



Government Operations Appropriations Subcommittee

**Tuesday, January 25, 2011
12:30 PM - 3:30 PM
Morris Hall**

Meeting Packet

**Dean Cannon
Speaker**

**Ed Hooper
Chair**



The Florida House of Representatives
Appropriations Committee
Government Operations Appropriations Subcommittee

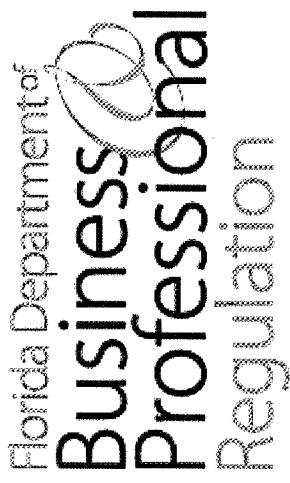
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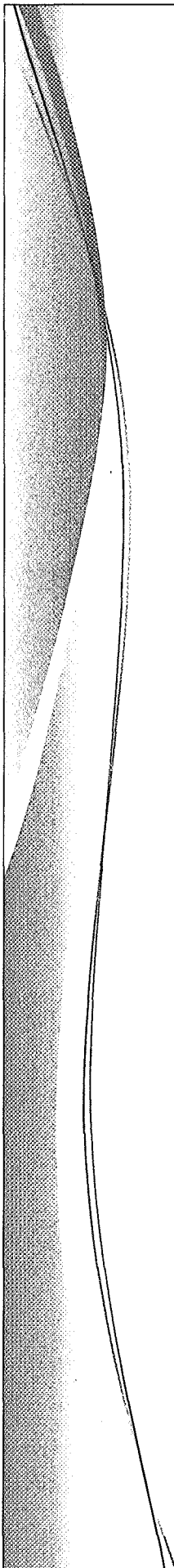
January 25, 2011

AGENDA
12:30 PM – 3:30 PM
Morris Hall

- I. Call to Order/Roll Call**
- II. Agencies' Schedule VIII B-2: Priority Listing of Agency Budget Issues for Possible Reduction in FY 2011-12**
 - **Department of Business and Professional Regulation**
 - **Department of Financial Services**
 - **Office of Financial Regulation - DFS**
 - **Office of Insurance Regulation - DFS**
 - **Department of the Lottery**
 - **Department of Management Services**
 - **Division of Administrative Hearings - DMS**
 - **Florida Commission on Human Relations - DMS**
 - **Public Employees Relations Commission - DMS**
 - **Southwood Shared Resource Center - DMS**
 - **Governor's Commission on Disabilities - DMS**
 - **Public Service Commission**
 - **Department of Revenue**
- III. Adjourn**



Schedule VIII B-2
Proposed 15% Reductions for Fiscal Year 2011-12
Government Operations Appropriations Subcommittee
January 25, 2011

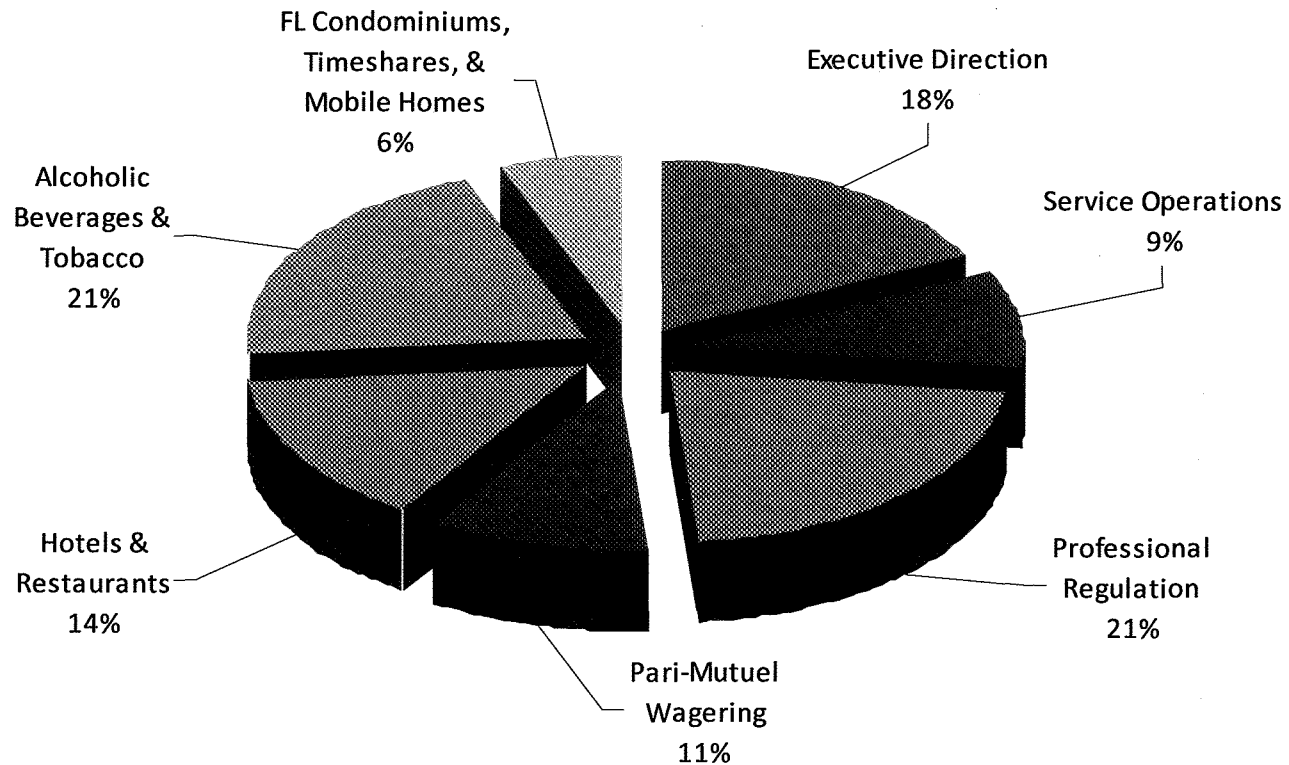


Florida Department of
**Business
Professional
Regulation**

**Department Mission:
License efficiently. Regulate fairly.**

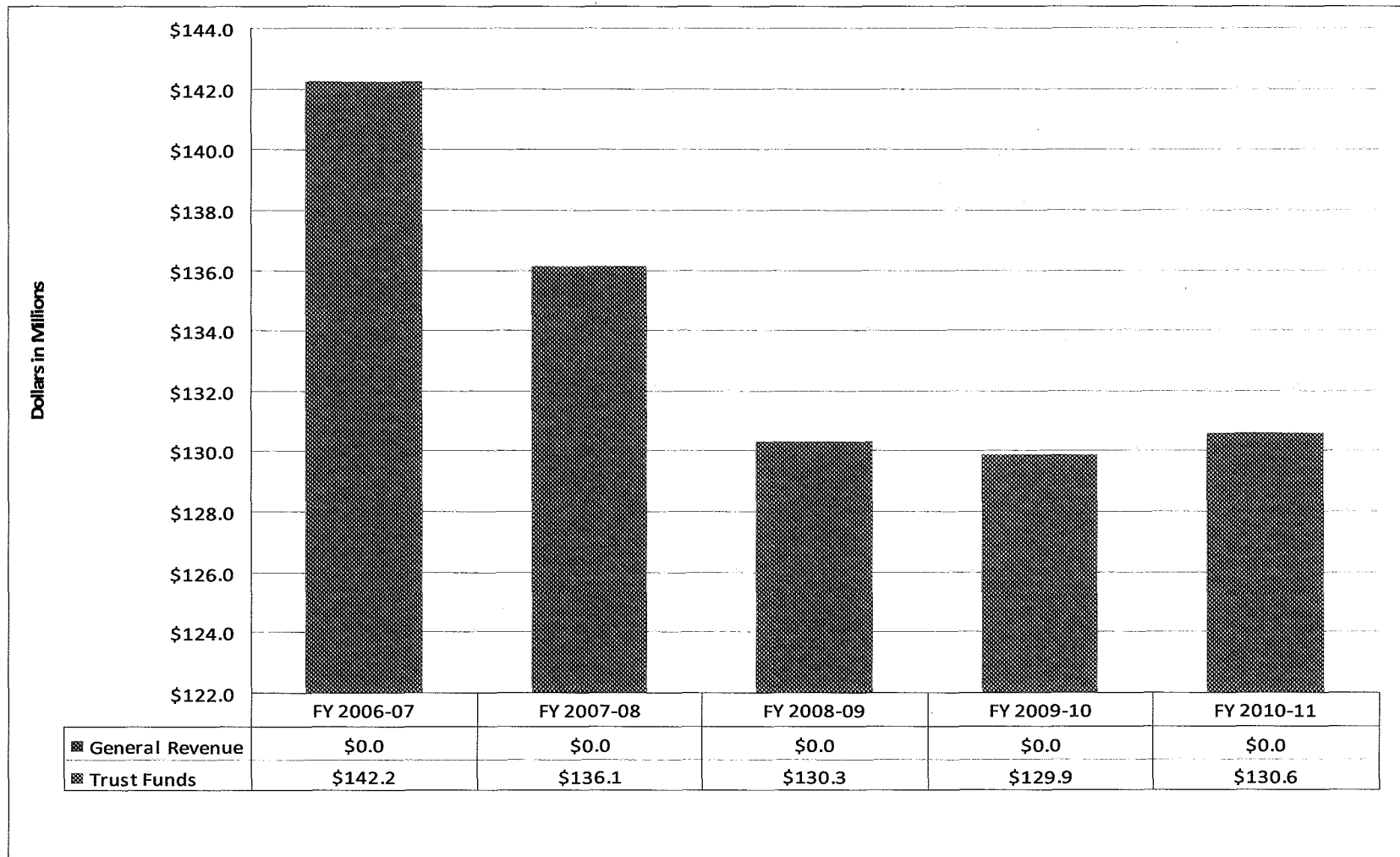
Department of Business and Professional Regulation Fiscal Year 2010-11 Base Budget

Base By Program



The Department is 100% State Trust Funded.

