

**First Regular Session
Sixty-third General Assembly
STATE OF COLORADO**

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 01-0652.01 Jason Gelender

SENATE BILL 01-122

SENATE SPONSORSHIP

Matsunaka,

HOUSE SPONSORSHIP

Jameson,

Senate Committees

Public Policy and Planning
Appropriations

House Committees

State, Veterans, & Military Affairs
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A STATE PERFORMANCE-BASED**
102 **BUDGETING PILOT PROGRAM, AND MAKING AN APPROPRIATION**
103 **IN CONNECTION THEREWITH.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Creates a state performance-based budgeting pilot program, including a state budget policy. Allows state agencies to participate in the pilot program on a voluntary basis. Requires that public meetings be held by November 1, 2001, to establish benchmarks as critical areas for state focus in enhancing its economy and quality of life. Based on such public meetings, requires the office of state planning and budgeting to establish the specific benchmarks for the state for the next 5 years. Requires the

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.*

SENATE
3rd Reading Unamended
April 18, 2001

SENATE
Amended 2nd Reading
April 17, 2001

legislative council staff to schedule and staff such meetings and to compile by December 1, 2001, a report outlining the benchmarks established. Requires participating state agencies to develop performance measures consistent with and aimed at achieving such benchmarks. Allows the general assembly to award certain incentives to participating state agencies. Designates the office of state planning and budgeting as the administrator of the program.

For budget years commencing on and after July 1, 2004, requires the office of state planning and budgeting and the governor, in preparing the budget, and the joint budget committee, in implementing a zero-based budgeting program, to ensure that state government plans, policies, and programs of agencies participating in the performance-based budgeting pilot program are directed toward achieving such benchmarks. Requires the office of state planning and budgeting to determine whether state agency activities and programs are conducive to performance-based budgeting, to prepare an annual report that measures how participating agencies are performing, and to evaluate the existing benchmarks beginning January 1, 2008, and every 5 years thereafter.

Requires the state auditor, in conducting performance postaudits, to determine whether the plans, policies, and programs of all state departments, institutions, and agencies participating in the performance-based budgeting pilot program are directed toward achieving the established benchmarks. Upon request of the joint budget committee, requires state agencies to include in their zero-based budgeting analysis a statement outlining those programs that have been successful in achieving the goals and objectives under the performance-based budgeting pilot program and any applicable benchmarks.

1 *Be it enacted by the General Assembly of the State of Colorado:*
2 **SECTION 1.** Title 24, Colorado Revised Statutes, is amended BY
3 THE ADDITION OF A NEW ARTICLE to read:
4 **ARTICLE 39**
5 **Performance-based Budgeting Pilot Program**
6 **24-39-101. Legislative declaration.** (1) THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT:
8 (a) STATE AGENCIES SHOULD BE GRANTED SUFFICIENT AUTHORITY
9 AND FLEXIBILITY TO IDENTIFY THEIR GOALS AND OBJECTIVES AND
10 ESTABLISH PRIORITIES IN THE MOST EFFICIENT MANNER IN ORDER TO

1 BETTER SERVE THE CITIZENS OF THE STATE OF COLORADO THROUGH THE
2 EFFICIENT DELIVERY OF SERVICES AND PRODUCTS AND THE EFFECTIVE
3 ADMINISTRATION OF GOVERNMENTAL PROGRAMS.

4 (b) STATE AGENCIES SHOULD BE HELD ACCOUNTABLE FOR THE
5 SERVICES AND PRODUCTS THEY DELIVER, AND EACH STATE AGENCY'S
6 MISSION, GOALS, AND OBJECTIVES SHOULD BE CLEARLY DEFINED.

7 (c) PERFORMANCE MEASURES FOR EVALUATING PERFORMANCE AND
8 ASSESSING PROGRESS IN ACHIEVING SUCH GOALS AND OBJECTIVES SHOULD
9 BE DEVELOPED, INTEGRATED INTO THE STATE PLANNING AND BUDGETING
10 PROCESS, AND MAINTAINED ON AN ONGOING BASIS.

