

State Budget Committee
Meeting Minutes
October 27th, 2016

Members:

Representative Tim Brown, Chairman
Senator Luke Kenley
Senator Karen Tallian
Representative Terry Goodin
Brian Bailey, State Budget Director

Alternate Members:

Representative Bob Cherry
Representative Sheila Klinker
Senator Mark Stoops

Chairman Brown called the meeting to order at 9:00 AM in the Ogle Conference Center at Hanover College. President Lambert welcomed the Budget Committee to Hanover College. Dr. Richard Ludwick, President of Independent Colleges of Indiana also welcomed the Budget Committee. Following introductory remarks, Representative Brown introduced the September Budget Committee minutes. Senator Tallian made a motion to adopt the September minutes, Senator Kenley seconded the motion. The minutes were adopted by consent of the committee.

During the Medicaid State Plan Amendment review item presentation, Representative Goodin asked if birthing centers are staffed by medical doctors. Joe Mosier from the Family and Social Services Administration stated that medical doctors are not present at birthing centers but if it is a high-risk pregnancy, delivery has to be made by a physician.

During the Unemployment Insurance presentation, Senator Kenley commended the Department of Workforce Development (DWD) for paying the loan down early so that employers would pay less. Senator Kenley also asked about the UI Trust fund balance projection growing, and what the appropriate balance should be so that the state is in a good position for the next recession. Senator Kenley encouraged DWD to continue efforts to grow the balance faster than predicted, and the agency should not promise rate reductions to employers until there is sufficient balance in the UI Trust fund. DWD mentioned that Schedule E is statutory, and is not subject to change until 2020. Senator Stoops asked how long the state pays unemployment benefits. Josh Richardson of DWD responded that Indiana pays up to 26 weeks of unemployment benefits, which is generally the standard nationally, though there are a few states that pay more than 26 weeks. Senator Stoops asked what happens to workers after 26 weeks, and does DWD track long-term unemployed individuals. Mr. Richardson stated that DWD does try to track these individuals, but it is a very difficult task. Chairman Brown asked if Indiana has ever been at more full employment than we are now. Indiana is currently at 4.5% unemployment. Mr. Richardson stated that private sector employment is at its maximum level, and you would have to go back to before 2001 to see this level of low unemployment claims. Chairman Brown also asked if

there is any way to project future unemployment rates and Mr. Richardson explained that they have tried to project unemployment rates but it is incredibly difficult, but they continue to try to find a way.

After the Review Items were discussed, Senator Kenley moved to adopt the September agenda, Senator Tallian seconded the motion. The motion to adopt the proposed agenda was taken by consent of the committee.

The October Budget Committee Agenda is as follows:

I. Agency Projects

1. Department of Correction (620) \$300,000
Repair and Renovate Dining Hall Floor at Indiana State Prison

The Department of Correction is requesting approval to repair and renovate the existing dining room floor at Indiana State Prison. The 14,258 square foot dining hall was built in 1994 and uses steam heated kettles to mass prepare and heat meals. The mechanism of steam heated kettles has deteriorated the floor around the kettles, compromising proper temperature control and sanitation. The Department of Correction is proposing to repair the floor with a resinous urethane floor system that was used to repair the floor at Branchville Correctional Facility in 2014.

Funding: 2015 Postwar Construction
(Public Safety R&R 70505-2017)

2. Department of Correction (672) \$130,000
Replace Automatic Air Controls for the HVAC at Madison Juvenile Correctional Facility

The Department of Correction is requesting to replace the air control components for the five multi HVAC zones in the Murray Building at Madison Juvenile Correctional Facility. The current control system was installed in 1987 and the copper air lines have failed resulting in inoperable control zones and actuators. The Department of Correction is proposing to replace control valves, sensors, actuators, as well as the installation of an equipment touchpad needed to adequately control the five air handlers.

Funding: 2015 Postwar Construction
(Public Safety R&R 70505-2017)

3. Department of Administration (061) \$1,800,000
State House Masonry Restoration

The Department of Administration requests funding to begin the exterior masonry restoration of the Indiana State House. The current mortar and caulking of the limestone joints on the façade and stairways of the State House have begun to deteriorate to the point where interior damage is beginning to occur. This project will remove all deteriorated sections of caulk and mortar from

the façade and stairways and reseal those areas. Along with the resealing, any damaged areas of the limestone will be addressed and repaired. Once completed, the interior areas that were affected by water damage, will be plastered and painted.

Funding: 2015 General Fund
(General Government R&R 19607-2017)

4. Department of Natural Resources (300) \$264,885.14
HVAC Replacement at the Northeast Regional Office

The Division of Law Enforcement requests funding to replace heating and air conditioning units, an air handler, thermostats, and controls at the Northeast Regional Office. The complex is 11,500 sq. ft. and houses Conservation Officers, Fish & Wildlife personnel, and State Excise Police personnel. The original HVAC system is over 30 years old and repairs can no longer be made due to lack of parts.

Funding: 2015 General Fund
(Conservation and Environment R&R 19610-2016)

5. Richmond State Hospital (440) \$400,045
HVAC Piping Replacement

The Richmond State Hospital is requesting funds to replace 1,800 feet of 4" original HVAC piping inside the flooring on Building 417's second floor. Building 417 was originally constructed in 1965 and was primarily used as a substance abuse center. The facility is currently home to 45 patients. Due to the deterioration of the current system, leaks are frequent which often result in ceiling, flooring, and wall damage. In FY16, the hospital estimated they spent approximately \$20,000 on repairs and replacement parts. This proposal would replace all existing pipes with copper pro-press fittings and ¾" insulation as well as installing 4" T-section with stainless braided hoses for the supply and return to individual fan coil units.

