



Government Operations Appropriations Subcommittee

**Tuesday, October 4, 2011
3:00 PM - 5:30 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 4, 2011

AGENDA
3:00 PM – 5:30 PM
Morris Hall

I. Call to Order/Roll Call

II. Agency Overviews and Schedule VIII-B Presentations

Department of Business and Professional Regulation
Ken Lawson, Secretary

Department of Management Services
Debra Forbes, Director of Administration

Office of Financial Regulation
Tom Grady, Commissioner

Florida Commission on Human Relations
Michelle Wilson, Acting Director

Department of the Lottery
Cynthia O'Connell, Secretary
Marcy Jackson, Chief Financial Officer

Division of Administrative Hearings
Chief Judge Robert S. Cohen, Director

III. Adjourn

**GOVERNMENT OPERATIONS APPROPRIATIONS SUBCOMMITTEE
SCHEDULE VIII-B-2 - REDUCTIONS FOR FY 2012-2013**

	<u>VIII-B Target Amount</u>			<u>VIII-B Submission Amount</u>		
	General Revenue	Trust Funds	Total Target	General Revenue	Trust Funds	Total Target
Business and Professional Regulation	0	12,114,005	12,114,005	0	12,114,055	12,114,055
Financial Services	2,266,508	19,315,865	21,582,373	2,403,446	19,832,614	22,236,060
Office of Insurance Regulation	0	2,202,235	2,202,235	0	2,202,235	2,202,235
Office of Financial Regulation	0	3,913,690	3,913,690	0	4,164,000	4,164,000
Lottery	0	13,473,621	13,473,621	0	13,483,169	13,483,169
Management Services	116,160	17,559,696	17,675,856	118,243	17,575,398	17,693,641
Division of Administrative Hearings	0	2,470,021	2,470,021	0	2,470,021	2,470,021
Commission on Human Relations	188,385	7,807	196,192	188,385	7,807	196,192
Public Employees Relations Commission	141,178	164,222	305,400	141,178	164,222	305,400
Northwood Shared Resource Center	0	1,448,792	1,448,792		1,448,792	1,448,792
Southwood Shared Resource Center	0	2,443,028	2,443,028		2,443,028	2,443,028
Revenue	16,637,110	6,712,088	23,349,198	27,043,077	161,900	27,204,977
Public Service Commission	0	2,450,244	2,450,244	0	2,450,244	2,450,244
TOTAL	19,349,341	84,275,314	103,624,655	29,894,329	78,517,485	108,411,814

Florida Department of Business & Professional Regulation

License Efficiently. Regulate Fairly.

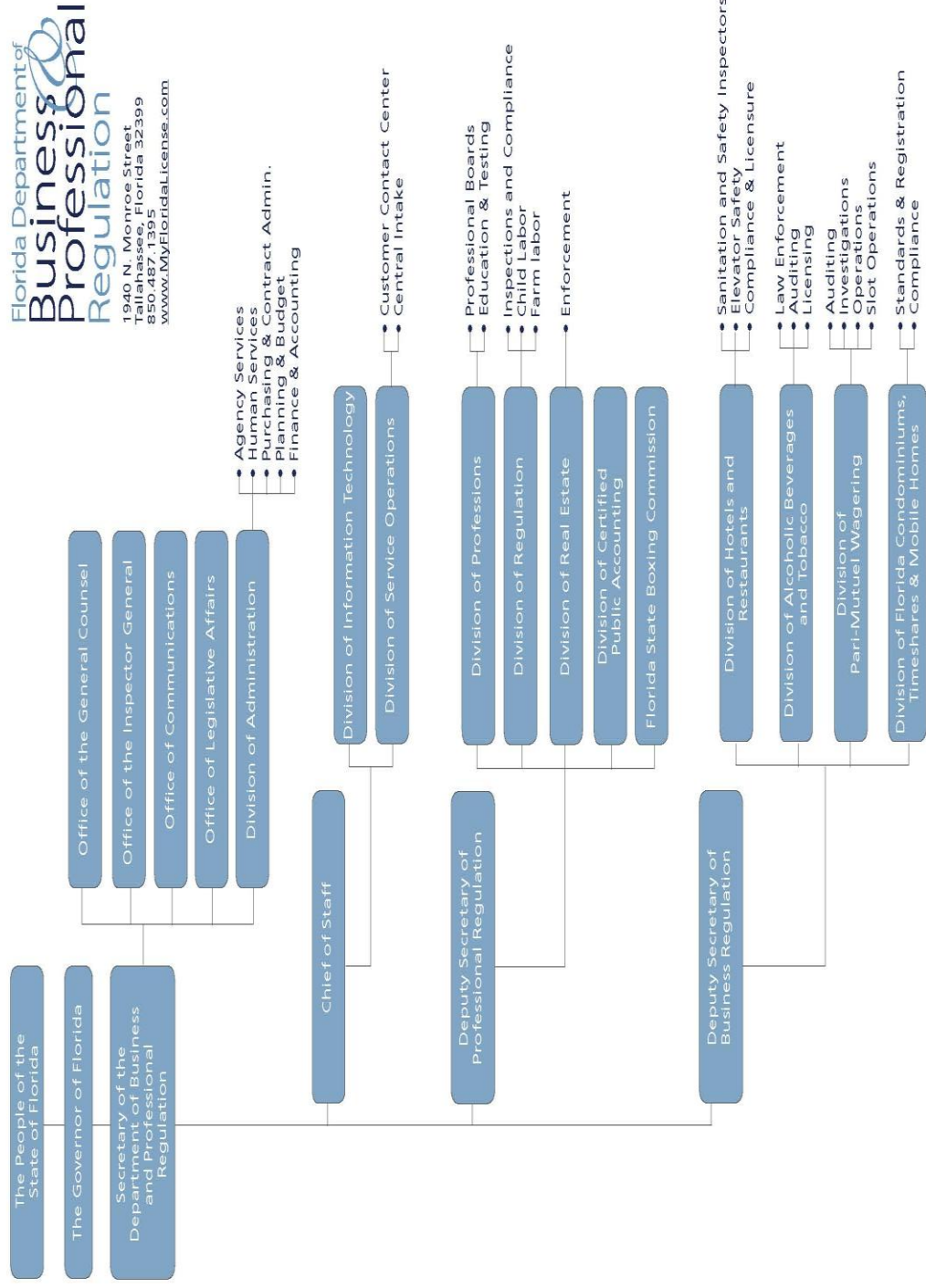
**Department Overview
Schedule VIII B Reductions
Ken Lawson
Secretary**

**The Florida House of Representatives
Government Operations
Appropriations Subcommittee
October 4, 2011**

Department Quick Facts

- Customers: Nearly **one million** licensed businesses and professionals
 - Fiscal Year 2011-12 Approved Budget: **\$127.4 Million**
 - Number of FTE: **1,582.75**
 - The Department receives no General Revenue funding, it is **100% Trust Funded**.
 - In Fiscal Year 2010-11, the Department collected **approximately \$2.35 billion in taxes and fees** that are contributed to General Revenue and other agencies.
- The Department of Business and Professional Regulation is comprised of six (6) regulatory programs, an internal service program, and the administrative program.
- Professional Regulation Program
 - Hotels & Restaurants Program
 - Alcoholic Beverages & Tobacco Program
 - Pari-Mutuel Wagering Program
 - Condominiums, Timeshares, and Mobile Homes Program
 - Drugs, Devices, and Cosmetics Program – NEW!
 - Service Operations Program
 - Executive Direction/Support Services Program

Organizational Structure



Office of the Secretary and Administration

- **Office of the Secretary**
 - Legislative Affairs
 - Communications
 - Inspector General
 - General Counsel
- **Division of Administration**
 - Human Resources
 - Purchasing
 - Agency Services
 - Office of Planning and Budget
 - Bureau of Finance and Accounting
- **Division of Information Technology**

Service Operations

- **Customer Contact Center (Call Center)**
 - Serves as the primary point of contact for licensees, applicants, and the public.
- **Central Intake Unit**
 - Centralized licensing unit that provides application processing, issues and renews licenses, performs license maintenance and processes payments.

