

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 4009 Repealing Budget Provisions

SPONSOR(S): Brodeur

TIED BILLS: **IDEN./SIM. BILLS:** SB 656

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Appropriations Committee	22 Y, 0 N	Kramer	Leznoff

SUMMARY ANALYSIS

Section 216.023, F.S. requires the head of each state agency to submit a final legislative budget request to the Legislature and to the Governor based on the agency's independent judgment of its needs by October 15 of each year. Pursuant to subsection (4)(b) each state agency and the judicial branch are required to submit a one-page summary of information for the preceding year that must contain the following information relating to unit costs:

1. The number of activity units performed or accomplished.
2. Total expenditures for each activity, including amounts paid to contractors and subordinate entities. Expenditures related to administrative activities not aligned with output measures must consistently be allocated to activities with output measures prior to computing unit costs.
3. The cost per unit for each activity, including the costs allocated to contractors and subordinate entities.
4. The total amount of reversions and pass-through expenditures omitted from unit-cost calculations.

These reports have not been utilized in making appropriations decisions, or in policy making or accountability analyses. The bill repeals subsection (4)(b) of s. 216.023, F.S.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Section 216.023, F.S. requires the head of each state agency to submit a final legislative budget request to the Legislature and to the Governor based on the agency's independent judgment of its needs by October 15 of each year.

This section requires the legislative budget request to include specified information for each program such as the authority for the program, details on trust funds and fees and the total number of positions. Subsection (4)(b) provides that "it is the intent of the Legislature that total accountability measures, including unit-cost data, serve not only as a budgeting tool but also as a policymaking tool and an accountability tool." Each state agency and the judicial branch are required to submit a one-page summary of information for the preceding year that must contain:

1. The final budget for the agency and the judicial branch.
2. Total funds from the General Appropriations Act.
3. Adjustments to the General Appropriations Act.
4. The line-item listings of all activities.
5. The number of activity units performed or accomplished.
6. Total expenditures for each activity, including amounts paid to contractors and subordinate entities. Expenditures related to administrative activities not aligned with output measures must consistently be allocated to activities with output measures prior to computing unit costs.
7. The cost per unit for each activity, including the costs allocated to contractors and subordinate entities.
8. The total amount of reversions and pass-through expenditures omitted from unit-cost calculations.

If an agency does not submit this information, the Legislature is required to reduce the allocation for the agency in the General Appropriations Act by at least 10 percent.

These reports have not been utilized in making appropriations decisions, or in policy making or accountability analyses. In May 2005, the Office of Program Policy Analysis & Government Accountability (OPPAGA) issued a report relating to unit costs.¹ The report indicated that the usefulness of the unit cost information was limited because "many agencies are not allocating all of their costs when calculating their unit costs, and agencies are using different methodologies to calculate their direct and indirect activity costs." According to the report "these differences limit the Legislature's ability to validly compare the efficiency of similar activities performed by different agencies or to assess changes in agency performance over time."

In 2006, the Legislature created a working group consisting of representatives from the Governor's Office, OPPAGA, the Auditor General, the Department of Financial Services, and legislative staff to develop a cost-allocation methodology for agencies to use in the computation of activity and unit costs.²

The workgroup concluded that "to fully achieve the primary goal of creating auditable and comparable unit cost data, the Legislature should consider a number of changes to current cost accounting and

¹ *More Uniform Methodology Is Needed for State Agencies' Unit Cost Information*, Report No. 05-35, May 2005
<http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/0535rpt.pdf>

² Ch. 2006-146, s. 18, Laws of Fla.

indirect cost allocation practices prior to the development of a new unit cost methodology” but indicated that these changes “would likely require significant and potentially costly changes to current agency accounting practices.”³

The bill repeals subsection (4)(b) of s. 216.023, F.S. and makes corresponding changes to s. 216.013, F.S., relating to long-range program plans and conforms a cross-reference in s. 489.145, F.S.

B. SECTION DIRECTORY:

Section 1. Amends s. 216.023, F.S., relating to Legislative budget requests to be furnished to Legislature by agencies.

Section 2. Amends s. 216.013, F.S., relating to long-range program plan.

Section 3. Amends s. 489.145, F.S., relating to guaranteed energy, water and wastewater performance savings contracting.

Section 4. Provides effective date of July 1, 2012.

II. 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.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

³ *Unit Cost Calculation Workgroup Report Required by Chapter 2006-146, Laws of Florida, December 31, 2006.*
See also, The Legislature Has Taken Steps to Promote the Self-Sufficiency of Regulatory Programs, Report 07-39, September 2007.

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES