



Fiscal Year 2006

# State of Indiana

## A Report to Our Citizens

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### Interesting Trivia

- Santa Claus, Indiana received over one half million letters and requests at Christmas time
- True to its motto, "Crossroads of America," Indiana has more miles of Interstate Highway than any other state per square mile
- In a typical year, almost half of all cropland in Indiana is planted in corn
- The first professional baseball game was played in Fort Wayne on May 4, 1871
- The first successful goldfish farm in the United States was opened in Martinsville in 1899
- In 1880, Wabash became the first city in the United States to have electric street lights
- The only Civil War battle in Indiana occurred in Corydon on July 9, 1863
- With 32 covered bridges, Parke County claims to have the most covered bridges of any county in the nation
- The state's oldest continually used school is Myers Grade School in Cannelton, built in 1869
- Indiana has earned the nickname, "Mother of Vice-Presidents" because there have been five men from Indiana elected as Vice Presidents
- The 19 stars on the flag recall the fact that Indiana was the 19th state to join the Union

### Indiana Emblems

State Motto: The Crossroads of America  
 State Poem: *Indiana*, by Arthur Franklin Mapes  
 State Song: "On the Banks of the Wabash, Far Away"

State Bird: Cardinal

State Flower: Peony

State River: Wabash River

State Tree: Tulip Tree

State Stone: Salem Limestone

State Nickname: The Hoosier State



Demographics Information	2005	2006
Population	6.26 million	6.31 million
Unemployment Rate	5.3 percent	5.0 percent
Per Capita Income	\$31,173	\$32,526
Single Family Building Permits	32,116	24,438

Indiana means "land of the Indians." Indiana became the 19<sup>th</sup> State of the Union on December 11, 1816. The latest U.S. Census Bureau estimate places Indiana's population at 6.31 million which makes Indiana the nation's 15<sup>th</sup> largest State. Located in the heart of the Midwest, Indiana is a leading manufacturing State and a major agriculture producer. The State is 64% urban and 36% rural.

### A Service to Citizens

The state of Indiana fulfills a wide range of services to citizens in order to meet your needs. The programs and initiatives described in this report will fall into one of the following categories of services:

- Education
- Transportation
- Public Health
- Public Safety
- Welfare
- Conservation
- Culture
- Economic Development

### The Way Forward

The Governor and the Legislature have begun work on the following measures that respond to the concerns of citizens:

#### Education & Training:

- Full Day Kindergarten
- Retaining College Graduates
- Attracting World-Class Scholars & Researchers

#### Economic Development:

- Constant unemployment rate
- Increase in jobs created
- Bio-fuels boom
- Hoosier Hot Jobs
- Commerce Connector



Additional information is available at the state's website, [www.in.gov](http://www.in.gov)

# How We Have Progressed

## Progress in Fiscal Year 2006



### Education

Indiana is attempting to strengthen public education with the newly balanced budget and the following accomplishments in 2006:

#### K-12 Education:

- Indiana eliminated the tuition support payment delay in an effort to balance the state budget, with two half payments in February and July of 2006.
- The State Board of Education was ordered to develop a new, robust school financial data collection system to better evaluate the state expenditures on K-12 education.
- Course curriculum and graduation requirements have been strengthened through the establishment of Indiana's Core 40 college preparation program for students entering high school in 2007 and subsequent years.
- Consistent with the *No Child Left Behind Act*, ISTEP+ testing is given in grades 3-10 for math and language arts and in grades 5 and 7 for science.

#### Higher Education:

- Indiana eliminated the \$40 million it owed various state institutions of higher education for Repair & Rehabilitation projects from 2002.
- State aid for students attending public and private colleges and universities, provided through the State Student Assistance Commission for Indiana, increased 4.8% in FY06.