Professional Regulation

- Division of Professions
- Division of Regulation
- Division of Certified Public Accounting
- Division of Real Estate
- Florida Boxing Commission
- Testing and Continuing Education
- Farm and Child Labor Regulation

Business Regulation

- Division of Pari-Mutuel Wagering
- Division of Hotels and Restaurants
- Division of Alcoholic Beverages and Tobacco
- Division of Florida Condominiums, Timeshares, and Mobile Homes

October 1, 2011

- The Florida Building Commission was transferred from the Department of Community Affairs to the Department of Business and Professional Regulation
16 FTE and \$3.1 million in budget authority
- The Drugs, Devices and Cosmetics Program was transferred from the Department of Health to the Department of Business and Professional Regulation
33 FTE and \$2.3 million in budget authority

Schedule VIII B Proposed Reductions

- Reduction Target: \$12,114,005
- Reductions identified across all divisions and programs
- Total Proposed Reductions:
 - 136 FTE
 - \$12,114,005

Lesser Priorities (Minimal Impact to Mission and Core Functions)

	FTE	Budget Impact
Expenditure Review Savings – Reduce Surplus Budget Authority		(\$334,155)
Eliminate Compulsive and Addictive Gambling Prevention Contract		(\$264,700)
Reduce Florida Homeowners' Construction Recovery Fund		(\$450,000)
Reduce Real Estate Scholarship/Recovery Fund		(\$250,000)
Reduce Minority Scholarship Program for Certified Public Accounting		(\$51,000)
Reduce Pari-Mutuel Contracts with the University of Florida		(\$540,000)
Rent Savings in Alcoholic Beverages and Tobacco		(\$50,816)
Efficiency Reductions in the Office of the General Counsel		(\$68,504)
Efficiency Reductions in the Division of Administration	(5.50)	(\$341,043)
Efficiency Savings due to the Automation of Tax Reporting and Brand Registration in the Division of Alcoholic Beverages and Tobacco	(7.50)	(\$317,862)
Efficiency Savings in the Office of Communications	(1.00)	(\$37,397)
Total	(14.00)	(\$2,705,477)

Middle Priorities (Moderate Impact to Mission and Core Functions)

	FTE	Budget Impact
Reduce Travel and BlackBerry expenditures in the Office of the General Counsel		(\$17,850)
Reduce Acquisition of Motor Vehicles in the Division of Regulation		(\$167,900)
Reduce Operation of Motor Vehicles in the Division of Regulation		(\$15,000)
Reduce Salaries and Benefits in the Division of Regulation and Farm and Child Labor Program		(\$182,251)
Rent Savings due to Telecommuting in the Division of Regulation and Farm and Child Labor Program and Relocating Purchasing in the Division of Administration		(\$76,688)
Reduce Contracted Services and Operation of Motor Vehicles in Farm and Child Labor		(\$26,907)
Reduce Unlicensed Activity Expenditures in the Division of Certified Public Accounting		(\$58,000)
Reduce Expense Expenditures in the Division of Real Estate		(\$97,869)
Reduce Expense Expenditures in Slot Machine Regulation		(\$25,688)
Reduce Delinquent List Staff in the Alcoholic Beverages and Tobacco	(.50)	(\$23,706)
Reduce Administrative Staff in the Division of Real Estate	(.50)	(\$25,617)
Total	(1.00)	(\$717,476)

High Priorities (Significant Impact Impact to Mission and Core Functions)

	FTE	Budget Impact
Reduce Board Member Travel and Related Expenses in the Division of Professions		(\$70,265)
Reduce OPS in the Office of the General Counsel		(\$39,500)
Reduce OPS and Expense Expenditures in the Florida State Boxing Commission		(\$61,600)
Reduce OPS Employees at Racing Facilities in the Division of Pari-Mutuel Wagering		(\$354,597)
Eliminate Alcoholic Beverage and Tobacco Surveys		(\$131,256)
Reduce the Number of Testing Sites for the Construction Examination from three to one – Bureau of Education and Testing		(\$124,329)
Eliminate the Election Monitor Program - Office of the Condominium Ombudsman	(1.00)	(\$41,408)
Eliminate Condominium Mediation Program - Division of Florida Condominiums, Timeshares, and Mobile Homes	(1.00)	(\$80,299)
Eliminate Homeowners' Association Arbitration Program - Division of Florida Condominiums, Timeshares, and Mobile Homes	(1.00)	(\$71,171)
Eliminate Staff in the Farm and Child Labor Program	(2.00)	(\$93,360)
Eliminate Staff in the Office of the Inspector General	(1.00)	(\$67,517)
Eliminate Staff in the Office of Legislative Affairs	(1.00)	(\$49,907)

High Priorities (Significant Impact to Mission and Core Functions) Continued

	FTE	Budget Impact
Eliminate Staff in the Office of Planning and Budget	(1.00)	(\$84,231)
Eliminate Positions and Reduce Expenditures in the Division of Technology	(3.00)	(\$887,524)
Eliminate Quality Control Staff in the Division of Alcoholic Beverages and Tobacco	(3.00)	(\$138,296)
Eliminate Staff in the Division of Regulation's Alternative Dispute Resolution Program	(4.00)	(\$251,022)
Eliminate Non-Sworn Inspection Staff in the Division of Alcoholic Beverages and Tobacco	(11.00)	(\$548,233)
Eliminate Mobile Home Regulation Program in the Division of Florida Condominiums, Timeshares, and Mobile Homes	(5.00)	(\$243,051)
Eliminate Condominium/Cooperative Enforcement Staff in the Division of Florida Condominiums, Timeshares, and Mobile Homes	(5.00)	(\$247,070)
Eliminate Enforcement Staff in the Division of Real Estate	(2.00)	(\$85,872)
Eliminate Staff in all Bureaus within the Division of Alcoholic Beverages and Tobacco	(20.00)	(\$1,322,757)
Eliminate Legal Staff in Division of Real Estate and Office of the General Counsel	(8.50)	(\$518,923)
Eliminate Staff in Division of Service Operations -Customer Contact Center and Central Intake Unit	(13.50)	(\$1,206,117)
Eliminate Food and Lodging Inspection Staff in the Division of Hotels and Restaurants	(38.00)	(\$1,972,797)
Totals	(121.00)	(\$8,691,102)

Open Dialogue

Ken Lawson
Secretary

Ken.Lawson@dbpr.state.fl.us
850.413.0755

Tim Nungesser
Legislative Affairs Director
Tim.Nungesser@dbpr.state.fl.us
850.717-1579

Ruth Dillard
Director of Administration and Financial Management
Ruth.Dillard@dbpr.state.fl.us
850.717.1344



Department Overview and 10% Budget Reductions

October 4, 2011



Key Services Include:

- Division of Retirement,
- Division of State Group Insurance,
- Division of Human Resource Management and People First,
- Division of Telecommunications,
- Division of Real Estate Development and Management and Building Construction
- Division of State Purchasing and MyFloridaMarketPlace,
- Fleet Management,
- Federal Property Assistance,
- Private Prison Monitoring, and
- Office of Supplier Diversity

Division of Retirement



- Administers defined benefits programs of Florida Retirement System (FRS), the 4th largest public pension plan in the United States with 128.4 billion in assets
- FRS active members, annuitants (retirees/beneficiaries) and DROP participants: 1,008,527
- FRS active members: 643,746
Annuitants: 319,689
DROP participants: 45,092
- Monitors State's 490 local government public retirement systems (non-FRS participants) for actuarial soundness and reviews 350 local government police officer and/or firefighter pension plans participating under chapters 175 & 185 for actuarial soundness and compliance with statutes

Division of State Group Insurance (DSGI)



- Offers and manages a comprehensive package of pre-tax and post-tax health and other insurance benefits for active and retired state employees and their families, including:
 - a variety of health insurance options
 - flexible spending and health savings accounts
 - life insurance
 - dental, vision, and other supplemental insurance products
- DSGI provides health insurance benefits to a total covered population of 376,324 lives at a cost of \$1.8 billion for the 2010-11 Fiscal Year.

Division of Human Resource Management



- Establishes the policies, practices and strategies for the State Personnel System - the largest of Florida's state government employment systems - encompassing 31 executive agencies
- The State Personnel System has approximately 111,400 employees and represents 65% of the state's government employees
- The Division of Human Resource Management represents the Governor as the state's Chief Labor Negotiator, negotiating wages, hours and terms and employment conditions with 6 labor unions (13 collective bargaining units)

People First Team



- Manages the People First contract
- People First is the State of Florida's comprehensive, self-service, web-based application for human resource services
- Services include attendance and leave, benefits administration, data warehouse, organizational management, payroll preparation, and recruitment
- Serves over 236,000 customers – 2 service centers handle over 30,000 calls per month
- Over 117,000 jobs posted; 94 million jobs viewed; 8.3 million job submissions, since 2003

Division of Telecommunications



- The Division of Telecommunications serves Florida government at the enterprise level in two broad categories:
 - Provides voice, data, and conferencing telecommunications services for Florida government under the brand name SUNCOM
 - Provided service to nearly 1,600 customers during Fiscal Year 2010-11 amounting to more than \$117 million in revenue
 - Provides planning and coordinating of public safety telecommunications throughout the state at all levels of government
- The Division also pursues broadband initiatives in accordance with section 364.0135, Florida Statutes.
 - Awarded approximately \$8.8 million for broadband activities

**Division of Real Estate Development and Management
and Building Construction**



- Provides oversight for over 1,000 public and private sector leases statewide
- Manages 104 facilities and structures, including the Florida Facilities Pool
 - 69 are Pool facilities, producing revenues that fund the operations and maintenance, repairs, security, utilities, lease management, building construction, etc., for all 104 managed facilities
 - 35 are non-Pool facilities, financed by direct appropriation or directed to manage by Legislature (includes Historic Capitol, Governor's Mansion, parking garages)
- Uniform Pool Rental Rate: \$17.18 per square foot for full-service office space
- Pool occupancy rate is currently 97%
- Currently managing over 200 projects with projected cost of \$51 million

Division of State Purchasing



- State Term Contracts
 - Leverages state-wide spend for goods and services in order to deliver the best value in goods and services on behalf of state agencies and local governments
 - Mandatory use for executive agencies; optional for local governments and other entities, which represent the majority of spending on state term contracts
 - \$1 billion awarded annually via 80 statewide agreements

Division of State Purchasing (Cont.)



