

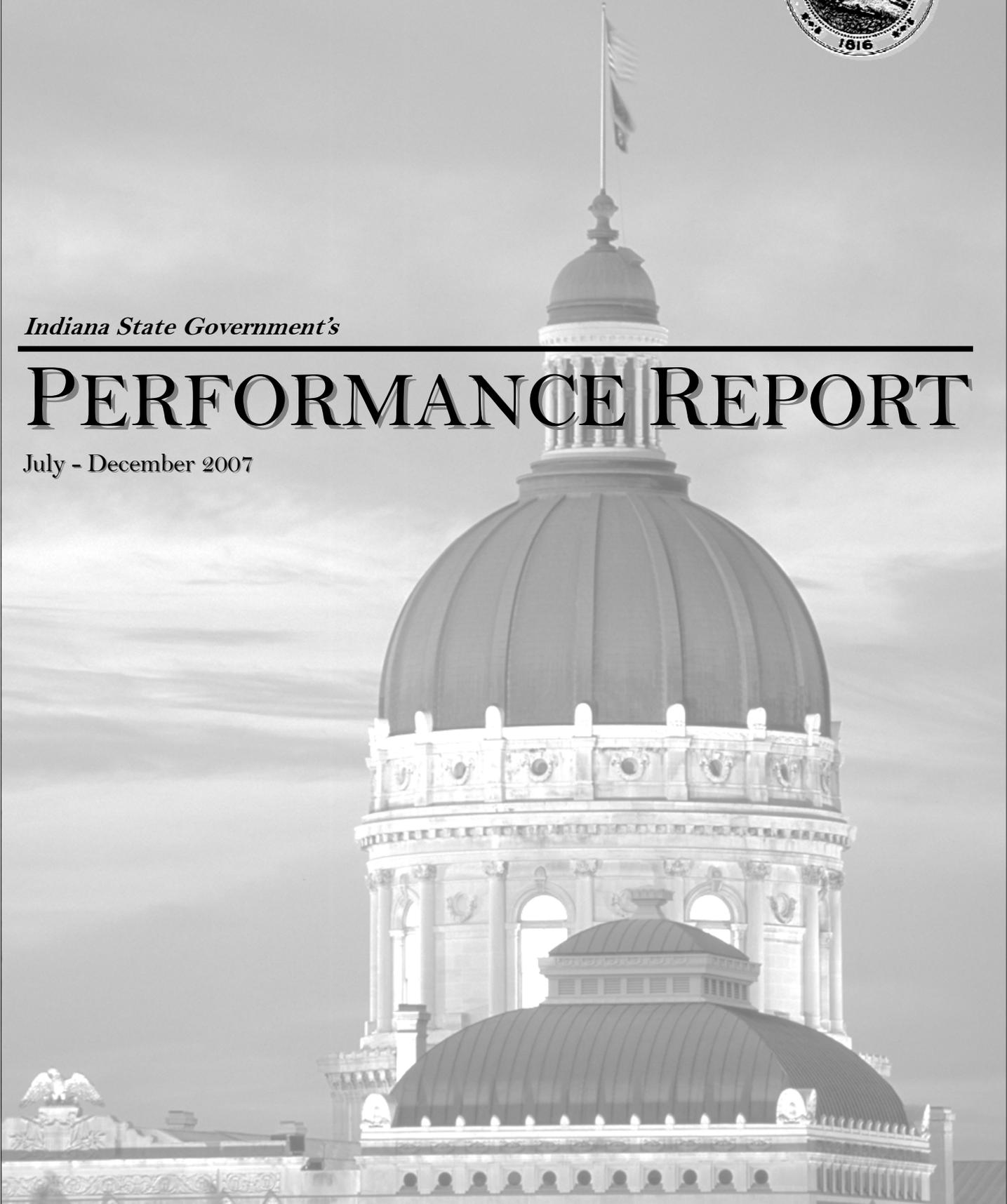


*Indiana State Government's*

---

# PERFORMANCE REPORT

July - December 2007







# PERFORMANCE REPORT

July - December 2007

## Table of Contents

Memorandum.....	2
<b>Insourcing Indiana Jobs</b>	
Record job creation in 2007 .....	3
Minority business development.....	3
Lowest unemployment in region.....	4
2007 job commitments by business sector.....	4
Competitive deals closed July – December 2007.....	5
Buy Indiana update .....	6
<b>Serving the Needs of Hoosiers</b>	
FSSA: Fixing broken systems and improving service delivery .....	7
Helping Indiana’s most vulnerable citizens .....	9
BMV: Better service, expanded options, reduced visit times .....	10
Serving the needs of those who have served .....	11
Guard responds to disasters, plans for largest call-up since WW II .....	11
Hoosier Homegrown Energy .....	12
Highway projects funded, under construction and on schedule .....	13
Indiana has cleaner land, air and water.....	14
INShape participation higher, new programs introduced.....	15
Health: First-ever medical errors report released; records digitized .....	15
Restoring natural habitat and expanding rail trail projects .....	16
Innovative programming, services prepare offenders for reentry.....	17
Responding to disasters and preparing for future events .....	18
<b>Leaner, Cleaner State Government</b>	
Balanced state budget for third consecutive year.....	19
Governor Daniels presents plan to solve property tax dilemma.....	19
Local government reform recommendations introduced .....	20
Reassessments ordered to examine property tax disparities .....	20
Improving efficiency, pay for performance .....	22
Maintaining high ethical standards .....	22
Reducing the costs of state government.....	23
Public Employees Retirement Fund among best in the country.....	24
Taxpayers receive personal tax refunds in half the time.....	24
Operational costs cut in half at correctional work release centers.....	25
Higher gate revenues at parks and reservoirs.....	25
State Board of Accounts achieves audit goal .....	25
Performance Metrics .....	26







STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.  
*Governor*

## Memorandum

**To: Governor Daniels**  
**From: Betsy Burdick, Deputy Chief of Staff**  
**Date: April 18, 2008**  
**Re: Agency performance reports and metrics for July through December 2007**

I am pleased to present the 6<sup>th</sup> and latest edition of the Indiana State Government Performance Report, which covers the period from July to December 2007. After three full years of you serving as our governor, Indiana has not only achieved back-to-back balanced budgets but a solid surplus in its bank account, too. Hoosiers have enjoyed record job creation for the third consecutive year and our state has the lowest unemployment in our part of the country.

Restoring the state's fiscal health and continuing to attract more jobs for hard-working Hoosiers are not the only accomplishments the agencies in your administration have to report. Agencies across state government continue to improve customer service and to find more efficient ways to conduct their business while bringing increased savings to the Indiana taxpayer. The hard work and effort of the 31,715 dedicated Indiana state employees, the leanest state government in over 20 years, is getting noticed around the country as many of these programs and initiatives are becoming national models.

The nationally acclaimed Annie E. Casey Foundation recognized our state's progress in child welfare reform when they noted that Indiana, through the Department of Child Services, is emerging as a national leader in helping to safeguard children.

Tremendous strides are being made at the Family and Social Services Agency in providing needed services to our state's most vulnerable citizens. The Healthy Indiana Plan (HIP), a state sponsored health insurance program designed to provide affordable health coverage to Indiana's uninsured population, began accepting applications in late December and received more than 7,000 in just the first two weeks of its operation. FSSA also began implementing a welfare modernization system in October that will provide better, faster and less expensive services to qualified Hoosiers in need.

The Hoosier Homegrown Energy program is creating new alternatives to meet our future power needs. In the fall, the Indiana Utility Regulatory Commission approved construction of the world's first commercial scale integrated gasification combined cycle clean coal plant. It will provide 630 megawatts of electricity while producing virtually no emissions. The world's largest biodiesel plant opened this fall, just one more sign that Indiana's biofuels program continues to prosper. Indiana ranks third in the nation in terms of its number of E85 gas pumps with nearly 100 around the state, and our state is leading a multi-state project to establish the nation's first E85 corridor, on I-65, between Lake Michigan and the Gulf of Mexico.

On behalf of your Cabinet and other leaders in state government, we look forward to making this periodic report useful to you, the hard-working people of state government and the public. As with the past five performance reports, the edition will be posted on the state's Web site for all to read and review. Thank you for your vision and courage that is producing positive results and making Indiana a great place to live, work and raise a family.

# Insourcing Indiana Jobs

## Record job creation in 2007

Since Governor Mitch Daniels established the Indiana Economic Development Corporation (IEDC) in early 2005, the state has set and then exceeded all previous marks for competitive job creation. Nearly 500 companies have committed to create more than 60,000 new jobs in Indiana and invest more than \$14 billion in their Indiana operations since January 2005. Nearly half of the new jobs will come to communities with a population of 25,000 or less – evidence that Governor Daniels’ focus on the economic revival of Indiana’s smaller towns and communities is beginning to pay off.

2007 marked the third consecutive year Indiana has set a new job commitment record. 158 companies from across the state, the country and around the world chose Indiana over other states or countries for their next job-creating investment. These companies will create over 22,600 new jobs in the Hoosier state over the next several years, with an average hourly wage of \$20.56 – substantially above the state average wage of \$18 hour.

---

## “Indiana sits as a small island of growth in the Midwest...”

Michael Hicks, Ph.D.  
Director Bureau of Business Research  
Ball State University  
Indianapolis Business Journal – 12/24/07

---

Today, Indiana is clearly outpacing its regional counterparts in new job creation and is standing out as a destination of choice nationally. In July, our unemployment rate hit a six-year low at 4.4 percent. Since then the rate has been 4.5 percent - the lowest among our neighboring states. We have the lowest business costs in the Midwest and fourth lowest in the US (Forbes, July 2007). Our tax climate ranks first in the Midwest and 12<sup>th</sup> nationally (Tax Foundation’s 2007 Business Tax Climate Index). These strengths, along with an aggressive focus on closing deals (with a success rate of greater than 90 percent when we are in direct competition with another state for new jobs), have propelled Indiana into the driver’s seat when it comes to winning the jobs battle.

Internationally, Indiana is also outpacing the competition. Since 2005, over 13,000 jobs have been committed to Indiana by international companies. In fact, Indiana ranked number one in North America in the creation of production jobs from international sources in 2006 (IBM 2007 study). In 2007, the trend continued with major announcements by Veolia Water, Redcats USA, TS Tech, ASUS Technologies, Getrag, Toyota Boshoku, Nestle Waters and Siemens. Clearly, the Governor’s efforts to in-source jobs to Indiana by reaching out internationally and building a pro-growth environment are beginning to pay big dividends.

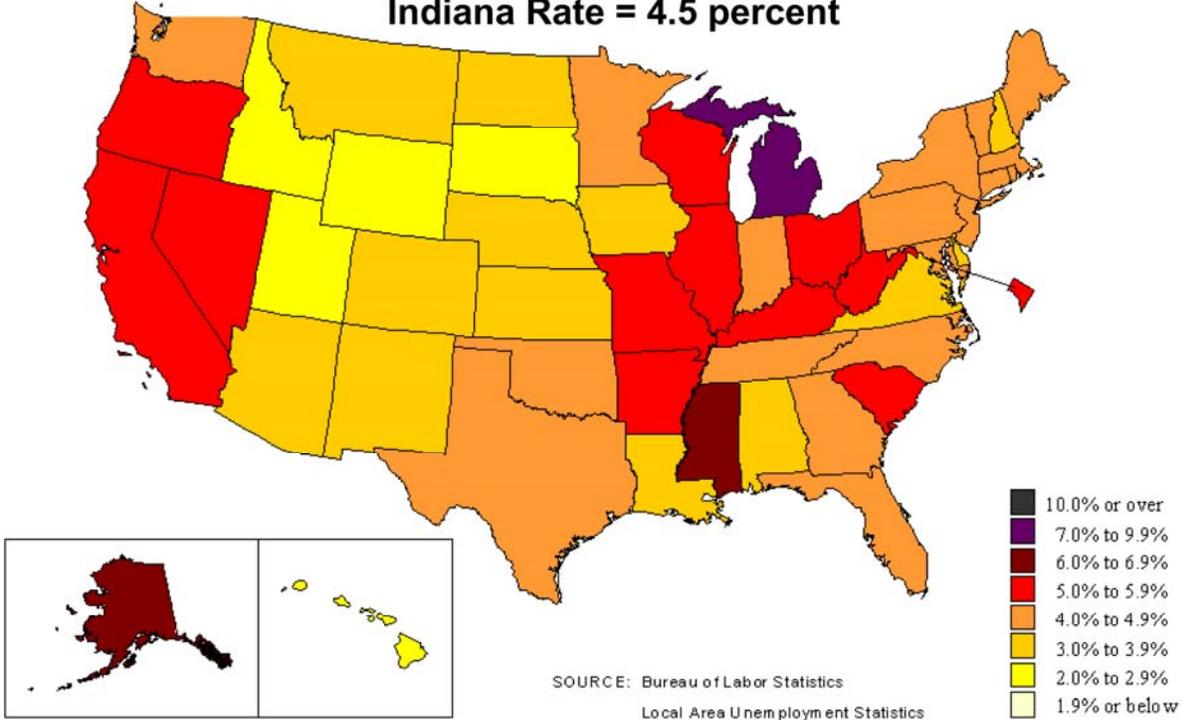
## Minority business development

In 2007, the Indiana Department of Administration Minority and Women’s Business Enterprises created the Minority Business Enterprise Center (MBEC). The center provides high-quality strategic business consulting services to Indiana Minority Business Enterprises (MBEs) with \$500,000 or more in annual revenues.

