

# FY18/19 Budget

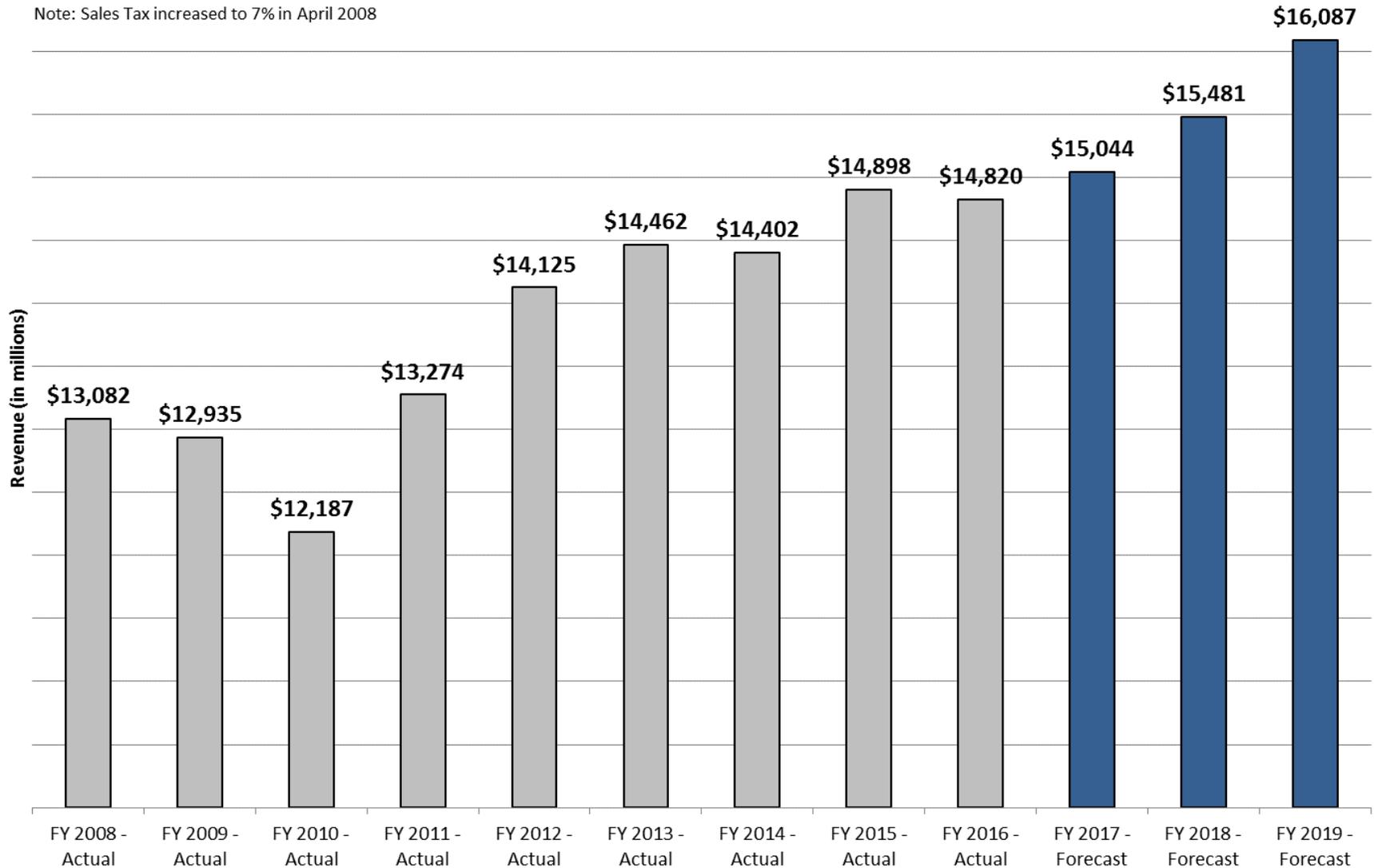
## Chairman's Amendment to HB 1001

Rep. Tim Brown, M.D.

