State of Indiana

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

TO: Cabinet Secretaries
Agency Heads
Chief Financial Officers
Controllers

FROM: Chad E. Ranney, State Budget Director

DATE: June 30, 2026

RE: FY 2028 – FY 2029 Supplemental Biennial Budget Instructions

First, I want to thank you for your continued partnership as we prepare the FY 2028 and FY 2029 biennial budget. As outlined in the initial budget instructions issued on May 12, 2026, cabinet secretaries and agencies play a critical role in supporting the development of the Governor's Recommended Budget. These supplementary instructions provide detailed guidance and documentation requirements needed to complete agencies' **final submissions, which are due Monday, August 24, 2026**.

All state agencies, including executive, legislative, judicial, and separately elected offices are required to submit proposed budgets to the State Budget Agency (SBA). Budget information must be submitted for all funds that receive appropriations from the General Assembly and all funds that had, or will have, activity at any point during FY 2025 through the end of FY 2029.

This memo expands on the high-level expectations previously communicated and provides the necessary tools for agencies to complete their biennial budget request including fund narratives, changes packages, and dedicated revenue projections. Agencies requesting preventative maintenance, repair and rehabilitation, and line-item projects should follow the guidance issued in the Capital Budget Instructions memo released with this memo.

Your agency's assigned SBA fiscal analyst will serve as the agency's primary point of contact throughout this process. SBA staff are available to assist and answer any questions that you or your staff may have about the requirements included in these instructions or the budget development process.

FY 2028 – FY 2029 Supplemental Biennial Budget Instructions

I. Budget Submission Overview

The following templates and forms must be used for all submissions:

August 7, 2026	Change Package Requests (if applicable)
August 14, 2026	Fund Narratives – All Agency Funds
August 14, 2026	Verified Historical Actuals for FY 2025 – FY 2026 and Current Year Estimates for FY 2027
August 14, 2026	Transmittal Letter (Agency Overview & Objectives)
August 14, 2026	Dedicated Fund Revenue Reports (if applicable)
August 14, 2026	Capital Transmittal Letter & Master Plan (if applicable)
August 24, 2026	Agency Budget Submission – Final Agency Operating Account Summary (01A)

While agencies are responsible for submitting the documents mentioned above, IDOA and SPD will submit strategic workforce plans and a statewide fleet plan on behalf of each agency on **Friday, August 14, 2026**.

II. Submission Process

Agencies must submit required deliverables through the SBA Budget Submission Portal. SBA staff will then enter the information provided into the state's budgeting system, Hyperion. All of the templates agencies need to complete this process are available via the Budget Submission type drop-down menu on the Budget Submission Portal.

Required

- Transmittal Letter (Agency Overview & Objectives)
- Fund Narratives
- Final Agency Operating Account Summary (01A)

If Applicable

- Change Package Request (request for base budget adjustments)
- Dedicated Fund Revenue
- Capital Project Questionnaire & Capital Spending Request Form (capital budget request)
- Capital Master Plan
- Capital Transmittal Letter
- Preventative Maintenance Spending Plan

III. Transmittal Letter (Agency Overview & Objectives)

An Agency Overview is a concise summary of the agency's total budget request, which must be submitted to SBA with the agency's Agency Operating Account Summary (01A). This overview serves as an opportunity to highlight the agency's priorities and to demonstrate plans for allocating resources responsibly to deliver high-quality services to taxpayers. To ensure consistency across submissions, please limit the Transmittal Letter and Agency Overview to no more than seven (7) pages.

Each agency's Overview should include the following:

1. A summary of the agency's programs and functions;
2. Major accomplishments and challenges within the current biennium;
3. Funding priorities over the next biennium and how the agency measures performance to successfully meet priorities;
4. Any major challenges anticipated, including recently passed legislation that could affect the agency's operating budget; and
5. A separate appendix explaining the agency's submitted change package(s), prioritized with a robust justification for each.

The Agency Overview is an integral part of the budget submission and should be prepared with particular care. The letter, which will be provided to the Governor and members of the State Budget Committee, the House Ways and Means Committee, and the Senate Appropriations Committee, should demonstrate the agency's mission, purpose, and effectiveness, as reflected in the budget. Ultimately, the Agency Overview serves as a primary reference to understand, evaluate, and contextualize each agency's funding needs.

The Transmittal Letter (Agency Overview & Objectives) must be submitted as a Word document to the SBA Budget Submission Portal by **Friday, August 14, 2026**.