### Public Health

- The Division of Family Resources (DFR) used \$6 million of un-obligated funds to lower the waitlist for families with children who qualified for the state's subsidized child care voucher program. The impact of the additional funds to the child care voucher program reduced the waitlist from 6,500 children to less than 2,500, a reduction of approximately 62%.
- The Children's Health Insurance Plan (CHIP) spent \$99.5 million in state and federal funds in FY06, an increase of \$8.6 million from FY05, or 8.2%. The increase in spending in the program allowed CHIP to serve 71,000 eligible clients, an increase of 3% over FY05.
- In the Hoosier Healthwise program, Family and Social Services Administration expensed \$191.1 million in FY06, an increase of \$24.5 million from FY05. In addition to an increase in expenditures, the average cost per member per month was reduced to \$160 from \$182 in FY05.
- The Indiana State Department of Health's (ISDH) INShape Indiana programs participation rate rose by 49% to 13,277. Participants in the program increased their physical activity, increased consumption of fruits, vegetables and dairy products, and decreased their consumption of cigarettes. In addition, the program held four Statewide events to promote the program.



### Economic Development

The Indiana Economic Development Corporation (IEDC) continued to build upon accomplishments from the first half of 2005 and work towards Indiana's economic recovery. Total competitive project activity (consisting of projects completed between July 1, 2005 and June 30, 2006) resulted in commitments to create 22,678 jobs and invest over \$5.2 billion of private capital in Indiana. Major projects completed during this period include:

- Honda's selection of Greensburg as the site for its latest vehicle assembly plant. The new plant will involve capital investment of \$550 million and will eventually employ over 2,000 workers.
- Toyota's investment of \$200 million at the SIA facility in Lafayette. Toyota's investment will support the production of the popular Camry line at the SIA facility and will lead to the creation of 1,000 new jobs.
- Louis Dreyfus's investment in Claypool (Kosciusko County) to establish one of the largest biodiesel production facilities in the US.
- Pfizer's expansion at its Terre Haute facility to support the production of the Exubera line of inhalable insulin. This project involves capital investment of \$174 million and the creation of 440 new jobs.
- Rolls-Royce's investment in its manufacturing and research and development operations at its Indianapolis facility. The company's \$145 million investment will result in the creation of up to 600 new jobs.

### Indiana's Balanced Budget

The state government's 600 million dollar deficit was eliminated in 2006. Indiana currently operates with a balanced budget which is a direct result of the business-like management of every department.



### Public Safety

- During FY06, the Indiana Department of Correction (DOC) privatized food service and medical service for all facilities as well as the complete operations of the New Castle Correctional Facility to improve efficiency and save taxpayers dollars. This will result in an estimated \$11.5 million savings annually for the department.
- The 2006 General Assembly passed the Major Moves state highway plan. Annual new construction will quadruple during the program from \$213 million in FY06 to \$874 million in 2015.
- Federal, state, and local entities are now using the Intelligence Fusion Center, operated out of the Indiana Department of Homeland Security, to collect, analyze, and share information and intelligence in regards to making strategic decisions about the prevention, mitigation, and response to security and terrorism treats.

