

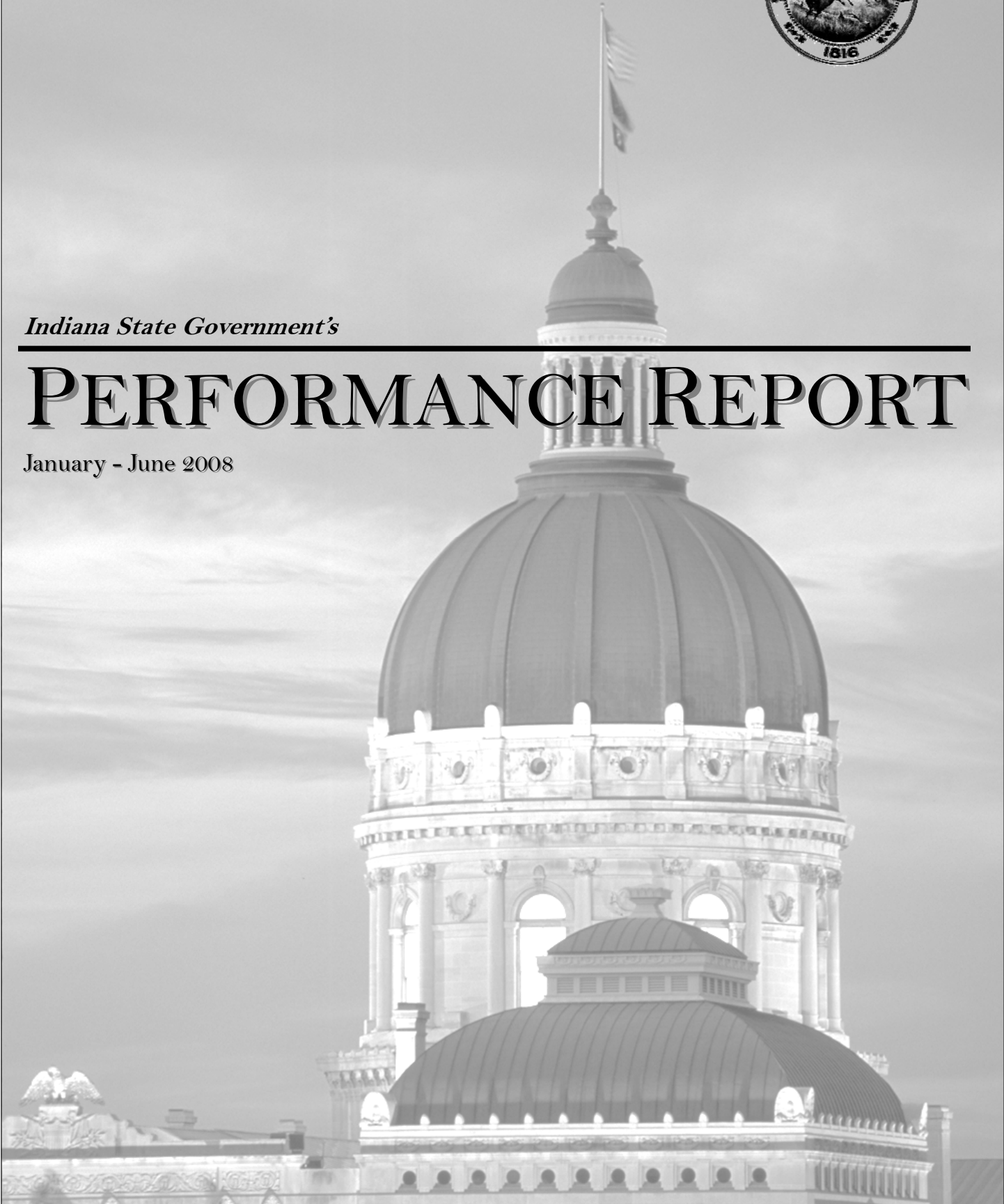


*Indiana State Government's*

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# PERFORMANCE REPORT

January - June 2008







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STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.  
Governor

## Memorandum

**To: Governor Daniels**  
**From: Betsy Burdick, Deputy Chief of Staff**  
**Date: August 29, 2008**  
**Re: Indiana State Government Performance Report for January through June 2008**

As Indiana continues its comeback, it is important to assess our progress as an administration and identify our successes and opportunities for improvement. The following report covers the second half of the 2008 fiscal year, January through June 30, another period of progress. The task of improving state government over the past three and a half years has proven difficult; however, this report shows that the results are quantifiable and the improvement undeniable. The state is moving forward.

The second half of the 2008 fiscal year proved historic as the state ended with the third-straight honestly balanced budget, and added more than \$320 million to its reserves. As we put this report together, another first was achieved and deserves mention. For the first time in Indiana's history the state has achieved a AAA credit rating, the highest possible. This rating has only been achieved by nine other states in the nation. Although the state's fiscal condition is a significant indicator of government's strong performance, it is not the only measure.

After being hired in 2005, you called on state government to increase efficiency and end business as usual. During the past six months, the state passed a landmark property tax relief and reform act in the form of House Enrolled Act 1001, increased access and affordability for Hoosiers to health care insurance through the Healthy Indiana Plan (HIP) and prescription medication through Rx for Indiana, broke ground on dozens of new road projects with Major Moves funding and the list of accomplishments goes on. The past six months are evidence that state government has ended business as usual and continues to aim higher.

In addition to enacting planned change during the past six months, state government also had to react to the tragic and unfortunate weather events of May and June. The state responded to the disaster many described as a 100-year event in a manner being praised around the country. Under your direction the state created one-stop disaster assistance locations within days following the storms. These centers, the first of their kind in the nation, brought state, federal and private resources together under one roof to ensure that Hoosiers affected received the greatest relief in the quickest fashion. This quick response ensured the first disaster relief check was in the hands of those who needed it just nine days after the rain stopped.

While our own Performance Report indicates a strong and efficient state government, others have come to the same conclusion. The nationally acclaimed Pew Center on the States' "Grading the States" report recognized our achievements as well. Overall, Indiana's grade improved from a C+ in 2005 to a B in 2008. Indiana was one of only three states whose overall grade went up two letter segments, and only eight states ranked higher than Indiana.

This report offers Hoosiers the opportunity to check our progress, gauge our performance and hold government accountable. Your cabinet is pleased to present you with these results, and remains eager to continue the work of making Indiana's government better. Your leadership has served as the catalyst for over three years of positive change. We look forward to new opportunities for improvement in state government as we continue to strive to make Indiana an even better state in which to live and work.





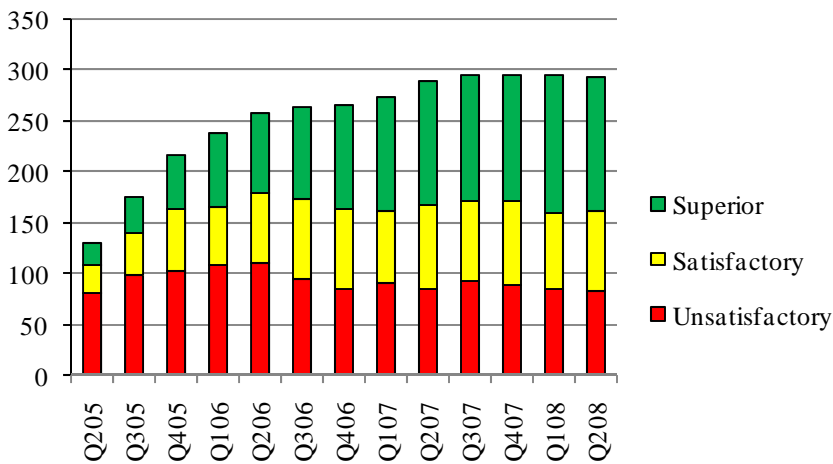
# Agency Performance

## Performance Measurement Overview

Performance measurement is the process of identifying desired outcomes, establishing quantitative targets and then monitoring results. When properly designed and executed, this practice leads to increased accountability and thus improved performance.

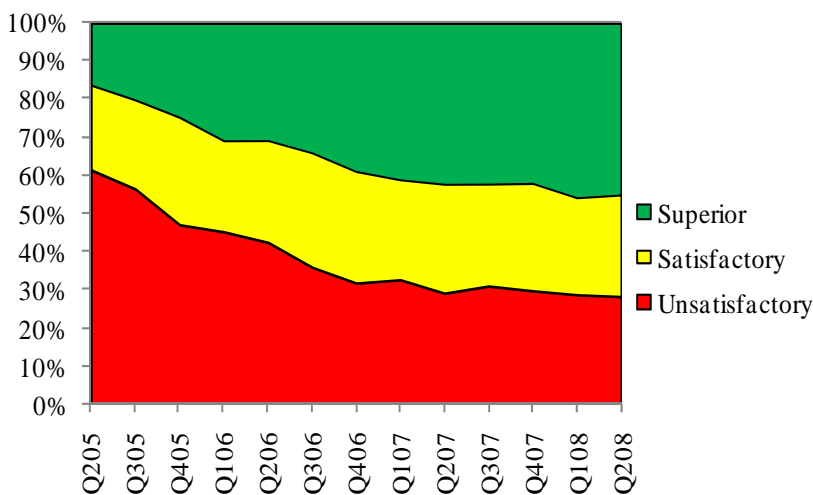
In the private sector, identifying effective performance measures is a fairly straightforward exercise. Generally, profitability is the clearest indicator of whether a business is successful or not. However, in the public sector, making a profit is not the stated objective. Managers in government must be more deliberate and consider the ultimate purpose of their agency. Yet, when measures are properly aligned with the mission of each program, the impact can be transformational.

Performance measures are more valuable when they are based on outcomes, as opposed to inputs or outputs. Input measures are actually the least useful. The amount of resources expended on a problem in terms of dollars and employees is certainly important information to know, but inputs do not show whether a problem is being solved. Output measures are better. Tracking the number of people served or the number of permits processed denote what the inputs have purchased, but still does not reveal if the mission is being met. Only outcome measures, such as the number of job trainees still employed six months after placement, the percentage of counties with clean air attainment or prisoner recidivism rates, denote whether goals are met.



