

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 971 Transparency in Government Spending
SPONSOR(S): Government Accountability Act Council and Hukill
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 1972

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Government Accountability Act Council	20 Y, 0 N, As CS	Hansen	Hansen
1)	Economic Development & Community Affairs Policy Council		Williamson	Tinker
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

The bill requires the Executive Office of the Governor, in consultation with the House and Senate appropriations committees, to establish a single website directly accessible by the public through the official Internet portal of the state. The website must provide access to information for each state agency and each branch of state government, including:

- Disbursement data by object code associated with each expenditure for each appropriation in the General Appropriations Act (GAA). Expenditure data must include the name of the payee, the date of the expenditure, the amount of the expenditure, the warrant number and the associated object code.
- Appropriations from the GAA and any adjustments, including vetoes, approved supplemental appropriations included in legislation, budget amendments and other approved actions pursuant to chapter 216, F.S., and any other adjustments authorized by law.
- The status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved and disbursed balances.
- Position and rate information for positions provided in the GAA.

The Joint Legislative Auditing Committee (JLAC) is responsible for overseeing and managing the website. The JLAC is directed to recommend access to additional information to include non-operating budget authority, trust fund balances, the general revenue fund balance, fixed capital outlay data and a 10-year history of appropriations by agency.

By March 2010, the JLAC must submit a plan to the Speaker, Governor and President to provide access to information for all other governmental entities. The information must include:

- Disbursements by each governmental entity from funds established within the treasury of that governmental entity.
- Revenues received by each governmental entity, including, receipts or deposits by the governmental entity into funds established within its treasury.
- Bonded indebtedness information, including, but not limited to, the total amount of obligation stated in terms of principal and interest, including an itemization of each obligation, the term of each obligation, the source of funding for repayment of each obligation, the amounts of principal and interest previously paid to reduce each obligation, the balance remaining of each obligation, any refinancing of any obligation and the cited statutory authority to issue such bonds.
- Links to available governmental entity websites.

The initial start-up costs for the first phase of this project are \$513,000 with annual maintenance costs of \$73,000.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

BACKGROUND

State Financial Information

Florida's state budget traditionally has been printed in paper form and made available to the public at the conclusion of each legislative session. The format of the printed version of the state budget is not user friendly and few members of the public are familiar enough with the budget to understand the thousands of line items or how the state's resources are allocated or expended.

Beginning in the late 1990s, in an effort to make the state budget more understandable to the public, the Governor's recommended budget was placed online in the form of Florida's first E-budget. The E-budget included extensive background information associated with the Governor's recommended budget and was intended to help the public better understand the policies and principles behind the proposed budget. It also saved resources by eliminating the need to print hundreds of lengthy budget documents.

A disadvantage of the Governor's E-budget was that it related only to the state budget as recommended by the Governor. The E-budget was obsolete as soon as the Legislature passed the actual budget.

Recognizing the benefits of placing the budget online, the Legislature soon followed suit and began placing the General Appropriations Act online in the form of an E-budget. Again, this is beneficial but has limitations.

The GAA contains only appropriations, with no information on actual expenditures, contracts, trust fund balances or historical trends. In addition, the state's budget is revised nearly every day in the form of budget amendments, some of which may be done at the discretion of the agency head while others must be submitted by the Governor and approved through the legislative consultation process.

Local Government Financial Information

Local government financial information was collected and published at the state level by the Department of Community Affairs; however, this practice was discontinued years ago. The Department of Financial Services (DFS) currently collects local government financial information and makes it available through a database called "LOGGER" or Local Government E-Reporting. This database is

available through the DFS website and provides the public access to local government financial information.

Prototype System Developed by Systems Design and Development

State financial information is available in several subsystems within the state. Currently there is no integrated system. Knowing that useful information is available, but with no means of pulling it together, Systems Design and Development (SDD) within the Office of Policy and Budget in the Executive Office of the Governor developed a prototype of an Integrated Financial System that envisioned use by budget analysts, agency heads, division directors, office managers, legislative members and staff with the potential of being used by the general public. If implemented the system would evolve, as the user community identifies additional needs.

SDD's prototype website consolidates information obtained in the Legislative Appropriations System/Planning and Budgeting Subsystem (LAS/PBS), Budget Amendment Processing System (BAPS), Florida Accounting Information Resource System warehouse (FLAIR) and personnel system (People First).¹ The prototype addresses several areas including the state operating and non-operating budgets, trust fund cash balance reports, general revenue cash balance report, fixed capital outlay tracking (from year of appropriation through year of project(s) completion), Florida's budget structure, historical appropriations and frequently asked questions.

EFFECT OF PROPOSED CHANGES

The bill requires the Executive Office of the Governor, in consultation with the House and Senate appropriations committees, to establish a single website directly accessible by the public through the official Internet portal of the state. The website must provide access to information for each state agency and each branch of state government and must include the following information:

- Disbursement data by object code associated with each expenditure for each appropriation in the General Appropriations Act (GAA). Expenditure data must include the name of the payee, the date of the expenditure, the amount of the expenditure, the warrant number, and the associated object code.
- Appropriations from the GAA and any adjustments, including vetoes, approved supplemental appropriations included in legislation, budget amendments, and other approved actions pursuant to chapter 216, F.S.,² and any other adjustments authorized by law.
- Status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved, and disbursed balances.
- Position and rate information for positions provided in the GAA.

