

BPEADL01 LAS/PBS SYSTEM
BUDGET PERIOD: 2008-2021
STATE OF FLORIDA

SCHEDULE VIIIB-2
PRIORITY LISTING FOR POSSIBLE REDUCTION
FOR REQUEST YEAR

SP 09/16/2019 09:10 PAGE: 1
ERROR REPORT

BUDGET ENTITY	D3A ISSUE CODE	COLUMN NUMBERS	CODE	ERROR MESSAGE	PAGE
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THERE WERE 0 ERRORS DETECTED

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			
			43000000
PRG: CHIEF FIN OFFICER/ADM			43010000
CONSUMER ADVOCATE			43010400
GOV OPERATIONS/SUPPORT			16
EXEC LEADERSHIP/SUPPRT SVC			<u>1602.00.00.00</u>
PROGRAM REDUCTIONS			
			33V0000
REDUCTION IN CONSUMER ADVOCATE			
PROGRAM			
			33V5000
OTHER PERSONAL SERVICES			
			030000
INSURANCE REG TF	-STATE 62,487-		2393 1
	=====		
EXPENSES			
			040000
INSURANCE REG TF	-STATE 44,595-		2393 1
	=====		
OPERATING CAPITAL OUTLAY			
			060000
INSURANCE REG TF	-STATE 2,000-		2393 1
	=====		
SPECIAL CATEGORIES			
			100000
LEASE/PURCHASE/EQUIPMENT			
			105281
INSURANCE REG TF	-STATE 1,888-		2393 1
	=====		
TOTAL: REDUCTION IN CONSUMER ADVOCATE			
			33V5000
PROGRAM			
TOTAL ISSUE.....	110,970-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #017

IT COMPONENT? NO

This issue reduces budget authority within the Office of the Insurance Consumer Advocate (OICA) in the following categories:

OPS - 62,487: OPS employees provide assistance and support for the Consumer Advocate in reaching out to Florida consumers to hear their insurance concerns and discuss current insurance trends. Current funding level is 62,487.

Expenses - 44,595: This category is used for paying rent, office supplies, travel, consumer outreach events, public forums, participating in industry conferences and committees. Current funding level is 68,357; and rent comprises 57% of this category. This reduction represents a 62% reduction in the expenses category.

 COL A10
 SCH VIIIB-2
 REDUCTIONS
 POS AMOUNT CODES

FINANCIAL SERVICES 43000000
 PRG: CHIEF FIN OFFICER/ADM 43010000
 CONSUMER ADVOCATE 43010400
 GOV OPERATIONS/SUPPORT 16
 EXEC LEADERSHIP/SUPPRT SVC 1602.00.00.00
 PROGRAM REDUCTIONS 33V0000
 REDUCTION IN CONSUMER ADVOCATE
 PROGRAM 33V5000

OCO - 2,000: The OICA anticipates no upcoming OCO costs but desires to maintain a minimum amount in this category. This is a 50% reduction of OCO. Current level of funding is 4,000.

Lease or Lease Purchase of Equipment - 1,888: This is a 100% reduction of this category. During Fiscal Year 2015-16, the office purchased a copier/printer and no longer leases the copier equipment; however, this category is used to lease equipment for hosting public forums or working groups.

Reductions of this level will impact day to day operations of the office. The OICA may be unable to pay rent, purchase office supplies, upgrade out dated equipment and furniture; meet with consumers, hold outreach events or public forums, participate in insurance related committees and conferences; all of which are vital to the OICA's mission to represent and protect the interests of Florida's consumers.

TOTAL: EXEC LEADERSHIP/SUPPRT SVC 1602.00.00.00
 BY FUND TYPE
 TRUST FUNDS..... 110,970- 2000
 =====

INFO TECHNOLOGY - FLAIR 43010500
 GOV OPERATIONS/SUPPORT 16
 INFORMATION TECHNOLOGY 1603.00.00.00
 PROGRAM REDUCTIONS 33V0000
 REDUCE INTERNATIONAL BUSINESS
 MACHINES (IBM) SOFTWARE AGREEMENT 33V3220
 SPECIAL CATEGORIES 100000
 CONTRACTED SERVICES 100777

GENERAL REVENUE FUND -STATE 775,240- 1000 1
 =====

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? YES
 PRIORITY #037

No Legislative Change.

The Office of Information Technology's service contract with IBM Software, Inc. is critical to the long-term performance

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PRG: CHIEF FIN OFFICER/ADM		43010000
<u>INFO TECHNOLOGY - FLAIR</u>		43010500
GOV OPERATIONS/SUPPORT		16
<u>INFORMATION TECHNOLOGY</u>		<u>1603.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE INTERNATIONAL BUSINESS		
MACHINES (IBM) SOFTWARE AGREEMENT		33V3220

of the mainframe operating system located in the Fletcher building as it is the platform for many of the department's critical and essential applications. The mainframe houses statewide mission-critical applications such as the Florida Accounting and Information Resource Subsystem (FLAIR), Payroll, internal DFS applications, the Unclaimed Property Management Information System (UPMIS), Worker's Compensation, all vendors doing business with the State and Governor's Office Planning and Budgeting applications.

Elimination (or reduction) of the software service contract for the IBM Agreement will affect all mainframe applications. The statewide FLAIR accounting systems, Payroll, internal DFS applications, Unclaimed Property, Worker's Compensation and the Governor's Office Planning and Budgeting applications operate 24/7 and would not be able to run if the mainframe was not available. This could cause disastrous effects for the Legislature, the Executive Office of the Governor's Office of Police and Budget, and all state agencies accessing FLAIR information, Treasury to log and post deposits and receipts and send/receive files from FLAIR, the public vendor community expecting the processing of payments, and Worker's Compensation processing claims as mainframe software systems comprise the backbone for the Florida Financial Management Information System.

ELIMINATE BMC SOFTWARE AGREEMENT		33V3280
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777

GENERAL REVENUE FUND	-STATE	312,001-	1000	1
		=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #036

IT COMPONENT? YES

No legislative change.

This issue eliminates the service contract with BMC Software, INC for mainframe software maintenance. The mainframe houses mission-critical applications such as the Florida Accounting and Information Resource Subsystem (FLAIR), the Cash Management System (CMS Treasury), the Unclaimed Property Management Information System (UPMIS) and the Legislative appropriation tracking system (LAS/PBS). This contract provides the tools to sustain the performance of the mainframe located in the Fletcher Building with Database Administration, Database Performance, MainView for DB2, BMC Control-M Workload Automation Select (Task), and Recovery Management. Without this funding, mainframe to software applications that are critical to the divisions of Accounting and Auditing, Workers' Compensation and Unclaimed Property will be in

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PRG: CHIEF FIN OFFICER/ADM		43010000
<u>INFO TECHNOLOGY - FLAIR</u>		43010500
GOV OPERATIONS/SUPPORT		16
<u>INFORMATION TECHNOLOGY</u>		<u>1603.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE BMC SOFTWARE AGREEMENT		33V3280

jeopardy.

The cost of software maintenance and support of this software is \$375,000 per year. This cost is paid from the contracted services category with 63,000 in the IT budget entity and 312,000 in the FLAIR budget entity.

REDUCE SOFTWARE AG USA, INC.
 CONTRACT
 SPECIAL CATEGORIES
 CONTRACTED SERVICES

33V3290
 100000
 100777

ADMINISTRATIVE TRUST FUND -STATE 591,320-
 =====

2021 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #035

IT COMPONENT? YES

No legislative change.

This issue discontinues payment of the OIT services contract with Software AG USA, Inc. which provides licensing for Adabas, the database engine of FLAIR and Natural, the programming language of FLAIR. Without this funding FLAIR can not be modified to adapt to new law or customer requirements, and no system bugs can be resolved, leaving Florida's state accounting system stagnant.

This contract is \$6,159,585 over a five-year period, equaling \$1,231,917 annually.

COL A10		
SCH VIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PRG: CHIEF FIN OFFICER/ADM		43010000
<u>INFO TECHNOLOGY - FLAIR</u>		43010500
GOV OPERATIONS/SUPPORT		16
<u>INFORMATION TECHNOLOGY</u>		<u>1603.00.00.00</u>
PROGRAM REDUCTIONS		
REDUCE DESKTOP COMPUTER SUPPORT		33V0000
EXPENSES		33V3350
		040000
ADMINISTRATIVE TRUST FUND -STATE	44,128-	2021 1
	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #034

IT COMPONENT? YES

No legislative change.

This issue reduces the desktop computer support resources with a reduction of 44,128 the expenses category. OIT is responsible for maintaining and replacing personal computers (PCs) throughout the department. OIT's desktop support group annually assesses the full inventory of PCs, both laptop and desktop machines, to determine which of them require replacement. Targeted PCs are those primary work devices that have lapsed warranties. Aging PCs, with antiquated features and performance that are no longer supported through manufacturers will impede staff productivity throughout the department. Without this funding, OIT's ability to serve its customers with adequate technology will be impaired.

TOTAL: INFORMATION TECHNOLOGY		<u>1603.00.00.00</u>
BY FUND TYPE		
GENERAL REVENUE FUND	1,087,241-	1000
TRUST FUNDS	635,448-	2000

TOTAL PROG COMP.....	1,722,689-	
	=====	

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PROGRAM: TREASURY			43100000
<u>DEPOSIT SECURITY</u>			43100200
GOV OPERATIONS/SUPPORT			16
<u>GOVERNMENTAL OPERATIONS</u>			<u>1601.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE THE QUALIFIED PUBLIC			
DEPOSITORIES PROGRAM			33V4100
SALARY RATE			000000
SALARY RATE.....	192,383-		
	=====		
SALARIES AND BENEFITS			010000
TREASURY ADM/INVEST TF	4.00-		
-STATE	277,643-		2725 1
	=====		
EXPENSES			040000
TREASURY ADM/INVEST TF			
-STATE	3,738-		2725 1
	=====		
TOTAL: ELIMINATE THE QUALIFIED PUBLIC			33V4100
DEPOSITORIES PROGRAM			
TOTAL POSITIONS.....	4.00-		
TOTAL ISSUE.....	281,381-		
TOTAL SALARY RATE.....	192,383-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #024

IT COMPONENT? NO

LAW CHANGE REQUIRED: Chapter 280 would have to be rescinded or the authority transferred to the Office of Financial Regulation under their state banking authority.

The elimination of Florida's Qualified Public Deposit Program would require legislative action to repeal Chapter 280, Florida Statutes, or to transfer the responsibility for administering this program to another agency. If the program were eliminated it would remove the protection from loss for Florida public deposits under Chapter 280, Florida Statutes. This would have a dramatic effect on Florida's public depositors which would be required to revert back to a process of protecting their bank deposits by directly negotiating collateral arrangements with each depository institution they use.

The Qualified Public Deposit Program was established in 1981 at the request of the banking community in Florida to provide a standardized method of protecting public monies on deposit that exceeded the Federal Deposit Insurance Corporation limits that guaranteed depositors against loss in the case of a bank failure. Chapter 280 established the administrative responsibility for the Division of Treasury to administer the program and provide for a full time staff to

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PROGRAM: TREASURY		43100000
<u>DEPOSIT SECURITY</u>		43100200
GOV OPERATIONS/SUPPORT		16
<u>GOVERNMENTAL OPERATIONS</u>		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE THE QUALIFIED PUBLIC		
DEPOSITORIES PROGRAM		33V4100

approve participating depositories, establish collateralization levels required to protect the deposits and for the review of the financial conditions in order to determine adequate pledge level for collateral requirements. There are currently four full time positions that administer the program that includes approving participation, review ranking changes, monitor deposit and pledge levels and act in accordance with both Chapter 280, Florida Statutes and Administrative Rule 69C-2. This reduction also includes 3,738 in recurring expenses for a bank rating service for the program.

This budget reduction issue would result in significant disruption not only for the Division of Treasury but for hundreds of governmental units in Florida at the local, county and state level and potentially put billions of dollars in public funds at greater risk of loss due to the elimination of qualified public depositories and the public deposits program.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1000 002	4.00-	192,383-		85,260-	277,643-	0.00	277,643-
TOTALS FOR ISSUE BY FUND							
2725 TREASURY ADM/INVEST TF							277,643-
	4.00-	192,383-		85,260-	277,643-		277,643-

TOTAL: GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	4.00-	281,381-					2000
SALARY RATE.....	192,383-						
	=====						

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PROGRAM: TREASURY		43100000
<u>ST FUNDS MGT & INVESTMENT</u>		43100300
GOV OPERATIONS/SUPPORT		16
<u>GOVERNMENTAL OPERATIONS</u>		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE THE STATE TREASURY		
CONCENTRATION ACCOUNT CONTRACT		33V4180
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777
TREASURY ADM/INVEST TF	-STATE	2725 1
	850,000-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #022

IT COMPONENT? NO

Eliminate the master receipts contract (concentration account) used by all agencies. Agencies process all deposits through this contract which are then centralized in the Treasury. Treasury then has access to these funds for investments. Treasury is the owner of this contract and pays for these services used by the agencies. If this contract is eliminated, agencies would then be required to pay for these services themselves.

The Fiscal Year 2019-20 budget for this contract is 850,000 based on historical spending. Elimination of this contract would push a considerable amount of costs and effort to all state agencies because they would lose discounted pricing for economies of scale. Additionally, if funds are deposited outside the State Treasury, investment earnings on the funds could be lost.

This reduction issue would cause significant problems not only within the Division of Treasury, but to the state agencies as well. Eliminating this contract would significantly reduce the amount of investment income that Treasury currently earns and increase the costs to all state agencies for banking services.

This is a 44 percent reduction in the contracted services category and 21 percent of this budget entity's overall operating budget.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PROGRAM: TREASURY			43100000
<u>SUP RETIREMENT PLAN</u>			43100400
GOV OPERATIONS/SUPPORT			16
<u>GOVERNMENTAL OPERATIONS</u>			<u>1601.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE THIRD PARTY ADMINISTRATOR			
CONTRACT			33V4120
SPECIAL CATEGORIES			100000
DEFERRED COMP ADM SVCS			100868
TREASURY ADM/INVEST TF	-STATE	342,180-	2725 1
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #032

IT COMPONENT? NO

No Legislative Change.

The Deferred Compensation Plan operates under 112.215, F.S. and is not funded by general revenue, but is instead funded by the contracted Investment Providers offering investment and education services to Participants. All assets are accumulated and held in the Deferred Compensation Trust Fund for the exclusive benefit of Participants and their beneficiaries. Due to protections of 26 U.S.C. 457(b)(6), assets of the program cannot be used for any other purposes under general revenue consideration.

Eliminate the Third-Party Administrator contact that supports the central location of participant data exchange and storage necessary to operate the Deferred Compensation program as a multi-vendor plan. Removal of the Third-Party Administrator would require massive system modifications to the operational features as they relate to payroll processing and transaction processing/approvals. It would affect how participant's currently view and make changes to their account(s) online. This would also significantly impair the ability for the staff of the Bureau of Deferred Compensation to offer customer service directly to participants because the day to day account activity accumulated from all of the providers into one database would no longer exist.

This reduction issue would cause significant problems external to the Division of Treasury, Bureau of Deferred Compensation. Specifically, it would alter the manner and efficiency for participating employees of the State, State University System, and participating employees of special districts, to modify or view account records and interact for customer service. It also would affect the processing of payroll contributions and require pay centers, including the Bureau of State Payrolls, to require significant system modification and reporting/settlement procedures resulting in increased expenditures for duplicative processes at the pay centers and also at the Investment Providers.

COL A10		
SCH VIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FIN ACCT/PUBLIC FUNDS		43200000
ST FINAN INFO/ST AGY ACCTG		43200100
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE ARTICLE V PROGRAM		
POSITIONS AND REQUIREMENTS		33V0100
SALARY RATE		000000
SALARY RATE.....	216,390-	
	=====	
SALARIES AND BENEFITS		010000
	6.00-	
ADMINISTRATIVE TRUST FUND -STATE	332,644-	2021 1
	=====	
EXPENSES		040000
ADMINISTRATIVE TRUST FUND -STATE	108,201-	2021 1
	=====	
TOTAL: ELIMINATE ARTICLE V PROGRAM		33V0100
POSITIONS AND REQUIREMENTS		
TOTAL POSITIONS.....	6.00-	
TOTAL ISSUE.....	440,845-	
TOTAL SALARY RATE.....	216,390-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIB-2 NARR 20-21 NARRATIVE:
 Priority #020

IT COMPONENT? NO

This issue would require amendment to section 28.36 and amendment to section 28.241, Florida Statutes. The Article V Program was implemented in 2005. During the 2013 Legislative Session, DFS's responsibilities were revised from auditing Clerks budgets, to auditing court related expenditures. In addition, the General Appropriations Act requires the Chief Financial Officer to provide quarterly status reports on audits performed to the Legislature. The Department resumed performing audits of Clerk's budget and expenditures in August 2015. To date 30 audits have been completed and most of the audit findings have been about not establishing methodologies and documentation standards as it relates to supporting allocated payroll costs between county and state funding sources.

If the Article V team was eliminated, the review of the Clerk's expenditures could still be performed, on a as needed basis, under the Chief Financial Officer's existing authority in Chapter 17, Florida Statutes as it relates to State expenditures. The program is funded by collection of \$1 on certain fees and deposited into the DFS Administrative Trust Fund. Currently, this annual revenue is approximately \$300,000 to \$360,000 a year. A residual fund balance of approximately \$2.2 million is used when expenditures exceed the revenue. If eliminated, there could be the potential of the misuse of state funds. The \$1 fee could be redirected to General Revenue.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FIN ACCT/PUBLIC FUNDS		43200000
ST FINAN INFO/ST AGY ACCTG		43200100
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		1601.00.00.00
PROGRAM REDUCTIONS		33V0000
ELIMINATE ARTICLE V PROGRAM POSITIONS AND REQUIREMENTS		33V0100

This issue eliminates 6 FTE and 32,644 from Salaries and Benefits and 108,201 from Expenses.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
N0001 001	6.00-	216,390-		116,254-	332,644-	0.00	332,644-
TOTALS FOR ISSUE BY FUND							
2021 ADMINISTRATIVE TRUST FUND							332,644-
	6.00-	216,390-		116,254-	332,644-		332,644-

REDUCE POSITIONS WITHIN THE BUREAU
 OF AUDITING

SALARY RATE						33V0810
SALARY RATE.....	706,635-					000000
=====						
SALARIES AND BENEFITS						010000
GENERAL REVENUE FUND	18.00-					
-STATE		1,064,661-				1000 1
=====						

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: FIN ACCT/PUBLIC FUNDS		
		43200000
ST FINAN INFO/ST AGY ACCTG		
		43200100
GOV OPERATIONS/SUPPORT		
		16
GOVERNMENTAL OPERATIONS		
		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
REDUCE POSITIONS WITHIN THE BUREAU		
OF AUDITING		
		33V0810
TOTAL: REDUCE POSITIONS WITHIN THE BUREAU		
		33V0810
OF AUDITING		
TOTAL POSITIONS.....	18.00-	
TOTAL ISSUE.....	1,064,661-	
TOTAL SALARY RATE.....	706,635-	
	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #038

IT COMPONENT? NO

The Division is proposing to eliminate 18 of the auditors in the Bureau of Auditing. Pursuant to section 17.03, Florida Statutes, F.S., the Chief Financial Officer (CFO) is responsible for settling the claims of the State. Over the years, as state budgets and expenditures have grown considerably, the Bureau of Auditing has remained fairly consistent in maintaining the number of positions to audit State expenditures. In order to keep up with increasing workloads, the Bureau has created audit plans each year which incorporate risk analyses, materiality, and sampling as a means of providing audit coverage. In addition, to curb systemic problems with poorly written contracts, certain auditors within the audit teams also audit state contracts along with payments because better written contracts result in fewer payment problems.

During the fiscal year 18/19, the bureau audited 382,280 out of 3.9 million payments via sampling. This represents 10% of the total payment population; however, because the audit plan incorporates risk and materiality thresholds, the bureau audited \$71.1 billion out of the \$89.7 billion in annual expenditures. As a result, 80% of the dollars spent had audit coverage.

Currently, there are 48 FTEs that provide payment and contract audit coverage. A reduction of the audit teams by 18 FTEs, or over 35%, would result in the reduction of the number of payments audited by somewhere around 114,000. In addition, since most small dollar payments (i.e. less than \$10,000) are being covered through sampling, almost all the corresponding reduction in payments audited would occur on much higher dollar payments. This would significantly impact whether the CFO has reasonable assurance as to whether payments are properly made and audited.

