

April 2008

The 2009 Budget Crunch **Making Good Decisions in Bad Financial Times**

Florida Education's Financial Glass: Less Full, But Not Empty

Florida is facing its toughest fiscal challenge in many years. The state's revenue estimating experts continue to report expected reductions. For the current fiscal year ending June 30, 2008, collection forecasts have been reduced by roughly \$3 billion. Projections for next year's budget are \$4.3 billion lower than they were a year ago. It would appear as though Florida's financial glass is less full, though certainly not empty. Cuts have been and will have to be made across the state's budget, and critically sensitive areas such as education cannot be spared.

Tough budget times bring great opportunity. They remind us to be unrelenting fiscal stewards. Lean years provide the proper impetus to refocus energies in order to address the most crucial citizen needs. Tight finances urge us to concentrate on what government does well – providing core government service, including education – and to review and reprioritize the corresponding government expenditures. We can sharply focus on desired results. We can examine the ever expanding government girth, a result that comes from the natural growth that occurs in very prosperous economic times.

This is a chance to put Florida's fiscal house in order. Moreover, it is a time to put Florida's fiscal "schoolhouse" in order.

Scientific research must drive this effort. It has been clearly demonstrated that, while many factors influence student learning, none carries the weight or importance of the effectiveness of the teacher. Second to this is the benefit of high performing school principals. A recent study has shown that principals can affect student achievement by as much as 25% (Leithwood, Seashore Lewis, Anderson, and Wahlstrom, 2004, p. 5). This can make an incredible difference as to whether students actually learn a year's worth of material for a year spent in school. For this reason, the Florida TaxWatch Center for Educational Performance and Accountability is currently partnering with the Council for Educational Change to seek the establishment of a Preeminent Principal Program to recognize outstanding efforts in school leadership.

The above serve as examples that not every education dollar has the same impact on student learning.



It can seem harsh to put the education system under the budget knife. Education is a key component to the state's vitality, competitiveness, long-term economic stability, and quality of life. Businesses depend on it to find, keep, and attract their employees, to build and sustain their economic development. Families depend on it to unlock and nurture the untapped potential of their children, to send them out into the world to do good and productive things and earn a living. Naturally, there is strong public desire to, at the very least, "hold schools harmless" or, at the very best, add to, rather than diminish, the education budget pot. But, as it is in the whole of the state's budget, the quality of our public education system cannot be determined or improved by merely throwing more dollars at it. The question is not how much, but rather, how much *where*?

It is more important, whatever the amount is, that these limited resources be spent well and wisely in areas that are proven by research and practice to work.

The reality for now, as it will be for next year, is that the state must continue to grow and nurture the students of Florida toward increased student academic achievement within the confines and challenges of a smaller budget. Yes, Florida's current decline in general revenue is of historic proportion. It necessitates that we refocus on our core mission, reprioritize expenditures, and reframe our efforts to assure that the most important goals are met.

Florida can rise to this challenge. The state can employ a common sense methodology that addresses the immediate financial concerns of today and that lays the groundwork for future prosperity. We must:

- Prioritize constitutionally required, core functions and services;
- Eliminate duplication in state positions and programs; and
- Seek unparalleled economies and efficiencies throughout state government.

"Government ought to have as little as it can get away with, not as much it can justify."

Dominic M. Calabro
Florida TaxWatch President & CEO

In so doing, we will begin to fundamentally alter the long-standing culture of how the state spends our taxpayers' hard earned money. We can meet this challenge!

EDUCATION

Florida's Constitutional Mandate for a High Quality Education System

Education has a direct and powerful influence on the way-of-life for all citizens of the state. Florida's future depends upon the children who are now in our schools to deliver our health care, teach our children, and manage our industries. Thus, the Florida Constitution strongly and clearly asserts that it is a paramount duty to provide the children of the state with a high quality education. It requires that every four-year-old be provided with a pre-kindergarten learning opportunity, that there be free public schools that are efficient and safe, and that a university system be established.

