

December 2023 Minutes

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State Budget Committee Minutes

December 19th, 2023, 09:00 AM EST

Indiana Statehouse

House Ways and Means Committee Room 404
200 W. Washington St., Indianapolis, IN 46204

Members:

Representative Jeff Thompson, Chair
Representative Gregory Porter
Senator Ryan Mishler
Senator David Niezgodski
State Budget Director Zachary Jackson

Alternate Members:

Senator Chris Garten
Senator Fady Qaddoura
Representative Bob Cherry
Representative Edward DeLaney
Joe Habig, Deputy State Budget Director
Lisa Acobert, Deputy State Budget Director

Chairman Jeff Thompson called the meeting to order at 9:04 A.M.

Chairman Thompson introduced the October 2023 and November 2023 Minutes. Senator Ryan Mishler moved to approve both sets of Minutes. Budget Director Zachary Jackson seconded the motion. Both sets of Minutes were approved by consent.

Medicaid Forecast

Dr. Daniel Rusyniak, Secretary of the Family and Social Services Administration (FSSA), Jeremy Palmer, Principal and Consulting Actuary with Milliman, and Cora Steinmetz, Indiana Medicaid Director, presented the Updated Medicaid Forecast. The forecast indicated a \$713M shortfall as of December 2023 in State Fiscal Years 2024 (\$255M) and 2025 (\$458M). Enrollment is projected to be lower for the three managed care programs -- Hoosier Care Connect, Hoosier Healthwise, and the Healthy Indiana Plan -- resulting in lower estimated expenditures. Large increases in expenditures are forecasted in the Long-Term Services Line Items, including nursing facility residents and health and community-based services. Since the April 2023 forecast, there have been increasing trends in hospital and Applied Behavioral Analysis therapies. The April 2023 forecast assumed \$229M of Hospital Assessment Fees (HAF) would be available to offset Medicaid assistance, but instead the fees were placed in the HAF Fund, which means it is no longer available for assistance.

Indiana Medicaid Director Steinmetz stated the Office of Medicaid Policy and Planning is committed to operating a sustainable Medicaid program. An FSSA Executive Team has been performing an extensive review of growth drivers and is compiling strategies to control expenditure growth, as well as limit unpredictability in future forecasting. FSSA will propose a series of cost containment solutions to mitigate current forecasted increases in state expenditures and to address future cost growth. FSSA's cost

containment strategies focus on reviewing enrollment and eligibility processes, ensuring utilization management practices are in place, and that reimbursements are sustainable for the State and providers. FSSA will partner with the General Assembly, specifically Budget Committee members, and the Medicaid Oversight Committee as plans are finalized. FSSA will bring forward any items requiring Budget Committee review.

Following the FSSA presentation, Representative Gregory Porter asked if the retroactive FY23 shortfall will be paid out of Medicaid. Budget Director Jackson mentioned that in April 2023 it was projected that there would be a \$570M surplus in Medicaid. \$525M was reverted to the General Fund. Based on new forecast figures, approximately \$270M was not actually available for reversion.. This will be addressed by moving an equal amount out of the Medicaid Reserve Account in FY24. Representative Porter asked when did the State Budget Agency (SBA) know about this shortfall. Budget Director Jackson replied that SBA knew two weeks prior to the December Budget Committee meeting. Representative Porter remarked that there is a billion-dollar shortfall and the Governor's Administration only found out two weeks ago. Budget Director Jackson expressed his concern at the timeliness of data being used in forecasting but stated that FSSA is unlikely to get real-time data.

Representative Edward DeLaney questioned the choice to move \$270M from Medicaid into the State's General Fund and stated that it was a mistake. Budget Director Jackson replied that with the information known at the time, it was not a mistake and that the General Fund levels were lower than he was comfortable with, resulting in the amount being moved. Representative DeLaney continued his questions, asking what the reasons are for the increased \$1B in Medicaid expenditures starting July 1, 2023. Medicaid Director Steinmetz stated some of the primary drivers are the Long-Term Services Line Items and Home and Community Based Services waivers. Both of these items saw increases in enrollment and utilization following rate increases from the previous year. The rate increases are being magnified due to the increase in enrollment and utilization. Representative DeLaney asked specifically how the forecast could be off by \$584M for Home and Community Based Services. Medicaid Director Steinmetz attributed the variance to increasing enrollment, an aging population, previously unmet need, and flexibilities granted during the Federal Public Health Emergency. FSSA is estimating with 400,000 individuals disenrolled from Medicaid in FY24, the number of enrolled individuals will still be over 400,000 higher than pre-pandemic numbers. The decrease of 400,000 individuals was included in the April 2023 forecast.

Representative Porter asked if the proposed solutions for the FY23 backfill, and FY24/FY25 shortfall will be to cut programs. Medicaid Director Steinmetz stated that FSSA will remain thoughtful and ensure that the number of services an individual receives meets their level of need while balancing sustainability for the State and providers. Overall, FSSA will be looking at all aspects of the Medicaid Program.

