

HOUSE BILL 13-1299

BY REPRESENTATIVE(S) Ferrandino, Buckner, Court, Exum, Fields, Fischer, Garcia, Gerou, Ginal, Hamner, Hullinghorst, Kraft-Tharp, Labuda, Lebsock, Lee, May, Melton, Mitsch Bush, Moreno, Pabon, Primavera, Rosenthal, Ryden, Salazar, Singer, Tyler, Vigil, Williams, Young, Kagan; also SENATOR(S) Steadman.

CONCERNING CHANGES TO THE "STATE MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART) GOVERNMENT ACT" OF 2010, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, **repeal and reenact**, **with amendments**, part 2 of article 7 of title 2 as follows:

PART 2 STATE MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART) GOVERNMENT ACT

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

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

- (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) STATE GOVERNMENT AGENCIES SHOULD OPERATE UNDER A PERFORMANCE MANAGEMENT PHILOSOPHY IN WHICH EMPLOYEES FOCUS ON TAXPAYER AND CUSTOMER SERVICE, UNDERPINNED BY THE CONSTANT GOAL OF ACHIEVING OPERATIONAL EXCELLENCE;
- (c) The ability of the general public, the general assembly, the governor, and state departments to assess departments' progress in achieving performance goals will lead to improvements in services rendered and increased efficiency in program administration, as well as transparency;
- (d) THE ANNUAL BUDGET PROCESS SHOULD SERVE AS PART OF A PERFORMANCE MANAGEMENT SYSTEM TO INCENTIVIZE CONTINUOUS PROCESS IMPROVEMENT IN THE SERVICES DELIVERED TO CUSTOMERS AND TAXPAYERS;
- (e) A SYSTEM OF CONTINUOUS PROCESS IMPROVEMENT IS A CRITICAL AND NECESSARY COMPONENT OF A PERFORMANCE MANAGEMENT PHILOSOPHY;
- (f) Measures for evaluating the performance of state departments should be integrated into a formal state planning process;
- (g) A PERFORMANCE MANAGEMENT SYSTEM 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) "COLORADO COMMISSION ON CRIMINAL AND JUVENILE JUSTICE" MEANS THE COLORADO COMMISSION ON CRIMINAL AND JUVENILE JUSTICE CREATED IN SECTION 16-11.3-102, C.R.S.
- (2) "COLORADO COMMISSION ON HIGHER EDUCATION" MEANS THE COLORADO COMMISSION ON HIGHER EDUCATION CREATED IN SECTION 23-1-102, C.R.S.
- (3) "COLORADO ENERGY OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101, C.R.S.
- (4) "CONTINUOUS PROCESS IMPROVEMENT SYSTEM" MEANS A SYSTEM BASED ON LEAN GOVERNMENT PRINCIPLES OR ANOTHER WIDELY ACCEPTED BUSINESS PROCESS IMPROVEMENT SYSTEM BY WHICH A DEPARTMENT ENGAGES IN SPECIFIC ACTIVITIES THAT HAVE THE PURPOSE OF INCREASING EFFICIENCY AND ELIMINATING WASTE IN THE PROCESSES USED TO DELIVER GOODS AND SERVICES TO TAXPAYERS AND CUSTOMERS OF STATE GOVERNMENT. A "CONTINUOUS PROCESS IMPROVEMENT SYSTEM" INCLUDES MEASURING THE OUTCOMES OF SUCH IMPROVEMENTS AND MAY INVOLVE SOME OR ALL OF THE FOLLOWING STRATEGIES:
- (a) THE DEVELOPMENT OF A PROCESS MAP THAT DESCRIBES THE PROCEDURES BY WHICH A DEPARTMENT PRODUCES GOODS OR SERVES ITS CUSTOMERS;
- (b) SPECIFIC ACTIVITIES TO RAPIDLY IMPROVE A DEPARTMENT'S PROCESSES THAT WILL INCREASE VALUE OR DECREASE STAFF TIME, INVENTORY, DEFECTS, OVERPRODUCTION, COMPLEXITY, DELAYS, OR EXCESSIVE MOVEMENT;
- (c) THE INVOLVEMENT OF DEPARTMENT EMPLOYEES AT ALL LEVELS IN MAPPING A DEPARTMENT'S PROCESSES AND IN MAKING RECOMMENDATIONS FOR IMPROVEMENTS, WITH SPECIFIC IMPORTANCE PLACED ON THE INVOLVEMENT OF DEPARTMENT EMPLOYEES CLOSEST TO THE CUSTOMER OR END USER OF THE STATE GOVERNMENT PRODUCT OR SERVICE;
- (d) Providing the means to measure each process in order to demonstrate the effectiveness of each process or process improvement; and

