

# FY 24/25 Budget

## Chairman's Amendment to HB 1001

Rep. Jeff Thompson

Chairman, House Ways & Means Committee

# FY 24/25 Budget Priorities

- ✓ Enact a responsible, balanced state budget
- ✓ Strengthen our commitment to students and schools and empower Hoosier families
- ✓ Support Hoosier women and families
- ✓ Invest in economic development strategies that grow population and jobs
- ✓ Make strategic one-time investments that deliver results

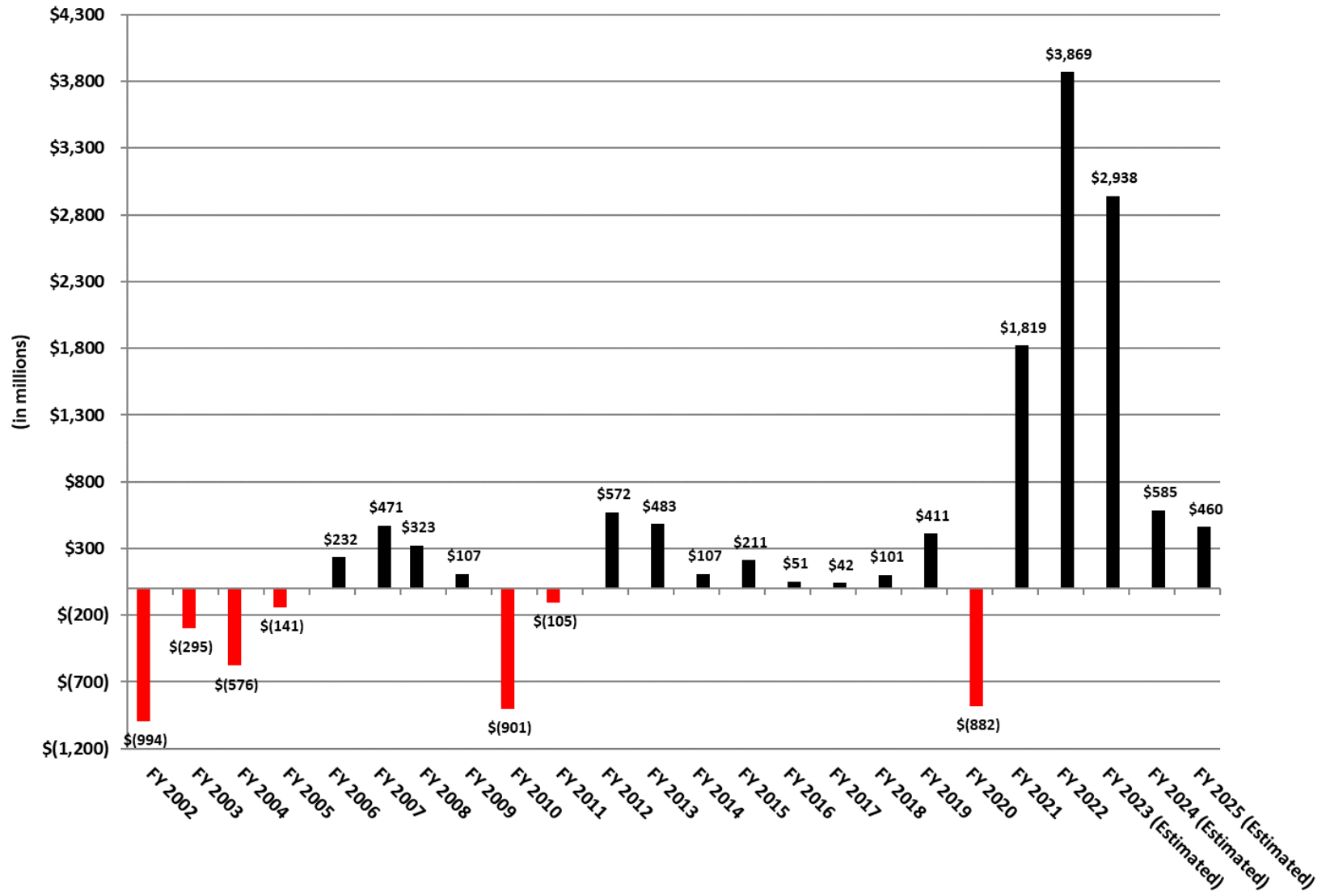
# Enact a responsible, balanced state budget

