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# **Government Operations Appropriations Subcommittee**

**Wednesday, February 16, 2011  
9:00 AM – 12:00 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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**February 16, 2011**

**AGENDA**  
**9:00 AM – 12:00 PM**  
**Morris Hall**

- I. Call to Order/Roll Call**
- II. Florida Public Hurricane Loss Model Presentation**
- III. Budget Balancing Exercise**
- IV. Adjourn**



# The Florida Public Hurricane Loss Model

Shahid S. Hamid, Ph.D., CFA  
PI, Hurricane Loss Projection Model  
Professor of Finance, College of Business, and  
Director, Laboratory for Insurance, Economic and Financial  
Research  
International Hurricane Research Center  
Florida International University

- The state of Florida has about \$1.9 trillion in insured *personal residential properties* exposed to hurricane risk. We developed a model to assess hurricane risk and predict insured losses for these properties.
- In 2001 The Florida Office of Insurance Regulation funded Florida International University to develop a public hurricane loss model for residential properties.
- The first completed version of the residential model was activated in March 2006.
- Cost of developing the model for personal residential property was approximately \$2.7 million, a fraction of what it would cost in the industry.

- We also developed a model for commercial residential properties at a cost of \$1.1 million.
- The model was significantly subsidized by the team members and the participating universities and institutions.
- We leveraged time, effort, resources, personnel, and knowledge from other research projects to complete this model.

- We are currently provided annual funding of about \$600,000 by FL-OIR to:
  - Provide service to OIR
  - Conduct routine update of the model including hardware, software and database update
  - Maintain and operate the model at FIU
  - Get the model certified by the Commission. The certification by the Commission is now valid for two years. Standards are revised and new data and knowledge becomes available. This is a very time consuming task requiring 5 months of intensive preparation, upgrades, and dozens of tests involving over a hundred model runs.
  - About \$250,000 is usually required to meet new standards and go through the Commission's review process and get the model approved. Cost can be higher with major upgrades.

- Model went through an extremely rigorous review process
- Model was first certified in 2007 by the Florida Commission on Hurricane Loss Projection Methodology----the gold standard for such models. An upgraded model (v 3.0) was accepted by the Commission in June 2008. Another upgraded version 3.1 was accepted in June 2009.
- Model had to meet 35 major standards in meteorology, engineering, actuarial science, statistics, and computer science
- Deemed to be “accurate and reliable” for predicting insured residential losses in Florida



- A new version 4.0 has been submitted to the Florida Commission on Hurricane Loss Projection Methodology for review and acceptance.
- It can estimate hurricane risk and losses at the street level of resolution.
- New vulnerability functions were developed to deal with additional combination of mitigation features.
- The commercial residential model for mid to high rise buildings was activated.

- Data for rate filing companies in Florida are processed through our model via FL-OIR
- Model has been used by FL-OIR about 350 times: we processed data and produced results for about 350 company portfolios of policies.
- The Florida Cat Fund and the Citizens Group are major users of the model.

- In 2008 the Florida legislature passed a bill requiring us to provide model service directly to the insurance industry effective January 1, 2009.
- Model has been used by the industry about 45 times.
- A fee is charged for the use of the model based on an approved fee structure.
- Each company client enters a contract with FIU.
- Confidentiality of company input data is strictly maintained.

- Model development was not influenced by either FL-OIR or the insurance industry
- It is operated by a team of experts from the computer science, finance, and statistic departments at FIU, as well as meteorology and engineering experts from other universities and institutions

# Impartiality & Leveraged Resources

- The FPHLM development team are mostly university employees with no financial or competitive interests in play. They are neutral.
- The collection of specialized expertise working on the FPHLM is of the highest quality. Securing this team from the private sector would have increased FPHLM development and maintenance cost by 2 to 3 fold or more
- Much of the science that goes into FPHLM development comes from the team members' other funded research. Millions of dollars have been leveraged to develop FPHLM at low cost to FL-OIR
- Summary: FPHLM is a very big bang for the buck

# Why develop a CAT model?

- Traditional actuarial models and practices are inherently ineffective in dealing with low frequency, high severity catastrophic losses. Losses are predicted using recent past experience. Lead to volatile premiums, and sharp periodic jumps in premiums. Bad for homeowners and the insurance and reinsurance firms.
- CAT models have a long term horizon, use more realistic models to estimates losses, better deal with low frequency events, and can potentially result in relatively stable premiums.

# Why develop a public model?

- Private models are proprietary and in competition with each other by their nature. There is no transparency.
- FPM publishes (or otherwise makes available) all documents describing the development of the model
- Without a public model regulators have no way to get independent validation or corroboration. A public model is needed as an independent way for regulators to evaluate the insurer requests.
- Cheaper to produce and operate.
- When rates are allowed to increase or decrease someone is going to ask the inevitable question: “What science was used to support this policy?”
- If regulators are relying on proprietary models, their answer options are:
  - I don’t know, its proprietary
  - I can’t tell you, its proprietary
  - Both answers are unacceptable.

# General Comments

- The model is transparent in the sense that we make available technical reports, flowcharts etc. on the assumptions, methods, theories, component designs, and tests.
- In fact much has already been published in refereed journals and proceedings.
- Technical documents are available at the project website: [www.cis.fiu.edu/hurricane/loss/](http://www.cis.fiu.edu/hurricane/loss/)
- The source code, however, will not be open to maintain its integrity
- The model is copyrighted by OIR



# Participating Institutions

- Florida International University/ IHRC (lead institution)
- Florida State University
- Florida Institute of Technology
- Hurricane Research Division, NOAA
- University of Florida
- University of Miami

- About 2 dozen professors and experts and about 2 dozen graduate students were involved in the development and operation of the model.
- Team includes some of the leading meteorologists, engineers, and computer scientists.

# Actuarial/Finance Team

- Dr. Shahid Hamid\*      Dept of Finance and IHRC, FIU  
PI and Project Director
- Gail Flannery      Actuary, FCAS, AMI Risk Consultant
- Bob Ingco      Actuary, FCAS, AMI Risk Consultant
- Dr. Duong Nguyen      Dept. of Finance, U-Mass Dartmouth,  
Ph.D. from FIU.
- Graduate students

# Computer Science Team

- Dr. Shu-Ching Chen\* School of Computer Science, FIU.  
Co-PI. Team leader for computer science
- Dr. Mei-Ling Shyu Dept. of Electrical and Computer  
Engineering, University of Miami
- Dr. Min Chen Ph.D. CIS, FIU/ Univ of Montana
- Dr. Na Zhao Ph.D. CIS, FIU
- Fausto Fleites CIS Ph.D. candidate at FIU
- Ronald Ocampo CIS Student at FIU
- Hsin-Yu Ha CIS Ph.D. candidate at FIU
- Nirva Morisseau Database expert, HRD, NOAA
- Other students

