

Documentation for the Indiana Budget Summary, FY 2010-11

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The figures shown in the Indiana budget summary may not look familiar, though they are compiled from state documents, primarily those published by the State Budget Agency. This memo shows how the state's numbers are summed to those in the budget summary.

Table 1 shows the budget summaries for 2010 and 2011.

2010

Start of Year Balances. Start-of-year balances for 2010 equal end-of-year balances for 2009, of course. The figure is 1,420 million. This figure comes directly from the Budget Agency's FY 2010 closeout statement.

Revenues. Revenues for 2010 are based on the FY 2010 closeout statement. Sales tax, individual income tax and corporate income tax revenues in the budget summary are the same as the figures shown in the closeout statement. Gaming revenues are the sum of riverboat wagering, racino wagering and riverboat admissions revenues in the forecast.

All other revenues equal the other revenue total from the closeout (less riverboat admissions), plus disproportionate share hospital revenue, the quality assessment fee and miscellaneous revenue, all from the closeout balance statement.

The total of 12,317 (in millions) is the sum of actual revenue, 12,187, plus DSH of 58, the quality assessment fee of 33, and miscellaneous revenue of 39, all from the closeout statement.

Appropriations. Appropriations detail start with the Budget Agency's General Fund Functional Category Summary (Traditional Format), issued in July 2009. K-12 Education includes Education Administration, Tuition Support-General Fund, Social Security-Teachers, Teachers Retirement, Other Local Schools and Other Education.

Higher education appropriations in the budget summary are the same as in the functional category list.

Medicaid appropriations start with the functional category amount. The FY 2010 functional category amount was reduced because of the availability of ARRA Medicaid funding. The ARRA amount of 573 million is added to the appropriation, and listed separately in the summary as a revenue source. The Medicaid appropriation is also increased by 2.5 million, an amount listed in the December 2010 Medicaid forecast as an additional spending amount over the appropriation.

State property tax relief appropriations disappeared from the functional category list in fiscal 2010, as a result of the 2008 property tax reform. However, there is a PTRC and homestead credit adjustment of \$26 million in the balance statement for 2010. In addition, the budget allocated \$110 million in ARRA funds to homestead credits in 2010. The sum of these two amounts is shown in the budget summary. The ARRA amount is included separately in the summary as a revenue source.

Health and social services and public safety in the budget summary are sums of the appropriate figures from the functional category list.

Table 1.

	Actual 2010	Budget 2011
Start of Year Balances	1,420	831
Revenues		
Sales Tax	5,915	6,133
Individual Income Tax	3,876	4,355
Corporate Income Tax	592	682
Gaming	680	700
All Other	1,255	1,179
Total	12,317	13,049
Appropriations		
K-12 Education	7,450	7,584
Higher Education	1,725	1,755
Medicaid	1,848	1,874
Property Tax Relief	136	36
Health & Social Services	1,354	1,354
Public Safety	781	796
All Other	1,089	1,052
Total	14,383	14,450
Current Year Surplus/Deficit	(2,066)	(1,401)
ARRA Medicaid	573	466
ARRA Fiscal Stabilization	110	35
ARRA Total	683	501
Transfers from (to) Other Funds	165	1
Reversions	630	747
Payment Delays (Reversals)	-	-
Total Adjustments	794	747
End of Year Balances		
General Fund	831	678
Tuition Reserve	-	-
Medicaid Reserve	-	-
Rainy Day Fund	-	1
Total	831	678
Total Balances % of Revenue	6.7%	5.2%

All other appropriations in the budget summary are the sum of the remaining functional category figures, plus items from the balance statement. The figures from the functional category list are General Government, Conservation and Environment, Economic Development, Distributions-General Fund and Other Construction. The items from the balance statement are Adjustments to Appropriations (less the \$2.5 million Medicaid adjustment), Judgments/Settlements, adjustment for Stadium/Convention Center Appropriation, and Local Option Income Tax Distributions.