Department of Business and Professional Regulation 5 Year Funding History Trend



Department of Business and Professional Regulation Proposed Fiscal Year 2011-12 Reductions by Division/Budget Entity

• Office of the Secretary & Administration	\$ 1,711,579
• Information Technology	1,775,013
• Division of Service Operations	1,183,632
• Professional Regulation Compliance & Enforcement	
• Division of Professions	1,026,640
• Division of Regulation	1,379,148
• Division of Real Estate	1,100,226
• Division of Certified Public Accounting	230,497
• Florida State Boxing Commission	132,366
• Bureau of Education & Testing	780,362
• Farm and Child Labor Program	283,482
• Division of Pari-Mutuel Wagering	2,713,672
• Division of Hotels & Restaurants	1,984,400
• Division of Alcoholic Beverages & Tobacco	3,732,456
• Division of Florida Condominiums, Timeshares and Mobile Homes	1,136,985
• Total Reductions	\$19,170,458

Department of Business and Professional Regulation Proposed Fiscal Year 2011-12 Reductions by Appropriation Category

◆ Salaries and Benefits	\$11,242,296
◆ Other Personal Services	645,326
◆ Expenses	2,370,859
◆ Operating Capital Outlay	187,867
◆ Acquisition of Motor Vehicles	203,900
◆ Gambling Prevention Contract	675,000
◆ Examination Testing Services	454,816
◆ Unlicensed Activity	640,857
◆ Claims Payments from Construction Recovery Fund	200,000
◆ Claims Payments from Auctioneer Recovery Fund	50,000
◆ Transfer Architect & Interior Design Activities	63,786
◆ Transfer to FDLE for Slot Investigations	150,000
◆ Contracted Services	987,751
◆ Operation of Motor Vehicles	42,500
◆ Minority Scholarships – Certified Public Accounting	55,000
◆ Racing Animal Medical Research	100,000
◆ Pari-Mutuel Laboratory Contracted Services	540,000
◆ Florida Engineering Management Corp Contracted Services	310,500
◆ Real Estate Scholarship and Recovery Fund	250,000
◆ Total Reductions	\$19,170,458

Office of the Secretary and Administration Information Technology

- **Reduction**

- Executive Leadership and Support Services \$1,711,579
- Information Technology \$1,775,013

- **Impact**

- **Minimal**

- Reduce records storage and warehouse rent
- Reduce paper costs and printing equipment
- Reduce postage expense due to decrease in outgoing mail
- Reduce expenditures for office supplies

- **Moderate**

- Reduce Inspector General Investigation travel
- Reduce Office of the General Counsel training

- **Significant**

- Elimination of OPS staff in Information Technology
- Reduce purchases of data processing equipment
- Reduce staff augmentation and support services
- Furloughs

Division of Service Operations

- **Reduction**

- Customer Contact Center \$504,409
- Central Intake Unit \$679,223

- **Impact**

- **Minimal**
 - Reduce expenditures for office supplies
- **Significant**
 - Furloughs

Professional Regulation

• Reductions

• Division of Professions	\$1,073,478
• Division of Regulation	\$1,359,300
• Division of Real Estate	\$1,075,580
• Division of Certified Public Accounting	\$ 228,153

• Impact

• Minimal

- Reduce expenditures for office supplies and travel in the Division of Real Estate
- Reduce Methyl Methacrylate (MMA) contract in the Division of Regulation
- Reduce Operation of Motor Vehicles expenditures in the Division of Real Estate

• Moderate

- Reduce Unlicensed Activity advertising & public service announcements
- Minority Scholarships in Certified Public Accounting
- Real Estate Scholarships and Recovery Fund
- Construction Recovery Fund
- Auctioneer Recovery Fund

• Significant

- Reduce Board Meeting expenditures in the Division of Professions
- Eliminate conference travel in the Division of Real Estate
- Partially close Division of Regulation offices in Jacksonville, Gainesville, and Margate
- Furloughs

Professional Regulation (Con't.)

- **Reductions**

- Florida Boxing Commission \$ 132,366
- Testing and Continuing Education \$ 780,362
- Farm and Child Labor \$ 283,482

- **Impact**

- **Minimal**

- Reduce Exam Testing Services
- Reduce Expense, OCO and contracted Services

- **Moderate**

- Operation of Motor Vehicles
- Salary
- Reduce number of construction exam sites

- **Significant**

- Reduce Boxing OPS and Expense budget
- Furloughs

Division of Pari-Mutuel Wagering

Reduction

- Pari-Mutuel Wagering **\$ 1,540,941**
- Slot Machine Regulation **\$ 1,172,731**

Impact

- **Minimal**
 - Transfer to FDLE for Slot Investigation
 - Gambling Prevention Contract
- **Moderate**
 - Racing Animal Medical Research
 - Other Personal Services (OPS)
- **Significant**
 - Pari-Mutuel Lab Contract
 - Furloughs

Division of Hotels and Restaurants

Reduction

- Compliance and Enforcement \$ 1,984,400

Impacts

- Minimal
 - Expenses
- Significant
 - Furloughs

Division of Alcoholic Beverages and Tobacco

Reduction

• Compliance and Enforcement	\$ 2,337,223
• Standards and Licensure	\$ 540,954
• Tax Collection	\$ 854,279

Impact

- Significant
 - Eliminate Spring Break Coverage
 - Eliminate Alcoholic Beverage and Tobacco Surveys
 - Eliminate Training for Alcoholic Beverage & Tobacco
 - Office Closures
 - Furloughs

Division of Florida Condominiums, Timeshares, and Mobile Homes

Reduction

- Compliance and Enforcement \$ 1,136,985

Impact

- Moderate
 - Eliminate Other Personal Services (OPS)
 - Eliminate Operating Capital Outlay (OCO)
 - Reduce Travel and Office Supply Expenditures
- Significant
 - Furloughs

Florida Department of
Business
Professional
Regulation

Questions?



DEPARTMENT OF FINANCIAL SERVICES

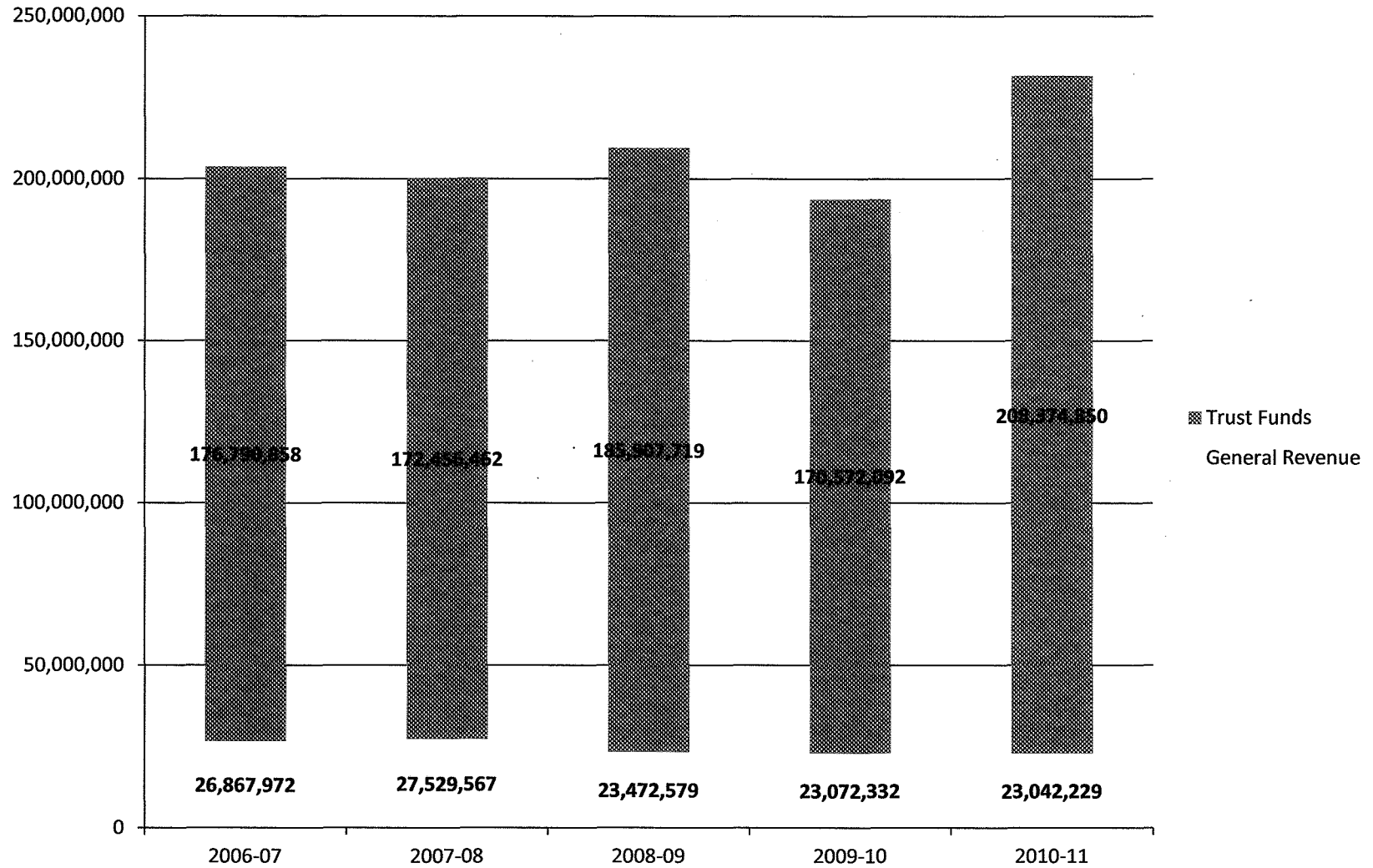
Overview of Fiscal Year 2011 – 12 Schedule VIIIB Reductions



**Government Operations Appropriations Subcommittee
January 25, 2011**

- This presentation covers the Department of Financial Services – not the Offices of Insurance Regulation nor Financial Regulation.
- All Schedule VIII B reductions in this presentation were reviewed and approved by Chief Financial Officer Sink and her leadership team.
- CFO Atwater is reviewing all programs and the constitutional and statutory requirements of the department.
- As a part of the review process, CFO Atwater is reevaluating each program, looking for reductions and cost savings. The review and reevaluation of all programs will be a continual process throughout the coming years.
- Combating insurance fraud is a priority of CFO Atwater. Fraud costs hundreds of millions of dollars each year; costs that are borne by Florida families.
- CFO Atwater also has concerns regarding the ability of the state accounting system (FLAIR) to properly manage the state's finances. The system is archaic and requires special expertise to keep it functioning, making it expensive to maintain. Keeping the FLAIR system functional until a replacement system can be developed is critical to the core mission of the department.

Historical Recurring Funding Levels



Target Reductions

- LBR instructions required a 15% reduction target in FY 2011 – 12.
 - ✓ General Revenue = \$3.4 million
 - ✓ Trust Funds = \$30.8 million

Methodology for Reductions

- All divisions were required to develop reductions which exceeded the 15% LBR instructions.
- All reductions reflect a level of harm to the division
 - Minimum
 - Moderate
 - Significant
- Minimum and moderate reductions were ranked the lowest in terms of priority, with significant ranked the highest.

Reduction Results for FY 2011 - 12

- Total reduction issues – 174 different reductions
 - ✓ 351.5 FTE - 255 FTE filled
 - ✓ \$3.4 million in General Revenue
 - ✓ \$30.8 million in Trust Funds
- ***Minimum – 56 issues – 121 FTE (68.5 filled); \$2.1M GR; \$12.1M TF***
- ***Moderate – 80 issues – 118.5 FTE (95.5 filled); \$.1M GR; \$8.1M TF***
- ***Significant – 38 issues – 112 FTE (91 filled); \$1.2M GR; \$10.6M TF***

Examples of Reductions

- Vacant positions over 180 days
- Fund shifts from General Revenue to Trust Funds
- Reduce various categories to the average annual usage
- Close check cashing service at the Capitol
- Close and consolidate district offices
- Reduce positions – both filled and vacant less than 180 days

Reduction Issues

- The department only has general revenue in two divisions – Accounting and Auditing and IT – FLAIR.
- Reductions to either division will have a statewide impact.
- Accounting and Auditing audits and approves payments for all state agencies.
- In order to reach the 15% reduction total, Accounting and Auditing eliminated approximately 21% of their FTE and 17% of their total funding (34 of 162 FTE and \$2.7M of \$16.2M).
- IT – FLAIR maintains the statewide accounting system.
- Any GR reduction in IT-FLAIR further places the accounting system in jeopardy of not being able to perform its necessary functions.

