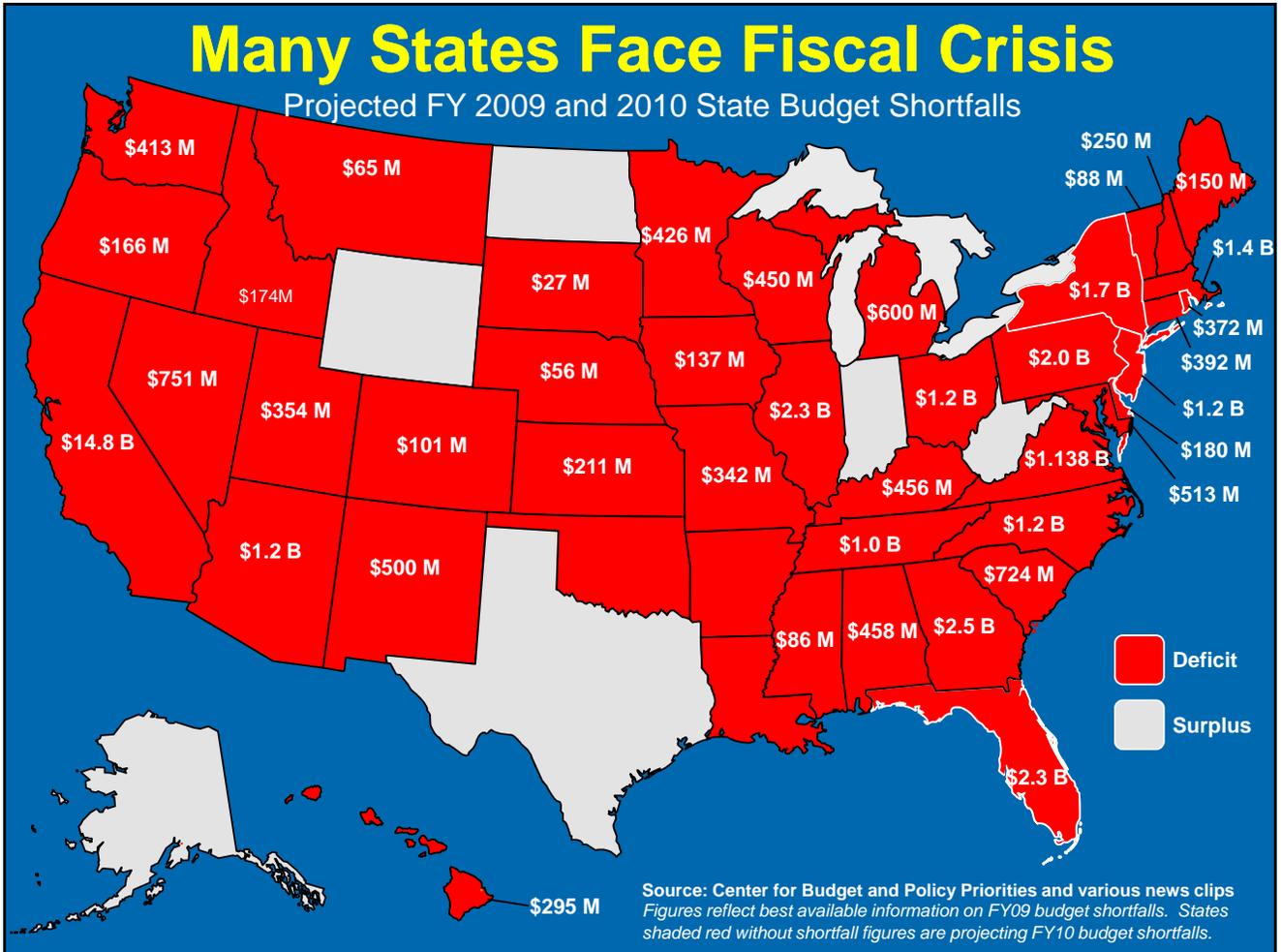


Governor Mitch Daniels

The Indianapolis Rotary Club
January 6, 2009

Many States Face Fiscal Crisis

Projected FY 2009 and 2010 State Budget Shortfalls



Headlines from Other States

➤ Alabama

- Highest tuition hike in 10 Yrs.
- K-12 budget cut by 12.5%

➤ Arizona

- \$272M school payment delayed
- Spent more than 2/3 of Rainy Day Fund

➤ California

- \$42 B deficit projected for 2009-10
- \$2.5B cuts in education funding proposed