- (e) THE TRAINING OF DEPARTMENT EMPLOYEES FOR PURPOSES OF MENTORING AND TRAINING OTHER DEPARTMENT EMPLOYEES IN CONTINUOUS PROCESS IMPROVEMENT METHODOLOGIES.
- (5) (a) "Department" means the judicial department, the office of state public defender, the office of alternate defense counsel, the office of the child's representative, the public employees' retirement association, the Colorado energy office, the office of economic development, 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.
- (b) For purposes of the requirements of section 2-7-203 (4), "Department" means 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.
- (6) "DEPARTMENTAL REGULATORY AGENDA" MEANS A DOCUMENT PREPARED BY EACH PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT AND SUBMITTED TO THE GENERAL ASSEMBLY AND MADE AVAILABLE TO THE PUBLIC AS DESCRIBED IN SECTION 2-7-203 (4). THE "DEPARTMENTAL REGULATORY AGENDA" CONTAINS THE FOLLOWING INFORMATION:
- (a) A LIST OF NEW RULES OR REVISIONS TO EXISTING RULES THAT THE DEPARTMENT EXPECTS TO PROPOSE IN THE NEXT CALENDAR YEAR;
- (b) The statutory or other basis for adoption of the proposed rules;
 - (c) THE PURPOSE OF THE PROPOSED RULES;
 - (d) THE CONTEMPLATED SCHEDULE FOR ADOPTION OF THE RULES;
- (e) AN IDENTIFICATION AND LISTING OF PERSONS OR PARTIES THAT MAY BE AFFECTED POSITIVELY OR NEGATIVELY BY THE RULES; AND
 - (f) COMMENCING WITH DEPARTMENTAL REGULATORY AGENDAS

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SUBMITTED ON AND AFTER NOVEMBER 1, 2013, A LIST AND BRIEF SUMMARY OF ALL PERMANENT AND TEMPORARY RULES ACTUALLY ADOPTED SINCE THE PREVIOUS DEPARTMENTAL REGULATORY AGENDA WAS FILED.

- (7) "JOINT BUDGET COMMITTEE" MEANS THE JOINT BUDGET COMMITTEE ESTABLISHED IN SECTION 2-3-201.
- (8) "LEGISLATIVE AUDIT COMMITTEE" MEANS THE LEGISLATIVE AUDIT COMMITTEE CREATED IN SECTION 2-3-101 (1).
- (9) "LEGISLATIVE COUNCIL" OR "EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL" MEANS THE LEGISLATIVE COUNCIL OR EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL CREATED IN SECTION 2-3-301.
- (10) "OFFICE OF ALTERNATE DEFENSE COUNSEL" MEANS THE OFFICE OF ALTERNATE DEFENSE COUNSEL CREATED IN SECTION 21-2-101, C.R.S.
- (11) "OFFICE OF ECONOMIC DEVELOPMENT" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-38.5-101, C.R.S.
- (12) "OFFICE OF STATE PLANNING AND BUDGETING" MEANS THE OFFICE OF STATE PLANNING AND BUDGETING CREATED IN SECTION 24-37-102, C.R.S.
- (13) "Office of state public defender" means the office of state public defender created in section 21-1-101, C.R.S.
- (14) "Office of the Child's representative" means the office of the Child's representative created in Section 13-91-104, C.R.S.
- (15) "PERFORMANCE EVALUATION" MEANS A REGULAR REVIEW OF A DEPARTMENT'S OUTCOMES AS COMPARED TO ITS PUBLISHED PERFORMANCE GOALS. THE PERFORMANCE EVALUATION SHALL BE BASED ON ACTUAL HISTORICAL INFORMATION.
- (16) "PERFORMANCE GOAL" MEANS A SPECIFIC, QUANTIFIABLE GOAL RELATED TO A PERFORMANCE MEASURE ADOPTED BY A DEPARTMENT.
 - (17) "PERFORMANCE MANAGEMENT SYSTEM" MEANS A FORMAL

