



January 24, 2025

SENATE BILL No. 5

DIGEST OF SB 5 (Updated January 23, 2025 10:38 am - DI 120)

Citations Affected: IC 4-12; IC 4-13; IC 4-15; IC 5-14; IC 5-35.7; IC 12-8.

Synopsis: State fiscal and contracting matters. Allows a state agency to use artificial intelligence software to prepare information and projections for the state budget. Requires a state agency to: (1) report to the budget committee certain information before submitting a new federal funds request or application to participate in a new federal program; and (2) obtain the budget committee's review if the new federal funds request or application to participate in a new federal program would require a transfer in funds between state accounts for a state match. Requires that permanent full-time positions which have been vacant for 90 days or more be reviewed and either: (1) reauthorized; or (2) eliminated; by the budget director. Requires the budget director to provide a quarterly report to the governor's office regarding those positions that were reauthorized or eliminated by the budget director in the preceding three months. Requires a state agency to provide the state comptroller with a contract for inclusion in the Indiana transparency website not later than 30 days after the contract is fully executed. Requires a state agency to provide quarterly reports to the budget committee regarding the state agency's active contracts.

(Continued next page)

Effective: Upon passage; July 1, 2025.

**Baldwin, Garten, Mishler, Schmitt,
Doriot, Zay, Deery,
Randolph Lonnie M, Holdman,
Bassler**

January 14, 2025, read first time and referred to Committee on Appropriations.
January 23, 2025, amended, reported favorably — Do Pass.

SB 5—LS 7508/DI 137



Digest Continued

Requires the department of administration (department) to develop a process for state agencies to submit complaints about contractors. Allows the department to disqualify a contractor with one or more complaints from entering into state contracts. Provides for the reversion of funds appropriated to a state agency for expenses related to a contract that are unused after the end of the contract term. Requires the department to develop certain contract language to be included in state contracts of \$500,000 or more. Requires the budget committee to review a proposed amendment to a contract that: (1) increases the maximum contract amount by not less than \$500,000; or (2) for a contract with an initial maximum contract amount of not less than \$500,000, extends the term of the contract by not less than six months. Prohibits any entity that receives state appropriations from entering into a nonpublic contract. Defines "nonpublic contract." Requires all contracts of any entity that receives state appropriations to be competitively procured. Provides that the following apply to nonpublic contracts of a state entity that have not been competitively procured and that are in existence on June 30, 2025: (1) The nonpublic contract shall terminate December 31, 2025. (2) On or before July 1, 2025, the state entity shall submit a competitive procurement through a public process for any new contract to replace a contract. Requires all contract opportunities of state entities to be posted in the form of a Request for Qualifications "RFQ" on the state entity's website prior to the contract being awarded. Requires the office of the secretary of family and social services and the office of Medicaid policy and planning to do the following: (1) Establish a reporting work group to review inputs and overall financials validation. (2) Establish a steering committee to develop accompanying commentary. (3) Review monthly reports on the Medicaid program service utilization to identify trends and risks within the state Medicaid program. (4) Post publicly on the office of the secretary of family and social services's website monthly financial reports or expenditures and revenues for each state Medicaid program and commentary providing context for each monthly financial report. (5) Submit a quarterly report to the budget committee.



January 24, 2025

First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

SENATE BILL No. 5

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

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

- 1 SECTION 1. IC 4-12-1-7.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2025]: **Sec. 7.5. A state agency may use artificial intelligence
4 software to prepare a statement required under section 7 of this
5 chapter or any budget projections for the state agency.**
6 SECTION 2. IC 4-12-19 IS ADDED TO THE INDIANA CODE AS
7 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 2025]:
9 **Chapter 19. Federal Funds Requests**
10 **Sec. 1. As used in this chapter, "new federal funds" means**
11 **federal assistance or other funds that are available from:**
12 **(1) the federal government, which the state is not currently**
13 **receiving; or**
14 **(2) a federal assistance program or other federal program, in**
15 **which the state is not currently participating.**

SB 5—LS 7508/DI 137



1 **Sec. 2.** As used in this chapter, "new federal funds request"
2 means a formal submission from a state agency to the federal
3 government applying for or otherwise seeking to obtain new
4 federal funds or to participate in a new federal program that will
5 result in federal funds being transferred to the state.

