



**LEGISLATIVE
BUDGET
COMMISSION**

Joe Negron, Chair

**MEETING PACKET
Thursday, February 17, 2005
1:00 p.m. – 3:00 p.m.
212 Knott Building**

**(Please bring this packet to the committee meeting.
Duplicate materials will not be available.)**

AGENDA

LEGISLATIVE BUDGET COMMISSION

February 17, 2005
1:00 p.m. – 3:00 p.m.
Room 212, Knott Building

MEMBERS

Senator Lisa Carlton
Senator JD Alexander
Senator Jeffrey Atwater
Senator Mike Fasano
Senator Les Miller
Senator Burt Saunders
Senator Rod Smith

Representative Joe Negron
Representative Gustavo Barreiro
Representative Kim Berfield
Representative Don Davis
Representative Ron Greenstein
Representative Will Kendrick
Representative Stan Mayfield

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Department: Education

EOG Number: B0453

Problem Statement: The Commission for Independent Education requests increased budget authority of \$637,124 to carry out the legislative intent under s. 1005.36(1), F.S., to "protect students and the independent sector of postsecondary education from the detriment caused by licensed institutions that cease operation without providing for the proper completion of student training or for the appropriate refund of student fees." The amount requested is to pay the cost of education for 185 students from five schools that closed without making arrangements to provide for proper completion of student training.

The Commission also requests increased budget authority of \$160,000 to carry out the legislative intent under s. 1005.36(3), F.S., "to provide safekeeping of records from an institution that has closed." The Commission is currently storing hard copies and microfilm of student records for 241 closed schools dating back to the 1980s. An initiative was to begin this year to have all records converted to electronic images over the next five years. The initiative is now critical and must be performed immediately since the Commission's office will be relocating in May and will not have sufficient storage space for the hard copy student records. This amount will cover the conversion of hard copy student records (approximately 2,380,000 images) and microfilm student records (approximately 1,341,000 images).

The current expense appropriation of \$408,407 is necessary for the Commission's day-to-day operations and is insufficient to pay for the completion of student training and student record conversion.

The revenues for these payments are fees assessed through the Student Protection Fund program created in s. 1005.37, Florida Statutes, which consists of fees assessed to licensed schools and deposited in the Institutional Assessment Trust Fund.

Agency Request: The Commission for Independent Education currently does not have sufficient budget authority to pay for student education under the Student Protection Fund program and meet the cost of maintaining its day-to-day operations. The requested budget authority increase of \$797,124 is needed to fulfill statutory responsibility.

Governor's Recommendation: Recommend approval to increase budget authority by \$797,124 in the Institutional Assessment Trust Fund for train-out costs of affected students of closed independent postsecondary schools and for the transfer of students' records to electronic media.

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

Senate Committee: Education Appropriations

Senate Analyst: John Newnman

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House Committee: Education Appropriations

House Analyst: Kurt Hamon

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Line Item No.	Budget Entity / Fund / Appropriation Category Title	L AS/PBS Account Number	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
			CF	Appropriation	Appropriation
137	<p>EDUCATION</p> <p>State Board of Education</p> <p>Institutional Assessment Trust Fund Expense</p> <p>48800000-040000-00-2380</p>		797,124	797,124	

Department: Education

EOG Number: B0454

Problem Statement: Section 1003.03(4)(a), F.S., provides the statutory framework for making adjustments to appropriations for school districts that fail to meet required class size reductions. In this regard, any school district that has not reduced its average district class size by the required amount at the time of the third FEFP calculation faces an adjustment of appropriations. The adjustment is calculated by the Department of Education and verified by the Florida Education Finance Program Allocation Conference. This amount is then subject to transfer from the operating categorical to the fixed capital outlay appropriation for class size related to the affected district. The amount of the funds actually transferred shall be the lesser of the amount calculated or the undistributed balance of the district's class size reduction operating categorical. However, the Commissioner of Education and the State Board of Education may make a recommendation to the Legislative Budget Commission for approval of an alternate amount of funds to transfer if a district has been unable to meet the class size reduction requirements despite appropriate effort to do so.

After the calculation process was completed on January 15, 2005, the Florida Education Finance Program Allocation Conference found that eighteen school districts did not meet the current year class size reduction requirements on a district average basis, thereby facing a potential total transfer from the class size reduction operating categorical to fixed capital outlay in the amount of \$11,354,475.

The Commissioner of Education then received appeals from the school districts documenting the reasons why they were unable to comply with the class size reduction requirements. For the eighteen districts, nine were adjusted for unexpected student growth resulting in reduced or zero transfer amounts. In addition, eleven school districts appealed for reductions related to data errors and/or teachers hired after the October 2004 survey. The revised transfer calculation for each district was based upon adjusting the average district class size for either or both of these factors.

Based upon the review of the appeal documents, the Commissioner recommended that eight districts' transfer amounts be partially reduced or be reduced to \$0, for a total transfer from the Class Size Reduction operating categorical to fixed capital outlay for Class Size Reduction in the amount of \$1,601,386.