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- (18) "PERFORMANCE MEASURE" MEANS A QUANTITATIVE INDICATOR USED TO ASSESS THE OPERATIONAL PERFORMANCE OF A DEPARTMENT PURSUANT TO A PUBLISHED PERFORMANCE PLAN. A PERFORMANCE MEASURE SHOULD APPLY TO ACTIVITIES DIRECTLY UNDER THE INFLUENCE OF A DEPARTMENT AND SHOULD DEMONSTRATE THE DEPARTMENT'S EFFICIENCY AND EFFECTIVENESS IN DELIVERING GOODS OR SERVICES TO CUSTOMERS AND TAXPAYERS. PERFORMANCE MEASURES SHOULD BE REASONABLY UNDERSTANDABLE TO THE PUBLIC.
- (19) "PERFORMANCE PLAN" MEANS A DOCUMENT PREPARED BY A DEPARTMENT AS PART OF A PERFORMANCE MANAGEMENT SYSTEM. A PERFORMANCE PLAN MUST INCORPORATE THE IMPACT OF MANAGEMENT STRATEGIES AND CONTINUOUS PROCESS IMPROVEMENT ACTIVITIES ON THE COSTS AND EFFICIENCY OF DELIVERING GOODS AND SERVICES TO TAXPAYERS AND CUSTOMERS OF STATE GOVERNMENT.
- (20) "PROCESS MAP" MEANS A WRITTEN OR VISUAL PRESENTATION THAT DESCRIBES THE STEPS INVOLVED IN PRODUCING A PRODUCT OR SERVICE FROM BEGINNING TO END.
- (21) "PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION" MEANS THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION CREATED IN ARTICLE 51 OF TITLE 24, C.R.S.
- (22) "STATE AUDITOR" MEANS THE STATE AUDITOR DESCRIBED IN SECTION 2-3-102.
- 2-7-203. Departmental presentations to legislative committees of reference departmental regulatory agendas. (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) EACH JOINT COMMITTEE OF REFERENCE SHALL CONDUCT

HEARINGS AS SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (2) DURING THE INTERIM BETWEEN LEGISLATIVE SESSIONS BETWEEN NOVEMBER 1 AND THE COMMENCEMENT OF THE FOLLOWING REGULAR LEGISLATIVE SESSION, DURING WHICH HEARINGS THE JOINT COMMITTEE SHALL HEAR A PRESENTATION FROM EACH DEPARTMENT THAT IS ASSIGNED TO SUCH COMMITTEE PURSUANT TO SUBSECTION (1) OF THIS SECTION REGARDING:

- (I) THE DEPARTMENT'S PERFORMANCE PLAN DEVELOPED PURSUANT TO SECTION 2-7-204 (3);
- (II) THE DEPARTMENT'S REGULATORY AGENDA REQUIRED PURSUANT TO SUBSECTION (4) OF THIS SECTION; AND
- (III) THE DEPARTMENT'S BUDGET REQUEST AND ASSOCIATED LEGISLATIVE AGENDA FOR THE UPCOMING REGULAR LEGISLATIVE SESSION.
- (b) IN THE PERIOD SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (2), EACH JOINT COMMITTEE OF REFERENCE MUST MEET:
 - (I) AT LEAST ONCE IN EVERY EVEN-NUMBERED YEAR; AND
 - (II) AT LEAST TWICE IN EVERY ODD-NUMBERED YEAR.
- (c) EACH JOINT COMMITTEE OF REFERENCE SHALL ALLOW TIME FOR PUBLIC TESTIMONY REGARDING EACH SUCH DEPARTMENT PRESENTATION.
- (d) The Colorado commission on criminal and juvenile justice shall present a progress report on any recommendations the commission anticipates will be made for the upcoming legislative session and any finalized recommendations for the upcoming legislative session to the joint judiciary committee of reference during the hearings specified in paragraph (a) of this subsection (2).
- (3) (a) THE CHAIR OF EACH JOINT COMMITTEE OF REFERENCE SHALL ASSIGN TWO MEMBERS OF THE JOINT COMMITTEE, ONE FROM EACH MAJOR POLITICAL PARTY, TO SERVE AS LIAISONS WITH THE DEPARTMENTS ASSIGNED TO THEIR JOINT COMMITTEE OF REFERENCE REGARDING THE DEPARTMENT'S PERFORMANCE MANAGEMENT SYSTEM AND PERFORMANCE PLAN.

