



Government Operations Appropriations Subcommittee

**Thursday, January 9, 2014
9:00 AM – 11:00 AM
Morris Hall (17 HOB)**

MEETING PACKET

**Will Weatherford
Speaker**

**Clay Ingram
Chair**



The Florida House of Representatives
Appropriations Committee
Government Operations Appropriations Subcommittee

Will Weatherford
Speaker

Clay Ingram
Chair

January 9, 2014

AGENDA
9:00 AM – 11:00 AM
Morris Hall

- I. Call to Order/Roll Call
- II. Presentations on
FY 2014-15 Legislative Budget Requests & Possible Reduction Issues
 - Department of Business & Professional Regulation
Ken Lawson, Secretary
 - Department of the Lottery
Ellyn Hutson, Chief Financial Officer
 - Department of Revenue
Marshall Stranburg, Executive Director
 - Office of Insurance Regulation
Rebecca Matthews, Chief of Staff
 - Public Employees Relations Commission
Mike Hogan, Chairman
- III. Closing/Adjourn

Florida Department of
Business
Professional
Regulation

License efficiently. Regulate fairly.

Ken Lawson
Secretary



Fiscal Year 2014-15 Legislative Budget Request

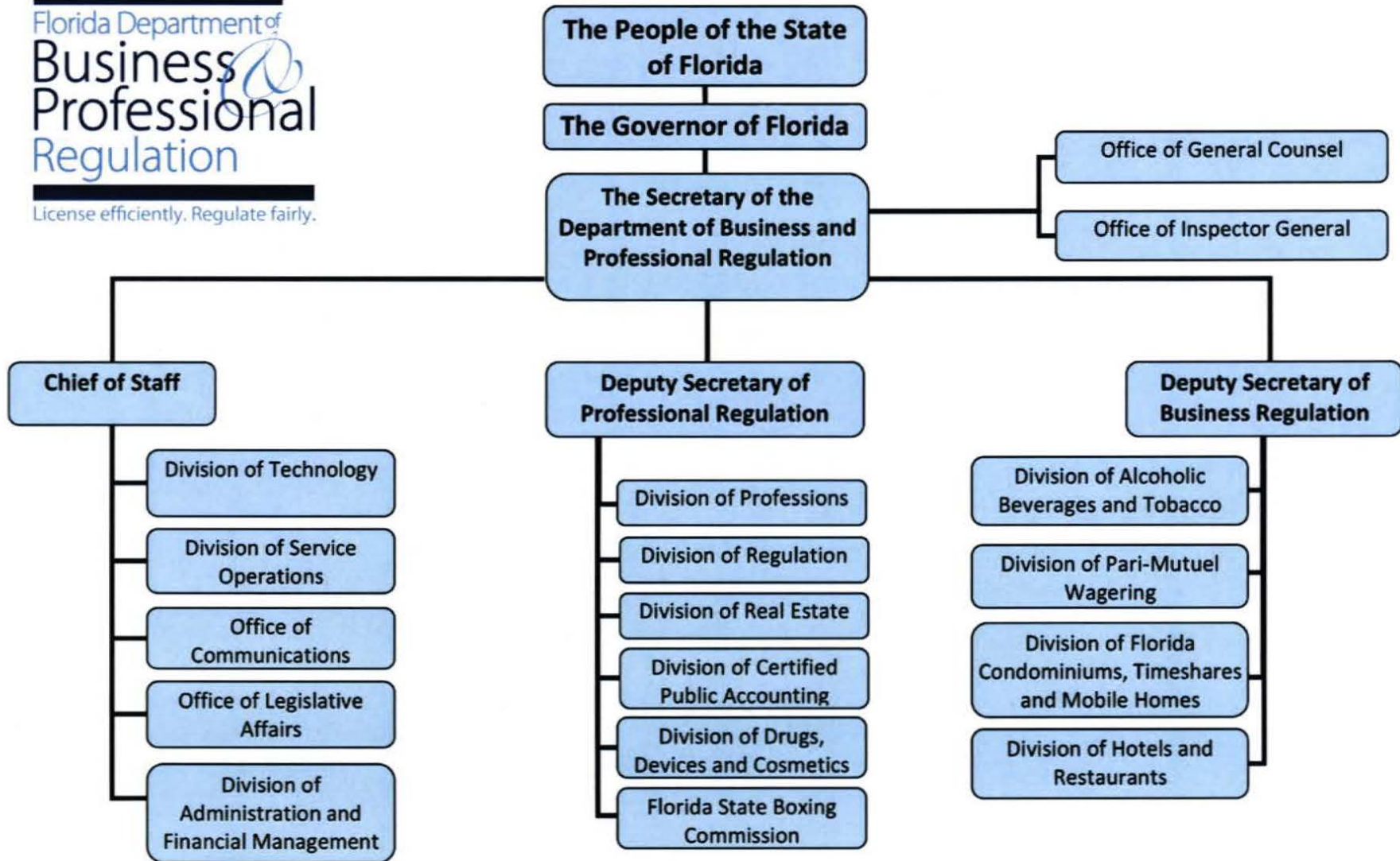
House Government Operations
Appropriations Subcommittee

January 9, 2014



Guiding Principles

- 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
 - Meet with licensees and business owners to understand their needs.





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 2013-14 BUDGET:** \$146.4 million
- **STAFFING:** 1,612.25 Full Time Employees
- **REVENUE SOURCES:**
 - Primarily State Trust Funded
 - Collect approximately \$2.45 billion in fees and taxes that are contributed to General Revenue and other agencies