Senator Mishler expressed concern that spending in Medicaid was greater than the increase in State revenue. This is part of the reason the Medicaid Oversight Committee was brought back. Senator Mishler also indicated that Medicaid should not be expanded during the next Legislative Session, in an effort to curtail rising costs. He also commended Medicaid Director Steinmetz, new to her role, for collating this information and welcomed the opportunity to collaborate with her on a solution.

Senator Fady Qaddoura indicated that some of his constituents had been on the CHOICE Program waitlist for two years. FSSA Secretary Dr. Rusyniak explained that CHOICE is not part of Medicaid. Senator

Qaddoura expressed his concern that other programs like CHOICE will be further impacted by proposed strategies to fix Medicaid.

Economic Forecast

Following the Medicaid forecast presentation, the Chairman introduced Mr. Tom Jackson, Principal Economist at S&P Global Market Intelligence who presented the 2024 Indiana Economic Forecast.

Representative Porter asked Mr. Jackson to explain the slow recovery in the manufacturing sector. Money was given to the Indiana Economic Development Corporation (IEDC) by the State to address this concern. Mr. Jackson gave an example of recreational vehicles, which were in high-demand during the pandemic but saw subsequent year-to-year declines.

Revenue Forecast

Ben Tooley, Director of Fiscal Policy of the House Majority Caucus, and Hari Razafindramanana, Chief Economist of the State Budget Agency, presented the revenue forecast for fiscal year 2024, and the updated revenue forecasts for fiscal year 2025.

Representative DeLaney stated that after combining all the forecast numbers that the projection dropped \$604M since April 2023. He asked for a list of changes to explain the variance from the April 2023 estimate. Mr. Tooley stated that the impact is called the Outside Acts which accounts for all changes in legislation. Representative DeLaney listed major acts that had a revenue impact: an adjustment to the Earned Income Tax Credit, a reduced or eliminated tax for active-duty military, the allowance of pass-through entities for LLCs, the move of a portion of the gasoline tax from the General Fund to road funding, and lowered income tax rates through 2027. He concluded by asking how to fund Medicaid and all the acts listed. Mr. Tooley stated that the funding question is beyond the purview of the Revenue Technical Forecast Committee.

Representative Porter asked if there is a temporary impact on the budget due to Senate Enrolled Act 2: 2023. Mr. Razafindramanana stated that individual income tax revenue exceeded the forecast through the November revenue report, and there have been higher payments and higher refunds. This brings the individual income tax revenue to \$50M above forecast which is believed to be a stabilized number and net neutral.

Budget Director Jackson presented the Surplus Statement and information in the document. Senator Qaddoura asked what the Office of Management and Budget's (OMB) policy was regarding the reserve target in 2010-2020. Budget Director Jackson stated that he can speak to the past decade of policy, which has aimed between 10% and 12.5% of annual recurring expenses. Senator Qaddoura followed-up by asking if the drop from almost \$3B in reserve to \$2.1B in reserve will change any fiscal decisions in the future even though \$2.1B is normally what has been held in reserve in the past. Budget Director Jackson answered that it reflects the wisdom of retaining the reserve amount to account for unforeseen expenses. Senator Qaddoura concluded his questions by asking if OMB will be implementing any strategies to control spending. Budget Director Jackson stated that he does not foresee any changes to holding a 2% management reserve but there are opportunities to work with FSSA.

Representative DeLaney summarized the surplus statement and asked if the reserve in FY2025 will be

\$821M less than FY2024 levels or below the 10% target in reserves, to which Budget Director Jackson answered both in the affirmative and continued that if Medicaid did not spend what is anticipated today, both the numerator and the denominator of the equation would decrease. Representative DeLaney asked if the General Assembly needed to make any changes to build the reserve back to its 10% minimum, to which Budget Director Jackson replied that the tools already given to FSSA and OMB is enough to get reserves to a better number. Representative DeLaney asked for a list of capital expenditures that have been appropriated but not spent. Budget Director Jackson agreed to put together a document for the Budget Committee. Chairman Thompson stated that the surplus exists for times like this, to cover an unexpected expense, to which Representative DeLaney responded that he understood the surplus to be for economic downturns and unexpected expenses, not accounting errors.

Following the discussion of the revenue forecast Chairman Thompson called a recess at 11 A.M. until 11:15 A.M. The meeting was called to order at 11:22 A.M.

Agency Projects

Chairman Thompson asked for amendments to the proposed agenda. Budget Director Jackson moved to make a clarifying amendment to include two penalties for the Indiana Gaming Commission (IGC) that were included in the packet but not explicitly stated in the agenda. The amendment would add “Civil Penalty for Violation of Casino Operational Standards” and “Civil Penalty for Violation of Sports Wagering Operational Standards” after number seven under the IGC Review Item. Representative Porter seconded the motion. The motion was approved unanimously.

