

LEGISLATIVE BUDGET COMMISSION AGENDA

May 24, 2001

1:30 p.m.

Room 412, Knott Building

Members:	Senator Victor Crist	Representative Randy John Ball
	Senator Jim Horne	Representative Ronald A. Greenstein
	Senator Daryl Jones	Representative Carlos A. Lacasa
	Senator Jim King	Representative Evelyn J. Lynn
	Senator Tom Rossin	Representative Sandy Murman
	Senator Jack Latvala	Representative Gaston Cantens
	Senator Ronald A. Silver	Representative Rob Wallace

I. Consideration of the following Budget Amendments

- a. EOG Number B2001-0908
Department of Highway Safety & Motor Vehicles
- b. EOG Number B2001-0910
Department of Legal Affairs

II. Zero Based Budgeting

III. Schedule of Legislative Budget Commission

IV. Other Business

Department: Highway Safety and Motor Vehicles

EOG Number: 0908

Problem Statement: The Department of Highway Safety and Motor Vehicles is projecting a deficit of approximately \$1.0 million in the operations of motor vehicles related to the purchase of gasoline. The current year budget allocates \$2.4 million for gasoline purchases, and the Department is projecting these expenditures to be approximately \$3.4 million.

In fiscal year 1999-2000, the Highway Patrol began to experience a rapid increase in gasoline prices. Gasoline prices for the year averaged approximately \$1.38 per gallon. During this time the budget for FY 1999-2000 had been established and the Department dealt with the deficit by earmarking available funds in other categories to transfer to the Operation of Motor Vehicles account to avoid reducing patrol miles. The department will exercise its 5 percent transfer authority to request the additional budget.

Without the \$700,000 budget increase, funds will not be sufficient to operate the patrol vehicles through the end of the fiscal year. If this transfer is not approved, it will be necessary for vehicles to be parked or severely restricted in their operations.

Agency Request: This budget amendment requests a transfer of \$600,000 from the Salaries and Benefits category and \$100,000 from the Acquisition of Motor Vehicles category to the Operation of Motor Vehicles category in General Revenue to offset a portion of the projected deficit for the purchase of gasoline due to the increase in gasoline prices.

Governor's Recommendation: Recommend approval of the transfer of \$700,000 in General Revenue appropriations to cover increased costs of operating motor vehicles due to higher gasoline prices.

Commission Staff Comments: Recommend approval by the Legislative Budget Commission as recommended by the Governor's Office.

Senate Subcommittee: General Government Appropriations
Senate Analyst: Tom Barrett
Phone Number: (850) 487-5140 or SunCom 277-5140
E-mail Address: tom.barrett@LASPBS.state.fl.us

House Committee: Transportation & Economic Development
Appropriations
House Analyst: Loretta Jones Darity
Phone Number: (850) 488-6204 or SunCom 278-6204
E-mail Address: Loretta.JonesDarity@LASPBS.state.fl.us

BUDGET AMENDMENT FORM

Line Item No.	Budget Entity / Fund / Appropriation Category Title	CF	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY LEGISLATIVE BUDGET COMMISSION
			Appropriation	Appropriation	Appropriation
Highway Safety and Motor Vehicles					
Florida Highway Patrol					
Highway Safety					
<u>General Revenue Fund</u>					
Operation of Motor Vehicles					
2103	76100100-102289-00-1000		700,000	700,000	
Salaries and Benefits					
2100	76100100-010000-00-1000		(600,000)	(600,000)	
Acquisition of Motor Vehicles					
2102A	76100100-100021-00-1000		(100,000)	(100,000)	

Department: Legal Affairs

EOG Number: 0910

Problem Statement: An analysis of the Other Personal Services (OPS) category within the Civil Enforcement budget entity has identified a need of \$74,287 over the amount currently budgeted. The increased cost is the result of case specific usage of expert witnesses in the Civil Rights and Medicaid Fraud activities.

Agency Request: Approve the transfer of \$74,287 from Salaries and Benefits to Other Personal Services within the Civil Enforcement Budget entity.

Governor's Recommendation: Recommend approval to transfer \$74,287 General Revenue appropriations to cover Other Personal Services (OPS) expenditures in the Medicaid Fraud Control Unit and the Civil Rights Office.

Commission Staff Comments: Recommend approval by the Legislative Budget Commission as recommended by the Governor's Office.