This issue eliminates 18 FTE and \$1,064,661 in Salaries and Benefits appropriations.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FIN ACCT/PUBLIC FUNDS		43200000
ST FINAN INFO/ST AGY ACCTG		43200100
GOV OPERATIONS/SUPPORT		16
GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE POSITIONS WITHIN THE BUREAU OF AUDITING		33V0810

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
N0001 001	18.00-	706,635-		358,026-	1,064,661-	0.00	1,064,661-
TOTALS FOR ISSUE BY FUND							
1000 GENERAL REVENUE FUND							1,064,661-
	18.00-	706,635-		358,026-	1,064,661-		1,064,661-

TOTAL: GOVERNMENTAL OPERATIONS							<u>1601.00.00.00</u>
BY FUND TYPE							
GENERAL REVENUE FUND		1,064,661-					1000
TRUST FUNDS		440,845-					2000
TOTAL POSITIONS.....	24.00-						
TOTAL PROG COMP.....		1,505,506-					
TOTAL SALARY RATE.....		923,025-					

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COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: FIN ACCT/PUBLIC FUNDS			43200000
<u>RECOVERY & RETURN OF UP</u>			43200200
GOV OPERATIONS/SUPPORT			16
<u>GOVERNMENTAL OPERATIONS</u>			<u>1601.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE UNCLAIMED PROPERTY FIELD			
AUDIT POSITIONS			33V0490
SALARY RATE			000000
SALARY RATE.....	260,485-		
	=====		
SALARIES AND BENEFITS			010000
	6.00-		
UNCLAIMED PROPERTY TF -STATE	383,847-		2007 1
	=====		
TOTAL: ELIMINATE UNCLAIMED PROPERTY FIELD			33V0490
AUDIT POSITIONS			
TOTAL POSITIONS.....	6.00-		
TOTAL ISSUE.....	383,847-		
TOTAL SALARY RATE.....	260,485-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #030

The Division of Unclaimed Property holds accounts valued at more than \$1.50 billion. The accounts come from various reporters such as financial institutions, insurance and utility companies, securities and trust holdings, etc. In addition, the Division may also hold tangible property such as watches, jewelry, coins, currency, stamps, historical items, and other miscellaneous items from abandoned safe deposit boxes. In Fiscal Year 2004-05 the Division established a team responsible for conducting exams/audits on holders (businesses) of unclaimed property that are not complying with applicable laws. In addition to audits, the team also provides outreach/education to holders. The team completes completed 245 audits this past fiscal year and has an additional 290 audits in progress. In addition to the audits, the team averages 14 educational workshops annually. These workshops provide holders with information on appropriate and timely unclaimed property reporting practices. Since implementation, these activities have generated more than \$72.5 million in additional Unclaimed Property Receipts. Although there is not a direct revenue (fee) collected as a result of these activities, these activities educate and ensure holders of unclaimed property are reporting as required. The balance in the Unclaimed Property Trust Fund is statutorily limited to \$15 million with the excess being transferred to the Department of Education State School Trust Fund. If this team was eliminated there could be a potential loss in Unclaimed Property remittance if holders do not report as required. The State would save the operational costs associated with these positions, but could potentially lose a larger amount of revenue from unreported unclaimed property.

The Division of Unclaimed Property has 65 FTE. Reducing these 6 FTE equates to an approximate 10.8% reduction in staff.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FIN ACCT/PUBLIC FUNDS		43200000
<u>RECOVERY & RETURN OF UP</u>		43200200
GOV OPERATIONS/SUPPORT		16
<u>GOVERNMENTAL OPERATIONS</u>		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE UNCLAIMED PROPERTY FIELD		
AUDIT POSITIONS		33V0490

This issue eliminates 6 FTE and 383,847 in Salaries and Benefits appropriations.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
N0001 001	6.00-	260,485-		123,362-	383,847-	0.00	383,847-
TOTALS FOR ISSUE BY FUND							
2007 UNCLAIMED PROPERTY TF							383,847-
	6.00-	260,485-		123,362-	383,847-		383,847-
	=====	=====	=====	=====	=====		=====

REDUCE OTHER PERSONAL SERVICES
 (OPS) IN THE DIVISION OF UNCLAIMED
 PROPERTY

33V0730
 030000

OTHER PERSONAL SERVICES

UNCLAIMED PROPERTY TF -STATE 387,691-

2007 1

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #031

IT COMPONENT? NO

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: FIN ACCT/PUBLIC FUNDS		
		43200000
<u>RECOVERY & RETURN OF UP</u>		
		43200200
GOV OPERATIONS/SUPPORT		
		16
<u>GOVERNMENTAL OPERATIONS</u>		
		<u>1601.00.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
REDUCE OTHER PERSONAL SERVICES		
(OPS) IN THE DIVISION OF UNCLAIMED		
PROPERTY		
		33V0730

This issue reduces the Other Personal Services (OPS) budget authority in the Division of Unclaimed Property. Reduction of OPS budget authority within the Division would severely limit the Division's ability to process the over 5 million documents received annually. This documentation is used for the review and approval of unclaimed property claims. Current FTE's within the Division would be unable to absorb the document processing, customer service calls, inventory, and claims currently processed by OPS positions. In fiscal year 2018-2019, OPS positions processed 90,000 claims along with answering approximately 117,000 customer service calls. The Division has been administering and managing a 13% average annual growth in the number of claims received during each of the last five years, resulting in a record number of claims paid and dollar amounts returned. OPS positions allow the Division to accommodate the continued growth in the program by assuming the data processing and customer services duties, allowing the FTE positions to process the more complex claims and other administrative duties. Any reduction in OPS positions could negatively impact the Division's ability to meet the statutory requirement of addressing claims within 90 days.

Current budget is 555,904. Reducing 387,691 would equate to approximately 15 OPS positions.

TOTAL: GOVERNMENTAL OPERATIONS		<u>1601.00.00.00</u>
BY FUND TYPE		
	6.00-	
TRUST FUNDS.....	771,538-	2000
SALARY RATE.....	260,485-	
	=====	

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PROGRAM: FIRE MARSHAL			43300000
<u>COMPLIANCE & ENFORCEMENT</u>			43300200
PUBLIC PROTECTION			12
<u>LAW ENFORCEMENT</u>			<u>1202.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE BOILER SAFETY PROGRAM			33V0090
SALARY RATE			000000
SALARY RATE.....	288,315-		
	=====		
SALARIES AND BENEFITS			010000
INSURANCE REG TF	-STATE	8.00- 443,287-	2393 1
		=====	
EXPENSES			040000
INSURANCE REG TF	-STATE	3,000-	2393 1
		=====	
TOTAL: ELIMINATE BOILER SAFETY PROGRAM			33V0090
TOTAL POSITIONS.....	8.00-		
TOTAL ISSUE.....	446,287-		
TOTAL SALARY RATE.....	288,315-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #009

IT COMPONENT? NO

Possible Legislative Change in Chapter 554, F.S.

Eliminates the Boiler Safety Program and its eight positions, including a Chief Boiler Inspector, five Deputy Boiler Inspectors, two support staff positions, and the travel associated with these positions. Deputy Boiler Inspectors conduct inspections of uninsured boilers in public locations to determine compliance with the Boiler Safety Act (Ch. 554, F.S.) and all adopted codes. Currently, there are over 14,000 registered boilers in the State. Division inspectors conduct around 20 percent of the 10,000 inspections conducted annually. The section also issues all certificates of compliance for all the boilers in the State. Eliminating the Boiler Safety Section would leave a need for these services to be performed elsewhere.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PROGRAM: FIRE MARSHAL		43300000
<u>COMPLIANCE & ENFORCEMENT</u>		43300200
PUBLIC PROTECTION		12
<u>LAW ENFORCEMENT</u>		1202.00.00.00
PROGRAM REDUCTIONS		33V0000
ELIMINATE BOILER SAFETY PROGRAM		33V0090

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1001 001	8.00-	288,315-		154,972-	443,287-	0.00	443,287-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							443,287-
	8.00-	288,315-		154,972-	443,287-		443,287-

REDUCE ACCREDITATION SERVICES EXPENSES							33V0110 040000
INSURANCE REG TF -STATE		3,000-					2393 1
SPECIAL CATEGORIES CONTRACTED SERVICES							100000 100777
INSURANCE REG TF -STATE		12,000-					2393 1
TOTAL: REDUCE ACCREDITATION SERVICES							33V0110
TOTAL ISSUE.....		15,000-					

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #008

IT COMPONENT? NO

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PROGRAM: FIRE MARSHAL		43300000
<u>COMPLIANCE & ENFORCEMENT</u>		43300200
PUBLIC PROTECTION		12
<u>LAW ENFORCEMENT</u>		<u>1202.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE ACCREDITATION SERVICES		33V0110

No Legislative Change.

This issue reduces resources for Accreditation Services for the Bureau of Compliance and Enforcement. Accreditation is a recognizable assurance that an organization has been evaluated for its technical competence and quality of service and has proven that it meets recognized standards. It provides an essential mechanism to ensure that the Bureau continually conducts quality assurance and quality control assurances and improves its processes to conduct its operations in line with national and international standards, which result in reduced costs, time savings, and improvements of products and services.

This issue will impact the Bureau's ability to maintain their accreditation status. Without this funding, the Bureau will not be able to absorb the costs of the accreditation and will need to terminate their accredited status. The accreditation will no longer serve as an assurance that the Bureau continually conduct quality assurance and quality control to ensure the citizens of the state of Florida the Bureau's services are conducted and meet recognized standards.

ELIMINATE FIRE PREVENTION WEEK		
PROMOTIONAL ITEMS		33V0120
EXPENSES		040000

INSURANCE REG TF	-STATE	12,000-	2393	1
		=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #001

IT COMPONENT? NO

No Legislative Change.

Eliminates 12,000 in budget authority in the expenses category used for supplies during fire prevention week. Public education and outreach materials are used to promote the CFO's fire safety messages to the public during a variety of events and educational opportunities, with a focus on events occurring during the National Fire Protection Association's annual Fire Prevention Week. As more local fire departments cut their budgets and the Department extends its focus on outreach, the Bureau needs to expand its public outreach efforts and audiences in order to supplement local departments' efforts as well as to continue the Bureau's present education efforts, such as fire extinguisher training offered to state employees, state university students, and other individuals.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PROGRAM: FIRE MARSHAL		
		43300000
<u>COMPLIANCE & ENFORCEMENT</u>		
		43300200
PUBLIC PROTECTION		
		12
<u>LAW ENFORCEMENT</u>		
		<u>1202.00.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
ELIMINATE FIRE PREVENTION WEEK		
		33V0120
PROMOTIONAL ITEMS		

Materials such as brochures, children's fire helmets, coloring books, cups, note pads, and writing instruments are useful in promoting the CFO and SFM's fire safety messages and are distributed at fire extinguisher training, campus fire safety events at universities, static displays at numerous fairs and events, and fire prevention appearances at elementary schools and day cares.

This reduction will impact the Bureau's ability to promote the CFO's fire safety messages to the public. With no materials to distribute, members of the public will not be provided with a means to memorialize their encounters with Bureau staff or the messages that they have heard.

REDUCE BUREAU OF COMPLIANCE AND ENFORCEMENT STAFF		33V0130
SALARY RATE		000000
SALARY RATE.....	109,415-	
	=====	
SALARIES AND BENEFITS		010000
INSURANCE REG TF	-STATE 5.00- 194,862-	2393 1
	=====	
EXPENSES		040000
INSURANCE REG TF	-STATE 3,000-	2393 1
	=====	
TOTAL: REDUCE BUREAU OF COMPLIANCE AND ENFORCEMENT STAFF		33V0130
TOTAL POSITIONS.....	5.00-	
TOTAL ISSUE.....	197,862-	
TOTAL SALARY RATE.....	109,415-	
	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #015

IT COMPONENT? NO

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PROGRAM: FIRE MARSHAL		43300000
<u>COMPLIANCE & ENFORCEMENT</u>		43300200
PUBLIC PROTECTION		12
<u>LAW ENFORCEMENT</u>		<u>1202.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE BUREAU OF COMPLIANCE AND ENFORCEMENT STAFF		33V0130

Possible Legislative Change in ss. 633.218(1)(a), F.S., associated with timeframes for inspections reviews.

Eliminates the five License and Registration Inspectors in the Bureau of Compliance and Enforcement and the travel associated with these positions. This reduction would remove the lone License and Registration Inspector from the Northwest, Northeast, Central, Southwest, and Southeast Regions and leave them with no administrative or public education support. These five positions provide administrative support, fire safety inspections, and public education support to the Fire Inspections Section in the regional field offices. The removal of these License and Registration Inspector positions will require the remaining regional staff (Fire Protection Specialists and Supervisors) to assume the workload, thereby affecting their ability to perform fire safety inspections within the statutorily mandated timeframes.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1001 001	5.00-	109,415-		85,447-	194,862-	0.00	194,862-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							194,862-
	5.00-	109,415-		85,447-	194,862-		194,862-

TOTAL: LAW ENFORCEMENT							<u>1202.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	13.00-	671,149-					2000
SALARY RATE.....	397,730-						
	=====						

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PROGRAM: FIRE MARSHAL			43300000
<u>PROF TRAINING & STANDARDS</u>			43300400
PUBLIC PROTECTION			12
<u>LAW ENFORCEMENT</u>			<u>1202.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE OPERATION OF MOTOR VEHICLES			
CATEGORY			33V0140
SPECIAL CATEGORIES			100000
OPERATION/MOTOR VEHICLES			102289
INSURANCE REG TF	-STATE	12,000-	2393 1
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #010

IT COMPONENT? NO

No Legislative Change.

This issue reduces the operation of motor vehicle category at the Florida State Fire College. The Bureau of Fire Standards and Training has 6 fleet vehicles and 2 fire engines (pumpers) that utilize the operation of motor vehicle category. This reduction represents approximately 52 percent of the appropriation in this category.

If a fire truck becomes inoperable, this will have a direct impact on training as well as state testing on the Fire College campus. The trucks are used to teach recruits basic firefighting techniques. They are also used to teach Apparatus Operations and Hydraulics which lead to the state certification of Pump Operator. Those classes would no longer be taught with trucks that are not operating properly. The trucks are also used in the administration of state testing for firefighter certification. No live burns can be conducted on the Fire College campus if pumpers are inoperable. If a fleet vehicle is inoperable, state field examiners will not be able to administer state testing for fire fighter certification. That means no firefighter would be certified at any other training facility in the state if field examiners cannot travel to these facilities. Safety inspections of fire departments would not be conducted with inoperable fleet vehicles which means no volunteer firefighter grants can be awarded.

ELIMINATE TRAINING SECTION AT
 FLORIDA STATE FIRE COLLEGE
 SALARY RATE

33V0150
 000000

SALARY RATE..... 271,773-
 =====

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			
			43000000
PROGRAM: FIRE MARSHAL			
			43300000
<u>PROF TRAINING & STANDARDS</u>			
			43300400
PUBLIC PROTECTION			
			12
<u>LAW ENFORCEMENT</u>			
			<u>1202.00.00.00</u>
PROGRAM REDUCTIONS			
			33V0000
ELIMINATE TRAINING SECTION AT			
FLORIDA STATE FIRE COLLEGE			
SALARIES AND BENEFITS			
	7.00-		
INSURANCE REG TF	-STATE	410,517-	2393 1
		=====	
TOTAL: ELIMINATE TRAINING SECTION AT			
			33V0150
FLORIDA STATE FIRE COLLEGE			
TOTAL POSITIONS.....	7.00-		
TOTAL ISSUE.....		410,517-	
TOTAL SALARY RATE.....	271,773-		
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #013

IT COMPONENT? NO

No Legislative Change.

This issue proposes to eliminate seven FTE and associated budget authority in the Bureau of Professional Training and Standards. The position reductions include three Instructors, an Instructor Supervisor, a Government Analyst I, and an Academic Instructor. Five of these positions are currently filled; an Instructor position is currently vacant. This reduction would essentially terminate the Training Section at the Fire College, and all training would then be provided by a third party. This reduction would significantly impact the bureau.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS

A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
	C1001 001	7.00-	271,773-	138,744-	410,517-	0.00	410,517-

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PROGRAM: FIRE MARSHAL		43300000
<u>PROF TRAINING & STANDARDS</u>		43300400
PUBLIC PROTECTION		12
<u>LAW ENFORCEMENT</u>		<u>1202.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE TRAINING SECTION AT FLORIDA STATE FIRE COLLEGE		33V0150

POSITION DETAIL OF SALARIES AND BENEFITS:

FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS						
CHANGES TO CURRENTLY AUTHORIZED POSITIONS						
TOTALS FOR ISSUE BY FUND						410,517-
2393 INSURANCE REG TF						410,517-
7.00-	271,773-		138,744-	410,517-		410,517-

TOTAL: LAW ENFORCEMENT		1202.00.00.00
BY FUND TYPE		
TRUST FUNDS.....	7.00-	422,517-
SALARY RATE.....	271,773-	2000

=====

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PROGRAM: FIRE MARSHAL		
		43300000
FIRE MRSHL ADMN & SUP SRVS		
		43300500
PUBLIC PROTECTION		
		12
LAW ENFORCEMENT		
		1202.00.00.00
PROGRAM REDUCTIONS		
		33V0000
ELIMINATE POSITIONS IN THE		
DIRECTORS OFFICE		
SALARY RATE		
		33V0170
		000000
SALARY RATE.....	144,040-	
	=====	
SALARIES AND BENEFITS		
		010000
INSURANCE REG TF	-STATE 4.00- 221,507-	2393 1
	=====	
TOTAL: ELIMINATE POSITIONS IN THE		
DIRECTORS OFFICE		
TOTAL POSITIONS.....	4.00-	33V0170
TOTAL ISSUE.....	221,507-	
TOTAL SALARY RATE.....	144,040-	
	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #011

IT COMPONENT? NO

No Legislative Change.

This issue proposes a budget reduction of four FTE and associated budget authority in the Bureau of Fire Marshal Administration and Support Services. The position reductions include a Senior Management Analyst Supervisor-SES, a Statistician II, a Records Specialist, and a Domestic Security Coordinator. All four of these positions are currently filled. This reduction would significantly impact the bureau.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PROGRAM: FIRE MARSHAL		43300000
<u>FIRE MRSHL ADMN & SUP SRVS</u>		43300500
PUBLIC PROTECTION		12
<u>LAW ENFORCEMENT</u>		<u>1202.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE POSITIONS IN THE		
DIRECTORS OFFICE		33V0170

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1001 001	4.00-	144,040-		77,467-	221,507-	0.00	221,507-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							221,507-
	4.00-	144,040-		77,467-	221,507-		221,507-

TOTAL: LAW ENFORCEMENT							<u>1202.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	4.00-				221,507-		2000
SALARY RATE.....		144,040-					
	=====						

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: ST PROP/CASUALTY CLMS			43400000
ST SELF-INSURED CLAIMS ADJ			43400100
GOV OPERATIONS/SUPPORT			16
GOVERNMENTAL OPERATIONS			<u>1601.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
OPERATING REDUCTIONS FOR SCHEDULE			
VIIIIB			33V3340
EXPENSES			040000
STATE RISK MGMT TF	-STATE 378,657-		2078 1
	=====		
SPECIAL CATEGORIES			100000
EXCESS INSUR. & CLAIM SER			101221
STATE RISK MGMT TF	-STATE 10,865,000-		2078 1
	=====		
TOTAL: OPERATING REDUCTIONS FOR SCHEDULE			33V3340
VIIIIB			
TOTAL ISSUE.....	11,243,657-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #033

IT COMPONENT? NO

This issue proposes a reduction of 10,865,000 to eliminate the Excess Insurance and Claim Service budget authority and a reduction of 378,657 in Expenses budget authority for the Division of Risk Management.

The Division of Risk Management is responsible for insuring Florida's approximately 17,000 state-owned buildings and administers coverage for state-owned business equipment and furnishings contained in buildings not owned by the state. This coverage includes perils such as fire, storm damage, flood, wind and sink holes. The Division administers Florida's self-insurance property program and purchases additional insurance coverage for catastrophic losses.

The additional insurance coverage is purchased using authority provided in the Excess Insurance and Claim Service category. The recent coverage was purchased in February 2019 at an annual cost of \$9,744,343. The excess insurance purchased provides \$68.5 million in coverage for named windstorms and flood, and up to \$225 million in coverage for all other named perils, excluding named windstorms and flood coverage, after the deductible provisions are met.

While there is a provision in Section 216.222(2), F.S. that allows funds to be transferred to the State Risk Management Trust Fund (SRMTF) to cover the current deductibles in place for excess property coverage, this section may need to be amended to remove or adjust the annual cap of \$38 million on such transfers to the SRMTF for uninsured losses to state property. If the statute is not amended, catastrophic loss payments may be delayed until sufficient funding is appropriated to pay those losses.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			
			43000000
			43400000
			43400100
			16
			<u>1601.00.00.00</u>
PGM: ST PROP/CASUALTY CLMS			
<u>ST SELF-INSURED CLAIMS ADJ</u>			
GOV OPERATIONS/SUPPORT			
<u>GOVERNMENTAL OPERATIONS</u>			
TOTAL: GOVERNMENTAL OPERATIONS			
BY FUND TYPE			
TRUST FUNDS.....	11,243,657-		2000
	=====		
PGM: LICNSNG/CNSMER PROTEC			
			43500000
			43500100
			12
			<u>1204.00.00.00</u>
<u>REGULATION AND LICENSING</u>			
PROGRAM REDUCTIONS			
			33V0000
REDUCE SALARIES AND BENEFITS			
BUDGET AUTHORITY IN THE DIVISION			
OF REHABILITATION AND LIQUIDATION			
SALARIES AND BENEFITS			
			33V0480
			010000
INSURANCE REG TF	-STATE	130,280-	2393 1
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #012

IT COMPONENT? NO

The Florida Department of Financial Services, Division of Rehabilitation and Liquidation is the court appointed Receiver and Liquidator for distressed insurance companies in the State of Florida. Over the last five years, the number of new receiverships have decreased and the number of estates closed has increased resulting in fewer companies in receivership to help offset administrative costs. In past years, the excess Salaries and Benefits appropriations have been transferred to Operating Capital Outlay, Expenses, and Contracted Services categories to offset the administrative costs for companies in receivership.

Transfer history from Salaries and Benefits includes: transfers of 165,000 in Fiscal Year 2016-2017, 103,000 in Fiscal Year 2017-2018, 250,000 in Fiscal Year 2018-2019, and 250,000 in Fiscal Year 2019-2020.

In addition, in its 2020-2021 Legislative Budget Request, the Department is requesting to permanently transfer 250,000 from Salaries and Benefits to the Expenses and Lease/Lease Purchase category to reduce the impact of administrative expenses on the estates in receivership. If this reduction was taken there would be insufficient remaining funds to cover Salaries and Benefits payments and the planned transfer of appropriations.