The MBEC offers assistance with finance, management, marketing and executive training. In only nine months since its start-up, the office reached its 12-month goal. The agency currently has 131 clients across Indiana. Between July 1 and December 1, 2007, the Center provided over 600 hours of business consulting services to MBEC clients. These companies were awarded \$10.7 million in public and private sector contracts. The MBEC also assisted their clients in securing \$6.7 million in financing. Collectively, the companies participating in the program increased their sales by \$1.6 million. Visit their Web site at [in.gov/idoa/2888.htm](http://in.gov/idoa/2888.htm).

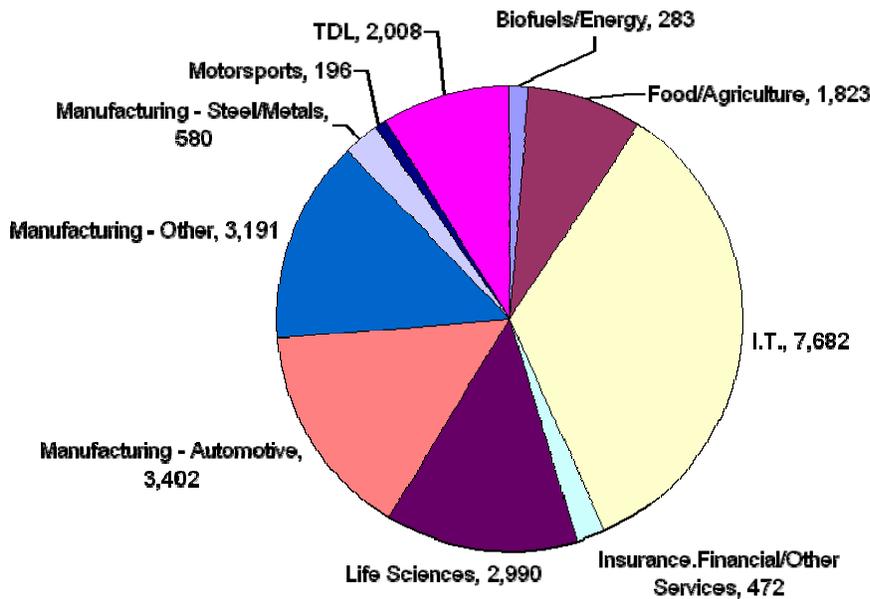
# Indiana has the lowest unemployment in the Region

U.S. Rate = 5.0 percent  
Indiana Rate = 4.5 percent



\* US and IN rates are for Dec 2007, map based on Nov 2007 rates

## 2007 Job commitments overview



Industry	Jobs
Biofuels/Energy	283
Food/Agriculture	1,823
I.T.	7,682
Insurance, Financial & Other Services	472
Life Sciences	2,990
Manufacturing - Automotive	3,402
Manufacturing - Other	3,191
Manufacturing - Steel/Metals	580
Motorsports	196
TDL	2,008

## Compete and win: More new Hoosier jobs (July - December 2007)

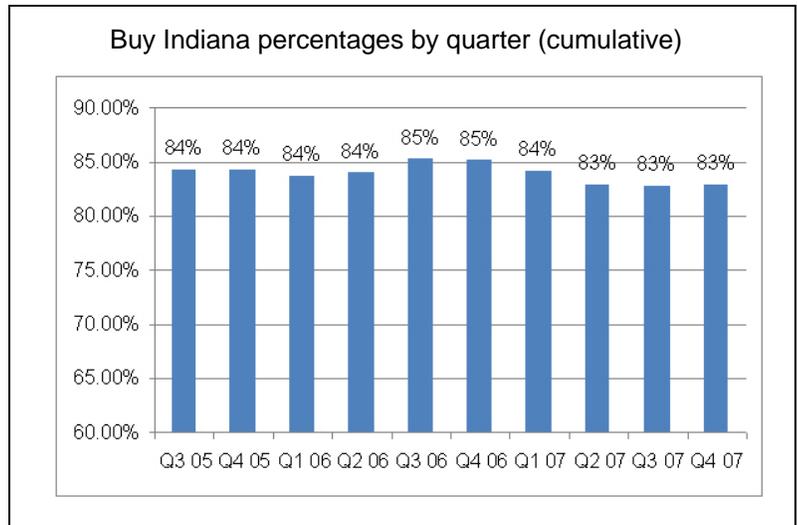
Company	County	New Jobs	Company	County	New Jobs
Westfield Distributing	Randolph	71	United Parcel Service	Allen	15
Hearthmark	Delaware	46	Toyota Boshoku	Gibson	230
Whirlpool Corporation	Hendricks	158	KVK US Technologies	Henry	25
TI Automotive	DeKalb	87	McCullough Fabricating	Lawrence	57
Steel Dynamics	Whitley	52	Dow Corning STI	Noble	21
Becker Acroma Corp.	Clark	38	Quality Trailer Products	Steuben	27
Indiana Fineblanking	Starke	110	Eagle Steel Products	Clark	27
Madison Tool, & Die	Jefferson	58	Illinois Tool Works	Noble	83
ECP Safe-Way	Kosciusko	57	Veriana Networks	Grant	285
American Global Management	Marion	70	Foamex LP	Allen	30
Nestle Waters	Johnson	64	Berry Plastics Corporation	Vanderburgh	250
T2 Systems	Marion	92	Marine Builders	Clark	93
Courier Kendallville	Noble	175	Pullman Company	Steuben	42
Advantage Lumber Company	DeKalb	32	Medco	Boone	1306
Q-Edge Corporation	Hendricks	1,456	C&K Enterprises	Steuben	66
Really Cool Foods	Wayne	1,000	HSAC Acquisition Corp	Allen	149
Connexions	Clark	750	Clarke American Checks	Clark	49
Arcadia Resources	Marion	315	Selective Insurance Group	Hamilton	40
Cook Pharmica	Monroe	206	Prime Distribution Services	Hendricks	48
Flodraulic Group	Hancock	11	Baekgaard LTD of Indiana	Allen	55
Novae Corp.	Huntington	105	Ryder Integrated Logistics	Hendricks	46
The Wolf Envelope Company	Steuben	26	Asset Recovery & Recycling	Marion	34
Nice-Pak Products	Johnson	152	CSpine	Marshall	49
AQuMed Manufacturing	Wayne	10	Siemens Medical Solutions Diagnostics	Elkhart	68
Major Tool & Machine	Marion	53	McJunkin Corp	Lake	32
AT & T	Statewide	475	Hertiage Environmental Services	Marion	30
Casting Technology Company	Johnson	42	Nyloncraft	St. Joseph	50
Amazon	Lake	75	AIT Laboratories	Marion	120
Affiliated Computer Services	Madison	500	Indiana Flex Fuels	LaPorte	27
Ice River Springs Kentland	Newton	56	Cereplast, Inc.	Jackson	200
IBM	Marion	6	MKM Machine Tool Company	Clark	52
Applied Extrusion Technologies	Vigo	60	M-Tec Corporation	Elkhart	40
Georg Utz	Bartholomew	100	R.R. Donnelley & Sons	Montgomery	61
Fusion Alliance	Marion	111	Defender Security Company	Marion and other counties	1,134
Ten Cate Enbi	Shelby	34	Toll Processing Services	Porter	41
Heidtman Steel Products	DeKalb	18	LHP, Inc	Bartholomew	325
EMCON Technologie	Bartholomew	137	Task Force Tips	Porter	50
EMCON Technologies	Bartholomew	26	American Oak Preserving Co.	Starke	14
Supreme Building Technologies	Steuben	60	OFS Brands Holdings, Inc.	Dubois	300
			<b>Total New Jobs</b>		<b>12,465</b>

## Buy Indiana

In 2005, Governor Daniels established the “Buy Indiana” program to put the state’s purchasing power to use to encourage economic growth across Indiana. The program’s goal is to have state government spend at least 90 cents of each Hoosier tax dollar with Indiana businesses to purchase goods and services. Prior to 2005, state government did not track the percentage of procurement dollars it spent with Indiana companies, however best estimates at the time indicated that approximately 60 percent of contract dollars were going to firms defined as “Indiana companies.”

At the close of 2007, 82.4 cents of every dollar the state spent went to an Indiana company. This reflects significant progress toward reaching our goal of having 90 cents of every dollar spent with Indiana companies for goods and services. Here are examples of purchases made from Indiana companies since July 2007:

- The Department of Child Services awarded a furniture contract to OfficeWorks, a woman-owned business based in Fishers. The contract has a total value of \$638,000 and saves the State of Indiana approximately \$400,000 in cost avoidance.
- Indiana State Police (ISP) awarded Indianapolis-based Strand Analytical Laboratories a \$2.3 million contract for DNA services.
- Healthcare Products Delivery of Lizton was one of three companies recently awarded a contract to provide incontinence supplies to Medicaid recipients in Indiana.
- Briljent, a Fort Wayne-based, woman-owned business was recently named as the prime contractor for the Fiscal Intermediary Services’ (DDARS) Direct Support Professional Training Initiative.
- Holt, Sheets and Associates, from Greenwood, was awarded a \$600,000 contract by ISP to maintain the department’s Criminal History Records Information System.
- The Department of Workforce Development recently awarded contracts to three Indiana companies for recruitment, placement, and training services on their Major Opportunities Project. IVY Tech, the Fort Wayne Urban League, and the Indiana Association of Builders and Contractors were each selected on this contract, which is valued at \$2 million.
- The Bureau of Motor Vehicles recently awarded the Internet format of their Driver Improvement Safety Program to Indiana Online Driver Improvement, Inc., based in Indianapolis. The contract is valued at \$880,000.
- The Department of Corrections awarded their Offender Study Services contract to Indiana University. This contract is valued at \$200,000.
- ISP purchased 18 Ford Mustangs, from Burd Ford in Indianapolis, for \$408,600.
- FSSA contracted with two Indiana non-profit companies, MDwise and Advantage Health Solutions, to administer the Care Select program for those receiving Medicaid. The multi-year contract totals \$130 million.



# Serving the Need of Hoosiers

## **FSSA: Fixing broken systems and improving service delivery**

The Family and Social Services Administration (FSSA) manages many of Indiana's human service programs including: Medicaid, food stamps, temporary aid to needy families (TANF) and childcare. FSSA is implementing a series of reforms to modernize application processes that lead to improved customer service and better decisions in a timely manner.

### **Healthy Indiana Plan (HIP)**

HIP is a new state sponsored health insurance program for uninsured adult Hoosiers below 200 percent of the federal poverty. HIP began accepting applications on December 17, and received over 7,000 applications in the first two weeks. FSSA estimates at least 50,000 uninsured Hoosiers will gain the peace of mind of quality and affordable health insurance in 2008 thanks to Governor Daniels' HIP plan.

