

June 2024 Minutes

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State Budget Committee Minutes
June 11th, 2024, 09:00 AM EST
Indiana Statehouse
Senate Appropriations Room 431
200 W. Washington St., Indianapolis, IN 46204

Members:

Representative Jeff Thompson, Chair
Representative Gregory Porter
Senator Ryan Mishler
Senator David Niezgodski
Joe Habig, Acting State Budget Director

Alternate Members:

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

Chairman Jeff Thompson called the meeting to order at 9:00 AM EST. Chairman Thompson introduced the April 2024 Minutes. Representative Porter moved to approve the minutes. Acting Budget Director Joe Habig seconded the motion. The minutes were approved by consent.

Chairman Thompson introduced the agenda.

Agency Projects

Family and Social Services Administration

Following the Family and Social Services Administration presentation by Mr. Jeff Wedding, Representative Porter asked who can bid on the project and if goals for Diversity, Equity, and Inclusion are met. Mr. Wedding replied that they do not track that at the state hospital level, but they do take bids from all state approved vendors.

Professional Licensing Agency

After the Professional Licensing Agency's presentation by Mr. Evan Bartel, Senator Garten requested more details as to how this project would improve customer service and serve citizens better. He replied by stating that rearranging employees will cut down on wasted time and improve efficiency. Senator Garten asked if staff levels are sufficient to meet the agencies' needs and he replied by stating they would be requesting a few more positions be filled in the next budget session. Senator Garten asked about turnaround time for the agency, to which he replied with numerous measurable improvements in recent months.

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Department of Administration

After Mr. Matthew Kent's presentation for the Department of Administration, Representative Porter asked if the requested amount is continuous, to which Mr. Kent replied that the funds go to IFA to build up capital dollars in a reserve replacement fund. Mr. Kent also explained that each building fund is kept separate for organizational purposes and the funds do not cross.

Department of Corrections

After Mr. Kevin Orme's presentation on the Putnamville Correctional Facility, Representative Porter asked questions regarding the removed copper during this demolition. Mr. Orme stated that they go through the building before demolition and remove anything of historical value, which he said there was none. Mr. Orme also stated that they do environmental remediation where they have contractors test for asbestos and similar things.

OrthoWorx

Following the presentation by CEO Bob Vitoux of OrthoWorx, Representative Porter requested more information on retention, to which Mr. Vitoux responded that more businesses could potentially come to Warsaw leading to more employees because of an increasing workforce. Additionally, Representative Porter asked about workforce housing and if money appropriated for the project will go to building that housing to which Mr. Vitoux replied that some of the funds would go to workforce housing. Mr. Vitoux replied by stating that the demands of the current workforce are changing and OrthoWorx needs funding to meet those needs. Following Representative Porter, Representative DeLaney sought more details on the Research Center and who will own the intellectual property. Mr. Vitoux responded that the City of Warsaw would be involved, with a potential ownership transfer to Grace College. Representative DeLaney asked how workforce housing will be paid to which Mr. Vitoux responded that OrthoWorx will subsidize rent for employees.

Department of Environmental Management

After a presentation by Chief of Staff Parvonay Stover, Senator Garten requested to have an estimated cost of the entire technology improvement project. Ms. Stover replied that she would get a number to the Committee before the next Budget Committee meeting.

Indiana Department of Transportation

Following a presentation by CFO Joe Gustin and Director of Statewide Facilities Steve Mcavoy, Senator Garten pointed out that the cost per facility comes to an average of \$42,600,000. Senator Garten stated that was expensive for a welcome center and Mr. Mcavoy explained that pavement accounts for around 1/3 of those costs while the building itself was around \$12,000,000. Senator Niezgodski expanded on the idea that these funds are supplementing the project, and the purpose should continue to be bringing people to Indiana. Mr. Gustin stated that there is a safety concern regarding the lack of truck parking spots and many truckers are parking on the ramp to the welcome center. Representative Porter then asked for updates on the weigh station project, stating that at one point it was losing \$70,000,000 per year. Mr. Mcavoy replied that they are constantly analyzing how they can improve efficiency. Senator Qaddoura asked about the return on investment from these funds. Mr. Gustin stated that it is hard to place a value on the return of something if it is serving the needs of travelers in Indiana. Senator Qaddoura replied stating that for every dollar you spend, there is a purpose behind that dollar. He expanded on this stating that INDOT moves funds too easily between projects, making it hard to determine the return on investment. Representative DeLaney stated that I-90 travel centers were less than ideal, and Mr. Gustin

