

December 2022 Minutes

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State Budget Committee Minutes
December 15, 2022 10:00 AM EST
Indiana Statehouse
Senate Appropriations Committee Room 431
200 W. Washington Street, Indianapolis, IN 46204

Members:

Senator Ryan Mishler, Chair
Representative Jeff Thompson
Senator Eddie Melton
Representative Gregory Porter
Zachary Jackson, State Budget Director

Alternate Members:

Senator Liz Brown
Senator Fady Qaddoura
Representative Bob Cherry
Joe Habig, Deputy State Budget Director
Lisa Acobert, Deputy State Budget Director

Chairman Ryan Mishler called the meeting to order at 10:03 AM EST

Medicaid Forecast

Chairman Mishler introduced Allison Taylor, State Medicaid Director, and Rob Damler, Principal & Consulting Actuary of Milliman who presented the December 2022 Medicaid Forecast.

Economic Forecast

Following the Medicaid forecast presentation, the Chairman introduced Tom Jackson, Principal Economist at S&P Global Market Intelligence (*formerly IHS Markit*) who presented the Indiana Economic Forecast Update.

Senator Eddie Melton asked about the labor force trends and what was included in the warehouse/transportation jobs index. Mr. Jackson replied that the trend of short-term service jobs and gig economies is charting upward but has already started to level off from the peak and that the warehouse/transportation index included all forms of transportation while also including distribution centers and warehousing.

Representative Bob Cherry asked why energy inflation was not listed as a factor in any of the economic data. Mr. Jackson explained that rising costs of fuels and other energy sources were a factor in their economic reports but that the costs were just a hidden metric when obtaining the results. Mr. Jackson expressed his belief that the inflation will rise more before eventually falling, due to the expected rising energy costs.

Senator Qaddoura asked how the fall in the rate of post-secondary education attendees is affecting the workforce data, and what solutions could there be. Mr. Jackson replied that economists typically highlight and provide data for social issues, like education, but economists do not have any policies or solutions on what can remedy these social issues.

Revenue Forecast

Krista Ricci, Senior Fiscal Analyst of the Senate Majority Caucus, and Hari Razafindramanana, State Budget Agency Assistant Director, presented the revenue update for fiscal year 2023 and revenue forecast for fiscal years 2024 and 2025.

Senator Qaddoura asked if this forecast included the taxpayer refund given in the last special session. Mr. Razafindramanana confirmed that this forecast did include the refund and included \$60 million discovered from back-taxes still owed to the state from FY21.

CARES Act Funding and American Rescue Plan Act (ARPA) Updates

Following the Office of Management and Budget presentation by OMB Director Johnston, Senator Brown wanted a summary of the waste distribution plan and Director Johnston promised to follow-up with her.

After the conclusion of the discussion items, Chairman Mishler introduced the minutes of the October 2022 meeting. Representative Jeff Thompson motioned to adopt the minutes. Mr. Zachary Jackson seconded the motion. The October 2022 minutes were adopted by the Committee.

Chairman Mishler introduced the December 2022 Agenda.

Agency Projects

Following the Indiana Department of Administration's (IDOA) presentation on the School for the Deaf and Blind co-location project by Matt Kent, Senator Melton asked Mr. Jackson if the \$190.1M ARPA dollars for the project needed legislative approval before it gets transferred to the Capital Reserve Account. Mr. Jackson responded that HEA 1123–2021 as-passed by the Indiana General Assembly delegated the authority to appropriate unallocated Federal stimulus dollars to the State Budget Committee when the Indiana General Assembly is not in session. Chairman Mishler further commented on the importance and need to use this ARPA dollars to backfill the Capital Reserve Account and also because of the cost-overruns from the co-location project. Representative Porter stated that he had no issues with the project but he expressed his concerns about allocating and appropriating the \$190.1M ARPA dollars right now considering that the State had until 2026 to draw down ARPA dollars.

