

Purdue Cooperative Extension Service

The Fiscal Condition of the State of Indiana and a Referenda Results Predictor Model

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For more information

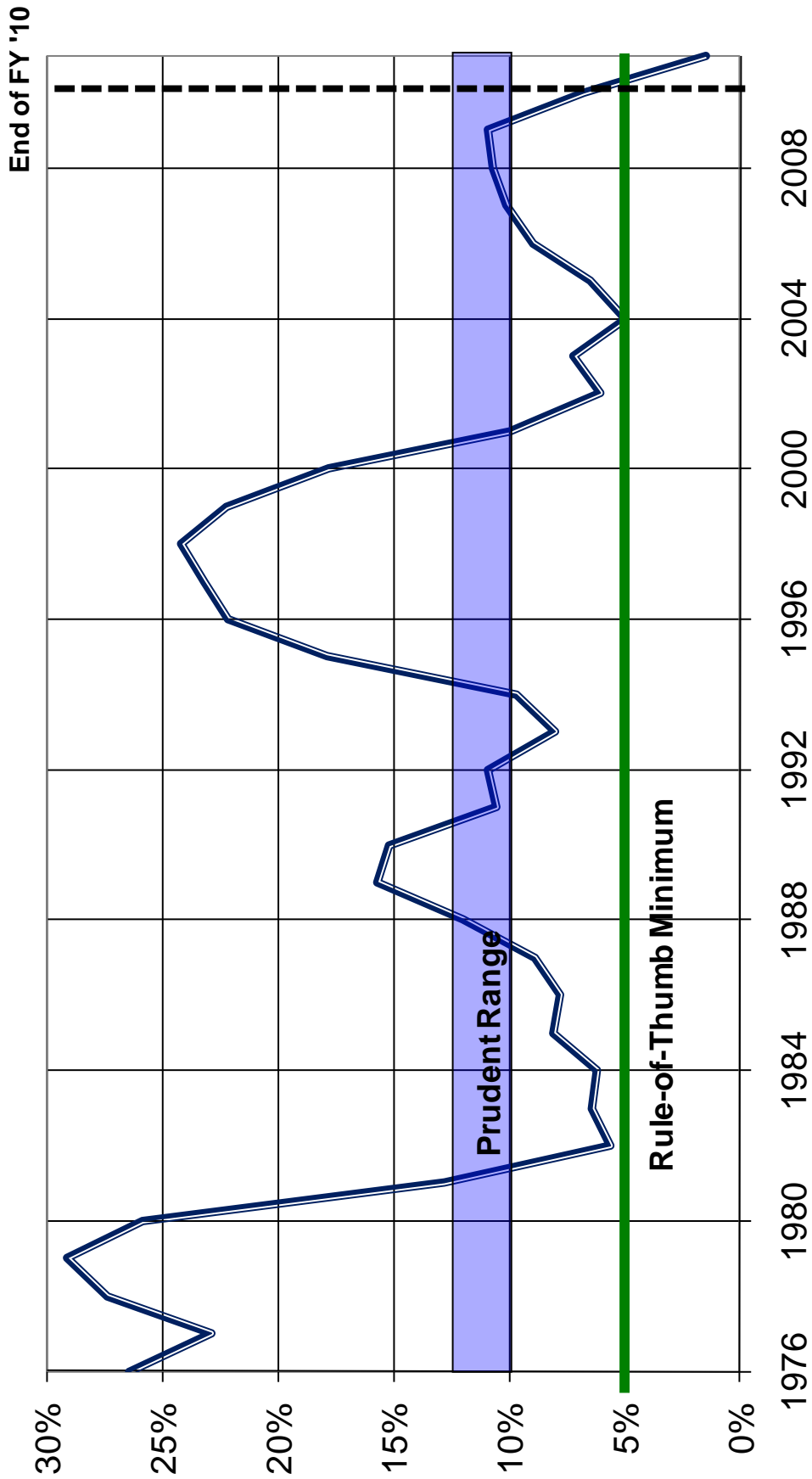
DeBoer's Indiana Local Government Information website:
www.agecon.purdue.edu/crd/Localgov

Indiana State Budget Summary, FY 2000-2011
(millions of dollars, updated through July 2010 closeout statement)

