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HOUSE BILL 10-1119

BY REPRESENTATIVE(S) Ferrandino, Carroll T., Court, Fischer, Gagliardi, Hullinghorst, Kerr A., Labuda, Levy, Merrifield, Middleton, Pace, Pommer, Primavera, Rice, Scanlan, Schafer S., Solano, Todd, Weissmann, Casso, Curry, Frangas, Kefalas, King S., Lambert, Ryden, Vaad, Vigil, Massey, Miklosi;
also SENATOR(S) Shaffer B., Boyd, Steadman, Newell.

CONCERNING THE PROCESS BY WHICH THE STATE ANNUALLY ALLOCATES
MONEYS FOR ITS BUDGET AND, IN CONNECTION THEREWITH,
ANTICIPATING THE RECEIPT OF FEDERAL FUNDS TO BE USED
THEREFOR.

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

SECTION 1. Short title. This act shall be known and may be cited as the "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act".

SECTION 2. 2-3-203, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to read:

2-3-203. Powers and duties of the joint budget committee - repeal. (2) IF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

STATE GOVERNMENT AS SPECIFIED IN SECTION 24-1-110, C.R.S., SUBMITS A PLAN APPROVED BY THE OFFICE OF STATE PLANNING AND BUDGETING TO IMPROVE BUDGETARY EFFICIENCY OR ADMINISTRATIVE FLEXIBILITY BY RECOMMENDING LINE ITEM CONSOLIDATION IN THE ANNUAL GENERAL APPROPRIATION ACT, THE COMMITTEE SHALL CONSIDER SUCH PLAN FOR RECOMMENDATION TO THE GENERAL ASSEMBLY.

(3) AFTER PASSAGE OF THE ANNUAL GENERAL APPROPRIATION ACT, IN PREPARING ANY LETTER TO THE GOVERNOR WITH REQUESTS FOR INFORMATION, THE COMMITTEE SHALL PRIORITIZE SUCH REQUESTS IN THE LETTER.

SECTION 3. Part 2 of article 7 of title 2, Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

PART 2
PERFORMANCE-BASED BUDGETING PROGRAM

2-7-201. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) IT IS IMPORTANT THAT STATE GOVERNMENT BE ACCOUNTABLE AND TRANSPARENT IN SUCH A WAY THAT THE GENERAL PUBLIC CAN UNDERSTAND THE VALUE RECEIVED FOR THE TAX DOLLARS SPENT BY THE STATE;

(b) THE ABILITY TO ASSESS DEPARTMENTS IN THEIR PROGRESS IN ACHIEVING PERFORMANCE-BASED GOALS WILL LEAD TO IMPROVEMENTS IN SERVICES RENDERED, INCREASED EFFICIENCY IN PROGRAM ADMINISTRATION, AS WELL AS TRANSPARENCY;

(c) DEPARTMENTS SHOULD BE HELD ACCOUNTABLE FOR THE PROGRAMS AND SERVICES THEY DELIVER IN ACCORDANCE WITH CLEARLY DEFINED PERFORMANCE-BASED GOALS;

(d) IN THE PROCESS OF PERFORMANCE-BASED BUDGETING, THE HEAD OF EACH PRINCIPAL DEPARTMENT SHOULD INCLUDE IN THE DEPARTMENT'S STRATEGIC PLAN A THOUGHTFUL CONSIDERATION OF ALL MAJOR FUNCTIONS OF STATE GOVERNMENT MANAGED BY EACH PRINCIPAL DEPARTMENT IN AN

EFFORT TO PROPERLY PRIORITIZE SUCH MAJOR FUNCTIONS.

(e) PERFORMANCE MEASURES FOR EVALUATING PERFORMANCE-BASED GOALS SHOULD BE INTEGRATED INTO THE STATE PLANNING AND BUDGETING PROCESS;

(f) PERFORMANCE-BASED GOALS, PERFORMANCE MEASURES, AND PERFORMANCE EVALUATION METHODOLOGY SHOULD BE DEVELOPED WITH THE INPUT OF THE GENERAL ASSEMBLY, EMPLOYEES OF DEPARTMENTS, AND ANY CERTIFIED EMPLOYEE ORGANIZATIONS;

(g) PERFORMANCE-BASED BUDGETING WILL BE MORE USEFUL AND RELIABLE FOR THE GENERAL ASSEMBLY AND THE PUBLIC IF PERFORMANCE AUDITS OF THE DEPARTMENTS ARE COMPLETED; AND

(h) DEPARTMENTS NEED STATUTORY AUTHORITY AND FLEXIBILITY TO USE THEIR RESOURCES IN THE BEST POSSIBLE WAY TO BETTER SERVE THE PEOPLE OF COLORADO THROUGH THE EFFECTIVE ADMINISTRATION AND DELIVERY OF GOVERNMENTAL PROGRAMS AND SERVICES.

2-7-202. Definitions. AS USED IN THIS PART 2, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "COMMITTEE OF REFERENCE" MEANS THE HOUSE OR SENATE COMMITTEE OF REFERENCE THAT IS ASSIGNED TO REVIEW THE PRIMARY FUNCTIONS AND RESPONSIBILITIES OF A DEPARTMENT AS SPECIFIED IN SECTION 2-7-203.