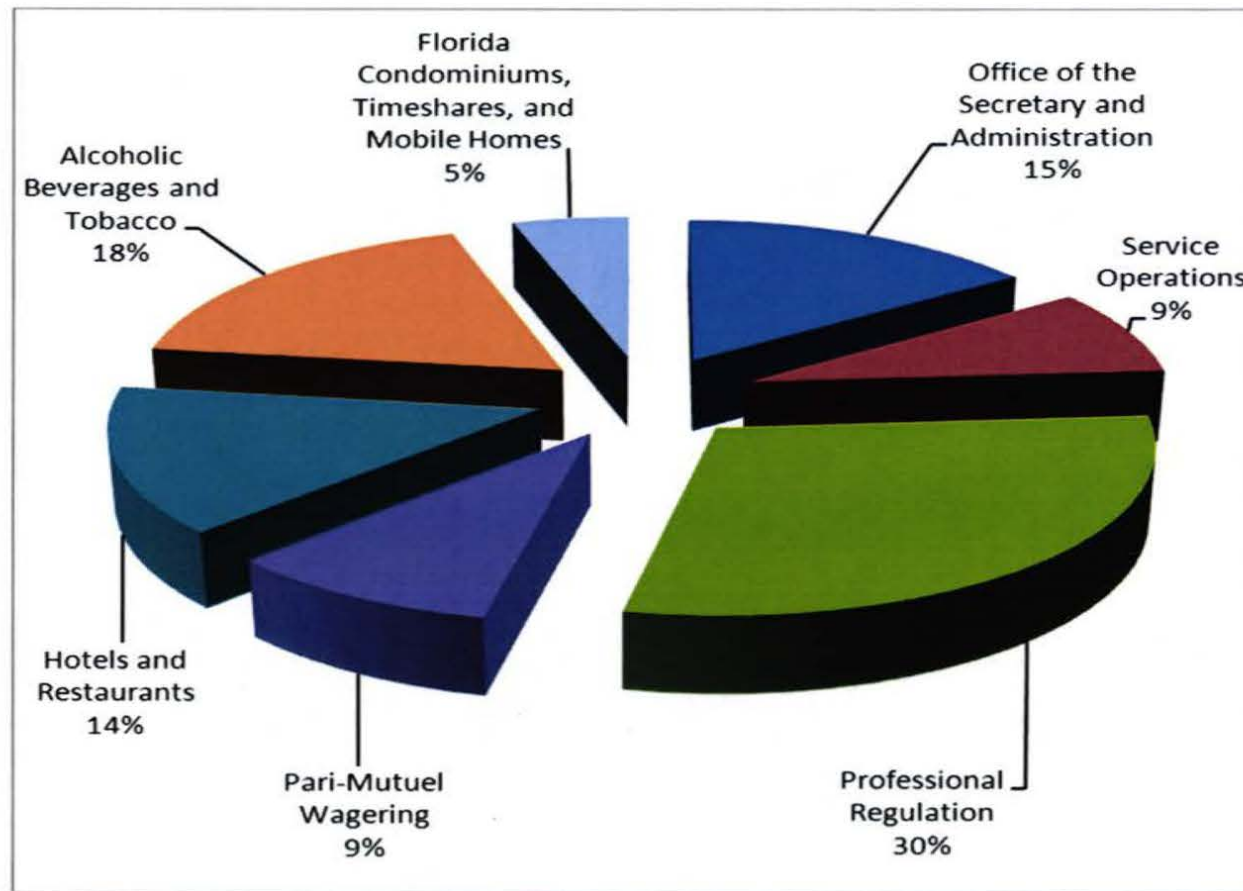
Strategies

- Focus on consolidating and streamlining duplicative business processes.
 - Reduced license processing time
 - ApplyNow! project
- Regularly and aggressively seek out feedback from our licensees about how we can better serve, analyze, understand and remedy any burdensome barriers for license holders and applicants.
 - Surveys
 - Outreach

Department of Business and Professional Regulation Fiscal Year 2013-14 Appropriation by Program

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Office of the Secretary and Administration	206.50	-	\$22,419,428	-	\$22,419,428
Service Operations	200.50	-	\$12,442,156	-	\$12,442,156
Professional Regulation	344.00	\$515,824	\$42,686,235	-	\$43,202,059
Pari-Mutuel Wagering	115.00	-	\$13,683,225	-	\$13,683,225
Hotels and Restaurants	307.00	-	\$21,167,504	-	\$21,167,504
Alcoholic Beverages and Tobacco	328.25	-	\$25,960,156	\$229,857	\$26,190,013
Florida Condominiums, Timeshares, and Mobile Homes	111.00	-	\$7,246,162	-	\$7,246,162
Total	1,612.25	\$515,824	\$145,604,866	\$229,857	\$146,350,547

Department of Business and Professional Regulation Fiscal Year 2013-14 Appropriation by Program





Fiscal Year 2014-15 Legislative Budget Request

- Total Request – \$144,190,844 and 1,612.25 FTE
 - \$358,154 in General Revenue
 - \$143,627,690 in State Trust Funds
 - \$205,000 in Federal Trust Funds

Priority Budget Issues

- Florida State Boxing Commission
 - Request for General Revenue funding to sustain operations of the Boxing Commission - \$158,154
 - \$15,527 recurring, \$142,627 non-recurring
- Division of Real Estate
 - Request for Other Personal Services funding for investigative support staff in the North and South regional offices and to retain an expert appraiser
 - OPS support staff - \$64,410
 - OPS expert appraiser - \$20,000
- Division of Professions
 - Request to increase authority for Claims Payments from the Construction Recovery Fund - \$3,000,000
 - Request to increase Attorney General contract for board legal services - \$19,305
- Division of Alcoholic Beverages and Tobacco
 - Request to utilize forfeiture funds in the Federal Law Enforcement Trust Fund for training and equipment - \$205,000

VIIIB Exercise

- Reduction Target: (\$6,844,690)
- Reductions identified across all divisions and Programs:
 - Minimal: (\$938,454)
 - Moderate: (1.00) FTE and (\$651,953)
 - Significant: (58.50) FTE and (\$5,254,283)
- Total:
(59.50) FTE and (\$6,844,690)

Minimal Impacts

Reduction Issue	FTE	Budget Impact
Efficiency Savings due to Civilianization Initiative in the Division of Alcoholic Beverages and Tobacco		(\$243,241)
Eliminate Transfer to FDLE for Slot Investigations in the Division of Pari-Mutuel Wagering		(\$232,730)
Reduce Lease/Purchase Equipment Due to New Copier Lease in the Office of the General Counsel		(\$8,888)
Reduce Rent Expenditures in the Division of Alcoholic Beverages and Tobacco's Pensacola Office		(\$17,519)
Reduce Compulsive and Addictive Gambling Prevention Contract		(\$326,000)
Eliminate Operating Capital Outlay Expenditures in the Division of Service Operations' Customer Contact Center		(\$3,000)
Reduce Other Personal Services (OPS) in the Division of Florida Condominiums, Timeshares, and Mobile Homes		(\$24,076)
Reduce Certified Public Accounting Unlicensed Activity Program		(\$33,000)
Reduce Other Personal Services (OPS) in the Division of Certified Public Accounting		(\$50,000)
Total		(\$938,454)