In 2005 Governor Daniels directed the Office of Management and Budget (OMB) to develop a performance measurement system. Initially working with 30 agencies, OMB has since helped over 70 executive branch entities determine the metrics by which their performance should be gauged. Results are collected quarterly and posted online at [Results.IN.gov](http://Results.IN.gov).

The state agencies also established targets for each metric as a benchmark for ascertaining success. Green targets designate superior performance and yellow targets indicate satisfactory performance. Results not meeting the yellow standard are regarded as red or unsatisfactory.



When the system was created in 2005, 62 percent of results were rated unsatisfactory and only 16 percent were superior. Today, the number of unsatisfactory measures has dropped to 28 percent and the superior portion has risen to 45 percent. These figures demonstrate the power of measuring performance and prove true the motto that “what gets measured, gets done.”



## Grading the States 2008 Report

In March 2008, *Governing* magazine, in conjunction with the Pew Center on the States, released its fourth report from the Government Performance Project seeking to assess the quality of management in the 50 states. Researchers analyzed performance in four categories: money, people, infrastructure and information.

Overall, Indiana's grade improved from C+ to a B, making Indiana the most improved state in the country. Although the report does not rank states against each other, only eight states finished with a *higher* grade than Indiana, whereas only five states finished with a *lower* grade than Indiana in 2005.

Indiana was one of only three states whose overall grade went up two letter segments. No state improved or declined by more than two letter segments. Indiana was the only state to move from below the median grade (B-) to above it.

Strengths and weaknesses were also assessed across twenty criteria. In 2005, Indiana had a single strength and ten weaknesses identified. In 2008, Indiana had eight strengths and only one weakness identified. Considering the number of strengths minus the number of weaknesses (or "net"), Indiana improved from a negative 9 in 2005 to a positive 7 in 2008. This 16-point turnaround was the largest by far.

Of course, there remains the opportunity for continued improvement. Indiana looks forward to working with the Pew Center to implement the best practices identified in other states and to enhance the value of services provided to Hoosiers.

The complete study is available online at both [www.governing.com/gpp](http://www.governing.com/gpp) and [www.pewcenteronthestates.org/gpp](http://www.pewcenteronthestates.org/gpp).

### Overall Improvement from 2005 to 2008

2005	Grade	Str-Wk	Str-Wk	Grade	2008
Utah	A-	16	17	A-	Utah
Virginia	A-	15	12	A-	Virginia
			12	A-	Washington
Minnesota	B+	10			
Washington	B+	9	10	B+	Georgia
Delaware	B+	7	10	B+	Missouri
Kentucky	B+	7	8	B+	Delaware
Michigan	B+	7	8	B+	Michigan
			8	B+	Texas
South Carolina	B	8			
Pennsylvania	B	7			
Vermont	B	6	7	B	Indiana
Iowa	B	5	5	B	Nebraska
Missouri	B	4	5	B	Iowa
Ohio	B	4	1	B	Maryland
					Louisiana
Texas	B	4			
Kansas	B	3	5	B-	Kentucky
Louisiana	B	3	4	B-	Minnesota
Maryland	B	3	3	B-	Pennsylvania
Georgia	B	2	3	B-	Tennessee
Arizona	B	1	2	B-	Florida
Nebraska	B	1	2	B-	North Carolina
			2	B-	South Carolina
Florida	B-	2	0	B-	Arizona
New York	B-	2	0	B-	Kansas
New Jersey	B-	0	0	B-	Ohio
Nevada	B-	-1	-1	B-	Connecticut
Idaho	B-	-2	-1	B-	Idaho
Maine	B-	-2	-1	B-	New York
Wisconsin	B-	-2	-1	B-	North Dakota
North Dakota	B-	-3	-1	B-	Wisconsin
South Dakota	B-	-3	-2	B-	Wyoming
			-3	B-	Vermont
Oregon	C+	0	-4	B-	New Mexico
New Mexico	C+	-1			
Illinois	C+	-3	-1	C+	Oregon
Mississippi	C+	-3	-3	C+	Montana
Colorado	C+	-4	-4	C+	Nevada
Tennessee	C+	-4	-5	C+	Alabama
Connecticut	C+	-5	-5	C+	Colorado
North Carolina	C+	-5	-5	C+	South Dakota
Oklahoma	C+	-5	-6	C+	Mississippi
Rhode Island	C+	-5	-6	C+	Oklahoma
Alaska	C+	-6	-7	C+	Hawaii
Massachusetts	C+	-6	-8	C+	West Virginia
Arkansas	C+	-7			
West Virginia	C+	-7	-1	C	California
Montana	C+	-8	-5	C	New Jersey
<b>Indiana</b>	<b>C+</b>	<b>-9</b>	-6	C	Maine
			-7	C	Alaska
New Hampshire	C	-8	-7	C	Massachusetts
Wyoming	C	-8	-8	C	Illinois
Hawaii	C	-10	-9	C	Arkansas
Alabama	C-	-10	-11	C-	Rhode Island
California	C-	-10			
			-15	D+	New Hampshire





## State's Credit Rating Raised to AAA

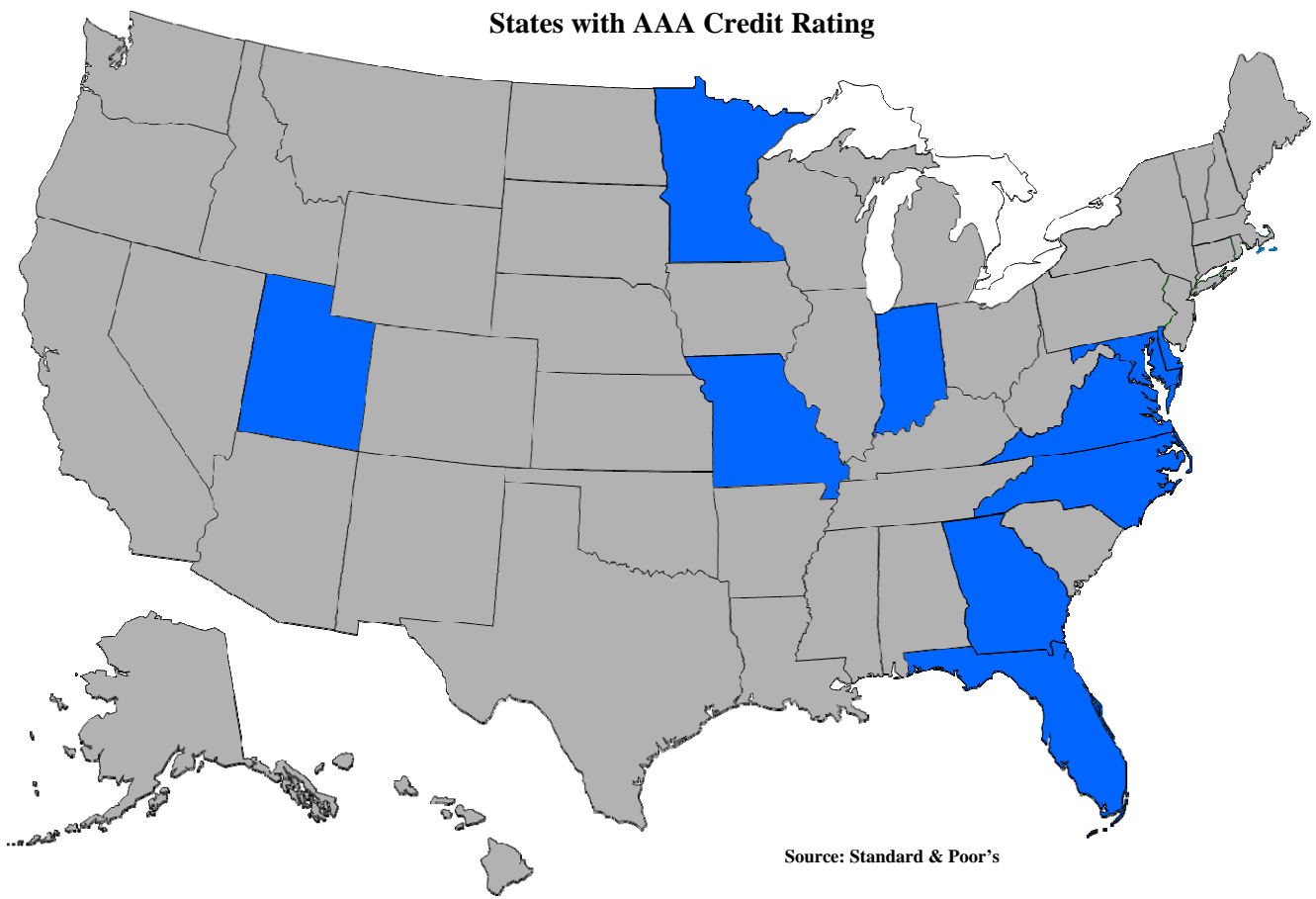
For the first time in the state's history, Indiana's credit rating has been raised to AAA, the highest rating assigned by the independent credit rating agency Standard & Poor's Ratings Service (S&P).

The upgrade from AA+, the state's rating since January 2006, “reflects the state's continued strong management that has led to the property tax reform that has realigned state and local spending and is not expected to impact the state's long-term financial performance. As well, the state's commitment to attract diverse jobs through its economic development efforts has translated into a shift away from traditional manufacturing employment,” said the credit agency.

The rating increase means, for example, that 228 of the state's school corporations can borrow money at a lower interest rate.

The report said the administration has made significant financial management changes and strengthened budgeting practices. S&P cited four areas in issuing the AAA credit rating: stable and diversifying economic base despite continued manufacturing concentration; a conservative biennial budget that will add to the fund balance by the end of the biennium; property tax reform that has clarified the state's financial responsibilities; and, low overall debt levels.

Florida, Georgia, North Carolina, Delaware, Virginia, Maryland, Minnesota, Missouri and Utah also have a AAA S&P rating. Between 2002 and 2004, Indiana's rating was lowered twice. Since June 2005, it has been raised three times. More information is available on Standard & Poor's Web site at [www.standardpoors.com](http://www.standardpoors.com).



