



Government Efficiency Task Force

John R. Alexander, *Chair*

Representative Daniel D. Raulerson, *Vice Chair*

Final Report

June 30, 2016



Government Efficiency Task Force

John R. Alexander, *Chair*
Representative Daniel D. Raulerson, *Vice Chair*

June 30, 2016

The Honorable Rick Scott
Governor of Florida
PL-05 The Capitol
Tallahassee, Florida 32399-0001

Chief Justice Jorge Labarga
Florida Supreme Court
500 South Duval Street
Tallahassee, Florida 32399-1925

The Honorable Richard Corcoran
Chair, Legislative Budget Commission
221 Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1300

The Honorable Tom Lee
Vice-Chair, Legislative Budget Commission
201 Capitol
404 South Monroe Street
Tallahassee, Florida 32399-1100

Dear Governor Scott, Chief Justice Labarga, Representative Corcoran, and Senator Lee:

Pursuant to Article III, section 19(i) of the Florida Constitution, the Government Efficiency Task Force ("Task Force") is pleased to submit its final recommendations to the Governor, the Chief Justice of the Supreme Court, the Chair and Vice Chair of the Legislative Budget Commission. The enclosed report includes 29 recommendations which, if implemented, will significantly improve the efficiency of government operations and will reduce the costs of government by more than \$2 billion annually. The Task Force extends its appreciation to the staff at Florida TaxWatch for their assistance in the preparation of this report.

Thank you for the opportunity to serve the taxpayers of Florida.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Alexander".

John R. Alexander
Chair

Enclosure

cc: The Honorable Andy Gardiner
The Honorable Steve Crisafulli
Members, Florida Government Efficiency Task Force
Members, Florida Senate
Members, Florida House of Representatives

TABLE OF CONTENTS

INTRODUCTION	1
MEMBERSHIP	3
SUMMARY OF RECOMMENDATIONS	4
GOVERNMENT EFFICIENCY	9
RECOMMENDATION GE 1: PROPOSED FLORIDA GOVERNMENT EFFICIENCY ACT	9
CRIMINAL AND CIVIL JUSTICE	10
RECOMMENDATION CCJ 1: INTER-BRANCH BIPARTISAN CRIMINAL JUSTICE TASK FORCE	10
RECOMMENDATION CCJ 2: SUPERVISED RELEASE OF NON-VIOLENT ELDERLY INMATES.....	11
RECOMMENDATION CCJ 3: ENHANCED SENTENCING TOOLS	12
RECOMMENDATION CCJ 4: EXPAND ALTERNATIVE FORENSIC MENTAL HEALTH PROGRAMS.....	13
RECOMMENDATION CCJ 5: INCREASE ACCESS TO WORK RELEASE PROGRAMS.....	14
RECOMMENDATION CCJ 6: EXPAND ELECTRONIC MONITORING FOR LOW-RISK, NON-VIOLENT OFFENDERS...15	
GENERAL GOVERNMENT	16
RECOMMENDATION GG 1: REPLACE THE FLAIR AND THE CMS.....	16
RECOMMENDATION GG 2: FUNDING AND GOVERNANCE OF THE AST	17
RECOMMENDATION GG 3: CLOUD FIRST PROTOCOL	18
RECOMMENDATION GG 4: MINIMIZE BID PROTESTS	19
RECOMMENDATION GG 5: EMPLOYMENT OF EXPERIENCED AND WELL-TRAINED PROCUREMENT PERSONNEL 20	
RECOMMENDATION GG 6: CONSOLIDATED PROCUREMENT PERSONNEL.....	21
RECOMMENDATION GG 7: CONSOLIDATED REAL ESTATE AND FACILITIES SHARED SERVICES	22
RECOMMENDATION GG 8: FLORIDA RETIREMENT SYSTEM (FRS) INVESTMENT INDEPENDENCE PROGRAM.....	23
RECOMMENDATION GG 9: CONSOLIDATED MANAGEMENT OF STATE AGENCY VEHICLES	24
RECOMMENDATION GG 10: CREATION OF TEMPORARY RESTRICTED-USE LICENSE PLATES.....	25
RECOMMENDATION GG 11: REACTIVATION OF STATE MATCHING FUNDS.....	26
RECOMMENDATION GG 12: IMPROVE EFFICIENCY OF SALES AND USE TAX AUDITS	27
RECOMMENDATION GG 13: IMPROVED ENERGY EFFICIENCY IN STATE BUILDINGS.....	28
RECOMMENDATION GG 14: IMPROVE MANAGEMENT OF ASSETS AND FACILITIES.....	29
HEALTH AND HUMAN SERVICES	30
RECOMMENDATION HHS 1: RIGHT-PRICING FOR EMERGENCY ROOM VISITS	30
RECOMMENDATION HHS 2: IMPROVED DEPENDENT EDUCATION AND ELIGIBILITY UNDER THE SGIP	31
RECOMMENDATION HHS 3: SGIP PREMIUM PARTICIPATION PROGRAM	32
RECOMMENDATION HHS 4: IMPROVED ACCESS AND USE OF TELEHEALTH SERVICES	33
RECOMMENDATION HHS 5: RIGHT-PRICING AND ENHANCED CHOICES FOR THE SGIP	34
RECOMMENDATION HHS 6: STATE EMPLOYEE WELLNESS PROGRAM.....	35
RECOMMENDATION HHS 7: ASCERTAIN FOSTER CARE SYSTEM OUTCOMES.....	36
RECOMMENDATION HHS 8: REDUCING MEDICAID AND PUBLIC ASSISTANCE FRAUD.....	37
APPENDIX A	38

INTRODUCTION

PURPOSE

This report represents the final recommendations of the 2015-16 Government Efficiency Task Force. These 29 recommendations, if implemented, will significantly improve the efficiency of government and reduce the cost of government by an estimated \$2.14 billion (low estimate) to \$12.14 billion (high estimate) annually. When eliminating the remaining barriers to telehealth is considered, Florida taxpayers stand to save billions in healthcare costs annually.

ABOUT THE GOVERNMENT EFFICIENCY TASK FORCE

In 2006, voters approved an amendment to the Florida Constitution creating the Government Efficiency Task Force¹ (“Task Force”), for the purpose of developing recommendations to improve governmental operations and reduce costs. First established in 2007, the Task Force is required to meet every four years and submit its recommendations to the Chairperson and Vice Chairperson of the Legislative Budget Commission, the Governor, and the Chief Justice of the Supreme Court. The Task Force is composed of 15 members of the Legislature and representatives from the private and public sectors who are appointed by the Governor (5), the Speaker of the House of Representatives (5), and the President of the Senate (5). The Task Force has one year in which to complete its work and submit its recommendations.²

The Task Force began its deliberations in September 2015, under the direction of Chairman John Alexander and Vice-Chairman Representative Dan Raulerson. Using the final report of the 2011 Task Force as a starting point, the Task Force reviewed reports by the Office of Program Policy Analysis and Government Accountability (OPPAGA), the Auditor General, agency inspectors general, legislative reports, and other agency reports to identify issues that could produce cost savings or improve government efficiency. Task Force members and taxpayers were also invited to submit issues to the Task Force for consideration.

This review produced an initial list of 36 issues that, if implemented, would improve government efficiency or reduce the costs of government. These issues were assigned to one of four committees for further review—the Civil and Criminal Justice Committee, chaired by former Supreme Court Justice Ken Bell; the General Government Committee, chaired by Senator Jeff Brandes; the Health and Human Services Committee, chaired by Representative Jason Brodeur; and the Government Efficiency Committee, chaired by Florida TaxWatch President and CEO Dominic Calabro.

Upon completion of their due diligence, the Committees recommended 11 issues for inclusion in an interim report³ that was submitted to the chairperson and vice chairperson of the Legislative Budget Commission, the Governor, and the Chief Justice of the Supreme Court before the start of the 2016 legislative session. Copies were also made available to each member of the Florida Legislature. Each issue included in the Interim Report was selected based upon the following criteria: (1) there must be demonstrated cost savings or improvement in government efficiency; (2) the cost savings must be significant; (3) the cost savings must be recurring; and (4) there is a good chance of implementation.

Delays in appointing Task Force members and the early start of the 2016 legislative session limited the effectiveness of the Interim Report and, for these reasons, many of the recommendations contained in the Interim Report have been carried over to the final report.

1 Article III, Section 19, Florida Constitution, codified in section 11.905, Florida Statutes.

2 Section 11.9005(6), Florida Statutes.

3 Government Efficiency Task Force, “Interim Report January 2016,” January 10, 2016.

Despite these limitations, the Task Force was able to achieve the following successes during the 2016 legislative session:

- Legislation was passed and approved by the Governor that establishes a pilot program to offenders who have mental illnesses or concurrent mental illnesses and substance use disorders and who are involved in or at risk of entering state forensic mental health treatment facilities, prisons, jails, or state civil mental health treatment facilities;
- Funding was appropriated to continue the replacement of FLAIR and CMS. These funds are provided to the Department of Financial Services (DFS) to complete all tasks associated with the Pre-Design, Development, and Implementation phase as recommended in the March 31, 2014, DFS FLAIR Study;
- Funding was appropriated to continue the implementation of the Agency for State Technology. Proviso language in the General Appropriations Act requires AST collaboration with several state agencies on large-scale technology projects; and
- Legislation was passed and approved by the Governor that authorizes licensed health care professionals to use telehealth to deliver health care services within their respective scopes of practice.

After the 2016 legislative session, the Task Force continued its efforts to identify and recommend ways to improve governmental operations and reduce costs. Task Force members reviewed those remaining issues that had been previously considered but not included in the Interim Report, as well as any new issues. The result of this process was 18 new recommendations, which are included in this report.

In addition to recommendations to improve government efficiency and reduce the costs of government, the Task Force offers the following recommendations designed to maximize the effectiveness of the 2019-20 Government Efficiency Task Force:

1. **The Task Force recommends the Governor, President of the Senate, and Speaker of the House of Representatives complete their appointments to the 2019 Government Efficiency Task Force before January 1, 2019.** This will ensure compliance with the requirements contained in Article III, Section 19(i), Florida Constitution, and in section 11.905, Florida Statutes. This will provide the Task Force a window of opportunity (albeit a brief one) to present interim recommendations before the March 5, 2019 start of the 2019 regular legislative session. This will also ensure that the Task Force has the maximum amount of time permitted under the Constitution and Florida Statutes in which to present its recommendations to the chairperson and vice chairperson of the Legislative Budget Commission, the Governor, and the Chief Justice of the Supreme Court, and to educate legislators on its recommendations, before the start of the 2020 regular legislative session.
2. **The Task Force recommends the 2018 and 2019 legislatures appropriate funding for a full-time Executive Director and dedicated staff to support the 2019-20 Government Efficiency Task Force. The Executive Director should be hired and staff in place before January 1, 2019.** The use of current State of Florida employees to support the activities of the 2015-16 Task Force, in addition to their normal job duties and responsibilities, proved to be ineffective. Having staff dedicated to the Task Force on a full-time basis will greatly improve the operation and effectiveness of the Task Force.

MEMBERSHIP

APPOINTED BY GOVERNOR RICK SCOTT

John Alexander, Retired CEO and Chairman, Alico, Inc.

Chair, Government Efficiency Task Force

Ken Bell, Shareholder with the Gunster Law Firm; former Florida Supreme Court Justice

Chair, Criminal and Civil Justice Committee

Representative Jason Brodeur, Florida House of Representatives

Chair, Health and Human Services Committee

Dominic Calabro, President and Chief Executive Officer, Florida TaxWatch

Chair, Government Efficiency Committee

Michelle Robinson, Vice President of State and Government Affairs, Verizon

APPOINTED BY SENATE PRESIDENT ANDY GARDINER

Senator Jeff Brandes, Florida Senate

Chair, General Government Committee

Fred Brummer, Partner, Brummer and Rogers, and former Member of the Florida House of Representatives

Pat Neal, Owner, Neal Communities, and former Member of the Florida Senate

Barbara Ray, Vice President and Global Public Sector Lead, North Highland

Senator Jeremy Ring, Florida Senate

APPOINTED BY HOUSE SPEAKER STEVE CRISAFULLI

Frank Attkisson, Management Consultant, and former Member of the Florida House of Representatives

John P. Miles, Managing Partner, Mainspring Advisors, LLC and former Secretary of DMS

Representative Mike LaRosa, Florida House of Representatives

Representative Dan Raulerson, Florida House of Representatives; CPA

Vice Chair, Government Efficiency Task Force

Robert Stork, Chairman and Chief Executive Officer, Communications International, Inc.