University Projects

During the Purdue University presentation by Alecia Nafziger, Senator Brown asked if the other bridge going across I-30 near Purdue University Fort Wayne will also get deferred maintenance money. Ms. Nafziger stated she would get that information to Senator Brown at a later time.

Mr. Jackson asked what constitutes the operating reserves funds and what fund the R&R Appropriations go into, Ms. Nafziger replied that there is a specific fund for repair and rehabilitation that the appropriations go into, and that Purdue University also puts in their own money as well to cover extra repair and rehabilitation costs. She also stated that operating reserves mostly consists of tuition and fees and state operating appropriations, with other smaller sources also going in there.

Review Items

After the Department of Health (DOH) presentation by Dr. Kristina Box, Senator Brown asked when the deadline was for the \$4.5 million that has not yet been spent. Dr. Box replied that the program has not yet been opened and it would open sometime in Quarter 1 of 2023 and would send Senator Brown that information once it is available.

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During the Family and Social Services (FSSA) presentation by Allison Taylor, Senator Brown had questions regarding the drug rebates and possible essential drugs not available with the planned preferred drug list. Ms. Taylor said that she would talk with Senator Brown offline about all rebate programs and that FSSA did have a plan to try and include as many essential drugs as possible during the transition period.

Following the presentation of the Opioid Settlement Plan by Rebecca Buhner and Douglas Huntsinger, Senator Brown wanted to know which communities were part of the match program and Mr. Huntsinger said he would provide that information to Senator Brown.

After the Marian University presentation by Kyle Hattenburg, Representative Porter had questions on the number of doctors serving in disadvantaged areas and what those areas were. Mr. Hattenburg said Marian University had a list of graduates and the communities they serve and will give information to the State Budget Agency to provide to Representative Porter.

Senator Qaddoura also had questions on the scholarship's applicants. Mr. Hattenburg explained that the scholarship represents a cumulative number of applicants, not unique individuals, and that some students can receive multiple scholarships in a year and that he would provide this information to Senator Qaddoura at a later time.

After all discussion items, agency projects, university projects, and review items had been presented, Representative Thompson moved the motion to adopt the agenda and Mr. Jackson seconded the motion.

The agenda was adopted by the Committee.

Lastly, Chairman Mishler proposed the Governor's recommended budget will be presented in the first week of January 2023.

Following no further business, the meeting adjourned at 1:56 PM EST.

State Budget Committee Agenda
December 15th, 2022, 10:00 AM EST
Indiana Statehouse
Senate Appropriations Committee Room 431
200 W. Washington St., Indianapolis, IN 46204

I. Minutes

1. October 2022 Minutes

II. Discussion Items

1. Medicaid Forecast
2. Economic Forecast
3. Revenue Forecast
4. CARES Act Funding (CRF) and American Rescue Plan Act (ARPA) Updates

III. Federal Economic Stimulus Item

1. State Budget Agency (057) \$ 190,134,810.53
Replenishment of the Capital Reserve Account

The State Budget Agency requests authorization to transfer \$190,134,810.53 of American Rescue Plan Act (ARPA) dollars from the Economic Stimulus Fund to the Capital Reserve Account to replenish the Capital Reserve Account.

Funding: American Rescue Plan Act

IV. Agency Projects

1. Department of Administration (061) \$ 368,869,997.53
Co-location of Indiana School for the Blind & Visual Impaired and School for the Deaf

The Indiana Department of Administration, on behalf of the Indiana School for the Blind and Visually Impaired (ISBVI) and the Indiana School for the Deaf (ISD), requests funding to continue the work of co-locating the two schools on the current campus of the Indiana School for the Blind and Visually Impaired. These funds will go towards necessary sitework and complete renovation of several existing buildings on the current ISBVI campus, including the business offices and administration buildings. Additionally, these funds will also go towards the construction of several new buildings to accommodate both schools on the same campus; including dormitories for both schools, dining and health centers, elementary, middle, and high school education buildings, sports fields and supporting buildings as well as a 500-car parking garage.