---

### Healthy Indiana Program

**“This is a forward-thinking plan to reduce the numbers of uninsured Indiana residents.”**

**“(I) hope other states will follow Indiana's model of combining personal responsibility with public support to help those who are truly in need gain health coverage.”**

Secretary Mike Leavitt  
United State Department of Health and Human Services  
December 14, 2007

---

### **Welfare modernization**

Modernizing the welfare system in Indiana will mean better, faster and less expensive services. FSSA selected IBM to update the state's outdated and inefficient welfare system. The contract is expected to save \$350 million to \$500 million over 10 years.

The eligibility modernization project motto is “Do it right, not fast,” and for this reason a regional approach to implementation is being taken to protect the fragile populations FSSA serves. A 12-county area pilot project, in north central Indiana, began in October. Hoosiers can now apply online and over the phone for services. In the first nine weeks, nearly 143,899 persons called the toll-free phone number and 2,858 applied online at [in.gov/fssa/6175.htm](http://in.gov/fssa/6175.htm). In addition, clients can arrange personal appointments that include new options - such as applying at a variety of community organizations (see VCAN).

### **Care Select**

FSSA contracted with two Indiana non-profit companies, MDwise and Advantage Health Solutions, to administer the Care Select program which provides care coordination, disease management and utilization management services to the aged, blind and disabled Medicaid population. Both vendors have committed to limit annual cost growth to five percent and to focus on quality performance targets. It is projected that 70,000 Hoosiers will transition to the Care Select program.

## **Voluntary Community Assistance Network (VCAN)**

In an effort to further expand access to all FSSA services, a formalized network of community organizations and service providers was established across the state to serve our mutual clients. There are three levels of voluntary involvement in the network including informational, referrals, and direct access for clients who wish to apply for assistance. To date, there are more than 1,000 participating organizations statewide, including health centers, food pantries, workforce training centers and other community organizations.

## **Provider increases**

In 2007, FSSA increased Medicaid payments to physicians and dentists. These were the first raises these medical providers received in more than 10 years.

## **Waitlist reductions**

Savings from the improved administration of the welfare program were used to provide more low-income families with child care. In October, FSSA expanded the Child Care Development Fund and increased eligibility guidelines so families can continue to receive child care as they advance in their jobs.

At the end of December, the program was serving 37,473 children, up from approximately 35,000 one year ago. The waitlist period for child care vouchers was cut by more than half - from a high of 67 days in May 2006 to a recent average wait time of 28 days.

The Community and Home Options to Institutional Care for the Elderly and Disabled (CHOICE) program provides home and community based services to the elderly and disabled as an alternative to institutional care. The CHOICE wait list was reduced by more than 60 percent, from 10,257 in January to 4,270 at the end of December 2007, the lowest since 1999. In addition, community-based Medicaid placements have reached an all time high of 5,577 - an increase of 76.5 percent since 2005.

## **More waivers provided to families for disability and rehabilitative services**

The Division of Disability and Rehabilitative Services (DDRS) created two new priority categories to assist parents who care for developmentally disabled children. Parents who are 80 years old and above can automatically receive a waiver that makes their child eligible to receive home-based and community services. This waiver allows for all in-home care (nurse or other healthcare professional) and community-based services, such as attending a day program for persons with disabilities.

Families with children nearing high school graduation are also eligible for an automatic waiver that will continue to provide needed care up to an annual maximum of \$13,500. Each family selects from a list of services that best meets their individual needs.

Beginning in 2006, the Daniels administration made an unprecedented commitment to reducing the number of families on the waiver waitlists. Under the old system, no new clients had received services since 2002. Today, more than 10,000 clients have received waivers - a record number.

## Helping Indiana's most vulnerable citizens

In its first three years, the Department of Child Services (DCS) has added more than 573 family case managers to protect vulnerable children - including 223 since July 2007. At the end of 2007, the agency had 1,313 family case managers. DCS expanded case worker training into a public partnership with the premier IUPUI School of Social Work. The agency also received Child Abuse Prevention and Treatment Act (CAPTA) approval for the first time in 32 years.

In the fall, the Annie E. Casey Foundation honored Governor Daniels for the state's progress in child welfare. The Casey Foundation recognized Governor Daniels' unwavering commitment to Indiana's children and families. Founded in 1948, the Casey Foundation is nationally acclaimed for fostering public policies, human-service reforms, and community supports to more effectively meet the needs of today's vulnerable children and families.

---

### Indiana...

**"...is beginning to emerge as a national leader in helping to safeguard children, and assure children can grow and thrive in loving, permanent families."**

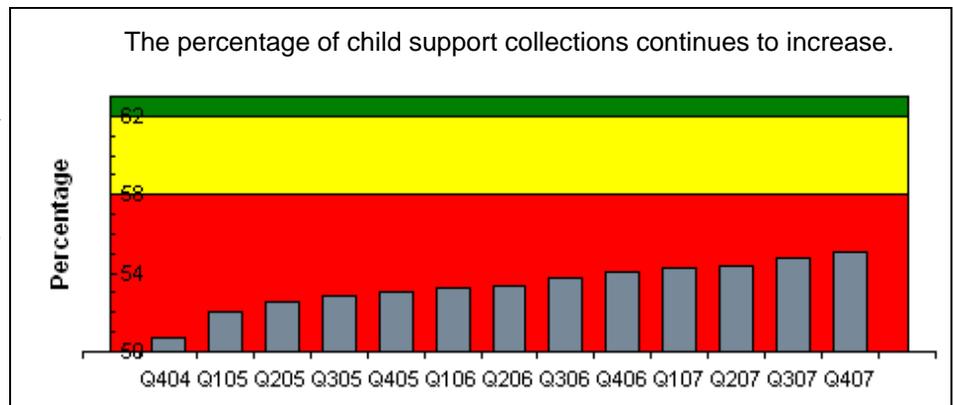
**"...has embraced the most sophisticated, state-of-the-art policies and practices, and made an investment in the futures of Indiana's vulnerable children and families."**

Tracey Feild  
Director of Consulting Engagements  
Annie E. Casey Foundation

---

### Child Support Program

- Through improved procedures, DCS has increased its child support payment collections by nearly 20 percent - from \$452.2 million in 2004 to \$534 million in 2007.
- Custodial parents now receive their child support checks two days earlier (direct deposit) or one day earlier (paper check) thanks to improved procedures.
- DCS received national recognition, from the federal office of child support enforcement, for processing employer payments for child support obligations withheld from employee paychecks - reducing the time for families to receive their payments.
- The Child Support Bureau has dedicated resources to distributing child support payments to custodial parents whose whereabouts have been unknown, and has succeeded in locating parents and distributing over \$3 million out to these Indiana families in the last six months.



## BMV: Better service, expanded options, reduced visit times

Long a source of frustration and stress, a visit to the Bureau of Motor Vehicles used to be about as popular as getting a root canal. But, dramatic improvements implemented at the BMV have reduced visit times. In many cases, Hoosiers don't need to visit a branch at all to transact their business - they can now do almost all routine matters by mail, over the Internet or by visiting local auto dealers or their neighborhood AAA office.

For those planning a branch visit, citizens can check online to see exactly how long the visit times are at their local office, in real time, by visiting [MyBMV.in.gov](http://MyBMV.in.gov). The average statewide visit time in a branch is down to 10 minutes, 56 seconds. In fact, the December average was 8 minutes, 11 seconds - compared to a 28-minute average in 2006.



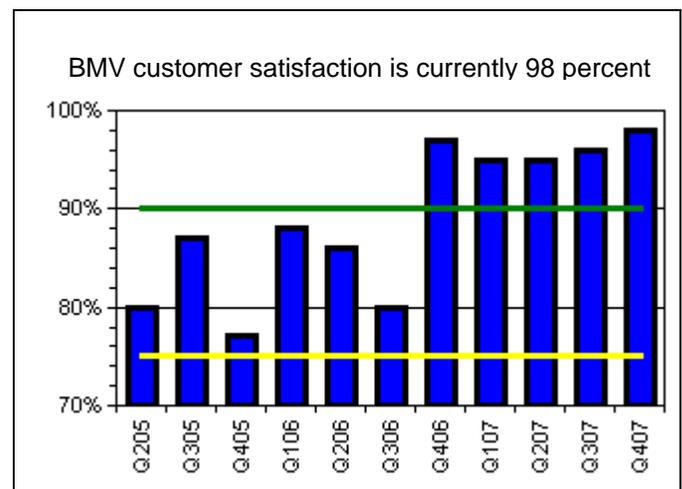
New service options were introduced for customers to transact BMV business outside of the branches:

- Nearly 100 auto dealerships across the state now offer title and registration services, resulting in 18,000 transactions to date.
- Three AAA Hoosier Motor Club offices are offering limited BMV services.
- A mobile BMV unit, unveiled at the state fair in 2007, has served more than 1,700 customers in 28 convenient locations in 16 communities and conducted 2,500 transactions.

**“BMV 2 You” Mobile Unit**

Additional achievements include:

- The 73 busiest and largest branches now offer branch appointments to save time and offer more convenience.
- Customer satisfaction ratings reached above 98 percent from a low of 79 percent in 2005.
- Call center wait times are consistently below one minute, down from a high of more than 18 minutes in 2006. The number of calls abandoned in the fourth quarter is 3.3 percent - well below the high of 55 percent in 2006.
- 18 new or remodeled branches opened.
- Implemented Social Security online verification tool that now verifies the information of all customers applying for a driver license, ID card, or title with the Social Security Administration's database.
- Introduced a new digital driver's license, with enhanced security features several weeks ahead of schedule.



## Serving the needs of those who have served

Hoosiers are deeply indebted to our state's veterans and their families for their service and sacrifice. In 2007, Governor Daniels took several measures to assist active duty and retired military personnel and their families.

- The Military Family Relief Fund presented \$51,297.89 in grants to National Guard members and their families who were financially affected by mobilizations and deployments. These grants assisted with food, shelter, transportation, utility bills and other essential family needs.
- Governor Daniels signed Senate Bill 480 which extended to Korean War and Vietnam War veterans the eligibility to receive a Delayed High School Diploma if they quit high school to join the military during those periods of wartime. Since the law became effective, the Indiana Department of Veterans Affairs has approved 40 veterans' applications for diplomas.
- The normal recruit school selection process for the Indiana State Police (ISP) takes approximately six months to complete. To assist deployed military personnel who are interested in becoming a state trooper, ISP has developed an abbreviated selection process. The new process allows those applicants to complete the various components for selection as an Indiana state trooper during a three week timeframe just prior to the start of the 69th Indiana State Police Recruit Academy. This is the first selection process for the ISP Recruit Academy that accommodates deployed military applicants with the opportunity to compete for appointment as a trooper.
- To ensure veterans receive their GI Bill benefits, which helps fund their education at public and private colleges and universities, Governor Daniels consolidated all approving authority under the Indiana Department of Veterans Affairs. This consolidation was effective in October.



## National Guard responds to natural disasters, plans for largest deployment since World War II

In 2007, members of the Indiana National Guard assisted Hoosiers and visitors to our state in the aftermath of several natural disasters.

- For two major winter storms, 140 soldiers were mobilized to provide transportation to stranded motorists. The personnel also opened armories in Lafayette, Noblesville, Anderson, Remington, South Bend, Gary, Delphi, Lebanon, Rensselaer, Fort Wayne, Marion, Muncie, Huntington, Bluffton, Peru and Angola for temporary shelter.
- Thirty-six members were activated to assist with tornado debris clean-up in Lake County, including New Chicago, Griffith, Schererville, Hobart, Merrillville and Hammond.
- 994 soldiers were mobilized for assignments in nine foreign countries and 11 locations in the United States.
- Approximately 3,076 members of the Indiana Guard spent the summer and fall preparing for deployment in Iraq in early 2008. This will be the largest mobilization and deployment of Indiana forces since World War II.

## Hoosier Homegrown Energy: Alternatives to meet our power needs

Governor Daniels' Hoosier Homegrown Energy plan commits to using new and emerging technologies to convert Indiana coal, corn, soy and other renewable sources to energy. Since 2005, there has been \$6 billion invested by industry in 23 new energy projects.

### BioTown

The Indiana Department of Agriculture and Office of Energy Defense continue the development of BioTown, USA, located in Reynolds. Energy Systems Group (ESG) was selected to develop and operate the BioTown Technology Suite. Throughout 2007, the company developed business plans and secured waste streams for construction, in early 2008, of self-sufficient systems that will begin producing electricity in the fall of 2008.