Moderate Impacts

Reduction Issue	FTE	Budget Impact
Reduce Lease Purchase Equipment in the Division of Real Estate		(\$22,500)
Reduce Other Personal Services (OPS) in the Florida Building Commission		(\$135,175)
Reduce Contracted Services in the Florida Building Commission		(\$50,000)
Reduce the Division of Real Estate's Unlicensed Activity Program		(\$172,400)
Reduce Contracted Services in the Division of Real Estate		(\$2,500)
Reduce Expenses in the Division of Real Estate		(\$19,882)
Reduce Operation of Motor Vehicles in the Division of Real Estate		(\$6,000)
Reduce Florida Building Commission Meeting Related Travel Expenses		(\$34,596)
Reduce Expenses and Contracted Services in the Division of Drugs, Devices, and Cosmetics		(\$135,745)
Reduce Expenses in the Division of Certified Public Accounting		(\$25,000)
Reduce Rent Expenditures Due to Partial Office Closure in the Farm and Child Labor Program		(\$5,735)
Eliminate Election Monitor Program in the Office of the Condominium Ombudsman	(1.00)	(\$42,420)
Total	(1.00)	(\$651,953)

Significant Impacts

Reduction Issue	FTE	Budget Impact
Reduce Florida Engineers Management Corporation Contract		(\$103,500)
Reduce Architect and Interior Design Contract		(\$21,262)
Reduce Contracted Services in the Farm and Child Labor Program		(\$10,609)
Reduce MMA Testing Contract (Contracted Services) in the Division of Regulation		(\$10,609)
Reduce the Division of Regulation's Unlicensed Activity Program		(\$45,457)
Reduce Rent Expenditures due to Partial Office Closures in the Division of Regulation		(\$32,843)
Reduce the Number of Construction Examination Sites in the Bureau of Education and Testing		(\$147,801)
Reduce Contracted Services in the Division of Administration and Financial Management by Direct Charging Video Surveillance Costs to Division Offices		(\$24,500)
Reduce Contracted Services in the Division of Administration and Financial Management by Direct Charging Access Control System Monitoring and Maintenance Costs to Division Offices		(\$18,644)
Reduce Acquisition of Motor Vehicles in the Division of Regulation		(\$40,000)
Reduce Staff in the Division of Administration and Financial Management's Bureau of Agency Services	(0.50)	(\$13,231)
Reduce Contracted Services Expenditures in the Division of Information Technology		(\$433,789)
Reduce Board Member Travel and Related Expenses in the Division of Professions		(\$341,482)

Significant Impacts (Continued)

Reduction Issue	FTE	Budget Impact
Reduce the Number of Other Personal Services (OPS) Employees in the Division of Pari-Mutuel Wagering		(\$100,000)
Reduce Other Personal Services (OPS) Staffing in the Office of the General Counsel		(\$129,464)
Reduce General Revenue Transfer to the Professional Regulation Trust Fund for the Florida Boxing Commission		(\$10,000)
Reduce Staff in the Office of the Inspector General	(1.00)	(\$61,452)
Reduce Staff in the Office of Legislative Affairs	(1.00)	(\$56,394)
Reduce Staff in the Office of Planning and Budget	(1.00)	(\$86,599)
Reduce Staff in the Farm and Child Labor Program	(1.00)	(\$54,758)
Reduce Staff in the Division of Regulation's Mediation Program	(3.00)	(\$192,539)
Reduce Staff in the Division of Florida Condominiums, Timeshares, and Mobile Homes' Compliance Section	(6.00)	(\$340,728)
Reduce Staff in the Division of Alcoholic Beverages and Tobacco – Tax Collection	(5.50)	(\$283,484)
Reduce Staff in the Division of Alcoholic Beverages and Tobacco – Licensing	(4.00)	(\$183,816)
Reduce Staff in the Division of Alcoholic Beverages and Tobacco – Enforcement	(8.00)	(\$482,108)
Reduce Investigative Staff in the Division of Real Estate	(2.00)	(\$101,752)
Reduce Attorney Staff in the Office of the General Counsel	(2.00)	(\$163,443)

Significant Impacts (Continued)

Reduction Issue	FTE	Budget Impact
Reduce Staff and Other Personal Services (OPS) in the Division of Service Operation's Customer Contact Center	(0.50)	(\$245,911)
Reduce Application Processing Other Personal Services (OPS) Staff in the Division of Operation's Central Intake Unit		(\$343,465)
Reduce Inspection Staff in the Division of Hotel and Restaurant's Bureau of Sanitation and Safety	(23.00)	(\$1,120,252)
Total	(58.50)	(\$5,254,283)

Reductions by Program for VIII B Exercise

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Office of the Secretary and Administration	(5.50)	-	(\$1,036,404)	-	(\$1,036,404)
Service Operations	(0.50)	-	(592,376)	-	(592,376)
Professional Regulation	(6.00)	(\$10,000)	(1,809,536)	-	(1,819,536)
Pari-Mutuel Wagering	-	-	(658,730)	-	(658,730)
Hotels and Restaurants	(23.00)	-	(1,120,252)	-	(1,120,252)
Alcoholic Beverages and Tobacco	(17.50)	-	(1,210,168)	-	(1,210,168)
Florida Condominiums, Timeshares, and Mobile Homes	(7.00)	-	(407,224)	-	(407,224)
Total	(59.50)	(\$10,000)	(\$6,834,690)	-	(\$6,844,690)



Contact Information

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Florida Lottery FY 2014-15

LBR Issues

Cynthia F. O'Connell
Secretary, Florida Lottery

House Government Operations Appropriation Subcommittee
January, 2014



REVENUE ESTIMATING CONFERENCE (REC) RESULTS November 5, 2013

Fiscal Year 2014-15

INSTANT TICKET SALES	\$3,401,900,000
TERMINAL TICKET SALES	\$2,011,200,000
TOTAL SALES <i>(Growth of 7.98% from Fiscal Year 2012-13 Actual Sales)</i>	\$5,413,100,000
TOTAL TRANSFERS TO EDUCATIONAL ENHANCEMENT TRUST FUND (EETF)	\$1,491,700,000

*Foundation for Governor's Recommended Budget and
determination of necessary adjustments.*