Senate Subcommittee: Public Safety & Judiciary
Senate Analyst: Robert Beck
Phone Number: (850) 487-5140 or SunCom 277-5140
E-mail Address: robert.beck@LASPBS.state.fl.us

House Committee: Criminal Justice Appropriations
House Analyst: Jim DeBeaugrine
Phone Number: (850) 488-6204 or SunCom 278-6204
E-mail Address: jim.debeaugrine@LASPBS.state.fl.us

BUDGET AMENDMENT FORM

Line Item No.	Budget Entity / Fund / Appropriation Category Title		REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY LEGISLATIVE BUDGET COMMISSION
	LAS/PBS Account Number	CF	Appropriation	Appropriation	Appropriation
Legal Affairs					
	Program: Office of the Attorney General				
	<u>CIVIL ENFORCEMENT</u>				
	General Revenue Fund				
	Salaries and Benefits				
1191	41100100-010000-00-1000		(74,287)	(74,287)	
	Other Personal Services				
1192	41100100-030000-00-1000		74,287	74,287	

Zero-Based Budgeting Review – Agency Instructions

Purpose:

The Legislative Budget Commission will apply zero-based budgeting principles, in accordance with section 216.1825, F.S., in conducting an in-depth review of the agency base budget, programs and services to determine whether these services are still needed and if so, whether these services could be delivered more efficiently and effectively.

The purpose of this zero-based budget review is to provide an inventory of agency programs, services and activities; including cost, performance, and customer information to support the Commission in making recommendations relative to the following questions:

- Should government continue providing a service and its associated activities at the current level of funding and performance?
- If the service or activity is recommended for continuation, can it be provided more efficiently and effectively?
- Should the activity be reengineered? Should the service or activity be outsourced or privatized if quality is improved or costs decreased?

The purpose of these instructions is to assist each agency in providing information that the Legislative Budget Commission will use in making its recommendations.

Authority:

Section 216.1825, Florida Statutes -- Zero-based budgeting.—

(1) Beginning July 1, 2000, and continuing thereafter, the Legislative Budget Commission shall apply zero-based budgeting principles in reviewing the budget of each state agency at least once every 8 years.

(2) No later than July 1 of each year, the commission shall issue instructions to the agencies whose budgets are to be reviewed prior to the next legislative session. Dates of submission for information required by the commission will be included in the instructions.

(3) The commission shall provide its reports of zero-based budgeting reviews to the President of the Senate and the Speaker of the House of Representatives on or before December 31.

Zero-Based Budgeting Instructions

(4) For fiscal year 2001-2002, budgets of the Department of Revenue and the Department of Law Enforcement shall be the subject of zero-based budgeting review by the commission. The commission shall, by February 1, 2001, provide to the President of the Senate and the Speaker of the House of Representatives, a schedule for completing zero-based budgeting reviews of all remaining state agencies prior to December 31, 2008.

Principles and Methods:

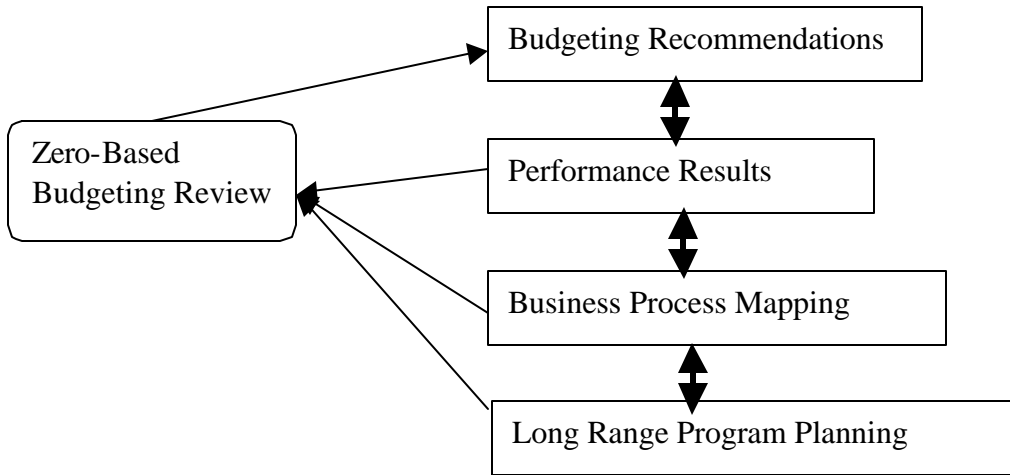
Zero-based budgeting will incorporate principles of current planning, budgeting and accountability efforts to thoroughly review agency services and activities in order to make sound funding decisions.