This issue reduces 130,280 from the Salaries and Benefits category. This reduction would reduce the flexibility the Division currently has to use state funds for administrative costs of receiverships and thus, reduce the amount of funds available to pay claimants.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: LICNSNG/CNSMER PROTEC		
		43500000
<u>INSURANCE CO REHAB/LIQDATN</u>		
		43500100
PUBLIC PROTECTION		
		12
<u>REGULATION AND LICENSING</u>		
		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
REDUCE SALARIES AND BENEFITS		
BUDGET AUTHORITY IN THE DIVISION		
OF REHABILITATION AND LIQUIDATION		
		33V0480

POSITION DETAIL OF SALARIES AND BENEFITS:

FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS						
CHANGES TO CURRENTLY AUTHORIZED POSITIONS						
OTHER SALARY AMOUNT						
						130,280-

						130,280-
						=====

<u>LICENSURE, SALES/APPT/OVST</u>			43500200
PUBLIC PROTECTION			12
<u>REGULATION AND LICENSING</u>			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE POSITION(S) - LICENSING AND			
REGULATION OF BAIL BOND AGENTS AND			
AGENCIES			33V6120
SALARY RATE			000000
	SALARY RATE.....	246,741-	
		=====	
SALARIES AND BENEFITS			010000
		7.00-	
	INSURANCE REG TF	-STATE 381,449-	2393 1
		=====	
EXPENSES			040000
	INSURANCE REG TF	-STATE 41,846-	2393 1
		=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>LICENSURE, SALES/APPT/OVST</u>		43500200
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE POSITION(S) - LICENSING AND		
REGULATION OF BAIL BOND AGENTS AND		
AGENCIES		33V6120
TOTAL: REDUCE POSITION(S) - LICENSING AND		33V6120
REGULATION OF BAIL BOND AGENTS AND		
AGENCIES		
TOTAL POSITIONS.....	7.00-	
TOTAL ISSUE.....	423,295-	
TOTAL SALARY RATE.....	246,741-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #007

LEGISLATIVE CHANGE REQUIRED: Sections 624.501, 624.523, 626.022, 626.311, 648.27, 648.279, 648.285, 648.30, 648.31, 648.34, 648.35, 648.355, 648.36, 648.38, 648.381, 648.382, 648.383, 648.384, 648.385, 648.386, 648.387, 648.388, 648.39, 648.40, 648.41, 648.42, 648.421, 648.44, 648.441, 648.442, 648.4425, 648.45, 648.46, 648.48, 648.49, 648.50, 648.51, 648.52, 648.525, 648.53, 648.55, 648.57, 648.571, 648.58, 903.14, 903.26, 903.27, and 903.36 F.S. will need to be repealed or amended.

The elimination of regulation of Bail Bond agents and agencies will transfer the responsibility of oversight of the actions of these individuals to the surety companies they are contracted with, the local sheriff's offices who allow them to post bail, and to the clerks of court who handle the funds related to the bail bond process. Cutting these 7 positions from the Bureau of Agent and Agency Licensing and the Bureau of Agent and Agency Investigation will reduce salaries and benefits by \$381,449 and recurring expenses by \$41,846.

The cut of this program area is estimated to reduce annual revenue from licensing and appointment fees by \$115,535, administrative fines by \$9,000, annual administrative actions by 19 and will impact recoveries on behalf of consumers by \$37,464.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: LICNSNG/CNSMER PROTEC			43500000
LICENSURE, SALES/APPT/OVST			43500200
PUBLIC PROTECTION			12
REGULATION AND LICENSING			1204.00.00.00
PROGRAM REDUCTIONS			33V0000
REDUCE POSITION(S) IN INSURANCE			
AGENT PRE-LICENSING EDUCATION			
SECTION			33V6130
EXPENSES			040000
INSURANCE REG TF	-STATE	5,978-	2393 1
		=====	
TOTAL: REDUCE POSITION(S) IN INSURANCE			33V6130
AGENT PRE-LICENSING EDUCATION			
SECTION			
TOTAL POSITIONS.....	1.00-		
TOTAL ISSUE.....		48,326-	
TOTAL SALARY RATE.....	36,469-		
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #006

IT COMPONENT? NO

LEGISLATIVE CHANGE REQUIRED: Sections 626.171, 626.221, 626.231, 626.2817, 626.292, 626.681, 626.731, 626.7351, 626.785, 626.7851, 626.831, 626.8311, 626.8417, 626.865, 626.927, 648.385, and 648.386, F.S. will need to be repealed or amended.

Pre-licensing courses will no longer be required of applicants prior to taking the state examination.

Elimination of Pre-licensing Education will allow licensees to qualify by passing the required state examination without first taking pre-licensing education courses. Passage of the examination is adequate to verify the applicants are qualified and competent to transact insurance. The FTE will no longer approve or disapprove courses applicants may wish to take prior to taking the state examination. This issue represents a reduction of 1 FTE, \$42,348 in salaries and benefits and recurring expenses by \$5,978.

In Fiscal Year 2018-19, revenue generated by pre-licensing study manual fees and royalties was \$67,857. Manuals would continue to be sold, however, the numbers would likely decrease because there would no longer be a course provider requiring the use of the current manual.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
		43500000
		43500200
		12
		<u>1204.00.00.00</u>
		33V0000
		33V6190
		33V6190
TOTAL: ELIMINATE INVESTIGATIONS LEGAL		
PROCESSING UNIT		
TOTAL POSITIONS.....	3.00-	
TOTAL ISSUE.....	188,722-	
TOTAL SALARY RATE.....	123,704-	
=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #004

Eliminate the review program for the Bureau of Investigations, Legal Processing Unit, meaning investigative reports do not have to go through a formal in-house review process. The investigative reports will be sent directly to legal thereby reducing the time for the completion of the action on some cases, while likely increasing the error rate slightly. This business unit has become less useful due to the increase in overall efficiency with the implementation of the electronic case management system and streamlined business processes. Due to this operational streamlining, there would be limited impact on the workload and effectiveness of staff members.

Cutting 3 FTE positions from the Bureau of Agent and Agency Investigations will result in reduction in salaries and benefits by \$170,788 and recurring expenses by \$17,934.

The cut of these positions is estimated to reduce the Administrative Fines by \$13,082 and Recoveries by \$15,445.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2236 GOVERNMENT OPERATIONS CONSULTANT II							
C0002 001	2.00-	77,322-		39,588-	116,910-	0.00	116,910-
2228 SENIOR MANAGEMENT ANALYST SUPV - SES							
C0001 001	1.00-	46,382-		7,496-	53,878-	0.00	53,878-

COL A10 SCH VIIIIB-2 REDUCTIONS	POS	AMOUNT	CODES
FINANCIAL SERVICES			43000000
PGM: LICNSNG/CNSMER PROTEC			43500000
LICENSURE, SALES/APPT/OVST			43500200
PUBLIC PROTECTION			12
REGULATION AND LICENSING			1204.00.00.00
PROGRAM REDUCTIONS			33V0000
ELIMINATE INVESTIGATIONS LEGAL			
PROCESSING UNIT			33V6190

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							170,788-
	3.00-	123,704-		47,084-	170,788-		170,788-

ELIMINATE INSURANCE INVESTIGATION							
POSITIONS IN THE BUREAU OF							
INVESTIGATIONS							33V6200
SALARY RATE							000000
SALARY RATE.....	484,010-						
SALARIES AND BENEFITS							010000
INSURANCE REG TF	13.00-						
-STATE		739,508-					2393 1
EXPENSES							040000
INSURANCE REG TF							
-STATE		77,714-					2393 1
TOTAL: ELIMINATE INSURANCE INVESTIGATION							33V6200
POSITIONS IN THE BUREAU OF							
INVESTIGATIONS							
TOTAL POSITIONS.....	13.00-						
TOTAL ISSUE.....		817,222-					
TOTAL SALARY RATE.....	484,010-						

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
LICENSURE, SALES/APPT/OVST		43500200
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
ELIMINATE INSURANCE INVESTIGATION		
POSITIONS IN THE BUREAU OF		
INVESTIGATIONS		33V6200

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #005

The division must investigate all complaints the department deems justified. The workload of investigative staff could increase if this proposal is selected for reduction. The number of completed investigative cases dropped from 4,700 to 3,952 for FY 18/19, which would mitigate the impact somewhat. The current staff of investigators and administrators are able to handle the workload and could probably handle an increased workload. It is likely this would have a negative impact on our ability to investigate some cases, slow the process for others, and possibly reduce the level of thoroughness for others.

Cutting 9 Insurance Examiner II's, 3 Insurance Specialist II's, and one Insurance Regulation Administrator - SES positions from the Bureau of Agent and Agency Investigation will reduce salaries and benefits by \$739,508 and recurring expenses by \$77,714.

The cut of investigative positions is estimated to reduce annual revenue from administrative fines by \$55,789, annual administrative actions by 80, and recoveries on behalf of consumers by \$66,929.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
3524 INSURANCE EXAMINER II							
C0001 001	12.00-	437,628-		233,290-	670,918-	0.00	670,918-
3534 INSURANCE REGULATION ADMINISTRATOR - SES							
C0003 001	1.00-	46,382-		22,208-	68,590-	0.00	68,590-

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>LICENSURE, SALES/APPT/OVST</u>		43500200
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE INSURANCE INVESTIGATION		
POSITIONS IN THE BUREAU OF		
INVESTIGATIONS		33V6200

POSITION DETAIL OF SALARIES AND BENEFITS:

FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS						
CHANGES TO CURRENTLY AUTHORIZED POSITIONS						
TOTALS FOR ISSUE BY FUND						
						739,508-
2393 INSURANCE REG TF						
13.00-	484,010-		255,498-	739,508-		739,508-
=====	=====	=====	=====	=====		=====

TOTAL: REGULATION AND LICENSING		<u>1204.00.00.00</u>
BY FUND TYPE		
TRUST FUNDS.....	24.00-	
SALARY RATE.....	1,477,565-	2000
	890,924-	
	=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
CONSUMER ASSISTANCE		43500400
PUBLIC PROTECTION		12
CONSUMER SAFETY/PROTECTION		1205.00.00.00
PROGRAM REDUCTIONS		
ELIMINATE REGIONAL MANAGERS		33V0000
SALARY RATE		33V4010
		000000
SALARY RATE.....	262,322-	
	=====	
SALARIES AND BENEFITS		
	7.00-	010000
INSURANCE REG TF	-STATE 399,542-	2393 1
	=====	
TOTAL: ELIMINATE REGIONAL MANAGERS		33V4010
TOTAL POSITIONS.....	7.00-	
TOTAL ISSUE.....	399,542-	
TOTAL SALARY RATE.....	262,322-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #029

IT COMPONENT? NO

The Regional Managers are in Consumer Services positions, but are administratively organized under the CFO's Office and they are located in regional areas throughout the state. The Regional Managers represent the CFO and the Department in their designated regions and some of their primary duties include conducting advance work for the CFO prior to a visit to their region, promoting consumer education and outreach, establishing contacts and professional relationships with entities that align with the CFO's priorities and hosting and attending public events and forums that promote the Department's programs and services.

The elimination of the Regional Managers will have a significant impact on the CFO's Office and on the Division of Consumer Services. They are designated representatives of the CFO and the responsibilities they perform are critical to the CFO and they cannot be adequately performed by other FTE. The elimination of the Regional Managers will result in the reduction of 7 FTE, 6 employees and one supervisor. The total value associated with the reduction equals \$399,542.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>CONSUMER ASSISTANCE</u>		43500400
PUBLIC PROTECTION		12
<u>CONSUMER SAFETY/PROTECTION</u>		<u>1205.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
TALLAHASSEE HELPLINE UNIT REDUCTION		33V4020

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #026

The Tallahassee Helpline Unit answers calls received through the Division's Consumer Helplines related to insurance agent and agency licensing, unclaimed property, rehabilitation and liquidation and insurance fraud. The Unit is comprised of 5 FTE, 4 employees and 1 supervisor. The total value associated with the reduction equals \$262,906.

The elimination of this unit will have a significant impact on the Division's ability to provide assistance to Floridians that are contacting the Department seeking information related to agent and agency licensing, obtain unclaimed property or report insurance fraud. During Fiscal Year 2018-19, this unit answered more than 165,000 calls. This level of call volume cannot be adequately absorbed by other FTE within the Division. Additionally, the elimination of this unit will drastically reduce customer service levels within the Division by increasing consumer hold times, increasing abandoned calls and creating a general inability to effectively assist all callers.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2224 GOVERNMENT ANALYST I							
C0001 001	1.00-	36,469-		19,441-	55,910-	0.00	55,910-
2238 GOVERNMENT OPERATIONS CONSULTANT III							
C0002 001	1.00-	43,508-		20,575-	64,083-	0.00	64,083-
3509 INSURANCE SPECIALIST II							
C0003 001	3.00-	88,035-		54,878-	142,913-	0.00	142,913-

TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							262,906-

	5.00-	168,012-		94,894-	262,906-		262,906-
=====							

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: LICNSNG/CNSMER PROTEC			43500000
<u>CONSUMER ASSISTANCE</u>			43500400
PUBLIC PROTECTION			12
<u>CONSUMER SAFETY/PROTECTION</u>			<u>1205.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCTION OF THE COMMUNITY OUTREACH			
TEAM			33V4030
SALARY RATE			000000
SALARY RATE.....	109,407-		
	=====		
SALARIES AND BENEFITS			010000
	3.00-		
INSURANCE REG TF	-STATE	127,044-	2393 1
		=====	
TOTAL: REDUCTION OF THE COMMUNITY OUTREACH			33V4030
TEAM			
TOTAL POSITIONS.....	3.00-		
TOTAL ISSUE.....	127,044-		
TOTAL SALARY RATE.....	109,407-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #028

The Community Outreach Team oversees the Division's consumer education and outreach initiatives, including, the creation of consumer educational resources and videos, the creation of financial literacy programs, the planning and hosting of consumer outreach events and workshops and coordinating with the CFO's Communications Team on consumer outreach and educational correspondence and alerts. Consumer education is a significant part of the Division's mission to protect and advocate for consumers and the Community Outreach Team plays a significant role in accomplishing that mission.

The members of the Community Outreach Team have specialized experience and technical skills in graphic design, web design, video creation and animation and marketing and communication. The tasks they perform are critical to the Division and the Department and cannot be adequately performed by other FTE. The elimination of the Community Outreach Team will result in the reduction of 3 FTE. The total value associated with the reduction equals \$127,044.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>CONSUMER ASSISTANCE</u>		43500400
PUBLIC PROTECTION		12
<u>CONSUMER SAFETY/PROTECTION</u>		<u>1205.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION OF THE COMMUNITY OUTREACH TEAM		33V4030

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2224 GOVERNMENT ANALYST I C0001 001	3.00-	109,407-		17,637-	127,044-	0.00	127,044-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							127,044-
	3.00-	109,407-		17,637-	127,044-		127,044-

REDUCTION OF ALTERNATIVE DISPUTE RESOLUTION (ADR) UNIT							33V4040
SALARY RATE							000000
SALARY RATE.....	341,829-						
=====							
SALARIES AND BENEFITS							010000
INSURANCE REG TF	11.00-						2393 1
-STATE		546,113-					
=====							
TOTAL: REDUCTION OF ALTERNATIVE DISPUTE RESOLUTION (ADR) UNIT							33V4040
TOTAL POSITIONS.....	11.00-						
TOTAL ISSUE.....		546,113-					
TOTAL SALARY RATE.....	341,829-						
=====							

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>CONSUMER ASSISTANCE</u>		43500400
PUBLIC PROTECTION		12
<u>CONSUMER SAFETY/PROTECTION</u>		<u>1205.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION OF ALTERNATIVE DISPUTE		
RESOLUTION (ADR) UNIT		33V4040

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #027

IT COMPONENT? NO

The Alternative Dispute Resolution Unit answers calls received through the Division's Consumer Helpline and assists consumers who are requesting mediation to resolve a claim dispute with their insurance company without hiring an attorney or incurring litigation costs. The Unit is comprised of 11 FTE, 10 employees and 1 supervisor. The total value associated with the reduction equals \$546,113.

The elimination of this unit will have a significant impact on the Division's ability to provide a program that offers an alternative dispute resolution process for Floridians who are seeking options to resolve claim disputes with their insurance company without litigation or hiring an attorney. The Alternative Dispute Resolution Unit manages 5 insurance mediation programs statewide: residential property, commercial residential property, automobile, sinkhole and disputes between providers and residents of continuing care retirement communities. During FY 2018-2019, this unit received and processed more than 5,500 mediation requests. The unit's workload cannot be absorbed by other FTE within the Division. The elimination of this unit will significantly impact Florida insurance consumers by reducing available FTE that are knowledgeable and experienced within the insurance industry and can effectively advocate on behalf of insurance consumers who are seeking mediation.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2224 GOVERNMENT ANALYST I							
C0002 001	1.00-	36,469-		19,441-	55,910-	0.00	55,910-
2238 GOVERNMENT OPERATIONS CONSULTANT III							
C0005 001	1.00-	43,508-		20,575-	64,083-	0.00	64,083-
3508 INSURANCE SPECIALIST I							
C0003 001	2.00-	53,084-		35,681-	88,765-	0.00	88,765-
3509 INSURANCE SPECIALIST II							
C0001 001	6.00-	176,070-		109,754-	285,824-	0.00	285,824-
3512 INSURANCE SPECIALIST III							

COL A10 SCH VIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>CONSUMER ASSISTANCE</u>		43500400
PUBLIC PROTECTION		12
<u>CONSUMER SAFETY/PROTECTION</u>		<u>1205.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION OF ALTERNATIVE DISPUTE RESOLUTION (ADR) UNIT		33V4040

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
C0004 001	1.00-	32,698-		18,833-	51,531-	0.00	51,531-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							546,113-
	11.00-	341,829-		204,284-	546,113-		546,113-

TOTAL: CONSUMER SAFETY/PROTECTION							<u>1205.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	26.00-						2000
SALARY RATE.....		1,335,605-					
		881,570-					
	=====						

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: LICNSNG/CNSMER PROTEC			43500000
<u>FUNERAL/CEMETERY SERVICES</u>			43500500
PUBLIC PROTECTION			12
<u>REGULATION AND LICENSING</u>			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE POSITIONS			33V4060
SALARY RATE			000000
SALARY RATE.....	243,725-		
	=====		
SALARIES AND BENEFITS			010000
	5.00-		
REGULATORY TRUST FUND	-STATE	350,824-	2573 1
		=====	
TOTAL: ELIMINATE POSITIONS			33V4060
TOTAL POSITIONS.....	5.00-		
TOTAL ISSUE.....		350,824-	
TOTAL SALARY RATE.....	243,725-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #025

IT COMPONENT? NO

LAW CHANGE REQUIRED: Possible numerous legislative changes throughout chapter 497, Florida Statutes, and chapter 69K, F.A.C. Specific changes would be required for sections 497.103, 497.141 497.157, 497.165 497.167, 497.266 497.269, 497.365 497.379, 497.389, 497.450 497.466, 497.550 497.554, and 497.602 497.606, Florida Statutes. Related administrative rules contained in chapter 69K, F.A.C., would also require substantial changes.

This issue eliminates five positions, representing approximately 20 percent of the division's staff. These positions are responsible for budget/finance issues for the Division (and the Board of Funeral, Cemetery, and Consumer Services); licensing of over 10,060 death care industry members, establishments, and cemeteries; on-site field inspections and examinations of death care licensees throughout the state to determine if licensees are complying with statutory requirements; and investigations of licensees as a result of consumer complaints regarding the death care industry.

In Fiscal Year 2018-2019, the Division conducted approximately 1,800 inspections, examinations, and investigations of licensees in the death care industry. Elimination of these positions would effectively prohibit the appropriate monitoring and regulation of the death care industry. Significant statutory changes would be required to reduce regulatory requirements (such as those involving annual inspections, licensing timelines, investigations, and examinations).

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>FUNERAL/CEMETERY SERVICES</u>		43500500
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE POSITIONS		33V4060

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1000 002	5.00-	243,725-		107,099-	350,824-	0.00	350,824-
TOTALS FOR ISSUE BY FUND							
2573 REGULATORY TRUST FUND							350,824-
	5.00-	243,725-		107,099-	350,824-		350,824-

TOTAL: REGULATION AND LICENSING							<u>1204.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	5.00-				350,824-		2000
SALARY RATE.....		243,725-					

=====

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: LICNSNG/CNSMER PROTEC			43500000
<u>PUBLIC ASSISTANCE FRAUD</u>			43500700
PUBLIC PROTECTION			12
<u>CONSUMER SAFETY/PROTECTION</u>			<u>1205.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE STAFF FOR SCHEDULE VIIIIB			33V3230
SALARY RATE			000000
SALARY RATE.....	302,250-		
	=====		
SALARIES AND BENEFITS			010000
INSURANCE REG TF	-STATE	9.00- 473,031-	2393 1
		=====	
TOTAL: ELIMINATE STAFF FOR SCHEDULE VIIIIB			33V3230
TOTAL POSITIONS.....	9.00-		
TOTAL ISSUE.....	473,031-		
TOTAL SALARY RATE.....	302,250-		
	=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #023

IT COMPONENT? NO

No Legislative Change.

