

June 2022 Minutes

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State Budget Committee Minutes
June 29, 2022 10:00 AM EDT
Indiana Statehouse
Senate Appropriations Committee Room 431
200 W. Washington Street, Indianapolis, IN 46204

Members:

Senator Ryan Mishler, Chair
Representative Tim Brown
Senator Eddie Melton
Representative Gregory Porter
Zachary Jackson, State Budget Director

Alternate Members:

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

Chairman Ryan Mishler called the meeting to order at 10:04 AM EDT.

Following introductions, Chairman Mishler introduced the minutes from the April 2022 meeting. Representative Brown motioned to approve the minutes. Mr. Jackson seconded the motion. The April 2022 minutes were adopted by the Committee.

The Chairman introduced the proposed June 2022 agenda.

Agency Projects

Following the introduction of the proposed agenda, Representative Porter motioned to remove the Family and Social Services Administration's (FSSA) Managed Long Term Services and Support (MLTSS) request for proposal item from the June 2022 agenda. The Chairman called for a Committee vote to confirm if the proposed agenda should be reviewed as introduced or if the proposed agenda should be amended in accordance with Representative Porter's requests. The Committee voted 3-2 in favor of reviewing the proposed agenda.

During the Indiana Department of Administration (IDOA) agency presentation, Representative Hamilton asked if IDOA had started having conversations about building charging stations at State buildings. Matt Kent, Chief Financial Officer, IDOA, said he would follow up with the Committee.

During the Indiana Department of Transportation (INDOT) agency presentation, Representative Porter asked for a breakdown of INDOT's Repair and Rehab projects in the six INDOT districts. The Chairman asked INDOT to provide a list of all the proposed individual projects in all six INDOT districts to the Committee. Senator Qaddoura followed up by asking how INDOT awards its contracts and how it factors MBE/WBE participation for INDOT projects. The Chair asked Mr. Kent to provide the relevant data to the Committee

Following the Department of Natural Resources (DNR) agency presentation, Representative Hamilton asked about utilization of renewable energy sources at DNR. Kirsten Haney, Chief Financial Officer of DNR, said she would follow up with the Committee.

Review Items

Following all agency presentations, Allison Taylor, the State Medicaid Director presented the FSSA's MLTSS RFP proposal, Chairman Mishler expressed his concern about FSSA's use of the word "savings" as regards to the MLTSS program because there will likely be an increased cost in the homecare industry and that will shrink any potential savings. The Chair also expressed concerns about the rollout of the MLTSS program.

After all agency projects and review items had been presented, Chairman Mishler asked if there was a motion to remove any item on the June 2022 agenda. Representative Gregory Porter moved the motion to remove the MLTSS item from the agenda until all his concerns have been addressed. Senator Melton seconded the motion. The roll was called and the Committee voted 3-2 in opposition to the motion. The motion failed and the MLTSS item was left on the agenda. Representative Brown moved the motion to adopt the agenda and Mr. Jackson seconded the motion. The agenda was adopted by the Committee.

Discussion Items

Mr. Jackson, Director of the State Budget Agency, requested the Committee to extend his administrative authority to review overage projects and to be able to *"administratively add not more than 25% more funding from existing appropriations to the reviewed project, if the bids received for the project are higher than the amount reviewed due to unforeseen issues with the original scope of the project or cost inflation"* through the end of FY 2023.

Next Mr. Ryan Locke, Deputy Treasurer of State, Mr. Aaron Gillum, Senior Vice President 50 South Capitol, and David Roberts, Chief Innovation Officer of the IEDC; all representatives of the Next Level Fund (NLC) presented their report on the Next Level Fund. Chairman Mishler reminded the representatives on the statutory requirement to submit the Next Level Fund report on a semi-annual basis. Mr. Ryan Locke, the Deputy Treasurer of State, expressed his apology on behalf of the fund managers for not submitting the reports to the Budget Committee. He committed that going forward the NLC fund managers will ensure that the report is submitted in line with statutory requirements.