➤ Colorado

- Road budget cut 20%

➤ Florida

- 199 probation officers cut
- \$2.3B cuts to public education

➤ Hawaii

- Governor cuts K-12 education by 4%

➤ Kentucky

- 1.5 cent gas tax hike
- Inmates freed early to save state money

➤ Maryland

- \$1.4B tax hike

➤ Michigan

- \$1.35B tax hike

➤ Nevada

- K-12 cut \$93M
- Cut textbook funding by \$48M
- \$50M of transportation projects delayed

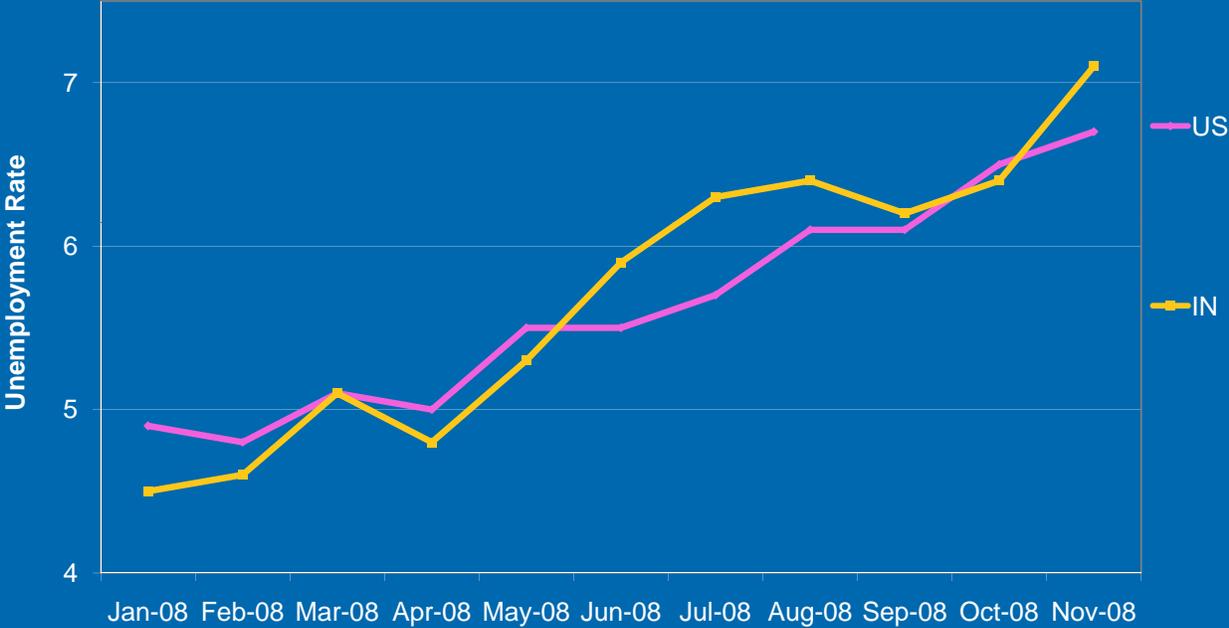
➤ New York

- \$15B budget deficit projected
- \$2B in education cuts proposed

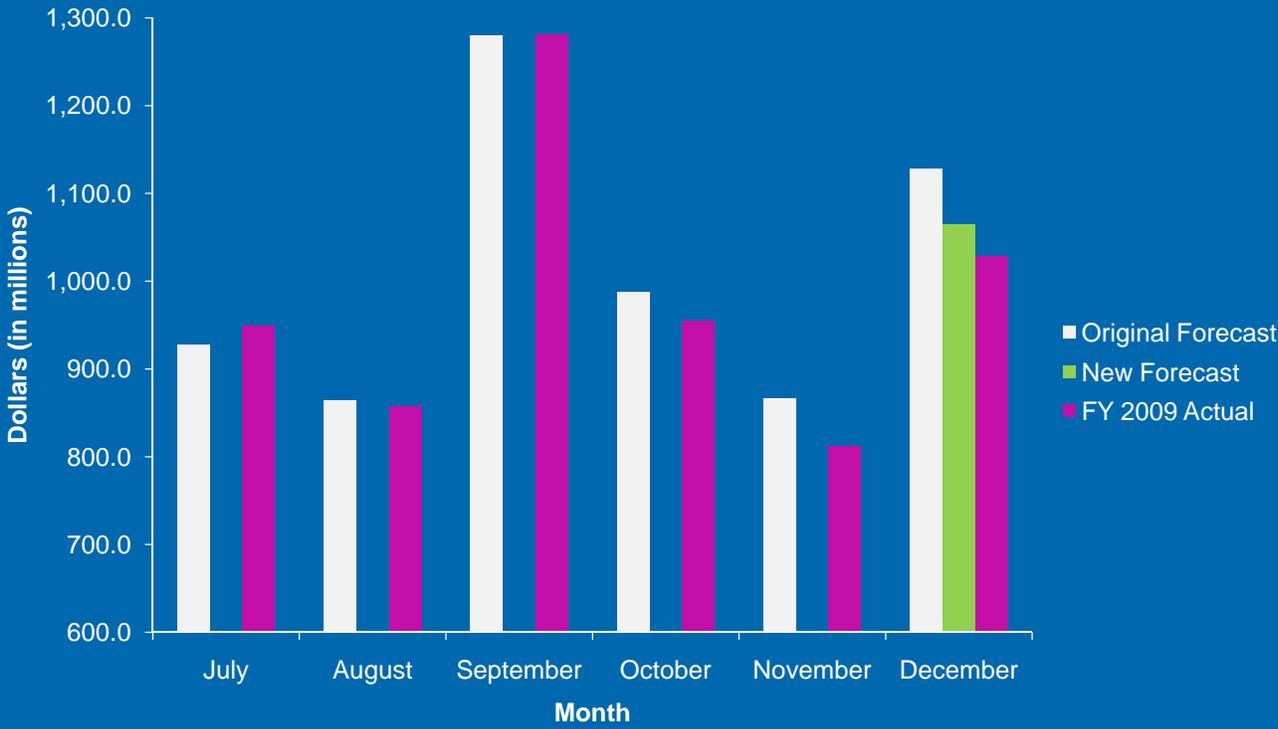
➤ Ohio

- Department of Job & Family Services cut \$67.5M
- Department of Education cut \$100M

