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Editor's Note: John Ketzenberger, president, Indiana Fiscal Policy Institute is available for media interviews through Friday afternoon.

INDIANA FISCAL POLICY INSTITUTE REPORT ON INDIANA'S FISCAL CONDITION AND A LOOK AHEAD TO 2013

INDIANAPOLIS, IN (July 12, 2012) – The Indiana Fiscal Policy Institute (IFPI) today released its report "Indiana's Fiscal Condition – A Different Set of Policy Choices" that provides analysis regarding the State's financial picture and also anticipates the challenges facing a new governor and the General Assembly in 2013.

"The new governor and legislators still will certainly have a tough time balancing the budget, but this time it will be in the form of resisting temptation to spend instead of identifying ways to cut expenses," said John Ketzenberger, president of the IFPI. "There will likely be pent-up demand among many constituents for new or additional spending and it is harder for policymakers to say no to them when there are surplus funds."

The report previews the unique set of circumstances facing the state as it enters a transition phase after Nov. 6 when, for the first time in eight years, the state will have a new governor. It's likely, too, that nearly 40 percent of the members of the General Assembly will be entering their first or second terms, a remarkable period of turnover for the legislative body. Just days after taking office the new governor and the remade Legislature will begin the work of assembling the state's next two-year budget. Add the fact there will be a new chair of the House Ways and Means Committee, and this will be a most interesting session from a fiscal perspective.

Among the questions likely to be considered in the 2013 General Assembly session are:

- How will any new spending affect the state's surpluses? Will these expenditures be one-time expenses, such as capital projects, that reduce the overall surplus, or will they be ongoing expenses, such as education, that will affect the structural balance?
- Will surplus funds be used to further reduce taxes?
- Should the state undertake plans to reform how it funds the Teachers Retirement Fund?

These questions and others also are affected by the sluggish economic recovery and concerns that another recession would create renewed havoc on tax revenue. Indiana's increased reliance on sales and income taxes to pay for education, especially, makes it vulnerable to economic downturns that would make additional spending moot. The new policymakers will have to carefully consider these economic factors as they consider the state's fiscal future.

The full report can be found on the Indiana Fiscal Policy Institute Web site – www.indianafiscal.org

You also can contact the IFPI office:
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ABOUT THE INDIANA FISCAL POLICY INSTITUTE

The Indiana Fiscal Policy Institute (IFPI), formed in 1987, is a private, non-profit governmental research organization. The IFPI's mission is to enhance the effectiveness and accountability of state and local government through the education of public sector, business and labor leaders on significant fiscal policy questions, and the consequences of state and local decisions. The IFPI makes a significant contribution to the important, on-going debate over the appropriate role of government. The IFPI does not lobby, support or oppose candidates for public office. Instead it relies on objective research evidence as the basis for assessing sound state fiscal policy. Contributions to the IFPI are fully tax deductible under section 501(c) 3 of the Internal Revenue Code.