A condensed legislative wrap-up, with Chapter Law citations, will be provided after we see which bills are vetoed and which become law.

I. BILLS THAT PASSED

A. Telecommunications/Information Technology

1. Telecommunications Taxation (SB 1878, CS/SB 1540)

A more detailed summary, to be distributed later, is being prepared by the Department of Revenue. The "legislative intent" is to embrace a "competitively neutral tax policy that will free consumers to choose a provider based on tax-neutral considerations." The Act "simplifies" an extremely complicated state and local tax and fee system "by restructuring separate taxes and fees into a revenue-neutral communications services tax centrally administered by the Department of Revenue. This chapter will ensure that the growth of the industry is unimpared by excessive governmental regulation." The tax imposed is a "replacement for taxes and fees previously imposed."

The 140-page bill takes effect October 1, 2001.

In addition, CS/SB 1540 passed which sets up the "Local Communications Services Tax Clearing Trust Fund" within the Department of Revenue. The proceeds from the tax shall be deposited for distribution to municipalities and counties. The bill takes effect July 1, 2001 (if CS/SB 1878, rescinding repeal of Chapter 202, F.S., becomes law).

2. **Public Records/ Telecommunications Tax (CS/SB 1836)**

This addresses confidentiality for the Communications Services Tax Simplification Act taxation. A person or an entity designated by the local government in writing to the Department of Revenue as requiring access to confidential taxpayer information shall have reasonable access to the information. The information shall be used for purposes related to budget preparation, auditing, and revenue and financial administration.

The legislature finds that any information received by the Department of Revenue in regard to Chapter 202 is exempt from public records requirements. Further, disclosure of such information could impair competition in the communications industry. Thus, the public and private harm in disclosure outweigh any public benefit.

The bill takes effect October 1, 2001.

**FPSC Implementation Action Needed:** None.

3. **Technology Bill (HB 1811)**

Numerous provisions add to the powers of the State Technology Office.

Also, the Office of Tourism, Trade, and Economic Development is statutorily moved from the Department of Management Services to the Executive Office of the Governor.

The Chair of ITFlorida.com, Inc. is added to the State Innovation Committee.

Section 216.292, F.S., is amended to provide that for fiscal year 2001-2002, state agencies may transfer positions and appropriations, in complying with the Appropriations Act in the “consolidation of information technology resources to the State Technology Office.” The State Technology Office “through service level agreements with each agency,” shall provide the information technology needed for the agency to accomplish its mission.”

The definition of “state’s information technology infrastructure” is broadened to include, but not be limited to, voice, data, video, radio, telephone, wireless, and image.”

“Agency” is defined as “those entities described in s. 216.011(1)(qq).” (Apparently, the FPSC is not included in this definition.) The transfer of positions from the covered agencies to the State Technology Office is to occur by October 1, 2001.


**FPSC Implementation Action Needed:** None.
4. **Passport to Economic Progress (CS/CS/SB 1672)**

This welfare-reform effort addresses the Digital Divide Council. That Council is created and includes the chair of ITFlorida.com, Inc., and the Chair of the Network Access Point of the Americas, along with members appointed by the Senate President and House Speaker. The State Technology Office will provide administrative and technical support to the Council.

This Act will take effect upon becoming law.

**FPSC Implementation Action Needed:** None.

5. **Economic Development (HB 1225)**

This 106-page bill addresses numerous matters. Exemptions for sales and use tax, in Sec. 212.08, F.S., are set out for nonprofit, community based organizations. Rural incentives are included. Sec. 220.03, F.S., is amended to add the definition of “project” to include “the investment necessary to increase access to high-speed broadband capability in rural communities with enterprise zones, including projects that result in improvements to communications assets that are owned by a business.” (p. 41 of bill)


**FPSC Implementation Action Needed:** None at present, but need to monitor.

6. **Public Record/Emergency “911” Number (HB 399)**

Personal information of a person accessing “911” is confidential and exempt from s. 24(2), Art. I of the State Constitution. The Provision for a Sunset review is removed.

The bill takes effect October 1, 2001.

**FPSC Implementation Action Needed:** None.

7. **“911” and “311” bill (SB 1142)**

The Office of State Technology, rather than the Department of Management Services, will oversee 911. The bill also addresses a 2-year pilot project, that ends June 30, 2003, relating to nonemergency “311 systems” or similar nonemergency systems which improve the overall efficiency of the existing “911” system. No wireless provider shall be required to participate in the project.

This Act takes effect upon becoming law.

