FY 2018 and FY 2019 Budget

Governor Eric Holcomb
Leading Indiana to the Next Level

- Cultivate a strong and diverse economy by growing Indiana as a magnet for jobs
- Create a 20-year plan to fund roads and bridges
- Develop a 21st century skilled and ready workforce
- Attack the drug epidemic
- Deliver great government service
Cultivate a Strong and Diverse Economy

Growing Indiana as a Magnet for Jobs starts with Fiscal Discipline

- Honestly Balanced Budget
- Maintain Prudent Reserve Levels
- Keep AAA Credit Rating
<table>
<thead>
<tr>
<th>Year</th>
<th>Sales and Use</th>
<th>Individual</th>
<th>Corporate</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Act.</td>
<td>$7,222.6</td>
<td>$5,218.2</td>
<td>$984.0</td>
<td>$0.0</td>
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<tr>
<td>2017 Proj.</td>
<td>$7,400.2</td>
<td>$5,399.8</td>
<td>$911.7</td>
<td>$0.0</td>
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<tr>
<td>2018 Est.</td>
<td>$7,618.0</td>
<td>$5,596.3</td>
<td>$926.7</td>
<td>$0.0</td>
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<tr>
<td>2019 Est.</td>
<td>$7,889.7</td>
<td>$5,942.0</td>
<td>$932.8</td>
<td>$1,322.5</td>
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</tbody>
</table>

$’s in millions
2017-19 General Fund Revenue Summary
Percentage of General Fund Biennial Budget

- **49.0%**
- **36.5%**
- **5.9%**

- Sales and Use
- Individual Income
- Corporate
- Riverboat Wagering (1.9%)
- Insurance (1.6%)
- Cigarette (1.5%)
- Motor & Commercial Vehicle Excise
- Other (1.4%)
- Racino Wagering (0.7%)
2017-19 General Fund Expenditure Summary
Percentage of General Fund Biennial Budget

- Medicaid: 3.9%
- Higher Education: 1.7%
- K-12 Education/Teacher Retirement/Other Education: 6.3%
- Other Health & Human Svcs: 13.8%
- Public Safety: 12.0%
- General Government: 51.9%
- Economic Development (0.8%)
- Conservation and Environment (0.5%)
INPRS Historical and Proposed Appropriations

$’s in millions

2009  $683.8
2010  $842.1
2011  $835.7
2012  $870.1
2013*  $963.1
2014  $948.9
2015  $1,003.2
2016  $1,032.6
2017 Proj.  $1,012.3
2018 Est.  $1,027.1
2019 Est.  $1,049.3

* 2013 does not include $329M in Excess Reserves appropriated to INPRS in 2013
Indiana State Debt Outstanding

$ in Millions

68% Decline

State Tax Funded
Gas Tax Funded
Payment Delays
Toll Funded
BMVC Debt

06/30/05 06/30/07 06/30/09 06/30/11 6/30/2013 6/30/2015 6/30/2017
Indiana is one of 12 States with top bond rating from all three major credit rating agencies.
Surpluses in Introduced Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Surpluses</th>
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<tbody>
<tr>
<td>FY 2018</td>
<td>$84.6</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$197.5</td>
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FY 2018/2019 Reserve Balances

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
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<tbody>
<tr>
<td>$1,834.1</td>
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<tr>
<td>$1,800</td>
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<tr>
<td>$2,050</td>
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FY 2018: $1,834.1
FY 2019: $2,000.5
Invest $1 Billion to Innovation and Entrepreneurship over Ten Years

- Next Level Indiana Trust Fund - $500m over ten years
- Venture Capital Investment Tax Credit Transferability – estimated $6m annual fiscal impact
- Continue Appropriations to the 21 Fund - $30m annual
Invest $1 Billion to Innovation and Entrepreneurship over Ten Years

- Innovation and Entrepreneurship Grant Program for Partnerships with Higher Education and Communities - $10m per year
- Fund additional Research Capabilities at the Indiana Biosciences Research Institute - $20m one-time fiscal impact
- Regional Cities Planning Grants - $4m one-time fiscal impact
Create a 20-Year Roads and Bridges Plan

- **Maintain** Our Existing Roads and Bridges
- **Finish** the Projects We Have Started
- **Invest** In New Projects That Enhance Competitiveness
- **Fund** What We Need... **Responsibly!**
Other Transportation & Infrastructure Priorities

- Add more Direct Flights from Indiana Airports - $5m per year
- Double Track the South Shore Line to create greater access to and from Chicago - $10m per year beginning in FY 2019
- Federal dollar swap for local projects
- Create a water infrastructure safety and reliability data hub through the Management Performance Hub
Educate, Train, Retrain, & Recruit A 21st Century Workforce For Indiana

- **Double investment in quality pre-k** for Hoosier children most in need from $10m per year to $20m per year

- Increase K-12 funding by $70m in FY 2018 and $210m in FY 2019 (as compared to FY 2017)

- Increase higher education funding by $13m in FY 2018 and $39m in FY 2019
K-12 Tuition Support Historical and Proposed Appropriations $’s in millions

* 2010 Indiana took over local taxation of K-12 support
Educate, Train, Retrain, & Recruit A 21st Century Workforce For Indiana

- Grant program to help adults earn credentials, certificates and degrees in high demand, high-wage fields - $2m per year

- Lead a statewide effort to align STEM efforts throughout K-12 education - $1m per year

- E-Rate funding for school corporations to match federal programs for connectivity - $1m per year
Attack the Drug Epidemic

Save Hoosier lives by addressing Indiana’s drug crisis with accountability & action

- Create the role of Executive Director of Drug Treatment, Prevention & Enforcement to direct all efforts across state government and address this epidemic in a targeted and comprehensive manner
- $5m per year
Deliver Great State Government Services

- Modernize revenue system - $33m in this biennium
- Increase police pay and fund police pensions - $34m appropriation increase in this biennium
- Exempt military pensions from Income Tax - $15m impact in this biennium
- Increase funding for Nurse-Family Partnership Program - $5m per year