

**Second Regular Session  
Sixty-seventh General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 10-0057.01 Esther van Mourik

**HOUSE BILL 10-1119**

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**HOUSE SPONSORSHIP**

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**A BILL FOR AN ACT**

101 **CONCERNING THE PROCESS BY WHICH THE STATE ANNUALLY**  
102 **ALLOCATES MONEYS FOR ITS BUDGET.**

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**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>.)*

**Section 1** of the bill sets forth that the bill shall be known and may be cited as the "State Measurements for Accountable, Responsive, and Transparent (SMART) Government Act".

**Section 2** of the bill requires the joint budget committee (JBC) to consider for recommendation to the general assembly any report approved

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.*

by the office of state planning and budgeting from a department that suggests improved budgetary efficiency or administrative flexibility through line item consolidation in the annual general appropriation act. Section 2 also requires the JBC to prioritize requests for information in preparing any letter to the governor after passage of the annual general appropriation act.

**Section 3** of the bill repeals and reenacts provisions requiring departmental presentations to legislative committees of reference (committees). The new provisions mainly make changes to the part of the law that specifies what the presentations must include and, in addition, implement a new performance-based budgeting program to work in cooperation with the committees.

The new performance-based budgeting program includes the following:

- ! For the state budget process for the state fiscal year 2012-13, and the state budget process for each fiscal year thereafter, each principal department of the executive branch and the judicial branch of state government (department) must develop a strategic plan.
- ! Like the existing law, each department must make a presentation to the assigned committees. The bill also requires that:
  - ! During the legislative session commencing January 2011, the presentation must at least include a presentation regarding the department's progress toward creating a strategic plan.
  - ! During the legislative session commencing January 2012, and during each legislative session thereafter, the presentation must at least include a presentation of the department's strategic plan, a review of the department's performance-based goals and performance measures, and a report on the actual outcomes.
- ! During the legislative session commencing January 2012, and during each legislative session thereafter, each committee must assign 2 members, one from each party, as liaisons with their assigned departments regarding the performance-based budgeting process. During the same sessions, the chair of the JBC must also assign one member of the JBC to serve as a liaison to work with the committee liaisons.
- ! Within 30 days after the department presentation, each committee must provide any written recommendations to the department and to the office of state planning and budgeting. Each department may implement the

recommendations in the following state fiscal year's strategic plan. If recommendations were not implemented, the department shall provide the committee a written explanation no later than the fifth day of the legislative session of that fiscal year.

- ! Prior to the legislative session commencing in January 2013, the state auditor must conduct a performance audit of one or more specific programs or services in at least 2 departments and must continue to conduct performance audits of one or more specific programs or services in at least 2 departments annually to audit all departments in a 10-year cycle. Performance audits of the programs or services selected for audit may include, but are not limited to, a review of the integrity of the performance measures audited, the accuracy and validity of reported results, and the overall cost and effectiveness of the audited programs or services in achieving legislative intent and the department's performance-based goals. After presenting the performance audit to the legislative audit committee and obtaining permission for the report to be released, the state auditor must present the audit report to the appropriate committee within the first 15 days of the legislative session. The state auditor must also present any other audit reports that he or she deems relevant for the committee of reference's review.
- ! During the legislative session commencing January 2012, and during each legislative session thereafter, each committee must consider the department's strategic plan, its presentation of the plan, and any performance audit and must report to the JBC its recommendations for priorities or any changes. The recommendations made by the committee are limited to the department's November 1 budget request for the upcoming state fiscal year. The JBC may take the committee's recommendations into account in preparing the annual general appropriation act. The JBC must report back to the committees its reasoning for following or not following the committee's recommendations.
- ! Starting December 1, 2012, and each December 1 thereafter, the office of state planning and budgeting must publish an annual performance report. The annual performance report is a summary of each department's strategic plan. The report must be clearly written and easily understood, and limited in length. The report must be distributed to the members of the general assembly to

assist members in making decisions related to the annual general appropriation act.