Chairman, House Ways & Means Committee

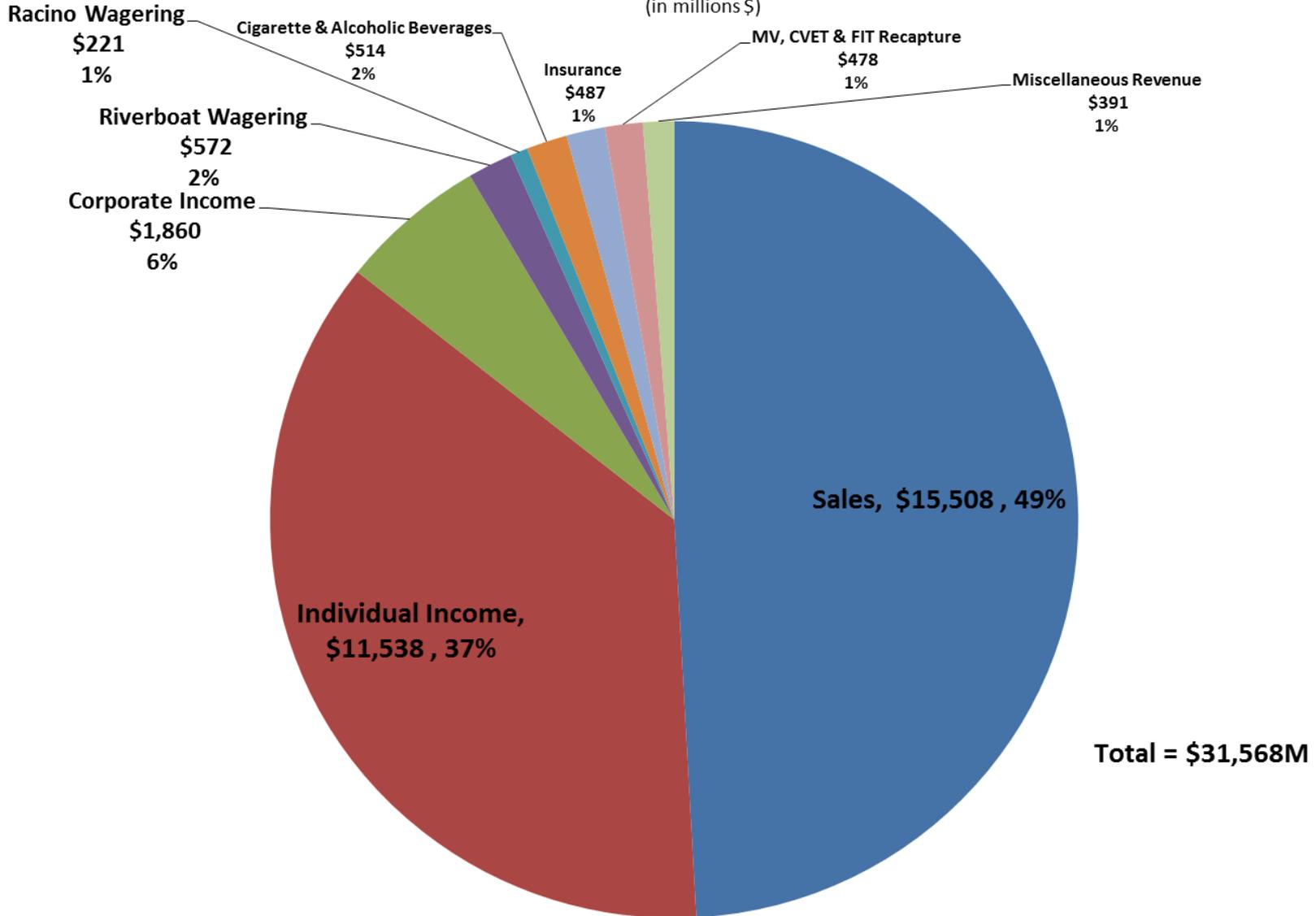
## Actual and Forecasted General Fund Revenue (in millions)

Note: Sales Tax increased to 7% in April 2008



### Total Actual and Forecasted General Fund Revenue (FY 2018/FY 2019)

December 2016 Revenue Forecast  
(in millions \$)



# Guiding Principles

The FY18/19 budget must protect Hoosier taxpayers, fund vital government services, and maintain the stable fiscal environment necessary to grow the Hoosier economy.

All of this must be accomplished while holding firm to our proven commitment to **fiscal integrity.**

