Agenda

• Financial Overview
• Funding Our Commitments
• Economic and Community Development
• Education
• Adult Education and Workforce Development
• Health and Wellness
• Public Safety
• Good Government
• Conclusion
Financial Overview – Guiding Principles

• Balanced Budget
  • With a Structural Surplus each year
• Funds Critical Services to Hoosiers
  • Provides increases to many components
• Maintains Prudent Level of Reserves
• Maintain AAA Credit Rating
### Financial Overview - Revenue

**Forecasted Revenue by Fiscal Year (in millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales &amp; Use</th>
<th>Individual Income</th>
<th>Corporate Income</th>
<th>Wagering</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$19,407.4</td>
<td>$408.8</td>
<td>$1,385.2</td>
<td>$1,072.6</td>
<td>$5,000.0</td>
</tr>
<tr>
<td>2022</td>
<td>$21,190.7</td>
<td>$1,028.6</td>
<td>$1,539.5</td>
<td>$1,124.4</td>
<td>$10,000.0</td>
</tr>
<tr>
<td>2023</td>
<td>$20,647.3</td>
<td>$1,124.4</td>
<td>$1,124.4</td>
<td>$1,181.8</td>
<td>$15,000.0</td>
</tr>
<tr>
<td>2024</td>
<td>$21,275.7</td>
<td>$1,273.5</td>
<td>$1,181.8</td>
<td>$1,174.3</td>
<td>$20,000.0</td>
</tr>
<tr>
<td>2025</td>
<td>$21,891.5</td>
<td>$1,348.4</td>
<td>$1,174.3</td>
<td>$1,139.3</td>
<td>$25,000.0</td>
</tr>
</tbody>
</table>

- **Revenue**
  - 2021: $9,072.6
  - 2022: $9,991.0
  - 2023: $10,482.9
  - 2024: $10,631.7
  - 2025: $11,083.4

- **Sales & Use**
  - 2021: $1,072.6
  - 2022: $1,124.4
  - 2023: $1,124.4
  - 2024: $1,181.8
  - 2025: $1,174.3

- **Individual Income**
  - 2021: $408.8
  - 2022: $1,028.6
  - 2023: $1,124.4
  - 2024: $1,273.5
  - 2025: $1,348.4

- **Corporate Income**
  - 2021: $1,385.2
  - 2022: $1,539.5
  - 2023: $1,124.4
  - 2024: $1,181.8
  - 2025: $1,174.3

- **Wagering**
  - 2021: $1,072.6
  - 2022: $1,124.4
  - 2023: $1,124.4
  - 2024: $1,181.8
  - 2025: $1,174.3

- **Other**
  - 2021: $5,000.0
  - 2022: $10,000.0
  - 2023: $15,000.0
  - 2024: $20,000.0
  - 2025: $25,000.0
Financial Overview – Appropriations

- **2024**
  - Education: 56.8%
  - Health & Human Services: 25.6%
  - Public Safety: 6.2%
  - Capital: 4.3%
  - General Government: 3.8%
  - Economic & Workforce Development: 2.3%
  - Transportation: 0.2%
  - Distributions: 0.6%

- **2025**
  - Education: 56.9%
  - Health & Human Services: 26.9%
  - Public Safety: 6.1%
  - Capital: 2.9%
  - General Government: 3.9%
  - Economic & Workforce Development: 2.3%
  - Transportation: 0.2%
  - Distributions: 0.6%
Overall appropriation growth is 5.2% when excluding Medicaid, K-12, Higher Education, and GPHC increases.
For the current fiscal year (2023), forecasted revenues exceed appropriations by almost $2.3 billion.
Financial Overview – Structural Surplus

Annual Surplus (in millions)

- 2024: $564.1
- 2025: $545.1
## Financial Reserves – Reserves vs Revenues

Reserves Exceed the Prudent Range of 10-12% of Annual Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserves</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$1,777.1</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>2018</td>
<td>$1,785.5</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>2019</td>
<td>$2,270.1</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>2020</td>
<td>$1,418.9</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>2021</td>
<td>$3,922.7</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>2022</td>
<td>$6,124.7</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>2023</td>
<td>$4,072.6</td>
<td>$7,000.00</td>
</tr>
<tr>
<td>2024</td>
<td>$2,995.7</td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>$3,151.5</td>
<td></td>
</tr>
</tbody>
</table>

- Reserves in 2022 ($6,124.7) exceed the prudent range of 10-12% of annual revenues.
Financial Overview – Budget Development