- Budget lives within our means
  - Budget is balanced in both years of the biennium
- Spending levels are sustainable into the future
  - 2025 General Assembly will inherit opportunities not deficits
- Budget maintains healthy reserves in both years of the biennium
  - Healthy reserves protect taxpayers and ensure that Indiana maintains a triple-A credit rating
- Budget fully funds the actuarial determined contributions for all state-funded pension plans
- Budget invests one-time dollars from the state's reserves in initiatives to help Hoosier families, promote economic development, and invest in infrastructure

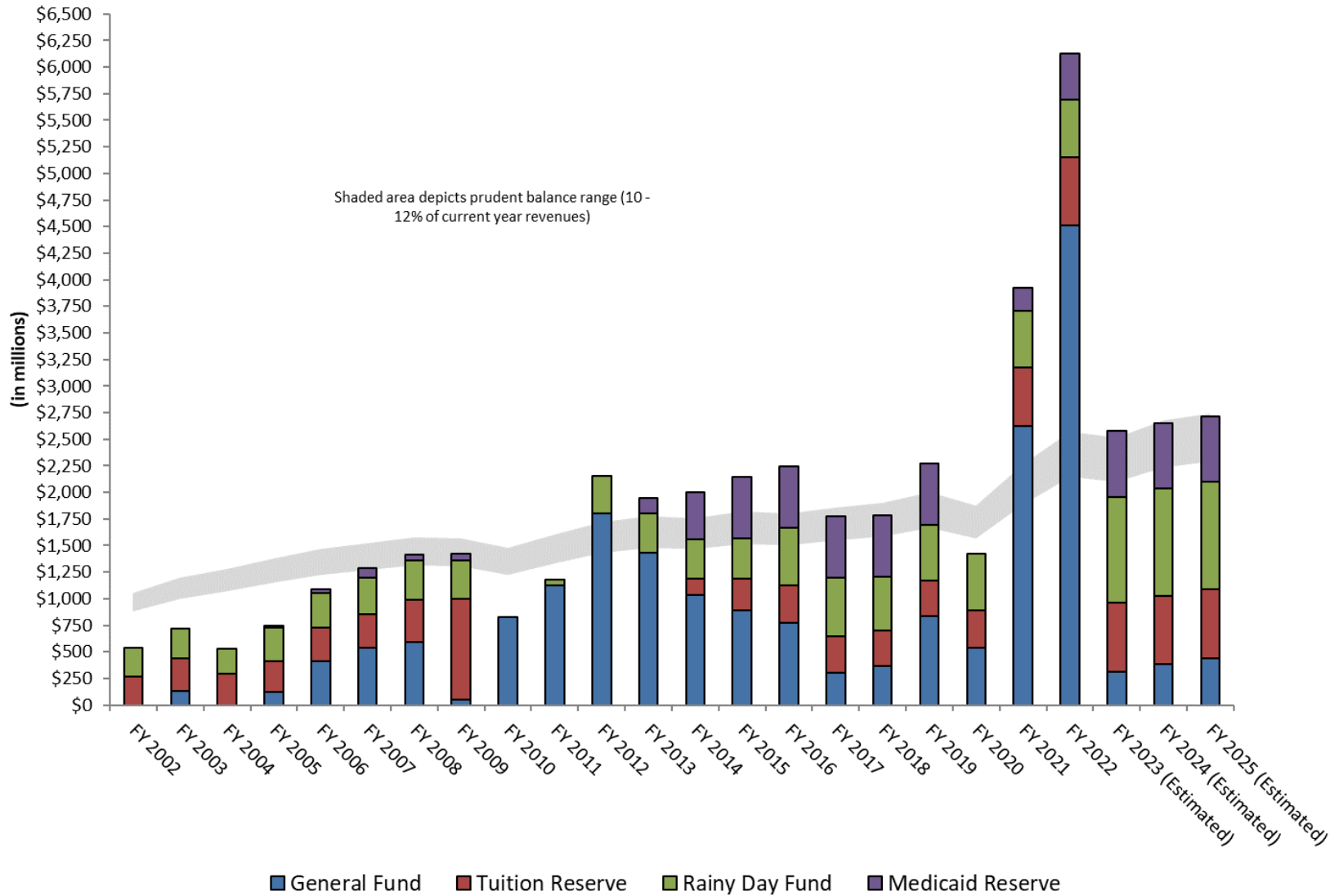
# Enact a responsible, balanced state budget... and cut taxes

