

Daniels alarmed by state revenue shortfall

He warns of future budget cuts & potential layoffs

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INDIANAPOLIS (WISH) - The governor wants taxpayers to be prepared for budget and service cuts.

State tax revenues fell 8% short of projections in the first three months of the fiscal year, a shortage of \$250 million.

"We plan no immediate action based on these findings," said Daniels. "We will watch revenues a little longer."

But, the governor made it clear cuts in education spending are under consideration as well as layoffs in state government.

24-Hour News 8 asked John Ketzenberger of the Indiana Fiscal Policy Institute if Indiana can avoid drastic measures.

"Yeah, it can avoid layoffs and education cuts," said Ketzenberger. "But the question might be: Will it? And I think that's less likely."

The governor said the current circumstance is why he wanted a billion dollar surplus in the budget passed in June. Now he's looking for new ways to keep the surplus from evaporating.

"But, ah, today's not a day to remove any options except we're not going to raise taxes on people who are strapped as it is," said Daniels.

Passing a new budget in 2011 without a tax increase will be tougher according to Indiana Senator Luke Kenley (R-Noblesville).

"It's going to be very hard," said Sen. Kenley. "And it will require probably a different mindset of just how much government services we think we can afford."

Already state government has fewer employees than at any time since 1983. Budget cuts may be no more than a month away.