SUMMARY OF RECOMMENDATIONS

ISSUE #	RECOMMENDATION	IMPROVED EFFICIENCY	EST. ANNUAL SAVINGS
GE 1	The Task Force recommends legislation be enacted to require the Governor to include as part of his or her budget recommendations, and the Legislature to consider as part of the annual General Appropriations Act, recommendations for improving governmental operations and reducing costs.	Yes	Significant Yet Indeterminate
CCJ 1	The Task Force recommends the Legislature introduce a bill for consideration during the 2017 Legislative Session to establish an inter-branch, bipartisan criminal justice task force of stakeholders from both inside and outside of state government to conduct an operational review of the Department of Corrections (DOC). The task force should publish and deliver a report to the Governor, Legislature, and Supreme Court on its findings and recommendations no later than December 1, 2017.	Yes	Significant Yet Indeterminate
CCJ 2	The Task Force recommends the Florida Commission on Offender Review amend its release eligibility standards to authorize the supervised release of certain non-violent elderly inmates. The establishment of prerequisites such as a place to live and access to services, like health care, should be added to the conditions of discretionary release.	Yes	\$75.7 - \$79.9 million
CCJ 3	The Task Force recommends the State develop risk/needs assessment and cost analysis tools to be used at the time of sentencing that provide judges with extensive information about sentencing options and the risks and costs associated with each option.	Yes	\$2.8 million
CCJ 4	The Task Force recommends legislation be enacted and funding appropriated to expand the number of community-based alternative forensic sites that provide an added emphasis on reintegration as well as competency restoration.	Yes	\$11 million
CCJ 5	The Task Force recommends the Legislature increase access to work release programs to permit more inmates to begin their transition back into the community sooner. This transition will be less expensive to the state and will likely result in improved outcomes (e.g., reduced recidivism) for the inmates.	Yes	\$3.36 - \$5.76 million

ISSUE #	RECOMMENDATION	IMPROVED EFFICIENCY	EST. ANNUAL SAVINGS
CCJ 6	The Task Force recommends the Legislature appropriate funding to expand the use of electronic monitoring as a means of diverting low-risk, non-violent offenders from prison.	Yes	\$18.3 - \$21.6 million
GG1	The Task Force recommends the Legislature continue funding to replace the Florida Accounting Information Resource (FLAIR) and Cash Management System (CMS), consistent with the March 2014 business case study submitted by the Department of Financial Services (DFS) to the Legislature. To provide the Legislature with the information necessary to appropriate sufficient funding each year and to avoid delays or disruptions, a multi-year financial model to cover the entire project life cycle should be developed and maintained.	Yes	Significant risk and cost avoidance
GG2	The Task Force recommends the Legislature require the AST to develop and maintain a multi-year financial model to cover the next 5-10 year life cycle to ensure sufficient funding and spending authority are appropriated to implement the AST's core mission. The use of public-private partnerships as a means for delivering cost-effective implementation of the financial model should be explored. The Task Force also recommends a joint committee of the House and Senate be appointed to provide the proper governance, oversight and direction of the AST.	Yes	Significant risk and cost avoidance
GG 3	The Task Force recommends the Legislature direct the AST to adopt a "cloud first" protocol for state agencies to follow. The protocol must, at a minimum, establish IT security standards and direct a state agency to consider the role the applications play in the organization, the operational costs associated with its use in the new environment, the type of usage expected, and considerations related to ensuring IT security.	Yes	Significant risk and cost avoidance
GG 4	The Task Force recommends the Legislature amend Florida procurement laws to implement additional measures to reduce the number of bid protests and simplify the bid process, including a flexible and responsive "debriefing process" that permit all parties to benefit from the early identification and resolution of any errors or other issues.	Yes	Significant risk and cost avoidance

ISSUE #	RECOMMENDATION	IMPROVED EFFICIENCY	EST. ANNUAL SAVINGS
GG 5	The Task Force recommends the State of Florida increase its commitment to having well-qualified and well-trained procurement personnel. It should be the policy of the state that training for procurement staff should be limited to enhancing or honing procurement skills, and not to develop basic procurement skills and core competencies.	Yes	Significant Yet Indeterminate
GG 6	The Task Force recommends the Legislature provide funds to DMS to contract with an independent third-party consulting firm with experience in strategic sourcing and procurement to complete a business case study of the State of Florida's procurement function focusing on the enterprise-wide organizational structure, governance, and operating model. This study would build upon, and not duplicate, the 2010 business case analysis prepared for MyFloridaMarketPlace (MFMP).	Yes	\$1.4 billion
GG 7	The Task Force recommends the Department of Management Services (DMS) be designated the responsibility and authority by the Legislature to accelerate the implementation of best practices and a shared-services model by consolidating and standardizing facility management, operations, construction, and leasing to optimize the state's real estate portfolio to achieve significant long-term cost avoidance.	Yes	\$70 - \$80 million
GG 8	The Task Force recommends the Legislature enroll all new Florida Retirement System (FRS) members in the Defined Contribution Investment Plan to ensure that the FRS is actuarially sound going forward, and avoid billions in future liabilities and to increase the retirement wealth of state employees.	Yes	\$12.9 million - \$9.8 billion
GG 9	The Task Force recommends the Legislature consider consolidating management of all state agency vehicles into one statewide fleet program under one state agency (either DMS or FDOT) or third-party vendor with uniform standards for procurement, assignment, utilization, maintenance, and disposal of fleet vehicles.	Yes	\$10.9 million
GG 10	The Task Force recommends the Legislature authorize the use of temporary, restricted use license plates during the private sale of motor vehicles to facilitate the transfer of ownership.	Yes	Significant Yet Indeterminate

ISSUE #	RECOMMENDATION	IMPROVED EFFICIENCY	EST. ANNUAL SAVINGS
GG 11	The Task Force recommends the Legislature lift the suspension of state matching funds for the Alec P. Courtelis University Facility Enhancement Challenge Grant Program and the University Major Gifts Program.	Yes	\$178.5 million
GG 12	The Task Force recommends the Legislature increase the DOR's sales and use tax audit coverage by adding new auditors, creating new state positions, and contracting with private auditors. In addition, the Legislature should expand the Certified Audit Program to allow recipients of Notices of Intent to Audit to use a DOR-certified private auditor in lieu of an audit by the DOR.	Yes	\$2.9 million
GG 13	The Task Force recommends that all Florida government entities take advantage of the opportunity to recover taxpayer investment in recently completed building or retrofits through the retroactivity provisions of Section 179D of the Internal Revenue Code, and to help defer future costs of building and retrofitting.	Yes	Significant Yet Indeterminate
GG 14	The Task Force recommends the Legislature provide funds to contract with an independent third party firm to partner with the Florida Department of Environmental Protection (DEP) and Department of Management Services (DMS), as well as any other state agencies, to inventory, survey and provide condition assessment of state owned facilities. The survey should, at a minimum, consist of identifying location, key characteristics, valuable assets, facility condition and occupancy.	Yes	Significant Yet Indeterminate
HHS 1	The Task Force recommends the state increase copayments for emergency room visits by state employees that do not result in hospitalization from \$100 to \$250 to better reflect true costs and deter an increased utilization and reliance on costly emergency room care, thus avoiding unnecessary costs. The copayment would continue to be waived 100 percent if the visit results in hospitalization.	Yes	\$5.64 million
HHS 2	The Task Force recommends the Legislature appropriate funding for a comprehensive audit of eligibility status of dependents covered under the State Group Insurance Program (SGIP) and switch from a passive enrollment process to an annual active enrollment process to avoid unnecessary costs paid for ineligible recipients.	Yes	\$69.6 million

ISSUE #	RECOMMENDATION	IMPROVED EFFICIENCY	EST. ANNUAL SAVINGS
HHS 3	The Task Force recommends the Legislature contribute a set amount or percent toward the annual health insurance premiums of state employees that is consistent with that paid by other large public and private employers. This cost shift would result in significant savings for the state.	Yes	\$268.8 - \$448.0 million
HHS 4	The Task Force recommends the Legislature further remove disincentives and barriers to the use of telehealth services, and while detailed policies are being determined, Florida should provide a foundation for the statewide expansion of telehealth. This will increase access to healthcare and avoid future costs.	Yes	\$13.2 billion
HHS 5	The Task Force recommends the Legislature increase the health plan options available to employees enrolled in the State Group Insurance Program (SGIP) by establishing employee contribution rates that reflect the actuarial benefit differences between the existing plans. This will bring employee premiums and plan benefits more in line with industry benchmarks.	Yes	Significant Yet Indeterminate
HHS 6	The Task Force recommends the Legislature implement a state employee wellness program adopting only those practices that have evidenced a high return on investment.	Yes	Significant Yet Indeterminate
HHS 7	The Task Force recommends the Legislature begin a follow-up program of determining outcomes for those who have been served by the Florida foster care system a minimum of three years. The follow-up program will ask outcomes of former foster care clients at 3, 5 and 10 years after aging out of foster care.	Yes	Significant Yet Indeterminate
HHS 8	The Task Force recommends the Legislature appropriate funding to implement and support the recommendations contained in the Medicaid & Public Assistance Fraud Strike Force's October 2012 Annual Report.	Yes	\$10.6 - \$21.2 million
Total Estimated Annual Government Savings		\$2.14 billion - \$12.14 billion	
Total Annual Healthcare Savings to Private Sector (HHS 4)		\$13.2 billion	

GOVERNMENT EFFICIENCY

RECOMMENDATION GE 1: PROPOSED FLORIDA GOVERNMENT EFFICIENCY ACT

The Task Force recommends legislation be enacted to require the Governor to include as part of his or her budget recommendations, and the Legislature to consider as part of the annual General Appropriations Act, recommendations for improving governmental operations and reducing costs.

Rationale: Florida can demonstrate a strong and recurring commitment to improving governmental operations and reducing costs by implementing legislation establishing the “Florida Government Efficiency Act.” The Governor’s annual budget recommendations should include recommendations for improving governmental operations and reducing costs. These recommendations would consider reports and recommendations issued by the Auditor General, the Office of Program Policy Analysis and Government Accountability, the Government Efficiency Task Force, agency inspectors general, and state agencies. A mechanism could be put into place to solicit and encourage recommendations to be submitted to the Executive Office of the Governor by the general public.

Each state agency responsible for implementing the Governor’s recommendations for improving governmental operations and reducing costs should be required to submit quarterly a report of their implementation status and any demonstrated cost savings to the legislative appropriations committees and to the Chair and Vice Chair of the Legislative Budget Commission.

A draft of the proposed Florida Government Efficiency Act is included as Appendix A (page 38).

Cost Savings / Government Efficiency: The major benefits of establishing the Florida Government Efficiency Act are significant recurring cost savings and improved efficiency of government. Estimates of actual cost savings would vary from year to year, but would be expected to be substantial.

CRIMINAL AND CIVIL JUSTICE

RECOMMENDATION CCJ 1: INTER-BRANCH BIPARTISAN CRIMINAL JUSTICE TASK FORCE

The Task Force recommends the Legislature introduce a bill for consideration during the 2017 Legislative Session to establish an inter-branch, bipartisan criminal justice task force of stakeholders from both inside and outside of state government to conduct an operational review of the Department of Corrections (DOC). The task force should publish and deliver a report to the Governor, Legislature, and Supreme Court on its findings and recommendations no later than December 1, 2017.

Rationale: Florida currently has the third largest prison population in the United States with nearly 100,000 inmates and less than 12,000 correctional officers to oversee and manage them. The costs of maintaining this system are significant with the Legislature appropriating more than \$2.4 billion during the 2016 legislative session to the DOC, representing more than half of the total \$4.9 billion appropriated to Criminal and Civil Justice.

In 2015, the Office of Program Policy Analysis and Government Accountability (OPPAGA) contracted with an independent consultant for a study of operations of the Florida DOC.⁴ Specifically the report reviewed correctional officer staffing, security operations, inmate programs, and a risk and needs assessment. The study found that DOC's staffing is inexperienced due to high turnover, and the number of staff is insufficient. The rate of turnover in FY 2014-15 was 17.6% and there were more than 2,900 separations. In addition, one-half of the department's correctional officers had less than 3.1 years of work experience.

Staffing was observed at some times to drop below the minimum acceptable levels. Many staff have not completed basic training—there are nearly 1,400 officers on temporary employment authorization. The study found that certain policies or procedures led to inmate idleness, the mixing of populations, or the ability to move contraband articles, all of which could lead to violence or other problems arising within the facility and population. The study also found that “[p]erimeter security systems are outdated, in poor operational condition, and fencing is in disrepair.” The study recommended the DOC review comprehensive staffing, perimeter security, emergency management plans, facility repairs, contraband and abuse policies, inmate safety and interaction policies, and inmate programs and their effectiveness.

This task force will partner with nationally recognized criminal justice policy experts who will review the work and advise the task force on industry best practices. The operational review will establish a baseline of the current status, performance, and outlook for the DOC. This will include, but not be limited to, an evaluation of performance measures; explanation of factors that have contributed to any failures; promptness and effectiveness with which the department resolves complaints; a comprehensive staffing analysis; and an assessment of the extent to which the department has corrected deficiencies. Additionally, the task force will analyze the drivers of Florida's prison population, including how and why individuals are sentenced into the correctional and probation systems, and developing policy proposals for a complete set of reforms that keep the public safe whilst wisely investing state resources. The review should consider these aspects of the criminal justice system, as well as any overlapping aspects of the juvenile justice system.

Cost Savings / Government Efficiency: The major benefits of an operational review of the Florida DOC are significant recurring cost savings and improved efficiency of government. Estimates of actual cost savings would vary from year to year, but would be expected to be substantial.

⁴ Office of Program Policy Analysis and Government Accountability, *Study of Operations of the Florida Department of Corrections*, Report No. 15-FDC (November 2015).

RECOMMENDATION CCJ 2: SUPERVISED RELEASE OF NON-VIOLENT ELDERLY INMATES

The Task Force recommends the Florida Commission on Offender Review amend its release eligibility standards to authorize the supervised release of certain non-violent elderly inmates. The establishment of prerequisites such as a place to live and access to services, like health care, should be added to the conditions of discretionary release.

Rationale: Florida continues to bear the increasing medical and housing costs of a growing elderly prison population. From 2000 to 2014, Florida's elderly prison population (aged 50 years of age and older) grew from 5,605 to 21,002, at an average increase of 9.9 percent per year. This growth rate is more than three times the growth rate of the general prison population.⁵ As of May 2016, Florida has 6,642 prisoners at least 60 years of age, 1,300 prisoners at least 70 years old, 151 octogenarians, and 12 nonagenarians.⁶ Among the octogenarians, 40 percent were sentenced to terms of years as opposed to life without parole, and 19 have release dates in the next 3 years. Florida also has two prisoners aged 92, who rank at the top of the oldest prisoners in the US.⁷ By 2020, one out of every three prisoners in Florida will be elderly. This rate will be double the 16 percent national average, and impose huge and unsustainable fiscal burdens on Florida taxpayers.⁸

Many of these elderly inmates were originally incarcerated for a non-violent primary offense, and would pose little if any risk to the public if they were released from prison. The Department of Corrections reports that, as of June 30, 2015, 37 percent of inmates aged 50 years of age and older, and 18 percent of inmates aged 65 years of age or older, were incarcerated for a non-violent primary offense.⁹

Elderly prisoners cost the most to incarcerate, but pose the least danger to public safety. The National Institute of Corrections estimates that states spend on average \$70,000 per year to incarcerate someone age 50 or older, nearly three times what it costs to house a younger prisoner, largely because of the difference in healthcare costs.¹⁰ Elderly inmates are not eligible for federal healthcare support; however they are eligible for federally funded Medicaid (with state match) and/or Medicare upon their release. The average Medicaid spending per aged enrollee in Florida (including both state and federal payments) is \$8,532.¹¹ The average Medicare spending on personal health care services and products per enrollee in Florida (including both state and federal payments) is \$11,893.¹² This represents an average savings to the state of \$58,107 to \$61,468 per elderly inmate per year.

