

Government Efficiency Task Force
401 Senate Office Building
November 16, 2011
6:15 p.m. – 8:15 p.m.

- 1) Call to Order
- 2) Roll Call
- 3) Approval of Minutes
- 4) Recommendations from Expressway Authorities Work Group
- 5) Recommendations from Design Procurement Work Group
- 6) Presentation on Childcare Point of Service Systems Implemented in Other States
Lisa Henley, Director of Card Programs, ACS
- 7) Presentation on Time and Attendance Systems
- 8) Public Comment
- 9) Adjourn

Government Efficiency Taskforce
401 Senate Office Building
Tallahassee, Florida
Wednesday, November 2, 2011
6:15 p.m. – 8:15 p.m.

MEETING MINUTES

Members Present:

Chair Abraham Uccello
Vice Chair Lizbeth Benacquisto
Representative Frank Attkisson
Speaker Larry Cretul
Ms. Ann Duncan
Mr. Matthew Falconer (by phone)
Mrs. Julie Fess
Mrs. Belinda Keiser (by phone)
Senator Patrick Neal
Lt. Col. Frances Rice (by phone)
Mr. Robert Rohrlack (by phone)
Mr. Eric Silagy
Mr. Robert Stork
Representative Rob Wallace (by phone)

Members Absent:

Mr. Michael Heekin

Chair Uccello called the meeting to order at 6:19 p.m.

Staff called the roll and announced the presence of a quorum.

Speaker Cretul moved to approve the minutes for the October 19, 2011, meeting. The motion was adopted without objection.

Chair Uccello explained the recommendation format and voting procedure. Speaker Cretul provided an overview of the recommendation by the work group on business regulation and licensing. Chair Uccello asked for a roll call vote on the recommendations. The recommendation passed by a vote of 14 yeas and 0 nays.

Chair Uccello announced the members of the design procurement work group, Senator Neal, Representative Attkisson, and Ann Duncan.

Chair Uccello recognized Senator Neal to discuss the history and background of the Consultants' Competitive Negotiation Act (CCNA). Senator Neal yielded to Carlos Beruff, President of Medallion Homes Gulf Coast for testimony on CCNA.

Senator Neal introduced Steve Carnell, Director of Purchasing for Collier County. Mr. Carnell discussed the proposed best value procurement process and took questions from members.

Chair Uccello opened the floor for public comment. Representative Fred Costello spoke on proposed changes to CCNA and took questions from members. Mr. Frank Rudd, Executive Director of the Florida Engineering Society, spoke against changes to CCNA and took questions from members. Mr. Mike Huey, representing the Florida Association of the American Institute of Architects, spoke against changes to CCNA and took questions from members. Ms. Cheryl Shanaberger, Deputy Director of the Office of Management and Budget, City of Port St. Lucie, spoke in favor of proposed changes to CCNA. Mr. Steve Jernigan, Managing Partner of Bay Design Associates offered technical assistance to the Task Force and the work group on design procurement.

Chair Uccello requested that the design procurement work group meet via teleconference on Tuesday, November 8 from 11:15 a.m. – 1:00 p.m.

Chair Uccello requested that the Task Force take up childcare point of service systems and enterprise information technology at the next meeting. He assigned Belinda Keiser, Ann Duncan, and Robert Stork to the work group on childcare point of service systems and Senator Benacquisto, Ann Duncan, Michael Heekin, Belinda Keiser, Robert Rohrlack, Eric Silagy, and himself to the work group on enterprise information technology. Chair Uccello requested that the work groups meet in advance of the November 16 meeting.

Senator Benacquisto moved the Task Force rise. The meeting adjourned at 8:09 p.m.

Government Efficiency Task Force

Expressway Consolidation
Report

PROCESS & DUE DILIGENCE

- Reviewed annual budgets and organizational charts of all toll agencies.
- Visited all toll headquarters and discussed operations with all directors.
- Reviewed all relevant material provided by agencies and others.
- Reviewed steps other states have taken in toll agency consolidation.

RECOMMENDATIONS

- 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
- Consolidate the Mid-Bay Bridge Authority (Mid-Bay) into FTE.
- Require regional toll agencies to benchmark regional and state transportation authority salaries to avoid possible excessive salaries.
- Engage an independent third party who specializes in best management practices and can 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).

TOLL COLLECTIONS

Currently, there are three toll transponder systems in Florida:

- Sun Pass
- E-Pass
- Lee-Way

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 County 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.

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.

Our work group received testimony from a taxpayer who lost their license because they were unaware of multiple agency violations.

- We estimate that consolidating toll collections under one agency can save \$22 million per year. The savings will come from the economies of scale using one software system and one vendor.
- Because FTE is by far the largest of all agencies we recommend consolidation of toll collection under FTE.