Department of Natural Resources Chief Financial Officer Kirsten Haney presented a project to upgrade the Jasper-Pulaski Gun Range, Representative Porter requested information regarding how the wildlife will be protected by the updated gun range to be sent to the Chairman to share with the State Budget Committee. CFO Haney agreed to send information from the Division of Fish & Wildlife.

Mark Wasky, Senior Vice President & Special Counsel to the Secretary of Commerce of the IEDC presented Project NORA, a \$4.1B dollar investment. Senator Qaddoura asked for the total of abated property taxes for this project, to which Wasky replied that abatements will be determined by the location the company chooses. Senator Qaddoura continued by asking for the amount to be abated over 5 years. Wasky replied that he did not have that information available but can send it after the meeting. Wasky continued that the complete subsidy package will be available on the IEDC’s transparency board once the deal is completed. Senator Qaddoura asked if the IEDC has met with any legislators to discuss details on the project. Wasky confirmed IEDC meets with legislators and shares information that is not deemed confidential. Senator Qaddoura wanted to know if Democratic legislators are considered legislative partners that also deserve to receive information. Wasky answered in the affirmative, mentioning he had met with House of Representatives staff, and offered to include Senator Qaddoura going forward. The Senator concluded his questions by asking if the project would be in the LEAP innovation district and require additional water resources, to which Wasky responded it would not. Representative Porter clarified that the conversation between IEDC and House staff only covered basic information.

Representative DeLaney asked for the total number of jobs expected to be created by IEDC programs.

Wasky had previously stated tens of thousands. A fellow IEDC presenter replied that last year IEDC was slightly above 20,000 jobs and this year was projected to be near the same amount. Representative DeLaney continued his questioning regarding Performance Based Grants, confirming that companies would not receive benefits until hiring and salary metrics were met, to which IEDC replied in the affirmative. The Representative also asked why IEDC is requesting funding without a deal, location, or contract in place. IEDC replied that private companies need to show their boards, SEC filings, and earnings reports that they have financial security from the State. Companies consider oversight and spending caps as risks during their assessments so releasing funding ahead of time reduces that risk.

Senator Mishler wanted to know what happens to the released funding if the deal does not go through, to which Wasky answered that it would stay in the Deal Closing Fund. Senator Mishler further clarified, and Wasky confirmed, that if a different deal were to be reached IEDC would need to come back before Budget Committee for approval.

Representative Porter asked if the money stays in the Deal Closing Fund. If it is invested, he asked where the investment earnings are deposited. Budget Director Jackson stated that the default location is the General Fund but that he would need to check if this specific fund had different language.

Senator Qaddoura expressed his frustration with IEDC and cited a loss of trust in the agency due to not following up or including legislative partners. The Senator requested the metric being used by IEDC to determine the appropriate level subsidy per job given to companies. Senator Qaddoura also asked if there were other incentives above the \$80M for this project that were not disclosed in the write-up. IEDC confirmed that there are, and the information was shared under a code name at an IEDC Board Meeting.

Following the presentation on multi-billion-dollar investments in Boone County, Representative Porter asked how much has been allocated to the Lebanon Project so far through IEDC, to which Wasky replied just north of \$290M with another \$26M being requested. The final cost of the project has not been identified but will be determined by the required supporting infrastructure. Representative Porter described the situation as a blank check, that Legislators are being asked to trust IEDC blindly as there are not the same determinations as compared to the EDGE program and commented on the unaddressed water issue. Wasky responded that IEDC is cognizant of the program limits and the Indiana Finance Authority is leading the water issue effort. IEDC is thoughtfully approaching projects before moving forward with significant investments.

Representative DeLaney clarified that this project is not coming from the Deal Closing Fund, to which Wasky responded that it is coming from the Site Acquisition Strategies Fund, which had \$150M appropriated to it. Representative DeLaney asked for the cost of the new highway exit and wanted to confirm if the additional money would require Budget Committee review. Wasky deferred to the Indiana Department of Transportation for the cost and process of building the exit.

Following the site acquisition project in Boone County, Senator Qaddoura asked if the project will require additional water resources. Wasky responded that the project will require additional resources and that the IEDC is working with utility partners in the City of Lebanon on an initial water extension which is unrelated to the broader pipeline question. Senator Qaddoura concluded his questioning by

asking if there were any IEDC project costs on the agenda associated with building a pipeline, to which Wasky responded there was not.

Representative DeLaney asked if the money requested in this project would be used to purchase option contracts, to which Wasky clarified it would be used to close on options and some funding will be used to extend options contracts. The average cost per acre for land purchased so far has been around \$70,000 - \$75,000 per acre. Representative DeLaney asked if the land escrow payments are paid to the landowner regardless of whether the deal is closed or not. Wasky replied that it is possible.

Representative DeLaney asked if there has been policies or procedures in place so IEDC's board, legislators, or others do not improperly benefit from this deal. Wasky confirmed that IEDC is subject to the State's ethics rules and the IEDC Board also has a robust conflict of interest policy that has been reviewed by the appropriate ethics agencies. The Board of the IEDC are required to update their conflicts annually.