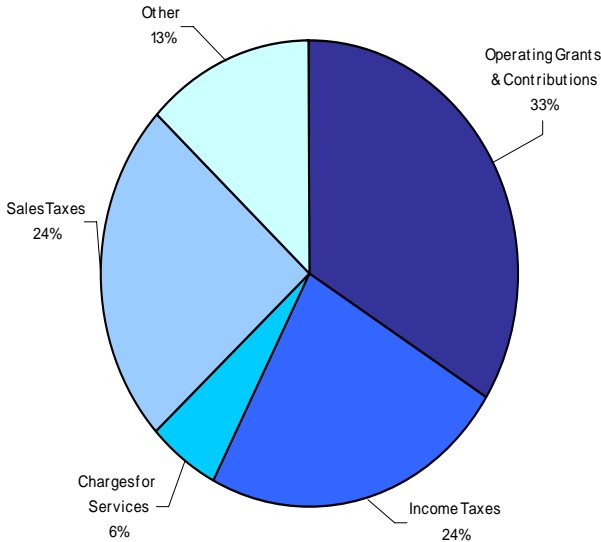


# The State's Finances

## Revenues and Expenses

### Primary Government Sources of Revenue

2006 Revenues By Source

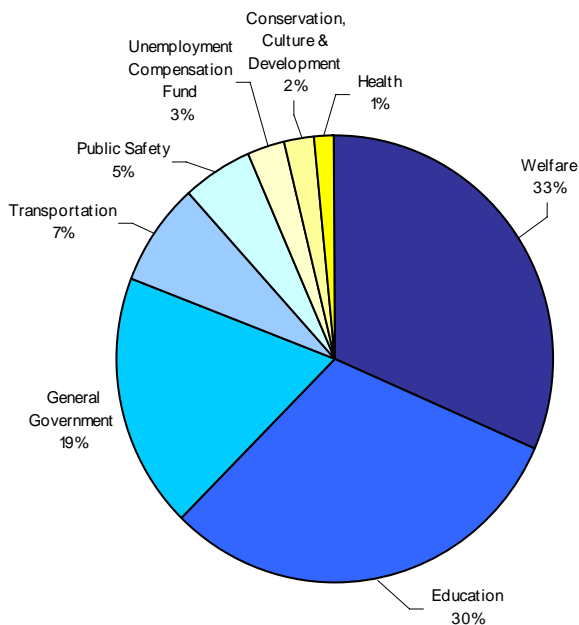


Revenues By Source	2005 Revenue (in \$)	2006 Revenue (in \$)
Operating Grants & Contributions	7.4 billion	7.7 billion
Sales Taxes	5.0 billion	5.4 billion
Income Taxes	5.1 billion	5.4 billion
Other	2.7 billion	3.0 billion
Charges for Services	1.3 billion	1.3 billion
<b>Total Revenues:</b>	<b>21.5 billion</b>	<b>22.8 billion</b>

Total revenues increased by \$1.2 billion from FY 2005 to FY 2006. This is due to increases in sales taxes of \$388.8 million, an increase in individual and corporate income taxes of \$306.6 million, an increase in other taxes of \$293.6 million, and an increase in operating grants and contributions of \$264.4 million. These taxes are both based on income and spending in the Indiana economy which has improved.

### Primary Government Functional Expenses

2006 Expenses By Activity



Expenses by Activity	2005 Expense (in \$)	2006 Expense (in \$)
Welfare	7.3 billion	7.3 billion
Education	6.6 billion	7.0 billion
General Government	4.0 billion	4.3 billion
Transportation	1.7 billion	1.7 billion
Public Safety	1.2 billion	1.2 billion
Unemployment Compensation Fund	0.7 billion	0.7 billion
Conservation, Culture & Development	0.5 billion	0.5 billion
Health	0.4 billion	0.3 billion
<b>Total Expenses:</b>	<b>22.4 billion</b>	<b>23.0 billion</b>

### Independent Audit

An independent audit of the state's financial statements resulted in a clean audit opinion.



