



## ***PERCEPTIONS LEGISLATIVE E-Zine # 7***

*April 19, 2010*

**For members of the Florida Association of Community Colleges**

Saying it was quiet last week in the Capitol would be an understatement, but suffice it to say, there was very little substantive activity in week seven. The **budget and retirement issues** continue to dominate the coverage, and we saw little action on either one. There are just two weeks remaining in the regular session. Concern is beginning to surface regarding the legislature's ability to end session on time. For that to happen, all budget issues would have to be resolved no later than the end of business this week so that the budget can be laid on the table for the required 72 hour period beginning April 26.

### **Budget Conferees**

Some movement on rendering a budget was made with the naming of budget conferees from the House and the Senate. It is these conferees who will render the final decision on allocations for all state entities, including our colleges. Both the House and Senate leaders named their respective [Budget Conferees](#) last Friday. These legislators will be deciding the final appropriations. Budget conference chairs will be meeting today to get the process underway.

### **Retirement**

Two retirement issues remain in play, and both are subject to the budget conference process. HB 5701 which proposes to eliminate the retiree Health Insurance subsidy (\$250M), and SB 2022, which proposes to require each state retirement system participant to make a .25% co-pay (\$48M), are both in the mix as budget conference begins this week.

### **Budget**

Budget proposals for the FCS remain the same in both chambers, where there is about a \$100M difference between the Senate proposal and the House's. The Senate's proposal (+7.9%) would cover about \$59M of the FCS enrollment, but does not fold baccalaureate funding into the program fund. The House proposal (-4.5%) does not consider the FCS enrollment growth, but does fold baccalaureate funding into the program fund. Without consideration of growth, this is another cut on top of last year's reduction to the program fund.

***THE FOLLOWING COMPREHENSIVE SUMMARY IS FROM THE FLORIDA TAXWATCH LEGISLATIVE UPDATE OF APRIL 16, 2010.***

Conference committee meetings to iron out differences between the House and Senate spending plans did not begin this week as behind the scene negotiations struggled to set the framework for the conference. The prospect of an extended session has even reared its ugly head. It was announced this afternoon that

conference meetings are scheduled to begin this weekend, starting with an organizational session Saturday morning at 10:00 a.m.

The House budget totals \$67.2 billion, while the Senate budget totals \$68.6 billion. This is in comparison to the \$66.5 billion budget for the current year. The higher Senate total is due to the inclusion of \$880 million in anticipated – but not yet approved by Congress – federal Medicaid funds and the use of \$412 million from the Seminole Gaming Compact (see below). The House uses none of these revenues. While it is still generally believed that the Medicaid money will come to Florida, it is now very unlikely it will be approved by Congress before our legislative session ends, and news today from the state’s Washington Office suggests support for providing the state aid is waning in Congress. During conference, it will be the Senate’s position to include these funds in the budget and specify what spending is contingent upon its receipt.

Another key difference is **per student K-12 spending**: the Senate provides a \$39 increase, while the House has a \$52 decrease. Other points of contention include: **the dismantling of the Department of Management Services; a possible state employee pay cut; and funding for Healthy Start, Florida Forever, Everglades restoration, and virtual education**. Another disagreement that could have a huge impact on Florida’s economy is **the House’s plan to sweep \$428 million from the State Transportation Trust Fund**. On top of the already reduced tax revenues going into the fund, this sweep would effectively halt new transportation projects. Florida TaxWatch strongly recommends against this short-sighted move that would cost Florida thousands of jobs.

## **Taxes**

There are no plans for any state tax or fee increases (not counting tuition, see Education section), but it looks like there may be some tax reductions, although nothing has been passed yet. A **back-to-school sales tax holiday** looks like a safe bet, although it has been reduced to only three days. Both chambers are also deliberating **“jobs bills”** that provide economic development incentives. Some of the measures under consideration include \$30 million for the space program; \$1,000 tax credits to companies hiring unemployed Floridians; and tax breaks for manufacturers, building materials in enterprise zones, and the film, digital media, boating, and aviation industries.

There may also be a **roll-back of some of the tax increases passed last year**, including those for drivers’ licenses, auto tags, and the new shoreline fishing license. **The Governor’s proposal to cut the corporate income tax rate** by 1% on the first \$1 million of net income has been approved in a couple Senate committees, but its passage is a long-shot, especially after this week’s veto of [SB 6](#).

It looks like two other pieces of Florida TaxWatch-recommended legislation will have to wait for a future session. [SB 1090](#), creating a **single sales apportionment factor** for determining a corporation’s income tax liability, has yet to be heard. Similarly, [HB 165](#) and [SB 204](#) – which would bring Florida into full compliance with the **Streamlined Sales and Use Tax Agreement** and allow Florida to begin collecting sales taxes on remote sales from members of the voluntary compact – has not been heard. A late push is underway to at least get this legislation a hearing, including a [press conference](#) held last week by Florida TaxWatch, legislators and other statewide partners.

