Doug Shropshire

From: Doug Shropshire
Sent: Monday, September 08, 2008 3:39 PM
To: John Williams (john@farleyfuneralhome.com); Les Klein; Nancy Hubbell
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Subject: Report to the Finance Committee; status of Sept 10, 2008 Finance Committee meeting

Attachments: Report to Fin Comm, w-Attchs (906-408).pdf; Attch F, Rev and Exp, w-Bd notes (902-837).xls

TO: Finance Committee Members (Board of Funeral, Cemetery, and Consumer Services)

Attached is my Report to the Finance Committee, and Attachment F to that Report (attachments A through E are included in the PDF document that is the Report).

The Sept 10, 2008 tele-conference meeting of the Finance Committee is going forward.

However, the attached Report, with its attachments, is 28 pages long, and because it is so close to the Sept 10 meeting, with the agreement of Finance Committee Chair, it has been decided that the Sept. 10 Finance Committee meeting will be limited to discussion of some background, overviews, and future goals of the Finance Committee, and perhaps some general discussion of the attached Report, but that no decisions by the Committee in reaction to the Report will be made at the Sept 10 meeting.

We anticipate full substantive consideration of the Report at the Sept 24, 2008 Finance Committee meeting.

Best regards,

Doug Shropshire
Division Director
Division of Funeral, Cemetery and Consumer Services
Subscribe to Consumer eViews to receive a weekly newsletter from CFO Alex Sink.

Report to Fin Comm, w-Attchs (... Attch F, Rev and Exp, w-Bd not...

NOTE --ATTACHMENT "F" IS AN ELECTRONIC FILE. Persons desiring a copy of attachment "F" should contact LaTonya Bryant 850-413-4083.

MEMORANDUM
Department of Financial Services
Division of Funeral, Cemetery, and Consumer Services

TO: Finance Committee (Board of Funeral, Cemetery, and Consumer Services)
FR: Douglas Shropshire, Division Director DAS
RE: Report of estimated costs, fee collections, and trust fund balance
DT: Sept. 8, 2008

This report of estimated costs, fee collections, and trust fund balance, is submitted to the Finance Committee of the Board of Funeral, Cemetery, and Consumer Services, in accordance with section 497.140, Florida Statutes, which provides in pertinent part as follows:

> (1)(a) As to any fee payable under this chapter as to which discretion is provided to the licensing authority to specify the amount of the fee subject to a cap stated in this chapter, the board shall from time to time as requested by the department determine by rule the amount of such fee, based upon department-prepared estimates of the revenue required to implement all provisions of this chapter.
>
> (b) It is the legislative intent that the costs of regulation under this chapter be provided for by fees collected under this chapter. The board shall ensure that fees are adequate to cover all anticipated costs of implementation of this chapter. The department shall at least every other year provide the board with estimates as to projected costs in implementing this chapter and projected fee collections under this chapter for the following 2 years, information as to balances of regulatory trusts from fees collected, other information that the department deems material to the setting of fees by the board at proper levels, and a department recommendation as to action, if any, regarding changing fee levels. The board shall review such information provided by the department and increase or decrease fees as the board determines appropriate. If sufficient action is not taken by the board within 6 months after notification by the department that fees are projected to be inadequate, the department shall set fees on behalf of the board to cover anticipated costs.

In accordance with the above quoted statute, I provide you herewith the following information:

- Estimates of the total cost to implement ch. 497, for fiscal years (FYs) 0809[1] through 1213, are reported in row 139, columns AD through AH, of the spreadsheet that is Attachment A to this report.

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[1] All fiscal years referred to herein are the standard state budget fiscal year, which runs from each July 1 to June 30 of the following year. For example, "FY 0809" refers to the FY beginning July 1, 2008 and ending on June 30, 2009.

- Total projected fee collections under ch. 497, for FYs 0809 through 1213, are reported in row 50, columns AD through AH, of Attachment A.
- The revenue surplus or deficiency, by year, is reported in Attachment A on row 149, columns AD – AH, where nonrecurring IT costs are included in expenses; and on row 151, columns AD – AH, where nonrecurring IT costs are excluded from expenses.
- Regulatory Trust Fund balances[2] for the 3 FYs 0506, 0607, and 0708, are reported in Attachment B, and projected Regulatory Trust Fund balances for FYs 0809 through 1213 are reported at row 168, columns AD through AH, of Attachment A.

Summary

1) Fees need to be significantly increased. Revenues are significantly inadequate to cover all costs of implementation of Chapter 497, Florida Statutes. I project a revenue deficiency of $534,685[3] for FY 0809. The bulk of that deficiency is due to nonrecurring IT costs, but even if those are excluded, a deficiency of $159,685[4] for FY 0809 is projected. At current fee and expense levels, the Regulatory Trust Fund balance is projected to be exhausted and go negative in FY 1213.[5]

2) However, and more importantly, a significant increase in expenses is projected commencing in FY 0910. The increase in expenses is attributable to two different causes:

- Cause 1 – Increased Overhead Charge. I am advised by the Department's Accounting Bureau staff that the FCCS Division's share of Department of Financial Services overhead is projected to increase by approximately $500,000 in FY 0910. I am advised that the FCCS Division has been subsidized by other fee-producing Divisions within the Department, and under guidance from the Legislature's budget staff, such subsidization must end.

- Cause 2. Increased Staffing Costs. In FY 0910 the FCCS Division plans to increase staff from 25 to 29 staff. More precisely, the FCCS Division plans to go from 25 full time equivalent positions ("FTEs" as they are referred to in state budget language), to 29 FTEs. Three of the new staff would do field work, and one would be Division office staff. These additional 4 staff are projected to increase annual costs by approximately $270,888[6] each FY (aggregate of salaries, benefits, field travel costs, phone, postage, etc.), commencing in FY 0910. The average projected gross salary for the 4 FTEs would be in the range of $43,000.[7]

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[2] All references herein to the Regulatory Trust Fund and its balance, refer only to the FCCS Division's share of the funds in the Regulatory Trust Fund, and not to the overall aggregate balance of the Regulatory Trust Fund. The Regulatory Trust Fund holds funds of both the FCCS Division and also the Office of Financial Regulation. Thus, where it is said herein that the Regulatory Trust Fund balance will have been exhausted or gone negative, it means that the FCCS Division will have depleted its entire share of the funds in the Regulatory Trust Fund.
[3] Attch A at cell E149.
[4] Attch A at cell E151.
[5] Attch A at cell I 168.
[6] Attch A at cell AJ72.
[7] Attch A at cell AJ 62.

3) Under the increased costs projected for FY 0910, but at current fee levels, I project a revenue deficiency in FY 0910 of $1.1 million[8] if nonrecurring IT is included, and $739,705[9] if nonrecurring IT is excluded. Further, without a fee increase I project a FY 0910 end of year balance in the Regulatory Trust Fund of negative $323,398.[10]

Discussion

Fees have been severely eroded by inflation.

4) Regarding the revenue inadequacy, I would highlight the fact that the fees that the Division relies on to fund its operations have not been increased in years. For example –

- The unlicensed activity fee has not been increased since 1992.
- The preneed sales agent renewal fee has been at $150 since 1993.
- Inspection fees have not been increased since 1997.
- License renewal fees for funeral establishments, funeral director & embalmers, and most other former ch. 470 licensees, have not been increased since 1998.
- Cemetery and preneed license renewal fees have not been increased since 2000.
- Direct disposer renewal fees have not increases since 1995.

5) For example, a fee last changed in 1998 would have to be increased by approximately 38% just to restore it to its 1998 level in terms of dollars of equal value.[11] A fee last changed in the year 2000 would have to be increased by approximately 28% to restore it to its 2000 level in terms of dollars of equal value.

