

Legislative Link

A legislative update provided by the United Way of Florida, Inc.

WHAT'S INSIDE:

	<u>Page</u>
Intangibles Tax	2
Revenue Estimating Conf.....	2
Child Protection Investigators...	3
Redistricting	3
Commission on Homeless	3
Next Year's Budget.....	3
Budget Snapshots.....	4
Bills Heard Last Week	5
Funny Looking Budget.....	7
Questions About Corporate Income Tax Credit.....	8

*An initiative of the United Way of Florida,
Publix Super Market Charities, Inc. and
Bank of America*

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SCHOOL READINESS ON THE PRECIPICE

The 1999 Florida Legislature passed visionary legislation intended to integrate Florida's early care and education system and finally address the system's most intractable problems: insufficient funding for quality programs, and low worker compensation and benefits that cause high turnover.

In response, 57 local school readiness coalitions began in earnest to redesign their community's early care and education systems. The last two years have seen the coalitions engage in exhaustive work. More than 1,000 coalition members and community representatives have invested more than 148,000 hours to craft new systems that will better serve Florida's families and their children.

Implicit in the Legislature's marching orders to communities to redesign their local systems was that, once the blood, sweat, and tears of local communities had been let and fundamental redesign planned, the Legislature would provide funding necessary to implement the local plans.

Will the 2001 Legislature follow through? At this point, it appears not. Governor Bush seeks no increased funding for school readiness in his proposed 2001-2002 budget, and Senate and House budget committees currently include no increases. This, in the face of \$79 million identified by local coalitions as being needed to implement their plans.

Unfortunately, this is an issue that cannot wait. After two years of good faith work as requested by the Legislature, coalitions are on the precipice – they will either receive confirmation from the Legislature that their work is of critical importance, and receive an increased appropriation, or they will begin to stagnate, jeopardizing the golden opportunity we have to improve our early care and education system for the foreseeable future.

Why will the future of the school readiness initiative be jeopardized without an infusion of funds? First of all, private sector participation on local coalitions is fundamental to true, creative change. If snubbed by the Legislature this year, private sector involvement on local school readiness coalitions will plummet – it has already begun. This will leave the coalitions peopled by representatives of interest groups that receive early care and education funding. The Legislature will view this as the same-old-same-old, and will be loathe to allocate additional resources to fund it in future years.

In addition, the reforms requested by the Legislature two years ago were so fundamental, so far reaching, that they envision the types of changes that rarely come about. If the Legislature does not provide funding this year, an extraordinary opportunity – that will be difficult to regain in the future - will be lost.

INTANGIBLES TAX CUT PASSES HOUSE

Two weeks ago, the House passed HB 21, by Representative Mike Fasano. It would provide another \$222 million cut to Florida's intangibles tax. In its third year of a four year planned phase-out, HB 21 cuts the intangibles tax rate from \$1 in taxes for every \$1,000 of property to \$0.50 for every \$1,000 of value. Last year the tax was cut from \$1.50 to \$1.00, and the year before that, from \$2.00 to \$1.50. Individuals who are 50 years of age or older pay about 85 percent of the intangibles tax, leading proponents to contend that the tax cut will benefit Florida's elderly population.

The Florida Institute of Economic Justice points out that businesses pay 38 percent of the tax, and that 76 percent of the remainder is paid by individuals with assets worth more than \$500,000 and joint filers worth more than \$1,000,000. The Department of Revenue reports that corporations and individuals whose holdings top \$1 million pay 78 percent of the tax. Individual investors with less than \$80,000 in stocks and bonds are already exempt, as are couples with less than \$100,000 in taxable holdings.

This year's proposed tax break benefits Florida's wealthiest six percent, saving about 800,000 Florida investors an average of \$350 each. One analysis found that the 1999 reduction to the intangibles tax provided no tax relief to married couples with less \$240,000 in taxable assets.

. . . . BUT WILL IT PASS THE SENATE?

Leading up to the 2001 session, it appeared the Florida Legislature would again reduce taxes by several hundred million dollars. Governor Bush has proposed \$313 million in tax cuts, the bulk of which would come through a \$222 million cut to the state's intangible tax. House Speaker Tom Feeney supports the Governor's proposal, believing - as does the Governor - that a tax cut would be in the best interest of the state, even in the face of huge education and human service needs.

However, as legislators attempt to piece together a 2001-2002 state budget, many have been shocked by the immensity of the needs, and by the significant cuts to services that will be necessary in order to provide additional tax breaks.

