

**STORAGE NAME:** h0825s1.grr  
**DATE:** March 19, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
GOVERNMENTAL RULES AND REGULATIONS  
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**BILL #:** CS/HB 825  
**RELATING TO:** Efficiency in Government  
**SPONSOR(S):** Committee on Governmental Rules & Regulations and Representative(s) Valdes and Feeney

**STATUTE(S) AFFECTED:**

**COMPANION BILL(S):** SB 2154

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

- (1) GOVERNMENTAL RULES AND REGULATIONS YEAS 5 NAYS 3
- (2)
- (3)
- (4)
- (5)

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**I. SUMMARY:**

Current law allows state agencies to organize based on the unique mission of each agency and provides that each agency shall establish a uniform job classification plan and shall be responsible for classifying or re-classifying positions within the limits of currently authorized appropriations. Presently, the Department of Management Services (DMS) creates and modifies job classifications in response to agency requests.

DMS reports that there are currently 503 Senior Management Service positions, 3,502 Selected Exempt Service positions, and 120,652 Career Service positions within the State Personnel System. Of those 124,657 positions, 10,077 are not filled.

CS/HB 825 requires DMS to work with executive agencies to reduce the layers of management within those agencies by a goal of 50 percent and to increase agency-wide employee-to-supervisor ratios by at least 50 percent by July 1, 1998. Additionally, the bill requires DMS to notify the legislative fiscal committee in each chamber of the Legislature of any proposed reduction in the layers of management prior to implementation. Such notification shall include a description of the reduction, a list of positions to be eliminated or reduced, an estimate of the savings expected from the reduction, and another appropriate percentage reduction should a 50 percent reduction be detrimental to the improvement of agency services. DMS is required to submit an interim report to the Legislature by October 15, 1997 and a final report by October 15, 1998 regarding this effort, including past efficiency methods undertaken by agencies.

This bill also directs DMS to simplify the state's job classification system by reducing the number of job classifications, providing for a technical skill-based career path in state government, and providing incentives for state employees to increase their knowledge and broaden their skill base. DMS shall present an interim report to the Legislature by October 15, 1997 and a final report by October 15, 1998 regarding this project.

This act shall take effect on July 1, 1997.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Presently, state agencies are permitted to organize based on the specific mission of each agency. Certain management-level positions are mandated through the organization structure requirements of Chapter 20, F.S. (1995). The State Personnel System includes Career Service, Selected Exempt Service (SES), and Senior Management Service (SMS) employees. Section 110.403, F.S. (1995), limits the size of SMS positions to one-half of 1 percent of the Career Service work force. Section 110.602, F.S. (1995), limits the number of SES positions to 1.5 percent of the size of Career Service.

DMS reports that there are currently 503 SMS positions, of which 479 are filled; 3,502 SES positions, of which 3,200 are filled; and 120,652 Career Service positions, of which 110,901 are filled. These totals do not include those workers currently employed by the State University System, the Florida Lottery, the Florida Legislature, or the Judiciary. DMS staff noted that there are positions within each of these employee service categories which are considered management positions and would be included in the DMS agency management reduction review authorized by this bill.

Section 110.207, F.S. (1995), provides that each executive agency shall establish and maintain a uniform classification plan and is responsible for the coordination and review of that plan. Each agency also has the authority and responsibility to classify and re-classify positions within the limits of currently authorized appropriations. Presently, DMS creates and modifies job classifications in response to agency requests. According to DMS staff, the creation or revision of certain supervisory positions is subject to existing collective bargaining agreements with the Florida Police Benevolent Association (FPBA), the Florida Nurses Association (FNA) and the American Federation of State, County, and Municipal Employees (AFSCME).

Some existing incentives for state employees to broaden their knowledge and skill base include: (1) Fla. Admin. Code Rule 60K-2.006 (1996), which provides for increases to the base rate of pay contingent upon the satisfactory completion of an approved job-related class or program having a continued benefit to the agency; (2) Fla. Admin. Code Rule 60L-18 (1996), which allows agencies to appropriate a lump-sum bonus payment for an employee who successfully completes an approved educational, training, or certification course; and (3) Section 110.1099, F.S. (1995), which authorizes state employees to receive tuition waivers on a space-available basis or vouchers to attend work-related courses at state universities.

B. EFFECT OF PROPOSED CHANGES:

CS/HB 825 directs DMS to work with executive agencies to reduce the layers of management in those agencies by a goal of 50 percent and to increase agency-wide employee-to-supervisor ratios by at least 50 percent by July 1, 1998. An example of the intended effect would be that an individual currently supervising 10 employees would oversee 15 employees next year. The bill also requires DMS to present an interim report to the Legislature by October 15, 1997 and a final report by October 15, 1998 regarding the progress of the department in completing this task and the outcome,

including past efficiency methods undertaken by each agency to accomplish the intent of this bill.