11 (d) STATE AGENCIES SHOULD HAVE THEIR PERFORMANCE
12 PROGRAMS MEASURED AND EVALUATED IN AN EFFORT TO IMPROVE
13 PROGRAM COORDINATION, ELIMINATE REDUNDANT PROGRAMS OR
14 ACTIVITIES, AND PROVIDE BETTER INFORMATION TO THE GOVERNOR, THE
15 GENERAL ASSEMBLY, AND OTHER STATE AGENCIES.

16 (e) STATE AGENCIES SHOULD STRIVE TO KEEP THE CITIZENS OF THIS
17 STATE INFORMED OF THE PUBLIC BENEFITS DERIVED FROM THE DELIVERY
18 OF STATE AGENCY SERVICES AND PRODUCTS AND OF THE PROGRESS THE
19 AGENCIES ARE MAKING WITH REGARD TO IMPROVING PERFORMANCE.

20 **24-39-102. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE
21 CONTEXT OTHERWISE REQUIRES:

22 (1) "AGENCY" MEANS EVERY AGENCY IN THE EXECUTIVE BRANCH
23 OF STATE GOVERNMENT THAT IS REQUIRED BY THE CONSTITUTION OR
24 STATUTES OF THE STATE TO EXERCISE DISCRETION OR TO PERFORM
25 JUDICIAL OR QUASI-JUDICIAL FUNCTIONS. THE TERM INCLUDES, BUT IS NOT
26 LIMITED TO, ANY BOARD, BUREAU, COMMISSION, DEPARTMENT,
27 INSTITUTION, DIVISION, SECTION, OR OFFICE OF THE STATE.

1 (2) "BENCHMARKS" MEANS MISSIONS, GOALS, AND OBJECTIVES OF
2 THE STATE OF COLORADO THAT ARE DIRECTED TOWARD ACHIEVING
3 SUSTAINED ECONOMIC PROSPERITY WHILE ENHANCING QUALITY OF LIFE IN
4 THE STATE.

5 (3) "PERFORMANCE MEASURE" MEANS A QUANTITATIVE OR
6 QUALITATIVE INDICATOR USED TO ASSESS AGENCY PERFORMANCE.

7 **24-39-103. Benchmarks - adoption.** (1) A SERIES OF PUBLIC
8 MEETINGS SHALL BE CONDUCTED BY NOVEMBER 1, 2001, FOR THE PURPOSE
9 OF ESTABLISHING BENCHMARKS AS CRITICAL AREAS FOR ATTENTION AND
10 FOCUS FOR THE STATE OVER THE NEXT FIVE YEARS. A REPRESENTATIVE OF
11 THE OFFICE OF STATE PLANNING AND BUDGETING SHALL BE PRESENT AT
12 ANY MEETING HELD PURSUANT TO THIS SUBSECTION (1). BASED ON THE
13 TESTIMONY PRESENTED AT SUCH PUBLIC MEETINGS, THE OFFICE OF STATE
14 PLANNING AND BUDGETING SHALL BE RESPONSIBLE FOR ESTABLISHING THE
15 SPECIFIC BENCHMARKS FOR THE STATE AS CRITICAL AREAS FOR ATTENTION
16 AND FOCUS OVER THE NEXT FIVE YEARS.

17 (2) THE BENCHMARKS SHALL INCLUDE BUT SHALL NOT BE LIMITED
18 TO:

19 (a) ACHIEVING THE STATE'S LONG-RANGE GOALS FOR EFFECTIVE
20 AGENCY PERFORMANCE;

21 (b) ACHIEVING THE STATE'S LONG-RANGE GOALS FOR QUALITY OF
22 LIFE;

23 (c) ACHIEVING THE STATE'S LONG-RANGE GOALS FOR THE
24 ECONOMY; AND

25 (d) ACHIEVING KEY LONG-TERM OBJECTIVES FOR THE STATE OF
26 COLORADO.

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24-39-104. Performance-based budgeting pilot program.