Accounting and Auditing Reduction Impacts

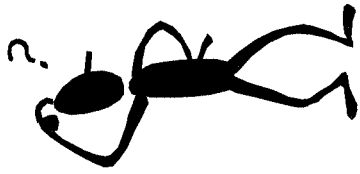
- The mission of the Division is to safeguard public assets, settle the state's financial obligations, and report financial information.
- Accounting and Auditing positions reductions in the Schedule VIIB are as follows:
 - ❖ Span of Control – 8 FTE (all filled) and \$660,284 GR
 - ❖ Vacancies Over 180 days – 6 FTE and \$357,208 GR
 - ❖ Reduce positions – 20 FTE (19 filled) and \$987,986 GR, \$237,950 TF

Accounting & Audit Reduction (cont'd)

- Impacts of these reductions:
 - ❖ Lowers the accuracy, quality and timeliness of financial reports to the Legislature and external users
 - ❖ Reduces the number of disbursement and payroll audits performed
 - ❖ Reduces the ability to support local governments with annual financial reporting
 - ❖ Reduces the level of financial and contract management training provided to state agencies
 - ❖ Reduces the ability to provide support to vendors for prompt payment, management of vendor records and providing 1099s
 - ❖ Increases risk of inaccurate payroll processing
 - ❖ Reduce support for the audit of clerk of courts court-related activities – required by Section 28.36(8)

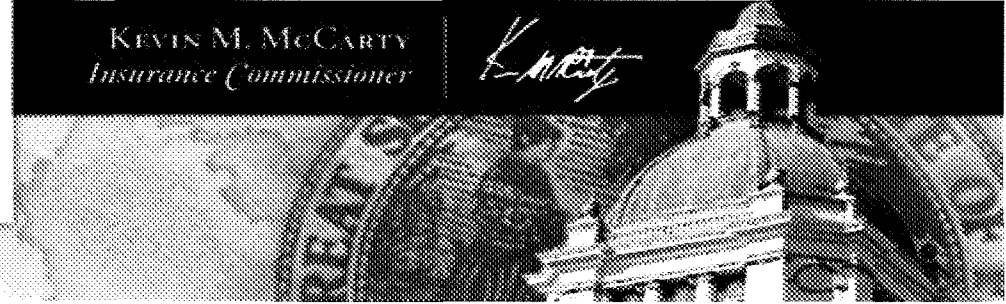


Questions?



FLORIDA OFFICE OF
INSURANCE REGULATION

KEVIN M. McCARTY
Insurance Commissioner



House Government Operations
Appropriations Committee

Budget Reduction Proposals

Audrey S. Brown
Chief of Staff
Office of Insurance Regulation
Financial Services Commission

January 25, 2011

The Florida Legislature created the Office of Insurance Regulation (Office) in 2003:

“The Office of Insurance Regulation, which shall be responsible for all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the insurance code. The head of the Office of Insurance Regulation is the Director of the Insurance Regulation, who may also be known as the Commissioner of Insurance Regulation.”

Section 20.121,(3)(a),1, Florida Statutes

Insurance Regulatory Trust Fund

- The Office is administratively housed within the Department of Financial Services (DFS) for some administrative and technology support services.
- Office funding is appropriated directly by the Legislature from the Insurance Regulatory Trust Fund (IRTF).
- The Office is 100% Trust Funded and uses no General Revenue.

Past Budget vs. Current Budget

	FY 2007-2008	FY 2007-2008 adjusted	FY 2008-2009	FY 2009-2010	FY 2010-2011
FTE	315	314	314	300	290
OIR Budget	\$26,939,144	\$27,599,607	\$24,966,951	\$28,003,462	\$28,141,641

Beginning in 2009-2010, a recurring Special Category was funded in the amount of \$4.7 million in budget authority. This budget authority is used to outsource a portion of financial exams. Insurance companies reimburse the cost of the examinations, therefore the IRTF acts as a pass-through.

Compliance and Enforcement

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

➤ Salaries and Benefits	\$15,929,261
❖ Provides salaries and benefits for 255 FTE positions	
➤ Other Personal Services	\$150,000
➤ Operating Capital Outlay	\$2,000
➤ Expenses* includes \$1 million for office building rent	\$2,831,633
➤ Contracted Services	\$728,016
➤ Risk Management Insurance	\$121,462
➤ Transfers to DMS for HR Services	\$110,555
➤ Financial Exams (budget authority only)	\$4,701,763
➤ Public Hurricane Model Maintenance & Support	\$623,512

Executive Direction

This service provides overall direction in carrying out the Office'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.

➤ Salaries and Benefits	\$2,665,811
❖ Provides salaries and benefits for 35 FTE positions	
➤ Expenses	\$144,469
➤ Transfers to DMS for HR Services	\$15,449
➤ Contracted Services	\$117,710

Budget Reduction Options

Proposals that do not require statutory change:

1. Reduce Other Personal Services (OPS) - \$44,709 recurring
2. Reduce Base Expense - \$1,348,181 recurring
3. Reduce Contracted Services - \$404,724 recurring

Proposals that would require statutory change:

4. Discontinue Review and Approval of Insurance Policy Forms - \$1,083,729 Overall Reduction and 21 FTE Recurring
5. Florida Public Hurricane Loss Projection Model Maintenance and Support - \$623,512 Recurring Special Category

Questions?

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House Government Operations Appropriations Subcommittee

J. Thomas Cardwell

Commissioner

January 25, 2011



Office of Financial Regulation

MISSION

The mission of the Florida Office of Financial Regulation is to protect the citizens of Florida by carrying out the banking, securities and financial laws of the state efficiently and effectively and to provide regulation of business that promotes the sound growth and development of Florida's economy.



Office of Financial Regulation

- OFR reports to the Governor and Cabinet, sitting as the Financial Services Commission.
- OFR's budget is funded entirely from license and assessment fees paid by the industries we regulate.
- OFR receives no General Revenue dollars.
- Revenues are deposited into trust funds for the purpose of regulating our industries.



Office of Financial Regulation

OFR is comprised of four operational units:

- Division of Financial Institutions
- Division of Securities
- Division of Finance
- Bureau of Financial Investigations

These units are supported by Executive Direction, which includes the Commissioner's Office and the Office of Legal Services



Office of Financial Regulation

OFR's budget is funded entirely from license and assessment fees paid by the industries we regulate.

OFR's 2010-11 Budget

	FTE		Budget
Safety and Soundness	121.0	\$	12,336,211
Financial Investigations	64.0	\$	4,617,011
Executive Direction	35.0	\$	3,328,241
Finance Regulation	137.0	\$	15,803,555
Securities Regulation	97.0	\$	7,384,572
Total for OFR	454.0	\$	43,469,590

OFR's 15% reduction target for 2011-12 \$6,410,573



Office of Financial Regulation

15% Reductions for FY 2011-12

Priority	FTE	GR	Trust Fund	Impact
1			\$ (201,030) Eliminate Mortgage Broker Examinations (Finance)	Minimal: As a result of S.A.F.E. Act legislation passed at the federal and state level, the pre-licensure mortgage broker examination is conducted at the federal level and OFR no longer administers the examination effective October 1, 2010.
2			\$ (8,000) Cell Phone Plan Renegotiation	Minimal: Second reduction in cell phone plans
3			\$ (6,912) Reduce Equipment Leasing in Tallahassee (Securities)	Minimal: Reduction of one printer/copier
4	(1.0)		\$ (32,380) Reduce Administrative Support in Legal due to Realignment of Attorneys	Minimal: OFR realigned most of the attorneys in Tallahassee into the divisions they support. As a result, a single point of entry for the Legal office no longer exists and this position is no longer required.



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
5			\$ (500,000) Eliminate Money Services Business (MSB) Contract Examination Program	Minimal: The funding for contract examiners in the MSB program is no longer required. MSB is able to meet its statutorily required examination schedule using its existing resources based on the number of current registrants and new applications being received.
6			\$ (30,000) Reduce Replacement Equipment (Securities)	Moderate: This would preclude the Division from upgrading or replacing failing equipment which is critical to meeting the Division's mission of consumer protection. It would result in a decrease in the number of examinations or investigations into unlawful activity, and impact the Division's ability to conduct substantive review of applications within the statutory timeframes.



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
7			\$ (200,000) Reduce OPS (Finance)	Moderate: This reduction would impact the timely processing of applications for licensure, especially at peak periods, as well as imaging records for the Regulatory Enforcement and Licensing (REAL) System.
8			\$ (250,000) Reduce Finance Expense	Significant: This reduction will impact the Division's ability to conduct examinations by reducing travel for enforcement examinations, as well as general operating expenses for the entire division.
9			\$ (400,000) Reduce Contractual Services (Finance)	Significant: This would have an impact on consumers as well as the Division. These funds are used to pay bank charges for credit card transactions in Regulatory Review as well as operate the statutorily required Deferred Presentment Transaction database. The database helps protect consumers when using a payday lender. It would also impact certain operational contracts for the Division, such as equipment leases and maintenance.



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
10	(6.0)		\$ (259,139)	<p>Reduce Finance Administrative Support Staff</p> <p>Critical: The reduction of 6 administrative positions would impact the overall productivity of the Division, decreasing the number of examinations conducted and slowing the licensing process. This would force professional staff (supervisors, examiners and analysts) to perform the ministerial duties of the administrative staff.</p>



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
11	(11.0)		\$ (671,761)	Reduce Finance Examiners Critical: This reduction would substantially weaken the regulation and supervision of lenders licensed by OFR. During FY 2009-10, violations were found and action was taken in 42% of the examinations and complaint investigations conducted. Successfully deterring violations helps protect consumers and reduces bad business practices. When significant violations are identified, OFR revokes the license and the business is put out of operation. Reduced staffing for examinations would significantly impact oversight of the mortgage industry, and coupled with reductions in expenses, would eliminate priority examination issues such as loan modification sweeps to enforce new regulations, as well as consumer finance and installment sales examinations altogether. (11 of 53 examiners or 21%)



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
12			\$ (590,000)	<p>Reduce Division of Financial Institutions' Contract Examiner Program</p> <p>Critical: The citizens of Florida would be placed at risk if the Division was unable to examine state financial institutions as frequently as required by statute or economic conditions. Reduction of approximately half of the OPS Contract Examiner Program and related expenses would severely impact the Division's ability to carry out its primary goal of examining state financial institutions. It would result in the reduction of examiners that augment staffing needs when FTE are not sufficient to meet statutory workload requirements.</p>



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
13	(16.0)		\$ (885,229)	<p>Reduce investigations into fraudulent and unlicensed activity</p> <p>Critical: The reduction of 16 FTE represents 31% of the Bureau of Financial Investigation's staff. This would have a significant negative impact on financial security for Florida citizens and the industries OFR regulates. Currently, the Bureau has 466 open investigations involving approximately 15,600 potential victims. It is estimated that 40% - 45% of the current investigative priority case load could not be adequately investigated if 16 FTE are reduced. Fewer financial investigations would be worked, more suspected unlawful activity would not be investigated and victimization of consumers will increase.</p>



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
14	(10.0)		\$ (334,347) Reduce Administrative Staff (6 Tally, 4 Regions) in Securities	Critical: This reduction would impact the division's ability to protect investors. It would require that administrative functions be transferred to professional staff, would delay application processing and reduce the number of examinations conducted
15			\$ (49,192) Reduce OPS (Securities)	Critical: This would have a critical impact on investors and the Division by reducing their ability to obtain information in a timely manner.
16	(1.0)		\$ (41,184) Reduce Accounting Staff (Securities)	Critical: This would slow the regulatory functions of the Division, reducing the Division's ability to protect the public.



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund		Impact
17	(10.0)		\$ (653,254)	Eliminate 10 MSB examiners and reassign duties	Critical: This reduction would virtually eliminate the examination staff of the MSB bureau (10 of 14 or 71%), thus reducing the number of MSB examinations conducted. The focus would be on meeting the statutorily required examinations which would require shifting some of the required examinations to the Bureau of Finance Regulation, thereby reducing the number of examinations conducted in the mortgage fraud area.



