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COL All  
SCH VIIIB-2  
REDUCTIONS  
POS AMOUNT PRIORITY CODES  
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FINANCIAL SERVICES

43000000

PRIORITY SUMMARY NARRATIVE:

Department of Financial Services Fiscal Year 2009-10 Reduction Submittal

The Chief Financial Officer views our enforcement and financial accountability programs to be critical for safeguarding the people of Florida and the state's assets. In approaching these reduction proposals, the Department of Financial Services focused on reductions that have relatively fewer impacts upon our citizens while ensuring that we can fulfill our statutory and constitutional responsibilities. The Department has identified possible reductions of \$12.9 million trust fund appropriations and \$.2 million in General Revenue appropriations.

While reductions to our enforcement functions, such as the Workers' Compensation program, Fire Marshal Program, and Insurance Fraud have been included, reductions to these programs have been prioritized at the bottom of the list of proposals. Reductions to these programs could significantly impact the Department's ability to safeguard the people of Florida from fraud and arson related crimes; crimes that are expected to increase as the economy continues to weaken.

General Revenue:  
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The Department receives 10.5% of its funding from General Revenue. This funding is in the State Financial Information and State Agency Accounting budget entity and the Information Technology budget entities. The State Financial Information and State Agency Accounting budget entity conducts pre-audits of vendor payments, post-audits of major state programs to determine compliance with statutes and contract requirements, and produces the Florida Comprehensive Annual Financial Report. The entity also processes state employees' payroll and conducts fiscal integrity investigations where it suspects fraud, waste, or abuse. The General Revenue funding within the Information Technology program is used to maintain FLAIR, the state's accounting system.

The budget for these areas was previously reduced in FY 2007-08 and FY 2008-09. The General Revenue appropriations in Information Technology and in the State Financial Information and State Agency Accounting budget entity were previously reduced by \$3,285,143 and thirteen (13) positions.

Further reductions to the State Financial Information and State Agency Accounting budget entity and the Information Technology-FLAIR Infrastructure budget entity will adversely impact the ability of this Department to fulfill its mission of safeguarding the state's assets through financial accountability. Consequently, the Department is not recommending additional reductions for these budget entities.

During FY 2007-08, the Department transferred or deposited approximately \$38,188,000 to General Revenue. These transfers included \$29,737,000 in service charges to General Revenue pursuant to section 215.20, Florida Statutes and \$8,451,000 from the Treasury Administrative and Investment Trust Fund, pursuant to section 17.61, Florida Statutes.

In addition, the Department collects Surplus Lines revenues pursuant to section 626.938, Florida Statutes. For FY 2007-08, 75.7% of the revenues collected, equaling approximately \$157 million, was deposited to the benefit of General Revenue. The remaining 24.3% was deposited into the Insurance Regulatory Trust Fund. Starting July 1, 2008, the percentage to be deposited into General Revenue increased to 84.26%, resulting in a recurring reduction of revenue in the Insurance Regulatory Trust Fund

Excluded Categories:  
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In addition to the categories excluded by the Governor's Office of Policy and Budget in calculating agency targets, the Department identified three appropriation categories to be excluded from our 10% reduction target.

The Debt Service-FLAIR Accounting and Cash Management System Replacement category (100873), in the Insurance Regulatory Trust Fund within the State Financial Information and State Agency Accounting budget entity (43200100) is required to make debt service payments to Wachovia Bank scheduled for FY 2009-10. This exclusion reduces the 10% target by \$1,285,260.

The Excess Insurance and Claim Service category (101221), in the State Risk Management Trust Fund within the State Self-Insured Claims Adjustment budget entity (43400100) is required in order to purchase excess property insurance and pay the Workers' Compensation Assessment for the State of Florida. This exclusion reduces the 10% target by \$1,087,100.

The Transfer to Prison Industry Enhancement (PIE) Program category (108005) in the Prison Industries Trust Fund, within the State Financial Information and State Agency Accounting budget entity (43200100) is a DFS pass-through to the nonprofit corporation managing correctional work programs. Pursuant to section 946.522 Florida Statutes, the Department is the trustee for and administers the Prison Industries Trust Fund. Funds are paid on warrants drawn by the Chief Financial Officer only when she receives a corporate resolution. These funds are not available for other purposes or for transfer to General Revenue. This exclusion reduces the 10% target by \$75,000.

Other Considerations:  
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In the prior year reduction proposal, the Department included a list of current and future initiatives being explored for potential cost savings. As a result, the Department is consolidating its eleven Division of Consumer Services call centers into two locations, effective February 2009. This consolidation has allowed for a proposed recurring reduction in FY 2009-10 of \$1,063,075 in trust fund appropriations and twenty-one positions.

The Department has also conducted a preliminary study of potential cost savings by replacing information technology staff augmentation contracts with full time equivalent (FTE) positions. It was determined that a savings is possible, but should be implemented gradually and include strategies for reclassifying vacant FTEs as appropriate to address needed skill sets concurrent with reducing information technology staff augmentation contracts across the Department.

In the Legislative Budget Request for FY 2009-10, the Department is requesting funding in the State Property and Casualty Claims program (Risk Management) to provide proactive risk management services to state agencies and universities. If the program could reduce state claims cost by as little as 10%, it would equate to an annual savings of approximately \$15 million to the State of Florida.

In addition to these cost savings measures, the Department is conducting a revenue-to-cost comparison of certain of its key statutory functions to identify those program areas where actual costs exceed revenues generated by fees or penalties. In several areas, license fees and penalties have not been altered in over a decade, while program costs have increased. The CFO believes that the Legislature should consider addressing this inequality as a means of ensuring that proper service levels for affected industry are maintained.

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Office of Insurance Regulation

On July 1, 2008, the Office notified all supervisors to take immediate actions to enable the Office of Insurance Regulation (Office) to operate at 96% of the current budget, based upon projected revenue shortfalls for Fiscal Year 2008-2009. To accomplish this initial objective, the Office undertook the following measures:

Out of state travel will be restricted to events that directly support the Office's core mission. All travel must be approved in advance by the COS or Deputy COS;

Registration for conferences, conventions, and training programs will be restricted to events that directly support the Office's core mission. This category of expenses must also be approved by COS or Deputy COS; and

The Office will limit the purchase of equipment and other large expense items unless it directly pertains to the Office's core mission.

The initiatives above were made effective immediately. In addition, management notified all employees of the review and analysis of recurring budget revenues of 10% of the agency's budget.

Senior Management and the Commissioner held strategy meetings to review and determine target budget cut areas that were suggested by Office employees as well as the identification of vacant positions that were non-essential to the Office's core mission.

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Office of Financial Regulation

In August 2008, Florida has experienced its first failure of a state-chartered financial institution since 1992. Beginning in 2007, delinquency and foreclosure rates for subprime mortgage loans in the United States have dramatically increased, creating turmoil that has spread throughout the credit markets. This has led to the collapse of several of the nation's largest Securities broker dealers, a lack of liquidity and confidence in the credit markets, investor losses, and the failure of the \$330 billion auction rate securities markets. To continue to protect consumers and provide stability in the financial markets, the Office of Financial Regulation (OFR or Office) requires sufficient resources to carry out its mission. During periods of declining economic conditions, the need for regulatory resources increases rather than decreases.

OFR's recurring budget is roughly \$40 million which is 100% funded from trust funds. OFR continues to provide revenues directly to General Revenue, over and above the required 7.3% service charge on trust fund revenues to General Revenue. If required to implement a 10% reduction, the Office's proposed plan would result in reductions of approximately \$3.6

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million and 61 FTEs. In the event that reductions are necessary, the Office recommends offsetting reductions by transferring funds from its trust funds to General Revenue to the extent allowable. Additionally, OFR requests freezing rather eliminating positions, inasmuch the positions targeted for reduction are funded from trust funds and are critically needed during the current economic turmoil. In fact, OFR is requesting additional positions in the 2009 Legislative Budget Request in three critical areas: Financial Institutions, Finance Regulation and Securities Regulation.

The proposed reductions would severely impact OFR's ability to adequately oversee the financial services industry in Florida. In developing its budget reduction plan, the Office's guiding principles were to: ensure the safety and soundness of the state financial institutions, meet statutorily mandated examination schedules and to minimize the impact on the citizens of the State to the extent possible. Accordingly, the Office looked first at possible reductions in the areas of other personnel services (OPS) and contracted services. The Office's core functions are regulatory in nature and are funded from trust funds. The following proposals are listed in priority order.

- 1) Reduce Contracted Services in Finance Regulation (Finance) by \$400,000
- 2) Reduce Finance OPS funds by \$92,098
- 3) Reduce Finance expense funds by \$60,000
- 4) Freeze 13 Securities Regulation examiners and support personnel, along with associated expense funds
- 5) Freeze 10 Finance examiner positions
- 6) Freeze 8 Financial Investigations positions and associated expense funds
- 7) Freeze 4 Finance licensing positions
- 8) Freeze 6 Money Services Businesses (MSB) examiners
- 9) Freeze 20 Financial Institutions examiners and associated expense funds

Again, the Office would like to propose meeting necessary reduction by means other than permanent reductions in staffing at this critical time.

SCHEDULE VIIIIB REDUCTIONS -		
OPERATING		33B0000
FUND SHIFT GENERAL REVENUE TO TRUST		
FUNDS - DEDUCT	001	33B1140
GENERAL REVENUE FUND.....	177,162-	1000
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COL All SCH VIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
FUND SHIFT GENERAL REVENUE TO TRUST			
FUNDS - DEDUCT		001	33B1140
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Fund Shift General Revenue to Trust Funds - Deduct

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Fund shifts remaining General Revenue budget authority in the information technology budget entity to trust funds.

Ultimate Outcome: Department priority is LOW and DIS priority is #1. This authority was left after the creation of the Information Technology FLAIR Infrastructure budget entity. This issue is linked to Issue #33B1150

Detail of Costs: (177,162)

Categories	Amount
-----	
Salaries and Benefits (010000):	
General Revenue (1000) (1)	
Total	(\$ 46,886)
Other Personal Services (030000):	
General Revenue (1000) (1)	
Total	(\$ 1,559)
Expenses (040000):	
General Revenue (1000) (1)	
Total	(\$ 52,997)
Operating Capital Outlay (060000):	
General Revenue (1000) (1)	
Total	(\$ 13,930)
Contracted Services (100777):	
General Revenue (1000) (1)	
Total	(\$ 51,592)
Risk Management (103241):	
General Revenue (1000) (1)	
Total	(\$ 1,208)

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COL All SCH VIIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
FUND SHIFT GENERAL REVENUE TO TRUST			
FUNDS - DEDUCT		001	33B1140
Human Resources Services (107040):			
General Revenue (1000) (1)			
Total	(\$ 8,990)		
-----			
Issue Total	(\$177,162)		
*****			
FUND SHIFT GENERAL REVENUE TO TRUST			
FUNDS - ADD		001	33B1150
TRUST FUNDS.....	177,162		2000
	=====		
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Fund Shift General Revenue to Trust Funds - Add

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Fund shifts remaining General Revenue budget authority in the information technology budget entity to trust funds. This issue is linked to Issue #33B1140

Ultimate Outcome: Department priority is LOW and DIS priority is #1. This authority was left after the creation of the Information Technology FLAIR Infrastructure budget entity.

Detail of Costs: (177,162)

Categories	Amount
-----	
Salaries and Benefits (010000):	
Administrative Trust Fund (2021)	
Total	\$ 46,886
Other Personal Services (030000):	
Administrative Trust Fund (2021)	
Total	\$ 1,559
Expenses (040000):	
Administrative Trust Fund (2021)	

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COL All SCH VIIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
FUND SHIFT GENERAL REVENUE TO TRUST			
FUNDS - ADD		001	33B1150
 Total	\$ 52,997		
 Operating Capital Outlay (060000):			
Administrative Trust Fund (2021)			
Total	\$ 13,930		
 Contracted Services (100777):			
Administrative Trust Fund (2021)			
Total	\$ 51,592		
 Risk Management (103241):			
Administrative Trust Fund (2021)			
Total	\$ 1,208		
 Human Resources Services (107040):			
Administrative Trust Fund (2021)			
Total	\$ 8,990		
-----	-----		
Issue Total	(\$177,162)		
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CALL CENTER CONSOLIDATION AND STAFF REDUCTION		002	33B1100
	21.00-		
TRUST FUNDS.....	1,066,027-		2000
	=====		
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: CALL CENTER CONSOLIDATION AND STAFF REDUCTION

Issue Description/Need:

The Division of Consumer Services will complete consolidation of statewide offices in Fiscal Year 2008-2009, resulting in rent savings. Through efficiencies gained from consolidating call center operations 21 positions will be deleted.

The department will have centrally located field staff removing the need for multiple offices and redundant staff.

Detail of Costs:

Annual      Annual      HR

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FINANCIAL SERVICES 43000000  
 SCHEDULE VIII B REDUCTIONS -  
 OPERATING 33B0000  
 CALL CENTER CONSOLIDATION AND STAFF  
 REDUCTION 002 33B1100

Class Title	CC	PG	FTE	Rate	Salaries	Expenses	Services
Word Processing Systems Operator	0090	010	7		(229,516)	(12,600)	(2,807)
Insurance Specialist I	3508	016	11		(435,853)	(19,800)	(4,411)
Insurance Specialist III	3512	020	3		(137,670)	( 5,400)	(1,203)
-----							
Total			21		(805,991)	(37,800)	(8,421)

Category	Amount
-----	
Salaries and Benefits: (010000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$ 805,991)
Expenses (040000):	
Insurance Regulatory Trust Fund (2393) (1)	
Rent savings from office closure	(\$ 213,815)
Expense Reductions for positions	(\$ 37,800)
-----	
Total	(\$ 251,615)
Special Category	
Human Resource Services (107040):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$ 8,421)
-----	
Issue Total	(\$1,066,027)

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ELIMINATE CHECK CASHING SERVICE  
 AT CAPITOL 003 33B0400  
 TRUST FUNDS..... 3.00- 119,952- 2000  
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SCH VIII B-2 NARR 09-10 NOTES:  
 Section 17.53 authorizes the Chief Financial Officer to operate a personal check cashing service or a remote financial service unit at the Capitol. The check cashing service is not an essential function of this department and should be eliminated before reducing enforcement or financial accountability programs within the department.



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POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE CHECK CASHING SERVICE			
AT CAPITOL		003	33B0400

This issue would eliminate 3 FTE and \$109,572 from the Deposit Security budget entity. The reduction for these three positions have been lapsed 25% as these positions are currently filled. The reduction amount includes \$21,200 in Expenses and is based upon prior year expenditures for the Check Cashing Service.

Salaries and Benefits (010000):  
 Treasury Administrative and Investment Trust Fund (2725)  
 1 1418 FISCAL ASSISTANT II (\$ 26,110)  
 1 1427 ACCOUNTANT I - SES (\$ 29,058)  
 1 1439 ACCOUNTANT SUPERVISOR II - SES (\$ 36,237)  
 -----  
 3 Sub-total of Salaries & Benefits (\$ 91,406)

Expenses (040000):  
 Treasury Administrative and Investment Trust Fund (2725) (3)  
 3 \$1,800 per FTE (\$ 5,400)  
 Rent reduction based on diminished sq.ft. in Capitol (\$ 21,944)  
 -----  
 Sub-Total (\$ 27,344)

Human Resources Services (107040):  
 Treasury Administrative and Investment Trust Fund (2725) (3)  
 Total (\$ 1,203)  
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 Issue Total (\$119,953)

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LUMP SUM RESERVE - FUNERAL AND CEMETERY SERVICES		004	33B0600
TRUST FUNDS.....	284,860-		2000
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SCH VIIIIB-2 NARR 09-10 NOTES:

ISSUE TITLE: Lump sum reserve - Funeral and Cemetery Services

ISSUE DESCRIPTION:

This issue would eliminate the balance of the lump sum reserve in the Funeral and Cemetery Services budget entity. In

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FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 LUMP SUM RESERVE - FUNERAL AND  
 CEMETERY SERVICES 004 33B0600

doing this, the two (2) remaining FTE and all the associated funding (\$284,860) would be eliminated.

Category (090201): (\$284,860)

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BASE BUDGET REDUCTION - OPERATING  
 REDUCTIONS 005 33B4300

TRUST FUNDS..... 140,000- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

ISSUE TITLE: Base budget operating reductions

DESCRIPTION: This issue reduces, on a recurring basis, the operating budget of The Office of the Consumer Advocate. It represents a 10% across-the-board reduction to all operating categories based on the Division's 2008-2009 Fiscal Year appropriation. The impact of this reduction, though minimal, may still be felt should the Consumer Advocate's office be put in the position of having to challenge a larger number of the filings made by insurers doing business in this state.

The reduction amounts are detailed below:

Other Personal Services	\$ 4,771
Expenses	\$ 3,200
Contracted Services	\$132,029
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Issue Total	\$140,000

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REPLACE BLACKBERRIES AND CELL  
 PHONES WITH DIRECT CONNECT UNITS 006 33B1160

TRUST FUNDS..... 60,557- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Replace Blackberries and Cell Phones with Direct Connect Units

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 COL All  
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REPLACE BLACKBERRIES AND CELL			
PHONES WITH DIRECT CONNECT UNITS	006		33B1160

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Replace Blackberries and cell phones with Direct Connect Units for all DIS employees below Bureau Chief level.

Ultimate Outcome: Replacing DIS technical staff's Blackberries and cell phones with only direct connect units will remove access to e-mail for these employees. Without mobile e-mail access these employees' effectiveness and support capabilities will be diminished while they are away from their assigned workstations handling other calls or attending meetings. On-call capabilities will also be diminished.

Detail of Costs: Amount  
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Expense (040000):  
 Administrative Trust Fund (2021)  
 Total (\$60,557)  
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 Issue Total (\$60,557)

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ELIMINATION OF ACCESS TO PROJECT MANAGEMENT METHODOLOGY CONTENT	006		33B1170
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TRUST FUNDS..... 2,890- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Access to Project Management Methodology Content

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Eliminate access to vendor library of project management methodology content.

Ultimate Outcome: Department priority is LOW and DIS priority is #5. This product is used by the PMO which is transferring from DIS.

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 COL All  
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FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING 33B0000  
 ELIMINATION OF ACCESS TO PROJECT  
 MANAGEMENT METHODOLOGY CONTENT 006 33B1170

Detail of Costs:

Category	Amount
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Contracted Services (100777):	
Administrative Trust Fund (2021)	
Total	(\$2,890)
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Issue Total	(\$2,890)

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ELIMINATION OF MEMBERSHIP DUES 006 33B1180  
 TRUST FUNDS..... 1,495- 2000  
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Membership Dues

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Elimination of Help Desk Institute membership dues

Ultimate Outcome: This membership with an industry leading organization keeps our Help Desk operation abreast of the industry standards. Without the membership, the unit will be less informed of changes in the industry.

Detail of Costs:

Category	Amount
	-----
Contracted Services (10077):	
Administrative Trust Fund (2021)	
Total	(\$1,495)
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Issue Total	(\$1,495)

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COL All SCH VIII B-2 REDUCTIONS			
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FINANCIAL SERVICES			43000000
SCHEDULE VIII B REDUCTIONS - OPERATING			33B0000
DIVISION OF ADMINISTRATION - DECREASE BASE BUDGET		007	33B0130
TRUST FUNDS.....	111,400-		2000
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SCH VIII B-2 NARR 09-10 NOTES:

Issue Title: Reduction in Operating Expense Category

Issue Description: This issue proposes a reduction in the operating expense category of \$111,400. This will include a reduction of \$100,000 and an additional \$11,400 by consolidating the copier/printers in the Division of Administration which will result in the elimination of 3 copier/printer leases.

Impact: This reduction will have minimal impact on the operations of this budget entity as there have been sufficient budget reversions in this category to allow for the flexibility of the reduction.

Detail of Reduction:

Expenses:

Quantity	Description	Amount
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	Operating Expense Reduction	(\$111,400)
	Total	(\$111,400)

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LICENSURE, SALES APPOINTMENT AND  
 OVERSIGHT - BASE BUDGET

008 33B0590

TRUST FUNDS.....

75,000-

2000

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SCH VIII B-2 NARR 09-10 NOTES:

Issue Title: Delete Other Personnel Services Assistance

Reference to Long-Range Program Plan: Goal 3. In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.

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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
LICENSURE, SALES APPOINTMENT AND			
OVERSIGHT - BASE BUDGET	008		33B0590

Issue Description/Need: The OPS position which managed the division's technology integration will be deleted.

Ultimate Outcome: The quality of technology management will be impacted for about a year until a full-time employee can be trained to completely take over the responsibility. OPS appropriation would be reduced by \$75,000.

Detail of Costs:

OPS:		
Quantity	Description	Amount
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	OPS Technology Assistance	\$ 75,000
	Total	\$ 75,000
		=====
	Issue Total	\$ 75,000

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LEGAL SERVICES - BASE BUDGET	009	33B0560
TRUST FUNDS.....	80,000-	2000
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Base Operating Budget Reductions - Legal

This issue would have a significant impact on program's ability to perform its core functions because a reduction in expenses would decrease attorney travel for hearings, attending depositions in cases and aggressively handling DFS cases. A reduction in expenses would severely impact the Division's ability to promptly provide the legal services necessary for the CFO to carry out her legal duties and responsibilities. The CFO's statutory duty to protect insurance consumers would suffer because the reduction in attorneys' travel would restrict, limit and hamper the Legal Division's ability to take prompt legal and administrative actions against licensees and other persons violating the insurance code and causing public harm.

Detail of Reduction:

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FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 LEGAL SERVICES - BASE BUDGET 009 33B0560

Expenses:  
 Quantity Description Amount  
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 Base Expenses (\$ 80,000)

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FLORIDA CATASTROPHIC STORM RISK  
 MANAGEMENT CENTER 010 33B1120

TRUST FUNDS..... 3,000,000- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: FLORIDA CATASTROPHIC STORM RISK MANAGEMENT CENTER

Issue Description/Need:

The Florida Catastrophic Storm Risk Management Center was created at the Florida State University, College of Business, Department of Risk Management. Its purpose is to promote and disseminate information related to catastrophic storm risk management, including, but not limited to, research and information that would benefit businesses, consumers, and public policy makers. The purpose of the activities of the center is to support the state's ability to prepare for, respond to, and recover from catastrophic storms. Established by F.S. 1004.647.

Detail of Costs:

Amount  
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SPECIAL CATEGORY:  
 Florida Catastrophic Storm Risk Management Center  
 Florida State University (100500):  
 Insurance Regulatory Trust Fund (2393) (1)  
 Total (\$3,000,000)

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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATION OF SUBSCRIPTION FOR			
INFORMATION TECHNOLOGY RESEARCH AND			
ADVISORY SERVICES		011	33B1190
TRUST FUNDS.....	131,000-		2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Subscription for Information Technology Research and Advisory Services

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Eliminate subscription for information technical research and advisory services.

Ultimate Outcome: Since training budget has been reduced this subscription provides assistance to staff in resolving problems and collaborating with industry experts on upcoming changes in industry standards and practices.

Detail of Costs:

Category	Amount
	-----
Contracted Services (100777):	
Administrative Trust Fund (2021)	
Total	(\$131,000)
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Issue Total	(\$131,000)

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MY SAFE FLORIDA HOME PROGRAM		012	33B1110
TRUST FUNDS.....	10.00- 779,857-		2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: MY SAFE FLORIDA HOME PROGRAM

Issue Description/Need:

The My Safe Florida Home Program established by Section 215.5586, Florida Statutes is funded through June 30, 2009. The



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 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 MY SAFE FLORIDA HOME PROGRAM 012 33B1110

Florida legislature has not appropriated additional funding, thus ending the program. The positions originally funded for the program will not be needed after June 30, 2009.

Unless the Legislature takes action, the My Safe Florida Home Program will terminate on June 30, 2009.

Detail of Costs:

Class Title	CC	PG	FTE	Rate	Annual Salaries	Annual Expenses	HR Services	FY 09-10 Total
SPECIAL PROGRAMS ADMINISTRATOR	8531	150	1		(\$124,954)			
EXECUTIVE ASSISTANT I-SES	0718	422	1		(\$ 64,150)			
SENIOR MANAGEMENT ANALYST II-SES	2225	426	1		(\$ 61,063)			
CONTRACTS & GRANTS MANAGER-SES	2223	426	1		(\$ 88,951)			
FINANCIAL ADMINISTRATOR-SES	1587	429	1		(\$ 62,979)			
INSURANCE SPECIALIST III	3512	020	5		(\$284,724)			
Issue Total			10		(\$686,821)	(\$87,422)	(\$5,614)	(\$779,857)

Category	Amount
Salaries and Benefits (010000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$686,821)
Expenses (040000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$ 87,422)
Special Category	
Human Resource Services (107040):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$ 5,614)
Issue Total	(\$779,857)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                        33B0000
REDUCE UNFILLED POSITIONS IN
FUNERAL AND CEMETERY SERVICES                                33B6600
                                3.00-
TRUST FUNDS.....                                179,684-
                                =====
*****
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Three Positions in Division of Funeral and Cemeteries

Issue Description/Need:

This issue would reduce three of seven positions released from reserve effective July 1, 2008. At this time the division is unable to fill three positions due to insufficient revenues to support the positions on a recurring basis.

Detail of Cost

Category	Amount
-----	
Salaries and Benefits (010000):	
Regulatory Trust Fund (2573) (1)	
2 Vacant Financial Specialists CC 1566	(\$119,191)
1 Vacant Financial Examiner II CC 1564	(\$ 53,890)
Sub-total	(\$173,081)
Expenses (040000):	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 5,400)
Human Resource Services (107040):	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 1,203)
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Issue Total	(\$179,684)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                     43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                             33B0000
REDUCTION OF POSTIONS - EXECUTIVE
DIRECTION AND SUPPORT                                014      33B9120
TRUST FUNDS.....1.00-      48,504-      2000
=====
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: FTE Reduction in Office of Learning and Development

Issue Description: This issue proposes a reduction of 1 FTE and associated budget in the Office of Learning and Development. The proposed reduction is for a Management Analyst II - SES position (Class Code 2212).

Impact: This reduction will impact the newly formed Office of Learning and Development. The mission of this Office is to provide learning and development solutions that are mission-specific, cost-effective, innovative, and positively impact the business performance of DFS employees, stakeholders, and partners. With the deletion of the Management Analyst II position, the Office will be unable to meet all of their goals and objectives, thus impacting the effectiveness of the Department. The Department recognizes that achieving high performance in the workplace often depends on the ability to identify and correct problems. As a result, it is critical this Office is able to provide the Department's leaders with the tools they need to continually perform.

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
1	Management Analyst II - SES (2212)	(\$ 46,303)

Expenses:

Quantity	Description	Amount
1	\$1,800 per FTE	(\$ 1,800)

Transfer to DMS:

Quantity	Description	Amount
1	\$401 per FTE	(\$ 401)

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COL All			
SCH VIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION OF POSTIONS - EXECUTIVE			
DIRECTION AND SUPPORT		014	33B9120
	Issue Total	(\$ 48,504)	
*****			
AGENT AND AGENCY SERVICES -			
REDUCTIONS THROUGH PROCESS CHANGES		015	33B8300
TRUST FUNDS.....	354,000-		2000
	=====		
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Cut Costs through Process Changes

Reference to Long-Range Program Plan: Goal 3. In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.

Issue Description/Need: The Division of Agent and Agency Services will reduce purchases of postage, mailing supplies and paper, and make use of network printers and other consolidated technology to save on toner, equipment, and maintenance contracts. Further, the division plans to discontinue use of cell phones and Blackberries.

These reductions will be partially achieved by implementing 2008 legislation requiring applicants and licensees to furnish current email addresses. With this requirement, the Division will be able to correspond through email rather than through the postal service. The division will see a reduction in costs of approximately \$309,600.

The Division will remove most individual printers from desks and by purchasing network printers and consolidating other technology, the division will save approximately \$20,000

Discontinuing usage of cell phones and Blackberries will result in a savings of \$ 24,400.

Ultimate Outcome:

The use of email communication will assist in the applicants and licensees being better informed of requirements and to receive faster return communication. Further, it allows the applicants and licensees to communicate more effectively with the Division.

By using some network printers, there is a reduced need to replace desktop printers and no toner to purchase which results in expenditure reduction.

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 COL All  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
AGENT AND AGENCY SERVICES -			
REDUCTIONS THROUGH PROCESS CHANGES		015	33B8300

Discontinuation of cell phones and Blackberries will prevent immediate contact between supervisors and their employees in emergency/business situations. Field employees will be required to stop at payphones in order to contact their offices or use their personal cell phones. Division staff will have to depend on email and standard phone service.

Detail of Costs:

Expenses:		Amount	Non-Recurring
Quantity	Description	-----	-----
-----	-----		
	Postage, Mailing Supplies, Paper	(\$309,600)	
	Network printer usage and toner	(\$ 20,000)	
	Cell Phones and Blackberry usage	(\$ 24,400)	
	-----	=====	
	Issue Total	(\$354,000)	

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EXECUTIVE DIRECTION AND SUPPORT			
SERVICES DECREASE POSITIONS AND			
BUDGET		016	33B0120
	2.00-		
TRUST FUNDS.....	102,024-		2000
	=====		

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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: FTE Reduction in Bureau of Financial and Support Services

Issue Description: This issue proposes a reduction of 2 FTEs and associated budget in the Bureau of Financial and Support Services, Receipts Section. The proposed reduction will eliminate an Accounting Services Supervisor II - SES position (Class Code 1445) and an Operations Analyst II position (Class Code 2212).

Impact: This reduction will have low to moderate impact due to a proposed reorganization in the Receipts Section. Of the two positions, elimination of the Operations Analyst II position will have more of an impact as this position works with IT in the system enhancements needed to the Cashier's Office Deposit Automation System (CODA) as the various program areas in the Department migrate to eCommerce.

Detail of Reduction:

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 COL All  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING 33B0000  
 EXECUTIVE DIRECTION AND SUPPORT  
 SERVICES DECREASE POSITIONS AND  
 BUDGET 016 33B0120

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
1	Accounting Svcs. Supv. II-SES (1445)	(\$ 52,762)
1	Operations Analyst II (2212)	(\$ 44,860)
		=====
	Sub-total	(\$ 97,622)

Expenses:

Quantity	Description	Amount
2	\$1,800 per FTE	(\$ 3,600)
		=====

Transfer to DMS:

Quantity	Description	Amount
2	\$401 per FTE	(\$ 802)
		=====

Issue Total (\$102,024)

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REDUCE COMMUNICATIONS OFFICE  
 POSITIONS - EXECUTIVE DIRECTION AND  
 SUPPORT SERVICES - CAPITOL OFFICES 017 33B1990  
 TRUST FUNDS..... 1.00- 51,194- 2000  
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: FTE Reduction in Office of Communications

Issue Description: This issue proposes a reduction of 1 FTE and associated budget in the Office of Communications. The proposed reduction is for a Public Information Specialist II position (Class Code 2505).

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 REDUCE COMMUNICATIONS OFFICE  
 POSITIONS - EXECUTIVE DIRECTION AND  
 SUPPORT SERVICES - CAPITOL OFFICES 017 33B1990

Impact: This reduction in FTE will impact the Office of Communications as this position is considered to be a vital member of the Office and assists in the office's mission of promoting the message of the CFO and news worthy accomplishments of the Department. Tasks of this position may include research, writing press releases, media advisories and talking points, and staffing the CFO at functions where the media is present. This position deals directly with the public and assists in the fulfillment of public records requests. Without this position, the Office of Communications will not be able to respond to reporters and the public in as timely a manner.

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
1	Public Information Specialist II (2505)	(\$48,993)

Expenses:

Quantity	Description	Amount
1	\$1,800 per FTE	(\$ 1,800)

Transfer to DMS:

Quantity	Description	Amount
1	\$401 per FTE	(\$ 401)

=====  
 Issue Total (\$51,194)

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ELIMINATE TRANSFER TO WORKERS'  
 COMPENSATION RESEARCH INSTITUTE,  
 INC. 018 33B0640  
 TRUST FUNDS..... 195,000- 2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate Funding for the Workers' Compensation Research Institute, Inc. (WCRI) CompScope Study

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE TRANSFER TO WORKERS'			
COMPENSATION RESEARCH INSTITUTE,			
INC.	018		33B0640

Reference to Long-Range Program Plan:

Issue Description/Need: CompScope is a tool to help policymakers and others benchmark state system performance, assess the effectiveness of regulatory and legislative changes and identify potential trends in the frequency and cost of workers' compensation claims. WCRI is an independent, not-for-profit research organization providing information about public policy issues involving workers' compensation systems. The Division has participated in eight annual WCRI CompScope research studies. CompScope is an ongoing study that provides inter-state comparisons and benchmarking results for more than 60 system performance measures for eight major states which represent 40 percent of the nations' workers' compensation benefits.

Ultimate Outcome: If the Division discontinued participating in CompScope, Florida's data would be excluded from future CompScope studies which may inhibit policymakers in determining how Florida's system compares to other states' systems. The Division is undertaking its own internal research initiatives that may prove to be more cost beneficial than participating in the CompScope Study. This funding does not directly contribute to the mission of the Division, nor does it affect the Division's programmatic area of the core processes.

Please note this item is not a specific line item appropriation. This Division has historically funded this initiative from its base operating budget.

Detail of Costs:

Contracted Services:		
Quantity	Description	Amount
-----	-----	-----
1	Workers' Compensation Research Institute, Inc.	(\$195,000)

Issue Total (\$195,000)

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ELIMINATE TRANSFER TO UNIVERSITY OF SOUTH FLORIDA FROM WORKERS' COMPENSATION	019	33B0650
TRUST FUNDS.....	214,994-	2000
	=====	



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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE TRANSFER TO UNIVERSITY			
OF SOUTH FLORIDA FROM WORKERS'			
COMPENSATION		019	33B0650
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate Funding to the University of South Florida (10% State Matching - 90% Federal Matching Program)

Issue Description/Need: The University of South Florida Safety Consultation Program provides occupational safety and health educational outreach and services to small businesses within the State of Florida. Some of the services in the program include identifying potential work hazards, developing safety programs to reduce workplace accidents, providing training to business groups to address their concerns with safety and health issues and educational outreach along with understanding the government standards relating to OSHA compliance. In addition to the long-term workers' compensation cost savings that employers achieve through lowering the number of workplace accidents, employers that establish a safety program are eligible to receive an annual 2% reduction in their workers' compensation premium.

Ultimate Outcome: Other non-state sources of revenue could be utilized to continue funding this program.

Please note this item is not a specific line item appropriation. This Division has historically funded this initiative from its base operating budget.

Detail of Costs:

Contracted Services:

Quantity	Description	Amount
-----	-----	-----
1	University of South Florida	(\$214,994)

Issue Total (\$214,994)

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ELIMINATE FUNDING FROM THE WORKERS'  
 COMPENSATION TRUST FUND TO THE  
 FIRST DISTRICT COURT OF APPEALS

020 33B0150

TRUST FUNDS..... 1,981,688- 2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate funding from the Workers' Compensation Administration Trust Fund (WCATF) for the 1st District

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE FUNDING FROM THE WORKERS'			
COMPENSATION TRUST FUND TO THE			
FIRST DISTRICT COURT OF APPEALS	020		33B0150

Court of Appeals (1st DCA) administrative staff who are responsible for handling workers' compensation appellate cases.

Issue Description/Need: The 1st DCA hears all workers' compensation appellate cases. During the 2008 Legislative Session, the Legislature appropriated \$1,981,688 from the operating budget of the WCATF to fund the 1st DCA's staff who are responsible for handling workers' compensation appellate cases.

Ultimate Outcome: This appropriation was approved for the first time for FY 2008/2009. The Division neither supported nor lobbied against this appropriation during the 2008 Legislative Session. The appropriation does not contribute to the mission of the Division, nor does it affect the Division's programmatic area of the core processes.

Detail of Costs:

Other	Description	Amount
Quantity		
-----	-----	-----
1	District Courts of Appeal (100507)	(\$1,981,688)
*****		

REHABILITATION AND LIQUIDATION -			
DECREASE BASE BUDGET		021	33B5110
	1.00-		
TRUST FUNDS.....			2000
	126,680-		
	=====		
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Base Budget Reductions

Issue Description: This is a reduction of approximately 10% of the division's 2008-2009 Fiscal Year operating budget. As a part of the reduction, this issue deletes a long-term vacancy, a Management Review Specialist - SES position and associated budget.

The division has estimated this reduction will have a moderate impact on operations and will require limiting of travel and making other changes that will achieve efficiencies.

Should the financial health of Florida's resident insurers become uncertain, the resources being offered for reduction may have a greater impact on the division's ability to effectively manage any companies in need of servicing.

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 REHABILITATION AND LIQUIDATION -  
 DECREASE BASE BUDGET 021 33B5110

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
1	Management Review Specialist - SES (2239)	(\$ 58,045)

OPS:

Quantity	Description	Amount
	OPS Technology Assistance	(\$ 30,000)

Expenses:

Quantity	Description	Amount
1	\$1,800 per FTE Additional Expenses	(\$ 1,800) (\$ 21,200)
	Sub-total	===== (\$ 23,000)

Contracted Services:

Quantity	Description	Amount
1	Base budget reduction	(\$ 15,234)

Transfer to DMS:

Quantity	Description	Amount
1	\$401 per FTE	(\$ 401)
	Issue Total	===== (\$126,680)

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RISK MANAGEMENT - DECREASE BASE BUDGET 022 33B4010  
 TRUST FUNDS..... 53,000- 2000  
 =====

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COL All			
SCH VIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
FINANCIAL SERVICES			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
RISK MANAGEMENT - DECREASE BASE			
BUDGET		022	33B4010
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Operating Budget Reductions (Expense and Contracted Services) for Self Insurance

Issue Description/Need:

This issue reduces Expense category spending authority within the State Risk Management Trust Fund to the fund's five year average expenditure amount of \$886,774, transfers \$93,500 of Other Personal Services spending authority to the Contracted Services category and reduces the Contracted Services category spending authority by \$5,000 for an ending balance of \$360,470 in that category. Expense category spending authority will be used to pay for office rental (\$550,000), travel (\$104,800), communications (\$13,914), postage and freight (\$80,014), records storage (\$13,630), supplies and non-capitalized equipment (\$100,307) and insurance/subscriptions/software (\$24,109). Contracted Services category spending authority will be used to pay for an annual actuarial report (\$16,000), Filenet software maintenance (\$70,000), Citrix software license renewal (\$7,600), mail machine maintenance (\$2,800), DHL shipping charges (\$3,500), and KPMG audit fees for the Division's workers' compensation medical case management contracts (\$260,000).

Ultimate Outcome:

This issue will reduce the Division's spending authority in the Expense and Contracted Services categories to cover only what items are listed above. The Division may not be able to travel to court ordered mediations and damaged state-owned properties, which could increase the amounts paid for losses and fines and penalties imposed by courts. Also, we may not be able to use paid risk control consultants to assist in loss reduction efforts, thereby increasing claim costs and ultimately increasing the amount needed from General Revenue and agency trust funds to pay claims.

Detail of Costs:

Category	Amount
-----	
Expenses (040000):	
Casualty Risk Management Trust Fund (2078) (1)	
Total	(\$48,000)
Contracted Services (100777):	
Casualty Risk Management Trust Fund (2078) (1)	
Total	(\$ 5,000)
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Issue Total	(\$53,000)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT          PRIORITY          CODES
                                -----
FINANCIAL SERVICES                                     43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                             33B0000
REDUCTION OF GENERAL SERVICES
POSTION IN ADMINISTRATION                            023          33B6960
TRUST FUNDS..... 1.00-                               65,180-          2000
                                =====
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SCH VIIIB-2 NARR 09-10 NOTES:

Budget Entity: 43010100 Executive, Direction & Support Services

Issue Title: FTE Reduction in Bureau of General Services

Issue Description: This issue proposes a reduction of 1 FTE and associated Salaries and Benefits budget in the Bureau of General Services. The proposed reduction will eliminate a Government Analyst II position (Class Code 2225).

Impact: The impact to the Department of this proposed FTE reduction will be that the pro-active work of analyzing business processes for improvement/automation may not occur or will be added to the workload of the other FTEs in the Bureau. Additionally, the duties of this position include preparing/executing specialized and complex bid specifications for formal competitive procurements as well as single source procurements. This position also coordinates and supports the contract administration implementation of processes and provides assistance with general purchasing duties during heavy purchasing times such as year end. Again, these duties will need to be assumed by other staff within the Purchasing Office.

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
-----	-----	-----
1	Government Analyst II (2225)	(\$62,979)

Expenses:

Quantity	Description	Amount
-----	-----	-----
1	\$1,800 per FTE	(\$ 1,800)

Transfer to DMS:

Quantity	Description	Amount
-----	-----	-----
1	\$401 per FTE	(\$ 410)

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 Issue Total (\$65,180)  
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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                         33B0000
EXPENSES AND OTHER OPERATING
REDUCTIONS FROM BASE BUDGET -
INSURANCE FRAUD                                024      33B5320

TRUST FUNDS.....                                50,000-      2000
                                =====
*****
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduce Salary Incentive Payments (CJIP) and Expense Appropriation

Issue Description/Need: Criminal Justice Incentive Pay (CJIP) is paid to law enforcement employees in an amount up to \$1,500 per year based on their level of education and training. As a result the amount varies among sworn officer.

The Division of Insurance Fraud can reduce expense appropriation by spending less on office supplies, travel, and other operating purchases.

Ultimate Outcome: Reducing the Salary Incentive Payments (CJIP) by \$25,000 would have a moderate impact on the Division of Insurance Fraud as we have reverted CJIP funds in the past two fiscal years. The reversion of funds was due to the number of vacancies during the fiscal year along with the amount of salary incentive classes submitted by employees. Reducing expense appropriation by \$25,000 would have a moderate impact on the Division.

Detail of Costs:

Expenses (040000):

Quantity	Description	Amount
-----	-----	-----
	Reduce Appropriation (\$25,000)	(\$25,000)
		-----

Salary Incentive Payments - CJIP(103290):

Quantity	Description	Amount
-----	-----	-----
	Reduce Appropriation (\$25,000)	(\$25,000)
		-----

Issue Total (\$50,000)  
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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                        33B0000
ELIMINATION OF INFORMATION
TECHNOLOGY ADMINISTRATIVE SERVICES
SECTION POSITIONS                                33B1200
                                1.00-
GENERAL REVENUE FUND.....                    53,510-
                                =====
*****
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Administrative Services Section FTE

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: This reduction issue will result in the loss of a Government Analyst I position in the critical area of Inventory Control. The duties of this position are receiving and tagging equipment which can be absorbed by other staff. However, if these duties are shared instead of centralized there are more opportunities for mistakes with inventory. This is a General Revenue funded position.

Ultimate Outcome: The issue is in the FLAIR Budget Entity. Department priority is MIDDLE and DIS priority is #7. Deleting a filled position must address consequences such as leave pay out and unemployment compensation issues.

Detail of Costs:

Category	Amount
-----	-----
Class Title	Salaries
Government Analyst I 2224 022 1	(\$51,309)
Expenses (040000):	
General Revenue (1000) (1)	
Total	(\$ 1,800)
Human Resources Services (107040)	
General Revenue (1000) (1)	
Total	(\$ 401)
-----	=====
Issue Total	(\$53,510)

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COL All SCH VIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
FINANCIAL SERVICES			43000000
SCHEDULE VIIIB REDUCTIONS - OPERATING			33B0000
REDUCE PRINT SHOP POSTIONS - GENERAL SERVICES - EXECUTIVE DIRECTION AND SUPPORT		026	33B0190
TRUST FUNDS.....	4.00- 136,516-		2000
	=====		

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Print Shop

Issue Description: This issue proposes the elimination of the Department's Print Shop. Currently, the Print Shop provides printing services for the Department. This includes producing bulk black and white copies, color copies and printing envelopes, brochures, letterhead and booklets. Other services provided include bindery, trimming, drilling, collating and tabbing. The Print Shop employs 6 FTEs. Currently, the costs of the services provided, with the exception of the Salaries and Benefits of the 6 FTEs, are charged back to the Divisions who utilize the services of the Print Shop. This proposal will eliminate 4 FTEs and the remaining 2 FTEs will assist the Department in procuring print services from outside vendors and also in assisting with the bulk copy jobs for black and white/color copies with equipment currently owned by the Department. The salaries and benefits of these 2 FTEs will be cost allocated and costs associated with the copies will be directly billed to the appropriate business units. The proposed reduction will eliminate a Senior Clerk position (Class Code 0004) and 3 Printer II positions (Class Code 6311).

Impact: Even though this will result in the reduction of 4 FTEs, the impact to the Department of outsourcing the printing services could result in additional costs to the Divisions who need printing services to carry out their business operations. Further, the Department will no longer have complete control in setting priorities over print jobs. If there is a critical printing job that must be expedited, the request for special handling may result in the need to pay a premium price for the printing job.

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
1	Senior Clerk (0004)	(\$ 33,728)
3	Printer II (6311)	(\$101,184)
	Sub-total	(\$134,912)

Transfer to DMS:

Quantity	Description	Amount
4	\$401 per FTE	(\$ 1,604)
	Issue Total	(\$136,516)

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COL All				
SCH VIIIIB-2				
REDUCTIONS				
POS	AMOUNT	PRIORITY	CODES	
-----				
FINANCIAL SERVICES			43000000	
SCHEDULE VIIIIB REDUCTIONS -			33B0000	
OPERATING			33B9200	
OTHER BASE BUDGET REDUCTION - LEGAL		027	33B9200	
SERVICES			2000	
TRUST FUNDS.....	3.00-			
	235,515-			
	=====			
*****				

SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Other Base Budget Reductions - Division of Legal Services Reduction in Staff, Expense, OPS

Issue Description/Need:

Significant impact on program's ability to perform its core functions. The Division is involved in all manner of complex investigation and litigation requiring the retention of qualified, credentialed expert witnesses and the taking of discovery (depositions, etc.) in order to prepare and prevail at trial. The Division's current funding for this purpose is inadequate and therefore additional reduction in funding would decrease the Department's ability to optimally protect the interests of the insurance-buying public.

A reduction would put an additional workload on the staff attorneys to timely complete work assignments. The law clerks assist the attorneys by doing research and drafting legal pleadings in less complex cases. This allows the staff attorneys more time to review and prepare the more complex cases in a timely manner.

Deleting 3 attorney positions would result in a backlog of cases assigned attorneys and delays in handling all assignments. Consequently, programs will likely experience delays in receiving legal assistance, advice or representation. Loss of these positions would severely impact the Division's ability to promptly provide the legal services necessary for the CFO to carry out her legal duties and responsibilities. Legal input required for policy development and for developing and promulgating administrative rules would be severely hampered if the reduction occurs. The CFO's statutory duty to protect insurance consumers would suffer because staff attorney reductions would restrict, limit and hamper the Legal Division's ability to take prompt legal and administrative actions against licensees and other persons violating the insurance code. Florida consumers jeopardized by unscrupulous agents and especially senior citizens will suffer because the Department will not have adequate staff attorneys to promptly and vigorously prosecute licensees whose business practices are geared toward preying on certain insurance consuming groups, particularly the elderly.

Detail of Cost

Category	Amount
-----	
Salaries and Benefits (010000):	
3 Senior Attorneys Class Code 7738	(\$211,912)

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 COL All  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING 33B0000  
 OTHER BASE BUDGET REDUCTION - LEGAL  
 SERVICES 027 33B9200

Other Personal Services (030000):  
 Total (\$ 17,000)

Expenses (040000):  
 Quantity Description Amount  
 -----  
 3 \$1,800 per FTE (\$ 5,400)

Transfer to DMS:  
 Quantity Description Amount  
 -----  
 3 \$401 per FTE (\$ 1,203)

-----  
 Issue Total (\$235,515)

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ELIMINATION OF HELP DESK POSITION 028 33B1220  
 1.00-  
 GENERAL REVENUE FUND..... 42,005- 1000  
 =====

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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Help Desk FTE

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: Eliminate Help Desk FTE - Office Automation Specialist I

Ultimate Outcome: Department priority is MIDDLE and DIS priority is #8. The level of service provided by the DIS Help Desk will be reduced if this position is deleted. Deletion of this or any other position will have a major impact on the core of the Help Desk objective - providing information technology services to customers on a timely, accurate, and professional basis. This is a General Revenue funded position.

Detail of Costs:

Annual Annual HR

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 COL All  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING 33B0000  
 ELIMINATION OF HELP DESK POSITION 028 33B1220

Class Title	CC	PG	FTE	Rate	Salaries	Expenses	Services
Office Automation Specialist I	2041	015	1		(39,804)	(1,800)	(401)

Category	Amount
Salaries and Benefits (010000):	
General Revenue (1000) (1)	
Total	(\$37,349)
Expenses (040000):	
General Revenue (1000) (1)	
Total	(\$ 1,800)
Human Resources Services (107040)	
General Revenue (1000) (1)	
Total	(\$ 401)
-----	-----
Issue Total	(\$42,005)

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ELIMINATION OF THE PUBLICATIONS  
 UNIT 029 33B9690  
 TRUST FUNDS..... 8.00- 359,177- 2000  
 =====

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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of the Publications Unit

Issue Description/Need: The nine-person Publications Unit staff currently provides graphic design and layout services, as well as writing services, for the Employee Message. Typically, general content is provided in advance by divisions for use in pamphlets or brochures developed by the Publications Unit. The divisions currently pay for the production and printing of any requested collateral materials for their use. The Publications Unit also has a photographer who takes photos at department and CFO events and a videographer who develops videos for educational use by the Department and who records public hearings held by the Office of Insurance Regulation.

The department recommends elimination of eight (8) of the Publications Unit positions and retention of one (1) full-time employee who would serve as the liaison to a contract vendor, selected through a competitive bidding process, that will