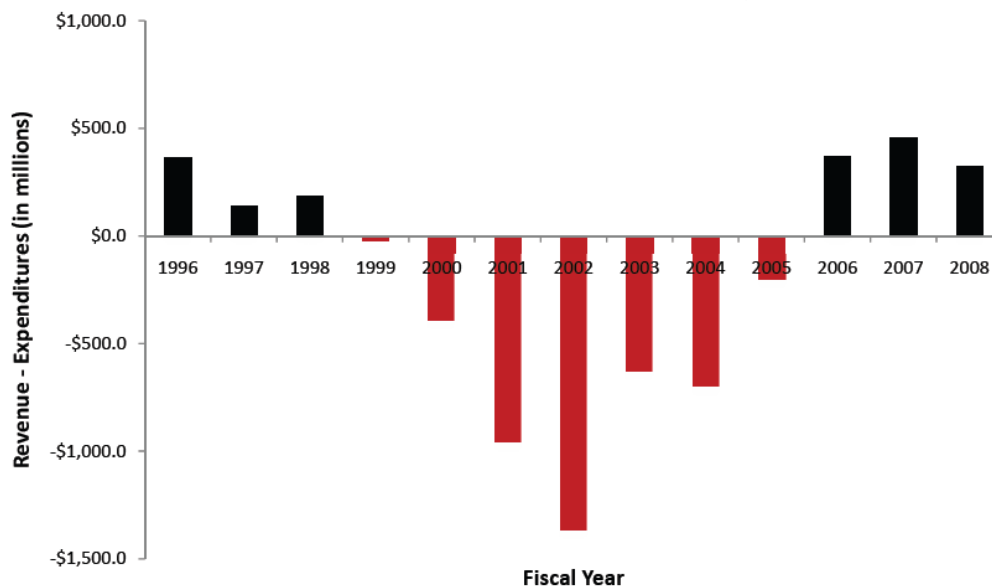


## State Budget Agency

In 2005 at the start of the Daniels' Administration, the State of Indiana suffered from its seventh straight year where expenditures outpaced revenues, owed over \$700 million to local governments and schools and had depleted reserves. Now, just three years later, state government is solvent, its structural deficit is gone and it has solid reserves that are growing once again. State government has met the needs of Hoosiers, improved the service of the state and is back in the black.

On June 30<sup>th</sup>, Indiana's 2008 fiscal year ended with annual revenues exceeding expenditures by \$321.4 million. It was the third year in a row the state finished in the black without relying upon a tax increase to balance the budget. This feat was accomplished through prudent fiscal management and spending restraint by state agencies.

### Third Consecutive Balanced Budget



Although the state budget passed by the General Assembly called for a 4.8 percent rate of expenditure growth, through strong spending constraint by state agencies, spending growth was kept to only 3.9 percent. Since 2005, annual spending growth has been limited to 2.8 percent, less than half the rate of growth in the prior eight years of 5.9 percent. This also compares favorably to the national average rate of growth for all states in 2008 of 5.1 percent.

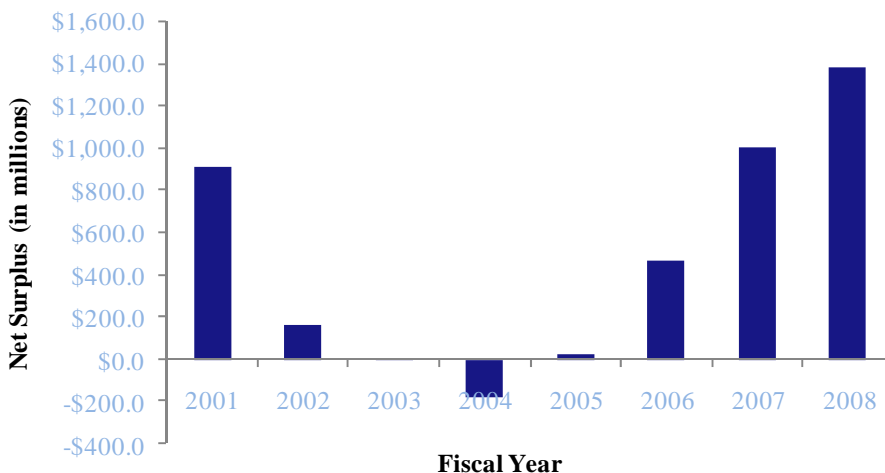
The historic property tax relief plan passed in March could not have been implemented without the state's improved fiscal situation. In the future, the state will assume responsibility for several services previously paid for in part by local government, such as school operations, child welfare, and certain police and fire pension obligations. With over \$1.4 billion now in its General Fund/Property Tax Replacement Fund, the state is adequately positioned to provide funding for these services going forward.

Based on the solid fiscal condition of the state, Governor Daniels directed that \$83.4 million be transferred from the state's general fund to the state Education Rainy Day Fund to protect future education funding, bringing the fund total to \$400 million. This amount exceeds the target set by the Indiana General Assembly during the 2008 legislative session and occurred 2½ years early.



The improved financial condition also allowed the state to repay \$210 million in payment delays owed to local governments. Now the hundreds of millions of dollars the state owed to our schools and local governments for years have been completely repaid. In addition, \$620 million in homestead credits were distributed to Indiana counties early, enabling the reduction of local borrowing for cash flow needs resulting from counties late to bill and collect property taxes. This advance was especially important for counties with unexpected burdens caused by the severe storms in May and June.

**Growing State Reserves (Cash Balance minus Liabilities)**



### Bureau of Motor Vehicles

In an effort to change business as usual and provide Hoosier motorists with superior customer service, the Bureau of Motor Vehicles has developed a variety of new ways for customers to conduct business. The program, called “Customer Choices,” allows for some services such as registration renewals, titling and license plate renewals to be done without having to visit a BMV branch. Through the BMV’s partnership with auto dealerships, AAA Hoosier Motor Clubs and the use of a mobile BMV branch, citizens around the state are getting better service faster and the success of this program is being recognized nationally.

#### Serving Hoosiers Faster:

- Average customer visit time in license branches in 2008 is only 8:54 minutes, down from 12:08 in 2007 and 28 minutes in 2006
- Customer satisfaction is at 97 percent in 2008, an increase of 20 percent since 2005
- Received the 2008 American Association of Motor Vehicle Administrators International Customer Service Excellence Award



#### Serving Hoosiers Better:

- More than 168 auto dealerships have conducted over 62,500 title and registration transactions
- The BMV2You mobile unit has served more than 3,400 customers in 37 different communities
- More than 932,000 Hoosiers have taken advantage of a \$5 discount by conducting their renewals online; this new feature has collectively saved Hoosiers nearly \$4.7 million.

#### Serving Hoosiers Cheaper:

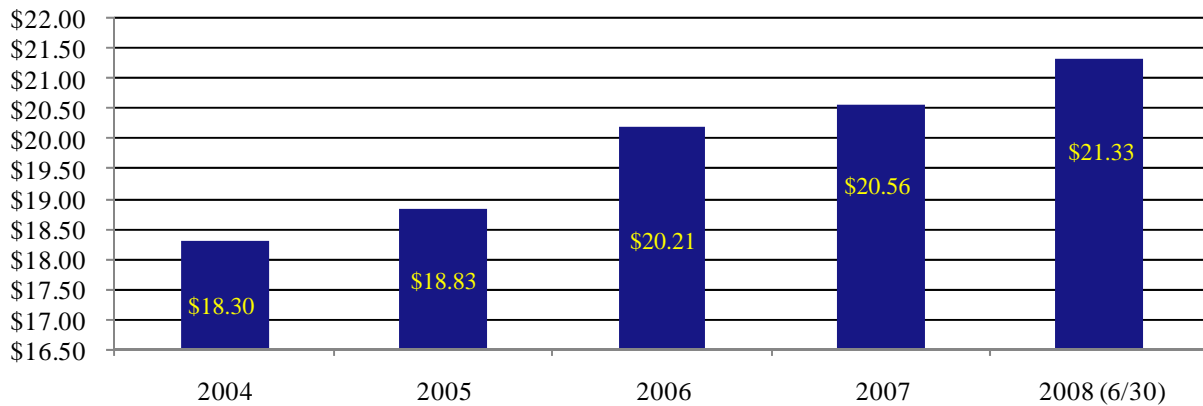
- \$1 million will be saved by removing the county designator on the Indiana license plate and replacing it with a sticker
- \$1.4 million will be saved by changing vendors for the production of the stickers required on Indiana license plates
- \$23.3 million of a \$63.2 million loan from the Motor Vehicle Highway fund has been repaid. This was the first payment on the loan since it was taken out in the mid-90s to cover operational shortfalls



## Indiana Economic Development Corporation

Hoosiers should be heartened by the number of new competitive projects that have landed in Indiana so far this year. Between January and June, the Indiana Economic Development Corporation closed 80 competitive projects—those projects that involve companies choosing Indiana over another state or country in which to locate. These projects will result in the creation of **8,595 new Hoosier jobs and new business investment of more than \$2.3 billion**. The average hourly wage of the new jobs committed to Indiana so far this year also set a new record. The average wage of \$21.33 is over \$0.75 higher than in 2007.

Average Wage of New Jobs



Indiana continues to outperform its Midwestern neighbors in attracting new job-creating investment and stands out as a destination of choice nationally. Indiana has the lowest business costs in the Midwest and a solidly balanced budget while its neighbors all face huge deficits.

