



**Week Seven Session Summary February 27-March 2  
March 5, 2012**

**Latest Conference FCS Budget Summary as of 3-1-12 House Offer #2**

Lottery Funds:	\$ 180,808,060	+38.7%	(includes \$50,448,902 shift from CCPF)
CCPF:	\$ 858,466,587	-3.9%	
2+2 Partnerships	\$ 3,000,000	no change	
Distance Learning Consortium	\$ 0	- 100%	(shifted the Florida Virtual Campus budget)
Comm. On Community Service	\$ 433,182	-15%	
Dr. Phillip Benjamin Matching	\$ 0	no change	
Florida Virtual Campus	\$ 10,963,647	+100%	(includes FDLC, CCLA, FCLA, Degree Completion Pilot, Student Access Pilot)
<b>TOTAL STATE FUNDS:</b>	<b>\$ 1,053,671,476</b>	<b>+1.5%</b>	<b>(excludes FVC transfers and special projects)</b>
Tuition:	\$ 1,039,274,647		(assumes 5% increase)
<b>TOTAL FCS BUDGET</b>	<b>\$ 1,098,318,037</b>	<b>+3.2%</b>	

**LEGISLATIVE CONFERENCES SETTLE SOME DIFFERENCES BETWEEN HOUSE AND SENATE POSITIONS**

Conforming bills are driven by House and Senate committees and are designed to provide substantive policy changes in statute to align with appropriated funds for the year being implemented.

Although the bottom line to the Florida College System budget with tuition amounts to a slight increase over last year, there are several conforming issues contained in [HB5201](#) and [SB1992](#).

What follows is a summary of a few issues that have been agreed upon during the conference committee.

1. Approves the South Florida CC name change to South Florida State College.
2. Creates the Florida Virtual Campus and consolidates the FL Distance Learning Consortium, the FL Center for Library Automation, and the College Center for Library Automation; provides access to online and student support services; serves as a clearinghouse for post-secondary distance learning courses and degree programs; provides for joint oversight by the FCS and the SUS; Chancellors will establish governance, reporting structure, staffing and operating budget.
3. Establishes a Degree completion pilot within the Florida Virtual Campus to recruit, recover, and retain adult learners and assist them with obtaining degrees aligned to high-skill, high-wage workforce needs; defines adult learner as one who completed college level coursework but left prior to earning a degree; includes UWF, USF, FSCJ, and SPC in pilot; requires detailed project plan to be submitted to the Legislature by 8-1-12.
4. Requires university students to pay a 100% excess hours surcharge for hours over 110% of the degree requirement effective 2012-13; maintains current surcharge rate for students already enrolled.
5. Establishes that beginning 2012-13 high school grads will have two years instead of three to activate their Bright Futures award; Limits use of Gold Seal Scholarship to applied technology degree programs up to 60 credit hours or equivalent; or career technical certificate programs up to 72 credit hours; Gold Seal can no longer be used for AA or BA programs.
6. Limits payouts under severance pay to 20 weeks of compensation; severance not payable when employee is fired for misconduct.
7. Requires FCS institutions to enter into statewide, regional, or multi-institutional consortia purchasing agreements to achieve a five percent savings on existing prices.
8. Repeals the unused current provision for colleges who have attained SACS Level 2 accreditation and have been offering BA's for at least three years to apply for an exemption from the State Board of Education approval of baccalaureate programs.

## RETIREMENT ACTUARIAL ADJUSTMENTS

We made it through a year with no substantive policy changes to the Florida Retirement System. AFC pushed back on [HB525](#) and that bill died early on.

According to our inside sources, it does not appear that any structural changes to the various state pension or investment plans are envisioned now or in the near future.

What did happen this year is an adjustment to the employer contribution rate, which is basically the same as what has happened several times in the past. The Defined Benefit Plan (Pension) employer contribution rates are set at the end of the legislative session and come directly out of the Budget committee. The rates are included in a conforming bill which is not referenced, and is practically impossible to lobby. The Investment Plan employer contribution rates are set at a slightly higher rate, about 2%, over the Pension Plan employer contribution rates for all classes.