Following the Office of Management and Budget (OMB) discussion item presentation by OMB Director Johnston, Senator Qaddoura asked about the Governor's \$1 billion inflationary relief package and how it is structured to ensure that it does not lead to further inflation. Senator Brown expressed concerns about the inflation relief package especially as the State has financial demands to meet in the next few months. Mr. Johnston responded that the State was on course to trigger the Automatic Tax Refund statutory mandate in the next year, as a result the Governor's proposed inflationary package was an accelerated action.

Following no further business, the meeting adjourned at 2:34 PM EDT.

I. Minutes

1. April 2022 Minutes

II. Agency Projects:

1. Family and Social Services Administration (410) \$ 3,386,146
State Psychiatric Hospital Network Anti-Ligature Phase 2

The Family and Social Services Administration (FSSA) Division of Mental Health requests funding to pursue the final major phase of the Indiana State Psychiatric Hospital Network anti-ligature project. Phase one of this project began in 2019. Phase two will address remaining patient access areas, that were not included in the first phase of anti-ligature renovations or patient access areas that do not have ligature resistant materials. Risk assessments have confirmed the need for these anti-ligature/safety products to reduce the likelihood of patient harm.

Funding: HEA 1001: 2021 State Construction Fund
(FSSA R&R 59970 – 2022)

2. Richmond State Hospital (440) \$ 877,485
Fire Safety System

Richmond State Hospital requests funding to replace the fire safety system. The current system is experiencing system failure, frequent false alarms, and is no longer supported by the manufacturer. Completing this project will ensure fire alarm systems are functional in all patient care areas and will allow all buildings to be safely occupied.

Funding: HEA 1001: 2021 State Construction Fund
(FSSA R&R 59970 – 2023)

3. Indiana War Memorial Commission (315) \$ 7,000,000
Indiana War Memorial Plaza Waterproofing Phase 1

The Indiana War Memorial Commission (IWMC) requests funding to perform extensive waterproofing repairs on the Indiana War Memorial building on the plaza promenade level as well as the north and south stairs. There are many sections of the plaza that are taking on significant amounts of water. The plaza level of the Indiana War Memorial serves as the roof over many sections of the interior of the building. Large amounts of water have entered interior portions of the buildings, creating significant plaster erosion in numerous highly visible areas. Additionally, the water infiltration is causing structural damage, and slipping hazards to visitors. Failure to address will compromise the structural integrity of the building and cause costly future repairs. This request is a continuation of

the Repair and Rehab work the plaza has been undergoing starting from the 2017 roof repair of the plaza.

Funding: HEA 1001: 2019 General Fund
 (General Government Line Items 19721 – 2020)

- 4. Indiana War Memorial Commission (315) \$ 1,442,802
 Fire System Upgrades Phase 2

The Indiana War Memorial Commission (IWMC) requests funding to continue work on phase two of the IWMC Plaza’s fire system project. The previous phase of this project was reviewed by the Budget Committee in December 2020. This request will focus on fire suppression system installation and preparation for extension of the fire suppression system to other levels of the building in future phases. This fire suppression system includes fire alarms, smoke detection, exit signs, and emergency lighting. Completion of this project is critical for the building to have a comprehensive fire alarm system.

Funding: HEA 1001: 2021 General Fund \$ 1,051,200
 (Conservation and Environment R&R 19745 – 2023)
 HEA 1001: 2019 General Fund \$ 319,448
 (Conservation and Environment R&R 19729 – 2021)
 HEA 1001: 2017 General Fund \$ 72,154
 (Conservation and Environment R&R 19710 – 2018)

- 5. Department of Administration (61) \$ 16,714,824
 Reserve & Replacement (R&R) Payments to IFA

The Department of Administration (IDOA) requests the annual appropriation for the Reserve & Replacement (R&R) payments on several facilities that are managed by the Indiana Finance Authority (IFA). The R&R was previously included in the bond payment as one lump sum, however the bonds have been defeased for these facilities under IFA. IDOA is requesting the R&R annual amount so that they may continue to disburse funds monthly to the IFA.

