

STATE OF INDIANA

LIST OF APPROPRIATIONS



MADE BY

THE REGULAR SESSION OF THE 2013 INDIANA GENERAL ASSEMBLY

FOR THE BIENNIUM JULY 1, 2013 TO JUNE 30, 2015

As required by Indiana Code 4-12-1-12(a), the State Budget Agency hereby transmits to Governor Michael R. Pence, Auditor of the State Tim Berry, and the Indiana General Assembly the following report on the appropriations made during the 2013 regular session of the Indiana General Assembly.

Summary

The FY 2014 – FY 2015 budget is structurally balanced with annual revenues exceeding recurring, annual expenditures in both FY 2014 and FY 2015. Pension obligations are fully met, and the Medicaid forecast is fully funded. This budget increases funding in key areas such as education, roads, jobs, and pensions, while reducing General Fund appropriations for most executive branch agencies by 3% compared to FY 2013 appropriations. As a result, the state's combined balances are projected to exceed \$1.8 billion dollars at the end of each fiscal year. In addition, this budget provides permanent tax relief through a combination of income tax relief, inheritance tax repeal, and other business tax reductions.

Appropriations

The total General Fund appropriations made by the 2013 regular session of the Indiana General Assembly are \$15.2 billion for FY 2014 and \$15.4 billion for FY 2015. This includes annual operating appropriations of \$14.8 billion in FY 2014 and \$15.1 billion in FY 2015, annual capital appropriations of \$117 million, annual transfers of \$200 million to the Major Moves 2020 Trust Fund, and a one-time appropriation of \$26 million in FY 2014 to cover the cost of a thirteenth check for pension recipients. Total appropriations from all sources of funds (state General Fund, dedicated funds, and federal funds) are \$28.8 billion for FY 2014 and \$29.4 billion for FY 2015.

K-12 Education

Funding for elementary and secondary education comprises the largest component of Indiana's state budget. Including the appropriation for full day kindergarten, the K-12 tuition support for FY 2013 totaled \$6.5 billion. In the current budget, the General Assembly appropriated \$6.6 billion for FY 2014 and \$6.7 billion for FY 2015 for K-12 tuition support from the General Fund. Moreover, the budget includes approximately \$22 million in FY 2014 and \$23 million in FY 2015 for educating adult learners, funding formerly part of the tuition support appropriation. Accounting for full day kindergarten, adult education, and tuition support combined, K-12 tuition support is increased 2.2% for 2014 and 1.1% for 2015. The school funding formula is converted from a calendar year to a fiscal year with two student counts to ensure dollars more closely follow the child.

In the budget, the Primetime Grant is eliminated and the complexity index is moved to a separate grant within the school funding formula. The honors grant is increased from \$900 to \$1,000. Per student "foundation" funding is increased from \$4,405 to \$4,569 in FY 2014, followed by an increase to \$4,587 in FY 2015. The budget creates a new fund for the Department of Education (IDOE) for School Performance Awards and appropriates \$30 million in FY 2015 for grants to school corporations showing yearly improvement in testing and graduation rates. Additionally,

the budget provides separate appropriations for the PSAT Program and Advanced Placement Program, which were consolidated into the Testing and Remediation appropriation in the previous budget.

Other K-12 education items include a new fund for the Education Roundtable and a line-item appropriation of \$5 million per year to the STEM Teacher Recruitment Fund, which will provide grants to nonprofit organizations that place new science, technology, engineering, and math teachers in elementary and high schools located in underserved areas. The Charter School Board will receive an appropriation of \$750,000 in FY 2014 and \$500,000 in FY 2015, and also receives a \$300,000 appropriation for FY 2013 upon passage. The budget also supplies \$1 million in FY 2014 and \$5 million in FY 2015 to the Indiana Works Councils, established by SEA 465 (2013). These funds will be used for regional needs assessments in FY 2014 and matching grants for private investments into the career and technical education pathways in FY 2015. The budget also includes a FY 2013 appropriation of approximately \$91 million to repay the Common School Fund for outstanding charter school loans. These loans helped provide assistance with start-up and growth costs for unopened and expanding charter schools.

School corporations were again granted the authority to pay expenditures for utilities and property insurance out of their capital project funds and to increase their local capital projects fund levy to cover those costs. Total appropriations for K-12, excluding pre-1996 teacher pensions, are \$6.85 billion in FY 2014 and \$6.95 billion in FY 2015.

The budget increases General Fund appropriations for the pre-1996 teachers' retirement fund by 3% annually, a rate sufficient to meet this obligation in future years using a conservative investment return assumption. This projection assumes the \$30 million transfer from the Hoosier Lottery will be made annually.

Higher Education

The appropriations for higher education use a performance-based formula for the distribution of operating funds over the biennium. The General Assembly increased university operating funding by roughly \$46 million annually for a biennial total of \$2.5 billion. The budget increases the percentage of institutional funding determined by performance matrices established by CHE to 6% per year, the highest in the history of the state.

Student Financial Aid received appropriation increases of approximately 16% in FY 2014 and 11% in FY 2015 totaling \$324 million and \$309 million, respectively. The budget creates the High Needs Student Teaching Stipend Fund to enable students to teach in high needs fields upon graduation and the Primary Care Shortage Area Scholarship. This scholarship will provide \$10,000 maximum scholarships to medical students enrolled at the Marian University College of Osteopathic Medicine who agree to provide primary care services in a shortage area after becoming a licensed physician.

The biennial budget spends \$125 million in university line items. The legislature created a number of new line items, including \$2.5 million annually for Purdue University's Next

Generation Manufacturing Competitiveness Grant, \$600,000 annually for Indiana State University's Principal Leadership Academy, and \$2 million annually for full-time faculty support at the University of Southern Indiana. A dual credit line item was also added totaling \$8.3 million among all universities.

Health and Human Services

The budget appropriates \$3.2 billion in FY 2014 from the state General Fund for Health and Human Services for operating expenses. For FY 2015, Health and Human Services receives \$3.4 billion in General Fund appropriations for operating expenses.

The Family and Social Services Administration (FSSA) was appropriated \$2.6 billion of state General Fund dollars in FY 2014 and \$2.8 billion in FY 2015. Of the appropriation granted to FSSA, the largest amount is for Medicaid Assistance. This budget fully funds the April 16, 2013 Medicaid forecast with an additional \$16.3 million in FY 2014 and \$37 million in FY 2015 appropriated to reinstate a portion of the provider reimbursement cuts that occurred in the last biennium. General Fund appropriations for Medicaid Assistance total \$1.8 billion in FY 2014 and \$2.0 billion in FY 2015. Total appropriations for Medicaid Assistance (from all funding sources) are \$8.9 billion in FY 2014 and \$9.5 billion in FY 2015, compared to \$6.7 billion appropriated in FY 2013. The Medicaid Assistance appropriation includes the estimated funding for the woodwork effect caused by the Patient Protection Affordable Care Act (PPACA); however, it does not include funding for an expansion of Medicaid.