In order to thoroughly review an agency's activities (business processes), activities must be well defined. These zero-based budgeting instructions assume an agency's activities, as currently defined, and its current information systems will be used to provide the data needed for this analysis. Under zero-based budgeting, cost and performance data will be analyzed extensively.

Measurement systems developed for Performance Based Program Budgeting will provide a foundation of performance data used in zero-based budgeting reviews. The long range planning goals described in agency Long Range Program Plans will be used to justify Activities, Services and Programs. Building on these planning, budgeting and accountability efforts, the Legislative Budget Commission will use the following guidelines to conduct zero-based budgeting reviews:

- Understand why government performs a particular activity, how it works, what it costs, how it performs and how it should work in the future.
- Determine what activities, services, and programs really cost, and understand what drives that cost.
- Know whether services and activities are meeting performance expectations.
- Determine how activities affect the efficiency and effectiveness of other activities or services throughout state government.

Zero-Based Budgeting Instructions



Information Required from the Agency

Zero-Based Budgeting Review Forms:

The zero-based budget review process requires the agency to enter data related to the agency's services and activities into electronic forms provided in Appendix C and Appendix D. These forms are:

- **Service/Budget Entity Review** – this form requires narrative information, performance and cost data for agency services.
- **Activity/Business Process Review** – this form requires narrative information, performance and cost data for agency activities/business processes.

Additional information required from the agency:

- Organization chart by Budget Entity/Service.
- List of statutes which the agency does not have funding to implement or which may be obsolete.

Six (6) copies of the completed Review Forms and the additional information required are due to the Legislative Budget Commission no later than Wednesday, August 15, 2001.

Zero-Based Budgeting Instructions

APPENDIX A

Zero-Based Budgeting (ZBB) Time Table for Fiscal Year 2001-2002

Due Date	Action
May 24	Proposed ZBB process reviewed by LBC members.
June 1	Distribute instructions for agency preparation of ZBB documents.
June 1 –August 15	Agencies prepare ZBB information according to instructions.
August 15	Agencies submit ZBB information.
September	Agencies make ZBB presentations to LBC subcommittees.
November 20	Staff deadline for finalizing recommendations.
November 29	Presentation of staff ZBB recommendations to subcommittees.
December 20	Final approval of ZBB recommendations by LBC.
December 31	Final deadline for ZBB recommendations to be submitted to Speaker and President.

APPENDIX B

GLOSSARY

Activity: A unit of work that has identifiable starting and ending points, and that consumes resources and produces outputs. Activities are the foundation for improving services because costs are reported at the activity level. The mapping of business processes will determine how activities are defined.

Activity Review: The analysis of the activity to determine the causes of variations in performance and cost in order to improve operations.

Benchmarking: Benchmarking is the establishment of a point or points of reference which allow for valid comparisons of cost and performance data to provide a meaningful context for analysis. *Benchmarks can be either internal (comparison's against historical performances) or external (comparisons against other states, national, local government, or private sector cost and performance standards).*

Business Process: See definition for “Activity” above. For the purposes of the zero-based budget review, business processes and activities are synonymous.

Business Process Mapping: Documents the sequence of tasks that different functional units undertake to convert inputs to outputs in order to map business processes. A business process map shows the resources involved, the steps or tasks performed, and the key decisions made.

Business Process Owners: Managers who are in charge of the control and improvement of specific processes.

Business Process Reengineering: The redesigning of a business process to achieve a higher standard of performance or efficiency. Reengineering synchronizes activities across functional boundaries. It forces customer-desired changes. An understanding of how business processes interrelate is critical in eliminating obstacles that slow down work flow within and between activities which is required to satisfy customers. The goal of reengineering is to make the process work faster, better, and cheaper by realigning resources based on the understanding of the needs of customers it is intended to serve.

Service/Budget Entity: A group of related activities or business processes that produces an organization's main products or services. A budget entity is the lowest level to which funds are specifically appropriated in the General Appropriations Act.

