

**Office of  
State-  
Based  
Initiatives**

**Annual Report  
2018**

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The goal of the Office of State-Based Initiatives is to help ensure Indiana's strong financial health by reviewing federal grant applications and working with agencies to ensure federal grant opportunities align with the state's fiscal and policy priorities.

**Executive Director,  
Luke Kenworthy**

## Highlights of 2017

OSBI has consistently recommended that many of the federal grants that Indiana receives be turned into block grants, allowing Indiana the flexibility to innovate and cater these programs to Hoosiers' needs. In 2017, there were two major federal programs that moved in that direction, giving Indiana more room to innovate and better serve Hoosiers.

### **Every Student Succeeds Act (ESSA)**

In 2015, the Every Student Succeeds Act (ESSA) replaced the No Child Left Behind Act, the United States education law since 2002. The ESSA gives states flexibility in how they test and assess academic progress, while maintaining accountability. Through consolidation efforts, ESSA also eliminated 49 programs and reallocated that funding into flexible grants to states.<sup>i</sup> Indiana was given more control over and the opportunity to craft curriculum, how testing and assessment is determined, and statewide measures of school performance.

### **21<sup>st</sup> Century Cures Act**

Drug addiction has hit Indiana hard in recent years in a way that has had a real impact on law enforcement and public health. With the rest of the nation facing the same problems with opioids as Indiana, Congress passed the 21<sup>st</sup> Century Cures Act in 2016.<sup>ii</sup> Congress provided \$4.8 billion to the National Institute of Health (NIH) for cancer research, brain research, FDA investments, and efforts to address opioid abuse. Of that funding \$1 billion was designated for grants to states and tackle the opioid epidemic. Indiana received \$10.9 million of this funding to address the opioid problem in our state.<sup>iii</sup>

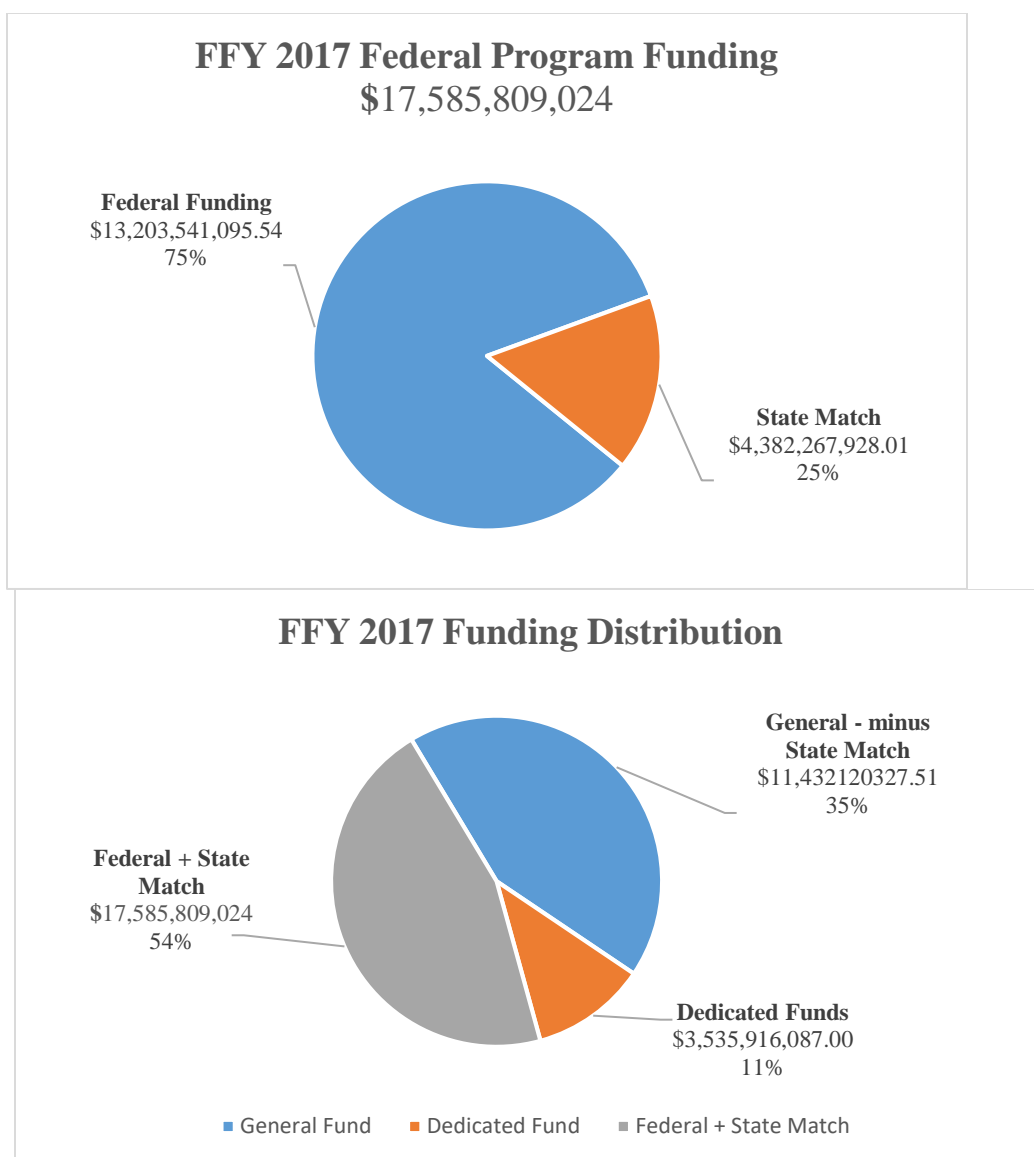
This grant opportunity is not just addressing a serious need in Indiana, but also creates flexibility that Indiana has asked for in the past. In both the 2015 and 2017 Block Grant Contingency Plans submitted to OSBI, lack of flexibility was identified as an impediment in the Mental Health and the Substance Abuse Prevention and Treatment Block Grants. While these grants are “block grants”, the federal government requires a specific percentage of the funding be spent on several specific areas (such as women's issues, tuberculosis, and HIV) rather than allow states to direct that funding where there is a significant need. However, the 21<sup>st</sup> Century Cures Act has now given the Indiana Family and Social Services Administration (FSSA) far more flexibility to consolidate funds in the SAMHSA block grants to be used toward opioid abuse prevention and treatment.