IV. Fund Narratives

Fund Narrative templates were distributed by the SBA fiscal analysts in May. Agencies should reach out to their assigned SBA fiscal analyst if they did not receive a copy. These narratives form the main knowledge repository for information about how budgeted funds relate to the agency's mission and provide a granular level of detail on the uses of each fund.

Instructions for completing the Fund Narrative are included in the template. The following information must be provided for each fund:

- Fund Number and Name
- Legal Fund Number and Name
- Indiana Code Citation (identify statutory authority)
- If applicable, the page number in House Enrolled Act 1001 (P.L.213-2025) where this fund appears

- A summary of program(s) or purpose of the fund, including any recent or planned changes
- Constituency or population served
- If applicable, revenue sources and trends
- If applicable, recent reporting or structural changes to the fund
- Other relevant information for the budget request

Fund Narratives must be submitted as an Excel document via the SBA Budget Submission Portal by **Friday, August 14, 2026**.

V. Final Agency Operating Account Summary

The Final Agency Operating Account Summary, often referred to as the "01A", is a report that provides a detailed breakdown of the agency's budget request by fund and will accompany the Transmittal Letter (Agency Overview & Objectives). This is the primary report provided to the Governor and members of the Indiana General Assembly.

The Final Agency Operating Account Summary contains FY 2025 and FY 2026 actual expenditures, FY 2027 estimated expenditures, the base budget, and FY 2028 and FY 2029 budget requests. The report identifies the funding source for each fund, including General Fund, Dedicated Funds, Federal Funds, or Transferred Funding In. Transferred Funding In reflects state match transfers, administrative action transfers, Board of Finance transfers, or other appropriations moved between funds.

To compile this report, agencies will need to provide the following information:

A. Verified Historical Actuals for FY 2025 and FY 2026

All expenditures made in FY 2025 and FY 2026 will be provided by the agency's SBA fiscal analyst in mid-July, after fiscal year close. These historical figures are based on information entered into PeopleSoft Financials. Agencies are expected to review these figures and funding sources thoroughly and are responsible for ensuring their accuracy.

Verification of this information must be provided to the agency's SBA fiscal analyst by **Friday, August 14, 2026.**

B. Current Year Estimate (CYE) for FY 2027

SBA fiscal analysts will work with each of their assigned agencies to appropriately calculate the agency's current year (FY 2027) expenditure and funding estimates. Current year estimates (CYE) should not exceed your FY 2027 spending plan. Instructions for FY 2027 spending plans were sent to agencies on Friday, June 26, 2026.

C. Base Budget - General and Dedicated Funds

Agency budgets for FY 2028 and FY 2029 will be built on FY 2026 appropriations, which serve as the Base Budget for agency submissions.

For dedicated funds, the base will be the greater of the FY 2026 appropriation or FY 2026 expenditures. Revenue estimates will be taken into consideration for dedicated base budgets.

Base reallocations (shifting the base between appropriations) are not permitted without prior approval from SBA. Generally, any reallocation should be submitted as an offsetting adjustment through a change package request. For example: if Fund A has a FY 2026 appropriation of $100,000 and Fund B has a FY 2026 appropriation of $200,000, you may not directly submit a Base Budget of $50,000 for Fund A and $250,000 for Fund B. Instead, you must submit a change package request reducing Fund A by $50,000 and increasing Fund B by $50,000.

Any proposed adjustments to the Base Budget will be evaluated alongside other agency requests and considered within the broader context of the revenue forecast and the Governor's priorities.

D. Base Budget - Federal Funds

Agencies should incorporate any anticipated changes in federal funding into their FY 2028 and FY 2029 Base Budget. Accurate forecasting of federal awards and identifying required state match or maintenance of effort (MOE) obligations is essential to ensuring resources are aligned efficiently with State priorities.

Do not assume reductions in or the elimination of federal funding will be covered by state dollars. If the agency expects federal support to decrease, the submission should outline both the fiscal and operational impacts. Agencies that pass federal funds to local governments or other state agencies should also assess how those partners will be affected and describe those impacts in the Agency Overview. If the reduction affects another state agency, please communicate directly with that agency and confirm these communications occurred in the Agency Overview.

Federal fund base budgets should begin with FY 2026 expenditures as the starting point. The base state match and MOE amounts will reflect FY 2026 transfers, and any updates to these obligations must be submitted through a current services change package request. Adjustments for federal grants that do not require a state match or MOE, however, do not require a change package and should be reflected in the base appropriation.

