

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB's 186 & 2528

SPONSOR: Comprehensive Planning Committee, Senators Geller and Webster

SUBJECT: Governmental Reorganization

DATE: April 7, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Herrin</u>	<u>Yeatman</u>	<u>CP</u>	<u>Fav/Combined CS</u>
2.	<u> </u>	<u> </u>	<u>GO</u>	<u> </u>
3.	<u> </u>	<u> </u>	<u>ATD</u>	<u> </u>
4.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>
5.	<u> </u>	<u> </u>	<u>RC</u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

The committee substitute (CS) creates the Department of State and Community Affairs (department) and prescribes the responsibilities of the new department. It provides the secretary of this new department shall be appointed by the Governor and is subject to Senate confirmation. It provides the Secretary of State shall continue as secretary of the department without further appointment or reconfirmation and shall be known as the Secretary of State. The CS places the Florida Housing Finance Corporation and the Division of Emergency Management under the new department for administrative purposes. Also, the CS provides that the director of the Division of Emergency Management shall be appointed by the Governor. Also, the Secretary of Management Services is designated as the official custodian of state records.

This CS transfers all powers, duties, functions, rules, records, personnel, property, and unexpended funds of the Department of Community Affairs (DCA) and Department of State (DOS) to the new department by a type two transfer except as otherwise provided in the CS. Under this CS, several programs from the DCA and DOS are transferred to other agencies, and certain programs currently with other agencies are transferred to the newly created department. The CS establishes specified divisions within the department, but gives the secretary flexibility in organizing the new department.

In addition, the CS requires the department, the Department of Environmental Protection, the Executive Office of the Governor, and the Department of Management Services (DMS) to evaluate the programs and functions transferred to those agencies and submit a joint report with recommended statutory changes to the Governor and the Legislature by Oct. 15, 2003. It requires these agencies to gather input from certain constituent groups, consider the input, and make it part of the final report.

Finally, the CS requires the department to operate programs transferred to the department as directed by laws governing those programs in effect on the effective date of the act. The CS further provides the department will not make any substantive programmatic changes by rule in advance of the conclusion of the 2004 Legislative Session. It also directs the Division of Statutory Revision to prepare a reviser's bill for the 2004 Legislative Session to conform the Florida Statutes to the provisions of this act.

This CS creates s. 20.101 of the Florida Statutes, amends s. 20.22 of the Florida Statutes, repeals sections 20.10 and 20.18 of the Florida Statutes, and creates unnumbered sections of the Florida Statutes.

II. Present Situation:

In 2002, staff of the Executive Office of the Governor undertook a review of the Department of State's mission, programs, activities, and functions. According to presentations by the staff, the review team formed recommendations that promote efficient government, maintenance of essential government functions, and elimination of duplication and overlap within and across agencies, consolidating community service functions, fostering partnerships with communities, facilitating structural opportunities for local governments to strengthen their communities, and cost savings in administrative and management costs. Constituent groups were involved in this process. The review team recommended merging the Departments of State and Community Affairs, transferring some functions or activities to other state agencies, including other activities and functions from other agencies in the new agency's structure, and changes or reductions in funding levels and staffing.

Department of Community Affairs

The DCA, created in s. 20.18, F.S., is comprised of the Emergency Management, Housing and Community Development, and Community Planning divisions. This agency's mission is to "help Florida preserve resources, prepare for the challenges of growth, reduce effects of disasters and invest in community revitalization".¹ In FY 2002-03, DCA had 351 positions and an appropriation of \$740,414,052 (\$13,588,435 in general revenue and \$726,825,617 in trust funds).

Community Planning

The department assists Florida's 476 municipal and county areas with their comprehensive planning efforts and local land-use decision making to improve quality of life. The department's Division of Community Planning, governed by part II of ch. 163, F.S., and part I of ch. 380, F.S., and Rules 9J-2, 9J-5 and 9J-33, Fla. Admin. Code, implements core regulatory responsibilities for: the local government comprehensive planning process, developments of regional impact, programs relating to areas of critical state concern, local government comprehensive planning certification, water supply planning, and school facilities planning. The focus of this division includes ensuring that local comprehensive plan amendments are in compliance with the Growth Management Act and providing technical assistance to local governments that promotes innovative planning and optional planning provisions.² This division employs 68 FTEs and had an appropriation of \$7,497,058 for fiscal year 2002-03.