**Sections 4 and 5** of the bill make adjustments to the duties of the legislative audit committee and the state auditor, respectively, to accommodate the requirements set forth in the bill.

**Sections 6 and 7** of the bill make conforming amendments.

**Section 8** of the bill requires the director of the office of state planning and budgeting to require that all state agency budget submissions be distributed in an electronic format.

**Section 9** of the bill deals with intradepartmental transfers between appropriations. Limits for such types of transfers have not been adjusted since 1994. Section 9 increases the statewide limit from \$2 million to \$5 million but does not change any other parts of the structured approval process or change limits for specific agencies. Section 9 also eliminates the prohibition from departments using the intradepartmental transfer authority to:

- ! Transfer dollars from a nonpersonal services line item (such as operating) into a personal services line item;
- ! Transfer dollars between personal services line items; and
- ! Transfer dollars from an operating line into a utilities line or lease space line, or between utility line items.

**Section 10** of the bill deals with the controller's authority to allow, upon approval of the governor, a department to make an expenditure in excess of the amount authorized in an appropriation. Current law limits such excess expenditures to \$1 million. Section 10 increases that amount to \$3 million.

**Section 11** of the bill repeals the statutory section requiring the implementation of a zero-base budgeting system for the state.

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

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

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

8           **2-3-203. Powers and duties of the joint budget committee -**  
9 **repeal.** (2) IF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF

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

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

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

14 **PART 2**

15 **PERFORMANCE-BASED BUDGETING PROGRAM**

16 **2-7-201. Legislative declaration.** (1) THE GENERAL ASSEMBLY  
17 HEREBY FINDS AND DECLARES THAT:

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

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

26 (c) DEPARTMENTS SHOULD BE HELD ACCOUNTABLE FOR THE  
27 PROGRAMS AND SERVICES THEY DELIVER IN ACCORDANCE WITH CLEARLY

1       DEFINED PERFORMANCE-BASED GOALS;

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

5           (e) PERFORMANCE-BASED GOALS, PERFORMANCE MEASURES, AND  
6       PERFORMANCE EVALUATION METHODOLOGY SHOULD BE DEVELOPED WITH  
7       THE INPUT OF THE GENERAL ASSEMBLY AND EMPLOYEES OF  
8       DEPARTMENTS;

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

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

16          **2-7-202. Definitions.** AS USED IN THIS PART 2, UNLESS THE  
17       CONTEXT OTHERWISE REQUIRES:

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

22          (2) "DEPARTMENT" MEANS THE JUDICIAL BRANCH AND THE  
23       PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE  
24       GOVERNMENT AS SPECIFIED IN SECTION 24-1-110, C.R.S., INCLUDING ANY  
25       DIVISION, OFFICE, AGENCY, OR OTHER UNIT CREATED WITHIN A PRINCIPAL  
26       DEPARTMENT.

27          (3) "JOINT BUDGET COMMITTEE" MEANS THE JOINT BUDGET

1 COMMITTEE ESTABLISHED IN SECTION 2-3-201.

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

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

7 (6) "PERFORMANCE-BASED GOAL" MEANS A BROAD  
8 POLICY-ORIENTED GOAL THAT INDICATES TO THE PUBLIC AND MEMBERS OF  
9 THE GENERAL ASSEMBLY THE INTENDED PURPOSE OF A DEPARTMENT AND  
10 ITS PROGRAMS AND SERVICES.