- MyFloridaMarketPlace (MFMP)
 - eProcurement system that manages spending from purchase to payment
 - Fixed annual contract fee of \$14.8 million
 - Used by 33 agencies; approx. 14,500 users and 143,000 registered vendors
(including 5,300 certified businesses and over 49,000 non-certified minority vendors)

Fleet Management



- Assists state agencies in effective and efficient acquisition, assignment, use, maintenance and disposal of 26,000 state-owned vehicles, valued at over \$500 million
- Each state agency is directly responsible for purchase, maintenance and use of own vehicles
- Fuel Card Program allows agencies to purchase fuel at reduced rates

Federal Property Assistance



- Acquires and disburses federal surplus or excess military equipment allocated to state
- Annually distributes approximately \$6 million worth of donated federal property

Private Prison Monitoring



- Administers operations and management services contracts totaling \$159 million for seven privately operated prisons
- Combined inmate population of 10,128
- Facilities offer academic, vocational, behavioral, and substance abuse programs designed to reduce recidivism

Office of Supplier Diversity



- Improve business and economic opportunities for Florida's minority, women, and service-disabled veteran business enterprises.
- Efforts include certification of business enterprises, advocacy and outreach, and matchmaking activities.
- 5,413 certified minority, women and service-disabled veterans business enterprises



Administratively Housed at DMS

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

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

- Southwood Shared Resource Center
- Northwood Shared Resource Center
- Division of Administrative Hearings

10% Reductions – Target \$17.6 Million



General Revenue Trust Funds

10% Reduction Target	\$116,161	\$17,518,024
Reduction Amount	\$118,243	\$17,533,723
Target Exceeded	\$2,082	\$15,699



Reductions with Minimal Impact

10% Reduction Issues - \$259,000:

- Reduces the pharmacy benefits manager contract due to contract renegotiations - \$32,000
- Reduces operating categories where appropriations were not used in the previous fiscal year - \$87,000
- Reduces Data Processing appropriations which can be absorbed due to a reduction in services at the Southwood Shared Resource Center - \$140,000



Reductions with Moderate Impact

10% Reduction Issues - \$2.3 Million

- Reduces Contracted and Contracted Legal Services - \$250,000
- Reduces actuarial services - \$129,000
- Reduces active and retired member services - \$1.5 million
- Eliminates the remainder of the Office of Supplier Diversity - \$392,000



Reductions with Severe Impact

10% Reduction Issues - \$15 Million

- Eliminates Federal Property Assistance Program - \$305,000
- Eliminates Fleet Management Program - \$1.5 million
- Eliminates Building Construction Program - \$900,000
- Reduces oversight, inspections and enhancements for the Statewide Law Enforcement Radio System, Florida Interoperability Network and Mutual Aid Build public safety systems - \$335,000
- Reduces contracts for the Statewide Law Enforcement Radio System - \$1.7 million, People First - \$4 million and MyFloridaMarketPlace - \$1.7 million

Reductions with Severe Impact (Cont.)



- Eliminates 28 positions in Real Estate Development and Management which would have a major adverse impact on custodial, maintenance, administrative, leasing and security services - \$3 million
- Reduces SUNCOM and Emergency Communications Number E911 Services - \$1 million
- Reduces State Group Insurance funding for staff, audit and actuarial services - \$360,000



Reductions by Program (Excludes State Employee Leasing reduction of 41,675 for total target of 17,675,860)

Lesser Priorities	FTE	GR	TF
Federal Property Assistance	5.0		305,491
Motor Vehicle / Watercraft Management	6.0		1,493,100
Office of Supplier Diversity	6.0		392,101
Building Construction	10.0		897,644
Core Mission			
Human Resource Management/People First			3,819,509
Private Prison Monitoring		118,243	
Wireless Services – Statewide Law Enforcement Radio System			2,090,119
Executive Direction / Support Services	8.0		598,080
Core Mission and Best Value to the State			
Telecommunications Services			966,033
State Purchasing	3.0		1,922,786
Real Estate Development and Management	28.0		2,969,754
State Group Insurance	3.0		475,693
Division of Retirement			1,603,413
Department Total	69.0	17,651,966	



Programs Prioritized

Lesser Priorities	FTE	GR	TF
Federal Property Assistance	5.0		305,491
Motor Vehicle / Watercraft Management	6.0		1,493,100
Office of Supplier Diversity	6.0		392,101
Building Construction	10.0		897,644
Core Mission			
Human Resource Management/People First	32.0		41,205,178
Private Prison Monitoring	14.0	1,187,184	959,588
Wireless Services – Statewide Law Enforcement Radio System	13.0		22,178,824
Executive Direction / Support Services	74.0		7,394,852
Core Mission and Best Value to the State			
Telecommunications Services	75.0		258,353,456
State Purchasing	46.0		19,259,116
Real Estate Development and Management	288.5		104,278,731
State Group Insurance	23.0		25,751,755
Division of Retirement	198.0	18,121,621	18,484,647
Department Total	790.5	520,263,288	

