



Government Operations Appropriations Subcommittee

**Wednesday, October 19, 2011
1:30 PM - 4:00 PM
Morris Hall (17 HOB)**

Meeting Packet

**Dean Cannon
Speaker**

**Ed Hooper
Chair**



The Florida House of Representatives
Appropriations Committee
Government Operations Appropriations Subcommittee

Dean Cannon
Speaker

Ed Hooper
Chair

October 19, 2011

AGENDA
1:30 PM – 4:00 PM
Morris Hall

I. Call to Order/Roll Call

II. Agency Overviews and Schedule VIII-B Presentations

Office of Insurance Regulation

Audrey S. Brown, Chief of Staff

Department of Financial Services

Paul Whitfield, Deputy Chief Financial Officer

Teri Madsen, Budget Director

Department of Revenue

Lisa Vickers, Executive Director

Public Service Commission

Braulio L. Baez, Executive Director

Southwood Shared Resource Center

John Wade, Executive Director

Public Employees Relations Commission

Mike Hogan, Commission Chair

Northwood Shared Resource Center

Ronald Stewart, Executive Director

III. Adjourn

FLORIDA OFFICE OF
INSURANCE REGULATION

KEVIN M. McCARTY
Insurance Commissioner



House Government Operations
Appropriations Subcommittee

Agency Overview and Schedule VIII B Presentation

Audrey S. Brown
Chief of Staff

Office of Insurance Regulation
Financial Services Commission

October 19, 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 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012
FTE	315	314	300	290	283
OIR Budget	\$26,939,144	\$24,966,951	\$28,003,462	\$28,141,641	\$27,754,538

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 for the outsourcing of financial exams. Insurance companies that are being examined, reimburse the cost of the examinations and OIR makes payment to the 3rd party examiner. Therefore the IRTF acts as a pass-through.

Compliance and Enforcement

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

- Salaries and Benefits \$15,783,207
- ❖ Provides salaries and benefits for 249 FTE positions
- Other Personal Services \$125,000
- Expenses (includes \$1.1 million for office building rent to DMS) \$2,771,363
- Operating Capital Outlay \$2,000
- Contracted Services \$688,016
- Risk Management Insurance \$115,643
- Transfers to DMS for HR Services \$97,243
- Property & Casualty Examinations (Budget Authority only) \$4,651,763
- Life & Health Examinations (Budget Authority only) \$50,000
- Public Hurricane Model Maintenance & Support \$588,639

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
 - ❖ Provides salaries and benefits for 34 FTE positions
- Expenses
 - \$144,457
- Contracted Services
 - \$117,710
- Transfer to DMS for HR Services
 - \$13,589

Budget Reduction Options

Proposals that do not require statutory change:

1. Reduce Business Unit Expenses - \$100,000
2. Reduce Expense (Executive Direction) - \$42,500
3. Reduce Florida Public Hurricane Model Maintenance - \$176,592
4. Reduce Expense (Compliance & Enforcement) - \$288,488
5. Reduce Contracted Services - \$250,000
6. Reduce 2 Vacant Positions (Compliance & Enforcement) - \$118,592

Proposals that would require statutory change:

7. Discontinue Review and Approval of Insurance Policy Forms - \$1,226,063 Overall Reduction and 22 FTE

Questions?

Contacts:

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Budget and Personnel Manager
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Audrey Brown
Chief of Staff
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Department of Financial Services
Agency Overview and Schedule VIII-B Possible Reduction Issues
for
Fiscal Year 2012 - 2013