The total of 14,383 (in millions) is the 13,571 from the functional category list, plus the ARRA total of 683 from the detailed budget, plus the PTRC/homestead credit adjustment of 26, the adjustments to appropriations of 126, judgments/settlements of 5, less the stadium/convention center reversion of 40, plus the LOIT distribution of 12, all from the closeout balance statement.

Current Year Surplus/Deficit. This is the difference between the actual revenues and current appropriations. The figure is -2,066 million for 2010.

American Recovery and Reinvestment Act. ARRA amounts are listed in the state budget itself. There are two entries for Medicaid, totaling 573 million. Another entry shows that 110 million in homestead credits authorized by HEA 1001 (2008) were funded by ARRA. The total is 683 million.

Transfers from (to) Other Funds. The closeout statement reports dedicated fund transfers in detail, totaling 155 million. In the closeout balance statement, however, these are reported as reversions. In the budget summary, they are included in transfers. This should not be taken as criticism of the way the budget agency tabulates transfers. When money is transferred from other funds, general fund expenditures can be reduced, and so revert to general fund balances. They are classified as transfers here to be consistent with the way the budget summary has been constructed in past years.

The closeout statement lists net transfers to the general fund resources from the Medicaid Reserve, Rainy Day Fund and Tuition Reserve Fund of 1,374.2 million. In the balance statement, however, balances in these three funds fall from a total of 1,364.5 million in 2009, to zero in 2010. The additional 9.7 million transferred from these funds are assumed to be interest earnings and loan repayments, and are classified as additional transfers.

Total transfers are 165 (in millions), which is the sum of the dedicated fund transfers of 155 million and the interest earnings and loan repayments, which round to 10 million.

Reversions. Reversions are listed at 785 million in the closeout statement. The 155 million in dedicated fund transfers are counted as transfers in the budget summary, to the remaining reversions are 630 million.

Total Adjustments. There were no payment delays or reversals in 2010, so total adjustments of 794 (in millions) are the sum of transfers, 165 million, and reversions, 630 million. The difference is due to rounding.

End of Year Balances. In the budget summary for fiscal 2010, the combined balance of 831 million is the sum of the start of year balances, 1,420 million, less the current deficit, 2,066 million, plus ARRA revenues, 683 million, plus adjustments, 794 million. This figure matches the total combined balances for fiscal 2010 shown in the balance statement. All balances are in the general fund at the end of fiscal 2010.

2011

Much of the information for 2011 comes from the Budget Agency's statement of balances, published on January 13, 2011, as part of the presentation on the Governor's budget recommendation for 2012-13.

Start of Year Balances. Start-of-year balances for 2011 equal end-of-year balances for 2010, 831 million.

Revenues. Revenues for 2011 are based on the December 2010 revenue forecast. Again, sales tax, individual income tax and corporate income tax revenues in the budget summary are the same as in the December forecast. Gaming revenues again are the sum of riverboat wagering, racino wagering and riverboat admissions revenues in the forecast.

All other revenues equal the other revenue total from the forecast (less riverboat admissions), plus disproportionate share hospital revenue and the quality assessment fee from the January balance statement.

The total of 13,049 (in millions) is the sum of the revenue forecast amount, 12,951, plus DSH of 58 and the quality assessment fee of 40, from the January balance statement.

Appropriations. Appropriations for 2011 come from the Budget Agency's General Fund Functional Category Summary (Traditional Format) issued in July 2009. K-12 Education again includes Education Administration, Tuition Support-General Fund, Social Security-Teachers, Teachers Retirement, Other Local Schools and Other Education.

Higher education appropriations in the budget summary are the same as in the functional category list.

Medicaid appropriations start with the functional category amount of 1,585 million. The FY 2010 functional category amount was reduced because of the ARRA Medicaid funding that was signed into law by the Federal government in February 2009. This amount is 289 million, shown in the detailed budget. The sum is 1,874 million.

Note that in the summer of 2010—after the state's budget was passed—Congress passed additional Medicaid ARRA funding of 177 million. This amount funds Medicaid, but did not affect the appropriation set in the biennial budget.