6 **Sec. 3.** As used in this chapter, "new state money" means money
7 that the federal government requires the state to expend in any
8 fiscal year as a condition for receiving federal funds or
9 participating in a federal program.

10 **Sec. 4. (a)** As used in this chapter, "state agency" means an
11 authority, branch, commission, committee, division, office, or other
12 instrumentality of the executive branch of state government.

13 **(b)** The term does not include:

- 14 (1) the legislative branch of state government;
15 (2) the judicial branch of state government; or
16 (3) a state educational institution.

17 **Sec. 5. (a)** Subject to subsection (b), before submitting a new
18 federal funds request or applying to participate in a new federal
19 program, the state agency must submit a report to the budget
20 committee containing:

- 21 (1) a federal funds request summary; and
22 (2) the state agency's application for the new federal funds or
23 to participate in the new federal program.

24 **(b)** If a state agency's new federal funds request or application
25 to participate in a new federal program would require the state
26 agency to transfer funds between state accounts for a state match
27 as a condition to receive the funds or to participate in the program,
28 the state agency must obtain the budget committee's review of the
29 materials required under subsection (a)(1) and (a)(2).

30 **(c)** A federal funds request summary must contain, at a
31 minimum:

- 32 (1) the date by which the application is due to the federal
33 government;
34 (2) the amount of money that is being requested or is available
35 to be received by the state from the federal government from
36 the new federal funds request;
37 (3) the amount of new state money, if any, that will be
38 required to receive the new federal funds or to participate in
39 the new federal program;
40 (4) the number of additional permanent full-time employees
41 and additional permanent part time employees, if any, the
42 state agency estimates are necessary to receive the new



1 **federal funds or to participate in the new federal program;**
 2 **and**
 3 **(5) any requirements the state must meet as a condition for**
 4 **receiving the new federal funds or participating in the new**
 5 **federal program.**

6 **Sec. 6. A state agency may not submit a new federal funds**
 7 **request or an application to participate in a new federal program**
 8 **until the state agency has complied with the requirements of**
 9 **section 5 of this chapter. If the budget committee has not received**
 10 **a report or conducted a review, as applicable, the state agency may**
 11 **not submit the application to any federal agency.**

12 SECTION 3. IC 4-13-2-18, AS AMENDED BY P.L.9-2024,
 13 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2025]: Sec. 18. (a) For the purpose of the administration of the
 15 allotment system provided by this section, each fiscal year shall be
 16 divided into four (4) quarterly allotment periods, beginning
 17 respectively on the first day of July, October, January, and April. In any
 18 case where the quarterly allotment period is impracticable, the budget
 19 director may prescribe a different period suited to the circumstances
 20 but not extending beyond the end of any fiscal year.

21 (b) Except as otherwise expressly provided in this section, the
 22 provisions of this chapter relating to the allotment system and to the
 23 encumbering of funds shall apply to appropriations and funds of all
 24 kinds, including standing or annual appropriations and dedicated funds,
 25 from which expenditures are to be made from time to time by or under
 26 the authority of any state agency. The provisions relating to the
 27 allotment system shall not apply to money made available for the
 28 purpose of conducting a post-audit of financial transactions of any state
 29 agency. Likewise, appropriations for construction or for the acquisition
 30 of real estate for public purposes may be exempted from the allotment
 31 system by the budget director. The budget director shall prescribe
 32 regulations as will ensure the proper application and encumbering of
 33 those funds.