¹ See Department of Community Affairs, *Long-Range Program Plan FY 2003-2008* at 1 (Jan. 3, 2003).

² See *id.* at 13-19.

The Florida Communities Trust Program, part III of ch. 380, F.S., and Rules 9K-7 and 8, Fla. Admin. Code, provides grants to local governments and eligible nonprofit environmental organizations for the acquisition of parks, open space and greenways. This program is directly related to the implementation of a local government's comprehensive plan and is unique, in that, the grant recipients actually hold title to and manage lands purchased with the grants. Presently, this program awards \$66 million dollars annually to eligible applicants through an annual competitive cycle.³ In fiscal year 2002-03, this program employed 17 FTEs and an appropriation of \$67,156,548.

Emergency Management

Emergency Management, under ch. 252, F.S., and 40 C.F.R. parts 300, 355, 370, and 372, covers all aspects of emergency management for natural and man-made disasters in Florida. The Division of Emergency Management assists communities with emergency preparedness, response, recovery and mitigation. This division also coordinates state agency support for local governments in emergencies and supports the Governor by acting as the Chief Emergency Management Official.⁴ This division has 116 FTEs and was appropriated \$260,353,807 for fiscal year 2002-03.

Housing and Community Development

The Division of Housing and Community Development, as governed by chapters 290, 420, and 553, F.S., and Rule 9B-43, Fla. Admin. Code, addresses local community and economic development issues, promotes energy conservation, and implements the unified statewide building codes. This division also serves as the lead agency for several financial assistance programs including the Community Services Block Grant Program, State Energy Program, Community Development Block Grant Program, and the Florida Building Code and Affordable Housing Study Commission.⁵ This division employs 69 FTEs and had an appropriation of \$152,644,653 for fiscal year 2002-03.

Department of State

The Department of State, created in s. 20.10, F.S., consists of the following seven divisions: Elections, Historical Resources, Corporations, Library and Information Services, Cultural Affairs, International Affairs, and Administration. As the result of Revision No. 8 to the State Constitution, adopted by the voters on November 3, 1998, the Secretary of State ceased to be an elected constitutional officer or a member of the Cabinet after January 7, 2003. A Constitutional Transition Task Force was created and assigned the responsibility of analyzing various statutory functions of the Department of State and to recommend which functions it should continue to perform. Currently, the law maintains the Department of State with the Secretary of State as its head, the existing division structure, and the responsibility as the official custodian of records remains with the Secretary of State.⁶ In FY 2002-03, DOS had 539 positions and a budget of \$158,379,638 (\$98,934,806 in general revenue and \$59,444,832 in trust funds).

Elections

³ See *id.* at 9-11.

⁴ See *id.* at 19-27.

⁵ See *id.* at 27-31.

⁶ Ch. 2000-258, L.O.F.

The Division of Elections oversees several different functions including voting systems certification, election records, and the Florida Administrative Code and Florida Administrative Weekly. In addition, this division oversees the Florida Voter Registration Act; issues commissions to all elected and appointed officials; maintains financial disclosures for all constitutional and state officers and specified employees; and qualifies all federal and state candidates.

Corporations

The Division of Corporations is a ministerial filing agency, serving as the statewide central repository for business entity filings and Uniform Business Reports or annual reports. The division is also the statewide central filing office for judgment lien filings, as well as being the statewide central registration office for fictitious names, trademarks and service marks. The public may also contact the division for information contained in these records. The division has 193 FTEs and division funding of almost \$13 million in FY 2002-03 from the Corporations Trust Fund. The total funds collected by the division and deposited into the Corporations Trust Fund pay for the division and for many cultural and historical grants funded by the Department of State while the bulk of the money is deposited into the General Revenue Fund (more than \$142 million annually).