House Government Operations Appropriations Subcommittee
October 19, 2011

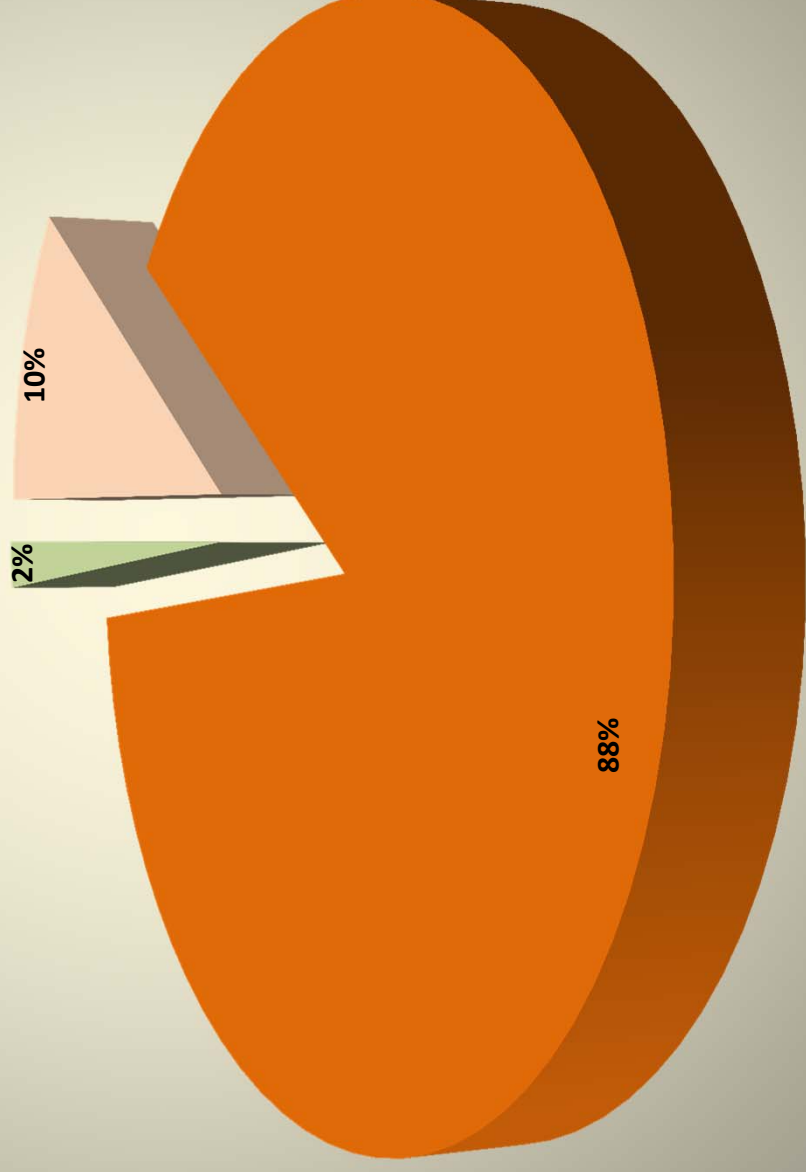
Funding Sources

FY 2011 – 12 Recurring Budget

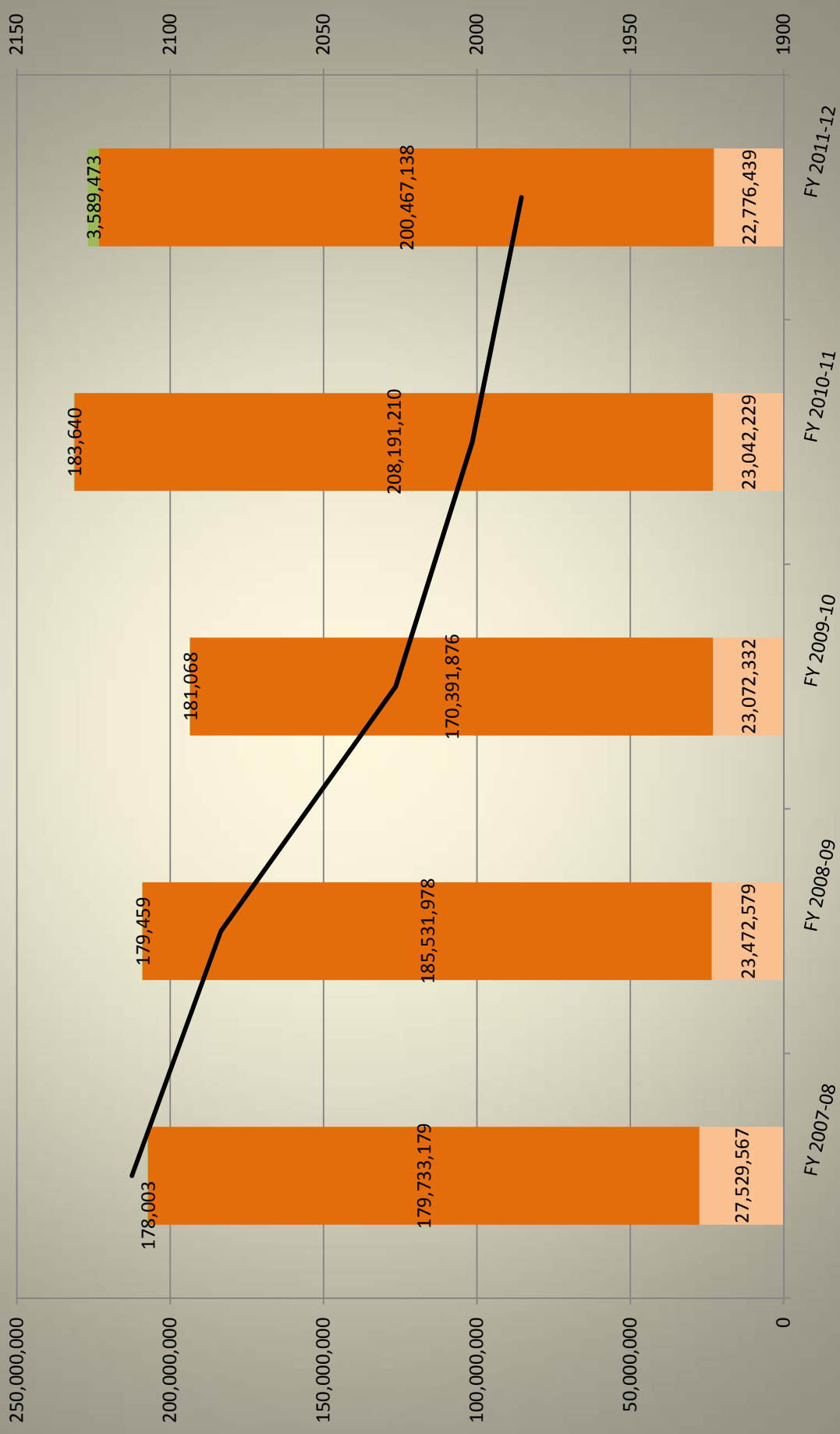
General Revenue \$22,776,439

State Trust Funds \$200,467,138

Federal Trust Funds \$3,589,473

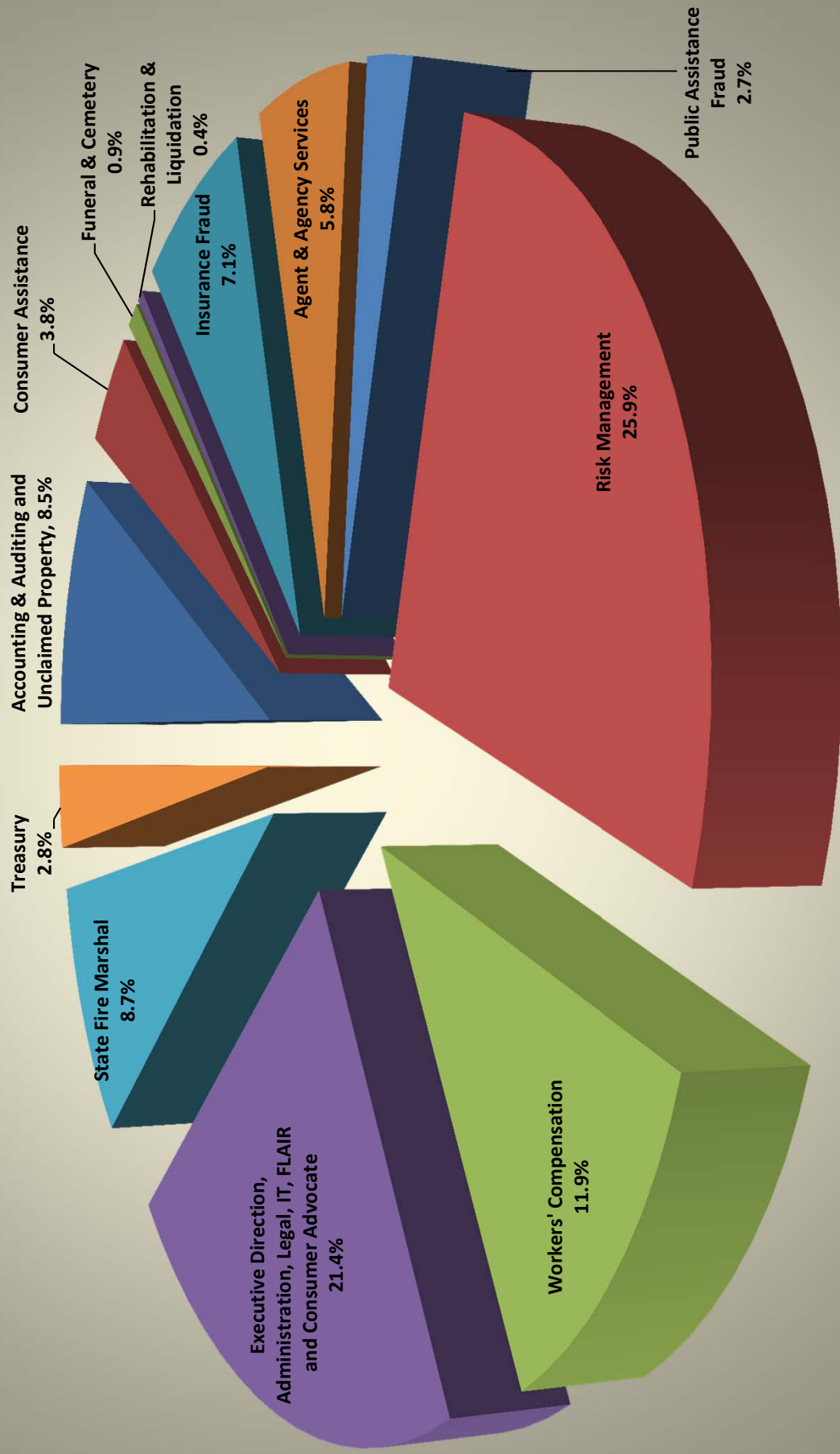


Historical Recurring Funding Levels



Program Funding

FY 2011 – 12 Recurring Budget



10% Target Reductions

The 10% reduction target for the Department of Financial Services in FY 2012 – 13.

- General Revenue = \$2.3 million
- Trust Funds = \$19.3 million
- 98 different issues
- 195.5 FTE – 138.5 FTE filled

Reductions by Program

Program/Division	FTE Reduction	General Revenue	Trust Fund
Chief Financial Officer/Admin (Includes Legal, IT, IT-FLAIR and Consumer Advocate)	17.5 (2 filled)	\$1,120,444	\$3,110,394
Treasury (Includes Deferred Compensation)	6.5 (6.5 filled)		\$794,785
State Accounting and Auditing (Includes Unclaimed Property)	33 (27 filled)	\$1,241,955	\$765,882
State Fire Marshal	34 (31 filled)		\$1,774,346
Risk Management	0		\$5,900,000
Insurance Co. Rehabilitation and Liquidation	0		\$97,548
Agent & Agency Services	9 (6 filled)		\$1,310,353
Insurance Fraud	23 (5 filled)		\$1,304,926
Consumer Assistance	15.5 (8 filled)		\$1,222,348
Funeral & Cemetery Services	3		\$202,658
Public Assistance Fraud	10 (10 filled)	\$41,047	\$437,955
Workers' Compensation	43 (43 filled)		\$2,317,371

10% Reduction in General Revenue

- The department has General Revenue in three divisions – Accounting and Auditing, IT – FLAIR, and Public Assistance Fraud.
- Reductions to either Accounting and Auditing or FLAIR will have a statewide impact.
- The Public Assistance Fraud is funded by both GR and TF. GR can be reduced by shifting to a trust fund to continue the mission of the division.

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.
- Impacts of these reductions:
 - ✓ Lower the accuracy, quality, and timeliness of financial reports to the Legislature and external users
 - ✓ Reduce the number of disbursement and payroll audits performed
 - ✓ Reduce the ability to support local governments with annual financial reporting
 - ✓ Reduce the level of financial and contract management training provided to state agencies
 - ✓ Reduce the ability to provide support to vendors for prompt payment, management of vendor records, and providing 1099s
 - ✓ Increase risk of inaccurate payroll processing
 - ✓ Reduce support for the audit of clerk of courts court-related activities

IT-FLAIR

- More than 9,000 state employees in more than 35 agencies use

FLAIR

- 5.1 Million FLAIR Departmental transactions processed annually
- Processed 7,177,481 electronic fund transfers for Retirement, Salary, and Expense payments (> \$37 billion)
- Printed 14,627,172 state warrants (>\$31 billion)
- Processed 261 separate payrolls (weekly, bi-weekly, bi-monthly, monthly, and special payrolls) for state employees totaling \$7.3 billion

IT-FLAIR

The FLAIR application development staff is made up of 57 FTE's:

- 26 are business analysts in the Bureau of Accounting Systems Design
- 31 are programmer analysts in the Bureau of Programming Design.