During IEDC's final project presentation, Senator Qaddoura asked if during the previous Budget Committee meetings when submitting requested related to this project whether IEDC knew that there would need to be large water transfers to the project. IEDC responded that at the time the need for water was unclear, so they engaged with hydrologists and potential companies to evaluate opportunities.

Following the presentation of projects Chairman Thompson called a recess at 12:52 P.M. The meeting was called to order at 1:15 P.M.

Review Items

Representative Porter asked if InvestEd had previously managed supplemental grants instead of putting it in the budget and if it will be ongoing. P.J. McGrew from InvestEd responded that they came before Budget Committee in September 2023 to give a \$3M grant to the Commission for Higher Education to address dual credit licensure issues and they are excited to partner with institutions now to address declining postsecondary going rates and skepticism around how well higher education connects to employment.

Following a presentation by the Indiana Gaming Commission's (IGC) Executive Director Greg Small and General Counsel Dennis Muller, Senator Chris Garten confirmed that the goal of the Indiana Gaming Commission is compliance in the gaming space. Senator Garten continued his questioning by asking about the process for settlement agreements between properties and the IGC. Executive Director Small explained that agreements can be entered into voluntarily or disputed. When disputed, the IGC examines information provided by agents and rules to determine if an administrative complaint is needed. At this stage, an agreement may be reached with the property. If no agreement is reached, then the matter would move to an Administrative Law Judge (ALJ). Senator Garten then asked the IGC to explain how they determined the actions that qualify for a fee or fine. General Counsel Muller responded that they base their schedule on their rules, statutory requirements, and feedback from casinos. Senator Garten asked how many issues are self-reported, to which Executive Director Small stated that they do not have that number but that there are things required to be reported by law. If something is self-reported, then it starts an investigation. It does not result in a fee or fine. Senator Garten asked if all the factors have been considered in the case of an automatic fine. General Counsel Muller responded by saying that there are no automatic fines because the casinos can respond to a

notice of violation before a fine is issued. Senator Garten cited an occurrence where a child wandered away from their parents onto the gaming floor and a notice of violation with a dollar amount was sent to the property. The Gaming Commission responded that a fine has a different definition and stated that about 84% of incident reports result in no action against a licensee, while only 12% result in a monetary fine. Senator Garten questioned why the IGC wrote into their draft rule that they shall utilize the highest penalty listed on the schedule. General Counsel Muller responded that it was out of transparency to show licensees that the IGC is not going to double a fine that may technically violate two or more items. Senator Garten questioned the large jump in fees from 2017 to 2018 by 143%. Executive Director Smalls indicated that year was when the child support arrears was implemented and 43% of total fines in 2018 were related to the program. Senator Garten proceeded to ask about 2023 revenue being historically low, attributing the reduction in fine revenue to conversations with Legislators. The IGC responded by saying the fine schedule was instituted by June based on meetings with casino executives and they had not been approached by the industry to change those items.

Following the presentations on Fees, Fines, and Penalties Budget Director Jackson made a motion to remove the State Personnel Department's review item related to pay plan modifications. Senator Garten seconded the motion.

Representative Porter clarified that the two missing items from the Indiana Gaming Commission were in fact added to the agenda following the motion at the beginning of the meeting. Chairman Thompson stated that his understanding is that they are now on the agenda.

The motion was approved unanimously.

Representative Porter asked the Chairman if there was any interest in amending IEDC's portion of the agenda. Chairman Thompson declined.

Senator Niezgodski expressed how eager he is to have the honor to play a role on the Budget Committee and propel Indiana to new places. He continued to mention that he wishes for more transparency with IEDC and will pursue conversations with the agency going forward.

Senator Garten moved to approve the amended December 2023 Budget Committee agenda. Budget Director Jackson seconded the motion.

Representative Porter commented his concerns regarding the IEDC's lack of transparency and accountability around taxpayer dollars. Representative Porter stated that both sides of the aisle are not given the same rights and privileges as voting members of the State Budget Committee.

Representative DeLaney expressed that he does not think the public or Legislature is prepared for the LEAP project.

The motion to adopt the agenda was approved unanimously.

The meeting was adjourned at 2:51 P.M.

I. Minutes

1. October 2023 Minutes
2. November 2023 Minutes

II. Discussion Items

1. Medicaid Forecast
2. Economic Forecast
3. Revenue Forecast

III. Agency Projects

1. **Indiana Department of Administration (061)** \$ 6,901,000
IGC Campus Safety Modernization

The Department of Administration (IDOA) requests additional funds to expand the camera security network to additional government agencies. The project, which was previously reviewed by Budget Committee in September 2023 for \$2,901,000, allowed for cameras and servers to be upgraded on the centrally located government campus. As the work with the Indiana Office of Technology began, other off-site agencies and quasi-agencies requested to be brought onto the system. These additional funds will go towards servers and cameras at several locations: the Indiana War Memorial, including the American Legion Mall and Soldiers and Sailor’s Monument, the DHS location at Five Points, the McCarty Street warehouse, the 30th Street warehouse, and an offsite Department of Revenue location. These systems will all be brought on to the larger security network that will then be monitored at the Emergency Operations Center (EOC), located in the Government Center South.

