

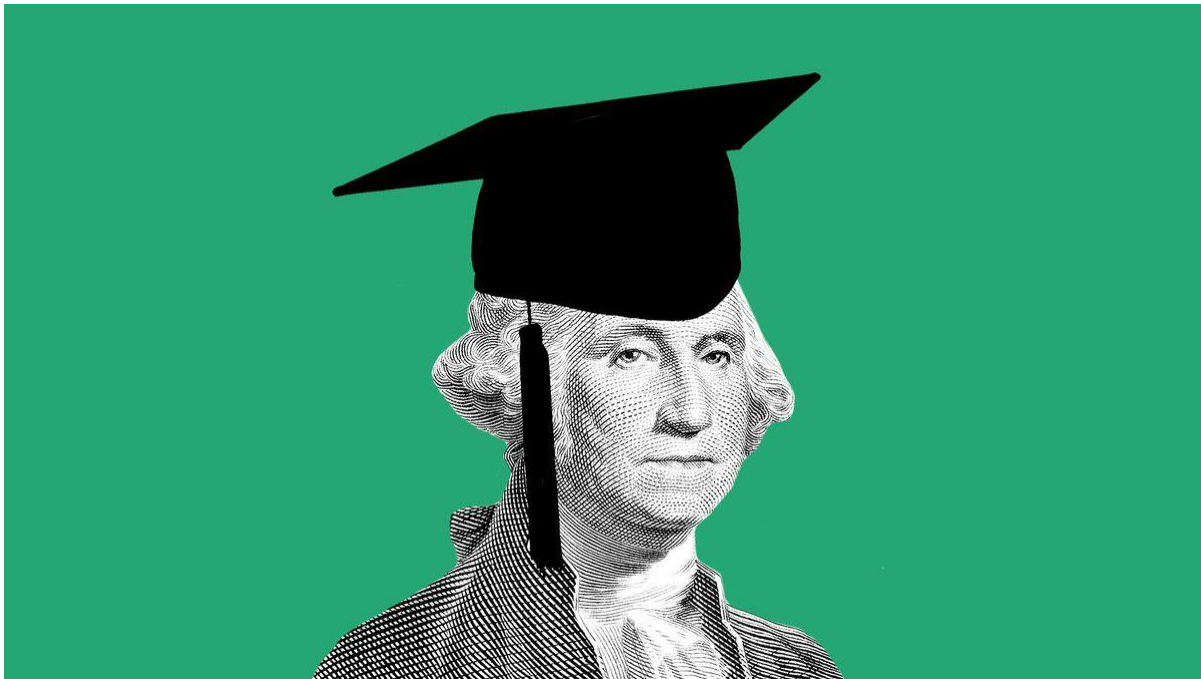


Torchbearer Policy Update

By Caryl Auslander • Jan 10, 2023

Welcome back and happy first day of the 2023 legislative session! We hope you enjoyed your weekend. Thank you for allowing us to be your trusted source for news at the local, state, and federal levels.

IDOE Releases Data on Graduation Rates



What's new: New data released by the Indiana Department of Education (IDOE) shows that graduation rates for Indiana's 2022 high school class

remained mostly unchanged compared to the year prior, but certain student groups still lag behind their peers.

By the numbers:

- 86.61% of Hoosier students in the Class of 2022 reached graduation. That's almost the same as 2021, when the state graduation rate was recorded at 86.69%. In 2020, 87.69% of high school seniors earned high school diplomas.
- The English learner graduation rate jumped from 82.8% in 2021 to 85.6% in 2022.
- The rate for students receiving special education services additionally increased to 76.4% in 2022, up from 74.5% in 2021.
- About 77.5% of Black students, 83.9% of Hispanic students and 83.1% of Pacific Islander students graduated as expected in 2022. That's compared to 92.1% of Asian students and 88.8% of White students.
- Only 47.7% of charter school students graduated compared to 89.4% of traditional Indiana public schools in 2022, according to IDOE data.

