



2025 STATE OF INDIANA'S FINANCIAL REPORT

Provided by the Office of
Indiana State Comptroller Elise Nieshalla

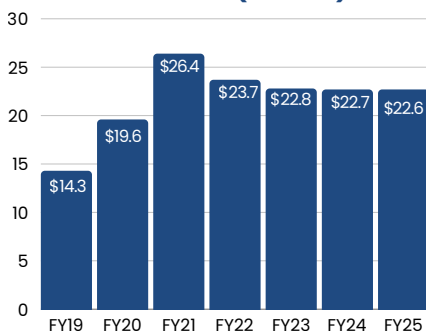
*It is good to be a Hoosier — we are a leader among states with our solid financial position of **low debt, well-funded pensions, healthy cash reserves, a balanced budget and a AAA credit rating.** These strengths are outlined in the 2025 Annual Comprehensive Financial Report, the State Comptroller's 300-page audited report available [online](#). We stand **At Your Service** with this executive summary.*

State Revenue & Expenses

Fiscal Year (FY) 2025 closed with **\$26.4 billion** in state general revenues – **6.8% above revenue for FY 2024**. Indiana's growth can be largely attributed to an increase in income tax revenue (6.9%), even as Indiana is one of eight states **lowering income tax rates**. This reflects a growing economy and expanding tax base.

In addition to the \$26.4 billion in state general revenue, \$22.6 billion in revenue came from federal dollars, \$0.2 billion from other grant funds, plus \$4.6 billion from service fees, for a combined total of **\$53.8 billion**. Total state expenses were \$51.9 billion, fulfilling our constitutional duty to spend less than our total revenue.

Federal Grant Dollars to Indiana (billions)



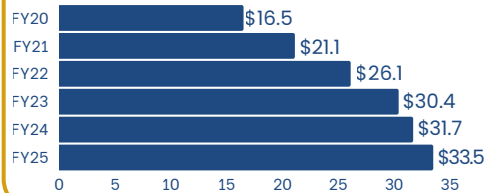
Federal grant dollars increased dramatically during the pandemic & remain at an elevated level.

What We Own vs. What We Owe

The State's net position is a key measure of long-term stability and is the difference between what Indiana owns and what it owes. Our net position grew to **\$33.5 billion** in FY 2025, reflecting the strength of our balance sheet.

Due to the State carrying minimal debt, the increase in net position represents continued growth in financial health.

State's Net Position (billions)



AAA Credit Rating

Indiana is one of 13 states to earn the **highest AAA credit rating** from all three major rating agencies—Fitch, Moody's, and S&P Global Ratings. In their 2025 reviews, each agency reaffirmed Indiana's AAA status, citing the State's **disciplined budgeting, low debt, strong reserves** and longstanding commitment to **fiscal transparency and stability**. This top rating reflects Indiana's proven ability to meet its financial obligations and helps secure more favorable interest rates for the State.

Highlights of FY 2025

- State General Fund revenue of \$26.4 billion compared to \$24.7 billion in FY 2024
- Total reserves of \$2.5 billion (40 days of operations), aligning with national best-practice guidelines for state fiscal stability
- Pensions well-funded at 83.2% with manageable liability

Low Debt

Indiana continues to maintain one of the lowest debt burdens among the states. According to S&P Global Ratings, the State ranks **4th lowest in net tax-supported debt** per capita.

Indiana's debt per capita has also improved, declining from \$186 to \$169 per person, reinforcing the State's reputation for disciplined spending, conservative borrowing practices, and a stable fiscal and regulatory climate.

Debt Per Capita Comparisons

Indiana \$169

Ohio \$727

Michigan \$841

Kentucky \$1,286

Illinois \$2,332

Dollars based on net tax-supported debt

Surplus & Reserves

Indiana's FY 2025 surplus of **\$676 million** reflects a strong cash position, which is included in the combined balances of **\$2.5 billion in reserves**. Just over twenty years ago, the State closed its books with **only 6 cents in surplus and negative net reserves**, a shortfall that prompted the structural reforms that underpin today's stability, including the passage of a balanced budget amendment in 2018.



