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# **Government Efficiency & Accountability Council**

# **REVISED**

**Tuesday, August 28, 2007  
1:00 PM – 4:00 PM  
Morris Hall (17 HOB)**

# Council Meeting Notice

## HOUSE OF REPRESENTATIVES

Speaker Marco Rubio

### Government Efficiency & Accountability Council

**Start Date and Time:** Tuesday, August 28, 2007 01:00 pm

**End Date and Time:** Tuesday, August 28, 2007 04:00 pm

**Location:** Morris Hall (17 HOB)

**Duration:** 3.00 hrs

**Workshop on the following:**

Budget workshop in anticipation of potential special session.

**NOTICE FINALIZED on 08/20/2007 16:20 by MXE**





DEPARTMENT OF

# MANAGEMENT SERVICES

ADMINISTRATIVE AGENCY FOR FLORIDA GOVERNMENT

## Budget Reductions \$54.1M

We carefully reviewed our program budgets and followed the guidelines for reductions:

- No across the board percentage reductions to achieve the target;
- Reduced programs and services not achieving a sufficient level of performance; and
- Kept our priorities and the potential impacts to our customers in mind.

### General Revenue Reductions Include:

- Elimination of the Office of Efficient Government (10 positions and \$1.75 million);
- Transfer of Private Prison Monitoring to the Department of Corrections (13 positions and \$1.79 million);
- Elimination of the Florida State Employees Charitable Campaign (\$17,000);
- 49 percent reduction to funding used to assist law enforcement agencies statewide in designing procuring, and implementing wireless communications systems (3 positions and \$200,000); and
- 33 percent reduction to the MyFlorida Web Portal (\$200,000).

### Trust Fund Reductions Include:

- 33 percent reduction to the Office of Supplier Diversity (7 positions and \$442,000);
- 11 percent reduction to Aircraft Management (4 positions and \$345,000); and
- Elimination of the Local Telephone Communications Services (4 positions and \$48.6 million).






STATE OF FLORIDA  
PUBLIC EMPLOYEES RELATIONS COMMISSION

Donna Maggert Poole  
Chair

Charles H. Kossuth, Jr.  
Jessica Enciso Varn  
Commissioners

## MEMORANDUM

**TO:** The Honorable Members of the House Government Efficiency and Accountability Council

**FROM:** Donna Maggert Poole, Chair 

**SUBJECT:** Request for Summary of Budget Cuts

**DATE:** August 24, 2007

1. Trust funds-Identify whether any revenues come from taxes-Yes. 44%\* of PERC's revenue comes from a trust fund which is funded by taxes. This is based upon the Legislative determination in 2002 that this percentage of PERC's work benefits local governments by resolving labor and Veteran's Preference disputes.
2. Overall administrative costs. PERC handles all of its internal personnel work for an estimated amount of less than 5% of its budget. However, in addition to rent and data services fees, DMS's '07-'08 proposal is to charge PERC an Administrative Services fee of \$117.112, one quarter of PERC's total expense budget. The "Administrative Services" fee goes directly to DMS for services that are generally performed in-house by PERC.
3. Programs indirect cost. None known.
4. How the cuts were prioritized/mission critical programs. PERC cannot prioritize programs because it has only one: constitutional and statutory requirement to resolve employment and labor disputes at all levels of government. In addition, PERC is currently working at minimum staffing. PERC has only 34 FTE's, a 19% reduction from 42 FTE's in 1979. For instance, PERC has only three\*\* word processors for its entire staff, and has only two elections staff handling all union elections throughout the State. It should also be pointed out that PERC's staff has significant responsibility such as preventing constitutionally prohibited public sector strikes by critical public employees including police, fire, corrections, health care, and educational personnel.

\*DMS records for fiscal year 2007-08 reflect that 49% of PERC's budget is funded by a trust fund.

\*\* One also has full responsibilities for the statewide Special Magistrate program.

Attachments: Initial Statement of Impact  
2007-08 Potential Revenue Reduction Sch VIII B Narrative

POTENTIAL GENERAL REVENUE REDUCTION  
IN CASE OF REVENUE SHORTFALL  
PUBLIC EMPLOYEES RELATIONS COMMISSION

INITIAL STATEMENT OF IMPACT:

While the narrative below is a brief explanation of the impact of the requested reductions it is imperative to provide some historical data to support the Commission's inability to absorb any additional reductions. PERC is a relatively small quasi-judicial agency with a total budget of \$3.5 million. In 2001 in an effort to reduce spending the Commission relocated from a private sector lease to a state owned facility and reduced square footage 4000 square feet (approximately 25%.) Since that time the rent has increased 17% and the Commission has received no tenant improvements in the original occupancy. During the same time period the Commission was transferred to the Department of Management Services for administrative support which resulted in additional expense to the Commission to include Administrative Fees and Data Processing Fees. The initial Administrative Fee assessment in Fiscal Year 2003-04 was \$69,685 and has increased 78% to \$124,520 even though Commission staff has assumed more responsibility for purchasing and personnel as required by People First and MyFlorida Marketplace. The Data Processing (EITS) fees were initially \$6,377 and have increased since 2001 by 630% to \$ 40,128 or approximately \$ 1,150 per FTE. This fee is to provide email and domain support to the Commission as we maintain our own database and desktop support. The Commission is also required to pay an additional fee of \$1,867 for Website maintenance and \$ 5,423 for Microsoft License fees.

Along with these administrative support changes the Commission also has incurred a funding change. Effective July 1, 2003, Commission funding changed from 100% General Revenue to 56% General Revenue and 44% Trust. The Trust is funded by Sales Tax at the local government level (0.1 of the Half Cent Clearing Trust Fund) and is transferred monthly by the Department of Revenue. The issues we have and continue to face with this process are the transfers are not adequate to match our appropriation, are not received at regular intervals and \$5,000 is withheld each month for the Emergency Fund (see s.218.65.) The average yearly deficit is \$ 340,000.

One of the most current and critical obstacles we are facing is the substantial increase in travel costs as there is no state contract for airfare. The cost of a refundable ticket to Miami at this time is \$ 1400. The Commission has a policy in place requiring all travel to be performed by ground transportation from Orlando north but cannot afford to have hearing officers drive to Miami or Ft. Lauderdale due to the loss of work time and safety issues involved with such an endeavor.

In conclusion, the Commission respectfully requests that it be eliminated from the current request for 10% reductions as supported by the above facts. The Commission has offered reduction budgets each year for the past several years without objection, absorbed all increases without requesting additional funding and over the last five years relinquished 10% of its staff. Any further reductions would be devastating. The Commission was established 32 years ago with approximately 42 positions, has never requested additional positions or funding, even when tasked with additional jurisdictions, is responsible for labor and employment activities throughout the State of Florida and conducts its business timely and efficiently with 35 FTE's.

POTENTIAL GENERAL REVENUE REDUCTION  
PUBLIC EMPLOYEES RELATIONS COMMISSION  
SCH VIIIIB NARRATIVE

GENERAL REVENUE FUND (181,508)

This reduction reflects a distribution of the 10% cuts to the Public Employees Relations Commission and associated constitutionally required activities. The Commission has offered budget reductions for the past several years and further reductions would result in an adverse impact on the Commission. In the event that the required amount of General Revenue is unavailable, and the Commission is forced to absorb a reduction, the Commission has no other alternative than to recommend a reduction in the Salaries and Benefits category as this is the only category that could fund the reduction. This action would result in the loss of (4) of PERC's (35) FTE's. The only other category available for reduction is Data Processing Services. A reduction in either category would result in the inability of the Commission to efficiently and effectively accomplish its mission. The Commission would also request that any reductions be implemented in fiscal year 08-09 so the staffing reductions could be accomplished by attrition as the Commission has staff approaching the termination of their DROP/retirement dates.

Public Employees Relations Commission  
General Revenue Fund  
Salaries and Benefits  
Data Processing Services

(165,446)  
( 16,063)

POTENTIAL REVENUE REDUCTION  
PUBLIC EMPLOYEES RELATIONS COMMISSION

TRUST FUND (173,562)

This reduction reflects a distribution of the 10% cuts to the Public Employees Relations Commission and associated activities. The Commission has offered reduction budgets for the past several years and further reductions would result in an adverse impact on the Commission. Commission funding was changed, from predominately general revenue to 56% General Revenue and 44% Trust effective July 1, 2003, and as a result, the Commission has consistently experienced a cash flow problem (essentially resulting in a reduction in funding), as transfers (0.1 of the Half Cent Clearing Trust Fund) continue to be insufficient to fund the authorized appropriation. Reducing the budget by an additional 10% would cripple the Commission to the extent that the disruption of services in this program would be so significant it would very likely lead to the need to eliminate the entire program. With that said the Commission would recommend reductions be in the Salaries and Benefits category (1 FTE) and the Expense category. However, it should be understood that these reductions may result in the Commission's inability to pay essential expenses such as Rent and Administrative Support Fees to the Department of Management Services.

Public Employees Relations Commission  
PERC Trust Fund  
Salaries and Benefits  
Expense

( 29,772)  
(143,790)



**Fla. Commission on  
Human Relations**



## Florida Commission on Human Relations

- The Florida Commission on Human Relations investigates allegations of discrimination in employment, housing, public accommodations (hotels & restaurants) made by residents and visitors of Florida.
- We also investigate allegations of retaliation made by state government employees who file Whistleblower complaints.
- An integral part of this function is educating businesses on best practices and the laws to help them increase workplace productivity and efficiency and prevent costly lawsuits.
- We believe education and outreach are a fundamental part of enforcement!
- FY 07-08 budget: \$5.96 Million (General Revenue: \$4.4 million; Operating Trust Fund: \$1.5 million) Trust Fund contains dollars received from the Federal government for closing housing and employment cases).
- 22% (\$1.3 Million) is passed through to the Division of Administrative Hearings (DOAH). Over a million dollars of this amount are General Revenue funds. The Commission has no control over this amount.
- 67 FTE - Down from 72 since FY 05/06. We voluntarily cut positions because we felt we were operating efficiently and had the capacity to do more with less. We were not asked by the Legislature to eliminate these positions.

### **General Revenue Reductions Include:**

- Reduction of 6 Positions (\$282,886)
- Reduction of Operating Expenditures (\$54,544)  
(Expenses, OPS, Contracted Services and OCO)

For Additional Information Contact:  
Michelle Wilson, Budget Manager  
Florida Commission on Human Relations  
2009 Apalachee Parkway, Suite 100  
Tallahassee, Florida 32301  
(850) 488-7082 ext. 1056

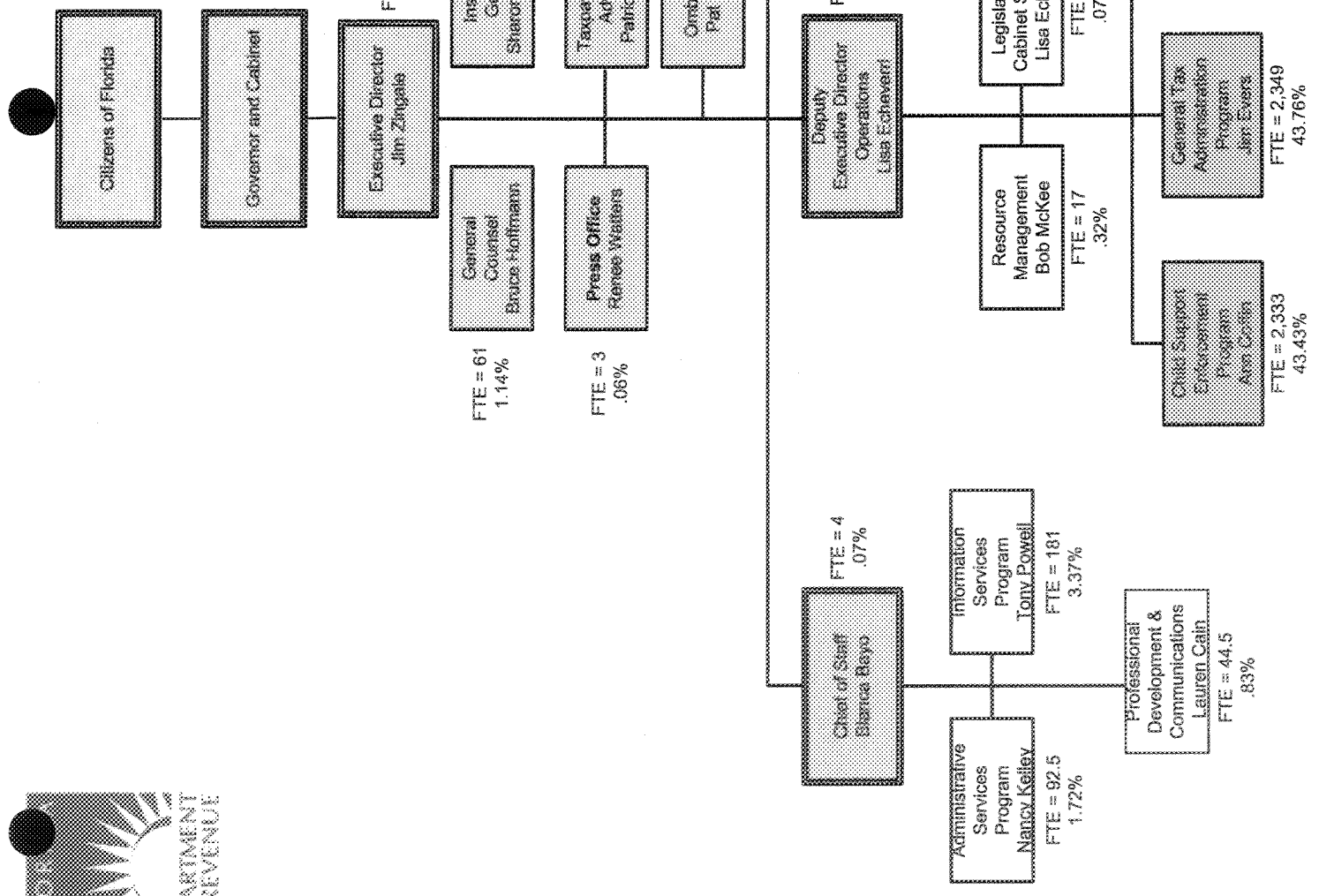
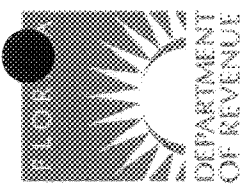




## **Budget Overview**

- 1. Organizational structure and administrative cost**
- 2. Overview of department's budget by fund type**
- 3. Trust Funds**
- 4. Department performance data**

**August 27, 2007**



Department of Revenue  
 FTE by Process  
 8/27/07

|                                  | General Tax Administration | Child Support Enforcement | Property Tax Administration |
|----------------------------------|----------------------------|---------------------------|-----------------------------|
| Account Creation                 | 55                         | 231                       | -                           |
| Account Maintenance              | 169                        | 518                       | -                           |
| Return Processing & Distribution | 460                        | 75                        | -                           |
| Assistance                       | 225                        | 308                       | 58                          |
| Education                        | 25                         | 17                        | 5                           |
| Establishment                    | -                          | 562                       | -                           |
| Compliance Determination         | 1,025                      | 622                       | 114                         |
| Receivables Management           | 390                        | -                         | -                           |
| <b>TOTAL FTE</b>                 | <b>2,349</b>               | <b>2,333</b>              | <b>177</b>                  |

Department of Revenue  
Fiscal Year 2007-2008  
Appropriation by Fund

| PROGRAM/FUNDING SOURCE                                  | Total FTE    | Recurring Approved Budget | Funding % by Program | Non Recurring Budget |
|---|--------------|---------------------------|----------------------|----------------------|
| <b>REVENUE</b>  | <b>5,374</b> |                           |                      |                      |
| General Revenue   | 100%         | 217,010,542               | 44.34%               | \$1,901,096          |
| Administrative Trust Fund                               |              | 45,515,897                | 9.30%                |                      |
| Grants & Donations Trust Fund                           |              | 191,709,866               | 39.17%               | \$20,890,727         |
| Child Support Incentive Trust Fund - CSE Only           |              | 30,481,577                | 6.23%                | \$6,824,810          |
| Application Fee & Program Revenue Trust Fund - CSE Only |              | 2,459,848                 | 0.50%                |                      |
| Clerk of the Court Collection Trust Fund - CSE Only     |              | 1,810,022                 | 0.37%                |                      |
| Certification Program Trust Fund - PTA Only             |              | 450,000                   | 0.09%                |                      |
| <b>DOR Total</b>  |              | <b>489,437,749</b>        | <b>100.00%</b>       | <b>\$22,791,823</b>  |

|  |              |                    |                |                   |
|--|--------------|--------------------|----------------|-------------------|
| <b>General Tax Administration</b>            | <b>2,353</b> |                    |                |                   |
| General Revenue                              | 44%          | 105,284,840        | 66.66%         |                   |
| Administrative Trust Fund                    |              | 32,850,388         | 20.67%         |                   |
| Grants and Donations Trust Fund              |              | 19,997,013         | 12.66%         |                   |
| <b>GTA Total</b>                             |              | <b>157,932,239</b> | <b>100.00%</b> |                   |
| <b>Child Support Enforcement</b>             | <b>2,333</b> |                    |                |                   |
| General Revenue                              | 43%          | 67,195,067         | 25.22%         | 1,901,096         |
| Grants and Donations Trust Fund              |              | 154,539,076        | 61.74%         | 14,065,917        |
| CSE Incentive Trust Fund                     |              | 30,481,577         | 11.44%         | 6,824,810         |
| Application Fee & Program Revenue Trust Fund |              | 2,459,848          | 0.92%          |                   |
| Clerk of the Court Collection Trust Fund     |              | 1,810,022          | 0.69%          |                   |
| <b>CSE TOTAL</b>                             |              | <b>266,485,587</b> | <b>100.00%</b> | <b>22,791,823</b> |
| <b>Property Tax Administration</b>           | <b>177</b>   |                    |                |                   |
| General Revenue                              | 3%           | 15,208,104         | 97.13%         |                   |
| Certification Program Trust Fund             |              | 450,000            | 2.87%          |                   |
| <b>PTA Total</b>                             |              | <b>15,658,104</b>  | <b>100.00%</b> |                   |
| <b>Information Services</b>                  | <b>181</b>   |                    |                |                   |
| General Revenue                              | 3%           | 11,445,474         | 56.42%         |                   |
| Administrative Trust Fund                    |              | 7,205,481          | 36.52%         |                   |
| Grants and Donations Trust Fund              |              | 1,635,579          | 8.06%          |                   |
| <b>ISP Total</b>                             |              | <b>20,286,534</b>  | <b>100.00%</b> |                   |
| <b>Executive Support</b>                     | <b>237.5</b> |                    |                |                   |
| General Revenue                              | 4%           | 12,871,481         | 61.49%         |                   |
| Administrative Trust Fund                    |              | 4,075,323          | 19.47%         |                   |
| Grants and Donations Trust Fund              |              | 3,987,503          | 19.08%         |                   |
| <b>ESP Total</b>                             |              | <b>20,934,205</b>  | <b>100.00%</b> |                   |
| <b>Administrative Services</b>               | <b>92.5</b>  |                    |                |                   |
| General Revenue                              | 2%           | 5,005,576          | 61.49%         |                   |
| Administrative Trust Fund                    |              | 1,584,808          | 18.47%         |                   |
| Grants and Donations Trust Fund              |              | 1,550,696          | 19.05%         |                   |
| <b>ASP Total</b>                             |              | <b>8,141,080</b>   | <b>100.00%</b> |                   |

# Administrative Trust Fund Revenue Sources

| 1                           | 2   | 3              | 4   | 5                 | 6                 | 7                          | 8           | 9                  | 10                            | 11          |
|-----------------------------|---|----------------|---|-------------------|-------------------|----------------------------|-------------|--------------------|-------------------------------|-------------|
| Statutory Reference         | Tax or Fee                                      | Type of Filter | Admin Allowance                                     | FY 05-06 Actuals  | FY 06-07 Actuals  | Admin Cost FY 06-07 Actual | Allowance % | FY 07-08 Estimates | Estimated Cost 07-08 Admin TF | Allowance % |
| Chapter 202, F.S.           | Communications Services Tax (Cable, Phone)      | Business       | 1% 202.18(3)(b), F.S.                               | \$ 2,338,464,308  | \$ 2,420,908,429  | \$ 3,596,284               | 0.149%      | \$ 2,536,330,000   | \$ 3,586,283                  | 0.142%      |
| Chapter 206, Part I, F.S.   | Motor Fuel Tax                                  | Business       |   | \$ 1,277,232,568  | \$ 1,287,450,418  |                            |             | \$ 1,310,624,526   |                               |             |
| Chapter 206, Part II, F.S.  | Special Fuel Tax                                | Business       |   | \$ 274,045,440    | \$ 279,526,349    |                            |             | \$ 287,353,087     |                               |             |
| Chapter 206, Part III, F.S. | Aviation Fuel Tax                               | Business       |   | \$ 71,300,000     | \$ 73,728,438     |                            |             | \$ 74,900,000      |                               |             |
| Chapter 206, Part I, F.S.   | SCEIS Tax                                       | Business       |   | \$ 616,200,000    | \$ 630,537,896    |                            |             | \$ 670,000,000     |                               |             |
| ss. 208.41 and 208.8        | Local Option Gas Tax                            | Business       |   | \$ 820,433,525    | \$ 799,639,393    |                            |             | \$ 815,632,181     |                               |             |
| Chapter 206, Part I, F.S.   | Voled Gas Tax                                   | Business       | 2% 206.60(1)(g), F.S.                               | \$ 82,634,241     | \$ 84,820,911     | \$ 21,866,944              | 0.684%      | \$ 86,517,323      | \$ 23,465,400                 | 0.723%      |
| s. 212.055(1-7), F.S.       | Discretionary Sales Tax Surcharge               | Business       | 3% 212.055(2)(a), F.S.                              | \$ 1,762,640,716  | \$ 1,852,800,000  |                            |             | \$ 1,947,734,400   | \$ 3,544,326                  | 0.183%      |
| Chapter 206, Part IV, F.S.  | Pollutants Tax on Fuels                         | Business       |   | \$ 256,276,443    | \$ 260,321,786    |                            |             | \$ 265,528,221     |                               |             |
| Chapter 206, Part IV, F.S.  | Pollutants Tax: Ammonia, Pesticides, Fertilizer | Business       |   | \$ 777,895        | \$ 809,711        |                            |             | \$ 816,478         |                               |             |
| Chapter 206, Part IV, F.S.  | Pollutants Tax: Motor Oil & Lubric.             | Business       | Cost of Admin 206.9945, F.S.                        | \$ 2,445,713      | \$ 2,152,188      |                            |             | \$ 2,185,323       |                               |             |
| Chapter 206, Part IV, F.S.  | Pollutants Tax on Solvents                      | Business       |   | \$ 1,552,485      | \$ 1,180,678      | \$ 2,618,340               | 0.977%      | \$ 1,183,892       | \$ 2,785,900                  | 1.033%      |
| Chapter 211, Part II, F.S.  | Solid Minerals Sovereignty Tax                  | Business       | Transfers from DEP Trust Funds 211.31, F.S.         | \$ 46,000,000     | \$ 36,508,284     | \$ 373,247                 | 1.022%      | \$ 36,900,000      | \$ 399,927                    | 1.084%      |
| s. 201.02, F.S.             | Documentary Stamp on Deeds                      | Government     | Cost of Collection and Enforcement 201.15(12), F.S. | \$ 2,412,308,350  | \$ 1,559,814,084  |                            |             | \$ 1,483,400,000   |                               |             |
| s. 201.05, 201.07, 201.08   | Documentary Stamp on Notes, etc                 | Bus/Govt       |   | \$ 1,693,067,287  | \$ 1,500,596,001  |                            |             | \$ 1,426,600,000   |                               |             |
| s. 125.0167, F.S.           | Local Documentary Stamp Surtax on Deeds         | Government     |   | \$ 44,994,428     | \$ 36,577,116     | \$ 8,841,837               | 0.285%      | \$ 28,820,000      | \$ 9,681,139                  | 0.361%      |
| s. 376.70, F.S.             | Gross Receipts Tax on Dry Cleaning              | Bus/Govt       | Admin Costs 376.70(3), F.S.                         | \$ 10,022,348     | \$ 10,190,263     | \$ 190,423                 | 1.869%      | \$ 10,231,024      | \$ 190,423                    | 1.861%      |
| s. 681.117, F.S.            | Motor Vehicle Warranty Fee                      | Business       | Cost of Admin 681.117, F.S.                         | \$ 2,320,729      | \$ 2,262,383      | \$ 101,095                 | 4.469%      | \$ 2,255,430       | \$ 110,334                    | 4.892%      |
| s. 212.0606, F.S.           | Rental Car Surcharge                            | Business       | Cost of Admin 212.0606, F.S.                        | \$ 150,700,000    | \$ 147,518,088    | \$ 52,218                  | 0.036%      | \$ 146,780,498     | \$ 52,218                     | 0.036%      |
|                             |   |                | Total of Current Revenue Sources                    | \$ 11,863,412,464 | \$ 18,937,272,416 | \$ 17,648,388              |             | \$ 18,133,462,353  | \$ 43,275,420                 |             |

