



Indiana Office of the Lieutenant Governor

The Office of the Lieutenant Governor is created by Article 5, Section 2 of the Indiana Constitution. The Lieutenant Governor works closely with the Governor to advance programs and policies to benefit Hoosiers.

The Lieutenant Governor presides over the Indiana Senate, serves as the Secretary of Agriculture and Rural Affairs, and directly oversees six agencies.

Those agencies are:

- Indiana Housing and Community Development Authority
- Indiana Office of Defense Development
- Indiana Office of Tourism Development
- Indiana State Department of Agriculture
- Office of Community and Rural Affairs
- Office of Small Business and Entrepreneurship

The Office of the Lieutenant Governor provides centralized services including legal, finance and accounting and operational services to all of these agencies except for IHCDA.

1. IHCDA AGENCY OVERVIEW:

At IHCDA, we believe that growing Indiana's economy starts at home. The heart of IHCDA's mission is that all Hoosiers should have the opportunity to live in safe, affordable, good-quality housing in economically stable communities. Our charge is to help communities build upon their assets to create places with ready access to opportunities, goods, and services. We also promote, finance, and support a broad range of housing solutions, from temporary shelters to homeownership.

Our mission is achieved through the administration of myriad programs, including single family mortgage products to assist with homeownership, tax credits for developers to create affordable multifamily housing options, energy assistance programs to lessen the energy burden on struggling households, matched savings accounts to help lower income Hoosiers to better their station in life, emergency shelters and permanent supportive housing solutions for the homeless, foreclosure prevention alternatives through a private and public network, and various community development and neighborhood revitalization initiatives.

State-Funded Program - Individual Development Account Program

The State of Indiana's Individual Development Account (IDA) program was established pursuant to House Enrolled Act 1425 (1997) under I.C. 4-4-28 and is IHCDA's only general fund program. The Indiana General Assembly authorized the IDA program as a 4-year pilot program, making this program one of the first large-scale IDA programs in the country. It was renewed and established as a permanent program by HEA 2130 (2001).

The objective for the IDA Program is to assist people with limited means in achieving financial independence and becoming self-sufficient by providing them the skills to: develop a budget and set goals; establish regular savings habits; and invest in assets.

The program provides matching funds for qualified low-income individuals to pay for four eligible activities: Post-secondary education or vocational training for the qualifying individual or dependent; Attending an accredited or licensed training program that may lead to employment for the qualifying individual or dependent; Purchasing a primary residence for the qualifying individual or dependent; and/or Purchasing, starting-up, or expanding an existing business.

This program is administered through 27 sponsoring nonprofit community development corporations (CDCs), where matching funds are deposited into parallel accounts in 42 partnering financial institutions. IHCDA is authorized to establish up to 800 new IDA accounts each fiscal year. Savers are matched \$3 for each \$1 of earned income deposited by qualifying individuals, with up to \$300 matched annually, each year for five consecutive years.

In order to receive the \$1 million appropriation of federal funds, IDA's must have available non-federal funds to meet the state's match requirement. Therefore, IHCDA respectfully requests IDA's remain in the State General Fund appropriation for \$970,000 (FY15 appropriation minus 3%) per year in the upcoming biennial budget.

2. ACCOMPLISHMENTS AND CHALLENGES

Program staff at IHDCDA has worked in partnership with the sub-grantees to analyze program processes, develop better practices, and implement changes for the coming program year. These efforts have focused on reducing waste, streamlining processes, and reviewing policies. These efforts have come in the form of a statewide fall training, individual site visits, and a week-long rapid improvement event. This added efficiency and clarity will result in more consistency in program management and improve participant results.

IHCDA is facing challenges related to closing accounts that have expired or have ineligible asset goals. In October of 2013 Health & Human Services found that owner-occupied rehabilitation was not an eligible use of the funds and IHCDA needed to close out these accounts. It was also determined that the five-year program period had not been enforced and there were many old accounts that needed to be closed.

In order to meet these requests of the federal funder as well as inform the sub-grantees of programmatic changes, IHCDA has scheduled regular webinars and presentations. Improved and more frequent communication from the state office will add clarity to policies, ease the programmatic transition, and instill confidence in our existing network of partners.

3. OBJECTIVES FOR THE NEXT BIENNIUM:

It is IHCDA's vision for an Indiana with a sustainable quality of life for all Hoosiers in the community of their choice. Our mission is to provide housing opportunities, promote self-sufficiency, and strengthen communities. Our four main strategies to accomplish our vision and mission are promoting place-based initiatives that will allow Hoosiers opportunities to improve their quality of life, creating and preserving housing for Indiana's most vulnerable population, enhancing self-sufficiency initiatives in existing programs, and improving our efficiency by expanding continuous improvement, including lean daily management system, to all of IHCDA.

The objectives for the IDA Program for the next biennium is to ensure program coverage in all 92 counties, expand the financial education curriculum to partner programs as an opportunity to increase financial literacy to low income Hoosiers, and identify new partners to increase the participant recruiting opportunities throughout the state.

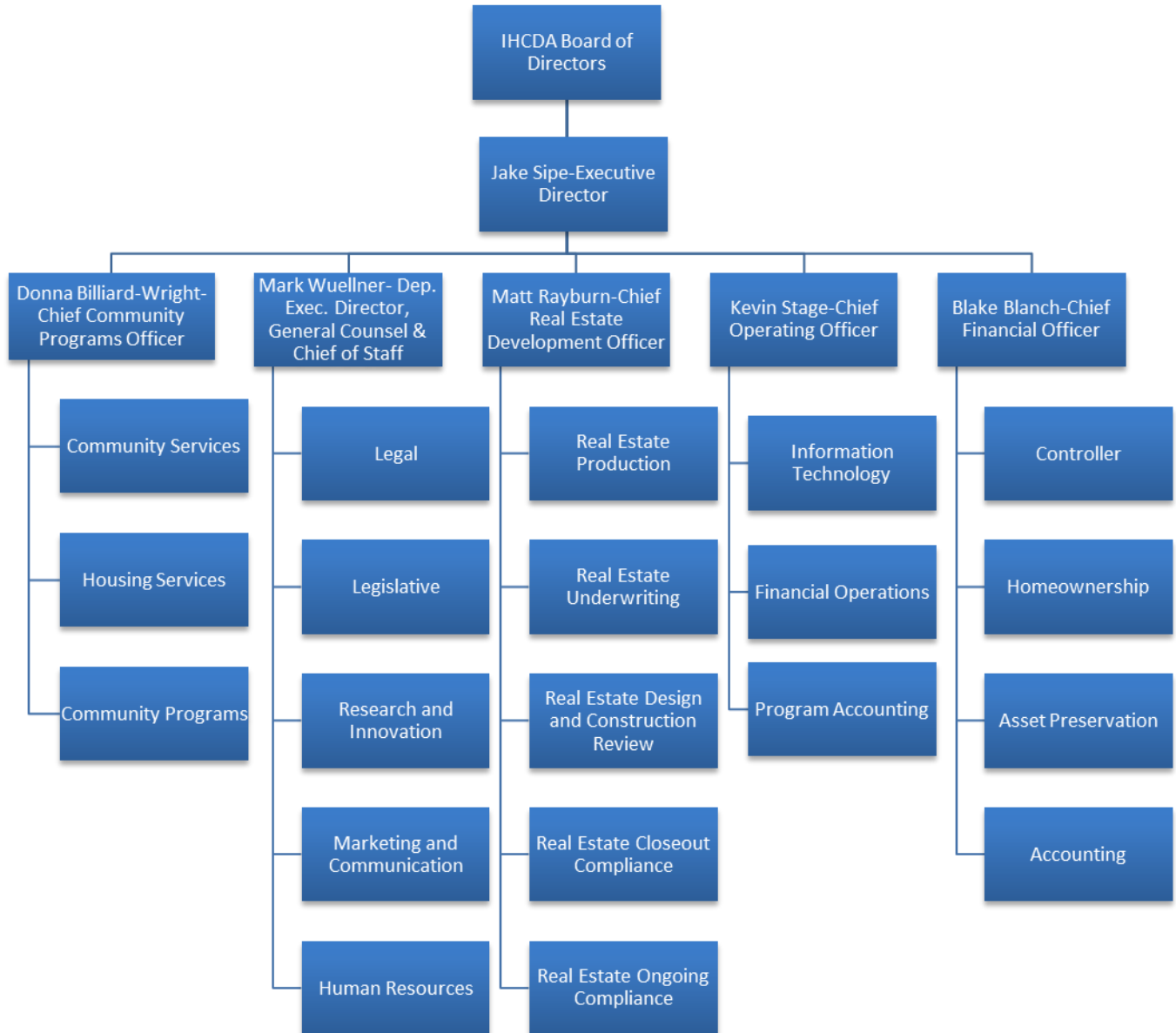
4. KEY PERFORMANCE INDICATORS AND PROGRAM MEASURES:

In 2014, IHCDA reviewed and updated its Key Performance Indicators (KPI). IHCDA now has five KPIs and is in the processing of updating new program measures with OMB's approval. Currently, the following outcomes are tracked annually by the administrators.

- Number of accounts resulting in asset purchases
- Number of participants completing financial literacy training
- Number of participants developing a savings plan
- Number of participants who completed asset-specific training
- Total savings matched

We are currently developing systems to examine the long-term outcomes of the program, including success rates in business ownership and homeownership as well as increased income as a result of asset purchases related to education.

