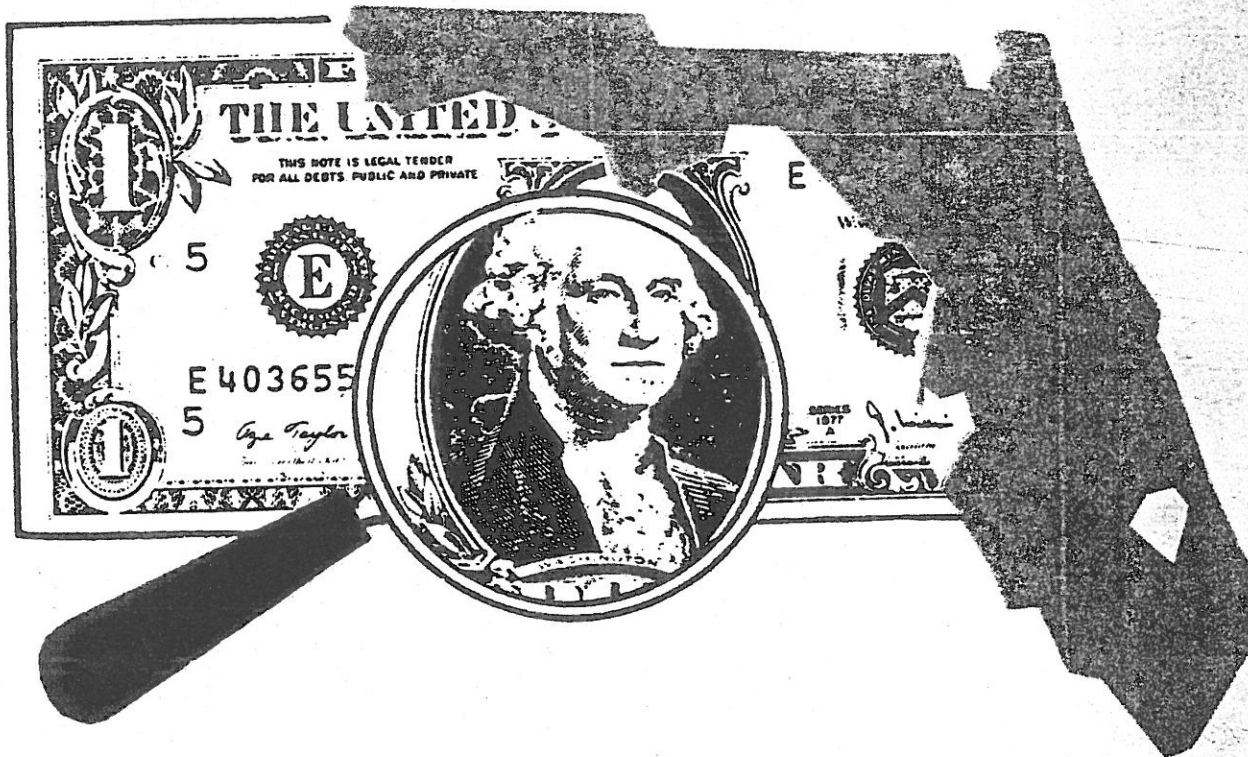


# CCBR 1979-81

*A Non-Partisan Center for Research Focusing on  
Economies in Florida's Government*

Prepared by the  
**CITIZENS COUNCIL FOR  
BUDGET RESEARCH, INC.**

105 E. College Avenue  
P.O. Box 10209  
Tallahassee, FL 32302  
Phone (904) 222-5052



## Annual Report



# CITIZENS COUNCIL FOR BUDGET RESEARCH, INC.

105 E. College Avenue • P.O. Box 10209 • Tallahassee, FL 32302 • Phone (904) 222-5052



February 17, 1981

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Fellow Citizens Council Members:

We are pleased to report to you that fiscal year 1980, ended January 31, 1981, was a year of exceptional progress. As the financial data in this report shows, receipts matched expenditures and we were well within our operating budget of \$150,000.

Nine major studies have been produced by the Citizens Council since November, 1979, saving the state a total of \$10.4 million with a total potential saving of \$28.2 when other of our recommendations are enacted.

But we accomplished more than monetary savings for taxpayers. Regulations, procedures and even laws were changed in areas of state government researched by our staff. These results of our studies are summarized in this report.

During 1980, the Citizens Council staff has inaugurated three additional publications to help further its goal of affecting economy in government through research:

1. Brief Disclosure - a short-study highlighting abuses and anomalies in state agencies. There have been six Brief Disclosures since July.
2. Research Report - a compendium of fiscal information vital to the appropriation process - which becomes the basis for levying taxes paid by Floridians. Research Reports also include economic forecasts vital to the planning function of Florida businesses.
3. Tallahassee Letter - monthly newsletter giving behind-the-scenes insight on matters of state which effect Florida taxpayers.

