

Representative Jim Fannin
Chairman



Representative Bryan Adams
Vice Chairman

FY 15-16 Executive Budget Review DEPARTMENT OF INSURANCE

House Committee on Appropriations
by the House Fiscal Division
March 18, 2015



Agenda

Budget Overview

- Department Structure 3
- Comparison to Total State Budget 4
- Means of Finance Comparison 5
- 10 Year Budget History 6
- Major Sources of Revenue 7
- Expenditure Breakdown 9
- Expenditure History 10
- Significant Budget Adjustments 12
- Discretionary/Non-Discretionary Funding 13
- Salaries and Positions 14
- Department Contacts 18



Department Structure

Commissioner of Insurance

- **Administrative Program**
- **Market Compliance Program**
 - Office of Licensing & Compliance
 - Office of Health Insurance
 - Office of Financial Solvency
 - Office of Property & Casualty Insurance
 - Office of Legal Services
 - Division of Insurance Fraud



Comparison to Total State Budget FY 15-16

Means of Finance	Insurance	Total State Budget	% of Total State Budget
State General Fund	\$0	\$9,042,826,000	0.0%
Interagency Transfers	\$0	\$2,153,547,065	0.0%
Fees and Self-Gen. Rev.	\$26,291,090	\$3,806,472,769	0.7%
Statutory Dedications	\$1,432,793	\$3,568,622,003	0.0%
Federal Funds	\$1,842,690	\$9,726,332,078	0.0%
TOTAL MOF	\$29,566,573	\$28,297,799,915	0.1%
Authorized Positions	220	52,393	0.4%



Means of Finance

Means of Finance	FY 13-14 Actual Expenditures	FY 14-15 Existing Operating Budget (12/1/15)	FY 15-16 Executive Budget Recommendation	Change from FY 14-15 to FY 15-16	Percent Change from FY 14-15 to FY 15-16
State General Fund	\$0	\$0	\$0	\$0	0.0%
Interagency Transfers	\$145,702	\$0	\$0	\$0	0.0%
Fees and Self-Gen. Rev.	\$26,875,725	\$30,791,258	\$26,291,090	(\$4,500,168)	(14.6%)
Statutory Dedications	\$1,322,961	\$1,527,809	\$1,432,793	(\$95,016)	(6.2%)
Federal Funds	\$909,701	\$1,841,684	\$1,842,690	\$1,006	0.1%
TOTAL	\$29,254,089	\$34,160,751	\$29,566,573	(\$4,594,178)	(13.4%)
Authorized Positions	258	253	220	(33)	(13.0%)

Significant Adjustments:

Fees and Self-Generated Revenues

- Reduction of \$1.6 million due to annualization of mid-year reductions.
- Decrease of \$3.1 million due to elimination of existing positions.
- REC official forecast sets FSGR at \$31.85 million.

(\$4.5 M)



Statutory Dedications

- Decrease of \$89,658 in the Administrative Fund
- Decrease of \$5,358 in the Insurance Fraud Investigation Fund

(\$95,061)



Authorized Positions

- Eliminated 33 positions, including 1 current vacancy, 22 currently filled, and 10 vacancies eliminated in mid-year reductions.

