

LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2014 AND 2015

**SUBMITTED TO THE
GOVERNOR'S OFFICE OF BUDGET AND PLANNING
AND THE LEGISLATIVE BUDGET BOARD**

BY

OFFICE OF PUBLIC INSURANCE COUNSEL



AUGUST 2012

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Submitted by:



Deeia Beck, Public Counsel

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Administrator's Statement

8/15/2012 10:52:11AM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

359 Office of Public Insurance Counsel

The Office of Public Insurance Counsel (OPIC) is a state agency created by the 72nd State Legislature in 1991. OPIC is authorized by statute to assess the impact of insurance rates, rules, and forms on insurance consumers and directed to act as an advocate of positions that are advantageous to a substantial number of consumers. The agency is funded by a statutorily set fee of 5.7 cents assessed on certain insurance policies. The agency's authority, structure, and method of funding are detailed in Chapter 501 of the Texas Insurance Code.

OPIC's primary mission is to represent solely the interests of consumers on insurance rates, rules, and forms. The agency intervenes as a party and presents actuarial and economic evidence in rate hearings and rate filings before the Commissioner of Insurance and the State Office of Administrative Hearings. OPIC provides proposals and analysis to the Commissioner of Insurance on rules and forms regulated by the Texas Department of Insurance (TDI).

Section 501.252 directs the agency to annually develop an HMO consumer report card. Section 501.156 directs the agency to submit to TDI for adoption a consumer bill of rights appropriate to personal lines of insurance regulated by TDI. Bills of rights are designed to advise consumers of their rights and are updated as new rules and regulations require.

Since the passage of SB 14, 78th Regular Legislative Session, the regulation of insurance rates, rating classification plans, and policy forms has changed significantly. Individual insurers are directed to file and use their own rates and rating classification plans. OPIC is authorized to review these rate filings to determine whether they are actuarially sound and meet the statutory rate standards. OPIC presents its findings to the Commissioner of Insurance and may object to a filing which fails to meet the standard. In many cases, filings are highly technical and complex and may be the subject of a contested evidentiary hearing requiring a high level of experience and qualification necessary to testify as an expert witness. In these cases, the agency finds it necessary to contract for the professional services of actuarial and testifying experts. The cost of these services is expected to continue to increase.

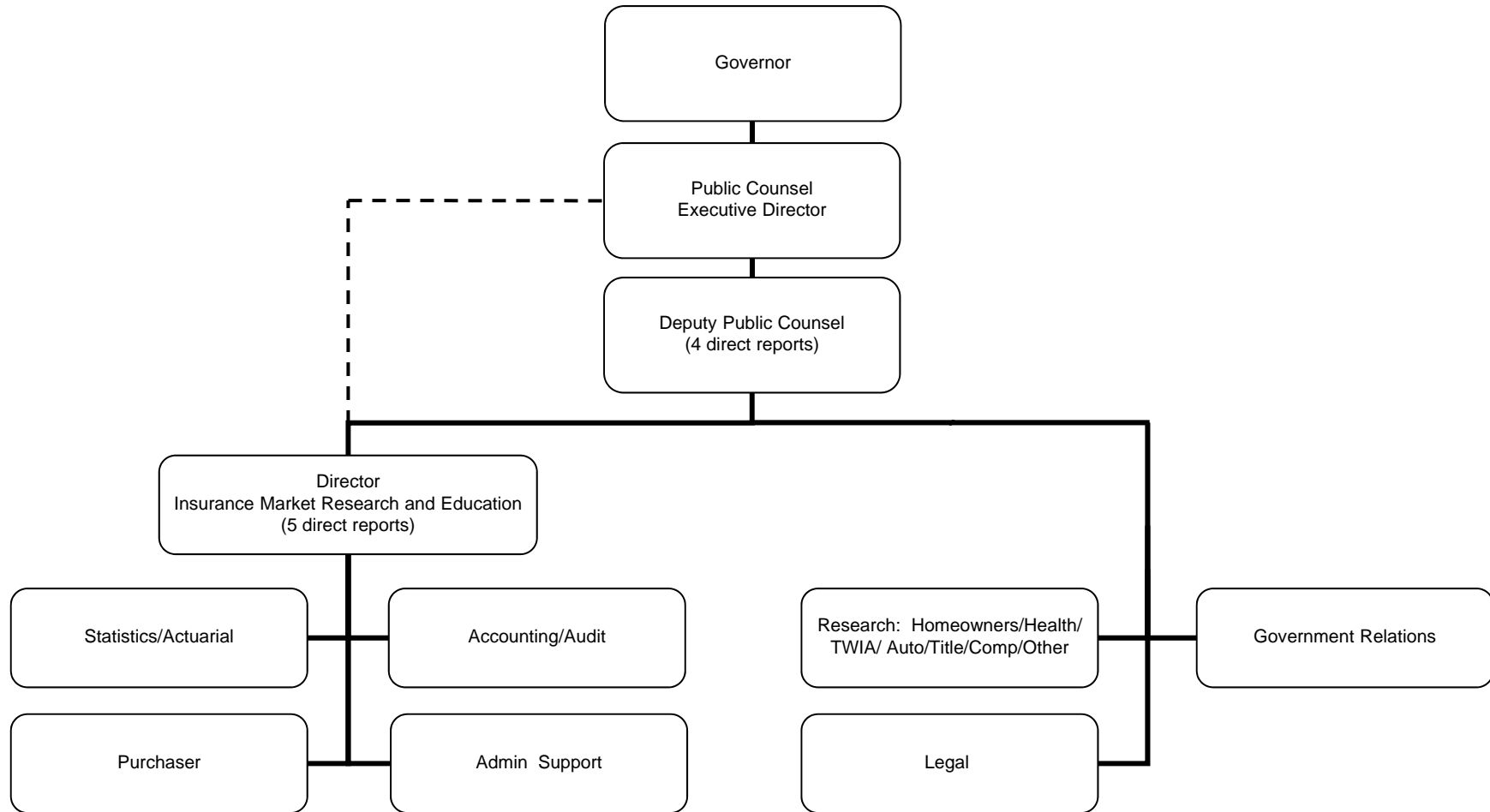
As a result of action by the 82nd Legislature, OPIC's responsibilities for consumer education has increased significantly as well. OPIC is tasked to reach over 60% of all Texas insurance consumers (in excess of nine million total) with information about insurance. Additionally, OPIC's measure for public presentations/communications has increased over four fold. These activities are valuable and important to consumers, but require significant resources from the agency.