Agency Request: The department requests the transfer of \$1,601,386 in General Revenue Fund budget authority from the Florida Education Finance Program's Class Size Reduction operating category to the Education Fixed Capital Outlay category for Class Size Reduction Projects. This transfer is based upon the calculations provided by the Florida Education Finance Program Appropriation Allocation Conference and recommended by the Commissioner of Education and approved by the State Board of Education, pursuant to sections 216.292 (13) and 1003.03(4)(a), F.S.

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Governor's Recommendation: Recommend approval to transfer budget authority of \$1,601,386 in General Revenue funds from the Florida Education Finance Program's Class Size Reduction operating category to the Education Fixed Capital Outlay category for Class Size Reduction Projects. This transfer is based upon the calculations provided by the Florida Education Finance Program Appropriation Allocation Conference and recommended by the Commissioner of Education and approved by the State Board of Education, pursuant to sections 216.292 (13) and 1003.03(4)(a), F.S.

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

Senate Committee: Education Appropriations
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House Committee: Education Appropriations
House Analyst: Kurt Hamon
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			CF Appropriation	Appropriation	Appropriation
EDUCATION					
28A	<u>Program: Education - Fixed Capital Outlay</u> General Revenue Class Size Reduction Projects 48150000-148045-05-1000		1,601,386	1,601,386	
82	Division of Public Schools <u>Program: State Grants/K12-FEFP</u> General Revenue Grants and Aids - Class Size Reduction 48250300-050566-00-1000		(1,601,386)	(1,601,386)	

Department: Environmental Protection

EOG Number: B0435

Problem Statement: The Florida Department of Environmental Protection is projecting a need for additional budget authority for litigation costs pertaining to the Apalachicola-Chattahoochee-Flint River (ACF) Basin.

The Chattahoochee River originates in north Georgia, runs along the Alabama-Georgia border, joins the Flint River to become the Apalachicola River at the Florida/Georgia border, and flows into the Apalachicola Bay and Gulf of Mexico. The ecologically diverse ACF Basin supports numerous marine species, the highest density of reptiles and amphibians in the U.S., and seven federally protected aquatic species. Apalachicola Bay provides approximately 90% of the oysters harvested in Florida (approximately 10% of the nation's total) and substantial harvests of shrimp, finfish, and crabs. The health and productivity of this important ecosystem depend on freshwater inflow from the upper ACF Basin into the Apalachicola River. Because of the ecological significance of the Apalachicola River and Bay, Florida and other partners have made substantial investments to protect this resource, with Florida having purchased 278,000 acres -- 102,624 since 1999 -- in order to preserve and protect the ACF Basin.

In the early 1990s, Florida, Alabama, and Georgia began comprehensive negotiations concerning the allocation of water in the ACF River Basin pursuant to the ACF River Compact. The Compact expired on August 31, 2003, after the three States were unable to agree on a water allocation formula. Subsequently, Florida, Georgia, Alabama, the U.S. Army Corps of Engineers, and others resumed litigation in three related federal cases, wherein Florida and Alabama have obtained a preliminary injunction preventing Georgia and the Corps from implementing any water storage or withdrawal contracts affecting the ACF Basin. This decision has been appealed and active litigation has resumed in this case. In February 2004, the District of Columbia District Court approved a settlement agreement between the Corps and Atlanta area water suppliers, to be implemented if and when the Alabama Court lifts its injunction. Alabama and Florida are now appealing this decision. The Northern District of Georgia recently entered an order abating the case pending in that court, but that order is now on appeal to the 11th Circuit Court of Appeals.

With these increases in litigation, the department will soon exhaust its current funding for ACF litigation expenditures. This budget amendment requests the additional funding needed in order to represent the State in the ongoing trial court litigation and in preparing for an original proceeding in the United States Supreme Court. These funds will be used to retain counsel experienced in complex federal litigation and experts in biology, ecology, economics, hydrology, reservoir operations and engineering. The hourly fees for the experts range from \$125 to \$325 per hour. At its current level of funding, the department is unable to assume these expenditures for the entire fiscal year, and requires the additional budget authority requested. This request, if approved, would provide adequate funding for the prosecution of the ACF litigation cases for the remainder of the Fiscal Year 04-05. If this amendment is not approved, the department will lack the funding needed to continue the legal advocacy necessary to pursue the preservation and environmental health of the ACF River Basin.

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Agency Request: The department requests an increase in budget authority by \$959,771 in the Internal Improvement Trust Fund and \$1,104,961 in the Ecosystem Management and Restoration Trust Fund, due to increased litigation cost related to the Apalachicola-Chattahoochee-Flint River Basin.

Governor's Recommendation: Recommend approval to increase budget authority by \$959,771 in the Internal Improvement Trust Fund and \$1,104,961 in the Ecosystem Management and Restoration Trust Fund, due to increased litigation cost related to the Apalachicola-Chattahoochee-Flint River Basin.