**FPSC Implementation Action Needed:** None.
B. Electricity/Energy

1. Medically Essential Electricity (CS/SB 408)

Section 366.15, F.S., is created on “medically essential electric public utility service.” It applies to “medical dependence on electric-powered equipment that must be operated continuously or as circumstances require as specified by a physical to avoid the loss of life or immediate hospitalization of the customer or another permanent resident of the residential service address.”

Each public utility must annually provide a written explanation of the certification process for medically essential service to each customer. A physician must submit a form “which states in medical and nonmedical terms why the electric service is medically essential.”

No later than 24 hours before any scheduled disconnection of service for nonpayment of bills to a customer requiring medically essential service, the public utility must attempt to provide notice to the customer. If contact is not made, the utility may leave written notice at the residence.

Nothing in the Act shall form the basis for any cause of action against a public utility. Failure to comply with the Act does not constitute negligence.

Other provisions address employee training and other related matters.

The bill takes effect upon becoming law.

FPSC Implementation Action Needed: None anticipated.

2. Energy Shared Savings (SB 1012)

This is the “Guaranteed Energy Performance Savings Contracting Act.” The Legislature finds that investment in energy conservation measures in agency facilities would be beneficial. “Energy conservation” measures would include, but not be limited to, some new matters--renewable energy systems, such as solar, biomass, or wind systems,” devices that reduce water consumption or sewer charges, and storage systems such as fuel cells and thermal storage.

The Department of Management Services, with the Comptroller’s assistance, may provide assistance to state agencies contracting for energy conservation measures.

The Act takes effect October 1, 2001

FPSC Implementation Action Needed: Optional participation.
3. Immunity/interruption of electric utility service by order of law enforcement (CS/SB 408)

Section 768.138, F.S., is created to provide that “the good-faith compliance” by an electric utility, or the utility’s personnel, with a law enforcement or judicial order to interrupt or disconnect electric service at a location to aid law enforcement personnel in the performance of their duties is an absolute defense to civil criminal or administrative action arising out of such interruption or disconnection.

The Act is effective upon becoming a law.

FPSC Implementation Action Needed: None.

4. Rural Electric Cooperatives (CS/SB 2034)

Changes are made regarding proxy voting. The Act takes effect October 1, 2001.

FPSC Implementation Action Needed: None.

C. Water/Wastewater

1. Lake Okeechobee/Sludge Bill (SB 1662)

Private and government-owned utilities within Monroe, Dade, Broward, Palm Beach, Martin, St. Lucie, Indian River, Okeechobee, Highlands, Hendry, and Glades counties that dispose of wastewater residual sludge from utility operations and septic removal by land spreading in the Lake Okeechobee watershed may use a line item on local sewer rates to cover wastewater residual treatment and disposal, if such disposal and treatment is done by approved alternative treatment methodology at a facility located within the areas designated by the Governor or rural areas of critical economic concern, pursuant to Sec. 288.0656, F.S.

This additional line item is an environmental protection disposal fee above the present sewer rate and shall not be considered a part of the present sewer rate to customers, notwithstanding provisions to the contrary in Chapter 367. The fee must be established by the County Commission or its designated assignee in the county in which the alternative method treatment facility is located. The fee shall be calculated to be no higher than that necessary to recover the facility’s prudent cost of providing the service.

Upon request by an affected County Commission, the FPSC will provide assistance in establishing the fee. The “fee” shall not be considered a rate increase under FPSC rules, and is exempt from the rules.

Utilities using the new provisions may immediately include in their sewer invoicing the new environmental protection disposal fee. Proceeds from this fee shall be used for treatment and
disposal of wastewater residuals including any treatment technology that helps reduce the volume of residuals that require final disposal, but the proceeds shall not be used for transportation or shipment costs for disposal or any costs relating to the land application of residuals in the Lake Okeechobee watershed.

At least once every 3 years, the FPSC, or the County Commission through the services of an independent auditor, shall perform a financial audit of all facilities receiving compensation from the fee.

The FPSC or the County Commission, shall within 120 days after completion of an audit, file an audit with the Senate President and House Speaker, and shall provide copies to the counties set forth in the bill. The books and records of any facilities receiving compensation from an environmental protection disposal fee shall be open to the FPSC and Auditor General for review upon request.


**FPSC Implementation Action Needed**: Provide Assistance, if requested by county governments, if a facility is constructed.

2. **Water/Wastewater rate case expenses (HB 41)**

Section 367.0816, F.S., is amended so that, “At the conclusion of the recovery period (4 years), the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.”