# Meteorology Team

- Dr. Mark Powell\*                      Hurricane Research Division, NOAA  
Team leader
- Dr. Steven Cocke                      Dept of Meteorology, FSU
- Bachir Annane                      Univ of Miami – CIMAS
- Dr. T.N.Krishnamurti                      Dept of Meteorology, FSU
- Dr. George Soukup                      Applied physicist, AOML/NOAA
- Neal Dorst                      Hurricane Research Division, NOAA
- Graduate students

# Engineering Team

- Dr. Jean Paul Pinelli\*      Dept of Civil Engineering, FIT  
Team leader
- Dr. Kurtis Gurley      Dept of Civil Eng, UF
- Dr. Mani Subramaniam      Dept of Mech Engineering, FIT
- Dr. Emil Simiu      Civil Eng, IHRC at FIU and  
NIST
- Graduate students

# Statistics Team

- Dr. Sneh Gulati\*                      Dept. of Statistics, FIU
- Dr. G. Kibria                              Dept. of Statistics, FIU

# What is the model?

- The model is a very complex, state of the art, set of computer programs.
- The programs simulate and predict how, where and when hurricanes form, their wind speed and intensity and size etc, their track, how they are affected by the terrain along the track after landfall, how the winds interact with different types of structures, how much they can damage house roofs, windows, doors, interior, contents etc, how much it will cost to rebuild the damaged parts, and how much of the loss will be paid by insurers
- Its development required experts in meteorology, wind and structural engineering, statistics, actuarial sciences, finance, GIS, and computer science.

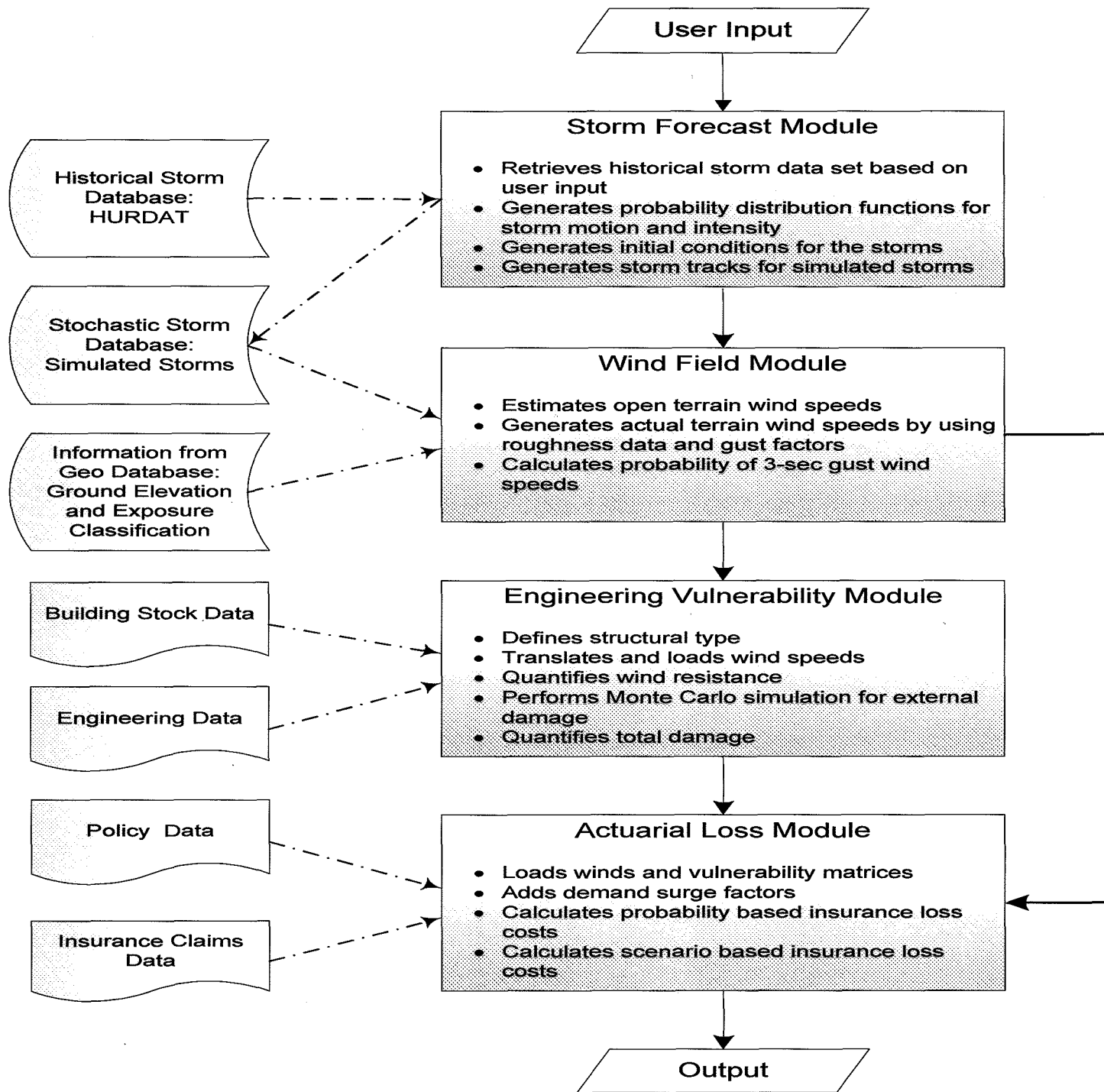


# What can the model do?

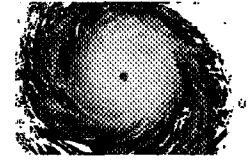
- The model can generate for a given policy or portfolio of residential policies, the annual average losses and the probable maximum losses. Such loss estimates are typically used by insurance companies as input in the rate making process and are used by state regulators to help evaluate rate filings
- We can do scenario analysis. Once we have ascertained a land falling hurricane's, track, size and wind speed, we can predict the losses they are likely to inflict down to the zip code and street level.
- The model has capability to estimate the loss reduction from certain mitigation efforts.

# Model Design

- The model consists of three major components: wind hazard (meteorology), vulnerability (engineering), and insured loss cost (actuarial).
- The major components were developed independently before being integrated.
- The computer platform is designed to accommodate future hookups of additional sub-components or enhancements.



# Components of the Wind Model



- **Hurricane threat area definition:** Define the hurricane model domain.
- **Storm genesis model:** Produces the initial conditions derived from historical data that are perturbed to generate thousands of years of stochastic tracks.
- **Storm Track and Intensity Model:** Generates the storm tracks and intensity up to close of land for simulated hurricanes.
- **Inland Storm Decay Model:** Estimates decay after landfall.
- **Wind Field Model:** Generates 1 minute sustained open terrain wind speeds for each of the hurricane affected zip code or grid.

- **Terrain Roughness Model:** Corrects open terrain wind speed for terrain roughness.
- **Gust Factor Model:** Generates 3 second peak gust wind speeds for each zip code.
- **Wind Probabilities Model:** Generates wind probability distribution for each zip code.
- **ArcIMS environment** to visualize Florida GIS information and the associated data results over the Internet.