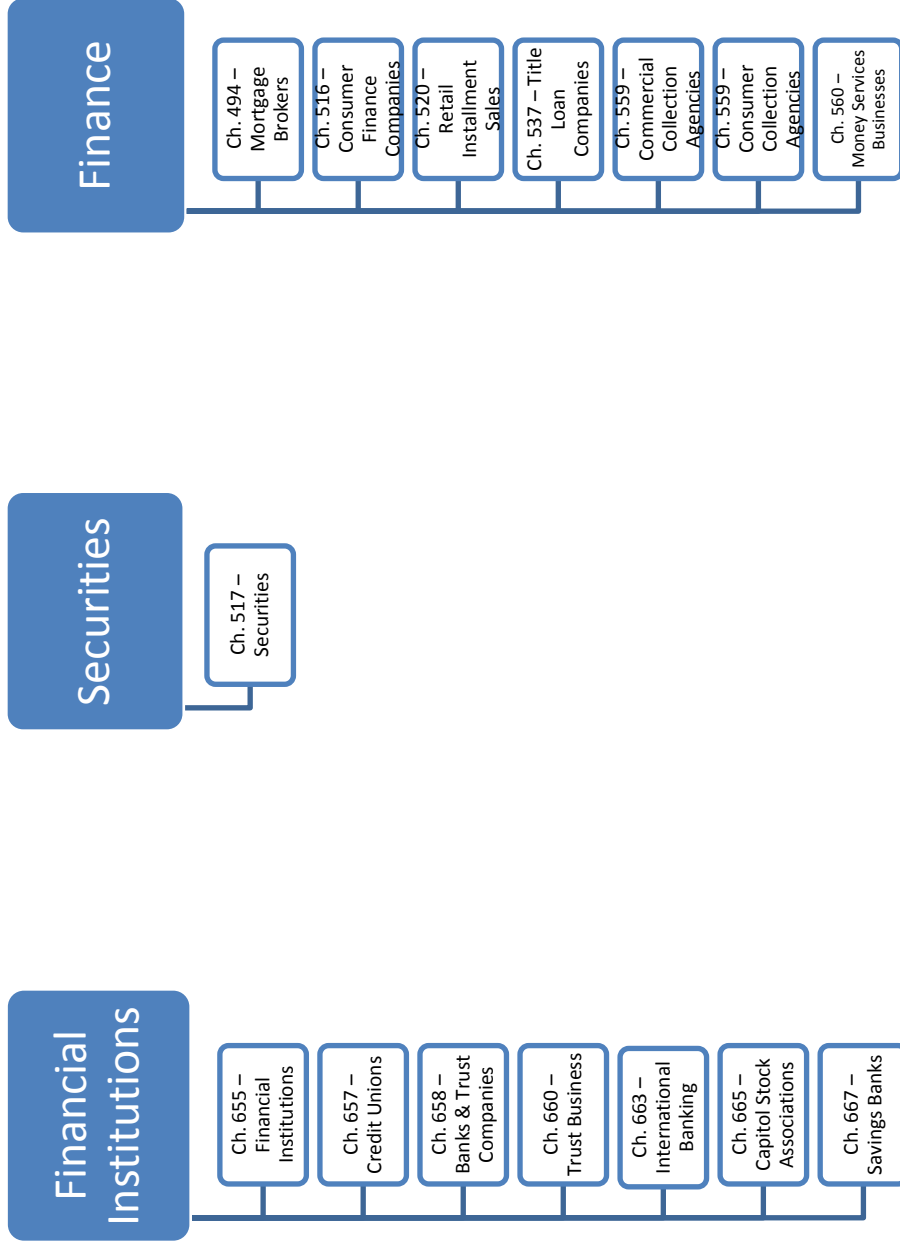


Overview and Schedule VIII B Reductions Fiscal Year 2012-2013

Tom Grady
Commissioner

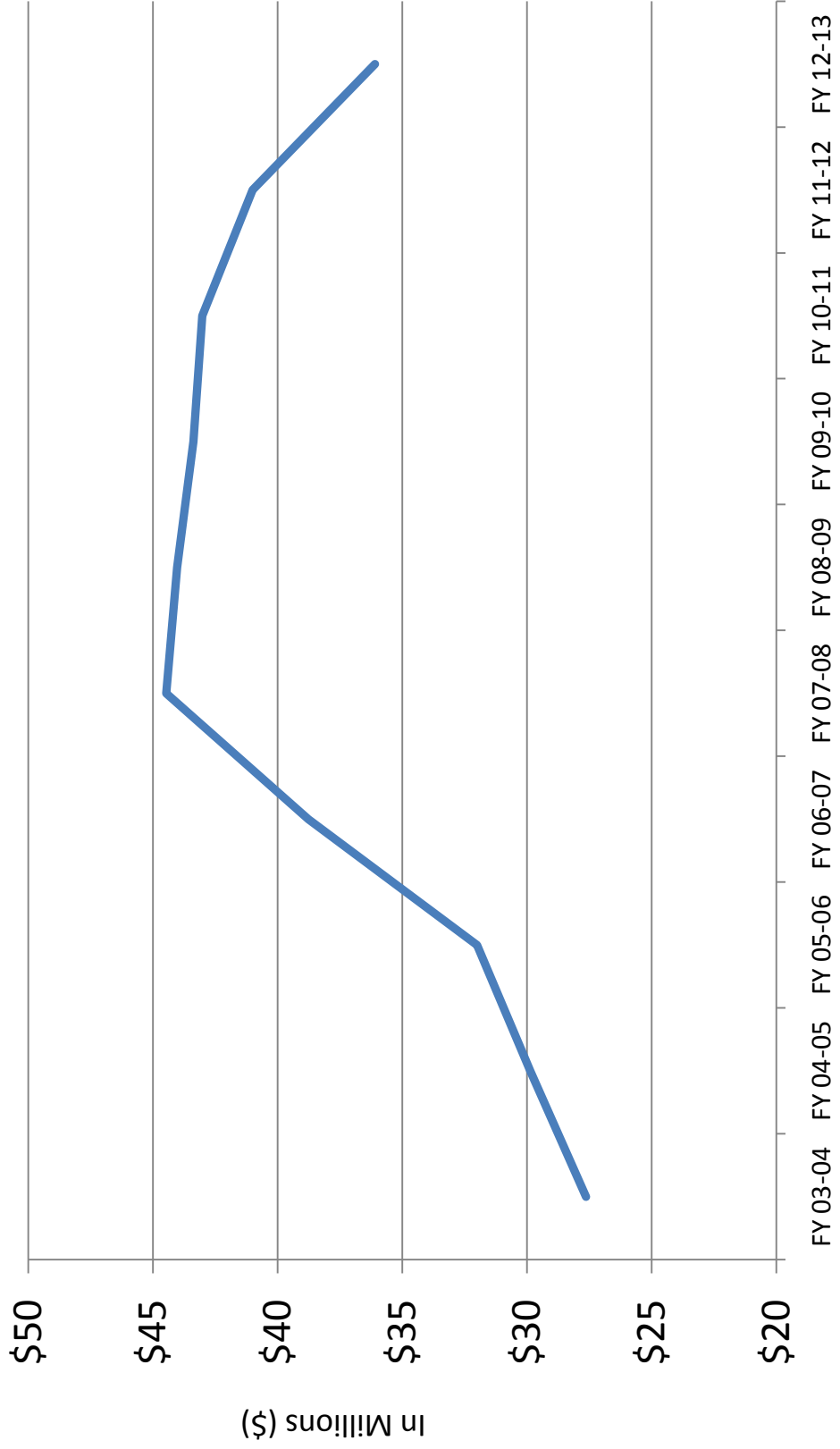


Building Trust





Budget





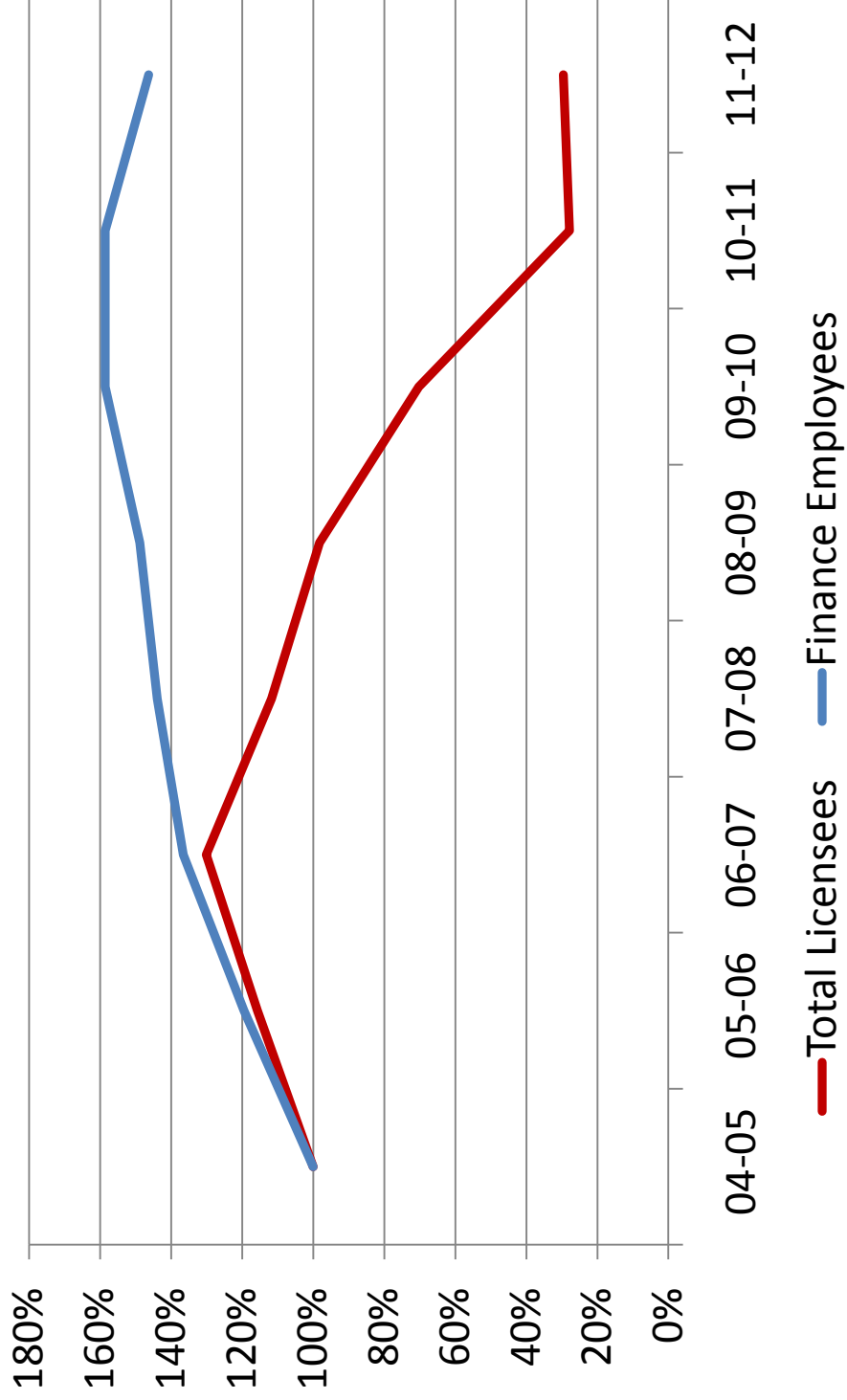
Examples of OFR-Related Legislation

(19 total bills since 2004)