All state match and MOE amounts must accurately reflect the agency's anticipated obligations for the biennium. If an agency applies for a new federal grant requiring state match after the budget is enacted, the agency will be responsible for prioritizing existing state resources to meet that obligation.

Verified historical actuals for FY 2025 and FY 2026, along with current year estimates (FY 2027), are due to SBA on **Friday, August 14, 2026**. This is the only required information that will <u>not</u> be submitted through the online submission portal. Instead, agencies must provide these verified figures directly to their SBA fiscal analyst. Agencies are strongly encouraged to begin the review process early to allow sufficient time to resolve any issues that may arise.

Agencies must provide the Final Agency Operating Account Summary (01A) as part of the final budget submission through the SBA Budget Submission Portal, due **Monday, August 24, 2026**.

A sample Agency Operating Account Summary (01A) is attached to this memo.

VI. Change Package Requests

Every Base Budget adjustment must be submitted through a change package and categorized as either a change to current services or a request for new services. Agencies must receive signoff from their respective cabinet secretary prior to submitting any change package requests.

- **Current Services Change Package:**

  This change package type should be used to accurately reflect the size and scope of an existing function already managed by the agency, where the costs to maintain the same size or scope have changed from base appropriation levels. Current service change package categories include:

  - Appropriation consolidation
  - Programmatic or administrative restructuring
  - Operational rate increases (e.g., utilities, fuel, rent, medical),
  - Statutory required adjustments
  - Changes in federal match requirements
  - Other

- **New Services Change Package:**

  This change package type should be used for requesting appropriations to expand an existing function, establish a new function not currently performed by the agency, or support a one-time initiative. New service change package categories include:

  - New programs
  - Expansion of existing programs or services (such as pilot programs)
  - Technology and equipment updates
  - Large procurements
  - Proposed statutory adjustments
  - One-time initiatives

Adjustments to the Base Budget for centralized services—including technology resources and support, HR support, and centralized accounting—as well as fringe benefits, such as health plan rates, potential Hoosier Start employer contribution increases under Senate Enrolled Act 14 (P.L.104-2026), or general salary adjustments, will be made directly by SBA. Agencies should not submit a Change Package Request for these adjustments.

Requests that propose increasing or decreasing staffing levels must include associated fringe benefits and centralized service rates at the FY 2027 levels. For approved staffing changes, SBA will work with agencies to incorporate the corresponding updates for any potential adjustments to centralized service, health insurance, or general salary adjustments into the final budget. The FY

2027 rates and FY 2027 Spending Plan instructions were sent to agencies on Friday, June 26, 2026, and are available on SBA's website.

All Change Package Requests must be submitted through the SBA Budget Submission Portal. To begin, select Start Form, and choose Change Package Request under Budget Submission Type. For each Change Package Request, agencies must provide the following information:

- **General Intake Questions:** Include the title and brief description, whether it reflects current or new services, priority ranking, fund, and the requested amounts for FY 2028 and FY 2029.
- **General Policy Information:** Provide a detailed explanation of the request, including how it aligns to the Governor's priorities, how it supports the agency's mission and statutory responsibilities, the anticipated impact on services, and the timeline for implementation.
- **Calculation Methodology:** Clearly outline how the requested amounts were calculated.
- **Funding:** Identify the proposed source of funding. If applicable, demonstrate that the request is an allowable use of the fund under statute or that federal assistance is included.
- **Alternatives:** Explain why this proposal represents the best option among potential alternatives.
- **Risk:** Describe how denial of the request would impact current services and operations.
- **Performance:** Identify the performance metrics that have been or will be used to evaluate the success of the request.

Submission through the SBA Budget Submission Portal will be the agency's primary means of communicating intended change package requests and will be used by SBA to upload the change package into Hyperion. Additional justification and narrative explanations for change packages should be included in an appendix to the Agency Overview.

Because funding is limited, each change package should be ranked by agency priority, with "1" representing the highest agency priority.

Change packages must be submitted by **Friday, August 7, 2026** to allow sufficient time for SBA to upload into Hyperion and produce a report for the agency's review. Once all submissions are finalized, agencies will receive a Change Package Report (017S) from their assigned SBA fiscal analyst to review for accuracy.

A sample Change Package Request and Change Package Report for both current and new services is attached to this memo.

VII. Strategic Workforce Plans

The agency's Strategic Workforce Plan should be fully integrated into, and aligned with, the agency's FY 2028 and FY 2029 budget submissions. While the plan may evolve over time, it should generally reflect the staffing assumptions included in the agency's budget. Any Change Package Request that includes staffing modifications, such as increases, reductions, or structural adjustments, must be clearly referenced and supported within the Strategic Workforce Plan to ensure consistency.