(2) "DEPARTMENT" MEANS THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, THE OFFICE OF THE CHILD'S REPRESENTATIVE, AND THE PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT AS SPECIFIED IN SECTION 24-1-110, C.R.S., INCLUDING ANY DIVISION, OFFICE, AGENCY, OR OTHER UNIT CREATED WITHIN A PRINCIPAL DEPARTMENT.

(3) "JOINT BUDGET COMMITTEE" MEANS THE JOINT BUDGET COMMITTEE ESTABLISHED IN SECTION 2-3-201.

(4) "LEGISLATIVE AUDIT COMMITTEE" MEANS THE LEGISLATIVE AUDIT COMMITTEE CREATED IN SECTION 2-3-101 (1).

(5) "OFFICE OF ALTERNATE DEFENSE COUNSEL" MEANS THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S.

(6) "OFFICE OF STATE PLANNING AND BUDGETING" MEANS THE OFFICE OF STATE PLANNING AND BUDGETING CREATED IN SECTION 24-37-102, C.R.S.

(7) "OFFICE OF STATE PUBLIC DEFENDER" MEANS THE OFFICE OF STATE PUBLIC DEFENDER CREATED IN SECTION 21-1-101, C.R.S.

(8) "OFFICE OF THE CHILD'S REPRESENTATIVE" MEANS THE OFFICE OF THE CHILD'S REPRESENTATIVE CREATED IN SECTION 13-91-104, C.R.S.

(9) "PERFORMANCE-BASED GOAL" MEANS A BROAD POLICY-ORIENTED GOAL THAT INDICATES TO THE PUBLIC AND MEMBERS OF THE GENERAL ASSEMBLY THE INTENDED PURPOSE OF A DEPARTMENT AND ITS PROGRAMS AND SERVICES, WITH SECONDARY GOALS OF REALIZING COST SAVINGS TO THE STATE AND SAVING TAXPAYERS' MONEY. A "PERFORMANCE-BASED GOAL" SHOULD LEAD TO INCREASED EFFICIENCY AND SUSTAINABILITY AND SHOULD ALLOW FOR LONG-RANGE PLANNING, INCLUDING COLLABORATION AMONG THE VARIOUS DEPARTMENTS. A "PERFORMANCE-BASED GOAL" SHOULD RECOGNIZE PREVENTIVE EFFORTS THAT RESULT IN LONG-TERM COST-EFFECTIVENESS AND SHOULD ENCOURAGE INVESTMENT IN EFFECTIVE STRATEGIES THAT LEAD TO POSITIVE AND MEASURABLE OUTCOMES.

(10) "PERFORMANCE EVALUATION" MEANS AN ANNUAL REVIEW OF A DEPARTMENT'S OUTCOMES AS COMPARED TO ITS BENCHMARKS STATED IN ITS PERFORMANCE MEASURES. THE PERFORMANCE EVALUATION SHALL BE CONDUCTED BY THE DEPARTMENT.

(11) "PERFORMANCE MEASURE" MEANS A QUANTITATIVE OR QUALITATIVE INDICATOR USED TO ASSESS A DEPARTMENT'S PROGRESS TOWARD PERFORMANCE-BASED GOALS USING BENCHMARKS WITHIN THE DEPARTMENT. PERFORMANCE MEASURES SHOULD BE REASONABLY UNDERSTANDABLE TO THE PUBLIC AND DEVELOPED WITH THE INPUT OF DEPARTMENT EMPLOYEES AND ANY CERTIFIED EMPLOYEE ORGANIZATIONS. A PERFORMANCE MEASURE SHALL BE INDEXED TO A BASELINE AND SHALL SPECIFY THE PERIOD OVER WHICH SUCCESSFUL PERFORMANCE SHALL BE MEASURED. FOR PURPOSES OF THIS SUBSECTION (8), "BASELINE" MEANS

EITHER THE FIRST YEAR OF PERFORMANCE MEASURES RECORDED IN A DEPARTMENT'S STRATEGIC PLAN FOR THE 2010-11 STATE FISCAL YEAR THAT WAS SUBMITTED TO THE GENERAL ASSEMBLY IN NOVEMBER 2009 OR THE FIRST YEAR NEW PERFORMANCE MEASURES ARE RECORDED SUBSEQUENT TO THE 2010-11 STATE FISCAL YEAR.

(12) "STATE AUDITOR" MEANS THE STATE AUDITOR DESCRIBED IN SECTION 2-3-102.

(13) (a) "STRATEGIC PLAN" MEANS A DOCUMENT PREPARED BY A DEPARTMENT THAT SHOWS THE IMPACT OF MANAGEMENT STRATEGIES AND FUNDING AND LINKS FUNDING IN THE DEPARTMENT'S BUDGET TO THE RESULTS OF THAT FUNDING. THE STRATEGIC PLAN SERVES AS AN OVERARCHING GUIDE TO A DEPARTMENT'S CORE FUNCTIONS AND AS A TOOL TO EVALUATE PERFORMANCE-BASED GOALS OVER TIME.

(b) A STRATEGIC PLAN SHALL INCLUDE THE FOLLOWING COMPONENTS, WHICH MAY BE FURTHER DEFINED BY THE OFFICE OF STATE PLANNING AND BUDGETING IN INSTRUCTIONS IT SHALL ANNUALLY PUBLISH:

(I) THE DEPARTMENT'S FIVE-YEAR MISSION OR VISION;

(II) PERFORMANCE-BASED GOALS THAT CORRESPOND TO THE DEPARTMENT'S MISSION OR VISION;

(III) PERFORMANCE MEASURES THAT CORRESPOND TO THE PERFORMANCE-BASED GOALS;

(IV) STRATEGIES TO MEET THE PERFORMANCE-BASED GOALS; AND

(V) A PERFORMANCE EVALUATION.