MID-BAY BRIDGE AUTHORITY

- The work group research concluded MBBA's lower credit rating costs an additional \$5 million to \$10 million a year in interest payments when compared to FTE's interest rate.
- FDOT will be able to better manage Mid-Bay than an agency with one Executive Director and one administrative assistant.
- If MBBA is consolidated into FTE, FDOT projects an annual reduction in operational costs of \$400,000 to \$500,000. Possible savings on bond refinancing may be between \$5 million and \$10 million per year.

CONSOLIDATING ADMINISTRATIVE FUNCTIONS

- FDOT estimates administrative 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.

AUTHORITY WAGES vs. TURNPIKE WAGES

- Salaries between the authorities and FTE vary greatly, even when the job 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.
- We recommend requiring regional toll agencies to benchmark regional and state transportation and authority salaries to avoid possible excessive salaries.

Florida Government Efficiency Task Force Work Group Recommendations

Subject Matter: Expressway and Bridge Authority Consolidation
Work Group Members: Matthew Falconer, Eric Silagy, and Robert Stork

RECOMMENDATION SUMMARY

The expressway consolidation work group met on October 13th and November 4th and makes the following recommendations to the Government Efficiency Task Force:

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). FDOT estimates a savings of \$24,318,000 per year savings. 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 agreement¹ with the Florida Department of Transportation (FDOT).²

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.³

The Florida Turnpike Enterprise

	Lane Miles	Gross Toll Revenue FY2010-11	Toll Transactions FY2010-11	Bond Debt Outstanding	Long Term Payable to FDOT
FTE	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.⁴ 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
OOCEA	671	\$263,787,000	292,477,739	\$2,696,415,000	\$270,088,808

¹ 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).

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

³ 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).

⁴ 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 expressway consolidation work group 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.⁵

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;⁶
- \$5,850,000 per year from authority administrative salaries and benefits;⁷ and
- \$14,877,000 per year from authority back office toll collection.⁸

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.⁹

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.¹⁰

To better assess the benefits of a merger/consolidation, Expressway Consolidation Work Group Chairman Matthew Falconer researched past mergers and consolidations in other states. The most

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

⁶ 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)

⁷ 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).

⁸ 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).

⁹ 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.

¹⁰ 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).

relevant example found was the merger of the New Jersey Turnpike and the Garden State Parkway.¹¹ 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.¹²

The work group 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.¹³

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.¹⁴ 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 work group believes that it is beyond the group's capacity to detail how a consolidation would be carried out. **The work group 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).**¹⁵

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

The work group 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 work group 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.

¹¹ See the *Report of the New Jersey Toll Road Consolidation Study Commission*, February 14, 2003. Available at: http://slis.njstatelib.org/slic_files/digidocs/r628/r6282003.pdf (last visited 11/11/10).

¹² 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).

¹³ 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).

¹⁴ 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).

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

Recommendations:

The work group 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 Express Consolidation Work Group researched the consolidation of the Mid-Bay Bridge Authority into FTE. The work group reviewed the Florida Senate issue brief on authority cost effectiveness¹⁶ and received testimony from MBBA Executive Director Jim Vest.¹⁷ MBBA currently consists of two employees and oversees 20.6 lane miles of roadway and bridge.¹⁸

The work group research concluded MBBA's lower credit rating costs an additional \$5 million to \$10 million a year in interest payments when compared to FTE's interest rate.¹⁹

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.

¹⁶ 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).

¹⁷ Mr. Vest testified during the November 4th Expressway 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).

¹⁸ 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).

¹⁹ 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 \$500,000.²⁰ Possible savings on bond refinancing may be between \$5 million and \$10 million per year.²¹

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.²² The work group 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 Expressway Consolidation Work Group recommends MBBA be consolidated into FTE without further study. This consolidation is estimated to result in immediate savings of \$400,000 to \$500,000 a year and produce annual savings of \$5 million to \$10 million a 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 Expressway Consolidation Work Group recommends MBBA be consolidated into FTE without further study.

C. CONSOLIDATION OF TOLL COLLECTION:

Toll Collection

The Expressway Consolidation Work Group 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 work group 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,²³
- E-Pass,²⁴ and
- Lee-Way.²⁵

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 Hillsboro 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.

²⁰ 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).

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

²² 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).

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

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

²⁵ 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.²⁶

The Orlando-Orange County Expressway (OOCEA) testified that consolidating toll collections under one agency can "save \$22 million per year."²⁷ 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.²⁸ 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 work group 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 Florida 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 work group was provided documentation on employee salaries of the various agencies. Salaries between the authorities and FTE varied greatly, even when the job descriptions were identical. As an example, the Executive Director of OOCEA makes \$247,000 and the

²⁶ The Expressway 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.