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

Senate Committee: General Government Appropriations
Senate Analyst: Jamie DeLoach
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House Committee: Agriculture & Environment Appropriations
House Analyst: Lynn Dixon
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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
CF	LAS/PEB Account Number	Appropriation	Appropriation	Appropriation
	ENVIRONMENTAL PROTECTION			
	<u>Division of Administration</u> Executive Direction & Support Services			
1553	Internal Improvement Trust Fund Other Personal Services 37010100-030000-00-2408	959,771	959,771	
1554	Ecosystem Mgt. & Restoration Trust Fund Expenses 37010100-040000-00-2193	1,104,961	1,104,961	

Department: Financial Services

EOG Number: B0455

Problem Statement: Chapter 2004-266, Laws of Florida requires the Department of Financial Services (department) to create a contingency reserve not to exceed \$15 million within the Workers' Compensation Administration Trust Fund for the purpose of funding deficits within sub-plan "D" of Florida's workers' compensation joint underwriting plan (FWCJUA) provided in section 627.311(5), Florida Statutes. Provisions of the law allow the FWCJUA to request cash sufficient to cover three months of projected cash needs. Upon certification of this need by the FWCJUA Board of Directors and the Office of Insurance Regulation (OIR), the department is authorized to submit a budget amendment to request release of funds from the Workers' Compensation Administration Trust Fund, subject to the approval of the Legislative Budget Commission.

In September 2004, the Legislative Budget Commission approved the department's request to transfer \$574,000 from the Workers' Compensation Administration Trust Fund to the FWCJUA to cover deficits estimated to be incurred through December 2004. In December 2004, the Legislative Budget Commission approved the department's request to transfer \$2,007,924 from the Worker's Compensation Administration Trust Fund to the FWCJUA to cover deficits estimated to be incurred through March 2005.

The FWCJUA Board of Directors and the OIR have certified to the department the cash needs of sub-plan "D" through May 2005. The projections show a cash deficit of \$2,949,744 as of May 31, 2005. The projections include maintaining a contingency reserve of \$2.5 million in the FWCJUA.

Agency Request: The department is requesting increased budget authority of \$2,949,744 in the Transfer to Workers' Compensation Joint Underwriting Association appropriations category within the Workers' Compensation Administration Trust Fund to cover projected cash needs through May 2005.

Governor's Recommendation: Recommend approval to increase budget authority by \$2,949,744 in the Workers' Compensation Administration Trust Fund to provide coverage for three months cash deficit in sub-plan "D" of the Workers Compensation Joint Underwriting Association.

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

Senate Subcommittee: General Government
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House Committee: State Administration Appropriations
House Analyst: Susan Rayman
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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
	LAS/PBS Account Number	CF	Appropriation	Appropriation
	FINANCIAL SERVICES			
N/A	<u>Workers' Compensation</u> Workers' Compensation Administration Trust Fund Transfer to Workers' Compensation Joint Underwriting Association 43600100-109977-00-2795	2,949,744	2,949,744	

Department: Financial Services

EOG Number: B0460

Problem Statement: In accordance with Chapter 2002-194, Laws of Florida, the Office of Information Systems within the Department of Labor and Employment Security was transferred to the State Technology Office (STO). Upon completion of the transfer, the STO and the Department of Insurance, now known as the Department of Financial Services (DFS), were to determine whether it would be technologically feasible and cost effective to separate the workers' compensation-related systems and transfer ownership of these systems to the DFS. The DFS and the STO have determined that it would be technologically feasible and cost effective to transfer ownership of the workers' compensation-related systems to DFS. Chapter 2002-194, Laws of Florida, provides that the transfer plan and budget amendment must be approved by the Legislative Budget Commission.

According to the project executive summary migration plan, "this plan will migrate the Division of Workers' Compensation data and applications to the DFS mainframe. This project will result in the DFS Division of Workers' Compensation no longer relying on the services of the State Technology Office for the hosting of the Division's mainframe operations. This will require a collaborative effort from DFS and STO staff. The proposed target date will be determined after LBC approval. The cost benefits will be substantial considering the cost currently being incurred with STO."

Estimated Annualized Costs / Savings:



Cost Description	DFS Mainframe Environment	STO Mainframe Environment	Savings
Easytrieve Software	\$ 56,000		
Expedite Software	\$ 2,200		
Two (2) contract programmers to support Easytrieve and COBOL	\$ 300,000		
One (1) contract Data Base Administrator to support DB2	\$ 198,000		
Transfers to STO for Data Processing Services		\$ 1,200,000	
Total Cost (Savings)	\$ 556,200	\$ 1,200,000	\$ (643,800)