Funding:	HEA 1001: ‘Previously Approved’ 2023 SCF (General Government R&R State Construction Fund 59972 – 2024)	\$ 2,901,000
	HEA 1001: 2019 General Fund (General Government Line Items 19721 – 2020)	\$ 4,000,000

2. **Indiana Department of Transportation (800)/State Budget Agency (57)** \$ 9,820,000
Airport Improvement – Gary/Chicago International Airport

The Indiana Department of Transportation (INDOT) and State Budget Agency (SBA) request the release of funding to the airport for the construction of a cargo area capable of supporting 8 wide-body cargo aircraft at the Gary/Chicago International Airport. The current cargo airplanes are operating out of terminals designed for passenger airplanes. The buildout will include: the construction of approximately 92,200 square yards of concrete apron, employee parking, truck parking, sorting facilities, road improvements,

utility improvements and a fuel pipeline connected to expanded storage tanks. The Gary Airport is working with UPS, FedEx and other freight forwarding companies to develop this project. In addition to the state funding, this project will also include local, federal, and private funding.

Funding: HEA 1001: 2023 General Fund
(General Government Line Items 19757 – 2024)

3. **Indiana Department of Transportation (800)/State Budget Agency (57)** \$ 2,000,000
Airport Improvement – Warsaw Municipal Airport

The Indiana Department of Transportation (INDOT) and State Budget Agency (SBA) request the release of funding to the airport for work to be conducted on Taxilane E1 at the Warsaw Municipal Airport. Taxilane E1 extends from Taxiway A north approximately 1,500 ft. with a 40 ft width, covering a total of around 60,000 square feet. Despite continuous efforts to maintain the hot-mix asphalt pavement by Airport Management, Taxilane E1 pavement continues to deteriorate. A study is being finalized on the character, definition, and extent of the work needed for Taxilane E1. The project is intended to go to bid in 2024, following the results of the testing and study results.

Funding: HEA 1001: 2023 General Fund
(General Government Line Items 19757 – 2024)

4. **Indiana Department of Transportation (800)** \$ 9,800,000
Roselawn Unit & Salt Building

The Indiana Department of Transportation (INDOT) requests funding for the construction of a new Roselawn Unit Building and Salt Building. The architectural and engineering fees were previously reviewed by Budget Committee in December 2022. The existing Roselawn Unit Building was built in 1964 and the existing Roselawn Salt Building was built in 1979, both have various structural and operational deficiencies that negatively impacts INDOT's operations and its management of environmental risks. The new unit building will be a 6,907 sq. ft. facility and the new salt building will be 15,475 sq. ft. The new buildings will be constructed on the existing site.

Funding: HEA 1001: 2023 State Highway Fund
(State Highway Fund 30534 – 2024)

5. **Indiana Department of Transportation (800)** \$ 500,000
Architecture & Engineering Fee

The Indiana Department of Transportation (INDOT) requests funding for the Architecture & Engineering fee for the two-phase renovation of the 58,000 sq ft. Indianapolis Traffic Management Center (TMC) constructed in 2004. The mechanical systems are near the end of their useful life and the building's envelope needs to be repaired. Phase one will consist of replacing the roof and coping, chiller, boilers, exhaust fans, five air handling

units, garage heaters, and carpet. The windows glass and glazing will either be repaired or replaced depending on the result of the design of the work to be conducted. Phase two will consist of replacing pavers, concrete, HVAC controls, and variable air volume boxes. Phase two will also repair wall damage, painting, and caulking.

Funding: HEA 1001: 2023 'Change of Use' State Highway Fund
(State Highway Fund R&R 30528 – 2023)

6. **Department of Natural Resources / Department of Administration (61)** \$ 1,900,000
Deferred Maintenance – Spring Mill Inn Parking Garage

The Department of Natural Resources (DNR) requests to reprioritize already released \$1,200,000 of deferred maintenance funding to address the parking garage at Spring Mill State Park, which reviewed at Budget Committee in October 2022. The Parking Garage will need extensive caulking and expansion joint repair to prevent water damage to the underground portion. Additional damage to the structural steel was discovered after correcting drainage. The limestone on the garage has been professionally evaluated to ensure proper adhesion and to extend the useful life of the building.

