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# **Jobs & Entrepreneurship Council**

**Thursday, February 14, 2008  
9:00 AM – 5:00 PM  
Morris Hall (17 HOB)**

**Marco Rubio  
Speaker**

**Ron Reagan  
Chair**





# The Florida House of Representatives

## Jobs & Entrepreneurship Council

Marco Rubio  
Speaker

Ron Reagan  
Chair

### AGENDA February 14, 2008 Morris Hall - 9:00 A.M. – 5:00 P.M.

I. Call to Order

II. Roll Call

III. Presentations by:

Office of the Governor

Paul Whitfield, Policy Coordinator

Department of Business & Professional Regulation

Holly Benson, Secretary

Bill Veach, Director

Division of Hotels & Restaurants

Department of Financial Services

Jim Cassidy, Chief of Staff

Don Saxon, Commissioner

Office of Financial Regulation

Audrey Brown, Chief of Staff

Office of Insurance Regulation

Public Service Commission

Chuck Hill, Deputy Executive Director

IV. Chair's remarks

V. Adjournment



**Governor's Budget  
Recommendations**



# **Governor Charlie Crist**

## **Lt. Governor Jeff Kottkamp**

**The People's Governor**



**The People's Budget**

**Policy and Budget Recommendations**

**Fiscal Year 2008-09**

# **Governor Crist's Budget Recommendations Fiscal Year 2008-09**

## **Business and Professional Regulation**

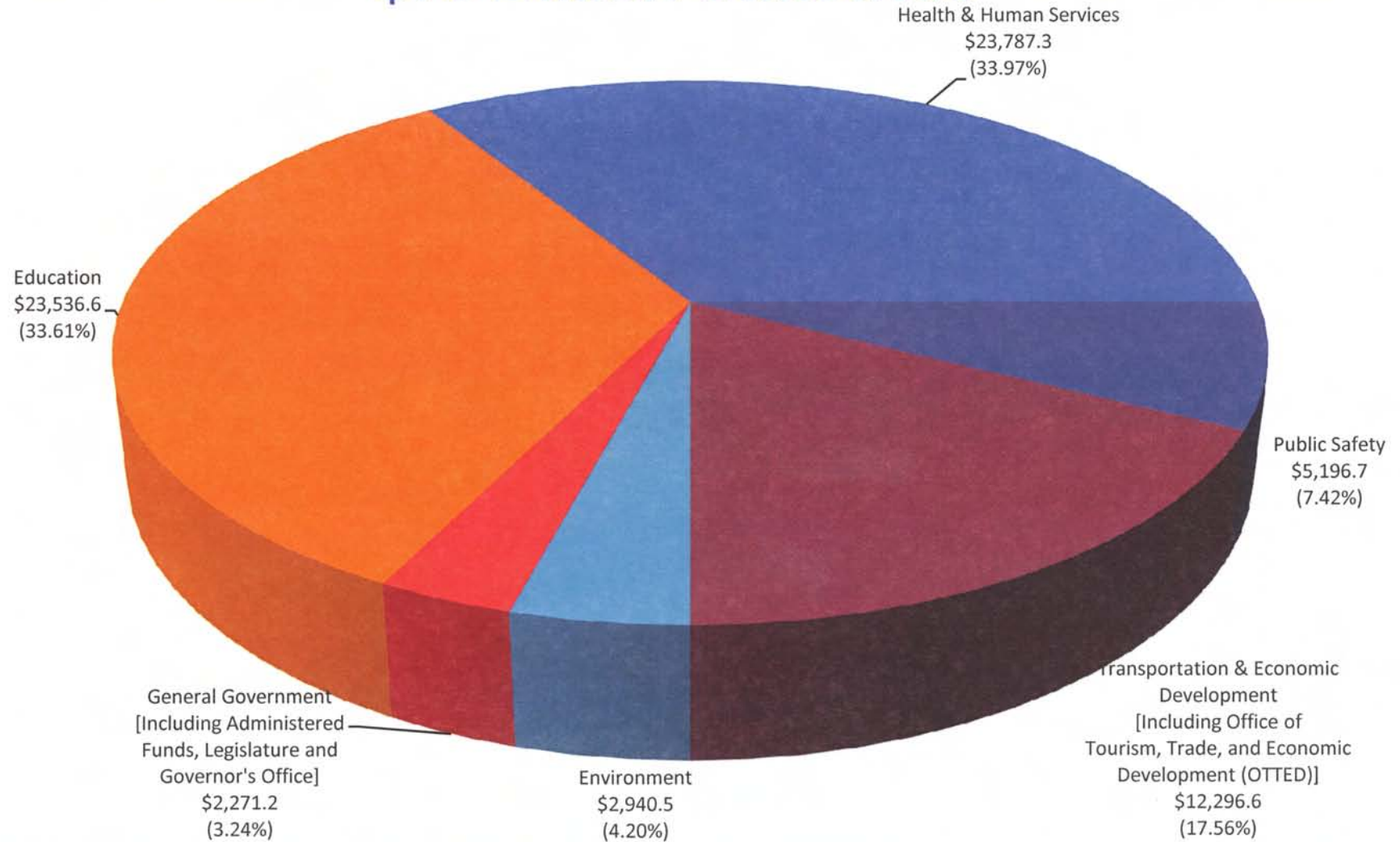
### **Financial Services**

#### **Public Service Commission**

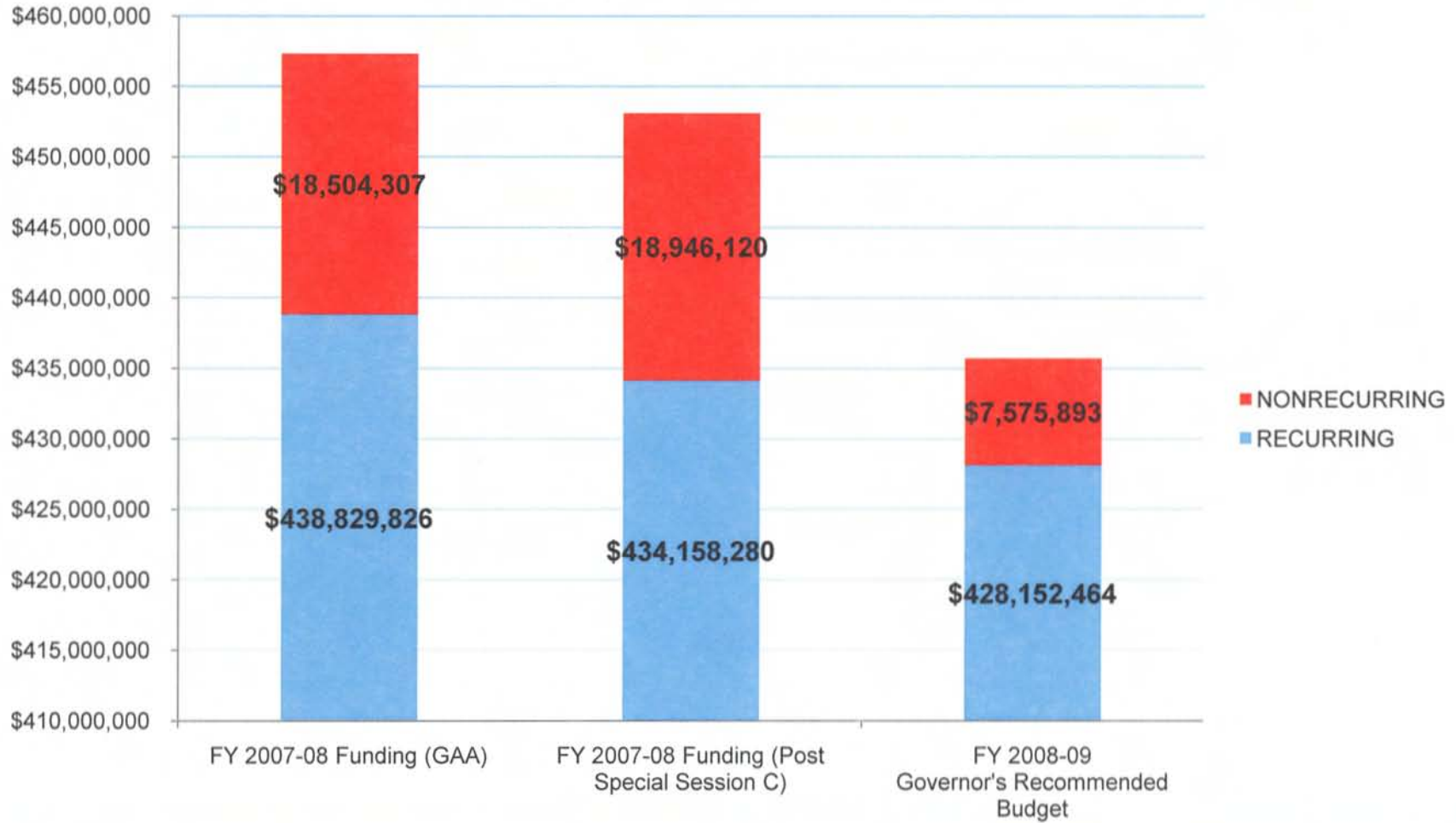
Presented to the House Council on  
Jobs and Entrepreneurship  
February 14, 2008



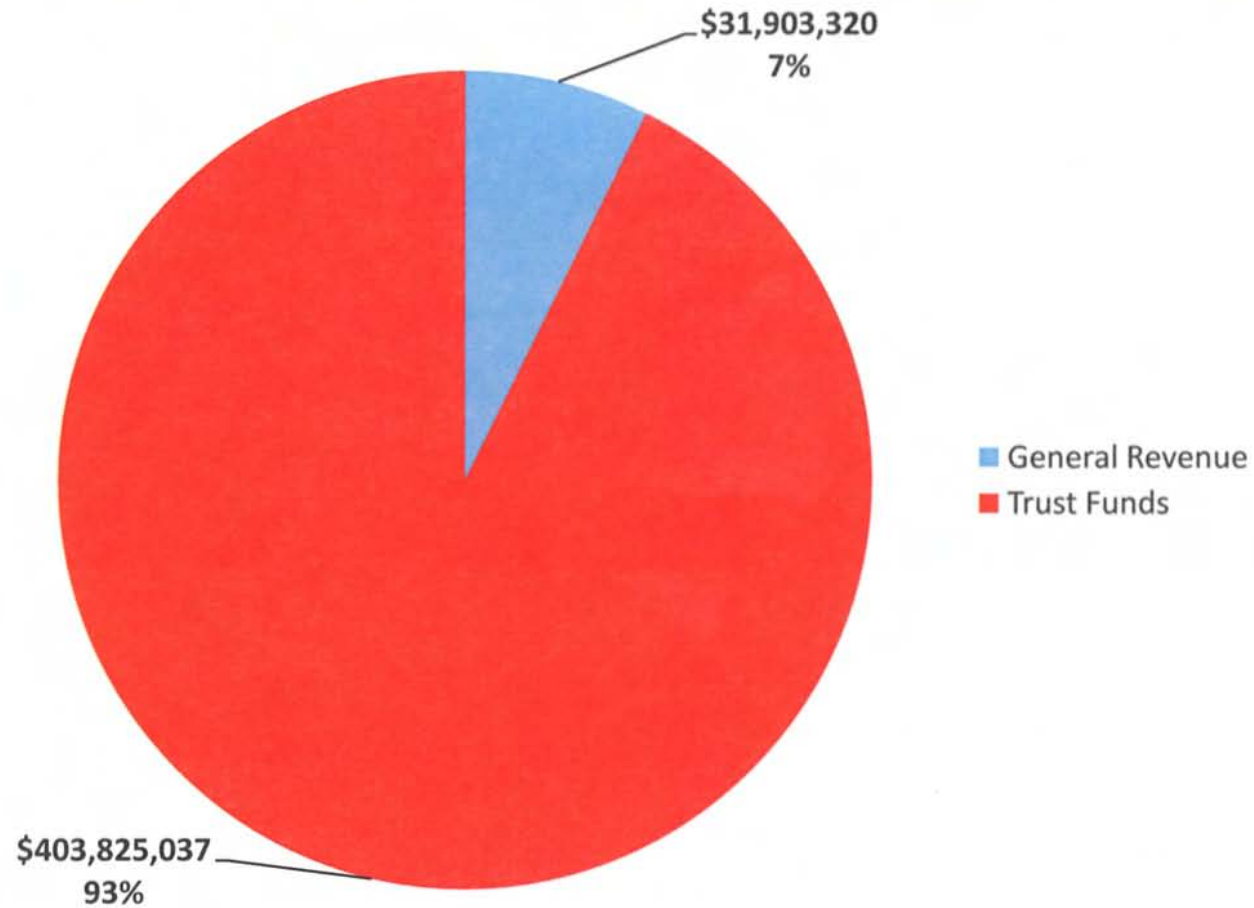
# FY 2008-09 Governor's Recommended Budget \$70 Billion Statewide



# Jobs & Entrepreneurship Agencies Comparison of Recurring/Nonrecurring



# Jobs & Entrepreneurship Agencies Comparison of Trust Fund/General Revenue



# Department of Business and Professional Regulation

## Total Recommended Budget \$142.2 Million

### *Cost of Doing Business*

- Document Imaging System - \$2.5M Trust
- Discontinue Single Licensing System Outsourcing - 12 positions; \$0
- Attorney General Contract Increase - \$.2M Trust

### *Workload Issues*

- Boxing Commission – 2 positions; \$.3M Trust
- Hotel & Restaurant Inspectors – 20 positions; \$1.6M Trust
- Real Estate Appraisers – 4 positions; \$.3M Trust

# Department of Financial Services

## Total Recommended Budget \$201.6 Million

### *Cost of Doing Business*

- Data Center Infrastructure - \$.6M Trust
- Hardware & Software Maintenance - \$.8M Trust
- Statewide Law Enforcement Radio System (SLERS) Radio Maintenance - \$.08M Trust

### *Operational Issue*

- Contract Manager Training - \$.09M Trust

# Office of Insurance Regulation

## Total Recommended Budget \$24.4 Million

- Continuation Budget for Fiscal Year 2008-09

# Office of Financial Regulation

## Total Recommended Budget \$39.8 Million

### *Cost of Doing Business*

- REAL System Implementation - \$3.2M Trust

# Public Service Commission Total Recommended Budget \$27.7 Million

- Continuation Budget for Fiscal Year 2008-09



# Jobs & Entrepreneurship Agencies Recommended Trust Fund Sweeps

- Department of Financial Services
  - Anti-Fraud - \$2M
  - Financial Institutions Regulatory - \$12.5 M
  - Insurance Regulatory - \$95M
  - Regulatory - \$15.9M
  - Workers Compensation Administration - \$129.5M
  
- Department of Business and Professional Regulation
  - Land Sales, Condominiums and Mobile Homes - \$20M
  - Hotel and Restaurant - \$15M
  - Professional Regulation - \$15M