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<p>Agency Request: The Department of Financial Services is requesting approval of the plan to transfer ownership of the workers' compensation-related systems from the STO to the DFS. In addition, the DFS is requesting the transfer of budget authority for \$181,050 from the Other Data Processing Services appropriation category to the Expenses appropriation category within the Workers' Compensation Administration Trust Fund to cover operational costs of the data base.</p>
<p>Governor's Recommendations: Recommend approval to transfer \$181,050 budget authority in the Workers' Compensation Administration Trust Fund between appropriation categories and approval of the plan to allow the Department of Financial Services to take over the operation of the workers compensation information systems from the State Technology Office as authorized in Chapter 2002-194, Laws of Florida.</p>
<p>Commission Staff Comments: Recommend approval as recommended by the Governor's Office.</p>

<p>Senate Subcommittee: General Government Senate Analyst: Cindy Kynoch Phone Number: (850) 487-5140 or SunCom 277-5140 E-mail Address: cindy.kynoch@laspbs.state.fl.us</p>	<p>House Committee: State Administration Appropriations House Analyst: Susan Rayman Phone Number: (850) 488-6204 or SunCom 278-6204 E-mail Address: susan.rayman@laspbs.state.fl.us</p>
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	LASSPS Account Number	Appropriation	Appropriation	Appropriation	Appropriation
	FINANCIAL SERVICES				
	<u>Workers' Compensation</u>				
	Workers' Compensation Administration Trust Fund				
2402	Other Data Processing Services 43600100-210014-00-2795		(181,050)	(181,050)	
	<u>Information Technology</u>				
	Workers' Compensation Administration Trust Fund				
2296	Expenses 43010300-040000-00-2795		181,050	181,050	

 FLORIDA DEPARTMENT OF FINANCIAL SERVICES	DIVISION OF INFORMATION SYSTEMS PROJECT MANAGEMENT OFFICE	
Project Charter		

Florida Department of Financial Services
Division of Worker Compensation
Migration from STO to Fletcher

Prepared By: *Sharon Jackson*
 Date of Publication: *10/13/2004*

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Project Executive Summary

This project will migrate the Division of Worker Compensation data and applications to the DFS mainframe. This project will result in the DFS Division of Workers' Compensation no longer relying on the services of the State Technology Office for the hosting of the Division's mainframe operations. This will require a collaborative effort from DFS and STO staff. The proposed target date will be determined after LBC approval. The cost benefits will be substantial considering the cost currently being incurred with STO. This project has 4 areas that will have responsibilities for this migration:

1. DIS System Staff
2. STO
3. Workers' Compensation Technical Staff
4. Workers' Compensation Users

The high-level project schedule includes:

LBC approval

- 30 days after we get the DFS approval to go-ahead DIS will have the ability to perform the initial test of all of the production data that was migrated from STO. There should be some initial testing within the first 30 days that will be limited to test data.
- The next 2-4 weeks will be used to identify any issues or concerns with the process, data, accuracy, job scheduling, etc.
- Another test load of the production data will occur.
- Depending on the outcome of this next test cycle (2-4 weeks) we will determine the go-live date.

Project Overview

DFS has existing resources capable of hosting the Division of Workers' Compensation applications. This migration will allow all of DFS to operate in house for all application areas. The success of this project will mark a major milestone for DFS. This will also provide better service to DWC for mainframe application prioritization and service. DFS also has a true disaster recovery plan and we test this plan at least twice a year.

Project Objectives

This project will meet the following objectives:

DFS will be responsible for applications development and maintenance;

DFS will not rely heavily on outside resources for its core functions within the DWC; and

DFS will be responsible for Disaster Recovery for all DFS Divisions applications and components.

Project Scope

The scope of this project includes and excludes the following items:

In Scope:

Migrate the mainframe components from STO to Fletcher.

Out of Scope:

The migration of the Oracle components at STO will need to be done after this mainframe portion. ARAMIS will not be migrated since DFS will no longer need to access this system as of 3/01/2005. We will have an alternate plan to address the timeframe between the migration of WC mainframe applications and the 3/01/2005 date that ARAMIS is no longer needed. ARAMIS main users are DOE and AHCA.

Deliverables Produced:

See MS Project Schedule for Milestones.

Organizations Affected or Impacted:

The impact of this project on other organizations needs to be determined to ensure that the right people and functional areas are involved and communication is directed appropriately.

Organization	How Are They Affected, or How Are They Participating?
State Technology Office	Provide DFS the required information documentation on services provided DFS DWC
Department of Financial Services	Moving all currently DFS mainframe components (excluding ARAMIS and the Oracle system) hosted at STO to the DFS mainframe
DOE	Change Integrated (RO) application to access DFS mainframe
ACHA	Change Integrated (RO) application to access DFS mainframe
AWI	Agreement to allow access to Unemployment Compensation Information

Project Estimated Effort/Cost/Duration

Estimated Cost:

Description	Cost (Yearly or Monthly)	On-going FY costs
Easytrieve	\$56,000 Yearly	\$56,000
Expedite	\$2,200	\$2,200
2 contract programmers to support Easytrieve and Cobol	\$25,000 Monthly	\$300,000
1 contract DBA to support DB2	\$16,500 Monthly	\$198,000
Total		\$556,200

Need to add Advantis network capability – cost to be determined

Estimated Effort Hours:

There will be a minimum of two phases. Phase one is to develop a work plan, test the migration to identify missing components, etc. Phase 1 will take approximately 45 days. Phase two will begin once the department receives approval from the LBC and will take approximately 45 days. One constraint is that we do not do the final migration during session. We can continue to test, but the final migration needs to happen after session, but before the end of April.

