

January 2025 Minutes

State Budget Committee Minutes

January 16, 2025, 1:00 PM EST

Indiana Statehouse

House Ways and Means Committee Room 404

200 W. Washington St., Indianapolis, IN 46204

Members:

Representative Jeff Thompson, Chair

Senator David Niezgodski

Representative Gregory Porter

Senator Ryan Mishler

Chad Ranney, State Budget Director

Alternate Members:

Representative Craig Snow

Senator Fady Qaddoura

Representative Ed DeLaney

Lisa Acobert, Deputy State Budget Director

Chairman Thompson called the meeting to order at 1:00 PM. Chairman Thompson introduced the December 2024 minutes. Representative Porter moved to approve the minutes; Senator Niezgodski seconded the motion. The motion carried unanimously. Chairman Thompson introduced the agenda.

Following the adoption of the December 2024 minutes, Lisa Hershman, Secretary of the Office of Management and Budget (OMB) and Chad Ranney, State Budget Director, presented the Governor's 2026-2027 Recommended Budget.

Following the presentation, Senator Qaddoura noted that there were numerous priorities he was happy to see including the funding for the Medicaid forecast and the funding to eliminate the CCDF waitlist. Senator Qaddoura asked if the Medicaid funding would include eliminating the waitlist for the Pathways waiver program, which he noted has over 9,000 people on it. Director Ranney stated that the Medicaid funding does not include eliminating the Pathways waiver program, and that the Medicaid funding listed in the recommended budget matches the Medicaid forecast. Senator Qaddoura noted that the Combined Balances Statement shows that the State's surplus would grow from \$2.5 billion in FY25 to \$2.97 billion in FY26. Senator Qaddoura asked why there was an expected growth in the State's surplus while simultaneously increasing public education funding by only 2% each fiscal year, noting that moving the \$400 million in surplus to public education may potentially be a better investment. Director Ranney responded that the Governor has kept future economic headwinds in mind when deciding to maintain the surplus. Director Ranney stated that the Governor believes the 2% over 2% increase in public education is generous but noted that the Governor is open to more discussion regarding education funding. Senator Qaddoura encouraged the Governor and Director Ranney to keep teacher salaries in mind, citing Senate Bill 146 that aims to move minimum teacher salaries from \$40,000 to \$45,000. Senator Qaddoura stated that the poverty line for a family of 4 in Indiana is \$43,000, and he asked for the Governor and Director Ranney to consider the fact that teacher salaries are at 112% of the poverty line, yet voucher program funding remains at 742% of the poverty line. Senator Qaddoura encouraged Director Ranney, Secretary Hershman, and the Governor to consider raising teacher salaries to \$60,000-\$65,000.

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Representative DeLaney asked if the budget included an adjustment to the amount dedicated to the statewide public health program. Director Ranney responded that the budget did include a \$50 million reduction to that program each fiscal year. Representative DeLaney stated that it was a significant cut, and he asked what was happening to IEDC's Readi program. Director Ranney responded that the proposed budget does not change anything with that program due to it being a below the line item with no expected continuation for appropriations. Representative DeLaney asked if it was being zeroed out, and Director Ranney stated that it is expiring. Representative DeLaney noted that he was concerned about teacher salaries, and he asked what the cost of the proposed teacher salary increase would be. Director Ranney stated that he did not have those numbers but that he would seek those out for Representative DeLaney. Representative DeLaney noted that the State is about 4-5 years away from no longer funding underfunded pensions, and that he wanted to hear the Governor's priorities once that funding is available. Representative DeLaney stated that, until that day, it is important to keep in mind tax relief efforts that reduce the State's income. Representative DeLaney asked if the proposed increase for the National Guard is enough if the Federal Government is pushing the National Guard's limits on the immigration issue. Representative DeLaney stated that the new Presidential administration may cut Medicaid spending substantially, and that the Governor's administration should consider keeping that in mind. Representative DeLaney noted that the proposed budget did not include anything to increase home ownership or grow preschool programs, and that tax cuts to retirees will end up costing the State as much as it does to fund their pensions.

Representative Porter stated that he believes the public health funding should be a priority for the new administration because all 92 counties took advantage of the public health grant offered through the program. Representative Porter noted that he hoped to see more efforts to fund Pre-Kindergarten programs. Representative Porter also stated that he encouraged the April forecast to be moved to March to give the Committee more time to review the forecast.

Representative Snow stated that he had done a lot of work reviewing the proposed budget and he commended the new administration for finding possible cost savings. Representative Snow encouraged everyone to keep the Federal Government's decisions in mind as those decisions often affect the State's and work their way through State governments.

Senator Niezgodski noted that the Budget Committee and the General Assembly have a big responsibility in crafting a budget that helps all Hoosiers. Senator Niezgodski stated that he hopes that, at the conclusion of the 2025 session, the General Assembly and new administration have done what is right for Hoosiers across the State.

Secretary Hershman concluded by stating that she is encouraged with the feedback received and that the new administration looks forward to working with the General Assembly as the proposed budget goes through both the House of Representatives and the Senate.

Chairman Thompson entertained a motion to adopt the agenda. Representative Porter motioned to adopt the agenda; Senator Mishler seconded the motion. The motion passed unanimously. Chairman Thompson adjourned the meeting at 1:38 PM.

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Representative Jeff Thompson, Chairman



Chad Ranney, Budget Director