1. For each line item reduction in the department’s or unit’s budget, specify the change, if any, in the nature, breadth or level of service or benefit that will be provided and identify and quantify the population that may be affected.

**Response:** There are three areas of reduction. The Real Estate Commissioners compensation is being changed from full time (Chairman $15,000, all others $10,500) to a maximum of $100 per month. This will cause no changes in service or benefit to the public or regulated industries.

Affirmative Action has been reduced by $30,000. No change in service or benefit will occur.

The Office of the Fraud Prosecutor is being reduced by $10,000,000. No core functions will be reduced.

2. For each line item reduction in the department’s or unit’s budget, please indicate the number of positions (budgeted, funded and filled or unfilled) that will be eliminated and the number of individuals whose employment will be ended. If appropriate distinguish between staffing actions that may occur before and after January 1, 2011.

**Response:** In conjunction with the Department's response to Question #1 above, the schedule below identifies the number of impacted positions and whether those positions are currently filled or funded vacancies.

<table>
<thead>
<tr>
<th>Position Impact</th>
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<tbody>
<tr>
<td>Banking and Insurance</td>
</tr>
<tr>
<td>Unfunding of Vacancies</td>
</tr>
<tr>
<td>Filled Positions</td>
</tr>
</tbody>
</table>
| Revise remuneration for Real Estate Commission Board Members (7)

It is anticipated that these staffing actions will be completed by the end of FY 2011. The Memorandum of Agreement with the public employee unions will be honored to the extent that classified employees are involved. For those reductions associated with the elimination of funded vacancies, the savings will accrue throughout Fiscal Year 2011 as separations, retirements, and resignations occur.
3. Please identify any reductions in the department’s or unit’s budget that constitute one-time savings that are not likely to recur in Fiscal Year 2012.

Response: None of the reductions in the FY 2011 Budget are one time savings.

4. Please identify each Fiscal Year 2010 mid-year reduction that is recommended for continuation in Fiscal Year 2011.

Response: There was no reduction recommended for mid year FY 2010.

5. Are any of the appropriations recommended for Fiscal Year 2011 required to compensate for the effects of Fiscal Year 2010 reductions? If so, please identify and explain.

Response: There are no appropriations recommended for FY 2011 required to compensate for the effects of the FY 2010 reductions.

6. Please list any anticipated increase in fees, fares or co-payments that are reflected in the FY 2011 budget recommendation, including the amount of revenue or cost reduction, and the intended effective date.

Response: The Insurance Special Purpose Assessment is being raised so that the expense of regulating the insurance industry is fully funded through industry assessments.

7. If additional revenues were to become available during the budget process, which one or two reductions proposed for the department or unit should be top candidates for restoration? Please justify your selections.

Response: The Governor’s proposed Fiscal year 2011 budget represents the culmination of many tough choices that had to be made in order to balance spending and revenues for next year. The funding proposed for the Department of Banking and Insurance, while reduced, will allow it to meet its core missions and provide vital services to residents and businesses in the State.

In the event that additional revenues become available during the budget process, the Department would welcome the opportunity to work closely with the Legislature to restore funding for important programs. The Department believes that any such restorations should be considered in the context of programs and spending needs throughout the State budget, not only those administered by the Department. The Department looks forward to consulting with the Legislature to ensure that only the programs of greatest value are restored.
8. Please identify proposed budget reductions which require Federal approvals, waivers or similar actions, and the timetable for seeking and obtaining approvals in order to achieve the projected savings. Please indicate whether approvals/waivers have been previously sought and not obtained, and explain why approvals should be expected in this case. If federal approval is not received, what alternative actions may have to be taken to achieve savings of comparable value? Please also identify proposed budget reductions that may reduce the receipt of federal funds, and the estimated loss of federal funds that would result from such reductions.

Response: None of the reductions require Federal approvals or waivers.

9. Please describe how the department or unit implemented mandatory workforce furloughs in FY 2010, identifying the amount saved and the proportion of the workforce exempt from furloughs, and detailing the impact on individuals or firms served by or regulated by the department.

Response: The mandatory workforce furlough program was implemented for all Banking and Insurance employees. All employees were furloughed on May 22, 2009, November 25, 2009 and February 12, 2010. The remaining seven days were self directed by the employee. They were requested and approved similar to vacation, which allowed the impact on service to be minimized. Salary savings as a result of the program were equivalent to approximately 3.84 percent of salaries, or $1,188,720 and resulted in reduced industry assessments.

10. The Budget in Brief references savings to be achieved both through privatization and “insourcing.” Please identify savings in your budget associated with either of these initiatives. Please provide examples of successes or failures of such initiatives in prior years.

Response: Currently the Department utilizes “insourcing” for the following services:

- Email: Department of Treasury Administration
- Imaging: Department of Treasury Division of Revenue
- Legal Services: Law & Public Safety Division of Law

We have been using email services for about two years. For the most part it has been successful. Imaging services began in April of this year. It is too soon to comment on the effectiveness. The Division of Law has been providing legal services for many years; lately the reduction in personnel at the Division of Law has caused serious delays in service.