| 12                     | 13                            | 14             | 15   | 16               | 17               | 18                         | 19          | 20                 | 21                            |             |
|------------------------|-------------------------------|----------------|--|------------------|------------------|----------------------------|-------------|--------------------|-------------------------------|-------------|
| Statutory Reference    | Tax or Fee                    | Type of Filter | Admin Allowance  | FY 05-06 Actuals | FY 06-07 Actuals | Admin Cost FY 06-07 Actual | Allowance % | FY 07-08 Estimates | Estimated Cost 07-08 Admin TF | Allowance % |
| Chapter 125.0109, F.S. | Tourism Development Tax       | Business       | Cost of Admin s. 125.0109(2)(C) Admin Costs not to exceed 3% | \$ 23,017,165    | \$ 21,625,079    | \$ 6,032,252               |             | \$ 6,346,368       |                               |             |
| s. 403.718, F.S.       | Waste Tire Fee                | Business       | 3% 403.718(2), F.S.  | \$ 403,718,515   | \$ 9,505,102     |                            |             | \$ 21,711,579      |                               |             |
| s. 403.7185, F.S.      | Leak-acid Battery Fee         | Business       | Administrative Costs 376.75(8), F.S.                         | \$ 849,666       | \$ 851,000       |                            |             | \$ 852,000         |                               |             |
| s. 376.75, F.S.        | Perchloroethylene Tax         | Business       | Cost of Debits 212.05(1)(f), F.S.                            | \$ 1,635,815     | \$ 1,680,000     |                            |             | \$ 1,770,000       |                               |             |
| s. 212.05(1)(f), F.S.  | Amusement Machine Sticker Fee | Business       | Total of Potential Revenue Sources                           | \$ 35,898,256    | \$ 39,693,433    | \$ 40,377,840              |             | \$ 40,377,840      |                               |             |



## General Tax Administration Program

| Target (4,152,468) 4% Reduction Target |                 |   |  |
|--|-----------------|---|--|
| Priority                               | General Revenue | Issue Description   | Impact   |
| 3                                      | (199,677)       | Eliminate Collection /Diversion Program funding   | Negligible   |
| 5                                      | (1,010,000)     | Contractual Services Reductions including a \$750,000 reduction in SUNTAX appropriation               | Negligible   |
| 7                                      | (380,879)       | OPS Reductions  | Negligible   |
| 8                                      | (1,638,464)     | Eliminate 37 Intangibles Tax Positions that were scheduled to be eliminated over the next three years | Minimal Impact. Some workload shifted to other auditors but Intangibles audit coverage/collections could be impacted |
| 13                                     | (114,781)       | Eliminates 3 vacant positions in Tax Processing   | Negligible   |
| 14                                     | (119,676)       | Eliminates 3 vacant positions in Taxpayer Aid   | Negligible   |
| 15                                     | (558,489)       | Eliminates 14 vacant positions in Compliance Determination  | Negligible   |
| 16                                     | (130,502)       | Eliminates 3 vacant positions in Compliance Resolution  | Negligible   |

| Target (6,342,640) 6% Reduction Target |                 |             |  |   |
|--|-----------------|-------------|--|---|
| Priority                               | General Revenue | State TF    | Issue Description  | Impact  |
| 25                                     | (765,536)       | (394,367)   | Eliminates 21 vacant positions in Tax Processing                         | Substantial decrease in timely deposit of tax receipts into the state treasury resulting in a loss in interest earnings for the State   |
| 26                                     | (255,703)       | (130,964)   | Eliminates 7 vacant positions in Taxpayer Aid                            | Significant degradation in call center operations   |
| 29                                     | (1,603,979)     | (826,292)   | Eliminates 44 vacant positions in Compliance Resolution                  | Decreased collections estimated at \$32.9 million based on average annual collections per collector.  |
| 30                                     | (3,717,422)     | (1,893,781) | Eliminates 88 filled and 13 vacant positions in Compliance Determination | Direct revenue loss of \$22.7 million based upon sales tax recovery only. The potential reduction in voluntary compliance could be as high as \$227 million based on studies showing a 10 to 1 ratio between audit collections and voluntary compliance |

| FY 2008-2009 Substantive Legislative Budget Issues |             |  |
|--|-------------|--|
| General Revenue                                    | State Trust | Issue Description  |
| *  | \$170,000   | Mail Insertion Equipment to more efficiently process out-going mail (\$10,000 recurring, \$160,000 N/R)  |
| *  | \$2,377,535 | Collection Analytics – Workflow modeling system to optimize collection staff resources in collecting unpaid liabilities (\$475,587 recurring, \$1,901,948 N/R)   |
| *  | \$1,358,820 | Enterprise Content Management – implement a system to manage enterprise-wide data and information including capture, storage, retrieval and archival of information (\$502,763 recurring, \$856,057 N/R) |

## General Tax Administration Program

### Mitigation Strategies

|                              |  |
|------------------------------|--|
| * \$2,000,000 to \$6,000,000 | Increase the amount of Discretionary Sales Tax transferred to Administrative Trust Fund.             |
| * \$                         | Require all taxpayer filings to be submitted electronically (Statutory Change Required).             |
| * \$                         | Allow taxpayers to submit only one refund application for multiple housing units.                    |
| * \$                         | Allow Department to send non-secure general information or public document e-mails to all taxpayers. |

General Tax Administration Operational Cost History\*

|           | 1          | 2       | 3                | 4                    | 5              | 6                  | 7                  | 8           | 9                  |
|-----------|------------|---------|------------------|----------------------|----------------|--------------------|--------------------|-------------|--------------------|
|           | GTA Budget | Unspent | Investment Costs | Administrative Costs | One-Time Costs | Cost of Operations | % Change Over Base | FTE's       | % Change Over Base |
| 1991-92   | \$86.5     | \$0.9   | \$0.8            | \$1.9                | \$0.2          | \$105.3            | -23.2%             | 2,949       | -8.9%              |
| 1992-93   | \$87.3     | \$0.9   | \$1.3            | \$1.9                | \$0.2          | \$106.4            | -22.4%             | 3,173       | -1.9%              |
| 1993-94   | \$102.2    | \$1.0   | \$0.0            | \$2.3                | \$0.2          | \$121.2            | -11.6%             | 3,236       | 0.0%               |
| 1994-95   | \$111.9    | \$1.1   | \$0.0            | \$2.5                | \$0.2          | \$134.1            | -2.2%              | 3,102       | -4.1%              |
| 1995-96   | \$111.7    | \$1.1   | \$0.0            | \$2.5                | \$0.2          | \$134.9            | -1.6%              | 3,091       | -4.5%              |
| 1996-97   | \$116.6    | \$1.2   | \$0.0            | \$2.6                | \$0.2          | \$137.1            | 0.0%               | 2,947       | -8.9%              |
| 1997-98   | \$124.1    | \$2.9   | \$3.7            | \$2.7                | \$0.2          | \$136.7            | 1.2%               | 2,961       | -6.5%              |
| 1998-99   | \$127.9    | \$1.3   | \$6.2            | \$2.8                | \$0.2          | \$142.2            | 3.7%               | 2,963       | -8.4%              |
| 1999-00   | \$128.0    | \$1.2   | \$5.8            | \$4.1                | \$0.0          | \$141.7            | 3.4%               | 2,962       | -6.5%              |
| 2000-01   | \$149.2    | \$2.0   | \$7.4            | \$3.3                | \$0.2          | \$141.0            | 2.8%               | 2,823       | -12.8%             |
| 2001-02   | \$145.7    | \$1.6   | \$7.9            | \$3.3                | \$0.2          | \$137.5            | 0.3%               | 2,664       | -17.7%             |
| 2002-03   | \$146.8    | \$1.1   | \$8.8            | \$3.3                | \$0.1          | \$138.5            | 1.0%               | 2,512       | -22.4%             |
| 2003-04   | \$147.1    | \$0.7   | \$8.2            | \$3.8                | \$1.6          | \$132.8            | -3.1%              | 2,412       | -25.5%             |
| 2004-05   | \$149.4    | \$1.2   | \$8.1            | \$3.6                | \$2.8          | \$133.7            | -2.5%              | 2,411       | -25.5%             |
| 2005-06   | \$154.0    | \$2.1   | \$8.2            | \$3.8                | \$1.2          | \$138.7            | 1.2%               | 2,411       | -25.5%             |
| 2006-07   | \$158.2    | \$2.1   | \$8.4            | \$3.9                | \$0.9          | \$142.9            | 4.2%               | 2,376       | -26.6%             |
| 2007-08** | \$153.9    | \$2.3   | \$7.2            | \$4.0                | \$2.5          | \$137.9            | 0.6%               | 2,299       | -29.2%             |
|           |            |         |                  |                      |                |                    |                    | <b>-946</b> |                    |

\* All costs shown are in millions of dollars; estimates are shown in italics

\*\*post 4% reductions

Explanation of columns shown above:

1. GTA Budget: Legislative Appropriation for General Tax Administration
2. Unspent: excess of appropriation over actual expenditures.
3. Investment Costs: costs associated with Sunitax and major equipment upgrades.
4. Administrative Costs: those costs included in GTA's budget for Director's office, internal research, planning, performance monitoring, and budgeting.
5. One-Time Costs: non-recurring costs incurred for one-time issues (e.g., expenses associated with the 2003-04 Tax Amnesty).
6. Cost of Operations: direct operational costs associated with day-to-day tax administration.

7. NA

8. FTEs: fig at the end of the fiscal year

9. NA

FTE & Cost of Operations History adjusted for UT until FY00-01 and Communications Services Tax until FY02-03.

# GTA Enforced Tax Collections 1991-2007

|   | Filing Compliance Determination |              |                |               |               | Tax Compliance Determination |                                      |               |                |  |
|---|---------------------------------|--------------|----------------|---------------|---------------|------------------------------|--------------------------------------|---------------|----------------|--|
|   | Delinquent Tax Collections      | Warrants     | Returned Items | Subtotal      | Audits        | Use tax Recovery             | Unregistered Taxpayer Identification | Subtotal      | Total          |  |
| 1991-1992   | \$132,900,000                   | \$26,300,000 | \$20,000,000   | \$179,200,000 | \$189,919,337 | \$34,588,000                 | \$7,500,000                          | \$23,919,337  | \$411,119,337  |  |
| 1992-1993   | \$157,100,000                   | \$29,800,000 | \$32,700,000   | \$219,600,000 | \$197,140,541 | \$35,000,000                 | \$7,000,000                          | \$29,140,541  | \$458,740,541  |  |
| 1993-1994   | \$270,400,000                   | \$32,500,000 | \$30,400,000   | \$333,300,000 | \$182,839,211 | \$28,900,000                 | \$5,500,000                          | \$218,239,211 | \$551,539,211  |  |
| 1994-1995   | \$279,800,000                   | \$39,200,000 | \$18,000,000   | \$337,000,000 | \$167,602,658 | \$37,000,000                 | \$9,600,000                          | \$214,202,658 | \$551,202,658  |  |
| 1995-1996   | \$254,800,000                   | \$39,700,000 | \$32,600,000   | \$327,100,000 | \$176,339,625 | \$42,300,000                 | \$16,500,000                         | \$235,139,625 | \$562,239,625  |  |
| 1996-1997   | \$271,400,000                   | \$33,600,000 | \$20,800,000   | \$275,800,000 | \$190,112,421 | \$33,000,000                 | \$11,300,000                         | \$234,412,421 | \$510,212,421  |  |
| 1997-1998   | \$243,900,000                   | \$31,600,000 | \$23,100,000   | \$298,600,000 | \$187,700,092 | \$41,100,000                 | \$12,000,000                         | \$240,800,092 | \$539,400,092  |  |
| 1998-1999   | \$242,900,000                   | \$37,300,000 | \$36,700,000   | \$316,900,000 | \$158,797,874 | \$44,500,000                 | \$11,400,000                         | \$214,697,874 | \$531,597,874  |  |
| 1999-2000   | \$255,600,000                   | \$37,100,000 | \$36,300,000   | \$329,000,000 | \$189,458,064 | \$45,900,000                 | \$10,100,000                         | \$245,458,064 | \$574,458,064  |  |
| 2000-2001   | \$277,900,000                   | \$35,500,000 | \$33,400,000   | \$346,800,000 | \$167,682,070 | \$51,200,000                 | \$8,900,000                          | \$227,782,070 | \$574,582,070  |  |
| 2001-2002   | \$255,134,032                   | \$36,433,280 | \$45,866,989   | \$337,434,301 | \$194,881,131 | \$45,237,010                 | \$5,556,674                          | \$245,644,815 | \$583,079,116  |  |
| 2002-2003   | \$350,657,620                   | \$26,535,437 | \$37,002,546   | \$414,195,604 | \$194,892,309 | \$52,996,825                 | \$3,428,795                          | \$251,317,928 | \$665,513,532  |  |
| 2003-2004   | \$402,097,770                   | \$20,527,975 | \$25,486,722   | \$448,112,467 | \$226,651,686 | \$65,837,772                 | \$4,936,066                          | \$297,425,524 | \$745,537,991  |  |
| 2004-2005   | \$365,453,414                   | \$26,055,778 | \$36,930,548   | \$428,439,740 | \$144,194,143 | \$38,401,488                 | \$4,809,551                          | \$187,405,182 | \$615,844,922  |  |
| 2005-2006   | \$449,610,320                   | \$45,013,178 | \$40,046,288   | \$534,669,786 | \$175,855,869 | \$38,356,356                 | \$7,342,695                          | \$221,554,920 | \$756,024,706  |  |
| 2006-2007   | \$479,797,695                   | \$6,530,326  | \$39,305,601   | \$575,633,622 | \$180,151,426 | \$39,038,408                 | \$9,031,290                          | \$228,221,124 | \$803,854,746  |  |
| Average   | \$285,959,467                   | \$34,114,798 | \$31,411,923   |               | \$183,844,160 | \$42,092,702                 | \$8,272,451                          |               |                |  |
| Average Increase in GTA Enforced Collections (FY 2002-07) |                                 |              |                |               |               |                              |                                      |               | \$ 185,763,269 |  |

1. 2001-02 start of 3 yr statute of limitations  
 2. Sales Tax Integrated - Jan 2003  
 3. 2003-04 amnesty

Footnotes: (1) 2001-2002 Start of the 3 year statute of limitations. (2) 2002-2003 Sales tax in SAP R-3 system. (3) 2003-2004 Amnesty.

## Child Support Enforcement Program

| Target (2,356,047) (4,518,835) 4% Reduction Target |                 |               |  |   |
|--|-----------------|---------------|--|---|
| Priority   | General Revenue | Federal Match | Issue Description  | Impact  |
| 4  | (340,000)       | (660,000)     | Reduce Department of Children & Families FLORIDA system contract                 | Limited. Future contractor rate increases would require additional appropriation authority or reduction in services.  |
| 6a   | (68,000)        | (132,000)     | Reduce Office of State Court Administrator hearing officer contract              | Moderate. A significant increase in the number of child support hearings held would require an additional appropriation.  |
| 6b   | (664,991)       | (1,291,864)   | Reduce Child Support Public Awareness and limit Legal Service Provider referrals | Significant. Radically reduces the public awareness funding by \$522,000. Reduce judicial actions to establish paternity, establish, modify, and enforce support orders to historically low levels. This will delay child support services for families.    |
| 9a   | (383,390)       | (743,925)     | Freeze non-essential spending  | Moderate. Eliminates ability to fund unexpected operational requirements.   |
| 9b   | (153,000)       | (297,000)     | Limit travel and slow computer replacements                                      | Moderate. Extends computer replacement cycle, reduces funding for consumable office supplies, reduces training and education for staff, and reduces oversight of local service center operations.   |
| 12   | (746,666)       | (1,394,046)   | Child Support position reduction   | Significant. Eliminates 48 vacant positions with proportional reduction for Miami-Dade resulting in reduced services, decreased collections, and increased costs to other public assistance programs (Temporary Assistance to Needy Families and Medicaid). |

| Target (4,319,030) (1,224,135) (8,383,998) 6% Reduction Target |                 |             |               |                                   |  |
|--|-----------------|-------------|---------------|-----------------------------------|--|
| Priority   | General Revenue | State Trust | Federal Match | Issue Description                 | Impact   |
| 33   | (4,319,030)     |             | (8,383,998)   | Child Support position reduction  | Significant. Eliminates 128.5 vacant and 143.5 filled positions with proportional reduction for Miami-Dade and Manatee counties. When combined with the 48 position reduction above, this significantly hampers the provision of services, resulting in fewer paternities and support orders being established, a \$68.5M reduction in collections, loss of General Revenue deposits of \$1.5M and increased state costs of \$4.3 M to other public assistance programs (Temporary Assistance to Needy Families and Medicaid). |
| 34   |                 | (1,289,916) |               | Eliminate duplicate appropriation | Limited. Eliminates Incentive Trust Fund appropriations replaced with General Revenue in Fiscal Year 2007-08 <sup>1</sup>  |

<sup>1</sup> Description and impact of issue differs from Schedule VIII-B-1 submission

## Child Support Enforcement Program

### Y 2008-2009 Substantive Legislative Budget Issues

| General Revenue | State Trust  | Federal Match | Issue Description   |
|-----------------|--------------|---------------|---|
| *               | \$17,972,019 | \$34,886,862  | Estimated cost to continue development of Phase II of the Child Support Enforcement Automated Management System (non-recurring)   |
| * \$2,737,347   |              | \$5,313,674   | Annualize General Revenue fund shift to replace deficit caused by the Federal Deficit Reduction Act of 2005 and adjust incentive appropriations to current level of incentive revenue (recurring) |
| * \$447,159     |              |               | Balance of recurring funding for federally imposed mandatory \$25 fee created by the Federal Deficit Reduction Act of 2005 (recurring)  |
| * \$66,123      |              | \$128,355     | Manatee County Child Support Enforcement Program projected salary & rent increases (recurring)  |

### Mitigation Strategies

|                |  |
|----------------|--|
| * \$11,725,461 | Repeal of Federal law regarding matching incentive dollars: There are two bills pending in congress to repeal the incentive matching provisions of the Deficit Reduction Act of 2005 effective 10/1/2007. If enacted effective 10/1/2007, \$11.7M in funding received during fiscal year 2007-08 could be returned. If enacted effective 10/1/2008, \$13.9M could be returned. |
| * \$2,356,047  | Use of non-recurring state funding for 4% cut pending repeal the incentive matching provisions of the Deficit Reduction Act of 2005: non-recurring General Revenue could be substituted for recurring General Revenue, in order to maintain Program's services and performance, until the repeal is effective.   |
| * \$3,250,629  | Use of non-recurring state funding for recurring LBR issues, pending repeal the incentive matching provisions of the Deficit Reduction Act of 2005: non-recurring General Revenue could be used to fund the program's recurring issues, until the repeal is effective.   |
| \$90,009       | Realign staff resources to more efficiently handle case processing resulting in office closures -- Belle Glade and Port St. Joe.   |