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
18	(12.0)		\$ (736,173)	<p>Eliminate Finance Consumer Complaint and Industry Support staff</p> <p>Critical: Eliminating the Consumer Complaint staff would cause great harm to Florida consumers. During FY 2009-10, more than 3,900 consumer complaints were completed. Consumer complaints continue to increase as consumers struggle with rising unemployment, impacting their ability to repay mortgage loans or obtain mortgage modifications. Financial difficulties stimulate collection efforts, which also increases the consumer complaints received. The elimination of staff to handle industry calls related to licensing and compliance questions would delay responses, and would impact the Division's ability to assist consumers in making informed decisions.</p>



Office of Financial Regulation

15% Reductions for FY 2011-12 (Continued)

Priority	FTE	GR	Trust Fund	Impact
19			\$ (590,000)	Eliminate Division of Financial Institutions' Contract Examiner Program Critical: This would eliminate the balance of the OPS Examiner Program (Priority 12) and would place the citizens of Florida at risk if the Division was unable to examine state financial institutions as frequently as required by statute or economic conditions. Elimination of the OPS Contract Examiner Program and related expenses would severely impact the Division's ability to carry out its primary goal of examining state financial institutions. It would eliminate examiners that augment staffing needs when FTE are not sufficient to meet statutory workload requirements.
	(67.0)		\$ (6,438,601)	Total Reductions



Office of Financial Regulation

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FLORIDA LOTTERY

FY 2011-12 Schedule VIIIB Reductions

Target Reduction \$20.1 Million (15%)

	FTE Red.	Budget Impact	EETP Impact
Eliminate funding for Compulsive Gambling Program	0	\$ 1,119,000	\$ 0
Discontinue ITVM Leases	0	\$ 5,010,600	- \$ 11,257,335
Reduce Media Spending	0	\$ 10,942,590	- \$ 17,168,735
Reduce Advertising Agency Fees for Reduced Media Spending	0	\$ 1,094,259	\$ 0

In previously reported priority order



\$21 Billion
to Education
since 1988.

With you every step

FLORIDA LOTTERY

FY 2011-12 Schedule VIIIB Reductions

Continued

	FTE Red.	Budget Impact	EETF Impact
Eliminate Strategic Partnerships	1	\$ 835,720	- \$ 6,506,665
Eliminate Business Development Unit	5	\$ 453,071	- \$ 45,348,160
Discontinue ADA Compliance	10	\$ 630,817	- \$ 70,851,456
Total	16	\$ 20,086,057	- \$ 151,132,351

In previously reported priority order



\$21 Billion
to Education
since 1988.

With you every step



DEPARTMENT OF MANAGEMENT
Services

Shared Services Provider

15% Budget Reductions

January 2011

**Department of Management Services
Administrative Arm of Florida Government
– Shared Services Provider**

- Division of Retirement
- Division of State Group Insurance
- Division of Human Resource Management
- Division of State Purchasing
- Division of Real Estate Management & Development
- Division of Specialized Services
 - Federal Property Assistance
 - Private Prison Monitoring
 - Fleet Management (auto, aircraft, watercraft)
- Office of Supplier Diversity
- Division of Telecommunications

Administratively Housed at DMS

- Public Employees Relations Commission
- Commission on Human Relations
- State Employee Leasing – Enterprise Florida
- State Employee Leasing – Black Business Investment Board
- Governor’s Commission on Disabilities

-----Dotted Line to DMS-----

- Southwood Shared Resource Center
- Division of Administrative Hearings
- Agency for Workforce Innovation

15% Budget Reductions

	<u>General Revenue</u>	<u>Trust Funds</u>
15% Reduction Target	1,028,680	24,263,705
Reduction Amount	<u>1,160,312</u>	<u>29,068,029</u>
Exceeded Target	131,632	4,804,324

Reductions with No Impact \$1,817,000

- People First – Contract renegotiation savings - \$1,700,000
- State Group Insurance – Reduction to prescription drug claims administration - \$34,000
- State Group Insurance – Reduction in bank fees - \$17,000
- Fleet Management – Operating efficiencies - \$30,000
- Retirement – Valuation study not necessary per Auditor General - \$36,000

Reductions with Moderate Impact \$545,000

- **Contracted Services and Contracted Legal Services for potential employment law issues \$92,000**
- **Towing expenses to bring vehicles to auction site \$175,000**
- **Data Processing Services \$64,000**
- **Travel, training, wireless devices, Operating Capital Outlay, etc., \$70,000**
- **Maintenance and Repair for Private Prisons \$144,000**

Reductions with Severe Impact \$27.9M

- Reduce enhancements to the Statewide Law Enforcement Radio System \$465,000
- Reduce transfer to FDLE – Capitol Police \$1,000,000
- Discontinuation of Aircraft Operations \$1,500,000
- Reduction to MyFloridaMarketplace contract \$1,900,000
- Reduction to Operations and Maintenance of DMS Facilities Pool requiring closure of at least 5% of the facilities \$5,400,000
- Reduction to Administrative Services Only contract in Insurance Benefits Administration \$3,000,000
- Reduction to People First contract \$4,300,000
- Reduction to Data Processing Services \$922,000
- Operating Reductions to Retirement Benefits Administration \$1,200,000
- Employee Furloughs \$7,000,000
- Contracted Employee Furloughs \$400,000
- Various reductions to Expenses, Operating Capital Outlay (OCO), Other Personal Services (OPS) \$800,000

Reductions with Severe Impact

- Continued:
 - Would require approximately 47 furlough days for all employees to generate \$7,000,000 (15%) reduction. This would severely impact service delivery.

Reductions by Program

Program	GR	TF	Total Operating
Federal Property Assistance		47,796	47,796
Motor Vehicle / Watercraft Management		290,877	290,877
Office of Supplier Diversity		62,304	62,304
Building Construction		154,056	154,056
Aircraft Management	894,369	629,764	1,524,133
Charitable Campaign	2,550		2,550
Human Resource Management/People First		6,580,573	6,580,573
Private Prison Monitoring	204,981	143,938	348,919
Wireless Services – Statewide Law Enforcement Radio System		675,325	675,325
Executive Direction / Support Services	22,893	1,128,119	1,151,012
Telecommunications Services		1,559,901	1,559,901
Purchasing Oversight		2,966,176	2,966,176
Facilities Management		8,349,967	8,349,967
Insurance Benefits Administration		3,670,172	3,670,172
Retirement Benefits Administration	35,519	2,809,061	2,844,580
Total Reductions by Program	1,160,312	29,068,029	30,228,341

Programs Prioritized 2010-11 FY Appropriations

Lesser Priorities	FTE	GR	TF
Federal Property Assistance	5.0		319,425
Motor Vehicle / Watercraft Management	7.0		1,765,841
Office of Supplier Diversity	6.0		412,810
Building Construction	10.0		1,744,261
Aircraft Management	11.0	1,779,797	629,764
Charitable Campaign		17,000	
Core Mission			
Human Resource Management/People First	40.0		43,845,909
Private Prison Monitoring	14.0	1,368,228	959,588
Wireless Services – Statewide Law Enforcement Radio System	13.0		22,737,718
Executive Direction / Support Services	74.0	318,207	7,087,279
Core Mission and Best Value to the State			
Telecommunications Services	75.0		258,820,641
Purchasing Oversight	43.0		19,749,347
Facilities Management	292.5	4,500,000	102,864,231
Insurance Benefits Administration	23.0		24,635,047
Retirement Benefits Administration	194.0	16,778,499	19,584,747
Department Total	807.5	529,918,339	

OVERVIEW OF THE DIVISION OF ADMINISTRATIVE HEARINGS*

www.doah.state.fl.us

Mission: To provide a uniform and impartial forum for the trial and resolution of disputes in an efficient and timely manner.

ADJUDICATION OF DISPUTES PROGRAM

Resolves disputes between private citizens and organizations and agencies of the state.

- Authorized by Chapter 120, Florida Statutes.
- 68 FTE – 1 Chief Judge, 1 Deputy Chief Judge, 33 Administrative Law Judges and 33 staff.
- FY 10-11 budget: \$8.6 million
- Only 5% of the agency's budget supports administrative activities.
- 100% Trust Funded.
- Funded through transfers from state agencies, contracts with outside entities, and administrative assessment from the Workers' Compensation Appeals Program.
- FY 09-10 cases filed: 6,901, a 6% increase from FY 08-09. Scheduled 87% of cases for hearing within 90 days of filing, and closed 80% of cases within 120 days of filing.
- Recent jurisdiction expansions include child support and paternity cases, Medicaid waiver cases, and Senate claim bills.

WORKERS' COMPENSATION APPEALS PROGRAM

Resolves disputes between workers and their private or public employers arising from job-related injuries.

- Authorized by Sections 440.25 and 440.45, Florida Statutes.
- 198 FTE – 1 Deputy Chief Judge, 32 Judges of Compensation Claims, 32 Mediators and 133 staff.
- FY 10-11 budget: \$18.2 million
- 100% Trust Funded.
- Funded through transfers from the Workers' Compensation Administration Trust Fund (WCATF), of the Department of Financial Services. The WCATF is supported by a .98% percent assessment rate on insurance premiums.
- FY 09-10 petitions filed: 67,981, an 8% decrease from FY 08-09. Closed 83% of petitions within statutory timeframe.
- FY 09-10 mediations held: 19,864. Held 94% of mediations within 130 days.
- FY 09-10: Collected \$10.2 million, or 56% of total budget, in outstanding child support arrearages.

* Per Section 120.65, Florida Statutes, the Division of Administrative Hearings is administratively attached to the Department of Management Services (DMS), but is not subject to the control, supervision, or direction by DMS in any manner, including, but not limited to, personnel, purchasing, transactions involving real or personal property, and budgetary matters.

