

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB1823 CS PCB STA 05-02 State Planning and Budgeting
SPONSOR(S): State Administration Appropriations Committee
TIED BILLS: HJR 1821 **IDEN./SIM. BILLS:** CS/SB 2146

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|--|-----------------|---------|----------------|
| Orig. Comm.: State Administration Appropriations Committee | 10 Y, 0 N | Belcher | Belcher |
| 1) Fiscal Council | 16 Y, 0 N, w/CS | Overton | Kelly |
| 2) _____ | _____ | _____ | _____ |
| 3) _____ | _____ | _____ | _____ |
| 4) _____ | _____ | _____ | _____ |
| 5) _____ | _____ | _____ | _____ |

SUMMARY ANALYSIS

The bill conforms current statutes concerning the Legislative Budget Commission (LBC) to the provisions of HJR 1821 "the HJR" (the bill states that the LBC is the Joint Legislative Budget Commission created in the HJR). The LBC will operate similarly as to how it does now. Membership will remain 7 Senators and 7 Representatives. The alternating chairs will be appointed by the President and the Speaker (instead of being the chairs of the appropriations committees). The LBC will convene at the call of the presiding officers (instead of the chair and vice chair). A quorum will remain a majority of each house plus one member. The LBC will be staffed by legislative staff (instead of appropriations committee staff).

The LBC shall have the power and duty to:

- review and approve or disapprove budget amendments proposed by the Governor or the Chief Justice of the Supreme Court as provided in Chapter 216, F.S.;
- develop the long-range financial outlook described in the HJR; and
- exercise all other powers and perform any other duties prescribed by the Legislature.

The "long-range financial outlook" is defined consistent with the requirements of the HJR as the 3-year plan, updated annually by the LBC using official information on revenues and expenditures and used as the framework for agency legislative budget requests. Section 216.012, F.S., is amended to require the LBC to develop the long-range financial outlook required in the HJR.

The legislative budget requests must reflect the long-range financial outlook by basing specific requests on the long-range financial outlook or by explaining how the request varies from the outlook.

The legislative budget instructions must provide for consistency between agency long-range plans and agency legislative budget requests.

The Government Efficiency Task Force is created.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government—The bill implements the HJR which creates the Joint Legislative Budget Commission and the Government Efficiency Task Force.

B. EFFECT OF PROPOSED CHANGES:

Background

The Legislative Budget Commission (LBC) was created in 2000 primarily to consider budget amendments proposed by the Governor and to conduct zero-based budget reviews of state agencies. Its authority has been expanded since then to encompass a number of actions that require legislative review during the interim between sessions. The most significant expansion of the Commission's authority occurred in 2001 when it was required to consider more budget amendments, including those amendments increasing or transferring trust fund budget authority in excess of \$1 million.

Currently, the Commission is not charged with the responsibility or duty to issue a long-range financial outlook setting out fiscal strategies for the state and its agencies in order to assist the legislature in making policy and budget decisions. Each department and agency of state government is required to submit a planning document and supporting budget request for review by the appropriations committees of both houses. The present review only contemplates a comparison of the major issues in the planning document and budget requests to those major issues included in the governor's recommended budget.

Proposed Changes

The bill conforms current statutes concerning the Legislative Budget Commission (LBC) to the provisions of HJR 1821 "the HJR" (the bill states that the LBC is the Joint Legislative Budget Commission created in the HJR). The LBC will operate similarly as to how it does now. Membership will remain 7 Senators and 7 Representatives. The alternating chairs will be appointed by the President and the Speaker (instead of being the chairs of the appropriations committees). The LBC will convene at the call of the presiding officers (instead of the chair and vice chair). A quorum will remain a majority of each house plus one member. The LBC will be staffed by legislative staff (instead of appropriations committee staff).

The LBC shall have the power and duty to:

- review and approve or disapprove budget amendments proposed by the Governor or the Chief Justice of the Supreme Court as provided in Chapter 216, F.S.;
- develop the long-range financial outlook described in the HJR; and
- exercise all other powers and perform any other duties prescribed by the Legislature.

Section 29.0095, F.S., is amended to require the legislative appropriations committees, instead of the LBC, to set the format for budget expenditure reports.

Section 216.011, F.S., is amended to narrow the definition of "consultation" with the Governor to include only fiscal matters. In addition "long-range fiscal outlook" is defined consistent with the requirements of the HRJ as a 3-year plan, updated annually using official information on revenues and expenditures and used as the framework for agency legislative budget requests.

Section 216.012, F.S., is created to require the LBC to develop the long-range financial outlook required the HRJ. Each state agency is required to provide information to the LBC which supports the LBC's development and updates of the long-range fiscal outlook.

