

STATE OF INDIANA  
EXECUTIVE DEPARTMENT  
INDIANAPOLIS

05-02

EXECUTIVE ORDER \_\_\_\_\_

FOR: CREATION OF THE OFFICE OF MANAGEMENT AND BUDGET

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS.

WHEREAS, the State has, in recent years, suffered a series of budget deficits due to a combination of overspending, less than anticipated tax revenues, and ineffective budgeting practices;

WHEREAS, many state government practices have subjected businesses, and particularly small businesses, to burdensome laws and regulations, and have done so in the absence of any analysis to ascertain whether the burdens imposed by such laws and regulations are justified by their benefits;

WHEREAS, due to the serious fiscal problems facing our State, the State requires a new financial oversight and management mechanism to restore the soundness of its budget process, to ensure that effective financial management policies are implemented throughout state government, to coordinate all functions related to budgeting and controlling spending in state government, to measure the performance of government activities, and to subject state laws and regulations to a rigorous cost-benefit analysis;

WHEREAS, consistent with the foregoing identification of need, the General Government Subcommittee of the Government Efficiency Commission has recommended the establishment of the position of a chief state fiscal officer to report directly to the Governor with responsibility, accountability and authority for (i) all functions currently performed by the State Budget Agency, (ii) all accounting and accounting-related functions now occurring within the various agencies, departments and programs of state government, and (iii) all those functions now performed by the Department of Revenue, the Department of Local Government Finance and all other agencies, departments, and programs related to budgeting and controlling spending in state government; and

WHEREAS, it is appropriate and necessary to give immediate effect to actions designed to address the need and implement the reforms described in this Executive Order;

NOW, THEREFORE, I, **Mitchell E. Daniels, Jr.**, by virtue of the authority vested in me as Governor of the State of Indiana, do hereby order that:

1. The Office of Management and Budget (OMB) is hereby created.
2. A Director of the OMB, who shall serve at the pleasure of the Governor, shall be appointed by the Governor and shall be the chief financial officer of the State.
3. The OMB Director shall serve as the director of the State Budget Agency (SBA) until such time as the Governor may appoint a separate individual to serve as director of the SBA. For so long as the OMB Director serves as the director of the SBA, the OMB Director shall not be entitled to receive any salary or other compensation in his capacity as OMB Director.
4. To the fullest extent permitted by law, the OMB shall:
  - a. perform a cost-benefit analysis upon the final promulgation of new regulations, and provide to the Governor an assessment of the impact on Indiana business of such regulations;
  - b. assist the Governor in the articulation, development, and execution of the Governor's policies and programs on fiscal management;
  - c. be involved, on behalf of the Governor, in the development and review of all policy, legislative, and regulatory proposals affecting capital budgeting, procurement, e-government, and other matters related to fiscal management;
  - d. coordinate the review and clearance of the Governor's legislative proposals and statements on bills pending before the General Assembly;
  - e. monitor the General Assembly's action on spending legislation, report to the Governor as necessary on such action, and articulate the Governor's position on proposed spending legislation;
  - f. harmonize agency views on legislation and facilitate the negotiation of policy positions relating to the Governor's policies, legislative priorities, and programs;

- g. provide expertise for budget decision-making and negotiations;
- h. analyze trends in, and the consequences of, aggregate budget policy; and
- i. establish metrics, with the approval of the Governor, for measuring state government performance and efficiency.

5. In furtherance of the goal of coordinating the State's financial management functions, the Director of the SBA, the Commissioner of the Department of Revenue, the Public Finance Director, and the Commissioner of the Department of Local Government Finance, all of whom are appointed by and serve at the pleasure of the Governor, shall report to the Director of the OMB and administer their offices and agencies in compliance with such policies and procedures related to fiscal management as may be established by the OMB and approved by the Governor.

6. All instrumentalities, agencies, authorities, boards, commissions, and officers of the executive, including the administrative, department of state government, as well as all bodies corporate and politic set up as instrumentalities of the State, shall, to the fullest extent permitted by law, comply with such policies and procedures related to fiscal management as may be established by the OMB and approved by the Governor.

7. The OMB shall oversee and coordinate the functions, responsibilities, and duties of the Public Employment Retirement Fund (PERF), the Teachers Retirement Fund (TRF), and the State Board of Accounts to the fullest extent permitted by law.

8. All state agencies, as defined in IC 4-13-1-1, shall, in addition to complying with all relevant statutory duties related to state purchasing, be accountable to the OMB for adherence to policies and procedures on public procurement and spending controls established by the OMB and approved by the Governor.

9. The Division of Government Efficiency and Financial Planning is hereby established within the OMB. The Director of OMB shall appoint, subject to the approval of the Governor, a director of this division, who shall serve at the pleasure of the Director of OMB. This division shall conduct operational and procedural audits of state government, perform financial planning, design and implement efficiency projects, and carry out such other responsibilities as may be designated by the Director of OMB.

10. This Executive Order shall expire upon the enactment of legislation by the General Assembly to codify the creation and functions of the OMB as described in this Executive Order.

11. All instrumentalities, agencies, authorities, boards, commissions, and officers of the executive, including the administrative, department of state government, as well as all bodies corporate and politic set up as instrumentalities of the State, shall cooperate and provide assistance to the OMB in implementing this Executive Order to the fullest extent permitted by law.



*Todd Rokita*

ATTEST: Todd Rokita  
Secretary of State

IN TESTIMONY WHEREOF, I, Mitchell E. Daniels, Jr., have hereunto set my hand and caused to be affixed the Great Seal of the State of Indiana on this 10<sup>th</sup> day of January, 2005.

*M. E. Daniels, Jr.*  
Mitchell E. Daniels, Jr.  
Governor of Indiana