What they're saying: Indiana Secretary of Education Katie Jenner said the data indicates that many students are continuing to recover from the academic impacts of COVID-related learning disruptions.

- “As we seek new and innovative ways to ensure students are best prepared for their future, we must continue to rethink how those four years are structured,” she continued. “This includes increasing the number of students having access to a high-value postsecondary credential before graduation, increasing access to high-quality work-based learning opportunities that allow for additional skill development, as well as providing flexibility for high schools—allowing them to focus on strategic, rigorous coursework that is purposeful for each student’s unique path.”

What's next:

- Big [education-related funding increases](#) have been requested by education department officials and other advocacy groups, but the state's key budget writers have expressed hesitancy about earmarking additional dollars amid inflation.
- Top Republican lawmakers have expressed a desire to “reinvent” high school in Indiana during the upcoming legislative session.
- Democratic lawmakers said they will renew their call to automatically enroll qualified students into the 21st Century Scholars program, a

statewide grant program that supports student enrollment at two- and four-year schools. ([IBJ](#))

Indiana Democrats Looking for More Agency Oversight



What's new: Two Indianapolis Democrats are asking for more legislative oversight of the Indiana Economic Development Corp., which is seeking an annual \$300 million deal-closing fund in the next two-year budget cycle to encourage businesses to set up shop or expand in Indiana.

The details: With the support of Republican Gov. Eric Holcomb, the IEDC is also asking the GOP-dominated Legislature for a one-time injection of \$150 million for a revolving loan fund for site acquisition, greater flexibility to award tax credits and \$500 million in additional state funding for the regional READI grant program, which is administered by the IEDC.

What they're saying:

- The comments from House Minority Leader Greg Porter and Rep. Ed DeLaney, both of whom serve on the State Budget Committee, came

Thursday during a presentation to the committee of the governor's recommended 2023-2025 budget.

- But Republican leaders have downplayed the concerns, arguing that the IEDC needs flexibility to attract new business and noting that the state secured a record \$22.2 billion in capital investment commitments from businesses last year.
- The IEDC has argued that it needs the flexibility and agility provided by such funds to close deals and compete with other states that have similar funding mechanisms. ([IBJ](#))

Indiana Republicans Receptive to Governor's Budget Proposal



What's new: Republican budget writers were receptive to – but not overly enthusiastic about – Gov. Eric Holcomb's proposed budget that was presented to the State Budget Committee on Thursday.

Why it matters: Previously, lawmakers were [skeptical about meeting agency funding requests](#), especially following a forecast predicting a “mild recession”

in early 2023. But they appeared more optimistic about spending on Thursday, though the governor's budget calls for [increased spending in education, state trooper pay and economic development of \\$5.5 billion](#).

What they're saying:

- “If you look at the overall spending, it does seem high. But until I break it down into individual buckets, it's hard to say,” Sen. Ryan Mishler, R-Mishawaka, said, calling the proposal “feasible.”
- “They spent the past six months putting this together and we want to take some time to analyze what's before us and improve what's good (to) make it better,” Rep. Jeff Thompson, chair of the Ways and Means Committee said.

Yes, but:

- Indianapolis Democrat Sen. Fady Qaddoura, the former chief financial officer for Indianapolis, questioned why the state's Republican leadership continued to use the state's reserves to fund capital improvement projects, rather than investing in education.
- But Mishler opposed using bonds, instead emphasizing his aversion to debt. According to the proposed budget presentation, the state's overall debt burden has decreased by 31% since Holcomb took office.

What's next: The 2023 legislative session starts today and lawmakers will have nearly four months to pass a balanced budget. ([Indiana Capital Chronicle](#))

Expect to See Property Tax Legislation in 2023



What's new: With the 2023 legislative session kicking off this week, Indiana lawmakers are drawing up changes to the state's property tax system, with high value assessments last spring pointing toward potentially high bills this year.

Why it matters: Taxable assessed values shot up 15% from 2021 to 2022 — even after tax abatements, deductions and credits — according to data from the Association of Indiana Counties. That's compared to a 5% increase the year before, and increases under 5% in each year since at least 2014.

- Because of the system's built-in delay, it's 2022's higher assessments that property owners will see reflected in their bills this spring. Sales one year influence assessments the next, which affect bills the year after.

What they're saying:

- "Assessors have been capturing actual changes in home prices, and we know this is true because home prices actually fell back in 2009 and 2010, and sure enough assessed values fell in 2011 and 2012," Purdue University agricultural economics professor Larry DeBoer said. "... So, since 2021 was a big increase in home prices, then that's why we're seeing this increase in assessed value."
- "It's probably premature to be looking for the panic button," said Indiana Office of Management and Budget Director Cris Johnston while on a fiscal leadership panel at a legislative conference last month.
- House Speaker Todd Huston, R- Fishers, has repeatedly pushed property tax relief as a legislative priority. He told reporters at the [legislative](#)

[session's ceremonial start in November](#) that Hoosiers “are going to want it.”

- “It’s like pulling a thread,” Senate Tax and Fiscal Policy Committee Chair Travis Holdman said, as part of the same panel. “We have a complicated property tax structure in the state of Indiana, with property tax caps. And if we started pulling that thread, we can see that the whole blanket becomes unraveled. There’s not a quick fix.”

What’s next: Several bills have already been released that take incremental, and some substantial, steps to fix the issue. There are a lot of ways to peel this onion, and it will be a highlight for lawmakers this legislative session. ([Indiana Capital Chronicle](#))

FSSA Awarded \$42 Federal Grant



What’s new: The Indiana Family and Social Services Administration Office of Early Childhood and Out-of-School Learning has been awarded a \$42 million federal grant to be used over three years to improve early childhood opportunities.

Why it matters: A news release said the money will be used to implement programmatic changes for recruiting early educators, increasing access to early learning opportunities for students in unserved areas and supporting families as they make important decisions regarding their child's education.

The details: The three-year grant from the U.S. Department of Health and Human Services will award \$14 million annually to FSSA.

Combined with FSSA's \$4.2 million annual investment as matching funds required by the grant, \$54.6 million will be leveraged in total to accelerate and build Indiana's capacity to implement long-lasting change, including:

- Building upon stakeholders' understanding of the needs, gaps and inequities in Indiana's birth-through-age-5 mixed delivery system, especially as they relate to underserved populations
- Refreshing Indiana's birth-through-age-5 strategic plan to reflect the current environment and the existing opportunities to drive system-level change
- Amplifying the voices of families in decision-making and introducing new services and educational supports that empower them as their child's first and most important teacher
- Introducing new workforce recruitment and career pathways, building the operational capacity of early childhood care and education providers and enhancing workforce conditions and compensation
- Strengthening instructional practices, quality measures and birth-to-age 8 coordination efforts
- Investing in the expansion of high-quality programs in underserved geographies

What they're saying: "These funds come at a key time as Indiana has built the foundation for innovation through the collaborative partnership of FSSA, IDOE and the Early Learning Advisory Committee. Together we are uniquely prepared to best serve children and families across the state," said Maureen Weber, chairwoman of the Early Learning Advisory Committee. ([Indiana Capital Chronicle](#))

U.S. Adds 223,000 jobs in December



Employers finished the year with a burst of [hiring](#): The economy added 223,000 jobs in December, while the unemployment rate fell back to a half-century low of 3.5%, the Labor Department reported on Friday.

Why it matters: The labor market is still chugging along with healthy demand for workers, the latest sign that the economy is holding up despite recession fears.

- December's payroll gains are slightly higher than the 200,000 that economists forecast for the month.

Details: Average hourly earnings, one measure of wage growth, rose by 0.3% in December or 4.6% over the past 12 months — a slightly slower pace than the 0.4% monthly rise in November (which was revised lower from 0.6%).

- The share of people employed or searching for work, known as the labor force participation rate, ticked up only slightly to 62.3%, compared to 62.1% in November.

