

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 1402

SPONSOR: Governmental Oversight and Productivity Committee and Senator Crist

SUBJECT: Government Yardstick Act

DATE: March 5, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	Favorable/CS
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____
4.	_____	_____	RC	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill directs the Legislature’s Office of Program Policy Analysis and Government Accountability to collect expenditure and economic data on state and local government operations. These data, along with estimates to be developed on the cost and compliance of the private sector with government regulations, will be reported to the Legislature’s presiding officers and be used as baseline data.

This bill creates a new, undesignated section of the Florida Statutes.

II. Present Situation:

The Florida Legislature avails itself of a variety of information sources in the setting of fiscal and non-fiscal policy. Foremost among them is the establishment in ss. 216.133- 216.137, F.S., of a series of economic and policy-based conferences that develop consensus estimates used to guide budget development for the State of Florida. Of principal note are three panels that develop economic, revenue, and demographic estimates for the development of the annual appropriations act. The principals to this conference process are the Executive Office of the Governor and the Legislature’s Office of Economic and Demographic Research. These offices rely upon national and Florida-specific data for the development of their respective forecasts.

Additionally, the State Board of Administration provides a quarterly economic and financial market forecast to its Investment Advisory Council. The board is the fiduciary for the investment of some \$126 billion in worldwide financial markets, the largest portion of which is the investment portfolio for the multi-employer Florida Retirement System. The quarterly economic review assesses the financial markets in which the board participates, with particular reference to the equity and fixed income securities.

The United States Department of Commerce's Bureau of Labor Statistics provides a significant concentration of economic data on national, state, and local government economies and their nominal workforces. These data look at governments in larger aggregates than contemplated in this bill and interpolating characteristics of certain governments makes it difficult to make comparisons.

The Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) acts as a performance monitor of public activities funded through the general appropriations act. It conducts a periodic assessment of state agencies to determine the degree to which their activities are consistent with their statutory charter and how well their programs operate. Most recently, the Office has issued a report discussing the scope of the state's "outside workforce," that is, the size and location of service contractors who execute state funded or state-influenced activities.¹ The board's Division of Bond Finance catalogs all of the government debt issued in the State of Florida as well as acting as a major debt issuer on behalf of state and local government agencies.

The Administrative Procedures Act, ch. 120, F.S., requires the preparation of specific statements of economic impact in selected circumstances when the interests of the private sector are affected by government actions. Of particular note are s. 120.81(6), F.S., which requires a risk impact statement to be prepared by the Department of Environmental Protection and s. 120.541, F.S., which requires a statement of estimated regulatory costs by a state agency in anticipation of rulemaking.

III. Effect of Proposed Changes:

Section 1. The act is entitled the "Government Yardstick Act."

Section 2. The bill directs OPPAGA to report by January 1 of each year to the President of the Senate and the Speaker of the House of Representatives on named characteristics of the impact of the government sector in the state, to include:

- State and local government spending as a percentage of the state domestic product² with named reference to direct and subcontracted labor.
- An estimate of the cost of compliance with state and local government regulations with named reference to costs of labor, materials, and equipment.
- A report on total employment, including subcontracted labor, expressed as full-time equivalents.
- Assets and liabilities of state and local governments including public indebtedness.
- A comparative analysis of the size and impact of Florida's government sector with other states where such data is available.

The OPPAGA is directed to develop a methodology, with necessary qualifications on accuracy, to establish a baseline for the year 2000 and, then, retrospectively to the years 1990 and 1980.

¹ *Special Review: Government Outside Workforce Exceeds Number of State Personnel System Employees*, Report No. 01-16, March 2001. See also OPPAGA, *Assessing Privatization in State Agency Programs*, Report 98-64, February 1999.

² The sum total of goods and services produced.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

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:

Placing this act in ch. 11, F.S., would make it easier to locate for future reference.

VIII. Amendments:

None.