In the past three years, Indiana has set and exceeded all previous marks for the number of competitive projects closed, commitments for job creation and the amount of private capital invested. **From 2005 to present day, more than 560 companies have committed to create more than 68,000 new jobs and invest more than \$16.7 billion in Indiana.**

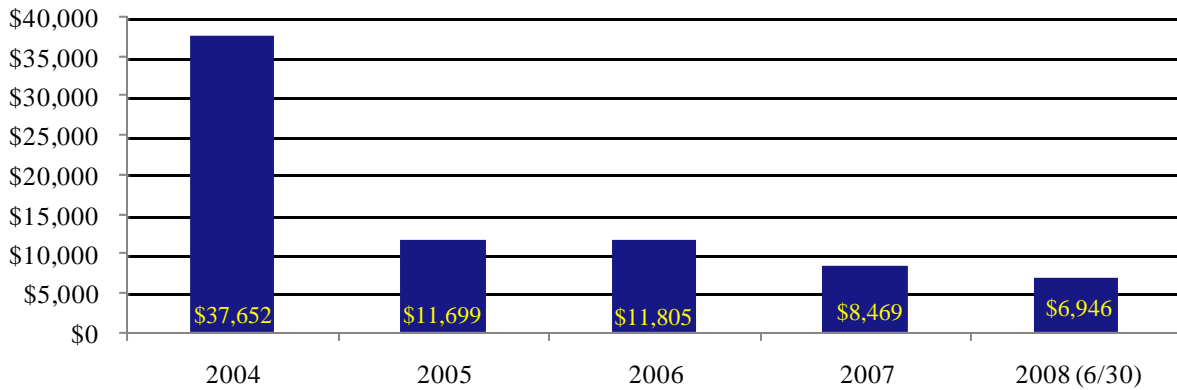
Of special note is that Indiana continues to be a primary destination for international investment. For example, global steel giants ArcelorMittal and Japan-based Nippon Steel Corporation are expanding their I/N Kote joint venture in New Carlisle, creating 100 new jobs by 2010. Japanese-owned Sony DADC is expanding its Blu-ray disc manufacturing operations in Terre Haute, adding 85 new jobs, and Spanish transmission components maker Miasa Automotive LLC is expanding operations in Yorktown, creating more than 55 new jobs by 2012.





Just as important, the amount of assistance the State of Indiana has provided to companies for job creation has declined significantly since 2004. That year, Indiana provided an average of \$37,652 in state financial incentives per job. As of June 30th, state incentives averaged only \$6,946 per job. That dramatic trend proves that Indiana’s overall low-cost, pro-business economic environment is a major attraction for job-creating company investments.

### State Financial Incentives per Job



The job-creating projects landed so far this year are divided among many different industry sectors and located all across the state, in big cities, small towns, and counties both urban and rural. Approximately one-half of new jobs are coming to communities with a population of 25,000 or less.

Thus far this year, 18 companies have made job announcements which promise at least 100 new jobs.

### January-June 2008 job announcements with over 100 jobs

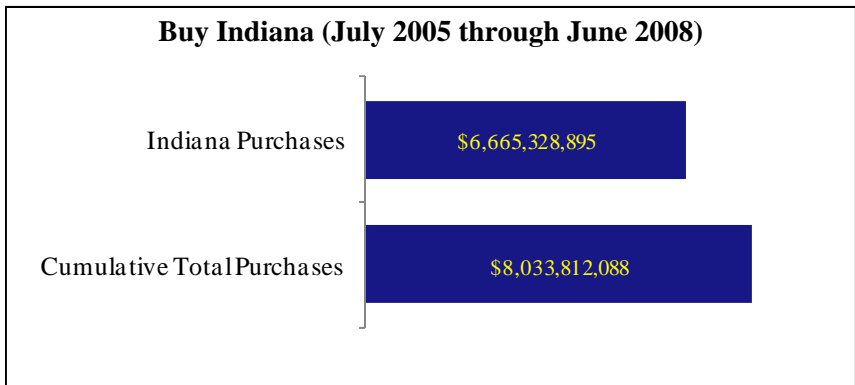
Company	City	County	Number of Jobs
Amazon	Whitestown	Boone	1,235
Alorica	Terre Haute	Vigo	600
Cummins, Inc.	Columbus	Bartholomew	500
Clarcor Air Filtration Products, Inc.	Jeffersonville	Clark	425
Allied Waste Transportation, Inc.	Morocco	Newton	390
Telamon Corporation	Carmel	Hamilton	246
Electronic Data Systems Corp.	West Lafayette	Tippecanoe	223
Golden Rule Insurance Company	Vincennes	Knox	217
Freije Treatment Systems, Inc.	Greenfield	Hancock	207
TRW Automotive	Lafayette	Tippecanoe	200
KIK Custom Products	Elkhart	Elkhart	191
The Finish Line, Inc.	Indianapolis	Marion	183
AT&T Inc.	Evansville	Vanderburgh	150
Author Solutions, Inc.	Monroe (unincorporated)	Monroe	140
DCL Medical Laboratories	Indianapolis	Marion	125
I/N Kote LP	New Carlisle	St. Joseph	100
OrthoPediatrics, Corp.	Warsaw	Kosciusko	100
White Lodging Services Corporation	Merrillville	Lake	100



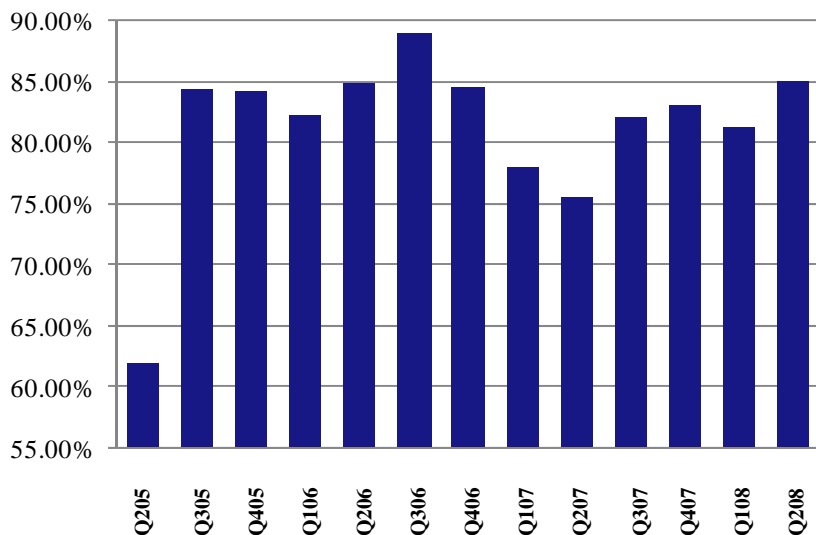
## Department of Administration

### Buy Indiana

In 2005, Governor Daniels directed the Indiana Department of Administration (IDOA) to create the “Buy Indiana” program which sought to use the state’s purchasing power to encourage economic growth across Indiana. Three years after its implementation, the Buy Indiana program has ensured billions of Hoosier tax dollars stayed within Indiana’s borders. In the past six months alone, state government spent over \$1.25 billion dollars with Indiana companies. This brings the cumulative total of dollars spent within the state since July 2005 to over \$6.6 billion.



### Buy Indiana Quarterly Data



The state’s goal is for \$0.90 of every \$1.00 of state purchases to be with Indiana companies. Progress continues and there has been a 37 percent increase in this area since 2005 when it is estimated that only \$0.62 of every state purchasing dollar was with an Indiana company.

IDOA procurement has used reverse auctions in the last six months and negotiated bidding for the last year to provide more opportunities for Indiana small businesses to sell to the State of Indiana.

Below are only a few examples of in-state purchases made during the second half of the 2008 fiscal year:

- Sensory Technologies of **Indianapolis** won a reverse auction for televisions and wall mounts for all State Park Inns. The Department of Natural Resources budgeted \$75,000 for the purchase, but Sensory Technologies offered the state a price of \$58,500.
- **New Albany** Tractor won a reverse auction for a four-wheel drive tractor to be used by the Department of Natural Resources. Although the budget for this purchase was \$250,000, New Albany Tractor offered the state a price of \$221,000.
- The Department of Correction awarded Pro Industries, headquartered in **Franklin**, and BGI Fitness, located in **Indianapolis**, contracts totaling \$2.7 million for fitness equipment to be used by inmates.
- The Indiana Department of Homeland Security awarded Supreme Corporation of **Goshen** a \$1.7 million contract for its new mobile command center.



### Minority and Women’s Business Enterprises (MWBE)

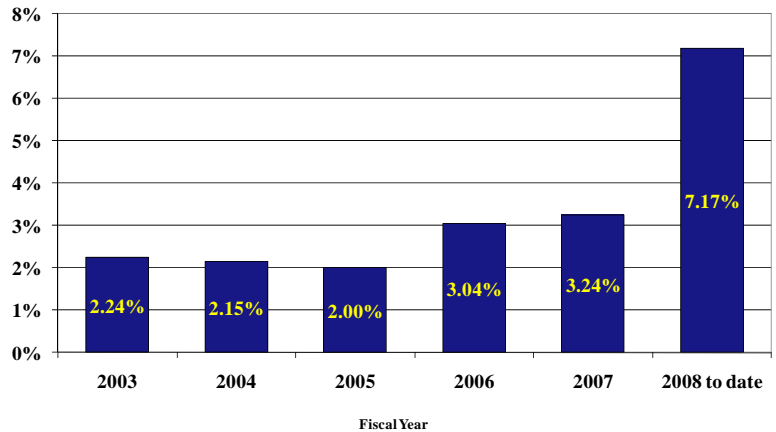
The State of Indiana remains committed to utilizing diverse contractors for state purchases and projects. The Governor’s Commission on Minority and Women’s Business Enterprises sets annual goals for the participation of MBEs and WBEs on state contracts; the Minority and Women’s Business Enterprises Division focuses on reaching those goals by promoting the use of MBE and WBE vendors on state contracts.

The use of certified MBEs and WBEs on state projects is calculated as a percentage of total state spending in three categories. In 2008, the Commission elected to leave the goals unchanged. For fiscal year 2008 and fiscal year 2009 the MBE and WBE utilization goals remained 6 percent and 7 percent, respectively (calculated weighted averages).

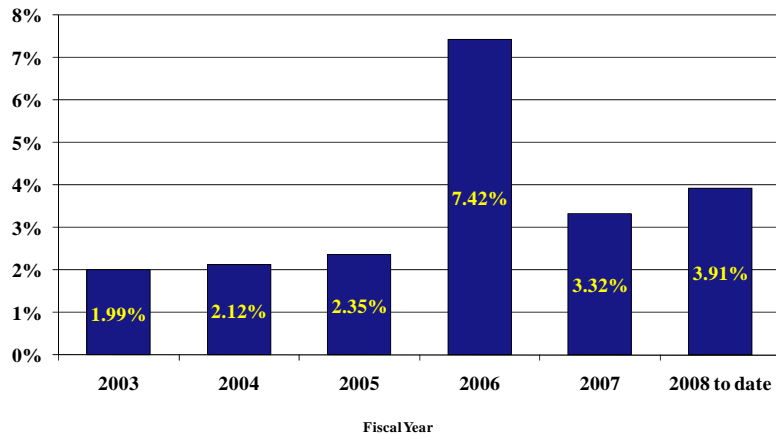
For the past three years, the State has made significant process toward its MBE and WBE utilization goals:

- Since 2005, MBE utilization has nearly doubled, reaching just under 4 percent. During this same period, WBE utilization has more than tripled and now is over the 7 percent goal.
- 220 MBE and WBE firms are working on the Indiana Stadium and Convention Center builds, which accounts for 10.6 percent of the state’s total certified capacity. (These multi-year contracts were recorded only once in FY 2006, which accounts for the spike in the MBE chart for that year.)

