

## **OMB Circular 1.0**

### **SBA Guidance on SEA 5 (2025) - Federal Grant, Vacant Positions, and Contracting Matters (effective July 1, 2025)**

#### **Section 1 – Purpose**

The purpose of this Office of Management and Budget Circular (OMC) is to provide guidance to state agencies on the State Budget Agency (SBA) and State Budget Committee requirements of SEA 5 (2025 Session).

#### **Section 2 - Budget Committee Review of Federal Grants and Federal Grant Report**

##### **A. Definitions**

**State Agency:** State agency has the meaning given in IC 4-12-19-3(a). The term does not include the legislative branch of state government, the judicial branch of state government, or a state educational institution.

**New Federal Funds:** The term New Federal Funds has the meaning given in IC 4-12-19-2.

##### **B. Budget Committee Review of New Federal Grants**

State Budget Committee review is required before an agency may:

1. Accept an award of new federal funds if acceptance of the federal funds:
  - a. Requires state match;
  - b. Requires additional permanent full-time employees related to the funding; or
  - c. Mandates new requirements that must be met by the state of Indiana; or
2. Participate in a new federal program.

This review does not replace the statutory requirement that state agencies must seek approval from SBA prior to applying for federal assistance, accepting assistance, or making expenditures in anticipation of federal assistance.

SBA serves as staff to the budget committee. Agencies must submit their requests for the Budget Committee review of new federal funds to their SBA Fiscal Analyst. Please keep in mind the frequency at which the Budget Committee meets throughout the year. If you have questions, please reach out to your SBA Fiscal Analyst.

An agency request must include the following information:

1. The amount of money that is being requested or is available to be received by the state from the federal government for the new federal funds request.
2. The amount of new state money, if any, that will be required to receive the new federal funds or to participate in the new federal program;
3. The number of additional permanent full-time employees;
4. Any requirement the state must meet as a condition for receiving the new federal funds or participating in the new federal program; and,
5. The state agency's application for the new federal funds or the new federal program.

An agency is not required to seek review by the Budget Committee if the new federal funds are subject to a non-disclosure agreement to prevent disclosure of confidential or proprietary business information. Agencies must make SBA aware if the grant is considered confidential.

### **C. New Federal Funds Report**

SBA serves as staff to the budget committee. To facilitate the new federal funds reporting requirements of SEA 5, each state agency shall provide a report to the State Budget Agency not later than December 10, March 10, June 10, and September 10 of each year that details its request for new federal funds.

The first report is due October 1, 2025, covering the period from July 1 through September 30, 2025. Each subsequent report will cover the three months prior to the reporting deadline.

## **Section 3 - Budget Director Authorization of Vacant Positions and Vacant Position Report**

### **A. Authorization of Vacant Positions**

The Budget Director is responsible for the authorization of employee positions.

The Budget Director shall review all permanent full-time positions which have been vacant for ninety (90) days or more.

Based on this review, the Budget Director or his/her designee shall request the State Personnel Director to:

1. Reallocate a vacant position to the proper class based on the duties and responsibilities at the time of the review; or
2. Eliminate the position from state civil service.

No position that is vacant for ninety (90) days or more shall be filled unless reauthorized by the Budget Director or his/her designee.

To seek reauthorization of a position that was vacant for 90 days or more, an agency must submit a request to its SBA Fiscal Analyst assigned to the agency. The request must include, at a minimum, the following:

1. Why the position is necessary.
2. How the agency will fund the position within its current spending plan.
3. Whether the agency explored opportunities within its vertical that can assume the duties.

#### **B. Vacant Position Report**

Not later than January 1, April 1, July 1, and October 1 of each year the Budget Director or designee shall provide a report to the Governor of the permanent positions that were subject to the review for the preceding three months.

