

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.)

Prepared By: Ways and Means Committee

BILL: CS/SB 2610

SPONSOR: Ways and Means Committee and Senator Carlton

SUBJECT: State Financial Matters

DATE: March 31, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>McVaney</u>	<u>Coburn</u>	<u>WM</u>	<u>Fav/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Chapter 216, Florida Statutes, the planning and budgeting law, provides guidelines to the Governor, the judicial branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Over the years, the statute has been modified to incorporate most of the functions related to the state budgetary process – from consensus estimating conferences to the single audit act. The result is an aggregation of topics that periodically require updating in order to keep abreast of the current budgetary practices of the state.

This bill updates and modernizes portions of the budgeting law. Specifically, the bill:

- Clarifies the necessary approval for various agency interim budget amendment requests by providing a separate list of amendments that require Executive Office of the Governor and Legislative Budget Commission (LBC) approval.
- Provides for treatment of the judicial branch consistent with the executive branch relative to the budget amendment process.
- Eliminates the Working Capital Fund as a statutorily-defined account.
- Establishes salary rate control at the budget entity level as specified in the General Appropriations Act. Provides for interim changes by the LBC, except for reorganizations or other appropriations made by law, and distribution of lump sum appropriations and administered funds.

- Requires specific legislative authorization or LBC approval for privatization, outsourcing, and shared-savings initiatives. Also requires a business case, performance contracting procedures, and ongoing legislative oversight.
- Requires budget amendments associated with Department of Transportation Work Program changes to comply with ch. 216 provisions and limits inclusion of fall Revenue Estimating Conference positive impacts in the work program until addressed by Legislature.
- Merges and clarifies provisions regarding agency budget transfer authority, and increases the current limit from \$150,000 to \$250,000.
- Eliminates the Child Welfare System and Juvenile Justice Estimating Conferences.
- Provides for alternative due dates for legislative budget requests and Long Range Program Plans with House and Senate approval.
- Eliminates separate deficit reduction language that requires prorated reductions for the Chiles Endowment/Tobacco Settlement Trust Fund.
- Authorizes the Governor and Chief Justice to address General Revenue Fund deficits under 1.5% and allows the House of Representatives and Senate to certify a deficit if the Governor does not certify the deficit.
- Expands current requirements for fiscal impact statements to apply to all agencies and statutorily-created entities, and requires statements prior to final action that will affect revenues or appropriations.
- Requires specific approval by chairs of the House and Senate appropriations committees for certain budget authority not authorized in the General Appropriations Act.
- Removes unnecessary requirements for community budget requests.
- Updates obsolete references in the Innovation Investment Program and clarifies that such process cannot circumvent the normal legislative budget request and legislative appropriation process.
- Expands notice requirements for lawsuit settlements.
- Eliminates obsolete zero-based budgeting and performance-based program budgeting requirements.
- Modifies the certifications forward process, effective July 1, 2006, to provide automatic approval of items expended but not disbursed, and require a September 30 reversion date.
- Transfers the Florida Single Audit Act functions from the Executive Office of the Governor to the Chief Financial Officer (CFO).

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 14.2015, 45.062, 110.1245, 215.32, 215.5601, 215.93, 215.94, 215.97, 216.011, 216.013, 216.023, 216.031, 216.052, 216.053, 216.065, 216.081, 216.136, 216.162, 216.167, 216.168, 216.177, 216.181, 216.1825, 216.183, 216.192, 216.195, 216.221, 216.231, 216.235, 216.241, 216.251, 216.262, 216.292, 216.301, 218.60, 252.37, 265.55, 288.1234, 320.20, 339.135, 381.0303, 409.906, 409.912, 468.392, 475.484, 631,141, 921.001, 943.61, 1009.536, and 1013.512.

II. Present Situation:

Chapter 216, Florida Statutes, the planning and budgeting law, provides guidelines to the Governor, the judicial branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Over the years, the statute has been modified to incorporate most of the functions related to the state budgetary process; from consensus estimating conferences to the single audit act. The result is an aggregation of topics that periodically require updating in order to keep abreast of the current budgetary practices of the state.

Consensus Estimating Conferences

Section 216.136, F.S., creates eleven consensus estimating conferences. These conferences develop official estimates of revenues, workload, expenditures, and other information related to budgeting. Executive agencies are required to use the conferences' official information for budgeting purposes. Generally, the principals of the conferences include staff of the Executive Office of the Governor and the Legislature. At times, agency staff may serve as principals of the conference, but typically such staff are participants – providing information to the conferences.

The conferences authorized in statute include the Economic Estimating Conference, the Demographic Estimating Conference, the Revenue Estimating Conference, the Education Estimating Conference, the Criminal Justice Estimating Conference, the Social Services Estimating Conference, the Child Welfare System Estimating Conference, the Juvenile Justice Estimating Conference, the Workforce Estimating Conference, the School Readiness Program Estimating Conference, the Self-Insurance Estimating Conference and the Florida Retirement System Actuarial Assumption Conference.

The Child Welfare System Estimating Conference is charged with developing official information relating to the forecasts of child welfare caseloads. The Juvenile Justice Estimating Conference is charged with developing official information relating to estimates of juvenile delinquency caseloads and workloads; secure, nonsecure, and home juvenile detention placements; and mental health and substance abuse treatment for juveniles.

Budget Stabilization Fund and Working Capital Fund

Section 215.32, F.S., requires all moneys received by the state to be deposited into the State Treasury, unless specifically provided otherwise. The State Treasury is comprised of the four

types of funds. These include the General Revenue Fund, the Budget Stabilization Fund, the various trust funds, and the Working Capital Fund.

The Budget Stabilization Fund, created constitutionally, is used to fund emergencies and revenue shortfalls as specified in the Constitution. Under current law, any money transferred from the Budget Stabilization Fund must be repaid beginning in the following fiscal year.

The Working Capital Fund is comprised of the monies in the General Revenue Fund unallocated. These unallocated funds are transferred to the Working Capital Fund and can be used to provide financing during a state of emergency, to fund claims of loss of certain cultural properties covered by an indemnity agreement with the Department of State, and reimbursement to health care practitioners during a state of emergency.

Florida Financial Management Information System

The Florida Financial Management Information System (FFMIS) is the primary means by which information needed to plan and account for the delivery of services to Florida's citizens is acquired and disseminated. It includes subsystems for planning and budgeting (LASPBS), accounting (FLAIR), cash management (CMS), purchasing (SPURS), and personnel (COPES). Common financial management data codes must be established by the FFMIS coordinating council. Data codes specified by the Auditor General do not require board approval.

Whenever any modification to the functional system specifications is proposed, the Auditor General must participate to the extent necessary to assure that the accounting information adheres to generally accepted accounting principles, and that the information subsystem is auditable.

The Auditor General is permitted to specify any additional features, characteristics, controls and internal control measures necessary to carry out these responsibilities. The functional owners of the subsystems must incorporate all of these specifications.

Florida Single Audit Act

The Florida Single Audit Act provides uniform state auditing requirements, utilizes coordinated efforts in auditing, and ensures that agencies follow up on audits.

The Executive Office of the Governor is the lead agency – adopting rules necessary to provide appropriate guidance to state awarding agencies, recipients and independent auditors; coordinating the initial preparation and subsequent revisions of the Catalog of State Financial Assistance; and coordinating the initial preparation and subsequent revisions of the State Projects Compliance Supplement.

The Chief Financial Officer has the responsibility to make enhancements to the state's accounting system regarding state financial assistance, and to perform inspections, reviews, investigations, and audits of state financial assistance necessary to carry out the legal responsibilities for state financial assistance.

The Auditor General has the authority to audit state financial assistance provided to any nonstate entity, to adopt rules relating to the auditing standards that independent auditors are to follow for audits of nonstate entities, and to provide technical assistance upon request by the Governor, Chief Financial Officer or state agencies.

The Florida Single Audit Act allows for the audit of nonstate entities receiving state financial assistance to be conducted by independent auditors annually, reviewing the entire financial statements of the nonstate entity.

Salary Rate

Current law defines “salary rate” as the monetary compensation authorized to be paid a position on an annualized basis. In short, rate represents purely salary and does not include moneys authorized for benefits associated with the position.

EXAMPLE:

Annual salary = \$20,000 Salaries and Benefits budget = \$25,000
Salary rate = 20,000

Salary rate is the mechanism used in Florida to control overall salary expenditures and avoid unanticipated costs to annualize agency personnel actions, especially those actions occurring late in the fiscal year. Absent a control on salary rate, agencies would be limited only to the total level of salaries and benefits budget for purposes of implementing personnel decisions. This would allow agencies to implement position upgrades or pay raises late in the fiscal year, when the budget impact is small enough to be absorbed within the agency’s total budget for the year. However, the annual impact of those decisions would not be covered automatically in the next year’s budget, thus creating an immediate salary deficit.