## Property Tax Administration Program

| <b>Target (605,318) 4 % of Target Budget</b> |                 |  |  |
|--|-----------------|--|--|
| Priority                                     | General Revenue | Issue Description  | Impact   |
| 5  | (48,325)        | Reduce contracts related to property tax litigation.   | Minimal impact on program's ability to litigate rail road assessments                                  |
| 7  | (70,000)        | Reduction in temporary staffing that will limit the program's ability to hire temporary employees during peak work load periods                            | Minimal operational impact on program  |
| 9  | (140,000)       | Expense reduction eliminating training opportunities for employees and reducing travel to professional conferences   | Minimal operational impact in short term. May have long-term consequences on staff skills & abilities. |
| 10   | (30,000)        | Extends replacement cycle for computer equipment and technology upgrades   | Minimal operational impact   |
| 11   | (70,000)        | Eliminates the availability of forms for counties with populations less than 100,000   | Minimal impact operationally, however, may have significant impact on smaller counties.                |
| 17   | (85,000)        | Eliminates 3 vacant clerical positions   | Minimal impact operationally <sup>1</sup>  |
| 18   | (165,000)       | Expense reduction related to Special Masters reimbursement, eliminate Knowledge Based Leadership training, and eliminating Information Services Consultant | Minimal impact operationally. <sup>2</sup>   |

| <b>Target (907,977) 6% of Target Budget</b> |                 |  |  |
|---|-----------------|--|--|
| Priority                                    | General Revenue | Issue Description  | Impact   |
| 20  | (173,313)       | Eliminates 3 (filled) FTE associated with providing operational assistance to county property appraisers | Significant impact on program's procedural reviews and audits                |
| 31  | (484,664)       | Eliminates 8 (filled) FTE associated with auditing tangible personal property tax rolls                  | Significant impact – this would eliminate all TPP audits                     |
| 32  | (250,000)       | Eliminates 5 (3 filled, 2 vacant) FTE associated with property appraisals and property tax roll approval | Significant impact on program's ability to accurately assess local tax rolls |

| <b>FY 2008-2009 Substantive Legislative Budget Issues</b> |   |
|---|---|
| General Revenue   | Issue Description   |
| * \$200,000   | Requests an increase in contract funding for commercial, industrial and agricultural property appraisals needed as a result of the declining real estate market.  |
| * \$294,154   | Requests \$294,154 (\$275,250 recurring, \$18,904 nonrecurring) General Revenue to fund 4 FTE to provide regulatory oversight and operational assistance to local governments required as a result of HB1B property tax relief legislation in 2007. |
| * \$5,500,000   | Requests \$5,500,000 in nonrecurring General Revenue to complete the program's transition from outdated mainframe computers to the Department's SAP-based enterprise resource package architecture.   |

| <b>Mitigation Strategies</b> |   |
|------------------------------|---|
| * (\$16,000,000)             | Eliminate the DR-219 and recover the 1% commission to process the forms paid to County Clerks from documentary stamp taxes paid on deeds. |

<sup>1</sup> Issue differs from Schedule VIII-B-1 submission

<sup>2</sup> Issue differs from Schedule VIII-B-1 submission



## Information Services Program

| <b>Target (457,146) 4% Reduction Target</b> |                 |   |            |
|---|-----------------|---|------------|
| Priority                                    | General Revenue | Issue Description   | Impact     |
| 5   | (332,887)       | Termination of 1.5 contractors. Contractors provide additional staff capabilities in application development and maintenance of the SUNTAX environment. | Negligible |
| 19  | (130,502)       | Eliminates 3 positions in application delivery staff. These positions are currently vacant.   | Negligible |

| <b>(685,719) (719,400) 6% Reduction Target</b> |           |  |   |
|--|-----------|--|---|
| General Revenue                                | State TF  | Issue Description  | Impact  |
| (679,477)                                      | (719,487) | Eliminate 17 filled and 14 vacant positions. Total reduction of 31 positions or 19% of currently authorized staff. | Substantial decrease in service level performance of network infrastructure, e-mail, desktop support, telecommunications, etc. This reduction would also reduce operations and maintenance support for SUNTAX and CAMS. |

| <b>FY 2008-2009 Substantive Legislative Budget Issues</b> |           |  |  |
|---|-----------|--|--|
| General Revenue   | State TF  | Issue Description  |  |
|   | \$900,000 | Purchases printers to support SUNTAX – integration of Unemployment Tax print requirements into SUNTAX application and consolidation of Communication Services Process print shop. (\$100,000 recurring, \$800,000 N/R) |  |



## Administrative Services & Executive Support Programs

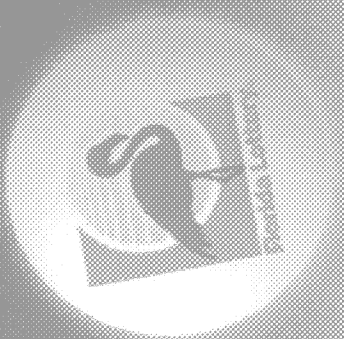
| Target   | (607,505)       | 4% Reduction Target   |  | Impact     |
|----------|-----------------|---|--|------------|
| Priority | General Revenue | Issue Description   |  |            |
| 1 & 2    | (608,646)       | Fund shift from General Revenue to Grants & Donations Trust Fund to maximize the use of Federal Funds. The Department will shift its current funding of the costs for the Department of Administrative Hearings (DOAH) thereby eliminating the need to use General Revenue. |  | Negligible |
| 5        | (100,000)       | Reduces the unallocated portion of Contractual Services appropriation. This appropriation would have been transferred by amendment to Expense category; therefore the effect of this reduction will be felt in reduced flexibility in expenses.                             |  | Negligible |
| 7        | (45,000)        | Reduces the unallocated portion of the Other Personal Services appropriation. This appropriation would have been transferred by amendment to Expense category; therefore the effect of this reduction will be felt in reduced flexibility in expenses                       |  | Negligible |
| 9        | (123,100)       | Reductions are related to a reduction in travel expenditures and the elimination of leased space for storage. Documents are being imaged and digitally archived thereby eliminating the need for storage space.   |  | Negligible |

| Target   | (911,259)       | (463,800) | 6% Reduction Target  |   |
|----------|-----------------|-----------|--|---|
| Priority | General Revenue | State TF  | Issue Description  | Impact  |
| 1 & 2    |                 | (44,462)  | The same fund shift in the current funding of the costs for the Department of Administrative Hearings (DOAH) will also have the effect of reducing the program's use of Administrative Trust Fund appropriation by a small amount. | No Impact on operations.  |
| 21       | (72,042)        |           | Eliminates 2.5 currently vacant positions in the Administrative Services Director's office.  | Negligible  |
| 22       | (14,291)        | (33,346)  | Eliminates 1 vacant position in Administrative Services Program.   | The workload of the position will be distributed among existing staff.  |
| 23       | (507,028)       | (361,765) | Eliminates all 16 currently vacant positions in the Executive Support staff. The positions represent about 7% of the Executive staff.  | The work of these positions would have to be permanently transferred to other employees. Significantly reduces flexibility of staff to support new initiatives. |
| 24       | (38,260)        |           | Eliminates 1 currently filled position in accounting.  | The workload for this position would have to be absorbed by existing staff.   |
| 27       | (10,397)        | (24,261)  | Eliminates 1 currently filled position in records management.  | The workload for this position would have to be absorbed by existing staff  |

### FY 2008-2009 Substantive Legislative Budget Issues

|   | General Revenue | State TF | Issue Description   |
|---|-----------------|----------|---|
| * |                 | \$89,288 | Recognition Coordinator -- (\$85,900 recurring, \$3,388 N/R) Request includes funding for 1 FTE to operate the Department's recognition program, volunteering and mentoring programs. |





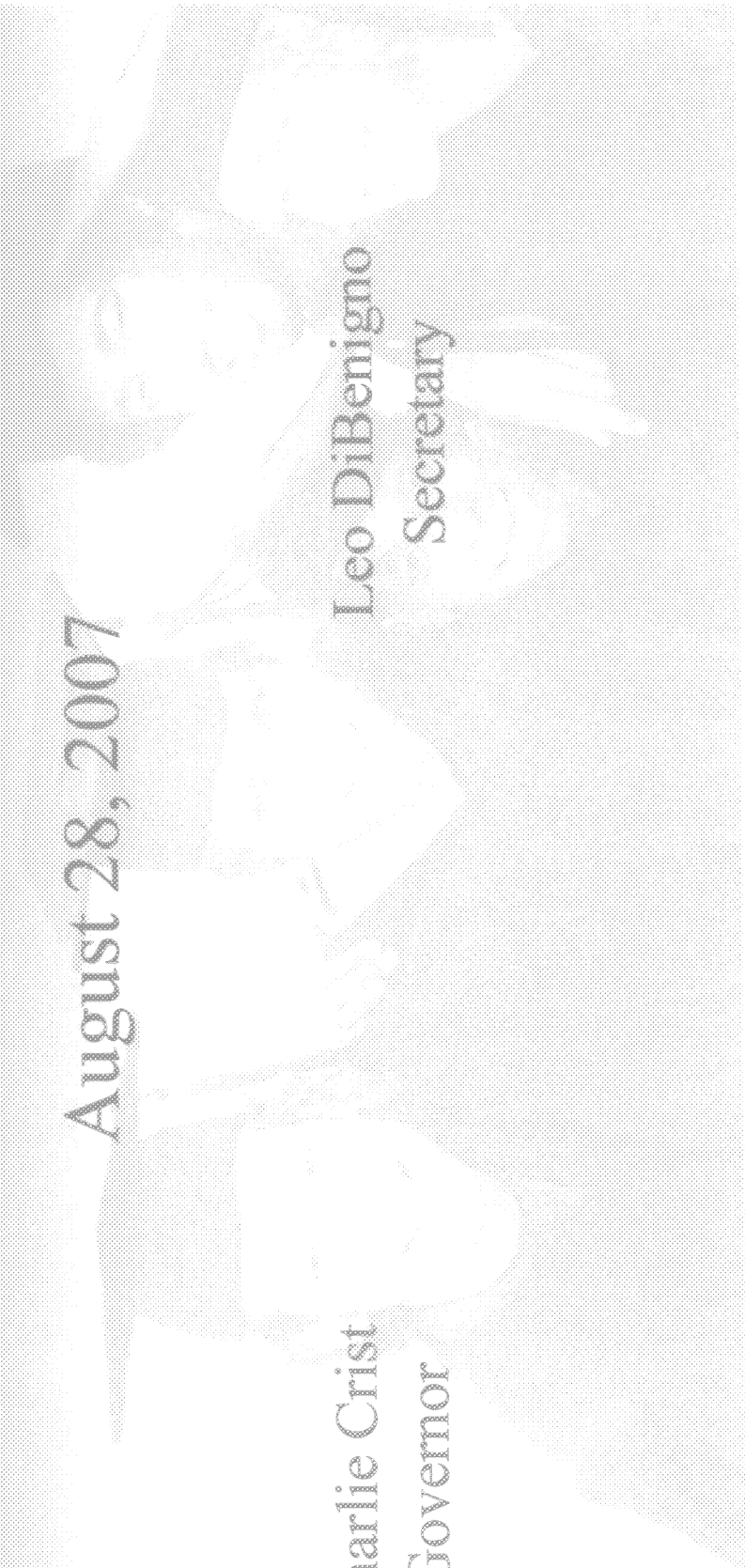
# Florida Lottery Overview

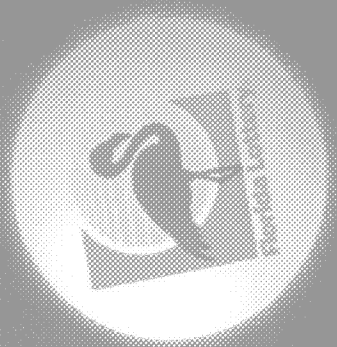
## Budget Reductions

August 28, 2007

Charlie Crist  
Governor

Leo DiBenigno  
Secretary



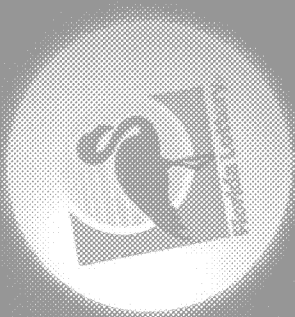


# Lottery Funding Source

Lottery Generates its own Revenue  
*(no general revenue utilized)*

Operating Funds are kept in an Operating Trust Fund until  
disbursed

Any excess Revenue not utilized to operate the Lottery  
is transferred to the Educational Enhancement Trust  
Fund (EETF)



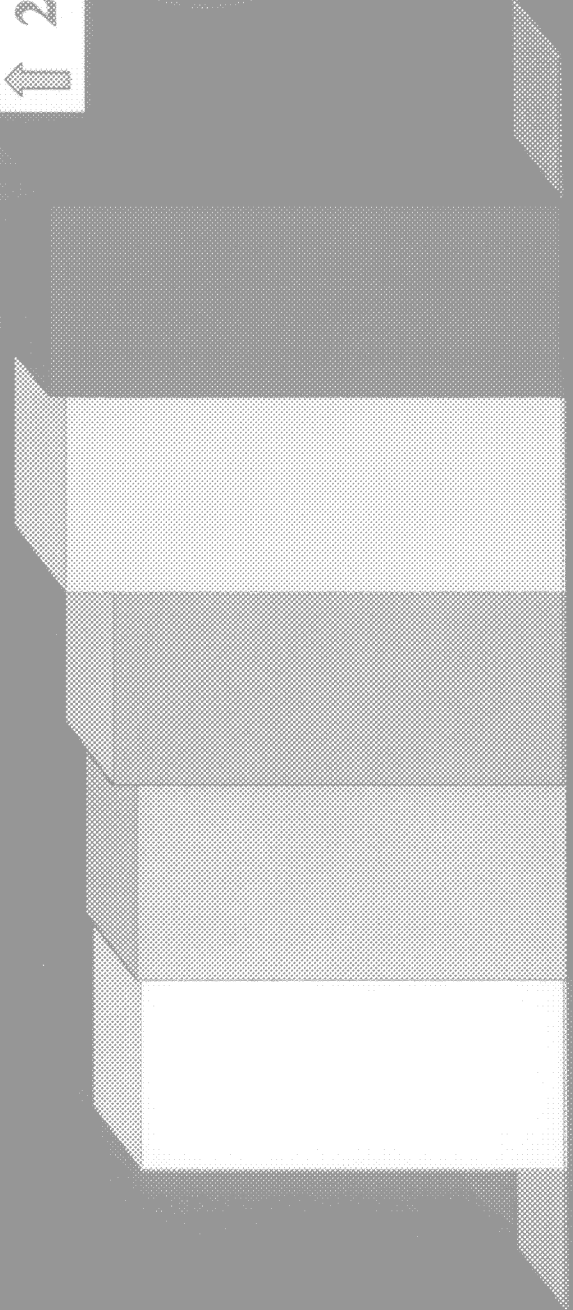
# Lottery Performance Trend

Transfers to Educational Enhancement Trust Fund

(In thousands)

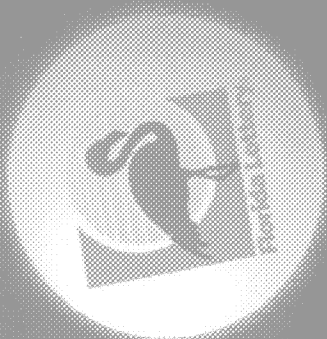
1,400,000  
1,200,000  
1,000,000  
800,000  
600,000  
400,000  
200,000  
0

↑ 22%



Fiscal Years

■ '02-03 ■ '03-04 ■ '04-05 ■ '05-06 ■ '06-07



# Revenue Estimating Conference Revenue & Transfers

## Fiscal Year 2007-2008

Sales: \$4,239.9 Bill.

Inc. of 3%

Transfers: \$1,259.4 Bill.

Inc. of 2%

## Fiscal Year 2008-2009

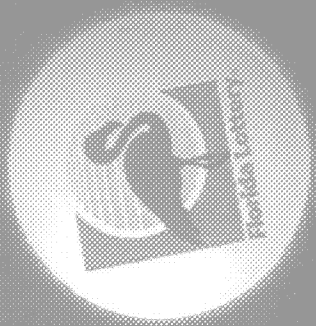
Sales: \$4,284.6 Bill.

Inc. of 1%

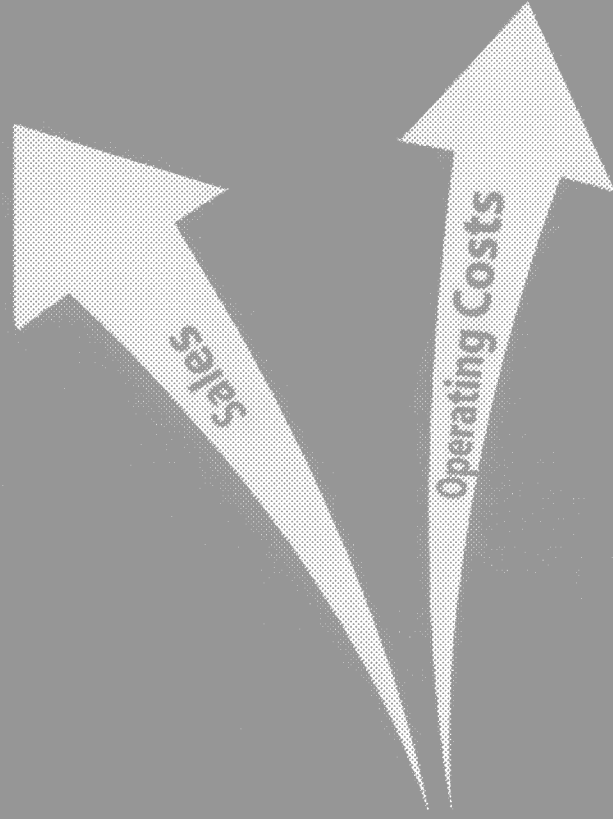
Transfers: \$1,269.6 Bill.

Inc. of .8%

*Expectation of Continued Growth*

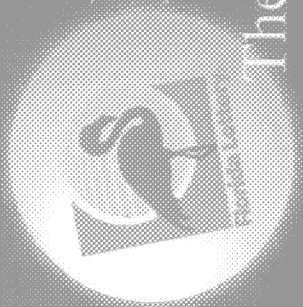


# Two-Fold Strategy



Greater Profits  
(EETF Transfers)

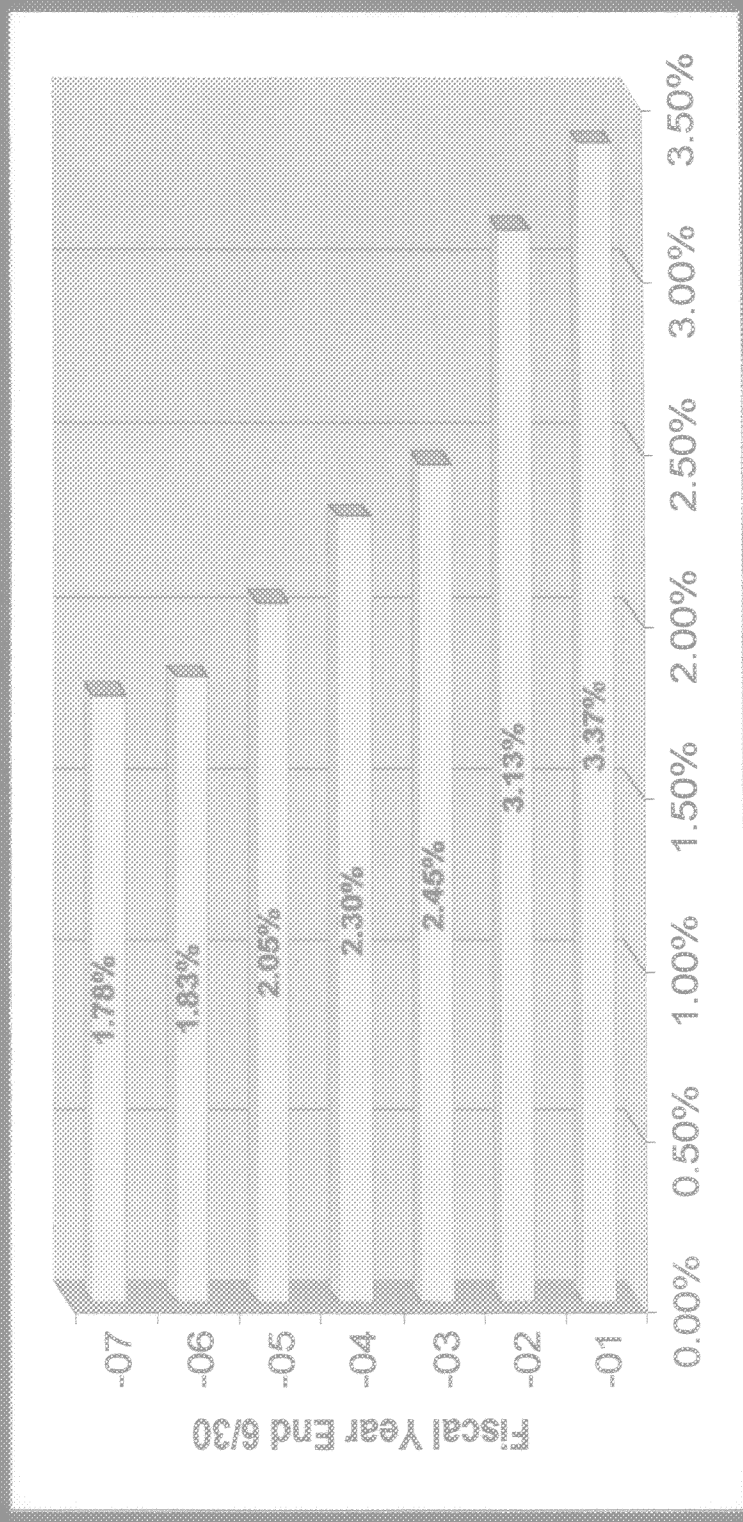
Goal: maximize revenues for education



# Lottery's Cost Performance

The Lottery has decreased its operating costs as a percentage of sales dramatically since fiscal year end 2001.