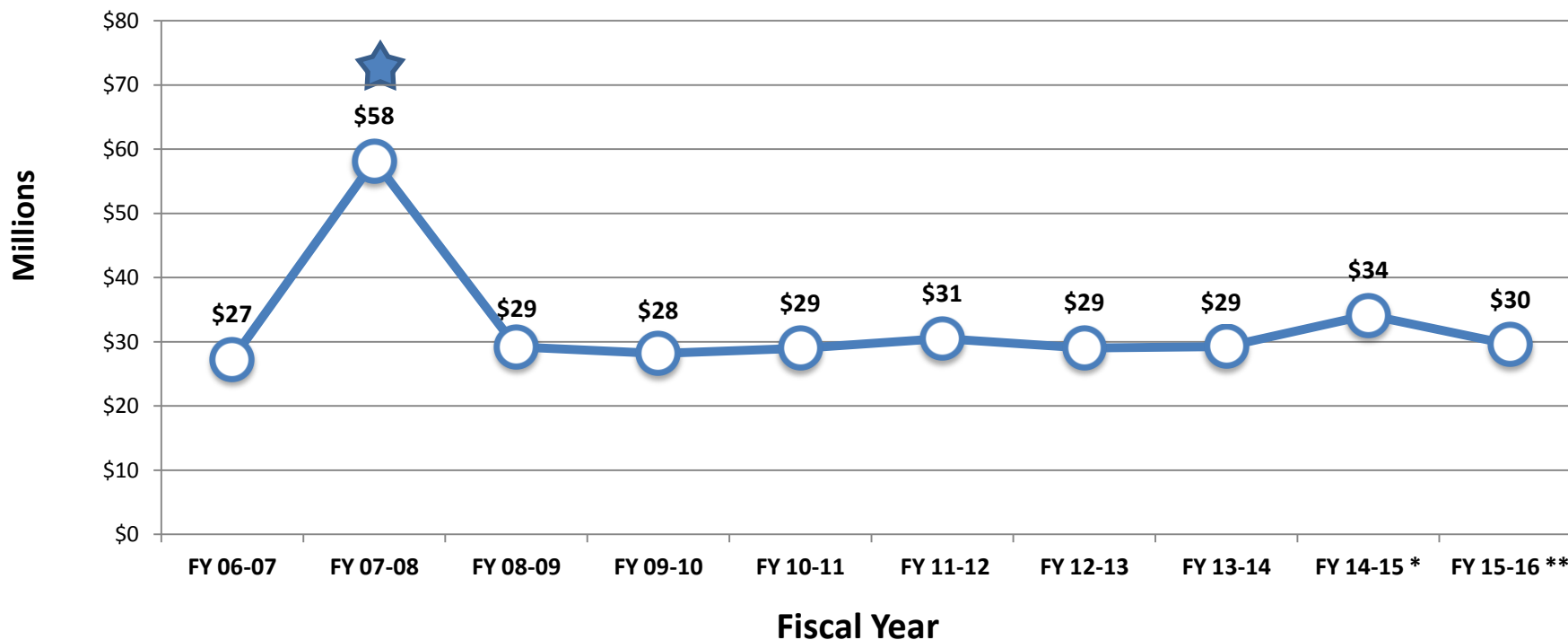
(33 T.O.)





10-Year Budget History

DEPARTMENT OF INSURANCE (Total Funding)



Budget included \$29 million of Statutory Dedicated pass through funds for the Round 1 disbursement of the Insure LA Incentive Program, in accordance with Act 447 of the 2007 Regular Legislative Session.

*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation

Source: Executive Budget Supporting Documents



Major Sources of Revenue FY 15-16

Self-Generated Revenues - \$26.3 million

- Fees and Self-Generated Revenue funds are from various fees and licensing activities derived directly from every insurer and producer under the department's jurisdiction, per R.S. 22:1.

Statutory Dedications - \$1.4 million

- Administrative Fund -- \$749,465
- Automotive Theft & Insurance Fraud Prevention Fund --\$227,000
- Insurance Fraud Investigation Fund -- \$456,328

