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John Ketzenberger: Don't expect budget fireworks

Written by

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Every other year the state's two-year budget provides most of the General Assembly's fireworks.

Not this year.

The state budget here has not been linked to controversial issues, in contrast to Wisconsin where Democrats agreed to deep spending cuts but bolted when the governor sought to nix collective bargaining as part of his fiscal austerity package.

Although other divisive issues percolate here, the Ways and Means Committee quietly moved its version of the budget to the House floor recently. It may take a while to emerge, but the budget is not one of the bills that caused the Democrats to flee.

House Bill 1468 was. Last week Republican lawmakers ignored Gov. Mitch Daniels' plea to let right-to-work legislation wait for another session. Thousands of pro-union protesters filled the Statehouse, and Democrats, who offered a warning on the issue during this session's opening day, predictably bolted at a key moment in the process.

These bombs bursting in air killed the right-to-work bill. We may see another aerial display when redistricting begins in earnest and Republicans attempt to draw district maps that make it impossible for Democrats to shut down the House with a walkout.

How can I be so certain the budget won't cause a shutdown? One overriding reason: There is no money to fight over.

We know this because Indiana does one thing very right in the budgeting process. While other states fight about how much money there is to spend and then fight some more about how to spend it, our fiscal policymakers abide by the revenue forecasts made each December and updated in April during budget-making years.

Our state's bipartisan revenue forecasts are the envy of policymakers in most other states.

These reports, as we've seen in recent

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years, are not infallible. They are, however, right more often than not and are the accepted baseline for the state's two-year budget.

This budget will spend about as much money as the current one that expires June 30. The recession has ravaged state revenue. The modest economic growth that is expected in the next two years won't produce enough tax revenue to boost spending.

And no one on either side of the aisle suggests raising taxes.

You can't have a fight about how to spend the money if everyone agrees there's no extra dollars to spend.

The budget as currently proposed will appropriate about \$28 billion for fiscal years 2012 and 2013. Conveniently, that's within a few million dollars of what the state expects to collect in taxes. If it occurs, it will be the first time Indiana hasn't posted a structural deficit -- spending more money than it's taking in -- since before the recession began in 2008.

Daniels' proposed budget projected a \$55 million surplus for fiscal 2013. It also projected reserve funds, including savings, of about \$725 million, or enough to operate the state for three weeks.

The administration added spending in just two categories -- state pensions and Medicaid. Daniels added \$117 million in new money over the biennium for pensions and another \$135 million in additional

Medicaid funding to cover federal mandates.

It's important to remember the proposed budget does not make up for previous cuts Daniels made. The base spending for primary education is 3 percent less than it was when the last budget was approved. Spending for higher education is 6.5 percent less while general government is off about 20 percent from previous levels. All told this budget appropriates about \$1 billion less in state revenue than the previous budget did.

Ways and Means Chairman Rep. Jeffrey Espich, R-Uniondale, restored some funding to higher education while imposing a cap on tuition increases and snipped money the governor had set aside for building maintenance. The committee also made significant changes to how primary education funds are split, favoring suburban schools over rural and urban districts with declining enrollments.

The school funding formula is where a

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legislative donnybrook will occur if there is one. For the first time, the formula does not include local property tax dollars, a change rendered by the 2008 property tax reform.

This fight over money may heat up, but it won't boil over. That's reserved for issues that put money in political caucus bank accounts -- right to work-- not local school district budgets.

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