

# A State Budget Hoosiers Can Afford

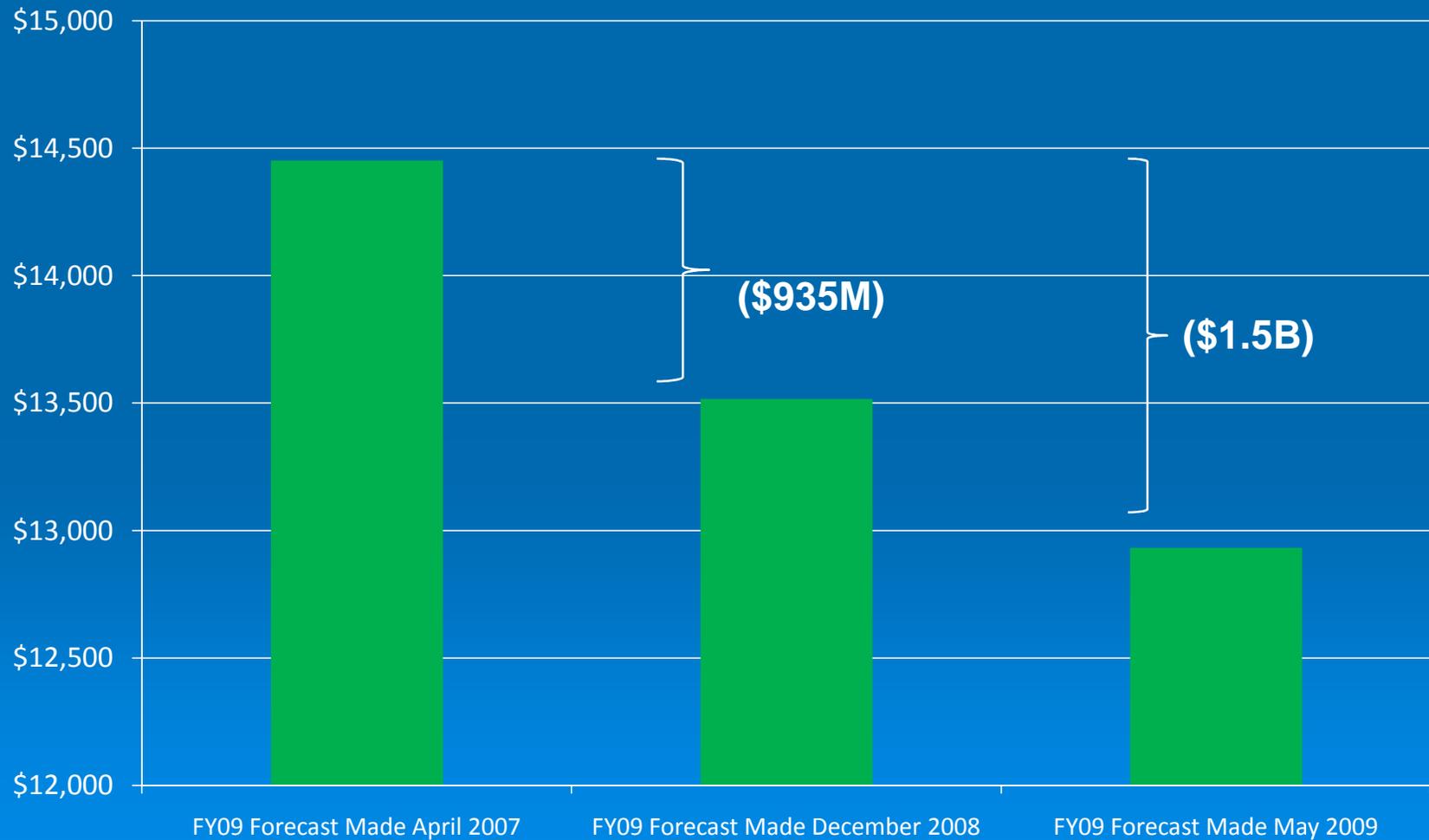


Governor Mitch Daniels

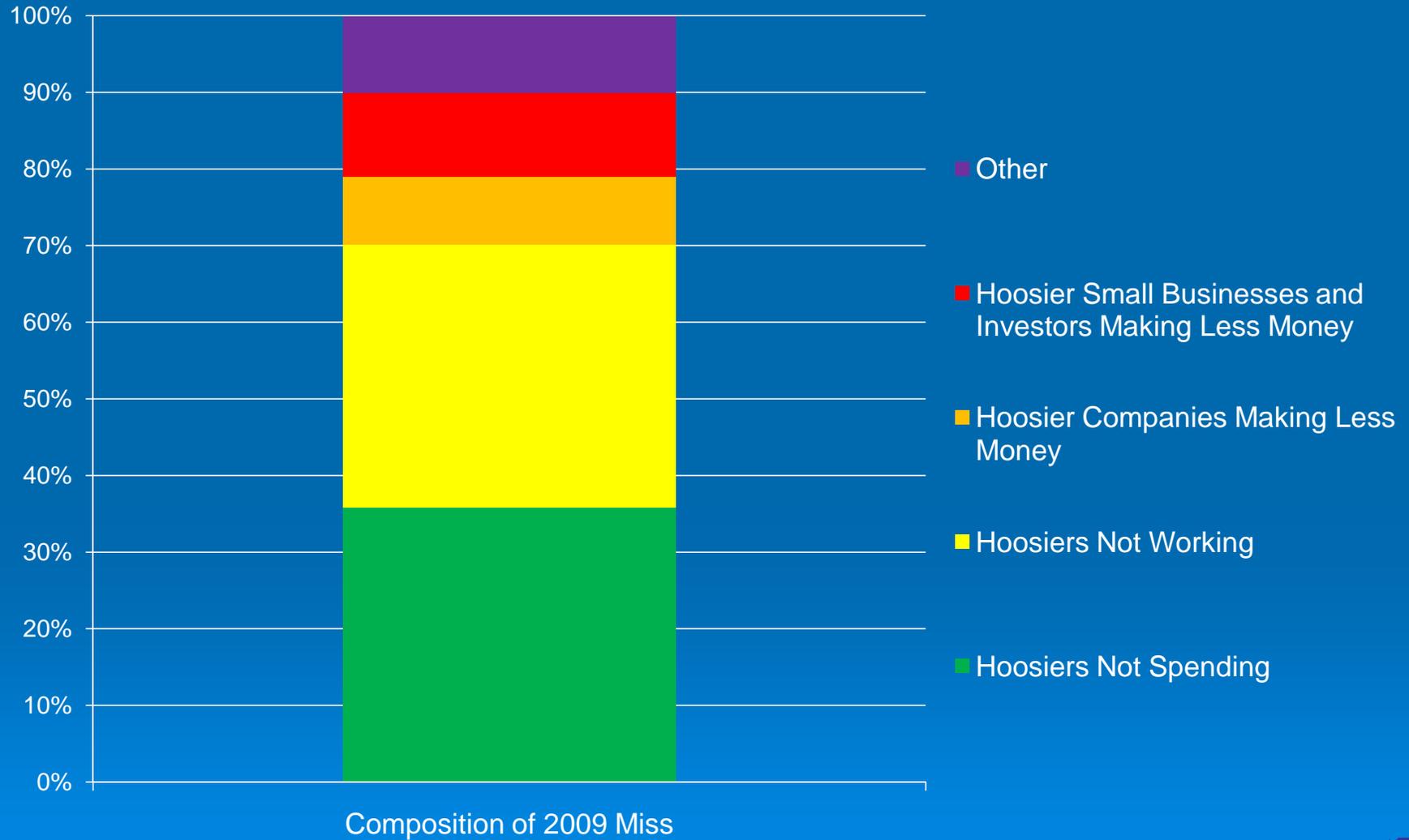
# FY09 Revenue Loss

\$1.5B loss in projected revenue for FY09 since last budget was passed

FY09 Projected Revenues

