



FLORIDA'S CONSTITUTIONAL MANDATE FOR A QUALITY EDUCATIONAL SYSTEM: How Do We Get From Here to There?

APRIL 2006

As the 2006 Legislative Session draws near to a close, Legislators are deliberating several critical issues that threaten to impede the state's progress toward the constitutional mandate to provide all children a high-quality education. Their deliberations seek the solution to next year's looming problems:

- Over 40 cents from every education operational dollar will be spent in areas not classified as instructional expenditures.
- The state will need to hire nearly 30,000 new teachers, of which estimates show nearly 12,000 will be needed simply to meet the constitutional class size mandate at an approximate cost of \$600,000,000. Florida's colleges and universities produce about 6,000 qualified teachers each year.
- Thousands of families will potentially lose their ability to choose a private school for their children.

In this report, Florida TaxWatch recommends that the Legislature focus on solutions that assure that taxpayer dollars are invested in ways that are scientifically proven to increase student achievement. Chief among these is the recruitment and continuous development of high-quality teachers, the single biggest determinant of student academic success.

Investing in Quality

Classroom Investment and The 65% Solution

A national initiative known as First Class Education (FCE), chaired by Patrick Byrne, CEO of Overstock.com, has developed a plan known as "the 65% solution." Its basic goal is to change the laws in all states so that every school district in the country is required to "spend at least 65% of their education operational budgets in the classroom for teachers and kids." FCE views this as a cost-neutral means to increase classroom resources.

The 65% solution highlights the importance of increasing the efficiency of non-instructional services so that savings in these areas can be directed to instructional services. Spending more dollars on the instructional side of the educational equation makes intuitive sense. Florida TaxWatch has long agreed with such reasoning. Last spring, Florida TaxWatch-CEPA published its report, *Florida's Financial Commitment to K-12 Education: How Much Money is Enough?* This report noted that Florida spends relatively more of its educational dollars on support and non-instructional services, such as transportation, maintenance, food services, custodial work, etc., and less on instruction than the national average.

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The report used data from the National Center for Educational Statistics (NCES), a research agency used by the U.S. Department of Education. NCES uses three categories to classify school expenditures: instructional, support services, and non-instructional. NCES provides a common definition for each so that all states and the District of Columbia theoretically use the same parameters in the classification of their expenditures.

Using NCES definitions, Florida’s percentages for the 2002-2003 year follow:

- ◆ Florida spends 58.8% on instruction compared to a national average of 61.3%. **Instructional expenditures include teacher salaries and benefits, supplies (e.g., textbooks), and purchased services.**
- ◆ Florida spends 36.3% on administration and other support services compared to a national average of 34.6%. **Support services include those that support instruction, such as operation and maintenance of buildings, school administration, transportation, and other student and school support activities (e.g., student counseling, libraries, and health services).**
- ◆ Florida spends 4.9% on non-instructional purposes compared to a national average of 4.1%. **The non-instructional category includes school meals and enterprise activities, such as bookstores.**

FCE launched their initiative after examination of instructional vs. non-instructional expenditures from every state and the District of Columbia, based on the NCES definitions. They found that no district in Florida spent more than 65% of its operating budget on instruction.

No Florida district spends more than 65% of its operating budget on instruction.

This is astonishing and raises important questions that are pivotal to the validity of the 65% solution.

*What is a realistic percentage to spend on instruction?
Does the NCES definition best capture true instructional expenditures?*

Florida State Representative Adam Hasner stated in his article, *The 65-Cent Solution: How to Add a Billion Dollars to Florida’s Classrooms Without Raising Taxes*, that this approach will enable the state to “...pay teachers more, while limiting the ever-growing education bureaucracy.” As the title suggests, by his calculation the 65% solution would theoretically redirect \$1 billion to Florida classrooms.¹

**Student Achievement and Fiscal Efficiency:
It’s Not Merely How Much, It’s Also How Wisely You Spend It**

Florida TaxWatch and its Center for Educational Performance and Accountability support research-based funding innovations that increase student achievement and enhance efficiency. Two previous Florida TaxWatch publications promoted increased efficiencies by providing school districts with management approaches to help them evaluate business services.² Florida TaxWatch believes that significant savings could

¹ The Journal of the James Madison Institute, Fall 2005, Number 33.

