

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1784

SPONSOR: Committee on Appropriations and Senator Horne

SUBJECT: State Budgetary Process

DATE: April 25, 2001                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hayes</u>	<u>Martin</u>	<u>AGG</u>	<u>Withdrawn</u>
2.	<u>Hayes</u>	<u>Wood</u>	<u>AP</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill amends Chapter 216, Florida Statutes, which governs the planning and budgeting requirements and processes for the state. To keep abreast of the current budgetary practices of the state, this bill updates and makes several changes to the budgeting law, including:

- specifying legislative intent to implement activity-based planning and budgeting;
- requiring agencies to submit a unit cost summary report and providing for a funding penalty for failure to submit the report;
- providing for an agency and judicial branch incentive and shared savings program;
- requiring the Legislative Budget Commission to review and act upon Trust Fund increases in excess of 5% of the original approved budget or \$1,000,000 whichever is greater;
- requiring agencies to include in their legislative budget request an inventory of all litigation in which the agency is involved that may require additional appropriations;
- requiring agencies to have a specific appropriation or approval from the Legislative Budget Commission in order to spend funds obtained through court settlements;
- requiring the Governor or Chief Justice to develop a plan to eliminate deficits in trust funds;
- clarifying the schedule of appointing chairs to the Legislative Budget Commission; and
- allowing the Legislative Budget Commission to approve increases in salary rate.

This bill substantially amends or creates the following sections of the Florida Statutes:

216.011, 216.013, 216.023, 216.0446, 216.136, 216.177, 216.181, 216.1815, 216.1826, 216.192, 216.216, 216.221, 216.262, 216.292, 11.90, 27.345, 27.3451, 27.385, 27.605, 45.062, 215.20, 284.385, 376.15.

## II. Present Situation:

Chapter 216, Florida Statutes, which governs the planning and budgeting requirements and process for the state, was created in 1969 (Chapter 69-106, Laws of Florida) concurrent with a major reorganization of Florida government. Over the years, the statute has been modified to address a range of financial management and budgeting provisions, including consensus estimating conferences, various incremental budgeting procedures, and zero-based budgeting. Based on a 1999 interim project, it was substantially modified and restructured by the Legislature in Chapter 2000-371, Laws of Florida, to provide a more organized sequence of budgeting and management provisions and eliminate outdated provisions. Due to changes in current budgetary practices, a number of updates and revisions are periodically necessary.

## III. Effect of Proposed Changes:

This bill makes several changes to Chapter 216, F.S., by correcting, updating and modernizing provisions of the budgeting law. The most significant changes are: requires the Legislative Budget Commission to review and act upon Trust Fund increases in excess of 5 percent of the original approved budget or \$1,000,000 whichever is greater; directs agencies to work in consultation with the Executive Office of the Governor and the appropriations and appropriate substantive committees and the judicial branch to work with the appropriations and appropriate substantive committees to implement activity-based budgeting; establishes the agency and judicial incentive and savings program which provides additional budget flexibility to agencies and the judicial branch as incentives to reduce costs; and allows the Legislative Budget Commission to approve increases in salary rate under certain conditions.

**Section 1** amends s. 216.011, F.S., to correct the definition of “operating capital outlay.”

**Section 2** amends s. 216.013, F.S., to delete the requirement that the Executive Office of the Governor consider the findings of the Technology Review Workgroup in reviewing information resource plans and, requires agencies when making adjustments to their long-range program plans, to also be consistent with the legislation implementing the General Appropriations Act.

**Section 3** amends s. 216.023, F.S., to expand the unit cost requirement in legislative budget requests to include unit costs associated for major activities for budget entities; requires a unit cost summary report and provides a funding penalty for failure to submit the report. This section is also amended to require agencies and the judicial branch to include in their legislative budget request an inventory of all litigation in which the agency is involved that may require additional appropriations.

**Section 4** amends s. 216.0446, F.S., to correct a reference to the State Technology Office.

**Section 5** amends s. 216.136, F.S., to clarify that the Criminal Justice Estimating Conference includes forecasts of prison admissions and population and supervised felony offender admissions and population as the conference determines is needed. The section also clarifies that the Social Services Estimating Conference includes information and forecasts related to utilization and expenditures, cash assistance and Medicaid. This section deletes the information requirements related to subsidized child care caseloads from the Social Services Estimating Conference since this information is required in the School Readiness Program Estimating Conference pursuant to subsection (10).

Subsection (4) is renumbered as (2) and is amended to add the Agency for Health Care Administration to the Social Service Estimating Conference principals.

**Section 6** amends s. 216.177, F.S., to specify that requests for clarification of legislative intent and requests for notice, review and objection are the responsibility of the chair and vice chair of the Legislative Budget Commission or the Speaker of the House of Representatives and the President of the Senate. This section is also amended to authorize a three day review period for certain budget transfers pursuant to s. 20.10, F.S., for the Department of Children and Families.

**Section 7** amends s. 216.181, F.S., to clarify that the Chief Justice may amend judicial branch budgets to reflect approved plans for lump-sum appropriations; to permit the Legislative Budget Commission to approve adjustments to approved salary rate if in the best interest of the state and consistent with legislative policy and intent; to allow lump sum bonuses pursuant to the Agency Incentive and Savings Program; to require state agencies and the judicial branch to report, on a quarterly basis, salary rate and position data; and to authorize the Legislative Budget Commission to approve increases in appropriations of state trust funds in excess of \$1,000,000.

**Section 8** creates s. 216.1815, F.S., that establishes the Agency Incentive and Savings Program. The program will permit agencies and the judicial branch to retain at least 5 percent, but no more than 25 percent, of annual savings resulting from operating efficiencies. The Legislative Budget Commission will determine the amount an agency and the judicial branch will be allowed to retain. Agencies and the Chief Justice of the Supreme Court for the judicial branch will be required to submit a plan and a budget amendment to the Commission. Use of the savings shall not create a recurring cost to the state in excess of the recurring savings achieved by the agency or the judicial branch. Agencies and the judicial branch allowed to retain savings under the program will be required to submit a schedule detailing how the incentives were used in its next legislative budget request.

**Section 9** creates s. 216.1826, F.S., that directs agencies to work in consultation with the Executive Office of the Governor and the appropriations and appropriate substantive committees and the Chief Justice of the Supreme Court for the judicial branch is directed to work with the appropriations and appropriate substantive committees of the Legislature on implementing activity-based budgeting.

**Section 10** amends s. 216.192, F.S., to clarify that the chair and vice chair of the Legislative Budget Commission shall receive copies of approved annual releases.

**Section 11** amends s. 216.216, F.S., to require that agencies of the executive or judicial branch must have specific appropriations or approval from the Legislative Budget Commission in order to spend funds obtained through court settlements, with certain restrictions.

**Section 12** amends s. 216.221, F.S., to require the Governor or Chief Justice to develop a plan to eliminate deficits in trust funds.

**Section 13** amends s. 216.262, F.S., to clarify a reference to the Executive Office of the Governor as the entity responsible for certifying whether or not there are authorized positions available in an agency.

**Section 14** amends s. 216.292, F.S., to clarify that the chair and vice chair of the Legislative Budget Commission are to receive notice of actions taken pursuant to the section; to allow the food product appropriation categories to be transferred within the program budget parameters; to allow agency heads to transfer positions between programs; to require that requests to transfer trust funds which are more than 5 percent of the original approved budget or \$1,000,000, whichever is greater, be approved by the Legislative Budget Commission; and clarifies that the scope of a fixed capital outlay project may not be changed by any transfer of funds made pursuant to subsection (5) (c).

**Section 15** amends s. 11.90, F.S., to correct the name of the Legislative Budget Commission and clarify the schedule of appointing chairs to the Commission.

**Section 16** amends s. 27.345, F.S., to correct a cross reference.

**Section 17** amends s. 27.3451, F.S., to correct a cross reference.

**Section 18** creates s. 27.385, F.S., to re-enact a provision that was inadvertently deleted in Chapter 2000-371, L.O.F., to allow state attorneys to pay for certain items if the counties fail to do so.

**Section 19** creates s. 27.605, F.S., to re-enact a provision that was inadvertently deleted in Chapter 2000-371, L.O.F., to allow public defenders to pay for certain items if the counties fail to do so.

**Section 20** amends s. 45.062, F.S., to require that agencies notifying the Senate, House of Representatives and the Attorney General of proposed settlements in civil actions specify how the participating agency will address the costs in future years and require executive branch agencies to report, with periodic updates, potential settlements to the appropriate substantive and fiscal committees of the Legislature.

**Section 21** amends s. 215.20, F.S., to retain the 0.3 percent trust fund service charge.

**Section 22** amends s. 284.385, F.S., to clarify that when the Department of Insurance assigns a claim to counsel, that counsel shall report the status or proposed settlement of the claim to the Department of Insurance or the covered department.

**Section 23** amends s. 376.15, F.S., to correct a cross reference.

**Section 24** provides an effective date.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Trust Funds Restrictions:

None.

C. Other Constitutional Issues:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.