

# *Government Efficiency Task Force*

*Abraham Uccello, Chair*

*Senator Lizbeth Benacquisto, Vice Chair*

*2011 Recommendations*



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# Government Efficiency Task Force

Abraham Uccello, Chair

Senator Lizbeth Benacquisto, Vice Chair

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

Chief Justice Charles T. Canady  
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500 South Duval Street  
Tallahassee, Florida 32399-1925

The Honorable JD Alexander  
Chair, Legislative Budget Commission  
201 Capitol  
404 South Monroe Street  
Tallahassee, Florida 32399-1100

The Honorable Denise Grimsley  
Vice-Chair, Legislative Budget Commission  
221 Capitol  
402 South Monroe Street  
Tallahassee, Florida 32399-1300

December 21, 2011

Dear Governor Scott, Senator Alexander, Representative Grimsley, and Chief Justice Canady:

Pursuant to Article III, section 19(i) of the Florida Constitution, the Government Efficiency Task Force submits its recommendations on improving governmental operations and reducing costs to the Governor, the chair and vice chair of the Legislative Budget Commission, and the Chief Justice of the Supreme Court. The Task Force submits the following preliminary recommendations for consideration during the 2012 Legislative session, as authorized in section 11.9005, Florida Statutes, and will provide a final report upon completion of its one year term.

1. On November 2, 2011, the Task Force approved by a vote of 14 yeas, 0 nays the following recommendations in the area of business regulation and licensing:

#### Business Dashboard:

- Implement a business permit dashboard that tracks the amount of time it takes for a company to get started in the State of Florida;
- Begin the dashboard at the state level, tracking the business as it goes through the state regulatory process;
- Begin a local program with counties participating on a voluntary basis;
- Encourage county/city compliance by requiring participation as a condition for certain funding;
- Utilize current information already collected by state agencies, the Chamber of Commerce, and local governments;
- Designate one agency, preferably the Department of State, to receive all information related to the business dashboard;
- Utilize dashboard metrics to identify unnecessary regulations, industries that do not require regulation, and industries or businesses that would qualify for the provisional business permit; and
- Allow private businesses to submit additional information.

Provisional Business Permits:

- Implement a provisional business permit for select industries;
- Create an evaluation process for industries linked to health and human safety to qualify for a provisional business permit;
- Utilize information from the business dashboard to identify key industries that would qualify for the permit;
- Utilize the provisional permit process to identify and eliminate unnecessary regulations; and
- Conduct a pilot program in selected counties or cities to benchmark the effectiveness of the permit.

One-Stop Business Portal:

- Implement the One-Stop Portal in stages as recommended by Department of Revenue Executive Director Lisa Vickers;
- Identify redundancies and potential consolidations as the portal is phased in;
- Utilize the consolidation process to identify unnecessary agency regulation;
- Immediately create a “Phase 1a” comprised of a “splash page” website with agency links to fast track businesses through the startup or renewal process;
- Phase 1a should utilize existing call center functions to include a live chat feature to provide real time assistance to users; and
- Include a mechanism that allows for feedback from businesses regarding regulation, which would be forwarded to the Office of Fiscal Accountability and Regulatory Reform and the Legislature.

2. On November 16, 2011, the Task Force approved by a vote of 10 yeas, 3 nays the following recommendations in the area of regional expressway and bridge authority consolidation:

- An independent party who specializes in best management practices should assist in effectively consolidating the administrative functions of the Orlando-Orange County Expressway Authority (OOCEA) and Tampa-Hillsborough County Expressway Authority (THEA) into Florida’s Turnpike Enterprise (FTE). The Florida Department of Transportation estimates a savings of \$24,318,000 per year. With the utilization of a third party, this process may be more efficient and achieve even greater savings.
- If THEA and OOCEA are consolidated into FTE, all revenue collected in the regions should be spent within the same region, and local boards should be maintained to make policy decisions on road construction.
- Consolidate the Mid-Bay Bridge Authority into FTE.
- Consolidate all toll collections into a single entity and system, including all administrative functions, software and IT systems, accounting, collection personnel, enforcement, customer service, and billing.
- Require regional toll agencies to benchmark regional and state transportation and authority salaries to avoid possible excessive salaries.

3. On November 16, 2011, the Task Force approved by a vote of 11 yeas, 2 nays the following recommendations in the area of design procurement and the Consultants’ Competitive Negotiation Act (CCNA):

- Allow agencies to utilize the “Best Value” process for all professional services within architecture, professional engineering, landscape architecture, or registered surveying and

mapping. This process would allow price to be a factor of up to 50% when ranking the top three most qualified firms. The process would work best for a project with a well-defined scope.

- Allow agencies to utilize the “Modified Best Value” process for all professional services within architecture, professional engineering, landscape architecture, or registered surveying and mapping. This process would allow the agency to see the price of the top three most qualified firms, but not re-rank the firms, thus preventing the agency from entering negotiations with insufficient information on pricing. This process would work best for projects that do not have a specific scope and for agencies that would otherwise use current CCNA over “Best Value.”
- Maintain the current CCNA process as an option for agencies to utilize when “Best Value” or “Modified Best Value” would not be appropriate. This process would work best for a project that does not have a well-defined scope.

4. On December 7, 2011, the Task Force approved by a vote of 12 yeas, 1 nay the following recommendations in the area of early learning electronic time and attendance systems:

- Recommend that the Office of Early Learning adopt an electronic form of attendance submission for Voluntary Prekindergarten (VPK) and School Readiness (SR) programs.
- Adopt a point of service system utilizing either electronic swipe cards or biometrics to supplement an electronic time and attendance submission process. Adopting this system would:
  - Reduce human error and fraud that result in improper payments;
  - Reduce the time burden on providers in collecting and recording attendance data;
  - Reduce the amount of paper record keeping required of providers;
  - Allow for quicker audits of attendance records;
  - Allow for quicker turnaround time on payments for SR and reconciliation for VPK; and
  - Allow for real time attendance data.
- The savings would be between \$40-60 million per year if Florida were to realize similar results of other states that have utilized a point of service system. The savings would be based on the reduction of improper payments, elimination of the paper process, and reduced staff hours.
- Ensure sufficient time is allowed for implementation and training so providers can effectively learn to use the system.
- Allow for the sharing of time and attendance data with other agencies that utilize the information.
- Utilize other states’ experiences with the point of service system to avoid common implementation mistakes.
- Leverage predicted savings in order to pay for the point of service system.

5. On December 16, 2011 the Task Force approved by a vote of 11 yeas, 0 nays the following recommendations in the area of enterprise information technology:

- Redefine the role of the Agency for Enterprise Information Technology (AEIT) in governance of state enterprise information technology (IT) and clarify designated enterprise applications and operations.
- Strengthen statutory language to provide AEIT with enforceable governance.
- Provide AEIT with budget and procurement authority for enterprise IT projects and services.
- Maintain the current organizational structure of AEIT under the Governor and Cabinet.
- Establish an Enterprise Technology Advisory Council (ETAC) of public and private industry chief information officers and IT professionals to function in an advisory capacity to the state Chief Information Officer (CIO).
- Task the CIO with modifying AEIT’s organizational structure to provide flexibility and nimbleness and to accommodate further adjustments as necessary.

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- Direct AEIT to identify and align agencies in process oriented design structures (PODS), grouping similar business processes and functions across state government.
- Direct AEIT to implement enterprise IT in support of this alignment, executed in successful phases according to business processes and functions.
- Direct AEIT to immediately begin identification and alignment of PODS with financial management, due to the foundational importance of the Florida Accounting and Information Resource (FLAIR) subsystem.

The complete recommendations and analyses are enclosed. Please do not hesitate to contact me or staff director Jeff Woodburn for additional information.

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

Sincerely,



Abraham Uccello  
Chair

AU/ew

Enclosures

cc: The Honorable Mike Haridopolos  
The Honorable Dean Cannon

## Florida Government Efficiency Task Force Recommendations

**Subject Matter:** Business Regulation

### RECOMMENDATION SUMMARY

The Government Efficiency Task Force met on Wednesday, November 2, 2011, and approved the following recommendations by a vote of 14 yeas, 0 nays:

#### Provisional Business Permits:

- Implement a provisional business permit for select industries;
- Create an evaluation process for industries linked to health and human safety to qualify for a provisional business permit;
- Utilize information from the business dashboard to identify key industries that would qualify for the permit;
- Utilize the provisional permit process to identify and eliminate unnecessary regulations; and
- Conduct a pilot program in selected counties or cities to benchmark the effectiveness of the permit.

#### Business Dashboard:

- Implement a business permit dashboard that tracks the amount of time it takes for a company to get started in the State of Florida;
- Begin the dashboard at the state level, tracking the business as it goes through the state regulatory process;
- Begin with a pilot program with counties participating on a voluntary basis;
- Encourage county/city compliance by requiring participation as a condition for certain funding;
- Utilize current information already collected by state agencies, the Chamber of Commerce, and local governments;
- Designate one agency, preferably the Department of State, to receive all information related to the business dashboard;
- Utilize dashboard metrics to identify unnecessary regulations, industries that do not require regulation, and industries or businesses that would qualify for the provisional business permit; and
- Allow private businesses to submit additional information.

#### One-Stop Business Portal:

- Implement the One-Stop Portal in stages as recommended by Department of Revenue Executive Director Lisa Vickers;
- Identify redundancies and potential consolidations as the portal is phased in;
- Utilize the consolidation process to identify unnecessary agency regulation;
- Create a "Phase Ia" comprised of a "splash page" website with agency links to fast track businesses through the startup or renewal process;
- Utilize existing call center functions to include a live chat feature to provide real time assistance to users; and
- Include a mechanism that allows for feedback from businesses regarding regulation, which would be forwarded to the Office of Fiscal Accountability and Regulatory Reform and the Legislature.

## FULL RECOMMENDATION(S) ANALYSIS

### I. RECOMMENDATIONS(S) AND BACKGROUND

#### A. PROVISIONAL BUSINESS PERMITS:

##### **Background:**

A provisional business permit would allow industries that do not affect health and human safety to start their business more quickly and be managed to compliance after the business is in operation. This would allow for reduced startup and hiring times in applicable industries. The result would be higher employment and enhanced revenue to the state. The increased ease of doing business in Florida may also attract more business to the state and encourage more people to create startup businesses.

##### **Change & Efficiency:**

The new process would require a reorganization of the manner in which the State regulates businesses. This would result in a culture change as regulators look for creative ways to regulate to compliance after the business is open rather than requiring all regulation at the beginning of the process. Implementing new processes of provisional permitting may also identify and eliminate unnecessary regulations.

The efficiencies achieved would include reduced startup times for new businesses and more efficient hiring of new employees. More businesses leads to increased job creation in Florida, and would also generate increased revenue for the state.

##### **Recommendations:**

The Task Force recommends the following:

- Implement a provisional business permit for select industries;
- Create an evaluation process for industries linked to health and human safety to qualify for a provisional business permit;
- Utilize information from the business dashboard to indentify key industries that would qualify for the permit;
- Utilize the provisional permit process to identify and eliminate unnecessary regulations; and
- Conduct a pilot program in selected counties or cities to benchmark the effectiveness of the permit.

#### B. BUSINESS DASHBOARD:

##### **Background**

The purpose of the dashboard is to provide metrics for the time it takes for a business to be fully licensed and permitted. Currently, the state tracks the time it takes for a business to receive certain permits or licenses. For example, the Department of Business and Professional Regulation (DBPR) consistently tracks the amount of time it takes for a person or business to receive a professional license, which is often one of the many steps to open a business. The state does not currently measure the total time it takes for a business to open. Since the majority of business regulation and permitting takes place at the local level, local government participation would be needed in order for the program to achieve its goals. Once implemented, the dashboard could provide information on the startup phase of a business from all levels of regulation, state and local. Once collected, the data could be analyzed to see where the delays and challenges occur for businesses. The data could also be displayed online for the public to use in deciding where to locate their business and planning throughout the startup process.



## **Change & Efficiency**

The most significant change implemented with the business dashboard is the data collected and its impact. Government, at all levels, currently tracks how long it takes to receive permits or licenses, but no state or local governmental entity tracks how long it takes an individual business to open. Displaying this data could lead to a culture change that encourages local governments to become more efficient in order to compete for businesses and jobs in their area. The data collected may also help analyze current regulations at all levels and indicate what regulations are unnecessary burdens on business. The implementation of a dashboard system could provide crucial information to assist businesses starting in the state and deciding in which county or city to locate.