FY 2014 - 15 Budget Information

Base Budget = \$156.7 Million

- Provides funding for the operation of 9 district offices and Headquarters
- Authorizes 420 FTEs
- Sales of approx. \$5.413 Billion
- 13,850 terminals on statewide network

Total funds requested for all operations

- \$175.0 Million



Business Issue	Amount Requested
Increase to Instant Ticket Appropriation <i>(based on November REC forecast)</i>	\$10,652,700
Increase to Terminal Games Appropriation <i>(based on November REC forecast)</i>	\$1,807,061
Increase to Full Service Vending Machine Appropriation <i>(to assist in meeting REC forecasted growth)</i>	\$4,860,000
Increase Acquisition of Motor Vehicles Appropriation	\$510,000

FY 2014-15 Legislative Budget Requests



Business Issue	Amount Requested
OCO Funding for Terminal Games Draw Machine Replacement	\$118,500 (NR)
Replacement of FORTUNE (Prize Payment System) Printers (\$39,534 NR)	\$44,264
Replacement of the Storage Area Network	\$281,800 (NR)
Uninterrupted Power Supply Battery Replacement	\$26,203 (NR)
TOTAL (\$466,037 NR)	\$18,300,528

FY 2014-15 Legislative Budget Requests
continued



Business Issue	Amount Requested
Expense – Fuel savings due to efficiency of Mobile Sales Tool implementation	\$(102,830)
Expense – Paper savings due to efficiency of Mobile Sales Tool implementation	\$(70,512)
Expense – Efficiencies due to Statewide Document Management System	\$(20,300)
Reduction to Instant Ticket Contract <i>(REC projected an increase in sales resulting in a request to increase this appropriation in the 2014-15 LBR)</i>	\$(1,042,445)

FY 2014-15 Proposed VIII-B Reductions



Business Issue	Amount Requested
Reduction to Terminal Games Fees <i>(REC projected an increase in sales resulting in a request to increase this appropriation in the 2014-15 LBR)</i>	\$(1,014,853)
Reduction to Advertising & Promotions <i>(REC impact analysis demonstrates the consequence would be a significant net loss to the EETF)</i>	\$(5,023,289)
Reduction to Advertising Agency Fees	\$(502,329)
TOTAL	\$(7,776,558)

FY 2014-15 Proposed VIII-B Reductions
continued



Thank You

House Government Operations Appropriation Subcommittee
January, 2014





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

January 9, 2014

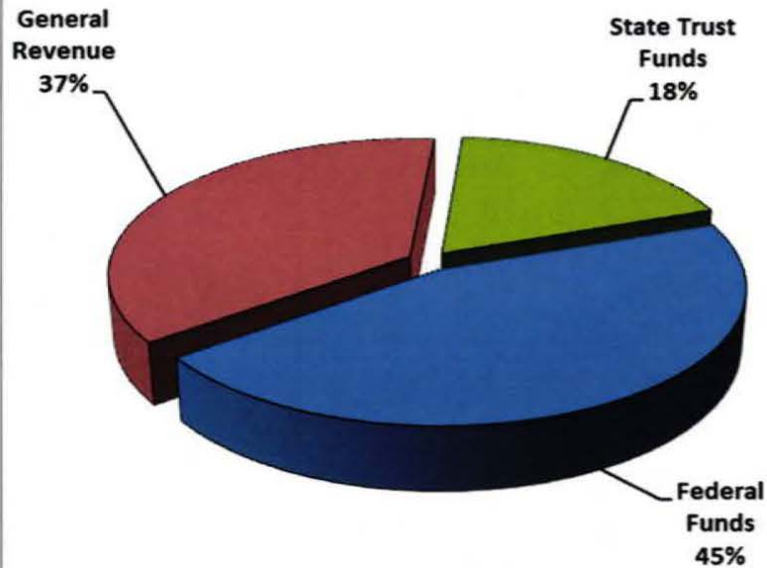
**Presented by
Marshall Stranburg
Executive Director
Florida Department of Revenue**

Department of Revenue

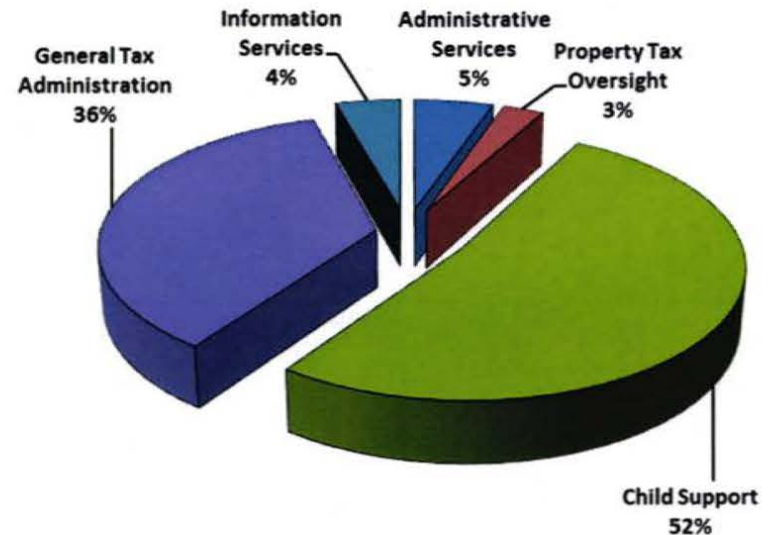
Fiscal Year 2014-15 Base Budget Review – Agency Summary

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Administrative Services	259.00	12,095,315	6,051,214	8,239,084	26,385,613
Property Tax Oversight	169.00	11,983,964	1,568,726		13,552,690
Child Support Enforcement	2,288.00	66,767,136	3,870,228	187,803,111	258,440,475
General Tax Administration	2,247.00	84,831,306	67,844,718	25,773,568	178,449,592
Information Services	170.00	6,525,135	10,973,330	4,166,519	21,664,984
Total	5,133.00	182,202,856	90,308,216	225,982,282	498,493,354

