

SMART GOVERNMENT ACT UPDATE

TO: Joint Budget Committee Members

FROM: JBC Staff (Eric Kurtz, Scott Thompson, Robin Smart)

SUBJECT: SMART Government Act Update

DATE: November 12, 2014

The State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (Section 2-7-201 through 205, C.R.S.) defines a philosophy for the management of state agencies that includes an employee focus on taxpayer and customer service with the goal of achieving operational excellence. The SMART Government Act calls for integrating measures for evaluating the performance of state departments into the formal state planning process and utilizing the annual budget process as a part of the performance management system to incentivize continuous process improvement.

Joint Budget Committee (JBC) SMART Government Act Responsibilities

The Joint Budget Committee is required, as part of its regular deliberations, to review and consider the performance plans, performance evaluations, and each department's legal responsibilities and strategic goals and objectives. After these considerations, the JBC 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.

What are these performance plans that the JBC must review?

Beginning July 1, 2014, and no later than July 1 of each year thereafter, state agencies are required to develop, publish, and distribute to the JBC and appropriate joint Committee of Reference a performance plan that includes:

- a statement of the department's mission or vision;
- a description of the department's major functions;
- performance measures for the department's major functions;
- performance goals that correspond to the department's performance measures and that extend at least three years into the future;
- a narrative description of the strategies necessary to meet the performance goals; and
- a summary of the department's most recent performance evaluation.

Two agencies have special requirements in lieu of submitting a performance plan. The Department of Higher Education will satisfy the requirements of the SMART Government Act through the master plan for postsecondary education maintained by the Colorado Commission on Higher Education (CCHE) and any performance contracts that the CCHE negotiates and enters into with the governing boards of state institutions of higher education. The Public Employees' Retirement Association will satisfy the SMART Government Act's requirement to create a

performance plan through the association's annual actuarial valuation report and its report to the Governor regarding the policies, financial condition, and administration of the association.

What are these performance evaluations that the JBC must review?

Departments are required to conduct performance evaluations and distribute them to the Joint Budget Committee and the appropriate joint Committee of Reference at least twice each calendar year. OSPB staff have informed JBC staff that the bi-annual performance evaluations will be required to be submitted by state agencies in mid-February and mid-September each year.

Is there a summary of the performance evaluations?

No later than November 1, 2014, and no later than November 1 of each year thereafter, the OSPB is required to publish an annual performance report for each executive department. The 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.

The Departments of State, Treasury, Law, Judicial, Office of State Public Defender, Office of Alternate Defense Counsel, Colorado Energy Office, Office of Economic Development, and Office of the Child's Representative are each required to publish their own Annual Performance Reports.

The JBC staff will attach a copy of the relevant department's four-page annual performance report as an appendix to the JBC Staff Briefing documents.

Where can I find department performance plans, evaluations, reports, program audits, and regulatory agendas?

Each document must be posted to the respective department, office, or commission's web site by the statutory deadline. Deadlines for submission and posting to web sites can be found in the table that outlines the SMART Government Act requirements on page 3 of this memo. Web links to these department documents can be found in the table on page 4 of this memo.

What happened to the JBC meetings with the committees of reference?

House Bill 13-1299 repealed and reenacted the SMART Government Act and eliminated the requirement that joint Committees of Reference formally vote on and deliver recommendations to the JBC. It also eliminated the requirement that the JBC report back to the joint Committees of Reference about the JBC's budget decisions. It does, however, require that the JBC consider the performance plans, performance evaluations, strategic goals and objectives, as well as the legal responsibilities of agencies, as part of the committee's regular deliberations. The JBC is still required to meet with Committees of Reference pursuant to Joint Rule 25 (d); however these meetings are not specifically tied to the SMART Act.

What else does the SMART Government Act require?