# Components of the Vulnerability Model

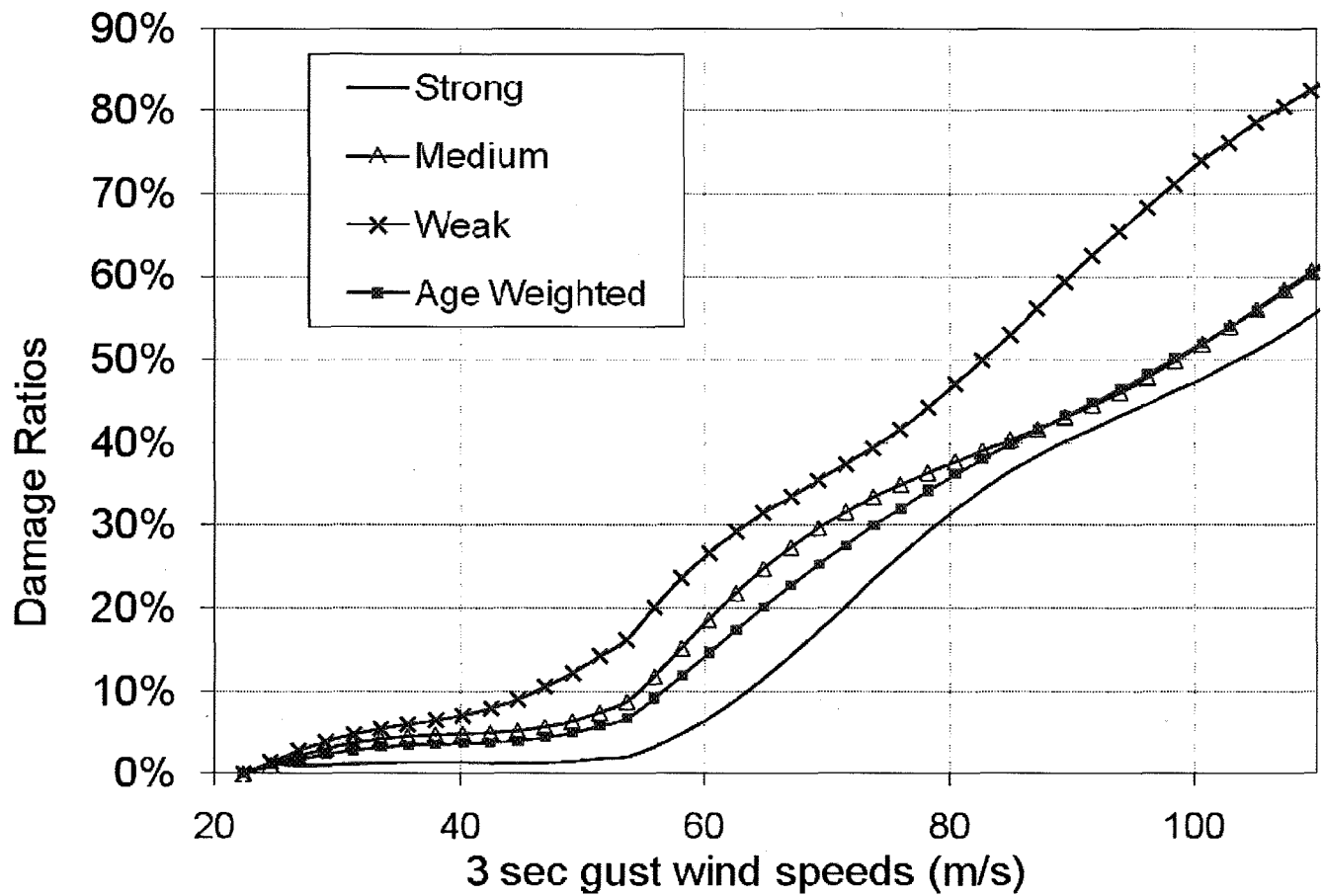
- **Engineering simulation models:** Simulates for each type of construction, all possible wind damages to the structure, interior, contents, appurtenant structure, as well as ALE.
- **Engineering damage model:** Generates damage matrices for each construction type (frame, masonry, mfg homes, hip or gable roofs etc). Produces damage ratios for structure, contents, appurtenant structure, and additional living expense. We have developed over 500 vulnerability matrices.

- The building codes are proxy by year built. Based on the code regime, weak, medium, and strong vulnerability functions are developed for each region.
- **Engineering Mitigation Model:** Generates vulnerability functions (damages matrices) for mitigated structures (e.g., with shutters, impact glass windows, braced gable ends, hip roof, wall to roof straps and ties, rated shingle roofs etc.).

# Components of the Actuarial Model

- **Demand Surge Model:** Estimates both demand surge for a range of hurricane losses, and the probabilistic demand surge factor.
- **Probabilistic Loss Cost Actuarial Model:** Generates expected annual loss costs for each policy, or portfolio of policies, or by zip code, county, construction type, policy type etc. Adjusts for deductibles and limits etc.. Generates combined expected losses as well as structure, content, AP and ALE loss.
- **Scenario based Loss Cost Actuarial Model:** generates expected loss cost for a given historical hurricane, or for a given type of storm affecting a given region.

