

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. CS/HB 971 may help balance the state budget by encouraging legislators and citizens to review state spending and identifying waste and duplication.
- 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. CS/HB 971 may help restrain the growth of government through identifying duplicative and wasteful state and local government spending.
- 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:

Current situation.

Florida's state budget has traditionally 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 or Legislature 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, during the Bush administration, in an effort to make the state budget more understandable to legislators and the public, the Governor's recommended budget was placed on line in the form of Florida's first E-budget. This E-budget included extensive background information associated with the Governor's recommended budget and was intended to help the Legislature and the public better understand the policies and principles behind the proposed budget. It also saved resources by eliminating the need to print hundreds of 500 page budget documents.

One big disadvantage of the Governor's E-budget was that it only related 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 on line, the Legislature soon followed suit and began placing the General Appropriations Act on line in the form of an E-budget.

Again, this is beneficial but has significant 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 submitted by the Governor and approved by the Legislature.

Local government financial data used to be collected and published at the state level by the Department of Community Affairs, but this practice was discontinued years ago. The Department of Financial Services has since taken responsibility for collecting local government financial data and it makes this data available through a data base called "LOGGER" or Local Government E-Reporting.

This system is available through the DFS website which provides the public access to local government financial data.

State financial information is available in several subsystems within the state. Currently there is not an integration of these systems. Knowing that useful information is available, but with no means of pulling it together, System Design and Development 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.

Effect of Proposed Changes.

CS/HB 971 requires 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. The website is to provide access to information for each state agency and each branch of state government and include the following information:

- Disbursement data for each state agency and each branch of state government by object code associated with each expenditure for each appropriation in the General Appropriations Act (GAA). Expenditure data are to 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.
- 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 bill designates the Joint Legislative Auditing Committee (JLAC) as the entity responsible for overseeing and managing the website. JLAC is directed to recommend access to additional information to include:

- Detail of non-operating budget authority established pursuant to s. 216.181, F.S.
- 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 is required to develop a format for collecting and posting information from public school districts, community colleges, state universities, and other governmental entities receiving state

appropriations.

In addition, the JLAC is required, by March 2010, to submit a plan to the Speaker, Governor and President to provide access to information for all other governmental entities, including local governments (county, municipal, school district and special district), community colleges and state universities. The types of data for these entities are to include:

- Disbursements by each governmental entity from funds established within the treasury of the governmental entity.
- Revenues received by each governmental entity, including, receipts or deposits by the governmental entity into funds established within the treasury of the governmental entity.
- Information pertaining to a governmental entity's bonded indebtedness, 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 this section. Population figures used for the purposes of this subsection shall be the most recent population estimates prepared pursuant to s. 186.901, F.S.

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

The JLAC is required to prepare an annual 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 shall 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.

Summary of the Prototype System Developed by SDD.

As stated previously, SDD has developed a prototype web site which consolidates information obtained in:

- The Legislative Appropriations System/Planning and Budgeting Subsystem (LAS/PBS)
- The Budget Amendment Processing System (BAPS)
- The Florida Accounting Information Resource System warehouse (FLAIR)
- The Personnel System (PeopleFirst) (information resides in LAS/PBS after download from PeopleFirst.)

The prototype addresses several areas including:

- The State operating budget
- The State non-operating budget
- 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
- Frequently Asked Questions

Operating Budget

The majority of the prototype focuses on the operating budget with views from an appropriations bill and an organizational level format in a drill down approach. These views contain information from:

- The General Appropriations Act (LAS/PBS appropriations ledger)
- Supplemental appropriations in substantive legislation (LAS/PBS appropriation ledger)
- Failed contingents (LAS/PBS appropriation ledger)
- Vetoes (LAS/PBS appropriation ledger)
- Reorganizations
- Administered Fund Distributions
- Budget amendments (LAS/PBS appropriation ledger and BAPS)
- D-3A Issue Information (LAS/PBS budget detail file)
- Text and proviso (LAS/PBS)
- Position and Rate information (LAS/PBS position and rate ledger and PeopleFirst)
- Personnel data (PeopleFirst) which includes each position and details of that position such as classification, county, collective bargaining unit, occupational group, etc. Personnel data does not include the employee name or social security number. Personnel information for the Legislature is not available.
- Disbursement information (FLAIR) includes object code, vendor name (unless not permitted due to privacy laws), warrant date and warrant number.
- Allotment, expenditure and encumbrance balances (FLAIR)

Non-Operating Budget

Non-operating budget is established pursuant Section 216.181(12), F.S. Information for non-operating accounts are obtained from:

- Budget Amendment B001 - which establishes the initial non-operating budget for a fiscal year (LAS/PBS appropriation ledgers – Part 3)
- Budget Amendments processed during the year (LAS/PBS appropriation ledger and BAPS)

- Disbursement information (FLAIR) includes object code, vendor name (unless not permitted due to privacy laws), warrant date and warrant number. On many non-operating accounts there will not be a warrant number because the disbursement is made as an inter or intra agency transfer.

Trust Fund Cash Balance Reports

This report is reported by agency and specific trust fund for the current period. This report shows:

- The fiscal year beginning cash balance (FLAIR)
- Receipts (FLAIR)
- Interest Earned (FLAIR) (only updated once a month)
- Investments (FLAIR)
- Disbursements (FLAIR)
- Ending Cash Balance (FLAIR)
- Law authorization Trust Fund (LAS/PBS Dept/Fund compatibility table)

General Revenue Report

This area would provide a Statewide General Revenue Activity Report by month. It would include the beginning cash balance, cash receipts, cash disbursements and ending cash balance. It would also reflect the increase/decrease in receipts and disbursements from the prior month. The disbursement information can be drilled down to the department level, appropriation category, and object. This information will be obtained from FLAIR.

Fixed Capital Outlay Tracking

This shows the initial FCO appropriations and disbursements by fiscal year from the original appropriations. Information for this report comes from the LAS/PBS Ledgers – Part 2 and Part 5. Note: The ledger contains ten-years'-worth of appropriations. If appropriation is over ten-years-old the original appropriation information will not be available and only the disbursement data for the past ten years will be reported.

Florida's Budget Structure

This area gives a narrative description of the Florida budgeting process and explains how the budget is structured. It also shows a color chart of the Agencies, Programs and Services.

Historical Appropriations

This area gives a report of ten-years'-worth of legislative appropriations by agency. It will provide the ability to drill down to the D-3A issue code level.

Frequently Asked Questions

This area of the system would provide a list of frequently asked questions relating to the budget. This list is comprised of questions gathered from surveys over the past several years.

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. The website will provide the public access to an extensive listing of state government financial data. Oversight of the website will be provided by the Joint Legislative Auditing Committee, which will develop a plan to expand coverage of the website to community college, university, and local government financial data.

Section 2. Amends s 11.40, F.S., relating to the Legislative Auditing Committee, to provide an additional duty to the committee of providing oversight and management of the Transparency Florida website pursuant to s. 215.985, F.S.

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.

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	
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 data 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:

2. Other:

B. RULE-MAKING AUTHORITY:

The bill authorizes the Joint Legislative Auditing Committee to adopt rules necessary to implement this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

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.