(1) THERE IS HEREBY CREATED THE PERFORMANCE-BASED BUDGETING PILOT PROGRAM. THE OFFICE OF STATE PLANNING AND BUDGETING, IN CONSULTATION WITH THE JOINT BUDGET COMMITTEE AND THE LEGISLATIVE AUDIT COMMITTEE, SHALL IMPLEMENT AND COORDINATE THE PILOT PROGRAM AND SHALL CONSULT WITH ALL PARTICIPATING AGENCIES TO ENSURE THAT THE PILOT PROGRAM IS ADMINISTERED PURSUANT TO THE PROVISIONS OF THIS ARTICLE.

(2) ANY AGENCY MAY PARTICIPATE IN THE PILOT PROGRAM, ON A VOLUNTARY BASIS, BY SUBMITTING AN APPLICATION TO THE OFFICE OF STATE PLANNING AND BUDGETING NO LATER THAN JANUARY 1, 2003. THE HEAD OF AN AGENCY PARTICIPATING IN THE PILOT PROGRAM IS RESPONSIBLE FOR IMPLEMENTING THE PILOT PROGRAM IN THAT AGENCY.

24-39-105. Performance measures. (1) AGENCIES PARTICIPATING IN THE PERFORMANCE-BASED BUDGETING PILOT PROGRAM ARE RESPONSIBLE FOR DEVELOPING PERFORMANCE MEASURES CONSISTENT WITH AND AIMED AT ACHIEVING THE BENCHMARKS ESTABLISHED PURSUANT TO SECTION 24-39-103. BY OCTOBER 1, 2003, AND EVERY YEAR THEREAFTER, EACH PARTICIPATING AGENCY SHALL:

(a) IDENTIFY THE MISSIONS, GOALS, AND OBJECTIVES OF THE AGENCY AND ANY APPLICABLE BENCHMARKS TO WHICH THE GOALS ARE DIRECTED;

(b) DEVELOP WRITTEN DEFINED PERFORMANCE MEASURES THAT QUANTIFY DESIRED ORGANIZATION OUTPUTS, RESPONSIBILITIES, RESULTS, PRODUCTS, AND SERVICES AND, WHERE POSSIBLE, DEVELOP UNIT COST MEASURES FOR EVALUATING PROGRAM EFFICIENCY;

1 (c) INVOLVE AGENCY MANAGERS, SUPERVISORS, AND EMPLOYEES
2 IN THE IDENTIFICATION AND DEVELOPMENT OF THE INFORMATION
3 REQUIRED IN PARAGRAPHS (a) AND (b) OF THIS SUBSECTION (1) AND
4 ESTABLISH TEAMS COMPOSED OF AGENCY MANAGERS, SUPERVISORS, AND
5 EMPLOYEES TO IMPLEMENT AGENCY GOALS, OBJECTIVES, AND
6 PERFORMANCE MEASURES;

7 (d) USE PERFORMANCE MEASURES TO WORK TOWARD THE
8 ACHIEVEMENT OF IDENTIFIED MISSIONS, GOALS, AND OBJECTIVES AND ANY
9 APPLICABLE BENCHMARKS; AND

10 (e) REVIEW AGENCY PERFORMANCE MEASURES WITH THE
11 APPROPRIATE LEGISLATIVE COMMITTEE, AS DETERMINED BY THE PRESIDENT
12 OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES,
13 DURING EACH REGULAR LEGISLATIVE SESSION BEGINNING WITH THE
14 SECOND REGULAR SESSION OF THE SIXTY-FOURTH GENERAL ASSEMBLY.

15 **24-39-106. Incentives for participation.** (1) NOTWITHSTANDING
16 ANY OTHER LAW TO THE CONTRARY, IN ORDER TO ENCOURAGE
17 PARTICIPATION IN THE PERFORMANCE-BASED BUDGETING PILOT PROGRAM,
18 THE GENERAL ASSEMBLY, UPON CONSULTATION WITH THE OFFICE OF STATE
19 PLANNING AND BUDGETING AND THE JOINT BUDGET COMMITTEE, IS
20 AUTHORIZED TO AWARD THE FOLLOWING INCENTIVES TO PARTICIPATING
21 AGENCIES:

22 (a) LUMP-SUM APPROPRIATIONS THAT SUPPORT PARTICULAR
23 AGENCY PROGRAMS IN ORDER TO GIVE AGENCIES THE FLEXIBILITY TO USE
24 FUNDS IN SUPPORT OF SPECIFIC PROGRAM GOALS;

