



Government Operations Appropriations Subcommittee Meeting Packet

**January 21, 2015
1:00 p.m. – 4:00 p.m.
Morris Hall**



AGENDA

Government Operations Appropriations Subcommittee

January 21, 2015

1:00 p.m. – 4:00 p.m.

Morris Hall

- I. Call to Order/Roll Call
- II. Department of Management Services
Chad Poppell, Secretary
Richard Perritti Budget Director
Debra Forbess, Director of Administration
- III. Department of Business and Professional Regulation
Ken Lawson, Secretary
- IV. Department of the Lottery
Cynthia O'Connell, Secretary
- V. Division of Administrative Hearings
Robert Cohen, Chief Judge & Director
- VI. Agency for State Technology
Jason Allison, Executive Director
Jean Whitten, Chief Financial Officer
- VII. Department of Revenue
Marshall Stranburg, Executive Director
- VIII. Office of Insurance Regulation
Rebecca Matthews, Chief of Staff
- IX. Closing Remarks/Adjourn

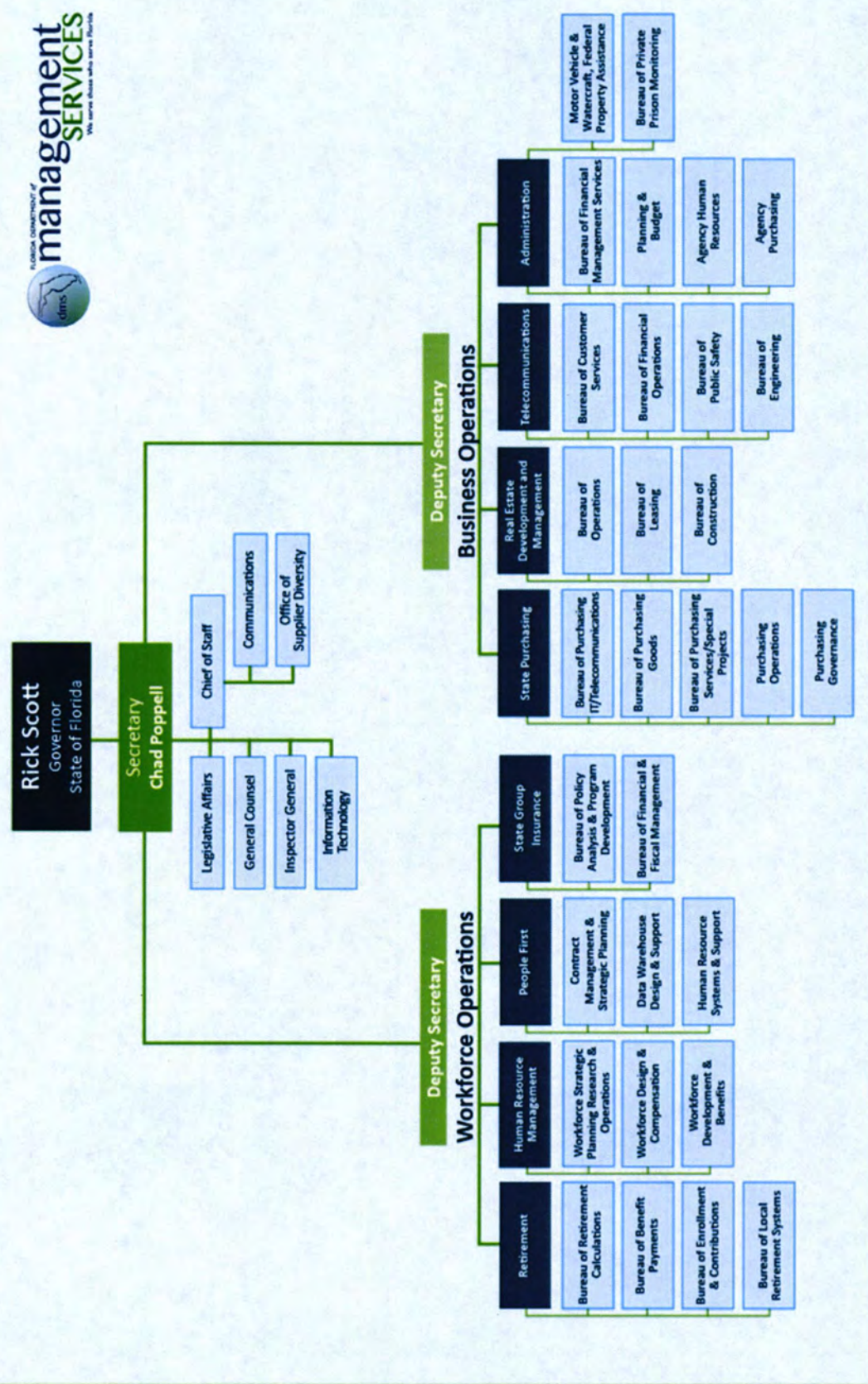


FLORIDA DEPARTMENT of

management SERVICES

We serve those who serve Florida

Chad Poppell, Secretary



WHO WE ARE

The Department of Management Services (DMS) is the administrative and operations arm of Florida's state government.

The department provides shared administrative support services, management oversight, and agency wide executive policies, practices and guidance.

Through the efficient provision of shared services, state agencies can direct their time, energy and resources to their core missions.

Fiscal Year 2015-16 Legislative Budget Request

FY 2014-15 Appropriation	FY 2015-16 Legislative Budget Request	Difference
\$584,514,598	\$567,693,625	(\$16,820,973)

Business Operations

- Florida Interoperability Network (FIN) and Mutual Aid - \$3.5 million
- Real Estate Data Base License Renewal, Support and Maintenance - \$649,000
- Fixed Capital Outlay Projects for the Florida Pooled Facilities - \$8.2 million
- MyFloridaNet-2 Migration Assistance - \$349,000
- Statewide Law Enforcement Radio System (SLERS) \$1.1 million

Business Operations

- Real Estate Optimization – Staff Augmentation \$399,146 and Trucks and Tools \$334,000
- Shared Savings for Energy Efficiency Upgrades - Budget Neutral
- Private Prison Monitoring Transfer Resources – Net Zero
- Fleet Management Information System - \$1.4 million

Workforce Operations

- Special Pension and Benefit Payments - \$459,000
- People First Next Generation Transition
- Pension Valuation – Florida National Guard Retirement Program \$65,000
- Prescription Drug Claims Administration \$4.1 million

5-Percent Reductions Target (\$10.2 million)

Minimal Impact Reductions (\$344,000)

- Savings Were Realized As Promised With Establishment of a Customer Contact Center in the Division of Retirement (\$257,000)
- Other Operational Savings (\$87,000)

5-Percent Reductions Target (\$10.2 million)

Moderate Impact Reductions (\$660,000)

- Transfer Hard Copy Mailers for Retirees To Electronic Delivery (\$522,000)
- Other Operational Savings (\$138,000)

5-Percent Reductions Target (\$10.2 million)

Significant Impact Reductions (\$9.2 million)

- Large Contract Reductions (\$6.3 million)
 - People First
 - MyFloridaMarketPlace
 - Statewide Law Enforcement Radio
 - Division of State Group Insurance
- Other Operational Savings (\$2.9 million)



FLORIDA DEPARTMENT of

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Florida Department of
**Business &
Professional
Regulation**


License efficiently. Regulate fairly.