### Clean Coal Technologies

In 2007, construction was approved for Indiana's first commercial scale integrated gasification combined cycle (IGCC) clean coal plant. This 630-megawatt facility will produce virtually no emissions while providing Indiana with a needed new source of electricity. It will be the first carbon capture and storage IGCC plant with the capability of on-site storage for up to 20 percent of the plant's CO2 emissions and is one of only two to be awarded federal tax credits. Governor Daniels also extended clean coal tax credits to synthetic natural gas production.

### Biofuels

There are now 16 ethanol and four biodiesel plants operating or under construction with more than one billion gallons of announced capacity. There was only one fuel ethanol plant and zero biodiesel plants in 2005.

In 2007, the world's largest biodiesel plant opened in Indiana. Statewide, we have nearly 100 E85 pumps – the third highest amount in the nation. In 2005, there were no E85 gas pumps in the state.

In partnership with the U.S. Department of Energy, Indiana is leading a multi-state project to establish the nation's first E85 corridor, along I-65, from Lake Michigan to the Gulf of Mexico.

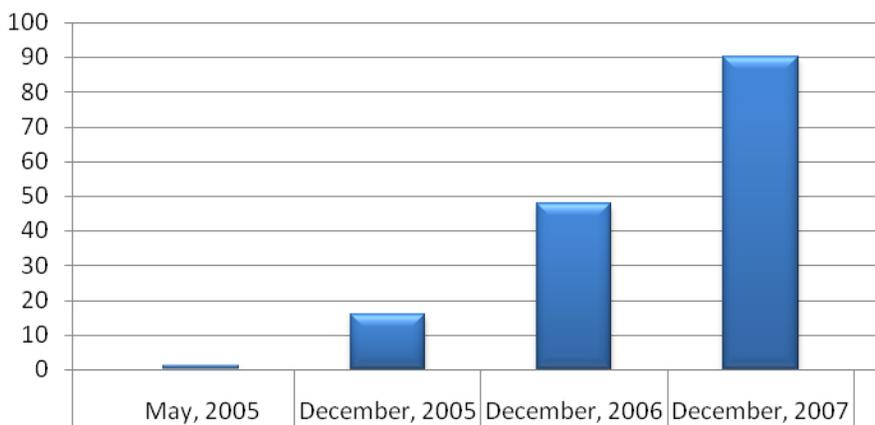
### Wind

In 2007, the first phase of a 750-megawatt, zero-emission wind farm, in Benton County, began development for energy delivery in 2008. Once in full operation, this will be one of the largest wind-power facilities in the United States - generating enough carbon-free electricity to power more than 200,000 homes.

### State Government

The State of Indiana is now purchasing seven percent of its electric load from renewable Indiana sources. The fleet includes 941 E85 flex fuel and 1,881 diesel vehicles that can use biodiesel. Computer upgrades, currently underway, will produce \$400,000 energy savings annually. In 2007, \$500,000 in rebates were made available to homeowners installing geothermal heat pump systems.

With nearly 100 E85 pumps, Indiana has the third highest amount in the United States.



## Highway projects funded, under construction and on schedule

Governor Daniels' Major Moves transportation and jobs program is on schedule and achieving tremendous results. In fiscal year 2007, INDOT invested \$946 million for new construction, pavement preservation and maintenance projects. Through the first half of the current budget year, the agency is on track to break all records for highway spending in Indiana, with a final construction target of more than \$1 billion. This translates into jobs for Indiana engineering consultants who design the roadways and Hoosier contractors who build them. Funds from the Indiana Toll Road lease have accumulated more than \$270 million in interest from the initial deposit of \$3.8 billion. The earnings grow with each passing second.

Under new management, the Indiana Toll Road is delivering much-needed improvements that have been delayed for many years.

- Installation of new i-Zoom electronic tolling system on the Indiana Toll Road is partially complete and expected to be fully operational in April 2008 - months ahead of schedule.
- Completed first phase of \$250 million project to add lanes to the Indiana Toll Road, in Lake County, between mileposts 10 and 20.

### I-69: Evansville to Indianapolis.....finally!

I-69 moved closer to reality than it has ever been before. In October, INDOT and the Federal Highway Administration released the Tier 2 Final Environmental Impact Statement (FEIS) for Section 1. That FEIS was immediately challenged in U.S. District Court by groups opposed to the construction. Following weeks of legal filings and oral arguments, the court dismissed the suit, saying the extensive environmental studies conducted were legal and appropriate. In December, the FHWA issued a Record of Decision, effectively giving the green light for the project to move forward for construction in 2008.

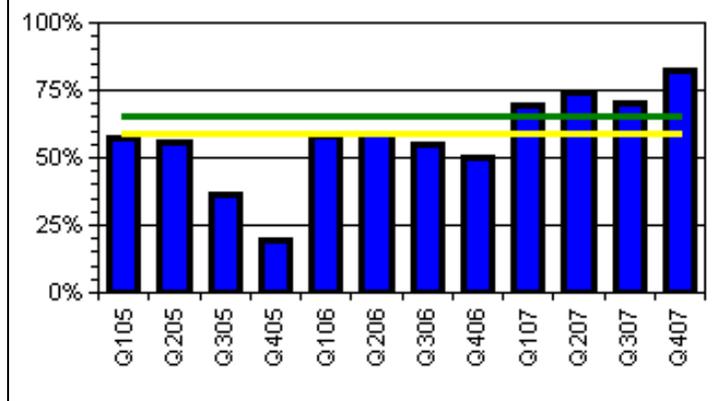
### Super 70 reconstruction

The massive \$175 million reconstruction project on I-70, in Indianapolis, replaced 75 lane miles of roadway, rebuilt 30 bridges and repaved three major interchanges. The project was completed on time and in less than one construction season. Close collaboration between INDOT, the Indiana State Police and local emergency responders resulted in one of the safest construction zones in state history. There were no serious worker injuries, no motorist fatalities and only 34 personal injury crashes.

### Engineering scholarship program

Building a record-breaking number of bridge and road miles requires engineers, which is why INDOT is offering scholarships to engineering students at Purdue University, Rose-Hulman Institute of Technology, University of Evansville, University of Notre Dame, Tri-State University, University of Southern Indiana and Valparaiso University. In December, INDOT began accepting applications for scholarships that will total \$3,125 per semester or \$2,083 per trimester. Recipients must agree to work full time for INDOT during summer breaks. After graduation, recipients must work one six month period for each academic semester paid for by INDOT ([www.in.gov/indot/7329.htm](http://www.in.gov/indot/7329.htm)).

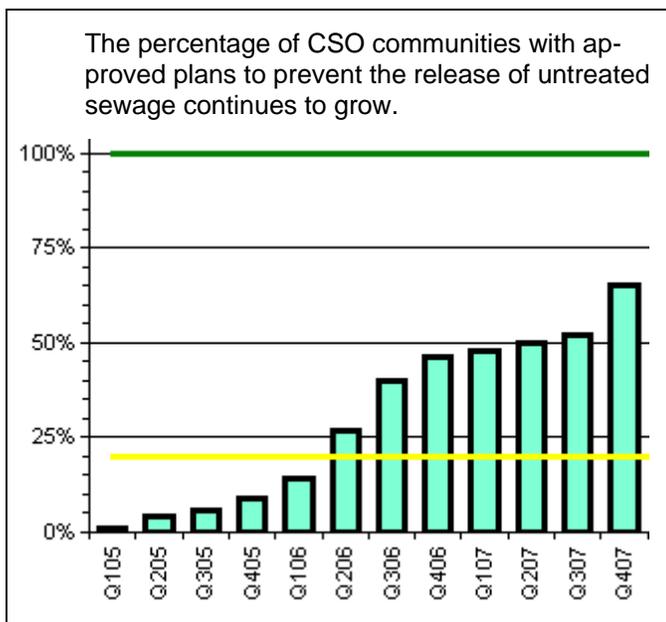
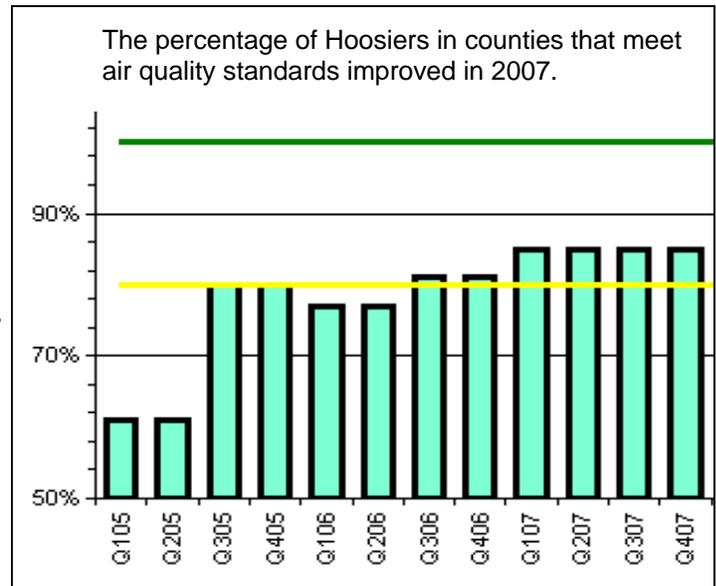
Eighty-five percent of INDOT's budget is dedicated to new construction and major preservation. This fiscal year \$1 billion will be invested - a new record in Indiana.



# Indiana has cleaner land, air and water

## Air quality improved

The United States Environmental Protection Agency (EPA) recognized Indiana's improving air quality by approving a change in designation of 14 Indiana counties from "does not meet" to "meeting" for the health-based ozone air quality standard. At the close of 2007, EPA recognized 90 of Indiana's 92 counties as fully meeting this health protective standard.



## Water quality improved

The Indiana Department of Environmental Management (IDEM) has reduced the number of communities that discharge untreated sewage during rain storms from 106 to 34. Examples include:

- North Judson upgraded pumping capacity in November of 2006 and completed the installation of a combined sewer overflow (CSO) storage lagoon in December of 2007. Combined sewage now goes to the wastewater treatment plant for full treatment, preventing it from entering Pine Creek.
- The City of Valparaiso has reduced its average untreated CSO discharge from 238 million gallons per year to about 27 million. New disinfection facilities are being constructed so that most, if not all, flow should receive disinfection.

## Reducing mercury

Indiana is in the top 20 states for amount of mercury removed from the environment through the auto mercury switch program. In 2007, the state collected 5,527 switches - equating to 12.16 pounds of mercury.

## Brownfields redevelopment

- The Indiana Finance Authority's (IFA) Indiana Brownfields program provided 139 grants and low-interest loans, totaling nearly \$11 million. These funds will leverage a projected \$140 million in private and local government investments towards brownfields redevelopment projects.
- IFA legal staff also issued 22 letters addressing liability and environmental site conditions to property owners. The issuance of these letters either facilitated the cleanup or made the determination that no cleanup was needed for nearly 452 acres of land.

## Improving public access to information

IDEM is making its records available to the public through a “virtual filing cabinet.” Over half of the agency records are currently available through the electronic system at [in.gov/idem/resources/records/index.html](http://in.gov/idem/resources/records/index.html). As a result, the number of visits to IDEM’s file room decreased by nearly 90 percent. Electronic records viewed from outside the agency have grown to 11,000 per month. The electronic files have reduced the need for Hoosiers to travel to Indianapolis to view and retrieve needed records.

## Conserving natural resources

Indiana signed its first Conservation Reserve Enhancement Program (CREP) with the U.S. Department of Agriculture in 2005. CREP is a public-private partnership providing landowners with a funding package for conserving and enhancing natural resources on Indiana farms. The state-designated priority areas are in three watersheds where runoff contributes to high non-point source sediment, nutrient, pesticide and herbicide losses from agricultural lands. To date, the total obligated acres to Indiana’s CREP are 3,959 acres or more than half of the state’s goal, bringing \$7.9 million to our state to assist in conservation implementation. There are plans to expand the program to five more watersheds near the Wabash River.