The cost savings is difficult to calculate. The data itself would not create cost savings or efficiencies, but the application of the data could speed up the business startup process. By identifying and eliminating potential impediments that the dashboard uncovers, businesses can get started more quickly. Each week a business is not operating translates to lost income to the business owner, the potential employee, and the state. Also, if some of the potential employees are unemployed, the state may be paying them unemployment benefits. Based on the statistics that Mr. Tarren Bragdon<sup>1</sup> presented, startups created 172,236 jobs in 2009. If we assume that 10% of those hired by the startup businesses were on unemployment and receiving benefits (\$200 a week for this calculation), the state would save \$3.44 million in unemployment benefit payments per each week less that those individuals are collecting benefits.

### **Recommendations:**

The Task Force recommends the following:

- Implement a business permit dashboard that tracks the amount of time it takes for a company to get started in the State of Florida;
- Begin the dashboard at the state level, tracking the business as it goes through the entire state regulatory process;
- Begin with a pilot program with counties participating on a voluntary basis;
- Encourage county/city participation by requiring participation as a condition for certain funding;
- Utilize current information already collected by state agencies, the Chamber of Commerce, and local governments;
- Designate one agency, preferably the Department of State, to receive all information related to the business dashboard;
- Utilize dashboard metrics to indentify unnecessary regulations, industries that do not require regulation, and industries or businesses that would qualify for the provisional business permit; and
- Allow private businesses to submit additional information.

## **C. ONE STOP BUSINESS PORTAL:**

### **Background**

The One-Stop Business Portal is a method to “virtually consolidate” agency functions when it applies to the registration and regulation of businesses. The portal would consolidate all information collection for businesses into one website and would then send the data collected to the appropriate agency. The portal would include a wizard program to steer individuals through the registration process and to help

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<sup>1</sup> Mr. Bragdon is the Chief Executive Officer of the Foundation for Government Accountability. The organization’s website is <http://www.floridafga.org/> (last visited 10/27/11). Mr. Bragdon presented to the Government Efficiency Task Force on October 19<sup>th</sup>, 2011.

guide the new business owner to the appropriate registrations.<sup>2</sup> The implementation, as described by Ms. Lisa Vickers, would allow the portal to be phased in. A phased approach would give agencies time to make necessary adjustments to the new process, lessen the initial cost of the portal, and possibly spread out the costs over several years.<sup>3</sup>

### **Change & Efficiency**

The implementation of the portal would lead to greater government efficiency by eliminating duplicative business processes as the different phases are adopted, which could lead to lower costs in administering government regulation. The one-stop initiative could also lead to indentifying and eliminating unneeded agency regulation. The ability for local government to participate in the portal will deliver the best possible efficiencies for Florida businesses.

### **Recommendations:**

The Task Force recommends the following:

- Implement the One-Stop Portal in stages as recommended by Department of Revenue Executive Director Lisa Vickers;
- Indentify redundancies and potential consolidations as the portal is phased in;
- Utilize the consolidation process to identify unnecessary agency regulation;
- Create a “Phase 1a” comprised of a “splash page” website with agency links to fast track businesses through the startup or renewal process;
- Utilize existing call center functions to include a live chat feature to provide real time assistance to users; and
- Include a mechanism that allows for feedback from businesses regarding regulation, which would be forwarded to the Office of Fiscal Accountability and Regulatory Reform and the Legislature.<sup>4</sup>

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<sup>2</sup> An example given by Ms. Vickers would be a barber shop. The barber shop is required to register the business with Department of State and apply for a professional license with DBPR. The wizard program would ask a question like, “Will you be selling hair care products?” If the person answers yes, the program will know to collect sales tax registration information.

<sup>3</sup> Ms. Vickers believes that phase I can be done within the current budget of the participating agencies.

<sup>4</sup> The Florida Legislature is currently collecting data related to regulatory rules called “YourVoice.” See [http://www.myfloridahouse.gov/Sections/Documents/loadoc.aspx?DocumentType=Press Release&FileName=449](http://www.myfloridahouse.gov/Sections/Documents/loadoc.aspx?DocumentType=Press+Release&FileName=449) (last visited 10/27/11)

## Florida Government Efficiency Task Force Recommendations

**Subject Matter:** Expressway and Bridge Authority Consolidation

### **RECOMMENDATION SUMMARY**

The Government Efficiency Task Force met on November 16, 2011, and approved the following recommendations by a vote of 10 yeas, 3 nays:

Expressway and Bridge Authority Consolidation:

- An independent party who specializes in best management practices should assist in effectively consolidating the administrative functions of the Orlando-Orange County Expressway Authority (OOCEA) and Tampa-Hillsborough County Expressway Authority (THEA) into Florida's Turnpike Enterprise (FTE). The Florida Department of Transportation (FDOT) estimates a savings of \$24,318,000 per year. With the utilization of a third party, this process may be more efficient and achieve even greater savings.
- If THEA and OOCEA are consolidated into FTE, all revenue collected in the regions should be spent within the same region and local boards should be maintained to make policy decisions on road construction.
- Consolidate the Mid-Bay Bridge Authority (Mid-Bay) into FTE.
- Consolidate all toll collections into a single entity and system, including all administrative functions, software and IT systems, accounting, collection personnel, enforcement, customer service, and billing.
- Require regional toll agencies to benchmark regional and state transportation and authority salaries to avoid possible excessive salaries.

## FULL RECOMMENDATION(S) ANALYSIS

### I. RECOMMENDATIONS(S) AND BACKGROUND

#### A. REGIONAL EXPRESSWAY AND BRIDGE AUTHORITIES GLOBAL CONSOLIDATION:

There are three independent Expressway and Bridge Authorities considered in the recommendation: Orlando-Orange County Expressway Authority (OOCEA), Tampa-Hillsborough Regional Expressway Authority (THEA), and the Mid-Bay Bridge Authority (MBBA). All three authorities currently operate pursuant to a lease-purchase agreement<sup>1</sup> with the Florida Department of Transportation (FDOT).<sup>2</sup>

#### The Florida Turnpike Enterprise

Florida's Turnpike was created in 1953 as the Florida State Turnpike Authority. The State Turnpike authority became part of the department in 1969. The Turnpike was reorganized as an Office within the department in 1988 and as a district in 1994. Florida's Turnpike Enterprise (FTE), a business-focused organization within the Department, was created by the Legislature in 2002 to manage the Turnpike System (Turnpike). The Turnpike is a system of toll-financed expressways serving sixteen Florida counties covering 460 miles.<sup>3</sup>

*The Florida Turnpike Enterprise*

|            | Lane Miles | Gross Toll Revenue FY2010-11 | Toll Transactions FY2010-11 | Bond Debt Outstanding | Long Term Payable to FDOT |
|------------|------------|------------------------------|-----------------------------|-----------------------|---------------------------|
| <b>FTE</b> | 2,112      | \$600,897,000                | 652,900,000                 | \$2,811,830,000       | \$162,403,077             |

#### Orlando-Orange County Expressway Authority

The Orlando-Orange County Expressway Authority (OOCEA) was created in 1963 by the Florida Legislature.<sup>4</sup> The purpose of the authority is for the construction and operation of an expressway road system in Central Florida. OOCEA has the statutory authority to construct, operate, and maintain roads, bridges, avenues of access, thoroughfares, and boulevards together with authority to construct, repair, replace, operate, install, and maintain electronic toll payment systems outside of Orange County with the respective county's written consent. OOCEA is also authorized to issue toll revenue bonds to finance portions of the system.

*Orlando-Orange County Expressway Authority*

|              | Lane Miles | Gross Toll Revenue FY2010-11 | Toll Transactions FY2010-11 | Bond Debt Outstanding | Long Term Payable to FDOT |
|--------------|------------|------------------------------|-----------------------------|-----------------------|---------------------------|
| <b>OOCEA</b> | 671        | \$263,787,000                | 292,477,739                 | \$2,696,415,000       | \$270,088,808             |

<sup>1</sup> For more information regarding lease-purchase agreements please see The Florida Senate, *Toll Facility Lease-Purchase Agreements*, Issue Brief 2011-227, prepared by Senate Committee on Transportation. Available at: <http://www.flsenate.gov/Committees/InterimReports/2011/2011-227tr.pdf> (last visited 11/10/11).

<sup>2</sup> The Santa Rosa Bay Bridge Authority also operates pursuant to a lease-purchase agreement with FDOT but is not considered in this recommendation report.

<sup>3</sup> See The Florida Senate, *Cost Effectiveness of Regional Expressway and Bridge Authorities*, Issue Brief 2012-208, prepared by Budget Subcommittee on Transportation, tourism, and Economic Development Appropriations. Available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-208%20BTA.pdf> (last visited 11/10/11).

<sup>4</sup> OOCEA operates pursuant to ch. 348, F.S., part V.

## Tampa-Hillsborough County Expressway Authority

The Tampa-Hillsborough County Expressway Authority (THEA) was created in 1963 as an agency of the state pursuant to ch. 348, F.S., for the purposes of and having the authority to construct, reconstruct, improve, extend, repair, maintain and operate the expressway system within Hillsborough County.

### *Tampa-Hillsborough County Expressway Authority*

|      | Lane Miles | Gross Toll Revenue FY2010-11 | Toll Transactions FY2010-11 | Bond Debt Outstanding | Long Term Payable to FDOT |
|------|------------|------------------------------|-----------------------------|-----------------------|---------------------------|
| THEA | 112        | \$40,476,072                 | 31,634,997                  | \$324,520,000         | \$200,655,481             |

## Change & Efficiency- OOCEA & THEA

The Task Force found there is waste and inefficiency by having separate toll agencies. Each toll agency performs the same functions: administration of road construction and toll collection. Therefore, each agency has duplicative systems and personnel. Significant savings and efficiencies can be achieved through reduction of administrative personnel and consolidation of different systems into one larger system.<sup>5</sup>

Estimates from FDOT provide that the following savings may be realized by consolidating THEA and OOCEA into FTE:

- \$6,572,000 per year from authority contract services;<sup>6</sup>
- \$5,850,000 per year from authority administrative salaries and benefits;<sup>7</sup> and
- \$14,877,000 per year from authority back office toll collection.<sup>8</sup>

FDOT also estimates a savings of \$1,712,000 per year for the removal of the airport plaza and installation of electronic tolling at ramps. With an estimated recurring cost of \$4,693,000 per year to FTE, the consolidation of OOCEA and THEA into FTE would lead to a conservative savings estimate of **\$24,318,000** per year.<sup>9</sup>

Senate Budget Committee staff, during the 2011 session, also estimated that Florida taxpayers would save \$24 million each year by merging all of the independent toll agencies into the Florida Turnpike Authority.<sup>10</sup>

To better assess the benefits of a merger/consolidation, Expressway and Bridge Authority Consolidation Work Group Chairman Matthew Falconer researched past mergers and consolidations in

<sup>5</sup> Chairman Falconer visited the facilities of OOCEA, THEA, and FTE (Chairman Falconer's visit reports are on file with Government Efficiency Task Force staff).

<sup>6</sup> Savings are estimated at \$6.145 million per year for OOCEA and \$427,000 per year for THEA (Estimates on file with Government Efficiency Task Force staff)

<sup>7</sup> Savings are estimated at \$3.781 million per year for OOCEA and \$2.069 million per year for THEA (Estimates on file with Government Efficiency Task Force staff).

<sup>8</sup> Savings are estimated at \$14.261 million per year for OOCEA and \$616,000 per year for THEA (Estimates on file with Government Efficiency Task Force staff).

<sup>9</sup> This does not take into account any possible savings from real estate holdings, leased property and related maintenance and utilities. Savings resulting from debt refinancing are also excluded.

<sup>10</sup> The Florida Senate Bill Analysis and Fiscal Impact Statement, SB 2152 (SPB 7198), Senate Budget Committee, April 1, 2011. Available at: <http://www.flsenate.gov/Session/Bill/2011/2152/Analyses/Vwph1SsHimSG5hGTFLi2jnfIuuM=%7C7/Public/Bills/2100-2199/2152/Analysis/2011s2152.bc.PDF> (last visited 11/10/11).

other states. The most relevant example found was the merger of the New Jersey Turnpike and the Garden State Parkway.<sup>11</sup> The New Jersey Turnpike and Garden State Parkway collect 2.2 million tolls per day and \$650,000,000 per year. The consolidation allowed for a reduction of 212 employee positions and achieved administrative savings of \$8,200,000 per year. The consolidation also reduced the amount of office space required. Consolidation achieved savings and reduced time for road project completion due to the combined resources of the larger agency.<sup>12</sup>

Task Force research concluded a global consolidation will result in significant savings, similar to that of the New Jersey Turnpike. Separate agencies require additional administration, multiple software and IT recourses. Savings from a global consolidation are estimated to be in the tens of millions of dollars annually. In addition, the savings in terms of interest are estimated to be in the tens of millions of dollars as a result of the lower interest rate available to FTE.<sup>13</sup>

Consolidation may also result in a changed business model for the raising of capital for roadway projects and expense planning. THEA and OOCEA currently have \$3.02 billion in outstanding bond debt compared to FTE's \$2.812 billion.<sup>14</sup> FTE, which is required to sell bonds through the Division of Bond Finance, tends to be more conservative in its approach to bond debt. Consolidation may result in a more conservative business model, resulting in less debt and quicker repayment of operations and maintenance expenses to the state.