The budget appropriates \$48.8 million annually for C.H.O.I.C.E. In-Home Services. The amount of funds that can be transferred annually for use in the Medicaid aged and disabled waiver remains at the FY 2013 level of \$18 million.

FSSA receives \$67.9 million of appropriations from the Tobacco Master Settlement Fund annually for the FY 2014 – FY 2015 biennium for health-related programs.

The Department of Child Services (DCS) was appropriated \$551 million annually of state General Fund dollars in the FY 2014 – FY 2015 biennium. This includes \$11.5 million annually to provide behavioral health services to children and the families of children who present a risk to themselves or others that do not have access to private insurance or Medicaid without court or DCS intervention; \$11 million annually for additional field staff due to increased caseloads; \$11 million for a program focused on field staff retention in order to reduce the turnover in family case managers; and \$2 million for additional family case manager intake specialists to reduce caller wait times and hotline staff turnover.

The Indiana State Department of Health (ISDH) receives total appropriations of approximately \$305.9 million in FY 2014 and \$305.7 million in FY 2015, of which General Fund appropriations total \$31.6 million annually. This includes \$50 million from the Tobacco Master Settlement Fund annually for the FY 2014 – FY 2015 biennium. Consistent with the FY 2014 – FY 2015 biennial budget, this budget dedicates 99% of Tobacco Master Settlement Fund

appropriations to health-related programs. The ISDH totals include annual appropriations of \$5 million from the Tobacco Master Settlement Fund for tobacco prevention and cessation efforts.

General Government

While most executive branch agency budgets were decreased by 3% compared to FY 2013 appropriation levels, the budget holds appropriations for the legislative branch relatively flat with some increases compared to FY 2012 and FY 2013 appropriation levels.

General Fund appropriations for the judicial branch increased compared to FY 2012 and FY 2013 appropriations levels. The Indiana General Assembly continued the Chief Justice of the Supreme Court's authority to provide pay raises in FY 2014 and FY 2015 for judges and increased appropriations to cover similar raises given in prior years. The budget also creates a new Forensic Diversion program within the Judicial Center starting in FY 2015 with an appropriation of \$2 million.

The budget includes an appropriation of \$57.8 million for the biennium for the state's share of the plan losses of the Indiana Comprehensive Health Insurance Association (ICHIA). The association is the state's health insurance program for high risk individuals. The ICHIA program will be eliminated December 31, 2013 as a result of the PPACA. Individuals currently eligible to receive coverage under ICHIA will have access to health care coverage on the federal exchange.

The budget includes a biennial appropriation of \$48.7 million for the retiree health benefit trust fund to cover benefits for state employees under SEA 501. In addition, the budget includes other post-employment benefit appropriations for the State Police Department as well as conservation and excise officers. The budget also requires the Indiana Public Retirement System (INPRS) board to implement a medical benefits account under Section 401(h) of the Internal Revenue Code by July 1, 2014.

Public Safety

Over \$1.35 billion was appropriated from the General Fund this biennium for the operation of the Indiana correctional system, an increase of more than \$18 million compared to the FY 2012 – FY2013 biennium budget. The adult offender population has flat lined in recent years, though the budget provides additional funding for community based programs such as Juvenile Transition and Community Corrections.

The budget appropriates approximately \$362 million from all funds for the operations of the Indiana State Police for the FY 2014 – FY 2015 biennium, including funds to maintain the number of troopers at current levels and actuarially fund pension and retiree medical obligations. Total appropriations for the FY 2012 – FY 2013 biennium were \$342 million. The budget also removes Motor Vehicle Highway Fund support from Indiana State Police and replaces it with General Fund dollars.

This budget creates a new \$20 million program under the Indiana Department of Homeland Security for the FY2014 – FY2015 biennium to provide Secured School Safety Grants and provides a new \$4 million appropriation for a Joint Force Headquarters under the Adjutant General.

Conservation and Environment

This budget appropriates \$584 million in general, dedicated, and federal funds for conservation and environment programs for the FY 2014 – FY 2015 biennium. Total operating appropriations for the FY 2012 – FY 2013 biennium were \$566 million. An additional \$38 million was appropriated from all funds for capital for the FY 2014 – FY 2015 biennium.

The budget includes new General Fund support under the Department of Natural Resources for the existing Indiana Sportsmen Benevolence program and the Indiana – Michigan Boundary Line Commission. Additionally, it actuarially funds the retiree medical obligations related to DNR Law Enforcement with a General Fund appropriation of nearly \$1.7 million for the FY 2014 – FY 2015 biennium. This budget reflects \$4.4 million of private funding of the Indiana State Museum and Historic Sites now that it has fully transitioned to a quasi agency separate from the Department of Natural Resources.

The Indiana General Assembly increased the Recycling Promotion and Assistance Program FY 2014 – FY 2015 dedicated appropriation by \$1.2 million under the Indiana Department of Environmental Management.

Transportation

The budget appropriates more than \$4.4 billion in state, dedicated, and federal funds for transportation, including distributions to local units of government. This includes \$400 million in appropriations from the General Fund to a new Major Moves 2020 Trust Fund to support major highway expansion projects. This also includes a \$42.6 million annual appropriation from the General Fund for public mass transportation.

The Indiana General Assembly shifted various executive branch agencies away from Motor Vehicle Highway Fund support and replaced it with over \$420 million in General Fund appropriations for the FY 2014 – FY 2015 biennium. These adjustments, as well as a shift of 1% sales tax revenue, result in an increase of annual transportation dollars of \$100 million to local units and \$110 million to the Indiana Department of Transportation.

Economic Development

The budget appropriates \$96.5 million in both FY 2014 and FY 2015 from the General Fund for Economic Development.

For the Lieutenant Governor's Office, the budget appropriates \$1.2 million per year for the newly created Marketing Development Grants program. These grants will be used to leverage

private sector dollars in support of the state's tourism industry. The budget funds the newly created Office of Defense Development and provides a new General Fund appropriation for the Office of Community and Rural Affairs under the Lt. Governor's Office. The budget also funds the Office of Energy Development as a separate agency.

The budget funds the Secretary of Commerce as a distinct agency and appropriates \$600,000 over the FY 2014 – FY 2015 biennium.

For the Indiana Economic Development Corporation (IEDC), several line items received significant increases in funding for the FY 2014 – FY 2015 biennium. The budget appropriates \$40 million to the 21st Century Research and Technology Fund over the biennium, an increase of \$10 million from the FY 2012 – FY 2013 budget. The Business Promotion Program receives \$3 million over the biennium, compared to \$1.7 million in the FY 2012 – FY 2013 budget. The Skills Enhancement Fund (Training 2000 Program) receives \$25 million over the biennium, compared to \$18.5 million in the FY 2012 – FY 2013 budget.