## INShape participation higher, new programs introduced

- By the end of 2007, participation numbers for Governor Daniels’ INShape Indiana reached 51,000, representing all 92 counties. There were special programs, such as SummerFit, which took place for eight weeks during the summer months. Participants tracked their progress of incorporating healthy behaviors into their daily routine through a point system. At the program’s conclusion, participants submitted their point totals at the INShape booth at the Indiana State Fair and earned a prize.
- 
- The implementation of the small employer wellness tax credit was announced, as was the formation of an INShape Indiana employer leadership group.
  - In October, INShape received the national Innovation in Prevention Award from the U.S. Department of Health and Human Services for its efforts in promoting healthy lifestyles in Indiana communities. INShape received the award, in the public sector category, for its innovative approaches in addressing chronic diseases and encouraging healthier lifestyles.
  - For more information about INShape programs and to join the program, please visit [in.gov/inshape/index.htm](http://in.gov/inshape/index.htm).

## Health: First-ever medical errors report released; records digitized

In August, the Indiana State Department of Health (ISDH) issued Indiana's first-ever Medical Errors Report to identify health care quality issues. The report indicated pressure ulcers were the most frequently reported event. Recognizing the need for up-to-date training on preventing pressure ulcers, the ISDH developed and provided an education program to assist in reducing their number at Indiana’s nursing homes and hospitals.

- Nearly 1,100 individuals representing 384 nursing facilities participated in the education program.
- ISDH purchased a low air loss alternating pressure mattress for every Indiana nursing home from Hill-Rom of Batesville. The purchase order totaled over \$1.5 million. The pressure mattress improves health care quality by preventing and treating pressure ulcers.



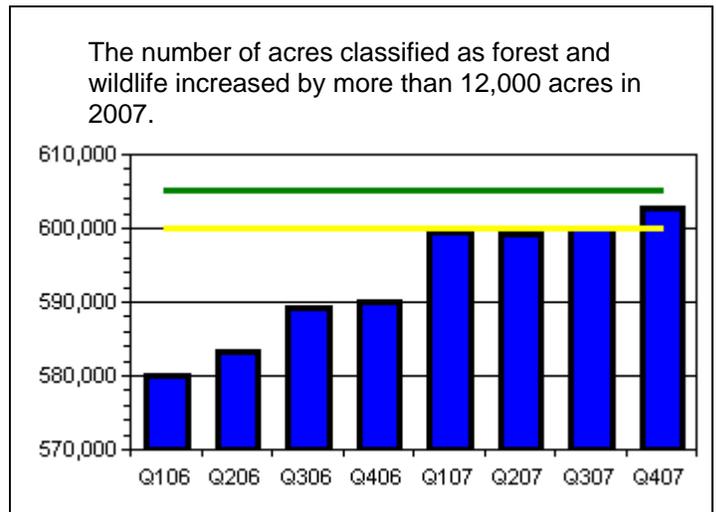
- ISDH purchased four pressure redistribution wheelchair cushions for every Indiana nursing home from EHOB of Indianapolis. The purchase order totaled over \$31,000. The wheelchair cushions assist in the prevention and treatment of pressure ulcers.

ISDH initiated a project to digitalize over five million birth and death records for the years 1935-1978 that had previously been available only in paper or microfiche. The Vital Records Division entered 5,397,191 birth records and has completed this part of the project on schedule.

State employees have stepped up to the governor’s challenge in becoming healthier. Eighty-three percent enrolled in one of the state benefit plans have agreed to be tobacco free during the upcoming year.

## Restoring natural habitat and expanding rail to trail projects

- The Department of Natural Resources’ Division of Outdoor Recreation helped expand trail opportunities by reaching an agreement in principle to purchase more than 150 miles of abandoned railroad corridors that will nearly double rail-trail corridors in the state.
- More than \$18.2 million in Transportation Enhancement (TE) awards are going directly toward "trail" projects. Forty-three miles of trails are proposed to be acquired and built, and five historic bridges are to be restored and reused for bicycle/pedestrians. Seventeen of the 29 projects are part of the state visionary trail system proposed in the state trails plan. Three other projects will provide links to the state visionary trail system. This year’s TE awards were provided to more than 22 different counties.
- The Recreational Trails Program (RTP) awarded funds earlier this year totaling more than \$1.2 million for eight projects throughout the state . These funds will help build 10.4 miles of trail.
- The Lilly Endowment gave the state (DNR) \$1.25 million in September for five trails projects. These dollars will leverage another \$5 million in TE funds. These projects will be completed in 18 to 21 months. All are on the state visionary trail system in the Indiana State Trails, Greenways and Bike-ways Plan: Nickel Plate Trail (Howard, Miami and Fulton counties); White River Greenway (Muncie); Cardinal Greenway (Wayne County); Monon Trail (Westfield); and Pumpkinvine Trail (Elkhart County).
- The Division of Nature Preserves restored 1,700 acres of habitat, with the assistance of funding from several federal grants. In addition, the Lake Michigan Coastal Program passed through over \$700,000 to state and local agencies in the Lake Michigan Watershed, for acquisition and restoration of wildlife habitat.



## **Innovative programming, services prepare offenders for reentry**

- The Department of Correction (DOC) expanded grant-funded community corrections to record levels, providing a greater array of efficient sentencing options for Indiana judges. By the end of 2007, 72 counties received funds to operate community-based corrections - six more than the previous year. For example, 700 additional county-based work release beds were brought online, increasing the state's total to more than 2,900.
- DOC is piloting new electronic kiosks in four prisons. These kiosks will allow family and friends to send mail and funds to incarcerated persons electronically, a method which is instant and efficient, and eliminates the threat of contraband or weapons that exists when packages and letters are received. This automated system is intended to reduce the tens of thousands of pieces of correspondence that are processed in each large prison every week. More than \$300,000 was transferred to facilities electronically that did not require manual processing. Already, nearly 3,000 electronic letters were sent to offenders.
- To promote more effective policing efforts, DOC and the Indiana Intelligence Fusion Center developed the Law Enforcement Notification System (LENS). The LENS system provides law enforcement around the state with timely relevant information about offenders who have completed their terms of imprisonment and are returning to the community. This information sharing is designed to identify repeat offenders and provide safer communities.
- DOC utilized offender labor to help feed Indiana's hungry. In partnership with Lieutenant Governor Skillman's office, hundreds of inmates at DOC facilities planted gardens to produce thousands of pounds of fresh vegetables, including green beans, squash, onions, cucumbers, peppers and tomatoes. These were cleaned and donated to various food banks throughout Indiana. Offenders also processed hundreds of pounds of donated fish and deer and packaged them for cold storage for use at food banks.
- DOC implemented a new plan that requires juvenile offenders to keep academic pace with public instruction. The scheduled release of juvenile offenders now coincides with breaks in the public instruction schedule (e.g. spring breaks, winter holidays, and summer vacations) within the school corporations in communities to which they will be returning. By allowing offenders to reenter school at the start of a new quarter or following a break, they are given a fresh slate and the opportunity to begin classes in stride with other students.
- Partnering with The Villages of Indiana, DOC raised money to buy school supplies for 300 foster kids. Offenders manufactured backpacks and added the purchased supplies to the backpacks.
- DOC initiated a new program inside the Pendleton Juvenile Correctional Facility called "Future Soldiers." This program, which is modeled after a military boot camp, diverts older juveniles away from criminal behavior and prepares them for a career in the military.
- The Department of Correction (DOC) formed a Fugitive Apprehension Unit to track down the 70 offenders that have escaped secured confinement since 1953. The unit also focuses on apprehending over 500 offenders that have absconded from parole or from work release details over the past several decades. In its first few months of existence, the unit was directly involved in the recapture of 47 offenders.
- To improve public safety and reduce the number of staff needed to keep constant watch on a fence line, the DOC installed Indiana's first electronic stun fence around the Westville Correctional Facility, which is the largest prison in Indiana. This electronic fence uses special sensors and cameras that will alert facility staff to any attempt by offenders trying to escape justice.

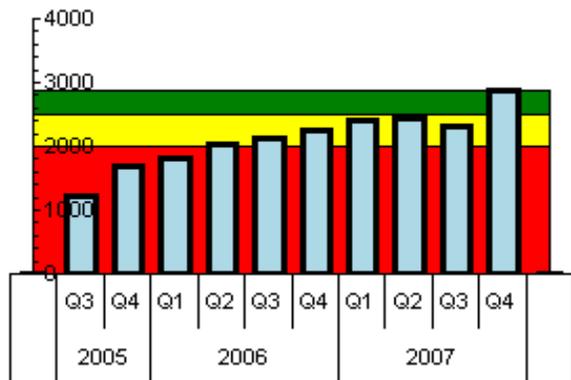


## Responding to disasters and preparing for future events

The Indiana Department of Homeland Security (IDHS) works with citizens, government and private entities to achieve the common purpose of preventing, protecting against, responding to and recovering from man-made or natural threats and events to people, property and the economy. Highlights from the second half of 2007 include:

- In November, IDHS partnered with FSSA to train approximately 70 mental health personnel on living and providing services in disaster areas.
- In October, IDHS organized an exercise, with 57 agencies, to demonstrate the chain of events that could lead to data communications loss, connectivity loss and infiltration into information technology. All of these systems are critical to the world in which we live. The training provided complex scenarios to help subject matter experts determine how to respond and recover from this type of event.
- Also, in October, IDHS responded to the aftermath of a tornado that hit Elkhart, Kosciusko and Marshall counties. Governor Daniels provided Nappanee with \$198,000, from the state disaster relief fund, to help rebuild the community. Also, IDHS secured \$708,100 in SBA loans to assist 13 businesses.
- From August 15-27, Lake County experienced severe storms and flooding. Disaster victims received \$6.2 million in FEMA disaster housing and more than \$6.1 million in SBA disaster loans.
- In May, IDHS, along with City of Indianapolis/Marion County Emergency Management and Indiana National Guard held a three-day state and local full-scale exercise know as “Hoosier Sentry.” The exercise scenario simulated the detonation of a 10-kiloton nuclear device in Indianapolis. More than 1,500 participants took part in the event which was held at the Muscatatuck Urban Training Center, Camp Atterbury and in Indianapolis. The simulation was a success and provided leaders with valuable information to coordinate help in a mass casualty scenario.

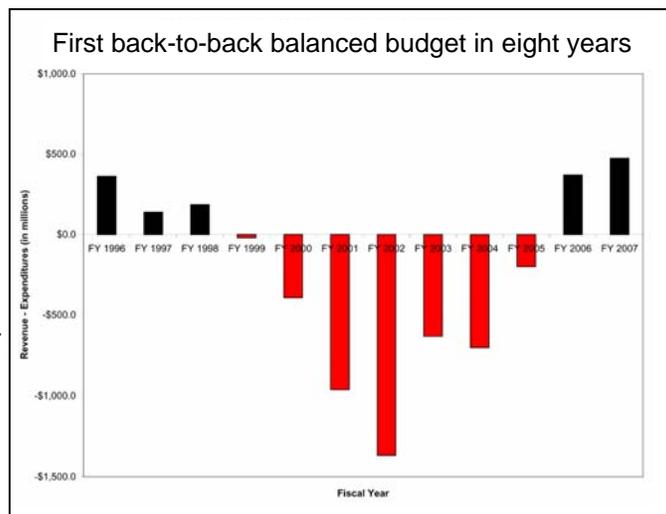
DHS reached its goal for the number of community emergency response team (CERT) members in the final quarter of 2007.



# Leaner, Cleaner State Government

## First back-to-back balanced budget in eight years

In fiscal year 2007, Indiana state government produced the second consecutive structurally balanced budget. Revenues exceeded expenses by \$474 million. Restraint in spending was the primary factor - annual expense growth was limited to 2.8 percent and represents the third consecutive year of annual spending growth below three percent. Total combined balances exceeded \$1 billion, the highest level in seven years. In addition, Indiana continued to add to its reserves and pay back debts incurred in 2002. As a result, schools received more than \$336 million - erasing the last of the payment delays they experienced several years ago.



## Governor Daniels presents plan to solve property tax dilemma

In recent years, Hoosier homeowners have been blindsided by double and triple digit increases in their property tax bills. During a statewide televised address to citizens in late 2007, Daniels said, “When Indiana acts this time, and act we must, our steps must be fair, far-reaching and final.”