2-7-203. Departmental presentations to legislative committees of reference. (1) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE SHALL ASSIGN EACH DEPARTMENT TO A HOUSE AND SENATE COMMITTEE OF REFERENCE FOR THEIR RESPECTIVE HOUSES. IN MAKING THE ASSIGNMENTS, THE SPEAKER AND THE PRESIDENT SHALL ENSURE THAT THE PRIMARY FUNCTIONS AND RESPONSIBILITIES OF THE DEPARTMENT ARE WITHIN THE SUBJECT MATTER JURISDICTION OF THE COMMITTEES OF REFERENCE TO WHICH IT IS ASSIGNED.

(2) (a) (I) EACH COMMITTEE OF REFERENCE SHALL CONDUCT HEARINGS DURING THE FIRST FIFTEEN DAYS OF EACH LEGISLATIVE SESSION, DURING WHICH HEARINGS THE COMMITTEE SHALL HEAR A PRESENTATION FROM EACH DEPARTMENT THAT IS ASSIGNED TO SUCH COMMITTEE PURSUANT TO SUBSECTION (1) OF THIS SECTION AND SHALL ALLOW TIME FOR PUBLIC TESTIMONY REGARDING EACH SUCH DEPARTMENT PRESENTATION.

(II) (A) FOR THE FIRST REGULAR SESSION OF THE SIXTY-EIGHTH GENERAL ASSEMBLY, EACH HEARING SHALL INCLUDE A PRESENTATION BY THE EXECUTIVE DIRECTOR OF EACH DEPARTMENT, OR THE EXECUTIVE DIRECTOR'S DESIGNEE, REGARDING THE DEPARTMENT'S PROGRESS TOWARD CREATING A STRATEGIC PLAN REQUIRED PURSUANT TO SECTION 2-7-204 (1) (a).

(B) COMMENCING WITH THE SECOND REGULAR SESSION OF THE SIXTY-EIGHTH GENERAL ASSEMBLY AND DURING EACH REGULAR SESSION THEREAFTER, EACH HEARING SHALL INCLUDE A PRESENTATION BY THE EXECUTIVE DIRECTOR OF EACH DEPARTMENT, OR THE EXECUTIVE DIRECTOR'S DESIGNEE, OF THE DEPARTMENT'S STRATEGIC PLAN REQUIRED PURSUANT TO SECTION 2-7-204 (1) (a), A REVIEW OF THE DEPARTMENT'S PERFORMANCE-BASED GOALS AND PERFORMANCE MEASURES, AND A REPORT ON THE ACTUAL OUTCOMES WITH AN EXPLANATION OF ANY PARTICULAR SUCCESSES OR FAILURES.

(III) (A) COMMENCING WITH THE SECOND REGULAR SESSION OF THE SIXTY-EIGHTH GENERAL ASSEMBLY, AND DURING EACH REGULAR SESSION THEREAFTER, THE CHAIR OF EACH COMMITTEE OF REFERENCE SHALL ASSIGN TWO MEMBERS OF THE COMMITTEE, ONE FROM EACH MAJOR POLITICAL PARTY, TO SERVE AS LIAISONS WITH THE DEPARTMENTS ASSIGNED TO THEIR COMMITTEE OF REFERENCE REGARDING THE PERFORMANCE-BASED BUDGETING PROCESS, FOR THE PURPOSE OF TRACKING PERFORMANCE-BASED GOALS, PERFORMANCE MEASURES, AND PERFORMANCE EVALUATIONS.

(B) COMMENCING WITH THE SECOND REGULAR SESSION OF THE SIXTY-EIGHTH GENERAL ASSEMBLY, AND DURING EACH REGULAR SESSION THEREAFTER, THE CHAIR OF THE JOINT BUDGET COMMITTEE SHALL ASSIGN ONE MEMBER OF THE JOINT BUDGET COMMITTEE TO SERVE AS A LIAISON FOR EACH DEPARTMENT. THE JOINT BUDGET COMMITTEE LIAISON SHALL WORK WITH THE LIAISONS ASSIGNED PURSUANT TO SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (III) TO INFORM THE COMMITTEE OF REFERENCE

REGARDING THE DEPARTMENT'S PROGRESS.

(C) THE EXECUTIVE DIRECTOR OF EACH DEPARTMENT, OR THE EXECUTIVE DIRECTOR'S DESIGNEE, AND ANY APPROPRIATE STAFF OF THE DEPARTMENT SHALL WORK WITH THE LIAISONS AS NECESSARY.

(b) THE HEARINGS MAY BE HELD JOINTLY BY THE HOUSE AND SENATE COMMITTEES OF REFERENCE. A DEPARTMENT MAY MAKE THE PRESENTATION REQUIRED BY THIS SUBSECTION (2) IN CONJUNCTION WITH ANY HEARING OR OTHER GENERAL PRESENTATION THAT THE DEPARTMENT MAKES BY THE FIFTEENTH LEGISLATIVE DAY TO THE SAME COMMITTEE OF REFERENCE PURSUANT TO LAW OR LEGISLATIVE RULE.