34 (c) No appropriation to any state agency shall become available for
 35 expenditure until:

36 (1) the state agency shall have submitted to the budget agency a
 37 request for allotment, the request for allotment to consist of an
 38 estimate of the amount required for each activity and each
 39 purpose for which money is to be expended during the applicable
 40 allotment period; and

41 (2) the estimate contained in the request for allotment shall have
 42 been approved, increased, or decreased by the budget director and



- 1 funds allotted as provided.
- 2 The form of a request for allotment, including a request by hand, mail,
3 facsimile transmission, or other electronic transmission, shall be
4 prescribed by the budget agency with the approval of the state
5 comptroller and shall be submitted to them at least twenty-five (25)
6 days prior to the beginning of the allotment period.
- 7 (d) Each request for allotment shall be reviewed by the budget
8 agency and respective amounts shall be allotted for expenditure if:
- 9 (1) the estimate is within the terms of the appropriation as to
10 amount and purpose, having due regard for the probable future
11 needs of the state agency for the remainder of the fiscal year or
12 other term for which the appropriation was made; and
- 13 (2) the agency contemplates expenditure of the allotment during
14 the period.
- 15 Otherwise the budget agency shall modify the estimate to conform with
16 the terms of the appropriation and the prospective needs of the state
17 agency, and shall reduce the amount to be allotted accordingly. The
18 budget agency shall act promptly upon all requests for allotment and
19 shall notify every state agency of its allotments at least five (5) days
20 before the beginning of each allotment period. The total amount
21 allotted to any agency for the fiscal year or other term for which the
22 appropriation was made shall not exceed the amount appropriated for
23 the year or term.
- 24 (e) The budget director shall also have authority at any time to
25 modify or amend any allotment previously made by the budget director.
- 26 (f) In case the budget director shall discover at any time that:
- 27 (1) the probable receipts from taxes or other sources for any fund
28 will be less than were anticipated; and
- 29 (2) as a consequence the amount available for the remainder of
30 the term of the appropriation or for any allotment period will be
31 less than the amount estimated or allotted;
- 32 the budget director shall, with the approval of the governor, and after
33 notice to the state agency or agencies concerned, reduce the amount or
34 amounts allotted or to be allotted to prevent a deficit.
- 35 (g) The budget agency shall promptly transmit records of all
36 allotments and modifications to the state comptroller.
- 37 (h) The state comptroller shall maintain as a part of the central
38 accounting system for the state, as provided, records showing at all
39 times, by funds, accounts, and other pertinent classifications, the
40 amounts appropriated, the estimated revenues, the actual revenues or
41 receipts; the amounts allotted and available for expenditure, the total
42 expenditures, the unliquidated obligations, actual balances on hand,



1 and the unencumbered balances of the allotments for each state agency.

2 (i) No payment shall be made from any fund, allotment, or
 3 appropriation unless the state comptroller shall first certify that there
 4 is a sufficient unencumbered balance in the fund, allotment, or
 5 appropriation, after taking into consideration all previous expenditures
 6 to meet the same. In the case of an obligation to be paid from federal
 7 funds, a notice of a federal grant award shall be considered an
 8 appropriation against which obligations may be incurred, funds may be
 9 allotted, and encumbrances may be made.

10 (j) Every expenditure or obligation authorized or incurred in
 11 violation of the provisions of this chapter shall be void. Every payment
 12 made in violation of the provisions of this chapter shall be illegal, and
 13 every official authorizing or making a void payment, or taking part in
 14 a void payment, and every person receiving a void payment, or any part
 15 of a void payment, shall be jointly and severally liable to the state for
 16 the full amount paid or received. If any appointive officer or employee
 17 of the state shall knowingly incur any obligation or shall authorize or
 18 make any expenditure in violation of the provisions of this chapter, or
 19 take any part, it shall be ground for removal of the appointive officer
 20 or employee of the state by the officer appointing the appointive officer
 21 or employee of the state. If the appointing officer is a person other than
 22 the governor and fails to remove the officer or employee, the governor
 23 may exercise the power of removal after giving notice of the charges
 24 and opportunity for hearing to the accused officer or employee and to
 25 the officer appointing the accused officer or employee.