Ken Lawson
Secretary



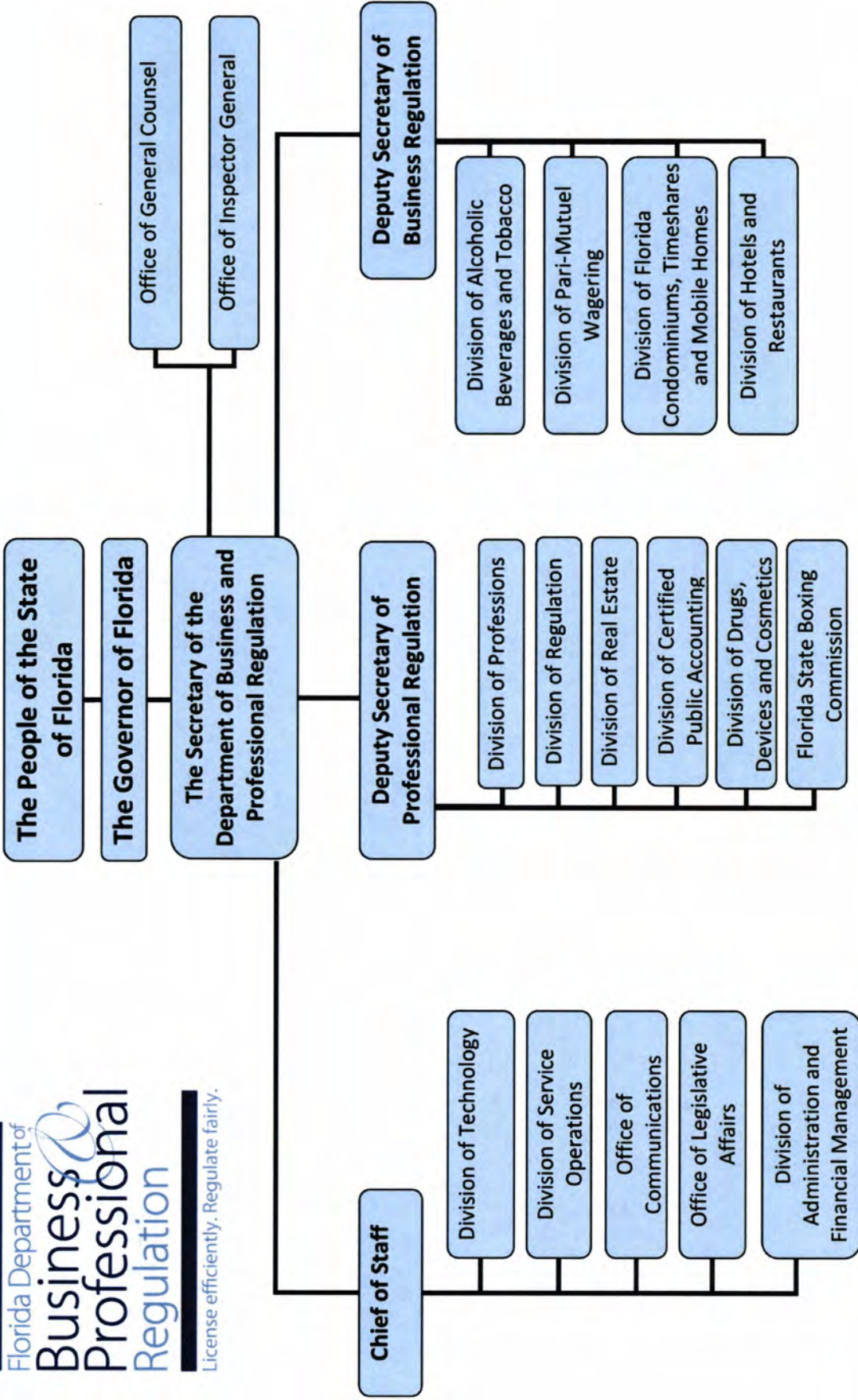
Fiscal Year 2015-16 Legislative Budget Request

House Government Operations
Appropriations Subcommittee
January 21, 2015



Guiding Principles at DBPR

- Smart De-Regulation
 - Working to identify and remove rules that get in the way of businesses.
- Fair But Strong Enforcement
 - The goal is always to get businesses into compliance. Enforcement will be strong but fair, and our licensees deserve to have a voice in the enforcement process.
- Open Door Policy
 - I have met with and will continue to meet with anyone who walks through the door.



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**

Professions We Regulate

- Architecture & Interior Design
- Asbestos Contractors & Consultants
- Athlete Agents
- Auctioneers
- Barbers
- Boxing, Kick Boxing & Mixed Martial Arts
- Building Code Administrators & Inspectors
- Certified Public Accounting
- Child Labor
- Community Association Managers & Firms
- Construction Industry
- Cosmetology
- Drugs, Devices and Cosmetics
- Electrical Contractors
- Employee Leasing Companies
- Farm Labor
- Geologists
- Harbor Pilots
- Home Inspectors
- Labor Organizations
- Landscape Architecture
- Mold-Related Services
- Real Estate
- Real Estate Appraisers
- Talent Agents
- Veterinary Medicine

Department Statistics

- **CUSTOMERS:** More than **one million** licensed businesses and professionals
- **FY 2014-15 BUDGET:** \$147.8 million
- **STAFFING:** 1,616.25 Full Time Employees
- **REVENUE SOURCES:**
 - Nearly 100% State Trust Funded
 - Collect approximately \$2.4 billion in licenses, fees and taxes that is contributed to General Revenue and other agencies

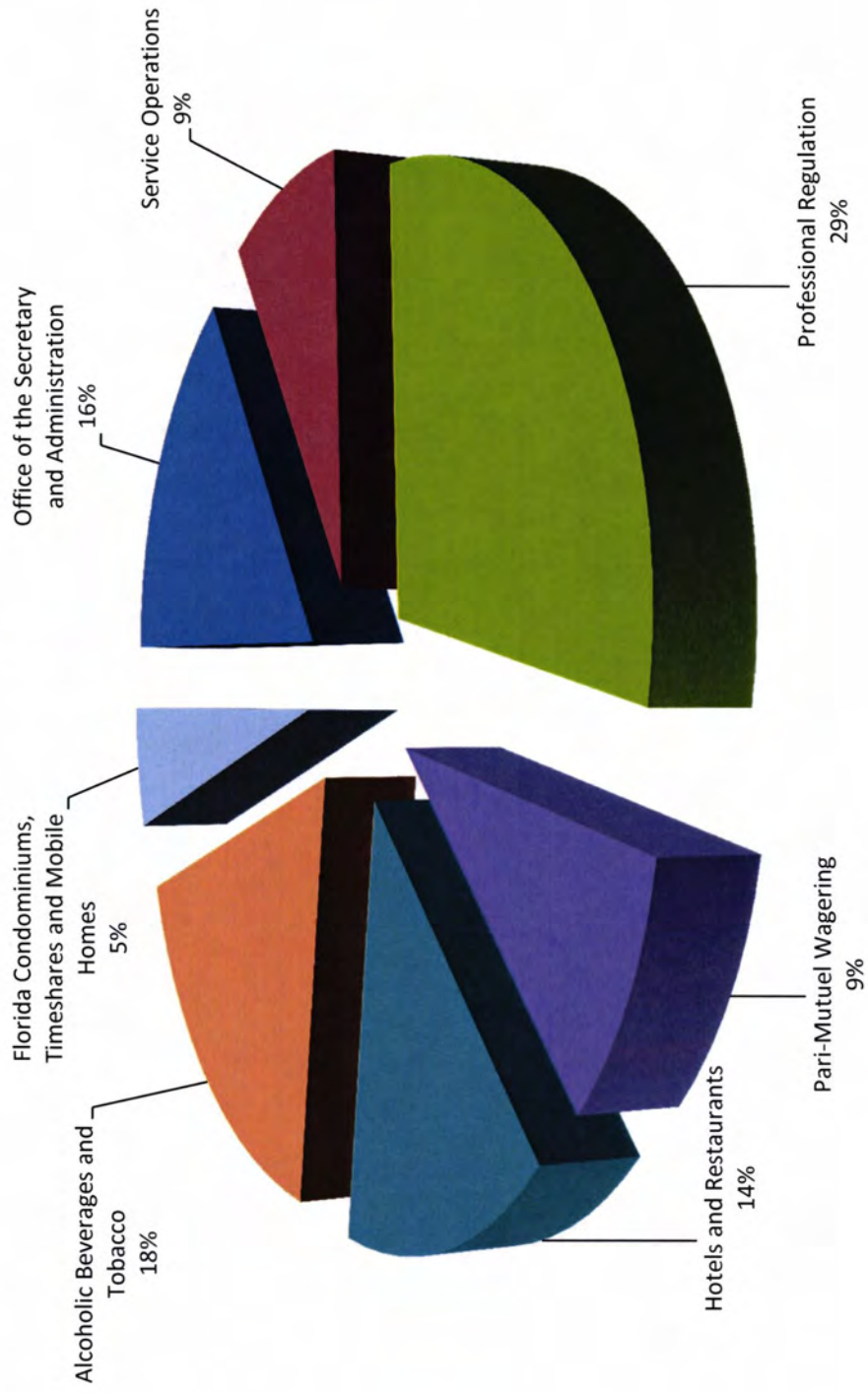
Strategies

- Focus on consolidating and streamlining duplicative business processes.
- Encourage DBPR employees and divisions to compete with each other and other state agencies to become better, faster and smarter.
- Regularly and aggressively seek out feedback from our licensees.