²⁷ Executive Direct of OOCEA, Mike Snyder, testified before the Government Efficiency Task Force on October 5th, 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.

²⁸ 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).

Florida Secretary of Transportation makes \$140,000, despite having more than ten times the staff.²⁹ Of the 61 employees at OOCEA, ten make over \$100,000 a year.³⁰

Salary & Benefits of Authorities and Turnpike

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

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 work group 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.

²⁹ 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 (last visited 11/11/10).

³⁰ 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).

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

Work Group Report

•Senator Pat Neal, Ann Duncan, Frank Attkisson

“Change that is vital to transparent, cost-effective state government and high-quality business”

CONSULTANTS’ COMPETITIVE NEGOTIATION ACT (CCNA) REFORM

NOVEMBER 16, 2011

HISTORY

- Consultants' Competitive Negotiation Act
 - 1972 – Federal “Brooks” Law signed
 - Codified into federal law the “qualifications-based” selection process for A/E services
 - 1973 – became Florida Law
 - 1984 – Competition in Contracting Act

TO WHOM DOES CCNA APPLY?

- Professional services supplied by:
 - Engineers
 - Surveyors
 - Architects
 - Mappers
 - Landscape Architects

Sec. 278.055(2)(a), Fla. Stat. (2011).

CURRENT LAW

- Mandates the use of a “qualifications-based” selection process when deciding to award contracts
- Prohibits the competitive consideration of price during the selection phase
- Heavily sanctions the use of price in Design/Build contracts

CCNA PROCEDURES

- Public given notice of projects above \$325,00 construction threshold or studies above \$35,000
- Choose the most qualified firm by considering relevant criteria OTHER than compensation
- Negotiate contract with chosen firm that is fair and reasonable to both firm & state
 - Agency may not request, accept, or consider fee proposals from submitting firms during selection process

STEP 1: COMPETITIVE SELECTION

Create "Selection Committee" - Schedule the selection date & location for first round of review

- Committee reviews each application in-depth & rates them per previously established qualifications. Qualification should follow requests indicated in Professional Qualification Supplement (PQS), which are statements of qualifications and performance data
- Committee determines preliminary rating of firms under consideration & selects three firms with highest scores to present oral interviews
 - Committee discusses & decides what topics should be covered in oral interviews. Date & time for interviews is established
- Selection Recommendation – Committee recommends three firms most qualified to accomplish work, in "priority order" according to their final totals

STEP 2: COMPETITIVE NEGOTIATION

- Begin negotiating contracts with most qualified firm
 - Compensation is fair, competitive, & reasonable
 - Contract amounts over \$195,000, (**s. 287.017, F.S.**) **Category 4**, require truth in negotiation certificate from firm receiving award
- If unable to negotiate contract with firm 1, move on to firm 2
- If unable to negotiate contract with firm 2, go to firm 3. Select more firms, based on qualifications, until agreement is reached
- If agency is unable to negotiate a satisfactory contract with any selected firms, agency shall **select additional firms** in the order of competence & qualification
 - Continue negotiations in accordance with this subsection until an agreement is reached

LIMITATIONS WITH CURRENT LAW

- ◉ Price is not considered
- ◉ Excludes smaller firms and negates a healthy climate of competition
- ◉ Restricts power of negotiation, potentially leading to less discretionary selections
- ◉ Facilitates “blind” decision making
- ◉ Taxpayers are denied the ability to assess the value of prices and costs

Best Value Process Is Defined As Follows:

- "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."

Best Value Process Agencies Would...

- ⦿ Solicit proposals and include a written scope of work for the project to the competing firms
- ⦿ Rank all firms based on qualifications and establish a “short list”
- ⦿ Next, rank “short listed” firms on *qualifications and price*

Under The Best Value Process - #1

- Price would be solicited and evaluated from the most qualified firms only
- Price would never be more than 50% of the scoring criteria when selecting the best value offer
- Unqualified firms would not have the opportunity to tender a price offer

Modified Best Practice Procedure Is Also Recommended As An Alternative Under CCNA - #2

- Qualifications and price will be solicited
- Each proposer will furnish qualifications & price in separate formats
- Selection will proceed starting exclusively with the most qualified proposer, as under current CCNA
- However, the Selection Committee will have knowledge from bid opening of the other proposals in order to consider price
 - But unlike the first alternative, they will not be required to consider the best value option

The Rationale For These Alternatives Is As Follows:

- Public agencies who do not have the capacity to properly scope complex projects as provided in s. 287.055(2), F.S., may stay with current law
- When scope is well understood and the agency is competent in the process and where Brooks Act considerations are not relevant, the agency would have the option of Best Value
- In those cases where the agency was not comfortable with best value or the status of Brooks Act compliance under Best Value was uncertain, the agency could elect to proceed under Modified Best Value

WHAT THE REFORM IS...

