



The State of Florida
2014 General Appropriations Bill



THE TAXPAYER'S POCKET GUIDE TO
**FLORIDA'S
FY2014-15
STATE
BUDGET**

2014 ANNUAL REPORT

BRIDGING THE GAP BETWEEN
TAXPAYERS & THEIR GOVERNMENT

FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute & government watchdog for more than one third of a century, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs.

Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is more accountable to, and productive for the citizens it serves since 1979.

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LEADERSHIP MESSAGE

Bridging the Gap

TaxWatch has forged new paths in building a better Florida, and in bridging the gap between taxpayers and the governments that serve them.

Perhaps never before has one year of our work better exemplified the long-standing TaxWatch value-added proposition: improving taxpayer value, citizen understanding, and government accountability.

The increased breadth and depth of our research activities, the increased outreach to traditional and new media outlets to explain issues facing the taxpayers of our state, and the enhanced communication with our extraordinary volunteers and partners has, by any standard, been exceptional. It is, in fact, unmatched in the 35-year history of this storied organization.

Yet our efforts and accomplishments have been more than an enhancement of our prior activities; TaxWatch has forged new paths in building a better Florida, and in bridging the gap between taxpayers and the governments that serve them.

As you read through this report you'll see that from research to events to our celebration of the accomplishments of extraordinary state employees through TaxWatch's Prudential Productivity Awards program, we've been building solid and sustainable bridges between Floridians and their government all year long.

TaxWatch spent the majority of 2014 speaking directly to the taxpayers. Through the publication of this year's Voter Guide and the newly launched How Florida Compares "pocket guide" series, TaxWatch provided approachable reference guides designed to help all Floridians better understand their state.

This year also saw the launch of the TaxWatch Center for Florida Citizenship, led by Advisory Board Chairman Governor Bob Martinez. The Center's "primers" give the average taxpayer an insightful and factual overview of government programs and institutions.



John B. Zumwalt, III
Chairman 2012-2014



Michelle Robinson
Chairman 2014-2016



Dominic M. Calabro
President & CEO

We three, as representatives of the many supporters and volunteers that make Florida TaxWatch possible, are all excited to guide this great organization in this direction over the next two years. We will do so knowing this: Florida TaxWatch will not waver, will not stop fighting for taxpayers and making recommendations on how to improve government in Florida, and will continue to scrutinize how Florida's elected and appointed leaders are spending the taxpayers' hard-earned money.

In 2015, under the leadership of Chairman Michelle Robinson, as we have during the past two years under the august leadership of Chairman John Zumwalt, we will continue to focus on bridging the gap between taxpayers and their government, and will help foster the kind of citizen oversight and understanding that the founders of our great nation envisioned to ensure that government truly serves the people.

Respectfully,
your partners in building a better, more fiscally responsible Florida.

John B. Zumwalt, III

Michelle Robinson

Dominic M. Calabro

TAXWATCH RESEARCH

While by no means a comprehensive list of the many issues addressed this year by Florida TaxWatch research, the following are a selection of the most important, and most visible topics and reports that TaxWatch released in 2014.

COST SAVINGS

2014 continued a legacy that has resulted in the savings of at least \$4.2 billion in Floridians' hard-earned tax dollars over the last four years alone. This year, the TaxWatch Center for Government Efficiency released its first report, which included several recommendations related to maximizing operations and efficiencies, to go along with the traditional cost-saving recommendations.

As a result of their expertise and constructive ideas, the Center's Advisory Board produced a targeted list of extensively researched, constructive recommendations, which address key areas of state government. The list includes major structural recommendations, such as the creation of a statewide technology agency, which helped lead to the legislative creation of the Agency for State Technology, and the office of Chief Information Officer.

ECONOMIC DRIVERS

TOURISM

Last year, Florida TaxWatch released a report detailing the economic impact of increasing the number of annual visitors to the state. *Investing in Tourism* showed that 100 million visitors to Florida would create more

than 121,000 jobs, nearly half of which were in non-tourism related industries.

The 2014 follow-up to *Investing in Tourism* was *Unpacking the Benefits of Florida Tourism*, which shows that Florida is well on its way to welcoming 100 million visitors per year. The number of tourists coming to the state has been steadily increasing as a result of a commitment to invest in tourism-related marketing, and this report projected that the 100 million mark will be reached in 2015.

Unpacking the Benefits of Florida Tourism showcases the importance of the tourism industry to Florida's economy, specifically focusing on the economic impact of its job-creating ability. With a better understanding of tourism-related return on investment, Florida can tailor marketing efforts to ensure sustained future growth.

GLOBAL TRADE & LOGISTICS

With the Panama Canal expansion expected to be completed in 2015 and global trade lanes continuing to shift, Florida has the opportunity to capitalize on its unique location and existing infrastructure, further



expanding our trade footprint. To ensure Florida ports remain competitive in the global marketplace, Florida ports must have an effective ports governance structure.

An independent review published this year by TaxWatch of the current regional governance structure of Florida seaports seeks to analyze the current structures as well as other comparable models to identify the characteristics of successful port governance models.

The findings of this report will help Florida policymakers and industry leaders understand and support those successful characteristics of port governance policy to navigate its seaports through the global market.

MANUFACTURING

From aircraft manufacturing across the state, to the positioning of Florida's "Great Northwest" as a destination for high-tech manufacturing firms, TaxWatch continued its focus on the state's manufacturing sector in 2014. A report titled *Diversifying Florida's Economy Through Local Economic Development* analyzed three options that have been popular choices of Florida communities to help develop their economies, with a particular focus on the manufacturing sector, in order to help local communities make more informed, educated decisions. With manufacturing representing the sixth-largest non-farm, non-governmental employment sector in Florida, this is an area in which TaxWatch will remain engaged well into the future.

CITIZEN EDUCATION

Florida TaxWatch has always been dedicated to keeping Florida citizens informed, educated, and empowered with the most current and relevant information about their state and local governments. To that end in

2014, TaxWatch produced a number of new reference publications, our annual *Taxpayer Independence Day* report, and continued our recurring series of reports examining the Constitutional Amendments facing voters.

POCKET GUIDES

In 2014, Florida TaxWatch released a number of publications in handy pocket-sized formats, from a complete breakdown of the FY 2014-15 state budget, to the new series *How Florida Compares*, which shows Florida's ranking in relation to the rest of the U.S.

The *How Florida Compares* series has examined overall tax environments and education funding and performance thus far, and a variety of other relevant topics are planned for 2015.