- (b) 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 paragraph (a) of this subsection (3) to inform the joint committee of reference regarding the department's performance management system and performance plan.
- (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.
- (4) ON NOVEMBER 1, 2013, AND EACH NOVEMBER 1 THEREAFTER, EACH DEPARTMENT SHALL FILE A DEPARTMENTAL REGULATORY AGENDA WITH THE STAFF OF THE LEGISLATIVE COUNCIL, WHO SHALL DISTRIBUTE THE DEPARTMENTAL REGULATORY AGENDA TO THE APPLICABLE COMMITTEE OF REFERENCE PRIOR TO THE DEPARTMENTAL PRESENTATIONS TO THE COMMITTEE OF REFERENCE. ON NOVEMBER 1, 2013, AND EACH NOVEMBER 1 THEREAFTER, EACH DEPARTMENT SHALL ALSO POST ITS DEPARTMENTAL REGULATORY AGENDA ON THE DEPARTMENT'S WEB SITE AND SHALL SUBMIT ITS DEPARTMENTAL REGULATORY AGENDA TO THE SECRETARY OF STATE FOR PUBLICATION IN THE COLORADO REGISTER.
- (5) ALLLOCAL GOVERNMENT ENTITIES ARE ENCOURAGED TO ATTEND THE HEARINGS DESCRIBED IN SUBSECTION (2) OF THIS SECTION TO PROVIDE TESTIMONY OR TO SUBMIT AN OFFICIAL POSITION LETTER TO THE JOINT COMMITTEES OF REFERENCE REGARDING ANY LOCAL IMPACT OF A DEPARTMENT'S PERFORMANCE MANAGEMENT SYSTEM AND PERFORMANCE PLAN.
- 2-7-204. Performance management systems. (1) (a) No Later than August 1, 2013, and no later than August 1 of each year thereafter, the governor shall publish the components of the performance management system for managing the principal departments of the executive branch of state government, except the department of state, the department of the treasury, and the department of law. The performance management system must be published in instructions issued by the office of state planning and budgeting. The instructions must be posted on the official web site administered by the office of state planning and budgeting.

- (b) No later than August 1, 2013, and no later than August 1 of each year thereafter, the judicial department shall publish the components of the performance management system for managing the judicial branch through instructions issued by the office of the state court administrator. These instructions must be posted on the official web site administrator by the judicial branch.
- (c) No later than August 1, 2013, and no later than August 1 of each year thereafter, the department of state, the department of the treasury, the department of law, the office of state public defender, the office of alternate defense counsel, the Colorado energy office, the office of economic development, and the office of the child's representative shall each publish their components of the performance management systems for their respective department, office, or commission. These instructions must be posted on the official web sites administered by the respective departments, offices, and commissions.
- (2) (a) Any performance management system published pursuant to subsection (1) of this section must address, among other strategic goals and priorities that are consistent with the charge of each department, strategies for enhancing productivity, improving efficiency, reducing costs, and eliminating waste in the processes and operations that deliver goods and services to taxpayers and customers of state government. At a minimum, the performance management system must establish parameters for the development of performance plans for each department. A performance management system should incorporate a continuous process improvement system based on lean government principles or another widely accepted business process improvement system.
- (b) A PERFORMANCE MANAGEMENT SYSTEM SHOULD INCLUDE ELEMENTS TO ENSURE THAT A DEPARTMENT'S EMPLOYEES ARE APPROPRIATELY TRAINED TO IMPLEMENT ITS VARIOUS COMPONENTS.
- (3) (a) (I) Except as provided in subparagraphs (II) and (III) of this paragraph (a), no later than July 1, 2014, and no later than July 1 of each year thereafter, each department shall develop a

PERFORMANCE PLAN IN ACCORDANCE WITH THE PERFORMANCE MANAGEMENT SYSTEM AND SUBMIT THAT PLAN TO THE JOINT BUDGET COMMITTEE AND THE APPROPRIATE JOINT COMMITTEE OF REFERENCE AS DETERMINED PURSUANT TO SECTION 2-7-203. THE PERFORMANCE PLAN SERVES AS A GUIDE TO A DEPARTMENT'S MAJOR FUNCTIONS AND AS A TOOL TO EVALUATE PERFORMANCE GOALS OVER TIME.

