

**STORAGE NAME:** h0073a.grr

**DATE:** March 22, 1999

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
GOVERNMENTAL RULES AND REGULATIONS  
ANALYSIS**

**BILL #:** HB 73

**RELATING TO:** The Department of Labor and Employment Security

**SPONSOR(S):** Representative Merchant and others

**COMPANION BILL(S):** CS/SB 230 (c)

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

- (1) GOVERNMENTAL OPERATIONS YEAS 5 NAYS 0
- (2) GOVERNMENTAL RULES AND REGULATIONS YEAS 5 NAYS 2
- (3) GENERAL GOVERNMENT APPROPRIATIONS (W/D)
- (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
- (5)

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**I. SUMMARY:**

House Bill 73 reorganizes the Department of Labor and Employment Security so as to allow the department to operate its programs in a decentralized fashion. This bill creates, within the department, the positions of Assistant Secretary for Finance and Administration, Assistant Secretary for Programs, and Assistant Secretary for Field Operations. These three assistant secretaries shall be appointed by and serve at the pleasure of the Secretary of Labor and Employment Security.

This bill establishes requirements and responsibilities for each of the assistant secretaries and specifically requires that the individual appointed to the position of Assistant Secretary for Finance and Administration have a complete understanding of modern financial management practices. The following five offices with concomitant responsibilities are established under the Assistant Secretary for Finance and Administration: Office of Comptroller, Office of Management and Budget, Office of Administration, Office of Civil Rights, and Office of Information Systems.

HB 73 establishes the comptroller as the department's chief financial officer with specific financial management requirements and provides specific qualifications of the individual appointed.

Five geographically based field offices are established under the direction of the Assistant Secretary for Field Operations. Field Offices are headquartered in Panama City, Lake City, Orlando, Tampa, and Miami and they serve individual counties within their geographical area as assigned. Each field office shall be headed by a manager.

Current divisions within the central office are deleted in the bill and four divisions are reestablished within the central office as follows: Division of Jobs and Benefits, Division of Unemployment Compensation, Division of Workers' Compensation, and Division of Blind Services. These divisions will function under the direction of the Assistant Secretary for Programs.

This bill further provides that all actions required by this proposed legislation shall be accomplished within available appropriations and existing resources of the Department of Labor and Employment Security.

The Committee on Governmental Rules and Regulations adopted a strike-everything amendment that substantially conformed HB 73 to CS/SB 230, reported favorably as a committee substitute out of the Senate Committee on Governmental Oversight and Productivity on Thursday, March 4, 1999. Please see page 11 of this document for details.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 78-201, L.O.F., removed from the Department of Commerce the Divisions of Labor and Employment Security and created the Department of Labor and Employment Security, including the Division of Labor, Division of Employment Security, Public Employees Relations Commission and Unemployment Appeals Commission.

Statutory authority for the creation of the Department of Labor and Employment Security is found at s. 20.171, F.S. The head of the Department of Labor and Employment Security is the Secretary of Labor and Employment Security, appointed by the Governor subject to confirmation by the Senate. The secretary serves at the pleasure of the Governor.

Seven divisions are currently established within the Department of Labor and Employment Security: Division of Jobs and Benefits; Division of Unemployment Compensation; Division of Administrative Services; Division of Workers' Compensation; Division of Vocational Rehabilitation; Division of Safety; and Division of Blind Services. Two commissions are established within the Department of Labor and Employment Security: the Public Employees Relations Commission and the Unemployment Appeals Commission.

B. EFFECT OF PROPOSED CHANGES:

HB 73 reorganizes the Department of Labor and Employment Security as a decentralized agency. It creates the positions of Assistant Secretary for Finance and Administration, Assistant Secretary for Programs, and Assistant Secretary for Field Operations. It provides for appointment of these individuals by the Secretary of the department. It establishes requirements and responsibilities for each assistant secretary and specifically requires that the individual appointed to the position of Assistant Secretary for Finance and Administration have a complete understanding of modern financial management practices.

HB 73 establishes the following five offices with responsibilities under the Assistant Secretary for Finance and Administration: Office of Comptroller, Office of Management and Budget, Office of Administration, Office of Civil Rights, and Office of Information Systems. It establishes the comptroller as the department's chief financial officer with specific financial management requirements and provides specific qualifications the individual appointed must possess.

