

**ZERO-BASED BUDGET
GENERAL GOVERNMENT SUBCOMMITTEE
Fiscal Year 2001-02**

AGENCIES UNDER REVIEW
Agriculture & Consumer Services
Citrus
Management Services
Military Affairs
Transportation

DATE: Thursday, November 8, 2001
TIME: 10:00 a.m. – 2:00 p.m.
PLACE: Room 117, Knott Building

Members: Senator Charlie Clary, Chair
Senator Jim King
Senator Jack Latvala

Representative Paula Dockery
Representative Ron Greenstein
Representative Randy Johnson

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AGENDA

General Government Zero Based Budgeting Subcommittee

DATE: Thursday, November 8, 2001
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Representative Randy Johnson

1. **Call to Order:** Senator King
2. **Agency Overview – Department of Agriculture**
David McInnes, Legislative Liaison
3. **OPPAGA Performance Review of the Department of Agriculture**
Becky Vickers, Chief Legislative Analyst, Government Operations
4. **Overview of Methodology and Preliminary Recommendations for the Department of Agriculture**
Todd Osburn, Consultant, MGT of America
5. **Preliminary Staff Recommendations for the Department of Military Affairs**
Loretta Jones Darity, Team Leader / Legislative Analyst, House
Transportation & Economic Development Appropriations
Kristin Pingree, Legislative Analyst, Senate General Government
Appropriations
6. **Preliminary Staff Recommendations for the Department of Transportation**
Reynold Meyer, Staff Director, Senate Transportation Committee
Phillip Miller, Staff Director, House Transportation Committee
7. **Preliminary Staff Recommendations for the Department of Management Services**
Marsha Belcher, Team Leader / Legislative Analyst, House General
Government Appropriations
Ray Wilson, Staff Director, Senate Governmental Oversight and
Productivity Committee
Claude Hendon, Chief Legislative Analyst, Senate General
Government Appropriations

DEPARTMENT
OF
MILITARY
AFFAIRS

Department of Military Affairs

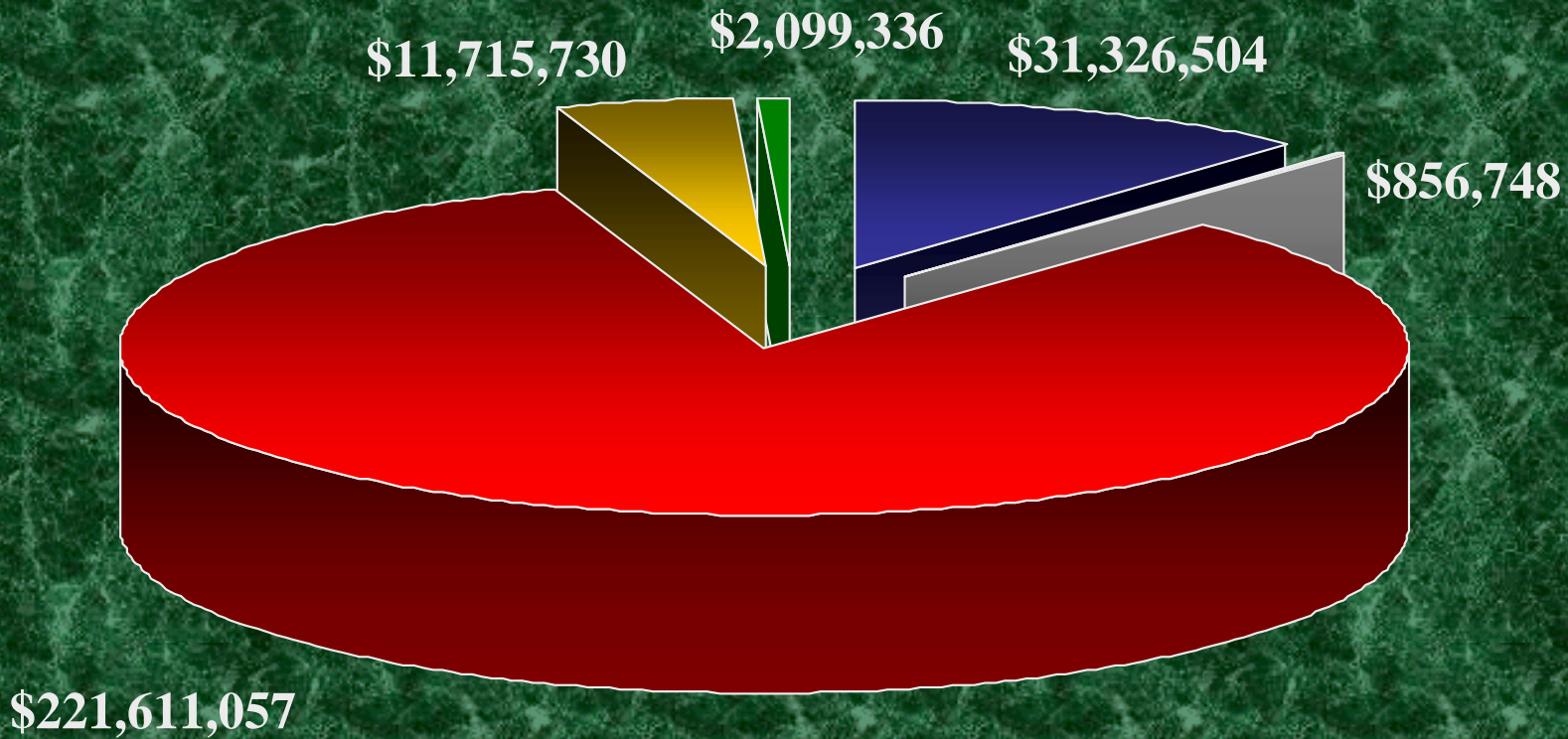


Legislative Budget Commission
Zero-Based Budgeting
Subcommittee on General Government
Staff Recommendations
November 8, 2001

Department of Military Affairs

Florida National Guard

FY 2001-2002



■ Armory Board Trust Fund
■ Federal Funds
■ Camp Blanding Trust Fund

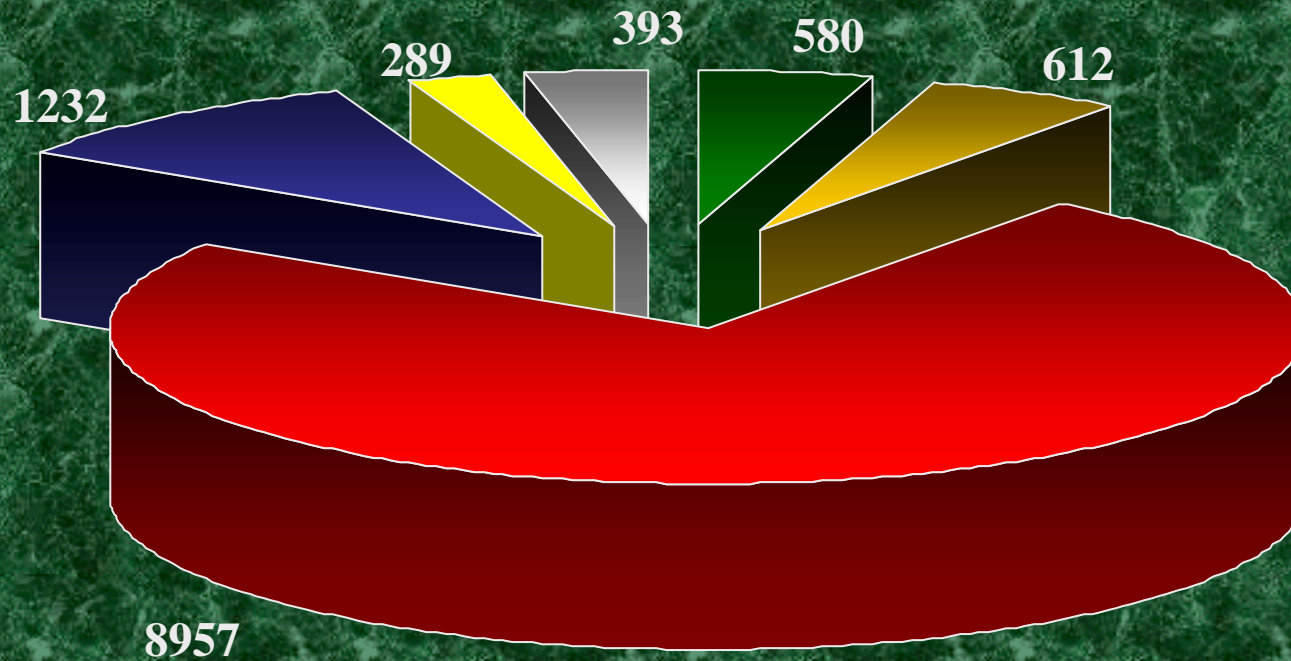
■ FES/LE Trust Fund
■ General Revenue

Department of Military Affairs

Florida National Guard

FY 2001-2002

Military Manpower - 12,063



Army AGR

Army Technician

Army M-Day

Air M-Day

Air Technician

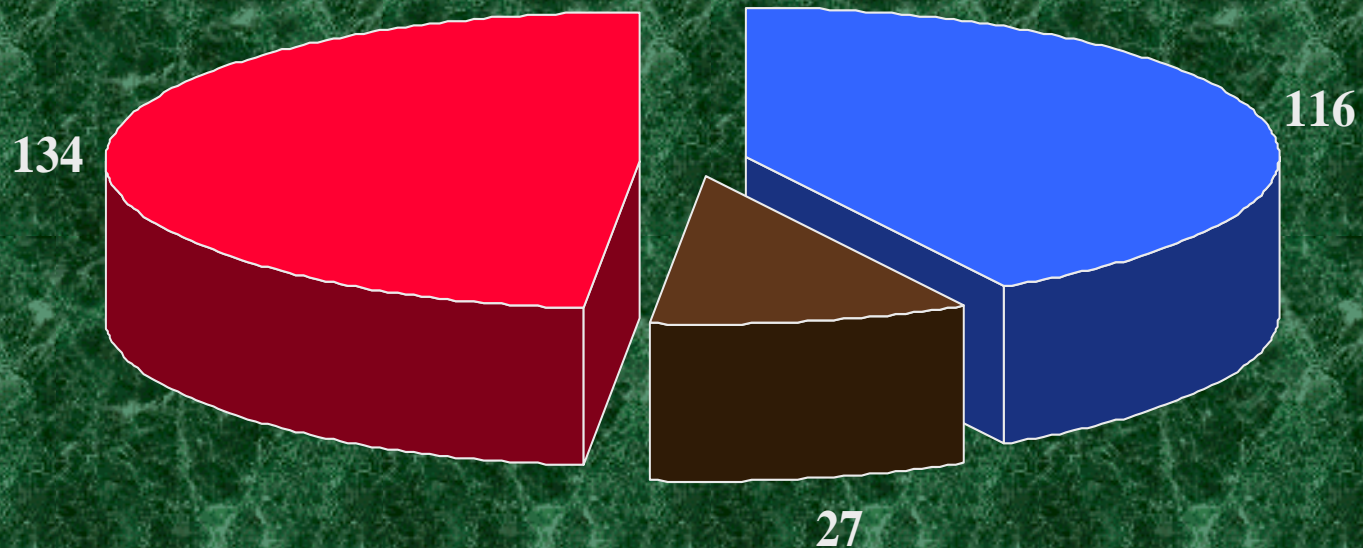
Air AGR

Department of Military Affairs

Florida National Guard

FY 2001-2002

State Employees - Total 277



■ General Revenue

■ Camp Blanding Trust Fund

■ Armory Board Trust Fund

Department of Military Affairs

Mission and Services Structure

- The mission of the Florida Department of Military Affairs is to provide Florida National Guard units and personnel ready to support national security objectives; to protect the public safety of citizens; and to contribute to national, state, and community programs that add value to the United States of America and to the State of Florida.
- The budget of the Department of Military Affairs is comprised of five services / budget entities:
 - Military Readiness
 - Military Response
 - Drug Interdiction and Prevention
 - Executive Direction and Support Services
 - Federal/State Cooperative Agreements

Department of Military Affairs

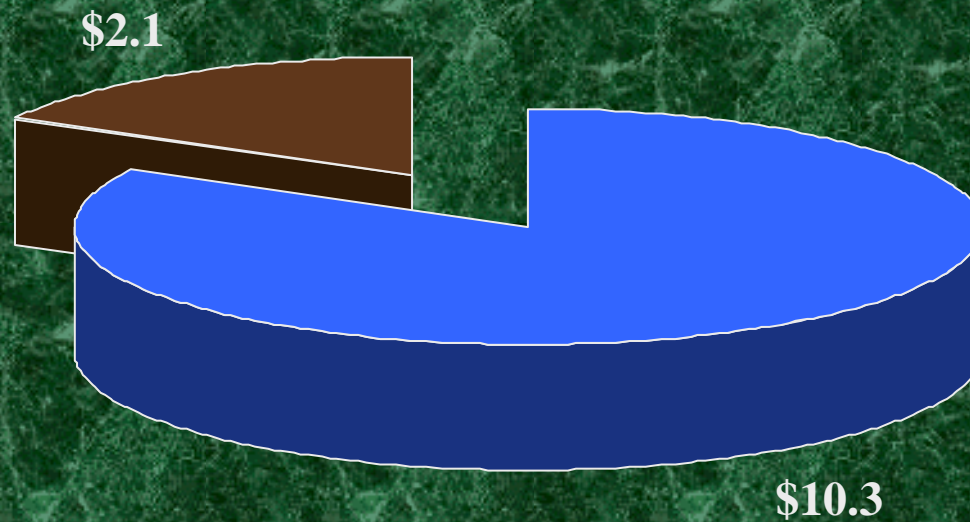
Military Response and Military Readiness

- The Department of Military Affairs meets an essential need of the state by preparing the Florida National Guard for federal and state activation.
- The State activates the Florida National Guard to protect citizens and property in case of civil unrest or natural disasters, such as hurricanes or wildfires.
- The Federal Government activates the Florida National Guard in times of war or national emergencies.
- Currently, for purposes of performance-based program budgeting and long-range program planning, the Department is organized into two separate services / budget entities to accomplish these mission-critical activities: Military Readiness and Military Response. [For this presentation, these services will be combined.]

Department of Military Affairs

Military Readiness and Response

in millions



Department of Military Affairs

Military Response and Military Readiness

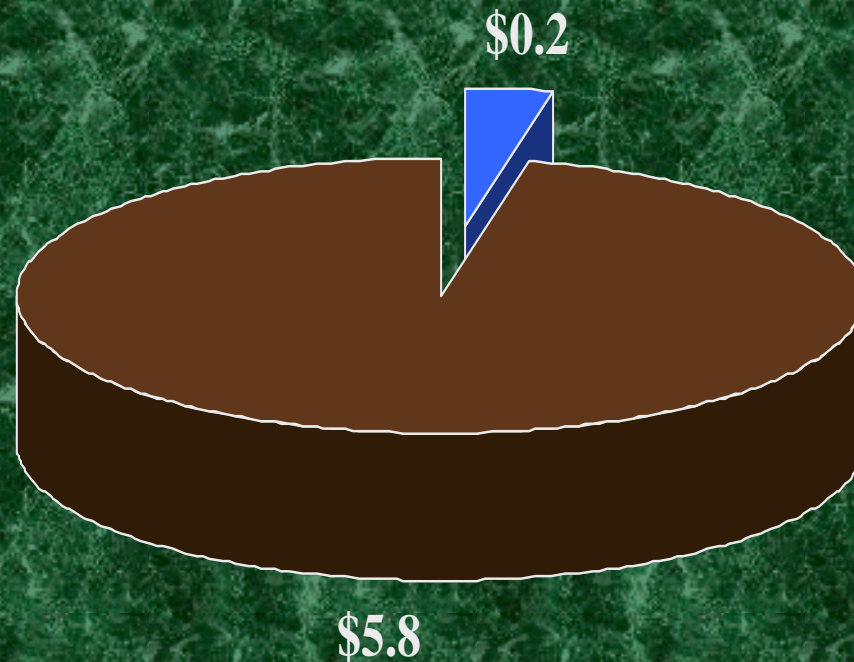
Recommendations:

- Staff recommends the merger of the Military Readiness and Military Response services and their associated activities into one service / budget entity: Military Readiness and Response.
- Staff recommends the creation of a new trust fund, the “Emergency Response Trust Fund,” to segregate expenditures by using a separate trust fund for all costs related to activation (such as FEMA reimbursements and budget amendment transfers).
- Staff recommends that the Department consider the findings and recommendations of OPPAGA’s recent Justification Review when developing plans for armory repairs, renovations and new construction.
- Staff recommends that the Department develop a proposal to revise performance measures and standards for all of the Department’s services, considering the recent feedback from the Auditor General and OPPAGA.

Department of Military Affairs Drug Interdiction and Prevention Services

- Provides counterdrug assistance to federal, state, and local law enforcement agencies.
- Trains local and state law enforcement officers in military skills useful in counterdrug operations.
- Educates Florida high school students on drug awareness.

Department of Military Affairs Drug Interdiction and Prevention Services in millions



■ General Revenue ■ State Trust Fund

Department of Military Affairs

Drug Interdiction and Prevention Services

Recommendations:

- Staff recommends the Department pursue certification of the counterdrug training through the Criminal Justice Standards and Training Commission.
- Staff recommends the Department explore the possibility of using the Criminal Justice Standards and Training trust fund, forfeiture proceeds, or consider imposing a nominal fee upon law enforcement officers receiving training to offset the need for General Revenue.

Department of Military Affairs

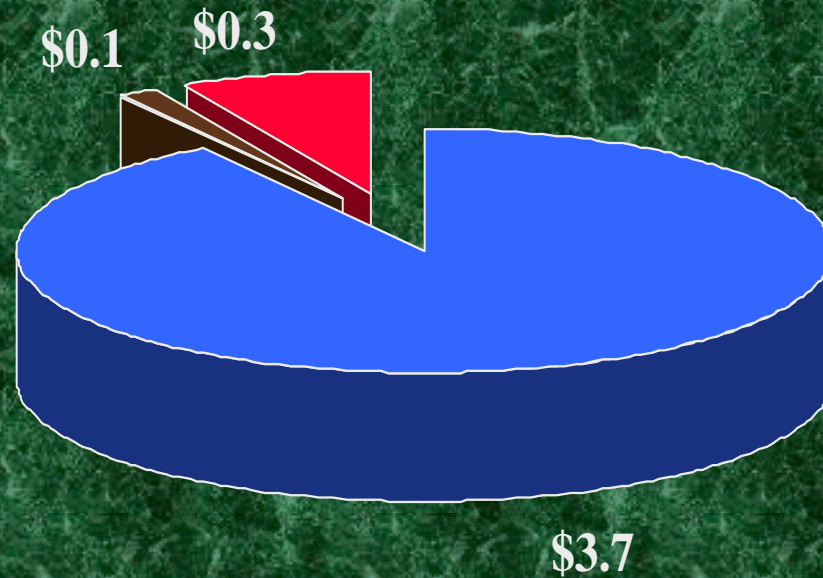
Executive Direction and Support Services

- Administrative activities are fragmented and in most instances have less than 3 FTE positions per activity.
- Organizational structure is similar to military headquarters and active units (many of which are filled with federal employees), rather than other state agencies.

Department of Military Affairs

Executive Direction and Support Services

in millions



■ General Revenue

■ State Trust Fund

■ Federal

Department of Military Affairs

Executive Direction and Support Services

Recommendations:

- Staff recommends the Department consider consolidating administrative activities from 19 to 7 for purposes of performance-based program budgeting.

Department of Military Affairs

Federal/State Cooperative Agreements Service

- The Department manages contracts for the Department of Defense which includes security, maintenance and repair and telecommunications.
- Temporary Assistance for Needy Families (TANF) funding for About Face and Forward March programs is currently appropriated directly to the Department of Military Affairs. Funding for other similar services is appropriated to the Agency for Workforce Innovation, then allocated to the Statewide Councils established by Workforce Florida, Inc.
- The Department contracts with the Department of Defense to administer the Youth Challenge Program (60% federal and 40% state).

Department of Military Affairs

Federal/State Cooperative Agreements

Recommendations:

- Staff recommends that the Department should request TANF funding for About Face and Forward March programs from the Agency for Workforce Innovation through the Statewide Workforce Councils (First Jobs/First Wages, Better Jobs/Better Wages and High Skills/High Wages).
- Staff recommends the Department revise its performance measures to be similar to those required by the Department of Defense.
- Staff recommends the Department continue to pursue increasing the federal match from 60% to 75% for the Youth Challenge Program.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Military Affairs
Program:	Readiness and Response
Service:	Military Readiness

1. Should the state continue to perform this Service? X YES _____ NO

The Military Readiness service directly supports the federal and state missions of both the Department of Military Affairs and the Florida National Guard by providing trained and equipped military units ready to support both national security objectives and state emergencies. The National Guard's state mission is to provide units trained and equipped to protect life and property and preserve peace, order and public safety, as ordered by the Governor. Florida's Army and Air National Guard's federal mission (as reserve components of the United State's Armed Forces) is to provide trained, equipped units and qualified personnel available for federal service in time of war or national emergency, as ordered by the President.

There are currently five activities associated with this service:

1. Recruit, retain and provide administrative support to personnel in the Florida National Guard.
2. Provide effective training for the Florida National Guard.
3. Maintain and repair armories.
4. Provide quality training areas.
5. Assist new recruits with the State Education Assistance Program.

2. Are there any areas where performance is not meeting expectations for this service?

Activity # 3: The outcome standard for the "number and percentage of armories rated 'adequate' " performance measure is 36 (out of 59) and 61%. Currently, the Department reports that 38 of 59 armories are rated as adequate (64%), so the Department is exceeding the current standard. However, Department staff indicated that they will start using the federal government's rating criteria during the fiscal year -- this change will probably result in *fewer* armories being rated as adequate.