- Accelerates the individual income tax rate cuts enacted in 2022 to lower the rate to 2.9% by 2026 instead of 2029 and deletes all triggers in current law
  - **Proposed individual income tax rates under HB 1001:**
    - 3.15% as of January 1, 2023 (current law)
    - 3.00% as of January 1, 2024
    - 2.90% as of January 1, 2026
  - **Acceleration of the rate reductions will save Hoosier taxpayers \$470M over the biennium and \$1.6B between now and 2030**
- Budget accounts for more than **\$155M** in additional tax cuts for Hoosier taxpayers over the biennium, including increased income tax deductions for homeowners and renters, additional tax deductions for new parents, an increase to the EITC, and exemptions for active-duty military members and civil service annuity recipients
  - **In total, budget will save taxpayers nearly \$625M this biennium**

## Structural Budget Surplus/(Deficit)



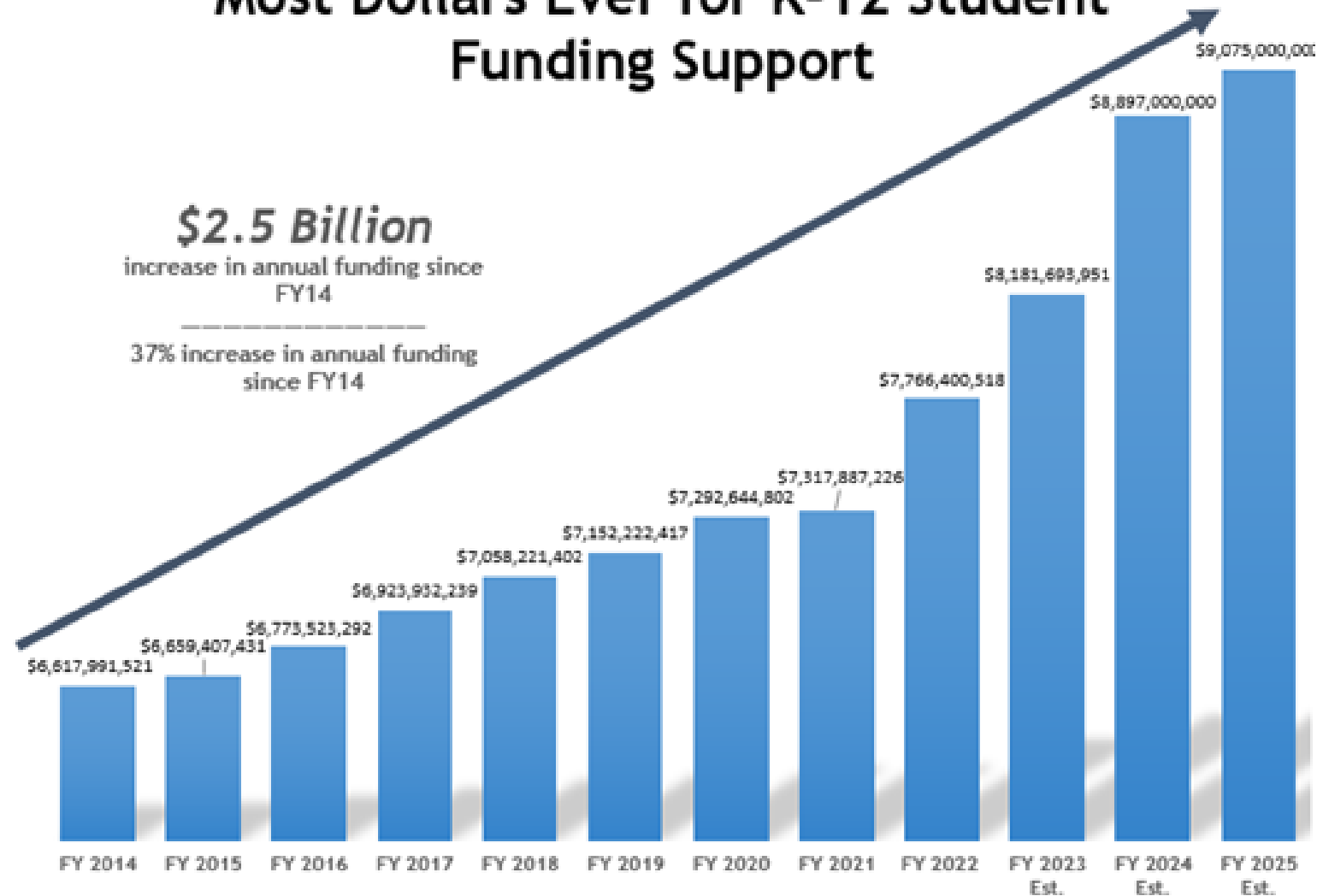
## Total Combined Reserve Balances



# Strengthen our commitment to students and schools

- Invests almost **\$2 Billion** in new dollars for K-12 education over the biennium as compared to the FY 23 appropriation levels
- Increases the K-12 student funding formula by **\$1.6 Billion** or a nearly **11%** increase over the biennium as compared to the FY 23 appropriation level
  - FY 23 Appropriation = \$8,200M
  - FY 24 Appropriation = \$8,897M (+**8.5%** vs FY 23)
    - +\$697M or 8.5% vs. FY 23
  - FY 25 Appropriation = \$9,075M (+**2.0%** vs FY 24)
    - +\$875M or 10.7% vs. FY 23
  - Total new dollars vs. FY 23 base funding:
    - \$697M + \$875M = \$1,572M over the biennium