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                         33B0000
ELIMINATION OF THE PUBLICATIONS
UNIT                                              029      33B9690
  
```

provide the services currently offered by department staff. The liaison would oversee branding, graphic, video and production services on behalf of the divisions and department.

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
6	Public Information Specialist (3738)	(\$269,158)
1	Publication Production Specialist II (3721)	(\$ 39,623)
1	Word Processing Systems Operator (0090)	(\$ 32,788)
==	-----	=====
8	Sub-total	(\$341,569)

Expenses:

Quantity	Description	Amount
8	\$1,800 per FTE	(\$ 14,400)

Transfer to DMS:

Quantity	Description	Amount
8	\$401 per FTE	(\$ 3,208)
	-----	=====
	Issue Total	(\$359,177)

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ELIMINATION OF PROJECT MANAGEMENT
OFFICE STAFF                                030      33B1210
TRUST FUNDS.....                          2.00-      126,899-      2000
                                           =====
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Project Management Office Staff

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATION OF PROJECT MANAGEMENT			
OFFICE STAFF	030		33B1210

Issue Description/Need: This reduction issue will result in less project management and consulting services available for the Agency. The Project Management Office (PMO) position titles impacted are Senior Management Analyst II and Systems Project Analyst. These positions are currently filled.

Ultimate Outcome: Deleting a filled position must address consequences such as leave pay out and unemployment compensation issues.

Detail of Costs: Senior Management Analyst II and Systems Project Analyst, Salaries & Benefits (\$122,497), Expense (\$3,600), DMS/HR (\$802)

Class Title	CC	PG	FTE	Rate	Annual Salaries	Annual Expenses	HR Services
Senior Management Analyst II	2225	026	1		(\$64,452)	(1,800)	(401)
Senior Project Analyst	2107	024	1		(\$58,045)	(1,8000)	(401)

Category	Amount
	-----
Salaries and Benefits (010000):	
Administrative Trust Fund (2021) (1)	
Total	(\$122,497)
Expenses (040000):	
Administrative Trust Fund (2021) (1)	
Total	(\$ 3,600)
Human Resources Services (107040):	
Administrative Trust Fund (2021) (1)	
Total	(\$ 802)
-----	-----
Issue Total	(\$126,899)

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                                COL All
                                SCH VIII B-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIII B REDUCTIONS -
OPERATING                                         33B0000
ELIMINATION OF BUREAU OF FINANCIAL
APPLICATION POSITION                                031      33B1240
TRUST FUNDS.....                                1.00-      66,653-      2000
=====
*****
  
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SCH VIII B-2 NARR 09-10 NOTES:

Issue Title: Elimination of Bureau of Financial Application Staff

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: This reduction issue will result in the loss of a Senior Management Analyst II position in the Bureau of Financial Application.

Class Title	CC	PG	FTE	Rate	Annual Salaries	Annual Expenses	HR Services
Senior Management Analyst II	2225	026	1		(64,452)	(1,800)	(401)

Category	Amount
Salaries and Benefits (010000):	
Administrative Trust Fund (2021) (1)	
Total	(\$64,452)
Expenses (040000):	
Administrative Trust Fund (2021) (1)	
Total	(\$ 1,800)
Human Resources Services (107040):	
Administrative Trust Fund (2021) (1)	
Total	(\$ 401)
-----	-----
Issue Total	(\$66,653)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                        33B0000
ELIMINATION OF BUREAU OF INSURANCE
APPLICATIONS POSITION                                33B1230
                                1.00-
TRUST FUNDS.....                                48,316-
                                =====
*****
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Budget Entity:

Issue Title: Elimination of Bureau of Insurance Applications FTE.

Reference to Long-Range Program Plan: LRPP Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: This reduction issue will result in the loss of a Computer Programmer Analyst I position in the Design & Programming Section at the Division of Workers' Compensation. Domain knowledge and experience needed to support complex Access applications will be lost.

Ultimate Outcome: Department priority is MIDDLE and DIS priority is #13. Technical programming, support and other responsibilities will be absorbed by other staff.

Detail of Costs:

Class Title	CC	PG	FTE	Rate	Annual Salaries	Annual Expenses	HR Services
Computer Programmer Analyst I	2102	020	1		(46,115)	(1,800)	(401)

Category	Amount
Salaries and Benefits (010000):	
Administrative Trust Fund (2021) (1)	
Total	(\$46,115)
Expenses (040000):	
Administrative Trust Fund (2021) (1)	
Total	(\$ 1,800)
Human Resource Services (107040)	
Administrative Trust Fund (2021) (1)	
Total	(\$ 401)
-----	-----
Issue Total	(\$48,316)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                     43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                             33B0000
REDUCE DOMESTIC SECURITY RECURRING
FUNDS                                               033      33B5550
TRUST FUNDS.....                                317,000-      2000
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Domestic Security Operating Funds

Issue Description/Need: The department currently receives \$400,000 in recurring appropriation from the Insurance Regulatory Trust Fund to provide operational support of the State Fire Marshal's mission as the coordinator for first responders and urban search and rescue during times of disaster.

Ultimate Outcome: Reduction of these funds may prevent the department from taking a pro-active stance on training and equipping State Fire Marshal personnel to deal with emergency situations and result in a more reaction based model where equipment is purchased on an as needed basis at the time of the disaster. This could increase response times and delay assistance in areas where special equipment is needed. Not a statutory function of SFM, cuts will primarily effect 50 local fire departments that are part of the statewide response system that are not receiving sustainment funding from federal funds. This has also been a funding source for the FCDICE (firefighter credentialing and records system) upgrades, service, etc.

Detail of Costs:

Domestic Security (100851):

Quantity	Description	Amount
-----	-----	-----
	Domestic Security Funding	(\$317,00)

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REDUCE POSITIONS IN EXECUTIVE  
 DIRECTION AND SUPPORT SERVICES -  
 ADMINISTRATION

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                                034      33B6660
                                1.00-
TRUST FUNDS.....                                125,088-      2000
=====
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: FTE Reduction in Division of Administration

Issue Description: This issue proposes a reduction of 1 FTE and associated budget in the Division of Administration. The



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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCE POSITIONS IN EXECUTIVE			
DIRECTION AND SUPPORT SERVICES -			
ADMINISTRATION	034		33B6660

proposed reduction will eliminate the Assistant Director of Administration position (Class Code 8709).

Impact: The proposed reduction will necessitate a reorganization of the reporting structure within the Division of Administration. The Assistant Director of Administration currently supervises the Bureau Chief of Financial and Support Services, the Bureau Chief of General Services, the Public Records Section Supervisor, a Computer Audit Analyst and an Administrative Assistant II. The Director of Administration supervises the Assistant Director, Bureau Chief of Human Resource Management, the Department's Senior Budget Officer and an Administrative Assistant III. The impact of this proposed reduction is that the Director's number of direct reports will increase from 4 FTEs to 7 FTEs. Also, the number of direct reports for the Bureau Chief of Financial and Support Services will increase from 4 FTEs to 5 FTEs through the addition of the Computer Audit Analyst position.

Detail of Reduction:

Salaries and Benefits:

# of Positions	Title & Class Code	Amount
-----	-----	-----
1	Assistant Dir. of Administration (8709)	(\$122,887)

Expenses:

Quantity	Description	Amount
-----	-----	-----
1	\$1,800 per FTE	(\$ 1,800)

Transfer to DMS:

Quantity	Description	Amount
-----	-----	-----
1	\$401 per FTE	(\$ 401)

-----  
 Issue Total (\$125,088)  
 =====

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VACANCIES IN SPECIAL DISABILITY PROGRAM - WORKERS' COMPENSATION		035	33B6120
TRUST FUNDS.....	2.00-		2000
	83,349-		
	=====		

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
VACANCIES IN SPECIAL DISABILITY			
PROGRAM - WORKERS' COMPENSATION	035		33B6120
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

LEGISLATIVE BUDGET REQUEST FY 2009-2010

Issue Title: Eliminate Two Positions From the Special Disability Trust Fund

Issue Description/Need: Elimination of two positions within the Special Disability Trust Fund.

Ultimate Outcome: Due to the reduction of second injury claims coming into the fund, these services are no longer needed or necessary. At present, the Staff Assistant position is vacant and the Insurance Specialist II position is an anticipated vacancy.

Detail of Costs:

Salaries and Benefits:

Position	Title & Pay Grade	Amount
-----	-----	-----
1	Insurance Specialist II (3509)	(\$42,923)
1	Staff Assistant (0120)	(\$36,024)

Expenses:

Quantity	Description	Amount
-----	-----	-----
2	\$1,800 per FTE	(\$ 3,600)

Other:

Quantity	Description	Amount
-----	-----	-----
2	Human Resource Services (107040)	(\$ 802)
-----		=====
	Issue Total	(\$83,349)

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REDUCTION OF SOFTWARE MAINTENANCE AND SUPPORT		036	33B1250
TRUST FUNDS.....	82,384-		2000
	=====		

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION OF SOFTWARE MAINTENANCE			
AND SUPPORT		036	33B1250
*****			

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Software Maintenance and Support

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: This reduction issue will impact software maintenance support. DIS will utilize a "per call" system to troubleshoot issues related to the specific software which coverage is not maintained. This impacts the following software.

- \* - SSH Techtia Support
- \* - Group Systems
- \* - ShareIT
- \* - Milonic Support/Upgrade to DHTML
- \* - Macromedia Dreamweaver
- \* - Coldfusion
- \* - Group One for Code One
- \* - SUN SAN

Ultimate Outcome: Department priority is HIGH and DIS priority is #11. DIS will not receive upgrades to the software listed above.

Detail of Costs:

Category	Amount
-----	
Contract Services (100777):	
Administrative Trust Fund (2021) (1)	
Total	(\$82,384)
-----	
Issue Total	(\$82,384)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                     43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                             33B0000
STAFF AUGUMENTATION - INFORMATION
TECHNOLOGY                                           037      33B0320
TRUST FUNDS.....                                71,250-      2000
                                =====
*****
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Staff Augmentation Contracts

Reference to Long-Range Program Plan: Advocacy Goal #6: The department will protect customer interests inside and outside state government.

Issue Description/Need: This reduction issue will result in the loss of sole support for Unclaimed Property Management Information System (UPMIS). Due to the vacant state positions, a contractor provides support for UPMIS, the loss of the contractor would leave UPMIS unsupported by DIS. If funding is not available, DIS cannot continue to fully support UPMIS.

Ultimate Outcome: DIS plan of action is to fill the vacant state positions, conduct knowledge transfer with a one year overlap with the contractor and state positions. After which, the contractor position will be eliminated.

Detail of Costs:

Category	Amount
	-----
Contracted Services (100777):	
Administrative Trust Fund (2021) (1)	
Total	(\$71,250)
-----	-----
Issue Total	(\$71,250)

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STAFF AUGUMENTATION CONTRACTS -
WORKERS' COMPENSATION PROGRAM                       038      33B0620
TRUST FUNDS.....                                725,777-      2000
                                =====
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduce Staff Augmentation Contracts

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 COL All  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
STAFF AUGUMENTATION CONTRACTS -			
WORKERS' COMPENSATION PROGRAM	038		33B0620

Reference to Long-Range Program Plan:

Issue Description/Need: During FY 2008/09, the Division was able to reduce the expenses associated with the five staff augmentation contracts by working with those vendors to reduce the number of hours and hourly rates. Due to the age of these systems and the need for quick programming changes, the Division has a constant need for maintenance services. To meet further budget cuts we anticipate the reduction of hours, contractual personnel and hourly rates.

Ultimate Outcome: Additional cuts than those already realized during FY 08/09 will certainly impact the Division's ability to rapidly recover from potential system / application failures. The additional cuts will also delay or limit our ability to make enhancements to the various systems and applications we have grown accustomed to which could potentially reduce the Division's effectiveness in administering the workers' compensation system.

Detail of Costs:

Contracted Services:

Quantity	Description	Amount
-----	-----	-----
1	Reduction of Staff Augmentation Contracts	(\$725,777)

Issue Total (\$725,777)

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OCCUPATIONAL SAFETY AND HEALTH  
 STATISTICS UNIT - WORKERS'  
 COMPENSATION

039 33B6130

TRUST FUNDS..... 5.00- 320,977- 2000  
 =====

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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Elimination of Occupational Safety and Health Administration (OSHA) Program

Issue Description/Need: The OSHA program performs two annual surveys that are published by the US Department of Labor, Bureau of Labor Statistics. The surveys - Survey of Occupational Injuries and Illnesses and Census of Fatal Occupational Injuries - provide data collected from the private sector. The federal government funds 50 percent of the operations of

-----  
 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 OCCUPATIONAL SAFETY AND HEALTH  
 STATISTICS UNIT - WORKERS'  
 COMPENSATION 039 33B6130

the OSHA cooperative agreement.

Ultimate Outcome: If eliminated, the State of Florida would not be represented in annual federal publications. However, the Division would continue to collect the data associated with Florida fatalities and surveys of injuries and illnesses and organize and report the data in a format representative of the Division of Workers' Compensation.

Detail of Costs: FFY 2008/2009 (October 1, 2008 - September 30, 2009): \$330,000 (\$165,000 - 50% federal; 50% state)

Salaries and Benefits:

Position	Title & Pay Grade	AMOUNT	
1	Research Assistant (3120)	(\$ 42,923)	50% FSI 1 & 50% FSI 3
3	Statistician III (3115)	(\$123,761)	50% FSI 1 & 50% FSI 3
1	Operations & Management Consultant Manager - SES (2238)	(\$ 61,063)	50% FSI 1 & 50% FSI 3
		=====	
Sub-total Salaries & Benefits:		(\$227,747)	50% FSI 1 & 50% FSI 3

OPS:

Quantity	Description	Amount	
1	OPS Records Technician	(\$ 20,000)	50% FSI 1 & 50% FSI 3

Expenses:

Quantity	Description	Amount	
5	\$1,800 per FTE	(\$ 9,000)	50% FSI 1 & 50% FSI 3
	Additional Expenses budget	(\$ 60,000)	50% FSI 1 & 50% FSI 3
		=====	
Sub-total		(\$ 69,000)	50% FSI 1 & 50% FSI 3

Contracted Services:

Quantity	Description	Amount	
12 months	Copier	(\$ 2,092)	50% FSI 1 & 50% FSI 3

TR/DMS/HR (107040):

Quantity	Description	Amount
-----	-----	-----

-----			
COL All			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
OCCUPATIONAL SAFETY AND HEALTH			
STATISTICS UNIT - WORKERS'			
COMPENSATION			33B6130
		039	
5	FTE - Human Resource Services (107040)	(\$ 2,005)	50% FSI 1 & 50% FSI 3
1	OPS - Human Resource Services (107040)	(\$ 133)	
-----		=====	
Sub-total		(\$ 2,138)	50% FSI 1 & 50% FSI 3
Issue Total		(\$320,977)	50% FSI 1 & 50% FSI 3
*****			
OPS, EXPENSES, OCO, MOTOR VEHICLE			
ACQUISITION, CONTRACTED SERVICES,			
CRIMINAL JUSTICE INCENTIVE PAY,			
ON-CALL BASE BUDGET - FIRE MARSHAL			33B3010
		040	
TRUST FUNDS.....	299,000-		2000
		=====	
*****			

SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Operating Funds

Issue Description/Need: Reduction of recurring appropriation authority in five operating categories: Expenses; Motor Vehicles; OCO; Contracted Services; CJIP.

Ultimate Outcome: Florida's Amendment 1 caused many County and Local agencies to re-evaluate their budgets. Current economic trends have caused them to begin reducing or eliminating their fire investigative activities and handing them over to the Bureau of Fire and Arson Investigations. For example, we have received official notice from Hillsborough County and verbal notice from the City of Miami Beach, indicating they will no longer conduct their own fire investigations, but will rely upon the State Fire Marshal. Many other counties and municipalities are currently re-evaluating their investigative units. In addition these type cases require many more investigative man-hours to bring to a successful conclusion, thus affecting a detective's workload and FLSA Time.

Detail of Costs:

Vehicle Acquisition (100021):

Quantity	Description	Amount
-----		
		(\$50,000)

Expenses (040000):

-----  
 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 OPS, EXPENSES, OCO, MOTOR VEHICLE  
 ACQUISITION, CONTRACTED SERVICES,  
 CRIMINAL JUSTICE INCENTIVE PAY,  
 ON-CALL BASE BUDGET - FIRE MARSHAL 040 33B3010

Quantity Description Amount  
 -----  
 (\$150,000)

OCO (060000):  
 Quantity Description Amount  
 -----  
 (\$49,000)

Contracted Services (100777):  
 Quantity Description Amount  
 -----  
 (\$25,000)

Salary Incentive Payments - CJIP (103290):  
 Quantity Description Amount  
 -----  
 (\$25,000)  
 =====  
 Issue Total (\$299,000)

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STAFFING REDUCTIONS - FIRE MARSHAL  
 - COMPLIANCE AND ENFORCEMENT 041 33B8890  
 TRUST FUNDS..... 2.00- 73,987- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:  
 Issue Title: Reduction of FTE

Issue Description/Need: This issue reduces two FTE in the Bureau of Compliance and Enforcement; an Engineering Technician III in Plans and Alarms Review Section and Administrative Secretary in Fire Code Inspections Section.

Ultimate Outcome: This would result in a negative impact to the services performed for the State of Florida by increasing the workload in those areas the positions are assigned. All construction plans for state owned and leased buildings must be reviewed for fire code compliance. A reduction in staff will increase the workload for the other



COL All SCH VIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS - OPERATING			33B0000
STAFFING REDUCTIONS - FIRE MARSHAL - COMPLIANCE AND ENFORCEMENT			041 33B8890

engineers increasing the time plans are reviewed and approved. The Administrative position is in a field office. Professional staff will need to rely on staff in other locations for administrative tasks.

Detail of Costs:

Salaries and Benefits:

Position	Title & Pay Grade	Amount
1	Engineering Technician III (4609)	(\$ 38,372)
1	Administrative Secretary (0108)	(\$ 34,813)

TR/DMS/HR (107040):

Quantity	Description	Amount
2	FTE - Human Resource Services \$401 per FTE	(\$ 802)

Issue Total (\$ 73,987)

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ELIMINATE DEPARTMENT APPROVAL OF  
 CONTINUING EDUCATION COURSES FOR  
 INSURANCE AGENTS

042 33B5260

TRUST FUNDS..... 3.00- 147,213-  
 =====

2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: No longer approve continuing education courses.

Reference to Long-Range Program Plan: Goal 3. In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.

Issue Description/Need: The division would no longer approve insurance representative continuing education courses, providers, or instructors. Professional insurance agents' or other associations would be tasked with determining and approving appropriate course content. This reduction would remove government from the role of course approval, other than setting the standards. Statutory changes would be required.