The budget includes new investments in the state's motorsports industry. Upon approval by the State Budget Agency, a new motorsports investment district and fund will be created that includes the Indianapolis Motor Speedway. The fund will receive a loan from the state for up to \$5 million per year for 20 years to complete capital improvement projects. The budget also creates an Indiana Motorsports Improvement Fund, administered by IEDC, through which the state will provide up to an additional \$5 million per year for loans to motorsports businesses and tracks interested in making improvements to their facilities.

The budget includes a biennial appropriation of \$25 million for the newly created Indiana Biosciences Research Institute. The Institute will seek to leverage private sector investment to support life-science research and commercialization in Indiana.

For the Department of Workforce Development (DWD), the budget increases the state's share of funding for Adult Basic Education to \$14.5 million. For high school Dropout Prevention, the budget appropriates \$6 million per year in the FY 2014 – FY 2015 biennium. For the Work Indiana Program, created to help high school and GED students earn career certifications while in school, the budget appropriates \$2.5 million per year.

The budget funds the Indiana Career Council as a distinct agency and appropriates \$750,000 over the FY2014 – FY 2015 biennium. The Council is tasked with coordinating the state's education, job skills development, and career training programs, in addition to overseeing the state's workforce intelligence system.

Capital and Construction

The capital budget for the FY 2014 – FY 2015 biennium represents a continued commitment to the preservation of the state's existing infrastructure, with a high priority on preventive maintenance and repair and rehabilitation rather than new construction. The capital budget increases funding for preventive maintenance of state facilities from \$44.0 million in the FY

2012 – FY 2013 biennium to \$47.3 million in the FY 2014 – FY 2015 biennium. The capital budget also includes \$132.1 million for repair and rehabilitation projects at state facilities and \$386 million for lease rental payments.

In recent months, the state has been working through the process to defease certain bonds associated with various state facilities. These include Indiana Government Center North and South, the state parking garages, Rockville Correctional Facility, and Pendleton Juvenile Correctional Facility. The FY 2014 – FY 2015 biennium lease payment reflect the related \$30 million decrease in annual payments. The Indiana General Assembly appropriated \$128 million in FY 2013 for the defeasance of the bonds for the Indiana State Museum and Forensics and Health Sciences Lab.

The Department of Corrections capital budget includes funds to construct a new laundry facility and security building at the Indiana State Prison, as well as a new maintenance building at Chain O'Lakes Correctional Facility. The Adjutant General received an appropriation for a new Joint Force Headquarters. In addition to the preventative maintenance funding levels, the capital budget for the Department of Natural Resources (DNR) includes funding for an administrative building for the Enforcement division as well as a Visitor's Center at Goose Pond. The capital budget also includes a bicentennial match for the Indiana State Museum and Historic Sites, as well as increased funding to the Department of Transportation for airport development.

The budget again includes appropriations for both the stadium and convention center lease payments. These appropriations, \$111.6 million in FY 2014 and \$112.1 million in FY 2015, are required, but are not anticipated to be spent as locally derived revenues are projected to cover the lease payments. Similarly, the budget includes an appropriation for the lease payments related to the renovation of the State Fair's Coliseum.

For state universities, the General Assembly broke with past practice by funding \$215 million of capital projects with cash, while slightly increasing fee replaced bonding authority appropriations by \$8 million in FY 2014 and \$6 million in FY 2015. Including repair and rehabilitation appropriations, the budget provides approximately \$584 million in capital-related funding over the biennium.

The budget act delays the timing in which the State Budget Agency may revert not previously allotted or encumbered capital appropriations. The agency must now wait two biennia as opposed to two years.

Outside Acts

The Indiana General Assembly enacted several pieces of legislation during the 2013 regular session that impact General Fund revenues and expenditures. The most notable measures include: (1) a deduction on Adjusted Gross Receipts (AGR) for casinos and racinos by the value of promotional or 'free play' coupons distributed by the license holders, (2) the creation of the Indiana Secured School Fund, which will provide matching grants to school corporations for the employment of resource officers; threat assessments of school buildings; or to purchase safety

equipment and technology, (3) an expansion of the sales tax exemption on research and development property, and a sales tax exemption for aviation-related repairs and fuel, (4) debt service financing for improvements for the Indianapolis Motor Speedway, (5) repayment of the Public Deposit Insurance Fund loan in the amount of \$5 million each year over ten years, (6) a reduction of the Financial Institutions Tax rate from 8.5% to 6.5% over four years, (7) and creation of the Indiana Works Council.

The Indiana General Assembly also enacted legislation during the 2013 regular session that is not expected to significantly impact General Fund revenues and expenditures this biennium, but is expected to have an impact in future biennia. The most notable measure is sentencing changes to the criminal code.

Additional details on the impact of legislation passed by the Indiana General Assembly during the 2013 regular session can be found in Section E.

Revenues

The economic and revenue forecasts upon which the FY 2014 – FY 2015 budget is based were presented to the State Budget Committee on April 16, 2013. Real Gross Domestic Product is forecasted to increase by 2.1% in FY 2013, by 2.2% in FY 2014, and by another 3.2% in FY 2015. U.S. corporate profits, which increased by 6.8% in CY 2012, are forecasted to increase by 1.0% in CY 2013 and 2.8% in CY 2014. The S&P 500 stock index is forecasted to increase by 14.7% in FY 2013, 8.8% in FY 2014, and 3.7% in FY 2015.

Nominal Indiana personal income is forecasted to increase by 3.6% in FY 2013, by 3.9% in FY 2014, and by another 4.7% in FY 2015. Indiana personal income net of government transfer payments is forecasted to increase by 3.7% in both FY 2013 and FY 2014 before accelerating to a 4.7% increase in FY 2015. The State's unemployment rate is forecasted to average 8.4% in FY 2013, 8.0% in FY 2014, and 7.5% in FY 2015.

General Fund revenues are forecasted to increase by \$245.7 million or 1.7% in FY 2013, by \$357.4 million or 2.5% in FY 2014, and by \$543.6 million or 3.7% in FY 2015.

The April 16, 2013 revenue forecast was presented before the end of the 2013 legislative session and could not account for several revenue measures subsequently signed into law by Governor Pence. The individual income tax rate will be reduced from 3.4% to 3.3% on January 1, 2015 and 3.23% on January 1, 2017. The phase-out of the State's inheritance tax enacted during the 2012 legislative session was accelerated so that complete elimination became effective with property interest transfers by decedents who died after December 31, 2012. And, 1.0% of the retail sales tax will be redirected from the General Fund to the Motor Vehicle Highway Fund effective July 1, 2013. In addition to the revenue measures in the budget bill, other legislative actions are projected to reduce the forecasted General Fund revenues by an estimated \$9.5M in FY 2013, \$27.1M in FY 2014, and \$30.9M in FY 2015.