Cultural Affairs

The Division of Cultural Affairs facilitates cultural development and services for Florida's citizens and visitors through the development of public/private partnerships. The broad goal of the division is to bring more art and culture to a greater number of people and places in Florida. To accomplish this goal, the division offers a number of programs including the Art in State Buildings Program, the Capitol Complex Exhibition Program, Florida Arts License Plate Program, International Cultural Exchanges and Information Services. The division also provides grants in the categories of General Program Support, Cultural Projects and Capital Projects. This division employs 19 FTEs and funding for FY 2002-03 was \$28.1 million.

Historical Resources

The Division of Historical Resources is responsible for the promotion of historical, archaeological, museum, and folk culture resources in Florida. The division director also serves as Florida's State Historic Preservation Officer and is a liaison with the national historic preservation program, program administered by the National Park Service. There are three bureaus within the division: Historic Preservation, Archaeological Research and Historical Museums. The division has 94 FTEs and division funding in FY 2002-03 was \$29.3 million.

The Division of Historical Resources' responsibilities include providing public information programs and the statewide historic preservation plan, operating historic sites and properties, and administering state and federal grants for historic preservation. Its duties also include the maintenance and operation of Florida's state historic museums, promotion and administration of the Florida Folklife Program, and administration of various archaeological research and preservation programs, including a historic marker program. In addition to the R.A. Gray Building, which houses the Florida Museum of History and the division offices, the division is responsible for 63 other properties that are assigned (leased) to the division to manage on behalf of the state. Only 5 of those 63 sites are directly managed by the division and the division has

responsibility for maintaining exhibits at two other sites, with the remainder subleased to other entities.

Library and Information Services

The Division of Library and Information Services is responsible for direct library services to state government; developing library services statewide; and providing archival and records management services, as well as technical assistance, education, financial aid, and cooperative services. The division's goal is to assure access to materials and information of past, present, and future value to assist local libraries in providing effective information services to the public. This division's budget includes 120 FTEs with an appropriation of \$55.5 million, approximately \$9 million being for staff with \$3 million of that from records management fees or federal funds.

International Affairs

The mission of the Office of International Affairs is to enhance and coordinate foreign affairs and diplomacy. The office promotes Florida's international activities; international cultural and educational exchanges, and international economic development. The responsibilities of the office include the Consular and Diplomatic programs, Sister City / Sister State programs, and to serve as an International Liaison that enables every region of the state to be involved in new international challenges. Finally, the office serves as Florida's international contact for both the congressional delegation and federal agencies. The activities and use of funds by the office is governed by the OTTED under a 2002 Memorandum of Agreement. However, the office's 10-person staff is housed within DOS and the \$3 million budget is also within DOS.

Department of Environmental Protection

Florida Recreation Development Assistance Program (FRDAP)

This program is a statutorily created competitive grant program, administered by DEP, which provides grants for acquisition or development of land for public outdoor recreation use or to construct or renovate recreational trails. Currently, the Grant Section within DEP's Division of Recreation and Parks is responsible for administering FRDAP. In FY 2002-03, \$27 million was appropriated for FRDAP and there were 218 grant awards.

Federal Recreational Trails Program

This is a federally funded competitive program which provides grants for projects to construct, renovate or maintain recreational trails, trailhead and trailside facilities or trail education projects. Funds awarded under this program require matching funding from the local government, state or federal agency or non-profit sponsor. DEP coordinates the administration of this program with the U.S. Department of Transportation and the Federal Highway Administration. The amount of money received is based on an allocation of off-road vehicle fuel taxes collected by the federal government. In 2003, Florida received \$1,656,895.