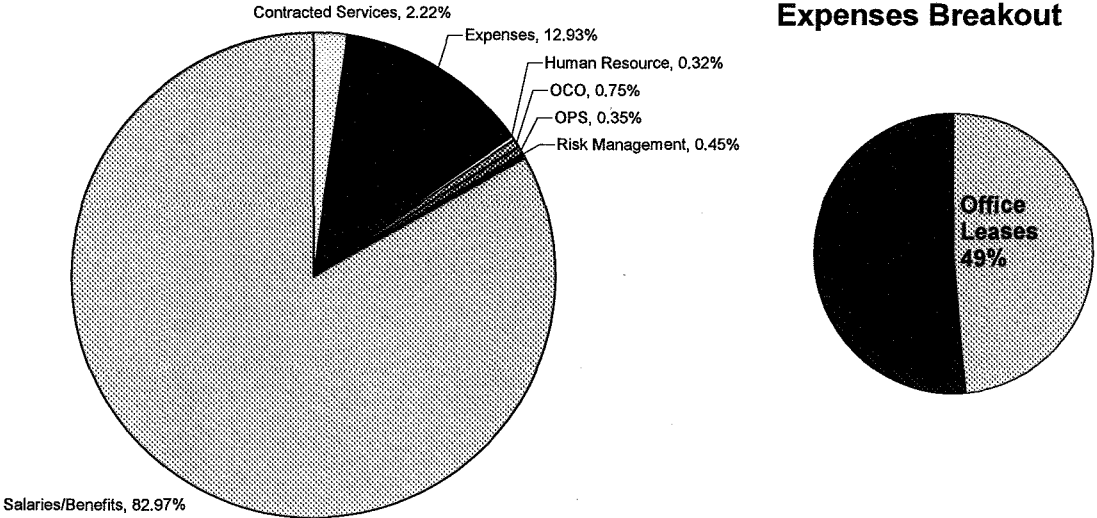
Division of Administrative Hearings
FY 2011-12 Budget Reduction Proposals
15% Target Amount: \$0 GR \$3,982,464 TF

<i>Issue</i>	<i>FTE</i>	Recurring General Revenue	Recurring Trust Fund Amount	Issue	Impact
1		0	-10,000	Reduce Temporary Employment - Adjudication of Disputes	Minimal impact on this program's operations. Reduces the Other Personal Services category.
2		0	-10,889	Reduce Temporary Employment - Workers' Compensation Appeals	Minimal impact on this program's operations. Reduces the Other Personal Services category.
3		0	-21,520	Reduce Allocation for Expenditures - Adjudication of Disputes	Moderate impact on this program's operations. Reduces Expenses and Contracted Services categories.
4		0	-100,469	Reduce Allocation for Expenditures - Workers' Compensation Appeals	Moderate impact on this program's operations. Reduces Expenses, Operating Capital Outlay and Contracted Services categories.
5		0	-127,860	Eliminate Security Guard Overtime - Workers' Compensation Appeals	Significant impact on this program's operations by restricting security guards in the seventeen district offices to work no more than 40 hours per week.
6	-9	0	-1,251,784	Workforce Reduction - Adjudication of Disputes	Significant impact on this program's ability to fulfill its mission. Reduces this program's workforce by (13)%
7	-28	0	-2,459,942	Workforce Reduction - Workers' Compensation Appeals	Significant impact on this program's ability to fulfill its mission. Reduces this program's workforce by (14)%
	-37	0	-3,982,464		

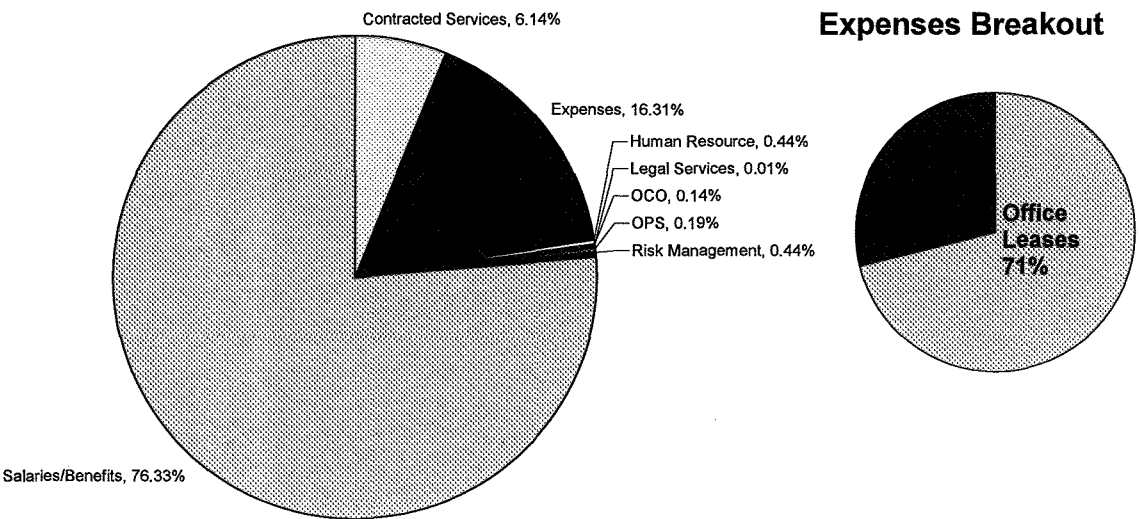
**DIVISION OF ADMINISTRATIVE HEARINGS CUTS
(FY 2003-04 to FY 2010-11)**

	<u>FTE</u>	<u>AMOUNT</u>
FY 2003-04	(2.0)	(\$194K)
FY 2004-05	(3.0)	(\$231K)
FY 2005-06	(7.0)	(\$291K)
FY 2006-07	(1.0)	(\$31K)
FY 2007-08	(2.0)	(\$291K)
FY 2008-09	(1.0)	(\$234K)
FY 2009-10	0.0	(\$514K)
FY 2010-11	<u>0.0</u>	<u>(\$153K)</u>
TOTAL RECURRING CUTS	<u>(16.0)</u>	<u>(\$1.9M)</u>

Division of Administrative Hearings FY 2010-11 BASE BUDGET Adjudication of Disputes Program

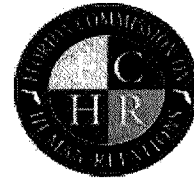


Workers' Compensation Appeals Program



FLORIDA COMMISSION ON HUMAN RELATIONS

15% REDUCTION PROPOSAL - FY 2011-2012



*Chair: Dr. Donna Elam **** Executive Director: Derick Daniel **** 850-488-7082*

FY 2010-11 Budget: GR \$3,209,824 / TF \$1,176,955

Positions: 53.5

Target Reduction Amount - GR \$350,737 /TF \$5,100

Target Reduction Amount Offered - GR \$380,503 /TF \$(47,562)

Priority #1: Trust Fund Revenue - \$5,100 Operating Trust Fund

- In the event of a shortfall during Fiscal Year 2010-11, \$5,100 can be deducted from the Commission's Operating Trust Fund. The revenue associated with this reduction item is derived from the 55 and older program pursuant to the Federal Register 24 CFT part 100 and ss. 760.24-760.37, F.S.

Priority #2: Reduce OPS Funding - \$21,002 General Revenue

- Will negatively affect the Commission's ability to pay Commissioner Honoraria as statutorily required (s. 760.03(6), F.S.)
- Allows the Commission to address recent audit findings in Auditor General Report No. 2009-078, which stated that there should be a separation of duties regarding the collection, recording, depositing and reconciliation of collected revenues at the Commission
- Allows the Commission to address peak workload issues as they pertain to the investigative process and a high rate of turnover in this area due to low salaries, increasingly heavy workloads and the stressful nature of the job.
- Without the ability to cover critical workload needs, the Commission's performance will be adversely affected and statutory timelines for completing investigations will be difficult, if not impossible, to meet. Delays in timely completing investigations can result in increased issuance of rights to sue to complainants, who in turn, lead to an increased burden on and cost to the state's court system; increased costs to businesses (attorney fees, court awards) and increased costs to the state risk management trust fund.

Priority #3: Eliminate Expense Budget - \$52,670 General Revenue

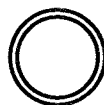
- During the last six years, the Commission has implemented many efficiency measures in order to save costs, including reducing leased office space and negotiating a lower per square footage rate with its private landlord instead of renting space at a more costly, state-owned building. The Commission currently occupies 6,000 square feet compared to 18,000 square feet during Fiscal Year 2008-09 (a 67% reduction in office space needs). Many of the Commission's employees now share office space and the Commission has resorted to using telecommuting (over 50% of its employees) in order to alleviate the impact of the reduced space.
- Other efficiency measures implemented by the Commission over the past several years include: reduction in the number of multifunctional copiers; decreased purchases of office supplies; elimination of most wireless devices and cell phones; no out-sourced printing (all documents are now web-based or on CD); no travel reimbursements; elimination of Comcast cable subscriptions; and only internally-provided staff training.

Priority #4: Fund Shift a position from the General Revenue Fund to the FCHR Operating Trust Fund - \$52,562

- The Operating Trust Fund has experienced negative cash flow issues in the past. Federal funds are received from the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Housing and Urban Development (HUD) for employment and housing cases that the Commission investigates and closes. This is a reimbursement process. The number of cases referred to the Commission varies each year and, therefore, the amount annually reimbursed to the Commission fluctuates from year to year. In addition, the date the Commission actually receives the federal reimbursements is unpredictable, as the federal agencies undergo administrative changes or experience Congressional funding delays.
- These factors have contributed to the rapid decline of the Commission's trust fund balance over the past few years. The trust fund balance reached its lowest point ever (\$12,000) during the 4th quarter of Fiscal Year 2008-09, forcing the Commission to "borrow" funds (approximately \$300,000) from another state agency in April in order to avoid staff layoffs and continue operating until the end of the fiscal year. Almost 30% of the Commission's budget over the last five years has come from trust fund dollars. Given the variation in the annual amounts reimbursed and the uncertainty of when the federal funds will be received, relying on trust fund dollars to continue to substantially support the Commission's operations is not feasible.

Priority #5: Eliminate Positions - \$254,269

- The Commission has exhausted all other efficiency reductions. The only other budget category to review for reduction targets is the Salaries and Benefits Category
- Includes the elimination of 2 filled positions and 3 vacant positions
- The positions are necessary for various operational requirements
- Areas affected: Human Resources Management, state property coordination and accountability, internal education and training coordination (the commission must continue to provide training internally as funds are not available for outside training), and the training of other state agencies and businesses regarding the requirements of Chapter 760, F.S. so that agencies and businesses are well informed about ways to avoid costly litigation.



PUBLIC EMPLOYEES RELATIONS COMMISSION

2011-12 15% REDUCTION PLAN

**Prepared for the
HOUSE GOVERNMENT OPERATIONS
APPROPRIATIONS COMMITTEE**

Jurisdiction and Authority



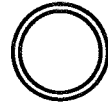
LABOR

- **Labor Cases**
 - Art. I, s. 6, Fla. Const.
 - Ch. 447, Part II, Fla. Stat.
- **Other Labor Functions**
 - Union Registrations
 - Union Elections
 - Collective Bargaining Impasse Resolution

EMPLOYMENT

- **Career Service Appeals**
 - Art. III, s. 14, Fla. Const.
 - ss. 110.227, 447.207, Fla. Stat.
- **Other Employment Cases**
 - Veterans' Preference Appeals
 - Drug-Free Workplace Act Appeals
 - Age Discrimination Appeals
 - Forced Retirement Appeals
 - Whistle Blower Act Appeals

Outcomes

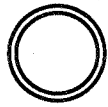


FY 2009-2010

- 17%: Increase in case filings since 2008-09
- 99%: Cases closed within legislatively-imposed time frames
- 100%: Commission affirmed by the appellate courts or cases dismissed/withdrawn by parties on appeal