26 **(k) The budget director shall be responsible for the**
 27 **authorization of employee positions. Such authorizations shall be**
 28 **based on the following:**

29 **(1) A requirement that permanent full-time positions which**
 30 **have been vacant for ninety (90) days or more be reviewed**
 31 **and reauthorized prior to being filled. If requested by the**
 32 **budget director, the state personnel director shall review such**
 33 **vacant positions to determine the proper classification for the**
 34 **position.**

35 **(2) Other relevant criteria as determined by the budget**
 36 **director.**

37 **(l) The budget director shall provide a report to the governor**
 38 **not later than January 1, April 1, July 1, and October 1 of each**
 39 **year that lists the permanent full-time positions that were subject**
 40 **to the budget director's review under subsection (k)(1) during the**
 41 **preceding three (3) months.**

42 SECTION 4. IC 4-15-2.2-26, AS ADDED BY P.L.229-2011,



1 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2025]: Sec. 26. (a) The director, after consulting with
3 appointing authorities and other qualified authorities, shall determine,
4 or cause to be determined, the authority, duties, and responsibilities of
5 all positions in the state civil service.

6 (b) The director shall prepare a classification plan that groups all
7 positions in the state civil service in classes, based on the authority,
8 duties, and responsibilities of each position. The classification plan
9 must set forth, for each class of positions, the class title and a statement
10 of the authority, duties, and responsibilities of the class. Each class of
11 positions may be subdivided, and classes may be grouped and ranked
12 in such manner as the director considers appropriate.

13 ~~(c) New, reclassified, or reallocated positions must be classified;~~
14 ~~reclassified; or reallocated in the same manner as positions were~~
15 ~~initially classified or allocated.~~

16 ~~(c)~~ (c) The director periodically shall:

- 17 (1) review the positions in state civil service; and
- 18 (2) reallocate the positions to the proper classes based on the
19 duties and responsibilities of the positions at the time of the
20 review under subdivision (1).

21 **(d) Upon request by the budget director under IC 4-13-2-18(k),**
22 **the director shall:**

- 23 **(1) review permanent full-time positions which have been**
24 **vacant for ninety (90) days; and**
- 25 **(2) either:**

26 **(A) reallocate a vacant position to the proper class based**
27 **on the duties and responsibilities of the position at the time**
28 **of the review under subdivision (1); or**

29 **(B) eliminate the position from state civil service.**

30 SECTION 5. IC 5-14-3.5-2, AS AMENDED BY P.L.9-2024,
31 SECTION 148, IS AMENDED TO READ AS FOLLOWS
32 [EFFECTIVE JULY 1, 2025]: Sec. 2. (a) The state comptroller,
33 working with the office of technology established by IC 4-13.1-2-1, or
34 another organization that is part of a state educational institution, and
35 the office of management and budget established by IC 4-3-22-3, shall
36 post on the Indiana transparency website the following data:

- 37 (1) A listing of state expenditures and fund balances, including
38 expenditures for contracts, grants, and leases.
- 39 (2) A listing of state owned real and personal property that has a
40 value of more than twenty thousand dollars (\$20,000).
- 41 **(3) A listing of contractors who are currently disqualified**
42 **from participating in state contracts under IC 5-35.7-3-3.**



- 1 **(4) Every contract provided by a state agency as required**
 2 **under section 6(b) of this chapter.**
 3 The website must be electronically searchable by the public and must
 4 be intuitive to users of the website.
 5 (b) The data base must include for each state agency:
 6 (1) the amount, date, payer, and payee of expenditures;
 7 (2) a listing of state expenditures by:
 8 (A) personal services;
 9 (B) other operating expenses; or
 10 (C) total operating expenses;
 11 to reflect how the funds were appropriated in the state budget act;
 12 (3) a listing of state fund balances;
 13 (4) a listing of property owned by the state; and
 14 (5) the information report required under IC 4-12-1-21(c).
 15 (c) The data base must include for each state educational institution
 16 a listing of the annual salaries for employees of the state educational
 17 institution.
 18 SECTION 6. IC 5-14-3.5-6, AS AMENDED BY P.L.9-2024,
 19 SECTION 151, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2025]: Sec. 6. **(a)** To the extent any information
 21 required to be in the data base is collected or maintained by a state
 22 agency or state educational institution, the state agency or state
 23 educational institution shall provide that information to the state
 24 comptroller for inclusion in the data base.
 25 **(b) To the extent a contract entered into by a state agency is**
 26 **required to be included in the data base, the state agency shall**
 27 **provide the contract to the state comptroller for inclusion in the**
 28 **data base not later than thirty (30) days after the contract is fully**
 29 **executed.**
 30 **(c) Notwithstanding section 9 of this chapter, all contracts**
 31 **provided to the state comptroller for inclusion in the data base**
 32 **must be electronically downloadable in an accessible spreadsheet**
 33 **format regardless of the maximum number of rows.**
 34 SECTION 7. IC 5-35.7 IS ADDED TO THE INDIANA CODE AS
 35 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON
 36 PASSAGE]:
 37 **ARTICLE 35.7. FISCAL INTEGRITY AND CONTRACT**
 38 **ACCOUNTABILITY**
 39 **Chapter 1. Definitions**
 40 **Sec. 1. As used in this article, "active contract" means a**
 41 **contract for which the term of the contract has not expired.**
 42 **Sec. 2. (a) As used in this article, "contract" means a contract,**