Another important achievement: The Citizens Council has established a membership service for retrieving statistical and operational information about state government. Requests can be made by telephone or letter to our Executive Director. Prompt replies are assured.

Monitoring the state's budget, which consists of over 1300 line items, is another program instituted this year. Our trained budget analysts cover:

Fellow Citizens Council Members

Page 2

February 17, 1981

- Revenue estimating sessions
- House and Senate Committee hearings which review appropriation requests from agencies.
- House and Senate Committee hearings reviewing finance and taxation proposals.

Though we do not lobby, we have been asked to appear before committees of the Legislature to testify on matters which our research has uncovered.

We would be remiss if we did not thank our officers (Wayne Davis, Treasurer; Dick Hunt, Secretary; and Bill Gardner, Asst. Treasurer) and our staff (Mel Brdlik, Executive Director; Babs Taff, Office Manager; Dominic Calabro, Senior Analyst; Steve Lawson, Analyst; and Louise Caldwell, Analyst) for their contributions toward making fiscal year 1980 a tremendous success.

Our first fiscal 1981 study - the precedent-setting analysis of Florida's Judicial Branch - was released February 2. Research nearing completion includes:

- Study on DOT contracting
- Areas of concern about state contracting of services
- Analysis of DOT funding
- Who's collecting bad debts?...A follow through on the Auditor General's findings
- Tuition waivers in Community Colleges which amount to \$7.2 million

Members are encouraged to furnish leads for 1981 studies. Highlight of the Annual Meeting in Tampa on February 17 will be the members' idea - input session.

We feel that our members - and all taxpayers of Florida - have been well-served by our effort in 1980. We promise to continue to meet the fiscal research challenges of Florida Government in 1981.

Very truly yours,

*Mark C. Hollis*

Mark Hollis, Chairman

*Kenneth Plante*

Kenneth Plante, President

## EXPENDITURE LIMITATION AND BUDGET STABILIZATION

**SUMMARY OF STUDY:** A new fiscal concept to combine an expenditure limitation with a budget stabilization ("rainy day") fund was proposed by the Governor's Tax Reform Commission.

Vol. 1, No.1  
November, 1979

This limitation would have restricted the rate of growth of state government by capping expenditures at a specified index of state income and limited the rate of increase in expenditures to a designated index.

The budget stabilization fund proposed by the Tax Reform Commission consisted of a mechanism built into the state budgeting procedures. It provided that during periods of rapid growth in revenue, funds would be set aside to be used during recessions.

**CITIZENS COUNCIL RECOMMENDATIONS:** Citizens Council recommended the implementation of the Tax Reform Commission's proposal, the establishment of an expenditure limitation and a budget stabilization fund. The Council, however, stressed "flexibility" within the proposal, either by a "wide" expenditure band, a liberal over-ride provision or the implementation at the statutory level instead of a constitutional amendment.

**RESULTS:** The Special Tax Session of the Legislature did not result in passage of tax reforms as recommended by the Tax Reform Commission and the Citizens Council. In the regular session, however, and the extended session, other measures were adopted which address some of the concerns expressed by the Citizens Council.

Following the Regular Session of the 1980 Legislature, law makers passed the Truth in Millage<sup>TM</sup> (TRIM) Law which contained three main provisions relating to property tax containment:

- Millage limitations for 1980-81
- Substantially expanded millage and budget adoption procedures and taxpayer notice, and
- Increases in homestead exemption.

There was a cap placed on counties, cities and special taxing districts requiring an extraordinary vote of the governing body to increase property taxes for 1980-81 more than eight percent over the prior year. The act also prohibits adoption of budgets without holding public hearings.

An amendment to Article VII of the State Constitution was ratified by the voters in October, 1980. This amendment increased the homestead exemption for non-school levies to \$15,000 for 1980 taxes, \$20,000 for 1981 and \$25,000 thereafter. (The exemption for school taxes is \$25,000.)

"Thanks for your assistance this week in trying to get a proposal for spending restrictions that will not tie the state fiscal policy in a knot."

Jere Moore,  
Special Assistant to the  
Governor  
December 1979

"Thank you for your report supporting some type of taxing and expenditure limitation in state government.

"Although the Legislature was not able to pass legislation in this area during the special session, I think that a limitation leveling the "ups and downs" in the state economy and providing for sustained growth would be desirable."

Phil Lewis, President  
The Florida Senate  
December 1979

THE FLORIDA  
PENSION FUND

Vol. 2, No. 1  
January, 1980

**SUMMARY OF STUDY:** In 1978 the State Board of Administration became concerned about the low rankings of the state's bond investment performance. A.G. Becker, Inc. was authorized to conduct a detailed analysis of state bond investments.

Among the findings in the Becker report was that poor performance could be blamed in part on Florida's unusually heavy investment in long term bonds. At that time the state's level of stock commitment was a low 5.1 percent of total assets.