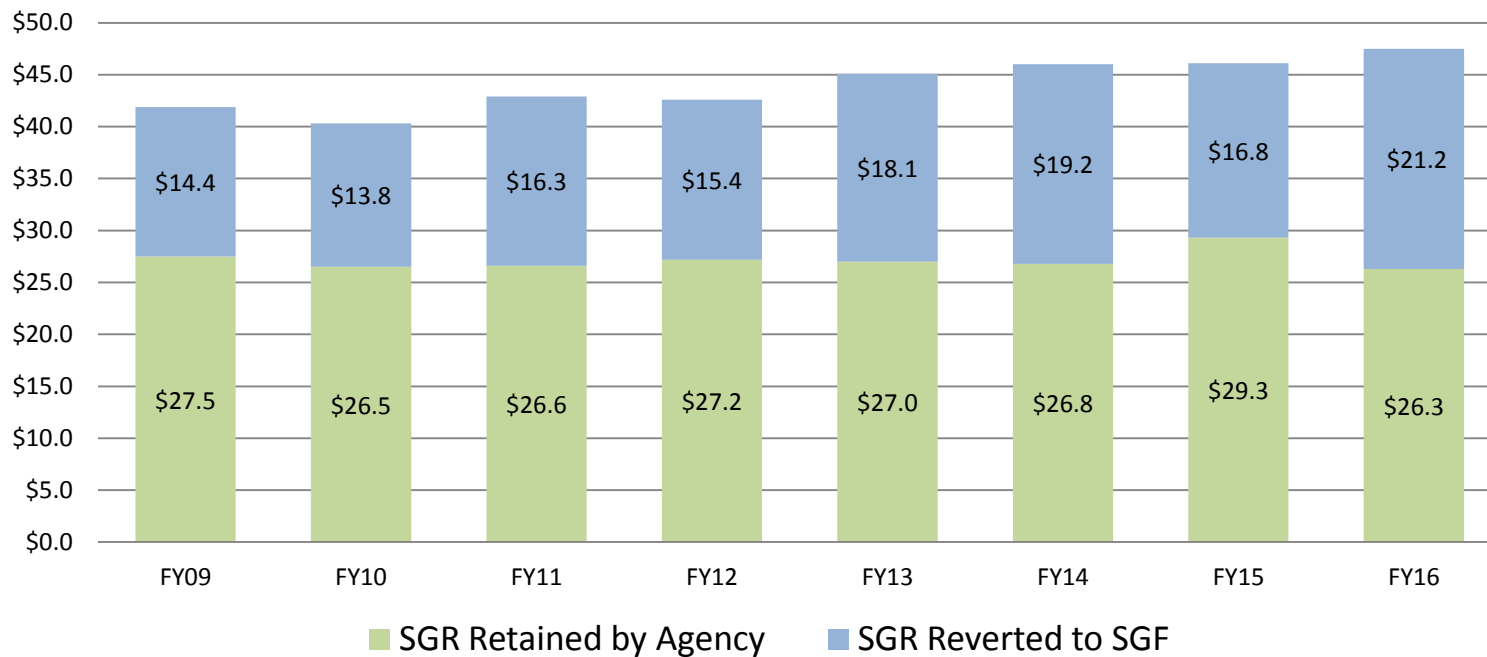
Federal Funds - \$1.8 million

- State Health Insurance Assistance Fund and Health Insurance Premium Review.



Fees and Self-Generated Revenues

SGR Collected by the Department (in Millions)



Source: Louisiana Department of Insurance

FY15 retained includes mid-year reductions
FY16 retained in Governor's Executive Budget



Expenditure Breakdown

Expenditures	FY 13-14 Actual Expenditures	FY 14-15 Existing Operating Budget (12/1/14)	FY 15-16 Executive Budget Recommendation	Change from FY 14-15 to FY 15-16	Percent Change from FY14-15 to FY15-16
Salaries	\$14,540,446	\$15,531,695	\$13,322,834	(\$2,208,861)	(14.2%)
Other Compensation	\$309,478	\$353,433	\$134,775	(\$218,658)	(61.9%)
Related Benefits	\$6,790,773	\$8,311,591	\$7,332,116	(\$979,475)	(11.8%)
Travel	\$245,688	\$301,428	\$246,570	(\$54,858)	(18.2%)
Operating Services	\$2,008,028	\$2,131,732	\$2,098,553	(\$33,179)	(1.6%)
Supplies	\$149,196	\$177,431	\$150,564	(\$26,867)	(15.1%)
Professional Services	\$2,778,152	\$4,637,476	\$3,708,981	(\$928,495)	(20.0%)
Other Charges	\$2,011,404	\$2,146,363	\$2,110,081	(\$36,282)	(1.7%)
Acq/Major Repairs	\$420,924	\$569,602	\$462,099	(\$107,503)	(18.9%)
Unallotted	\$0	\$0	\$0	\$0	0.0%
TOTAL EXP	\$29,254,089	\$34,160,751	\$29,566,573	(\$4,594,178)	(13.4%)

Salaries and Related Benefits

Overall decreases are due to annualization of the mid-year reductions, the decrease of 23 positions, and retirement rate adjustments. The overall decrease was offset slightly by increases due to the annualization of performance adjustments, and increased health insurance premiums.

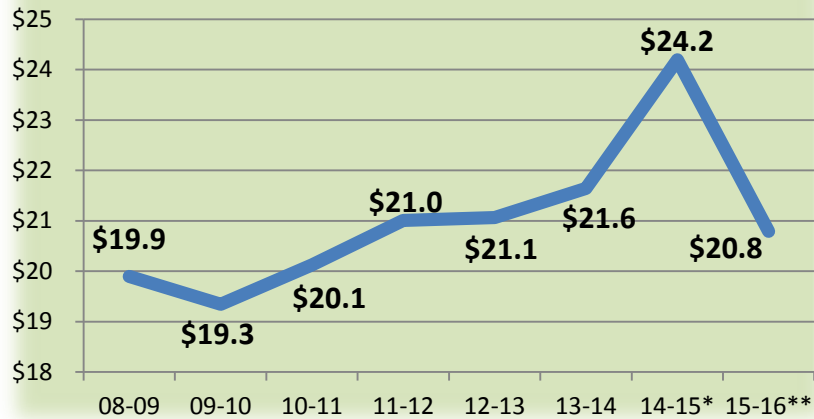
Professional Services

Mid-year reductions included a reduction of \$747,280 in professional services. The increase from FY 14 to FY 15 was for the cost of adding LA Citizens Property Corporation and the Office of Group Benefits to the current examination schedule.

