

SBA Overview

12/7/2022

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State Budget Director



Agenda

- Budget Development Process
- Hearings and Handouts
- Change Packages
- Fund Updates
- Questions



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Budget Development Process - Instructions

- Operating Budget Instructions were sent out to agencies on March 31st (3 months earlier than usual)
 - <https://www.in.gov/sba/files/Operating-Budget-Instructions-FY24-and-FY25.pdf>.
 - Established that “Base” budgets for FY24 and FY25 would be the FY23 appropriations.
- Capital Budget Instructions were sent out to agencies on April 22nd.
 - <https://www.in.gov/sba/files/2024-2025-Capital-Budget-Instructions.pdf>.

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Budget Development Process - Agencies

- SBA met with every agency, separately elected office, and judicial branch entity in July to review progress and provide initial feedback.
- Budget submissions were due on August 22nd
 - The statutory deadline is on or before September 1st per IC 4-12-1-7.
- SBA then spends the next 2-3 months evaluating each request:
 - Were instructions followed?
 - Did agencies provide sufficient justification for new funding requests?
 - Cleaning up Hyperion reports
 - Providing feedback

Budget Development Process – Next Steps

- Hearings:
 - 12/7 – Universities
 - 12/8 and 12/14 – State Agencies
- Forecasts
 - 12/15 – Medicaid, Economic, and Revenue Forecasts
- Presentation of the Governor’s Budget to the State Budget Committee
 - Per IC 4-12-1-9, the budget has to be presented to the State Budget Committee before the 2nd Monday of January (which is January 9, 2023)

Hearings and Handouts - Packets

- Agency Packets
 - SBA's goal is to email out packet copies 2 days in advance of each hearing.
 - We will also provide hard copies at the beginning of each day of hearings.
- Packets will include:
 - Transmittal letters from the Agency
 - Agency Operating Accounting Summary (001A Report) from Hyperion
 - Presentation slides or other handouts (if the agency prepared a presentation)
 - These will not be sent out in advance

Hearings and Handouts – 001A Reports

- SBA uses Hyperion for budget development
- Information included in the 001A report from Hyperion is established by IC 4-12-1-7:
 - Expenditure information for the prior 2 fiscal years (FY21 and FY22)
 - Current year expenditure estimates (FY23)
 - Requests for FY24 and FY25
- Reflected as 7 columns in the 001A Report:
 1. FY21 Actual Expenses
 2. FY22 Actual Expenses
 3. FY23 Appropriations
 4. FY23 Spending Estimates
 5. Base Budgets for FY24 and FY25
 6. FY24 Request
 7. FY25 Request



AGENCY OPERATING ACCOUNT SUMMARY

Page: 1 of 1
Date: 12-03-2022
Time: 17:27

Agency: AGN00052-Office of the State Example
Version: Submitted

Sequence

	Actual FY21	Actual FY22	Appropriation FY23	Current Estimate FY23	Base	Budget FY24	Budget FY25
1,001 11111-052 Office of the State Example							
General Fund	284,402	303,036	300,176	299,997	300,176	313,391	313,391

AGN00052-Office of the State Example

General Fund	284,402	303,036	300,176	299,997	300,176	313,391	313,391
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Change Packages – Addressed in Instructions

- Change packages are the means to request a budgetary increase (or decrease)
- Budget Instructions suggested that agencies add funding for the following if necessary:
 - General Salary Adjustment (GSA) implemented in January 2022 (\$1,300 plus 2.5%)
 - IOT charges (5% growth annually)
 - SPD seat charges (5% growth annually)
 - Employers' share of health insurance (5% growth annually)
 - Centralized Accounting (5% growth annually) – SBA provides accounting services for 29 other agencies

Change Packages – Compensation Study

- This fall, in order to improve the recruitment and retention of state employees, SPD implemented the recommendations from its year-long compensation study
- First comprehensive review and update to our payplan since the 1970s
- State government lost 10% of high performers in 2021 and had overall turnover of 25%
- Only impacted agencies under SPD's oversight (did not include separate branches of government, separately elected officials, matrix employees, and quasi agencies)
- The average increase was \$7,660 - all received at least 5%
- Overall annual cost is \$253M with a General Fund share of \$160M
- SBA worked with agencies to update their requests after their submission
- Employees will not be receiving an additional GSA in 2023
- More information is available at: <https://www.in.gov/spd/compensation>

Change Packages – Other Items

- Those agencies/entities not included the comp study have been working with SPD/SBA to see if adjustments are required
 - This can be a complicated process as they do not use the same classification system as those under SPD's oversight
- Governor's Public Health Commission recommendations and ongoing funding requests started with SEA 2-2022(SS) have been layered into various agencies' budgets
- As usual, recommendations for K-12 tuition support, universities, and law enforcement matrices will be made in the Governor's Recommended Budget

Fund Updates – TMSF

- The Tobacco Master Settlement Fund (TMSF) can be used for any purpose but has traditionally been used for HHS-related appropriations (DOH, FSSA, Drug Czar, AG's Office, and Medical Education)
- Started this biennium with \$73M
- Revenue came in significantly higher than expected for FY22 (\$154M actual vs. \$136M estimate)
- Revenues for FY23 won't be known until April 2023
- Likely to end this biennium with a balance of at least \$113M

Fund Updates – State Agency Contingency Fund

- Formerly the Personal Services Contingency (PSC) Fund
- Generally used to cover the GF's share of the costs of mid-biennium salary and benefits changes
- Started the biennium with \$81M and received an additional \$51M from the General Fund
- Budget Committee is to be advised of transfers from the fund over \$500,000:
 - FY 2022 total transfers out were \$15M
 - \$7M for AOS Payroll Modernization
 - \$6M was used for pandemic-related bonuses statewide
 - FY 2023 – we anticipate using about \$102M to pay for the General Fund share of the Compensation Study
- We anticipate the balance being \$15M at the end of biennium

Fund Updates – Agency Settlement Fund

- Prior to 2017 creation, settlements were generally retained by AG without appropriation oversight by the General Assembly
- The Agency Settlement Fund (IC 4-12-16) was created in 2017 under SBA
- Only recurring appropriation from the Agency Settlement Fund is to the AG's Office (\$3.6M annually) with augmentation allowed
- Started FY 2023 with about \$25M
- Opioid settlement dollars are deposited into multiple subaccounts within the Agency Settlement Fund
 - Best accounting practices would recommend the statutory creation of a separate fund for opioid settlement dollars



Questions?

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