The Citizens Council, however, felt that the problem was a much deeper one than the mix of stocks and bonds, and chose to additionally examine investment guidelines, rules and regulations and staff expertise.

**CITIZENS COUNCIL RECOMMENDATIONS:** Since the Investment Advisory Committee had been unofficially abolished, there were no specific guidelines for investing. The Citizens Council recommended immediate adoption of criteria for investment purchase.

The problem of the investment mix in the fund portfolio may have been compounded by a lack of sufficient staff to handle equity and fixed income. The Citizens Council observed that Florida's investment specialists were underpaid (when compared to similar positions in other states) causing an abnormal degree of turnover. The State Board of Administration, however, has the authority by 2/3 vote to increase the number of staff positions and the size of the budget.

**POTENTIAL COST SAVINGS:** Although no specific savings could be identified, a minimum goal for improvement in investment yield was set at 1/10 of one percent, which could generate an additional \$3.5 million dollars in funds.

**RESULTS:**

- There is now a 25% statutory upper limit on equities, up from a previous 10% cap. It is hoped that the actual equity proportion will be increased to at least 15% by the end of 1981. (Note: this would be a significant increase in the 5.1% mix at the time of the Citizens Council January 1980 study.)
- An Investment Advisory Committee has been appointed and is meeting regularly.
- Proposed changes in Chapter 19, Rules of the State Board of Administration are in the process of being adopted.
- A Recommended Retirement System Portfolio Strategy was approved by the Investment Advisory Committee and the State Board on December 9, 1980.
- The state has hired a new investment manager, Leo C. Bailey, who is currently the state's second highest paid official. Bailey has indicated that the number and salary of staff positions is under review.

**SAVINGS:** Priced at market value, the Total Fund grew from \$3.06 billion to \$3.39 billion during 1979-80. Net contributions of \$301 million plus investment income of \$277 million produced funds for investment of \$577.5 million.

" I appreciate very much receiving a copy of the Citizens Council analysis of the Florida Pension Fund. Your analysis referred to my record of concern about SBA investment practices so it is no surprise that we are in agreement on most of your recommendations. I have forwarded your report, with recommendations highlighted, to Governor Graham for his review."

Bill Gunter, State  
Treasurer and Insurance  
Commissioner

January, 1980

"Thank you...for enclosing an analysis on "The Florida Pension Fund" prepared by the Citizens Council for Budget Research. As a member of the Investment Review Committee, I found the report quite interesting and feel that it proposed a number of worthwhile recommendations."

Earl M. Foster  
Department of Business  
Regulation

January, 1980

**SUMMARY OF STUDY:** Florida taxpayers have become greatly concerned about increases in fuel costs and their impact on state transportation expenditures. These concerns led the Citizens Council to review the Division of Motor Pool and the transportation needs of the Florida Highway Patrol.

DIVISION OF MOTOR POOL  
DEPARTMENT OF GENERAL SERVICES

Vol. 2, No. 2  
February, 1980

**CITIZENS COUNCIL RECOMMENDATIONS:**

- Increase the size of the Motor Pool.
- Reduce specifications for Florida Highway Patrol pursuit cars.
- Replace 100 FHP motor vehicles with small vehicles during a phase-in trial period.
- Refurnish a test group of 100 FHP vehicles with new engines and transmissions upon full depreciation to allow for depreciation of entire motor vehicle.
- Implement Equipment Management Information System (EMIS) in the Bureau of Aircraft and expand the system to produce the monthly cost analysis of state vehicle shop charges.
- Include restrictions on the use of airport rental vehicles to insure compliance with competitively bid contracts.
- Include proviso language in the appropriations act to eliminate the unqualified purchase or lease of motor vehicles and assure that monies are not otherwise used.

**RESULTS:**

- The motor pool has not been expanded due to a delay in purchase of property for relocation.
- The specifications for Highway Patrol units have been reduced from 440 CID and 460 CID to 318 CID. Due to a delay in Cabinet approval, no new 1981 automobiles have been purchased for the Highway Patrol.
- Airport rental vehicles have been rebid and restricting language has been included in the use of rental cars.
- DGS has not placed a priority on the EMIS system of maintenance charge analysis.
- Department of Highway Safety and Motor Vehicles has been instructed to implement monthly cost analysis of vehicle maintenance, EMIS system.

**ACTUAL SAVINGS:** The Citizens Council has indicated that with the change in specifications for Florida Highway Patrol vehicles, the taxpayers could save \$389,000 in improved miles per gallon.

The Director of the Division of Motor Pool, DGS, reported to the Cabinet in December, 1980.