(c) ALL LOCAL GOVERNMENT ENTITIES ARE ENCOURAGED TO ATTEND THE HEARINGS DESCRIBED IN THIS SUBSECTION (2) TO PROVIDE TESTIMONY OR TO SUBMIT AN OFFICIAL POSITION LETTER TO THE COMMITTEES OF REFERENCE REGARDING ANY LOCAL IMPACT OF A DEPARTMENT'S STRATEGIC PLAN DEVELOPED PURSUANT TO SECTION 2-7-204 (1) (a).

(d) PRIOR TO THE COMMENCEMENT OF THE SECOND REGULAR SESSION OF THE SIXTY-EIGHTH GENERAL ASSEMBLY AND PRIOR TO THE COMMENCEMENT OF EACH LEGISLATIVE SESSION THEREAFTER, EACH COMMITTEE OF REFERENCE MAY HOLD MEETINGS OUTSIDE OF THE DENVER METRO AREA TO HEAR PUBLIC TESTIMONY REGARDING LEGISLATIVE PRIORITIES AND THE DEPARTMENT'S STRATEGIC PLAN REQUIRED PURSUANT TO SECTION 2-7-204 (1) (a). IF A COMMITTEE OF REFERENCE WISHES TO HOLD SUCH MEETINGS, PERMISSION FOR INCURRING ANY EXPENSES FOR WHICH REIMBURSEMENT MAY BE CLAIMED SHALL BE SOUGHT AS SPECIFIED IN SECTION 2-2-307 (4) PRIOR TO SCHEDULING ANY SUCH MEETINGS.

2-7-204. Performance-based budgeting - program description.

(1) (a) COMMENCING WITH THE STATE BUDGET PROCESS FOR THE STATE FISCAL YEAR 2012-13, AND THE STATE BUDGET PROCESS FOR EACH STATE FISCAL YEAR THEREAFTER, EACH DEPARTMENT SHALL DEVELOP A STRATEGIC PLAN.

(b) EACH DEPARTMENT'S STRATEGIC PLAN SHALL BE POSTED ON THE OFFICIAL WEB SITES OF THE DEPARTMENT AND THE OFFICE OF STATE PLANNING AND BUDGETING. THE STATE TREASURER, THE ATTORNEY GENERAL, THE SECRETARY OF STATE, THE STATE COURT ADMINISTRATOR FOR

THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE SHALL ENSURE THE OFFICE OF STATE PLANNING AND BUDGETING RECEIVES THE INFORMATION REQUIRED TO BE POSTED ON THE OFFICE OF STATE PLANNING AND BUDGETING'S WEBSITE PURSUANT TO THIS PARAGRAPH (b). THE OFFICE OF STATE PLANNING AND BUDGETING SHALL NOT HAVE ACCESS TO EDIT ANY INFORMATION PROVIDED BY THE STATE TREASURER, THE ATTORNEY GENERAL, THE SECRETARY OF STATE, THE STATE COURT ADMINISTRATOR FOR THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, OR THE OFFICE OF THE CHILD'S REPRESENTATIVE.

(2) EACH DEPARTMENT SHALL PRESENT ITS STRATEGIC PLAN TO THE ASSIGNED COMMITTEES OF REFERENCE AS SPECIFIED IN SECTION 2-7-203(2).

(3) (a) (I) FOR EACH DEPARTMENT EXCEPT THE DEPARTMENT OF STATE, THE DEPARTMENT OF THE TREASURY, THE DEPARTMENT OF LAW, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE, WITHIN THIRTY DAYS AFTER THE PRESENTATION SPECIFIED IN SECTION 2-7-203 (2) (a) (II) (B), EACH COMMITTEE OF REFERENCE SHALL PROVIDE TO THE DEPARTMENT ANY WRITTEN RECOMMENDATIONS REGARDING THE STRATEGIC PLAN, PERFORMANCE-BASED GOALS, AND PERFORMANCE MEASURES PRESENTED BY THE DEPARTMENT AND SHALL PROVIDE A COPY OF THE WRITTEN RECOMMENDATIONS TO THE OFFICE OF STATE PLANNING AND BUDGETING.

(II) FOR THE DEPARTMENTS OF STATE, TREASURY, AND LAW, AND FOR THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE, WITHIN THIRTY DAYS AFTER THE PRESENTATION SPECIFIED IN SECTION 2-7-203 (2) (a) (II) (B), EACH COMMITTEE OF REFERENCE SHALL PROVIDE TO THE SECRETARY OF STATE, STATE TREASURER, ATTORNEY GENERAL, THE STATE COURT ADMINISTRATOR, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE, RESPECTIVELY, ANY WRITTEN RECOMMENDATIONS REGARDING THE STRATEGIC PLAN, PERFORMANCE-BASED GOALS, AND PERFORMANCE MEASURES PRESENTED BY SUCH DEPARTMENT OR BRANCH.

(b) EACH DEPARTMENT MAY IMPLEMENT THE RECOMMENDATIONS, IF ANY, IN THE FOLLOWING STATE FISCAL YEAR'S STRATEGIC PLAN. IF ANY RECOMMENDATIONS WERE NOT IMPLEMENTED, THE DEPARTMENT SHALL PROVIDE A WRITTEN EXPLANATION NO LATER THAN THE FIFTH DAY OF THE LEGISLATIVE SESSION OF THAT FISCAL YEAR.