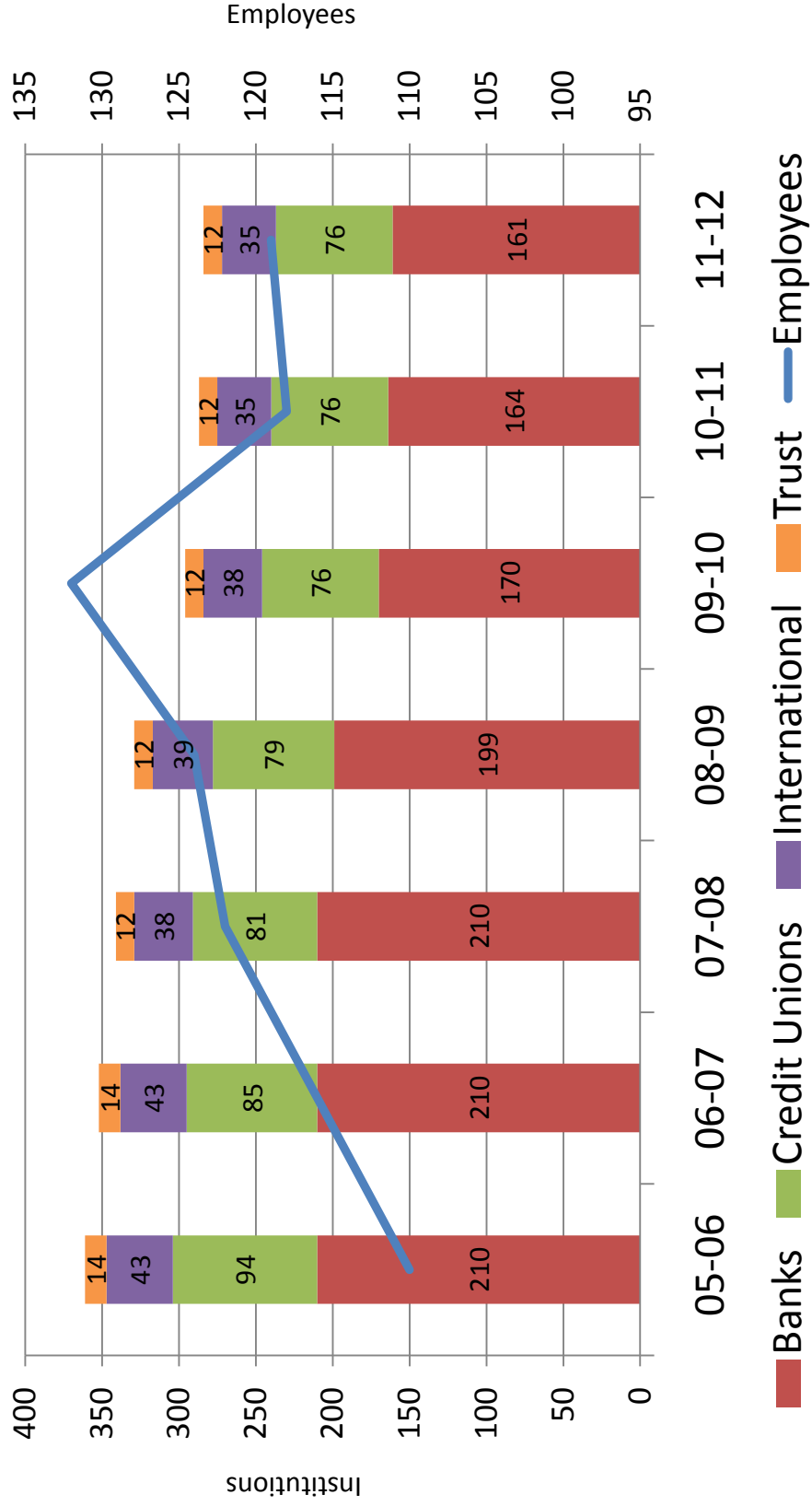
<p>SB1330 (2005) – Rewrite of the Credit Union code to bring it into compliance with federal guidelines and otherwise modernize it.</p>	<p>HB483 (2009) – Expanded oversight and enforcement tools for securities transaction in order to combat securities fraud.</p>
<p>SB1824 (2007) – Increased consumer protections against mortgage fraud and increased enforcement powers.</p>	<p>SB2086 (2010) – Increased abilities of OFR and the Attorney General to pursue corrective action against consumer debt collection companies.</p>
<p>SB2158 (2008) – Expanded enforcement capabilities related to money services businesses to combat fraud and money laundering.</p>	<p>SB1264 (2010) – Strengthened the office’s abilities to take enforcement actions against foreign financial institutions operating in Florida.</p>
<p>SB2226 (2009) – Rewrote the mortgage broker licensing code to bring it into compliance with the federal S.A.F.E. Act.</p>	<p>HB1121 (2011) – Modified the banking code to bring it into compliance with the federal requirements of Dodd-Frank.</p>



Finance Licensees

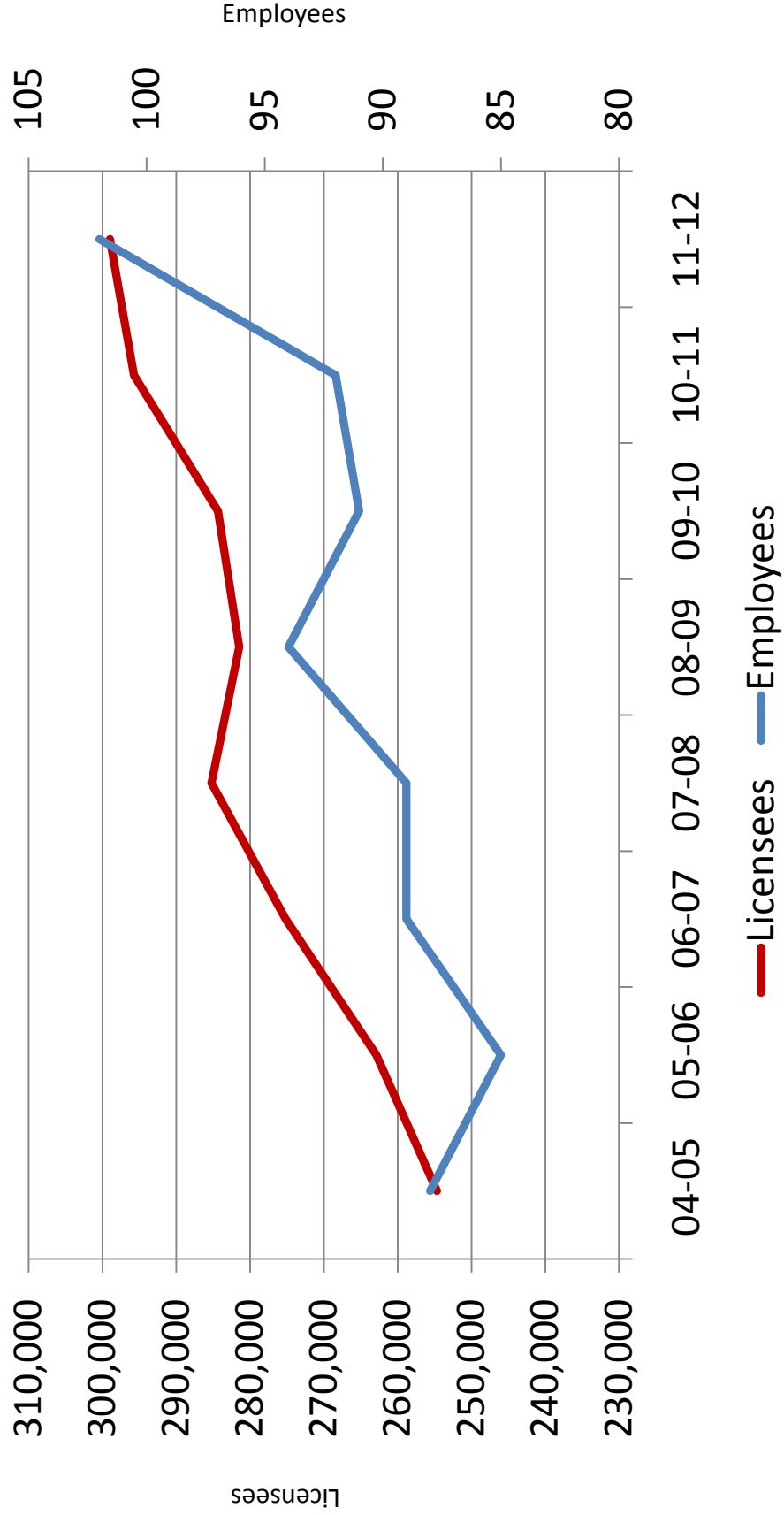


Financial Institutions





Securities





Initiatives
People
Regulatory, Redundancy, and Caseload Reform
Budget



	2011-2012 Budget		2012-2013 Budget	
	FTE	Budget	FTE	Budget
Finance	167	\$ 16,391,001	127	\$ 13,209,969
Financial Institutions	126	\$ 12,466,076	124	\$ 12,065,607
Securities	145	\$ 12,199,406	131	\$ 10,829,329
Total	438	\$ 41,056,483	382	\$ 36,104,905

*Costs for Executive Direction and Investigations have been allocated to the Divisions