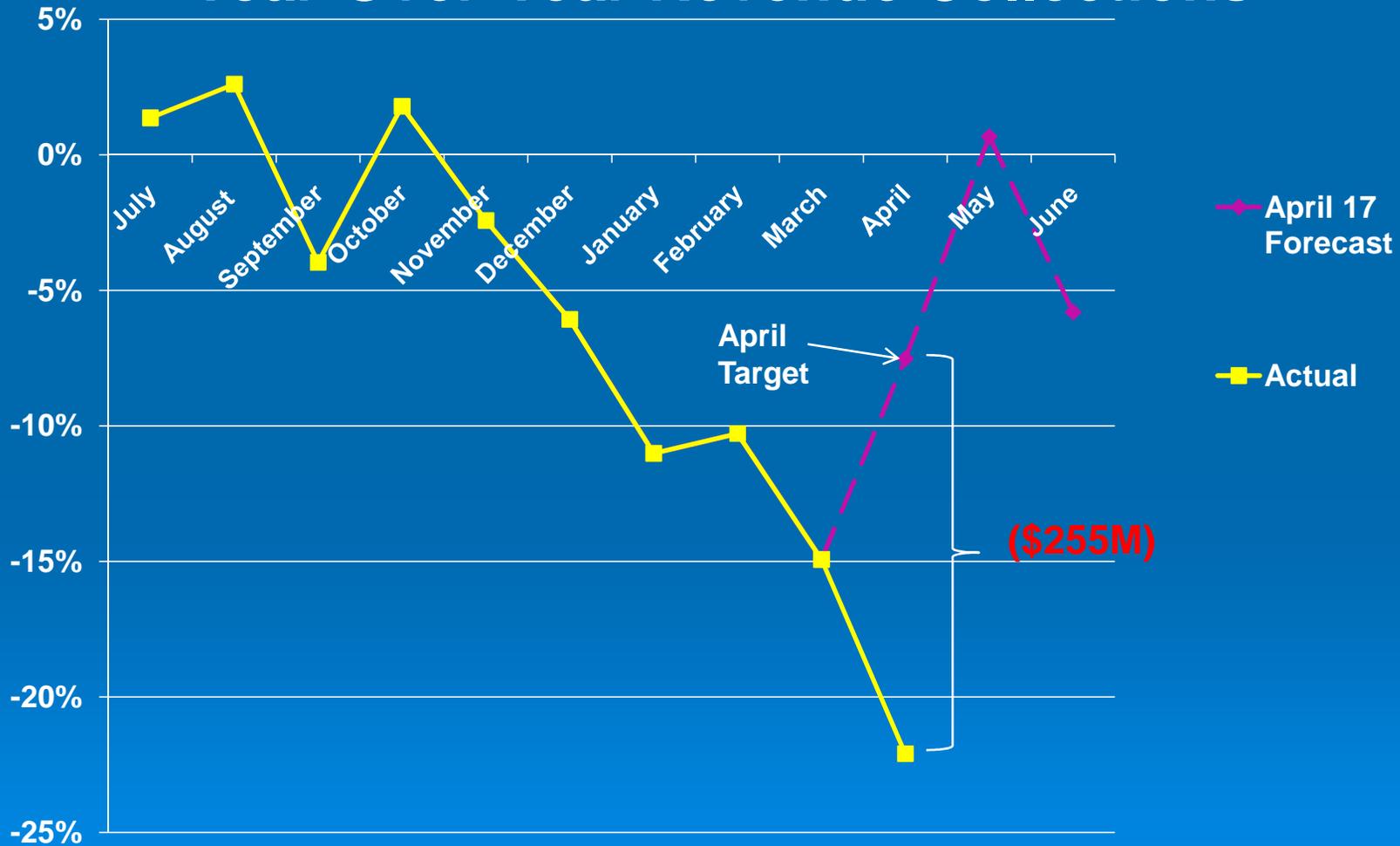


# Composition of FY09 Drop



# Missing Revenue Projections

## Year-Over-Year Revenue Collections



# FY07 vs. FY11

## Revenue Collections



➤ FY11 revenues below FY07 revenues by more than \$40M

\* Projected

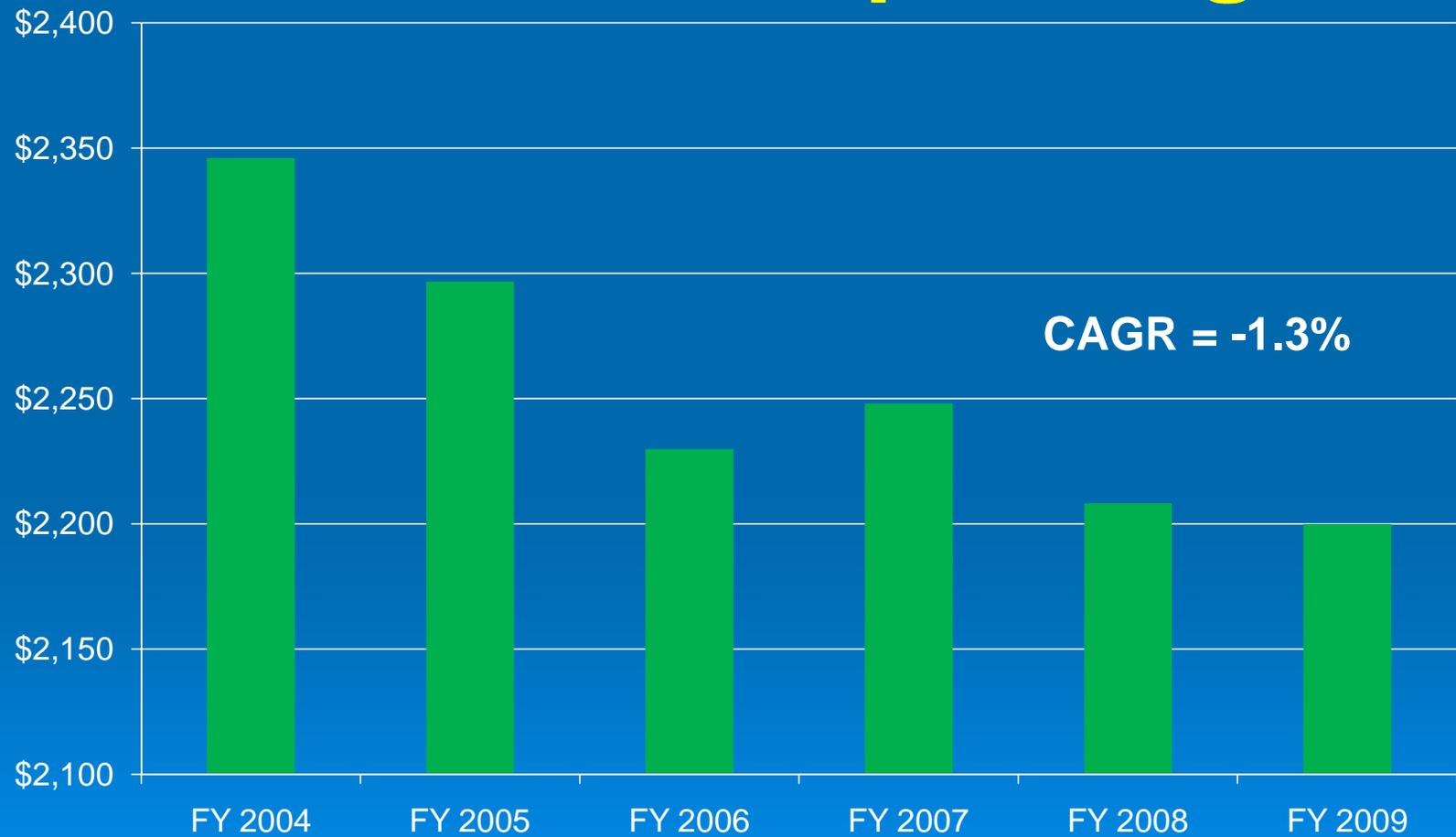