Staffing Increase

6) Prior to October 2005, the former Funeral and Cemetery Bureau had approximately 18 full time staff positions. With those 18 staff the former Funeral and Cemetery Bureau regulated approximately 2,850 licensees under old Ch. 497 (pre-2005). This was a ratio of staff to licensees of 1 staff to 158 licensees.

7) Effective October 2005 the Legislature created the new Board and the new FCCS Division, and transferred approximately 3,980 licensees to the new FCCS Division from DBPR, resulting in a total of approximately 6,830 licensees (2850 + 3980).

8) If the above referenced 1:158 staffing ratio was preserved, it would indicate a staff of 43 persons to regulate 6,830 licensees. The FCCS Division has been trying to do the job with 25 staff, but 25 are clearly inadequate, in my opinion.

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[8] Attch A at cell AO 149.

[9] Attch A at cell AO 151.

[10] Attch.A at cell AO 168.

[11] All inflation statistics are from the U.S. Department Of Labor, Bureau of Labor Statistics, Washington, D.C. 20212, Consumer Price Index , All Urban Consumers - (CPI-U), U.S. city average, All items, 1982-84=100. See the Bureau of Labor Statistics' "inflation calculator" at "http://www.bls.gov/data/inflation_calculator.htm".

9) The FCCS Division has focused in the last year on getting required annual inspections accomplished on time, and we have succeeded, but at the cost of getting further behind in preneed licensee examinations (we are significantly behind where we should be in terms of timely accomplishment of preneed examinations). Furthermore, we are not able to aggressively and proactively address unlicensed activity, and instead are constantly in a reactive mode in that regard.

10) But for the unexpected $500,000 increase in overhead charge, I would be seeking to add 7 staff, not 4. However, in view of the severe revenue shortfall created by the added overhead charge, the Division will attempt to keep the holes in the dike plugged with 4 additional staff.

Recommendations As To Fee Increases

11) The Division recommends expedited action to increase fees.

12) The amount of the fee increases, in aggregate, should be commensurate with the revenue deficiencies identified in Attachment A on row 149 through 151, columns AD – AH..

- If an alternative source of payment for the nonrecurring IT costs is secured, then the deficiency to be addressed is on row 151, columns AD – AH.
- If no alternative source of payment for the nonrecurring IT costs is secured, the revenue deficiency to be addressed must be the larger figures on Row 149, columns AD – AH

13) Rather than address the nonrecurring IT costs through fee increases, I recommend that they be funded through one or both of the following sources:

- Special assessment of licensees under s. 497.140(c) This would require legislative action to renew Board authority to make such assessments. I recommend such legislative action.
- Transfer of excess funds from the Consumer Protection Trust Fund. This would also require legislative action to amend existing statutes to authorize such a transfer. I recommend such legislative action. I note that a significant portion of the nonrecurring IT costs relate to computer accounting systems for remittances to the CPTF.

Apportionment of Fee Increases Among Licensees.

14) Under s. 479.140(1)(b) and 497.103(1)(bb), decisions as to how fee increases should be apportioned among categories of licensees are, in the first instance, the sole prerogative of the Board.

15) However, s. 497.140(1)(b) direct the Division to make recommendations "regarding changing fee levels." Accordingly, while recognizing that the apportionment decision is the Board's, I believe that an equitable approach would a program of across-the-board fee increases that will restore all fees to their levels when last adjusted, in terms of dollars of equal value. That is, increase all fees by the amount of inflation since the fees were originally put in place or most recently adjusted. Specific figures in this regard are at rows 171-185, columns AD-AG, on

Attachment A. The one exception to this would be quarterly preneed remittances to the Regulatory Trust Fund, which I recommend be increased to the $10 cap.

Timing of Revenue Streams from Fee Increases

16) In addressing projected revenue deficiencies, it is necessary to pay careful attention to the issue of when a fee increase would actually result in revenue flowing in. The staggered biennial renewal cycles of many of the ch. 497 license categories are a complicating factor in that regard. For example, it does not good in addressing a revenue deficiency in FY 0910, to raise a fee that will not produce revenue until FY 1011.

17) In addition, where a fee increase would require legislative action in the 2009 session, this further complicates analysis of how much and when the additional fee revenue will be received.

18) Attachment D summarizes renewal cycles for most ch. 497 license categories. Attachment B, at Note 315, provides analysis of when increased revenue will be received, upon stated assumptions.

19) The above-referenced timing issues have been addressed in the projections in Attachment A, columns AD – AH. Where legislation is required for fee increases contemplated in those columns, the assumption is that the legislation is enacted in the 2009 regular session, becomes law in June 2009, and is effective upon becoming a law.

20) An alternative and better approach to the complications of revenue receipt timing would be to establish an operating reserve in the Regulatory Trust Fund that would be large enough to carry the FCCS Division until fee increases produce revenue and then over the routine revenue peaks and valleys that result from the staggered biennial renewal cycles. Two possible mechanisms for creating such a reserve have been mentioned above, and repeated here:

- Special assessment of licensees under s. 497.140(c). (Would require legislative action to renew Board authority to make such assessments. I recommend such legislative action.)
- Transfer of excess funds from the Consumer Protection Trust Fund. This would also require legislative action to amend existing statutes to authorize such a transfer. I recommend such legislative action. I note again that a significant portion of the nonrecurring IT costs relate to computer accounting systems for remittances to the CPTF.

Proposed Legislation Related to Fee Increases

21) The recommended across-the-board fee increases cannot occur without some statutory changes. Certain very significant fees are not currently adjustable by the Board. An equitable approach would make those fees adjustable by the Board, just as are most fees throughout ch. 497. Attachment E includes discussion drafts of possible legislative changes that would address this issue.

- The proposals would make cemetery and preneed license renewal fees subject to board change, subject to caps stated in the proposed legislation.

- Another change included in Attachment A would create a new subsection 497.140(1)(d) regarding any fee set out in existing ch. 497 in an absolute amount without any express authority given to the Board to change the fee. This new provision would authorize the Board by rule to increase any such fee up to an aggregate of 4% for each year since the fee was imposed or last raised (whichever is more recent). EG, if the fee has not been changed by the Legislature in 5 years, the Board could increase the fee up to 20% (5 yrs * 4%) or any lesser amount. This allows the Board to adjust fees for inflation so as to keep fees at the original level in terms of dollars of equal value. Some of the fees have not been increased for many years (e.g., the unlicensed activity fee was set in 1992 and has not been increased since then.).

  Most of the fees addressed by this measure are relatively small, such as late fees, replacement license fees, etc. Many have not been increased in 10 or more years. However, these fees are numerous, and are scattered throughout ch. 497, and to find and change each of them individually would create a very large piece of legislation. Moreover, it would require addressing the apparent inconsistencies, duplication of provisions, and lack of clarity that has crept into some of the former ch. 470 provisions over many years. Although cleaning up such provisions would be a worthwhile task, there does not appear to be sufficient time to accomplish the task in advance of the 2009 session. Therefore, it was thought advisable to use the approach reflected in proposed 497.140(1)(d).

22) In addition, Attachment E includes proposed statutory changes (authorize special assessments; CPTF fund transfers) that would facilitate creation of an operating reserve to carry the FCCS Division until fee increases produce revenue and then over the routine revenue peaks and valleys that result from the staggered biennial renewal cycles.

Explanation of Attachments A and F

23) Attachment A being provided to you in paper form is a 2-page extract from a larger Excel spreadsheet. Some spreadsheet cell references in this report are to portions of that larger spreadsheet beyond what is shown in the extract that is Attachment A.