This bill establishes five geographically based field offices to be under the direction of the Assistant Secretary for Field Operations; establishes the headquarters location of each field office; establishes which Florida Counties each field office will serve; and provides for a manager to head each field office.

This bill deletes the current seven divisions within the central office and reestablishes four divisions within the central office to be under the direction of the Assistant Secretary for Programs. These four divisions are: Division of Jobs and Benefits; Division of Unemployment Compensation; Division of Workers' Compensation; and Division of Blind Services. Each division shall be headed by a manager appointed by and serving at the pleasure of the Secretary of Labor and Employment Security.

Provision is made in the bill for the managers of all divisions and offices, including the Comptroller and the manager of the five field offices, to be exempt from part II of chapter 110, F.S., and to be included in the Senior Management Service in accordance with s. 110.205(2)(I).

HB 73 sets forth the duties and responsibilities of the three assistant secretaries and the comptroller; the functional areas for which they are responsible; the knowledge and skills they must possess; and the assignments they are expected to complete. Please refer to the section-by-section analysis for further details.

Finally, the bill makes necessary nomenclature changes in sections of the Florida Statutes as a result of the reorganizational changes reflected in the legislation.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

In addition to the rulemaking authority already specifically granted to the department, the department shall, by rule or internal management memoranda as required by chapter 120, provide for the maintenance by the comptroller of financial records and accounts of the department as will afford a full and complete check against the improper payment of bills and provide a system for prompt payment of the just obligations of the department.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

This bill deletes the seven current divisions of: Jobs and Benefits, Unemployment Compensation, Administrative Services, Workers' Compensation, Vocational Rehabilitation, Safety, and Blind Services and reestablishes the four divisions of: Jobs and Benefits, Unemployment Compensation, Workers' Compensation, and Blind Services.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

None.

(2) what is the cost of such responsibility at the new level/agency?

This bill provides that all actions required by this bill shall be accomplished within available appropriations of the Department of Labor and Employment Security.

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

This bill does not purport to provide services to families or children.

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

This bill does not create or change a program providing services to families or children.

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

**D. STATUTE(S) AFFECTED:**

ss. 20.171, 110.205, 393.11, 400.805, 410.0245, 410.604, 413.034, 413.445, 442.003, 442.014, 442.20, 553.512, 627.0915, 627.212, and 627.311, F.S. Repealing s. 442.023, F.S.

**E. SECTION-BY-SECTION ANALYSIS:**

Section 1. Amends s. 20.171, F.S.; providing that the department shall operate its programs in a decentralized fashion; providing for the appointment of three assistant secretaries who shall be appointed by and serve at the pleasure of the Secretary of Labor and Employment Security; establishing the titles of Assistant Secretary for Finance and Administration, Assistant Secretary for Programs, and Assistant Secretary for Field Operations; providing that the Secretary may assign any assistant secretary the responsibility of supervising, coordinating, and formulating policy for any division, office, or field office; establishing special offices within the department to be headed by managers, each of whom shall be appointed by and serve at the pleasure of the Secretary; establishing the Office of General Counsel, Office of Inspector General, and the Office of Executive Staff Director; designating five field offices to be involved in the administration and management of the department's programs for workers' compensation, jobs and benefits, and unemployment compensation; providing for the five field offices to be headed by managers appointed by and serving at the pleasure of the Secretary; providing that the managers of all divisions and offices including field offices are exempt from part II of chapter 110 and are included in the Senior Management Service in accordance with s. 110.205(2)(l); and providing that no other assistant secretaries or senior management positions at or above the division level, except those established in chapter 110, may be created without specific legislative authority.

Providing for duties and responsibilities of the Assistant Secretary for Finance and Administration to include: developing, monitoring, and enforcing policy and managing major technical programs; financial planning and management; information systems; accounting systems; and administrative functions. Providing for the establishment of the following offices, under the Assistant Secretary for Finance and Administration, to be headed by managers: the Office of

Administration; the Office of Comptroller; the Office of Management and Budget; the Office of Civil Rights; and the Office of Information Systems.