(4) (a) PRIOR TO THE FIRST REGULAR SESSION OF THE SIXTY-NINTH GENERAL ASSEMBLY, THE STATE AUDITOR SHALL, WITHIN EXISTING RESOURCES, CONDUCT OR CAUSE TO BE CONDUCTED PERFORMANCE AUDITS OF ONE OR MORE SPECIFIC PROGRAMS OR SERVICES IN AT LEAST TWO DEPARTMENTS, AND SHALL CONTINUE TO CONDUCT OR CAUSE TO BE CONDUCTED PERFORMANCE AUDITS OF ONE OR MORE SPECIFIC PROGRAMS OR SERVICES IN AT LEAST TWO DEPARTMENTS ANNUALLY THEREAFTER SO AS TO AUDIT ALL DEPARTMENTS IN A NINE-YEAR CYCLE.

(b) IN SELECTING BOTH DEPARTMENTS AND SPECIFIC PROGRAMS OR SERVICES WITHIN THOSE DEPARTMENTS FOR PERFORMANCE AUDITS, THE STATE AUDITOR SHALL CONSIDER RISK, AUDIT COVERAGE, RESOURCES REQUIRED TO CONDUCT THE PERFORMANCE AUDITS, AND THE IMPACT OF THE AUDITED PROGRAMS OR SERVICES ON A DEPARTMENT'S PERFORMANCE-BASED GOALS.

(c) PERFORMANCE AUDITS OF THE PROGRAMS OR SERVICES SELECTED FOR AUDIT MAY INCLUDE, BUT SHALL NOT BE LIMITED TO, THE REVIEW OF THE FOLLOWING:

(I) THE INTEGRITY OF THE PERFORMANCE MEASURES AUDITED;

(II) THE ACCURACY AND VALIDITY OF REPORTED RESULTS; AND

(III) THE OVERALL COST AND EFFECTIVENESS OF THE AUDITED PROGRAMS OR SERVICES IN ACHIEVING LEGISLATIVE INTENT AND THE DEPARTMENTS' PERFORMANCE-BASED GOALS.

(d) THE STATE AUDITOR SHALL PRESENT THE PERFORMANCE AUDIT REPORT TO THE LEGISLATIVE AUDIT COMMITTEE.

(e) AFTER THE PERFORMANCE AUDIT REPORT IS RELEASED BY THE LEGISLATIVE AUDIT COMMITTEE, THE STATE AUDITOR SHALL PRESENT THE PERFORMANCE AUDIT REPORT OF THOSE DEPARTMENTS WITH SERVICES OR

PROGRAMS AUDITED IN THE PREVIOUS YEAR TO THE APPROPRIATE COMMITTEES OF REFERENCE WITHIN THE FIRST FIFTEEN DAYS OF THE LEGISLATIVE SESSION. THE STATE AUDITOR SHALL ALSO PRESENT ANY OTHER AUDIT REPORTS THAT HE OR SHE DEEMS RELEVANT FOR THE COMMITTEE OF REFERENCE'S REVIEW. THE STATE AUDITOR'S PRESENTATION MAY OCCUR AT THE SAME TIME THAT THE APPLICABLE DEPARTMENT PRESENTS ITS STRATEGIC PLAN TO THE COMMITTEE OF REFERENCE AS SPECIFIED IN SECTION 2-7-203 (2) (a) (II) (B).

(f) THE OFFICE OF THE STATE AUDITOR SHALL ENSURE THAT NONE OF THE COSTS OF THE AUDITS DESCRIBED IN THIS SUBSECTION (4) SHALL BE BORNE BY THE DEPARTMENTS.

(5)(a)(I) COMMENCING WITH THE SECOND REGULAR SESSION OF THE SIXTY-EIGHTH GENERAL ASSEMBLY, AND DURING EACH REGULAR SESSION THEREAFTER, EACH COMMITTEE OF REFERENCE SHALL CONSIDER THE STRATEGIC PLAN PREPARED BY EACH ASSIGNED DEPARTMENT, THE PRESENTATION OF THE STRATEGIC PLAN AS SPECIFIED IN SUBSECTION (2) OF THIS SECTION, ANY PUBLIC TESTIMONY REGARDING DEPARTMENT PRESENTATIONS HEARD AS SPECIFIED IN SECTION 2-7-203 (2) (a), ANY LOCAL IMPACT OF A DEPARTMENT'S STRATEGIC PLAN AS PRESENTED OR SUBMITTED BY ANY LOCAL GOVERNMENT ENTITY AS SPECIFIED IN SECTION 2-7-203 (2) (c), ANY PUBLIC TESTIMONY THE COMMITTEES OF REFERENCE MAY HAVE RECEIVED AS A RESULT OF ANY MEETINGS HELD BY THE COMMITTEES OF REFERENCE OUTSIDE OF THE DENVER METRO AREA AS ALLOWED IN SECTION 2-7-203 (2) (d), AND ANY PERFORMANCE AUDIT OF A DEPARTMENT PERFORMED PURSUANT TO SUBSECTION (4) OF THIS SECTION AND MAY REPORT TO THE JOINT BUDGET COMMITTEE AS SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (a) ITS RECOMMENDED PRIORITIES FOR EACH DEPARTMENT OR ANY RECOMMENDED CHANGES SUBJECT TO THE LIMIT SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (5).