# **Governor Charlie Crist**

## **Lt. Governor Jeff Kottkamp**

The People's Governor



The People's Budget

*Policy and Budget Recommendations*

*Fiscal Year 2008-09*





**Budget  
Presentation**



**DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION  
FY 2008-09 - Legislative Budget Request**

<b>Information Technology</b>		<b>FTE</b>	<b>Category</b>	<b>Amount</b>		
1	36241C0		Continue Department-Wide Document Management Project	Document Mgmt	\$2,547,884	Implement the final phase of the department-wide document management system. This is a multi-phased project that has received funding the past two fiscal years. The department's goal is to complete the implementation of a system that will manage the capture, storage, delivery and retrieval of documents electronically. The system will allow the department to replace paper as the driver of our business processes. Deploying both document management and electronic workflow functionality to all of the divisions within the department will maximize the use of existing staff, allow for faster receipt and processing of license applications, tracking of application and renewal status and compliant and investigations, provide better security of sensitive information, and provide the ability to recover the department's licensing data in the event of a disaster.
			<b>Total</b>		<b>\$2,547,884</b>	
2	36242C0	12.0	Transition Application Management Services from Out-sourced Contract to In-house Support	Salary & Benefits	\$810,764	Establish of 12 full-time equivalent positions in the Division of Technology to support the transition of application management services from an out-sourced contract to in-house support. The current contract ends December 31, 2008 which allows for a reduction of \$2,900,000 in the special category 109061 Maint/Suppt/Single Licensing System. The Department contracted with Accenture LLP for the design, build and implementation a single licensing system and Internet portal, the centralized call center; and to provide application management services. While the design, build and implementation aspects of the project have been completed, the Single Licensing System is currently under a support agreement with Accenture which ends December 31, 2008.
				Expense	\$334,860	
				OCO	\$12,000	
				HR Services	\$4,776	
				Contracted Svcs	\$1,696,674	
			<b>Total IT Issue</b>		<b>\$2,859,074</b>	
	33G1420		Reduce Application Management Special Category	AMS Contract	(\$2,900,000)	
			<b>Total</b>		<b>(\$40,926)</b>	
<b>Division of Hotels &amp; Restaurants</b>		<b>FTE</b>	<b>Category</b>	<b>Amount</b>		
5	3006600	39.0	Staffing Necessary to Meet Statutorily Required Food and Lodging Inspection Requirements	Salary & Benefits	\$1,791,933	Request for 39 positions to increase the Division of Hotels and Restaurants (Division) inspection activity of licensed restaurants and lodging facilities. In FY 2006-07, the Division completed 83% of the statutorily mandated inspections with 183 inspector positions. Each inspector completes an average of 940 inspections per year. The Food & Drug Administration (FDA) standards recommend 280 – 320 inspections per inspector.
				Expense	\$409,542	
				OCO	\$39,000	
				HR Services	\$15,522	
				Motor Vehicles (33)	\$759,000	
				Operation of MV	\$99,000	
			<b>Total</b>		<b>\$3,113,997</b>	
		1.0	Office of the General Council - Hotel and Restaurant Legal Support	Salary & Benefits	\$73,052	Additionally the Office of the General Counsel requests a Senior Attorney to protect restaurant, hotel, elevator and escalator patrons from unsafe conditions by reducing prosecution times and thereby increasing the deterrent effect of prosecution. The increasing number of inspections performed likewise increases the number of cases referred to Legal.
				Expense	\$22,088	
				OCO	\$1,000	
				HR	\$398	
			<b>Total</b>		<b>\$96,538</b>	

Division of Hotels & Restaurants			FTE	Category	Amount	
11	3002500	Settlement Officer for Food and Lodging Administrative Complaints	2.0	Salary & Benefits	\$94,832	Request for two (2) positions in the Hotels & Restaurants Compliance Office to process the increase in administrative actions issued for violations impacting public health, safety and welfare in public food services, public lodgings and elevators. The administrative case process is the only enforcement mechanism provided by state law to address violations cited by inspectors. The number administrative complaints processed by the Division of Hotels and Restaurants Office of Compliance increased 52% over the past two years, from 245 to 372 per month. Fines increased 63% to over \$219,524 per month. An anticipated 17% increase in inspections will result in a continued increase in administrative complaints.
				Expense	\$18,461	
				OCO	\$2,000	
				HR Services	\$796	
				<b>Total</b>	<b>\$116,089</b>	
12	2401500	Hotels & Restaurants Replacement Vehicles - 43 vehicles @ \$23,000		Motor Vehicles (43)	\$989,000	Replace 43 vehicles in the Division of Hotels and Restaurants fleet to provide more cost effective, energy efficient and safer transportation for the food and lodging inspectors. The Division has a fleet of 132 vehicles with 50% of them exceeding the Department of Management Services recommended replacement criteria of 80,000 miles. The high mileage results in escalating repair expenditures, reimbursement costs for use of private vehicles, and ever increasing safety concerns for investigative field staff. The estimated cost reflects the purchase of 43 Toyota Prius at current contract costs.
				<b>Total</b>	<b>\$989,000</b>	
14	3001700	Administrative Support Staff for Hotels & Restaurants Director's Office	1.0	Salary & Benefits	\$43,850	Request for and one position to provide high-level administrative support in the Division of Hotels and Restaurants Director's Office. This person will be responsible for conducting research, preparing reports, handling information requests, assisting with program management, assisting constituents, and performing administrative and clerical functions. Currently, the Office of the Director does not have an administrative support position requiring management level positions to spend approximately 15% of their time on administrative support duties.
				Expense	\$8,373	
				OCO	\$1,000	
				HR Services	\$398	
				<b>Total</b>	<b>\$53,621</b>	
20	4100400	Hospitality Education Program Training Position (Mandarin/Chinese speaking trainer)	1.0	Salary & Benefits	\$58,259	Request for one position to assist with the increased number of hotel and restaurant compliance cases which require Hospitality Education Program (HEP) follow-up food safety training to protect the public from food borne illness in the restaurant industry. The person filling this position will be required to possess strong language skills in Mandarin/Chinese to facilitate communication with licensees speaking those languages.
				Expense	\$10,088	
				OCO	\$1,000	
				HR Services	\$398	
				Motor Vehicle	\$23,000	
				Operation of MV	\$3,000	
				<b>Total</b>	<b>\$95,745</b>	



Professional Regulation Program			FTE	Category	Amount	
<b>Division of Professions/Boxing</b>						Request for two (2) positions to manage the increased workload of the Florida State Boxing Commission (Commission) which currently operates with a staff of three (3). Changes authorized by Chapter 2002-172, Laws of Florida resulted in workload increases including the staging of mixed martial arts (MMA) events, required attendance of physician's at all pugilistic events, and increased medical screening requirements. In addition the number of scheduled events has more than doubled in the last four year and expected to exceed 100 events in FY 2008-09.
4	3002700	Florida State Boxing Commission Resources to Support Industry Growth	2.0	Salary & Benefits	\$129,570	
				OPS	\$59,919	
				Expense	\$65,808	
				OCO	\$2,000	
				HR Services	\$1,852	
				<b>Total</b>	<b>\$259,149</b>	
<b>Division of Regulation</b>						Request for seventeen (17) Investigation Specialist II positions that are needed to meet the demands of the Division's increased caseload, reduce the number of open cases per investigator and decrease the average case processing time from nine months to three months. The Division of Regulation is responsible for regulation and enforcement of the statutes and rules set for the nearly 400,000 individuals who hold professional licenses through the 18 boards, councils or programs administered by the Department. There are currently thirty-five (35) investigators. Enforcement is carried out through investigations, inspections, and sweep and sting operations.
8	3002200	Provide More Efficient & Timely Investigations of Licensed and Unlicensed Individuals and Businesses	17.0	Salary & Benefits	\$813,586	
				OCO	\$17,000	
				HR Services	\$6,766	
				Motor Vehicles	\$92,000	
				Operation of MV	\$12,000	
				<b>Total</b>	<b>\$941,352</b>	
<b>Division of Certified Public Accounting</b>						Request for two (2) positions to perform core processing functions and to correct audit deficiencies. The Division has maintained the same staff level (8 positions) since 2002 while experiencing a 63 percent increase in workload for the same period. A management analyst position is requested to develop and administer procedures for all application types, audit application files to ensure the applicants have met all requirements to become licensed and train staff to insure compliance with procedures, rules and laws. An OPS position would be converted to a regulatory specialist position to process applications and achieve the goal of reducing the processing time from 100 days to 60 days and the response time to information inquiries from 7-14 days to 3-5 days.
10	3001500	Staffing for the Division of Certified Public Accountants	2.0	Salary & Benefits	\$91,450	
				OPS	(\$22,000)	
				Expense	\$16,746	
				OCO	\$2,000	
				HR Services	\$796	
				<b>Total</b>	<b>\$88,992</b>	
<b>Division of Real Estate</b>						Request for four (4) positions to implement and maintain compliance with new requirements for state certification set by the Federal Appraisal Standards Board. The requirements include additional education requirements, verification of education, and 100% audit and monitoring of applicants. Failure to meet the requirements could result in Florida losing certification and Florida licensed real estate appraisers not being able to conduct appraisals that are considered federally related transactions (Fannie Mae, Fannie Mac, VA, etc.).
7	4100800	Comply With Federal Mandates Pertaining to Real Estate Appraisers	4.0	Salary & Benefits	\$223,867	
				Expense	\$35,207	
				HR Services	\$1,592	
				<b>Total</b>	<b>\$260,666</b>	

Division of Real Estate			FTE	Category	Amount	
15	3002300	Enhance Revenue Management for the Division of Real Estate	1.0	Salary & Benefits	\$55,233	Request for one position to perform financial duties primarily related to revenue management. The duties for this position would include: tracking of receipts (fines, penalties, judgments, etc.), reconciling unassigned cash reports, processing refunds, managing accounts receivable, projecting revenue income based on economic trends for fee setting and legislative impacts as well as other financial and reporting duties.
				Expense	\$10,088	
				OCO	\$1,000	
				HR Services	\$398	
				<b>Total</b>	<b>\$66,719</b>	
16	3002400	Improve Complaint Analysis and Processing in the Division of Real Estate	1.0	Salary & Benefits	\$59,565	Request for one (1) position within the Bureau of Compliance and Enforcement to reduce the time required to process a complaint and assign it for investigation. This position would be utilized as a supervisory position for the complaints section as well as completing complaint analysis. The additional position is essential to meet the goals of providing a written acknowledgment of a compliant within 30 days of receipt and to process and refer the compliant to maintain a reasonable average number of days to resolution.
				Expense	\$10,088	
				OCO	\$1,000	
				HR Services	\$398	
				<b>Total</b>	<b>\$71,051</b>	
17	3002800	Support Staff to Improve Legal Case Management in the Division of Real Estate	3.0	Salary & Benefits	\$121,569	Request for three (3) administrative assistant positions and 4 OPS (law clerk) positions to support effective and timely prosecution of Real Estate cases. The Legal section contains 9 attorney positions with a staffing ration of 3.1 attorneys per assistant. An effective staffing ratio is a 1-to-1 support staff to attorney. The efficiency gained from using law clerks allows the effective staffing ratio to be less than 1-to-1.
				OPS	\$44,496	
				Expense	\$25,119	
				OCO	\$3,000	
				HR Services	\$1,722	
<b>Total</b>	<b>\$195,906</b>					
18	4100700	Convert Unlicensed Activity Temporary Staff Positions to State Investigator Positions	4.0	Salary & Benefits	\$191,432	Request for the conversion of four (4) Unlicensed Activity investigative personnel from temporary staff positions (OPS) to state Investigation Specialist positions to enhance the Real Estate Unlicensed Activity program. The conversion would reduce turnover, the amount of staff time spent recruiting and training new hires allowing the Division to handle more unlicensed activity cases.
				Unlicensed Activity	(\$125,390)	
				Expense	\$33,492	
				OCO	\$4,000	
				HR Services	\$1,592	
<b>Total</b>	<b>\$105,126</b>					
Division of Service Operations			FTE	Category	Amount	
6	5200A10	Central Intake (licensing) and Call Center Position Upgrades		Salary & Benefits	\$247,131	Request for salary and benefit appropriation to reclassify and upgrade front-line supervisory positions in the Customer Contact Center and Central Intake Unit to administer new performance standards and to reclassify eight (8) Regulatory Specialist I positions to Regulatory Specialist II classification to achieve uniformity in position level to job duties. The Customer Contact Center and Central Intake Unit are generally the first point of contact with the Department and the most frequent point of contact for citizens, applicants and licensees. These units must have the resources and tools to provide exceptional customer service to help applicants achieve qualification for employment and provide our licensees and the citizens of Florida a positive experience in working with the Department and the State.
		Transfer from Alcoholic Beverages & Tobacco Salaries & Benefits		Salary & Benefits	(\$247,131)	
		<b>Total</b>			<b>\$0</b>	

Office of the General Counsel			FTE	Category	Amount	
9	3000750	Office of the General Counsel - Administrative Support Staff for Agency Clerk's Office	2.0	Salary & Benefits	\$89,019	Request for two (2) additional support positions to handle new responsibilities and an increased workload related to existing responsibilities efficiently and within statutory timeframes. The Agency Clerk became the Open Government Officer pursuant to Executive Order 07-01 in January 2007 with no additional staff or resources. This position acts as a liaison to the Governor's Office and public as well as coordinates the department's response to public records requests (currently more than 4,400 a year).
				Expense	\$16,746	
				OCO	\$2,000	
				HR Services	\$796	
				<b>TOTAL</b>	<b>\$108,561</b>	
19	3002600	Administrative Support for Construction Industry Recovery Fund Claims Processing - Office of the General Counsel (OGC) -	1.0	Salary & Benefits	\$38,929	Request for a position for the Florida Construction Homeowners' Recovery Fund (Recovery Fund) to ensure the timely processing of individual claims for reimbursement. The Recovery Fund is created by Florida Statute to protect individual homeowners by reimbursing them for financial damage caused when a licensed contractor commits financial mismanagement or misconduct, abandons a construction project, or falsely states that payment has been made for subcontracted work.
				Expense	\$8,373	
				OCO	\$1,000	
				HR Services	\$398	
				<b>Total</b>	<b>\$48,700</b>	
Division of Alcoholic Beverages and Tobacco			FTE	Category	Amount	
3	4007100	Increase for Law Enforcement Operation of Motor Vehicles		Operation of Motor Vehicles	\$450,000	The Division of Alcoholic Beverages and Tobacco requests a \$450,000 increase in the Operation of Motor Vehicles for the maintenance and gasoline necessary for the operation of the law enforcement vehicles. Due to the continuing increase in gasoline costs and vehicle repairs the current budget authority is insufficient. The Division has not received increases to accommodate the escalating costs and will need to cut service level without additional funding. An aging fleet has also contributed to the increased costs due to gasoline mileage and higher repair and maintenance needs.
				<b>Total</b>	<b>\$450,000</b>	
13	2401500	Alcoholic Beverages & Tobacco Replacement Vehicles - 8 vehicles @ \$19,516		Motor Vehicles (8)	\$156,128	The Division of Alcoholic Beverages and Tobacco (AB&T) requests an increase of \$156,128 to purchase eight (8) additional replacement motor vehicles in fiscal year 2008-09 replacing vehicles with over 120,000 miles. The division has a recurring replacement vehicle appropriation of \$315,644 which provides for the replacement of 7.5% of the fleet of 214 vehicles. By July 1, 2008 it is anticipated that 40% of the division's fleet will have over 100,000 miles and 25 vehicles will exceed 120,000 miles.
				<b>Total</b>	<b>\$156,128</b>	
21	4100500	Alcoholic Beverage Quota License Advertisements		Contracted Svcs	\$36,058	Request for recurring budget authority to pay for the legal advertisement notification process on inactive alcoholic beverage quota licenses in order to collect past due fees or provide for the transfer and activation of the licenses.
				<b>Total</b>	<b>\$36,058</b>	