Last week, Senate President John McKay, backed by Senate leaders and a growing number of House members, proclaimed that the Senate will not accept any tax cuts this year. That means not only the intangibles tax cut, but also the "tax holiday" on purchases and several other proposed cuts totaling about \$270 million, may be pared down or eliminated by session's end. It also means that the intensity of budget negotiations between the anti-tax cut Senate and pro-tax cut House and Governor will be elevated several levels over the next few weeks. It may even cause the high speed budget process - tentatively slated to go to conference at the end of this month - to last until session's end.

BAD NEWS FROM THE REVENUE ESTIMATING CONFERENCE

The bad budget situation got worse last week when the Revenue Estimating Conference concluded that Florida can expect about \$228 million less in revenues next year than originally expected. During the past few years, legislators anticipated that the Revenue Estimating Conference would "find" additional new dollars in order to address funding issues, and they were not disappointed. This year, the Revenue Estimating Conference was not able to spice up its projections and, because of slower economic growth, issued its gloomy prediction last week. The fact that the projected shortfall (\$228 million) is almost identical to the amount by which the Governor and House have proposed reducing the intangibles tax (\$222 million) has not escaped tax cut opponents.

Sage Sayings.

- A clear conscience is usually the sign of a bad memory.
- The problem with the gene pool is that there is no lifeguard.
- If you think nobody cares, try missing a couple of payments.
- If someone tells you "a penny for your thoughts" and you put your two cents in, what happens to the other penny?

CHILD PROTECTION INVESTIGATORS: SHERIFFS RECEIVE WHAT DCF DOESN'T

- ◆ Starting salary of a Department of Children and Families Child Protection Investigator = about \$27,000 a year.
- ◆ Cost to give Child Protective Investigators a \$5,000 annual salary increase = \$6 million.
- ◆ Annual turnover for Child Protection Investigators = more than 30 percent; most quit before finishing two years on the job.
- ◆ Amount of additional money only five sheriffs across the state received for doing the same child investigative work that DCF is required to do = \$25 million.

REDISTRICTING – We can only hope the 2001 redistricting battle does not turn into the free for all that occurred in 1990. That year, as Democrats who still controlled the Legislature attempted to maintain their control – and Republicans attempted to gain more clout – the Legislative chambers and Executive Branch were unable to come to consensus. As a result, a panel of federal judges had to step in and do the redistricting job for them. This year, as the Legislature moves into redistricting mode, Republicans hold all the cards; with a Republican Governor, and the House and Senate both controlled by Republicans, the tables have turned during the last decade.

COMMISSION ON THE HOMELESS REPORT

Last week's Legislative Link reported on HB 427 and CS/SB 446 that would, among other things, create a State Office on Homelessness. Both bills incorporate recommendations from the report issued by the Commission on the Homeless earlier this year. To see a copy of the study online, visit www.myflorida.com/myflorida/government/learn/homeless_commission/index.html.

NEXT YEAR'S BUDGET

Governor Bush submitted his proposed 2001-2002 state budget to the Florida Legislature in January. Since that time, the Legislature has been moving aggressively forward to try to finalize budget discussions. The Senate and House have targeted the final week of March to have their respective proposed budgets completed.

As you are aware, the budget is in bad shape. Although the state does have about \$1 billion in new revenues to spend over-and-above this year's budget, a shortfall in Medicaid funding of about \$1 billion combined with significant additional "must fund" items (discussed in your last *Legislative Link*) have resulted in the need to cut hundreds of millions of dollars out of next year's budget. Both houses have already targeted over \$900 million for such cuts, the bulk of which would come out of human services and education.

The state budgeting process is a complex one. Over the next week or two the Senate and House will identify programs they want to fund this year, so many of the programs currently slated for cuts will ultimately be held harmless or receive additional funding. The funding decisions are being made almost daily, so by the time you read the "snapshots" below, some items may have changed.