24) The larger Excel spreadsheet from which Attachment A is extracted, is referred to as Attachment F. That larger spreadsheet, Attachment F, is being provided to Finance Committee members in electronic format for such use, if any, as it may be to them. The following explanation of Attachment F may be useful to those attempting to review Attachment F.

25) Attachment F is a spreadsheet showing actual revenue and expense for FYs 0506, 0607, and 0708 (columns B, C, D), and then showing multiple different projected revenue, expense, and trust fund scenarios for the 5 fiscal years 0809 through 1213. Each scenario consists of multiple adjacent columns, and each group of columns (i.e., each "scenario") is named in row 1 above the columns. The assumptions for each scenario are likewise stated in row 1 above the scenario.

26) For each scenario, and each year in each scenario, there is shown –

- The projected annual revenue surplus or deficiency, and showing the effect of nonrecurring IT costs on the surplus or deficiency (rows 144-155).
- The mathematically indicated change in fees to make revenue equal expenses (rows 152-154).
- The projected beginning and ending Regulatory Trust Fund balance (rows 157-167).

I look forward to working with the Finance Committee and the Board in addressing the budget challenges that face the Division and the Board.

Attachments:

A. Statement of Revenue and Expense, FCCS Division; projected Regulatory Trust Fund balances.

B. Notes to spreadsheet, Attachment A.

C. Regulatory Trust Fund balances, FY 0506, 0607, 0708.

D. Renewal schedules (odd-even years)

E. Recommended statutory changes

F. Revenue, expense, and trust fund spreadsheet (multiple scenarios)

ATTACHMENT A

	A	D	AD	AE	AF	AG	AH
1	**Attachment A**	Actual	Scenario "F" -- Fee increase; 29 FTEs, $600k overhead charge starting in FY 0910				
2	(dni 902-837)						
3		FY 0708 actual (23-25 FTEs)	FY 0809 at increased fees (n315), current staff (25 FTEs), and $102k overhead charge	FY0910 at increased fees (n315), 29 FTEs, and $600k overhead charge	FY 1011 at increased fees (n315), 29 FTEs, and $600k overhead charges	FY 1112 at increased fees (n315), 29 FTEs, and $600k overhead charges	FY 1213 at increased fees (n315), 29 FTEs, and $600k overhead charges
4	**REVENUE**						
5	**CEMETERY LICENSE FEES, NEW & RENEWALS**						
6	Cemetery license, new and renewal	358,650	358,803	459,268	459,268	459,268	459,268
7	Cemetery, application filing fee (new cemeteries or new ownership) ($5,000 per acquisition)	10,350	20,000	30,400	30,400	30,400	30,400
8							
9							
10	**PRENEED**						
11	Preneed, quarterly remittances to reg trust fund	384,282	507,375	960,705	960,705	960,705	960,705
12	Preneed licenses, Main & Branch, new and renewal	239,335	224,700	287,616	287,616	287,616	287,616
13	Preneed sales agent licenses, new and renewal	332,015	156,750	349,890	163,500	349,890	163,500
14							
15	**ESTABLISHMENT LICENSES, NEW & RENEWALS FEES** (funeral establishments, cinerator facilities, removal services, centralized embalming facilities, refrigeration facilities, direct disposal establishments, monument establishments)	60,540	346,345	60,540	467,566	81,729	467,566
16							
17	**OTHER LICENSES, NEW & RENEWAL FEES** (Embalmer, embalmer intern, embalmer apprentice; funeral director; funeral director intern, funeral director & embalmer combo, funeral director & embalmer intern, direct disposer, monument est. sales representative; burial rights broker, CE provider exempt cemetery)	614,984	72,000	830,250	97,200	830,250	97,200
18							
19	**TEMPORARY LICENSE FEES** (temporary and provisional licenses, funeral director and/or embalmer)	2,900	7,371	8,700	8,700	8,700	8,700
20							
21	**INSPECTION FEES**	22,175	223,200	22,175	305,784	30,380	305,784
22							
23	**LICENSE APPLICATION FEES (filing fees)**	29,525	35,295	40,552	40,552	40,552	40,552
24							
25	**EXAM FEES**	30,020	36,714	42,183	42,183	42,183	42,183
26							
27	**FINGERPRINT FEES**	0	0	0	0	0	0
28							
29	**NOTIFICATION FEES (change of name; change of status; etc)**	3,870	1,917	2,203	2,203	2,203	2,203
30							
31	**UNLICENSED ACTIVITY FEES**	18,730	8,160	29,406	12,811	29,406	12,811
32							
33	**REPLACEMENT (duplicate) LICENSE FEES**	2,850	2,333	3,453	3,453	3,453	3,453
34							
35	**BAD CHECK CHARGES**	272	350	350	350	350	350
36							
37	**LATE RENEWAL FEES**	8,730	7,230	12,571	10,411	12,571	10,411
38							
39	**DISCIPLINARY FINES**	29,250	39,125	39,125	39,125	39,125	39,125
40							
41	**MISCELLANEOUS REVENUE OR RECEIPTS**						
42	Study Guides	1,560	1,293	1,293	1,293	1,293	1,293
43	Cemetery-preneed brochures	7,242	9,153	9,153	9,153	9,153	9,153
44	Public record charges	5,305	4,451	4,451	4,451	4,451	4,451
45	Other non-operating revenues	0	539	539	539	539	539
46	F&c overpayments	8,590	2,872	2,872	2,872	2,872	2,872
47	Transfer in from DBPR	111,211	0	0	0	0	0
48	Interest earned on Trust Funds	43,759	42,000	30,000	42,000	30,000	42,000
49							
50	**TOTAL REVENUE**	2,326,145	2,107,978	3,227,695	2,992,135	3,257,089	2,992,135
51							
52	**Compare, revenue as stated by other offices**						
53	Source: Budget office, Sch 1; doc name includes 715323.	2,281,180					
54	Source: SG, doc name includes 629439.						
55	Mike Alexander, email 8-6-08 307PM.	2,292,666					
56	SGF R1 Report, doc name includes 7141253, cell O35.						
57	Source: SGF R1 Report, cell O58; doc name includes 7141253.	2,325,680					
58							
59	**EXPENSES**						
60							
61	**Salary & Benefits**						
62	Salary & Wages	1,043,090	1,064,670	1,247,682	1,247,682	1,247,682	1,247,682

