



STATE OF INDIANA

Mitchell E. Daniels, Jr.
Governor

STATE BUDGET AGENCY
212 State House
Indianapolis, Indiana 46204-2796
317/232-5610

Christopher A. Ruhl
Director

For immediate release
June 12, 2009

State Budget Director Chris Ruhl's comments about the House Democrat proposed budget bill

Commentary: “Governor Daniels made a sincere attempt to meet House Democrats in the middle, but to absolutely no avail. The House Democrats’ proposal violates every single one of the Governor’s parameters and is the most anti-taxpayer budget in the history of the state. If adopted, it’s a sure ticket to the bankruptcies and tax increases occurring in so many other states. Taxpayers should be asking the House Democrats which of their taxes they are proposing to raise to make their \$1 billion shortfall work.”

1. No tax increases. **FAILED.** The House Democratic budget would create at least a \$1 billion dollar structural deficit with virtually no reserves. Without that safety net, the only option to eliminate a budget deficit of the magnitude they propose is a massive tax increase on Hoosier families and businesses.
2. Total reserves of at least \$1 billion on June 30, 2011. **FAILED.** The one-year House Democratic budget obliterates the state’s reserves. Before including the House Democrats’ new spending proposals for year two of the budget, reserves are \$175 million on June 30, 2011—enough money to run government for 4 days. In fact, the \$1 billion parameter wasn’t even achieved in the House’s one year budget. Total reserves on June 30, 2010 are \$989 million (Note: Ways & Means amendments could reduce this figure by \$72 million).
3. Spend a dollar, cut a dollar. **FAILED.** The one-year House Democratic budget increases spending on almost 100 separate items totaling \$300 million in FY 2010 alone. The only five cuts proposed by the House Democrats to the Governor’s budget were to three job creation tools, funding to prevent voter fraud and the State Board of Education. Combined, those cuts total less than \$40 million.
4. One time federal stimulus funds must be used for one time purposes. **FAILED.** The one-year House Democratic budget uses all of the remaining onetime stimulus funds to increase base operating budgets for numerous institutions and programs. Because those stimulus funds are all spent in year one, taxpayers will be left with a gigantic spending cliff in year two of the budget that they cannot afford.
5. No gimmicks. **FAILED.** Deliberately under-funding the debt service costs of university construction projects and raiding the Teacher Pension Fund to support more spending are consistent gimmicks in every House Democratic budget. This budget is no different, with a \$35 million per year unfunded liability for university construction and a \$30 million raid on the Teacher Pension Fund.

Other:

- Tools that prior Governors and the State Budget Committee have exercised for decades to protect taxpayers from budget deficits by reducing spending and delaying projects have been completely gutted by the House Democratic budget.
- The House Democratic budget prohibits \$30 million in cost savings measures to balance the budget this year, reversing the position they took three days earlier agreeing to allow those cuts to occur.
- The House Democratic budget raids \$250 million from the Major Moves Trust Fund designed for the next generation of highway and bridge projects.
- The House Democratic budget increases spending on the legislature itself by providing a 13% increase compared to current year expenditures.

Link to surplus statement:

http://www.in.gov/gov/files/061209_SurplusStatementHouseBudget.pdf

Link to "cliffs" in budget proposal:

http://www.in.gov/gov/files/061209_HouseDemocratsCliffs.pdf

-end-

Contact: Chris Ruhl, state budget director, 317/232-5617