



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

MEMORANDUM

To: Dr. Tony Bennett, State Superintendent of Public Instruction
Indiana Department of Education

From: Christopher A. Ruhl, Director
Indiana State Budget Agency 

Date: July 15, 2010

Re: Education Funding Trigger—HEA 1001-2009(ss)

As part of the 2009 budget process, Governor Daniels proposed an education funding trigger whereby a portion of excess state tax revenues would be automatically distributed to school districts as additional state funding if revenues exceeded a certain baseline amount (the "Education Funding Trigger"). This was included in the final version of the budget adopted in June 2009.

Section 38 of the budget bill provided that before July 15, 2010 the budget agency shall calculate whether actual tax receipts for state fiscal year 2010 exceed the May 27, 2009 revenue forecast ("Revenue Forecast"). If actual receipts exceed the Revenue Forecast, 50% of the excess is distributed by the Department to schools as a supplemental tuition support distribution.

Figure 1 calculates the Education Funding Trigger. Actual tax receipts for state fiscal year 2010 were \$957 million below the Revenue Forecast. The Revenue Forecast projected receipts of \$13.144 billion. Actual collections for the year were \$12.187 billion. Because actual receipts are below the Revenue Forecast, the Education Funding Trigger is not activated for state fiscal year 2010. There is no excess for the Department to distribute.

The Governor offered this comment: "I proposed the trigger earnestly hoping we might have more money than the budget estimate. Unfortunately, we have a billion dollars less than projected, but I still think it's a good idea and an expression of the top priority we place on education in Indiana."

Figure 1: Education Trigger Calculation

HEA 1001-2009ss

SECTION 38. [EFFECTIVE JULY 1, 2009] (a) On or before July 15, 2010, the budget agency shall calculate whether receipts from actual tax collections for the state fiscal year ending June 30, 2010, exceed the May 27, 2009, adjusted state revenue forecast for that state fiscal year. If actual receipts for the state fiscal year ending June 30, 2010, exceed the May 27, 2009, adjusted state revenue forecast for that state fiscal year, fifty percent (50%) of the excess revenue is appropriated to the department of education to be used as a special one (1) time tuition support distribution. Any funds distributed under this SECTION shall be used to increase the foundation amount for each school corporation eligible for a tuition support distribution. The budget agency and the department of education may exceed the calendar year tuition support maximum distribution contained in IC 20-43-2-2 as necessary to implement this SECTION.

(b) This SECTION expires June 30, 2011.

FY 2010 REVENUE FORECAST RELEASED MAY 27, 2009

Revenue Sources	Updated Forecast 2010
Sales	\$6,131.7
Individual	\$4,289.3
Corporate	\$800.0
Subtotal "Big Three"	\$11,221.0
Gaming	645.8
Cigarette	311.0
AB Taxes	16.0
Inheritance	167.5
Insurance	177.2
Interest	50.0
Other	555.1
Subtotal	\$1,276.8
Grand Total	\$13,143.6
ACTUAL REVENUES FY 2010	\$12,186.7
DIFFERENCE	-\$956.9
ONE-TIME TUITION SUPPORT DISTRIBUTION	\$0.0