# FY18/19 Budget Priorities

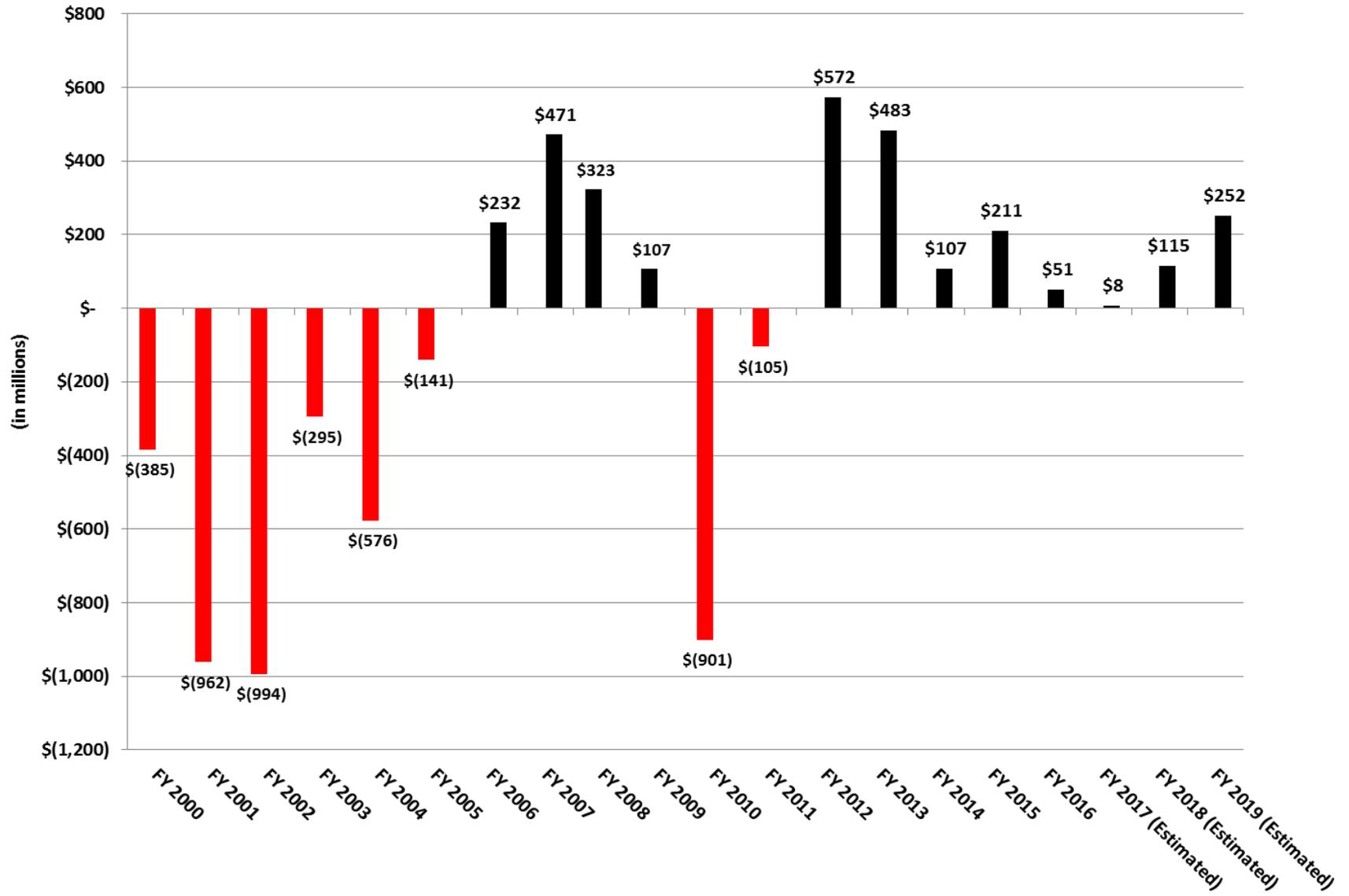
- Focus on fiscal integrity
  - Enact an honestly balanced budget that maintains healthy reserves
- Strengthen our commitment to education
  - Support innovation in education
- Improve Indiana's workforce
  - Invest in programs that deliver high-value training to Hoosier workers
- Support public safety
  - Attack the opioid epidemic and support those who protect us

Focus on fiscal integrity...

# Honestly balance the budget

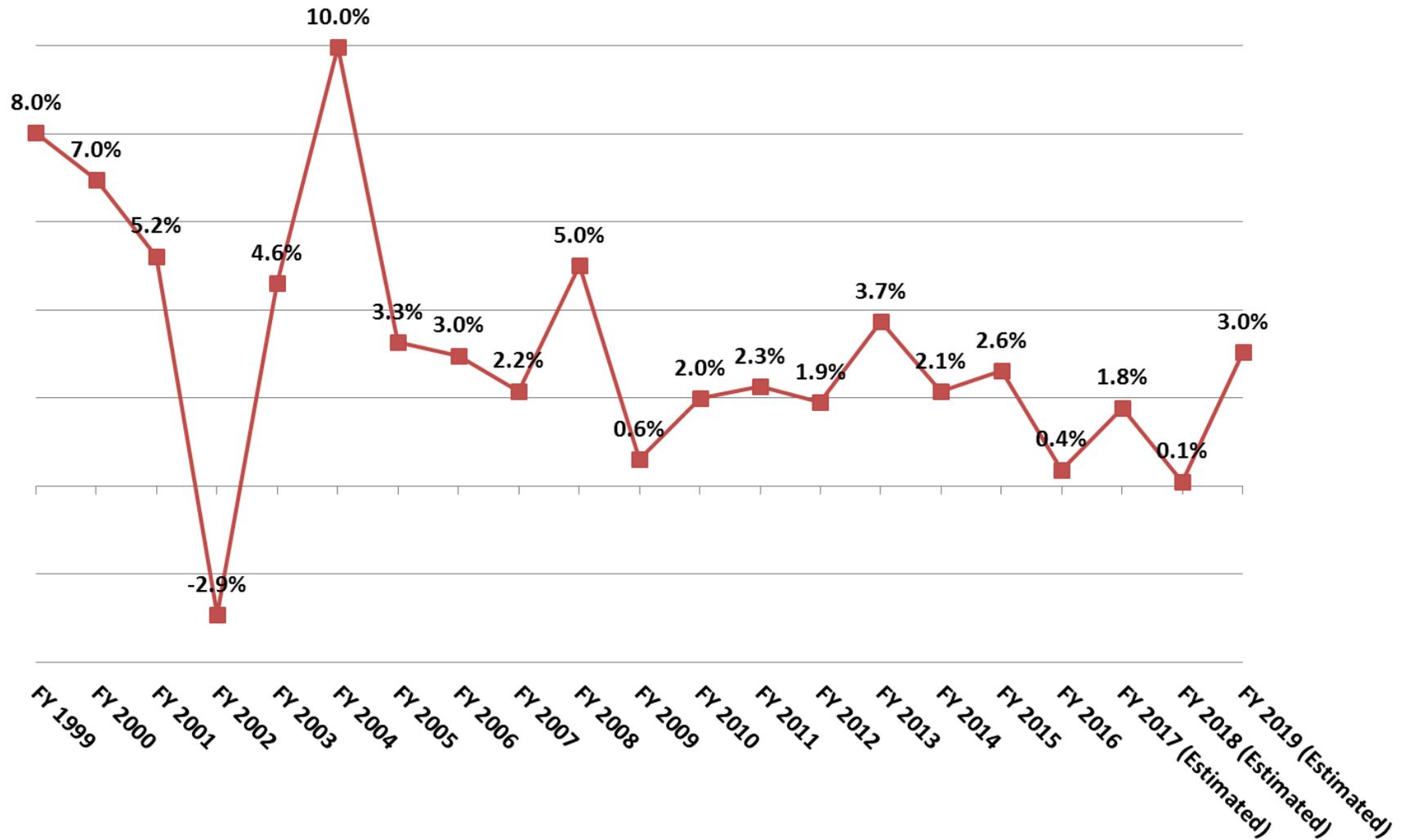
- Budget lives within our means
  - Budget is structurally balanced in both years of the biennium
    - Balanced budgets protect Indiana's triple-A credit rating, which reduces borrowing costs at the state and local level by as much as 30% as compared to states like Illinois saving Hoosiers millions of dollars annually
- Budget fully accounts for the fiscal impacts of outside acts, **including the House Republican long-term road funding plan - HB 1002**
- Spending levels are sustainable into the future
  - 2019 General Assembly will inherit opportunities not deficits

