SENATE BILL 98-052

BY SENATORS Matsunaka, Lamborn, Johnson, Norton, Pascoe, and Perlmutter;

AN ACT

CONCERNING AN INCENTIVE PROGRAM FOR STATE AGENCIES TO REDUCE COSTS.

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

SECTION 1. Title 24, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 38
Incentives for Budget Savings

24-38-101. Legislative declaration. The General Assembly hereby finds and declares that State agencies should be authorized and encouraged to improve their services and save money wherever possible.

24-38-102. Definitions. As used in this article, unless the context otherwise requires:

(1) "Agency" means every agency in the executive branch of state government that is required by the constitution or statutes of the state to exercise discretion or to perform judicial or quasi-judicial functions. The term includes, but is not limited to, any board, bureau, commission, department, institution, division, section, or office of the state.

(2) "Cost savings" means any money that an agency does not expend from its general fund appropriations for a given fiscal year that is a direct result of cost-cutting measures. "Cost savings" includes an action that would result in a base reduction due to permanent reductions in
SPENDING, BUT IN NO CASE SHALL "COST SAVINGS" INCLUDE OR BE A RESULT OF A CASE LOAD REDUCTION OR PERSONAL SERVICES CONTRACTS THAT THE AGENCY ENTERED INTO UNDER A MANAGED COMPETITION PROCESS.

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

(2) The general assembly may reduce an agency's appropriations for the fiscal year following the fiscal year in which the agency achieved the cost savings by the amount of such cost savings if the general assembly determines that the agency is no longer maintaining the measures the agency used to achieve the cost savings or that such cost savings is sustainable for more than one fiscal year. Except as otherwise provided in this subsection (2), the general assembly shall not use a one-time cost savings an agency achieves in a given fiscal year to justify reducing any item of appropriation or the total amount of appropriations the agency may receive in the fiscal year following the fiscal year in which the agency achieved the cost savings. However, nothing in this subsection (2) shall affect the general assembly's authority to reduce an agency's appropriations for any reason other than cost savings.

(3) Nothing in this section shall be construed to allow an agency to avoid any power or duty required by law that otherwise applies to the agency's actions.
SECTION 2. 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; 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: June 1, 1998