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stated that they try to prioritize taking care of what they have. Mr. Mcavoy and Mr. Gustin reemphasized the safety priorities in these projects, to which Representative DeLaney stated that cell phone pull off lots could be an important investment in the future.

Indiana Economic Development Corporation

Following the presentation for the first project by Mr. Mark Wasky and Mr. Brock Herr, Representative DeLaney asked to clarify that the deal closing fund is a general fund that the IEDC can withdraw from for any particular transaction. Mr. Wasky confirmed that statement. Representative DeLaney also asked if money could go from deal closing fund to the LEAP project, to which Mr. Wasky said the IEDC has used it that way before. Representative DeLaney asked if there is a commitment from a company to complete the project. Mr. Herr responded that a contract is ready to be executed once funds are released from the Budget Committee. Senator Qaddoura asked if the \$5,000,000 is a 5-year commitment, to which Mr. Herr confirmed. Senator Qaddoura asked if they encumber the \$5,000,000 from existing funds or if they give them the money as they need it, to which IEDC replied that they encumber and reserve the money. Following the presentation for the second project, Representative DeLaney asked for the total anticipated cost for the LEAP project. Mr. Wasky replied by stating that the IEDC would work to get that number back to them, but that it would be hard to determine the final cost because the project may expand and cost more. Representative DeLaney replied by stating that this project seemed open-ended due to the nature of how the project could grow as it continues. Mr. Herr responded by saying that the IEDC does not feel it is open-ended and that the IEDC is closing in on the amount for infrastructure. Mr. Herr also stated that the IEDC does not know what the incentive commitments will be. Representative DeLaney asked if they are referring to potential tax revenue earned if a project moves forward. Mr. Herr replied yes, and that they are deducting that from costs paid by the state. Mr. Wasky stated that the IEDC had “strong confidence” in these companies’ commitment. Representative DeLaney responded saying that the IEDC said the same thing back in December for project Nora. Representative DeLaney asked if the purchase options are already there, to which Mr. Wasky replied that there are already options payments being made, and if the IEDC closes on the project it will be a credit against the total cost of the project. Representative DeLaney proceeded by asking how the money will flow back to the state. Mr. Wasky replied that the IEDC anticipates selling the property once that company commits, and the money will return to the general fund. Additionally, Representative DeLaney asked if the state will be reimbursing local governments for acreage used for the project. The IEDC responded yes. Representative DeLaney asked about average cost per acre, to which Mr. Wasky responded over \$100,000/acre, but that the average cost for other projects is around \$80,000/acre. Senator Qaddoura asked for IEDC to explain the repurposing of funds for this project. Mr. Wasky replied that the dollars for this project never left the general fund. Senator Qaddoura stated that “tens of billions” of capital investments is too broad a statement and that he wanted a clearer number. Mr. Herr clarified that this was an estimate of what could happen and what potential growth opportunities could come from this project. Senator Qaddoura stated that this project is reliant on too many deals that could potentially fall through. He stated that this makes it hard to communicate with the taxpayers. Representative Porter stated that he would also like to see the average cost per acre. Rep. Porter asked what a high wage job is to the IEDC. Mr. Herr responded that the IEDC considers the job high wage if it is at or above state average wage and/or national average wage. Mr. Wasky stated that IEDC pays close attention to the national wage average to help Indiana stay competitive. Representative Porter asked to clarify the job growth that the IEDC expects from this project. Mr. Wasky replied that the IEDC structures their offer according to anticipated capital investment timeline and the anticipated hiring schedule. Representative Porter asked when they will see more specific details for this project. Mr. Herr responded that phase 1 contracts have been executed and posted on the IEDC transparency portal, but it will be a revision of the contract that is posted later this summer. Representative Porter stated that he wanted