Over the next 5 years Flair will experience a significant loss of staff due to DROP termination and retirement eligibility:

- 12 people will terminate due to DROP (loss of over 200 years FLAIR experience)
- 14 people will reach 30 year retirement eligibility (additional loss of over 260 years FLAIR experience)
- 4 people will terminate because they returned after DROP only for a short time frame (additional loss with over 100 years FLAIR experience)

CFO Goals

- As promised last year, CFO Atwater is reviewing all programs and the constitutional and statutory requirements of the department.
- Philosophy:
 - ✓ Focus on core mission
 - ✓ Reduce unnecessary workload to reduce costs
 - ✓ Use strategic planning, business process mapping, and regulatory reviews
- Results:
 - ✓ Transparent budgeting process
 - ✓ Reallocation of existing resources where appropriate
 - ✓ Continued commitment to streamlining, process improvements, and focus on core mission

- **Regulation Reviews**

- ✓ Agency & Agency Services, Workers' Compensation, Accounting and Auditing, and Funeral & Cemetery Services have completed the review
- ✓ 10 reductions placed in the Legislative Budget Request
- ✓ 43.5 FTE and over \$2.7 million in trust fund authority
- ✓ Some reductions will not have an impact until FY 13-14
- ✓ Some reductions will require statutory changes

- **Eliminate vacant positions**

- **Close district offices**

- **Reduce expenses**



CHIEF FINANCIAL OFFICER

JEFF ATWATER

FLOIDA DEPARTMENT OF FINANCIAL SERVICES

THANK YOU!

QUESTIONS?

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

October 19, 2011

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

Department of Revenue Quick Facts

Department Level

- 5,140 FTE (EXE – 260, CSE – 2,295, GTA – 2,238, ISP – 173, PTO – 174)
- 55 service sites in Florida and 7 out of state sites
- Reduced lease space by 180,000 sq. feet between July 2007 and July 2011 / Reduction of 31 leases

Child Support Enforcement

- 2,295 FTE / 41 service sites
- Provides service to more than a million children
- Over 865,000 child support cases
- Assists in establishing paternity for more than 98,000 children statewide annually
- Over \$1.58 billion annually in child support payments of which 90% is from enforcement actions
- Collects 67% of amount due in child support annually
- Call center activity - Approximately 1.8 million calls responded to annually through call center agents on the toll free help lines

General Tax Administration

- 2,238 FTE / 25 service sites in Florida / 7 service sites in 6 other states
- 32 taxes administered
- 8.5 million returns filed annually
- Collects over \$32.4 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

- 174 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 642 local government entities every year
- 1,766,236 website visits

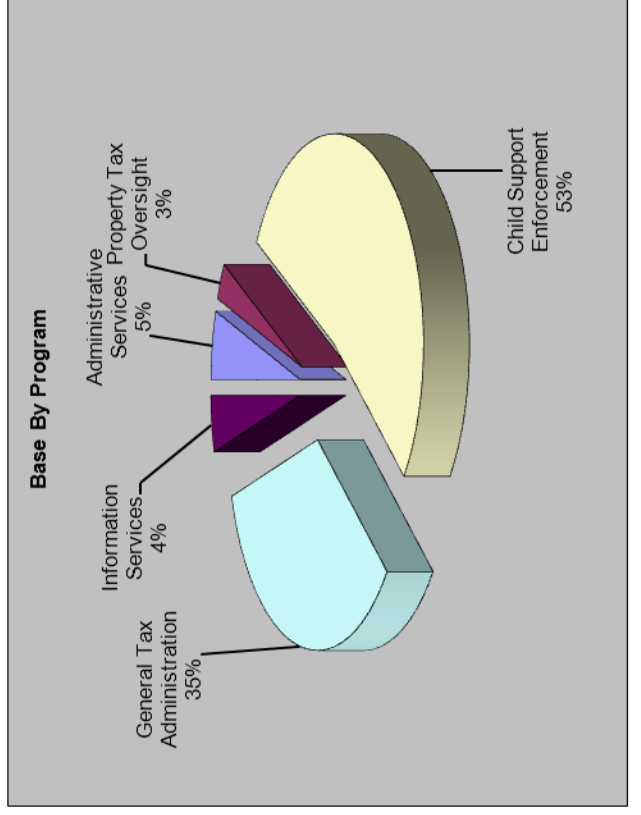
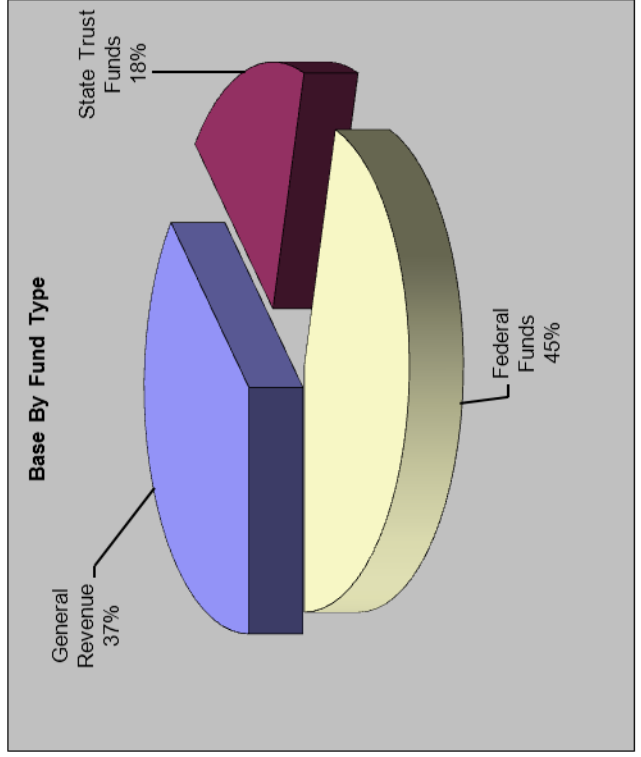
Department of Revenue Fiscal Year 2012-13 Base Budget Review – Agency Summary

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 2011-12 Appropriations:	5,140.0	473,009,984	63,764,490	536,604,541

Agency Funding Overview	Base Budget FY 2012-13*				
	Program	FTE	General Revenue	State Trust Funds	Federal Funds
1 Administrative Services	253.00	11,113,715	5,908,586	7,811,260	24,833,561
2 Property Tax Oversight	174.00	11,782,676	1,558,635	0	13,341,311
3 Child Support Enforcement	2,275.00	64,187,135	4,314,036	180,560,047	249,061,218
4 General Tax Administration	2,214.00	80,410,443	63,372,433	21,366,025	165,148,901
5 Information Services	175.00	5,777,398	10,674,007	4,003,655	20,455,060
6 Total	5,091.00	173,271,367	85,827,697	213,740,987	472,840,051

* FY 2012-13 base budget differs from the FY 2011-12 appropriation as the base budget does not include any nonrecurring funds or statewide email but does include annualizations and other adjustments.



FY 2012-13 Reductions & Mitigating Strategies

Line #	Program	Issue	State Share			Total
			GR	Trust	Fed Trust	
1	GTA	Eliminate SunGard Contracted Services	(82,260)			(82,260)
2	GTA	Postage Meter Lease Sharing	(4,276)			(4,276)
3	CSE	Reduction of Child Support Data Processing Costs due to CAMS Implementation	(686,934)		(1,576,734)	(2,263,668)
4	GTA	Shift salary and benefits from General Revenue to Federal Grants Trust Fund	(2,000,000)		2,000,000	0
5	CSE	Close Kissimmee Service Site	(23,200)		(45,034)	(68,234)
6	CSE	Eliminate Automatic Payment Line	(61,200)		(118,800)	(180,000)
7	CSE	Allow Noticing via Regular Mail	(16,352)		(31,744)	(48,096)
8	CSE	Allow Non-Restricted Delivery of Administrative Paternity and/or Support Actions Notices	(42,082)		(81,689)	(123,771)
9	CSE	Eliminate 1-800 Kids Line	(238,000)		(462,000)	(700,000)
10	CSE	Reinstate \$25 Non-Assistance Application Fee for IV-D Child Support Services	(266,263)	266,263		0

FY 2012-13 Reductions & Mitigating Strategies

Line #	Program	Issue	State Share			Total
			GR	Trust	Fed Trust	
11	CSE	\$100 Child Support Enforcement Fee for Review and Modification of Title IV-D Child Support Orders	(391,000)	391,000		0
12	CSE	Pass Cost of \$25 mandatory Federal Deficit Reduction Act (DRA) Fee to Custodial Parents	(2,131,510)	151,510		(1,980,000)
13	CSE	Eliminate 5% of Clerk of Court Trust Fund Budget		(161,900)		(161,900)
14	GTA	Increase returned item fee to 10% with a minimum of \$30 and maximum of \$300	(1,200,000)	1,200,000		0
15	GTA	Cap the collection allowance provided for communication service tax providers.	(6,200,000)	6,200,000		0
16	GTA	Eliminate collection allowance for sales tax paper filers.	(13,700,000)	13,700,000		0
		GRAND TOTAL	(27,043,077)	21,746,873	(316,001)	(5,612,205)
		TARGET	(16,637,110)	(6,712,088)		(23,349,198)



FY 2012-13 New Issues & Schedule VIII B-2

House of Representatives Government Operations Appropriations Committee

**Braulio L. Baez
Executive Director
October 19, 2011**



Funding

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



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 and reliability involves responding to consumer contacts; distribution of materials to educate and inform consumers regarding utility matters; ensuring maintenance of a coordinated electric power grid throughout Florida; and safety inspections of gas systems and electric construction confirming that services are provided in a safe, reasonable, and timely manner.