Project Assumptions

Certain assumptions and premises need to be made to identify and estimate the required tasks and timing for the project. Based on the current knowledge, the project assumptions are listed below. If an assumption is invalidated at a later date, then the activities and estimates in the project plan should be adjusted accordingly.

- DFS will have a test environment within 30 days of project kickoff
- MOU will be established with STO for outstanding items, including the ability to keep the WC data, files, and programs resident at STO for a minimum of 6 months after we have migrated. This is to insure that we have some time in case we missed some key components.
- DWC Business users will be responsible for testing their applications and reports to insure that the migration was successful (we have added in a Testing Expert resource to help in this area).
- DFS has acquired Easytrieve
- DFS will acquire the services of COBOL/Easytrieve/DB2 Developers
- DWC will supply retention information

- Integrated Systems will upgrade the current version of EDA prior to Migration
- DWC applications will not require changes to RACF naming convention
- DFS will allow non-expiring RACF ids
- RACF user naming convention will not change
- DFS Mainframe has the capacity to process all components being moved from STO
- DFS staff will re-compile all of the programs after the migration to insure that we have all of the components to maintain the applications.
- DFS has existing DASD and tape storage capacity required to support DWC processing.

Project Risks

Project risks are characteristics, circumstances, or features of the project environment that may have an adverse effect on the project or the quality of its deliverables. Known risks identified with this project have been included below. A plan will be put into place to minimize or eliminate the impact of each risk to the project.

Risk Area	Level (H/M/L)	Risk Plan
Aggressive Timeframe	M	We need to limit the scope of this project and we also need the commitment of everyone involved (STO, Users, Management, etc.)
Funding	M	We need to fund all of the items listed above in the estimated cost section.

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Project Approach

The approach for this project's success is detailed:

Aggressive migration plan to include:

- DFS Mainframe establish test environment;
- LBC approval;
- STO identify all components hosted for DFS, with details including scheduling, back-up procedures, programs, executables, JCL, procs, database tables, Easytrieve, etc;
- WC Programming Staff to review all Client Server apps, tables references, config files, etc; and
- WC Business Users will generate Test plans and signoff on testing approvals prior to final Migration.

After the migration has been successfully completed DFS staff will continue with post-implementation support that will include re-compiling of all programs to insure that we have all of the source codes and libraries from STO.

Project Organization

Roles and Responsibilities:

ROLE	NAME(S)	RESPONSIBILITIES
Executive Sponsor	Tanner Holloman	Decision-maker who approves major deliverables and provides high-level direction; champions the project
Project Manager	Sharon Jackson	Accountable for the success of the project and managing the performance
Team Leaders	Sharon Jackson, WC Programming Dana Rupp, DFS Mainframe Vind Van, User Testing	Stay focused on project tasks; provide daily leadership to the teams
Business Users	WC staff.	Participate in defining functional requirements and validation, participate in testing activities, respond as necessary to business related issues/questions
Technical Representatives	Chris Noel, Janice Schultz, Richard Seig, Dana Rupp, Jeff Schwantes, Sharon Jackson, Kim Wiley, Travis Payton, Steve McKenna, Janice Youngblood, Trang Bartell	Participate in required technical related discussions and activities; especially those related to infrastructure issues and back-end systems

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February 17, 2005*

Department: Management Services

EOG Number: B0347

Problem Statement: During the 2002 Special Session E, the Legislature enacted Chapter 2002-402, Laws of Florida, which authorized the Department of Management Services (department) to implement the "Human Resource Outsourcing Project," currently known as People First. On August 21, 2002, a contract was signed between the State of Florida and Convergys to provide management and employee self-service human resource management tools and services for state employees.

In June 2004, the Legislative Budget Commission approved the transfer of \$1,609,446 in State Personnel System Trust Fund budget authority from the Fiscal Year 2004-2005 Human Resources Services/Statewide Contract category, the appropriation category used to remit payment for the Convergys contract, to the Data Processing Services category to remit payment to the State Technology Office for the continuance of the COPEs system from July through September 2004. At that time, the department was phasing agencies onto the People First system and estimated all agencies would be fully implemented on the system by the end of September 2004. However, all agencies were not transitioned to the People First system until December 2004, and the department needed to continue operation of the COPEs system through December 2004, at a cost of \$1,609,446.

In addition, the department's Division of State Group Insurance (division) requires the operation of the COPEs insurance module through June 2005, at a cost of \$1,288,338. The continuation of this COPEs module is necessary to provide administrative services for the close-out of employee benefit issues such as open enrollment, appeals and temporary services.