# Most Dollars Ever for K-12 Student Funding Support



# Strengthen our commitment to students and schools

- Student Funding Formula Highlights
  - Increases the foundation grant by 4% in FY 24 and 0.7% in FY 25
  - Increases the complexity grant by 4.4% in FY 24 and 1% in FY 25
  - Increases special education grants by 5% in FY 24 and 5% in FY 25
  - Increases high value CTE grants by 5% in FY 24 and 5% in FY 25
  - Increases non-English speaking program per-student grants by 23%
  - Adds new incentives for credential completion and early literacy
  - Invests in operations funding parity for students in public schools
- Increases funding for adult learners by \$17M.
  - Funds additional seats at the Excel Centers and Christel House DORS
- Doubles appropriations for teaching scholarships
  - Includes the Next Generation Hoosier Educators, Earline S. Rogers Student Teaching Scholarship for Minorities, and the William A Crawford Minority Teacher Scholarship

# Empower Hoosier families

- Provides school choice options to more Hoosier families
  - Increases the eligibility for Choice Scholarships to 400% FRL
  - Eliminates the various pathways that students must meet to be eligible for a Choice Scholarship under current law
- Provides \$20M for charter school capital grants
- Invests in work-based learning for students (HB 1002)
  - Funds Career Scholarship Accounts at \$5,000 per participant
  - Provides \$5M for intermediary capacity building grants
- Eliminates fees for textbooks and curricular materials
- Continues \$10M annual investment in Education Scholarship Accounts for students with special needs