	A	D	AD	AE	AF	AG	AH
1	**Attachment A**	Actual	Scenario "F" -- Fee increase, 29 FTEs, $600k overhead charge starting in FY 0910				
2	(dni 902-837)						
3		FY 0708 actual (23-25 FTEs)	FY 0809 at increased fees (n315), current staff (25 FTEs), and $102k overhead charge	FY0910 at increased fees (n315), 29 FTEs, and $600k overhead charge	FY 1011 at increased fees (n315), 29 FTEs, and $600k overhead charges	FY 1112 at increased fees (n315), 29 FTEs, and $600k overhead charges	FY 1213 at increased fees (n315), 29 FTEs, and $600k overhead charges
63	Employee bonuses	22,000	0	0	0	0	0
64	FICA and state retirement contributions	180,064	183,789	215,381	215,381	215,381	215,381
65	Employee insurance benefits (health, life, etc)	144,703	147,697	173,085	173,085	173,085	173,085
66	*Total, salary & benefits*	1,389,857	1,396,156	1,636,149	1,636,149	1,636,149	1,636,149
67							
68	**OPS (other personnel services)**						
69	OPS, staff	12,434	22,660	22,660	22,660	22,660	22,660
70	OPS, Bd Mbrs	1,600	1,800	1,800	1,800	1,800	1,800
71	Personal services (Obj code 139913)	0	540	540	540	540	540
72	*Subtotal, OPS*	14,034	25,000	25,000	25,000	25,000	25,000
73							
74	**IT - Contracted Services**						
75	Programming IT systems						
76	*Back out IT paid for by DFS settlement funds*						
77	Programming by ISF, ALIS system glitches & completion	141,634	200,000	400,000			
78	DLS replacement system		175,000				
79	Programming by Infinity	95,374	50,000				
80	IT, other payment for maintenance/development/upgrade	12,922		50,000	50,000	50,000	50,000
81	*Subtotal, Contracted services, computer programming*	249,931	425,000	450,000	50,000	50,000	50,000
82							
83	**Travel**						
84	Mileage on POVs	20,304	22,313	22,313	22,313	22,313	22,313
85	Hotels	17,715	18,372	18,372	18,372	18,372	18,372
86	Car rentals	10,058	10,058	10,058	10,058	10,058	10,058
87	Per diem	6,539	7,159	7,159	7,159	7,159	7,159
88	Meal money (A&B)	5,087	5,087	5,087	5,087	5,087	5,087
89	Air fare	5,144	6,601	6,601	6,601	6,601	6,601
90	Gas	8,915	8,915	8,915	8,915	8,915	8,915
91	Travel, other	0	41	41	41	41	41
92	Increase in travel costs re new field staff			19,636	19,636	19,636	19,636
93	*Subtotal, travel*	73,761	78,546	98,182	98,182	98,182	98,182
94							
95	**Rent**						
96	Rent, Tallahassee (Koger Center) (n848)	63,102	63,102	63,102	63,102	63,102	63,102
97	Additional rent, field offices (previously paid by CS Division) (n848)	0	58,377	58,377	58,377	58,377	58,377
98	Rent of Board meeting locations	901	1,441	1,441	1,441	1,441	1,441
99	*Subtotal, rent*	64,002	122,920	122,920	122,920	122,920	122,920
100							
101	**Other expenses**						
102	Postage & shipping	14,585	14,585	14,585	14,585	14,585	14,585
103	Phone expense, Alexander Bld	20,552	20,552	20,552	20,552	20,552	20,552
104	Additional phone, fax, copier for field offices (previously paid by CS Division)		25,560	25,560	25,560	25,560	25,560
105	Cell phone expense	2,080	2,080	2,080	2,080	2,080	2,080
106	Printing & reproduction	5,197	8,438	8,438	8,438	8,438	8,438
107	Copier lease	3,393	3,393	4,241	4,241	4,241	4,241
108	Office Supplies	7,890	7,890	7,890	7,890	7,890	7,890
109	Repairs, maintenance, equipment service agreements	1,951	4,209	4,209	4,209	4,209	4,209
110	Subscriptions	820	820	1,000	1,000	1,000	1,000
111	Membership dues	0	250	350	350	350	350
112	Promissor, fees to	4,600	4,600	5,060	5,060	5,060	5,060
113	Attorney General Dept fees (Board advisor)	8,714	10,800	12,000	12,000	12,000	12,000
114	Publication of mtgs, rules, etc (FAW)	2,630	2,875	3,019	3,019	3,019	3,019
115	Insurance premiums (Workers Comp, State Fire Insurance, etc)	3,304	3,304	3,469	3,469	3,469	3,469
116	Microfilm storage (state archives center)	159	159	159	159	159	159
117	Notary - fees for staff notaries	340	934	981	981	981	981
118	Refunds to licensees	7,642	33,496	25,000	25,000	25,000	25,000
119	Payment for electronic services and credit card processing	1,066	4,827	4,827	4,827	4,827	4,827
120	Tangible personal property (laptops)	2,232	8,378	22,000	2,232	2,232	2,232
121	Staff awards (plaques, etc)	92	92	100	100	100	100
122	Pre-tax Administrative	1,686	1,686	1,686	1,686	1,686	1,686
123	Payouts on benefits (obj code 421000)	0	1,269	1,269	1,269	1,269	1,269
124	Assessment for DMS People First system	12,698	17,238	17,238	17,238	17,238	17,238
125	Oracle, license and maintenance fee (Service Point)	13,168	14,000	14,000	14,000	14,000	14,000
126	Other software licenses	1,521	1,521	2,000	2,000	2,000	2,000
127	Other miscell. expenses	292	2,479	3,500	3,500	3,500	3,500
128	4 new employees, nonrecurring setup expense	0	0	15,048	0	0	0
129	4 new employees, recurring additional other expense	0	0	17,394	17,394	17,394	17,394
130	*Total, other expenses*	116,610	195,435	237,655	202,839	202,839	202,839

	A	D	AD	AE	AF	AG	AH
1	**Attachment A**	Actual	Scenario "F" -- Fee increase; 29 FTEs, $600k overhead charge starting in FY 0910				
2	(dni 902-837)						
3		FY 0708 actual (23-25 FTEs)	FY 0809 at increased fees (n315), current staff (25 FTEs), and $102k overhead charge	FY0910 at increased fees (n315), 29 FTEs, and $600k overhead charge	FY 1011 at increased fees (n315), 29 FTEs, and $600k overhead charges	FY 1112 at increased fees (n315), 29 FTEs, and $600k overhead charges	FY 1213 at increased fees (n315), 29 FTEs, and $600k overhead charges
131							
132	**Total expenses before service charges**	1,908,195	2,243,056	2,569,906	2,135,090	2,135,090	2,135,090
133							
134	**Service Charges**						
135	General revenue service charge, 7.3% of revenue	166,120	146,288	161,081	146,288	162,581	146,288
136	Admin. service charge	79,744	102,000	600,000	600,000	600,000	600,000
137	*Subtotal, service charges*	245,864	248,288	761,081	746,288	762,581	746,288
138							
139	**TOTAL EXPENDITURES**	2,154,059	2,491,344	3,330,987	2,881,378	2,897,671	2,881,378
140							
141	**Compare to total expenses as stated in other sources**						
142	Sch 1, budget office (Sarah Goodman)	2,094,641					
143	Accting Bureau, Mike Alexander email 8-6-08 307PM	2,090,062					
144							
145	**Revenue Surplus (Deficiency)**						
146							
147	Total revenue	2,326,145	2,107,978	3,227,695	2,992,135	3,257,089	2,992,135
148	Total Expenses (including service charges and non-recurring IT expense)	2,154,059	2,491,344	3,330,987	2,881,378	2,897,671	2,881,378
149	**Net revenue surplus or (deficiency) on total expenses on row above**	172,086	(383,367)	(103,292)	110,757	359,418	110,757
150	Non-recurring IT expenses	199,931	375,000	400,000	0	0	0
151	**Net revenue surplus or deficiency if non-recurring IT costs are excluded from expenses**	372,017	(8,367)	296,708	110,757	359,418	110,757
152							
153	**Indicated revenue increase (decrease) to make revenue equal expenditures**						
154	Neeeded revenue change to make revenue equal total expenses **including** non-recurring IT [(total expense/total revenue)-1]	-7.4%	18.2%	3.2%	-3.7%	-11.0%	-3.7%
155	Neeeded revenue change to make revenue equal total expenses **excluding** non-recurring IT [((total expense-nonrecurring IT expense)/total revenue)-1]	-16.0%	0.4%	-9.2%	-3.7%	-11.0%	-3.7%
156							
157							
158	**Trust Fund balance (FCCS Division's portion of the Regulatory Trust Fund)**						
159	Opening balance	1,260,788	1,447,328	979,771	870,479	897,046	1,172,274
160	Add projected revenues	2,281,180	2,107,978	3,227,695	2,992,135	3,257,089	2,992,135
161	Less projected operating expenses (including nonrecurring IT but excluding service charges)	1,833,522	2,243,056	2,569,906	2,135,090	2,135,090	2,135,090
162	Less projected general revenue surcharge	173,149	146,288	161,081	146,288	162,581	146,288
163	Less projected DFS admin service charge	79,744	102,000	600,000	600,000	600,000	600,000
164	Less legal position funded from FCCS Division funds		78,190	0	78,190	78,190	78,190
165	Less refunds and miscellaneous expenditures	8,226	6,000	6,000	6,000	6,000	6,000
166	Adjustment	(1)					
167	Total deductions (rows 158 - 163)	2,094,640	2,575,534	3,336,987	2,965,568	2,981,861	2,965,568
168	Ending balance	1,447,328	979,771	870,479	897,046	1,172,274	1,198,841
169							
170			**Last changed**	**Inflation factor**	**Fee adjustment factors**		
171			2000	28%	1.28	Cemetery license renewal	
172			1997	37%	2.50	Preneed qtr'ly remittance factor	
173			1993	52%	1.52	Cemetery filing fee factor	
174			2000	28%	1.28	Preneed licenses, Main & Branch, r	
175			2006	9%	1.09	Preneed sales agent licenses, new a	
176			1998	35%	1.35	Establishment license factor	
177			1998	35%	1.35	Other licenses factor (FD, Embalme	
178			1995	44%	1.44	Temporary license factor	
179			1997	37%	1.37	Inspection fee factor	
180			1998	35%	1.35	Application fee factor	
181			1998	35%	1.35	Exam fee factor	
182			1998	35%	1.35	Notification fee factor	
183			1992	57%	1.57	Unlicensed activity fee factor	
184			1994	48%	1.48	replacement license fee factor	
185			1995	44%	1.44	late renewal (delinquent) fee factor	
186							