# Actions Taken to Restrain Spending

- July 2008: 7% reduction
- November 2008: Hiring freeze
- December 2008: \$767M of additional reductions
- Not affected:
  - Education
  - Public Safety
  - Child Protection

# Agency Budgets Reduced

Agency	FY10 Recommended vs. FY09 Appropriation
Office of Management and Budget	-10.3%
Department of Natural Resources	-8.4%
Adjutant General	-9.0%
Professional Licensing Agency	-8.1%
Indiana State Library	-14.5%
Department of Environmental Management	-10.5%
Department of Labor	-8.0%
Commission on Public Records	-8.2%
Department of Revenue	-8.1%

# Real Per Capita State Government Spending\*



\* Includes Major Moves Investments

# Real Per Capita State Government Spending

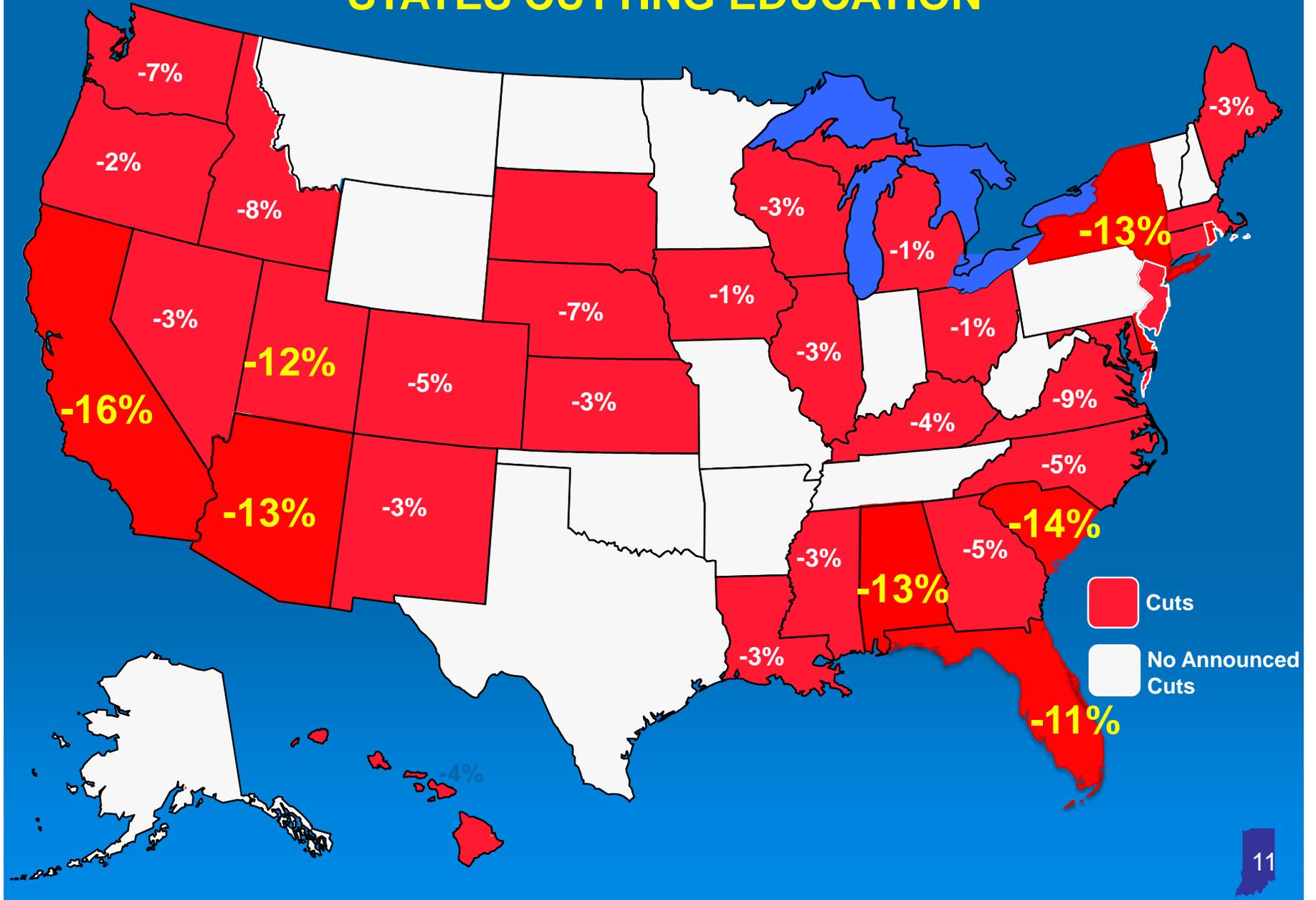
- Indiana improved from 37<sup>th</sup> in 2004...
- to 45<sup>th</sup> in per capita spending in 2007.