Fiscal Year 2014-15 Appropriation by Program

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Office of the Secretary and Administration	209.50	-	\$23,267,898	-	\$23,267,898
Service Operations	200.50	-	\$12,730,931	-	\$12,730,931
Professional Regulation	345.00	\$469,154	\$41,941,580	-	\$42,410,734
Pari-Mutuel Wagering	115.00	-	\$14,061,449	-	\$14,061,449
Hotels and Restaurants	307.00	-	\$21,317,546	-	\$21,317,546
Alcoholic Beverages and Tobacco	328.25	-	\$26,484,687	\$205,000	\$26,689,687
Florida Condominiums, Timeshares, and Mobile Homes	111.00	-	\$7,353,105	-	\$7,353,105
Total	1,616.25	\$469,154	\$147,157,196	\$205,000	\$147,831,350

Fiscal Year 2014-15 Appropriation by Program



Fiscal Year 2015-16 Legislative Budget Request

- Total Request – \$147,882,999 and 1,621.25 FTE
 - \$326,527 in General Revenue
 - \$147,006,887 in State Trust Funds
 - \$549,585 in Federal Trust Funds

Priority Budget Issues

- Division of Administration and Financial Management
 - Request for a Purchasing Analyst for Contract Administration Support
 - 1 FTE, \$68,498 (\$64,340 recurring, \$4,158 non-recurring)
- Division of Information Technology
 - Request to fund a disaster recovery site outside of the Tallahassee area
 - \$147,800 (\$92,400 recurring, \$55,400 non-recurring)
 - Requests funding for backup services provided by the Agency for State Technology
 - \$194,837 recurring
- Division of Professions
 - The Board of Architecture and Interior Design
 - Request budget authority to develop public service announcements related to unlicensed activity
 - \$250,000 (\$150,000 recurring, \$100,000 non-recurring)

Priority Budget Issues

- Division of Real Estate
 - Request for additional budget authority to provide training within the Division's Bureau of Enforcement
 - \$56,304 (\$9,763 recurring, \$46,541 non-recurring)
- Division of Hotels and Restaurants
 - Request for a Plan Reviewer position to address an increased workload and to reduce the time for plan approval
 - 1 FTE, \$66,222 (\$62,109 recurring, \$4,113 non-recurring)
 - Request for additional budget authority to purchase 14 vehicles for inspectors who currently drive their personal vehicles to perform inspections
 - \$201,222 non-recurring

Priority Budget Issues

- Division of Alcoholic Beverages and Tobacco
 - Request for additional resources to expand and enhance the Electronic Data Submission (EDS) System
 - 2 FTE, \$211,015 (\$200,571 recurring, \$10,444 non-recurring)
 - Request for OPS staffing to complete the Bureau of Licensing's Microfilm Conversion Project
 - \$130,806 recurring (two years)
 - Request to utilize forfeiture funds in the Federal Law Enforcement Trust Fund
 - \$549,585 non-recurring
 - Fuel efficient vehicles for inspectors – \$300,000
 - Law enforcement equipment – \$109,835
 - Specialized law enforcement training – \$121,750
 - Travel expenses related to complex investigations – \$18,000

Schedule VIIB Exercise

- Reduction Target: (\$7,160,436)
- Reductions identified across all Programs:
 - Minimal: (\$521,012)
 - Moderate: (1.00) FTE and (\$483,258)
 - Significant: (70.50) FTE and (\$6,162,031)
- Total: (71.50) FTE and (\$7,166,301)

Minimal Impacts

Reduction by Program	FTE	Budget Impact
Reduce Professional Regulation Expenditures		(\$55,712)
Reduce Pari-Mutuel Wagering Expenditures		(\$465,300)
Total		(\$521,012)

Moderate Impacts

Reduction by Program	FTE	Budget Impact
Reduce Professional Regulation Expenditures		(\$441,774)
Reduce Florida Condominiums, Timeshares, and Mobile Homes - Office of the Condominium Ombudsman Staff and Expenditures	(1.00)	(\$41,484)
Total	(1.00)	(\$483,258)

Significant Impacts

Reduction by Program	FTE	Budget Impact
Reduce Executive Direction/Support Services Staff and Expenditures	(8.50)	(\$694,031)
Reduce Information Technology Expenditures		(\$448,517)
Reduce Service Operations Staff and Expenditures	(.50)	(\$628,073)
Reduce Professional Regulation Staff and Expenditures	(4.00)	(\$1,170,558)
Reduce Pari-Mutuel Wagering Expenditures		(\$100,000)
Reduce Hotels and Restaurants Staff and Expenditures	(30.00)	(\$1,489,183)
Reduce Alcoholic Beverages and Tobacco Staff and Expenditures	(21.50)	(\$1,278,604)
Reduce Florida Condominiums, Timeshares, and Mobile Homes Staff and Expenditures	(6.00)	(\$353,065)
Total	(70.50)	(\$6,162,031)

Reductions by Program for VIIIIB Exercise

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Executive Direction/Support Services	(8.50)	-	(\$1,142,548)	-	(\$1,142,548)
Service Operations	(0.50)	-	(\$628,073)	-	(\$628,073)
Professional Regulation	(4.00)	(\$16,327)	(\$1,651,717)	-	(\$1,668,044)
Pari-Mutuel Wagering	-	-	(\$565,300)	-	(\$565,300)
Hotels and Restaurants	(30.00)	-	(\$1,489,183)	-	(\$1,489,183)
Alcoholic Beverages and Tobacco	(21.50)	-	(\$1,278,604)	-	(\$1,278,604)
Florida Condominiums, Timeshares, and Mobile Homes	(7.00)	-	(\$394,549)	-	(\$394,549)
Total	(71.50)	(\$16,327)	(\$7,149,974)	-	(\$7,166,301)



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Contact Information

Dan Olson

Legislative Affairs Director

Dan.Olson@myfloridalicense.com

850-717-1580

Legislative Budget Request Issues FY 2015-16

**House Government Operations
Appropriation Subcommittee**

**Cynthia O'Connell
Secretary, Florida Lottery
January 21, 2015**



Revenue Estimating Conference (REC) Results

November 6, 2014
Fiscal Year (FY) 2015-16

Instant Ticket Sales	\$3,766,000,000
Terminal Ticket Sales	\$1,851,900,000
Total Sales <small>(Growth of 4.65% from FY 2013-14 Actual Sales)</small>	\$5,617,900,000
Total Transfers to Educational Enhancement Trust Fund (EETF)	\$1,491,000,000



FY 2015-16 Budget Information

Base Budget = \$162.4 Million

- Provides funding for the operation of 9 district offices and Headquarters
- Authorizes 420 FTEs
- Sales of approx. \$5.618 Billion
- 13,730 terminals on statewide network

Total funds requested for all operations

- \$173.4 Million



FY 2015-16 Legislative Budget Requests

Business Issue	Amount Requested
Replacement of Lottery Legacy Tape Libraries	\$ 375,929
Replacement of Webwasher Firewalls	\$ 68,726
Replacement of 8 Hewlett Packard Servers	\$ 87,698
Increase to Other Personal Service (OPS) Appropriation	\$120,000



FY 2015-16 Legislative Budget Requests

Business Issue	Amount Requested
Independent Security Audit required by statute	\$ 224,500
Increase to Instant Ticket Appropriations (based on July REC forecast)	\$ 9,552,933
Increase to Terminal Games Appropriations (based on July REC forecast)	\$ 568,904
TOTAL REQUESTED (\$10,244,215 Recurring - \$754,475 Non-Recurring)	\$10,998,690



FY 2015-16 Proposed VIII-B Reductions

Business Issue	Amount Requested
Contracted Services – Vehicle maintenance and repair savings due to efficiency of new vehicles	\$(26,140)
Expense – Fuel savings due to efficiency of new vehicles	\$(52,670)
Reduction to Terminal Games Fees	\$(4,946,000)
Reduction to Instant Ticket Contract	\$(3,054,967)
TOTAL	\$(8,079,777)



Thank you!

**House Government Operations Appropriation Subcommittee
January 21, 2015**



DIVISION OF ADMINISTRATIVE HEARINGS

**Presentation to:
House Government Operations Appropriations
Subcommittee**



Robert S. Cohen, Director and Chief Judge

January 21, 2015



DOAH Mission:

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

ADJUDICATION OF DISPUTES

- Authorized by Chapter 120, F.S.
- Resolves disputes between private citizens and organizations and agencies of the state.
- Jurisdiction includes professional licensure, child support, paternity, Medicaid waiver, Baker Act cases and Senate Claim bills.

WORKERS' COMPENSATION APPEALS

- Authorized by Sections 440.25 and 440.45, F.S.
- Resolves disputes between workers and their private or public employers arising from job-related injuries.
- Jurisdiction includes withholding child support arrearages from workers' compensation settlements.

* 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.

ADJUDICATION OF DISPUTES PROGRAM

➤ ORGANIZATION

65 FTE:

- 1 Director and Chief Judge
- 1 Deputy Chief Judge
- 31 Administrative Law Judges
- 32 Staff

➤ LOCATION

This program is located in Tallahassee. The Administrative Law Judges travel or utilize video teleconferencing to conduct hearings throughout Florida.

➤ FY 15-16 CONTINUATION BUDGET REQUEST: \$8,380,172

- 100% Trust Funded
- Only 5% of the agency's budget supports administrative activities.
- Funded through transfers from state agencies, contracts with outside entities, and an administrative assessment from the Workers' Compensation Appeals Program.