This issue proposes a budget reduction of nine FTE and 473,030 from the Salaries and Benefits Category for the Division of Public Assistance Fraud. The position reductions include five Financial Crime Investigators, one Investigation Manager, one Senior Management Analyst Supervisor, and two Staff Assistants. All of the positions are currently filled. A 13 percent reduction of the division's workforce would significantly impact the number of investigations performed by the division.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: LICNSNG/CNSMER PROTEC		43500000
<u>PUBLIC ASSISTANCE FRAUD</u>		43500700
PUBLIC PROTECTION		12
<u>CONSUMER SAFETY/PROTECTION</u>		<u>1205.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE STAFF FOR SCHEDULE VIIIIB		33V3230

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1005 001	9.00-	302,250-		170,781-	473,031-	0.00	473,031-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							473,031-
	9.00-	302,250-		170,781-	473,031-		473,031-

TOTAL: CONSUMER SAFETY/PROTECTION							<u>1205.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	9.00-				473,031-		2000
SALARY RATE.....		302,250-					
	=====						

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			
			43000000
PGM: WORKERS' COMPENSATION			
			43600000
<u>WORKERS' COMPENSATION</u>			
			43600100
ECONOMIC OPPORTUNITIES			
			11
<u>WORKERS' COMPENSATION</u>			
			<u>1102.02.00.00</u>
PROGRAM REDUCTIONS			
			33V0000
TRANSFER REEMPLOYMENT CLIENT			
SERVICES PROGRAM TO PRIVATE SECTOR			
			33V0180
SALARY RATE			
			000000
	SALARY RATE..... 168,902-		
	=====		
SALARIES AND BENEFITS			
			010000
	5.00-		
WORKERS' COMP ADMIN TF	-STATE 263,939-		2795 1
	=====		
OTHER PERSONAL SERVICES			
			030000
WORKERS' COMP ADMIN TF	-STATE 193,302-		2795 1
	=====		
SPECIAL CATEGORIES			
CONTRACTED SERVICES			
			100000
			100777
WORKERS' COMP ADMIN TF	-STATE 10,203-		2795 1
	=====		
PURCHASED CLIENT SERVICES			
			102933
WORKERS' COMP ADMIN TF	-STATE 740,000-		2795 1
	=====		
TOTAL: TRANSFER REEMPLOYMENT CLIENT			
			33V0180
SERVICES PROGRAM TO PRIVATE SECTOR			
	TOTAL POSITIONS..... 5.00-		
	TOTAL ISSUE..... 1,207,444-		
	TOTAL SALARY RATE..... 168,902-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #021

IT COMPONENT? NO

Legislative change would be required to ss. 440.491(5) and ss. 440.491(6), F.S., need amendments for the Reemployment/Client Services transfer.

Reemployment/Client Services was transferred to the Division of Workers' Compensation from the Department of Education

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
TRANSFER REEMPLOYMENT CLIENT		
SERVICES PROGRAM TO PRIVATE SECTOR		33V0180

effective July 1, 2012. This reduction would abolish the division's responsibility in providing reemployment services to injured workers in order for them to attain suitable and gainful employment. This issue eliminates five positions received with the Reemployment/Client Services program and 263,939 from the Salaries and Benefits category.

Current funding level of Purchased Client Services category is 740,000.

Remaining OPS funding provided at time of Reemployment/Client Services transfer to DFS is 193,302.

Contract Services paid from Workers' Compensation Administrative Trust Fund in Division of Workers' Compensation is 10,203.

These reductions represent approximately 9% of the Bureau's positions.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
3512 INSURANCE SPECIALIST III							
C0001 001	2.00-	65,396-		37,666-	103,062-	0.00	103,062-
5980 VOCATIONAL REHABILITATION CONSULTANT							
C0002 001	3.00-	103,506-		57,371-	160,877-	0.00	160,877-

TOTALS FOR ISSUE BY FUND							
2795 WORKERS' COMP ADMIN TF							263,939-
	5.00-	168,902-		95,037-	263,939-		263,939-
	=====	=====	=====	=====	=====		=====

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: WORKERS' COMPENSATION			43600000
<u>WORKERS' COMPENSATION</u>			43600100
ECONOMIC OPPORTUNITIES			11
<u>WORKERS' COMPENSATION</u>			<u>1102.02.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCTION IN THE BUREAU OF			
FINANCIAL ACCOUNTABILITY			
SALARY RATE			33V2260
SALARY RATE.....	161,523-		000000
	=====		
SALARIES AND BENEFITS			010000
	5.00-		
WORKERS' COMP ADMIN TF	-STATE	256,536-	2795 1
		=====	
TOTAL: REDUCTION IN THE BUREAU OF			33V2260
FINANCIAL ACCOUNTABILITY			
TOTAL POSITIONS.....	5.00-		
TOTAL ISSUE.....	256,536-		
TOTAL SALARY RATE.....	161,523-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #002

IT COMPONENT? NO

This issue eliminates five full time FTE within the Bureau of Financial Accountability and 256,536 from the Salaries and Benefits category, funded from the Workers Compensation Administrative Trust Fund (WCATF).

2 FTE -- One Insurance Administrator C -SES position and one Workers' Compensation Specialist position within the Self-Insurance Unit represents the elimination of DWC's only premium auditor in the Self-Insurance Unit. The position conducts premium audits for self-insurers and provides education for self-insurers for premium audit purposes. The Division values education and accuracy to ensure self-insured employers are correctly reporting payrolls and classifications. The unit would have to leverage more on-line education programs and cross train other staff members to handle this function. Eliminating these positions will reduce premium accuracy for assessment calculation purposes which may negatively impact revenue due to, and calculated by, the Division. The Division may consider independent contractors for these services.

2 FTE -- One Insurance Specialist I position and one Accountant III position within the Financial Accountability Section represents two of its eight staff members. The FAS Unit manages the collection of employer penalties totaling nearly 17 million dollars annually. When an employer fails to pay penalties after they have entered into a Penalty Payment Agreement, the Division must move forward to reinstate the Stop Work Order, initiate collections proceedings and file liens against these employer's property. The Unit also has employees embedded in DFS' Revenue Processing Unit to assure that employer payments are accurately and timely processed. Eliminating these positions will require reallocation of existing FTE's to ensure the department's fiduciary regulatory duties are maintained.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE BUREAU OF FINANCIAL ACCOUNTABILITY		33V2260

1 FTE One Insurance Specialist III position within the Assessments Unit represents one of four staff members that actively manage the calculation of WCATF and SDTF assessments. The process has been entirely redesigned for insurers and self-insured employers. Insurers report their premiums and pay their assessments using the START - Carrier Assessment System. Self-Insured employers report payroll, classification and loss data using the START - Self-Insurance Assessment System. This process collects assessments to fund the WCATF and the SDTF, and eliminating these positions will slow the collection process for nearly 100 million dollars in assessments annually.

These reductions represent approximately 18% of the Bureau of Financial Accountability positions (not including the SDTF positions).

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
1436 ACCOUNTANT III							
C0004 001	1.00-	29,345-		18,293-	47,638-	0.00	47,638-
3322 WORKERS' COMPENSATION SPECIALIST							
C0001 001	1.00-	36,469-		19,441-	55,910-	0.00	55,910-
3508 INSURANCE SPECIALIST I							
C0003 001	1.00-	26,542-		17,840-	44,382-	0.00	44,382-
3512 INSURANCE SPECIALIST III							
C0005 001	1.00-	32,698-		18,833-	51,531-	0.00	51,531-
3533 INSURANCE ADMINISTRATOR C - SES							
C0002 001	1.00-	36,469-		20,606-	57,075-	0.00	57,075-

TOTALS FOR ISSUE BY FUND							
2795 WORKERS' COMP ADMIN TF							256,536-
	5.00-	161,523-		95,013-	256,536-		256,536-
	=====	=====	=====	=====	=====		=====

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: WORKERS' COMPENSATION			43600000
<u>WORKERS' COMPENSATION</u>			43600100
ECONOMIC OPPORTUNITIES			11
<u>WORKERS' COMPENSATION</u>			<u>1102.02.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCTION IN THE BUREAU OF			
MONITORING AND AUDIT			33V2270
SALARY RATE			000000
SALARY RATE.....	428,216-		
	=====		
SALARIES AND BENEFITS			010000
	12.00-		
WORKERS' COMP ADMIN TF -STATE	661,157-		2795 1
	=====		
TOTAL: REDUCTION IN THE BUREAU OF			33V2270
MONITORING AND AUDIT			
TOTAL POSITIONS.....	12.00-		
TOTAL ISSUE.....	661,157-		
TOTAL SALARY RATE.....	428,216-		
	=====		

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #018

This issue eliminates twelve full time FTE and 661,157 from the Salaries and Benefits category within the Bureau of Monitoring and Audit.

2 FTE - 1 Operations Analyst I and 1 Gov Analyst I (Med Services) - This section is responsible for establishing rules and policy, implementing the Three Member Panel's uniform schedules for maximum reimbursement allowances, resolving medical reimbursement disputes between providers and payers, and providing educational assistance and consultation on issues related to medical billing and reimbursements. Eliminating these positions would affect the Division's ability to timely resolve reimbursement disputes and provide educational and administrative support for our external customers.

2 FTE - 2 Insurance Specialist III (CPS) - The Centralized Performance System (CPS) Section is responsible for providing insurer performance information and trends that enables the Division and claim administrators to monitor performance and respond to penalty assessments for untimely filing and payment. These reductions would limit the Division's ability to timely monitor insurer performance and respond to penalty assessments.

2 FTE - 2 Government Analyst I (EDI) - The Electronic Data Interchange (EDI) Sections are responsible for assisting with claims, proof of coverage and medical EDI, as well as triage and training of EDI trading partners. These reductions would result in increased workloads for remaining staff and less training provided to stakeholders along with delays in correcting errors on filings both in claims and medical; application processing for new trading partners and submitters to be able to file claims and medical data; new carrier registration process; and, in assigning Division Assigned Numbers.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE BUREAU OF MONITORING AND AUDIT		33V2270

6 FTE -- 1 WC Administrator C - SES; 1 Gov Op. Consultant II and 4 Insurance Examiner II (Orlando Audit) - This section is responsible for examining claims-handling practices of insurers, self-insurers, self-insurance funds and other claims-handling entities. Eliminating these positions would affect the number of insurers audits and examinations conducted yearly by the Division and limit the Division's ability to enforce insurer's compliance with claims-handling practices and remove the Division's Bureau of Monitoring and Audit presence in Orlando.

These reductions represents approximately 20% of the Bureau of Monitoring and Audit positions.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2209 OPERATIONS ANALYST I							
C0007 001	1.00-	27,927-		18,063-	45,990-	0.00	45,990-
2224 GOVERNMENT ANALYST I							
C0004 001	2.00-	72,938-		38,882-	111,820-	0.00	111,820-
C0006 001	1.00-	36,469-		19,441-	55,910-	0.00	55,910-
2236 GOVERNMENT OPERATIONS CONSULTANT II							
C0002 001	1.00-	38,661-		19,795-	58,456-	0.00	58,456-
3512 INSURANCE SPECIALIST III							
C0005 001	2.00-	65,396-		37,666-	103,062-	0.00	103,062-
3524 INSURANCE EXAMINER II							
C0001 001	4.00-	145,876-		77,764-	223,640-	0.00	223,640-
3328 WORKERS' COMPENSATION ADMIN - SES							
C0003 001	1.00-	40,949-		21,330-	62,279-	0.00	62,279-

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE BUREAU OF MONITORING AND AUDIT		33V2270

POSITION DETAIL OF SALARIES AND BENEFITS:

FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS						
CHANGES TO CURRENTLY AUTHORIZED POSITIONS						
TOTALS FOR ISSUE BY FUND						
2795 WORKERS' COMP ADMIN TF						661,157-
12.00-	428,216-		232,941-	661,157-		661,157-

REDUCTION IN THE BUREAU OF COMPLIANCE		33V2280
SALARY RATE		000000
SALARY RATE.....	777,984-	
=====		
SALARIES AND BENEFITS		010000
WORKERS' COMP ADMIN TF -STATE	24.00- 1,228,883-	2795 1
=====		
TOTAL: REDUCTION IN THE BUREAU OF COMPLIANCE		33V2280
TOTAL POSITIONS.....	24.00-	
TOTAL ISSUE.....	1,228,883-	
TOTAL SALARY RATE.....	777,984-	
=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #016

IT COMPONENT? NO

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE BUREAU OF COMPLIANCE		33V2280

Legislative change would be required. Amendments to s.440.107(7)(d) are required to change the non-compliance employer penalty methodology from a premium-based penalty, which requires examining employers business records to determine payroll to an alternate penalty methodology. Any change in the statutory penalty structure may affect revenue received by the Workers' Compensation Administrative Trust Fund (WCATF), which may increase future WCATF assessment rates should revenue decrease.

This issue eliminates 24 full time positions and 1,228,883 from the Salaries and Benefits category within the Bureau of Compliance.

- 7 Regulatory Analyst III (Investigator) - Investigations Team
- 6 Insurance Specialist I - Exemption Team
- 1 Government Analyst I - Exemption Team
- 10 Insurance Specialist III - Penalty Team

The Bureau of Compliance is responsible for ensuring employers in Florida are in compliance with Florida's workers' compensation laws. Bureau personnel conduct on-site investigations and issue stop-work orders and penalties to non-compliant employers, pursuant to s. 440.107, F.S. In addition, certain personnel are responsible for reviewing, processing and issuing workers' compensation exemptions in a timely manner to qualified individuals, pursuant to S. 440.05, F.S.. The Penalty Team is responsible for calculating penalties for non-compliance based on employer's business records.

Eliminating these positions will result in fewer employer investigations conducted and increased time to process penalties and exemptions. An overall significant reduction of revenue will occur due to less enforcement actions.

These reductions represent approximately 18% of the Bureau of Compliance positions.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE BUREAU OF COMPLIANCE		33V2280

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
1643 REGULATORY ANALYST III C0001 001	7.00-	255,283-		136,085-	391,368-	0.00	391,368-
2224 GOVERNMENT ANALYST I C0003 001	1.00-	36,469-		19,441-	55,910-	0.00	55,910-
3508 INSURANCE SPECIALIST I C0002 001	6.00-	159,252-		107,044-	266,296-	0.00	266,296-
3512 INSURANCE SPECIALIST III C0004 001	10.00-	326,980-		188,329-	515,309-	0.00	515,309-

TOTALS FOR ISSUE BY FUND							
2795 WORKERS' COMP ADMIN TF							1,228,883-
	24.00-	777,984-		450,899-	1,228,883-		1,228,883-
	=====	=====	=====	=====	=====		=====

REDUCTION IN THE BUREAU OF EMPLOYEE ASSISTANCE							33V2310
SALARY RATE							000000
SALARY RATE.....	191,418-						
	=====						
SALARIES AND BENEFITS							010000
WORKERS' COMP ADMIN TF -STATE	6.00-	303,647-					2795 1
	=====	=====					

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: WORKERS' COMPENSATION			43600000
<u>WORKERS' COMPENSATION</u>			43600100
ECONOMIC OPPORTUNITIES			11
<u>WORKERS' COMPENSATION</u>			<u>1102.02.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCTION IN THE BUREAU OF EMPLOYEE ASSISTANCE			33V2310
OTHER PERSONAL SERVICES			030000
WORKERS' COMP ADMIN TF	-STATE	4,455-	2795 1
		=====	
TOTAL: REDUCTION IN THE BUREAU OF EMPLOYEE ASSISTANCE			33V2310
TOTAL POSITIONS.....	6.00-		
TOTAL ISSUE.....	308,102-		
TOTAL SALARY RATE.....	191,418-		
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #003

IT COMPONENT? NO

This issue eliminates six full time FTE's and 303,647 from the Salaries and Benefits category along with 4,455 from the OPS category.

4 FTE - Eliminate two (2) Government Analyst I positions on the Ombudsman Team located in Jacksonville and Pensacola; one (1) Insurance Specialist III position located in West Palm Beach on the Injured Worker Helpline Team; and one (1) Insurance Specialist III position located in Fort Walton Beach, which would close the FWB office. These positions provide assistance employers and to injured workers who have significant problems or questions regarding their workers' compensation claims. The Ombudsman Team handles referrals from Legislators and the Governor's Office. These reductions would remove the Bureau of Employee Assistance operations in Jacksonville, Pensacola, West Palm Beach and Fort Walton Beach and reduce the number of specialists available to provide assistance to injured workers and employers. These offices handle their daily workload thru telephone calls and emails so remaining staff around the state will be required to absorb the additional workload created if these positions are eliminated.

2 FTE - Eliminate two (2) Insurance Specialist I positions on the Records Management Team who currently work within the subpoena and public records team responding to requests made by the general public. These reductions would result in delays in acknowledging and responding to subpoenas and public records requests and delays in mail processing.

These represents represent approximately 11% of the Bureau of Employee Assistance positions.

COL A10 SCH VIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE BUREAU OF EMPLOYEE ASSISTANCE		33V2310

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
2224 GOVERNMENT ANALYST I							
C0001 001	2.00-	72,938-		38,882-	111,820-	0.00	111,820-
3508 INSURANCE SPECIALIST I							
C0003 001	2.00-	53,084-		35,681-	88,765-	0.00	88,765-
3512 INSURANCE SPECIALIST III							
C0002 001	2.00-	65,396-		37,666-	103,062-	0.00	103,062-

TOTALS FOR ISSUE BY FUND							
2795 WORKERS' COMP ADMIN TF							303,647-
	6.00-	191,418-		112,229-	303,647-		303,647-
	=====	=====	=====	=====	=====		=====

REDUCTION IN THE SPECIAL DISABILITY TRUST FUND							33V2320
SALARY RATE							000000
SALARY RATE.....	99,480-						
	=====						
SALARIES AND BENEFITS							010000
3.00-							
WORKERS' COMP SPEC DISAB TF-STATE	157,367-						2798 1
	=====						

COL A10		
SCH VIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: WORKERS' COMPENSATION		
		43600000
<u>WORKERS' COMPENSATION</u>		
		43600100
ECONOMIC OPPORTUNITIES		
		11
<u>WORKERS' COMPENSATION</u>		
		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
REDUCTION IN THE SPECIAL DISABILITY		
TRUST FUND		
		33V2320
OTHER PERSONAL SERVICES		
		030000
WORKERS' COMP SPEC DISAB TF-STATE	17,550-	2798 1
	=====	
SPECIAL CATEGORIES		
		100000
CONTRACTED SERVICES		
		100777
WORKERS' COMP SPEC DISAB TF-STATE	15,000-	2798 1
	=====	
TOTAL: REDUCTION IN THE SPECIAL DISABILITY		33V2320
TRUST FUND		
TOTAL POSITIONS.....	3.00-	
TOTAL ISSUE.....	189,917-	
TOTAL SALARY RATE.....	99,480-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIB-2 NARR 20-21 NARRATIVE:
 Priority #019

IT COMPONENT? NO

This issue eliminates three full time FTE and 157,367 from the Salaries and Benefits category along with 17,550 OPS funding within the Special Disability Trust Fund (SDTF), of the Bureau of Financial Accountability. This issue would reduce the contract services category by 15,000 in SDTF if the positions are eliminated.

- 1 - FTE - Insurance Administrator C - SES
- 1 - FTE - Insurance Specialist I
- 1 - FTE - Workers' Compensation Specialist

In accordance with F.S. 440.49, the above positions audit second injury reimbursement requests from carriers; processes and reconciles the SDTF payments to carriers totaling 38 million dollars annually; and handles the imaging and destruction of historic SDTF claim files. The Division has begun to see a decline in SDTF reimbursement requests; however, the proposed reductions will result in carriers experiencing long delays in the processing of their reimbursement requests, a significant increase in audit review time and extended delays in processing SDTF reimbursement payments.

These reductions represent approximately 23% of the Special Disability Trust Fund section within the Bureau of Financial Accountability.

COL A10 SCH VIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: WORKERS' COMPENSATION		43600000
<u>WORKERS' COMPENSATION</u>		43600100
ECONOMIC OPPORTUNITIES		11
<u>WORKERS' COMPENSATION</u>		<u>1102.02.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE SPECIAL DISABILITY TRUST FUND		33V2320

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
3322 WORKERS' COMPENSATION SPECIALIST							
C0003 001	1.00-	36,469-		19,441-	55,910-	0.00	55,910-
3508 INSURANCE SPECIALIST I							
C0002 001	1.00-	26,542-		17,840-	44,382-	0.00	44,382-
3533 INSURANCE ADMINISTRATOR C - SES							
C0001 001	1.00-	36,469-		20,606-	57,075-	0.00	57,075-
TOTALS FOR ISSUE BY FUND							
2798 WORKERS'COMP SPEC DISAB TF							157,367-
	3.00-	99,480-		57,887-	157,367-		157,367-

TOTAL: WORKERS' COMPENSATION							<u>1102.02.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	55.00-						
SALARY RATE.....		3,852,039-					2000
		1,827,523-					
		=====					

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: INVEST/FORENSIC SVCS			43700000
<u>FISCAL INTEGRITY</u>			43700400
PUBLIC PROTECTION			12
<u>CONSUMER SAFETY/PROTECTION</u>			<u>1205.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
ELIMINATE THE OFFICE OF FISCAL			
INTEGRITY			33V3380
SALARY RATE			000000
SALARY RATE.....	459,004-		
	=====		
SALARIES AND BENEFITS			010000
	9.00-		
INSURANCE REG TF	-STATE 655,054-		2393 1
	=====		
EXPENSES			040000
INSURANCE REG TF	-STATE 35,700-		2393 1
	=====		
SPECIAL CATEGORIES			100000
CONTRACTED SERVICES			100777
INSURANCE REG TF	-STATE 7,300-		2393 1
	=====		
OPERATION/MOTOR VEHICLES			102289
INSURANCE REG TF	-STATE 3,100-		2393 1
	=====		
SALARY INCENTIVE PAYMENTS			103290
INSURANCE REG TF	-STATE 3,120-		2393 1
	=====		
TOTAL: ELIMINATE THE OFFICE OF FISCAL			33V3380
INTEGRITY			
TOTAL POSITIONS.....	9.00-		
TOTAL ISSUE.....	704,274-		
TOTAL SALARY RATE.....	459,004-		
	=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #014

IT COMPONENT? NO

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: INVEST/FORENSIC SVCS		43700000
<u>FISCAL INTEGRITY</u>		43700400
PUBLIC PROTECTION		12
<u>CONSUMER SAFETY/PROTECTION</u>		<u>1205.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
ELIMINATE THE OFFICE OF FISCAL INTEGRITY		33V3380

Requires Legislative Change to ss. 20.121(2)(e), F.S.

