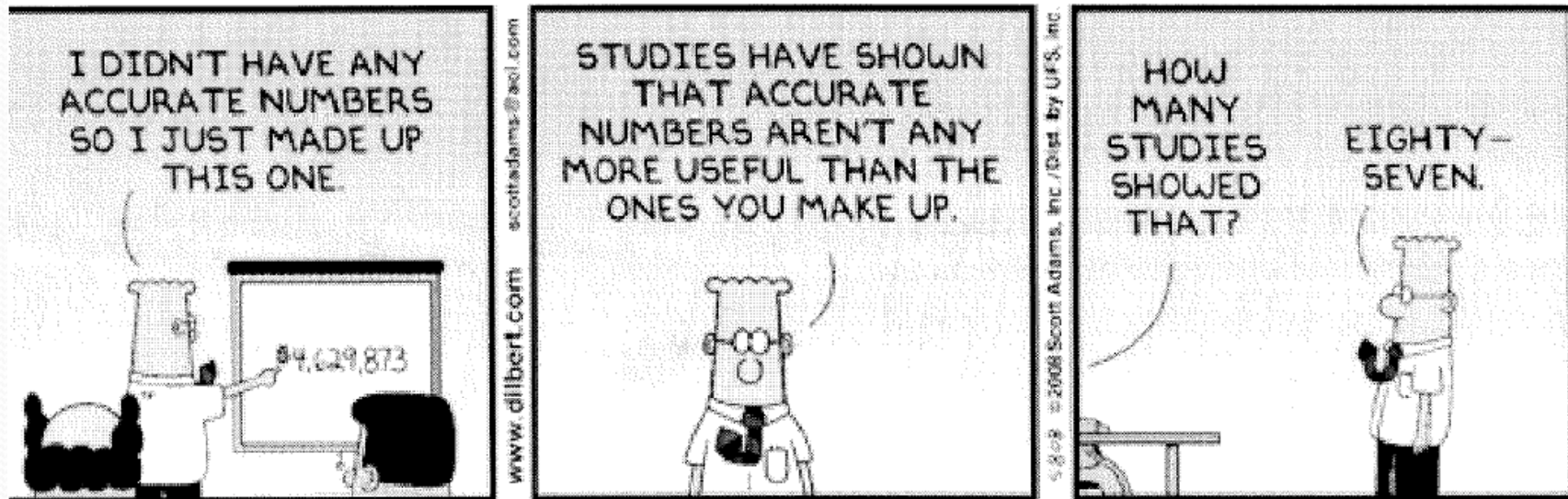


Conference Process

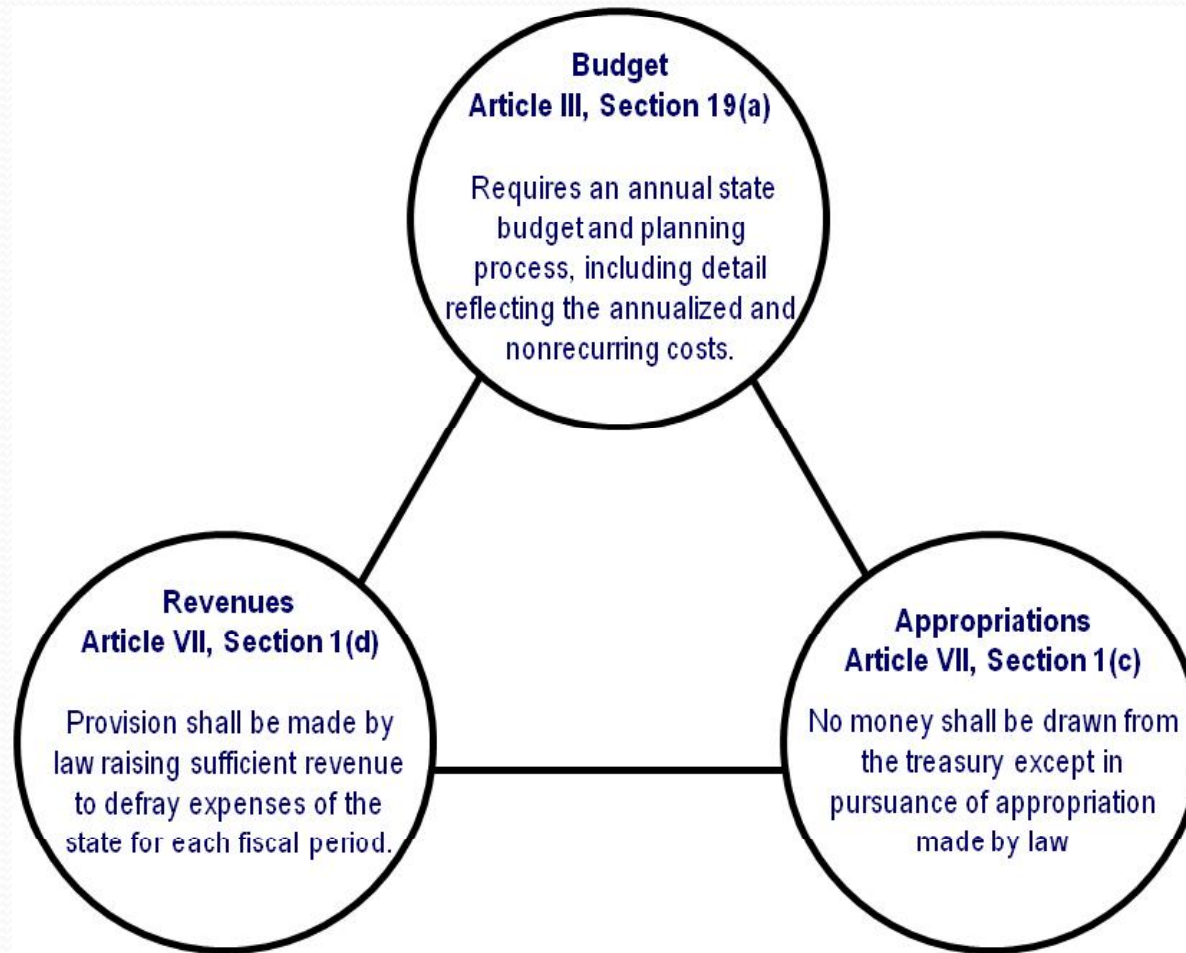
Revenue Estimating Conference
Mission San Luis Retreat

October 30, 2012

One Approach...Not!!!



Constitutional Framework...





Florida's Budget...

- The State's budget is prepared every year.
- Each budget must be balanced. The planned expenditures for each year are constrained by the anticipated revenues for that year.
- Forecasts are developed through a consensus process for projecting state revenues and certain caseload, workload and cost figures.
- Because the pool of potential expenditures (the “wish list”) is always greater than the available revenues, Legislative leaders must choose between competing priorities .



Why Does Florida Have a Consensus Estimating Process?

- The consensus estimating process allows policymakers to evaluate policy options with agreed-to fiscal impacts.
- It frees the policymakers to consider policy options rather than debating fiscal impacts.
- It produces results based on the best available information that can be accepted by all parties.
- It provides the revenue estimates for monitoring the balanced budget provision of Section 1(d), Article VII, Florida Constitution.



Foundation for Numbers...

- The Consensus Estimating Conferences have provided twenty-seven years of consensus.
- First informal Conference was held in 1970.
- Process was formally established in Florida Statutes in 1985.
- Consensus Estimating Conferences are within the legislative branch.
- Florida Statutes create 10 formal estimating conferences and contemplate the formation of ad hoc conferences for estimating the cost of constitutional amendments generated by petition and for special impact estimating conferences to evaluate legislative proposals using special tools.
- Some of the 10 formal conferences meet separately on specific issues, forming nearly 30 separate entities for each conference season—currently three per year.

Sections 216.133-216.137, F.S., and s. 216.138



What does a Conference do?

- Develops official information for purposes of the state planning and budgeting system that must be used by each state agency and the judicial branch in carrying out its duties.
- "Official information" means the data, forecasts, estimates, analyses, studies, and other information which the principals of a consensus estimating conference unanimously adopt for purposes of the state planning and budgeting system.

Sections 216.133-216.137, Florida Statutes



Our Underlying Products...

- National and Florida Economic Forecasts (EEC)*
- Demographic Forecast (FDEC)*
- Retrospects and Outlook Statements (pulling expenditure and revenue numbers together)

** The official information developed by the Economic Estimating Conference and the official information developed by the Demographic Estimating Conference shall be used by **all other** consensus estimating conferences in developing their official information.*

Section 216.134(3), F.S.