Cost Savings / Government Efficiency: Based on the average savings and the number of inmates, the supervised release of only those elderly inmates who are 70 years of age or older could result in estimated annual savings of \$75.5 million to \$79.9 million.

5 Florida TaxWatch, Center for Smart Justice, "Florida's Aging Prisoner Problem," September 2014.

6 Corrections Offender Network: Offender Information Search, Florida Department of Corrections, June 10, 2014.

7 Drayton Curry, 92, Nation's Oldest Federal Prisoner: Obama AWOL on Clemency Request," The Village Voice, Sep 2011.

8 Florida TaxWatch, Center for Smart Justice, "Florida's Aging Prisoner Problem," September 2014.

9 Note: This applies to the primary offense for current incarceration only and not for prior offenses.

10 Kevin McCarthy and Carrie Rose, "State Initiatives to Address Aging Prisoners", Office of Legislative Research, March 4, 2013.

11 The Henry J. Kaiser Foundation, "Medicaid Spending per Enrollee (Full or Partial Benefit)," retrieved from <http://kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/>, March 22, 2016.

12 The Henry J. Kaiser Foundation, "Medicare Spending per Enrollee, by State," retrieved from <http://kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/>, March 22, 2016.

RECOMMENDATION CCJ 3: ENHANCED SENTENCING TOOLS

The Task Force recommends the State develop risk/needs assessment and cost analysis tools to be used at the time of sentencing that provide judges with extensive information about sentencing options and the risks and costs associated with each option.

Rationale: Over the past 20-25 years, Florida's sentencing guidelines have been revised on several occasions to provide for increased sanctions and sanction length in certain instances. Compared to the sentencing guidelines that existed in 1994, the current Criminal Punishment Code includes provisions whereby all felony offenders have the potential to receive a prison sentence (many under the guidelines would be excluded from such a possibility), and provisions for far greater sentence lengths than were permissible under the guidelines.¹³ The calculation used to determine the sentence focuses not on risk or needs, or the likelihood of reoffending, but on the appropriate level of punishment, based on factors such as the nature of the primary offense and any additional offenses, prior criminal history, and injury to the victim. Two decades after Congress passed the Violent Crime Control and Law Enforcement Act of 1994, Florida's crime has decreased 54 percent and its imprisonment rate has increased 31 percent.

A 2006 National Center for State Courts survey identified restrictions on judicial discretion that limited the ability of judges to sentence more fairly and effectively as a major concern among state trial judges hearing felony cases. The survey also found that the state chief justices believed that the most important sentencing reform objective facing the state courts was to improve public safety and reduce recidivism through the expanded use of evidence-based practices and programs, including offender risk and needs assessment tools. In response, many states are moving toward sentencing policies and practices based on what research has demonstrated to be effective in reducing criminality, keeping corrections budgets in check, and helping rehabilitate convicted offenders.

The Oregon Judicial Conference, for example, requires judges to consider the sentence's potential impact on reducing future criminal conduct. Building flexibility into sentencing laws allows judges to better select sanctions that provide the best chance of reducing recidivism. Missouri's Sentencing Commission has developed a web-based tool for judges to use in sentencing that provides them extensive information about sentencing options and the risks and costs associated with each alternative. This tool is available for use by judges, prosecutors, defendants and their attorneys, and the public. The user simply inputs data for the highest level offense upon which the defendant has been (or will be) convicted, along with demographic, criminal history, substance abuse involvement, education and other information about the defendant. The tool provides the user with the recommended sentence, the risk assessment, recidivism projections and the costs of incarceration, supervision, and community alternatives, including treatment where warranted.

Florida should build on Missouri's success and create a similar risk/needs assessment tool that allows judges access to offense/offender-specific cost and recidivism estimates and enable them to use evidence in order to develop sentencing options best targeted to individual offenders. This will reduce the overall prison population over time, and help Florida save money without jeopardizing public safety.

Cost Savings / Government Efficiency: Every 5 percent reduction in recidivism represents 420 fewer inmates per release cohort returning to incarceration over a 3-year period and an estimated cost avoidance of approximately \$8.3 million (\$2.8 million annually).¹⁴

13 Florida Department of Corrections, "Florida's Criminal Punishment Code: A Comparative Assessment (FY 2000-2001)," retrieved from http://www.dc.state.fl.us/pub/sg_annual/0001/intro.html, March 22, 2016.

14 420 inmates X \$15.91 per inmate per day X 365 days X 3.4 years = \$8.3 million / 3 year = \$2.8 million per year.

RECOMMENDATION CCJ 4: EXPAND ALTERNATIVE FORENSIC MENTAL HEALTH PROGRAMS

The Task Force recommends legislation be enacted and funding appropriated to expand the number of community-based alternative forensic sites that provide an added emphasis on reintegration as well as competency restoration.

Rationale: Florida law requires that individuals must be able to understand the reasons for and the nature of the charges as against them, understand the penalties and consequences that may be imposed upon them should they be convicted, and be able to effectively communicate in order to stand trial. Competency restoration programs help restore competency to individuals who could not meet this requirement at the time of trial and have been deemed incompetent to proceed due to mental illness or disability.

Competency programs operate in about half of Florida's 67 counties¹⁵ and there are two primary types: community competency services, which provide competency restoration to individuals who do not need a secure environment and conditionally receive services and training in the community;¹⁶ and forensic facilities, which provide competency restoration for individuals that need a secure environment. Between 150,000 and 170,000 Floridians need acute mental health treatment each year, but the state spends over 20 percent of its total adult mental health budget on restoring competency for just 4,500 people.¹⁷ Despite this, the number of people in prisons with mental health issues went from 8,000 to 16,000 between 2003 and 2015; a number that is expected to double in the coming years.

In August of 2009, Miami-Dade created a community-based program for competency restoration that combines elements of both community-based and state forensic facility programs and diverts individuals with mental illnesses from state hospital placement. Participants are initially placed in a secure inpatient setting, where they receive crisis stabilization and short-term residential services. They are regularly evaluated and, when ready, are moved to a less restrictive community placement with outpatient services. Throughout the entire process, participants are provided with reentry assistance as well as ongoing service engagement.¹⁸ Legislation was proposed in 2015 that would have created four more sites for this program. It passed individually, but later died as part of a larger bill.¹⁹ Two more bills with the same intent were filed for the 2016 Florida Legislative Session.²⁰

Cost Savings / Government Efficiency: Alternative forensic mental health programs, such as the Forensic Alternative Center program in Miami-Dade County, have potential to provide significant cost-savings. The average cost to provide services through the program is an estimated \$63 to \$107 less per day than the cost of services provided in state forensic treatment facilities.²¹ State facilities have the capacity to handle approximately 1,100 individuals in need of competency restoration services at any one time. Diverting 25 percent of these individuals into alternative forensic mental health programs would save an estimated \$11 million annually.

15 "Incompetent to Proceed Adjudications Increasing." (March 2008). Office of Program Policy Analysis and Government Accountability.

16 "Juvenile and Adult Incompetent to Proceed Cases and Costs." (Feb. 2013). Office of Program Policy Analysis and Government Accountability.

17 Call with Judge Steven Leifman on "incompetent to proceed" cases (August 29, 2015).

18 "Detailed Summary of the Presentations from the 2012 Justice Summit & Pre-Summit Meetings." (Feb. 2013). Florida TaxWatch.

19 It died as part of CS/HB 7113 and SB 1452 – Mental Health Services in the Criminal Justice System.

20 CS/HB 439 and CS/SB 604– Mental Health Services in the Criminal Justice System.

21 Florida Council for Community Health, "Forensic Mental Health Fact Sheet," November 2010.

RECOMMENDATION CCJ 5: INCREASE ACCESS TO WORK RELEASE PROGRAMS

The Task Force recommends the Legislature increase access to work release programs to permit more inmates to begin their transition back into the community sooner. This transition will be less expensive to the state and will likely result in improved outcomes (e.g., reduced recidivism) for the inmates.

Rationale: Florida offers transitional community work release for selected low-risk inmates to work at paid employment in the community while living in work release centers outside of prison. While in work release, the inmate earns money and a portion must be set aside for when the inmate is released. The inmate learns skills, which increases their chances of finding jobs after their release. The majority (75 percent) of participants' earnings in work release programs is used for restitution, child support, and subsistence in the facility, with only 10 percent specifically earmarked for saving.²²

Florida has 34 work release centers²³ that serve about 3,000 inmates annually²⁴ at an average inmate cost per day of \$30.57.²⁵ In contrast, the average inmate cost per day in a state-operated facility is about \$51.65.²⁶ The annual cost to house an inmate in a work release center is approximately 60 percent of the cost to house an inmate in a state-operated facility. Every day an inmate is housed in a work release center saves the state \$21.08. Over the course of a year, this represents a savings of \$7,694.

Research shows that the work experience gained by inmates in work release programs reduces the likelihood that these inmates will recidivate within one year.²⁷

- Inmates who receive a GED and participate in work release for 60 days or more are 10.1% less likely to recidivate than those who receive a GED and have no work experience.
- Inmates who complete a substance abuse program and participate in a work release program for at least 60 days are 5.9% less likely to recidivate than those who complete a program and have no work experience.

Cost Savings / Government Efficiency: Housing inmates at work release centers instead of in a state-operated facility saves the state approximately \$23 million annually.²⁸ Expanding the capacity of existing programs or establishing new work release programs will save the state an additional \$7,694 per inmate per year. Based on the differences in recidivism rates that can be attributed to the work experience gained through participation in work release (5.9 percent to 10.1 percent), the state would save an estimated \$3.36 million to \$5.76 million annually.²⁹ Assuming an inmate works 32 hours a week at minimum wage (\$8.05/hr.), the inmate would earn approximately \$13,395 annually, \$7,367 (55 percent) of which would pay for subsistence at the work release center; \$1,340 (10 percent) of which would go to restitution or court ordered payments; \$1,340 (10 percent) of which would go to family assistance, including child support; \$1,340 (10 percent) of which would go to the inmate's savings account; and the remainder would go to the inmate's general account and for incidental expenses.³⁰

22 "Frequently Asked Questions Regarding Work Release." (Accessed: January 6, 2016). Florida Department of Corrections.

23 Florida Department of Corrections Facility Directory. (Accessed January 6, 2016; Last Updated November 13, 2015).

24 "Frequently Asked Questions." (Accessed January 6, 2016). Florida Department of Corrections.

25 Florida Department of Corrections, Annual Report 2014-15.

26 Ibid.

27 Florida Department of Corrections, "Academic, Vocational, and Substance Abuse Program Impacts," retrieved from <http://www.dc.state.fl.us/pub/recidivismprog/tab1.html>, April 28, 2016.

28 3000 inmates X \$21.08 (difference in daily costs) X 365 days = \$23,082,600.

29 Based on a formula developed by the Office of Program Policy Analysis and Government Accountability (Report Number 00-23, page 48), cost avoidance is derived by multiplying the number of inmates who complete a program by the reduction in recidivism percentage (difference in completers and non-completers) and multiplying this number by an annual incarceration rate of \$19,000 per inmate.

30 Supra, footnote 22.

RECOMMENDATION CCJ 6: EXPAND ELECTRONIC MONITORING FOR LOW-RISK NON-VIOLENT OFFENDERS

The Task Force recommends the Legislature appropriate funding to expand the use of electronic monitoring as a means of diverting low-risk, non-violent offenders from prison.

Rationale: The Florida Department of Corrections (FDOC) began using electronic monitoring in 1987 to track offenders, increase compliance with the terms of offenders' release into the community, and reduce recidivism. Although used primarily to provide an extra measure of security for high-risk offenders (particularly sex offenders), there is increasing support for the use of electronic monitoring of low-risk offenders. Replacing all or part of a term of incarceration of low-risk offenders with less expensive community supervision that includes electronic monitoring will reduce the cost of corrections. The use of electronic monitoring in lieu of the last part of a period of incarceration would support successful reentry of low-risk, non-violent offenders into the community by providing for a period of supervision before release from custody.³¹

A 2010 Florida State University study³² examined outcome data on approximately 272,000 medium-risk and high-risk offenders who were on community supervision in Florida at some time during the period between June 1, 2001 and June 30, 2007. Of these offenders, 5,034 were on electronic monitoring and 266,991 were not. The study found that offenders on electronic monitoring are 31 percent more likely to successfully complete community supervision than offenders who are not electronically monitored. Electronic monitoring significantly reduces the failure rate for all types of offenders, but has less of an impact on violent offenders (26% reduction) than on offenders who committed sex, drug, property, or other types of crimes (36% reduction).

Offenders sentenced to prison for non-violent offenses (e.g., drug, property, or other offense) make-up approximately 47 percent of Florida's FY2012-13 prison population.³³ The average inmate per diem cost of incarceration is \$47.50.³⁴ In contrast, Global Positioning Satellite monitoring costs \$8.94 per day (approximately \$270 per month) and Radio Frequency monitoring costs \$1.97 per day (approximately \$60 per month).³⁵ Based on this, every day a low-risk, non-violent offender is incarcerated therefore costs the state \$38.56 to \$45.53 more than if that offender were electronically monitored.