Funding: HEA 1001: 'Previously Approved' 2019 General Fund \$ 700,000
(General Government Line Items 19721 – 2020)
HEA 1001: 'Change of Use' 2019 General Fund \$ 1,200,000
(IDOA-DNR Deferred Maintenance Fund 19042 – 2022)

7. **Department of Natural Resources / Department of Administration (61)** \$27,000,000
Deferred Maintenance – Spring Mill Inn Renovation

The Department of Natural Resources (DNR) and Department of Administration (IDOA) presented a revised Deferred Maintenance – Inn Rehabilitation project for \$21,000,000 at the March 2023 State Budget Committee meeting. DNR and IDOA used these funds to initiate a renovation of Spring Mill Inn. As work has progressed on this project, the scope has needed to be modified as moisture and mold infiltration has been identified in the dining room and the ADA elevator will require replacement. In addition, materials costs have continued to increase since the project began. DNR/IDOA are requesting that \$6,000,000 of funding from other Deferred Maintenance projects be reprioritized for this project. Work to be completed on the Inn includes installing new generators and load switches, demolishing select sections of wall, rehabbing and mitigating additional mold infiltration in the dining room, repairing elevators, removing old HVAC and plumbing systems and installing new systems, various other mechanical upgrades, general repairs such as painting, windows, and flooring, and renovating 73 guest rooms. DNR will continue to partner with the Department of Administration Public Works to complete the project.

Funding: HEA 1001: 'Previously Approved' 2019 General Fund \$ 21,000,000
(IDOA-DNR Deferred Maintenance Fund 19042 – 2022)
HEA 1001: 'Change of Use' 2019 General Fund \$ 6,000,000

(IDOA-DNR Deferred Maintenance Fund 19042 – 2022)

8. **Department of Natural Resources / Department of Administration (61)** \$ 2,043,873
 Deferred Maintenance – Spring Mill State Park’s Historic Mill

The Department of Natural Resources (DNR) requests to reprioritize deferred maintenance funding to rehabilitate the historic Grist Mill at Spring Mill State Park. The project has seen a cost increase due to material prices. The project will include renovation of the waterwheel, shaft, inside main gear, and related hardware components including gudgeons and bearing plate. The scope includes removal and replacement of the windows and approximately 550-feet of owner supplied flume boards.

Funding:	HEA 1001: ‘Previously Approved’ 2019 General Fund (General Government Line Items 19721 – 2020)	\$ 1,300,000
	HEA 1001: ‘Change of Use’ 2019 General Fund (IDOA-DNR Deferred Maintenance Fund 19042 – 2022)	\$ 743,873

9. **Department of Natural Resources (300)** \$ 1,737,376
 Lift Stations

The Department of Natural Resources requests funding to rehabilitate lift stations and wastewater treatment plants at Deam Lake, Hardy Lake, Mississinewa, O’Bannon Woods, Ouabache, Pokagon, Patoka, Raccoon Lake, Salamonie, Spring Mill, Starve Hollow, Turkey Run, and Versailles State Parks. Components at various locations have aged past their expected life and maintenance costs are increasing. The rehabilitation will include replacement blowers at 4 state parks, replacement sludge, lift, or grinder pumps at 12 state parks, and the entire lift station at Hardy Lake State Park. Failure to complete these repairs will result in increased repair costs and loss of revenue.

Funding:	HEA 1001: 2021 State Construction Fund (Conservation and Environment R&R 59919 – 2021)
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10. **Department of Natural Resources (300)** \$ 5,567,366
 Jasper-Pulaski Shooting Range

The Department of Natural Resources requests a 10% funding match to a federal grant for upgrades at the Jasper-Pulaski shooting range. This funding will help bring the shooting range up to ADA standards and increase safety and functionality systems. These upgrades would include reconfiguring the range, constructing ADA compliant structures, and replacing safety items like bullet catchers. Without these upgrades the building will not fully conform to ADA standards and risks further degradation of safety and the facility.

Funding	HEA 1001: 2019 State Construction Fund (Conservation & Environment R&R 59913 – 2021)	\$ 556,737
	Federal Funds	\$ 5,010,629

11. **Criminal Justice Institute (032)** \$ 800,000
Victim's Compensation System Upgrade

The Indiana Criminal Justice Institute (ICJI) requests funding to initiate the modernization of the victim's compensation system. The current system, which was deployed in 2012, is limited in functionality and cannot provide the current needs of the victim's compensation program. In FY23, the system received 1,218 Violent Crime applications and 2,013 Sexual Crime applications, a total of 3,231 claim requests. In the current fiscal year, the system has received 431 Violent Crime applications and 960 Sexual Assault applications to date, a total of 1,391 applications, with the expectation of an additional 2,500 applications before the end of FY24. The Indiana Office of Technology (IOT) recommended migrating to a reliable cloud-based system, that can be utilized by both ICJI employees and service providers. Without a reliable cloud-based solution, system efficiencies will continue to degrade, which could result in delayed payments to victims of violent crime.

Funding: HEA 1001: 2023 General Fund
(Public Safety Line Item 19760 – 2024)

12. **Indiana Department of Environmental Management (495)** \$ 4,359,388
Government Center Office Renovation

The Department of Environmental Management (IDEM) requests funding to renovate its offices in the Indiana Government Center North (IGCN). Currently, IDEM occupies half of the 10th floor and the entire 11th, 12th and 13th floors in the IGCN, which is approximately 145,200 sq ft. of existing office space. During this project, IDEM will reduce its footprint by 34,600 sq ft. to free up space in IGCN that will allow other agencies to recognize savings by moving onto the IGC campus. The current offices have not been updated since IDEM moved into the IGCN in 1993 and existing footprint does not utilize the space to its full potential. This renovation and consolidation will allow IDEM to meet future needs of the agency while increasing operational efficiencies and reducing its footprint.

