

CHAPTER 317

GOVERNMENT - STATE

SENATE BILL 04-243

BY SENATOR(S) Andrews, Arnold, Cairns, Chlouber, Evans, Johnson S., Kester, Lamborn, Owen, Taylor, Teck, and Veiga; also REPRESENTATIVE(S) Stengel, Cadman, Fairbank, Hall, Hoppe, Larson, Lundberg, Marshall, McCluskey, McFadyen, Miller, Mitchell, Rhodes, Schultheis, Spence, and Williams T.

AN ACT

CONCERNING THE CREATION OF AN INCENTIVE FOR A STATE AGENCY TO ACHIEVE COST SAVINGS BY ALLOWING THE AGENCY TO KEEP A PORTION OF THE COST SAVINGS FOR THE PURPOSE OF PAYING PERFORMANCE-BASED BONUSES TO THE EMPLOYEES OF THE AGENCY.

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

SECTION 1. 24-38-103 (1), Colorado Revised Statutes, is amended, and the said 24-38-103 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

24-38-103. Agency authority and incentives for budget savings.
(1) Beginning with the 1998-99 fiscal year, any agency may implement measures that reduce the costs of delivering the agency's services and products below the amount of the agency's appropriations for a given fiscal year. Any agency that achieves cost savings under this subsection (1) may transfer twenty percent of the amount of the cost savings from one item of appropriation made to the agency in the general appropriation act or any supplemental appropriation act to another item of appropriation made to the same agency in said act. THE FOLLOWING LIMITATIONS SHALL APPLY ONLY TO TRANSFERS MADE PURSUANT TO THIS SUBSECTION (1):

(a) ~~However,~~ In no case shall an agency use any of the amount transferred as a result of cost savings to add employment positions or for personal services.

(b) All transfers made pursuant to this subsection (1) shall be between items of appropriations made for the fiscal year in which the cost savings were achieved.

(c) Prior to expending any moneys so transferred, the agency that achieved the cost savings shall enter into a memorandum of understanding with the joint budget

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

committee that details how the agency will spend the transferred moneys.

(d) Any moneys transferred to an agency as the result of cost savings may be spent only for reinvestment in technology or other capital projects related to the item of appropriation to which the moneys were transferred.

(1.5) BEGINNING WITH THE 2004-05 FISCAL YEAR, AN AGENCY THAT ACHIEVES COST SAVINGS, AS AN ALTERNATIVE TO THE TRANSFER AUTHORIZED PURSUANT TO SUBSECTION (1) OF THIS SECTION, MAY TRANSFER FIFTY PERCENT OF THE AMOUNT OF THE COST SAVINGS FROM ONE ITEM OF APPROPRIATION MADE TO THE AGENCY IN THE GENERAL APPROPRIATION ACT OR ANY SUPPLEMENTAL APPROPRIATION ACT TO THE ITEM FOR PERSONAL SERVICES IN THE APPROPRIATION MADE TO THE SAME AGENCY FOR THE PURPOSE OF PAYING PERFORMANCE-BASED BONUSES TO EMPLOYEES OF THE AGENCY. THE BONUS SHALL BE AWARDED IN THE FISCAL YEAR IN WHICH THE COST SAVINGS ARE ACHIEVED AND SHALL BE MADE CONSISTENT WITH THE PERFORMANCE SYSTEM IDENTIFIED IN SECTION 24-50-104 (1) (c.7). PRIOR TO THE END OF THE STATE FISCAL YEAR IN WHICH A TRANSFER IS MADE PURSUANT TO THIS SUBSECTION (1.5), AN AGENCY SHALL SUBMIT WRITTEN NOTICE TO THE JOINT BUDGET COMMITTEE, THE OFFICE OF STATE PLANNING AND BUDGETING, AND THE STATE CONTROLLER OF THE AMOUNT OF THE COST SAVINGS ACHIEVED BY THE AGENCY DURING THE STATE FISCAL YEAR.

SECTION 2. 24-50-104 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

24-50-104. Job evaluation and compensation - repeal. (1) **Total compensation philosophy.** (c.7) IN ADDITION TO THE PERIODIC SALARY INCREASES AUTHORIZED BY PARAGRAPH (c) OF THIS SUBSECTION (1), THE PERFORMANCE SYSTEM ESTABLISHED PURSUANT TO SUBPARAGRAPH (II) OR (IV) OF PARAGRAPH (c) OF THIS SUBSECTION (1) SHALL BE USED FOR THE PURPOSE OF DETERMINING ELIGIBILITY FOR A PERFORMANCE-BASED BONUS PERMITTED PURSUANT TO SECTION 24-38-103 (1.5). THE BONUS SHALL BE IN ADDITION TO ANY OTHER COMPENSATION AUTHORIZED BY LAW, AND IT SHALL NOT AFFECT THE COMPENSATION THAT THE EMPLOYEE IS ENTITLED TO RECEIVE IN SUBSEQUENT YEARS.

SECTION 3. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 4, 2004, if adjournment sine die is on May 5, 2004); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: May 27, 2004