BUDGET SNAPSHOTS FROM GOVERNOR BUSH'S PROPOSED 2001-2002 STATE BUDGET

Overall, the Health and Human Services component of the Governor's proposed budget is up \$500 million, to \$14.5 billion, with increases for the developmentally disabled, low-income children, the elderly, and veterans. Below are just a few of the increases and cuts proposed by the Governor:

PROPOSED INCREASES

- \$25 million for child protective services
- \$51 million for services to the developmentally disabled
- \$24.7 million for pay increases for correctional officers
- \$34 million for drug control and substance abuse treatment programs
- \$52.4 million for elders to stay in their communities rather than go into nursing homes (including \$20 million for home and community based waiver)
- \$42 million in child welfare funding
- \$186 million for nursing home care (including \$46 million for increased staff and quality)
- \$100 million for Everglades restoration
- \$8.8 million (from Chiles Endowment) for Developmental Services case management/quality improvement
- \$3.1 million (from Chiles Endowment) for child welfare out of home supervision
- \$6 million (from Chiles Endowment) for home and community based waiver – Department of Elder Affairs
- \$3 million (from Chiles Endowment) for assisted living facility waiver – Department of Elder Affairs
- \$500 million in transportation funding
- \$116 million in incentives to attract high-wage and high-skill jobs to Florida
- \$67 million “savings” for transfer of MediPass recipients to Mandatory HMO Enrollment
- \$34 million increase for community mental health programs
- \$12.9 million for Medicaid recipients to get breast and cervical cancer exams
- \$53 million for 1,831 more Juvenile Justice beds
- \$3 million to continue Domestic Violence Shelter Grants
- \$300 million to continue Florida Forever land purchasing program

PROPOSED CUTS

- \$1.8 million from School for the Deaf and the Blind, which would result in as many as 150 students being sent home (Senate)
- \$1.5 million from Healthy Start – one-third less for administration; 10 fewer coalitions (from 32 to 22)
- \$37 million “savings” that would exclude as many as 20,000 low income pregnant women from eligibility (reducing the Medicaid coverage rate from 185% to 150% of poverty)
- \$750,000 to eliminate HIPPPY (Home Instruction Program for Preschool Youth) (Senate)
- \$114.6 from Medically Needy Inpatient program
- \$281 million for Medicaid Restricted Drug Formulary
- \$24.7 million to eliminate MediPass Case Management
- \$43.2 million to eliminate Adult Dental, Visual, and Hearing Screening
- \$2.4 million to eliminate epilepsy services
- \$1 million to eliminate Vision Quest for low income children
- \$11.2 million – Drug Abuse Treatment for Children in Detention
- \$1 million to eliminate School Health Volunteer Program
- \$56 million to transfer Juvenile Detention Center costs to counties
- \$66 million cut to Emergency Management budget

Some Things to Think About hmmmmmm

- ❖ Percentage of the U.S. budget devoted to foreign developmental aid in 1962 and 2000, respectively:**3, 0.5**
- ❖ Percentage of Kuwait's freshwater supply still contaminated with oil spilled by Iraqi forces during the Gulf War:**40**
- ❖ Estimated number of minors held in U.S. prisons in 1998 without segregation from adult inmates:**3,700**
- ❖ Estimated number of Florida ex-cons denied the right to vote last November because of felony convictions:**525,000**

Source: Harper's

MORE BUDGET SNAPSHOTS from Governor Bush's State of the State Address:

- A \$531 million, 4.5 percent increase in funding for K-12 public schools, including \$51 million for teacher recruitment and retention initiatives.
- An additional \$51 million for services to the developmentally disabled. This represents a 70 percent increase over three years, to provide a more comprehensive, choice-based system for our developmentally disabled clients.
- A \$54 million increase to improve community care options for the state's elders, a 61 percent increase over three years; and \$46 million in new funding to improve the quality of nursing home care.
- An additional \$42 million in child welfare funding for a total of \$761 million, an 87 percent increase since Governor Bush took office.
- An investment of \$336 million in drug control efforts to help reach the Governor's goal of cutting drug use by 50 percent by 2005.
- \$100 million to continue the state's commitment to restore the Everglades and \$300 million to enhance public access to lands through the Florida Forever Program.

BILLS HEARD LAST WEEK

Below are some of the bills considered by the legislature during the second week of session. To access additional information regarding these bills – or any others – go to On Line Sunshine at www.leg.state.fl.us/.