25 (b) AUTHORITY TO SHIFT BUDGET RESOURCES AMONG LINE ITEMS
26 AND PROGRAMS, INCLUDING THE TECHNOLOGY BANK AUTHORIZED BY
27 SUBSECTION (2) OF THIS SECTION;

1 (c) PERFORMANCE PAY AND OTHER MONETARY INCENTIVES TO
2 PROVIDE A DIRECT REWARD FOR PERFORMANCE, INCLUDING ANY STATE
3 EMPLOYEE PERFORMANCE PAY OR OTHER MONETARY INCENTIVES, UNDER
4 THE PILOT PROGRAM; AND

5 (d) EXEMPTIONS FROM REGULATIONS THAT ARE VIEWED AS
6 IMPEDIMENTS TO EFFICIENT PERFORMANCE UNDER THE PILOT PROGRAM BY
7 MEANS OF A JOINT RESOLUTION ADOPTED BY EACH HOUSE OF THE GENERAL
8 ASSEMBLY AND PRESENTED TO THE GOVERNOR THAT SPECIFIES THE
9 PARTICIPATING AGENCY AND THE REGULATION TO BE EXEMPTED.

10 (2) (a) IN ADDITION TO THE INCENTIVES SET FORTH IN SUBSECTION
11 (1) OF THIS SECTION, THE GENERAL ASSEMBLY MAY ALSO APPROPRIATE
12 REVENUES DERIVED FROM THE COST SAVINGS OF ANY AGENCY THAT IS
13 ATTRIBUTABLE TO ITS PARTICIPATION IN THE PERFORMANCE-BASED
14 BUDGETING PILOT PROGRAM AS PROVIDED IN THIS SUBSECTION (2). THE
15 GENERAL ASSEMBLY MAY APPROPRIATE UP TO FIFTY PERCENT OF SUCH
16 REVENUES TO THE AGENCY FOR EXPENDITURE BY THAT AGENCY AND UP TO
17 FIFTY PERCENT OF SUCH REVENUES FOR DEPOSIT INTO A TECHNOLOGY
18 BANK ADMINISTERED BY A PRIVATE SECTOR BOARD OF DIRECTORS. THE
19 PURPOSE OF THE BANK IS TO CREATE A PRIVATE SECTOR ORIENTED,
20 PUBLICLY FINANCED SOURCE OF REVENUE FOR AGENCIES IN NEED OF
21 TECHNOLOGICAL ENHANCEMENTS TO IMPLEMENT PROCESS IMPROVEMENTS
22 WITHIN THEIR PROGRAMS.

23 (b) WITH RESPECT TO A TECHNOLOGY BANK, THE FOLLOWING
24 REQUIREMENTS APPLY:

25 (I) THE GOVERNOR SHALL APPOINT, AT THE GOVERNOR'S
26 DISCRETION, AN APPROPRIATE NUMBER OF PRIVATE SECTOR CITIZENS
27 HAVING INVESTMENT BANKING EXPERIENCE TO SERVE ON THE PRIVATE

1 SECTOR BOARD OF DIRECTORS ON A VOLUNTARY BASIS.

2 (II) THE BOARD OF DIRECTORS SHALL OPERATE A TECHNOLOGY
3 BANK TO BE USED TO FINANCE TECHNOLOGY ENHANCEMENTS. IN
4 OPERATING SUCH BANK, THE BOARD SHALL ESTABLISH LOAN CRITERIA,
5 DETERMINE LOAN VOLUME, AND APPROVE ALL LOAN APPLICATIONS.
6 SUBJECT TO ANNUAL APPROPRIATION, AGENCIES SHALL REPAY LOANS WITH
7 INTEREST FROM THE SAVINGS GENERATED THROUGH THE INSTALLATION OF
8 NEW TECHNOLOGY. EACH AGENCY SHALL COMMIT TO ALLOCATING
9 SUFFICIENT FUNDS TO REPAY SUCH LOANS, CONSISTENT WITH THE TERMS
10 AND CONDITIONS OF THE LOAN AGREEMENT. ANY LOAN PAYMENTS, ALONG
11 WITH THE INTEREST PROCEEDS, SHALL BE DEPOSITED INTO THE
12 TECHNOLOGY BANK.