- ◉ Initiative to give public agencies more discretion in the procurement of professional services
- ◉ Opportunity to align the procurement method for CCNA professional services with how other professional services are purchased.
- ◉ A vehicle to increase transparency and public confidence in the procurement process as a whole

Your direction please:

- Thank you for your time and consideration on this work group report

Florida Government Efficiency Task Force Work Group Recommendations

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

Work Group Members: Senator Pat Neal, Representative Frank Attkisson, Mrs. Ann Duncan

RECOMMENDATION SUMMARY

The design procurement work group met on November 8th and makes the following recommendations to the Government Efficiency Task Force:

Consultants' Competitive Negotiation Act:

- 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 1973.¹ The Act is largely based on the Federal Brooks Act which was passed in 1972.² The CCNA provides that all professional services within architecture, professional engineering, landscape architecture, or registered surveying and mapping,³ be contracted according to qualifications-based selection (QBS). CCNA applies to all projects above \$325,000 and all studies above \$35,000⁴ bid out by the state, a state agency, a municipality, a political subdivision, a school district, or a school board.⁵

The QBS follows these phases:

Phase One:

1. The agency publicly announces the project or study;⁶
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;⁷
3. The agency then selects in order of preference no fewer than three firms deemed to be the most qualified;⁸
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;⁹
5. The agency may not consider compensation during this phase.¹⁰

Phase Two:

1. The agency negotiates with the most qualified firm regarding compensation;¹¹
2. If the agency cannot come to an agreement with the most qualified firm, then negotiations with that firm must be formally terminated.¹²
3. The agency may then begin negotiations with the second most qualified firm.¹³
4. If the agency cannot come to an agreement with the second most qualified firm, then negotiations with that firm must be formally terminated.¹⁴
5. The agency may then begin negotiations with the third most qualified firm.¹⁵

¹ See s. 287.055, F.S.

² See Public Law 92-582.

³ Section 287.055(2)(a), F.S.

⁴ 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.

⁵ Section 287.055(2)(b), F.S.

⁶ Section 287.055(3)(a)(1), F.S.

⁷ Section 287.055(4)(a), F.S.

⁸ Section 287.055(4)(b), F.S.

⁹ Id.

¹⁰ Section 287.055(4)(c), F.S.

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

¹² Section 287.055(5)(b), F.S.

¹³ Id.

¹⁴ 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.¹⁶
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.¹⁷
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.¹⁸ 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 work group members discussed the testimony and comments. The work group recommends adopting two additional procurement methods for agencies¹⁹ to follow in the selection of architecture, professional engineering, landscape architecture, or registered surveying and mapping services in addition to the current CCNA process.

¹⁵ Id.

¹⁶ Id.

¹⁷ Section 287.055(5)(c), F.S.

¹⁸ Senator Pat Neal, Chairman of the design procurement work group, presented to the Task Force on the November 2nd 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).

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

The first recommended process is the “Best Value” process.²⁰ 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.”²¹
3. Rank “short listed” firms on qualifications and price.²²

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.”²³
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 work group 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 work group 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 mapping. This process would allow the agency to see the price of the top three most qualified