- (II) (A) The department of higher education will satisfy the requirements in this subsection (3) through the master plan for postsecondary education that the Colorado commission on higher education maintains as described in section 23-1-108 (1.5), C.R.S., and any performance contracts that the Colorado commission on higher education negotiates and enters into with the governing boards of the state institutions of higher education as specified in section 23-5-129, C.R.S. The department of higher education shall ensure that copies of the master plan and performance contracts be submitted to the joint budget committee and the appropriate joint committee of reference as determined pursuant to section 2-7-203, and shall post the master plan and performance contracts to its official web site and the official web site of the office of state planning and budgeting.
- (B) THE STATE AUDITOR, IN CONDUCTING A PERFORMANCE AUDIT OF THE DEPARTMENT OF HIGHER EDUCATION AS SPECIFIED IN SUBSECTION (5) OF THIS SECTION, SHALL CONSIDER THE EXTENT TO WHICH THE GOALS OF THE MASTER PLAN AND THE ASSOCIATED PERFORMANCE CONTRACTS HAVE BEEN ACHIEVED.
- (III) THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION WILL SATISFY THE REQUIREMENTS OF THIS SUBSECTION (3) THROUGH ITS ANNUAL ACTUARIAL VALUATION REPORT DESCRIBED IN SECTION 24-51-204 (7), C.R.S., AND ITS REPORT TO THE GOVERNOR DESCRIBED IN SECTION 24-51-204 (8), C.R.S., REGARDING THE POLICIES, FINANCIAL CONDITION, AND ADMINISTRATION OF THE ASSOCIATION. THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SHALL ENSURE THAT COPIES OF THE REPORTS DESCRIBED IN THIS SUBPARAGRAPH (III) BE SUBMITTED TO THE JOINT BUDGET COMMITTEE AND THE APPROPRIATE JOINT COMMITTEE OF REFERENCE AS DETERMINED PURSUANT TO SECTION 2-7-203, AND SHALL POST SUCH REPORTS TO ITS OFFICIAL WEB SITE AND THE OFFICIAL WEB SITE OF THE OFFICE OF STATE PLANNING AND BUDGETING.

- (b) EACH DEPARTMENT'S PERFORMANCE 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, THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, THE COLORADO ENERGY OFFICE, THE OFFICE OF ECONOMIC DEVELOPMENT, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE SHALL ENSURE THE OFFICE OF STATE PLANNING AND BUDGETING RECEIVES THE INFORMATION REOUIRED TO BE POSTED ON THE OFFICE OF STATE PLANNING AND BUDGETING'S WEB SITE 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, THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, THE COLORADO ENERGY OFFICE, THE OFFICE OF ECONOMIC DEVELOPMENT, OR THE OFFICE OF THE CHILD'S REPRESENTATIVE.
- (c) AT A MINIMUM, A PERFORMANCE PLAN MUST INCLUDE THE FOLLOWING COMPONENTS, WHICH MAY BE FURTHER REFINED IN THE PERFORMANCE MANAGEMENT SYSTEM PUBLISHED PURSUANT TO SUBSECTION (1) OF THIS SECTION:
 - (I) A STATEMENT OF THE DEPARTMENT'S MISSION OR VISION;
 - (II) A DESCRIPTION OF THE MAJOR FUNCTIONS OF THE DEPARTMENT;
- (III) PERFORMANCE MEASURES FOR THE MAJOR FUNCTIONS OF THE DEPARTMENT;
- (IV) PERFORMANCE GOALS THAT CORRESPOND TO THE DEPARTMENT'S PERFORMANCE MEASURES AND THAT EXTEND TO AT LEAST THREE YEARS INTO THE FUTURE;
- (V) A NARRATIVE DESCRIPTION OF THE STRATEGIES NECESSARY TO MEET THE PERFORMANCE GOALS; AND
 - (VI) A SUMMARY OF THE DEPARTMENT'S MOST RECENT

