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## Daniels hopes to protect education funding in budget

**By Ben Zion Hershberg**

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Gov. Mitch Daniels said yesterday that he wants to protect education funding as much as possible in the two-year state budget to be completed next month.

But Daniels, speaking in New Albany, said he would not promise sizable increases.

"Flat line would be a huge victory compared to many states," Daniels said at a luncheon meeting of the Rotary Clubs of Southern Indiana, in response to a question from John Gilkey, a Clarksville Community school board member.

Daniels, speaking in the ballroom of the Robert E. Lee retirement home, talked about the continuing decline in state revenues and his plan to propose a budget that will be much like the \$29 billion blueprint that he proposed earlier this year, but a bit tighter.

The General Assembly couldn't agree on a budget by the end of its regular session last month and is to reconvene when the governor calls a special session for next month to complete those deliberations.

"It's OK they didn't pass a budget," Daniels said. "I'd have vetoed it."

The governor said the last version of the budget bill, which passed the Senate but failed in the House, would have increased spending by 3 percent at a time when revenue, not including one-time federal stimulus spending, was declining by 9 percent to 10 percent.

Such a budget would have left the state with a \$1 billion deficit at the end of the next two-year period, in place of the \$1.3 billion reserve it has now, Daniels estimated.

"We have to maintain sufficient reserves like what we have today," he said.

Daniels said he wouldn't risk the state's financial health by approving spending that would bankrupt the state if economic conditions don't improve soon.

"All it will take is one set of bad decisions, one year when we get weak in the knee, and we'll look like Michigan or, God forbid, California," he said.

He urged the Rotary Club members to encourage their legislators to support a tightly constructed budget.

State Rep. Steve Stemler, D-Jeffersonville, said after Daniels' talk that he agrees that the state must stay within its means in the budget.

Stemler also said that he was pleased that during a question-and-answer period Daniels said he expects a bi-state Ohio River Bridges authority to be created to lead bridge-construction efforts.

Stemler said a number of divisive issues still must be resolved before a budget will be enacted. Those include finding a way to help the Indianapolis Capital Improvement Board, which operates the city's professional sports venues, make up a projected shortfall in its budget and hammering out an education funding formula.

"I'm confident we'll find common ground and build on it," Stemler said.

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