Office of Tourism, Trade, and Economic Development (OTTED) (Executive Office of the Governor)

OTTED serves as the executive branch agency charged with promoting economic development, tourism, and international trade. OTTED has a direct staff of 13 with a staff budget of \$1,526,485 in FY 02-03. Other staff associated with OTTED are the Office of Film and Entertainment (4 FTE) with a staff budget of \$290,034 in FY 02-03, and the Office of Urban Opportunities (2 FTE) with a staff budget of \$134,588 in FY 02-03.

Regional Rural Development Grants Program

This program was created to assist regional economic development organizations serving rural communities. OTTED contracts with Enterprise Florida, Inc. for application review and contract administration and OTTED determines grant award. In FY 2002-03, \$400,000 was appropriated to fund this program.

Rural Community Development Revolving Loan Program

This program was created to promote the economic viability of rural communities and create jobs for residents of Florida's rural areas by leveraging the use of existing federal, state, and local financial resources. To accomplish this goal, the program provides local governments with access to financial assistance through low-interest long-term loans. OTTED contracts with Enterprise Florida, Inc. for application review. Since its inception in 1996, \$5.6 million has been appropriated for this loan program with twelve loans closing for \$3,379,227.

Office of Urban Opportunity (Front Porch)

The Office of Urban Opportunity directs the Front Porch Florida initiative which is to improve the economic viability of distressed urban neighborhoods through promoting bottoms-up, community-based planning and problem-solving which will lead to the creation of economic opportunities for citizens of these communities. Under this initiative, twenty "front porch communities" have been established in Florida.

III. Effect of Proposed Changes:

Section 1 creates s. 20.101, F.S., and establishes the Department of State and Community Affairs (department) and provides a mission statement for this combined agency. The CS states this new department will do the following:

- Improve the quality of life by promoting cultural and artistic programs that have an economic impact on the state;
- Encourage identification and preservation of Florida's historic sites, properties, and objects, and provide public access to information on these resources;
- Assist in developing library services in local communities, ensure access to materials, and provide effective information services to the public;
- Promote economic and efficient management of state archives;
- Assist local communities to provide fair, credible, and accessible elections;
- Maintain an efficient and effective business registration activity;
- Plan for and mitigate against hazards by maintaining an effective and rapid response and recovery capabilities;
- Provide assistance and grant funding to local governments for individual and neighborhood improvements;
- Promote economic development through providing assistance to communities for growth management to protect natural resources and improve their quality of life;
- Provide consistent direction regarding local and state roles in protecting critical state resources;

- Accomplish effective comprehensive planning and growth management to protect significant state assets and promote diverse land uses to insure efficient utilization of public and private investments in infrastructure; and
- Maintain and uphold citizen participation in all programs of the new agency.

In addition, this CS provides the Secretary of State shall head the department, and is appointed by the Governor and subject to Senate confirmation.

This CS creates the following divisions within the department: Division of Community Assistance, Division of Community Planning and Growth Management, Division of Corporations, Division of Elections, Division of Historical and Cultural Resources, and the Division of Library and Information Services. Also, the CS authorizes the secretary of the department to appoint division directors and deputy and assistant secretaries as necessary. The secretary may also establish bureaus, sections, and subsections within the department. Further, the CS allows the secretary to appoint the directors or executive directors of any commission or council assigned to the department unless otherwise provided by law. The CS places the Florida Housing Finance Corporation and the Division of Emergency Management under the new department for administrative purposes. The CS also provides the director of the Division of Emergency Management shall be appointed by and serve at the pleasure of the Governor.

Section 2 amends s. 20.22, F.S., to designate the Secretary Management Services as the official custodian of state records, and conferring all associated constitutional and statutory powers, duties, and functions.

Section 3 repeals ss. 20.10 and 20.18, F.S.

Section 4 transfers all powers, duties, functions, rules, records, personnel, property, and unexpended funds from the DCA and the DOS to the newly-created department by a type two transfer, as defined in s. 20.06(2), F.S., except as otherwise provided in the act. This CS also transfers the Florida Recreation Development Assistance Program (ss. 375.075 and 259.103, F.S.) and the federal recreational trails program from DEP to the department. In addition, the CS transfers the Regional Rural Development Grants Program (ss. 14.2015(2)(f) and 288.018, F.S.), the Rural Community Development Revolving Loan Fund Program (ss. 144.2015(2)(f) and 288.065, F.S.), and the Office of Urban Opportunity (s. 14.2015(9), F.S.) from the Executive Office of the Governor to the department.

