



**PRODUCTIVITY  
IMPROVEMENT  
IN  
FLORIDA  
GOVERNMENT**  
*Executive Summary*

1995 Report Cards  
on Implementation of  
Partners in Productivity  
Recommendations

**PARTNERS**  
*in*  
**PRODUCTIVITY**



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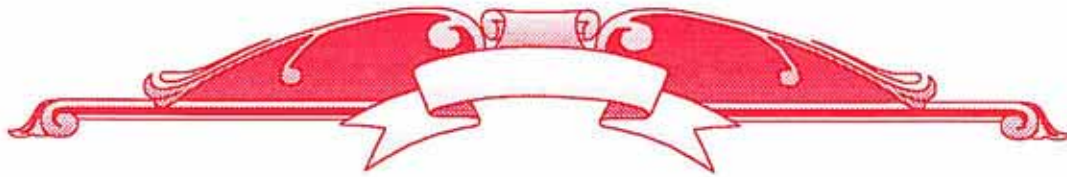
*Philip Morris  
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## **IMPROVING FLORIDA GOVERNMENT PRODUCTIVITY**

*WHEREAS, the need for greater government performance and improved productivity are major concerns of taxpayers and their elected representatives; and*

*WHEREAS, it is vital to the economic well-being of the State of Florida that its governmental services be managed on a sound financial basis and that the people of the State be assured of efficient expenditure of their tax dollars; and*

*WHEREAS, "Partners in Productivity" is a comprehensive public/private initiative to identify, implement and reward major cost savings and performance enhancements in Florida State government; and*

*WHEREAS, the Partners in Productivity Task Force of Florida TaxWatch, The Florida Council of 100, Inc., and its members of the business community will work with State agencies to identify major cost saving recommendations; and*

*WHEREAS, the Task Force shall provide a report to the Governor, Cabinet, and Legislature stating recommendations for promoting efficiency, productivity, and spending reform in the areas mentioned.*

*NOW, THEREFORE, BE IT RESOLVED that the Governor and Cabinet of the State of Florida hereby fully endorse and support the Partners in Productivity initiative on behalf of Florida taxpayers.*

*Governor and Cabinet Resolution  
December 15, 1987*



## **Partners In Productivity Productivity Improvement in Florida Government**

1995 Report Cards to the Governor, Cabinet, Florida Legislature and Florida taxpayers on implementation of cost saving and management improvement recommendations in Partners in Productivity reports on:

The Future of Florida's Prisons (September 1988)  
Florida Transportation: A System At Risk (December 1988)  
Meeting Florida's Human Services Challenges (April 1989)  
New Directions For Florida Education (May 1989)  
Interim Report Cards (January 1991)

1995 Report Cards prepared and published by Florida TaxWatch and The Florida Council of 100, Inc.



# From the Chairmen



Byron E. Hodnett  
Chairman  
Florida TaxWatch

In 1988-89, a Task Force of 39 business and civic leaders studied major issues facing the Florida Departments of Corrections, Transportation, Health and Rehabilitative Services and Education and local school districts. Working with top state officials and agency managers, the Task Force developed cost saving and management improvement reports entitled: The Future

of Florida's Prisons; Florida Transportation: A System at Risk; Meeting Florida's Human Services Challenges; and New Directions for Florida Education.

The Task Force's four subcommittees focused their attention on corrections, transportation, health and rehabilitative services and education because these four areas consume nearly three quarters of the state's annual operating budget (\$38.7 billion for 1994-95). Each was grappling with the impact of Florida's explosive growth: more prisoners, more automobiles, more social services clients and more students. The Task Force's 272 recommendations concerning 24 issues targeted specific ways to improve state services and deal more cost effectively and efficiently with this growth. Copies of the 1988-89 subcommittee reports and interim report cards issued in January 1991 are available upon request to Florida TaxWatch, P.O. Box 10209, Tallahassee, FL 32302.

The material that follows is solely an evaluation of the implementation of Partners in Productivity Task Force recommendations. It should not be construed as a comprehensive review or blanket endorsement or criticism of the Departments of Corrections, Transportation, Health and Rehabilitative Services and Education, or local school districts. The performance scores are based entirely on the agencies' success in implementing specific improvements.

Our sincere appreciation goes to former Partners in Productivity chairmen Dr. J.A. Boyd and H.L. Culbreath and to the subcommittee chairmen who guided development of the 1988-89 Task Force subcommittee reports and recommendations: William E. Flaherty, Blue Cross and Blue Shield of Florida, Inc., an independent licensee of the Blue Cross and Blue

Shield Association; Preston H. Haskell, The Haskell Company, Jacksonville; Robert A. Morris, Ramar Group Companies, Sarasota; and Whitfield M. Palmer, MFM Industries, Ocala. Our thanks as well to the subcommittee members for their commitment, dedication and willingness to share their time and considerable talents. We particularly acknowledge the contributions of Charles P. Lykes and P. Scott Linder, who passed away in 1989 and 1990, respectively.

We also recognize the essential work performed by the staffs of Florida TaxWatch and The Florida Council of 100. A special thank you goes to Dave Davis, Partners in Productivity executive director, who served as principal staff to the Task Force on development of the subcommittee reports, the 1991 interim report cards and the 1995 report cards that follow.

Finally, we are grateful for the support of former Governor Bob Martinez, Governor Lawton Chiles and members of the Florida Cabinet. We salute the Legislature for acting affirmatively on most of the recommendations requiring changes to statutory or constitutional law or appropriations. And our thanks to the agency heads and their managers and workers who implemented the Task Force's recommendations.



Richard A. Nunis  
Chairman  
The Florida Council of 100



# — Improving Florida Government —

Established in 1987 under a resolution from the Governor and Cabinet, Partners in Productivity is a public/private initiative sponsored by Florida TaxWatch, The Florida Council of 100 and the State of Florida to identify, measure and reward cost saving and management improvements in state government. This non-partisan initiative was begun under the administration of former Governor Bob Martinez and continued under the administration of Governor Lawton Chiles.

The goal of Partners in Productivity's four reports in 1988-89 was to identify cost savings and management improvements in state government's four largest spending areas: corrections, transportation, health and rehabilitative services and K-12 education. A task force of 39 business and civic leaders worked with state agency heads and their staff to develop 272 recommendations in 24 major areas.

Interim report cards, issued in January 1991, found that nearly 60% of the recommendations had been fully or substantially implemented for two-year savings of \$99 million. Four years later, 74% of the recommendations have been fully or substantially implemented and an additional 22% partially implemented. Cumulative cost savings, cost avoidances and

increased revenue through June 30, 1994 totaled \$715 million. Many non-quantifiable management and operational improvements also have been achieved.

The 1988-89 effort served as a precursor to annual monitoring of governmental accountability and performance measurement. The 1994 Government Performance and Accountability Act now requires all state agencies to prepare performance-based budgets that assess, modify and terminate selected government programs. While these reforms and productivity improvements cannot solve Florida's problems, they are important ingredients in an overall move toward better government performance.

The generous commitment of time and expertise by the task force members of the business community was crucial to the success of this initiative. Funding by the MacArthur, DuPont and Jenkins Foundations provided the means to get the job done.

Florida TaxWatch and The Council of 100's diligence together with the state agencies' commitment and action since 1989 make these report cards a unique testimony of the productivity improvements which have been achieved in Florida government.



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## Report Format

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Each of the four report card summaries that follows includes the issues examined by the respective Task Force subcommittees (details are contained in the full report); a checklist of successes and deficiencies regarding implementation of the subcommittee's recommendations; a summary of cumulative cost savings, cost avoidances and revenue increases; and a weighted implementation score. Many of the successes and deficiencies upon which the scores are based involve joint efforts (or the lack thereof) by the respective state agencies, the Florida Legislature, federal agencies and the U.S. Congress.

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## Evaluation Standards

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The following standards were used to evaluate implementation of the Partners in Productivity Task Force subcommittee recommendations:

1. Receptiveness of the state agencies and the Florida Legislature to the recommendations, including willingness to change past practices and to innovate.
2. Effort, extent and timeliness of implementation of the recommendations, including development of legislation and cooperative initiatives with other government agencies.
3. Implementation of alternatives similar to Partners in Productivity's recommendations.
4. Cumulative cost savings, cost avoidances, increased federal funding and management/service delivery improvements resulting from implementation of the recommendations.
5. Methodology used to calculate cost savings/cost avoidances.
6. Evidence of ongoing efforts to institutionalize the recommendations or similar cost savings and management/service delivery improvements.

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## Grading System

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In preparing the January 1991 interim report cards, Partners in Productivity's 272 recommendations were assigned priorities ("higher than average," "average" or "lower than average") in consultation with management of the four state agencies. Scoring of recommendations for the 1995 report cards is based on these same priorities.

A range of six points to zero points has been awarded (based on the assigned priorities) for documented evidence provided by the agencies that a recommendation has been implemented fully, substantially, partially or not at all. A weighted implementation percentage (total points earned divided by maximum points attainable) has been calculated for each of the four areas examined by the subcommittees. These scores reflect the efforts of both the executive agencies (including agencies to which several major health and social services programs have been transferred since 1991), local school districts and the Florida Legislature.

The performance scores were determined after the executive agencies and eight Senate and House committees had the opportunity to review drafts of the report cards for accuracy and completeness. The scores in no way indicate a blanket endorsement or criticism of any agency. They are based entirely on the agencies' success in implementing the specific 272 recommendations proposed by the Partners in Productivity Task Force subcommittees. They are not a reference to an agency's overall performance in meeting its mission or in meeting or exceeding or failing to meet internally set standards of accomplishment.



# STATE CORRECTIONS

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The Partners in Productivity Corrections Subcommittee report issued in September 1988 summarized findings and recommendations relating to five critical issues facing the state prison system: capacity enhancement, revenue enhancement, recidivism reduction, medical care and operational efficiencies. The Subcommittee's recommendations resulted from a series of meetings with Department of Corrections officials and tours of Union Correctional Institution, Florida State Prison and New River Correctional Institution, plus review of numerous department reports and other corrections material, and consultation with the independent correctional medical authority.

## Issues Examined

**Capacity Enhancement:** Working with management of the Department of Corrections, the Subcommittee recommended a number of strategies for building and operating prisons more cost effectively. Between 1988 and 1994, the Legislature appropriated \$770 million to build 50,014 more prison beds. With this level of spending, Florida will be able to increase the average time served from as little as 32% to 75% of offenders' sentences. In 1994, the Department had 46 major facilities and 62 community facilities with an average daily population of more than 55,000 inmates.

**Revenue Enhancement:** Operating Florida's corrections system costs over \$1 billion annually. The Subcommittee recommended several ways to increase offenders' contribution to offset a portion of these costs.

**Recidivism Reduction:** The recommitment rate of ex-offenders to Florida's prisons is approximately 32% within 18 months of release. While all agree this is too high and extremely costly, there is disagreement regarding causes and strategies to reduce recommitments. The Subcommittee reviewed training and evaluation initiatives to help deal with this seemingly intractable problem.

**Prison Medical Care:** Between 1981 and 1987, Florida's prison medical care price tag rose by nearly 500 percent (\$13 million to \$76 million). Reports by Florida TaxWatch and the Correctional Medical Authority in 1987 pointed to serious management and procedural flaws. The Subcommittee strongly recommended that the Department find ways to curb a spiraling increase in prison medical care spending.

**Operational Efficiencies:** The Subcommittee suggested cost saving measures to reduce prison operations costs, including retrofitting facilities with more energy efficient windows; using alternate energy sources for heating facilities and water; contracting for services such as electronic security systems, food service, sprinkler and fire alarm systems; and purchasing less costly shoes for inmates.

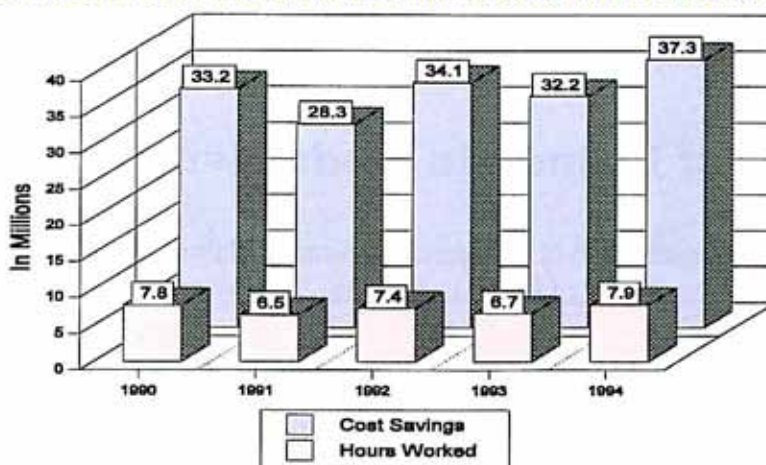
## Implementation of Partners in Productivity Recommendations

Following is a summary of implementation of recommendations contained in the Corrections Subcommittee's September 1988 report entitled The Future of Florida's Prisons. A copy of this report is available upon request to Florida TaxWatch.

## Summary of Successes

- ✓ The 1993 Legislature established a Task Force for the Review of the Criminal Justice and Corrections Systems to evaluate the state's criminal justice and corrections systems and make recommendations for improvements. The Task Force recommended numerous changes to the 1994 Legislature, with the major item being a separate funding source specifically earmarked for criminal justice activities.
- ✓ Florida has become a national leader in the use of prototype designs, which have saved \$114 million since 1988. A study conducted by the Carter/Goble firm of South Carolina concluded that the Department's building program is one of the best in the nation.
- ✓ Utilization of inmate labor for prison construction. According to an analysis by American Correctional Consultants, Inc., using inmate labor in lieu of paid state employees (as is the case in some states) avoids over \$200 million in annual salary costs.
- ✓ Since 1990, there has been documented progress toward improving the cost-effective management of prison medical care.
- ✓ A new inmate classification system will result in more efficient use of correctional facilities, and it may improve rehabilitation opportunities.
- ✓ The Department's promotional program has resulted in counties donating more than \$3 million worth of land for new prisons.
- ✓ Improved staff training and expertise now enable the Department of Corrections to manage the construction of new prisons rather than paying another state agency to provide this service.
- ✓ Efforts to market cost-effective community-based sanctions to circuit court judges have been successful.
- ✓ Numerous operational efficiencies have been implemented in the state's prisons.
- ✓ Total Quality Management (TQM) practices are in the process of being implemented department-wide.

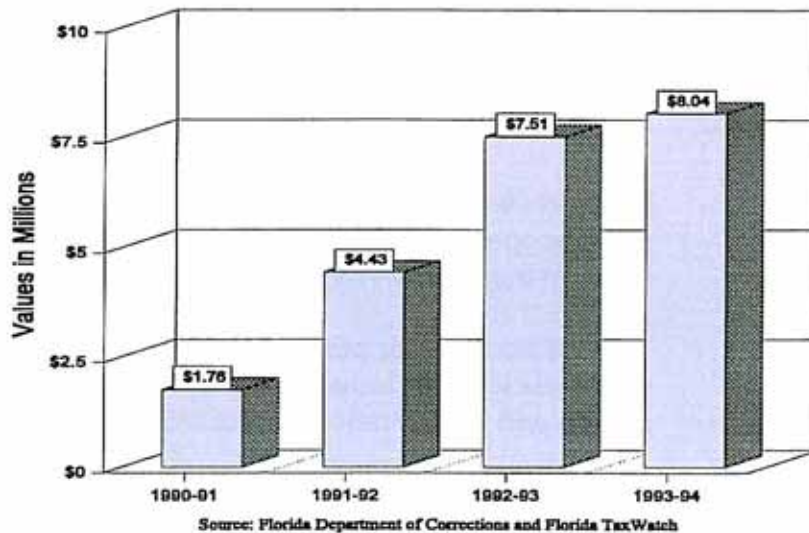
**ANNUAL SAVINGS FROM USING INMATE LABOR  
FOR STATE PRISON CONSTRUCTION AND PROVIDING LABOR  
TO LOCAL GOVERNMENTS AND OTHER STATE AGENCIES**



Source: Florida Department of Corrections and Florida TaxWatch



### PRISON MEDICAL CARE COST SAVINGS



## Summary of Deficiencies

- ✘ No pilot projects using time and cost saving design/build construction have been attempted. However, the department is beginning to utilize construction management, which it believes will be an effective alternative for building six new prisons from existing standardized designs.
- ✘ Due to unresponsive bids, budget cutbacks and difficulty in securing private financing, privatization of prison construction has taken longer than anticipated. However, over 2,000 private beds are now planned for a 1995 phase-in.
- ✘ Slow development of initiatives to evaluate the impact of correctional education, training and rehabilitative programs on reducing recidivism. However, current evaluation efforts include a study on the department's boot camp program, drug treatment programs and life skill programs. Additionally, the Correctional Education School Authority (CESA) is now conducting outcome studies measuring the impact of inmate education on recidivism.
- ✘ While there was slow development of a system to identify high risk community control cases, this critical component has now been incorporated into the department's new client management classification system.
- ✘ While a pilot project to evaluate video monitoring of community controllees was not conducted (because previous studies showed its lack of effectiveness), the department has expanded into other areas such as a program to provide 24 hour monitoring via a computer tracking system.
- ✘ The inmate population has grown at a faster rate than the department's ability to add inmate work slots to contribute toward the cost of their incarceration. Over 350 work squad supervisor positions have been requested since 1989 but have not been funded by the Florida Legislature. However, the 1995 Legislature funded 377 new security positions which could help to alleviate this problem.

**SUMMARY OF STATE CORRECTIONS  
COST SAVINGS, COST AVOIDANCES AND REVENUE INCREASES  
(Dollars in Millions)**

Cumulative (FY 1990-94)	Projected (FY 1995-99)	
\$114.5	\$135.4	Prison redesign (savings from building prisons for \$25 million that combine open bay dormitories and single cell units versus single cell facilities built by private contractors for \$33 million)
\$165.1	\$200	Value of inmate labor providing services to cities, counties and other state agencies, plus inmate labor utilized in the construction of new prisons and repair/renovation of existing facilities
	\$ 56.1	Cost avoidance from using pre-fabricated prison cells and avoiding re-use fees
\$ 3.3	NA	Donation of sites for new prisons (3,400 acres in ten counties)
\$ 1.8	\$ 1.3	Department of Corrections, rather than Department of Management Services, managing construction of new prisons
\$ 47	NA	Offenders' payment of supervision fees and restitution
\$ 21.7	\$ 31	Prison medical care savings
\$ 8.7	NA	Selected operations savings
<u>\$362.1*</u>	<u>\$423.8</u>	

Source: Department of Corrections and Florida TaxWatch

\* In some cases, these are continuation savings from initiatives begun prior to release of the September 1988 Partners in Productivity Report. Not included is an American Correctional Consultants, Inc. estimate of an additional \$200 million annual cost avoidance from inmates doing work within prisons that is performed by public employees in other states.

**STATE CORRECTIONS  
SCORING OF PARTNERS IN PRODUCTIVITY'S 1988 - 89 RECOMMENDATIONS**

Summary

Number of recommendations fully implemented:	11	
Number of recommendations substantially implemented:	14	
Number of recommendations partially implemented:	7	
Dept. disagrees with recommendation/further review determined recommendation is not workable:	2	
Total:	34	
	<u>Maximum</u>	<u>Attained</u>
Total Points:	144	122
Weighted Implementation Percentage:	100%	85%



# STATE TRANSPORTATION

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When the Partners in Productivity Transportation Subcommittee began its work in 1988, the State of Florida faced a transportation funding challenge of massive proportions – estimated between \$16 billion and \$25 billion above projected transportation funding for the 10-year period ending in 1997.

The Subcommittee focused on 10 key components of the state road building process and management of the Department of Transportation. It identified specific statutes, policies and practices that were preventing the Department from keeping up with Florida's growing demands. More than 90 recommendations were offered to boost efficiency, productivity and quality.

The Subcommittee stressed that the success of state road building is tied to the confidence level of Florida's citizens – including specific assurances that taxes and fees collected for road and bridge construction provide measurable improvements. In 1990, the Legislature enacted a major gas tax and other transportation revenue increases that were tied to a provision to withhold new revenue for road building from the Department of Transportation if it did not meet performance standards developed by the independent Florida Transportation Commission and Partners in Productivity. Regrettably, the 1993 Legislature repealed this sanction.

## Issues Examined

**Reducing Road Building Time:** In 1988, the Department of Transportation adopted a goal to reduce by half the time required to complete road building projects. The Subcommittee recommended numerous ways to increase productivity through consolidation of engineering tasks, tightening contract time requirements and streamlining approval, work order and inspection processes. Since 1989, the average time from "concept to concrete" has been reduced from about nine years to seven years – achieving 40% of the goal set in 1988. Cumulative savings and increased revenue from reducing road building time totaled \$30.3 million as of June 30, 1994.

**Design/Build:** Design/build is a technique to integrate the design and construction phases of road and bridge projects into a single contract. It is intended to reduce redundancy, promote innovation and increase productivity and time savings. The 1989 Legislature funded a \$50 million design/build demonstration program. The Subcommittee made numerous recommendations to fine tune this innovative process.

**Right-of-Way:** The Subcommittee examined a right-of-way acquisition process in which final costs were difficult to estimate or control. Time delays, attorney fees, local and state disagreements with land owners and publicity attendant to an announced road project all worked to drive up the price tag. While some progress has been made, right-of-way acquisition remains a complex, time consuming and costly process because of state constitutional and statutory requirements.

**Utilities Relocation:** The Subcommittee identified ways to reduce costly, frustrating delays resulting from inefficiencies in relocating utilities for road and bridge projects. Some of these recommendations merely involved common sense; others required improved accountability provisions and improved timing of notification and compliance requirements.

**Utilization of Federal Funds:** The Subcommittee identified several areas where the Department could more expediently use federal funds.

**Privatization:** The Subcommittee recommended that the Department of Transportation strike an appropriate balance between healthy cost saving competition in the private sector and maintenance of necessary in-house



expertise to monitor and exert reasonable control over the road building process. The Department contracted out approximately 70% of its \$3.1 billion budget in 1994-95.

**Procurement:** The Subcommittee recommended that the Department improve its \$1.2 billion annual procurement of design, construction and maintenance services by consolidating contract advertisements, eliminating lengthy technical proposals for non-complex projects, reducing bid protest delays, developing computer data bases for access to historical cost data and using express mail to speed up the contract award process.

**Policy and Procedures Review:** With more than 855 policies and procedures and 1,620 official forms in place at the end of 1988, the Department's internal bureaucracy was too complex to be efficiently managed. During the Subcommittee's review, the Department committed itself to eliminating obsolete documents and combining redundant forms.

**Engineering Automation/Office Automation:** Automation has created many opportunities for improved productivity and efficiency in transportation engineering. The Subcommittee recommended ways that costs associated with automation could be offset by increased production of both consultant and in-house design plans. In addition, office automation has moved beyond mere word processing. Money, messages, memos, computer generated files and calendars for scheduling of work are now sent electronically. The Subcommittee recommended strategies to help the Department increase the efficiency of its inter-office communications statewide.

**Better Management of State Personnel:** In 1988, the Department of Transportation was not the only state agency which needed to provide more incentives and rewards to its employees. The Career Service system which was put in place to protect employees from capricious, politically motivated decisions encouraged indifference and low performance levels in some employees. The Subcommittee recommended improved incentives for productive employees and more effective procedures for dealing with marginal ones. The 1994 Legislature passed a personnel reform act, under which the Governor and Cabinet have adopted career service system changes.

## Implementation of Partners in Productivity Recommendations

Following is a summary of actions taken to implement recommendations contained in the Transportation Subcommittee's December 1988 report entitled Florida Transportation: A System At Risk. A copy of this report is available upon request to Florida TaxWatch.

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### *Summary of Successes*

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- ✓ Reduction of the average time to build roads from nine years to seven years resulting from:
  - Decentralization of decision making from the Tallahassee central office to the eight district offices;
  - More evenly spaced monthly lettings of construction contracts throughout the year and faster notification of contract winners;
  - Performing right-of-way and road design steps concurrently;
  - Substituting state design reviews for federal reviews;



- Less time between contract letting and contract executions;
  - Quicker processing of supplemental agreements;
  - An increase in the percentage of projects completed on time from 77% in 1988-89 to 93.6% in 1993-94; and
  - A Quality Assurance review program to continually assess and improve project delivery.
- ✓ Construction of nine design/build road and bridge projects and five buildings that integrated design and construction phases into a single contract for an average 36% time savings, according to a 1991 review conducted at the University of Florida.
  - ✓ A voter-approved bonding program for advance purchase of right-of-way.
  - ✓ Implementation of a state right-of-way action plan that lifted a federal funding limitation.
  - ✓ Improved coordination of road and bridge project planning between the Department of Transportation, Metropolitan Planning Organizations and local governments.
  - ✓ Improved coordination among utility companies, road contractors and the Department of Transportation in relocating utilities for road construction.
  - ✓ Increased oversight of state road building by the independent Florida Transportation Commission.
  - ✓ Reduction in the number of state budget appropriations categories for highway/bridge construction and maintenance.
  - ✓ Reduction in the number of Department procedures from 855 to 484 and the number of Department forms from 1,620 to 1,035.

## TIME SAVINGS AND COST SAVINGS IN FLORIDA'S ROAD BUILDING PROGRAM

Performing Right-Of-Way  
and Project Design Steps Concurrently

376 Project months saved  
on 94 projects

Substituting state design  
reviews for federal reviews

224 Projects months saved  
on 448 projects

Elapsed time from contract letting  
to contract execution

Reduced from 115 Days in 1989  
to 80 Days in 1994

Time required to process  
supplemental agreements

Reduced from 121 Days in 1989  
to 84 Days in 1994

Projects completed on time

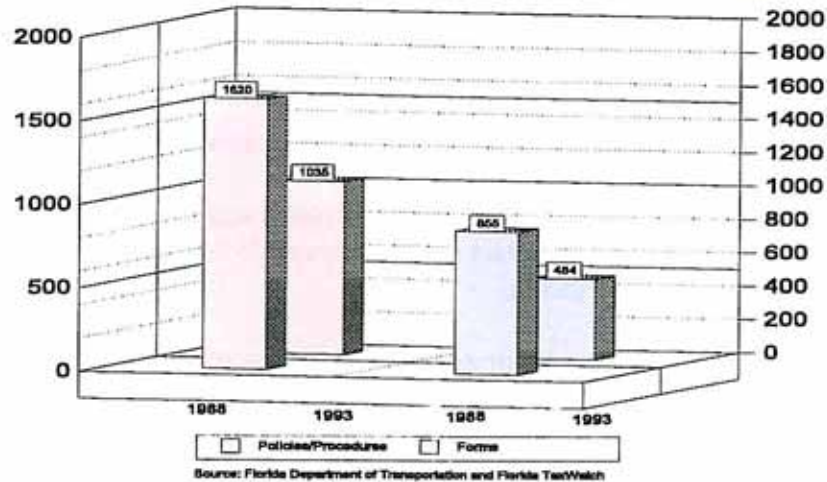
93.6% in 1993-94 versus 77% in 1988-89

1989-94 Savings

\$30.3 Million

Source: Florida Department of Transportation and Florida TaxWatch

## DEPARTMENT OF TRANSPORTATION IMPROVES ITS OPERATIONS BY REDUCING POLICIES, PROCEDURES AND FORMS



## *Summary of Deficiencies*

- ✗ The 1993 Legislature repealed a statutory provision that made spending of new transportation revenues enacted in 1990 contingent upon the Department's performance and productivity.
- ✗ Road building contracts are not awarded on a combination of contract price and time.
- ✗ Price is not part of the selection of design and landscape architects, engineers and surveyors until the competitive negotiation stage.
- ✗ The Department has not evaluated the effectiveness of including incentive and disincentive clauses in contracts for road projects whose major purpose is to enhance carrying capacity.
- ✗ The data suggests that there are further opportunities for decentralizing contracting of projects over \$1 million and those involving federal aid from the Tallahassee central office to the eight district offices. Also, for moving contract management decisions such as change orders from the district offices to the sub-offices where the projects are supervised.
- ✗ Mitigation land banking, which the Department strongly supports in order to facilitate road building while protecting the environment, has not been implemented beyond a pilot project in one DOT district.
- ✗ Slow progress by the Legislature in reforming the excessively expensive process for settling right-of-way disputes between the state, landowners and their attorneys.
- ✗ Failure to statutorily establish an equitable means of regulating control of land use in transportation corridors and on rights-of-way designated for future road and bridge construction.
- ✗ Florida's continued last place ranking among the states in the amount of federal highway funding received per dollar of federal gas taxes collected. The Department of Transportation acknowledges that redress of this inequity is its highest priority at the federal level.
- ✗ With exception of the Florida Turnpike, slow development of pilot projects comparing public versus private costs of building and maintaining roads and other transportation facilities.



- X Slow development of an automated process to handle \$900 million worth of annual road, bridge and service contracts.
- X The independent Florida Transportation Commission's September 1994 report to the Governor and legislative leadership on the Department's 1993-94 performance expressed concern in two areas of construction contract management: time extensions and cost increases. The report states: "These two measures are important because they assess how well the Department manages the large dollar volume of construction contracts as they relate to containment of time and cost overruns. While time and cost increases are of concern, performance in those areas should not detract significantly from what was the Department's third consecutive year of excellent overall performance."

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**SUMMARY OF STATE TRANSPORTATION  
COST SAVINGS, COST AVOIDANCES AND REVENUE INCREASES  
(Dollars in Millions)**

Cumulative (FY 1990-94)	Projected ** (FY 1995-99)	
\$ 30.3	NA	Reduction of time needed to build roads from nine to seven years
\$ 29.4	up to \$42.5	Right-of-Way reforms
\$ 2.1	NA	Utilities Relocation reforms
--	15% savings	Privatization of toll collection
\$ .6	NA	Procurement Reforms
\$ .02	NA	Policies and Procedures Reforms
\$ 3.2	NA	Engineering Automation
<b>\$ 65.6*</b>		

Source: Department of Transportation and Florida TaxWatch

Note: \* In some cases, these are continuation savings from initiatives begun prior to release of the December 1988 Partners in Productivity report.

\*\*Because of multiple variables in transportation planning and operations, the Department cannot project future cost savings for most of its activities.

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**STATE TRANSPORTATION  
SCORING OF PARTNERS IN PRODUCTIVITY'S 1988 - 89 RECOMMENDATIONS**

Summary

Number of recommendations fully implemented:	54
Number of recommendations substantially implemented:	23
Number of recommendations partially implemented:	5
DOT disagrees with the recommendation/further review determined recommendation is not workable:	3
Recommendations not included in State Transportation score because they relate to state govt. as a whole:	6
Total:	91

	<u>Maximum</u>	<u>Attained</u>
Total Points:	322	296
Weighted Implementation Percentage:	100%	92%



# STATE HEALTH AND REHABILITATIVE SERVICES

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Among Florida's state agencies, the Department of Health and Rehabilitative Services has the most employees (approximately 36,000) and the third highest budget (\$4.9 billion in 1994-95).

The Department provides services that assist people who are disabled, sick and poor. It operates mental hospitals, facilities for the developmentally disabled, and group homes and halfway houses for children and adults. Its programs include medical care for children, alcohol and drug abuse treatment. In addition, HRS administers several public assistance programs (Aid to Families with Dependent Children and Food Stamps). Most services are offered free of charge to eligible people, while others are based on ability to pay.

Since 1991, the Department has undergone substantial reorganization to decentralize decision making and improve service delivery. Community leaders, client advocates, providers and concerned citizens throughout Florida have helped redesign HRS. Their goal: Better services to clients through more control, responsibility and accountability at the local level.

Several major programs have been transferred to other state agencies: medicaid to the Agency for Health Care Administration, job training to the Department of Labor and Employment Security, child support enforcement to the Department of Revenue, and juvenile justice to a newly created Department of Juvenile Justice. The 1995 Legislature again considered creating a separate Department of Health.

## Issues Examined

The Partners in Productivity Subcommittee on Health and Rehabilitative Services examined both ongoing and proposed programs. Working with the full cooperation of top HRS staff, it recommended more than 80 improvements in six main areas: Preventive Health Care, Indigent Health Care, Self-Sufficiency of Public Assistance Clients; Contracting and Management Operations; Management Information Systems and Productivity Improvements for all State Agencies.

**Preventive Health Care:** Much of what can be accomplished in this area depends on creation of incentives, cooperative efforts among various levels of government and ongoing dissemination of clear, non-technical information to clients. The Subcommittee made recommendations for promoting good health practices on the front end that can reduce public medical expenditures later on.

**Indigent Health Care:** With Florida's Medicaid costs soaring, it is critical to implement strategies that efficiently deal with indigent medical care. The Subcommittee made recommendations in several key areas. Responsibility for indigent health care was transferred from the Department of Health and Rehabilitative Services to the Agency For Health Care Administration in July 1993.

**Promoting Self Sufficiency of Public Assistance Clients:** Providing effective training that increases the self-sufficiency of public assistance clients can save millions of dollars and avoid higher costs in the future. The Subcommittee identified where redirection, education and alternative service delivery can be more effective and less costly than conventional methods of delivering public assistance.

**Upgrading Management Information Systems:** When the Partners in Productivity report was published in April 1989, the Department of Health and Rehabilitative Services was in the process of designing several management systems to cut costs and improve client services. HRS was also on the threshold of implementing



cost saving initiatives that were projected to save millions of dollars annually such as consolidation of data centers, purchasing new computer software to improve productivity and implementation of advanced telecommunications networks. The HRS Subcommittee made recommendations to promote cost-effective implementation and timely evaluation of these improvements. A critique and statement on the current status and performance regarding the highly costly and controversial FLORIDA system is in the summary of deficiencies that follows and in the full Task Force report.

**Improving Contracting and Management Operations:** Streamlining. Cost cutting. Consolidation. The need to implement these measures is a continuing challenge at the Department of Health and Rehabilitative Services, which currently administers \$1.5 billion worth of annual contracts. The HRS Subcommittee made several recommendations for improving contracting procedures.

**Productivity Improvements For All State Agencies:** The Subcommittee found that state agencies and the taxpayers who support them could benefit from stricter rules regarding vendor contracts and purchasing procedures. It also made recommendations to save time and materials costs by eliminating reports which are redundant or have little administrative value.

## Implementation of Partners In Productivity Recommendations

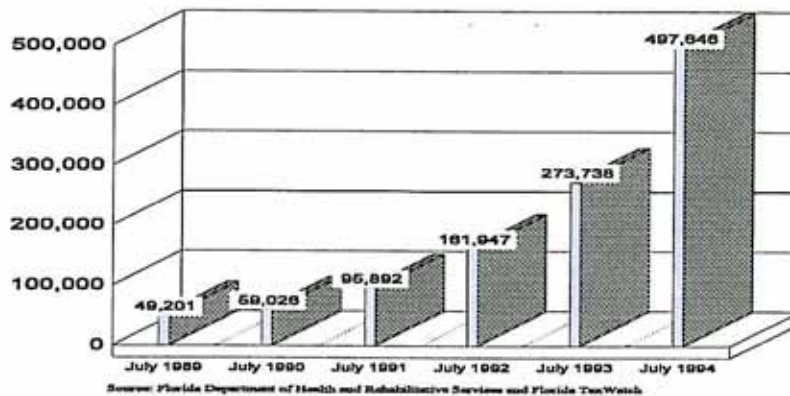
Following is a summary of actions taken to implement recommendations in the HRS subcommittee's April 1989 report entitled Meeting Florida's Human Services Challenges. A copy of this report is available upon request to Florida TaxWatch.

### *Summary of Successes*

- ✓ A Healthy Start program spearheaded by Governor Lawton Chiles now provides access to prenatal and infant care for all women and infants.
- ✓ Successful pilot projects in four HRS districts that offered community-based services through medical foster care for medically complex children (those generally requiring 24-hour attention) have received legislative funding for expansion to seven additional districts.
- ✓ Legislatively mandated sex education and HRS county public health unit initiatives helped reduce pregnancies at one-third of participating schools (from 1,733 pregnancies in 1991-92 to 1,172 in 1992-93).
- ✓ Improved coordination between HRS and the Florida Department of Education on prevention, early intervention and child development issues. However, the coordination offices were recently eliminated.
- ✓ A ten-fold increase in the number of Medicaid recipients enrolled in cost-saving managed health care programs.
- ✓ Legislatively mandated unit cost budgeting, performance-based contracting and uniform contract management initiatives.
- ✓ Cost and time saving bulk purchase of pharmaceuticals for all HRS and corrections facilities.
- ✓ Reconfiguration of the Department's data communications network, consolidation of data centers and establishment of a statewide computer assistance center.



## INCREASING ENROLLEES IN MANAGED HEALTH CARE PROGRAMS



### *Summary of Deficiencies*

- ✗ A results-oriented evaluation design developed for the Healthy Start Program has not been implemented during the past three years. The Department states that it has concentrated on implementation issues during this period, and that results-oriented research will be conducted at a future date.
- ✗ Although teen pregnancy has been reduced at selected schools (see summary of successes), the statewide pregnancy rate has not been reduced. The Department cites local opposition to sex education, lack of contraceptive information until high school and restraints on the controversial practice of providing contraceptive services as major contributing factors.
- ✗ HRS county public health clinics have been slow to include screening of high-risk children for substance abuse and mental health problems. However, ten county public health units have participated in a pilot project to test a screening instrument designed to detect possible substance abuse and mental health problems. The results are currently being analyzed to ascertain the reliability of the instrument.
- ✗ The Legislature has not reviewed the supported employment data system for possible duplication of functions between HRS and the Department of Labor and Employment Security.
- ✗ Lack of legislative support to provide vocational/technical training for 75% of teenage parents.
- ✗ Lack of legislative support to develop an effective system to identify and take enforcement action against parents who do not pay court-ordered child support. (The 1994 Legislature transferred responsibility for child support enforcement to the Department of Revenue, which is taking strong actions to deal with deadbeat parents.)
- ✗ Major contracting and performance problems with the FLORIDA computer system, potential federal penalties for an unacceptable error rate in public assistance programs, and no documented cost savings after two years of operation. Instead, hundreds of millions of dollars were spent wastefully due to high rates of erroneous eligibility determinations.

It should be noted that an August 1993 consultant's report made numerous recommendations for improvement in five major areas. According to the consultant, "... significant progress has already been made by HRS in implementing our suggestions." The department's position is that "... evolutionary changes to the FLORIDA system have improved... service delivery. However, much remains to be done to achieve the constantly growing expectations of this system."



- X The state has not maximized opportunities for federal financial participation from the jobs bill under Project Independence. (This program was transferred to the Department of Labor and Employment Security in July 1992.)
- X Slow progress in developing unit cost budgeting which is not yet in compliance with the 1991 legislation requiring it.

**SUMMARY OF HEALTH AND REHABILITATIVE SERVICES  
COST SAVINGS, COST AVOIDANCES AND REVENUE INCREASES  
(Dollars in Millions unless otherwise noted)**

Cumulative (FY 1990-94)	Projected (FY 1995-99)	
\$ 21.9	\$2 Billion	Medicaid managed health care systems
\$ 8.7	NA	Targeted case management of indigent clients
\$ 8	NA	Community-based care for medically complex children
\$ .7	NA	Maximized federal funds for Project Independence
\$148	\$281	General Revenue savings based on AFDC offset and incentive earnings from increased child support collections
\$ 57.8	\$396.4	General revenue cost avoidance from not adding public assistance staff
\$ .9	NA	Consolidated purchase of microcomputers
\$ 3.0	NA	Consolidation of data centers
\$ 1.9	\$ 4.1	Computer assistance center
\$ 2.2	NA	Reconfiguration of data communications network
NA	\$1.8	Bulk purchase of pharmaceuticals
\$ .009	NA	Elimination of duplicate reporting
\$ .4		Statewide treasury demand account network
<u>\$258*</u>	<u>\$2.7 Billion</u>	

Source: Department of Health and Rehabilitative Services and Florida TaxWatch

\* In some cases, these are continuation savings from initiatives begun prior to release of the April 1989 Partners in Productivity Report. This total does not include welfare savings from the Department's teen pregnancy prevention program, which could amount to \$100 million or more annually but could not be verified by Partners in Productivity.

**STATE HEALTH AND REHABILITATIVE SERVICES  
SCORING OF PARTNERS IN PRODUCTIVITY 'S 1988-89 RECOMMENDATIONS**

<u>Summary</u>		
Number of recommendations fully implemented:		37
Number of recommendations substantially implemented:		11
Number of recommendations partially implemented:		18
Number of recommendations not implemented:		2
Dept. disagrees with recommendation/further review has determined recommendation not workable:		1
Recommendations not included in the state score because they relate to state government as a whole:		13
	Total:	8
Total Points:	<u>Maximum</u>	<u>Attained</u>
	298	223
Weighted Implementation Percentage:	100%	75%



# K-12 PUBLIC EDUCATION

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The Subcommittee on Education presented a vision of how Florida's education system must be restructured and managed better to prepare children to compete in a technologically advanced, increasingly sophisticated world marketplace. It recommended more than 60 specific ways to improve K-12 education policies, practices and programs.

## Issues Examined

The Subcommittee tackled three broad areas: capital facilities, human resources and student dropout. Subcommittee members believed strongly that more creative and flexible facilities construction, along with much greater use of technology in the classroom, help learning and provide a higher level of personal interaction between teachers and students. These actions, in turn, can help reduce student alienation which too often leads to dropout.

**Meeting Capital Facilities Needs:** The Subcommittee examined public school facilities needs in the 1990s. First, it reviewed a Department of Education projection that approximately \$20 billion could be needed by the year 2000 for new construction, additions and renovations – the equivalent of nearly 800 schools to house Florida's burgeoning K-12 student enrollment. Subcommittee members examined various methods of financing and building schools, and they recommended ways to better utilize existing and future facilities to cut costs and improve student learning.

**Productivity of Human Resources:** The Subcommittee began its examination of education human resources challenges knowing that in 1988-89 about 85 percent of Florida's \$7 billion K-12 operating budget was being spent on personnel. The Subcommittee's review underscored an overwhelming need to provide more flexibility and educational options, and to promote increased use of instructional technology. It also recommended initiatives to promote increased productivity of administrators and teachers.

**The Dropout Challenge:** In 1988, Florida's dropout rate was the nation's highest, although the Florida Department of Education contended it was not as high as U.S. Department of Education data indicated. Florida's dropout rate for grades 9 through 12, defined as the number of students who dropped out divided by the total number of students in these grades, was 4.9% in 1992-93 versus 6.8% in 1987-88. The high school graduation rate was 78.3%.

The Subcommittee's recommendations included strategies for better targeting kids at risk of dropping out, finding better ways to more effectively intervene and identifying approaches to better tailor the process of education to benefit different learning styles and interest levels.

## Implementation of Partners In Productivity Recommendations

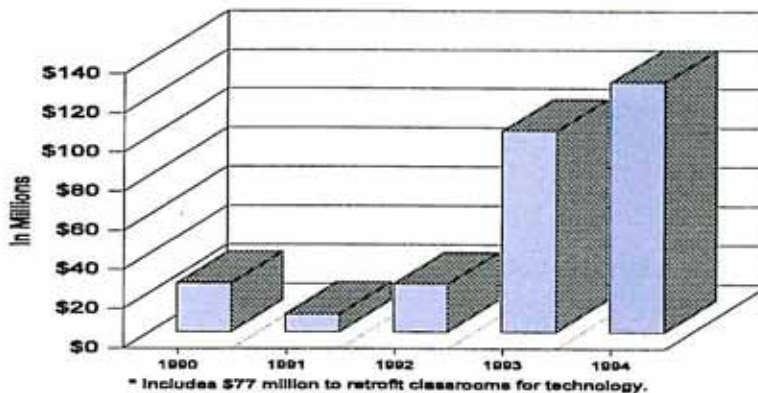
Following is a summary of actions taken to implement recommendations in the Education Subcommittee's May 1989 report entitled New Directions For Florida Education. A copy of this report is available upon request to Florida TaxWatch.



## Summary of Successes

- ✓ The Legislature established financial incentives for increased use of school facilities.
- ✓ Re-use of architectural plans has saved school districts at least \$12 million since 1990.
- ✓ A system to annually assess school maintenance needs has been developed as part of a school facilities data tracking initiative.
- ✓ The Governor, Cabinet and Legislature have revised or repealed at least 40 laws and rules which inhibited educational productivity.
- ✓ To promote additional cost savings, the Department of Education has published information on ways that schools and school districts can be more productive without waiting for further modification to state laws and rules.
- ✓ The Department of Education now issues an annual accountability report on each school in Florida. It also produces an annual school by school dropout report. Beginning with the 1994-95 school year, all schools must report annually on their overall effectiveness and the effectiveness of their school-based management innovations.
- ✓ The Department of Education reports that budget cuts reduced the number of administrative personnel in school districts from 8,962 in 1989-90 to 8,506 in 1993-94 while the number of students increased by 259,502 and the number of teachers increased by 7,722.

### LEGISLATURE APPROPRIATES NEARLY \$300 MILLION\* FOR INSTRUCTIONAL TECHNOLOGY

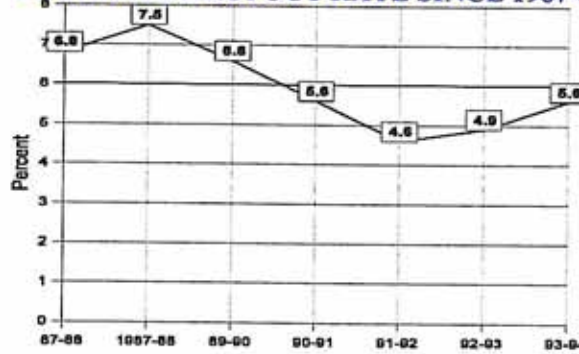


### MICRO COMPUTERS IN FLORIDA'S K-12 CLASSROOMS

1994-95	278,676
1993-94	228,997
1992-93	192,165
1991-92	162,622
1990-91	131,367

Source: Florida Department of Education and Florida TaxWatch

**FLORIDA'S DROPOUT RATE SINCE 1987-88**



- ✓ The Department's teacher certification process has been overhauled to accomplish in one month what formerly took up to eight months. However, anecdotal evidence provided by several teachers who requested certification renewal suggests lost paperwork and time delays substantially beyond one month.
- ✓ Since 1990, the Legislature has appropriated nearly \$300 million to purchase instructional technology and retrofit classrooms. More than 250,000 microcomputers were used for student instruction in 1994-95.
- ✓ Since 1989, the Legislature has appropriated \$296 million for pre-kindergarten intervention funding, which has been shown to improve school performance.
- ✓ After-school child care and small group guidance activities are now funded to help reduce student dropout.
- ✓ In the late 1980s, the Department of Education developed numerous statewide initiatives for districts to use in reducing dropouts. Since the enactment of Blueprint 2000 (which emphasizes local control and responsibility) by the 1991 Legislature, separate funding for the various programs has been consolidated into the Florida Education Finance Program (FEFP) for implementation at the option of each school district.
- ✓ Florida's dropout rate decreased from 6.8% in 1987-88 to 5.6% in 1993-94. According to the Department, there is no national ranking for the dropout rate.

## *Summary of Deficiencies*

- ✗ A comprehensive statewide plan has not been developed to integrate cost-effective design, siting and construction of new schools.
- ✗ In 1993-94, a total of 106 out of 2,500 schools statewide operated as year-round schools using a modified school calendar. However, most of these were on single track schedules which do not increase capacity. More than 600 schools were utilized for summer school programs. Despite concerns raised in recent research on year-round schools, the Department stands by its cost-saving estimate of up to \$2.9 billion over five years from full implementation of year-round schools, and it supports districts' efforts to establish year-round schooling as both a cost saving and improved learning strategy if this approach is determined to meet local needs.
- ✗ The number of public school students instructed in facilities provided by the private sector only increased from 375 in 1990 to 533 in 1993. Clearly, this is an opportunity for achieving much greater savings.
- ✗ While Blueprint 2000, enacted by the 1991 Legislature, encourages school choice, "magnet" schools and "schools within schools," the degree of competition generated by real school choice is still lacking because virtually all K-12 students are required to attend schools based on geographic proximity.



- X There is no evidence that districts have systematically attempted to tie a portion of their administrators' compensation increases to measurable improvements in student performance and students' willingness to stay in school.
- X Between 1986-87 and 1991-92, an annual average of just seven out of more than 100,000 classroom teachers' certificates were suspended or revoked for inadequate performance. While the Department of Education points out that an annual average of 200 additional educators were "disciplined," most of these actions were for reasons other than incompetency in the classroom.
- X While participants in dropout prevention programs routinely provide evaluations of their training, the Department has not yet assessed any of the programs' impact on dropout rates.
- X The Department's Red Carpet Schools Program lacks a follow-up and evaluation component to assure that designated schools continue to meet state and local guidelines and criteria.

**SUMMARY OF K-12 PUBLIC EDUCATION  
COST SAVINGS, COST AVOIDANCES AND REVENUE INCREASES  
(Dollars in Millions unless otherwise noted)**

Cumulative (FY 1990-94)	Potential (FY 1995-99)	
\$ 43.3	Up to \$2.9 billion*	Increased use of school facilities
\$ 4.9	\$55	Teaching classes in facilities made available by the private sector
\$ 12	NA	Re-use of architectural plans by school districts
\$ 2.8	NA	Private sector financial participation in dropout prevention initiatives
\$14	\$10	Consolidated bulk purchasing of school computers
\$ 1.2	\$3.0	Private sector contributions to the Florida compact
<b>\$78.2**</b>	<b>\$3 billion</b>	

Source: Florida Department of Education and Florida TaxWatch.

\* Cost savings and learning benefits from year-round schools have been severely questioned by educational researchers, officials and editorial writers in Florida and other states.

\*\* In some cases, these are continuation savings from initiatives begun prior to release of the May 1989 Partners in Productivity Report.

**K-12 PUBLIC EDUCATION  
SCORING OF PARTNERS IN PRODUCTIVITY'S 1988 - 89 RECOMMENDATIONS**

<u>Summary</u>		
Number of recommendations fully implemented:		24
Number of recommendations substantially implemented:		12
Number of recommendations partially implemented:		26
Number of recommendations not implemented:		3
Total:		65
	<u>Maximum</u>	<u>Attained</u>
Total Points:	306	243
Weighted Implementation Percentage:	100%	79%



## About Florida TaxWatch

Florida TaxWatch is the only statewide organization entirely devoted to state taxing and spending issues in Florida. Since its inception in 1979, Florida TaxWatch has become widely recognized as the watchdog of citizens' hard-earned tax dollars. The nationally distributed *City and State* magazine (purchased by *Governing* magazine) in 1989 published a poll of the nation's statewide taxpayer research centers. Based on this poll, the publication cited Florida TaxWatch as one of the six most influential and respected taxpayer assistance institutes in the nation.

In recent years, news stories about Florida TaxWatch have run in all Florida newspapers, *The Wall Street Journal*, *The New York Times* and *The Washington Post*. In addition, Florida TaxWatch has been featured on the prestigious *MacNeil/Lehrer Newshour* and several times in *The Wall Street Journal*.

Florida TaxWatch is a private, non-profit, non-partisan research institute supported entirely by voluntary, tax-deductible membership contributions and philanthropic foundation grants. Membership is open to any organization or individual interested in supporting a credible research effort that promotes positive change. Members, through their loyal support, help Florida TaxWatch to bring about an 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, professional firms, labor unions, associations, individuals and philanthropic foundations – representing a wide spectrum of Florida's citizens.

Florida TaxWatch is well known and respected for its empirically sound research products which recommend productivity enhancements and explain statewide impact of economic and tax and spend policies and practices. Without lobbying, Florida TaxWatch has worked diligently and effectively to build government efficiency and promote responsible, cost-effective improvements that add value and benefit taxpayers. This diligence has yielded impressive results: three out of four of TaxWatch's cost-saving recommendations have been implemented, saving taxpayers \$2.5 billion. That translates to nearly \$350 for every Florida family.

With your help, we will continue our 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 that government agencies are more responsive and productive in their use of public funds.

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