**Historical WBE Utilization**



**Historical MBE Utilization**



Indiana’s Minority Business Enterprise Center (MBEC) provides high-quality strategic business consulting services to MBEs. MBEC is a federally funded program of the Minority Business Development Agency, U.S. Department of Commerce. The program is offered in Indiana through the Indiana Department of Administration, making it the only MBEC in the country that is embedded in a state office devoted to improving MBE participation on state contracts.

Since its launch in March 2007, Indiana’s MBEC has made remarkable success, achieving or surpassing its U.S. Department of Commerce Minority Business Development Agency Metrics in all areas.

Description	Goal	Achieved (to date)
Number of Clients	75	105
2007 Contract Awards	\$7.56 million*	\$8.75 million
2008 Contract Awards	\$10.1 million	\$9.6 million
Increase in Client Sales	\$885,000	\$1.65 million
Jobs Created	39	225
Strategic Partnerships	5	5

\*Adjusted for the March 20, 2007 MBEC Launch Date



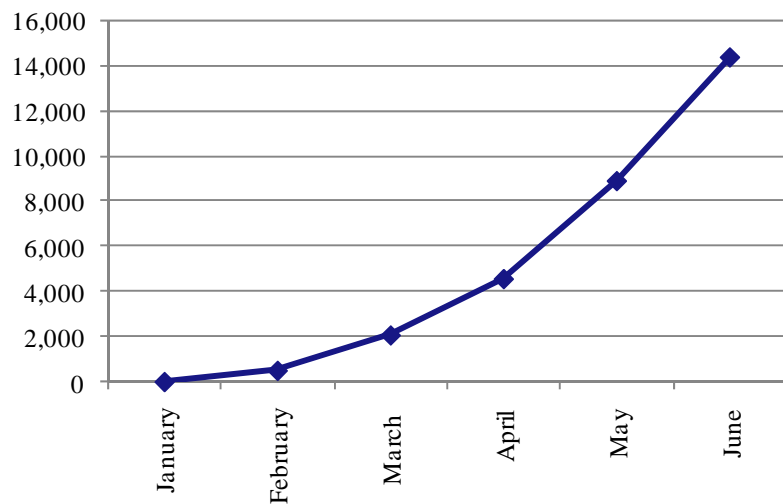
## Family & Social Services Administration

### *The Healthy Indiana Plan (HIP)*

Created by Governor Daniels and the Indiana General Assembly, the Healthy Indiana Plan is off to a great start in its first six months of operation. Thousands of Hoosiers who previously did not have coverage now have affordable health insurance. While there is more work to be done to ensure Hoosiers are insured, the first six months of the program's existence are promising.

FSSA successfully implemented the new program in record time and began coverage for Hoosiers on January 1, 2008. On June 30, 2008, after only six months of operation, HIP has **insured over 14,000 Hoosiers**. The program grows each day as over 57,000 applications have been received and are currently being processed. Additionally, provider networks continue to expand with approximately 2,500 primary contract providers participating across Indiana.

**2008 HIP Enrollment**



### *Welfare Modernization*

FSSA's Division of Family Resources is improving the way Hoosiers apply for public assistance, cash assistance, food stamps and Medicaid. The changes to the new system will provide more choices for Hoosiers as they apply for, and manage, public assistance making obtaining services more convenient and ensuring accuracy through new digital documentation.

In the past 38 weeks, FSSA has rolled out the new modernized welfare system in 59 counties, which represents 45 percent of the state's caseload. During this time of transition, total state application volume and timeliness has been consistent and slightly better than prior years.

In addition to face-to-face office visits, Hoosiers who need services now have the additional option of applying online or over the phone. Since October 2007, FSSA has utilized a call center and an online application while maintaining county offices in each of the 92 counties. Thus far, the call center has received approximately 1.5 million calls and accepted approximately 50,000 online applications. By utilizing these methods, FSSA estimates that more than 88,000 trips to county offices have been avoided.

The modernization process is ongoing and will continue to make improvements until FSSA is positive the system is effective for all clients. Furthermore, FSSA has begun an outreach effort around the modernized counties to assist clients in learning how to effectively navigate the new system.

### *Rx for Indiana*

Rx for Indiana links qualified, low-income Hoosiers with discount or free prescription medications directly from the pharmaceutical manufacturer. Rx for Indiana connected more than 230,000 individuals to free or reduced cost medication at no cost to the taxpayer. This represents a match rate of over 83 percent. Rx for Indiana was created in 2005 to make it easier for low-income uninsured patients to get low-cost or free prescription medication through existing patient assistance programs offered from the manufacturers.





## Department of Child Services

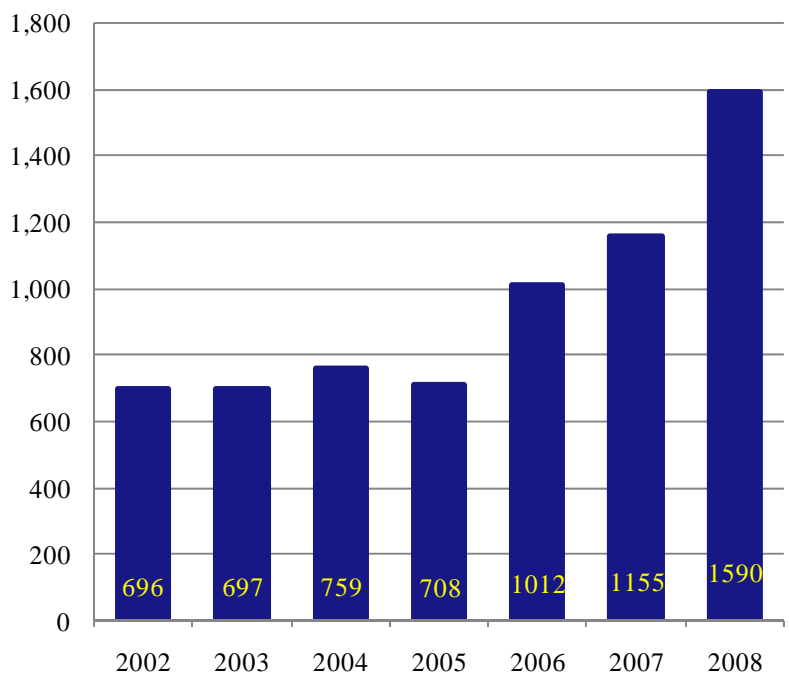
In January 2005, Governor Mitch Daniels created the Department of Child Services (DCS) and charged it with becoming the best in America at protecting the state’s children. Looking back at the many changes DCS has implemented over the past three years, it is clear that progress toward that goal is happening.

In March 2008, the Child Abuse and Neglect Annual Report of Child Fatalities was released and recorded 36 child fatalities in Indiana during the 2007 fiscal year. While one child lost is too many, it is important to note that this is 38 percent lower than 2004 when 57 child fatalities were reported and the lowest reported in nearly a decade.

### *More case managers with smaller case loads*

As a candidate for governor nearly four years ago, Mitch Daniels pledged that if he was hired by the voters of Indiana, he would double the number of child welfare case workers and ensure manageable caseloads. In 2005, Governor Daniels began delivering on his promise when the increased funding to hire an additional 800 child caseworkers was approved by the Indiana General Assembly. As of July 1, 2008, DCS completed the hiring of the additional 800 workers and now has 1,590 trained Family Case Managers working each day for the welfare of Indiana’s children. In 2005, caseloads were 3 to 4 times the levels recommended by the Child Welfare League of America, which are 12 new investigations and 17 children. Currently, Indiana meets this recommended standard on a statewide basis due to improvements set forth by the Daniels' Administration.

**Number of DCS Caseworkers: A 7-year Comparison**



In addition to the doubling of the number of family case managers and significantly reducing the average caseload, DCS has developed and implemented a formal curriculum which every new Family Case Manager is required to complete. The program is a 12-week intensive training program in case management, with 9 weeks of classroom training and 3 weeks of on-the-job training. Prior to 2005, caseworkers were hired and sent into the field to work without any formal training in the area of case management.

### *Superior public disclosure*

In April 2008, Indiana received an “A-” ranking for policies regarding the access and scope of release of information for child fatalities or near fatalities in the first report from First Star, a national group that works to improve and strengthen the lives and rights of abused and neglected children. **This ranking earned Indiana the title of a Gold Star State, one of only nine states to receive such a designation. In contrast, 15 states earned scores of “D+” or below.** The significance of this designation should not be overlooked as proper and comprehensive information disclosure is very difficult due to numerous federal and state privacy laws in place to protect victims and their families.

While DCS has only been a standalone cabinet level agency since 2005, its hard work in this short period of time has paid off.