5. ORGANIZATIONAL CHART:



6. PROPOSED PROGRAM REDUCTIONS:

IHCD does not currently plan to reduce or eliminate our only state general funded program. We have implemented a lean daily management system (LDMS), which is a structure and a set of tools and procedures that help workgroups focus on, and continuously improve, their day-to-day work processes. Additionally, IHCD also took aggressive cost cutting actions over the last biennium to

improve our efficiency while continuing to deliver valuable services to Hoosiers. Through LDMS and continuous improvement, including rapid improvement events and problem-solving meetings, we will constantly reevaluate and streamline our policies and procedures to ensure that the most effective methods of accomplishing our vision and mission are employed.

Appendix A

Number of asset purchases made since September 30, 2013:

Asset Type	Number of Purchases
Home Purchase	44
Education	138
Business	54
Owner Occupied Rehab	71
Principal Payment	6
Job Training	15
Total	328

Amount expected to spend on asset purchases through June 30, 2014 for the 2013-14 program years:

Asset Type	Participant Funds	AFI Funds	Non-Federal Funds	Total Funds
Home Purchase	\$72,367.66	\$108,551.49	\$108,551.49	\$289,470.63
Education	\$226,971.29	\$340,456.94	\$340,456.94	\$907,885.17
Business	\$88,814.85	\$133,222.28	\$133,222.28	\$355,259.41
Owner Occupied Rehab	\$116,775.09	\$175,162.63	\$175,162.63	\$467,100.34
Principal Payment	\$9,868.32	\$14,802.48	\$14,802.48	\$39,473.27
Job Training	\$24,670.79	\$37,006.19	\$37,006.19	\$98,683.17
Total	\$539,468.00	\$809,202.00	\$809,202.00	\$2,157,872.00

To date, this is performance of savings and match rates over the life of the program.

Year	Participant Savings	Accounts Matched	Average Savings	Percent that met or exceeded match cap
03-04	\$261,386	1049	\$249.18	59%
04-05	\$270,543	1006	\$268.93	66%
05-06	\$274,080	973	\$281.69	81%
06-07	\$349,176	1,198	\$288.81	93%
07-08	\$456,791	1,128	\$404.96	96%
08-09	\$463,690	1,101	\$421.15	95%
09-10	\$456,174	1053	\$433.21	94%
10-11	\$448,022	995	\$450.73	93%
11-12	\$455,559	945	\$482.07	92%
12-13	\$539,468	1016	\$530.97	92%

Indiana Office of Defense Development

FY 2016/2017

Biennium Budget Transmittal Letter

IODD FY 2016-17 BIENNIUM BUDGET TRANSMITTAL LETTER

INDIANA'S MILITARY DEFENSE BACKGROUND

Indiana has a rich heritage of serving our country in the defense of our nation and Hoosiers place a high value on Indiana's defense installations and defense related industries. Indiana has the fourth largest National Guard and is consistently one of the largest military recruiting states on a per capital basis. Indiana has seen several DoD installations closed over the BRAC process that began in the mid-1980's with the most recent in 2005.

Significant changes and reductions in the DoD budget are driving major impacts to the budgets of Indiana's defense installations and projected reductions in contracts for Indiana's defense industry and R&D institutions as the nation adjusts to a drawdown of troops in Afghanistan and major shifts in defense procurements. Additional BRAC actions are currently under consideration with the next BRAC action expected in the 2015 timeframe. At the same time, Indiana is well positioned to adapt and prosper from these major changes in defense and national security strategies and budget.

Past studies have shown, Indiana's ranking and share of defense contracts has dropped from 23rd nationally in 2010 with over \$4 billion in total defense contracts to 25th nationally in 2012 with \$2.9 billion. The studies show that Indiana had \$1.7 billion in DoD contracts in 2001 and peaked in 2008 at 17th nationally and \$7.8 Billion. The single largest contributor, at roughly 60% of all DoD contracts in Indiana, is AM General in South Bend, producer of the HUMVEE. More than 75% of Indiana's 2010 defense contracts were concentrated in three industries: transportation equipment manufacturing, (48%, \$1.9B), Computer and electronics manufacturing (20%, \$800M), and engineering and professional services (10%, \$400M). Over 80% of Indiana's 2010 defense contract expenditures were in three counties: Marion, St Joseph, and Allen.

Since the 2007 defense asset study, Indiana's major Defense installations increased their military value in the eyes of the DoD and increased their value to the state in terms of high value jobs and opportunities to leverage defense technologies and assets into commercial applications, new Hoosier companies and additional jobs.

IODD OVERVIEW:

The Indiana Office of Defense Development (IODD) was established by Executive Order 13-6 in January of 2013 and soon after established by Senate Bill 529 with 100% backing by both the Indiana House and Senate membership. IODD is part of the Lieutenant Governor's family of capacity building businesses with a focus on growing Indiana's defense assets and industries by promoting the defense assets located in Indiana; attracting and retaining defense related industry and activities to Indiana; and assisting in the commercialization of the U.S. Department of Defense and other federal intellectual property and assets to create new products, companies and

jobs in Indiana. The IODD is budgeted for \$631,153 in Fiscal Year (FY) 2016 and \$628,060 in FY 17 and depends on strong linkages to other state agencies to be successful. Simply stated, IODD will develop goals and strategies in the three key areas of Installations, Industry and Innovation.

Our mission is to create new products, companies and high quality jobs in Indiana.

- Preserving and growing Indiana's military assets and installations.
- Retaining and attracting Defense related industry to Indiana thru local, regional, and state economic development organizations.
- Promoting and assisting in the commercialization and use of Department of Defense and other federal intellectual property and assets.

To accomplish this mission, IODD has three primary areas with key strategies:

Increase Military Value of Installations to "Mission Essential" by 2015 (As measured by DoD models & assessment of DoD senior leadership)

- Assist installations with legislation, infrastructure/workforce investment, and advocacy within DoD.
- Build upon strengths of Crane/Atterbury/MUTC/JPG to be the boutique, one stop shop for Special Operations RDT&E.
- Develop and advocate a vision and brand for the "Indiana Defense Innovation Triangle".
 - Formed in south central Indiana by interstates I69, I65, and I64.
 - The area includes defense installations, universities and colleges, technology parks, and defense related businesses and contractors.

Increase Defense Contracts Value Ranking from 25th to Top 20 by 2016 (As measured by USASpending.gov)

- Increase Indiana's small/medium manufacturer's share of defense contracts.
- Thru better workforce training and better deployment of the Procurement Technical Assistance program (PTAP) and other related assistance programs. (Partner with OSBE)
- Develop a defense industry brand to retain and attract defense-related business by emphasizing Indiana's electronics, computer manufacturing, engineering and technical services base.
- Emphasize Indiana's great business environment to attract Defense companies to move their HQs to Indiana. (Partner with IEDC)

Increase Jobs Created thru Commercialization of Defense Technology and Assets by 10% per year.

- Grow Unmanned Air Systems test and evaluation capabilities to attract/start UAS related companies to Indiana.
 - UAS partnership with Ohio at Atterbury/MUTC/JPG
 - NASA Challenge FAA Test Site
 - UAS expertise at USI and Purdue, and payload/sensor expertise at Crane and state Industrial base (Good linkages to Ag sector as well)

- Develop a DoD Tech Transfer/Commercialization Pilot utilizing the intellectual property and assets of NSWC Crane to become the national model for creating new companies and jobs. Attract venture capitalists to invest.
- Build upon the success of the Battery Innovation Center to develop new defense related technology centers of excellence that will create jobs.
- Explore “Biosciences Type” Defense Technologies Push.

ACCOMPLISHMENTS AND CHALLENGES

IODD has made significant progress in the short time of its standup. Promoting Indiana’s defense and national security capabilities benefits all Hoosiers. The following successes demonstrate the aggressive advocacy of Indiana’s defense assets resulting in diverse support:

- Continuous meetings with Indiana Congressional Delegation and assists with military installation visits.
- Hosted Installation Commanders meeting with LG, Sen. Coats, Rep Brooks, TAG. (2013)
- Hosted 2nd Annual Installation Commanders meeting with LG, TAG. (2014)
- Major regional visits to community and base support organizations.
- Regular meetings with Indiana defense and aerospace Industry.
- Leveraging/Coordinating with regional defense industry organizations:
 - Northeast Indiana Defense Industry Association (NIDIA)
 - National Defense Industry Association (NDIA)
- Re-instituted SBIR and revamped PTAC with OSBE.
- NSA Crane Joint Land Use Study: (\$180K DoD and \$20K OCRA/community).
 - Study land use immediately around base for possible encroachment to mission. Important to strengthen base in future BRAC. (Expect March Award).
- Navy/State Energy Partnering Agreement: Recommend base energy security and efficiency measures. (IODD partnered with Duke Energy, Cummins, Toshiba, ESN)
 - Potential for significant partner investments in base energy infrastructure.
- Navy/Air Force Strategic Systems Conference at Crane/Westgate (April 2014)
 - Major defense industry and high-ranking DoD participation.

OBJECTIVES FOR THE NEXT BIENNIUM

IODD’s objectives are clearly defined in our in *Good to Great Plan* that was submitted in 2013. It is still our vision for Indiana to be “The Go to Place” for agile, high value defense and national security capabilities and help Hoosiers by keeping and growing high value defense and national security jobs in Indiana. We will strive to:

- Play a key role in coordinating Indiana’s defense sector advocacy efforts across several agencies, communities and organizations. (Prior to program establishment some duplication existed which has now been eliminated.)
- Strengthen partnerships made with stakeholders from installations, defense industry, defense organizations, universities and colleges to show advocacy and support for Indiana’s defense assets.
- Increase Indiana’s military value, as it is measured by military and political judgment, along with quantitative measures. These are the key factors in determining the long term health and viability of defense installations.

