

House Bill 1001 (Basic Framework & Guiding Principles)

General Overview:

- ✓ One-Year Budget recognizes tenuousness of the economy and inability to concisely predict revenue stream for the Second Year of the Biennium.
- ✓ Maximization the usage of the Federal Stimulus dollars received from ARRA in a timely manner to jump-start the economy
- ✓ Leaves a End of Budget Balance that takes into account the reductions derived from the revised Revenue Forecast of May 27th. Furthermore, adopts Governor's announced in December of 2008 (revised on June 1st) but as of yet not implemented Budget Reversions for Fiscal Year 2009 (\$1.4 Billion)

K-12:

- ✓ Overall Formula Increase of 2% *without* the unallowable inclusion of Federal Fiscal Stabilization monies such as Title 1 and Special Education Part B dollars as was the case with the Governor's Budget
- ✓ Every School is a "Winner" - Hold-Harmless Provisions ensures that each School Corporation does not have a reduction in funding from the previous year in addition. School Corporations are the basis of funding approach since school corporations are the entities that educate students. This also comports with the original intent of the Federal Stimulus Bill by preserving and creating jobs.
- ✓ Due to *de facto* usage and application of Federally- derived State Fiscal Stabilization Funds (without the consultation or input of the General Assembly) by the Governor the House Budget undertakes to make the \$571 million General Fund Tuition Support reduction in FY 2009 and "backfill" with same amount of State Fiscal Stabilization Fund.
- ✓ Fast-Growing Schools such as Hamilton Southeastern (4.6% increase in funding) for instance receive above average (2%) increases due to their high enrollment growth relative to the rest of the State.
- ✓ Transition to Foundation Provisions are Maintained
- ✓ One new Charter School per District per year is permitted and fully funded
- ✓ Voucher's are not permitted
- ✓ Department of Education is directed to develop guidelines and regulations for Virtual Schools
- ✓ Governor's Trigger Language on Supplemental Distributions of 50% of above

forecasted revenue provision is included.

Higher Education:

✓Approximate 2% increase for universities made possible by application of State Fiscal Stabilization Fund dollars

✓CHE Formula is not implemented so as to not further aggravate adverse fiscal situation universities are facing. Universities were in agreement that this was inopportune time to implement new CHE Formula

✓1% Operating Cut undertaken in December of 2008 is undone and paid for with State Fiscal Stabilization Fund dollars (\$44 million)

✓General Repair and Rehabilitation is paid for with State Fiscal Stabilization Fund Part B dollars.

✓Compromise reached by Senate and House Conferees at the end of the Regular 2009 Session is utilized for Capital Project funding. In essence, 2007 projects are authorized and debt service is paid for during the scope of the Budget. 2009 agreed to projects are authorized with debt service to attach during next Biennium as is typically the case.

✓Indiana Innovation Alliance is fully funded with Part B State Fiscal Stabilization Fund dollars

SSACI:

✓Funded realistically at 18% increase with partial utilization of Part B State Fiscal Stabilization Fund dollars in order to maintain as best as possible the "caps" and average award amounts.

Medicaid and Human Services:

✓Medicaid is fully funded with the full application of Stimulus Funds in the same manner as the Governor's Budget

✓No Pharmacy Carve-Out permitted and no Hold-Back Provision for Providers

✓CHOICE is funded at \$48 million and not cut \$4 million as in the Governor's Budget

✓Tobacco Cessation and Preservation is funded at \$14.8 million and not Governor's \$10.8 million amount

✓Area Health Education Centers (AHEC) is funded. Governor's Budget abandoned funding for program

Department of Child Services:

✓DCS Budget funded at DCS requested amount with safeguard provision of \$15 million in augmentation authority in the event Federal leveraging monies do not materialize

✓Project SafePlace and Youth Service Bureaus are funded at 2007 Budget amounts with 8% cuts

✓House Passed creation of DCS Ombudsman is included

Jobs Creation, Economic Development & Transportation:

✓Purdue/IU Nanotech Project at Notre Dame is funded at \$10 million dollars with State Fiscal Stabilization Fund dollars (Part B)

✓Local Road Funding found in SB 370 is included along with traditional highway funding and Stimulus Derived Highway Funding.

Other:

✓Soldiers & Sailors Home funding is preserved at \$10 million

✓Little Calumet Flood Control is Funded at \$9 million

✓Heritage Trust is funded at \$1 million (absent from Governor's Budget)

✓Public Broadcasting is funded at approximately \$3.5 million (absent from Governor's Budget)

✓Restores the State Employee Health Retirement Program and makes it a Trust as originally contemplated in the Senate Passed version of HB 1001.

Topics of Concern Contained in Governor's Budget Proposal

Health and Social Services

- Indiana Prescription Drug Program. Governor's budget reduces appropriations by almost \$7M each year of the biennium. An eighty-six (86%) percent decrease.
- C.H.O.I.C.E. Program. Governor's budget reduces appropriations by \$4M each year of the biennium or 9%.
- Community Health Centers. Governor's budget reduces appropriations by \$15M each year of the biennium or 50%.
- IMPACT TANF (Temporary Assistance to Needy Families). Governor's budget reduces funding to provide services designed to help recipients of Food Stamps and TANF achieve economic self-sufficiency through education, training, job search and job placement activities. The reduction is \$3.88M each year of the biennium or a reduction of 67%.

Education

- University operating reduced by 4%.
- K-12 Funding. Flat lines funding for elementary education statewide.
- Adult Education. Governor's budget reduces appropriations by \$1M in each year of the biennium. Transfers the responsibility of providing adult education from local school corporations to Ivy Tech Community College. Ivy Tech received a cut in funding in 2010.
- Textbook Reimbursement. Governor's budget flat lines funding.
- Full Day Kindergarten. Governor's budget flat lines funding.
- Testing and remediation. Governor's budget reduces appropriations by \$2M each year of the biennium.
- Non English Speaking Program. Governor's budget reduces appropriations by almost \$4M each year of the biennium.
- Professional Development. Governor's budget does not include professional development funding for teachers. Current biennium budget includes \$13.8M each year.
- Virtual Charters. Recognizes, allows and funds charter schools from a modified state funding formula.
- Public Television. Removes funding for public television. Current budget includes \$3.5M each year of the biennium.

- School Scholarship Tax Credit. Voucher program, allowing tax credits for private school tuition. This provision failed in regular session.
- School health insurance mandates. Mandates schools corporations to use the state employee health program, regardless of the cost to school corporations or employees. Also, eliminates the ability of school corporations to increase employer contributions to employee benefit plans.

Other Provisions

- Retroactive changes to a court decision that alters the corporate tax structure increasing taxes for certain employers and possibly leading to layoffs . This provision failed in the regular session.
- Procurement mandates. Requires cities units of government to seek two quotes from two cooperative purchasing organizations, regardless of the amount of the purchase. Onerous and creates additional work. This provision failed in committee.