² *A Study of Non-Instructional Services: Contracting for Services-Competition Options Available to Florida’s Public Schools*, May 1998, provided an overview of different strategies for private sector delivery of governmental services; discussed national trends in educational services contracting; presented the results of interviews with school district officials and private providers of custodial, student transportation, and food services; and examined the critical issue of full-cost accounting of programs and services. *Full Cost Analysis Procedures and Development of Request for Proposals for Management of Non-Instructional Educational Services: Guidelines for Florida School Districts*, May 1999, developed a full-cost of service procedure and model Request for Proposals for use by school districts to help school districts determine if non-instructional services could be delivered more



be realized by implementing more efficient and effective services in these non-instructional areas. However, resulting cost savings must be directed to proven methods for raising student achievement. The issue is not merely how much districts save and spend, but how wisely districts spend the savings.

Common sense dictates that dollars designated for instructional expenditures are more likely to enhance student achievement than those directed to non-instructional expenditures.

The state must demand the maximization of the proportion of educational dollars spent in areas that will directly increase student learning. Common sense dictates that spending on instruction is more likely to enhance student achievement than increasing spending for non-instructional purposes.

A recent Standard and Poor's analysis of the 65% solution found a lack of evidence linking higher proportional spending levels with higher student achievement. The report suggests that specific ways a school may use its instructional dollars have as much to do with student achievement as the percentage of dollars spent in the classroom.³ This analysis was based on the results of the states' own assessment measures. In Florida, Standard and Poor's used the Florida Comprehensive Assessment Test results.

Florida TaxWatch believes that significant savings could be realized by implementing more efficient and effective services in these non-instructional areas. However, resulting cost savings must be directed to proven methods for raising student achievement. Within the budgetary designation of instructional expenditures, what matters is not merely how much districts save and spend, but how wisely districts spend the savings.

Florida TaxWatch–CEPA explored the elusive link between student achievement and money in the 2005 report, *Florida's Financial Commitment to K-12 Education: How Much Money is Enough?* We noted that, based on findings from the 2003 results of the respected National Assessment of Educational Progress (NAEP):

- ◆ Of the six most populous states, Florida spends the least but demonstrates higher student achievement than both California and Texas.
- ◆ Five of seven southeastern states outspend Florida, yet Florida's students outperform the students in these states.

Florida TaxWatch also reviewed the states' student achievement gains between the 2003 and 2005 administration of the NAEP. The following observation from that review highlights an interesting disconnect between student achievement gains and percent of operating budget spent on instructional expenditures:⁴

- ◆ New York is the state with the highest percentage of its operating budget directed to educational expenditures, as defined by NCES and reported by FCE. This percentage is 68.7%. This relatively high percentage does not, however, correlate with higher academic scores as measured by the NAEP. New York students showed no gains in the percentage of students reaching proficiency in 4th grade reading or 8th grade reading and math. In fact, New York 4th grade reading scores dropped by one percentage point, 8th grade reading scores dropped by two percentage points, and 8th grade math scores dropped by one percentage point. New York students gained only 3 percentage points in 4th grade math between 2003 and 2005.

efficiently. Both documents were prepared through meaningful collaborations with the Florida Department of Education and the Florida School Boards Association.

³ <http://www.schoolmatters.com>

⁴ National Assessment of Educational Progress, 2005, and Florida TaxWatch.



- ◆ By comparison, Florida spent only 58.8% of its operational budget on instruction, but outperformed New York. Florida 4th grade math scores doubled those of New York, for a gain of six percentage points and 8th grade math scores jumped by two percentage points.

This apparent lack of association between spending on instruction and test scores raises another important question:

Will implementation of “the 65% solution” in Florida raise student achievement?

The answer is “yes,” but only if the money is spent in areas that are scientifically proven to increase the pace of learning.