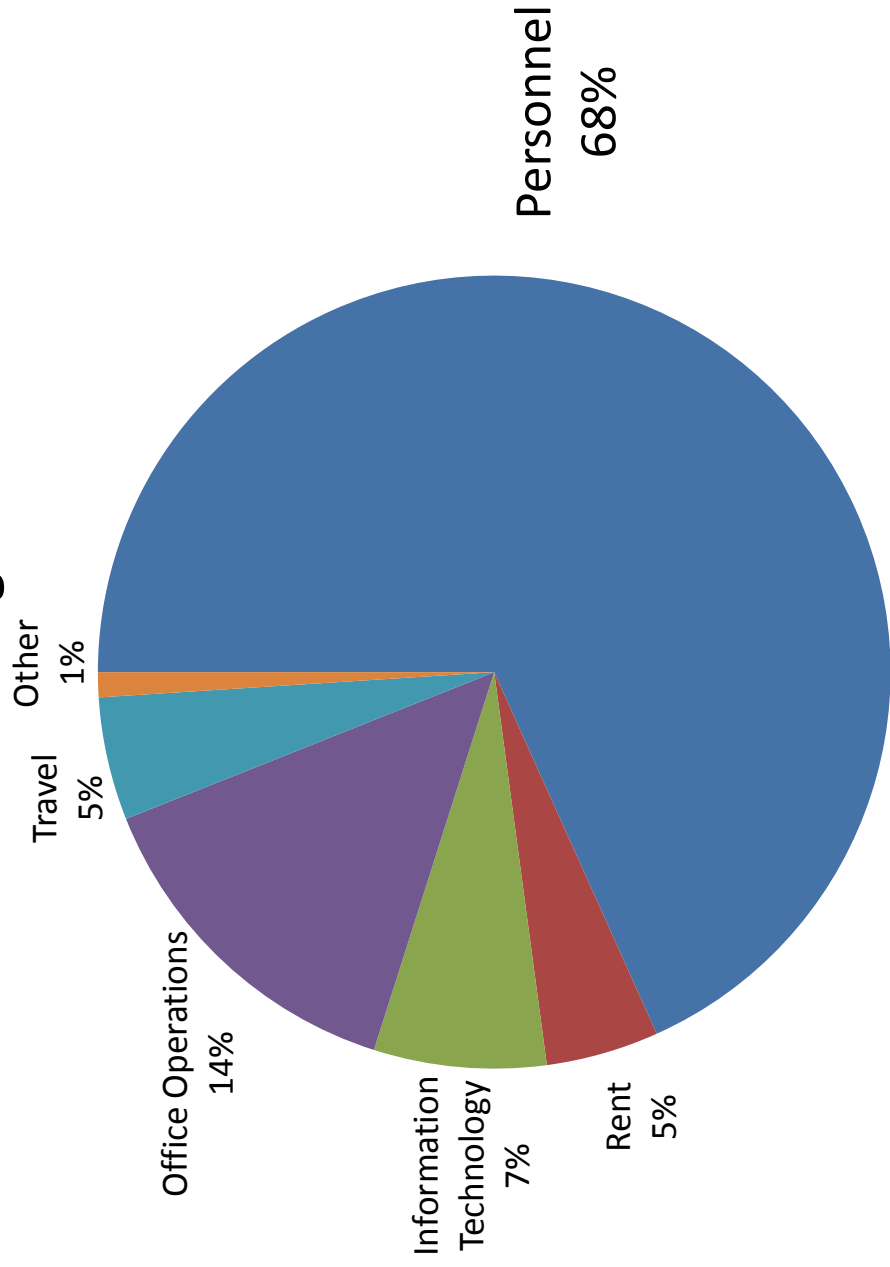


2012-2013 Legislative Budget Request

Savings

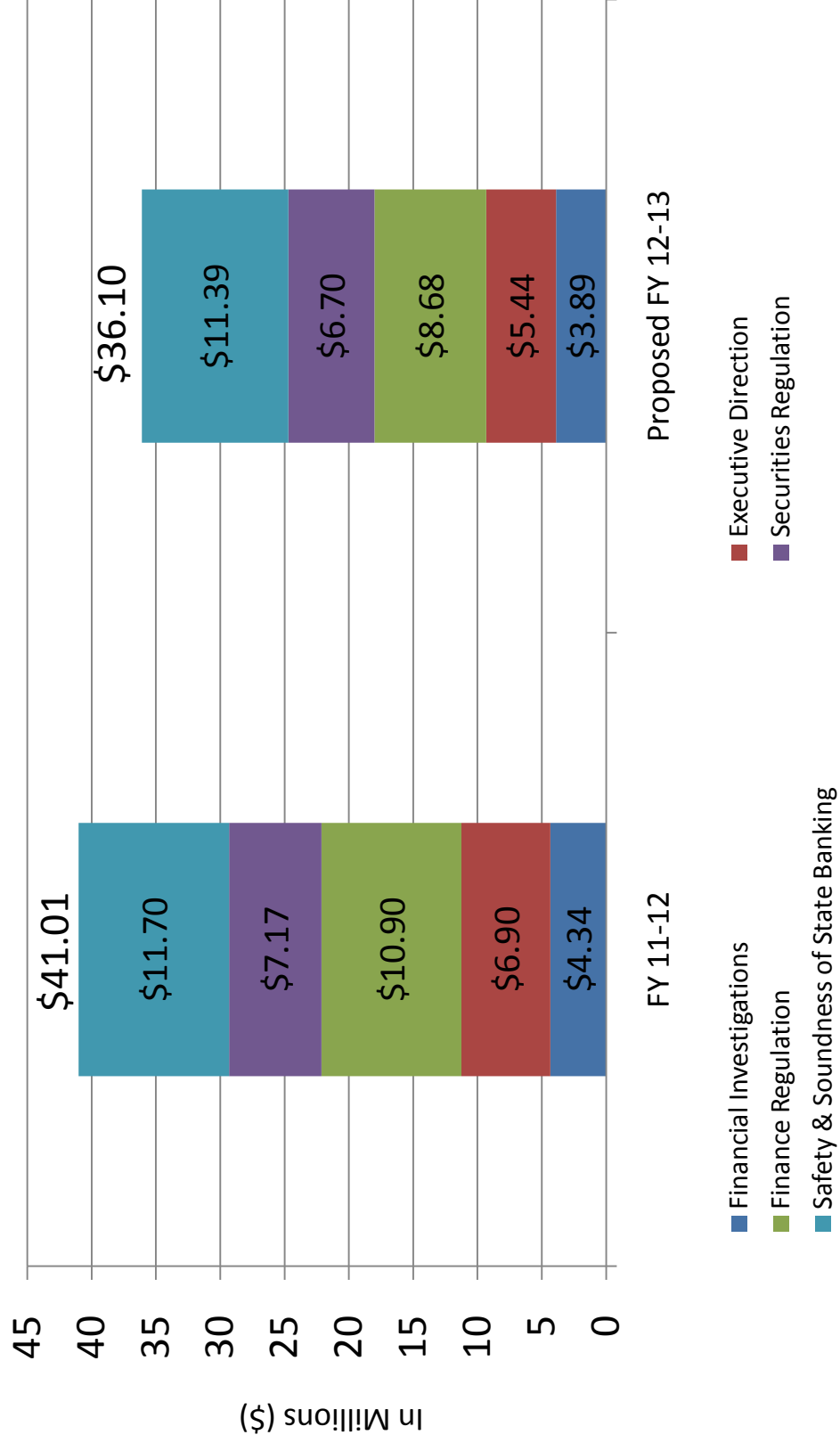
1	Consolidation and reorganization	\$ 2,170,006
2	Administrative savings	\$ 1,993,995
	Total Savings	<u>\$ 4,164,001</u>

2012-13 Budget





Budget





Contact Information:

Tom Grady, Commissioner

Tom.grady@flofr.com

(850)410-9601

Kathleen Kight, Budget Director

Kathleen.kight@flofr.com

(850)410-9771

Andrea Moreland, Legislative Director

Andrea.moreland@flofr.com

(850)410-9662



Building Trust

Florida Commission on Human Relations

*Resolving discrimination allegations faster,
better and less costly for businesses and the
state of Florida*



Presented by:

Michelle Wilson

Interim Co-Executive Director

A CORE FUNCTION OF STATE GOVERNMENT



Section 2, Article 1, Florida Constitution states:

Basic rights. — All natural persons, female and male alike, are equal before the law and have inalienable rights . . . No person shall be deprived of any right because of race, religion, national origin, or physical disability.

The Constitution guarantees this right and Chapter 760 provides remedies and procedures for ensuring that this right is protected.

STATUTORY AUTHORITY

- Florida Civil Rights Act (Part I, Chapter 760)
- Florida Fair Housing Act (Part II, Chapter 760)
- Whistle-blower Act (s. 112.31895, F.S.)



Protected bases: Race, color, religion, sex, national origin, age, disability, marital status, familial status, retaliation



STRATEGIC GOALS

- **Help businesses and the state avoid costly discrimination lawsuits**
- **Safeguard rights of individuals to be free from discrimination**
- **Attract the best and brightest talent to Florida's workforce**



FY 2010-11 ACCOUNTABILITY MEASURES

- Handled more than 11,000 inquiries
- Resolved 86.5% of cases within 180 days
- Resolved over 3,000 cases
- 69% (871 out of 1,270) of determinations issued were “no cause”
- Top 5 bases for discrimination complaints: race, disability, retaliation, sex, age



FISCAL YEAR 2011-12

- 48.5 FTEs

 - Total Budget: **\$3,881,248**
 - General Revenue: **\$2,670,612**
 - Trust Fund: **\$1,210,636**

 - Funds Transferred to other state entities:
 - \$642,726 - DOAH (administrative hearings)
 - \$55,630 - Risk Management Insurance
 - \$22,714 - DMS (personnel services)
 - \$25,015 - Southwood Shared Resource Center
- TOTAL: \$746,085 (19.2% of total budget)**



MEASURES TAKEN TO REDUCE BURDEN ON TAXPAYERS

- ✓ Reduced FTEs by 27%
- ✓ Reduced office space needs
- ✓ Increased telecommuting (56% of staff now telecommutes)
- ✓ Negotiated lower square footage costs
- ✓ Flattened management structure
- ✓ Renegotiated copier leases
- ✓ Reduced cell phone usage
- ✓ Reduced office supply purchases
- ✓ Reduced paper usage
- ✓ Eliminated subscriptions
- ✓ Reduced technology costs
- ✓ Reduced postage costs
- ✓ Eliminated non-essential travel costs



CHALLENGES FACING FLORIDA*

- ✓ Florida will replace New York as the nation's 3rd most populous state by 2015
- ✓ Florida is becoming even more diverse
 - Increasing number of non-white residents
 - Almost half of migration is international
 - 23% of Florida population is of Hispanic origin
 - Asian population is the fastest growing segment
 - By 2025, one in every four residents will be 65 years or older

* SOURCE: 2010 U.S. Census

FY 2012-13 BUDGET CUTS

10% Target Reduction Amount:

- 3 FTEs (currently filled positions)
- \$188,385 (GR); \$7,807 (Trust)

IMPACT OF BUDGET CUTS

Staff reductions will adversely impact FCHR's ability to complete cases within the 180-day statutory timeframe.

Likely result:

- Issuance of more right-to-sue letters
- Increased litigation costs to Florida businesses
- Increased caseloads for Florida's court system
- More cases referred to federal EEOC (given EEOC's backlog = even more right-to-sue letters)
- Complainants waiting longer for case outcomes

Questions



Contact:

Michelle Wilson

Interim Co-Executive Director

(850) 488-7082

<http://fchr.state.fl.us>





Florida Lottery Overview FY 2010-11 & 11-12

Cynthia F. O'Connell
Secretary

Florida Lottery Mission and Mandate

Purpose

“ . . . to operate the state lottery . . . so as to maximize revenues [for the Educational Enhancement Trust Fund] in a manner consonant with the dignity of the state and the welfare of its citizens.”