2008 Seasonally Adjusted Unemployment Rate



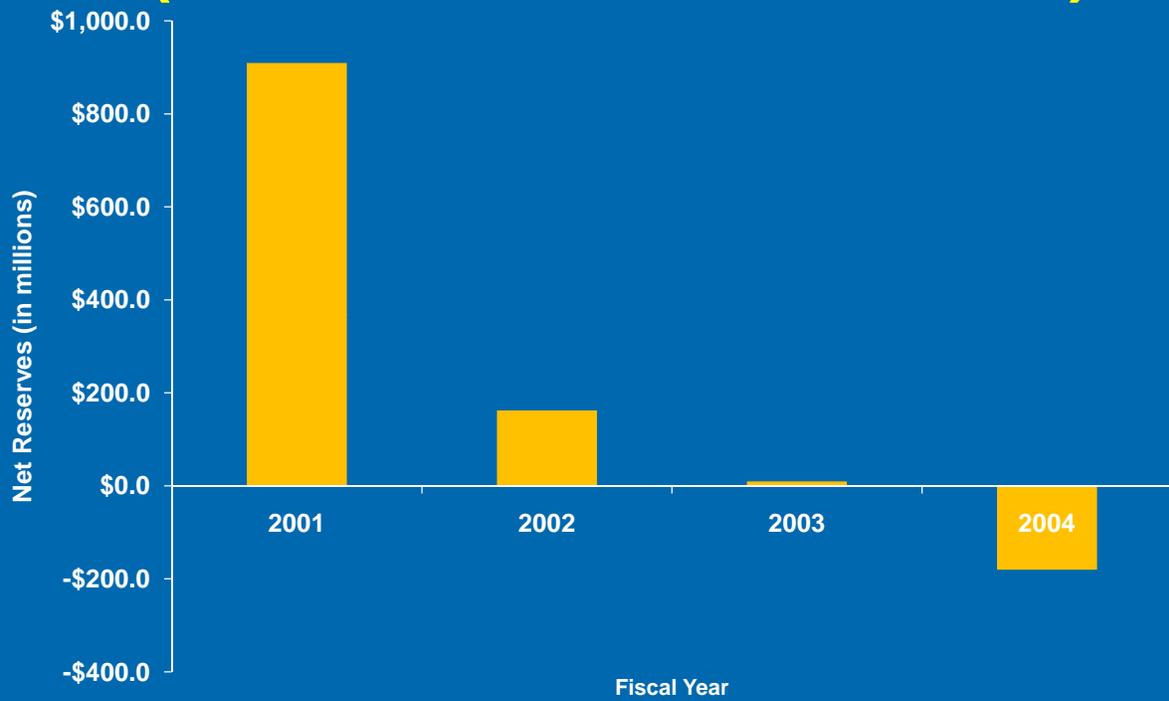
FY 2009 Revenues Actual vs. Forecasted



State Budget History



State Reserves (Cash Balance – Liabilities)

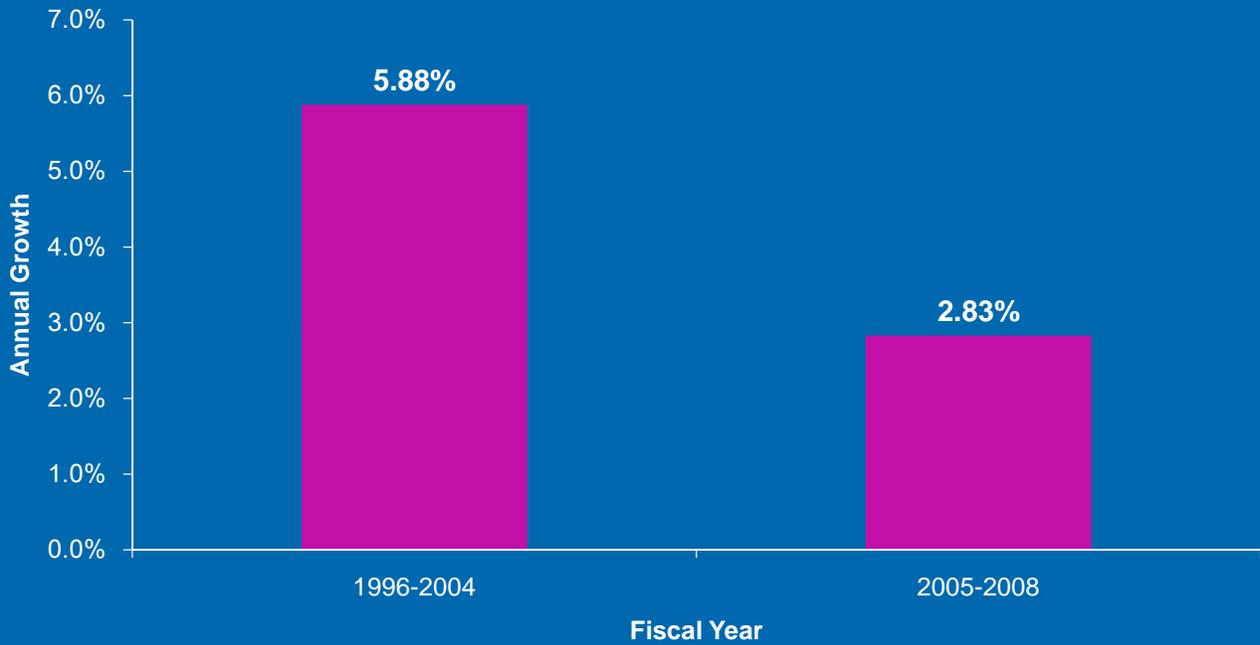


Notes:

General Fund and Property Tax Replacement Fund expenditures only.

