

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 4097 Repealing Budget Provisions

SPONSOR(S): Brodeur and others

TIED BILLS: **IDEN./SIM. BILLS:** SB 550

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Appropriations Committee	24 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.

Mobility 2000 was created during the 2000 Legislative session in order to advance transportation projects. Section 339.1371, F.S. provides that funds will be used for corridors that link Florida's economic regions to seaports, international airports, and markets to provide connections through major gateways, improved mobility in major urbanized areas, and access routes for emergency evacuation to coastal communities based on analysis of current and projected traffic conditions. The section also provides that in fiscal year 2001-2002 and each year thereafter, the increase in revenue to the State Transportation Trust Fund derived from the law creating the statute must be first used by the Department of Transportation to fund the Mobility 2000 initiative and any remaining funds must be used to fund the Florida Strategic Intermodal System.

Mobility 2000 projects have been completed. The bill repeals s. 339.1371, F.S.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Unit-Cost Data: 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."

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>

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 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.

Mobility 2000: Mobility 2000 was created during the 2000 Legislative session in Chapter 2000-257, Laws of Fla. in order to advance transportation projects. The act increased the percentage of the rental car surcharge that was to be deposited into the State Transportation Trust Fund, eliminated certain service charges and appropriated funds from General Revenue to the State Transportation Trust Fund.

Section 339.1371, F.S. requires the Department of Transportation, beginning in fiscal year 2000-2001, to allocate sufficient funds to implement the Mobility 2000 initiative. The section requires the department to develop a plan to expend these revenues and amend the current tentative work program for the time period 2000-2001 through 2004-2005 prior to adoption to include Mobility 2000 projects.

The section also requires the department to submit a budget amendment prior to work program adoption requesting budget authority needed to implement the Mobility 2000 initiative. The section provides that funds will be used for corridors that link Florida's economic regions to seaports, international airports, and markets to provide connections through major gateways, improved mobility in major urbanized areas, and access routes for emergency evacuation to coastal communities based on analysis of current and projected traffic conditions.

The section also provides that in fiscal year 2001-2002 and each year thereafter, the increase in revenue to the State Transportation Trust Fund derived from specified sections of Chapter 2000-257, Laws of Florida must be first used by the Department of Transportation to fund the Mobility 2000 initiative and any remaining funds must be used to fund the Florida Strategic Intermodal System created pursuant to s. 339.61.

Mobility 2000 projects have been completed. The bill repeals s. 339.1371, F.S.

B. SECTION DIRECTORY:

² Ch. 2006-146, s. 18, Laws of Fla.

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.

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

Section 2. Repeals s. 339.1371, F.S., relating to Mobility 2000.

Section 3. Amends s. 216.013, F.S., relating to long-range program plan.

Section 4. Amends s. 489.145, F.S., relating to guaranteed energy, water and wastewater performance savings contracting.

Section 5. Provides effective date of July 1, 2011.

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:

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