- Operating Budget Instructions were sent out to agencies on March 31\textsuperscript{st} (3 months earlier than usual)
  - Established that “Base” budgets for FY24 and FY25 would be the FY23 appropriations.
- Capital Budget Instructions were sent out to agencies on April 22\textsuperscript{nd}
- SBA met with every agency, separately elected office, and judicial branch entity in July to review progress and provide initial feedback.
- Budget submissions were due on August 22\textsuperscript{nd}
  - The statutory deadline is on or before September 1\textsuperscript{st} per IC 4-12-1-7.
Financial Overview – Budget Bill and Report

- IC 4-12-1-9 requires the following deliverables by the 2\textsuperscript{nd} Monday in January for budget development:
  - A budget report with:
    - A statement of budget/fiscal policy,
    - A budget summary of expenditures, revenues, and surpluses/deficits (surplus statement),
    - 2 years of historical spending, current year spending and revenue, and proposed spending and revenue for the new biennium,
    - A description of the capital improvement program,
    - The budget bill,
    - The tax expenditure report, and
    - A summary and justification for workforce related programs in the recommended budget.
  - The budget report must include General Fund, dedicated funds, and federal funds
  - The complete budget report is available on SBA’s website
Funding Our Commitments – Pensions/OPEB

• Fully funds the Actuarial Determined Contribution (ADC) rates for State funded plans

• Leaves room in the budget for the General Assembly to fund a 13th check or COLA through the SRAs or General Fund

• Requires the transfer of $1 billion from the General Fund to Pre-96 Teachers Pension Fund following the end of FY 2023
  • Compared to current law that says up to $1 billion
Funding Our Commitments – Debt Service

• Appropriates required annual amounts to cover appropriation-backed debt:
  • Transportation Finance Authority (State Highway Fund)
  • Public University / Fee-Replaced (General Fund)
  • Stadium and Convention Center (General Fund backed)
  • State Office Building Commission (General Fund)
  • Indiana Motorsports Commission (General Fund)
  • EEC TIFIA Refunding (SHF/tolls)
Funding Our Commitments – Paying Down Debt

State Tax Funded and Gas Tax Funded Debt has Decreased by 31% (in millions)

<table>
<thead>
<tr>
<th>Date</th>
<th>Gas Tax Funded</th>
<th>State Tax Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/17</td>
<td>$792,620</td>
<td>$1,023,104</td>
</tr>
<tr>
<td>06/30/18</td>
<td>$915,505</td>
<td>$1,108,074</td>
</tr>
<tr>
<td>06/30/19</td>
<td>$849,795</td>
<td>$1,039,129</td>
</tr>
<tr>
<td>06/30/20</td>
<td>$786,230</td>
<td>$983,925</td>
</tr>
<tr>
<td>06/30/21</td>
<td>$723,375</td>
<td>$818,116</td>
</tr>
<tr>
<td>06/30/22</td>
<td>$509,295</td>
<td>$839,082</td>
</tr>
<tr>
<td>06/30/23</td>
<td>$447,210</td>
<td>$814,383</td>
</tr>
</tbody>
</table>
Funding Our Commitments - Medicaid

Medicaid Assistance Appropriations (in millions)

The Medicaid Assistance appropriation will have grown by 179% in 20 years.
Funding Our Commitments – Capital Projects

• Appropriates $1.25 billion in FY23 to fund the remaining capital projects that were initiated in the 2021 budget bill:
  • $97 million for the State Archives building
  • $100 million for the Potato Creek State Park lodge
  • $253 million for the co-location of Deaf School and Blind/Visually Impaired School
  • $800 million for the Westville Correctional Facility Reconstruction
• Appropriates $300 million over the biennium for Deferred Maintenance
• Creates the Demolition Fund at IDOA ($5 million)
• A copy of SBA’s Capital Budget Policy is available on our website
Economic and Community Development - IEDC

• Funds READI 2.0 at $500 million over the biennium
• Creates the IEDC Deal Closing Fund - $300 million annually
• Provides greater flexibility for IEDC’s tax credits
  • Provides a release valve to exceed the $300 million cap and $300 million for Deal Closing Fund via Budget Committee review
• Creates a $150 million revolving fund for Site Acquisition
• Doubles funding for the Manufacturing Readiness Grants - $40 million over the biennium
Economic and Community Development

• Increases IDDC/Tourism funding by $10 million annually
• Funds the Statewide Sports Bid Fund at $5 million annually
• Provides $50 million more for Next Level Trails
• Provides $25 million for Land Conservation
• Supports Gary Airport’s Cargo Development Projects at $9.82 million
• Doubles Food Bank funding ($2 million annually)
Education – K-12

• Increase K-12 Tuition Support (+6% / +2%) for a total of 8% (by $1.157 billion over the biennium)