Section 350.0611, F.S., is amended to authorize the Public Counsel to represent citizens in non-jurisdictional counties, pursuant to Sec. 367.171(8), F.S.

Also, the county proceedings are not required to follow certain provisions of the Administrative Procedures Act. The Public Counsel is expressly authorized to participate in county water/wastewater proceedings.

The bill takes effect upon becoming law.

**FPSC Implementation Action Needed**: Revise rule 25-30.470 on rate case expense.

3. **Alternative Water Resources (HB 1221)**

While this bill overall addresses water management district matters, it also includes a new subsection, 373.1961(k) which states:

   The Florida Public Service Commission shall allow entities under its jurisdiction constructing alternative water supply facilities, including but not limited to aquifer storage and recovery wells, to recover the full, prudently incurred cost of such
facilities through their rate structure. Every component of an alternative water
supply facility constructed by an investor-owned utility shall be recovered in
current rates.

The Act is effective upon becoming a law.

FPSC Implementation Action Needed: The FPSC may wish to consider a rulemaking on
this statutory requirement or address this on a case-by-case basis.

4. Local Government Utilities Assistance (HB 589)

The Legislature finds that in many areas of the state the condition or operation of privately-
owned water/wastewater utility systems and facilities create a present or potential threat to the
environment or to the health of the utility customers. It is the legislative intent to establish a
pilot program to assist local governments in acquiring privately-owned water/wastewater
utilities.

DEP is to evaluate the pilot program in Pasco County and report to the Legislature on the
“need to expand the program to address the acquisition or consolidation of publicly-owned
water/wastewater utilities that threaten the environment or public health.”

“Community standards” is defined as “with respect to water and sewer utility rates, rates that
are on a par with other rates in the county, or similar utility jurisdictions in surrounding
counties, after accounting for relative household incomes or other measures of affordability
and size of customer data base, all as may be further defined by DEP rule.”

The DEP may award financial assistance to a local government in the form of a grant for the
purpose of acquiring privately-owned water/wastewater utilities. A local government may
qualify for financial assistance if the local government documents to DEP that the privately-
owned water/wastewater utility to be acquired meets certain criteria:

--that the quality of water or wastewater service is consistently inadequate to meet public
health or water quality standards;

--that the privately-owned water/wastewater utility cannot make the improvements
necessary to alleviate the public health or water quality threats through its own resources
without increasing its rates for services to an amount beyond that which is commensurate
with community standards;

--that the operation of the privately owned water wastewater utility represents a public
health or water quality threat that would be more effectively addressed through public
management or ownership, as demonstrated through a feasibility determination provided
by the applicant for financial assistance to the DEP, that takes into account economic,
managerial and administrative considerations; or
--the private utility desires to sell.

If the applicant demonstrates that it meets the test, then DEP may authorize financial assistance for the acquisition.


**FPSC Implementation Action Needed:** None.

5. Water Quality (SB 1030)

The DEP “clean-up” bill relating to the Safe Drinking Water Act also includes language as a result of the Interagency Copper Pipe Corrosion Project efforts. The legislation addresses the DEP authority relating to water from new wells. DEP may require additional tests. Section 403.861(17), F.S., is amended to provide, that the information may include “raw water data to determine whether additional treatment will be required to ensure that water at the customer’s tap meets applicable drinking water standards and action levels.”

The bill takes effect July 1, 2001.

**FPSC Implementation Action Needed:** None.

D. Administrative/Legal/Cross-cutting

1. Consumer Protection (CS/SB 208)

(This was a recommendation of the Florida Information Service Technology Development Task Force.) The Uniform Trade and Deceptive Practices Act will now apply to “any person” regulated by the FPSC, but not to “any activity” regulated by the FPSC. The utilities (telecommunications, electric, water/wastewater) will now be subject to some lawsuits to which they were not previously vulnerable.


**FPSC Implementation Action Needed:** Possible MOU with Department of Legal Affairs (A.G.)

2. “Service First” (SB 466)

Summaries are attached (pages 12-21). Due to the interrelationship with the Appropriations Act, a separate summary as to impact on the FPSC will be prepared. Attached is an initial summary. Also, see “Service First Initiative” on the PSC Internal Bookmarks page and at www.myflorida.com/myflorida/servicefirst/legislature.
The Act takes effect upon becoming law and was signed by the Governor on May 14, 2001. Laws of Florida, Chapter 2001-43

**FPSC Implementation Action Needed:** Separate report forthcoming.

3. **Government Accountability (CS/SB 822)**

This 193-page bill addresses a wide range of issues. The General Counsel of an agency must approve any agency request for hiring of private attorneys. Numerous changes are made regarding Auditor General authority. The Office of Program Policy Analysis and Government Accountability is given new duties.