In addition to the revenue forecast, other revenues are deposited in the General Fund annually, including the Hospital Assessment Fee (HAF) and the Quality Assessment Fee (QAF).

Reserve Balances

Indiana's combined reserve balance is projected to total \$1,857.6 million to begin the FY 2014 – FY 2015 biennium. This combined balance includes reserves of \$1,357.5 million in the General Fund, \$145 million in the Medicaid Reserve fund, and \$355.1 million in the Rainy Day Fund.

The estimated reserve balance at the end of the FY 2014 – FY 2015 biennium is projected to remain in excess of \$1.8 billion, providing protection against future recessions.

For FY 2014, the budget act changed the use of excess reserves (defined as more than 12.5% of the next year's spending). As a result, the potential for an automatic taxpayer refund is eliminated in FY 2014 and the excess is instead directed to the pension stabilization fund.

A Combined Statement of Actual and Estimated Unappropriated Reserve (the Reserve Statement) follows this cover letter and reflects the best information available following the passage of the budget by the General Assembly.

Respectfully submitted,



Christopher D. Atkins
State Budget Agency

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**GENERAL FUND
COMBINED STATEMENT OF ESTIMATED UNAPPROPRIATED RESERVE**

(Millions of Dollars)

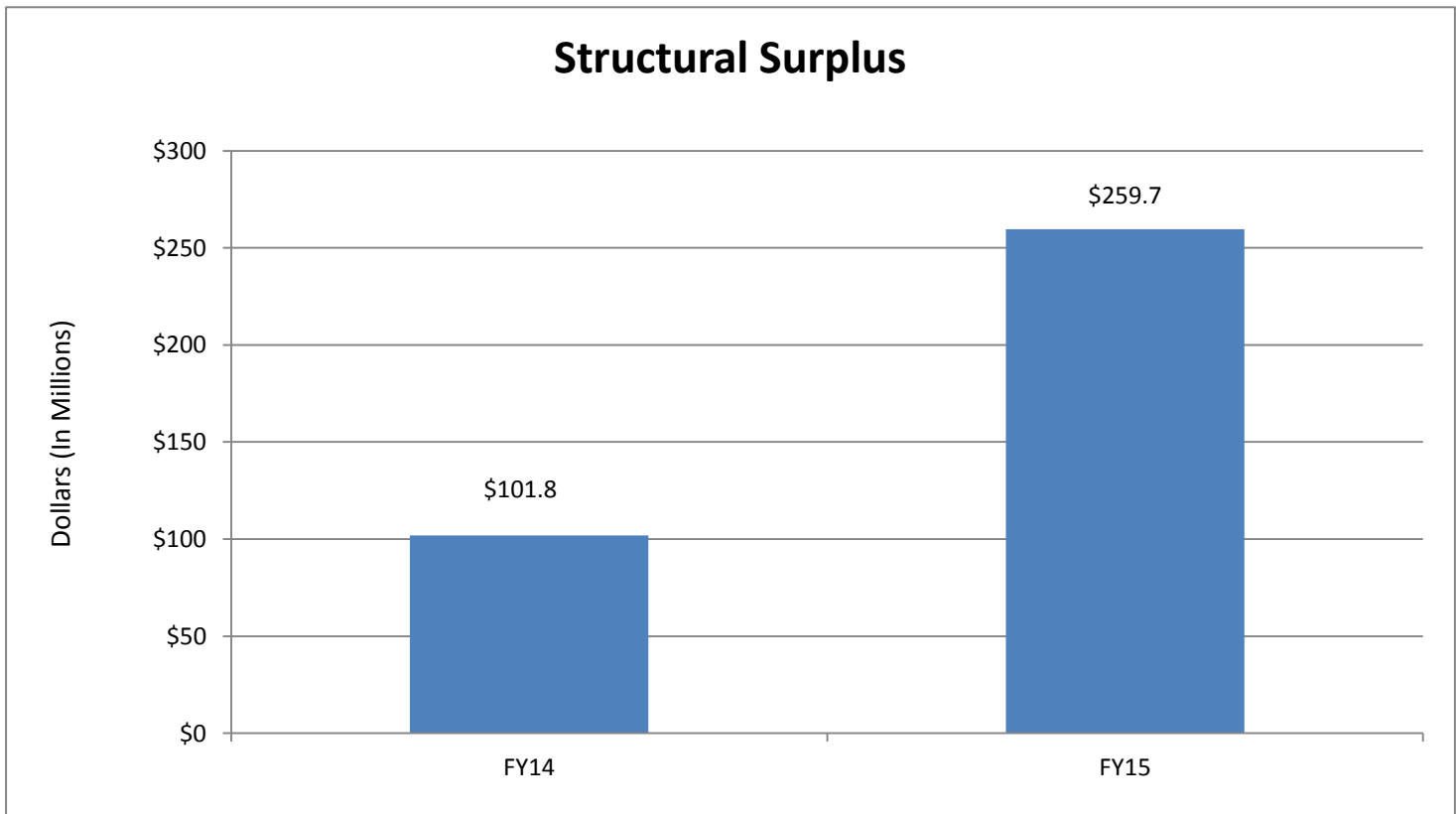
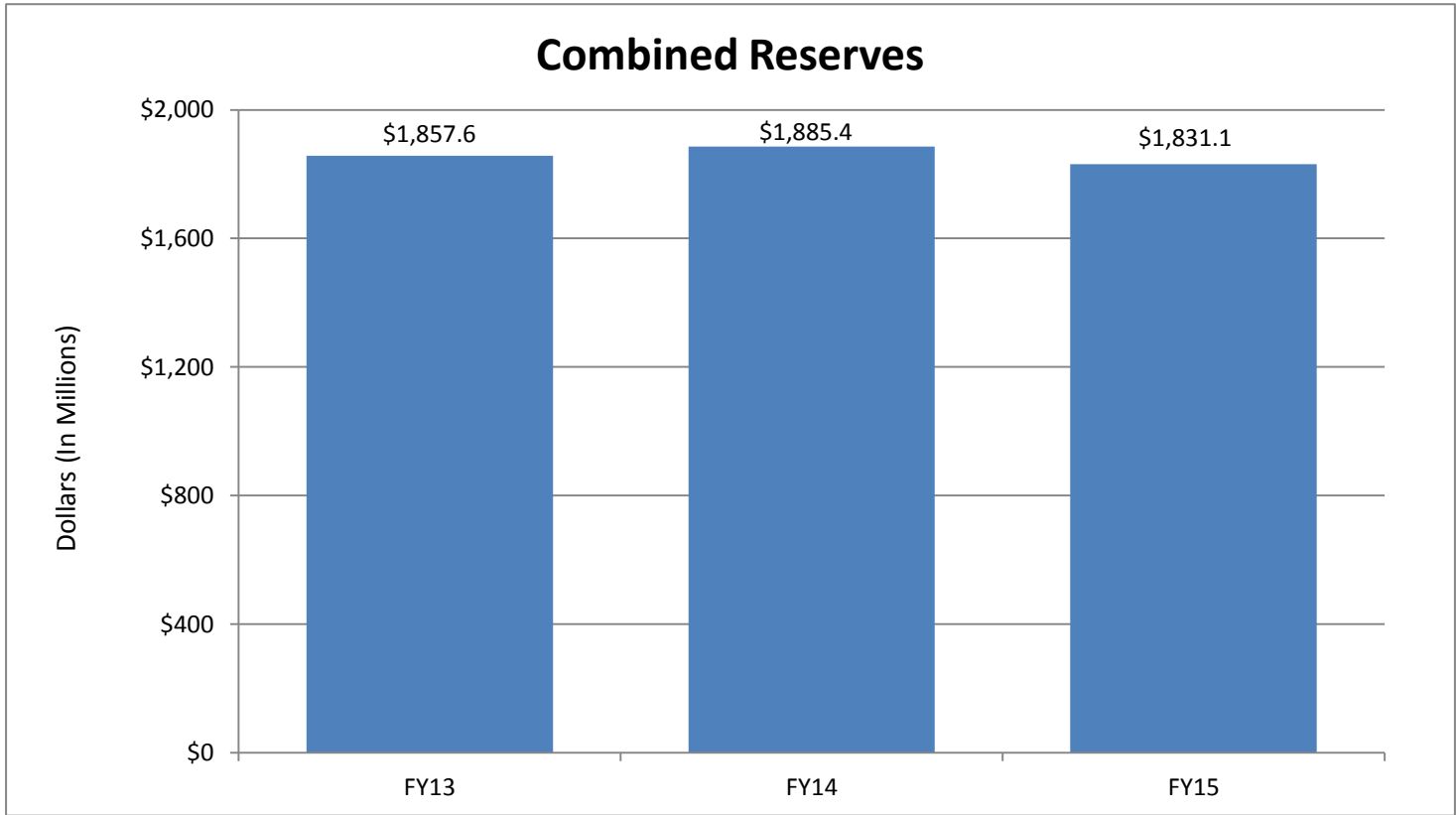
| | Estimated <u>FY 2013</u> | Estimated <u>FY 2014</u> | Estimated <u>FY 2015</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Resources: | | | |
| Working Balance at July 1 | 1,803.4 | 1,357.5 | 982.3 |
| Current Year Resources | | | |
| Actual Forecasted Revenue | 14,370.8 | 14,728.2 | 15,271.8 |
| Hospital Assessment Fee (HAF) (1) | 170.0 | 162.0 | 162.0 |
| Quality Assessment Fee (QAF) | 59.2 | 48.9 | 48.9 |
| Miscellaneous Unforecasted Revenue (2) | 37.0 | 10.0 | 10.0 |
| Redirection of Cigarette Tax | | 7.6 | 7.2 |
| Diversion of Sales Tax to MVH | | (70.9) | (74.4) |
| Racino AGR Adjustment | | 10.3 | 9.6 |
| Recoupling of Revenue Code | | (12.7) | (14.8) |
| Individual Income Tax Reduction | | | (79.7) |