Under the CS, the following programs will not be transferred to the department:

- The state energy program (ss. 377.701 and 377.703, F.S.) is transferred from DCA to DEP;
- The advocating international business partnerships service (ss. 288.809 and 288.816, F.S.), the issuance of apostilles (s. 15.16(8), F.S.), and the international notaries' function (ch. 118, F.S.), is transferred from DOS to the Executive Office of the Governor, but these transfers do not include the statutory roles and responsibilities of the Secretary of State as Florida's Chief Cultural Officer;
- The Affordable Housing Catalyst Program (s. 420.606, F.S.) and the Affordable Housing Study Commission (s. 420.609, F.S.) are transferred from DCA to the Florida Housing Finance Corporation;

- The civil legal assistance program (ss. 68.094-.105, F.S.) is transferred from DCA to the Department of Legal Affairs; and
- The records management program (s. 257.36, F.S.), the Florida Administrative Code and Florida Administrative Weekly (ss. 120.53, 120.54, 120.542, and 120.55, F.S.), the Laws of Florida production activity (ss. 15.01 and 15.155, F.S., and Art. III, s. 8 of the State Constitution), and the management of copyrights, patents, and trademarks of or on behalf of the state (ss. 286.021 and 286.031, F.S.) is transferred from DOS to DMS.

Section 5 provides the Secretary of State shall continue as secretary of the new department without further appointment or reconfirmation and shall be known as the Secretary of State.

Section 6 gives the secretary flexibility for fiscal year 2003-04 to make any changes or reductions in staffing or funding necessary to achieve the greatest coordination and efficient operation.

Section 7 requires the department, DEP, the Executive Office of the Governor, and the DMS to evaluate the programs and functions transferred to those agencies and submission of a joint report to the Governor, the Speaker of the House of Representatives, and the President of the Senate by Oct. 15, 2003. The report shall include recommended statutory changes, as well as recommendations for achieving efficiencies in management and operations, and improving service delivery, and ensuring compliance with federal and state laws. In addition, the CS requires the agencies to gather input from specific constituent groups, consider that input, and make it a part of a the final report.

Section 8 provides the programs transferred to the new department shall be operated as directed by statutes in effect on the effective date of the act. Further, the CS provides the department shall not make any substantive programmatic changes by rule in advance of the conclusion of the 2004 session.

Section 9 directs the Division of Statutory Revision to prepare a reviser's CS for introduction at the 2004 Regular Session to conform the Florida Statutes to the provisions of this act.

Section 10 provides the act shall take effect July 1, 2003.

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:

The CS does not have any direct fiscal impact on local governments.

C. Government Sector Impact:

The total fiscal impact of the legislation is unknown at this time. In presentations to the legislative committees, the DCA has indicated that there would be some savings through reduction in the size of the fiscal and other administrative offices when the two agencies are combined. In earlier presentations on the merger proposal presented to legislative committees, DCA staff suggested total costs savings from the merger would be approximately \$21 million, assuming the reductions in staffing proposed for several programmatic areas as well as administration. However, there are also costs associated with the merger in the form of moving expenses, revisions to web pages, letterhead, etc., but these costs are indeterminate at this time.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Article IV of the State Constitution provides the executive structure of state government. Article IV, s. 6 of the State Constitution and s. 20.02(2), F.S., limits the number of executive departments to 25, excluding those specifically provided for or authorized by the constitution. The Fish and Wildlife Conservation Commission, the Department of Veterans Affairs, and the Department of Elderly Affairs are specifically provided for in Art. IV, ss. 9, 11 and 12 of the State Constitution. There are now 24 executive departments with 17 of those reporting to the Governor.

VIII. Amendments:

None.