**FPSC Implementation Action Needed:** None.

4. **Florida Customer Service Standards Act (SB 710)**

The bill covers executive departments and the FPSC. Agencies must:

--Designate employee(s) to be responsible for facilitating resolution of consumer complaints;

--Provide available information and accurate responses to requests for assistance;

--Acknowledge receipt of a telephonic or electronic question or request by the end of the next business day;

--Provide local or toll-free telephone access;

--Develop a process for upper level management review of consumer complaints not resolved;

--Develop customer satisfaction measures as part of the agency’s performance measurement system;

--Provide statistical data on customer complaints/resolution when conducting management and budget planning activities;

--Provide employee training on improving customer service;

--Include in the agency strategic plan a program outline or goal regarding customer service;

--Hold interdepartmental discussions.
No cause of action arises due to a department’s failure to comply. The Act does not apply to requests relating to pending or current incarceration, pending administrative action, or lawful custody.

The Act takes effect October 1.

**FPSC Implementation Action Needed:** None.

5. **DEP Notices on the Internet (SB 1738)**

The bill directs DEP and the State Technology Office to establish a pilot project to address the cost effectiveness of publication of notices on the Internet in lieu of publication in the FAW. The pilot project ends July 1, 2003. By January 31, 2003, the DEP, the State Technology Office and the Department of State must submit a report to the Governor and legislature.

Also, language was tacked onto the bill relating to procurement, especially for information technology. The revisions are to Chapter 287. “Executive State Agencies” must participate in the on-line procurement program. Other agencies *may* participate.

The Act takes effect upon becoming a law.

**FPSC Implementation Action Needed:** None.

6. **Date for Legislative Session in 2002 (HB 1935)**

The date for convening the 2002 Session is January 22.

**FPSC Implementation Action Needed:** None.

II. **KEY BILLS THAT FAILED**

A. **Electric Utility Restructuring**

B. **Access Charges**

C. **Establishment of Water/Wastewater 2020 Study Commission**

CBM:tf
Attachments
cc: William D. Talbott
    Dr. Mary A. Bane
    Harold McLean
    James Ward
    Noreen Davis
    David Smith
    Walter D'Haeseleer
    Beth Salak
    Tim Devlin
    Richard Tudor
    Dan Hoppe
    Bill Lowe

    Melinda Butler
    Bill Berg
    JoAnn Chase
    Ignacio Ortiz
    Katrina Tew
    Steve Tribble
    Blanca Bayo
    Bev DeMello
    Attorneys, Legal Services
    Attorneys, Appeals
    PAI Division
Summary of Service First as passed by the 2001 Florida Legislature (Senate Bill 466)

- With some exceptions, moves approximately 16,000 Career Service (CS) supervisors, managers, directors, administrators, and confidential employees to Selected Exempt Service (SES). Leave balances for these employees will be carried forward rather than paid out upon transfer. Funding to accomplish this transfer is appropriated.

- Eliminates an employee’s ability to bump another employee with less seniority during workforce reductions, unless he/she is a law enforcement or correctional officer, firefighter or professional health care provider.

- Expands the definition of "cause" for employee suspension or dismissal to include poor performance and any crime other than just those involving moral turpitude.

- Streamlines the employee grievance and appeals processes by reducing the number of days to complete these processes, simplifying the steps in these processes, and putting limitations on what can be grieved and appealed.

- Eliminates the consideration of previously heard actions or facts (precedent) as a decision-making factor in the grievance and appeals processes, except for cases involving law enforcement or correctional officers, firefighters or professional health care providers.

- Eliminates the Public Employee Relations Commission’s ability in an employee appeal case to lessen the severity of discipline rendered by the employee’s agency (mitigation), except for cases involving law enforcement or correctional officers, firefighters or professional health care providers.

- Expedites resolution of impasse during collective bargaining negotiations by removing options for a mediator and special master and by requiring the Legislative joint select committee to recommend resolutions to impasse issues at least 10 days prior to the start of session.

- Repeals all existing rules for Career Service (CS), Selected Exempt Service (SES), and Senior Management Service (SMS) employees, unless otherwise readopted.

- Streamlines agency employee recruitment and selection processes. Selection will now only require the completion of one document, and will reduce the current average of 60 days to hire an individual to only a few days or a couple of weeks.