Last year there was a dramatic change because the employer contribution rates for the Defined Benefit program classes dropped quite a bit, to be offset by the new employee contribution of 3%. This year, the Legislature has done the same to the Investment Plan, dropping the employer rate by a little over two percent to the range between 3.3% and 3.970%, depending on the budget conference negotiation. In addition the Legislature broke out the unfunded liability portion of the Defined Benefit plan (.49%) which was not considered when addressing the Investment Plan employer contribution rates. Additionally, the employer contribution rate for the Investment plan did not take into consideration the three percent employee contribution. In other words, they didn't build on that three percent as they did in the past when it was considered part of the employer contribution. This results in a "leveling" of the employer contribution rates for both plans. The ultimate goal, of course, is to save the state some cash.

Our sources in the Legislature tell us that that this is likely to be a one-year adjustment in the employer contribution to the Investment plan. It is expected to begin to rise in future years as the Employer contribution rate rises in the Pension Plan as projected by the actuaries.

## **FROM THE NEWS SERVICE OF FLORIDA WIRE...**

### **WEEK 8 IS FINALLY HERE!**

It's the final week of the regular session, though a return for redistricting is widely expected. And on par for the course, lawmakers go into the final week without a finished budget deal racing against a Tuesday deadline for sending to lawmakers a spending plan in order to get out of town on Friday.

In addition to the budget, the governor's top priority, a bill to cut fraud in the no-fault auto insurance system, remains on the to do list this week, while very few bills have passed both chambers and gone to the governor. There remain several high profile claims bills, legislation related to insurance, drug testing, several must-pass agency bills, a high profile series of education bills, including one giving parents more power to turn their failing school into a charter school and one that would allow Florida State University and the University of Florida to raise tuition.

But most of the focus this week will be on the budget on Monday and Tuesday and then again on Thursday and Friday.

In the meantime, the usual flurry of discussion of just what is in the budget conforming bills and the budget proviso language will continue, as will the lookout for last minute large amendments that put into legislation more controversial provisions that can escape scrutiny in the hectic final days of the session.

For the political set there are two big days this week: Super Tuesday could make Mitt Romney the GOP presidential nominee, or throw the primary into chaos. Then by Friday, the state Supreme Court must rule on the redistricting plan lawmakers passed, possibly setting into motion a new period of drawing.

## **UNRESOLVED ISSUES BUMPED UP TO COMMITTEE CHAIRS**

Budget negotiators sent their thorniest issues to the respective budget chairmen this past weekend, as both the Senate and House lined up priorities for the expected final week of the session.

On a few issues, there was some closure this week. Lawmakers signed off on a \$1.35 million compensation package for William Dillon, who was imprisoned for 27 years for a murder he didn't commit. The Senate passed that bill early in the week and sent it to Gov. Rick Scott who signed it a couple of hours later.

The Legislature also this past week sent the governor a bill allowing students to give "inspirational messages" on an apparently limitless universe of subjects from God and the Founding Fathers to the Flying Spaghetti Monster and Kim Kardashian. While the bill was pushed by advocates for more Christian school prayer, hoping that more of that will happen at graduations, football games and other assemblies, they acknowledge that in an effort to render it constitutional, the plan will have to allow students to say anything they want with no interference from school officials.

Still, the fear remained among those in the religious and political minorities, that it will mean just what backers hope, lots of Christian prayers, that will make public school a little more uncomfortable for Jews, Hindus, Muslims and others who thought the state schools were a haven from being subjected to the majority's religion.

But even with those two closely watched bills being sent from the fourth floor of the Capitol to the first, where Scott's office is, there remained major issues for the final week. Chief among them was the finishing touches of the budget, which remained unresolved on Sunday heading toward the deadline. Because of the waiting period between printing a proposed budget and passing it, budget leaders must reach agreement early in the week if they're going to finish the session by Friday as they intend.

Other major issues remain to be passed (or failed) in the final week, including Scott's top priority an overhaul of the personal injury protection auto insurance system. The two chambers have different bills on PIP the House limiting lawyer fees, for example, while the Senate doesn't. The House plan ([HB 119](#)) also caps physician visits and excludes a number of professions from accepting patients. The Senate has taken a more limited approach in its plan ([SB 1860](#)), but has yet to take up its version on the floor.

The governor has pushed hard for lawmakers to pass a PIP bill, and while it looked this week as if the Legislature was moving toward doing that, the final measure still has to pass. The focus the last week, and through the weekend, however, was the budget.