(II) AFTER THE COMPLETION OF A DEPARTMENT'S PRESENTATION OF ITS STRATEGIC PLAN AND THE PRESENTATION OF THE STATE AUDITOR'S PERFORMANCE AUDIT REPORT TO THE COMMITTEE OF REFERENCE, BUT NO LATER THAN THE TWENTY-FIFTH DAY OF THE LEGISLATIVE SESSION, THE COMMITTEE OF REFERENCE SHALL HOLD A JOINT HEARING WITH THE JOINT BUDGET COMMITTEE. THE JOINT HEARING MAY INCLUDE A PRESENTATION BY THE COMMITTEE OF REFERENCE OF ANY RECOMMENDATIONS DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a). THE JOINT BUDGET

COMMITTEE MAY TAKE THE COMMITTEE OF REFERENCE RECOMMENDATIONS INTO ACCOUNT IN PREPARING THE ANNUAL GENERAL APPROPRIATION ACT. THE JOINT BUDGET COMMITTEE SHALL REPORT BACK TO THE COMMITTEES OF REFERENCE EITHER THROUGH A PRESENTATION OR IN WRITING ITS REASONING FOR FOLLOWING OR NOT FOLLOWING THE COMMITTEE OF REFERENCE'S RECOMMENDATIONS DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

(b) THE AMOUNT OF ANY COMMITTEE OF REFERENCE RECOMMENDATION FOR A DEPARTMENT SHALL NOT EXCEED THE AMOUNT OF THE DEPARTMENT'S NOVEMBER 1 REQUEST FOR THE UPCOMING STATE FISCAL YEAR.

2-7-205. Annual performance report. (1) (a) ON DECEMBER 1, 2012, AND EACH DECEMBER 1 THEREAFTER, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL PUBLISH AN ANNUAL PERFORMANCE REPORT FOR EACH DEPARTMENT EXCEPT THE DEPARTMENT OF STATE, THE DEPARTMENT OF THE TREASURY, THE DEPARTMENT OF LAW, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE. THE ANNUAL PERFORMANCE REPORT SHALL INCLUDE A SUMMARY OF EACH DEPARTMENT'S STRATEGIC PLAN. THE ANNUAL PERFORMANCE REPORT SHALL BE CLEARLY WRITTEN AND EASILY UNDERSTOOD AND SHALL BE LIMITED TO A MAXIMUM OF FOUR PAGES PER DEPARTMENT.

(b) ON DECEMBER 1, 2012, AND EACH DECEMBER 1 THEREAFTER, THE DEPARTMENT OF STATE, THE DEPARTMENT OF THE TREASURY, THE DEPARTMENT OF LAW, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE SHALL EACH PUBLISH AN ANNUAL PERFORMANCE REPORT INCLUDING A SUMMARY OF ITS STRATEGIC PLAN. THE ANNUAL PERFORMANCE REPORTS SHALL BE CLEARLY WRITTEN AND EASILY UNDERSTOOD AND SHALL EACH BE LIMITED TO A MAXIMUM OF FOUR PAGES.

(2) (a) THE ANNUAL PERFORMANCE REPORTS SHALL BE POSTED ON THE OFFICIAL WEB SITES OF THE STATE OF COLORADO AND THE OFFICE OF THE GOVERNOR. THE ANNUAL PERFORMANCE REPORTS SHALL INCLUDE A HYPERLINK TO EACH DEPARTMENT'S STRATEGIC PLAN POSTED ON THE OFFICIAL WEB SITE OF EACH DEPARTMENT PURSUANT TO SECTION 2-7-204(1)

(b).

(b) THE ANNUAL PERFORMANCE REPORTS SHALL BE DISTRIBUTED TO ALL MEMBERS OF THE GENERAL ASSEMBLY PURSUANT TO SECTION 24-1-136 (9), C.R.S., FOR MEMBERS TO USE TO MAKE DECISIONS RELATED TO THE ANNUAL GENERAL APPROPRIATION ACT.

SECTION 4. 2-3-101 (3), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

2-3-101. Legislative audit committee - membership - meetings - powers and duties. (3) It is the function of the committee:

(h) TO REVIEW THE ACTIVITIES AND REPORTS OF THE STATE AUDITOR RELATED TO PERFORMANCE AUDITS HE OR SHE IS REQUIRED TO CONDUCT OR CAUSE TO BE CONDUCTED PURSUANT TO SECTION 2-3-103 (9).

SECTION 5. 2-3-103, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

2-3-103. Duties of state auditor. (9) IT IS THE DUTY OF THE STATE AUDITOR TO CONDUCT OR CAUSE TO BE CONDUCTED PERFORMANCE AUDITS AS SPECIFIED IN SECTION 2-7-204 (4).

SECTION 6. 24-34-101 (13), Colorado Revised Statutes, is amended to read:

24-34-101. Department created - executive director. (13) The executive director shall include in the presentation to the legislative committee of reference pursuant to ~~section 2-7-201~~ SECTION 2-7-203, C.R.S., the number of confidential letters of concern issued in the twelve months prior to the presentation by the director of the division of registrations and any board pursuant to title 12, C.R.S.