	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Budget 2011	Avg. Ann. Change 2000-09	Avg. Ann. Change 2009-11
Start of Year Balances	1,991	1,638	910	534	720	533	750	1,089	1,286	1,413	1,420	831		
Revenues														
Sales Tax	3,651	3,687	3,761	4,172	4,721	4,960	5,226	5,379	5,686	6,153	5,915	6,169	6.0%	0.1%
Individual Income Tax	3,753	3,780	3,541	3,644	3,808	4,213	4,322	4,616	4,838	4,314	3,876	4,121	1.6%	-2.3%
Corporate Income Tax	985	855	709	729	645	825	925	987	910	839	592	733	-1.8%	-6.5%
Gaming	-	-	-	431	602	585	590	625	583	621	680	714		7.2%
All Other	810	801	784	1,072	1,143	905	1,370	1,096	1,187	1,125	1,255	1,175	3.7%	2.2%
Total	9,200	9,123	8,796	10,049	10,918	11,489	12,434	12,703	13,203	13,052	12,317	12,911	4.0%	-0.5%
Appropriations														
K-12 Education	3,905	4,182	4,185	4,380	4,247	4,512	4,582	4,647	4,830	6,169	7,450	7,584	5.2%	10.9%
Higher Education	1,331	1,390	1,411	1,440	1,474	1,528	1,544	1,588	1,654	1,744	1,725	1,755	3.0%	0.3%
Medicaid	1,042	1,144	1,171	1,249	1,266	1,383	1,455	1,525	1,587	1,664	1,821	1,874	5.3%	6.1%
Property Tax Relief	1,057	1,154	1,180	1,157	2,097	2,143	2,153	2,189	2,308	1,699	136	36	5.4%	-85.5%
Health & Social Services	757	774	858	855	767	768	836	860	943	1,237	1,354	1,354	5.6%	4.6%
Public Safety	621	623	678	681	695	697	718	718	721	801	781	796	2.9%	-0.3%
All Other	1,005	923	824	1,136	763	719	787	831	943	1,122	1,110	1,132	1.2%	0.5%
Total	9,718	10,190	10,307	10,898	11,310	11,750	12,075	12,359	12,986	14,436	14,378	14,531	4.5%	0.3%
Current Year Surplus/Deficit	(518)	(1,067)	(1,511)	(850)	(392)	(262)	359	345	217	(1,384)	(2,061)	(1,620)		
ARRA Medicaid										405	549	289		
ARRA Fiscal Stabilization										587	129	85		
ARRA Total										992	678	374		
Transfers from (to) Other Funds	30	236	617	376	138	257	12	70	19	73	165	7		
Reversions	134	103	145	323	63	222	125	119	133	357	630	597		
Payment Delays (Reversals)	-	-	374	337	3	-	(156)	(337)	(241)	(31)	-	-		
Total Adjustments	165	339	1,135	1,036	204	479	(20)	(148)	(89)	399	794	604		
End of Year Balances														
General Fund	833	19	0	137	0	119	411	537	593	55	831	182		
Tuition Reserve	265	265	265	305	291	291	317	317	400	942	-	-		
Medicaid Reserve	-	100	-	-	-	24	34	88	58	58	-	-		
Rainy Day Fund	540	526	269	279	242	317	328	344	363	365	-	7		
Total	1,638	910	534	720	533	750	1,089	1,286	1,413	1,420	831	188		
Total Balances % of Revenue	17.8%	10.0%	6.1%	7.2%	4.9%	6.5%	8.8%	10.1%	10.7%	10.9%	6.7%	1.5%		
5% of Revenue	460	456	440	502	546	574	622	635	660	653	616	646		
Payment Delay Liability	-	-	372	711	712	726	622	286	31	-	1	-		

Prepared by Larry DeBoer, Department of Agricultural Economics, Purdue University and Purdue Cooperative Extension Service, August 2010.

