

FY 24/25 Budget

HB 1001 Conference Committee Report



April 26, 2023

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

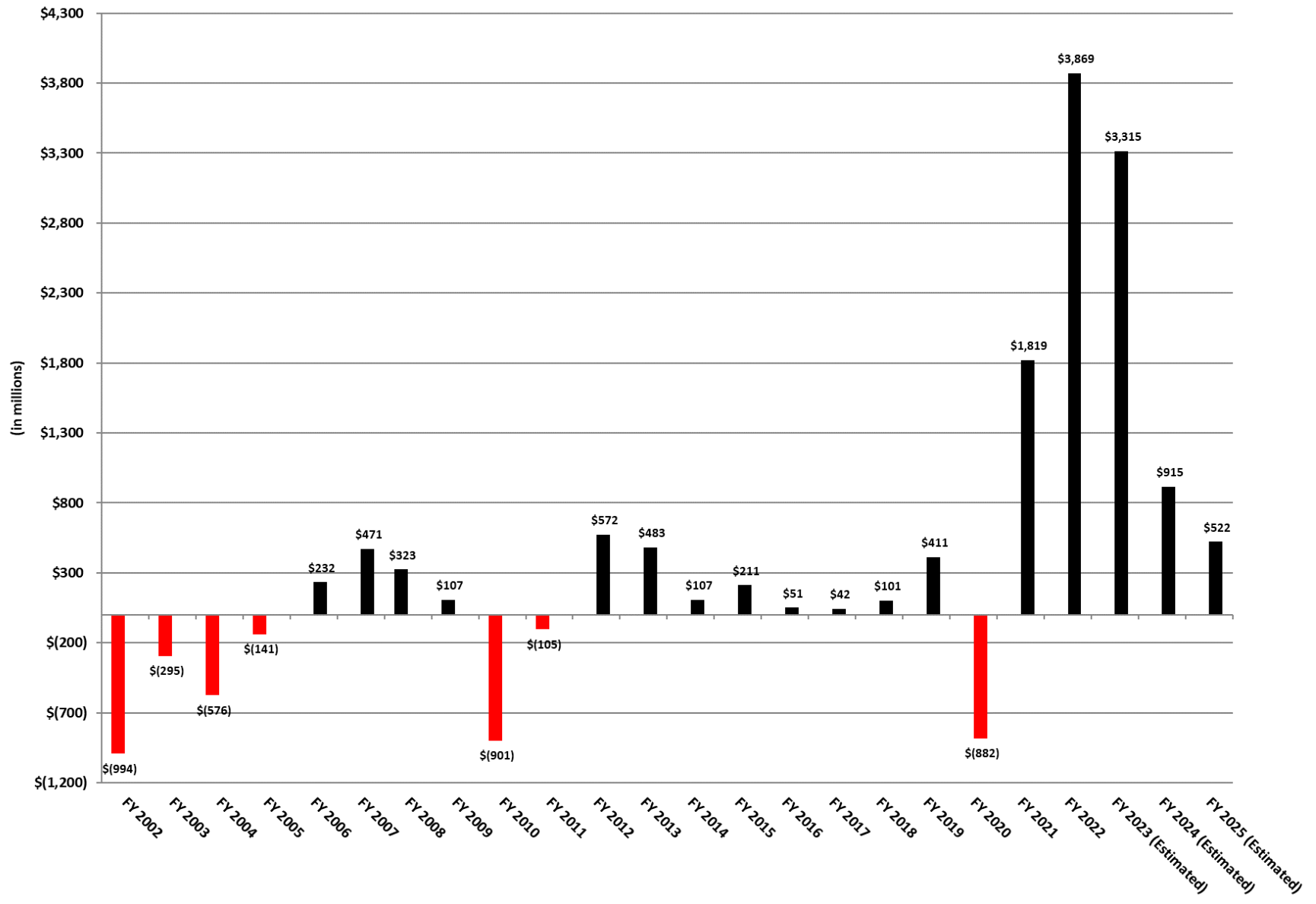
Enact a responsible, balanced state budget

