

Agency 2020 Emergency Response Report



Office of Management
and Budget

&



State Budget Agency

September 14, 2020

To: Representative Tim Brown, Chairman
Interim Study Committee on Fiscal Policy

From: Cristopher R. Johnston, Director
Office of Management & Budget

Zachary Q. Jackson, Director
State Budget Agency

Date: September 14, 2020

Subject: 2020 Emergency Response Report

This is the combined 2020 Emergency Response Report for the Office of Management and Budget (OMB) and State Budget Agency (SBA) to the Interim Study Committee on Fiscal Policy. The report is made in accordance with Section 7 of Legislative Council Resolution 20-02.

1. Overview of which operations or services were reduced or suspended during the pandemic including whether the suspension or reduction was required by an executive order.

No operations of OMB or SBA were reduced or suspended during the pandemic. The OMB and SBA offices remained open during this time with limited staff. OMB and SBA staff were able to work remotely when necessary. Additionally, to minimize direct contact between employees, OMB and SBA staff conducted meetings and communicated with agencies using phone conferences, video conferencing (Microsoft Teams), and emails. As the State Government Campus reopens to daily business, SBA has created an alternating work schedule to allow for staff to social distance in the office and provided face masks to each employee.

2. Overview of preparations to address future emergencies and recovery based on the agency's experience with COVID 19.

Based on the experience during the pandemic thus far, OMB and SBA are well positioned to respond to future challenges with their present capabilities and statutory duties.

From an operational perspective, the OMB and SBA teams have become adept at utilizing technology and virtual resources to carry out day-to-day functions. OMB and SBA have expanded the use of Smartsheets, Microsoft Teams, cloud storage, and other software that allow for remote work and collaboration. In case of a future emergency that requires staff to work from home, OMB and SBA are prepared to transfer operations quickly and efficiently to that environment.

From a fiscal management perspective, OMB and SBA have found the existing statutory powers and authorities adequate to meet the fiscal challenges brought on by the pandemic and the accompanying economic downturn. OMB and SBA have been able to adequately manage the budgetary and cashflow needs caused by the pandemic in collaboration with the Treasurer and Auditor.

Without question, the most important tool during this time has been the availability of the substantial state reserve balance that has been accumulated over the past decade through prudent financial management. At the end of FY 2019, the reserve (or total combined balance) amounted to approximately \$2.27 billion between the General Fund, the Tuition Support Reserve Fund, and the Medicaid Reserve Fund. With the pandemic-induced economic downturn and the delay in tax revenues from the extended filing deadline, the reserve balance stood at \$1.42 billion at the close of FY 2020.

In addition to the reserve, the budget management powers have been key to navigating the fiscal challenges presented by the pandemic. In April, OMB and SBA issued Financial Management Circular #2020-2 COVID-19 Cost Savings Measures to ensure that the State will maintain and support critical services and operations. This directive builds on an FMC that was issued during the Great Recession and is a template to use in case of future economic downturns. In May, SBA worked with agencies to create FY 2021 spending plans that include a 15% reserve where feasible. Finally, in September, SBA, in collaboration with the General Assembly and Legislative Services Agency, will be updating the State's revenue and Medicaid forecasts separate from the normal schedule.¹

3. Recommendations, if any, for legislation that may be needed to help ensure the agency is prepared to address future emergencies.

Not at this time

4. Recommendations, if any, for legislation to permanently repeal or modify any regulations or laws that were or are partially or fully suspended due to COVID19.

Not at this time.

¹ All documents relating to the fiscal management actions taken by OMB and SBA in response to the pandemic can be found at <https://www.in.gov/sba/2811.htm>.