## Structural Budget Surplus/(Deficit)



## Year-Over-Year % Change in Net Ongoing General Fund Expenditures

(Net of one-time expenditures)

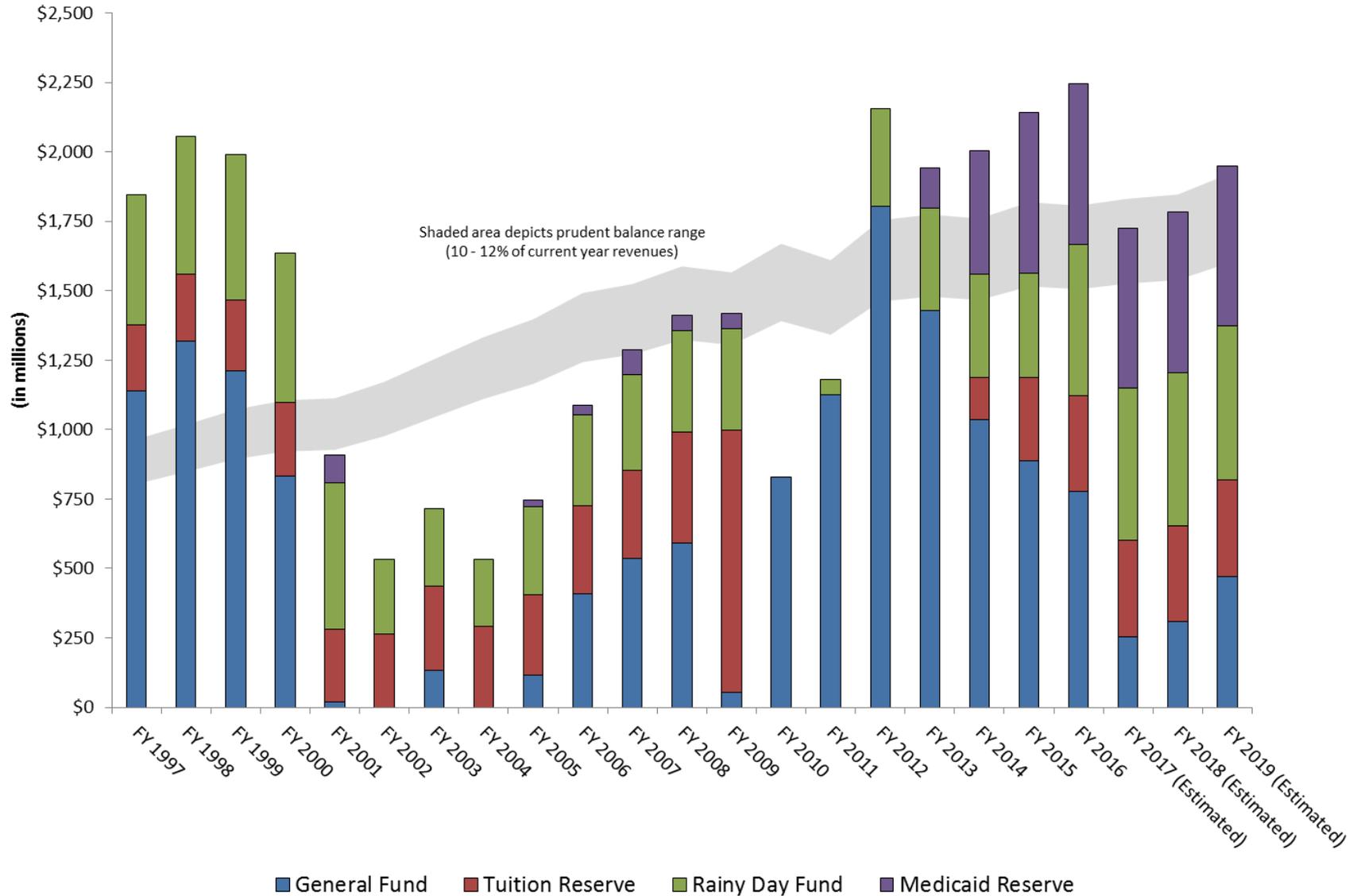


Focus on fiscal integrity...