There was no appropriation for state property tax relief in the functional category list for 2011. There is a PTRC and homestead credit adjustment of 0.6 million in the January balance statement for 2011, and 35 million in ARRA funds devoted to homestead credits for 2011, shown in the detailed budget. The sum is 36 million.

Health and social services and public safety in the budget summary are sums of the appropriate figures from the functional category list.

All other appropriations in the budget summary are the sum of the remaining functional category figures, plus items from the balance statement. The figures from the functional category list are General Government, Conservation and Environment, Economic Development, Distributions-General Fund and Other Construction. The items from the balance statement are Adjustments to Appropriations, Judgments/Settlements, adjustment for Stadium/Convention Center Appropriation, and Enrolled Acts from 2010.

The total of 14,450 (in millions) is the 14,113 from the functional category list, plus the ARRA total of 324 from the detailed budget, plus the PTRC/homestead credit adjustment of 1 (rounded from 0.6), the adjustments to appropriations of 41, judgments/settlements of 8, less the stadium/convention center reversion of 42, plus the enrolled acts of 6, all from the closeout balance statement. There is a rounding difference.

Current Year Surplus/Deficit. This is the difference between the actual revenues and current appropriations. The figure is –1,401 million for 2011.

American Recovery and Reinvestment Act. ARRA amounts are listed in the state budget, one for Medicaid at 289 million, one for homestead credits at 35 million. The December 2010 Medicaid forecast listed 463 million in ARRA Medicaid funds, which was 177 million more than in the detailed budget. These must be the ARRA funds which were passed by Congress after the state budget was passed. The ARRA total is 501 million.

Transfers from (to) Other Funds. The January balance statement shows the Rainy Day Fund balance increasing from zero in 2010 to 0.8 million in 2011. This is assumed to be interest earnings on total balances that are placed in the Rainy Day Fund. The amount is counted as transfers, rounded to 1 million. The January balance statement does not include an accounting of dedicated fund transfers, so it is possible that some items classified as reversions in the balance statement should be counted as transfers in the budget summary. The closeout statement in July 2011 will provide details.

Reversions. Reversions are listed at 924 million in the January balance statement. The 177 million in new ARRA Medicaid funds, implied by the Medicaid forecast, is probably counted as part of reversions in the balance statement. Unexpected Federal aid that funds Medicaid allows state funds to revert to general fund balances. In the budget summary, then, reversions are shown as 924 less 177 million, or 747 million.

Total Adjustments. There were no payment delays or reversals in 2010, so total adjustments of 747 (in millions) are the sum of transfers, 0.8 million, and reversions, 746.6 million. This adds up to 747.4 million, which explains the rounding difference.

End of Year Balances. In the budget summary for fiscal 2011, the combined balance of 678 million is the sum of the start of year balances, 831 million, less the current deficit, 1,401 million, plus ARRA revenues, 501 million, plus adjustments, 747 million. This figure of 678 million matches the total combined balances for fiscal 2011 shown in the January balance statement.

Sources*Balance Statement for Fiscal 2010:*

Indiana State Budget Agency. "General Fund, State Tuition Reserve Fund and Rainy Day Fund Summaries, Fiscal Year Ending June 30, 2010," July 16, 2010. [<http://www.in.gov/sba/2550.htm>]

Balance Statement for 2011:

Indiana State Budget Agency. "General Fund, Combined Statement of Actual and Unappropriated Reserves," January 13, 2011. [<http://www.in.gov/sba/2565.htm>]

Appropriations by Function for 2010-11 Budgets:

Indiana State Budget Agency. "General Fund – Functional Category Summary (Traditional Format)" c. July 2009. [<http://www.in.gov/sba/2543.htm>]

Actual Revenue and Revenue Forecasts for Fiscal 2010-11, December 2010 revision:

Indiana State Budget Agency. "State Revenue Forecast, Total General Fund Revenue Forecast, Fiscal Years 2011, 2012 and 2013," December 15, 2010. [<http://www.in.gov/sba/2563.htm>]