

The background of the slide features the Indiana State Seal, which is a circular emblem. It contains a central figure of a Native American holding a bow and arrow, with a five-pointed star above his right shoulder. The word "INDIANA" is written in an arc above the figure. The seal is surrounded by a ring of twelve five-pointed stars. The entire seal is rendered in a golden-yellow color against a dark blue background with a subtle grid pattern.

FY 2022 and FY 2023 Budget Development

State Budget Agency

Zac Jackson

State Budget Director

December 14, 2020

Agenda

The background of the slide features a large, faint watermark of the Indiana State Seal. The seal is circular and contains a central torch with a flame. Above the torch, the word "INDIANA" is written in an arc. The seal is surrounded by a ring of stars, and the entire design is set against a blue background with a subtle grid pattern.

- **Budget Development**
 - Process
 - Details
 - FY 2021 appropriation recap
 - Budget Report and Budget Bill
- **Budget Challenges**
- **Reading the 001A Report**

Budget Development Process

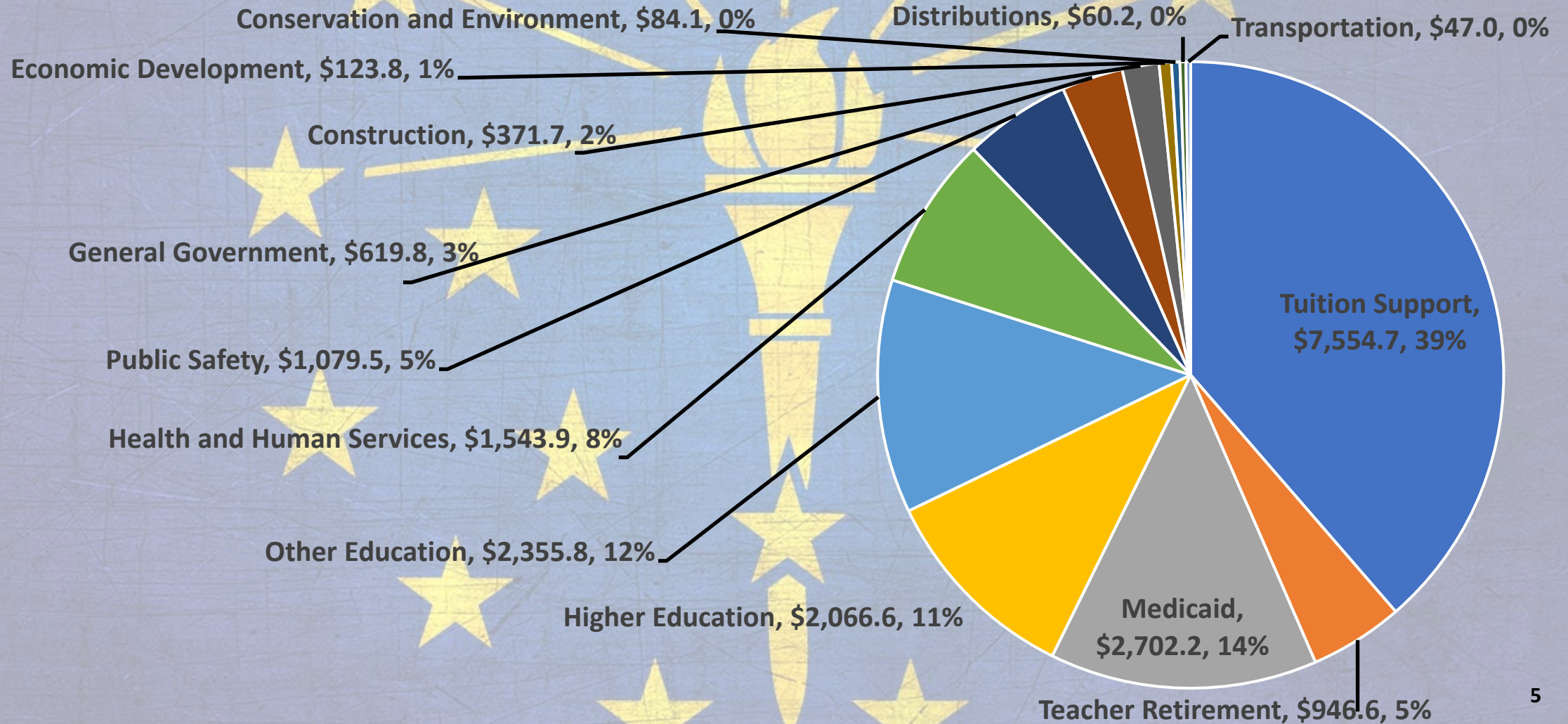
- Budget development instructions were sent out this summer
- Statutory deadline for Budget submission is September 1st
- We have met with every agency to review and understand their requests
- Economic outlook, revenue forecast, and Medicaid forecast will be on December 16th
- Statutory deadline for Budget presentation to the State Budget Committee is before the 3rd Monday in January (January 18th) but practically by Thursday, January 14th