Cost Savings / Government Efficiency: At a cost savings of \$38.56 to \$45.53 per day, every low-risk, non-violent offender sentenced to community supervision that includes electronic monitoring will reduce the cost of corrections by an estimated \$14,074 to \$16,618 annually. If community supervision that includes electronic monitoring were used for the 1,300 current inmates who are 70 years of age or older, the state would save an estimated \$18.3 million - \$21.6 million, exclusive of these inmates' healthcare costs.

31 The Florida Senate, Committee on Criminal Justice, "Examine Technological Advances and Other Issues in Electric Monitoring of Probationers," Interim Report 2012-117, September 2011.

32 Bales, Bill, et al. The Florida State University College of Criminology and Criminal Justice, Center for Criminology and Public Policy Research. "A Quantitative and Qualitative Assessment of Electronic Monitoring, Report Submitted to the Office of Justice Programs, National Institute of Justice, U.S. Department of Justice." January 2010.

33 Florida Department of Corrections. "2012-2013 Agency Statistics-Inmate Population."

34 Ibid.

35 Supra, footnote 31.

GENERAL GOVERNMENT

RECOMMENDATION GG 1: REPLACE THE FLORIDA ACCOUNTING INFORMATION RESOURCE (FLAIR) AND THE CASH MANAGEMENT SYSTEM (CMS)

The Task Force recommends the Legislature continue funding to replace the Florida Accounting Information Resource (FLAIR) and Cash Management System (CMS), consistent with the March 2014 business case study submitted by the Department of Financial Services (DFS) to the Legislature. To provide the Legislature with the information necessary to appropriate sufficient funding each year and to avoid delays or disruptions, a multi-year financial model to cover the entire project life cycle should be developed and maintained.

Rationale: FLAIR is a 30 year-old, double-entry, computer-based, general ledger accounting system, which is used to perform the state's accounting and financial management functions. State agency activities related to payments for payroll, retirement, unemployment compensation, expenses, and public assistance are processed through FLAIR. The programming language (COBOL) and data file structure are obsolete and, within the marketplace, there are few (if any) companies with the resources and staff knowledgeable enough to support FLAIR's underlying technology. FLAIR is currently maintained by DFS internal IT support staff, more than 40 percent of which have 30 years or more of service. These employees have considerable institutional knowledge and technical expertise and, as they retire, the chances of replacing this knowledge and expertise in today's market are highly unlikely.

For CMS, there is a similar, albeit more modern, situation regarding support staff. While a portion of CMS functionality was replaced by more modern technology, the resource pool supporting and developing the modern components is constrained by a small number of existing senior employees. This presents additional risk across the functions of the Treasury.

A 2014 study by North Highland³⁶ looked at four options and recommended that Florida pursue the replacement of FLAIR and CMS with a "commercial off the shelf" enterprise resource plan solution for the financial management processes to support the constitutional obligations of DFS. The total costs, spread over a 15-year period, were estimated to be \$667.6 million, almost \$100 million of which reflects expenses associated with supporting FLAIR until it is retired in the next 8-9 years. The replacement of FLAIR and CMS would:

- Mitigate the risks associated with maintaining an increasingly fragile technology platform;
- Implement a statewide accounting system to enforce standardization of business practices;
- Act as a scalable foundation to evolve as business needs change; and
- Position Florida for future innovation with the ability to consider a true enterprise system.

Maintaining the FLAIR system will cost the state nearly \$100 million during the next few years, and significantly more after that if the system is not replaced or overhauled. DFS should continue to make smart business decisions, and do the high-level planning and project management necessary to minimize risk to the state.

Cost Savings / Government Efficiency: The major benefits of replacing FLAIR and CMS focus on risk avoidance and cost avoidance, as opposed to cost savings. Costs will be avoided as a result of agency business process standardization, reduced costs to maintain the system, and a reduced need for agency-run financial management systems and external financial data repositories.

36 Florida Department of Financial Affairs. "FLAIR Study." Deliverable 5, North Highland Worldwide Consulting, March 31, 2014.

RECOMMENDATION GG 2: FUNDING AND GOVERNANCE OF THE AGENCY FOR STATE TECHNOLOGY (AST)

The Task Force recommends the Legislature require the AST to develop and maintain a multi-year financial model to cover the next 5-10 year life cycle to ensure sufficient funding and spending authority are appropriated to implement the AST's core mission. The use of public-private partnerships as a means for delivering cost-effective implementation of the financial model should be explored. The Task Force also recommends a joint committee of the House and Senate be appointed to provide the proper governance, oversight and direction of the AST.

Rationale: The newly created Agency for State Technology (AST) affords state leaders an opportunity to look at all technology projects on an enterprise-wide level, with a view toward consolidation and standardization, as appropriate. While the creation of the AST is a great success for the state, it represents the third time in the past 15 years the state has tried to establish an enterprise-wide IT agency. Given the most recent failures, it is imperative that the state “get it right” this time. Implementing the AST and meeting the established requirements within established timelines will be challenging. The successful implementation of the AST will require extraordinary leadership, cooperation and vision at the executive and legislative levels to capture and ensure cost and delivery efficiency in all aspects of IT services and solutions.

To ensure the Legislature has the information it needs to adequately fund the AST, and avoid delays and disruptions, a multi-year financial model to cover the next 5-10 year life cycle of AST projects needs to be developed and maintained. Budgetary constraints and private sector efficiencies and expertise dictate that the AST look closely at the use of public-private partnership models, as appropriate, to deliver technology infrastructure projects that would have been previously built using only public sector finances.

Legislatively, oversight of the AST is provided by a number of “general government” policy and budget committees, which oversee the AST and a number of other agencies. A joint committee of the House and Senate on information technology appointed by House and Senate leaders, with whom is vested sole and exclusive authority for overseeing the governance of the AST and IT policy and budget issues, will help to ensure the successful implementation and operation of the AST.

This Task Force recommendation is in no way intended to undermine or usurp the responsibilities of the Governor and Cabinet, and the Technology Advisory Committee, in the implementation and administration of the AST. The Task Force recommendation is intended to more effectively discharge the Legislature's oversight responsibility through the establishment of a single joint committee.

Cost Savings / Government Efficiency: The major benefits of successfully implementing the AST are significant cost and risk avoidance and a significant increase in government efficiency as a result of more consistent enterprise technology policy for the state and more effective oversight of large IT projects.

RECOMMENDATION GG 3: CLOUD FIRST PROTOCOL

The Task Force recommends the Legislature direct the AST to adopt a “cloud first” protocol for state agencies to follow. The protocol must, at a minimum, establish IT security standards and direct a state agency to consider the role the applications play in the organization, the operational costs associated with its use in the new environment, the type of usage expected, and considerations related to ensuring IT security.

Rationale: As technology has improved and become cheaper, state agencies now manage a large amount of digital data. In recent years, especially with the increased usage of mobile devices, the “cloud” has become part of everyday use. Cloud computing relies on Internet-based services and resources to provide computing services to customers, while freeing them from the burden and costs of maintaining the underlying infrastructure.”³⁷ Cloud computing moves away from the traditional model of buying physical IT assets such as servers, storage, and routers and into buying the functionality provided by those devices as-a-service.”³⁸ Benefits include: (1) Users pay for what they consume, and can increase or decrease their usage; (2) The cloud customer can spend less time managing complex IT resources and more time investing in core mission work; and (3) The providers benefit from economies of scale, enabling lower individual usage costs and centralized infrastructure costs.

The federal government recognized the inefficiencies created by fragmented demand for resources, duplicative systems, and other issues and implemented a “cloud-first” policy in 2011, the goal of which is to “maximize capacity utilization, improve IT flexibility and responsiveness, and minimize cost.”³⁹ The consolidation of data centers and the use of cloud services have resulted in a cost savings of \$3.6 billion over 4 years.⁴⁰

The 2015 Legislature directed the AST to use a third-party consulting firm, in consultation with the State Data Center and the applicable state agency customers, to complete an assessment of applications hosted at the State Data Center to see if they are ready to be migrated to the cloud. A January 2016 assessment analyzed 931 applications and found that there are no applications located in the State Data Center that may be categorized as “cloud ready.”⁴¹

Florida should be on the leading edge for the adoption of sound cloud-first policies. While federal agencies continue to implement cloud computing services, Florida can learn from their progress and adopt such a policy for state agencies to follow. As the state plans for major investments in technology, agencies should research the opportunities to leverage the innovations provided by cloud computing. This requires an evaluation of external service providers’ capabilities and limitations to ensure compliance with business objectives while factoring in agility, security, risk mitigation, and opportunities for a reduced total cost of ownership. The use of cloud-services going forward or the migration of old data to cloud services would be undertaken if such decisions result in a cost savings or risk avoidance for the state.

Cost Savings / Government Efficiency: The major benefits of establishing a “cloud first” protocol for state agencies are significant recurring cost savings, significance avoidance of risk, and improved efficiency of government. Estimates of actual cost savings would vary from year to year, but would be expected to be substantial.

37 U.S. Government Accountability Office, *Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans* (Sept. 2015), GAO-15-617.

38 U.S. General Services Administration, Cloud Computing Services Program Management Office (CSS PMO), *Helping Your Agency to Leverage the Power to Cloud Computing Brochure*, available at http://www.gsa.gov/portal/mediald/238003/fileName/Cloud_PMO_Brochure_v10_07102015.action (last visited 5/27/2016).

39 *Federal Cloud Computing Strategy*.

40 Supra footnote 37.

41 Grant Thornton, “Florida Agency for State Technology, State Data Center Application Cloud Readiness Study Deliverable #6: Final Report,” January 15, 2016.

RECOMMENDATION GG 4: MINIMIZE BID PROTESTS

The Task Force recommends the Legislature amend Florida procurement laws to implement additional measures to reduce the number of bid protests and simplify the bid process, including a flexible and responsive “debriefing process” that permits all parties to benefit from the early identification and resolution of any errors or other issues.

Rationale: Bid protests are expensive and are often used to delay contract awards and to force concessions (settlement agreements) from agencies or the winning bidders. Many protests are filed simply because the unsuccessful bidder does not understand the process or how its proposal was scored. The procurement process affords limited access to relevant information in advance of the award, so many bidders feel compelled to file a protest just to gain a better understanding of why they lost. Using the “case search” function on the DOAH website, staff reviewed 91 bid cases⁴² that had been reviewed by DOAH since 2014 and found that 51 of these cases (56 percent) had been settled and/or dismissed prior to the entry of a recommended order or final order.

Responding to bid protests is a time consuming effort, requiring considerable staff time and legal support. In Florida, agencies may recover the costs of their legal staff from an unsuccessful bidder; however, the costs incurred by agency staff (staff time) and the successful bidder (legal and staff time) to prepare their response and defend the state’s selection are not recovered.⁴³

Although Florida’s bid protest process is fundamentally sound, the adoption of provisions that permit the use of “debriefings” would deter bid protests and save money for taxpayers by avoiding the costs associated with the protests and preventing delays of the procurement process. These debriefings would be conducted before the agency formally issues an award, at which time vendors would have an opportunity to discuss their bid response with the agency and get a better understanding of the process and how their proposal was scored. The agency would also have an opportunity to correct or resolve any errors it may have made during the process.

The focus would be on the bidder’s proposal and how it satisfied or did not satisfy the evaluation criteria. The debriefing would get the necessary parties to the table and allow the bidder to be heard and understood by the agency. The debriefing process would include mechanisms that would permit an agency to stop the bid process, respond as lawful and appropriate to address the issue(s), and then resume the process, thereby avoiding the bidder having to file a protest to resolve the issue(s). This additional transparency will help to stem unnecessary bid protests. Information on proposals from other bidders would not be shared and would only be made available after an award was formally issued. This would help to ensure a fair but structured process that ensured a bidder’s hearing, but not at the expense of taxpayer value or the project’s timeline.

Cost Savings / Government Efficiency: Estimating the cost savings is difficult since, according to a 2013 survey conducted by the National Association of State Procurement Officers, only three states that allow bid protests quantify the cost for a protest.⁴⁴ Most states, like Florida, absorb the bid protest cost as a cost of doing business. The major benefits would be significant cost and risk avoidance and a significant increase in government efficiency as a result of the reduced number of bid protests.

42 <http://www.doah.state.fl.us/ALJ/searchDOAH>, retrieved May 9, 2016.

43 Conversation with Ms. Kelly Scott, Director, Division of State Purchasing, October 13, 2014.

44 State Bid Protests, Research Brief, National Association of State Procurement Officials, April, 2013.

RECOMMENDATION GG 5: EMPLOYMENT OF EXPERIENCED AND WELL-TRAINED PROCUREMENT PERSONNEL

The Task Force recommends the State of Florida increase its commitment to having well-qualified and well-trained procurement personnel. It should be the policy of the state that training for procurement staff should be limited to enhancing or honing procurement skills, and not to develop basic procurement skills and core competencies.

Rationale: One of the challenges facing state agencies is whether to “hire and train” or “buy and hold” its procurement staff. The “hire and train” strategy permits agencies to use internal promotion as a way to provide lower-level employees a career path to higher-paying, more responsible jobs. The Division of State Purchasing’s professional development program offers professional development opportunities designed to maintain, broaden, and improve the knowledge, skills, and abilities of public procurement professionals while helping them remain relevant and competitive in the public procurement industry.⁴⁵ The retirement of the Florida Certified Purchasing Agent and Florida Certified Purchasing Manager certification programs⁴⁶, however, decreases the likelihood that procurement employees will receive the training necessary to function effectively in higher paying and more responsible jobs. A review of the DMS website identified 181 purchasing agents and 160 purchasing managers who have been certified through these programs.⁴⁷

In contrast, the “buy and hold” strategy permits public procurement agencies to recruit procurement staff that is already well-qualified and well-trained. Because these employees will already have the core competencies necessary to function effectively, any additional investment into their training or professional development is likely to be minimal. This strategy acknowledges the importance of post-secondary education, professional certification and previous procurement experience when recruiting procurement staff.

