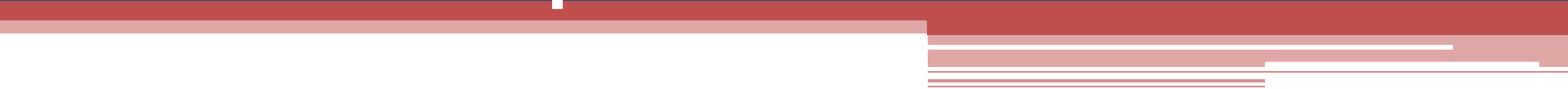


FY 26/27 Budget

HB 1001 Proposed CCR



April 23, 2025

FY 26/27 Budget Priorities

- ✓ Enact a responsible, balanced state budget
- ✓ Make government more efficient and protect taxpayers
- ✓ Strengthen our commitment to education and empower Hoosier families
- ✓ Protect public safety

April Revenue Forecast

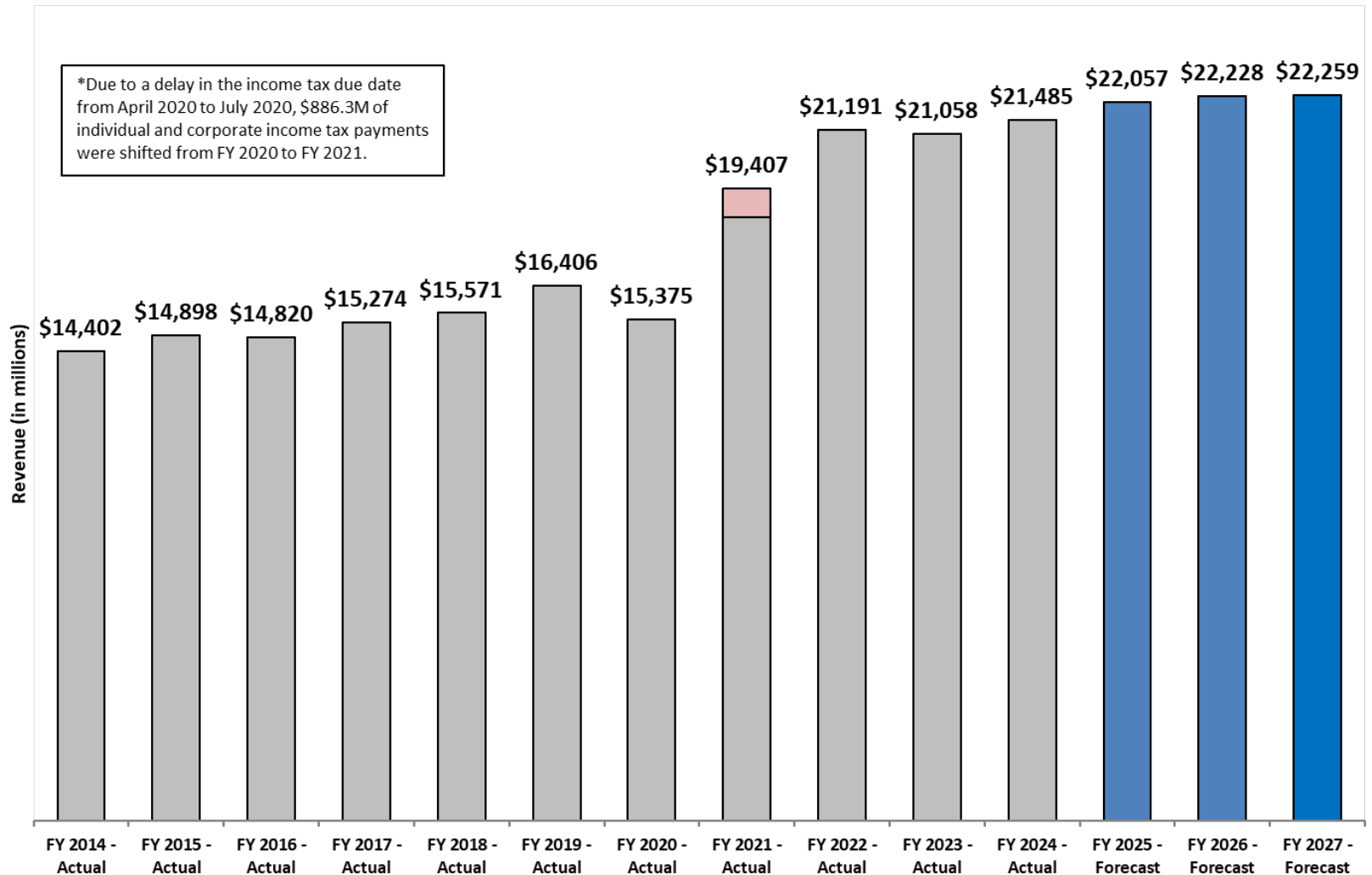
- The April 2025 revenue forecast lowered the revenue projections for the FY 2026/FY 2027 biennium by nearly **\$2B**, or **4.2%**, as compared to the December 2024 revenue forecast
- While the April revenue forecast still projects revenue growth, the growth rates are only expected to be 2.7% in FY 2025, 0.8% in FY 2026 and 0.1% in FY 2027