1 agreement, or similar arrangement by any other name, and
2 includes any amendments, addendums, or extensions.

3 (b) The term includes contracts entered into for state public
4 works projects by the public works division within the department.

5 (c) The term does not include:

6 (1) A contract between state agencies.

7 (2) A contract between a state agency and an employee of the
8 state agency concerning employment.

9 Sec. 3. As used in this article, "contractor" means a person who
10 has entered into a contract with a state agency.

11 Sec. 4. As used in this article, "department" means the Indiana
12 department of administration created by IC 4-13-1-2.

13 Sec. 5. As used in this article, "initial contract" means the first
14 agreement between a state agency and a contractor concerning the
15 provision of specified goods or services, which may be later
16 amended.

17 Sec. 6. As used in this article, "maximum contract amount"
18 means the amount in a contract that total remuneration is not to
19 exceed.

20 Sec. 7. (a) As used in this article, "state agency" means an
21 authority, branch, commission, committee, division, office, or other
22 instrumentality of the executive branch of state government,
23 including the department.

24 (b) The term does not include:

25 (1) the legislative branch of state government;

26 (2) the judicial branch of state government; or

27 (3) a state educational institution.

28 Sec. 8. As used in this article, "state entity" means any of the
29 following:

30 (1) The executive branch of state government, including any
31 authority, branch, commission, committee, division, office, or
32 other instrumentality of the executive branch.

33 (2) Each individual elected to a state office (as defined in
34 IC 3-5-2-48).

35 (3) The legislative branch of state government.

36 (4) The judicial branch of state government.

37 **Chapter 2. Reporting Requirements**

38 Sec. 1. This chapter applies to a contract with a maximum
39 contract amount of not less than five hundred thousand dollars
40 (\$500,000).

41 Sec. 2. Not later than January 1, 2026, and not later than each
42 January 1, April 1, July 1, and October 1 thereafter, a state agency



1 must submit a report to the budget committee that provides
2 information regarding the following contracts of the state agency:

3 (1) For a report due January 1, active contracts as of
4 December 1 of the prior year.

5 (2) For a report due April 1, active contracts as of March 1 of
6 that year.

7 (3) For a report due July 1, active contracts as of June 1 of
8 that year.

9 (4) For a report due October 1, active contracts as of
10 September 1 of that year.

11 Sec. 3. A report submitted by a state agency under section 2 of
12 this chapter must include, at a minimum, the following
13 information:

14 (1) The current contract expenditures compared with the
15 maximum contract amount of the contract.

16 (2) Any changes made to the terms of the initial contract since
17 the prior report, including amendments or change orders,
18 with an explanation of necessity.

19 (3) The metrics used by the state agency to assess the success
20 and performance of the contract.

21 Sec. 4. A report submitted under section 2 of this chapter must
22 be in an electronic format.

23 Chapter 3. Disqualification of Contractors

24 Sec. 1. Not later than July 1, 2026, the department shall develop
25 and implement the following:

26 (1) A process for a state agency to submit a complaint about
27 a contractor under section 2 of this chapter.

28 (2) A process for the department to review and investigate
29 complaints submitted about a contractor under subdivision

30 (1).

