

Schedule VIII B-2: Priority Listing of Agency Budget Issues for Possible Reduction in the Event of Revenue Shortfalls for Legislative Budget Request Year

Purpose

The purpose of the Schedule VIII B-2 is to identify recurring budget reductions that can be made in Fiscal Year 2024-25 in the event that budget reductions are necessary. Agencies are required to submit a Schedule VIII B-2 that contains reduction issues for Fiscal Year 2024-25, totaling at least 10 percent of their 2023-24 recurring general revenue funds and at least 10 percent of their 2023-24 recurring state trust funds, for consideration in developing the 2024-25 budget.

Authority

Article III, section 19 of the Florida Constitution, requires departments and agencies to provide a "...prioritized listing of planned expenditures for review and possible reduction in the event of revenue shortfalls." Section 216.221(5), Florida Statutes, provides guidelines for a plan of action to prevent general revenue deficits.

Format

The Schedule VIII B-2 displays each reduction issue. Agencies must assign a priority number for each reduction issue and include the priority number in the issue narrative. The format is similar to the Exhibit D-3A format and must include narrative justification which should also reference any nonrecurring and annualization amounts associated with each reduction issue.

Guidelines for Reduction Issues

The Office of Policy and Budget (OPB) will provide target reduction amounts to agencies for the Schedule VIII B-2 by separate memo. The target amount for reductions will be calculated from recurring appropriations included in the Fiscal Year 2023-24 General Appropriations Act as adjusted for vetoes, supplemental appropriations, and failed contingencies. Reduction target amounts will be adjusted for appropriate exclusions, such as, federally restricted funds (FSI 3 and 9), recurring debt service expenditures, certain double budgeted items, and certain pass through items. A target reduction amount for the Social Services Block Grant Trust Fund and the Welfare Transition Trust Fund may be provided to the appropriate state agencies. Agencies must follow the following guidelines when preparing the Schedule VIII B-2:

1. **All reductions must be recurring.**
2. Reductions must be program/issue specific and cannot simply be across-the-board percentage reductions to achieve the target. **IMPORTANT NOTE: Agencies that do not adhere to this guideline will be asked to redo this schedule.** To the extent that broader programmatic reductions are included, the agency must provide an explanation of how this reduction is feasible while maintaining critical agency operations.
3. Agencies should evaluate all programs and services. Agencies should seriously consider reducing programs and services that do not achieve a sufficient level of performance.

4. Agencies should consider if programs administered by other agencies can be combined to yield a net cost reduction. Coordinate with other agencies regarding these types of reductions.
5. Trust fund reductions that yield cash savings, such that funds are available to be transferred to the General Revenue Fund or used for other purposes can be included to meet the target reduction total. Correspondingly, reductions of unfunded trust fund authority cannot be used to meet the reduction targets for the Schedule VIII B-2 submission. (These reduction issues should be included in the agency's Exhibit D-3A Legislative Budget Request.)

The redirection of revenue to the General Revenue Fund can be counted toward the general revenue target reduction total, provided the agency explains the feasibility of maintaining critical agency operations and indicates if a statutory change is required.

6. Issues that were excluded from the target calculation (e.g., federally restricted (FSIs 3 and 9) funds, recurring debt service expenditures, certain double budget items, and certain pass through items) may not be submitted as reduction issues in the Schedule VIII B-2 submission.
7. Reductions to requested increases in funding for Fiscal Year 2024-25 cannot be counted toward the target total (i.e., an agency would have requested a 15 percent increase and instead requests a 5 percent increase). Reductions must be from recurring Fiscal Year 2023-24 appropriations that OPB used to calculate the agency's target amounts for reduction.

LAS/PBS Input Instructions for Schedule VIII B-2

The Schedule VIII B-2 will be prepared from LAS/PBS using unique negative issues, pursuant to instructions below. Column A10 and Narrative Set A5 will be used for Schedule VIII B-2 reduction issues for Fiscal Year 2024-25. Agencies must:

1. Determine each recurring reduction issue and identify the key elements for each issue, including titles and codes for the department, budget entity, program component, issue, fund, and FSI.
2. Create unique D-3A issue codes under the appropriate summary issue codes as defined in Section 3: The Budget Structure. Agencies are no longer permitted to use D-3A issue code 33BXXXX series – Schedule VIII B Reductions.
3. To account for proposed redirection of revenue to the General Revenue Fund (see guideline #5), or potential savings from programmatic efficiencies in coordination with another agency (see guideline #4): create unique D-3A issue codes and use Appropriation Category 100020, titled Revenue and Programmatic Efficiencies. To accommodate for the redirection of revenue to the General Revenue Fund, enter the "cash benefit" to the General Revenue Fund as a negative amount. This will add to your overall General Revenue reduction and count toward the General Revenue target reduction total.
4. Input the key elements for each reduction issue into LAS/PBS via the Budget Detail Data

Entry (BDD), Position Adjustment Data Entry (PAD) or the Other Salary Amounts (OAD) transactions. (The Budget Detail, Position Adjustment, and Other Salary Amount transactions are also available in the LAS/PBS Web via Budget Development > Data Entry > Budget Detail, Position Adjustment Detail, or Other Salary Amount Detail > New.) For the Schedule VIIIIB-2, enter negative reduction issue amounts in the following LAS/PBS column:

A10 - SCH VIIIIB-2 Total Possible Reduction for Fiscal Year 2024-25

5. Input the narrative key elements for each reduction issue into the LAS/PBS Web via the Issue Narrative (IND) transaction (Budget Development > Data Entry > Issue Narrative > New) or the Issue Narrative Upload in Narrative Set A5.
6. Assign a *unique* priority number for each reduction issue. On the first line of each narrative record, enter 'PRIORITY #XX' where XX represents the priority number assigned. Priority #1 must be used for the highest priority reduction (i.e., the first reduction that should be taken in the event of a revenue shortfall).
7. Insert two blank rows and enter narrative that explains each reduction issue. (*Note: There may be more than one issue narrative record for each priority reduction issue.*)

Narrative Guidelines: All narrative must be complete, accurate, and written in plain language. Acronyms must be spelled out and identified [i.e., Office of Policy and Budget (OPB)]. Do not use other program, technical, or budget jargon. All narrative should be written in short, concise paragraphs. Issue narrative must clearly describe:

- How the reduction is specifically projected to impact clients, agency operations, other program areas, etc.;
- Why the agency assigned the priority number for each reduction issue;
- The methodology used to develop the reduction issue (for example, if an agency includes a \$1 million reduction in Contracted Services in the Schedule VIIIIB-2 submission, explain how the \$1 million amount was calculated);
- Any specific statutory change needed to implement the reduction, including the specific statute(s) cites; and
- Any methodology used to distribute the reduction to other entities such as school districts, county health departments, community based care organizations, etc., and the projected impacts to those entities.