Salary rate is currently controlled at the department level, with the rate level maintained in a rate ledger by the Executive Office of the Governor. Certain adjustments may be authorized by the Executive Office of the Governor, such as increases for vacant positions. Additional adjustments may be approved by the Legislative Budget Commission. Over the years, the various adjustments to agencies’ approved salary rate have resulted in many agencies having much more salary rate than they have salaries and benefits budget.

Legislative Budget Requests

Section 216.023, F.S., outlines the processes each agency must follow in developing its legislative budget request. No later than June 15 of each year, the legislative budget instructions (jointly developed by the Legislature and the Governor’s Office) shall be submitted to each state agency and the judicial branch.

The law requires the legislative budget request to include, among other items, information on expenditures for 3 fiscal years, details on trust funds and fees, and issue narrative justifying changes in amounts and positions requested. In addition, each agency must submit an inventory of all litigation in which the agency is involved that may require additional appropriations.

No later than September 15, the agency head must submit the agency's request to the Legislature and the Governor in the form and manner prescribed in the budget instructions. The request must be based on the agency's independent assessment of need. The judicial branch and the Division of Administrative Hearings must submit the requests directly to the Legislature, with a copy to the Governor, no later than September 15.

The Governor or the chairs of the appropriations committees may request agencies to address major issues. The request regarding such issues must be submitted to the agencies no later than July 30. The Governor or the chairs also may request the agencies to submit "target budgets" by September 30. The target budget may require the agencies to prioritize budget issues and may include requests for multiple options for the budget issues.

Governor's Recommended Budget

At least 45 days prior to the Regular Session of the Legislature, the Governor is required to submit a recommended balance budget for the state, based on the Governor's own conclusions and judgment. However, s. 216.081, F.S., requires the Governor to include data submitted by the legislative and judicial branches to be included in the Governor's recommended budget without modification by the Governor.

Section 216.167, F.S., requires the Governor's recommended budget to include a financial schedule of the recommended recurring revenues available in, and the recurring and nonrecurring expenditures from, the Budget Stabilization Fund, the Working Capital Fund, and the General Revenue Fund.

Section 216.168, F.S., allows the Governor to amend the recommended budget at any time. However, if the Governor determines that the recommendations are no longer supported by the official estimate of revenues, the Governor must bring his recommended budget into balance. If the Governor determines the shortfall on or after March 1, the Governor is exempt from the requirement to submit a modified balanced budget.

Budget Amendments

Section 216.181, F.S., provides that the General Appropriations Act and other acts containing appropriations shall be considered the approved operating budget for operational and fixed capital outlay expenditures. The approved operating budget may be modified under certain circumstances.

Section 216.181, F.S., delegates to the Governor, for the executive branch, and the Chief Justice, for the judicial branch, the authority to increase trust fund budget authority by up to \$1 million. The law delegates to the Legislative Budget Commission the authority to approve, upon the recommendation of the Governor or Chief Justice, an increase in trust fund budget authority in excess of \$1 million.

Section 216.292, F.S., delegates to the agency heads the authority to transfer funds within the approved operating budget in certain instances. So long as no category is changed by more than

5 percent of the original approved budget, or \$150,000, whichever is greater, an agency head is permitted to transfer budget authority (a) between appropriation categories within the same budget entity, and (b) between budget entities within identical categories. The agency head is also permitted to transfer funds within programs identified within the General Appropriations Act from identical funding sources between specific appropriation categories as long as the transfer does not result in an increase to the total recurring general revenue or trust fund cost of the agency in the next fiscal year.

Section 216.292, F.S., delegates to the Legislative Budget Commission the authority to approve, upon the recommendation of the Governor or Chief Justice, a transfer of general revenue funds within a state agency or the judicial branch and a transfer of trust fund budget authority in excess of the agency head's discretion.

Notice of budget amendments must be provided to the chair and vice chair of the Legislative Budget Commission at least 14 days prior to the action or at least 3 days prior to a release of funds. The chair and vice chair of the Legislative Budget Commission or the presiding officers of the Legislature may void a budget action if notice is provided in writing to the Governor, for the executive branch, or the Chief Justice, for the judicial branch, that such action exceeds delegated authority or is contrary to legislative policy and intent. If such notice is given, the Governor or Chief Justice must void such budget action until the Legislative Budget Commission or Legislature addresses the issue.