<u>Year Model</u>	<u># Purchased</u>	<u>Average Rating</u>	<u>Improvement</u>
1977	771 units	15.39 MPG	Base Year
1978	959 units	16.90 MPG	9.8%
1979	802 units	17.52 MPG	13.8%
1980	493 units	20.44 MPG	32.8%

The balance of the motor pool fleet includes 2500 older vehicles, some of which were manufactured prior to the availability of EPA mileage ratings. The vehicles purchased in 1981 will, in most cases, replace the oldest and least efficient units, markedly improving overall fleet economy.

"The Citizens Council's Report has been published and will be placed on the May 6, agenda of the Department of General Services for acceptance by the Board."

(Cabinet accepted report May 6, 1980.)

April 10, 1980

Tom Brown  
Director, DGS

Letter to Chester Blakemore, Director, Department of Highway Safety and Motor Vehicles:

"We are pleased to note that you are reducing these specifications for the current 440's and 460's to 360's and that you further plan to reduce them to 305's and 318's. This trend, in my opinion, will accomplish what our study recommended."

"We always welcome the news that we have been helpful in some area that will save the taxpayers' money. I congratulate you on your follow through in this matter."

August 10, 1980

Ken Planta, President  
Citizens Council

## CURRENT TRANSPORTATION PROBLEMS IN FLORIDA

Vol. 2, No. 3  
February, 1980

**SUMMARY OF STUDY:** The primary objective of the study was to provide an explanation of what the Citizens Council considered to be factors which contributed to current transportation problems. While looking at the problems of transportation funding, the Citizens Council uncovered several issues of concern.

**Federal involvement--**The Citizens Council believes that a major part of Florida's transportation problem lies in the fact that the Department of Transportation (DOT) attempts to continuously match all Federal programs regardless of whether or not they meet our priority needs.

**Level of Staffing--**In 1979 the administrative responsibility for the 80% portion of the State's second Gas Tax was transferred to the counties. This constituted approximately 5% of DOT total workload. In that year, however, only 7/10's of one percent of DOT's staff was deleted. Secondly, although DOT employs more than 9,000 people, its budget request indicated that one quarter of its workload was contracted to private industry. The Council was concerned about the potential for waste and inefficiency inherent in a system which permits hiring practices that are not accountable.

**"Need" Policies--**The State's Primary Fund is used both for matching federal dollars and for bridge rehabilitation, road maintenance and resurfacing. These services can not be performed if Florida continuously exhausts its funds in order to match Federal interstate dollars. Florida is building more roads at a time when we cannot afford to maintain what we have.

### CITIZENS COUNCIL RECOMMENDATIONS:

- A thorough management efficiency and program evaluation of the Department of Transportation be conducted.
- A study of the cost benefits analysis of each of the major contractual areas be made to determine if a particular job can be done more efficiently and effectively by staff or in the private sector.
- "Needs" policies should be evaluated to determine their appropriateness relative to the current energy crisis.

### RESULTS:

- The Inspector General's Office is currently conducting a management efficiency and program evaluation study.
- The Auditor General has conducted an audit of the Prevard-Seminole private contract to determine relative cost benefits.
- The Auditor General has conducted a performance audit of DOT's cash flow management.
- The Citizens Council is currently completing an analysis of the cost/benefits of major contractual areas; to be published in February.

**SAVINGS:** Although the Citizens Council report did not identify a specific cost savings, the study did imply that a five percent reduction in workload should precipitate a five percent reduction in workforce.

Subsequent to the Citizens Council study, the number of authorized fixed positions for the DOT has been reduced from 9,543 to 9,506. This is a .26% reduction. In the first year of the 1981-83 biennium DOT has requested a further reduction of 7.9% to 8,754 positions. This is short of their announced intention of reducing their workforce by 5% per year.

" Thank you for sending me a copy of your Council's analysis of 'Current Transportation Problems in Florida.' I found the report informative and right on target in its address of the problems we face today."..."The interest shown by your organization is appreciated."

William N. Rose, Secretary  
Department of Transportation  
March, 1980

"I have reviewed the report and find it most informative as it relates to the Department of Transportation. There are many comments that will have a bearing on the transportation of perishable agricultural products, which is of great concern to me. I am taking the liberty of sharing this report with members of my Division of Marketing who work closely with me in the agricultural transportation field.

Doyle Conner  
Commissioner, Department  
of Agriculture

SUMMARY OF STUDY:

THE FLORIDA BANKING INDUSTRY

Vol. 2, No. 4  
February, 1980

A very real and legitimate problem exists with the Florida Banking Industry regarding the quality of bank examinations performed by State examiners. The Citizens Council study pointed out that simply reducing the frequency of examinations would not resolve the problem of the quality of the examinations.

It was determined that the industry was willing to pay more in statutory fees for an appropriate number of examinations and for improving the quality.

One of the main reasons for the inexperience of State Banking examiners was a high degree of turnover. This was prompted by two things: non-competitive salary levels and lack of a guarantee of upward and systematic movement to the maximum of the pay range.

CITIZENS COUNCIL RECOMMENDATIONS:

In an effort to eliminate inefficiency, systematic upgrading of positions in both salary and training comparable to federal counterparts was recommended.