• Eliminate Textbook Fees for Hoosier Families ($121 more million annually on top of current $39 million annually)

• Increases English Language Learner funding to $50 million annually

• Ensure High-Quality STEM Curriculum (DOE)

• Increase School Safety Grant Funding by 30% (DHS)

• Literacy Initiatives

• Restore JAG Funding to pre-pandemic levels (back to $8M per year)
Education – K-12 Tuition Support

Tuition Support (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$6,980.5</td>
</tr>
<tr>
<td>2018</td>
<td>$7,041.0</td>
</tr>
<tr>
<td>2019</td>
<td>$7,160.0</td>
</tr>
<tr>
<td>2020</td>
<td>$7,331.5</td>
</tr>
<tr>
<td>2021</td>
<td>$7,514.4</td>
</tr>
<tr>
<td>2022</td>
<td>$7,860.0</td>
</tr>
<tr>
<td>2023</td>
<td>$8,200.0</td>
</tr>
<tr>
<td>2024</td>
<td>$8,692.0</td>
</tr>
<tr>
<td>2025</td>
<td>$8,865.9</td>
</tr>
</tbody>
</table>
Education – Higher Education

• Significantly increase Higher Education Funding (+6%, +2%) total of $184 million over the biennium
• 100% commits to CHE’s new outcomes-based performance funding focused on retaining graduating students in Indiana
• Increases R&R funding by $10.3 million annually
• Funds CHE’s recommendations for Dual Credit
• Financially support Martin University, Indiana’s only “Predominantly Black Institution” serving many first-generation college and low-income minority students ($10 million for operating or capital)
Adult Education and Workforce Development

• Expand Excel Centers across the state to expand adult learning
  • Increase of $3 million in FY 2024 and $11 million FY 2025

• Increase funding for Graduation Alliance for adults to earn diploma or credential online ($1.5 million annually)

• Increase funding for Adult Education Programs
  • Increase of $4 million in FY 2024 and $8 million in FY 2025

• Increase funding for Next Level Jobs
  • Workforce Ready Grants at DWD ($6 million annually)
  • Employer Training Grants ($17.1 million annually)
  • High Value Workforce Ready Credit Bearing Grants ($6.1 million annually)

• Pilot Program to incentivize UI recipients to obtain HS diploma ($4.4 million annually)

• $7.5 million annually to GWC for workforce initiatives as approved by the Governor
Health and Wellness

• Funds the Governor’s Public Health Commissions recommendations
  • $120 million in FY 2024 and $227 million in FY 2025
  • Up to $100 million in FY 2024 and $200 million in FY 2025 will be distributed to local health departments

• Medicaid Assistance (increase of $706.1 million in FY 2024 and $968.0 million in FY 2025)
  • Forecast (+$586.9 million in FY 2024 and +$793.5 million in FY 2025)
  • Provider Rate Increases (+$121.4 million in FY 2024 and +$161.2 million in FY 2025)
  • Other Policy Adjustments (-$2.2 million in FY 2025 and +$13.5 million in FY 2025)

• DCS Provider Rates (increase of $19 million annually)

• Veterans
  • Relocation Assistance at IDDC ($2 million annually)
  • Suicide Prevention ($1 million annually)
Public Safety

• Indiana State Police (ISP) – Allocates funding to increase the starting pay for Troopers to $70,000 (currently $53,690).
  • This will be highest starting pay for police officers in Indiana.
  • Shortens the matrix from 20 years to 15 years.
  • Provides funding for other agencies that use the same matrix (DNR, Excise, Gaming).

• Department of Correction (DOC) – Fund contractual costs increases (largely in medical contract expenses)

• Department of Homeland Security (DHS) – Complete Regional Firefighter Training (Hub & Spoke) Infrastructure by enhancing 14 sites, building 16 new sites and investing in mobile equipment

• Fully funds the Supreme Court’s request to upgrade data and technology and expand key problem-solving courts
Good Government

• Comprehensive Overhaul of the State Employee Payplan
  • First since 1970s
  • Overall cost of $253 million
  • General fund share of $160 million
  • SPD and SBA have worked with separately elected officials and the judicial branch to crosswalk classifications and fund similar adjustments for their employees

• Carves out a portion of the Agency Settlement Fund into the Opioid Settlement Fund

• Adds $500k for BMV system study
Conclusion

• It uses one-time dollars in FY 2023 to complete the capital projects that were prioritized by the General Assembly in 2021 budget bill.

• This budget is balanced in both years and provides flexibility in both years for the General Assembly to fund the Governor’s priorities and add in their priorities.

• Includes historic increases for K-12, Higher Education, and Medicaid and completely funds the Governor’s Public Health Commission’s recommendations.