This issue proposes to eliminate the Office of Fiscal Integrity, including the nine positions included in this budget entity. This is a budget reduction of 704,274, eliminating all five appropriation categories, included 655,054 of Salaries and Benefits, 35,700 of Expenses, 7,300 of Contracted Services, 3,100 of Operation of Motor Vehicles, and 3,120 of Criminal Justice Incentive Payments budget authority. The position reductions include a Lieutenant, two Law Enforcement Investigator II's, two Professional Accountant Specialists, two Government Analysts, a Senior Management Analyst Supervisor-SES, and a Financial Investigator. This reduction would significantly impact the Office of Fiscal Integrity.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
C1007 001	9.00-	459,004-		196,050-	655,054-	0.00	655,054-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							655,054-
	9.00-	459,004-		196,050-	655,054-		655,054-

TOTAL: CONSUMER SAFETY/PROTECTION							<u>1205.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	9.00-	704,274-					2000
SALARY RATE.....	459,004-						
	=====						

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE FLORIDA PUBLIC		
HURRICANE LOSS PROJECTION MODEL		33V0040
SPECIAL CATEGORIES		100000
FL PUBLIC HURR LOSS MODEL		100515
INSURANCE REG TF	-STATE	484,845-
		=====
		2393 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #107

IT COMPONENT? NO

Budget Entity: Office of Insurance Regulation - Compliance & Enforcement

Issue Title: Florida Public Hurricane Loss Projection Model (Public Model) - Maintenance and Support

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description:

The Public Model, housed at Florida International University (FIU), was created in 2001 to be the first public, transparent model of its kind in the United States. It is the work product of the state university system including large contributions of resources from FIU, the University of Florida, and the Florida State University.

The Office runs most residential rate filings through the Public Model. Every assumption and method of the Public Model is open to public inspection. This gives greater transparency to the rate review process. Private models are proprietary and therefore the calculations and methodologies they use are trade secret or what the industry calls, inside a "black box."

The Legislature pursued the creation of a Public Model in order to bring the rate making process into the sunshine and create consumer confidence by making the process transparent. Without the Public Model, the sole objective basis for rate determinations would be the insurer's own selected private model. The Public Model gives the Office the ability to determine the propriety of the reinsurance factors independent of the model used in rate filings in many instances. Without it, rate filings may need to be litigated, insurance companies may not be able to get needed rate increases and policyholders may not receive deserved rate reductions. Additionally, Section 627.351(6)(n), Florida Statutes as enacted in 2009 requires that the Public Model serve as the minimum benchmark for determining the windstorm portion of the rates for Citizens Property Insurance Corporation.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900100
OFFICE OF INSURANCE REG		43900110
COMP & ENFORCE- INSURANCE		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
REGULATION AND LICENSING		33V0000
PROGRAM REDUCTIONS		
REDUCTION IN THE FLORIDA PUBLIC		
HURRICANE LOSS PROJECTION MODEL		33V0040

FIU is under contract with the Office to continue to develop, maintain and support the Public Model and to provide model related services to the Office, including, but not limited to: running insurance policy file data through the Model, generating annual average loss cost estimates, and providing output reports to the Office.

The Florida Legislature provides the Office with \$969,689 in recurring funds for the Fiscal Year 2019-2020 in order to pay for rate filing runs and to support and maintain the Public Model. Maintenance and support services may include, but is not limited to: the retention of graduate students working on the Public Model; payment of invoices for necessary subcontractors concerning the Public Model; computer science center services related to the Public Model; conducting routine upgrade of the Public Model to incorporate new input data (for example, new meteorological data, and new data on insured losses); and the continued license of necessary software to operate and maintain the Public Model. A reduction in this contract would have a significant impact. It would be severe and would only provide output for approximately 25 or so model runs. All work on upgrading and revising the model to meet future FCHLPM standards will be impacted and service to OIR will be curtailed as will any detailed analysis of output. The ability to maintain the hardware and software infrastructure will also diminish significantly. In all likelihood the project will not be viable. In addition, for ratemaking, the public model is required by law to be certified by the Commission on Hurricane Loss Projection Methodology which mandates periodic changes in the existing model in order to meet its standards.

REDUCE BUSINESS UNIT EXPENSES 33V0050
 EXPENSES 040000

INSURANCE REG TF -STATE 121,000- 2393 1
 =====

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #104

IT COMPONENT? NO

Budget Entity: Office of Insurance Regulation - Compliance & Enforcement

Issue Title: Reduction in Travel Expenses - Compliance and Enforcement

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

COL A10		
SCH VIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE BUSINESS UNIT EXPENSES		33V0050

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the Office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

The Office of Insurance Regulation (Office) utilizes the Expenses appropriation for to operate the Office and meet the Office's regulatory and statutory requirements. Currently, the Office receives \$2.5 million in Expenses appropriation. Expenditures for this category include, but are not limited to, are office rent to DMS (almost \$1.1 million), computer equipment, training, travel, office supplies, and other important needs. These are important to the Office so that it may fulfill our statutory requirements.

A significant portion of the Office's appropriated expense funding is used for examiner travel to property, casualty, life and health insurance companies to examine books and records to regulate solvency. It is important to note that the travel expenses are paid with the Office's appropriated expense funds and then the insurance company being examined pays back the cost of the examination into the Insurance Regulatory Trust Fund. The Office does not have an appropriation to reimburse these funds back into its operating budget. In an effort to comply with mission-critical travel laws and to manage these reductions, the Office has reduced travel expense utilization. A further reduction to the Office's appropriated expense allotment will result in Office staff receiving less job-specific training that is needed. This reduction would moderately impede the fulfillment of the Office's essential regulatory and statutory requirements.

REDUCE EXPENSES - COMPLIANCE AND ENFORCEMENT EXPENSES		33V0230
		040000
INSURANCE REG TF	-STATE	2393 1
	590,160-	
	=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSES - COMPLIANCE AND		
ENFORCEMENT		33V0230

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 PRIORITY #106

Budget Entity: Office of Insurance Regulation - Compliance & Enforcement

Issue Title: Reduction in Expenses - Compliance and Enforcement

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the Office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

The Office of Insurance Regulation (Office) utilizes the Expenses appropriation for to operate the Office and meet the Office's regulatory and statutory requirements. Currently, the Office receives \$2.5 million in Expenses appropriation. Expenditures for this category include, but are not limited to, are office rent to DMS (almost \$1.1 million), computer equipment, training, travel, office supplies, and other important needs. These are important to the Office so that it may fulfill our statutory requirements.

A significant portion of the Office's appropriated expense funding is used for examiner travel to property, casualty, life and health insurance companies to examine books and records to regulate solvency. It is important to note that the travel expenses are paid with the Office's appropriated expense funds and then the insurance company being examined pays back the cost of the examination into the Insurance Regulatory Trust Fund. The Office does not have an appropriation to reimburse these funds back into its operating budget.

The Office's appropriated expense budget has been reduced by over \$700,000 since 2007. In an effort to comply with

COL A10		
SCH VIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: FINANCIAL SVCS COMM		
		43900000
OFFICE OF INSURANCE REG		
		43900100
COMP & ENFORCE- INSURANCE		
		43900110
PUBLIC PROTECTION		
		12
REGULATION AND LICENSING		
		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
REDUCE EXPENSES - COMPLIANCE AND		
ENFORCEMENT		
		33V0230

mission-critical travel laws and to manage these reductions, the Office has reduced travel expense utilization. A further reduction to the Office's appropriated expense allotment will result in Office staff receiving less job-specific training and may impede operations by restricting expenditures relating to postage, office supplies, records storage, equipment and pertinent legal and insurance subscriptions. A reduction would significantly impede the fulfillment of the Office's essential regulatory and statutory requirements.

ELIMINATE SCANNING UNIT - OFFICE		
OF INSURANCE REGULATION		33V0720
SALARY RATE		000000
SALARY RATE.....	26,283-	
	=====	
SALARIES AND BENEFITS		010000
INSURANCE REG TF	-STATE 1.00- 44,082-	2393 1
	=====	
OTHER PERSONAL SERVICES		030000
INSURANCE REG TF	-STATE 11,000-	2393 1
	=====	
EXPENSES		040000
INSURANCE REG TF	-STATE 1,200-	2393 1
	=====	
TOTAL: ELIMINATE SCANNING UNIT - OFFICE		33V0720
OF INSURANCE REGULATION		
TOTAL POSITIONS.....	1.00-	
TOTAL ISSUE.....	56,282-	
TOTAL SALARY RATE.....	26,283-	
	=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
ELIMINATE SCANNING UNIT - OFFICE		
OF INSURANCE REGULATION		33V0720

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 PRIORITY #102

Budget Entity: Office of Insurance Regulation - Compliance and Enforcement

Issue Title: Eliminate Scanning Unit

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

The Office created the scanning unit three years ago to start scanning and cataloging many different types of Office documents such as Charter Files, Title Insurance documents, Financial examination reports, and Financial statements. The scanning unit utilizes the Other Personal Services (OPS) category to hire temporary staff and Expenses category. This reduction would eliminate 1 part-time OPS employee and 1 full-time FTE, which is currently filled. This issue would reduce the OPS budget category by \$11,000 and \$1,200 in Expenses. While this reduction would have a minimal impact, it would add additional duties to each business unit. They would be responsible for scanning their own documents.

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
ELIMINATE SCANNING UNIT - OFFICE OF INSURANCE REGULATION		33V0720

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
NEW POSITIONS							
P101 PROPOSED CLASS CODE							
P0001 001	1.00-	26,283-		17,799-	44,082-	0.00	44,082-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							44,082-
	1.00-	26,283-		17,799-	44,082-		44,082-

REDUCTION IN THE OPERATING CAPITAL							
OUTLAY CATEGORY							33V1120
OPERATING CAPITAL OUTLAY							060000
INSURANCE REG TF	-STATE	47,200-					2393 1

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 PRIORITY #101

Budget Entity: Office of Insurance Regulation - Compliance and Enforcement

Issue Title: Reduction in Operating Capital Category (OCO)

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN THE OPERATING CAPITAL		
OUTLAY CATEGORY		33V1120

Reference to Long-Range Program Plan:
 Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the Office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

The Office of Insurance Regulation (Office) utilizes the OCO appropriation primarily for its maintaining and replacing of standard laptop computers and desktop computers. The laptops are critical for the Office insurance examiners especially when they are traveling for examinations of insurance entities. This funding is also important for other necessary large I.T. equipment such as network printers and scanners. Currently, the Office receives only \$98,000 in appropriation. This reduction would have a minimal impact but would impede the fulfillment of the Office's essential regulatory and statutory requirements. The Office then would have to use the 5% transfer authority, when needed, to provide additional OCO funding as needed.

REDUCE CONTRACTED SERVICES		33V1300
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777
INSURANCE REG TF	-STATE	267,600-
		=====
		2393 1

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #105

IT COMPONENT? NO

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES		33V1300

Budget Entity: Office of Insurance Regulation - Compliance and Enforcement

Issue Title: Reduction in Contracted Services

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

Contracted Services allows the Office to enable mandated data collection for insurers and agencies, and to make additional needed changes to keep up with volume and newer technology used by regulated entities and other regulators. The Office Contracted Services also provides funding for staff augmentation to maintain and support existing technology applications which is increasingly difficult because of aging infrastructure. The Office is still continuing the process of upgrading some aging infrastructure including its electronic data management system to process rate filings.

Therefore, cutting contracted services will significantly impede the development of new tools that would keep the Office up-to-date and provide quality customer service. These services also include other professional and technical functions needed to provide a quality level of service to policymakers, the insurance industry and to the insurance-buying public. Reduction of the contracted services budget and resulting delay in projects would be significant and negatively impact speed-to-market of insurance products to consumers and slow job creation that results when insurers introduce new programs. Additionally, the Office, as in the past, will continue to need contracted services funding to engage economists, actuaries and other consultants to perform statutorily-required complex reporting on the insurance industry in addition to actuarial audits and studies to provide market analysis on specific issues to policymakers and the Governor and Cabinet.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES
FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF INSURANCE REG			43900100
COMP & ENFORCE- INSURANCE			43900110
PUBLIC PROTECTION			12
REGULATION AND LICENSING			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE OTHER PERSONAL SERVICES			
FUNDING			33V2240
OTHER PERSONAL SERVICES			030000
INSURANCE REG TF	-STATE	87,050-	2393 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 PRIORITY #103

Budget Entity: Office of Insurance Regulation - Compliance and Enforcement

Issue Title: Reduction in Other Personal Services (OPS)

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the Office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

The Office of Insurance Regulation (Office) utilizes the Other Personal Services (OPS) category to hire temporary staff as needed to accomplish the mission of the Office. Currently, the Office only receives \$290,169 in OPS appropriation from the Insurance Regulatory Trust Fund. This reduction would have a moderate impact but would impede the fulfillment of the Office's essential regulatory and statutory requirements. The Office then would have to use the 5% transfer authority, when needed, to provide additional OPS funding as needed.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: FINANCIAL SVCS COMM		
		43900000
OFFICE OF INSURANCE REG		
		43900100
COMP & ENFORCE- INSURANCE		
		43900110
PUBLIC PROTECTION		
		12
REGULATION AND LICENSING		
		1204.00.00.00
PROGRAM REDUCTIONS		
		33V0000
REDUCE POSITION(S) - OFFICE OF		
INSURANCE REGULATION - OPERATIONAL		
REDUCTIONS		
		33V3110
SALARY RATE		
		000000
SALARY RATE.....	587,634-	
	=====	
SALARIES AND BENEFITS		
		010000
INSURANCE REG TF	-STATE 16.00- 899,353-	2393 1
	=====	
TOTAL: REDUCE POSITION(S) - OFFICE OF		
		33V3110
INSURANCE REGULATION - OPERATIONAL		
REDUCTIONS		
TOTAL POSITIONS.....	16.00-	
TOTAL ISSUE.....	899,353-	
TOTAL SALARY RATE.....	587,634-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #108

IT COMPONENT? NO

Budget Entity: Office of Insurance Regulations - Compliance and Enforcement

Issue Title: Reduction of Vacant Positions - Compliance and Enforcement

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates. Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the Office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
REDUCE POSITION(S) - OFFICE OF		
INSURANCE REGULATION - OPERATIONAL		
REDUCTIONS		33V3110

For Fiscal Year 2019-20, the Office has 283 FTE and is comprised of two budget entities: Compliance & Enforcement and Executive Direction. The Office is a small agency and has already been reduced from a high number of 315 positions in Fiscal Year 2007-08 to the current 283 positions. Any further FTE reduction will significantly impede the Office's ability to perform statutorily required functions and will decrease service to the insurance industry by slowing insurance company application reviews thereby slowing products to consumers, job creation from new products and new insurance entity licensure.

The Office makes diligent efforts to fill vacant positions quickly. Since 2007, Office personnel resources have been reduced by 32 FTE with no substantive reduction in regulatory responsibility. The Office now has regulatory responsibility for over 4,400 insurance entities which is a substantial increase since the Office's creation in 2003. Losing additional positions would have a significant impact on the core mission of the Office. If a reduction is required, for the implementation of this issue, the Office will identify the positions in the Compliance and Enforcement budget entity. Mission critical positions would be maintained. The reductions would be based on vacant positions along with the consideration of the tenure and performance of current employees, and the functions of the positions.

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
NEW POSITIONS							
P101 PROPOSED CLASS CODE							
P0002 001	16.00-	587,634-		311,719-	899,353-	0.00	899,353-
TOTALS FOR ISSUE BY FUND							
2393 INSURANCE REG TF							899,353-
	16.00-	587,634-		311,719-	899,353-		899,353-

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
COMP & ENFORCE- INSURANCE		43900110
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
TOTAL: REGULATION AND LICENSING		<u>1204.00.00.00</u>
BY FUND TYPE		
	17.00-	
TRUST FUNDS.....	2,553,490-	2000
SALARY RATE.....	613,917-	
	=====	
<u>EXEC DIR & SUPORT SERVICES</u>		43900120
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSES - EXECUTIVE		
DIRECTION		33V0240
EXPENSES		040000
INSURANCE REG TF	-STATE 41,490-	2393 1
	=====	

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 PRIORITY #106

Budget Entity: Office of Insurance Regulation - Executive Direction

Issue Title: Reduction in Expenses

Reference to Long-Range Program Plan:
 Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the Office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900100
OFFICE OF INSURANCE REG		43900120
EXEC DIR & SUPORT SERVICES		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
REGULATION AND LICENSING		33V0000
PROGRAM REDUCTIONS		
REDUCE EXPENSES - EXECUTIVE		33V0240
DIRECTION		

marketplace trends.

The Office of Insurance Regulation (Office) utilizes the Expenses appropriation for to operate the Office and meet the Office's regulatory and statutory requirements. Currently, the Office receives \$2.5 million in Expenses appropriation. Expenditures for this category include, but are not limited to, are office rent to DMS (almost \$1.1 million), computer equipment, required training, travel, office supplies, and other important needs. These are important to the Office so that it may fulfill our statutory requirements.

A significant portion of the Office's appropriated expense funding is used for examiner travel to property, casualty, life and health insurance companies to examine books and records to regulate solvency. It is important to note that the travel expenses are paid with the Office's appropriated expense funds and then the insurance company being examined pays back the cost of the examination into the Insurance Regulatory Trust Fund. The Office does not have an appropriation to reimburse these funds back into its operating budget.

The Office's appropriated expense budget has been reduced by over \$700,000 since 2007. In an effort to comply with mission-critical travel laws and to manage these reductions, the Office has reduced travel expense utilization. A further reduction to the Office's appropriated expense allotment will result in Office staff receiving less job-specific training and may impede operations by restricting expenditures relating to postage, office supplies, records storage, equipment and pertinent legal and insurance subscriptions. A reduction would significantly impede the fulfillment of the Office's essential regulatory and statutory requirements.

REDUCE CONTRACTED SERVICES		33V1300
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777

INSURANCE REG TF	-STATE	32,450-	2393	1
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AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 PRIORITY #105

IT COMPONENT? NO

Budget Entity: Office of Insurance Regulation - Executive Direction

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF INSURANCE REG		43900100
<u>EXEC DIR & SUPORT SERVICES</u>		43900120
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES		33V1300

Issue Title: Reduction in Contracted Services

Reference to Long-Range Program Plan:

Goal 2: Protect the public from illegal, unethical insurance products and practices.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

Filings are reviewed to determine compliance with applicable actuarial standards, statutory provisions, and administrative rules. Additionally, the office conducts market investigations and analyzes market trends for the fair treatment of policyholders. Examinations and investigations are conducted as required to address consumer issues and marketplace trends.

Contracted Services allows the Office to enable legislative mandated data collection for insurers and agencies, and to make additional needed changes to keep up with volume and newer technology used by regulated entities and other regulators. The Office Contracted Services also provides funding for staff augmentation to maintain and support existing technology applications which is increasingly difficult because of aging infrastructure. The Office is still continuing the process of upgrading some aging infrastructure including its electronic data management system to process rate filings.

Therefore, cutting contracted services will significantly impede the development of new tools that would keep the Office up-to-date and provide quality customer service. These services also include other professional and technical functions needed to provide a quality level of service to policymakers, the insurance industry and to the insurance-buying public. Reduction of the contracted services budget and resulting delay in projects would be significant and negatively impact speed-to-market of insurance products to consumers and slow job creation that results when insurers introduce new programs. Additionally, the Office, as in the past, will continue to need contracted services funding to engage economists, actuaries and other consultants to perform statutorily-required complex reporting on the insurance industry in addition to actuarial audits and studies to provide market analysis on specific issues to policymakers and the Governor and Cabinet.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			
			43000000
PGM: FINANCIAL SVCS COMM			
			43900000
OFFICE OF INSURANCE REG			
			43900100
<u>EXEC DIR & SUPORT SERVICES</u>			
			43900120
PUBLIC PROTECTION			
			12
<u>REGULATION AND LICENSING</u>			
			<u>1204.00.00.00</u>
TOTAL: REGULATION AND LICENSING			
			<u>1204.00.00.00</u>
BY FUND TYPE			
TRUST FUNDS.....	73,940-		2000
	=====		
OFFICE OF FINANCIAL REG			
			43900500
<u>SFTY & SOUND ST BKG SYST</u>			
			43900530
PUBLIC PROTECTION			
			12
<u>REGULATION AND LICENSING</u>			
			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			
			33V0000
REDUCE POSITION(S) - OFFICE OF			
FINANCIAL REGULATION - FINANCIAL			
INSTITUTIONS			
			33V0500
SALARY RATE			
			000000
SALARY RATE.....	114,179-		
	=====		
SALARIES AND BENEFITS			
			010000
FINANCIAL INST REG TF	-STATE	3.00- 173,271-	2275 1
		=====	
EXPENSES			
			040000
FINANCIAL INST REG TF	-STATE	5,400-	2275 1
		=====	
TOTAL: REDUCE POSITION(S) - OFFICE OF			
			33V0500
FINANCIAL REGULATION - FINANCIAL			
INSTITUTIONS			
TOTAL POSITIONS.....	3.00-		
TOTAL ISSUE.....	178,671-		
TOTAL SALARY RATE.....	114,179-		
	=====		

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #202

Reference to Long-Range Program Plan:
 Goal #1: Improve Taxpayer Value

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900500
OFFICE OF FINANCIAL REG		43900530
SFTY & SOUND ST BKG SYST		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
REGULATION AND LICENSING		33V0000
PROGRAM REDUCTIONS		
REDUCE POSITION(S) - OFFICE OF		
FINANCIAL REGULATION - FINANCIAL		
INSTITUTIONS		33V0500

- Goal #2: Deliver Value to Businesses
- Goal #3: Promote a Safe and Sound Financial Marketplace

Issue Description/Need: This issue proposes a reduction of three positions and the associated budget from the Division of Financial Institutions. The Division is responsible for examining all state financial institutions to ensure they are operating in a safe and sound manner as mandated either by statute or economic conditions. The Division's examination staff is a key part in meeting both conditions. According to F.S. 655.045, The Office may accept an examination of a state financial institution made by an appropriate federal regulatory agency or may conduct a joint or concurrent examination of the institution with the federal agency. However, federal counterparts have reprioritized their examination process and will not be conducting as many exams on the smaller institutions located in Florida. Therefore, more examinations will be required by the Division in order to meet the mandated 18 month time frame between examinations.