Agency Request: The department requests the transfer of \$2,897,784 within the State Personnel System Trust Fund from the Human Resources Services/Statewide contract category to the Data Processing/State Technology appropriation category to continue the operation of COPEs through June 2005.

Governor's Recommendation: Recommend approval to transfer \$2,897,784 budget authority in the State Personnel System Trust Fund between categories to continue the operations of the benefits portion of COPEs until June 30, 2005 and to reimburse for operations of COPEs from October through December.

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

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House Committee: State Administration Appropriations
House Analyst: David Dobbs
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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
	LAS/PBS Account Number	CF	Appropriation	Appropriation
	MANAGEMENT SERVICES			
	<u>WORKFORCE PROGRAM</u>			
	Human Resource Management			
	State Personnel System Trust Fund			
2675	SC: Human Resources Services / Statewide Contract 72750100-107080-00-2678	(2,897,784)	(2,897,784)	
2676	Data Processing Services - State Technology Office 72750100-210018-00-2678	2,897,784	2,897,784	

Department: Agency for Health Care Administration

EOG Number: B0449

Problem Statement: The General Appropriations Act for FY 2004-2005 includes proviso language following Specific Appropriation 202 that authorizes the Agency for Health Care Administration to increase Medicaid hospital reimbursement rates and/or special Medicaid payments based on updated audit reports contingent upon the state receiving the entire amount of local match anticipated in the Grants and Donations Trust Fund. Special Medicaid payments are made through the hospital inpatient upper payment limit program (UPL). Updated audit reports show an increase in the available UPL balance in both public non-state and private hospital categories.

Additional budget authority is needed in the Hospital Inpatient Services category to enable the agency to provide additional special Medicaid payments. The increase in the budget for the special Medicaid payments will not require any additional state funds. Counties, through intergovernmental transfers, will provide \$35,966,247 in matching funds for the increased special Medicaid payments, \$5 million of which will fund Medicaid program expenditures. The federal match will provide \$44,377,419.

The General Appropriations Act for FY 2004-05 also includes proviso language following Specific Appropriation 206, which authorizes the agency to make special Medicaid payments to rural hospitals under a Medicaid outpatient UPL. These payments are contingent on the agency obtaining approval from the Centers for Medicare and Medicaid Services. If the Medicaid outpatient UPL is approved, these payments will replace the special Medicaid payments paid to rural hospitals provided in Specific Appropriation 202.

Additional budget authority is needed in the Hospital Outpatient Service category to enable the agency to pay additional special Medicaid payments to rural hospitals through the hospital outpatient UPL. The increase in the budget for the special Medicaid payments will not require any additional state funds. Counties, through intergovernmental transfers, will provide \$6,107,609 in matching funds for the increased special Medicaid payments. The federal match will provide \$8,752,754.

Agency Request: The Agency for Health Care Administration requests \$53,130,173 in additional Medical Care Trust Fund budget authority and \$42,073,856 in Grants and Donations Trust Fund budget authority to increase UPL payments to hospitals, and to fund Medicaid program expenditures. If the interim budget action is not approved, Florida will not be able to utilize the available local matching dollars to draw down additional federal funds available through the hospital inpatient and outpatient UPL. Hospitals serving Medicaid and other low-income populations would forgo the opportunity for additional revenues to help offset the costs of serving these populations.

Governor's Recommendation: Recommend approval to increase budget authority by \$53,130,173 in the Medical Care Trust Fund and \$42,073,856 in the Grants and Donations Trust Fund to increase special Medicaid payments to hospitals in the UPL as authorized by Specific Appropriations 202 in the Fiscal Year 2004-05 General Appropriations Act.

**Legislative Budget Commission Meeting
February 17, 2005**

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

Senate Committee: Health & Human Services Appropriations
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House Committee: Health Care Appropriations
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Line Item No.	Budget Entity / Fund / Appropriation Category Title <small>(AS/PBS Account Number)</small>	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
	CF	Appropriation	Appropriation	Appropriation
AGENCY FOR HEALTH CARE ADMINISTRATION				
	Health Care Services (68500000) Medicaid Services to Individuals (68501400)			
202	Medical Care Trust Fund Hospital Inpatient Services 68501400-101582-00-2474	44,377,419	44,377,419	
206	Hospital Outpatient Services 68501400-101596-00-2474	8,752,754	8,752,754	
202	Grants and Donations Trust Fund Hospital Inpatient Services 68501400-101582-00-2339	35,966,247	35,966,247	
206	Hospital Outpatient Services 68501400-101596-00-2339	6,107,609	6,107,609	

Department: Children & Family Services

EOG Number: B0450

Problem Statement: The Department of Children and Family Services provides services to refugees, which include adult education, employment placement, childcare, health services, and crime prevention through local communities and providers. These services are limited to eligible refugees, asylees, and entrants, as determined by federal law. Because fewer refugees are settling elsewhere in the country, Florida has received a greater share of the refugee grant funds. There are grant increases and unused prior year funds available during this fiscal year. The Refugee Program is projecting current year expenditures of \$56,604,969; however, budget authority available is \$52,425,315, resulting in the need for additional budget authority of \$4,179,653 to expend available federal funds.