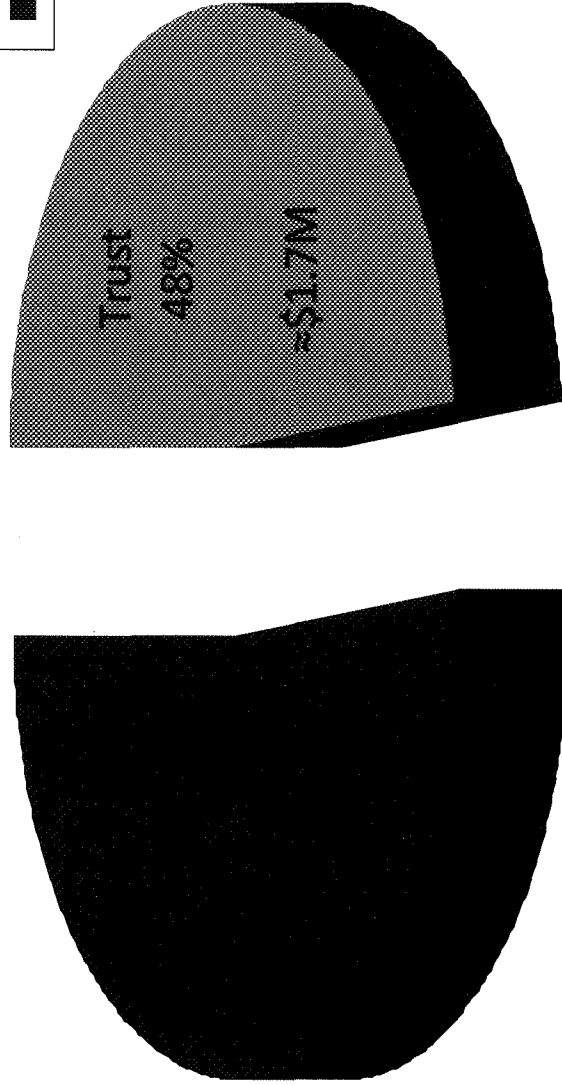


Budget Overview



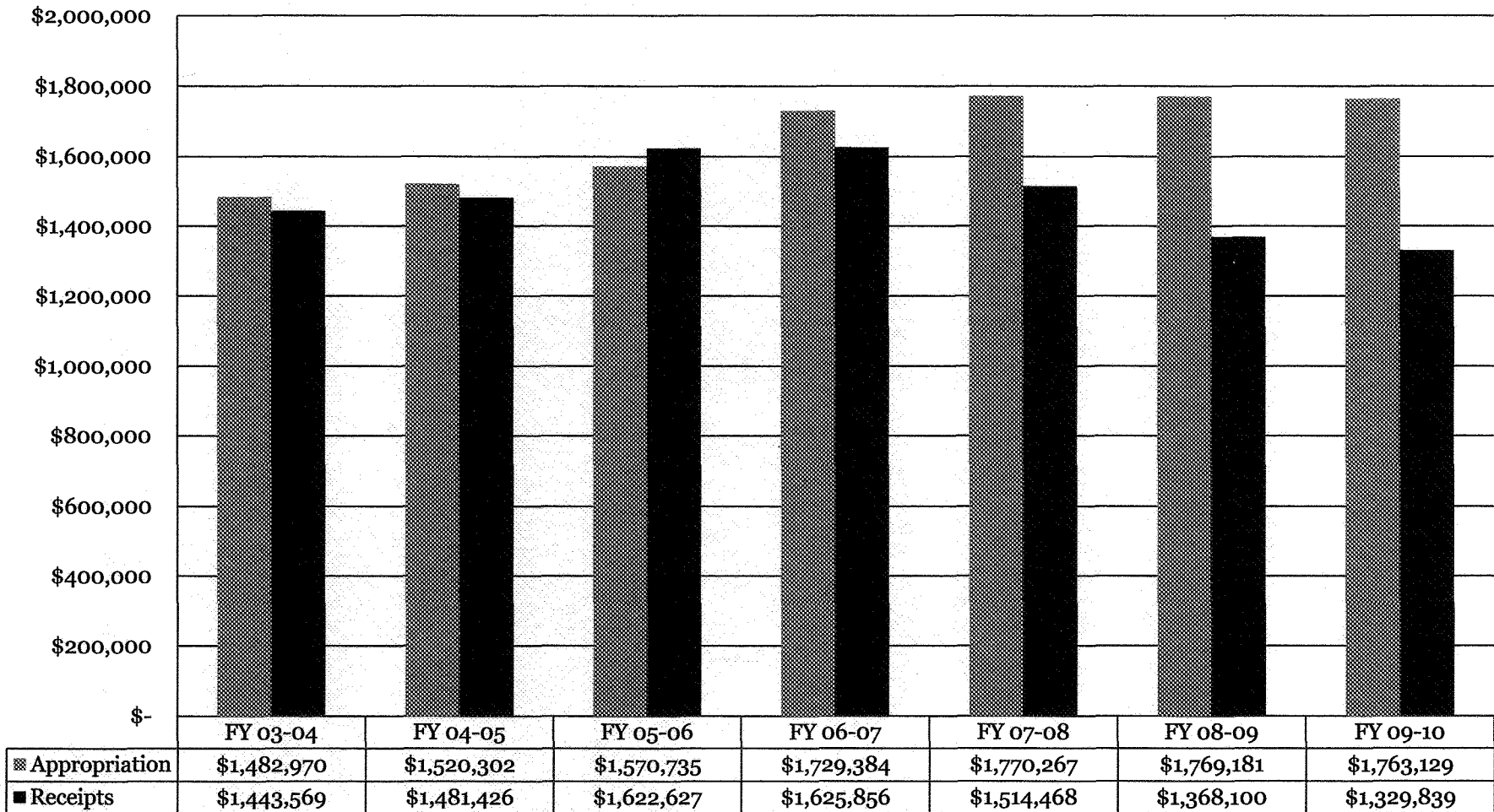
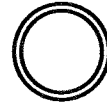
2010-2011 Legislative Appropriation

Total: \$3.55M / 28 FTE

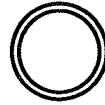


*Includes \$400,000 in nonrecurring funds to compensate for revenue shortfalls in Trust Fund

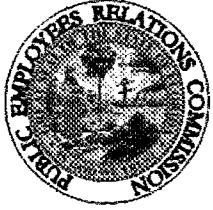
Trust Fund: Appropriations vs. Receipts



Cost Savings Measures



- ◆ Consolidated and Reduced State-Owned Leased Space by 14%
- ◆ Implemented ePERC – electronic filing system
- ◆ Implemented digital recordings to eliminate court reporters at agency expense
- ◆ Eliminated OPS administrative and legal staff support
- ◆ Reduced printing, paper and postage expense
- ◆ Reduced cell phone and Blackberry expense (less than \$100 per mo.)
- ◆ Reduced number of phone lines by 39%
- ◆ Reduced maintenance costs for equipment
- ◆ Implemented a freeze on ALL discretionary spending



Public Employees Relations Commission

15% Reduction Plan

2010-2011 Base Budget

GENERAL REVENUE	CATEGORY	TRUST FUND
\$ 1,683,533* (92%)	SALARIES/ BENEFITS	\$ 1,222,982 (71%)
\$ 9,277	OPS	\$ 53,628
\$ 27,587	EXPENSES	\$ 355,560 (21%)
\$ 7,399	OCO	\$ 5,721
\$ 35,070	Special Category CONTRACT SRVCS	\$ 32,500
\$ 14,952	Special Category RISK MANAGEMENT	\$ 21,921
\$ 34,314	Special Category ADMIN. OVERHEAD	\$ -----
\$ 6,987	Special Category HR SERVICES	\$ 6,024
\$ 14,719	Special Category DP SERVICES	\$ 19,127
\$ 1,833,838	TOTAL	\$ 1,717,463

Target Reduction (\$468,106)

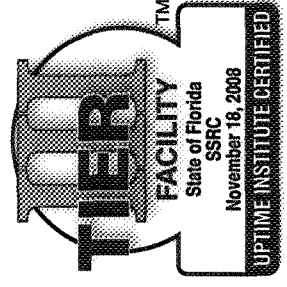
- Reduce Salaries & Benefits by 18%
 - Across the board furloughs or
 - Cut approximately 1/4 of staff
- Reduce OCO by 24%
- Reduce Administrative Overhead paid to DMS by 21%
- Reduce OPS Budget by 13%
- Reduce Contractual Services by 9%
- Reduce Expense by 3%

*Includes \$400,000 in nonrecurring funds to compensate for revenue shortfalls in Trust Fund



Schedule VIII-B Reductions

FY 2011/12



Reduction of Trust Fund in Operational Categories

- These are projected reductions across all funding categories resulting from proposed consolidation and standardization efforts, a computing on demand concept, removal of the graphics service, deletion of one staff augmentation position, reduced operating plans and a shift of base budget indirect costs to future customers.

• Working Capital Trust Fund Budget	\$21,440,480
• 15% Target	\$3,216,072
• Identified Reductions Total	\$3,216,072



Mainframe Software Consolidation

- Mainframe software is currently being reviewed for consolidation and may net a savings of \$700,000. Mainframe software currently costs over \$4 m. Very optimistic estimates anticipate savings up to 18%. If any one mainframe customer balks at the consolidation or if estimated savings from software vendors is unrealized then these savings could dramatically reduce to less than \$400,000.



Minimal Operating Plan

- This savings projection of \$611,600 represents a minimal operating budget. The risk would be the inability to absorb new unplanned service costs, emergency or equipment replacement (refresh) costs to maintain production, and infrastructure investments to support consolidation and standardization initiatives.



Delete Graphics Section

- This savings of \$163,305 is result of transferring the Graphics Department from the SSRC to Executive Order of the Governor (EOG).



Delete Staff Augmentation Position

- This saving of \$161,700 is the result of elimination of one Oracle Data Base Administrator contractor position.



Shift of Indirect Costs

- This estimated cost shift of \$300,000 is the result of indirect costs shifting from current base budget customers to new customer agencies Department of Corrections (DOC) & Department of Transportation (DOT) costs. This estimate could vary greatly depending on costs and utilizations brought into the SSRC by these new customers.



Utility Computing Initiative

- This estimated savings of up to \$600,000 may result from the implementation of utility (capacity on demand) computing. The estimate is based on 1,500 servers including current managed systems, Shared Transitional Service (STS), DOC and DOT servers with a reduced operating cost savings per server of \$400. This utility computing concept is in its initial development stage. Therefore, there are numerous unknown design and implementation time factors, vendor pricing and costs. This optimistic estimate could be negatively impacted by the final design, pricing and costs.



Distributed Systems Infrastructure Consolidation

- This estimated savings of up to \$679,467 may result from the implementation of data center wide consolidation of hardware and software across Windows, Oracle, Storage (Storage-Across-Network (SAN)) and Backup production platforms. Each of these platforms could realize over \$100,000 in savings through consolidation and standardization. These savings would be contingent upon cooperation by the affected agencies and their ability to modify production applications to run in the standardized environment if needed. Additionally, in order to realize these future savings an up-front investment to build the standardized infrastructure for these disparate systems would be required.



Governor's Commission on Disabilities & Clearinghouse on Disability Information

Since its inception, the Governor's Commission on Disabilities has worked diligently to break down the barriers faced by the approximately 7 million citizens with disabilities throughout Florida. The Commission has implemented several programs aimed at reducing a person with a disability's dependence on the State and Federal Government for his/her life. One example is the College Transition Program that enables young people with developmental disabilities to attend college and secure competitive employment.

In Fiscal year '08 – '09, the Commission and Clearinghouse had a total beginning budget of \$703,076.00 with 7 FTE. In Fiscal year '10 – '11, the Commission and Clearinghouse have a budget of \$463,693 with a TF of \$107,426 in authority only, approximately \$14,000 in actual funds and 5 FTE. Over that time period, our responsibilities have increased substantially. With our reduced funding, we can continue to perform our essential functions. With any further reductions, we will not be able to do so.

	FTE's	Recurring GR	Recurring TF	Total	15% GR	15% TF		
Governor's Commission on Disabilities	5	\$463,693	\$107,426 (Authority Only) Actual \$14,550.76	\$571,119	\$69,554	\$16,114		

The Department of Management Services (DMS) provides administrative support on a reasonable and as needed basis for Planning and Budgeting services, Financial Management services (including Property Asset Management), Human Resources services, Mail Room operations, and Purchasing services to the Governor's Commission on Disabilities (GCD). This Program is authorized by the Office of the Governor Executive Order Number 08-193 and operates independent of DMS.

BUDGET INFORMATION: This issue requests a General Revenue reduction in Salaries and Benefits of \$43,379, Expenses of \$11,562, Special Categories: Contracted Service of \$7,907, Special Categories: Administrative Overhead of \$4,311, Data Processing Services – SSRC of \$2,663, and a Trust Fund reduction in Expenses of \$16,114.