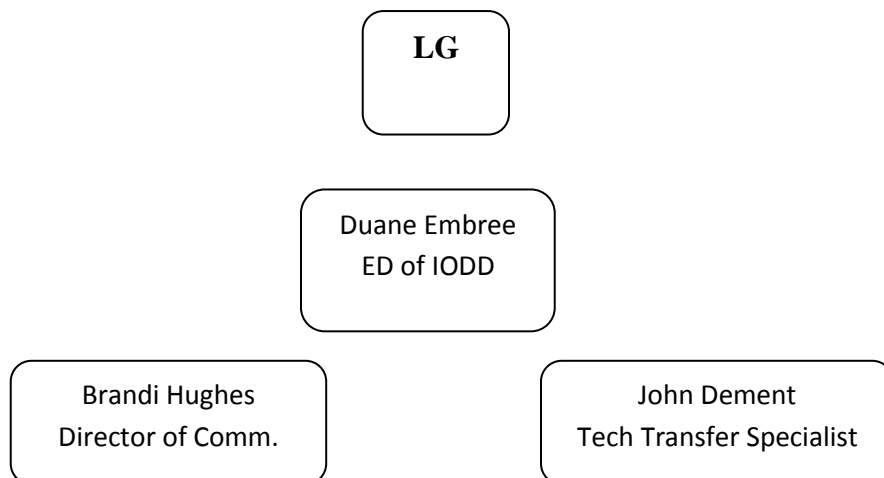
KEY PERFORMANCE INDICATORS AND PROGRAM MEASURES:

In 2014, IOOD reviewed and updated its Key Performance Indicators (KPI).

IOOD’s Key Performance Indicators and measures:

- KPI 1: Military value of defense installations as measured by DoD stakeholders and DoD model. This is a somewhat subjective measure and is outside of state system. Effect of increase in measure is preservation of work at the installation and potentially increased. We must break down how this measure is calculated mathematically.
- KPI 2: Quantitative value of defense sector contracts in Indiana. Measure is based on federal data bases of defense contract dollars by stat, and congressional district.
- KPI 3: Start-up companies and jobs produced from commercialization of defense sector intellectual property. Measure is determined from various data base.

ORGANIZATIONAL CHART



PROGRAM REDUCTIONS

IODD does not currently plan to reduce or eliminate any programming. We will constantly reevaluate our procedures to ensure the most effective method of accomplishing our mission.

Indiana Office of Tourism Development

FY 2016/2017

Biennium Budget Transmittal Letter

Agency and Program Overview

The Indiana Office of Tourism Development (IOTD or Indiana Tourism) is created by I.C. 5-29-2 and is under the leadership of Lt. Governor Sue Ellspermann. It operates as a revenue generator for the state of Indiana and is an important economic development driver. IOTD is dedicated to enhancing Indiana's economic vitality through leadership and resource support to the allied travel, tourism and hospitality industry. Its essential goals are to increase travel-related revenue for the state, create a powerful brand identity and expand industry programs and assets that drive awareness, visitation and economic impact down to the local level.

IOTD currently receives a \$2.4 million budget appropriation from the State of Indiana. From that appropriation, \$500,000, or nearly 20%, is passed by statute through IOTD directly to the Indiana Sports Corp, leaving \$1.9 million in yearly appropriation for the agency. Indiana Tourism seeks a \$5 million agency budget so it can more broadly market and promote Indiana and achieve economic development objectives for the state. The net effect of a \$5 million budget will be:

- Greater state and local tax revenue
- More private-sector jobs and a better-prepared workforce
- New capital investment and entrepreneurship
- Increased supply of quality teachers and innovative education programs
- Improved quality of life for cities and towns across Indiana

Expanding the Program Makes Economic Sense

Indiana's allied travel, tourism and hospitality industry is an under-developed economic engine, contributing \$7.7 billion to the state's Gross Domestic Product and generating in excess of \$560 million in state sales tax from visitors. Much of this impact is achieved today with modest state investment. Increasing funding to IOTD will strengthen and diversify the Indiana economy and make achieving the essential goals of increased travel-related revenue, a powerful brand identity and expanded industry programs and assets far more impactful. Research shows that a dynamic marketing effort and brand identity at the state level rapidly improves outcomes at the local level¹. Pure Michigan is but one example that bears this out².

Currently, Indiana Tourism aggressively promotes its tourism assets in Indianapolis and Saint Louis with a majority of its \$2.4 million budget appropriation. National studies consistently show that for every dollar invested in tourism activity, \$3 to \$15 in revenue is returned³. With a budget of \$5 million, Indiana tourism will increase its regional impact by entering more media markets to promote Indiana's assets and destinations.

¹ Source: US Travel Association, 2012

² Source: Michigan Economic Development Corporation, 2007

³ Source, US Travel Association, 2011

Additionally, Indiana tourism will provide a broader number of resources and services to industry partners and stakeholders.

Additional in-state markets, major metropolitan areas (such as Cincinnati, Louisville, Nashville and Chicago) and secondary feeder markets (like Dayton, Grand Rapids and Champaign-Urbana) will be considered. The economic return on Indiana's tourism investment will also be measured through ongoing ROI and advertising effectiveness studies. Economic impact and visitor profile was benchmarked in 2013 using 2012 data and ROI and advertising effectiveness will be benchmarked in 2014 using 2014 data.

Industry partners and stakeholders will benefit from the following enhanced services and resources: increased access to motorcoach and group travel, travel writer familiarity tours and relevant and worthwhile content for industry website. IOTD will also engage in a steady stream of meaningful research studies and data gathering to formulate and refine strategy development for the industry.

Who Benefits From An Expansion Of This Program?

Every Hoosier household benefits from a robust tourism economy, yet today it is an under-leveraged profit center. Studies show that the average Indiana household saves \$472 on an annual basis in state and local taxes due to the presence of tourism in Indiana⁴. While this savings is significant, households in neighboring states receive far greater benefit thanks to a larger investment in their tourism economy. In Illinois, for example, the average household saves over \$1,100 in state and local taxes that they would otherwise have to pay if tourism did not exist. Without tourism in Indiana, the state would need to indentify a major new funding source for vital services and infrastructure projects.

As the leader of tourism at the statewide level, the Indiana Office of Tourism Development is essential to supporting, promoting and expanding the state's sixth largest industry. Direct employment in the industry exceeds 140,000 skilled workers. Indiana's allied travel, tourism and hospitality industry is an incubator for workforce development and career training. In an era where the gap between the skills desired by employers and those possessed by prospective workers is wide, Indiana can seize an opportunity to narrow it by becoming the first state in America to adopt a comprehensive statewide standard of service excellence that customer-facing workers are trained to uphold. The allied Indiana travel, tourism and hospitality industry offers this opportunity. By developing a statewide service standard built around communication skills, personal effectiveness, creative problem solving and influencing skills, Indiana demonstrates that it emphasizes the importance of advancing the inter-relational skills needed to positively affect the customer experience. Excellent customer experiences are the catalysts that fuel business growth, drive brand loyalty and inspire consumers to become vocal and active promoters. Developing such a program would provide cross-industry service skills that

⁴ Source: Rockport Analytics, 2012

are sorely missing within our workforce today and complement the many specialized technical skills programs that already exist.

Support for Expanding the Program

IOTD has been a responsible steward of its budget appropriation and has demonstrated that it manages its dollars effectively. It has done so by developing unique inter-agency and intra-industry programs and partnerships to stretch modest resources, drive awareness and increase travel-related revenue. Examples include the creation of cooperative programs for research and advertising, an award winning travel guide and distribution strategy, consolidation of the official state roadway map, development of a vibrant Indiana consumer brand and marketing strategy, a robust digital platform, an impactful Place Based Investment Fund and others. It also knows that increased investment will result in increased return on investment for each of these initiatives.. The importance of tourism investment is best understood by looking at examples from other states.

Colorado is an extreme case but perhaps the best example of the return that meaningful investment in tourism can bring to a state's economy. Colorado was without a tourism marketing function and budget from 1993 to 2000 and saw its tourism market share decline by 30% during this time. In 2000, the Colorado legislature reinstated a \$5 million budget for tourism. By 2007, Colorado was setting records with 28 million travelers and \$9.8 billion in traveler spending. After it reinstated funding for tourism, more than \$190 in sales were realized for every \$1 spent on tourism development plus a 12:1 bottom-line ROI to the Colorado state treasury. The point here is that if a state like Colorado, with mountains, skiing and other travel motivators can fall so far without adequate funding, imagine how far Indiana could rise if it had sufficient funding to advertise and market the state⁵.

Michigan offers another example. Michigan is within Indiana's competitive set and has had remarkable tourism investment results. In 2008, before the Michigan legislature approved an increase that doubled the state tourism office's budget to \$30 million, the Pure Michigan brand returned \$3 in tax revenues for every \$1 spent. Seeing the potential of greater returns, Michigan invested heavily in the Pure Michigan campaign and in 2012, Michigan tourism generated an average of \$4.33 in state tax return on investment per dollar spent on advertising, a 31% increase over 2008⁶.

Minnesota increased its tourism promotion budget by 65% to \$8.4 million annually starting in fiscal year 2014. As a result, Minnesota expanded its marketing reach into 14 states and Canadian provinces. With this expansion, every dollar invested in Minnesota tourism returns \$84 of consumer spending, \$8 in state and local taxes and \$22 in income to Minnesota⁷.

⁵ Source: Colorado Tourism, 2007

⁶ Source: Michigan Economic Development Corporation, 2008

⁷ Source: Explore Minnesota, 2014

Another state in Indiana’s competitive set is Illinois. In 2012, travel spending in Illinois generated over \$6 billion in federal, state and local taxes. The average household in Illinois saves over \$1,100 in taxes each year due to the presence of tourism⁸.