## Department of Natural Resources

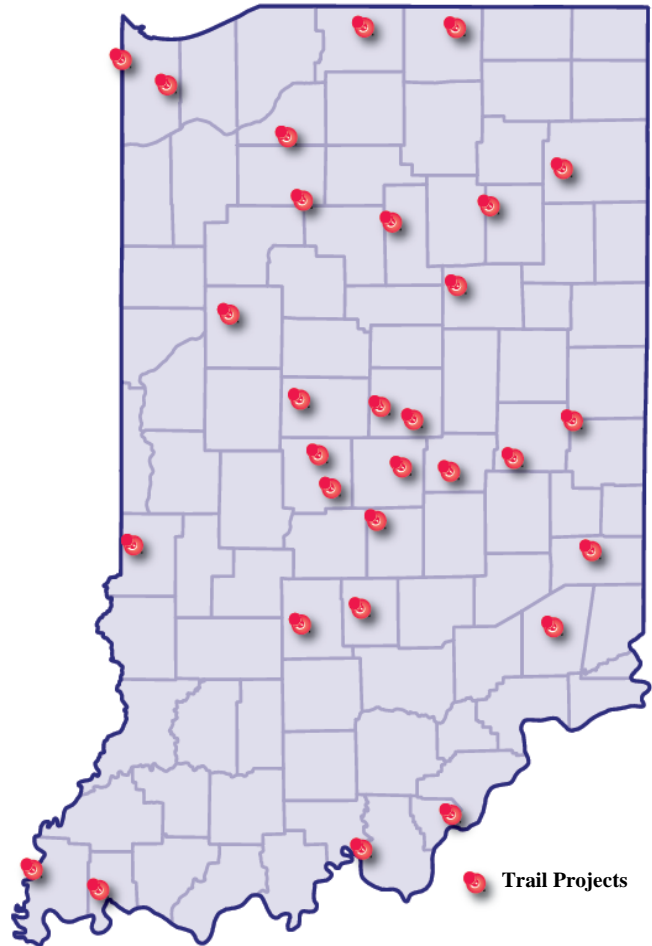
In May, Governor Daniels announced \$19 million in new investment for trails development as a part of his *Hoosiers on the Move* statewide trails plan, a 10-year plan which calls for every Hoosier to be within 15 minutes of a trail. These funds are in addition to the \$20 million the state invests annually as part of the trails initiative to connect communities throughout the state.

The one-time distribution was directed to 28 projects throughout the state by the Indiana Department of Natural Resources (DNR) and will result in 104 miles of new trails and the acquisition of land for an expected 26 miles of future trail development. The state currently has approximately 400 miles of multi-use trails. Projects were chosen based upon geographic diversity, readiness to build, connectivity to the trails system and local support.

DNR is managing both the new funding to local trails projects and the 150 miles of abandoned railroad corridor the state acquired earlier in the year for distribution to government entities and local trail groups for potential trail development.

A complete list including brief descriptions and a map of projects receiving additional funding are available here: [www.in.gov/dnr/outdoor/12752.htm](http://www.in.gov/dnr/outdoor/12752.htm).

### 2008 State Trail Grants

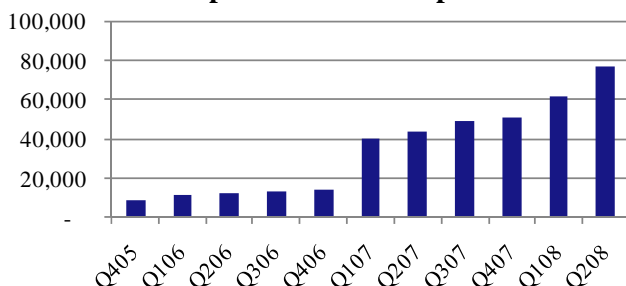


## INShape Indiana

INShape Indiana continues to expand outreach and attract new participants:

- Over 78,000 Hoosiers are now enrolled.
- INShape Indiana formed partnerships with over 20 Indiana employers to spread the INShape Indiana message to worksites throughout the state. This employer group collectively represents over 120,000 Hoosier employees.
- 12,000 new INShape members took part in “Ready, Set, Walk,” a new 12-week walking program launched in April. Program participants receive an INShape Indiana pedometer, a walking log to record their miles and weekly informational and motivational e-mails.

### INShape Indiana Participants



These efforts have helped Indiana move from the 10th most obese state in the nation to the 21st and have helped Indiana’s obesity rate remain constant for the past three years as reported by the Centers for Disease Control.



## Department of Correction

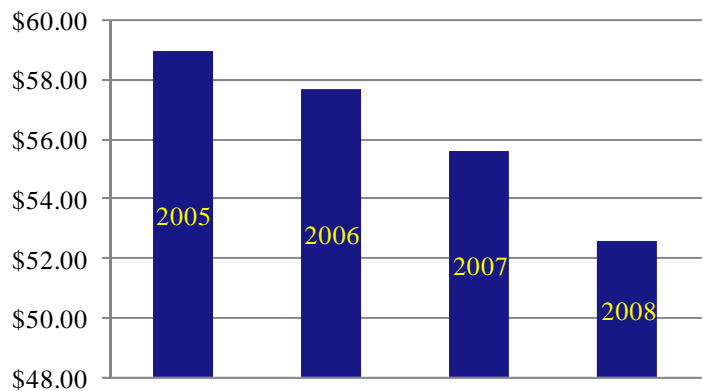
The Indiana Department of Correction (DOC) is responsible for housing over 28,000 offenders and monitoring another 11,000 parolees. DOC seeks to keep the public safe and to provide re-entry skills to offenders, and to do so as efficiently as possible.

Through a host of cost-savings initiatives, the DOC reversed the trend of spending an increasing amount of tax dollars every year. During the last 42-month period DOC's aggregate expenditures were **\$350 million less than projected**.

This savings was accomplished through the introduction of a variety of well-managed initiatives which included:

- Reducing offender per diems from \$58.99 in 2005 to \$52.61 in 2008
- Partnering with non-government providers to supply offender food services saving \$11.5 million annually
- Increasing the amount of federal and other grant funding from \$930,000 in 2004 to \$9,805,000 in 2007

### Annual Offender Per Diem Reduction



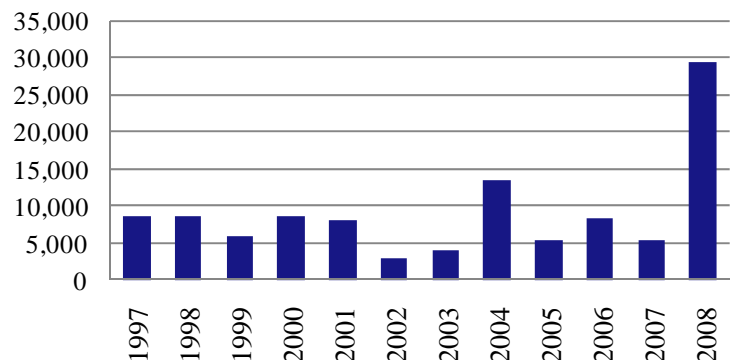
## Inspector General

Created by Governor Daniels on his first day in office, the Office of the Inspector General (OIG) uniquely combines criminal, ethical and efficiency issues to increase the accountability of state government and all those it employs.

For the first time in Indiana history, the OIG successfully trained more than 34,000 state employees and special state appointees across the state. This record number of state workers was educated on the Code of Ethics in less than seven months through a computer-based program developed by the OIG. The OIG is expanding its education models to provide preventive training on criminal laws, financial rules and other areas encountered by state workers.

Since the IOG's inception in 2005, over 50 criminal charges have been filed by Indiana prosecutors in multiple counties, totaling \$8,714,218 in savings and captures, a direct savings to taxpayers. Although the OIG is only in its fourth year, it has been recognized by other states' Inspectors General and was selected to host the National Association of Inspectors General (NAIG) conference in 2010.

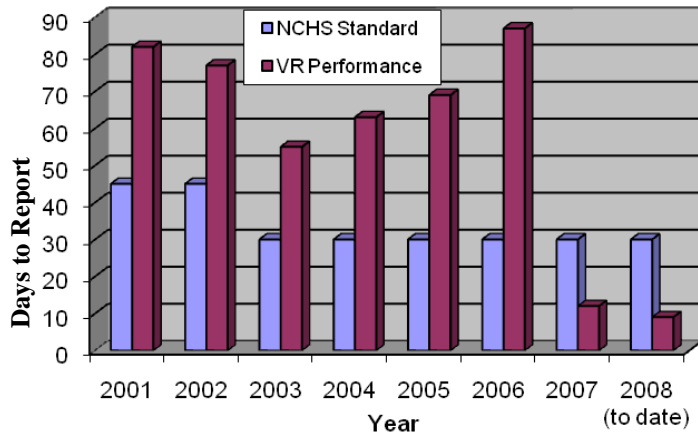
### State Employees Trained (1997-2008)





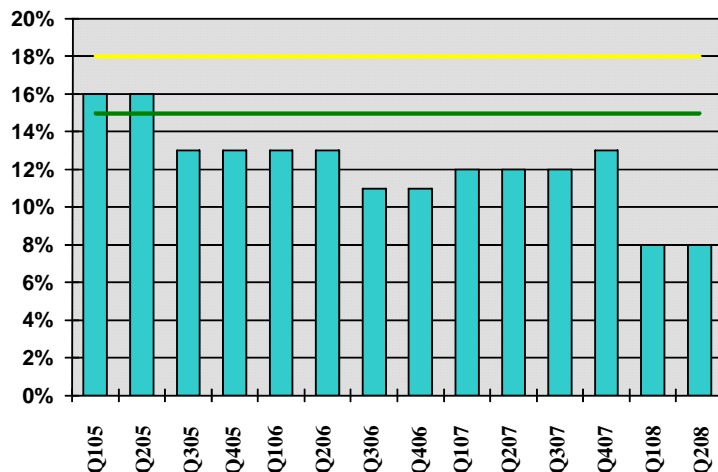
## Additional Individual Performance Measures

With nearly 300 performance measures being monitored across executive branch agencies, it would be impractical to report them all in this document. Below are examples of other individual measures. Others can be reviewed online at [Results.IN.gov](http://Results.IN.gov).



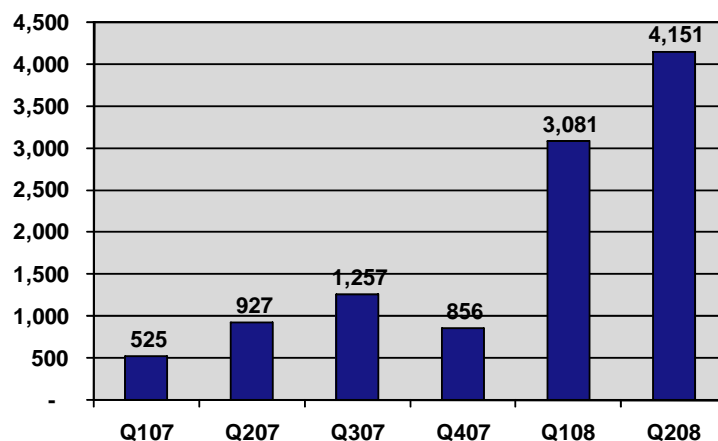
### Indiana State Department of Health *Number of Days to Report Vital Records*

The Indiana State Department of Health (ISDH) is required to submit vital records (VR) for birth and death certificates to the National Center for Health Statistics (NCHS). The NCHS standard for birth certificates is to submit this data within 30 days. As recently as 2006, Indiana's performance for reporting births was double this standard. By redesigning its processes, the Vital Records department has been able to reduce the average number of days to only 9. Performance for death certificate reporting is similarly now under half of the NCHS standard.