The Department indicates that currently there is a backlog of maintenance and repair projects of approximately \$25 million, and the agency's LBR includes a request for over \$6 million from the General Revenue Fund for the "Florida Readiness Centers" (armories) Revitalization Plan. OPPAGA has recently conducted a review of the Department that specifically addresses armory operations. It is recommended that the Department address OPPAGA's findings and recommendations and explore other available revenue sources to

improve the state's armories, including maximizing rental fees and federal funds. The Department should also consider consolidating armory facilities if that action would reduce operating costs, while not diminishing the ability of the Florida National Guard to respond when needed. Additionally, the Department should implement all of the Auditor General's recommendations regarding armory operations described in Auditor General Report No. 02-021 (released August, 2001).

Activity #5: Regarding the State Education Assistance Program, the Auditor General indicated in Report No. 02-021 that the Department had not established adequate procedures for applying program benefits, verifying participant eligibility, and calculating and obtaining reimbursements due from participants who did not complete their service requirements. The Department should implement all of the Auditor General's recommendations regarding the tuition assistance programs. Additionally, an outcome measure should be developed for this activity, such as the number and percentage of participants who serve in the active Florida National Guard for at least three years after completing studies for which assistance was provided.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Recruit, retain and provide administrative support to personnel in the Florida National Guard	\$831,652			X
2. Provide effective training for the Florida National Guard (NOTE: this activity is completely funded by the federal government and is "off-budget.")	\$ 0			X
3. Maintain and repair armories	\$4,515,997	X		
4. Provide quality training areas	\$2,071,492	X		
5. Assist new recruits with the State Education Assistance Program	\$2,452,648			X
Total Service	\$9,871,789			X

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

While it is recommended that all of the activities associated with this service and the Military Response service be continued, the following modifications to the services and their activities are recommended:

- It is recommended that the Military Response service and its activities be merged into a renamed service: Military Readiness and Response. Apparently, the reason that "Response" was separated from "Readiness" as a service and budget entity was to account for funds related to National Guard state activation (such as reimbursements from FEMA). Implementing an alternative accounting mechanism, discussed below, will provide accountability while streamlining the budget and accounting structures. A new activity should be created in the renamed service to reflect this merger: "Coordinate Emergency Response."

- Currently, the first activity is titled “Recruit, retain and administer to personnel in the Florida National Guard.” It is recommended that this activity be retitled “Recruit, Train, Retain, and Provide Administrative Support to the personnel in the Florida National Guard.” It is also recommended that the second activity, “Provide Effective Training for the Florida National Guard,” be eliminated as a unique activity / budget entity. This activity is completely funded by the federal government (“off budget” for state budgeting purposes). By incorporating “train” into the revised title of the first activity, there is recognition of the importance of the training component in the revised Military Readiness and Response service, even though it is funded “off budget.”
- Finally, it is recommended that the “Assist new recruits with the State Education Assistance Program” be deleted as a unique activity -- funds for this program are appropriated in a special category so expenditures can be readily tracked. This program is a component of the “recruit and retain” activity.

To summarize, it is recommended that the current *Military Response* service and budget entity be deleted and the current *Military Readiness* service be renamed *Military Response and Readiness* with the following activities:

1. Recruit, Train, Retain, and Provide Administrative Support to the personnel in the Florida National Guard
2. Maintain, Repair and Operate Armories
3. Maintain and Operate Quality Training Facilities
4. Coordinate Emergency Response

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Regarding the “Coordinate Emergency Response” activity, regardless of whether the activity remains a separate service / budget entity or becomes an activity under the Military Readiness and Response service / budget entity (as recommended), the Department indicates that procedures regarding budgeting and accounting could be streamlined, *significantly* improved, and made more accountable by creating a new trust fund to account for funds received and spent when the Florida National Guard is called to active duty by the Governor (suggested title “Emergency Response Trust Fund”). Creating a trust fund will enable those funds to be visible in the budgeting and accounting processes while eliminating what has been described by some as “an accounting nightmare.”

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The deficiencies noted above regarding armories will need additional resources to remedy. Regarding the deficiencies with the State Education Assistance Program, it

would appear that the administration of the program can be improved within existing resources (consistent with the Adjutant General's response to the Auditor General's report).

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

Possibly, if measures are implemented to maximize revenues from other sources (such as armory rental fees). However, a fund shift is not recommended at this time due to recent events. Currently the armories are not available for public use and, as such, rental income is not available. It is possible that the Department will need additional funds to offset the lack of rental fees (approximately \$400,000 annually) and for increased utility costs due to the current activation status.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The LRPP and the LBR include reductions of 5 FTE positions and \$511,515 from General Revenue and \$102,519 from the Camp Blanding Management Fund. These are the only reductions listed for the Department and affect the Military Readiness service only.

The Schedule VIII B lists a reduction of \$184,344 from General Revenue and \$521,260 from trust funds, but it is unclear how the Department proposes to distribute this reduction among the services.

Given the current situation in Florida and the country (members of the Florida National Guard being called to active duty), a reduction to the Military Readiness service is not recommended as the demand for the service is expected to increase in the near future. Any reduction of funds, such as lowering the amount of General Revenue allocated for the State Education Assistance Program (described below), should be redirected for other readiness priorities.

In Special Session 2001-B, the Legislature did not recommend any reductions to the FY 2001-02 approved operating budget for the Department of Military Affairs.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

The only activity associated with the Military Readiness service that appears to be “optional,” or the least critical, is the State Education Assistance Program. Although the Department can demonstrate that this program is having a positive impact on recruitment and retention, if necessary, modifications to this activity could be made without eliminating the program to reduce the demand for General Revenue (would first need to determine and factor out funds already committed to participants). At a minimum, the Department needs to collect funds from participants who do not comply with the statutory 3-year service requirement.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Given the current situation in Florida and the country, it is not recommended that funding associated with the Military Readiness service be reduced.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

If non-recurring General Revenue is available, funding the armory maintenance and repair issue would improve the Department’s ability to support the Florida National Guard. Again, the Department should consider consolidating armory facilities when developing and implementing the Capital Improvement Plan. Additionally, as facilities are improved, they may become more marketable as rental facilities (which would generate income).

3.6 For each recommendation relating to an activity’s funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

If it is necessary to reduce the State Education Assistance Program, fewer members of the Florida National Guard would be able to take advantage of the program -- this may have a negative impact on the Department’s ability to recruit and retain Guard members.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Regarding the Auditor General’s findings and recommendations relating to the Tuition Assistance Program, it appears that legislation may be necessary to improve this program and perhaps change the level of assistance offered to reduce the need for General Revenue funding.

Chapter 240, F.S., could be amended to provide that active members of the Florida National Guard are considered residents of Florida for in-state / out-of-state tuition purposes -- if all Guard members are charged the lower tuition rate, more members could take advantage of the program (Senate Bill 128 has been pre-filed for the 2001 Session and addresses this issue).

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

None noted.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No. In some instances, security concerns make privatization unfeasible.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

None of the activities associated with this service would be more compatible with another state agency or service / budget entity.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

None noted.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

OPPAGA has recently completed a Justification Review for the Department of Military Affairs. They identified improvements that could be made to the agency's outcome and output measures. For example, instead of the current outcome measures:

1. Percent of funded positions available for state deployment – 99.5%; and
2. Number / percent of armories rated adequate – 36 / 61%,

OPPAGA recommends a more comprehensive measure:

1. Percent of units that meet essential readiness standards to accomplish routine state activation missions.

Staffing levels and the condition of the state's armories could still be reported as output measures. It is recommended that the Department review OPPAGA's report and provide revised outcome and output measures and standards to the Legislature for consideration during the 2001 session.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Military Affairs
Program:	Readiness and Response
Service:	Military Response

1. Should the state continue to perform this Service? _____ YES X NO

The Military Response service directly supports the federal and state missions of both the Department of Military Affairs and the Florida National Guard: providing trained and equipped military units ready to support both national security objectives and state emergencies. However, for purposes of performance-based program budgeting and long range program planning, the activities associated with the Military Response service are intrinsically linked to the activities of the Military Readiness service. While it is recommended that all of the activities associated with this service and the Military Readiness service be continued, it is recommended that the Military Response service and its activities be merged into a renamed service, Military Readiness and Response.

2. Are there any areas where performance is not meeting expectations for this service?

None noted.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Provide timely response to supported agencies.	\$407,135			X
2. Train Liaison Teams.	\$ 50,000			X
Total Service	\$457,135			X

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

While it is recommended that all of the activities associated with this service and the Military Readiness service be continued, the following modifications to the services and their activities are recommended:

- It is recommended that the Military Response service and its activities be merged into a renamed service, Military Readiness and Response. Apparently, the reason that "Response" was separated from "Readiness" as a service and budget entity was to account for funds related to National Guard state activation (such as

reimbursements from FEMA). Implementing an alternative accounting mechanism, discussed below, will provide accountability while streamlining the budget and accounting structures.

- A new activity could be created in the renamed service to reflect this merger: “Coordinate Emergency Response.” This one activity will replace the two activities currently in the Military Response service.

To summarize, it is recommended that the current *Military Response* service and budget entity be deleted and the current *Military Readiness* service be renamed *Military Response and Readiness* with the following activities:

- a. Recruit, Train, Retain, and Provide Administrative Support to the personnel in the Florida National Guard
- b. Maintain, Repair and Operate Armories
- c. Maintain and Operate Quality Training Facilities
- d. Coordinate Emergency Response

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Regarding the “Coordinate Emergency Response” activity, regardless of whether the activity remains a separate service / budget entity or becomes an activity under the Military Readiness and Response service / budget entity (as recommended), the Department indicates that procedures regarding budgeting and accounting could be streamlined, *significantly* improved, and made more accountable by creating a new trust fund to account for funds received and spent when the Florida National Guard is called to active duty by the Governor (suggested title “Emergency Response Trust Fund”). Creating a trust fund will enable those funds to be visible in the budgeting and accounting processes while eliminating what has been described by some as “an accounting nightmare.” The Department has submitted a request to create this trust fund during the 2002 legislative session.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

With the exception of the accounting issue described above, the activities associated with the Military Response service appear to meet legislative expectations regarding efficiency and effectiveness.

3.4. For each activity, identify potential and recommended reductions as follows:

See Military Readiness analysis -- in Special Session 2001-B, the Legislature did not recommend any reductions to the FY 2001-02 approved operating budget for the Department of Military Affairs.

- a. Can any General Revenue be shifted to trust funds?
- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.
- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?
- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

The Department is currently receiving additional resources (pursuant to the budget amendment process described in Chapter 216, F.S.) in response to current activations of the Florida National Guard.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

See Military Readiness analysis -- in Special Session 2001-B, the Legislature did not recommend any reductions to the FY 2001-02 approved operating budget for the Department of Military Affairs. Any increases in funding for the Military Readiness and Response service should enhance the Florida National Guard's ability to respond to activation orders.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

None noted.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

None noted.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No. Security concerns make privatization unfeasible.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

The activities associated with this service would not be more compatible with another state agency. It is recommended that the activities of the Military Response service be merged into a renamed Military Response and Readiness service / budget entity.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

None noted.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

Refer to recommendations included in the *Military Readiness* analysis.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency: Department of Military Affairs
Program: Readiness and Response
Service: Drug Interdiction and Prevention

1. Should the state continue to perform this Service? X YES _____ NO

The Drug Interdiction and Prevention service provides comprehensive, professional, and responsive military support to law enforcement agencies and community based organizations to assist them in reducing the availability of and demand for illegal drugs within the state and nation. The support offered by the Florida National Guard is in the form of highly skilled personnel, specialized technology, facilities and diverse types of military training. Customers include but are not limited to the U.S. Customs Service, the FBI, FDLE, local law enforcement agencies and numerous community based organizations. Drug interdiction and prevention activities contribute significantly to the agency's mission to enhance the safety of Florida's citizens.

There are four activities associated with this service:

- a. Provide Interagency Counterdrug Assistance
- b. Sponsor Anti-Drug Coalitions
- c. Improve Drug Awareness Among High School Students
- d. Provide Counterdrug Training to Law Enforcement Agencies

2. Are there any areas where performance is not meeting expectations for this service?

Outcome measures of performance for Drug Interdiction and Prevention are:

- a. Number of man days dedicated to counterdrug assistance was 51,320 in FY 1999, 44,800 in FY 2000 and 48,000 in FY 2001.
- b. Number of school students attending anti-drug presentations was 37,454 in FY 1999 and 43,000 in FY 2001.
- c. Number of community drug prevention and community coalition personnel trained was 618 in FY 2000 and 546 in FY 2001.
- d. Percent of law enforcement officers trained that rate the training as relevant and available increased from 90% in FY 2000 to 93% in FY 2001.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Provide Interagency Counterdrug Assistance	114,000	X		
2. Sponsor Anti-drug Coalitions	144,360	X		
3. Improve Drug Awareness Among High School Students	52,500	X		
4. Provide Counterdrug Training to Law Enforcement Agencies	5,687,140	X		
Total Service	5,998,000			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

It is recommended that all activities associated with this service be continued.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Several activities within this service have already undergone re-engineering. The Florida Counter Drug Training Academy has only been in existence for two state fiscal years. In that time, community coalition development was added to the academy curriculum. The Improve Awareness Among High School Students activity underwent a major redesign in FY 2001. Technical enhancements, expansion of curriculum, redesign of program and expansion of the instructor pool to include high school students to teach grade school students were some of the re-engineering efforts. In addition, the program undergoes a congressional review and re-engineering. The Federal Budget sets the annual funding for Drug Interdiction and Counterdrug Activities which is then passed through to the National Guard Bureau and allocated to the states.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations. Describe those deficiencies. Can the deficiency be addressed using current resources?

The current level of efficiency and effectiveness is meeting legislative expectations. The National Guard is uniquely positioned and equipped to support law enforcement and community-based organizations in Counterdrug Operations. These activities are enhancing the military specialties of our soldiers and airmen and are increasing the overall readiness of the Florida National Guard.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

There is a possibility that General Revenue provided for the Florida Counterdrug Training Academy could be shifted to the Criminal Justice Standards and Training Trust Fund if the law enforcement officer training

provided by the Department of Military Affairs is certified by the Criminal Justice Standards and Training Commission. Also, the agency should explore using forfeiture proceeds or consider imposing a nominal fee upon law enforcement officers to offset the need for General Revenue.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

There are no reductions associated with this service.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

The activities associated with Drug Interdiction and Prevention contribute significantly to the agency's mission to protect the citizens of Florida. Funding should not be redirected to a higher priority activity.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not Applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Currently, funding enhancements are not necessary to improve the efficiency or effectiveness of this activity.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

None. There are no recommendations to eliminate or modify the funding levels of any of the activities within this service.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis?

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

There have been no efforts by the Department to outsource or privatize this activity. Obvious barriers would include the costs associated with creating a workforce and equipment equivalent to that of the National Guard. Other agencies do provide similar activities that reach out to communities and troubled youth. However, the Department of Military Affairs is uniquely positioned to provide quality activities which directly relate to drug prevention services.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No. The tasks within this activity fit well within this service and budget entity.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

It is recommended that the Department explore the possibility of certifying its counterdrug training to law enforcement agencies through the Criminal Justice Standards and Training Commission to possibly reduce the need for general revenue funding. Certification may enable the Department to utilize Criminal Justice Standards and Training trust funds.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Military Affairs
Program:	Readiness and Response
Service:	Executive Direction and Support Services

1. Should the state continue to perform this Service? X YES _____ NO

Executive Direction and Support Services support the Florida National Guard and provide leadership and support services to a large military organization with the United States Army and Air Guard units located throughout the state. The Adjutant General is a federally recognized general officer that also serves as the senior officer of the Florida National Guard. The combined state and federal employees oversee approximately \$267.7 million in budget and 2,200 positions.

2. Are there any areas where performance is not meeting expectations for this service?

Outcome measures have not been determined for this service. The performance outcome will be determined by comparing the agency administrative cost as a percent of the total cost. However, the Department could provide more meaningful measures as they are reported to the Department of Defense for the 1,898 federal employees and the nearly 12,000 staff personnel they directly support.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Executive Direction	\$775,814			X
2. Planning and Budgeting	\$190,124	X		
3. Finance and Accounting	\$1,628,857	X	X	
4. Personnel Services/Human Resource	\$118,355	X		
5. Property Management	0		X	
6. Contract Administration	\$63,658			X
7. Training	0		X	
8. Director of Administration	\$496,937			X
9. Procurement	\$119,980			X
10. Legislative Affairs	\$171,988			X
11. Information Technology/Network Operations	\$215,001			X
12. Information Technology/Executive Direction	\$48,403			X
13. Inspector General	\$121,193			X
14. Records Management	0		X	

15. Communications/Public Information	\$54,947			X
16. Supply Room	0		X	
17. Mail Room	\$78,655			X
18. Print Shop	\$30,201			X
19. Grants Administration	0		X	
Total Service	\$4,114,113			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Several of the current activities are fragmented throughout the service and do not warrant being a separate activity. The agency should consider consolidating some of the activities for the reasons outlined:

- The total number of staff in the program is 48 FTEs, currently consisting of 19 activities and 11 of these have three or less FTEs. The small number of FTEs and budget in these activities creates an abnormal amount of effort to track and monitor. This translates into an inefficient system.
- The organization of the Department is so unique from other agencies in that the 277 FTE positions are augmented by nearly 1,850 federal full-time positions. These two workforces are integrated into a single organization with titles and functions that more closely resemble a military headquarters than a state agency.
- The Department expends approximately \$221.6 million in federal funds that do not appear in the state budget. This distorts any analysis to determine staffing ratios and could not be compared with other state agencies.

This is the recommended re-engineering of activities:

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Executive Direction (includes Legislative Affairs, Inspector General and Communications/Public Information)	\$1,123,942			
2. Director of Administration (includes Print Shop and Mail Room)	\$605,793			
3. Planning and Budgeting	\$190,124			
4. Finance and Accounting	\$1,628,857			
5. Personnel Service	\$118,355			
6. Procurement (includes Contract Administration)	\$183,638			
7. Information Technology – Net Operations (includes Information Technology – Executive Direction)	\$263,404			
Total Service	\$4,114.113			

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The current level of efficiency and effectiveness is meeting legislative and Florida National Guard expectations.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The LRPP include a reduction of one FTE position and \$52,996 in the Communications/Public Information activity. The position serves both the National Guard and the Department of Military Affairs responsible for keeping the citizens of Florida apprised of events related to the National Guard and the public informed during times of emergencies and disasters. This is the only position in the activity and should not be deleted.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

None noted.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

None noted.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

None noted.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

There are no recommendations to the funding level.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Not applicable.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

None noted.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No. The agency is so unique in that it processes many documents on a federal level with rules and guidelines very different from state government; outsourcing and privatizing would not be feasible.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

None of these activities associated with the service would be more compatible with another service.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Military Affairs
Program:	Readiness and Response
Service:	Federal/State Cooperative Agreements

1. Should the state continue to perform this Service? X YES _____ NO

This service executes Department of Defense (DOD) contracts that provide services to the Florida National Guard and to the State of Florida. The Florida National Guard's federal makeup facilitates the transfer of federal funding to in-state requirements via federal/state cooperative agreements. These agreements address a wide range of funding programs, including social assistance, maintenance and repair, security, telecommunications, environmental resource management, and equipment storage. Specifically, some of these contracts can only be executed with the Department of Military Affairs to perform these services. In some instances, the Department of Defense policy requires contract only with the Department of Military Affairs (DMA) for these services.

The mission of the Florida Department of Military Affairs is to provide Florida National Guard units and personnel ready to support national security objectives; to protect the public safety of citizens; and to contribute to national, state, and community programs that add value to the United States of America and to the State of Florida. While some of these activities provide social services (About Face and Forward March) to eligible individuals which is within the realm of the National Guard's mission, the process in which the funds are allocated should be reviewed and possibly redirected to the Agency for Workforce Innovation.

2. Are there any areas where performance is not meeting expectations for this service?

The performance standards have been met by the Department, but the relevance of the outcomes and outputs is questionable. While the Department is currently meeting the expectation of the output measure "Administer Department of Defense contracts in Florida," this conveys very little information about the activities in the program.

The Department should develop performance-based program budgeting measures and standards similar to those required by the Department of Defense in order for DMA to maintain oversight of the current contracts.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Execute Department of Defense Contract	\$19,374,410	X		
2. Execute the Youth Challenge Program	\$ 2,800,000	X		
3. Execute the About Face Program	\$ 2,500,000			X
4. Execute the Forward March Program	\$ 1,800,000			X
Total Service	\$26,474,410			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

While it is recommended that all of the activities associated with this service be continued, the Department should reevaluate how it grants funds for these programs as follows:

- “About Face” and “Forward March” Activities: The funding source for both of these activities is Temporary Assistance to Needy Families (TANF) funds. Other programs that provide similar services are under the direction of the Agency for Workforce Innovation.

The About Face Program is an after school and summer program that targets students 13-17 years of age who have been certified as eligible to receive welfare benefits. The purpose of the program is to help these students improve their academic skills, acquire basic working skills for future employment and become more familiar with life management responsibilities.

The Forward March Program is an activity-based curriculum for men and women 18 years of age or older that focuses participants on pre-employment and work maturity skills including exploring careers, job search, and effective employment.

Both of these programs are operated at Florida National Guard armories in selected Florida counties and have received national recognition for their success.

- The National Guard contracts with the Paxen Group, Inc. to provide services and implement the program.

Reports, audits and evaluation of these programs have a record throughout the state for being successful in meeting their targets and in many areas, exceeding its target. For example, an Evaluation Report on the About Face Program conducted by the Ounce of Prevention Fund of Florida reports that the program exceeded its enrollment target for two spring cycles, exceeded its student attendance target at all five project sites and exceeded its target for students achieving an acceptable level of competency in the computer literacy program.

