

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1466

SPONSOR: Committee on Fiscal Policy

SUBJECT: State Budgetary Process

DATE: April 10, 2000 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hadi _____	Hadi _____	FP _____	Favorable/CS _____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill amends Chapter 216, Florida Statutes, which governs the planning and budgeting requirements and processes for the state.

- Aligns language to reflect changes in the budget structure. “Legislative Budget” renamed “Agency Budget”; Member Projects named “Community Budget Issues”; “Budget Entity” renamed “Program”; and ”Program Component” renamed “Program.”
- Consolidates Performance-based Program Budgeting language into agency budget section so that all agency budget will be performance-based. Changes budget submission date from September 1 to September 15.
- Creates new Estimating Conferences for Self-Insurance and Florida Retirement System; eliminates Transportation Estimating Conference.
- Requires Governor’s budget recommendations to include community budget issues as well as agency budget issues.
- Increases from 48 to 72 hours the length of time a GAA conference report must be available to the public prior to vote.
- Clarifies that no officer or entity is authorized to make expenditures for a vetoed appropriation.
- Provides for salary rate to be controlled at the department level rather than the division or budget entity level.
- Requires that all funds related to settlements negotiated on behalf of the state be subject to appropriation by the Legislature.
- Changes from \$300 million to 1.5% of the GR appropriation the amount of projected budget shortfall that triggers deficit elimination action.
- Increases from \$25,000 to \$150,000 the amount that agencies may transfer between appropriation categories within a budget entity; deletes language that permits agencies to make transfers between PB² lump sums, and links transfer flexibility to achievement of performance expectations.

- Provides that legislative officers may object to any spending action proposed by an agency even if it is not the subject of a budget amendment.
- Transfers responsibility for overseeing implementation of the general appropriations act from the administration commission to a new Legislative Budget Commission established as a joint standing committee of the legislature with 7 members from the Senate and 7 members from the House. Members would serve 2-year terms. Chairmanship would alternate between the House and Senate each year.
- Assigns responsibility to the Legislative Budget Commission for implementing zero-based budget reviews of state agency budgets on an 8-year cycle.
- Replaces “budget entity” with “service” and “program component” with “program” to reflect the new budget format.
- Provides budget transfer flexibility to agencies at the program level.
- Requires state agencies to submit adjustments to performance standards to reflect final appropriation amounts.
- Eliminates references to the statement of intent. With the advent of the implementing bill, the statement of intent is now obsolete.
- Clarifies that salary rate will be controlled at the department level except in the Department of Education where it will be controlled at the division level.
- Amends section 120.65, F.S., to delete 21-day time limitation on action by the executive office of the governor on requests for budget action by the division of administrative hearings; and
- Exempts tobacco settlement trust funds from service charge to GR.

This bill will take effect July 1, 2000.

The bill amends ss. 120.65, 121.031, 186.002, 186.003, 186.021, 186.022, 186.901, 216.011, 216.015, 216.0152, 216.0158, 216.016, 216.023, 216.031, 216.044, 216.0446, 216.052, 216.081, 216.131, 216.133, 216.134, 216.136, 216.141, 216.151, 216.162, 216.163, 216.177, 216.178, 216.179, 216.181, 216.183, 216.192, 216.195, 216.212, 216.216, 216.221, 216.251, 216.262, 216.271, 216.292, 216.321, 240.209, 240.20941, 288.7091, 337.023, 339.135, 376.15, and 392.69, Florida Statutes.

The bill creates ss. 11.45(11), 11.90, 216.013, 216.1825, and 216.216, Florida Statutes, repeals ss. 216.001, 216.0154, 216.0162, 216.0166, 216.0172, 216.0235, 216.0315, 216.091, 216.111, 216.281, and 216.286, F.S., and renumbers ss. 216.331, 216.3491, and 216.3505, F.S.

II. Present Situation:

Chapter 216, Florida Statutes, which governs the planning and budgeting requirements and process for the state, was created in 1969 (Chapter 69-106, Laws of Florida) concurrent with a major reorganization of Florida government. It was originally crafted as a way to manage the new agency structures of divisions and bureaus, necessitated by the constitutional limitation on the number of state agencies. Piecemeal modifications have been enacted in at least 18 of the 30 years since Chapter 216 was created. As a result, the chapter now reflects a somewhat disjointed mixture of financial management and budgeting provisions, including Consensus Estimating Conference mandates and various incremental budgeting procedures along with more recent

Performance Based Program Budgeting parameters and exceptions to the original management controls.