While there appears to be considerable savings through administrative savings and culture change, because of the complexity of such a consolidation, the Task Force believes that it is beyond the group's capacity to detail how a consolidation would be carried out. **The Task Force recommends that an independent party who specializes in best management practices should assist in effectively consolidating the administrative functions of the Orlando-Orange County Expressway Authority (OOCEA) and Tampa-Hillsborough County Expressway Authority (THEA) into Florida's Turnpike Enterprise (FTE).**<sup>15</sup>

If a global consolidation or merger is completed, the Task Force recommends the following to ensure local governments maintain their influence on local decisions:

**The Task Force recommends that revenue collected stay in the same system in which it is collected.** The funds collected should be placed into a separate account or be designated for use in the same road system where the funds are collected.

**The Task Force recommends that local boards be maintained to make policy decisions on road projects built within their system.** Local boards should maintain control of their systems even if administered by a consolidated agency.

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<sup>11</sup> See the *Report of the New Jersey Toll Road Consolidation Study Commission*, February 14, 2003. Available at: [http://slrc.njstatelib.org/slrc\\_files/digidocs/r628/r6282003.pdf](http://slrc.njstatelib.org/slrc_files/digidocs/r628/r6282003.pdf) (last visited 11/11/10).

<sup>12</sup> See the *Consolidation Case Study: The New Jersey Turnpike Authority and The New Jersey Highway Authority, Two Years Later*. Copy of presentation available at: <http://www.ibtta.org/files/PDFs/Diane%20Scaccetti.pdf> (last visited 11/11/10).

<sup>13</sup> The Expressways have a lower bond rating than FTE. OOCEA's bond rating was recently lowered by Moody's Investor Service A2 with a negative outlook. The downgrade was due to "continued lower than forecasted traffic and revenue growth combined with reduced operating revenue support from Florida's Department of Transportation (FDOT) which we expect will result in lower debt service coverage ratios (DSCRs) going forward. Additional pressures include potential opposition to planned toll increases; a complex and increasingly back-loaded debt structure with substantial exposure to variable rate debt and swaps; and large as yet unfunded capital needs over the next three years" (Letter available with the Government Efficiency Task Force staff).

<sup>14</sup> These numbers are based on the presentation by Reynold Myer, staff director of the Florida Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations. Presentations materials are available <http://www.floridaefficiency.com/UserContent/docs/File/20111005MeetingPacket.pdf> (last visited 11/10/11).

<sup>15</sup> The Hay group performed such a study in the consolidation of the New Jersey Turnpike and the Garden State Parkway.

## Recommendations:

The Task Force recommends the following:

- Perform an independent study, similar to the study completed during the consolidation of the New Jersey Turnpike and the Garden State Parkway, to best detail how to consolidate Orlando-Orange County Expressway Authority (OOCEA) and Tampa-Hillsborough County Expressway Authority (THEA) into Florida's Turnpike Enterprise (FTE).
- If THEA and OOCEA are consolidated into FTE, all revenue should be spent within the same region where the funds are collected, and local boards should be maintained to make policy decisions on road construction.

## B. CONSOLIDATION OF MID-BAY BRIDGE AUTHORITY INTO THE FLORIDA TURNPIKE ENTERPRISE:

### Mid-Bay Bridge Authority

In 1986, the Legislature created the Mid-Bay Bridge Authority (MBBA) as the governing body of an independent special district in Okaloosa County for the purpose of planning, constructing, operating and maintaining a bridge traversing Choctawhatchee Bay.

#### *Mid-Bay Bridge Authority*

|      | Lane Miles | Gross Toll Revenue FY2010-11 | Toll Transactions FY2010-11 | Bond Debt Outstanding | Long Term Payable to FDOT |
|------|------------|------------------------------|-----------------------------|-----------------------|---------------------------|
| MBBA | 20.6       | \$15,476,000                 | 6,519,391                   | \$287,115,000         | \$17,120,448              |

### Change and Efficiency

The Task Force researched the consolidation of the Mid-Bay Bridge Authority into FTE. The Task Force reviewed the Florida Senate issue brief on authority cost effectiveness<sup>16</sup> and received testimony from MBBA Executive Director Jim Vest.<sup>17</sup> MBBA currently consists of two employees and oversees 20.6 lane miles of roadway and bridge.<sup>18</sup>

Task Force research concluded MBBA's lower credit rating costs an additional \$5 million to \$10 million per year in interest payments when compared to FTE's interest rate.<sup>19</sup>

FDOT and FTE can absorb oversight of management of the existing construction project and HRE contract. FDOT may be able to better handle the project than an agency with one Executive Director and one administrative assistant.

<sup>16</sup> The Florida Senate, *Cost Effectiveness of Regional Expressway and Bridge Authorities*, Issue Brief 2012-208, prepared by Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations. Available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-208%20BTA.pdf> (last visited 11/10/11).

<sup>17</sup> Mr. Vest testified during the November 4<sup>th</sup> Expressway and Bridge Authority Consolidation Work Group meeting and answered questions from members. The podcast is available at <http://www.floridaefficiency.com/meetings.cfm> (last visited 11/10/11).

<sup>18</sup> See The Florida Senate, *Cost Effectiveness of Regional Expressway and Bridge Authorities*, Issue Brief 2012-208, page 1 prepared by Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations. Available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-208%20BTA.pdf> (last visited 11/10/11).

<sup>19</sup> This estimate is based on FTE issuing bonds at a higher credit rating compared to MBBA issuing bonds at its current credit rating.

If the MBBA is consolidated into FTE, FDOT projects an annual reduction in operational costs of \$400,000 to \$500,000.<sup>20</sup> Possible savings on bond refinancing may be between \$5 million and \$10 million per year.<sup>21</sup>

Due to lower interest rates and operational costs, consolidation of MBBA into FTE will prevent a possible default situation like the Santa Rose Bay Bridge.<sup>22</sup> The Task Force members believe that consolidation of MBBA into FTE is in the best interest of the customers of the Mid-Bay Bridge and the taxpayers of Florida.

**The Task Force recommends MBBA be consolidated into FTE without further study.** This consolidation is estimated to result in immediate savings of \$400,000 to \$500,000 per year and produce annual savings of \$5 million to \$10 million per year if the revenue bonds can be refinanced by FTE. With only two employees, there is little reason to keep MBBA a separate agency, and consolidation will cost very little to execute. The five member MBBA board should remain intact to provide local input to FTE.

### **Recommendations:**

- The Task Force recommends MBBA be consolidated into FTE without further study.

## **C. CONSOLIDATION OF TOLL COLLECTION:**

### **Toll Collection**

The Task Force also reviewed consolidating services provided by the toll agencies. Aside from road design and construction, toll collection is perhaps the most important service the toll agencies provide. The Task Force reviewed toll collection both from a cost standpoint as well as the effective and efficient use of time by the toll paying public.

Currently, there are three toll transponder systems in Florida:

- Sun Pass,<sup>23</sup>
- E-Pass,<sup>24</sup> and
- Lee-Way.<sup>25</sup>

In addition, several agencies have gone to “Pay by Plate” systems and “all electronic tolling.” In these locations there is no option to pay cash, and new customers or customers without transponders are mailed invoices for use of the toll roads.

Residents of Florida and visitors must comply with different rules and transponder systems. Currently, Florida’s Turnpike Enterprise (FTE), Orlando-Orange County Expressway (OOCEA), and the Tampa Hillsborough Expressway Authority (THEA) all use different toll collection systems. This requires three separate software systems, three separate vendors, three separate IT systems, and three different invoice and enforcement policies.

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<sup>20</sup> Savings based on FDOT estimates with \$302,000 savings from authority contractual services (non-toll) and \$224,000 from authority administrative salaries and benefits (Estimates on file with Government Efficiency Task Force staff).

<sup>21</sup> This savings estimate is based on refinancing existing debt obligations of MBBA under the FTE bond rating.

<sup>22</sup> See *Florida Bridge Authority Misses Bond Payment, Defaults*, by Michael Connor; Reuters On-line, available at <http://www.reuters.com/article/2011/07/01/us-florida-bridge-default-idUSTRE76053620110701> (last visited 11/11/11).

<sup>23</sup> Administered by Florida’s Turnpike Enterprise and the Florida Department of Transportation. See <https://www.sunpass.com/index> (last visited 11/11/10).

<sup>24</sup> Administered by the Orlando-Orange County Expressway Authority. See <http://www.expresswayauthority.com/corporate/epass/> (last visited 11/11/10).

<sup>25</sup> Used for three bridges in Lee County. See <https://www.leewayinfo.com/> (last visited 11/11/10).



## Change and Efficiency

Having a different collection system for each authority and turnpike is inefficient from a collection standpoint as well as from the customer's point of view. There are duplicative costs and inconsistent regulations regarding collection between counties. A customer with a dead battery in their toll transponder can receive violations from three separate agencies in the same day, leading to confusion.<sup>26</sup>

The Orlando-Orange County Expressway (OOCEA) testified that consolidating toll collections under one agency can "save \$22 million per year."<sup>27</sup> The savings will come from the economies of scale using one software system and one vendor.

Currently, Florida's Turnpike Enterprise processes 652 million transactions each year. FTE also collects tolls for MBBA. THEA processes 31 million transactions per year and OOCEA processes 292 million.<sup>28</sup> SunPass (FTE) has by far the largest number of transponders in service and 3100 locations for customers to buy and replenish accounts.

**It is the recommendation of the Task Force that Florida's Turnpike Enterprise be responsible for all toll collection in Florida.** Florida's Turnpike Enterprise has by far the most transponders in Florida and processes double the transactions of all other agencies combined. The transformation will allow every customer to utilize one transponder system and will reduce collection costs significantly.

A single system should have a uniform procedure and fee for collecting the toll revenue. For example, if an electronic toll is collected by the Turnpike and paid to OOCEA, the Turnpike should be able to deduct the cost of collecting that toll. By setting that fee at or below current collection costs, there will be no loss of revenue to any toll agency.

The cost to collect tolls will be reduced and have an estimated savings of \$22 million per year. The customer will enjoy a better service when dealing with one collection entity.

## Recommendation

- Consolidate all toll collections into a single entity and system, including all administrative functions, software and IT systems, accounting, collection personnel, enforcement, customer service, and billing.

## D. WAGE PARITY:

### Authority Wages vs. Turnpike Wages

During the course of the research, the Task Force was provided documentation on employee salaries of the various agencies. Salaries between the authorities and FTE varied greatly, even when the job

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<sup>26</sup> The Expressway and Bridge Authority Consolidation work group received testimony from an Orlando resident, Darlene Petty Raimondi. Ms. Raimondi had a transponder in her car but was unaware that her battery in the transponder lost power. Ms. Raimondi used the toll roads and received violations for unpaid tolls. Unaware there are two separate tolling agencies on the same highway, Ms. Raimondi resolved the toll violation with one agency. The other agency's toll violation was not resolved, resulting in Ms. Raimondi license being suspended. As a result Ms. Raimondi's insurance rates went up. A unified toll collection systems and enforcement procedures will be more efficient from the taxpayer's perspective.

<sup>27</sup> Executive Direct of OOCEA, Mike Snyder, testified before the Government Efficiency Task Force on October 5<sup>th</sup>, 2011. Video replay and podcast of the meeting are available at: <http://www.floridaefficiency.com/meetings.cfm> (last visited 11/10/11). FDOT estimates a conservative savings of \$14 to \$15 million per year.

