

City of South Bend 2026 Budget

September 22, 2025



City of South Bend
Indiana

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City Clerk, South Bend, IN

2026 Budget Process

- 9 public meetings – 7 have been completed, tonight is the 8th.

Date	Time	Topic
Wednesday, August 13, 2025	5:30 PM	2026 City-Wide Budget Overview – Mayor's Office – Diversity and Inclusion – Community Police Review Board – City Clerk – Common Council
Wednesday, August 20, 2025	6:00 PM	Administration & Finance – Legal – Innovation & Technology
Wednesday, August 27, 2025	6:00 PM	Department of Community Investments - Transpo
Wednesday, September 3, 2025	6:00 PM	Department of Public Works
Wednesday, September 10, 2025	6:30 PM	Venue, Parks, & Arts – Human Rights Commission
Thursday, September 11, 2025	5:30 PM	Fire Department & Police Department
Wednesday, September 17, 2025	6:00 PM	Council Working Session – Budget Wrap-up and Final Questions
Monday, September 22, 2025	5:30 PM	Public Hearing on 2025 Budget (Council Meeting)
Monday, October 13, 2025	7:00 PM	Vote on 2026 Budget (Council Meeting)



Strategic Priorities

**Strong
Neighborhoods**

**Safe
Community for
Everyone**

**Robust,
Sustainable
Infrastructure**

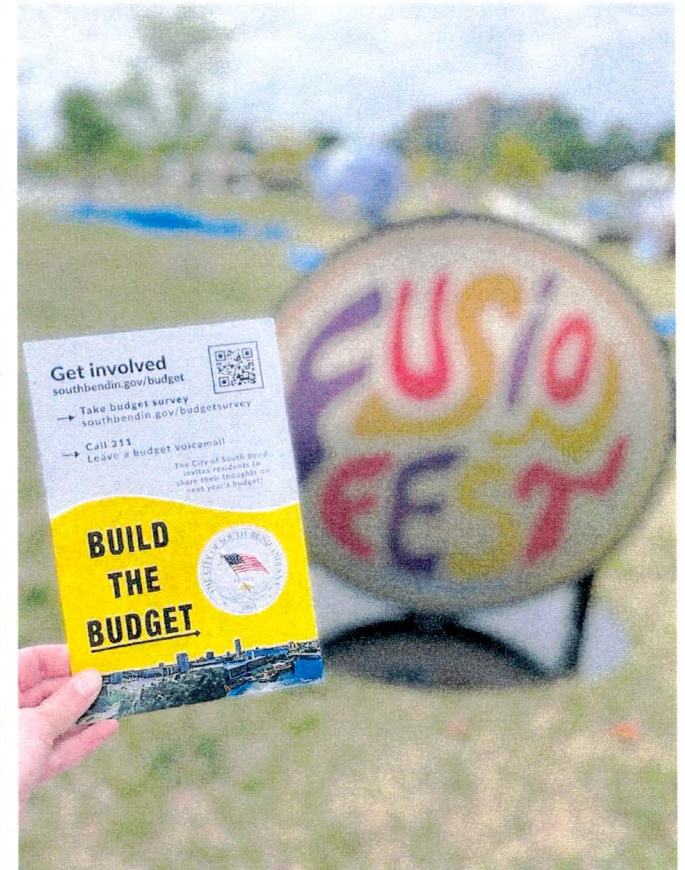
**Equitable
Access to
Opportunity**

**Youth and
Workforce
Development**



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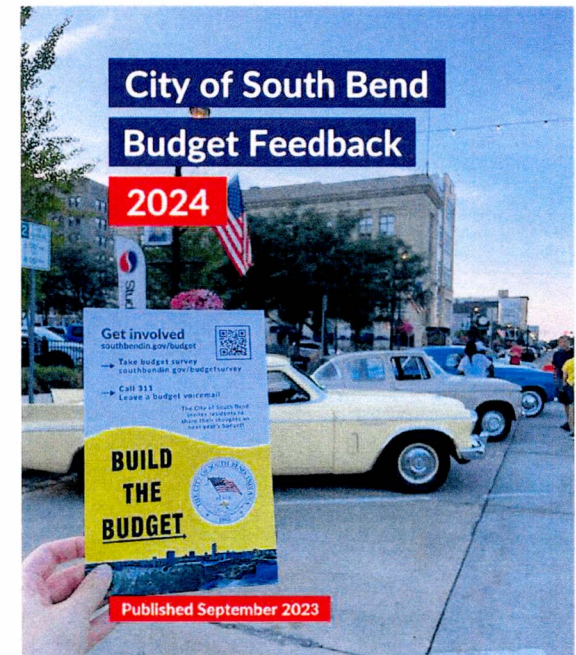
BUILD THE BUDGET



Top priorities across engagement methods

Major Themes:

1. Resurfacing & repairs for streets
2. Neighborhood infrastructure
3. More housing of all types
4. Safe, reliable water and utility services



Additional analysis available in the Budget Feedback Report.