During the 1999 summer interim period, a project was undertaken jointly with the staff of the House of Representatives and the Governor's Office to develop proposed legislation to better organize the sequence of budgeting and management provisions, modify provisions which are outdated, and eliminate any inadvertent conflicts among the older and newer provisions. Added to the process, were twelve individual workgroups comprised of 43 participants enlisted from the House, Senate, Comptroller's Office, Legislative Division of Economic and Demographic Research, Office of Program Policy Analysis and Government Accountability, and the Governor's Office. Each workgroup, based on specific expertise, were assigned to review and recommend changes to each of the structural parts of chapter 216, F.S. relating to their perspective discipline areas.

III. Effect of Proposed Changes:

Section 1. Amends s. 216.011, F.S. Definitions. Clarifies that annual salary rate excludes benefits; changes "budget entity" to "service"; changes "legislative" budget requests to "agency" budget requests; changes "program component" to "program"; provides list of appropriation categories; updates the definition of state agency to include the Florida Housing Finance Corporation and the Florida Public Service Commission which appear as recent changes in other statutes; changes "Grants and Aids to Local Governments and Nonprofit Organizations" to "Grants and Aids to Local Governments and Nonstate Entities"; deletes several definitions that will be moved to the specific statutory sections wherein the terms are used; deletes definitions of terms that are not used anywhere within Chapter 216, F.S.

Section 2. Creates s. 216.013, F.S. Long-range program plan. Defines long-range program plan and provides requirements for agency plans.

Section 3. Amends s. 216.015, F.S. Capital facilities planning and budgeting process. Deletes obsolete language; clarifies that role of Executive Office of the Governor includes monitoring and evaluation of capital facilities planning.

Section 4. Amends s. 216.0152, F.S. Inventory of state-owned facilities or state-occupied facilities. Changes the due date for facilities inventory from Sept. 1 to Sept. 15.

Section 5. Amends s. 216.0158, F.S. Assessment of facility needs. Deletes obsolete language relating to the submission of long term capital facility plans pursuant to budget instructions.

Section 6. Amends s. 216.016, F.S. Evaluation of plans; determination of financing method. Clarifies that a financing plan for state infrastructure needs to be included in Governor's recommended budget.

Section 7. Amends s. 216.023, F.S. Legislative budget requests to be furnished by agencies. Changes "legislative" budget request to "agency" budget request; changes due date for agency requests from Sept. 1 to Sept. 15; eliminates the requirement for a preliminary budget; specifies content of request; provides for revisions to performance standards based on appropriated

amounts; requires the Executive Office of the Governor to maintain the official record of performance standards and adjustments; deletes requirement for agencies to provide point by point response to funding recommendations submitted by the Director of the Office of Program Policy Analysis and Government Accountability.

Section 8. Amends s. 216.031, F.S. Target budget request. Deletes detailed specifications which will appear in budget instructions; changes date by which target budgets may be submitted if such budget is required from Sept. 15 to Sept. 30.

Section 9. Amends s. 216.044, F.S. Budget evaluation by Department of Management Services. Requires agencies to consult with DMS while developing capital outlay budget requests for projects to be managed by DMS.

Section 10. Amends s. 216.0446, F.S. Review of information resources management needs. Conforms language to reflect creation of the Legislative Budget Commission.

Section 11. Amends s. 216.052, F.S. Legislative budget requests; appropriations; grants. Changes “legislative budget requests” to “Community Budget Requests;” provides definition, process and criteria for such request

Section 12. Amends s. 216.081, F.S. Data on legislative and judicial branch expenses. Changes date for submission of legislative and judicial branch expense data from Sept. 1 to “in sufficient time to be included in the Governor’s recommended budget.”

Section 13. Amends s. 216.13, F.S. Public hearings on legislative budgets. Allows public hearing on agency budgets to be conducted simultaneously via electronic means.

Section 14. Amends s. 216.133, F.S. Amends Definitions; ss. 216.133-216.137. Eliminates transportation estimating conference from definition of “Consensus Estimating Conference;” defines “consensus.” Eliminates definition of “State planning and budgeting system” which is defined and prescribed in Chapter 186, F.S.

Section 15. Amends s. 216.134, F.S. Consensus estimating conferences; general provisions. Clarifies that consensus is required for all official estimates.

Section 16. Amends s. 216.136, F.S. Consensus estimating conferences; duties and principals. Deletes language that prescribes the frequency of economic estimating conference estimates; creates the “Self-Insurance Estimating Conference” and the “Florida Retirement System Actuarial Assumption Conference”; deletes the Transportation Estimating Conference.

Section 17. Amends s. 216.141, F.S. Budget system procedures; planning and programming by state agencies. Deletes obsolete language; clarifies that Legislature may contract with EOG for planning and budgeting system and support.

Section 18. Amends s. 216.151, F.S. Duties of the Executive Office of the Governor. Makes conforming language changes.