<b>Tobacco Education &amp; Prevention Program</b>			<b>FTE</b>	<b>Category</b>	<b>Amount</b>	
23	4900100	Enforcement Related to Constitutional Tobacco Education and Prevention	23.0	Salary & Benefits	\$1,426,578	Request for 23 law enforcement positions to support the enforcement requirements of the constitutional amendment providing for a statewide tobacco education and prevention program. Funds will be used to perform up to two undercover tobacco sting operations (surveys) per year of each establishment selling tobacco products, thereby shortening the length of time any tobacco retailer could provide minors with tobacco products (16 positions) and conduct an additional undercover check on each establishment caught selling to minors within 30 days of the initial violation and again within 60 days of the revisit (7 positions). Implementation of this issue would be contingent on receipt of funding from the Tobacco Settlement Trust Fund directed for a tobacco prevention program pursuant to Article X, Section 27 of the Florida Constitution.
		Undercover Sales Operations		OPS	\$10,074	
				Expense	\$1,362,336	
				OCO	\$32,345	
				Motor Vehicles (23)	\$448,500	
				Operation of MV	\$80,500	
				Salary Incentive	\$11,500	
				HR Services	\$9,154	
		<b>TOTAL TOBACCO SETTLEMENT</b>		<b>Total</b>	<b>\$3,380,987</b>	
<b>Office of the Condominium Ombudsman</b>			<b>FTE</b>	<b>Category</b>	<b>Amount</b>	
22	5200A20	Reclassify Positions in the Office of the Condominium Ombudsman		Salary & Benefits	\$50,217	Request for additional salary and benefits appropriation to reclassify five (5) positions to properly reflect the type, kind, and level of work being performed. The incumbents are subject matter experts specially trained in the law and administrative rules relating to Florida's condominium and corporate acts. They respond to inquiries, provide education, and resolve disputes that arise among and between Florida's condominium unit owners, tenants, associations, boards of administration, and community association managers.
				<b>Total</b>	<b>\$50,217</b>	
<b>Reduction Issues</b>						
	33V3000	Repeal of Alcoholic Beverage Surcharge Tax	(13.0)	Salary & Benefits	(\$524,251)	Reduction of thirteen (13) positions associated with collection and audit of the alcoholic beverage surcharge tax. The surcharge tax was repealed effective July 1, 2007 and the period for audit ends June 30 2008. Eighteen positions were performing these functions however during the 2007 Special Session C five (5) vacant positions were eliminated in the budget reduction exercise.
				Expense	(\$26,000)	
				HR Services	(\$5,213)	
				<b>Total</b>	<b>(\$555,464)</b>	
	33V0090	Eliminate Budget in Reserve for the I-CARE Program	(6.0)	Salary & Benefits	(\$425,319)	Appropriation was provided contingent on the receipt of Federal funding. The funding was not available for this program due to the recurring nature of the budget request.
				Expense	(\$64,000)	
				Operation Mtr veh	(\$15,000)	
				HR Services	(\$2,375)	
				<b>Total</b>	<b>(\$506,694)</b>	
<b>Realignment and Technical Issues</b>						
	2500500	Increase in Attorney General Contract for Professional Regulation		Legal Svcs Contract	\$156,856	In increased budget authority for an increase in the Department's contract with the Office of the Attorney General. The Office of the Attorney General (AG) provides legal services, on a cost recovery basis, for the Department's regulated professional Boards on an annual basis.
				<b>Total</b>	<b>\$156,856</b>	

<b>Realignment and Technical Issues</b>					
1802100	Position Transfer from Regulation to Professions - Deduct	(2.0)	S&B, Exp, HR	\$107,593	Transfer of two (2) positions from the Division of Regulation to the Division of Professions. In the reengineering project, the two divisions were to be merged, and some functions and staff were shared. Because the areas of responsibility are distinctly different the divisions were reestablished but staff was not aligned to the appropriate budget entity for the functions currently being performed.
1802200	Position Transfer from Regulation to Professions - Add	2.0	S&B, Exp, HR	(\$107,593)	
1802300	Position Transfer from Regulation to Service Operations - Deduct	(1.0)	S&B, Exp, HR	(\$62,719)	Transfer one Farm Labor registration position from the Division of Regulation to the Division of Service Operations for processing applications for state farm labor registration. In FY 2005-06 a federal contract for performing the federal farm labor registration activities was terminated and positions were transferred and eliminated. This position was retained in the program office for remaining workload and to assist in the transition. At this time, all registration responsibilities have been transferred to the Central Intake Unit and the remaining position is needed in that unit.
1802400	Position Transfer from Regulation to Service Operations - Add	1.0	S&B, Exp, HR	\$62,719	
1802500	Position Transfer from Regulation to Office of the General Council - Deduct	(1.0)	S&B, Exp, HR	(\$91,549)	Transfer the Farm Labor attorney position from the Division of Regulation to the Office of the General Counsel to conform to the agency's current organizational structure. The attorney provides legal counsel for the farm and child labor programs; however, under the current structure of the Department, legal services are in general centralized in the Office of the General Counsel.
1802600	Position Transfer from Regulation to Office of the General Council - Add	1.0	S&B, Exp, HR	\$91,549	
1802700	Transfer of Position from Alcoholic Beverages and Tobacco to Inspector General - Add	1.0	S&B, Exp, HR	\$65,107	Transfer one (1) position that is responsible for providing investigative support as an independent review of law enforcement personnel assigned to the Division of Alcoholic Beverages and Tobacco from the Division to the Office of the Inspector General. The position currently works under the direction of the Inspector General, this request will transfer the position to the Office of the Secretary and Administration budget entity for permanent assignment to the Office of Inspector General.
1802800	Transfer of Position from Alcoholic Beverages and Tobacco to Inspector General - Deduct	(1.0)	S&B, Exp, HR	(\$65,107)	
160E120	Realignment of Expense to Exam Testing Services - Deduct		Expense	(\$75,000)	Realignment of \$75,000 from the Expense Category to Exam Testing Services Special Category within the Testing and Continuing Education Budget Entity. Allows for payment and capturing of expenditures associated with the examination process in the special category provided for that purpose.
160E130	Realignment of Expense to Exam Testing Services - Add		Exam Testing	\$75,000	
160E100	Realignment of Contractual Services Budget - Deduct		Expense	(\$100,000)	Realignment of \$100,000 from the Expense to Contracted Services categories within the Central Intake Budget Entity to properly align budget authority necessary for payment of credit card service fees associated with payments, made to American Express, Bank of America, and Discover Card, for processing credit card payments.
160E110	Realignment of Contractual Services Budget - Add		Contracted Svcs.	\$100,000	
160E100	Realignment of Contractual Services Budget - Deduct		Contracted Svc.	(\$27,500)	Realignment of \$27,500 from the Contracted Services Category to the Expense Category where these funds can be used for general expenditures. The Contracted Services Category is currently over-funded based upon an analysis of expenditures and the guidance provided regarding the expenditures to be paid from the Contracted Services category.
160E110	Realignment of Contractual Services Budget - Add		Expense	\$27,500	









DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION  
VACANT POSITIONS OVER 180 DAYS

BE NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	COMMENTS
EXECUTIVE DIR/SUPPORT SVCS	000700	DEPUTY SECRETARY-DBPR	\$ 64,807	\$ 21,879	\$ 86,686	04-May-07	263	<i>This positions is being reclassified and will be used for the Director of Budget &amp; Financial Management, who serves as part of the departments Sr. Mgmt Team, to provide the SMS benefits. The position currently held by the Director will also be reclassified and will provide professional support to the Chief of Staff and Deputy Secretaries managing projects that cross Divisions, Business areas and Agencies.</i>
EXECUTIVE DIR/SUPPORT SVCS	010563	INFORMATION ADMINISTRATOR-DBPR	\$ 45,347	\$ 16,342	\$ 61,689	29-Jun-07	207	<i>This positions has been filled and the incumbent started on January 25, 2008. After becoming vacant the position was advertised and the selected candidate turned down the offer. The other candidates did not meet the desired qualifications. The position was advertised a second time and a candidate was selected and hired.</i>
INFORMATION TECHNOLOGY	010889	SYSTEMS PROJECT ADMINISTRATOR - SES	\$ 43,675	\$ 16,047	\$ 59,722	27-Jul-07	180	<i>A candidate has been selected and is in the approval process. The Department is going through a transitional phase due to the approaching expiration date of the maintenance contract on the licensing system. The organization structure of the Division of Information Technology was being accessed based on decisions derived from the Gartner Report in regards to the continued out-sourcing or in-house maintenance.</i>
COMPLIANCE AND ENFORCEMENT	010209	REGULATORY CONSULTANT	\$ 32,823	\$ 12,737	\$ 45,560	06-Jul-07	200	<i>The Division of Regulation held the position vacant while reorganizing and reclassifying several positions to better meet workload demands. This position was reclassified for SES to Career Service and was not advertised until the reorganization plan was approved. The has been advertised and interview are scheduled for February 5, 2008.</i>
COMPLIANCE AND ENFORCEMENT	000237	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,711	\$ 18,339	\$ 58,050	20-Jul-07	186	<i>A candidates has been selected for this position and is going through requirements for law enforcement officers. An offer was previously made however after the lengthy process of meeting all law enforcement recruitment requirements the applicant withdrew.</i>
COMPLIANCE AND ENFORCEMENT	011380	LAW ENFORCEMENT LIEUTENANT	\$ 44,659	\$ 19,753	\$ 64,412	01-Jul-07	205	<i>These positions were provided in anticipation of a federal grant that would provide funding to expand the I-CARE Program. The funding was not awarded and these positions have been recommended for deletion in the FY 2008-09 LBR.</i>
COMPLIANCE AND ENFORCEMENT	011381	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,711	\$ 18,339	\$ 58,050	01-Jul-07	205	
COMPLIANCE AND ENFORCEMENT	011382	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,711	\$ 18,339	\$ 58,050	01-Jul-07	205	

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	COMMENTS
COMPLIANCE AND ENFORCEMENT	011383	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,711	\$ 18,339	\$ 58,050	01-Jul-07	205	<i>These positions were provided in anticipation of a federal grant that would provide funding to expand the I-CARE Program. The funding was not awarded and these positions have been recommended for deletion in the FY 2008-09 LBR.</i>
COMPLIANCE AND ENFORCEMENT	011384	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,711	\$ 18,339	\$ 58,050	01-Jul-07	205	
COMPLIANCE AND ENFORCEMENT	011385	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,711	\$ 18,339	\$ 58,050	01-Jul-07	205	
TAX COLLECTION	000050	TAX AUDITOR I	\$ 29,457	\$ 12,148	\$ 41,605	13-Jul-07	193	<i>This position is assigned to the beverage surcharge audits and has been recommended for deletion in the FY 2008-09 LBR.</i>
COMPLIANCE AND ENFORCEMENT	011388	FINANCIAL EXAMINER/ANALYST II	\$ 38,809	\$ 13,785	\$ 52,594	01-Jul-07	205	<i>This position was appropriated this fiscal year for the Condominium Ombudsman to provide financial education to condo associations requiring the need for an accounting degree and Spanish speaking. At the salary provided and with the position having been viewed as a possible budget reduction recruitment has been very difficult. A candidate has been selected and the recruitment validation process is underway.</i>
		<b>TOTALS</b>	<b>\$ 537,845</b>	<b>\$222,725</b>	<b>\$760,570</b>			







**Division of Hotels and Restaurants**  
***Bureau of Elevator Safety***

**&**

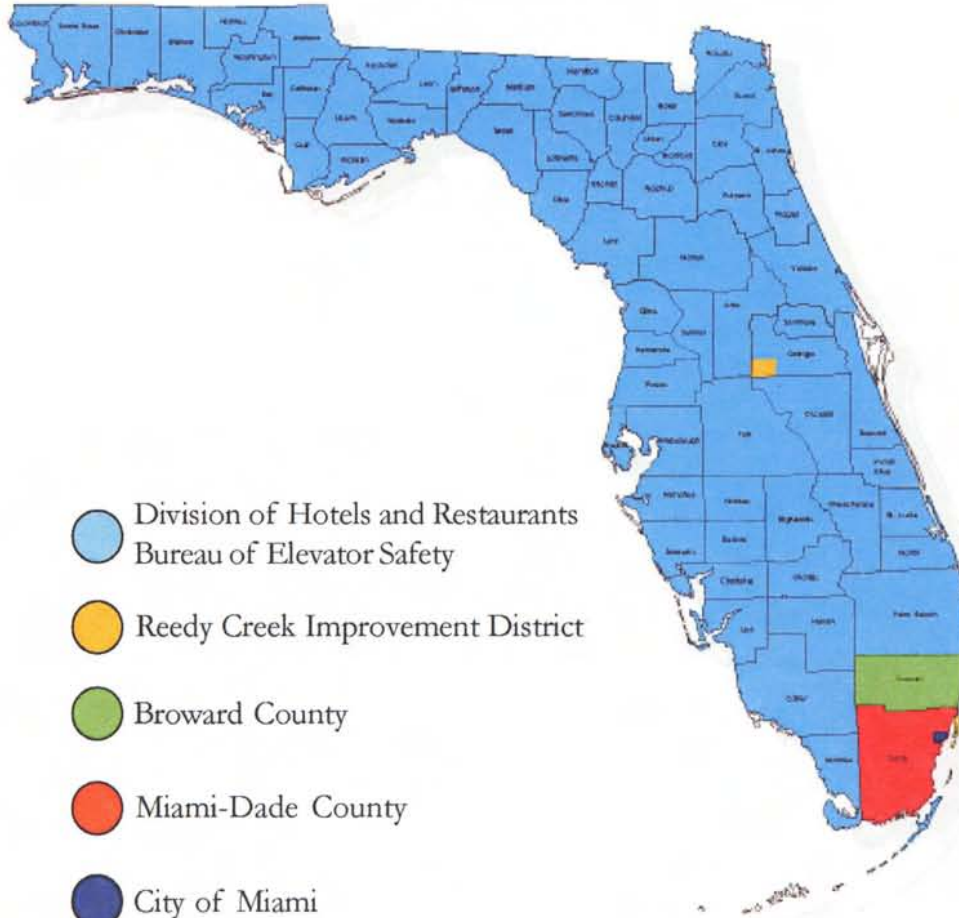
***Bureau of Sanitation and Safety***  
***Inspections***

**Jobs and Entrepreneurship Council**  
**Report, February 14, 2008**

## **Bureau of Elevator Safety (BES)**

- **Program authority:** Chapter 399, F.S. and 61C-5 FAC
- **Technical or safety code standards:** American Society of Mechanical Engineers (ASME) A-17, and related parts, adopted into 61C-5 FAC
- **“Elevator”** means most all vertical conveyances, and includes escalators, moving walkways and wheelchair lifts

# Elevator Jurisdictions



February 15, 2001

## Five Contracted Jurisdictions

The Bureau has contract monitoring and oversight responsibilities for five contracted jurisdictions that includes an additional 24,235 licensed elevators

## **Additional Responsibilities Include:**

1. Registration of elevator companies (**215 companies**)
2. Registration of certified elevator inspectors (**261**)
3. Issuance of Certificates of Competency (**1,583**)
4. Accident tracking
5. Issuance of construction and alteration permits



# Annual Inspection & Licensing

- July 31, 2007 – highest compliance rate ever at nearly 95%
- 6-months into the 2007/08 renewal cycle, over 90% are compliant
- Anticipate meeting or exceeding last year's compliance rate through continued:
  - **Outreach Strategy**
    - Early renewal notifications, communication and education efforts (website)
  - **Enforcement Sweeps**
    - Notice of Intent letters, fines and suspension orders for non-compliance
  - **Partnering**
    - Advisory Council made up of industry professionals (4 per year)

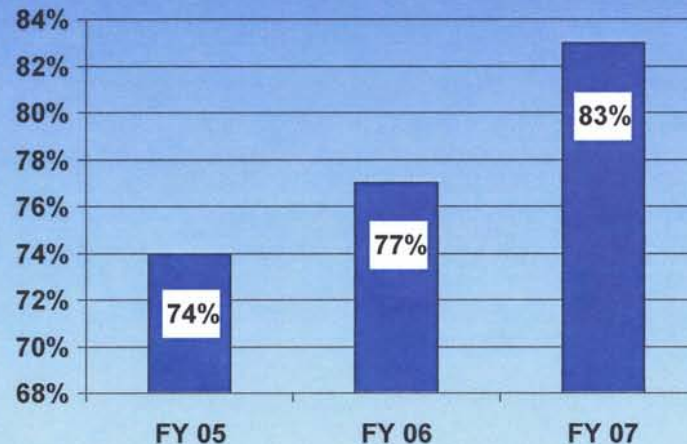
## **Bureau of Sanitation & Safety Inspections**

- **Food Service-** restaurants, take-out, theme park food carts, caterers, vending, mobile food cart, temporary events (festivals, fairs)
  - Licensed Accounts: 44,594
- **Lodging-** apartments, hotels, motels, rooming houses, individual condominiums, resort dwellings, bed and breakfasts
  - Licensed Accounts: 35,660

# Fourth Quarter Report 2006/07

- Conducted over 140,000 Food & Lodging Inspections
- Cited over 750,000 violations
- Completed percentage of statutorily required inspections:

- FY 07 = 83%
- FY 06 = 77%
- FY 05 = 74%

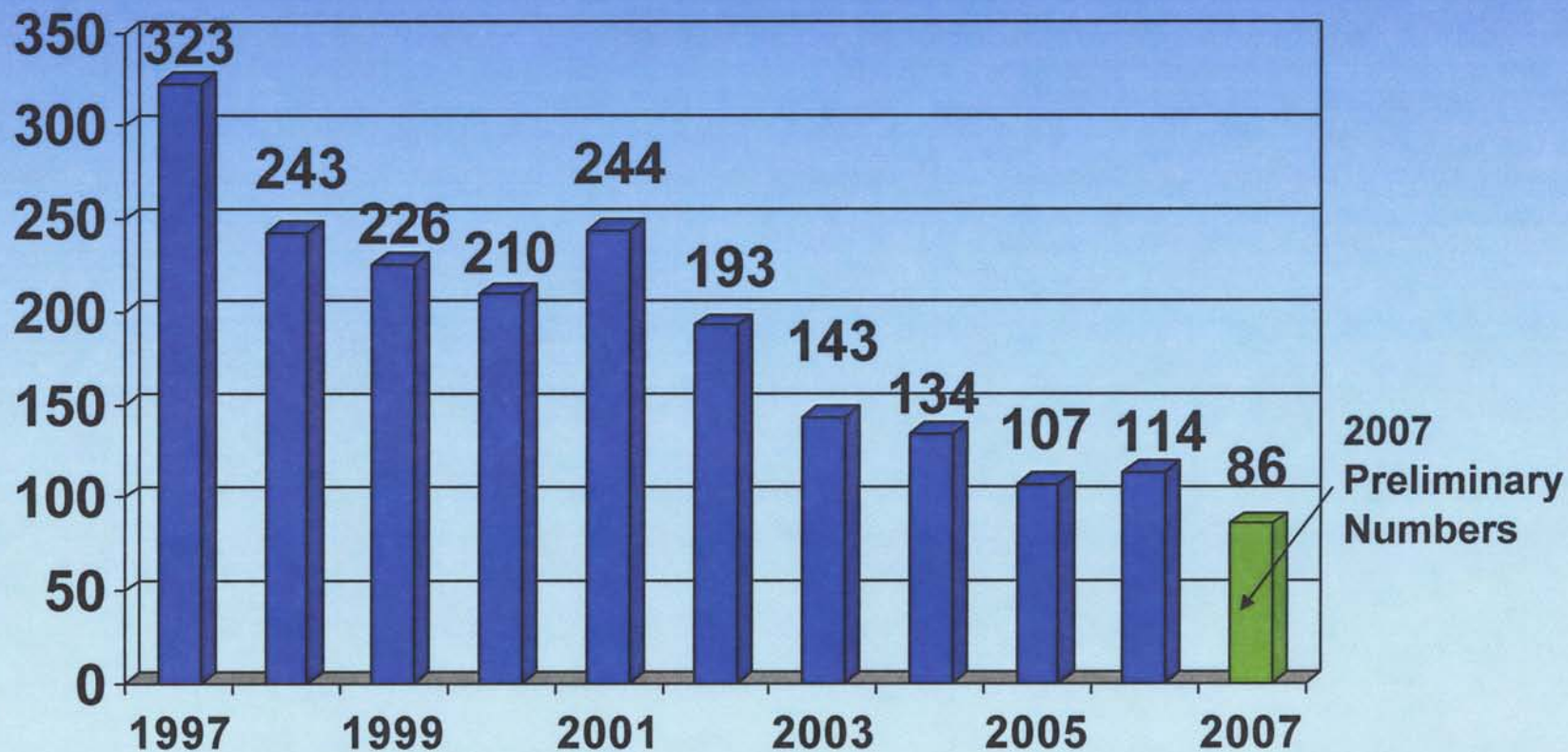


- FY 07 less than 1 percent of total food accounts received zero inspections (360 - most of which are hot dog carts/mobile units)
- Each inspector averaged 941 inspections for FY 06/07. That is over twice the number recommended by the FDA

# Florida Restaurant Foodborne Illness Trends

Source: Florida Department of Health Annual Report of Food and Water borne Illness, Division of Hotels & Restaurants licensees.

## Suspected & Confirmed Outbreaks



## **Second Quarter Update**

### **FY 2007/08**

- **20 new positions for Bureau of Sanitation & Safety Inspections (13 Food & Lodging Inspectors)**
- **All of these positions have been filled**
- **It takes nearly a year to fully train a new Inspector**
- **Division Total FTE = 297**
- **Mid-year Inspection Activity**
  - **Apartments 47% (target 50%)**
  - **Lodging (non apartments) 83% inspected (target 100%)**
  - **Food Establishments 86% inspected once (target 100%)**









**Budget  
Presentation**





**ALEX SINK**  
**CHIEF FINANCIAL OFFICER**  
**STATE OF FLORIDA**

Florida Department of Financial Services

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# Fiscal Year 2008-09 Budget Presentation

## Jobs & Entrepreneurship Council Florida House of Representatives

February - 2008



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**CHIEF FINANCIAL OFFICER**  
**STATE OF FLORIDA**

Florida Department of Financial Services

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Jim Cassady, Chief of Staff  
representing  
Alex Sink – Florida's Chief Financial Officer

## **Mission Statement**

- ❖ To safeguard the people of Florida and the state's assets through financial accountability, education, advocacy, fire safety and enforcement.



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# Departmental Overview

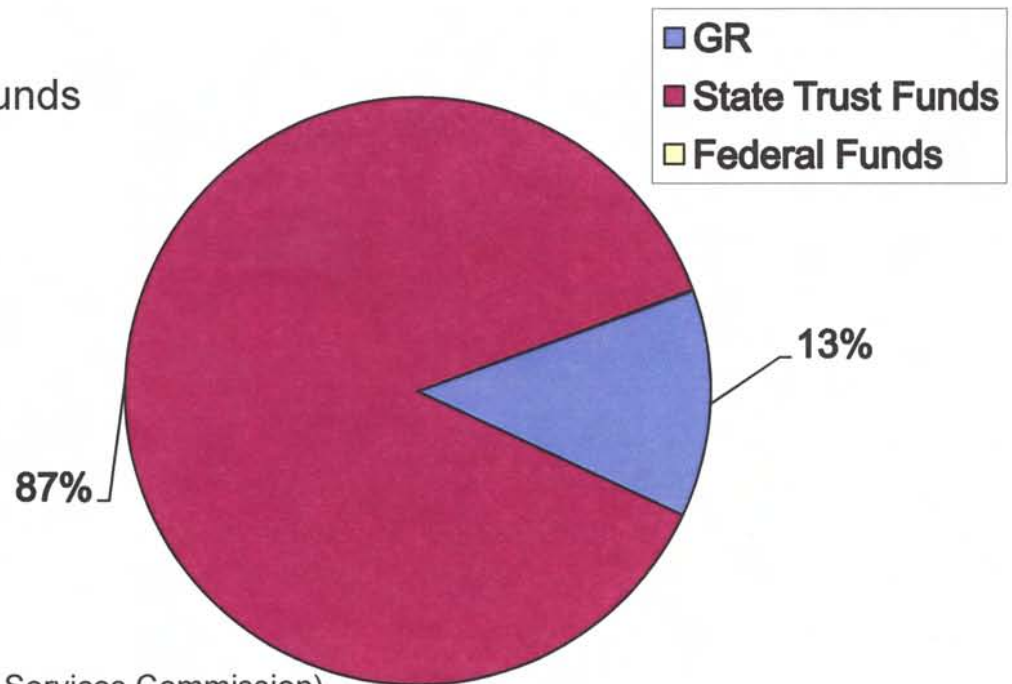


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Florida Department of Financial Services

➤ The department has the following programs:

- Office of Chief Financial Officer and Administration
  - 507.0 FTE / \$52,020,880
- Treasury
  - 68.5 FTE / \$5,595,634
- Financial Accountability for Public Funds
  - 219.0 FTE / \$36,413,982
- Fire Marshal
  - 253.5 FTE / \$21,169,923
- State Property and Casualty Claims
  - 102.0 FTE / \$17,463,887
- Licensing and Consumer Protection
  - 601.5 FTE / \$46,136,324
- Workers' Compensation
  - 361 FTE / \$27,324,609
  
- **Total – DFS** (does not include the Financial Services Commission)
  - 2,112.5 FTE / \$206,125,239





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# Budget Reductions



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Florida Department of Financial Services

## Summary of Special Session Reductions:

Summary of Reductions in SB 2-C

**Reductions:**

FTE	Dollars	Division/Program
	(\$40,000)	Executive Direction and Support Services
(7.0)	(\$2,599,383)	Information Technology
(8.0)	(\$2,491,154)	Accounting and Auditing
(1.0)	(\$34,860)	Fire Marshal
	(\$50,000)	Risk Management Expenses
	(\$100,000)	Agent and Agency Services - Salaries and Benefits
	(\$50,000)	Consumer Assistance Expenses
(1.0)	(\$88,715)	Funeral and Cemetery Services (from Lump Sum Reserve)
	(\$100,000)	Workers' Compensation
<b>(17.0)</b>	<b>(\$5,554,112)</b>	

**Additional funding:**

FTE	Dollars	Division/Program
16.0	\$2,075,978	Insurance Fraud
	\$750,000	Transfer to Florida Catastrophic Storm Risk Management Center at FSU (NON-RECURRING)
<b>16.0</b>	<b>\$2,825,978</b>	

**NET Reduction:**

FTE	Dollars	Division/Program
(1.0)	(\$2,728,134)	





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Additional Proposed Reductions & Efficiencies:

- Office of Chief Financial Officer and Administration
  - (2.0) FTE / (\$191,783)
- Financial Accountability for Public Funds
  - No FTE / (\$1,300,000)
- Fire Marshal
  - (2.0) FTE / (\$192,507)
- State Property and Casualty Claims
  - (3.0) FTE / (\$327,400)
- Licensing and Consumer Protection
  - (4.0) FTE / (\$964,648)
- Workers' Compensation
  - (10.0) FTE / (\$1,556,810)
  
- **Total DFS**
  - **(21.0) FTE / (\$4,533,148)**



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## DFS Department Initiatives

- Partners in Accountability
- FTE vs. Staff Augmentation
- Consolidation of Call Centers/Field Offices
- Contract Process
- Electronic vs. Paper
- Energy Utilization
- Digital Photo Inventory
- Internal Fleet Management
- Utilization of VOIP system vs. SUNCOM
- Automation of Civil Remedy Program



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# 2008-2009 Legislative Budget Request



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## Summary of highest priority issues (2008-2009 FY LBR):

- **Data Center Upgrade – \$550,000**
  - ❖ UPS & associated switchgear, Transient voltage surge suppression, Single point grounding system, Replacement of medium voltage switch
  
- **Fire and Arson Salary, Overtime, On-Call – \$260,629**
  - ❖ Includes \$135,629 for salary adjustments, \$75,000 for overtime and \$50,000 for On-Call
  
- **Funeral and Cemetery Information Technology – \$92,375**
  - ❖ Information Technology maintenance of licensing system
  
- **Additional Issues**



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# Vacancy Information



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## Summary of Vacancy data (positions 180 days or more):

73.5 positions vacant more than 180 days

7 – proposed for deletion or already deleted

3 – pending classification change before position can be advertised/filled

5 – vacant pending determination of SES versus Career Service classification of position by DMS.

52.5 – either: advertised (or re-advertised); or are in varying stages of the appointment process (interview, candidate selection, background check, etc.)

3 – remain vacant due to budgetary/salary constraints

3 – final appointment made and position filled



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Summary of Vacancy data (by program area):

- Office of Chief Financial Officer and Administration
  - 13.5 FTE
- Financial Accountability for Public Funds
  - 9 FTE
- Fire Marshal
  - 8 FTE
- State Property and Casualty Claims
  - 2 FTE
- Licensing and Consumer Protection
  - 27 FTE
    - 1 FTE – Rehab & Liquidation
    - 11 FTE – Agent & Agencies
    - 14 FTE – Insurance Fraud
    - 1 FTE – Consumer Assistance
- Workers' Compensation
  - 14 FTE



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# Update on Insurance Fraud





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Update on Fraud...

- 8 additional positions appropriated in the 2007 Regular Session
- 16 additional positions appropriated in the 2007 Special "Budget Reduction" Session
- The Division's recruitment activities have been enhanced by the salary increases appropriated during both the regular and special session. The Division has received over 900 applications since August 1st, compared to approximately 100 for the same time period last year.
  - 8 Filled and 12 applicants are in background phase



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- **In light of current budget challenges, CFO has reprioritized and reduced DFS' budget request**
- **CFO's goal to implement initiatives that:**
  - **Find government efficiencies;**
  - **Provide better service; and**
  - **Increase accountability to the People of Florida.**





DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
EXECUTIVE DIR/SUPPORT SVCS	000293	SENIOR WORD PROCESSING SYSTEMS OPERATOR	\$ 22,454	\$ 10,923	\$ 33,377	24-Jul-07	182	Position to be add/deleted to a different bureau and then filled.
EXECUTIVE DIR/SUPPORT SVCS	001322	EXECUTIVE ASSISTANT	\$ 30,764	\$ 13,778	\$ 44,542	01-Jul-07	205	Position being eliminated as part of the budget reduction plan for DFS.
EXECUTIVE DIR/SUPPORT SVCS	001560	SPECIAL PROGRAMS ADMINISTRATOR	\$ 54,229	\$ 19,674	\$ 73,903	01-Jul-07	205	Appointment approved; recommended candidate to begin employment on February 1, 2008.
LEGAL SERVICES	000172	CLERK SPECIALIST	\$ 9,262	\$ 5,117	\$ 14,379	10-Mar-07	318	Loss of this position would prevent the Division from implementing the cost saving measure of eliminating rented file storage space for storing our records. The position will be used to scan closed files, including several hundred boxes currently in storage. The division is reviewing application pool and expects to find a suitable candidate.
LEGAL SERVICES	000893	SENIOR ATTORNEY	\$ 51,627	\$ 17,444	\$ 69,071	20-Jul-07	186	The loss of this position would hamper prompt prosecution of insurance agents that violate the insurance code. Agents preying on senior citizens, especially in the sale of annuities, is rising in Florida. Filling this position in the Agent Prosecution Section is crucial in protecting seniors and other insurance consumers from abuse. Prompt and forceful prosecutions are necessary to curb illegal acts by licensed agents. This position has not been advertised due to salary constraints within the division's budget.
LEGAL SERVICES	003186	ATTORNEY	\$ 39,084	\$ 15,240	\$ 54,324	30-Apr-07	267	Loss of this position will restrict the Department's ability to prosecute businesses that do not have Workers Compensation Insurance pursuant to Chapter 440, F.S. This is a relatively small unit and the caseload is high. Litigation of these cases is essential to force businesses who do not have the insurance coverage required by law to obtain the coverage and to pay the statutory penalty for not having the required coverage. This position has not been advertised due to salary constraints within the division's budget.
LEGAL SERVICES	003254	SENIOR ATTORNEY	\$ 51,627	\$ 17,444	\$ 69,071	01-Jun-07	235	Loss of this position will reduce by 25% the attorneys that handle Workers Compensation Special Disability Trust Fund cases, the development of policies on payments for hospital in-patient and out-patient care and payment for services through ambulatory surgical centers. All of these service areas are critical for maintaining cost containment in health care and there is a heavy service demand for the four attorneys in this section. This position has not been advertised due to salary constraints within the division's budget.

DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
INFORMATION TECHNOLOGY	000102	SYSTEMS PROGRAMMER III	\$ 43,507	\$ 14,606	\$ 58,113	07-Jun-07	229	DIS' request to appoint to this position was sent to Human Resources on 1/10/08--the position was reclassified and that contributed to the length of vacancy. The appointee is scheduled to begin employment February 8, 2008. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% hold back of the 4th quarter appropriation.
INFORMATION TECHNOLOGY	000605	SYSTEMS PROJECT ANALYST	\$ 40,948	\$ 14,159	\$ 55,107	16-Jul-07	190	The request to appoint an applicant to this position was submitted to the Human Resources Office on February 1, 2008. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% hold back of the 4th quarter appropriation.
INFORMATION TECHNOLOGY	001015	SYSTEMS PROJECT ANALYST	\$ 40,948	\$ 14,159	\$ 55,107	31-Mar-07	297	This position was transferred from the Division of Treasury and required a reclassification. The position has been advertised and the position closed on January 23, 2008. The supervisor has reviewed the submitted applications and has scheduled work sample testing to be conducted February 7th and 8th, 2008. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% hold back of the 4th quarter appropriation.
INFORMATION TECHNOLOGY	004096	SYSTEMS PROJECT ANALYST	\$ 40,948	\$ 14,159	\$ 55,107	05-Apr-07	292	This position was advertised November 19, 2007. As part of the review process, the supervisor administered work sample tests which no one passed. The position was re-advertised and the appointment request was submitted to Human Resources on February 4, 2008. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% hold back of the 4th quarter appropriation.
INFORMATION TECHNOLOGY	004418	SYSTEMS PROGRAMMER II	\$ 40,948	\$ 14,159	\$ 55,107	09-Apr-07	288	This position has been advertised and the advertisement closed January 22, 2008. Supervisor did not find any qualified applicants, so we are now going to re-advertise. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% hold back of the 4th quarter appropriation.
INFORMATION TECHNOLOGY	004595	TELECOMMUNICATIONS SPECIALIST III	\$ 30,989	\$ 12,415	\$ 43,404	30-May-07	237	This position was moved during a reorganization that had to be approved by DMS. After the reorganization was approved, DIS requested the position be reclassified. The reclassification was approved on January 21, 2008. The position is ready to be advertised. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% holdback of the 4th quarter appropriation.

DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
INFORMATION TECHNOLOGY	004880	COMPUTER PROGRAMMER ANALYST I	\$ 32,697	\$ 12,715	\$ 45,412	15-Jun-07	221	This position was reclassified. The advertisement closed on January 22, 2008 and the supervisor reviewed the submitted applications and scheduled selected applicants to take a work sample test. The work sample tests were completed February 4, 2008. The supervisor is grading the test and will schedule interviews based on the test results. DIS has had to keep positions vacant longer than desired due to the budget cuts taken this fiscal year and due to the planned additional 4% holdback of the 4th quarter appropriation.
ST FINAN INFO/ST AGY ACCTG	004164	ACCOUNTANT II	\$ 26,541	\$ 11,638	\$ 38,179	26-Jul-07	180	Pending reclassification delayed due to DMS SES determination. Received DMS determination on 1/31/08 and will proceed forward.
ST FINAN INFO/ST AGY ACCTG	004244	PROFESSIONAL ACCOUNTANT SPECIALIST - SES	\$ 40,948	\$ 15,568	\$ 56,516	25-Jun-07	211	Pending reclassification delayed due to DMS SES determination. Received DMS determination on 1/31/08 and will proceed forward.
ST FINAN INFO/ST AGY ACCTG	004264	PROFESSIONAL ACCOUNTANT SPECIALIST - SES	\$ 40,948	\$ 15,568	\$ 56,516	06-Apr-07	291	Pending reclassification delayed due to DMS SES determination. Received DMS determination on 1/31/08 and will proceed forward.
ST FINAN INFO/ST AGY ACCTG	004275	SENIOR MANAGEMENT ANALYST II - SES	\$ 46,381	\$ 16,523	\$ 62,904	02-Jul-07	204	Pending reclassification delayed due to DMS SES determination. Received DMS determination on 1/31/08 and will proceed forward.
ST FINAN INFO/ST AGY ACCTG	004616	FINANCIAL ADMINISTRATOR - SES	\$ 56,148	\$ 18,238	\$ 74,386	23-Jul-07	183	Pending reclassification delayed due to DMS SES determination. Received DMS determination on 1/31/08 and will proceed forward.
ST FINAN INFO/ST AGY ACCTG	004679	BUSINESS CONSULTANT I	\$ 32,697	\$ 12,715	\$ 45,412	01-Mar-07	327	Identified for reduction as a result of Special Session 2007C (Bill 2C). Appropriation has already been reduced by \$206,604 for these positions on issue 33B0550.
ST FINAN INFO/ST AGY ACCTG	004720	ACCOUNTANT II	\$ 26,541	\$ 11,638	\$ 38,179	01-Jan-07	386	Identified for reduction as a result of Special Session 2007C (Bill 2C). Appropriation has already been reduced by \$206,604 for these positions.
ST FINAN INFO/ST AGY ACCTG	004797	ACCOUNTANT II	\$ 26,541	\$ 11,638	\$ 38,179	01-Jun-07	235	Identified for reduction as a result of Special Session 2007C (Bill 2C). Appropriation has already been reduced by \$206,604 for these positions.
ST FINAN INFO/ST AGY ACCTG	004806	ACCOUNTANT I	\$ 24,580	\$ 11,294	\$ 35,874	09-Feb-07	347	Identified for reduction as a result of Special Session 2007C (Bill 2C). Appropriation has already been reduced by \$206,604 for these positions.
COMPLIANCE & ENFORCEMENT	001493	ENGINEERING SPECIALIST II	\$ 38,660	\$ 13,759	\$ 52,419	19-Jun-07	217	Vacancy filled, employee will start work on 2/4/08.

DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
FIRE & ARSON INVESTIGATION	000393	LAW ENFORCEMENT LIEUTENANT	\$ 44,488	\$ 19,703	\$ 64,191	15-May-06	617	An initial assessment was conducted prior to the new administration taking office. The assessment lacked substance and validity, resulting in grievances based on equity issues. These issues have been resolved and a new assessment process is underway with candidates scheduled to be selected within six weeks. These are critical front line supervisory positions and are currently being filled via temporary upgrades. Loss of these positions would result in critical public safety service level reductions.
FIRE & ARSON INVESTIGATION	000531	LAW ENFORCEMENT CAPTAIN	\$ 45,173	\$ 21,311	\$ 66,484	04-Feb-07	352	
FIRE & ARSON INVESTIGATION	001016	LAW ENFORCEMENT LIEUTENANT	\$ 44,488	\$ 19,703	\$ 64,191	26-Feb-07	330	
FIRE & ARSON INVESTIGATION	001479	LAW ENFORCEMENT CAPTAIN	\$ 45,173	\$ 21,311	\$ 66,484	01-May-06	631	
FIRE & ARSON INVESTIGATION	001528	LAW ENFORCEMENT CAPTAIN	\$ 45,173	\$ 21,311	\$ 66,484	26-May-06	606	
PROF TRAINING & STANDARDS	000673	FIRE COLLEGE INSTRUCTOR	\$ 32,697	\$ 16,334	\$ 49,031	21-Mar-07	307	
PROF TRAINING & STANDARDS	001296	FIRE COLLEGE INSTRUCTOR	\$ 32,697	\$ 16,334	\$ 49,031	07-Jul-07	199	Position has been advertised three times and interviews held. Salary is a major issue. Advertising process has been initiated again.
ST SELF-INSURED CLAIMS ADJ	000636	FINANCIAL ADMINISTRATOR - SES	\$ 56,148	\$ 18,238	\$ 74,386	16-Jul-07	190	This is one of the most important positions in the Division. We have submitted 2 requests to fill this position but due to salary constraints and experience issues we have not been successful. We have selected an applicant pending upper management approval.
ST SELF-INSURED CLAIMS ADJ	001293	STAFF ASSISTANT	\$ 23,483	\$ 11,103	\$ 34,586	14-Jul-07	192	Position has been advertised three times and interviews held. Salary is major issue. Advertising process has been initiated again.
INSURANCE CO REHAB/LIQDATN	000032	MANAGEMENT REVIEW SPECIALIST - SES	\$ 40,948	\$ 15,568	\$ 56,516	01-May-07	266	Position proposed for elimination as part of the budget reduction plan for DFS.
LICENSURE, SALES/APPT/OVST	000211	RECORDS TECHNICIAN	\$ 23,483	\$ 11,103	\$ 34,586	17-Jul-07	189	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.
LICENSURE, SALES/APPT/OVST	000237	ADMINISTRATIVE SECRETARY	\$ 22,454	\$ 10,923	\$ 33,377	18-Jun-07	218	This position has been held open to make up for a salary deficit over the years. At this time it is in the process of being filled.
LICENSURE, SALES/APPT/OVST	000256	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	12-Mar-07	316	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.
LICENSURE, SALES/APPT/OVST	000557	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	17-Jul-07	189	This position has been held open to make up for a salary deficit over the years. This position has been advertised and the appointment package is pending approval.
LICENSURE, SALES/APPT/OVST	000906	RECORDS TECHNICIAN	\$ 23,483	\$ 11,103	\$ 34,586	21-May-07	246	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.
LICENSURE, SALES/APPT/OVST	000920	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	06-Feb-07	350	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.



DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
LICENSURE, SALES/APPT/OVST	000948	ADMINISTRATIVE SECRETARY	\$ 22,454	\$ 10,923	\$ 33,377	24-Apr-07	273	This position has been held open to make up for a salary deficit over the years. At this time it is in the process of being filled.
LICENSURE, SALES/APPT/OVST	001143	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	26-Apr-07	271	This position has been held open to make up for a salary deficit over the years. This position has been advertised and the appointment package is pending approval.
LICENSURE, SALES/APPT/OVST	001429	GOVERNMENT ANALYST I	\$ 36,468	\$ 13,375	\$ 49,843	04-Jun-07	232	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.
LICENSURE, SALES/APPT/OVST	001775	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	01-Jul-07	205	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.
LICENSURE, SALES/APPT/OVST	001776	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	01-Jul-07	205	This position has been held open to make up for a salary deficit over the years. At this time, it has been approved for advertisement and a hiring team has been formed.
INSURANCE FRAUD	000139	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	04-May-07	263	Applicant in Background
INSURANCE FRAUD	000365	STAFF ASSISTANT	\$ 23,483	\$ 11,103	\$ 34,586	30-Jun-07	206	It was put on hold due to budget - It is now Pending New Advertisement - In Deputy CFO's office
INSURANCE FRAUD	000666	LAW ENFORCEMENT INVESTIGATOR I	\$ 34,200	\$ 16,764	\$ 50,964	08-Feb-06	713	This is an essential Miami Position in a high fraud area. Efforts to recruit have been less than successful due to salary being non-competitive with other SE Florida Law Enforcement positions.
INSURANCE FRAUD	000692	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	03-Nov-06	445	Applicant in Background
INSURANCE FRAUD	000879	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	09-Mar-07	319	Applicant in Background
INSURANCE FRAUD	000898	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	01-Jul-06	570	Applicant in Background
INSURANCE FRAUD	000908	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	06-Jan-07	381	Applicant in Background
INSURANCE FRAUD	001260	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	09-Mar-07	319	Applicant in Background
INSURANCE FRAUD	001452	CRIME INTELLIGENCE ANALYST I	\$ 27,926	\$ 11,880	\$ 39,806	25-Aug-06	515	It was put on hold due to budget - It is now Pending New Advertisement - In Deputy CFO's office
INSURANCE FRAUD	001544	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	09-Oct-06	470	In Human Resources - Pending Appointment
INSURANCE FRAUD	001608	CRIME INTELLIGENCE ANALYST I	\$ 27,926	\$ 11,880	\$ 39,806	29-Apr-06	633	It was put on hold due to budget - It is now in the Recruitment process (test/interview)
INSURANCE FRAUD	001691	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	06-Nov-06	442	In Human Resources - Pending Appointment

DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
INSURANCE FRAUD	001696	LAW ENFORCEMENT INVESTIGATOR II	\$ 39,559	\$ 18,296	\$ 57,855	27-Apr-07	270	Applicant in Background
INSURANCE FRAUD	001698	PARALEGAL SPECIALIST	\$ 23,483	\$ 11,103	\$ 34,586	09-Mar-07	319	In Recruitment process (interviews)
CONSUMER ASSISTANCE	000026	ADMINISTRATIVE SECRETARY	\$ 22,454	\$ 10,923	\$ 33,377	18-Jul-07	188	A selection has been made and the hiring package is currently being routed in Tallahassee.
WORKERS' COMPENSATION	003004	WORKERS' COMPENSATION SPECIALIST	\$ 36,468	\$ 13,375	\$ 49,843	11-May-07	256	Pending internal promotion appointment
WORKERS' COMPENSATION	003016	MANAGEMENT ANALYST I - SES	\$ 27,926	\$ 13,280	\$ 41,206	24-Apr-07	273	Pending Classification Actions
WORKERS' COMPENSATION	003107	INSURANCE SPECIALIST III	\$ 32,697	\$ 12,715	\$ 45,412	18-Feb-06	703	Pending appointments for Orlando based Audit Team - Sent to Human Resources for Approval
WORKERS' COMPENSATION	003120	SENIOR MANAGEMENT ANALYST I - SES	\$ 36,468	\$ 14,781	\$ 51,249	13-Jul-07	193	Pending Classification Actions to move position to the Bureau of Monitoring & Audit
WORKERS' COMPENSATION	003121	INSURANCE ADMINISTRATOR C - SES	\$ 36,468	\$ 14,781	\$ 51,249	01-Jul-07	205	Pending internal promotion appointment - Position will supervise the Early Intervention / Ombudsman Team within the Bureau of Employee Assistance Office.
WORKERS' COMPENSATION	003140	INSURANCE ADMINISTRATOR C - SES	\$ 36,468	\$ 14,781	\$ 51,249	01-Jul-07	205	Finalizing Classification Action Request package for the organization of the new Bureau of Data Quality & Collection - Position to manage the Bureau's Research Team.
WORKERS' COMPENSATION	003212	INSURANCE SPECIALIST III	\$ 32,697	\$ 12,715	\$ 45,412	03-Jan-06	749	Pending appointments for Orlando based Audit Team - Sent to Human Resources for Approval
WORKERS' COMPENSATION	003233	INSURANCE SPECIALIST II	\$ 29,344	\$ 12,127	\$ 41,471	16-May-06	616	Pending appointments (Division of Administration / WC shared FTE) - sent to Human Resources.
WORKERS' COMPENSATION	003261	TELECOMMUNICATIONS SPECIALIST I	\$ 25,479	\$ 11,452	\$ 36,931	15-Dec-06	403	Advertisement Pending upon submission/approval of Authorization to Fill
WORKERS' COMPENSATION	003298	INSURANCE SPECIALIST III	\$ 32,697	\$ 12,715	\$ 45,412	01-Nov-06	447	Conducting interviews for staffing Division's Penalty Calculation Initiative, designed to relieve Compliance field investigators of duties associated with the calculation and collection of penalties for non-compliance. Staffing for this initiative will result in appointments to vacant positions.
WORKERS' COMPENSATION	003311	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	30-Dec-06	388	Conducting interviews for staffing Division's Penalty Calculation Initiative, designed to relieve Compliance field investigators of duties associated with the calculation and collection of penalties for non-compliance. Staffing for this initiative will result in appointments to vacant positions.

DEPARTMENT OF FINANCIAL SERVICES  
VACANT POSITIONS OVER 180 DAYS

BE_NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
WORKERS' COMPENSATION	003321	INSURANCE SPECIALIST III	\$ 32,697	\$ 12,715	\$ 45,412	28-Apr-07	269	Conducting interviews for staffing Division's Penalty Calculation Initiative, designed to relieve Compliance field investigators of duties associated with the calculation and collection of penalties for non-compliance. Staffing for this initiative will result in appointments to vacant positions.
WORKERS' COMPENSATION	003621	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	29-Apr-07	268	Advertised - Interviews completed, preparing appointment package for approval.
WORKERS' COMPENSATION	003630	INSURANCE ANALYST II	\$ 32,697	\$ 12,715	\$ 45,412	19-Mar-07	309	Conducting interviews for staffing Division's Penalty Calculation Initiative, designed to relieve Compliance field investigators of duties associated with the calculation and collection of penalties for non-compliance. Staffing for this initiative will result in appointments to vacant positions.
			<u>\$2,598,009</u>	<u>\$1,071,103</u>	<u>\$ 3,669,112</u>			















# House Jobs and Entrepreneurship Council

**Don Saxon**

**Commissioner**

**February 14, 2008**



# FLORIDA

**OFFICE OF FINANCIAL REGULATION**



## MISSION

The Office of Financial Regulation (Office) is dedicated to safeguarding the private financial interests of the public by licensing, chartering, examining and regulating financial institutions and financial service companies in the State of Florida.