Operational Efficiencies

Reduce Positions

- The PSC is proposing the reduction of 3 FTE from the Utility Regulation budget entity. These reductions are being proposed as a result of the agency's initiative to gain efficiencies and streamline our processes. By eliminating these 3 FTE, the PSC will recognize a total reduction of \$216,535 from our recurring operating budget.



Summary of Schedule VIII B-2 By Key Areas

Category	# of Issues	Amount	FTE Reduction
Competitive Market Oversight	3	\$379,713	6
Rate Base / Economic Regulation	7	\$632,485	11
Consumer Protection, Safety, Reliability, and Service	7	\$913,249	16
Administrative and Support Staff	2	\$524,797	9
Totals	Totals	\$2,450,244	42



Competitive Market Oversight

Elimination of these activities would mean information regarding the telecommunications market, competition within the market as well as Lifeline and TASA statistics, would no longer be available. Without this Florida specific information neither the PSC nor the Legislature will have information regarding Florida market development, Lifeline subscribership or TASA participation and equipment distribution.

Title	Priority Number	Amount	FTE Reduction
Reduce Positions	1	\$216,534	3
Eliminate the Production of the Report to the Legislature on Status of Competition in the Telecommunications Market	7	\$54,767	1
Eliminate the Annual Lifeline Report and the Annual Telecommunications Relay Access System Act (TASA) Report.	15	\$108,412	2
Key Area Total		\$397,713	6



Rate Base/Economic Regulation

Reductions in these activities could result in overearnings going undetected for a period of time; quality and efficiency of the audit program may be negatively impacted as a result of reducing field staff; and, consumers will have less direct contact with Commissioners if meetings are held in Tallahassee versus service territories.

Title	Priority Number	Amount	FTE Reduction
Limit the Review of the Electric Depreciation Annual Status Reports	2	\$68,241	1
Discontinue Field Inspections of Water & Wastewater Utilities	3	\$75,311	1
Reduce Annual Report Reviews to Sample	5	\$54,767	1
Reduce the Public Service Commission's Field Office Staff	6	\$96,076	2
Reduce Frequency of Surveillance Report Reviews	11	\$100,758	2
Discontinue Monthly Fuel Monitoring	12	\$59,449	1
Reduce the Number of Customer Meetings and Service Hearings and Hold in Tallahassee Versus Service Territory	14	\$177,883	3
Key Area Total			11
		\$632,485	



Consumer Protection, Safety, and Reliability

Elimination of these activities would mean consumer complaint resolution times and the number of unresolved complaints will increase; Florida’s consumers will be less informed about the Linkup and Lifeline discount programs; and, the public will be at higher risk of being injured or killed by undetected gas leaks or contact with energized lines or facilities.

Title	Priority Number	Amount	FTE Reduction
Reduce Complaint Process Review	4	\$105,472	2
Eliminate Lifeline and Link-up Outreach	8	\$53,900	1
Reduce Customer Complaint Handling	9	\$230,957	5
Reduce Handling of Slamming Complaints	13	\$64,904	1
Reduce Complaint Handling to Bare Minimum	16	\$184,402	3
Reduce the Number of Gas Safety Inspections	17	\$143,450	2
Reduce the Number of Electric Safety Inspections	18	\$130,164	2
Key Area Total			16
		\$913,249	



Summary

- 100% Trust Funded Recurring Budget
- Minimal remaining flexibility with budget.
- 10% Reduction = Loss of 42 FTE



House Government Operations Appropriations Subcommittee

October 19, 2011



Mission

- Our mission is to provide reliable, secure and efficient enterprise technology services
- State's first primary data center (F.S., 282.203, July 2008)
- State-owned facility providing enterprise technology to state and public agency entities
- Oversight is provided by customer-member board of trustees



SSRC Base Budget FY 2011-2012

- The SSRC is a 100% cost recovery program. All funds come from direct billings to customer agencies for services provided.
- \$31.8M (Includes \$5.9M for statewide enterprise email consolidation
- 121.0 FTE's
- Revenue Source – Working Capital Trust Fund



Customers we currently support include:

Agency for Healthcare Administration	Agency for Persons with Disabilities
Agency for Workforce Innovation	Children Home Society
Community Based Care of Brevard	Community Based Care of Seminole
Department of Business and Professional Regulation	Department of Children and Families
Department of Citrus	Department of Community Affairs
Department of Corrections	Department of Education
Department of Elder Affairs	Department of Financial Services
Department of Health	Department of Juvenile Justice
Department of Highway Safety and Motor Vehicles	Department of Lottery
Department of Management Services	Department of Military Affairs
Department of Revenue	Department of State
Department of Transportation	Department of Veterans' Affairs
Executive Office of the Governor	Florida Commission on Human Relations
Florida Fish and Wildlife Conservation Commission	Florida Legislature
Florida Parole Commission	Greater Orlando Aviation Authority
Justice Administrative Commission	Miami-Dade Expressway Authority
Public Employee Relation Commission	Public Service Commission
Santa Rosa County	State Attorney 14th Circuit
State Board of Administration	Statewide Guardian Ad Litem
Water Management District - Northwest Florida	Water Management District - Suwannee River



Target Reductions for FY 12-13

- Working Capital Trust Fund: **\$2,443,028**
- Reductions are across all standard operating categories, as follows:
 - Salaries/Benefits
 - Expense
 - OCO
 - Contracted Services
 - Data Processing Contracts



Target Reductions for FY 12-13

Significant Impact to Mission and Core Functions		
Budget Reduction Issue	FTE	Budget Impact
Salaries and Benefits	(1.0)	(275,381)
Expense		(251,782)
Operating Capital Outlay		(8,900)
Contracted Services		(1,577,620)
Special Category: Data Processing Contracts		(329,345)
Total Target Reductions	(1.0)	(2,443,028)



Target Reductions for FY 12-13

Significant Impact to Mission and Core Functions

Salaries and Benefits (275,381) – This category provides funding which supports 121.0 FTE positions within the SSRC. This reduction specifically includes 1.0 FTE (72,381) which currently maintains the Unisys Mainframe and is scheduled to be decommissioned in January, 2012.

Expense and OCO (251,782/8,900) – These reductions would negatively impact the SSRC’s ability to meet current Service Level Agreements with customers, and necessitate adjustments to future agreements which will limit our response period to 9AM-5PM.



Proposed Target Reductions (Significant Impact to Mission and Core Functions)

Significant Impact to Mission and Core Functions

Contracted Services (1,577,620)

Special Category: Data Processing Contracts (329,345) – These reductions would negatively impact the SSRC’s ability to maintain appropriate software licensing and maintenance agreements, hardware rental agreements and staff augmentation.



State of Florida Southwood Shared Resource Center

Thank You

Questions





PUBLIC EMPLOYEES RELATIONS COMMISSION

PERC AGENCY OVERVIEW

**Prepared for the
HOUSE SUBCOMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
October 19, 2011**

Mission



The Public Employees Relations Commission is a small quasi-judicial agency created to resolve public sector labor and employment disputes **and to otherwise effectuate the state's labor policy to promote harmonious** and cooperative relationships between government and its employees, both collectively and individually, and to protect the public by assuring the orderly and uninterrupted operations and functions of government as prescribed by the Florida Constitution and state statutes.

The Commission serves over 600,000 employees and has jurisdiction over all state and local governments to include cities, counties, school boards and special taxing districts.