Legislative Intent

“That the lottery games be operated by a department of state government that functions as much as possible in the manner of an entrepreneurial business enterprise.”



Lottery Performance for FY 2010 - 2011

(In Millions)	REC Forecast	Gov. Goal	Actual
Scratch Off Tickets	\$ 2,171.7		\$ 2,225.7
On-Line Tickets	<u>\$ 1,736.2</u>		<u>\$ 1,783.0</u>
Total Ticket Sales	\$ 3,907.9	\$ 3,970.0	\$ 4,008.7

(In Millions)	REC Forecast	Gov. Goal	Actual
EETF Transfers	\$ 1,141.0	\$ 1,160.0	\$ 1,191.8

	Gov. Goal	Actual
Retailer Base	13,200	13,270



Department Goals for FY 11-12 and 12-13

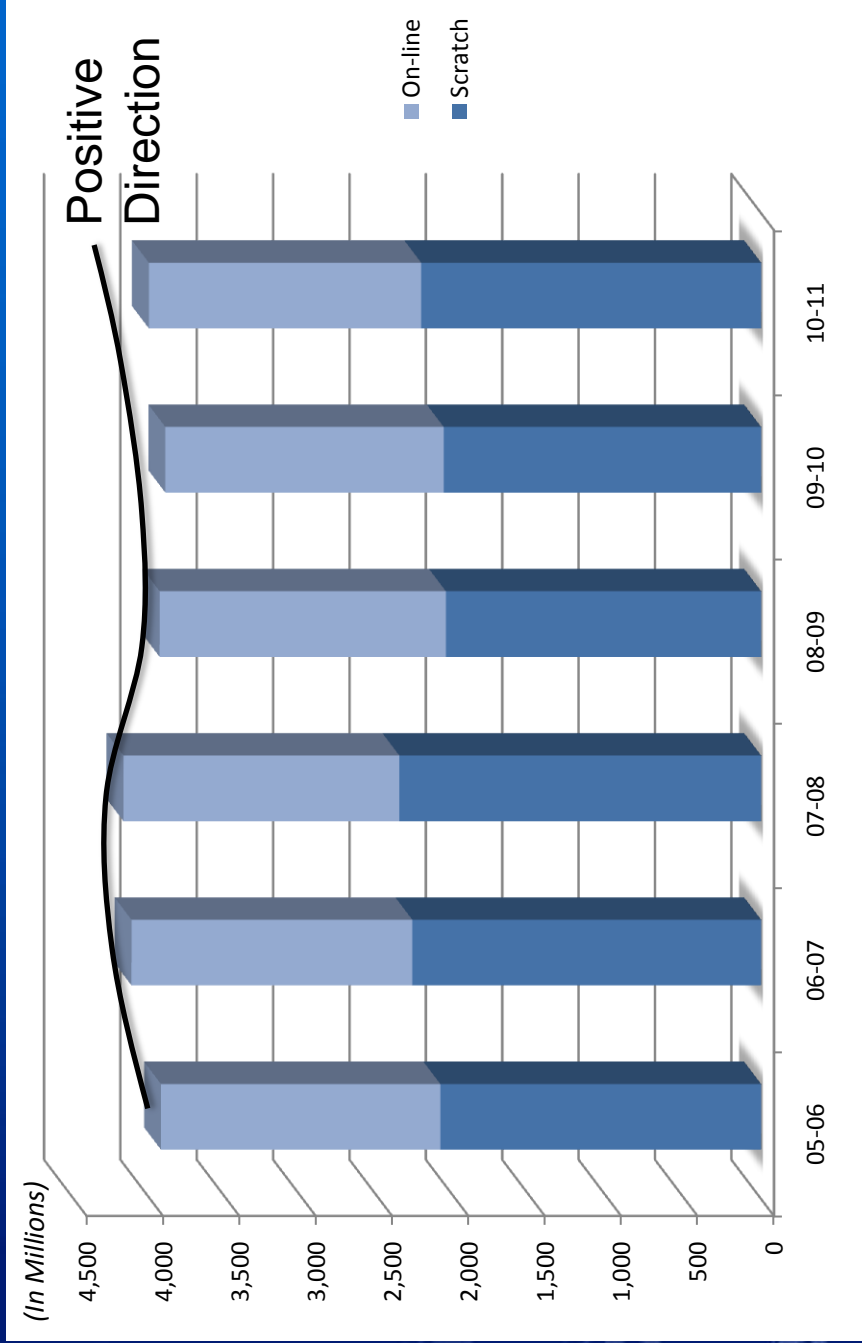
(In Millions)	FY 11-12	FY 12-13
Scratch Off Tickets	\$ 2,385.0	\$ 2,432.7
On-Line Tickets	<u>\$ 1,835.0</u>	<u>\$ 1,841.3</u>
Total Ticket Sales	\$ 4,220.0	\$ 4,274.0

(In Millions)	FY 11-12	FY 12-13
EETF Transfers	\$ 1,250.0	1,270.8

	FY 11-12	FY 12-13
Retailer Base	13,700	13,835



Sales Trend Line



FY 11-12 YTD ticket sales are running 9.66% ahead of last year at this time.



ITVM Performance

Facts:

- 1,500 ITVM's placed across the state in 61 of Florida's 67 counties,
- LTD sales (as of 9/30/11) are **\$460,970,015** (first installed in August of '09),
- 1st Qtr 11-12 ITVM ticket sales are averaging \$5.09 per ticket transaction,
- 1st Qtr 11-12 ITVM ticket sales are averaging over \$3,591 per week,
- The W. Palm Beach district leads the state at avg. over \$4,300 per unit (172 units),
- Each ITVM has 24 game offered at \$1, \$2, \$3, \$5, \$10 & \$20 price points,
- \$20 games account for 40% of ITVM sales volume, followed by \$5 games at 22%,
- The \$2 price-point games are the most sold tickets with 3,554,206 tickets sold,
- \$5 games are second with 3,276,804 tickets sold.



ITVM Performance

Distribution:

- Majority of ITVM's are located in Supermarket Trade-styles,
- All machines are planned out each month ensuring best selling games are offered,
- Locations are evaluated regularly to make sure ITVM's receive maximum ROI,
- Equipment in demand, retailers requesting additional machines.



REC Original Impact estimate adopted was \$4,500 for EETF per year per unit

Actual 10-11 ITVM Impact to EETF was \$26,636 per unit

Cost Efficiency Efforts

1. New tenant, Office of Early Learning will occupy 14,800+ sq. ft. of office space.
\$251,090 annual savings
2. All leases being evaluated for potential renegotiation and savings. Savings unknown at this time.
3. Cost reduction on On-line vendor fees took effect 3/11. (7% reduction and \$12.5 Mill. in added value).
4. Cost reduction in Spanish Language Advertising Agency fees took effect 11/10 (3%).
5. Electronic imaging for retailer contracting process.





Florida Lottery FY 2012-13

LBR Schedule VIII B Reductions

FY 12-13 Budget Information

- Base Budget = \$ 135.2 Mill
 - Provides for 9 districts and Headquarters
 - Authorizes 424 FTEs
 - Total Operations will equal 3.23% of REC forecasted income for FY 12-13
- \$ 4.190 Billion.**