Base by Fund Type

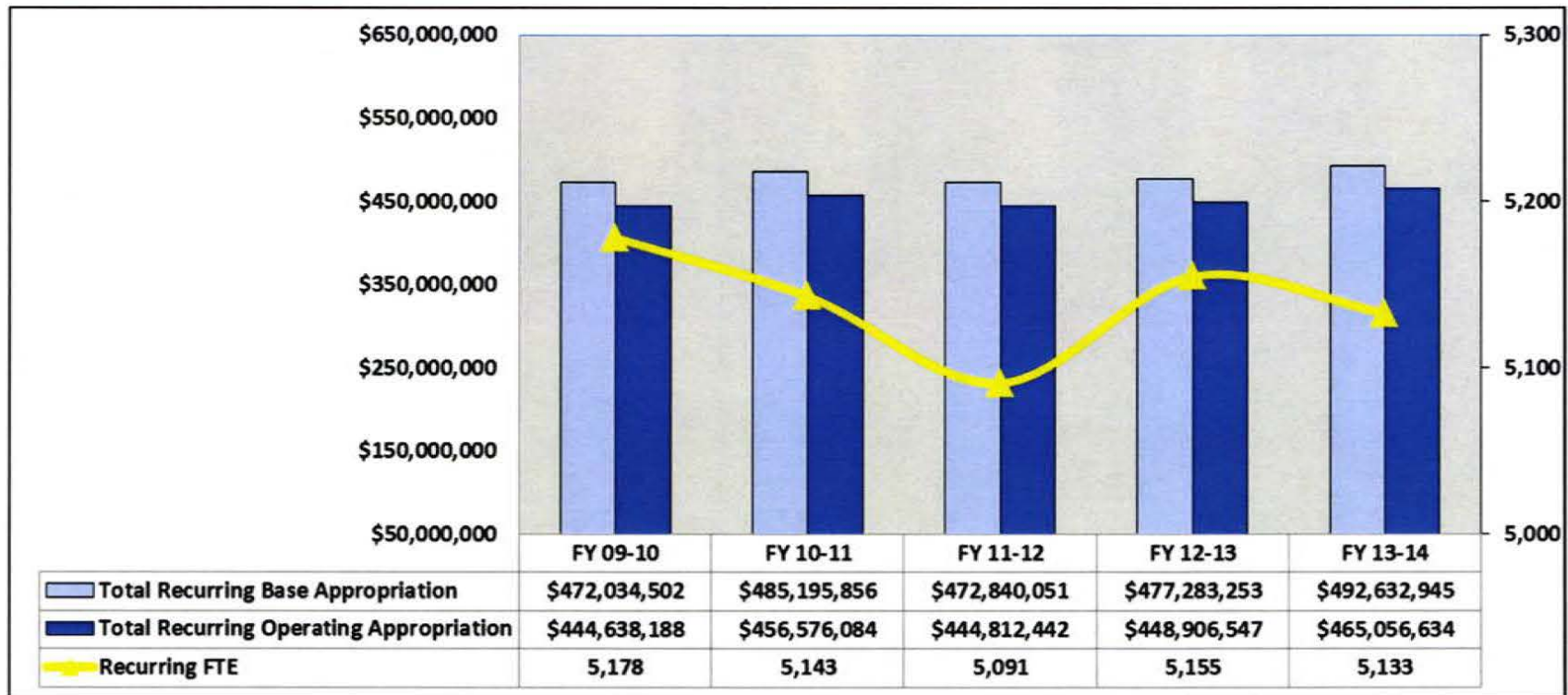


Base by Program



Department of Revenue - Historical Perspective

Fiscal Years 2009-10 to 2013-14



Notes:

Recurring Base Appropriation equals Appropriation minus non-recurring

Recurring Operating Appropriation equals Recurring Base Appropriation minus pass throughs

Increase from FY 12-13 to FY 13-14 is predominantly due to funding provided for state retirement cost increase, October 1 pay increases, and state health insurance cost increases.

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 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

- **32** taxes and fees administered
 - **8.5 million** returns filed annually
 - **In excess of \$35 billion** in collected taxes and fees
 - **\$5 billion** in receipts processed for other state agencies, as well as Clerk of Court Remittances
 - **\$1.7 billion** in discretionary sales surtax collections distributed to 219 local jurisdictions, including counties, cities, and school districts
 - **1.2 million** calls responded to through call center agents on toll free help lines
 - **97 percent** of tax returns reconciled within 25 days
 - **5.4 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

- Locates parents
- Establishes paternity
- Establishes, modifies and enforces child support orders
- Receives and distributes child support payments
- Educates and assists parents and the public
- Works with other entities that carry out critical steps in the child support process, including state agencies, county officials, other states and countries

Performance

- Provides services for a **million children**
 - Maintains **over 1 million** child support cases
 - Collects over **\$1.6 billion annually in child support** payments of which 90% is from enforcement actions
 - Processes **10 million collection transactions** annually
 - Deposits approximately **\$20 million annually to General Revenue** from retained child support collections
 - Assists in establishing paternity annually for more than **91,000 children statewide**
 - **Responds to approximately 1.7 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 2012, Florida's local governments and taxing authorities levied more than **\$24.1 billion** in taxes on **10 million parcels** of real and tangible personal property, with a total market value of **\$1.82 trillion**
 - Reviews and approves **property tax rolls for each of Florida's 67 counties**
 - Reviewed **518 budget and budget amendment submissions** from property appraisers and tax collectors in Fiscal Year 2012-13
 - **Mapped over 21,000 square miles** using aerial photography in Fiscal Year 2012-13
 - Distributed **\$22 million** to 29 fiscally constrained counties in Fiscal Year 2012-13
-

Fiscal Year 2014-2015 Legislative Budget Request

Line No.	Program	Issue	FTE	General Revenue	State Trust Funds	Federal Funds	Total	Nonrecurring
1	GTA	One-Stop Business Registration Portal – Recurring System and Administrative Costs		837,150	606,613		1,443,763	
2	ISP	Information Technology Security Management		2,450,280			2,450,280	
3	EXE	Increase in Legal Services Contract - Attorney General's Office		117,583			117,583	
4	CSE	Child Support Partner Agency (Miami-Dade State Attorney's Office) Indirect Costs				881,440	881,440	
5	CSE	Ft Pierce Service Center Renovation Costs		337,032		475,649	812,681	812,681
6	GTA	Replacement Equipment			32,706		32,706	32,706
7	CSE	Unamortized Tenant Improvement Costs - Clearwater		153,801			153,801	153,801
8	GTA	Non-Recurring Costs Necessary to Consolidate into the Florida Facilities Pool		680,389			680,389	680,389
9	GTA	Reduction Due to Consolidation into Florida Facilities Pool		(173,350)			(173,350)	
10	GTA	Replacement of Motor Vehicles			25,282		25,282	25,282
11	GTA	Increase Spending Authority to Collection Agencies			500,000		500,000	
12	CSE	Child Support Enforcement Special Improvement Grant Federal Spending Authority				100,000	100,000	100,000
13	GTA	Clerks of Court Deficit Transfer Authority			32,500,000		32,500,000	
Total Request			0.00	4,402,885	33,664,601	1,457,089	39,524,575	1,804,859