Performance Results



- 12%: Increase in case filings since 2009-10
- 98%: Cases closed within legislatively-imposed time frames
- 94%: Commission affirmed by the appellate courts or cases dismissed/withdrawn by parties on appeal



Jurisdiction and Authority



LABOR

- **Labor Cases (1,094)**
 - Art. I, s. 6, Fla. Const.
 - Ch. 447, Part II, Fla. Stat.
- **Other Labor Functions**
 - Union Registrations
 - Union Elections
 - Collective Bargaining Impasse Resolution

EMPLOYMENT

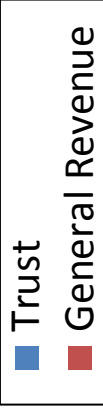
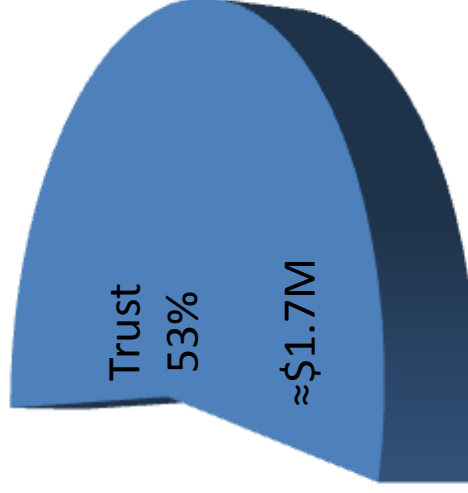
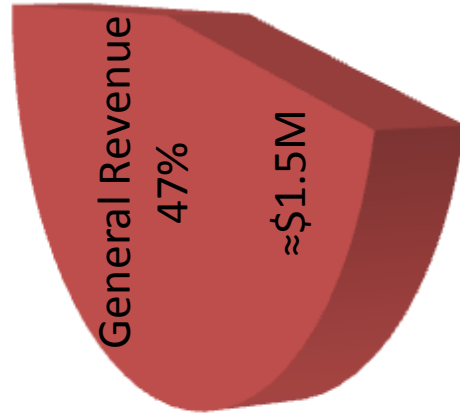
- **Career Service Appeals (512)**
 - Art. III, s. 14, Fla. Const.
 - ss. 110.227, 447.207, Fla. Stat.
- **Other Employment Cases**
 - Veterans' Preference Appeals
 - Drug-Free Workplace Act Appeals
 - Age Discrimination Appeals
 - Forced Retirement Appeals
 - Whistle Blower Act Appeals

Budget Overview

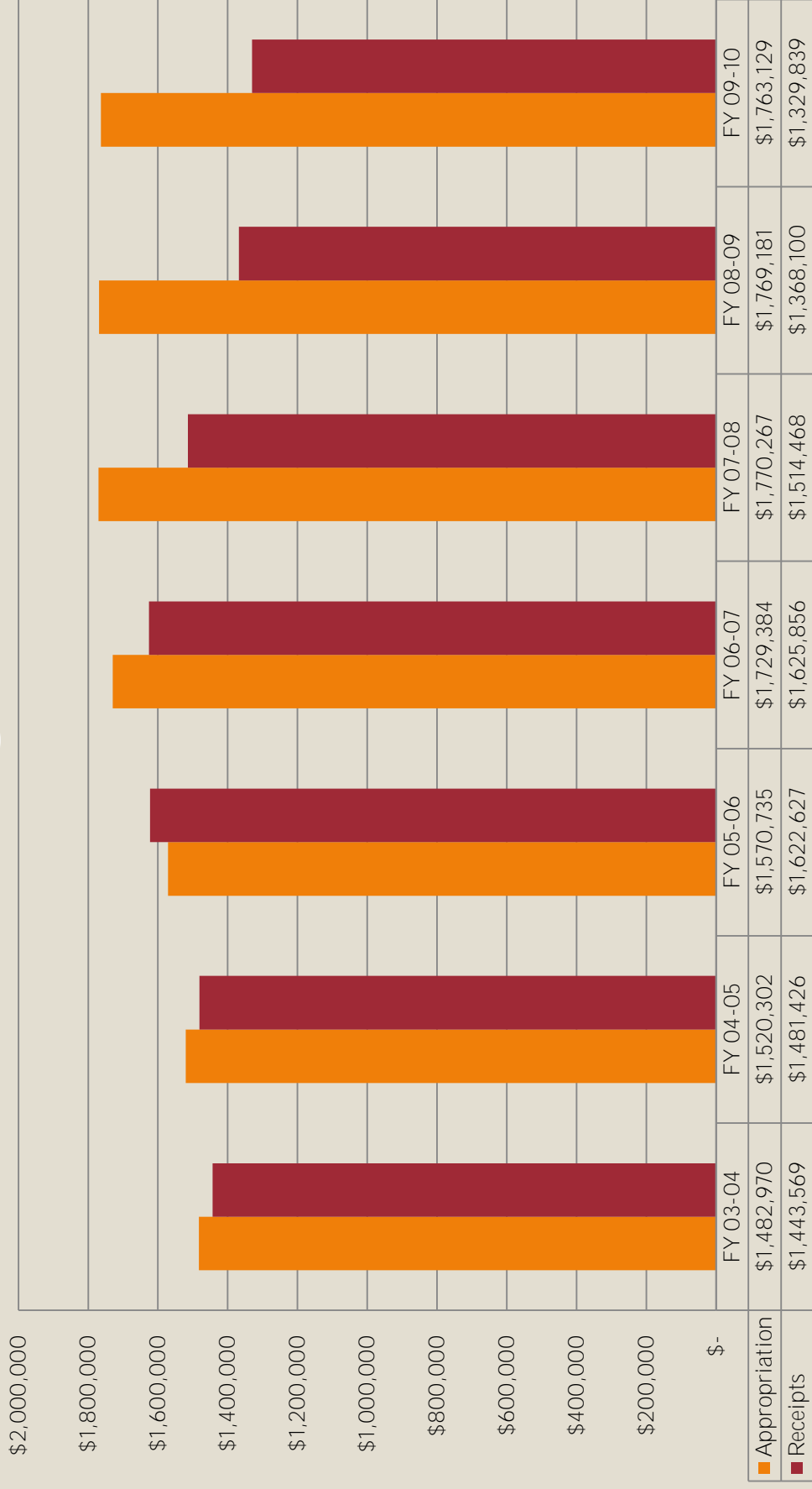


2011-2012 Legislative Appropriation

Total: \$3.2M



Trust Fund: Appropriations vs. Revenue Receipts



Matters of Concern



- Trust Funding comes primarily from a distribution from the Local Government Half Cent Sales Tax. Declining sales tax revenues have resulted in Trust fund shortfalls.
- In the last five fiscal years staffing has been reduced by 26% while the caseload has increased by 57%.
- Position reductions have resulted in minimal staffing **levels and no “back up” provisions. This leaves the Commission particularly vulnerable to an inability to perform its mission.**
- Meet legislative objectives and perform mission.

Cost Savings Measures



- Implemented phase one of ePERC – electronic filing system
- Implemented digital recordings to eliminate court reporters at agency expense
- Eliminated OPS (temporary) administrative and legal staff support
- Reduced printing, paper, postage and equipment maintenance costs
- Reduced cell phone and Blackberry expense (less than \$100 per mo.)
- Reduced number of phone lines by 39%
- Implemented a freeze on ALL discretionary spending
- Hearings conducted via teleconference rather than on-site to reduce travel costs
- Reduced two of three Commissioners from full-time positions to part-time positions



Public Employees Relations Commission 10% Reduction Plan



2011-2012 Base Budget		
GENERAL REVENUE	CATEGORY	TRUST FUND
\$ 1,350,652 (91%)	SALARIES/ BENEFITS	\$ 1,234,606 (72%)
\$ 9,277	Other Personal Services	\$ 53,628
\$ 27,094	EXPENSES	\$ 354,664 (21%)
\$ 7,399	Operating Capital Outlay	\$ 5,721
\$ 35,070	CONTRACT SRVCS	\$ 32,500
\$ 8,555	Special Category RISK MANAGEMENT	\$ 12,542
\$ 34,314	Special Category ADMIN. OVERHEAD	\$ -----
\$ 6,181	Special Category HR SERVICES	\$ 5,306
\$ 8,388	Special Category DP SERVICES (IT)	\$ 10,900
\$ 1,486,930	TOTAL	\$ 1,709,867

Total Budget: \$3,196,797

Target Reduction (\$305,400)

- Reduce Salaries & Benefits by 8%
 - Cut 25% of legal/hearing officer staff
 - (2 of 24 FTEs - \$209,588)
- Reduce OPS (temporary staffing) by 100%
- Reduce Contractual Services by 33%
- Reduce Administrative Overhead paid to DMS by 20%
- Reduce DP Services (IT) by 19%



Northwood Shared Resource Center

LEGISLATIVE OVERVIEW

October 2011





Northwood Shared Resource Center

Quick Background

Long career in NJ State Government
(34 years)

Technology and Finance

CIO NJDOT
(9 yrs)

Deputy CTO State of New Jersey (4 yrs)
(State Wide Central IT Organization)
(Consolidated on Hardware, Software,
Applications Development, Contracting,
Procurement, Planning)

Northwood Shared Resource Center

Quick Definitions

- **NSRC** - is one of the state's three primary data centers providing utility computing services to customer agencies.
- **Primary Data Center (PDC)** – a facility providing consolidation of agency computing environments in a shared model resulting in cost reduction and efficiency of operation.
- **Utility Computing Services** include network connectivity, hosted operating system platforms for agency applications, data storage, backup and disaster recovery of critical applications in a secure and stable environment.



Northwood Shared Resource Center

Brief History

- Evolved out of the Department of Children & Families data center.
- Designated as a Primary Data Center (PDC) in July 2009.
- In third year of operation with consolidation efforts continuing.