Certified Forwards

Section 216.301, F.S., requires each agency head to certify to the Executive Office of the Governor on or before August 1 of each year the balance of any appropriation not disbursed but expended or contracted or committed to be expended. On or before September 1, the Executive Office of the Governor must review and approve or disapprove each item and the amounts certified by the agency head.

The unexpended balance of any appropriation for fixed capital outlay subject to, but not under the terms of, a binding contract by February 1 after the date of certification, or the second February if the project is an educational facility or a construction project for a university, shall revert and be available for reappropriation.

For appropriations other than fixed capital outlay, any encumbered balance remaining undisbursed on December 31 shall revert to the fund from which appropriated.

See Section III., "Effect of Proposed Changes" for a description of the current situation for the remaining issues addressed by the Proposed Committee Substitute.

III. Effect of Proposed Changes:

Section 1 amends s. 14.2015, F.S., to allow the Office of Tourism, Trade and Economic Development and the Commission on Tourism to "advise and consult" (rather than reach agreement) with the consensus estimating conference before making changes to the methodology used or the information gathered relating to visitor counts and profiles.

Section 2 amends s. 20.316, F.S., to delete a reference to the Juvenile Justice Estimating Conference.

Section 3 amends s. 45.062, F.S., to limit the ability of agencies to settle lawsuits that require the expenditure of state funds or result in the refund or future loss of state revenues exceeding \$10 million, unless:

- Notice is given to the Legislature when settlement negotiations are begun.
- Notice is given to the Legislature at least 5 days before settlement. This is a condition precedent to settlement.
- Notice is given to the Legislature and the Attorney General at least 5 days before finalizing any proposed settlement obligation that requires the other party to commit funds to a particular purpose. This is a condition precedent to settlement.

Notice requirements are waived for:

- The Division of Risk Management for settlements under \$10,000.
- Any settlement if the only obligation is less than \$10,000 of court costs.

Moneys received by the state as the result of settlements are required to be deposited in the General Revenue Fund or the appropriate trust fund. Moneys received for payment to injured third parties are exempt from this requirement.

Section 4 amends s. 110.1239, F.S., correct a cross reference.

Section 5 amends s. 110.1245, F.S., to correct a reference to the Legislative Budget Commission.

Section 6 amends s. 215.32, F.S., to eliminate the Working Capital Fund as a statutory term but maintains the concept by substituting unallocated general revenue funds as the working capital balance. This section also delays the default repayment schedule for monies transferred from the Budget Stabilization Fund until the beginning of the third fiscal year following the year in which the transfer was made.

Section 7 amends s. 215.5601, F.S., to allow unexpended moneys that were appropriated for biomedical research to be retained in the Biomedical Research Trust Fund rather than reverting to, and being separately accounted in, the Lawton Chiles Endowment Fund. The Department of Health is permitted to invest such moneys through the State Board of Administration outside the Treasury. The requirement that in the event of a tobacco settlement revenue shortfall, reductions must be prorated among all tobacco settlement appropriations is deleted. The requirement for a special appropriations category for tobacco settlement appropriations for certain agencies is deleted also.

Section 8 amends s. 215.93, F.S., to remove the exemption from Financial Management Information Board approval of data codes specified by the Auditor General.

Section 9 amends s. 215.94, F.S., to clarify the role of the Auditor General relating to implementation of the Florida Financial Management Information System.

Section 10 amends s. 215.97, F.S., to clarify provisions and responsibilities associated with the Florida Single Audit Act. This section revises and provides the definitions of terms used in the Act, revises the Governor's responsibilities associated with the Act from a primary role to a supporting role in the Act, transfers the responsibilities to the Department of Financial Services, and provides responsibilities for state agencies that award grants.

Section 11 amends s. 216.011, F.S., to define various terms. "Annual salary rate" will no longer specify that vacant positions must be calculated at the minimum of the pay grade. "Appropriation" is expanded to cover appropriations made by law, not just those included in the annual General Appropriations Act.

The terms "performance-based program appropriation" and "performance-based program budget" are repealed.