Fiscal Year 2014-2015 Schedule VIII-B

Listing for Possible Reduction for Request Year

Line No.	Program	Issue	FTE	GR	State TF	Fed TF	Total
1	EXE	Expense Reduction		(100,000)			(100,000)
2	GTA	Tax Return Processing Efficiency Improvement from SUNTAX System Enhancement	(3.00)	(123,855)			(123,855)
3	GTA	Elimination of Sales Tax Collection Allowance for Paper Filers	(8.00)	(295,691)			(295,691)
4	GTA	Lease Savings		(53,701)			(53,701)
5	ISP	Fund Shift Appropriations from GR to Federal Grants TF		(500,000)		500,000	-
6	GTA	Reduction Due to Consolidation into Florida Facilities Pool		(173,350)			(173,350)
7	GTA	Repayment of Federal Advance - Reemployment Assistance				(387,700)	(387,700)
8	CSE	Reduce Clerk of the Court Support Enforcement Collection System Trust Fund			(196,504)		(196,504)
9	CSE	Postal Savings from Revised Mailing Practices		(32,662)		(63,402)	(96,064)
9	GTA	Postal Savings from Revised Mailing Practices		(56,500)			(56,500)
10	GTA	Fund Shift Appropriations from GR to Operating TF		(2,397,747)	2,397,747		-
11	GTA	Discontinue Printing & Mailing Taxpayer Information Publications (TIPS) that are Not Statutorily Required		(445,357)			(445,357)
12	GTA	Discontinue Mailing Corporate Income Tax Returns		(24,188)			(24,188)
13	GTA	Printing Expense Savings		(17,502)			(17,502)
14	CSE	Internal Revenue Service Offset		(170,000)		(330,000)	(500,000)
15	CSE	Eliminate 1-800 Kids Line		(340,000)		(660,000)	(1,000,000)
16	CSE	Reduce Child Support Salaries and Benefits Appropriation		(680,000)		(1,320,000)	(2,000,000)
17	CSE	Limit the Volume of Outbound Mail		(765,000)		(1,485,000)	(2,250,000)
18	EXE	Discontinue Informal Technical Assistance to Taxpayers	(6.00)	(270,000)			(270,000)
19	CSE	Limit Funding for Child Support Services Partner Providers		(1,085,972)		(2,108,063)	(3,194,035)
20	GTA	Discontinue Documentary Stamp Audits	(21.00)	(1,077,669)			(1,077,669)
	Total Request		(38.00)	(8,609,194)	2,201,243	(5,854,165)	(12,262,116)

Department of Revenue Contacts

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FLORIDA OFFICE OF
INSURANCE REGULATION

KEVIN M. McCARTY
Insurance Commissioner



Florida House of Representatives
Government Operations Appropriations Subcommittee

**Fiscal Year 2014-2015 Legislative Budget Requests
and Potential Budget Reductions**

Rebecca Matthews, Chief of Staff
Office of Insurance Regulation
Financial Services Commission

