

STORAGE NAME: h2377z.ga
DATE: June 29, 2000

****AS PASSED BY THE LEGISLATURE****
CHAPTER #: 2000-371, Laws of Florida

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GENERAL APPROPRIATIONS
FINAL ANALYSIS**

BILL #: HB 2377 (PCB GA 00-14)

RELATING TO: The State Budgetary Process

SPONSOR(S): Committee on General Appropriations Representative Pruitt

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) GENERAL APPROPRIATIONS YEAS 14 NAYS 0 YEAS
- (2)
- (3)
- (4)
- (5)

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. The most significant aspect of this modernization is to permit greater budget flexibility to state agencies and the judicial branch to implement appropriations while continuing to maintain legislative oversight and control of the budget. There are three new procedures included in HB 2377 that are major revisions to current practices: establishment of a Legislative Budgeting Commission which will assume all of the budget responsibilities of the Administration Commission; establishment of zero-based budgeting principles for reviewing, on an 8 year cycle, agency budgets; and establishment of a community budget request process that allows local governments and non-profit organizations the opportunity to submit requests for state funding. The bill is effective July 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. 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.

C. EFFECT OF PROPOSED CHANGES:

This bill updates and modernizes portions of the budgeting law. The most significant aspect of this modernization is to permit greater budget flexibility to state agencies and the judicial branch to implement appropriations while continuing to maintain legislative oversight and control of the budget.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 216.011, F.S., to provide definitions for the purpose of fiscal affairs of the state, appropriations acts, legislative budgets, and approved budgets.

Section 2 creates s. 216.013, F.S., to require that agencies develop and implement long-range program plans using an interagency planning process. The program plans are to cover five fiscal years and are to become effective July 1 each year. This section specifies the content of the requests and the framework for the development of legislative budget requests. The plans are to be submitted to the Executive Office of the Governor by August 1 each year for review. This section also provides dates for completion and resubmission of revisions and adjustments.

Section 3 amends s. 216.015, F.S., to delete legislative findings regarding the capital facilities planning and budgeting process relating to 1) the condition of the state's infrastructure; 2) the lack of intergovernmental coordination; and 3) the lack of a mechanism to manage the state's debt structure. This section also requires the Executive Office of the Governor to monitor and evaluate the comprehensive capital facilities planning and budgeting process and to publish an annual report of the progress being made by the state toward meeting the state goals and objectives of the plans.

Section 4 amends s. 216.0152, F.S., to extend the date of submission of the inventory of state-owned or state-occupied facilities from September 1 to September 15 of each year.

Section 5 amends s. 216.0158, F.S., to extend the date of submission of the short-term (5 years) assessment of facility needs by each agency, district court of appeal, and the Marshal of the Supreme Court from September 1 to September 15 of each year. Long-term plans are no longer required. The information required for the second year of the plan will be more generalized rather than detailed as to actual costs.

Section 6 amends s. 216.016, F.S., to require the Executive Office of the Governor to incorporate the finance plan for meeting the state's infrastructure and fixed capital outlay needs into the Governor's recommended budget.

Section 7 amends s. 216.023, F.S., to extend the date of submission of complete legislative budget requests, including all supporting forms and schedules required by Chapter 216, by each agency, the judicial branch, and the Division of Administrative Hearings from September 1 to September 15 of each year. This section provides guidelines for items that must be contained in legislative budget requests. Agencies must maintain a comprehensive performance accountability system and provide a list of performance measures maintained by the agency which are in addition to the measures approved by the Legislature. This section gives additional duties regarding performance standards and measures to executive agencies and the judicial branch. This section also deletes requirements to include point-by-point responses to all funding recommendations prepared and submitted by the Director of the Office of Program Policy Analysis and Government Accountability (OPPAGA) in the budget request of the agency affected.

Section 8 amends s. 216.031, F.S., to be called "Target budget requests" and makes technical changes accordingly. This section also extends the date of submission of a target budget plan by an agency or the judicial branch from September 15 to September 30 of each year.

Section 9 amends s. 216.044, F.S., to direct any state agency or judicial branch entity to work with the Department of Management Services during the budget-development process regarding fixed capital outlay projects to be managed by the department; adds specific duties of the department while deleting previously assigned reporting requirements.

Section 10 amends s. 216.0446, F.S., to create the Technology Review Workgroup within the Legislature to review and make recommendations regarding state agencies' long-range program plans regarding information resources management. Recommendations of the Workgroup are to be submitted to the chairs of the legislative appropriations committees. This section also changes a reference from agency strategic plan to long-range program plan.

Section 11 amends s. 216.052, F.S., to establish a community budget request process that allows local governments, private organizations and non-profit organizations to request state funding from state agencies, the Governor, and the Legislature.

Section 12 amends s. 216.081, F.S., to delete a specific deadline for submission of the estimates of the financial needs of the legislative and judicial branches to the Governor.

Section 13 amends s. 216.131, F.S., to allow that participation or attendance, or both, by agency heads or representatives at public hearings on legislative budgets may be required by the Governor or Chief Justice. These hearings may be broadcast via electronic format provided that means for active participation of audience members is furnished.

Section 14 amends s. 216.133, F.S., to provide definitions for the purpose of consensus estimating.

Section 15 amends s. 216.134, F.S., to state that an official estimate of an estimating conference does not exist until a new consensus is reached.

Section 16 amends s. 216.136, F.S., to delete a requirement of the Economic Estimating Conference to evaluate and project the financial condition of the employee health self-insurance plan. The Commissioner of Education is named as a principal of the Education Estimating Conference and the Associate Deputy Commissioner for Educational Management is removed. The Transportation Estimating Conference is abolished. The Self-Insurance Estimating Conference and the Florida Retirement System Actuarial Assumption Conference are created, the duties are prescribed, and the principals are named.

Section 17 amends s. 216.141, F.S., to remove restrictions on what information may be processed by the planning and budgeting system and to reverse contracting duties, allowing the Legislature to contract with the Executive Office of the Governor to develop the planning and budgeting system and to provide services to the Legislature for the support and use of the legislative appropriations system.

Section 18 amends s. 216.162, F.S., to require the Governor to furnish each senator and representative a copy of his or her recommended balanced budget for the state at least 45 days before the scheduled annual legislative session of every year, rather than each odd numbered year.

Section 19 amends s. 216.163, F.S., to delete certain requirements for the form and content of the Governor's recommended budget.

Section 20 amends s. 216.177, F.S., to remove the requirement that a statement of intent with regards to appropriations be included when an appropriations act is delivered to the Governor by the chairs of the legislative appropriations committees. This section allows the chair of the Legislative Budget Commission, the President of the Senate, and the Speaker of the House to object to a budget action. This section also amends the notice deadlines for actions to be taken by the Executive Office of the Governor, the Chief Justice of the Supreme Court, or the Administration Commission.

Section 21 amends s. 216.178, F.S., to change a deadline that certain information must be released to the members of the Legislature and the public, moving it from 48 hours to 72 hours before it is to be voted on by the Senate or the House of Representatives, and to delete a requirement that the Governor include a cost statement for new debt or obligation contained in the General Appropriations Act.

Section 22 amends s. 216.179, F.S., to prohibit state agencies from reinstating vetoed appropriations by administrative means.

Section 23 amends s. 216.181, F.S., to 1) require the Legislative Budget Commission along with the Governor to review certain budget amendments to the original approved operating budgets for operational and fixed capital outlay expenditures; 2) delete the requirement that the salary rate of the Division of Administrative Hearings be specified in the General Appropriations Act; 3) permit salary rate to be controlled by department or agency as opposed to budget entity, except for the Department of Education which is controlled by the division and the judicial branch which is controlled at the branch level; 4) insure that no salary rate or personnel action taken as result of the flexibilities provided therein result in increased costs to the state in subsequent years; 5) eliminate the Governor and Chief

Justice's ability to increase salary rate deemed to be necessary and in the best interest of the state; 6) require the Technology Review Workgroup to review certain budget amendments related to information resource management projects; 7) define "non-operating budgets"; and deletes budget flexibility language provided to the Departments of Children and Family Services, Health, Law Enforcement and Transportation for Fiscal Year 1999-2000.

Section 24 creates s. 216.1825, F.S., to establish a zero-based budgeting process by where the Legislative Budgeting Commission can perform a zero-based review of every state agency budget at least once every 8 years. The budgets of the Department of Revenue and the Department of Law Enforcement will be reviewed during the 2001-2002 fiscal year.

