

HOUSE BILL No. 1385

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-3-24; IC 4-12-1-9.

Synopsis: Use of federal funds. Requires each state agency to report to the office of state based initiatives and the budget agency on the use of any federal funds and to adopt a contingency plan to address the impact on programs if federal funding were reduced or eliminated. Provides that the office of state based initiatives shall compile a comprehensive report covering all state agencies.

Effective: July 1, 2016.

Koch

January 13, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1385

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-3-24-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]: **Sec. 0.5. As used in this chapter, "federal funding" or**
4 **"federal funds" means any financial assistance provided by the**
5 **federal government, including any federal agency, regardless of**
6 **whether the assistance is received in the form of a contract, a grant**
7 **subsidy, an augmentation, or a reimbursement, or in any other**
8 **form.**

9 SECTION 2. IC 4-3-24-4, AS ADDED BY P.L.213-2015,
10 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2016]: Sec. 4. In coordination with state agencies, the office
12 shall **do the following:**

- 13 (1) Review the state's federal **grant funding** opportunities. ~~and~~
- 14 (2) Subject each federal **grant funding** opportunity to a
15 cost-benefit analysis that will measure the fiscal impact and
16 regulatory impact of the **grant funding opportunity** to determine
17 whether ~~or not~~ the federal **grant funding** opportunity should be



1 pursued.

2 **(3) Compile and analyze data received from state agencies and**
 3 **local governments accepting federal funds, and periodically**
 4 **report on these data to the governor and, in an electronic**
 5 **format under IC 5-14-6, the general assembly.**

6 **(4) Maintain an information system on programs paid for**
 7 **with federal funds.**

8 SECTION 3. IC 4-3-24-5, AS ADDED BY P.L.213-2015,
 9 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2016]: Sec. 5. A state agency may not participate in a federal
 11 **grant funding** opportunity unless the state agency has received
 12 approval to do so from the office.

13 SECTION 4. IC 4-3-24-5.5 IS ADDED TO THE INDIANA CODE
 14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 15 1, 2016]: **Sec. 5.5. A state agency that receives federal funds,**
 16 **anticipates receipt of federal funds, or administers a program**
 17 **supported by federal funds shall provide a report to the office on**
 18 **the use of the federal funds and include the report as part of the**
 19 **state agency's annual budget request to the budget agency. The**
 20 **report must at least do the following:**

21 **(1) Delineate the federal funds received for the preceding state**
 22 **fiscal year.**

23 **(2) Delineate by program the federal funds to be used by the**
 24 **state agency for the current and upcoming state fiscal years.**

25 **(3) Describe by program how a loss of federal funds would**
 26 **impact the continuity or delivery of services for the program.**

27 **(4) Identify any obligations, agreements, joint exercise of**
 28 **powers agreements, maintenance of effort agreements, or**
 29 **memoranda of understanding that may be impacted by**
 30 **federal or state decisions regarding federal funds.**

31 **(5) Set forth for each program the percentage of the total**
 32 **appropriation for the program that constitutes federal funds**
 33 **for the preceding, current, and upcoming state fiscal years.**

34 **The report must cover all federal funds appropriated by the**
 35 **general assembly, federal funds continuously appropriated, and**
 36 **any program supported by federal funds.**

37 SECTION 5. IC 4-3-24-6, AS ADDED BY P.L.213-2015,
 38 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2016]: Sec. 6. (a) A state agency that receives federal funds
 40 must develop, in coordination with the office, a **block grant federal**
 41 **funding** contingency plan that does at least the following:

42 (1) Evaluates whether and how Indiana could use federal funds



1 more effectively without federal constraints, including an
 2 evaluation of opportunities for interagency collaboration.

3 (2) Identifies specific action items that are significant in solving
 4 issues caused by federal mandates and regulations.

5 **(3) Describes how a loss of federal funds would impact the**
 6 **continuity or delivery of services for each program**
 7 **administered by the state agency, including specific action**
 8 **items that would be significant in solving issues that would be**
 9 **caused by the loss of federal funds.**

10 (b) A state agency subject to subsection (a) must:

11 (1) submit a **block grant federal funding** contingency plan to the
 12 office before November 1, ~~2015~~, **2017**, and before November 1 of
 13 each odd-numbered year thereafter; and

14 (2) update the **block grant federal funding** contingency plan
 15 regularly and provide any updates to the office.

16 SECTION 6. IC 4-3-24-7, AS ADDED BY P.L.213-2015,
 17 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2016]: Sec. 7. (a) The office shall before January 1 of each
 19 year publish an annual report that includes the following:

20 (1) A state **block grant federal funding** contingency plan that
 21 incorporates each state agency's **block grant federal funding**
 22 contingency plan and related findings by the office. The state
 23 **block grant federal funding** contingency plan must include
 24 options, **by program**, for coordination among state agencies to
 25 address issues caused by federal mandates and regulations **or the**
 26 **loss of federal funding.**

27 (2) A study of the current impact and projected future impact of
 28 federal mandates and regulations on Indiana.