Ultimate Outcome: The financial condition of financial institutions across Florida has continued to show improvement since the Great Recession, and the number of troubled financial institutions has continued to decline. Florida's strengthening economy and decreasing federal regulatory burden have had positive impacts on Florida's financial institutions, fueling merger and acquisition activity. Although this activity has resulted in a decline in the number of regulated institutions, the total assets of these institutions have increased. Therefore, the loss of these positions will have a minimal impact on the Division.

Detail of Costs:

SALARIES and BENEFITS:

Quantity	Description	Amount	Non-Recurring
(3)	Reduce FEA II, PG 023 @ \$57,757 each Salaries and Benefits	(\$173,271)	\$0

COL A10			
SCH VIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF FINANCIAL REG			43900500
SFTY & SOUND ST BKG SYST			43900530
PUBLIC PROTECTION			12
REGULATION AND LICENSING			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE OTHER PERSONAL SERVICES			
(OPS) EXAMINERS AND ASSOCIATED			
EXPENSES			33V0510
OTHER PERSONAL SERVICES			030000
FINANCIAL INST REG TF	-STATE	375,000-	2275 1
		=====	
EXPENSES			040000
FINANCIAL INST REG TF	-STATE	126,277-	2275 1
		=====	
TOTAL: REDUCE OTHER PERSONAL SERVICES			33V0510
(OPS) EXAMINERS AND ASSOCIATED			
EXPENSES			
TOTAL ISSUE.....		501,277-	
		=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIB-2 NARR 20-21 NARRATIVE:
 Priority #217

IT COMPONENT? NO

Reference to Long-Range Program Plan:

- Goal #1: Improve Taxpayer Value
- Goal #2: Deliver Value to Businesses
- Goal #3: Promote a Safe and Sound Financial Marketplace

Issue Description/Need: OPS Contract Examiners - Currently within the Division, OPS Contract Examiners provide institutional examination services on a variable and as needed basis. These provide an excellent variable workforce alternative and provide an exceptional stop-gap during times of peak work load or FTE attrition. These OPS examiners are typically tenured and retirees from various federal and state regulatory agencies and represent an experienced and well trained work force who are able to handle a diverse workload from the simplest institutional exam to the most complex and can deploy to an institutional exam quickly and with little to no lead time.

A reduction within the OPS Contract Examiner Program will limit the Division's ability to provide institutional exams according to the statutory cycle and will critically impact the Division's ability to promote a safe and sound financial marketplace whereby placing the citizens of Florida in a position of risk and financial loss.

Further, public confidence in Florida's financial institution industry will be significantly eroded, which will have a

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900500
OFFICE OF FINANCIAL REG		43900530
SFTY & SOUND ST BKG SYST		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
REGULATION AND LICENSING		33V0000
PROGRAM REDUCTIONS		
REDUCE OTHER PERSONAL SERVICES		
(OPS) EXAMINERS AND ASSOCIATED		
EXPENSES		33V0510

direct impact on Florida's ability to assist the private sector to create jobs and attract new industry.

The Division's financial institution regulatory program has been accredited for approximately 30 years by the Conference of State Bank Supervisors (CSBS) and National Association of State Credit Union Supervisors (NASCUS). The status of both the CSBS and NASCUS accreditations will be at risk due to the reductions in regulatory resources and inability to meet our accreditation Best Practice standards. It is imperative that this status of good standing be maintained in order to satisfy the regulatory requirements of our federal counterparts (FDIC, Federal Reserve Bank (FRB), Office of the Comptroller of the Currency (OCC) and the National Credit Union Association (NCUA).

Ultimate Outcome: A reduction within the OPS Contract Examiner Program will limit the Division's ability to provide institutional exams according to the statutory cycle and will critically diminish the Division's ability to promote a safe and sound financial marketplace whereby placing the citizens of Florida in a position of risk and financial loss. Consequently, public confidence in Florida's financial institution industry will erode, which will result in Florida's institutions losing their customer base ultimately resulting in degradation of institutional earning and capital and possibly failure.

Further, if the Division were unable to fulfill its mandate to provide institutional exams according to the statutory cycle, it will damage the regulatory reputation of the Division and place in question the credibility of the Division to our federal regulatory counterparts thus damaging the working relationship now in place and so critical to the safety and soundness of Florida's financial institutions.

Detail of Costs:

Quantity	Description	Amount	Non-Recurring
	Reduction in the contract examiner program	(\$375,000)	\$-0-

Expenses:

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SFTY & SOUND ST BKG SYST		43900530
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
REDUCE OTHER PERSONAL SERVICES (OPS) EXAMINERS AND ASSOCIATED EXPENSES		33V0510

Quantity	Description	Amount	Non-Recurring
	Reduction in expenses	(\$126,277)	\$-0-
	Issue Total	(\$501,277)	

REDUCE EXAMINER(S) - OFFICE OF FINANCIAL REGULATION - FINANCIAL INSTITUTIONS		33V0550
SALARY RATE		000000
SALARY RATE.....	152,239-	
SALARIES AND BENEFITS		010000
FINANCIAL INST REG TF -STATE	4.00- 231,028-	2275 1
EXPENSES		040000
FINANCIAL INST REG TF -STATE	7,200-	2275 1
TOTAL: REDUCE EXAMINER(S) - OFFICE OF FINANCIAL REGULATION - FINANCIAL INSTITUTIONS		33V0550
TOTAL POSITIONS.....	4.00-	
TOTAL ISSUE.....	238,228-	
TOTAL SALARY RATE.....	152,239-	

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #206

IT COMPONENT? NO

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SFTY & SOUND ST BKG SYST		43900530
<u>PUBLIC PROTECTION</u>		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXAMINER(S) - OFFICE OF		
FINANCIAL REGULATION - FINANCIAL		
INSTITUTIONS		33V0550

Reference to Long-Range Program Plan:
 Goal #1: Improve Taxpayer Value
 Goal #2: Deliver Value to Businesses
 Goal #3: Promote and Safe and Sound Financial Marketplace

Issue Description/Need: This issue proposes a reduction of four positions and the associated budget from the Division of Financial Institutions. The Division is responsible for examining all state financial institutions to ensure they are operating in a safe and sound manner as mandated either by statute or economic conditions. The Division's examination staff is a key part in meeting both conditions. According to F.S. 655.045, The Office may accept an examination of a state financial institution made by an appropriate federal regulatory agency or may conduct a joint or concurrent examination of the institution with the federal agency. However, federal counterparts have reprioritized their examination process and will not be conducting as many exams on the smaller institutions located in Florida. Therefore, more examinations will be required by the Division in order to meet the mandated 18 month time frame between examinations.

Ultimate Outcome: The loss of these positions will have a significant impact on the Division. In recent years, several key examination staff that had more than thirty years of experience retired, creating a loss of knowledge. The training of examiners takes significant time and money. Reduction of these positions would have a significant impact as the Division of Financial Institutions needs to have ample staff moving through the training process so they can assist the Office in being able to meet its mandates. This staff may also be able to assist in the training of new examiners as they are onboarded. In addition to losing the most experienced team member through retirement, examiners with five to ten years of experience are seeking highly competitive jobs outside the agency, adding to the necessity of retaining staff.

Detail of Costs:

SALARIES and BENEFITS:

Quantity	Description	Amount	Non-Recurring
(4)	Reduce FEA II, PG 023 \$57,757 each Salaries and Benefits	(\$231,028)	\$0

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SFTY & SOUND ST BKG SYST		43900530
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXAMINER(S) - OFFICE OF		
FINANCIAL REGULATION - FINANCIAL		
INSTITUTIONS		33V0550

EXPENSES:

Quantity	Description	Amount	Non-Recurring
(4)	Reduce Expenses	\$1,800	(\$7,200)

Issue Total (\$238,228) \$0

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
N0001 001	4.00-	152,239-		78,789-	231,028-	0.00	231,028-
TOTALS FOR ISSUE BY FUND							
2275 FINANCIAL INST REG TF	4.00-	152,239-		78,789-	231,028-		231,028-

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SFTY & SOUND ST BKG SYST		43900530
<u>PUBLIC PROTECTION</u>		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES		
APPROPRIATION - OFFICE OF FINANCIAL		
REGULATION - BANKING		33V0630
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777
FINANCIAL INST REG TF	-STATE	286,414-
		=====
		2275 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #208

IT COMPONENT? NO

Reference to Long-Range Program Plan:

- Goal #1: Improve Taxpayer Value
- Goal #2: Deliver Value to Businesses
- Goal #3: Promote a Safe and Sound Financial Marketplace

Issue Description/Need: Contracted Services The Division of Financial Institutions contains a Licensing and Chartering section which receives and processes licenses and charters of state-chartered financial institutions which include banks, credit unions, international bank agency offices, Trust companies and Family Trust companies. This licensing and chartering process requires the parties to submit an application for licensure or charter for consideration and approval by the Division. A critical component to this licensing and chartering application process is a background check of all parties who are substantially involved with the financial institution for whom the application has been received. Applications are received for (1) Changes in Control of Ownership, (2) de novo institutions, (3) start up Trust companies, (4) charter conversions from national to state charter status, (5) mergers and acquisitions of institutions, (6) change of officers and directors of the institution, and (7) new appointment of officers and directors of the institution.

These background checks are a critical component in the application process to assure that the individual's who own or manage a state financial institution are of good moral and ethical character and without a criminal history or a history of causing financial loss to a financial institution.

In addition to the licensing and chartering duties, Contracted Services also includes costs associated with legal matters such as expert witnesses, court reporting and required public notifications regarding mergers and acquisitions filed with the Office. Expert witnesses are a key component when the Division is involved with litigation, with court reporting a required part of litigation. Public notifications are required by law when processing mergers and acquisitions filed with the Office.

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SFTY & SOUND ST BKG SYST		43900530
<u>PUBLIC PROTECTION</u>		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES		
APPROPRIATION - OFFICE OF FINANCIAL		
REGULATION - BANKING		33V0630

A reduction within the Contracted Services will limit the Division's ability to thoroughly conduct application background checks which would compromise the ability of the Division to assure that state chartered institutions are held and managed in a safe and sound manner and that individuals who have a criminal or questionable history or are of unethical, immoral, or questionable character are excluded from holding or managing a financial institution. The Division of Financial Institutions has experienced an increase in the number of background checks performed due to ongoing merger and acquisition activity in Florida and expect it to continue. A reduction within contracted services at a time when licensing and chartering activities are expected to increase will have a significant impact on the ability of the staff to perform their duties and may jeopardize the safety and soundness of Florida's financial institutions.

Ultimate Outcome: The loss or reduction of regulatory resources such as background checks will imminently result in a number of significant undesired outcomes and increased exposure to risk for State Chartered Institutions. Inadequate regulatory oversight of Florida's financial institution industry will significantly impact the citizens of Florida and the industry as a whole; increase the likelihood of failed institutions; erode general confidence in Florida's financial institution industry; jeopardize regulatory accreditations which will damage the working relationship between federal regulators and the Division. Ultimately, the regulatory reputation of the Division will be harmed by its failure to comply with the requirements of cooperative agreements with both federal regulators and regulatory agencies in other states.

Detail of Costs:

Quantity	Description	Amount	Non-Recurring
	Reduction in the Contracted services	(\$286,414)	\$-0-

Issue Total (\$286,414) \$-0-

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES
FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF FINANCIAL REG			43900500
SFTY & SOUND ST BKG SYST			43900530
<u>PUBLIC PROTECTION</u>			12
<u>REGULATION AND LICENSING</u>			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCTION IN EXPENSES BUDGET			
AUTHORITY - OFFICE OF FINANCIAL			
REGULATION - FINANCIAL INSTITUTIONS			33V0740
EXPENSES			040000
FINANCIAL INST REG TF	-STATE	113,272-	2275 1

=====

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #212

IT COMPONENT? NO

Reference to Long-Range Program Plan:

- Goal #1: Improve Taxpayer Value
- Goal #2: Deliver Value to Businesses
- Goal #3: Promote a Safe and Sound Financial Marketplace

Issue Description/Need: Expenses The expense category is used for travel, association dues, training, etc.

Travel is extensive within the Division of Financial Institutions. While we are always looking at ways to cut travel costs, examiners require a certain amount of time in each institution that is being examined. Therefore, a large portion of the expense budget is used for transportation, hotel and meal costs.

The Division of Financial Institutions has been accredited with the Conference of State Bank Supervisors (CSBS) since 1986 and accredited with the National Association of State Credit Union Supervisors (NASCUS) since 2004. The accreditation process entails yearly surveys and an in depth audit every five years. In order to uphold the accreditation, yearly dues are required above and beyond the audits. Further, to achieve accreditation the Division is required to maintain certain standards regarding the ability to conduct quality examinations and maintain teams of trained examiners.

In order for an examiner to have a full understanding of the entire exam process, they must complete a combination of on the job training and federally sponsored schools. In the best scenarios, this takes 2 - 3 years depending on the examiner and training schedules. The Division of Financial Institutions has always relied heavily on the NCUA and FDIC Examiner Training Programs to complete this training. These training programs are recognized by CSBS and NASCUS as important to maintaining trained examiners. A recommended best practice by CSBS is to dedicate 10 percent of the Division's expense budget to training. The Division is working to enhance its examinations of regulated financial institutions to include a component related to cybersecurity and information technology risk management practices. The training associated with this oversight will increase the Division's training expenditures, but is a necessary cost to incur, due to increased and prevalent risks

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SFTY & SOUND ST BKG SYST		43900530
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION IN EXPENSES BUDGET		
AUTHORITY - OFFICE OF FINANCIAL		
REGULATION - FINANCIAL INSTITUTIONS		33V0740

associated with cybersecurity and information technology impacting the financial services industry.

Ultimate Outcome: A reduction of funding designated for expenses of Division staff will have a significant impact to the Division of Financial Institutions. The Division's federal counterparts have reprioritized their examination process and will not be conducting as many exams on the smaller institutions that are located in Florida. Therefore, more examinations will be required by the Division to meet the mandated 18-month time frame between examinations. In addition, federal counterparts rely on the Division to examine institutions and will periodically accept our reports of examination instead of physically going into an institution. Without the funds, examiners would not be able to travel and would not be properly trained. Additionally, with a decline in the ability to conduct examinations and a decline in the quality of examinations, the Division would be at risk to lose the long-standing accreditation with CSBS and NASCUS. Inadequate regulatory oversight of Florida's financial institution industry will significantly impact the citizens of Florida and the industry as a whole; increase the likelihood of failed institutions and erode general confidence in Florida's financial institution industry.

Detail of Costs:

Quantity	Description	Amount	Non-Recurring
	Reduction in the		
	examiner training program	(\$113,272)	\$0

Issue Total (\$113,272) \$0

TOTAL: REGULATION AND LICENSING		<u>1204.00.00.00</u>
BY FUND TYPE		
	7.00-	
TRUST FUNDS.....	1,317,862-	2000
SALARY RATE.....	266,418-	
	=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
FINANCIAL INVESTIGATIONS		43900540
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE POSITIONS(S) - OFFICE OF		
FINANCIAL REGULATION - FINANCIAL		
INVESTIGATIONS		33V0520
SALARY RATE		000000
SALARY RATE.....	153,736-	
	=====	
SALARIES AND BENEFITS		010000
	4.00-	
ADMINISTRATIVE TRUST FUND -STATE	232,766-	2021 1
	=====	
EXPENSES		040000
ADMINISTRATIVE TRUST FUND -STATE	7,200-	2021 1
	=====	
TOTAL: REDUCE POSITIONS(S) - OFFICE OF		33V0520
FINANCIAL REGULATION - FINANCIAL		
INVESTIGATIONS		
TOTAL POSITIONS.....	4.00-	
TOTAL ISSUE.....	239,966-	
TOTAL SALARY RATE.....	153,736-	
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #221

Reference to Long-Range Program Plan:

This request will improve the Office's ability to reach the following goals:

Goal #1: Improving tax payer value;

Goal #3: Promoting a safe and sound marketplace;

Issue Description/Need: The Bureau of Financial Investigations (Bureau) conducts criminal investigations into allegations of fraudulent and unlicensed activity under the jurisdiction of the OFR. A reduction in four Financial Investigators would reduce recurring program costs totaling by \$239,822. The Bureau currently has 39 FTEs. In the 2012 GAA, the Bureau's budget was reduced by 34% (from \$4,564,720 to \$3,013,227) and its FTEs were cut by 43% (from 63 to 36). The reduction of four investigators would critically impact the Bureau's ability to combat investment fraud due to the reduction in resources. The reduction of 4 FTEs could decrease the number of investigations completed and the number of

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900500
OFFICE OF FINANCIAL REG		43900540
<u>FINANCIAL INVESTIGATIONS</u>		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
<u>REGULATION AND LICENSING</u>		33V0000
PROGRAM REDUCTIONS		
REDUCE POSITIONS(S) - OFFICE OF		
FINANCIAL REGULATION - FINANCIAL		
INVESTIGATIONS		33V0520

perpetrators sent to prison. Most of the Bureau's resources are used to combat investment fraud. Retirees and senior citizen are commonly targeted by financial comen because they have large nest eggs. It is estimated that over 20% of Florida citizens are over age 65. However, the Bureau would continue to prioritize its resources such that it focuses on cases that pose the highest risks to Florida citizens including cases involving egregious conduct, on-going harm and/or those cases that are broader in scope in terms of the number of vicitms and the dollar amounts involved.

Ultimate Outcome: The reduction of four Finanical Investigators would critically impact and reduce the Bureau's ability to combat investment fraud and unlicensed activity due to the reduction in resources.
 Detail of Costs:

Salaries and Benefits:			
Position	Title and Pay Grade	Amount	Non-Recurring
(2)	Financial Investigator (CE) PG 025 \$63,375 each	(\$126,750)	(\$0)
(2)	Financial Investigator PG 021 \$53,008 each	(\$106,016)	(\$0)
Salary and Benefits Total		(\$232,766)	
(4)	Expense 6 \$1,800 each	(\$7,200)	

Total (\$239,966)

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
FINANCIAL INVESTIGATIONS		43900540
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
REDUCE POSITIONS(S) - OFFICE OF FINANCIAL REGULATION - FINANCIAL INVESTIGATIONS		33V0520

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE N0001 001	4.00-	153,736-		79,030-	232,766-	0.00	232,766-
TOTALS FOR ISSUE BY FUND							
2021 ADMINISTRATIVE TRUST FUND							232,766-
	4.00-	153,736-		79,030-	232,766-		232,766-

REDUCE EXPENSE - OFFICE OF
 FINANCIAL REGULATION - FINANCIAL
 INVESTIGATIONS
 EXPENSES

33V0530
 040000

ADMINISTRATIVE TRUST FUND -STATE 153,274-

2021 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #204

IT COMPONENT? NO

Reference to Long-Range Program Plan:

This request will improve the Office's ability to reach the following goals:

Goal #1: Improving tax payer value;

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
FINANCIAL INVESTIGATIONS		43900540
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSE - OFFICE OF		
FINANCIAL REGULATION - FINANCIAL		
INVESTIGATIONS		33V0530

Goal #3: Promoting a safe and sound marketplace;

Issue Description/Need: The Bureau of Financial Investigations (Bureau) conducts investigations into allegations of fraudulent and unlicensed activity under the jurisdiction of the OFR. The Bureau proposes a \$153,274 reduction to Expenses. While the Expense category reverted 46% of its allocation in FY 18/19, the additional funding is necessary to allow immediate reaction to emergent issues. This reduction would have a moderate impact to its investigations.

Ultimate Outcome: The reduction of expense funding will reduce funds available for staff training, lessen the bureau's ability to equip it's computer forensics lab and hinder the bureau's ability to pay for subpoenaed records and investigator travel. However, the Bureau would continue to prioritize its resources and apply them to areas that pose the highest risks to Florida citizens.