WORKERS' COMPENSATION APPEALS PROGRAM

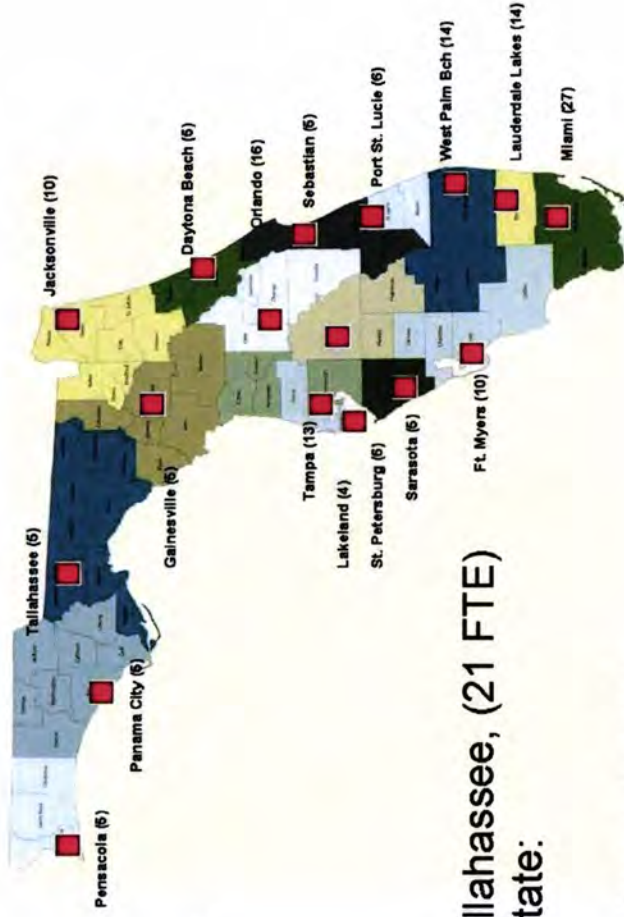
➤ ORGANIZATION

176 FTE:

- 1 Deputy Chief Judge
- 31 Judges of Compensation Claims
- 28 Mediators
- 116 Staff

➤ LOCATION

This program's headquarters are in Tallahassee, (21 FTE) with 17 district offices throughout the state:



➤ FY 15-16 BUDGET REQUEST: \$17,443,849

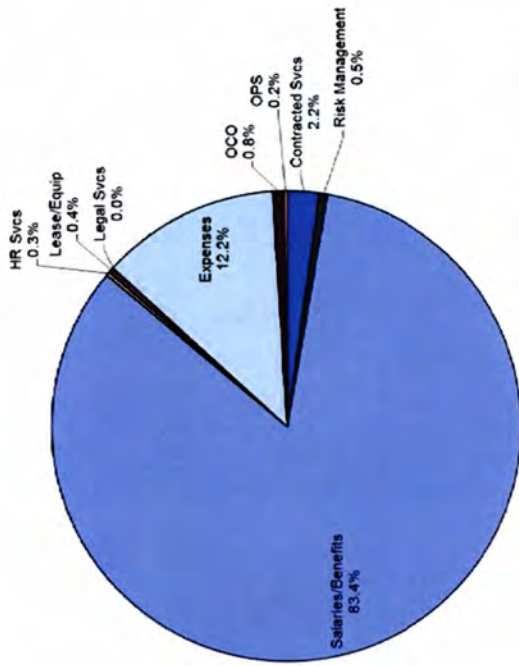
- 100% Trust Funded
- Funded through transfers from the Workers' Compensation Administration Trust Fund (WCATF), of the Department of Financial Services. The WCATF is supported by a 1.50 percent assessment rate on insurance premiums.

➤ **FY 15-16 BUDGET ISSUE**

Transfer Positions to Selected Exempt Service

- Reclassify 28 state mediator positions from the Elected and Appointed Official pay plan to Select Exempt Service.
- This will ensure accountability and consistency regarding mediators' time and attendance and will afford them the ability to earn and take leave.
- Recurring cost: \$46,463

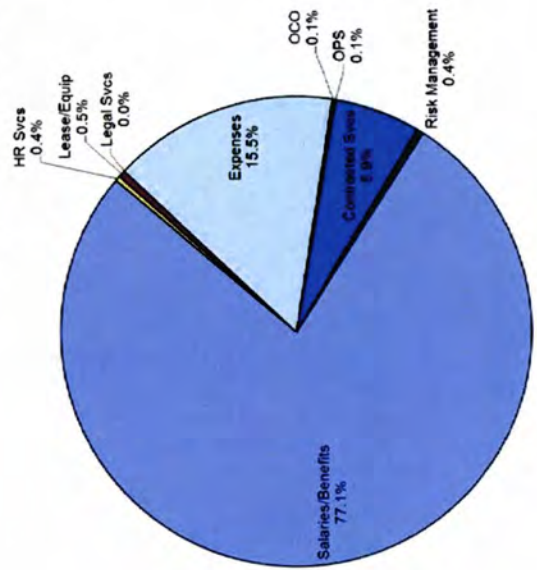
Division of Administrative Hearings FY 2015-16 BASE BUDGET Adjudication of Disputes Program



Expenses Breakout



Workers' Compensation Appeals Program



Expenses Breakout



Division of Administrative Hearings
FY 2015-16 Budget Reduction Proposals
5% Target Amount: \$0 GR \$1,278,611 TF

Issue	FTE	Recurring General Revenue	Recurring Trust Fund Amount	Issue	Impact
1		0	-9,041	Reduce Temporary Employment - Adjudication of Disputes	Moderate impact on this program's operations. Reduces the Other Personal Services category.
2		0	-158,040	Reduce Allocation for Expenditures - Adjudication of Disputes	Moderate impact on this program's operations. Reduces Expenses, Contracted Services and Lease/Purchase equipment categories.
3	-3	0	-248,645	Workforce Reduction - Adjudication of Disputes	Moderate impact on this program's ability to fulfill its mission. Reduces this program's workforce by (5)%
4	-10	0	-862,885	Workforce Reduction - Workers' Compensation Appeals	Significant impact on this program's ability to fulfill its mission. Reduces this program's workforce by (6)%
	-13	0	-1,278,611		

**DIVISION OF ADMINISTRATIVE HEARINGS CUTS
(FY 2003-04 to FY 2014-15)**

	<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)
FY 2012-13	(7.0)	(\$738K)
FY 2013-14	(1.0)	(\$104K)
FY 2014-15	0.0	(\$40K)

TOTAL RECURRING CUTS (41.0) (\$3.74M)



Agency for State Technology

Fiscal Year 2015-16

Legislative Budget Request Overview

House of Representatives

Government Operations Appropriations Subcommittee

January 21, 2015



Legislative Budget Request Fiscal Year 2015-2016

The Agency for State Technology was established in 2014 by the Florida Legislature to oversee the state's essential technology projects. The agency will maximize information technology resources, saving taxpayer dollars and delivering more efficient and effective constituent services in the Sunshine State.

Within the AST the legislation created:

- State Chief Information Officer (CIO);
- Key leadership positions to accomplish IT goals for Florida;
- Technology Advisory Council;
- And The State Data Center (SDC) through the merger of the Northwood and Southwood data centers.



Legislative Budget Request Fiscal Year 2015-2016

Duties of AST include:

- Developing and implementing IT architecture standards;
- Providing operational management and oversight of the SDC;
- Performing oversight on IT projects with total costs of \$10 million or more;
- Identifying opportunities for standardization and consolidation of IT services that support common business functions;
- Appointing key leadership positions;
- and Legislative deliverables.



Legislative Budget Request Fiscal Year 2015-2016

Since 7/1/2014 focused on:

- Legislative deliverables
- Appointing key leadership positions
- Assessing SDC infrastructure operational capabilities



Legislative Budget Request Fiscal Year 2015-2016

Legislative Deliverables

Operational Assessment

- Evaluation of duplicated positions and potential reductions or reclassifications
- Standardizing operational processes and cost recover methodologies
- Findings to be delivered February 1, 2015

Risk Assessment

- To analyze and provide recommendations for protecting the states information technology resources, data and information
- Findings to be delivered June 30, 2015

State Data Feasibility Study

- To analyze, evaluate, and provide recommendations for managing state government data in a manner that promotes interoperability and openness
- Findings to be delivered June 1, 2015