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

15 (8) "PERFORMANCE MEASURE" MEANS A QUANTITATIVE OR  
16 QUALITATIVE INDICATOR USED TO ASSESS A DEPARTMENT'S PROGRESS  
17 TOWARD PERFORMANCE-BASED GOALS USING BENCHMARKS WITHIN THE  
18 DEPARTMENT. PERFORMANCE MEASURES SHOULD BE REASONABLY  
19 UNDERSTANDABLE TO THE PUBLIC AND DEVELOPED WITH THE INPUT OF  
20 DEPARTMENT EMPLOYEES. A PERFORMANCE MEASURE SHALL BE INDEXED  
21 TO A BASELINE AND SHALL SPECIFY THE PERIOD OVER WHICH SUCCESSFUL  
22 PERFORMANCE SHALL BE MEASURED. FOR PURPOSES OF THIS SUBSECTION  
23 (8), "BASELINE" MEANS EITHER THE FIRST YEAR OF PERFORMANCE  
24 MEASURES RECORDED IN A DEPARTMENT'S STRATEGIC PLAN FOR THE  
25 2010-11 STATE FISCAL YEAR THAT WAS SUBMITTED TO THE GENERAL  
26 ASSEMBLY IN NOVEMBER 2009 OR THE FIRST YEAR NEW PERFORMANCE  
27 MEASURES ARE RECORDED SUBSEQUENT TO THE 2010-11 STATE FISCAL

1 YEAR.

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

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

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

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

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

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

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

20 (V) A PERFORMANCE EVALUATION.

21 **2-7-203. Departmental presentations to legislative committees**

22 **of reference.** (1) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND  
23 THE PRESIDENT OF THE SENATE SHALL ASSIGN EACH DEPARTMENT TO A  
24 HOUSE AND SENATE COMMITTEE OF REFERENCE FOR THEIR RESPECTIVE  
25 HOUSES. IN MAKING THE ASSIGNMENTS, THE SPEAKER AND THE PRESIDENT  
26 SHALL ENSURE THAT THE PRIMARY FUNCTIONS AND RESPONSIBILITIES OF  
27 THE DEPARTMENT ARE WITHIN THE SUBJECT MATTER JURISDICTION OF THE



1 COMMITTEES OF REFERENCE TO WHICH IT IS ASSIGNED.

2 (2) (a) (I) EACH COMMITTEE OF REFERENCE SHALL CONDUCT  
3 HEARINGS DURING THE FIRST FIFTEEN DAYS OF EACH LEGISLATIVE  
4 SESSION, DURING WHICH HEARINGS THE COMMITTEE SHALL HEAR A  
5 PRESENTATION FROM EACH DEPARTMENT THAT IS ASSIGNED TO SUCH  
6 COMMITTEE PURSUANT TO SUBSECTION (1) OF THIS SECTION.

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

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

22 (III) (A) COMMENCING WITH THE SECOND REGULAR SESSION OF  
23 THE SIXTY-EIGHTH GENERAL ASSEMBLY, AND DURING EACH REGULAR  
24 SESSION THEREAFTER, THE CHAIR OF EACH COMMITTEE OF REFERENCE  
25 SHALL ASSIGN TWO MEMBERS OF THE COMMITTEE, ONE FROM EACH MAJOR  
26 POLITICAL PARTY, TO SERVE AS LIAISONS WITH THE DEPARTMENTS  
27 ASSIGNED TO THEIR COMMITTEE OF REFERENCE REGARDING THE

1 PERFORMANCE-BASED BUDGETING PROCESS, FOR THE PURPOSE OF  
2 TRACKING PERFORMANCE-BASED GOALS, PERFORMANCE MEASURES, AND  
3 PERFORMANCE EVALUATIONS.

4 (B) COMMENCING WITH THE SECOND REGULAR SESSION OF THE  
5 SIXTY-EIGHTH GENERAL ASSEMBLY, AND DURING EACH REGULAR SESSION  
6 THEREAFTER, THE CHAIR OF THE JOINT BUDGET COMMITTEE SHALL ASSIGN  
7 ONE MEMBER OF THE JOINT BUDGET COMMITTEE TO SERVE AS A LIAISON  
8 FOR EACH DEPARTMENT. THE JOINT BUDGET COMMITTEE LIAISON SHALL  
9 WORK WITH THE LIAISONS ASSIGNED PURSUANT TO SUB-SUBPARAGRAPH  
10 (A) OF THIS SUBPARAGRAPH (III) TO INFORM THE COMMITTEE OF  
11 REFERENCE REGARDING THE DEPARTMENT'S PROGRESS.

