

2025-2027 Biennial Budget

Governor's Proposed Budget

Fiscal Years 2026 and 2027

Presented to the State Budget Committee

January 16, 2025



Ensuring Indiana's priorities are funded Today and Tomorrow.



Agenda

- Financial Overview
- Funding Commitments
- Governor's Priorities
 - Reduce the Size of Government
 - Hoosier Tax Relief
 - Education
 - Public Safety
 - Health and Family Services

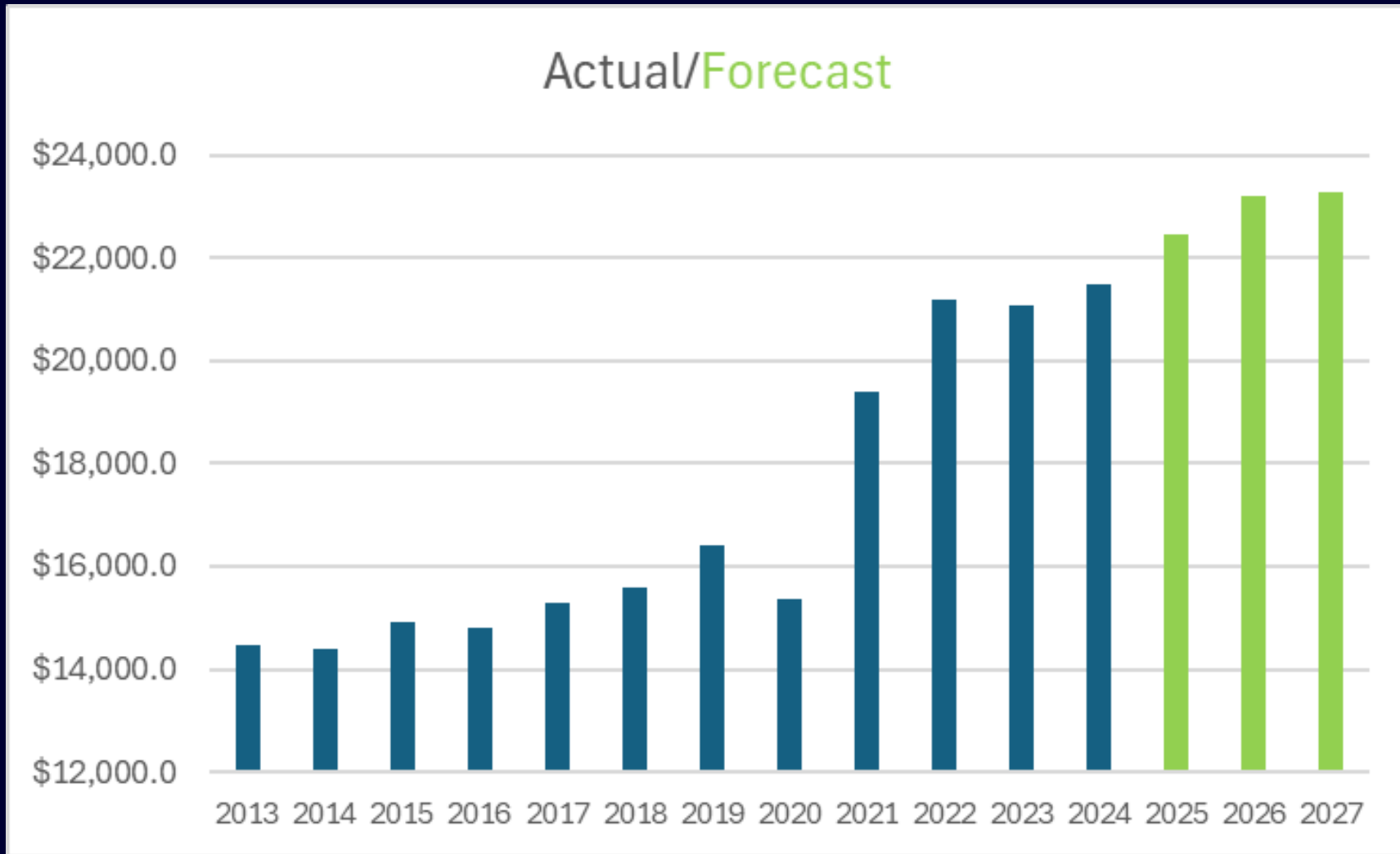


Financial Overview – Guiding Principles

- Balanced Budget
 - Structural surplus each year