FY 2012-13 Schedule VIII-B Reductions

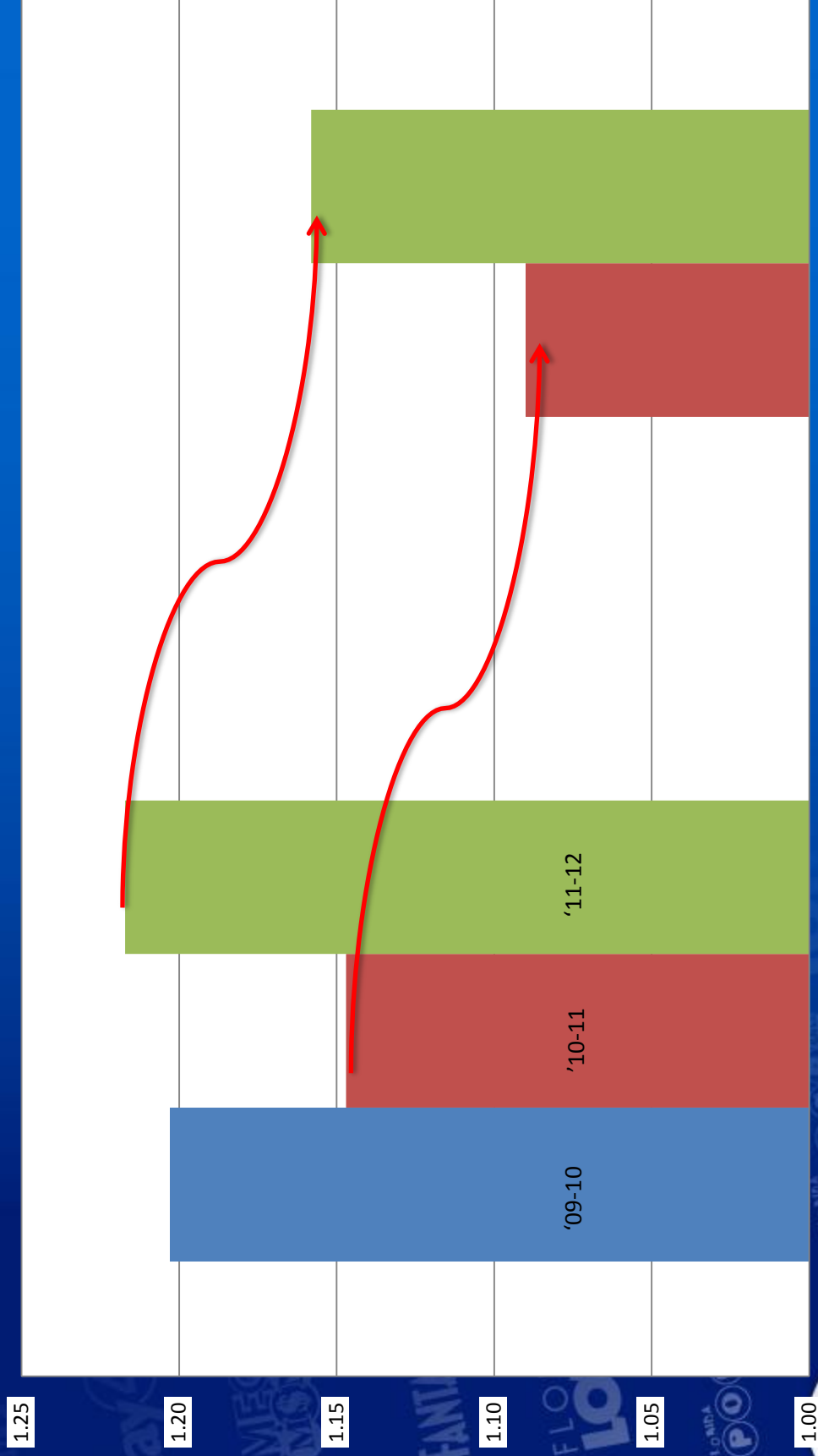
Potential Reduction Issue	Amount	EEFT Impact*
Expense Efficiency-Sub-Tenants HQ Bldg	\$ -251,090	\$251,090
Instant Ticket Vending Machines	\$ -5,010,600	\$-11.2 M
Advertising & Promotions	\$ -6,714,326	\$-10.5 M
Advertising Agency Fees	\$ -671,433	Included with above
Strategic Partnerships	\$ -835,720	\$-6.5 M
TOTALS	\$-13,483,169	\$-27.9 M

**Preliminary EEFT Impacts are dept. estimates based on previous
REC impact conference results and/or data.*



Potential Negative Impact on EETF of Budget Reductions

In Billions



EETF from Sales & Ops.

Rev. EETF from 8B Red.

Only using transfers generated from sales and operations





Florida Lottery®

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.

<p>ADJUDICATION OF DISPUTES PROGRAM</p>	<p>Resolves disputes between private citizens and organizations and agencies of the state.</p> <ul style="list-style-type: none"> ➤ Authorized by Chapter 120, Florida Statutes. ➤ 67 FTE – 1 Chief Judge, 1 Deputy Chief Judge, 32 Administrative Law Judges and 33 staff. ➤ FY 11-12 budget: \$8.2 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 10-11 cases filed: 11,007, a 60% increase from FY 09-10. Scheduled 58% of cases for hearing within 90 days of filing, and closed 93% of cases within 120 days of filing. ➤ Recent jurisdiction expansions include child support and paternity cases, Medicaid waiver cases, and Senate claim bills.
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<p>WORKERS’ COMPENSATION APPEALS PROGRAM</p>	<p>Resolves disputes between workers and their private or public employers arising from job-related injuries.</p> <ul style="list-style-type: none"> ➤ Authorized by Sections 440.25 and 440.45, Florida Statutes. ➤ 182 FTE – 1 Deputy Chief Judge, 32 Judges of Compensation Claims, 32 Mediators and 117 staff. ➤ FY 11-12 budget: \$16.7 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 1.75% percent assessment rate on insurance premiums. ➤ FY 10-11 petitions filed: 64,679, an 5% decrease from FY 09-10. Closed 86% of petitions within statutory timeframe. ➤ FY 10-11 mediations held: 17,906. Held 96% of mediations within 130 days. ➤ FY 10-11: Collected \$9.2 million, or 55% of total budget, in outstanding child support arrearages.
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* 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.

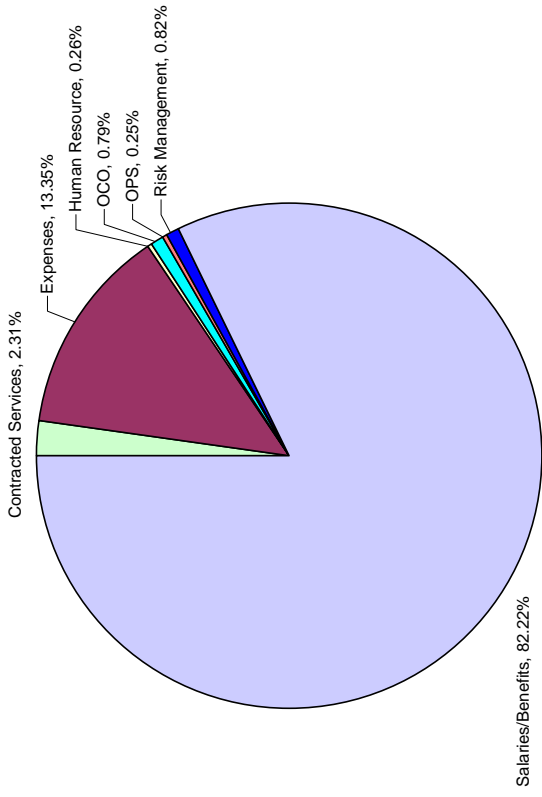
Division of Administrative Hearings
FY 2012-13 Budget Reduction Proposals
10% Target Amount: \$0 GR \$2,470,021 TF

Issue	FTE	Recurring General Revenue	Recurring Trust Fund Amount	Issue	Impact
1		0	-2,009	Reduce Temporary Employment - Adjudication of Disputes	Minimal impact on this program's operations. Reduces the Other Personal Services category.
2		0	-31,715	Reduce Allocation for Expenditures - Workers' Compensation Appeals	Moderate impact on this program's operations. Reduces Expenses and Contracted Services categories.
3		0	-38,208	Reduce Allocation for Expenditures - Adjudication of Disputes	Moderate impact on this program's operations. Reduces Expenses and Contracted Services categories.
4	-8	0	-769,788	Workforce Reduction - Adjudication of Disputes	Significant impact on this program's ability to fulfill its mission. Reduces this program's workforce by (12)%
5	-18	0	-1,628,301	Workforce Reduction - Workers' Compensation Appeals	Significant impact on this program's ability to fulfill its mission. Reduces this program's workforce by (10)%
	-26	0	-2,470,021		

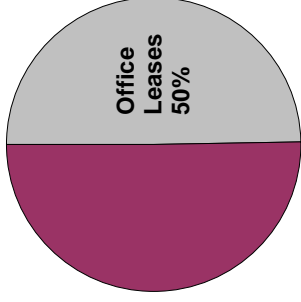
**DIVISION OF ADMINISTRATIVE HEARINGS CUTS
(FY 2003-04 to FY 2011-12)**

	<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	0.0	(\$153K)
FY 2011-12	(17.0)	(\$922K)
TOTAL RECURRING CUTS	<u>(33.0)</u>	<u>(\$2.9M)</u>

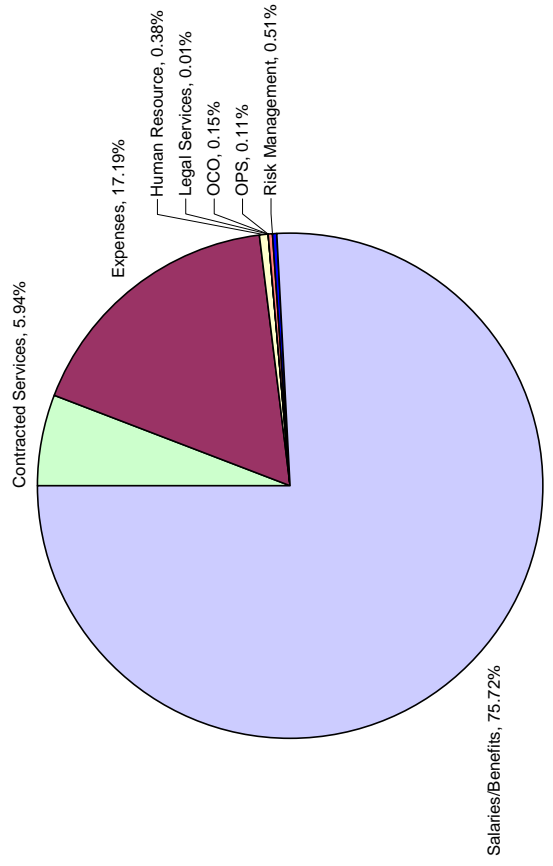
Division of Administrative Hearings FY 2011-12 BASE BUDGET Adjudication of Disputes Program



Expenses Breakout



Workers' Compensation Appeals Program



Expenses Breakout

