



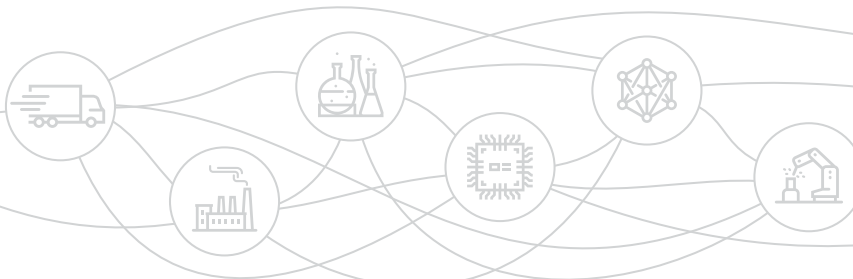
INDIANA DEPARTMENT OF
WORKFORCE
DEVELOPMENT

A Division of Commerce

Mike Braun, Governor
David Adams, Secretary of Commerce
Josh Richardson, Commissioner

Fiscal Year 2026 Strategic Spending Reduction Plan

June 30, 2025



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ACHIEVING FY26 RESERVE TARGET

DWD is committed to absolute integrity and prudent stewardship in its use of financial and other resources. DWD maximizes funds available by matching projected funding to anticipated expenditures to ensure programs have funds available to meet DWD's mission and associated federal and/or state requirements and the Office of Commerce and Governor Braun's priorities while also maintaining sufficient cash flows for operating in varying economic and operational conditions. Maximizing future funding, expenditures, and fund balances (as applicable) enables DWD to provide more services to Hoosiers.

FINANCIAL MANAGEMENT CIRCULAR (FMC) COMPLIANCE

DWD has and will continue to comply with all FMCs, including the forthcoming updates to align with administration policy. DWD will continue to use SPEED to submit its spending plan and discuss requirements and adjustments with DWD's SBA analyst. DWD holds biweekly touch base meetings with SBA to discuss funding, expenditures, contract, and federal grant matters. Participants in these biweekly meetings include, but are not limited to, the SBA budget analyst, DWD controller, budget director, budget lead, and Chief Administrative Officer (CAO), who also functions as the Chief Financial Officer.

DWD's budget team prepares monthly budget reports for internal use and reviews these reports during monthly meetings with each major division to discuss budget health, staffing, and funding levels. Participants in the monthly budget meetings include, but are not limited to, the applicable division leadership, the budget director, budget analyst, controller, and the CAO. Additionally, the budget director, controller, and CAO meet monthly with the Commissioner to review DWD and divisional summary budget reports.

In April and May 2025, DWD experienced FY26-27 state budget reductions, recent sudden and unforeseen federal funding reductions, and program changes that require DWD to make significant changes to maintain fiscal stewardship of available resources. DWD is committed to fiscal stewardship and will continue to work with SBA and SPD amid these funding shifts to achieve the appropriate balance between funding, staffing levels, and expenditures.

Anticipated Exception Requests

DWD does not anticipate requesting an exception to FMCs or state policies at this time.

COST SAVINGS

DWD's funding and operational volumes generally run countercyclical to the economy. In times of economic downturn, federal funding increases significantly; in times of economic growth, federal funding tapers off. However, the associated workload of economic downturns, such as the COVID-19 pandemic, often last well beyond when federal funding tapers off. DWD maximizes funds available by matching projected funding to anticipated expenditures; as such, DWD has and continues to manage operations to the countercyclical expansion and contraction, amid the impacts of rising cost of staffing.

Furthermore, DWD continues to focus on the design, development, and implementation of sustainable technology strategies that align with the State's technology strategies. DWD continuously evaluates its core systems for enhancements or replacements to improve operational and cost efficiencies.

Staffing Plan

Due to the recent termination of federal funding and reductions in state funding, DWD has already taken measures to reduce IT staff augmentation service costs which primarily support the ongoing development and maintenance of its core Unemployment Insurance system. Early in FY26, DWD plans further reductions in staffing and is targeting pre-pandemic staffing-level costs.

FEDERAL FUNDS

Historically, federal funding has accounted for approximately 85% of DWD's overall funding, and more than 50% of DWD's federal and state funds for Workforce programs are passed through to grant subrecipients. Of the remaining operating costs, approximately 62% are personnel costs (PS/PB).

Federal Spending Prioritization

These funds are primarily distributed by the U.S. Department of Labor (USDOL), the U.S. Department of Education (ED), and the Corporation for National and Community Service (CNCS or AmeriCorps).

Generally, where a program has dedicated or available federal funds, the use of federal funds is prioritized per FMC 1.1. If federal funds are insufficient or unavailable to cover program and administrative expenditures, DWD may use available dedicated funds or general fund appropriated to the agency. All funds also support shared service functions (e.g., finance, information technology, legal, etc.) through direct charges, as applicable, or through DWD's federally approved negotiated indirect cost rate agreement for federal funds.

Anticipated Grant Opportunities or Renewals

DWD anticipates renewing an MOU with FSSA's Division of Disability and Rehabilitative Services for pre-employment transition services (Pre-ETS). All Vocational Rehabilitation (VR) funds, including Pre-ETS, require at least a 21.3% non-federal match. Pre-ETS funds are set aside from other VR federal funds to serve students with disabilities. DWD uses Pre-ETS funds to supplement youth employment and training services authorized by the Workforce Innovation and Opportunity Act (WIOA).

DWD also anticipates the following USDOL grant opportunities that *do not* require a state match: State Apprenticeship Expansion Formula (SAEF) and UI Supplemental Budget Requests (SBRs)--as these become available.

PROCUREMENT

Open Contracts Analysis

DWD's open contracts primarily relate to federal and state Workforce program activities that provide for, but are not limited to, career exploration tools, employability skills assessments, program support, and office support services. Professional Service contracts are comprised mostly with CAI, utilizing the State's MSP contract for IT staff augmentation in support of the ongoing development and maintenance of the Unemployment Insurance system.

Anticipated Procurement and Technology Needs

DWD is preparing an RFP for a student management system, which is used by the DWD Adult Education team and the Office of Career & Technical Education within the Commission for Higher Education.

DWD's IT leadership is currently reviewing existing software and IT-related procurements to identify software necessity, potential cost savings, and long-term technology plans. DWD also anticipates additional conversations with the Office of Commerce to identify cross-vertical cost savings from combined license agreements.

CAPITAL PLANS

DWD does not have capital plans beyond routine building maintenance that will be administered within its existing FY26-27 appropriations.



State of Indiana

State Budget Agency
State House #212
Indianapolis, IN 46204
317-232-5610

Mike Braun, Governor

Chad Ranney, Director

Approved Fiscal Year 2026 Strategic Spending Reduction Plan

Agency Name: Department of Workforce Development

Pursuant to applicable state budgeting and financial management guidelines, the undersigned hereby affirm that the Fiscal Year 2026 Strategic Spending Reduction Plan submitted for the above-named agency has been reviewed and is approved for implementation. This approval signifies the plan submitted is in alignment with agency priorities, applicable legal requirements, and available funding levels.

Chad E. Ranney

Chad E. Ranney
State Budget Director

Date: 8/29/25

David Adams

David Adams
Secretary of Commerce
Date: August 28th, 2025

Josh Richardson

Josh Richardson
Commissioner
Date: August 28th, 2025