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 Governmental Oversight and Accountability Committee

BILL:	SB 656
INTRODUCER:	Senator Hays
SUBJECT:	Repealing Budget Provisions
DATE:	January 24, 2012
REVISED:	

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McKay	Roberts	GO	**Pre-meeting**
2.			BC	
3.				
4.				
5.				
6.				

I. Summary:

This bill deletes an underutilized provision requiring the submission of unit-cost data in legislative budget requests.

This bill substantially amends sections 216.023, 216.013, and 489.145 of the Florida Statutes.

II. Present Situation:

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. The legislative budget request must 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 and 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 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]

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[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] Chapter 2006-146, s. 18, L. O. F.

[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.

III. Effect of Proposed Changes:

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.

The bill takes effect July 1, 2012.

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.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.