Expense as a % of Sales



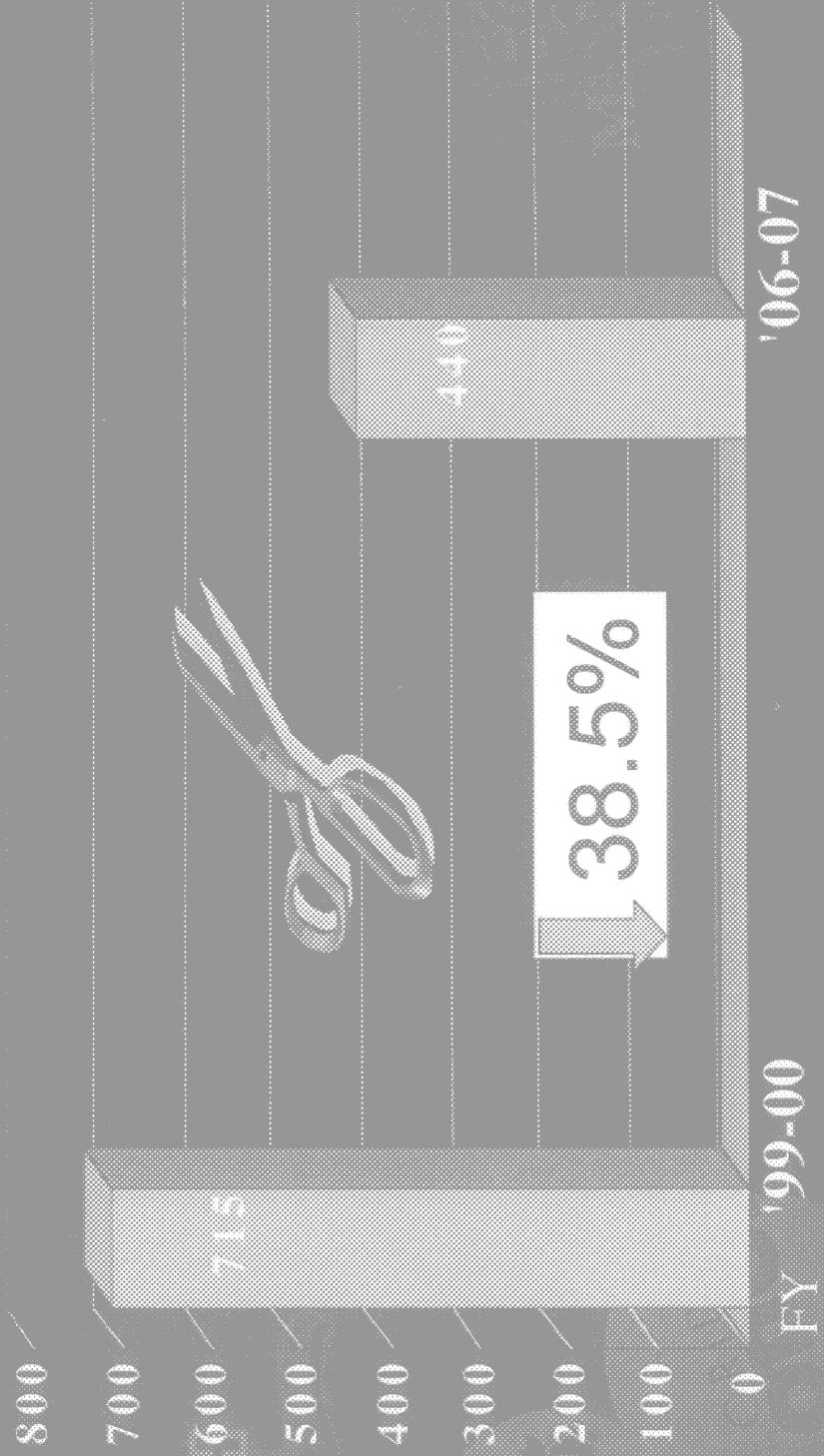
*Expenses = Advertising, Personnel & Office Operations*





# Staffing Levels

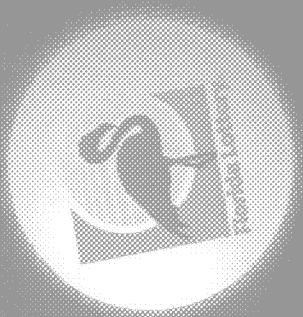
## Full Time Equivalents





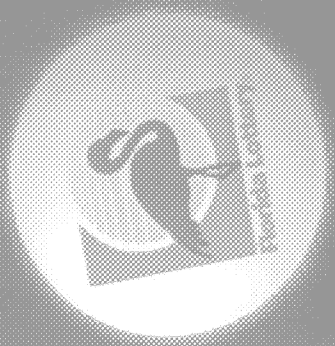
# Legislative Direction for Plan of Action

- Identify recurring reductions from FY 07-08 recurring appropriation which could be used to address probable revenue shortfall for FY 08-09.
- Evaluate all Programs and Services
- Recommended reductions must equal \$15.9 Million (10%)
- Reduction proposals should be ranked in priority order.



# Lottery's Budget Format

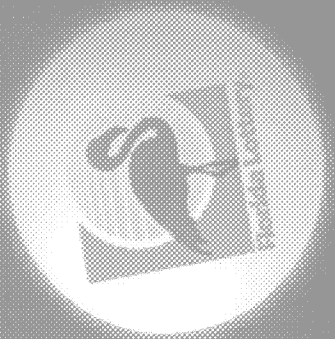
- Lottery only has one program – To Operate the Lottery.
- Budget contains categories all focused on activities required to operate the Lottery.
- Two types of categories:
  - 1) Revenue Generating
  - 2) Administrative



# Administrative Categories

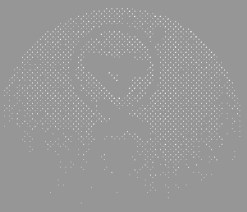
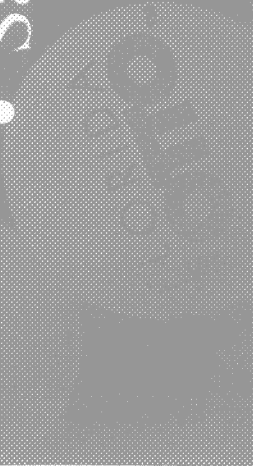
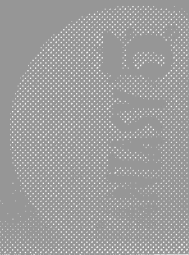
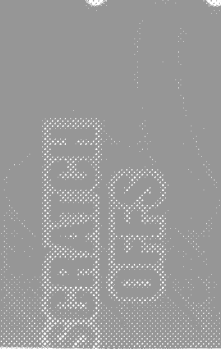
*Many of these tie directly to revenue generating activities or public confidence*

- Other Personal Services
- Expenses
- Contracted Services
- Salary Incentive Payments (Law Enforcement)
- Supplemental Transfer to EETF



# Revenue Generating Categories

- Instant Ticket Purchases
- Online Game Contract
- Paid Advertising/Promotion
- Retailer Incentives
- Salary and Benefits





# Proposed Cuts to Administrative Categories

*can recommend with no repercussions to revenues/transfers*

## Fiscal Year 07-08

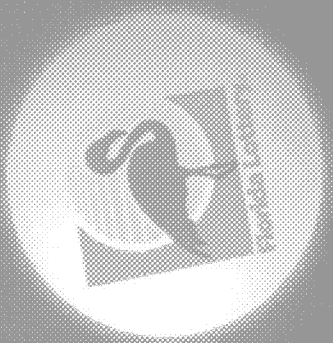
- 1) EETF Transfer Supplemental - \$2 Million (add'l \$1 M)
- 2) Law Enforcement Salary Incentives - \$2,340
- 3) Operating Capital Outlay - \$250
- 4) Expense – Annual Sales Conference - \$93,800
- 5) Expense – Other - \$86,200

07-08 Reduction of \$ 3,182,590

## Fiscal Year 08-09

- 1) EETF Transfer Supplemental - \$2 Million
- 2) Law Enforcement Salary Incentives - \$2,340
- 3) Operating Capital Outlay - \$250

08-09 Reduction of \$ 2,002,590



# Administrative Categories Other Considerations

*Not recommending due to possible repercussions to revenues/transfers*

## Fiscal Year 07-08

1) Other Personal Services -  
\$45,000

2) Contracted Services - \$145,000

## Fiscal Year 08-09

1) Other Personal Services -  
\$74,830

2) Expense - Sales Conference -  
\$105,000

3) Expense - Other - \$587,536

4) Contracted Services - \$350,000



# Revenue Generating Categories Presented Options

**NOT recommending due to repercussions to revenues/transfers**

## Fiscal Year 07-08

- 1) Instant Ticket Purchase
  - Vendor Fees
  - Licensed Property Fees
- 2) Online Gaming contract
- 3) Salary & Benefits
- 4) Retailer Incentives
- 5) Paid Advertising/Promotion
  - Agency Fees
  - Media Buys

## Fiscal Year 08-09

- 1) Instant Ticket Purchase
  - Vendor Fees - \$5.4 Million
  - Licensed Property Fees - \$200,000
- 2) Online Gaming contract - \$2.6 Million
- 3) Salary & Benefits - \$275,000
- 4) Retailer Incentives - \$250,000
- 5) Paid Advertising/Promotion
  - Agency Fees - \$413,203
  - Media Buys - \$3.6 Million



# Example of Revenue/Transfer Impact

## Reduction of Media Expenditures

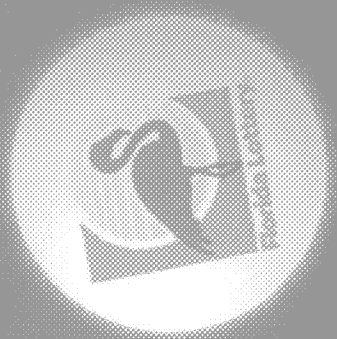
*Revenue Estimating Conference Impact Analysis*  
4/19/07

Net EETF Reduction in 1<sup>st</sup> year of implementation =  
\$3.63 per dollar not spent on advertising.

Proposed Reduction = \$3,613,955

Net Impact to EETF = - \$13,118,657

# Questions?





COL A10  
 SCH VIIIIB-1  
 POS REDUCTIONS  
 AMOUNT

PRIORITY CODES  
 62000000  
 33B00000  
 33B00070  
 1000

MILITARY AFFAIRS, DEPT OF  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING  
 REDUCTION TO GENERAL REVENUE -  
 DEDUCT

GENERAL REVENUE FUND..... 1,783,546-

SCH VIIIIB-1 NARR 08-09 NOTES:

This issue will reduce General Revenue appropriation that supports the National Guard Tuition Assistance Program. The National Guard Tuition Assistance program provides financial assistance to eligible Florida National Guard soldiers for undergraduate level education. Because of significant deployment activity over past years while supporting the war on terrorism, demand for this program has declined. This reduction will not significantly affect utilization of this program at this time. It is anticipated that as long as deployment activities remain at current levels that this reduction will have little to no impact. However, at such time that deployment activities end this Department would require an increase to this fund. This issue does not affect day-to-day operations of the Department of Military Affairs/Florida National Guard.

REDUCTION TO TRUST FUND - DEDUCT

TRUST FUNDS..... 128,866-

SCH VIIIIB-1 NARR 08-09 NOTES:

This issue will reduce Trust Fund appropriation that supports the Florida National Guard Counterdrug Program. The Federal Law Enforcement Trust Fund supports financial awards received from the federal equitable sharing program that is based on specific Florida National Guard Counterdrug activities in support of participating federal agencies. Operational changes in our counterdrug program over past years have caused a significant reduction in activities that provide these resources. This issue does not affect day-to-day operations of the Department of Military Affairs/Florida National Guard.

