

First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0309.01 Esther van Mourik

HOUSE BILL 11-1212

HOUSE SPONSORSHIP

Tyler and Hulinghorst,

SENATE SPONSORSHIP

(None),

House Committees
State, Veterans, & Military Affairs

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE INCLUSION OF LEAN GOVERNMENT PRINCIPLES IN
102 THE PERFORMANCE-BASED BUDGETING PROCESS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Sections 1 to 3 of the bill allow a department to apply lean government principles in establishing performance-based goals for purposes of performance-based budgeting. The bill defines lean government principles as a continuous and rapid process improvement of state government that involves eliminating a department's nonvalue-added

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

processes, providing feedback on process improvements that have the purpose of increasing a department's efficiency and effectiveness, and measuring the outcomes of such improvements. The bill also states that if applied, a strategic plan must include a report regarding the application of lean government principles.

Section 4 of the bill requires that no later than January 1, 2012, the department of personnel must collaborate with the office of information technology to create and make available to all departments common templates and tools for the implementation of lean government principles.

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

2 **SECTION 1.** 2-7-201, Colorado Revised Statutes, is amended to
3 read:

4 **2-7-201. Legislative declaration.** (1) The general assembly
5 hereby finds and declares that:

6 (a) It is important that state government be accountable and
7 transparent in such a way that the general public can understand the value
8 received for the tax dollars spent by the state;

9 (b) The ability to assess departments in their progress in achieving
10 performance-based goals will lead to improvements in services rendered
11 AND increased efficiency in program administration, as well as
12 transparency;

13 (c) Departments should be held accountable for the programs and
14 services they deliver in accordance with clearly defined
15 performance-based goals;

16 (d) In the process of performance-based budgeting, the head of
17 each principal department should include in the department's strategic
18 plan a thoughtful consideration of all major functions of state government
19 managed by each principal department in an effort to properly prioritize
20 such major functions;

1 (e) LEAN GOVERNMENT PRINCIPLES CAN LEAD TO IMPORTANT AND
2 BENEFICIAL RESULTS AND MAY BE APPLIED IN THE PROCESS OF
3 PERFORMANCE-BASED BUDGETING;

4 (e) (f) Performance measures for evaluating performance-based
5 goals should be integrated into the state planning and budgeting process;

6 (f) (g) Performance-based goals, performance measures, and
7 performance evaluation methodology should be developed with the input
8 of the general assembly, employees of departments, and any certified
9 employee organizations;

10 (g) (h) Performance-based budgeting will be more useful and
11 reliable for the general assembly and the public if performance audits of
12 the departments are completed; and

13 (h) (i) Departments need statutory authority and flexibility to use
14 their resources in the best possible way to better serve the people of
15 Colorado through the effective administration and delivery of
16 governmental programs and services.

17 **SECTION 2.** 2-7-202 (9), Colorado Revised Statutes, is
18 amended, and the said 2-7-202 is further amended BY THE ADDITION
19 OF THE FOLLOWING NEW SUBSECTIONS, to read:

20 **2-7-202. Definitions.** As used in this part 2, unless the context
21 otherwise requires:

22 (3.5) "LEAN GOVERNMENT PRINCIPLES" MEANS A CONTINUOUS
23 AND RAPID PROCESS IMPROVEMENT OF STATE GOVERNMENT BY
24 ELIMINATING A DEPARTMENT'S NONVALUE-ADDED PROCESSES, PROVIDING
25 FEEDBACK ON PROCESS IMPROVEMENTS THAT HAVE THE PURPOSE OF
26 INCREASING A DEPARTMENT'S EFFICIENCY AND EFFECTIVENESS, AND
27 MEASURING THE OUTCOMES OF SUCH IMPROVEMENTS. "LEAN

1 GOVERNMENT PRINCIPLES" MAY INVOLVE SOME OR ALL OF THE FOLLOWING
2 STRATEGIES:

3 (a) THE DEVELOPMENT OF A PROCESS MAP OR VALUE STREAM MAP
4 THAT DESCRIBES THE PROCEDURES BY WHICH THE DEPARTMENT PRODUCES
5 VALUE;

6 (b) THE IMPLEMENTATION OF PLANNED RAPID IMPROVEMENTS IN
7 THE DEPARTMENT'S PROCESSES THAT WILL INCREASE VALUE OR DECREASE
8 STAFF TIME, INVENTORY, DEFECTS, OVERPRODUCTION, COMPLEXITY,
9 DELAYS, OR EXCESSIVE MOVEMENT;