Our Revenue Products...

- Interest Rates for Use in Appropriations (EEC)
- Forecasts for key revenue sources:

Ad Valorem; Article V Fees & Transfers; Documentary Stamp Tax; all General Revenue sources; Gross Receipts / Communications Services Tax; Highway Safety Fees; Indian Gaming Revenues; Lottery; PECO; Slot Machines; all Transportation sources; Tobacco Settlement dollars; Tobacco Tax and Surcharge; Unclaimed Property receipts

- Revenue Impact Analyses for Legislation and Measures Affecting Revenue
- Long Term Revenue Analysis (annual for upcoming 10 years)
- Monthly Revenue Estimates
- Revenue Cap Analysis (annual)



Our Resource-Demand Products...

- Criminal Justice (prison population and number of sexual predators)
- Early Learning Programs (voluntary prekindergarten enrollment)
- Education (public school enrollment, Florida college system enrollment, post-secondary financial aid, state university system enrollment)
- Florida Retirement System Actuarial Assumptions & Retiree Health Insurance Subsidy Benefit
- Self-Insurance Estimating Conference (Risk Management Trust Fund and State Employees' Health Insurance)
- Medicaid Caseload and Expenditures
- TANF/WAGES Caseload and Expenditures
- KidCare Caseload and Expenditures
- Workforce Estimates (Statewide, Bachelor's and Master's or Higher Degree Targeted Occupation Lists)
- Impact Analyses for Legislation



Where do Our Products Go?

- Some products are used as inputs into other conferences – particularly the economic and demographic forecasts (statutorily required).
- Some products are used mostly for historical and informational purposes – for example, tax handbooks, retrospects, long-term revenue analyses and revenue cap analyses.
- Other products directly influence the development of the budget and the passage of legislation.

State Budget Process Time Table

Governor/ Office of Policy and Budget and the Legislature	State Agencies	Governor/ Office of Policy and Budget	Legislature	Governor/ Office of Policy and Budget
<ul style="list-style-type: none"> • Provide Instructions to Departments for: <ul style="list-style-type: none"> ○ Long-Range Program Plan ○ Legislative Budget Request ○ Capital Improvements Program Plan ○ Information Technology Plan 	<ul style="list-style-type: none"> • Prepare Long-Range Program Plan • Prepare Legislative Budget Request • Prepare Capital Improvements Program Plan • Prepare Information Technology Plan • Prepare Internal Operating Budget 	<ul style="list-style-type: none"> • Review/Analyze: <ul style="list-style-type: none"> ○ Long-Range Program Plans ○ Legislative Budget Requests ○ Capital Improvements Program Plans ○ Information Technology Plans • Hold Public Hearing • Develop Recommendations Based on Governor's Priorities and Available Revenues 	<ul style="list-style-type: none"> • Prepare Appropriations Act • Review Governor's Recommendations • Review/Analyze/Revise Budget • Appropriations Act Passed by Both Houses 	<ul style="list-style-type: none"> • Governor may Line Item Veto Specific Appropriations • Governor Signs Budget into Law • Create Agency Operating Budgets from General Appropriations Act
May - July	May - October	September - January	January - May	May - July
REC provides #'s for the Long-Range Financial Outlook	REC provides #'s for some agency LBRs	REC provides #'s for the Governor's Budget Request	REC provides #'s for the Legislature's GAA and Substantive Bills	REC provides a financial recap of passed legislation



The Participant's Role...

“A participant is any person who is invited to participate in the consensus estimating conference by a principal. A participant shall, at the request of any principal before or during any session of the conference, develop alternative forecasts, collect and supply data, perform analyses, or provide other information needed by the conference. The conference shall consider information provided by participants in developing its official information.”