Article IX of the Florida Constitution says in part, "The education of children is a fundamental value of the people of the State of Florida. It is, therefore, a paramount duty of the state to make adequate provision for the education of all children residing within its borders." The Article also states that the educational system must be "uniform, efficient, safe, secure, and high-quality," and class size limits must be imposed. Pre-kindergarten learning opportunities must be made available. There must be a state university system.

Because it is a constitutionally required, core function of government, education convincingly earns status as a top priority. However, in these days of limited resources, it is more important than ever to make sure that taxpayers' dollars are spent judiciously. Teaching and learning must remain the focus, with solid emphasis on high standards and strong accountability.

This is not merely a matter of dollars. The amount of the appropriation is important, but so is the way that the money is spent. Financial investment alone does not automatically translate into strong student achievement. Therefore, educational programs that work must be identified, replicated, and enhanced. Those that do not must be eliminated. Duplication and waste must be eradicated at all levels. Opportunities for cost savings must be aggressively sought. It will take work, but it can be done. Our children deserve it, families depend on it, and Florida will reap the benefits for years to come.

The Cost Savings Search

Florida TaxWatch through its Center for Educational Performance & Accountability (CEPA) has undertaken a review of the education budget with an eye toward finding potential cost savings. The following areas emerged as avenues for consideration:

1. Eliminate unnecessary duplication in programs and services.

The fact that something is duplicated does not on its face present a problem. There can be good reasons for having more than one offering, such as multiple teaching hospitals throughout the state. However, duplication requires examination to make certain that replication is intentional and justified.

In looking at the original Appropriations Act for 2007-08, several instances of duplication were noted. These included various centers, institutes, consortia, and partnerships that offered similar services. Also, there were programs that were funded in multiple sections. One example of this was the reading program that was noted in three specific line items for nearly \$200 million as follows:

- Specific Appropriation 86 - \$116,909,260 for a K-12 comprehensive, district-wide system of research-based reading instruction.
- Specific Appropriation 95 - \$76,543,873 for the continuation of “Just Read, Florida” to achieve Florida’s reading goal for all students to be reading on grade level or higher by 2012.
- Specific Appropriation 99A - \$5,000,000 for specific reading instruction for children in failing schools, for an Innovative Reading Pilot Program, for an LEP Student Reading Pilot Program, and the expansion of the Tune-in-to-Reading Pilot Program at the University of South Florida.

This was in addition to funding for reading materials that was available under the Specific Appropriation 89 of Instructional Materials, which was designated at \$271,944,498. This line item, however, provides textbook funding for all subject areas.

A major concern with duplication is that overlap and redundancy can occur. This can lead to inefficiencies and a failure to capitalize on the benefit of synergy. Thus, an examination of all instances of duplication should be conducted to assure that they are essential and of genuine benefit to the state.

2. Streamline bureaucracy.

The administration of government is essential. Large agencies and entities have to be organized and directed in order to effectively serve the people. Yet we have all heard stories about someone who retires and is subsequently replaced with two or three people. Necessary paper work is completed to legitimize the process, and down the road no one can remember that one person used to handle all of those responsibilities. Add to this the crucial requirement of organizations to track and route processes and procedures, and bureaucratic inflexibility is born.

Bureaucracy is not administration.

Prescriptive mandates can serve as a catalyst for bureaucracy. Personnel at the school, district, and state levels are needed to implement, record, report, and review prescribed elements. Over time, the system can become quite weighty. A review of detailed mandates might assist the state in streamlining bureaucracy, although careful attention would need to be paid to the protection of accountability-related items.

According to the Florida Department of Management Services, there are 2,647 FTE positions currently funded at the Department of Education. These employees provide programs and services through multiple divisions, bureaus, and offices, including, but not limited to: Vocational Rehabilitation; Blind Services; K-12 Public Schools; Community Colleges; School Finance, Planning and Budgeting; School Accountability; Technology; and Early Learning. Sometimes the Department of Education chooses to meet functional responsibilities through contracted services, as well. While this can be effective, it can also lead to the layering of managerial responsibilities.