Cost of Quality: An analysis that classifies certain activities into four categories (prevention, appraisal, internal failure, external failure) and sums the costs of each category. Prevention activities prevent errors and mistakes during production and include training and quality planning. An error in the beginning of a process can lead to a 100-fold increase in the total cost of producing a product or service. Appraisal activities review, audit, evaluate, or measure to

Zero-Based Budgeting Instructions

ensure conformance. These activities include incoming inspection and approvals of incoming products and services. Internal failure activities correct errors prior to customer receipt and include rework. External failure activities correct errors after customer receipt and include handling complaints and lawsuits.

Customers: The external users of an organization's products or services and the internal users of an activity or process.

Inputs: The quantities of resources used to produce goods and services and the demand for those goods and services.

Key Cost Driver: A factor that has a major impact on activity cost. Understanding key cost drivers is important in controlling costs and maximizing efficiency.

Outputs: The actual services or products delivered by a state agency.

Outcomes: Indicators of the impact or public benefit of a service or program.

Outsourcing: Outsourcing describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administrative tasks to contracting for major portions of activities or services which support the agency mission.

Privatization: Privatization occurs when the state relinquishes its responsibility or maintains some partnership type role in the delivery of an activity or service.

Value Analysis: A type of analysis that involves assessing activities according to whether they add value to the output of an activity or process. A **value added activity** converts work-in-process in a way that is perceived as beneficial by its customers. **Non-value added** activities are those that can be eliminated with no deterioration of performance and which use resources beyond what is absolutely essential in delivering the product needed by the customer.

Unit Cost: The average total cost of producing a single unit of output (goods and services for a specific agency activity).

Zero-Based Budgeting Instructions

APPENDIX C

Service / Budget Entity Review: {Service/Budget Entity Name}

Contact:

Phone:

1. Description of Service and Purpose Statement:

- a. What is the purpose and/or mission of this service and why is government providing this service?
- b. What services or goods are produced, by whom (private contract or state employees), to or for whom (customers) and for what purpose (what policy objective)?
- c. Explain how this service relates to the agency’s mission.
- d. If available, please provide any work flow charts or process maps used by the agency to convey what this service does.

2. Performance Accountability:

- a. Outcomes: {List established outcomes that, at a minimum, must include any legislatively approved outcomes.}
- b. Explain in detail why this service should be continued or not continued.
- c. Describe internal and external trends and conditions affecting performance related to this service.
- d. Profile outcome performance over the last 3 years. Address legislatively approved measures and any others used by the agency to manage performance.
- e. Describe any benchmarks that have been established for this service.

3. Summary of Resources – Service Level:

	FY 2000-2001 Act Exp	FY 2001-2002 Est Exp	FY 2002-2003 Ag Req
General Revenue			
Federal Trust Fund(s)			
State Trust Fund(s)			
Total			
FTE			

{Source of data should be LASPBS. For data that is unavailable at the time of submission, please indicate “N/A”.}

Zero-Based Budgeting Instructions

4. Summary of Activities:

Activities (Business Processes)	FY 2001-2002 Est Expenditures	Statutory References
1.		
2.		
3.		
4.		
5.		
6.		
7.		
Total Service		

- a. Describe the major cost factors (key cost drivers) which determine the overall cost of this service.
- b. If recurring funding for this department remained constant for FY 2001-2002, would you redirect any resources from any of these activities (within this service) to activities more critical to the department's core mission (within another service)? Explain which resources you would redirect.
- c. Again, if recurring funding remained constant and the department were required to redirect or reallocate its resources, describe *critical* needs for any activity within this service, if any, which would **not** be addressed.

Zero-Based Budgeting Instructions

APPENDIX D

Activity / Business Process Review: {Activity/ Business Process Name}

Activity/ Business Process Owner:

Phone:

1. Description and Purpose:

- a. Explain the purpose of this activity and why it is being performed. Explain how this activity relates to the agency's mission.
- b. Describe this activity and why it is an essential component of the overall service being provided by the Budget Entity.
- c. Provide process maps for each activity if available, or provide a list of the major tasks of the activity in process order.

2. Resources for Activity:

	FY 2000-2001 Act Exp	FY 2001-2002 Est Exp	FY 2002-2003 Ag Req
General Revenue			
Federal Trust Fund(s)			
State Trust Fund(s)			
Total			
FTE			

List Federal and State Trust Fund Sources.