Northwood Shared Resource Center

Vision

“To work together to share information among programs and agencies and to increase efficiency in Florida state government.”



Mission

“To provide customer with consistent and secure computing power, expert support, creative technology solutions, and continuity of service.”

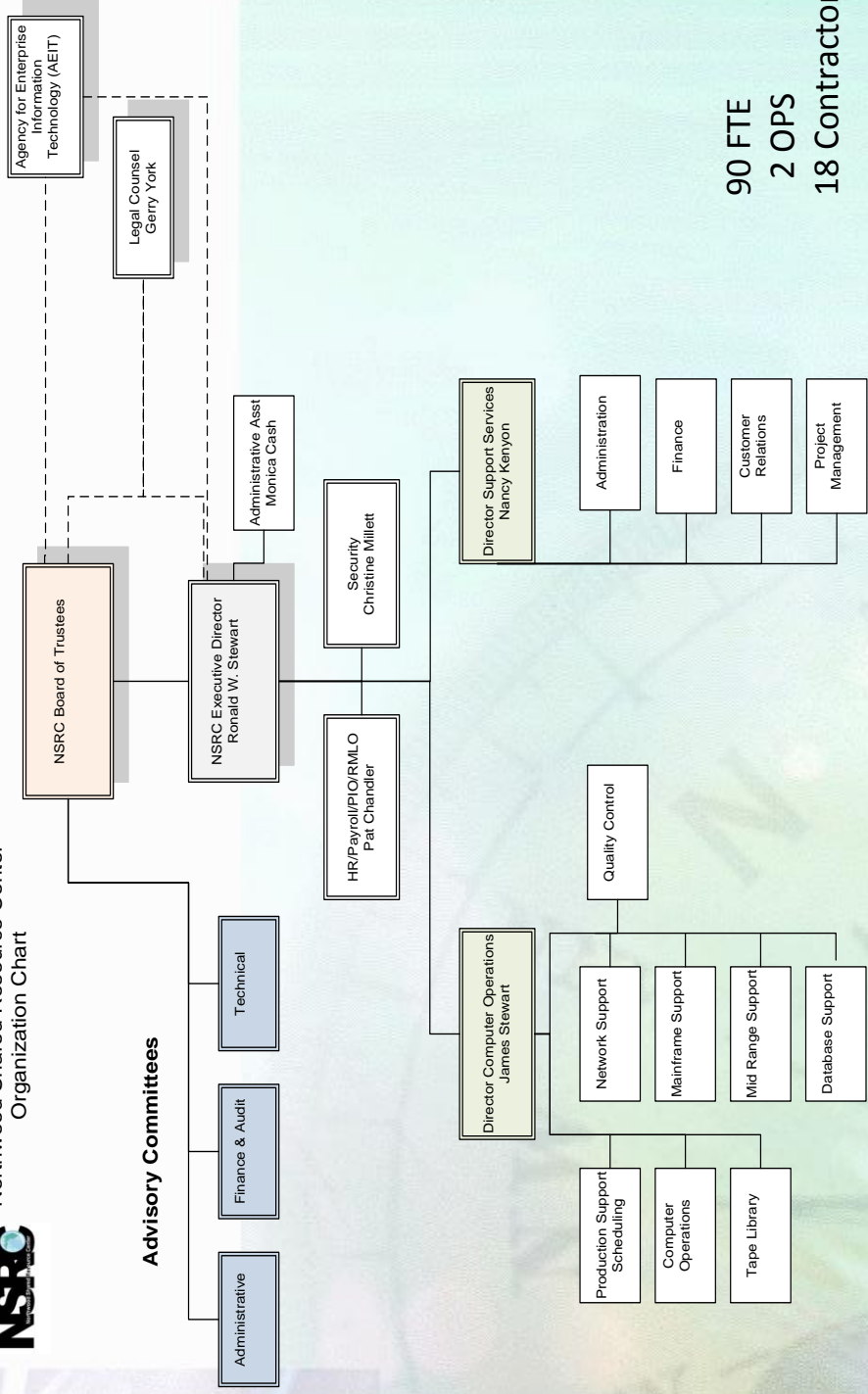
Goal

“The overall goal of the NSRC is to provide cost effective and efficient enterprise data processing services that are reliable and secure to our customer agencies that provide core state business functions directly to the citizens of the state or agencies that support the citizens.”

Northwood Shared Resource Center

Organization

NSRC Northwood Shared Resource Center
Organization Chart



90 FTE
2 OPS
18 Contractors



Northwood Shared Resource Center

Board Membership

Board Members (2012)

Ann Coffin (DOR) - Chair

John Boynton (DOS) - Vice Chair

Otto Hough (DCF) - Treasurer

Juan Mestre (DOH)

Grant Sellars / Denise Rodenbough (Alt) (HSMV)

Fred Schuknecht / Oscar Gertsch (Alt) (At Large)

New Members coming in FY 2012 - 2013

Office for Health Care Administration (OHCA)

Department of Environmental Protection (DEP)

Department of Law Enforcement (FDLE)

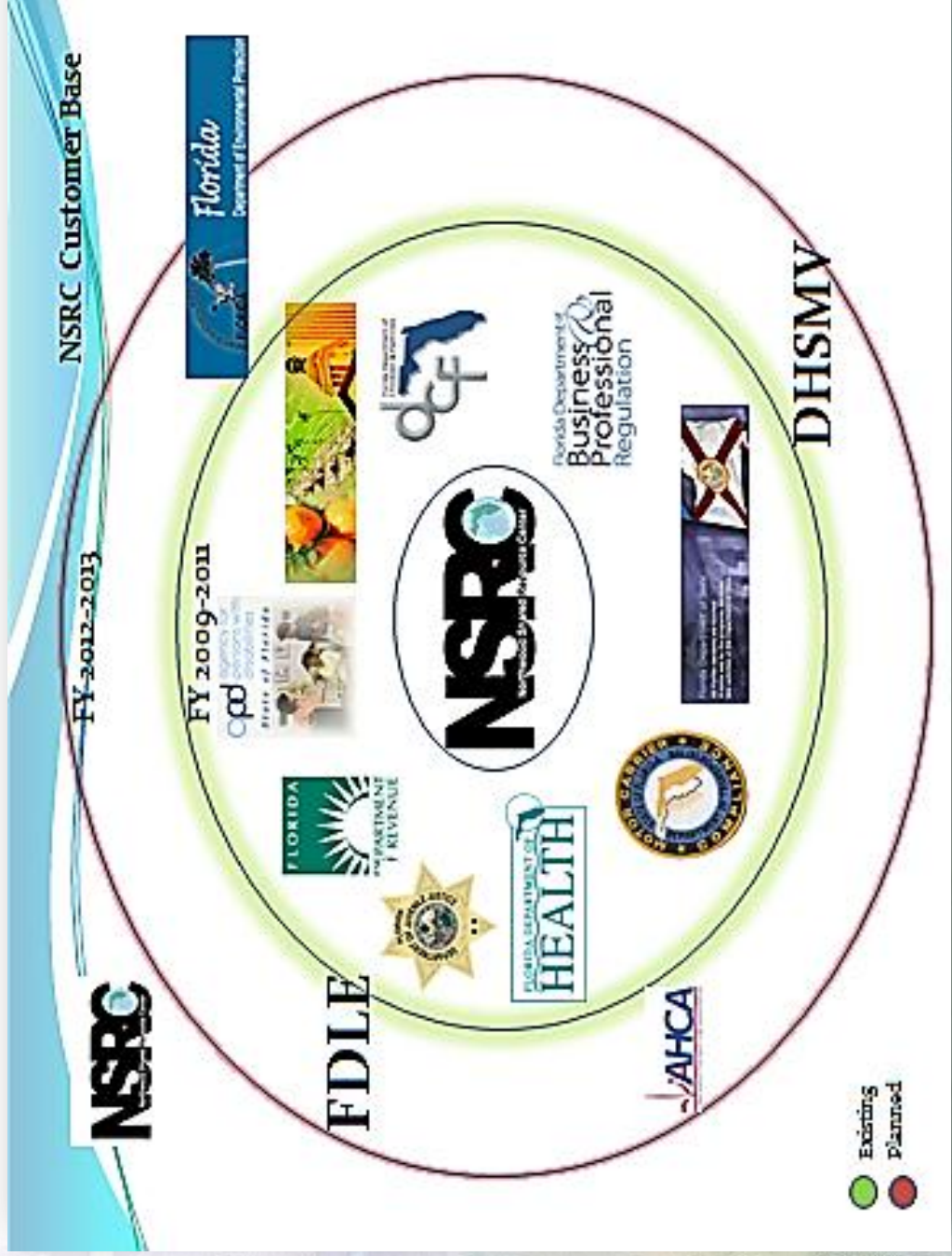
Northwood Shared Resource Center

Business Functions

- Security
- Network Services
- Mid-Range Services
- Database Support
- Mainframe Services
- Computer Operations
- Quality Implementation & Control
- Customer Relationship Mgmt
- Strategic Planning
- Project Management
- Administrative Support
 - Planning/Budget
 - Finance/Accounting
 - Procurement
 - Rate Development & Cost Allocation
 - Human Resources/Payroll/PIO/RMLO

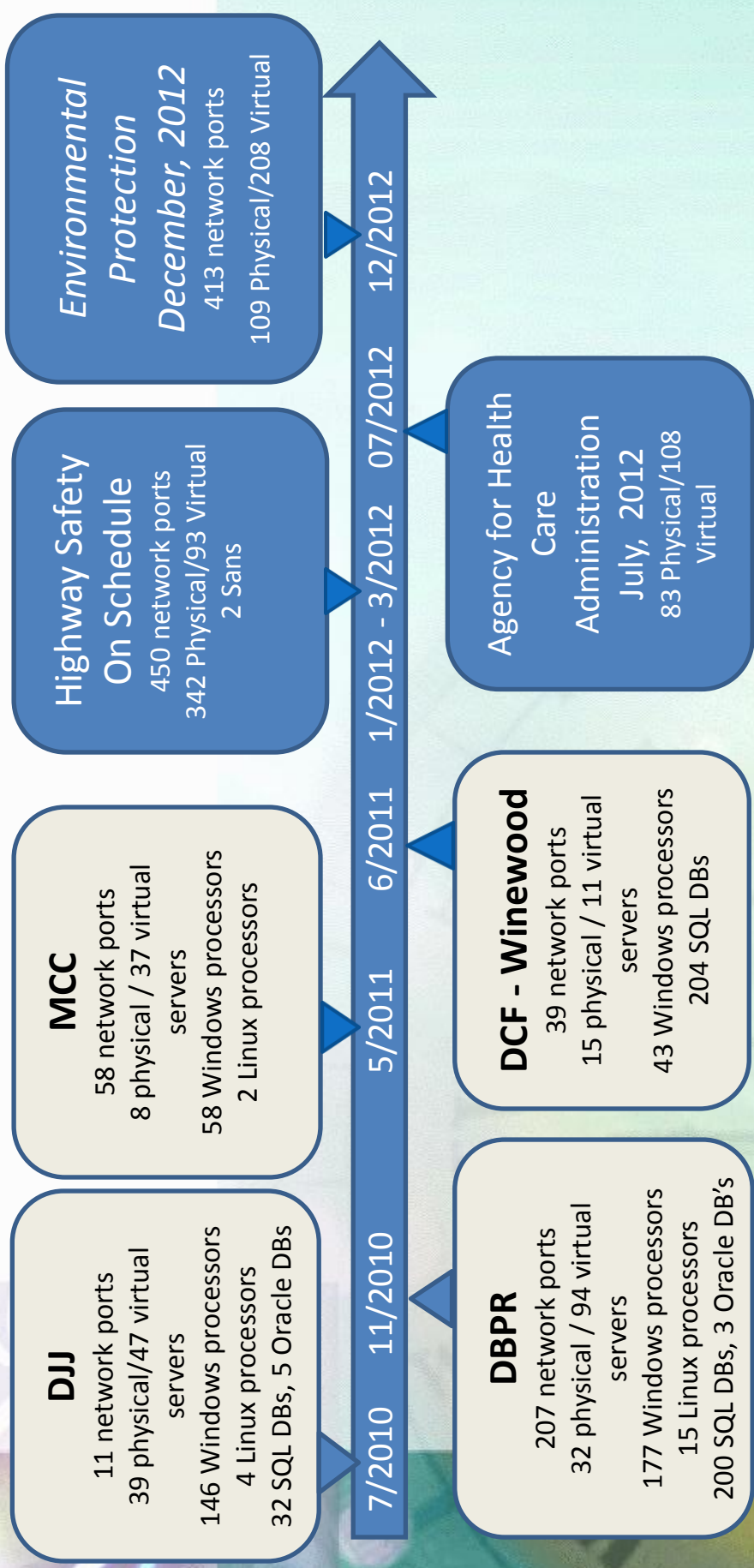
Northwood Shared Resource Center

Our Customers



Northwood Shared Resource Center

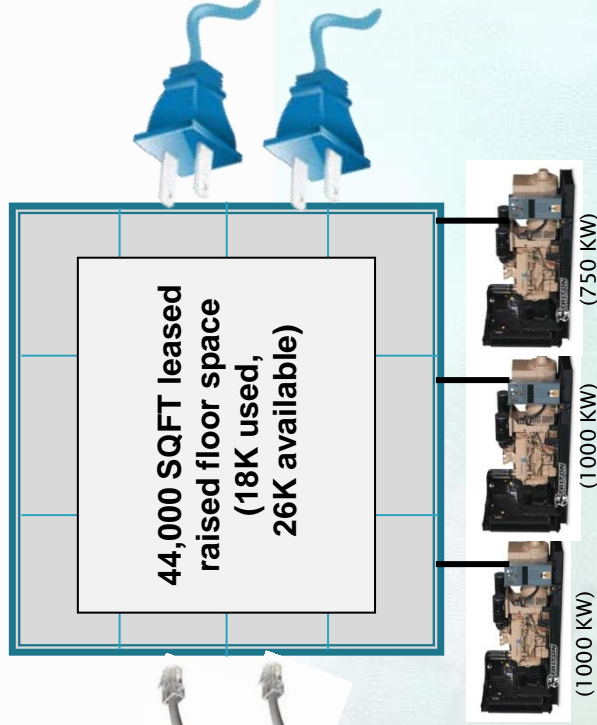
Consolidation Efforts



Northwood Shared Resource Center

Facility

Redundant communication network services from CenturyLink, Inc.



Dual power sources with the City of Tallahassee

Alternative power can be provided from 3 generators that were supplied by a 6000 gallon fuel tank that will provide 5-6 days of power.

Northwood Shared Resource Center

Data Center Raised Floor Availability



Northwood Shared Resource Center

Data Center Statistics

Network

- Routers, Switches, leased lines

Servers

- 495 physical servers
- 340 virtual servers running on 23 servers
- 1280 Applications

3 Mainframes

- Florida, FSFN & WIC

3 storage arrays (SAN) 342 TB

1 M/F storage array (SAN) 7 TB

2 Universal Power Supplies (UPS) redundancy 500kva each

3 Robotic tape libraries (over 20,000 tape cartridges)

Onsite and offsite tape backup

24/7 operation



Northwood Shared Resource Center

Data Center Services

Data Center Management – raised floor space, print services, network-to-network interface and network services

Mainframe Services – application hosting, operating system management, online transaction processing, database administration and batch processing.

Mid-Range Systems Management – application hosting, operating system management, online transaction processing, database administration and batch processing.

Storage Management – backup services and managed disk storage.

Windows Platform – application hosting, operating system management, online transaction processing and batch processing.

The background features a vertical column of binary code (0s and 1s) on the left side. Below the code, there are two globes connected by a network of lines, suggesting global connectivity. The overall color palette is light blue and green.

Northwood Shared Resource Center

CJIS Certified

All NSRC and contract staff are CJIS Certified (Criminal Justice Information Security).

What does this mean? Your data and systems are supported by highly professional and (background screened) CJIS certified security NSRC staff.

All NSRC staff, who are authorized to maintain/support NCIC/FCIC/CJNet information technology components, (including servers, routers, switches and/or other components used to store, process, or transmit NCIC/FCIC/CJNet data) have been granted access to the above components.

2012 Goals

- Cost Efficiencies**
 - Continue *Consolidation* efforts, maximize resources, lower costs, contract efficiencies
 - Leverage Virtualization in server and storage environments
 - Explore and leverage Grant opportunities
- Security**
 - Vulnerability Assessment tools
 - Refine policies & procedures

2012 Goals

Customer Focus

- Foster Greater Partnership with Customers – Market our services SLA / Updates / Newsletters
- Stress the Positive Customer experience through excellent service
- Survey / Feedback –
 - How are we doing?
 - How can we help?