# Support Hoosier women and families

- Builds on investments made in SEA 2-2022ss.
  - Investments include housing supports for expectant mothers and vulnerable youth (\$5M), Nurse Family Partnership (\$15M/year), Real Alternatives (\$4M/year), Maternal & Child Health (\$8.2M/year), Safety Pin (\$11M/year), and My Healthy Baby (\$3.3M/year)
- Increases funding for On-My-Way Pre-K
  - Expands eligibility to 138% FPL (from 127% FPL)
  - Increases annual grant cap from \$6,800 to \$7,500
- Doubles funding for sexual assault victims' assistance to \$4M each year
- Increases funding to \$300K each year for All Pro Dads to promote fatherhood and parent/child engagement
- Funds the Commission on Improving the Status of Children
- Increases the dependent child exemption to \$3,000 for the first year a child is claimed as a dependent

# Health and human services

- Medicaid Assistance
  - Funds the Governor's proposed Medicaid reimbursement rate increases for dentists, home health agencies, and other waiver services providers and adds \$20M in FY 24 and \$40M in FY 25 to increase reimbursement for physician services to 90% of Medicare (vs. 83%)
- Local Public Health
  - Appropriates \$75M in FY 24 and \$150M in FY 25 to support a public/private partnership approach to local public health services
- Mental Health
  - Appropriates \$10M for regional mental health facility grants to support a regional approach to mental health services for incarcerated individuals
  - Provides an additional \$1M each year for child behavioral health services
  - Adds \$6.5M in each year to provide reimbursement for services provided by community mental health centers in the group home setting
- DCS provider rate increases
  - Includes \$38.5M across FY 24 and FY 25 for rate increases for home and community-based services
- Supports Indiana veterans with \$1M each year for suicide prevention and \$2M each year for career and relocation assistance

# Invest in economic development strategies that grow population and jobs

- Funds the Residential Housing Infrastructure Assistance Program (HB 1005)
  - Program is expected to generate \$3.2B in low interest loans over 25 years
- Appropriates \$500M for the READI 2.0 program in FY 23
  - Expands uses the READI grants to include initiatives that support mental health, public health, housing infrastructure, and broadband expansion
- Creates a \$500M deal closing fund for the IEDC to pursue transformative economic development projects
- Establishes a \$150M revolving fund for site acquisition to complement the IEDC's deal closing fund
- Provides start-up funding for IU Indianapolis and PU Indianapolis
- Provides \$4.5M in annual state support for K-12 robotics competitions