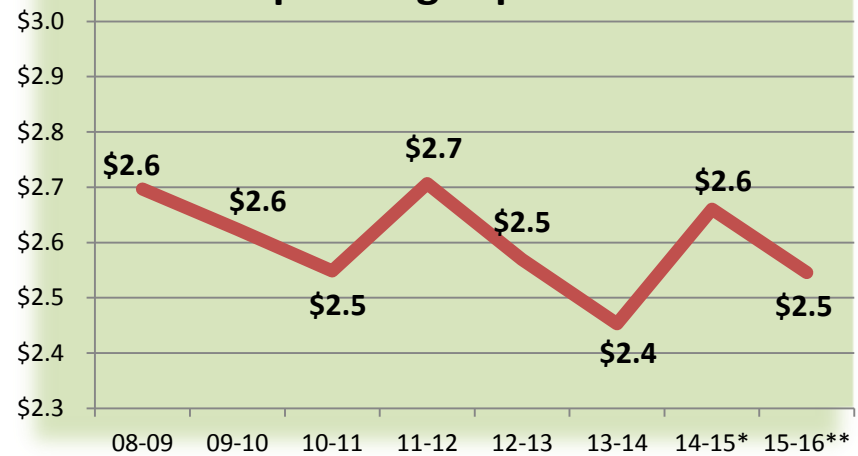


8-Year Expenditure History (in millions)