13 (c) AGENCIES PARTICIPATING IN THE PERFORMANCE-BASED
14 BUDGETING PILOT PROGRAM MAY SUBMIT PROPOSALS FOR
15 TECHNOLOGY-BASED PROJECTS THAT WOULD RESULT IN ACTUAL COST
16 SAVINGS. EACH PROPOSAL SHALL CONTAIN A DESCRIPTION OF THE
17 REQUESTED TECHNOLOGY ENHANCEMENT, A DESCRIPTION OF THE PROCESS
18 IMPROVEMENT OR REDESIGN THAT CREATES THE NEED FOR NEW
19 TECHNOLOGY, A REPAYMENT PLAN, AND A SIGN-OFF FROM THE
20 COMMISSION ON INFORMATION MANAGEMENT. THE PROJECT DESCRIPTION
21 SHALL INCLUDE WHAT THE PROJECT ENTAILS, WHY IT IS NEEDED, WHO
22 BENEFITS, AND HOW THE PROJECT WOULD BE COMPLETED, INCLUDING AN
23 IMPLEMENTATION PLAN AND A TIMELINE.

24 (3) THE GENERAL ASSEMBLY IS AUTHORIZED TO REMOVE ANY
25 INCENTIVE GRANTED TO A PARTICULAR AGENCY PURSUANT TO THIS
26 SECTION IF THE GENERAL ASSEMBLY DETERMINES THAT THE AGENCY IS NO
27 LONGER PERFORMING WITHIN THE STANDARDS FOR THE

1 PERFORMANCE-BASED BUDGETING PILOT PROGRAM SET FORTH IN THIS
2 ARTICLE.

3 **24-39-107. Budget policy - legislative declaration.** (1) THE
4 GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT THE STATE OF
5 COLORADO MUST ALLOCATE ITS RESOURCES FOR EFFECTIVE AND EFFICIENT
6 DELIVERY OF PUBLIC SERVICES BY:

- 7 (a) CLEARLY IDENTIFYING DESIRED RESULTS;
- 8 (b) SETTING PRIORITIES;
- 9 (c) ASSIGNING ACCOUNTABILITY; AND
- 10 (d) MEASURING, REPORTING, AND EVALUATING OUTCOMES TO
11 DETERMINE FUTURE ALLOCATION.

12 (2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT,
13 IN ORDER TO ACHIEVE THE GOALS SET FORTH IN SUBSECTION (1) OF THIS
14 SECTION, IT IS THE BUDGET POLICY OF THIS STATE TO CREATE AND
15 ADMINISTER PROGRAMS AND SERVICES DESIGNED TO ATTAIN FAVORABLE
16 SOCIETAL OUTCOMES, SUCH AS THE COLORADO BENCHMARKS ESTABLISHED
17 PURSUANT TO SECTION 24-39-103 AND TO PROMOTE THE EFFICIENT AND
18 MEASURED USE OF RESOURCES.

19 (3) TO EFFECT THE BUDGET POLICY STATED IN SUBSECTION (2) OF
20 THIS SECTION, STATE GOVERNMENT SHALL:

- 21 (a) ALLOCATE RESOURCES TO ACHIEVE DESIRED OUTCOMES;
- 22 (b) EXPRESS PROGRAM OUTCOMES IN MEASURABLE TERMS;
- 23 (c) MEASURE PROGRESS TOWARD DESIRED OUTCOMES;
- 24 (d) ENCOURAGE SAVINGS;
- 25 (e) PROMOTE AND IMPLEMENT PAY FOR PERFORMANCE AND OTHER
26 MONETARY INCENTIVE PROGRAMS FOR STATE EMPLOYEES AS PART OF AN
27 AGENCY PERFORMANCE-BASED BUDGETING PILOT PROGRAM ONLY;

1 (f) PROMOTE INVESTMENTS THAT REDUCE OR AVOID FUTURE COSTS;