# Make strategic one-time investments that deliver results

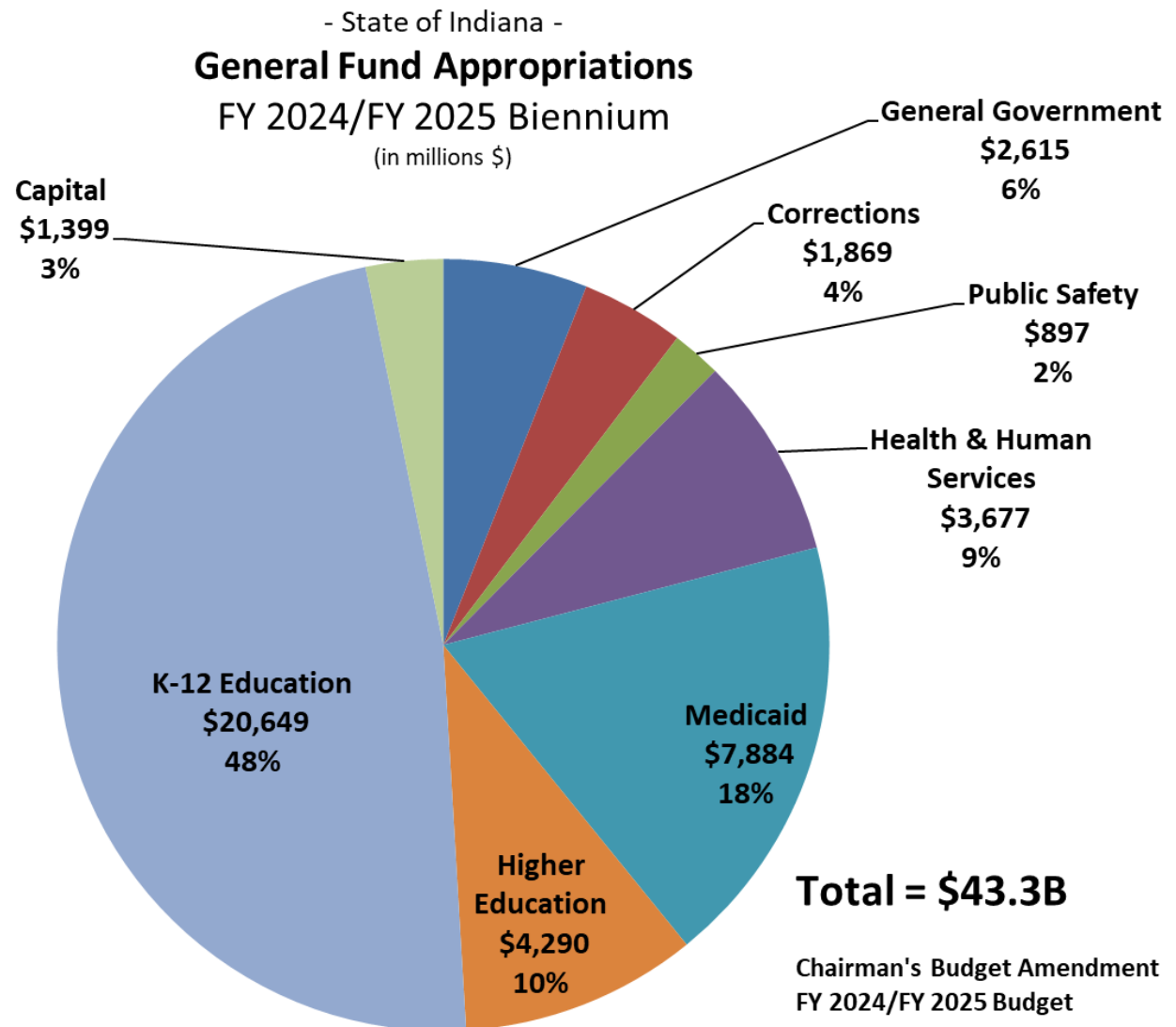
- Appropriates \$1.25B in FY 23 to finish the remaining capital projects originally funded in the 2021 budget
  - \$253M for the co-location of the ISD and ISBVI
  - \$97M for the state archives building
  - \$100M for a new inn at Potato Creek State Park
  - \$800M for correctional facility upgrades
- Appropriates \$300M over the biennium to tackle deferred maintenance projects for state assets
- Provides the \$10M state match needed to land a transformative early literacy grant from the Lilly Foundation
- Cash funds the top capital project priority of each state university
- Appropriates \$15M for land conservation and \$50M for Next Level Trails