- Extends the new employee probationary period before Career Service status is attained from six months to one year.

- Requires the Department of Management Services (DMS) to develop and submit a new streamlined classification and compensation program for CS, SES, and SMS employees (broadbanding) to the Governor and the Legislature by December 1, 2001. Classifications would be reduced from 1390 to at most 500 classifications.

- Requires agency heads to request and receive approval from the Governor’s Office to retain Other Personal Services (OPS) employees who work beyond 1,040 hours within a 12-month period. Allows exceptions for emergency and time-limited grant situations.

- Expands the state employee education and training program to
include community colleges and public technical centers, and replaces tuition waivers with vouchers. Budget bill has provided $500,000 for the provision of work-related vouchers. Agencies may still use expense dollars to fund vouchers.

- Provides the opportunity for agency heads to retain at least 20 percent of the salary dollars saved through elimination of positions, to be used for employee permanent salary increases.

- Replaces the Meritorious Service Awards with the Savings Sharing Program, with the major change being that the award limit is removed.

- Allows for distribution of performance bonuses. Requires agencies, with employee input, to prepare and annually submit to the Governor's Office an employee bonus distribution plan by September 15th.

- Provides CS employees upon request a cash payout in December for up to 3 days of unused annual leave, subject to available funds and a lifetime cap of 30 days. Effective December 2002.

- Reduces SMS leave benefits by requiring that they cannot exceed SES leave benefits.

- Requires all state employees to receive their paycheck via direct deposit, unless they demonstrate a hardship or if in an OPS position.

- Removes the SES employee limit, as well as raises the SMS employee limit from 0.5 percent to 1.0 percent of the number of CS employees.

- Transfers the Public Employees Relations Commission (PERC) to DMS on July 1, 2001.

- Gives authority to DMS to adopt an alternative retirement plan for OPS employees.

- Gives authority to DMS to adopt a tax-sheltered plan for leave payouts to state employees over age 55 who have at least 10 years of service with the state.

- Creates a 4-member Career Service Advisory Group for six months, to advise DMS and the Governor's Office on issues relating to the implementation of this act.

- Defines firefighters, law enforcement and correctional officers, and professional health care workers as specific employee subgroups within CS. These groups are exempted from career service changes.

- Adds a severability clause so that if a section of this bill is held invalid, said section will be deemed severable and shall not affect the validity of other provisions or applications of this act.

If you have any questions or would like more information about Service First, please contact us at ServiceFirst@dms.state.fl.us.

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EFFECT OF CHANGES DUE TO SENATE BILL 466

Moving Employees from CS to SES
Effective July 1, 2001, approximately 16,000 Career Service (CS) supervisors, managers, and confidential employees will be moved to the Selected Exempt Service (SES). Excluded from this move are CS employees who fall into the above category, but are in the special risk retirement class, administrative law judges, hearing officers, or professional health care workers.

Employees who are moved to the SES will receive increased insurance and leave benefits, which include health, life and disability insurance fully paid by the employer. The employees who become SES will also receive upon transfer 22 days of annual leave and 13 days of sick leave. Currently, a CS employee receives between 13 to 19.50 days of annual leave and the same amount of sick leave. Upon separation, they will be able to receive a payout of up to 60 days of unused annual leave, compared to the maximum payout to CS employees of 30 days.

Employees who are moved to the SES will be able to carry forward their annual, sick, and regular and special compensatory leave balances. Those with Fair Labor Standards Act (FLSA) special compensatory leave credits on June 30, 2001, will be paid for such credits.

Related to this move of employees are the existing statutory limits on the number of employees that can be SES or Senior Management Service (SMS). The cap on the number of SES positions that can be created in state government has been eliminated, and the cap on the number of SMS employees has been increased from 0.5 percent to 1.0 percent of all CS employees.

Bumping
Effective upon the bill becoming law, the rules regarding layoff shall not allow for retention based on seniority, unless he/she is a law enforcement or correctional officer, firefighter or professional health care provider. Retention based only on seniority will now be prohibited, except for the few employee groups identified. The definition of layoff has been expanded to include the outsourcing and privatizing of Career Service employees.

Cause
Any employee who has permanent status in Career Service may be suspended or dismissed only for cause. Effective July 1, 2001, the statutory definition of cause is amended as follows:

- "poor performance" is added to cause
- violation of the provisions of law or agency rules are not limited to willful violations
- conviction of any crime is a basis for cause

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Discipline
Effective July 1, 2001, the grievance and appeals processes by which employees may contest agency actions are streamlined. While SB 466 retains these processes, it shortens their timelines and simplifies their level of complexity.