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

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

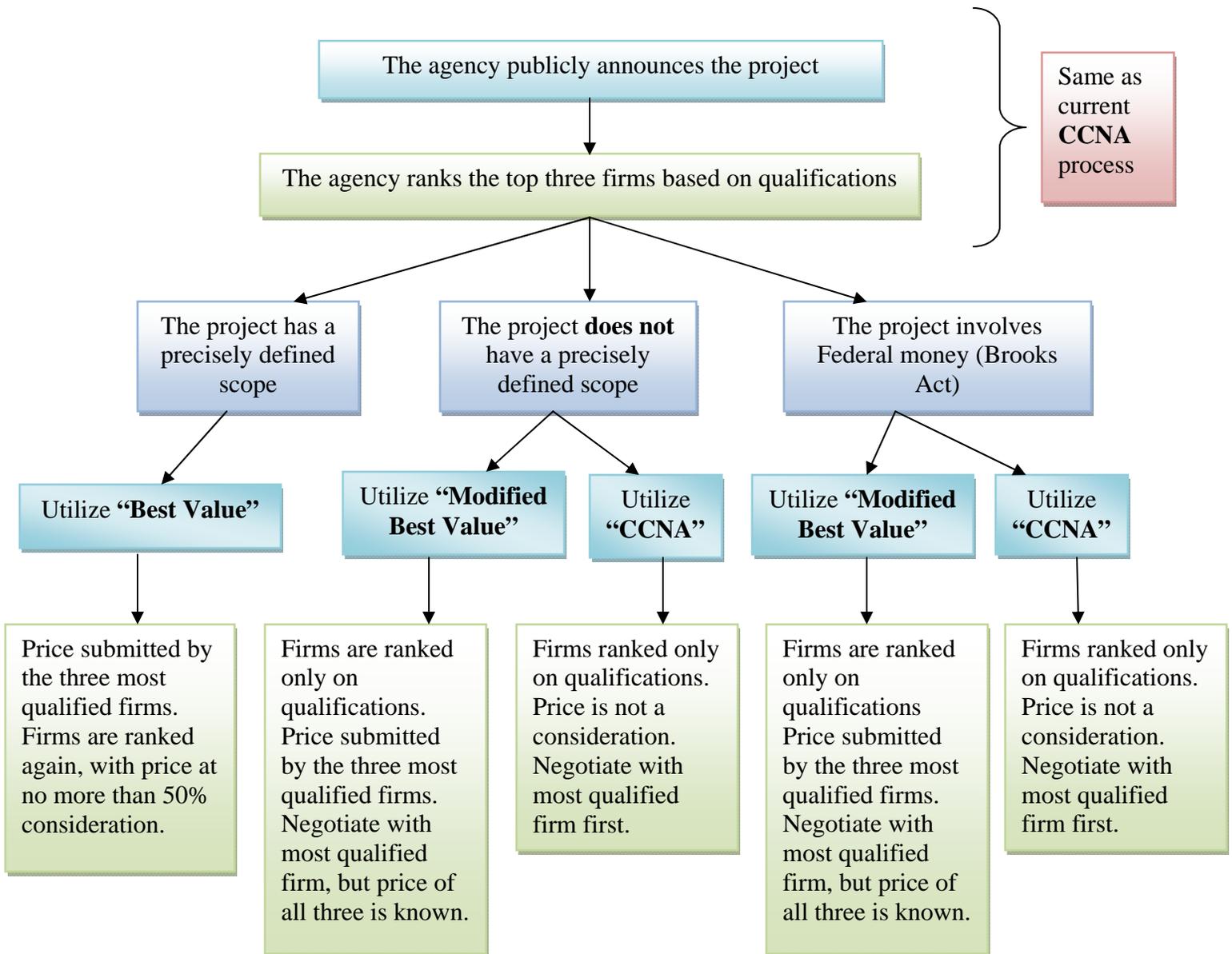
²² The third step is a deviation from CCNA and would allow price to be a component of ranking the short list.

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

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.²⁴

- 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.

Work Group Recommendation: “Procurement Officer Tool Box”



²⁴ 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 Issue Brief

Subject Matter: Childcare Time and Attendance Point of Service System

Work Group Members: Belinda Keiser, Ann Duncan, Robert Stork, and Julie Fess

ISSUE SUMMARY

Background:

- The Office of Early Learning (OEL) is responsible for overseeing the 31 Early Learning Coalitions (ELCs).
- The Early Learning Coalitions are regional non-profit organizations responsible for the School Readiness (SR) and Voluntary Prekindergarten (VPK) Education Programs at the county and regional level.
- There are 292,952 children enrolled in VPK and/or SR as of FY 2011-12.
- There are 10,869 providers as of FY 2011-12.
- In FY 2010-11, the total amount spent on VPK providers was \$382,607,156.
- In FY 2010-11, the total amount spent on SR providers was \$484,835,140.

Process:

- The provider fills out an attendance form documenting the child's attendance at the facility.
- The provider then sends the attendance form (either through mail, fax, or scan) to the regional ELC.
- The ELC processes the attendance paperwork and sends it to OEL.
- OEL processes the paperwork and sends payment to the ELC.
- The ELC sends the payment (predominantly through ACH transfers) to the provider.

Issues:

- **Checks and Balances:** The provider is responsible for tracking attendance, providing opportunity for error, fraud, or improper payments.
- **Errors:** The attendance is recorded on paper, sent to the ELC and then entered into a database by the ELC employee, potentially resulting in data entry errors.
- **Timeline:** The current system may take over a month to process attendance and pay the provider.

Proposed Reform:

- **Attendance Point of Service System:** Create a Point of Service system that allows the parent or guardian to check the child in and out of the provider facility utilizing either a swipe-card or biometric identification. This system would streamline the attendance reporting process, reducing paperwork, processing hours and overall time from data submission to receipt of payment. OEL estimates that electronic collection of data alone would save over \$4 million a year. The system would also help prevent errors and potential fraud by providers. Based on the cost savings achieved by other states, Florida is estimated to save \$40-60 million dollars a year by implementing a point of service system.