The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries.



# FLORIDA

**OFFICE OF FINANCIAL REGULATION**



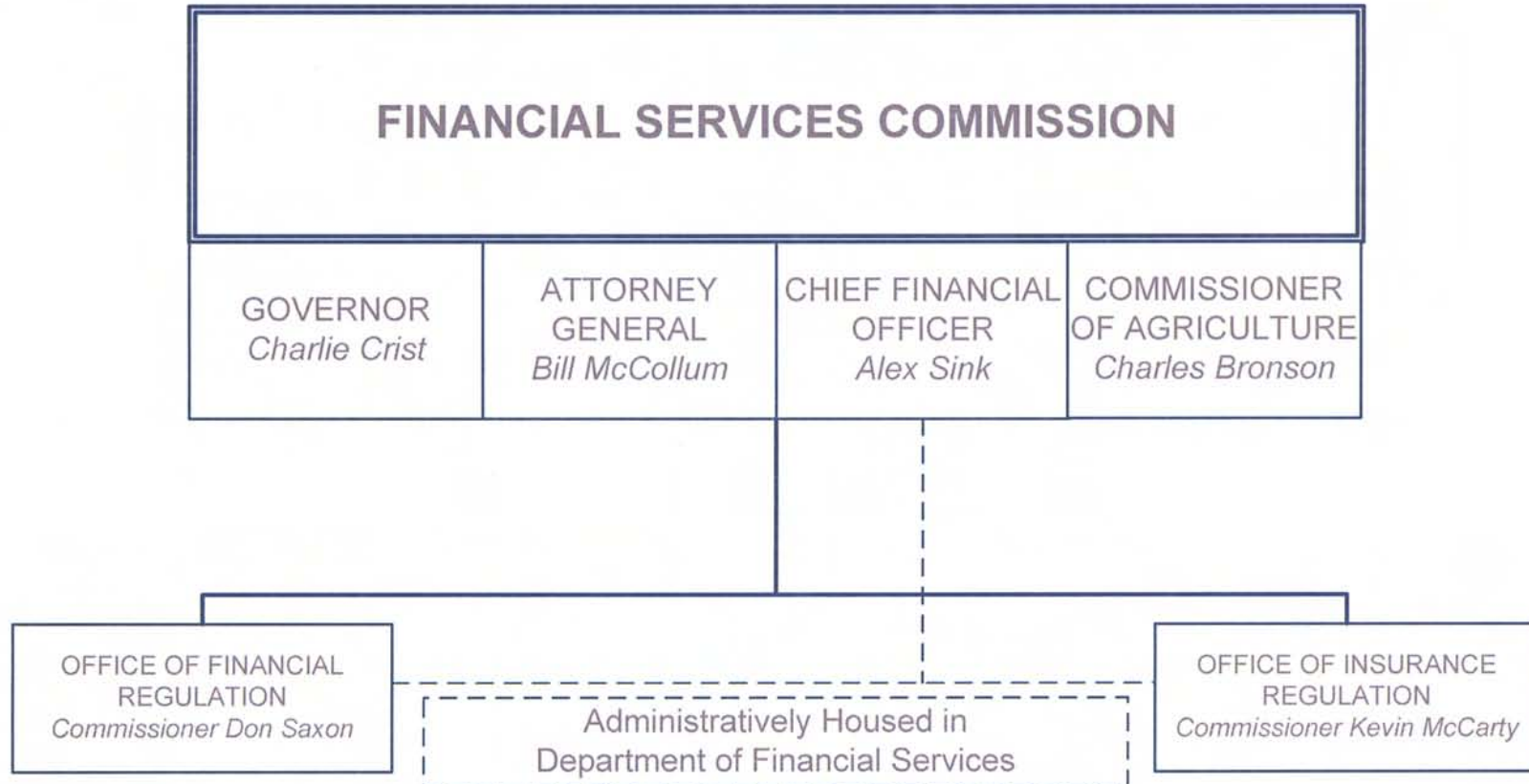
## **OFR is comprised of the following units:**

- Division of Financial Institutions
- Division of Securities
- Division of Finance
- Bureau of Financial Investigations
- Office of Legal Services
- Commissioner's Office



# FLORIDA

## OFFICE OF FINANCIAL REGULATION





# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### 2007-08 Recurring Budget

	<u>FTEs</u>	<u>General Revenue</u>	<u>Trust Funds</u>	<u>Total Funds</u>
Safety & Soundness	118		\$ 10,322,474	\$ 10,322,474
Financial Investigations	64	\$ 1,903,739	\$ 2,349,006	\$ 4,252,745
Executive Direction (includes Office of Legal Services)	49	\$ 935,221	\$ 2,982,833	\$ 3,918,054
Finance Regulation	112		\$ 11,805,363	\$ 11,805,363
Securities Regulation	89	\$ 5,838,089	\$ 283,966	\$ 6,122,055
<b>Total</b>	<b>432</b>	<b>\$ 8,677,049</b>	<b>\$ 27,743,642</b>	<b>\$ 36,420,691</b>

**2007-08 Budget includes \$7.7 million of non-recurring funds for the Regulatory Enforcement and Licensing System**

<b>Reduction Targets</b>		<b>\$ 867,705</b>	<b>\$ 2,774,364</b>	<b>\$ 3,642,069</b>
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# FLORIDA

OFFICE OF FINANCIAL REGULATION



## Concerns

1. Current uncertainty related to condition of financial markets
2. Negative impact on consumers if economic conditions decline
3. Need for regulatory resources increases rather than decreases in times of economic uncertainty
4. Loss of staff would seriously impact regulatory programs



# FLORIDA

OFFICE OF FINANCIAL REGULATION



## Principles guiding reductions:

1. Focus consequences on areas which would have the least impact on consumer protection and the industries regulated by the Office
2. Reduce funding from General Revenue to the extent possible
3. Reduce mission critical staff only as a last resort



# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### Potential 10% Reductions (as Submitted August 2007)

	<u>General Revenue</u>	<u>Trust Funds</u>
1 Shift Executive Direction Funding from General Revenue Expenditures to Regulatory Trust Fund (no change)	\$ (935,221)	
2 Reduce Contracted Services by Eliminating the Outsourcing of the Mortgage Broker Test (project has been placed on hold due to potential reduction of funds)		\$ (1,351,030)
3 Reduce Financial Institutions OPS Funds – can absorb the 4% hold back of \$45,708, but require remaining OPS funds to cover anticipated Expense shortfall		\$ (250,000)





# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### Potential 10% Reductions (as Submitted August 2007)

	<u>General Revenue</u>	<u>Trust Funds</u>
4	Reduce Finance OPS Funding Regulatory TF - can absorb the 4% holdback of \$120,863 but require balance of OPS funds to transfer to cover anticipated salary shortfall	\$ (200,000)
5	Reduce Executive Direction Staff by 2 FTE – one position has been filled as Special Project Manager to assist with the implementation of REAL	\$ (135,000)
6	Reduce Finance Examination Staff by 3 FTE (no change)	\$ (165,000)



# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### Potential 10% Reductions (as Submitted August 2007)

		<u>General Revenue</u>	<u>Trust Funds</u>
7	Reduce Securities Examination Staff by 3 FTE (no change)	\$ (165,000)	
8	Reduce Financial Investigations Staff by 6 FTE (no change)	\$ (137,500)	\$ (137,500)
9	Reduce Securities Licensing staff by 1 FTE (no change)	\$ (50,000)	
10	Reduce Finance Licensing staff by 2 FTE (no change)		\$ (100,000)

This would represent a total of 16 positions placed in reserve or eliminated.



# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### 2008-09 LEGISLATIVE BUDGET REQUEST

#### Priority Issues

<u>Priority #</u>		<u>FTEs</u>	<u>Amount</u>
1	Regulatory Enforcement & Licensing (REAL) System		\$ 3,157,454
2	Salary Restructuring		\$ 3,649,438
3	Financial Institutions Staffing	16	\$ 1,672,808
4	Money Transmitter Staffing	6	\$ 610,196
5	Mortgage Examination Staffing	6	\$ 559,959
6	Securities Examination Staffing	8	\$ 796,355
7	OPS – Paper file conversion		\$ 87,070
	<b>Total</b>	<b>36</b>	<b>\$10,533,280</b>

All issues are from trust funds



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### #1 Regulatory Enforcement and Licensing (REAL) System Regulatory Trust Fund

The REAL System is designed to integrate systems so that compliance, examination, licensing, investigative and legal information can be easily shared among the functional areas of OFR and to streamline functions.

Fiscal Year 2005-06 Feasibility Study	\$ 800,000
Fiscal Year 2006-07	\$ 5,009,600
Fiscal Year 2007-08	\$ 7,718,442
<b>Fiscal Year 2008-09 Request</b>	<b><u>\$ 3,157,454</u></b>
Total over 4 years	\$16,685,496



# REAL System Update



# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### Current Environment

- Many separate, non-integrated legacy systems force disjointed processes
- Labor intense, paper-based business processes
- Growth in application volume has caused increased processing times

### Benefits of REAL to the State of Florida

- Combining systems provides higher quality of data
- Allows licensing and enforcement business units to interact electronically
- System capabilities, such as automated work flow and document management, streamline the business process and provide work force efficiencies

### Benefits of REAL to the Citizens of Florida

- Increased ability to detect fraud, abuse and non-compliance with regulations
- Improved self-service capabilities
- Improved application and transaction processing
- Allows qualified applicants quicker entry into industry and workforce



# FLORIDA

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Phase I - Feasibility Study and Requirements (Fiscal Year 2005-06)

Procurement (2006) – 8 month Invitation to Negotiate (ITN) and negotiations - partnered with Accenture and Versa Systems

Implementation (Fiscal Years 2007-08 and 2008-09)

- Release 1 capabilities (March 2008) – functionality for 11 license types, including licensing, enforcement, web portal, interfaces, and data conversion
- Release 2 capabilities (December 2008) – functionality for 31 license types, remaining users, all core OFR business processes, automated work flow and document management, risk-based targeting for examinations, and mobile examinations



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## OFFICE OF FINANCIAL REGULATION



### **Accomplished to-date**

- Design
- Majority of development and data conversion
- Much of system testing

### **Currently in process**

- User Acceptance Testing
- Performance Testing
- Disaster Recovery Planning
- Training
- Final conversion of data
- Release 1 Go Live
- Release 2 project planning

### **Necessary for overall project success**

- Budget authority to continue Implementation of Release 2
- Continued focus, diligence and communication by all stakeholders
- Rigorous testing of production environment





# FLORIDA

OFFICE OF FINANCIAL REGULATION



## Keys to Project Success

- Executive-level sponsorship
- Well-documented requirements
- Experienced vendors
- Team alignment of agency and vendor staff
- Agency involvement
- Effective communication
- Collaboration



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## OFFICE OF FINANCIAL REGULATION



## #2 Salary Restructuring

### Various Fund Sources – All Trust Funds

- OFR is experiencing extremely high turnover in entry-level positions
  - Lost 132% of entry level examiners and 61% of entry-level investigators over the last 4 years
  - Lost 67% of next level examiners and 118% of next level investigators over that same 4 year period
- It takes 2-3 years and \$30,000 to \$40,000 to train new hires
- It is difficult to **recruit** and **retain** well qualified candidates due to salary structure

OFR seeks to increase annual starting salaries of the entry-level classes to a level comparable to our federal counterparts, and adjust base salaries above those positions.

**Total Request**

**\$ 3,649,430**



# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### #3 Financial Institutions Staffing

#### Financial Institutions Trust Fund

- Due to real estate issues, the number of problem institutions is growing
- Significant increase in number of new banks in last several years, which require additional examination resources
- Existing banks have grown in size and complexity
- Statute requires a comprehensive examination of each financial institution at least every 18 months – currently alternate with federal counterpart
- New, large or problem institutions require more frequent examination
- Examinations require more hours due to increased requirements related to the real estate downturn, as well as Bank Secrecy Act and USA Patriot Act

Based on historical exam data, OFR estimates it will require 16 new examiners to help meet examination requirements. The Division is fully trust funded and this request can be funded within existing revenues.

**Total Request**

**\$ 1,672,808**



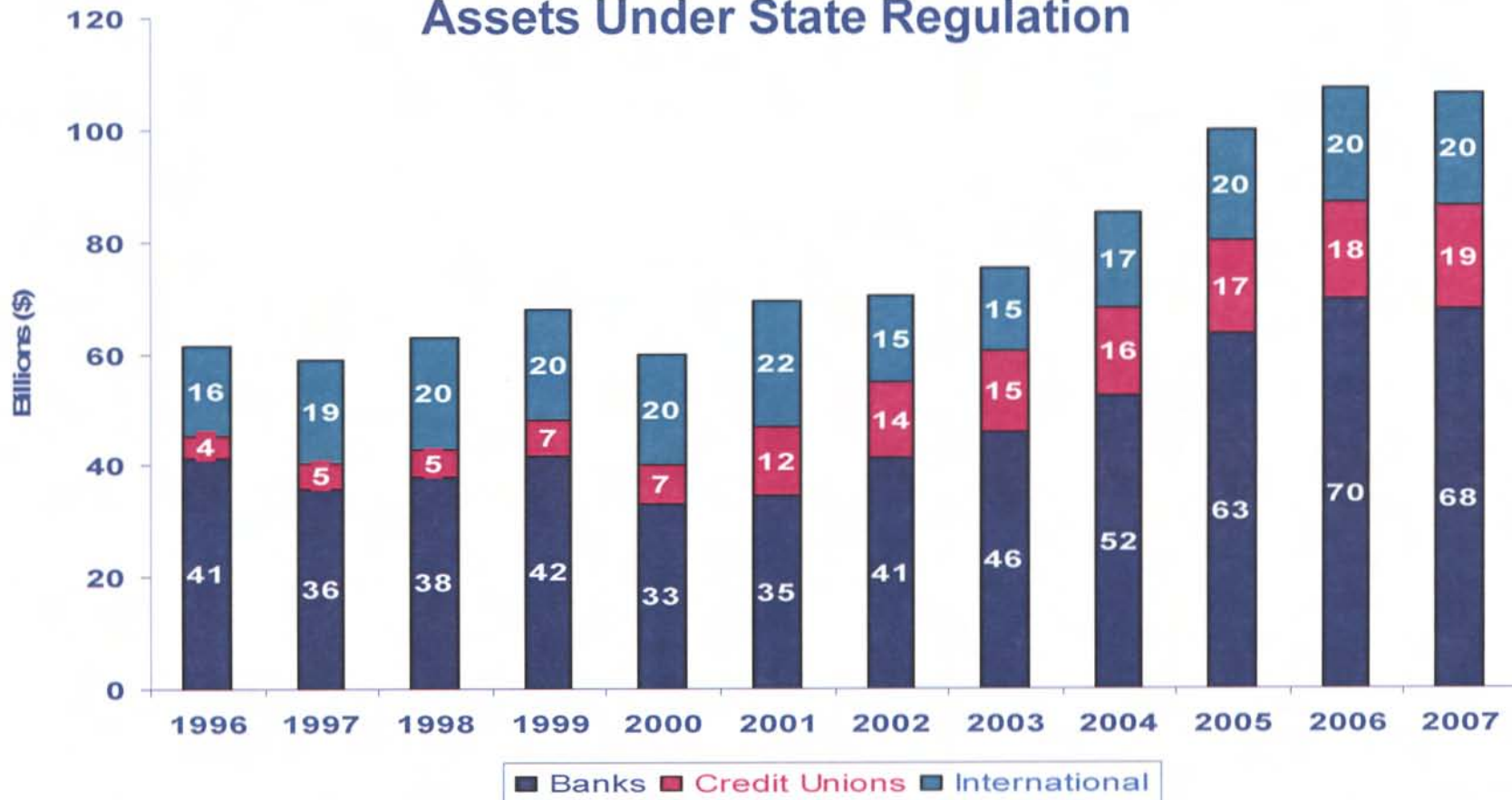
# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### DIVISION OF FINANCIAL INSTITUTIONS