SERVICES DELIVERED BY EVERY HOOSIER TAX DOLLAR

Below are examples of the primary agencies included within each category:

- Education – DOE, Higher Education
- Health & Welfare* – IDOH, FSSA, DCS
- Public Safety & Transportation – DOC, INDOT, ISP, BMV, ICJI
- General Administration – Statewide Officials, OMB, State Budget, IOT, DLGF, DOR
- Other – DNR, IDEM, Indiana State Parks

***Note: Within Health & Welfare spending, strengthened review of Medicaid eligibility is projected to generate \$465 million in future savings through FY 2027.**



To maintain this stability, spending authority remains limited: agencies may spend only what is appropriated by the Legislature in the biennial budget and portions of the reserves are legally restricted. Maintaining disciplined reserves strengthens Indiana's fiscal foundation, supports a stable business climate and promotes long-term economic growth.

National Recognition for Indiana

Indiana continues to earn strong national acclaim for its business climate and economic competitiveness. Our real GDP (2.6%*) is growing at **double the rate of Illinois and Ohio, triple that of Kentucky, and six times faster than Michigan.**

*U.S. Bureau of Economic Analysis (BEA)

Recent national rankings include:

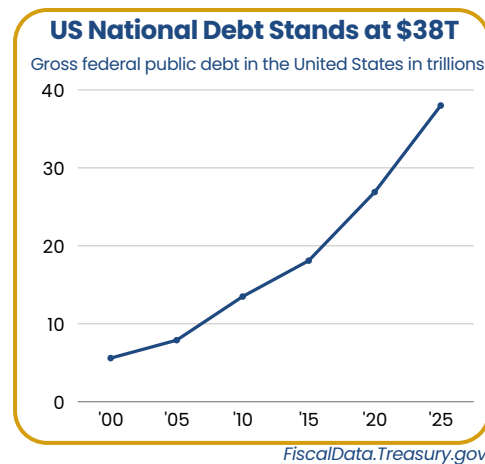
- **3rd in the nation for economic outlook** in the American Legislative Exchange Council's (ALEC) *Rich States, Poor States* 2025 report
- **Top 10 for business tax climate** in the Tax Foundation's 2025 State Tax Competitiveness Index

Financial Reporting & Transparency

The State Comptroller's Office upholds the **highest standards of financial reporting and transparency**, overseeing accurate accounting for state funds, disbursing tax revenues to local governments, paying state employees and vendors, and administering the State's deferred compensation retirement plan.

Indiana's Annual Comprehensive Financial Report has earned the **Certificate of Achievement for Excellence in Financial Reporting** for 32 consecutive years.¹

The Office also manages the **Indiana Transparency Portal (ITP)**, providing easy access to data on the State's finances, assets, contracts, employees, vendors and local government. **Coming this year**, ITP will add a user-friendly dashboard displaying federal grant dollars coming to Indiana and how they are spent. Visit in.gov/ITP to explore.



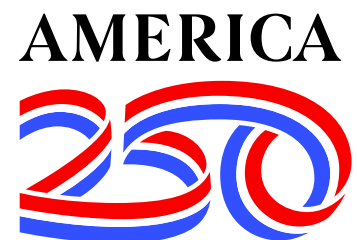
Addressing our National Debt

While Indiana maintains a disciplined and structurally sound financial position, the United States faces a **\$38 trillion national debt that equates to over \$112,000 per capita**. Furthermore, annual interest costs on the debt exceed \$1 trillion, surpassing the annual budgets of both the U.S. Military and Medicare.

As **Chair of the National Debt Crisis Taskforce**, **Comptroller Nieshalla** is leading a nationwide effort to confront this challenge.

The Taskforce is growing a coalition of state leaders elevating the urgency for federal fiscal reform to achieve a balanced budget and reduce the 120% debt-to-GDP ratio.

Indiana's **Senate Resolution 51** that calls on the federal government to address the debt crisis serves as a model for other state legislatures to pass and join the movement to restore the country's solvency. A companion **House resolution on the seriousness of the national debt** is expected to reinforce that message as Indiana plays a leading role in compelling meaningful federal action.



This year of celebrating the **250th Anniversary of the Declaration of Independence** underscores the importance of safeguarding America's financial foundation to preserve the independence and freedom that generations before us have fought hard to secure.



¹ The State of Indiana's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025, from which certain information in this report has been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To receive the Certificate, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we have submitted it to GFOA to determine its eligibility for another certificate.