Component	Description	Statutory Deadline	Responsible Agency
Development of Continuous Process Improvement System	System based on lean government principles or another widely accepted business process improvement	N/A	Office of State Planning and Budgeting (OSPB)
Development of Departmental Performance Plans and distribution to JBC and Committees of Reference	Guide to department's major functions and a tool to evaluate performance goals	By July 1 of each year	Each state department
Publishing of system components and posting of instructions	N/A	By August 1 of each year	OSPB and Elected Official Departments
Filing of Departmental Regulatory Agenda with Legislative Council staff	A summary of new rules or existing rule revisions each department expects to propose each year	By November 1 of each year	Each Executive Branch state department
Distribution of Departmental Performance Evaluations to JBC and Committees of Reference	A regular review of a department's outcomes as compared to its published performance goals, based on actual historical information	At least twice every calendar year	Each state department
Publishing of Annual Performance Report ; posting to the OSPB and department web sites	A summary of each department's performance plan and most recent performance evaluation	By November 1 of each year	OSPB and Elected Official Departments
Departmental Presentations before appropriate joint Committees of Reference	A presentation of each department's performance plan, regulatory agenda, budget request, and legislative agenda; must allow time for public testimony	November 1 through beginning of session; at least once in every even numbered year; and twice in every odd numbered year	Each state department
Review and consideration of the performance plans, performance evaluations, and each department's legal responsibilities and strategic goals and objectives	May prioritize department requests for new funding that are expressly intended to enhance productivity, improve efficiency, reduce costs, and eliminate waste in the processes and operations	November through March	Joint Budget Committee
Performance Audits ; present to Legislative Audit Committee	At least one program/service in two or more departments	Annually	Office of the State Auditor

The following table provides web links to SMART Act documents that are available at the time of this writing:

Direct URL Links to SMART Act Documents	
https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans	
Agriculture	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/cda
Regulatory Agenda	http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheadername1=Content-Disposition&blobheadername2=Content-Type&blobheadervalue1=inline%3B+filename%3D%222015+Regulatory+Agenda.pdf%22&blobheadervalue2=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1252043615424&ssbinary=true
Performance Audits	NA
Colorado Energy Office	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/gov
Performance Audits	NA
Corrections	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/doc
Regulatory Agenda	http://www.doc.state.co.us/sites/default/files/2014-15%20Regulatory%20Agenda.pdf
Performance Audits	Victim's Restitution: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/BD686D57CCB2B44187257CD7005DBC21/\$FILE/2197P+-+Victims+Restitution+April+2014.pdf
Education	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/cde-1
Regulatory Agenda	http://www.cde.state.co.us/cdeboard/2015sberegulatoryagenda
Performance Audits	NA
Healthcare Policy and Financing	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/hcpf
Regulatory Agenda	https://www.colorado.gov/pacific/sites/default/files/HCPF%20Regulatory%20Agenda_0.pdf
Performance Audits	NA
Higher Education (Colorado Commission Higher Education)	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dhe
History Colorado Performance Plan and Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/hco
Regulatory Agenda	
Performance Audits	NA
Human Services	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dhs
Regulatory Agenda	PAGE 711: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	Child Welfare: Scheduled for release November 12, 2014

Direct URL Links to SMART Act Documents

<https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans>

Judicial Department (Office of the State Court Administrator)

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/judicial
Performance Audits	Victim's Restitution: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/BD686D57CCB2B44187257CD7005DBC21/\$FILE/2197P+-+Victims+Restitution+April+2014.pdf

Labor and Employment

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/cdle
Regulatory Agenda	PAGE 774: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	NA

Law

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/law
Regulatory Agenda	http://www.coloradoattorneygeneral.gov/sites/default/files/uploads/budgets/SMARTActDocuments/2015%20Law%20Regulatory%20Agenda.pdf
Performance Audits	NA

Local Affairs

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dola
Regulatory Agenda	PAGE 784: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	NA

Military and Veterans Affairs

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dmva
Regulatory Agenda	
Performance Audits	Veterans Trust Fund Grant Program: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/FEEBF833A81733D287257CD8007268AE/\$FILE/1340P%20-%20Veterans%20Trust%20Fund%20Grant%20Program%20-%20June%202014%20rev.pdf