The Universal Public Procurement Certification Council has established guidelines for obtaining the Certified Public Procurement Officer (CPPO) and Certified Professional Public Buyer (CPPB) designations. The CPPO and CPPB designations are recognized credentials throughout the world and signify that the designated individual has reached a specific level of education and experience and has demonstrated an established level of knowledge necessary to competently perform the work of a public procurement officer or buyer.⁴⁸ These, or comparable, certification requirements could be included in the hiring criteria for hiring procurement staff.

The “buy and hold” strategy would likely require the state to reevaluate the compensation package for procurement officers to recruit and retain procurement staff with the desired qualifications.⁴⁹

Cost Savings / Government Efficiency: The benefits from recruiting and retaining qualified staff (“buy and hold”) to manage state purchasing are significant yet indeterminate.

45 http://www.dms.myflorida.com/business_operations/state_purchasing/public_procurement_professional_development, retrieved May 9, 2016.

46 http://www.dms.myflorida.com/business_operations/state_purchasing/public_procurement_professional_development/certifications_for_the_public_procurement_professional/florida_certified_purchasing_agent_and_manager2, retrieved May 9, 2016.

47 Ibid.

48 <http://www.uppcc.org/certified>, retrieved May 16, 2016.

49 Florida TaxWatch, “Annual Florida TaxWatch Government Efficiency Recommendations 2015,” December 2014.

RECOMMENDATION GG 6: CONSOLIDATED PROCUREMENT PERSONNEL

The Task Force recommends the Legislature provide funds to DMS to contract with an independent third-party consulting firm with experience in strategic sourcing and procurement to complete a business case study of the State of Florida’s procurement function focusing on the enterprise-wide organizational structure, governance, and operating model. This study would build upon, and not duplicate, the 2010 business case analysis prepared for MyFloridaMarketPlace (MFMP).

Rationale: State and local government agencies spend a tremendous amount of taxpayer money procuring commodities and services, and even a small improvement in efficiency will generate a large savings. The potential for greater improvements in efficiency and even greater savings to taxpayers justifies a thorough review of how Florida’s procurement program works and how it can be improved.

Florida’s procurement program is neither consolidated nor unconsolidated, but a combination of the two. Consolidated management is the responsibility of DMS’ Division of State Purchasing—DMS is charged with providing uniform commodity and contractual service procurement policies, rules, procedures, and forms for use by agencies and eligible users.⁵⁰ DMS negotiates state terms for services and commodities used by all state agencies to leverage the state’s buying power. State agencies and other public entities are granted a certain level of independence from DMS and are authorized to process, oversee, and/or approve purchases up to certain dollar thresholds and negotiate their own contracts. Each agency has its own budget for procurement staff and activities. The DMS website identifies 37 state agencies, committees, commissions and other governmental entities that have their own agency purchasing officer and staff.⁵¹

DMS does not record the procurement activities of all state agencies, as MyFloridaMarketPlace (MFMP), the state’s e-Procurement tool, has been historically underutilized by all state agencies. In 2012 the state launched an effort to improve MFMP utilization by state agencies. Utilization goals and performance levels were established and tracked monthly, and agency performance is available for review on a scorecard on the MFMP website.⁵²

An analysis by McKinsey & Company found that the highest performing private-sector procurement organizations take a centralized, or similar, approach to managing procurement.⁵³ This suggests that Florida’s hybrid model of procurement authority could be strengthened by making it more consolidated. Furthermore, there is evidence to suggest that there is some inefficiency in Florida’s agency-based approach, despite a number of valiant efforts to improve functionality. Working toward a shared services model, where staff from one agency with particular expertise assists another agency that needs that expertise, would improve the state’s procurement efficiency.

Cost Savings / Government Efficiency: In more than 500 purchasing projects that the management consulting firm McKinsey & Company has supported in both the private and public sectors over the past five years, improved purchasing in the public sector yields an average savings of 28 percent.⁵⁴ A 28 percent savings would save Florida taxpayers an estimated \$1.4 billion annually.⁵⁵

50 Subsection 287.032(2), Florida Statutes.

51 http://www.dms.myflorida.com/business_operations/state_purchasing/vendor_resources/contact_a_purchasing_professional/agency_purchasing_officers, retrieved May 16, 2016.

52 http://www.dms.myflorida.com/business_operations/state_purchasing/myfloridamarketplace/utilization_initiative/myfloridamarketplace_utilization_scorecard, retrieved May 16, 2016.

53 See, e.g., McKinsey & Company. “Global Procurement Excellence: A Quantitative way to determine PSM best practices.” Presentation to the EIPM Annual Conference, Geneva, Switzerland. December 8, 2006.

54 Christian Husted and Nicolas Reinecke, “Improving public sector purchasing.” McKinsey on Government, Summer 2009.

55 \$5 billion x 28% = \$1.4 billion.

RECOMMENDATION GG 7: CONSOLIDATED REAL ESTATE AND FACILITIES SHARED SERVICES

The Task Force recommends the Department of Management Services (DMS) be designated the responsibility and authority by the Legislature to accelerate the implementation of best practices and a shared-services model by consolidating and standardizing facility management, operations, construction, and leasing to optimize the state's real estate portfolio to achieve significant long-term cost avoidance.

Rationale: Florida's current real estate delivery model is decentralized among, and within, multiple agencies. Twenty state agencies manage over 13,000 facilities totaling more than 63 million square feet. DMS is the only agency with facility management, operations, construction and leasing as its core mission. Despite this, the department only manages a footprint of more than 12 million square feet, and oversees only 108 facilities. The inefficiency of facility management of state owned assets is costing taxpayers millions each year.⁵⁶

The Florida Department of Environmental Protection (DEP) and DMS recently collaborated to generate the FL-SOLARIS database, a centralized database for the collection of records for all state-owned real estate. This is the first step in changing the current decentralization of facility management, and a platform for implementing an enterprise-wide shared facility management model. In August 2012, DMS contracted with CBRE Group, Inc., to develop a comprehensive Real Estate Optimization Plan that spans across all state agencies, space types, uses and geographies.⁵⁷

While the initial investment outlined in the CBRE Group, Inc. report was in excess of \$493 million, DMS has a more focused and fiscally prudent implementation plan which would include the following strategies and recommendations:

- Reduce occupancy management costs by reducing the amount of space needed for agency operations;
- Consolidate oversight and operations of the state's real estate function into DMS. This includes moving all operations, maintenance and leasing positions into DMS;
- Enhance sourcing strategy; restructure contracts for consistent service delivery and unit cost reductions by implementing statewide procurements instead of individual agency procurements for local facilities;
- Transfer responsibility for portfolio-wide facilities-related energy management to DMS; and
- Help the state utilize its real estate in the highest and best use or to monetize its assets.

Cost Savings / Government Efficiency: The DMS has already worked with agencies to better utilize existing state owned space and reducing the leased space footprint. From July 1, 2011 through June 30, 2014, agencies that utilized DMS' expertise reduced their leasing spend by more than \$48 million and square footage by more than 900,000 square feet. Similar efforts in operations, contracts and energy management across other State-owned properties could produce an additional estimated \$70 million to \$80 million in reduced costs.⁵⁸

56 Florida TaxWatch, "Annual Florida TaxWatch Government Efficiency Recommendations 2015," December 2014.

57 CBRE Group, Inc. "Implementation Plan for Portfolio Optimization, Shared Services and Cost Savings Initiatives." November 30, 2012.

58 Supra, footnote 56.

RECOMMENDATION GG 8: FLORIDA RETIREMENT SYSTEM (FRS) INVESTMENT INDEPENDENCE PROGRAM

The Task Force recommends the Legislature enroll all new Florida Retirement System (FRS) members in the Defined Contribution Investment Plan to ensure that the FRS is actuarially sound going forward, and avoid billions in future liabilities and to increase the retirement wealth of state employees.

Rationale: While nearly all private sector companies offer only Defined Contribution (DC) retirement plans to employees, the majority of FRS members participate in the Defined Benefit (DB) pension plan.⁵⁹ A DB pension plan provides a specified payment amount to the employee upon retirement, based on the employee's salary, years of service, and other factors. The employer bears the investment risk of ensuring the defined benefit amount will be available to be paid to the retired employee. Due to this risk, defined benefit plans require complex actuarial projections and insurance for guarantees, making the costs of administration very high. This has made defined benefit plans all but obsolete.⁶⁰

In contrast, a DC plan allows employees and employers to contribute and invest funds over time to save for retirement. The contributions can be invested, at the participant's direction, in select mutual funds, money market funds, annuities or stock offered by the plan. This allows the participant to better align their investment risks and rewards. Because the employer no longer has any obligation for the performance of the contributions after they are deposited, the work required by, and the risk to, the employer are low. It is incumbent upon the employee to direct the contributions and investments to grow the assets for their retirement. The goal is for the employee to end up with more financial wealth upon their retirement. By offering incentives such as increased employer match, the state is in position to help employees who are enrolled in the DC plan earn more retirement wealth over the long run.

As of June 30, 2014, the FRS had 622,089 members who were covered by the provisions of the system including 363,034 annuitants. Regular Class membership comprised 87.35%, Special Risk Class membership comprised 11.03%, and Senior Management Services Class comprised 1.25%. All others classes combined comprised less than 0.5% of FRS members.⁶¹

The FRS Actuarial Assumption Conference met on October 6th and October 15th, 2015, to adopt updated economic assumptions to be used for the actuarial valuation of the FRS. The preliminary results show that the FRS continues to have an unfunded actuarial liability (UAL). As updated, the projected UAL is expected to increase from last year's \$21.5 billion to \$23.0 billion. In 2014, the system was 86.6% funded on an actuarial basis; however, the funded status is expected to decrease to 86.2% in the 2015 updated valuation.⁶²

Cost Savings / Government Efficiency: The Florida Legislature commissioned a report by the state's actuaries to determine the costs associated with closing the DB plan to new state employees. An analysis of the actuarial study by the professional staff of the Florida House of Representatives determined an initial cost of \$2.7 million in FY2014-15, then an estimated savings of \$12.9 million in FY2015-16, out to an estimated \$9.8 billion in savings in FY2042-43.⁶³

59 Florida Department of Management Services, Division of Retirement. "Florida Retirement System 2011-12 Annual Report."

60 <http://www.investopedia.com/ask/answers/032415/how-does-defined-benefit-pension-plan-differ-defined-contribution-plan.asp>, retrieved May 16, 2016.

61 Office of Program Policy Analysis & Government Accountability, Government Program Summaries, "Department of Management Services Retirement Benefits Administration, retrieved May 16, 2016.

62 Office of Economic and Demographic Research, "Florida Retirement System Actuarial Assumption Estimating Conference, Executive Summary for October 2015 Meetings," <http://edr.state.fl.us/Content/conferences/actuarial/FRSexecutivesumm.pdf>, retrieved May 16, 2016.

63 Florida House of Representatives, "Press Release and Analysis of Actuarial Study, 2013."

RECOMMENDATION GG 9: CONSOLIDATED MANAGEMENT OF STATE AGENCY VEHICLES

The Task Force recommends the Legislature consider consolidating management of all state agency vehicles into one statewide fleet program under one state agency (either DMS or FDOT) or third-party vendor with uniform standards for procurement, assignment, utilization, maintenance, and disposal of fleet vehicles.

Rationale: The Department of Management Services (DMS) is responsible for the oversight of the state's fleet of motor vehicles, which includes approximately 25,000 automobiles and light trucks, medium and heavy trucks, aircraft, construction and industrial equipment, marine equipment (e.g., boats, airboats, boat engines, etc.), trailers, tractors and mowers, small utility, motorcycles and all-terrain vehicles.⁶⁴ DMS operates and maintains the Florida Equipment Electronic Tracking (FLEET) System, which provides information necessary to effectively and efficiently manage the state's vehicle fleet.

A 2011 report by OPPAGA⁶⁵ found that, although DMS has authority to manage fleet operations, it has delegated much of its authority to state agencies, permitting the agencies to independently manage their vehicle fleets. Decisions concerning operations and management of state-owned vehicles are delegated to 30 state agencies. This decentralized model, according to OPPAGA, hinders coordination, which reduces efficiency and increases costs. Permitting state agencies to independently manage their vehicle fleets resulted in poor overall management, unnecessary fleet expenditures, duplication of effort, and agencies spending resources on activities that are not central to their core missions.

OPPAGA offered several recommendations⁶⁶ to improve fleet management. Consolidating the management of all state agency vehicles into one statewide fleet program with uniform standards for procurement, assignment, utilization, maintenance, and disposal would improve efficiency and could reduce costs by leveraging the state's buying power. The most logical agencies to manage the vehicle fleet would be DMS (which currently has statutory authority to manage the fleet program) or FDOT (which currently has the largest fleet and most fleet managers).

A December 2013 independent business case study by Mercury Associates, Inc.,⁶⁷ found that Florida's FLEET System was "the least capable system we have encountered in any of the 34 states we have worked with" and recommended the expansion of DMS' role and staff resources to provide increased and centralized oversight, analysis, and services to manage the state's fleet. DMS requested and received funding during the FY 2016 legislative session to procure a commercially available solution to support a centralized Fleet Management Information System with the capacity to manage all state-owned and leased equipment.

Cost Savings / Government Efficiency: The major benefits of improved fleet management are significant cost savings and improved efficiency resulting from a reduction of unnecessary fleet expenditures and duplication of effort, and duplication of effort. Based on the Mercury Business Case, opportunities to achieve cost savings include a five-year cumulative benefit of implementing the operating best practice recommendations (estimated at \$8.8 million annually) and right sizing recommendations (estimated at \$2.1 million annually) that total \$26.8 million in projected savings.⁶⁸

64 Professional Staff of the Committee on Appropriations, "Bill Analysis and Fiscal Impact Statement, PCS/CS/SB 326," Bill Analysis and Fiscal Impact Statement," March 2, 2016.

65 Office of Program Policy Analysis & Government Accountability, "Centralizing Vehicle Fleet Operations and Implementing Cost-Saving Strategies Could Reduce State Spending," Report No. 11-16, April 2011.