Indiana Government Center North	\$ 1,763,424
Indiana Government Center South	\$ 1,563,420
Government Center Parking Garages	\$ 1,563,420
Toxicology Lab	\$ 1,123,416
Indiana State Museum	\$ 1,683,420
Rockville Correctional Facility	\$ 1,143,420
Pendleton Juvenile Correctional Facility	\$ 1,125,936
Wabash Correctional Facility	\$ 1,523,424
Newcastle Correctional Facility	\$ 1,340,472
Logansport State Hospital	\$ 1,093,620
Evansville State Hospital	\$ 1,473,492
Madison State Hospital	\$ 1,317,360

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

6. Indiana Department of Transportation (800) \$ 1,790,995
 Roof, HVAC, and Miscellaneous Repair and Replacement Projects – Various Locations

The Indiana Department of Transportation (INDOT) requests funding to address various repair and replace projects throughout all six INDOT districts. This request is an accumulation of 20 rehabilitation projects deemed a high priority by the respective districts. Projects include roof replacements, HVAC replacements, siding and concrete wall repair, as well as installation of fences and gates.

Funding: HEA 1001: 2021 State Highway Fund
 (State Highway Fund R&R 30509 – 2023)

7. Department of Natural Resources (300) \$ 1,595,934
 Goose Pond Fish and Wildlife Area Shop Building

The Department of Natural Resources (DNR) requests funding for the design and construction of a 4,000 sq ft. modern shop building at Goose Pond Fish and Wildlife Area and demolition of the current structure, originally constructed in 2005 before DNR acquired the property. The current building has dirt floors, no bathroom facilities, no temperature control, and is not in compliance with OSHA requirements. The new building will include electric, water, sewage, a concrete floor, modern maintenance building amenities, and bring the structure into OSHA compliance. The cost difference between the two shop buildings is due to foundation requirements related to the site locations and soil conditions.

Funding:	HEA 1001: 2017 ‘Change of Use’ General Fund (DNR GF Construction Fund 19100 – 2022)	\$ 343,932.50
	HEA 1001: 2019 ‘Change of Use’ General Fund (DNR GF Construction Fund 19100 – 2022)	\$ 55,051.50
	Federal Funding	\$ 1,196,950

8. Department of Natural Resources (300) \$ 1,506,054
 Deer Creek Fish and Wildlife Area Shop Building

The Department of Natural Resources (DNR) requests funding for the design and construction of a 4,000 sq ft. modern shop building at Deer Creek Fish and Wildlife Area and demolition of the failing structure. The existing building was constructed in 1981 and does not meet the current needs of the area. The building has dirt floors, no bathroom facilities, no temperature control, and is not in OSHA compliance. The new building will include electric, water, sewage, a concrete floor, modern maintenance building amenities, and bring the structure into OSHA compliance. The cost difference between the two shop buildings is due to foundation requirements related to the site locations and soil conditions.

Budget Committee
June 2022 Minutes

Funding:	HEA 1001: 2017 General Fund (Conservation and Environment R&R 19710 – 2018)	\$ 6,067.50
	HEA 1001: 2019 State Construction Fund (Conservation & Environment R&R 59913 – 2020)	\$ 184,626.50
	HEA 1001: 2019 'Previously Approved' General Fund (DNR GF Construction Fund 19100 – 2022)	\$ 61,090
	HEA 1001: 2013 'Change of Use' General Fund (DNR GF Construction Fund 19100 – 2022)	\$ 20,000
	HEA 1001: 2017 'Change of Use' General Fund (DNR GF Construction Fund 19100 – 2022)	\$ 14,730
	HEA 1001: 2019 'Change of Use' General Fund (DNR GF Construction Fund 19100 – 2022)	\$ 90,000
	Federal Funding	\$ 1,129,540

9. Department of Natural Resources (300) \$ 3,150,000
Fort Harrison HVAC, Roofing, and Rehab

The Department of Natural Resources (DNR) requests funding to perform roof repairs at the Fort Harrison Inn. Additional work will include repairing and replacing HVAC units in the Fort Harrison Inn, Harrison House, and the Garrison. The roof of the Inn has reached the end of its useful life and is beginning to show signs of leakage; failing to replace the roof and gutter systems could lead to continued water damage at the Inn. Two HVAC systems in the Inn are constantly in need of repairs and will be replaced with new systems. The Harrison House will have half of the wall units replaced. The Garrison will have a new chiller and boiler installed, restrooms rehabbed, and will have valves replaced on air handler units. Failure to address these repairs could limit the availability of facilities for guests at Fort Harrison.

Funding: HEA 1001: 2019 State Construction Fund
(Conservation and Environment R&R 59913 – 2020)

10. Department of Natural Resources (300) \$ 190,000
Prophetstown Heritage Area Design

The Department of Natural Resources (DNR) requests to utilize donated funding for the design of the Prophetstown Heritage Area. The DNR is working with Native American tribes who consider the Prophetstown Heritage Area site sacred to include their stories during the design phase. The design will consist of a Visitors Center and Plaza of Nations, as well as rebuilding/installing a Circle of Stones to represent specific tribes and a Native American Village to show visitors what Prophetstown may have been like.

Funding: Indiana Natural Resources Foundation Donation

11. Integrated Public Safety Commission (286) \$ 1,591,786
Deferred Maintenance – Microwave Towers

The Integrated Public Safety Commission (IPSC) requests funding to perform deferred maintenance on microwave towers across the state. Towers across the state are in need of guy-wire tightening, grounding, climbing safety repairs, painting, and new lights to remain in compliance with the Federal Communications Commission (FCC) to avoid fines. Funding will also be used to purchase 102 microwave batteries and 17 microwave panels that have passed their useful life and need to be replaced to avoid failure. In addition, two generators and nine HVAC systems, which are used to support microwave systems, are also passed their useful life and need to be replaced. Failure to fix these items risks the towers shutting down, systems overheating, and potential FCC fines.

Funding: HEA 1001: 2021 Integrated Public Safety Commission Fund
 (Integrated Public Safety Communications Fund 37110 - 2022)

12. Indiana Law Enforcement Academy (103) \$ 78,609,486
 Phase 1 Construction Costs for Campus Renovation

The Indiana Department of Administration (IDOA), on behalf of the Indiana Law Enforcement Academy (ILEA), requests funding to initiate phase 1 construction of the campus renovation at the Indiana Law Enforcement Academy. The main building on the ILEA campus was completed in 1974, making the facility almost 50 years old. The 200,000 sq ft main building sits on 310 acres in Plainfield, Indiana. Results of the completed design study identified operating deficiencies and lack of proper capacity to meet the current and future demands of law enforcement officers in Indiana.

Funding: HEA 1006: 2021 General Fund \$ 63,000,000
 (Public Safety Line Item 19751 – 2022)
 American Rescue Plan Act \$ 15,609,486

13. Adjutant General (110) \$ 1,135,410
 Stout Field Building #3 Roof

The Adjutant General’s Office requests additional funding to replace the 35,208 square feet of thermoplastic polyolefin (TPO) roofing material on the Stout Field administrative building #3, which houses critical communications equipment and servers, due to higher-than-expected bids. This project was previously reviewed by the Budget Committee in February 2022 and reviewed for \$829,360. The bid is approximately 37% higher than the original request. The current roofing system is approximately 28 years old and has numerous leaks occurring creating service interruptions and health risks due to mold. This project will include demolition and disposal of the existing roofing system, replacement of any deteriorated decking material, and installation of a new ethylene propylene diene terpolymer (EPDM) roofing system. Due to an agreement between Indiana and the Federal Government, the cost of these projects is shared between both parties.

Funding: HEA 1001: 2009 ‘Change of Use’ General Fund \$113,238
 (Adjutant General Construction Fund 19060 – 2009)
 Federal Funds \$192,812

HEA 1001: 'Previously Approved' 2009 General Fund \$306,864
(Adjutant General Construction Fund 19060 – 2009)
'Previously Approved' Federal Funds \$522,496

14. Indiana State Police (100) \$ 30,000,000
Construction of Evansville State Police Laboratory and Post

The Indiana State Police (ISP) requests funding to build a new State Police facility at Evansville (District 35). Results of the completed design study identified operating deficiencies in the current Evansville facility built in 1980, which lacks the proper capacity to meet current and future caseload demands. The new combined laboratory and post building will meet energy-efficient industry standards, provide necessary space for both staff and lab processing, and ensure operational functionality.