Funding:	HEA 1001: 2021 General Fund	\$ 128,735,187
	(General Government Line Items 19737 – 2023)	
	IEDC Reimbursement	\$ 50,000,000
	American Rescue Plan Act	\$ 190,134,810.53

2. Department of Administration (061) \$ 425,000
State House Elevator Modernization

The Department of Administration requests funding to upgrade two of the State House elevators. This project will completely overhaul two of the drive machines and controllers, that were originally installed in 1997, as there are longer downtimes due to the age of the system. This project will ensure IDOA maintains the existing historic elevator cabs with minimal changes in appearance; including but not limited to, new toe plates to meet existing code, new operating plate, push buttons, and an infrared sensing system to detect objects in the doorway. The current control system will be completely renovated with a modern-day system that will allow for continuous monitoring of cab speed and notification of any malfunction or service that might be needed. There will also be a dual brake system installed and new hoist cables. Once the work begins, IDOA will take the elevators out of service late spring 2023, one at a time, for roughly 12 weeks to complete the work.

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Funding: HEA 1001: 2021 General Fund
(General Government R&R 19738 – 2023)

3. **Indiana Department of Transportation (800)** \$ 450,000
Roselawn Unit and Salt Buildings Architectural and Engineering Fees

The Indiana Department of Transportation (INDOT) requests funding for the architectural and engineering fees for the construction of the Roselawn unit and salt buildings. The existing 1,800 sq. ft. Roselawn unit building was built in 1964 and the existing Roselawn unit salt building was built in 1979. The existing buildings have various structural and operational deficiencies. The architectural and design fees will cover building design, topographic surveying, soil borings, reproduction costs, and filing fees. The design fee is 5% of the total construction costs for both new buildings. The new unit and salt buildings will be constructed on the existing site.

Funding: HEA 1001: 2021 State Highway Fund
(State Highway Fund Line Items 30531 – 2023)

4. **Indiana Department of Transportation (800)** \$ 7,100,000
Construction of the Mishawaka Unit and Salt Buildings

The Indiana Department of Transportation (INDOT) requests funding for the construction of the Mishawaka unit and salt buildings. The existing Mishawaka unit and salt buildings were built in 1967 and have various structural and operational deficiencies that negatively impacts INDOT's operations and its management of environmental risks. The new Mishawaka unit building will be a 7,012 sq. ft. facility and the new Mishawaka salt building will be 15,475 sq. ft. Upon completion of the new the buildings, the existing Mishawaka site will be sold.

Funding: HEA 1001: 2021 State Highway Fund
(State Highway Fund Line Items 30531 – 2023)

5. **Department of Natural Resources (300)** \$ 2,060,000
DNR Building – State Fairgrounds

The Department of Natural Resources (DNR) requests additional funding to begin renovation of the DNR Building at the Indiana State Fairgrounds, due to higher-than-expected bids. This project was previously reviewed by Budget Committee in April 2022 for \$750,000. The DNR Building was constructed in 1950 and has only received minor repairs, except for a major renovation of the Fishing Pond area in 2006 that excluded the main building. The project will replace roofing areas last replaced in 1990, replace gutters and downspouts, repoint limestone joints in the east exhibit area, clear stained exterior limestone, repair and paint windows and glass, repair the masonry, and renovate the public restrooms.

Funding: HEA 1001: 2019 'Previously Approved' General Fund \$ 750,000
(General Government Line Items 19721 – 2020)
HEA 1001: 2017 General Fund \$ 1,296,957.74

(Conservation and Environment R&R 19710 – 2019)
HEA 1001: 2019 State Construction Fund \$ 13,042.26
(State Construction Fund 59913 – 2022)

V. University Projects

1. **Purdue University – West Lafayette (760)** \$ 10,000,000
Libraries Study Space Renovation
Project No. B-1-23-4-10

The Purdue University Board of Trustees requests authorization to proceed with renovating approximately 38,000 GSF of existing central campus library space on the West Lafayette campus. This project includes relocating library books from four locations across the core academic campus to a new location using high-density shelving technology. The new repository location will provide improved conditions for book and material storage to maintain the integrity of the resources for future access. The current library space in the Humanities, Social Sciences, and Education Library in Stewart Center and the space in the Mathematical Sciences Library will be repurposed to create 490 additional student study seats in key academic space, as students are more commonly using libraries as study space as opposed to accessing physical resources. The estimated cost of this project is \$10,000,000 and will be funded through university Operating Fund Reserves.

Funding: University Operating Reserves
CHE Review: November 10th, 2022

2. **Purdue University – West Lafayette (760)** \$ 46,600,000
University Hall Renovation
Project No. B-1-23-2-12

The Purdue University Board of Trustees requests authorization to proceed with the complete renovation of the 34,000 GSF University Hall, and partial renovations to 28,475 GSF of Geering Hall and 11,750 GSF of Stanley Coulter Hall, in addition to the demolition of Heavilon Hall on the West Lafayette Campus. The demolition will result in a net campus space reduction of nearly 57,000 GSF. This project includes the creation of a 180-seat active learning classroom, additional study, collaborative spaces on the central campus, and classroom updates. The estimated cost of this project is \$46,600,000 and will be funded by \$36,600,000 in University Operating Fund Reserves and \$10,000,000 in Gift Funds.

Funding: University Operating Reserves \$ 36,600,000
Gift Funds \$ 10,000,000
CHE Review: November 10th, 2022

3. **Purdue University – West Lafayette (760)** \$ 6,300,000
Memorial Union Second Floor Renovation
Project No. B-1-23-2-11

The Purdue University Board of Trustees requests authorization to proceed with the renovation of 6,000 assignable square feet of the Purdue Memorial Union’s second floor on the West Lafayette campus. The project includes the renovation and repurposing of existing meeting and office space into corporate meeting space, a hospitality suite, and a spa to be managed by the Union Club Hotel. Multiple air handler units will also be replaced. The total cost of this project is \$6,300,000 and will be paid for using \$5,300,000 from Auxiliary Funds and \$1,000,000 from Gift Funds.

Funding: Auxiliary Funds \$ 5,300,000
Gift Funds \$ 1,000,000
CHE Review: November 10th, 2022

4. **Purdue University – West Lafayette (760)** \$ 1,307,879
Fuse West Lafayette
Project No. B-1-23-5-09

The Purdue University Board of Trustees requests authorization to proceed to lease a portion of the Fuse West Lafayette building, which is located adjacent to campus. For one academic year, the University will lease 32 apartments from Madison Loft LLC that include 124 beds for student housing and 2 beds for residential assistants. The lease will provide additional temporary housing capacity to help address the increase in student enrollment on the West Lafayette campus for the 2023-2024 academic year. The estimated cost of this project is \$1,307,879 and will be funded with Auxiliary Funds – Housing/Dining.

Funding: Auxiliary Funds – Housing/Dining
CHE Review: November 10th, 2022

5. **Purdue University – Multiple Campuses** \$ 3,500,000
Regional Deferred Maintenance
Project No. B-0-23-2-13

The Purdue University Board of Trustees requests authorization to proceed with addressing deferred maintenance at each of the two regional campuses: Purdue Fort Wayne and Purdue Northwest. Purdue Fort Wayne will perform maintenance on the Venderly Bridge, repair and replace the roofing system on the Gates Sports Center, and update the elevators in the Helmke Library. Purdue Northwest will replace the Anderson Building roof as well as update classrooms to create a more flexible, high-density general classroom that will accommodate forty-five to sixty students. Each campus will receive \$1,750,000 for a total of \$3,500,000.

