

MEMORANDUM

TO: Joint Budget Committee

FROM: House Bill 10-1119 "SMART Act" Team (Viktor, Eric, and David)

SUBJECT: Briefing Issue: Performance-based Goals and the Departments' FY 2012-13 Budget Requests

DATE: November 9, 2011

For the FY 2012-13 budget briefing cycle, each JBC staff analyst will prepare a briefing issue that will address each department's performance-based goals. The issue briefs will summarize how the departments report they are performing relative to their strategic plans, and will discuss how the FY 2012-13 budget requests advance the departments' performance-based goals. The issue briefs will assume that the performance-based goals are appropriate for each department. The issue briefs will also assume that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act, the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. The issue briefs are intended to provide background for meetings that will occur during the first 25 days of the legislative session where committees of reference may provide recommended budget priorities to the Joint Budget Committee, based on reviews by the committees of reference of the department strategic plans' performance-based goals and performance measures.

In this issue, the JBC staff will attempt to answer three questions:

- a. How is the Department measuring its specific goal/objective?
- b. Is the Department meeting its objective, and if not, why?
- c. How does the budget request advance the performance-based goal?

House Bill 10-1119, the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act, requires departments to prepare strategic plans that include:

- The department's five-year mission or vision;
- Performance-based goals that correspond to the department's mission or vision;
- Performance measures that correspond to the performance-based goals;
- Strategies to meet the performance-based goals; and
- A performance evaluation.

The bill instructs the State Auditor to conduct performance audits of departments that, among other things, are to consider the impact of the audited programs or services on a department's performance-based goals. In addition, the audits may review the integrity of the performance measures, the accuracy and validity of reported results, and the overall cost and effectiveness of the audited

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programs or services in achieving legislative intent and the departments' performance-based goals. The bill requires that the strategic plans for departments be accessible from the Office of State Planning and Budgeting website.

The bill defines a process that allows committees of reference to provide written recommendations to departments regarding their strategic plans, performance-based goals, and performance measures. The bill also allows committees of reference to report to the Joint Budget Committee (based on the review of strategic plans, any testimony, and any audit reports) their priorities for each department or any recommended changes to the budget, provided that any recommendations do not exceed the November 1 budget request submitted by departments. The bill instructs the Joint Budget Committee to report back to committees of reference either through a presentation or in writing the reasons for following or not following any committee of reference recommendations.