Section 216.134, Florida Statutes

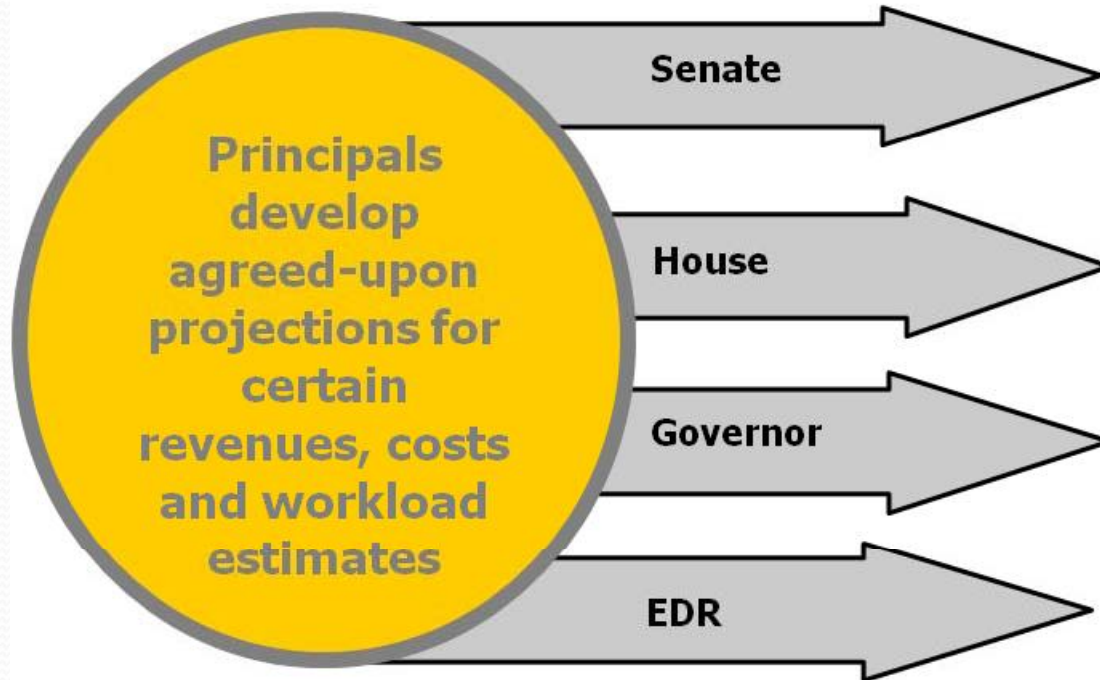


The Principal's Role...

“A person designated by law as a principal may preside over conference sessions, convene conference sessions, request information, specify topics to be included on the conference agenda, agree or withhold agreement on whether information is to be official information of the conference, release official information of the conference, interpret official information of the conference, and monitor errors in official information of the conference. The responsibility of presiding over sessions of the conference shall be rotated among the principals.”

Section 216.134, Florida Statutes

At the Conference...



- Process requires unanimous agreement
- Each principal has a veto
- Each principal can provide a proposed forecast
- Agencies provide proposed forecasts and other information upon request



Forecast Guidelines...

- **Assume that current law and current administrative practices** will be in effect unless otherwise decided by the conference or by law
- **Include 10-year forecasts** unless otherwise decided by conference
- **Stay in effect** until the next consensus agreement by the conference
- **Are adopted** in public
- **Include all direct effects** and some indirect effects, but usually not induced effects



What do Other States Do?

- 38 states have multi-year expenditure forecasts, and of those states the range is from 1 year out to 5 years out from the current budget cycle.
- 27 states have expenditure estimates that originate in agencies.
- 34 states have expenditure estimates that include all programs.
- 30 states project future budget gaps beyond the current budget cycle.
- 26 states have a consensus forecast process for revenue estimates.
- 9 states have official revenue estimates adopted four (7 states) or more (2 states: Delaware and New York) times a year.



How does the Federal Government do it?

- The President's budget request is developed by the President's Office of Management and Budget (OMB), which includes recommendations and estimates for (1) how much money the federal government should spend on individual federal programs; (2) how much it should take in as tax revenues; and (3) how much of a deficit (or surplus) the federal government should run. The Department of Treasury assists with the revenue estimates.
- The non-partisan Congressional Budget Office (CBO) publishes an analysis of the President's budget recommendations for spending and revenue proposals.
- The proposed spending decisions are then evaluated by the House and Senate Budget Committees, especially for the development of the budget resolution. Once the resolution is passed and allocations are received, the Appropriations committees begin their work.
- Among other functions, the CBO is required by law to produce a cost estimate for every spending bill that is reported by a full committee of either House of Congress.
- The non-partisan Joint Committee on Taxation assists with revenue analysis and has lead responsibility for revenue estimates on all tax legislation.