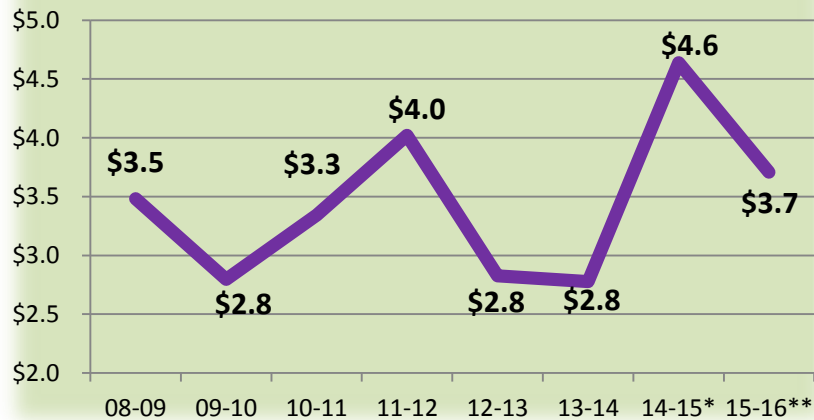
Personal Services



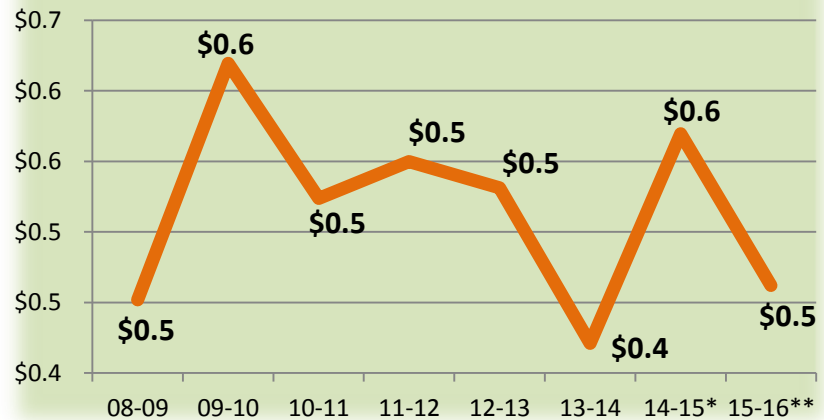
Operating Expenses



Professional Services



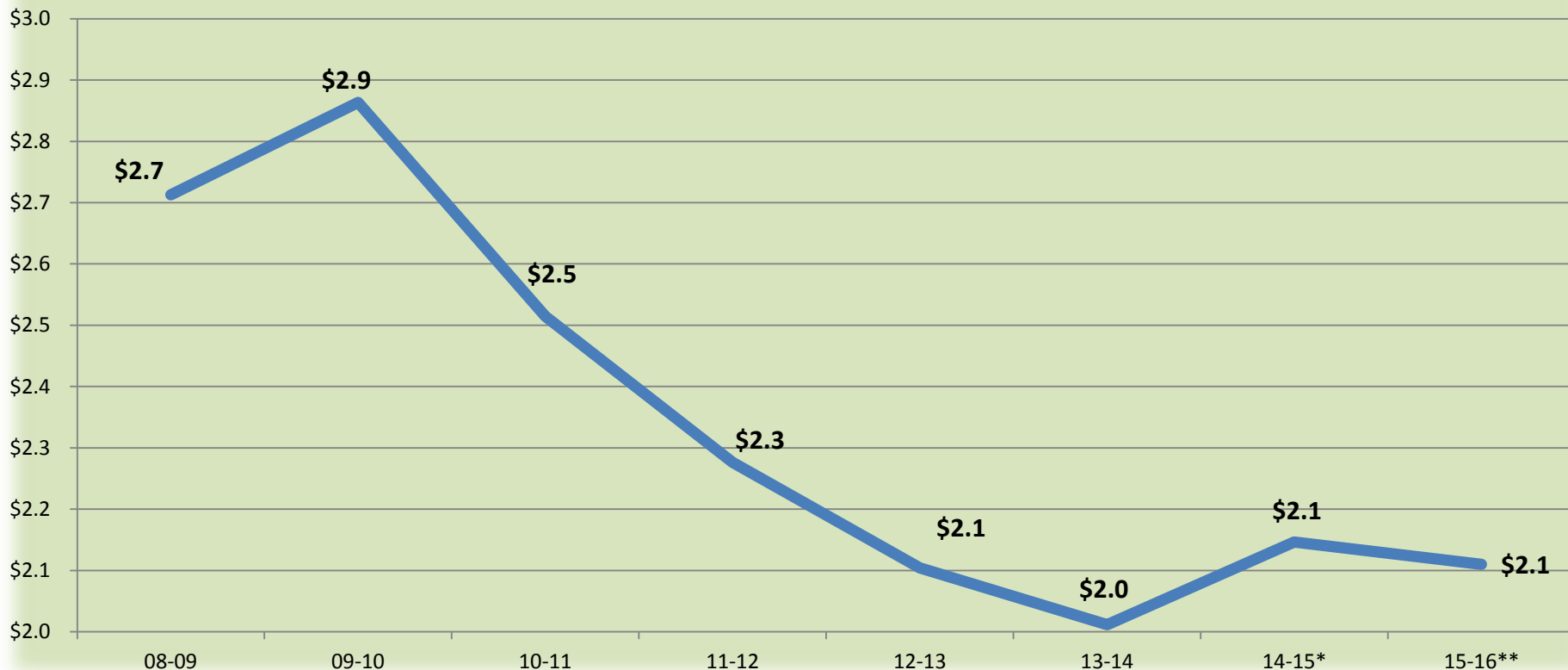
Acquisitions & Major Repairs





8-Year Expenditure History (in millions)

Other Charges



