

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB GOA 10-07 Trust Funds/Federal Grants Trust Fund/DMS

SPONSOR(S): Government Operations Appropriations Committee

TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Government Operations Appropriations Committee	14 Y, 0 N	Dykes	Topp
1)	_____	_____	_____	_____
2)	_____	_____	_____	_____
3)	_____	_____	_____	_____
4)	_____	_____	_____	_____
5)	_____	_____	_____	_____

SUMMARY ANALYSIS

This bill creates the Federal Grants Trust Fund within the Department of Management Services for use as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources. Based on the department's federal grant activity and awards, approximately \$7 million will be deposited in this trust fund during Fiscal Year 2010-11, if created.

Section 215.32(2)(b)2.g., F.S., requires that a Federal Grant Trust Fund be used as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources for day-to-day operations. The Department of Management Services does not currently have a trust fund that can be used for these specific and required purposes.

This bill takes effect on July 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background:

Legislative review of trust funds is required at least once every four years pursuant to s. 215.3208, F.S., and s. 19(f), Art. III of the State Constitution. The schedule for the review is included in the legislative budget instructions developed pursuant to the requirements of s. 216.023, F.S. The trust funds for the Department of Management Services are scheduled for review this year.

Section 19(f), Art. III of the State Constitution requires that every trust fund be created by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of creating that trust fund. In addition, the State Constitution provides that all newly created trust funds terminate not more than four years after the initial creation unless recreated.

Effect:

Section 215.32(2)(b)2.g., F.S., requires that a Federal Grant Trust Fund be used as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources for day-to-day operations. The Department of Management Services does not currently have a trust fund that can be used for these specific and required purposes.

Creation of this trust fund will allow the department necessary segregation of federal funds and better accounting and reporting of these funds. This trust fund will also provide the department better assurance of compliance with requirements of the accounting standards established by the Government Accounting Standards Board regarding accounting for grant activities funded by restricted program revenues from federal sources.

Based on the department's federal grant activity and awards, approximately \$7 million will be deposited in this trust fund during Fiscal Year 2010-11, if created.

This trust fund will terminate on July 1, 2014, pursuant to s. 19(f), Art. III of the State Constitution, unless recreated by the Legislature.

B. SECTION DIRECTORY:

Section 1. Creates the Federal Grants Trust Fund within the Department of Management Services.

Section 2. Provides for an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Based on the department's federal grant activity and awards, approximately \$7 million will be deposited in this trust fund during Fiscal Year 2010-11, if created.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

Section 19(f), Art. III of the State Constitution requires that every trust fund be created by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of creating that trust fund. In addition, the State Constitution provides that all newly created trust funds terminate not more than four years after the initial creation unless recreated.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES