

STORAGE NAME: h1977.frc.doc
DATE: April 19, 2001

HOUSE OF REPRESENTATIVES
FISCAL RESPONSIBILITY COUNCIL
ANALYSIS

BILL #: HB 1977 (PCB FRC 01-67)
RELATING TO: State Budgetary Process
SPONSOR(S): Fiscal Responsibility Council and Representative Lacasa
TIED BILL(S):

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

- (1) FISCAL RESPONSIBILITY COUNCIL YEAS 12 NAYS 7
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

Chapter 216, Florida Statutes, the Planning and Budgeting law, provides guidelines to the Governor, the Judicial Branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Over the years, the statute has been modified to incorporate most of the functions related to the state budgetary process; from consensus estimating conferences to the single audit act. The result is an aggregation of topics that periodically require updating in order to keep abreast of the current budgetary practices of the state.

This bill corrects, updates and modernizes portions of the budgeting law. The most significant aspects of these changes are: specifies legislative intent to work toward activity-based budgeting; establishes the Agency Incentive and Savings Program which provides additional budget flexibility to agencies as incentives to reduce costs; adds The Florida Bar and Board of Bar Examiners as state agencies for budget purposes; removes restrictions on the Governor relating to incorporating the judicial branch budget request without modification; requires 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 ever is greater, and; allows the Legislative Budget Commission to approve increases in salary rate.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Chapter 216, Florida Statutes, the Planning and Budgeting law, provides guidelines to the Governor, the Judicial Branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Over the years, the statute has been modified to incorporate most of the functions related to the state budgetary process; from consensus estimating conferences to the single audit act. The result is an aggregation of topics that periodically require updating in order to keep abreast of the current budgetary practices of the state.

C. EFFECT OF PROPOSED CHANGES:

This bill corrects, updates and modernizes portions of the budgeting law. The most significant aspects of these changes are: specifies legislative intent to work toward activity-based budgeting; establishes the Agency Incentive and Savings Program which provides additional budget flexibility to agencies as incentives to reduce costs; adds The Florida Bar and Board of Bar Examiners as state agencies for budget purposes; removes restrictions on the Governor relating to incorporating the judicial branch budget request without modification; requires 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 ever is greater, and; allows the Legislative Budget Commission to approve increases in salary rate.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 216.011, F.S., to correct the definition of "operating capital outlay" and adds The Florida Bar and the Florida Board of Bar Examiners to the definition of "state agency" for purposes of Chapters 215 and 216.

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 adjusting their long-range programs plans, to also consider the legislation implementing the General Appropriations Act.

Section 3 amends s. 216.023, F.S., to require agencies to include in their legislative budget request an inventory of all litigation in which the agency is involved that may require additional

appropriations and expands the unit cost requirement in legislative budget requests to include unit costs associated of major activities for budget entities.

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

Section 5 amends s. 216.081, F.S., to remove the requirement that the Governor submit the judicial branch's budget, as a part of his budget recommendations, without being subject to gubernatorial revision.

Section 6 amends s. 216.151, F.S., to require that the Executive Office of the Governor include the judicial branch in any budget needs and efficiency analyses and allows the Executive Office of the Governor to request the judicial branch to submit a target budget plan, without influencing the independent judgment of need of the Chief Justice.

Section 7 amends s. 216.163, F.S., to authorize the Governor to provide his recommendations for the judicial branch funding in his budget proposal.

Section 8 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 and deletes an expired 3 day transfer authority for the Department of Children and Families.

Section 9 amends s. 216.181, F.S., to require certain judicial branch budget amendments to be decided by the Legislative Budget Commission; 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 salary bonuses provided pursuant to the Agency Incentive and Savings Program and the Savings Sharing Plan included in House Bill 369; 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 10 adds a new s. 216.1815, F.S., that establishes the Agency Incentive and Savings Program. The program will permit agencies to retain at least 5%, but no more than 25%, of annual savings resulting from operating efficiencies. The Legislative Budget Commission will determine the amount an agency will be allowed to retain. Agencies will be required to submit a plan and a budget amendment to the Commission. Agencies 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 11 adds a new s. 216.1826, F.S., relating to legislative intent to work toward activity-based planning and budgeting.

Section 12 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 13 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 14 amends s. 216.221, F.S., to require the Governor or Chief Justice to develop a plan to eliminate deficits in trust funds.

Section 15 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 category to be transferred within the program budget parameters; to allow agency heads to transfer positions between programs; to require the Legislative Budget Commission to approve judicial branch transfers for operations from the General Revenue Fund in excess of the 5% authority and program budget authority; to require that requests to transfer trust funds which are more than 5% of the original approved budget or \$1,000,000, whichever is greater, be approved by the Legislative Budget Commission, and; to require that requests to transfer funds between judicial branch fixed capital outlay projects be approved by the Legislative Budget Commission.

Section 16 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 17 amends s. 27.345, F.S., to correct a cross reference.

Section 18 amends s. 27.3451, F.S., to correct a cross reference.

Section 19 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 20 amends s. 215.20, F.S., to retain the 0.3 percent trust fund service charge.

Section 21 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 22 amends s. 376.15, F.S., to correct a cross reference.

Section 23 provides an effective date.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require municipalities or counties to spend money.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of municipalities or counties to raise revenue.

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

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

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

None

C. OTHER COMMENTS:

None

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

FISCAL RESPONSIBILITY COUNCIL:

Prepared by:

Staff Director:

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David K. Coburn

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