## Maintain healthy reserves

- Budget maintains healthy reserves in both years of the biennium
  - Healthy reserves provide critical protection to taxpayers during turbulent times and ensure that Indiana maintains a triple-A credit rating
- Healthy reserves protect education funding and services provided to Hoosiers in need
  - Tuition reserve fund protects state payments to K-12 schools even in the event of a recession
  - Medicaid reserve fund protects Medicaid recipients and providers if costs exceed expectations

### Total Combined Reserve Balances



Focus on fiscal integrity...

## Fund our obligations to retirees

- Budget fully funds actuarially required contributions (ARC) for all state pension plans
- Budget increases General Fund contribution to the Pre-1996 Teacher's Retirement Account to fund a 13<sup>th</sup> check in FY 2018 and FY 2019
- Budget funds a 13<sup>th</sup> check in FY 2018 and FY 2019 for retired PERF members and public safety officers
- Budget fully funds the ARC for other post-employment benefit (OPEB) liabilities incurred by the DNR, the ATC, and the State Police

# Strengthen our commitment to education...

## K-12 funding formula

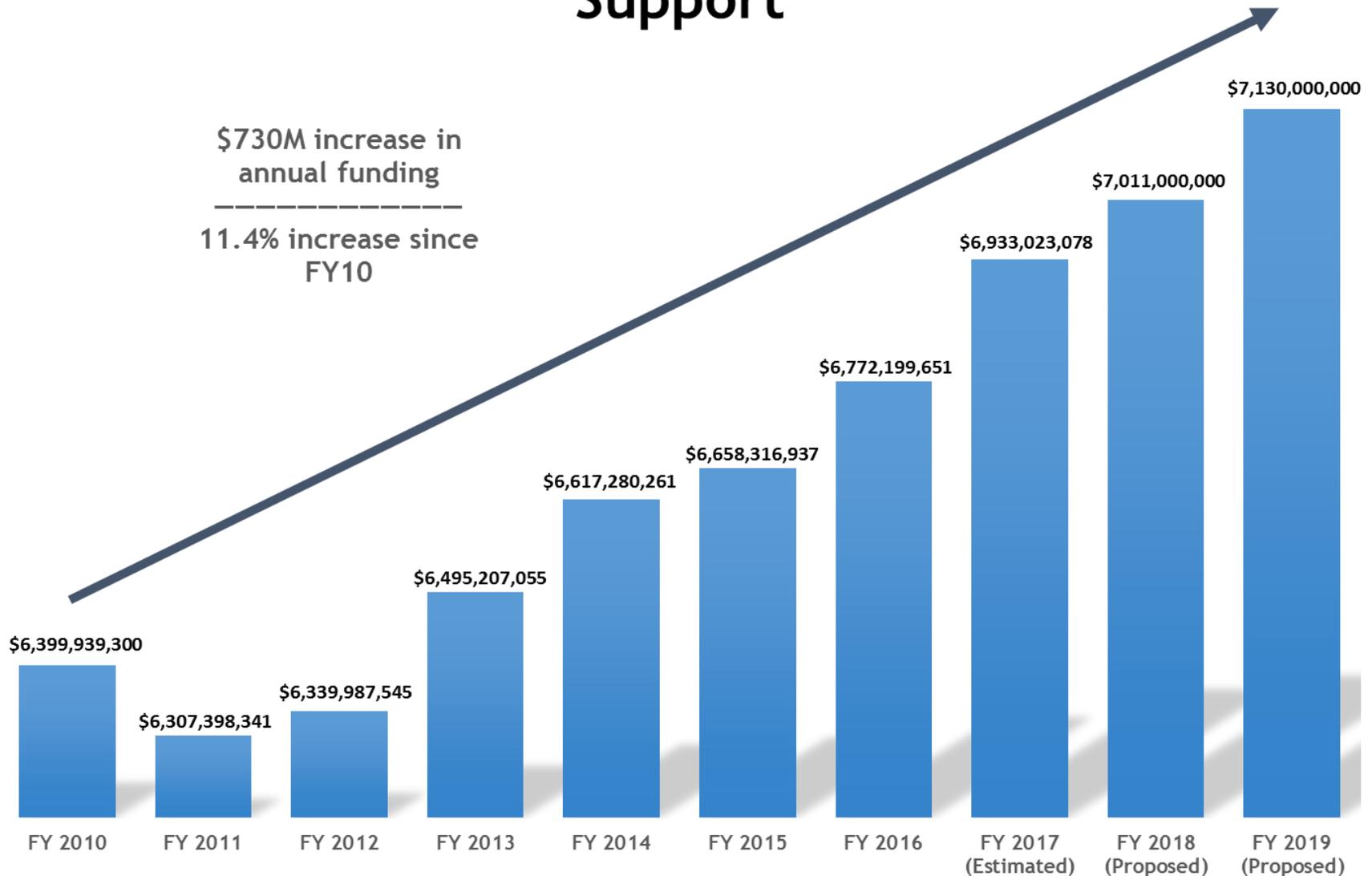
- Total increase over biennium = **\$273M** or **2.8%**
  - FY17 Est. Distribution = \$6.93 billion
  - FY18 Appropriation = \$7.01 billion
    - +\$77M or 1.1% vs. FY17
  - FY19 Appropriation = \$7.13 billion
    - +\$119M or 1.7% vs. FY18
    - +\$196M or 2.8% vs. FY17
  - Total new dollars vs. FY17 base funding:
    - \$77M + \$196M = \$273M
- Increases foundation (i.e., basic grant for every student) by 3.1% in FY18 and 1.5% in FY19
  - FY17 Per Student Foundation = \$5,088
  - FY18 Per Student Foundation = \$5,246 (+3.1%)
  - FY19 Per Student Foundation = \$5,325 (+1.5%)
    - Total increase over biennium = \$237 or 4.7%