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- (d) IF REASONABLE AND APPROPRIATE, PERFORMANCE MEASURES SHOULD BE DEVELOPED WITH THE INPUT OF DEPARTMENT EMPLOYEES AND CERTIFIED EMPLOYEE ORGANIZATIONS.
- (4) DEPARTMENTS SHALL CONDUCT PERFORMANCE EVALUATIONS AND DISTRIBUTE THEM TO THE JOINT BUDGET COMMITTEE AND THE GENERAL ASSEMBLY AT LEAST TWICE EACH CALENDAR YEAR AS DEFINED IN THE PUBLISHED PERFORMANCE MANAGEMENT SYSTEM.
- (5) (a) PRIOR TO THE FIRST REGULAR SESSION OF THE SEVENTIETH 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.
- (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. The legislative audit committee shall approve the programs or services selected by the auditor for performance audits.
- (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 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 joint committee of reference as determined pursuant to section 2-7-203. The state auditor shall also present any other audit reports that he or she deems relevant for the joint committee of reference's review.
- (6) As part of its regular deliberations, the joint budget committee shall consider the performance plans submitted pursuant to paragraph (a) of subsection (3) of this section and the performance evaluations submitted pursuant to subsection (4) of this section. Based on its review of these performance plans and performance evaluations and its consideration of each department's legal responsibilities and strategic goals and objectives, the joint budget committee may prioritize departments' requests for new funding that are expressly intended to enhance productivity, improve efficiency, reduce costs, and eliminate waste in the processes and operations that deliver goods and services to taxpayers and customers of state government.
- 2-7-205. Annual performance report. (1) (a) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (A), NO LATER THAN NOVEMBER 1, 2014, AND NO LATER THAN NOVEMBER 1 OF EACH YEAR 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, THE COLORADO ENERGY OFFICE, THE OFFICE OF ECONOMIC DEVELOPMENT, AND THE OFFICE OF THE CHILD'S REPRESENTATIVE. THE ANNUAL PERFORMANCE REPORT MUST INCLUDE A SUMMARY OF EACH DEPARTMENT'S PERFORMANCE PLAN AND MOST RECENT PERFORMANCE EVALUATION. THE ANNUAL PERFORMANCE REPORT MUST BE CLEARLY WRITTEN AND EASILY UNDERSTOOD AND MUST BE LIMITED TO A MAXIMUM OF FOUR PAGES PER DEPARTMENT.

- (II) The office of state planning and budgeting shall prepare the section of the annual performance report for the department of higher education by reviewing the institutions of higher education's progress towards the goals set forth in the institution of higher education's performance contract described in section 23-5-129, C.R.S., and the outcomes of the recommended performance funding plan required in section 23-1-108 (1.9) (b), C.R.S.
- (b) No later than November 1, 2014, and no later than November 1 of each year 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, the Colorado energy office, the office of economic development, and the office of the child's representative shall each publish an annual performance report including a summary of its performance plan and most recent performance evaluation. The annual performance reports must be clearly written and easily understood and must 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 performance plan posted on the official web site of each department pursuant to section 2-7-204 (3) (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.
- **SECTION 2.** In Colorado Revised Statutes, 2-3-103, **amend** (9); and **add** (9.5) as follows:
- **2-3-103. Duties of state auditor definitions.** (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 2-7-204 (5).
 - (9.5) It is the duty of the state auditor to notify the

APPROPRIATE JOINT COMMITTEE OF REFERENCE AS DETERMINED PURSUANT TO SECTION 2-7-203 WHEN A DEPARTMENT HAS NOT COMPLETED RECOMMENDATIONS MADE BY THE STATE AUDITOR WITHIN THE TIME PROVIDED.

SECTION 3. In Colorado Revised Statutes, 2-3-203, **add** (1) (b.2) as follows:

- **2-3-203.** Powers and duties of the joint budget committee repeal. (1) The committee has the following power and duties:
- (b.2) EFFECTIVE JULY 1, 2013, TO HOLD HEARINGS AS REQUIRED TO REVIEW THE PERFORMANCE PLANS AND PERFORMANCE EVALUATIONS OF DEPARTMENTS AS SPECIFIED IN SECTION 2-7-204 (6). BASED ON ITS REVIEW OF THESE PERFORMANCE PLANS AND PERFORMANCE EVALUATIONS AND ITS CONSIDERATION OF EACH DEPARTMENT'S LEGAL RESPONSIBILITIES AND STRATEGIC GOALS AND OBJECTIVES, THE JOINT BUDGET COMMITTEE MAY PRIORITIZE DEPARTMENTS' REQUESTS FOR NEW FUNDING THAT ARE EXPRESSLY INTENDED TO ENHANCE PRODUCTIVITY, IMPROVE EFFICIENCY, REDUCE COSTS, AND ELIMINATE WASTE IN THE PROCESSES AND OPERATIONS THAT DELIVER GOODS AND SERVICES TO TAXPAYERS AND CUSTOMERS OF STATE GOVERNMENT.
- **SECTION 4.** In Colorado Revised Statutes, 2-3-301, **add** (5) as follows:
- **2-3-301.** Legislative council created executive committee created. (5) The Legislative council may be a committee of reference for bills and joint resolutions that allocate any additional legislative staff resources.
- **SECTION 5.** In Colorado Revised Statutes, **repeal and reenact**, with amendments, 2-3-303.3 as follows:
- **2-3-303.3. Interim committees.** (1) Commencing on and after the effective date of this section, interim committees may not be requested by a legislative member by bill or resolution. No later than the ninety-fourth day of a regular legislative session, a legislative member may submit a request in writing to the legislative council created in section 2-3-301 (1) regarding an

ISSUE THAT HE OR SHE WISHES TO STUDY DURING THE NEXT INTERIM BETWEEN SESSIONS. AT MINIMUM, THE REQUEST MUST SPECIFY:

- (a) THE SCOPE OF THE POLICY ISSUES TO BE STUDIED;
- (b) THE NUMBER OF MEETINGS THAT WOULD BE NECESSARY TO STUDY THE ISSUES;
- (c) THE SUGGESTED NUMBER AND COMPOSITION OF LEGISLATIVE MEMBERS ON THE INTERIM COMMITTEE;
- (d) WHETHER OTHER NONLEGISLATIVE MEMBERS SHOULD HAVE A ROLE IN THE INTERIM COMMITTEE;
- (e) WHETHER A TASK FORCE WOULD BE NECESSARY TO ASSIST THE INTERIM COMMITTEE IN STUDYING THE SCOPE OF ISSUES AND, IF SO, THE MEMBERS AND COMPOSITION OF SUCH A TASK FORCE; AND
- (f) (I) AN ESTIMATE OF THE MAXIMUM NUMBER OF BILLS THE INTERIM COMMITTEE WILL NEED IN ORDER TO ADDRESS THE ISSUES STUDIED BY THE INTERIM COMMITTEE.
- (II) ANY INTERIM COMMITTEE BILLS ARE EXEMPT FROM THE FIVE-BILL LIMITATION SPECIFIED IN RULE 24 OF THE JOINT RULES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES.
- (2) NO LATER THAN THE ONE HUNDREDTH DAY OF A REGULAR LEGISLATIVE SESSION, THE DIRECTOR OF RESEARCH OF THE LEGISLATIVE COUNCIL SHALL DETERMINE THE NUMBER OF INTERIM COMMITTEE MEETINGS THAT MAY BE HELD WITHIN THE LEGISLATIVE BUDGET AND SHALL PROVIDE THAT INFORMATION TO THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL.
- (3) (a) No later than the one hundred eighth day of a regular legislative session, the legislative council shall meet to review and prioritize requests made by legislative members pursuant to subsection (1) of this section. Such review and prioritization must take into account the information provided by the director of research of the legislative council as specified in subsection (2) of this section. The legislative council shall also