ATTACHMENT B

(Attch B, Notes (824-416).doc)

Attachment B
Notes to Spreadsheet Attachment A -- Revenue, Expense, and Trust Fund Balance

These are notes to the revenue & expense spreadsheet whose name includes 824-439.

NOTE 315

What is the earliest that fee increases could result in actual receipt of increased revenue ?

Preneed quarterly remittances (PQRs). PQRs can be increased by rule change. PQRs are due 60 days after the end of each calendar quarter.

The earliest a rule change increasing the fee could take effect, in a best case scenario, would be approximately 70 days after the formal rulemaking procedures were started (this because of the various statutory procedures required in rulemaking). And that is a best case scenario, and would be remarkably fast in actual experience. If the increase were challenged the effective date might be delayed many months.

But lets assume rulemaking starts Oct 7, 2008 (by submission of a Notice of Rule Development for publication), and the fee increase takes effect 70 days later, approximately Dec. 16, 2008. The fee increase would be applicable only for preneed contracts sold after Dec. 16, 2008.

The resulting revenue increase for the quarter ending Dec. 31, 2008 would be negligible.

The full amount of the increase would be applicable to the 3rd quarter ending March 31, 2009; those remittances would be received 60 days after March 31, 2008, but still in FY 0809.

The full amount of the increase would be applicable to the 4th quarter ending June 30, 2009, but the remittances for that quarter would not be received until Aug-Sept 2009, in FY 0910.

The full amount of the increase would be felt in FY 0910.

- Conclusion – an increase in the PQRs would produce at best one quarter of increased revenue in FY 0809. It would be effective for the entire FY 0910.

Preneed licenses, main & branch. Preneed main and branch licenses will next renew July 1, 2009, and the renewal notices would typically be sent out approximately late Jan, 2009, due back by April 1, 2009, for staff review in time for presentation and Board decision by July 1, 2009. Change to the preneed main license renewal fee increase would require legislative change in the 2009 regular session, and we would not typically know until late June 2009 whether the legislative changes passed and became law, so it is not feasible to expect the revenue increase in FY 0809.

For the July 1, 2010 renew, renewal notices would typically be sent out approximately late Jan, 2010, due back by April 1, 2010, for staff review in time for presentation and Board decision by the July 1, 2010. We would know well before Jan. 2010 whether the preneed fee increase was approved or not, so it would be feasible to include an increased fee schedule on the Jan 2010 renewal notices. The renewal revenue would flow in Jan-Feb-Mar 2010, in FY 0910.

- Conclusion – increases in preneed license fees would produce full increased revenue in FY 0910, but no increased revenue FY 0809.

Preneed sales agents (PSAs). Preneed sales agent renewal fees can be adjusted by rule. Therefore they could begin providing increased revenue as soon as a rule change is adopted.

The earliest a rule change increasing the fee could take effect, in a best case scenario, would be approximately 70 days after the formal rulemaking procedures were started (this because of the various statutory procedures required in rulemaking). And that is a best case scenario, and would be remarkably fast in actual experience. If the increase were challenged the effective date might be delayed many months.

But lets assume rulemaking starts Oct 7, 2008 (by submission of a Notice of Rule Development for publication), and the fee increase takes effect 70 days later, approximately Dec. 16, 2008. The fee increase

would be applicable only for PSA initial and subsequent appointments, and appointment renewals, that occur after Dec. 16, 2008.

So in effect the fee increase would be applicable for half the year (Jan-Jun) in FY 0809.

However, prior to 2006, PSAs renewed *en masse* on March 1 of even years (producing revenue in FYs ending in an even digit). Under the new law PSAs renew 24 months from when the appointment was made. The PSAs continued over from the former system continue to renew in March of even years, and I believe there is a still a marked revenue spike in March of even years, although wearing off over time. FY 0708 presumably had such a spike; FY 0809 will presumably not have such a spike.

Not much additional revenue would be received in FY 0809 because (1) the fee increase rule would not go into effect until about half way thru FY 0809, and (2) the next March 1 spike will not occur until March 2010 in FY 0910.

- Conclusion – increase in PSA renewal fees could produce increased revenue for transactions in the second 6 months of FY 0809. The renewal fee increase would be felt in full in FY 0910.

Cemetery renewals. Cemeteries will next renew their licenses Dec. 31, 2008. Since a legislative change would be required to increase fees, and since the next legislative session is not until 2009, no increase in fees can be achieved regarding the Dec. 31, 2009 cemetery license renewal.

Assume the law is changed in the 2009 regular session, effective July 1, 2009. Cemetery licenses will next thereafter expire Dec. 31, 2009. Renewal notices will go out approximately Oct 1, 2009. By Oct. 1, 2009 we would know whether the Legislature had approved the fee increase, so that renewal notices could include a new fee schedule. Renewal revenue would come in during Oct-Nov-Dec 2009, in FY0910.

- Conclusion – Increases in cemetery renewal fees would produce increased revenue flowing in FY 0910, but not FY 0809.

Cemeteries, application fee. This fee is set by statute. The earliest an increase could be approximately July 2009, after the 2009 regular legislative session.

- Conclusion – an increase in this fee would be fully effective in FY 0910, but not at all in FY 0809.

Funeral Directors & Embalmers, Direct Disposers, Funeral Directors, Embalmers, Direct Disposal Establishments. The renewal fees here can be increased by rule, so the fee increase would be effective as soon as adopted. However, these categories next renew Aug. 31, 2009. Renewal notices would typically go out approximately June 1, 2009. Some of the revenue would come in during June 09, which would be FY 0809. But the bulk would probably come in during July and August 2009 (FY 0910).

- Conclusion – a renewal fee increase would not produce any significant added revenue in FY 0809. It would be fully effective in FY 0910.