"Mandatory reserve" is defined as the reduction of an appropriation by the Governor or Legislative Budget Commission due to anticipated deficits, pursuant to s. 216.211, F.S. No action may be taken to restore a mandatory reserve either directly or indirectly.

"Budget reserve" is defined as the withholding of an appropriation based on conditions set by the Legislature or based on conditions unforeseen when the General Appropriations Act was passed.

"Program" is expanded to cover services, as well as activities.

"Activity" is added and defined as a unit of work that has identifiable starting and ending points, consumes resources, and produces outputs.

"Statutorily-authorized entity" is added to define any body that has responsibility for or recommends expenditure of state funds, and is created or authorized in law or assists a state agency to provide statewide services.

Section 12 amends s. 216.013, F.S., to allow an alternate date to the current August 1 deadline to be set for submission of long-range program plans, and to extend the deadline from June 15 to June 30 for adjustments to such plans, if approved by the Governor and the chairs of the legislative appropriations committees. The concept of agency "functions" is replaced with agency "services" or "activities."

Section 13 amends s. 216.023, F.S., to modify the legislative budget request process. Alternative dates for the September 15 submission of budget requests and for the June 15 distribution of budget instructions may be set by the Governor and the chairs of the legislative appropriations committees. The information required in budget requests is expanded to include supporting information, including applicable cost-benefit analyses, business case analyses, performance contracting procedures, service comparisons, and impacts to performance standards for any requests by the agency to outsource or privatize current agency functions, and any evaluations of functions currently outsourced and privatized by the agency. Obsolete provisions relating to performance-based budget requests from the state court system are deleted. Agency reports on major litigation are expanded to include cases that may affect revenues received by

the state, in addition to cases that may require additional appropriations or statutory changes. Other technical corrections are made.

Section 14 amends s. 216.031, F.S., to eliminate the deadline for submission of target budgets and to repeal an alternative format for target budgets.

Section 15 repeals portions of s. 216.052, F.S., to delete certain requirements for community budget requests, including required local participation, an additional hearing, the preference for loans rather than grants, and reports by private or nonprofit organizations.

Section 16 repeals subsection (5) of s. 216.053, F.S., to delete the requirement that the General Appropriations Act contain summary information on performance-based budget programs.

Section 17 amends s. 216.065, F.S., to expand the circumstances under which the Governor or Cabinet must submit fiscal impact statements to the appropriations committees on final actions that affect state revenues or spending. The requirements are also applied to all state agencies and statutorily authorized entities.

Section 18 amends s. 216.081, F.S., to require the Governor's recommended budget for the Legislature to match current appropriations if the Legislature does not provide a future-year estimate of its financial needs.

Section 19 amends s. 216.133, F.S., to delete references to the Child Welfare System Estimating Conference and the Juvenile Justice Estimating Conference.

Section 20 amends s. 216.134, F.S., to provide that the consensus estimating conferences are a part of the legislative branch and, as such, are subject to the legislative rules of notice and openness to the public.

Section 21 amends s. 216.136, F.S., to repeal subsections (7) and (8), to delete reference to the Child Welfare System Estimating Conference and the Juvenile Justice Estimating Conference and to broaden the qualifications of principals representing the legislature.

Section 22 amends s. 216.162, F.S., to allow the Governor an additional 15 days to submit the Governor's recommended budget to the Legislature.

Section 23 amends s. 216.167, F.S., to remove references to the Working Capital Fund relating to the Governor's recommended budget.

Section 24 amends s. 216.168, F.S., to repeal the exemption that the Governor, at his discretion, need not provide amendments to his budget recommendations after March 1 to balance his recommendations with the official revenue estimates.

Section 25 amends s. 216.177, F.S., to allow the chair and vice chair of the Legislative Budget Commission to advise the Governor or Chief Justice that an expenditure of lawsuit settlement proceeds exceeds an agency's delegated authority and must be voided. The modification also

requires the chair and vice chair to act jointly to waive the 14 day notice requirement for certain budget amendments.

Section 26 amends s. 216.181, F.S., to modify several provisions related to approved budgets for operations and fixed capital outlay. The Legislative Budget Commission must approve judicial branch amendments consistent with the existing requirements in place for the executive branch.

A more direct role is created for the Legislature in the establishment of salary rate, consistent with the role of establishing the overall salaries and benefits budget amounts. Rate control would be re-established at the budget entity level, with the rate level determined annually in the General Appropriations Act. Adjustments to these figures would be made for reorganizations authorized by law, any other appropriations made by law, and, subject to s. 216.177, F.S., for distribution of lump sum appropriations and administered funds appropriations. Any other adjustments would require approval by the Legislative Budget Commission.