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation



Significant Adjustments

(\$1.6M)

FSGR

(10) T.O.



Annualization of FY 2015 Mid-Year Reduction Plan. Includes a reduction of 10 vacant authorized positions.

(\$3.1 M)

FSGR

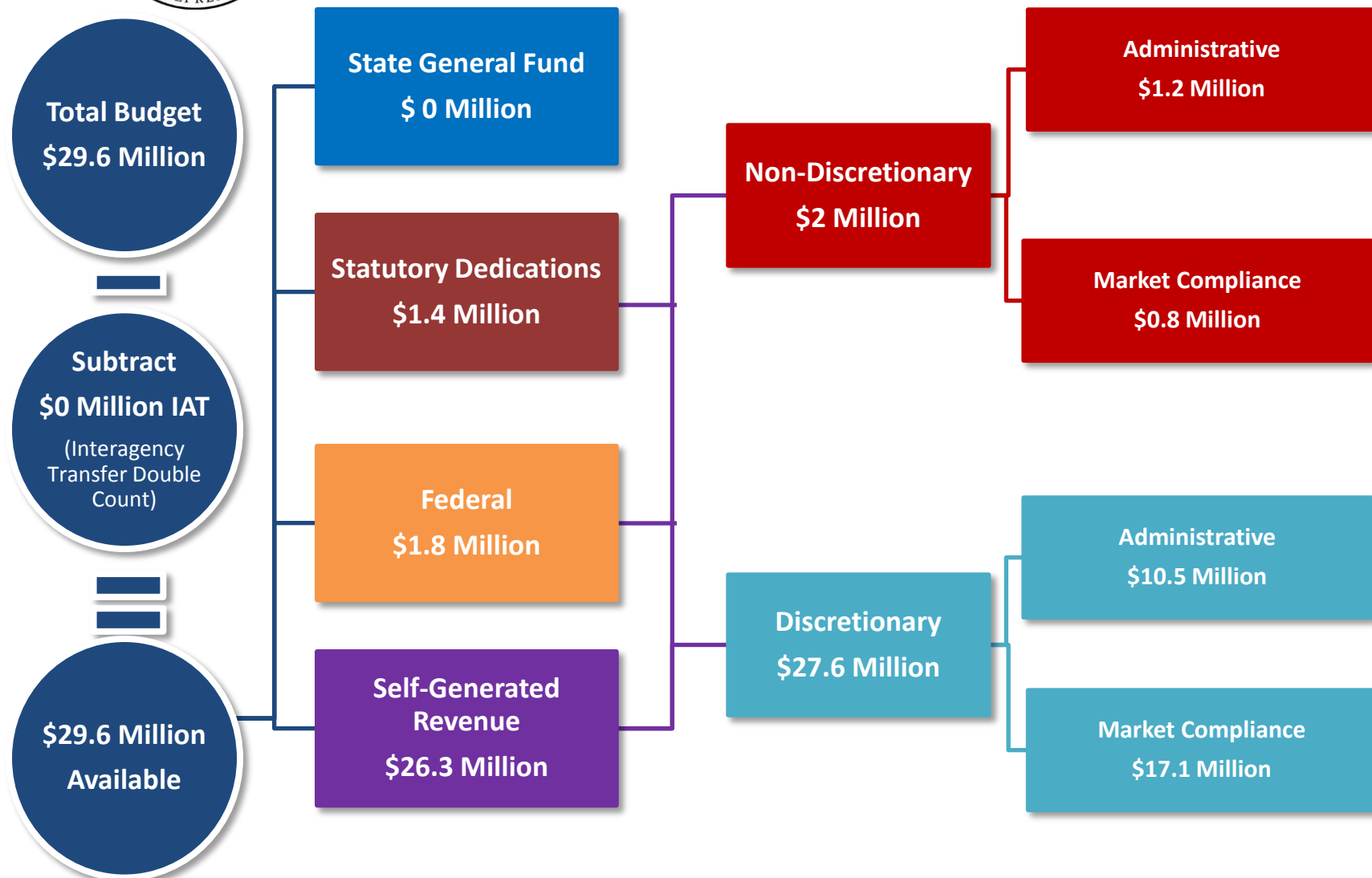
(23 T.O.)



