

**Indiana  
Fiscal  
Policy  
Institute**



## **Fiscal Policy**

# **MEMORANDUM**

TO: Members, Indiana Fiscal Policy Institute

FROM: Earl M. Ryan, President

SUBJECT: IFPI Progress and Promise

DATE: June 8, 1990

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The Indiana Fiscal Policy Institute has now completed three years of operation. This probably represents a good time to assess the progress to date and the future direction of the Institute.

The Indianapolis Business Journal article on the reverse side of this memorandum provides a good indication of the progress of the Institute in establishing credibility, our basic asset. Credibility rests on accuracy, objectivity, and independence. It is not obtained overnight, but rather through consistent adherence to those principles. Moreover, once established, it must continue to be earned. We have now laid a foundation upon which greater accomplishments can be built.

Financially, the Institute embarks on its new fiscal year (beginning July 1) with a solid membership base of 120 supporters made up of some of the finest firms, associations, and individuals in Indiana, all committed to the proposition that governmental decisions will be better when made in the light of objective nonpartisan research.

This base of support has permitted the Institute to achieve a stable financial condition with its current staff of three. The Institute will not achieve its optimal impact, however, at its present level of funding. Continued growth in Institute support is critical to the success of IFPI in becoming an integral part of the "fabric" of policymaking in Indiana.

This is the challenge for the future of the Indiana Fiscal Policy Institute: To build an expert staff sufficient to effectively confront a wide range of taxing and spending issues. We have established the Institute as a credible voice in state fiscal affairs. With your support we can begin to move to the next step and create the organization our founders envisioned three short years ago.

## State Watchdog

### Institute keeps eye on fiscal policy

LONG-RANGE PLANS  
VITAL, PRESIDENT SAYS

BY TRACEY M. DOOMS

"Tackle problems before they become too large to handle." This basic rule of business is one that state government sometimes has trouble with due to a lack of information, according to Earl M. Ryan, president of the Indiana Fiscal Policy Institute. The institute tries to provide that information.

"One of our roles is to identify early the kinds of fiscal issues that can be relatively easily handled now," said Ryan, who came to IFPI from the Public Affairs Research Council in Louisiana, a similar group. The institute emphasizes a long-range view of state fiscal affairs, he said.

"What happens in the next General Assembly is interesting, but what happens in the next 10 or 15 years is what really is of vital interest to us," he explained.

In its first three years of operation, the Indiana Fiscal Policy Institute has established a reputation of objective, credible analysis—which is exactly what it set out to do. "It's actually turned out, if anything, better," said William Styring III, Indiana Chamber of Commerce vice president and member of the institute's board of directors.

"Credibility's a very difficult thing to build," continued Styring, who has been involved with IFPI since its inception. "I've been quite pleased with the progress on that front."

IFPI topics so far have included non-institutional, long-term care and the CHOICE program, shifting patterns of state spending and the state lottery.

Modeling IFPI after similar groups in other states, local business people organized the institute to provide "accurate, objective, independent information" to decision makers and the general public concerning the state's taxing and spending policies. In a sense, it was a rebirth of the Indiana Taxpayers Association, which met its demise in the early 1970s when Indiana's property-tax-relief package was passed.

The IFPI, however, concentrates on state, rather than local, budgets. "There was a feeling that state government is where the action was and is likely to be for some time," Ryan said.

Indiana is one of the most recent states to decide it needs an objective research institute, he noted. "Indiana has tended to be a relatively low-expenditure, low-tax state, in comparison to the others," he explained.

The private, not-for-profit organization does not support any special interests or candidates. Instead, it provides information for others to use in making decisions, Ryan said.

"Our supporters place a good deal of value on objective analysis," he said, even though "they might not always like to hear the news that we have to report."

The institute's supporters are its member organizations, businesses and individuals, which number 119 with the addition last week of Associated Group and Thermoseal Plastics Inc. Although IFPI organizers said they wanted a broad membership base, most of the supporters are still businesses.

"It was fairly clear that, if this organization was to be successful, we had to get our income up as soon as possible," Ryan said. So the institute concentrated on business memberships as a means of raising money

fast, he said.

Despite the membership being weighted toward business, the institute president said IFPI is not biased toward business—or any other sector—in its research. No member has ever tried to influence the selection of research topics or the results of that research, he said.

"We don't look for consensus among our members," Ryan said. "We don't seek to represent our members."

"If businesses want their viewpoints put in front of public policymakers, there are plenty of [other] vehicles for them to do that," he continued. The member businesses benefit over the long run, he said, if the institute is able to help state government become more efficient and stable, thus improving the business climate.

Many businesses opt for spending their political dollars in a more direct manner, Ryan said, which is why he does not expect the institute to become a "mass membership organization."

IFPI has grown considerably from its original roster of 23 members. The budget has increased along with the membership, from less than \$90,000 its first year to some \$266,000 for the year ending June 30. Member donations vary from \$200 to \$20,000, based on the type of business or organization and its financial resources.

Even with the higher budget, however, the institute is limited to three staff members, including Ryan. Those three people research and put together the eight to 10 reports IFPI averages each year.

Ryan said he is happy with the quality of the reports but would like to raise the quantity. "We might be able to increase the volume of what we do if we weren't such sticklers for detail," he said.

As far as future subject matter goes, Ryan noted: "We are limited only by the scope of the state budget. If it has to do with

the way the state raises money or spends it we're interested."

According to Ryan, the institute's biggest success so far has been its 1988 report on teacher retirement financing, which suggested that revenues from the new lottery go toward the struggling retirement fund. Following that report, the General Assembly authorized the annual transfer of up to \$30 million in lottery revenues to the fund.

State officials and the institute could be expected to be adversaries, since IFPI often reports figures that put the state in a negative light. However, Frank Sullivan, state budget director, said he finds institute analyses "extremely helpful" and "accurate in all respects." IFPI researchers are frequent consumers of budget office reports, he noted.

Is the institute actually doing the work of state government by putting together figures that should be at hand? "I'm not sure the kind of thing we do can be done effectively in government," Ryan said. "Government simply cannot be as objective about itself as we can be."

Topics already authorized by the institute's board of directors for 1990-91 include property-tax administration, K-12 education finance, state budget process, state fiscal condition and health care costs. Regarding institute financing, Ryan has set an "intermediate goal" of drawing enough members to support a staff of six.

"We think that, with that kind of staff, we could produce the quantity of material that our members and founders want for the organization," he said.

Once that goal is achieved, the president said, it will be time for the institute to decide how to approach the future.

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