Federal health care reform (H.B. 3590) may impact OPIC's budgetary requirements. At present, OPIC is not requesting additional funding as the State's role in health care continues to evolve making any request extremely speculative. Should OPIC be directed to perform duties for which present funding or possible federal funding is inadequate; we will advise the appropriate entities and possibly request additional funding.

Lastly, OPIC is requesting a salary increase for the Public Counsel/Executive Director to \$125,000 annually. OPIC is not asking for additional funding for this increase. As authorized by the Legislature, the salary of the Public Counsel (Group 4) may range from \$106,500 to \$167,500. The Public Counsel has diverse responsibilities including maintaining a current working knowledge of issues for all lines of consumer insurance, litigating multi-million dollar lawsuits concerning excessive insurance rates, directing strategic planning for the agency, supervising and hiring personnel, and being the public face representing the agency to the public, media, and other interested groups. A satisfactory salary for this position is necessary for the position to be competitive with other state agency and private counterparts.



Office of Public Insurance Counsel



2.A. Summary of Base Request by Strategy

8/15/2012 10:52:12AM

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

359 Office of Public Insurance Counsel

Goal / Objective / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
<u>1</u> Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearings					
<u>1</u> Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consumers					
1 PARTICIPATE IN RATE/RULE HEARINGS	948,729	906,351	852,102	853,926	853,927
TOTAL, GOAL 1	\$948,729	\$906,351	\$852,102	\$853,926	\$853,927
<u>2</u> Increase Consumer Choice-Educate Texas Insurance Consumers					
<u>1</u> Contact Insurance Consumers Regarding Insurance Coverage/Markets					
1 INSURANCE INFORMATION	87,677	130,386	180,986	180,986	180,986
TOTAL, GOAL 2	\$87,677	\$130,386	\$180,986	\$180,986	\$180,986
TOTAL, AGENCY STRATEGY REQUEST	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913

2.A. Summary of Base Request by Strategy

8/15/2012 10:52:12AM

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

359 Office of Public Insurance Counsel

Goal / Objective / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	988,406	845,067	841,418	843,242	843,243
SUBTOTAL	\$988,406	\$845,067	\$841,418	\$843,242	\$843,243
Other Funds:					
777 Interagency Contracts	48,000	191,670	191,670	191,670	191,670
SUBTOTAL	\$48,000	\$191,670	\$191,670	\$191,670	\$191,670
TOTAL, METHOD OF FINANCING	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913

*Rider appropriations for the historical years are included in the strategy amounts.

2.B. Summary of Base Request by Method of Finance
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/15/2012 10:52:12AM

Agency code: **359** Agency name: **Office of Public Insurance Counsel**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2010-11 GAA)

\$1,073,777	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2012-13 GAA)

\$0	\$841,418	\$841,418	\$0	\$0
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Regular Appropriations from MOF table(2014-2015)

\$0	\$0	\$0	\$843,242	\$843,243
-----	-----	-----	-----------	-----------

RIDER APPROPRIATION

Art IX, Sec 18.15 Payments to the Department of Information Resources

\$0	\$3,649	\$0	\$0	\$0
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TRANSFERS

HB 4, 82nd Leg, Regular Session, Sec 1(a) General Revenue Reductions.