66 Ibid.

67 Mercury Associates, Inc., "Fleet Management Business Case for the State of Florida," December 2013.

68 Supra, footnote 64.

RECOMMENDATION GG 10: CREATION OF TEMPORARY RESTRICTED-USE LICENSE PLATES

The Task Force recommends the Legislature authorize the use of temporary, restricted use license plates during the private sale of motor vehicles to facilitate the transfer of ownership.

Rationale: If one buys a vehicle from a Florida dealership, one receives a temporary plate that is valid for 30 days after the date of purchase. This allows the buyer to drive the vehicle while waiting for the vehicle title and registration. In the private sale of a vehicle, however, the buyer cannot get a temporary license plate. The seller is required to remove the license plate from the vehicle and either return it to the Department of Highway Safety & Motor Vehicles or the county tax collector/local tag office.⁶⁹ After completing the transfer of the title by the seller, the buyer and seller must then go to the Department of Highway Safety & Motor Vehicles or the county tax collector/local tag office to ensure the vehicle is transferred out of seller's name and into the buyer's name.

A restricted use, temporary (3 days) permit would allow the buyer in a private vehicle sale to operate an unregistered vehicle or a vehicle with a suspended registration from the present location of the vehicle to a specified destination (e.g., county tag office) to transfer the title and register the vehicle. The restricted use, temporary permit could be printed from the buyer's home computer printer, after making an appropriate on-line payment, by following the steps outlined on the Department of Highway Safety & Motor Vehicles' website.

Cost Savings / Government Efficiency: This is a revenue-generating opportunity. In Arizona, for example, the fee for a 3-day restricted use permit is \$1.00; however, the Legislature has the authority to establish whatever fee amount it deems necessary and appropriate. The amount of revenue to be generated cannot be determined.

⁶⁹ Section 320.0609(2)(a), Florida Statutes.

RECOMMENDATION GG 11: REACTIVATION OF STATE MATCHING FUNDS

The Task Force recommends the Legislature lift the suspension of state matching funds for the Alec P. Courtelis University Facility Enhancement Challenge Grant Program and the University Major Gifts Program.

Rationale: Recognizing that state universities do not have sufficient physical facilities to meet the demands of their instructional and research programs, and that there are sources of private support that, if matched with state support, can assist in constructing much-needed facilities, the Legislature established the Alec P. Courtelis University Facility Enhancement Challenge Grant Program for the purpose of assisting universities build high priority instructional and research-related capital facilities.⁷⁰ This program provides a dollar-for-dollar match for operating gifts for capital construction for instruction or research facilities. All projects must be on the 5-year capital improvement plan and be approved by the Board of Governors or Legislature to be eligible for a state matching gift.⁷¹

In addition, the University Major Gifts Program provides opportunities for each state university to receive and match challenge grants to enhance their libraries and instruction and research programs. The amount of state matching funds allocated to each university is based on the amount of the donation and the restrictions applied to the donation.⁷²

Effective July 1, 2011, state matching funds to the challenge grant programs (University Major Gifts and Alec P. Courtelis University Facility Enhancement) were temporarily suspended for donations received on or after June 30, 2011. Existing eligible donations remain eligible for future matching funds. The program may be restarted after \$200 million of the current backlog is paid. The timing of this is uncertain.⁷³ The Major Gift Matching Program has a current backlog of \$285.0 million; investing this amount will release more than \$370.7 million in donations, which could otherwise be used to fund endowments and scholarships but which currently sit idle.⁷⁴ The Courtelis University Facility Enhancement Program has a current backlog of \$92.7 million; investing this amount will release an equal amount of donations that could be used to fund capital improvements.⁷⁵

Cost Savings / Government Efficiency: Lifting the suspension and investing the \$377.8 million total backlog will result in the release of \$556.3 million in donations, a return of almost \$178.5 million (32 percent) and saving Taxpayers \$556.3 million for needed University facilities.

70 Section 1013.79, Florida Statutes.

71 http://www.unstoppable.usf.edu/fnd_web/ways-to-give.aspx?!D=5, retrieved May 17, 2016.

72 Section 1011.94, Florida Statutes.

73 http://www.unstoppable.usf.edu/fnd_web/ways-to-give.aspx?!D=5, retrieved May 17, 2016.

74 State University System of Florida Major Gift Matching Program Backlog (As of June 2011).

75 Outstanding Alec P. Courtelis Facility Enhancement Challenge Grant Program List (May 23, 2016).

RECOMMENDATION GG 12: IMPROVE EFFICIENCY OF SALES AND USE TAX AUDITS

The Task Force recommends the Legislature increase the DOR's sales and use tax audit coverage by adding new auditors, creating new state positions, and contracting with private auditors. In addition, the Legislature should expand the Certified Audit Program to allow recipients of Notices of Intent to Audit to use a DOR-certified private auditor in lieu of an audit by the DOR.

Rationale: The Department of Revenue (DOR) is responsible for auditing Florida businesses to make sure state taxes are properly reported, collected, and paid. Accurate and efficient auditing is a key to DOR's success in bringing taxpayers into compliance and promoting voluntary compliance. The DOR audits only about one-half of one-percent percent of its taxpayer accounts, whereas the federal Internal Revenue Service's audit coverage is 1.1 percent for individuals and 1.5 percent for corporations.⁷⁶ DOR would need to hire almost 400 additional auditors just to be able to audit one-percent percent of its taxpayer accounts.⁷⁷

To encourage voluntarily compliance, s.213.285, F.S., established a Certified Audit Program as a cooperative effort between DOR and the Florida Institute of Certified Public Accountants ("FICPA"). The program allows taxpayers to hire qualified CPA firms to review their tax compliance for the tourist development taxes imposed by ss. 125.0104 and 125.0108, F.S, and the sales and use tax imposed by ch. 212, F.S. Taxpayers who take advantage of the certified audit program may see their tax liability decrease due to the abatement of interest and waiver of penalties. CPAs who are certified by DOR to conduct such audits will see additional demand for their services should the expanded eligibility lead to more participation.⁷⁸

Expanding the scope and/or increasing participation in the certified audit program should free up resources to allow DOR to conduct more audits and collect additional taxes from noncompliant taxpayers whose liability would have otherwise gone undetected.

Cost Savings / Government Efficiency: On March 16, 2013, the Revenue Estimating Conference estimated that allowing taxpayers to enter the certified audit program after receiving a notice of intent to audit would have a recurring savings of \$2.4 million to the state and \$0.5 million to local governments.⁷⁹

76 Internal Revenue Service. "Fiscal Year 2011 Enforcement and Service Results."

77 Florida TaxWatch. "Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force for Fiscal Year 2012-13."

78 House of Representatives Staff Analysis, "CS/HB 495 Certified Audit Program," April 11, 2013.

79 Ibid.

RECOMMENDATION GG 13: IMPROVED ENERGY EFFICIENCY IN STATE BUILDINGS

The Task Force recommends that all Florida government entities take advantage of the opportunity to recover taxpayer investment in recently completed building or retrofits through the retroactivity provisions of Section 179D of the Internal Revenue Code , and to help defer future costs of building and retrofitting.

Rationale: Section 179D of the Internal Revenue Code, created as part of the 2005 Energy Policy Act, allows owners of commercial properties to receive federal tax deduction for costs associated with the installation of energy efficient lighting, HVAC and/or building envelope systems. Originally set to expire December 31, 2014, Section 179D was recently extended for 2 years, through December 31, 2016, and retroactively for 2015.⁸⁰ The deduction may be applied retroactively to 2006.

Building owners and tenants who make improvements that cause new or renovated commercial buildings to be more energy efficient, and designers of qualifying government buildings, will be eligible to receive a federal tax deduction of up to \$1.80 per square foot. The resulting tax savings can offset the costs of implementing the energy efficiency measures. Since government entities do not pay taxes, they are not eligible to receive the direct deduction; however Section 179D's Special Rule for Government-Owned Buildings allows government to allocate the benefit to a tax-paying 'designer' and receive savings in return for the allocation.

To receive the maximum deduction, the building's energy and power costs must be reduced by a minimum of 50 percent as compared to predetermined ASHRAE standards. Buildings that do not achieve 50 percent savings can still qualify for a deduction of \$0.60 – \$1.20 per square foot. Available deductions for partially qualifying systems include: \$0.60/sq. ft. for HVAC systems that meet 15 percent savings; \$0.60/sq. ft. for lighting systems that meet 25 percent savings; and \$0.60/sq. ft. for building envelope systems that meet 10 percent savings.⁸¹ To determine whether a commercial building qualifies, an energy savings calculation must be performed with Department of Energy approved software. To verify results, an on-site inspection must be conducted after the energy efficient installation(s) has been placed into service. This certification process and inspection must be completed by a qualified engineer or contractor in the jurisdiction of the qualifying building.⁸²

The University of Florida (UF) retained a qualified environmental consulting firm to administer its 179D allocation process and initially secured \$135,000 in savings, with more expected.⁸³ Miami-Dade County took a similar approach and received \$1.135 million in savings associated with recent improvements to the County's downtown chilled water system.⁸⁴

Cost Savings / Government Efficiency: To illustrate, consider a government entity with 5,000,000 sq. ft. of qualifying area that hires a "designer" to pursue the deduction. Assuming a minimum 179D allocation of \$0.60/sq. ft., the total tax deduction would be \$3 million. Assuming a 35 percent tax bracket for the designer, the total tax benefit would be \$1,050,000. If this benefit were split equally, the government entity would receive \$525,000 for projects already completed using taxpayer resources. If this example could be applied to larger entities like the State University System or local school districts, which have significant numbers of buildings, the savings could be substantial.

80 Stuart Kaplow, "Congress Breathes New Life into 179D Tax Deduction," Green Building Law Update, December 20, 2015.

81 <http://www.itseesy.com/179d-energy-efficiency-tax-deduction/>, retrieved May 20, 2016.

82 Ibid.

83 <http://news.ufl.edu/archive/2014/07/179d-tax-allocations-prove-source-of-savings-for-university-of-florida.html>, retrieved May 20, 2016.

84 <http://www.miamidade.gov/environment/releases/2014-07-16-chilled-water-system-savings.asp>, retrieved May 20, 2016.

RECOMMENDATION GG 14: IMPROVE MANAGEMENT OF ASSETS AND FACILITIES

The Task Force recommends the Legislature provide funds to contract with an independent third party firm to partner with the Florida Department of Environmental Protection (DEP) and Department of Management Services (DMS), as well as any other state agencies, to inventory, survey and provide condition assessment of state owned facilities. The survey should, at a minimum, consist of identifying location, key characteristics, valuable assets, facility condition and occupancy.

Rationale: Florida's current real estate delivery model is decentralized among multiple agencies currently estimated at more than 13,000 facilities managed by 20 state agencies- totaling more than 63 million square feet. Inaccurate or incomplete inventory data and lack of timely information on these assets are largely to blame for the inefficiencies in facility management of state owned assets, costing taxpayers millions, increasing risk to the state and making planning and oversight challenging.

The state has taken the first step in changing the current decentralized model and improving the information used for decision-making through collaboration between DEP and the DMS for the creation of a consolidated real estate database (FL-SOLARIS). In order to achieve the maximum return on investment, the state needs a way of not only creating an initial inventory that is accurate and complete but needs a software tool to collect and maintain important information such as geospatial information, key characteristics, high value assets, compliance information (ex. ADA), facility condition and occupancy. This information then could be made available to other state agencies, the public and businesses.

Effective implementation would help address the state's persistent management and oversight challenges by providing standardized, high-quality data. In addition, this initiative would help promote transparency across agencies, to the public and aid in addressing ongoing government management challenges by expanding the quality and availability of state facility data. Having better data also will make it possible to gauge the magnitude of the state investments, help agencies make more fully informed decisions about how resources should be allocated, and provide agencies and the audit community with additional data analytic tools to aid in compliance risk mitigation, disaster recovery and planning.

Finally this initiative would greatly compliment the goals set by both the CBRE group and DMS to implement the following strategies:

- Reduce occupancy management costs by reducing the amount of space needed for agency operations;
- Consolidate oversight of facility operations;
- Help the state utilize its real estate in highest and best use or monetize its assets;
- Ensure state facilities are ADA compliant; and
- Create operation capacity gains from a simplified, centralized and streamlined tool for conducting facility management, operations, inspections, and maintenance/issue remediation.

Cost Savings / Government Efficiency: The benefits from inventorying, surveying and assessing the condition of state-owned and leased facilities are significant yet indeterminate.

HEALTH AND HUMAN SERVICES

RECOMMENDATION HHS 1: RIGHT-PRICING FOR EMERGENCY ROOM VISITS

The Task Force recommends the state increase copayments for emergency room visits by state employees that do not result in hospitalization from \$100 to \$250 to better reflect true costs and deter an increased utilization and reliance on costly emergency room care, thus avoiding unnecessary costs. The copayment would continue to be waived 100 percent if the visit results in hospitalization.

Rationale: Today, hospital emergency departments are a major source of primary health care in the community, treating a broad range of health problems that include many visits for minor ailments and other non-urgent conditions.⁸⁵ Health care consumers are generally over-dependent on emergency room services, when many health issues can be prevented or mitigated in a more efficient way through proactive primary care.

In recent years, freestanding, hospital-owned emergency centers have increased across Florida. These stand-alone centers may have limited facilities not equipped for true emergencies and closer to urgent care services, but still bill the plan as an emergency room visit. Any emergency room visit costs the patient and insurer considerably more than a visit to the patient's doctor or to an urgent care center. As a result, every non-essential or non-urgent emergency room visit increases the costs to consumers and insurers. For the same type of outpatient visit, Medicare reimburses medical providers \$316 if a patient is treated in an emergency room, compared with \$138 in an urgent care center.⁸⁶

The emergency room visit copayment for state group insurance plan members is \$100 across all available health plans. Within the industry, emergency room visit copayment levels on other health plans are frequently in the range of \$150 to \$250, with public sector employer plans often trending toward the lower end of the range. Other health plans use structures that vary copayments depending on usage.