2 (g) PLAN FOR THE SHORT TERM AND THE LONG TERM USING

3 CONSISTENT ASSUMPTIONS FOR MAJOR DEMOGRAPHIC AND OTHER TRENDS;

4 AND

5 (h) REQUIRE ACCOUNTABILITY AT ALL LEVELS OF STATE

6 GOVERNMENT FOR MEETING PROGRAM OUTCOMES.

7 **SECTION 2.** 2-3-103 (1), Colorado Revised Statutes, is amended

8 to read:

9 **2-3-103. Duties of state auditor.** (1) (a) It is the duty of the state
10 auditor to conduct or cause to be conducted postaudits of all financial
11 transactions and accounts kept by or for all departments, institutions, and
12 agencies of the state government, including educational institutions, and
13 the judicial and legislative branches, to conduct performance postaudits
14 thereof, and to perform similar or related duties with respect to such
15 political subdivisions of the state as may be required by law. Postaudits
16 of all financial transactions and accounts may be conducted on a biennial
17 basis.

18 (b) IF A DEPARTMENT, INSTITUTION, OR AGENCY IS PARTICIPATING
19 IN THE PERFORMANCE-BASED BUDGETING PILOT PROGRAM UNDER ARTICLE
20 39 OF TITLE 24, C.R.S., THE STATE AUDITOR, IN CONDUCTING
21 PERFORMANCE POSTAUDITS AS REQUIRED BY PARAGRAPH (a) OF THIS
22 SUBSECTION (1), SHALL DETERMINE WHETHER THE PLANS, POLICIES, AND
23 PROGRAMS OF SUCH DEPARTMENT, INSTITUTION, OR AGENCY ARE DIRECTED
24 TOWARD ACHIEVING THE BENCHMARKS ESTABLISHED PURSUANT TO
25 SECTION 24-39-103, C.R.S.

26 **SECTION 3.** The introductory portion to 2-3-203 (1) and
27 2-3-203 (1) (a), Colorado Revised Statutes, are amended to read:

1 **2-3-203. Powers and duties of the joint budget committee.**

2 (1) The committee has the following ~~power~~ POWERS and duties:

3 (a) To study the management, operations, programs, and fiscal
4 needs of the agencies and institutions of Colorado state government AND,
5 IF THE AGENCY OR INSTITUTION IS PARTICIPATING IN THE
6 PERFORMANCE-BASED BUDGETING PILOT PROGRAM UNDER ARTICLE 39 OF
7 TITLE 24, C.R.S., TO CONSIDER WHETHER THE PLANS, POLICIES, AND
8 PROGRAMS OF PARTICIPATING STATE AGENCIES AND INSTITUTIONS ARE
9 DIRECTED TOWARD ACHIEVING THE BENCHMARKS ESTABLISHED PURSUANT
10 TO SECTION 24-39-103, C.R.S.;

11 **SECTION 4.** 2-3-207, Colorado Revised Statutes, is amended BY
12 THE ADDITION OF A NEW SUBSECTION to read:

13 **2-3-207. Implementation of a zero-base budgeting program.**

14 (1.5) IN IMPLEMENTING THE ONGOING REVIEW PROCEDURE REQUIRED BY
15 SUBSECTION (1) OF THIS SECTION, THE JOINT BUDGET COMMITTEE SHALL
16 RECOGNIZE AND APPLY THE STATE BUDGETING POLICY SET FORTH IN THE
17 PERFORMANCE-BASED BUDGETING PILOT PROGRAM UNDER ARTICLE 39 OF
18 TITLE 24, C.R.S., AND SHALL CONSIDER WHETHER THE EXISTING PROGRAMS
19 OF STATE AGENCIES AND INSTITUTIONS PARTICIPATING IN THE
20 PERFORMANCE-BASED BUDGETING PILOT PROGRAM ARE DIRECTED TOWARD
21 ACHIEVING THE BENCHMARKS ESTABLISHED PURSUANT TO SECTION
22 24-39-103, C.R.S.