The above examples are not to suggest that Indiana should increase its tourism budget to \$25 or \$30 million. Rather, it is to say that even a modest increase could have a measurable impact on ROI and state tax revenues generated. Admittedly, marketing is not a panacea. But as part of a comprehensive strategy (which the Indiana Office of Tourism Development has) that truly reinvents Indiana tourism and the role it plays in advancing the image of the state, driving leisure travel, increasing tax revenue, improving the quality of life for Hoosiers and enhancing Indiana’s workforce it is an integral component.

Supplemental funding opportunities for Indiana Tourism

IOTD supplements its state appropriation by generating net revenue of approximately \$1.5 million from earned income activities. Earned income is generated through Travel Guide and Roadway Map ad and sponsorship sales, electronic advertising sales, cooperative advertising package sales and other programs. This earned income model is new to IOTD as of 2013 and is not intended to replace or be a substitute for budget appropriations.

A budget appropriation of \$5 million would allow Indiana Tourism to stretch its earned dollars even further resulting in deeper market penetration, greater return on investment and more state tax revenues. Existing earned income programs would at the same time be improved, expanded and new ones would be created.

Timetable for Reporting Success

	Monthly	Quarterly	Annually	Bi-Annually
Economic Impact			X	
Visitor Profile				X
Return on Investment			X	
Online Effectiveness	X	X	X	
Advertising Sales	X	X	X	
Email Subscription	X	X	X	
Social Media Growth	X	X	X	
Tourism Literacy		X		
Industry	X	X	X	

⁸ Source: Illinois Office of Tourism, 2012

Engagement				
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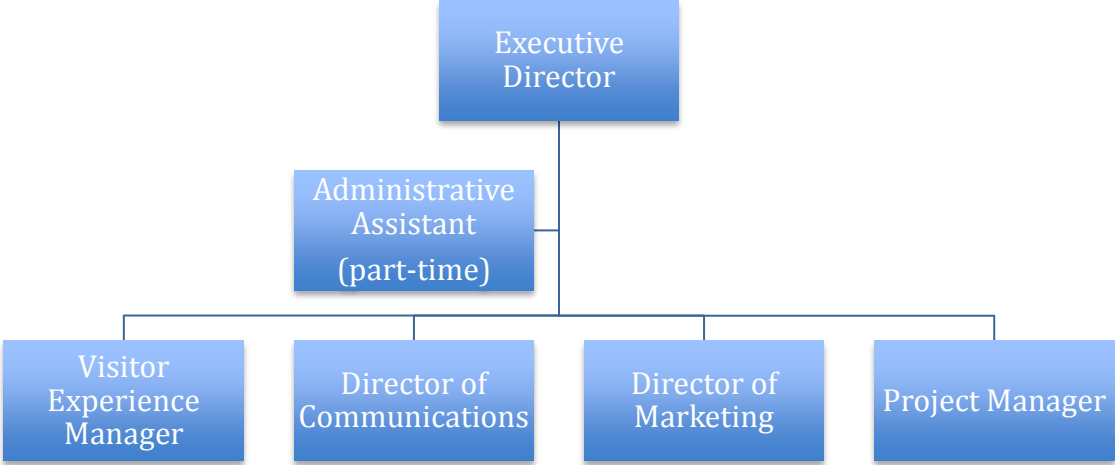
The Indiana Office of Tourism Development remains a responsible steward of taxpayer dollars.. Indiana’s travel, tourism and hospitality industry is vital to the Hoosier economy and is a key sector for job growth and tax revenues. IOTD strives to be the most active and effective state office of tourism that Indiana has ever known, providing unparalleled service and results for our valued industry stakeholders and Indiana taxpayers. IOTD is dedicated to enhancing the economic vitality of Indiana through leadership and resource support to the Indiana travel industry for awareness-building, tourism-related product development and job creation. An appropriation of \$5 million would allow IOTD the opportunity to further develop the state’s sixth largest industry and increase the marketing efforts to better share the beauty and allure of Indiana with leisure travelers in the region.

Increasing the budget for the Indiana Office of Tourism Development to \$5 million would allow the agency to expand its current activities. At its peak, the IOTD budget was more than twice its current appropriated amount. Budget cuts have been severe and consequently have limited the ability of IOTD to make a significant impact on the tourism industry. Increasing its appropriated budget to \$5M per year would allow the agency to advance economic development in the tourism industry, which has a proven track record of high ROIs and increased tax revenue for the state. The additional \$2.6 million in funding would be allocated as follows:

Media Placement (print, online, out-of-home, TV, radio)	\$ 1,600,000
Media Production (print, online, out-of-home, TV, radio, agency fees, Roadway Map and Travel Guide production)	\$ 400,000
Website/Digital Enhancements	\$ 100,000
Partner/Stakeholder Support, Engagement and Event Initiatives	\$ 150,000
Quality of Place Programs	\$ 150,000
Staffing	\$ 100,000
Research	\$ 100,000
TOTAL	\$ 2,600,000

IOTD Organizational Structure

IOTD currently operates with an Executive Director, a staff of three FTEs and one part-time employee.



Indiana State Department of Agriculture

FY 2016/2017

Biennium Budget Transmittal Letter

ISDA FY 2016-17 BIENNIUM BUDGET TRANSMITTAL LETTER

INDIANA'S AGRICULTURE ECONOMY

Agriculture is a significant driver of Indiana's economy, and in many rural counties, agriculture is the primary economic activity. Indiana's economy cannot be at its best unless all key economic sectors – including agriculture – are realizing their full potential.

The importance of agriculture to Indiana's economy could not be more obvious than it is today. While other sectors of the economy have softened in recent years, agriculture continues to show signs of resilient strength. Unprecedented global demand for agriculture products combined with expanding roles in meeting energy demands has resulted in record investment and job creation in Indiana's agricultural sector and record farm incomes. Indiana agriculture is well positioned to lead the economic recovery. The state, in general, and rural communities, in particular, are benefitting from agriculture's strong economic performance.

Indiana agriculture is very diverse, with activities ranging from large-scale crop and livestock production to specialty niche production, from logging to premium hardwood furniture manufacturing, from mint to tomatoes, and from farmers markets to global markets.

1. ISDA OVERVIEW:

The mission of ISDA is to support growth in Indiana agriculture by serving as an advocate at the local, state and federal level; defining and nurturing economic opportunity in the food, fuel and fiber sectors; and enhancing the stewardship of natural resources on agricultural land. To accomplish this mission, ISDA has three broad, primary strategies:

- Economic Development
- Environmental Stewardship
- Advocacy

ISDA serves a regulatory role by managing and supporting the Indiana Grain Buyers and Warehouse Licensing Agency. Indiana FFA is also part of the ISDA team to allow more connection with ISDA's agriculture resources and advocacy efforts.

Economic development in agriculture is broadly defined and includes all activities that encourage and promote the retention and expansion of agri-businesses, ranging from basic commodity production to sophisticated value-added processing. The economic development strategy includes the execution of our hardwoods, international trade, livestock, diversified agriculture and local foods, and technology and innovation programs. The goal of the economic development team is to be a resource to the Indiana Economic Development Corporation (IEDC), local and regional economic development groups, local, state and federal elected

officials, and the agriculture community to help foster Indiana's business-friendly environment to allow for an increase in jobs and investment in the agriculture sector.

Environmental stewardship involves enhancing the stewardship of natural resources on agricultural land in a manner that creates value-added opportunity for producers and assists agriculture stakeholders with current and future regulatory challenges. To accomplish this strategy, we utilize programs and provide technical assistance to private landowners to implement conservation practices on their land. Conservation practices are designed to keep topsoil on the land and to prevent crop nutrients and other materials from being washed into our streams and rivers. Reducing topsoil and nutrient runoff results in cleaner waters and reduces the need for expensive inputs on fields. Conservation programs are administered by a complex array of partnerships that bring together federal, state, local and landowner resources. The importance of effective conservation practices are dramatically highlighted by the drought of 2012, severe flooding in 2008, and the increased national attention to Gulf hypoxia and algal blooms.

The advocacy strategy involves being a science-based advocate for agriculture at the local, state and federal level with outreach, regulatory coordination and policy development. Regulation of agriculture in Indiana is carried out at the state, local and federal level. Moreover, as a local control state, units of local government have specific responsibilities with regard to agriculture regulation. In developing these rules, many local units of government have sought input from ISDA to help them ensure the long term viability of agriculture in their community. As regulatory policy is developed in each of these settings, it is critical for agriculture to have an advocate to address concerns such as overlapping regulations, inconsistency in agency policies, and the cumulative economic impact of proposed regulatory changes. This area also includes certain legislatively developed initiatives designed to enhance the agriculture economy.

Grain licensing is accomplished by the Indiana Grain Buyers and Warehouse Licensing Agency, which is housed in the Department. Companies storing grain for third parties and companies buying grain from farmers are generally required to be licensed by the agency. Licensing standards are specified in statute. The agency includes field staff which performs unannounced audits of licensed firms at over 400 grain buying facilities to ensure compliance with the statutory requirements and office staff which administer the licensing process. The regulatory oversight of the agency is complemented by a farmer-funded Grain Indemnity Program which reimburses farmers for financial losses if a licensed company is unable to pay farmers for grain they delivered.