Section 19. Amends s. 216.162, F.S. Governor's recommended budget to be furnished Legislature; copies to members. Clarifies that Governor's budget recommendations must be provided to the Legislature annually.

Section 20. Amends s. 216.163 F.S. Governor's recommended budget; form and content; declaration of collective bargaining impasses. Deletes language made obsolete by constitutional revisions that specifies format for Governor's recommended budget; deletes content requirements for Governor's budget made obsolete by the advent of the computerized budgeting system and by the implementation of performance based budgeting; eliminates performance based program appropriation categories from among the list of management flexibility strategies that may be employed (lump sums with flexibility proviso have been used instead); clarifies that the Governor's recommendations must include agency budget requests and community budget requests.

Section 21. Amends s. 216.177, F.S. Appropriations acts, statement of intent, violation, notice, review and objection procedures. Deletes language related to the statement of intent; reduces legislative consultation period for release of funds amendments from 14 to 3 days; provides that the legislative officers may object to any spending action proposed by an agency, even if it is not the subject of a budget amendment.

Section 22. Amends s. 216.178, F.S. General Appropriations Act; format; procedure; cost statement for new debt or obligation. Increases from 48 to 72 hours the length of time a General Appropriations Act conference report must be available to the public prior to vote; deletes obsolete language.

Section 23. Amends s. 216.179, F.S. Reinstatement of vetoed appropriations by administrative means prohibited. Clarifies that agencies are precluded from authorizing expenditures for vetoed appropriations.

Section 24. Amends s. 216.181, F.S. Approved budgets for operations and fixed capital outlay. Requires all budget amendments related to large, multi-agency information technology projects must be reviewed by the Technology Review Work Group and approved by the Governor (for the executive branch) or Chief Justice (for the judicial branch); specifies that salary rate is controlled by department or agency; prohibits increases in General Revenue funded salary rate that are not offset by decreases in General Revenue funded salary rate elsewhere within the agency; specifies that any nonadministrative program component exceeding the appropriated lapse rate by more than 2 percent for any fiscal year will result in a reduction of salary rate to executive leadership and support program components in the subsequent year; provides standing authorization for specified types of nonoperating budget, and restricts ability of Governor and Chief Justice to establish non-operating budgets; clarifies the types of nonoperating budget authority that may be established; allows Comptroller, after consultation, to advance funds beyond 3-months; deletes obsolete language; and conforms language to reflect creation of the Legislative Budget Commission.

Section 25. Creates s. 216.1825, F.S., Zero-based budgeting. Directs the Legislative Budget Commission to implement zero-based budget reviews of all state agencies on an 8-year cycle.

Section 26. Amends s. 216.183, F.S. Entities using performance-based program budgets; chart of accounts. Requires consultation with the Legislative Budget Commission on chart of accounts for performance-based program budgets.

Section 27. Amends s. 216.192, F.S. Release of appropriations; revision of budgets. Increases from 20 to 25 the percent of approved operating budget that can be released on July 1; and conforms language to reflect creation of the Legislative Budget Commission.

Section 28. Amends s. 216.195, F.S. Impoundment of funds; restricted. States definition of “impoundment” within the statute section where it is used; conforms language to reflect creation of the Legislative Budget Commission.

Section 29. Amends s. 216.212, F.S. Budgets for federal funds; restrictions on expenditure of federal funds. Clarifies EOG role in reviewing agency funding requests to federal agencies; eliminates redundant provision that FLAIR be compatible with the Federal Aid Tracking System (requirement is provided in s. 216.102, F.S.).

Section 30. Creates s. 216.216, F.S. Court settlement funds negotiated by the State. Specifies that all funds related to settlements negotiated by or on behalf of the state are subject to appropriation.

Section 31. Amends s. 216.221, F.S. Appropriations as maximum appropriations; adjustment of budgets to avoid or eliminate deficits. Changes from \$300 million to 1.5% of general revenue appropriation the amount of projected budget shortfall that triggers deficit elimination action.

Section 32. Amends s. 216.25, F.S. Salary appropriations; limitations. Deletes obsolete language.

Section 33. Amends s. 216.262, F.S. Authorized positions. States definition of “perquisites” within the statute section where it is used; conforms language to reflect creation of the Legislative Budget Commission.

Section 34. Amends s. 216.271, F.S. Revolving funds. States definition of “revolving fund” within the statute section where it is used.