| Inheritance Tax Elimination | | (64.3) | (115.0) |
| 2013 Outside Acts | (9.5) | (27.1) | (30.9) |
| Transfer from Mine Subsidence | | 10.0 | |
| FY 2011 and Prior Adjustments | 32.1 | | |
| Total Current Year Resources | <u>14,659.6</u> | <u>14,802.1</u> | <u>15,194.7</u> |
| Total Resources | 16,463.0 | 16,159.5 | 16,177.0 |
| Uses - Appropriations, Expenditures, and Reversions: | | | |
| Appropriations | | | |
| As-Passed Appropriations | 14,317.9 | 14,810.2 | 15,056.0 |
| TRF/PERF 13th Check | | 26.0 | |
| State Agency and University Capital | | 117.0 | 117.0 |
| 2012 Session: As-Passed Appropriations | 19.6 | | |
| Total Appropriations | <u>14,337.5</u> | <u>14,953.2</u> | <u>15,173.0</u> |
| Other Expenditures and Transfers | | | |
| Augmentations and Expenditure Adjustments (3) | 145.3 | 5.0 | 5.0 |
| 2013 Outside Acts | | 5.7 | 5.7 |
| Bond Defeasance | 128.0 | | |
| Charter School Loans | 91.2 | | |
| Indianapolis Public School Distribution for 2012 Tuition Support | 7.4 | | |
| Transfer to Preeed Consumer Settlement Fund | 1.9 | | |
| PTRC and Homestead Credit Adjustments | (0.3) | | |
| Stadium/Convention Center/State Fair Coliseum Reversion | (111.0) | (114.3) | (115.4) |
| Judgments and Settlements | 11.8 | 8.7 | 8.7 |
| HEA 1072 Loans (Net of Repayments) | 6.1 | (6.1) | |
| Tuition Reserve | | 150.0 | 150.0 |
| Major Moves 2020 Trust | | 200.0 | 200.0 |
| Statutory Distribution to Pension Funds (IC 4-10-22) | 360.6 | | |
| Automatic Taxpayer Refund (IC 4-10-22) | 360.6 | | |
| Total Appropriations and Expenditures | 15,339.1 | 15,202.2 | 15,427.0 |
| Reversions | <u>(233.6)</u> | <u>(25.0)</u> | <u>(25.0)</u> |
| Total Net Uses | 15,105.5 | 15,177.2 | 15,402.0 |
| General Fund Reserve Balance at June 30 | 1,357.5 | 982.3 | 775.0 |
| Reserved Balances: | | | |
| Medicaid Reserve | 145.0 | 395.0 | 395.0 |
| State Tuition Reserve | | 150.0 | 300.0 |
| Rainy Day Fund (4) | 355.1 | 358.1 | 361.1 |
| Total Combined Balances | <u>1,857.6</u> | <u>1,885.4</u> | <u>1,831.1</u> |
| <i>Net Combined Balance as a Percent of Operating Revenue</i> | 12.7% | 12.7% | 12.1% |
| <i>Net Combined Balance as a Percent of the Following Year's Budgeted Appropriations</i> | 12.5% | 12.5% | |