## **Cost Savings Legislation**

A number of recommendations included in the final report of the Florida Tax Watch Government Cost Savings Task Force are making their way through the legislative process. That report contains 88 individual recommendations that have the potential to save the state more than \$3 billion annually. You can read the report [here](#). Two recommendations have already passed both the House and the Senate – relaxing the class size amendment and expanding the Florida Tax Credit Scholarship program.

A number of recommendations will be part of the conference process, as they have been passed by at least one chamber:

- [SB 2386](#) incorporates a number of recommendations to reduce state purchasing costs
- [SB 2374](#) would help ensure only eligible dependents receive state health insurance
- [HB 5505](#) would increase collections of the current corporate filing fees
- [SB 1484](#) and [SB 8](#) would help reduce Medicaid fraud
- [HB 5801](#) would institute a tax amnesty program and add 25 new auditors to the Department of Revenue
- [HB 7169](#) and [SB 1516](#) would create a state owned real estate database to help dispose of unneeded state facilities and land holdings
- [HB 5101](#) and [SB 1368](#) would reduce textbook costs by requiring that instructional materials be adopted in an electronic format
- Both the House and Senate budgets provide for 500 additional ticket terminals and 750 automated vending machines to increase the size of the retail network
- Both budget include funding to expand the drug court system

This legislation has passed the full Senate:

- [SB 2022](#) would require state employees to contribute towards their retirement benefits
- [SB 1344](#) would cap the Bright Futures Scholarships
- The Senate budget contains language to eliminate the free health care coverage currently provided to only some state employee by requiring them to pay 10 percent

This legislation is also moving:

- [HB 1307](#) and [SB 1708](#) are both headed to floor and would reduce the state pension contribution rate for administrative costs
- [HB 1587](#) and [SB 2714](#) would create a post-incarceration drug court program.
- [HB 811](#) and [SB 2260](#) would expand programs that reduce correctional

## Education

The big news of the week was Governor Crist's veto of [Senate Bill 6 – the teacher merit pay bill](#), which passed last week by the Legislature. The Governor cited concerns about special needs students and encroaching on local authority and compared the legislation to the federal healthcare debate and Congress "jamming something down their throat." Encouraging high performing teachers through performance-based merit pay is a long-time Florida Tax Watch Center for Educational Performance and Accountability (CEPA) recommendation, which would elicit excellence from all students and move them forward academically. For more information, read the recently released [CEPA report](#).

The Governor still has two education reform bills before him. [SB 4](#) will **increase high school graduation standards** and [SB 2126](#) will expand the **Florida Tax Credit Scholarship**. Florida TaxWatch urges the Governor to sign both of these.

The voters will have final say on another education bill passed last week – [SJR 2](#) is a proposed constitutional amendment to change the 2002 **class size amendment** to provide greater flexibility to school districts and save approximately \$350 million. This issue was also a recommendation of the Florida TaxWatch Government Cost Savings Task Force.

The state's Voluntary Pre-K program and virtual schools are both facing budget cuts.

Both chambers plan an 8% increase to base tuition, and universities have the option to go as high as 15%.

### **Seminole & Pari-mutuel Gaming**

After reaching a deal with the Seminole Tribe on a gaming compact last week, the Senate approved legislation ([SB 622](#)) to ratify the compact this week. Under the new compact, the Seminoles would be able to operate slots at all seven casinos and have exclusive right to banked card games at five casinos. The tribe would pay the state at least \$1 billion over five years; however, the money would not be earmarked for education, but would go into the General Revenue Fund. **It would add \$437.5 million to the FY 2010-11 state budget.** Another bill ([SB 640](#)), which gives at least some consolation to the state pari-mutuel industry is also expected to pass the Senate. In this bill, pari-mutuels would get a tax rate reduction from 50% to 35%, operating hours would be extended, and no-limit poker would be allowed. The state's 19 pari-mutuels outside Miami-Dade and Broward could also bring in 350 bingo-style machines, video lottery machines, and historic racing machines. There is a good chance the House, while historically anti-gaming, will pass both bills.

### **Medicaid Reform**

The chances of dramatically transforming Florida's Medicaid program increased this week. The Senate has proposed a 19-county expansion of the state's current, five-county pilot program, putting a quarter of a million low-income citizens into managed care. The House plan is more sweeping, putting 2.7 million Medicaid beneficiaries into managed care plans over the next five years (by 2015). Miami-Dade County would go into the new system next year. Provider-service-networks (PSNs), HMOs, and other managed care plans would bid to serve patients. The House discussed and amended its plan on the floor yesterday and it is gaining bi-partisan support. A final vote is planned for Monday and a conference committee will likely follow.

