

STORAGE NAME: h2361a.go

DATE: April 24, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GOVERNMENTAL OPERATIONS
ANALYSIS**

BILL #: HB 2361

RELATING TO: State-related Travel/Department of Management Services

SPONSOR(S): Representative Boyd and others

TIED BILL(S):

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

- (1) GOVERNMENTAL OPERATIONS YEAS 6 NAYS 0
 - (2) GENERAL GOVERNMENT APPROPRIATIONS
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill creates an unnumbered section of the Florida Statutes directing DMS to create a central database for travel, which it may produce internally or under contract. DMS is required to submit a report to the Governor and Legislature on any recommendations to improve the efficiency of the state travel system. The Comptroller must create the object codes for the travel expenditures, which will allow the collection of specific data about each transaction. All agencies of the executive branch issued a state purchasing card must use their card for travel-related expenses and report them to DMS.

If the remaining cardholders use their state purchasing cards for travel transactions, the Comptroller's office will need 2 additional FTE's to provide the same level of support to the agencies.

This bill authorizes DMS to contract for jet air service and commit to minimum revenue or occupied seat guarantee to begin service improvement beginning July 1, 2000, *but only to the financial extent of matching public or private funds.*

This bill shall take effect upon becoming a law.

This bill has a possible fiscal impact on state government and local government. See **Fiscal Analysis & Economic Impact Statement**, page 3 and 4.

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 checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input 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:

Currently, the Department of Management Services (DMS) is responsible for providing administrative and operating support services to agencies of the Executive Branch. Constitutional entities may participate in these arrangements as well, along with the State University System (SUS). In the discharge of these responsibilities, DMS maintains an automated purchasing and procurement system, an aircraft and motor vehicle fleet, and a facilities pool for the occupancy, leasing, and debt financing of state office buildings.

DMS maintains the Executive Aircraft Pool with three twin-engine aircraft for the transport of state employees to destinations outside of their Tallahassee headquarters location. Until last year, the aircraft were operated for the convenience of the executive traveler and at a financial loss, unlike its motor vehicle operations which were structured on a full cost recovery basis. The aircraft operate on a priority system in which travel is based upon the classification level of the agency head. The Governor is accorded the highest priority.

DMS is the agency authorized to contract with air carriers for jet service serving Tallahassee, and provide seat guarantees or other incentives to improve that service. Aside from the Executive Aircraft Pool, state agencies are responsible for arranging and paying for employee travel expenses, including airfare, car rental, lodging, and other travel expenses.

The Comptroller is directed to establish object codes for the state accounting system which permit the Comptroller to capture specific items of expenditure, and all state agencies, including the SUS, are directed to use the state purchasing card when requesting payments. However, these object codes do not give the destination or origination point of the state traveler. This means that the state cannot determine when state travelers are going where. The air travel is also kept separate from the motor vehicle and per diem travel, requiring the state employee to request reimbursement separately for possibly inter-connected travel.

The Comptroller also post-audits the state purchasing card use, spot checking after the card has been used to see if the traveler has used the card correctly. As of April 12, 2000, there were 11, 571 active purchasing cards used by 47 agencies. Only 15 of the agencies have more than five cardholders using their cards for travel expenditures. The Department of Banking and Finance (DBF) and DMS are the only agencies requiring frequent travelers

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to use the purchasing card. During the period January through April of 2000, 1,408 of the cards were used for 10,590 transactions, including car rental, airline ticket and accommodations. This averages to 8 transactions per card. If the remaining 9,714 cardholders had used their card for those type of transactions, there would be an estimated increase of 77,712 transactions for the same period. Projecting this to a yearly figure, there would be an estimated increase of 275,387 transactions. Currently, the Comptroller's office has two FTE's to monitor and assist 47 agencies to process purchasing card transactions.