Totals may not add due to rounding

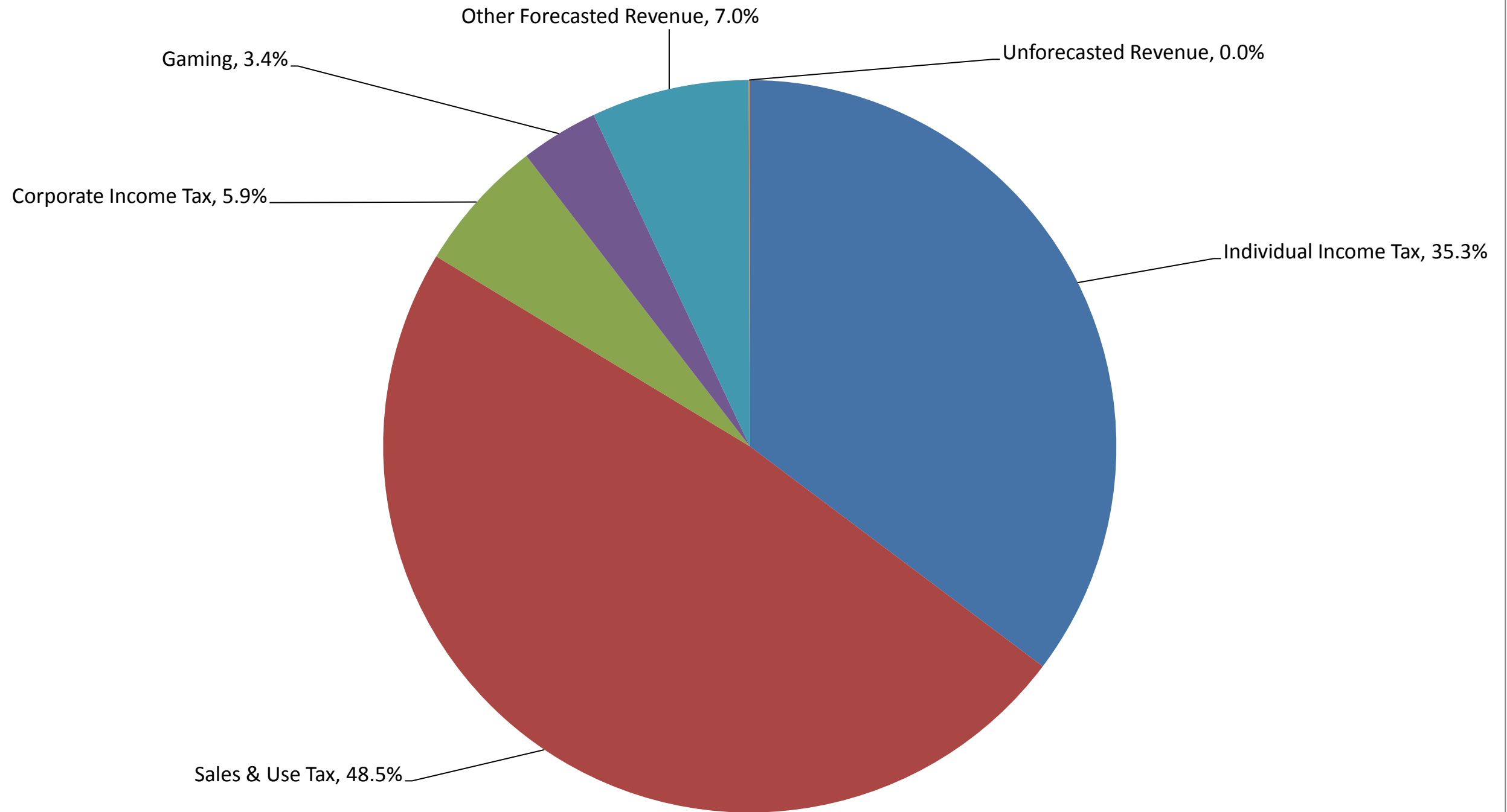
SURPLUS STATEMENT

(Millions of Dollars)