# Strengthen our commitment to education...

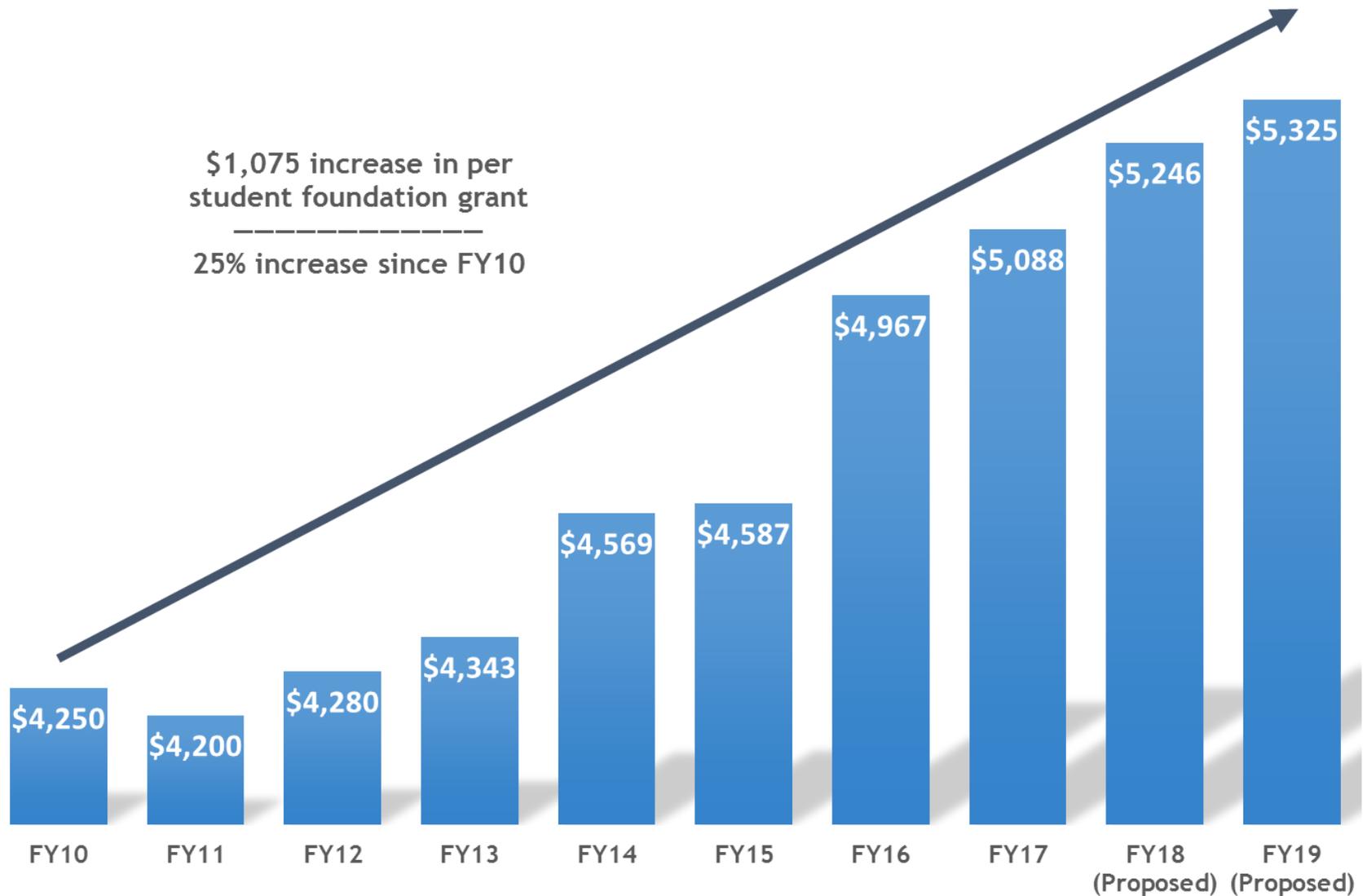
## K-12 funding formula, cont.