\$(80,534)	\$0	\$0	\$0	\$0
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LAPSED APPROPRIATIONS

2.B. Summary of Base Request by Method of Finance
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/15/2012 10:52:12AM

Agency code: 359		Agency name: Office of Public Insurance Counsel				
METHOD OF FINANCING		Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
<u>GENERAL REVENUE</u>						
	Lapsed Appropriations	\$ (4,837)	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL,	General Revenue Fund	\$988,406	\$845,067	\$841,418	\$843,242	\$843,243
TOTAL, ALL	GENERAL REVENUE	\$988,406	\$845,067	\$841,418	\$843,242	\$843,243
<u>OTHER FUNDS</u>						
<u>777</u>	Interagency Contracts					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2010-11 GAA)	\$48,000	\$ 0	\$ 0	\$ 0	\$ 0
	Regular Appropriations from MOF Table (2012-13 GAA)	\$ 0	\$191,670	\$191,670	\$ 0	\$ 0
	Regular Appropriations from MOF Table (2014-2015)	\$ 0	\$ 0	\$ 0	\$191,670	\$191,670
TOTAL,	Interagency Contracts	\$48,000	\$191,670	\$191,670	\$191,670	\$191,670

2.B. Summary of Base Request by Method of Finance
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

8/15/2012 10:52:12AM

Agency code: 359	Agency name: Office of Public Insurance Counsel				
METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
TOTAL, ALL OTHER FUNDS	\$48,000	\$191,670	\$191,670	\$191,670	\$191,670
GRAND TOTAL	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2010-11 GAA)	16.5	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2012-13 GAA)	0.0	15.0	15.0	0.0	0.0
Regular appropriations from MOF table (2014-2015)	0.0	0.0	0.0	15.0	15.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP	(6.0)	(3.0)	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	10.5	12.0	15.0	15.0	15.0
NUMBER OF 100% FEDERALLY FUNDED FTES	0.0	0.0	0.0	0.0	0.0

2.C. Summary of Base Request by Object of Expense

8/15/2012 10:52:12AM

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

359 Office of Public Insurance Counsel

OBJECT OF EXPENSE	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1001 SALARIES AND WAGES	\$676,517	\$692,268	\$795,630	\$795,630	\$795,630
1002 OTHER PERSONNEL COSTS	\$34,540	\$45,644	\$34,760	\$36,080	\$37,400
2001 PROFESSIONAL FEES AND SERVICES	\$233,900	\$202,365	\$105,208	\$105,532	\$104,033
2003 CONSUMABLE SUPPLIES	\$2,165	\$1,675	\$2,000	\$2,000	\$2,000
2004 UTILITIES	\$3,283	\$3,288	\$3,300	\$3,300	\$3,300
2005 TRAVEL	\$4,901	\$9,500	\$9,500	\$9,500	\$9,500
2006 RENT - BUILDING	\$0	\$1,560	\$1,560	\$1,560	\$1,560
2007 RENT - MACHINE AND OTHER	\$8,205	\$7,539	\$7,539	\$7,539	\$7,539
2009 OTHER OPERATING EXPENSE	\$65,495	\$72,898	\$73,591	\$73,771	\$73,951
5000 CAPITAL EXPENDITURES	\$7,400	\$0	\$0	\$0	\$0
OOE Total (Excluding Riders)	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913
OOE Total (Riders)					
Grand Total	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913

2.D. Summary of Base Request Objective Outcomes
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

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359 Office of Public Insurance Counsel

Goal/ Objective / Outcome	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1 Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearings					
1 Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consumers					
1 Percentage of Rate Hearings in Which OPIC Participated	40.00%	100.00%	100.00%	100.00%	100.00 %
KEY 2 % of Rate and Rule Proceedings in Which OPIC Participated	88.17%	75.00%	75.00%	75.00%	75.00 %
KEY 3 % of Rates and Rules Changed As a Result of OPIC Participation	92.68%	90.00%	90.00%	90.00%	90.00 %
2 Increase Consumer Choice-Educate Texas Insurance Consumers					
1 Contact Insurance Consumers Regarding Insurance Coverage/Markets					
KEY 1 Percent of Texas Insurance Consumers Reached by OPIC Outreach Efforts	32.00%	60.00%	62.00%	62.00%	62.00 %
2 % Bills of Rights Submitted for Adoption within Established Timelines	0.00%	0.00%	100.00%	100.00%	100.00 %

2.F. Summary of Total Request by Strategy
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/15/2012
 TIME : 10:52:13AM