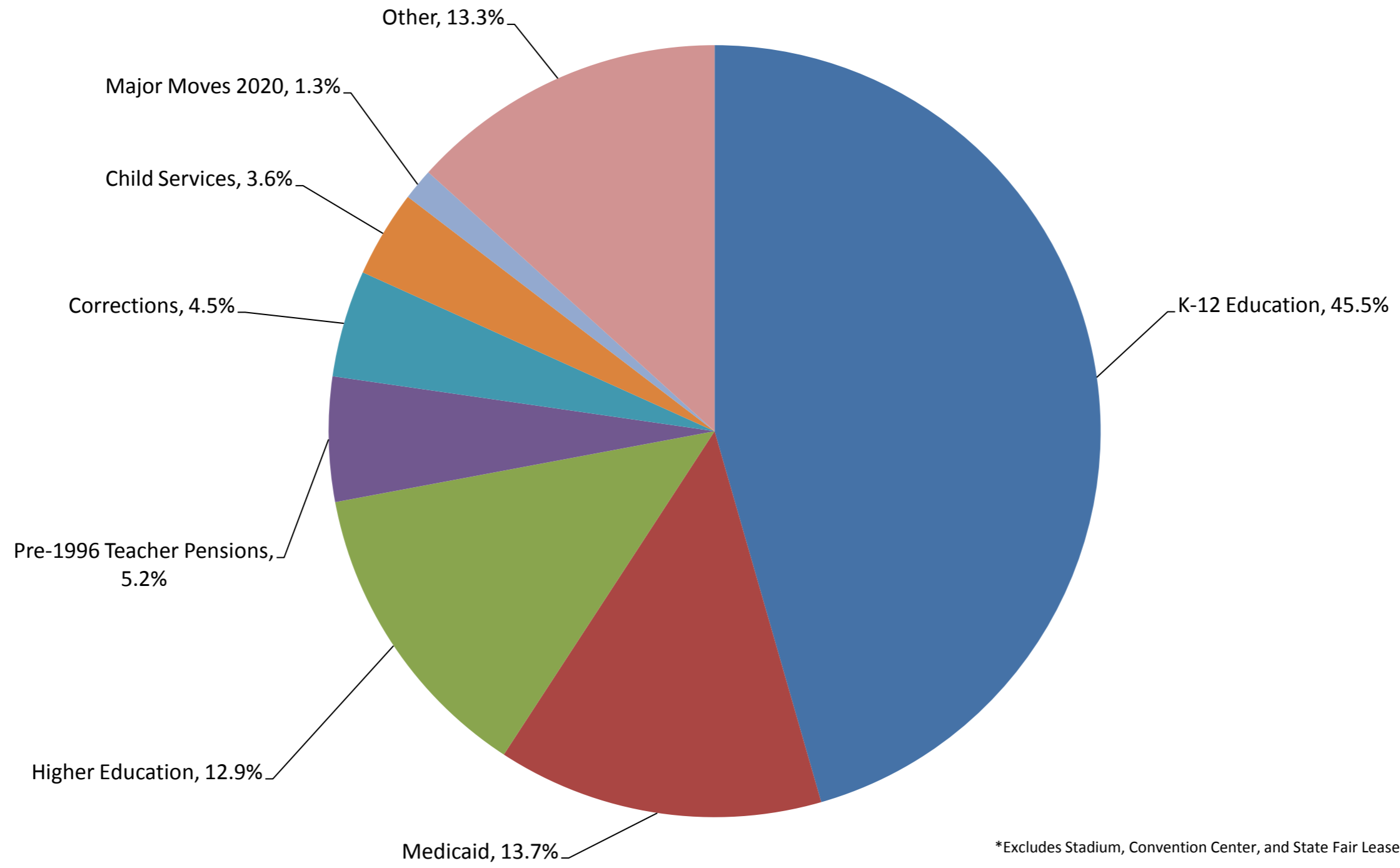
| | Estimated <u>FY 2013</u> | Estimated <u>FY 2014</u> | Estimated <u>FY 2015</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Beginning Balance | 2,155.0 | 1,857.6 | 1,885.4 |
| Current Year Revenues | | | |
| Actual (Forecasted) Revenue | 14,370.8 | 14,728.2 | 15,271.8 |
| Hospital Assessment Fee (HAF) | 170.0 | 162.0 | 162.0 |
| Quality Assessment Fee (QAF) | 59.2 | 48.9 | 48.9 |
| Diversion of Sales Tax to MVH | | (70.9) | (74.4) |
| Redirection of Cigarette Tax | | 7.6 | 7.2 |
| Racino AGR Adjustment | | 10.3 | 9.6 |
| Recoupling of Revenue Code | | (12.7) | (14.8) |
| Individual Income Tax Reduction | | | (79.7) |
| Inheritance Tax Elimination | | (64.3) | (115.0) |
| 2013 Outside Acts | (9.5) | (27.1) | (30.9) |
| SEA 501 Actuarial Funding | (26.3) | | |
| Miscellaneous Unforecasted Revenue | 37.0 | 10.0 | 10.0 |
| Total Current Year Revenues | 14,601.2 | 14,792.1 | 15,194.7 |
| Current Year Expenses | | | |
| HEA 1001 Appropriations | 14,317.9 | 14,810.2 | 15,056.0 |
| 2013 Outside Acts | | 5.7 | 5.7 |
| Augmentations and Expenditure Adjustments | 145.3 | 5.0 | 5.0 |
| Judgments and Settlements | 11.8 | 8.7 | 8.7 |
| Stadium/Convention Center/State Fair Coliseum Reversion | (111.0) | (114.3) | (115.4) |
| Reversions | (152.7) | (25.0) | (25.0) |
| Total Current Year Expenditures | 14,211.3 | 14,690.3 | 14,935.0 |
| Annual Surplus / (Deficit) | 389.9 | 101.8 | 259.7 |
| (Current Year Revenues - Current Year Expenses) | | | |
| Other Sources and (Uses) of Cash | | | |
| PTRC and Homestead Credit Adjustments | 0.3 | | |
| Reversions (Distributions, Capital and Reconciliations) | 80.9 | | |
| 2012 Session: As-Passed Appropriations | (19.6) | | |
| Rainy Day Fund Loans/Repayments (net) | 2.6 | 2.0 | 2.0 |
| Rainy Day Fund Interest | 0.9 | 1.0 | 1.0 |
| SEA 501 Actuarial Funding | 26.3 | | |
| HEA 1072 Loans (Net of Repayments) | (6.1) | 6.1 | |
| FY 2011 and Prior Adjustments | 32.1 | | |
| Charter School Loans | (91.2) | | |
| Bond Defeasance | (128.0) | | |
| Indianapolis Public School Distribution for 2012 Tuition Support | (7.4) | | |
| Transfer from Mine Subsidence | | 10.0 | |
| Transfer to Pread Consumer Settlement Fund | (1.9) | | |
| State Agency and University Capital | | (117.0) | (117.0) |
| Major Moves 2020 Trust | | (200.0) | (200.0) |
| TRF/PERF 13th Check | | (26.0) | |
| Transfer of Medicaid Surplus into Medicaid Reserve | 145.0 | 250.0 | |
| Statutory Distribution to Pension Funds | (360.6) | | |
| Automatic Taxpayer Refund | (360.6) | | |
| Total Combined Balances | 1,857.6 | 1,885.4 | 1,831.1 |



FY 2014 - FY 2015 Biennial General Fund Revenues



FY 2014 - FY 2015 Biennial General Fund Appropriations*



General Fund

| Functional Category | FY 2013-2014 | FY 2014-2015 |
|--|----------------|----------------|
| General Government | 624,215,863 | 620,825,039 |
| Public Safety | | |
| Corrections | 672,211,305 | 683,413,528 |
| Other Public Safety | 255,087,612 | 250,011,607 |
| Subtotal: Public Safety | 927,298,917 | 933,425,135 |
| Conservation and Environment | 75,295,919 | 74,922,172 |
| Economic Development | 96,449,787 | 96,514,093 |
| Transportation | 42,581,051 | 42,581,051 |
| Health and Human Services | | |
| FSSA Administration | 15,764,735 | 15,764,735 |
| Office of Medicaid Policy and Planning | 1,975,353,064 | 2,162,303,064 |
| Mental Health and Addictions | 253,584,598 | 253,584,598 |
| Family Resources | 174,444,503 | 174,444,503 |
| Aging Services | 65,553,385 | 65,553,385 |
| Disability and Rehabilitation Services | 124,747,172 | 124,747,172 |
| Department of Child Services | 551,027,286 | 551,027,286 |
| Public Health | 31,574,164 | 31,574,164 |
| Other Health and Human Services | 30,008,432 | 29,929,232 |
| Subtotal: Health and Human Services | 3,222,057,339 | 3,408,928,139 |
| Education | | |
| Higher Education | | |
| State Student Assistance | 323,982,470 | 309,211,259 |
| Other Higher Education | 1,497,716,033 | 1,495,750,914 |
| Subtotal: Higher Education | 1,821,698,503 | 1,804,962,173 |
| Elementary and Secondary Education | | |
| Education Administration | 18,618,762 | 18,618,762 |
| Tuition Support | 6,644,500,000 | 6,714,400,000 |
| Other Local Schools | 187,611,657 | 220,361,657 |
| Teacher Retirement | 788,916,000 | 792,705,000 |
| Subtotal: Elementary and Secondary Education | 7,639,646,419 | 7,746,085,419 |
| Other Education | 7,542,687 | 7,542,687 |
| Subtotal: Education | 9,468,887,609 | 9,558,590,279 |
| Distributions | 318,303,688 | 280,903,688 |
| Total: Operating | 14,775,090,173 | 15,016,689,596 |
| Construction | | |
| Higher Education | 136,167,947 | 136,167,946 |
| Other Construction | 246,939,420 | 225,125,840 |
| Total: Construction | 383,107,367 | 361,293,786 |
| GRAND TOTAL | 15,158,197,540 | 15,377,983,382 |

Top 40 General Fund Appropriations

| <u>Agency</u> | <u>Description</u> | <u>FY 2014</u> | <u>FY 2015</u> | <u>Biennial Total</u> | <u>Share of the General Fund Budget</u> | <u>Cumulative Total</u> | |
|-----------------------------------|--------------------|--|----------------|-----------------------|---|-----------------------------|-------|
| 1 | DOE | Distribution for Tuition Support | 6,622,800,000 | 6,691,600,000 | 13,314,400,000 | 43.6% | 43.6% |
| 2 | OMPP | Medicaid - Current Obligations | 1,815,350,000 | 2,008,800,000 | 3,824,150,000 | 12.5% | 56.1% |
| 3 | INPRS | Teachers' Retirement Fund Distribution | 719,651,000 | 721,362,000 | 1,441,013,000 | 4.7% | 60.8% |
| 4 | PU | Purdue University - West Lafayette | 266,129,166 | 265,614,228 | 531,743,394 | 1.7% | 62.6% |
| 5 | DCS | Family and Children Fund | 258,561,900 | 258,561,900 | 517,123,800 | 1.7% | 64.3% |
| 6 | IVTCC | Ivy Tech Community College | 234,189,105 | 233,723,720 | 467,912,825 | 1.5% | 65.8% |
| 7 | IUPUI | IUPUI | 223,972,919 | 224,392,755 | 448,365,674 | 1.5% | 67.3% |
| 8 | IU | Indiana University - Bloomington | 202,252,910 | 202,475,777 | 404,728,687 | 1.3% | 68.6% |
| 9 | INDOT | Major Moves 2020 Trust Fund | 200,000,000 | 200,000,000 | 400,000,000 | 1.3% | 69.9% |
| 10 | INPRS | Public Safety Pension | 145,000,000 | 175,000,000 | 320,000,000 | 1.0% | 71.0% |
| 11 | SBA | State Budget Agency - Leases | 137,019,704 | 137,277,137 | 274,296,841 | 0.9% | 71.9% |
| 12 | BSU | Ball State University | 133,543,603 | 132,777,182 | 266,320,785 | 0.9% | 72.7% |
| 13 | ISP | Indiana State Police and Motor Carrier Inspection | 120,660,465 | 120,660,465 | 241,320,930 | 0.8% | 73.5% |
| 14 | CHE | Higher Education Award Program | 125,273,917 | 105,785,538 | 231,059,455 | 0.8% | 74.3% |
| 15 | CHE | 21st Century Scholar Awards | 109,637,450 | 120,108,163 | 229,745,613 | 0.8% | 75.0% |
| 16 | DCS | Case Mgmt Services Appropriation | 99,810,701 | 99,810,701 | 199,621,402 | 0.7% | 76.3% |
| 17 | IU | Indiana University - Regional Campuses | 96,101,999 | 95,334,586 | 191,436,585 | 0.6% | 75.7% |
| 18 | DMH | Seriously Mentally Ill | 95,102,551 | 95,102,551 | 190,205,102 | 0.6% | 76.9% |
| 19 | AOS | Gaming Tax | 110,000,000 | 72,600,000 | 182,600,000 | 0.6% | 77.5% |
| 20 | DFR | DFR - County Administration | 90,229,853 | 90,229,853 | 180,459,706 | 0.6% | 78.1% |
| 21 | DDRS | BDDS - Residential Services | 88,866,771 | 88,866,771 | 177,733,542 | 0.6% | 78.7% |
| 22 | ISU | Indiana State University | 75,839,511 | 75,841,772 | 151,681,283 | 0.5% | 79.2% |
| 23 | DOC | Medical Services | 71,341,280 | 75,432,096 | 146,773,376 | 0.5% | 79.7% |
| 24 | INPRS | Teachers' Postretirement Pension Increases | 69,265,000 | 71,343,000 | 140,608,000 | 0.5% | 80.1% |
| 25 | SC | Local Judges' Salaries | 61,427,441 | 63,229,828 | 124,657,269 | 0.4% | 80.6% |
| 26 | OMPP | Hospital Care for the Indigent Fund | 57,000,000 | 57,000,000 | 114,000,000 | 0.4% | 80.9% |
| 27 | DOR | Collection and Administration | 55,271,373 | 53,501,963 | 108,773,336 | 0.4% | 81.3% |
| 28 | USI | University of Southern Indiana | 53,211,434 | 52,884,996 | 106,096,430 | 0.3% | 81.6% |
| 29 | DAA | C.H.O.I.C.E. In-Home Services | 48,765,643 | 48,765,643 | 97,531,286 | 0.3% | 81.9% |
| 30 | OMPP | Medicaid Administration | 51,803,064 | 45,303,064 | 97,106,128 | 0.3% | 82.3% |
| 31 | SBA | Personal Services/Fringe Benefits Contingency Fund | 36,700,000 | 59,000,000 | 95,700,000 | 0.3% | 82.6% |
| 32 | WCF | Westville Correctional Facility | 46,806,301 | 46,806,301 | 93,612,602 | 0.3% | 82.9% |
| 33 | DCS | County Administration | 46,471,317 | 46,471,317 | 92,942,634 | 0.3% | 83.2% |
| 34 | DOE | Testing and Remediation | 45,729,643 | 45,222,643 | 90,952,286 | 0.3% | 83.5% |
| 35 | DOC | Community Corrections Programs | 43,262,752 | 47,262,752 | 90,525,504 | 0.3% | 83.8% |
| 36 | PU | Purdue University - Regional Campuses | 44,795,970 | 44,800,372 | 89,596,342 | 0.3% | 84.1% |
| 37 | IDOA | Department of Administration - Correction Leases | 44,740,431 | 44,688,719 | 89,429,150 | 0.3% | 84.4% |
| 38 | PU | IUPUI - Ft. Wayne | 44,329,369 | 44,331,189 | 88,660,558 | 0.3% | 84.7% |
| 39 | VU | Vincennes University | 43,812,317 | 43,815,867 | 87,628,184 | 0.3% | 85.0% |
| 40 | CHE | Freedom of Choice Grants | 47,315,346 | 39,954,462 | 87,269,808 | 0.3% | 85.2% |
| TOP 40 SUB-TOTAL | | 12,882,042,206 | 13,145,739,311 | 26,027,781,517 | | | |
| TOTAL GENERAL FUND APPROPRIATIONS | | 15,158,197,540 | 15,377,983,382 | 30,536,180,922 | | | |

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