



State of Indiana

Mike Braun, Governor

State Budget Agency
State House #212
Indianapolis, IN 46204
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Chad Ranney, Director

August 11, 2025

TO: Agency Capital Contacts

FROM: Chad E. Ranney, State Budget Director

RE: State Agency Capital Improvement Fund Allocation Plan for FY 2026 and FY 2027

The Office of Management and Budget (OMB), State Budget Agency (SBA), and Indiana Department of Administration (IDOA) collaborated to prepare a capital allocation plan for the fiscal year (FY) 2026 - 2027 biennium. We ask that you carefully review this guidance and the supporting appendices prior to submitting a capital request.

Pursuant to HEA 1001-2025, SBA received a \$240 million biennial appropriation to the State Agency Capital (SAC) Improvement Fund. These funds are designated to support **Preventive Maintenance (PM), Repair and Rehabilitation (R&R), and new capital projects** across all state agencies for the biennium, subject to review and approval by the Budget Committee. This is a significant decrease in available funds for capital needs over the biennium and a shift in how funds are allocated to agencies.

Preventive Maintenance Allotments

Allocations for Preventative Maintenance now requires Budget Committee approval prior to release of funds. IDOA presented the FY 2026 PM allotments at the August Budget Committee meeting, and agency allocations will be distributed by August 15.

Allocations for FY 2027 PM will be presented to the Budget Committee in the Spring of calendar year 2026.

See Appendix A for a complete list of PM agency allotments.

Repair and Rehabilitation Allotments

Agencies will receive reduced R&R funding this biennium. Recognizing priorities may have shifted from the FY 2026 - FY 2027 budget submission, agencies are expected to re-evaluate needs and prioritize funds accordingly. Allocations continue to be subject to Budget Committee Review.

Refer to Appendix B for R&R allocations.

Ensuring that Indiana's priorities are funded today and tomorrow.

New Capital Project Allotments

Beyond PM and R&R, OMB, SBA, and IDOA are continuing to review and prioritize line-item submissions.

Important: Capital Reconciliation Requirement

Agencies must complete a capital reconciliation to be eligible for R&R and new capital. Reconciliations include:

- Current Capital Fund Balances:
 - Provide an itemized breakdown of all agency capital funds with balances.
- Reconciled Projects Balances for each fund identified above:
 - List of active projects with remaining funds and completed or terminated projects with remaining funds.
 - Confirm final expenditures and any leftover balances.
 - Projects with open balances that correspond to a capital fund with a \$0 balance should be listed separately.
- Unused Funds:
 - Identify funding that is no longer earmarked for their original purpose.
 - Justify why these funds are needed or applicable.

The goal of the above is to ensure project balances match the fund balance prior to disbursement of new capital. Unused funds are to be identified for agency priority requests prior to the release of additional capital funding.

Once this summary is submitted and reviewed, the agency may request R&R or capital projects.

IDOA's CFO Matt Kent is available to support reconciliation efforts. Agencies should coordinate directly with his office for assistance by emailing mkent@idoa.in.gov.

Fiscal Year 2026 Capital Project and R&R submission

The capital project and R&R submission process has been revised this fiscal year and is aimed at creating efficiencies.

Agencies will submit requests for projects on a monthly basis going forward to the [Budget Committee Submission Portal](#). These are to be submitted by the first Friday of each month for consideration at the Budget Committee meeting set to take place in the following month. Should a meeting not be called in the month following submission, the project will be considered for the next meeting. Failure to submit timely will result in the project request being submitted as if it were received by the following month's first Friday.

Capital reconciliations must be on file with SBA prior to the first capital project submission. The Budget Director has full discretion to require agencies to utilize unused capital funds prior to receiving State Agency Capital Improvement allocations.

We recognize additional capital needs may arise throughout the biennium. Working with your SBA Fiscal analyst ensures any emerging capital needs can be evaluated strategically and incorporated in the state's capital priorities.

We remain committed to partnering with agencies to ensure available resources are directed toward maintaining infrastructure integrity and supporting safety initiatives.

Thank you for your continued collaboration as we advance this effort. For questions, please reach out to your SBA Fiscal Analyst.