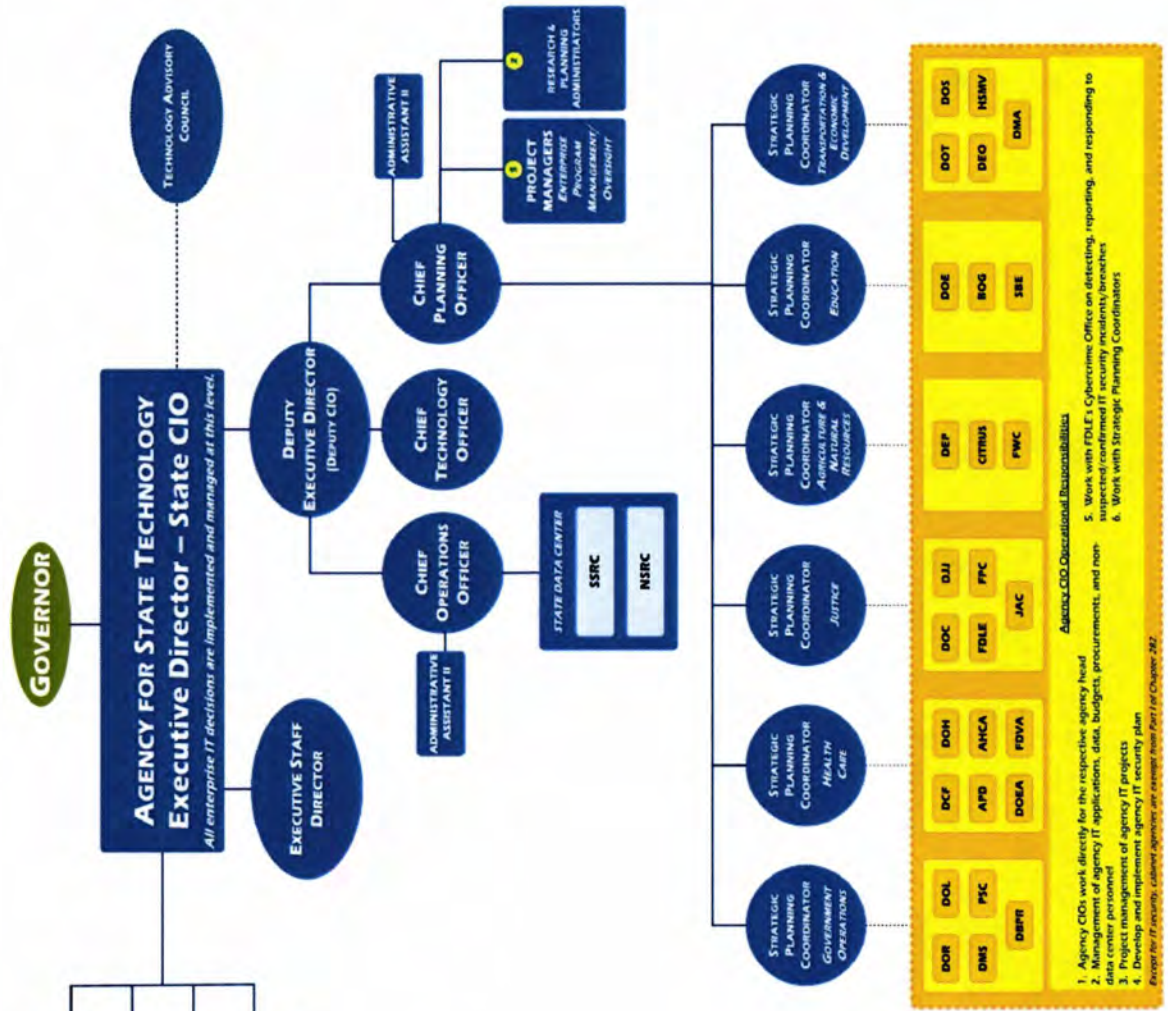
Legislative Budget Request Fiscal Year 2015-2016

Appointing Key Positions

- Executive Director/State CIO
- Deputy Executive Director
- Chief Planning Officer
- 6 Strategic Planning Coordinators
- Chief Operations Officer
- Chief Information Security Officer
- Chief Technology Officer



Legislative Budget Request Fiscal Year 2015-2016





Legislative Budget Request Fiscal Year 2015-2016

Assessing Capabilities

Outdated Equipment is a Risk

- Data center consolidations began 6 years ago
- Considerable dated equipment was transferred to the data centers during consolidation
- Over 77% of servers in the SDC are older than 5 years
- To mitigate risk and reduce space needs for the consolidation the replacement of old equipment is a critical need



Legislative Budget Request Fiscal Year 2015-2016

Focus of the Budget Request:

- Complete the consolidation of agency provided hardware into a standardized computing platform;
- Consolidate and expand storage and backup to address agencies needs;
- Merge the operations of the core services to support the model based on a single operational entity;
- And completion of the consolidation fulfills the prerequisites that are essential to migrate workloads to cloud based infrastructure services in the future.



Legislative Budget Request Fiscal Year 2015-2016

FY 2014-15 AST Budget Entities

- Executive Direction
- Data Center Administration
- Northwood Shared Resource Center (NSRC)
- Southwood Shared Resource Center (SSRC)

FY 2015-16 AST Budget Entities

- Executive Direction
- Data Center Administration
- State Data Center



Legislative Budget Request Fiscal Year 2015-2016

	FY 2014-15 CURR YR EST	FY 2015-16 REQUEST	FY 2015-16 BASE BUDGET
Positions	241.0	241.0	241.0
010000 Salaries & Benefits	\$ 19,508,277	\$ 19,508,277	\$ 19,508,277
030000 Other Personal Services	629,815	629,815	629,815
040000 Expenses	2,807,494	2,240,489	2,117,489
060000 OCO	790,676	642,334	98,334
100644 Computer Related Expenses	13,999,515	11,812,067	11,812,067
100777 Contracted Services	15,982,829	16,195,291	14,196,500
103241 Risk Management Insurance	99,445	99,445	99,445
105002 Administrative Overhead	365,000	365,000	365,000
105280 Deferred Pmt Commodities Contracts	2,387,101	4,960,102	1,947,101
105281 Lease/Purchase/Equipment	4,152,628	4,822,628	4,152,628
105300 Disaster Recovery Service (GR)	2,139,091		
107040 DMS HR Services	84,117	84,117	84,117
210001 Data Processing Services AST	7,321	7,321	5,005
210008 Data Processing Services - DCF	198,551	198,551	198,551
210014 Data Processing Services - SSRC	5,335,735	6,828,759	5,338,051
	\$ 68,487,595	\$ 68,394,196	\$ 60,552,380
FY 2015-16 Request Under FY 2014-15		\$ (93,399)	
FY 2015-16 Request Over Base Budget			\$ 7,841,816



Legislative Budget Request Fiscal Year 2015-2016

FISCAL YEAR 2015-16 BASE BUDGET		DATA CENTER ADMINISTRATION	STATE DATA CENTER	TOTAL TRUST FUNDS	EXECUTIVE DIRECTION (GR)	TOTAL AST
	Positions	52.0	164.0	216.0	25.0	241.0
010000	Salaries & Benefits	\$ 4,472,240	\$ 12,184,345	\$ 16,656,585	\$ 2,851,692	\$ 19,508,277
030000	Other Personal Services	195,594	434,221	629,815		629,815
040000	Expenses	840,722	1,023,873	1,864,595	252,894	2,117,489
060000	OCO	27,000	61,334	88,334	10,000	98,334
100644	Computer Related Expenses	25,287	11,786,780	11,812,067		11,812,067
100777	Contracted Services	527,981	13,350,892	13,878,873	317,627	14,196,500
103241	Risk Management Insurance	7,705	88,740	96,445	3,000	99,445
105002	Administrative Overhead	153,549	96,451	250,000	115,000	365,000
105280	Deferred Pmt Commodities Contracts	-	1,947,101	1,947,101		1,947,101
105281	Lease/Purchase/Equipment	10,574	4,142,054	4,152,628		4,152,628
107040	DMS HR Services	17,876	57,647	75,523	8,594	84,117
210008	Data Processing Services - DCF	30,000	168,551	198,551		198,551
210001	Other Data Processing Services AST	2,315		2,315	5,005	7,320
210021	Data Processing Services - SSRC		5,335,735	5,335,735		5,335,735
		\$ 6,310,843	\$ 50,677,724	\$ 56,988,567	\$ 3,563,812	\$ 60,552,379



Legislative Budget Request Fiscal Year 2015-2016

DATA CENTER ADMINISTRATION BUDGET ENTITY	FTE
Accounting, Budget, Cost Allocation, Billing, Procurement & Personnel	17.0
Executive Director, Chief Operations Officer, Legal	6.0
Support Services - Customer Relations, Service Desk, Project Management	19.0
Information Security	8.0
Administrative Support Positions for State Data Center	2.0
TOTAL FTE	52.0



Legislative Budget Request Fiscal Year 2015-2016

ISSUES BY PRIORITY		FY 2015-16 REQUEST	RECURRING	NON- RECURRING
1	Complete Consolidation of Agency Hardware into Standardized Platforms (36177C0)	1,072,774	754,774	318,000
2	Consolidate and Expand Storage & Backup Infrastructure (36178C0)	2,350,679	2,033,395	317,284
3	Consolidate State Data Center Operations - AST (36179C0)	782,604	372,604	410,000
4	Stabilize and Support Data Center Power Infrastructure (36187C0)	356,000	91,000	265,000
5	Consolidate and Optimize Network Infrastructure (36181C0)	302,000	25,000	277,000
6	Consolidate and Optimize Database Platform Operations (36182C0)	850,926	447,671	403,255
7	Consolidate and Optimize Software Licenses (36183C0)	924,754	924,754	-
8	Consolidate and Optimize Security Infrastructure (36184C0)	318,250	288,250	30,000
9	Reapproval of Expansion of Enterprise Backup Phase 2 (36188C0)	588,632	588,632	-
10	Agency for State Technology Continuity of Operations Services (36186C0)	295,197	288,447	6,750
AGENCY FOR STATE TECHNOLOGY TOTAL BUDGET ISSUES		\$7,841,816	\$5,814,527	\$2,027,289