<sup>28</sup> See The Florida Senate, *Cost Effectiveness of Regional Expressway and Bridge Authorities*, Issue Brief 2012-208, page 1 prepared by Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations. Available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-208%20BTA.pdf> (last visited 11/10/11).

descriptions were identical. As an example, the Executive Director of OOCEA makes \$247,000 and the Florida Secretary of Transportation makes \$140,000, despite having more than ten times the staff.<sup>29</sup> Of the 61 employees at OOCEA, ten make over \$100,000 per year.<sup>30</sup>

*Salary & Benefits of Authorities and Turnpike*

|                              | MBBA      | THEA        | OOCEA       | Combined Authorities | FTE                    |
|------------------------------|-----------|-------------|-------------|----------------------|------------------------|
| <b>Salary &amp; Benefits</b> | \$223,000 | \$2,010,194 | \$6,419,842 | \$8,663,036          | \$30,197,148           |
| <b>FTE's</b>                 | 2         | 17          | 61          | 80                   | 468                    |
| <b>Average per FTE</b>       | \$111,500 | \$118,247   | \$105,243   | \$108,288            | \$64,524 <sup>31</sup> |

**Change and Efficiency**

Regional authority employees perform the same functions as the state employees who make a fraction of the salary. There is considerable cost savings by requiring the expressway and bridge authorities to follow a pay scale similar to FDOT. **The Task Force recommends that regional toll agencies should benchmark regional and state transportation and authority salaries to avoid possible excessive salaries.** Pay parity will ensure taxpayers are getting value for the public service being performed.

Recommendation

- Require regional toll agencies to benchmark regional and state transportation and authority salaries to avoid possible excessive salaries.

<sup>29</sup> See *Senator Targets Top Expressway Salaries*, Dan Tracey, Orlando Sentinel, October, 7, 2011. Available at [http://articles.orlandosentinel.com/2011-10-07/news/os-salaries-snyder-gaetz-20111007\\_1\\_orlando-authority-salaries-gaetz](http://articles.orlandosentinel.com/2011-10-07/news/os-salaries-snyder-gaetz-20111007_1_orlando-authority-salaries-gaetz) (last visited 11/11/10).

<sup>30</sup> Data is from: The Florida Senate, *Cost Effectiveness of Regional Expressway and Bridge Authorities*, Issue Brief 2012-208, prepared by Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations. Available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-208%20BTA.pdf> (last visited 11/10/11).

<sup>31</sup> Averages are calculated by dividing the total amount of salary & benefits by the total number of FTEs.

## Florida Government Efficiency Task Force Recommendations

**Subject Matter:** Consultants' Competitive Negotiation Act (s. 287.055, F.S.)

### **RECOMMENDATION SUMMARY**

The Government Efficiency Task Force met on November 16, 2011, and approved the following recommendations by a vote of 11 yeas, 2 nays:

Consultants' Competitive Negotiation Act (CCNA):

- Allow agencies to utilize the "Best Value" process for all professional services within architecture, professional engineering, landscape architecture, or registered surveying and mapping. This process would allow price to be a factor of up to 50% when ranking the top three most qualified firms. The process would work best for a project with a well-defined scope.
- Allow agencies to utilize the "Modified Best Value" process for all professional services within architecture, professional engineering, landscape architecture, or registered surveying and mapping. This process would allow the agency to see the price of the top three most qualified firms, but not re-rank the firms, thus preventing the agency from entering negotiations with insufficient information on pricing. This process would work best for projects that do not have a specific scope and for agencies that would otherwise use current CCNA over "Best Value."
- Maintain the current CCNA process as an option for agencies to utilize when "Best Value" or "Modified Best Value" would not be appropriate. This process would work best for a project that does not have a well-defined scope.

## FULL RECOMMENDATION(S) ANALYSIS

### I. RECOMMENDATION(S) AND BACKGROUND

#### A. CONSULTANTS' COMPETITIVE NEGOTIATION ACT (CCNA)

##### CCNA

The Consultants' Competitive Negotiation Act (CCNA) was passed in 1973.<sup>1</sup> The Act is largely based on the Federal Brooks Act, which was passed in 1972.<sup>2</sup> CCNA provides that all professional services within architecture, professional engineering, landscape architecture, or registered surveying and mapping,<sup>3</sup> be contracted according to qualifications-based selection (QBS). CCNA applies to all projects above \$325,000 and all studies above \$35,000<sup>4</sup> bid out by the state, a state agency, a municipality, a political subdivision, a school district, or a school board.<sup>5</sup>

QBS follows these phases:

##### Phase One:

1. The agency publicly announces the project or study.<sup>6</sup>
2. The agency evaluates current statements of qualifications and performance currently on file, together with those that are submitted by other firms and conducts discussions with no fewer than three firms regarding their qualifications, approach to the project, and ability to furnish the required services.<sup>7</sup>
3. The agency then selects in order of preference no fewer than three firms deemed to be the most qualified.<sup>8</sup>
4. The agency may consider the following factors in determining whether a firm is qualified: ability of professional personnel; whether a firm is a certified minority business enterprise; past performance; willingness to meet time and budget requirements; location; recent, current, and projected firm workload; and the volume of work previously awarded to each firm by the agency.<sup>9</sup>
5. The agency may not consider compensation during this phase.<sup>10</sup>

##### Phase Two:

1. The agency negotiates with the most qualified firm regarding compensation.<sup>11</sup>
2. If the agency cannot come to an agreement with the most qualified firm, then negotiations with that firm must be formally terminated.
3. The agency may then begin negotiations with the second most qualified firm.<sup>13</sup>
4. If the agency cannot come to an agreement with the second most qualified firm, then negotiations with that firm must be formally terminated.<sup>14</sup>
5. The agency may then begin negotiations with the third most qualified firm.<sup>15</sup>

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<sup>1</sup> See s. 287.055, F.S.

<sup>2</sup> See Public Law 92-582.

<sup>3</sup> Section 287.055(2)(a), F.S.

<sup>4</sup> See s. 287.055(3)(a)(1), F.S., which cites to s. 287.017, F.S. Section 287.017(5), F.S., provides that a category 5 project is defined as a project over \$325,000 and s. 287.017(2), F.S. provides that a category 2 is a study over \$35,000.

<sup>5</sup> Section 287.055(2)(b), F.S.

<sup>6</sup> Section 287.055(3)(a)(1), F.S.

<sup>7</sup> Section 287.055(4)(a), F.S.

<sup>8</sup> Section 287.055(4)(b), F.S.

<sup>9</sup> Id.

<sup>10</sup> Section 287.055(4)(c), F.S.

<sup>11</sup> Section 287.055(5)(a), F.S. "Compensation which the agency determines is fair, competitive, and reasonable."

<sup>12</sup> Section 287.055(5)(b), F.S.

<sup>13</sup> Id.

<sup>14</sup> Id.

6. If the agency cannot come to an agreement with the third most qualified firm, then negotiations with that firm must be formally terminated.<sup>16</sup>
7. If the agency cannot negotiate a satisfactory contract with any of the three most qualified firms, the agency can negotiate with additional firms selected in order of their competence and qualifications.<sup>17</sup>
8. Once negotiations with a firm are terminated, the agency may not resume negotiations with that firm for the project.

## Change and Efficiency

The Government Efficiency Task Force and the design procurement work group heard testimony from interested parties regarding CCNA.<sup>18</sup> Local government officials raised the following inefficiencies with CCNA:

- **Price is not considered.** The agency may not consider cost until the second phase when negotiating with the most qualified firm.
- **Negotiations with a firm may not be resumed once formally terminated.** If the agency is unable to negotiate a price within budget with the most qualified firm, he or she must completely close out negotiations and not resume them with that firm. The inability to reopen negotiations reduces the agency's negotiating power and limits them to the remaining firms, even if those firms negotiate a higher fee.
- **Excludes smaller firms.** Since larger firms are more qualified based on the set parameters, smaller or solo firms have a more difficult time procuring contracts for public works, thus hindering competition.
- **Lack of transparency.** The selection process is not as open and competitive as other procurement methods and taxpayers lack the ability to access prices and costs.

The Task Force and work group also heard testimony and comments from industry representatives. Industry representatives cited the following benefits of CCNA:

- **Focuses negotiations on qualifications rather than price.** This protects the health and safety of the public.
- **QBS process helps control construction costs.** Since the QBS process facilitates negotiations that focus on the scope of the project rather than costs, there are fewer change orders and cost overruns. Both parties have a better understanding of the project at the outset.
- **Scope of the project is not well-defined.** Industry representatives provided that in many solicitations, the scope of the project is not well-defined, making it difficult to provide an accurate bid. The current QBS process facilitates planning while negotiating, which may lead to lower costs.

The Task Force members discussed the testimony and comments. The Task Force recommends adopting two additional procurement methods for agencies<sup>19</sup> to follow in the selection of architecture, professional engineering, landscape architecture, or registered surveying and mapping services in addition to the current CCNA process.

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<sup>15</sup> Id.

<sup>16</sup> Id.

<sup>17</sup> Section 287.055(5)(c), F.S.

<sup>18</sup> Senator Pat Neal, Chairman of the design procurement work group, presented to the Task Force on the November 2, 2011, meeting regarding reforming CCNA. Carlos Beruff and Steve Carnell also presented. Video replay and podcast of the meeting are available at <http://www.floridaefficiency.com/meetings.cfm> (last visited 11/11/10).

<sup>19</sup> Agencies includes: state agencies, state entities, local government, school boards, and the university system.

**The first recommended process is the “Best Value” process.**<sup>20</sup> The best value process is defined as:

The selection of a firm or firms whose proposal provides the greatest overall benefit to an agency in accordance with the requirements of a formal solicitation.

The best value process would allow agencies to:

1. Solicit proposals and include a written scope of work for the project to the competing firms.
2. Rank all firms based on qualifications and establish a “short list.”<sup>21</sup>
3. Rank “short listed” firms on qualifications and price.<sup>22</sup>

Price would be allowed to be solicited from the top three most qualified firms only and would be factored in to the evaluation at no more than 50%. Since unqualified firms would not make the original short list, only the most qualified firms would have an opportunity to be awarded the contract. This would address the concerns raised about health and human safety in the procurement process. The best value option would work the most effectively with projects that have a well-defined scope.

**The second recommended process is the “Modified Best Value” process.** The modified best value process would allow agencies to:

1. Solicit proposals and include a written scope of work for the project to the competing firms.
2. Rank all firms based on qualifications and establish a “short list.”<sup>23</sup>
3. The agency would be able to see the price bid for the top qualified firms, but the firms would not be re-ranked with price as a factor.

This process would eliminate the concern that procurement officers have about entering negotiations with insufficient information on pricing. This method allows the agency to know the price of the other two bids, but still begin negotiations with the most qualified firm. This gives the agency a stronger position during negotiations. This method would be most effective for agencies that would otherwise use CCNA, not best value, or when the scope of the project is not well-defined.

**The Task Force also recommends maintaining the current CCNA procedures as an option for an agency.** The process is effective and bases all bidding on qualifications. For projects that do not have a well-defined scope, this may be the best method for an agency. However, in projects with a well-defined scope, this procedure would not be the best method of procurement and may result in higher costs to the agency.

The Task Force recommends changes to CCNA because the increased procurement options would:

- Give public agencies more discretion in the procurement of professional services;
- Align the procurement method for CCNA professional services with how other professional services are purchased; and
- Be a vehicle to increase transparency and public confidence in the procurement process as a whole.

## Recommendations

- Allow agencies to utilize the “Best Value” process for all professional services within architecture, professional engineering, landscape architecture, or registered surveying and mapping. This process would allow price to be a factor of up to 50% when ranking the top three most qualified firms. The process would work best for a project with a well-defined scope.
- Allow agencies to utilize the “Modified Best Value” process for all professional services within architecture, professional engineering, landscape architecture, or registered surveying and

<sup>20</sup> The process was presented by Mr. Steve Carnell at the November 2, 2011, meeting of the Government Efficiency Task Force.

<sup>21</sup> The first two steps are the same as the current CCNA process and would remain the same under best value.