Delineating the following knowledge and skills that the Assistant Secretary for Finance and Management must possess: broad knowledge of the administrative, financial, and technical aspects of a complete cost-accounting system; budget preparation and management; management information systems; proven, effective manager with specialized skills in financial planning and management; and the ability to ensure that financial information is processed in a timely, accurate, and complete manner. The following responsibilities are assigned to the Assistant Secretary for Finance and Management to be implemented by December 1, 1999: the preparation of detailed documentation of the internal controls, including general and application controls, the department relies on for accurate and complete financial information; the monthly reconciliation of the department's accounting, planning and budgeting, cash forecasting, and grants-in-aid program; the development of a long-range information systems plan for the department which addresses the computing and informational requirements of the five field offices and the special offices; and identification and quantification of financial, personnel, and technical resources, as appropriate.

Creating within the central office an Office of Management and Budget with the head of this office responsible to the Assistant Secretary for Finance and Administration and being exempt from part II of chapter 110; establishing the functions of financial planning, preparation of the department budget, coordination of related policies and procedures, and development of uniform implementation and monitoring procedures for all activities performed at the field office level involving the budget and agency programs as functions of this office.

Providing for the appointment of a comptroller who shall be responsible to the Assistant Secretary for Finance and Administration and shall be exempt from part II of chapter 110. Providing that the comptroller is the chief financial officer of the department and shall be a proven, effective administrator who by a combination of education and experience clearly possesses a broad knowledge of the administrative, financial, and technical aspects of a complex cost-accounting system; requiring a working knowledge of generally accepted accounting principles; and holding an active license to practice public accounting in Florida pursuant to chapter 473 or an active license to practice public accounting in another state. In addition to the requirements of the Florida Fiscal Accounting Management Information System Act, the comptroller is responsible for the development, maintenance, and modification of an accounting system which will in a timely manner accurately reflect the revenues and expenditures of the department and which shall include a cost-accounting system to properly identify, segregate, allocate, and report department costs; supervise and direct preparation of a detailed 36-month forecast of cash and expenditures and be responsible for managing and determining cash requirements; review all comparative cost studies which examine the cost-effectiveness and feasibility of contracting for services and operations performed by the department in accordance with generally accepted cost-accounting standards applied in a consistent manner using valid and accurate cost data; and provide that the comptroller must give bond in the amount of \$100,000.

Additionally providing that the department shall, by rule or internal management memoranda as required by chapter 120, provide for the maintenance by the comptroller of financial records and accounts of the department as will afford a full and complete check against the improper payment of bills and provide a system for the prompt payment of the just obligations of the department, disclosing: the several appropriations available for the use of the department; specific amounts of each such appropriation budgeted by the department for each improvement or purpose; apportionment or division of all such appropriations among the several counties and field offices, when such apportionment or division is made; the amount or portion of each such apportionment against contractual and other obligations of the department; expenditures and encumbrances in connection with each contractual and other obligation of the department; receipts accruing to the department and their

distribution; assets, liabilities, and investments of the department; cash requirements of the department for a 36-month period; maintenance of a separate account for each fund administered by the department; and the performance of such other related duties as may be designated by the department.

Establishing that the Assistant Secretary for Programs is responsible for developing, monitoring, enforcing policy, and managing major technical programs in the following functional areas: workers' compensation management and policy, jobs and benefits management and policy, unemployment compensation management and policy, and blind services management and policy; establishing the following divisions to be headed by managers appointed by and serving at the pleasure of the Secretary: Jobs and Benefits, Unemployment Compensation, Workers' Compensation, and Blind Services; and providing that the Assistant Secretary for Programs must possess a broad knowledge of the administrative, financial, and technical aspects of the divisions within the department.

Establishing that the Assistant Secretary for Field Operations is responsible for developing, monitoring, enforcing policy, and managing major technical programs in the following functional areas: oversight of the five field offices, workers' compensation policy implementation, jobs and benefits policy implementation, and unemployment compensation policy implementation.

Establishing the following field offices headed by managers:

Field Office I -- Panama City, which shall serve the counties of Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Bay, Jackson, Calhoun, Gulf, Liberty, Franklin, Wakulla, Leon, Gadsden, and Jefferson.

Field Office II -- Lake City, which shall serve the counties of Madison, Taylor, Dixie, Lafayette, Suwannee, Hamilton, Columbia, Baker, Union, Bradford, Clay, St. Johns, Duval, Nassau, Alachua, Putnam, Marion, Levy, Gilchrist, and Flagler.