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 ELIMINATE DEPARTMENT APPROVAL OF  
 CONTINUING EDUCATION COURSES FOR  
 INSURANCE AGENTS 042 33B5260

Ultimate Outcome: Education providers would not have a government entity ensuring a level playing field; insurance education would be regulated by the industry. Three currently filled positions would be cut.

Detail of Costs:

Salaries and Benefits:

Position	Title & Pay Grade	AMOUNT
3	Regulatory Consultants (0442)	\$140,610

Expenses:

Quantity	Description	Amount
3	\$1,800 per FTE	\$ 5,400

TR/DMS/HR (107040):

Quantity	Description	Amount
3	\$401 per FTE	\$ 1,203

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REDUCE INFORMATION TECHNOLOGY  
 SYSTEMS SUPPORT FOR AGENTS 043 33B5270  
 LICENSING SYSTEM

TRUST FUNDS..... 300,000- 2000  
 =====

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Cut maintenance and improvements to technology.

Reference to Long-Range Program Plan: Goal 3. In the execution of its constitutional and statutory mandates, the department will protect the health, safety and welfare of the public.

-----  
 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCE INFORMATION TECHNOLOGY			
SYSTEMS SUPPORT FOR AGENTS			
LICENSING SYSTEM	043		33B5270

Issue Description/Need: The Division constantly upgrades and improves the insurance licensing systems due to statutory changes (sometimes no appropriation is received) and customer service demands.

Ultimate Outcome: This reduction would limit the changes and improvements that could be made to the insurance agent licensing systems. In FY 08-09, the reduction may be feasible due to Oracle 10G work that will freeze system changes (and vendor work/payment) for almost 4 months. It will be very difficult in later years as new requirements are placed on the division due to law changes, NAIC standards/changes, increasing vendor prices, and industry/consumer requests for improved services via technology.

Detail of Costs:

Contracted Services:

Quantity	Description	Amount	Non-Recurring
-----	-----	-----	-----

Cut maintenance and improvements to technology (\$300,000)

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REDUCE POSITIONS - BUREAU OF LOCAL GOVERNMENT - DIVISION OF ACCOUNTING AND AUDITING			044	33B2190
TRUST FUNDS.....	1.00-	60,246-		2000
		=====		

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SCH VIIIB-2 NARR 09-10 NOTES:  
 LEGISLATIVE BUDGET REQUEST FY 2009-2010

Issue Title: Professional Accountant Specialist - SES Position (Reduction Issue)

Issue Description/Need:

Recently DFS received more oversight responsibility with respect to the Clerks of the Court. Specifically Chapter 2008-111, Laws of Florida, mandates that the Clerks of Court are accountable for paying juror fees and lodging. This new law will also generate an estimated \$121 million for General Revenue by increasing the fines, fees and service charges for 81 different assessments. DFS is now required to monitor the accuracy of these revenues and expenditures reported by each Clerk's office while resolving any discrepancies discovered during the performance of budget reviews.

-----  
 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCE POSITIONS - BUREAU OF LOCAL			
GOVERNMENT - DIVISION OF ACCOUNTING			
AND AUDITING	044		33B2190

If the above referenced position was abolished, the constitutional and statutory duties of the Article V program would be adversely affected. Following is the impact to the core functions within the program:

- \*-Increase budget review periods for Clerks of the Court from 21 months to 30 months for each review Cycle;
- \*-Impede our ability to analyze the performance of the Florida Clerks of Court Operations Corporation pursuant to our contract;
- \*-Reduction in the reconciliation effort to monitor revenues collected from the Clerks of Court into the General Revenue Fund, Administrative Trust Fund and the Clerks of Court Trust Fund;
- \*-Impair our ability to conduct oversight responsibilities in the budgetary process of the Clerks and the reporting of performance measures, as required by statute;
- \*-Impair our ability to timely evaluate Clerk budget amendment requests prior to submission to the Legislative Budget Commission.

Ultimate Outcome:

Detail of Costs:

Salaries and Benefits:

Position	Title & Pay Grade	AMOUNT
-----	-----	-----
1	Professional Accountant Specialist - SES (1469)	(\$58,045)

Expenses:

Quantity	Description	Amount
-----	-----	-----
1	Standard Assessment Package	(\$ 1,800)

TR/DMS/HR (107040):

Quantity	Description	Amount
-----	-----	-----
1	Human Resource Services	(\$ 401)

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 Issue Total (\$60,246)

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                                COL All
                                SCH VIIIB-2
                                REDUCTIONS
                                POS      AMOUNT          PRIORITY          CODES
                                -----
FINANCIAL SERVICES                                     43000000
SCHEDULE VIIIB REDUCTIONS -
OPERATING                                             33B0000
REDUCE CRIME INTELLIGENCE ANALYST
VACANCIES - INSURANCE FRAUD                          045          33B5390
                2.00-
TRUST FUNDS.....                                101,034-          2000
                =====
*****
  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduce two Crime Intelligence Analyst II (CIA II) FTE's

Issue Description/Need: Crime Intelligence Analyst II's (CIA's) in the Division of Insurance Fraud provide day to day investigative support to the Division detectives throughout the state. They provide critical analytical support to include identifying offenders, preparing and providing demonstrative evidence and exhibits for presentation in court, conducting comprehensive intelligence and asset searches, preparing strategic intelligence assessments, providing predictions and assessments of criminal activity and emerging and existing crime trends and patterns. The Crime Intelligence Analysts analyze an increasing volume of TIP data, provide analytical support for increasingly complex cases, and help to increase fraud arrests, asset forfeitures and successful prosecutions.

Ultimate Outcome: Reducing the CIA positions by two FTE's will have a very significant impact resulting in larger case loads and longer response times on assignments. These reductions could further lessen the number of resulting arrests and asset forfeiture opportunities. The reduction of two CIA FTE's would impact the efficiency of the detectives that they support, a reduction in the volume of TIPS reviewed and subsequently submitted as cases for prosecution. This reduction would increase the stress and work load of the members of the CIA Unit who will ultimately carry the additional work load for the impacted squads.

Detail of Costs:

Salaries and Benefits:

Position	Title & Class Code	Amount
2	Crime Intelligence Analyst II's - SES (8436)	(\$ 96,632)

Expenses:

Quantity	Description	Amount
2	Expense Package (\$1,800)	(\$ 3,600)

Human Resources Services:

Quantity	Description	Amount
2	Human Resources Services (\$401)	(\$ 802)

-----  
 Issue Total (\$101,034)  
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                                COL All
                                SCH VIIIIB-2
                                REDUCTIONS
                                POS      AMOUNT      PRIORITY      CODES
                                -----
FINANCIAL SERVICES                                43000000
SCHEDULE VIIIIB REDUCTIONS -
OPERATING                                         33B0000
FIRE MARSHAL ADMINISTRATION AND
ARSON LAB OPERATING REDUCTIONS                    046      33B3590

TRUST FUNDS.....                                91,469-      2000
                                =====
*****
  
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Operating Funds

Issue Description/Need: Cut maintenance service contracts on the following equipment: FTIR Microscope, Avid Luggable Forensic Video, Dionex DX 120 Cationic Chromatograph, Ahura Raman. Cut OPS Receptionist position. Eliminate 3/4 of planned OCO replacement of employee computers. Reduce use of consumable office supplies, by moving to email of reports to BFAI investigators. Only provide written signed reports on those cases going to court. This will reduce the use of paper, printer ink, and postage. Order a reduction in the printing of chromatographic data included in reports as well. Minimize the data unless the case is proceeding to discovery or trial. Eliminate all travel related to training unless it can be wholly or partially paid by another agency or from federal grant funds. Eliminate renewal of subscriptions for scientific publications. Eliminate software upgrades for equipment/instruments. Reduce vehicle usage to cut fuel costs. Eliminate replacement upgrades of small (less than \$1000) lab equipment items.

Ultimate Outcome: Operations in the Lab will likely be impacted negatively. Canceling the maintenance contract on the ThermoFinnigan FTIR/Raman or for the EDAX X-Ray Spectrometer would have a moderate to high impact. The loss of the OPS position will reduce productivity due to professional staff having to provide administrative services. The reduction of supplies may result in data being eliminated from reports or analyses reduced.

Detail of Costs: (provide the total cost for 2009-10 in the Amount Column and then the amount that is non-recurring in the "Non-Recurring Column")

OPS:

Quantity	Description	Amount
-----	-----	-----
	Administrative Personnel	(\$ 9,102)

Expenses:

Quantity	Description	Amount
-----	-----	-----
	Lab Supplies, Travel, etc.	(\$30,500)

OCO:

Quantity	Description	Amount
-----	-----	-----
	Replace Equipment	(\$ 9,000)

COL All SCH VIII B-2 REDUCTIONS		PRIORITY	CODES
POS	AMOUNT		
-----			
FINANCIAL SERVICES			43000000
SCHEDULE VIII B REDUCTIONS -			
OPERATING			33B0000
FIRE MARSHAL ADMINISTRATION AND			
ARSON LAB OPERATING REDUCTIONS		046	33B3590
Contracted Services:			
Quantity	Description	Amount	
-----	-----	-----	
	Maintenance of Equipment	(\$42,867)	
		=====	
	Issue Total	(\$91,469)	
*****			
ELIMINATION OF FLORIDA HURRICANE			
LOSS MODEL MAINTENANCE CONTRACT		101	33B7500
TRUST FUNDS.....	623,512-		2000
	=====		
*****			

SCH VIII B-2 NARR 09-10 NOTES:

Issue Title: Elimination of Florida Hurricane Loss Model Maintenance Contract - Office of Insurance Regulation

Pursuant to Section 627.06281(1), Florida Statutes, residential property insurers and licensed rating and advisory organizations are required to compile residential property insurance loss data, and to provide loss data and associated exposure data for residential property insurance policies to the Office of Insurance Regulation (Office) or Florida International University (FIU) for the purposes of developing, maintaining, and updating the Public Model (Model) for hurricane loss projections.

FIU is under contract with the Office to continue to develop, maintain and support the 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.

Maintenance and support services may include, but is not limited to: the retention of graduate students working on the Model; payment of invoices for necessary subcontractors concerning the Model; computer science center services related to the Model; conducting routine upgrade of the 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 Model.

Pursuant to Section 627.06281(2), Florida Statutes, the Office may continue to use the Model for its review of rate filings until such time as the Florida Commission on Hurricane Loss Projection Methodology (Commission) determines that the Model is not accurate or reliable pursuant to the same process and standards as the Commission uses for the review of other hurricane loss projection models.

The Florida Legislature provided the Office with \$623,512 in recurring funds for the 2008-2009 Fiscal Year in order to support and maintain the Model and meet the requirement of complying with the standards of the Commission. The Office can meet this statutory requirement if legislation is passed requiring residential property insurers and licensed rating and advisory organizations to pay the costs of running their rate filings through the Model instead of the State of Florida bearing this cost. SB 2860, passed during the 2008 Legislative Session, allows companies to use the model for a fee. The

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATION OF FLORIDA HURRICANE			
LOSS MODEL MAINTENANCE CONTRACT	101		33B7500

Office is currently promulgating the fee schedule by rule. However, maintenance and support of the model is not an eligible factor included in the formula for the fee schedule.

Detail of Costs: (\$623,512)

Category	Amount
-----	-----
Florida Public Hurricane Loss Model (100515):	
Insurance Regulatory Trust Fund (2393) (1)	
Maintenance and Support	(623,512)

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REDUCTION IN CONTRACTED SERVICES FOR PUBLIC RATE HEARING NOTICES	102	33B7510
TRUST FUNDS.....	58,855-	2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Contracted Services for Public Rate Hearing Notices

Pursuant to Section 627.0629(7), Florida Statutes, the Office of Insurance Regulation (Office) is required to conduct a public rate hearing on any residential rate filing that is based in whole or in part on data from a computer model, when the rate filing is in excess of 15 percent. The Office advertises public rate hearings in the Florida Administrative Weekly. In addition, the Office sends press releases to newspapers and the media for publishing.

The Office is able to provide notice to the newspapers in the county/counties where the filing has the greatest policyholder concentrations. The Office requested funding in order to satisfy the legislative goal that these hearings are "public". In order to ensure that the public is notified not only of rate hearings, but of rule workshops or other public meetings, the Office requested funds to publish advertisements or notices in newspapers based upon the greatest policyholder concentrations.

The Office believes it can meet this statutory requirement with \$50,000 in recurring revenues because we have partnered with the Florida Channel to broadcast the hearings statewide so that interested stakeholders and policyholders can view the hearings even if they are not in the immediate vicinity. Further, streaming videos of the hearings are available 24 hours a day on the Office's website at <http://www.flair.com/pcfr/ratehearingsIndex.htm>.

Detail of Costs:



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COL All SCH VIIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS - OPERATING			33B0000
REDUCTION IN CONTRACTED SERVICES FOR PUBLIC RATE HEARING NOTICES		102	33B7510
Category	Amount		
Contracted Services (100777):			
Insurance Regulatory Trust Fund (2393) (1)			
Base Contracted Services	(58,855)		
*****			
REDUCTION IN MONITORING REGULATED ENTITIES		103	33B7520
TRUST FUNDS.....	72,802-		2000
	=====		
*****			

SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Monitoring Regulated Entities

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. During financial analysis and examination of each regulated entity, a determination is made as to the quality of assets, adequacy of stated liabilities, general operating results to see if the condition of the company warrants continuation of its certificate of authority to operate in Florida. 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 provides funding for expert witness fees, staff augmentation maintenance and support for existing technology applications and consultants to perform specialized financial and/or actuarial exams, audits and studies. Based on 2007-2008 experience, the Office believes that we can continue to meet all statutory requirements with \$655,214 in Contracted Services funds.

Detail of Costs:

Category	Amount
-----	
Contracted Services (100777):	

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 REDUCTION IN MONITORING REGULATED  
 ENTITIES 103 33B7520

Insurance Regulatory Trust Fund (2393) (1)  
 Base Contracted Services (72,802)

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REDUCTION IN SALARY AND BENEFITS  
 COMPLINACE AND ENFORCEMENT 104 33B7530  
 TRUST FUNDS..... 675,919- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Salary and Benefits Compliance and Enforcement

The Compliance and Enforcement Budget Entity provides salaries and benefits for 277 full time equivalent positions. The Divisions included in this budget entity are the Chief of Staff's Office, Deputy Commissioner's Office, Property and Casualty Product Review, Property and Casualty Financial Oversight, Life and Health Product Review, Life and Health Financial Oversight, Specialty Product Administration, Market Investigations and Business Development and Market Research.

Based on 2007-2008 experience, the Office believes that we can continue to meet statutory requirements with \$16,222,057 in the Compliance and Enforcement budget entity. This is budget authority only. We do not have the rate to match this budget authority.

Detail of Costs: (\$675,919)

Category:	Amount
	-----
Salaries/Benefits:	
Base Salaries/Benefits	(\$675,919)

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REDUCTION IN BASE EXPENSE IN  
 COMPLIANCE AND ENFORCEMENT - OFFICE  
 OF INSURANCE REGULATION (OIR) 105 33B7540  
 TRUST FUNDS..... 182,225- 2000  
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COL All SCH VIIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS - OPERATING			33B0000
REDUCTION IN BASE EXPENSE IN COMPLIANCE AND ENFORCEMENT - OFFICE OF INSURANCE REGULATION (OIR)		105	33B7540
*****			

SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction to Base Expense in Compliance and Enforcement

The Compliance and Enforcement Budget Entity provides salaries and benefits for 277 full time equivalent positions. The Division's included in this budget entity are the Chief of Staff's Office, Deputy Commissioner's Office, Property and Casualty Product Review, Property and Casualty Financial Oversight, Life and Health Product Review, Life and Health Financial Oversight, Specialty Product Administration, Market Investigations and Business Development and Market Research.

Based on 2007-2008 experience and cutting back on travel, the Office believes that we can continue to meet statutory requirements with \$2,986,908 in the Compliance and Enforcement budget entity.

Detail of Costs: (\$182,225)

Category	Amount
-----	
Expenses (04000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$182,225)
*****	

REDUCTION IN EXPENSES IN THE OFFICE OF THE INSURANCE COMMISSIONER		106	33B7550
TRUST FUNDS.....	8,833-		2000
=====			
*****			

SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction to Expense in Commissioner's Office

The Executive Direction and Support Budget Entity provides salaries and benefits for 37 full time equivalent positions. The Division's included in this budget entity are the Commissioner's Office including the Office of Inspector General and the Legal Services Office.

Based on 2007-2008 experience and by cutting back on travel, the Office believes that we can continue to meet statutory requirements with \$211,991 in the Executive Direction and Support budget entity.

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 REDUCTION IN EXPENSES IN THE OFFICE  
 OF THE INSURANCE COMMISSIONER 106 33B7550

Detail of Costs: (\$8,833)

Category	Amount
	-----
Expenses (040000):	
Insurance Regulatory Trust Fund (2393)(1)	
Total	(\$8,833)

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REDUCTION IN POSITIONS IN  
 COMPLIANCE AND ENFORCEMENT IN  
 OFFICE OF INSURANCE REGULATION  
 (OIR) 107 33B7560

TRUST FUNDS..... 2.00- 112,181- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Positions in Compliance and Enforcement OIR

House Bill 1549 (Chapter Law # 2007-224) permits the Office to engage outside experts to conduct financial examinations. The Office believes due to the engagement of outside experts to conduct the financial exams, we could eliminate two (2) field examiner positions.

Detail of Costs:

Positions	Title and Class Code
-----	-----
2	Financial Examiner II (1564)

Category	Amount
	-----
Salaries and Benefits (010000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$107,779)