This new flexibility allows Indiana to be more intentional and innovative with this funding.

## Federal Fiscal Year (FFY) 2017 Recap

Indiana's budget totaled \$19.4 billion for State Fiscal Year (SFY) 2017 (\$15.8 billion in General Funds and \$3.5 billion in Dedicated Funds) while maintaining reserves of \$1.8 billion. In addition, Indiana received \$13.2 billion in federal grants, making up 40.6 percent of total government funding in Federal Fiscal Year (FFY) 2017.

When combining the state match requirements (\$4.4 billion) with federal grants received, the amount Indiana spends on federal programs becomes \$17.6 billion, which is 54% of Indiana spending.



When looking at Indiana's total spending, the most significant observation is the percentage of state spending that is on federal programs. While Indiana agencies have applied to participate in these programs over decades, the General Assembly primarily appropriates spending on state

funded and directed programs and appropriates a general level funding for state match requirements based on the request of each agency.

Of the 371 federal grants requested by state agencies, 366 were approved and received. There are multiple ways to analyze what is being received and their relevance. But there is no single metric that provides a holistic perspective of the grants received. Some agencies receive more grants than most, but the grants are in smaller amounts. For example, Indiana's Department of Natural Resources (DNR) received 46 grants in FFY17 for \$27.5 million, with a state match requirement of \$8.3 million. In comparison, the Department of Workforce Development (DWD) received a third as many grants (15) with 3 times as much federal funding (\$91 million) and no state match requirements. FSSA receives the most funding because of Medicaid, but there are more constraints on DWD grants and far more policy areas addressed by DNR grants. There is no way of ranking fiscal and policy importance or risk by looking at these numbers alone. Each of these agencies and each of their grants must be analyzed separately.