As the new Commissioner undertakes his own effort, now would be a good time to cut back on managerial staff and to streamline business processes. This would include not only the restructuring of the Department's organizational chart, but also the review of contracted functions. Increasing student achievement within a cost-effective environment should be the focus of the Department.

Universities, community colleges, and school districts should undergo similar exercises.

Less, truly can be more.

"Florida's K-20 education system shall be a decentralized system without excess layers of bureaucracy."

Section 1000.03, Florida Statutes

3. Spend less on non-instructional programs and services.

The primary mission of public education is centered on teaching and learning. Therefore, we expect that the great majority of school funding should be dedicated to direct instruction. Dollars for teachers, for classroom materials and supplies, and for student enrichment and instructional support programs should command the lion's share of state and local revenues. Non-instructional services and activities should be at the least amount necessary to do an acceptable job.

Certainly there are important programs that enable instruction rather than play a direct role. These include, but are not limited to, school transportation, food service, and facility maintenance. There are support services that are also essential – personnel, payroll, information technologies, and the like. It is absolutely critical that these enabling efforts be provided in the most cost-effective ways.

It is estimated that nearly 85% of public school expenditures are utilized for employee salaries and benefits. In 2006-07, there were 328,533 total full-time staff members. The breakdown of assignments was:

- 168,181 Classroom Teachers
- 160,352 Other Employees
 - ❖ Officials, Administrators & Managers 11,248
 - ❖ Guidance/Psych/Librarians/Etc. 20,096
 - ❖ Other Non-Instructional Support Staff 129,008

The percentages by functionality were:

- 51% Classroom Teachers
- 49% Other Employees

(Source: *Staff in Florida's Public Schools Fall 2006*, Florida Department of Education, Bureau of Education Information & Accountability Services, January 2007.)

The National Center for Education Statistics through its Common Core of Data compiles information from throughout the country on educational operational expenditures. Operational expenditures include staff salaries and benefits, supplies, and purchased services. They do not include debt management costs, capital outlay, and expenditures for items lasting more than one year (i.e., school buses and computers).

Reported expenditures are placed into one of four categories, per the following:

CATEGORY	EXPLANATION
Instruction/Instruction Related	Salaries & benefits for teachers, teacher aides, & librarians; inservice teacher trainers; student assessment; instructional technology; textbooks; & supplies;
Student Support Services	Salaries & benefits for nurses, guidance counselors, social workers, speech pathologists, & attendance officers; related supplies & purchased services
Administration	Salaries & benefits for boards of education, superintendents, principals, & other district and school staff not covered in other categories; fiscal services; personnel; warehousing; related supplies & purchased services
Operations	Expenditures related to student transportation, food services, maintenance; enterprise operations

For the 2003-04 school year, the last year for which comparative data are available, the following expenditures were reported for Florida:

Florida Total Expenditures	Instruction & Instruction-Related Expenditures	Student Support Services Expenditures	Administration Expenditures	Operations Expenditures
\$17,578,884,000	\$11,489,958,000	\$868,629,000	\$1,757,381,000	\$3,462,916,000

How did Florida compare with national results? The following provides comparative data from selected other states:

State	Instruction & Instruction-Related Expenditures - % of Total	Student Support Services Expenditures - % of Total	Administration Expenditures - % of Total	Operations Expenditures (transportation, food services, maintenance, etc.) - % of Total
Alabama	64.3%	4.9%	10.6%	20.2%
California	67.1%	4.5%	12.4%	16.0%
Florida	65.4%	4.9%	10.0%	19.7%
Georgia	68.8%	4.6%	10.3%	16.3%
New York (*Highest Instructional % Among 50 States)	71.2%	3.4%	9.3%	16.2%
North Carolina	66.7%	5.1%	10.8%	17.3%
Oklahoma (*Lowest Instructional % Among 50 States)	60.5%	6.5%	11.3%	21.7%
South Carolina	65.9%	6.8%	9.8%	17.5%
Tennessee	69.5%	3.6%	8.8%	18.2%
Texas	65.8%	4.9%	10.7%	18.6%
Virginia	67.6%	4.8%	8.9%	18.7%
United States	66.1%	5.2%	11.0%	17.8%

(Source: *Current Expenditures for Public Elementary and Secondary Education: School Year 2003-04*, National Center for Education Statistics, Common Core of Data, July 2006.)