Agency code: 359 Agency name: Office of Public Insurance Counsel

Goal/Objective/STRATEGY	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
1 Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearin						
<i>1 Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consu</i>						
1 PARTICIPATE IN RATE/RULE HEARINGS	\$853,926	\$853,927	\$0	\$0	\$853,926	\$853,927
TOTAL, GOAL 1	\$853,926	\$853,927	\$0	\$0	\$853,926	\$853,927
2 Increase Consumer Choice-Educate Texas Insurance Consumers						
<i>1 Contact Insurance Consumers Regarding Insurance Coverage/Marke</i>						
1 INSURANCE INFORMATION	180,986	180,986	0	0	180,986	180,986
TOTAL, GOAL 2	\$180,986	\$180,986	\$0	\$0	\$180,986	\$180,986
TOTAL, AGENCY STRATEGY REQUEST	\$1,034,912	\$1,034,913	\$0	\$0	\$1,034,912	\$1,034,913
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$1,034,912	\$1,034,913	\$0	\$0	\$1,034,912	\$1,034,913

2.F. Summary of Total Request by Strategy
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/15/2012
 TIME : 10:52:13AM

Agency code: 359 Agency name: Office of Public Insurance Counsel

Goal/Objective/STRATEGY	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
General Revenue Funds:						
1 General Revenue Fund	\$843,242	\$843,243	\$0	\$0	\$843,242	\$843,243
	\$843,242	\$843,243	\$0	\$0	\$843,242	\$843,243
Other Funds:						
777 Interagency Contracts	191,670	191,670	0	0	191,670	191,670
	\$191,670	\$191,670	\$0	\$0	\$191,670	\$191,670
TOTAL, METHOD OF FINANCING	\$1,034,912	\$1,034,913	\$0	\$0	\$1,034,912	\$1,034,913
FULL TIME EQUIVALENT POSITIONS	15.0	15.0	0.0	0.0	15.0	15.0

2.G. Summary of Total Request Objective Outcomes
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/15/2012
 Time: 10:52:13AM

Agency code: 359

Agency name: Office of Public Insurance Counsel

Goal/ Objective / Outcome

		BL 2014	BL 2015	Excp 2014	Excp 2015	Total Request 2014	Total Request 2015
1	Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearings						
1	Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consumers						
	1 Percentage of Rate Hearings in Which OPIC Participated						
		100.00%	100.00%			100.00%	100.00 %
KEY	2 % of Rate and Rule Proceedings in Which OPIC Participated						
		75.00%	75.00%			75.00%	75.00 %
KEY	3 % of Rates and Rules Changed As a Result of OPIC Participation						
		90.00%	90.00%			90.00%	90.00 %
2	Increase Consumer Choice-Educate Texas Insurance Consumers						
1	Contact Insurance Consumers Regarding Insurance Coverage/Markets						
KEY	1 Percent of Texas Insurance Consumers Reached by OPIC Outreach Efforts						
		62.00%	62.00%			62.00%	62.00 %
	2 % Bills of Rights Submitted for Adoption within Established Timelines						
		100.00%	100.00%			100.00%	100.00 %

359 Office of Public Insurance Counsel

GOAL:	1	Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearings	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	1	Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consumers	Service Categories:		
STRATEGY:	1	Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings	Service: 01	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
KEY 1	Number of Rate Hearings in Which OPIC Participated	2.00	2.00	2.00	2.00	2.00
KEY 2	Number of Rate Filings in Which OPIC Participated	32.00	29.00	25.00	25.00	25.00
KEY 3	Number of Rulemaking Proceedings in Which OPIC Participated	50.00	40.00	40.00	40.00	40.00
4	Number of Proposed Rules Analyzed	7.00	12.00	15.00	15.00	15.00
5	Number of Rate Filings Analyzed	4.00	3.00	10.00	10.00	10.00
Efficiency Measures:						
1	Average Cost per Rate Hearing in Which OPIC Participated	30,025.00	52,500.00	52,500.00	52,500.00	52,500.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$616,761	\$616,761	\$670,123	\$670,123	\$670,123
1002	OTHER PERSONNEL COSTS	\$34,540	\$45,644	\$34,760	\$36,080	\$37,400
2001	PROFESSIONAL FEES AND SERVICES	\$207,801	\$177,365	\$80,208	\$80,532	\$79,033
2003	CONSUMABLE SUPPLIES	\$2,165	\$1,675	\$2,000	\$2,000	\$2,000
2004	UTILITIES	\$3,283	\$3,288	\$3,300	\$3,300	\$3,300
2005	TRAVEL	\$3,079	\$3,888	\$4,000	\$4,000	\$4,000
2006	RENT - BUILDING	\$0	\$1,560	\$1,560	\$1,560	\$1,560