# Strengthen our commitment to public safety and justice

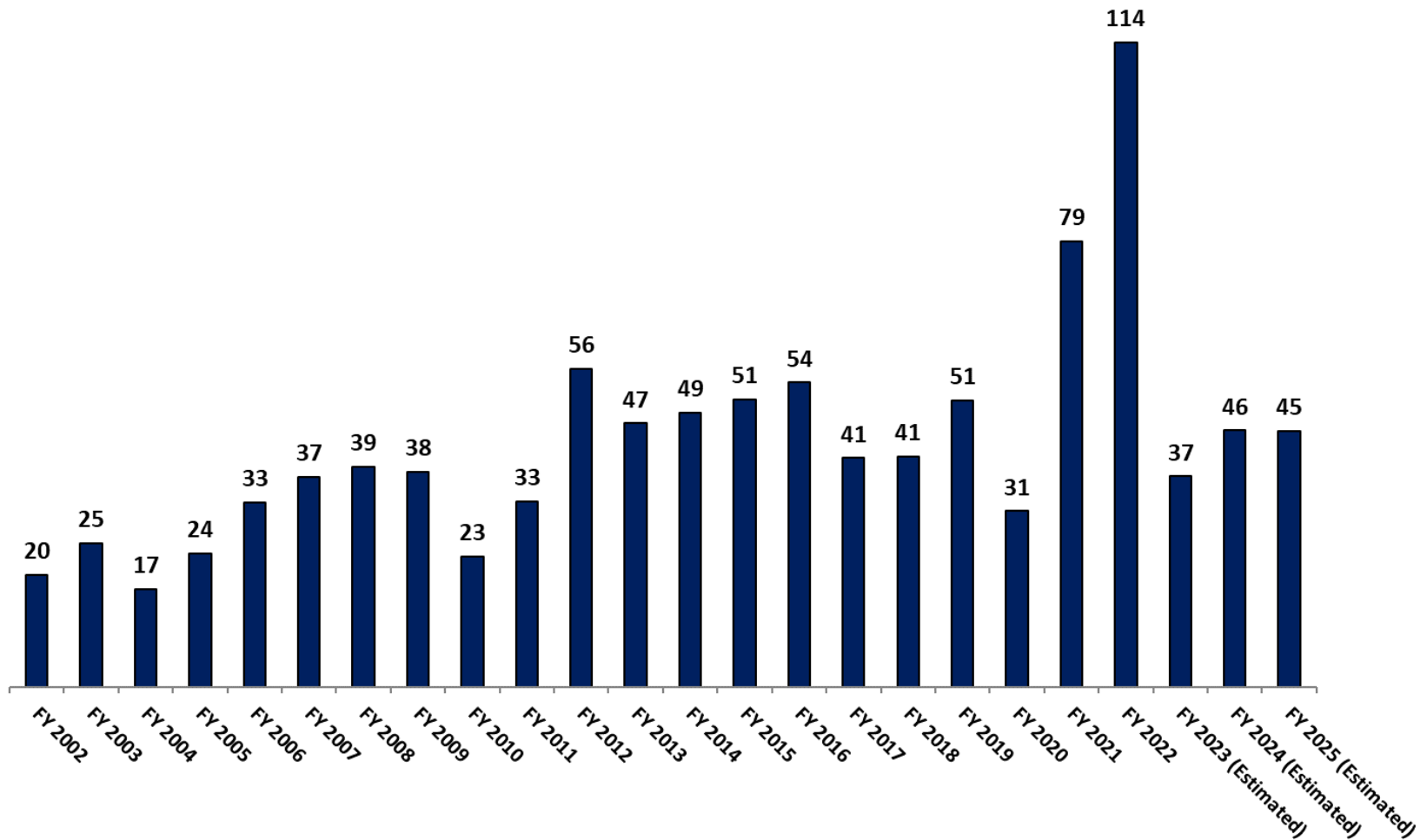
- Provides funding to increase starting salaries for state troopers to \$70,000 per year
  - Shortens the state trooper pay matrix from 20 years to 15 years
- Provides a corresponding increase to the pay matrices for Conservation Officers, Gaming Agents and Excise Police
- Appropriates \$60M across the biennium for juvenile justice initiatives (HB 1361)
- Appropriates additional funds to DHS to improve regional firefighter training sites, enhance EMS readiness, and implement the PFAS biomonitoring pilot project (HB 1219)
- Fully funds the Supreme Court's requests for problem-solving courts and court technology

# Other budget highlights

- Doubles funding for food banks
- Increases funding for graduate medical education residency programs
- Increases university operating appropriations by 4% in FY 24 and an additional 2% in FY 25
- Provides \$5M to Purdue University to upgrade laboratory facilities at the Animal Disease Diagnostic Laboratory (ADDL)
- Fully funds the state's financial aid programs at the projected expenditure levels for both fiscal years
- Funds an additional \$50 for a 13th check in FY 24 and FY 25 for retired public employees (traditional 13<sup>th</sup> checks are authorized and funded in HB 1028)
- Invests \$2.35B in the Pre-1996 Fund, which includes a \$250M supplemental deposit into the Pre-1996 Fund in FY 25
- Fulfills the promise to direct all gasoline use tax revenues to road funding in FY 24 instead of FY 25 under current law
- Fully funds state employee pay raises granted by the Governor
- Provides funding to modernize several National Guard armories