- 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

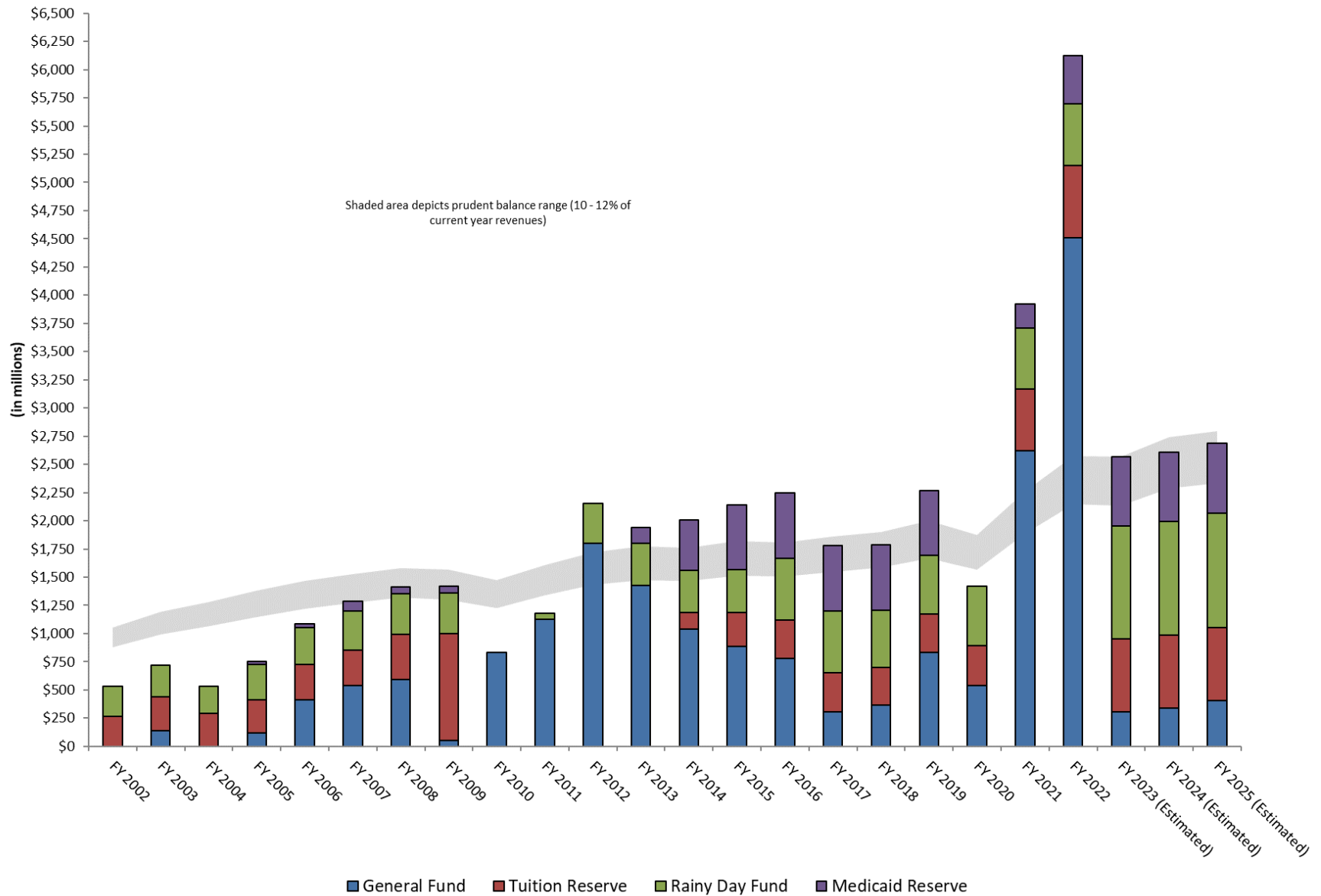
Enact a responsible, balanced state budget... and cut taxes