Florida TaxWatch offers the following cautions about the 65% solution:

- ◆ **Integrity** – The validity of the 65% solution depends upon integrity of the definition of instructional expenditure. In developing that definition Florida TaxWatch cautions that the national formula for determining 65%, promoted by FCE, does not include spending for librarians, guidance counselors, reading specialists or professional development for teachers. A strong argument can be made that expenditures for reading specialists and professional development for teachers in particular are clearly expenditures with direct bearing on the quality of a child’s instruction. If Florida created a definition that included one or all of these expenditures as “instructional” in determination of the 65%, the state may well already be in compliance with the 65% solution. This raises another question as to whether or not there is some compelling evidence supporting the 65% number or is it an arbitrary benchmark based primarily on intuition?
- ◆ **Accountability** – If the measure becomes either law or constitutional mandate, all school districts must appropriately and accurately implement the 65% solution. Districts that exceed the standard should be rewarded, and those that fall short should face consequences.
- ◆ **Connection with Student Achievement**—The wider-believed assumption that increased classroom expenditures will automatically result in increased student achievement is simply not true. Furthermore, The 65% solution offers an input measure, not an outcome measure. Florida TaxWatch’s core belief is that the amount of educational spending (input) is less important than how that money is spent in raising increased student achievement (outcome). Although common sense dictates that dollars designated for instructional expenditures are more likely to enhance student achievement than those directed to non-instructional expenditures there are no causal links. Waste and inefficiencies can be found in all expenditure categories.



Investment in Class Size Reduction

In 2002, Florida voters approved the Class Size Reduction Amendment, mandating legislative funding to reduce the number of students in each Florida classroom by at least two students per year, until 2010-2011. Thereafter classrooms would be capped at 18 students in grades Pre-K through 3; 22 in grades 4 through 8; and 25 in grades 9 through 12.

The average teacher salary in Florida for the 2004-05 school year was \$41,587. Although benefit packages vary among districts, additional costs per teacher conservatively approximate 20%, or another \$8,317. Thus, each new teacher hired requires an average investment of \$49,904. In 2006-07, it is estimated that 11,821 teachers will be needed simply to implement the Class Size Reduction Amendment. This totals \$589,915,180, or enough money to give every existing classroom teacher an annual raise of over \$3,600.

Florida has begun phasing in the above requirements, and currently districts must meet these class sizes on a district-wide average basis. The next steps of implementation cap each individual school's average and ultimately will cap on a classroom-by-classroom basis. The modifications currently proposed by the Florida Legislature call for holding the class size requirements to a district level average while prohibiting any individual class from exceeding the cap provided in the constitution by more than five students above the district average.

The Legislative debate is not merely about money. The problem of schools is not just about numbers. The implications of the class size amendment are clear and disturbing.

Research does not support that across the board class size reduction will raise student achievement.⁵ Furthermore, there is reason to believe that carrying through with the class size reduction mandate as currently written into the Florida Constitution will have serious unintended negative consequences. California's class size reduction initiative provides an example of serious implementation problems. In that state, of 18,000 new teachers hired, almost one-fourth had no teaching credentials. A proliferation of emergency permit teachers harmed high poverty areas when teachers fled from those areas to meet the demand for increased personnel in more affluent districts.

Research shows that teacher quality is the most critical determinant of student achievement. University of Tennessee statistician Dr. William Sanders evaluated six million student records and the performance of more than 30,000 elementary school teachers, concluding that improving the effectiveness of teachers will improve education more than any other single factor. **Although many factors influence student learning, none carries the weight or import of the effectiveness of the teacher. Further, the research has shown the effects to be cumulative. Studies have found that students continue to reap academic benefits of strong teachers even after they have gone on to other classes, and, regrettably, the converse also holds true.**⁶

⁵ The best-designed study available, the Project STAR experiment in Tennessee, found that smaller classes at best matter in kindergarten and that minority and inner city children gain the most from class size reduction. In Wisconsin, a class size initiative (SAGE) targeted elementary schools with a high concentration of low-income students. Classes were limited to 15 students, and the class size reduction initiative was accompanied by other program initiatives to implement a rigorous curriculum. Although one study of the Wisconsin initiative found statistically higher student performance of SAGE students in language arts and math in 1st, 2nd, and 3rd grades, another study concluded (1) that smaller classes in the 2nd and 3rd grades had minimal impact and, in some instances, no additional impact on student achievement; (2) minority students can benefit from very small classes in the early grades, but how large and long-lasting the benefit will be is unclear; and (3) smaller classes had different effects on achievement, depending on subject areas. For further review of the Class Size Reduction Amendment see Florida TaxWatch publications, The First Constitutional Amendment Estimating Conference Puts an Official Pricetag on Class Size Initiative, July 2002 and Amendment 9 on Class Size Reduction is Structurally Unsound; Putting at Great Risk Revenues, Costs, Quality Teachers and Florida's Future, October 2002. www.floridatxwatch.org.