Establishments (Funeral Establishments, Cinerator Facilities, Removal Services, Centralized Embalming Facilities, Refrigeration Facilities). The renewal fees here can be increased by rule, so the fee increase would be effective as soon as adopted. These licensees next renew Nov. 30, 2010, in FY 1011. Renewal notices would typically go out approximately Sept 1, 2010. The renewal fees would flow in during Sept-Oct-Nov 2010, which would be in FY 1011.

- Conclusion – renewal fee increases would not produce added revenue until FY 1011.

Monument establishments & sales reps. The fees here can be increased by rule, so the fee increase would be effective as soon as a rule change was effective. These licensees next renew Oct. 1, 2009, which is in FY 0910. Renewal notices would typically go out on July 1, 2009, and the renewal fees would flow in over July-Aug-Sept 2009, in FY 0910.

- Conclusion – renewal fee increase would not produce any increased revenue until FY 0910.

Inspection fees. Inspection fees can be increased by rule, and so would be effective as soon as the rule change was effective. However, inspection fees are paid at renewal, so see renewal timing for the various establishments, above.

- Conclusion – inspection fee increases would not produce added revenue until FY 1011. Except that re DDEs the fee increase would produce the increased revenue in FY 0910 (there are approximately 43 DDEs).

Unlicensed Activity fee. This fee is set by statute. The earliest an increase could be approximately July 2009, after the 2009 regular legislative session.

- Conclusion – an increase in this fee would be fully effective in FY 0910, but not at all in FY 0809.

Continuing Education Providers. The fees here can be increased by rule, so the fee increase would be effective as soon as a rule change was effective. CE providers next renew May 31, 2009. Presumably renewal notices would go out approximately March 1, 2009.

- Conclusion – a renewal fee increase would be fully effective in FY 0809. But there are only approximately 66 CE providers. The increased revenue would be negligible.

Temporary License fees (embalmers and funeral directors). The fees here can be increased by rule, so the fee increase would be effective as soon as a rule change was effective. As a practical matter the soonest a fee increase could be put in place would be Dec. 16, 2008 in a best case scenario.

- Conclusion – assume the fee increase is effective a half year in FY 0809, and for all of FY 0910 and thereafter.

Application fees. This is a diverse group. In some instances there is both an application fee and an initial period license fee. But in other instances, the so called application fee is also the license fee for the initial license period. The fees here can be increased by rule, so the fee increase would be effective as soon as a rule change was effective. As a practical matter the soonest a fee increase could be put in place would be Dec. 16, 2008 in a best case scenario.

- Conclusion – assume the fee increase is effective a half year in FY 0809, and for all of FY 0910 and thereafter.

Replacement (duplicate) license fee. This fee is set by statute in most instances. The earliest an increase could be effective approximately approximately July 2009, after the 2009 regular legislative session.

- Conclusion – an increase in this fee would be fully effective in FY 0910, but not at all in FY 0809.

Late renewal (delinquency) fee. This fee is set by statute in most instances. The earliest an increase could be approximately July 2009, after the 2009 regular legislative session.

- Conclusion – an increase in this fee would be fully effective in FY 0910, but not at all in FY 0809.

NOTE 523 The data from FY 0506 is subject to some question, because it was a transition year. The new legislation took effect Oct. 1, 2005, part way into the FY. More specifically, on Oct, 1, 2005 the DBPR licensees were transferred to the new FCCS Division. The various ch. 470 establishments were renewed in DBPR in FY 0506, prior to the transfer to the FCCS Division. DBPR subsequently transferred revenue to DFS, after deducting applicable expenses. We have no breakdown of the DBPR expenses deducted, and they would be of virtually no predictive use to us even if we had them.

In addition, during FY 0506 the FCCS Division was being subsidized to some extent by its former parent, the Division of Consumer Services.

In addition, in FY 0506 and 0607, and to a significant but lesser degree in 0708 and currently, the revenue receipts detail data regarding FCCS Division fee revenue was and is divided between two computer systems that do not talk to one another: (1) the former Dept of Banking & Finance receipt system (preneed, cemetery, and monument establishments), and (2) the former Dept of Insurance receipts system (the 470 licenses were put on the old DOI system when they were transferred over in 2005). This complicates revenue analysis. DFS is moving towards a new single receipts system.

NOTE 536. The FY 0607 data is subject to some question, because during 0607 the FCCS Division was operationally splitting off from the Division of Consumer Services, which it had formerly been a part of. During FY 0607 the FCCS Division was being subsidized to some extent by its former parent, the Division of Consumer Services. In fact that subsidization continued until July 2008 to some degree.

And see Note 523 re use of two receipts systems.

NOTE 746 $400,000 IT costs, FY 0910. Vendor ISF has estimated $350,000 to $450,000 in IT costs in FY 0910, to address the remainder of the work-needed items. See 7-31-08 email forwarded by Anthony Miller from ISF (Krishna K.).

NOTE 749 $200,000 IT costs in FY 0809. A "direct order" is in place with funding of $200,000, with vendor ISF, for work needed to address system glitches.

NOTE 752 $50,000 IT cost, FY 0809. There is currently a staff augmentation "direct order" in the amount of $50,000 for service by vendor Infinity, on the Service Point (SP) computer system. SP is the computer used by FCCS Division to track exams, inspections, complaints, and investigations. FCCS Division was put on the SP system because SP was already in use by the DFS Consumer Services Division (which FCCS Division was a part of until 2006). SP is actually call-center program, and needs significant modification to function adequately in tracking and managing exams, inspections, complaints, and investigations.

NOTE 812 $175,000 IT cost, FY 0809. The old DLS system, used by the former Cemetery & Preneed Bureau while in the Dept of Banking and Finance, has been supported by the Office of Financial Regulation (OFR). DLS is a mainframe legacy system from the 1980s. OFR has been working on replacement system, and we are advised that OFR will be abandoning the DLS system in late 2008 or early 2009. At that time if the FCCS Division stays on the system the operating cost for that mainframe system will shift to the FCCS Division. Vendor ISF has estimated $175,000 as the cost to add the DLS functionality that is going away, to the FCCS Division's existing ALSI computer system. See 8-25-08 email from DAS to ISF (Krishna K) confirming the $150-175,000 estimate.

NOTE 848 Additional staff, related expense increase. Each new staffer added will increase various expenses in addition to salary & benefits. For example, added staff typically increase expenses for rent, phone, office supplies, etc. DMS estimates the typical total increases per added employee at $7,680. However, $3,305 of that is rent increase, which we do not believe will be applicable to the 7 staff we would add, for the following reason: 1) in the field, we anticipate going to office space "hoteling"; 2) in the Tallahassee HQs office suite we believe we already have adequate office space if we more efficiently use it. Specifically, we have 1 office used by field examiner Deason, who is gong to telecommute, making his office available to another FTE, and we have 4 office size rooms currently used for file storage, and we are confident that through disposal of unneeded old files and scanning of much of what is left, we can free up at least 2 of the 4 storage rooms.

Note 938.

Projected costs related to new FTEs (above and beyond increased salary & benefits costs, and travel costs, shown separately elsewhere herein) are as follows.

FIELD STAFF

Nonrecurring costs per 1 new field staff

- 1 laptop at $2000 each.
- 1 Printer/copier/scanner/fax combo machine, 120v AC/12v DC capable.. $700 each plus $15 cables, state contract. Total $715.
- Power adapters, 12 volt, for laptop and printer/copier/scanner/fax. $30 each, times 2 machines per FTE. Total $60.
- 1 file cabinet, 2 drawer. Total $450 each.