Funding: HEA 1001: 2021 General Fund
(General Government Line Items 19737 – 2023)

15. Indiana School for the Deaf (560) \$ 734,637
Building 8 Roof Repair – Fair Hall Wing

The Indiana School for the Deaf (ISD) requests funding to proceed with repairs to the Building 8 roof of the Fair Hall Wing. This building was constructed in 1981 and the current roof was installed in 1999. The building serves as a dormitory for the school and the roof is approximately 21,128 sq. ft. The roofing material is pulling away from the parapet, allowing water into the building when it rains. Continued leaks could lead to further water damage and could impact the school's ability to house students in this building.

Funding: HEA 1001: 2021 State Construction Fund
(Deaf & Blind R&R 59971 – 2022)

16. Indiana Economic Development Corporation (260) \$ 164,000,000
IEDC Site Strategies

The Indiana Economic Development Corporation (IEDC) requests funding to continue with the implementation of a strategic site development initiative that will enable Indiana to remain competitive in an increasingly high-stakes market for transformative economic development projects. This initiative will enable the IEDC to acquire, develop, and make available land to companies seeking to make multi-billion-dollar investments in new or expanded operations in Indiana, and will allow those companies to move as quickly as possible to get projects underway. Of the total \$164 million request, approximately \$123 million will fund the Grasslands and Desert Land acquisition projects for the purchase and development of property in Boone County, approximately 1336 acres in the initial phase with 602 being sold to the Company and a portion of the remainder being transferred to INDOT for the development of a new interchange. These projects have the potential to result in multi-billion-dollar investments in new

manufacturing facilities in Indiana. Additionally, \$41 million will fund water and wastewater infrastructure development, as well as new road infrastructure servicing Projects Grasslands and Desert sites, and future surrounding developments.

Funding: HEA 1001: 2021 General Fund
(General Government Line Items 19737 – 2023)

17. Department of Correction (615) \$ 25,000,000
Design Development Services for the Westville Correctional Facility

The Department of Correction (IDOC) requests funding for development of the schematic design for the new Westville Correctional Facility. The current facility is 1 million sq. ft. and houses 3,700 medium security offenders. The 76-year-old facility was originally designed to serve as a state mental health facility and does not meet modern safety and security standards or operational needs of both staff and offenders alike. The schematic design services will generate documents like the blueprint for the new facility with detailed specifications including utility placement, site surveys, cell dimensions and layouts, and other various specifications, such as the maximum capacity of incarcerated individuals. Due to age and weathering of the facility, renovation of the existing structure is not feasible.

Funding: HEA 1001: 2021 General Fund
(Department of Correction Line Item 19755 – 2022)

18. Department of Homeland Security (385) \$ 2,260,701
Government Center Office Renovation

The Indiana Department of Homeland Security (IDHS), requests funding to renovate approximately 29,000 sq. ft. of existing office space. Currently, IDHS is spread out across three different areas of the 2nd floor at the Indiana Government Center South (IGC). Results from a completed design study identified operating deficiencies, lack of ability to meet the current and future demands of the department. This renovation project will help address these issues and incorporate all of IDHS' space into one footprint at the (IGC). Upon release, these dollars will be used to fund the renovation project, furniture purchases, IOT charges, construction documents and project management.

Funding: HEA 1001: 2021 Fire and Building Services Fund
(Fire and Building Services Fund 37720 – 2022)

19. State Budget Agency (57) \$ 10,208,661.39
Enterprise Solution Grant Management System

The State Budget Agency requests funding to implement a statewide grants management system. Currently, systems are fragmented across agencies. The system will streamline grants management by creating like systems across all agencies. The system will allow agencies to manage grants through the entire grant lifecycle: application through final

close-out. The funding will provide for a fit-gap analysis, project management, implementation, user licenses and training over a five-year period. Failure to implement a grant management system may lead to non-compliance issues that could result in payback of funds to the Federal Government.

