

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: SB 1116
 INTRODUCER: Senator Richter
 SUBJECT: Consensus Estimating Conferences
 DATE: March 23, 2009 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johansen	McKee	FT	Pre-meeting
2.	_____	_____	WPSC	_____
3.	_____	_____	RC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Chapter 216, Florida Statutes, the planning and budgeting law, provides guidelines to the Governor, the judicial branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Sections 216.133-137, F.S., provide for a consensus estimating conference process. Section 216.136, F.S., establishes 10 consensus estimating conferences. These conferences develop official estimates of revenues, workload, expenditures, and other information related to budgeting. Executive agencies and the judicial branch are required to use the conferences' official information for budgeting purposes. The principals of the conferences include staff of the Executive Office of the Governor and the Legislature. Paragraph (d) of subsection 216.137(1), F.S., provides for special impact sessions of consensus estimating conferences to develop estimates of the impacts of proposed changes to laws affecting revenues or budgetary programs.

This bill amends paragraph (d) of subsection 216.137(1), F.S., to require that special impact sessions of consensus estimating conferences consider both the costs and benefits of the specific changes or proposed changes being analyzed.

This bill substantially amends section 216.137, Florida Statutes.

II. Present Situation:

Chapter 216, Florida Statutes, the planning and budgeting law, provides guidelines to the Governor, the judicial branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Sections 216.133-137, F.S., provide for a consensus estimating conference process. Section 216.136, F.S., establishes 10 consensus estimating conferences:

- (1) Economic Estimating Conference
- (2) Demographic Estimating Conference
- (3) Revenue Estimating Conference
- (4) Education Estimating Conference
- (5) Criminal Justice Estimating Conference
- (6) Social Services Estimating Conference
- (7) Workforce Estimating Conference
- (8) Early Learning Programs
- (9) Self-Insurance Estimating Conference
- (10) Florida Retirement System Actuarial Assumptions Estimating Conference

These conferences develop official estimates of revenues, workload, expenditures, and other information related to budgeting and taxation. Executive agencies and the judicial branch are required to use the conferences' official information for budgeting purposes. The principals of the conferences include staff of the Executive Office of the Governor and the Legislature.

Conference principals can call conferences and are generally responsible for developing and choosing the forecasts. Participants may be requested to provide alternative forecasts and to generate supporting information. All conferences are open, public meetings. Consensus estimating conferences are deemed to be within the legislative branch.

Consensus forecasting requires the conference principals to arrive at agreed-upon forecasts. The procedure is truly by consensus with each principal having a veto. Subsection 216.133(3), F.S., defines "consensus" as "the unanimous consent of all of the principals." All parties must agree on the forecasts before they are finalized. All state agencies and the judicial branch must use the official results of the conference in carrying out their duties under the state planning and budgeting system; however, the Legislature is not bound to use the official consensus forecasts. Nevertheless, since 1970, the Florida Legislature has consistently used the results of these conferences in its official duties.

The principals generally meet in a series of regularly scheduled estimating conferences to provide the forecasts needed to support the planning and budgeting process. Special impact conferences are held when estimates are needed to determine the impact of changes or proposed changes to current law or current administration.

The forecasts agreed to by consensus estimating conferences constitute "official information." Subsection 216.134(1), F.S., provides that conference estimates be based on the assumption that current law and current administration remain in effect for the duration of the forecast period unless otherwise provided by law. Beyond the current law/current administration requirement, Chapter 216 does not generally specify the official information to be developed by any particular

conference nor does it generally specify the techniques each conference must utilize to produce estimates and generate forecasts. Rather, subsection 216.134(1), F.S., states: “Each consensus estimating conference shall develop such official information within its area of responsibility as the conference determines, by consensus, is needed for purposes of the state planning and budgeting system.” This broad directive has allowed the consensus estimating conference process to adapt to needs of the planning and budgeting process as events warrant.

III. Effect of Proposed Changes:

This bill amends paragraph (d) of section 216.137(1)(d), F.S., to require that special impact sessions of consensus estimating conferences consider both the costs and benefits of the specific changes or proposed changes being analyzed. This specific directive to special impact sessions of consensus estimating conferences is in addition to the general guidelines existing for other types of consensus conference sessions.

Other Potential Implications:

It is unclear how special impact sessions of consensus estimating conferences will operationalize the requirement to consider costs and benefits of proposed changes. For example, if a bill calls for an expansion of a particular Medicaid program, it could be assumed that the direct costs relate to increased state appropriations needed to fund the program. The benefits of such a change would appear to include the direct benefits to the beneficiaries of the expanded program. However, the benefits might also include the direct increase in income and employment of health care providers and related indirect income and employment impacts, taking into account both the increase in state-funded appropriations as well as the appropriate increase in federal matching funds. If the specific change under review involves a tax increase to fund a program as described above, the conference estimating the revenues from the tax law change may have to consider the benefits from the program expansion under the provisions of this bill.

If the intent of this bill is to develop a detailed cost-benefit analysis of each proposed change, it will require significant additional time and resources to complete any given analysis. The Revenue Estimating Conference completed analyses of 214 separate proposed changes in 2008 during the period from January through May. Many additional proposals were discussed, but not finalized. Of the analyses that were completed, the majority was heard during the sixty day legislative session, and a significant percentage required multiple hearings before completion. In order to complete a thorough cost-benefit analysis of all proposed changes, the process would have to be fundamentally altered to allow much more lead time and to provide additional staff and technical resources than are currently available to consensus estimating conferences.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.