Agency Request: This request is for additional budget authority in the Federal Grants Trust Fund of \$4,179,653 to cover the projected current year needs in the local services portion of the Refugee Program to pay for continuing contracts with third-party providers of refugee assistance. Failure to approve this request could result in reduced services for eligible clients. This could result in fewer job placements, possibly resulting in reliance by refugees on various forms of public assistance, partially funded through state general revenue funding. A reversion of federal funds may negatively affect the department's ability to be awarded federal grant funds in the future, potentially resulting in additional financial burdens on the state and local communities.

Governor's Recommendation: Recommend approval to increase budget authority by \$4,179,653 in the Federal Grants Trust Fund for the Refugees Grants and Aids Local Service Program due to an increase in federal grant funds.

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

Senate Committee: Health & Human Services Appropriations
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House Committee: Health Care Appropriations
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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
LAS/PBS Account Number		CF Appropriation	Appropriation	Appropriation
424	CHILDREN AND FAMILIES <u>Refugees</u> Federal Grants Trust Fund G/A-Local Services Program 60910707-102010-00-2261	4,179,653	4,179,653	

**Legislative Budget Commission Meeting
February 17, 2005**

Department: Children & Family Services

EOG Number: B0451

Problem Statement: Florida was awarded a five-year grant in September 2004 through the federal Substance Abuse and Mental Health Services Administration to provide Ecstasy and Club Drug Prevention services. The services will include prevention, research, and outreach technologies for reducing the use of Ecstasy and Club Drugs. Over the course of the five-year period, this project will serve 9,895 persons. This grant will provide a total of \$1,461,780 to be awarded in annual installments of \$292,356 for services in Miami-Dade County.

A similar grant was approved by the Legislative Budget Commission in December 2004 for Baker, Clay, Duval, Nassau, St. Johns, Flagler, and Volusia counties. The budget authority requested in this amendment was not included in the earlier request because the structure of the grant application for Miami-Dade County needed to be modified. The original grant award was made directly to the provider in Miami-Dade County. The award has been revised, however, to grant funds to DCF who plans to contract with The Village South, Inc. There is currently insufficient budget authority for the contract.

Agency Request: The department requests \$97,456 in additional Federal Grants Trust Fund budget authority for the remainder of Fiscal Year 2004-2005 to develop and implement contracts, update materials and curriculum, recruit, enroll, and serve interested program participants. Awardees are expected to develop necessary administrative infrastructure and initiate direct service provision within 90-120 days following award of the grant.

Governor's Recommendation: Recommend approval to increase budget authority by \$97,456 in the Federal Grants Trust Fund for the Ecstasy and Club Drug Prevention Grant for Miami-Dade County.

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

Senate Committee: Health & Human Services Appropriations
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House Committee: Health Care Appropriations
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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
	LAS/PBS Account Number	CF	Appropriation	Appropriation
CHILDREN AND FAMILIES				
	<u>Substance Abuse Program</u>			
	Federal Grants Trust Fund			
377	Program Management & Compliance Other Personal Services 60910601-030000-00-2261	10,000	10,000	
385	Child Substance Abuse Prevention, Evaluation and Treatment Services G/A-Child/Adol Substance Abuse Services 60910602-100420-00-2261	65,592	65,592	
388	Adult Substance Abuse Prevention, Evaluation and Treatment Services G/A-Community Substance Abuse Services 60910603-100618-00-2261	21,864	21,864	

Department: Health

EOG Number: B0446

Problem Statement: The Department of Health, Bureau of Child Nutrition Programs, administers the Child Care Food Program and its component programs, the Afterschool Snack Program and the Homeless Children Nutrition Program. These federally funded programs reimburse service providers for meals and snacks served to eligible children in licensed, nonresidential child care facilities, afterschool educational or enrichment programs and temporary residential settings for homeless families and children.

The Child Care Food Program, administered by the state under the auspices of the U.S. Department of Agriculture (USDA) Food and Nutrition Service, served 140,000 children at least one meal each day in Fiscal Year 2003-2004, and estimates it will serve 159,000 children during Fiscal Year 2004-2005. In addition to the anticipated increase in children served, the USDA has raised the reimbursement rate by 7.5 percent because of the increase in food prices. Fiscal Year 2004-2005 budget authority is \$89,148,250, and the total projected expenditures for the year based on the two factors above are \$104,423,591, resulting in the need for an additional \$15,275,341 in budget authority.

Agency Request: The department requests an additional \$15,275,341 in Federal Grants Trust Fund budget authority in the Grants and Aid—Projects, Contracts and Grants special category to provide the necessary services to eligible children. If this action is not approved, the department may not meet financial obligations, and as a result may lose future federal funding.

