

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 available through the state's internet portal which provides public access to state financial information. The initial phase of the website will include appropriations data and expenditure data for all branches of state government. The state financial data provided in the website will be data currently available in the state's financial management system referenced in s. 215.93, F.S. 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 for each appropriation by object code associated with each expenditure established within the Florida Accounting Information Resource Subsystem. Expenditure data must include the name of the payee, the date and amount of the expenditure, the amount of the expenditure, the warrant number, and the associated object code.
- Appropriations from the General Appropriation Act (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 and is to propose additional phases of information to be made available. The additional information for state agencies is to include, but not be limited to, non-operating budget authority detail, trust fund balance reports, General Revenue Fund balance reports, fixed capital outlay expenditure data, and a history of state appropriations by agency.

By March 1, 2010, the JLAC is to propose a schedule for adding information to the website for other governmental entities, including community colleges, state universities, local government units and any entities which receive state appropriations. The schedule must be submitted to the President of the Senate and the Speaker of the House of Representatives.

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

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

The proposal will include the type of information to be provided for specific governmental entities as well as a proposed development entity for the additional information. The JLAC is required to recommend a format for collecting and displaying this information.

By August 31 of each fiscal year, each executive branch agency, the state court system, and the Legislature shall establish allotments in the FLAIR Subsystem for planned expenditures of state appropriations.

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.³

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 bill defines the following terms:

- "Committee" means the Joint Legislative Auditing Committee.
- "Governmental entity" means any state, regional, county, municipal, special district, or other political subdivision, 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 associated board.
- "Website" means a site on the Internet which is easily accessible to the public at no cost and does not require the user to provide any information.

B. SECTION DIRECTORY:

Section 1. Amends s. 11.40, F.S., to require the JLAC to oversee and manage the Transparency Florida website.

Section 2. Creates s. 215.985, F.S., cited as the "Transparency Florida Act," to require the Executive Office of the Governor, in consultation with the House and Senate appropriations committees, to establish a website available through the state's internet portal which provides public access to state financial information; requiring the JLAC to propose providing additional state information and a format for collecting and displaying such information; excepting certain small municipalities and special districts from the act; requiring accessibility by the public to information for a time certain; requiring an annual report to the Governor and the Legislature.

Section 3. Provides an effective date of upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

³ 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:

The cost to non-governmental entities to provide information in subsequent phases of the Transparency Florida website, to be outlined in the March 1, 2010, proposal developed by the Joint Legislative Auditing Committee is not known at this time.

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:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

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

On April 14, 2009, the Economic Development & Community Affairs Policy Council adopted a strike-all amendment for CS/HB 971 and passed the bill as a council substitute. Other than technical changes, the differences between CS/HB 971 and CS/CS/HB 971 are as follows:

- Required the Executive Office of the Governor, in consultation with the appropriation committees of the Senate and the House of Representatives to establish a website to provide information relating to each appropriation in the General Appropriation Act for each branch of state government and state agency and delineates minimum information that must be provided.
- Provided that all data provided through the website must be data currently available in the state's financial management information system.
- Required the Joint Legislative Auditing Committee (JLAC) to recommend a format for collecting and displaying information from state universities, public schools, community colleges, local governmental units, and other governmental entities receiving state appropriations, rather than developing a format and posting the information.
- Required JLAC to develop a schedule for adding other information to the website by March 1, 2010, rather than submitting a plan to provide access to information for all governmental entities by that date. The schedule must be submitted to the President of the Senate and the Speaker of the House of Representatives. The delineated list of information to be accessed is made permissive for inclusion rather than required.
- Required that by August 31 of each fiscal year, each executive branch agency, the state courts system, and the Legislature shall establish allotments in the FLAIR Subsystem for planned expenditures of state appropriations.
- Required JLAC to coordinate with the Financial Management Information Board in developing recommendations for inclusion of certain information on the website.
- Required the state budget office to ensure that all data added to the website remains accessible to the public for 10 years.