The bill limits the current delegation of authority, by requiring the chairs of the legislative appropriations committees to approve, the establishment by the Governor and Chief Justice of any budget authority for transfers, purchases of investments, special expenses, distributions, and any other budget authority.

The statutory authority to advance certain contracted services funds in the Department of Health and the Department of Children and Family Services based on approval that existed in 1993-1994 is repealed.

Section 27 repeals ss. 216.1825 and 216.183, F.S., which required the zero-based budget review of each state agency every 8 years and which set requirements for the charts of accounts for agencies with performance-based budgets.

Section 28 amends s. 216.192, F.S., to repeal obsolete provisions allowing the appropriations committees to advise the Administration Commission, Chief Financial Officer, Governor, or Chief Justice on the release of appropriations. The Governor and Chief Justice will be permitted to place appropriations in mandatory reserve or budget reserve in order to prevent deficits or implement directives in the General Appropriations Act.

Section 29 amends s. 216.195, F.S., to repeal the requirement for notice to the Legislature by the executive or judicial branches if appropriations are impounded to prevent a deficit.

Section 30 amends s. 216.221, F.S., to provide for the General Appropriations Act to include directions regarding the use of any state funds, not just the Budget Stabilization Fund and Working Capital Fund, to address deficits in the General Revenue Fund. All agencies, not just those with general revenue funding, are required to participate in reductions in the event of a projected general revenue deficit. The legislature's ability to provide direction on resolving general revenue deficits is expanded beyond the General Appropriations Act to include any legislative act.

The President of the Senate and Speaker of the House of Representatives, after consulting with the Revenue Estimating Conference, are permitted to certify a general revenue deficit, if the

Governor does not certify the deficit. The Governor and Chief Justice must develop a plan to reduce the deficit within 30 days after the presiding officers certify such a deficit.

The statutory guidelines for reductions are revised by eliminating three of the guidelines.

The Governor and Chief Justice, rather than the Administration Commission, are permitted to resolve those projected general revenue deficits that are less than 1.5% of general revenue appropriations. The Chief Financial Officer must notify the President and Speaker, in addition to the Governor, if he believes a general revenue deficit will occur. Actions to resolve projected trust fund deficits greater than \$1 million must be approved by the Legislative Budget Commission. The requirement for prorated reductions to address trust fund deficits is deleted.

Section 31 amends s. 216.231, F.S., to require the Governor, rather than the Administration Commission, to determine when deficiency funds appropriated by the legislature should be released for use.

Section 32 amends s. 216.235, F.S., to eliminate obsolete references to the Information Resource Commission. Agencies developing information technology proposals must consult with the State Technology Office, rather than the Information Resource Commission.

Funds appropriated to the Innovation Investment Program may not be used for proposals requested by agencies in a legislative budget request, or recommended in the Governor 's budget recommendation, but not funded by the Legislature.

Section 33 amends s. 216.241, F.S., to require the Legislative Budget Commission to approve new programs or programs that require additional appropriations for the judicial branch, consistent with current executive branch requirements. The Legislature or the Legislative Budget Commission must specifically approve state agency and judicial branch proposals to shift responsibilities from an agency to the private sector or to another agency's staff, including outsourcing, public-private partnerships, or shared-savings initiatives. The agency must submit detailed justification for the shift of responsibilities, and any budget amendments necessary to implement the shift must be approved prior to the execution of the contract or related agreement.

Section 34 amends s. 216.251, F.S., to repeal the authority of the executive and judicial branches to set the salary of certain positions.

Section 35 amends s. 216.262, F.S., to allow the Governor and Chief Justice to recommend, rather than to authorize, an increase in the number of authorized positions. The Legislative Budget Commission has the authority to approve the Governor's and Chief Justice's recommendations. The provisions allowing state agencies to retain salary dollars of positions eliminated after July 1, 2001, are repealed.

Section 36 amends s. 216.292, F.S., to restructure the section for clarity. The authority of agencies and the Supreme Court to transfer certain appropriations without notice to the Legislature, approval by the Executive Office of the Governor, or approval by the Legislative Budget Commission is increased from \$150,000 to \$250,000. Transfer provisions from other statutes are incorporated into this section.