### **Property Insurance**

Legislation aimed at keeping property insurers in the state and providing more consumer choice advanced in both chambers this week. [SB 876](#) and [HB 447](#) would allow most property insurers to raise statewide premiums by up to 10% without approval by the state's Office of Insurance Regulation (OIR). The legislation was amended to lower the allowed premium hikes from 15%. Individual policy premiums could go up by 20%. The increases could be rejected by IOR if they are inadequate to pay claims or are actuarially unjustified. The state-backed Citizens Property Insurance Corp. was allowed last year to increase rates by 10% a year. Florida TaxWatch supports this measure to inject competition in the rate setting process. Last week, Florida TaxWatch released [a report](#) detailing the financial disaster Florida could face as a result of a major hurricane. Last year, Governor Crist vetoed a bill that would have allowed large insurers to increase rates by 15%. He has stated that he would veto similar legislation this year.

In better news, Citizens reported to the Cabinet this week that it is in its best financial shape it has ever been in and is set to cover minor storms this hurricane season without additional assessment or additional debt.

### **Oil Drilling**

As expected, it was determined today that legislation to allow oil drilling in the Gulf of Mexico will wait until next year. The House Select Policy Council on Strategic and Economic Planning has held numerous meetings over several months and has heard hours of testimony, but nothing was ever voted upon. Instead, the Select Committee will issue a report detailing its findings and conclusions.

**Weekly Bill Tracking**  
(special thanks to Susan Lehr, FSCJ)

Bill	#	Sponsor/ Comm	Status	Summary
Senate Gen Approps. Act	<a href="#">SB 2700</a>	Ways & Means	<b>Conference</b>	General Appropriations Act
Senate Implementing bill	<a href="#">SB 2702</a>	Ways & Means	<b>Conference</b>	Reduces leg salaries 7%, authorizes gov transfer funds for use by data center
Senate Higher Educ Conformi	<a href="#">SB 1344C1</a>	Higher Ed	<b>Conference</b>	Multiple issues: bright futures, pres salaries, CWE no FTE, library consolidation, merger study, distance learning, textbooks and FCS baccalaureates
Senate K-12 Conforming bill	<a href="#">SB 1368C1</a>		<b>Conference</b>	Adds colleges as approved providers for virtual instruction to K-12 Cannot claim FTE but can be paid for offering the course based on percent of FEFP Courses include drop out retention, credit recovery.
Senate PECO Conforming bill	<a href="#">SB 2024</a>		<b>Conference</b>	Switches .15% from commu services tax to gross receipts tax which can be bonded
House Gen Approps. Act	<a href="#">HB 5001</a>	Approps	<b>Conference</b>	General Appropriations Act
House Implementing bill	<a href="#">HB 5003</a>	Approps	<b>Conference</b>	Implements GAA
House Higher Educ Conformi	<a href="#">HB 5201</a>		<b>Conference</b>	Rolls FCS BA funding into CCPF and strikes related BA language from law Continues flat BF award decoupled from tuition Library automation
House K-12 Conforming bill	<a href="#">HB 5101</a>		<b>Conference</b>	Reduces admin services fees SD may charge charter schools Lobby House to accept Senate language to add colleges as approved providers for virtual instruction to K-12
Student Fee Transportation	<a href="#">HB 255</a>	Chestnut	<b>Senate in Messages (awaiting action)</b>	Santa Fe Bill, fee would be available to all colleges
	<a href="#">SB 208</a>	Oelrich	<b>Retained on Senate Calendar</b>	
Relate to CCs (College Names Bill)	<a href="#">HB 245</a>	Bernard	Substituted for SB 430	Name Change for SCC & PBCC, amended to add Central FL and Lake City CCs
	<a href="#">SB 436</a>	Baker	<b>Passed. Gov has to act</b>	Will be amended to be identical
Higher Educ	<a href="#">SB 1786</a>	Oelrich	<b>W &amp; M 4/20</b>	SUS BOG bill with Higher Ed Coord Council
SUS-Could be coord cncl	<a href="#">CS/SB 2442</a>	Lynn	<b>W &amp; M</b>	SUS BOG – Hi Ed Coord Cncl chg FCS BA process to include BOG
Nursing	<a href="#">HB 1337</a>	Grimsley	<b>Special Order Calen</b>	Clears up tech implementation issues from last year's bill Faculty requirements for nursing program may be documented by a written statement from the institution verifying it conferred a degree Provides clarification pass rate NCLEX must be no less than 10% below nat'l avg Authorizes nursing program directors to receive info on NCLEX exam date and pass/fail score for

				program grads included in grad passage rate
	<a href="#">SB 2530</a>	Alexander	<b>On Calendar</b>	Similar
<b>Postsec Fee Waivers</b>	<a href="#">CS HB 723</a>	Sachs	<b><u>Edu Policy Council-r</u></b>	Amended - see below
	<a href="#">CS SB 2102</a>	Wise	<b><u>Hi Ed APprops 4/19</u></b> W & Means	Wise amended to allow tuition and fees for FT classroom teachers to enroll for up to 6 cr hrs for undergraduate classes on space available basis at CC or SUS if they meet academic requirements established by the institution.