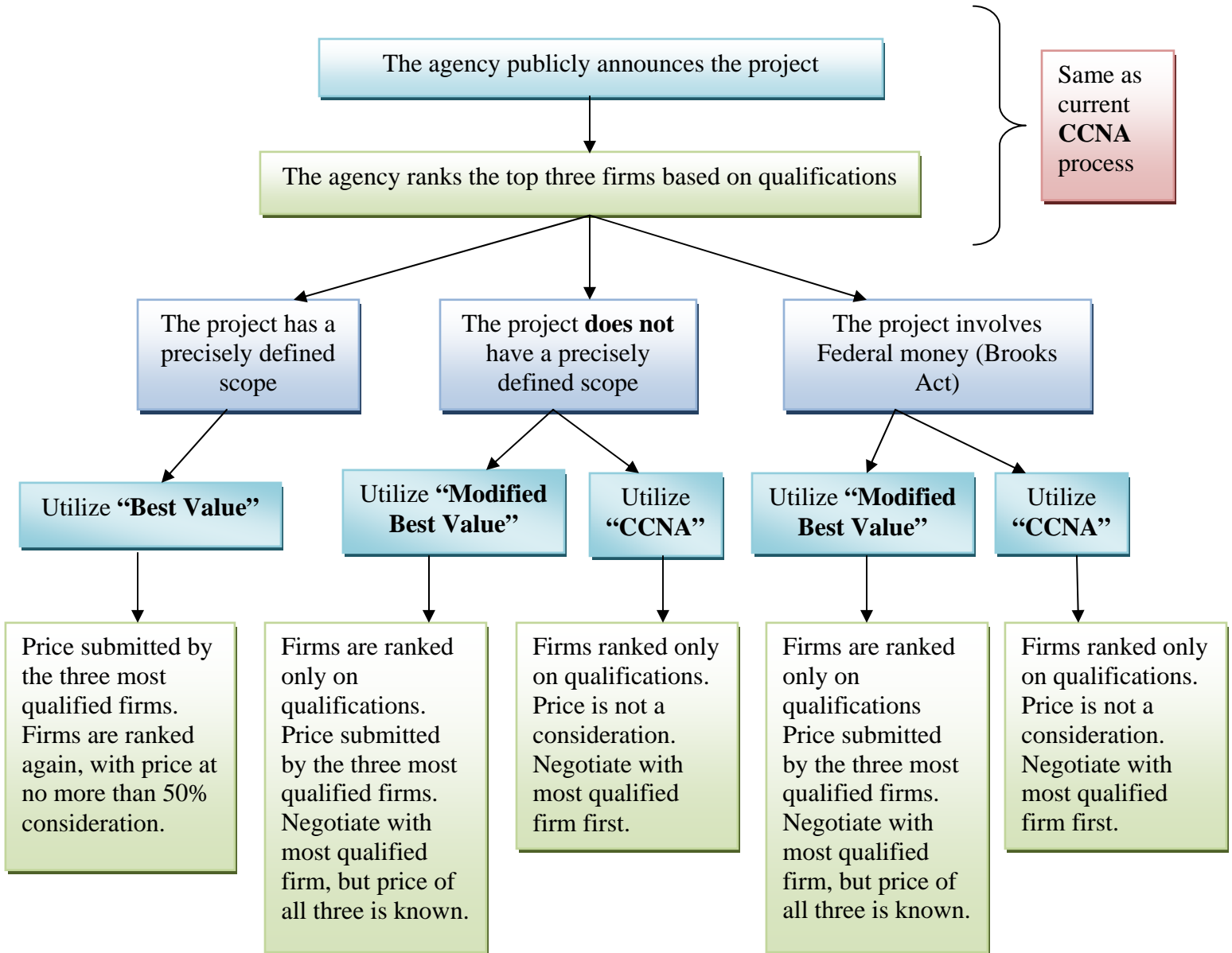
<sup>22</sup> The third step is a deviation from CCNA and would allow price to be a component of ranking the short list.

<sup>23</sup> The first two steps are the same as the current CCNA process and proposed best value process.

mapping. This process would allow the agency to see the price of the top three most qualified firms, but not re-rank the firms, thus preventing the agency from entering negotiations with insufficient information on pricing. This process would work best for agencies that would otherwise use current CCNA over best value or for a project does not have a specific scope.<sup>24</sup>

- Maintain the current CCNA process as an option for agencies to utilize when “Best Value” or “Modified Best Value” would not be appropriate. This process would work best for a project that does not have a well-defined scope.

*Task Force Recommendation: “Procurement Officer Tool Box”*



<sup>24</sup> The “Modified-Best Value” may be able to be used by agencies that come under the Brooks Act. The Brooks Act dictates the procurement process when Federal dollars are used.

## Florida Government Efficiency Task Force Recommendations

**Subject Matter:** Early Learning Time and Attendance

### **RECOMMENDATION SUMMARY**

The Government Efficiency Task Force met on December 7, 2011, and approved the following recommendations by a vote of 12 yeas, 1 nay:

Electronic Time and Attendance for Voluntary Prekindergarten (VPK) and School Readiness (SR):

- The Task Force recommends that the Office of Early Learning adopt an electronic form of attendance submission for VPK and SR programs. Elimination of the current attendance process is estimated to save **\$4 million** per year by eliminating the manual paper process and reducing staff time.
- The Task Force recommends adopting a point of service system utilizing either electronic swipe cards or biometrics to supplement an electronic time and attendance submission process. Adopting this system would:
  - Reduce human error and fraud that result in improper payments;
  - Reduce the time burden on providers in collecting and recording attendance data;
  - Reduce the amount of paper record keeping required of providers;
  - Allow for quicker audits of attendance records;
  - Allow for quicker turnaround time on payments for SR and reconciliation for VPK; and
  - Allow for real time attendance data.
- The savings would be between **\$40-60 million** per year if Florida were to realize similar results of other states that have utilized a point of service system. The savings would be based on the reduction of improper payments.
- The Task Force recommends ensuring sufficient time is allowed for implementation and training so providers can effectively learn to use the system.
- The Task Force recommends allowing for the sharing of time and attendance data with other agencies that utilize the information.
- The Task Force recommends utilizing other states' experiences with the point of service system to avoid common implementation mistakes.
- The Task Force recommends leveraging predicted savings in order to pay for the point of service system.



**FULL RECOMMENDATION(S) ANALYSIS**

**I. RECOMMENDATIONS(S) AND BACKGROUND**

**A. SCHOOL READINESS AND VOLUNTARY PREKINDERGARTEN EDUCATION:**

**School Readiness Program**

The School Readiness (SR) Program was created in 1999.<sup>1</sup> The program provides subsidies for early childhood education and child care services to:

- Children of low-income families;
- Children in protective services; and
- Children with disabilities.<sup>2</sup>

The Florida Legislature created regional Early Learning Coalitions (ELCs) in order to administer the SR program at a local level (see appendix one for map).<sup>3</sup> The SR program is administered by the ELCs at the county and regional level, while the Office of Early Learning (OEL) coordinates at the state level.<sup>4</sup> Children are admitted to the program using a priority based system.<sup>5</sup>

The SR program currently has 138,955 children enrolled and 5,054 providers.<sup>6</sup> In FY 2010-11, the state spent \$434,835,140 on providers.<sup>7</sup>

*School Readiness Program*

|                   | # of Children (current) | # of Providers (current) | Amount Spent in FY 2010-11 |
|-------------------|-------------------------|--------------------------|----------------------------|
| <b>SR Program</b> | 138,955                 | 5,054 <sup>8</sup>       | \$434,835,140              |

**Voluntary Prekindergarten Education Program**

The VPK program was created by constitutional mandate in 2002 and enacted in law in 2005. The Florida Constitution provides that:

Every four-year old child in Florida shall be provided by the State a high quality pre-kindergarten learning opportunity in the form of an early childhood development and education program which shall be voluntary, high quality, free, and delivered according to professionally accepted standards.<sup>9</sup>

<sup>1</sup> See ch. 99-357 L.O.F.

<sup>2</sup> Section 411.01(6), F.S.

<sup>3</sup> Section 411.01(5), F.S.

<sup>4</sup> The program was administered by the Agency for Workforce Innovation, but is now administered by the Office of Early Learning.

<sup>5</sup> See s. 411.01(6), F.S.

<sup>6</sup> These numbers are for FY 2011-2012 and were provided by the Office of Early Learning (copy available with Government Efficiency Task Force staff).

<sup>7</sup> The fiscal information was provided by the Office of Early Learning. The amount paid to providers is a mix between a Federal block grant and state money. In FY 2010-11, a total amount of \$615.4 million was appropriated for the SR program: \$353.6 million from CCDF block grant, \$116.4 million from TANF block grant, \$136 million from state general revenue, \$9 million from other state funds, and \$500,000 from other federal sources. See Specific Appropriation 2243, s. 6, Ch. 2010-152, L.O.F.

<sup>8</sup> There are also an additional 3,968 providers that participate in both the SR and VPK program for a total of 10,869 providers for the two programs.

<sup>9</sup> Section 1(b), Art. IX, Florida Constitution.

A VPK provider may be:

- A school-year prekindergarten program delivered by a private prekindergarten provider;<sup>10</sup>
- A summer prekindergarten program delivered by a public school or private prekindergarten provider;<sup>11</sup>
- A school-year prekindergarten program delivered by a public school;<sup>12</sup> or
- A specialized instructional service program for children who have disabilities.<sup>13</sup>

A full-time VPK program consists of 540 instructional hours, while a summer VPK program consists of 300 instructional hours.<sup>14</sup>

The VPK program currently has 134,777 children enrolled and 1,847 providers.<sup>15</sup> The program is overseen by OEL and administered through the 31 ELCs.<sup>16</sup> In FY 2010-2011, the state spent \$382,607,156 on providers.<sup>17</sup>

*Voluntary Prekindergarten Education Program*

|            | # of Children (current) | # of Providers (current) | Amount Spent in FY 2010-11 |
|------------|-------------------------|--------------------------|----------------------------|
| <b>VPK</b> | 134,777                 | 1,847 <sup>18</sup>      | \$382,607,156              |

**B. CURRENT ATTENDANCE AND PAYMENT SYSTEM**

**School Readiness Program**

The current attendance system for SR is a paper based system in which the provider records time and attendance for each child enrolled at the facility. The attendance paperwork is then sent to the ELCs responsible for that facility. Data is input by the ELC staff and sent to OEL, which processes the data and then issues payment to the provider. The cycle takes an average of 30 days from submission of attendance to receipt of payment.<sup>19</sup>

<sup>10</sup> Section 1002.53(3)(a), F.S., with the requirements to be a private provider pursuant to s. 1002.55, F.S.

<sup>11</sup> Section 1002.53(3)(b), F.S., with the requirements to be a private provider pursuant to s. 1002.61, F.S.

<sup>12</sup> Section 1002.53(3)(c), F.S.

<sup>13</sup> Section 1002.53(3)(d), F.S., with the requirements to be a specialized services program pursuant to s. 1002.71, F.S.

<sup>14</sup> Section 1002.71(2), F.S.

<sup>15</sup> These numbers are for FY 2011-2012 and were provided by the Office of Early Learning (copy available with Government Efficiency Task Force staff). The percentage breakdown of providers is: private centers 81%, public schools 16 %, family day care homes 2%, and private schools 1%.

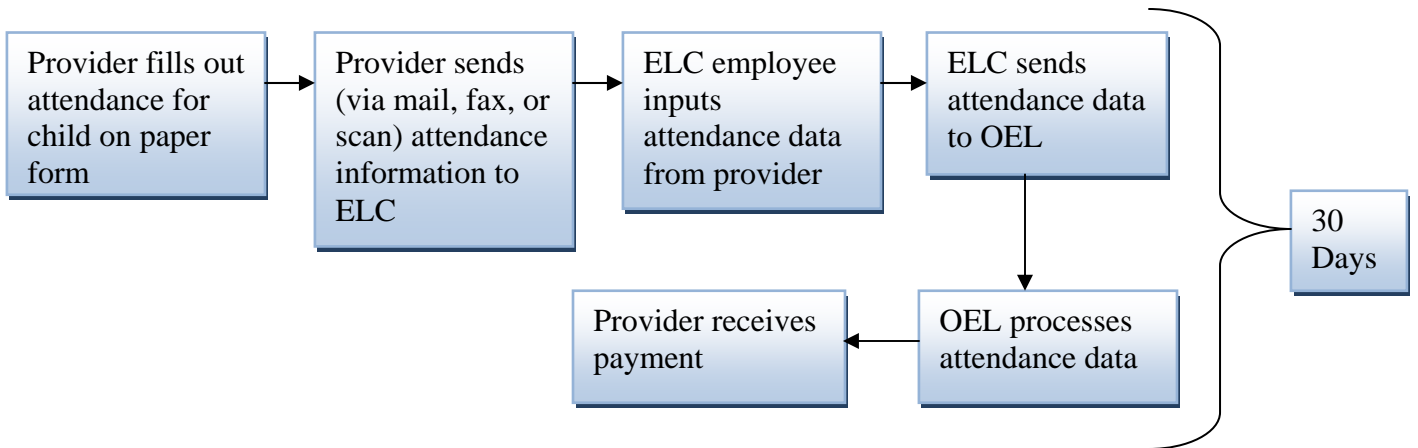
<sup>16</sup> The Early Learning Coalitions are those that were created pursuant to s. 411.01, F.S.

<sup>17</sup> The information was provided by the Office of Early Learning.

<sup>18</sup> There are also an additional 3,968 providers that participate in both the SR and VPK program for a total of 10,869 providers for the two programs.

<sup>19</sup> The average is based on information provided by staff of the Office of Early Learning to the Task Force.