⁶ Sanders and Rivers, 1996; Rivers, 1999; Mendro et al., 1998; and Kain, 1998.



Florida's dilemma is made more acute because of the Class Size Reduction Amendment. State economists estimated that an additional 31,000 new teachers would eventually be required for full implementation of the Class Size Reduction Amendment over the years. Even more will be needed to replace retiring staff, to implement the Voluntary Pre-Kindergarten program for all Florida four-year-olds, and to serve annual student growth. Florida is anticipating out-of-field teachers will teach large numbers of students. For example, projections for the 2006-2007 school year indicate that out-of-field math teachers will teach 153,000 students and out-of-field science teachers will teach 122,000 students.

To make matters worse, Florida's teacher salaries are not competitive on a national scale. Although scientifically comparative data on teacher compensation are not currently available, most reports reflect Florida's standing in a rather unfavorable light. Georgia, because it shares our border, presents a unique threat to Florida's recruiting efforts. Georgia ranks first in the southeast in both average beginning and average overall teacher salaries.⁷

Competition for qualified teachers is intense and escalating. The shortage of teachers is not limited to Florida. It's a national crisis, made more acute by the passage of the Federal "No Child Left Behind Act" that requires, as a condition to receive federal education dollars, that there be a "highly qualified" teacher in every classroom by next year. The national shortage of highly qualified teacher applicants, especially in subject areas such as mathematics, science, and special education, compounds the difficulty of attracting teachers in these subjects to all schools and in particular to high-poverty schools.

How much money will it take to provide a high-quality education to the children of our State?

The Florida Legislature could direct every "extra" available dollar to education, raise teacher salaries as much as possible within the state's limited recurring revenues, launch a teacher recruitment effort of extravagant proportions, and pull out all the stops to make sure that every 18 children through grade 3, every 22 children in grades 4 through 8, and every 25 high school students sit in separate classrooms and have an individual teacher assigned to them. Still, the unavoidable crisis of class size reduction is that with it we cannot promise the citizens of this state that every child in each of these classrooms will have a quality teacher or will increase their pace of learning.

Florida TaxWatch supports modification of the Class Size Reduction Amendment. Florida TaxWatch has consistently spoken against the practice of amending the state's constitution, and more emphatically as the practice has escalated. In the case at hand, Class Size Reduction is already part of the constitution and therefore its modification by the Legislature requires another amendment.

The current legislation under consideration maintains the spirit of the original CSR amendment because it provides that no classroom is assigned more than five students over the limits set in the original amendment but also provides flexibility for districts and schools to adjust class sizes according to the needs of their own unique student populations. It does so without threatening educational quality in the way that the current amendment does.

⁷ Education Week, *Quality Counts*, 2004.



Investment in “High Quality”

Lawsuits against states, alleging that states have failed to meet their constitutional obligation to adequately fund education, have gained popularity in the nation. In many cases the Courts have directed legislatures to pump more money into education. The Florida Constitution strongly and clearly asserts that it is a paramount duty of the state to provide the children of the state with a high-quality education. Article IX, Section 1, of Florida's constitution guarantees students a "high-quality" education.

Former Attorney General Bob Butterworth and former Comptroller Bob Milligan recently chaired a 29-member Constitutional Accountability Commission. The final report of the Commission calls for the State to meet the spirit of Florida's Constitutional Amendment IX as revised by the 1998 Constitutional Revision Commission and ratified by the people of the State of Florida. Two distinguished members of the Florida TaxWatch Executive Board, The Honorable Phil Lewis, former State Senator, and Steve Evans, Vice President of IBM (retired), served on this Commission and engaged in the group's discussions.

Article IX says, in part, “The education of children is a fundamental value of the people of the State of Florida. It is, therefore, a paramount duty of the state to make adequate provision for the education of all children residing within its borders.” The article also states that the educational system must be “uniform, efficient, safe, secure and high-quality.”