ISSUE(S) ANALYSIS

I. BACKGROUND

A. OFFICE OF EARLY LEARNING

The Office of Early Learning (OEL) administers, through the use of the Early Learning Coalitions (ELCs),¹ the state Voluntary Prekindergarten Education Program (VPK)² and the School Readiness Program (SR).³ There are currently 292,952 children enrolled in VPK, SR, or both, and 10,869 providers.

School Readiness Program

The School Readiness Program was created in 1999.⁴ 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.⁵

The program is administered by ELCs at the county and regional level, while the Office of Early Learning coordinates at the state level. Children are admitted to the program using a priority based system.

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

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.⁸

A VPK provider may be:

- A school-year prekindergarten program delivered by a private prekindergarten provider;⁹
- A summer prekindergarten program delivered by a public school or private prekindergarten provider;¹⁰
- A school-year prekindergarten program delivered by a public school;¹¹ or

¹ Section 411.01(5), F.S.

² See ss. 1002.51-1002.79, F.S., which implements s. 1(b), Art. IX, of the Florida Constitution.

³ See s. 411.01, F.S.

⁴ See ch. 99-357 L.O.F.

⁵ Section 411.01(6), F.S.

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

⁷ 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.

⁸ Section 1(b), Art. IX, Florida Constitution.

⁹ Section 1002.53(3)(a), F.S., with the requirements to be a private provider pursuant to s. 1002.55, F.S.

¹⁰ Section 1002.53(3)(b), F.S., with the requirements to be a private provider pursuant to s. 1002.61, F.S.

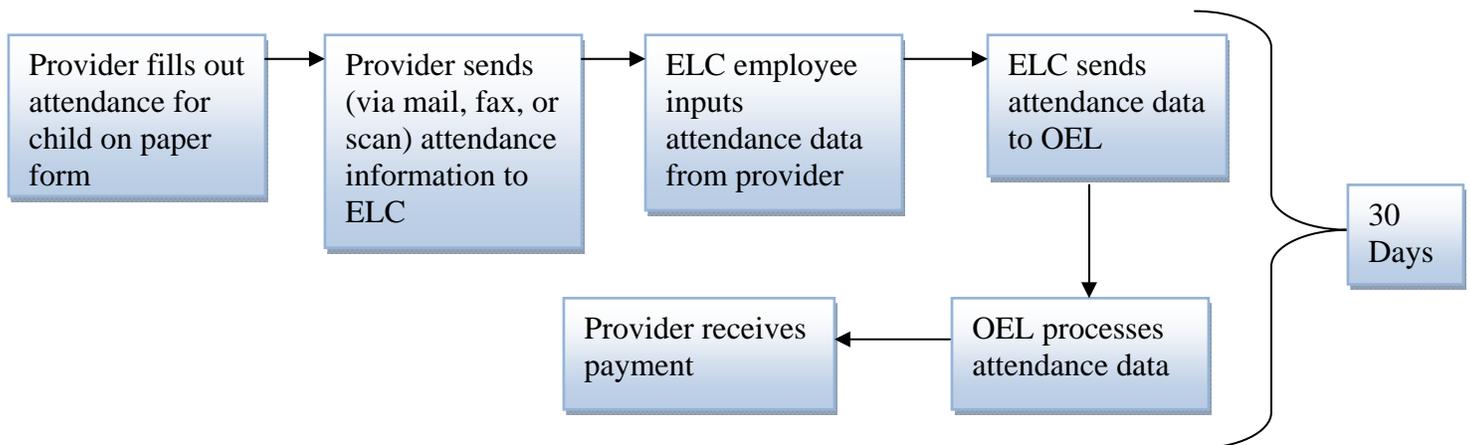
- A specialized instructional service program for children who have disabilities.¹²

The VPK program currently has 134,777 children enrolled and 1,847 providers.¹³ The program is overseen by OEL and administered through the 31 ELCs.¹⁴ In FY 2010-2011, the state spent \$382,607,156 on providers.¹⁵

Current Attendance System

The current attendance system for SR and VPK 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 and sent to OEL, which then processes the data and issues payment. The cycle takes on average of 30 days from submission of attendance to receipt of payment.

Current Attendance System Flow Chart



II. ISSUES WITH VPK & SR ATTENDANCE

A. PAPER PROCESS

- **Attendance Collection:** The current system used by OEL depends on a cumbersome paper process. OEL estimates that it processes over 34,500 paper attendance rosters a month. Implementation of electronic data submission alone is estimated to save at least \$4 million dollars a year.¹⁶
- **Provider Based Attendance:** The current system allows the provider to document attendance data. Since the provider is the ultimate source for attendance information there is a possibility of error or improper payments.

¹¹ Section 1002.53(3)(c), F.S.

¹² Section 1002.53(3)(d), F.S., with the requirements to be a specialized services program pursuant to s. 1002.71, F.S.