The core of Daniels’ plan provides homeowners with immediate tax relief; establishes hard caps to limit future property tax increases and makes the caps permanent by writing them into Indiana’s constitution; brings meaningful control over total local spending and reforms the assessment process. Immediate relief would be provided through expanding the homestead credit in 2008. Starting in 2009, homeowners’ property taxes would be cut by one-third, on average, by capping them at one percent of the home’s value. To make this cut permanent, the governor will ask legislators to initiate the process of writing the cap into Indiana’s constitution. This step will ensure homeowners never pay more than one penny on each dollar on their property’s assessed valuation. There are similar protections for residential rental and business properties, which would be capped at two and three percent, respectively.

These caps, referred to as circuit breakers, along with the other components of the governor’s plan, will reduce property taxes by approximately 30 percent for homeowners, 20 percent for rental properties and 12 percent for businesses, on average.

To lighten the local tax burden, the state will assume school operating costs and child welfare property tax levies. In addition, the state’s sales tax rate will increase by one percent. When the caps are fully in place, every dollar of sales tax increase results in property tax cuts of \$1.72. Monies for the tax cut also would come from a portion of the state’s budget surplus and income from slot machines at the state’s horse racing tracks. Under the plan, Indiana will have the lowest property taxes in the Midwest and among the lowest in the United States.

Hoosiers are understandably frustrated and confused about the contradictory system for assessing property. To make this procedure fair and accurate, Daniels recommended township assessors be replaced with a single qualified and certified county assessor.

To control spending on big-ticket items, the governor proposed instituting local voter referendums to approve capital projects – such as new school construction. In addition, county tax boards would assume the responsibility of reviewing the total bill and making necessary cuts.

## Local government reform recommendations introduced

In a separate evaluation, Governor Daniels created the Indiana Commission on Local Government Reform and charged them with providing recommendations for a leaner local government structure. Operating under the leadership of its chairs, Indiana Supreme Court Chief Justice Randall T. Shepard and former Governor Joseph Kernan, the commission completed its work and proposed a series of reforms in its report, "Streamlining Local Government. We've Got to Stop Governing Like This."

The study makes 27 recommendations for reducing the size and cost of local government and increasing its efficiency. The report is available at [indianalocalgovreform.iu.edu](http://indianalocalgovreform.iu.edu). State legislators are expected to examine the report and take action on some of the recommendations during their 2009 session.

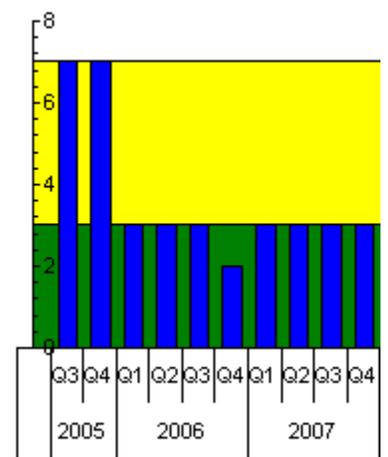
## Reassessments ordered to examine property tax disparities

Governor Daniels took immediate measures to address Indiana's woefully broken property tax system. During the summer, he directed the Department of Local Government Finance (DLGF) to review the annual adjustments of all counties (with the exception of Brown County). DLGF conducted 21 reassessment or re-trending hearings statewide, resulting in 20 reassessment or re-trending orders. The end result of these orders is more fair and equitable assessments for Hoosier property taxpayers.

### Public access to more and better information

- DLGF launched searchable databases to provide taxpayers with easily-accessible information about assessed values, tax bills, and sales information. Taxpayers have access to more information than ever before, allowing anyone to research detailed data on assessments ([in.gov/dlgf/assessment.html](http://in.gov/dlgf/assessment.html)); tax bills ([in.gov/dlgf/taxbill.html](http://in.gov/dlgf/taxbill.html)); and sales disclosures ([in.gov/dlgf/salesdisclosure.html](http://in.gov/dlgf/salesdisclosure.html)).
- DLGF established a "retrending" Web page ([in.gov/dlgf/retrending/index.html](http://in.gov/dlgf/retrending/index.html)). There also are county-specific Web pages, which host copies of contracts, county budgets, and other county-specific reports, including tax distribution reports ([in.gov/dlgf/rates/CountySpecificInformation.html](http://in.gov/dlgf/rates/CountySpecificInformation.html)).
- For the first time ever, the DLGF instituted a process to analyze county budgets and made available to the public on the Web. ([in.gov/dlgf/rates/budget.html](http://in.gov/dlgf/rates/budget.html))
- In conjunction with the Office of Management and Budget, DLGF created the first-ever County Property Tax Summaries which shows the shift of property tax burden between property classes and where each property tax dollar goes ([in.gov/dlgf/rates/proptax.html](http://in.gov/dlgf/rates/proptax.html))
- For the first time ever, the DLGF began recording audio of the Tax Control Board meetings so the public can hear firsthand how local officials propose using their property tax dollars. The pilot program will soon offer live streaming of each of meeting. ([in.gov/dlgf/boards/](http://in.gov/dlgf/boards/))

DLGF has cut the response time for information requests by more than 50 percent.



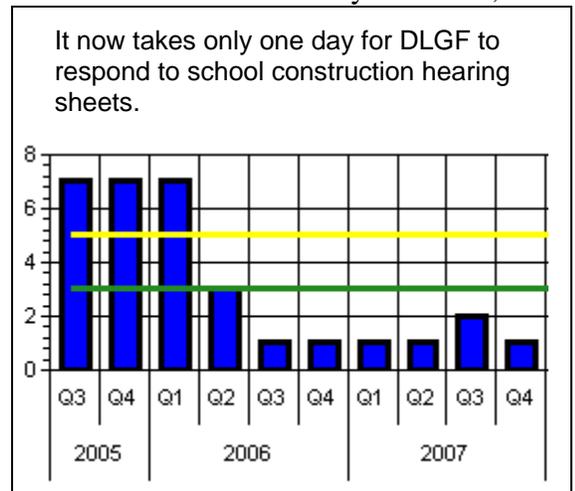


### Assistance to local government

- Data assistance teams were initiated to assist counties with their data when requested. These teams travel to the county to meet with officials, help them put a data submission plan together and explain how they can put that plan into action. The team has assisted Clark, Sullivan, Brown, Elkhart, Parke, Vigo and Howard counties.
- With the assistance of the Indiana County Assessor’s Association, DLGF coordinated outreach efforts to assist four county assessors in completing overdue tasks. In two counties, experienced assessors visited new assessors for a day of mentoring and assistance. The other two counties received telephone mentoring assistance.

### Quick response to local officials

- With the assistance of the Indiana Business Research Center (IBRC) at the Indiana University Kelley School of Business, DLGF designed and produced a data upload tool. This tool allows county assessors, auditors, and vendors to submit their mandated data files (parcel, tax bill, sales disclosures, etc.) to the DLGF. This gives counties feedback on datasets within hours or even minutes and helps them understand what may need to be fixed in their submission files. Additionally, this will improve review consistency and county quality control. For more information on the Information for Indiana Initiative, visit [newsinfo.iu.edu/news/page/normal/3826.html](http://newsinfo.iu.edu/news/page/normal/3826.html).
- DLGF field personnel were provided with cell phones to replace 56K dialup modems and reliance on local equipment when visiting county offices. County officials and taxpayers are now given one telephone number to reach field representatives, rather than having to receive a different number depending on which county the field representative will be visiting each day.
- DLGF centralized the tracking of budget order status during the certification process, coordinating information to result in a more efficient workflow and more knowledgeable staff. Previously, several staff each had pieces of information, but no single staff member knew the status of each budget order. These silos resulted in delays in compiling information for policy and decision makers and caused an inefficient workflow process as inconsistencies arose.
- DLGF spearheaded multiple efforts to “scrub” data and develop standardized reports to improve accuracy of data provided to policy and decision makers and the general public. This quality control will ensure that reliable, consistent data is available to guide legislation and policy decisions in the future.



### Reduced spending

- Preliminary numbers indicate the DLGF and the Local Government Tax Control Board cut or reduced public debt issues in 2007 by \$60 million or 9.7 percent.
- Preliminary numbers indicate DLGF and the School Property Tax Control Board cut or reduced public debt issues in 2007 by \$69 million or 3.7 percent.

## Improving efficiency, pay for performance

- IDEM is improving the efficiency of its permit review process through implementation of the “lean” process. During the second half of 2007, the air permit backlog was reduced by 40 percent, the water permit backlog by 65 percent and the land permit backlog was reduced by 45 percent. IDEM has virtually eliminated the large permit backlogs that existed in late 2004. Only six of the 273 water permits and two of the 179 major air permits await final action.
- To reduce inefficiencies and reward top state employees, a pay-for-performance appraisal system was established in 2005. Goals were established for each division and employee. Each employee was evaluated on their ability to meet the objectives. During the review period, 93 percent of employees received reviews that met or exceeded expectations.
- State employment salary has traditionally lagged behind our private sector counterparts. This gap has made talent acquisition and retention a difficult task. To alleviate the high turnover rates and shortage of unique skill sets, specific job classifications have been reviewed and movement closer to market rates has been instituted. These targeted increases have helped bring in those unique skill sets and retain the valued employees already present. During the period from July to December 2007, average employee salaries rose by \$1,100 to close the gap between our private sector counterparts. This trend will continue as market base analysis identifies specific skill sets in need of attention.
- At the close of 2007, there were 31,715 state employees. This is the lowest year-end rate since 1983.
- Historically, the Department of Correction (DOC) has experienced difficulties in attracting and maintaining a work force of the highest professional level that would compete with other jurisdictions. Too often, staff would hire on, receive training and then resign to accept jobs elsewhere. To reverse this trend, DOC provided unprecedented salary increases to those who suit-up everyday to protect the citizens of Indiana. Starting in May 2007, more than 5,000 of the department’s 7,800 staff received up to a four percent salary adjustment. In November, even more staff received another four percent adjustment. These increases, coupled with the cost of living increase and pay-for-performance raises, have curbed the loss of trained correctional staff to outside jurisdictions.

## Maintaining high ethical standards

- Investigations by the Office of the Inspector General (IG) led to more than 40 criminal arrests of state workers or people doing business with the state for illicit activity.
- The IG implemented the state's first computerized ethics training program.
- More than 1,000 ethics advisory opinions were issued by the IG to state workers seeking ethics advice.



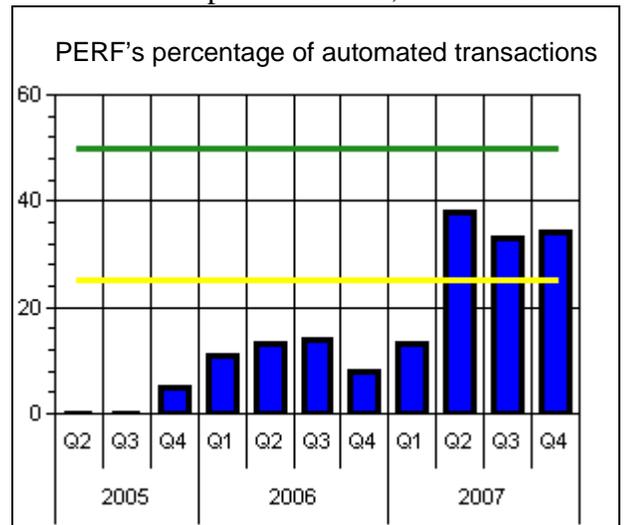
## Reducing the costs of state government

- Bureau of Motor Vehicles realized an operational savings of \$4.5 million achieved through better procurement and contract management, plus reduced staffing.
- Indiana Department of Administration (IDOA) facilitated distribution of surplus equipment to local and state law enforcement agencies. In 2007, local and state law enforcement agencies received items, including weapons and vehicles, valued at a total of \$8,314,235.
- A new employer maintenance services unit at Department of Child Services has cleaned-up more than 4,000 employer records resulting in 600 new paying cases and more than \$250,000 in additional child support collections.
- In August, IDOA contracted with Pitney Bowes Management Services for a state government-wide mail, print and document management solution. Between August and December, the contract has saved taxpayers \$1,585,263.
- In the first full year of the OneIndiana Strategic Sourcing Project, Hoosier taxpayers have saved \$20.6 million. Local units of government, including schools, can also participate on these procurement contracts. Purchasing off of the state's contract is saving additional taxpayer funds on these local purchases.
- Sales of surplus state properties in the second half of 2007 netted the state \$1,584,967.68.
- Developed and implemented a consistent monthly schedule for common construction wage meetings. Each county has regularly assigned days and participants know when Department of Labor representatives will be in their area. The feedback is overwhelmingly positive. Travel expenses were reduced and projections are for a 25 percent savings in the upcoming year.
- Negotiated bidding, to facilitate greater OneIndiana savings, saved taxpayers \$1.8 million in 2007.
- The Indiana Finance Authority (IFA) entered into a new service agreement with its primary trustee provider that will save more than \$1 million over the next five years.
- Reusing surplus items within state agencies reduced the need for new purchases and saved taxpayers \$3,081,502 during the calendar year.
- IFA is saving taxpayers \$2.3 million each year, through 2029, by refunding highway revenue bonds for a lower interest rate.
- Using the new fleet management database, IDOA worked to identify and dispose of 109 unused and under-used vehicles between July and December.
- IFA's state revolving fund is currently loaning more than \$2 billion to Indiana communities to implement wastewater and drinking water projects. These funds are used to clean Indiana waterways, eliminate over 2,100 septic systems and improve drinking water quality. Local governments and utilities will realize over \$30 million dollars in interest rate savings, over the life of the loans, when compared to open market loan rates.
- The Indiana Department of Environmental Management eliminated two air permit writing contracts and hired 10 employees to handle the work. This action is saving taxpayers nearly \$1 million per year with no reduction in service levels.
- IDOA facilitated distribution of federal surplus items to local units of government saving local taxpayers \$3,210,403.

