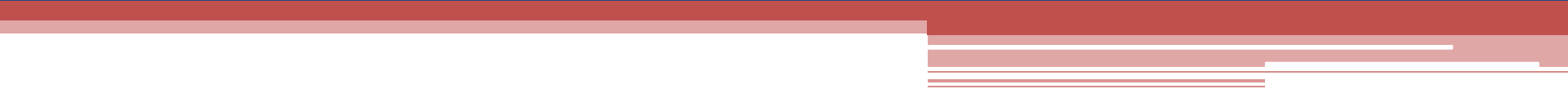


FY 26/27 Budget

Chairman's Amendment to HB 1001



February 17, 2025

FY 26/27 Budget Priorities

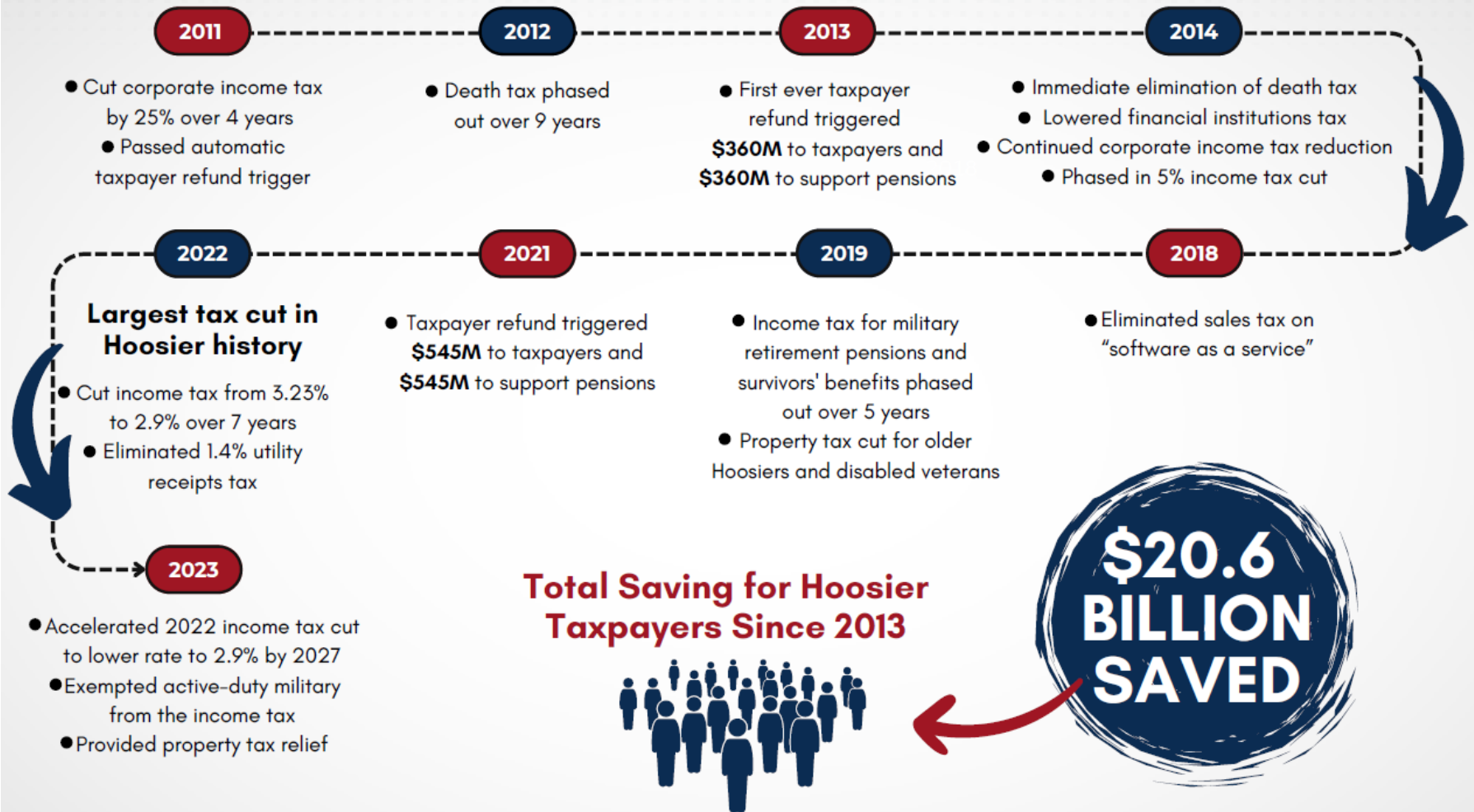
- ✓ Enact a responsible, balanced state budget
- ✓ Strengthen our commitment to education and empower Hoosier families
- ✓ Enhance public safety
- ✓ Support and grow our Hoosier communities