359 Office of Public Insurance Counsel

GOAL:	1	Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearings	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	1	Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consumers	Service Categories:		
STRATEGY:	1	Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings	Service: 01	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2007	RENT - MACHINE AND OTHER	\$8,205	\$7,539	\$7,539	\$7,539	\$7,539
2009	OTHER OPERATING EXPENSE	\$65,495	\$48,631	\$48,612	\$48,792	\$48,972
5000	CAPITAL EXPENDITURES	\$7,400	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$948,729	\$906,351	\$852,102	\$853,926	\$853,927
Method of Financing:						
1	General Revenue Fund	\$948,729	\$845,067	\$841,418	\$843,242	\$843,243
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$948,729	\$845,067	\$841,418	\$843,242	\$843,243
Method of Financing:						
777	Interagency Contracts	\$0	\$61,284	\$10,684	\$10,684	\$10,684
SUBTOTAL, MOF (OTHER FUNDS)		\$0	\$61,284	\$10,684	\$10,684	\$10,684
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$853,926	\$853,927
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$948,729	\$906,351	\$852,102	\$853,926	\$853,927
FULL TIME EQUIVALENT POSITIONS:		9.5	10.0	12.0	12.0	12.0

359 Office of Public Insurance Counsel

GOAL:	1	Advocate for TX Consumers in Rate/Rule/Judicial/Legislative Hearings	Statewide Goal/Benchmark:	7	1
OBJECTIVE:	1	Ensure Fair Rates/Adequate Rules to Protect Texas Insurance Consumers	Service Categories:		
STRATEGY:	1	Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings	Service:	01	Income: A.2
					Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
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STRATEGY DESCRIPTION AND JUSTIFICATION:

The agency is directed by statute, Texas Insurance Code, Section 501.153, to advocate for consumers in matters involving rates, rules, and forms for numerous lines of insurance. This strategy contributes to the agency goal of advocating positions advantageous to consumers in rate hearings and rulemaking proceedings. These efforts directly contribute to statewide goals such as fostering economic opportunity and capital investment by promoting a favorable business climate, supporting infrastructure development, and ensuring that Texas consumers are effectively and efficiently served by high quality professionals and businesses by setting clear standards, maintaining compliance, and seeking market-based solutions.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The current system of ratemaking allows insurers to file and use their rates subject to statutory standards. The agency is authorized and directed to review and object to these filings by providing actuarial analysis and evidence to the Commissioner of Insurance. The agency's role in rate hearings and its participation in proceedings on rate filings will be decided largely by the reasonability and frequency of rate filings made by insurers and hearing schedules developed by the Texas Department of Insurance (TDI). Any additional changes within the regulatory structure of ratemaking may influence the duties, responsibilities, and fiscal needs of the agency.

359 Office of Public Insurance Counsel

GOAL:	2	Increase Consumer Choice-Educate Texas Insurance Consumers	Statewide Goal/Benchmark:	8	8
OBJECTIVE:	1	Contact Insurance Consumers Regarding Insurance Coverage/Markets	Service Categories:		
STRATEGY:	1	Provide Consumers with Information to Make Informed Choices	Service: 21	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015	
Output Measures:							
	1	Number of Bills of Rights or Revisions Proposed	0.00	0.00	1.00	1.00	1.00
KEY	2	Number of Report Cards and Publications Produced & Distributed	1,715,366.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
KEY	3	# Public Presentations or Communications	96.00	200.00	200.00	200.00	200.00
Efficiency Measures:							
	1	Average Cost Per Consumer Reached through Agency Publications	0.01	0.02	0.02	0.02	0.02
Objects of Expense:							
	1001	SALARIES AND WAGES	\$59,756	\$75,507	\$125,507	\$125,507	\$125,507
	2001	PROFESSIONAL FEES AND SERVICES	\$26,099	\$25,000	\$25,000	\$25,000	\$25,000
	2005	TRAVEL	\$1,822	\$5,612	\$5,500	\$5,500	\$5,500
	2009	OTHER OPERATING EXPENSE	\$0	\$24,267	\$24,979	\$24,979	\$24,979
TOTAL, OBJECT OF EXPENSE			\$87,677	\$130,386	\$180,986	\$180,986	\$180,986
Method of Financing:							
	1	General Revenue Fund	\$39,677	\$0	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)			\$39,677	\$0	\$0	\$0	\$0

359 Office of Public Insurance Counsel

GOAL:	2	Increase Consumer Choice-Educate Texas Insurance Consumers	Statewide Goal/Benchmark:	8	8
OBJECTIVE:	1	Contact Insurance Consumers Regarding Insurance Coverage/Markets	Service Categories:		
STRATEGY:	1	Provide Consumers with Information to Make Informed Choices	Service:	21	Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Method of Financing:						
777	Interagency Contracts	\$48,000	\$130,386	\$180,986	\$180,986	\$180,986
SUBTOTAL, MOF (OTHER FUNDS)		\$48,000	\$130,386	\$180,986	\$180,986	\$180,986
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$180,986	\$180,986
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$87,677	\$130,386	\$180,986	\$180,986	\$180,986
FULL TIME EQUIVALENT POSITIONS:		1.0	2.0	3.0	3.0	3.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

The agency is directed by statute, Texas Insurance Code, Section 501.156 to submit to the Texas Department of Insurance a consumer bill of rights for each personal line of insurance and an annual HMO consumer report card, Section 501.252. This strategy supports statewide goals such as fostering economic opportunity and capital investment by promoting a favorable business climate, supporting infrastructure development, and ensuring that Texas consumers are effectively and efficiently served by high quality professionals and businesses by setting clear standards, maintaining compliance, and seeking market-based solutions.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The issuance of the statutorily mandated bills of rights varies yearly depending upon legislative or regulatory changes made. The issuance of the HMO report cards depends on the collection of data by the Texas Department of Insurance and the Texas Department of State Health Services.