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 REDUCTION IN POSITIONS IN  
 COMPLIANCE AND ENFORCEMENT IN  
 OFFICE OF INSURANCE REGULATION  
 (OIR) 107 33B7560

Expenses (040000):  
 Insurance Regulatory Trust Fund (2393) (1)  
 Total (\$ 3,600)

Human Resource Services (107040):  
 Insurance Regulatory Trust Fund (2393) (1)  
 Total (\$ 802)

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 Issue Total (\$112,181)  
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REDUCTION IN OFFICE OF INSURANCE  
 REGULATION VACANT POSITIONS 108 33B7570  
 TRUST FUNDS..... 5.00- 261,640- 2000  
 =====

SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in OIR Vacant Positions

During the Fiscal Year, the Office's vacant positions fluctuate; however, we strive to fill all positions within 90 days. Currently, there are 27 vacant positions within the Office. The Office will review and identify 2 administrative, 2 mid-level and 1 high-level positions to eliminate during the course of the fiscal year. It is important to note that the mid and high-level positions perform core mission functions for the Office.

Detail of Costs:

Positions Title and Class Code  
 -----  
 2Staff Assistant (0120)  
 2Senior Management Analyst I (2224)  
 1Financial Administrator (1587)  
 -----  
 5

Category Amount

-----  
 COL All  
 SCH VIIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIIB REDUCTIONS -  
 OPERATING 33B0000  
 REDUCTION IN OFFICE OF INSURANCE  
 REGULATION VACANT POSITIONS 108 33B7570

Salaries and Benefits (010000):  
 Insurance Regulatory Trust Fund (2393) (1)  
 Total (\$250,635)

Expenses (040000):  
 Insurance Regulatory Trust Fund (2393) (1)  
 Total (\$ 9,000)

Human Resource Services (107040):  
 Insurance Regulatory Trust Fund (2393) (1)  
 Total (\$ 2,005)

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 Issue Total (\$261,640)

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REDUCTION IN SPECIALTY PRODUCT  
 ADMINISTRATION IN OFFICE OF  
 INSURANCE REGULATION (OIR) 109 33B7580  
 TRUST FUNDS..... 5.00- 296,722- 2000  
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Specialty Product Administration

Specialty Product Administration is charged with the regulation of various insurance related entities including Auto, Home and Service Warranties, Premium Finance Companies, Legal Expense Insurance, Third Party Administrators, Continuing Care Retirement Communities, Donor Annuities and Viatical Settlements. The primary responsibility of Specialty Product Administration is to license entities, examine them for compliance with applicable laws and rules and monitor their financial condition for the protection of the public from insolvency risks and unethical business practices. Specialty Product Administration reviews the financial statement filings of licensed companies and conducts periodic on-site financial and market conduct examinations. The Office of Insurance Regulation (Office) has a section of five full time equivalent (FTE) positions for this examination process. The Office believes it can meet the statutory requirement of protecting the public from insolvency risks and unethical business practices if the Florida Statutes were amended to allow financial and market conduct examinations on an as needed basis, and that the examination costs be borne by the insurance related entities and not the State of Florida. Recurring dollar amount includes salaries/benefits/expenses and travel spent for positions.

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 COL All  
 SCH VIII B-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIII B REDUCTIONS -  
 OPERATING 33B0000  
 REDUCTION IN SPECIALTY PRODUCT  
 ADMINISTRATION IN OFFICE OF  
 INSURANCE REGULATION (OIR) 109 33B7580

Detail of Costs:

Positions Title and Class Code  
 -----  
 1Financial Examiner/Analyst Supervisor (1575)  
 1Financial Specialist (1566)  
 3Financial Examiner/Analyst II (1564)  
 -----  
 5

Category	Amount
	-----
Salaries and Benefits (010000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$285,717)
Expenses (040000):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$ 9,000)
Human Resource Services (107040):	
Insurance Regulatory Trust Fund (2393) (1)	
Total	(\$ 2,005)
-----	-----
Issue Total	(\$296,722)

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ELIMINATE CONTRACTED SERVICES IN  
 FINANCE REGULATION 201 33B7000

TRUST FUNDS..... 400,000- 2000  
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SCH VIII B-2 NARR 09-10 NOTES:

Issue Title: Eliminate Contracted Services in Finance Regulation

This issue has a moderate impact - Priority #1

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COL All			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE CONTRACTED SERVICES IN			
FINANCE REGULATION		201	33B7000

The Division of Finance (Division) is responsible for the regulation of non-depository financial service companies.

AUTHORITY:

Chapters 494, 516, 520, 537, 559, 560, 687, 817 and 896, Florida Statutes.

Issue Description/Problem:

A potential reduction in Contractual Services funding will have a detrimental effect upon the Division of Finance (Division) budget as a whole. These funds are utilized to pay bank charges for credit card transactions of the licensing function. In addition, publishing new rules and required maintenance renewals for the scanning and imaging system are expended from this area. This funding is also utilized for contractual services such as copier and postal equipment leases, and would negatively impact the operational needs of the Division.

Category

Amount

Contracted Services (100777):  
 Regulatory Trust Fund (2573) (1)  
 Total

(\$400,000)

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ELIMINATE OTHER PERSONAL SERVICE IN  
 FINANCE REGULATION

202

33B7010

TRUST FUNDS.....

92,098-

2000

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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate Other Personal Services Funding in Finance Regulation

This issue has a moderate impact - Priority #2

Issue Description/Problem:

Reduction of the OPS funding will have significant impact on the Division of Finance (Division) and upon each bureau and their ability to handle special projects. In particular, this will impact the fiscal staff and their ability to process



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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE OTHER PERSONAL SERVICE IN			
FINANCE REGULATION	202		33B7010

applications, refunds, permits and other financial transactions, particularly during high volume periods such as renewals. Staffing for projects such as scanning and imaging for Finance license applications would be eliminated and force reassignment of staff from the licensing area to handle this process. This would negatively impact the processing of new licenses, renewal requests and compliance filings. In addition this would also negatively impact the function of the bureaus since the Office performs scanning and imaging functions on licensing applications and correspondence at the end of the licensing process for finance and money transmitter license types. Implementation of the Regulatory Enforcement and Licensing (REAL) system will re-direct scanning and imaging to the beginning of the process. Additionally, the agency will implement scanning and imaging for all documents processed within the Division of Securities and Division of Finance including complaints, examinations, investigations and legal initiatives. The Office must ensure that sufficient resources are available to perform this function in order to successfully implement the REAL project.

As this phase of the project is still in development and not anticipated for deployment until January 2009, the Bureau of Regulatory Review-Finance (Bureau) has fulfilled this need by utilizing OPS resources until such time as an analysis can be completed to determine actual FTE resources required.

Category	Amount
	-----
Other Personal Services (030000):	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 92,098)

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REDUCTION IN EXPENSE FUNDING FOR		
FINANCE REGULATION	203	33B7020
TRUST FUNDS.....	60,000-	2000

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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction in Expense Funding for Financial Regulation

This issue has a moderate impact - Priority #3

Issue Description/Problem:

The Bureau of Money Transmitter Regulation is required to complete examinations of all newly licensed firms within six

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COL All			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
FINANCIAL SERVICES			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION IN EXPENSE FUNDING FOR			
FINANCE REGULATION		203	33B7020

months of licensure and all firms at least every five years. This will include the examination of firms headquartered out-of state. Reduction of out-of-state travel expenses would totally eliminate any examinations of out-of-state entities which are required to be examined within six months of licensure.

Category	Amount
-----	
Expenses (040000):	
Regulatory Trust Fund (2573) (1)	
Total	(60,000)

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REDUCTION OF POSITIONS TO DIVISION OF SECURITIES REGULATION		204	33B7080
TRUST FUNDS.....	13.00- 644,575-		2000
	=====		

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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Positions to Division of Securities Regulation

This issue has a high impact - Priority #4

Issue Description/Need:

In order to meet the 10% reduction request, the Division of Securities (Division) recommends the elimination of 4 securities support positions and 9 examiner positions, along with associated expenditures. The examiner positions consist of FEA I and FEA II examination staff who conduct "risk-based" examinations.

The examinations staff of the Division consists of both "risk-based" examiners and "enforcement examiners." Risk-based examiners work customer complaints and are assigned examinations based upon a risk analysis (e.g. review of complaints, disciplinary actions, etc.) conducted by the Division. The purpose of these examinations is to be proactive and detect violations before they result in investor harm. Enforcement examiners are assigned exams where there is significant evidence that suggests that violations have occurred, and will continue to occur, unless action is taken. The purpose of these exams is to stop the violations, obtain customer restitution if possible, and penalize the violators.

Ultimate Outcome:

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COL All SCH VIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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FINANCIAL SERVICES			43000000
SCHEDULE VIIIB REDUCTIONS - OPERATING			33B0000
REDUCTION OF POSITIONS TO DIVISION OF SECURITIES REGULATION		204	33B7080

Eliminating the proposed examiner positions would result in a 41% reduction of the staff in the risk based component of the Division's exam program (from 22 to 13 FTEs). The impact of this reduction would be as follows:

During Fiscal Year 2006-07, the Bureau of Securities Regulation (Bureau) received 196 securities-related complaints. Of these complaints, 139 were resolved during the complaint review process and 52 were referred for further action, which included opening risk-based or enforcement examinations because the Division's review of the complaints revealed additional concerns related to the firms and/or other agents.

In Fiscal Year 2007-08, the Bureau received 260 securities-related complaints. This represents a 33% increase in customer complaints since Fiscal Year 2006-07. Of these complaints, 38 were referred for further action.

Current events in the financial markets have caused consumers to witness what has been labeled as the worst financial crisis in decades. This crisis has been caused by a number of factors including: defaults on bad loans; severe devaluations of mortgage related securities; and the failure of the auction rate securities markets. These factors have resulted in the mergers and consolidations of large securities and investment banking firms. Historically, when there has been a crisis in the market, the number of customer complaints received by the Office increases significantly. As a result of the current crisis, the Office expects a significant increase in customer complaints in the coming year. In fact, during the first quarter of Fiscal Year 2008-09, the Office has already seen a 325% increase in consumer complaints over the same period in Fiscal Year 2007-08. Based on these numbers, the Division projects that for the full Fiscal Year 2008-09 consumer complaints will be at least 100% higher than last fiscal year, resulting in a significantly increased workload for examiners.

In light of these issues, it is crucial the Division continue to conduct both risk-based and enforcement examinations in order to protect the investing public from harm. Eliminating almost half of the risk-based examiners would severely hinder the Office's ability to conduct the examinations that are necessary in order to ensure investors are being treated fairly.

Reducing the number of examiners would also mean that at least 41% of the complaints received by the Office would have to be assigned to enforcement examiners whose main focus is to work cases involving serious violations such as misappropriation of funds, fraud, and other sales practice abuses. As a result, enforcement examiners would have to divide their time between their complex cases and customer complaints. This could result in some individuals and firms perpetrating fraud and misappropriation of funds to continue to harm Florida customers.

The Office is the sole regulator for state-covered investment advisers. As of September 18, 2008, there are 1057 state-covered investment advisers registered in Florida. The FEA I and FEA II examiners recommended for reduction currently conduct the examinations of these investment advisers and their associated persons as part of the Division's risk based examination program.

In Fiscal Year 2007-2008, the Office examined 45 state-covered investment advisers based on risk-based targeting procedures that take into account certain risk factors identified by the Office for investment advisers. Even with a full examinations staff, the Bureau of Securities Regulation was not able to conduct approximately 49% of the examinations scheduled of state-covered investment advisers that were identified as targets during the risk-based

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COL All			
SCH VIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
FINANCIAL SERVICES			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION OF POSITIONS TO DIVISION			
OF SECURITIES REGULATION		204	33B7080

examinations process for Fiscal Year 2007-08.

During this same fiscal year, enforcement examiners closed 51 enforcement exams. If 41% of the risk-based examination positions are eliminated, enforcement examiners will have to conduct more of the investment adviser exams resulting in an additional reduction in the amount of time they will have to work on enforcement exams involving serious violations such as fraud, misrepresentation, and possible criminal activities. This added workload will result in a reduction of the number of enforcement exams the enforcement examiners can conduct and will prolong the time it takes to complete these exams, resulting in increased harm to Florida investors.

Performance contract measures and Long Range Program Planning goals will not be met if there is a reduction in the number of risk-based examiners. For Fiscal Year 2009-2010, the Bureau of Securities Regulation is expected to complete 165 risk-based and special examinations. This number has increased from the goals for Fiscal Year 2007-2008 of 130 examinations. Additionally, enforcement examiners have a performance goal of 55 enforcement examinations to be completed. The Bureau of Securities Regulation will not be able to meet these anticipated performance goals for Fiscal Year 2009-2010 with a 41% reduction in risk-based examiners.

The Division's examination staff also receives requests from the Regulatory Review staff to review documents they have collected from applicants, or conduct examinations due to disciplinary information they have received related to existing registrants and pending applications. The proposed reduction of the risk based examination positions would result in the need for enforcement examiners to review these documents and conduct the exams resulting in an additional reduction in the amount of time they will have to work on enforcement exams. The Regulatory Review requests are often treated as a higher priority than enforcement exams due to statutory deadlines concerning the application for registration. Florida customers could be harmed if the Office registers individuals who are violating securities rules.

Bureau of Securities Regulation (Enforcement)  
 Funding Source: Regulatory Trust Fund

Positions	Title and Class Code
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5	Financial Examiner II (1564)
4	Financial Examiner I (1554)
2	Administrative Sec (0712)
1	Sec Spec (0108)
1	Admin Assist I (0709)
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13	

Category	Amount
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Salaries and Benefits (010000):  
 Regulatory Trust Fund (2573) (1)

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COL All SCH VIIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION OF POSITIONS TO DIVISION			
OF SECURITIES REGULATION		204	33B7080
 Total			
			(\$615,962)
 Expenses (040000)			
Regulatory Trust Fund (2573) (1)			
Standard Expense Reduction			( \$23,400)
 Human Resource Service (107040)			
Regulatory Trust Fund (2573) (1)			
Total			(\$ 5,213)
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Issue Total			(\$644,575)
*****			
 ELIMINATE POSITIONS IN DIVISION OF			
FINANCE REGULATION - BUREAU OF			
FINANCE REGULATION		205	33B7040
 TRUST FUNDS.....	10.00-		
	482,321-		2000
	=====		
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate Positions in Division of Finance Regulation-Bureau of Finance Regulation

This issue has a high impact - Priority #5

The Division of Finance (Division) is responsible for the regulation of non-depository financial service companies.

AUTHORITY:

Chapters 494, 516, 520, 537, 559, 560, 687, 817 and 896, Florida Statutes.

Program Area: Finance Regulation

The Bureau of Finance Regulation (Bureau) regulates individual mortgage brokers and businesses, mortgage lenders and correspondent lenders, consumer finance companies, installment sales and retail sales companies, consumer and commercial collection agencies, and seeks to protect consumers from illegal financial activities.

Issue Description/Problem:

A key component of the regulation of non-depository financial service companies is the effectiveness of the examination program. The enforcement authority of the Bureau would be negatively impacted by any reduction of FTEs. The Bureau has

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE POSITIONS IN DIVISION OF			
FINANCE REGULATION - BUREAU OF			
FINANCE REGULATION		205	33B7040

developed an effective examination process for mortgage broker and lender licensees. However, the Bureau lacks sufficient FTEs to perform enough examinations to curtail mortgage fraud and positively affect the industry. Based on fiscal year 2007-2008 licensing data, FTEs, and time usage studies, approximately 45% of an examiner's time is spent conducting examinations on licensed mortgage broker and lender entities. The remainder is spent conducting examinations of other types of licensees, conducting complaint investigations related to all license types, or lost to administrative time (leave, holidays, etc.). The Bureau is implementing risk based targeting as a tool to better focus resources on the most problematic entities.

For each FTE lost, approximately 14 examinations will not be conducted by the Bureau. The estimated result of reducing staff by six examiner FTEs would result in 84 fewer examinations being conducted. Currently, the Bureau is only able to examine one out of every 270 licensees in any given year. Reductions would decrease the number of licensees examined each year.