¹³ These numbers are for FY 2011-2012 and were provided by the Office of Early Learning (copy available with Government Efficiency Task Force staff)

¹⁴ The Early Learning Coalitions are those that were created pursuant to s. 411.01, F.S.

¹⁵ The information was provided by the Office of Early Learning.

¹⁶ 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).

III. ATTENDANCE REFORM OPTIONS

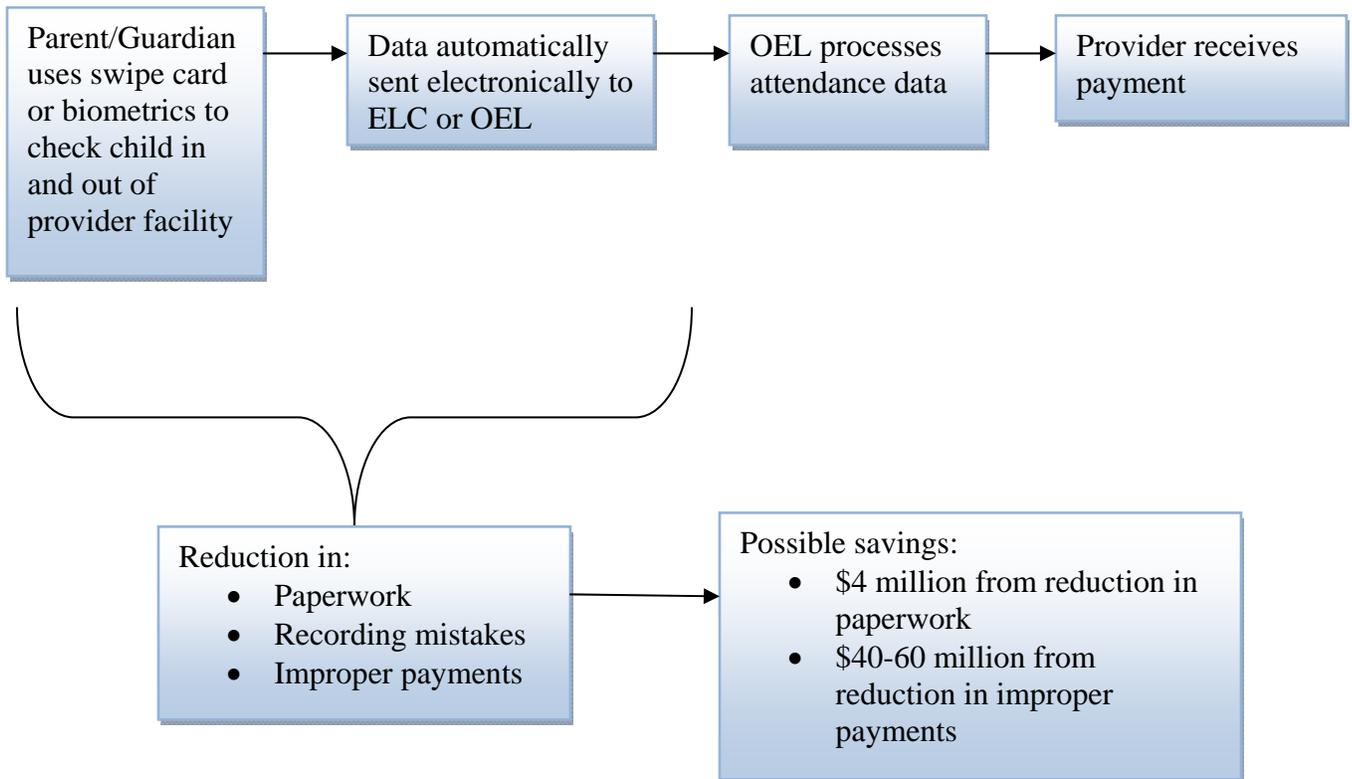
A. ELECTRONIC SYSTEM & POINT OF SERVICE SYSTEM

Any reform should first introduce an electronic system of attendance. 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 payment. The end result is increased efficiency in distributing payment to the provider.

Additionally, a point of service system should also be introduced. In this system, the parent or guardian checks the child in and out of the provider facility. The method of check-in is a swipe card or biometric identification. The time the child arrived and left is recorded and transferred to the ELC or OEL. This method removes the provider from the attendance reporting process. This method reduces costs by reducing errors and improper payments.¹⁷

Several other states have successfully implemented similar programs with upwards of 10% savings.¹⁸ Florida is estimated to save \$40-60 million dollars a year with implementation of a point of service system.¹⁹

Stream-lined Electronic/Point of Service System Flow Chart



¹⁷ The current proposal/project entitled Early Learning Information System (ELIS) includes an electronic recording system, but the provider would still be responsible for imputing the data on-line.