The National Guard reports that more than 89 % of the 4,455 graduates received jobs after successfully completing the About Face Program and the Forward March Program had 927 graduates with a 76 % job success rate. However, the

funds for these programs are appropriated directly (taken off the top) to the Department of Military Affairs bypassing any review from the Agency of Workforce Innovation or Workforce Florida, Inc, whereas other allocation of TANF funds to provide similar services are allocated to the Statewide Workforce Florida Councils or to the 24 Regional Workforce Boards (RWBs). The RWBs then contract with qualified providers to execute the services.

It is recommended that the Department of Military Affairs request its funding from the Agency for Workforce Innovation through the Statewide Workforce Florida Councils.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Regarding the “Execute Department of Defense Contracts” activity, it is nondescriptive and does not provide meaningful information. Given that contracts are 100 % federally funded, the agency should identify measures at the state level as required to report to the DOD order to maintain oversight of these contracts.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The “Execute the Youth Challenge Program” activity is partially funded by the Department of Defense at 60 %, and the state match is 40 %. The state match is currently funded by the Departments of Children and Families, Juvenile Justice and Education. The agency has requested General Revenue funding for 2002-2003. To the extent that the federal match is increased from 60 to 75 %, a lesser state match would be required.

The agency has informed the committee that an increase in federal funds is being considered.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

To the extent that the Department of Defense increases its federal match from 60 to 75 %, less state funds will be needed. This could be accomplished by the Departments of Children and Families, Juvenile Justice and Education continuing to fund the state match at the same level or some level equivalent to the 75 % match, or the Department of Military Affairs should solicit other agency(s) to participate in the state match. This should also eliminate or reduce the request for General Revenue funds.

b. List and describe all reductions listed in the 5 % LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The LRPP includes a reduction of 5 FTE positions and \$1,502,067 from the Armory Board Trust Fund. It is unclear how the Department will make the reduction out of the 21 federal/state cooperative agreements, all being 100 % federally funded, and many of which provide security at a number of locations. Given the current situation in Florida and the country, a reduction is not recommended. It is expected that the cooperative agreements will increase.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

Again, the Forward March, About Face, Youth Challenge and Star Base programs provide social services to the community, which are within the realm of the Department's modified mission.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5 % savings.

Not applicable.

- 3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

- 3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

The recommendation regarding funding merely proposes seeking additional funding sources in lieu of General Revenue, which does not negatively affect any of the activities.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No. The Department of Defense contracts with the Florida National Guard to provide services ranging from military policy support at the Jacksonville Air Base to target maintenance at the Camp Blanding firing ranges. Other activities that are being outsourced are predominantly federally funded.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

None of the activities associated with the service would be more compatible with another service.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

DEPARTMENT
OF
TRANSPORTATION

Zero-Based Budgeting Review

**The Florida Department of
Transportation**

Service Areas

- Highway/Bridge Construction
- Toll Operations
- Public Transportation
- Highway Operations
- Executive Directions/Support Services
- Information Technology

Highway/Bridge Construction

Activity	FY 01-02	Rec.
Intrastate Highways	\$1,201,202,510	Yes
Arterial Highways	\$458,546,320	Yes
Resurface Roads	\$451,457,219	*
Repair & Replace Bridges	\$241,539,429	Yes
Highway Safety Construction	\$46,163,337	Yes
Local Govt. Reimbursement	\$26,574,441	Yes
County Trans. Programs	\$129,884,863	*
G/A Trans. Expressway Authority	\$15,600,000	Yes
Transfer to OTTED	\$20,000,000	*

Activity	FY 01-02	Rec.
Construction Engineering and Inspection	\$341,319,907	Yes
Bond Guarantee	\$500,000	Yes
Preliminary Engineering	\$458,628,069	Yes
Materials Testing and Research	\$45,827,784	Yes
Right of Way Land	\$641,947,480	Yes
Right of Way Support	\$152,428,100	Yes
Debt Service	\$69,000,000	Yes
Planning	\$54,770,796	Yes
Total Service	\$4,355,390,255	

FDOT Mission Statement

- Provide a safe statewide transportation system that ensures mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

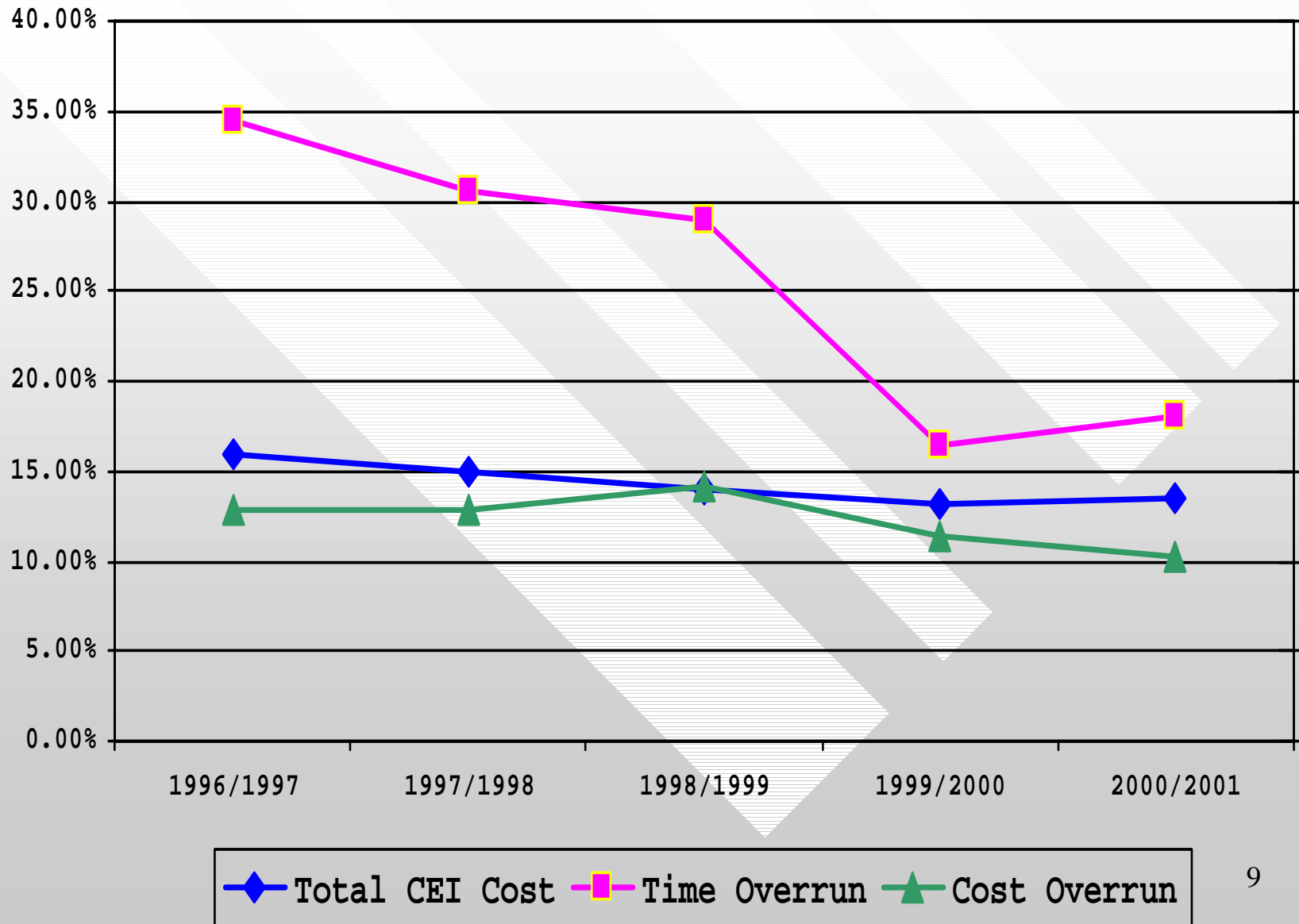
Prevailing Principles

- Preserving the existing transportation infrastructure; enhancing Florida's economic competitiveness; and improving travel choices to ensure mobility.

Staff Options

- **Modify or discontinue the Small County Outreach Program.**
- **Modify or discontinue the Small County Road Assistance Program.**
- **Modify or discontinue the OTTED Funds Transfer.**

Efficiencies within Highway and Bridge Construction



Toll Operations

TOLL OPERATIONS BACKGROUND

- The DOT Office of Toll Operations administers the collection of tolls from motorists using the Florida Turnpike and nine other road or bridge expressways in Florida.
- For fiscal year 2001-2002, the Office of Toll Operations has 996 FTEs, and an operating budget of \$110,105,817.
- Last fiscal year, the Office of Toll Operations collected \$480,734,931 in tolls.
- 80% of the toll collections was appropriated to pay debt service on the bonds issued to build the Florida Turnpike or other expressway systems, and to maintain or improve these systems.
- The remaining 20% of toll collections was spent on operating costs.

CURRENT PERFORMANCE MEASURES

- Operating cost per toll transaction:
less than 16 cents.
- Operating cost per dollar collected:
less than 20 cents.

NOTE: Turnpike Operations is achieving these measures on the average. The operating costs per transaction and per dollar collected is higher at some toll plazas, and lower at others, because of traffic volume, maintenance costs, and other factors.

STAFF OPTIONS

- Direct DOT to develop marketing and other techniques to encourage greater use of SunPass, the electronic toll collection system.
- If Legislature creates the “Turnpike Enterprise,” transfer the Office of Toll Operations to the new entity and expedite outsourcing.

Public Transportation

PUBLIC TRANSPORTATION BACKGROUND

- The Public Transportation Service includes nine activities with different statutory references.
- In most cases, public transportation systems are operated by local governments or the private sector. DOT has a minimal regulatory role, generally carrying out federal requirements.
- The Public Transportation Service's chief roles are to provide grants, distribute federal public transportation funds, provide technical assistance, participate in planning, and promote the development, improvement and operation of aerospace facilities.

Public Transportation Summary Chart

Activities	FY 01-02 Est. Expenditures	FTEs	Retain, Modify or eliminate?
Aviation	\$84,313,715	33.5	Retain
Intermodal	\$132,143,202	11.5	Retain
Rail	\$46,851,882	36.6	Retain
Seaports	\$9,980,000	9.8	Retain
Seaport debt service	\$25,000,000	N/A	Retain
TD	\$26,313,735	12 non-DOT staff	Modify
TOP	\$74,702,850	.5	Modify
Transit	\$112,957,305	40.1	Retain
Public Trans. Ops	\$9,567,348	<i>(See Total)</i>	N/A
TOTAL	\$521,830,037	132	N/A

STAFF OPTIONS

Transportation Disadvantaged

- Amend s. 427.0159, F.S., to designate the revenues derived from the existing \$1.50 registration fee as a match for local contributions.
- Restrict the Commission's funds to help out financially strapped, or rural, counties, rather than allocate a share to every county's provider.
- Create a new section in chapter 427, F.S. specifying a standard complaint/grievance process for Transportation Disadvantaged clients.
- Re-evaluate the state's role in TD program.

STAFF OPTIONS

Transportation Outreach Program

- Consider amending s. 339.137, F.S., (the TOP statute) to clarify the process used by the Advisory Council to evaluate and select projects, and to add more accountability to the selection process.
- Re-evaluate the Legislature's role in the TOP process.

OTHER OPTIONS

- Direct DOT to re-evaluate its current “historical funding” approach to allocating revenues to the various entities within the Public Transportation Service, so that the agency has more flexibility to address new priorities, utilize new technologies, and meet unexpected needs.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency: Florida Department of Transportation Program: Highway/Bridge Construction Service: Highway/Bridge Construction
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1. *Should the state continue to perform this Service?* X YES _____ NO

Provide reasons for the above recommendation.

The mission of the Florida Department of Transportation (FDOT), as defined by s. 334.046(2), F.S., is to provide a safe statewide transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

As required by s. 334.046(4), F.S., FDOT's goals, at a minimum, are to address: (a) Preservation—Protecting the state's transportation infrastructure investment by ensuring 80 percent of the pavement on the State Highway System meets FDOT standards, by ensuring 90 percent of FDOT bridges meet FDOT standards, and by ensuring FDOT achieves 100 percent of the acceptable maintenance standard on the State Highway System; (b) Economic competitiveness—Ensuring the state has a clear understanding of the economic consequences of transportation investments, and how such investments affect the state's economic competitiveness; and (c) Mobility—Ensuring a cost-effective, statewide interconnected system.

The State Highway System is comprised of 11,961 miles of highway. The Florida Intrastate Highway System (FIHS) comprises approximately 3,750 miles of the State Highway System and is the state's major inter-city highway network connecting all of Florida's metropolitan areas and places of commerce and interest. Although the FIHS makes up only 3 percent of Florida's public roads, it carries 32 percent of the traffic. The FIHS makes up about a third of the State Highway System, yet it carries about half of the traffic and 70 percent of the heavy truck volumes on the entire system. Approximately 1700 miles of the FIHS are arterial highways and the rest are Interstate highways. Arterial Highways are intended to collect and distribute traffic from the FIHS and provide for highway trips made within urban areas that are not made on the FIHS. Arterial highways are a vital part of FDOT's mission in that arterials complement FIHS activity by providing a collection and distribution function.

The Highway/Bridge Construction service is essential to meeting FDOT's mission and goals. Resources contained in this service provide: transportation facilities and services to

reduce the number of structurally deficient highways and bridges requiring replacement or repair; funds to expand capacity of the State Highway System; funds to acquire the necessary rights of way to support FDOT's Work Program; and the resources necessary to support this service. In addition, this service provides for bond guarantees and the transfer of funds to transportation expressway authorities and the Office of Tourism, Trade and Economic Development.

2. Are there any areas where performance is not meeting expectations for this service?

FDOT does not expect to meet the 80 percent standard for repaving the State Highway System in FY 2001-02. The FDOT requested the standard be changed to 79 percent because that is the percentage of state highway pavement FDOT expects to meet the standard. The reason given by FDOT for not meeting the standard is the implementation of the Small County Road Assistance Program resulting in a reduction of the amount of money available for the resurfacing of roads on the State Highway System. \$125 million was allocated to the new program over the five year period from FY 1999/2000 - 2003/04.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Intrastate Highways	\$1,201,202,510	X		
2. Arterial Highways	\$458,546,320	X		
3. Resurface Roads	\$451,457,219	X		See 3.1a
4. Repair & Replace Bridges	\$241,539,429	X		
5. Highway Safety Construction	\$46,163,337	X		
6. Local Government Reimbursement	\$26,574,441	X		
7. County Transportation Programs	\$129,884,863	X		See 3.1a
8. G/A Transportation Expressway Authority	\$15,600,00	X		
9. Transfer to OTTED for Transportation Projects	\$20,000,000		X	See 3.1b
10. Construction Engineering and Inspection	\$341,319,907	X		
11. Bond Guarantee	\$500,000	X		
12. Preliminary Engineering	\$458,628,069	X		
13. Materials Testing and Research	\$45,827,784	X		
14. Right of Way Land	\$641,947,480	X		
15. Right of Way Support	\$152,428,100	X		
16. Debt Service	\$69,000,000	X		
17. Planning	\$54,770,796	X		
Total Service	\$4,355,690,255			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

The Legislature should consider modifying or discontinuing the Small County Outreach Program within the County Transportation Program Activity, the Small County Road Assistance Program within the Resurface Roads Activity, and the Transfer of OTTED for Transportation Projects Activity in order to more fully meet the mission and goals of FDOT.

- a. The Small County Outreach Program (small county is defined as 150,000 or less), and the Small County Road Assistance Program (small county is defined as 75,000 or less) were created to assist small county governments in resurfacing and reconstructing county roads. Small counties are eligible to compete for funds that have been designated for the Small County Outreach Program. The FDOT funds 75% of the cost of projects on county roads funded under the Small County Outreach Program and 100% of the cost of projects on county roads funded under the Small County Road Assistance Program.

The Small County Road Assistance Program is limited to \$25 million a year until FY 09-10. The Small County Outreach Program is an unfunded program beginning in fiscal year 2002-03. Corridor studies and other reports (Transportation Cornerstone Report, Florida Freight Stakeholders Task Force, Multi-Modal Trade Corridor Assessment Study) recommended focusing investment on trade corridors and efficient intermodal connections between airports, cruise terminals, and major attractions. There is general agreement in most of these studies that concentrating limited state funds on the Florida Intrastate Highway System, and major arterials is the most effective use of limited resources. The Legislature should determine if the Small County Outreach Program and the Small County Road Assistance Program, which focus on county roads, are the most effective use of state funds for this activity.

The County Incentive Grant Program is an unfunded program beginning in fiscal year 2002-03. However, the County Incentive Grant Program is not recommended for discontinuation because it encourages counties to use the funds on the State Highway System. To be eligible for the County Incentive Grant Program, the project must be located on the State Highway System or relieve congestion on the State Highway System. For projects on the Florida Intrastate Highway System FDOT provides 60% of project costs, and for projects on the State Highway System FDOT provides 50% of project costs. For local projects, which are demonstrated to relieve traffic congestion on the State Highway System, FDOT provides 35% of project costs.

- b. The Economic Development Transportation Fund was created in 1980 and was initially administered by FDOT and the Florida Department of Commerce to help local governments attract new businesses and retain existing businesses while fulfilling state concurrency requirements. Since that time, the program has been put under the charge of the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and FDOT serves as a pass-through for \$20 million annually.

Eligible projects are those which facilitate economic development by eradicating location-specific transportation problems (e.g., access roads,

signalization, road widening, etc.) on behalf of a specific eligible company. Up to \$2,000,000 may be provided to a local government to implement the improvements. The actual amount funded is based on specific job creation and/or retention criteria.

The unit of government who will own and be responsible for maintenance of the transportation improvement must apply to Enterprise Florida and have approval of funds for its transportation project prior to the final decision of the company on whose behalf the application was made. In order for the application to be considered, that company must estimate and disclose:

- The estimated amount of capital investment it intends to make in the facility,
- The estimated number of permanent full-time jobs to be created and/or retained at the facility, and
- The average hourly wage, excluding benefits, for the new and/or retained permanent full-time jobs.

Upon receipt of an application, Enterprise Florida staff determines if it is complete and meets program requirements. Any project found to meet these requirements would be presented to OTTED for funding consideration. Funding recommendations are based on the amount of funds requested, the number of permanent full-time jobs created and/or retained, the economic and demographic conditions of the community in which the location is being considered, and the type of company on whose behalf the application is made.

After project approval and after funds for the project are approved, the company may proceed with its final site selection decision. The Director of OTTED will enter into a contract with the applicant for the elimination of the transportation problem. After the company, on whose behalf the application was made, has begun construction of its facility and the local government has submitted necessary documentation, a request for funds may be submitted to OTTED. The local government may receive a 90-day advance of funds, but must provide evidence of disbursement for eligible expenses before receiving additional funds. Otherwise, funds may be requested on a quarterly basis.

Because this activity does not squarely meet the FDOT mission or goals, it should be modified to better meet the mission or be discontinued.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The Interstate Highways, Arterial Highways, Resurface Roads, Repair and Replace Bridges, and Construction and Engineering and Inspection Activities: FDOT has

experienced modest improvements in time and cost overruns over the past few years. In 1996, FDOT was authorized to use innovative contracting methods (s. 337.025, F.S.), and FDOT established performance measures for keeping track of cost and time overruns. Limited use by FDOT of design build contracting, as well as other innovative contracting methods, have played a role in the recent cost and time overrun improvements. Expanded use of innovative contracting methods should further increase these improvements.

As stated earlier, studies suggest focusing the state's limited resources on trade corridors and efficient intermodal connections between airports, cruise terminals, and major attractions, which are the backbone of Florida's economy.

Authorizing more flexibility for some of the more productive activities within FDOT could significantly enhance the effectiveness of this service. Florida's Turnpike has a successful history of providing cost effective capacity improvements to the Florida Intrastate Highway System. HB 1053, FDOT's 2001 Legislative package (vetoed), would have significantly amended ss. 338.221 – 338.241, F.S., which are related to the Florida Turnpike. The Turnpike District would have been recreated as the "Turnpike Enterprise." The Turnpike Enterprise would have the autonomy and flexibility to be able to pursue "innovations as well as the best practices found in the private sector in management, finance, organization, and operation." A major change in how the Turnpike Enterprise will operate differently than the Turnpike District is that Turnpike projects will not be required to eventually generate enough toll revenue to repay the bond debt incurred to build them. Under the bill, "economically feasible" is redefined as meaning "the revenues of the proposed turnpike project in combination with those of the existing turnpike system are sufficient to service the debt of the outstanding turnpike bonds to safeguard investors."