SB 466 will make available the following revised grievance and appeals processes to permanent Career Service (CS) employees (law enforcement and correctional officers, firefighters, and professional health care providers will continue to have access to the existing grievance and appeals processes):

- An employee subject to suspension, reduction in pay, demotion, or dismissal will be limited to the following process: 1) addressing his/her grievance before the agency head or designee; 2) appealing the agency's decision to the Public Employees Relations Commission (PERC); and 3) appealing the PERC decision to the District Courts of Appeal. SB 466 reduces the PERC appeals timeline by 30 days, and prohibits PERC from considering information from other cases or sets of facts, or mitigating the severity of an agency's disciplinary action.

- An employee subject to other conditions that he/she feels are unjust, inequitable, or a hindrance to effective operation, will continue to have access to a formal agency grievance process. SB 466 defines this process in statute, and limits its use to permanent CS employees. The new process eliminates requirements contained in the existing grievance process, such as the need to maintain grievance committees, and shortens the grievance process timeline by over two months, from an average of 90 days to about 25 days. The new CS employee grievance process is to be conducted in two steps:

  **Step One** gives an employee seven days to file a written grievance, and then five days to meet with his/her supervisor. If the employee finds the results of this first step unsatisfactory, he or she may continue the process in Step Two.

  **Step Two** gives an employee two days after meeting with his/her supervisor meeting to file the written grievance with the agency head or designee. The agency head or designee must meet with the employee no more than five days after having received the grievance. A written decision by the agency head must be provided to the employee within 5 days after this meeting. The agency head written decision is final and cannot be appealed.

- With the exception of an employee’s suspension, reduction in pay, demotion, or dismissal, any employee who claims that his or her agency is not complying with union contract provisions will continue to have access to a collectively bargained grievance process.

Finally, with respect to layoffs or transfers of permanent Career Service employees, SB 466 will no longer allow appeals of such actions to PERC.
PERC to DMS
Effective July 1, 2001, PERC will be transferred from the Department of Labor and Employment Security to DMS. PERC will retain current powers, as well as their independence from the control, supervision, or direction of their new parent agency. PERC's property, personnel, and appropriations shall be provided to the Commission through DMS.

Impasse Resolution
Effective upon the bill becoming law, the process of resolving impasse with regard to collective bargaining agreements has been significantly shortened, from lasting potentially to the 60th day of session to no later than 10 days prior to session. Within 5 days after the beginning of the impasse period (the same day the Governor's recommended budget is released), each party is to notify the Legislature of the unresolved issues. The legislative joint select committee appointed is to render a recommended resolution of all issues at impasse no later than 10 days prior to the commencement of session. During session, the Legislature is to take action on the recommended resolution accordingly. No longer will the mediation or special master process be part of resolving impasse. Any action taken by the Legislature shall bind the parties.

Rule Repeal
Effective January 1, 2002, all existing rules relating to chapter 110, Florida Statutes, are statutorily repealed, unless otherwise readopted. DMS is given the authority to implement this provision.

Recruitment & Selection
Effective upon the bill becoming law, agency recruitment will be carried out based on the sound discretion of the agency head, and may involve assistance from a contracted vendor. Employee selection procedures are to reflect efficiency and simplicity, which includes limiting the paperwork to be compiled to the final candidate only, instead of all eligible candidates. Eliminates the requirement for rule making, rule approval and rule exceptions with regard to employee recruitment and selection. Currently, hiring a Career Service employee takes an average of 60 days with a minimum of 45 days. This bill will enable an agency to hire a CS employee within a day after a short period of advertising.

Also under selection, statute will now reflect that new employees must work for one year before attaining permanent Career Service status. Currently, the probationary period is 6 months and is stated only in rule.

Broadbanding
On or before December 1, 2001, DMS is to develop a new streamlined classification and compensation program for CS, SES, and SMS employees, to be submitted to the Governor's Office and the Legislature. The bill requires this program to achieve the following goals -- significantly reduce the need to reclassify employees, reduce the levels of supervisory positions, provide
flexibility to managers to move employees through pay ranges, and to provide for salary increase additives and lump-sum bonuses. Currently, the state has about 1,300 employee classes. This bill will require the development of a classification program to consist of no more than 300 classes (50 occupational groups, with up to a 6-class series structure). The pay plan is to provide broad-based salary ranges, or "broadbands", of pay.

This part of the bill also removes the requirement for the Office of Policy and Budget to approve pay additives; however, DMS shall submit a summary report of pay additive activity.