Funding: HEA 1001: 2023 Environmental Management Special Fund
(Environmental Management Special Fund 38730 – 2024)

13. **Indiana Economic Development Corporation (260)** \$ 100,000,000
IEDC Performance Incentive

The Indiana Economic Development Corporation (IEDC) requests funding to release performance-based grants from the deal closing fund for an advanced manufacturing project. The Company plans to invest approximately \$4.1 billion in a new state-of-the-art facility while creating over 2,700 new jobs. The IEDC's distribution of funds for the project will be made over a multi-year period. This will be based on project performance,

compliance with established investment, job creation, and wage metrics that will be included in the IEDC's final agreement for public financial resources.

Funding: HEA 1001: 2023 General Fund
(General Government R&R 19780 – 2023)

14. **Indiana Economic Development Corporation (260)** \$ 80,000,000
IEDC Performance Incentive

The Indiana Economic Development Corporation (IEDC) requests funding to release performance-based grants from the deal closing fund established in for an advanced manufacturing project. The Company plans to invest approximately \$3.1 billion in a new state-of-the-art facility while creating 800 new jobs. The IEDC's distribution of funds for the project will be made over a multi-year period. This will be based on project performance, compliance with established investment, job creation, and wage metrics that will be included in the IEDC's final agreement for public financial resources.

Funding: HEA 1001: 2023 General Fund
(General Government R&R 19780 – 2023)

15. **Indiana Economic Development Corporation (260)** \$ 26,000,000
IEDC Site Strategies

The Indiana Economic Development Corporation (IEDC) requests funding to continue investing in infrastructure required to support multi-billion-dollar investments in Boone County and to advance the development of the LEAP Lebanon Innovation District. This includes roadway construction and improvements, fiber extension, and other critical utility needs.

Funding: HEA 1001: 2023 General Fund
(Economic & Work Line Item 19770 – 2023)

16. **Indiana Economic Development Corporation (260)** \$ 26,700,000
IEDC Site Strategies

The Indiana Economic Development Corporation (IEDC) requests funding to acquire approximately 330 acres of property in Boone County. This includes funding the extension of option contracts and land escrow payments to continue the acquisition of the property required to support an estimated \$800 million investment in the first phase of the Company's multi-billion-dollar information technology center project at the site currently under consideration. Once the IEDC receives a commitment from the Company to make its investment at the project site, the IEDC will sell the property to the Company.

Funding: HEA 1001: 2023 General Fund
(Economic & Work Line Item 19770 – 2023)

17. **Indiana Economic Development Corporation (260)** \$ 45,000,000
IEDC Site Strategies

The Indiana Economic Development Corporation (IEDC) requests funding to acquire approximately 415 acres of property in Boone County. This continues the acquisition of property required to support an estimated \$800 million investment in the first phase of the Company's planned multi-billion-dollar information technology center project. Once the IEDC receives a commitment from the Company to make its investment at the project site, the IEDC will sell the property to the Company.

Funding: HEA 1001: 2023 General Fund
(Economic & Work Line Item 19770 – 2023)

18. **Indiana Economic Development Corporation (260)** \$ 15,800,000
IEDC Site Strategies

The Indiana Economic Development Corporation (IEDC) requests funding in acquire approximately 257 acres in Howard County to complete the acquisition of property required to accommodate multi-billion-dollar investments in advanced manufacturing facilities. Along with the significant capital investment in new facilities and equipment, these land purchases will enable projects that will directly support over 4,000 jobs.

Funding: HEA 1001: 2023 General Fund
(Economic & Work Line Item 19770 – 2023)

IV. University Projects

1. **Indiana University (750)** \$ 30,000,000
Medical Education and Research Build-Out
No. A-2-24-2-02

The Indiana University Board of Trustees requests authorization to proceed with the build out of approximately 51,000 square feet within two IU School of Medicine facilities: 48,000 square feet inside the Medical Education and Research Building and 3,000 square feet inside the Neurosciences Research Building. This project includes transitioning shell space on the 8, 9, and 10 floors of the under construction Medical Education and Research Building into research labs, support space, faculty and staff offices, conference space, and needed mechanical, electrical, and plumbing systems and equipment. Additionally, the basement of the Neurosciences Research Building will be renovated to support additional research space directly next to the tunnel connecting the two buildings.