Data indicate that emergency room usage by individuals on the state group health plan is higher than the average usage by insured individuals. Emergency room utilization by individuals on the state plan in 2014 averaged 249 visits per 1000 members.⁸⁷ With 171,749 state group health plan policy holders,⁸⁸ this equates to more than 42,700 emergency room visits annually. The Centers for Disease Control (CDC) report that only 11.9 percent of emergency room visits result in hospital admission,⁸⁹ suggesting that 88.1 percent of all state employees visiting emergency rooms (37,619 visits) could be treated more efficiently and at a lower cost by primary care practitioners or urgent care facilities.

Cost Savings / Government Efficiency: Marginal copayments create little incentive for state employees to better anticipate their health needs by regular visits to primary care practitioners, or to obtain lower cost care at urgent care facilities. An increase of copayment from \$100 to \$250 for emergency room visits will cover more of the total cost (6.8 percent of the average cost per visit), and save the state an estimated \$5.64 million annually.⁹⁰

85 Statement of Peter Cunningham, Ph.D., Center for Studying Health System Change, before the U.S. Senate, Health, Education, Labor and Pensions Subcommittee on Primary Health and Aging, May 11, 2011.

86 Julie Appleby, More Emergency Rooms Open Away From Hospitals, USA Today, retrieved from <http://abcnews.go.com/Business/story?id=4721981&page=1&singlePage=true>, November 6, 2014.

87 Data obtained from the Department of Management Services January 2016. Does not include all state vendors. Data from some vendors are considered proprietary or unavailable.

88 Ibid.

89 <http://www.cdc.gov/nchs/fastats/emergency-department.htm>, retrieved May 19, 2016.

90 37,619 unnecessary visits X \$150 increased copayment per visit = \$5,642,850.

RECOMMENDATION HHS 2: IMPROVED DEPENDENT EDUCATION AND ELIGIBILITY UNDER THE SGIP

The Task Force recommends the Legislature appropriate funding for a comprehensive audit of eligibility status of dependents covered under the State Group Insurance Program (SGIP) and switch from a passive enrollment process to an annual active enrollment process to avoid unnecessary costs paid for ineligible recipients.

Rationale: There is currently an unknown, but substantial, number of ineligible dependents improperly receiving health coverage and benefits under the State Group Insurance Program. State contracted plan vendors may report information to the DMS if the vendor becomes aware of a potentially-ineligible dependent. Once reported, the DMS researches and/or contacts the enrollee to request documentation demonstrating the dependent is eligible. The DMS may remove the dependent from coverage if it determines the individual is ineligible. BMI Audit Services, a professional health care benefits auditing company, reports that the number of ineligible dependents for any given organization can range between 2 -10%.⁹¹ Most studies suggest that roughly 8 percent of dependents enrolled in health-care plans are ineligible for coverage.⁹²

Currently, enrollees in the state group health insurance plan register eligible dependents (spouses and children) through a passive enrollment process which allows employees to roll over their benefits from year to year without requiring them to assess their plan options or learn more about their benefits. As a result, many ineligible dependents continue to receive benefits. Shifting to an annual active enrollment process would require employees to choose an enrollment plan and identify their dependents each year, regardless of their coverage and dependents from the previous year.

It is important that an extensive education and communication effort should precede the audit to inform health plan subscribers about the audit, increase response rates, and reduce the number of appeals. It may be necessary to procure the services of a third-party to assist in this communications effort. Those health plan subscribers identified in the audit as having ineligible dependents should be afforded an opportunity to make the necessary changes in their state health plans before any sanctions are imposed.

Cost Savings / Government Efficiency: The major benefits of purging the SGIP of ineligible recipients would be immediate and recurring savings to the state. Based upon the average annual per dependent cost (\$5,670) and average dependent enrollment for plan year 2014 (152,541 enrollees), it is estimated that, for every 1 percent of dependents found to be ineligible, that the state would avoid \$8.7 million in costs. Based on the industry average of 8 percent of covered dependents in a given plan found to be ineligible, the dependent eligibility audit would save the state an estimated \$69.6 million annually.

91 Retrieved from <http://www.bmiaudit.com/dependent-eligibility-audit.html>, March 23, 2016.

92 Mark Mack, "Controlling Health-Care Costs With Dependent Eligibility Audits," Government Finance Review, June 2015.

RECOMMENDATION HHS 3: SGIP PREMIUM PARTICIPATION PROGRAM

The Task Force recommends the Legislature contribute a set amount or percent toward the annual health insurance premiums of state employees that is consistent with that paid by other large public and private employers. This cost shift would result in significant savings for the state.

Rationale: Currently, there are three categories within the State Group Insurance Program (SGIP): employee only coverage, spouse coverage⁹³, and family coverage. Like the Florida Retirement System, the SGIP is a defined-benefit program, in which the employee pays a fixed amount toward the monthly premium and the state pays the remainder. In 2004, the employee's share of the \$4,383 annual premium was \$584 (13.3 percent). The state paid the remaining \$3,869.⁹⁴ By 2014, the annual premium had increased to \$7,698, with the employee paying only \$600 (8.5 percent). The state paid the remaining \$7,098.⁹⁵ The same is true for family coverage. In 2004, the employee's share of the \$10,104 annual premium was \$2,102 (20.8 percent). The state paid the remaining \$8,002.⁹⁶ By 2014, the annual premium had increased to \$17,328, with the employee paying only \$2,160 (12.5 percent). The state paid the remaining \$15,168.⁹⁷ It is clear that, over the past decade, the state has paid more and more of employee health insurance annual premiums and the amount the state pays continues to increase each year.

A 2010 benchmarking report by Mercer Consulting⁹⁸ compared Florida's state health insurance program to other large (500 or more employees) private and public sector programs. Mercer found that the state contributed a higher percentage of the annual health insurance premium than other states and private employers. The state now pays approximately 88 percent of the annual premium for a family Preferred Provider Option (PPO) plan, whereas large national employers pay 71 percent to 79 percent.⁹⁹ During fiscal year 2014-15, the state contributed approximately 91 percent (\$1.68 billion) of the \$1.85 billion total premium for active employees.

In a defined-contribution program, the state would contribute a set amount or percentage toward the employee's annual premium and the employee would pay the remainder. Establishing a set amount or percent that is consistent with that paid by other large public and private employers would shift more of the annual employee health insurance annual premiums to the employee and would result in significant savings for the state.

Cost Savings / Government Efficiency: Based on projected fiscal year 2015-16 state health insurance program costs of \$2.24 billion¹⁰⁰, reducing the state's contribution toward employees' annual health insurance premiums from 91 percent to 71-79 percent would save the state an estimated \$268.8 million to \$448.0 million annually.

93 Both employees must work for the state.

94 Department of Management Services, "Overview of the State Group Health Insurance Program," presentation to the Health and Human Services Committee, March 12, 2015.

95 Ibid.

96 Ibid.

97 Ibid.

98 Mercer Consulting, State of Florida Benchmarking Report, March 24, 2011, available at: <http://www.dms.myflorida.com/content/download/81475/468865/version/1/file/2010+Small+Employer+Benchmarking+Report+for+State+of+Florida.pdf>.

99 Ibid.

100 Florida Legislature, Office of Economic and Demographic Research, Self-Insurance Estimating Conference, State Employees' Group Health Self-Insurance Trust Fund- Report on the Financial Outlook for Fiscal Years Ending June 30, 2015 through June 30, 2020, adopted August 12, 2015, page 6, available at <http://edr.state.fl.us/Content/conferences/healthinsurance/HealthInsuranceOutlook.pdf>.

RECOMMENDATION HHS 4: IMPROVED ACCESS AND USE OF TELEHEALTH SERVICES

The Task Force recommends the Legislature further remove disincentives and barriers to the use of telehealth services, and while detailed policies are being determined, Florida should provide a foundation for the statewide expansion of telehealth. This will increase access to healthcare and avoid future costs.

Rationale: The availability of health manpower and resources to serve Florida's growing population continues to be a problem, a problem that is not confined to just rural areas. As of December 2012, there were 36 federally designated Medically Underserved Areas in Florida, 12 of which were rural counties. All 67 Florida counties have at least one underserved geographic area or population. In addition, there were 121 designated primary care shortage areas located in 65 counties.¹⁰¹

According to the federal shortage designation statistics, the number of Floridians without access to a primary care provider is 4,190,410 or 26.6 percent of Florida's population. Sixty-one counties also have Dental Health Professional Shortage Areas and 44 counties have Mental Health Professional Shortage Areas, most of which are rural. The ratio of population to practicing primary care physicians in 2011 for the 30 rural counties (2,067 per physician) was almost twice that for the state as a whole (1,304 persons per physician) and ranged from 905 in Union County to 5,577 persons per primary care physician in Hardee County. One rural county (Liberty) had no practicing primary care physicians.¹⁰²

Telehealth services have been successfully implemented in other states and some isolated pockets of Florida as a way to: (1) address the shortages of specialists such as dermatologists, neurologists, radiologists, critical care doctors, and mental health specialists; (2) close the care gap for patients who live in rural areas; and (3) close the care gap for patients with debilitating illnesses for whom travel is difficult or impossible. While telehealth has proven to be effective in providing access to quality care, there are barriers and disincentives that limit its expansion.

Breaking down these barriers and disincentives will require, at minimum, promoting the continuation of good current telehealth practices across a full range of healthcare providers, setting standards of care and recordkeeping, and empowering respective practice boards. Additional financial incentives and expanded availability for telehealth provision, especially in high-need, high-cost populations such as the aging and individuals with disabilities should be explored. Continued discussion of telehealth policy issues across all industries and stakeholders is encouraged and necessary as practices and needs evolve.¹⁰³

Cost Savings / Government Efficiency: A telehealth pilot study examining the first six months of results for 135 patients with multiple chronic conditions identified as the most complex and most costly – the top 5 percent of patients who account for roughly half of all healthcare expenditures - reduced the cost of care by 27 percent and reduced long-term and acute care costs by 32 percent.¹⁰⁴ Florida healthcare expenditures total \$132.5 billion annually, equaling approximately \$7,156 per person and roughly 6.3 percent of the United States' total healthcare expenditures.¹⁰⁵ If reducing the remaining barriers to telehealth could reduce the cost of healthcare by a more modest 10 percent, Floridians would save an estimated \$13.2 billion annually.

101 Rural Health Services, retrieved from <http://www.floridahealth.gov/programs-and-services/community-health/rural-health/rural-health-services.html>, November 7, 2013.

102 Ibid.

103 Florida TaxWatch, "Moving Telehealth Forward: The High Costs of Paying Later," August 2015.

104 Retrieved from <http://www.usa.philips.com/healthcare/product/HCNOCTN508/eIAC>, April 4, 2016.

105 Shannon Barnet, "Healthcare in Florida: 10 Things to Know," Becker's Hospital Review, December 1, 2014.

RECOMMENDATION HHS 5: RIGHT-PRICING AND ENHANCED CHOICES FOR THE SGIP

The Task Force recommends the Legislature increase the health plan options available to employees enrolled in the State Group Insurance Program (SGIP) by establishing employee contribution rates that reflect the actuarial benefit differences between the existing plans. This will bring employee premiums and plan benefits more in line with industry benchmarks.

Rationale: Health plan options for state employees are limited to the following:

- Preferred Provider Organization (PPO) Plan—a statewide self-insured plan administered by Florida Blue;
- Health Maintenance Organization (HMO)—an insurance arrangement in which the state has contracted with 6 statewide and regional HMOs;
- Health Investor PPO Plan—a statewide high-deductible health plan (HDHP) with an integrated health savings account (HSA) administered by Florida Blue; and
- Health Investor HMO Plan—an HDHP with an integrated HSA in which the state has contracted with 6 statewide and regional HMOs.

There are currently 171,794 state policyholders, 50.3 percent of which are enrolled in the standard HMO plan and 48.3 percent of which are enrolled in the standard PPO plan. The remaining 1.4 percent are enrolled in either of the HDHP plans.¹⁰⁶ This is contrary to the trend among large employer health plans over the past decade of increasing enrollment in HDHPs and declining enrollment in HMOs.

The actuarial value (AV) measures the percentage of expected medical costs that a health plan will cover and is generally considered a measure of the health plan's generosity. The state program's standard HMO plan has an AV of 92.6%, the standard PPO plan has an AV of 88.9%, and the HDHP has an AV of 80%.¹⁰⁷ Many employees in the SGIP enroll in the low-cost, high-value HMO because of its high AV and because there is no difference in premiums between the HMO and PPO plans.¹⁰⁸ A March 2015 AV analysis concluded that state employees "have little real choice among health plan options since there is only a 4 percent difference in the "richness of the benefits" between the HMO and PPO, and the price is the same."¹⁰⁹ As a result, state employees have little incentive to enroll in the HDHP plans.

Because there is a 4 percent difference in the AV between the standard HMO and standard PPO plans, the state must pay more for HMO benefits than for PPO benefits. These payments come from the State Employees' Group Health Self Insurance Trust Fund, funds from which are also used to pay administrative expenses of the SGIP.

Cost Savings / Government Efficiency: Because DMS is currently procuring HMO contracts for the SGIP, the value of the benefits offered by the HMOs that will receive a contract is unknown. Employee contribution rates that reflect the different values of the HMO and the PPO cannot be determined until the conclusion of the procurement.¹¹⁰

106 Supra, footnote 94.

107 House of Representatives Staff Analysis, PCB HHSC 16-01 State Group Insurance Program, February 10, 2016.

108 Ibid.

109 Foster and Foster, Actuarial Value Contribution Analysis, March 20, 2015, page 3.

110 Supra, footnote 107.

RECOMMENDATION HHS 6: STATE EMPLOYEE WELLNESS PROGRAM

The Task Force recommends the Legislature implement a state employee wellness program adopting only those practices that have evidenced a high return on investment.