Funding: HEA 1001: 2021 General Fund
(Education Line Items 19750 – 2023)
CHE Review: November 10th, 2022

6. **Purdue University – Fort Wayne (760)** \$ 2,425,000
Purdue University Fort Wayne Academic Expansion

The Purdue University Board of Trustees requests authorization to begin drawing down the FY 2023 appropriation for the Fort Wayne Academic Expansion project. To date, ten faculty positions have been added in the departments of Accounting, Management and Marketing, Computer Science, and in the School of Polytechnic. These positions align with the three strategic hiring pathways that formed the basis of the initial appropriation request: Strategic and Risk Management, Financial Services, and Financial Information Systems. Four additional searches have been approved to fill positions in the Business and Data Science pathways beginning in FY 2024, and there are plans to add up to two more faculty positions for FY 2025. The total amount requested is \$2,425,000 and will be funded by State Appropriation.

Funding: HEA 1001: 2021 General Fund
(Education Line Items 19750 – 2023)

Cost Summary

2017 General Fund	\$1,296,957.74
2019 'Previously Approved' General Fund	\$750,000
2019 State Construction Fund	\$13,042.26
2021 State Highway Fund	\$7,550,000
2021 General Fund	\$129,160,187
IEDC Reimbursement	\$50,000,000
American Rescue Plan Act Funds	\$190,134,810.53
2021 General Fund (University Appropriation)	\$5,925,000
Auxiliary Funds	\$6,607,879
Gift Funds	\$11,000,000
University Operating Reserves	\$46,600,000
TOTAL	\$449,037,876.53

VI. Review Items

1. Hoosier Families First Fund Allocations, SEA 2-2022(ss) – *Indiana State Department of Health*
2. Medicaid State Plan Amendments (SPA) and Waivers – *Family and Social Services Administration*
 - i. *Single Preferred Drug List*
 - ii. *HIP Rx Supply Limit*
 - iii. *Adult Mental Health Habilitation Renewal*
 - iv. *Aged & Disabled Waiver Renewal + EWE Renewal*
 - v. *Child Mental Health Waiver Renewal and Amendments*
3. Healthy Indiana Plan (HIP) Phase-Out Payment Review – *Family and Social Services Administration*

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4. Opioid Settlement Distribution Plan – *Family and Social Services Administration*
5. Health Care Plan and Other Post-Employment Benefits Modifications for State Police, IC 5-10-8-6 – *Indiana State Police*
6. Health Care Plan and Other Post-Employment Benefits Modifications for Conservation and Excise Officers, IC 5-10-8-6 – *Department of Natural Resources and Alcohol and Tobacco Commission*
7. Marian University Primary Care Scholarships – *Commission for Higher Education*
8. Indiana Sports Corp – *Indiana Office of Tourism Development/Indiana Destination Development Corporation*

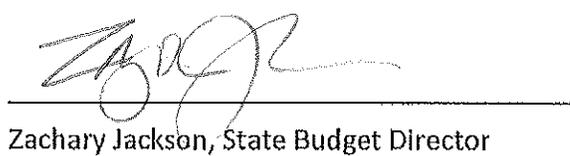
VII. Reports Received

1. SFY22 Department of Child Services' Staffing and Caseload Report, IC 31-25-2-4 – *Department of Child Services (11/10/2022)*
2. FY22 State Educational Institutions Supplier Diversity Reports, IC 4-13-16.5-4.5 – *Department of Administration (12/08/2022)*
3. OPEB Report for State Agencies IC 5-10.5-4-6 – *Indiana Public Retirement System (12/01/2022)*
4. OPEB Report for State Educational Institutions IC 5-10.5-4-6 – *Indiana Public Retirement System (12/01/2022)*
5. FY22 Appropriation of Donated Money Report SEA 134-2022 – *State Budget Agency (12/02/2022)*

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Senator Ryan Mishler, Chairman



Zachary Jackson, State Budget Director