Other-Personal-Services (OPS) Employees
Effective July 1, 2001, agency heads are required to request approval from the Governor's Office to extend the employment of any OPS employee who works more than 1,040 hours within a 12-month period. Presently, it is the agency head who has final approval authority. DMS is to establish criteria for such extensions. Added to the existing exemptions from this requirement are OPS employees hired to deal with emergency situations, and those hired for a project that is identified by a specific appropriation or time-limited grant. This section of law would not have authority over OPS workers in the State University System, therefore, they are not impacted by this change.

Effective upon the bill becoming law and upon review and recommendation of DMS and approval by the Governor, DMS may contract with a vendor for the implementation of an alternative retirement income security program for eligible temporary and seasonal employees compensated through OPS appropriations. This program would be a defined contribution plan, where at least 7.5 percent of the employees' base pay would be contributed toward a pre-tax investment, and with earnings at a reasonable rate to provide at least a minimum level of retirement benefit. This program will be mandatory for OPS workers, and will be in lieu of receiving Social Security credit.

Tax Shelter for Leave Payments
On or after July 1, 2001, DMS has authority to adopt a tax-sheltered plan and related rules for depositing the leave payouts of certain employees who separate from state employment. State employees over the age of 55 with at least 10 years of service will be required to rollover their leave payouts into a tax-sheltered account. Currently, employees automatically receive a cash payout for their accumulated sick, annual and special compensatory leave when they terminate employment, and if the terminated employee participates in the (pre-tax) deferred compensation program, he/she can opt to transfer the cash payout to his/her deferred compensation account. This bill reverses the process -- the cash payout will automatically transfer into the tax-shelter plan adopted by DMS. Only after the transfer will the employee, within 30 days, have the option of withdrawing the money to receive the cash payout instead.
The plan must receive all necessary federal and state approvals as required by law, and must not adversely impact the qualified status of the Florida Retirement System defined benefit, defined contribution, or pretax (insurance) benefit programs.

**Compensation Opportunities (savings sharing, salary dollars from efficiency reductions, bonuses, leave payout)**

Effective upon the bill becoming law, the current Meritorious Awards Program will be replaced by the Savings Sharing Program. The Savings Sharing Program refines the scope of awards for adopted procedures or ideas submitted by employees that result in the elimination or reduction of state expenditures. The bill also eliminates the cap on the amount that can be awarded. The potential pool of employees eligible for the program will remain the same -- all agency CS and SES employees and employees of the Judicial branch. Unlike the previous program, all awards and amounts of money must be approved by the Legislative Budget Commission.

Effective upon the bill becoming law, an agency head can submit a budget amendment to the Legislative Budget Commission requesting to retain at least 20 percent of the salary dollars saved from the elimination of positions after July 1, 2001. These dollars are to be used to fund permanent salary increases for remaining employees.

In June of each year, bonuses shall be paid to employees from funds authorized by the Legislature for this purpose. Each agency is to develop a plan for awarding lump-sum bonuses, and to submit this plan to the Office of Policy and Budget no later than September 15 of each year. Certain eligibility criteria must be included in each plan, as well as having peer input account for at least 40 percent of the bonus award determination. Bonus distribution is limited to 35 percent of the agency's total authorized positions, but this can be exceeded if waived by the Office of Policy and Budget. The Fiscal Year 2001-2002 General Appropriations Act allocates an amount for bonus payments equal to 0.25 percent of each agency's aggregate base salaries as of June 30, 2001.

Starting next year, permanent CS employees will be entitled to a cash payout of up to 24 hours of unused annual leave each December, subject to available funds. To be eligible, the employee must have an available leave balance remaining of no less than 24 hours. The total payout over an employee's entire career with the state cannot exceed the current payout cap of 240 hours.

**Public Employee Performance Evaluation**

Effective upon the bill becoming law, the CS employee’s performance evaluation is to be used in the process of awarding bonuses. Additionally, the agency head will have to discretion to implement procedures to be followed in case an employee fails to meet performance standards.
Education and Training Program
Effective July 1, 2001, the education and training program offered to SUS and state agency employees will have the following changes. Note that tuition free waivers will continue to be accepted through June 30, 2001.

- The program has been expanded from just public universities to include community colleges and public technical centers among the institutions that state employees may attend for work-related purposes, in order to create more opportunities for the development and enhancement of specific skills.

- Vouchers will replace tuition waivers, so that fees charged by learning institutions will be paid rather than just waived. These fees may be paid by state agencies and universities as part of their professional development programs.