In addition, reducing administrative support staff in the Bureau will also result in reducing the number of examinations conducted during the fiscal year, since the examiners would be required to take on the tasks formerly performed by that support staff. The average estimated effect would be 5 fewer examinations being conducted per examiner (ranging from an estimated reduction of 8 examinations per examiner in smaller offices, to 3 examinations per examiner in the larger offices). The estimated total effect would be at least 30 fewer examinations conducted, in addition to the 84 reduced earlier.

Ultimate Outcome:

Elimination of six examination and four administrative support positions will have a detrimental effect upon the Bureau of Finance Regulation's examination function. The proposed elimination of any FTE from the Bureau would critically reduce supervision and regulation of the financial services industry to an untenable level. As the economy continues to cascade, Florida must, at a minimum, maintain vigilance in order to protect the citizens from the potential financial peril that may await the unwary. The devastating impact of the sub-prime mortgage situation most likely will continue into and past 2009 with negative effects on borrowers who face the dismal prospects of foreclosure, and those who may be in the process of obtaining new mortgage financing. The regulatory apparatus must be in position to administer the public's needs by insuring that the industry is properly regulated to prevent fraud and predatory lending practices. Recent data indicates that the Division enforcement staff has been effective in identifying, reporting and halting misconduct in this industry by undertaking enforcement action in 75% of the routine examinations conducted. Any reduction to administrative support staffing levels in critical areas will impact the ability of the examiners where this administrative support is provided. Consumer protection would be severely reduced if any positions are eliminated in this program area.

Position	Title & Pay Grade
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4	Financial Examiner/Analyst I (1554)
2	Financial Control Analyst (1567)

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

FINANCIAL SERVICES 43000000  
 SCHEDULE VIIIB REDUCTIONS -  
 OPERATING 33B0000  
 ELIMINATE POSITIONS IN DIVISION OF  
 FINANCE REGULATION - BUREAU OF  
 FINANCE REGULATION 205 33B7040

2 Secretary Specialist / Pay Grade 010 (0105)  
 1 Administrative Assistant I / Pay Grade 015 (0709)  
 1 Administrative Assistant II / Pay Grade 018 (0712)  
 ---  
 10

Category	Amount
	-----
Salaries and Benefits (010000):	
Regulatory Trust Fund (2573) (1)	
Total	(\$460,311)
Expenses (040000)	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 18,000)
Human Resource Service (107040)	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 4,010)
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Issue Total	(\$482,321)

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REDUCTION OF FINANCIAL INVESTIGATORS 206 33B7070  
 TRUST FUNDS..... 8.00- 424,092- 2000  
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduction of Financial Investigators

This issue has a high impact - Priority #6

Issue Description/Need:

Significant reductions in the Bureau of Financial Investigations' budget can only be accomplished by cuts in both salary

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COL All SCH VIIIB-2 REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION OF FINANCIAL			
INVESTIGATORS		206	33B7070

and expense categories. A 10 % reduction would require cutting eight investigator positions in addition to reductions in expense.

Ultimate Outcome:

It is anticipated that the need for financial investigations into mortgage and lending fraud will continue to increase, in number, scope and complexity. Florida reportedly led the nation in mortgage fraud in 2006 and 2007. Waning investor confidence will likely cause increased investing in non-traditional, often fraudulent investment opportunities. The Bureau investigates mortgage fraud, loan broker fraud, advance fee frauds, consumer finance transactions, as well as securities and investment frauds. These crimes pose a serious threat to the financial security of Florida consumers.

The Bureau of Financial Investigations is committed to making the most effective use of its enforcement options which include obtaining receiverships and injunctions, filing administrative complaints and, where appropriate, referring cases for criminal prosecution. During Fiscal Year 2007-08, Financial Investigations completed 162 investigations involving almost 19,900 victims and over \$400 million in potential losses to consumers. Enforcement actions taken as a direct result of Financial Investigations' activities led to over \$250 million in restitution being ordered or returned to victims, and criminal convictions resulting in defendants being sentenced to over 220 years imprisonment and over 240 years probation during the last fiscal year.

A reduction of 8 investigators would have a significant negative impact on the financial security for Florida citizens. Currently, the bureau's average case load is 12 investigations per investigator and it is anticipated that this average will continue to increase even at the current staffing level. Fewer financial investigations would be worked, more suspected unlawful activity would potentially go undetected and victimization of consumers will increase. Remaining Bureau resources would, of necessity, be focused on only the most egregious violations; those posing the highest risk to Florida citizens. Resources would not be available to adequately investigate all suspected criminal activity or pursue other violations. The Bureau would become less proactive and would have to consider implementing dollar or victim-number thresholds to manage workload.

Position	Title & Pay Grade
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8	Financial Investigator (8324)

Category	Amount
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Salaries and Benefits (010000):	
Administrative Trust Fund (2021) (1)	
Total	(\$391,951)

Expenses (040000)



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COL All			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
-----			
<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCTION OF FINANCIAL			
INVESTIGATORS		206	33B7070
Administrative Trust Fund (2021) (1)			
Additional Travel Expense Allocation	(\$ 14,533)		
Standard Expense Reduction	(\$ 14,400)		
	-----		
Total	(\$ 28,933)		
Human Resource Service (107040)			
Administrative Trust Fund (2021) (1)			
Total	(\$ 3,208)		
	-----		
Issue Total	(\$424,092)		
*****			

REDUCE POSITIONS IN THE DIVISION OF			
FINANCE REGULATION - BUREAU OF			
REGULATORY REVIEWS		207	33B7030
TRUST FUNDS.....	4.00-		
	158,065-		2000
	=====		
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Reduce Positions in the Division Finance Regulation-Bureau of Regulatory Reviews

This issue has a high impact - Priority #7

Issue Description/Problem:

Elimination of four FTEs in the Bureau of Regulatory Review-Finance (Bureau) used to conduct licensing reviews will be detrimental to the licensing and regulation of non-depository financial service companies. Efforts to safeguard consumers from illegal or improper activities will be greatly reduced as license applications will be screened less fully or take longer to process.

The licensing review process includes applications for new licenses as well as requests for renewals. Additionally the staff receives and reviews required compliance filings. As with most application processes within state government, these applications are subject to the Administrative Procedures Act, Chapter 120, Florida Statutes, which mandates the amount of time the Bureau has to review applications and make licensing decisions. While these processing time frames are mandated, the Bureau strives to process applications and make licensing decisions in less time than required. This permits the person or business to begin earning income sooner. If required to reduce licensing staff, this would result in lengthening the review process for applications and the eventual licensing decision. This would ultimately result in

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
 -----

<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
REDUCE POSITIONS IN THE DIVISION OF			
FINANCE REGULATION - BUREAU OF			
REGULATORY REVIEWS	207		33B7030

additional time before an applicant may become licensed. While the Bureau strives to act on all applications more swiftly than the timeframes required, any reduction in the workforce may jeopardize the timeliness with which these applications are handled. The Bureau must be permitted adequate staff to insure that complete and thorough background reviews are accomplished on all individuals so as to ferret out any negative regulatory and criminal issues.

New federal regulations will require the Division to license loan originators and move to a one year licensing cycle for the mortgage industry licensees. Bureau management estimates approximately 47,000 applications will need to be processed to implement the new federal licensing mandates, in addition to the current workload of the Bureau staff. Of these new applications, approximately 10% would not be considered "clean" applications or without criminal histories, and therefore would be processed by the four document specialists in Tallahassee. However, the remaining 36,000 applications must also still be processed, requiring an estimated .5 hours each, and totaling 18,000 man-hours. Based on an estimated 80% efficiency, it would require approximately 11 additional FTEs (2,080\*.8=10.82) just to complete these reviews which are now mandated and, in fact, OFR is asking for additional FTEs to handle a portion of this workload.

Positions  
 4 Document Specialist CC 0425

Categories	Amount
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Salaries and Benefits (010000):	
Regulatory Trust Fund (2573) (1)	
Total	(\$149,261)
Expenses (040000)	
Regulatory Trust Fund (2573) (1)	
Total	(\$7,200)
Human Resource Service (107040)	
Regulatory Trust Fund (2573) (1)	
Total	(\$1,604)
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Issue Total	(158,065)

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COL All			
SCH VIIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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FINANCIAL SERVICES			43000000
SCHEDULE VIIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE POSITIONS IN THE DIVISION			
OF FINANCE REGULATION - BUREAU OF			
MONEY TRANSMITTER		208	33B7050
TRUST FUNDS.....	3.00- 177,361-		2000
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SCH VIIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate Positions in the Division of Finance Regulation-Bureau of Money Transmitter Regulation

This issue has a high impact - Priority #8

The Bureau of Money of Money Transmitter Regulation (MTR) is responsible for the regulation of money transmitters, payment instrument sellers, foreign currency exchangers, check cashiers and deferred payment providers, and facilitates public trust in the State.

AUTHORITY:  
 Chapter 560, Florida Statutes

Program Area: Bureau of Money Transmitter Regulation

Issue Description/Problem:

In March of 2008, the Eighteenth Statewide Grand Jury issued its report on criminal activity in the check cashing industry. The Grand Jury made significant findings with regard to the criminal activity occurring within the industry, and ultimately made sweeping recommendations with regard to the Bureau of Money Transmitter Regulation's (MTR's) ability to combat these issues within its existing resources. The Legislature responded to many of the Grand Jury recommendations with the passage of Senate Bill 2158 (SB 2158). As a result of this bill, MTR will be required to examine each new licensee within six months of licensure and all licensees at least every five years.

The Grand Jury found that entities regulated by Chapter 560, F.S. (funds transmitters, payment instrument issuers, check cashers, currency exchangers, and deferred presentment providers), are targeted by unscrupulous people and businesses in an attempt to move currency in and out of the banking system or around the world undetected in order to conceal criminally obtained monies, fund illegal/terrorist activity, or avoid taxes.

In the last 2-3 years, there has been a surge in white-collar fraud (workers compensation, Medicare, Medicaid, etc.) being conducted through check cashing companies. The Division of Insurance Fraud estimates that the amount of premium fraud being conducted through check cashing stores in Florida is in the hundreds of millions of dollars annually. The Grand Jury similarly cited that losses due to Medicare and Medicaid fraud are also in the hundreds of millions of dollars annually and that a large number of these fraud schemes are using check cashing stores as their financial institution of choice to cover their escape with the proceeds of these frauds.

Currently, the estimates of total workload put the annual number of examinations required to be conducted to remain in

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 COL All  
 SCH VIIIB-2  
 REDUCTIONS  
 POS AMOUNT PRIORITY CODES  
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE POSITIONS IN THE DIVISION			
OF FINANCE REGULATION - BUREAU OF			
MONEY TRANSMITTER	208		33B7050

statutory compliance at 495 examinations annually. In FY 2007-08, MTR completed 162 examinations, with 59 resulting in enforcement actions against registered firms and \$288,000 in administrative penalties. The proposed elimination of any FTE from MTR significantly reduces the enforcement staff and regulation of those industries. This service protects the consumer interests of those utilizing the services of money services businesses such as money transmitters, payment instrument sellers, foreign currency exchangers, check cashiers, and deferred payment providers.

Ultimate Outcome:

The loss of three FTEs from MTR will decrease examination productivity by 75 examinations in the next fiscal year, and MTR will fail to meet its statutory mandates. Criminal cases related to white-collar fraud are complex and require substantial commitment of resources (usually 500-1,000 hours) beyond those normally associated with a routine examination. Current staffing at MTR is not adequate to assist fully in these efforts. The Grand Jury recommended that the Office, and specifically MTR, increase its enforcement presence and be more aggressive in terms of the sanctions it imposes on the industry in order to detect and deter these types of criminal enterprises.

Position	Title & Pay Grade
2	Financial Examiner/Analyst II (1564)
1	Financial Control Analyst (1567)
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3	Total FTEs

Category	Amount
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Salaries and Benefits (010000):	
Regulatory Trust Fund (2573) (1)	
Total	(\$170,758)
Expenses (040000)	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 5,400)
Human Resource Service (107040)	
Regulatory Trust Fund (2573) (1)	
Total	(\$ 1,203)
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Issue Total	(\$177,361)

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COL All SCH VIIIB-2 REDUCTIONS				
	POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>				43000000
SCHEDULE VIIIB REDUCTIONS -				
OPERATING				33B0000
ELIMINATE POSITIONS IN THE DIVISION				
OF SAFETY AND SOUNDNESS OF STATE				
BANKING SYSTEM			209	33B7060
TRUST FUNDS.....	20.00-	981,425-		2000
		=====		
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SCH VIIIB-2 NARR 09-10 NOTES:

Issue Title: Eliminate Positions in the Division of Safety and Soundness of State Banking System

This issue has a high impact - Priority #9

Issue Description/Problem:

As required by the 2009-10 Legislative Budget Request, the Office of Financial Regulation's Division of Financial Institution (Division) proposes to reduce 10% of its recurring budget, resulting in a reduction of \$1,050,200 through the elimination of 20 Financial Examiner Analyst I positions (salary and related expenses). This reduction represents 25% of the Division's current examiners. The reduction of 20 Financial Examiner Analyst I positions also would result in the laying off of at least five employees.

Because the Division currently has an insufficient number of experienced examiners (a shortfall of 43 examiners projected during Fiscal Year 2009-10), the effect of these reductions will be nothing less than catastrophic on the financial institution industry in Florida and the citizens of Florida.

Ultimate Outcome:

As a result of these reductions, the Division will not be able to meet its statutorily-mandated examinations of state financial institutions. Furthermore, the requirements/conditions of alternating examination agreements the Division has entered into with federal regulators likely will be abrogated, thereby jeopardizing the continued functionality and existence of these agreements. The reductions will likely result in the loss of accreditations from the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS), and promote the appearance of a substandard financial institution regulatory environment in Florida.

An increasing number of state financial institutions are becoming significantly stressed by current economic conditions and, based on alternating examination agreements, require more frequent examinations and monitoring. The proposed reductions will not allow the Division to examine these troubled financial institutions more frequently which will denigrate the Division's ability to promptly implement needed corrective actions. The likely result will be that an undeterminable number of state financial institutions will fail.

The Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) will be affected because those agencies are named as receivers of failed banks and credit unions. The undeterminable increase in failures will have serious effects on the deposit insurance funds administered by both agencies and will likely require additional assessments of all insured financial institutions, thereby adversely impacting both healthy and troubled financial

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COL All			
SCH VIIIB-2			
REDUCTIONS			
POS	AMOUNT	PRIORITY	CODES
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<u>FINANCIAL SERVICES</u>			43000000
SCHEDULE VIIIB REDUCTIONS -			
OPERATING			33B0000
ELIMINATE POSITIONS IN THE DIVISION			
OF SAFETY AND SOUNDNESS OF STATE			
BANKING SYSTEM		209	33B7060

institutions in Florida and throughout the United States.

Increased failures of state financial institutions will undermine the confidence of Florida's citizens in Florida's financial institution industry. There likely will be an increased number of Florida's citizens who will be subject to substantial losses of funds due to maintaining deposits in excess of the \$100,000 deposit insurance limit at a failed financial institution. Increased failures will also disrupt the availability of financial services for citizens, as well as further reduce sources of funding for citizens, as financial institutions fail.

The financial institution industry in Florida will be adversely impacted by the proposed reductions. State financial institutions are assessed (based on asset size) for the cost of their regulation twice each year. The industry desires and demands effective regulation and will have substandard regulation as a result of the proposed reductions. Increased numbers of financial institution failures will have an adverse impact on the reputation of the industry as well as the value of financial institution capital, resulting in potential losses to shareholders of financial institution stock.

Position Title & Pay Grade  
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20 Financial Examiner Analyst I (1554)

Category	Amount
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Salaries and Benefits (010000):	
Financial Institutions Regulatory Trust Fund (2275) (1)	
Total	(\$937,405)
Expenses (040000)	
Financial Institutions Regulatory Trust Fund (2275) (1)	
Total	(\$ 36,000)
Human Resource Service (107040)	
Financial Institutions Regulatory Trust Fund (2275) (1)	
Total	(\$ 8,020)
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Issue Total	(\$981,425)

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	COL A11 SCH VIIIB-2 REDUCTIONS		
	POS	AMOUNT	PRIORITY
	-----		
			CODES
FINANCIAL SERVICES			43000000
TOTAL: FINANCIAL SERVICES			43000000
BY FUND TYPE			
GENERAL REVENUE FUND		272,677-	1000
TRUST FUNDS		18,582,300-	2000
		-----	
TOTAL POSITIONS.....		150.00-	
TOTAL DEPARTMENT.....		18,854,977-	
		=====	