Rationale: Health insurance for employees costs the state nearly \$2 billion each year and an estimated 75 percent of all health care spending is attributed to preventable medical conditions. State agencies are increasingly looking for ways to reduce employee health care costs. A study in the peer-reviewed journal *Health Affairs*, found that private companies with wellness programs have seen a 28 percent decrease in sick leave, a 26 percent reduction in adjunctive health care costs, and a 30 percent reduction in disability and workers compensation costs.¹¹¹ A meta-analysis of the literature on costs and savings associated with workplace wellness programs found that medical costs fall by about \$3.27 for every \$1 spent on wellness programs, and that absenteeism costs fall by about \$2.73 for every \$1 spent.¹¹²

Successful wellness programs must focus on encouraging only prevention behaviors that are evidence-based, reflect nationally-recognized health indicators, and have been proven to reduce undesirable costly outcomes, such as chronic diseases, emergency room visits, and hospital readmissions. A well-designed incentive program for state employees could yield benefits primarily because of the longevity of the employer-employee relationship. State employees tend to remain employed with the state for long periods of time; therefore, a wellness program would likely have a high return on investment.¹¹³ An emerging trend is to offer incentives to employees based on leading health indicators, primarily tobacco use and body mass index, as part of employee wellness programs.¹¹⁴

Cost Savings / Government Efficiency: Every dollar invested into evidence-based workplace wellness programs can be expected to reduce medical costs by about \$3.27 and reduce absenteeism costs by about \$2.73.¹¹⁵ Other benefits of implementing a worksite wellness program, the costs of which are indeterminate, include improved employee morale, reduced absenteeism, improved employee health, reduced workers compensation claims, and increased productivity.

111 *Health Affairs*, Volume 21, Number 2, March 2002.

112 Baicker K, Cutler D, Song Z. "Workplace wellness programs can generate savings." *Health Affairs* 2010;29:304–311.

113 Florida TaxWatch, "Annual Florida TaxWatch Government Efficiency Recommendations 2015," December 2014.

114 *Ibid.*

115 *Supra*, footnote 112.

RECOMMENDATION HHS 7: ASCERTAIN FOSTER CARE SYSTEM OUTCOMES

The Task Force recommends the Legislature begin a follow-up program of determining outcomes for those who have been served by the Florida foster care system a minimum of three years. The follow-up program will ask outcomes of former foster care system clients at 3, 5 and 10 years after aging out of foster care.

Rationale: Many former foster kids have a tough time out on their own. When they “age out” of the system, they’re more likely than their peers to end up in jail, homeless or pregnant. They’re also less likely to have a job or go to college.¹¹⁶ Conservative studies find one in five will become homeless after 18; at 24, only half will be employed; less than 3% will have earned a college degree; 71% of women will be pregnant by 21; and one in four will have experienced post-traumatic stress disorder at twice the rate of United States war veterans. And too often, many are at risk of moving back into government systems -- from juvenile centers to prison.¹¹⁷

Children born to mothers raised in foster care are five times more likely to end up in foster care themselves. Stopping the generational cycle of foster care requires a collaborative and comprehensive approach that starts with education — beginning with information about pregnancy prevention. Foster children who become pregnant need extra attention to make sure they get the services and resources that will prepare them not only for parenting, but also for life.¹¹⁸

Florida’s Department of Children and Families (DCF) has implemented an expanded version of the National Youth in Transition Database (NYTD) Survey to be used on an annual basis to survey young people ages 18-22 who have aged out the state foster care system. The 2015 Florida NYTD Survey included responses of 1,288 respondents aged 18 to 22 who turned 18 while in Florida’s foster care system, and found that 25 percent had given birth or fathered children, and that 69 percent had no healthcare insurance other than Medicaid.¹¹⁹

While the Legislature and the DCF are to be commended for their efforts to improve child welfare outcomes, Florida does not have sufficient data to precisely know what happens to these children after they age out of the foster care system. Outcome data should be collected at 3, 5 and 10 years after aging out of foster care to get a better idea of how successful Florida’s foster care children are, and determine whether they have access to services that will help them meet their goals in various aspects of their lives (i.e., education and employment).

Cost Savings / Government Efficiency: The major benefits of addressing the generational issues of foster children are significant cost avoidance. Costs will be avoided as a result of improved services available to pregnant and parenting foster children and resulting improved outcomes. The recurring cost savings to the state would be significant, yet indeterminate.

116 Pam Fessler, “Reflections on Aging Out,” National Public Radio, April 7, 2010.

117 Rita Soronen, “We Are Abandoning Children in Foster Care,” CNN, Updated April 17, 2014.

118 Jessica Chandler, “Breaking the Vicious Cycle of Foster Care,” Los Angeles Times, May 3, 2013.

119 Department of Children and Families, “Florida NYTD Survey: What Young Adults Who Have Aged Out of Foster Care Can Tell Us,” Spring 2015.

RECOMMENDATION HHS 8: REDUCING MEDICAID AND PUBLIC ASSISTANCE FRAUD

The Task Force recommends the Legislature appropriate funding to implement and support the recommendations contained in the Medicaid & Public Assistance Fraud Strike Force’s October 2012 Annual Report.

Rationale: Medicaid fraud in Florida is big-dollar crime. Medicaid services are provided through a managed care system in which Medicaid health benefits and services are provided through contracted arrangements between the Agency for Health Care Administration and managed care organizations (MCOs). The MCOs are paid a set amount per member per month (capitation) for these services.

The healthcare program for the poor in Florida costs taxpayers \$21.2 billion, nearly a third of the state’s overall budget. Of the total, \$11.6 billion is paid for by the federal government. Estimates put the amount lost to fraud in Florida each year at between 5 and 10 percent of the state healthcare budget (\$1.06 billion - \$2.12 billion).¹²⁰ Because services are provided by the MCOs, the MCOs also have an obligation to go after fraud wherever they find it. Between December 2007 and December 2011, requests for assistance submitted through ACCESS increased by 28%. SNAP (food stamp) caseloads increased 139 percent and Temporary Assistance for Needy Families (TANF) caseloads increased by 18 percent.¹²¹

Federal law requires each state to have a Medicaid program integrity (MPI) unit within the Medicaid state agency to detect and investigate Medicaid fraud and abuse. Located within AHCA, the prevention of Medicaid fraud and after-the-fact recovery efforts is a high-priority activity of the MPI. Federal law also requires states to establish and operate a Medicaid Fraud Control Unit (MFCU) to conduct a statewide program for the investigation and prosecution of health care providers that defraud the Medicaid program.

Located within the Office of the Attorney General, the MFCU investigates allegations of patient abuse, neglect, and exploitation in facilities receiving payments under the Medicaid program, such as nursing homes, facilities for the mentally and physically disabled, and assisted living facilities. The MFCU also investigates a wide range of misconduct originating primarily from fraudulent billing schemes.

The Florida Legislature established the Medicaid and Public Assistance Fraud Strike Force (Strike Force) to develop and implement a statewide strategy to coordinate state and local agencies, law enforcement entities, and investigative units in order to increase the effectiveness of programs and initiatives dealing with the prevention, detection, and prosecution of Medicaid and public assistance fraud.¹²² The Strike Force included in its October 2012 Annual Report 22 recommendations that, if implemented, would:

- Secure additional funding to adequately support existing processes intended to prevent, detect, investigate and prosecute fraud;
- Put into place the technology to connect all the databases that contain health care fraud and related data;
- Facilitate intra- and inter-agency coordination and communications;
- Identify critical activities that will enhance prevention efforts; and
- Provide opportunities to partner with local and federal agencies to enhance detection, investigation and enforcement efforts.¹²³

Cost Savings / Government Efficiency: With estimates of the amount lost to fraud in Florida each year between 5 and 10 percent (\$1.06 – \$2.12 billion), the implementation of a Medicaid and public assistance fraud strategy that plan that reduced Medicaid fraud by 1 percent would save the state an estimated \$10.6 million to \$21.2 million annually.

120 Florida Trend Special Report. “Medicaid Fraud: Crime, No Punishment.” November 5, 2012.

121 Medicaid & Public Assistance Fraud Strike Force, “Strike Force Annual Report,” October 2012.

122 Section 624.351, Florida Statutes.

123 Medicaid & Public Assistance Fraud Strike Force, “Strike Force Annual Report,” October 2012.

APPENDIX A

PROPOSED FLORIDA GOVERNMENT EFFICIENCY ACT

A bill to be entitled

An act relating to government efficiency; creating s.____, F.S.; creating s.____, F.S.; amending Subsection (2) of section 216.162; amending Subsection (2) of section 216.163; amending Section 216.167; and providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 216.____ is created to read:

216.____ Short Title.- The provisions of this act shall be known and may be cited as the “Florida Government Efficiency Act.”

Section 2. Section 216.____ is created to read:

216.____ Governor’s annual government efficiency recommendations.—

(1) The Governor shall include in his or her budget recommendations, and the Legislature shall consider as part of the General Appropriations Act, recommendations for improving governmental operations and reducing costs.

(2) The Governor’s recommendations for improving governmental operations and reducing costs shall consider reports and recommendations issued by the Auditor General, the Office of Program Policy Analysis and Government Accountability, the Government Efficiency Task Force, agency inspectors general, , state agencies, and recommendations submitted to the Executive Office of the Governor by the general public.

(3) Each state agency responsible for implementing the Governor’s recommendations for improving governmental operations and reducing costs shall submit quarterly a report of their implementation status and any demonstrated cost savings to the legislative appropriations committees and to the Chair and Vice Chair of the Legislative Budget Commission.

Section 3. Subsection (2) of section 216.162, Florida Statutes, is amended to read:

216.162 Governor’s recommended budget to be furnished Legislature; copies to members.—

(2) There shall be included in such document the details of the Governor’s recommended balanced budget, including his or her recommended appropriations pursuant to s. 216.163, his or her recommended revenues pursuant to s. 216.165, his or her recommendations for improving governmental operations and reducing costs pursuant to s. 216____, and a financial schedule showing that his or her estimates of state revenues will be sufficient to fund the Governor’s recommendations pursuant to s. 216.167.

Section 4. Subsection (2) of section 216.163, Florida Statutes, is amended to read:

216.163 Governor's recommended budget; form and content; declaration of collective bargaining impasses.—

(2) The Governor's recommended budget shall also include:

(a) The Governor's recommendations for operating each state agency, and those of the Chief Justice of the Supreme Court for operating the judicial branch, for the next fiscal year. These recommendations shall be displayed by appropriation category within each budget entity and shall also include the legislative budget request of the corresponding agency. In order to present a balanced budget as required by s. 216.162, the Governor's recommendations for operating appropriations may include an alternative recommendation to that of the Chief Justice.

(b)1. The Governor's recommendations and those of the Chief Justice for fixed capital outlay appropriations for the next fiscal year. These recommendations shall be displayed by budget entity and shall also include the legislative budget request of the corresponding agency. In order to present a balanced budget as required by s. 216.162, the Governor's recommendations for fixed capital outlay appropriations may include an alternative recommendation to that of the Chief Justice.

2. For each specific fixed capital outlay project or group of projects or operating capital outlay requests recommended to be funded from a proposed state debt or obligation, he or she shall make available pursuant to s. 216.164(1)(a) the documents set forth in s. 216.0442(2).

(c) The evaluation of the fixed capital outlay request of each agency and the judicial branch and alternatives to the proposed projects as made by the Department of Management Services pursuant to s. 216.044.

(d) A summary statement of the amount of appropriations requested by each state agency and as recommended by the Governor and by the judicial branch.

(e) A distinct listing of all nonrecurring appropriations recommended by the Governor or the Chief Justice.

(f) A distinct listing of his or her recommendations for improving governmental operations and reducing costs pursuant to s. 216 ____.

~~(g)~~(f) Any additional information which the Governor or Chief Justice feels is needed to justify his or her recommendations.

Section 5. Section 216.167, Florida Statutes, is amended to read:

216.167 Governor's recommendations.—The Governor's recommendations shall include a financial schedule that provides:

(1) The Governor's estimate of the recommended recurring revenues available in the Budget Stabilization Fund and the General Revenue Fund.

(2) The Governor's estimate of the recommended nonrecurring revenues available in the Budget Stabilization Fund and the General Revenue Fund.

(3) The Governor's recommended recurring and nonrecurring appropriations from the Budget Stabilization Fund and the General Revenue Fund.

(4) The Governor's estimate of any cost savings realized through the implementation of the recommendations contained in Section 216._____.

~~(4)~~(5) The Governor's estimates of any interfund loans or temporary obligations of the Budget Stabilization Fund, the General Revenue Fund, or trust funds, which loans or obligations are needed to implement his or her recommended budget.

~~(5)~~(6)(a) For any recommendation to be funded by a proposed state debt or obligation as defined in s. 216.0442, the documents set forth in s. 216.0442(2) and a 5-year estimate of the program operational costs associated with any proposed fixed capital outlay project to be funded by the proposed state debt or obligation.

(b) The Governor's estimates of the debt service and reserve requirements for any recommended new bond issues or reissues and his or her recommended debt service appropriations for all outstanding fixed capital outlay bond issues.

Section 6. This act shall become effective upon becoming law.

The Florida Government Efficiency Task Force was convened
under the authority of the Florida Constitution, Article III, Section 19(i).

--

ARTICLE III

SECTION 19. State Budgeting, Planning and Appropriations Processes.—

(i) GOVERNMENT EFFICIENCY TASK FORCE. No later than January of 2007, and each fourth year thereafter, the president of the senate, the speaker of the house of representatives, and the governor shall appoint a government efficiency task force, the membership of which shall be established by general law. The task force shall be composed of members of the legislature and representatives from the private and public sectors who shall develop recommendations for improving governmental operations and reducing costs. Staff to assist the task force in performing its duties shall be assigned by general law, and the task force may obtain assistance from the private sector. The task force shall complete its work within one year and shall submit its recommendations to the joint legislative budget commission, the governor, and the chief justice of the supreme court.

--

The Chairman and the Members of the Government Efficiency Task Force acknowledge and thank the professional staff of Florida TaxWatch and the executive and legislative staff for their assistance researching, drafting, formatting, and publishing this report.

June 30, 2016