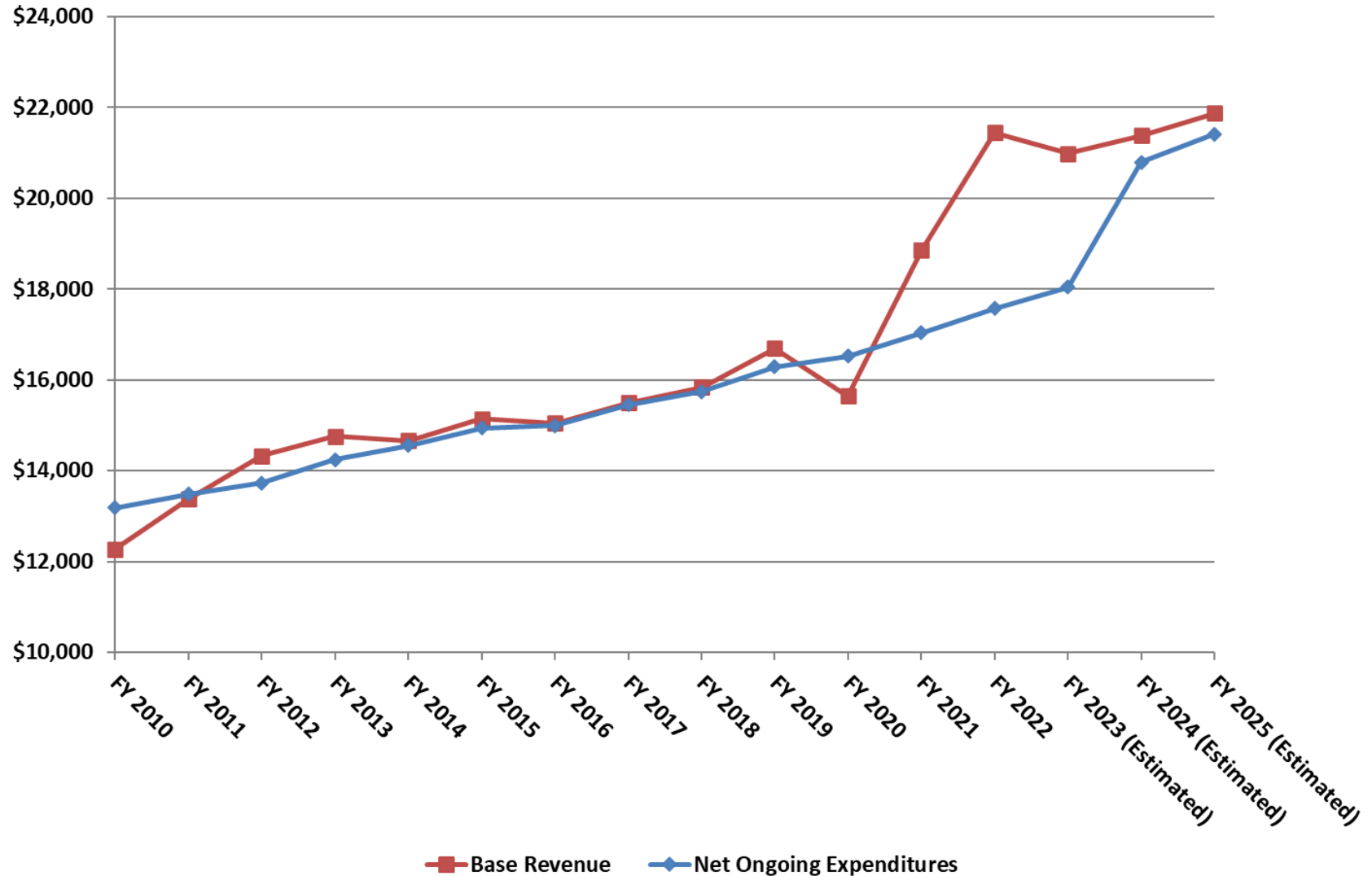


## Total Combined Reserve Balances - Expressed as Days of State Spending



## Base Revenue versus Net Ongoing Expenditures

(General Fund only; net of one-time expenditures and revenue and reversions of one-time appropriations)



## Outstanding State Taxpayer Supported Debt by Fiscal Year