**Indiana FFY 2017 Federal Grants**  
(October 1, 2016 – September 31, 2017)

Agency	Requests	Approved	Withdrawn	Amount Approved	% of total	State Match	Match %	% of total
FSSA	40	40	0	\$9,169,933,318.41	76.78%	\$2,141,846,319.77	18.9%	91.36%
INDOT	6	6	0	\$1,010,954,615.50	8.46%	\$19,629,359.47	1.9%	0.84%
DOE	25	25	0	\$814,105,994.00	6.82%	\$494,000.00	0.1%	0.02%
DCS	32	32	0	\$304,523,629.00	2.55%	\$97,413,854.50	24.2%	4.16%
ISDH	82	82	0	\$249,429,059.00	2.09%	\$9,776,604.04	3.8%	0.42%
DWD	15	15	0	\$90,962,413.00	0.76%	\$0.00	0.0%	0.00%
CJI	19	19	0	\$72,289,947.00	0.61%	\$15,812,966.67	17.9%	0.67%
IDEM	19	19	0	\$55,375,210.00	0.46%	\$26,143,468.50	32.1%	1.12%
AGO	18	18	0	\$47,460,022.00	0.40%	\$5,904,017.00	11.1%	0.25%
OCRA	1	1	0	\$28,353,870.00	0.24%	\$560,000.00	1.9%	0.02%
DNR	46	46	0	\$27,505,728.38	0.23%	\$8,314,135.98	23.2%	0.35%
ISP	14	9	5	\$19,750,513.50	0.17%	\$2,930,658.23	12.9%	0.13%
IDHS	12	12	0	\$16,081,274.75	0.13%	\$5,278,560.25	24.7%	0.23%
CHE	2	2	0	\$9,611,823.00	0.08%	\$80,000.00	0.8%	0.00%
AG	1	1	0	\$5,293,432.00	0.04%	\$1,764,476.00	25.0%	0.08%
DOL	3	3	0	\$3,276,400.00	0.03%	\$2,482,622.22	43.1%	0.11%
DOC	6	6	0	\$2,512,197.00	0.02%	\$127,543.00	4.8%	0.01%
OSBE	1	1	0	\$2,271,476.00	0.02%	\$2,503,666.52	52.4%	0.11%
IPAS	8	8	0	\$2,158,187.00	0.02%	\$0.00	0.0%	0.00%
DOR	3	3	0	\$1,997,500.00	0.02%	\$352,500.00	15.0%	0.02%
ISL	1	1	0	\$1,759,136.00	0.01%	\$906,221.58	34.0%	0.04%
GCPD	1	1	0	\$1,565,839.00	0.01%	\$454,093.31	22.5%	0.02%
IDOI	2	2	0	\$1,341,630.00	0.01%	\$0.00	0.0%	0.00%
IURC	4	4	0	\$1,300,308.00	0.01%	\$698,898.45	35.0%	0.03%
ICRC	3	3	0	\$1,083,150.00	0.01%	\$0.00	0.0%	0.00%
IAC	1	1	0	\$767,400.00	0.01%	\$767,400.00	50.0%	0.03%
PDC	1	1	0	\$741,848.00	0.01%	\$90,068.00	10.8%	0.00%

DVA	1	1	0	\$479,171.00	0.00%	\$0.00	0.0%	0.00%
ISDA	1	1	0	\$409,482.00	0.00%	\$0.00	0.0%	0.00%
BOAH	3	3	0	\$246,522.00	0.00%	\$0.00	0.0%	0.00%
<b>SNAP*</b>				~\$1,260,000,000.00				
<b>Totals</b>	<b>371</b>	<b>366</b>	<b>5</b>	<b>\$13,203,541,095.54</b>	<b>100%</b>	<b>\$2,344,331,433.49</b>	<b>16.4%</b>	<b>100%</b>

\*Funding for the Supplemental Nutrition Assistance Program (SNAP ~\$1.26 billion) is not included in this budget, because these funds are direct benefits to Hoosiers who qualify. FSSA only receives federal funds to administer the distribution of benefits.

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<sup>i</sup> The Every Student Succeeds Act, S. 1177, 114<sup>th</sup> Cong. (2016), Congress.gov. Introduced December 10, 2015. URL: <https://www.congress.gov/114/plaws/publ95/PLAW-114publ95.pdf>

<sup>ii</sup> The 21<sup>st</sup> Century Cures Act, H.R. 4, 114<sup>th</sup> Cong. (2016), Congress.gov. Accessed December 5, 2017. URL: <https://www.congress.gov/bill/114th-congress/house-bill/34/text>

<sup>iii</sup> HHS Press Office. “Trump Administration awards grants to states to combat opioid crisis.” Hhs.gov. <https://www.hhs.gov/about/news/2017/04/19/trump-administration-awards-grants-states-combat-opioid-crisis.html> (Accessed November 10, 2017)