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

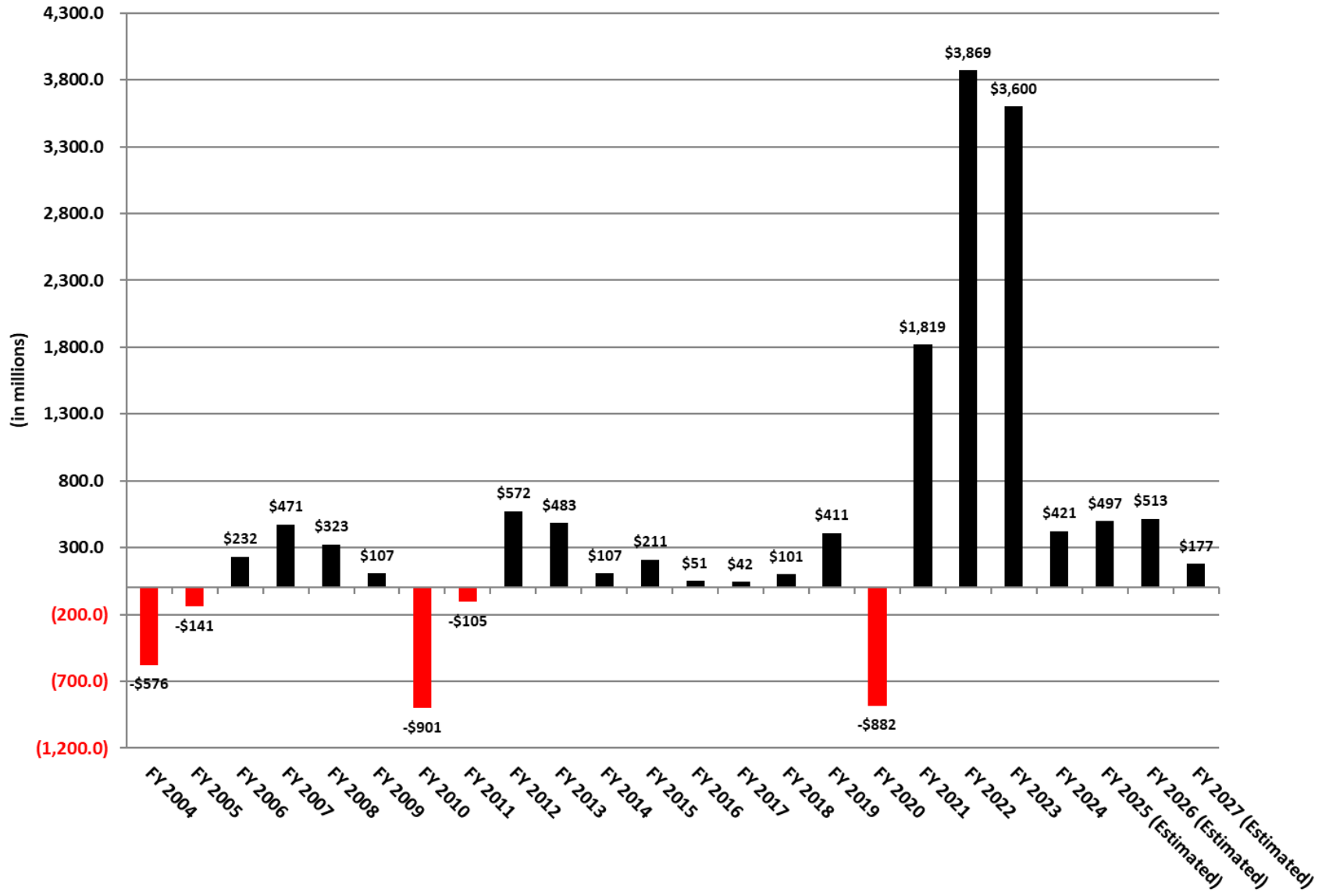
House Republicans slash Hoosier tax bills every year of last decade