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Budget Context

Macroeconomy

- Inflation increasing again
- Stalled growth, stable interest rates
- Competitive wages continue to climb faster than revenue growth

City Financial Position

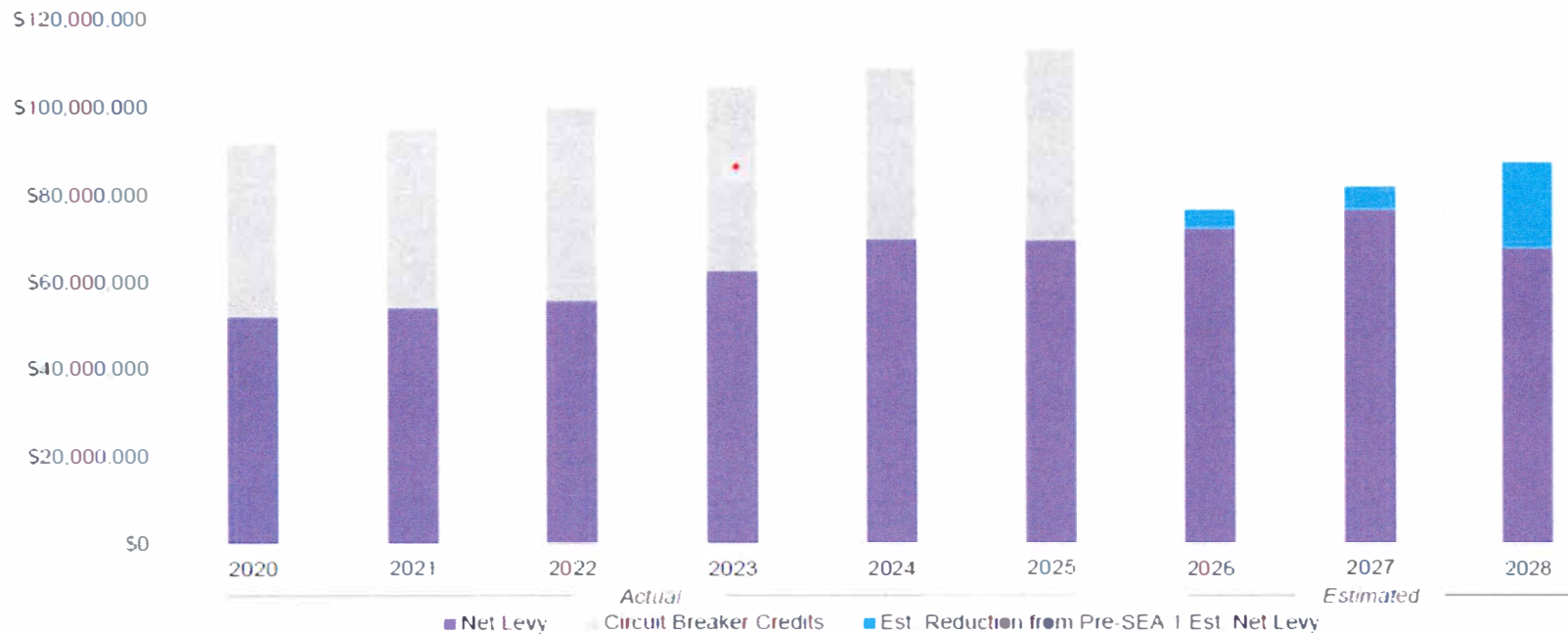
- Uncertain revenue due to SB 1, healthy reserves
- Need to make additional cuts
- Continue investments in growth to expand tax base

