

1 **PERFORMANCE REPORTING AND EFFICIENCY PROCESS**

2 **AMENDMENTS**

3 2023 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Don L. Ipson**

6 House Sponsor: Robert M. Spendlove

7

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the government performance reporting and efficiency process.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ increases the threshold for a funding item that requires a performance measure;

14 ▶ requires the Governor's Office of Planning and Budget and the Office of the
15 Legislative Fiscal Analyst to compile and provide to executive agencies a list of
16 funding items passed each session;

17 ▶ clarifies the process for finalizing an executive agency's proposed performance
18 measures;

19 ▶ modifies the requirements of the efficiency improvement process;

20 ▶ clarifies the role of the legislative auditor general in the review and response to an
21 efficiency evaluation; and

22 ▶ makes technical and conforming changes.

23 **Money Appropriated in this Bill:**

24 None

25 **Other Special Clauses:**

26 This bill provides a special effective date.

27 **Utah Code Sections Affected:**



28 AMENDS:

29 **63J-1-902**, as enacted by Laws of Utah 2021, Chapter 421

30 **63J-1-903**, as enacted by Laws of Utah 2021, Chapter 421

31 **63J-1-904**, as enacted by Laws of Utah 2021, Chapter 421



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

34 Section 1. Section **63J-1-902** is amended to read:

35 **63J-1-902. Definitions.**

36 As used in this part:

37 (1) "Appropriated entity" means any entity that receives state funds.

38 (2) (a) "Funding item" means an increase to an agency's state funding that:

39 [~~(a)~~] (i) is [~~at least~~] \$50,000 or more; and

40 [~~(b)~~] (ii) results from action during a legislative session.

41 (b) "Funding item" does not include:

42 (i) a technical budget adjustment;

43 (ii) restoration of a recent reduction;

44 (iii) a standardized adjustment, including an internal service fund increase or
45 compensation increase; or

46 (iv) any increase that the Governor's Office of Planning and Budget and the Office of
47 the Legislative Fiscal Analyst agree is similar to an increase described in Subsections (2)(b)(i)
48 through (iii).

49 (3) "Performance measure" means a program objective, effectiveness measure,
50 program size indicator, or other related measure.

51 (4) "Product or service" means an appropriated entity's final output or outcome.

52 (5) "Government process" means a set of functions and procedures by which an
53 appropriated entity creates a product or service.

54 Section 2. Section **63J-1-903** is amended to read:

55 **63J-1-903. Performance measure and funding item reporting.**

56 (1) The Governor's Office of Planning and Budget and the Office of the Legislative
57 Fiscal Analyst may develop an information system to collect, track, and publish agency
58 performance measures.

59 (2) Each executive department agency shall:

60 (a) in consultation with the Governor's Office of Planning and Budget and the Office of
61 the Legislative Fiscal Analyst, develop performance measures to include in an appropriations
62 act for each fiscal year; and

63 (b) on or before [~~October 1~~] August 15 of each calendar year, provide to the Governor's
64 Office of Planning and Budget and the Office of the Legislative Fiscal Analyst:

65 (i) any recommendations for legislative changes for the next fiscal year to the agency's
66 previously adopted performance measures or targets; and

67 (ii) a report of the final status of the agency's performance measures included in the
68 appropriations act for the fiscal year ending the previous June 30.

69 (3) Each judicial department agency shall:

70 (a) develop performance measures to include in an appropriations act for each fiscal
71 year; and

72 (b) annually submit to the Office of the Legislative Fiscal Analyst a report that
73 contains:

74 (i) any recommendations for legislative changes for the next fiscal year to the agency's
75 previously adopted performance measures; and

76 (ii) the final status of the agency's performance measures included in the appropriations
77 act for the fiscal year ending the previous June 30.

78 (4) Within 21 days after the day on which the Legislature adjourns a legislative session
79 sine die, the Governor's Office of Planning and Budget and the Office of the Legislative Fiscal
80 Analyst shall:

81 (a) create a list of funding items passed during the legislative session;

82 (b) from the list described in Subsection (4)(a), identify in a sublist each funding item
83 that increases state funding by \$500,000 or more from state funds; and

84 (c) provide the lists described in this subsection to each executive department agency.

85 [~~(4)~~] (5) [For each funding item, the] Each executive department agency shall provide
86 to the Governor's Office of Planning and Budget and the Office of the Legislative Fiscal
87 Analyst:

88 (a) for each funding item on the list described in Subsection (4)(b), within 60 days after
89 the day on which the Legislature adjourns a legislative session sine die:

90 (i) one or more proposed performance measures [~~developed in consultation with the~~
91 ~~Governor's Office of Planning and Budget and the Office of the Legislative Fiscal Analyst~~];
92 and

93 (ii) a target for each performance measure described in Subsection [~~(4)(a)(i); and~~
94 (5)(a)(i); and

95 (b) for each funding item on the list described in Subsection (4)(a), on or before August
96 15 of each year after the close of the fiscal year in which the funding item was first funded, a
97 report that includes:

98 (i) the status of each performance measure relative to the measure's target as described
99 in Subsection [~~(4)(a)~~] (5)(a), if applicable;

100 (ii) the actual amount the agency spent, if any, on the funding item; and

101 (iii) (A) the month and year in which the agency implemented the program or project
102 associated with the funding item; or

103 (B) if the program or project associated with the funding item is not fully implemented,
104 the month and year in which the agency anticipates fully implementing the program or project
105 associated with the funding item.