SECTION 7. 24-37-103 (1) (d), Colorado Revised Statutes, is amended to read:

24-37-103. Director - duties. (1) The director shall:

(d) ~~Assist state agencies in complying with, and the joint budget~~

~~committee in administering, the provisions of section 2-3-207, C.R.S., concerning a zero-base budgeting program review~~ PUBLISH AN ANNUAL PERFORMANCE REPORT AS SPECIFIED IN SECTION 2-7-205, C.R.S.;

SECTION 8. 24-37-302, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

24-37-302. Responsibilities of the office of state planning and budgeting. (3) (a) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE DIRECTOR OF THE OFFICE OF STATE PLANNING AND BUDGETING SHALL REQUIRE THAT ALL STATE AGENCY BUDGET SUBMISSIONS BE DISTRIBUTED IN AN ELECTRONIC FORMAT EITHER BY DELIVERY OF A COMPACT DISC OR BY THE SENDING OF AN ELECTRONIC NOTIFICATION THAT INCLUDES AN ATTACHED BUDGET SUBMISSION OR A HYPERLINK TO THE WEB SITE WHERE THE BUDGET SUBMISSION IS POSTED.

(b) THE DEPARTMENT OF STATE, THE DEPARTMENT OF THE TREASURY, THE DEPARTMENT OF LAW, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER, THE OFFICE OF ALTERNATE DEFENSE COUNSEL, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE SHALL USE THE STATE AGENCY BUDGET SUBMISSIONS DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (3) AS A GUIDELINE FOR THE SUBMISSION OF THEIR BUDGETS TO THE JOINT BUDGET COMMITTEE.

SECTION 9. 24-37.5-105, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

24-37.5-105. Office - responsibilities - rules. (11) (a) BY NOVEMBER 1, 2010, THE OFFICE SHALL CONDUCT A FEASIBILITY AND REQUIREMENTS STUDY TO DETERMINE THE COST TO BUILD AN ELECTRONIC BUDGETING SYSTEM FOR THE STATE.

(b) THE ELECTRONIC BUDGETING SYSTEM SHOULD, AT MINIMUM:

(I) ALLOW ACCESS BY THE PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT, AS SPECIFIED IN SECTION 24-1-110, THE LEGISLATIVE BRANCH AGENCIES, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER CREATED IN SECTION 21-1-101, C.R.S., THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S., AND THE OFFICE OF THE CHILD'S REPRESENTATIVE

CREATED IN SECTION 13-91-104, C.R.S., THE OFFICE OF STATE PLANNING AND BUDGETING, AND THE JOINT BUDGET COMMITTEE STAFF;

(II) ALLOW FOR THE CONFIDENTIAL DEVELOPMENT OF THE GOVERNOR'S ANNUAL BUDGET REQUEST AND THE ANNUAL BUDGET REQUESTS OF THE LEGISLATIVE BRANCH AGENCIES, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER CREATED IN SECTION 21-1-101, C.R.S., THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S., AND THE OFFICE OF THE CHILD'S REPRESENTATIVE CREATED IN SECTION 13-91-104, C.R.S.;

(III) ALLOW FOR THE CONFIDENTIAL ELECTRONIC COMMUNICATION OF BUDGET REQUESTS FROM EACH PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT TO THE OFFICE OF STATE PLANNING AND BUDGETING;

(IV) ALLOW FOR THE ELECTRONIC COMMUNICATION OF THE GOVERNOR'S ANNUAL BUDGET REQUEST AND THE ANNUAL BUDGET REQUESTS OF THE LEGISLATIVE BRANCH AGENCIES, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER CREATED IN SECTION 21-1-101, C.R.S., THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S., AND THE OFFICE OF THE CHILD'S REPRESENTATIVE CREATED IN SECTION 13-91-104, C.R.S., TO THE JOINT BUDGET COMMITTEE STAFF;

(V) ALLOW THE OFFICE OF STATE PLANNING AND BUDGETING TO CONFIDENTIALLY EDIT AND FINALIZE THE BUDGET REQUESTS OF THE PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT;

(VI) ALLOW THE JOINT BUDGET COMMITTEE STAFF TO VIEW THE FINAL VERSION OF THE GOVERNOR'S ANNUAL BUDGET REQUESTS AND THE BUDGET REQUESTS OF THE LEGISLATIVE BRANCH AGENCIES, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER CREATED IN SECTION 21-1-101, C.R.S., THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S., AND THE OFFICE OF THE CHILD'S REPRESENTATIVE CREATED IN SECTION 13-91-104, C.R.S.;

(VII) INCLUDE SECURITY FEATURES THAT LOCK CERTAIN USERS FROM ACCESSING THE SYSTEM AT CERTAIN POINTS DURING THE BUDGET

PREPARATION CYCLE;

(VIII) ALLOW THE JOINT BUDGET COMMITTEE STAFF TO USE THE SYSTEM TO TRACK SUPPLEMENTAL APPROPRIATION BILLS, THE ANNUAL GENERAL APPROPRIATION ACT, AND ANY SUBSTANTIVE BUDGET LEGISLATION BEING CONSIDERED BY THE GENERAL ASSEMBLY; AND

(IX) ALLOW THE OFFICE OF STATE PLANNING AND BUDGETING TO USE THE SYSTEM TO TRACK SUPPLEMENTAL APPROPRIATION BILLS, THE ANNUAL GENERAL APPROPRIATION ACT, AND ANY SUBSTANTIVE BUDGET LEGISLATION BEING CONSIDERED FOR SIGNATURE BY THE GOVERNOR.

