



STATE OF FLORIDA
CHIEF FINANCIAL OFFICER
ALEX SINK

June 9, 2009

Ash Williams, Executive Director
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

Dear Director Williams:

At our meeting yesterday afternoon, I expressed significant concern over the State Board of Administration's (SBA) FY 2009-2010 proposed budget. I consider it wise that you decided to recommend withdrawing the initial SBA budget proposal, and instead elected to ask for a continuation of your current budget at the SBA Board of Trustees meeting this morning.

It is my understanding that you and your staff will be reevaluating the proposed FY 2009-2010 budget with the advice of the Investment Advisory Council, Audit Committee, and Participant LGIP Advisory Council.


As you reevaluate and make changes to the initial SBA proposed budget, I would like for you to address the following concerns:

- **Salaries and Benefits:** The initial SBA budget requests an additional \$1.3 million in salaries and benefits and 7.5 new requested positions. While I agree with the necessity for increased compliance staff based on audit recommendations, you should consider converting vacancies (which currently represent 10% of your workforce) instead of simply bringing on additional employees.
- **Incentive Compensation and Recruitment and Retention Programs:** The initial SBA budget continues the exact same funding amount for the Incentive Compensation and Recruitment and Retention Programs. I recommended you review the results of your current programs, in a time when many financial services professionals are looking for work, and then base a continuation of compensation such as bonuses on that review.
- **Contract Renegotiation:** Today, you noted that 80% of the initial SBA budget increase is for contracting services to implement compliance program improvements. Has the SBA renegotiated existing and future contracts, such as investment management agreements, subscriptions, cellular and PDA usage and consulting services? In the Department of Financial Services, which I oversee, we were able to save over \$300,000 just by renegotiating existing contracts, and I encourage the SBA to take similar steps.

- **Administrative Expenses:** The initial SBA budget shows increases in almost all expense and capital outlay items, such as travel, communications and office materials and supplies. Each item in the category needs to be reconsidered in a line-by-line fashion to make sure your operations are being done in the most cost-efficient way possible. For instance, while state agencies are cutting staff travel, you show an increase in travel expenses. You should consider cutting back on staff travel, using telephonic and web conferencing meetings or other alternatives to help cut costs.

At a time when Florida's families, businesses, and state agencies are forced to do more with less, it is my hope that during this reevaluation process you will be able to develop a budget that continues to strengthen the work and transparency of the SBA, while diligently cutting costs and promoting efficiencies.

Sincerely,



Alex Sink

cc: The Honorable Charlie Crist, Governor
The Honorable Bill McCollum, Attorney General