Indiana FFA makes a positive difference in the lives of students by developing their potential for premier leadership, personal growth and career success through agricultural education. Indiana FFA's focused development of agriculture leadership, local youth economic development, and member-driven, rural-service programs are an important part of agriculture in Indiana and being part of ISDA has only enhanced those efforts. To accomplish its mission, Indiana FFA:

- Develops competent and assertive agricultural leadership.
- Increases awareness of the global and technological importance of agriculture and its contribution to our well-being.
- Strengthens the confidence of agriculture students in themselves and their work.

- Promotes the intelligent choice and establishment of an agricultural career.
- Encourages achievement in supervised agricultural experience programs.
- Encourages wise management of economic, environmental and human resources of the community.
- Develops interpersonal skills in teamwork, communications, human relations and social interaction.
- Builds character and promotes citizenship, volunteerism and patriotism.
- Promotes cooperation and cooperative attitudes among all people.
- Promotes healthy lifestyles.
- Encourages excellence in scholarship.

2. ACCOMPLISHMENTS AND CHALLENGES

ISDA has made significant progress in advancing Indiana agriculture for the benefit of all Hoosiers. The following successes demonstrate that Indiana agriculture merits continued aggressive promotion and support:

- **Economic Development.** The Economic Development Division continues to seek out and foster opportunities for economic growth in the agricultural sector. The economic development group has been successful in connecting local economic development offices with private industry interests and investors to create relationships that result in new investment, growth and jobs. The goal of the economic development team is to be a resource to IEDC, local and regional economic development groups, state and federal elected officials, and the agriculture community. Specific areas of focus include:
 - ***Hardwoods - Nurture economic opportunity for Indiana hardwoods through marketing and technology support.***
 - **American Hardwoods Export Council.** Indiana is a member of the American Hardwoods Export Council (AHEC), the leading international trade association for the American hardwood industry representing companies and trade associations engaged in the export of a full range of U.S. hardwood products, including lumber, veneer, plywood, flooring, molding and dimension materials. AHEC provides the global hardwood industry – importers, specifies and end-users – with promotional assistance, technical information and sources of supply.
 - **Trade Shows.** ISDA participated in trade shows in Dubai, Chengdu, Vietnam, and Turkey and will continue outreach to the contacts. These shows have developed over 945 lead opportunities and approximately \$420,000 in product sales. Additionally, many Indiana hardwood export companies have seized the opportunity to attend one or more of these international furniture shows at a very low and/or subsidized rates (\$500) giving them supplementary customers.

- **Overseas Warehouse.** Discussions with private ventures are ongoing regarding the advantages of placing an overseas warehouse in a strategic location to market Indiana hardwood into niche global markets. The discussions are held during the trade shows and outreach to local lumber companies.
- **International Trade - *Cultivate international relationships to increase sales from Indiana agriculture into global markets.***
 - **2014 Agricultural Trade Mission.** ISDA participated in the Lt. Governor's Agricultural Trade Mission to Japan, South Korea and Taiwan in June 2014. There were 23 delegates participating in the trade mission with interests in the various commodities including, beef, corn, dairy, hardwoods, soybeans, popcorn, pork, and poultry, in addition to seed research, biotechnology, and finance.
 - **Food Export-Midwest.** ISDA is a member of the Food Export Association of the Midwest, which provides support through export assistance, seminars, webinars, and a bi-monthly newsletter; market research; business matchmaking; trade show assistance; trade missions; an online product catalog; and market promotion programs. We currently have 26 companies participating in the Generic marketing program and eight (8) contracts for the Branded program.
 - **Incoming International Delegations.** The ISDA International Trade Program Manager participates in meetings with foreign officials, meets with international delegates, and works with the IEDC to promote Indiana agriculture to prospective businesses.
 - **Certificate of Free Sale.** Discussions with Indiana food manufacturers prompted ISDA International Trade and Policy & Regulatory Affairs Program Managers to approach the Indiana State Department of Health regarding the title of an export document they issue known as an Affidavit of Free Sale. Due to the fact that most states issue this document under the name Certificate of Free Sale, importing countries were not recognizing the legitimacy of the document presented by Indiana food exporters. ISDA and one Indiana food manufacturing company met with ISDH to discuss the issue, and the name of the document was changed to Certificate of Free Sale.
 - **Indiana Aquaculture Export Assistance.** As a result of a Lt. Governor's Listen and Learn tour stop, the ISDA International Trade Program Manager was able to help an Indiana aquaculture company interface with federal government representatives at the Food and Drug Administration and National Oceanic and Atmospheric

Administration in order to accelerate the processes required to export to the European Union.

- **Indiana Beef Promotion Trip to Hong Kong and Taiwan.** America's Beef/Indiana Beef International (IBI) and the ISDA International Trade Program Manager met with beef importers in Hong Kong and Taiwan in June 2013. ISDA worked closely with the U.S. Meat Export Federation, Indiana Economic Development Corporation Taiwan office, USDA Agricultural Trade Office in Hong Kong, and American Institute in Taiwan.
- **Summer Fancy Food Show.** The ISDA International Trade Program Manager traveled directly from Taiwan to the 59th Summer Fancy Foods Show to meet and support the 12 Indiana exhibitors as well as obtain information for an Indiana pavilion at future Fancy Food shows.
- **Indiana Food Manufacturing Database.** ISDA, using resources from Food Export-Midwest and the Indiana Economic Development Corporation, created a database of Indiana food manufacturers. Approximately 1,000 entries have been sorted by the Indiana Small Business Development Center (ISBDC) region and county. A main focus of the ISDA International Trade Program moving forward should be to identify which companies are export capable through phone, email, and in-person correspondence with assistance from the ISBDC network and local and regional economic development organizations
- **Livestock - *Support a continued resurgence of Indiana's livestock industry in an environmentally and economically-sustainable manner.***
 - **Certified Livestock Producer Program.** At the end of 2013, we had 92 Certified Livestock Producers in 41 counties with over 150 in the process of being certified. The program manager continues to reach out to producers and processors through site visits and participation in conferences and community activities.
 - **Livestock Grants.** We provide grant opportunities through the following:
 - **Livestock Promotion Grant** – to support the promotion of the livestock industry through shows, sales, exhibitions, conventions, or similar events or project.
 - **Livestock Market Development Grant** – for feasibility studies, research projects, market development, or other projects that encourage the development of business and industry related to livestock production, processing and distribution.
 - **ISDA Youth Livestock Grant** – ISDA recognizes and supports youth and youth education in regards to agriculture, and

understands the next generation of entrepreneurs will come from today's youth. To support this, ISDA is providing grants to Indiana 4-H and FFA members for the purchase of breeding stock and the development of breeding enhancement programs. The breeding stock can be used to start a livestock enterprise or add animals to an existing operation. Resources to develop a breeding program or improve the quality of an existing breeding program are also eligible for the 4-H/FFA youth livestock grant.

- **Diversified Agriculture & Local Foods - *Encourage the production and consumption of local foods and specialty crops.***
 - **Local Foods.** ISDA works with the Tourism Department to promote agri-tourism. The niche market, locally grown and organic food sectors have seen tremendous growth in the past few years.
 - **Indiana Grown.** The current Indiana Grown brand, with a membership of 20 at the end of 2013, is a cooperative effort among producers, processors, wholesalers, retailers, and ISDA to brand and promote Indiana produce. The new Indiana Grown Initiative will revise the current program to include processed foods, increased marketing and promotion, and provide enhanced membership advantages. The Indiana Grown Commission, which will guide the process of reviewing and creating the program guidelines to highlight the benefits of participation in the program, was formed in July 2014. A marketing plan will also be developed to identify ways to increase the number of registrants and expand the public's awareness of the Indiana Grown brand.
 - **Specialty Crops.** ISDA promotes specialty crops through the award of Specialty Crop Block grants through the US Department of Agriculture. In 2013, over \$398,000 were awarded to projects that provided such benefits as Good Agricultural Practices (GAPs) training, marketing, educational manuals, community engagement projects, and support for a local food hub.
 - **Indiana Farm to School.** ISDA will continue to support Indiana Farm to School, which is broadly defined as a program that connects schools (K-12) and local farms with the objectives of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities, and supporting local and regional farmers. Indiana Farm to School is a collaborative effort with universities, school corporations, agri-businesses, Indiana's Departments of Health and Education, and local producers.

- **Urban Agriculture.** ISDA will support the development of urban farming projects and showcase different forms of agriculture and technologies.
 - **Technology & Innovation - *Promote innovation and entrepreneurship in agricultural technologies.***
 - **Indiana Food and Ag Innovation Initiative.** The mission of the Indiana State Department of Agriculture is to make Indiana a global leader in the food, feed, fuel and fiber sectors. To do so, we need to be innovative and support entrepreneurial ventures. ISDA will work closely with the Indiana Food and Ag Innovation Initiative to support a culture of innovation and entrepreneurship in the state's food and agricultural industries, identify and promote technological competence for growing technological farming tools, and develop future leaders in innovation.
- **Division of Soil Conservation.** Conserving Indiana's soil is absolutely critical to preserving our agricultural productive capacity and the water resources we all depend on. Without high quality soil, Indiana loses its ability to produce crops competitively and in the quantities needed to feed the world's growing population. Soil conservation measures are vital to retaining the productive capacity of our soil. Use of appropriate tillage practices keeps topsoil and decaying crop residue in place and ensures that our crop fields will be productive for generations to come. Other conservation practices filter soil as well as residue and nutrient run-off out of water as it flows off the land and into our streams, rivers and lakes. These important practices protect, preserve and enhance the quality of water for all life downstream.