Budget writers did agree over the weekend on a couple high profile items keeping open Jefferson Correctional Institution near Tallahassee, while closing Hillsborough C.I. near Tampa. While the prisons budget is a tiny part of the overall spending plan, the plans by the executive branch to close various prisons this year has been a high profile fight, mixed in with a fight over prison privatization, that has made the Capitol a second home for hundreds of guys and women who spend their working hours walking through the state's lockups dealing with its imprisoned.

Another budget breakthrough over the weekend was for another of Scott's priorities: freeing up more than \$61 million to lure businesses to the state. The economic development money had been in doubt, but Senate Budget Chairman JD Alexander, R-Lake Wales, said freeing up the cash for Scott was a good idea. The governor, Alexander said, has "made good arguments that in his efforts to sell our state and bring quality employers in there, he needed to be able to make commitments faster." Scott would also be able to ask the Legislative Budget Commission for permission to spend another \$25 million in incentives, under the budget deal.

But some of the big picture items were still being worked on Sunday, including how to divvy up nearly \$300 million in cuts to higher education and major portions of the state's health-care spending plan. It's not dire, if history is a guide. Lawmakers often enter the final week of the session still working on a budget, and overtime sessions are rare. It usually gets worked out.

## **INSURANCE ISSUES STUMBLE FORWARD**

While the House passed its reform package targeting the state's no-fault automobile insurance system, a couple of other insurance issues remain. On the property insurance front, a proposal ([SB 1346](#)) to shift the way the state-backed insurer pays claims is only now on its way to the Senate floor after being changed to lower the state's overall risk following a major storm. The House has already passed its version ([HB 1127](#)) of the change. Both bills shift the responsibility for repaying hurricane claims and reduce immediate assessments for coastal homeowners and the insurance companies who cover them.

## **YOU GET WHAT YOU PAY FOR?**

A college education in Florida is undeniably cheaper than in most other places. The House agreed this week that, generally, you get what you pay for, and that's what's holding the state back from being on the cutting edge in research. The quality of at least a couple of universities right now, the University of Florida and Florida State University could be improved if they could charge market rate tuition, the House decided this week in approving a bill to let them do that. The measure passed the House 85-28 on Friday. Those who opposed it say the idea prices poor students out of high quality higher education.

## STATE WORKERS ALREADY TESTY, NOW MIGHT BE TESTED

The House this week passed a bill to allow state agencies to test employees for drugs if the agency leadership decides to. The bill ([HB 1205](#)) follows a similar requirement for random drug testing and pre-employment screening put in place a year ago by the executive order of Gov. Scott. That order is on hold pending the outcome of a court challenge, with Scott telling most agencies in June to hold off on the plan until the courts rule. The bill, sponsored by Rep. Jimmie Smith, R-Inverness, would limit the number of employees tested to no more than 10 percent of each agency's workforce every three months. The measure passed 79-37 over the objection of Democrats who said it violates the Fourth Amendment to the Constitution anyway and will likely be overturned. The Senate hasn't taken up the bill on the floor.

Speaking of executive orders by Scott, the House also voted to give the governor more power this week, though backers of the measure said that's not what their bill did. But currently, by order of a court, the governor is limited in what he can tell his own agencies to do when it comes to rulemaking. The bill ([HB 7055](#)) would remove limits on the governor's power in rulemaking unless the Legislature expressly says otherwise. That bill also awaits Senate approval in the final week.

A number of other bills passed this week by the House but waiting for the Senate include a measure requiring that local judges approve when a public hospital is to be sold or leased to a private entity ([HB 711](#)), a bill requiring a 24-hour waiting period before a woman can have an abortion ([HB 277](#)), a bill speeding up the process for foreclosures ([HB 213](#)) and a bill repealing a statewide septic tank inspection program ([HB 999](#)). And early in the week, the House passed [HB 3](#), a ban on Internet-based gambling at the "Internet cafes" that have sprung up around the state. The Senate, however, has indicated the measure won't pass there.

## REDISTRICTING

The state Supreme Court heard oral arguments from the Legislature on why political maps passed by lawmakers for the coming decade are constitutional, and from opponents on why they're not. The court must let lawmakers know by March 9 what it thinks. Even if the court says before then what its assessment is, any changes that lawmakers make are widely expected to wait until a special session, probably later this month.

## A PASSING OF NOTE

Former state legislator and secretary of state George Firestone died this past week at 80. Firestone, a Democrat, was elected to the House in 1966, elected to the Senate in 1972, and then was elected secretary of state in 1978, serving until 1987.