TOTAL nonrecurring, $3,225 per 1 new field staff

Recurring Cost per 1 new field staff,

- Rent. We do not believe rent costs will increase for the following reason: 1) in the field, we anticipate going to office space "hoteling"; 2) in the Tallahassee HQs office suite we believe we already have adequate office space if we more efficiently use it. Total $0.
- 1 Air-card for laptop, $56 per FTE per month, state contract, times 12 months, $672. Aircard & unlimited airtime included in monthly charge. Total $672 annual.
- Phone & usage. 1 cell phone at $40 per FTE per month each, state contract, times 12 months, $480. Phone and unlimited airtime included in monthly charge. Total $480 annual.
- Human resources charges (per DMS), $1337 per employee. Total $1,337 annual.
- LAN communications. $1,100 per FTE per year. Total $1,100 annual.
- Postage. $150 per FTE per year. Total $150 annual.
- Office supplies. $400 per FTE per year. Total $400 annual.
- Copying. $130 per FTE per year. Total $130 annual.
- Repair & maintenance, $130 per FTE per year. Total $130 annual.

TOTAL $4,399 recurring per 1 field staff (in addition to S&B and travel)

HQs STAFF

Nonrecurring costs per 1 new Tallahassee HQs Office staff

- Phone line and use, install, $100 per FTE. Total $100.
- Phone, purchase, $175 per FTE. Total $173.
- Calculator, $200 per FTE. Total $200.
- File cabinet, $450 per FTE. Total $450.
- Bookcase, 4 shelf, $310 per FTE. Total $310.
- Desk, $610 per FTE, Total $610.
- Computer table, $450 per FTE. Total $450.
- Chair for FTE, $430. Total $430.
- Chairs, visitor, 2 per FTE, at $100 each, $200 per FTE. Total $200.
- Software & training, $450 per FTE. $450.
- Computer workstations, $2000 per FTE. Total $2,000.

TOTAL nonrecurring, $5,373 per 1 Tallahassee HQs Office staff

Recurring costs per 1 new Tallahassee HQs Office staff

- Phone line & use, $950 per FTE per year. Total $950 annual.
- Postage, $150 per FTE. Total $150 annual.
- Copying, $130 per FTE per year. Total $130 annual.
- Repairs & maintenance, $130 per FTE per year. Total $130 annual.
- Office supplies, $400 per FTE per year. Total $ 400 annual.
- Rent. See note above. Total $ 0.
- LAN communications, $1,100 per FTE per year. Total $ 1,100 annual.
- Human resources charges (per DMS), $1337 per FTE (see above). Total $1,337 annual.

TOTAL $4,197 per 1 new Tallahassee HQs Office staff (in addition to S&B)

ATTACHMENT C

	A	B	C	D	E	F	G	H	I	J
1	**Attachment C, Operating Reserve balance (Regulatory Trust Fund)**									
2	(dni 829-200)		FCCS Division							
3										
4	**FY 0506**									
5		600,000	7-1-05 opening balance, FCCS Division's portion of the former DBF Regulatory Trust Fund							
6		1,896,035	Plus FY 0506 revenues and transfers-in (includes $549,009 transferred from DBPR)							
7		1,048,363	Less FCCS Division operating expenses							
8		78,190	Less Legal Division position paid from FCCS funds							
9		44,894	Less general revenue service charge							
10		65,724	Less reimbursement to OFR re DFS admin service charge OFR paid on FCCS Division behalf							
11		55,673	Less reimbursement to OFR re general revenue service charge OFR paid on FCCS Division b							
12			121,397	Subtotal, reimbursements to OFR						
13		1,203,190	6-30-06 ending balance							
14	**FY 0607**									
15		1,203,190	7-1-06 starting balance							
16		2,117,403	Plus revenues and transfers in							
17		1,829,020	Less FCCS Division operating expenses							
18		155,797	Less general revenue surcharge							
19		70,753	Less DFS admin surcharge							
20		4,235	Less refunds and miscell (415 + 3820)							
21		1,260,788	6-30-07 ending balance							
22	**FY 0708**									
23		1,260,788	7-1-07 opening balance							
24		2,281,180	Plus revenues and transfers in							
25		1,833,522	Less FCCS Division operating expenses							
26		173,149	Less general revenue surcharge							
27		79,744	Less DFS admin surcharge							
28		8,226	Less refunds and miscell (933 + 7293)							
29		1,447,328	6-30-08 ending balance							
30										
31										
32	**FY 0809, 0910 - See Attachment A, last page, for projections**									
33										
34										
35										
36										

ATTACHMENT D

Attachment D

Renewals By Even or Odd Fiscal years (dni 823213)

License Categories that Renew in EVEN Fiscal Years (FYs ending in even digit, eg FY 0708)

173	Dec 31 every yr	Cemeteries
334	July 1 every yr	Preneed Main
340	July 1 every yr	Preneed Branch
1050	Mar 1 even yrs (now 24 mths)	Preneed sales agents (assumes half renew each year as former march 1 biennial wears off)
97	Oct 1 odd yrs	Monument Establishments
121	Oct 1 odd yrs	Monument Establishment sales reps
2374	Aug 31 odd yrs	Funeral Director & Embalmer combo
129	Aug 31 odd yrs	Direct disposers
60	Aug 31 odd yrs	Funeral Director only
43	Aug 31 odd yrs	Direct Disposal Establishments
25	Aug 31 odd yrs	Embalmers
14	Oct 1 odd yrs	Burial rights brokers
4760		TOTAL

License Categories that Renew in ODD Fiscal Years (FYs ending in Odd digit, eg FY 0607)

173	Dec 31 every yr	Cemeteries
334	July 1 every yr	Preneed Main
340	July 1 every yr	Preneed Branch
1050	Mar 1 even yrs (now 24 mths)	Preneed sales agents (assumes half renew each year as former march 1 biennial wears off)
841	Nov 30 even yrs	Funeral Establishments
146	Nov 30 even yrs	Cinerator Facilities
67	Nov 30 even yrs	Removal Services
2	Nov 30 even yrs	Centralized Embalming Facility
3	Nov 30 even yrs	Refrigeration Facility
66	May 31 odd yrs	Continuing Education providers
3022		TOTAL

ATTACHMENT E

Attachment E
Suggested Legislative Changes

NOTE: These suggested legislative changes have not been reviewed or approved by the CFO as of the date of this Attachment is issued.

Amend s. 497.453(6) as follows:

497.453 Application for preneed license, procedures and criteria; renewal; reports.—

(6) QUARTERLY PAYMENTS.--In addition to other amounts required to be paid by this section, each preneed licensee shall pay to the Regulatory Trust Fund an amount established by rule not to exceed $10 for each preneed contract entered into on or before December 31, 2009. This amount shall be paid within 60 days after the end of each quarter. These funds shall be used to defray the cost of administering the provisions of this chapter. Payments to the Regulatory Trust Fund for preneed contracts entered into after December 31, 2009 shall be governed by s. 497.4531.

Amend s, 497.456(2) as follows:

497.456 Preneed Funeral Contract Consumer Protection Trust Fund.--

(2) For all preneed contracts entered into on or before December 31, 2009, w~~W~~ithin 60 days after the end of each calendar quarter, for each preneed contract written during the quarter and not canceled within 30 days after the date of the execution of the contract, each preneed licensee, whether funding preneed contracts by the sale of insurance or by establishing a trust pursuant to s. 497.458 or s. 497.464, shall remit the sum of $2.50 for each preneed contract having a purchase price of $1,500 or less, and the sum of $5 for each preneed contract having a purchase price in excess of $1,500; and each preneed licensee utilizing s. 497.461 or s. 497.462 shall remit the sum of $5 for each preneed contract having a purchase price of $1,500 or less, and the sum of $10 for each preneed contract having a purchase price in excess of $1,500. Payments to the Consumer Protection Trust Fund for preneed contracts entered into after December 31, 2009 shall be governed by s. 497.4531.