General Revenue (1000)

Salaries and Benefits (010000)	(43,379)
Expenses (040000)	(11,562)
Special Categories: Contracted Services (100777)	(7,907)
Special Categories: Administrative Overhead (105002)	(4,311)
Data Processing Services – SSRC (210021)	(2,663)

	(69,822) FSI=1
	=====

Operating Trust Fund (2510)

Expenses (040000)	(16,114) FSI=1
	=====

Florida Public Service Commission

**FY 2011-12 Schedule VIII B-2 Review
House of Representatives
Government Operations Appropriations
Committee**

**Tim Devlin
Executive Director
January 25, 2011**

Public Service Commission

Funding

- ❑ **The FPSC is a Legislative Agency and 100% Trust Funded for Recurring Budget.**
- ❑ **Temporary Federal Funding through the American Reinvestment & Recovery Act of 2009 (ARRA) through September 2013.**
- ❑ **No General Revenue.**
- ❑ **323 FTE**
- ❑ **Salaries/Benefits = 80% of Budget**

Public Service Commission

Regulatory Authority

- The FPSC exercises regulatory authority over utilities in three (3) key areas:
 - I. Competitive market oversight entails facilitating the development of competitive markets, where directed by statute, and addressing issues associated with those markets.
 - II. 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.
 - III. Consumer protection, safety, reliability, and service involves answering, investigating and responding to consumer contacts; distribution of materials to educate and inform consumers regarding utility matters; independent field testing of telecommunications companies' service; and safety inspections of gas systems and electric construction confirming that services are provided in a safe, reasonable, and timely manner.

Summary of Schedule VIII B-2 Issues by Key Areas

Category	# of Issues	Amount	FTE Reduction
Competitive Market Oversight	4	\$740,856	10
Rate Base / Economic Regulation	4	\$703,039	11
Consumer Protection, Safety, Reliability, and Service	9	\$1,794,017	24
Administrative and Support Staff	2	\$876,250	14
	Totals	\$4,114,162	59

Public Service Commission

Competitive Market Oversight

Elimination of these activities may mean that the commission is unable to respond meaningfully to consumer billing complaints, that consumers may be charged more than expected and not receive services desired. Information regarding the telecommunications market, competition within the market as well as Lifeline and TASA statistics, would no longer be available. Competitors may be disadvantaged and leave the market making the industry less competitive resulting in higher prices and less competition.

Title	Priority Number	Amount	FTE Reduction
Eliminate Filing and Review of Interexchange Telecommunications Company Tariffs	1	\$ 63,522	1
Eliminate the Production of the Report to the Legislature on Status of Competition in the Telecommunications Market, the Annual Lifeline Report, and the Annual Telecommunications Relay Access System Act (TASA) Report.	2	\$182,398	3
Eliminate Monitoring and Evaluation of Wholesale Telecommunications Services	5	\$189,888	2
Decline to Process Arbitration Requests That Could be Arbitrated by the Federal Communications Commission	8	\$305,048	4
Category Totals		\$740,856	10

Public Service Commission

Rate Base/Economic Regulation

Reductions in these activities would limit research of technologies that could provide alternative fuel resources and would reduce energy efficiency and conservation. Quality and efficiency in the audit and safety programs may be negatively impacted as a result of reducing field staff. Consumers will have less direct contact with Commissioners if meetings are held in Tallahassee versus service territories. Overearnings may go undetected for some period of time if surveillance reviews are reduced.

Title	Priority Number	Amount	FTE Reduction
Reduce the Public Service Commission's Field Office Staff	10	\$243,248	4
Reduce the Number of Customer Meetings and Service Hearings and Hold in Tallahassee Versus Service Territory	11	\$187,066	3
Reduce Frequency of Surveillance Report Reviews	12	\$118,044	2
Reduce Oversight of Cost Recovery Clauses	18	\$154,681	2
Category Totals		\$703,039	11

Public Service Commission

Consumer Protection, Safety, Reliability, and Service

Florida's consumers will be less informed on utility-related matters such as energy and water conservation, and the Linkup and Lifeline discount programs, if hardcopy distribution of materials and consumer outreach efforts are reduced. If telephone service evaluations are eliminated, service quality will decline and consumers will face increased delays in installation and repair times, as well as difficulty accessing 911 emergency services. Consumer complaint resolution times and the number of unresolved complaints will increase if the call center is eliminated.

Title	Priority Number	Amount	FTE Reduction
Reduce Hard Copy Distribution of Consumer Educational Brochures and Materials	3	\$129,860	2
Reduce Consumer Outreach	4	\$141,348	2
Eliminate Pay Telephone Evaluations, 911 Test Calls, Testing of Prepaid Calling Cards and Pole Inspections	6	\$129,794	2
Eliminate Service Evaluations	7	\$144,812	2
Eliminate the Public Service Commission's Consumer Call Center	9	\$418,968	6
Reduce the Number of Gas Safety Inspections	14	\$166,622	2
Reduce the Number of Electric Safety Inspections	15	\$164,943	2
Reduce Customer Complaint Handling	16	\$325,877	4
Reduce Information Technology Support	17	\$171,793	2
Category Totals		\$1,794,017	24

Public Service Commission Summary

- ▣ 100% Trust Funded Recurring Budget
- ▣ Minimal remaining flexibility with budget.
- ▣ 15% Reduction = Loss of 59 FTE



**Florida House of
Representatives
Government Operations
Appropriations
Subcommittee**

January 25, 2011

**Presented by
Lisa Vickers
Executive Director
Florida Department of Revenue**

Department of Revenue

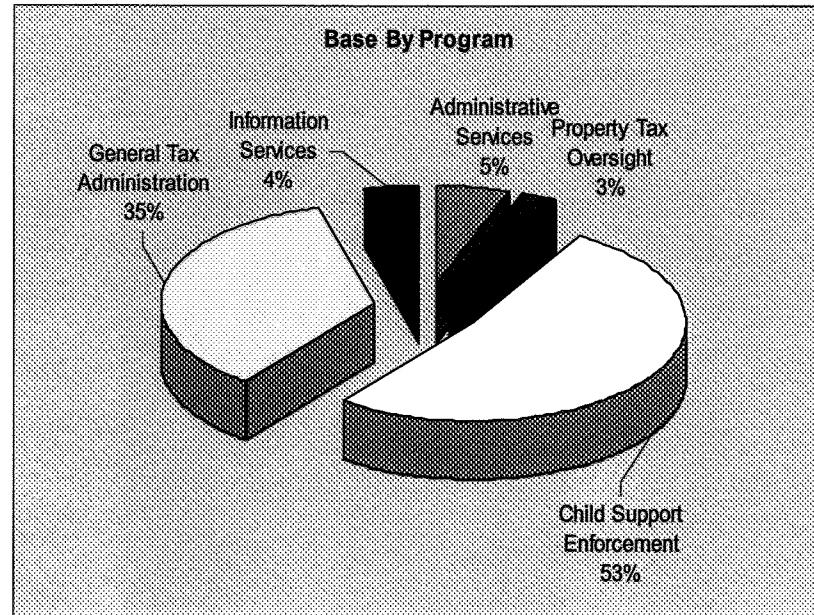
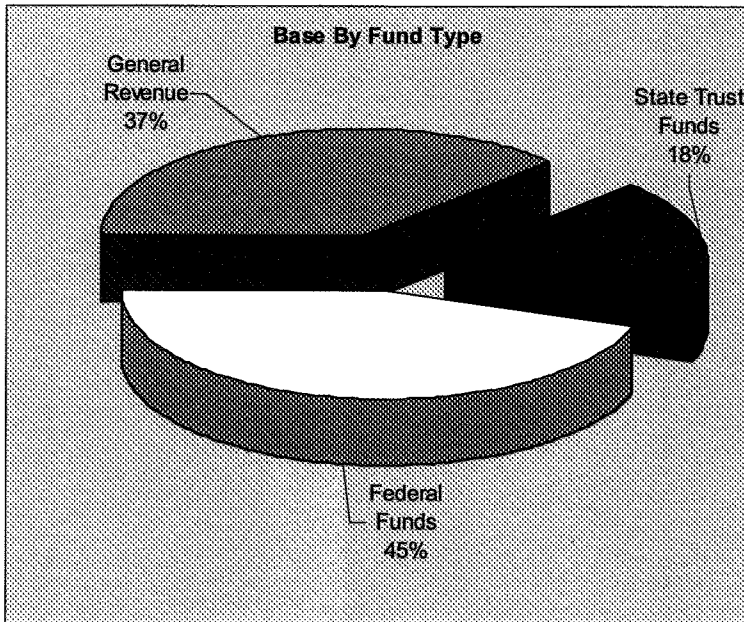
Fiscal Year 2011-12 Base Budget Review – Agency Summary

The Department of Revenue has three primary roles: (1) collect and distribute taxes, (2) enforce child support laws, and (3) oversee Florida's property tax administration in the State.

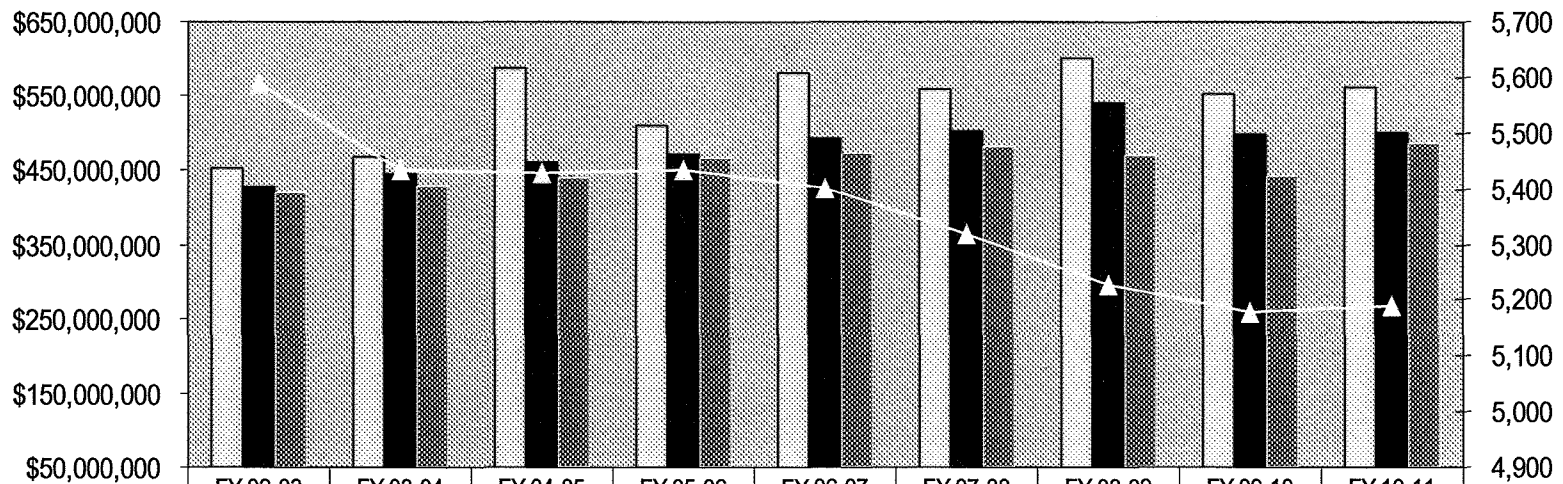
	FTE	Recurring Base	Nonrecurring	Total
Fiscal Year 2010-11 Appropriations:	5,189.0	485,195,856	75,396,305	560,592,161

Agency Funding Overview	Base Budget FY 2011-12*				
Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
1 Administrative Services	263.00	12,132,932	6,090,150	8,174,231	26,397,313
2 Property Tax Oversight	176.00	12,503,550	1,566,107	0	14,069,657
3 Child Support Enforcement	2,288.00	64,337,750	4,322,814	184,441,820	253,102,384
4 General Tax Administration	2,233.00	86,012,421	64,122,906	21,952,451	172,087,778
5 Information Services	183.00	6,852,799	10,870,992	2,678,454	20,402,245
6 Total	5,143.00	181,839,452	86,972,969	217,246,956	486,059,377

* Base budget differs from the FY 2010-11 appropriation as the base budget does not include any nonrecurring funds but does include annualizations and other adjustments.