# What's Next?

## Future Challenges and Economic Outlook



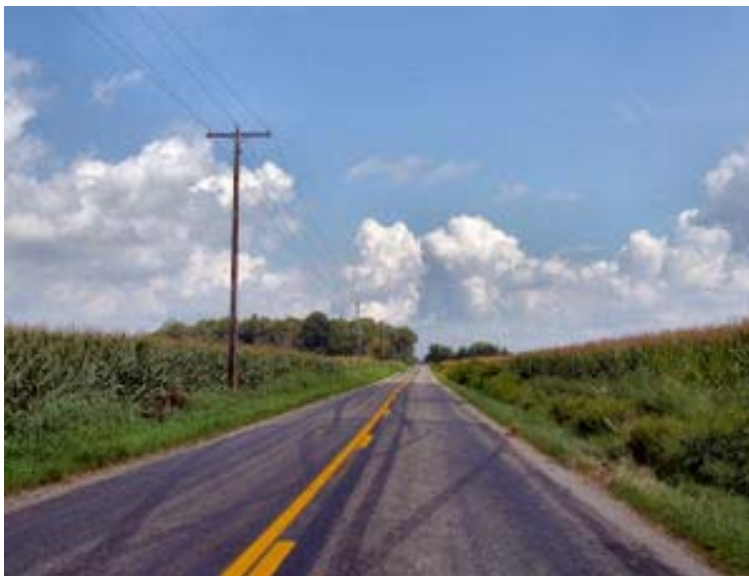
### Economic Outlook 2007

- The domestic automobile industry is cutting back production, which could potentially reduce demand for goods and services of Indiana firms.
- Not likely to see a major downfall in the housing market; however, new home construction will slow.
- More than 99 percent of the revenue generated by property taxes in 2007 will remain in the communities in which they are collected.
- Leading industries include life-sciences firms, and bio-fuels production and research.
- Unemployment rate should stay constant while 20,000 to 25,000 new jobs are created.
- Four ethanol plants will be online in 2007 and an additional 10 ethanol plants are being considered which would utilize 80% of Indiana's 2006 corn production.
- The bio-fuels boom should increase the value of farmland in Indiana for 2007 and beyond.

### Indiana's Commerce Connector

As part of the 2007 Legislative Agenda, an outerbelt tollway has been proposed by Governor Mitch Daniels to connect six interstates and five counties throughout Indiana to stimulate economic growth and reduce traffic congestion on major highways. It is expected the project could be completed within 10 years of groundbreaking.

The Indiana Commerce Connector will be designed, built, operated, and maintained with a public-private partnership. Benefits of such a project include connecting economic growth centers (Martinsville, Franklin, Shelbyville, Greenfield, Pendleton, etc.) for future development, a reduction of traffic around Indianapolis, and millions of dollars saved in construction costs of existing highways.



### Brain Drain Plan—Transforming Higher Education

- 45% of all Indiana public post-secondary students leave the state after graduating.
- Indiana ranks 44th among states for share of population over 25 with a bachelor's degree.

On the Legislative Agenda for 2007, Governor Mitch Daniels is devising a plan to transform Indiana's higher education system in order to retain top-students in the state after graduation and to attract world-class scholars to the state's public institutions.

#### Hoosier Hope Scholarships

Upon legislative approval, 1,700 scholarships will be given annually to Indiana high school graduates. Merit-based stipends in the form of a forgivable loan will be awarded to those students who attend an Indiana college or university. Students must agree to work in the state for at least three years after graduation, or they will be required to pay back the loan.

#### World-Class Scholars Fund

In addition to the Hoosier Hope scholarships, the World-Class Scholars Fund will be established in order to attract outstanding faculty to Indiana's public colleges and universities. The fund will create endowments to cover start-up costs and salaries of scholars and researchers recruited to work in the state's public institutions.

### Every Person in All Vehicles at All Times

897 lives were taken in 2006 from motor vehicle crashes

- 46% of those passengers were not wearing their seat belts.
- 110 of those deaths were in pickup trucks.
- 54 lives may have been saved in 2006 if all truck passengers were required to wear seat belts.

All will change July 1st, 2007. Every passenger in every type of vehicle equipped with a seat belt will be required to wear their seat belt at all times. Wearing a seat belt increases the chance of survival in a car crash by up to 70%.

### Top 10 Hoosier Hot Jobs based on Growth (2004—2014)

1. Network Systems and Data Communicator Analysts
2. Computer Software Engineers, Systems Software
3. Computers Software Engineers, Applications
4. Dental Hygienists
5. Database Administrators
6. Physical Therapist Assistants
7. Network and Computer Systems Administrators
8. Occupational Therapists
9. Surgical Technologists
10. Paralegals and Legal Assistants

For more 'Hot Job' information, please visit, <http://www.in.gov/dwd/hoosierhotjobs/index.html>

### Full Day Kindergarten (FDK)

Over the next two years, Governor Mitch Daniels plans to have all children enrolled in full-day kindergarten. The plan, as of now, is to offer FDK to those children currently eligible for free and reduced price lunch (37%). FDK is currently voluntary and will be funded through the regular school funding formula.

We want your input! Do you like this report? What additional information would you like to see included? Please contact John Doe, Indiana State Representative – Indianapolis, at (800) 555-0123.