	December 2024	April 2025	\$ Difference
FY 2025	\$22,461M	\$22,058M	(\$403M)
FY 2026	\$23,192M	\$22,228M	(\$964M)
FY 2027	\$23,264M	\$22,259M	(\$1,005M)
FY 2026/2027	\$46,456M	\$44,487M	(\$1,969M)

Actual and Forecasted General Fund Revenue

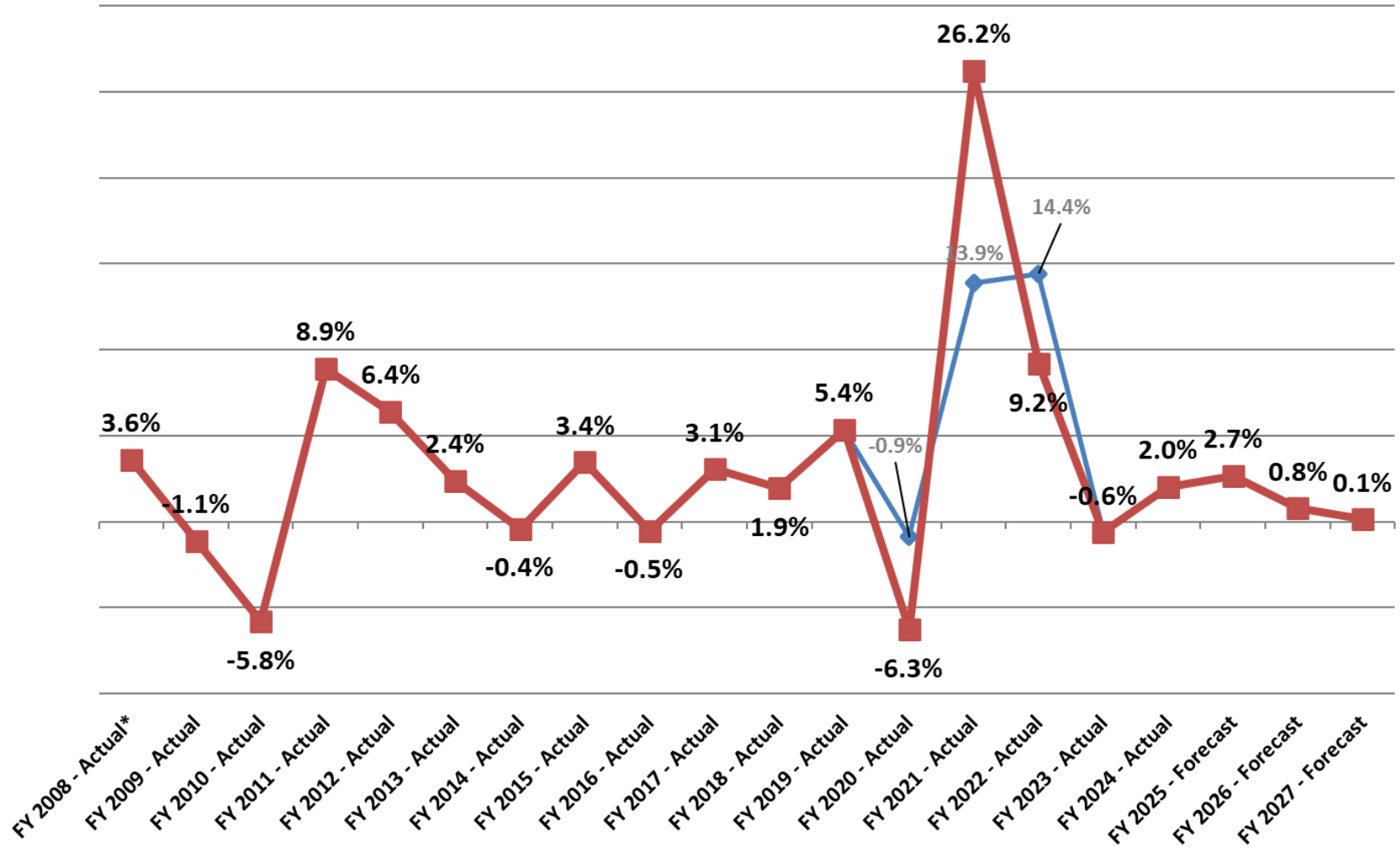
(in millions \$)