23 **SECTION 5.** 2-3-207 (3), Colorado Revised Statutes, is amended
24 BY THE ADDITION OF A NEW PARAGRAPH to read:

25 **2-3-207. Implementation of a zero-base budgeting program.**

26 (3) A zero-base budgeting analysis required by subsection (2) of this
27 section shall include, but not be limited to, the following:

1 (h) A STATEMENT OUTLINING THOSE PROGRAMS THAT HAVE BEEN
2 SUCCESSFUL IN ACHIEVING THE MISSIONS, GOALS, AND OBJECTIVES
3 IDENTIFIED PURSUANT TO SECTION 24-39-105, C.R.S., AND ANY
4 APPLICABLE BENCHMARKS ESTABLISHED PURSUANT TO SECTION 24-39-103,
5 C.R.S.

6 **SECTION 6.** 24-37-301, Colorado Revised Statutes, is amended
7 to read:

8 **24-37-301. Executive budget responsibility.** The governor, as
9 chief executive, shall annually evaluate the plans, policies, and programs
10 of all departments of the state government AND ENSURE THAT STATE
11 GOVERNMENT PLANS, POLICIES, AND PROGRAMS OF DEPARTMENTS
12 PARTICIPATING IN THE PERFORMANCE-BASED BUDGETING PILOT PROGRAM
13 UNDER ARTICLE 39 OF THIS TITLE ARE DIRECTED TOWARD ACHIEVING THE
14 BENCHMARKS SPECIFIED IN OR ADOPTED PURSUANT TO SECTION 24-39-103.
15 ~~He~~ THE GOVERNOR shall direct the formulation of ~~his~~ THE GOVERNOR'S
16 decisions into a financial plan encompassing all sources of revenue and
17 expenditure. ~~He~~ THE GOVERNOR shall propose this plan for the
18 consideration of the general assembly in the form of an annual executive
19 budget consisting of operating expenditures, capital construction
20 expenditures, estimated revenues, and special surveys. Proposed
21 expenditures in the budget shall not exceed estimated moneys available.
22 After legislative review and modification, if any, of the budget and
23 appropriation of the moneys therefor, the governor shall administer the
24 budget.

25 **SECTION 7.** The introductory portion to 24-37-302 (1), Colorado
26 Revised Statutes, is amended, and the said 24-37-302 (1) is further
27 amended BY THE ADDITION OF THE FOLLOWING NEW

1 PARAGRAPHS, to read:

2 **24-37-302. Responsibilities of the office of state planning and**
3 **budgeting - repeal.** (1) The office shall assist the governor in ~~his~~ THE
4 GOVERNOR'S responsibilities pertaining to the executive budget.
5 Specifically, it shall:

6 (m.1) ENSURE THAT STATE AGENCY PLANS, POLICIES, AND
7 PROGRAMS OF AGENCIES PARTICIPATING IN THE PERFORMANCE-BASED
8 BUDGETING PILOT PROGRAM UNDER ARTICLE 39 OF THIS TITLE ARE
9 DIRECTED TOWARD ACHIEVING THE BENCHMARKS ESTABLISHED BY THE
10 OFFICE AS A RESULT OF PUBLIC MEETINGS PURSUANT TO SECTION 24-39-103

11 (1). THE OFFICE SHALL:

12 (I) EVALUATE STATE AGENCY MISSIONS, GOALS, OBJECTIVES, AND
13 PERFORMANCE MEASURES IDENTIFIED IN SECTION 24-39-105;

14 (II) CONTINUALLY REVIEW, MONITOR PROGRESS, IDENTIFY
15 BARRIERS, AND RECOMMEND REVISIONS OF THE PLANS, POLICIES, AND
16 PROGRAMS OF STATE AGENCIES;

17 (III) PROPOSE ALTERNATIVE METHODS FOR ATTAINING THE
18 BENCHMARKS AND ACCOMPLISHING THE OBJECTIVES OF STATE PLANS,
19 POLICIES, AND PROGRAMS;

20 (IV) ASSURE THE DEVELOPMENT OF A STATEWIDE SYSTEM OF
21 PERFORMANCE MEASURES DESIGNED TO INCREASE THE EFFICIENCY AND
22 EFFECTIVENESS OF STATE PLANS, POLICIES, AND PROGRAMS;