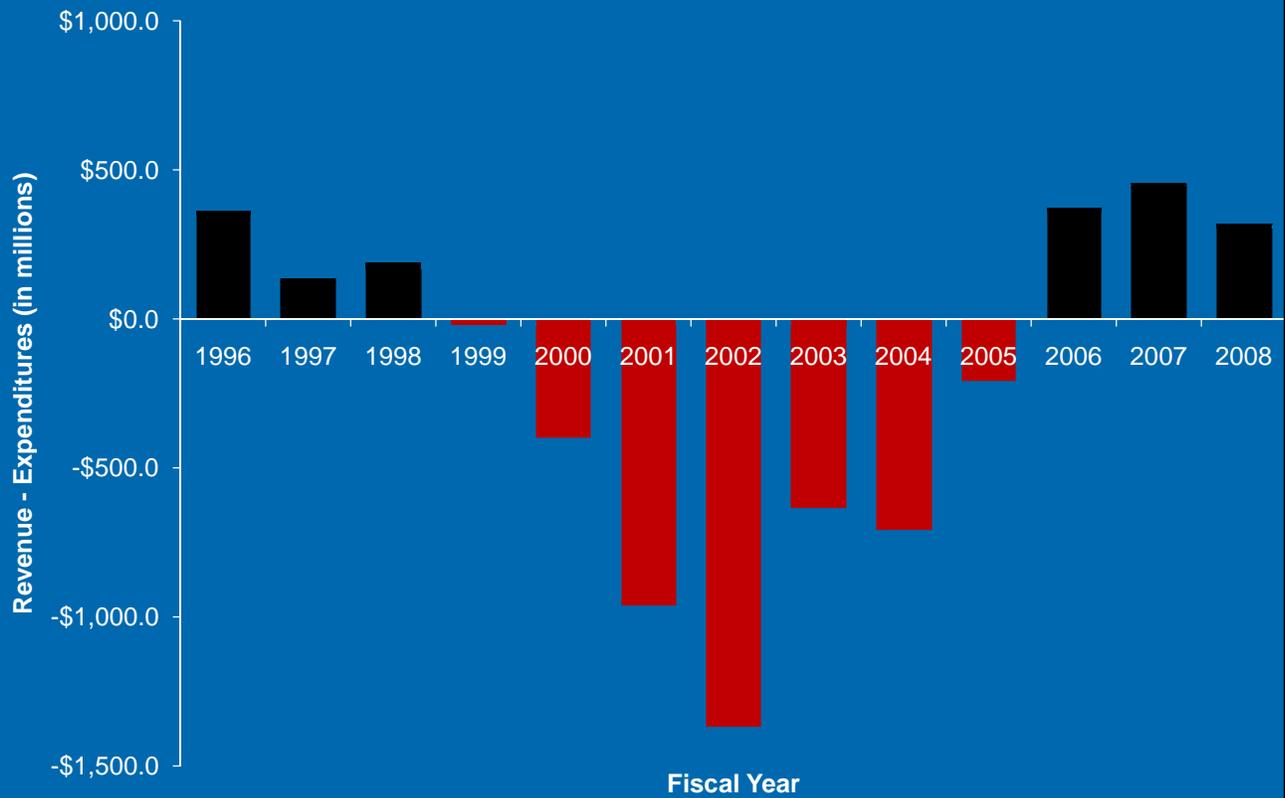
FY02 and after: expenditure growth is adjusted to account for the payment delays and excess reversions.