Governance/Management

- Refine an IT Strategic Planning process with our Customers
- Refine internal processes
- Complete Agency Transition to DMS
- Invest in Management tools (discovery, hardware mgt, performance, statistical vulnerability, and billing)
- People
 - Develop & enhance staff - our greatest resource

Northwood Shared Resource Center

Lean Organization - Consolidation Model

➤ Efficiency steps

- 1. Consolidation (year 1)** – reduce customer costs
 1. Leverage Support Staff
 2. Includes software licensing consolidation (volume allows for more savings over time)
- 2. Consolidate Maintenance (year 1-2)** – once consolidated can reduce hardware maintenance at renewal cycles through volume
- 3. Virtualization of Servers & Storage (year 2)** – reduce hardware footprint, energy costs, support costs
- 4. Share resources (year 2-N)** – migrate away from silo-ed solutions – drive costs down (both staff & equipment)
- 5. Standardization (year 2-N)** – reduce costs by leveraging centers of expertise
- 6. Enterprise approaches (all years)** across all PDCs working with AEIT (contracting, standards, sharing, Centers of Excellence, DR services)

Northwood Shared Resource Center

Savings Continue from Enterprise Models

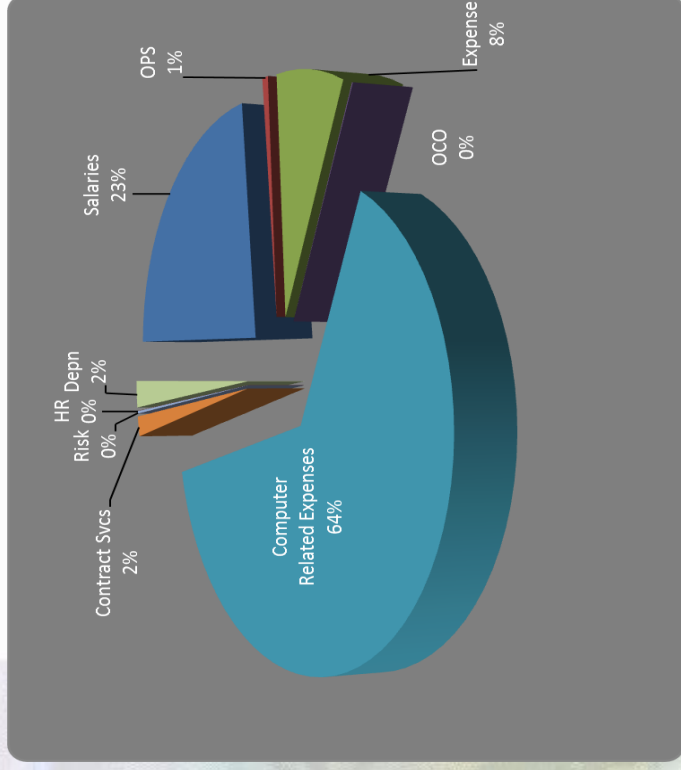
- Further savings require some investment
- Equipment is aging
- More efficient technology exists that reduces
 - Footprint
 - Cooling costs
 - Energy usage
 - Maintenance
 - Support
- Software management tools are needed to continue reduction of staffing when equipment volume increases
 - Increases productivity
 - Manages environments efficiently
 - Substantially reduces risks and times to remediate with prevention and early detection
 - Greater statistics for billing and capacity planning

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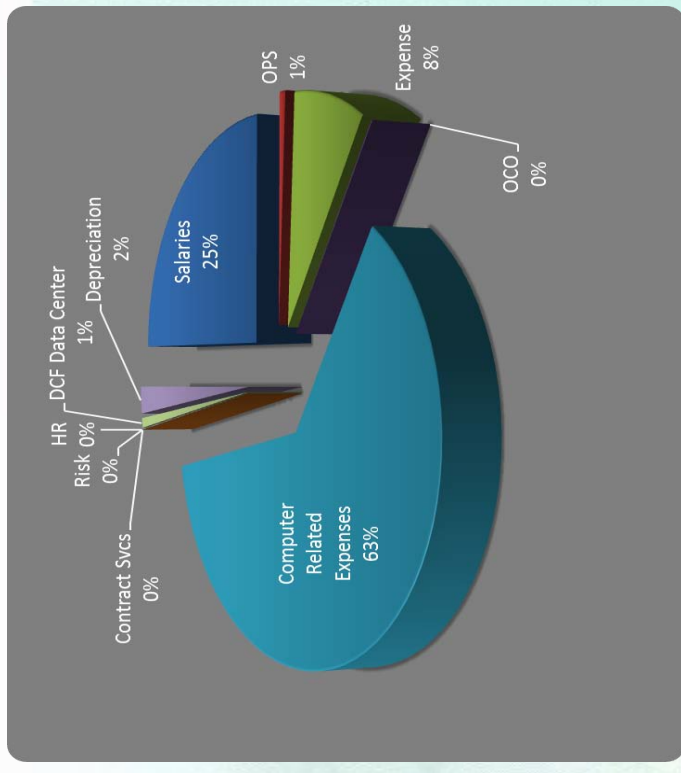
% of Budget by Category

****Majority of costs dedicated to hardware & software maintenance**

FY 2010-2011



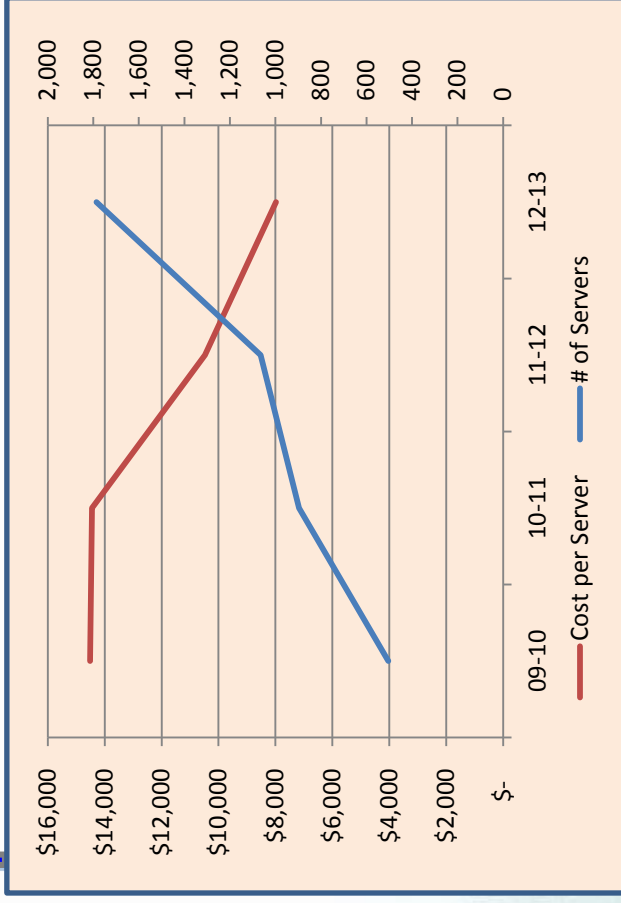
FY 2011-2012



Northwood Shared Resource Center

Budget History & Cost per Server Reductions

	FY 2009 -10	FY 2010 -11	FY 2011- 12	FY 2012 -13
Total Budget (mm)	\$23.0	\$28.6	\$26.9	\$29.9
Less Mainframe Costs (mm)	(\$16)	(\$16)	(\$16)	(\$16)
Midrange Costs (mm)	\$7.3	\$12.9	\$11.1	\$13.6
Number of Servers	504	896	1065	1787
Costs per Server (k)	\$14.5	\$14.4	\$10.4	\$7.9



Costs have increased by \$6.0 million from FY 2010-11 to FY 2012-13 while the budget has only increased \$1.3 million (4.6%) for the same period.

The majority of costs for the NSRC are fixed with respect to software licenses, hardware maintenance, infrastructure costs, etc. As more servers are moved into the NSRC, the fixed costs are spread over more servers therefore reducing the cost per server. (Reductions reflected are in Computer Related Expenses (CRE) category)

The number of servers includes physical and virtual environments.

Northwood Shared Resource Center

Agency Savings from Data Center Consolidation

Description	Amount	Amount	Savings
Agency of Persons with Disabilities	\$220,997	\$198,826	(\$22,171)
Department of Citrus	\$20,574	\$14,381	(\$6,193)
Department of Bus. and Prof. Regulation	\$746,673	\$516,606	(\$230,067)
Department of Children and Families	\$18,113,189	\$17,670,143	(\$443,046)
Department of Juvenile Justice	\$525,567	\$375,213	(\$150,354)
Department of Health	\$1,538,487	\$1,515,803	(\$22,684)
Department of Revenue	\$3,649,702	\$3,607,703	(\$41,999)
Department of State	\$1,224,431	\$1,059,880	(\$164,550)
Highway Safety and Motor Vehicles	\$1,044,993	\$786,919	(\$258,074)
Total Reductions from DCC	\$27,084,611	\$27,745,474	(\$1,339,137)
Reduction in Salaries and Benefits			(\$109,656)
TOTAL REDUCTIONS			(\$1,448,793)

Plan for Further Reductions

- NSRC was built as a lean organizational model in July 2009
- Transition of agencies to consolidation model has demonstrated savings
 - Through direct reductions
 - Reduced staffing
 - Cost avoidance
- Future Reductions can arise out of
 1. Continued agency consolidations
 2. Small investments in more efficient equipment
 3. Software Management tools
 4. Migration from silo-ed environments after consolidation
 5. Migration of legacy applications to newer technology
 6. Migration from expensive software products to cheaper products (oftentimes requires application changes from agencies)

Questions ?

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