RESULTS:

The Division of Banking has prepared an extensive Summary of Financial Depository Examiner Salary Study. This report contains the Citizens Council Analysis in its entirety labeled Exhibit I and draws on Citizens Council recommendations in its content. Its findings are startling.

- Florida is currently 8th in the nation in total assets held by commercial banks and 2nd in the nation in total assets held by thrift institutions.
- Florida ranks 42nd in minimum salary for examiners.
- Florida ranks 49th in average mid-level salaries.
- Florida ranks 48th in the nation in maximum salaries for senior examiners.

In their 1981-83 Legislative Biennium Budget Request, the Division of Banking has proposed a reorganization plan upgrading job qualifications and examiner salaries. Even if the proposed plan is adopted by the Legislature, Florida will still rank in the bottom 50% of the nation's bank examiner salaries.

"I have reviewed your February publication, The Florida Banking Industry: Issues and Opportunities, and certainly agree with your comments regarding the need for action in the area of providing financial incentive so that this office can improve its capability to retain competent bank examiners..."

"Since you agree with our efforts to obtain upgraded salary structures for financial institution examiners, I trust we will have your support as we continue our efforts with the Department of Administration and with the Legislature."

November 7, 1980

Gerald A. Lewis  
Comptroller of Florida

SUMMARY OF STUDY: Most of the various agencies in State government located in Tallahassee have in-house messenger or mail services to handle the bulk of their inter and intra-office mail.

COST SAVING RECOMMENDATIONS FOR  
MAIL SERVICES IN THE CAPITAL CITY  
Vol. 2, No. 5  
March, 1980

As of November 30, 1979 122 mail clerks were employed by the State in Leon County at a cost of \$1.1 million dollars annually. Over 200,000 square feet of space was being used for mail rooms. Twenty-six vehicles were being used officially for messenger or mail activities.

Despite this tremendous commitment of resources, the U.S. Mail is all too frequently used for in-town transfer of mail and written materials. This is both costly and slow. In addition, employees often use valuable and costly professional staff time in personally making deliveries or picking up materials.

Options available through U.S. Mail for reducing costs are not being utilized.

CITIZENS COUNCIL RECOMMENDATIONS:

- Establish a central state mail service to pick up and deliver all mail within the Tallahassee area between agencies and between units of the same agency located in separate buildings.
- Allocate and recover cost as a charge against each agency using the service if this is determined to be cost beneficial.
- Require the use of the service to the exclusion of any other service.
- Create a central state mail service trust fund or General Revenue Budget entity as appropriate.
- Use the pre-sort option of the U.S. Mail for eligible capital state mail when feasible.
- Conduct a complete audited examination of all state personnel, equipment and facilities involved in the direct handling of mail. Disclose the full extent of the resources applied to these services and generate suggestions for streamlining operations.
- Develop and implement a plan for statewide use of cost-saving techniques such as centralized messenger services and presort.

POTENTIAL COST SAVINGS: \$276,345 in fiscal year 1981-82

RESULTS: Although Legislation was filed in the House in 1980 in the form of a Governmental Operations Committee Bill, this bill died after being passed out of committee.

In January 1981 House Staff Director to the Governmental Operations Committee indicated he does not know if legislation will be filed in the 1981 session.

Senator Warren Henderson has filed Senate Bill 198 in the Senate which accomplishes most of the Citizens Council recommendations.

Problems: The Citizens Council points out that legislation filed last year and pre-filed in the Senate this year does not accomplish all the goals of the earlier recommendations. This bill would allow the Department of General Services to simply superimpose another layer of administration over the existing 122 mail clerks and 200,000 square feet of mail room. This does not consist of the establishment of a central state mail system and would not meet Citizens Council expectations for cost savings. What would result would be additional expenditures of taxpayers' money.

Pre-sort could be implemented on an agency-by-agency basis without legislation. So far, there have been no efforts in this direction. Taxpayers have lost a total of \$1,003,105 since 1976 by the state's failure to make use of the pre-sort option offered by U.S. Post Office.

"Thank you for a copy of the Citizens Council for Budget Research Analysis: 'Cost-Saving Recommendations for Mail Services in the Capital City.'

"Members of my staff have examined the report in detail and conclude that it is an excellent approach to reducing the increasing costs of mail distribution in these inflationary times.

"I am delighted for the opportunity to support your proposal and commend the Council's effort in the promotion of greater efficiency in state government."

Bill Gunter  
Insurance Commissioner  
and Treasurer

April 11, 1980

SUMMARY OF STUDY:

THE DEPARTMENT OF PROFESSIONAL  
REGULATION'S RELOCATION: Was The  
Right Decision Made ?

