

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 2470

SPONSOR: Fiscal Policy Committee and Senator Latvala and others

SUBJECT: State Air Travel

DATE: April 19, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/1 amendment</u>
2.	<u>Hendon</u>	<u>Hadi</u>	<u>FP</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill requires the Department of Management Services (DMS) to contract for and maintain a central database on state-approved travel and report to the Legislature annually on recommendations for improving the efficiency or cost of such travel. The Comptroller is directed to establish object codes which will permit capture of specific items of expenditure relating to travel. State agencies are directed to use the state purchasing card, if issued, for travel expenses. It is expected that better information on the state's travel practices would be helpful in attracting new airline service to the Tallahassee Regional Airport.

The DMS may contract with an air carrier for jet service serving Tallahassee and provide seat guarantees or other incentives to improve that service.

Appropriations from the General Revenue Fund are made to the Departments of Management Services and Banking and Finance to implement the provisions of the bill.

This bill creates an undesignated section of the Florida Statutes.

II. Present Situation:

The DMS is the nominal state agency charged with providing administrative and operating support services to agencies of the Executive Branch. Constitutional entities may participate in such arrangements as well, along with the State University System, at their option. In the discharge of these responsibilities the DMS maintains an automated purchasing and procurement system, an aircraft and motor vehicle fleet, and a facilities pool for the occupancy, leasing, and debt financing of state office buildings.

The agency maintains the Executive Aircraft Pool with three twin-engine aircraft for the transport of state employees to destinations outside of their Tallahassee headquarters location. Until last year the aircraft were operated for the convenience of the executive traveler and at a financial

loss, unlike its motor vehicle operations which are structured on a full cost recovery basis. The aircraft operate on a priority system in which travel is based upon the classification level of the agency head. The Governor is accorded the highest priority.

Aside from the travel using the Executive Aircraft Pool, state agencies are responsible to arrange for and pay for employee travel expenses, including airfare, car rental, lodging, and other travel expenses.

III. Effect of Proposed Changes:

Section 1. The DMS is directed to develop a travel database which it may produce internally or under contract. The DMS is required to report on January 1, 2001, and annually thereafter, to the Governor and Legislature on any recommendations for improving the efficiency or costs of state air travel. The Comptroller is directed to establish financial coding of state agency expenditures which will permit the unique identification of travel-related expenditures. All agencies of the executive branch issued a state purchasing card are directed to use their card for their travel-related expenses and report them to the DMS for use in its travel contract negotiations.

Section 2. The DMS may contract for jet air service and commit to minimum revenue or occupied seat guarantee to begin service improvement beginning July 1, 2000, but only to the financial extent of matching public or private local funds.

Section 3. An appropriation of \$400,000 is made from nonrecurring General Revenue to the Department of Management Services for the fiscal year 2000-2001 to implement the provisions of the act.

Section 4. Two positions are established in the Department of Banking and Finance and an appropriation of \$90,000 in recurring General Revenue is made to the Department of Banking and Finance to implement the provisions of the act.

Section 5. The bill is effective upon becoming a law.

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:

The regional airport in Tallahassee is owned by the City of Tallahassee and charges landing fees for all commercial aircraft to defray the cost of operations, maintenance, and debt service. Any increased passengers resulting from the impact of this bill will increase nominal revenues to the city.

B. Private Sector Impact:

The City of Tallahassee is a business arrival and departure point with travel defined in large part by the needs of the city’s largest employer, the State of Florida. Discretionary air travel is limited to seasonal athletic events and university commencements.

C. Government Sector Impact:

The state costs associated with the bill include the creation and maintenance of a data base by the Department of Management Services, the matching funds needed to contract for jet air service, and the additional positions in the Comptroller’s Office to monitor and assist agencies in the use of the state purchasing card.

State Agency Fiscal Impact for FY 2000-2001			
Item	DMS	Comptroller	Total
Non-recurring			
Data Base	\$ 90,000		\$ 90,000
Matching Funds	\$ 500,000		\$ 500,000
Personnel		\$ 9,122	\$ 9,122
Recurring			
Salaries/Benefits		\$ 75,210	\$ 75,210
Expenses	\$ 54,000	\$ 6,730	\$ 60,730
TOTAL	\$644,000	\$91,062	\$735,062

The expanded use of the state purchasing card by some state agencies may provide additional revenues, and lower purchase acquisition costs, than currently experienced.

VI. Technical Deficiencies:

None.

VII. Related Issues:

In Report 98-70, the Legislature's Office of Program Policy and Government Accountability discussed the difficulties associated with abandonment of the state airfare contract. Air service to Tallahassee did not materially improve and fares actually increased. One of its recommendations was to consider other incentives to the business practices then undertaken.

As noted above, a business destination poses unique challenges for the DMS. These challenges are affected also by the department's stated objective of more fully automating many of its legacy, labor-intensive systems through remote, electronic access, such as teleconferencing. Fuller realization of these objectives will also lessen the need for physical travel and place additional adverse pressure on its negotiating position.

New generations of quieter and more fuel efficient aircraft are entering the commercial market but will not penetrate the Tallahassee market for up to two years. Airlines will be motivated toward the achievement of the highest revenue passenger miles they can achieve in markets where there exists demonstrated, level volume.

Pure jet aircraft achieve their maximum efficiencies at altitudes above 17,000 feet. Because of the short trip legs associated with state air travel, that is 250 miles point-to-point or less, jet aircraft tend to arrive at their maximum fuel-efficient altitude only to require descent shortly thereafter. Jet-powered, propeller driven aircraft can maintain that same fuel-efficient altitude longer. Because of their lower acquisition and operating costs, such aircraft are preferred for short trip lengths.

The DMS has been actively engaged in discussions with the City of Tallahassee for several months on means of improving air travel to Tallahassee. Representatives of both parties have met with executives of national and regional air carriers to determine the types of inducements necessary to increase flight frequency, lower costs, and upgrade equipment serving the city.

VIII. Amendments:

None.