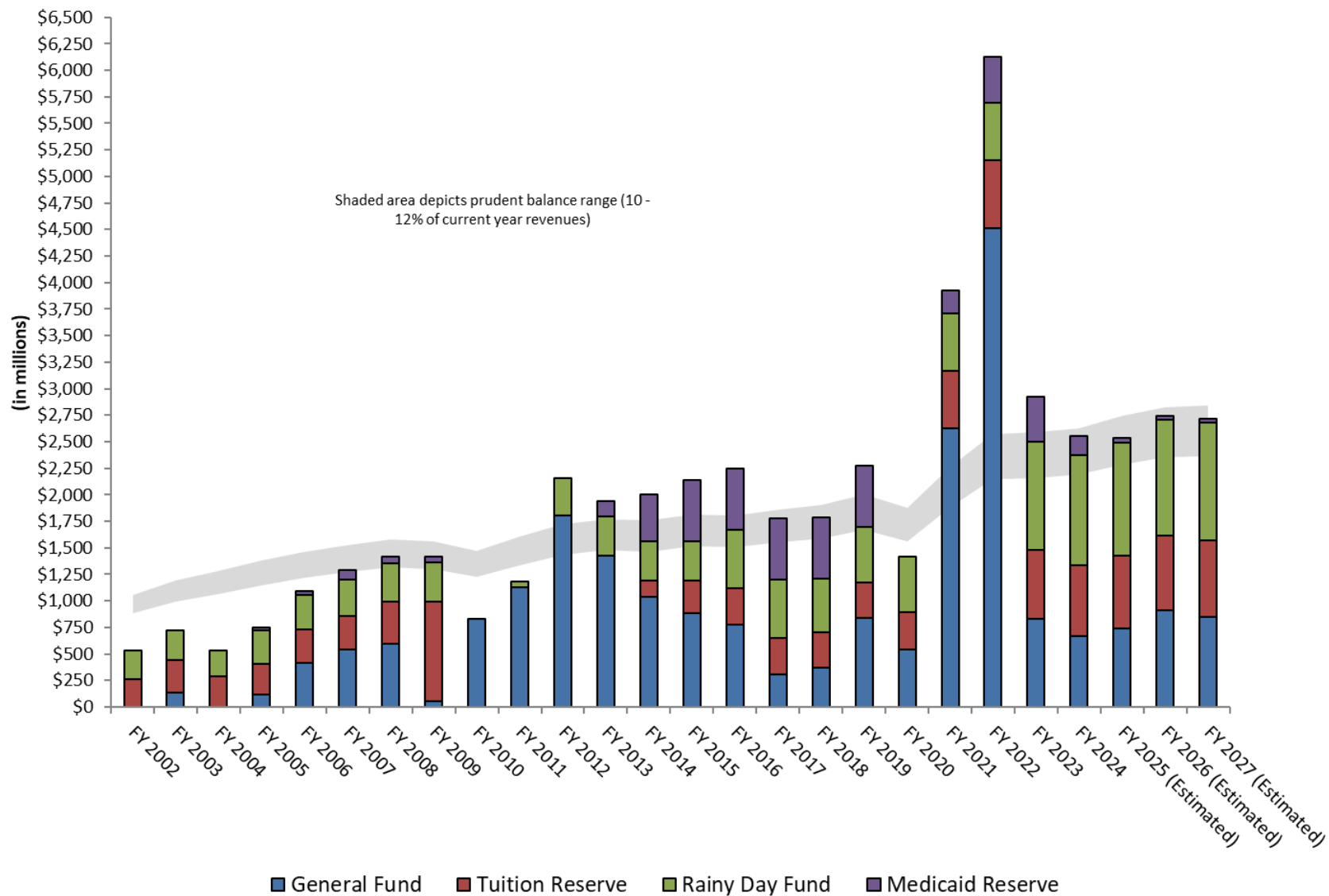
Enact a responsible, balanced state budget