31 (3) A process for a contractor to appeal a disqualification
32 under section 3 of this chapter.

33 Sec. 2. (a) A state agency must submit a complaint about a
34 contractor to the department if the contractor engages in any of
35 the following behavior:

36 (1) Exceeding the costs to the state agreed upon in a contract.

37 (2) Failing to perform by deadlines agreed upon in a contract.

38 (3) Failing to perform under the terms agreed upon in a
39 contract.

40 (4) Any additional behavior or criteria determined by the
41 department.

42 (b) Complaints received by the department under subsection (a)



1 are confidential and are not subject to disclosure under IC 5-14-3.

2 **Sec. 3. (a)** The department shall review and investigate a
3 complaint submitted by a state agency under section 2 of this
4 chapter.

5 **(b)** After reviewing and investigating one (1) or more complaints
6 about a contractor, the department may disqualify the contractor
7 from entering into state contracts for a period of three (3) to five
8 (5) years, subject to the appeals process developed by the
9 department as required under section 1 of this chapter.

10 **Sec. 4.** The department shall provide the state comptroller with
11 the name of a contractor disqualified under section 3 of this
12 chapter. The state comptroller shall post the list of disqualified
13 contractors to the state transparency portal under IC 5-14-3.5-2.

14 **Sec. 5.** The department shall adopt rules under IC 4-22-2 to
15 implement this chapter.

16 **Chapter 4. Reversion of Appropriations**

17 **Sec. 1.** This chapter applies to a state fiscal year that begins on
18 or after July 1, 2025.

19 **Sec. 2.** Unless otherwise provided by law, any funds
20 appropriated by the general assembly to a state agency for an
21 expense related to a contract that remain unused sixty (60) days
22 after the end of the term of the contract:

23 (1) must be unallotted by the budget agency and no longer
24 available for the state agency's use; and

25 (2) on the June 30 after the funds are unallotted, revert to the
26 fund from which they were appropriated.

27 **Chapter 5. Mandatory Contract Terms**

28 **Sec. 1.** This chapter applies to a contract between a state agency
29 and a contractor that:

30 (1) is entered into, renewed, or amended after June 30, 2026;
31 and

32 (2) has a maximum contract amount of not less than five
33 hundred thousand dollars (\$500,000) in the initial contract.

34 **Sec. 2.** A contract between a state agency and a contractor must
35 contain the following provisions:

36 (1) Clearly defined scopes and success metrics.

37 (2) Liquidated damages for missed deadlines or overages.

38 (3) Provisions for independent verification and validation of
39 contract terms before payments are made.

40 **Sec. 3.** Not later than March 1, 2026, the department shall
41 provide contract language in its contract templates for state
42 agencies to include the provisions required under section 2 of this



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

chapter.

Chapter 6. Review of Amendments

Sec. 1. This chapter applies to a contract between a state agency and a contractor that is entered into, renewed, or amended after June 30, 2025.

Sec. 2. (a) A state agency must provide to the budget committee for its review, in the form and manner designated by the budget committee, a contract amendment that would do at least one (1) of the following:

(1) For any contract, increase the maximum contract amount by an amount that is not less than five hundred thousand dollars (\$500,000).

(2) For an initial contract with a maximum contract amount of not less than five hundred thousand dollars (\$500,000), extend the term of the initial contract for a period of not less than six (6) months.

(b) A state agency may not enter into a contract amendment to which subsection (a) applies if the contract amendment has not been reviewed by the budget committee.

Sec. 3. A contract amendment subject to review in section 2(a)(1) of this chapter must be paid from funds already appropriated to the state agency.

Chapter 7. Contract Reporting and Requirements

Sec. 1. This chapter applies to any state entity and any entity or organization that receives state appropriations, including political subdivisions (as defined in IC 5-14-3.9-2), nonprofit organizations, and state educational institutions.

Sec. 2. (a) All active contracts that are funded in part or in full by state appropriated funds, including state, federal, and dedicated funds, shall within thirty (30) days of entering into the contract be submitted to the state budget agency and the state comptroller for inclusion on the state transparency portal under IC 5-14-3.5-2.