Spending Growth Slowed



Notes:
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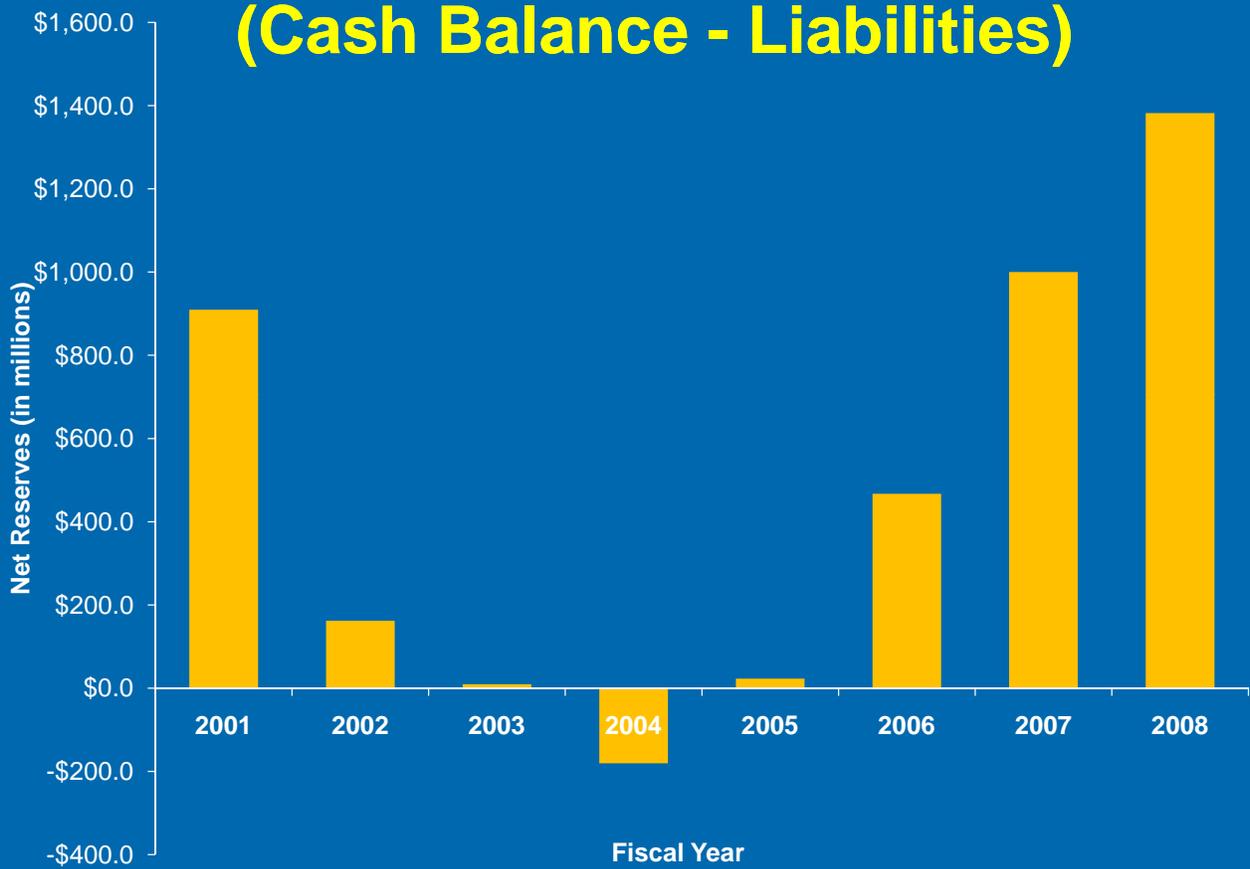
Third Consecutive Balanced Budget



Elimination of State Debt



Growing State Reserves (Cash Balance - Liabilities)