<b>Resident Status for Tuition Purposes</b>	<a href="#">CS/HB 1243</a>	Tobia	On Calendar	Allows students who have been classified as residents at an institution of higher education to maintain resident status upon transfer to another institution within 12 months of attendance at the prior institution.
	<a href="#">SB 2398</a>	Ring	<b>Higher Ed 4/13 TP'd</b> Higher Ed Approps	Expect amendment to make same
<b>Postsecondary Fees-Foster (residency too)</b>	<a href="#">HB 1363</a>	Glorioso	<b>On Calendar</b>	Extends tuition and fee exemptions for 10 years or age 28 for foster children and other CFS persons adopted, etc.
	<a href="#">SB 1148</a>	Rich	<b>Higher Ed Approps.</b>	A student in the custody department at 18, or a student, who after spending at least 6 months in the custody of the department 16 years of age, placed in a guardianship by the court, is exempt from payment of postsecondary fees with <u>no time limitation</u> ; A student in custody of relative under the Relative Caregiver at 18 yrs or student adopted from dept after 5/71, is exempt from payment of postsecondary fees for a period of <u>four years</u> after the date of graduation from high school.
<b>Education Accountability</b> SB 7053 Laid	<a href="#">SB 04</a>	Detert	<b>Passed - GOV H</b> <b>4/22 to act</b>	Amends provision relating to secondary school Redesign Provides that successful completion of a high school level Algebra I, Geometry, or Biology I course is not contingent upon a student's performance on the end-of-course assessment. Revises requirements for high school graduation. Creates the Credit Acceleration Program,
<b>CFO-Accounts Transparency</b>	<a href="#">C3SB 2206</a>	Alexander	<b>House in Messages (a action)</b>	CFO bill-amended to allow our accounting system as approved by SBOE
<b>College Career Transition Act - JFG</b>	<a href="#">HB 1041</a>	Adkins	<b>PK-12 Policy</b> PK-12 Approps Ed Policy Cncl	Lehr on their board and helping JFG
	<a href="#">SB 2042</a>	Wise	<b>F &amp; T</b> Ed PK-12 Approps	Lehr Issue no impact on FCS
<b>Retirement</b>	<a href="#">SB 2022</a>	Alexander	<b>House in Messages (a action)</b>	Requires 0.25% of gross salary employees must pay into FRS
<b>Retirement – House Conforming Bill</b>	<a href="#">HB 5703</a> Formerly CEED 05	CEED	<b>Conference</b>	Requires college to pay some FRS contribution if we rehire a retired employee. (this pays for unfunded liability portion of the FRS plan) Minimal impact as is...watch for amendments Senate refused to concur
<b>Health Insurance Subsidy (Conforming Bill</b>	<a href="#">HB 5701</a>		<b>Conference</b>	Eliminate health insurance subsidies for retirees, will pay through 12/10 then ceases
<b>Defined Contribution Plan-Retirement</b>	<a href="#">C3 SB1078</a>	Ring	<b>To Calendar</b>	Changes optional defined contribution pension plan in FRS on how participant communications are disseminated, the retention and recognition of excess account balances, the retention of participant records by the third-party administrator, the duration of retained participant forfeiture amounts, the liability for extraordinary acts that result in participant losses, and the ownership of intellectual property for products developed by the Board of Administration (Board). Reduces the administrative service charges and educational expenses payable by participating

				employers and authorizes the Board to increase the allocation of its asset base to foreign equities from 25 to 35 percent.
<b>Retirement Rates</b>	<a href="#">HB 5607</a>	Gen Govt	<b>Conference issue</b>	Sets retirement rates
<b>Audit Indep Trans Serv</b>	<a href="#">SB 2244</a>	CF Cmte	<b>Health &amp; Human Ser Approps</b>	DFS audit on foster kids transition programs
<b>Study of SD Costs DCD</b>	<a href="#">HB 1451</a>	Rivera	<b>Pre K-12 F &amp; T Ed Policy Cncl</b>	Does not directly affect us but it is in our CC PF formula so there is an indirect impact
	<a href="#">SB 2686</a>	Garcia	<b>K-12 Approps 4/19</b>	Identical