¹⁸ Oklahoma, Indiana, Texas, Colorado, and Louisiana are currently utilizing a point of service system.

¹⁹ This estimate is based on a conservative estimate of 6-8% savings of the total amount spent on providers in FY 2010-11 of \$817,442,296 (which equates to \$49,046,537 to \$65,395,383 per year of savings).

Lisa Henley is the former Director of Electronic Payment Systems (EPS) with the Finance Division of the Oklahoma Department of Human Services (OKDHS). Lisa worked for the Department for 29 years serving in such capacities as the Budget Unit and Claims Audit Managers and EBT Daycare Project Director before being appointed the Director of EPS. The Electronic Payment Systems office is responsible for the EBT SNAP program, electronic child care (eCC) and the debit MasterCard program serving more than 400,000 Oklahoma families between the three programs.

Oklahoma is a leader in the electronic card programs business and operates multiple programs on a single card including, TANF, State Supplemental benefits, Sales Tax Rebate program, Adoption Assistance and Foster Care. OKDHS was the first state to implement electronic child care statewide. The system operates at 100% accuracy tracking time and attendance for more than 43,000 kids receiving child care at thousands of provider homes/facilities. The OKDHS has won numerous innovation awards for eCC including the ComputerWorld 21st Century Award for Innovation in Government, Outsourcing Center Best ITO Partnership with ACS (Gartner Award), APHSA-ISM Innovations Award and numerous Governors' awards.

Lisa Henley received the prestigious Director's Award for her management and implementation of the electronic child care system. Ms. Henley is a nationally recognized leader in the Electronic Payment Systems field and specifically in electronic child care not only due to the success of the Oklahoma program but the re-engineering of business processes and her ability to bring all stakeholders together makes her widely sought by States' looking to implement electronic child care.

Lisa Henley joined ACS, A Xerox Company in 2010.

Electronic Childcare (e-Childcare)

Lisa Henley

e-Childcare - What is It?

- A Point of Service solution for time and attendance based on biometric or card-swipe technology in childcare provider facilities.
- The parent/custodian of the child is required to swipe the card or enter finger scan when child checks in and checks out.
- Available as a service. Proven in numerous states – minimal risk. Very high payback.

e-Childcare

- Operational electronic time and attendance payment solutions
 - Oklahoma
 - Indiana
 - Colorado (1st generation)
 - Louisiana
 - Texas
 - Virginia
 - Alabama
- Implementation phase
 - North Carolina
 - Ohio
 - New Jersey
 - Colorado (2nd generation)
 - Mississippi (recent contract / planning phase)

The e-Childcare Solution

- e-Childcare is tailored to the specific needs of each State
- Better Data, Automated Reporting
 - Attendance and eligibility information captured and verified at the point of service in real time
 - Allows State to verify attendance and know the child is receiving service - Exact time of check-in/check-out is captured
 - POS/IVR/Biometric attendance capture depending on requirements and provider enrollment
 - Eligibility and provider status verified with each transaction
 - Payment calculated on actual time & attendance captured at provider locations and using current business rules
 - Consumer relationship changed from Provider/Government to Provider/Client

The e-Childcare Solution

- Vastly decreases Fraud and Abuse
 - Providers paid for actual time child is in attendance
 - Reduce overpayments
 - Reduce paper claims
 - Clear, concise audit trails
 - Reporting designed to provide easy access to attendance and payment data
 - Ability to easily reconcile payment to attendance

The e-Childcare Solution

- Interfaces
 - Interfaces with existing systems
 - No changes to existing systems
 - Staff continue to work in existing systems eliminating the need to learn a new system
 - Data entered into existing systems sent to and from e-Childcare database in real time
 - Immediate client access to care
 - Real time attendance data
 - Provider changes effective immediately
- Reports
 - Online Inquiry available immediately
 - Reporting in PDF or HTML format
 - Data files of all system activity available for data mining

Benefits of e-Childcare

- 10% - 30% program savings depending on the solution implemented
- Provider satisfaction in OK increased from 25% in 2004 to 89.63% in latest survey
- Fast, accurate, and regular payment
- Real-time notification of eligibility and provider status
- Reduce paper claims by 99.9%
- Increased time to spend with children
- Regular access to parents to discuss child progress and behavior

Bottom Line

Pricing Model

- Based on a per child, per month sliding fee basis
- Equipment and development can be purchased “up front” or built into the case month pricing
- Virtually all state projects have recovered all costs, including implementation and operations within the first year of operation
- Pricing per case month varies on the following:
 - Number of children
 - Number of provider POS/biometric attendance devices needed
 - Upfront payment of equipment and development
 - Calculation and payment distribution to providers vs. State calculation and payment
 - Customer service requirements
 - Length of contract