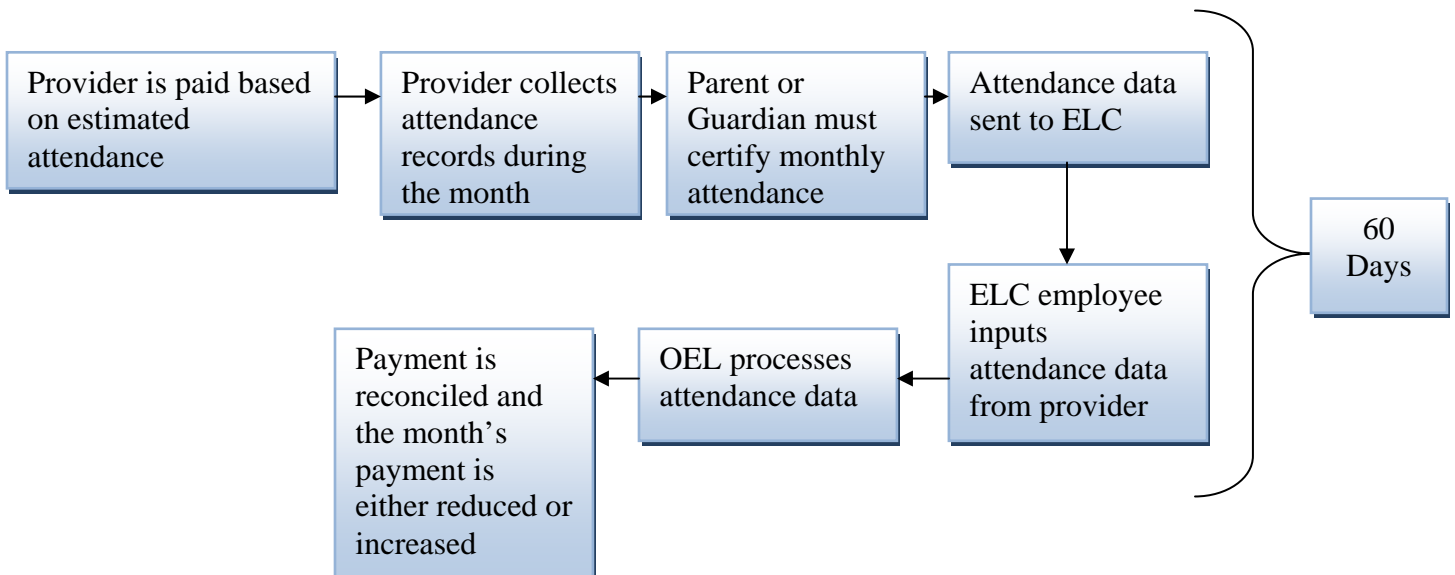
*Current SR Attendance and Payment Flow Chart*



**Voluntary Prekindergarten Education Program**

The current attendance system for VPK is a paper-based system similar to the SR process. The main difference is that VPK providers are paid a month ahead and the payment is reconciled after attendance has been provided to the ELC.<sup>20</sup> The parent or guardian is also required to certify the child’s attendance every month.<sup>21</sup> The process takes about 60 days to reconcile the actual payment owed to the provider.

*Current VPK Attendance and Payment Flow Chart*



<sup>20</sup> See s. 1002.71(5)(b), F.S.

<sup>21</sup> See s. 1002.71(6)(b)(2), F.S. Pursuant to s. 1002.71(6)(b)(3), F.S., the provider must keep each monthly certified attendance form for two years.

## Change and Efficiency

There are two primary inefficiencies in the current system of time attendance in the SR and VPK programs: the paper based collection of attendance and the dependence on the provider for attendance records.

### *Paper-Based System*

The paper based system is a burden on OEL, the ELCs, and the provider.<sup>22</sup> The provider is required to turn in attendance to the ELC on a specific form. The ELC must then manually enter the attendance data, which is sent to OEL. The process creates a great amount of paperwork and recordkeeping. OEL estimates that it processes over 34,500 paper attendance rosters per month.

### **The Task Force recommends that OEL adopt an electronic form of attendance submission.**<sup>23</sup>

Decreasing paperwork and redundancies in data entry would reduce payment errors, eliminate waste, and decrease the amount of time it takes for OEL to receive attendance data and process provider payments. The end result would be increased efficiency in distributing payment to the provider. OEL estimated that the electronic submission would save an estimated \$4 million per year.<sup>24</sup>

### **Recommendations:**

- The Task Force recommends that the Office of Early Learning adopt an electronic form of attendance submission.

### *Point of Service System*

The electronic submission process for attendance would reduce paperwork, but would not address the issue of reliance on the provider for attendance records. A point of service system for checking the child in and out would provide additional efficiencies and savings. The point of service system addresses two issues that lead to improper payments: the first is the possibility of mistakes made by the provider in keeping the records; the second is the possibility of fraud.

The current paper system and the proposed Early Learning Information System (ELIS) rely on the provider for the attendance records. The provider takes the initial attendance,<sup>25</sup> records the attendance on a form, and sends the form (or with ELIS submits the data electronically) to the ELC. By requiring multiple people and steps in order to report attendance the process is open to the possibility of mistakes. Neither the current process nor the ELIS project addresses these issues.

The current system and the proposed ELIS system do not prevent fraud. For VPK, 20% of the total payment made on behalf of a student to a provider may be for hours during which the student was absent.<sup>26</sup> For SR, the provider may be reimbursed for up to three days per calendar year that the child was absent.<sup>27</sup> This puts tremendous pressure on the provider to make sure the child is present. If the child exceeds the amount of absences allowed by statute or rule, then the provider is not paid. This

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<sup>22</sup> Two early learning work group members, Mrs. Belinda Keiser and Mr. Robert Stork, visited ELCs and providers and testified at the November 29, 2011 work group meeting. The work group members testified that there are “voluminous amounts of paperwork,” and “providers were open to anything that reduced paperwork.” A recording of their testimony is available at <http://www.floridaefficiency.com/meetings.cfm> (last visited 11/30/11).

<sup>23</sup> The Early Learning Information System (ELIS) is designed to have the ability to allow the provider to submit attendance data on-line rather than on a paper form. For more information on the ELIS project please see [http://www.floridaearlylearning.com/EarlyLearning/OEL\\_SysDev\\_ELIS.html](http://www.floridaearlylearning.com/EarlyLearning/OEL_SysDev_ELIS.html) (last visited 11/30/11).

<sup>24</sup> This information is based on the Office of Early Learning Project Briefing from 11/01/2011 (power point on file with Government Efficiency Task Force Staff).

<sup>25</sup> Mrs. Keiser and Mr. Stork noted that in their visits to providers, some providers have already invested in a check in program for parents and guardians that tracks attendance. The provider is still required to manually enter the attendance data on the proscribed forms.

<sup>26</sup> Section 1002.71(6)(d), F.S.

<sup>27</sup> See Office of Early Learning Rule 60BB-4.500(2).

provides a possible incentive to submit inaccurate attendance records if students are chronically absent.

**The Task Force recommends adopting a point of service system utilizing either electronic swipe cards or biometrics.** Adopting the point of service system would relieve the providers of the responsibility and time requirements of tracking attendance. The parent or guardian would use a swipe card or their finger, in the case of a biometric device, to check the child in and out of the school or day care center. The result would be fewer errors and the reduction in the amount of time the provider must spend in recording attendance data.<sup>28</sup> The point of service system would also reduce multiple steps in recording the attendance, which would result in quicker payments to the provider. The point of service system would also reduce fraud. Since the provider would not be responsible for the attendance data, there is no potential for false attendance records.

The point of service system would:

- Reduce human error and fraud that result in improper payments;
- Reduce the time burden on providers in collecting and recording attendance data;
- Reduce the amount of paper record keeping required of providers;
- Allow for quicker audits of attendance records;
- Allow for quicker turnaround time on payments for SR and reconciliation for VPK; and
- Allow for real time attendance data.

Several other states, including Oklahoma, Indiana, Texas, Louisiana, Colorado, Virginia, New Jersey, North Carolina, Ohio, and Mississippi, have adopted a point of service system. Louisiana adopted a biometric point of service system in 2010 and has estimated to savings at \$20-30 million per year.<sup>29</sup> Several other states have realized savings of 10%. If Florida were to have similar results, the savings would be \$40-60 million dollars per year with implementation of a point of service system.<sup>30</sup>

Other states utilizing point of service systems have varying levels of costs. Oklahoma has approximately 40,000 enrolled children in their SR program and pays \$2.97 per month (\$1.43 million per year) for swipe card point of service and payment service. Louisiana has approximately 45,000 enrolled children and pays \$4.75 per month (\$2.57 million per year) for a biometric point of service system. Texas has approximately 148,559 enrolled children and pays \$2.66 (\$4.74 million per year) for swipe card time and attendance.<sup>31</sup>

Florida has approximately 292,952 students enrolled in SR and VPK for FY 2011-12. If Florida were to adopt swipe card technology for time and attendance collection at a rate similar to Texas, the state would pay about \$8.79 million per year.<sup>32</sup> With a conservative savings of 6% of the provider reimbursements, which is a little more than half of what Oklahoma has reported, Florida would net approximately \$40 million in savings.

**The Task Force recommends leveraging predicted savings in order to pay for the point of service system.** Since Florida is nearly double the size of Texas in terms of student population, the state would be able to leverage an economy of scale to competitively bid for a point of service system.

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<sup>28</sup> The proposed ELIS system would relieve the ELCs and OEL of the paper process, but providers would still be responsible for maintaining attendance records to submit attendance data and in the case of an audit. The point of service system would save time and money for the providers by reliving them of this responsibility.

<sup>29</sup> Mr. Richard Howze, Undersecretary for Louisiana's Department of Child and Family Services, testified at the November 29, 2011 work group meeting that Louisiana saved between \$8-10 million the first few months and then saved about \$2.5 million per month after that. Mr. Howze also testified that the system paid for itself in less than a year. A recording of his testimony is available at <http://www.floridaefficiency.com/meetings.cfm> (last visited 11/30/11).

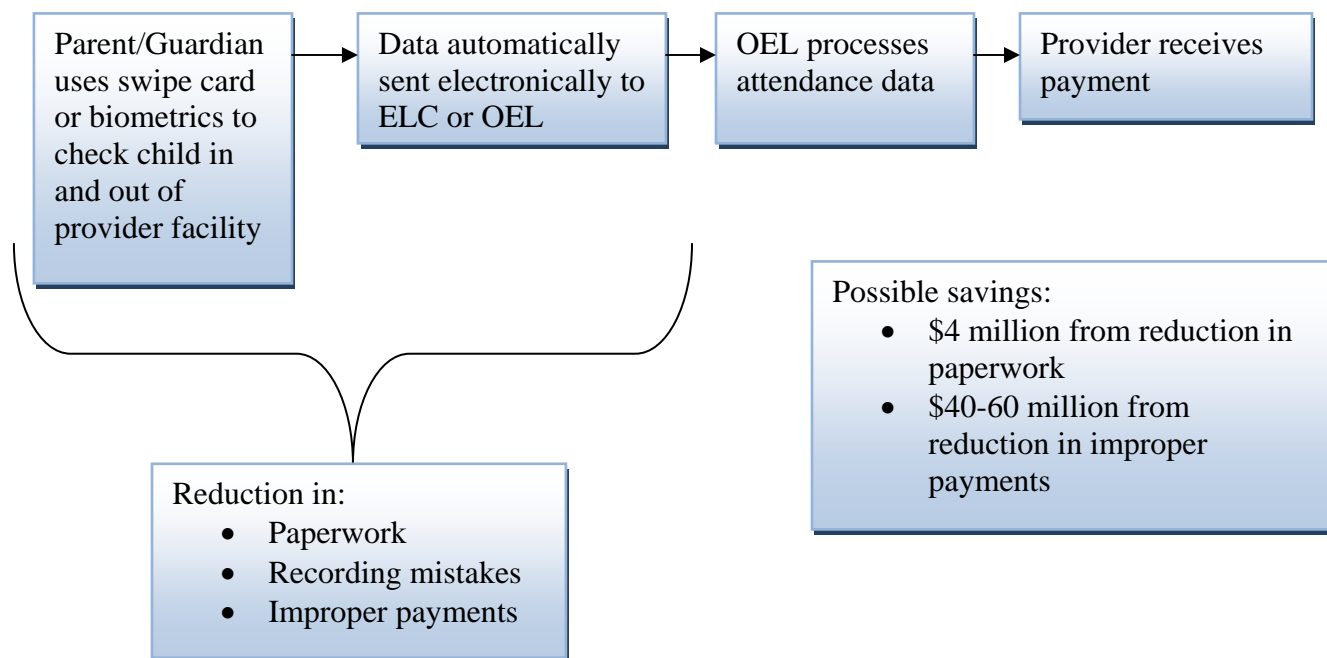
<sup>30</sup> This estimate is based on a conservative estimate of 5-8% savings of the total amount spent on providers in FY 2010-11 of \$817,442,296 (which equates to \$40,872,114 to \$65,395,383 per year of savings).