23 (V) PROVIDE AGENCIES WITH DIRECTION ON THE APPROPRIATE
24 FORMAT FOR REPORTING PERFORMANCE MEASURES TO ASSURE
25 CONSISTENCY ACROSS AGENCIES;

26 (VI) CONSULT WITH THE STATE AUDITOR AND THE JOINT BUDGET
27 COMMITTEE FOR ASSISTANCE IN DEVISING A SYSTEM OF PERFORMANCE

1 MEASURES;

2 (VII) FACILITATE THE DEVELOPMENT OF PERFORMANCE MEASURES
3 IN THOSE INSTANCES WHERE BENCHMARKS INVOLVE MORE THAN ONE
4 STATE AGENCY;

5 (VIII) PRIOR TO THE DEVELOPMENT OF THE EXECUTIVE BUDGET
6 AND THE FORMAL ADOPTION OF A PERFORMANCE MEASUREMENT SYSTEM,
7 CONSULT WITH THE JOINT BUDGET COMMITTEE; AND

8 (IX) DEVELOP AND IMPLEMENT, IN COORDINATION WITH THE
9 CONTROLLER, A SYSTEM FOR EVALUATING THE RESULTS OF AND
10 MEASURING THE EFFECTIVENESS OF GOVERNMENTAL EXPENDITURES;

11 (m.2) DETERMINE WHETHER STATE AGENCY ACTIVITIES AND
12 PROGRAMS ARE CONDUCIVE TO PERFORMANCE-BASED PROGRAM
13 BUDGETING;

14 (m.3) PREPARE A REPORT ON AN ANNUAL BASIS THAT MEASURES
15 HOW STATE AGENCIES PARTICIPATING IN THE PERFORMANCE-BASED
16 BUDGETING PILOT PROGRAM UNDER ARTICLE 39 OF THIS TITLE ARE
17 PERFORMING ON THE BENCHMARKS ESTABLISHED PURSUANT TO SECTION
18 24-39-103 AND SUBMIT THE REPORT TO THE GOVERNOR AND THE JOINT
19 BUDGET COMMITTEE NO LATER THAN OCTOBER 1, 2005, AND EACH YEAR
20 THEREAFTER;

21 (m.4) BEGINNING JANUARY 1, 2008, AND EVERY FIVE YEARS
22 THEREAFTER, EVALUATE THE BENCHMARKS ESTABLISHED PURSUANT TO
23 SECTION 24-39-103 AND DETERMINE WHETHER THE ADOPTION OF NEW
24 BENCHMARKS OR THE ELIMINATION OF EXISTING BENCHMARKS IS
25 NECESSARY IN ACHIEVING THE STATE'S GOAL OF SUSTAINED ECONOMIC
26 PROSPERITY AND ENHANCED QUALITY OF LIFE;

27 **SECTION 8. Appropriation - adjustment in 2001 long bill.**

1 (1) In addition to any other appropriation, there is hereby appropriated,
2 out of any moneys in the general fund not otherwise appropriated, to the
3 governor-lieutenant governor-state planning and budgeting, for allocation
4 to the office of state planning and budgeting, for the fiscal year beginning
5 July 1, 2001, the sum of one hundred seven thousand six hundred seventy-
6 five dollars (\$107,675) and 1.8 FTE, or so much thereof as may be
7 necessary, for the implementation of this act.

8 (2) The general fund appropriation to the department of higher
9 education, Colorado commission on higher education financial aid, need
10 based grants, governor's opportunity scholarships, is reduced by one
11 hundred seven thousand six hundred seventy-five dollars (\$107,675).

12 **SECTION 9. Effective date - applicability.** (1) This act shall
13 take effect at 12:01 a.m. on the day following the expiration of the
14 ninety-day period after final adjournment of the general assembly that is
15 allowed for submitting a referendum petition pursuant to article V, section
16 1 (3) of the state constitution; except that, if a referendum petition is filed
17 against this act or an item, section, or part of this act within such period,
18 then the act, item, section, or part, if approved by the people, shall take
19 effect on the date of the official declaration of the vote thereon by
20 proclamation of the governor.

21 (2) The provisions of this act shall apply to budget years beginning
22 on or after July 1, 2004.