- Maintains AAA credit rating

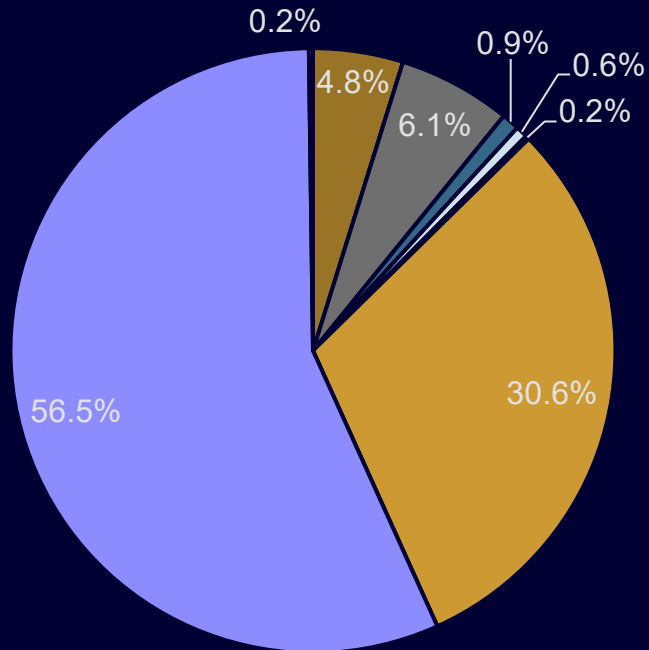


Revenue Forecast

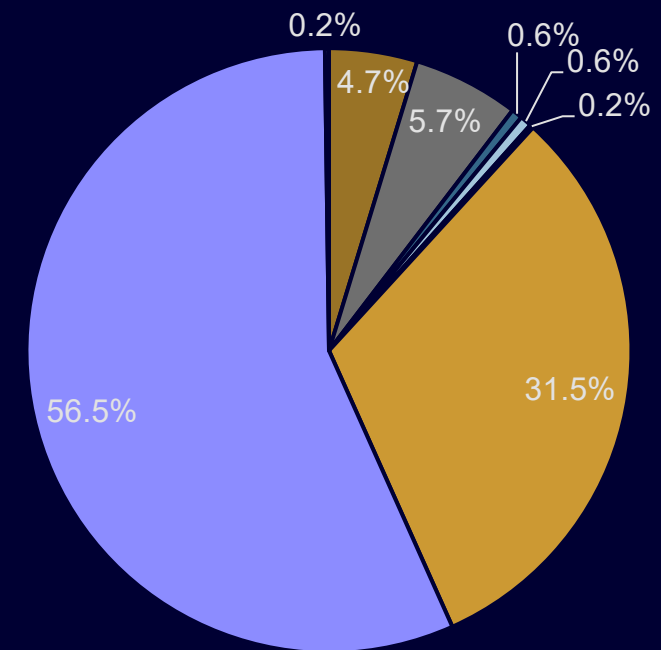


General Fund Appropriations

Fiscal Year 2026



Fiscal Year 2027



- General Government
- Conservation and Environment
- Transportation
- Education
- Public Safety
- Economic Development
- Health and Human Services
- Distributions

- General Government
- Conservation and Environment
- Transportation
- Education
- Public Safety
- Economic Development
- Health and Human Services
- Distributions