If Change Package Requests involving staffing are not approved, agencies will need to work with the State Personal Department to realign their Strategic Workforce Plan once budgets are enacted.

The State Personnel Department will provide each agency's Strategic Workforce Plans directly to SBA for use during the review process on **Friday, August 14, 2026**.

VIII. Vehicle Purchases

The Department of Administration (IDOA) Fleet Services Division oversees the administration and acquisition of all state vehicles. For the FY 2028 and FY 2029 biennium, all vehicle purchases will continue to be made by IDOA. Agencies should not include Change Package Requests for new fleet vehicles in their budget submissions.

Before any fleet needs will be considered, agencies must review current vehicle usage, explore operational changes to reduce travel, and assess alternative options through a Fleets Needs Assessment.

IDOA will submit a statewide fleet plan on behalf of each agency on **Friday, August 14, 2026**. Additional information about the state's fleet management policy is available here.

IX. Dedicated Fund Revenue

Agencies with dedicated funds must include the Dedicated Fund Revenue template as part of their budget submission. This template captures biennial dedicated revenue estimates and will be used to evaluate dedicated fund budget requests. All non-General Fund revenue, including fines, fees, penalties, settlements, grants, and interest, must be reported in the appropriate fund.

SBA will provide each agency with a Dedicated Fund Revenue template. To ensure consistency and accuracy across submissions, agencies must follow the data entry standards below when completing the template:

- Actual revenue collections for FY 2025 and FY 2026 (columns F and G) will be prepopulated.
- Enter estimated revenue for FY 2027, FY 2028 and FY 2029 (columns H – J). If revenue is not expected for an account code, enter "$0" and note that revenue is no longer collected.
- Record revenue as a positive number.
- Briefly explain how revenue is collected under "Notes" (column K).
- If estimated revenue is expected to change by more than 10% from the FY 2026 amount, provide an explanation in "Notes" (column K).
- If an account code is missing, manually add the row and highlight the row in yellow.
- Review and verify all values, especially those prepopulated in columns F and G.

Programs supported by both the General Fund and dedicated funding sources must demonstrate full use of current-year dedicated revenues before using General Fund resources.

The Dedicated Fund Revenue template should be submitted via the SBA Budget Submission Portal by **Friday, August 14, 2026**.

X. Capital Biennial Budget Request

Capital budget instructions will be released in a subsequent memo and will be available on SBA's website.

Capital and Preventative Maintenance requests must be submitted via the SBA Budget Submission Portal by **Friday, August 14, 2026**.

XI. Budget Timeline

Once agencies submit their Final Agency Operating Account summaries (01A) on **Monday, August 24, 2026**, along with all previous required materials, SBA will begin evaluating agency budget requests and developing a draft budget.

In December, the state's General Fund Revenue Forecast, Economic Forecast, and Medicaid Forecast will be presented to the State Budget Committee. The results of these forecasts could impact priorities and lead to shifts in budget requests. The Secretary of the Office of Management and Budget (OMB) and State Budget Director will present the Governor's Recommended Budget to both the State Budget Committee and the House in January. Following the presentation, the budget bill will be introduced in the House, and the budget bill passed by the House will move to the Senate mid-session.

Universities and agencies may be asked to present their budget requests to the State Budget Committee in late November and December, to the House Ways and Means Committee in January, and to the Senate Appropriations Committee mid-session. It is expected that the Cabinet Secretary, agency head, and CFO be available for those hearings. SBA will coordinate with legislative staff to schedule budget hearings, and executive branch agencies must submit all presentation materials to SBA for review prior to presenting budget requests to these committees.

An updated General Fund Revenue Forecast and Medicaid forecast will be presented in April. The General Assembly may make further amendments to the budget bill based on the results of those forecasts. Once the budget has passed, SBA has 45 days to publish a summary of the budget, known as the "As-Passed" budget.

Thank you in advance for working with SBA as we move into the FY 2028 and FY 2029 budget cycle. Timely and accurate submissions are essential to producing a comprehensive and fiscally responsible budget that supports the Governor's priorities and strengthens services for Hoosiers. If any questions come up as agencies put their submission materials together, SBA fiscal analysts are here to help. On behalf of SBA, we look forward to continuing to partner with you throughout the budget development process.

Chad E. Ranney

Chad Ranney
State Budget Director

cc: Mike Braun, Governor
Secretary Lisa Hershman, Office of Management and Budget