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specifics on the deal closing fund. Mr. Wasky stated that funds are made available to companies once the IEDC confirms that performance metrics are met for job creation, wage, and capital investment. Representative Porter asked if there are any claw backs in the deal closing fund. Mr. Herr responded yes. Representative Porter asked for more details on the IEDC performance-based grant program. Mr. Herr responded that companies commit to certain capital, wage and hiring levels. The IEDC then checks the company's performance in the 3 categories, performs a weighted average calculation, and determines their award based on those metrics. Senator Niezgodski asked how many areas in the state have deal closing funds helped bring in developers. Mr. Wasky responded saying that deal closing funds have helped across the state. Following the third presentation by Mr. Wasky, Representative Porter asked to clarify that INDOT was supposed to be on this issue. Mr. Wasky replied that the IEDC is involved in the planning and engineering of the project. Following the final IEDC presentation, Representative Porter asked if the company was going anywhere. Mr. Herr responded saying the type of operation this company does is unique and critical so without state support the facility was in jeopardy of closing.

Review Items

Medicaid State Plan Amendments

Following the presentation on the Medicaid State Plan Amendments by Mr. Paul Bowling, Representative Porter asked if the June 15 deadline for attendant care families will be met. Mr. Bowling referred him to Dr. Rusyniak. Dr. Rusyniak replied that the FSSA is on target for the June 15 deadline for families moving from attendant to structured care. Representative Porter went on to ask about entity contracts, to which they responded that they did not have information on that.

InvestEd

Following the presentation by Mr. PJ McGrew, Representative Porter asked what the \$750,000 is going towards. Mr. McGrew responded that they are setting up satellite locations to take their programs into the community. Representative Porter asked how the programming works, to which they responded that they are offering programs during the day and during after school hours.

Commission for Higher Education

Following the presentation by Mr. Ross Miller and Mr. Seth Hinshaw, Senator Qaddoura asked why they are not charging more for out-of-state tuition. Mr. Miller stated that the Commission wanted to be fair and impartial. Senator Qaddoura asked if they require a bond requirement or liability fund, to which Mr. Miller responded that they do have the student assurance fund, which receives 1% of tuition collected.

Indiana Department of Administration

Following the presentation by Mr. Matthew Kent, Representative Porter asked how much the parking structures bring in and cost to maintain, to which Mr. Kent responded that this year would bring in \$3,500,000 and the funding for maintaining the structures is through IFA, while IDOA pays for operations and security. Representative Porter asked if they contracted the daily operation of these garages, to which Mr. Kent responded yes.

After presentations, Representative Porter stated that he is concerned that the IEDC is not being transparent about their proposed projects. He went on to say that the IEDC will reach out to him outside of business hours and will not give much information when it is requested. Representative Porter asked if the committee also shares the same concerns regarding the impact of the lack of transparency from the IEDC. Representative DeLaney stated that he does not believe the structure of the State Budget Committee

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is up to dealing with something as complex as the IEDC, preventing transparency to taxpayers. He stated that one way to address that concern is to finance the agency or have the IEDC budget go through the Ways and Means Committee. Representative DeLaney stated that he felt the Budget Committee is substituting for the fact that there is not a full-time legislature. He suggested a large part of discussions during the legislative session should include the IEDC.

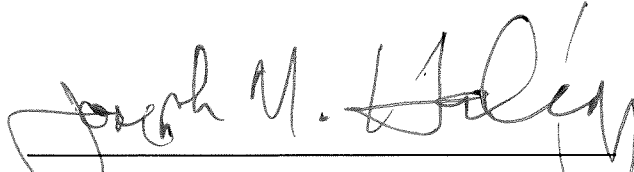
Senator Mishler moved to approve the agenda. Senator Niezgodski seconded the motion. Representative Porter abstained. The agenda was approved 4-0.

The meeting was adjourned at 12:43 PM.

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Representative Jeff Thompson, Chairman



Joseph Habig, Acting Budget Director