Section 25 amends s. 216.183, F.S., to require that the development and amendment of the chart of accounts for state agencies and the judicial branch for which a performance-based program budget has been appropriated must be in consultation with the chairs of the legislative appropriations committees.

Section 26 amends s. 216.192, F.S., to increase the percent of the original approved operating budget of each agency and the judicial branch that may be released until annual plans for quarterly releases for all appropriations have been developed, approved, and furnished to the Comptroller from 20 percent to up to 25 percent.

Section 27 amends s. 216.195, F.S., to provide a definition for the term "impoundment".

Section 28 amends s. 216.212, F.S., to require the Executive Office of the Governor to review, rather than approve, all state agency's Federal Government requests or budgets before submitting them to the proper federal authority. This section also deletes a requirement of the Office of the Comptroller and the Executive Office of the Governor in reference to ensuring the compatibility of the Florida Accounting Information Resource Subsystem and the Federal Aid Tracking System.

Section 29 creates s. 216.216, F.S., to direct the deposit, appropriation, and expenditure of court settlement funds negotiated by the state. This section prohibits state agencies, officers, or counsel representing the interest of the state from expending the settlement of monies without an appropriation.

Section 30 amends s. 216.221, F.S., to allow, rather than require, the Legislature to annually provide direction in the General Appropriations Act regarding the use of the Budget Stabilization Fund and Working Capital Fund to offset General Revenue deficits. The deficit is to be resolved by the Legislature if the Revenue Estimating Conference projects a deficit in the General Revenue Fund in excess of 1.5 percent of the moneys appropriated from the General Revenue Fund during a fiscal year or when the cumulative total of a series of projected deficits in the General Revenue Fund exceeds 1.5 percent of the moneys appropriated from the General Revenue Fund.

Section 31 amends s. 216.251, F.S., to delete a reference to the classification and pay plan approved by the Legislative Auditing Committee in reference to providing the salary information for positions within the Legislature that are not indicated in the appropriations acts.

Section 32 amends s. 216.262, F.S., to allow the Governor, after a public hearing, to authorize an increase in the number of positions for specific reasons and delete supervisory or managerial positions within a department and establish direct service delivery positions in excess of the number of supervisory or managerial positions deleted. This section also

deletes a reference to permissible perquisites and provides a definition for the term "perquisites".

Section 33 amends s. 216.271, F.S., to provide a definition for the term "revolving fund".

Section 34 amends s. 216.292, F.S., to increase the discretionary amount department heads may transfer from 25,000 to 150,000 or five percent, whichever is greater. This section also provides additional budget flexibility, as long as the changes do not increase the cost to continue.

Section 35 creates s. 216.348, F.S., to provide preconditions to the receipt of grants and aids appropriations in excess of a certain amount that are to be used by nonpublic entities to acquire, construct, alter, or maintain real property. This section also provides restrictions on assignment or transfer of interests in the property and requires investment of funds and return of earned interest under certain circumstances.

Section 36 amends s. 11.45, F.S., to allow the Auditor General to conduct audits of any direct-support organization or citizen-support organization authorized by law. Similar audits conducted by certified public accountants must be performed in accordance with rules adopted by the Auditor General.

Section 37 creates s. 11.90, F.S., to create the Legislative Budgeting Commission.

Section 38 amends s. 120.65, F.S., to delete a provision relating to the automatic approval of a request for action if the Executive Office of the Governor fails to respond within 21 days of receiving it in writing.

Section 39 amends s. 121.031, F.S., to delete a reference to the Florida Retirement System Actuarial Assumption Conference.

Section 40 amends s. 186.002, F.S., to change a reference from state agency strategic plan to long-range program plan and to require that the state planning process provide a means for defining and achieving the specific objectives of the state, as well as a method for evaluating the accomplishment of those objectives.

Section 41 amends s. 186.003, F.S., to conform the definition of "state agency" to changes made in Chapter 216 and to delete the definition for "state agency strategic plan".

Section 42 amends s. 186.021, F.S., to change a reference from agency strategic plan to long-range program plan. This section requires each state agency to develop a long-range program plan on an annual basis to be used to implement the state's goals and objectives consistent with general law and the General Appropriations Act.

Section 43 amends s. 186.022, F.S., to change a reference from agency strategic plans to information resource strategic plans. This section requires the Geographic Information Board, the Financial Management Information Board, the Criminal and Juvenile Justice Information Systems Council, and the Health Information Systems Council to develop and submit an information resource strategic plan to the Executive Office of the Governor which shall be reviewed and commented on within 30 days of submission.