Legislative Budget Request Fiscal Year 2015-2016

ISSUES BY PRIORITY	FY 2015-16 Request	Recurring	Non-Recurring
<p>1 Complete Consolidation of Agency Hardware into Standardized Platforms (36177C0) To complete the consolidation of the agency provided hardware into a standardized computing platform it is necessary to procure standard hardware. This issue is for the purchase of servers, storage and licensing necessary to mitigate the risk of the aging hardware provided by the customer agencies to the State Data Center (SDC) during the consolidation.</p>	1,072,774	754,774	318,000
<p>2 Consolidate and Expand Storage & Backup Infrastructure (36178C0) Provides funding for Phase III to complete the Enterprise Backup project that has been funded in previous budget years, expands the capacity for customer agencies and integrates features of the Enterprise Backup Platform, adds storage to accommodate routine storage growth and continues monitoring of the storage infrastructure.</p>	2,350,679	2,033,395	317,284
<p>3 Consolidate State Data Center Operations - AST (36179C0) This issue is required to support the consolidation of operations for the core services of data storage, computing, database and network management of the two data into a single operational entity. It will provide for the requisite network infrastructure and communication circuits to securely connect the data center locations as well as provide sufficient system management and monitoring licenses to ensure consistent standards across both locations.</p>	782,604	372,604	410,000
<p>4 Stabilize and Support Data Center Power Infrastructure (36187C0) A large portion of the existing power infrastructure at the Southwood location has become unsupported due to its age and it does not support power metering in all key areas. An upgrade of the legacy static switch technology is recommended by the manufacturer to ensure the continued operations of the power infrastructure and lower the risk of power loss to critical load components resulting from equipment malfunctions.</p>	356,000	91,000	265,000
<p>5 Consolidate and Optimize Network Infrastructure (36181C0) Replace network equipment no longer supported by the vendor, address network and load balancing capacity limitations, and integrate available security features of the network load balancing equipment. Twenty two (22) out-of-support, past end-of-life network edge/access switches require replacement. This issue is required to decrease the potential risk of service outages and potential data loss due to network failure.</p>	302,000	25,000	277,000



Legislative Budget Request Fiscal Year 2015-2016

ISSUES BY PRIORITY		FY 2015-16 Request	Recurring	Non-Recurring
6	Consolidate and Optimize Database Platform Operations (36182C0) Maintain existing database installations and add capacity to the high availability database environment to the support customers that have business justifications for that service need. This issue also requests funding for the creation of an additional environment to comply with the Criminal Justice Information System (CJIS) requirements of databases that require segregation from the shared infrastructure.	850,926	447,671	403,255
7	Consolidate and Optimize Software Licenses (36183C0) Add needed maintenance on Microsoft license purchases where the initial maintenance has expired. This will allow for continued support of core Microsoft applications at the data centers. In addition, this issue will consolidate the licensing and address needed functionality within the VMware virtualization platform to support data replication and high availability initiatives.	924,754	924,754	-
8	Consolidate and Optimize Security Infrastructure (36184C0) Provide capacity to the security infrastructure at the Southwood location to accommodate the workload being migrated from the Northwood location, Criminal Justice Information System (CJIS) workload segregation from the shared infrastructure, a replacement of the intrusion prevention service being retired by the current vendor, and maintenance on existing security equipment.	318,250	288,250	30,000
9	Reapproval of Expansion of Enterprise Backup Phase 2 (36188C0) Continuation of Budget Amendment EOG B0040 and issue 36194C0, approved in the Fiscal Year 2014-15 as non-recurring, in order to address the recurring need for the Certified Equipment Financing Program (CEFP) supporting Enterprise Backup Phase II. The Northwood data center has 51 dedicated backup devices with eight different backup software solutions and 13 different versions of those solutions.	588,632	588,632	-
10	Agency for State Technology Continuity of Operations Services (36186C0) Provide information technology Continuity of Operations services for core business applications used for operations of the State Data Center (SDC) facilities and part of the Agency for State Technology's (AST) Business Continuity requirements.	295,197	288,447	6,750
AGENCY FOR STATE TECHNOLOGY TOTAL BUDGET ISSUES		7,841,816	5,814,527	2,027,289



Legislative Budget Request Fiscal Year 2015-2016

SCHEDULE VIII B POTENTIAL REDUCTIONS FOR FY 2015-16						
Priority	Category	Budget Entity	GR	WCTF	Total	
1	72980200	Data Center Administration				
	105002	Administrative Overhead		153,549	153,549	
	210008	Data Processing Svcs -DCF Data Center		30,000	30,000	
	210021	Data Processing Svcs -SSRC		2,316	2,316	
2	72980500	State Data Center				
	105002	Administrative Overhead		96,451	96,451	
	210008	Data Processing Svcs -DCF Data Center		116,551	116,551	
3	72980100	Executive Direction				
	105002	Administrative Overhead	115,000		115,000	
4	72980100	Executive Direction				
	100777	Contract Services	37,611		37,611	
	060000	OCO	5,000		5,000	
	040000	Expense	20,000		20,000	
5	72980500	State Data Center				
	100777	Contract Services		1,220,981	1,220,981	
	100644	Computer Related Expense		1,220,982	1,220,982	
			\$ 177,611	\$ 2,840,830	\$ 3,018,441	



Legislative Budget Request Fiscal Year 2015-2016

QUESTIONS?



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

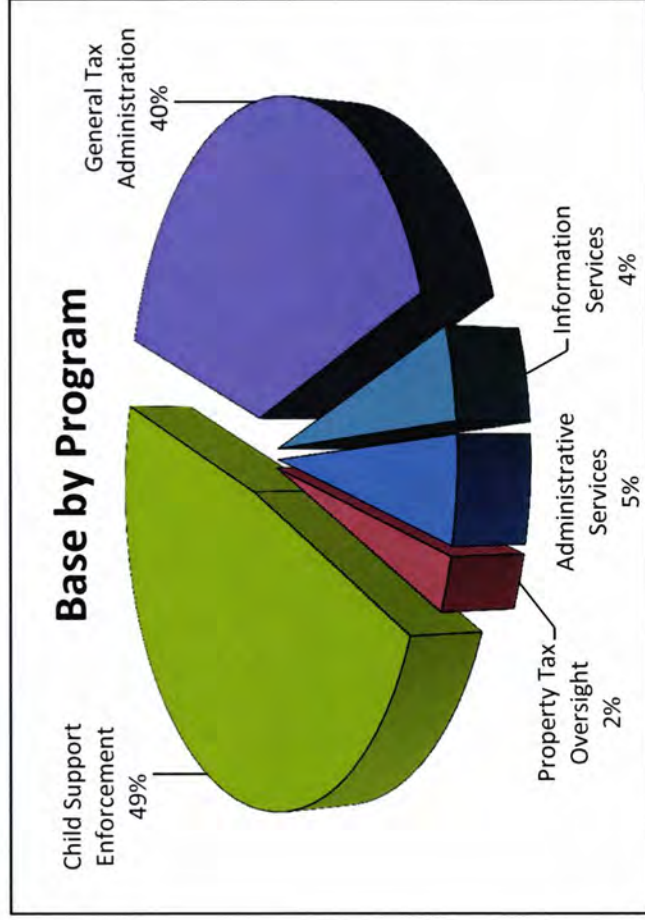
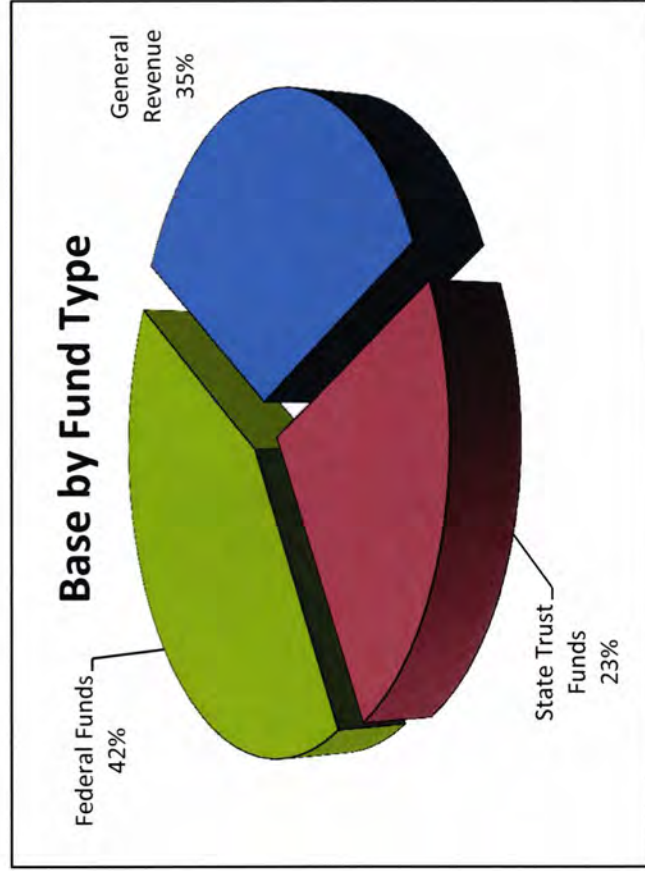
January 21, 2015