The bill provided the Turnpike Enterprise would not be bound by a cap on the amount of money to be spent on innovative highway projects; and gave the Turnpike Enterprise the authority to plan, design, build and maintain the Florida Turnpike system. The bill gave FDOT more flexibility to adopt rules pertaining to the enterprise's ability to use procurement procedures that are alternatives to those in chapters 255, 287 and 337, F.S., and authorized the enterprise to automatically carry forward each fiscal year its unexpended funds and to enter into contracts or licenses with persons to create business opportunities on the turnpike system.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

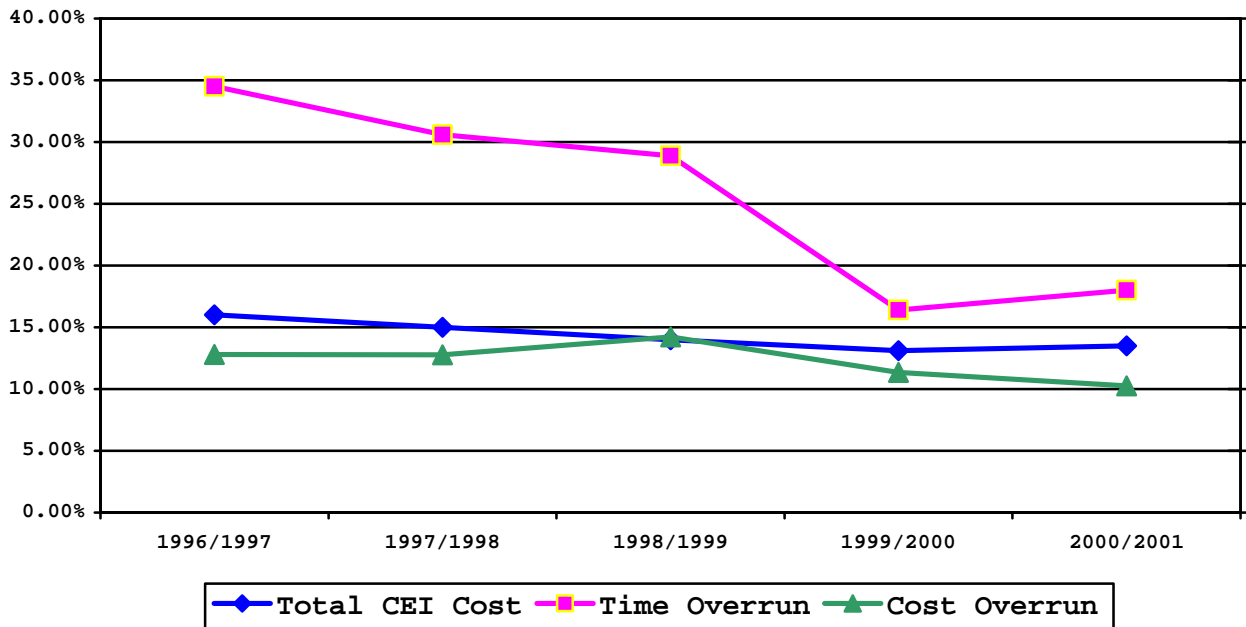
Section 334.046, F.S., requires FDOT to ensure that 80 percent of the pavement on the State Highway System meets FDOT standards; and requires FDOT to ensure 90 percent of the FDOT maintained bridges meet FDOT standards. These are the only specific performance measures for FDOT in substantive law. Only 78 percent of the pavement on the State Highway System met FDOT standards this year while 93 percent of FDOT

bridges met FDOT standards. The following provides the outcomes for each activity within the Highway/Bridge Construction Service.

The Legislative expectations for the Highway/Bridge Construction Service for the last three fiscal years are expressed in the following standards:

Measure	1999-00		2000-01		2001-02	
	Standard	Actual	Standard	Actual	Standard	Estimated
Highway and Bridge Construction and Service Measures						
Number of motor vehicle fatalities per 100 million miles traveled	<2.05	2.10	<2.05	2.05	<2.05	<2.05
Percentage of state highway system pavement meeting Department standards	80%	79%	78%	79%	80%	78%
Percentage of FDOT-maintained bridges which meet Department standards	90%	92%	90%	90%	90%	90%
Percentage increase in number of days required for completed construction contracts over original contract days (less weather days).	<30%	16.4%	<30%	30%	<25%	<25%
Percentage increase in final amount paid for completed construction contracts over original contract amount	<10%	12.6%	<10%	10%	<10%	<10%

The following graph further illustrates the percentage increase in total construction engineering and inspection costs, time overruns, and cost overruns:



The Legislative expectations for the activities within the Highway/Bridge Construction Service for the last three are expressed in the following measures:

Activity	Measure	1999-00		2000-01		2001-02	
		Standard	Actual	Standard	Actual	Standard	Estimated
Highway and Bridge Construction and Service Measures							
Intrastate Highway & Arterial Highway	Total budget for intrastate highway construction and arterial highway construction divided by the number of lane miles let to contract.	None	\$4,699,322	\$3,500,000	\$3,137,703	\$3,310,802	\$3,310,802
Intrastate Highway & Arterial Highway	Number of lane miles let to contract for highway capacity improvements	287	298	251	251	477	477
Intrastate Highway & Arterial Highway	Percentage of construction contracts planned for letting that were actually let	95%	98%	95%	95%	95%	95%
Highway Safety Construction	Number of motor vehicle fatalities per 100 million miles traveled	<2.05	2.10	<2.05	2.05	<2.05	<2.05
Repair & Replace bridges	Number of bridges let to contract for replacement	60	72	42	42	9	9
Right of Way Land	Number of Right-of-Way parcels acquired.	1,580	1,800	2,159	2,159	2,395	2,395
Right of Way Support	Number of projects certified ready for construction	58	78	68	68	82	82

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

For Fiscal Year 2001-02, there is \$45 million non-recurring general revenue in this service area. The \$45 million is being used on non-recurring projects.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Construction Engineering Inspection Activity: FDOT plans to delete 51 positions and \$1,714,142 of related recurring operating budget in FY 2002-03 to reflect additional privatization and organizational efficiencies of construction engineering inspection activities; however, FDOT will modify its tentative work program to reflect increased contract levels. FDOT intends to delete an additional 170 positions by the end of FY 2005-06. Currently, 67% of the construction engineering inspection activities are outsourced. Due to efficiencies created by alternative contracting methods, reduced paperwork, reduced testing, changes to quality control, and improved management these positions are proposed for deletion. This proposed recommendation should be approved.

Preliminary Engineering Activity: FDOT plans to delete 36 positions and \$1,105,166 of related recurring operating budget in FY 2002-03 to reflect additional privatization and organizational efficiencies of preliminary engineering activities; however, FDOT will modify its tentative work program to reflect increased contract levels. FDOT intends to delete an additional 173 positions by the end of FY 2005-06. Currently, 85% of the preliminary engineering activity dollars are outsourced. The position deletions represent further outsourcing. This proposed recommendation should be approved.

Materials Testing and Research Activity: FDOT plans to delete 23 positions and \$634,085 of related recurring operating budget in FY 2002-03 to reflect additional privatization and organizational efficiencies of materials testing and research activities; however, FDOT will modify its tentative work program to reflect increased contract levels. FDOT intends to delete an additional 88 positions by the end of FY 2005-06. Currently, 63% of them are outsourced. The proposed reductions represent the findings of the Materials Model Task Team, which concluded efficiencies would be achieved by outsourcing these positions. This proposed recommendation should be approved.

Right of Way Support Activity: FDOT plans to delete 24 positions and \$784,223 of related recurring operating budget in FY 2002-03 to reflect additional privatization and organizational efficiencies of right of way support activities. In addition FDOT is requesting \$166,667 in consultant fees in anticipation of full privatization of the Outdoor Advertising Program during FY 2002-03. FDOT intends to delete an additional 46 positions by the end of FY 2005-06. Currently, 51% of the right of way support activities are outsourced. Outsourcing the Outdoor Advertising Program will save the FDOT \$104,000 over the next seven years. The proposed recommendation should be approved.

Planning Activity: FDOT plans to delete 6 positions and \$164,367 of related recurring operating budget in FY 2002-03 to reflect additional privatization and organizational efficiencies of planning activities; however, FDOT will modify its tentative work program to reflect increased contract levels. FDOT intends to delete an additional 32 positions by the end of FY 2005-06. Currently, 50% of the planning activities are outsourced. While outsourcing of certain planning

activities may cost more in the short term, outsourcing in the long term should be cost effective because the FDOT will be able to use consultant planners when in-house staff do not possess the necessary expertise to accomplish the desired product in a timely manner. In addition, the consultant staff will better incorporate best practices and experiences from multiple clients and geographic locations. The proposed recommendation should be approved.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

FDOT has given a priority ranking to the activities within the Highway/Bridge Construction Service area. FDOT ranks the activity of transferring monies to OTTED, County Transportation Programs, and G/A Transportation Expressway Authority as the least relevant and least effective activities in accomplishing the FDOT's mission and goals. These activities received low rankings by FDOT because they do not affect safety, preservation, or mobility.

The FDOT mission is to provide a safe statewide transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment. The G/A Transportation Expressway Authority activity meets the requirements of the mission statement and funds should not be redirected or eliminated for this activity. The OTTED and County Transportation Programs activities do not meet all of the mission requirements. Therefore, these activities should be reviewed and modified to more fully meet the mission or be discontinued. (See 3.1)

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements, which would significantly enhance the efficiency or effectiveness of the activities within this service?

FDOT could be authorized to further leverage their current funding stream. Approximately 6 percent of revenues deposited into the State Transportation Trust Fund are currently leveraged (94 and one half percent pay-as-you-go). Leveraging techniques currently employed by FDOT include Advanced Construction, the Local Government Loan Program, the Toll Facilities Revolving Trust Fund, the State Infrastructure Bank, Right of Way and Bridge Bonds, and GARVEE bonds.

Section 206.46, F.S., provides for the transfer of up to 7 percent of revenues deposited into the STTF annually, not to exceed \$135 million, to pay for debt service on Right of

Way and Bridge construction Bonds. Since the STTF has grown, the 7 percent exceed the \$135 million cap, therefore limiting FDOT's bonding capacity.

The local government loan program provides local governments may loan funds to the FDOT to advance a project forward in the existing work program. The local government is repaid by FDOT in the year the project was originally scheduled in the work program. This program is currently limited to \$100 million. Amending statutes (s. 339.12, F.S.) to raise the cap to \$150 million would allow more transportation projects to be advanced.

Discontinuing the Small County Outreach Program, the Small County Road Assistance Program, and the transfer to OTTED would allow FDOT to reprioritize \$70 million annually to projects with more statewide impact on the economy and intercity movement.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Discontinuation of the Small County Outreach Program, the Small County Road Assistance Program, and the transfer to OTTED would remove \$50 million in state funding for county roads and \$20 million from OTTED.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

See 3.5 and 3.2

5. Were there any areas in this service, which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

FDOT has not done many studies examining and comparing the costs of in-house work and outsourcing in the activities of Construction Engineering Inspection and Preliminary Engineering.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

The Interstate Highways, Arterial Highways, Resurface Roads, Repair and Replace Bridges Activities: All intrastate highway and arterial construction as well as resurfacing and bridge repair and replacement are outsourced through competitive bids.

Highway Safety Construction: Since private entities perform much of the design work, nearly all of the construction work, and much of the Construction Engineering Inspection, this activity is essentially outsourced now. FDOT safety staff, in addition to maintaining the State System crash database and the accompanying analysis programs, performs most of the project identification and conceptual design work, plus oversee and evaluate the overall program. The FDOT staff identifies the problem areas and selects the projects for funding, and then the projects are implemented by other state and local agencies.

The Local Government Reimbursement, County Transportation Programs, G/A Transportation Expressway Authority, OTTED Transfer, and Debt Service Activities:

There are no FTEs associated with these activities.

Construction Engineering and Inspection Activity: FDOT currently contracts with consultants to perform 67 percent of the Construction Engineering and Inspection on FDOT projects. Contracts with other governmental entities to perform projects, including Construction Engineering and Inspection, are in addition to this. According to FDOT there would be no quality improvement in privatizing since consultants are required to perform the same activities as FDOT staff. The FDOT is currently improving its current practices for tracking the cost for consultant CEI. Until these improvements are made it is difficult to say whether cost can be reduced.

The Bond Guarantee Program: This activity is outsourced. The Bond Guarantee Program is administered by the Florida A&M University Small Business Development Center.

Preliminary Engineering Activity: Currently, 85 percent of FDOT's preliminary engineering dollars are used to fund privatized preliminary engineering activity. According to FDOT, costs would not be decreased due to privatization (*what studies prove this?*), but FDOT does not have enough in-house staff to handle the workload.

Materials Testing and Research Activity: Currently, approximately 63 percent of the materials and testing activity is privatized. FDOT has found that identifying the functions that can be privatized can decrease costs to FDOT and supporting the industry develop alternatives for other functions.

Right of Way Land Activity: This activity covers only the costs to purchase right-of-way, not including manpower support.

Right of Way Support Activity: FDOT has historically outsourced substantial portions of the right-of-way support activity. The trend towards outsourcing is expected to continue as private sector resources expand and are able to accept a larger share of this activity. The primary barrier to expanded outsourcing of this activity is the availability of qualified firms to provide services relating to this activity.

Debt Service Activity: Approximately 50 percent of planning activity functions is outsourced. According to FDOT an appropriate mix of FDOT and consultant staff can maximize the quality and quantity of planning activities.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

Not Applicable.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No. The mission of FDOT, as defined in s. 334.046, F.S., was amended by the Legislature in 2000 to reflect the FDOT 2020 Plan, and to better reflect FDOT's mission. The section was further amended to provide the prevailing principles which must be considered in planning and developing an integrated, balanced state-wide transportation system are: preserving the existing transportation infrastructure; enhancing Florida's economic competitiveness; and improving travel choices to ensure mobility.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Transportation
Program:	Toll Operations
Service:	Toll Operations

1. *Should the state continue to perform this Service?* X YES _____ NO
Provide reasons for the above recommendation.

The DOT Office of Toll Operations administers the collection of tolls from motorists using the Florida Turnpike and nine other road or bridge expressways in Florida. The Office operates 140 toll facilities on nine roads and four bridges. In addition, it ensures those toll revenues are properly deposited and audited; it implemented and maintains the electronic Sun Pass collection system; it maintains toll plazas, acquires and maintains equipment necessary for toll plaza operations; and it assists in strategic planning for the toll system.

For fiscal year 2001-2002, the Office of Toll Operations has 996 FTEs and an operating budget of \$110,105,817, about 20 percent of total toll collections. Last fiscal year, the Office of Toll Operations collected \$480,734,931 in tolls -- 80 percent of which was appropriated to pay debt service on the bonds issued to build the Florida Turnpike or other expressway systems, and to maintain or improve these systems.

Because of the large sum of toll revenues being collected, it is crucial that the state agency primarily responsible for providing safe and efficient transportation system have a strong oversight and management role in toll collections.

2. *Are there any areas where performance is not meeting expectations for this service?*

There are two answers to this question. One is "no." The only activity under the Toll Operations Service, also named "Toll Operations," apparently is meeting the two unit-cost measures agreed to by the Governor's Office of Planning and Budgeting, the House of Representatives and the Senate. However, it is uncertain whether these unit-cost measures are the best, or most efficient, barometers for the activity. It is also difficult to determine how Florida's toll-collection performance ranks with that of other states or even Florida's local expressway authorities.

The two measures are:

- Operation cost per toll transaction: less than 16 cents; and
- Operation cost per dollar collected: less than 20 cents.

Staff of the Office of Toll Operations say Florida's toll operations rank in the top five nationally, in terms of performance and costs, based on informal surveys. Comparison data is difficult to quantify because of differences among the states in reporting operating data. Even trying to compare unit costs of the Orlando-Orange County Expressway Authority, the Tampa-Hillsborough Expressway Authority, and the Miami-Dade Expressway Authority on the basis of "operational cost per dollar collected" is difficult because, for one thing, the DOT Office of Toll Operations does the collections for some of these authorities.

DOT staff continue to work on a full-cost accounting breakout for toll operations, including a comparison of the cost per traditional transaction, compared to the cost per Sun Pass transaction.

That discussion segues into the second answer to original question, which is "maybe." Since the unit-cost measures were based on existing collection rates and operational costs, the activity is meeting expectations only if one is satisfied with the status quo at the Office of Toll Operations. Determining how to make a fair comparison of a system undergoing a major technological transition -- from one where people predominately collect cash toll payments, to one where tolls are paid electronically with SunPass -- would assist the Department and the Legislature in making policy decisions about the future of toll collections in Florida.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Toll Operations	\$111,166,863	X		
Total Service	\$111,166,863			

Yes, the Department should continue to collect, or manage the collection of, tolls.

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

As part of the Governor's 5-Year Staff Reduction Initiative than began in fiscal year 2001-2002, the Department is committed to outsourcing or privatizing 915 positions in the Office of Toll Operations by fiscal year 2004-2005, which will leave a total of 219 positions in this office. This current fiscal year, the agency deleted 183 positions from Tolls, most of them vacant or lost through attrition. For fiscal year 2002-2003, 318 positions will be deleted, most of that due to the work being

contracted to private firms. The Department expects the private contractors to hire many of the former agency toll collectors.

OPPAGA and legislative staff have looked at whether DOT could accelerate the FTE reductions in the Office of Toll Collections. In particular, OPPAGA recommended in its *Report 01-13* that the Department could expedite by two years, to fiscal year 2002-2003, nearly all of its proposed staff reductions, including all toll collectors. OPPAGA recommended that the Department retain toll collection supervisors, at least until SunPass use has reached a point where fewer toll collectors -- and thus supervisors -- are needed.

The Department has stated that it prefers to continue with the five-year reduction plan, as a way to minimize negative impacts on employees.

Toll-operations privatization efforts likely will result in operational cost savings, but the savings may not be significant. The Department has identified at least \$1 million in savings through its initial privatization efforts in the Office of Toll Operations. For fiscal year 2002-2003, the Department is estimating about a \$900,000 savings, based on the difference between what the 315 toll collector FTEs would have earned and the cost of the private contract. This amounts to less than 1 percent of the estimated expenditures for toll operations.

Two inter-related studies produced last year which reviewed Department structure, by KPMG and IMG, laid out a series of scenarios on revamping the Florida Turnpike District. The studies indicated that toll-collection costs likely would decline if the Turnpike became a private entity, authority, or a quasi-governmental entity, and customer service likely could improve.

In its response to legislative staff as part of the ZBBR exercise, the Department wrote, "Previous studies suggest that costs and quality would be substantially the same with outsourcing or privatization as it would with government operation. We have realized a minor cost savings through tolls privatization." Department staff said the studies they were referring to were those prepared by IMG and KPMG.

Privatization efforts also would make it easier for the Department to transition to electronic toll collection, via the SunPass. Legislative staff and OPPAGA also have considered whether measures to encourage the use of SunPass can be expedited. Greater use of SunPass should theoretically mean less need for salaried toll collectors, and thus reduce the dollar amount of the contracts.

However, Department staff say the costs associated with monitoring and administering SunPass technology, constructing dedicated SunPass toll lanes, and creating a marketing campaign also will be expensive. This is in light of 1992 findings by the University of South Florida's Center for Urban Transportation Research (CUTR) that implementation of an electronic toll-collection system (such

as today's SunPass) could provide a savings of \$145 million as a result of reductions in capital-construction projects at toll facilities over the next 10 years.

So that the Legislature will have the best-available information at its disposal in determining the future of toll operations in Florida, legislative staff recommends that the Department continue an aggressive campaign to promote SunPass use.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

As noted under Question 2, it is difficult to assess whether the Toll Operations service and activity are meeting legislative expectations because the performance standards are adjusted each year based on current numbers. It also is difficult to determine how well the office is doing its job, based on these standards, because comparison data to other toll system operations, in Florida and in other states, is unavailable or incompatible.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No. The Office of Toll Operations does not receive any General Revenue.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

In compliance with the Long Range Program Plan to reduce the agency's budget by 5 percent, the Department has to decrease the Office of Toll Operations' budget by about \$1.4 million. The Department plans to achieve this through: the \$901,148 savings in the difference between the salaries of the 318 deleted FTEs and the amount of the toll operations contract; a \$300,000 reduction in overtime expenditures; a \$200,000 reduction in materials and equipment costs associated with the toll plazas; and a \$19,179 reduction in vehicle expenditures.

The Department's Legislative Budget Request's Schedule 8B reduction list does not include any reductions specific to the Office of Toll Operations. Instead, the Department has indicated it could cut an additional \$2.16 million in salary expenditures agencywide by freezing vacancies or extending the length of time vacancies can be filled. It is possible that a portion of this reduction could impact the Office of Toll Operations.

Legislative staff agrees with these operating reductions. Additional positions could be eliminated within the Office of Toll Operations, but significant layoffs would be required.

- c. *List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?*

By the end of FY 03-04, 90 percent of the toll collections operations for DOT will be privatized. Only 219 upper management, on-site contract supervisors and administrative support staff will remain as DOT employees. The primary reason the Department selected toll collection activities as a prime candidate for staff reductions was that it is less relevant to the Department's core mission in providing safe transportation, as long as strong oversight and audit functions remain within the Department.

The actual savings that results from privatization of the Office of Toll Operations will likely be redirected into the Work Program for use by the Turnpike, to either pay debt service, build new expressways, or maintain and operate the existing system.

- d. *For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.*

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Office of Toll Operations staff have discussed the dilemma of how to encourage greater use of SunPass without antagonizing Florida residents and visitors who don't want to -- or need to -- buy the necessary transponders. According to the Department, few of the existing toll plazas have sufficient capacity to be able to dedicate one or more lanes to SunPass users now, without exacerbating congestion in the cash-and-ticket lanes.

A June 1990 study by the aforementioned CUTR listed as one of the many benefits of an electronic toll system the obvious time-travel savings for transponder users. But CUTR research indicates that, long-term, traffic flow improves in non-transponder lanes as more motorists switch to electronic toll payment.

The Office of Toll Operations' position is that it is in the best interest to proceed slowly until more SunPasses are purchased, and more dedicated lanes can be built. Yet, legislative staff have discussed what opportunities exist for operating and capital cost-savings, if the Department more aggressively promotes SunPass. They also have discussed the benefits and negative impacts of earmarking more funds in the Five-Year Work Program to build SunPass-dedicated lanes at toll plazas, or renovate toll plazas so that existing lanes can be dedicated. Clearly, safety and

convenience impacts must be considered in any proposal to expedite the use of SunPass on the Turnpike.

Legislative staff recommends that the Department's Turnpike and Toll Operations staff research this issue further, taking a cost-benefit analysis approach.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

Yes, the lack of comparative data hinders a thorough analysis of the Office of Toll Operations. Refer to the discussion under to Question 2.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

Refer to the discussion under Question 3.2.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

The Department plans to incorporate the remaining contract management responsibilities of the Office of Toll Operations with the Turnpike District, under proposed legislation creating a Turnpike Enterprise, to be re-filed for the 2002 Session. Legislation creating the Turnpike Enterprise passed the Legislature in 2001 as part of CS/CS/HB 1053, which was vetoed by the Governor for reasons unrelated to the Turnpike issue.