Florida TaxWatch lauds the work of the Commission in bringing forth an important dialogue on the importance of education to Florida's future. We share in the commission's urgent call for accountability to Florida citizens, as mandated by Florida's constitution, for a high-quality education system. The Commission's report suggests that the state select indicators of a high-quality education and to compare itself against other states on the attainment of these indicators. This is a worthy goal, but one that hinges on the definition of high-quality. **The State has not yet defined high quality, listed the indicators of high quality, or determined how it should be measured.**

The constitutional mandate on class size adds an interesting dimension to the high quality mandate and raises two important question:

Is class size an indicator of a high-quality system of public education?

Or does it, as we outline here, present a threat to a high-quality system?

Determining the adequacy of educational funding demands that we determine how educational dollars are best spent to provide a student achievement return on the investment. As we have said repeatedly, the common assumption that increasing per pupil expenditures across the board will result in higher student performance is simply not true. As policymakers consider the issues of educational funding before them, it is imperative to acknowledge that the complicated nature of the puzzling relationship between student achievement and educational spending warrants thoughtful, measured, analytical policy approaches to educational appropriations and expenditures.

We must provide our children with the one thing that most assuredly is the most critical component of a high-quality education—a quality teacher.



The road to reducing class size is paved with good intentions. But the reality at the end of that road is that Florida districts will be forced to hire thousands more teachers—many with marginal qualifications—to staff thousands of new classrooms. **Many of the children in these new, smaller classes will be fated for low performance, in spite of our best intentions.**

Without a correlation between reduced class size and improved student achievement, it is not possible to meet the spirit of the Constitution for both the high quality mandate and the class size mandate. As we reduce class sizes to the level required by the constitutional mandate we will be forced to hire large numbers of teachers regardless of their qualifications because of the national teacher shortage.

Investment in Competition: School Vouchers

Florida TaxWatch has a long history of encouraging competition as a means to increase taxpayer value. Competition, in the form of school choices for parents, can increase the quality of educational services for our children. However, schools that accept state dollars through any of the state's voucher programs must be held accountable for the success of their programs and for the wise use of taxpayer dollars. This requires oversight.

Florida's school choice program is a cornerstone of the A+ Plan for Education. It empowers parents to select the best school setting—public or private—for their children's educational success. The implementation of this program has the potential to raise the expected standards of performance and injects competition and privatization into a monopoly institution, which has the potential to raise the expected standards of performance.

The Florida Supreme Court recently ruled that the OSP violates the state's constitution. Article IX of the Florida Constitution requires a state system of "uniform, efficient, safe, secure and high quality" public schools. The court stated that the program violates the requirement for a uniform system of free public schools because private schools do not face the same academic and legal requirements as public schools.

Florida's Opportunity Scholarship Program (OSP)—which gives children in chronically failing schools the option of attending a private school at public expense—is considered the nation's first statewide voucher system. However, the Florida Supreme Court recently ruled that the OSP violates the state's constitution. Article IX of the Florida Constitution requires a state system of "uniform, efficient, safe, secure and high quality" public schools. The court stated that the program violates the requirement for a uniform system of free public schools because private schools do not face the same academic and legal requirements as public schools.

The Supreme Court also let stand an appellate court's decision that the voucher program violates another part of the constitution barring state spending to directly or indirectly benefit religious organizations.

The ruling directly affects 733 students in this particular program. Of these, 94% are minority students who attend one of 55 private schools, including religious sites. However, faith-based schools are prohibited from making OSP students profess a specific religious doctrine. They cannot force students to pray or to attend ceremonies of worship. The OSP scholarship, which this year averages \$4,205, is to be used solely for teaching and learning.



The ruling also raises questions about the future of two other programs that serve more than 30,000 children. Approximately 16,000 students currently receive McKay Scholarships for Students with Disabilities, and 14,000 low-income pupils are enrolled in the Corporate Tax Credit (CTC) Scholarship Program, which allows companies to fund private school education for those students.

In 2003, Florida TaxWatch reported that the CTC Scholarship Program had the potential for taxpayer savings and could help Florida meet its constitutional obligation to reduce class size. The report indicated significant savings in the first year of the program and projected substantial additional savings.