- Accelerates the individual income tax rate cuts enacted in 2022 to lower the rate to 2.9% by 2027 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)
 - 3.05% as of January 1, 2024
 - 3.00% as of January 1, 2025
 - 2.95% as of January 1, 2026
 - 2.90% as of January 1, 2027
 - **Acceleration of the rate reductions will save Hoosier taxpayers over \$360M over the biennium and \$1.4B between now and 2030**
- Budget accounts for about **\$70M** in additional tax cuts for Hoosier taxpayers over the biennium, including additional tax deductions for new parents, updating the EITC, and exemptions for active-duty military members
 - **In total, budget will save taxpayers over \$430M this biennium**

Structural Budget Surplus/(Deficit)



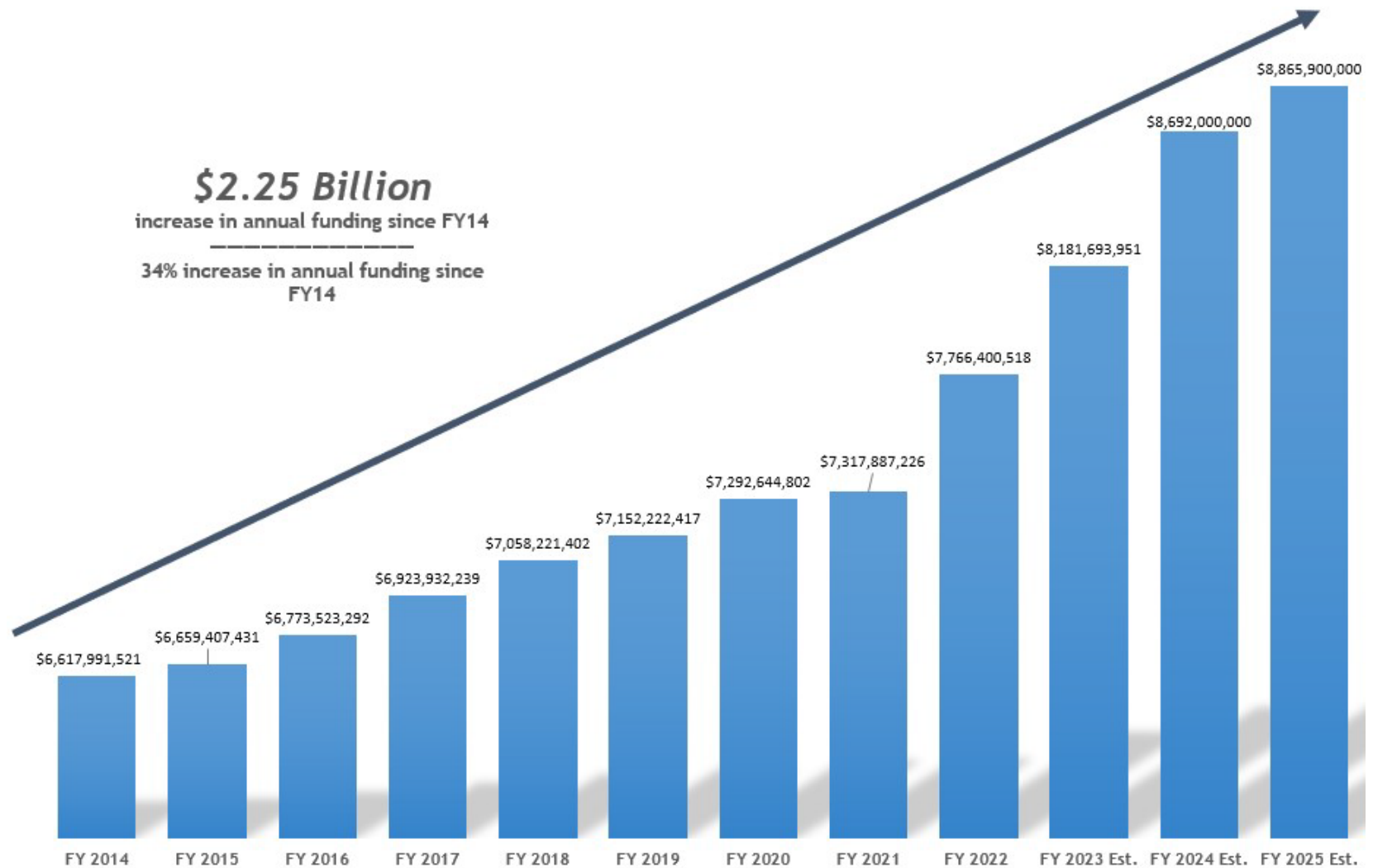
Total Combined Reserve Balances



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 tuition support formula by **\$1.2 Billion** or an **8%** increase over the biennium as compared to the FY 23 appropriation level
 - FY 23 Appropriation = \$8,200M
 - FY 24 Appropriation = \$8,692M (+6% vs FY 23)
 - +\$492M or 6% vs. FY 23
 - FY 25 Appropriation = \$8,865M (+2% vs FY 24)
 - +\$665M or 8% vs. FY 23
 - Total new dollars vs. FY 23 base funding:
 - \$492M + \$665M = \$1,157M 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 3.3% in FY 24 and 1.2% in FY 25
 - Increases the complexity grant by 5.5% 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
 - Increases non-English speaking program per-student grants by 23%
 - Adds new incentives for academic outcomes
- Increases funding for adult learners by \$16.3M
 - Funds additional seats at the Excel Centers and Christel House DORS
- Doubles appropriations for certain teaching scholarships and creates a new scholarship for minority educators
 - Includes the Next Generation Hoosier Educators, Earline S. Rogers Student Teaching Scholarship for Minorities, and creates the Next Generation Minority Educator 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
- Increases the Charter and Innovation Network School Grant to \$1,400 per student each fiscal year
- Provides \$25M for charter school capital grants
- Invests in work-based learning for students (HB 1002)
 - Funds Career Scholarship Accounts at \$5,000 per participant
- 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 (\$7M/biennium), 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 150% FPL (from 127% FPL)
- Doubles funding for sexual assault victims' assistance to \$4M each year
- Increases funding to \$350K 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 FSSA's updated Medicaid reimbursement rate proposal for dentists, home health agencies, and other waiver service providers and increases reimbursement for physician services to 100% 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 \$50M/year for Community Mental Health (SB 1)
 - 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
- DCS provider rate increases
 - Includes \$38.5M across FY 24 and FY 25 for rate increases for home and community-based services
 - Provides \$30M for DCS provider workforce stabilization grants
- 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 over the biennium for the READI 2.0 program
- 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 and \$120M for capital projects for IU Indianapolis and PU Indianapolis
- Invests in strategic economic initiatives around the state
- Appropriates \$26M for airport improvement projects
- Funds Governor's proposed budget for Adult Education