VOTER GUIDE

Florida TaxWatch has released a comprehensive review of Constitutional Amendments facing Florida voters on election day for the last four elections. The official 2014 Florida ballot put three amendments in front of voters. Two of the amendments were placed via citizen signatures, and one by the Legislature.

As we have in past elections, Florida TaxWatch set out to level the playing field for the voters. The TaxWatch report laid out each of the Amendments in detail, with a simple, yet informative explanation of what the amendment did, the affected groups, and the pros/cons of each measure.

EDUCATION

With Florida facing the most substantial reforms to its educational system in decades, TaxWatch continued to keep a watchful eye on the implementation of the state's new student achievement standards, and began a series

of reports addressing the state's class size requirements. Placed into the Florida Constitution through voter approval in 2002, the provisions of this requirement have been in effect since the 2010-11 school year. The TaxWatch report *Taking a Fresh Look at Florida's Class Size Limits* showed that it is a good time to look at what Florida as a state has to show for its investment in smaller class sizes. The research summarized in this report (the first in a series) suggests that the gains in academic performance anticipated by the voters twelve years ago have not been realized, and that the costs associated with class size reduction are not supported.

HEALTH CARE

Among the important issues in health care addressed this year were the scope of practice for Advanced Practice Registered Nurses, which positively affects access and cost of care; the use of telehealth/telemedicine to improve access to high-quality medical treatment for all Floridians and bring Florida's healthcare industry into the 21st century; the looming increase of nearly 50 percent in Alzheimer's disease patients in Florida, including recommendations on how the state can prepare; and an exploration of Florida as a global destination for medical tourism, where patients from all over the world come to Florida specifically for medical treatment.

PENSIONS

Florida TaxWatch research once again took the lead on this critical fiscal issue in 2014, focusing a spotlight on public-sector pensions at the state and local levels.

Partnering with national groups focused on policy reforms, TaxWatch held the first *How to Navigate Local Pension Reform* workshop in 2014. Bringing together partners and speakers from around the country to help local government officials and state lawmakers learn how Florida's state and local public pension systems can be made more solvent and sustainable will remain a top priority of Florida TaxWatch.

SMART JUSTICE

Continuing the work that has seen tangible change in the culture of the juvenile and criminal justice systems, the TaxWatch Center for Smart Justice spent the bulk of 2014 releasing reports targeting important, but not always widely discussed issues. From over-criminalization, to the salaries of state attorneys and public defenders, to the penalties for driving with a suspended license, to sentencing for certain drug offenses, TaxWatch reports in 2014 turned up the spotlight on Florida's criminal and juvenile justice systems.

THE BUDGET

Grounded in three decades of expertise in the state's budgeting process, TaxWatch continued the annual series of *Budget Watch* publications, which take a detailed look at the Revenue Estimating Conference reports, other activities of the state's estimating and budgeting entities, and a detailed look at the Governor's Proposed Budget, setting the stage for taxpayers leading up to the budget negotiations during the Regular Session, and helping Floridians understand how their tax dollars are spent by their state government.

BUDGET TURKEY WATCH

Possibly our most widely-known publication, the *Budget Turkey Watch* report was released again this year, reinforcing TaxWatch as the watchdog for spending projects that did not receive the proper amount of scrutiny and public input.

The *Turkey Watch* report takes TaxWatch staff months to develop, has saved the taxpayers billions over nearly three decades, and has ruffled more than a few feathers.

While the *Turkey Watch* report can cause consternation amongst those at the highest level of state government, TaxWatch remains committed to serving in this important role and producing this publication each Legislative Session.



WHEN TAXWATCH SPEAKS, FLORIDA LISTENS. MEDIA PACKS THE FLORIDA PRESS CENTER FOR THE RELEASE OF THE 2014 BUDGET TURKEY WATCH REPORT.

SENIOR RESEARCH FELLOWS

The Senior Research Fellows assist and advise Florida TaxWatch with its research agenda. Each Fellow is a prominent scholar or professional of national repute chosen for his or her public policy analysis and evaluation expertise in the areas of state and local government accountability, finance, and taxation.

- DR. WILLIAM EARLE KLAY - PROFESSOR, FLORIDA STATE UNIVERSITY
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SENATOR GEORGE LEMIEUX, CHAIRMAN OF THE CENTER FOR COMPETITIVE FLORIDA, WITH CENTER DIRECTOR AND CHIEF ECONOMIST DR. JERRY PARRISH AND SECRETARY MICHAEL SOLE



WILL SECOMBE, CEO OF VISIT FLORIDA, SPEAKS TO THE MEDIA AT A JOINT NEWS CONFERENCE RELEASING A TAXWATCH REPORT ON FLORIDA TOURISM.



GOVERNOR RICK SCOTT WITH DR. JERRY PARRISH

The TaxWatch Center for Competitive Florida analyzes policies and programs that affect Florida's economic and job growth, and makes policy recommendations that enhance Florida's ability to successfully compete in the global economy.

The Center continued to be a strong, visible presence for TaxWatch in 2014. With input and direction from Chairman George LeMieux and its distinguished Advisory Board members, the Center published substantive research on Tourism, the impact of Constitutional Amendments, Florida's trade and logistics sector, emerging and second-stage companies, and the importance of the state's manufacturing sector, to name just a few.

The Center also continued to publish its *Economic Commentary*, a monthly look at topical issues in Florida's economy. The publication continued its partnership with one of Florida's most widely read publications, *Florida Trend*, which publishes the *Economic Commentary* on its website each month. A short description of each *Economic Commentary* in 2014 is available in the back of this report, on page 35.

The Center's work is also supported by the **FLORIDA COUNCIL OF ECONOMIC ADVISORS AT FLORIDA TAXWATCH**, a group of nine prominent public and private economists from around the state, which is comprised of:

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PIYUSH PATEL OF KYRA INFOTECH WITH AWARD WINNER DR. SHELIA WINDOM, EDUCATION COMMISSIONER PAM STEWART, AND DOMINIC CALABRO AT THE AWARDS CEREMONY



CENTER CHAIRMAN DAVID MANN (FAR RIGHT) LEADS THE ADVISORY BOARD MEETING WITH CENTER DIRECTOR BOB NAVE (TOP RIGHT)



AWARD WINNERS BENNY VALDES, AND DR. KELLI HUNTER-SHEPPARD AT THE AWARDS CEREMONY

The TaxWatch Center for Educational Performance & Accountability addresses the profound fiscal and economic impact that PreK-20 education has on Florida's future, and makes recommendations to improve both the quality and cost-effectiveness of this essential public service.

In 2014, the Center focused primarily on the implementation of the state's new education standards. Additionally, the Center began a multi-phase analysis of the class size requirements in the Florida Constitution, detailing studies from other states and Florida-specific data from years prior to and following the mandated changes.

The Center's Principal Leadership Initiative marks the first time in Florida's history that principals of Title I schools are being honored for their innovative and groundbreaking efforts that result in substantial increases in student achievement.

The first six principals were honored in early 2014, following almost a year of data analysis by TaxWatch in collaboration with the Learning Systems Institute at Florida State University, and the second six winners were honored at a black-tie gala in October 2014.

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DOMINIC CALABRO, JOHN ZUMWALT, GOVERNOR BOB MARTINEZ, AND CENTER DIRECTOR BOB NAVE VISIT ONE OF GOVERNOR MARTINEZ'S CAMPAIGN SIGNS IN THE CAPITOL MUSEUM



TAXWATCH CHAIRMAN ZUMWALT AND CENTER DIRECTOR NAVE LOOK ON AS GOVERNOR MARTINEZ ANSWERS QUESTIONS FOLLOWING THE NEWS CONFERENCE



LEON COUNTY SUPERVISOR OF ELECTIONS ION SANCHO SPEAKS AT THE LAUNCH OF THE CENTER. MR. SANCHO SERVES ON THE ADVISORY BOARD OF THE CFC.

Launched in 2014, the Center for Florida Citizenship aims to resolve one very simple, but incredibly important problem: people are disengaged from their governments. A well-functioning democratic republic requires a well-informed and highly engaged electorate. Complicated processes and intricate operations procedures erect barriers to understanding how government policies affect their every day lives. Communities need local individuals that can speak with authority and knowledge to those elected or appointed to make decisions on their behalf.

Uninformed citizens lead to disengaged citizens.

Disengaged citizens lead to bad government.

The cycle has to stop.

To truly hold government accountable, citizens must understand the process of governance, be informed about the most important issues, and be prepared to present their views in such a way that their voices will be heard and respected. The mission of this new Center is to enable Florida voters to fulfill their responsibility as citizens by educating them on the activities, functions, and processes of their government, informing them on key issues through fact-based, non-partisan research, and preparing them to participate.

The Center's website will be a non-partisan, interactive "citizenship" hub, where Floridians can go to find information ranging from what TRIM notices are, to how our education system funds new construction projects. Additionally, the Center will be the home of the TaxWatch Citizenship Institute, an educational program intended to educate emerging business and community leaders to prepare them to effectively engage government.

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EACH YEAR'S COST-SAVINGS RECOMMENDATIONS REPORT IS FINALIZED THROUGH SEVERAL ADVISORY BOARD WORKSHOPS LIKE THIS ONE.



ADVISORY BOARD MEMBER PIYUSH PATEL WITH TAXWATCH RESEARCH ANALYST DANNY LAVARGNA AT THE 2013 ANNUAL MEETING



CENTER ADVISORY BOARD CHAIRMAN JOHN R. ALEXANDER LEADS A WORKSHOPPING SESSION ON THE 2014 REPORT

Thanks to the hard work of some incredible volunteers dedicated to the success of Florida TaxWatch and the betterment of the state, the Florida TaxWatch Government Cost Savings Task Force has saved the taxpayers of Florida more than \$4 billion since 2009.

The overwhelming success of these annual reports showed that a continuous effort and focus on cost-saving ideas could have an even more significant impact on maximizing taxpayer value and reducing the cost of Florida's governments.

To address this need, Florida TaxWatch created the TaxWatch Center for Government Efficiency, a TaxWatch Center of Excellence focused on expanding the policy recommendations of the Task Force, and developing new solutions on a full-time basis.

Its first report as a Center of Excellence, *Modern Management & Sensible Savings* represents the next iteration of cost-saving and efficiency improving recommendations for the state. Focused on policy recommendations that reached further than just reducing costs, the report includes several structural recommendations, such as replacing the state's accounting infrastructure, and creating a statewide information technology agency.

Thanks in part to the recommendations in the report, the **Agency for State Technology and its accompanying Chief Information Officer** were created by the Florida Legislature in 2014.

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CENTER ADVISORY BOARD MEMBERS FREQUENTLY PARTICIPATE IN BREAKOUT SESSIONS LIKE THIS ONE TO ADDRESS SOME OF FLORIDA'S MOST SIGNIFICANT ISSUES IN HEALTH CARE.



SPEAKER TOM FEENEY, PRESIDENT & CEO OF ASSOCIATED INDUSTRIES OF FLORIDA, WITH CENTER DIRECTOR TAMARA DEMKO AT THE TAXWATCH SPRING BOARD OF TRUSTEES MEETING IN TALLAHASSEE.



THE CENTER ADVISORY BOARD MEETS TO SET THE DIRECTION OF THE CENTER'S RESEARCH IN 2014.

The Florida TaxWatch Center for Health & Aging conducts research and analysis of the fiscal and economic impacts of current and proposed policies across the health care and aging spectrum. The Center's goal is to identify and promote the appropriate, effective, efficient, and accountable delivery of taxpayer-funded health care and aging services, and to help shape the state's policy discussions.

The Center works to coordinate strategic partnerships, and bring stakeholders together to discuss and recommend wise solutions. The complexities of the healthcare field require that policy research and recommendations consider the entire spectrum of health and aging, known as the "continuum of care."

With the nationwide implementation of the Patient Protection and Affordable Care Act a reality in 2014, the Center provided expertise to Florida's government officials and taxpayers in a variety of areas, including the use of telemedicine, reducing Medicaid fraud, and identifying what steps can be taken to put Florida's youngest residents on a healthier path through nutritional education.

Showing just how widely respected Florida TaxWatch research has become, the telehealth report *Critical Connections to Care* was featured as part of official hearing materials by the **United States Senate Special Committee on Aging** in September 2014.

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CENTER FOR SMART JUSTICE



CENTER ADVISORY BOARD CO-CHAIRMAN JUSTICE KENNETH BELL LEADS THE BOARD IN A DISCUSSION OF HOW TO REFORM FLORIDA'S CRIMINAL AND JUVENILE JUSTICE SYSTEMS



DOMINIC AND DEBBIE CALABRO WITH LOTTERY SECRETARY CYNTHIA O'CONNELL AND CENTER DIRECTOR DAN MCCARTHY



CENTER ADVISORY BOARD CO-CHAIR SECRETARY WANSLEY WALTERS WITH DOMINIC CALABRO

The TaxWatch Center for Smart Justice is centered on the belief that public safety is paramount, and because of the magnitude of this responsibility, there truly is no room for inefficiency. The Center's research focuses on evidence-based reforms to Florida's criminal and juvenile justice systems that ensure less crime, fewer victims, and no wasted tax dollars.

As with all government services, accountability in the vital areas of criminal and juvenile justice demands achieving the best results in terms of public safety at the lowest possible cost to taxpayers. This is what we call Smart Justice.

The effort to reform Florida's criminal and juvenile justice policies has made great strides during the past few years. Most importantly, the active work of the Center and the outreach of its dedicated Advisory Board volunteers has resulted in a culture shift in the policy and operational arenas in Florida. This year, the Advisory Board welcomed the former Secretary of the Department of Juvenile Justice, Wansley Walters, as Co-Chair with Justice Ken Bell.

In 2014, the Center released reports detailing the Juvenile Justice programs in the state, over-criminalization, the salaries of state attorneys and public defenders, and adult civil citation programs, to name just a few.

The Center continues to work collaboratively with the departments of Corrections and Juvenile Justice to provide key policymakers evidence-based recommendations for reforms.

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FLORIDA STATE SENATOR

WHAT FLORIDA'S LEADERS

We did a lot of **GOOD** for the taxpayers this legislative session and Florida **TAXWATCH WAS A BIG PART** of that. I appreciate all you do to ensure Floridians get the best return for their tax dollars. — **GOVERNOR RICK SCOTT**

The contribution of Florida TaxWatch is **UNPARALLELED IN THE HISTORY OF FLORIDA** government, and deserves the thanks of all the taxpayers of Florida. — **US SENATOR & GOVERNOR BOB GRAHAM**

Thank you for playing a **CRITICAL ROLE** in policymaking and in guarding the public interest. The **TAXPAYERS OF FLORIDA ARE FORTUNATE** to have an advocate and friend in Florida TaxWatch. — **GOVERNOR JEB BUSH**

TaxWatch is a **HIGHLY RESPECTED** organization.. well prepared to help our state **PROSPER** as it enters the next millennium. — **GOVERNOR LAWTON CHILES**

Government must be **HELD ACCOUNTABLE** to taxpayers, and the work of Florida **TAXWATCH HELPS ACHIEVE** this goal. — **SENATOR BILL NELSON**

SAY ABOUT FLORIDA TAXWATCH

What we've got in Florida TaxWatch is **AN OLYMPIC-SIZED EFFORT** to make sure that public policy in the state of Florida is **SECOND TO NONE**. — **GOVERNOR BOB MARTINEZ**

HEED TAXWATCH. — **MIAMI HERALD EDITORIAL**

...Fortunately for the legislators, **TAXWATCH** already has done much of **THEIR WORK FOR THEM.** — **ORLANDO SENTINEL**

...a **PREMIER TAX WATCHDOG** group, **RESPECTED** for its conservatism and fiscal frugality. — **LAKELAND LEDGER**

The state is undoubtedly more healthy and prosperous because TaxWatch has been on the job. It has been **AN HONEST WATCHDOG** in warning of abuses, **A CREDIBLE GUIDE DOG** in finding thrifty solutions to problems, and **A TIRELESS BIRD DOG** in making sure taxpayers get their money's worth. — **TAMPA TRIBUNE**



OUTREACH



1. Carl DeMaio and Adrian Moore from the Reason Foundation speak to the attendees of the TaxWatch Local Pension Summit
2. (l to r) Dominic Calabro, Heather Richardson Higgins, and Chairman & Mrs. John Zumwalt at the Joint Centers of Excellence Luncheon in Tallahassee
3. Governor Bob Martinez during discussion session at the Spring Board of Trustees Meeting
4. Robert Weissert speaks to a group as part of the TaxWatch Speakers Bureau
5. Dr. Dhyana Ziegler (Florida A&M University) and John Hogan (Capital Health Plan) ask questions at the Tallahassee C-Suite Elite luncheon
6. Kristina LaVenia (behind podium) from the Learning Systems Institute and Dominic Calabro answer media questions following the Principal Leadership Awards news conference
7. (l to r) Morgan McCord, Claudia Davant & Danny Lavargna at the Tallahassee C-Suite Elite luncheon
8. Florida Education Commissioner Pam Stewart (left) joins the inaugural winners of the TaxWatch Principal Leadership Awards

PRUDENTIAL PRODUCTIVITY AWARDS

2014 BY THE NUMBERS

\$558 million in savings/efficiency improvements
432 award-winning nominations (48 won cash awards)

In 1989, Florida TaxWatch and two of its co-founders, J.E. Davis and A.D. Davis (owners and co-founders of Winn-Dixie Stores, Inc.), created an awards program that would inspire, reward, and recognize enterprising state employees for their innovative and cost-saving accomplishments.

Even though the Davis brothers are no longer with us today, their wisdom, strength and unwavering commitment to serving taxpayers lives on through today's awards program. They would be proud to know that since 1989, over 15,000 nominations have been submitted totaling \$8.7 billion in cost-savings, cost-avoidances, and added value to the lives of Florida's residents and visitors, including this year's total of \$558 million.

As we entered the 26th year of the awards program, we made one significant change. Thanks to the generous commitment of now-Title Sponsor Prudential, 2014 marks the beginning of the *Prudential Productivity Awards*. The success of this program would not be possible without Prudential, The Florida Council of 100, and our other corporate sponsors, and we cannot thank them enough.

The distinguished members of the Panel of Judges donate their time for a thorough review and spirited discussion of the best of this year's achievements; and Governor Scott, Lt. Governor Lopez-Cantera, Cabinet members, agency heads, and civil service men and women of Florida continue to demonstrate extraordinary dedication to our great state and help improve the lives of Florida's citizens through their outstanding achievements.



MIKE JENNINGS OF TITLE SPONSOR PRUDENTIAL ADDRESSES THE GOVERNOR AND FLORIDA CABINET



SENATOR GEORGE LEMIEUX WITH PIYUSH PATEL OF KYRA INFOTECH



JUDGES PANEL CHAIRMAN DOUG DAVIDSON ADDRESSES THE WINNERS FROM THE PODIUM, WITH BARBARA RAY AND DOMINIC CALABRO

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Ms. Kim Koegel ACCENTURE	Ms. April Salter SALTER>MITCHELL

A SPECIAL THANK YOU



For the past three years, the Prudential Productivity Awards program has been in the hands of [Kathleen Hampton](#), Vice President of Development at Florida TaxWatch. 2014 marks the end of Kathleen's stewardship of the program, as the various communications, event planning, and administrative functions of the program will now be managed by the full TaxWatch team. Kathleen's work on the Awards program has been nothing short of exemplary, and we are excited that she will be working full time to help advance the general research mission of Florida TaxWatch.

TAXWATCH DEVELOPMENT

PLEDGE TO OUR MEMBERS & SUPPORTERS

When you contribute to a nonprofit organization, you expect your gifts to advance the organization's mission. You expect the organization to observe any restrictions you place on your gifts and to use your gift wisely and cost effectively. Your expectations deserve to be treated with respect.

Sadly the world of philanthropy is rife with examples of organizations that have broken faith with their donors. It is a problem so serious that it bears a common name: the problem of donor intent.

At Florida TaxWatch, we believe that we have an obligation to respect your philanthropic intent as donor. We believe we are strictly accountable to you, and we pledge always to respect your philanthropic intent.

To that end:

- Florida TaxWatch Board of Trustees meets each year to revisit, review and recommit to the values and core vision, mission, and activities of the organization.
- Florida TaxWatch prepares and presents a quarterly report to the executive committee of the Board of Trustees regarding the use and attainment of funds.
- Florida TaxWatch employs an independent auditing firm to review and comment on the sources and proper uses of donor funds annually.
- Florida TaxWatch meets with donors to review and account for the expenditure of your funds in the previous year.
- The President & CEO of Florida TaxWatch is personally responsible for answering major donor questions and reporting expenditures of donor funds.

***WE PLEDGE TO YOU, OUR DONORS, OUR FRIENDS, OUR SUPPORTERS
AND MEMBERS OF TEAM TAXWATCH THAT THE BOARD OF TRUSTEES AND
THE LEADERSHIP OF FLORIDA TAXWATCH WILL ALWAYS RESPECT YOUR
PHILANTHROPIC INTENT AND WILL ALWAYS HOLD OURSELVES ACCOUNTABLE
TO YOU IN THE WISE USE OF YOUR GENEROUS CONTRIBUTIONS***

TAXWATCH TAKES OUTREACH TO A WHOLE NEW LEVEL



In 2014, Florida TaxWatch leadership, as a way to monitor, improve, and increase outreach and personal engagement, implemented a formal events department with a designated staff member. The results of this action have exceeded expectations thanks to the conscious internal and external focus on broad-based and targeted outreach.

In 2014 Florida TaxWatch hosted or held over 43 events, by far a record number in our 35 years.

Some of the accomplishments in 2014 included:

EVENTS COORDINATOR

Jasmyne LeCappelain was brought into the new Events Coordinator position to ensure that TaxWatch has one point person for each event, both internally and externally. The creation of this position has allowed for more cohesive, integrated planning and execution of each and every event.

LEGISLATIVE PREVIEW MEDIA PANEL

Seasoned Florida reporters and political insiders previewed the upcoming Legislative Session for TaxWatch supporters at a luncheon in Jacksonville.

C-SUITE ELITE ROUNDTABLES

TaxWatch launched these panel discussions/forums between community leaders and TaxWatch research experts to help spread the word about TaxWatch research, and keep our fingers on the pulse of issues that matter to Floridians.

SPEAKERS BUREAU

For the first time in the history of the organization, the Florida TaxWatch Speakers Bureau was formed in 2014. While TaxWatch experts have always been available to speak to groups around the state, the more formalized Speakers Bureau allows for a more streamlined and coordinated process of making sure that TaxWatch experts are able to keep up with the substantial number of requests we receive each month.

TREASURER'S REPORT

Dear Members,

Florida TaxWatch further expanded its statewide representation of taxpayer concerns in Florida during the fiscal year that ended September 30, 2014. This widening support demonstrates the recognized quality and enhanced public value of the institution's mission and research program accomplishments. During this fiscal year, Florida TaxWatch continued to adhere to the sound fiscal standards required of such a respected research institute.

According to the year-end record of expenses, all expenditures went to prepare, conduct, publish, disseminate, and properly communicate the research program's findings, conclusions, and recommendations about Florida government tax and spending policies and practices. No funds were expended on lobbying activities, as specifically restricted by the institute's Articles of Incorporation and Bylaws.

The Treasurer's Report for FY 2013-14 demonstrates the sound management practices and proper financial controls applied by the institute which ensure effective and productive operations with direct accountability.

According to the financial statement and Treasurer's Report, total expenses of \$2,504,057 were kept below total revenue of \$2,563,617.*

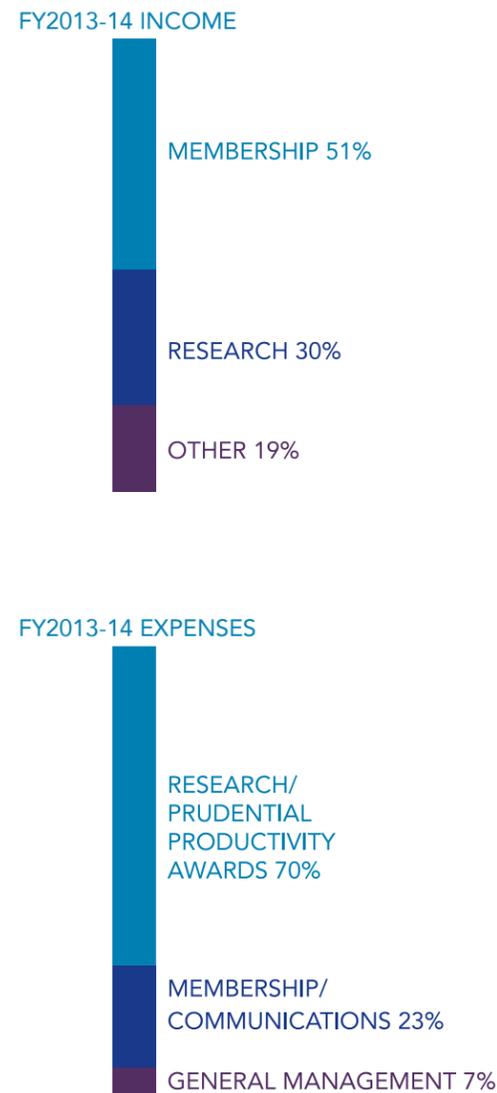
Respectfully,



David Mann

Treasurer

* Unaudited



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JOHN B. ZUMWALT, III



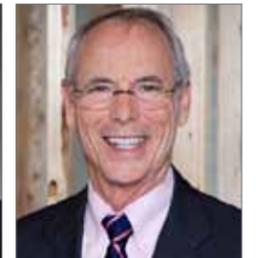
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MAJOR RESEARCH

Florida's Aging Prisoner Problem

October 2014—Florida's prison population is rapidly increasing despite declining crime rates, and this report recommends options to prevent increasing costs from overwhelming taxpayers. The report warns that the steadily growing elderly prison population in state facilities will require more costly medical care, resulting in additional budget concerns for an already struggling Department of Corrections.

IMPACT: This report drew attention to an issue that is often overlooked by criminal justice reforms, and is now part of the reform agenda and discussions.

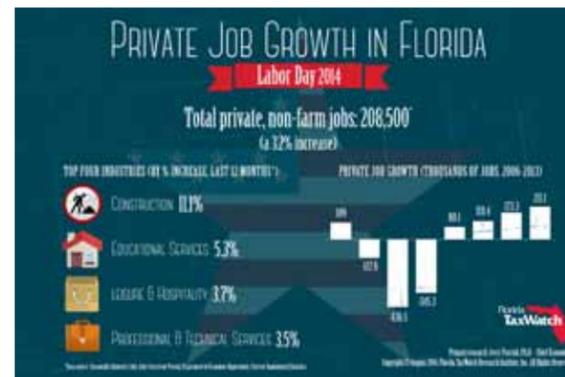
2014 Voter Guide

September 2014—This nonpartisan guide is an unbiased resource for Florida voters which analyzes each of the three proposals appearing on the November 2014 ballot.

IMPACT: The TaxWatch Voter Guide has become a staple of voter education efforts, and was released in conjunction with the announcement of the new Center for Florida Citizenship, which aims to foster a more educated, involved citizenry.

INFOGRAPHIC - Labor Day 2014

September 2014—This infographic shows job growth in Florida over the past year.



How Florida Compares - Education

August 2014—This easy-to-read guide makes it simple for Floridians to see how the state's education system stacks up compared to the rest of the nation. The report compares Florida students' achievement in math and reading, the total spent on public education in each state, and enrollment figures, among other data.

IMPACT: The How Florida Compares-Education report is a unique tool for Floridians to use in better understanding how the state's public education system is preparing its students for success.

TAXWATCH PERIODICALS BUDGET WATCH

The monthly Budget Watch series continues a long-standing TaxWatch commitment to taxpayer education, providing monthly updates on how taxpayer money is being collected, budgeted, and spent by the state. The following topics were covered this year:

Small Surplus Projected for Next Florida State Budget

An analysis of the Legislative Budget Commission's Long Range Financial Outlook, a three-year projection updated every year.

Budget Outlook Becoming Clearer

An analysis of the Summer 2014 Revenue, Caseload, and Expenditure Estimating Conferences.

General Revenue Estimating Conference

An analysis of the General Revenue Estimating Conference.

Legislation Affecting Florida Revenues

An examination of the Revenue Estimating Conference's analysis of all of the bills passed by the 2014 Legislature.

FY2014-15 House and Senate Budget Comparison

An analysis of the differences between the FY2014-15 House and Senate budgets in each spending area.

Comparing the House, Senate and Governor Tax Cut Proposals

An analysis of the three proposals suggested by the Florida House, Senate, and Governor Rick Scott to provide \$500 million in tax cuts during the 2014 Legislative Session.

Pre-Session Revenue Estimating Conferences

An analysis of the pre-Session round of estimating conferences by the Revenue Estimating Conference, the last before the proposed budgets are created in each Chamber.

Florida's Finances Strong

A critical analysis of a new study that ranks Florida sixth overall in the nation, in terms of strength of the state's financial situation.

Governor's Proposed Budget - FY2014-15

An analysis of Governor Rick Scott's proposed budget plan for FY 2014-15.

Unpacking the Benefits of Florida Tourism

August 2014—Investment in Florida’s tourism industry resulted in nearly 76,000 jobs created in 2013, according to this report. The independent analysis shows that the state should meet the goal of attracting 100 million visitors to Florida by 2015, which has a significant impact on job creation in the state.

IMPACT: The second TaxWatch report in as many years on the effect of tourism on Florida’s economy and the impact of the state’s increased investments on increasing tourism, this report was released in a joint news conference with Visit Florida, to widespread media attention. Recent TaxWatch reports on tourism have helped Visit Florida increase the state’s marketing budget, bringing more visitors, and with them more jobs, to the state.

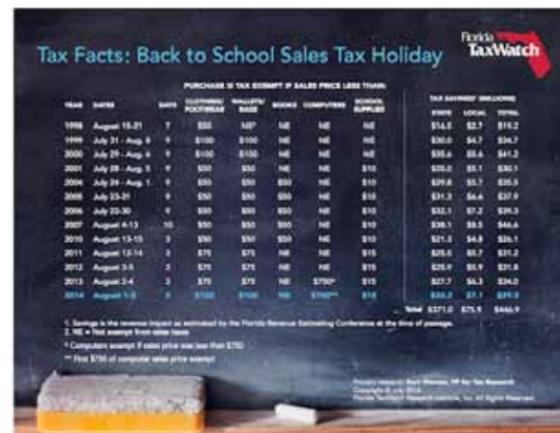
Seaport Governance Models

July 2014—Florida seaports are performing very well under a decentralized governance model, managing and meeting their local needs while implementing a state level strategy to holistically enhance Florida’s economic climate, according to this joint report from Florida TaxWatch and the Florida Ports Council.

IMPACT: This report highlights a major sector of Florida’s transportation and logistics industry, bringing increased attention to the outstanding work being done in the Sunshine State. With the expansion of the Panama Canal right around the corner, Florida’s ports will be even more of a driving force in the state’s economy.

INFOGRAPHIC: 2014 Back to School Sales Tax Holiday

July 2014—This piece estimates that from August 1-3, Floridians will save nearly \$40 million in taxes while they shop tax-free for back-to-school supplies. Florida families can purchase clothing, school supplies, and even computers up to \$750 tax-free. This infographic shows the estimated savings for taxpayers over the history of this annual tax holiday.



Ready for Takeoff: Florida Can Lead the Nation in Aircraft Manufacturing

July 2014—Florida’s booming aircraft manufacturing industry is helping to diversify the state, according to this report, which shows that Florida is the most attractive state for this growing industry, illustrated by the number of companies relocating to the state.

IMPACT: An often overlooked sector of Florida’s economy, this report brought attention to an industry that is having a substantial impact on the state, and received significant media attention in Florida’s Great Northwest and Space Coast areas.

TAXWATCH PERIODICALS ECONOMIC COMMENTARY

The Economic Commentary is a monthly TaxWatch report examining a variety of measures and industries that have a strong impact on Florida’s economic development and competitiveness. The Economic Commentary is a monthly feature on the Florida Trend website, and is one of the most popular TaxWatch reports.

Florida’s Transportation System is Adding More Intermodal Components

A look at the new intermodal pieces of Florida’s transportation system, which will increase efficiency and save businesses and individual taxpayers money.

Northwest Florida’s Opportunities for Growth

A look at how Northwest Florida is focusing on manufacturing and high-tech to grow its economy.

College Football: An Economic Driver for Florida’s Local Economies

A look at how local economies are impacted by college football seasons, especially when the teams are successful.

Florida’s Mid-Year Job Growth

A look at job growth data showing that jobs in Florida are on the rise, and the economy is improving.

Florida’s Fresh Fruit and Vegetable Production

A look at Florida’s agricultural production, which positions the state as the nation’s second-highest producer.

The Rise of Commuter Rail in Florida

A look at how several rail projects may impact Central and South Florida’s economic futures, and their opposition.

Florida’s Home Construction Recovery

A look at Florida’s critical housing construction industry and housing starts data, showing Florida’s steady recovery.

Commercializing Florida’s Public Research

A look at the Florida Institute for Commercialization of Public Research, and the impact of university research.

Florida’s University Research Parks

A look at Florida’s nine university research parks and their importance to the creation of STEM jobs in Florida.

Florida’s 2013 Job Growth

Our annual look at the previous year’s job growth, showing Florida in a strong position nationally.

Growing Florida’s Startup Companies

A look at the opportunities that angel investment provides to Florida startups and small businesses.

The Effect of Changes in the National Flood Insurance Program on Florida

A look at the Biggert-Waters Flood Insurance Reform Act, recommending studies be completed ahead of passage.

Taxpayer's Pocket Guide to Florida's FY2014-15 State Budget

July 2014—On July 1, Florida began operating under its largest-ever state budget. At \$77 billion, the budget funds core services that citizens depend and rely on, but it can be challenging to understand. Floridians now have help in understanding the state budget thanks to Florida TaxWatch. The Florida TaxWatch Taxpayer's Pocket Guide to Florida's FY2014-15 State Budget highlights spending in each budget area and provides a look at Florida's fiscal growth.

IMPACT: A sister publication of the How Florida Compares series, the Pocket Guide to the State Budget represents one of the only guides to the budget created specifically for the taxpayer. This report is featured on the cover of this Annual Report.

Buying In: An analysis of international homebuyers in Florida

June 2014—International home purchasers play an integral role in Florida's housing market, according to this analysis of home sales. This report highlights the nations that have made the highest amount of home purchases in the Sunshine State, and projects future home sales.

IMPACT: This report presents a unique look at Florida's ever-important housing industry, and was used by the housing industry and state policymakers to help predict the impact of future sales and general housing demand across the state.

2014 Budget Turkey Report

May 2014—This year's Budget Turkey Report found \$120 million in projects slipped into the budget without a full and transparent public review.

IMPACT: The most covered annual TaxWatch report by statewide media, the Budget Turkey list was cited in more than 100 media stories across the sunshine state, and was taken into consideration by Governor Scott prior to his line-item vetoes.

2014 Legislative Wrapup

May 2014—This Florida TaxWatch report details all of the issues that TaxWatch followed during this year's Legislative Session.

IMPACT: This annual recap of the activities of Legislative Session is sent to TaxWatch supporters immediately following Session, and discusses every bill that TaxWatch followed during the term, in order to give taxpayers a single resource to use in assessing and understanding the activities of the Legislature.

2014 Taxpayer Independence Day

April 2014—Florida taxpayers have a reason to celebrate on Tuesday, April 22nd. The date marks Taxpayer Independence Day as estimated by Florida TaxWatch. April 22nd, 2014, is the first day in the calendar year that Florida taxpayers, on average, will begin earning income that does not go toward federal, state, and local taxes.

IMPACT: A staple of TaxWatch research for decades, Taxpayer Independence Day provides taxpayers with a crystal-clear view of how much of their hard-earned money goes to taxes each year.

Over-Criminalization in Florida

April 2014—Florida could save significant corrections costs by reducing prison sentences for nonviolent offenders, according to data analysis in this report. The report calls for the state to review options to reduce the prison population through downgrading offenses and implementing alternatives to incarceration for nonviolent, level one and two offenders.

IMPACT: This report continues the Center for Smart Justice recommendation to find ways to improve public safety and save taxpayer dollars.

Florida's Looming Alzheimers Crisis

April 2014—The number of Floridians affected with Alzheimers is expected to grow by nearly 50 percent in the next decade, putting a strain on Florida's health care system and increasing costs for taxpayers, according to this report from Florida TaxWatch. The report calls for additional research into Alzheimers to prepare for the state's aging population and to seek a viable preventative treatment.

IMPACT: Florida's health care costs are poised to increase substantially when the growth identified in this paper is realized. This report brought this important issue to the forefront during the Legislative Session, and will be a point of emphasis of the Center for Health & Aging in 2015.

Taking a Fresh Look at Florida's Class Size Limits

March 2014—Since voters approved a 2002 Constitutional Amendment to reduce class sizes, taxpayers have spent more than \$27 billion (including capital facilities and operating costs) to comply with the law, despite research that shows smaller class sizes do not result in higher achievement levels for students in grades 4-12. According to this report, changing the calculations for determining class size restrictions would better serve students and could save taxpayers \$10 billion over ten years.

IMPACT: The first in a series looking at Florida's class size requirements, put into the Constitution by voters in 2002, this series is intended to inform legislators about the effectiveness of the requirements, and what reforms remain necessary.

Putting the Trust Back in Trust Funds

March 2014—In the second yearly installment of the TaxWatch look at the issue of Trust Fund sweeps, this report looks at two consecutive years of sweeps from various funds, and recommends a separate bill for each desired sweep by the Legislature.

IMPACT: Florida TaxWatch continues publishing reports that draw yet more attention to the practice of sweeping trust funds without a general bill.

When it Costs More to Pay Less

March 2014—Florida's Assistant State Attorneys and Assistant Public Defenders are significantly undercompensated, as shown in findings from this research report. The new report analyzes Assistant State Attorney and Assistant Public Defender pay across each of Florida's judicial circuits and finds that their low pay contributes to high turnover rates, causing delays in judicial processing and increased taxpayer investment in new employee training, costing taxpayers more than \$15 million annually.

IMPACT: Following the publication of this report, State Attorneys and Assistant Public Defenders were given an increase in salary funds in the state budget.

Economic Impact Evaluation of a Proposed Honeybee Research and Extension Laboratory in Florida

March 2014—A new honeybee research facility could make Florida a global leader in agricultural research and is estimated to return more than \$1 million in state tax revenue to Florida. The proposed facility, to be established at the University of Florida, would attract research revenue as well as help recruit and retain top researchers and students.

IMPACT: Following the publication of this report, the Legislature included \$2 million for this facility in the budget that was submitted to Governor Scott.

Diagnosing the Debate: APRN Scope of Practice

March 2014—Allowing Advanced Practice Registered Nurses (APRNs) to practice to the fullest extent of their training and experience would increase access to quality health care for Floridians while saving the state up to \$339 million, according to this Briefing. To facilitate such practice, Florida's practice and regulation laws must be revisited to remove barriers to nurse practitioner-provided care.

IMPACT: Another major issue for the Center for Health & Aging, APRN scope of practice is set to be a hot topic for the 2015 Legislature, and this report offers even more evidence that Florida needs to act on this issue.

Critical Connections to Care

March 2014—Statewide expansion of telemedicine could save Florida more than \$1 billion annually, according to this TaxWatch report. The report highlights the importance of removing barriers and including incentives for encouraging the use of telemedicine through the creation of a solid policy foundation.

IMPACT: This report showed the Legislature that Florida was ripe for telemedicine, and five bills were filed relating to its recommendations. Telehealth/telemedicine is one of the top issues of the Center for Health & Aging.

Reforming Florida's IT Governance Structure

February 2014—Florida must have an integrated Information Technology (IT) Governance model to improve IT services and reduce costs, according to this report. The report analyzes Florida's needs and options and finds that a federated governance structure will reduce duplicative IT investments and allow the state to allocate resources more efficiently.

IMPACT: Following this report, and the inclusion of its recommendation in *Modern Management & Sustainable Savings*, the Legislature created the Agency for State Technology and the position of Chief Information Officer.

Diversifying Florida's Economy Through Local Economic Development

January 2014—This report shows that all economic development strategies are not created equal, and details the spillover effects of several popular economic development projects. Although each local community must address its individual economic needs, the report shows that targeting certain areas of economic growth produce higher return on investment.

IMPACT: This report gives local government officials a road map to follow in assessing economic development projects in order to achieve the best return on investment.

Sentencing for Oxycodone and Hydrocodone Offenses

January 2014—This Briefing recommends that the state decriminalize the possession of minor amounts of oxycodone and hydrocodone, and lower mandatory minimums to save significant tax dollars, reduce prison populations, and help shift the focus to treatment for substance abuse problems.

IMPACT: Following the publication of this report, the Legislature made several changes to the laws governing these two drugs, including restoring judicial discretion in certain cases, and recalibrating sentencing requirements in others.

An Adult Civil Citation Program Can Save Taxpayer Dollars

January 2014—This Briefing recommends that the state put in place the guidelines for an Adult Civil Citation program, patterned on the existing Juvenile Civil Citation program, which offers an alternative process to misdemeanor arrest for first-time nonviolent youth offenders.

IMPACT: This report showed the Legislature which aspects of the juvenile civil citation programs were effective, and helped map out the criteria for a possible policy change in 2015.

Revising Driving While License Suspended Laws in Florida

January 2014—Based on the fact that license revocation is very common in Florida, this report recommends that the state remove the felony sanctions for driving while license suspended, which would align Florida with penalties in similar states, reduce prison populations, and save taxpayer money.

IMPACT: This report brought attention to this issue, which could have a significant impact on the cost of Florida's criminal justice system.

Inmate Reentry in Florida

December 2013—According to this Report, expanding reentry programs in Florida could prevent inmates from returning to state correctional facilities and reduce costs for taxpayers.

IMPACT: Following this report, the Legislature increased funding for reentry programs across the state.

2013 Florida Juvenile Justice Inventory

December 2013—In order to meet the growing demand for juvenile justice programs throughout Florida, many new programs have been developed. This Inventory is the first step in the process of creating a comprehensive list.

IMPACT: This report represents the most inclusive, most accurate inventory of programs in the state of Florida to date. The report recommends that the state's juvenile justice entities come together to produce a truly comprehensive inventory in the near future.

Modern Management & Sensible Savings

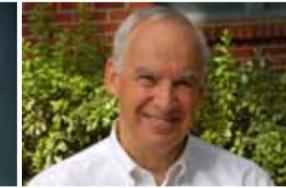
November 2013—This Report, from the TaxWatch Center for Government Efficiency, highlights more than \$1 billion in savings for Florida taxpayers, without reducing essential state-provided services. The report also makes recommendations on a variety of efficiency improvements that could be made, and organizational changes that would improve the delivery of services to citizens.

IMPACT: The first report from the new Center for Government Efficiency, the recommendations in this paper calls for replacing the state's outdated accounting system (FLAIR), and creating a new agency responsible for state information technology needs. Both of these recommendations were passed by the Legislature following this report's release.

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We Believe

You cannot bring about prosperity
by discouraging thrift

You cannot strengthen the weak
by weakening the strong

You cannot help small men
by tearing down big men

You cannot help the poor
by destroying the rich

You cannot lift the wage earner
by pulling down the wage payer

You cannot keep out of trouble
by spending more than your income

You cannot further the brotherhood of men
by inciting class hatreds

You cannot establish security
on borrowed money

You cannot establish character and courage
by taking away a man's initiative and independence

You cannot help men permanently
by doing for them what they could and should do for themselves

– From the pen of Reverend William John Henry Boetcker (1873-1962)
& often attributed to Abraham Lincoln



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