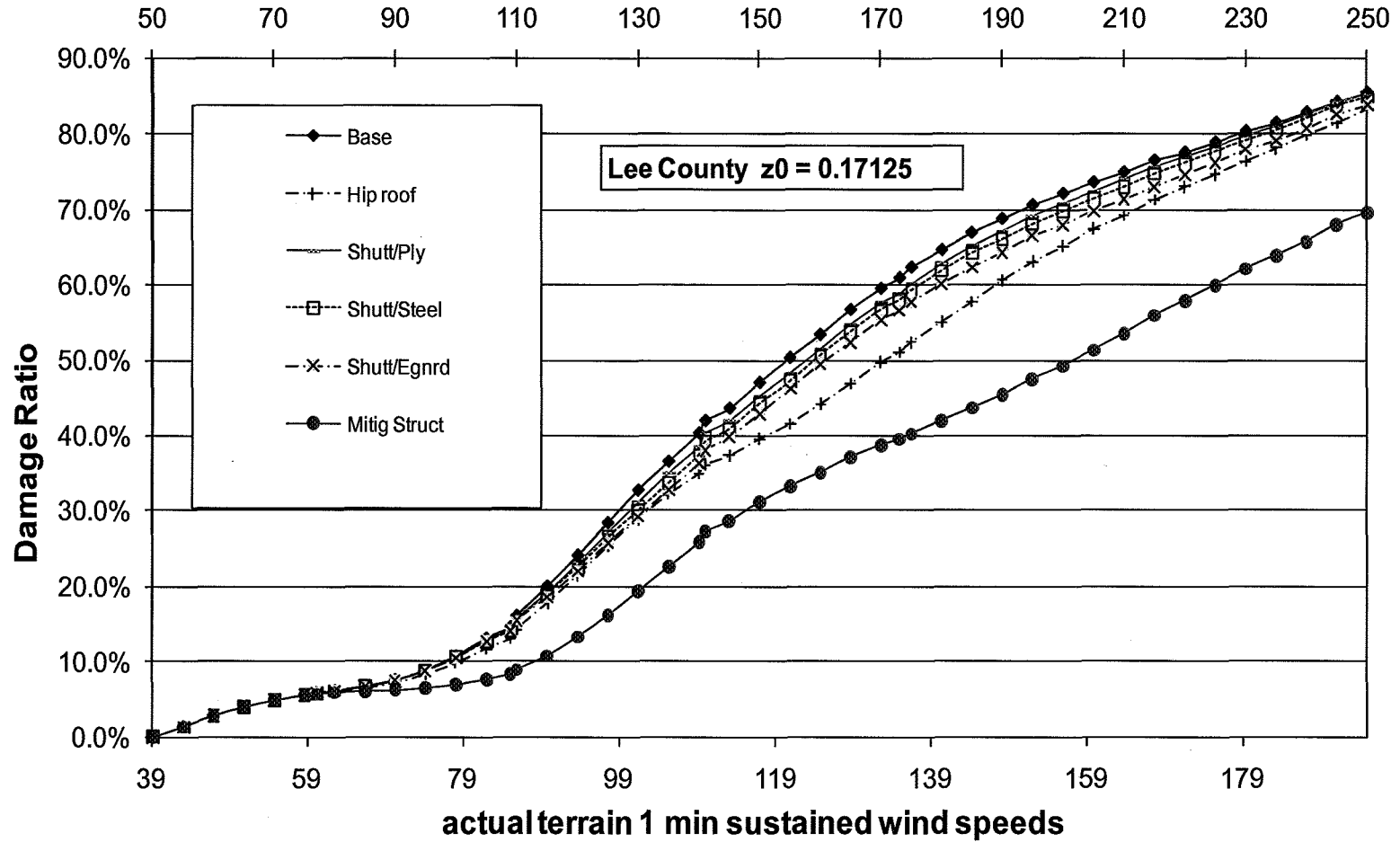




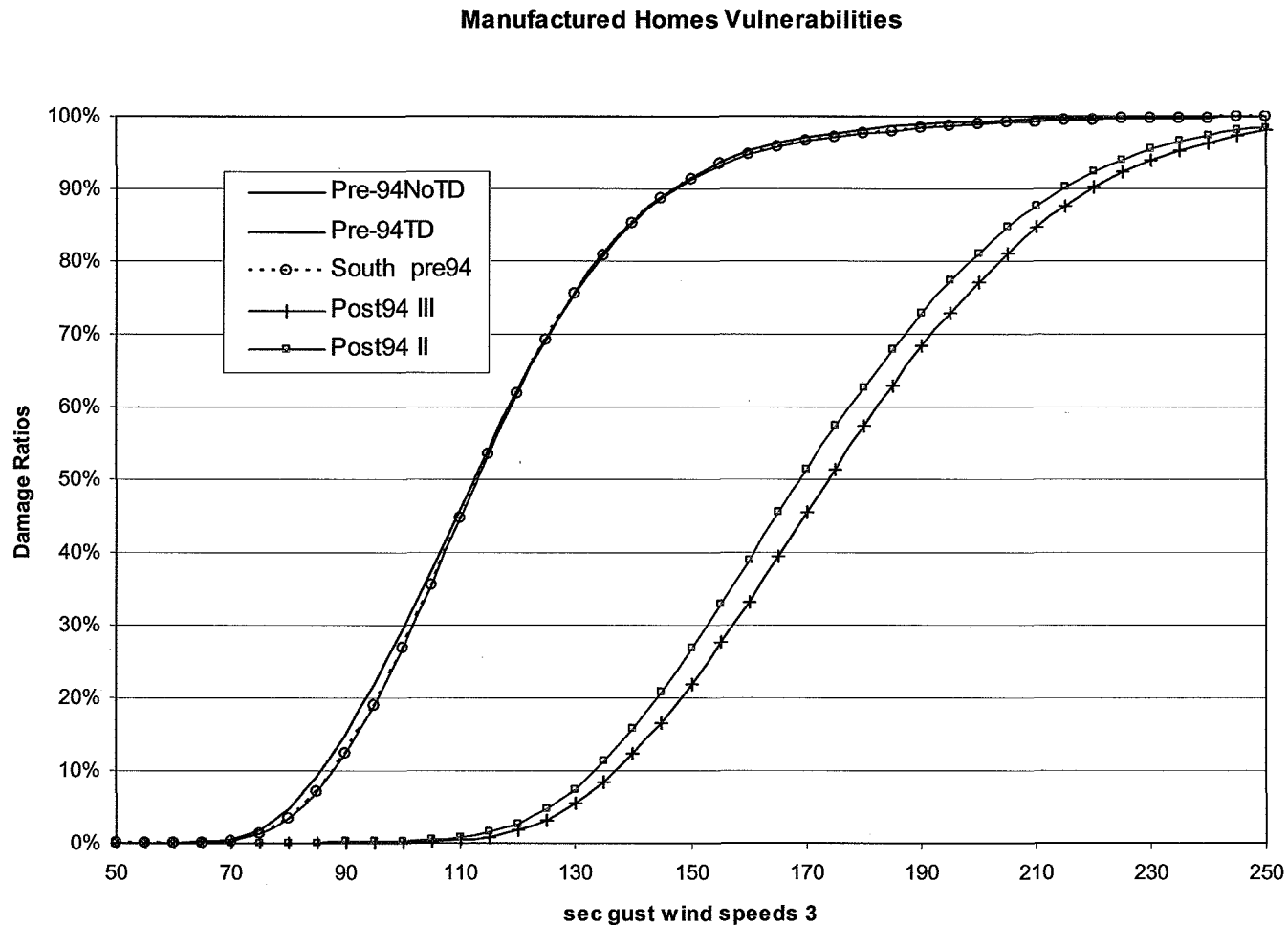
Masonry building weighted vulnerabilities in the Central Florida wind borne debris zone