Make strategic one-time investments that deliver results

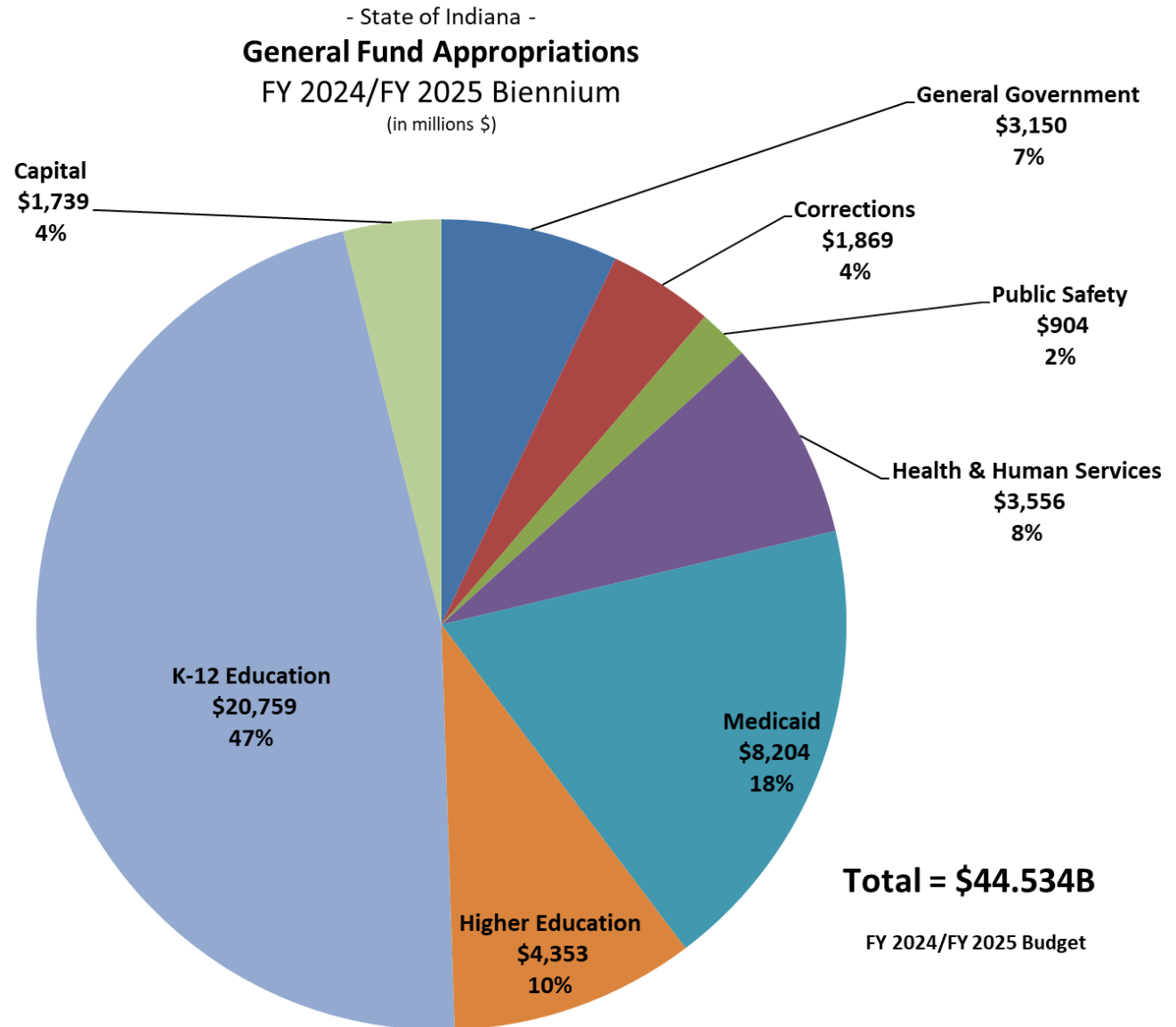
- Appropriates \$1.25B in FY 23 to finish the remaining capital projects originally funded in the 2021 budget
 - \$253M for the co-location of the ISD and ISBVI
 - \$97M for the state archives building
 - \$100M for a new inn at Potato Creek State Park
 - \$800M for correctional facility upgrades
- Appropriates \$150M 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 \$10M for land conservation and \$30M 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