Budget Development Details

- **All state agencies reporting to the Governor followed our base calculations – 15% base reduction**
 - **This excluded pension contributions, Medicaid, tuition support, and universities**
- **The 15% base reduction resulted in lowering the overall General Fund base budget by approximately \$665M**
- **Throughout this process, we have assumed that:**
 - **FY 2022 General Fund revenues could be \$400M to \$600M less than FY 2021 appropriations**
 - **FY 2023 General Fund revenues could be +/- \$100M of FY 2021 appropriations**

FY 2021 General Fund budget of \$17.49 billion

(dollar amounts below are in millions)



Budget Bill and Budget Report

- IC 4-12-1-9 requires the following deliverables by the 3rd 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
 - A summary and justification for workforce related programs in the recommended budget
 - The budget report must include General Fund, dedicated funds, and federal funds

Budget Challenges

The background of the slide features the Indiana State Seal, which is a circular emblem. It contains a central torch with a flame, surrounded by a wreath. Above the torch, the word "INDIANA" is written in an arc. The seal is set against a blue background with a pattern of yellow stars and rays emanating from the center.

- **Tobacco Master Settlement Fund**
 - Increased FMAP for CHIP is going away
 - TMSF cannot absorb this increase
- **COVID-19**
 - What are the ongoing costs?
 - If and when will the federal government provide more COVID-19 related funding?
- **Protecting K-12 and University funding**
 - Over 50% of the General Fund budget
- **Revenue uncertainty**

Reading an 001A Report from Hyperion

Each report shows 2 years of historical spend (FY 2019 and FY 2020, the appropriation for FY 2021, the estimated spend for FY 2021, the base budget, and the request for FY 2022 and FY 2023. The base and FY 2022 and FY 2023 are the same unless there are change package (increase) requests.

Sequence		Submitted Actual FY19	Submitted Actual FY20	Submitted Appropriation FY21	Submitted Current Estimate FY21	Submitted Base	Submitted Budget FY22	Submitted Budget FY23
1.001	10850-090 Collection and Administration							
	General Fund	68,027,890	64,456,543	68,946,096	58,604,182	58,604,182	58,604,182	63,404,182
1.002	10920-090 Outside Collections							
	General Fund	4,820,918	4,135,885	5,395,161	5,395,161	4,585,887	4,585,887	4,585,887
1.003	32810-090 Motor Carrier Regulation							
	Dedicated Funds	7,628,217	9,172,637	9,546,564	8,114,579	8,114,579	8,114,579	8,114,579
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	AGN00090-Department of Revenue							
	General Fund	72,848,808	68,592,428	74,341,257	63,999,343	63,190,069	63,190,069	67,990,069
	Dedicated Funds	7,628,217	9,172,637	9,546,564	8,114,579	8,114,579	8,114,579	8,114,579
	TOTAL:	80,477,025	77,765,065	83,887,821	72,113,922	71,304,648	71,304,648	76,104,648

The background of the slide is a textured blue surface with a faint, golden-yellow watermark of the Indiana state seal. The seal features a central torch with a flame, surrounded by a circle of stars. The word "INDIANA" is arched above the torch. The word "Questions?" is overlaid in the center of the seal in a bold, black, sans-serif font.

Questions?