Natural Resources

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dnr
Regulatory Agenda	http://dnr.state.co.us/SiteCollectionDocuments/Resources/DNR-DeptRegyAgenda-2014.pdf
Performance Audits	NA

Office of Alternate Defense Counsel

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/judicial
Performance Audits	NA

Office of the Child's Representative

Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/judicial
Performance Audits	NA

Direct URL Links to SMART Act Documents

<https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans>

Office of Economic Development	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/gov
Performance Audits	NA
Office of the Governor	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/gov
Performance Audits	NA
Personnel	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dpa
Regulatory Agenda	PAGE 804: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	State Personnel Board: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/27545DE1DB17B3DF87257B7400689474/\$FILE/2192%20DPA%20Final%20May%202013%2005202013.pdf
Office of State Public Defender	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/judicial
Performance Audits	NA
Public Employee's Retirement Association	
Annual Actuarial Valuation	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/pera
Performance Audits	NA
Public Health and Environment	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/cdphe
Regulatory Agenda	https://www.colorado.gov/pacific/sites/default/files/2015%20Regulatory%20Agenda-Summary-rulereview_0.pdf
Performance Audits	Medical Marijuana Regulatory System, Part I: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1BB1CBF38E313A1587257B320079E543/\$FILE/2194A%20MedicalMarijuanaRegSys%20031813.pdf
	Medical Marijuana Regulatory System, Part II: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/C9112BFFDE1559CE87257BA5007AE40F/\$FILE/2194B%20MedMarijPart2%20June%202013.pdf
	Waste Tire Processor and End User Program: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/32AC5F2A16A11EA487257D03007A26F1/\$FILE/1341P%20-%20Waste%20Tire%20Processor%20and%20End%20User%20Program,%20Performance%20Audit,%20June2014.pdf
Public Safety	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/cdps
Regulatory Agenda	PAGE 976: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	NA

Direct URL Links to SMART Act Documents

<https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans>

Regulatory Agencies	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dora
Regulatory Agenda	PAGE 982: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	NA
Revenue	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/dor
Regulatory Agenda	https://www.colorado.gov/pacific/sites/default/files/Department%20of%20Revenue%20Regulatory%20Agenda%20-%20Calendar%20Year%202015.pdf
Performance Audits	Medical Marijuana Regulatory System, Part I: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1BB1CBF38E313A1587257B320079E543/\$FILE/2194A%20MedicalMarijuanaRegSys%20031813.pdf
	Medical Marijuana Regulatory System, Part II: http://www.leg.state.co.us/OSA/coauditor1.nsf/All/C9112BFFDE1559CE87257BA5007AE40F/\$FILE/2194B%20MedMarijPart2%20June%202013.pdf
Secretary of State	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/sos
Regulatory Agenda	PAGE 1092: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	NA
Transportation	
Performance Plan and Annual Performance Report	https://sites.google.com/a/state.co.us/performance-planning-ospb/home/performance-plans/cdot
Regulatory Agenda	PAGE 1106: http://www.sos.state.co.us/CCR/RegisterPdfContents.do?publicationDay=11/10/2014
Performance Audits	NA
Treasury	
Performance Plan and Annual Performance Report	http://www.colorado.gov/cs/Satellite/Treasury_v2/CBON/1251590029480
Regulatory Agenda	http://www.colorado.gov/cs/Satellite/Treasury_v2/CBON/1251590029480
Performance Audits	NA

Departmental Performance Evaluations: Pursuant to Section 2-7-204 (4), C.R.S., each department shall conduct performance evaluations and distribute them to the Joint Budget Committee (JBC) and the General Assembly at least twice each calendar year as defined in the published performance management system. Though the FY 2014-15 performance management system instructions stated that a performance evaluation was to occur by September 15, 2014, the Governor's Office of State Planning and Budgeting (OSPB) has notified JBC staff that this did not occur as "there was little to evaluate at that time." The OSPB has indicated that an evaluation will be submitted prior to December 31, 2014.