Funding:	American Rescue Plan Act	\$ 5,757,425.67
	HEA 1001: 2021 General Fund (General Government Line Items 19737 – 2023) State Department of Health Fund (Public Health Quality Improvement Fund 46025 – 2023)	\$ 3,000,000
	State Department of Education Fund (Elementary & Secondary School Emergency Relief Fund)	\$ 682,558.81
		\$ 768,676.91

III. Federal Economic Stimulus Items

1. State Budget Agency (57) \$ 500,000
 Sub-recipient Monitoring

The Indiana State Budget Agency requests review of American Rescue Plan Act funding to contract with a vendor(s) to assist the agency subrecipient monitoring as defined in federal guidance. The U.S. Department of Treasury ARPA State Fiscal Recovery Funds are subject to the Single Audit Act and 2 C.F.R 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Noncompliance may result in a finding in the Agency’s Single Audit.

Funding: American Rescue Plan Act

2. State Board of Accounts (80) \$ 6,200,000
 Federal Audits of Local Units

The State Board of Accounts (SBOA) requests review of American Rescue Plan Act (ARPA) funding to contract with accounting firms to perform audits on state and local units of government. Recent disbursements of federal funding to state and local units have increased the annual number of audits SBOA is required to perform. To ensure all units of government are audited in a timely manner as required by State and Federal Law, SBOA plans to contract with private examiners to complete a portion of those required audits.

Funding: American Rescue Plan Act

3. Indiana Secretary of State (40) \$ 15,561,100
 Election Security

The Secretary of State requests funding for the continuation of election security and integrity improvements as required by HEA 1116-2022. These improvements include \$12,361,100 for Voter Verifiable Paper Audit Trail (VVPAT) equipment for county election machines. VVPAT systems connect to Direct Record Electronic voting machines

and produce a paper trail verification mechanism for post-election audits. This request also includes \$3,200,000 to improve the cybersecurity position of the Secretary's office and all 92 county offices.

Funding: American Rescue Plan Act

Cost Summary

2009 'Change of Use' General Fund	\$ 113,238
2013 'Change of Use' General Fund	\$ 20,000
2009 'Previously Approved' General Fund	\$ 306,864
2017 General Fund	\$ 78,221.50
2017 'Change of Use' General Fund	\$ 358,662.50
2019 'Change of Use' General Fund	\$ 145,051.50
2019 'Previously Approved' General Fund	\$ 61,090
2019 General Fund	\$ 7,319,448
2019 State Construction Fund	\$ 3,334,626.50
2021 General Fund	\$ 302,766,024
2021 State Construction Fund	\$ 4,998,268
2021 State Highway Fund	\$ 1,790,995
2021 Fire and Building Services Fund	\$ 2,260,701
2021 Integrated Public Safety Commission Fund	\$ 1,591,786
Indiana Natural Resources Foundation Fund	\$ 150,000
'Previously Approved Federal Funds	\$ 522,496
Federal Funds	\$ 2,519,302
American Rescue Plan Act Funds	\$ 43,628,011.67
Departments of Health & Education Agency Funds	\$ 1,451,235.72
Total	\$ 373,416,021

IV. Review Items

1. Managed Long-Term Services and Supports Request for Proposals (IC 12-15-5-17.5) – Family and Social Services Administration
2. Medicaid State Plan Amendments (SPA) and Waivers – Family and Social Services Administration
 - i. 1902(e)(14)(A) Waivers
 - ii. Opioid Treatment Program (OTP) SPAs

V. Discussion Items

1. Budget Committee Threshold Review for Resubmitted Capital Projects – State Budget Agency
2. Indiana Next Level Fund Semi-Annual Report (IC 8-14-15.1-16)
3. CARES Act Funding (CRF) and American Rescue Plan Act (ARPA) Updates

VI. Report Received

1. SBA's Administrative Approval of Capital Projects – (06.07.2022)

*State Budget Committee
Meeting Minutes
June 2022*

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Senator Ryan Mishler, Chairman

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Zachary Jackson, State Budget Director