Vol. 2, No. 6  
March, 1980

The study questioned the selection of one proposed location for the Department of Professional Regulation over another. Two bids were received, both for five year leases and both for 35,000 square feet of space. One bid included 200 parking spaces and utilities and the other bid included 30 parking spaces and no utilities.

The day the bid was formally accepted, DPR discovered and announced that its actual need was for 45,000 square feet. This was in spite of the fact that one reason given for the move originally was the need for being centralized under one roof, which now would be impossible.

The real problem that was identified was that the bid was both written in an unprofessional manner and awarded in an unprofessional manner. At issue is: should state agencies have independent lease procurement procedures or should state agencies utilize a central Department of General Services staff for this purpose?

CITIZENS COUNCIL RECOMMENDATIONS:

- Any state agency should perform a realistic, professional needs assessment prior to writing bid specifications.
- State agencies should enlist help both from within state government (DGS) and from private professionals in negotiating leases.

POTENTIAL COST SAVINGS:

The Citizens Council suggested that a cost savings of from \$65,000 to \$100,000 could have resulted in the acceptance of one bid over the other.

RESULTS:

"The worst example of space leasing in state government..." says a spokesman for the Department of General Services.

The Department of Professional Regulation has occupied the downtown location (30 parking spaces, utilities extra).

In their 1981-83 Legislative Budget request DPR has requested funds to lease additional space.

Some clerical employees were seeking other employment because their relocation had cost each between \$15 and \$20 dollars in monthly parking fees (after taxes). This could amount to \$240 yearly in reduced income.

"I assure you that I will keep your thoughts in mind when this lease is presented to the Governor and Cabinet for approval."

April 7, 1980

Doyle Conner  
Commissioner of Agriculture

### SUMMARY OF STUDY:

The purpose of the study was to evaluate the appropriateness of the then-proposed Florida Energy Assistance Act.

FLORIDA ENERGY  
ASSISTANCE ACT

Vol. 2, No. 7  
May, 1980

It was argued that the \$100 million dollar program was inappropriate because it was based on three erroneous concepts:

- A study is not necessary to tell people to conserve. Their fuel bills do that.
- A forecast that depicts a "25 percent energy shortage by 1990" is inaccurate and sensational--based upon current consumption rates, a naive proposition. If the forecast is inappropriate, then the program itself will likely be inappropriate.
- A wrong diagnosis of the "need" for a Florida Energy Assistance Act. The real need involves assisting those least able to handle high costs of energy.

### CITIZENS COUNCIL RECOMMENDATIONS:

- The Energy Office should "return to the drawing board" to redraft a more relevant assistance act.
- The Energy Office should be staffed with a professional economist - preferably one specializing in energy.

### PROJECTED COST SAVINGS:

The Governor's Energy Office projected a cost of 1% of \$100 million (or \$1,000,000) to administer the Florida Energy Assistance Act

### RESULTS:

- The Florida Energy Assistance Act was not adopted by the Legislature.
- The Energy Office has employed a full time economist.

SUMMARY OF STUDY:

A COMPARATIVE ANALYSIS OF FLORIDA'S  
PUBLIC SCHOOL EXPENDITURES AND  
TEACHER'S SALARIES

Florida's commitment to its public school system is inadequate. Teachers are underpaid and State expenditures for pupil education are too low.

Vol. 2, No. 8  
August, 1980

Among other states, Florida ranks:

- 33th in percentage increase in expenditures per pupil over the last ten years
- 36th in percentage spent for education as a percentage for all State expenditures.
- 24th in core educational expenditures (after subtracting food and transportation costs)
- 31st in actual average teacher salary level.
- 47th in percentage salary increases from 1969-79.

CITIZENS COUNCIL RECOMMENDATIONS:

Teacher Salaries are inadequate and should be raised an average \$1500 annually in school year 1981-82.

RESULTS:

The Department of Education's 1981-83 Legislative Budget Request has been approved by the State Board of Education and submitted to the Executive Office of the Governor.

The State Board approved the Commissioner of Education's request for average annual increases in teacher salaries of \$4,214 annually. This would require an appropriation of \$350,296,000 dollars for 83,107 teachers.

The Florida Chamber of Commerce and the Junior League have formed a coalition calling themselves the Citizens' Action Conference on Education. This coalition has recommended an increase of \$2,000 per teacher annually.

" I wanted to take a moment to compliment the Citizens Council for its willingness to step out in front in the matter of allocation of resources to education - in particular teacher's salaries. Given the orientation and character of the Citizens Council, I know it would be quite easy to ignore or avoid conditions such as exist in the area of education financing...

"I am confident that this action will increase the Citizens Council's credibility with a large element of the Legislature."

September 25, 1980

William W. Sadowski  
House of Representatives

**SUMMARY OF STUDY:** Although the Supreme Court has adopted procedural Rules of Court and Orders of Court, it has not adopted rules or regulations which govern the administration of the judicial branch in such areas as accounting, travel, budgeting, inventory and similar areas of financial administration.