30	North Carolina	\$2,646	30	Nebraska	\$3,266
31	Montana	\$2,644	31	Kansas	\$3,184
32	Arizona	\$2,589	32	North Carolina	\$3,156
33	Pennsylvania	\$2,587	33	Pennsylvania	\$3,145
34	South Carolina	\$2,433	34	Michigan	\$3,050
35	Oklahoma	\$2,409	35	South Carolina	\$3,019
36	Utah	\$2,398	36	Utah	\$2,879
37	<b>Indiana</b>	<b>\$2,346</b>	37	Arizona	\$2,877
38	Mississippi	\$2,275	38	Georgia	\$2,798
39	New Hampshire	\$2,268	39	Illinois	\$2,709
40	Colorado	\$2,259	40	Mississippi	\$2,699
41	Missouri	\$2,243	41	Missouri	\$2,670
42	Alabama	\$2,241	42	Colorado	\$2,661
43	Maryland	\$2,187	43	Florida	\$2,590
44	Tennessee	\$2,182	44	Tennessee	\$2,526
45	Florida	\$2,066	45	<b>Indiana</b>	<b>\$2,473</b>
46	Idaho	\$2,059	46	Nevada	\$2,470
47	Nevada	\$2,053	47	Idaho	\$2,436
48	South Dakota	\$1,923	48	New Hampshire	\$2,379
49	Texas	\$1,860	49	Texas	\$2,365
50	Georgia	\$1,774	50	South Dakota	\$2,335

# K-12 Cuts in Other States

- At least 35 states are either proposing or implementing cuts to K-12 education:
  - Alabama cut K-12 funding by more than 12%, the biggest cut to education in 48 years
  - California cut K-12 education by more than 16%
  - New York's proposed cuts would lead to cuts of up to 13% for all school districts
  - Utah cuts may lead to a 12% reduction in per pupil funding by 2010
  - Virginia's Governor proposed cutting public education by more than 9%

# STATES CUTTING EDUCATION



# Higher Ed Cuts in Other States

- At least 28 states have implemented cuts to higher education:
  - Alabama's cuts in higher education funding have led to a 13% tuition increase at state universities
  - Louisiana colleges preparing for cuts of 30% in state funding
  - Tennessee's colleges and universities facing cuts of 15% in FY10
  - Nevada's Governor has proposed to cut state funding of higher education by 36%