### **Section 4 – Contract Expenditure, Term, and Metrics Report to Budget Committee**

#### **A. Contract Report to Budget Committee**

To facilitate the contract reporting requirements of SEA 5, each state agency shall submit a report to SBA not later than December 10, March 10, June 10, and September 10. The report must be submitted as a .pdf document. The first report is due by January 1, 2026.

For the purposes of this section, State agency has the meaning given in IC 5-35.7-1-7(a). The term does not include the legislative branch of state government, the judicial branch of state government, or a state educational institution.

The schedule for the Budget Committee report is as follows:

1. For a report due January 1, active contracts as of December 1 of the prior year.
2. For a report due April 1, active contracts as of March 1 of that year.
3. For a report due July 1, active contracts as of June 1 of that year.
4. For a report due October 1, active contracts as of September 1 of that year

At a minimum, the report must contain the following:

1. The current contract expenditures compared with the maximum contract amount of the contract.

2. Any changes made to the terms of the initial contract since the prior report, including amendments or change orders, with an explanation of necessity.
3. The metrics used by the state agency to assess the success and performance of the contract.

#### **B. Contract Reversions**

Unless otherwise provided by law, SBA shall deallott any funds appropriated by the General Assembly to a state agency for an expense related to a contract that remains unused for ninety (90) days after the end of the term of the contract.

Once deallotted, the funds are no longer available for the state agency's use and will revert on June 30 to the fund from which they were appropriated.

#### **C. Contract Amendment Reporting**

SBA serves as staff to the budget committee. To facilitate the contract reporting requirements of SEA 5, each state agency shall submit a report to SBA not later than January 1, April 1, July 1, and October 1 of each year that details the contract amendments entered into by the state agency since the date of the last report to which at least one (1) of the following apply:

1. For any contract, increase the maximum contract amount by an amount that is not less than five hundred thousand dollars (\$500,000).
2. For an initial contract with a maximum contract amount of not less than five hundred thousand dollars (\$500,000), extend the term of the initial contract for a period of not less than six (6) months.

#### **D. Contracts Listed on the Transparency Portal**

To facilitate the requirement to post all contracts on the state transparency portal, all contracts must be routed for signature through the state's supplier contract management (SCM) system. If your agency does not have access to SCM, please work with your SBA Fiscal Analyst to get added. Contracts hand delivered to SBA will be returned to the agency with the request they route it through SCM. The Indiana Department of Administration shall post contracts within 30 days of final approval.

#### **E. Contracts Report to Budget Committee**

On or before June 1, 2026, and each June 1 thereafter, SBA shall provide a report to the budget committee of all contracts submitted for inclusion on the State's transparency portal.

## **Section 5 -Summary of Reports and Due Dates:**

### **Federal Grants Report**

New federal funds report due to SBA not later than January 1, April 1, July 1, and October 1 of each year

### **Vacant Positions Report**

Not later than January 1, April 1, July 1, and October 1 of each year the Budget Director or designee shall provide a report to the Governor of the vacant permanent positions that were subject to the review for the preceding three months.

### **Contract Expenditure, Term and Metrics Report**

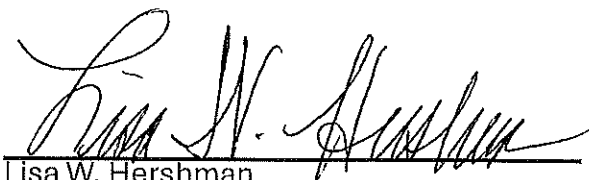
Each state agency shall submit a report to SBA not later than January 1, April 1, July 1, and October 1, a report concerning contract expenditures, term, and metrics.

### **Contract Amendment Report**

Each state agency shall submit a report to SBA not later than January 1, April 1, July 1, and October 1 that details the contract amendments entered into by the state agency.

### **State Contract Report**

On or before June 1, 2026, and each June 1 thereafter, SBA shall provide a report to the budget committee of all contracts submitted for inclusion on the State's transparency portal.



Lisa W. Hershman

Secretary, Office of Management and Budget