There is no other state agency to whom it would be appropriate to transfer the duties and responsibilities of the Office of Toll Operations.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

Legislative staff recommends:

- ❑ Working with agency staff to develop additional performance measures for the Office of Toll Operations, and
- ❑ If 2002 legislation creating a Turnpike Enterprise becomes law, eliminating "Toll Operations" as a Service and redesignating it as an Activity under a new Turnpike Enterprise Service area.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Transportation
Program:	Public Transportation
Service:	Public Transportation

1. Should the state continue to perform this Service? X YES _____ NO
Provide reasons for the above recommendation.

The Department has a statutory responsibility to provide safe transportation to its citizens, preserve the state's existing infrastructure, and to promote efficient and effective intermodal access. The state also has an obligation to ensure that its tax dollars are spent on projects that help meet these needs.

Florida's transportation infrastructure includes: 114,000 miles of road; 2,900 miles of railroad trackage; 23 urban public transit systems; 14 seaports; 19 commercial passenger service airports; a space port; and more than 100 general aviation airports open to the public. According to 1997 statistics reported by the Department, this intermodal system facilitated: more than 120 billion "travel miles" by automobiles, trucks and other vehicles; the movement of more than 350 tons of freight to other states and nearly \$64 billion in international exports and imports; more than 170 million transit passenger trips; the movement of about 47 million visitors; and 32 space launch missions.

The Public Transportation Service includes nine activities with different statutory references. For most of these activities, the Department has a minimal regulatory role, generally carrying out federal requirements. The Service's chief roles are to provide grants, distribute federal public transportation funds, provide technical assistance, participate in planning, and promote the development, improvement and operation of aerospace facilities. Section 206.46(3), F.S., requires the Department to spend at least 15 percent of its state funds on public transportation. In fiscal year 2001-2002, that totaled about \$522 million.

A brief explanation of each activity follows:

The Department's **aviation** responsibilities derive from Chapters 330 through 333, F.S. Generally, The Department's Office of Aviation reviews airport master plans; prepares every 10 years a statewide aviation plan; licenses and inspects airports; awards grants; is consulted on zoning issues; and reviews and approves airspace requests.

The Federal Aviation Administration is the primary regulator of airports, airlines and pilots. Local governments take the lead in airport planning and zoning decisions; in the majority of instances, city and county governments either own public airports, or serve on airport authorities that make the major day-to-day operating decisions.

The Aviation Office in fiscal year 2001-2002 distributed \$84.3 million in grants. Under existing state law, funds may only be used at publicly owned airports for capital improvement projects. However, in the recently concluded special session, the Legislature passed CS/SB 48-B, which gives the Department the authority to consider and approve requests from publicly owned airports to use capital improvement grant funds for security and other operating expenditures arising from the impacts of the September 11, 2001, terrorist attacks. The Governor has not acted on CS/SB 48-B.

The Department's **Intermodal** Development Program was created in s. 341.053, F.S. , to help identify and finance projects that promote linkages of two or more different modes of transportation. Although not required under federal transportation law, Florida leaders believed that intermodal connectivity is of great economic importance to the state and benefits residents and visitors. The Department is updating its Intermodal System Plan and is in Phase 2 of a Freight/Trade Corridor Plan.

Projects funded to date have primarily improved or created access to and from airports, seaports and railroads. The intermodal project receiving the most attention -- and funds -- currently is the "Miami Intermodal Center" (MIC), that is anticipated to improve the linkages of the Miami International Airport to I-95, provide better access for visitors needing rental cars and public transit, and make it easier and safer, via "people movers," for travelers to get in and out of the airport terminal and area parking lots.

The Intermodal program's funding in fiscal year 2002-2002 was a little more than \$132 million.

The Department's **rail** responsibilities are found in Chapters 341 and 351, F.S. They are minimal, since the Federal Rail Administration regulates the primarily privately owned industry. The Department's Rail Office is required by federal law to develop and annually update a State Rail Plan and to help enforce federal safety regulations. Florida Statutes require the Rail Office to provide planning , technical and some financial assistance to the railroads.

More recently, a November 2000 amendment to the state Constitution required the state to begin building, within three years, a high-speed rail system linking the major urban areas of the state. The Legislature created a High Speed Rail Authority in 2001, and DOT Rail Office staff is working with the Authority.

The Rail Office's fiscal year 2001-2002 expenditures totaled \$46.8 million, which was spent primarily on grants to short-line railroads, and on railroad crossing improvements.

The Department's two **seaport** activities also are more economic development programs. The **Seaport Office** awards a minimum of \$8 million a year in grants for projects approved by the Florida Seaport Transportation and Economic Development Council , comprised of representatives of the 14 deep-water seaports, the Department of Transportation, the Department of Community Affairs, and the Governor's Office of Tourism, Trade and Economic Development. Pursuant to Chapter 311, F.S., the grants are awarded on a 50-50 match basis for such activities as channel dredging, land acquisition, purchase of cranes or other mechanized equipment to move cargo, and

certain transportation facilities. In fiscal year 2000-2001, \$9.98 million was appropriated for these seaport projects.

The **Seaport Development and Access Debt Service** activity pays the debt service on two bonds issues sold by the Florida Ports Financing Commission, pursuant to s. 320.20 (3) and (4), F.S., for capital improvements and intermodal access projects. The Commission sold bond issues in 1996 and in 1999, but that practice was ended by the Legislature in July 2000 because of an Auditor General report that raised numerous questions about the lack of accountability and other concerns. Under current law, such bonds can be issued only by the state Division of Bond Finance at the request of the Department of Transportation.

The 1996 bond program totaled \$277.9 million, with \$222.32 million of that bond proceeds and \$55.8 million seaport matching funds, as required by law. The 1999 bond program totals \$306.23 million, with half of the amount bond proceeds and the other half seaport matching funds.

The Department is required to set aside \$15 million annually to pay the debt service on the 1996 issuance and \$10 million a year to pay the debt service on the 1999 issuance. The source of the debt service funds is motor vehicle registration fees.

The Department's **transit** responsibilities are found in Chapter 341, F.S. The federal government regulates these programs and provides significant amounts of funding, which typically can only be used for capital expenditures. The Transit Office's responsibilities are to provide financial and technical assistance to local governments operating mass transit and other commuter systems; to manage the block grant program funds; and provide training, as well as participate in planning activities. Also, federal law requires states to have a transit program in order to funnel federal funds through to the local level.

In fiscal year 2001-2002, the state appropriated \$112.9 million in public transit grants to eligible systems; much of that was used for operating expenditures. Of that amount, about \$6 million was passed through as block grants to Transportation Disadvantaged Program providers.

Similar to the rest of the Department's program areas, the Public Transportation Program segregates the in-house staff into an "operations" activity, in this case, the **Public Transportation Operations** activity. There are 132 FTEs, with a budget of \$9.69 million, assigned to this activity. The FTEs can be further broken out this way:

- 33.5 FTEs to aviation;
- 11.5 FTE to intermodal;
- 36.6 FTEs to rail;
- 9.8 FTEs to seaports;
- 40.1 FTEs to transit; and
- .5 FTE to transportation outreach.

These staff people help develop public transportation policy and procedures; implement public transportation programs; and interact with other governmental entities, the private sector, and public transportation system users.

Interestingly enough, of the \$9.69 million, \$514,250 is spent on consultant contracts. The Department says that it plans, over the next five years, to outsource more of this activity's responsibilities and reduce the number of FTEs by 30.

The final two activities in this service area are basically assigned for administrative purposes.

The **Transportation Disadvantaged** program, created pursuant to Chapter 427, F.S., in 1979, coordinates a network of existing local and state programs providing transportation services for elderly, disabled and low-income citizens. Over the years, the Legislature has modified the program's administrative structure program and funding, but its purpose has remained the same. A 27-member Commission for the Transportation Disadvantaged sets policy and oversees statewide implementation of the program and controls a FY 2001-2002 budget of \$26.3 million. Those funds are generated by: a \$1.50 non-refundable fee on the initial and renewal registration of each private-use automobile and each truck with a net weight of 5,000 pounds or less, pursuant to s. 320.03, F.S.; a state block grant awarded annually by the Department; \$5 from the purchase of each \$15 "temporary disabled" placard, pursuant to s. 320.0848(4), F.S.; and a \$1 "check-off" fee donated by vehicle owners upon vehicle registration or renewal, pursuant to s. 320.02(15), F.S.

The Commission's budget is about 10 percent of the statewide program's budget, which was \$224.9 million in FY 1999-2000. Local governments contributed the most funds, at \$70.2 million, while Medicaid funding from the state Agency on Health Care Administration totaled \$65.68 million. Riders' contributions brought in another \$20.29 million. In all, there are 13 different agencies or categories of fund sources for the Transportation Disadvantaged program.

The entities within each county, that provide transportation services for eligible clients, apply for these non-Commission funds and receive them directly. The Commission has no control over these funds.

The Commission assists communities in establishing coordinated transportation systems; manages contracts and memoranda of agreement; develops a five-year transportation disadvantaged plan; and addresses statewide transportation issues impacting TD eligible persons. One of the Commission's key responsibilities is ensuring that state agencies purchase transportation services from within the TD coordinated system, unless a more cost-effective provider outside the coordinated system can be found by the purchasing agency.

At the local level, the TD Program is implemented through a network of planning agencies, local advisory boards, community transportation coordinators, and transportation operators. Florida's 67 counties are currently divided into 50 TD service areas. While most urban counties are single-county service areas, some rural counties are organized into multi-county service areas.

Local planning agencies, such as a metropolitan planning organization (MPO) or regional planning council, are responsible for recommending the local community transportation coordinator to the Commission. In addition, the planning agencies appoint and staff the local coordinating board. Local coordinating boards identify local service needs and provide information, advice and direction to the community transportation coordinator. A local elected official chairs the board. The size

and composition of each board are established by the Commission. Community Transportation Coordinators (CTCs) are the entities responsible for the actual arrangement or delivery of transportation services within their local service area. Services provided by CTCs include scheduling transportation services, processing reimbursements, contracting and monitoring of transportation operators, and delivery of transportation services. A CTC may be a government entity, a transit agency, a private not-for-profit agency or a for-profit company. A CTC may function as a sole source provider or it may broker part or all of the trips to other transportation operators.

Legislation has been filed for 2002, identical to last session's efforts, which would extend the \$1.50 nonrefundable fee to more types of vehicles than currently, and raise nearly \$9 million more a year. The fee increase has been a controversial issue with the Legislature, as have complaints of poor management, rider complaints, and cost concerns about certain local providers.

Finally, the 2-year-old **Transportation Outreach Program** (TOP) activity provides grants to local governments and other entities to help finance transportation projects that generate economic benefits, create transportation choices for travelers, and preserves the existing infrastructure. The TOP projects are supposed to be sound proposals that, for a variety of reasons, weren't able to rise to a high-enough priority to make into the Department's 5-Year Work Program. A seven-member Advisory Council (two appointees each by the Senate President and the House Speaker, and three appointees by the Governor) reviews the applications, and sends a list of recommended projects to the Legislature. The Legislature is not bound to accept the list, but can add and delete projects. That is what happened in the 2001-2002 General Appropriations Act, as members added projects from areas of the state not represented in the Advisory Council list.

Eventually, the Governor vetoed a number of TOP projects in the GAA, so that the final TOP budget for FY 2001-2002 was \$74.2 million.

Pursuant to s. 339.137(6), F.S., the Department must allocate from the State Transportation Trust Fund \$60 million a year, beginning in fiscal year 2001-2002. In addition, TOP is supposed to receive any excess General Revenue funds from the Mobility 2000 program, pursuant to s. 339.1371(2), F.S.

For the fiscal year 2002-2003 funding cycle, project applications totaling \$727.2 million were submitted to the TOP Advisory Council. DOT's FY 02-03 Legislative Budget Request includes \$91 million for TOP.

On October 26, 2001, the Advisory Council adopted its recommended list of projects -- a total of 38 projects totaling \$91.79 million. As they did last year, some legislators are questioning what criteria the Advisory Council used to select its recommended projects.

2. Are there any areas where performance is not meeting expectations for this service?

No. Each of the activities and the service, as a whole, is meeting the expectations established by the approved performance measures.

However, it is entirely possible that in specific or localized instances, the activities are not meeting expectations.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Aviation	\$84,313,715	X		
2. Transit	\$112,957,305	X		
3. Transportation Disadvantaged	\$26,313,735	X		See 3.2
4. Rail	\$46,851,882	X		
5. Intermodal	\$132,143,202	X		
6. Seaports	\$9,980,000	X		
7. Seaport Development & Access Debt Service	\$25,000,000	X		
8. Public Transportation Operations	\$9,567,348	X		
9. Transportation Outreach Program	\$74,702,850	X		See 3.2
Total Service	\$521,830,037			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

As mentioned above, concerns about the level-of-service and costs of the **Transportation Disadvantaged Program** have been raised.

A number of suggestions on how to address the variety of concerns are being evaluated.

Policy options include:

- Amending s. 427.0159, F.S., to designate the revenues derived from the existing \$1.50 registration fee as a match for local contributions. This could encourage local governments to earmark more funds to help finance transportation for their TD-eligible citizens.
- Restricting the Commission's funds to help out financially strapped, or rural, counties, rather than allocate a share to every county's provider.
- Creating a new section in Chapter 427, F.S. specifying a standard complaint/grievance process for Transportation Disadvantaged clients.

- Re-evaluating the state's current role in the Transportation Disadvantaged Program.

The Legislature originally created the program so that there would be a structure and a process for overseeing, but not completely controlling, how local governments used public dollars to provide free or low-cost transportation services for the disabled, the poor, and the elderly. Statewide, the program now spends more than one-quarter of a billion dollars, yet the local entities in charge of the individual services want more funds, and they are looking to the Legislature to provide that money. Perhaps it is time for the Legislature to re-evaluate the source and amount of state funds appropriated to the local entities, as well as its management role.

In addition, questions about the accountability of the **Transportation Outreach Program** Advisory Council selection process remain unanswered for the second consecutive year. Although legislation passed in the 2001 session to clarify and add accountability to the TOP selection process was part of a bill vetoed by the Governor for other reasons, the TOP Advisory Council had agreed to use some of the proposed changes. However, it is not readily apparent exactly how the Advisory Council used weighted measures to select the FY 2002-2003 projects, which criteria were used to justify the rejection of other projects, or what methodology the Advisory Council used to determine the appropriate reduction of selected projects' funding requests.

Staff recommends that the Legislature re-evaluate the Transportation Outreach Program ranking and selection process and codify it in statute.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

This question is difficult to answer because staff does not know, for certain, the Legislature's expectations for these activities. Also, individual legislators may have different expectations than the majority, which accounts for some of the suggestions to deal with localized concerns.

The staff recommendations in Question 3.2 to improve the Transportation Disadvantaged Program activity also would improve its effectiveness and efficiency and would begin addressing any perceived deficiencies without raising the current level of state funding.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

Of the activities within the Public Transportation Service, only the Transportation Outreach Program receives General Revenue. Yes, its General Revenue could be shifted the State Transportation Trust Fund, or other trust funds. However, a more likely scenario is that the program loses all or part of its General Revenue funding in fiscal year 2002-2003 because of state revenue shortfalls.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The Aviation, Intermodal, Rail, Seaport, Seaport Development and Access Debt Service, and Transit activities are exempt from the 5 percent LRPP reduction exercise because their entire budgets qualify as fixed capital outlay.

The Department did not perform a LRPP reduction exercise on the Transportation Disadvantaged Program activity because that entity is assigned to the Department for administrative purposes only.

The final activity, Public Transportation Operations, is subject to the 5-percent LRPP exercise. The Department plans to delete three positions and cut \$90,878 of related operating budget for fiscal year 200-2003.

No Schedule VIII B reductions related specifically to the Public Transportation Service.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

Department staff have assigned a ranking of "1" to the Aviation, Intermodal, Rail and Seaports activities, meaning they are very relevant to the Department's mission.

Public Transportation Operations, which includes Department staff and general operating expenses for the Public Transportation Service, is ranked "2" and the Transportation Outreach Program is ranked "3."

Department staff described as "not applicable" the requested rankings for the Transportation Disadvantaged Program activity and the Seaport Development

and Access Debt Service activity. These programs are primarily assigned to the Department for administrative purposes only.

Staff agrees with the rankings.

- d. *For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.*

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

In Question 3.2, staff recommended consideration of making that portion of state funds controlled by the Transportation Disadvantaged Commission available as a match to local funds. Such a shift could make more money available to counties who have the financial ability to raise additional local funds, where the greatest numbers of clients live, and could make it more financially difficult for poorer or rural counties to support their Transportation Disadvantaged providers. But that may be an overly simplistic conclusion.

Currently, the Commission distributes a share of its funds to providers in all 67 counties. There are many ways to run comparisons among the counties on how from each source each county receives and budgets to provide this transportation, but possibly the most telling comparison is what percentage of the total trips is provided by each source. Under that analysis, the leaders, far and away, are: Collier County, where Commission funding paid for 61 percent of the trips provided in 2000; Wakulla County, where Commission funding paid for 53 percent of the trips; and Gilchrist County, where Commission funding paid for 49 percent of the trips. The type of client served in these counties is predominately elderly and either disabled or low-income but the counties themselves are very different, in terms of demographics and economic growth trends.

This suggests, at the very least, that the Commission's funds are not allocated strictly on the basis of filling funding holes but are spread out so that every county receives a share.

So, another perspective to the impact of proposed modifications to the Transportation Disadvantaged Program activity could be that the neediest clients in the neediest counties are served, while the counties with the financial wherewithal

(and public transit systems) have to consider innovative ways to continue current service levels or carefully screen trip requests to only the most necessary. Under the latter scenario, elder Floridians who aren't low-income, disabled, or Medicaid recipients might not be able to use paratransit as frequently as they do now, in some counties.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Yes, as mentioned in Question 3.2, suggested changes to the Transportation Disadvantaged Program would require amendments to statutes in Chapter 427, F.S. Changes to the Transportation Outreach Program would require amendments to s. 339.137, F.S.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

All of these activities, with the exception of the Public Transportation Operations activity, are either grant, loan or bond programs to pay for projects, and thus already are 100 percent "outsourced," as it were, from the Department. Another existing example of privatization is found in the Rail activity: the state owns the right of way for the South Florida Rail Corridor, while the privately owned CSX Railroad maintains the rails, and Tri-Rail operates the passenger service.

Of the Public Transportation Operations activity's \$9.6 million expense budget, \$514,250 is paid to consultants. Another \$826,279 is spent on overhead and other expenses, and a little more than \$8.1 million is spent on salaries and benefits for the 132 FTEs, who are spread out in the seven DOT districts and the Central Office. This is one of the leaner personnel areas of DOT, and the planned cutbacks in staff are acceptable.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

Staff also recommends:

- Currently, statutory flexibility exists to shift funds within program areas, such as among the various activities in the Public Transportation Service. However, it appears that the Department continues to base, by and large, its allocations to the Aviation, Intermodal, Rail, Seaports and Transit activities on historical spending patterns. These allocations are then cemented in the 5 Year Work Program.

This historical funding approach, in staff's opinion, hinders the Department's ability to react quickly to changing legislative priorities; to take advantage of innovative technologies; and to address an often short-term need to close a gap in transportation access until, for example, a major road project is complete.

The events of September 11, 2001, and the resulting needs in the aviation sector of Florida's economy, is a textbook example of how greater flexibility in the Public Transportation Service's budget would be helpful. Staff recommends that the Legislature evaluate the uncommitted funds in the Public Transportation portion of the 5 Year Work Program to determine if those monies can be freed up to provide financial assistance and economic stimulus to those transportation systems that need it.

Staff also recommends that the Department evaluate the continued validity of how it allocates revenues to the various entities within the Public transportation Service.

- Staff recommends amending s. 339.137, F.S., to make the TOP program criteria more flexible, for fiscal year 2002-2003 only, to give the greatest weight and priority ranking to projects that will generate the most economic stimulus.
- Staff should work with the Department to consolidate, throughout its budget, extraneous activities created simply to track line-item appropriations. Within the Public Transportation Service area, for example, the activity entitled "Seaport Development and Access Debt Service" should be combined with the Seaport activity, and reviewed in a holistic context for performance, efficiency and effectiveness. Legislative Appropriations Committees still will retain, through LASPBS coding, the ability to track the funds assigned to retire the debt service. This work can be done in time for the FY 02-03 Appropriations Act.
- Over the interim, staff should work with the Department to develop higher-level performance measures. Many of the measures now in use are workload or unit-cost measures that don't reflect a complete picture of how the Department is faring in carrying out its duties and responsibilities.

DEPARTMENT
OF
MANAGEMENT
SERVICES

Department of Management Services

Summary of Recommendations

- **Fund shifts**
- **Efficiency reductions**
- **Outsourcing and privatization initiatives**
- **Statutory revisions**
- **Study to consolidate judiciary services**

Executive Direction and Support

Purpose: To provide executive direction and support services for the program areas and entities within the Department of Management Services and other entities as required by statute. Also, to provide policy direction on inquiries made by other agencies as they relate to the services the Department of Management Services offers.

Funding: \$6,900,508 (\$367,729 GR; \$6,532,779 Trust)

Staffing: 110 FTE

Recommendations:

- **Eliminate the Department's Central Supply Room.**
- **Fund shift the General Revenue portion of the Service to the Administrative Trust Fund.**

Employee Leasing

Purpose: Lease public employees with the needed expertise to Enterprise Florida Inc.

Funding: \$647,453 (Trust)

Staffing: 9 FTE

Recommendation:

- **Maintain service as is until service can be phased out.**

Building Construction

Purpose: To serve as the Owner-Representative on behalf of the State in Fixed Capital Outlay appropriations management and project oversight.

Funding: \$4,458,281 (Trust)

Staffing: 38 FTE

Recommendations:

- **In the activity of executive direction, adopt DMS' recommendation of a reduction of 3 FTEs with \$167,777 in associated savings.**
- **In the activity of managing construction projects, implement reduction of 5 FTEs with \$341,461 in associated savings.**
- **In the activity of permitting and inspections, adopt DMS' recommendation of a reduction of 1 FTE with \$33,303 in associated savings.**

Facilities Management

Purpose: To provide building management services for the 7.8 million gross square feet in the Florida facilities pool.