(b) The state budget agency shall on or before June 1, 2026, and June 1 each year thereafter compile a report of all contracts submitted under subsection (a) for the immediately preceding calendar year and submit the report to the state budget committee.

Sec. 3. State funds may not be used to fund a state agency contractual agreement unless IC 4-6-5-3 is followed first.

Chapter 8. Prohibition of Nonpublic Contracts

Sec. 1. This chapter does not apply to contracts solely entered into for licensed legal counsel.

Sec. 2. As used in this chapter, "nonpublic contract" means a



1 contract that is entered into without solicitation of proposals or
 2 competitive procurement. However, the term does not include a
 3 contract entered into under the following:

4 (1) IC 5-22-10-4 (Emergency conditions).

5 (2) IC 4-13.6-5-5 (Emergency conditions).

6 Sec. 3. Notwithstanding any other provision of law to the
 7 contrary, a state entity and any entity or organization that receives
 8 state appropriations, including political subdivisions (as defined in
 9 IC 5-14-3.9-2), nonprofit organizations, and state educational
 10 institutions, shall not enter into a nonpublic contract.

11 Sec. 4. Notwithstanding any other provision of law to the
 12 contrary, all contracts of a state entity and any entity or
 13 organization that receives state appropriations, including political
 14 subdivisions (as defined in IC 5-14-3.9-2), nonprofit organizations,
 15 and state educational institutions, must be competitively procured.

16 Sec. 5. For all state entities with nonpublic contracts that have
 17 not been competitively procured and that are in existence on June
 18 30, 2025, the following apply:

19 (1) The nonpublic contract shall terminate December 31,
 20 2025.

21 (2) On or before July 1, 2025, the state entity shall submit a
 22 competitive procurement through a public process for any
 23 new contract to replace a contract subject to termination
 24 under subdivision (1).

25 Sec. 6. All contract opportunities of state entities must be posted
 26 in the form of a Request for Qualifications "RFQ" on the state
 27 entity's website for a minimum of twenty-four (24) hours or, when
 28 feasible, at least thirty (30) days prior to the contract being
 29 awarded.

30 SECTION 8. IC 12-8-6.5-16 IS ADDED TO THE INDIANA CODE
 31 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 32 UPON PASSAGE]: Sec. 16. (a) The secretary and the office of
 33 Medicaid policy and planning shall do each of the following as it
 34 pertains to the state Medicaid program:

35 (1) Establish a reporting work group to review inputs and
 36 overall financials validation.

37 (2) Establish a steering committee to develop accompanying
 38 commentary. The reporting work group shall be accountable
 39 to and provide all information reviewed to the steering
 40 committee.

41 (3) Review monthly reports on the Medicaid program service
 42 utilization to identify trends and risks within the state



1 **Medicaid program.**
2 **(4) Complete and post publicly on the office of the secretary's**
3 **website:**
4 **(A) monthly financial reports or expenditures and**
5 **revenues for each state Medicaid program; and**
6 **(B) commentary providing context for each monthly**
7 **financial report.**
8 **(5) Submit a quarterly report to the budget committee**
9 **containing each report required under subdivision (4) and a**
10 **summary of the overall financial trends for the entire quarter.**
11 **(b) The steering committee shall be composed of members of the**
12 **office of the secretary, the state's contractor for actuarial forecasts,**
13 **and the budget agency.**
14 **(c) The budget committee shall receive a report containing**
15 **steering committee membership and meeting frequency prior to**
16 **July 1, 2025. Any changes to steering committee membership or**
17 **meeting frequency after the report is submitted under this**
18 **subsection shall be reported to the budget committee within thirty**
19 **(30) days.**
20 **SECTION 9. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 5, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Replace the effective date in SECTION 7 with "[EFFECTIVE UPON PASSAGE]".

Page 7, between lines 29 and 30, begin a new paragraph and insert:

"(c) Notwithstanding section 9 of this chapter, all contracts provided to the state comptroller for inclusion in the data base must be electronically downloadable in an accessible spreadsheet format regardless of the maximum number of rows."