These data suggest that Florida could provide non-instructional services and programs in a more cost-conscious way. Particularly in the area of operations, Florida expended nearly two full percentage points above the national average.

It really isn't enough, though, for us to compare ourselves only against other states. We are educating students for success in a global economy. We should examine programs in Dubai, India, Singapore, and other nations that have some of the world-recognized best practices.

We must shop for services to free up more money to support direct classroom instruction.

**"Education should borrow from business practices:
Keep what you do best and functionalize the rest of it."**

**David Mann, SunTrust Banks
Chairman, Florida TaxWatch-CEPA**

4. Capitalize on economies of scale.

The PreK-20 Florida education system is a multi-billion dollar enterprise. In business terms, it provides a human capital development service to millions of people. Its employees number in the hundreds of thousands. Theoretically, the system is well-postured to take great advantage of the cost savings that arise when large numbers are involved.

So why do we not find more evidence of cost savings generated by economies of scale? The answer is undoubtedly multi-faceted, but a significant part rests with governance issues. Public education is a cooperative function of state and local governments. There are 67 school

The Florida School Boards Association (FSBA), under the guidance of Executive Director Dr. Wayne Blanton, is putting together a purchasing consortium in conjunction with Texas. It should be ready for districts to use by May of 2008 and, because of economies of scale, will enable them to shop smart. Such consolidation efforts provide a real opportunity to get more with less.

districts, 28 community colleges, and 11 universities. Each of these 106 entities is empowered to make enterprise management decisions. Everything from procurement needs to technology services to personnel and payroll functions is handled at the discretion of the entities' leadership boards. There is little incentive to economize.

Florida could substantially reduce costs by capitalizing on the numbers. County governments and municipalities could form partnerships with educational entities to further broaden the base.

Technologies currently exist that allow for the provision of core service needs, such as payroll, human resource and benefits administration, finance and accounting, technology, transportation, and maintenance, to name several, through a centralized operational system.

The use of service-shedding opportunities like this can free up valuable dollars to be redirected to instruction at all levels.

Efficiency efforts like the one (on the previous page) being led by the Florida School Boards Association are important to Florida taxpayers, parents, students, and teachers alike.

5. Shop competitively and wisely.

Educational entities should shop competitively just like Florida families have to do. Among the options for procurement of goods and services should be privatization – the use of the private sector in government management and the delivery of public services. Its goals are to reduce costs, improve services, and raise the level of productivity. In education, the benefit of reduced costs enables more dollars to be spent on direct instruction, with the desired outcome of increased student achievement.

According to the National Center for Education Statistics, in 2003-04 (the last year for which comparative data are available), Florida public schools spent nearly \$3.5 billion on operational expenses like transportation, food services, maintenance, and some functions of enterprise management. This represented 19.7% of the total daily operational budget.

The national average, however, was 17.8%. New York's was only 16.2%. Even the vast state of Texas did better, at 18.6%.

These percentage differences translate to big bucks. Had Florida simply met the national average that year, it would have saved \$70 million, which could then have been redirected to the classroom.

The Office of Program Policy Analysis and Government Accountability (OPPAGA) noted in 2004 that, with proper planning, accountability, and oversight, school districts could successfully outsource services. They noted six primary reasons for doing so:

- Improving the organization's focus on education;
- Lowering labor and overhead costs;
- Improving access to increased technical expertise;
- Increasing personnel flexibility;
- Shifting capital investment costs; and
- Improving access to state-of-the-art equipment.