Indiana State Fund Balances as Share of Operating Revenues, FY 1976-2010 and Budgeted 2011



Comparison of Actual FY2010-11 Revenues to Budget Forecast and December Forecast

	Actual Revenues	Budget Forecast	December Forecast	Difference from Budget	Difference from December
<u>Fiscal Year 2010</u>					
July '09	\$863	\$941	\$892	(\$78)	(\$28)
August	\$880	\$892	\$826	(\$12)	\$53
September	\$1,101	\$1,263	\$1,105	(\$162)	(\$4)
October	\$975	\$1,040	\$930	(\$65)	\$46
November	\$816	\$957	\$829	(\$141)	(\$14)
December	\$989	\$1,164	\$994	(\$176)	(\$5)
January '10	\$1,148	\$1,273	\$1,222	(\$126)	(\$75)
February	\$637	\$747	\$723	(\$110)	(\$86)
March	\$908	\$906	\$860	\$2	\$48
April	\$1,437	\$1,519	\$1,317	(\$82)	\$120
May	\$982	\$1,065	\$983	(\$83)	(\$1)
June	\$1,452	\$1,299	\$1,395	\$153	\$56
FY 2010 Total	\$12,187	\$13,066	\$12,076	(\$879)	\$111
<u>Fiscal Year 2011</u>					
July '10	\$917	\$989	\$932	(\$72)	(\$15)
August	\$938	\$940	\$887	(\$2)	\$51
September	\$1,162	\$1,270	\$1,191	(\$108)	(\$29)
October	\$959	\$1,040	\$982	(\$81)	(\$23)
November		\$919	\$869		
December		\$1,142	\$1,077		
January '10		\$1,292	\$1,219		
February		\$741	\$708		
March		\$990	\$938		
April		\$1,612	\$1,508		
May		\$1,074	\$1,015		
June		\$1,600	\$1,512		
FY 2011 Total		\$13,609	\$12,838	(\$263)	(\$17)
Percent Change from 2010 Actual					
Biennium-to-date Total	\$16,162	\$26,675	\$24,914	(\$1,142)	\$94

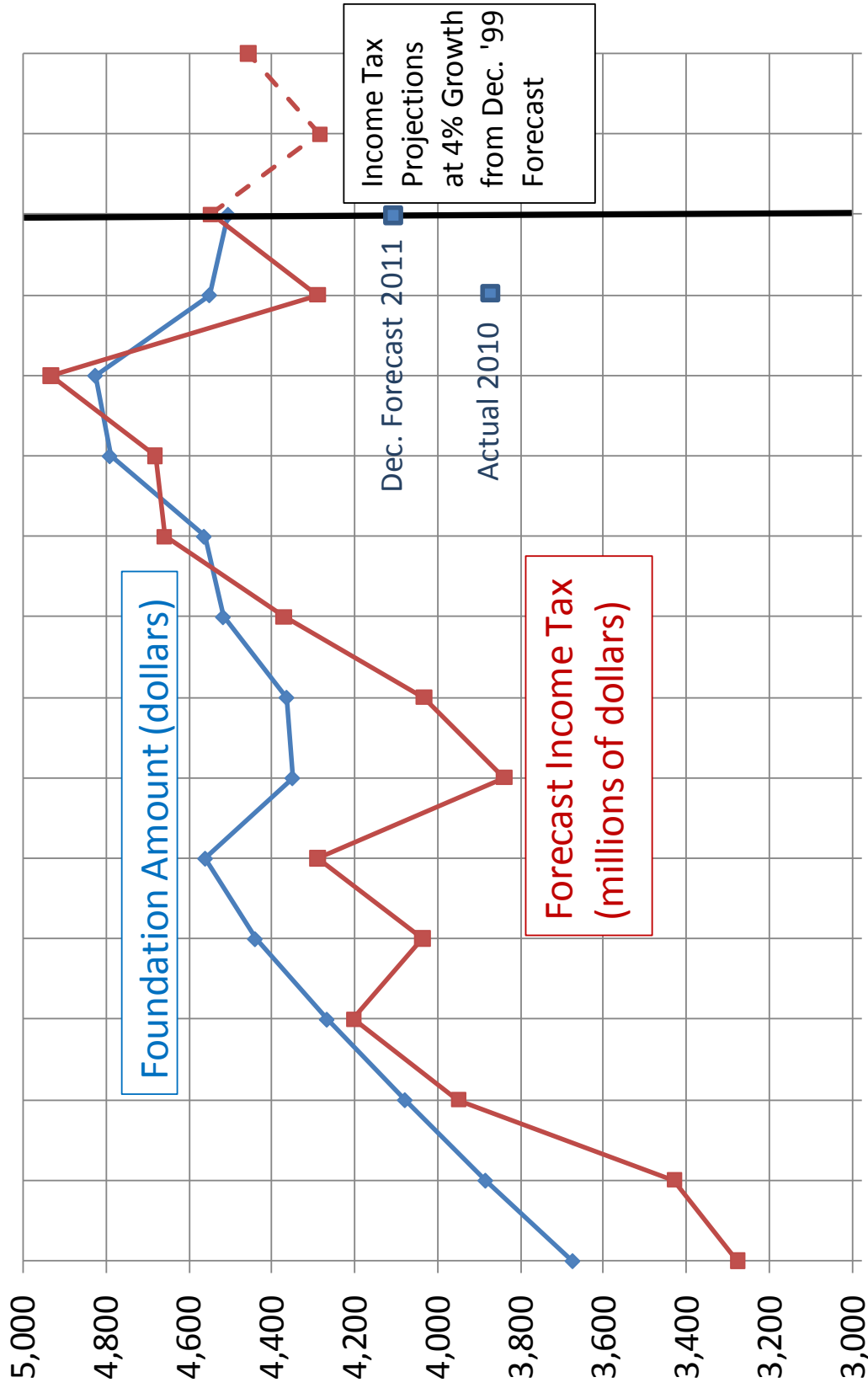
Source: Indiana State Budget Agency, End-of-Month Revenue Reports,
June - October 2010.

