

HOUSE BILL No. 1270

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-12-1-13; IC 4-15-2.2; IC 31-25-2-2.

Synopsis: Department of child services employees. Provides that salary and wage adjustments or personal service payments for the department of child services (department) that are within established salary classifications and schedules become effective when approved by the director of the department (instead of the budget agency). Specifies that the director of the department is responsible for certain duties related to individuals who are employed in the state public employee civil service in a position with the department (instead of the state personnel department).

Effective: July 1, 2026.

DeVon

January 6, 2026, read first time and referred to Committee on Family, Children and Human Affairs.



Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1270

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 4-12-1-13, AS AMENDED BY P.L.9-2024,
2 SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 13. (a) During the interval between sessions of the
4 general assembly, the budget agency shall make regular or, at the
5 request of the governor, special inspections of the respective
6 institutions of the state supported by public funds. The budget agency
7 shall report regularly to the governor relative to the physical condition
8 of such institutions, and any contemplated action of the institution on
9 a new or important matter, and on any other subject which the budget
10 agency may deem pertinent or on which the governor may require
11 information. The budget agency shall likewise familiarize itself with
12 the best and approved practices in each of such institutions and supply
13 such information to other institutions to make their operation more
14 efficient and economical.
15 (b) Except as to officers and employees of state educational
16 institutions, the executive secretary of the governor, the administrative
17 assistants to the governor, the elected officials, and persons whose



1 salaries or compensation are fixed by the governor pursuant to law, the
 2 annual compensation of all persons employed by agencies of the state
 3 shall be subject to the approval of the budget agency. Except as
 4 otherwise provided by IC 4-15-2.2, the budget agency shall establish
 5 classifications and schedules for fixing compensation, salaries, and
 6 wages of all classes and types of employees of any state agency or state
 7 agencies, and any and all other such classifications affecting
 8 compensation as the budget agency shall deem necessary or desirable.
 9 The classifications and schedules thus established shall be filed in the
 10 office of the budget agency.

11 **(c) This subsection does not apply to the department of child**
 12 **services.** Requests by an appointing authority for salary and wage
 13 adjustments or personal service payments coming within ~~such~~ the
 14 classifications and schedules **established under subsection (b)** shall
 15 become effective when approved by, and upon the terms of approval
 16 fixed by, the budget agency. All personnel requests pertaining to the
 17 staffing of programs or agencies supported in whole or in part by
 18 federal funds are subject to review and approval by the state personnel
 19 department under IC 4-15-2.2.

20 ~~(c)~~ **(d)** The budget agency shall review and approve, for the
 21 sufficiency of funds, all payments for personal services which are
 22 submitted to the state comptroller for payment.

23 ~~(d)~~ **(e)** The budget agency shall review all contracts for personal
 24 services or other services and no contract for personal services or other
 25 services may be entered into by any agency of the state before the
 26 written approval of the budget agency is given. Each demand for
 27 payment submitted by an agency to the state comptroller under these
 28 contracts must be accompanied by a copy of the budget agency
 29 approval. No payment may be made by the state comptroller without
 30 such approval. However, this subsection does not apply to a contract
 31 entered into by:

32 (1) a state educational institution; or

33 (2) an agency of the state if the contract is not required to be
 34 approved by the budget agency under IC 4-13-2-14.1.

35 ~~(e)~~ **(f)** The budget agency shall review and approve the policy and
 36 procedures governing travel prepared by the department of
 37 administration under IC 4-13-1, before the travel policies and
 38 procedures are distributed.

39 ~~(f)~~ **(g)** Except as provided in subsections ~~(g)~~, ~~(h)~~, and ~~(i)~~, **(h)**, **(i)**,
 40 **and (j)**, the budget agency may adopt such policies and procedures not
 41 inconsistent with law as it may deem advisable to facilitate and carry
 42 out the powers and duties of the agency, including the execution and



administration of all appropriations made by law. IC 4-22-2 does not apply to these policies and procedures.