Presented by
Marshall Stranburg
Executive Director
Florida Department of Revenue

Department of Revenue

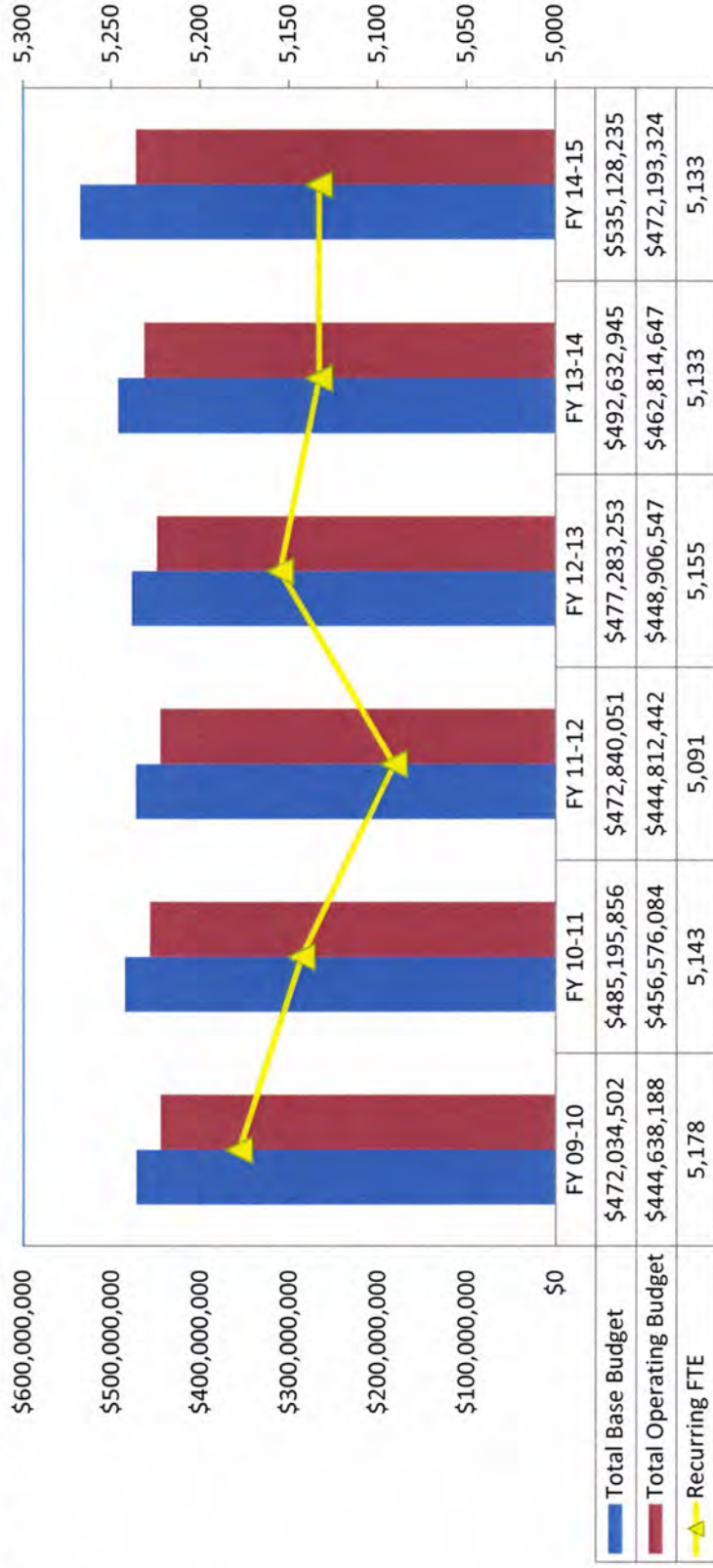
Fiscal Year 2014-15 Base Budget Review – Agency Summary

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Administrative Services	263.00	12,375,657	5,867,501	7,396,135	25,639,293
Property Tax Oversight	169.00	11,943,766	1,569,451		13,513,217
Child Support Enforcement	2,287.00	66,789,639	3,913,996	189,021,869	259,725,504
General Tax Administration	2,244.00	86,996,381	101,698,123	25,460,440	214,154,944
Information Services	170.00	6,062,335	11,271,647	4,761,295	22,095,277
Total	5,133.00	184,167,778	124,320,718	226,639,739	535,128,235



Department of Revenue - Historical Perspective

Fiscal Years 2009-10 to 2014-15



Notes:

- Total Operating Budget equals total base budget less "pass through" appropriation categories.

Department of Revenue Programs

- General Tax Administration
 - Child Support Enforcement
 - Property Tax Oversight
 - Support Programs
 - Administrative Services
 - Information Services
-

General Tax Administration

Collects and distributes state taxes and fees accurately and efficiently. While other state agencies collect certain revenues related to their respective responsibilities, the Department of Revenue partners with businesses statewide to fairly and efficiently collect most state taxes, and to make complying with Florida's tax laws as simple and convenient as possible.

Services & Benefits Provided to Citizens

- Registers taxpayers and processes tax payments
- Distributes revenue to state and local governments
- Provides taxpayer education and assistance through its call center, service centers, and website, including web-based tutorials
- Uses collection, audit, dispute resolution, and investigations to assure taxpayers are in compliance with the law

Performance

- **34** taxes and fees administered
- **8.6 million** returns filed annually
- **In excess of \$36 billion** in collected taxes and fees
- **\$4.7 billion** in receipts processed for other state agencies, as well as Clerk of Court Remittances
- **\$1.8 billion** in discretionary sales surtax collections distributed to 219 local jurisdictions, including counties, cities, and school districts
- **Nearly 1 million** calls responded to through call center agents on toll free help lines
- **98 percent** of tax returns reconciled within 25 days
- **7 million** taxpayers provided with direct assistance or education

Child Support Enforcement

Helps children get the financial support they need when it is not received from one or both parents. The federal government requires each state to operate a child support enforcement program as a condition for receiving the Temporary Assistance for Needy Families (TANF) federal block grant. The Department of Revenue is the Florida state agency that operates such a program.

Services & Benefits Provided to Citizens

- Establishes paternity
- Establishes and modifies child support orders
- Monitors and takes action to help parents comply with child support orders
- Receives and distributes child support payments
- Locates parents and assets
- Educates and assists parents and the public
- Partners with other state, federal and county entities to carry out critical steps in the child support process

Performance

- Provides services for over **989,000 children**
- Maintains **over 1 million** child support cases
- Assists in establishing paternity annually for more than **90,000 children statewide**
- Collects 76.7% of the child support due in the year it is due, totaling over **\$1.57 billion last year.**
- **90%** of payments result from actions taken by the Program
- Deposits approximately **\$15 million annually to General Revenue** from retained child support collections
- **Responds to approximately 1.6 million calls** annually on toll free help lines

Property Tax Oversight

Ensures that all Florida counties prepare uniform and equitable tax rolls. No other state governmental body provides this service.

Services & Benefits Provided to Citizens

- Ensures that Florida's local levying authorities comply with millage levying procedures and public disclosure laws
- Provides technical and legal guidance to local officials
- Reviews certain property tax claims for refunds
- Provides training to elected officials and levying authorities
- Provides training and oversight to value adjustment boards
- Coordinates statewide mapping and aerial photography for Florida's Geographic Information System (GIS)

Performance

- In 2013, Florida's local governments and taxing authorities levied more than **\$24.9 billion** in taxes on **10 million parcels** of real and tangible personal property, with a total market value of **\$1.88 trillion**
- Reviews and approves **property tax rolls for each of Florida's 67 counties**
- Reviewed **580 budget and budget amendment submissions** from property appraisers and tax collectors in Fiscal Year 2013-14
- **Mapped over 24,800 square miles** using aerial photography in Fiscal Year 2013-14
- Distributed **\$22.4 million** to 29 fiscally constrained counties in Fiscal Year 2013-14

Fiscal Year 2015-2016 Legislative Budget Request

General Tax Administration

- **\$195,775 - Replacement of Transport Equipment - Imaging Equipment for Revenue Processing**
 - *Nonrecurring Operating Trust Fund*
- **\$0 – Reallocation of \$135,000 in Expense Budget Authority to Operating Capital Outlay**
 - *Recurring Operating Trust Fund*
- **\$339,027 – Annualization of Budget Authority for E911 Administrative Costs**
 - *Recurring Operating Trust Fund*
- **\$500,000 – Increase in Budget Authority for Collection Agencies**
 - *Recurring Operating Trust Fund*
- **\$1,300,000 – Increase in Budget Authority for Emergency Distributions to Counties**
 - *Recurring Half Cent Local Sales Tax Trust Fund*