<sup>31</sup> The state by state information was provided by ACS and is on file with the Government Efficiency Task Force staff.

<sup>32</sup> This number is calculated at \$2.50 per student per month multiplied by the total number of students for 12 months.

The state should also leverage the proposed savings as payment and pay for the service out of the savings only.

#### *Electronic Attendance Submission Process with Point of Service*



#### **Recommendations:**

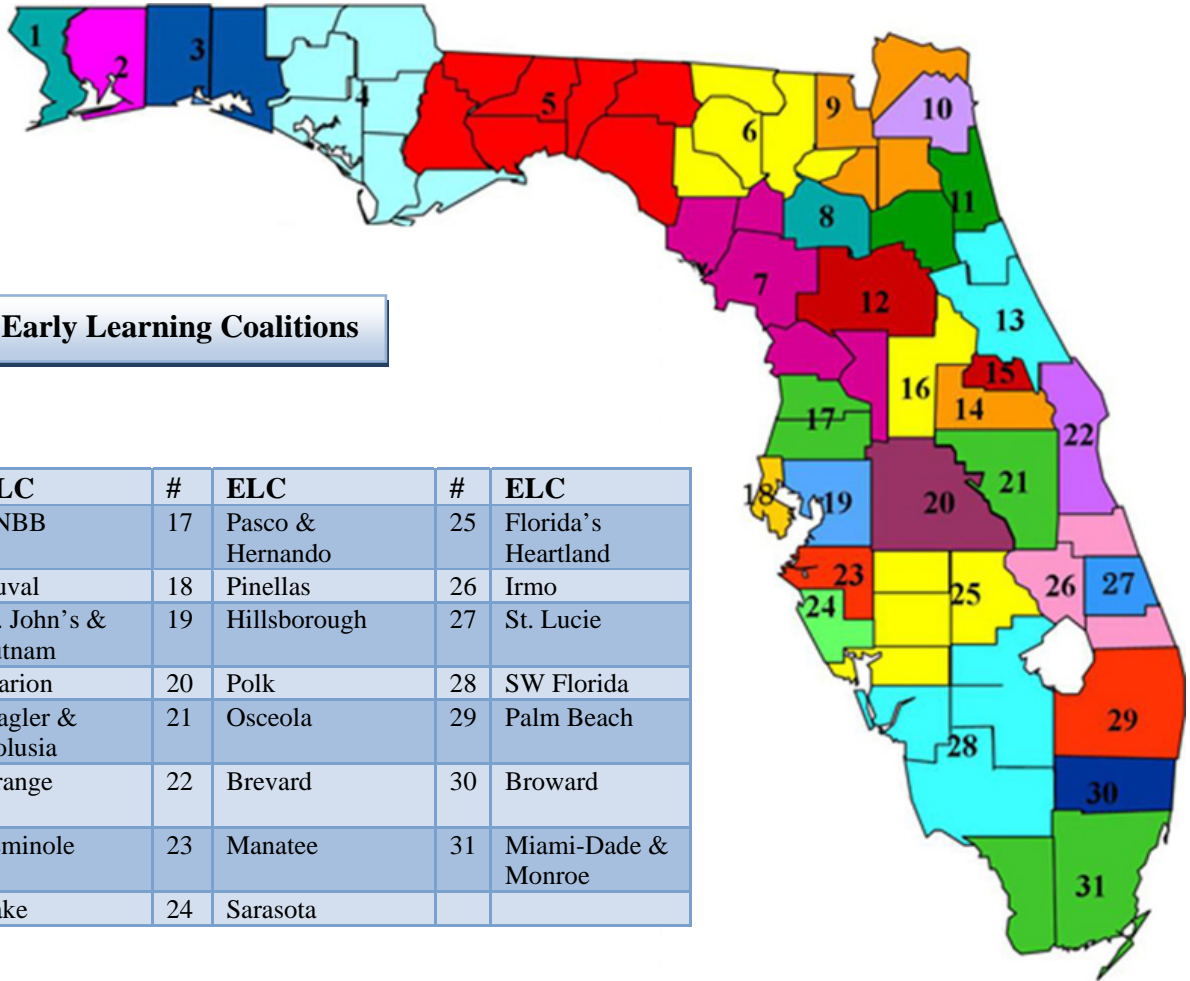
The Task Force recommends the following:

- Adopting a point of service system utilizing either electronic swipe cards or biometrics to supplement an electronic attendance submission process in the Office of Early Learning.
- Ensuring sufficient time is allowed for implementation and training so providers can effectively use the system.<sup>33</sup>
- Allowing for the sharing of time and attendance data with other agencies that utilize the information.<sup>34</sup>
- Leveraging predicted savings in order to pay for the point of service system.
- Utilizing other states' experiences with the point of service system to avoid common implementation mistakes.

<sup>33</sup> In Mr. Howze's testimony he suggested that a longer implementation and training time would have been beneficial for Louisiana.

<sup>34</sup> The Department of Education and Department of Children and Families utilize time and attendance.

Appendix One: Map of Florida's Early Learning Coalitions



**Florida's Early Learning Coalitions**

| # | ELC               | #  | ELC                 | #  | ELC              | #  | ELC                 |
|---|-------------------|----|---------------------|----|------------------|----|---------------------|
| 1 | Escambia          | 9  | CNBB                | 17 | Pasco & Hernando | 25 | Florida's Heartland |
| 2 | Santa Rosa        | 10 | Duval               | 18 | Pinellas         | 26 | Irmo                |
| 3 | Okaloosa & Walton | 11 | St. John's & Putnam | 19 | Hillsborough     | 27 | St. Lucie           |
| 4 | NW Florida        | 12 | Marion              | 20 | Polk             | 28 | SW Florida          |
| 5 | Big Bend          | 13 | Flagler & Volusia   | 21 | Osceola          | 29 | Palm Beach          |
| 6 | Florida's Gateway | 14 | Orange              | 22 | Brevard          | 30 | Broward             |
| 7 | Nature Coast      | 15 | Seminole            | 23 | Manatee          | 31 | Miami-Dade & Monroe |
| 8 | Alachua           | 16 | Lake                | 24 | Sarasota         |    |                     |

## Florida Government Efficiency Task Force Recommendations

**Subject Matter:** Enterprise Information Technology

### **RECOMMENDATION SUMMARY**

The Government Efficiency Task Force met on December 16, 2011, and approved the following recommendations by a vote of 11 yeas, 0 nays:

State of Florida Enterprise Information Technology:

- Redefine the role of the Agency for Enterprise Information Technology (AEIT) in governance of state enterprise information technology (IT) and clarify designated enterprise applications and operations.
- Strengthen statutory language to provide AEIT with enforceable governance.
- Provide AEIT with budget and procurement authority for enterprise IT projects and services.
- Maintain the current organizational structure of AEIT under the Governor and Cabinet.
- Establish an Enterprise Technology Advisory Council (ETAC) of public and private industry chief information officers and IT professionals to function in an advisory capacity to the state Chief Information Officer (CIO).
- Task the CIO with modifying AEIT's organizational structure to provide flexibility and nimbleness and to accommodate further adjustments as necessary.
- Direct AEIT to identify and align agencies in process oriented design structures (PODS), grouping similar business processes and functions across state government.
- Direct AEIT to implement enterprise IT in support of this alignment, executed in successful phases according to business processes and functions.
- Direct AEIT to immediately begin identification and alignment of PODS with financial management, due to the foundational importance of the Florida Accounting and Information Resource (FLAIR) subsystem.



## FULL RECOMMENDATION(S) ANALYSIS

### I. RECOMMENDATIONS(S) AND BACKGROUND

#### AGENCY FOR ENTERPRISE INFORMATION TECHNOLOGY (AEIT):

In 2006, the Florida House of Representatives issued a report that identified the following issues with Florida's information technology (IT) governance:

- A lack of a clear vision for the future of IT, its role in government operations, and its value to the state;
- An absence of an enterprise governance framework, which limits Florida's ability to capitalize on enterprise-wide technology solutions; and
- Inadequate visibility into IT funding of agencies and across the enterprise.<sup>1</sup>

In 2007, the Florida Senate issued a similar report that cited insufficient planning, management, and governance of enterprise IT services. The report provided that many state projects experienced cost overruns and fall behind schedule, management does not understand or value IT governance and investments, and IT is often an impediment to innovative new processes.<sup>2</sup> Additionally, lack of planning, contract management, and accurate assessment of IT capabilities resulted in suspension of projects and led to substantial changes in direction and scope during development and implementation.<sup>3</sup>

The Senate report concluded that "The state would benefit financially and organizationally from defining enterprise- and agency-level IT projects and operations."<sup>4</sup> The report also provided that Florida "would improve its enterprise IT capabilities by requiring shared service delivery, planning, management, and operations for common, non-strategic IT services."<sup>5</sup>

The Senate and House committee recommendations led to the creation of the Agency for Enterprise Information Technology (AEIT or the agency). The agency's focus is on IT as an enterprise responsibility linking the state's separate business and jurisdictional entities.<sup>6</sup> The agency reports to the Governor and Cabinet, and is administratively housed within the Executive Office of the Governor (EOG), but is a separate budget entity and not subject to control, supervision, or direction by EOG. The agency is headed by a Chief Information Officer (CIO) who is appointed by the Governor and confirmed by the Cabinet, subject to confirmation by the Senate, and serves at the pleasure of the Governor and Cabinet.<sup>7</sup>

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<sup>1</sup> *Information Technology Management in Florida*, Florida House of Representatives State Infrastructure Council/Spaceport and Technology Committee. Tallahassee, FL: January 2006, pp 10-15. (Report on file with Task Force staff.)

<sup>2</sup> *Enterprise Information Technology: Senate Review and Study*, Report No. 2007-140. Tallahassee, FL: January 2007, p 5. ([http://archive.flsenate.gov/data/Publications/2007/Senate/reports/interim\\_reports/pdf/2007-140golong.pdf](http://archive.flsenate.gov/data/Publications/2007/Senate/reports/interim_reports/pdf/2007-140golong.pdf)) (Last visited 12/12/2011).

<sup>3</sup> *Id.* at p 9-11.

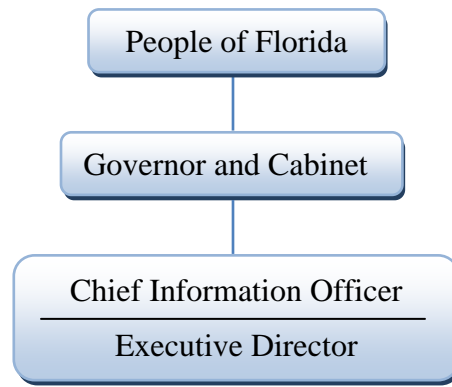
<sup>4</sup> *Id.* at p 11.

<sup>5</sup> *Id.*

<sup>6</sup> See Ch. 2007-105, L.O.F.

<sup>7</sup> Section 14.204(1), (2), and (3), F.S.

*Current AEIT high-level organizational structure*



Principal responsibilities of AEIT include:

- Developing strategies for the design, delivery, and management of enterprise IT services;
- Planning and establishing policies and standards for enterprise IT services;
- Identifying and recommending strategies and opportunities to improve delivery of cost-effective and efficient enterprise IT services;
- Coordinating acquisition planning and procurement negotiations for hardware and software products and services;
- In consultation with the Department of Management Services (DMS), establishing best practices for the procurement of IT products; and  
Providing recommendations for consolidating the purchase of IT commodities and services, and for establishing a process to achieve savings through consolidated purchases.<sup>8</sup>

Pursuant to legislative direction, AEIT organizes the required consolidation of agency data centers, and is working on the implementation of an enterprise-wide email system.<sup>9</sup>

## **Change and Efficiency**

### *Governance*

The current operations and organizational configuration of IT is dispersed throughout individual state agencies and departments. This process limits the ability to execute system-wide changes and oversight. A lack of centralized IT governance also hinders streamlining and elimination of duplication to achieve efficiencies and cost savings.

**The Task Force recommends redefining the role of AEIT in governance of state enterprise IT and clarifying designated enterprise applications and operations.** Enterprise IT services for all state agencies and departments should be further defined under AEIT, with special considerations and exemptions determined by the agency. Centralizing all enterprise IT under AEIT will allow the agency to examine technology across all agencies to identify duplication in applications, operations, and associated processes. Eliminating duplication and consolidating technology assets will achieve cost savings and lead to more efficient, effective service for both agencies and the citizens they serve. Centralization will lead to a great economy of scale, which can be leveraged for significant cost savings in negotiation of contracts, licensing, and purchasing.

