

STATE OF INDIANA

EXECUTIVE DEPARTMENT INDIANAPOLIS

EXECUTIVE ORDER 25-12

**FOR: ESTABLISHING INCENTIVES TO INSTILL BUDGET DISCIPLINE
AND SOUND FISCAL MANAGEMENT BY STATE AGENCIES**

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS.

WHEREAS, the Office of Management and Budget (“OMB”), established under Indiana Code § 4-3-22-3, has been given the statutory authority under Indiana Code § 4-3-22-1 to devote adequate resources to:

- (1) Gather and coordinate data in a timely manner;
- (2) Perform comprehensive and detailed budgeting analysis;
- (3) Put in place comprehensive and effective budgeting practices;
- (4) Coordinate all functions related to budgeting and controlling spending state government;
- (5) Perform comprehensive and detailed financial analysis;
- (6) Perform comprehensive financial oversight;
- (7) Ensure that effective financial management policies are implemented throughout state government;
- (8) Perform comprehensive and detailed performance analysis;
- (9) Ascertain whether the burdens imposed by laws and rules are justified by their benefits using a rigorous cost benefit analysis; and
- (10) Measure the performance of government activities;

WHEREAS, the State of Indiana is committed to enforcing ongoing budget discipline to ensure the efficient use of taxpayer dollars, eliminate unnecessary spending, and direct resources toward the most critical services for Hoosier families and communities;

WHEREAS, a balanced and sustainable budget is essential to maintaining fiscal health, ensuring government accountability, and providing reliable services to Hoosiers;

WHEREAS, strategic cost management, agency performance evaluations, and targeted reforms are necessary to achieve fiscal discipline and enhance operational efficiency across all state departments;

WHEREAS, OMB serves as the primary driver of this fiscal discipline and operational improvement, incentivizing state agencies to identify cost-saving opportunities, streamline operations, and improve service delivery through innovative solutions;

NOW, THEREFORE, I, Michael K. Braun, by virtue of the authority vested in me as the Governor of the State of Indiana, do hereby order that:

1. The Secretary of Management and Budget shall oversee and implement the provisions of this Executive Order to ensure fiscal responsibility. As part of this effort, OMB shall:
 - a. Develop and enforce a balanced budget for the biennium;
 - b. Collaborate with all state agencies to identify and implement cost-saving measures, including measures described in this Executive Order; and
 - c. Submit an annual report detailing progress, savings, and recommendations to the Governor and the Legislative Council by December 31 of each year.

2. To encourage fiscal responsibility by state agencies, OMB is directed to develop and implement incentives for state agencies, including:
 - a. Recognition for agencies achieving significant cost savings without compromising service quality; and
 - b. Performance-based funding adjustments for exceeding efficiency targets.
3. To enhance fiscal responsibility, OMB may implement the following measures:
 - a. A pause on pay increases, bonuses, raises, financial incentives, or perquisites at state agencies where the agency's expenses exceed the appropriated budget, inclusive of any reserve target set by the State Budget Agency;
 - b. A hiring freeze for non-essential positions as determined by OMB;
 - c. Identification and implementation of spending reductions in the following areas:
 - i. Administrative overhead;
 - ii. Non-essential services; and
 - iii. Deferred or canceled infrastructure projects;
 - d. Program reviews and consolidation, including, but not limited to:
 - i. Evaluation of all state-funded programs to determine effectiveness and necessity; and
 - ii. Revision of redundant or overlapping programs or functions shall be consolidated to maximize efficiency and reduce costs.
4. State agencies are encouraged to leverage public-private partnerships to deliver infrastructure, technology, and essential services more efficiently.
5. OMB may conduct annual efficiency audits across all state agencies to identify opportunities for process improvements and cost reductions.
6. State agencies are directed to work with OMB to identify and implement technological solutions to streamline operations, reduce costs, and improve service delivery to citizens.
7. All state programs not statutorily or legally required shall undergo periodic sunset reviews to assess necessity, efficiency, and alignment with state priorities.



IN TESTIMONY WHEREOF, I,
Michael K. Braun, have hereunto set
my hand and caused to be affixed the
Great Seal of the State of Indiana on
this 14th day of January 2025.

Michael K. Braun
Michael K. Braun Governor of Indiana

ATTEST: *DIEGO MORALES*
Diego Morales
Secretary of State