Specifically within focus areas:

- **Clean Water Indiana.** The Clean Water Indiana (CWI) Grant Program (IC 14-32-8-5) utilizes the Clean Water Indiana Fund to support Indiana Soil and Water Conservation Districts (SWCDs) in efforts to reduce sediment and nutrients from nonpoint sources to help improve water quality. In October 2012, the State Soil Conservation Board awarded nine grants totaling \$529,676.39. Twenty five applications, representing 53 districts, were submitted for the 2013 Clean Water Indiana Grants for a total of \$1,659,600.
- **Conservation Reserve Enhancement Program.** In partnership with USDA, Indiana is a part of the Conservation Reserve Enhancement Program (CREP) that focuses our conservation efforts on specific higher risk watersheds. CREP is an attractive program for landowners as it enables them to receive federal payments for their conservation practices. Since joining CREP in 2006, the program has leveraged state dollars to bring in tens of millions of federal dollars to Indiana landowners. At the close of CY 2013, over 8,150 acres have been enrolled in the Conservation Reserve Enhancement Program since its initiation in 2005. In 2013, CREP enrollment increased by over 20% from the previous year.

- **Conservation Cropping System Initiative.** ISDA also played a part in developing the Conservation Cropping Systems Initiative (CCSI). The intent of CCSI is to provide landowner assistance by promoting a systematic approach to production agriculture focusing on continuous no-till/strip-till, cover crops, precision farming, nutrient and pest management, and conservation buffers resulting in improved soil quality, water quality and profitability on Indiana cropland. Like most conservation programs, this program is in partnership with our local and federal partners.
- **Indiana On Farm Network.** This network of participating farmers uses precision agriculture tools, protocols, and technologies to conduct in depth nitrogen analysis on their own farms. The concept is considered adaptive management and generally results in changes that increase profitability of the producer and ultimately has a positive impact on water quality. This program was developed to address key challenges in advancing water quality goals in the state related to production agriculture. Indiana On Farm Network currently consists of 20 plus groups across the state, with over 220 participating farmers. There are over 650 fields enrolled for 2014, totaling approximately 44,000 acres.
- **Load Reduction Modeling of Installed Conservation Practices.** The technical assistance and practice designs of DSC Resource Specialists do not just translate into conservation on the ground, but also to nutrient and sediment reduction across the state. We are unique here in Indiana in that we utilize a mathematical model to estimate reductions of nitrogen (N), phosphorus (P) and sediment to water ways from the installation of best management practices funded by Clean Water Indiana funds (monies from the cigarette tax). This model, called the Region 5 model, was co-developed by the Indiana Department of Environmental Management and the US EPA, and is recognized by the EPA as a reliable indicator of the environmental benefits of these conservation practices.
2013 Load Reductions achieved by ISDA-DSC Staff:
 - Sediment = 254,662,000 pounds
 - Nitrogen = 265,177 pounds
 - Phosphorus = 127,331 pounds
- **Ohio River Basin Water Quality Trading Program (IN, OH, KY).** The Ohio River Basin Water Quality Trading Pilot Project is a market-based, inter-state trading program aimed at achieving water quality standards in watersheds along the Ohio River by allowing dischargers to purchase pollution reductions from other sources. The Electric Power Research Institute's Ohio River Basin Trading Pilot Project is a first-of-its-kind inter-state trading program with participation from Indiana, Ohio and Kentucky. Indiana alone has been contracted to remove 22,000 pounds of total nitrogen and 11,000 pounds of total phosphorus over the five-year period of the pilot. A total of \$100,000 in cost-share monies for each of the three partner states will be distributed to farmers for implementation of approved water quality Best Management Practices.

- **Indiana Nutrient Reduction Strategy.** At the request of the US Environmental Protection Agency (EPA), each state draining into the Mississippi River Basin was charged with creating a comprehensive statewide nutrient reduction strategy. ISDA accepted the role of leading and developing the State of Indiana Nutrient Reduction Strategy. Members of the ICP (Indiana Conservation Partnership), in conjunction with additional stakeholders, formed the State of Indiana Nutrient Reduction Strategy Workgroup (NRSW) to develop the roadmap of the Strategy.
- **Indiana Tillage Transect.** To measure trends in conservation tillage statewide surveys are needed. Led by the ISDA-DSC in collaboration with the ICP Indiana is one of the few states in the country that performs a statewide tillage transect survey. This is only possible with a large partnership of professional field staff.
- **Conservation Technical Assistance.** The cornerstone to ISDA's technical assistance is centered around the service provided by our field staff located across Indiana in various locations. The Division of Soil Conservation employs Resource Specialists to directly assist landowners with the planning and implementation of conservation practices addressing specific soil and water resource concerns.
- **District Support.** The Division of Soil Conservation employs *District Support Specialists*, through the Clean Water Indiana Fund, to work directly with the local Soil and Water Conservation Districts (SWCD) to develop conservation priorities, goals, and plans for their respective territories. Each District Support Specialist assists 16-20 Soil and Water Conservation Districts in his/her respective area of the state in developing their respective SWCD Business Plan and Annual Plan of Work.
- **Advocacy.** In discussions with stakeholders, the most consistent comment we receive is that we have brought unprecedented attention to and appreciation for agriculture throughout the state. Through media attention, programs and activities, ISDA continues to reach a broad audience with the story of the important role agriculture plays to the economic revitalization of Indiana and rural communities.
 - **Land Use and Zoning Assistance.** ISDA is a resource for local governments as they encounter land use and zoning issues, especially relating to agriculture. ISDA has been directly involved in assisting counties that are undertaking the comprehensive planning process to implement countywide zoning for the first time as well assist counties with changes to their zoning maps and ordinances. In addition, ISDA administers the Indiana Land Resources Council (ILRC) which was created to assist local and state decision-makers with land use tools and policies. The ILRC has developed model zoning ordinances for counties to reference that address land uses for modern agriculture. The ILRC has also developed a Cost of Community Services study to help local decision makers understand the local fiscal impact to different types of growth and land use.
 - **Regulatory Coordination.** ISDA regularly works with numerous other state agencies to ensure that regulations affecting agriculture are based on science and

are not in conflict with other local, state and federal regulations. ISDA also serves as a regulatory ombudsman for constituents with permitting questions, helping them to navigate the permitting process with the appropriate regulatory body.

- **Indiana Agriculture Month.** In cooperation with Indiana's Family of Farmers, ISDA has promoted March as Agriculture Month, thanks to the declaration of our Governor. This is an effort to underscore the impact of agriculture around the state and various events during the month highlight agriculture for farm and non-farm audiences.
- **Indiana State Fair.** ISDA serves on the State Fair Board and assists in the FFA Pavilion display, Normandy Barn and the DuPont Food Pavilion. Agriculture is promoted to the 800,000 plus visitors in a variety of interactive ways.
- **Indiana Statehouse Market.** Started in the summer of 2012, this has offered State employees and other downtown workers an opportunity to support our local food choices and recognize agriculture's connection to food.
- **Grain Licensing.** Indiana's Grain Buyers and Warehouse Licensing Agency is responsible for licensing businesses which store or buy grain from farmers. With fluctuating grain prices and record volatility, grain businesses are under tremendous strain. Agency personnel monitor licensee compliance with financial standards and operating requirements prescribed by law and work to ensure that farmers delivering their grain will be paid. Our thorough auditors have been able to identify troubled businesses and take appropriate action to protect farmers, as well as uncover criminal financial activity at businesses that otherwise were unaware.
- **Indiana FFA.** Indiana FFA has experienced growth in membership participation and programming since joining ISDA. Many of FFA's programs were in desperate need of updates to improve the educational value to members and to give agriculture teachers the tools necessary to allow their students to succeed. Some of the significant accomplishments have been:
 - **Increasing Membership and Chapter Development**
 - **2010:** Membership was at 9,233 members at 176 chapters across the State.
 - **2013:** Membership increased to 10,003 members from 190 chapters across the State.
 - **Updating Career Development Events (CDE's)**
 - All 21 Leadership Career Development Events (CDE's) were updated significantly, including:
 - All public speaking and demonstration areas were updated to completely new rubrics so members and advisors understood expectations to success. These updates aligned with National FFA CDE's to allow Indiana a better chance to succeed at the next level.

- Parliamentary Procedure was updated to include more emphasis on persuasive debate, teamwork, and knowledge of Robert’s Rules of Order.
 - New Agriculture Essay CDE restructured with emphasis on research and documentation. Computer labs were used instead of paper.
 - New Agriculture Education CDE involving lesson plan development and classroom instruction (presented to a “class” at convention). CDE encourages young people to consider teaching agriculture as a career.
 - CDE’s in Ag Sales, Food Science, Small Engines, Ag Issues, and Ag Communications were updated and implementation changed to help advisors gain more participation of the contest and in participation.
- **Improving the Supervised Agriculture Experience (SAE)**
 - FFA members continue to make strides in development of agriculture entrepreneurship and work placement programs through competition in 49 proficiency award areas and attainment of State and American FFA degrees. Program improvements since joining ISDA include:
 - Annual CDE Camp covered all application “keys for success”. Materials prepared are still helping thousands of FFA members generate more accurate and successful applications.
 - New scoring procedures at every level were implemented to provide more valuable feedback to members and advisors.
 - 1 on 1 help on applications took place between members and ISDA from across Indiana as members completed applications.
 - Judges for application went through new training to assure our members were getting the best feedback possible.
 - Indiana had increased numbers of National Proficiency Finalist and an American Star Finalist.