Expenses:	Quantity	Description	Amount	Non-Recurring
	-----	-----	-----	-----
		Expense	(\$153,274)	\$ -0-
		Total Expense	(\$153,274)	\$ -0-
		Issue Total	(\$153,274)	\$ -0-

TOTAL: REGULATION AND LICENSING		<u>1204.00.00.00</u>
BY FUND TYPE		
TRUST FUNDS.....	4.00-	
SALARY RATE.....	393,240-	2000
	153,736-	
	=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>EXEC DIR & SUPPORT SERVICE</u>		43900550
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE OTHER PERSONAL SERVICES		
(OPS) APPROPRIATION - OFFICE OF		
FINANCIAL REGULATION - EXECUTIVE		
DIRECTION AND SUPPORT SERVICES		33V0640
OTHER PERSONAL SERVICES		030000
ADMINISTRATIVE TRUST FUND -STATE	140,000-	2021 1
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #218

IT COMPONENT? NO

Reference to Long-Range Program Plan: This request will adversely impact the Office's ability to reach the following goals:

- GOAL #1: Improving taxpayer value
- GOAL #2: Delivering value to businesses
- GOAL #3: Promoting a safe and sound financial marketplace
- GOAL #4: Improving customer service

Issue Description/Need: Following an 18.5% FTE reduction for OFR in FY 2012-13, Executive Direction was given \$150,000 in Other Personal Services to allow flexibility for unforeseen circumstances arising in Executive Direction and throughout the OFR. In FY 2013-14, an additional \$100,000 was moved from Safety and Soundness of State Banking System funding to Executive Direction's OPS funding to be used when peak workloads are encountered in OFR that the current staffing levels are not able to handle. Additionally, almost all data related to the OFR's licensees and their examinations is stored in the Regulatory Enforcement and Licensing (REAL) System. If an issue arises with REAL, OPS allocation must be available for unanticipated expenses associated with peak period maintenance or the need to hire temporary workers to bring the REAL system back online. Should REAL not work, the OFR will not be able to perform its statutorily mandated regulatory and enforcement duties without access to this data. Reducing the Executive Direction's OPS budget allocation by \$140,000 will leave Executive Direction with an annual allocation of \$111,123 and that will not give Executive Direction the flexibility to handle normal OPS hires, temporary personnel hires associated with emergent issues, nor the capability to handle any peak period or emergencies with REAL, effectively shutting down the OFR.

Ultimate Outcome: This reduction will critically impact Executive Direction. Reducing the Other Personal Services budget allocation by \$140,000, will not give OFR's Executive Direction the flexibility to handle the normal OPS workloads, peak workloads, or emergent issues as they arise in OFR, Executive Direction, or, most importantly, the REAL System which will leave the OFR unable to function as a regulatory or enforcement agency.

Detail of Costs:

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF FINANCIAL REG			43900500
<u>EXEC DIR & SUPPORT SERVICE</u>			43900550
PUBLIC PROTECTION			12
<u>REGULATION AND LICENSING</u>			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE OTHER PERSONAL SERVICES			
(OPS) APPROPRIATION - OFFICE OF			
FINANCIAL REGULATION - EXECUTIVE			
DIRECTION AND SUPPORT SERVICES			33V0640

Expenses:

Quantity	Description	Amount	Non-Recurring
-----	-----	-----	-----
1	Reduce OPS Allocation	(\$140,000)	\$-0-

Total (\$140,000) \$-0-

REDUCE CONTRACTED SERVICES			
APPROPRIATION - OFFICE OF FINANCIAL			
REGULATION - EXECUTIVE DIRECTION			
AND SUPPORT SERVICES			33V0650
SPECIAL CATEGORIES			100000
CONTRACTED SERVICES			100777

ADMINISTRATIVE TRUST FUND -STATE 35,000- 2021 1

=====

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #216

Reference to Long-Range Program Plan: This request will adversely impact the Office's ability to reach the following goals:

- GOAL #1: Improving taxpayer value
- GOAL #2: Delivering value to businesses
- GOAL #3: Promoting a safe and sound financial marketplace
- GOAL #4: Improving customer service

Issue Description/Need: Following an 18.5% reduction in FTE for OFR in FY 2012-13, Executive Direction was given

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900500
OFFICE OF FINANCIAL REG		43900550
<u>EXEC DIR & SUPPORT SERVICE</u>		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
<u>REGULATION AND LICENSING</u>		33V0000
PROGRAM REDUCTIONS		
REDUCE CONTRACTED SERVICES		
APPROPRIATION - OFFICE OF FINANCIAL		
REGULATION - EXECUTIVE DIRECTION		
AND SUPPORT SERVICES		33V0650

additional funding in Contracted Services to allow for flexibility for unforeseen circumstances arising in Executive Direction and throughout the OFR. Executive Direction was provided an additional \$50,000 in the Contracted Services category in the 2013 GAA to be used to hire contractors when peak workloads are encountered in OFR that the current staffing levels are not able to handle. Additionally, almost all data related to the OFR's licensees and their examinations is stored in the Regulatory Enforcement and Licensing (REAL) System. If an issue arises with REAL, the Contracted Services allocation must be available to cover any peak period maintenance costs or to hire temporary contracted workers to bring the REAL system back online. Should REAL not work, the OFR will not be able to perform it's statutorily mandated regulatory and enforcement duties without access to this information. Reducing the Executive Direction's Contracted Services allocation by \$35,000 will leave Executive Direction with an annual allocation of \$26,048, which will not give Executive Direction the flexibility to handle emergent issues as they arise nor the capability to handle any peak period emergencies with REAL, effectively shutting down the OFR.

Ultimate Outcome: This reduction will critically impact Executive Direction. Reducing the Contracted Service allocation by \$35,000, will not give OFR's Executive Direction the flexibility to hire contractors to handle the peak workloads or emergent issues as they arise in OFR, Executive Direction, or, most importantly, the REAL System; which will leave the OFR unable to function as a regulatory or enforcement agency.

Detail of Costs:

Quantity	Description	Amount	Non-Recurring
1	Reduce Contracted Services Allocation	(\$35,000)	\$-0-
Total		(\$35,000)	\$-0-

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>EXEC DIR & SUPPORT SERVICE</u>		43900550
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSES APPROPRIATION		
- OFFICE OF FINANCIAL REGULATION -		
EXECUTIVE DIRECTION AND SUPPORT		
SERVICES		33V0660
EXPENSES		040000
ADMINISTRATIVE TRUST FUND -STATE	275,000-	2021 1
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #215

Reference to Long-Range Program Plan: This request will adversely impact the Office's ability to reach the following goals:

- GOAL #1: Improving taxpayer value
- GOAL #2: Delivering value to businesses
- GOAL #3: Promoting a safe and sound financial marketplace
- GOAL #4: Improving customer service

Issue Description/Need: Following an 18.5% reduction in FTE for OFR in FY 2012-13, Executive Direction was given additional funding in Expenses to allow flexibility for unforeseen circumstances arising in Executive Direction and throughout the OFR. Executive Direction has approximately \$275,000 in additional funding in the Expense category to pay for unanticipated expenses, such as the need to hire OPS or contractors during peak workloads or emergency situations that the current staffing levels are not able to handle. Additionally, almost all data related to the OFR's licensees and their examinations is stored in the Regulatory Enforcement and Licensing (REAL) System. If an issue arises with REAL, Expense allocation must be available for unanticipated expenses associated with peak period maintenance or the need to hire temporary contracted workers to bring the REAL system back online. Should REAL not work, the OFR will not be able to perform its statutorily mandated regulatory and enforcement duties without access to this data. Reducing the Executive Direction's Expense allocation by \$275,000 will leave Executive Direction with an annual allocation of \$136,948. This will not give Executive Direction the flexibility to handle emergent issues as they arise nor the capability to handle any peak period emergencies with REAL, effectively shutting down the OFR. It will also reduce the Office's capability to pay for normal operating expenses.

Ultimate Outcome: This reduction will critically impact Executive Direction. Reducing the Expense allocation by \$275,000, will not give OFR's Executive Direction the flexibility to pay for contractors' expenses to handle the peak workloads or emergent issues as they arise in OFR, Executive Direction, or, most importantly, the REAL System; nor will it leave the Office with the capability to pay for normal operating expenses. This would leave the OFR unable to function as a regulatory or enforcement agency.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF FINANCIAL REG			43900500
<u>EXEC DIR & SUPPORT SERVICE</u>			43900550
PUBLIC PROTECTION			12
<u>REGULATION AND LICENSING</u>			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE EXPENSES APPROPRIATION			
- OFFICE OF FINANCIAL REGULATION -			
EXECUTIVE DIRECTION AND SUPPORT			
SERVICES			33V0660

Detail of Costs:

Expenses:			
Quantity	Description	Amount	Non-Recurring
-----	-----	-----	-----
1	Reduce Expenses Allocation	(\$275,000)	\$-0-
Total		(\$275,000)	\$-0-

TOTAL: REGULATION AND LICENSING		<u>1204.00.00.00</u>
BY FUND TYPE		
TRUST FUNDS.....	450,000-	2000
	=====	

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>FINANCE REGULATION</u>		43900560
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES IN		
FINANCE REGULATION		33V0310
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777
REGULATORY TRUST FUND	-STATE	
	55,000-	2573 1
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #201

Reference to Long-Range Program Plan:
 This request will improve the Office's ability to reach the following goals:
 Goal #1: Excellence in all OFR does;
 Goal #2: Enforce compliance with state laws related to the financial industry;
 Goal #3: Examine regulated companies and individuals; and
 Goal #4: Register or chartered institutions, companies and individuals.

Issue Description/Need: The Division of Consumer Finance proposes to decrease its recurring program costs by reducing its Contracted Services allocation. The division implemented a new fee netting process that allows Bank of America to collect credit card service fees on behalf of the division and use them to offset costs for accepting credit card payments online. This new program began in September 2015.

Impact: This division experienced a cost savings of approximately \$55,000 during FY 2018-19. The impact is minimal.

Ultimate Outcome: The fee netting process would create an annual cost savings to the division of approximately \$55,000. The Contracted Service Funds normally used to cover the costs for credit card services fees, would not be required. This cost savings would allow a portion of Contracted Services funding to be reduced from recurring program costs.

Detail of Costs:

Contracted
 Services:

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES
FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF FINANCIAL REG			43900500
FINANCE REGULATION			43900560
PUBLIC PROTECTION			12
REGULATION AND LICENSING			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE CONTRACTED SERVICES IN			
FINANCE REGULATION			33V0310

Quantity	Description	Amount	Non-Recurring
	Contracted Services	(\$55,000)	\$0
	Issue Total	(\$55,000)	\$0

REDUCE EXPENSES BUDGET AUTHORITY IN
 FINANCE REGULATION 33V0370
 EXPENSES 040000

REGULATORY TRUST FUND -STATE 319,383- 2573 1

AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #214

Reference to Long-Range Program Plan:
 This request will improve the Office's ability to reach the following goals:
 Goal #1: Excellence in all OFR does;
 Goal #2: Enforce compliance with state laws related to the financial industry;
 Goal #3: Examine regulated companies and individuals; and
 Goal #4: Register or chartered institutions, companies and individuals.

Issue Description/Need: The Division of Consumer Finance proposes to decrease its recurring program costs by reducing its Expense allocation.

Impact: The Division is charged with examining six (6) different financial services industries in order to determine compliance with Florida laws and rules. The examinations also further the agency's mission to protect citizens and promote a safe and sound financial marketplace. Reducing funding in this category would critically impair the Division's ability to conduct examinations of financial services companies under the Division's regulatory responsibilities. The division is required to conduct in-state and out-of-state examinations of money services businesses including payday lenders under Chapter 560, Florida Statutes, on a mandated five (5) year cycle. This reduction could critically impact the division's ability to comply with the mandated examination cycle resulting in little to no examinations being

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>FINANCE REGULATION</u>		43900560
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSES BUDGET AUTHORITY IN		
FINANCE REGULATION		33V0370

conducted in the other five (5) industries where an exam is not mandated. This could leave the division without the resources to handle unforeseen circumstances or trends and prevent it from protecting consumers.

Ultimate Outcome: Reducing Expense funds by \$319,383 from recurring program costs would critically impair the division's ability to travel and perform examinations to ensure compliance with Florida laws as well as handle any unforeseen circumstances or emergent issues. Overall, these limitations would reduce the division's ability to protect the consumers it serves and comply with statutorily mandated examinations.

Detail of Costs:

Expenses:

Quantity	Description	Amount	Non-Recurring
	Reduce Expenses	(\$319,383)	\$0

REDUCE APPROPRIATION IN THE
 DEFERRED PRESENTMENT PROVIDER
 DATABASE CONTRACT CATEGORY
 SPECIAL CATEGORIES
 DEFER PRESENTMENT CONTRACT

33V0540
 100000
 100513

REGULATORY TRUST FUND -STATE 150,000-
 =====

2573 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #205

IT COMPONENT? NO

Reference to Long-Range Program Plan:

This request will improve the Office's ability to reach the following goals:
 Goal #1: Excellence in all OFR does;
 Goal #2: Enforce compliance with state laws related to the financial industry;

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
FINANCE REGULATION		43900560
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE APPROPRIATION IN THE		
DEFERRED PRESENTMENT PROVIDER		
DATABASE CONTRACT CATEGORY		33V0540

Goal #3: Examine regulated companies and individuals; and
 Goal #4: Register or chartered institutions, companies and individuals.

Issue Description/Need: The Division of Consumer Finance proposes to decrease its recurring program costs by reducing its DPP Database allocation. The division is statutorily mandated to maintain a common database with real-time access through an Internet connection for deferred presentment providers. The database is accessible to the office and the deferred presentment providers to verify a consumer's eligibility to obtain a deferred presentment transaction by determining whether or not a consumer has an outstanding deferred presentment transaction. There is a \$1.00 fee imposed per transaction for data that must be submitted by a deferred presentment provider. Payments to the vendor for use and support of the DPP database are based on a contractual agreement for payment based on a tiered pricing scale, which averaged \$0.35 per transaction for FY 2018-19.

Impact: This reduction would have a significant impact. The Division projects an unstable market for deferred presentment transactions (A.K.A. payday loans) for the next fiscal year. The Consumer Financial Protection Bureau adopted new rules in the small dollar lending industry that could significantly impact traditional payday loan volume by imposing criteria such as ability to repay and other conditions. The rules are currently set to be implemented in August 2019. Furthermore, Senate Bill 920 (effective July 1, 2019) was passed during the 2018 legislature which created an installment payday loan transaction for a term of 60 to 90 days. It is anticipated that the volume of installment payday loans could offset a portion of the traditional single payment payday loans. The uncertainty of this market and the potential need for changes to the deferred presentment provider database create considerable risk when contemplating a reduction of funds in this category. Reducing funds in this category would limit the division's ability to properly make contractual payments to vendor, Veritec Solutions, Inc.

Ultimate Outcome: Reducing DPP Database funds by \$150,000 in this category would significantly impact the division's ability to properly make contractual payments to vendor, Veritec Solutions, Inc.

Detail of Costs:

Deferred Presentment Database:			
Quantity	Description	Amount	Non-Recurring
	DPP Database	(\$150,000)	\$0

 COL A10
 SCH VIIIIB-2
 REDUCTIONS
 POS AMOUNT CODES

FINANCIAL SERVICES 43000000
 PGM: FINANCIAL SVCS COMM 43900000
 OFFICE OF FINANCIAL REG 43900500
 FINANCE REGULATION 43900560
 PUBLIC PROTECTION 12
 REGULATION AND LICENSING 1204.00.00.00
 PROGRAM REDUCTIONS 33V0000
 REDUCE APPROPRIATION IN THE
 DEFERRED PRESENTMENT PROVIDER
 DATABASE CONTRACT CATEGORY 33V0540

Total DPP Database (\$150,000) \$0

Issue Total (\$150,000)

REDUCE OTHER PERSONAL SERVICES
 (OPS) - OFFICE OF FINANCIAL
 REGULATION - FINANCE 33V0560
 OTHER PERSONAL SERVICES 030000
 REGULATORY TRUST FUND -STATE 154,000- 2573 1
 =====

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #203

Reference to Long-Range Program Plan:
 This request will improve the Office's ability to reach the following goals:
 Goal #1: Excellence in all OFR does;
 Goal #2: Enforce compliance with state laws related to the financial industry;
 Goal #3: Examine regulated companies and individuals; and
 Goal #4: Register or chartered institutions, companies and individuals.

Issue Description/Need: The Division of Consumer Finance proposes to decrease its recurring program costs by reducing its OPS allocation. On July 1, 2012 the division's total FTE's were reduced from 120 to 87. OPS funding was increased to assist in handling any emergent issues or unforeseen circumstances that would require hiring temporary staff.

Impact: Reducing funding in this category would moderately impact the division's ability to hire additional OPS staff to quickly react to emergent issues or unforeseen circumstances and may impair the division's ability to protect the consumers this division serves.

Ultimate Outcome: Reducing OPS funds by \$154,000 from recurring program costs would moderately impact the division's

COL A10		
SCH VIII B-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		
		43000000
PGM: FINANCIAL SVCS COMM		
		43900000
OFFICE OF FINANCIAL REG		
		43900500
FINANCE REGULATION		
		43900560
PUBLIC PROTECTION		
		12
REGULATION AND LICENSING		
		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		
		33V0000
REDUCE OTHER PERSONAL SERVICES		
(OPS) - OFFICE OF FINANCIAL		
REGULATION - FINANCE		
		33V0560

ability to hire additional OPS staff to quickly react to emergent issues or unforeseen circumstances that may occur. Overall, this limitation could ultimately hinder the division's ability to protect the consumers it serves.

Detail of Costs:

Quantity	Description	Amount	Non-Recurring
	Reduce OPS	(\$154,000)	\$0
Issue Total		(\$154,000)	\$0

REDUCE POSITIONS FOR ENFORCEMENT -			
OFFICE OF FINANCIAL REGULATION -			
FINANCE REGULATION			33V0670
SALARY RATE			000000
	SALARY RATE.....	304,478-	
		=====	
SALARIES AND BENEFITS			010000
	REGULATORY TRUST FUND -STATE	8.00- 462,056-	
		=====	2573 1
EXPENSES			040000
	REGULATORY TRUST FUND -STATE	14,400-	
		=====	2573 1

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>FINANCE REGULATION</u>		43900560
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE POSITIONS FOR ENFORCEMENT -		
OFFICE OF FINANCIAL REGULATION -		
FINANCE REGULATION		33V0670

and Chapter 560 (Money Services Businesses including payday lending), Florida Statutes. The Division is mandated to conduct Money Services Business examinations once every five (5) years whereas examinations for the other chapters are conducted based on risk. The Division has also been increasing its examination efforts in the mortgage and consumer collections industries given the greater risk to consumers for improper or illegal activities.

Examinations are a vital means for the state to ensure that businesses treat consumers fairly, operate in a compliant manner, and are held accountable for improper or illegal activity. Examinations allow the division to seek remedies for violative behavior such as denial, revocation, or suspension of a license, an administrative fine, or injunctive relief such as appointing a receiver. Reducing five (5) examiners in the Bureau of Enforcement would substantially reduce the ability for the division to conduct examinations in these statutes and have an impact the division's ability to meet statutory mandates.

Ultimate Outcome: Deleting eight (8) examiner positions in the Bureau of Enforcement would critically impact the division's ability to assist consumers. Consumer complaints would only be recorded for statistical purposes and the division would cease consumer complaint resolution activities. Furthermore, deleting positions dedicated to examinations in the Bureau of Enforcement would critically impact and impair the division's ability to conduct examinations to ensure compliance with Florida laws for all the industries under its jurisdiction and impact its ability to meet statutory mandates. Overall, these limitations would critically impede the division's ability to protect the consumers it serves and leave Floridians vulnerable to either unlicensed or licensed businesses that violate Florida laws.

Detail of Costs:

Quantity	Description	Amount	Non-Recurring
(8)	Reduce FEA II, PG 023 \$57,757 each Salaries and Benefits	(\$462,056)	\$0
(8)	Reduce Expenses \$1,800 each	(\$14,400)	\$0
	Issue Total	(\$476,456)	\$0

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
FINANCE REGULATION		43900560
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE POSITIONS FOR ENFORCEMENT -		
OFFICE OF FINANCIAL REGULATION -		
FINANCE REGULATION		33V0670

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
N0001 001	8.00-	304,478-		157,578-	462,056-	0.00	462,056-
TOTALS FOR ISSUE BY FUND							
2573 REGULATORY TRUST FUND							462,056-
	8.00-	304,478-		157,578-	462,056-		462,056-

TOTAL: REGULATION AND LICENSING							<u>1204.00.00.00</u>
BY FUND TYPE							
TRUST FUNDS.....	8.00-	1,154,839-					2000
SALARY RATE.....	304,478-						
=====							

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>SECURITIES REGULATION</u>		43900570
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES BUDGET		
AUTHORITY IN SECURITIES REGULATION		33V0350
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777
REGULATORY TRUST FUND	-STATE	
	279,821-	2573 1
	=====	

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #211

IT COMPONENT? NO

Reference to Long-Range Program Plan:

This request will adversely impact the Office's ability to reach the following goals:

- Goal #1: Excellence in all OFR does;
- Goal #2: Enforce compliance with state laws related to the financial industry; and
- Goal #3: Examine regulated companies and individuals.

Issue Description/Need: Reduction of the Division's contracted services fund that provides necessary operational resources to support items including, but not limited to, court reporters, subpoena and research services, and legal contract services, would have a significant adverse impact on the Division's operating budget with a reduction in the amount of \$279,821. The Bureau of Enforcement is responsible for ensuring compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). Securities examinations are commonly broad in scope, complex and time-consuming. To address the complexity of these examinations, the Bureau of Enforcement may utilize the Regulatory Trust fund to pay for these specialized services. The Division of Securities generally goes first to the Anti-Fraud Trust fund to cover these services. But, due to limited budget in this area, the Division finds it necessary to maintain sufficient budget in the Regulatory Trust fund to ensure adequate resources are available to support the complexity of these examinations. Contractors utilized in these cases provide assistance during the examination process by providing technical assistance and investigative guidance. This assistance has become particularly valuable in a world of increasingly complex financial products. The use of outside experts and contracted services strengthens the ability of the Bureau of Enforcement by providing expertise, knowledge and experience that are beyond the skill set of the examiners. Having adequate funding in contracted services is critical to the operations of the Division of Securities and its ability to bring enforcement actions against those who violate the law. A reduction in the amount of \$279,821 would have a significant adverse impact on the Division's operations.