Department of Revenue Historical Perspective Fiscal Years 2002–03 to 2010-11



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Total Appropriations	\$452,389,142	\$469,344,602	\$588,857,182	\$511,433,401	\$581,179,710	\$559,226,628	\$600,976,449	\$552,043,963	\$560,592,161
Operating Appropriation	\$427,610,466	\$445,647,668	\$462,050,692	\$473,149,986	\$495,522,091	\$504,078,767	\$540,692,346	\$499,136,383	\$500,935,305
Recurring Base Appropriation	\$419,438,963	\$428,757,458	\$440,006,882	\$467,341,881	\$472,927,686	\$481,268,040	\$469,756,932	\$442,326,922	\$485,195,856
FTE	5,587	5,435	5,428	5,433	5,401	5,321	5,227	5,178	5,189

Note:

Total Appropriation equals everything

Total Operating Appropriation equals Total Appropriation minus pass throughs, DOAH, RM, & HR

Total Recurring Base Appropriation equals Total Operating Appropriation minus non-recurring dollars (CAMS, collection analytics, CCOC move, GTA and CSE positions and tax amnesty)

Department of Revenue Quick Facts

Department Level

- 5,189 FTE (EXE – 262, CSE – 2,309, GTA – 2,259, ISP – 183, PTO – 176)
- 55 sites in Florida; 7 out of state sites
- Reduced lease space by 180,000 sq. feet between July 2007 and July 2011 / Reduction of 31 sites/leases

Child Support Enforcement

- 2,309 FTE / 41 service sites
- Provides service to more than a million children
- Over 860,000 child support cases
- Assists in establishing paternity for more than 90,000 children statewide annually
- Over \$1.48 billion annually in child support payments of which 90% is from enforcement actions
- Collects 66% of amount due in child support annually
- Call center activity - Approximately 1.7 million calls responded to annually through call center agents on the toll free help lines

General Tax Administration

- 2,259 FTE / 23 service sites / 7 service sites in 6 other states
- 32 taxes administered
- 7.2 million returns filed annually
- Collects over \$30 billion annually in taxes and fees
- Processes over \$6 billion in receipts for 5 other state agencies annually as well as the Clerk of Court Remittances
- Distributes over \$1.7 billion in discretionary sales surtax collections annually to 234 local jurisdictions, including counties, cities, and school districts
- Call center activity - Responds to approximately 1.2 million calls annually through call center agents on the toll free help lines

Property Tax Oversight

- 176 FTE / 7 service sites
- Over 11.2 million parcels
- \$1.93 trillion total market value
- \$1.78 trillion total assessed value
- Reviews the property tax roll for each of Florida's 67 counties every year
- Provides education, assistance, and certification to 742 local government entities every year
- 1,766,236 website visits

Executive Direction and Support Services

	FTE	General Revenue	State Trust Fund	Total Reduction Amount
Reduction target		(\$1,565,474)	(\$729,721)	(\$2,295,195)
Schedule VIII B reductions				
Reduce CCOC rent		(\$194,184)		(\$194,184)
Awards reduction		(\$44,000)		(\$44,000)
Eliminate 2 positions in EXE	(2.00)	(\$90,000)		(\$90,000)
Total LBR reductions	(2.00)	(328,184)		(328,184)
Over/under target		(\$1,237,290)	(\$729,721)	(\$1,967,011)
Possible additional reductions - minimal / moderate impact				
Expense reduction		(\$7,000)		(\$7,000)
Reduction in travel expense within the EXE program		(\$15,000)		(\$15,000)
Cumulative reduction total	(2.00)	(\$350,184)		(\$350,184)
Over/under target		(\$1,215,290)	(\$729,721)	(\$1,945,011)
Position reductions to meet target				
Position elimination	(28.00)	(\$1,215,290)	(\$729,721)	(\$1,945,011)
Over/under target		\$0	\$0	\$0

Information Services Program

	FTE	General Revenue	State Trust Fund	Total Reduction Amount
Reduction target		(\$1,024,620)	(\$1,617,755)	(\$2,642,375)
Schedule VIIIB reductions				
Reduce OCO			(\$250,000)	(\$250,000)
Eliminate consultant contract services for Sharepoint			(\$200,000)	(\$200,000)
Eliminate DMS 9% contract management administrative fee for Siemens STEPS Southwood telecommunications contract.			(\$110,261)	(\$110,261)
Total LBR reductions			(560,261)	(560,261)
Over/under target		(\$1,024,620)	(\$1,057,494)	(\$2,082,114)
Possible additional reductions - minimal / moderate impact				
Eliminate telecommunications consultant contract			(\$189,739)	(\$189,739)
Cumulative reduction total			(\$750,000)	(\$750,000)
Over/under target		(\$1,024,620)	(\$867,755)	(\$1,892,375)
Possible additional reductions - significant impact				
Elimination of Quality Assurance supporting software			(\$42,320)	(\$42,320)
Eliminate consultant contract services for ABAP			(\$200,000)	(\$200,000)
Cumulative reduction total			(\$992,320)	(\$992,320)
Over/under target		(\$1,024,620)	(\$625,435)	(\$1,650,055)
Position reductions to meet target				
Position elimination	(27.00)	(\$1,024,620)	(\$625,435)	(\$1,650,055)
Over/under target		\$0	\$0	\$0

Child Support Enforcement

	FTE	General Revenue	State Trust Fund	Federal Trust Fund	Total Reduction Amount
Reduction target		(\$9,578,784)	(\$772,087)	(\$20,092,868)	(\$30,443,739)
Schedule VIII B reductions					
Statutory change to allow use of certified mail (remove restricted delivery) for administrative paternity and/or support actions (annualization)		(\$26,311)		(\$51,074)	(\$77,385)
Statutory change to allow noticing via regular mail (annualization)		(\$16,978)		(\$32,957)	(\$49,935)
Statutory change to require certain employers to electronically report new hire data		(\$17,372)		(\$33,722)	(\$51,094)
Reduction in staff augmentation contract costs		(\$23,717)		(\$46,040)	(\$69,757)
Northwood Shared Resource Center (NSRC) reduction - pro rata share of NSRC reduction		(\$117,234)		(\$227,572)	(\$344,806)
Proportional expense reduction for Miami-Dade and Manatee Demonstration Projects		(\$18,680)		(\$36,260)	(\$54,940)
Recurring expense reduction		(\$102,000)		(\$198,000)	(\$300,000)
Total of LBR reductions		(\$322,292)		(\$625,625)	(\$947,917)
Over/under target		(\$9,256,492)	(\$772,087)	(\$19,467,243)	(\$29,495,822)
Possible additional reductions - minimal / moderate impact					
Reduce cost of private leases by consolidating offices		(\$56,794)		(\$110,247)	(\$167,041)
Reduce purchase of service budget due to contract renegotiations		(\$51,000)		(\$99,000)	(\$150,000)
Eliminate federal option to require cooperation for food assistance only applicants	(15.00)	(\$224,848)		(\$436,471)	(\$661,319)
Cumulative reduction total	(15.00)	(654,934)		(1,271,343)	(1,926,277)
Over/Under target		(\$8,923,850)	(\$772,087)	(\$18,821,525)	(\$28,517,462)

Child Support Enforcement continued

	FTE	General Revenue	State Trust Fund	Federal Trust Fund	Total Reduction Amount
Reduction target		(\$9,578,784)	(\$772,087)	(\$20,092,868)	(\$30,443,739)
<i>Possible additional reductions - significant impact</i>					
Terminate Child Support Lien Network Insurance Intercept Contract		(\$49,058)		(\$95,230)	(\$144,288)
Eliminate OPS Funding for Program		(\$102,000)	(\$204,000)	(\$594,000)	(\$900,000)
Cease using contract with private company for service of process for in-state administrative actions.		(\$31,620)		(\$61,380)	(\$93,000)
Cumulative reduction total		(\$837,612)	(\$204,000)	(\$2,021,953)	(\$3,063,565)
Over/under target		(\$8,741,172)	(\$568,087)	(\$18,070,915)	(\$27,380,174)
<i>Position reductions to meet target</i>					
Eliminate positions	(489)	(\$8,255,289)	(\$568,087)	(\$17,127,729)	(\$25,951,105)
Eliminate offices associated with position reductions		(\$485,883)		(\$943,186)	(\$1,429,069)
Over/under target		\$0	\$0	\$0	\$0
<i>Mitigating strategies</i>					
Implement \$25 application fee for child support services		\$280,866			\$280,866
Implement a \$100 fee for Program to conduct review to determine if child support obligation should change (\$100)		\$442,000			\$442,000
Total mitigating strategies		\$722,866	\$0	\$0	\$722,866

General Tax Administration

	FTE	General Revenue	State Trust Fund	Total Reduction Amount
Reduction target		(\$12,780,951)	(\$7,132,959)	(\$19,913,910)
Schedule VIII B reductions				
Shred services savings		(\$39,382)		(\$39,382)
Copier rental savings		(\$30,272)		(\$30,272)
Utility savings		(\$325,000)		(\$325,000)
Total LBR reductions		(\$394,654)		(\$394,654)
Over/under target		(\$12,386,297)	(\$7,132,959)	(\$19,519,256)
Possible additional reductions - minimal / moderate impact				
Office supplies savings		(\$253,472)		(\$253,472)
Postage meter sharing		(\$3,994)		(\$3,994)
Reduce remaining SUNTAX base		(\$272,137)	(\$727,863)	(\$1,000,000)
Cumulative reduction total		(\$924,257)	(\$727,863)	(\$1,652,120)
Over/under target		(\$11,856,694)	(\$6,405,096)	(\$18,261,790)
Position reductions to meet target				
Position elimination	(330.00)	(\$11,856,694)	(\$6,405,096)	(\$18,261,790)
Over/under target		\$0	\$0	\$0
Mitigating strategies				
Simplify CST		\$7,200,000		\$7,200,000
Increase returned item fee		\$1,200,000		\$1,200,000
Increase ACP fee cash remittances		\$3,800,000		\$3,800,000
Eliminate filing fees		\$320,000		\$320,000
Eliminate collection allowance for paper filers		\$13,700,000		\$13,700,000
Increase non-compliance fee		\$7,094,904	\$6,405,096	\$13,500,000
Total mitigating strategies		\$33,314,904	\$6,405,096	\$39,720,000

Property Tax Oversight

	FTE	General Revenue	State Trust Fund	Total Reduction Amount
Reduction target		(\$1,834,151)	(\$162,086)	(\$1,996,237)
<i>Schedule VIIB reductions</i>				
		\$0	\$0	\$0
Over/under target		(\$1,834,151)	(\$162,086)	(\$1,996,237)
<i>Position reductions to meet target</i>				
Position elimination	(31.00)	(\$1,834,151)	(\$162,086)	(\$1,996,237)
Over/under target		\$0	\$0	\$0

Questions?