<sup>8</sup> Section 14.204(4), F.S.

<sup>9</sup> Section 282.201, F.S. and s. 282.282.34, F.S.

Clarifying enterprise applications and operations under a single agency will provide clear direction to the agency. This will allow AEIT to evaluate and make decisions on maintaining, advancing, or outsourcing technology solutions to best achieve efficiencies and cost savings.

Current law limits the scope of AEIT to IT services established in law as enterprise and used by all agencies or a subset of agencies. AEIT makes recommendations to the Legislature concerning services that should be designed, delivered, and managed as enterprise IT services, but the Legislature designates services as enterprise.<sup>10</sup>

The Legislature should include the following applications and operations identified by the Task Force for centralization under AEIT:

- MyFloridaMarketPlace (MFMP);
- Legislative Appropriations System/Planning and Budgeting System (LAS/PBS);
- Florida Accounting and Information Resource (FLAIR) subsystem;
- PeopleFirst;
- Network services;
- E-mail; and
- Data centers.

Telecommunications and call centers should also be considered for centralization. These applications have considerable impact and utilization across multiple agencies. Centralization would eliminate duplicative equipment costs and physical lease space, streamline agency support models, and provide world class customer service.

### **Recommendations:**

- The Task Force recommends redefining the role of AEIT in governance of state enterprise IT and clarifying designated enterprise applications and operations.

### *Authority*

AEIT is tasked with the responsibility for developing strategies for enterprise IT and writing policies for enterprise IT services established in law. Design, planning, project management and implementation are the responsibility of AEIT, while supervision, design, delivery, and management are handled by individual agencies.<sup>11</sup> In its current form, AEIT lacks the ability to implement and enforce its administrative rules across all state agencies.<sup>12</sup> This inhibits AEIT's effectiveness and allows agencies to delay or decline implementation of rules and recommendations for cost-effective and efficient enterprise projects.

**The Task Force recommends strengthening statutory language to provide AEIT with enforceable governance.** Section 14.204 and Chapter 282, F.S., should be modified to remove optional language for agency implementation of AEIT's recommendations and rules.<sup>13</sup> Affirmative language will allow AEIT to enforce its policies to effectively design, plan, and manage enterprise IT

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<sup>10</sup> See s. 282.0041(11), F.S.

<sup>11</sup> See s. 282.0055, F.S.

<sup>12</sup> See s. 14.204(4),(6) and (7), F.S. and s. 282.201(6), F.S.

<sup>13</sup> An example of strengthening language would be: "Develop, publish, and biennially update a long-term strategic enterprise information technology plan that identifies and provides governance for recommends strategies and opportunities to improve the delivery of cost-effective and efficient enterprise information technology services to be proposed for establishment pursuant to s. [282.0056](#)." Section 14.204(4)(e), F.S.

services in order to leverage assets in the most effective and efficient manner. AEIT should have the authority to create and enforce rules related to enterprise IT strategy, planning, standards, policy, project management, licensing, and contract management. AEIT should work with the Legislature to create enforceable standards that facilitate communication, collaboration, and consensus among agencies.

**The Task Force recommends providing AEIT with budget and procurement authority for enterprise IT projects and services.** Placing budget authority within AEIT instead of under disparate agencies will enhance consistency in IT allocations and spending. Budget authority will provide AEIT with the ability to enforce its recommendations and standards. Centralizing IT budgets will also provide transparency for IT funding across agencies. This transparency will facilitate faster discovery of efficiencies and cost savings.

### **Recommendations:**

- The Task Force recommends strengthening statutory language to provide AEIT with enforceable governance.
- The Task Force recommends providing AEIT with budget and procurement authority for enterprise IT projects and services.

### *Structure*

Current law provides that the head of AEIT is the Governor and Cabinet, with an executive director who is the state's Chief Information Officer.<sup>14</sup> AEIT's responsibility is limited to executive branch agencies, including Cabinet agencies and departments.<sup>15</sup>

Multiple attempts to create new enterprise IT governance structures have been unsuccessful or have had limited success.<sup>16</sup> The creation of new agencies may provide solutions, but may also create additional problems. For example, business processes could be transferred without sufficient evaluation. Also, new and unanticipated issues may arise from insufficient planning and management in the transfer of duties and creation of a new agency. Creation of a new entity is not the most effective solution. Any adjustments to IT centralization should include a thorough evaluation of business processes and sufficient planning and management to avoid past mistakes.

**The Task Force recommends maintaining the current organizational structure of AEIT under the Governor and Cabinet.** With governance of IT projects across all state agencies, AEIT should continue to be overseen by the Governor and Cabinet. This will provide appropriate oversight by stakeholders whose IT functions are managed by AEIT.

Successful implementation of enterprise IT projects requires agency cooperation and support. This issue has been raised by current agency CIOs as a critical element in establishing strong, centralized IT governance. Agency CIOs suggested that a method to improve the AEIT's ability to garner agency

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<sup>14</sup> See s. 14.204(1) and (3), F.S.

<sup>15</sup> AEIT services are limited to "executive branch agencies created or authorized in statute to perform legislatively delegated functions." Section 282.0055, F.S. A list of executive branch agencies can be found at the State of Florida website, <http://www.myflorida.com/taxonomy/government/executive%20branch/>. (Last visited 12/12/2011.)

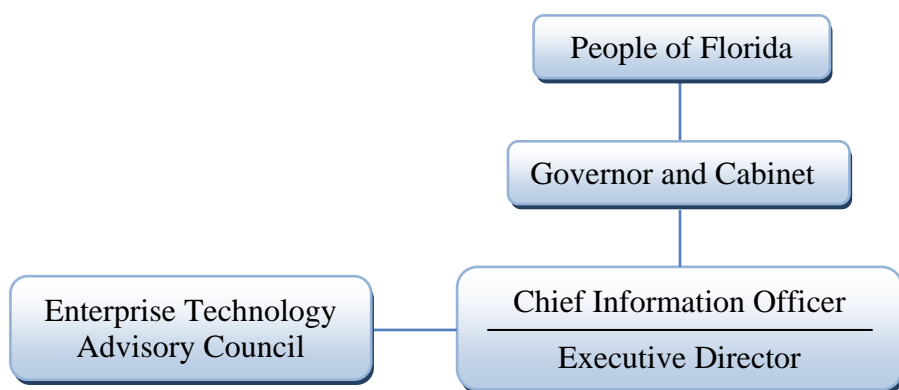
<sup>16</sup> The Legislature created the State Technology Office (STO) in 2000 to oversee agency IT resources. Due to issues in funding and legislative support, the law authorizing STO as the central state IT service entity was only partially implemented. Further changes to the responsibilities of STO and creation of the Florida Technology Council (FTC) to take over the role of IT oversight were vetoed by the Governor on June 27, 2005, and STO underwent de facto dissolution. *Information Technology Management in Florida*, Florida House of Representatives State Infrastructure Council/Spaceport and Technology Committee. Tallahassee, FL: January 2006. (Report on file with Task Force staff.) See also Ch. 2000-164, L.O.F., Ch. 2001-261, L.O.F., Senate Bill 1494 (2005), and Executive Office of the Governor, Veto Message for Committee Substitute for Committee Substitute for Senate Bill 1494, June 27, 2005.

support is through increased leverage of industry best practices, including those of both public and private sectors.<sup>17</sup>

**The Task Force recommends establishing an Enterprise Technology Advisory Council (ETAC) of public and private industry chief information officers and IT professionals to function in an advisory capacity to the state CIO.** ETAC will provide independent analysis of data to assist the CIO in developing standards and policies for enterprise services. Input from industry professionals with knowledge of current industry best practices will provide the CIO with additional resources and support for enterprise initiatives. ETAC will also assist in building consensus across agencies for enterprise projects and provide additional credence to AEIT initiatives. The council will help facilitate AEIT's ability to develop standards, and manage procurement and contracts to maximize efficiency and cost savings.

**The Task Force recommends tasking the CIO with modifying AEIT's organizational structure to provide flexibility and nimbleness and to accommodate further adjustments as necessary.** The CIO should be given authority to determine AEIT's internal organizational structure with consideration for the needs of the Governor, Cabinet, state agencies, and citizens of Florida. Flexibility to modify AEIT's structure will help the agency adapt to changing technology, business processes, and state needs.

*Recommended AEIT high-level organizational structure*



**Recommendations:**

- The Task Force recommends maintaining the current organizational structure of AEIT under the Governor and Cabinet.
- The Task Force recommends establishing an Enterprise Technology Advisory Council (ETAC) of public and private industry chief information officers and IT professionals to function in an advisory capacity to the state CIO.
- The Task Force recommends tasking the CIO with modifying AEIT's organizational structure to provide flexibility and nimbleness and to accommodate further adjustments as necessary.

<sup>17</sup> An enterprise IT questionnaire developed by the Task Force was distributed to select state agency CIOs on November 18, 2011. Responses were compiled and distributed to the enterprise information technology work group members on December 2, 2011. (Questionnaire and CIO responses on file with Task Force staff.)

## *Implementation*

Agencies have historically approached IT projects within the scope of the individual agency, even when administering enterprise services. It is a challenge for agencies to accurately examine their role in the larger picture of state IT. Current enterprise IT projects would benefit from the focus provided by a single agency tasked with developing and implementing an overarching vision for enterprise IT services.

**The Task Force recommends directing AEIT to identify and align agencies in process oriented design structures (PODS), grouping similar business processes and functions across state government.** Lisa Vickers, Executive Director of the Florida Department of Revenue, presented a framework of state entities organized into Process Oriented Design Structures (PODS), or units based on similar functions, processes, and resources.<sup>18</sup> This model can be used to create an overarching schema for enterprise IT that supports all agencies, encourages collaboration, and locates efficiencies.<sup>19</sup>

**The Task Force recommends directing AEIT to implement enterprise IT in support of this alignment, executed in successful phases according to business processes and functions.** A phased approach will allow AEIT to effectively implement new strategies, governance concepts, and processes within logical, focused units.

**The Task Force recommends directing AEIT to immediately begin identification and alignment of PODS with financial management, due to the foundational importance of the Florida Accounting and Information Resource (FLAIR) subsystem.** Financial management serves a critical function to state operations, and its applications and data are utilized across numerous state agencies. An effective enterprise financial application would create efficiency and transparency, and provide effective tools for cost analysis.

The Task Force recommends implementing Phase 1 in a unit comprised of financial management agencies, including: the State Board of Administration, the Department of Financial Services, the Financial Services Commission, the Office of Financial Regulation, and the Office of Insurance Regulation.<sup>20</sup> Before starting Phase 1, AEIT should communicate with agencies to build consensus on the basic framework for a statewide financial management system. Initiating implementation with financial management, which includes a significant IT component, would provide a greater benefit to the state and realize substantial cost savings.

### **Recommendations:**

- The Task Force recommends directing AEIT to identify and align agencies in process oriented design structures (PODS), grouping similar business processes and functions across state government.
- The Task Force recommends directing AEIT to implement enterprise IT in support of this alignment, executed in successful phases according to business processes and functions.
- The Task Force recommends directing AEIT to immediately begin identification and alignment PODS within financial management, due to the foundational importance of the Florida Accounting and Information Resource (FLAIR) subsystem.

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<sup>18</sup> Lisa Vickers, Executive Director of the Florida Department of Revenue, presented a consolidated government concept utilizing this structure to the Task Force on December 2, 2011. Presentation video, audio podcast, and materials are available at [www.floridaefficiency.com/meetings.cfm](http://www.floridaefficiency.com/meetings.cfm) (last visited 12/13/2011).

<sup>19</sup> Appendix 1 includes the diagram for the Financial Management unit using the PODS system.

<sup>20</sup> See appendix 1.

Appendix 1

Diagram of Financial Management agencies using PODS system.

| FINANCIAL MANAGEMENT          |                                  |                               |                      |                      |
|-------------------------------|----------------------------------|-------------------------------|----------------------|----------------------|
| State Board of Administration | Department of Financial Services | Financial Services Commission | Financial Regulation | Insurance Regulation |
|                               |                                  | Workforce Management          |                      |                      |
|                               |                                  | Technology Management         |                      |                      |
|                               |                                  | Financial Management          |                      |                      |
|                               |                                  | Asset Management              |                      |                      |
|                               |                                  | Risk Management               |                      |                      |
|                               |                                  |                               |                      |                      |
|                               |                                  | Licensing and Registration    |                      |                      |
|                               |                                  | Remittance Processing         |                      |                      |
|                               |                                  | Distribution                  |                      |                      |