Reduction in expenditure authority and 23 authorized positions. 22 of the positions are filled. The department will be initializing a retirement incentive program.



Discretionary/Non-Discretionary Funding in FY 15-16 Executive Budget





Salaries and Positions

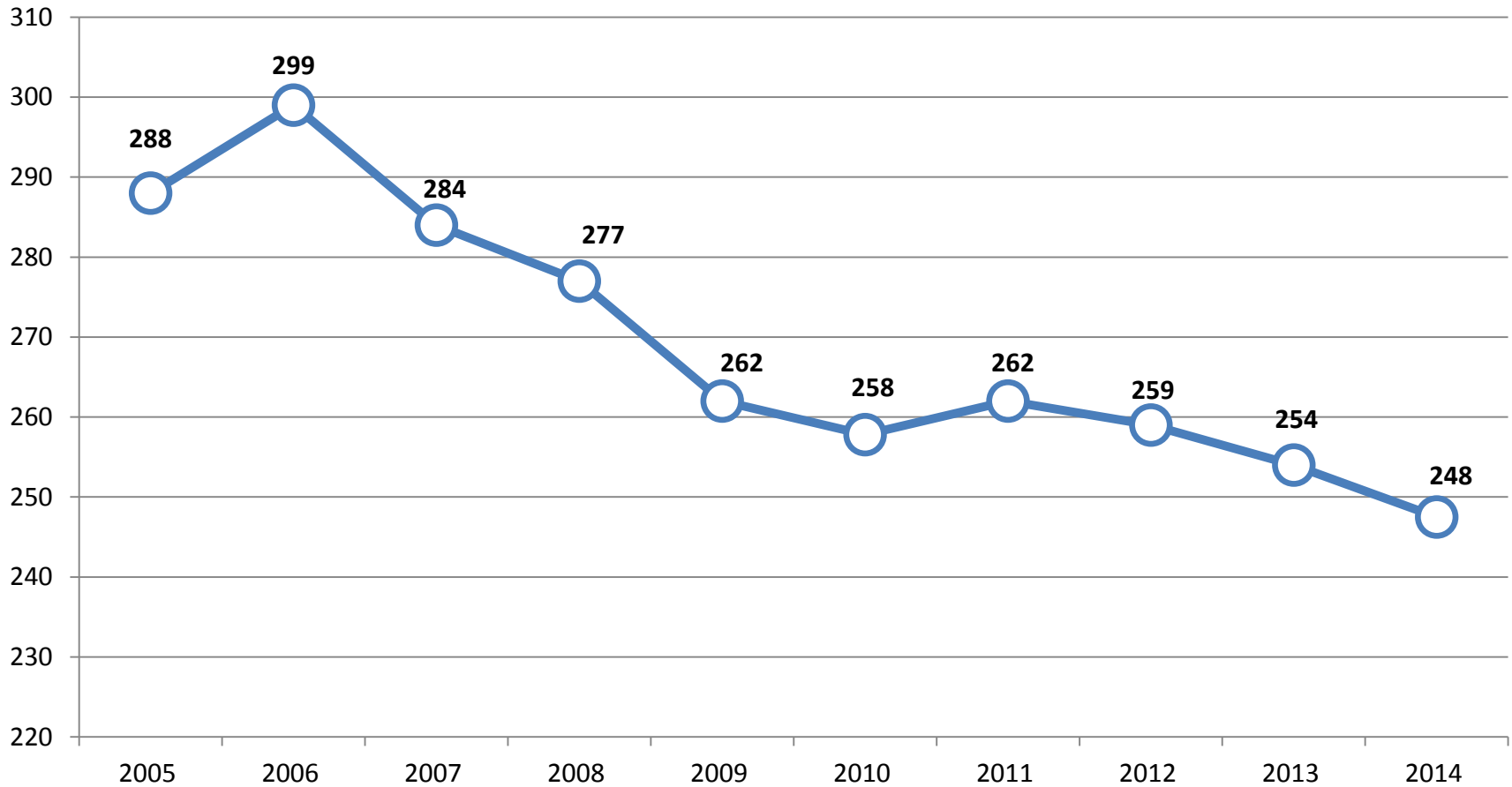
FY 15-16 SALARIES/POSITIONS

- \$13.5 million for Salaries and Other Compensation
- \$7.3 million for Related Benefits
- Total Personnel Services = \$20.8 million; 76% of the Department of Insurance total Executive Budget Recommendation (excluding Other Charges)
- 220 Authorized Positions (192 classified and 28 unclassified)
- 3 full-time non-T.O. positions
- 0 Other Charges positions
- As of 1/30/2015, there were vacant 11 positions; the Executive Budget eliminates all of these vacancies and 22 filled positions.



Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

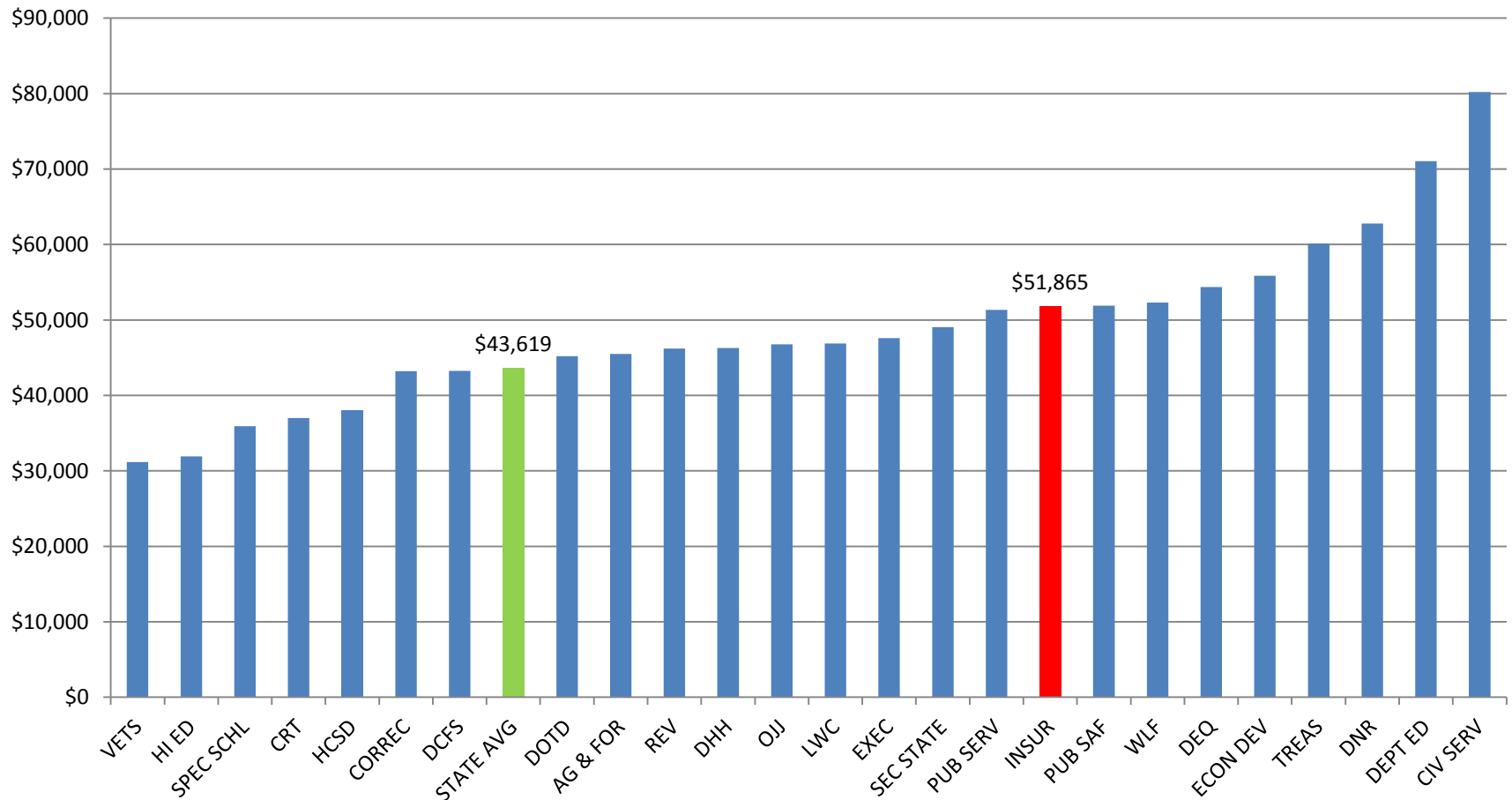


Source: Prepared by House Fiscal Division staff using information from ISIS-HR



Salaries and Positions

FY 14 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

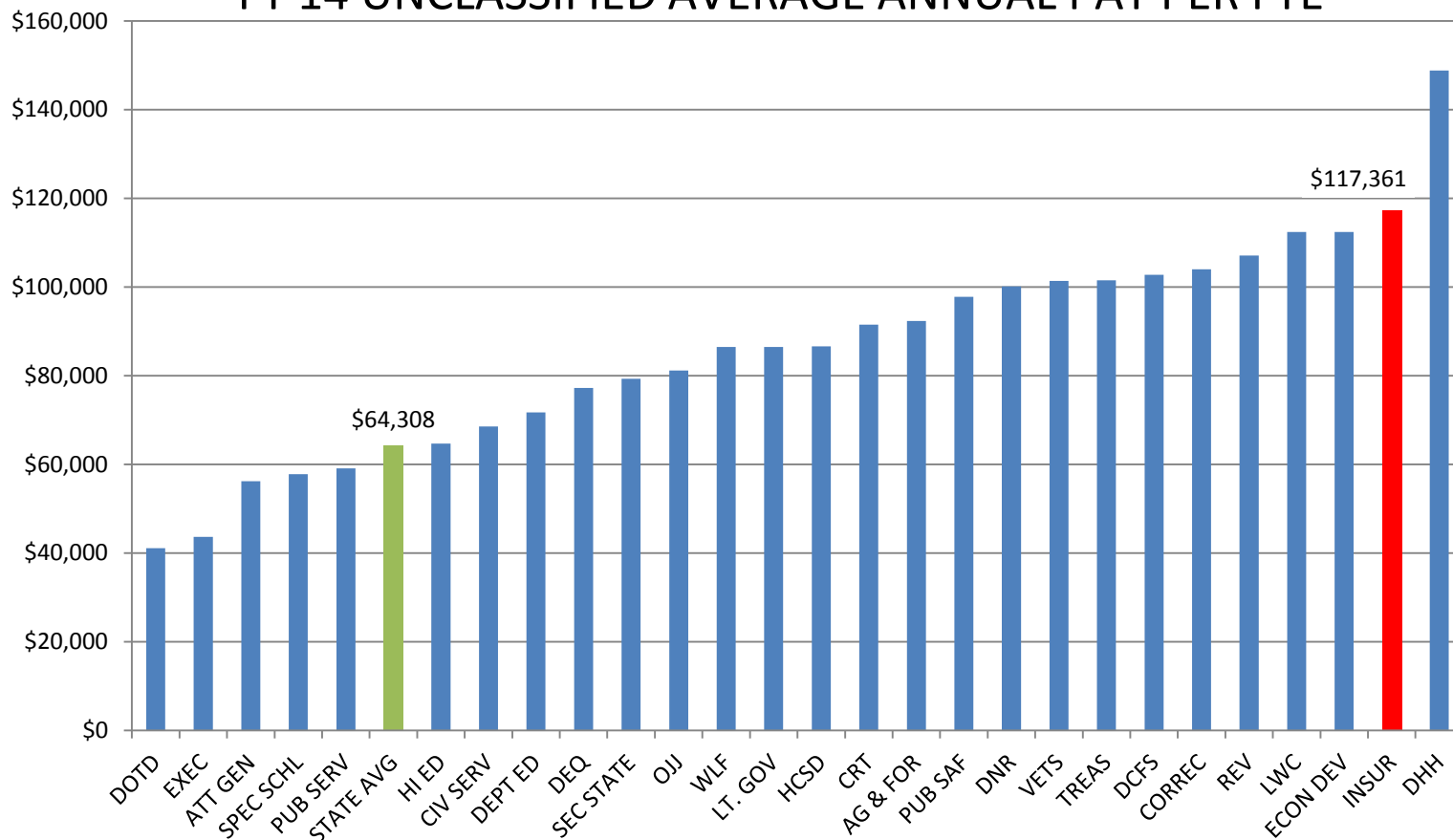


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Salaries and Positions

FY 14 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Department Contacts

TITLE	CONTACT	PHONE NUMBER
Commissioner	James Donelon	225-342-5900
Chief of Staff	Denise Brignac	225-342-6535
Deputy Undersecretary	Lance Herrin	225-342-3981
Budget Administrator	Stephanie Kendrick	225-342-3918