The Joint Legislative Auditing Committee (JLAC) is responsible for overseeing and managing the website. JLAC may recommend access to additional information including:

- Details of non-operating budget authority established pursuant to s. 216.181, F.S.³
- Trust fund balance reports, including cash available, investments, and receipts.
- General revenue fund balance reports, including revenue received and amounts disbursed.
- Fixed capital outlay project data, including the original appropriation amount and any disbursements made throughout the life of the project.
- A 10-year history of appropriations by agency.

The JLAC must develop a format for collecting and posting information from public school districts, community colleges, state universities and other governmental entities receiving state appropriations.

By March 1, 2010, the JLAC must submit a plan to the Speaker, Governor and President that provides access to information for all other governmental entities. The information must include:

- Disbursements by each governmental entity from funds established within the treasury of that governmental entity.

¹ Information resides in LAS/PBS after it is downloaded from People First.

² Chapter 216, F.S., relates to planning and budgeting.

³ Section 216.181, F.S., relates to approved budgets for operations and fixed capital outlay.

- Revenues received by each governmental entity, including, receipts or deposits by the governmental entity into funds established within its treasury.
- Bonded indebtedness information, including, but not limited to, the total amount of obligation stated in terms of principal and interest, including an itemization of each obligation, the term of each obligation, the source of funding for repayment of each obligation, the amounts of principal and interest previously paid to reduce each obligation, the balance remaining of each obligation, any refinancing of any obligation and the cited statutory authority to issue such bonds.
- Links to available governmental entity websites.

Any municipality, including any agency thereof, having a population of 10,000 or less is exempt from these requirements. Population figures used for this purpose must be the most recent population estimates prepared pursuant to s. 186.901, F.S.⁴

This bill does not permit or require the disclosure of information that is considered confidential by state or federal law.

Annually, the JLAC must prepare a report detailing the progress in implementing the single website and providing recommendations for enhancement of the content and format of the single website and related policies and procedures. The report must be submitted to the Governor, the President of the Senate and the Speaker of the House of Representatives no later than November 1, 2011, and November 1 of each year thereafter.

The JLAC is authorized to adopt rules to implement this law.

The bill defines the following terms:

- “Committee” means the Joint Legislative Auditing Committee.
- “Governmental entity” means any state, regional, county, municipal, special district, or other local governmental entity of Florida, whether executive, judicial, or legislative, including, but not limited to, any department, division, bureau, commission, authority, district, or agency thereof or any public school district, community college, state university, or board associated therewith.
- “Website” means a website that is easily accessible to the public at no cost and does not require the user to provide any information.

B. SECTION DIRECTORY:

Section 1 creates s. 215.985, F.S., titled “Transparency in Government Spending,” to require the Executive Office of the Governor, in consultation with the House and Senate appropriations committees, to establish a single website directly accessible to the public through the official Internet portal of the state.

Section 2 amends s 11.40, F.S., to require the JLAC to oversee and manage the Transparency Florida website.

Section 3 provides an effective date of July 1, 2009.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

⁴ Section 186.901, F.S., relates to population census determination.

2. Expenditures:

SDD reports the cost of establishing the first phase of the system is \$513,000 with an annual maintenance fee of \$73,000. According to SDD, these costs can be absorbed from within their operating budget unless the budget is reduced.

<u>Item</u>	<u>Initial cost</u>	<u>Annual Maintenance</u>
IBM/Cognos software	\$300,000	\$60,000
Oracle License	\$ 60,000	\$13,000
Development servicers	\$ 16,000	
Test servers	\$ 24,000	
Production servers	\$ 36,000	
Network hardware	\$ 5,000	
Training/mentoring	\$ 72,000	
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Total	\$513,000	\$73,000

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The bill, as written, places no additional reporting requirements on local governments. However local governments may be required to submit financial information at a later time to comply with the third phase of the website, based on the recommendations of the Joint Legislative Auditing Committee. This would require the enactment of additional legislation.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill authorizes the Joint Legislative Auditing Committee to adopt rules necessary to implement this bill. Rules adopted by the committee are not rules subject to chapter 120, F.S.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill defines “governmental entity” to include any public school district, community college, state university, or board associated therewith. Lines 92 – 95 of the bill state “[t]he committee shall develop a format for collecting and posting information from public school districts, community colleges, state universities, and other governmental entities receiving state appropriations.” Specifically listing public school districts, community colleges, and universities is redundant as the entities are included in the definition of “governmental entity.” As such, the sponsor of the bill might want to consider an amendment to remove the redundant language.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 17, 2009 the Government Accountability Act Council adopted a proposed committee substitute for HB 0971. The council adopted the proposed committee substitute unanimously with no amendments. This bill analysis reflects the contents of the proposed committee substitute as passed by the council.