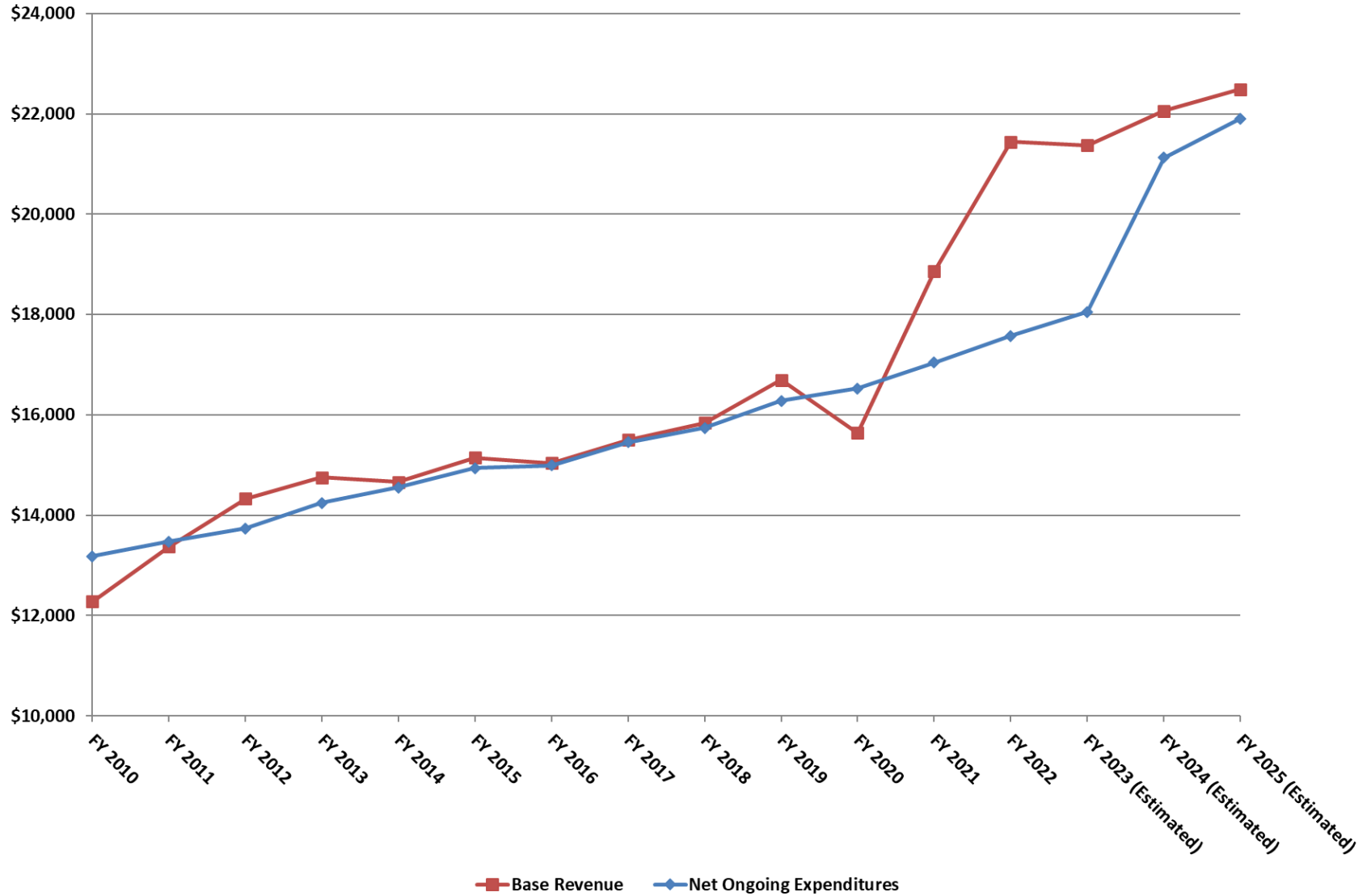
Other budget highlights

- 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) and \$15M to the PUFW School of Music building
- Fully funds the state's financial aid programs at the projected expenditure levels for both fiscal years
- Invests \$3.1B in the Pre-1996 Fund, which includes a \$1B supplemental deposit into the Pre-1996 Fund in FY 23
- Fulfills the promise (ahead of schedule) to direct all gasoline use tax revenues to road funding in FY 24 instead of FY 25 under current law
- Provides funding to modernize several National Guard armories
- Creates the Employer Child Care Expenditure tax credit and the Attainable Homeownership tax credit
- Funds the Indiana Secured School Safety Fund at \$24.6M/year



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