Ultimate Outcome: A decrease in the appropriation for contracted services significantly lessens the Office's enforcement ability to handle unforeseen circumstances and emergent situations. Consumer protections, restitutions and fines, along with consumer confidence in the Office's ability to regulate the securities industry, are certain to decrease if fewer resources are available.

COL A10			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT		CODES

FINANCIAL SERVICES			43000000
PGM: FINANCIAL SVCS COMM			43900000
OFFICE OF FINANCIAL REG			43900500
SECURITIES REGULATION			43900570
PUBLIC PROTECTION			12
REGULATION AND LICENSING			<u>1204.00.00.00</u>
PROGRAM REDUCTIONS			33V0000
REDUCE CONTRACTED SERVICES BUDGET			
AUTHORITY IN SECURITIES REGULATION			33V0350

Detail of Costs:

Contracted Services:			
Quantity	Description	Amount	Non-Recurring
-----		-----	-----
1	Contracted Services	(\$279,821)	\$0
Total		(\$279,821)	\$0

REDUCE EXPENSES BUDGET AUTHORITY IN SECURITIES REGULATION EXPENSES 33V0360 040000

REGULATORY TRUST FUND -STATE 53,000- 2573 1
 =====

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #213

Reference to Long-Range Program Plan:

This request will adversely impact the Office's ability to reach the following goals:

- Goal #1: Excellence in all OFR does;
- Goal #2: Enforce compliance with state laws related to the financial industry;
- Goal #3: Examine regulated companies and individuals; and
- Goal #4: Register companies and individuals.

Issue Description/Need: The Division proposes reduction of the Expense category which includes rent, travel and training. This would have a critical impact on the Division's operating budget with a reduction in the amount of \$53,000. Chapter 517, Florida Statutes, requires that the Division of Securities examine the books and records of each

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
		43000000
FINANCIAL SERVICES		43900000
PGM: FINANCIAL SVCS COMM		43900500
OFFICE OF FINANCIAL REG		43900570
<u>SECURITIES REGULATION</u>		12
PUBLIC PROTECTION		<u>1204.00.00.00</u>
<u>REGULATION AND LICENSING</u>		33V0000
PROGRAM REDUCTIONS		
REDUCE EXPENSES BUDGET AUTHORITY IN		
SECURITIES REGULATION		33V0360

registered entity and individual to determine compliance with this act. As the sole regulator of state registered investment advisory firms with up to \$100 million in assets under management, the Bureau of Enforcement (Enforcement) has undertaken an initiative to examine all registered investment advisory firms on a seven year cycle beginning fiscal year 2019-20, while still conducting regular examinations of registered broker dealer firms, their branch office locations and associated persons. During the preceding two fiscal years, the Bureau of Enforcement has experienced significant staff turnover. Enforcement must have well-trained examiners and attorneys that can identify and assess matters involving significant complexity. Enforcement has a need to compress the amount of time it takes to fully train an examiner and must continue to have the resources to provide for staff training and development. Adequate resources to provide for staff training and travel are essential to the Division fulfilling this responsibility.

The Bureau of Registration processes applications of individuals, companies and branches to promote growth in the securities industry. Chapter 517, Florida Statutes, requires applications to be processed in a timely manner. The Bureau of Registration must have well-trained analysts to process applications and ensure compliance with Chapter 517, Florida Statutes.

Ultimate Outcome: A decrease in the appropriation for expenses critically affects the Office's enforcement ability by hindering staff training and staff travel to examine registered entities and individuals. A decrease in the appropriation for expenses critically reduces the Bureau of Registration's ability to have the resources to have well-trained analysts and ensure applications are processed in a timely manner to promote growth in the securities industry. Consumer protections, restitutions and fines, along with consumer confidence in the Office's ability to regulate the securities industry, are certain to decrease if fewer resources are available.

Detail of Costs:

Expenses:

Quantity	Description	Amount	Non-Recurring
-----	-----	-----	-----
1	Expense	(\$53,000)	\$0
	Total	(\$53,000)	\$0

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>SECURITIES REGULATION</u>		43900570
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE OTHER PERSONAL SERVICES		
(OPS) - OFFICE OF FINANCIAL		
REGULATION - SECURITIES REGULATION		33V0580
OTHER PERSONAL SERVICES		030000
ANTI-FRAUD TRUST FUND	-STATE 15,000-	2038 1

AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:
 Priority #209

IT COMPONENT? NO

Reference to Long-Range Program Plan:

This request will adversely impact the Office's ability to reach the following goals:

- Goal #1: Excellence in all OFR does;
- Goal #2: Enforce compliance with state laws related to the financial industry; and
- Goal #3: Examine regulated companies and individuals.

Issue Description/Need: Reduction of the Division's OPS funding that provides necessary operational resources to support the Bureau of Enforcement including the review and reconciliation of investment advisers' financial statements and other documentation vital to securities examinations would have a significant adverse impact on the Division's ability to hire additional OPS staff. The Bureau of Enforcement is responsible for ensuring compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). Securities examinations are commonly broad in scope, complex and time-consuming. To address the complexity of these examinations, the Bureau of Enforcement utilizes the OPS staff for these specialized services. Due to the large volume of data being reviewed as part of the examination review, OPS funding is vital in order to effectively and efficiently complete the required exams of both registered individuals and firms in the fiscal year as well as assist in handling any unexpected events that would require hiring additional OPS staff.

Ultimate Outcome: Reducing OPS funds by \$15,000 from recurring program costs would significantly restrict the division's ability to hire additional OPS staff to handle any unforeseen circumstances that may occur. Overall, this limitation could ultimately limit the division's ability to protect the public it serves.

Detail of Costs:

Contracted Services:

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>SECURITIES REGULATION</u>		43900570
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE POSITION(S) - OFFICE OF		
FINANCIAL REGULATION - SECURITIES		33V0590

Reference to Long-Range Program Plan:

This request will adversely impact the Office's ability to reach the following goals:

- Goal #1: Excellence in all OFR does;
- Goal #2: Enforce compliance with state laws related to the financial industry; and
- Goal #3: Examine Regulated companies and individuals.
- Goal #4: Register companies and individuals.

Issue Description/Need: The loss of six FTE positions in the Bureau of Enforcement, Bureau of Registration and the Division's legal unit would hamper the Division of Securities' ability to protect the public. The public will be more vulnerable to fraudulent and unlawful conduct and schemes by unscrupulous firms and individuals. The division's Bureau of Enforcement protects Florida's citizens by handling consumer complaints, conducting examinations and investigations to detect violations before they result in investor harm, and bringing enforcement actions to stop the unlawful conduct and penalize the violators. Remedies include denial, revocation, or suspension of a registration, a civil or administrative fine or penalty, and injunctive remedies such as freezing assets or appointment of a receiver.

The Division's legal unit provides legal advice and counsel, and processes the administrative actions necessary to enforce Chapter 517, Florida Statutes, and the promulgated Florida Administrative Code rules. The loss of staffing would result in significant adverse harm to the Division's ability to carry out this element of our mission. Florida citizens would be negatively impacted by fewer cases enforced and longer times to bring enforcement actions. With fewer enforcement cases being brought, resulting in violative action continuing in the marketplace, Florida citizens will remain vulnerable to these actions.

The Bureau of Registration ensures that only applicants who meet the registration requirements and who do not have serious disciplinary history are allowed to conduct business in Florida. Through its substantive review process, regulatory staff acts to prevent firms and individuals who are threats to the public from being registered to do business in Florida. Registration with the Office is required prior to conducting business in Florida. Delay in approval of applications prevents qualified applicants from beginning work and earning a living.

Ultimate Outcome: Eliminating six FTE positions would critically impact the division's ability to promote growth in the securities industry, conduct examinations, investigations, and to bring enforcement actions to protect investors from unlawful activity and fraudulent schemes by unscrupulous firms and individuals.

Detail of Costs:

Salaries and Benefits:

Position Title and Pay Grade	Amount	Non-Recurring
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 COL A10
 SCH VIIIIB-2
 REDUCTIONS
 POS AMOUNT

CODES

FINANCIAL SERVICES
 PGM: FINANCIAL SVCS COMM
 OFFICE OF FINANCIAL REG
SECURITIES REGULATION
 PUBLIC PROTECTION
REGULATION AND LICENSING
 PROGRAM REDUCTIONS
 REDUCE POSITION(S) - OFFICE OF
 FINANCIAL REGULATION - SECURITIES

43000000
 43900000
 43900500
 43900570
 12
1204.00.00.00
 33V0000
 33V0590

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(3)	Financial Examiner/Analyst II PG 023 \$57,757 each	(\$173,271)	(\$0)
(1)	Financial Specialist PG 025	(\$63,375)	(\$0)
(1)	Senior Attorney PG 230	(\$73,053)	(\$0)
(1)	Financial Examiner/Analyst I PG 020	(\$50,844)	(\$0)
	Salary and Benefits Total	(\$360,543)	
(6)	Expense 6 \$1,800 each	(\$10,800)	

Total (\$371,344)

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SECURITIES REGULATION		43900570
PUBLIC PROTECTION		12
REGULATION AND LICENSING		1204.00.00.00
PROGRAM REDUCTIONS		33V0000
REDUCE POSITION(S) - OFFICE OF		
FINANCIAL REGULATION - SECURITIES		33V0590

POSITION DETAIL OF SALARIES AND BENEFITS:

	FTE	BASE RATE	ADDITIVES	BENEFITS	SUBTOTAL	LAPSE %	LAPSED SALARIES AND BENEFITS
A10 - SCH VIIIIB-2 REDUCTIONS							
CHANGES TO CURRENTLY AUTHORIZED POSITIONS							
P101 PROPOSED CLASS CODE							
N0001 001	6.00-	240,416-		120,127-	360,543-	0.00	360,543-
TOTALS FOR ISSUE BY FUND							
2573 REGULATORY TRUST FUND							360,543-
	6.00-	240,416-		120,127-	360,543-		360,543-

REDUCE EXPENSE - OFFICE OF
 FINANCIAL REGULATION - SECURITIES
 EXPENSES 33V0600
 040000

ANTI-FRAUD TRUST FUND -STATE 32,092- 2038 1
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AGENCY ISSUE NARRATIVE:
 SCH VIIIIB-2 NARR 20-21 NARRATIVE: IT COMPONENT? NO
 Priority #210

Reference to Long-Range Program Plan:
 This request will adversely impact the Office's ability to reach the following goals:
 Goal #1: Excellence in all OFR does;
 Goal #2: Enforce compliance with state laws related to the financial industry;

COL A10 SCH VIIIIB-2 REDUCTIONS		CODES
POS	AMOUNT	

FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>SECURITIES REGULATION</u>		43900570
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSE - OFFICE OF		
FINANCIAL REGULATION - SECURITIES		33V0600

Goal #3: Examine regulated companies and individuals; and
 Goal #4: Register companies and individuals.

Issue Description/Need: The Division proposes reduction of the Expense category which includes rent, travel and training. This would have a significant adverse impact on the Division's operating budget with a reduction in the amount of \$32,092. Chapter 517, Florida Statutes, requires that the Division of Securities examine the books and records of each registered entity and individual to determine compliance with this act. As the sole regulator of state registered investment advisory firms with up to \$100 million in assets under management, the Bureau of Enforcement (Enforcement) has undertaken an initiative to examine all registered investment advisory firms on a seven year cycle while still conducting regular examinations of registered broker dealer firms, their branch office locations and associated persons. During the preceding two fiscal years, the Bureau of Enforcement has experienced significant staff turnover. Enforcement must have well-trained examiners that can identify and assess matters involving significant complexity. The Bureau of Enforcement has a need to compress the amount of time it takes to fully train an examiner and must continue to have the resources to provide for staff training and development. Adequate resources to provide for staff training and travel are essential to the Division fulfilling this responsibility. The Bureau of Registration processes applications of individuals, companies and branches to promote growth in the securities industry. Chapter 517, Florida Statutes, requires applications to be processed in a timely manner. The Bureau of Registration must have well-trained analysts to process applications and ensure compliance with Chapter 517, Florida Statutes.

Ultimate Outcome: A decrease in the appropriation for expenses significantly affects the Office's enforcement ability by hindering staff training and staff travel to examine registered entities and individuals. A decrease in the appropriation for expenses significantly hinders the Bureau of Registration's ability to have the resources for well-trained analysts and ensure applications are processed in a timely manner to promote growth in the securities industry. Consumer protections, restitutions and fines, along with consumer confidence in the Office's ability to regulate the securities industry, are certain to decrease if fewer resources are available.

Detail of Costs:

Expenses:

Quantity	Description	Amount	Non-Recurring
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1	Expense	(\$32,092)	\$0

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
SECURITIES REGULATION		43900570
PUBLIC PROTECTION		12
REGULATION AND LICENSING		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE EXPENSE - OFFICE OF		
FINANCIAL REGULATION - SECURITIES		33V0600

Total Issue (\$32,092) \$0

REDUCE CONTRACTED SERVICES - OFFICE OF FINANCIAL REGULATION - SECURITIES		33V0610
SPECIAL CATEGORIES		100000
CONTRACTED SERVICES		100777
ANTI-FRAUD TRUST FUND -STATE	50,000-	2038 1

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AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 20-21 NARRATIVE:

IT COMPONENT? NO

Priority #207

Reference to Long-Range Program Plan:

This request will adversely impact the Office's ability to reach the following goals:

Goal #1: Excellence in all OFR does;

Goal #2: Enforce compliance with state laws related to the financial industry; and

Goal #3: Examine regulated companies and individuals.

Issue Description/Need: Reduction of the Division's contracted services fund that provides necessary operational resources to support items including but not limited to, court reporters, subpoena and research services, and legal contract services, would have a significant adverse impact on the Division's operating budget with a reduction in the amount of \$50,000. The Bureau of Enforcement is responsible for ensuring compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). Securities examinations are commonly broad in scope, complex and time-consuming. To address the complexity of these examinations, the Bureau of Enforcement may utilize the Regulatory Trust fund to pay for these specialized services. The Division of Securities generally goes first to the Anti-Fraud Trust fund to cover these services. But, due to limited budget in this area, the Division finds it necessary to maintain sufficient budget in the Regulatory Trust fund to ensure adequate resources are available to support the complexity of these examinations. Contractors utilized in these cases provide assistance during the examination process by providing technical assistance and investigative guidance. This assistance has become particularly valuable in a world of increasingly complex financial products. The use of outside experts and contracted services strengthens the ability of the Bureau of Enforcement by providing expertise, knowledge and experience that are beyond the skill set of the examiner. Having adequate funding in contracted services is critical to the operations of the Division of Securities and

COL A10		
SCH VIIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
FINANCIAL SERVICES		43000000
PGM: FINANCIAL SVCS COMM		43900000
OFFICE OF FINANCIAL REG		43900500
<u>SECURITIES REGULATION</u>		43900570
PUBLIC PROTECTION		12
<u>REGULATION AND LICENSING</u>		<u>1204.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCE CONTRACTED SERVICES - OFFICE		
OF FINANCIAL REGULATION -		
SECURITIES		33V0610

its ability to bring enforcement actions against those who violate the law. A reduction in the amount of \$50,000 would have a significant adverse impact on the Division's operations.

Ultimate Outcome: A decrease in the appropriation for contracted services significantly lessens the Office's enforcement ability to handle unforeseen circumstances and emergent situations. Consumer protections, restitutions and fines, along with consumer confidence in the Office's ability to regulate the securities industry, are certain to decrease if fewer resources are available.

Detail of Costs:

Contracted Services:

Quantity	Description	Amount	Non-Recurring
1	Contracted Services	(\$50,000)	\$0

Total (\$50,000) \$0

TOTAL: REGULATION AND LICENSING		1204.00.00.00
BY FUND TYPE		
TRUST FUNDS.....	6.00- 801,256-	2000
SALARY RATE.....	240,416-	
	=====	
TOTAL: FINANCIAL SERVICES		43000000
BY FUND TYPE		
GENERAL REVENUE FUND	2,151,902-	1000
TRUST FUNDS	31,059,437-	2000

TOTAL POSITIONS.....	228.00-	
TOTAL DEPARTMENT.....	33,211,339-	
TOTAL SALARY RATE.....	8,373,397-	
	=====	


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* BPEADL01                               STATISTICAL INFORMATION                09/16/2019 09:10:03 *
* BUDGET PERIOD: 2008-2021                EXHIBIT A, D AND D-3A LIST REQUEST          TJM  43    SP    *
* COMPILE DATE: 09/16/2015                COMPILE TIME: 09:40:41                        PAGE:    1    *
*****
*                                     SAVE INITIALS:          SAVE DEPARTMENT: 07    SAVE ID: S8B2
* -----
* SELECT CODES AND ACCUMULATION LEVELS WHERE ALLOWED.  WHEN NO CODE IS SELECTED, ALL CODES WILL BE REPORTED.
* ITEMIZATION OF EXPENDITURE:                IOE ACCUMULATION LEVEL: 0 (1=OPER/FCO, 2=IOE, 0=MERGED)
* MERGE GROUPS (Y/N): Y
* BUDGET ENTITY OR GROUP/ACCUMULATION LEVEL (DEP, DIV, BUR, SUB, LBE, MRG):
*   1-7:                LBE
*   8-14:
*   15-21:
*   22-27:
* EXCLUDE:
*
* PROGRAM COMPONENT/ACCUMULATION LEVEL (1, 2, 3, 4 OR 5 FOR 2, 4, 6, 8 OR 10 DIGITS, 6=MERGE POLICY, 0=MERGED):
*   5
*
* APPROPRIATION CATEGORY OR GROUP/ACCUMULATION LEVEL (1=MAJOR, 2=MINOR, 0=MERGED):
*   2
*
* FUND GROUPS SET:                OR FUND:                FUNDING SOURCE IDENTIFIER:                MERGE FSI (Y/N): N
* FCO (Y/N): Y                FTE (Y/N): Y                SALARY RATE (Y/N): Y
* -----
* ISSUE CODE OR GROUP/ACCUMULATION LEVEL (1, 2 OR 3 FOR 1, 3 OR 7 CHARACTERS, 0=MERGED):
*   3
*
* REPORT OPTION: 1                COLUMN SELECTION: A10                CODES
* 1=EAD REPORT
* 2=SCHEDULE IV/IT ISSUES                REPORT COLUMNS WITH CALCULATION DIFFERENCE ONLY (Y/N): N THAT EXCEED:
* 3=STATEWIDE ISSUES
* 4=SCHEDULE VIIIA ISSUES
* SCHEDULE VIIIA ISSUES SPREADSHEET (Y/N): N
*
* LEVELS OF TOTALS: (N=NO TOTAL, L=LINE TOTAL, T=BY FUND TYPE, D=BY DETAIL FUND, B=BY DETAIL FUND AND FUND TYPE,
* G=FUND GROUP LINE TOTALS, E=BY DETAIL FUND AND FUND GROUP)
* RUN: N                ITEM OF EXP: N                GROUP: N                DEPARTMENT: T                DIVISION: N                BUREAU: N
* SUB-BUREAU: N                LBE: T                POLICY AREA: N                PROG COMP: T                D3A SUM ISSUE: N                D3A DETAIL ISSUE: L
* MAJOR APP CAT: N                MINOR APP CAT: D
*
* APPROPRIATION CATEGORY TITLES: S (S=SHORT, L=LONG)                REPORT SEQUENCE: DEPT/BUDGET ENTITY: N A=ALPHABETICAL
*                                     PROGRAM COMPONENT: N N=NUMERICAL
* -----
* DEPARTMENT NARRATIVE SET:
* BUDGET ENTITY NARRATIVE SET:                PROGRAM COMPONENT NARRATIVE (Y/N): N
*
* ISSUE/ACTIVITY NARRATIVE SET: A5                PRIORITY ISSUE NARRATIVE SET (1-9):
*
* INCLUDE POSITION DATA (Y/N): Y
*
* INCLUDE COLUMN CODES (Y/N): Y
*
* OUTPUT FORMAT: L                PAGE BREAKS:
* L=LANDSCAPE                (IOE, GRP, DEP, DIV,                REPORT HEADING:                SCHEDULE VIIIB-2
* P=PORTRAIT                BUR, SUB, LBE, PRC,                PRIORITY LISTING FOR POSSIBLE REDUCTION
*                                     SIS, ISC)                FOR REQUEST YEAR
* -----

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* BPEADL01                               STATISTICAL INFORMATION                09/16/2019 09:10:03 *
* BUDGET PERIOD: 2008-2021                EXHIBIT A, D AND D-3A LIST REQUEST          TJM 43      SP    *
* COMPILE DATE: 09/16/2015                COMPILE TIME: 09:40:41                      PAGE:      2    *
*****
*
* TOTAL RECORDS READ FROM SORT:           164
* TOTAL RECORDS READ FROM CARD:           43
* TOTAL PAF RECORDS READ:                 61
* TOTAL OAF RECORDS READ:                 1
* TOTAL IEF RECORDS READ:                 0
* TOTAL BGF RECORDS READ:                 0
* TOTAL BEF RECORDS READ:                 55
* TOTAL PCF RECORDS READ:                 50
* TOTAL ICF RECORDS READ:                 94
* TOTAL INF RECORDS READ:                 2,001
* TOTAL ACF RECORDS READ:                 15
* TOTAL FCF RECORDS READ:                 12
* TOTAL FSF RECORDS READ:                 10
* TOTAL PCN RECORDS READ:                 0
* TOTAL BEN RECORDS READ:                 0
* TOTAL DPC RECORDS READ:                 120
* TOTAL RECORDS IN ERROR:                 0
*
*****
*
* BUDGET ENTITIES SELECTED:
*   1-9: 43
*  10-18:
*  19-27:
*
*****

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