29 The study shall be prepared by studying the data, surveying businesses,
 30 and speaking with citizens of Indiana.

31 (b) The office shall submit the annual report and any other
 32 published reports of the office and any findings of the office to the
 33 governor, to the members of the United States Congress representing
 34 Indiana, and (in an electronic format under IC 5-14-6) to the legislative
 35 council.

36 SECTION 7. IC 4-3-24-8, AS ADDED BY P.L.213-2015,
 37 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2016]: Sec. 8. In accordance with federal law, the office shall
 39 serve as the state's single point of contact to review and coordinate
 40 proposed federal **financial funding** assistance and direct federal
 41 development.

42 SECTION 8. IC 4-12-1-9, AS AMENDED BY P.L.213-2015,



1 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2016]: Sec. 9. (a) The budget agency shall assist the budget
3 committee in the preparation of the budget report and the budget bill,
4 using the recommendations and estimates prepared by the budget
5 agency and the information obtained through investigation and
6 presented at hearings. The budget committee shall consider the data,
7 information, recommendations and estimates before it and, to the
8 extent that there is agreement on items, matters and amounts between
9 the budget agency and a majority of the members of the budget
10 committee, the committee shall organize and assemble a budget report
11 and a budget bill or budget bills. In the event the budget agency and a
12 majority of the members of the budget committee shall differ upon any
13 item, matter, or amount to be included in such report and bills, the
14 recommendation of the budget agency shall be included in the budget
15 bill or bills, and the particular item, matter or amount, and the extent
16 of and reasons for the differences between the budget agency and the
17 budget committee shall be stated fully in the budget report. The budget
18 committee shall submit the budget report and the budget bill or bills to
19 the governor before:

20 (1) the second Monday of January in the year immediately
21 following the calendar year in which the budget report and budget
22 bill or bills are prepared, if the budget report and budget bill or
23 bills are prepared in a calendar year other than a calendar year in
24 which a gubernatorial election is held; or

25 (2) the third Monday of January, if the budget report and budget
26 bill or bills are prepared in the same calendar year in which a
27 gubernatorial election is held.

28 The governor shall deliver to the house members of the budget
29 committee such bill or bills for introduction into the house of
30 representatives.

31 (b) Whenever during the period beginning thirty (30) days prior to
32 a regular session of the general assembly the budget report and budget
33 bill or bills have been completed and printed and are available for
34 distribution, upon the request of a member of the general assembly an
35 informal distribution of one (1) copy of each such document shall be
36 made by the budget committee to such members. During business
37 hours, and as may be otherwise required during sessions of the general
38 assembly, the budget agency shall make available to the members of
39 the general assembly so much as they shall require of its accumulated
40 staff information, analyses and reports concerning the fiscal affairs of
41 the state and the current budget report and budget bill or bills.

42 (c) The budget report shall include at least the following parts:



- 1 (1) A statement of budget policy, including but not limited to
 2 recommendations with reference to the fiscal policy of the state
 3 for the coming budget period, and describing the important
 4 features of the budget.
- 5 (2) A general budget summary setting forth the aggregate figures
 6 of the budget to show the total proposed expenditures and the
 7 total anticipated income, and the surplus or deficit.
- 8 (3) The detailed data on actual receipts and expenditures for the
 9 previous fiscal year or two (2) fiscal years depending upon the
 10 length of the budget period for which the budget bill or bills is
 11 proposed, the estimated receipts and expenditures for the current
 12 year, and for the ensuing budget period, and the anticipated
 13 balances at the end of the current fiscal year and the ensuing
 14 budget period. Such data shall be supplemented with necessary
 15 explanatory schedules and statements, including a statement of
 16 any differences between the recommendations of the budget
 17 agency and of the budget committee.
- 18 (4) A description of the capital improvement program for the state
 19 and an explanation of its relation to the budget.
- 20 (5) The budget bills.
- 21 (6) A list of tax expenditures for individual income tax and
 22 corporate income tax under IC 6-3.1 for the previous fiscal year,
 23 the current fiscal year, and the ensuing budget period.
- 24 **(7) A separate part of the report shall disclose any known**
 25 **future reductions or eliminations of federal funds for a**
 26 **program that are reported to the budget agency under**
 27 **IC 4-3-24-5.5 and describe the budget agency's plan for the**
 28 **state agency to operate the program if there is a reduction of**
 29 **ten percent (10%) or more in the federal funds that the state**
 30 **agency receives for the program.**
- 31 (d) The budget report shall cover and include all special and
 32 dedicated revenue funds as well as the general revenue fund and shall
 33 include the estimated amounts of federal aids, for whatever purpose
 34 provided, together with estimated expenditures therefrom.
- 35 (e) The budget agency shall furnish the governor with any further
 36 information required concerning the budget, and upon request shall
 37 attend hearings of committees of the general assembly on the budget
 38 bills.