### Vulnerability Curves for Reference Frame Structure - Mitigation set 3

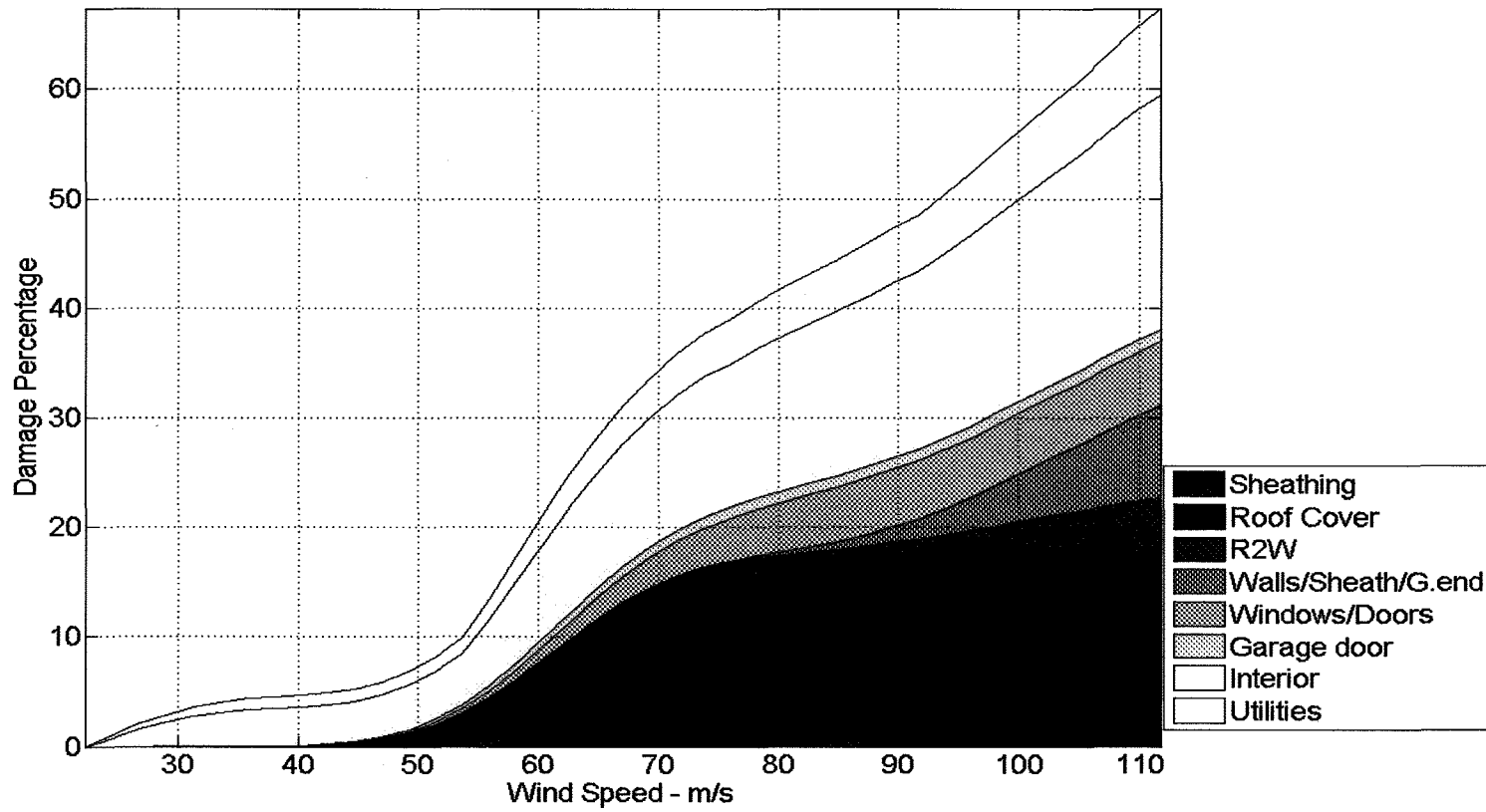
actual terrain 3 sec gust wind speeds



# Manufactured Homes Vulnerabilities



1 Story No Shutters - Concrete Structure - Gable Roof - Medium Resistance - South Florida Tiles



# Average Annual Loss

Based on 2007 Cat Fund exposure data  
(for personal residential property)

- Zero deductible state wide AAL = \$4.6 billion
- Net of deductible statewide AAL = \$2.9 billion

# Probable maximum Loss (PML)

<b>Return Time (yrs)</b>	<b>Probability of Exceedance</b>	<b>Estimated Net Loss</b>	<b>Estimated Zero deduct loss</b>
100	1.00%	\$33.5 billion	\$48 billion
50	2.00%	\$26.1 billion	\$39.5 billion
25	5.00%	\$19.4 billion	\$30.9 billion
10	10%	\$10.8 billion	18.9 billion

## Maximum Damage Reduction (%) Due to Mitigation Measures

	<b>Masonry</b>	<b>Frame</b>
• <b>Roof strength</b>		
– BRACED GABLE ENDS	---	1%
– HIP ROOF	15%	17%
• <b>Roof Covering</b>		
– RATED SHINGLES (110 MPH)	1%	---
– 8d NAILS	37%	33%
• <b>Wall-Floor Strength</b>		
– STRAPS	---	11%
• <b>Roof to Wall Strength</b>		
– CLIPS	18%	20%
– STRAPS	22%	30%

## Maximum Damage Reduction (%) Due to Mitigation Measures

	Masonry	Frame
• <b>Wall-Foundation Strength</b>		
– VERTICAL REINFORCING	22%	---
• <b>Opening Protection</b>		
– PLYWOOD	6%	5%
– STEEL	9%	7%
– ENGINEERED	13%	10%
• <b>Window etc Strength</b>		
– LAMINATED GLASS	9%	8%
– IMPACT GLASS	11%	9%
• <b>Total Mitigated Structure</b>	<b>48%</b>	<b>52%</b>



## Budget Balancing Exercise



A	B	C	D	E	F	G	H
<b>Budget Balancing Exercise FY 2011-2012 Government Operations Appropriations Subcommittee</b>	<b>INSTRUCTIONS:</b> (1) Total Base Budget is \$1,480,061,654 (state funds only - all federal funds have been removed). The Base Budget for this exercise also contains the Key Budget Drivers (Tiers 1 & 2) of the Long Range Financial Outlook (LRFO). Amounts below for Key Budget Drivers may differ from the LRFO due to updated estimates. (2) Target Budget is \$1,258,052,406 or 85% of the Base Budget. (3) Reductions of \$222,009,248 (15% of the Base Budget) will be entered in Column E. Enter the percentage of reduction desired for programs chosen for reduction in Column E until total funding is equal or less than the total Target Budget. Values in Column F Adjusted Total State Funds will automatically calculate as will the running total and difference when percentages are entered in Column E. (4) Program/Department activities blocked out in Column E cannot be reduced as the issue is an obligation of the state or affects a statewide policy issue not in the jurisdiction of this subcommittee.						
<b>Program / Department Activity</b>	<b>FY 2011-2012 Base Budget (State Funds Only) 1,480,061,654</b>			Target Budget = 1,258,052,406 Running Total = 1,480,061,654 Difference = <b>(222,009,248)</b>			
	FTE	Total State Funds	MOE/MATCH or Revenue Generating	Percent of Reduction Proposed	Adjusted Total State Funds	Page Reference for Base Budget or Long-Range Financial Outlook (LRFO)	Comments
31 <b>Pari-Mutuel Wagering</b>							
32 Pari-Mutuel Wagering	66.00	6,744,695	R		6,744,695	27 through 28	
33 Slot Machine Regulation	52.00	4,934,868	R		4,934,868	29 through 30	
34 Pari-Mutuel Laboratory - University of Florida	0.00	2,266,000			2,266,000	28	
35 Pari-Mutuel Animal Research - University of Florida	0.00	100,000			100,000	28	
36							
37 <b>Hotels and Restaurants</b>							
38 Hotels and Restaurants (licensure and inspections)	280.00	17,139,005			17,139,005	32 through 33	
39 Elevator Safety Program	16.00	1,173,334			1,173,334	32 through 33	
40							
41 <b>Alcoholic Beverages &amp; Tobacco</b>							
42 Law Enforcement	190.75	15,352,073			15,352,073	35 through 36	
43 Licensure	63.00	4,236,508			4,236,508	37 through 38	
44 Tax Collection / Auditing	87.00	6,494,453	R		6,494,453	39 through 40	
45							
46 <b>Condominiums, Timeshares and Mobile Homes</b>							
47 Timeshares	9.00	480,845			480,845	42 through 43	
48 Condominiums	104.00	6,795,783			6,795,783	42 through 43	
49 Mobile Homes	3.00	155,543			155,543	42 through 43	
50 Yacht and Ship	2.00	108,845			108,845	42 through 43	
51							
52 Risk Management Insurance	0.00	1,415,397			1,415,397		The appropriation for Risk Management is based on several factors including the claims history of each department and the funding of the Division of Risk Management. Reductions must align with the statewide funding based on the most recent Revenue Estimating Conference.

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<b>Program / Department Activity</b>		FTE	Total State Funds	MOE/MATCH or Revenue Generating	Percent of Reduction Proposed	Adjusted Total State Funds	Page Reference for Base Budget or Long-Range Financial Outlook (LRFO)	Comments
53	Transfer to DMS for HR Services/Statewide Contract	0.00	602,837			602,837		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Division of Human Resources and the People First contract.
54	Data Processing Services - Southwood Shared Resource Center	0.00	5,000			5,000		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Southwood Shared Resource Center.
55	Data Processing Services - Northwood Shared Resource Center	0.00	1,005,849			1,005,849		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Northwood Shared Resource Center.
56	Transfer to Division of Administrative Hearings	0.00	382,785			382,785	8	Reductions to this line must be allocated in the General Appropriations Act based on reductions to the appropriations provided to the Division of Administrative Hearings.
57	<b>Department of Business and Professional Regulation Total</b>	<b>1,573.75</b>	<b>130,917,953</b>			<b>130,917,953</b>		

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58							
59	<b>Department of Revenue</b>						
60	<b>Executive Director/Administration</b>						
61	Office of the Executive Director	26.00	1,452,686	M		1,452,686	9 through 10 \$575,907 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$1,117,936. State Match is 34% of Child Support Enforcement costs.
62	Office of the Inspector General	20.00	1,036,401	M		1,036,401	9 through 10 \$410,862 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$797,556. State Match is 34% of Child Support Enforcement costs.
63	Office of General Counsel	44.00	3,535,530	M		3,535,530	9 through 10 \$1,401,693 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$2,720,933. State Match is 34% of Child Support Enforcement costs.
64	Technical Assistance & Dispute Resolution	43.00	2,879,909	M		2,879,909	9 through 10 \$1,141,758 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$2,216,354. State Match is 34% of Child Support Enforcement costs.

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65	Office of Financial Management	60.00	3,270,797	M		3,270,797	9 through 10	\$1,296,734 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$2,517,190. State Match is 34% of Child Support Enforcement costs.
66	Office of Workforce Management	60.00	3,238,440	M		3,238,440	9 through 10	\$1,283,869 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$2,492,216. State Match is 34% of Child Support Enforcement costs.
67								
68	<b>Property Tax Oversight</b>							
69	Compliance Determination	127.00	8,628,095			8,628,095	12 through 13	
70	Compliance Assistance	49.00	5,167,113			5,167,113	13 through 14	
71								
72	<b>Child Support Enforcement</b>							
73	Case Processing (State Match)	926.00	19,379,336	M		19,379,336	16 through 17	All state funds in this line are state match. Federal funds provided as a result of this state match total \$37,618,712. State match is 34% of Child Support Enforcement costs.
74	Child Support Enforcement Annual Fee	0.00	1,980,000			1,980,000	17	



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81 <b>General Tax Administration</b>							
82 Tax Processing	423.50	25,852,131	R		25,852,131	22 through 23	
83 Pass through funds - Local Government Half-Cent Sales Tax	0.00	16,760,000			16,760,000	22	A reduction in this line will reduce the distribution of funds to local governments.
84 Taxpayer Aid	128.00	9,036,797	R		9,036,797	23 through 24	
85 Compliance Determination	1,157.00	66,860,412	R		66,860,412	24 through 25	
86 Compliance Resolution	524.50	30,614,305	R		30,614,305	25 through 26	
87							
88 <b>Information Services Program</b>	183.00	14,548,302	M		14,548,302	29	\$673,274 of this budget is state match related to Child Support Enforcement. Federal funds provided as a result of this state match total \$1,306,944. State Match is 34% of Child Support Enforcement costs.
89							
90 Transfer to Division of Administrative Hearings	0.00	860,713			860,713		Reductions to this line must be allocated in the General Appropriations Act based on reductions to the appropriations provided to the Division of Administrative Hearings.
91 Risk Management Insurance	0.00	1,707,636			1,707,636		The appropriation for Risk Management is based on several factors including the claims history of each department and the funding of the Division of Risk Management. Reductions must align with the statewide funding based on the most recent Revenue Estimating Conference.



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<p align="center"><b>Budget Balancing Exercise FY 2011-2012 Government Operations Appropriations Subcommittee</b></p>	<p>INSTRUCTIONS:            (1) Total Base Budget is \$1,480,061,654 (state funds only - all federal funds have been removed). The Base Budget for this exercise also contains the Key Budget Drivers (Tiers 1 &amp; 2) of the Long Range Financial Outlook (LRFO). Amounts below for Key Budget Drivers may differ from the LRFO due to updated estimates.            (2) Target Budget is \$1,258,052,406 or 85% of the Base Budget.            (3) Reductions of \$222,009,248 (15% of the Base Budget) will be entered in Column E. Enter the percentage of reduction desired for programs chosen for reduction in Column E until total funding is equal or less than the total Target Budget. Values in Column F Adjusted Total State Funds will automatically calculate as will the running total and difference when percentages are entered in Column E.            (4) Program/Department activities blocked out in Column E cannot be reduced as the issue is an obligation of the state or affects a statewide policy issue not in the jurisdiction of this subcommittee.</p>						
<p align="center"><b>Program / Department Activity</b></p>	<p align="center"><b>FY 2011-2012 Base Budget (State Funds Only) 1,480,061,654</b></p>			<p>Target Budget = 1,258,052,406            Running Total = <u>1,480,061,654</u>            Difference = <b>(222,009,248)</b></p>			
	FTE	Total State Funds	MOE/MATCH or Revenue Generating	Percent of Reduction Proposed	Adjusted Total State Funds	Page Reference for Base Budget or Long-Range Financial Outlook (LRFO)	Comments
92 Transfer to DMS for HR Services/Statewide Contract	0.00	1,757,771			1,757,771		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Division of Human Resources and the People First contract.
93 Data Processing Services - DCF Data Center	0.00	4,201,473			4,201,473		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Dept. of Children and Families Data Center.
94 Data Processing Services - Southwood Shared Resource Center	0.00	2,744,103			2,744,103		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Southwood Shared Resource Center.
95 Data Processing Services - Northwood Shared Resource Center	0.00	1,047,133			1,047,133		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Northwood Shared Resource Center.