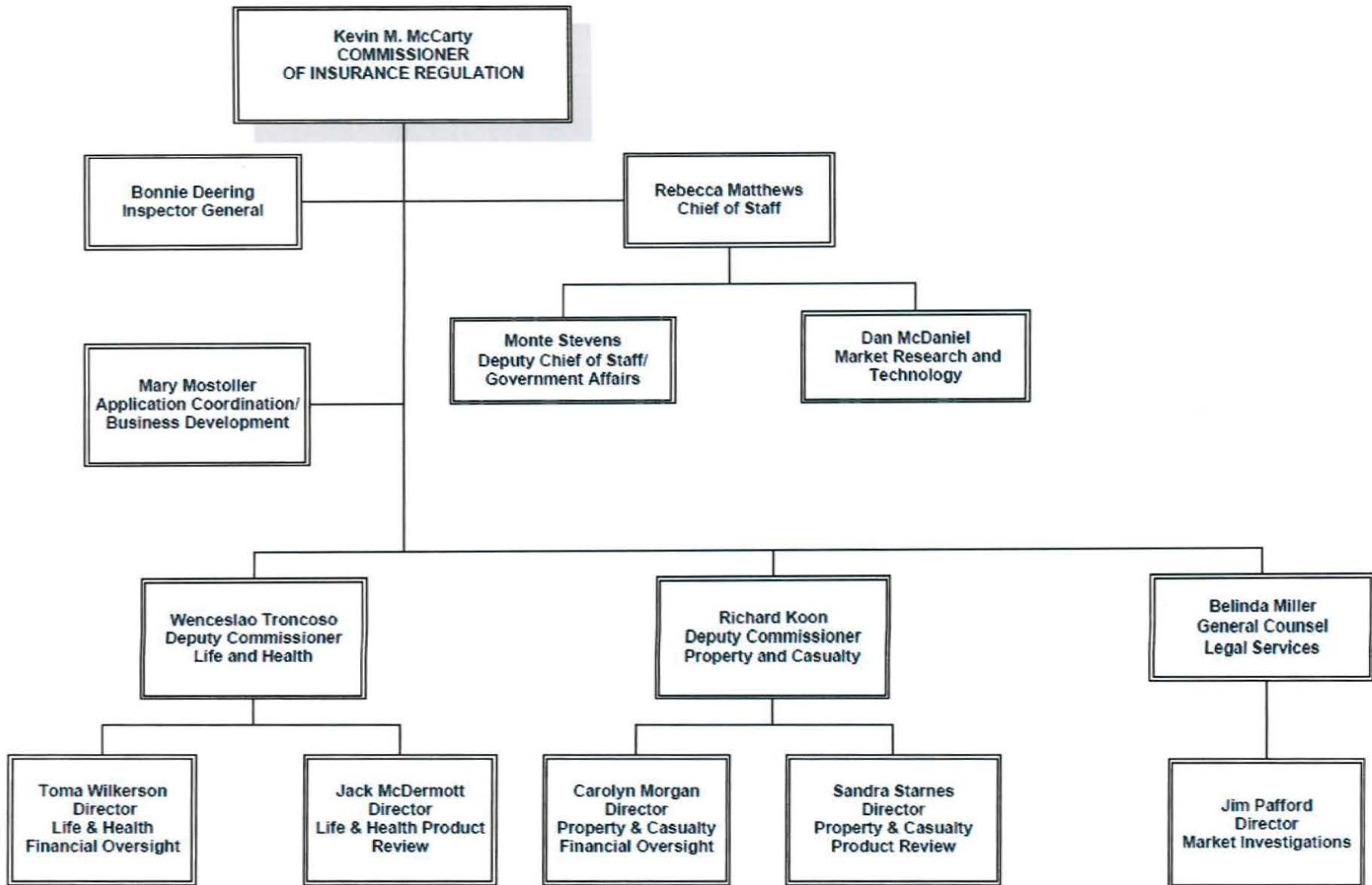
January 9, 2014

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

Florida Office of Insurance Regulation
Organizational Chart – December 2013



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, forms, and rate filings received from insurance companies.

- **Life and Health**

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

Business Units

- **Legal Services** – Provides counsel to the Office, leads litigation efforts, and works with insurance examiners on regulatory matters.
- **Market Investigations** – Conducts examinations and investigations of insurance companies and related parties to ensure compliance with Florida Statutes and the Florida Insurance Code.
- **Business Development/Company Admissions** – Spearheads outreach to prospective companies. Receives and reviews applications for new company licensure and new lines of business.
- **Market Research/Technology** – Collects insurance industry data and develops market reports. Responsible for technology enhancements and maintenance.

Budget

- Team of 288 Employees
- Total Budget of \$29,438,109*
- 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.

Compliance and Enforcement

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

Category	Amount
Salaries and Benefits	\$15,770,323
- Provides salaries and benefits for 254 FTE positions	
Other Personal Services (\$250,000 held in reserve)	\$ 375,000
Expenses (includes \$1 million for office building rent to DMS)	\$ 2,419,239
Operating Capital Outlay	\$ 35,000
Contracted Services	\$ 688,016
Lease/Purchase Equipment	\$ 18,989
Property & Casualty Examinations (budget authority only)	\$ 4,651,763
Life & Health Examinations (budget authority only)	\$ 275,000
Public Hurricane Model - Maintenance & Support	\$ 588,639
Public Hurricane Model – Enhancements (non-recurring)	\$ 1,543,300

Executive Direction

Overall direction in carrying out the Office's statutory and administrative responsibilities. The Commissioner, legal and support staff provide administrative support, leadership, legal counsel, direction and executive guidance in carrying out the Office's statutory responsibilities.

Category	Amount
Salaries and Benefits - Provides salaries and benefits for 34 FTE positions	\$2,488,890
Expenses	\$ 93,543
Contracted Services	\$ 117,710
Lease/Purchase Equipment	\$ 8,414

Legislative Budget Requests

Reclassification of 8 Life and Health Forms Positions

1. 5 Insurance Analyst II positions to:
2 Government Analyst I & 3 Government Analyst II positions
2. 3 Senior Management Analyst I positions to:
3 Senior Management Analyst II positions

Request: \$118,356 (\$103,262 salary rate & \$15,094 benefits)

Increase in OPS Appropriation

Request: \$125,000

Schedule VIII-B Budget Reductions

Reduction Category	Savings Amount
Florida Hurricane Model (contract savings)	\$ 28,031
Compliance and Enforcement Expense (examiner travel)	\$100,000
Compliance and Enforcement Expense (all other business unit expenses)	\$250,000
Florida Hurricane Model	\$360,000
Contracted Services	\$ 60,000
Vacant Positions (6 FTE)	\$355,562

Questions?

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

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(850) 413-5100

For more information about the Office of Insurance Regulation, visit:
www.floir.com

PERC AGENCY OVERVIEW



**Prepared for the
HOUSE GOVERNMENT OPERATIONS
APPROPRIATIONS SUBCOMMITTEE
January 9, 2014**

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.

OVERVIEW OF AGENCY

The Public Employees Relations Commission (PERC) was originally staffed with forty-two full-time equivalents with a single jurisdiction of labor disputes and its funding was predominantly General Revenue (98%). Currently PERC has twenty-six positions and is responsible for seven employment law jurisdictions and funding is split equally between General Revenue and the PERC Trust Fund. In summary, since its inception PERC has reduced its workforce by thirty-eight percent (38%), while absorbing six new employment law jurisdictions and still has maintained excellent results as reflected in its performance standard measurements.

Unlike other agencies, PERC has a single program. The agency has absorbed past budget reductions and shortfalls due to change in funding structure by reorganizing staff, consolidating positions and leased space, cutting non-essential travel and significantly reducing administrative overhead.

JURISDICTION AND AUTHORITY

Labor Cases

Public employees in the State of Florida have the constitutional right to collectively bargain. "Public employees" means employees of the state, counties, school boards, municipalities and special taxing districts. This includes all fire, police, corrections, school teachers and support personnel, attorneys, medical personnel, state troopers, toll collectors, sanitation employees and clerical, etc. It is estimated that there are well over 600,000 public employees in bargaining units throughout the State of Florida. The Commission holds hearings and resolves disputes about the composition of bargaining units and alleged unfair labor practices.

Employment Cases

PERC has jurisdiction over career service appeals in the State of Florida. There are state employees who have civil service privileges under the Florida Constitution concerning discipline, such as discharge, demotion and suspensions, etc. They have the right to appeal these actions to the commission, which will appoint a hearing officer to hold an evidentiary hearing to determine if there was cause for the discipline and, in certain cases, whether the discipline should be mitigated.