~~(g)~~ **(h)** The budget agency may not enforce or apply any policy or procedure, unless specifically authorized by this chapter or an applicable statute, against or in relation to the following officials or agencies, unless the official or agency consents to comply with the policy or procedure, or emergency circumstances justify extraordinary measures to protect the state's budget or fiscal reserves:

- (1) The judicial department of the state.
- (2) The general assembly, the legislative services agency, or any other entity of the legislative department of the state.
- (3) The attorney general.
- (4) The state comptroller.
- (5) The secretary of state.
- (6) The treasurer of state.

~~(h)~~ **(i)** The budget agency may not enforce a policy or procedure against an official or an agency specified in subsection ~~(g)~~**(1)** ~~(h)~~**(1)** through ~~(g)~~**(6)** ~~(h)~~**(6)** by refusing to allot money from the state agency contingency fund to the official or agency without review by the budget committee.

~~(i)~~ **(j)** The budget agency may not withhold or refuse to allot appropriations for a state educational institution without review by the budget committee.

(k) Salary and wage adjustments or personal service payments coming within the classifications and schedules established by the budget agency under subsection (b) for the department of child services shall become effective when approved by the appointing authority of the department of child services.

SECTION 2. IC 4-15-2.2-15, AS AMENDED BY P.L.205-2019, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 15. The director shall do the following:

- (1) Direct and supervise all administrative and technical activities of the department.
- (2) Survey the administrative organization and procedures, including personnel procedures, of all state agencies, and submit to the governor measures to do the following among state agencies:
 - (A) Secure greater efficiency and economy.
 - (B) Minimize the duplication of activities.
 - (C) Effect better organization and procedures.
- (3) Develop personnel policies, methods, procedures, and standards for all state agencies.



(4) Establish and maintain a roster of all employees in the state civil service.

(5) Prepare, or cause to be prepared, a classification and pay plan for the state civil service. **The director shall annually review the:**

(A) classification plan for the state civil service for department of child services employees with the director of the department of child services to ensure employees are properly classified; and

(B) pay plan for the state civil service for department of child services employees with the director of the department of child services.

(6) Administer the classification and pay plan prepared under subdivision (5).

(7) In the case of:

(A) the department of child services, facilitate the allocation of each position in the state civil service with the department of child services to its proper class, as determined by the director of the department of child services or the designee of the director of the department of child services; and

(B) a state agency not described in clause (A), allocate each position in the state civil service to its proper class.

(8) In the case of:

(A) the department of child services, facilitate the onboarding of individuals for appointment to positions in the state civil service with the department of child services, at the request of the director of the department of child services or the designee of the director of the department of child services; and

(B) a state agency not described in clause (A), approve individuals for appointment to positions in the state civil service.

(9) In the case of:

(A) the department of child services, facilitate the transfer, demotion, or promotion of employees within the state civil service in positions with the department of child services at the request of the director of the department of child services or the designee of the director of the department of child services; and

(B) a state agency not described in clause (A), approve employees for transfer, demotion, or promotion within the



- 1 state civil service.
- 2 (10) **In the case of:**
- 3 (A) the department of child services, facilitate the
- 4 suspension, layoff, or dismissal of employees within the
- 5 state civil service in positions with the department of child
- 6 services at the request of the director of the department of
- 7 child services or the designee of the director of the
- 8 department of child services; and
- 9 (B) a state agency not described in clause (A), approve
- 10 employees for suspension, layoff, or dismissal from the state
- 11 civil service.
- 12 (11) **In the case of:**
- 13 (A) the department of child services, facilitate the process
- 14 of rating the service of department of child services
- 15 employees, to be carried out by the department of child
- 16 services; and
- 17 (B) a state agency not described in clause (A), rate the
- 18 service of employees.
- 19 (12) Arrange, in cooperation with the directors of the divisions of
- 20 the service, for employee training.
- 21 (13) Make available employee relations specialists to help
- 22 employees:
- 23 (A) resolve employment related problems; ~~and~~
- 24 (B) understand the procedures that are available for redress of
- 25 grievances that the employee relations specialists do not
- 26 resolve; ~~and~~
- 27 ~~(14)~~ (C) investigate systems of appointment and promotion in
- 28 operation in various departments or divisions of the state
- 29 government.
- 30 ~~(15)~~ (14) **This subdivision does not apply to positions in the**
- 31 **state civil service with the department of child services.**
- 32 Investigate and approve the need for existing and new positions
- 33 in the state civil service.
- 34 ~~(16)~~ (15) Investigate periodically the operation and effectiveness
- 35 of this chapter and rules adopted under this chapter.
- 36 ~~(17)~~ (16) Implement, administer, and enforce this chapter and
- 37 rules and policies adopted under this chapter.
- 38 ~~(18)~~ (17) Appoint employees, experts, and special assistants, as
- 39 necessary, to effectively carry out this chapter.
- 40 ~~(19)~~ (18) Perform any other lawful acts that the director considers
- 41 necessary or desirable to carry out this chapter.
- 42 ~~(20)~~ (19) Perform any other duties imposed by this chapter or