 = Impact of Delayed Income Tax Payments in FY 2021



Year-over-year Percentage Change in State General Fund Tax Revenue

◆ Year-over-year Percentage Change in Revenue (Adjusted for the Impact of Deferred Payments)
■ Year-over-year Percentage Change in Revenue (As Received)



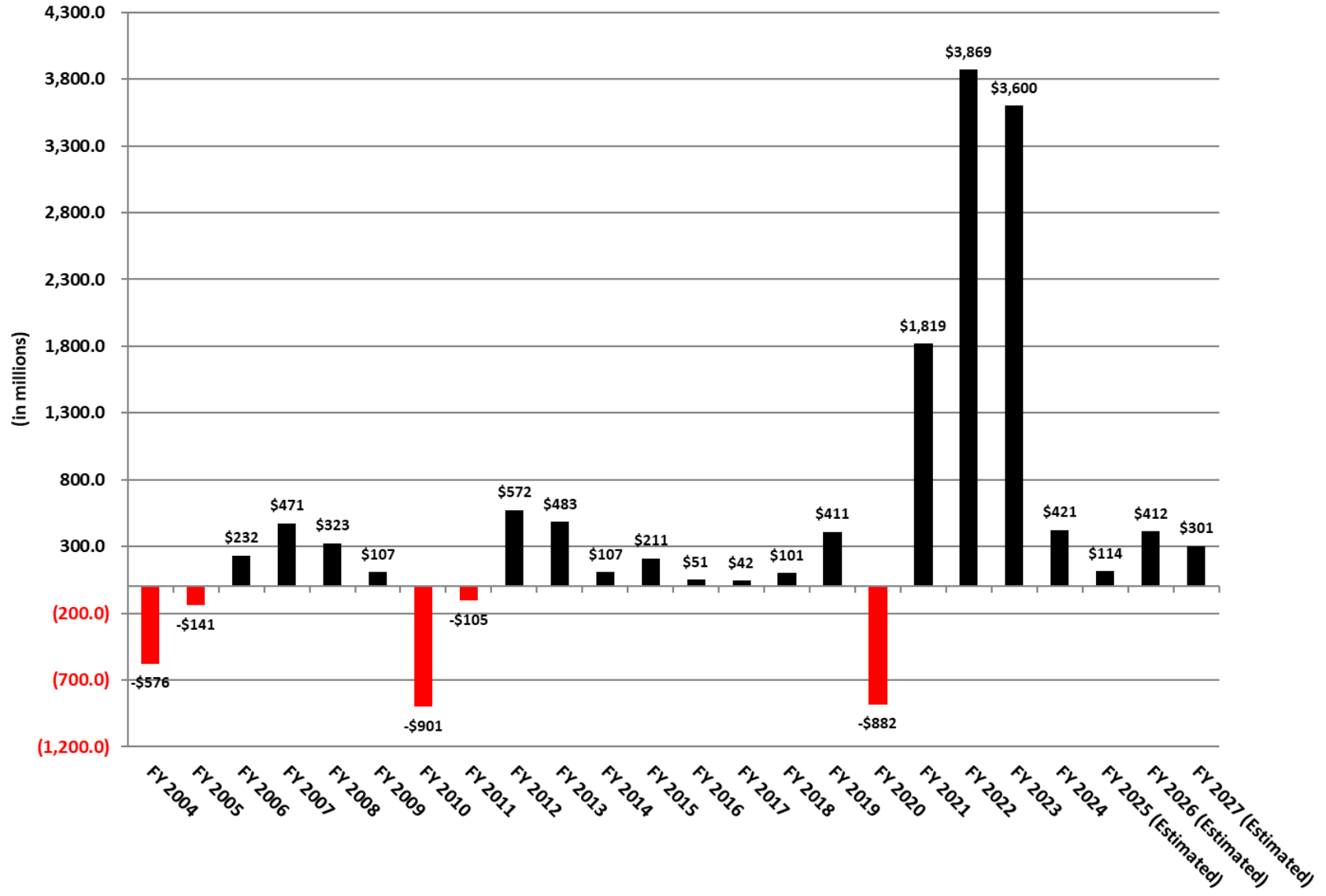
Enact a responsible, balanced state budget