JURISDICTION AND AUTHORITY

LABOR

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

EMPLOYMENT

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

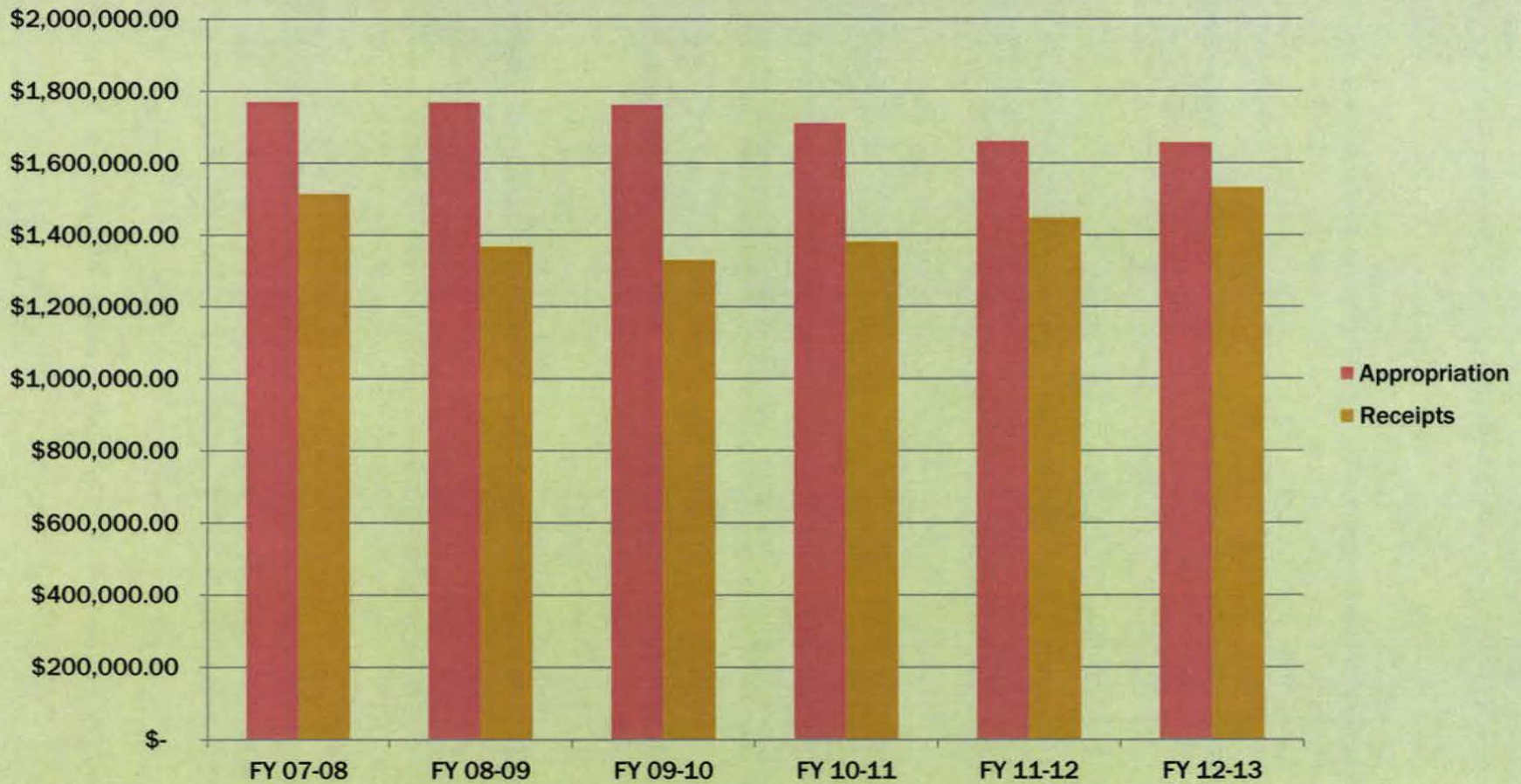
PERFORMANCE RESULTS

- 99%: Percent of timely labor dispositions
- 99%: Percent of timely employment dispositions
- 86%: Percent of appealed dispositions affirmed or dismissed/withdrawn

(Commission decision affirmed by the appellate courts or cases dismissed/withdrawn by parties on appeal)



TRUST FUND: APPROPRIATIONS VS. REVENUE RECEIPTS



Actual revenues fell below estimates



PUBLIC EMPLOYEES RELATIONS COMMISSION FIVE PERCENT (5%) REDUCTION PLAN

2013-2014 Base Budget

GENERAL REVENUE	CATEGORY	TRUST FUND
\$ 1,304,871 (79%)	SALARIES/ BENEFITS	\$ 1,198,292 (72%)
\$ 149,277	OPS	\$ 53,628
\$ 57,094	EXPENSES	\$ 354,664 (21%)
\$ 37,399	OCO	\$ 5,721
\$ 35,070	Special Category CONTRACT SRVCS	\$ 32,500
\$ 7,593	Special Category RISK MANAGEMENT	\$ 11,508
\$ 34,314	Special Category ADMIN. OVERHEAD	\$ —
\$ 5,835	Special Category HR SERVICES	\$ 4,786
\$ 13,760	Special Category DP SERVICES	\$ 5,255
\$ 1,645,213	TOTAL	\$ 1,666,354

Total Budget: \$3,311,567

Target Reduction (\$169,101)

- Reduce Salaries & Benefits 5%
(2 of 24 FTEs - \$127,530)
- Reduce Other Personal Services 24%
(temporary staffing)
- Reduce Contractual Services 20%
- Reduce Administrative Overhead 17%
(paid to DMS)
- Reduce Operating Capital Outlay 16%

PROGRAM IMPACT

Program Impact: Significant.

Reductions in staff could substantially impair PERC's quality and expeditious resolution of labor and employment disputes which in turn could cause significant disruptions to public services, including police, fire, corrections, healthcare and teachers.

This reduction action could significantly impact the agency to the point it may require the Commission to request that the Legislature extend the established timelines (performance based budgeting standards) for resolution of cases. It would also eliminate the only Information Technology position and leave the Commission without desktop, software, website or case management support causing the Commission to be extremely vulnerable to issues that could effectively stop operations and the ability to handle cases in a timely manner.

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%.
- 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.
- Technology – hardware and software. The Commission has several technology projects in progress to include replacement of workstation hardware to meet current requirements and future needs. We are also exploring the possibility of providing teleconferencing facilities as a hearing option which will initially require an investment in equipment to support the infrastructure but will reduce travel related costs for all parties. Software initiatives include maintenance and enhancements to the Case Management System and Electronic Filing tool. Similar systems are currently in place at other judicial agencies and allow us to provide easier and more efficient access to those we serve as well as savings related to the reduction of paper and postage costs.
- Current leased space is inefficient and does not provide for adequate hearing facilities. The Commission has worked with the Department of Management Services and currently has an Invitation to Negotiate pending.
- Meet legislative objectives and perform mission.