DETERMINE IF ANY OF THE PRIORITIZED INTERIM COMMITTEES MAY CREATE A TASK FORCE. IF A TASK FORCE IS APPROVED, SUCH TASK FORCE SHALL INCLUDE NO MORE THAN TWO LEGISLATIVE MEMBERS, ONE FROM THE MAJORITY PARTY AND ONE FROM THE MINORITY PARTY OF THE INTERIM COMMITTEE. LEGISLATIVE MEMBERS ON A TASK FORCE ARE ONLY ENTITLED TO RECEIVE NECESSARY TRAVEL COSTS AND ARE NOT ENTITLED TO PER DIEM PURSUANT TO SECTION 2-2-307. FOR PURPOSES OF CARRYING OUT THE TASK FORCE'S DUTIES, THE LEGISLATIVE COUNCIL MAY ACCEPT AND EXPEND MONEY, GIFTS, GRANTS, DONATIONS, SERVICES, AND IN-KIND DONATIONS FROM ANY PUBLIC OR PRIVATE ENTITY FOR ANY DIRECT OR INDIRECT COSTS ASSOCIATED WITH THE DUTIES OF THE TASK FORCE; EXCEPT THAT THE LEGISLATIVE COUNCIL MAY NOT ACCEPT MONEY, GIFTS, GRANTS, DONATIONS, SERVICES, OR IN-KIND DONATIONS IF ACCEPTANCE IS SUBJECT TO CONDITIONS THAT ARE INCONSISTENT WITH STATE LAW OR REQUIRES A PREDETERMINED CONCLUSION OR RESULT FROM THE TASK FORCE. THE LEGISLATIVE COUNCIL SHALL REQUEST THAT THE ENTITY OFFERING THE MONEY, GIFT, GRANT, DONATION, SERVICES, OR IN-KIND DONATION SUBMIT A LETTER PRIOR TO THE OFFER SPECIFYING THE AMOUNT OF MONEY, GIFT, GRANT, OR DONATION OFFERED, OR THE ESTIMATED VALUE OF THE SERVICES OR IN-KIND DONATION OFFERED, THE PERIOD FOR WHICH THE MONEY, GIFT, GRANT, DONATION, SERVICES, OR IN-KIND DONATION IS AVAILABLE, AND THE SPECIFIC PURPOSES FOR WHICH THE MONEY, GIFT, GRANT, DONATION, SERVICES, OR IN-KIND DONATION IS TO BE USED.

- (b) THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND THE MINORITY AND MAJORITY LEADERS OF BOTH HOUSES SHALL APPOINT THE LEGISLATIVE MEMBERS TO ANY PRIORITIZED INTERIM COMMITTEES OR APPROVED TASK FORCES.
- (c) AFTER THE GENERAL ASSEMBLY HAS ADJOURNED, IF AN ISSUE IS BROUGHT TO THE ATTENTION OF THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL AND THE EXECUTIVE COMMITTEE DETERMINES THAT THE ISSUE IS THE RESULT OF CHANGED CIRCUMSTANCES OR NEW CIRCUMSTANCES AND IS APPROPRIATE MATERIAL FOR AN INTERIM COMMITTEE THAT IS MEETING DURING THAT INTERIM BETWEEN LEGISLATIVE SESSIONS, THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL MAY ADD THE INTERIM COMMITTEE BY ADOPTING A RESOLUTION. THE RESOLUTION MUST INCLUDE THE ITEMS SPECIFIED IN THE LEGISLATIVE MEMBER'S WRITTEN REQUEST FOR AN INTERIM STUDY.

SECTION 6. In Colorado Revised Statutes, 24-37-103, **amend** (1) (d) as follows:

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

- (d) Publish an annual performance report as specified in section 2-7-205 SECTION 2-7-204, C.R.S.; AND
- **SECTION 7.** In Colorado Revised Statutes, 24-38.5-102, **amend** (3) (a) as follows:
- **24-38.5-102.** Colorado energy office duties and powers. (3) The Colorado energy office shall notify the house of representatives and senate committees of reference to which the office is assigned pursuant to section 2-7-203 (1), C.R.S., as part of its "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act" hearing required by section 2-7-203 (2), C.R.S., if it has made any changes to:
- (a) Any principles, policies, or performance-based goals that the office has outlined in its strategic plan PERFORMANCE PLANS AND PERFORMANCE EVALUATIONS required pursuant to section 2-7-204 (1) (a) SECTION 2-7-204, C.R.S.;
- **SECTION 8. Appropriation.** In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the legislative department, for the fiscal year beginning July 1, 2013, the sum of \$89,971 and 0.3 FTE, or so much thereof as may be necessary for the implementation of this act.

SECTION 9. Safety clause. The general assembly hereby finds,

determines, and declares that this a preservation of the public peace, heal	· ·
Mark Ferrandino SPEAKER OF THE HOUSE OF REPRESENTATIVES	John P. Morse PRESIDENT OF THE SENATE
Marilyn Eddins CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES	Cindi L. Markwell SECRETARY OF THE SENATE
APPROVED	
John W. Hickenloo GOVERNOR OF	pper ΓΗΕ STATE OF COLORADO