- The restriction on enrolling only in courses "on a space available basis" has been removed, in order to allow state employees to compete for placement in specific high demand courses that will improve work related skills.

- DMS may implement these changes from funds appropriated to the department; if funds appropriated to DMS are insufficient, to support the training and education needs of its employees agencies may supplement these funds from funds appropriated to the agency.

- DMS is to work with the universities, colleges and technical centers to adopt rules to administer this program.

- The requirements for work-related education and training will be determined by the agency head, who will approve the funding of vouchers for classes deemed necessary or desirable for the employee to achieve improved productivity.

The GAA has appropriated $500,000 for the purpose of paying the matriculation fees for state employees.

Senior Management Service Professional Development Program
Effective upon the bill becoming law, the professional development program for Senior Management Service (SMS) employees is to include the following topics:
- Improving performance of individual and groups of employees
- Relating the efforts of employees to the goals of the organization
- Strategic planning
- Team leadership

Senior Management Service Leave Benefits Normalization
Effective July 1, 2001, SMS leave benefits shall not exceed those provided to SES employees. SMS will now receive 8 fewer days of annual leave each year (from 30 to 22 days) and 2 fewer days of sick leave each year (from 15 to 13 days). Annual and sick leave payouts upon separation remain the same.
Employee Definitions
Effective July 1, 2001, three subgroups of Career Service employees have been defined. They are:

- Firefighters – must be certified under chapter 633
- Law enforcement or correctional officers – law enforcement officer, special agent, correctional officer, or institutional security specialist certified under chapter 943
- Professional health care providers – registered nurses licensed under chapter 464, dentists licensed under chapter 466, psychologists licensed under chapter 490 or 491, nutritionists or dietitians licensed under chapter 468 Part X, pharmacists licensed under chapter 465, psychological specialists licensed under 491, physical therapists licensed under chapter 486, and speech therapists licensed under chapter 468, Part I

They account for 30,106 (25%) of the 118,064 Career Service employees, of which 686 are firefighters, 24,065 are law enforcement or correctional officers, and 5,356 are professional health care providers.

These employees will:

- Be excluded from the compulsory move from CS to SES on July 1, 2001
- Retain the ability to bump during a layoff
- Be subject to mitigation and precedent by the Public Employees Relations Commission

Career Service Advisory Group
On or before July 1, 2001, a four member Career Service Advisory Group is to be appointed -- two by the Governor, one by the President of the Senate, and one by the Speaker of the House of Representatives. Group members must be human resource officials from Florida-based companies with a workforce of at least 25,000. The Group is to advise DMS and the Governor's Office on issues related to the implementation of this act. The Group sunsets on January 1, 2002.

Direct Deposit for Checks
Effective January 1, 2002, all state employees are required to participate in the state's direct deposit program, unless a hardship can be demonstrated or the employee is OPS. The Department of Banking and Finance plans to implement this in phases over the next 6 months. Currently, employees employed before July 1, 1996 are excluded from this requirement. About 18,000 additional employees will be receiving their paychecks via direct deposit by the beginning of 2002.
Service First Effective Dates

Upon becoming law
- Bumping eliminated with employee exceptions
- Impasse resolution streamlined
- Recruitment & selection streamlined
- Savings Sharing program established in place of Meritorious Awards program
- Performance evaluations used to award lump sum bonuses
- Performance Improvement Plan requirement removed from the performance evaluation process

On or before July 1, 2001
- Career Service Advisory Group established

On July 1, 2001
- Career Service to Selected Exempt transfer
- Firefighters, law enforcement and correctional officers and professional health care professionals defined
- Cause definition expanded
- Grievance and appeals process streamlined with employee exceptions
- OPS approval for extending employment
- SMS leave benefits equalized with those of SES
- Education program changed (tuition to waivers, community colleges and technical centers) for SUS and state agency employees
- PERC to DMS transfer
- One-year probation period implemented for CS employees

After July 1, 2001
- After July 1, 2001 -- 20% salary retention for deleted positions after July 1, 2001
- December 1, 2001 -- Broadbanding program submitted to EOG and Legislature
- January 1, 2002 -- Rule repeal
- January 1, 2002 -- Direct deposit for all, but hardships and OPS
- January 1, 2002- December annual leave payouts
- June of each year - bonus payments
- September of each year - bonus plan submitted to OPB
- Upon review and recommendation by DMS and EOG -- OPS alternative retirement program
- Upon state and federal approval -- Tax shelter for leave payments