Section 35. Amends s. 216.292, F.S. Appropriations nontransferable; exceptions. Increases from \$25,000 to \$150,000 the amount that agency heads may transfer between appropriation categories within a budget entity; deletes language that permits agencies to make 5% transfers between PB² appropriation categories; provides authorization for EOG to approve fixed capital outlay projects funded with federal funds within the Department of Military Affairs; makes the Executive Office of the Governor a recipient of reports issued by the Comptroller regarding transfers; and conforms language to reflect creation of the Legislative Budget Commission.

Section 36. Amends s. 216.321, F.S. Construction of chapter 216 as unauthorized expenditures and disbursement. Makes conforming changes only.

Section 37. Creates 11.45(11), F.S. Audit of direct-support organizations. Reenacts language in Chapter 11, F.S., that authorizes the Auditor General to audit direct-support organizations.

Section 38. Creates 11.90, F.S. Legislative Budget Commission. Creates a Legislative Budget Commission as a standing joint committee of the Legislature; provides for membership and staffing.

Section 39. Amends 120.65, F.S. Administrative Law Judges. Eliminates the 21-day time limitation on action by the Executive Office of the Governor on Division of Administrative Hearings requests for budget action.

Section 40. Amends s. 121.031, F.S. Administration of system; appropriations; oaths; actuarial studies; public records. Style and drafting changes; deletes Florida Retirement System Estimating conference from this section, since it has been moved to s. 216.136, F.S.

Section 41. Amends s. 186.002(2), F.S. Findings and intent. Replaces language associated with “State agency strategic” plans with “Long-range program” plans.

Section 42. Amends 186.003, F.S. Definitions Replaces definition of “state agency strategic” plan with “Long-range program” plan.

Section 43. Amends 186.021, F.S. State agency strategic plans. Replaces language associate with “State agency strategic” plans with “Long-range program” plans; requires the agency’s long-range program plan to provide the context and framework for its budget request; deletes obsolete language.

Section 44. Amends 186.022, F.S. State agency strategic plans; preparation, form, and review. Eliminates references and requirements for state agency strategic plans and replaces them with requirements for information resource strategic plans to be submitted by designated boards and commissions.

Section 45. Amends s. 186.901, F.S. Population census determination. Specifies role of Legislative Office of Economic and Demographic Research in providing annual population estimates.

Section 46. Amends s. 215.18, F.S. Transfers between funds; limitation. Conforms language to reflect creation of the Legislative Budget Commission.

Section 47. Amends. 215.22(1), F.S. Certain income and certain trust funds exempt. Exempts Tobacco Settlement Trust Funds from service charge to general revenue.

Section 48. Amends 215.32(2)(b), F.S. State funds; segregation. Conforms language to reflect creation of the Legislative Budget Commission.

Section 49. Amends s. 240.209(3)(f), F.S. Board of Regents; powers and duties. Deletes obsolete language.

Section 50. Amends s. 240.20941, F.S. Vacant faculty positions. Conforming changes only.

Section 51. Amends 240.279, F.S. Working capital trust funds established. Conforms language to reflect creation of the Legislative Budget Commission.

Section 52. Amends s. 288.7091, F.S. Duties of the Florida Black Business Investment Board. Conforming changes only.

Section 53. Amends s. 320.20, F.S. Disposition of license tax moneys. Conforms language to reflect creation of the Legislative Budget Commission.

Section 54. Amends s. 337.023, F.S. Sale of Building; acceptance of replacement building. Conforms language to reflect creation of the Legislative Budget Commission.

Section 55. Amends s. 339.135(2)(a), F.S. Work program; legislative budget request; definitions; preparation, adoption, execution and amendment. Changes reference from "Transportation Estimating Conference" to "estimating conference."

Section 56. Amends s. 392.69(3), F.S. Appropriation, sinking and maintenance trust funds; additional powers of the department. Conforms language to reflect creation of the Legislative Budget Commission.

Section 57. Amends s. 216.3491, F.S. Transfers, renumbers and amends as s. 215.97, F.S., the Florida Single Audit Act.

Section 58. Section 216.331, F.S. is transferred and renumbered as s. 215.965, F.S.

Section 59. Section 216.3505, F.S. is transferred and renumbered as s. 215.966, F.S.

Section 60. Repeals ss. 216.001, 216.0154, 216.0162, 216.0166, 216.0172, 216.0235, 216.0315, 216.091, 216.111, 216.281, and 216.286, F.S. Section 216.001 is obsolete; 216.0154 is obsolete; 216.0162 is obsolete; 216.0166, 216.0172, and 216.0235 are outdated, relating to the phase-in of PB² ; 216.091 and 216.111 are redundant of provisions relating to the Comptroller duties in the constitution and in other statutes; 216.281 defines terms not used in chapter 216; 216.286 is obsolete as it relates to a program repealed by s. 111, Ch. 96-175, Laws of Florida.

Section 60. Effective date July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.