assigned by the governor.

~~(21)~~ **(20)** Provide offices, rooms, and staff assistance to the office of administrative law proceedings established by IC 4-15-10.5-7.

SECTION 3. IC 4-15-2.2-24, AS ADDED BY P.L.229-2011, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 24. (a) An employee in the unclassified service is an employee at will and serves at the pleasure of the employee's appointing authority.

(b) **Except as provided in subsection (c)**, an employee in the unclassified service may be dismissed, demoted, disciplined, or transferred for any reason that does not contravene public policy.

(c) This subsection applies only to the department of child services. An employee in the unclassified service in a position with the department of child services may be dismissed, demoted, disciplined, or transferred by the director of the department of child services or by the designee of the director of the department of child services for any reason that does not contravene public policy.

SECTION 4. IC 4-15-2.2-26, AS AMENDED BY P.L.182-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) **This subsection does not apply for purposes of positions in the state civil service with the department of child services.** The director, after consulting with appointing authorities and other qualified authorities, shall determine, or cause to be determined, the authority, duties, and responsibilities of all positions in the state civil service.

(b) The director shall prepare a classification plan that groups all positions in the state civil service in classes, based on the authority, duties, and responsibilities of each position. **However, positions with the department of child services shall be grouped in the classification plan as determined by the director of the department of child services.** The classification plan must set forth, for each class of positions, the class title and a statement of the authority, duties, and responsibilities of the class. ~~Each class of positions may be subdivided, and classes may be grouped and ranked in such manner as the director considers appropriate.~~

(c) The director periodically shall:

(1) review the positions in state civil service; and

(2) **except as provided in subsection (e)**, reallocate the positions to the proper classes based on the duties and responsibilities of the positions at the time of the review under subdivision (1).

(d) Upon request by the budget director under IC 4-13-2-18(k), the



1 director shall:

2 (1) review permanent full-time positions which have been vacant
3 for, **in the case of the department of child services, one**
4 **hundred twenty (120) days, and, in the case of any other state**
5 **agency, ninety (90) days; and**

6 (2) either:

7 (A) reallocate a vacant position to the proper class based on
8 the duties and responsibilities of the position at the time of the
9 review under subdivision (1); or

10 (B) eliminate the position from state civil service.

11 **(e) The director may carry out the reallocation of positions with**
12 **the department of child services under subsection (c)(2) only after**
13 **receiving a final proposal for the reallocation of positions from the**
14 **director of the department of child services.**

15 SECTION 5. IC 4-15-2.2-30, AS ADDED BY P.L.229-2011,
16 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2026]: Sec. 30. **(a) Except as provided in subsection (b),** an
18 application for employment may be rejected if the department
19 determines that the applicant:

20 ~~(1) lacks any of the required qualifications;~~

21 ~~(2) is incapable of performing the essential functions of the~~
22 ~~position that the applicant is seeking;~~

23 ~~(3) (1) has been convicted of a crime;~~

24 ~~(4) (2) has been dismissed from the public service;~~

25 ~~(5) (3) has made a false statement of a material fact; or~~

26 ~~(6) (4) committed or attempted to commit a fraud or deception in~~
27 ~~connection with submitting an application or attempting to secure~~
28 ~~an appointment to the state civil service.~~

29 **(b) An appointing authority may waive application of this**
30 **section in writing if the written waiver is signed by the appointing**
31 **authority and submitted to the department.**

32 SECTION 6. IC 4-15-2.2-36, AS ADDED BY P.L.229-2011,
33 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2026]: Sec. 36. (a) In cooperation with appointing authorities,
35 the director shall establish, and may periodically amend:

36 (1) the standards of performance for employees;

37 **(2) in the case of employees of any state agency except for the**
38 **department of child services, the expected outcomes for**
39 **employees; and**

40 (3) a system of service ratings based upon the standards described
41 in subdivisions (1) and (2).

42 (b) Employee performance standards and expected outcomes must



be specific, measurable, achievable, relevant to the strategic objective of the employee's state agency or state institution, and time sensitive. **Performance standards and expected outcomes must be approved by an agency's appointing authority.**

(c) Each employee at all levels of the state civil service shall be held accountable for participating in the process of establishing the standards, outcomes, and ratings described in this section.

(d) Each appointing authority shall, at periodic intervals (but at least annually), make, and report to the director, service ratings for the employees in the appointing authority's division of the service. ~~As requested by the director, the appointing authority shall provide the information on which the appointing authority relied in determining a service rating.~~

(e) Service ratings may be used as follows:

(1) To determine salary increases and decreases within the limits established by law and by the pay plan developed under section 27 of this chapter.

(2) As a factor in making promotions.

(3) As a means of discovering employees:

(A) who are candidates for promotion or transfer; or

(B) who, because of a low service rating, are candidates for demotion or dismissal.

SECTION 7. IC 4-15-2.2-40, AS ADDED BY P.L.229-2011, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 40. (a) ~~An~~ **The appointing authority of each state agency** has the authority to lay off or furlough employees or to reduce hours of employment for any of the following reasons:

(1) Lack of funds.

(2) A reduction in spending authorization.

(3) Lack of work.

(4) Efficiency.

(b) The appointing authority **of each state agency** has the authority to determine the extent, effective dates, and length of a layoff, furlough, or reduction in hours taken under subsection (a).

~~(c) The appointing authority shall determine the classifications affected and the number of employees laid off in each classification and county to which a layoff applies.~~

~~(d)~~ (c) In determining a layoff, the appointing authority **must** consider all employees under the same appointing authority, within the classification affected, and within the county affected, and consider service ratings first. Thereafter, consideration may be given to **may** consider, in no particular order, the following relevant factors:



- (1) Disciplinary record.
- (2) Knowledge, skill, and ability.
- (3) Seniority.

(4) Service ratings.

SECTION 8. IC 4-15-2.2-41, AS ADDED BY P.L.229-2011, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 41. (a) **This section does not apply to a former employee of the department of child services.**

(b) As used in this section, "state seniority" means the length of an employee's unbroken, continuous state employment.

~~(b)~~ **(c)** A former employee in the state civil service system has a right of recall to the classification from which the employee was laid off. Recall rights under this section are to positions under the same appointing authority and in the same or a contiguous county from which a former employee was laid off.

~~(c)~~ **(d)** A former employee must assert in a timely manner the claim of entitlement to recall in response to the official posting of a vacancy.

~~(d)~~ **(e)** A recall under this section is contingent upon the former employee having the knowledge, skill, and ability to perform the duties of the position for which the former employee is applying.

~~(e)~~ **(f)** The appointing authority shall recall former employees in the order of the employees' service ratings. In the event of a tie in service ratings, the right to recall is determined by state seniority. If there is a tie in state seniority, the former employee with the highest number comprised of the last four (4) digits of the employee's Social Security number is the employee recalled.

~~(f)~~ **(g)** The right to recall under this section expires on the earlier of:

- (1) one (1) year after date the employee is laid off; or
- (2) the date the employee is reemployed in a permanent position.

~~(g)~~ **(h)** For state seniority purposes, an employee who becomes reemployed within one (1) year after the date the employee is laid off is considered to have unbroken, continuous state employment, except that the time that the employee spent in out-of-pay status as a result of the layoff must be deducted from the employee's total seniority.

SECTION 9. IC 31-25-2-2 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 2: The director may employ necessary personnel to carry out the department's responsibilities subject to:~~

- ~~(1) the budget agency's approval under IC 4-12-1-13; and~~
- ~~(2) IC 4-15-2.2.~~