An Indiana State Budget Projection through 2015

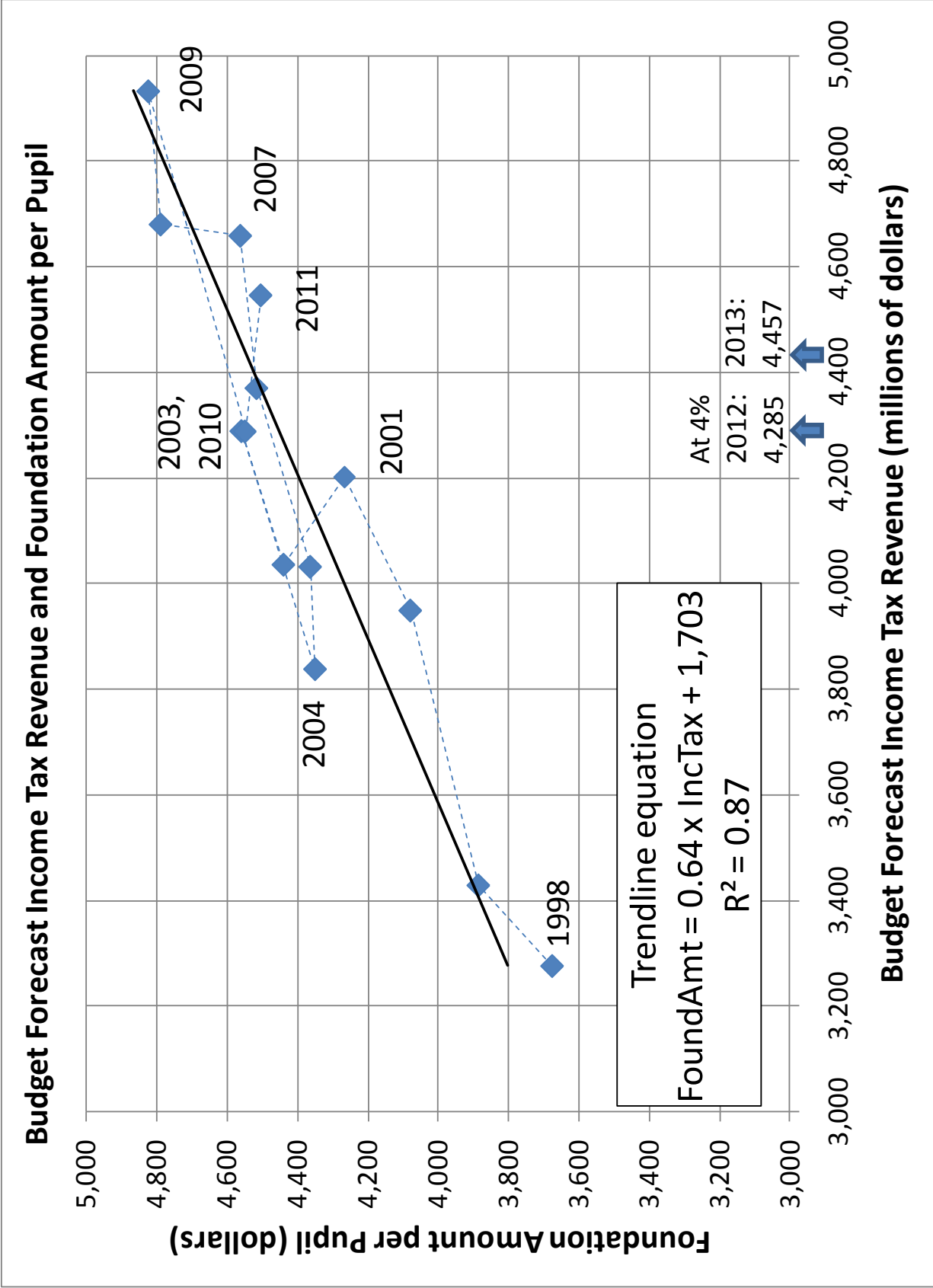
	Closeout Budget plus Stimulus	Projections				Avg. Ann. Change
	2011	2012	2013	2014	2015	2011-15
Start of Year Balances	831	634	675	704	765	
Revenues						
Sales Tax	6,169	6,416	6,672	6,939	7,217	
Individual Income Tax	4,121	4,285	4,457	4,635	4,820	
Corporate Income Tax	733	762	793	825	858	
Gaming	714	742	772	803	835	
All Other	1,175	1,222	1,270	1,321	1,374	
Total	12,911	13,427	13,964	14,523	15,103	4.0%
Appropriations						
K-12 Education	7,584	7,584	7,584	7,584	7,584	
Higher Education	1,755	1,755	1,755	1,755	1,755	
Medicaid	1,874	1,874	1,874	1,874	1,874	
Property Tax Relief	36	-	-	-	-	
Health & Social Services	1,354	1,354	1,354	1,354	1,354	
Public Safety	796	796	796	796	796	
All Other	1,132	1,168	1,168	1,168	1,168	
Total	14,531	14,531	14,531	14,531	14,531	0.0%
Current Year Surplus/Deficit	(1,620)	(1,104)	(567)	(8)	573	
ARRA Medicaid	528	-	-	-	-	
ARRA Fiscal Stabilisation	292	-	-	-	-	
Total	820	-	-	-	-	
Transfers from (to) Other Funds	7	20	20	20	20	
Reversions	597	1,125	575	50	50	
Payment Delays (Reversals)	-	-	-	-	-	
Total Adjustments	604	1,145	595	70	70	
End of Year Balances						
General Fund	628	675	704	765	1,408	
Tuition Reserve	-	-	-	-	-	
Medicaid Reserve	-	-	-	-	-	
Rainy Day Fund	7	-	-	-	-	
Total	634	675	704	765	1,408	
Total Balances % of Revenue	4.9%	5.0%	5.0%	5.3%	9.3%	

Assumptions: 4% total annual revenue increases; Flatlined total appropriations;
No new Federal stimulus after 2011; Reversions set to hold balances to 5% minimum.

Budget Forecast Income Tax Revenue and Foundation Amount per Pupil



1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013



Indiana School Corporation Capital Projects and Tax Referenda Results, November 2010

(Shaded entries passed; unshaded entries failed)