Funding:	Operating Fund Reserves	\$ 20,000,000
	Gift Funds	\$ 10,000,000
CHE Review:	September 14, 2023	

2. **Indiana University (750)**
Poplars Site Redevelopment
A-1-24-5-03

The Indiana University Board of Trustees requests authorization to proceed with a sixty-year ground lease of approximately 1.14 acres of university owned real estate located on the site of the former Poplars Building on the Bloomington Campus to BPIU Partners, LLC. The tenant shall design, construct, and finance a six story, 158-unit university affiliated apartment housing project of approximately 193,000 gross square feet. The project will prioritize housing for IU graduate students, to offset recent demolitions of retired housing facilities. IU will receive revenue from this lease in the form of annual ground lease payments estimated to be approximately \$500,000 that will escalate per a periodic inflation index along with rent revenue above certain occupancy goals.

Funding:	Revenue Generating Lease
CHE Review:	September 14, 2023

Cost Summary

2019 'Change of Use' General Fund	\$ 7,943,873
2019 'Previously Approved' General Fund	\$ 23,000,000
2019 General Fund	\$ 4,000,000
2019 State Construction Fund	\$ 556,737
2021 State Construction Fund	\$ 1,737,376
2023 State Highway Fund	\$ 9,800,000
2023 'Change of Use' State Highway Fund	\$ 500,000
2023 General Fund	\$ 306,120,000
2023 'Previously Approved' State Construction Fund	\$ 2,901,000
Federal Funds	\$ 5,010,629
2023 Environmental Management Special Fund	\$ 4,359,388
Gift Funds	\$ 10,000,000
Operating Fund Reserves	\$ 20,000,000
TOTAL	\$ 395,929,003

V. **Review Items**


1. 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*
2. INvestED Grant – *Commission for Higher Education*
3. Special Education Funds Review – *Department of Education*
4. Fees, Fines, and Penalties
 - i. Indiana Gaming Commission
 - I) *MMA and Boxing Fine*
 - II) *Investigative Fee*
 - III) *Paid Fantasy Sports Fine*
 - IV) *Administrative Disciplinary Action Fine (Charity Gaming Commission)*
 - V) *Civil Penalty for Violations of the child support arrears delinquency program (CSADR)*
 - VI) *Civil Penalty for Violations involving a Minor*
 - VII) *Civil Penalty for Violations of Commission Entity and Occupational Licensing Standards*
 - VIII) *Civil Penalty for Violations of Supplier Operational Standards*
 - IX) *Civil Penalty for Violations of Responsible Gaming Standards*
 - X) *Civil Penalty for Failure to Report Required Events*
 - XI) *Civil Penalty for Violation of Casino Operational Standard*
 - XII) *Civil Penalty for Violation of Sports Wagering Operational Standards*
 - ii. Department of Financial Institutions
 - I) *Depository Asset-Based Fee*
 - II) *Consumer Credit Volume Fee*
 - III) *Application Fee*
 - IV) *Civil Penalties*

- iii. Indiana Education Employment Relations Board
 - I) *Unfair Labor Practice Violation Civil Penalty*

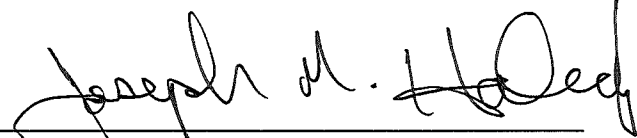
VI. Reports Received

1. FY23 State Educational Institutions Supplier Diversity Reports, IC 4-13-16.5-4.5 – *Department of Administration (12-01-2023)*
2. Indiana Resident and Non-Resident Rate Percentage, IC 21-18-9-11 – *Commission for Higher Education (12-01-2023)*
3. FY23 Appropriation of Donated Money Report, IC 4-12-1-21– *State Budget Agency (12-01-2023)*
4. Next Level Connections, IC 8-14-14.3-4 - *Northwest Indiana Regional Development Authority (12-01-2023)*
5. Data Sales Report, IC 9-14-13-12 – *Bureau of Motor Vehicles (12-01-2023)*
6. Indiana Sports Corporation Annual Report, IC 5-33-6.5-9 – *Indiana Destination Development Corporation (12-01-2023)*
7. Federal Funds Report, IC 4-3-24-7 – *State Budget Agency (12-01-2023)*
8. FY23 Annual Report IEERB, IC 20-29-3-15 – *Indiana Education Employment Relations Board (12-01-2023)*
9. HCBS Functional Eligibility Assessments and Determinations Report, IC 12-10-11.5-4.5 – *Family and Social Services Administration (12-01-2023)*
10. Medicaid Rate Matrix, IC 12-15-1-23 – *Family and Social Services Administration (12/01/2023)*
11. OPEB Report for State Educational Institutions, IC 5-10.5-4-6 – *Indiana Public Retirement System (12/01/2023)*
12. OPEB Report for State Agencies, IC 5-10.5-4-6 – *Indiana Public Retirement System (12-01-2023)*
13. Medicaid Out of State Children’s Hospital Reimbursements, IC 12-15-15-12 – *Family and Social Services Administration (12-12-2023)*

State Budget Committee
Meeting Minutes
December 2023



Representative Jeff Thompson, Chairman



Joseph Habig, Acting Budget Director