Policy Outlook

- Federal spending cuts
- State road funding formula
- State income tax reform



LSA SB 1 Property Tax Impact



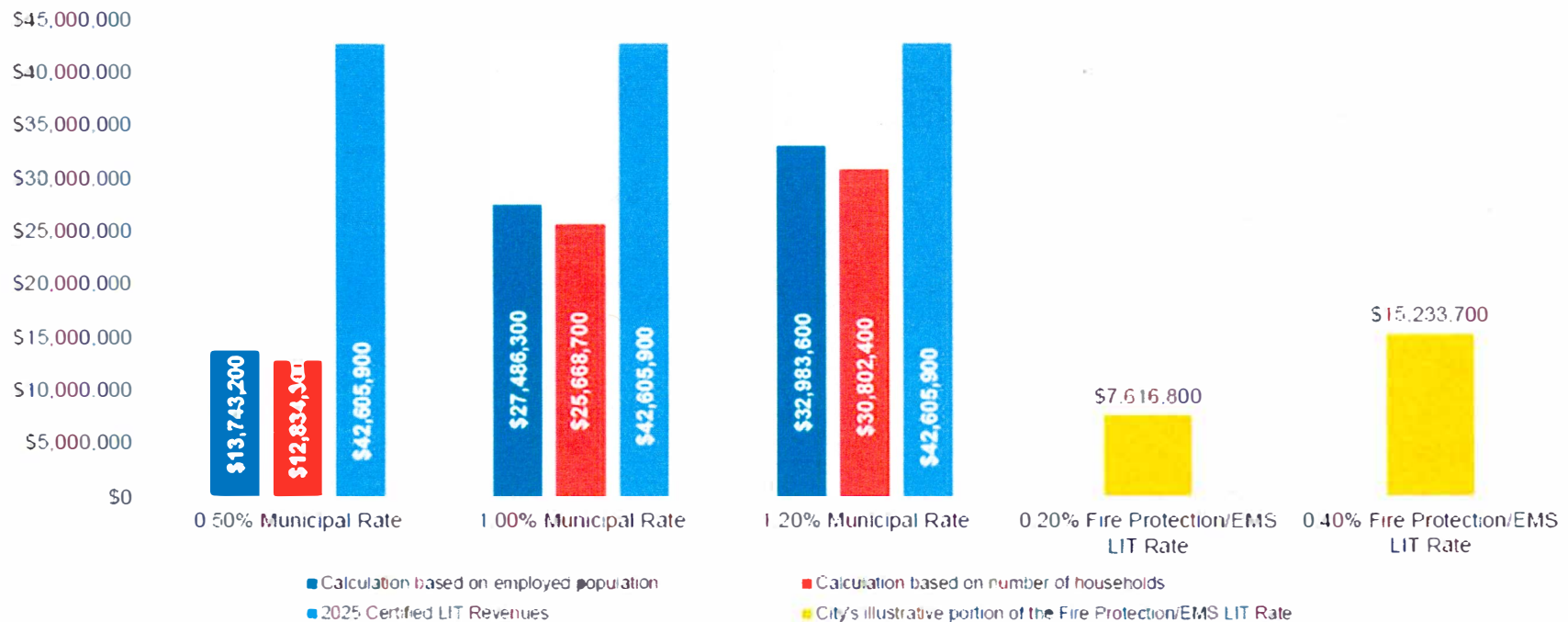
Source: Historical levy and Circuit Breaker losses are per the 2020 – 2025 St. Joseph County Circuit Breaker Reports prepared by the DLGF. Estimated figures per the LSA "Estimated Net Levies SB 1 (2025) – 2nd Reading Amendment Adopted by the House of Representatives" report dated April 9, 2025.



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Baker Tilly Preliminary Analysis

Income Tax (2028 dollars)



Note: 2025 actual data represents the City's distribution of the Certified Shares, Economic Development, and Public Safety LIT Expenditure rates, per the DLGF, and adjusted for inflation as noted.



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SB 1 Impact Takeaways

- South Bend civil city could see a property tax reduction from 2025 revenues of less than \$1 million (LSA) to over \$10 million in 2028 (Baker Tilly)
- Income tax revenues could be substantially less in 2028 or slightly more, depending on municipal rate and county fire/EMS rate
- Without changes, city taxpayers will likely pay more for the same or lower service level – from 1.75% today → up to 2.9% in 2028
- State legislators reviewing income tax impacts



2026 Proposed Budget



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2026 Projected Revenues

	2023 Actuals	2024 Actuals	2025 Adopted Budget	2026 Proposed Budget	YOY % Chg
Property Taxes	61,739,306	65,178,717	67,959,634	68,741,318	1.2%
Local Income Taxes	44,541,348	41,439,340	43,460,144	44,390,313	2.1%
Charges for Services	114,705,082	123,589,568	107,617,756	124,930,221	16.1%
Debt Proceeds	4,913,200	26,573,000	18,063,997	28,987,383	60.5%
Donations	4,721,935	9,720,560	1,393,000	9,039,000	548.9%
Fines, Forfeitures, and Fees	664,440	744,420	781,840	559,850	-28.4%
Interest Earnings	7,982,221	12,411,286	3,209,018	7,276,367	126.7%
Intergov./ Grants	8,738,061	4,489,368	5,189,662	5,006,082	-3.5%
Intergov./ Shared Revenues	27,529,359	30,670,188	30,411,792	29,605,443	-2.7%
Licenses & Permits	2,348,304	1,930,707	2,588,372	3,647,422	40.9%
PILOT	6,095,594	6,024,186	5,765,661	5,975,482	3.6%
Other Income	5,643,414	3,108,272	1,917,679	3,519,183	83.5%
Interfund Transfers In	73,731,039	66,839,049	79,513,811	85,719,194	7.8%
Grand Total	363,353,303	392,718,661	367,872,366	417,397,258	13.5%