#### Assets Under State Regulation





# FLORIDA

OFFICE OF FINANCIAL REGULATION



## #4 Money Transmitter Examination Staffing Regulatory Trust Fund

- Florida ranks #1 in number of funds transmitters, with approximately 22% of the industry operating in Florida
- Number of registered transmitter firms has increased 108% since October 2004 – from 690 to 1435
- 2131 registered branch offices
- 1149 Deferred Presentment Provider (“Pay Day Lender”) branches (35% increase since Oct. 2004) and 190 main offices

OFR is requesting 6 new positions to address the demands of the growing industry. This request is trust funded and current revenues are sufficient to cover the additional expense

**Total Request**

**\$ 610,196**



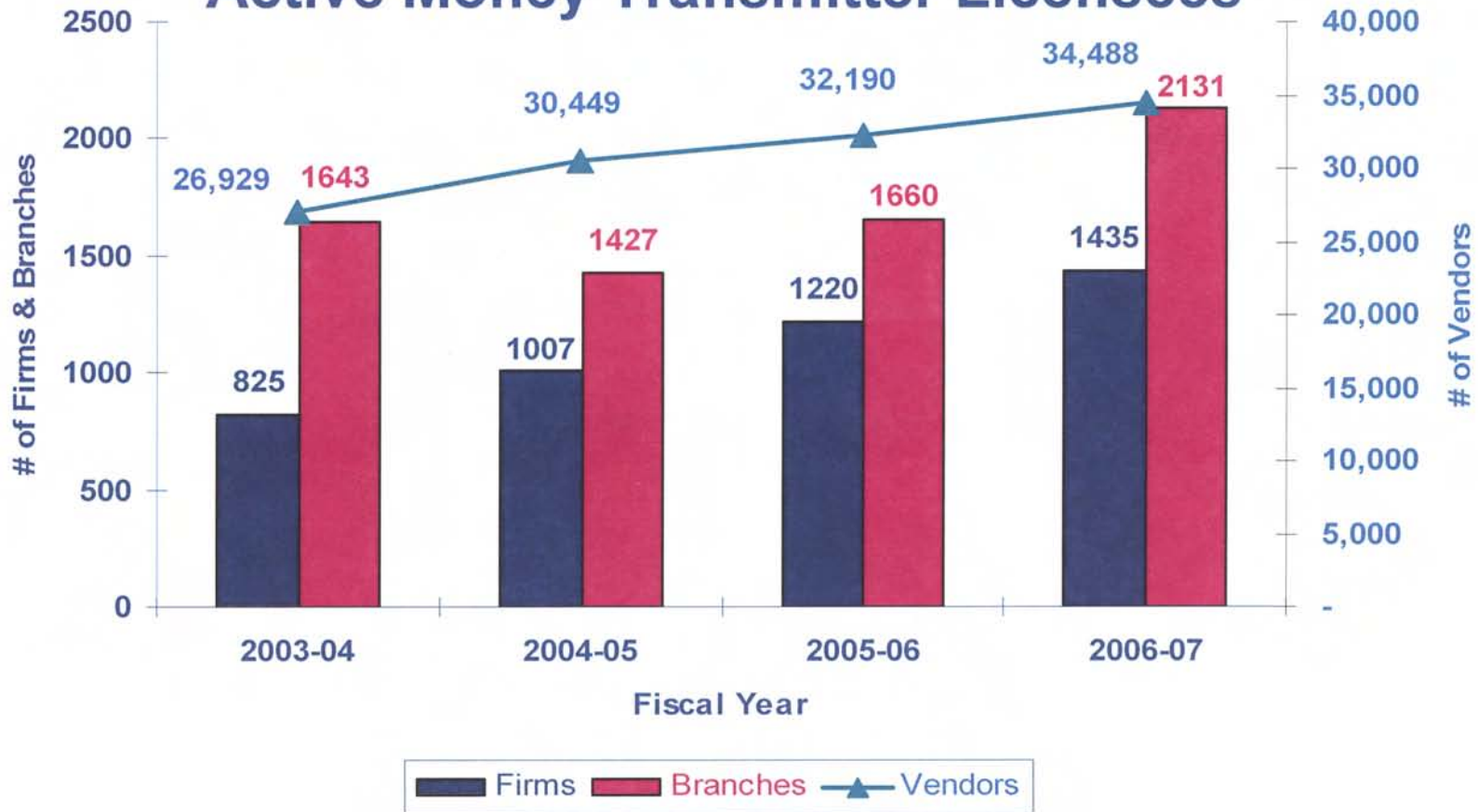
# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### DIVISION OF FINANCE

### Active Money Transmitter Licensees





# FLORIDA

OFFICE OF FINANCIAL REGULATION



## #5 Mortgage Exam Staffing Regulatory Trust Fund

- Number of licensed mortgage businesses has increased 270% since Fiscal Year 2000-01 to 2006-07 (from 5983 to 22,151)
- Number of licensed individual mortgage brokers has increased 190% (from 28,140 to 81,695) over that same time
- Office anticipates a rise in the number of consumer complaints as issues surface in the subprime mortgage markets and adjustable rate mortgages adjust upwards
- Loan servicing issues and mortgage fraud are also reported to be on the increase nationwide, and specifically in Florida

OFR is requesting 6 new positions to better protect Florida consumers by examining licensed mortgage firms and individuals

**Total Request**

**\$ 559,959**



# FLORIDA

## OFFICE OF FINANCIAL REGULATION



### DIVISION OF FINANCE

#### Active Licensees Compared to Examiners







# FLORIDA

OFFICE OF FINANCIAL REGULATION



## # 6 Securities Examiner Staffing Regulatory Trust Fund

- Number of regulated securities firms has increased 163% over the last 10 years (2,805 to 7,316) and the number of agents registered has increased by 35%
- Securities staff division-wide has been reduced by 14% over the last 10 years (from 104 to 89)
- Florida has the largest elder population of any state, with 18% of residents age 65 and over
- 75 million Americans will turn 60 over the next 20 years - more than 10,000 every day
- Two-thirds of baby boomers will retire by 2013
- Fraudulent activities targeting the elder investing population is increasing

OFR is requesting 8 new enforcement examiner positions to conduct examinations to target areas with a high concentration of retirees and securities fraud

**Total Request**

**\$796,355**



# FLORIDA

OFFICE OF FINANCIAL REGULATION



## #7 OPS for Paper File Conversion Regulatory Trust Fund

- REAL System will provide an imaging and work-flow component
- Will improve accuracy and timeliness of information available to the public
- Will streamline application processes and allow OFR to come closer to a paperless environment
- Will shift current back-end scanning of certain types of filings to the front-end for all application and compliance filings

OFR is requesting OPS (Other Personal Services) funding to accomplish the conversion of existing files to images

**Total Request**

**\$ 87,070**



## Vacant Positions

- OFR typically has a salary shortfall of 8-10% each year – managers are instructed to carry 8-10% vacancy rate at all times
- OFR has been experiencing extremely high turn over, in large part due to inadequate salary dollars and an inability to compete with federal agencies
- OFR has difficulty recruiting qualified staff
- OFR proposed a salary restructuring plan last year and again this year



# FLORIDA

OFFICE OF FINANCIAL REGULATION



## Vacant Positions

- Salary shortfall exacerbated by reduced release (4% holdback)
- Position freeze implemented in September 2007, except for critical vacancies
- Salary budgets have been reviewed and approval given to fill a limited number of positions

Of 9 positions identified, 5 have been filled, 2 have appointments pending and 2 remain vacant. The 2 which are vacant will be reassigned to areas of critical need.



# QUESTIONS?









OFFICE OF FINANCIAL REGULATION  
VACANT POSITIONS OVER 108 DAYS

BE NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	Comments
SFTY & SOUND ST BKG SYST	004826	FINANCIAL ADMINISTRATOR - SES	\$ 56,148	\$ 18,238	\$ 74,386	21-Jun-07	215	High level of education and experience needed. Offer made and refused. Unable to find another qualified candidate at the salary offered. Continue to search for a qualified candidate and hope to fill the position soon.
FINANCIAL INVESTIGATIONS	004713	FINANCIAL INVESTIGATOR	\$ 34,501	\$ 13,030	\$ 47,531	15-Mar-07	313	Inability to fill this position due to insufficient salary levels. This critical investigative position proved extremely difficult to fill, primarily due to the low salary. On 7/20/2007, the position was offered to the most qualified applicant and was refused because of the starting salary. Management then decided to hold this and the other investigative positions vacant due to budget shortfalls.
EXEC DIR & SUPPORT SERVICE	001828	SENIOR MANAGEMENT ANALYST II - SES	\$ 46,381	\$ 16,523	\$ 62,904	01-Jul-07	205	Position has been advertised in Institute for Internal Auditors and the Assn. of Inspectors General. Due to lack of qualified applicant, position was then advertised via PeopleFirst. Interviews will be completed by Friday, Jan. 25 and selection of applicant is anticipated by Jan. 31, 2008.
EXEC DIR & SUPPORT SERVICE	004351	SENIOR ATTORNEY	\$ 51,627	\$ 17,444	\$ 69,071	12-Jul-07	194	Position held vacant due to budget restraints (24% release plan). Position has been filled by management appointment effective 1/22/08.
EXEC DIR & SUPPORT SERVICE	004466	SENIOR MANAGEMENT ANALYST II - SES	\$ 46,381	\$ 16,523	\$ 62,904	27-Sep-06	482	Position filled effective 1/22/08 by management reassignment.
FINANCE REGULATION	004484	FINANCIAL EXAMINER/ANALYST II	\$ 38,660	\$ 13,759	\$ 52,419	01-Mar-07	327	This position became vacant due to promotion; it was advertised, offered to a candidate who refused it. It was advertised a second time. After that, due to budget restrictions, the position has not been filled. At this time we plan to downgrade and move the position to Tallahassee and fill it.
FINANCE REGULATION	004727	FINANCIAL EXAMINER/ANALYST I	\$ 32,697	\$ 12,715	\$ 45,412	09-Jul-07	197	This position became vacant due to promotion; due to budget restrictions the position was frozen. At this time we plan to move the position to Tallahassee and fill it.
SECURITIES REGULATION	004208	FINANCIAL EXAMINER/ANALYST II	\$ 38,660	\$ 13,759	\$ 52,419	24-May-07	243	Position was advertised but no qualified applicants applied. Advertisement was cancelled and paperwork for management appointment was in process when position frozen due to budget restrictions. We intend to go back to the candidate management selected and offer the position.
SECURITIES REGULATION	004661	FINANCIAL EXAMINER/ANALYST I	\$ 32,697	\$ 12,715	\$ 45,412	01-Dec-06	417	This position became vacant in another regional office and was transferred to the Orlando office. The position was advertised but no qualified applicants applied. Advertisement was cancelled and paperwork was in process for management appointment when position was frozen due to budget restrictions. We intend to this position to Tallahassee and fill it.
			<u>\$ 377,752</u>	<u>\$ 134,706</u>	<u>\$ 512,458</u>			







**Budget  
Presentation**





FAIR. FAST. PROFESSIONAL.

Agency Budget Review  
(H) Jobs & Entrepreneurship Council

Office of Insurance Regulation  
Financial Services Commission  
February 14, 2008





# FAIR. FAST. PROFESSIONAL.

## Past Budget vs. Current Budget

	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008 Adjusted
<b>FTE</b>	305	311	315	314
<b>OIR Budget</b>	\$24,021,122	\$24,150,645	\$26,939,144	\$27,599,607

### Total Number of Insurance Related Entities

As of June 30, 2005	3,466
As of June 30, 2006	3,695
As of June 30, 2007	3,900







# FAIR. FAST. PROFESSIONAL.

The Office is comprised of two budget entities:

➤ **Compliance and Enforcement**

- ❖ This service protects the public through regulatory oversight of company solvency, policy forms and rates, and market investigations performance.

➤ **Executive Direction**

- ❖ This service provides overall direction in carrying out the Office of Insurance Regulation's statutory and administrative responsibilities. The Commissioner and support staff provide administrative support, leadership, direction and executive guidance in carrying out the Office's statutory responsibilities.





# FAIR. FAST. PROFESSIONAL.

## Insurance Regulatory Trust Fund

- The Office is, for purposes of administrative, personnel, and technology support, housed within the Department of Financial Services. Office funding is appropriated directly by the Legislature from the Insurance Regulatory Trust Fund (IRTF).
- The IRTF is funded by:
  - ❖ insurance company licensing and renewal fees
  - ❖ examination administration and expense reimbursement
  - ❖ penalties/fines that may be levied for non-compliance with the Insurance Code
  - ❖ cost of goods and services for providing copies of documents
  - ❖ a portion of premium tax paid by surplus lines carriers transacting insurance in this State.
- The moneys received and deposited in the trust fund are appropriated for use by DFS and the Office to defray the expenses of DFS and the Office in carrying out their administrative and regulatory duties.





# FAIR. FAST. PROFESSIONAL.

## Options for Reduction to Recurring Budget

### **Expense (\$530,040 recurring)**

- Property and Casualty Financial Oversight Financial Examinations (\$454,200 recurring) and Life and Health Financial Oversight Financial Examinations (\$75,840 recurring) totaling \$530,040
- The Office is required to conduct financial examinations of property and casualty and life and health insurers in order to protect consumers and provide early detection of weakening financial conditions.
- Prior to the 2007 Legislative Session, the Office was required to obtain consent from the insurance company in order to contract with outside experts to conduct an examination and have the company cover the costs of that outside expert. Otherwise, the Office was required to use state resources.
- House Bill 1549 (Chapter Law # 2007-224) permits the Office to engage outside experts to conduct the financial examinations and allows the Office to select the financial examination experts and bill the insurer for the cost of the examination.
- The Office believes due to the engagement of outside experts to conduct the financial exams, there will be a significant reduction in travel expenses for our examiner positions.





# FAIR. FAST. PROFESSIONAL.

## Options for Reduction to Recurring Budget

### **Expense \$154,995 recurring**

### **Salaries/Benefits \$257,332 (recurring)**

- Specialty Product Administration is charged with the regulation of various insurance related entities: Auto, Home and Service Warranties, Premium Finance Companies, Legal Expense Insurance, Third Party Administrators, Continuing Care Retirement Communities, Donor Annuities and Viatical Settlements.
- The primary responsibility of Specialty Product Administration is to license entities, examine them for compliance with applicable laws and rules and monitor their financial condition for the protection of the public from insolvency risks and unethical business practices.
- Specialty Product Administration reviews the financial statement filings of licensed companies and conducts on-site financial and market conduct examinations. The Office has a section of five full time equivalent (FTE) positions for this process.
- The Office believes it can meet the statutory requirement of protecting the public from insolvency risks and unethical business practices if the Florida Statutes were amended to allow financial and market conduct examinations on an as needed basis, and that the examination costs be borne by the insurance related entities and not the State of Florida.





# FAIR. FAST. PROFESSIONAL.

## Options for Reduction to Recurring Budget

### **OPS (\$50,000 recurring)**

➤ Based on 2006-2007 experience, the Office believes that we can continue to meet all statutory requirements with \$782,750 in OPS funds.

### **Contracted Services Public Rate Hearing Announcements (\$100,000 recurring)**

➤ The Office is required to conduct a public rate hearing on any residential rate filing that is based in whole or in part on data from a computer model, when the rate filing is in excess of 15 percent.

➤ The Florida Legislature provided the Office with \$150,000 in recurring funds for the 2007-2008 Fiscal Year in order to meet this requirement.

➤ The Office believes it can meet this statutory requirement with \$50,000 in recurring revenues because the Office has partnered with the Florida Channel to broadcast the hearings statewide so that interested stakeholders and policyholders can view the hearings even if they are not in the immediate vicinity.

➤ Further, streaming videos of the hearings are available 24 hours a day on the Office's website at <http://www.floir.com/pcfr/ratehearingsIndex.htm>.





# FAIR. FAST. PROFESSIONAL.

## Legislative Budget Proposals for FY 2008-2009

- The Office did not submit Legislative Budget Requests for the 2008-2009 Fiscal Year.