Section 37 amends s. 216.301, F.S., to clarify and eliminate duplicate processes related to the certification of fixed capital outlay appropriations. The President of the Senate and the Speaker of the House of Representatives may notify the Executive Office of the Governor to retain certified-forward balances from legislative budget entities until June 30 of the following fiscal year.

Section 38 amends s. 216.301, F.S., effective July 1, 2006, to modify the certification forward process for operating appropriations. Balances of appropriations expended, but not disbursed, would be certified by the agency head without further review by the Executive Office of the Governor, and would revert September 30. The previous provisions for certification of balances contracted to be expended, and the December 31 reversion date for certified forward balances are repealed, consistent with Project Aspire task force recommendations.

Section 39 repeals subsection (3) of s. 218.60, F.S., to delete an out-dated provision related to first-year participation by local governments in half-cent sales tax proceeds.

Section 40 amends s. 252.37, F.S., to delete reference to the Working Capital Fund relating to financing during a state of emergency.

Section 41 amends s. 265.55, F.S., to delete reference to the Working Capital Fund.

Section 42 repeals s. 288.1234, F.S., to repeal the Olympic Games Guaranty Account within the Economic Development Trust Fund. The account was designed to be used to fulfill the state's obligations under a games-support contract to indemnify and insure against any net financial deficit resulting from the conduct of the 2002 games.

Section 43 amends s. 288.7091, F.S., to correct a cross reference.

Section 44 amends s. 320.20, F.S., to require the Chief Financial Officer, rather than the Revenue Estimating Conference, to determine when revenues derived from the registration of motor vehicles are sufficient to repay trust funds from which moneys were drawn for deposit into the State Transportation Trust Fund.

Section 45 amends s. 339.135, F.S., to allow spending authority to be rolled forward from one fiscal year to the next fiscal year only with the approval of the Legislative Budget Commission, and current exemptions for budget amendments associated with work program amendments from the standard budget amendment process are eliminated.

Section 46 amends s. 381.0303, F.S., to allow the compensation of health care practitioners from the General Revenue Fund, rather than from the Working Capital Fund, when such practitioners are used by the Department of Health to staff special needs shelters in times of emergency or disaster.

Section 47 repeals subsection (5) of s. 409.906, F.S., which was incorporated in the new s. 216.292, F.S. provisions.

Section 48 repeals paragraph (b) of subsection (11) of s. 409.912, F.S., relating to the transfer of funds between Department of Children and Family Services and the Agency of Health Care Administration.

Section 49 amends subsection (2) of s. 468.392, F.S., to eliminate the provision specifying that amounts transferred to the Auctioneer Recovery Fund within the Professional Regulation Trust Fund shall not be subject to any limitation imposed by an appropriation act of the Legislature.

Section 50 amends subsection (2) of s. 475.484, F.S., to eliminate the provision specifying that amounts transferred to the Real Estate Recovery Fund shall not be subject to any limitation imposed by an appropriation act of the Legislature.

Section 51 amends s. 631.141, F.S., to clarify that the actions of the Legislative Budget Commission are based on the authority granted under chapter 216, F.S.

Section 52 amends s. 921.001, F.S., to require the Legislature, rather than the Criminal Justice Estimating Conference, to determine that certain legislation creating or enhancing felony criminal penalties will result in no prison impact, unless such legislation contains a funding source.

Section 53 amends s. 943.61, F.S., to repeal the requirement for the Legislative Budget Commission to approve a reduction to the Capitol Police budget.

Section 54 amends s. 1009.536, F.S., to delete a reference to the Workforce Estimating Conference.

Section 55 amends s. 1013.512, F.S., to require the Governor to recommend, prior to approval by the Legislative Budget Commission, placement of school district funds in reserve due to deficiencies in the school district's land acquisition and facilities management processes.

Section 56 reappropriates any undisguised appropriations made from the Working Capital Fund from unallocated moneys in the General Revenue Fund.

Section 57 provides effective dates.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill requires a person conducting audits pursuant to the Single Audit Act to be a certified public accountant licensed under chi. 473, F.S. This presumably will limit the pool of qualified persons eligible to conduct the audits.

C. Government Sector Impact:

The bill requires persons conducting audits pursuant to the Single Audit Act to be certified public accountant licensed under chi. 473, F.S. This may increase costs to the agency funding the audit.

VI. Technical Deficiencies:

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