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913
METHODS OF FINANCE (INCLUDING RIDERS):				\$1,034,912	\$1,034,913
METHODS OF FINANCE (EXCLUDING RIDERS):	\$1,036,406	\$1,036,737	\$1,033,088	\$1,034,912	\$1,034,913
FULL TIME EQUIVALENT POSITIONS:	10.5	12.0	15.0	15.0	15.0

6.A. Historically Underutilized Business Supporting Schedule
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/15/2012**
 Time: **10:52:14AM**

Agency Code: **359** Agency: **Office of Public Insurance Counsel**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2010 - 2011 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2010			Total Expenditures FY 2010		HUB Expenditures FY 2011			Total Expenditures FY 2011	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	FY 2011		
20.0%	Professional Services	20.0 %	24.3%	4.3%	\$4,145	\$17,065	20.0 %	74.1%	54.1%	\$3,887	\$5,247	
33.0%	Other Services	33.0 %	84.4%	51.4%	\$60,148	\$71,257	33.0 %	59.6%	26.6%	\$25,264	\$42,368	
12.6%	Commodities	12.6 %	42.8%	30.2%	\$11,516	\$26,931	12.6 %	70.8%	58.2%	\$7,946	\$11,225	
	Total Expenditures		65.8%		\$75,809	\$115,253		63.0%		\$37,097	\$58,840	

B. Assessment of Fiscal Year 2010 - 2011 Efforts to Meet HUB Procurement Goals

Attainment:

The Office of Public Insurance Counsel (OPIC) has consistently met and exceeded the HUB Procurement Attainment Goals in all applicable categories.

Applicability:

The following procurement categories are not applicable to OPIC:

- Heavy Construction
- Building Construction
- Special Trade

Factors Affecting Attainment:

OPIC contracts with HUB vendors whenever possible as is easily able to meet the HUB Procurement Goals.

"Good-Faith" Efforts:

OPIC makes every effort to contract with HUB vendors whenever possible through the following efforts:

- a minimum of three bids/quotes are sought from HUB vendors for every purchasing requisition;
- if three bids/quotes are not received an explanation is provided to the HUB Coordinator and Purchaser;
- explanation is given for selection of vendor; and
- new HUB vendors are contacted and assisted through the application process.

6.E. Estimated Revenue Collections Supporting Schedule
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **359** Agency name: **Office of Public Insurance Counsel**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
<u>1</u> General Revenue Fund					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3205 Prop & Cas/Title/Other Assessment	2,284,056	2,267,255	2,267,255	2,267,255	2,267,255
Subtotal: Actual/Estimated Revenue	2,284,056	2,267,255	2,267,255	2,267,255	2,267,255
Total Available	\$2,284,056	\$2,267,255	\$2,267,255	\$2,267,255	\$2,267,255
DEDUCTIONS:					
Expended/Budgeted/Requested	(948,820)	(845,067)	(841,418)	(843,242)	(843,243)
Transfers Employee Benefits	(180,129)	(154,827)	(180,090)	(180,090)	(180,090)
Other Indirect Costs & Hobby Bldg	(86,608)	(82,306)	(75,924)	(75,000)	(75,000)
Total, Deductions	\$(1,215,557)	\$(1,082,200)	\$(1,097,432)	\$(1,098,332)	\$(1,098,333)
Ending Fund/Account Balance	\$1,068,499	\$1,185,055	\$1,169,823	\$1,168,923	\$1,168,922

REVENUE ASSUMPTIONS:

The agency does not anticipate any significant changes in revenues over the next biennium.

CONTACT PERSON:

Mark Patterson

6.E. Estimated Revenue Collections Supporting Schedule
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **359** Agency name: **Office of Public Insurance Counsel**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
<u>777</u> Interagency Contracts					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3765 Supplies/Equipment/Services	87,677	191,670	191,670	191,670	191,670
Subtotal: Actual/Estimated Revenue	87,677	191,670	191,670	191,670	191,670
Total Available	\$87,677	\$191,670	\$191,670	\$191,670	\$191,670
DEDUCTIONS:					
Expended/Budgeted/Requested	(87,677)	(191,670)	(191,670)	(191,670)	(191,670)
Total, Deductions	\$(87,677)	\$(191,670)	\$(191,670)	\$(191,670)	\$(191,670)
Ending Fund/Account Balance	\$0	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

The agency does not anticipate any significant changes in revenue from interagency contracts over the next biennium.