## 180 Days Vacancy Report

- The Office of Insurance Regulation does not have any vacancies more than 180 days.





FAIR. FAST. PROFESSIONAL.

**Newly Funded Issues**

- **Wind Mitigation Study** - The Office has contracted with Applied Research Associates. The Study is due to the Office on March 21, 2008.





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## Questions

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Budget and Personnel Manager  
850.413.5021

Audrey Brown  
Chief of Staff  
850.413.5100









**No Vacant Positions  
Over 180 Days**







**Budget  
Presentation**







# Florida Public Service Commission

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**Jobs & Entrepreneurship  
Council Meeting**

**February 14, 2008**



# Agency Mission

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To facilitate the efficient provision of safe and reliable utility services at fair prices.



# Public Service Commission Jurisdiction

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## **During Fiscal Year 2006-2007, the FPSC regulated:**

- 5 investor-owned electric companies
- 7 investor-owned gas utilities
- 169 investor-owned water/wastewater utilities

## **The FPSC exercised regulatory authority and competitive market oversight for:**

- 10 incumbent local exchange telephone companies (ILECs)
- 366 competitive local exchange telephone companies (CLECs)
- 625 long distance (interexchange) telephone companies
- 259 competitive pay telephone service providers
- 30 shared tenant service providers
- 22 alternative access vendors



# Public Service Commission Jurisdiction

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**The FPSC also has limited regulatory jurisdiction over publicly owned, municipal, and cooperative utilities with regard to:**

- Rate structure, territorial boundaries, bulk power supply operations and planning, over 34 municipally owned electric systems and 18 rural electric cooperatives
- Territorial boundaries and safety, over 55 municipally owned natural gas utilities and transporters

**The FPSC exercises safety authority over:**

- all electric utilities for power supply planning, in addition to power plant and transmission line need determination
- all natural gas systems operating in the state



# Public Service Commission Regulatory Authority

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**The FPSC exercises regulatory authority over utilities in three (3) key areas identified and described as follows:**

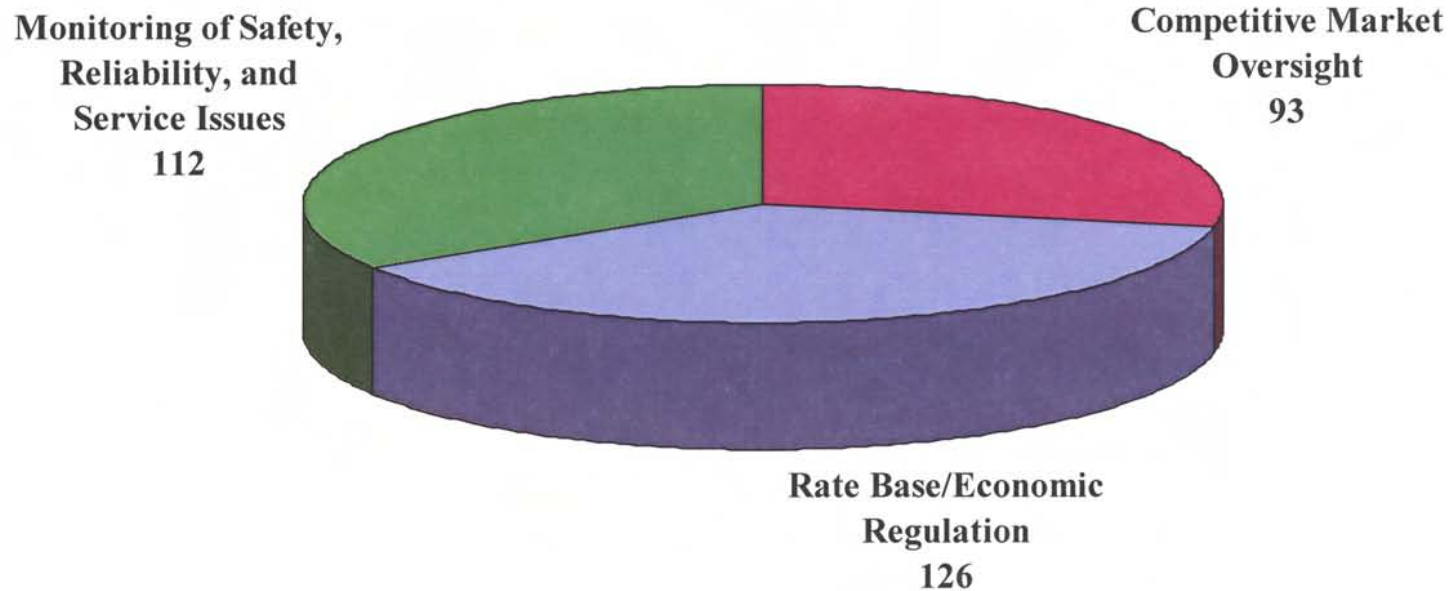
- ❑ **Competitive market oversight** entails facilitating the development of competitive markets, where directed by statute, and addressing issues associated with those markets.
- ❑ **Rate base/economic regulation** involves analyzing requested rate changes and conducting earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return.
- ❑ **Monitoring of safety, reliability, and service issues** involves ensuring the uninterrupted provision of utility services in a manner that presents minimal risks to the general public, and confirming that such services are provided in a reasonable and timely manner.



# Distribution of FTEs by Key Areas

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**(331 Total FTEs)**

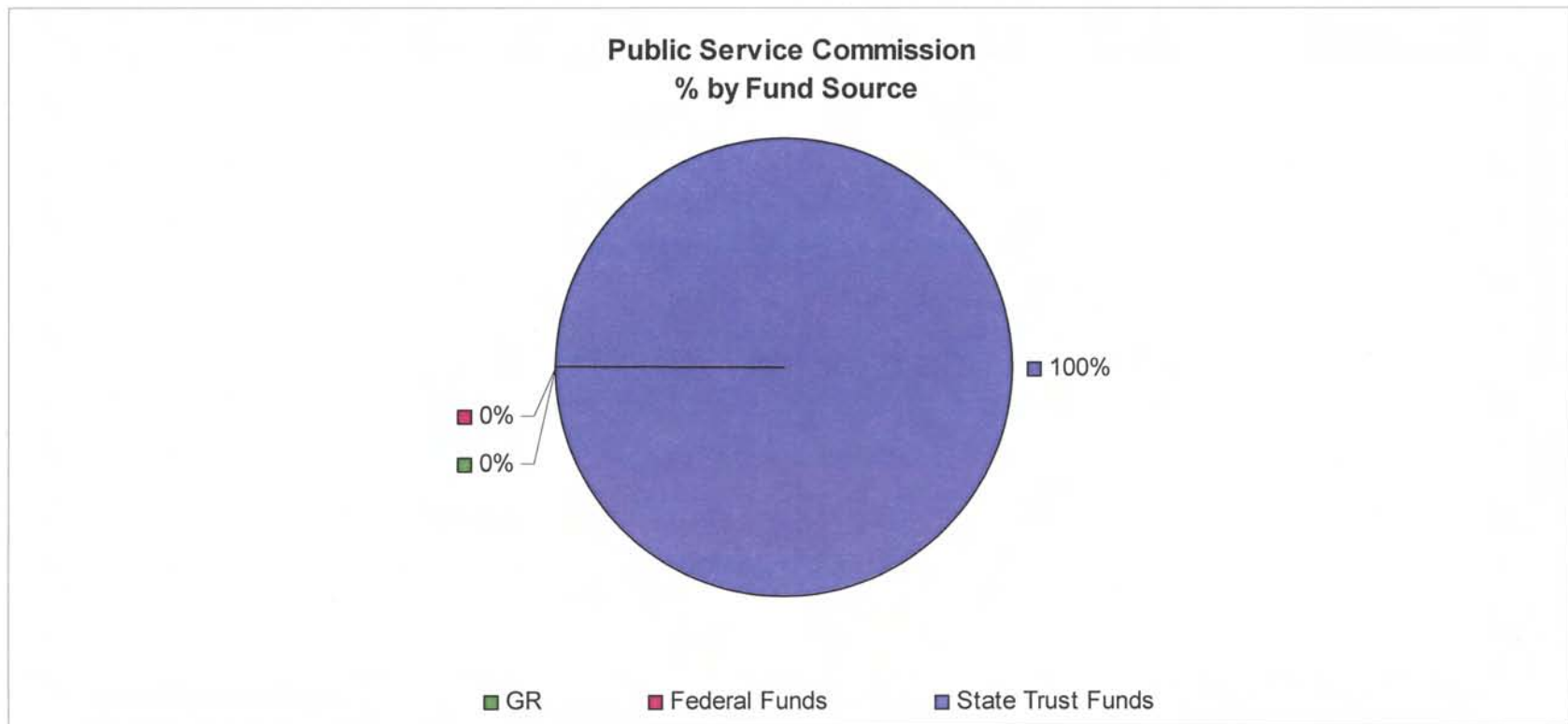


# Public Service Commission Funding Overview

**The PSC is a Legislative Agency and 100% Trust Funded.**

**One Program** – Utility Regulation and Consumer Assistance

FY 2008-09 Base Budget = \$27.7 million





# Public Service Commission Regulatory Assessment Fees

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The Commission collects regulatory assessment fees (RAFs) from the utility companies it regulates and uses those funds to meet its statutorily mandated responsibilities.

- Maximum fees are set by statute
- Actual fees are established by rule





# Public Service Commission 2007 Special Session C Reductions

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Public Service Commission Reductions resulting from the  
2007 Special Session C:

Salary/Benefits	(\$544,199)	
OPS	(\$200,000)	
Expense	(\$153,736)	
<u>HR Assessment</u>	<u>(\$4,011)</u>	
Total	(\$901,946)	(3.18%) of Total Budget

- 10 FTE Eliminated
- Rate Reduced (\$399,020)



# Summary of Remaining Schedule VIII B-1 Issues by Key Areas

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<b>Category</b>	<b># of Issues</b>	<b>Amount</b>	<b>FTE Reduction</b>
Competitive Market Oversight	3	\$183,294	3
Rate Base / Economic Regulation	6	\$672,078	11
Monitoring of Safety, Reliability, and Service Issues	5	\$855,372	14
	<b>Totals</b>	<b>\$1,710,744</b>	<b>28</b>



# Public Service Commission

## Competitive Market Oversight

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Reduce or eliminate Commission oversight of company operations and involvement resolving inter-company agreements and disputes. Also reduce the detail of our review of company tariff filings. Competitors may be disadvantaged and ultimately leave the market making the industry less competitive. Consumers may pay higher prices as a result of less competition or as a result of less detailed review of tariff filings.

Title	Priority Number	Amount	FTE Reduction
Stop Addressing Informal Complaints between Telecommunications Companies	14	\$ 61,098	1
Reduce Efforts to Facilitate Cooperation and Agreement among Local Telecommunications Providers	16	\$ 61,098	1
Decline to Process Arbitration Requests that Could Be Arbitrated by the Federal Communications Commission	17	\$ 61,098	1
<b>Category Totals</b>		<b>\$183,294</b>	<b>3</b>

# Public Service Commission

## Rate Base/Economic Regulation

Reduce or eliminate the number and detail of various reviews and calculations, eliminate specific studies, and reduce the frequency of cost recovery proceedings. Consumers may pay higher rates as a result of overearnings not being detected or face discriminatory rates as a result of eliminating reviews. Presumptively valid certificate transfers may result in loss of service or poor service if new owners are not financially viable or lack technical expertise.

Title	Priority Number	Amount	FTE Reduction
Eliminate Specific Dismantlement Studies of Fossil Fuel Electric Power Plants	12	\$ 61,098	1
Eliminate Review of Tariff Filings by Municipal and Cooperative Electric Companies	15	\$ 61,098	1
Assume Water/Wastewater Certificate Transfers and Amendments Are Valid and Require No Evaluation of Impacts	18	\$122,196	2
Eliminate Electric Conservation Goals	20	\$122,196	2
Eliminate Considerations of Quality of Water or Wastewater Product During Rate Proceedings	23	\$122,196	2
Conduct Electric Cost Recovery Proceedings Biennially Instead of Annually	24	\$183,294	3
<b>Category Totals</b>		<b>\$672,078</b>	<b>11</b>

# Public Service Commission

## Monitoring of Safety, Reliability, and Service Issues

Reduce service evaluations, safety inspections, and consumer outreach; eliminate the Commission consumer call center by transferring those responsibilities to the Department of Agriculture and Consumer Services. Consumers may experience poorer service quality and may be harmed by the reduction in service evaluations and safety inspections. Consumers will be less informed on utility matters and contacts regarding utility service may not result in acceptable resolution as a result of the reduction in consumer outreach and the transfer of the call center.

<b>Title</b>	<b>Priority Number</b>	<b>Amount</b>	<b>FTE Reduction</b>
Reduce the Number of Staff attending Customer Meetings and Outreach Events	10	\$ 61,098	1
Refer Allegations of Fraud for All Utility Industries to the Office of the Attorney General	13	\$ 61,098	1
Reduce the Number of Evaluations of Telecommunications Company Service Quality	19	\$122,196	2
Transfer Responsibility for Consumer Call Center to the Department of Agriculture and Consumer Services	21	\$366,588	6
Reduce the Number of Safety Inspections of Gas and Electric Facilities	22	\$244,392	4
<b>Category Totals</b>		<b>\$855,372</b>	<b>14</b>



# Public Service Commission Recent Reductions

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The PSC has experienced significant reductions over the past five years.

- Reduced 55 FTE in past five years
- Reduced 14% of Workforce
- Reduced 12% of Operating Budget



# Public Service Commission

## Vacancies over 180 Days

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The following 6 positions were reported as vacancies over 180 days old as of January 22, 2008. The PSC has since filled or selected candidates for all of the vacancies.

Position Number	Class Title	Comments
000034	Senior Attorney	Filled 2/12/08.
000043	Deputy Clerk	Filled 2/11/08.
000135	Senior Analyst	Filled 2/11/08.
000194	Administrative Assistant II	Filled effective 3/3/08.
000293	Regulatory Analyst II	Filled effective 3/4/08.
000312	Senior Analyst	Filled 2/8/08.



# Public Service Commission

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- No budget issues
- Requesting continuation budget for FY 2008-09 of \$27.7 million and 331 FTE







PUBLIC SERVICE COMMISSION  
VACANT POSITIONS OVER 180 DAYS

BE NM	Pos Num	Class Title	Annual Salary Amt	Benefit Cost	Total Salary & Benefits	Date Vacant	Days Vacant	COMMENTS
UTIL REG/CONSUM ASST	000034	SENIOR ATTORNEY	\$ 51,627	\$ 17,444	\$ 69,071	14-May-07	253	Position was filled 1/18/08.
UTIL REG/CONSUM ASST	000043	DEPUTY CLERK	\$ 25,479	\$ 11,452	\$ 36,931	30-Jun-07	206	Position will be filled on 2/12/2008.
UTIL REG/CONSUM ASST	000135	SENIOR ANALYST-PSC	\$ 45,432	\$ 16,356	\$ 61,788	01-May-07	266	The position has been held vacant until pending workload on nuclear cost recovery could be defined. The position will be filled in the next two weeks. We expect petitions for pre-construction cost recovery to be filed as the need-determination orders are issued with hearing scheduled for September.
UTIL REG/CONSUM ASST	000194	ADMINISTRATIVE ASSISTANT II	\$ 29,344	\$ 12,127	\$ 41,471	28-Jun-07	208	Position will be filled on 3/3/08.
UTIL REG/CONSUM ASST	000293	REGULATORY ANALYST II	\$ 34,501	\$ 13,030	\$ 47,531	20-Jun-07	216	The interviewing in process is complete and has moved to the selection process.
UTIL REG/CONSUM ASST	000312	SENIOR ANALYST-PSC	\$ 45,432	\$ 16,356	\$ 61,788	20-Jun-07	216	The position has been held vacant until pending workload on nuclear cost recovery could be defined. The position will be filled in the next two weeks. We expect petitions for pre-construction cost recovery to be filed as the need determination orders are issued with hearing scheduled for September.
			\$ 231,815	\$ 86,765	\$ 318,580			