Funding: \$78,867,869 (\$2,163,806 GR; \$76,704,063 Trust)

Staffing: 372.75 FTE

Recommendations:

- **As recommended in the Agency's 5% reduction plan, eliminate 9 FTE and \$378,689 in recurring budget authority.**
- **Agency should continue to investigate opportunities for outsourcing the operation and maintenance of pool facilities.**
- **Direct DMS to consider privatizing the activity of providing reimbursable tenant renovations.**
- **Determine whether to maintain status quo regarding parking fees or to address OPPAGA's suggestion to raise parking fees.**

Florida Capitol Police

Purpose: To police state facilities, protect state employees, and train state employees in fire and crime prevention methods.

Funding: \$6,201,097 (Trust)

Staffing: 142 FTE

Recommendation:

- Pursuant to an executive order, it is under legislative consideration to transfer the Florida Capitol Police from the Department of Management Services to the Florida Department of Law Enforcement. If and when such transfer occurs, the legislature must monitor the transfer as operational and funding issues will arise.

Aircraft Management

Purpose: To manage state-owned and operated aircraft and to operate an Executive Aircraft Pool from a central aviation facility in Tallahassee.

Funding: \$2,330,990 (\$538,038 GR; \$1,792,952 Trust)

Staffing: 17 FTE

Recommendations:

- **Eliminate one position that oversees acquisition and tracking of parts, providing a recurring savings of \$39,385.**
- **Eliminate maintenance support for other state agencies, providing a recurring savings of \$5033.**
- **Amend section 287.161, F. S., to reflect actual cost recovery practices.**

Motor Vehicle and Watercraft Management

Purpose: To assist agencies in the acquisition and disposal of motor vehicles, watercraft, and aircraft; and to manage the vehicle rental contract, the fleet fuel purchasing card program, and the statewide equipment management information system.

Funding: \$2,055,193 (Trust)

Staffing: 9 FTE

Recommendations:

- **Eliminate excess budget authority in Expenses, providing a recurring savings of \$101,686.**
- **Amend section 287.17(5), F. S., to require each state agency Inspector General to conduct an annual audit of motor vehicle utilization.**
- **Amend section 287.17, F. S., to establish a commuter mileage policy for motor vehicle usage.**

Purchasing Oversight

Purpose: To deliver the Best Total Value in goods and services purchased by the State and eligible users and to optimally allocate resources in support of the procurement process.

Funding: \$5,216,596 (\$988,139 GR; \$4,228,457 Trust)

Staffing: 60.5 FTE

Recommendations:

- **Reduce positions and funding through migration to an electronic procurement system.**
- **Fund shift about \$1 million from GR to Trust.**
- **Provide assurances that changes do not adversely affect performance expectations.**

Office of Supplier Diversity

Purpose: To certify minority businesses; expand the number of such businesses; and serve as a liaison between state agencies and minority businesses.

Funding: \$1,302,785 (GR)

Staffing: 21 FTE

Recommendations:

- **Fund service from Grants and Donation Trust Fund instead of General Revenue.**
- **Eliminate 1 FTE and \$56,626.**
- **Monitor performance.**
- **Consider repealing the Minority Business Enterprise Program.**
- **Consider establishing a new program to assist minority businesses.**

Federal Surplus Property

Purpose: To receive and distribute excess federal government property, including military property, to qualified state and local government and non-profit agencies in Florida.

Funding: \$1,200,213 (Trust)

Staffing: 15 FTE

Recommendation:

- **Continue to monitor the consolidation of warehouses used to store federal property.**

Human Resource Management

Purpose: To administer the state's personnel system.

Funding: \$9,956,031 (\$2,344,744 GR; \$7,611,287 Trust)

Staffing: 48 FTE

Recommendation:

- **Reduce 3 FTEs and \$191,438 associated with collective bargaining functions recently outsourced.**

Insurance Benefits Administration

Purpose: To manage a comprehensive package of affordable health and welfare insurance benefits to attract and retain a high performance workforce for the State of Florida.

Funding: \$37,981,425 (\$300,000 GR; \$37,681,425 Trust)

Staffing: 99 FTE

Recommendations:

- **Reduce 5 FTE and recurring costs of \$444,504 through technology and staff realignment.**
- **Reduce excess funding in program operations.**
- **Reduce positions and funding through outsourcing of Flexible Spending Account administration.**
- **Receive assurances that position and funding reductions do not adversely affect achievement of agency performance standards.**

Retirement Benefits Administration

Purpose: To provide retirement services to the Florida Retirement System membership and employing agencies and actuarial oversight of local government retirement systems.

Funding: \$27,667,972 (\$9,235,284 GR; \$18,432,688 Trust)

Staffing: 209 FTE

Recommendations:

- **Reduce positions and funding through additional automation of Division operations.**
- **Reduce expenses through efficiencies in distribution costs of currently printed materials.**
- **Reduce excess funding in unnecessary program operations.**
- **Study the feasibility of merging the State Retirement Commission with other administrative hearing bodies in the DMS.**
- **Receive assurances that position and funding reductions do not adversely affect achievement of agency performance standards.**

Administrative Hearings

Purpose: To provide a forum for the trial and resolution of disputes between private citizens and state agencies.

Funding: \$8,527,840 (Trust)

Staffing: 80 FTE

Recommendations:

- **A study should be done to investigate the merging of the Division of Administrative Hearings, the Public Employees Relations Commission, the Commission on Human Relations, and the State Retirement Commission to determine if savings can be realized through economies of scale, etc.**

Public Employees Relations Commission

Purpose: To regulate collective bargaining between government employers and unions and to mediate employer/employee disputes.

Funding: \$3,424,588 (\$3,370,940 GR; \$53,648 Trust)

Staffing: 39 FTE

Recommendations:

- **As recommended by the Agency, eliminate one vacant hearing officer position to provide a recurring savings of \$97,498 in General Revenue.**
- **A study should be done to investigate the merging of the Division of Administrative Hearings, the Public Employees Relations Commission, the Commission on Human Relations, and the State Retirement Commission to determine if savings can be realized through economies of scale, etc.**

Commission on Human Relations

Purpose: To secure for all individuals within the state freedom from discrimination and to provide technical assistance to employers, including state agencies, informing them of the law and policies and practices they can employ to avoid litigation.

Funding: \$4,238,424 (\$3,291,318 GR; \$947,106 Trust)

Staffing: 72 FTE

Recommendations:

- **A study should be done to investigate the merging of the Division of Administrative Hearings, the Public Employees Relations Commission, the Commission on Human Relations, and the State Retirement Commission to determine if savings can be realized through economies of scale, etc.**

Correctional Privatization Commission

Purpose: To contract with private prisons in order to improve the efficiency of the state correctional system.

Funding: \$971,777 (\$506,977 GR; \$464,800 Trust)

Staffing: 10 FTE

Recommendation:

- **Reduce 4 FTEs from central office with associated budget.**

Department of Management Services

Summary of Recommendations

- **Fund shifts**
- **Efficiency reductions**
- **Outsourcing and privatization initiatives**
- **Statutory revisions**
- **Study to consolidate judiciary services**

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Management Services
Program:	Administration
Service:	Executive Direction and Support

1. Should the state continue to perform this Service? YES NO

The purpose of Executive Direction and Support Services is to provide executive direction and support services for the program areas and entities within the Department of Management Services and other entities as required by statute. Also, to provide policy direction on inquiries made by other agencies as they relate to the services the Department of Management Services offers.

Executive Direction and Support Services provides financial management, personnel, purchasing, internal audit, legal, legislative, communications, planning and budgeting and mail room services (includes mail room, print shop, supply room and property management), for the agency and for three commissions (the Commission on Human Relations, the Public Employees Relations Commission, and the Correctional Privatization Commission. The Office of the Secretary is also managing the implementation of Service First and Human Resources' outsourcing and working on statewide reforms including State Technology, E-Procurement and other technology initiatives. The Office of the Secretary provides policy direction on major Invitations To Negotiate (ITNs) and Requests of Proposals (RFPs) with all agencies.

Without this service, each program area would be required to establish an administration infrastructure. Lack of centralized support would create duplication of effort and increase costs. There would also be a lack of agency cohesiveness and sense of mission that is enhanced through this service.

2. Are there any areas where performance is not meeting expectations for this service?

No. The performance outcome is determined by comparing the agency administrative cost as a percent of total agency cost.

1999-2000 Actual	2000-2001 Actual	2001-2002 Estimated
1.8%	2.29%	1.97%

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Executive Direction	1,157,707	X		
2. General Counsel/Legal	895,783	X		
3. Legislative Affairs	199,135	X		

4. <i>Inspector General</i>	616,405	X		
5. <i>Communications/Public Information</i>	339,110	X		
6. <i>Director of Administration</i>	303,136	X		
7. <i>Planning and Budgeting</i>	371,051	X		
8. <i>Finance and Accounting</i>	1,632,494	X		
9. <i>Personnel Services/Human Resources</i>	649,040	X		
10. <i>Mail Room, Print Shop, Supply Room & Property Mgmt</i>	482,084	X		See 3.2.b
11. <i>Procurement</i>	254,563	X		
<i>Total Service</i>	6,900,508	X		

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

No.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Yes.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

Yes. Staff recommends the shift of \$367,729 in Expenses to the Administrative Trust Fund. This will provide 100% trust funding for the Executive Direction and Support Service. The Agency has agreed with this recommendation.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The agency has recommended reductions as follows:

- *Mail Room (includes Mail Room, Print Shop, Supply Room and Property Management) – The agency has recommended the elimination of the central Supply Room. The Supply Room exists as a convenience to the Department; however, local vendors make frequent deliveries to the state offices and it is more efficient to rely on that source and eliminate two positions and associated Expenses budget. This should provide a recurring saving of \$73,628.*

Legislative staff agrees with this recommendation.

- *Procurement – The Agency has recommended transferring the Procurement activity into the Support Program, Purchasing Oversight Service. Purchasing Oversight oversees the statewide purchasing function including the efforts of the Procurement activity in Executive Direction and Support. The Agency indicates that this consolidation will better utilize purchasing expertise in the Department and provide a cost savings by eliminating two positions and \$117,855. Three positions and related costs would be transferred to the Support Program, Purchasing Oversight to continue this function more efficiently.*

Due to funding inequities to other state agencies, Legislative staff recommend delaying this transfer pending resolution of the statewide EProcurement initiative (see 6. below).

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

No

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

*Due to the elimination of General Revenue funding, the Agency's operating trust funds will experience a slight increase in Departmental overhead charges. (see 3.4.a)
However, due to the elimination of the central Supply Room, the Agency's operating trust funds will experience a slight decrease in Departmental overhead charges. (see 3.4.b.)*

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

Lack of consistent performance measures for individual administrative activities statewide hampers assessment. Adoption of statewide staffing ratios would provide some baseline data for funding decisions.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

The Agency has assessed outsourcing options for printing, but has concluded that the in-house operation is more cost effective.

The Agency is currently designing an outsourcing plan for the State's human resource needs. If such a plan is implemented, a reduced personnel workforce will remain in the agencies. The Department currently has eleven positions and a budget of \$649,040 for the Personnel Services/Human Services activity. Changes to this funding and staffing are anticipated to occur if an outsourcing plan is adopted.

The Agency is currently working on an outsource negotiation for a statewide electronic procurement process (EProcurement). If such a process is implemented, agencies should experience a reduced purchasing workforce. The Department currently has five positions and a budget of \$254,563 for the Procurement activity. Changes to this funding and staffing are anticipated to occur if EProcurement is implemented.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Administration
Service:	State Employee Leasing

1. Should the state continue to perform this Service? X YES NO

The program allows employees previously employed by the State of Florida, Department of Commerce to retain their state employee status and benefits once hired by Enterprise Florida Inc. This was provided for by the Legislature when it created Enterprise Florida Inc.

2. Are there any areas where performance is not meeting expectations for this service?

Performance for the State Employee Leasing is measured by the number of employees leased. This is primarily a measure of workload which has dropped over the years as the number of employees leased declines. When the program began in 1996, there were 25 employees leased and currently there are nine.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Process payroll and benefits for leased state employees	\$647,453	X		
Total Service	\$647,453			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

No.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Yes.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

No reductions were proposed by the Department of Management Services for this service.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

There is only one activity.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

No reduction is proposed as most costs associated with the service are related to employee benefits set by statewide policy.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis?

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Facilities
Service:	Building Construction

1. Should the state continue to perform this Service? YES NO

Provide reasons for the above recommendation.

Building Construction implements the process of the delivery of public construction projects. The mission of the Division of Building Construction is to serve as the Owner-Representative on behalf of the State in Fixed Capital Outlay appropriations management and project oversight. This service ensures that taxpayer funds are spent in accordance with Legislative intent, and that the value received is equal to the funds expended.

2. Are there any areas where performance is not meeting expectations for this service?

OPPAGA Report No. 98-40 concluded that DMS' facilities program met most of the standards for its outcome measures and all of the standards for its output measures. Result for its PB2 measures showed that the program continued to keep the cost of its construction services, rental rates, and operations and maintenance services below those of the private sector.

OPPAGA Report No. 97-43 concluded that the Facilities Program kept the cost of its construction services, operations and maintenance services, and rental rates below those of the private sector in Fiscal Year 1996-97.

OPPAGA Report No. 96-83 concluded that the facilities program's role in managing state construction projects should remain as currently defined. Most of the Facilities Program construction project work is already privatized, and program staff serve mainly in an oversight role. The report determined that there did not seem to be any benefit to the state from further privatization in this area, because the state needs to retain some control over private contractors to help ensure contract compliance.

DMS' Long-Range Program Plan (LRPP) for fiscal years 2002-2003 through 2006-2007 indicates that in fiscal year 2000-2001, the service outcome for building construction met its continued goal of providing services at costs lower than those of the private sector. In fiscal year 2000-2001, the gross square foot construction cost of office facilities for DMS was \$76.00, compared to the average gross square foot construction cost of office facilities for the private sector of \$82.08. For fiscal year 2002-2003, DMS estimates the comparison to be \$81.77 for DMS buildings compared to \$87.93 for private facilities.

Based on the OPPAGA reports and DMS' projections, this service appears to be meeting expectations.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1.Executive Direction	1,117,329	X		See 3.4b
2.Project Management	1,640,980	X		See 3.4b
3.Permitting and Inspections	199,972	X		See 3.4b
4.Fixed Capital Outlay: Supplementals for Agencies	1,500,000	X		
Total Service	4,458,281			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.
N/A

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

DMS, in its final submission on zero-based budgeting, suggested that the resources of the Fixed Capital Outlay Management System be redirected to support the management of State leased or owned facilities. DMS believes this will improve the service, be more cost effective, and provide for a more efficient use of existing staff in support of the Department's mission. It appears this would not require additional funding, as it is simply a re-engineering of existing resources.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Two major pieces of legislation have significantly altered DMS' responsibilities within this particular program. HB 1711, passed during the 2001 legislative session, eliminated the authority of DMS to enter into contracts with non-state entities for construction management services. To reflect this elimination of authority, DMS' LRPP for fiscal years 2002-2003 through 2006-2007 indicates a drop from 42 FTE to 24 FTE from fiscal year 2000-2001 to fiscal year 2001-2002 in the activity of "managing construction projects," with an associated drop in spending from \$1,894,941 to \$1,640,980. The LRPP recommends a further reduction from 24 FTE to 23 FTE for fiscal year 2002-2003, with an associated drop in spending from \$1,640,980 to \$1,415,730.

It is the agencies recommendation to identify this activity as Project Management (oversight services as the owner's representative) not Manage Construction Projects (which is an outsourced activity to the private sector Construction Managers). The Law reads " the Department of Management Services shall provide the project management and administration services for... ". Technically the Department does not manage construction projects.

HB 219, passed during the 2000 legislative session, required that as of January 2002, DMS will not be issuing permits or doing inspections with the exception of the State Capitol, House and Senate Buildings, and the Governor's Mansion. To reflect this elimination of responsibility, the LRPP indicates a drop from 6 FTE to 3 FTE from fiscal year 2000-2001 to 2001-2002 in the activity of "permitting and inspections," with an associated drop in spending from \$330,245 to \$199,972. The LRPP recommends a further reduction from 3 FTE to 2 FTE for fiscal year 2002-2003, with an associated drop in spending from \$199,972 to \$150,826.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

No.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Through DMS' reorganization to flatten management structure and efficiencies, the department is proposing a reduction of 9.0 FTE's (9 positions) in the service of building construction. The agency is recommending that the operating expense budget for the professional positions (\$6,854 per FTE) and non-professional (\$5,416 per FTE) be subject to a budget reduction. However, the department requests that 20% of these salary and benefit savings be redirected to the units/positions which are taking on the additional duties and responsibilities.

Executive Direction – 5% reduction of 3 FTE and \$167,777. The agency request for 2002-2003 recommends a reduction of 3 FTE and \$135,150. In keeping with the agency's mission of increased efficiency, the reduction of 3 FTE should be recommended.

Manage Construction Projects – 5% reduction of 5 FTE and \$341,461. The agency request for 2002-2003 recommends a reduction of 1 FTE and \$225,250. Due to the fact that HB 1711 eliminates the authority of DMS to enter into construction management projects for non-state entities, the reduction of only 1 FTE appears incompatible. The 5% reduction of 5 FTE should be recommended. DMS states that the Division will be able to absorb the reduction of 4 additional FTE's in fiscal year 2002-2003.

Permitting and Inspection – 5% reduction of 1 FTE and \$33,303. The agency request for 2002-2003 recommends a reduction of 1 FTE and \$33,303. The reduction of 1 FTE and \$33,303 should be recommended. With the exception of the Governor's mansion and the Capitol Building, HB 319 (2000) sunset the Department's permitting and inspection activities. To serve the exceptions

above, the Department will be required to retain licensed Florida Building Code Officials. SB 336 (2001) phases out the Department from accepting new applications for state project plans review and issuing permits up until a December 1, 2001 cut off point. For approximately the next year and a half, inspections of prior permitted project will be required of the Department. As a result of the continuing services conditions above, the agency recommends retaining 2 FTE (licensed Florida Building Code Officials) for this activity. The 5% reduction of 1 FTE will retain the necessary 2 FTE.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

All of the activities are relevant to the agency's missions and goals. Recommendations for all of these activities suggest reduced funding, which is compatible with recent legislation that has significantly reduced the authority of this particular service.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

N/A

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

- 3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Because of recent legislation, the number of services provided by DMS have significantly decreased. The recommendations relating to an activity's funding level are compatible with the reduction in services. The primary customers, state agencies, will not be affected by the reduced funding.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

As described above, a majority of the activities provided by this service are already outsourced. OPPAGA Report 96-83 concluded that the Facilities Program's role in managing state construction projects should remain as currently defined. Most of the Facilities Program construction project work is already privatized, and program staff serve mainly in an oversight role. The report determined that there did not seem to be any benefit to the state from further privatization in this area, for the state needs to retain some control over private contractors to help ensure contract compliance.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Facilities
Service:	Facilities Management

1. Should the state continue to perform this Service? YES NO

Provide reasons for the above recommendation.

Facilities management provides building management services for the 7.8 million gross square feet in the Florida facilities pool. With one agency overseeing such services, duplicative actions by state agencies are avoided.

2. Are there any areas where performance is not meeting expectations for this service?

OPPAGA Report No. 98-82 concluded that DMS was continuing to convert full-time custodial positions to part-time positions through attrition, and had privatized custodial and other operations and maintenance services in additional facilities. These initiatives were helping to control program operations and maintenance costs.

OPPAGA Report No. 98-40 concluded that DMS' facilities program met most of the standards for its outcome measures and all of the standards for its output measures. Result for its PB2 measures showed that the program continued to keep the cost of its construction services, rental rates, and operations and maintenance services below those of the private sector.

OPPAGA Report No. 97-43 concluded that the Facilities Program kept the cost of its construction services, operations and maintenance services, and rental rates below those of the private sector in Fiscal Year 1996-97.

OPPAGA Report No. 96-88 concluded that as long as the state owns buildings, most of the services provided by the Facilities Program are needed to ensure that these buildings are properly cleaned, maintained, secured, and constructed. The program met most of its performance-based program budgeting standards for Fiscal Year 1995-96 and kept its average facility construction, operations and maintenance, and rental rates below private sector costs. As indicated by these reports, the Facilities Program has overall continued to meet expectations. However, it is potentially possible for DMS to increase efficiency in the activities listed below.

Activity: Operate and Maintain DMS Pool Facilities

At present, the operations and maintenance functions or custodial functions are outsourced in 69% of the DMS managed space, and DMS is reviewing other opportunities for continued

outsourcing. In regards to cost savings recommendations, OPPAGA Report No. 96-88 contained recommendations that DMS either a) privatize all custodial positions, or b) continue to convert full-time custodial positions to half-time as these positions become vacant through attrition. The potential cost savings resulting from option (a) are unclear, as savings could be offset by increases in costs to other state programs resulting from displaced employees. The cost savings from option (b) are also unknown, but OPPAGA's review suggests that this option has the greatest potential to reduce costs. There is no clear obstacle to greater privatization of such functions, as shown by DMS' continued investigation of opportunities for outsourcing.

Activity: Provide Reimbursable Tenant Renovations

The LRPP indicates that DMS is requesting \$410,724 for the continued operation of this activity. According to DMS' Legislative Budget Request (LBR) for 2002-2003, \$150,000 going into the Supervision Trust Fund is coming from this particular activity. The cost of this activity exceeds the amount brought into the trust fund from this activity. This is not a statutorily authorized activity; it is simply provided as a service for state agencies. DMS wants to continue this activity, and requests more money for its operation. DMS stated that in order to cover the costs of providing reimbursable tenant renovations, the agency is redirecting resources from other areas. According to DMS, this is a necessary activity; landlords are expected to cover such renovations in commercial property.