3. OBJECTIVES FOR THE NEXT BIENNIUM

ISDA’s objectives are clearly defined in our in *Good to Great Plan* that was submitted in 2013. It is still our vision that Indiana will be a global leader in food, fuel and fiber production. Our three main strategies of economic development, environmental stewardship and advocacy will continue to serve as our overarching strategies to support growth in agriculture that will ultimately create jobs and improve rural communities. We will strive to:

- Identify and develop more overseas markets for Indiana producers and exporters
- Increase landowner participation in conservation programs
- Continue to protect farmers in an ever-changing grain market by updating the Indiana Grain Buyer Warehouse Licensing Agency and Grain Indemnity Program statutes
- Advocate for science based regulations at the local, state, and federal level

- Continue to create a favorable business climate to attract agribusiness growth
- Grow Indiana FFA membership to over 11,000 members

4. KEY PERFORMANCE INDICATORS AND PROGRAM MEASURES:

In 2014, ISDA reviewed and updated its Key Performance Indicators (KPI). ISDA now has 4 KPIs and is in the processing of updating new program measures with OMB's approval.

- **ISDA's Key Performance Indicators**
 - KPI 1: Number of Indiana's residents employed in the food, feed, fuel, and fiber sectors.
 - KPI 2: Indiana's volume of agricultural exports.
 - KPI 3: Indiana's share of the National Agricultural GDP.
 - KPI 4: Top soil stabilization; prevention of sediment from entering waterways of the State.
- **ISDA's Program Measures***
 - Number of food/agribusiness/associations/producers/local governments directly assisted by ISDA staff.
 - Goal: 1,400
 - Top soil stabilization, prevention of sediment from entering waters of the State
 - Goal: 280 million pounds
 - Nitrogen reduced from entering waters of the State.
 - Goal: 291,500 pounds
 - Phosphorus reduced from entering waters of the State.
 - Goal: 146,960 pounds
 - Number of soil and water conservation practices installed.
 - Goal: 500
 - Number of newly enrolled acres in the Conservation Reserve Enhancement Program (CREP).
 - Goal: 2,698
 - Number of acres in On Farm Network.
 - Goal: 44,000
 - Number of Grain Facility Audits Completed .
 - Goal: 275
 - Number of Corn Checkoff Audits Completed.
 - Goal: 87
 - Number of Soybean Checkoff Audits Completed.
 - Goal: 103
 - Number of FFA participants.
 - Goal: 11,100

*ISDA program measures are in the process of being revised and updated since new KPIs were introduced in 2014. ISDA will continue to work with OMB in obtaining new program measures that accurately and effectively reflect the work of ISDA.

5. ORGANIZATIONAL CHART

See attached chart

6. PROPOSED PROGRAM REDUCTIONS

ISDA does not currently plan to reduce or eliminate any programming. We have taken aggressive cost cutting actions over the last biennium to improve our efficiency while continuing to deliver valuable services to Hoosiers. We have moved offices, consolidated operational staffing positions, left vacant positions and retirements unfilled, reduced our vehicle fleet and restricted travel. We have successfully been able to minimize our operational costs without sacrificing services and results. We will constantly reevaluate our procedures to ensure the most effective method of accomplishing our mission.

Office of Community and Rural Affairs

FY 2016/2017

Biennium Budget Transmittal Letter

OCRA

1. Description of your agency's programs and functions (by department or division, as appropriate), prioritized from most to least important

OCRA contributes to the economic well-being of the state by working side-by-side with Indiana's smaller cities and towns to achieve their own visions for economic development. These areas of the state face unique issues that make attracting employers and employees difficult. Compared to urban or suburban areas, smaller cities and towns face a host of issues such as poor or aging infrastructure, low-skill job candidates, or lack of institutional capacity to strategically plan for economic growth. These challenges are among the many issues plaguing Hoosier communities that are a roadblock to community and economic development.

Over half of Indiana's residents (57%) live in communities served primarily by OCRA programs, though some programs are statewide. These communities represent a key piece of the state's economic success. Every OCRA program contributes to economic viability in rural areas of Indiana with the goal of building local capability to create Hoosier communities that are competitive for top economic development projects.

OCRA Programs and Initiatives:

Community Coaching/Economic Readiness: OCRA assists Hoosier communities in implementing community economic development projects by providing troubleshooting regarding economic needs, offering a neutral perspective on communities' specific issues, and identifying and preparing communities to work with additional resources and partners.

Stellar Communities Partnership: Stellar Communities is a state program that was created in 2010 to fund comprehensive community economic development projects in Indiana's smaller cities and towns. The program is a partnership between three state agencies: the Indiana Housing and Community Development Authority, Indiana Office of Community and Rural Affairs, and the Indiana Department of Transportation. Applicants selected for the Stellar Communities program undertake multiple quality of life projects to improve and revitalize their community. Selected communities complete development projects funded by the three partner agencies' programs, which may address housing, water infrastructure, street and roadwork, streetscape and lighting, community centers, revitalization projects, and other quality of life issues. This program has gained national recognition for innovation and collaboration. We received the President's award from the Council of Community Development Agencies (COCSDA) in 2012. We have had numerous visits and inquiries from other states seeking to replicate the model. More importantly, this program has resonated with local officials. From the feedback that is received, there is a strong desire this program continue. Also, IEDC and OCRA have engaged in discussions about lessons learned in Stellar and how they apply to the Regional Cities initiative.

Inter-agency Partnerships: The agency has several other partnerships in addition to the Stellar Communities program. OCRA partners with the Indiana Economic Development Corporation (IEDC), where appropriate, to provide funding to communities for attraction projects. The agency also is a key partner for the Young Entrepreneurs Program and the Shovel-Ready Site Program. For Young Entrepreneurs, OCRA works with communities to prepare for this type of economic development activity. For the Shovel-Ready Site program, OCRA staff works with communities to develop the documentation to qualify their sites. OCRA staff has worked with

other state agencies to improve the process, and to develop an on-line application that includes links to necessary documents. OCRA partners on a regular basis with Indiana Finance Authority, Department of Environmental Management, Department of Natural Resources, Army Corps of Engineers, and USDA Rural Development to coordinate funding for various infrastructure projects. OCRA also has partnered with the Office of Tourism Development in implementing the Indiana Artisan Program and the Place-Based Investment Program.

Regional Development: Regional development is crucial to the economic success of Hoosier communities. By thinking and acting regionally, Indiana communities collaborate, rather than compete, to bring larger economic benefit than could be achieved by traditional methods of economic development which identify with a single local unit of government. OCRA encourages local leaders to adopt a new framework for economic development which embodies the hallmarks of regionalism to spur holistic, inclusive economic growth.

- Economic Development Agency (EDA) partnership: Through EDA funding, OCRA facilitated the development of a Comprehensive Economic Development Strategy for the north central Indiana region, including Tipton, Howard, Clinton, Miami, Cass, and Fulton Counties, completed in Fall, 2012. The project also included the creation of an assessment tool that regional groups can use to identify and prioritize projects based on need and readiness.
- As a result of the activities in North Central Indiana, OCRA has been asked to participate in/facilitate discussions regarding the development of a similar region with Boone, Clinton, Hendricks, Montgomery, and Tippecanoe Counties. The agency is seen by its federal partners to be a key catalyst for regional development in Indiana.

Indiana HomeTown Competitiveness is a comprehensive approach to community economic development that helps rural communities tackle their current economic challenges. The state resource team, coordinated by OCRA, includes several universities, and other state and federal agencies, as well as state associations. The HomeTown Competitiveness framework emphasizes five “pillars”, which include leadership, youth development, building community wealth/philanthropic giving, entrepreneurship, and rural family economic success. Seventeen communities have gone through the Indiana HTC process. OCRA and its partners have been working diligently toward development of a major update and relaunch for this program. The **Hometown Collaboration Initiative** will be rolled out Q4 2014

Indiana Main Street (IMS) uses economic development, redevelopment, and historic preservation tactics to help individuals, businesses, and organizations strengthen the centers of commerce in their individual city or town. The agency recognizes that for many communities, the downtown is a very visible symbol of a community’s well-being. The IMS program is used to help communities to be very purposeful in developing strategies for their downtown areas. Over 110 communities participate in the IMS process. Thirty-five Indiana communities are certified National Main Street communities.

Community Development Block Grant program: Indiana administers this federal funding from the U.S. Department of Housing and Urban Development (HUD) to provide grants to small cities, towns, and counties with populations of less than 50,000 residents for community improvement projects. Funds are used to implement a variety of activities relating to community economic

development, including: planning grants for community comprehensive plans and others, economic development grants, health and safety projects, infrastructure projects, and other quality of life projects.

- **CDBG Disaster Recovery program:** In 2008, several FEMA declared natural disasters adversely affected the State of Indiana. The federal government appropriated additional funds of over \$300 million through the CDBG program. All of the additional funds appropriated for disaster recovery have been distributed through OCRA in partnership with the Indiana Housing and Community Development Authority. With no additional staff, OCRA created programs to meet the economic and community development needs of Indiana with input from citizens, while also distributing the funding in an expedient manner. CDBG Disaster Recovery programs include: economic development, wastewater, drinking/storm water, Dams and Levees, and site clearance. Each of these programs satisfies an immediate community need and creates a better environment for future economic development projects. The collaborative, leveraged, efficient and effective allocation of the funds by OCRA gained national recognition. In 2012, national HUD requested OCRA to give a presentation to disaster-affected states regarding its programs and initiatives.