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104 <b>Department of Financial Services</b>							
105 <b>Office of Chief Financial Officer/Administration</b>							
106 Administration/Executive Support	164.50	13,051,747			13,051,747	9 through 10	
107 Legal Services	87.50	7,491,283			7,491,283	10 through 11	
108 Information Technology	130.00	17,391,032			17,391,032	11 through 12	
109 Consumer Advocate	9.00	1,088,865			1,088,865	12 through 13	
110 Information Technology - FLAIR	111.00	12,395,424			12,395,424	13 through 14	
111							
112 <b>Treasury</b>							
113 Deposit Security	26.50	1,906,675			1,906,675	16	
114 State Funds Management	28.50	2,945,058			2,945,058	17	
115 Supplemental Retirement Plan	12.50	1,829,992			1,829,992	18	
116							
117 <b>Financial Accounting for Public Funds</b>							
118 Director of Accounting and Auditing	7.00	2,431,296			2,431,296	20 through 21	
119 Bureau of State Accounting	48.00	2,781,970			2,781,970	20 through 21	
120 Bureau of Local Government	12.00	1,207,907			1,207,907	20 through 21	
121 Bureau of Auditing	54.00	5,299,029			5,299,029	20 through 21	
122 Bureau of State Payroll	29.00	2,145,861			2,145,861	20 through 21	
123 Office of Fiscal Integrity	10.00	684,431			684,431	20 through 21	
124 Enterprise Education	7.00	466,740			466,740	20 through 21	
125 FLAIR/CMS Replacement Project - Debt Service	0.00	1,513,285			1,513,285	20 through 21	Debt Service completed in January 2011.
126 Recovery and Return of Unclaimed Property	60.00	4,087,816			4,087,816	22	
127							
128 <b>Fire Marshal</b>	249.50	20,849,430			20,849,430	24 through 29	
129							

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130 <b>State Property and Casualty Claims (Risk Management)</b>	105.00	59,399,637			59,399,637	31 through 32	
131							
132 <b>Licensing and Consumer Protection</b>							
133 Insurance Company Rehabilitation and Liquidation	7.00	1,008,480			1,008,480	34	
134 Licensure, Sales, Appointments, and Oversight	159.00	11,938,082			11,938,082	35	
135 Insurance Fraud	196.00	17,087,161			17,087,161	36 through 37	
136 Consumer Assistance	123.50	8,862,444			8,862,444	37 through 38	
137 Funeral & Cemetery Services	23.00	2,018,822			2,018,822	38 through 39	
138 Public Assistance Fraud	63.00	6,292,721			6,292,721		This program was transferred from FDLE to DFS on January 1, 2011.
139							
140 <b>Workers' Compensation</b>							
141 Workers' Compensation	342.00	26,448,295			26,448,295	41 through 42	
142 Transfer to First District Court of Appeal	0.00	2,038,590			2,038,590	41	
143 Transfer to Justice Admin. for Prosecution of Workers' Comp. Fraud	0.00	278,498			278,498	42	
144							
145 Transfer to Division of Administrative Hearings	0.00	487,413			487,413		Reductions to this line must be allocated in the General Appropriations Act based on reductions to the appropriations provided to the Division of Administrative Hearings.
146 Risk Management Insurance	0.00	1,634,027			1,634,027		The appropriation for Risk Management is based on several factors including the claims history of each department and the funding of the Division of Risk Management. Reductions must align with the statewide funding based on the most recent Revenue Estimating Conference.



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150	<b>Office of Insurance Regulation</b>						
151	<b>Compliance and Enforcement</b>						
152	15.00	3,877,334			3,877,334	45 through 46	
153	19.00	1,164,407			1,164,407	45 through 46	
154	2.00	215,503			215,503	45 through 46	
155	7.00	605,317			605,317	45 through 46	
156	21.00	1,355,948			1,355,948	45 through 46	
157	0.00	4,651,763			4,651,763	45 through 46	
158	38.00	2,100,287			2,100,287	45 through 46	
159	46.00	3,413,457			3,413,457	45 through 46	
160	2.00	218,870			218,870	45 through 46	
161	5.00	471,279			471,279	45 through 46	
162	12.00	991,070			991,070	45 through 46	
163	0.00	50,000			50,000	45 through 46	
164	32.00	1,676,187			1,676,187	45 through 46	
165	21.00	1,685,368			1,685,368	45 through 46	
166	35.00	2,062,014			2,062,014	45 through 46	
167	0.00	623,512			623,512	45	
168							
169	35.00	2,953,930			2,953,930	46	
170							



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175	<b>Office of Financial Regulation</b>						
176	Safety and Soundness of State Banking System	9.00	955,547		955,547	49 through 50	
177	Bureau of Bank Regulation	88.00	8,356,817		8,356,817	49 through 50	
178	Bureau of Credit Union Regulation	24.00	2,858,525		2,858,525	49 through 50	
179							
180	<b>Financial Investigations</b>	64.00	4,478,348		4,478,348	50	
181							
182	<b>Commissioner of Financial Regulation / Administration</b>	35.00	3,261,351		3,261,351	51	
183							
184	<b>Finance Regulation</b>						
185	Office of the Director	11.00	910,457		910,457	52 through 53	
186	Bureau of Finance Regulation	75.00	6,153,796		6,153,796	52 through 53	
187	Bureau of Money Transmitter Regulation	25.00	5,598,829		5,598,829	52 through 53	
188	Bureau of Regulatory Review - Finance	26.00	1,006,907		1,006,907	52 through 53	
189	REAL System (OFR licensure system)	0.00	1,974,670		1,974,670	53	
190							
191	<b>Securities Regulation</b>						
192	Office of the Director	7.00	684,268		684,268	53	
193	Bureau of Securities Regulation	62.00	4,647,650		4,647,650	53	
194	Bureau of Regulatory Review - Securities	28.00	1,928,245		1,928,245	53	
195							





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200	<b>Public Service Commission</b>						
201	Public Service Commissioners	18.00	2,387,347		2,387,347	3 through 8	
202	Executive Direction and Support Services	80.00	7,262,403		7,262,403	3 through 8	
203	Legal Services	32.00	2,927,048		2,927,048	3 through 8	
204	Utility Regulation	159.00	12,197,368		12,197,368	3 through 8	
205	Auditing and Performance Analysis	34.00	2,627,218		2,627,218	3 through 8	
206							
207	Risk Management Insurance	0.00	99,591		99,591		The appropriation for Risk Management is based on several factors including the claims history of each department and the funding of the Division of Risk Management. Reductions must align with the statewide funding based on the most recent Revenue Estimating Conference.
208	Transfer to DMS for HR Services/Statewide Contract	0.00	119,009		119,009		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Division of Human Resources and the People First contract.
209	Data Processing Services - Southwood Shared Resource Center	0.00	70,555		70,555		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Southwood Shared Resource Center.
210	<b>Public Service Commission Total</b>	<b>323.00</b>	<b>27,690,539</b>		<b>27,690,539</b>		
211							