CONTACT PERSON:

Mark Patterson

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/15/2012
Time: 10:52:14AM

Agency code: **359** Agency name: **Office of Public Insurance Counsel**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2014	2015	Biennial Total	2014	2015	Biennial Total	
1 Salaries							
Category: Programs - Service Reductions (FTEs-Layoffs)							
Item Comment: The agency will reduce approximately \$84,324 in GR expenses over FY 2014 and FY 2015 by forgoing salary increases and staff layoffs as necessary.							
Strategy: 1-1-1 Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings							
<u>General Revenue Funds</u>							
1 General Revenue Fund	\$0	\$0	\$0	\$42,162	\$42,162	\$84,324	
General Revenue Funds Total	\$0	\$0	\$0	\$42,162	\$42,162	\$84,324	
Item Total	\$0	\$0	\$0	\$42,162	\$42,162	\$84,324	
FTE Reductions (From FY 2014 and FY 2015 Base Request)							
2 Salaries/Layoffs							
Category: Programs - Service Reductions (FTEs-Layoffs)							
Item Comment: The agency will reduce approximately \$84,325 in GR expenses over FY 2014 and FY 2015 by forgoing salary increases and staff layoffs as necessary.							
Strategy: 1-1-1 Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings							
<u>General Revenue Funds</u>							
1 General Revenue Fund	\$0	\$0	\$0	\$42,162	\$42,163	\$84,325	
General Revenue Funds Total	\$0	\$0	\$0	\$42,162	\$42,163	\$84,325	
Item Total	\$0	\$0	\$0	\$42,162	\$42,163	\$84,325	
FTE Reductions (From FY 2014 and FY 2015 Base Request)							
AGENCY TOTALS							
General Revenue Total				\$84,324	\$84,325	\$168,649	\$168,649

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/15/2012
Time: 10:52:14AM

Agency code: **359** Agency name: **Office of Public Insurance Counsel**

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2014	2015	Biennial Total	2014	2015	Biennial Total	
Agency Grand Total	\$0	\$0	\$0	\$84,324	\$84,325	\$168,649	
Difference, Options Total Less Target							
Agency FTE Reductions (From FY 2014 and FY 2015 Base Request)							

7.A. Indirect Administrative and Support Costs
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2012
 TIME : 10:52:15AM

Agency code: 359

Agency name: Office of Public Insurance Counsel

Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-1	Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$22,901	\$ 22,901	\$ 22,901	\$ 22,901	\$ 22,901
1002 OTHER PERSONNEL COSTS	453	445	488	532	576
2003 CONSUMABLE SUPPLIES	53	41	49	49	49
2004 UTILITIES	80	80	80	80	80
2009 OTHER OPERATING EXPENSE	1,592	1,769	1,786	1,790	1,795
5000 CAPITAL EXPENDITURES	180	0	0	0	0
Total, Objects of Expense	\$25,259	\$25,236	\$25,304	\$25,352	\$25,401
METHOD OF FINANCING:					
1 General Revenue Fund	25,259	25,236	25,304	25,352	25,401
Total, Method of Financing	\$25,259	\$25,236	\$25,304	\$25,352	\$25,401
FULL TIME EQUIVALENT POSITIONS	1.8	1.8	1.8	1.8	1.8

Method of Allocation

In general, direct administrative and support costs are allocated proportionately among all strategies on the basis of budget size for each fiscal year. This method was selected because this agency is small and labor-intensive, requiring all staff to perform some direct administrative duties.

7.A. Indirect Administrative and Support Costs
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2012
 TIME : 10:52:15AM

Agency code: 359

Agency name: Office of Public Insurance Counsel

Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2-1-1	Provide Consumers with Information to Make Informed Choices				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$2,265	\$ 2,265	\$ 2,265	\$ 2,265	\$ 2,265
1002 OTHER PERSONNEL COSTS	45	44	48	53	57
2003 CONSUMABLE SUPPLIES	5	4	5	5	5
2004 UTILITIES	8	8	8	8	8
2009 OTHER OPERATING EXPENSE	157	175	177	177	177
5000 CAPITAL EXPENDITURES	18	0	0	0	0
Total, Objects of Expense	\$2,498	\$2,496	\$2,503	\$2,508	\$2,512
METHOD OF FINANCING:					
1 General Revenue Fund	2,498	2,496	2,503	2,508	2,512
Total, Method of Financing	\$2,498	\$2,496	\$2,503	\$2,508	\$2,512
FULL TIME EQUIVALENT POSITIONS	0.2	0.2	0.2	0.2	0.2

Method of Allocation

In general, direct administrative and support costs are allocated proportionately among all strategies on the basis of budget size for each fiscal year. This method was selected because this agency is small and labor-intensive, requiring all staff to perform some direct administrative duties.

