Legislative Fiscal Bureau

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May 19, 2009 Joint Committee on Finance Paper #480

Standard Budget Adjustments --Turnover Reduction (Insurance)

[LFB 2009-11 Budget Summary: Page 406, #2 (part)]

CURRENT LAW

The Department of Administration's 2009-11 budget instructions direct agencies, in preparing their 2009-11 biennial budget requests, to reduce funding for appropriations that fund more that 50 full time equivalent (FTE) permanent positions in an amount equal to 3% of the base-level permanent position salary amounts. This standard budget adjustment, which is referred to as "turnover," reflects an expectation that agencies will generate savings as positions become vacant during the course of a year. The turnover reduction is not applied to appropriations that support 50.0 or fewer FTE permanent positions.

GOVERNOR

Exempt the appropriation that supports the Office of the Commissioner of Insurance (OCI) general programs operations appropriation from the turnover reduction.

DISCUSSION POINTS

1. The program revenue appropriation that supports OCI's general supervision of the insurance industry currently supports 120.25 permanent positions, and would, therefore, be subject to the 3% turnover reduction specified in the DOA budget instructions. Based on the adjusted base salary level for permanent positions funded from the appropriation ($6,998,300), applying the 3% turnover reduction would reduce the appropriation by $209,900 PR per year.

2. The administration indicates that the decision to exempt OCI from the 3% turnover reduction was intended to make funding available for items the agency requested in its 2009-11 biennial submission that were not explicitly approved by the Governor, including: (a) 1.0 PR

Deputy Director for the Bureau of Financial Analysis and Examination; (b) additional staff for the Bureau of Market Regulation; and (c) funding to enable OCI to fund new positions prior to anticipated retirements. For these reasons, the Committee could approve the Governor's recommendations to exempt OCI from the general turnover requirement (Alternative 1).

3. The administration's intent is to address these needs by permitting OCI to convert current authorized positions, or to create "pool coded" positions, and use available funding to support these positions.

4. However, s. 16.50(3) of the statutes prohibits agencies from making changes in the number of full-time equivalent positions authorized through the biennial budget process or other legislative act without the approval of the Joint Committee on Finance, except under specified circumstances. At the request of the Office of State Employment Relations (OSER), the Department of Administration Secretary may authorize the temporary creation of pool or surplus positions if the Director of OSER determines that temporary positions are necessary to maintain adequate staffing levels for high turnover classifications, in anticipation of attrition, or to fill positions for which recruitment is difficult. It is not clear that the statutes would permit the creation of a Deputy Bureau Director position under these criteria.

5. The Committee may wish to prevent the administration from creating any position not explicitly authorized as part of the biennial budget process, through the use of an exemption from the general turnover requirement.

6. In addition, the Committee may wish to apply the standard turnover reduction to OCI in order to treat the agency in the same manner as most other agencies. An argument could be made that decisions regarding agency staffing needs should be made on a case-by-case basis, to reflect specific needs demonstrated by the agency. If the Committee makes this determination, it could apply the 3% turnover reduction to the agency's PR-funded general program operations appropriation (Alternative 2).

ALTERNATIVES

1. Adopt the Governor's recommendations.

2. Reduce funding by $209,900 PR annually to apply the 3% turnover reduction to the agency's PR-funded general program operations appropriation.

ALT 2	Change to Bill Funding
PR	- $419,800

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