**FLORIDA'S JUDICIAL BRANCH:  
Improving Its Administration**

Vol. 2, No. 9  
February, 1981

Several examples of fiscal abuses have resulted from this administrative melee:

- In the only audit of any judicial circuit performed by the Auditor General since 1977, an overpayment for one month for one circuit amounted to \$32,877. This was for the services of four court reporters compensated by a double payment from both state and local government.
- In 1980, a Senate staff report showed that a newly created district court of appeal purchased \$273,202 in equipment and furnishings. No bids were taken on these items and the price paid was \$53,772 more than the state contract price for similar items.
- In 1979, the seven Supreme Court justices filed reimbursement vouchers for 346 days of travel. There were no written guidelines governing travel authorization or procedures. The former chief justice was criticized for submitting bills to the state for travel performed by his wife. Seven justices and seven research aides spent a total of 60 days at Walt Disney World at the Annual Convention of The Florida Bar. One justice submitted an eight year old Administrative Order with his reimbursement form for travel expenses stating "prestige of the office" and "weariness often resulting from crowded conditions" as justification for first class travel.

**CITIZENS COUNCIL RECOMMENDATIONS:**

If the citizens of Florida are to have a unified court system, with effective and efficient fiscal management, the courts must adopt one unified management structure with the centralized leadership necessary to provide for the implementation of one consistent set of guidelines and procedures throughout the state court system.

The Judicial Administrative Commission and the Office of the State Court Administrator must be structured in such a way that one office is performing administrative functions for the courts system.

The state attorneys and public defenders in the twenty judicial circuits must be administered by the executive branch.

**RESULTS:**

Three legislative committees have requested copies of the Citizens Council Report for distribution to their members.

A Senate Appropriations Subcommittee has told the State Court Administrator in a preliminary budget hearing that the Appropriations Committee would not review the court's budget until he has responded to questions raised in the Citizens Councils report.

## STATE CONTRACTED LEGAL SERVICES

Citizens Council reported one case of apparent neglect in oversight of contracted legal services.

A civil suit which could have originally been settled for a small amount of money ended up costing the State more than \$200,000 in legal fees and professional employee time.

The Citizens Council concluded:

- Inadequate oversight by the Department of Legal Affairs
- Inadequate oversight in approval of agency expenditures at the Cabinet level
- No statutory guidance or regulatory proposals have been implemented by the Legislature or the Executive Branch
- Statutory language defining the role of the Division of Risk Management is vague as to the Division's role in oversight of legal costs
- Interagency oversight of legal services where two or more attorneys are contracted for the same case appears to be non-existent.

The Citizens Council recommended an analysis of contracted legal services be conducted by the Cabinet and Legislature. Statutory language regarding the role of the Division of Risk Management needs to be strengthened.

Projected Waste: \$200,000 less final settlement of \$13,500 to plaintiff

Update: Two legislative subcommittees have been formed with priorities of investigating contracted services. Citizens Council staff have been asked to testify at committee hearings.

## BRIEF DISCLOSURES

### THE GRAYING OF FLORIDA

This Brief Disclosure made two recommendations for alleviating the rising Medicaid expenditures Florida is experiencing.

The Citizens Council supported the proper placement of elderly persons in Adult Congregate Living Facilities and Adult Foster Homes.

The Citizens Council also supported the U.S. General Accounting Office's recommendation that the Department of Health and Rehabilitative Services complete a pre-admission screening process on DHRS clients before placing them in nursing homes.

Projected Cost Savings: \$7.3 million dollars based on placing 2,920 older Floridians in ACLFs rather than nursing homes.

Update: Officials at HRS have indicated a desire to implement a pre-screening process and have requested legislative funding for this purpose. They also indicate their intention to expand the ACLF and AFH programs.

" I read with interest your publication entitled, "The Graying of Florida". This information will be of great benefit to me in the course of my work on aging matters, and especially on issues related to my State of Florida."

Rep. Claude Pepper, Chairman  
Select Committee on Aging  
U.S. House of Representatives

November 19, 1980

### THE MAKING OF UNIVERSITY WASTE

When asked why a certain older building, although being fully utilized, was being torn down to make way for another facility, a Florida A & M spokesperson in the University's Planning Office said, "Unfortunately, FAMU has no long range plan for campus development."

With a campus of some 420 acres, no justification was offered for tearing down the Banneker Annex to make way for the new School of Business and Industry. Indeed, one new program, Construction Technology, has been unable to be implemented because the needed classrooms have been demolished.

The Citizens Council recommended that this travesty may be symptomatic of the Board of Regent's lack of effective evaluative procedures for prioritizing capital improvement projects.

Projected Waste: \$740,000 - replacement value of existing facility.

Update: Although FAMU President was contacted, the Citizens Council never received any response to letters or to the Brief Disclosure.

Citizens Council for Budget Research, Inc.