2. Accomplishments and challenges over the last two years

- 1) **Stellar Communities:** Established eight pilot communities to experiment with comprehensive community development projects. North Vernon and Greencastle (2011) Delphi and Princeton (2012) are all successfully on funding tracks. OCRA continues to take the lead in organizing quarterly meetings with the communities and partnering agencies and facilitates the status of the projects. Expectation of two more communities each year to continue sustainability of the program. Stellar Communities has generated much attention on the local and national scale including winning the COSCDA Presidents award for innovation in 2012. In regards to planning—Stellar Communities has been responsible for awarding Strategic Investment Plans to 31 finalist communities All 31 communities have implemented some aspect of their plan as a result of the stellar process. In efforts for continuum of care for stellar finalists the State agencies brought in USDA-RD and FHLB to assist with advancing non-finalist strategic investment plans. Additionally, communities receive continued technical assistance with IHCD and INDOT and each is involved more closely with Local Government through the OCRA Community Liaison.
- 2) **Partnership Initiatives:** OCRA successfully worked with IEDC to revamp the Shovel-Ready Program and worked with SBDC to implement and improve the Young Entrepreneurs Program. OCRA continued to be a catalyst for the convening of the Rural Roundtable and the Working Group for economic development. Consisting of university partners, statewide associations, and other agencies, these two groups provide valuable input on program and policy development. Activities spawned from these groups include Regional Impact Workshops, Lt. Governor's Symposium on Rural Philanthropy, and the annual Rural Summit.
 - Successfully implemented Place-Based Investment program with IOTD.
 - Established successful partnership with US Army Corps of Engineers by working together on two projects funded with CDBG Disaster Recovery funds (Lost River and Feather Creek).
 - Created successful partnerships with DNR/SHPO and DNR/Water to effectively review CDBG projects requiring technical review and/or environmental review.

- Established the OCRA brand with several state and federal agencies by involvement in the Indiana Silver Jackets Team (hazard mitigation group).
- 3) **Regional Development:** Successfully completed the EDA-required planning process for the North Central Indiana Region, on time and under budget (EDA funded).
 - 4) **Community Development Block Grant Program (CDBG):**
 - Created and implemented a new Main Street Revitalization Program.
 - Created and implemented new CDBG Grant Administrator Certification Course, including 5 additional training modules. Includes partnership with IHCD on some modules.
 - Created/implemented new CDBG Handbook for the Indiana State and Small Cities CDBG program.
 - Allocated 100% of ARRA funds, with all funds drawn and expended by recipients and projects in final stages of closeout.
 - Allocated 100% of Disaster Recovery 1 funds and monitored and closed 129 grants from this funding.
 - Allocated 91% of Disaster Recovery 2 funds and monitored and closed 105 grants from this funding.
 - Presented Indiana Disaster Recovery (DR) Economic Development Program and DR Long-term Planning Projects at a National Disaster Training Conference at the request of HUD headquarters.
 - 5) **Community Entrepreneurship Initiative (CEI).** OCRA and the Office of Small Business and Entrepreneurship have found a way to leverage OCRA's deep relationships with communities, the Small Business Development Center's (SBDC) resources and staff, to work with all 92 counties that want to explore their support system for entrepreneurs through the Community Entrepreneurship Initiative (CEI). This plugs a perceived service gap (due to federal funding restraints) from the SBDC network for communities.
 - 6) OCRA has been leading a joint effort of OCRA, the Office of Defense Development, Crane NSWC, RADIUS Indiana, and the federal Office of Economic Adjustment to conduct a joint land use study of the eight counties surrounding Crane in order to further cement the key role that Crane plays in the nation's defense as well as the economic engine that it provides for Indiana.
 - 7) **Community Readiness Initiative (CRI)** OCRA and the Center for Business and Economic Research and Building Better Communities organizations at Ball State University have developed the CRI which is a low-cost, high-impact evaluation process that will be available to all Hoosier communities. This very unique tool and five-step process will allow communities and their leaders to truly understand their local economy and economic opportunities and apply them to targeted policies and actions to capitalize on them.

3. Your objectives for the next biennium

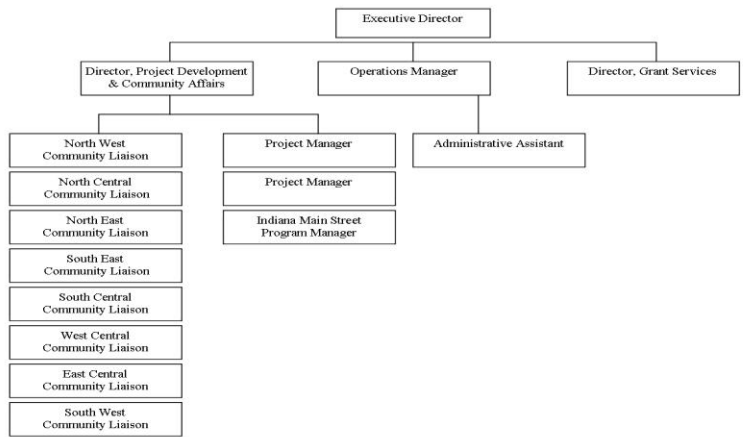
- 1) Help rural Hoosier communities become ready for comprehensive economic development projects.

- a. Paradigm shift: guide rural communities from approaching development efforts reactively to strategically planning for economic growth.
 - b. Offer creative solutions and resources to local governments who face economic and community development challenges with reduced resources.
- 2) Continue collaborative efforts to partner with other agencies to offer innovative programs.
- a. Communities can complete bigger projects with more impact.
 - b. Represents efficient government, doing more with less.
 - c. Reduces duplication of efforts in government.
 - d. Creates more comprehensive projects addressing a broad scope of needs.
- 3) The OCRA general fund is to see an increase of \$500,000 per year. However, this is not a requested increase in appropriated dollars because these funds will come from the Lt. Governor's general fund. The Lt. Governor's general fund will see a decrease of \$500,000 per year. Thus, the net effect on the state budget is zero dollars.

4. Your agency's key performance indicators

- 1. Increased Gross Assessed Value (GAV) of Indiana's 76 rural counties
- 2. Indiana's Rural Employment
- 3. Ratio of dollars leveraged from OCRA funds for community prosperity projects

5. Organizational chart



6. Any programs to be reduced, eliminated, and/or replaced by other programs (these should be described in some detail)

None

7. Any reallocation of funds to accomplish these changes should also be include

N/A

Indiana Office of Small Business and Entrepreneurship

FY 2016/2017

Biennium Budget Transmittal Letter

Overview

The Office of Small Business and Entrepreneurship (OSBE) programs strengthen the state's support for entrepreneurs that lead to job growth and private sales, provide new opportunities for businesses to acquire capital, and launch successful businesses. OSBE programs include the Indiana Small Business Development Center (ISBDC), a Small Business Ombudsman, and the Procurement Technical Assistance Center (PTAC).

The ISBDC provides expert guidance and a comprehensive network of resources at no cost to Hoosier entrepreneurs and businesses that qualify as "small" under the federal government guidelines. This includes, at minimum, businesses with up to 500 employees. The ISBDC offers a wide array of services including strategic planning, market research, loan assistance, business planning, projection creation, feasibility, and export consulting services.

The Small Business Ombudsman enhances the state government's communication with entrepreneurs and works to streamline government processes. The position operates as a liaison and translator between government processes and business owners.

PTAC assists Indiana businesses with registering as eligible companies to provide products and services to the federal government, as well as connecting companies with state, regional and local governmental sales opportunities.

Accomplishments and Challenges

The biggest accomplishment for OSBE over the last two years is that the organization was successfully created under executive order in 2013 and codified into law in 2014. The effort by ISBDC leadership in educating legislators on the importance of supporting entrepreneurs was both a challenge and an opportunity. The creation of OSBE provides tremendous support.

Challenges have also included identifying key personnel to fill the newly formed ombudsman and PTAC office, with the right people and right skills. These challenges have been met. A final challenge has been identifying stable, consistent funding sources for OSBE programs. Federal funding by the U.S. Small Business Administration mandates having a 50% cash match to access dollars.

Accomplishments have included the development of strong training programs for our OSBE advisors to provide appropriate tools to meet the needs of businesses in Indiana. As detailed in section 4 below, statewide performance has grown substantially, and significantly improving in achieving performance metrics in 2013.

Creating a consolidated vision for outcomes and benefits for OSBE has been another accomplishment, to provide a comprehensive offering of services to help businesses start stronger, grow faster, and work smarter.

Objectives for the Next Biennium

OSBE is focused on providing the highest return on investment to our funders. This is measured by the cost associated with conducting measurable outcomes. For example, in 2013, every dollar invested in the ISBDC resulted in \$52 of capital raised by the businesses served. Over the next two years, OSBE plans on maintaining a sharp focus on measurable outcomes and the cost associated with hitting each outcome. It is the objective of the Office of Small Business and Entrepreneurship to help entrepreneurs create new jobs at a lower programmatic cost, year after year.

OSBE is a new state agency, and has not previously been appropriated funds through the budget bill. Funds are necessary to ensure the agency can function and carry out its mission.

Proposed Appropriation for OSBE:

	FY16	FY17
PTAC Program	\$300,000	\$300,000
ISBDC Program	\$300,000	\$300,000
OSBE Initiatives and Operations	\$650,000	\$650,000
TOTAL REQUEST	\$1,250,000	\$1,250,000

Key Performance Indicators

Additional performance outcomes/impact (note: ALL measurements are validated by clients):

- Assisted entrepreneurs in raising \$30 for every dollars budgeted to the ISBDC program
- Assisted entrepreneurs in creating jobs at the ISBDC programmatic cost of \$1,500 per FTE
- Assisted entrepreneurs in raising \$20 for every dollar budgeted to the PTAC program

ISBDC Performance metrics for 2013 (measurements required for Federal Funding):

	<u>Goal</u>	<u>Actual</u>	<u>% of Goal</u>
Business Starts:	280	262	94%
Counseling Hours:	17,412 hrs	18,868 hrs	108%
Capital Infusion Raised:	\$72.4M	\$179.7M	248%
# Long Term Clients:	1,201	1,178	98%

Organization Chart