Had Florida matched the national average in operational costs in 2004, an additional \$70 million would have been available for direct classroom instruction.

The OPPAGA report substantiated similar findings noted in a Florida TaxWatch and Florida School Boards Association joint research project completed in 1998: *A Study of Non-Instructional Services: Contracting for Services/Competition Options Available to Florida's Public Schools*. The Florida Department of Education also partnered on this report.

Sometimes it just makes more economic sense to contract for certain school services. There are companies that specialize in operational areas like food service, transportation, and custodial care.

It would be helpful if the state could establish a “give back” program to incentivize cost savings. It may be that among the reasons PreK-20 educational entities are not more vigilant in these areas is the apprehension that their savings may translate into fewer dollars for their school district, college, or university.

Competition is a huge and healthy part of the American experience. It should be embraced as an especially helpful tool in stretching the hard earned dollars that taxpayers deliver to the state. Educational entities should explore delivery options, including privatization, with regularity to ensure that they are always handling these matters in the most cost-effective way.

“The State should take a model like the Florida TaxWatch Prudential-Davis Productivity Awards and use that program for its own administrators and teachers to provide personal incentives for school and district cost savings.”

**Dwayne Ingram
IBM Senior State Executive, Florida and Puerto Rico**

6. Maximize flexibility.

In general, flexibility allows educational entities the capacity to adapt to changing needs. During periods of revenue uncertainties, this agility can be an especially important strategy. Nowhere is this more evidenced than in the state constitutional educational area of class size reduction (CSR).

In 2002, Florida voters amended the State Constitution and mandated specific classroom caps of 18 students in grades PreK-3, 22 students in grades 4-8, and 25 students in grades 9-12. The amendment established gradations of implementation, moving from district averages, to school site averages, and ultimately to each classroom average. School districts have consistently made progress toward meeting these requirements. Major associated costs fall into two primary areas: facilities construction and implementation. The primary expenses connected with implementation are new teacher salaries and benefits. Billions of dollars have thus far been expended on CSR.

CSR implementation illustrates one of those unenviable situations where scientific research does not match public perception. Studies do not support that across-the-board student assignment limits will raise academic achievement.

Because learning is at the heart of the mission of education, this is a troubling scenario. Florida TaxWatch through its Center for Educational Performance and Accountability has consistently expressed concern about it.

School construction is vital to Florida. School districts must contend with many variables, among them increasing student enrollments, new and revitalized neighborhoods, inland migration, and “aged-out” buildings. As county populations shift, schools are needed in the new areas but not so much in the old ones. Thus, new schools will need to be built in Florida for the foreseeable future.

When constructing these new facilities, however, school boards should begin with a vision of not just today’s requirements, but tomorrow’s as well. The use of solid materials that will last over time, energy efficiency mechanisms, room for expansion and similar considerations are important. These may cost more at the beginning but generate substantial savings down the road.

Thought should also be given to multi-use facilities. Libraries and auditoriums, for example, can be built on school grounds but shared with municipalities through joint-use agreements.

A similar approach could be used for school buildings that are no longer needed. When migration or other factors lead a school board to a decision to vacate a building, other government entities might be looking for program space within that area. The school, then, could be “repurposed,” thus saving taxpayers significant dollars.

Flexibility and the Class Size Reduction Amendment

The investment in school construction due to CSR has been significant – over \$12 billion between 2003 and 2007. The financing has come from a combination of ad valorem property taxes and state appropriations. School districts have used the collections from this discretionary, 2-mill revenue source to finance more than \$9.2 billion. The Florida Legislature has appropriated more than \$3.4 billion in school construction funding – \$1.5 billion in general fixed capital outlay and \$1.4 billion in Classrooms for Kids, a funding stream specific to this amendment.