Create new s. 497.4531 to read as follows:

497.4531 Payments to Trust Funds in Regard to Preneed Contracts

(1) Regulatory Trust Fund payments. In addition to other amounts required to be paid by this section, each preneed licensee shall pay to the Regulatory Trust Fund an amount established by rule of the Board not to exceed $10 for each preneed contract entered into on or after January 1, 2010. This amount shall be paid within 90 days after the end of each calendar year. These funds shall be used to defray the cost of administering the provisions of this chapter.

(2) (a) Preneed Funeral Contract Consumer Protection Trust Fund Payments. For all preneed contracts entered into on or after January 1, 2010, within 90 days after the end of each calendar year, for each preneed contract written during the year and not canceled within 30 days after the date of the execution of the contract, each preneed licensee, whether funding preneed contracts by

sale of insurance or by establishing a trust pursuant to s. 497.458, s. 497.461, s. 497.462 or s. 497.464, shall remit to the Department a sum not to exceed $10, as determined by rule of the Board. The amounts paid under this subsection (2) shall be deposited by the Department into the Preneed Funeral Contract Consumer Protection Trust Fund for purposes as set forth in section 497.456.

(b) Notwithstanding the fee structure in paragraph (a), the Department shall review the status of the Preneed Funeral Contract Consumer Protection Trust Fund annually, and if it determines that the uncommitted trust fund balance exceeds $2 million, and that adequate provision has been made for potential future claims, the Board may from time to time by rule lower or suspend the required payments to the Preneed Funeral Contract Consumer Protection Trust Fund under paragraph (a). Subject to the limits of paragraph (a), the Board shall from time to time by rule cause such payments to the Preneed Funeral Contract Consumer Protection Trust Fund to be resumed or increased, as the Board upon advice of the Division determines necessary or advisable to assure the adequacy of the Preneed Funeral Contract Consumer Protection Trust Fund for the purposes specified in s. 497.456.

(c) Notwithstanding the fee structure in paragraph (a) or (b), the Department shall review the status of the Preneed Funeral Contract Consumer Protection Trust Fund annually, and if it determines that the uncommitted trust fund balance exceeds $5 million, and that adequate provision has been made for potential future claims, the board may from time to time by rule direct the department to transfer amounts in excess of $5 million from the Preneed Funeral Contract Consumer Protection Trust Fund to the Regulatory Trust Fund for the purpose of defraying the cost of administering the provisions of this chapter.

(3) Without increasing the total aggregate amounts due from licensees under subsections (1) and (2) of this section and section 497.453, the board may by rule provide for and require annual rather than quarterly remittances under subsections (1) and (2) of this section, and may by rule require the use of a single invoice and single payment by preneed licensees for payment of amounts due under subsections (1) and (2) of this section and section 497.453. The board may promulgate rules adopting forms and procedures for implementation of this paragraph.

(4) A deficiency in operating revenues needed to fund the operations of the Division of Funeral, Cemetery and Consumer Services and the Board, caused by the delay in receipt of fees under subsection (1) due to the change from quarterly to annual remittances, or other cause, may with the concurrence of both the Department and the Board be provided for by borrowing from the Preneed Funeral Contract Consumer Protection Trust Fund. Any amounts so borrowed shall be repaid to the Preneed Funeral Contract Consumer Protection Trust Fund within 36 months, from fees imposed by the board under this chapter.

Amend s. 497.140 as follows:

(1)(a) As to any fee payable under this chapter as to which discretion is provided to the licensing authority to specify the amount of the fee subject to a cap stated in this chapter, the board shall from time to time as requested by the department determine by rule the amount of such fee, based upon department-prepared estimates of the revenue required to implement all provisions of this chapter.

(b) It is the legislative intent that the costs of regulation under this chapter be provided for by fees collected under this chapter. The board shall ensure that fees are adequate to cover all anticipated costs of implementation of this chapter. The department shall at least every other year provide the board with estimates as to projected costs in implementing this chapter and projected fee collections under this chapter for the following 2 years, information as to balances of regulatory trusts from fees collected, other information that the department deems material to the setting of

fees by the board at proper levels, and a department recommendation as to action, if any, regarding changing fee levels. The board shall review such information provided by the department and increase or decrease fees as the board determines appropriate. If sufficient action is not taken by the board within 6 months after notification by the department that fees are projected to be inadequate, the department shall set fees on behalf of the board to cover anticipated costs.

(c) The board may from time to time by rule assess and collect a one-time fee from each active and each voluntary inactive licensee under this chapter in an amount necessary to correct an inadequacy of fees received to implement regulation required by this chapter, provided that no such assessments may be made after October 1, 20122~~007~~.

(d) Concerning any fee required or authorized to be imposed by this chapter without any express grant of authority to the board to increase the fee from time to time, notwithstanding any provision in this chapter to the contrary the board shall be authorized to increase such fee by rule from time to time for the purpose of providing additional revenue to implement the provisions of this chapter; provided, the cumulative aggregate amount of any such increase or increases of any such fee shall at no time exceed the sum of four percent per year from and including the year the fee initially appeared in the Florida Statutes, to and including the year in which the Board would increase the fee by rule.

Amend s. 497.265 as follows:

(1) The department shall collect from each cemetery company operating under the provisions of this chapter an annual license fee as determined by the board by rule not to exceed the following~~as follows~~:

(a) For a cemetery with less than $25,000 annual gross sales ..... $500~~250~~.

(b) For a cemetery with at least $25,000 but less than $100,000 annual gross sales ..... $700~~350~~.

(c) For a cemetery with annual gross sales of at least $100,000 but less than $250,000 ..... $1,200~~600~~.

(d) For a cemetery with annual gross sales of at least $250,000 but less than $500,000 ..... $1,800~~900~~.

(e) For a cemetery with annual gross sales of at least $500,000 but less than $750,000 ..... $2,700~~1,350~~.

(f) For a cemetery with annual gross sales of at least $750,000 but less than $1 million ..... $4,500~~2,250~~.

(g) For a cemetery with annual gross sales of at least $1 million but less than $5 million ..... $6,500~~3,250~~.

(h) For a cemetery with annual gross sales of $5 million or more ..... $9,800~~4,900~~.

Amend s. 497.453(5)(c)1. as follows:

(c) 1. Each annual application for renewal of a preneed license that is not held by a monument establishment shall be accompanied by the appropriate fee as specified by rule of the board not to exceed as follows:

a. For a preneed licensee with no preneed contract sales during the immediately preceding year ..... $600~~300~~.

b. For a preneed licensee with at least 1 but fewer than 50 preneed contract sales during the immediately preceding year ..... $800~~400~~.

c. For a preneed licensee with at least 50 but fewer than 250 preneed contract sales during the immediately preceding year ..... $1,000~~500~~.

d. For a preneed licensee with at least 250 but fewer than 1,000 preneed contract sales during the immediately preceding year ..... $1,700~~850~~.

e. For a preneed licensee with at least 1,000 but fewer than 2,500 preneed contract sales during the immediately preceding year ..... $3,000~~1,500~~.

f. For a preneed licensee with at least 2,500 but fewer than 5,000 preneed contract sales during the immediately preceding year ..... $5,000~~2,500~~.

g. For a preneed licensee with at least 5,000 but fewer than 15,000 preneed contract sales during the immediately preceding year ..... $12,000~~6,000~~.

h. For a preneed licensee with at least 15,000 but fewer than 30,000 preneed contract sales during the immediately preceding year ..... $25,000~~12,500~~.

i. For a preneed licensee with 30,000 preneed contract sales or more during the immediately preceding year ..... $37,000~~18,500~~.

ATTACHMENT F

(an electronic file)