Field Office III -- Orlando, which shall serve the counties of Volusia, Lake, Seminole, Orange, Sumter, Brevard, Osceola, Indian River, Highlands, St. Lucie, Okeechobee, and Martin.

Field Office IV -- Tampa, which shall serve the counties of Citrus, Hernando, Pasco, Pinellas, Hillsborough, Polk, Hardee, Manatee, Sarasota, DeSoto, Charlotte, and Lee.

Field Office V -- Miami, which shall serve the counties of Palm Beach, Glades, Hendry, Collier, Broward, Monroe, and Dade.

Providing that the Assistant Secretary for Field Operations must possess a broad knowledge of the administrative, financial, and technical aspects of the divisions within the department.

Deleting the seven existing divisions, and bureaus within the divisions, of the department as follows: Jobs and Benefits, Unemployment Compensation, Administrative Services, Workers' Compensation, Vocational Rehabilitation, Safety, and Blind Services.

- Section 2. Amends s. 110.205(2)(i), F.S., providing that the positions described in s. 20.171 as exempt be included in the Senior Management Service.
- Section 3. Creates an unnumbered section providing that all actions required by the bill shall be accomplished within available appropriations of the Department of Labor and Employment Security.
- Section 4. Amends s. 393.11(1), F.S., removing an incorrect reference to Health and Rehabilitative Services and a reference to the Division of Vocational Rehabilitation, a division that is deleted in the bill.

- Section 5. Amends s. 400.85(1)(b), F.S., removing references to the Division of Vocational Rehabilitation and replacing them with Department of Labor and Employment Security.
- Section 6. Amends s. 410.0245(1)(a), F.S., replacing incorrect references.
- Section 7. Amends s. 410.604(2), F.S., removing an incorrect reference.
- Section 8. Amends s. 413.034(1), F.S., removing a reference to a division deleted in the bill.
- Section 9. Amends s. 413.445(1), F.S., removing reference to a deleted division.
- Section 10. Amends s. 442.003, F.S., removing reference to a deleted division.
- Section 11. Amends s. 442.014(2), F.S., removing references to the deleted Division of Safety.
- Section 12. Repeals s. 442.023, F.S., relating to the Division of Safety since this division is deleted in the bill.
- Section 13. Amends s. 442.20, F.S., removing references to the deleted Division of Safety.
- Section 14. Amends s. 553.512, F.S., removing a reference to the deleted Division of Vocational Rehabilitation.
- Section 15. Amends s. 627.0915, F.S., removing references to the deleted Division of Safety.
- Section 16. Amends s. 627.212, F.S., removing a reference to the deleted Division of Safety.
- Section 17. Amends s. 627.311(4)(b), F.S., removing a reference to the deleted Division of Safety.
- Section 18. Provides an effective date of July 1, 1999.



III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

All actions required by this bill are to be accomplished within available appropriations of the Department of Labor and Employment Security.

2. Recurring Effects:

All actions required by this bill are to be accomplished within available appropriations of the Department of Labor and Employment Security.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

The Department of Labor and Employment Security was appropriated a total of \$2,581.6 million from all funds for 1998-99. This bill requires that all actions required by the legislation are to be accomplished within available appropriations of the department.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

Section 3 of this bill provides that all actions required by this bill shall be accomplished within available appropriations of the Department of Labor and Employment Security.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill will not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill will not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

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

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

At its February 17, 1999, meeting, the Committee on Governmental Operations adopted five amendments to HB 73.

Amendment 1 is a technical amendment adopted by the committee to correct a statutory citation that was drafted in error.

Amendment 2 is a technical amendment adopted by the committee to remove the county of Jefferson which was included twice as drafted and replace it with the proper reference to the county of Jackson.

Amendment 3 is a technical amendment adopted by the committee to remove two references to the Department of Health and Rehabilitative Services and replace them with proper references to the Department of Children and Family Services.