In addition, the bill directs DMS to notify the legislative fiscal committees in the House and Senate of any proposed reduction in the layers of management prior to implementation. Although DMS is required to notify the Legislature of the proposed reductions, DMS is not currently authorized to implement any management layer reduction in any executive agency.

This notification by DMS shall include a description of the proposed reduction; a list of the positions, employment responsibilities, and activities to be eliminated or reduced; an estimate of the savings expected from the reduction; and another appropriate percentage reduction if a 50 percent reduction should be detrimental to the improvement of services to the citizens of Florida. Although unclear, it appears that this provision authorizes DMS to determine the "appropriate" percentage reduction for each agency.

CS/HB 825 also directs DMS to simplify the state's job classification system by reducing the number of job classifications, providing for a technical skill-based career path in state employment, and providing incentives for state employees to broaden their knowledge and skill base. DMS shall present an interim report to the Legislature by October 15, 1997 and a final report by October 15, 1998 detailing the department's progress in completing this project and its outcome.

DMS staff noted that current collective bargaining agreements involve management positions and these agreements may be adversely affected by the provisions of this bill.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. The bill directs the Department of Management Services to work with executive agencies to reduce the layers of management, to increase the employee-to-supervisor ratios within each executive agency, and to simplify the state's job classification system. The department shall submit interim and final reports on these projects to the Legislature.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

NA

(2) what is the cost of such responsibility at the new level/agency?

NA

(3) how is the new agency accountable to the people governed?

NA

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

NA

b. Does the bill require or authorize an increase in any fees?

NA

c. Does the bill reduce total taxes, both rates and revenues?

NA

d. Does the bill reduce total fees, both rates and revenues?

NA

e. Does the bill authorize any fee or tax increase by any local government?

NA

3. Personal Responsibility:

**STORAGE NAME:** h0825s1.grr

**DATE:** March 19, 1997

**PAGE 5**

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

NA

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

NA

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

NA

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

NA

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

NA

- (2) Who makes the decisions?

NA

- (3) Are private alternatives permitted?

NA

- (4) Are families required to participate in a program?

NA

(5) Are families penalized for not participating in a program?

NA

b. Does the bill directly affect the legal rights and obligations between family members?

NA

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

NA

(2) service providers?

NA

(3) government employees/agencies?

NA

**D. SECTION-BY-SECTION ANALYSIS:**

Please see Effect of Proposed Changes section above.

**III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:**

1. Non-recurring Effects:

None. The Department of Management Services indicates that it can implement the provisions of this bill with existing agency resources.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

**B. REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

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

**V. COMMENTS:**

Chapter 96-399, Laws of Florida, directed DMS to review the Department of Transportation (DOT) Model Classification Plan to determine whether the plan was suitable for statewide implementation. DMS was to identify and resolve any issues that might affect statewide implementation by all agencies and make sure that the plan was compatible with program based budgeting. In response to the Legislature's request, DMS reviewed the DOT plan which contains 16 occupational groups, 12 total pay levels and a job evaluation method based on "how" the job is performed, and DMS has proposed a broadbanding classification system in an effort to simplify the State's current system (See: January 1997 Review of the Department of Transportation Model Classification Plan by DMS). DMS staff believe that this proposed broadbanding system will simplify the state's classification system in a manner similar to the proposed bill.

**VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:**

The committee substitute includes eight amendments to the original bill.

Amendment #1 by Representative Goode substituted the term "employee-to-supervisor" for clarification purposes.

Amendment # 2 by Representative Ogles removed a duplicate reference to July 1, 1998.

Amendment #3 by Representative Ogles provided that past efficiency methods undertaken by agencies to accomplish the intent of this legislation are to be included in the Department of Management Services's report to the Legislature's fiscal committees.

Amendment #4 by Representative Ogles provided that the Department of Management Services, instead of each executive agency, shall notify the Legislature's fiscal committees of any proposed reductions in the layers of management.

Amendment #5 by Representative Ogles provided that another appropriate percentage may be included in the DMS report to the Legislature's fiscal committees if a 50 percent reduction in the layers of management should be detrimental to the improvement of services.

Amendment #6 by Representative Ogles provided that DMS shall present their final report to the Legislature by October 15, 1998, rather than March 15, 1998.



**STORAGE NAME:** h0825s1.grr

**DATE:** March 19, 1997

**PAGE 9**

Amendment #7 by Representative Ogles provided that DMS shall work with the executive agencies to reduce the layers of management by a goal of 50 percent, rather than reducing those layers by at least 50 percent.

Amendment #8 by Representative Ogles corrected a grammatical error.

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL RULES AND REGULATIONS:

Prepared by:

Legislative Research Director:

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Angela Price

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David M. Greenbaum