- Budget lives within our means
 - Budget is balanced in both years of the biennium
- Spending levels are sustainable into the future
 - 2027 General Assembly will inherit opportunities not deficits
- Budget maintains healthy reserves in both years of the biennium
 - Healthy reserves protect taxpayers and ensure that Indiana maintains a triple-A credit rating
- Budget accounts for the two remaining individual income tax cuts scheduled for 2026 and 2027
 - Income tax cuts save taxpayers over \$200M per year
- Budget fully funds the actuarially determined contributions for all state-funded pension plans

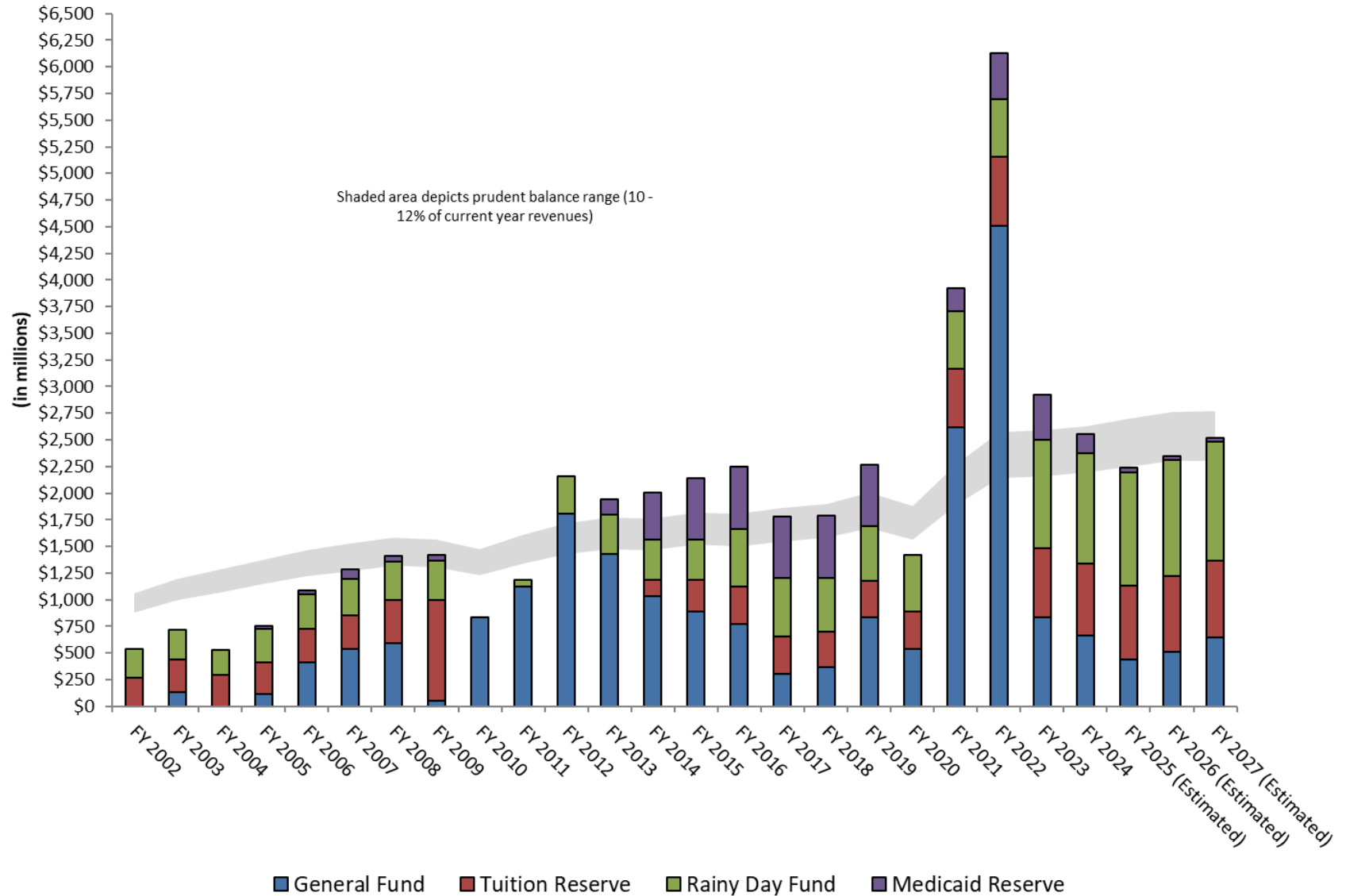
Enact a responsible, balanced state budget