There are generally considered to be four major vehicles by which to meet facilities needs created by CSR. In order, from most expensive to least, these are new construction, modular buildings (sometimes termed “relocatables”), co-teaching and rezoning. Co-teaching is the practice of having two or more teachers within the same classroom. It can be an effective model that has been used for decades and was previously called “team teaching.” Rezoning is the practice of moving attendance zone lines within the school district so that students are assigned to attend different schools. It often meets with considerable public resistance as families do not always prefer changes in their children’s school assignment. Co-teaching and rezoning maximize the use of existing classroom space. However, only 25% of the school districts use these approaches.

New construction via building new schools or putting on additions to existing ones has been the favored strategy. (Source: *School Districts are Reducing Class Size in Several Ways*, Office of Program Policy Analysis & Government Accountability, May 2007.)

The 2007-08 appropriation for CSR implementation was \$2,708,412,008, the great majority of which comes from general revenue. The allocation factors per FTE were set as: \$987.08 for grades pre-kindergarten through grade 3, \$942.45 for grades 4 through 8, and \$944.73 for grades 9 through 12.

The average teacher salary for 2006-07 was \$45,296, exclusive of benefits, supplements, and bonus payments. Thus, whenever the state adds 17 teachers to the workforce, the cost will approximate \$1,000,000.

Financial investment does not automatically translate into improved student achievement.

School districts must honor the law and, of course, CSR requires additional classrooms and more teachers. However, districts would be wise to utilize every available route of flexibility in so doing.

School districts should look first to use the less expensive and less cumbersome strategies of rezoning, co-teaching, and mixed-grade models. Next, when these strategies are not feasible, the use of relocatables should be explored. Finally, after the other strategies have been exhausted, new construction should be explored as a last resort.

The average teacher salary for 2006-07 was \$45,296 plus benefits.

Generally speaking, whenever the state adds 17 teachers to the workforce, the cost will approximate \$1,000,000.

7. Insist on scientific proof that programs are working.

In the quest for higher student achievement, it is often assumed that the greater the financial investment in education, the greater will be the rewards in elevated student learning. However, as the Florida TaxWatch Center for Educational Performance and Accountability reported in its premiere study, *Florida's Financial Commitment to K-12 Education: How Much Money Is Enough?*, that the exact relationship between educational spending and student achievement remains elusive.

Money is simply an input. Spending the money more wisely and cost effectively gets you the results.

Florida should use scientific methods to determine which programs work the best under which circumstances and can be offered at reasonable costs. These should be replicated and enhanced. Those that don't make the grade should be eliminated.

In the original state budget for 2007-08, Florida TaxWatch found more than 100 non-profit organizations, committees, pilot programs and the like that were designated as recipients of more than \$60 million. This is not automatically problematic, but it does beg the question of the depth and degree of accountability that surrounds these efforts. Do all of these programs provide a solid return for this investment?

An independent, comprehensive, annual evaluation of all such programs should be required. No additional projects should be funded unless there is compelling scientific evidence of efficacy.

It is vital that Florida objectively evaluate educational programs that benefit from investment by the state's taxpayers. If they don't have sufficient return on the investment, their support should be terminated.

8. Conduct compliance, performance, energy and utilization audits.

Information gleaned from professional audits can be very helpful in guiding the efforts of school districts, colleges and universities. Both compliance and efficiency audits provide meaningful recommendations that can be readily implemented to generate cost savings that lead to increased dollars for learning.

For example, in 2004, OPPAGA found that some school district food service program revenues failed to cover costs. Districts were then forced to subsidize their operations through general operating funds, thus taking away dollars that could have been used in the classroom.

Last year, school districts spent \$431 million on utilities. It is highly probable that these bills could have been reduced through focused, targeted efforts. Simple ideas, such as changing air conditioner filters, turning off lights, and using low-flow showerheads, can make a real difference. Among the big energy users in districts are the huge data centers where equipment must be kept at a designated temperature. In these cases, proper machine placement can pay big dividends.

Audits beyond those dealing with basic financial accounting should be regularly utilized to identify increased efficiencies, thereby generating more money to return to the classroom.

"Going Green" can mean more than environmental friendliness. It can also mean putting more "green" into Florida classrooms by transferring cost savings into classroom instruction.