C. EFFECT OF PROPOSED CHANGES:

This bill creates an unnumbered section of the Florida Statutes directing DMS to create a central database for travel, which it may produce internally or under contract. DMS is required to submit a report to the Governor and Legislature on any recommendations to improve the efficiency of the state travel system. The Comptroller must create the object codes for the travel expenditures, which will allow the collection of specific data about each transaction. All agencies of the executive branch issued a state purchasing card must use their card for travel-related expenses and report them to DMS.

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D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The expanded use of the state purchasing card by some state agencies may provide additional revenue, and lower purchase acquisition costs than currently experienced.

2. Expenditures:

The costs to state government associated with the bill include the creation and maintenance of a database by DMS, the matching funds needed to contract for jet air service, and the additional staff needed by the Comptroller's Office to monitor and assist agencies in the use of the state purchasing card. DMS estimates a cost of \$644,000 for FY 2000-2001 for the database, matching funds and expenses. The Comptroller is estimated to incur a cost of \$91,062 for personnel, salaries and benefits, and expenses, assuming new positions are created to handle the additional workload regarding the monitoring of the state purchase cards.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The regional airport in Tallahassee is owned by the City of Tallahassee, and charges landing fees for all commercial aircraft to defray the cost of operations, maintenance, and debt service. Any increased passengers resulting from the impact of this bill will increase nominal revenues to the city.

2. Expenditures:

City of Tallahassee may choose to match state funds needed to contract for jet air service.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The City of Tallahassee is a business arrival and departure point, with the travel defined mainly by the needs of the city's largest employer, the State of Florida. Discretionary air travel is limited to seasonal athletic events and university commencements. The availability of a state airfare contract would greatly increase the competitive market for airlines in Tallahassee.

D. FISCAL COMMENTS:

See above.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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

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

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

In Report 98-70, the Legislature's Office of Program Policy and Government Accountability discussed the difficulties associated with abandonment of the state airfare contract. Air service to Tallahassee did not materially improve and fares actually increased. One of its recommendations was to consider other incentives to the business practices then undertaken.

As noted above, a business destination poses unique challenges for the DMS. These challenges are affected also by the department's stated objective of more fully automating many of its legacy, labor-intensive systems through remote, electronic access, such as tele-conferencing. Fuller realization of these objectives will also lessen the need for physical travel and place additional adverse pressure on its negotiating position.

New generations of quieter and more fuel efficient aircraft are entering the commercial market but will not penetrate the Tallahassee market for up to two years. Airlines will be motivated toward the achievement of the highest revenue passenger miles they can achieve in markets where there exists demonstrated, level volume.

Pure jet aircraft achieve their maximum efficiencies at altitudes above 17,000 feet. Because of the short trip legs associated with state air travel, that is 250 miles point-to-point or less, jet aircraft tend to arrive at their maximum fuel-efficient altitude only to require descent shortly thereafter. Jet-powered, propeller driven aircraft can maintain that same fuel-efficient altitude longer. Because of their lower acquisition and operating costs, such aircraft are preferred for short trip lengths.

DMS is also has limited information, regarding the volume of state travelers for certain routes at certain times needed to negotiate with an airline, because the object codes that are in place for state travel do not include the relevant information. DMS needs to be able to tell the airline what city-to-city routes are used and how often.

DMS has been actively engaged in discussions with the City of Tallahassee for several months on means of improving air travel to Tallahassee. Representatives of both parties have met with executives of national and regional air carriers to determine the types of inducements necessary to increase flight frequency, lower costs, and upgrade equipment serving the city.¹

¹Senate Fiscal Policy Committee Staff Analysis on Committee Substitute for Senate Bill 2470, 2000 Regular Session.

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 24, 2000, the Committee on Governmental Operations heard this bill and adopted two amendments. The first amendment appropriates \$90,000 from the recurring General Revenue Fund for two FTEs in the Department of Banking and Finance for the additional workload anticipated from this bill. The second amendment was a technical amendment changing "approving" to "improving."

The committee reported this bill favorably as amended.

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Jennifer D. Krell, J.D.

Russell J. Cyphers, Jr.