(c) THE FEASIBILITY AND REQUIREMENTS STUDY SHOULD ALSO ASSESS THE COST AND FEASIBILITY TO IMPLEMENT THE FOLLOWING POTENTIAL SYSTEM COMPONENTS:

(I) A WEB-BASED INTERFACE THAT WILL ALLOW THE PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT TO UPLOAD AND SUBMIT BUDGET DOCUMENTS AND REQUESTS TO THE OFFICE OF STATE PLANNING AND BUDGETING;

(II) A WEB-BASED INTERFACE THAT WILL ALLOW THE LEGISLATIVE BRANCH AGENCIES, THE JUDICIAL DEPARTMENT, THE OFFICE OF STATE PUBLIC DEFENDER CREATED IN SECTION 21-1-101, C.R.S., THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S., AND THE OFFICE OF THE CHILD'S REPRESENTATIVE CREATED IN SECTION 13-91-104, C.R.S., TO UPLOAD AND SUBMIT BUDGET DOCUMENTS AND REQUESTS TO THE JOINT BUDGET COMMITTEE STAFF;

(III) THE ABILITY TO PRODUCE A DRAFT AND FINAL ANNUAL GENERAL APPROPRIATION ACT BY THE JOINT BUDGET COMMITTEE STAFF;

(IV) COMPATIBILITY WITH THE JOINT BUDGET COMMITTEE'S CURRENT BUDGET PREPARATION SYSTEM; AND

(V) POTENTIAL INCORPORATION OF OR INTERACTION WITH OTHER STATE HUMAN RESOURCES AND FINANCIAL SYSTEMS FOR DATA COLLECTION AND TRACKING, INCLUDING BUT NOT LIMITED TO THE COLORADO FINANCIAL REPORTING SYSTEM.

(d) THE OFFICE SHALL PROVIDE A COPY OF ITS FEASIBILITY AND REQUIREMENTS STUDY TO THE JOINT BUDGET COMMITTEE NO LATER THAN NOVEMBER 15, 2010. THE OFFICE SHALL MAKE A REQUEST FOR FUNDING TO THE JOINT BUDGET COMMITTEE, IF NECESSARY, BY NOVEMBER 1, 2010.

SECTION 10. 24-75-108 (2) (a), (2) (b), (3) (a), (8), and (11), Colorado Revised Statutes, are amended to read:

24-75-108. Intradepartmental transfers between appropriations - repeal. (2) None of the following transfers shall be deemed to be between like purposes within the meaning of subsection (1) of this section:

(a) ~~Transfers from a nonpersonal services item into a personal services item; except that transfers from a nonpersonal services item into a personal services item shall be allowed for temporary personal services as provided in section 24-50-110 (1) (c);~~

(b) ~~Transfers from one program's personal services item to another program's personal services item;~~

(3) (a) ~~Transfers within a principal department from an operating expense item to a utilities item, from an operating expense item to a leased space item, or from a utilities item to a utilities item, which are made on or after May 1 and before the forty-fifth day after the close of each fiscal year; shall be deemed to be between like purposes within the meaning of subsection (1) of this section.~~

(8) The total amount of moneys transferred between items of appropriation made to principal departments of state government and to the office of the governor pursuant to this section, other than transfers within a principal department from an operating expense item to a utilities item, from a utilities item to an operating expense item pursuant to paragraph (b) of subsection (3) of this section, or from a utilities item to a utilities item, shall not exceed ~~two~~ FIVE million dollars.

(11) This section is repealed, effective ~~September 1, 2014~~ SEPTEMBER 1, 2020.

SECTION 11. 24-75-109 (1) (c), Colorado Revised Statutes, is amended to read:

24-75-109. Controller may allow expenditures in excess of appropriations - limitations - appropriations for subsequent fiscal year restricted - repeal. (1) For the purpose of closing the state's books, and subject to the provisions of this section, the controller may, on or after May 1 of any fiscal year and before the forty-fifth day after the close thereof, upon approval of the governor, allow any department, institution, or agency of the state, including any institution of higher education, to make an expenditure in excess of the amount authorized by an item of appropriation for such fiscal year if:

(c) The overexpenditure is for any purpose of a department, institution, or agency of the executive branch other than the department of human services, but the total of all overexpenditures allowed pursuant to this paragraph (c) shall not exceed ~~one~~ THREE million dollars in any fiscal year; or

SECTION 12. Repeal. 2-3-207, Colorado Revised Statutes, is repealed.

SECTION 13. Federal funds. The general assembly anticipates that, for the fiscal year beginning July 1, 2010, the office of the governor, for allocation to the office of information technology, will receive the sum of sixty-five thousand dollars (\$65,000) in federal funds for the implementation of this act. Although these funds are not appropriated in this act, they are noted for the purpose of indicating the assumptions used relative to these funds.

SECTION 14. Act subject to petition - effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part shall not take effect unless approved by the people at the general election to be held in November 2010

and shall take effect on the date of the official declaration of the vote thereon by the governor.

Terrance D. Carroll
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Brandon C. Shaffer
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Karen Goldman
SECRETARY OF
THE SENATE

APPROVED _____

Bill Ritter, Jr.
GOVERNOR OF THE STATE OF COLORADO