Funding: 2015 Postwar Construction
(Health and Human Services R&R 70531)

6. Department of Technology (067) \$1,277,000
Human Resources Software Program

The Indiana Office of Technology, on behalf of the Indiana State Personnel Department, requests funding to purchase a new solution for hiring, onboarding, and performance management. After process-mapping key business processes, it was determined that the next generation of cloud-based HR software programs offer greater efficiencies than the current modules. This new product, called SuccessFactors, will eliminate approximately 33% of the current HR process and due to annual IT savings will pay for itself in 5 years. Total contract expenses are estimated to be

\$4.4 million over 5 years while cost savings are estimated at \$4.5 million. In addition, the new system will allow for electronic performance reviews which the current system is not capable of tracking.

Funding: 2015 General Fund
(General Government R&R 19616-2017)

II. University Projects

1. Indiana State University \$23,000,000
Rhoads Hall Renovation
Project No. C-1-17-2-01

The Indiana State University Board of Trustees requests approval to proceed with the renovation of Rhoads Hall. This 99,953 GSF/62,970 ASF project is the fourth and final phase of ISU's four year plan calling for the renewal of several existing residential facilities that have had no major renovation in over 40 years. The current configuration of shared double occupancy rooms will generally remain intact, however new lighting, doors and hardware, and mechanical systems are required. This project also includes the installation of air conditioning and fire suppression systems. The renovation will provide for a total of approximately 360 beds. Funds for this project will be provided from the University's Residence Hall Reserves and tax-exempt borrowing to be repaid from the net operating revenues of the residence hall as outlined in Indiana Code 21-35-3. The reported balance of the Residence Hall Reserves is \$24,400,000 as of October 6th, 2016.

Funding: Residence Hall Reserve \$4,600,000
Tax Exempt Revenue Bonds (IC 21-35-3) \$18,400,000

CHE Review: September 8, 2016

2. Ball State University \$62,500,000
Health Professions Building
Project No. D-1-13-2-04

The Ball State University Board of Trustees requests approval to proceed with the construction of the proposed new Health Professions Building. This 165,000 GSF/92,500 ASF project is the first phase of Ball State's plan to create a new health and life sciences academic quad and will allow the University to bring together programs in nursing, counseling psychology, dietetics and nutrition, health science, social work, athletic training, and speech and audiology. The building will also house several clinics allowing students to engage in providing services to the community. Additionally, the additional space provided by this project will allow programs such as nursing the space to grow so that more students can be admitted.

The estimated cost of this project is \$62,500,000 and will be funded by Fee Replacement Bond Authority per House Enrolled Act (HEA) 1001-2015. The debt service on the bonds will begin in fiscal year 2017.

Funding: HEA 1001-2015 Fee Replacement Bonding Authority

CHE Review: September 8, 2016

**Cost Summary
October 27th 2016**

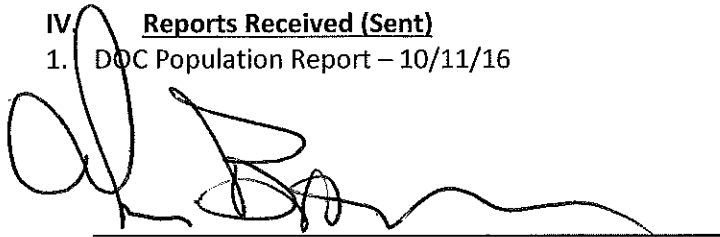
2015 General Fund	\$3,341,885
2015 Post War Construction Fund	\$830,045
Fee Replacement	\$62,500,000
Revenue Bonds	\$18,400,000
University Funds	\$4,600,000
Total	\$89,671,930

III. Review Items

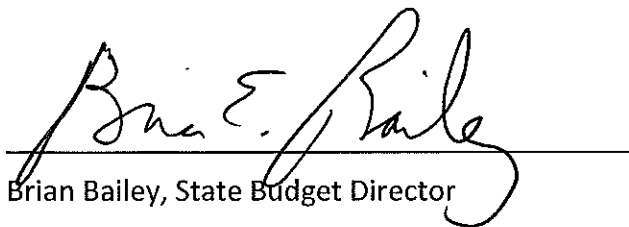
1. Update on Retiree Medical Benefits – SBA
2. Medicaid State Plan Amendment- FSSA
3. I-65 Northwest Indiana Major Moves Expansion – INDOT
4. Economic Development Projects – Northwest Indiana RDA
5. Unemployment Insurance Trust Fund – DWD
6. BIF Distribution – State Library

IV. Reports Received (Sent)

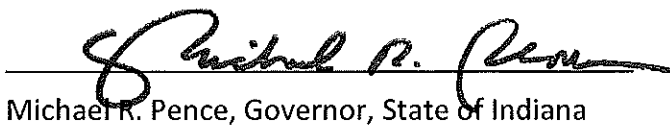
1. DOC Population Report – 10/11/16



Representative Tim Brown, Chairman



Brian Bailey, State Budget Director



Michael R. Pence, Governor, State of Indiana

