

B- Florida

Florida's leaders have been willing to experiment, innovate and manage aggressively. That's good. But new ideas don't always work out well—particularly when a state lacks sufficient long-term planning.

Consider Florida's Division of Human Resources. In 2001, under Governor Jeb Bush, changes to the civil service laws cut back job protections and placed approximately 20 percent of the workforce on an at-will basis. The following year, the state outsourced many of its personnel functions.

The results haven't been good. According to the Office of Program Policy Analysis and Government Accountability—a national leader in program evaluation—the outsourcing has suffered from poor contract management and implementation. Over the past four years, voluntary turnover among full-time career workers grew dramatically, leading to reliance on less capable temporary replacements.

Florida spends little on its workforce as a whole, ranking last in the nation in per capita spending on state personnel. State training dollars as a percentage of total salary also are among the lowest in the country—0.89 percent. And even though it has pursued ambitious and risky personnel initiatives, Florida has had no real human resources strategic plan. With so many services outsourced and a workforce bifurcated between those who are civil service and those who aren't, it's little wonder that Florida's HR house has a leaky roof.

Fortunately, the state may have begun to learn its lesson. Although nothing tangible is in place yet, a strategic plan steering committee has been working to provide HR guidance. Likewise, in 2006, the state created an advisory council to vet future outsourcing proposals—especially for the largest projects.

It might be a good idea for a similar council to look into the efficiency of financial reporting. The state's decades-old accounting-information system isn't nearly up to modern needs. An upgrade was attempted beginning several years ago, but it had to be canned in 2007 due to poor project governance and implementation after nearly \$90 million was invested.

Florida does a terrific job in managing

its buildings and transportation assets. Performance measures serve as guides to both funding and management decisions. For instance, the Department of Transportation is at a five-year high for projects completed within 10 percent of the original estimated price.

For the most part, Florida has managed its long-term financial position well. The state's pensions are more than 100 percent funded, its liability for other post-retirement benefits is relatively small and the state debt level remains modest. But some financial matters still slip through the cracks: An internal audit in March 2007 raised red flags about the investments made by the State Board of Administration—warnings that never made it to the appropriate authorities until after a run and subsequent freeze on the local investment pool.

In the short term, the housing bust is hitting Florida particularly hard. Without an income tax, it relies heavily on sales tax revenues, especially from the construction industry, and those volatile revenues have been declining sharply over the past year. In January, the state's voters approved a ballot measure that could make fiscal problems worse: It expanded the local property tax exemption for resident homeowners, thus depriving localities of revenue many of them need to provide vital services. The localities are bound to come to the legislature in search of help in filling the gap.

Many Floridians also are concerned that the Hurricane Catastrophe Fund—a trust fund set up to reimburse insurance companies for a portion of future hurricane losses on residential property—represents a risk to the state's long-term financial security. State Chief Financial Officer Alex Sink has estimated that Florida might have to issue \$20 billion in bonds if a hurricane did \$28 billion in damage. Those bonds would be paid back by homeowners through assessments on their property. Hurricane Wilma alone—a Category 3 storm when it hit the state in 2005—did \$10 billion worth of insured damage.

For additional data and analysis, go to pewcenteronthestates.org/gpp

Money B-

Long-Term Outlook	●
Budget Process	●
Structural Balance	●
Contracting/Purchasing	●
Financial Controls/Reporting	●

People C-

Strategic Workforce Planning	●
Hiring	●
Retaining Employees	●
Training and Development	●
Managing Employee Performance	●

Infrastructure A-

Capital Planning	●
Project Monitoring	●
Maintenance	●
Internal Coordination	●
Intergovernmental Coordination	●

Information B-

Strategic Direction	●
Budgeting for Performance	●
Managing for Performance	●
Performance Auditing & Evaluation	●
Online Services & Information	●

Population (rank): 18,089,889 (4)
Average per capita income (rank): \$25,297 (18)
Total state spending (rank): \$76,142,277,000 (4)
Spending per capita (rank): \$4,209 (44)
Governor: Charlie Crist (R)
First elected: 11/2006
Senate: 40 members: 14 D, 26 R
Term limits: 8 years (consecutive)
House: 120 members: 42 D, 78 R
Term limits: 8 years (consecutive)