Fiscal Year 2015-2016 Legislative Budget Request

Child Support Enforcement

- **\$94,396 – Increase in Double Budget for Partner Agency – Tenth Circuit State Attorney’s Office**
 - *Recurring Federal Grants Trust Fund*
- **\$264,765 – Increase in Double Budget for Partner Agency – Office of State Court Administrators**
 - *Recurring Federal Grants Trust Fund*
- **\$153,801 – Unamortized Tenant Improvements**
 - *Nonrecurring General Revenue*
- **\$100,000 – Budget Authority for Parenting Time Grant**
 - *Nonrecurring Federal Grants Trust Fund*

Fiscal Year 2015-2016 Legislative Budget Request

Property Tax Oversight

- **\$33,298 - Restore Duplicate Expense Reduction for Lease Savings**
 - *Recurring General Revenue*
- **\$780,383 – Small County Aerial Photography**
 - *Nonrecurring General Revenue*

Fiscal Year 2015-2016 Schedule VIII-B Listing for Possible Reduction for Request Year

Line No.	Program	Issue	FTE	General Revenue	State Trust Funds	Federal Funds	Total
1	GTA	Postage Credit for Full Service Bar Code		(36,180)			(36,180)
2	CSE	Savings Due to Reduction in Hold Time on 1-800 Number		(187,680)		(364,320)	(552,000)
3	CSE	Reduce Unfunded Clerk of the Court Child Support Enforcement TF Budget			(52,855)		(52,855)
4	CSE	Maximize Federal Performance Incentives		(680,000)		680,000	0
5	EXE	Reduce Expense Funding through Operational Efficiencies - Program Level		(50,000)			(50,000)
6	GTA	Discontinue Mailing Corporate Income Tax Returns		(24,188)			(24,188)
7	GTA	Expense Reduction for Printing Annual Resale Certificates on White Paper		(17,502)			(17,502)
8	GTA	Require that All Reemployment Tax and Corporate Income Tax Returns be Filed Electronically	(22.00)	(833,897)			(833,897)
9	GTA	Postal Savings for Notice of Levy for Bank Garnishments		(56,500)			(56,500)
10	GTA	Eliminate the 1-800 Telephone Call Number		(171,603)			(171,603)
11	CSE	Replace 1-800 Kids Line with a Local Phone Number		(142,800)		(277,200)	(420,000)
12	CSE	Postal Savings from Statutory Changes		(50,086)		(97,227)	(147,313)
13	GTA	Increase Administrative Costs Retained for Discretionary Sales Tax		(6,100,000)	6,100,000		0
14	CSE	Eliminate Cooperation Requirement for the Food Assistance only Applicants	(14.00)	(198,571)		(385,461)	(584,032)
15	CSE	Limit Volume of Outbound Mail		(765,000)		(1,485,000)	(2,250,000)
16	CSE	Limit Public and Private Providers		(884,000)		(1,716,000)	(2,600,000)
17	GTA	Discontinue Doc Stamp Audits	(7.00)	(369,062)			(369,062)
18	EXE	TADR - Discontinue Taxpayer Assistance	(6.00)	(270,000)			(270,000)
19	CSE	Reduce Salary Appropriation based on Vacancy Rate		(531,766)	(141,434)	(1,306,800)	(1,980,000)
20	PTO	Eliminate 12 FTE	(12.00)	(588,844)			(588,844)
21	ISP	Eliminate 10 FTE and Reduce Contracted Services Funding	(10.00)	(303,038)	(562,194)		(865,232)
Total Request			(71.00)	(12,260,717)	5,343,517	(4,952,008)	(11,869,208)

Department of Revenue Contacts

- **Marshall Stranburg**
Executive Director
(850) 617-8950
- **Andrea Moreland**
Deputy Executive Director
(850) 617-8323
- **Vince Aldridge**
Chief of Staff
(850) 617-8349
- **Danielle Scoggins**
Director of Legislative & Cabinet Services
(850) 617-8324
- **Ann Coffin**
Director of Child Support Enforcement
(850) 717-7000
- **Maria Johnson**
Director of General Tax Administration
(850) 617-8441
- **Howard Moyes**
Interim Director of Property Tax Oversight
(850) 617-8850
- **Damu Kuttikrishnan**
Director of Information Services
(850) 617-8700
- **Nancy Staff**
General Counsel
(850) 617-8347
- **Sharon Doredant**
Inspector General
(850) 617-8152
- **Joe Young**
Director of Financial Management
(850) 717-7018
- **Jill Ghini**
Director of Workforce Management
(850) 717-6911
- **Patrick Loebig**
Taxpayer Rights Advocate
(850) 617-8168

FLORIDA OFFICE OF
INSURANCE REGULATION

KEVIN M. MCCARTY
Insurance Commissioner



Florida House of Representatives
Government Operations Appropriations Subcommittee

**Fiscal Year 2015-2016 Legislative Budget Requests
and Schedule VIII-B Reductions**

Rebecca Matthews, Chief of Staff
Office of Insurance Regulation

January 21, 2015

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

“Effective January 7, 2003, there is created within the Department of Financial Services the Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, which shall for purposes of this section be referred to as the commission. Commission members shall serve as agency head of the Financial Services Commission. The commission shall be a separate budget entity and shall be exempt from the provisions of s. 20.052. Commission action shall be by majority vote consisting of at least three affirmative votes. The commission shall not be subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters...

The Office of Insurance Regulation 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...

Commission members shall serve as the agency head for purposes of rulemaking... Each director (Office) is agency head for purposes of final agency action under Chapter 120 for all areas within the regulatory authority delegated...”

Budget

- Team of 288 Employees
- Total Budget of \$30,713,483*
- Exclusively funded by the Insurance Regulatory Trust Fund (IRTF). No General Revenue is utilized for the Office budget.
- The Office is administratively housed within the Department of Financial Services (DFS) for some administrative and technology support services.

* includes non-recurring funding and special budget categories for budget authority associated with the outsourcing of financial examinations.

Business Units

Property and Casualty

- **Financial Oversight** – Monitors the financial condition of property & casualty insurers by conducting financial examinations and ongoing financial analysis.
- **Product Review** – Review property and casualty contracts, insurance policy forms and rate filings received from insurance companies and related entities.

Life and Health

- **Financial Oversight** – Monitors the financial condition of life & health insurers by conducting financial analysis and on-site examinations.
- **Product Review** – Review life and health contracts, insurance policy forms and rate filings received from insurance companies and related entities.

Business Units continued...

Business Development/Company Admissions

- Spearheads outreach to prospective companies. Receives and reviews applications for new company licensure and new lines of business.

Legal Services

- Provides counsel to the Office, litigation services and works with insurance examiners on regulatory matters.

Market Investigations

- Conducts examinations and investigations of insurance companies and related parties to ensure compliance with the Florida Insurance Code.

Market Research/Technology

- Collects insurance industry data and develops market reports. Responsible for technology enhancements and maintenance.

Compliance and Enforcement

Oversight of solvency, policy forms, rates and market investigations.

Category	Amount
Salaries and Benefits	\$16,716,427
- Provides salaries and benefits for 254 FTE positions	
Other Personal Services	\$ 265,169
Expenses (includes \$1 million for office building rent to DMS)	\$ 2,400,429
Operating Capital Outlay	\$ 35,000
Contracted Services	\$ 688,016
Lease/Purchase Equipment	\$ 18,989
Property & Casualty Examinations (budget authority only)	\$ 4,276,763
Life & Health Examinations (budget authority only)	\$ 650,000
Public Hurricane Model - Maintenance & Support	\$ 632,639
Public Hurricane Model - Enhancements (non-recurring)	\$ 1,543,300

Executive Direction

Overall direction in fulfilling the Office’s statutory and administrative responsibilities. The Commissioner, legal and support staff provide executive guidance, legal counsel and administrative support.

Category	Amount
Salaries and Benefits	\$ 2,709,304
- Provides salaries and benefits for 34 FTE positions	
Expenses	\$ 118,543
Contracted Services	\$ 92,710
Lease/Purchase Equipment	\$ 8,414

Legislative Budget Requests

Life and Health Financial Oversight

- * 2 Actuaries
- * 1 Senior Actuarial Analyst

Request: \$445,268.25

Title Insurance

- * 2 Financial Administrators
- * Additional OPS - \$250,000
- * Additional Contracted Services - \$400,000

Request: \$837,818.54

Schedule VIII-B Budget Reductions

Reduction Category	Savings Amount
Compliance and Enforcement Expense (examiner travel)	\$100,000
Compliance and Enforcement Expense (all other business unit expenses)	\$320,000
Contracted Services	\$100,000
Florida Hurricane Model	\$506,000
Vacant Positions (3 FTE)	\$161,803

Rebecca Matthews, Chief of Staff
(850) 413-5086

Richard Fox, Budget Director
(850) 413-5100

For more information visit www.flair.com.