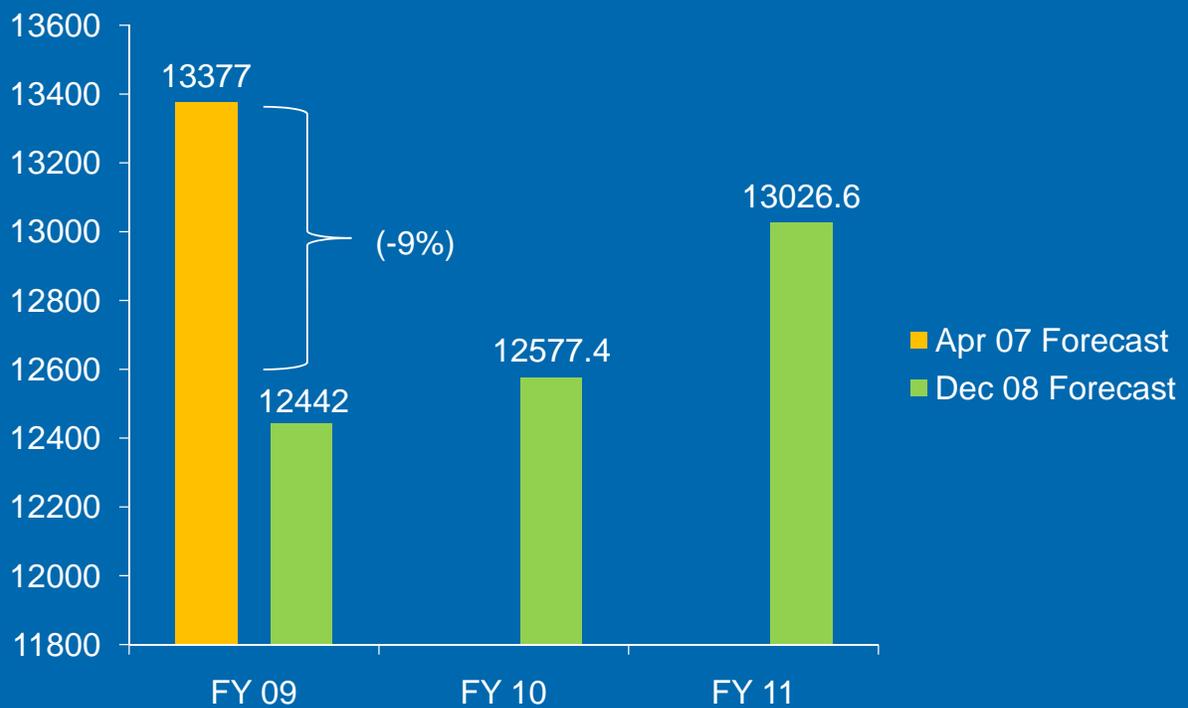


FY 2010-2011 Budget

- Total Revenue: \$28.354 billion
 - Assumes December 2008 forecast is accurate
- Total Appropriations: \$28.344 billion
- Projected Reserves of \$1.3 billion same as close of FY 2009

Revenue Forecast

April 2007 v. Dec 2008 (*\$s in millions*)



Principles for the FY2010-11 Budget

- Honestly balanced budget (NO gimmicks)
- NO tax increases
- Protect Reserves
- Funding priorities
 - Public safety
 - K-12 education
 - Medicaid
 - Protecting children

FY2010-11 Funding Priorities

- **Public safety**
 - Maintain trooper staffing levels and corrections capacity (will require \$100M in new money)
- **K-12 Education**
 - Maintain funding levels (will require \$80 M in new money)
- **Medicaid**
 - Maintain services for all eligible recipients
- **Protecting Children**
 - Maintain level of caseworkers and services for abused and neglected children

FY 2010-11 Summary

- Agency budgets reduced by 8%
- No pay raises for state employees in CY2009
- Limited capital spending

FY 2010-11 Summary

- **Examples of programs to be reduced or eliminated***
 - IHETS
 - Step Ahead
 - Corporation for Educational Technology
 - Tourism programs
 - Fine Arts Commission
 - Waste Tire Re-Use Fund (no market for used tires)
 - Recycling Assistance Program
 - Dept of Agriculture Value-Added Research Program
 - Public broadcasting subsidies
 - Individual Development Accounts

* Illustrative examples and does not represent complete list

Priority Initiatives Delayed or Postponed

- Complete funding for full-day kindergarten
- Hoosier College Promise
- IEDC's High Growth Fund
- Life Sciences Initiative

Opportunities for Reform

- \$ to the Classroom
- Kernan-Shepard local gov't reform
- Higher Education