- 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 rate will be cut to 2.95% in 2026 and 2.9% in 2027
- Budget fully funds the actuarial determined contributions for all state-funded pension plans

Structural Budget Surplus/(Deficit)



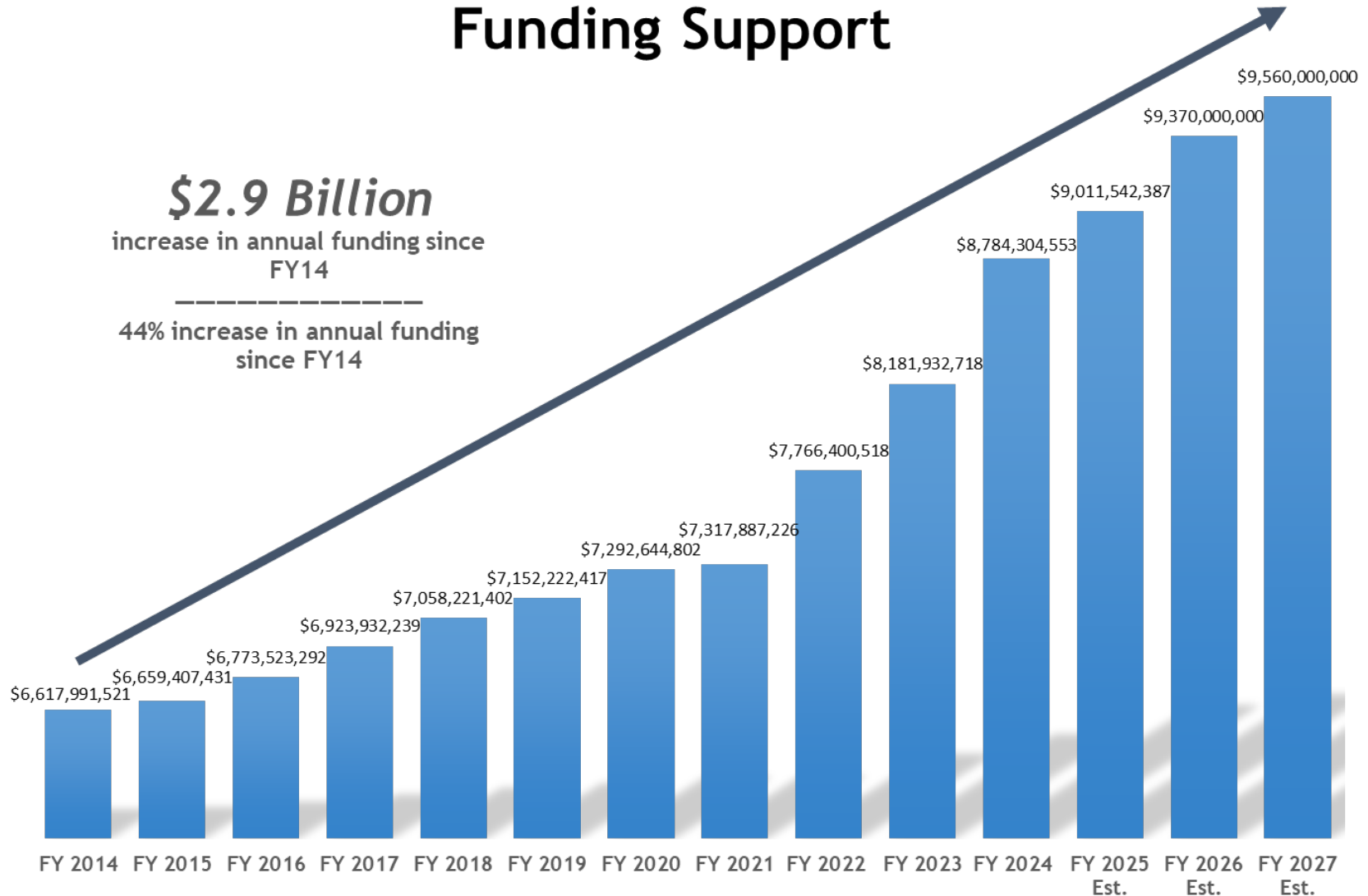
Total Combined Reserve Balances



Strengthen our commitment to education and empower Hoosier families

- Increases the K-12 tuition support formula by **\$560 Million** or a 4.1% increase over the biennium as compared to the FY 25 appropriation level (net of curricular materials)
 - FY 25 Appropriation = \$9.03B
 - FY 26 Appropriation (net of curricular materials) = \$9.21B (+2% or +\$180M vs FY 25)
 - FY 27 Appropriation (net of curricular materials) = \$9.40B (+2% or +\$190M vs FY 26; +4.1% or +\$370M vs FY 25)
 - Total new dollars vs. FY 25 base funding (net of curricular materials) = \$180M + \$370M = \$560M over the biennium
- Funding formula rolls the \$160M curricular materials appropriation into the foundation

Most Dollars Ever for K-12 Student Funding Support



Strengthen our commitment to education and empower Hoosier families

- Increases funding for secured school safety grants
- Enhances funding for 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
- Funds Gifted and Talented Education
- Funds the School for the Blind and Visually Impaired and the School for the Deaf
- Appropriates repair & rehabilitation funding for public universities
- Increases funding for adult learners

Strengthen our commitment to education and empower Hoosier families

- Provides school choice options to more Hoosier families by eliminating the income limit for the Choice Scholarship program
- Invests in work-based learning for students by increasing funding for Career Scholarship Accounts
- Increases funding for Education Scholarship Accounts for students with special needs