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212	<b>Department of the Lottery</b>							
213	Office of the Secretary/Administration	62.50	10,191,989			10,191,989	5 through 8	
214	Public Affairs/Communications	14.00	2,203,886			2,203,886	5 through 8	
215	Information Technology	85.00	38,279,133	R		38,279,133	5 through 8	Net proceeds of lottery games are transferred to the Educational Enhancement Trust Fund. \$1.17 billion is estimated to be transferred during FY 2011-12.
216	Financial Services	42.50	2,648,908	R		2,648,908	5 through 8	Net proceeds of lottery games are transferred to the Educational Enhancement Trust Fund. \$1.17 billion is estimated to be transferred during FY 2011-12.
217	Marketing	12.00	33,461,667	R		33,461,667	5 through 8	Net proceeds of lottery games are transferred to the Educational Enhancement Trust Fund. \$1.17 billion is estimated to be transferred during FY 2011-12.
218	Sales	195.00	12,081,568	R		12,081,568	5 through 8	Net proceeds of lottery games are transferred to the Educational Enhancement Trust Fund. \$1.17 billion is estimated to be transferred during FY 2011-12.
219	Business Development, Research & Strategy	26.00	34,462,114	R		34,462,114	5 through 8	Net proceeds of lottery games are transferred to the Educational Enhancement Trust Fund. \$1.17 billion is estimated to be transferred during FY 2011-12.



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227	<b>Department of Management Services</b>						
228	<b>Administration Program</b>						
229	Executive Direction/Support Services						
230	5.00	656,934			656,934	12 through 14	
231	7.00	1,531,701			1,531,701	12 through 14	
232	4.00	159,428			159,428	12 through 14	
233	14.00	1,143,890			1,143,890	12 through 14	
234	6.00	575,401			575,401	12 through 14	
235	1.00	118,795			118,795	12 through 14	
236	5.00	492,290			492,290	12 through 14	
237	5.00	283,960			283,960	12 through 14	
238	5.00	278,154			278,154	12 through 14	
239	2.00	304,950			304,950	12 through 14	
240	20.00	1,082,428			1,082,428	12 through 14	
241	4.00	433,931			433,931	14 through 15	
242					-		
243	<b>Facilities Program</b>						
244	292.50	55,435,176			55,435,176	17 through 19	
245	10.00	1,006,932			1,006,932	20 through 21	
246							
247	<b>Support Program</b>						
248	11.00	1,526,854			1,526,854	23	
249	5.00	314,412			314,412	24 through 25	
250	7.00	1,469,026			1,469,026	25 through 26	
251	44.00	18,684,676			18,684,676	27 through 29	
252	13.00	2,318,937			2,318,937	27 through 29	
253	6.00	384,843			384,843	29 through 30	
254							

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255	<b>Workforce Program</b>						
256	Human Resource Management	22.00	2,112,706		2,112,706	32 through 34	
257	People First Management	18.00	41,699,600		41,699,600	32 through 34	
258	Governor's Commission on Disabilities	5.00	555,692		555,692	32 through 34	
259	Insurance Benefits Administration	23.00	24,424,075		24,424,075	34 through 36	
260	Retirement Benefits Administration	194.00	18,352,709		18,352,709	37 through 39	
261	National Guard and Other Special Pensions and Benefits	0.00	16,742,980		16,742,980	39	
262							
263	<b>Technology Program</b>						
264	Telecommunications Services	75.00	255,106,965		255,106,965	41 through 44	
265	Wireless Services	13.00	22,718,905		22,718,905	44 through 46	
266							
267	<b>Independent Entities</b>						
268	Southwood Shared Resource Center	97.00	21,459,244		21,459,244	48 through 50	
269	Public Employees Relations Commission	28.00	3,092,838		3,092,838	52 through 53	
270	Florida Commission on Human Relations	53.50	2,320,541		2,320,541	55 through 56	
271	Division of Administrative Hearings						
272	Adjudication/Disputes	68.00	8,566,555		8,566,555	58 through 59	
273	Workers' Compensation Appeals	198.00	18,032,620		18,032,620	59 through 61	
274							
275	Risk Management Insurance	0.00	782,358		782,358		The appropriation for Risk Management is based on several factors including the claims history of each department and the funding of the Division of Risk Management. Reductions must align with the statewide funding based on the most recent Revenue Estimating Conference.

A		B	C	D	E	F	G	H
<b>Budget Balancing Exercise FY 2011-2012 Government Operations Appropriations Subcommittee</b>		<b>INSTRUCTIONS:</b> (1) Total Base Budget is \$1,480,061,654 (state funds only - all federal funds have been removed). The Base Budget for this exercise also contains the Key Budget Drivers (Tiers 1 & 2) of the Long Range Financial Outlook (LRFO). Amounts below for Key Budget Drivers may differ from the LRFO due to updated estimates. (2) Target Budget is \$1,258,052,406 or 85% of the Base Budget. (3) Reductions of \$222,009,248 (15% of the Base Budget) will be entered in Column E. Enter the percentage of reduction desired for programs chosen for reduction in Column E until total funding is equal or less than the total Target Budget. Values in Column F Adjusted Total State Funds will automatically calculate as will the running total and difference when percentages are entered in Column E. (4) Program/Department activities blocked out in Column E cannot be reduced as the issue is an obligation of the state or affects a statewide policy issue not in the jurisdiction of this subcommittee.						
		<b>FY 2011-2012 Base Budget (State Funds Only) 1,480,061,654</b>			Target Budget = 1,258,052,406 Running Total = <u>1,480,061,654</u> Difference = <b>(222,009,248)</b>			
<b>Program / Department Activity</b>		FTE	Total State Funds	MOE/MATCH or Revenue Generating	Percent of Reduction Proposed	Adjusted Total State Funds	Page Reference for Base Budget or Long-Range Financial Outlook (LRFO)	Comments
276	Transfer to DMS for HR Services/Statewide Contract	0.00	458,915			458,915		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Division of Human Resources and the People First contract.
277	Data Processing Services - Southwood Shared Resource Center	0.00	4,197,868			4,197,868		Reductions to this line must be allocated in the General Appropriations Act based on the appropriations to the Southwood Shared Resource Center.
278	Transfer to Division of Administrative Hearings	0.00	864,243			864,243		Reductions to this line must be allocated in the General Appropriations Act based on reductions to the appropriations provided to the Division of Administrative Hearings.
279	FCO: Debt Service Obligation	0.00	29,949,943			29,949,943		
280								
281	Key Budget Driver - LRFO (Tier 1) National Guard Pensions	0.00	1,100,000			1,100,000	103 LRFO	
282	Key Budget Driver - LRFO (Tier 2) State Aircraft Program	0.00	889,320			889,320		
283	<b>Department of Management Services Total</b>	<b>1,261.00</b>	<b>561,630,795</b>			<b>561,630,795</b>		
284								
285	<b>Total</b>	<b>11,536.25</b>	<b>1,480,061,654</b>		<b>0.0%</b>	<b>1,480,061,654</b>		