10 (c) THE DEVELOPMENT OF TIMELINES FOR MAKING RAPID PROCESS
11 IMPROVEMENTS AS WELL AS PLANS FOR THE REALLOCATION OF
12 RESOURCES, REDUCTION OF EXPENDITURES, OR THE PRODUCTION OF
13 GREATER VALUE;

14 (d) THE INVOLVEMENT OF DEPARTMENT EMPLOYEES AT ALL
15 LEVELS IN MAPPING THE DEPARTMENT'S PROCESSES AND IN MAKING
16 RECOMMENDATIONS FOR IMPROVEMENTS, INCLUDING THE
17 DOCUMENTATION OF ALL RECOMMENDATIONS MADE BY DEPARTMENT
18 EMPLOYEES. THE INVOLVEMENT OF DEPARTMENT EMPLOYEES CLOSEST TO
19 THE CUSTOMER OR END USER OF THE STATE GOVERNMENT PRODUCT OR
20 SERVICE SHOULD BE OF PRIMARY IMPORTANCE.

21 (e) PROVIDING THE MEANS TO MEASURE EACH PROCESS IN ORDER
22 TO DEMONSTRATE THE EFFECTIVENESS OF EACH PROCESS OR PROCESS
23 IMPROVEMENT; AND

24 (f) THE TRAINING OF DEPARTMENT EMPLOYEES AS EXPERTS IN
25 LEAN GOVERNMENT PRINCIPLES FOR PURPOSES OF MENTORING AND
26 TRAINING OTHER DEPARTMENT EMPLOYEES.

27 (9) "Performance-based goal" means a broad policy-oriented goal

1 that indicates to the public and members of the general assembly the
2 intended purpose of a department and its programs and services, with
3 secondary goals of realizing cost savings to the state and saving taxpayers'
4 money. A "PERFORMANCE-BASED GOAL" MAY INCLUDE THE APPLICATION
5 OF LEAN GOVERNMENT PRINCIPLES. A "performance-based goal" should
6 lead to increased efficiency and sustainability and should allow for
7 long-range planning, including collaboration among the various
8 departments. A "performance-based goal" should recognize preventive
9 efforts that result in long-term cost-effectiveness and should encourage
10 investment in effective strategies that lead to positive and measurable
11 outcomes.

12 (11.5) "PROCESS MAP OR VALUE STREAM MAP" MEANS A GRAPH OR
13 OTHER VISUAL PRESENTATION THAT DESCRIBES THE STEPS INVOLVED IN
14 PRODUCING VALUE FROM BEGINNING TO END.

15 (14) "VALUE" MEANS A PRODUCT OR SERVICE THAT IS DELIVERED
16 DIRECTLY TO THE PUBLIC OR IN SUPPORT OF A PRODUCT OR SERVICE THAT
17 IS DELIVERED DIRECTLY TO THE PUBLIC AND MAY INCLUDE BUT IS NOT
18 LIMITED TO FORMS, LETTERS, REPORTS, INFORMATION, PAYMENTS,
19 COLLECTIONS, OR VALIDATIONS. "VALUE" ALSO INCLUDES SAVING THE
20 PUBLIC'S TIME OR MONEY.

21 **SECTION 3.** 2-7-202 (13), Colorado Revised Statutes, is
22 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

23 **2-7-202. Definitions.** As used in this part 2, unless the context
24 otherwise requires:

25 (13) (c) IF APPLIED, A STRATEGIC PLAN SHALL INCLUDE A REPORT
26 REGARDING THE APPLICATION OF LEAN GOVERNMENT PRINCIPLES.

27 **SECTION 4.** Part 2 of article 7 of title 2, Colorado Revised

1 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
2 read:

3 **2-7-206. Lean government principles - tools for**
4 **implementation.** NO LATER THAN JANUARY 1, 2012, THE EXECUTIVE
5 DIRECTOR OF THE DEPARTMENT OF PERSONNEL, OR HIS OR HER DESIGNEE,
6 SHALL COLLABORATE WITH THE CHIEF INFORMATION OFFICER OF THE
7 OFFICE OF INFORMATION TECHNOLOGY CREATED IN SECTION 24-37.5-103,
8 C.R.S., OR HIS OR HER DESIGNEE, TO CREATE AND MAKE AVAILABLE TO
9 ALL DEPARTMENTS COMMON TEMPLATES AND TOOLS FOR THE
10 IMPLEMENTATION OF LEAN GOVERNMENT PRINCIPLES BY USING THE
11 BUSINESS INTELLIGENCE PLATFORM AVAILABLE THROUGH THE OFFICE OF
12 INFORMATION TECHNOLOGY.

13 **SECTION 5. Safety clause.** The general assembly hereby finds,
14 determines, and declares that this act is necessary for the immediate
15 preservation of the public peace, health, and safety.