- Most state agencies—including the judicial branch, legislative branch, separately elected officials, and state universities—were reduced by 5% as compared to FY 2025 appropriation levels
- Exceptions included K-12 Education, the Department of Correction, Indiana State Police, Department of Child Services, Mental Health, and Medicaid, all of which were funded at levels necessary to cover existing obligations
- Pension and debt obligations were fully funded
 - House-Passed Pre-1996 TRF appropriation

Structural Budget Surplus/(Deficit)



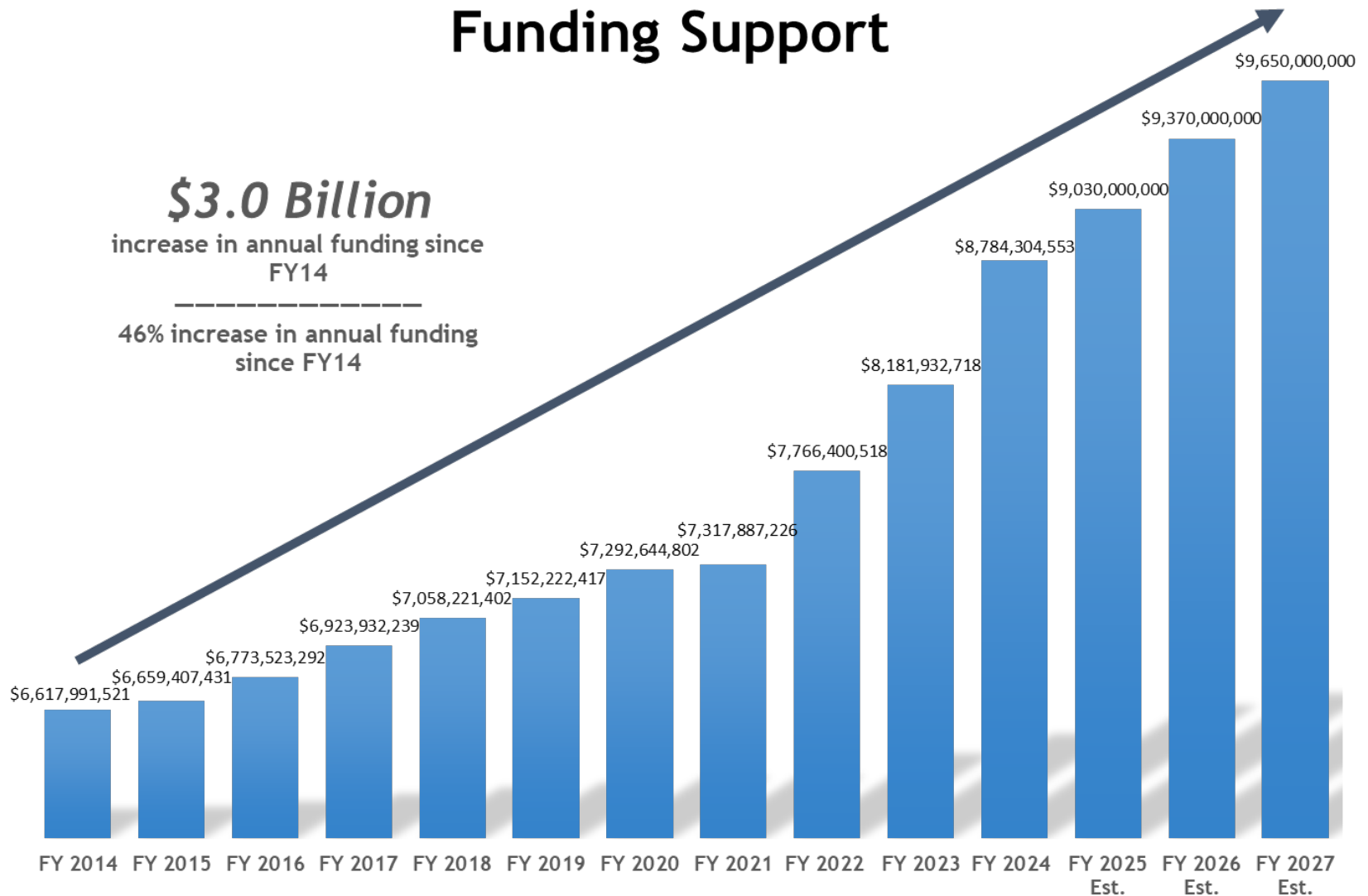
Total Combined Reserve Balances



Strengthen our commitment to education and empower Hoosier families

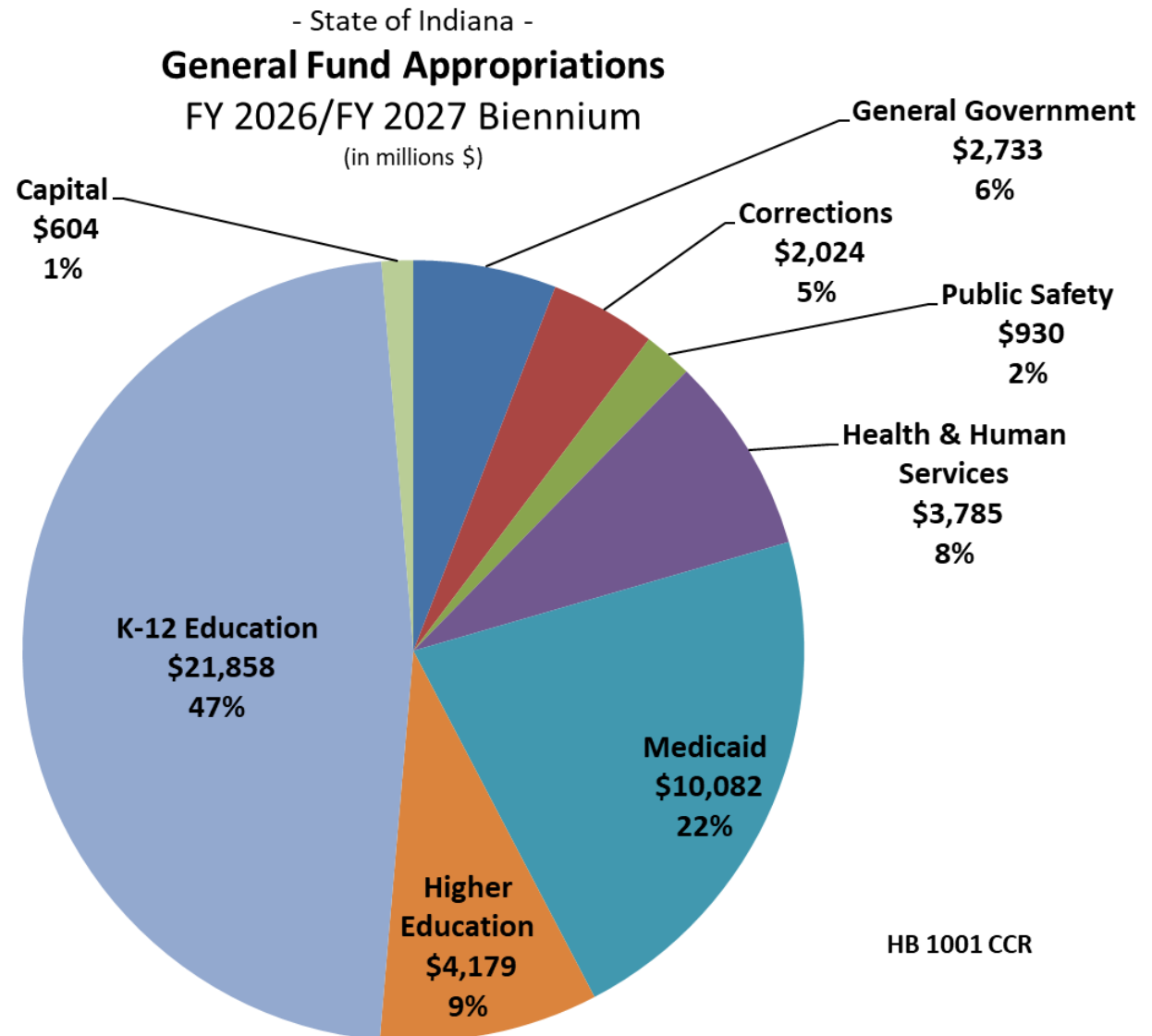
- Increases the K-12 tuition support formula by **\$640 Million** or a 5% increase over the biennium as compared to the FY 25 appropriation level (net of curricular materials)
 - Funding formula rolls the \$160M curricular materials appropriation into the foundation
- Eliminates the income limit for the Choice Scholarship program starting with the 2026-2027 school year
- Increases funding for secured school safety grants to \$27.1M per FY
- Funds Governor Braun's Freedom and Opportunity in Education initiative and grants the Department of Education the flexibility and resources to implement innovative academic improvement initiatives

Most Dollars Ever for K-12 Student Funding Support



Protects public safety and supports Hoosier communities

- Provides additional funding for the State Police
- Increases the per diem paid to local jails that hold DOC inmates to \$42 per day
- Funds the High-Tech Crimes Unit program and the Crime Guns Task Force
- Funds local public health at \$40M per FY
- Funds the Residential Housing Infrastructure Assistance Program (HB 1005) at \$25M per FY
- Funds the Water Infrastructure Assistance Program at \$20M per FY
- Provides \$147M of hold harmless funding for families currently receiving childcare through the Child Care Development Fund (CCDF)

