

**Melissa G. Ballard** proposes the following substitute bill:

**Executive Agency Innovation Incentives**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Melissa G. Ballard**

Senate Sponsor: Evan J. Vickers

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**LONG TITLE**

**General Description:**

This bill amends and enacts provisions relating to efficiency improvement processes and certain funding requirements in the Governor's Office of Planning and Budget.

**Highlighted Provisions:**

This bill:

- amends criteria for certain funds to be treated as nonlapsing;
- amends provisions relating to efficiency improvement processes in the Governor's Office of Planning and Budget, including:
  - identifying and prioritizing processes to incentivize, recognize, and reward a certain entity or entity employee for efficiency;
  - providing for a certain entity or entity employee to recommend an efficiency evaluation;
  - assessing certain metrics and outcomes to determine whether a certain entity's or entity's employee's recommendation results in cost-savings or time-savings; and
  - whether the nonlapsing funds are used for employee retention or incentives;
- provides for reporting requirements; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**63J-1-602**, as last amended by Laws of Utah 2024, Chapter 86

**63J-1-904**, as last amended by Laws of Utah 2023, Chapter 24

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **63J-1-602** is amended to read:

**63J-1-602 . Nonlapsing appropriations.**

- (1) The appropriations from a fund or account and appropriations to a program that are listed in Section 63J-1-602.1 or 63J-1-602.2 are nonlapsing.
- (2) No appropriation from a fund or account or appropriation to a program may be treated as nonlapsing unless:
  - (a) it is listed in Section 63J-1-602.1 or 63J-1-602.2;
  - (b) it is designated in a condition of appropriation in the appropriations bill; [or]
  - (c) nonlapsing authority is granted under Section 63J-1-603[-] ; or
  - (d) it is reviewed under Section 63J-1-904.
- (3) Each legislative appropriations subcommittee shall review the accounts and funds that have been granted nonlapsing authority under the provisions of this section or Section 63J-1-603.
- (4) Except as provided in Subsection (5), on or before October 1 of each calendar year, an agency shall submit to the legislative appropriations subcommittee with jurisdiction over the agency's budget a report that describes the agency's plan to expend any nonlapsing appropriations, including:
  - (a) if applicable, the results of the prior year's planned use of the agency's nonlapsing appropriations; and
  - (b) if the agency plans to save all or a portion of the agency's nonlapsing appropriations over multiple years to pay for an anticipated expense:
    - (i) the estimated cost of the expense; and
    - (ii) the number of years until the agency will accumulate the amount required to pay for the expense.
- (5) The State Board of Education shall submit the report described in Subsections (4)(a) and (b) on or before October 10 of each calendar year.

Section 2. Section **63J-1-904** is amended to read:

**63J-1-904 . Efficiency improvement process.**

- (1) The Governor's Office of Planning and Budget and the Office of the Legislative Fiscal Analyst shall jointly operate a process [~~that identifies and prioritizes~~] to identify and prioritize government processes to target for efficiency improvements.
- (2) The Governor's Office of Planning and Budget and the Office of the Legislative Fiscal

63 Analyst shall ensure that the efficiency improvement process described in Subsection (1)  
64 addresses the following:

65 (a) the roles of the Governor's Office of Planning and Budget and the Office of the  
66 Legislative Fiscal Analyst throughout the efficiency improvement process;  
67 (b) the process by which an appropriated entity's government process is selected for an  
68 efficiency evaluation;

69 (c) the criteria and methodology used for an efficiency evaluation;

70 (d) metrics demonstrating success, including:

71 (i) service delivery savings;

72 (ii) cost-savings; or

73 (iii) time-savings;

74 ~~[(d) whether to provide any rewards or incentives for an appropriated entity to  
75 implement recommendations from an efficiency evaluation;]~~

76 (e) rewards, recognitions, or incentives for an appropriated entity to make  
77 recommendations for or implement recommendations from an efficiency evaluation  
78 or other measurable efficiency improvements;

79 (f) whether to create a formal or informal committee that advises the efficiency  
80 improvement process; and

81 ~~[(f)]~~ (g) the process by which the Governor's Office of Planning and Budget and the  
82 Office of the Legislative Fiscal Analyst notify the Office of the Legislative Auditor  
83 General when an efficiency evaluation is completed.

84 (3) On or before October 1 of each year, the entity shall report to the Governor's Office of  
85 Planning and Budget and the Office of the Legislative Fiscal Analyst on the entity's  
86 progress toward the metrics described in Subsection (2)(d).

87 (4) If the efficiency improvements result in cost-savings, as described in Subsection (2)(d),  
88 the entity may:

89 (a) request a portion of funds to be treated as nonlapsing in accordance with Section  
90 63J-1-602; and

91 (b) use the funds for employee retention or employee performance incentives.

92 ~~[(3)]~~ (5) The Office of the Legislative Auditor General shall:

93 (a) independently review the results of each efficiency evaluation conducted under this  
94 section, including whether the executive department agency implemented any  
95 recommendations from the efficiency evaluation;

96 (b) provide a copy of the findings from the review to the Governor's Office of Planning

97 and Budget and the Office of the Legislative Fiscal Analyst; ~~[and]~~  
98 ~~(c) verify the reported progress described in Subsection (3); and~~  
99 ~~[(e)] (d) report the findings from the review to the Legislative Management Committee.~~  
100 ~~[(4)(a) Following an independent review under Subsection (3), the Office of the~~  
101 ~~Legislative Auditor General may conduct initial survey work at the discretion of the~~  
102 ~~legislative auditor general.]~~  
103 ~~[(b) If, based on the initial survey work described in Subsection (4)(a), the legislative~~  
104 ~~auditor general determines further review is necessary, the legislative auditor general~~  
105 ~~shall recommend to the Audit Subcommittee created in Section 36-12-8 that the~~  
106 ~~Office of the Legislative Auditor General conduct an in-depth audit of the~~  
107 ~~appropriated entity.]~~  
108 ~~[(5)] (6) Each calendar year before December 31, the Governor's Office of Planning and~~  
109 ~~Budget and the Office of the Legislative Fiscal Analyst shall report to the governor and~~  
110 ~~the Legislative Management Committee, respectively, regarding the status of the~~  
111 ~~efficiency improvement process and recommended changes, if any.~~  
112 ~~[(6)] (7) The efficiency improvement process described in this section does not apply to a~~  
113 ~~legislative department government process.~~  
114 Section 3. **Effective Date.**  
115 This bill takes effect on May 7, 2025.