### Excise Police *Non-Compliance Rate (Tobacco Sales to Minors)*

The State Excise Police monitors tobacco retailers willingness to sell cigarettes to children. This rate has been cut in half from 16 percent at the beginning of 2005 to 8 percent today. This performance measure is an example of when program managers should reassess the metric targets to make them more ambitious based on the improvement in performance.



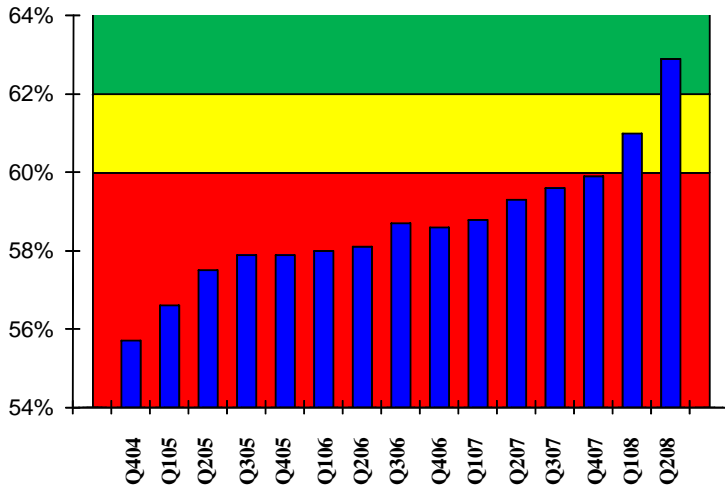
### Indiana Tobacco Prevention & Cessation *Number of Calls to Indiana Tobacco Quitline*

While one state entity is addressing the supply of tobacco, another is working on lowering the demand for it. Indiana Tobacco Prevention & Cessation (ITPC) has maintained a "quitline" for several years (1-800-QUIT-NOW). The increase in the amount of the cigarette tax has provided additional funding and resources to promote the quitline. The result has been a dramatic increase in the number of phone calls from Hoosiers desiring to quit smoking.



### Department of Child Services

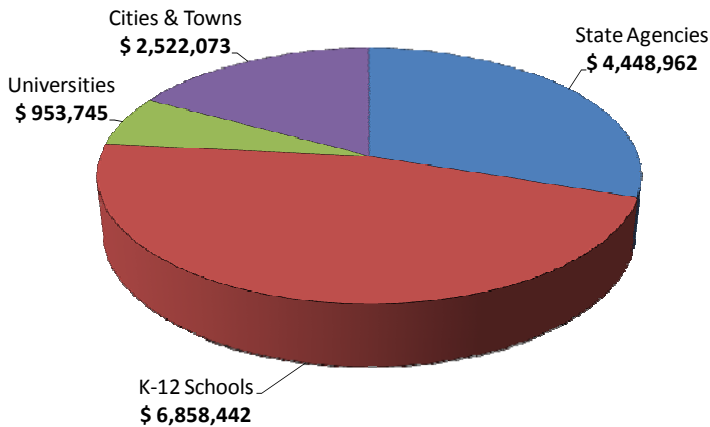
*Percentage of Child Support Cases Paying on Arrears*



The Department of Child Services (DCS) works to reduce the amount of child support which is past due. This performance measure was reported in the six-month report from January-June 2007. At the time, performance was improving, but still not at desired levels. The percentage of cases paying past due amounts has increased from 55 percent to 63 percent, now exceeding the national average of 60 percent and DCS's previous stretch goal of 62 percent.

### Indiana Office of Technology

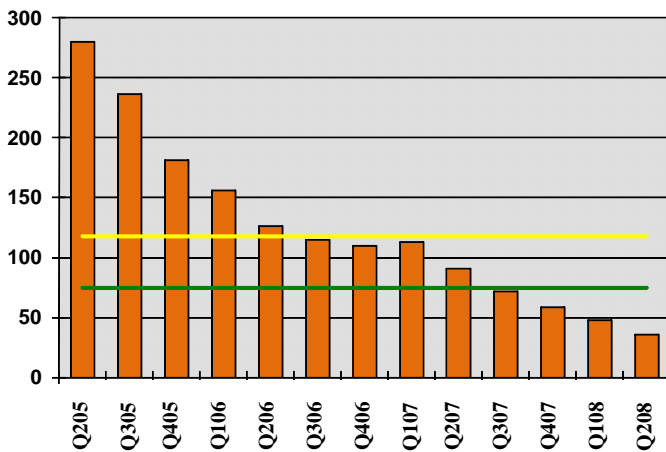
*Computer Equipment Savings (June '06 - June '08)*



Before 2005, state government agencies made computer purchases on their own. The result was not only a variety of hardware brands to be supported, but also a higher cost since units were priced individually. In June 2006, the Indiana Office of Technology entered into a contract with Dell for desktops, laptops, servers and printers with negotiated bulk pricing. In addition to saving state government money, school corporations, universities and municipalities were allowed to purchase from the contract. Including rebates, \$14.8 million has been saved over the 25-month period.

### Department of Labor

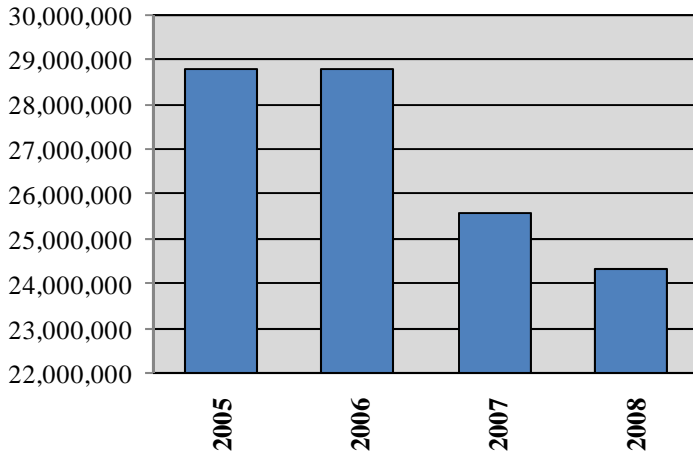
*Number of Open Board of Safety Review Cases*



Indiana Occupational Safety and Health Administration (IOSHA) is a division of the Department of Labor (DOL). If an employer disagrees with the citations from an IOSHA inspection, the Board of Safety Review (BSR) hears their side and then decides if the IOSHA penalty stands or not. At the beginning of 2005, there were nearly 400 open BSR cases. Through a Memorandum of Understanding (MOU) with the Attorney General's office, the backlog has been reduced to only 36 open cases. Those outstanding penalties deemed appropriate have now been paid.

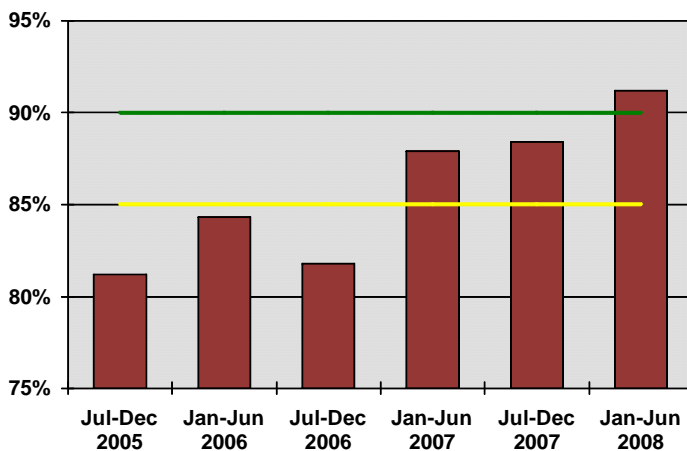


**State Personnel Department**  
*Disability Fund Expenses*



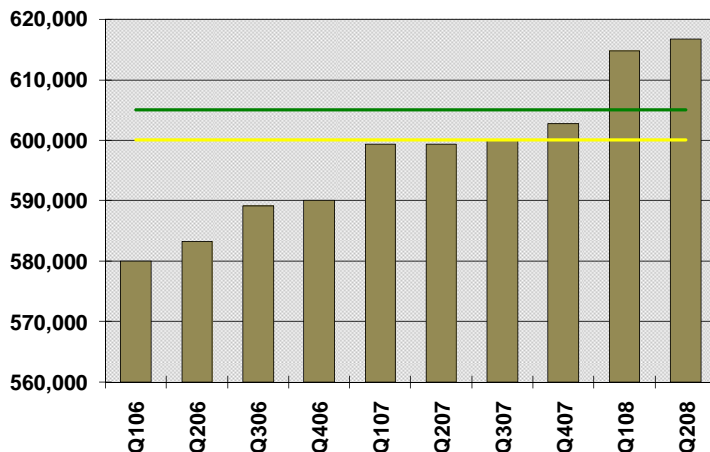
Changes to the administration of the self-insured State Employee Short and Long-Term Disability Plan has yielded appreciable savings. As of May 2008 the fund balance exceeded 13.9 million dollars. A major influence for the fund balance growth can be attributed to the reduction in expenditures (4.4 million dollars since 2005). This reduction in expenditures can be attributed to improvements made to plan administration by the State Personnel Department and the third-party administrator.

**Indiana Criminal Justice Institute**  
*Seat Belt Usage Rate for Motorists*



The Traffic Safety division of the Indiana Criminal Justice Institute (ICJI) implements programs funded by both federal and state dollars to reduce the number of people injured and killed on Indiana's roadways. Through observational surveys, ICJI tracks the number of Hoosier motorists who use their seat belts regularly. For the first time, this figure has risen above 90%. It should be noted that another factor leading to the increase in this figure was the legislature's passage of HEA 1237 in 2007 which requires the use of seat belts in passenger trucks as well as cars.