7.A. Indirect Administrative and Support Costs
 83rd Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/15/2012
 TIME : 10:52:15AM

Agency code: 359

Agency name: Office of Public Insurance Counsel

	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$25,166	\$25,166	\$25,166	\$25,166	\$25,166
1002 OTHER PERSONNEL COSTS	\$498	\$489	\$536	\$585	\$633
2003 CONSUMABLE SUPPLIES	\$58	\$45	\$54	\$54	\$54
2004 UTILITIES	\$88	\$88	\$88	\$88	\$88
2009 OTHER OPERATING EXPENSE	\$1,749	\$1,944	\$1,963	\$1,967	\$1,972
5000 CAPITAL EXPENDITURES	\$198	\$0	\$0	\$0	\$0
Total, Objects of Expense	\$27,757	\$27,732	\$27,807	\$27,860	\$27,913
Method of Financing					
1 General Revenue Fund	\$27,757	\$27,732	\$27,807	\$27,860	\$27,913
Total, Method of Financing	\$27,757	\$27,732	\$27,807	\$27,860	\$27,913
Full-Time-Equivalent Positions (FTE)	2.0	2.0	2.0	2.0	2.0

Agency code: 359

Agency name: Office of Public Insurance Counsel

Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-1	Participate in Rate, Rulemaking, Judicial, and Legislative Proceedings				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$91,606	\$91,606	\$91,606	\$91,606	\$91,606
1002 OTHER PERSONNEL COSTS	1,811	1,779	1,954	2,128	2,303
2003 CONSUMABLE SUPPLIES	210	163	194	194	194
2004 UTILITIES	319	319	320	320	320
2009 OTHER OPERATING EXPENSE	6,366	7,076	7,143	7,161	7,178
5000 CAPITAL EXPENDITURES	718	0	0	0	0
Total, Objects of Expense	\$101,030	\$100,943	\$101,217	\$101,409	\$101,601
METHOD OF FINANCING:					
1 General Revenue Fund	101,030	100,943	101,217	101,409	101,601
Total, Method of Financing	\$101,030	\$100,943	\$101,217	\$101,409	\$101,601
FULL-TIME-EQUIVALENT POSITIONS (FTE):	1.8	1.8	1.8	1.8	1.8

DESCRIPTION

In general, direct administrative and support costs are allocated proportionately among all strategies on the basis of budget size for each fiscal year. This method was selected because this agency is small and labor-intensive, requiring all staff to perform some direct administrative duties.

Agency code: 359

Agency name: Office of Public Insurance Counsel

Strategy	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2-1-1	Provide Consumers with Information to Make Informed Choices				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$9,060	\$9,060	\$9,060	\$9,060	\$9,060
1002 OTHER PERSONNEL COSTS	179	176	193	211	228
2003 CONSUMABLE SUPPLIES	21	16	19	19	19
2004 UTILITIES	32	32	32	32	32
2009 OTHER OPERATING EXPENSE	630	700	706	708	710
5000 CAPITAL EXPENDITURES	71	0	0	0	0
Total, Objects of Expense	\$9,993	\$9,984	\$10,010	\$10,030	\$10,049
METHOD OF FINANCING:					
1 General Revenue Fund	9,993	9,984	10,010	10,030	10,049
Total, Method of Financing	\$9,993	\$9,984	\$10,010	\$10,030	\$10,049
FULL-TIME-EQUIVALENT POSITIONS (FTE):	0.2	0.2	0.2	0.2	0.2

DESCRIPTION

In general, direct administrative and support costs are allocated proportionately among all strategies on the basis of budget size for each fiscal year. This method was selected because this agency is small and labor-intensive, requiring all staff to perform some direct administrative duties.

Agency code: 359

Agency name: Office of Public Insurance Counsel

	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$100,666	\$100,666	\$100,666	\$100,666	\$100,666
1002 OTHER PERSONNEL COSTS	\$1,990	\$1,955	\$2,147	\$2,339	\$2,531
2003 CONSUMABLE SUPPLIES	\$231	\$179	\$213	\$213	\$213
2004 UTILITIES	\$351	\$351	\$352	\$352	\$352
2009 OTHER OPERATING EXPENSE	\$6,996	\$7,776	\$7,849	\$7,869	\$7,888
5000 CAPITAL EXPENDITURES	\$789	\$0	\$0	\$0	\$0
Total, Objects of Expense	\$111,023	\$110,927	\$111,227	\$111,439	\$111,650
Method of Financing					
1 General Revenue Fund	\$111,023	\$110,927	\$111,227	\$111,439	\$111,650
Total, Method of Financing	\$111,023	\$110,927	\$111,227	\$111,439	\$111,650
Full-Time-Equivalent Positions (FTE)	2.0	2.0	2.0	2.0	2.0