Plans have been proposed to protect these programs from potential legal challenges. One plan would allow all students in failing schools, including those currently participating in the OSP, to transfer to the Corporate Tax Credit Scholarship Program. Another proposal would ask voters to amend the state constitution to

allow all students who meet legislatively specified criteria to receive taxpayer-financed vouchers to attend private and religious schools.

Conclusion

Two previous Florida TaxWatch–CEPA publications, *Student Achievement in Florida* and *Florida’s Financial Commitment to K-12 Education: How Much Money is Enough?* have outlined Florida’s challenge to make our state competitive nationally and internationally in the education arena. Florida TaxWatch–CEPA continues to promote the importance of finding cost-effective means of accelerating student achievement gains in our state, relying on research to guide spending decisions.

Florida TaxWatch recommends that each of the issues discussed in this report—The 65% Solution, the Class Size Amendment modifications, and the school vouchers proposal—be deliberated on its own merits. A determination needs to be made as to whether each is good policy for Florida. Focus should remain on the guiding principle of increasing student achievement while protecting taxpayer value.

Nobody knows how much money is enough to be able to promise the children of our state a high-quality education. Furthermore, no one knows precisely the best way to invest our educational dollars to provide a student achievement return on that investment. Assuming that a high-quality education system would be characterized by high-student achievement, the state has rightly focused intensely on measuring student achievement. We must focus attention on how to provide our children with the best possible chance for achieving that high-quality education—a high-quality teacher.

Florida will have to recruit heavily on the national teacher market to fill the demand for quality teachers. Resources should be applied to increase the in-state supply of degreed teachers instructing in-field subjects, while providing incentives for qualified teachers outside of Florida to relocate. This will require competitive teacher compensation. Florida TaxWatch supports a teacher salary system that will attract and reward the best and the brightest teachers.

Further research into the types of expenditures most likely to increase student achievement is needed. Policymakers must assess patterns of resource distribution for different students, programs, and schools within districts and must assess their level of success. This information can provide valuable insights in how to spend our educational dollars in ways that will deliver on the constitutional mandate for a high quality educational system. This in turn will benefit all students and, therefore, all citizens of this state.



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About CEPA

The Florida TaxWatch Center for Educational Performance and Accountability (CEPA) was formed in acknowledgement of two key realities: the growing portion of education funding in the state budget, currently at 28% and climbing, and of the profound fiscal and economic impact that quality PreK-20 education has on Florida's competitiveness, both nationally and internationally. CEPA conducts research, issues publications, and engages in meaningful actions to promote exemplary student achievement within a cost effective environment. CEPA analyzes and makes recommendations about educational policies, practices, and expenditures as regards their contributions to improved financial and student performance in Florida's schools. CEPA also identifies specific educational issues that affect the efficiency, effectiveness, and accountability of state government, local school districts, and postsecondary institutions. Finally, CEPA brings together partnerships and collaborations in a concentrated effort to effect positive and dynamic change in Florida's system of PreK-20 education.



About Florida TaxWatch

Florida TaxWatch is a private, non-profit, non-partisan research institute that over its 26 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida Government.

Florida TaxWatch's research recommends productivity enhancements and explains the statewide impact of economic and tax and spend policies and practices on citizens and businesses. Florida TaxWatch has worked diligently and effectively to help state government shape responsible fiscal and public policy that adds value and benefit to taxpayers.

This diligence has yielded impressive results: since 1979, policy makers and government employees have implemented three-fourths of Florida TaxWatch's cost-saving recommendations, saving the taxpayers of Florida more than \$6.2 billion--approximately \$1,067 in added value for every Florida family.

Florida TaxWatch has a historical understanding of state government, public policy issues, and the battles fought in the past necessary to structure effective solutions for today and the future. It is the only statewide organization devoted entirely to Florida taxing and spending issues. Its research and recommendations are reported on regularly by the statewide news media.

Supported by voluntary, tax-deductible memberships and grants, Florida TaxWatch is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves.

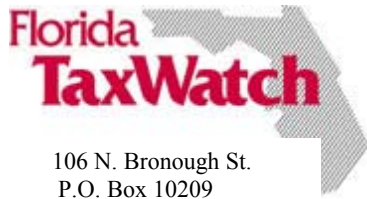
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