Activity: Manage Pool Facility Parking Lots

DMS is not covering its costs in this area. The LRPP shows that DMS is requesting for fiscal year 2002-2003 \$157,360 for the operation of this activity. However, this amount only takes into account the cost of operating the parking facilities, and no other associated costs such as painting new lines or constructing additional spaces. At present, DMS is looking into ways of covering costs in this area. OPPAGA Report No. 98-82 concluded that the parking fees charged by DMS were insufficient, and raising these fees could provide additional funds. Parking fees have never been raised since the start of this activity in 1982.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Administer bonding program and plan for state office space requirements	892,072	X		See 3.4b
2. Operate and maintain DMS pool facilities	23,109,283	X		See 3.4b
3. Operate and maintain non-pool facilities	407,890	X		
4. Special category: Utility payments	14,212,461	X		
5. Manage private sector and state leases for state agencies	563,355	X		See 3.4b
6. Manage pool facility parking lots	157,360	X		See 3.4b
7. Provide reimbursable tenant renovations	410,724	X		See 3.4b
8. Executive Direction	427,584	X		See 3.4b
9. Debt Service	32,779,116	X		
10. Fixed Capital Outlay	5,908,024	X		
Total Service	78,867,869			

3.1 Provide detailed reasons for activities NOT being recommended for continuation. *N/A*

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Additional outsourcing seems possible in the operation and maintenance of pool facilities. This would not involve any significant re-engineering.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The 2001 Legislature reduced facilities program funding by \$550,884 and custodial positions by 71.25 FTE due to the continued privatization of custodial services in DMS facilities. Additionally, in DMS' LRPP, an additional 9.0 FTE and associated recurring savings of \$378,689 is proposed for fiscal year 2002-2003. DMS attributes this additional reduction to the shifting of responsibilities between various positions within and between each activity, more efficient use of technological resources, and improved training.

Additionally, because new buildings are not being constructed, the workload for the "Operation and Maintenance of Pool Facilities" activity is decreasing. The continued privatization of custodial services coupled with a decreased workload could result in a further reduction of FTE's and associated recurring savings.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

Yes. The costs to operate the Governor's Mansion need to be shifted from General Revenue to the Supervision Trust Fund.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Executive Direction – 5% reduction of .50 FTE and \$13,997. DMS is requesting a reduction of a .50 FTE Vacant Administrative Secretary Position with an associated salary of \$13,997. Based on these figures, the 5% reduction of .50 FTE and associated recurring savings of \$13,997 should be recommended.

Operate and Maintain Pool Facilities – 5% reduction of 6.50 FTE and \$256,425. DMS is requesting an increase from 23,109,283 to \$23,184,642 for the funding to operate these Pool Facilities due to increased facilities being brought into operation. Based on these figures, the 5% reduction of 6.50 FTE and associated recurring savings of \$256,425 should be recommended.

Operate and Maintain Non-Pool Facilities – No proposed 5% reduction. DMS' request retains the FTE's at 6.0 with an increase in funding from \$407,890 to \$411,744.

Administer Bonding Program and Plan for State Office Space Requirements – 5% reduction of 1.0 FTE and \$50,887. DMS is requesting a reduction of 1.0 FTE with no associated recurring savings. Based on these figures, the 5% reduction of 1.0 FTE and associated recurring savings of \$50,887 should be recommended.

Manage Private Sector and State Leases for State Agencies – 5% reduction of 1.0 FTE and \$45,110. DMS is requesting a reduction of 1.0 FTE Vacant General Services Manager Position with an associated salary of \$45,110. Based on these figures, the 5% reduction of 1.0 FTE and associated recurring savings of \$45,110 should be recommended.

Manage Pool Facility Parking Lots – No proposed 5% reduction. DMS is not requesting any change in FTE's or funding. OPPAGA Report No. 98-82 concluded that the parking fees charged by DMS were insufficient, and raising these funds could provide additional funds.

Provide Reimbursable Tenant Renovations – No proposed 5% reduction. DMS is not requesting any change in FTE's or funding. However, the cost of the activity exceeds the amount brought into the trust fund from this activity. It is recommended the DMS be directed to consider privatizing this activity.

Utilities – No proposed 5% reduction. DMS is not requesting any change in funding.

DMS' FTE reductions and associated savings represent the reduction of 9.0 FTE's and associated recurring savings of \$378,689 in DMS' long-range program plan for fiscal year 2002-2003. DMS justifies this reduction by the more efficient use of technological resources, better training, and the shifting of responsibilities among various positions.

List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

Because it is not statutorily authorized, the activity least relevant to the agency's mission is the activity of Providing Reimbursable Tenant Renovations.

Every other activity is necessary, and if not performed by DMS, would be the responsibility of individual agencies. If individual agencies were responsible for such activities, there would be no way to protect against duplicative actions by state agencies, and thus inefficient government practices.

For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings. N/A

- 3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No. In the area of Facilities Management, DMS is searching for increased ways to decrease costs while increasing efficiency.

- 3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Modification of the funding of the "Operate and Maintain Pool Facilities" activity was suggested. This is in direct response to DMS' continued efforts to privatize custodial functions. Customers would not be affected by increased privatization.

Modifying or eliminating the funding for reimbursable tenant renovations could possibly negatively affect customers. If this activity is indeed more cost effective than similar services provided by private entities, state agencies could face increased payments for such renovations.

Increasing the amount paid by state employees for parking facilities would have negative consequences as employee contributions would increase.

The recommendations to modify the funding levels of the remaining activities would neither positively nor negatively affect customers.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No statutory changes are recommended. The only activity that is not statutorily authorized is "Providing Reimbursable Tenant Renovations." This activity is provided as a service for state agencies in obtaining cost-effective construction and renovation services for space in DMS managed facilities. If this activity were modified or eliminated, no statutory changes would be necessary.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

Yes, see question 3.2.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Facilities
Service:	Florida Capitol Police

Pursuant to an executive order, it is under legislative consideration to transfer the Florida Capitol Police from the Department of Management Services to the Florida Department of Law Enforcement. If and when such transfer occurs, the legislature must monitor the transfer as operational and funding issues will arise.

1. Should the state continue to perform this Service? _____X___ YES _____ NO

Provide reasons for the above recommendation.

Florida Capitol Police (FCP) is charged with policing state facilities, protecting state employees, and training employees in fire and crime prevention methods. This service should be continued because of the need to secure state buildings and the state capitol complex, and provide police assistance to the approximate 30,000 state employees.

2. Are there any areas where performance is not meeting expectations for this service?

According to DMS, FCP's turnover rate remains at approximately 25%. This is apparently a nationwide trend among law enforcement agencies. Fulfilling statutory responsibilities despite a 12% vacancy rate is the biggest challenge for FCP. Accordingly, finding a qualified and diverse workforce to fill these vacancies is difficult.

Activity: Provide Criminal and Fire Prevention Training

Twelve percent of state employees take advantage of this particular activity. DMS states that given the current funding level for this particular activity, FCP can continue to train approximately 10-15% of the state workforce. Both the city's fire department and the state fire marshal's office perform these activities. Therefore, in implementing this particular activity of the Florida Capitol Police, DMS should try and avoid any duplicative training.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1.Executive Direction	\$966,875	X		
2.Police and Secure State Facilities	\$4,318,607	X		
3.Conduct Criminal Investigations	\$256,377	X		
4.Provide Crime Prevention Training	\$303,562	X		
5. Maintain Communications/Statewide Alarm Center	\$355,676	X		
Total Service	\$6,201,097			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

N/A

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

No.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

FCP is meeting legislative expectations.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No.

List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Executive Direction – No proposed 5% reduction. DMS requests \$976,650 and 7 FTE for fiscal year 2002-2003.

Police and Secure State Facilities – No proposed 5% reduction. DMS requests \$4,371,702 and 119.50 FTE for fiscal year 2002-2003.

Conduct Criminal Investigations – No proposed 5% reduction. DMS requests \$256,377 and 3 FTE for fiscal year 2002-2003.

*Provide Crime and Fire Prevention Training – No proposed 5% reduction.
DMS requests \$303,562 and 4 FTE for fiscal year 2002-2003.*

List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

See question 3.1.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Current funding levels are appropriate.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6. For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

N/A

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Support
Service:	Aircraft Management

1. Should the state continue to perform this Service? YES NO

Aircraft Management is responsible for the management of state-owned and operated aircraft including operational and safety standards and assignment, use, and reporting policies and procedures. The service operates an Executive Aircraft Pool from a central aviation facility in Tallahassee. The Executive Airpool provides on-demand executive air transportation to the Governor, Cabinet Officers, and other high level officials and employees on a priority first call, first serve basis. The Executive Aircraft Pool provides transportation to destinations throughout Florida (including Florida cities with limited or nonexistent commercial airline service) and to numerous cities outside the State. The Executive Aircraft Pool also provides support for the State Emergency Operations Center and State Executives in times of disaster such as hurricanes, tornadoes, flood, etc. This service is needed to meet timeliness of flights on demand, provide security for the officials flying, and provide accessibility to many restricted airspace areas statewide.

2. Are there any areas where performance is not meeting expectations for this service?

No. The outcome measure for this service is a maximum cost of \$1,200 per flight hour. The service meets 95% of Priority One flight requests. Priority One includes the Governor, Lieutenant Governor, Cabinet Officers, the Chief Justice of the Supreme Court, the President of the Senate, and the Speaker of the House.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Operate & Maintain the Executive Aircraft Pool	2,228,416	X		<i>See 3.4.b.</i>
2. Provide Maintenance Support for Aircraft Operated by other state agencies	5,033		X	
3. Executive Direction	97,541	X		
Total Service	2,330,990	X		

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Providing aircraft maintenance support for other state agencies is not a core mission of the Service. Maintenance service is available in the private sector which is generally the source of service for those agencies. Workload has been declining.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

No.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? *Yes.* Describe those deficiencies. Can the deficiency be addressed using current resources? *Not applicable.*

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

This is possible but is not recommended by legislative staff. General Revenue funds the scheduled major aircraft repairs. The subsidy assures continuous availability of the service and proper maintenance and repairs of the three aircraft in the pool.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The Agency has recommended the following reductions. Legislative staff support these recommendations.

- *Eliminate one position that oversees acquisition and tracking of parts – The duties will be absorbed by other positions. This provides a saving of \$39,385 annually.*
- *Eliminate maintenance support for other agencies – This provides a budget reduction of \$5,033 annually.*

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

No.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

None.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6. For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

There should be no consequences on the customers. Most maintenance work for other agencies is provided by the private section. Service can still be provided if internal needs permit.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Yes. Section 287.161, F.S., should be changed to statutorily adopt full-cost recovery requirements, which is currently adjusted in the implementing bill each fiscal year.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No. Private companies may be restricted from using military bases that are frequented by State aircraft. Using private vendors might limit direct state control over scheduling, flight crew and mechanic competency, aircraft quality, security, and the loss of an excellent facility that costs one dollar per year, through 2024. A private sector vendor may also be constrained by the Federal Aviation Administration requiring them to operate under more restrictive commercial regulations as opposed to the private regulations under which the State operates.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

The Agency is currently evaluating maintenance cost of the aircraft. One plan in the fleet may not be cost effective; however, due to demand, the plane would need to be replaced.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Support
Service:	Motor Vehicle and Watercraft Management

1. Should the state continue to perform this Service? YES NO

This service provides assistance to agencies in the acquisition and disposal of motor vehicles, watercraft, and aircraft; and manages the vehicle rental contract, the fleet fuel purchasing card, and a statewide equipment management information system.

- *Acquisition - Technical bid specifications and bid conditions for acquisition of equipment are developed by Motor Vehicles and Watercraft management for other state agencies, city and county governments, and universities to ensure purchase of quality, safe, and energy efficient equipment. The State owns 17,877 vehicles, 571 watercraft and 7,284 pieces of other mobile equipment.*
- *Vehicle Rental Contract - The State rental vehicle contract is developed and administered by Motor Vehicle and Watercraft Management for use by state and local government employees in order to provide cost efficient ground transportation for official business.*
- *Fleet Fuel Card - The Voyager Fleet Card is administered by Motor Vehicle and Watercraft Management for use by state agencies and universities to purchase fuel when using state owned vehicles for local and nationwide travel.*
- *Equipment Management Information System – The EMIS was designed by Motor Vehicles and Watercraft to maintain data on motor vehicles owned by the State of Florida and is administered as part of DMS’s statutory responsibility for the efficient and effective use of state motor vehicles.*
- *Equipment Disposal - The disposal process provides an efficient, cost-effective method of disposing of state owned mobile equipment through public auctions.*

2. Are there any areas where performance is not meeting expectations for this service?

No.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
<i>1. Acquisition of motor vehicles and watercraft</i>	<i>398,895</i>	<i>X</i>		<i>See 3.4.b below</i>
<i>2. Disposal of motor vehicles and watercraft</i>	<i>815,296</i>	<i>X</i>		<i>See 3.4.b below</i>
<i>3. Equipment Management Information System (EMIS)</i>	<i>469,612</i>	<i>X</i>		<i>See 3.4.b below</i>
<i>4. Executive Direction</i>	<i>371,390</i>	<i>X</i>		<i>See 3.4.b below</i>
<i>Total Service</i>	<i>2,055,193</i>	<i>X</i>		

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

No. The Agency restructured this service on July 1, 2001, as approved by the 2001 Legislature. The motor vehicle rental pool and the maintenance shop were discontinued. The Agency has negotiated purchasing contracts for vehicle rental that will be used by state and local governments. The Agency is still negotiating a maintenance agreement.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Current fee assessments do not cover the full cost of the disposal activity. The cash balance in the trust fund exceeds \$2.2 million. The agency intends to continue fees at the current level until the cash balance requires an adjustment to the fees or costs of the program. Legislative staff agree with the agency action.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

Not applicable. The General Revenue funding was eliminated on July 1, 2001.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The LRPP includes a budget reduction of \$101,686 in Expenses due to excess spending authority. Legislative staff agree with this reduction.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

None.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Only provide recommendations for most critical needs which can be justified by quantifiable cost savings or performance improvements. Indicate funding level recommended. If necessary, provide two or three optional funding levels to address critical need levels.

3.6. For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

No impact on customers.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Amend section 287.17(5), F. S., to require each state agency Inspector General to conduct an annual audit of motor vehicle utilization and present findings to the DMS. Each agency was required to complete a review by December 31, 2000, for submission to the Office of Program Policy Analysis and Government Accountability (OPPAGA). OPPAGA is currently analyzing this data.

Amend section 287.17, F. S., to establish a commuter mileage policy for motor vehicle usage. Resources could be saved statewide by requiring employees with assigned state-owned vehicles to reimburse the state for all or a portion of their commuter miles on state vehicles. OPPAGA has recommended this for several years.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No. The Agency is currently implementing outsourcing of the vehicle rental and maintenance.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Support Program
Service:	Purchasing Oversight

1. Should the state continue to perform this Service? YES NO

This departmental unit operates the central state purchasing infrastructure for use by all state agencies, contract vendors, and units of local government. It negotiates short- and long-term purchasing agreements that permit a reduction in administrative cost centers in participating agencies and produce maximum volume discounts. It is beginning the migration to a fully web-enabled system that, following re-engineering, will permit workload efficiencies with constant or reduced staffing.

2. Are there any areas where performance is not meeting expectations for this service?

There is one performance measure for the service: percent of state term contract savings, which, for the third quarter of FY 01-02, the agency estimates at 43% for all contract commodities included in the contract.

Appropriate benchmarks are pending review.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1.Executive Direction	\$ 2,545,501	X		See 3.4.a
2. Establish and Administer State term Contracts and Negotiated Agreements	\$ 1,853,214	X		See 3.4.a
3. Develop Contract Specifications and Perform Technical Bid Evaluations	\$ 817,881	X		See 3.4.a
Total Service	\$5,216,596			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not Applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The department's plan to improve the infrastructure envisions a web-enabled electronic purchasing system . The Department posted an intent to award to KPMG on October 16, 2001.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources

Not applicable.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds? List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The department has proposed a reduction of 11.5 FTEs and \$ 534,072 which it attributes to increased efficiency as it migrates to an electronic procurement system. Staff recommends the agency reductions, with restrictions, along with an explanation that their recognition will not adversely impact attainment of performance expectations. Furthermore, if more revenue is to be generated through the electronic successor system with fewer staffing requirements, the department should be able to identify any reductions in user surcharge fees to attain that result. Staff further recommends that the reductions occur only after successful entry into a contractual agreement with the designated vendor and subject to receipt of a report from the DMS on the costs and benefits of the proposed electronic procurement changes. The State Technology Office should provide a report and recommendation to the Legislature on the compatibility of the approach chosen by the DMS.

Three filled positions are requested for transfer to executive direction to support development of the electronic purchasing development initiative.

The agency recommends retention of 20% of the salary and benefit savings, or \$ 92,201 and cites as its authority for this provisions in the Career Service bill from the 2001 Session.

The department recommends a funding shift from General Revenue to Trust in the amount of \$998,483.

- b. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely.

Not applicable.

- c. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended.

Yes. A forthcoming report by the senate Governmental Oversight and productivity Committee discusses the state purchasing infrastructure and makes recommendations for change in light of the agency's proposals and the operation of current law.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

The department is undertaking a restructuring of its purchasing infrastructure to make it more powerful and less labor intensive. In many respects it will repeat the efforts begun several years ago which brought the E-RIM system into operation in July 2001 for the Division of Retirement.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

The department analysis includes both a recommendation for a fund shift and an organizational change.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Support
Service:	Office of Supplier Diversity

1. Should the state continue to perform this Service? YES NO

The state's new effort to increase state purchases from certified minority businesses, called One Florida, has not had sufficient time to demonstrate its success. Additional performance data on the state purchasing is needed before conclusions can be reached on this service. Based on this, staff recommends the Legislature monitor performance and that the service continue for the Fiscal Year 2002-03.

2. Are there any areas where performance is not meeting expectations for this service?

The performance measures established for the Office of Supplier Diversity emphasize service outputs rather than outcomes. The Legislature approved three performance measures for the office. The first measure, the number of businesses certified and registered has increased from 816 in 1999-00 to an estimated 1,500 for 2001-02. The average minority certification process time has remained stable at 45 days, although it is estimated that it will be 20 days for 2001-02. The number of businesses reviewed and audited has increased from 100 in 2000-01 to an estimated 150 in 2001-02.

These performance measures do not address the implied outcome of the program: increased purchases from certified minority businesses. The One Florida Program did not set specific performance targets for purchasing. This is in contrast to the previous program for minority preferences still used by agencies not operating under One Florida. Staff reviewed data on purchases from certified minority businesses. In particular, the percent of state agency purchases from certified minority vendors was reviewed. Purchases from certified minority vendors by all state agencies in Fiscal Year 2000-01 accounted for \$549.4 million, or 2.05%, of the total \$26.8 billion in state purchases. Agencies covered by the One Florida Executive Order did not differ significantly in the percent of their purchases from certified minority businesses than agencies operating under the minority preferences program established in s. 287.09451, F.S.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Provide Minority Access to Contracting Opportunities	\$651,393	X		see 3.4.a. & 3.4.b.
2. Manage and Oversee Minority Business	\$651,392	X		see 4.

Compliance				
	Total Service	\$1,302,785		

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The program has recently been created by Executive Order 99-281. Additional time is needed in order to properly evaluate performance. No re-engineering efforts are recommended at this time.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The office is currently meeting expectations for the number of businesses certified and the number audited. Performance on timeliness of certifications is estimated to improve this year.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

Yes. Section 287.1345, F.S. authorizes the department to impose a surcharge upon users of state term contracts in order to fund the costs, including overhead, of its procurement function. This fee is deposited in the Grants and Donations Trust Fund. The department has proposed in their Legislative Budget Request that the Grants and Donations Trust Fund be used to fund the activities rather than General Revenue.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The department proposes to eliminate one FTE and \$56,626 based on efficiencies gained through improved operating procedures. Staff recommend this reduction.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

The activity relating to certifying businesses and monitoring their continued qualification is of the highest priority. The activity to create opportunities for minority businesses to meet with government purchasing agents to develop business relationships and encourage purchases from minority vendors would be of lesser importance. The office refers to this work as "match-making." The

certification process is required by statute and forms the first step in a minority purchasing program, while the match-making function is not.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Increased efforts at match-making between minority vendors and state purchasing agents, as well as assistance to minority businesses would increase performance of the service. Assistance to minority businesses in the area of information technology and is acquiring capital would be important. No such funding enhancements are recommended however at this time.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Staff recommends that the Legislature modify the funding of the Office of Supplier Diversity by funding the office from the Grants and Donations Trust Fund rather than General Revenue. This recommendation would not impact the operation of the program and its customers.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

The Senate Committee on Governmental Oversight and Productivity conducted an interim study on the Minority Business Enterprise Statutes in 2000 (see interim report number 2001-042, dated November 2000). The study concluded that these statutes are vulnerable to constitutional challenge, and suggested two alternative courses of action.

The first option provided that in the event the Legislature wished to maintain a minority business preference program, it would be necessary to commission a new disparity study to verify the need for the preference program. However, the interim study, after reviewing prior disparity studies from 1989, 1991, and 1996, determined that it was unlikely that a new disparity study would find strong evidence demonstrating a disparity in purchases from minority-owned business as compared to purchases from non-minority businesses.

The second option provided that the existing minority business preference program could be repealed or transformed into a race-, ethnicity-, and gender-neutral small business assistance program. This latter option, due to its elimination of preferences based on suspect classes, would not be vulnerable to constitutional challenge. Based on this interim study, staff recommend repeal of provisions of laws relating preferences to minority businesses. Instead, the Legislature should create in statute a program to assist minority businesses similar to the One Florida Program.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

As detailed in the response to question two, additional purchasing data will be needed to adequately evaluate the efforts of the Office of Supplier Diversity.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

The agency plan should include a goal for the percent of state purchases made from certified minority business in addition the current goals and objectives for the Office of Supplier Diversity.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Support
Service:	Federal Property Assistance

1. Should the state continue to perform this Service? X YES NO

The program provides a unique opportunity to state and local agencies, public and non-profit, to obtain equipment at significantly reduced costs. The program must be performed at the state level to satisfy federal requirements for accountability.