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Note: Excludes Redevelopment Commission

2026 Proposed Department Budgets

	2022 Actuals	2023 Actuals	2024 Actuals	2025 Budget	2026 Proposed Budget	YOY % Chg
01 Mayor's Office	2,132,797	869,934	1,109,306	1,180,862	1,170,660	-0.86%
02 City Clerk	433,836	424,275	492,180	510,538	491,027	-3.82%
03 Common Council	509,239	599,639	888,100	941,725	835,250	-11.31%
04 Administration & Finance	52,290,061	41,613,850	47,995,436	52,163,989	50,987,379	-2.26%
05 Legal Department	1,303,534	1,441,171	1,731,678	1,807,343	1,813,884	0.36%
06 Public Works	82,035,216	74,748,032	109,085,221	113,252,719	131,758,355	16.34%
07 Innovation & Technology	9,298,919	9,420,931	13,056,860	15,011,232	15,005,358	-0.04%
08 Police Department	43,031,323	46,162,859	51,624,354	54,276,559	56,869,781	4.78%
09 Fire Department	38,290,606	41,819,635	43,376,051	44,832,833	46,130,851*	2.90%
10 Dept of Community Investment	27,676,663	16,795,208	22,712,628	22,056,642	20,490,142	-7.10%
11 Venues, Parks & Arts	36,461,432	36,759,065	31,842,727	32,622,998	30,953,722	-5.12%
Interfund Transfers Out	75,226,513	55,791,017	83,427,056	85,691,953	79,536,567	-7.18%
Grand Total	368,690,139	326,445,616	407,341,597	424,349,392	436,042,976	2.76%



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Note: Excludes Redevelopment Commission

Cash Reserve Requirements

Fund Category	12/31/2026 Projected Cash Balance	Cash Reserve Requirement	Variance	Reserve Requirement Explanation
General Fund	87,486,299	53,309,653	34,176,646	50% of annual operating expenses
Local Income Tax Funds – Public Safety & Economic Development	23,194,958	14,150,291	9,044,667	50% of annual operating expenses for LIT-Economic Development fund. LIT- Public Safety Fund, has no reserve requirement.
Special Revenue Funds	52,697,251	22,442,231	30,255,020	Total Reserve requirement for all Special Revenue Funds (Includes Rainy Day Fund).
Capital & Debt Service Funds	24,901,744	14,392,489	10,509,256	Debt Service Reserves
Internal Service Funds	21,705,837	8,877,038	12,828,799	Total Reserve requirement for all internal funds.
Enterprise & Other Funds	72,977,229	17,967,264	55,009,965	Total reserve requirement for all enterprise (rate supported) funds.

2026 Proposed Budget

Total Revenue (City):	\$417,397,258
Total Expenditures (City):	<u>(\$436,042,976)</u>
Net Surplus/(Deficit):	(\$18,645,718)

- Deficit Breakdown:
 - General Plus Funds Reserve Spend Down: **\$10,103,082**
 - Enterprise Funds Spend Down: **\$18,185,671 (water and sewer capital proceeds)**
 - Other funds surplus: \$9,643,035
 - General Plus Fund Reserve spend down increased due to decrease in projected property tax revenue and local income tax revenues per DLGF data.



Historic Reserve Spend Downs

General Plus Fund History:

General Plus Funds Budget					
2023		2024		2025	
Budget	Actual	Budget	Actual	Budget	6/30/2025 Actual
-\$13.1 Million	-\$4.7Million	-\$16.1 Million	\$828k Surplus	-\$13.4 Million	-\$4.3 Million

- Stronger than expected revenue
- Cost savings (particularly in personnel and some departments spending roughly 70-75% of their actual budgets.)



Selected Highlights

Safe Community for Everyone

- Expansion of Community Resource Officers and Strategic Focus Unit (full staffing level of 257 sworn officers)
- Expansion of real time crime center operations and technology
- Continued investments in homelessness strategy
- Animal Resource Center
- Police and fire negotiations

Strong Neighborhoods and Infrastructure

- Continued funding above historic levels for Rebuilding Our Streets
- Parks and neighborhood projects
- Vibrant places grant
- IGNITE grants
- All-of-the-above housing strategy

Good Government

- Cost of living adjustments to attract and retain talent
- New City Hall service center
- Proactive 311