9. Examine big ticket items for return on investment.

Florida has made substantial progress in education during the past decade, largely because of key policy changes that have spotlighted student achievement and focused on high standards and accountability. Last year on the Nation's Report Card, formally titled the *National Assessment of Educational Progress*, Florida students outperformed many of their American counterparts.

- Florida eighth graders scored above the national average in reading for the first time.
- For the third year in a row, Florida's fourth graders scored above the national average in both reading and math.
- Florida was one of only three states in the country to demonstrate reading progress in both grades 4 and 8.
- Florida earned recognition for closing the achievement gap between minority and non-minority students.

There remains a lot of work to be done, but we are clearly on the right track. It is time now, though, to make certain that our most costly interventions and strategies are truly paying the kind of dividends that justify the expense.

A review of the original Appropriations Act for FY 2007-08 showed several programs that were budgeted in excess of \$100 million. These were in areas that included, but were not limited to, programs to reward teachers and schools; summer school, tutorial and enrichment opportunities; and student financial aid. They certainly appear to be worthwhile, but they should be scrutinized through scientific methods by independent bodies. This would enable the state to identify and replicate programs that work well and to modify or eliminate those that do not.

Thus, cost savings could be redirected to the classroom and used for programs that are proven to make a difference. One such program is the Voluntary Program for Pre-kindergarten students (VPK).

A Good Investment: Voluntary Pre-kindergarten

VPK is crucial to the state's mission of increasing student achievement via a cost-effective platform. International research on the development of brains and the impact of early learning has exploded over the past decade. Scientists now tell us that our brains are nearly "done" by age five, growing to about 80% of total size by age 3 and 90% of total size by age 5 (Zero to Three: National Center for Infants, Toddlers and Families). Enormous potential can be developed for all children with the proper stimuli, interventions, and treatments, but they must be in place very early.

Research shows that children who have participated in high quality early education programs are more likely to graduate from high school. Therefore, they will have higher lifetime earnings and will be less likely to need welfare or to become involved in the criminal justice system. Although specific returns may vary, most researchers agree that a high quality pre-kindergarten program generates a significant return on investment, as much as \$7 for every \$1 invested.

Quality pre-kindergarten programs also save money by reducing the costs of student remediation, including the cost of repeating grades and of academic assistance programs from K through 20. One Nobel Laureate economist has shown that pre-kindergarten is the only cost-effective time for remediation. (Heckman and Masterov, 2007) Experts have predicted that through maximized funding of high quality programs, the state can expect savings as high as \$2-\$3 billion for each wave of 4-year-olds through reductions in remedial education, grade retention and juvenile delinquency and early interventions of developmental delays. (Steven Barnett, Ph.D., National Institute for Early Education Research, 2002)

We should increase investment in VPK and other proven research-based programs that make sense and save cents.

“The benefits of VPK are profound. It makes good business sense to invest early so that the costs of academic failure can be avoided.”

Carol Jenkins Barnett
President, Publix Super Markets Charities

10. Maximize technology.

Technology is the driving force behind educational progress. It is through its use that we customize instruction, track student achievement, communicate with families, issue teaching certificates, manage warehouses – the list is endless. In fact, it is largely because of technology that we are able to conduct the first nine cost savings efforts. There is no doubt but that technological advances add phenomenal value to the educational system.

We can do even more. Technology will reform education in our lifetimes.

It is already happening. Online learning programs – virtually unheard of a decade ago – are exploding in popularity at all levels. Right now these programs are offered in our state from grades K-20.

The Center for Educational Performance and

“One significant factor in students dropping out of high school is their lack of engagement. Virtual schools can change that. They mirror the new work place that is driven by results with little emphasis on place and time. Thus the virtual environment is a compelling channel to school reform.”

Julie Young
President & CEO, Florida Virtual School

Accountability at Florida TaxWatch recently conducted a comprehensive review of one such program. In this 2007 study, *“A Comprehensive Assessment of Florida Virtual School (FLVS),”* the site was found to be a very credible alternative to traditional schooling as regards both student achievement and cost-effectiveness.