2. Are there any areas where performance is not meeting expectations for this service?

Acquire and Redistribute Federal Surplus Property Activity: The distribution rate for federal property has declined in recent years: 1998-99 = 67.5%, 1999-00 = 65.6%, 2000-01 = 61.4%. At the same time the orders processed, the major output has also dropped: 1998-99 = 2,403, 1999-00 = 2,252, 2000-01 = 1,686.

Acquire and Redistribute Military Excess Surplus Property Activity: The distribution rate for this activity has also declined in recent years: 1998-99 = 67.6%, 1999-00 = 59.3%, 2000-01 = 47.2%. Orders processed, the major output has also dropped: 1998-99 = 435, 1999-00 = 266, 2000-01 = 204.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Acquire and Redistribute Federal Surplus Property	\$907,252	X		
2. Acquire and Redistribute Military Excess Surplus Property	\$139,383	X		
3. Executive Direction	\$153,575	X		
Total Service	\$1,200,213			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Most of the performance deficiencies are likely due to the lowering quality and quantity of federal surplus property.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The department developed a plan to consolidate the facilities used to store equipment. The 2001 Legislature approved the plan and reduced the program by 8 FTE and \$160,000 based on savings associated with the consolidation. This, along with further reduction in costs will improve the efficiency of the operation. See 3.4, b. below for more information.

The measure of the program's effectiveness is the rate at which the program distributes surplus equipment. Legislative performance expectations for 2001-02 are for a overall distribution rate of 82%. It appears that this standard is too high (see OPPAGA report 97-55 from 1998). The highest level of performance recently was 79% in 1998-99. The distribution rate has declined ever since. OPPAGA and the department attribute this to the lowering quality and quantity of federal property.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

Not applicable, there is no GR appropriated.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The 2001 Legislature reduced the program by 8 FTE and \$160,000 based on savings associated with the consolidation. This consolidation was approved by the 2001 Legislature. The department has revised the consolidation plan and proposes in their LBR and LRPP an additional reduction of \$204,922 and 4 FTE associated with the consolidation of the warehouses. The major change in the plan is to make the Starke, Florida facility the central warehouse rather than the Tallahassee location.

The LBR describes the same reduction of \$204,922 and 4 FTE associated with the consolidation of the warehouses.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

Not applicable. Both activities are relevant to the agency mission. Redirection of resources is not feasible since the service is operated on an enterprise basis. Program funding is generated from fees paid by agencies using the service.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Staff recommends the LRPP reduction.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

After consolidation of the warehouses, customers inspection and receiving equipment will have to go to one facility in Starke, Florida. This is a centralized location but those customers that had previously used the Tallahassee and Marianna locations will be negatively impacted by having to travel to the Starke facility. This may increase travel and transportation costs for the users of the program. Because customers pay for the operation of the program through the fees on the equipment they receive, the department should give consideration to their needs in further implementing the consolidation plan.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Chapter 217, F.S. relates to Surplus Property. No changes are recommended. Legislative oversight of consolidation plan is advised however.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis?

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No. OPPAGA reviewed the program in 1998 and considered the feasibility of outsourcing the program. It did not recommend such actions.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

No.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Human Resource Management
Service:	Human Resource Management

1. Should the state continue to perform this Service? YES NO

Article III, section 14, of the State Constitution requires a civil service system for state employees and the Department of Management Services is assigned the responsibility by statute to administer the state's personnel system.

2. Are there any areas where performance is not meeting expectations for this service?

The key performance measures for the service relate to the costs of providing service, and the quality of that service. The service supports all employees in the state personnel system (the employees of the state's education systems are not a part of this system). The service cost per position has increased slightly from \$71.52 in 2000-01 to an estimated \$71.76 in 2001-02. The main customers of the service are agency personnel offices and satisfaction among this group has varied with 97% satisfied in 1999-00. The service has seen an increase in requests for technical assistance from 30,010 in 2000-01 to an estimated 30,910 in 2001-02.

The service also tracks two measures that show the progress of agencies in hiring women and minorities for the state's equal opportunity (EEO) efforts. These measures show improvement in both these areas, for example, in 1999-00, 80% of state agencies were at or above their EEO gender parity with available labor market compared to 84% in 2001-02. In 1999-00, 67% of agencies were at EEO minority parity, while 74% were in 2001-02.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Provide Human Resource Management Expertise and Consulting	\$3,863,342	X		see 3.4.a
2. Maintain the Human Resource Automated System	\$5,019,837	X		
3. Americans with Disabilities Act Working Group	\$355,595	X		
4. Disability Services and Resource Information to Citizens	\$250,000	X		
5. Administer the Adoption Benefits Program	\$140,000	X		
6. Executive Direction	\$327,257	X		
Total Service	\$9,956,031			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not Applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The department's plan to outsource state agency human resource functions will likely result in better performance data on services provided to state employees. This would allow the program to better monitor the quality and cost of such services.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources

Not applicable.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds? List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The department has proposed a reduction of 3 FTEs and \$191,438 due to their outsourcing of the collective bargaining negotiation and contract administration function. The department is able to pay for these functions through another part of its budget within existing resources. Staff recommend the Legislature approve this change to the department's budget.

- b. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely.

Disability Services and Resource Information to Citizens is a new activity that does not fit within the mission. In addition, Administer the Adoption Benefits Program is a relatively new program as well that is currently funded well below demand.

- c. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Modification of the tasks of collectively bargaining and contract administration within the Provide Human Resource Management Expertise and Consulting should not have any negative consequences to the customers of this service.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended.

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

The department has proposed eliminating the performance measures for satisfaction with the services they provide to support the state agency personnel offices. Even though the Legislature approved this measure for the current year, the department did not provide such data.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

See response to question 3.4.a.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

See response to question 3.4.b.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Insurance Benefit Administration
Service:	Insurance Benefits Administration

1. Should the state continue to perform this Service? YES NO

Chapter 110, Florida Statutes, requires the DMS to contract for the provision of an indemnity and managed care health insurance program for state employees, retirees, and dependents. In addition, that chapter also provides the authority for the development of a life insurance plan, disability insurance plan, supplemental insurance products, and a pre-tax child care and medical expense reimbursement account service. State employees are permitted to choose from a number of additional supplemental insurance provider products offered through their employing agencies on a post-tax basis over which the DMS exercises approval and oversight. The General Appropriations Act established annual employer and employee premium payments. Retirees receive a separate statutory health insurance premium subsidy based upon years of service.

2. Are there any areas where performance is not meeting expectations for this service?

The Division uses three principal measures to gauge its performance: administrative cost per health insurance enrollee (\$220.88 for FY 99-00); customer service satisfaction (3.85 on a 5.0 scale for FY 99-00); and percent of all contracted performance met (96.7% for FY 99-00). As discussed below, the division has identified its Flexible Spending Account Activity as inefficient and available for outsourcing.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Administer the Health Insurance Program	\$ 34,239,537	X		See 3.4.a
2. Administer the Life Insurance Program	\$ 133,174	X		
3. Administer the Flexible Spending Account	\$ 517,067	X		See 3.4.a
4. Administer the Supplemental Insurance Program	\$ 1,857,208	X		See 3.4.a
5. Administer the Disability Benefits Program	\$ 137,386	X		
6. Executive Direction	\$ 1,097,057	X		See 3.4.a
Total Service	\$37,981,425			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

See discussion in item 3.4.a, below.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The department's plan to outsource state agency human resource functions does not currently contemplate the incorporation of state group health insurance. As presently organized the physician network, utilization review, pharmacy benefits, and the managed care options are all operated by contract vendors with overall financial management undertaken by the division.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources

Not applicable.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds? List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The division identified the Flexible Spending Account Activity as inefficient in an August 2000 study and indicated a potential \$600,000 savings in its ZBB submission if it were to be privatized. The division proposed in its LRPP a reduction of \$444,504 and 5 FTEs, one (1) position in the Executive Direction, three positions in the Administration of the Health Insurance Program, and one position in the Administration of the Flexible Spending Account activity, and other administrative costs that it attributes to the use of the best technology and better alignment of human resources relative to contract providers. All the positions are vacant. The division proposed a reduction of \$148,423 and 0 FTEs as a further expense reduction in the Administration of the Supplemental Insurance Program Activity (\$136,412) and the Administration of the Health Insurance Program(\$12,011). Four of the proposed position reductions have been vacant in excess of 100 days.

Staff recommends acceptance of reductions with a report by the agency that the funding and position reductions will not adversely affect attainment of performance objectives.

A retention of 20% of the generated savings is also requested. The savings retention is listed as thirty-ninth out of 41 departmental budget priorities.

All proposed reductions occur in trust funds.

- b. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely.

See 3.4.a, above.

- c. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended.

Not at the present time but a complete response to this item will be a function of the implementation and scope of the human resource outsourcing initiative, if subsequently approved by the Legislature.

5. Were there any areas in this service that consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

See response to question 4.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

See response to question 4.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

The financial sufficiency of program funding and the nature of the benefits provided is the subject of a Senate interim report, 2002-134. It is possible that bringing the program's costs into line with its benefits may provide for different combinations of choices and a changed delivery structure, but no assurance of either can be made at this time. The report made several recommendations, ranging from adjustment of co-payment levels to major restructuring of the plan to focus on wellness rather than illness. Persistent cash-flow difficulties attributable to the

internal risk pool characteristics will demand some short-term and longer term actions that equitably address employee service needs and fix the employer's liability.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Retirement Benefits Administration
Service:	Retirement Benefits Administration

1. Should the state continue to perform this Service? YES NO

The Division of Retirement is the benefit payment fiduciary for the Florida Retirement System (FRS), one of the Nation's largest defined benefit pension plans. In that capacity the division qualifies employees for retirement benefits and apprise the 800 employers in the plan of changes to the financial and programmatic terms and conditions of membership in light of legislative changes and rulings from the Internal Revenue Service. The authority given the division is provided in ch. 112, Part VII, and chs. 121, 122, 175, 185, 215, 238, 250, and 650, Florida Statutes.

2. Are there any areas where performance is not meeting expectations for this service?

The division uses six performance measures to track its operations: customer (employee) satisfaction, employer satisfaction, accurate payroll transaction processing, administrative cost per active and retired employee, percentage of local retirement plans reviewed for sound actuarial funding, and overall ratio of FRS membership to division staff. FY 2000-01 outcome measures are not available but the division has managed to sustain satisfaction ratings above 93% in each of the prior two measurement periods. The division has reported that the FRS maintains its national ranking as the most administratively efficient public pension plan with the lowest infrastructure staffing.

The division proposes to replace three of the measures and modify one other, but does not offer any specific replacement language.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Administer the Florida Retirement System	\$ 14,943,127	X		
2. Pension and Benefits Payments	\$ 9,235,284	X		
3. Administer the Retiree Health Insurance Subsidy Program	\$ 45,795	X		
4. Administer the State University System Optional Retirement Program	\$ 385,299	X		
5. Provide Local Government Pension Plan Oversight	\$ 657,852	X		
6. Executive Direction	\$ 2,400,615	X		
Total Service	\$27,667,972			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not Applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The department's plan to outsource state agency human resource functions does not include any mention of the retirement operations function.

The division works closely with the fund investment manager, the State Board of Administration, although the two entities are distinct organizationally. The division has a statutory responsibility with the implementation of the Public Employees' Optional Retirement Program beginning in 2002.

The division implemented six months ahead of schedule the delivery of retirement information services through a secure, on-line computer access. In January 2001 the division also contracted its resident information technology functions, E-RIM, to a private provider, KPMG.

The department is actively considering outsourcing many state agency internal human resource functions to a private provider to produce a maximum economies of scale. At present, maintenance of the principle employee benefit infrastructure, retirement and health insurance, will stay with the DMS.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources

Not applicable.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds? List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The division is recommending a reduction of \$628,609 and 4 FTEs due to staffing efficiencies generated through the automation of its retirement functions through E-RIM. The affected positions are vacant and have been unfilled for more than 9 months.

It further recommends a reduction of \$205,898 in expenses associated with lower distribution costs of the FRS Bulletin. Generally, the division will communicate with its 800 employer members who in turn will use their more current employee mailing network to apprise employees of retirement benefit changes.

The division recommends a reduction of \$227,518 and 0 FTEs attributable to excess funding in the State University System Optional retirement Program.

The source of this overage is money held over from a special project assigned to the former Board of Regents.

The division requests a reduction of \$95,882 and 2FTEs due to increased efficiencies in its executive direction activity. The two positions are vacant.

Consistent with related recommendations, the division request retention of 20% of the cumulative salary and benefit savings, or \$38,355, generated by these reductions. All proposed reductions are from trust funds.

Staff recommends the agency reductions with an explanation by the agency that deletion of the funds and positions will not adversely affect attainment of performance objectives.

- b. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely.

Not applicable.

- c. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended.

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

See response to question 3.4.a.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

A study should be conducted to determine if improvements in performance and cost could be obtained by merging the State Retirement Commission with other quasi-judicial functions with the Department of Management Services, such as the Division of Administrative Hearings, the Public Employees Relations Commission, and the Commission on Human Relations.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Administrative Hearings
Service:	Adjudication of Disputes

1. Should the state continue to perform this Service? X YES _____ NO

The purpose of the service Adjudication of Disputes is to provide a forum for the trial and resolution of disputes between private citizens and organizations and agencies of the state. If this service did not exist, disputes would be resolved in a less timely manner and with more cost to the system. In 1974, the Legislature established the Administrative Procedure Act (APA) in Chapter 120, Florida Statutes.

2. Are there any areas where performance is not meeting expectations for this service?

No. Outcome measures of performance for adjudication of disputes are: percent of cases scheduled for hearing within 90 days after filing; and percent of cases closed within 120 days after filing. On July 1, 2000, DOAH instituted new policies which require more expeditious scheduling or hearings and closure of cases. Since that time, the division has exceeded these performance measures.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Conduct Administrative Hearings and proceedings	\$ 8,022,419	X		
2. Executive Direction	\$ 143,132	X		
3. Director of Administration	\$ 81,108	X		
4. Planning and Budgeting	\$ 90,618	X		
5. Finance and Accounting	\$ 85,647	X		
6. Personnel Services/ Human Resources	\$ 63,963	X		
7. Procurement	\$ 40,953	X		
Total Service	\$ 8,527,840			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

No. The division instituted new policies in July, 2000. These changes have resulted in more efficient performance by the agency.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Current levels of efficiency and effectiveness are meeting legislative expectations.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

No. All funds of this division are coming from trust funds.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The following issues are included in the Division's Long Range Program Plan but are not included in its Legislative Budget Request for FY 2002-03.

The division has identified the elimination of five positions and \$140,175 in the Clerk's office to meet the 5% workforce reduction target. This would result in customers' cases not being processed as quickly as they are now.

The division has identified a reduction of \$161,719 for one contractual Administrative Law Judge and technical support for administration of the division's internet web site. This would result in higher caseloads for the remaining Administrative Law Judges.

The remaining reduction identified is a reduction of \$127,918 in travel by the Administrative Law Judges. This would result in potentially more travel costs by agency personnel throughout the state who would be forced to come to Tallahassee for these hearings as well as travel costs for the customers filing the complaints. A law change would be needed to require all hearings to be done in Tallahassee.

None of these reductions are recommended at this time.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

Not applicable.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

Currently, the division has one contractual Administrative Law Judge who handles cases for the division's middle district. According to the division, the hiring of private attorneys to handle cases would be more costly than having state FTE Administrative Law Judges. Further, there is some question regarding the impartiality of an outside entity in the resolution of cases.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

A study should be conducted to determine if improvements in performance and cost could be obtained by merging the Division of Administrative Hearings with other quasi-judicial functions with the Department of Management Services, such as the Public Employees Relations Commission, the Retirement Commission, and the Commission on Human Relations.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Public Employees Relations Commission
Service:	Public Employees Relations Commission

1. Should the state continue to perform this Service? X YES NO

The program provides needed services related to collective bargaining and resolving government employer/employee disputes.

2. Are there any areas where performance is not meeting expectations for this service?

Performance for the PERC is measured by the timeliness of its services, and whether its actions are appealed and affirmed. Using these measures, the PERC is meeting legislative expectations.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Adjudicate and facilitate mediation of labor and employment disputes	\$3,424,588	X		
Total Service	\$3,424,588			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

A study should be conducted to determine if improvements in performance and cost could be obtained by merging the PERC with other quasi-judicial functions with the Department of Management Services, such as the Division of Administrative Hearings, the Retirement Commission, and the Commission on Human Relations.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Yes.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

The PERC has recommended the elimination of one FTE and a total of \$97,498 in General Revenue funding for fiscal year 2002-2003.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

There is only one activity.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Staff recommends the reduction proposed by the PERC.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis?

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

See response to 3.2.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

The PERC provides services to both local and state governments, but funding is currently entirely state General Revenue. The Legislature may want to consider directing the PERC to recover costs incurred on behalf of local governments and their employees.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Florida Commission on Human Relations
Service:	Human Relations

1. Should the state continue to perform this Service? X YES _____ NO

Provide reasons for the above recommendation.

The Florida Commission on Human Relations was created to secure for all individuals within the state freedom from discrimination because of sex, age, race, national origin, religion, disability, color, or marital status and to encourage mutual understanding and respect among all members of all economic, social, racial, religious, and ethnic groups. The Commission also provides technical assistance to employers including state agencies informing them of the law and policies and practices they can employ to avoid litigation.

2. Are there any areas where performance is not meeting expectations for this service?

The current outcome measure for the commission in the General Appropriations Act is that 60 percent of civil rights cases be resolved within 120 days of filing. The current outcome measure for the commission in the Approved Agency Performance Measures and Standards for Fiscal Year 2001-02 is that 60 percent of civil rights cases be resolved within 180 days of filing. The commission says they are capturing information at the 180 day standard and that is the standard that staff is comparing to what is being accomplished. The commission reports that they did resolve 59.9 percent of the cases filed within 180 days during the 2000-01 fiscal year.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Investigate Complaints of Civil Rights Violations	\$3,167,858	X		
2. Provide Community Relations Education	\$ 266,851	X		
3. Executive Direction	\$ 803,715	X		
Total Service	\$4,238,424			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not applicable

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The Intake Unit was merged with the Customer Service Unit in January, 2001. This action has made the commission more efficient and has improved response time in resolving complaints. The Commission is also reviewing staff functions to reassigning more positions to investigating cases. Further, the commission has been given authority to develop a new database system designed to integrate information from databases of the U.S. Department of Housing and Urban Development and the U.S. Equal Opportunities Commission to allow more accuracy and efficiency in reconciling cases. Technology will also allow the Commission to reassign positions to Community Relations activities.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The commission has expressed some concern that more resources need to be reallocated to the community relations education and outreach.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Not listed.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

See comments on 3.3 above.

d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Not applicable.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Not applicable.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Not applicable.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

No.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

This service is one that is probably best implemented by state or federal employees because of the nature of the complaints. The system seems to be working well and there is no evaluation that outsourcing would be a cost-saving effort.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

A study should be conducted to determine if improvements in performance and cost could be obtained by merging the Commission on Human Relations with other quasi-judicial functions with the Department of Management Services, such as the Division of Administrative Hearings, and the Retirement Commission.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Management Services
Program:	Correctional Privatization Commission
Service:	Private Prison Operations

1. Should the state continue to perform this Service? YES NO

The state currently uses both private and public institutions to house inmates in the state correctional system. Five private prisons are currently used and contracts must be managed and facilities must be monitored for compliance.

2. Are there any areas where performance is not meeting expectations for this service?

The Legislature has adopted two performance measures for the commission. The per diem cost of private prisons is measured each year and was \$49.56 for 1999-00 and \$50.38 for 2000-01. The number of contracts managed increased from 5 in 1999-00 to 7 in the current year. The commission's primary mission is to contract for private prisons at a rate at least 7% less than the cost of similar state operated prisons. The Legislature's Office of Program Policy and Government Accountability (OPPAGA) has reviewed the commission and the individual prisons operated by the private vendors. In one case, they have found that the private prison operated at a rate that achieved significant cost savings. In other cases, however they found the private prisons did not achieve the expected results. For more information see reports numbered 95-12, 97-68, 99-33, 99-39, and 99-46 at the OPPAGA website (<http://www.oppaga.state.fl.us>).

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1.Contract for Construction, Operation, and Oversight of Private Prisons	\$971,777	X		see 3.4.c.
Total Service	\$971,777			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Not Applicable.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

A review of recent OPPAGA reports suggests that the commission could improve performance by altering some of its contracting practices. In addition, report number 02-10, dated July 2001, by the Office of the Auditor General cites deficiencies in

management of tangible personal property such as computers and cellular telephones, in travel practices, in contracting for legal services, and in conflict of interest procedures.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources

The commission monitors its contracts at five facilities with an onsite monitor. In addition to these 5 FTE, an additional 5 FTE are located at the commission's central office in Tallahassee. It appears that 10 FTE and approximately \$1 million in budget is excessive to manage the 7 contracts held by the commission. A reduction in staff and budget appears to be warranted.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds? List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

No reductions or fund shifts are proposed by the department.

- b. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely.

Not applicable, the commission provides only one activity.

- c. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Staff recommends a reduction of 4 FTE along with a reduction of associated budget. This would allow for one central administrative position at a Tallahassee office and one FTE at each of the 5 facilities currently monitored by the commission. To accomplish this, the Legislature may wish to consider revising Chapter 957, F.S. to administratively house the commission within the Department of Corrections. Contracting for services and monitoring contracts are activities that fit within the current mission of the Department of Corrections. The Legislature may however wish to continue to provide independence to the commission by retaining it in the Department of Management Services.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

A reduction in administrative staff should have a limited impact on the customers of the commission.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended.

See response to question 3.4.c.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

No.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

As stated in the response to question 3.4.c., the Legislature may wish to consider revising Chapter 957, F.S. to administratively house the commission within the Department of Corrections. Contracting for services is an activity that fits within the current mission of the Department of Corrections.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.