STATEMENT OF ASSETS, LIABILITITES AND FUND BALANCE  
(Prepared on a cash basis)

January 31, 1981

ASSETS

CURRENT ASSETS

Cash (includes certificate of deposit of \$10,676)		\$ 22,695
Employee receivable		90
Marketable securities		<u>27,502</u>

Total current assets		50,287
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FURNITURE AND EQUIPMENT - at cost (note A)

Furniture and fixtures	\$ 6,764	
Word processing equipment	<u>17,500</u>	
		<u>24,264</u>

\$ 74,551

LIABILITITES AND FUND BALANCE

CURRENT LIABILITIES

Advance dues collection (note C)		\$ 10,000
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FUND BALANCE		<u>64,551</u>
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Total liabilities and fund balance		<u>\$ 74,551</u>
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The accompanying notes are an integral part of this statement.

Citizens Council for Budget Research, Inc.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
(Prepared on a cash basis)

Year ended January 31, 1981

	<u>Actual</u>	<u>Budget</u>
<b>CASH RECEIPTS</b>		
Contributions	\$ 128,210	
Interest income	5,207	
	<u>133,417</u>	
<b>CASH DISBURSEMENTS</b>		
Salaries	87,930	\$ 92,700
Rent	6,724	6,812
Printing	6,197	9,730
Telephone	4,308	3,900
Payroll taxes	3,733	7,073
Repairs	3,290	2,100
Executive Director retirement	3,000	-
Contract services	2,100	-
Office supplies	2,082	1,880
Postage	1,826	1,500
Insurance	1,359	713
Travel	1,653	2,000
Utilities	1,417	1,270
Casual labor	1,379	500
Janitorial	1,135	1,140
Accounting & legal	1,000	-
Xeroxing	607	480
Meetings	577	-
Periodicals	548	350
News service	565	-
Slide presentation	235	-
Public relations	234	-
Miscellaneous	1,448	2,000
	<u>133,347</u>	<u>\$ 134,148</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<u>\$ 70</u>	

The accompanying notes are an integral part of this statement.

Citizens Council for Budget Research, Inc.

STATEMENT OF CHANGES IN FUND BALANCE  
(Prepared on a cash basis)

Year ended January 31, 1981

Balance at February 1, 1980	\$ 64,162
Adjustment for change in accounting policy regarding depreciation	319
Excess of receipts over disbursements	<u>70</u>
Balance at January 31, 1981	<u>\$ 64,551</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION  
(Prepared on a cash basis)

Year ended January 31, 1981

Sources of cash		
From operations		
Excess of receipts over disbursements		<u>\$ 70</u>
Cash provided by operations		70
Advance dues collections (note C)		<u>10,000</u>
		10,070
Applications of cash		
Increase in marketable securities	\$ 27,502	
Increase in employee receivable	90	
Increase in furniture and equipment	<u>18,090</u>	<u>45,682</u>
DECREASE IN CASH		35,612
Cash at February 1, 1980		<u>58,307</u>
Cash at January 31, 1981		<u>\$ 22,695</u>

The accompanying notes are an integral part of this statement.

Citizens Council for Budget Research, Inc.

NOTES TO FINANCIAL STATEMENTS

January 31, 1981

NOTE A - ACCOUNTING PRINCIPLES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

The Council is a non-profit corporation and maintains its accounts on substantially the cash basis of accounting. Revenue is recorded when collected and expenses are recorded when paid. Provision is made for depreciation as described below.

2. Depreciation

In the prior period depreciation was provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. During the current year the Council changed this accounting policy and the accompanying statements do not reflect a provision for depreciation.

NOTE B - BACKGROUND AND OPERATIONS

The Council is a private, non-profit research organization which provides an opportunity for citizen input into the budget process in the State of Florida. The Council was organized in February, 1979 and was granted exemption from federal income taxes by the Internal Revenue Service on September 29, 1980.

NOTE C - ADVANCE DUES COLLECTION

The advance dues collection consists of dues collected during fiscal year 80-81 for the fiscal year ending January 31, 1982.

**BETTS & ROGERS**  
CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

BEN F. BETTS, JR., C.P.A.  
EDGAR A. ROGERS, JR., C.P.A.  
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ALLEN L. MARTIN, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

February 10, 1981

Board of Trustees  
Citizens Council for Budget  
Research, Inc.

We have examined the statement of assets, liabilities and fund balance (prepared on a cash basis) of Citizens Council for Budget Research, Inc. (a Florida not-for-profit corporation) as of January 31, 1981, and the related statements of cash receipts, disbursements, changes in fund balance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note A, the Council's policy is to prepare its statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned and certain expenses and the related liabilities are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the assets and liabilities of the Citizens Council for Budget Research, Inc. at January 31, 1981, arising from cash transactions and the recorded receipts and disbursements and the changes in fund balance for the year then ended.

*Betts & Rogers*