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

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

21 **2-7-204. Performance-based budgeting - program description.**

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

26 (b) EACH DEPARTMENT'S STRATEGIC PLAN SHALL BE POSTED ON  
27 THE OFFICIAL WEB SITES OF THE DEPARTMENT AND THE OFFICE OF STATE

1 PLANNING AND BUDGETING.

2 (2) EACH DEPARTMENT SHALL PRESENT ITS STRATEGIC PLAN TO  
3 THE ASSIGNED COMMITTEES OF REFERENCE AS SPECIFIED IN SECTION  
4 2-7-203 (2).

5 (3) (a) WITHIN THIRTY DAYS AFTER THE PRESENTATION SPECIFIED  
6 IN SECTION 2-7-203 (2) (a) (II) (B), EACH COMMITTEE OF REFERENCE  
7 SHALL PROVIDE TO THE DEPARTMENT ANY WRITTEN RECOMMENDATIONS  
8 REGARDING THE STRATEGIC PLAN, PERFORMANCE-BASED GOALS, AND  
9 PERFORMANCE MEASURES PRESENTED BY THE DEPARTMENT AND SHALL  
10 PROVIDE A COPY OF THE WRITTEN RECOMMENDATIONS TO THE OFFICE OF  
11 STATE PLANNING AND BUDGETING.

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

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

25 (b) IN SELECTING BOTH DEPARTMENTS AND SPECIFIC PROGRAMS OR  
26 SERVICES WITHIN THOSE DEPARTMENTS FOR PERFORMANCE AUDITS, THE  
27 STATE AUDITOR SHALL CONSIDER RISK, AUDIT COVERAGE, RESOURCES

1 REQUIRED TO CONDUCT THE PERFORMANCE AUDITS, AND THE IMPACT OF  
2 THE AUDITED PROGRAMS OR SERVICES ON A DEPARTMENT'S  
3 PERFORMANCE-BASED GOALS.

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

- 7 (I) THE INTEGRITY OF THE PERFORMANCE MEASURES AUDITED;
- 8 (II) THE ACCURACY AND VALIDITY OF REPORTED RESULTS; AND
- 9 (III) THE OVERALL COST AND EFFECTIVENESS OF THE AUDITED  
10 PROGRAMS OR SERVICES IN ACHIEVING LEGISLATIVE INTENT AND THE  
11 DEPARTMENTS' PERFORMANCE-BASED GOALS.

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

14 (e) AFTER THE PERFORMANCE AUDIT REPORT IS RELEASED BY THE  
15 LEGISLATIVE AUDIT COMMITTEE, THE STATE AUDITOR SHALL PRESENT THE  
16 PERFORMANCE AUDIT REPORT OF THOSE DEPARTMENTS WITH SERVICES OR  
17 PROGRAMS AUDITED IN THE PREVIOUS YEAR TO THE APPROPRIATE  
18 COMMITTEES OF REFERENCE WITHIN THE FIRST FIFTEEN DAYS OF THE  
19 LEGISLATIVE SESSION. THE STATE AUDITOR SHALL ALSO PRESENT ANY  
20 OTHER AUDIT REPORTS THAT HE OR SHE DEEMS RELEVANT FOR THE  
21 COMMITTEE OF REFERENCE'S REVIEW. THE STATE AUDITOR'S  
22 PRESENTATION MAY OCCUR AT THE SAME TIME THAT THE APPLICABLE  
23 DEPARTMENT PRESENTS ITS STRATEGIC PLAN TO THE COMMITTEE OF  
24 REFERENCE AS SPECIFIED IN SECTION 2-7-203 (2) (a) (II) (B).