Page 8, between lines 23 and 24, begin a new paragraph and insert:

"Sec. 8. As used in this article, "state entity" means any of the following:

- (1) The executive branch of state government, including any authority, branch, commission, committee, division, office, or other instrumentality of the executive branch.**
- (2) Each individual elected to a state office (as defined in IC 3-5-2-48).**
- (3) The legislative branch of state government.**
- (4) The judicial branch of state government."**

Page 11, after line 9, begin a new paragraph and insert:

"Chapter 7. Contract Reporting and Requirements

Sec. 1. This chapter applies to any state entity and any entity or organization that receives state appropriations, including political subdivisions (as defined in IC 5-14-3.9-2), nonprofit organizations, and state educational institutions.

Sec. 2. (a) All active contracts that are funded in part or in full by state appropriated funds, including state, federal, and dedicated funds, shall within thirty (30) days of entering into the contract be submitted to the state budget agency and the state comptroller for inclusion on the state transparency portal under IC 5-14-3.5-2.

(b) The state budget agency shall on or before June 1, 2026, and June 1 each year thereafter compile a report of all contracts submitted under subsection (a) for the immediately preceding calendar year and submit the report to the state budget committee.

Sec. 3. State funds may not be used to fund a state agency contractual agreement unless IC 4-6-5-3 is followed first.

Chapter 8. Prohibition of Nonpublic Contracts

Sec. 1. This chapter does not apply to contracts solely entered into for licensed legal counsel.



Sec. 2. As used in this chapter, "nonpublic contract" means a contract that is entered into without solicitation of proposals or competitive procurement. However, the term does not include a contract entered into under the following:

- (1) IC 5-22-10-4 (Emergency conditions).
- (2) IC 4-13.6-5-5 (Emergency conditions).

Sec. 3. Notwithstanding any other provision of law to the contrary, a state entity and any entity or organization that receives state appropriations, including political subdivisions (as defined in IC 5-14-3.9-2), nonprofit organizations, and state educational institutions, shall not enter into a nonpublic contract.

Sec. 4. Notwithstanding any other provision of law to the contrary, all contracts of a state entity and any entity or organization that receives state appropriations, including political subdivisions (as defined in IC 5-14-3.9-2), nonprofit organizations, and state educational institutions, must be competitively procured.

Sec. 5. For all state entities with nonpublic contracts that have not been competitively procured and that are in existence on June 30, 2025, the following apply:

- (1) The nonpublic contract shall terminate December 31, 2025.
- (2) On or before July 1, 2025, the state entity shall submit a competitive procurement through a public process for any new contract to replace a contract subject to termination under subdivision (1).

Sec. 6. All contract opportunities of state entities must be posted in the form of a Request for Qualifications "RFQ" on the state entity's website for a minimum of twenty-four (24) hours or, when feasible, at least thirty (30) days prior to the contract being awarded.

SECTION 8. IC 12-8-6.5-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 16. (a)** The secretary and the office of Medicaid policy and planning shall do each of the following as it pertains to the state Medicaid program:

- (1) Establish a reporting work group to review inputs and overall financials validation.
- (2) Establish a steering committee to develop accompanying commentary. The reporting work group shall be accountable to and provide all information reviewed to the steering committee.
- (3) Review monthly reports on the Medicaid program service



utilization to identify trends and risks within the state Medicaid program.

(4) Complete and post publicly on the office of the secretary's website:

(A) monthly financial reports or expenditures and revenues for each state Medicaid program; and

(B) commentary providing context for each monthly financial report.

(5) Submit a quarterly report to the budget committee containing each report required under subdivision (4) and a summary of the overall financial trends for the entire quarter.

(b) The steering committee shall be composed of members of the office of the secretary, the state's contractor for actuarial forecasts, and the budget agency.

(c) The budget committee shall receive a report containing steering committee membership and meeting frequency prior to July 1, 2025. Any changes to steering committee membership or meeting frequency after the report is submitted under this subsection shall be reported to the budget committee within thirty (30) days.

SECTION 9. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 5 as introduced.)

MISHLER, Chairperson

Committee Vote: Yeas 14, Nays 0.