- Indiana became one of the first states in the country to consolidate its Temporary Aid to Needy Families (TANF), Food Stamps, and childcare Electronic Benefits Transfer (EBT) programs on one card. The annual value of this contract is approximately \$10 million - a savings of 70 percent.
- FSSA renegotiated its Medicaid Management Information System contract with EDS. The new six-year agreement is expected save the state more than \$29 million. As part of the contract, EDS also is committed to bring more than 200 new jobs to Indiana.

## Public Employees Retirement Fund among best in the country

- The number of PERF members registered for an online account has almost tripled - from 13,441 in 2006 to nearly 39,000.
- In November 2007, PERF received a national award of excellence, from the Public Pension Coordinating Council, and was cited as being among the very best public pension plans based on a commitment to customer service, sound management and effective administration.
- PERF's board of trustees learned that solid investment returns in the 2007 fiscal year contributed to reaching a funded status of 99.8 percent on July 1, 2007, the start of the fund's 2008 fiscal year. The national average for state pension plans is approximately 88 percent.

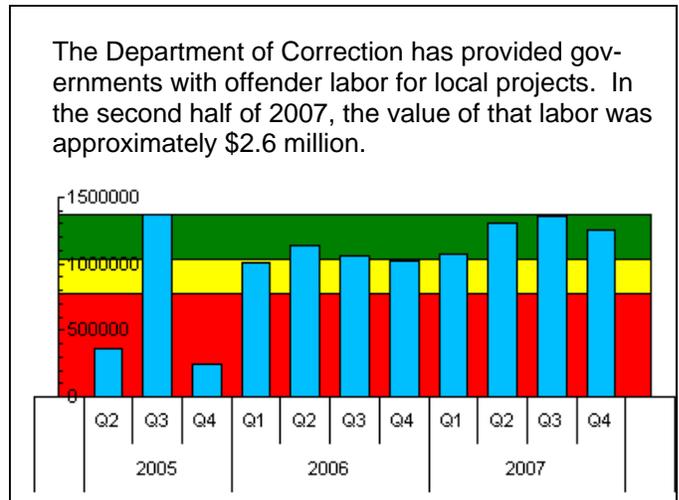


## Taxpayers receive personal tax refunds in half the time

- More than \$41 million in delinquent trust taxes were collected in the last half of 2007 by the Department of Revenue (DOR).
- Since July 2006, DOR has collected an additional \$30 million from tax debts that were eligible for the tax amnesty program - including \$13 million between July and December 2007. The total tax amnesty debt collected to date is \$274 million.
- The department handled more than 55,000 individual-taxpayer calls, and more than 70,000 business-taxpayer. Approximately 71 percent of individual calls and more than 78 percent of business calls are answered in two minutes or less. A dramatic improvement when compared with 42 percent (individual) and 49 percent (business) for the same time period in 2006. Abandoned calls dropped to nine percent for individuals and businesses in the latter half of the year.
- DOR is processing returns in an average of 11.7 days - compared with 21.4 days in 2005. As a result, the department has reduced taxpayers' wait to receive a state refund by more than half the time it took prior to 2005.
- Since January, DOR has collected approximately \$5 million in delinquent taxes from businesses that have charged customers sales tax and failed to remit the receipts to the state. DOR revoked more than 9,000 registered retail merchant certificates as a result.

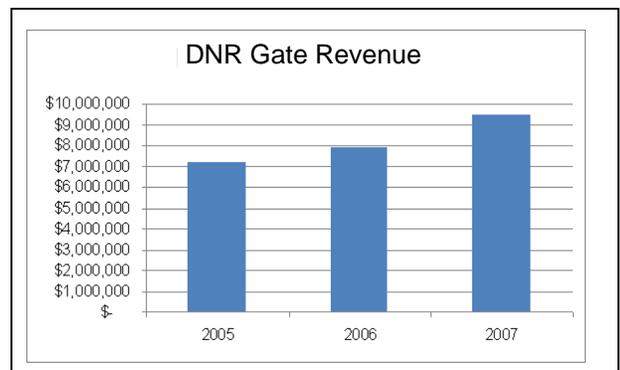
## Operational costs cut in half at correctional work release centers

- In January 2005, the cost to keep offenders in state-run Department of Correction (DOC) work release centers was greater than the cost of housing offenders in a maximum-security prison (average per diems ranged from \$55 to \$95 per offender). The department initiated a novel procurement process calling for these facilities to develop a business plan that would compete with private providers of minimum-security reentry beds. In December, 2007 the progress of these facilities was measured, and they had reduced their cost of operation by more than 50 percent (averaging per diems between \$28.50 and \$37 per offender).
- DOC detailed record numbers of offenders to work crews to help communities, while promoting the values of a strong work ethic to offenders preparing for community reentry. In 2007, thousands of offenders provided a combined total of 919,371 hours of community services. Using prevailing minimum wage, this equates to \$5.3 million worth of services to Indiana communities. These services include roadside trash pick-up; community landscaping; civic event setup and clean up; emergency assistance following storms, floods and tornadoes; and sanitation and snow removal for the Indiana War Memorial and Indiana Government Center.
- DOC partnered with the Town of Plainfield to allow unused land adjacent to the Plainfield Reentry Educational Facility to be used as a sports park for area youth. In exchange, the town agreed to replace and maintain an eroding retaining wall that abuts the reentry facility and to maintain two historic structures located on the property.



## Higher gate revenues at state parks and reservoirs

- Division of Parks & Reservoirs exceeded its gate revenue goal by almost \$1.12 million - it was nearly double the amount collected for the same time period in 2006. Non general fund revenue for the latter half of 2007 was up by almost \$6.4 million over 2006
- Hunting and fishing license sales increased by 36,000 to 1,064,054.



## State Board of Accounts achieves audit goal

At the close of the year, the State Board of Accounts (SBOA) achieved a major milestone when it finalized 3,277 audit reports representing all units of government in Indiana. Governor Daniels set this year as the goal for achieving this long-standing state requirement that had gone unmet since 1986. Completing the audits on time ensures that government leaders and representatives have timely information to make sound decisions on behalf of taxpayers. SBOA's Web site ([in.gov/sboa](http://in.gov/sboa)) makes all audit reports available to citizens. Visitors can easily search for and retrieve audit reports that contain specific points of interest.

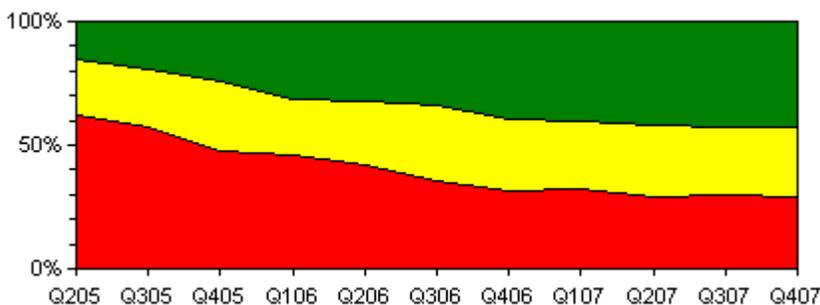
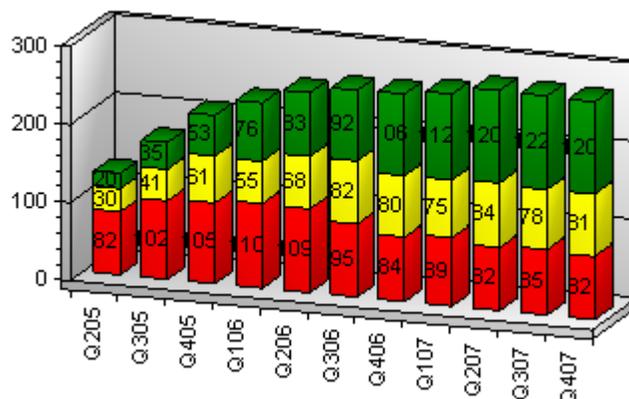
# Performance Measurements

Indiana state government continues to focus on results by measuring the outcomes of its activities (and not merely the inputs in terms of money and manpower). One of Governor Daniels' first directives to the newly formed Office of Management and Budget in January 2005 was to create a performance management system to ensure that the resources allocated and the tasks being performed were aligned with the desired goals across the entire executive branch. Initially there were 30 agencies involved with the system. Today there are 50 agencies who have identified performance metrics and report their status on a quarterly basis. Existing participants are also given the opportunity to revise and add additional measures as new initiatives are developed.

## Summary of Performance Metric Results

Along with each performance metric established, two targets are set: a "green" target (which signifies superior performance) and a "yellow" target (which signifies satisfactory performance). Thus, results which do not reach the yellow target are deemed "red" or unsatisfactory.

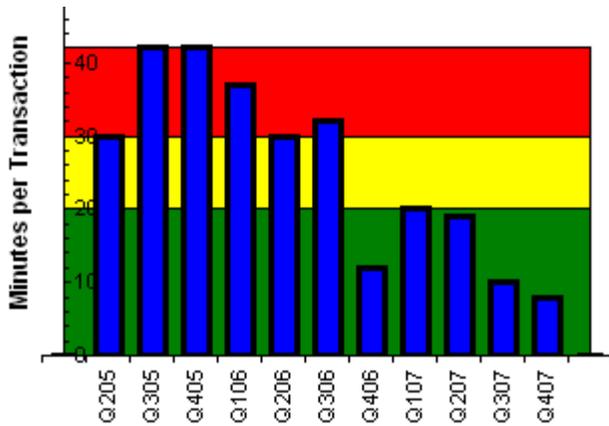
Overall performance over the past six months has been mixed. The number of metrics being reported at a green/superior level has advanced to 42 percent; however, red/unsatisfactory results retreated to 29 percent. It should be noted that some of the metrics with red/unsatisfactory results are newly established and have ambitious targets.



OMB will continue to expand the performance measurement system, not just in terms of breath (to incorporate the handful of agencies without measures) but also in terms of depth. By creating measures at a program level and not merely the agency level, metrics can then be a basis for a performance-informed budgeting process.

