



# The Florida Senate

*Interim Project Report 2001-004*

*July 2000*

Committee on Budget

Senator Locke Burt, Chairman

## **DEVELOP NEW BUDGET INSTRUCTIONS FOR LEGISLATIVE BUDGET REQUEST DEVELOPMENT (CHAPTER 216, F.S.)**

### **SUMMARY**

House Bill 2377 (HB 2377), passed during the 2000 Legislative Session, substantially modified the planning and budgeting process for state agencies. A work group comprised of the Senate, House and Governor's Office staff was convened to develop consensus on changes to be made in the annual budget instructions pursuant to HB 2377. Changes recommended by the workgroup were incorporated in a final document prepared by the Executive Office of the Governor, and distributed to all state entities during the last week of June, 2000.

### **BACKGROUND**

House Bill 2377, passed during the 2000 Legislative Session, substantially modified the planning and budgeting process for state agencies. Major changes affecting the budget instructions included: eliminating preliminary budget requests; changing submittal dates and other time frames; merging phase-in provisions for Performance Based Planning and Budgeting into the annual budgeting requirements to be used by all agencies as of the 2001-2002 budget cycle; creating Zero-Based Budgeting (ZBB) requirements; restructuring the budget hierarchy (i.e., programs, budget entities, activities, unit costs); creating a community budget request process; and revising the process for establishing non-operating budget authority. The objective of this project was to modify the Legislative Budget Request (LBR) instructions as needed to implement the changes in law enacted through HB 2377.

### **METHODOLOGY**

A work group comprised of the Senate, House and Governor's Office staff was convened to develop consensus on changes to be made in the annual budget instructions. The work group first made targeted changes to the instructions to incorporate explicit

changes in law effected by HB 2377. After making these targeted changes, the work group conducted a systematic review of the entire document (last year's version modified) to find sections where modifications were needed in order to be consistent with the more explicit changes contained in the law. The staff directors of the House Fiscal Responsibility Council and Senate Budget Committee met periodically with the Governor's budget director to resolve the various questions posed by the work group when needed.

### **FINDINGS**

The following material changes were made in the LBR instructions:

- ◆ References to the Agency Strategic Plan (ASP) were replaced with Long-Range Program Plan (LRPP).
- ◆ The Annual Calendar of Events was updated to reflect changes in HB 2377.
- ◆ New budget structure terms were defined and employed as appropriate throughout the document: Policy Area, Program, Service, and Activity.
- ◆ The requirement for submission of preliminary LBR's was eliminated, and the date for final LBR submission was changed from September 1 to September 15. Agencies will be required to perform a technical review using a standardized checklist in lieu of the preliminary LBR submission.
- ◆ All references to issues types (i.e., Continue Current Programs, Improved Programs, and New Programs) and Major Issues were removed since these are no longer used.
- ◆ Exhibit D-2's (Program Objectives/Measures) were eliminated since this information is now comprehended within the LRPP's.
- ◆ Schedule XI (New/Improved Program Implementation Costs) was eliminated due to the elimination of issue types. However, agencies are required to include information in the issue narrative to provide future year costs.

- ◆ A new form, Schedule XII, is now required to provide information for issues that, as of the September 15 submission deadline for LBR’s, are based on preliminary estimating conference data or on policies still under development.
- ◆ Column A01 has been removed from the Exhibit B format for the 2000-2001 submittal only, since the recent restructuring of the budget will not allow for a valid comparison of prior year data.
- ◆ The automated Cost to Continue Current Positions issue and the Continue Current Other Personal Services issue have both been eliminated, and necessary adjustments for these issues will be manually created to provide more specificity justifying these calculations. A new statewide issue entitled Annualization of Administered Funds Appropriations has been created to assist in this regard.
- ◆ Various adjustments in statewide issue codes and information technology terminology have been made to reflect changes in review requirements effected by both HB 2377 and SB 1334.
- ◆ A new issue code series and process will be required to capture agency activity data as required in the LRPP and as needed to conduct required Zero-Based Budgeting (ZBB) analyses.
- ◆ References to the Administration Commission were replaced with Legislative Budget Commission, created by HB 2377 to assume the budgeting functions formerly assigned to the Administration Commission in Chapter 216, Florida Statutes.
- ◆ All references to the Summary Statement of Intent were removed, since HB 2377 eliminated that document.
- ◆ Part II of the LBR instructions relating to Performance-Based Program Budgeting (PBPB) was eliminated since PBPB is now integrated with the LRPP.

**RECOMMENDATIONS**

No additional recommendations are made at this time. However, staff should continue to monitor the implementation of the new budget instructions to identify future modifications or corrections that may be warranted based on experience over the next several months.

**COMMITTEE(S) INVOLVED IN REPORT** *(Contact first committee for more information.)*  
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**MEMBER OVERSIGHT**  
 Senator Locke Burt