- By July 1, the LBC will provide the fiscal strategies of the long-range financial outlook to the state agencies.
- By July 31, the state agencies shall provide estimates of the funding that would be necessary to implement the fiscal strategies.
- By August 15, the LBC shall accept the agencies estimates, modify the agency estimates, or direct the agency to modify its estimates.
- By August 30, any agency who is directed to modify its estimates shall provide new estimates to the LBC.
- By September 15, the LBC shall complete the long-range financial outlook.

Section 216.023, F.S., is amended to provide that legislative budget requests are due from the agencies by October 15th of each year unless another date is agreed upon by the President of the Senate, the Speaker of the House of Representatives, and the Governor. Now the legislative budget requests are due by September 15th.

Additionally, the legislative budget requests must reflect the long-range financial outlook either by basing specific request on the outlook or by explaining how any specific request varies from the outlook.

Legislative budget request instructions must provide for consistency between the agency's long-range plan and the agency's legislative budget request.

Presently s. 216.065, F.S., requires that before the Governor and Cabinet as a body, performing any constitutional or statutory duty, take any final action that will directly require a request for an increased or new appropriation in the following fiscal year or that will transfer current year funds, they shall first provide the legislative appropriations committees with a fiscal impact statement that details the effects of such action on the budget. The bill amends s. 216.065, F.S., to require the Governor and state agencies, as well as the Governor and Cabinet, before taking final action that will affect revenues, require a request for a new or increased appropriation in the following 3 fiscal years, or transfer current year funds, to first provide both the LBC and the legislative appropriations committees with a fiscal impact statement. The fiscal impact statement must specify the estimated budget and revenue impacts for the current year and the 2 subsequent fiscal years at the same level of detail required to support a legislative budget request, including amounts by appropriation category and fund.

The Governor's recommended budget is currently due 45 days before legislative sessions. The bill amends s. 216.162, F.S., to change the date to 30 days before the annual legislative session unless the President and Speaker jointly agree to extend the time when an extension is requested by the Governor.

HJR 1821 provides that a final budget report for the state's budget shall be produced no later than 120 days after the beginning of the fiscal year. Presently the report must be produced no later than 90 days after the beginning of the fiscal year. The state's budget is very complex so it is difficult to complete the final budget report before the current deadline.

This bill amends s. 216.178, F.S., to conform by providing that the final budget report must be produced by the 120th day of each fiscal year.

The Government Efficiency Task Force is created in new s. 11.91, F.S.

The task force shall convene no later than January of 2007 and shall consist of 13 members. Five members shall be appointed by the President, five members shall be appointed by the Speaker, and 3 members shall be appointed by the Governor. The task force shall select a chair and meet at least quarterly. Staff shall be assigned by the President, the Speaker, and the Governor.

The task force shall develop recommendations for improving governmental operations and reducing costs. The task force shall complete its work within one year and submit its recommendations to the LBC, Governor, and the Chief Justice.

Members of the task force shall be entitled to reimbursement for per diem and travel expenses pursuant to s. 112.061, F.S.

C. SECTION DIRECTORY:

Section 1: Amends s. 11.90, F.S., membership, rules, powers, and duties of the Legislative Budget Commission.

Section 2: Creates s. 11.91, F.S., creating the Government Efficiency Task Force.

Section 3: Amends s. 2.0095, F.S., to provide the appropriations committees of the Senate and the House shall prescribe the format of the report required by the section instead of the LBC.

Section 4: Amends s. 110.1245, F.S., to correct a reference to the LBC.

Section 5: Amends s. 216.011, F.S., to amend the definition of "consultation" and to provide the definition of "long-range financial outlook."

Section 6: Creates s. 216.012, F.S., to provide the duties of the LBC and the agencies in creating the long-range financial outlook.

Section 7: Amends s. 216.023, F.S., to provide requirements for legislative budget requests and legislative budget request instructions.

Section 8: Amends s. 216.065, F.S., to provide requirements for fiscal impact statements on actions affecting the budget.

Section 9: Amends s. 216.162, F.S., to provide the time the Governor's recommended balanced budget for the state shall be submitted to the legislature.

Section 10: Amends s. 216.262, F.S., to correct references to the LBC.

Section 11: Provides an effective date of upon the effective date of the HJR.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.

2. Expenditures: None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.

2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS:

There will be indeterminate costs associated with meetings of the government efficiency task force for member travel and per diem.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On April 22, 2005, the Fiscal Council adopted amendments to:

- provide that in addition to the President and the Speaker, the Governor shall also assign staff for the Government Efficiency Task Force;
- clarify that the time the Governor to submit a proposed budget to the Legislature is extended only after a request from the Governor; and
- conform the implementing bill to the HJR to reflect Governor's Office will have 120 days after the beginning of the fiscal year to produce a final budget report.