Amendment 4 is a major substantive amendment adopted by the committee as a result of the Division of Vocational Rehabilitation being eliminated in the bill. This amendment establishes legislative intent regarding individuals with disabilities; provides for definitions; establishes the Commission on Occupational Access and Opportunity within the Office of Tourism, Trade and Economic Development; provides for members appointed by the Governor; defines the purpose of the commission to design and implement a 5-year plan to increase career opportunities of Floridians with disabilities, increasing their employment and personal income; provides a deadline for holding the first meeting of the commission; provides for advisory committees to the commission; provides for reimbursement of reasonable and necessary expenses of members of the commission in attending meetings and performing their duties; provides for financial disclosure of members; provides for powers and duties of the commission; includes provisions for the establishment of a direct-support organization to support the commission's work; provides for community-based private rehabilitation providers of services to the disabled; provides for performance standards and measurable outcomes; provides for justification reviews by the Office of Program Policy Analysis and Government Accountability (OPPAGA); provides for operational duties and responsibilities of the direct-support organization (Occupational Access and Opportunity Corporation); provides for a board of directors of the corporation; provides for powers and duties of the corporation; permits use of commission property by the corporation; provides for annual audits of the commission and corporation; and provides for a direct service sunset of the Division of Vocational Rehabilitation on June 30, 2000.

Amendment 5 removes Tampa as the headquarters location for the Region IV Field Office and replaces it with St. Petersburg.

The Committee on Governmental Rules and Regulations adopted a strike-everything amendment that conformed the bill to its Senate companion, CS/SB 230. Major changes include:

- Establishment of field offices in Pensacola, Jacksonville, Orlando, Ft. Lauderdale, and Miami;
- Renames the Division of Jobs and Benefits as the Division of Workforce and Employment Opportunities;
- Keeps the Division of Vocational Rehabilitation in place but directs the Department to provide, by January 1, 2000, a report to the Governor and Legislature on organizational improvements to the delivery of vocational rehabilitation services to the citizens of the State, where such report examines:
  - the development of model performance contracting and payment systems which reward quality outcomes;
  - the development of complete cost recovery systems which effectively allocate accountability for case management costs on the basis of standardized reporting units;
  - a reconfiguration of additional internal reporting relationships and responsibilities which minimize central administrative costs and hierarchical levels of approval;
  - training and staff development improvements which permit agency employees to function as quality managers for the evaluation of direct service providers;
  - required changes to maintain single state agency recognition by federal grant-in-aid agencies while providing for flexible and adaptable performance-based delivery systems; and
  - reimbursement and management systems which direct funds toward program recipients and away from administration and management;
- Directs the Division of Vocational Rehabilitation to enter into local public/private partnerships to the extent that it is beneficial to increasing employment outcomes for persons with disabilities and ensuring their full involvement in the comprehensive workforce investment system;
- Repeals those sections of Chapter 442, F.S., relating to occupational safety and health, that provide the statutory basis for operations of the Division of Safety effective July 1, 2000, and directs the Department to provide by January 1, 2000, a report to the Governor and Legislature on the proposed reauthorization of the Division based on the following criteria:
  - a review of external requirements mandating the State of Florida provide a state agency for employment safety issues;
  - a review of internal organizational requirements which necessitate a state agency for safety issues and a review of state agency practices for the provision of existing safety-related activities;
  - preparation of a compilation of best practices among public and private employers which achieve safety results without the creation of a governmental regulatory apparatus; and
  - a review of the appropriateness of a management by exception system in which the division functions as a contract performance auditor for the development of internal risk and safety management issues among employers;
- Transfers the Brain and Spinal Cord Injury program from the Department of Labor and Employment Security to the Department of Health; and
- Transfers the statutory basis for the Unemployment Appeals Commission from s. 20.171, F.S., to s. 443.012, F.S., so to create the Commission in Chapter 443, F.S., relating to unemployment compensation.

Note that House Committee on Governmental Operations amendment number four is not incorporated into this strike-everything amendment because the maintenance of the Division of Vocational Rehabilitation obviates the need to create an organization elsewhere in state government to operate vocational rehabilitation programs.

The Committee on Governmental Rules and Regulations voted on March 8, 1999, to report the bill, as amended, unfavorably, with a vote of three yeas and three nays; the Committee left HB 73 pending a motion for reconsideration. On March 17, 1999, the Committee reconsidered its vote on the bill, and reported the bill, as amended, favorably on a vote of five yeas and two nays.

**STORAGE NAME:** h0073a.grr

**DATE:** March 22, 1999

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VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Jimmy O. Helms

Jimmy O. Helms

AS REVISED BY THE COMMITTEE ON GOVERNMENTAL RULES AND REGULATIONS:

Prepared by:

Staff Director:

David M. Greenbaum

David M. Greenbaum