The big picture: In an attempt to crush inflation, the Federal Reserve has swiftly raised interest rates and signaled further increases ahead. While job growth has moderated, the labor market has stayed resilient — a welcome development for workers.

- The Fed, however, is concerned that hot demand for too-few workers will cause employees to keep raising wages in a way they view as unsustainable, and stoke inflation.

Where it stands: The December jobs data is one of the last major labor market indicators of 2022, a solid year of job gains that brought the nation back to pre-pandemic levels of employment, and then some. (It is still short of the level where it would have been had the pandemic not happened at all.)

- Overall labor force participation rate remains stubbornly below its pre-pandemic level. Some of that shortfall is due to [deaths from COVID-19](#), but other reasons include [excess retirements](#) and [slower immigration](#). ([Axios](#))

FTC Takes on Noncompetes



What's new: The Federal Trade Commission on Thursday proposed banning employers from requiring employees to sign noncompete agreements, which prevent workers from taking positions at competitors for a period of time after they leave a job.

Why it matters: If enacted, this would be a big change in the business world, where the agreements are widely used.

- The FTC estimates that [30 million people](#), or 1 in 5 workers, would be impacted, and the rule could increase wages by nearly \$300 billion a year.

The big picture: Non-competes were once used mainly to keep high-paid executives from jumping ship and taking insider knowledge to rivals.

The other side: The proposal has detractors, including the Chamber of Commerce. ([Axios](#))

House GOP Leader Kevin McCarthy Wins Speaker of the House



What's new: [House GOP Leader Kevin McCarthy](#) finally won the speaker's gavel after days of painstaking negotiations, but he gave away much of his power in the process.

Why it matters: Some of McCarthy's hold-outs have already pledged to hold the California Republican to his promises and other GOP lawmakers are

foreshadowing a 118th Congress that may be stymied by gridlock and infighting.

- Fifteen Republican holdouts changed their votes to support House GOP Leader Kevin McCarthy's [speakership bid](#) on Friday, marking the first major breakthrough in what is now the longest speaker contest of the post-Civil War era.
- Among those who flipped their votes is Rep. Victoria Spartz (R-Ind.), from present

Driving the news: "We will use the tools of the House to enforce the terms of the agreement," Rep. Chip Roy, who [voted](#) against McCarthy for 11 rounds of voting, said Sunday on CNN's "State of the Union."

What to watch: Some House Republicans, including Gonzales, have already signaled that they would vote against the rules package on Monday.

- "This is one of many votes ... that has to be more thought-out," he said.

([Axios](#))

Important Dates:



Monday, January 9th - 2023 Legislative Session Reconvenes

Tuesday, January 10th - Senate Unlimited Bill Filing Ends

Tuesday, January 10th - State of the State 7 pm

Wednesday, January 11th - Senate 2 Bills Per Day Filing Begins

Wednesday, January 11th - State of the Judiciary 2 pm

Thursday, January 12th - House Bill Filing Deadline 2 pm

Friday, January 13th - Senate Bill Filing Deadline 4 pm

Friday, January 20th - Senate First Reading Deadline

Tuesday, February 21st - House Committee Report Deadline

Thursday, February 23rd - Senate Committee Report Deadline

Thursday, February 23rd - House 2nd Reading Deadline

Monday, February 27th - Senate 2nd Reading Deadline

Monday, February 27th - House 3rd Reading Deadline

Tuesday, February 28th - Senate 3rd Reading Deadline

Tuesday, April 11th - House Committee Report Deadline

Thursday, April 13th - Senate Committee Report Deadline

Thursday, April 13th - House 2nd Reading Deadline

Monday, April 17th - Senate 2nd Reading Deadline

Monday, April 17th - House 3rd Reading Deadline

Tuesday, April 18th - Senate 3rd Reading Deadline

Thursday, April 27th - Anticipated Sine Die

[Senate Session Calendar](#)

[House Session Calendar](#)