- Special education grants
  - Increases the per student severe disabilities grant to \$8,976 (+2.0%) in FY18 and to \$9,156 (+2.0%) in FY19
- Base honors diploma award increased from \$1,000 to \$1,100 per diploma and from \$1,400 to \$1,500 per diploma if the recipient is an at-risk student
- Removes the spring count date for purposes of the tuition support formula
- Complexity grants
  - Index is based upon the number of students whose families receive TANF or SNAP benefits or are in foster care
    - FSSA provides the data directly to the DOE, which means that the data is more consistent and reliable

# Most Dollars Ever for K-12 Tuition Support



## Substantial Increase to the Foundation



Strengthen our commitment to education...

## Expand educational opportunity

- Funds the pre-kindergarten pilot program at the Governor's recommended level of \$20M per year
- Increases funding for the non-English speaking program by \$4.5M in FY18 and \$7.0M in FY19
  - Raises the per student grant from \$200 in FY17 to \$300 in FY18 and \$350 in FY19
- Second chance opportunities for high school dropouts
  - Increases funding for adult high schools by \$5.6M
- Increases the annual cap on the successful SGO tax credit program to \$12.5M per year

## Strengthen our commitment to education...

# Innovation in education

- Career pathways
  - \$1.5M per year to support the development of career pathways for K-12 teachers
- STEM program alignment
  - \$1M per year to fund efforts to better align STEM programming
- School internet connectivity
  - Increases funding for school broadband services (e-rate) by \$1M per year
- School social services
  - Increases funding by \$1M in FY18 and an additional \$1M in FY19 for the continued deployment of an innovative school social service and counseling program that allows schools to focus on their primary mission – teaching children

Strengthen our commitment to education...

## Promote administrative efficiency

- School Corporation Efficiency Incentive Grants
  - Incentive funds available to school corporations who voluntarily reorganize under the Government Modernization Act (IC 36-1.5-4)
    - Funds may be used to cover reorganization-related expenses or to provide salary bonuses to teachers
  - Grant award is equal to \$500 multiplied by the last official enrollment of the smaller corporation (or corporations if more than two school corporations reorganize)
  - Provides newly reorganized school corporation with an additional 3% increase to the maximum levy to help fund capital and transportation costs

## Strengthen our commitment to education...

# Higher education

- Operating
  - Allocates dollars using CHE's performance funding formula
  - Increases funding by \$23M (1.7%) over the biennium
- Line items
  - Provides funding for the PUWL Think Summer initiative and campus security enhancements at USI
- Capital
  - Provides funding for ten university capital projects
  - Provides \$137M in cash funding to reduce borrowing costs
  - Invests \$34M per year for repair and rehabilitation of existing university infrastructure
- Financial Aid
  - Fully funds the state's financial aid programs at the projected expenditure levels for both fiscal years

Improve Indiana's workforce...

## Invest in high value worker training

- Provides \$250K to the Governor's Office to develop a comprehensive workforce development plan to better align state programs
- Appropriates \$2M per year to the Workforce Ready Grant program to help Indiana workers obtain high-value certificates
- Doubles funding for the DWD's Work Indiana program that transitions adults who have obtained a high school equivalency diploma into training programs for high-demand jobs
- Increases funding for the Jobs for America's Graduates program to prevent at-risk dropouts

Improve Indiana's workforce...

## Grow the Hoosier economy

- Appropriates \$10M per year to advance innovation and entrepreneurship programming at universities and in Indiana communities
- Provides \$20M over the biennium to support the development of the Indiana Bioscience Research Institute
- Allows the Venture Capital Investment tax credit to be transferred to stimulate investment in Hoosier start-ups
- Establishes the Next Level Indiana Trust Fund
- Provides state funding to support the expansion of the South Shore commuter railway

Support public safety...

## Attack the opioid epidemic

- Appropriates \$5M per year to support the newly created role of Executive Director of Drug Treatment, Prevention, and Enforcement
- Provides \$5M per year to support of the Nurse-Family Partnership's efforts to help at-risk families
- Appropriates \$185M over the biennium for investments in local corrections programs that focus not just on incarceration but on rehabilitation

Support public safety...

## Support those who protect us

- Provides funding to increase the Indiana State Police salary matrix by 12% over the biennium
  - Also provides funding to increase salaries for DNR officers, ATC officers, and gaming agents
- Increases the military retirement and survivor's benefits deduction from \$5,000 per year to \$16,000 per year by 2019
  - Eliminates the 60 year age requirement for claiming the deduction
- Doubles state funding for veteran's problem solving courts

Support public safety...