Section 44 amends s. 186.901, F.S., to require the Office of Economic and Demographic Research to provide the Executive Office of the Governor with population estimates of local governmental units and municipal annexations or consolidations.

Section 45 amends s. 215.18, F.S., to allow the Governor, rather than the Administration Commission, to order a temporary transfer of monies from one fund to another in order to meet temporary deficiencies in a particular fund.

Section 46 amends s. 215.22, F.S., to exempt each Tobacco Settlement Trust Fund administered by a state agency from the deduction required by s. 215.20(1).

Section 47 amends s. 215.32, F.S., to change a reference from the "Administration Commission" to the "Governor" regarding approval of consolidation of trust funds.

Section 48 amends s. 215.3208, F.S., to delete an expired schedule of termination of trust funds in various agencies. This language is replaced with the requirement that all state trust funds be reviewed at least once every four years, a schedule for which may be included in the legislative budget instructions.

Section 49 amends s. 240.209, F.S., to delete a reference to s. 216.181(7), F.S.

Section 50 amends s. 240.20941, F.S., to include conforming changes and to delete a reference to the Administration Commission.

Section 51 amends s. 240.279, F.S., to changes a reference from "Administration Commission" to "Legislative Budget Commission".

Section 52 amends s. 252.37, F.S., to allow the Governor to process a budget amendment, in accordance with s. 216.177, F.S., to transfer moneys following the expiration or termination of a state of emergency.

Section 53 amends s. 288.7091, F.S., to conform a reference based on a change made to s. 216.136, F.S.

Section 54 amends s. 320.20, F.S., to changes a reference from "Administration Commission" to "Legislative Budget Commission".

Section 55 amends s. 337.023, F.S., to make a conforming change.

Section 56 amends s. 339.135, F.S., to delete a reference to the Transportation Estimating Conference and replaces it with the most recent estimating conference estimate of revenues.

Section 57 amends s. 392.69, F.S., to make a conforming change.

Section 58 transfers and renumbers s. 216.3491, F.S., as s. 215.97, F.S., which edits and deletes various definitions and provisions relating to the Florida Single Audit Act

Section 59 transfers and renumbers s. 216.331, F.S., as s. 215.965, F.S.

Section 60 transfers and renumbers s. 216.3505, F.S., as s. 215.966, F.S.

Section 61 repeals various sections of Chapter 216.

Section 62 provides an effective date.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

STORAGE NAME: h2377z.ga

DATE: June 29, 2000

PAGE 8

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:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require municipalities or counties to spend money.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of municipalities or counties to raise revenue.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with municipalities or counties.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 6, 2000, the House General Appropriations Committee adopted six amendments that affected the bill in the following ways:

- Specifies the duties of the judicial branch in regards to performance-based program budget requests.
- Excludes the judicial branch from those new agencies that must submit a performance-based program budget request.
- Includes the judicial branch in the definition of “state agency” and “agency” for the purposes of implementing Article III, Section 19(h).
- Defines “long-range program plan” and requires state agencies to develop such plans according to specific guidelines.
- Deletes references to state agency strategic plans and amends applicable sections to conform.
- Requires that information resource strategic plans be submitted by the Geographic Information Board, the Financial Management Information Board, the Criminal and Juvenile Justice Information Systems Council, and the Health Information Systems Council.

On May 5, 2000 the Senate adopted an amendment that primarily added the following to the bill:

- Creates a Legislative Budgeting Commission which will assume all of the responsibilities of the Administration Commission.
- Specifies that zero-based budgeting principles shall be used by the Legislative Budgeting Commission to review each state agency’s budget on an 8 year cycle.
- Establishes a community budget request process that allows local governments and non-profit organizations the opportunity to submit requests for state funding.

The House of Representatives concurred with the amendment and the bill passed on May 5, 2000.

VII. SIGNATURES:

COMMITTEE ON GENERAL APPROPRIATIONS:

Prepared by:

Mike Peters

Staff Director:

David K. Coburn

FINAL ANALYSIS PREPARED BY THE COMMITTEE ON GENERAL APPROPRIATIONS:

Prepared by:

Mike Peters

Staff Director:

David K. Coburn