Governor's Recommendation: Recommend approval to increase budget authority by \$15,275,341 in the Federal Grants Trust Fund for the Child Care Food Program based on 9 percent growth in the program and a 7.5 percent increase in reimbursement rates.

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

Senate Committee: Health & Human Services Appropriations
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House Committee: Health Care Appropriations
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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
	LA5/PBS Account Number	CF	Appropriation	Appropriation
	DEPARTMENT OF HEALTH			
511	<u>Community Public Health</u> <u>Family Health Outpatient and Nutrition Services</u> Federal Grants Trust Fund G/A-Projects, Contracts and Grants 64200300-050235-00-2261	15,275,341	15,275,341	

Department: Agency for Workforce Innovation

EOG Number: B0447

Problem Statement: The Unemployment Compensation Program provides support to Florida's workforce by paying unemployment compensation benefits to qualified unemployed workers and resolving unemployment compensation appeals in a timely manner.

As a result of the 2004 major declared disasters Tropical Storm Bonnie, Hurricanes Charley, Frances, Ivan and Jeanne, the Agency for Workforce Innovation (AWI) received a Federal Emergency Management Agency (FEMA) grant for the administration of the Disaster Unemployment Assistance (DUA) Program. The program provides DUA benefits only for individuals who are ineligible for regular unemployment compensation benefits and who are unemployed as a direct result of the disasters. FEMA provides federal funds to cover all DUA benefit payments and administrative costs.

AWI received a grant award of up to \$8,921,040 in additional federal revenue to administer the DUA Program for the four declared disasters. However, the Agency projects that eligible expenditures for Fiscal Year 2004-05 will only total \$5,209,603. These funds were provided for additional staffing, overtime, temporary employees, and increased expenses (including travel and communication costs).

The Agency has utilized existing operating budget authority to cover these DUA administrative expenditures. If additional operating budget authority is not provided for the DUA Program, the Unemployment Compensation program may not have sufficient operating budget authority for the remainder of the fiscal year and the federal FEMA funds will be subject to reversion.

Agency Request: The Agency requests \$5,209,603 in budget authority in the Employment Security Administration Trust Fund in the Grants & Aids – 2004 Hurricanes – State Operations special category to support the administrative cost associated with the DUA Program.

Governor's Recommendation: Recommend approval to increase budget authority by \$5,209,603 in the Employment Security Administration Trust Fund to facilitate reimbursement by the federal government for Unemployment Compensation increased workload due to the 2004 hurricanes.

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

Senate Committee: Transportation & Economic Development

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House Committee: Transportation & Economic Dev.App.

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Line Item No.	Budget Entry / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
CF	LAS/PS Account Number	Appropriation	Appropriation	Appropriation
	AGENCY FOR WORKFORCE INNOVATION <u>Unemployment Compensation</u> Employment Security Administration Trust Fund N/A G/A - 2004 Hurricanes - State Operations 75200200-109839-00-2195	5,209,603	5,209,603	

Department: Department of Community Affairs

EOG Number: B0481

Problem Statement: As a result of the 2004 hurricanes, numerous emergency facilities were structurally damaged. Specifically, hurricane shelters, emergency operation centers, and fire/police stations were damaged, compromising the capability of first responders and more importantly, the safety of citizens in emergency shelters. The Department of Community Affairs has determined that an assessment of the structural integrity of emergency facilities across the state, as well as an implementation plan for upgrading these buildings is necessary to better protect Floridians.

The assessment of emergency facilities will review the structures impacted by the 2004 hurricanes to determine how other emergency facilities would perform under similar circumstances. The emergency facilities assessment and implementation plan will address the following:

- Update existing shelter surveys that are more than five (5) years old in areas with most critical need, approximately 1,000.
- Conduct surveys for 947 emergency operation centers, fire departments, and police stations located throughout the state.
- Prioritize facility retrofits based on the areas of the state that have the largest number of facilities that need upgrading, as well as the size of the population that will benefit from the improvements.
- Provide a cost estimate for retrofitting facilities in need of upgrades.

Agency Request: The department requests \$1,975,000 in increased budget authority in the Operating Trust Fund to conduct assessments of emergency facilities and develop an implementation plan.

Governor's Recommendation: Recommend approval to increase budget authority by \$1,975,000 in the Operating Trust Fund to conduct assessments of emergency facilities and develop implementation plans for retrofitting these structures to better withstand weather-related events.

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

Senate Committee: Transportation & Economic Development
Appropriations

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House Committee: Transportation & Economic Development
Appropriations

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Line Item No.	Budget Entity / Fund / Appropriation Category Title	REQUESTED BY AGENCY	RECOMMENDED BY GOVERNOR	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION
LAS/PS Account Number	CF	Appropriation	Appropriation	Appropriation
COMMUNITY AFFAIRS				
N/A	Housing and Community Development Building Code Compliance & Hazard Mitigation Operating Trust Fund G/A - 2004 Hurricanes - State Operations 52800200-109839-00-2510	1,975,000	1,975,000	