Enhance public safety

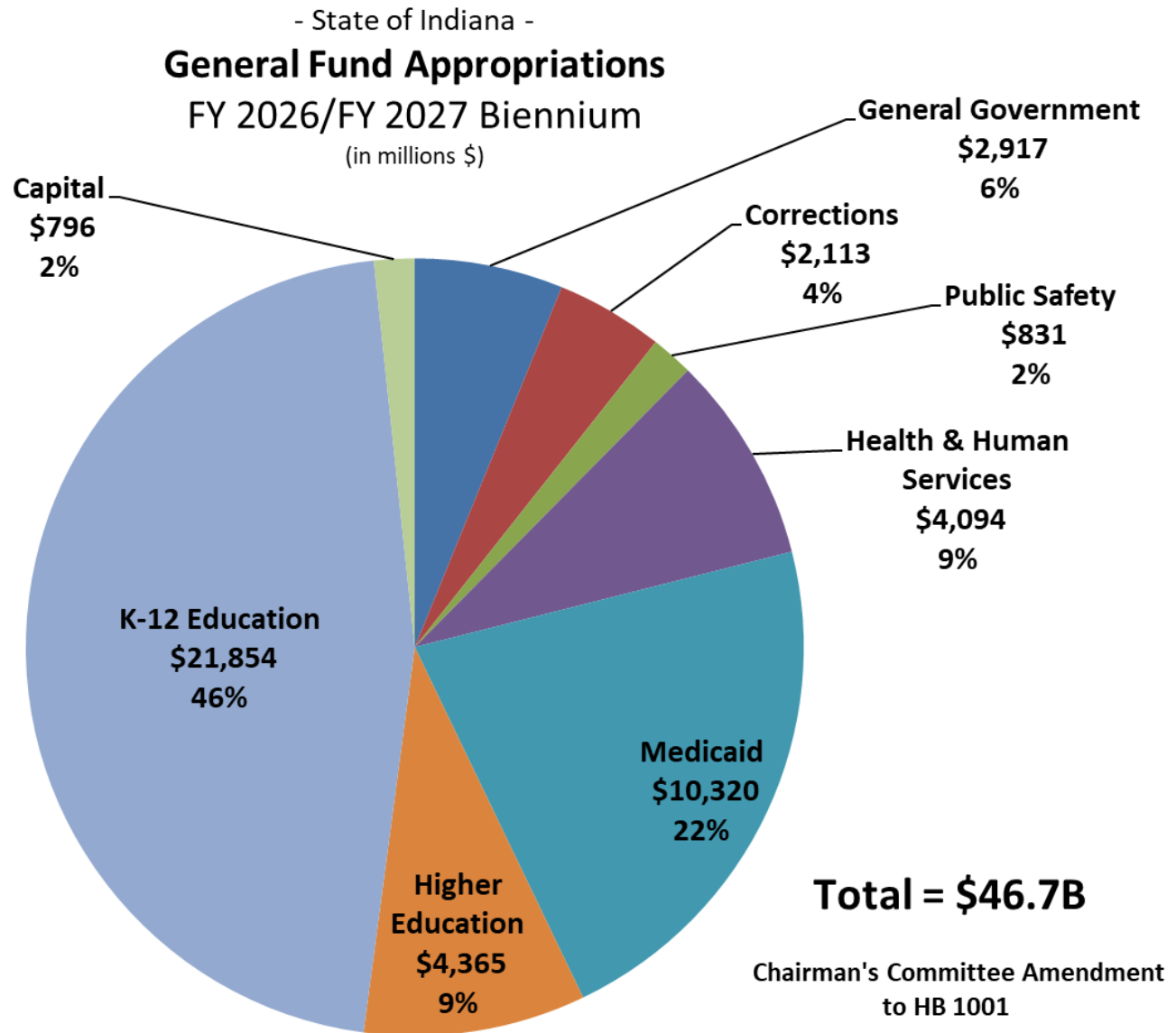
- Creates a new Public Prosecution Fund to provide financial support for county prosecutors (HB 1006)
- Increases the per diem paid to local jails that hold DOC inmates to \$42 per day
- Increases funding for the High Tech Crimes Unit program
- Funds the Forensic and Health Sciences laboratories and provides \$2.5M to purchase new rape testing equipment
- Provides additional funding for the Commission on Improving the Status of Children
- Funds the Juvenile Recidivism Reduction pilot project

Support and grow our Hoosier communities

- Funds the Residential Housing Infrastructure Assistance Program (HB 1005) at \$25M per fiscal year
- Provides \$155M of hold harmless funding for families currently receiving childcare through the Child Care Development Fund (CCDF)
- Provides funding for key economic development programs, including the 21st Century Research and Technology Fund and Manufacturing Readiness Grants
- Enacts the Rural Fund Capital Investment tax credit and the Hoosier Workforce Upskill tax credit
- Fully funds the statewide sports and tourism bid fund to bring new sporting and tourism events to communities across Indiana
- Doubles the income tax deduction for low-income seniors

Other budget highlights

- Fully funds the Medicaid forecast
- Funds the Department of Child Services at current expenditure levels
- Funds the Office of Entrepreneurship and Innovation
- Provides full funding for the Board of Animal Health
- Invests \$100M over the biennium to tackle deferred maintenance at state-owned properties
- Provides \$25M each year for charter school capital grants
- Provides funds for capital projects at various state parks, White River State Park, and the Indiana State Fairgrounds
- Appropriates funds to modernize four National Guard readiness centers



Outstanding State Taxpayer Supported Debt by Fiscal Year

