

Daniels' \$26M budget gives more to schools

Property tax relief credits would be cut by \$135 million

By MIKE SMITH
THE ASSOCIATED PRESS

INDIANAPOLIS

Republican Gov. Mitch Daniels proposed a nearly \$26 billion, two-year state budget Wednesday that includes 3 percent spending increases for school operating costs, money to begin a phase-in of full-day kindergarten and additional cash for universities and prisons.



DANIELS

But what is sure to be a con-

Some details of Gov. Mitch Daniels' proposed two-year state budget:

Total cost
Would spend about \$26 billion over the next two years, an increase of 3.8 percent in the fiscal year that starts in July and 3.3 percent the next year.

School funding
Would give schools a 3 percent increase in basic funding in each of the

tentious part of the plan would cap the amount of money the state provides in property tax relief credits, which now stands at about \$2 billion a year. The cap means property owners would not get about \$135 million in tax relief over the biennium, according to the State Budget Agency.

The proposed cap comes in a year during which property taxes are expected to rise by double-digit percentages on average, something lawmakers are wary of and want to address this session.

BUDGET HIGHLIGHTS

next two years, an increase of about \$254 million over the biennium.

Revenue growth
Budget assumes revenue growth of 4.2 percent the first year and 4.5 percent the second.

Property taxes
Would cap property tax relief credits at current level of about \$2 billion per year. Means property owners would get

about \$135 million less in tax relief than they otherwise would have received.

Full day 'K'
Seeks \$144 million to begin phase-in of statewide, full-day kindergarten.

Higher education
Would increase spending for higher education by 5 percent each year, up from an average of 1.7 percent from 2002 through 2007.

The Daniels administration said the plan would result in another balanced budget, meaning it would not spend more than the state is expected to take in over the next two fiscal years, without relying on any general tax increases and no bookkeeping maneuvers that some budgets enacted under previous administrations have relied upon.

Daniels is also asking for money to hire more child welfare caseworkers and provide new financial benefits to military per-

sonnel from Indiana.

"The question is can we afford these, and the answer is yes," state Budget Director Chuck Schalliol told the State Budget Committee.

The state is expected to take in about \$1.5 billion in new revenue over the next two fiscal years beginning in July, and Daniels' plan would increase spending by 3.8 percent the first year and an additional 3.3 percent in the second. That would leave about \$619 million of new money on the table.

But Daniels wants the General

Assembly to limit increases to 4 percent per year, and if lawmakers adhered to that, the governor's proposal would only leave them with about \$113 million for their own spending initiatives.

The plan is only the start of negotiations, however, and lawmakers always make modifications, sometimes major ones, to governors' budget proposals.

Unlike the past two years when the House and Senate were controlled by Republicans, Democrats now have a majority in the House and they get the first crack at drafting their own version of a budget in the House Ways and Means Committee.

The 3 percent increases Daniels is calling for in tuition support for public schools, money used to pay teachers, administrative and utility costs and other operational expenses, would give schools an additional \$254 million over the biennium.

Overall tuition support in the plan would be about \$7.8 billion over the biennium.

Daniels also wants \$144 million to begin a three-year phase-in of optional, full-day kindergarten — first for children who receive free or reduced priced lunches. Full-day kindergarten enjoys general, bipartisan support, although some top lawmakers have expressed reservations about it for a variety of reasons, including the money not being available for current programs.

The state-supported colleges and universities would get increases of 5 percent, up from an average of 1.7 percent from 2002 to this current fiscal year.

The plan seeks \$45 million to hire 400 new child welfare caseworkers. Reducing the caseloads for those who monitor families with abused or neglected children has been a top Daniels priority since he took office in early 2005.

The governor also wants \$72 million more for the Department of Correction, with some of the money used to increase salaries for prison guards.

FSSA chief defends privatization to House committee

Roob: Public had plenty of time to comment

By KEN KUSMER
THE ASSOCIATED PRESS

INDIANAPOLIS

The state's human services chief told lawmakers Wednesday that his agency offered ample opportunity for public input before awarding a \$1.16 billion contract to privatize parts of the state's food stamp, Medicaid and welfare programs, a deal that is aimed at improving an outdated benefits system.

Facing persistent questioning from members of the House Ways and Means Committee, Secretary Mitch Roob of the Family and Social Services Administration held firm to his contention that the state's methods of determining eligibility for benefits are sorely outdated and can be best fixed by outsourcing portions of the work to an IBM Corp.-led team of vendors.

Roob, answering criticism that his agency has structured its overhaul of eligibility determination without input from the public and lawmakers, said he discussed it before three separate legislative study committees as early as July 2005 and that the agency gave the public opportunities to comment on the privatization when it was still on the drawing board late that year.

"We did have a staged process that allowed for public input, and we did receive public input," Roob told Ways and Means Chairman Bill Crawford, D-Indianapolis.

Under the 10-year deal, IBM and its partners would staff call centers, provide automated services and other so-called "back office" functions for processing the applications for benefits received by 1.1 million children, seniors, and disabled and needy Indiana residents.

A key partner in the deal is Dallas-based Affiliated Computer Services Inc., which employed Roob as a vice president before he became FSSA secretary two years ago.

Gov. Mitch Daniels, who signed the 180-page contract two weeks ago, has remained adamant the contract needs no legislative approval, but Democrats who regained control of the House of Representatives in the November general election have said they will review it anyway. Crawford last week sent Roob a letter with 15 pages of questions about the deal.

Roob, driving home his point

AT A GLANCE

What's new: State human services chief Mitch Roob went before the House Ways and Means Committee to defend his agency's plan to outsource parts of the state's food stamp, Medicaid and welfare programs.

What lawmakers said: Democrats controlling the committee reiterated criticisms that lawmakers and the public have had little chance to provide input into a deal that affects 1.1 million Indiana residents.

What's next: Democratic legislators are looking for ways to stop the 10-year, \$1.16 billion contract with an IBM Corp.-led team of vendors from taking effect.

that his case workers are buried under reams of documents that make eligibility determination menial and slow, had seven of his aides carry into the committee room boxes containing copies of his 1,700-page response to the questions and distribute them to the 23 committee members.

"This is illustrative of the way we do eligibility today," Roob said as lawmakers glanced through and peered around the stacks of paper on their desks.

Roob said that, using modern technology, he could have instead given each lawmaker a computer compact disk in which they could find the answers to their questions in an instant.

"We are asking our employees to use technology that's pre-Internet era," Roob said.

Some lawmakers remained unimpressed with the display, though.

The committee's vice chairman, Rep. Robert Kuzman, D-Crown Point, said the amount of information demonstrated that FSSA should have been forthcoming with information about the contract sooner. He told Roob he might be summoned back before the committee once lawmakers reviewed the information Roob gave them.

Kuzman's comments underscored a key criticism of the IBM deal raised by lawmakers and advocates for benefit recipients and affected state workers, that FSSA negotiated the contract without widely available opportunities for public input.

The lone widely publicized public hearing on the contract was held on a weekday morning in Indianapolis last month after the state and IBM had spent half a year negotiating its terms and procuring federal approval.

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