# States Cutting Vital Services

- At least 34 states have imposed cuts to vital services:
  - Arizona has laid off 15% of its child protection investigators
  - California is considering elimination of the Healthy Families Program, which provides healthcare to 928,000 children
  - Minnesota's proposed cuts would result in 114,000 fewer people enrolled in state healthcare programs in FY2011
  - Washington has proposed to reduce healthcare for poor by 42%
- At least 11 states are either proposing or implementing early release of prisoners
  - Kentucky has released 2,000 prisoners early, including violent offenders and murderers



# General Assembly Budget April 29, 2009

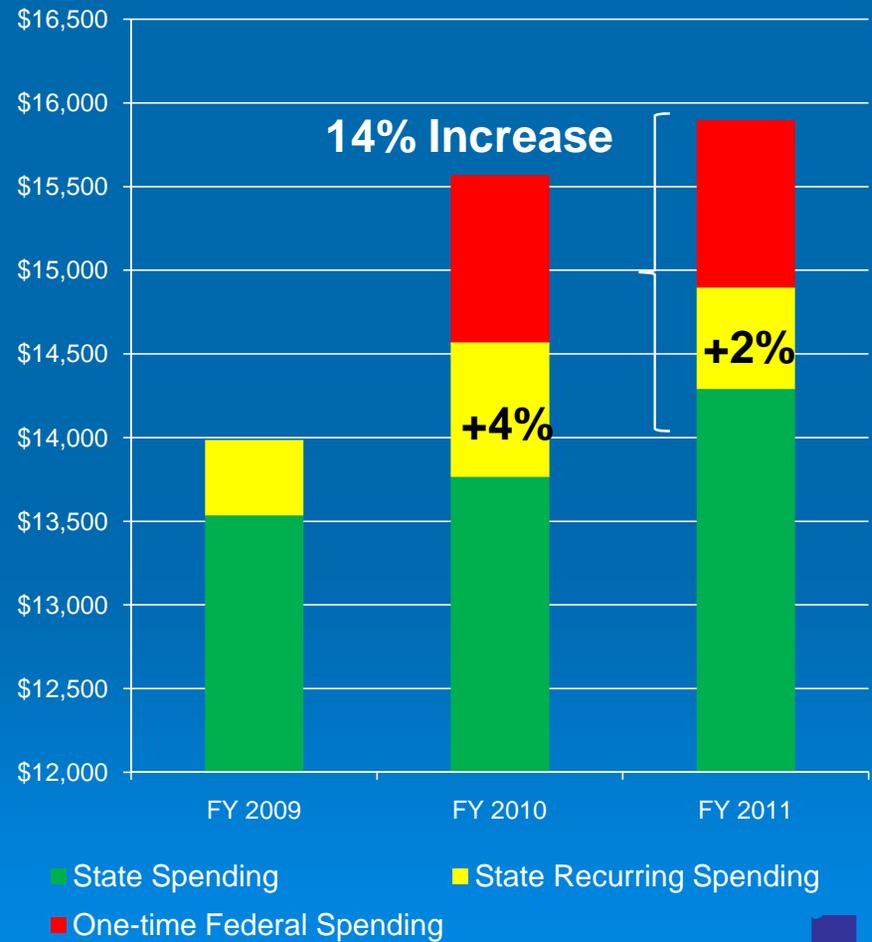
- Reserves consumed
- \$1B deficit entering next budget
- Increased spending by 3% per year, 14% including stimulus funds

# Revenues Down, Spending Up

## Revenues



## Spending (in millions)



# The Cliff - 2012



# What's next?

- ✓ Step 1: Accurate revenue forecast
- Step 2: Governor re-submits budget proposal
- Step 3: Special Committee on Budget
- Step 4: Special Session after agreement has been reached

# Requirements

- Must maintain sufficient reserves to protect against drastic cuts in services or significant tax increases
- Stimulus funds should be used for 1-time purposes