Date	Unit	County	Project	Project Total Amount (mil)	Tax Rate	Votes For	Votes Agnst	Pct For	Pct Agnst
11/2/2010	Anderson School Corporation	Madison	Tax referendum		0.5500	5,991	14,069	29.9%	70.1%
11/2/2010	Brown County Schools	Brown	Tax referendum		0.0100	3,264	2,553	56.1%	43.9%
11/2/2010	Cannelton City Schools	Perry	Tax referendum		0.4100			52.7%	47.3%
11/2/2010	Center Grove School Corporation	Johnson	Tax referendum		0.1500	6,196	8,372	42.5%	57.5%
11/2/2010	East Allen County Schools	Allen	Tax referendum		0.3709	4,853	11,448	29.8%	70.2%
11/2/2010	Elwood School Corporation	Madison	Tax referendum		0.5000	774	2,108	26.9%	73.1%
11/2/2010	Hamilton Southeastern School Corp.	Hamilton	New buildings	62.0	0.0944	17,039	6,613	72.0%	28.0%
11/2/2010	Lebanon School Corporation	Boone	Renovation of all buildings	40.0	0.6624	2,291	2,202	51.0%	49.0%
11/2/2010	Monroe County School Corp.	Monroe	Tax referendum		0.1402	5,310	3,223	62.2%	37.8%
11/2/2010	Mt. Vernon School Corporation	Hancock	Tax referendum		0.1233	2,538	3,722	40.5%	59.5%
11/3/2010	Northwestern Consolidated School Corp.	Shelby	Tax referendum		0.1160	1,067	1,225	46.6%	53.4%
11/2/2010	Randolph Central School Corp.	Randolph	Renovation/expansion of HS to Jr./Sr. HS	19.8	0.4849	1,288	1,484	46.5%	53.5%
11/2/2010	Randolph Central School Corp.	Randolph	Winchester Fieldhouse	3.2	0.0798	1,080	1,759	38.0%	62.0%
11/2/2010	Southern Hancock County School Corp.	Hancock	Tax referendum		0.2400	2,460	3,841	39.0%	61.0%
11/2/2010	Tell City-Troy Township School Corp.	Perry	Renovation/expansion of HS to Jr./Sr. HS	6.0	0.1632			42.5%	57.5%
11/2/2010	Westfield-Washington Schools	Hamilton	Tax referendum		0.2300	5,123	4,333	54.2%	45.8%
11/2/2010	Whitko Schools	Kosciusko	Tax referendum		0.2000	384	1,038	27.0%	73.0%
11/2/2010	Zionsville School Corporation	Boone	Tax referendum		0.2950	3,767	5,791	39.4%	60.6%

Compiled by Larry DeBoer, Purdue University, from news reports, Indiana Secretary of State, Department of Local Government Finance and county clerk sources.

Indiana School Referenda Results, 2008-2010

	All Referenda			Capital Projects			General Fund Tax		
	Total	Passed	Defeated	Total	Passed	Defeated	Total	Passed	Defeated
All Elections	60	24	36	32	11	21	28	13	15
Percentages		40.0%	60.0%		34.4%	65.6%		46.4%	53.6%
Nov. 2008	5	4	1	5	4	1		none	
Jan-June 2009	12	2	10	11	1	10	1	1	0
Nov. 2009	9	4	5	4	1	3	5	3	2
May 2010	16	8	8	7	3	4	9	5	4
Nov. 2010	18	6	12	5	2	3	13	4	9

What Explains School Referenda Results?

Factors that appear to matter

- The Proposed Tax Rate
 - Each added 10 cents on the proposed tax rate appears to *reduce* the percentage of yes-votes by 1.25 points.
- Homeowners' Tax Bill Changes Since 2007
 - School corporations in counties where homeowners have seen bigger tax cuts since the tax reform have a *higher* yes-vote percentage.
- The Property Tax Base
 - Referenda in school corporations with more homeowner property and less business property are *less* likely to pass.
 - Referenda in school corporations with more rental housing property are *more* likely to pass.
 - Referenda in school corporations with more farm land are *less* likely to pass.
- Community Income Per Capita
 - School corporations in counties with higher per capita incomes see a *higher* percentage of yes-votes.
- Federal School Lunch Percentage and Limited English Percentage
 - Referenda in school corporations with more school lunch eligible students, or more limited English students, are *more* likely to pass.
- Debt Service Property Tax Levy per Pupil
 - School corporations with more debt service per pupil see a *lower* percentage of yes-votes.
- Pupil-Teacher Ratio
 - A higher pupil-teacher ratio *increases* the percentage of yes-votes.
- State ISTEP Test Pass Rates
 - Referenda in school corporations with higher ISTEP scores are *more* likely to pass.

Factors that do not appear to matter (yet)

- November General Elections vs. May Primary Elections (or other special elections)
- Whether it's a capital projects referendum or a general fund tax referendum
- The unemployment rate at the time of the election
- Growth or decline in enrollment