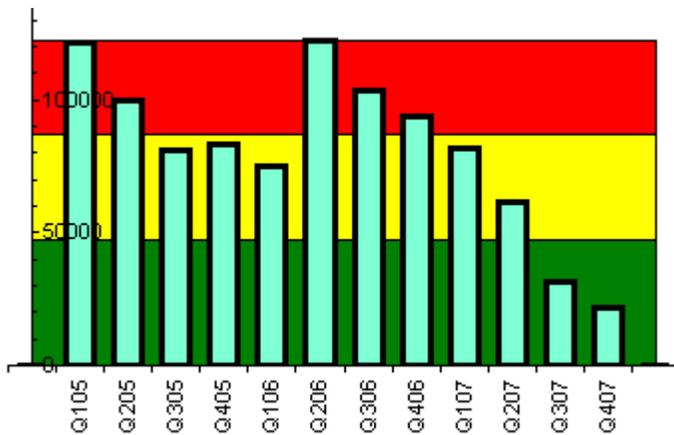
## Examples of Individual Performance Metrics

Hoosiers can visit the state's online dashboard, [results.in.gov](http://results.in.gov), to see all of the individual performance metrics for participating agencies. Below are a sampling showing the progress being made in various areas:



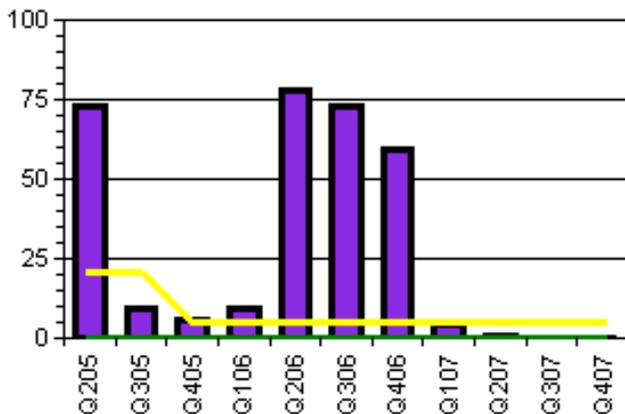
### Bureau of Motor Vehicles Average Transaction Time

In mid-2005, the average total visit time at an Indiana BMV license branch was 42 minutes. In December 2007, it was eight minutes and 11 seconds. Part of the reason for this astounding improvement is that most all transactions can now be done by mail or the Internet, shortening lines at branches statewide.



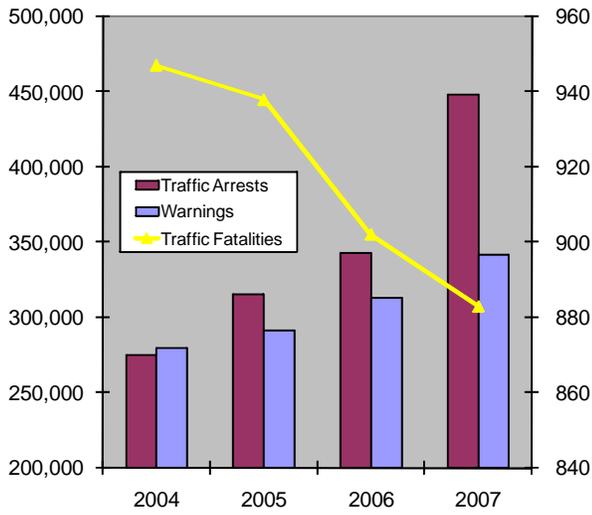
### Indiana Department of Environmental Management Total calendar days accumulated in issuing land permits

The two most recent performance reports have included this identical metric for air and water permits. The permit backlog in all three areas have experienced an order-of-magnitude reduction. Each is now performing at the green/superior level.



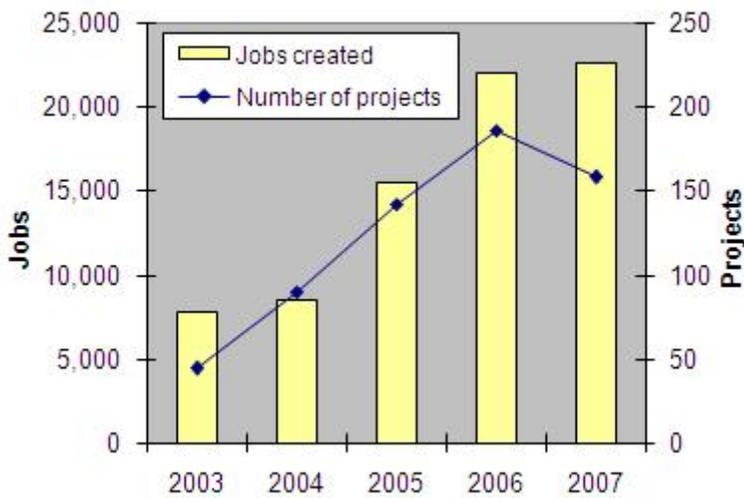
### Department of Natural Resources Number of Permits Overdue

The Department of Natural Resources has eliminated its permit backlog. When the number of overdue permits was above 70, setting the green/superior target at zero seemed overly ambitious. That standard has been achieved each of the last two quarters. In addition, 100 percent of permits are now processed within goal periods.



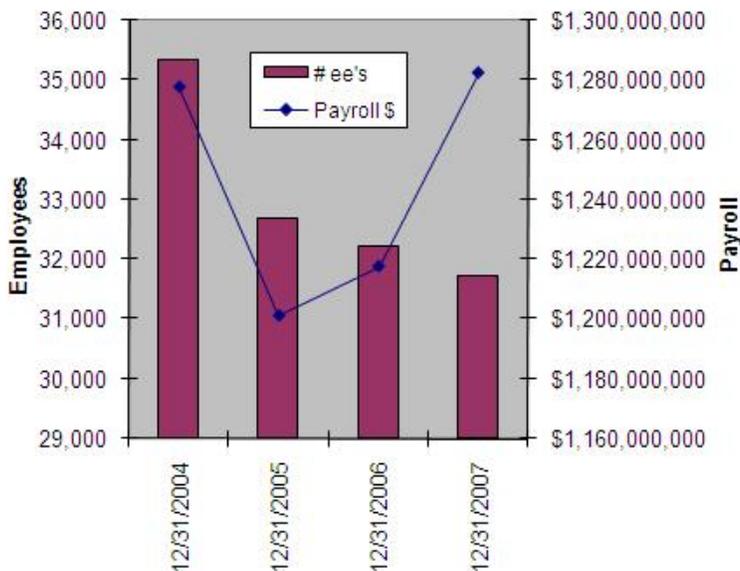
**Indiana State Police**  
*Traffic Fatalities*

The relationship between traffic enforcement and traffic safety has been demonstrated on Indiana roads over the past three years. As the number of arrests and warnings carried out by the Indiana State Police has risen, the number of fatalities has fallen. Fewer than 900 people died as a result of crashes on state highways in 2007.



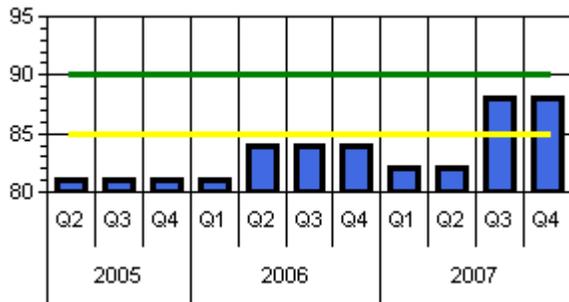
**Indiana Economic Development Corporation**  
*Competitive Deals Closed*

The Indiana Economic Development Corporation followed up two record setting years with another outstanding 12 months. Although the number of competitive deals closed in 2007 decreased from 2006, the number of jobs secured as a result of those deals increased yet again to over 22,500.



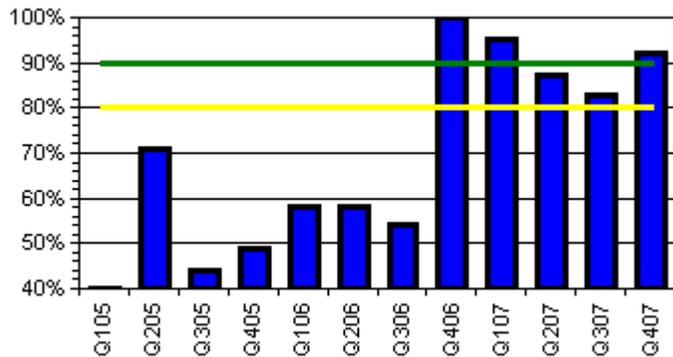
**State Personnel Department**  
*State Government Employment*

There are 3,600 fewer employees working for Indiana State Government than three years ago. As reported on page 23, at the close of 2007, there were 31,715 state employees. This is the lowest year-end rate since 1983. Because of this reduction, the state was able to implement its "Pay for Performance" initiative, offering bigger raises to employees who exceed expectations, with only a nominal increase in overall payroll.



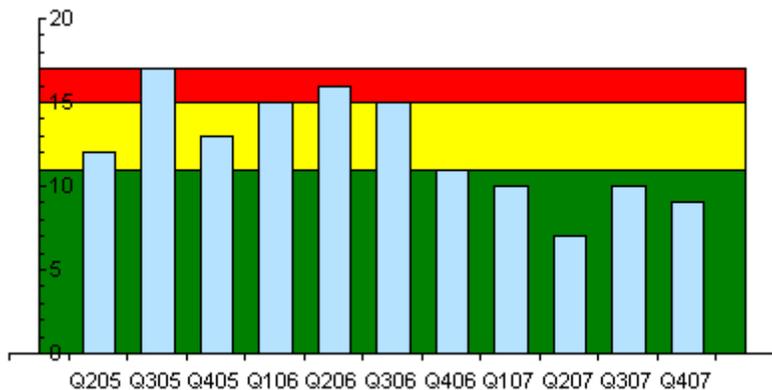
**Criminal Justice Institute**  
*Seat Belt Usage*

The Criminal Justice Institute administers numerous federal grant programs aimed at improve public safety. Its traffic safety division monitors seat belt usage through observational surveys. In conjunction with HB 1237 which went into affect on July 1, 2007, seat belt usage in Indiana is now at an all-time high of 88%.



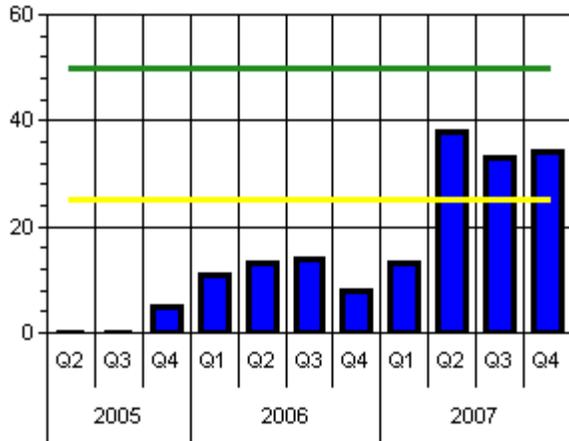
**Department of Insurance**  
*Accident and Health Filing Approvals within 30 days*

At the beginning of 2005, at the Department of Insurance (DOI) there was an 18-month backlog of unprocessed accident and health filings. Responses routinely took over 30 days to process. Today the backlog is gone and DOI has met its “green” goal of responding to 90% of these filings within 30 days.



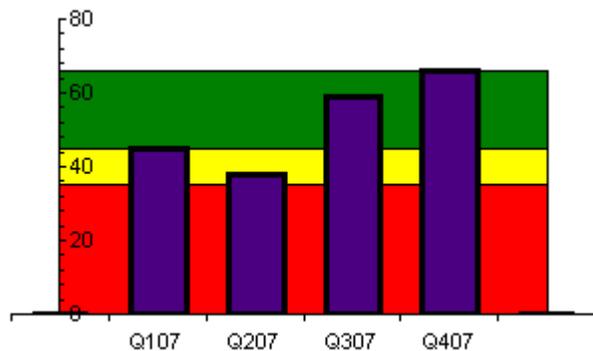
**Department of Labor**  
*Fewer Work-Related Fatalities*

As mentioned on page 8, There were nine fewer occupational fatalities despite an overall increase of 8,795 workers. Also, the Department of Labor reported 6,100 fewer injuries to Hoosier workers in the latest period compared with the prior year.



**Public Employees' Retirement Fund**  
*Percentage of Transactions Automated*

By encouraging the use of technology at PERF, state workers and retirees can receive services both more quickly and at a lower cost. Three years ago, 100% of PERF transactions were handled manually. Today over a third of transactions are automated. PERF's goal remains to increase this percentage to at least 50%.



**Worker's Compensation Board**

*Percentage of Cases Resolved Through Alternative Dispute Resolution*

The Worker's Compensation Board administers disputed claims of employees who are injured in the workplace. Formal adjudication continues to be an option; however, alternative dispute resolution (ADR) is generally a more inexpensive method for all parties. Nearly two-thirds of cases resolved in the fourth quarter of 2007 were settled via ADR.