{Source of data should be LASPBS. For data that is unavailable please indicate "N/A".}

Zero-Based Budgeting Instructions

3. Accountability, Performance, Cost, Efficiency:

- a. List Input measures and provide the associated standard for FY 2001-2002.
- b. List Output measures and the associated standard for FY 2001-2002. Include a Unit Cost per output measure.
- c. If available, list Outcome measures and their associated standards for FY 2001-2002.
- d. Key Cost Drivers: Describe the major cost factors associated with the provision of this activity, e.g., what requirements for labor, record keeping, travel, and other expenditures generate the need for resources for this activity. Please describe and include specific dollar amounts.
- e. What national, other state, or private sector benchmarks should be used to evaluate outputs and outcomes of this activity?
- f. Have benchmarks been identified and established for this activity? If so, describe benchmark efforts and comparative performance results.
- g. In the last 5 years has the activity been reviewed/re-engineered/redesigned or put through a value analysis? If so, describe re-engineering efforts and the efficiencies that were implemented and those which are anticipated for implementation.
- h. Does the agency determine resource needs for this activity based on a standard workload formula(s) (e.g. # of active cases per professional staff)? If so, describe the formula(s) and report agency actual vs. the standard (include the specific numbers used in calculating the actual). Are the workload formula(s) and associated standard(s) recognized by a national or regional accrediting agency or professional organization and used by other governmental entities or the private sector? If not, and the formula(s) and standard(s) are unique to the state of Florida, describe how they were developed.
- i. If there are no standard workload formulas in place for this activity or there are resource needs in addition to those generated by the formula(s) described pursuant to g. above, please describe how the agency determines these needs.

Zero-Based Budgeting Instructions

- j. How many of the FTE identified for this activity are administrative support staff? How many are supervisory staff? Do any of the supervisory staff engage in production work in addition to their supervisory duties (e.g. lead workers who carry active caseloads in addition to supervisory duties)? If so, please list the number and types of positions.
- k. Are agency indirect costs (e.g. personnel, accounting, Secretary's office, etc) included in the cost identified for this activity? If not, provide an estimate of agency indirect cost associated with the activity.
- l. Please indicate where the FTE identified with this activity are found in the table of organization submitted with the agency's Legislative Budget Request.

4. Customers:

- a. Who are the key customers of this activity?
- b. What product(s) or service(s) are provided to the customer?
- c. Describe the activity's customer base, what their needs are, and to what extent their needs are being met with the current budget .
- d. Are there any expenditures for this activity which are restricted to certain geographic areas or constituency groups? If an expenditure is restricted, what was the specific spending authority when first appropriated? What is the impact if eliminated?
- e. Are there any funds passed through to other state or local entities which address statewide needs? If so, describe the process, including allocation methodology and formulas used.

5. Justification of Activity:

- a. Explain why this activity should continue to be funded.
- b. If this activity were no longer funded, what would be the impact over the:
 - Short term (1 yr)?
 - Long term (5 yrs)?
- c. Is all or part of this activity constitutionally, federally or state mandated? If so, explain. Include a reference to the constitutional, federal or state statutory citation.
- d. Do other government entities (state, local, federal) perform this activity? Does the private sector also perform this activity?

Zero-Based Budgeting Instructions

6. Privatization, Outsourcing, Funding Sources:

- a. Describe whether this activity has been explored for outsourcing or privatization. Describe what efforts the agency has taken or that may be taken to outsource the activity. Have any barriers to outsourcing been identified? (i.e., costs, limited vendors, etc.)
- b. Could costs be decreased or quality improved through outsourcing or privatization? Explain.
- c. Describe current *major* privatization or outsourcing efforts (even if only part of an activity) and include estimated funding for FY 2001-2002.
- d. Is this activity supported by fees? List the statutory reference authorizing such fees.
- e. If all or part of the activity is funded from General Revenue, are there other alternatives to funding the activity (increased fees, additional fees, other trust fund sources)?
- f. Is the workload for this activity increasing or decreasing? Describe the impact of an increasing workload on agency operations, if no additional increase in resources is provided.

Legislative Budget Commission Calendar

- JUNE 28, 2001
- JULY 26, 2001
- AUGUST 30, 2001
- SEPTEMBER 27, 2001
- OCTOBER 25, 2001
- NOVEMBER 29, 2001
- DECEMBER 20, 2001

Additional meetings may be scheduled upon call of the Chair.

Meetings scheduled are subject to notice requirements of the
Senate and House.