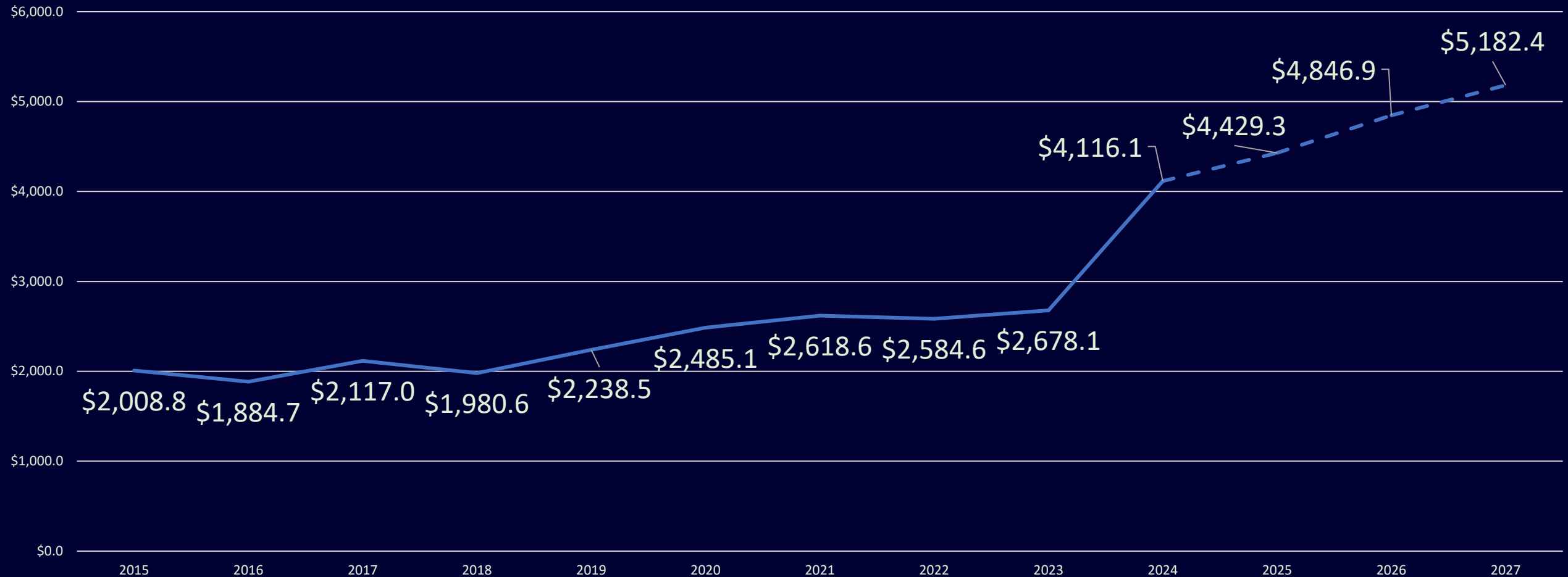
Financial Overview – Budget Development

- Operating and Capital Budget Instructions were sent out to agencies on May 1st
 - Established that “Base” budgets for FY26 and FY27 would be the F25 appropriations
- Budget submissions were due on August 9th
 - The statutory deadline is on or before September 1st per IC 4-12-1-7.
- Then Governor-Elect’s Transition team began reviewing agency submissions following the November election



Growth of Medicaid

Medicaid Assistance Appropriations
(in millions)



Funding Our Commitments

- Fully funds the Actuarial Determined Contribution (ADC) rates for State funded plans
- Appropriates required annual amounts to cover appropriation-backed debt:
 - Public University / Fee-Replaced (General Fund)
 - Stadium and Convention Center (General Fund backed)



Freedom and Opportunity Agenda - Reducing the Size of Government

Over \$700 million in reduced government spending over the biennium:

- Over \$540 million of targeted reductions in spending
- Over \$180 million in administrative reductions



Freedom and Opportunity Agenda - Hoosier Tax Relief

- \$265M in FY26 and \$431 M in FY27
 - Inflation Adjusted Income Tax Deductions
 - Stop the Tax on Tips
 - Eliminate the Tax on Retirement Income
 - Enhanced Farm Safety Net
 - Young Beginning Farmer Tax Credit
 - Sales Tax Holidays



Freedom and Opportunity Agenda – Education

- Increase of \$181M (FY26) and \$365M (FY27) to K12 Tuition Support
- Universal School Choice
- Increase investment in Career Scholarship Accounts (+\$2M) and Education Scholarship Accounts (+\$30M)
- \$50M in additional education initiatives



Freedom and Opportunity Agenda – Public Safety

- \$91 million to fund local prosecutors to the Indiana Prosecuting Attorneys Council
- \$5.6 million in one time funding to the Indiana National Guard to fund readiness initiatives
- \$5 million in additional funding for Secured Schools Safety
- \$1 million in one time funding to restore the Indiana Law Enforcement and Firefighters Memorial



Freedom and Opportunity Agenda – Health and Family Services

- Eliminates the waitlist for childcare subsidies
 - \$362 million
- Creates the Local Child Care Assistance Fund
 - \$4 million
- Fully funds the Medicaid Forecast
 - \$680 million in FY26
 - \$1 billion in FY27



Conclusion

- A balanced and measured budget in the face of unprecedented growth in Medicaid obligations and cooling economic growth
- Maintains a structural surplus and healthy reserve levels
- Funds Governor Braun's priorities
 - Reduce the size of government
 - Hoosier Tax Relief