106 (6) (a) After an executive department agency provides proposed performance measures
107 in accordance with Subsection (5)(a), the Governor's Office of Planning and Budget and the
108 Office of the Legislative Fiscal Analyst shall review the proposed performance measures and,
109 if necessary, coordinate with the executive department agency to modify and finalize the
110 performance measures.

111 (b) The Governor's Office of Planning and Budget, the Office of the Legislative Fiscal
112 Analyst, and the executive department agency shall finalize each proposed performance
113 measure before July 1.

114 (7) The Governor's Office of Planning and Budget and the Office of the Legislative
115 Fiscal Analyst may jointly request that an executive department agency provide the report
116 required under Subsection (5)(b) in a different fiscal year than the fiscal year in which the
117 funding item was first funded or in multiple fiscal years.

118 (8) The Governor's Office of Planning and Budget shall:

119 (a) review at least 20% of the performance measures described in Subsection (2)
120 annually; and

121 (b) ensure that the Governor's Office of Planning and Budget reviews each
 122 performance measure described in Subsection (2) at least once every five years.

123 (9) The Office of the Legislative Fiscal Analyst shall review the performance measures
 124 described in Subsection (2) on a schedule that aligns with the appropriations subcommittee's
 125 applicable accountable budget process described in legislative rule.

126 ~~[(5)]~~ (10) (a) The Office of the Legislative Fiscal Analyst shall report the relevant
 127 performance measure information described in this section to the Executive Appropriations
 128 Committee and the appropriations subcommittees, as appropriate.

129 (b) The Governor's Office of Planning and Budget shall report the relevant
 130 performance measure information described in this section to the governor.

131 Section 3. Section **63J-1-904** is amended to read:

132 **63J-1-904. Efficiency improvement process.**

133 (1) ~~[By May 1, 2022, the]~~ The Governor's Office of Planning and Budget and the
 134 Office of the Legislative Fiscal Analyst shall jointly ~~[establish]~~ operate a process that identifies
 135 and prioritizes government processes to target for efficiency improvements.

136 (2) The Governor's Office of Planning and Budget and the Office of the Legislative
 137 Fiscal Analyst shall ensure that the efficiency improvement process described in Subsection (1)
 138 addresses the following:

139 (a) the roles of the Governor's Office of Planning and Budget and the Office of the
 140 Legislative Fiscal Analyst throughout the efficiency improvement process;

141 ~~[(b) how to collaborate with an appropriated entity in the development of the~~
 142 ~~appropriated entity's performance measures under Section [63J-1-903](#);~~]

143 ~~[(c) how to evaluate the results of an appropriated entity's performance measures;~~
 144 ~~including identifying which performance measures that an appropriated entity may want to~~
 145 ~~retain, modify, or discontinue;]~~

146 ~~[(d)]~~ (b) the process by which an appropriated entity's government process is selected
 147 for an efficiency evaluation;

148 ~~[(e)]~~ (c) the criteria and methodology used for an efficiency evaluation;

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

151 ~~[(g)]~~ (e) whether to create a formal or informal committee that advises the efficiency

152 improvement process; and

153 ~~[(h)]~~ (f) the process by which the Governor's Office of Planning and Budget and the
154 Office of the Legislative Fiscal Analyst notify the Office of the Legislative Auditor General
155 when an efficiency evaluation is completed.

156 ~~[(3)(a) The Office of the Legislative Auditor General shall independently review the~~
157 ~~results of each efficiency evaluation conducted under this section.]~~

158 ~~[(b) If, based on the review described in Subsection (3)(a), the Office of the Legislative~~
159 ~~Auditor General determines further review is necessary, the Office of the Legislative Auditor~~
160 ~~General shall:]~~

161 ~~[(i) conduct a risk assessment; and]~~

162 ~~[(ii) provide the results of the risk assessment to the Audit Subcommittee created in~~
163 ~~Section [36-12-8](#).]~~

164 (3) The Office of the Legislative Auditor General shall:

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

168 (b) provide a copy of the findings from the review to the Governor's Office of Planning
169 and Budget and the Office of the Legislative Fiscal Analyst; and

170 (c) report the findings from the review to the Legislative Management Committee.

171 (4) (a) Following an independent review under Subsection (3), the Office of the
172 Legislative Auditor General may conduct initial survey work at the discretion of the legislative
173 auditor general.

174 (b) If, based on the initial survey work described in Subsection (4)(a), the legislative
175 auditor general determines further review is necessary, the legislative auditor general shall
176 recommend to the Audit Subcommittee created in Section [36-12-8](#) that the Office of the
177 Legislative Auditor General conduct an in-depth audit of the appropriated entity.

178 ~~[(4)]~~ (5) ~~[Beginning in 2021 and each calendar year thereafter]~~ Each calendar year
179 before December 31, the Governor's Office of Planning and Budget and the Office of the
180 Legislative Fiscal Analyst shall~~[, before December 31,]~~ report to the governor and the
181 Legislative Management Committee, respectively, regarding the status of the efficiency
182 improvement process and recommended changes, if any.

183 [~~5~~] (6) The efficiency improvement process described in this section does not apply
184 to a legislative department government process.

185 Section 4. **Effective date.**

186 If approved by two-thirds of all the members elected to each house, this bill takes effect
187 upon approval by the governor, or the day following the constitutional time limit of Utah
188 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,
189 the date of veto override.