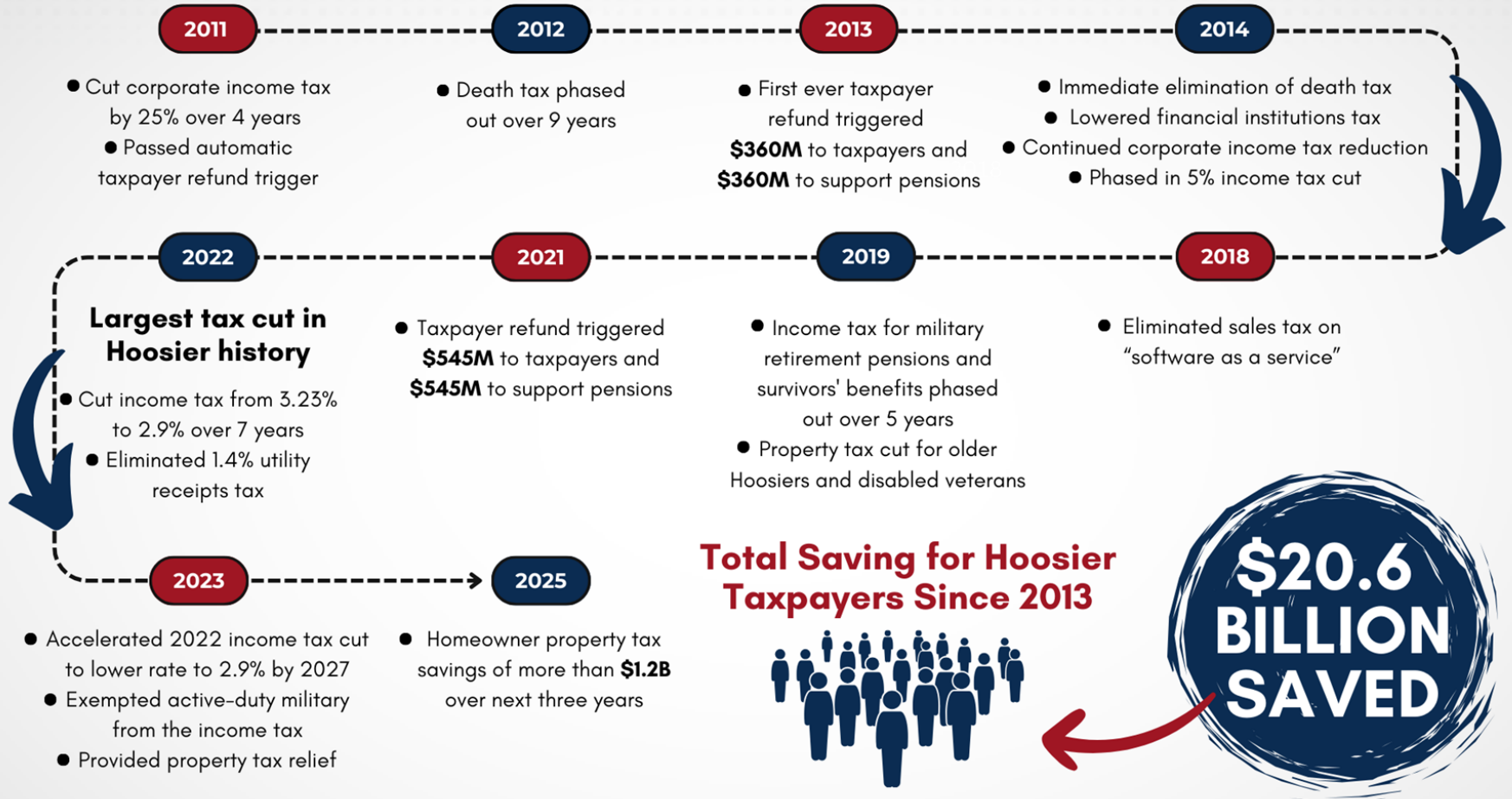


Despite the forecast, Indiana's fiscal outlook remains strong

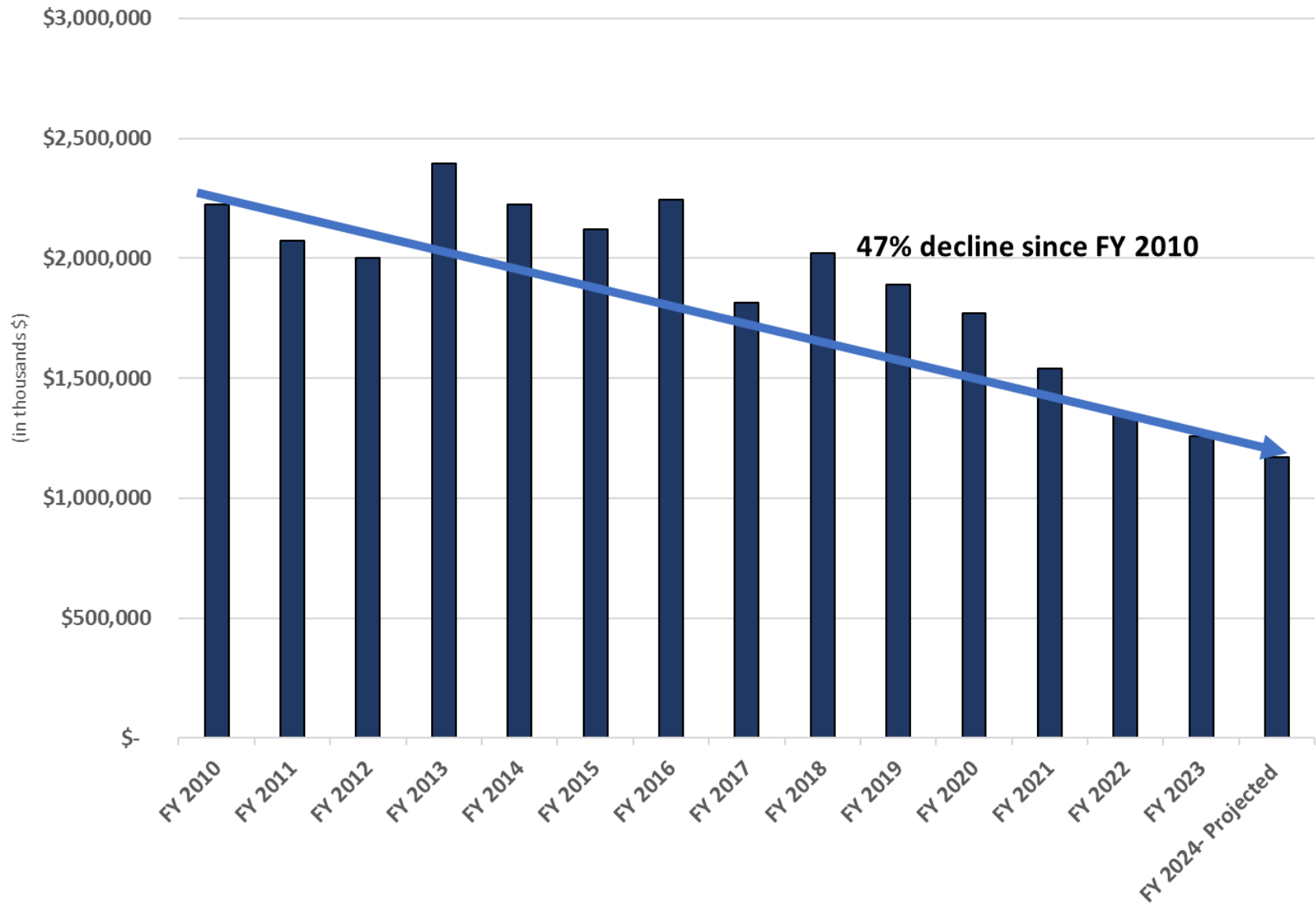
- Since the pandemic, Indiana's gross domestic product has grown by 9.3%, more than any other state in the Midwest
 - 3.5x the growth rate of Illinois (2.5%)
 - 2x the growth rate of Ohio (4.2%)
 - 25% more growth than Kentucky (7.3%)
 - 40% more growth than Michigan (6.3%)
- Indiana ranks **1st in the Midwest** and **10th in the nation** for business tax climate, according to the Tax Foundation.
- According to "Rich States, Poor States", Indiana is ranked **5th** overall for its economic outlook and has remained in the **top 10** states for economic outlook for **10 years in a row**
- Indiana ranks, **5th** for "Cost of Doing Business," **5th** for "Cost of Living," **9th in the nation** for "Infrastructure", and **11th overall** in CNBC's *America's Top States for Business 2024*
- Indiana ranks **2nd in the nation** in Forbes' "Best state to start a business"

Indiana's Tax Cut Timeline

House Republicans slash Hoosier tax bills every year of last decade



Outstanding State Taxpayer Supported Debt by Fiscal Year



Contributions to the Pre 1996 Teacher's Retirement Fund Account by Fiscal Year

(in millions \$)