FLVS students outperformed their traditional school counterparts on two independent assessments, both the Florida Comprehensive Assessment Test and Advanced Placement examinations. And this was accomplished for less money than was typically spent for instruction in traditional schools.

Technology investment is an excellent area for bulk buying. A state-level evaluation of successful instructional and administrative technology could also result in savings to school districts. An analysis of infrastructure and sustainable support needs might also help the state in meeting its goals for using technology in the classroom.

Technology allows for centralized services related to core functions. Substantial cost savings could be realized through the use of common systems among school districts, colleges and universities.

Both “back office” and instructional delivery systems are enhanced through technology. We should continue to explore ways that its use can make further contributions. The re-engineering of business processes and other similar efforts can reduce costs and free up additional dollars for direct instruction. The magic of learning happens in classrooms and schools, and we must find a way to provide them maximum support.

This Florida TaxWatch Center for Educational Performance & Accountability Report was
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Florida TaxWatch through its Center for Educational Performance and Accountability has respectfully offered these recommendations for consideration by the Florida Legislature, the Executive Office of the Governor, the Florida Cabinet and other policymakers. We are available to provide additional information upon request.

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About CEPA

Florida TaxWatch's Center for Educational Performance and Accountability (CEPA) was formed in acknowledgement of two key realities: the growing portion of education funding in the state budget, currently at 33.7% and climbing, and of the profound fiscal and economic impact that quality PreK-20 education has on Florida's competitiveness, both nationally and internationally. CEPA conducts research, issues publications, and engages in meaningful actions to promote exemplary student achievement within a cost effective environment. CEPA analyzes and makes recommendations about educational policies, practices, and expenditures as regards their contributions to improved financial and student performance in Florida's schools. CEPA also identifies specific educational issues that affect the efficiency, effectiveness, and accountability of state government, local school districts, and postsecondary institutions. Finally, CEPA brings together partnerships and collaborations in a concentrated effort to effect positive and dynamic change in Florida's system of PreK-20 education.

About Florida TaxWatch

Florida TaxWatch is a statewide, non-profit, non-partisan taxpayer research institute and government watchdog that over its 29 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies, and programs, and to increase the productivity and accountability of Florida Government.

Florida TaxWatch's research recommends productivity enhancements and explains the statewide impact of economic and tax and spend policies and practices on citizens and businesses. Florida TaxWatch has worked diligently and effectively to help state government shape responsible fiscal and public policy that adds value and benefit to taxpayers.

This diligence has yielded impressive results: in its first two decades alone, policymakers and government employees implemented three-fourths of Florida TaxWatch's cost-saving recommendations, saving the taxpayers of Florida more than \$6.2 billion -- approximately \$1,067 in added value for every Florida family, according to an independent assessment by Florida State University.

Florida TaxWatch has a historical understanding of state government, public policy issues, and the battles fought in the past necessary to structure effective solutions for today and the future. It is the only statewide organization devoted entirely to Florida taxing and spending issues. Its research and recommendations are reported on regularly by the statewide news media.

Supported by voluntary, tax-deductible memberships and grants, Florida TaxWatch is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, large corporations, philanthropic foundations, professionals, associations, labor organizations, retirees -- simply stated, the taxpayers of Florida. The officers, Board of Trustees and members of Florida TaxWatch are respected leaders and citizens from across Florida, committed to improving the health and prosperity of Florida.

With your help, Florida TaxWatch will continue its diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer, who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications, and selecting professional staff. As an independent research institute and taxpayer watchdog, Florida TaxWatch does not accept money from Florida state and local governments. The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, distinguished Board of Trustees, or Executive Committee, and are not influenced by the positions of the individuals or organizations who directly or indirectly support the research.

Florida TaxWatch Values

◆ Integrity ◆ Productivity ◆ Accountability ◆ Independence ◆ Quality Research

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