REDUCTION TO WELFARE TRANSITION  
 TRUST FUND - DEDUCT

TRUST FUNDS..... 405,000-

33B00040  
 2000

| COL A10 | SCH VIIIIB-1<br>REDUCTIONS | POS | AMOUNT | PRIORITY | CODES    |
|---------|----------------------------|-----|--------|----------|----------|
|         |                            |     |        |          | 62000000 |
|         |                            |     |        |          | 33B0000  |
|         |                            | 3   |        |          | 33B0040  |

MILITARY AFFAIRS, DEPT OF  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING  
 REDUCTION TO WELFARE TRANSITION  
 TRUST FUND - DEDUCT

SCH VIIIIB-1 NARR 08-09 NOTES:  
 This issue will reduce welfare Transition Trust Fund appropriation that supports the About Face program. The About Face program supports 13 through 17 year old economically disadvantaged and at-risk youth by providing summer and year-round after-school programs that provide life-preparation skills. This reduction would significantly affect this community-based program in that it would result in the closure of one year-round after-school program affecting 190 youth and seven summer programs affecting 400 youth. This issue was chosen in coordination with the Paxen Group who facilitates our About Face program. This issue does not affect day-to-day operations of the Department of Military Affairs/Florida National Guard.

TOTAL: MILITARY AFFAIRS, DEPT OF  
 BY FUND TYPE  
 GENERAL REVENUE FUND 1,783,546-  
 TRUST FUNDS 533,866-  
 -----  
 TOTAL DEPARTMENT..... 2,317,412-  
 =====

62000000  
 1000  
 2000



August 28, 2007  
Meeting of the  
House Government Efficiency & Accountability Council

Division of Administrative Hearings  
Priority Budget Reduction Issues for FY 2007-2008

**EXECUTIVE SUMMARY**

The Division of Administrative Hearings (DOAH) is unique because it is a small, independent, quasi-judicial agency established within the Department of Management Services for the provision of support services only. The Division has only two programs: Adjudication of Disputes and Workers' Compensation Appeals. These programs are mutually exclusive, equally important to the State of Florida, and have good performance records. The Division's options for aligning its appropriations with the targeted reductions are therefore limited. Unlike larger agencies, DOAH cannot "hold harmless" either of its programs to meet its target. Thus, each program has been reduced by ten percent to meet the reduction calculation as provided by the Governor and Legislature.

Each eligible appropriation category was reviewed to identify reductions that could be taken while maintaining a responsible and balanced budget. This initial effort resulted in a wide range of budget cuts, from less than one percent in Salaries and Benefits to 87% in Other Personal Services. However, these initial reductions totaled only \$1.06 million, well below the Division's target of \$2.7 million. Because the Salaries and Benefits category is such a large percentage of the base budget being reduced (80% for Adjudication of Disputes and 74% for Workers' Compensation Appeals), DOAH had no choice but to cut additional positions to reach its target. Thus, a total of 24 positions (21 filled and 3 vacant), or nine percent of its workforce have been identified for elimination.

A budget reduction of ten percent will lengthen timeframes for concluding cases, thus affecting the Division's ability to meet its performance standards. However, the Division will continue its mission to provide high-quality adjudication of disputes pursuant to Chapter 120, the Administrative Procedure Act, and Chapter 440, the Workers' Compensation Law. DOAH will also continue to seek ways to make the process more affordable to the citizens, agencies, and organizations it serves.

**ADJUDICATION OF DISPUTES PROGRAM**

**ISSUE: 33B1030 - DELETE VACANT POSITIONS**  
**(1.00) vacant position**

**PRIORITY 1**  
**\$(33,022) TF**

The Division proposes to delete one vacant clerk typist position and \$(33,022). This position has been vacant since March 4, 2006. Through reassignment of work duties to other clerical staff, the office has continued to operate effectively without this position being filled.

**WORKERS' COMPENSATION APPEALS PROGRAM**

**ISSUE: 33B1080 - DELETE VACANT POSITIONS**  
**(1.00) vacant position**

**PRIORITY 2**  
**\$(39,046) TF**

The Division proposes to delete one vacant administrative secretary position, which is located in the Tampa District office, and \$(39,046). This position has been vacant since March 1, 2007. Through reassignment of work duties to other clerical staff, the Tampa office has continued to operate effectively without this position being filled.

**ADJUDICATION OF DISPUTES PROGRAM**

**ISSUE: 33B1040 - REDUCE TEMPORARY EMPLOYMENT**

**PRIORITY 3**  
**\$(217,289) TF**

The Division proposes to reduce appropriations by \$(217,289), or (68)%, in the Other Personal Services category. This action would result in hiring fewer temporary administrative law judges (ALJs) and office staff, and the elimination of a temporary Web programmer. The remaining budget should be sufficient for the hiring of temporary ALJs, who are used to offset caseload increases. The temporary Web programmer is no longer needed because a permanent employee was hired in FY 2007-08. The reduction in temporary office staff should be acceptable, unless multiple vacancies of permanent employees occur at one time.

**WORKERS' COMPENSATION APPEALS PROGRAM**

**ISSUE: 33B1090 - REDUCE TEMPORARY EMPLOYMENT**

**PRIORITY 4**  
**\$(200,450) TF**

The Division proposes to reduce appropriations by \$(200,450), or (87)%, in the Other Personal Services category. This action would eliminate funding for temporary judges of compensation claims (JCCs) and mediators, and reduce funding for temporary clerical staff. This program has recently been able to handle JCC vacancies by reassigning cases to other judges. Therefore, the reduction in budget for temporary judges should have little impact on operations, but if an extraordinary need arises, it could adversely affect the Division's ability to handle cases in a timely manner. Likewise, the elimination of any temporary staff in the district offices should have limited impact unless



multiple vacancies of permanent employees occur at one time. The Clerk's Office relies on five full-time temporary employees to handle case documents. This reduction would reduce the temporary staff to 1.5 full-time employees, which will adversely affect DOAH's ability to timely process case documents.

**ADJUDICATION OF DISPUTES PROGRAM**

**ISSUE: 33B1050 - REDUCE ALLOCATION FOR EXPENDITURES PRIORITY 5**  
**\$ (96,312) TF**

The Division proposes to reduce discretionary spending totaling \$(96,312) in three appropriation categories: Expenses by \$(75,366) or (6)%, Operating Capital Outlay by \$(6,550) or (9)%, and Contracted Services by \$(14,396) or (7)%. This reduction will negatively impact the Division's operations. Limiting travel could affect the timely scheduling of hearings held throughout the State. Significant cutbacks in available appropriations for furniture and equipment would hinder the program's ability to replace aging or malfunctioning items. Contract reductions would hinder the program's ability to procure services when needs arise.

**WORKERS' COMPENSATION APPEALS PROGRAM**

**ISSUE: 33B1100 - REDUCE ALLOCATION FOR EXPENDITURES PRIORITY 6**  
**\$ (217,146) TF**

The Division proposes to reduce discretionary spending totaling \$(217,146) in four appropriation categories: Expenses by \$(173,966) or (5)%, Operating Capital Outlay by \$(2,880) or (10)%, Contracted Services by \$(38,300) or (3)%, and Legal Services by \$(2,000) or (80)%. This reduction will negatively impact the Division's operations. Significant cutbacks in available appropriations for furniture and equipment would hinder the program's ability to replace aging or malfunctioning items. Contract reductions would hinder the program's ability to procure services when needs arise.

**ADJUDICATION OF DISPUTES PROGRAM**

**ISSUE: 33B1060 - ELIMINATE SECURITY GUARD OVERTIME PRIORITY 7**  
**\$ (7,805) TF**

The Division proposes to eliminate funding for security guard overtime hours from the Contracted Services category. This issue reduces this category by \$(7,805) or (4)%, and will negatively impact the Division's operations by restricting the security guard covering its headquarters in Tallahassee to work no more than 40 hours per week. If a hearing continues beyond 5:00 p.m. or into a weekend, the security guard would not be available. This could result in the hearing being postponed, or pose a security risk to the parties.

**WORKERS' COMPENSATION APPEALS PROGRAM**

**ISSUE: 33B1110 - ELIMINATE SECURITY GUARD OVERTIME** **PRIORITY 8**  
**\$(131,471) TF**

The Division proposes to eliminate funding for security guard overtime hours from the Contracted Services category. This issue reduces this category by \$(131,471) or (12)%, and will negatively impact the Division's operations by restricting the security guards in the seventeen district offices to work no more than 40 hours per week. If a hearing or mediation continues beyond 5:00 p.m. or into a weekend, the security guard would not be available. This could result in the hearing or mediation being postponed, or pose a security risk to the parties.

**ADJUDICATION OF DISPUTES PROGRAM**

**ISSUE: 33B1070 - WORKFORCE REDUCTION** **PRIORITY 9**  
**(4.00) filled positions** **\$(545,457) TF**

The Division proposes to reduce this program's workforce by (6)% by deleting three administrative law judges (ALJs) and one support staff. This reduction of \$(545,457) will negatively impact the Division's operations and will significantly limit its ability to fulfill its mission of impartially adjudicating disputes in a timely fashion. With fewer judges, the cases will be processed more slowly, thereby adversely affecting the Division's ability to meet performance objectives, which it has successfully strived to achieve over the past four years. Moreover, many of the agencies who use the Division to adjudicate their disputes will not be able to fulfill their objectives of a just and speedy resolution, at an affordable cost, of public disputes. These are filled positions that would result in the layoff of four employees, three of whom are judges who would be forced into a tight market for legal employment in light of agency budget reductions and a limited private sector market.

**WORKERS' COMPENSATION APPEALS PROGRAM**

**ISSUE: 33B1120 - WORKFORCE REDUCTION** **PRIORITY 10**  
**(17.00) filled and (1.00) vacant positions** **\$(1,212,161) TF**

The Division proposes to reduce this program's workforce by (9)% by deleting 18 positions: two judges of compensation claims (JCCs), three mediators, and thirteen support staff. This reduction of \$(1,212,161) will negatively impact the Division's operations and will significantly limit its ability to fulfill its mission of impartially adjudicating and mediating workers' compensation disputes. With fewer judges and staff, cases will be processed more slowly, thereby adversely affecting the

Division's ability to meet performance objectives. Already, due to the substantial number of cases in the system, the statutory requirements for scheduling, mediation, and hearing workers' compensation appeals are not met in all districts. The Division has made significant strides through the use of electronic filing, reallocation of judges to high volume districts on temporary assignments, and intense training and re-training of key personnel to carry out the daily functions of the office. A reduction in the number of judges and mediators will impair or eliminate the excellent trends toward compliance with the time mandates that have been achieved through a monumental cooperative effort between the individuals staffing the district offices and the claimants, attorneys and employer/carriers who bring their cases to the Division for adjudication. The result will be greater delays in the resolution of workers' compensation matters and, ultimately, in the payment of benefits to injured workers who are entitled to receive them. The goal of workers' compensation, to return the injured worker to employment after receiving necessary and appropriate medical treatment and benefits to which he or she is entitled, will be severely undermined by the called for reductions

It is important to note that the budget of the Office of the Judges of Compensation Claims is funded by the Workers' Compensation Administration Trust Fund of the Department of Financial Services. This fund is supported by insurance carrier assessments; Section 440.51, Florida Statutes, specifically sets forth the formula for calculating these assessments. Insurance companies pay only that amount necessary to fund the administration of Chapter 440, Florida Statutes, including programs within the Office of the Judges of Compensation Claims, the Division of Workers' Compensation, the Department of Education and others.

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|   |                         |
|---|-------------------------|
| <b>TOTAL REDUCTIONS, DIVISION OF ADMINISTRATIVE HEARINGS:</b> |                         |
| <b>(24.00) positions</b>                                      | <b>\$(2,700,159) TF</b> |

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