## Help for Hoosiers in need

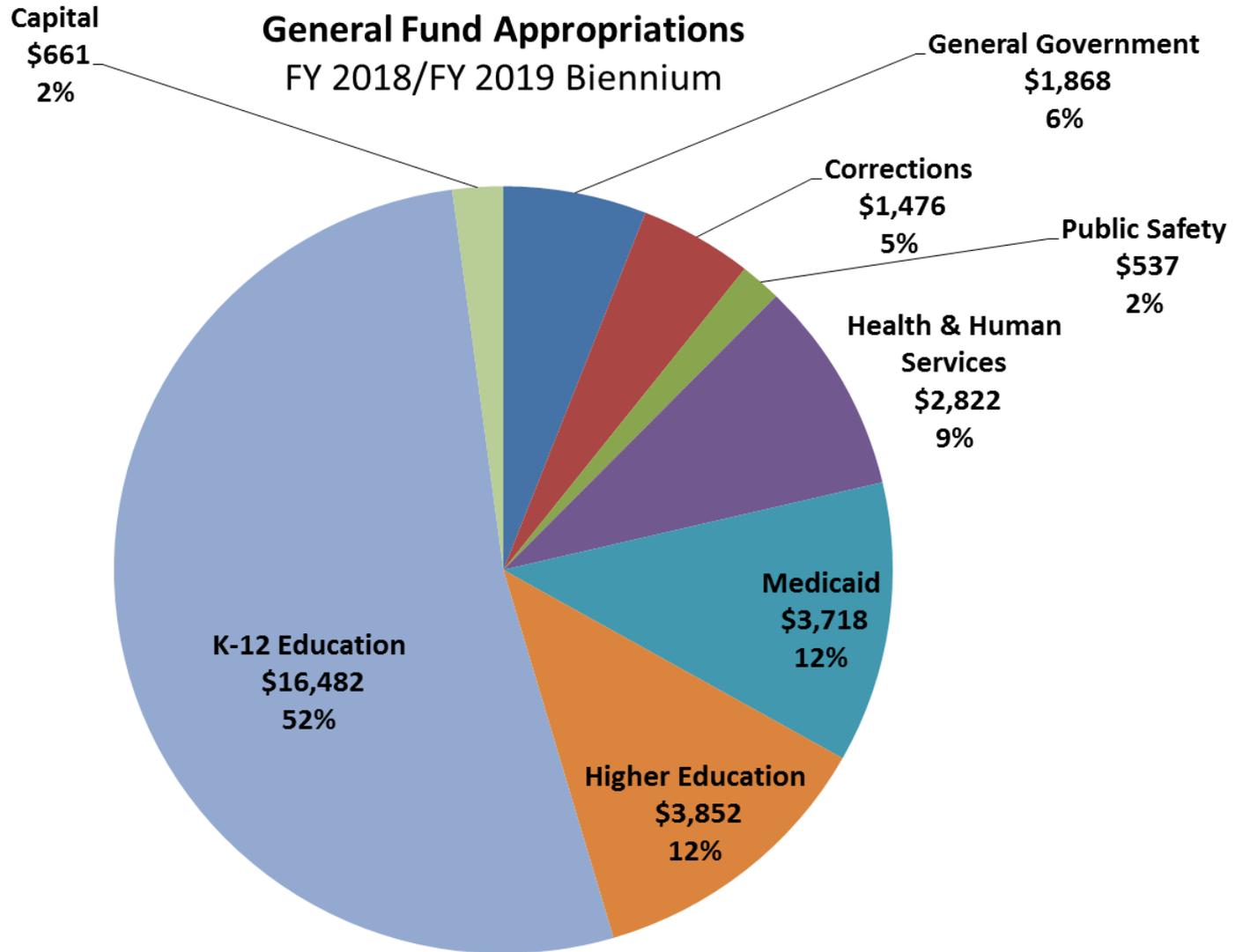
- Increases funding for DCS by \$50M per year
- Increases funding for adult protective services by \$3M per year
- Appropriates an additional \$500K per year to the Supreme Court's adult guardianship program
- Provides an additional \$1.3M per year for the Guardian ad Litem program to protect children in need of services
- Increases funding for sexual assault victims' assistance by \$500K per year
- Provides new state funding for the IHCD's Housing First program
- Increases funding for the Public Defender Commission

# Other Budget Highlights

- Raises the cigarette tax by \$1 per pack to support the Medicaid appropriation and increase funding for tobacco cessation
- Provides \$33M over the biennium to begin the modernization of DOR's revenue collection system
- Appropriates an additional \$5.4M per year to the Management and Performance Hub
- Strengthens the role of the financial manager for distressed local units
- Increases funding for AP and PSAT exams
- Increases funding for the Charter and Innovation Network grant program to \$12.5M per year
- Allows private schools to access secured schools grants
- Requires FSSA to increase reimbursement rates for direct service providers and day services programs that help the developmentally disabled
- Increases the operating and capital appropriations for the School for the Deaf
- Appropriates an additional \$25K per year to expand electronic newlines for the blind
- Funds an Executive Director for the Commission on Improving the Status of Children
- Provides \$250K per year to the Purdue Extension to install high-tunnel greenhouses in urban areas for the promotion of year-round urban farming
- Creates the Indiana Tourism Task Force

- State of Indiana -

### General Fund Appropriations FY 2018/FY 2019 Biennium



# Bottom Line

HB 1001...

- ✓ Focuses on fiscal integrity
- ✓ Strengthens our commitment to education
- ✓ Improves Indiana's workforce
- ✓ Supports public safety