**Department of Natural Resources**  
*Number of Wildlife and Forest Acres under Protection*



The Department of Natural Resources (DNR) seeks to enroll a moderate amount of private forests and undeveloped wildlands each year to preserve habitats for wildlife, provide watershed protection, and protect trees. DNR has now surpassed its goal set three years ago for this performance measure with 616,734 acres now enrolled in the protection program.



# Legislative Review

## **Fair, Far-Reaching and Final Property Tax Relief for Hoosiers**

For many Hoosiers homeowners, 2007 was the year where the change to a market value system of assessing property coupled with growth in local spending resulted in large increases in their property tax bills. Governor Daniels listened to the concerns of homeowners and in October 2007, presented a plan for fair, far-reaching and final property tax relief for Hoosier homeowners. The Daniels' Property Tax Plan and its key component –to provide immediate and permanent relief to homeowners and limit future local spending growth–were the foundation for House Enrolled Act 1001. HEA 1001 was signed into law March 19, 2008 and will provide homeowners with immediate relief. This year, bills are expected to be cut on average by 30 percent from their 2007 bills. HEA 1001 also provided permanent protection through property tax caps and several measures to improve the accuracy and fairness of future assessments.

### **Immediate Relief**

- Homeowners will see an average tax cut of more than 30 percent from their 2007 bills
- 2008 homeowner relief increased by \$620 million, the total of expected 2008 collections from a one-cent sales tax increase; 2008 total homeowner relief is \$870 million

### **Permanent Protection**

- The plan caps homeowner property taxes at 1 percent of a home's assessed value beginning in 2010
- The plan caps property taxes for apartments and agricultural land at 2 percent of assessed value in 2010
- The plan caps business property taxes at 3 percent of assessed value in 2010
- When the caps are fully implemented, the plan will deliver \$1.72 in tax cuts for each \$1 of new sales tax

### **Improved accuracy and fairness**

- Reduced the total number of assessors from 1,100 to 92 county assessors and 42 township assessors, **an 88% reduction**
- Increased requirements for assessor certification that will mean more equity, uniformity and fairness of future assessments
- Created a process to remove assessors who do not meet performance expectations

### **Voter Approval Required for Large Construction Projects**

- For elementary and middle school projects over \$10 million
- For high school projects over \$20 million
- For local government projects over \$12 million, or 1 percent of assessed value

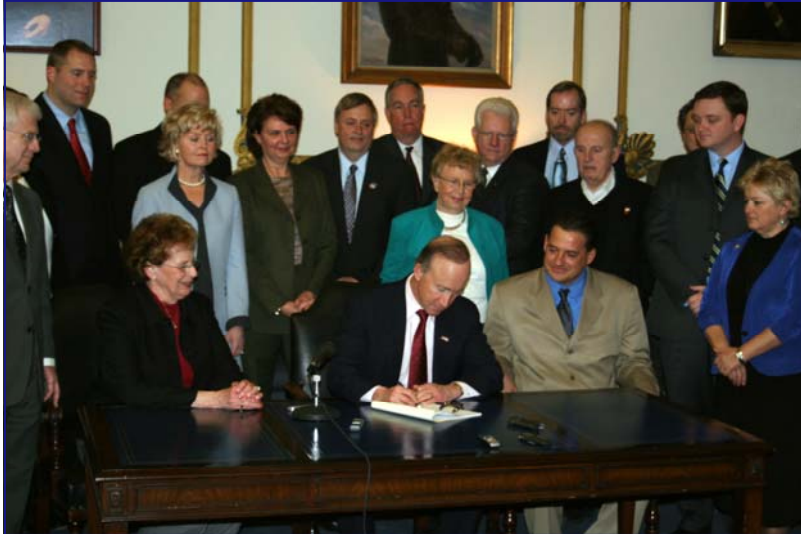
### **Other Elements of HEA 1001**

- Provides \$120 million for schools in 2009 and 2010 to reduce the impact of the tax caps
- Increases the school "rainy day" fund to ensure adequate funding is available in the event of an economic downturn
- Limits property tax bill increases to no more than 2 percent annually for seniors who make less than \$30,000 annually (single) or less than \$40,000 (joint), if the assessed value of their homes is \$160,000 or less
- Increases renters' deduction from \$2,500 to \$3,000
- Increases earned income tax credit for lower-income Hoosiers from 6 to 9 percent



## National Leader in Protecting the Great Lakes

In 2008 Indiana took a large step toward protecting its 46 miles of Lake Michigan Shoreline. Indiana was the first state to ratify the Great Lakes Compact with implementation language to protect the Great Lakes basin, which contains 95 percent of North America's fresh water.



The compact ensures that authority over Great Lakes water uses stays in the region; that economic development will be fostered through sustainable use and responsible management of the waters; that states will develop regional goals and objectives for water conservation and efficiency and collect and share technical data to improve decision making; and, continues a strong commitment to public involvement in the implementation of the compact.

## Veterans' Issues

Indiana's veterans remained a priority during the last legislative session. With four bills aimed at increasing assistance to Indiana's veterans signed into law by Governor Daniels, Indiana ensured it would never forget the needs of those who have served.

The bills signed by the governor are:

- SEA 250** Transferred responsibility for the Indiana Veterans' Home from the Indiana Department of Health to the Indiana Department of Veterans Affairs. The home currently serves approximately 280 Hoosier veterans and their families.
- HEA 1067** Allows the governor to issue a proclamation upon the death of an Indiana resident who is a member of the armed forces or the Indiana National Guard requiring the United States flag to be flown at half-staff on state property on the day of the member's funeral or memorial service.
- HEA 1077** Removed the \$500 limit which could be donated by a county, township, city or town to each authorized veterans organization to help defray Memorial Day expenses.
- HEA 1249** Allows Purple Heart recipients to receive a remission of tuition fees at state supported colleges or universities. This benefit applies to those service members who joined the service after September 10, 2001.





# Other Significant Events the Past Six Months

## Disaster Response and Recovery for the Storms of 2008

Disaster struck Indiana in the form of severe weather that spawned tornadoes, torrential rainfall and record levels of flash flooding in many counties between May 30 and June 8, and the state’s emergency response capabilities proved ready. State employees from dozens of agencies worked around the clock in the hours, days and weeks during and following intense rainfall—10 inches in a few hours in some central and southwestern parts of the state—on the morning of June 7. Throughout the southern half of the state, dams were breached, levies failed, and rivers overflowed devastating homes, businesses, and thousands of acres of farmland. Several days earlier, help was needed when tornadoes and severe weather struck Indianapolis and several other counties starting May 30.

Governor Daniels and state agencies, as well as volunteers took quick action to respond to the storms that have been characterized by some measures as 100-year events. As always, Hoosiers showed the care and compassion they are known for by helping their friends, neighbors, and in many cases, total strangers during this difficult time.



Daniels quickly designated a number of counties as disaster areas and put the wheels in motion for federal assistance that thousands would need. Within days of the last raindrops, the state had put in place “one-stop disaster assistance centers,” the first of their kind, in locations most affected by the storms. Volunteers and government officials alike jumped into action to ensure the safety and security of all Hoosiers. Led by the Indiana Department of Homeland Security, more than 1,600 state employees from over 20 state agencies and 1,400 National Guardsmen logged over 40,800 hours of service—and still counting.

*“I have been very positively impressed by the way, with the Department of Homeland Security in the lead, all agencies in state government have acted as one.”*

**—Indiana Governor Mitch Daniels**

### ***One-Stop Assistance Centers***

The one-stop assistance centers began to open June 13 in affected counties. They were the first of their kind and provided Hoosiers with access to state and federal resources to answer questions about housing, unemployment insurance and social services. Representatives from the Federal Emergency Management Agency (FEMA) and the American Red Cross also provided staff in the centers. Teams in the centers cooperated and fostered a team-like environment that provided comfort and information to victims. The tireless efforts of these outstanding volunteers and public services restored key services at a record-setting pace. Hoosiers can be proud of their emergency responders.

### ***Ongoing Recovery Efforts***

By early August, 16,230 households had applied for FEMA individual assistance, about \$95 million in federal assistance had been approved, 41 counties were approved for individual assistance and 43 counties were approved for public assistance.

Daniels also took the step of creating the Office of Disaster Recovery (ODR). ODR is leading the state’s efforts to repair and rebuild by focusing on longer-term recovery plans and policies. ODR is tasked with obtaining the maximum amount of federal funds for recovery and rebuilding and providing technical assistance, education and outreach to local governments, private organizations and individual victims.



## National Guard: Serving Indiana at Home and Abroad

Although Indiana is the 14th largest state in terms of population, it has the fourth largest National Guard in the country and has more soldiers and airmen deployed than any other state or territory in the nation. The 4,100 soldiers and airmen stationed in multiple countries and states represent approximately 30 percent of Indiana's National Guard.

On January 2, Indiana bid a fond farewell to some of its best citizens during a departure ceremony at the RCA Dome. Over 3,400 soldiers of the 76th Infantry Brigade Combat Team, one of the largest deployments in Indiana since WW II, were sent off by elected officials, family and the public in one of the biggest going away events in Indiana history.



## Major Moves—Indiana Becomes a Leader in Transportation

Major Moves, Indiana's 10-year road and bridge plan developed in 2006, is fully funded and on track. On any given summer day more than 50 Major Moves projects are active throughout the state, with new groundbreaking occurring regularly.

INDOT spent more than a billion dollars on new construction, and maintenance in the 2008 fiscal year, more than double the amount spent a decade ago, and roughly 7 percent more than planned, capping off a record-setting year for Hoosier transportation infrastructure. The 2009 fiscal year is shaping up to be even bigger, with construction starting on some of the most long awaited and economically important Major Moves projects including the Hoosier Heartland Corridor, I-69, and U.S. 31 in Kokomo and South Bend. These major transportation corridors will be economic engines, creating better access to national and international markets for Hoosier businesses. Better access means economic growth and results in more job creation for Indiana.

When every other state in the nation is struggling to find money to maintain their roads, Indiana is constructing new roads and bridges which had been promised for decades, and doing it without raising taxes.

Major Moves Construction Projects