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

1           (5) (a) (I) COMMENCING WITH THE SECOND REGULAR SESSION OF  
2 THE SIXTY-EIGHTH GENERAL ASSEMBLY, AND DURING EACH REGULAR  
3 SESSION THEREAFTER, EACH COMMITTEE OF REFERENCE SHALL CONSIDER  
4 THE STRATEGIC PLAN PREPARED BY EACH ASSIGNED DEPARTMENT, THE  
5 PRESENTATION OF THE STRATEGIC PLAN AS SPECIFIED IN SUBSECTION (2)  
6 OF THIS SECTION, AND ANY PERFORMANCE AUDIT OF A DEPARTMENT  
7 PERFORMED PURSUANT TO SUBSECTION (4) OF THIS SECTION AND MAY  
8 REPORT TO THE JOINT BUDGET COMMITTEE AS SPECIFIED IN  
9 SUBPARAGRAPH (II) OF THIS PARAGRAPH (a) ITS RECOMMENDED  
10 PRIORITIES FOR EACH DEPARTMENT OR ANY RECOMMENDED CHANGES  
11 SUBJECT TO THE LIMIT SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION  
12 (5).

13           (II) AFTER THE COMPLETION OF A DEPARTMENT'S PRESENTATION  
14 OF ITS STRATEGIC PLAN AND THE PRESENTATION OF THE STATE AUDITOR'S  
15 PERFORMANCE AUDIT REPORT TO THE COMMITTEE OF REFERENCE, BUT NO  
16 LATER THAN THE TWENTY-FIFTH DAY OF THE LEGISLATIVE SESSION, THE  
17 COMMITTEE OF REFERENCE SHALL HOLD A JOINT HEARING WITH THE JOINT  
18 BUDGET COMMITTEE. THE JOINT HEARING MAY INCLUDE A PRESENTATION  
19 BY THE COMMITTEE OF REFERENCE OF ANY RECOMMENDATIONS  
20 DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a). THE JOINT  
21 BUDGET COMMITTEE MAY TAKE THE COMMITTEE OF REFERENCE  
22 RECOMMENDATIONS INTO ACCOUNT IN PREPARING THE ANNUAL GENERAL  
23 APPROPRIATION ACT. THE JOINT BUDGET COMMITTEE SHALL REPORT BACK  
24 TO THE COMMITTEES OF REFERENCE EITHER THROUGH A PRESENTATION OR  
25 IN WRITING ITS REASONING FOR FOLLOWING OR NOT FOLLOWING THE  
26 COMMITTEE OF REFERENCE'S RECOMMENDATIONS DESCRIBED IN  
27 SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

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

5 **2-7-205. Annual performance report by the office of state**  
6 **planning and budgeting.** (1) ON DECEMBER 1, 2012, AND EACH  
7 DECEMBER 1 THEREAFTER, THE OFFICE OF STATE PLANNING AND  
8 BUDGETING SHALL PUBLISH AN ANNUAL PERFORMANCE REPORT. THE  
9 ANNUAL PERFORMANCE REPORT SHALL INCLUDE A SUMMARY OF EACH  
10 DEPARTMENT'S STRATEGIC PLAN. THE ANNUAL PERFORMANCE REPORT  
11 SHALL BE CLEARLY WRITTEN AND EASILY UNDERSTOOD AND SHALL BE  
12 LIMITED TO A MAXIMUM OF FOUR PAGES PER DEPARTMENT.

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

19 (b) THE ANNUAL PERFORMANCE REPORT SHALL BE DISTRIBUTED TO  
20 ALL MEMBERS OF THE GENERAL ASSEMBLY PURSUANT TO SECTION  
21 24-1-136 (9), C.R.S., FOR MEMBERS TO USE TO MAKE DECISIONS RELATED  
22 TO THE ANNUAL GENERAL APPROPRIATION ACT.

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

25 **2-3-101. Legislative audit committee - membership - meetings**  
26 **- powers and duties.** (3) It is the function of the committee:

27 (h) TO REVIEW THE ACTIVITIES AND REPORTS OF THE STATE

1 AUDITOR RELATED TO PERFORMANCE AUDITS HE OR SHE IS REQUIRED TO  
2 CONDUCT OR CAUSE TO BE CONDUCTED PURSUANT TO SECTION 2-3-103  
3 (9).

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

6 **2-3-103. Duties of state auditor.** (9) IT IS THE DUTY OF THE  
7 STATE AUDITOR TO CONDUCT OR CAUSE TO BE CONDUCTED PERFORMANCE  
8 AUDITS AS SPECIFIED IN SECTION 2-7-204 (4).

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

11 **24-34-101. Department created - executive director.** (13) The  
12 executive director shall include in the presentation to the legislative  
13 committee of reference pursuant to ~~section 2-7-201~~ SECTION 2-7-203,  
14 C.R.S., the number of confidential letters of concern issued in the twelve  
15 months prior to the presentation by the director of the division of  
16 registrations and any board pursuant to title 12, C.R.S.

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

19 **24-37-103. Director - duties.** (1) The director shall:  
20 (d) ~~Assist state agencies in complying with, and the joint budget~~  
21 ~~committee in administering, the provisions of section 2-3-207, C.R.S.,~~  
22 ~~concerning a zero-base budgeting program review~~ PUBLISH AN ANNUAL  
23 PERFORMANCE REPORT AS SPECIFIED IN SECTION 2-7-205, C.R.S.;

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

26 **24-37-302. Responsibilities of the office of state planning and**  
27 **budgeting.** (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO

1 THE CONTRARY, THE DIRECTOR OF THE OFFICE OF STATE PLANNING AND  
2 BUDGETING SHALL REQUIRE THAT ALL STATE AGENCY BUDGET  
3 SUBMISSIONS BE DISTRIBUTED IN AN ELECTRONIC FORMAT EITHER BY  
4 DELIVERY OF A COMPACT DISC OR BY THE SENDING OF AN ELECTRONIC  
5 NOTIFICATION THAT INCLUDES AN ATTACHED BUDGET SUBMISSION OR A  
6 HYPERLINK TO THE WEB SITE WHERE THE BUDGET SUBMISSION IS POSTED.

7 **SECTION 9.** 24-75-108 (2) (a), (2) (b), (3) (a), (8), and (11),  
8 Colorado Revised Statutes, are amended to read:

9 **24-75-108. Intradepartmental transfers between**  
10 **appropriations - repeal.** (2) None of the following transfers shall be  
11 deemed to be between like purposes within the meaning of subsection (1)  
12 of this section:

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

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

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

25 (8) The total amount of moneys transferred between items of  
26 appropriation made to principal departments of state government and to  
27 the office of the governor pursuant to this section, other than transfers



1 within a principal department from an operating expense item to a utilities  
2 item, from a utilities item to an operating expense item pursuant to  
3 paragraph (b) of subsection (3) of this section, or from a utilities item to  
4 a utilities item, shall not exceed ~~two~~ FIVE million dollars.

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

7 **SECTION 10.** 24-75-109 (1) (c), Colorado Revised Statutes, is  
8 amended to read:

9 **24-75-109. Controller may allow expenditures in excess of**  
10 **appropriations - limitations - appropriations for subsequent fiscal**  
11 **year restricted - repeal.** (1) For the purpose of closing the state's books,  
12 and subject to the provisions of this section, the controller may, on or  
13 after May 1 of any fiscal year and before the forty-fifth day after the close  
14 thereof, upon approval of the governor, allow any department, institution,  
15 or agency of the state, including any institution of higher education, to  
16 make an expenditure in excess of the amount authorized by an item of  
17 appropriation for such fiscal year if:

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

23 **SECTION 11. Repeal.** 2-3-207, Colorado Revised Statutes, is  
24 repealed.

25 **SECTION 12. Act subject to petition - effective date.** This act  
26 shall take effect at 12:01 a.m. on the day following the expiration of the  
27 ninety-day period after final adjournment of the general assembly (August

1 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a  
2 referendum petition is filed pursuant to section 1 (3) of article V of the  
3 state constitution against this act or an item, section, or part of this act  
4 within such period, then the act, item, section, or part shall not take effect  
5 unless approved by the people at the general election to be held in  
6 November 2010 and shall take effect on the date of the official  
7 declaration of the vote thereon by the governor.