- **HB 19 FAIR HOUSING ACT/OLDER PERSONS** (Greenstein) - Relating to the Fair Housing Act; to qualify for the exemption from said act with respect to familial status for housing for older persons, a facility or community shall register with FL Commission on Human Relations. 03-14-01 Voted favorably from Comm. on Fiscal Policy
- **HB 133 MEDICATION PURCHASING COOPERATIVE** (Argenziano) - Relating to establishing a medication purchasing cooperative, under ACHA, to assist certain residents in purchasing prescribed drugs at the best possible price. 03-15-01 Voted favorably as CS from Health Promotion Committee
- **HB 155 MEDICARE DISCOUNT PRESCRIPTION MODIFICATION** (Slosberg) - Relating to modifying the discount to be made available by the pharmacy to a Florida Medicare beneficiary under the Medicare prescription discount program. 03-15-01 Temporarily deferred
- **HB 427 HOMELESSNESS** (Fiorentino) - Relating to creating the State Office of Homeless Affairs within the Department of Children and Family Services; authorizing the Secretary of Children and Family Services to appoint an executive director. 03-15-01 Voted favorably as CS from Local Gov. & Vet. Affairs Committee
- **HB 563 LAWTON CHILES ENDOWMENT FUND** (Fasano) - Relating to revising procedures for the administration of the Lawton Chiles Endowment Fund and revises the availability and use of funds from the endowment fund. 03-16-01 Hearing set FIS RESP
- **HB 621 AD VALOREM TAX/NONPROFIT HOMES FOR AGED** (Fiorentino) - Relating to clarifying provisions that provide ad valorem tax exemptions for nonprofit homes for the aged. 03-15-01 Voted favorably from Local Gov. & Vet. Affairs Committee
- **HB 755 FAMILY WELLNESS CENTER/TAX EXEMPTION** (Flanagan) - Relating to providing that real & personal property used as nonprofit family wellness center is exempt from ad valorem taxation under specified conditions. 03-15-01 Voted favorably from Local Gov. & Vet. Affairs Committee

- **HCF 1 CHILDREN'S BEHAVIORAL CRISIS UNIT** (House Child & Family) - Relating to authorizing Dept. of Children & Family Services to establish children's behavioral crisis unit demonstration models to provide integrated emergency mental health and substance abuse to persons under 18. 03-15-01 Passed favorably by Children & Family Security Committee
- **SB 120 PHARMACEUTICAL EXPENSE ASSISTANCE** (Rossin) - Relating to eligibility requirements for pharmaceutical expense assistance program; deletes requirement that participant be eligible for Medicaid program. 03-14-01 Passed favorably w/two amendments from Senate Health.
- **SB 160 AD VAL TAX EXEMPTION/ELDERLY LIVING** (Brown-Waite) - Relating to constitutional amendment to allow counties to exempt from taxation increased value of residential property resulting from constructing living quarters for property owner's parents or grandparents. 03-13-01 Voted Favorably w/2 amends.-COMP PLA
- **SB 248 DOMESTIC VIOLENCE** (Saunders) - Relating to providing additional circumstances under which a family violence indicator must be placed on a record; provides for incidents that describe violence or threats of violence. 03-13-01 Voted favorably from committee as CS S-JUD
- **SB 250 DOMESTIC VIOLENCE/CHARACTER EVIDENCE** (Brown-Waite) - Relating to providing that in described criminal prosecutions involving domestic violence, evidence of prior acts of domestic violence by the defendant may be admissible. 03-13-01 Temporarily Deferred S-JUD
- **SB 350 INDIVIDUAL DEVELOPMENT ACCOUNTS** (Dawson) - Relating to providing for the establishment of individual development accounts for families of limited means. 03-12-01 Reported from committee as CS S-CHIL FAM
- **SB 360 CRIMINAL PUNISHMENT CODE** (Saunders) - Relating to revising the definition of the term "victim injury" to include animals, in animal cruelty cases, for purposes of the Criminal Punishment Code. 03-13-01 S Voted favorably from committee as CS S-CRIM JUS
- **SB 362 PATIENT'S BILL OF RIGHTS** (Saunders) - Relating to replacing references to the term "physical handicap" in the Florida Patient's Bill of Rights and Responsibilities with the term "handicap." 03-14-01 Not considered
- **SB 374 PROFESSIONAL GUARDIANS** (Carlton) - Relating to requiring that professional guardians appointed by court or Dept/Children & Family Svc be selected on a rotating basis; requires that guardian accept at least one indigent case in every three cases. 03-12-01 Reported from committee as CS S-CHIL FAM
- **SB 416 MEDICAID MEDICALLY NEEDY PROGRAM** (Senate Health, Aging) - Relating to Medicaid; establishing the medically needy income level; amending procedures relating to the Medicaid buy-in program to provide medical assistance to a specified category of individuals. 03-14-01 Not Considered
- **SB 440 MEDICAID ELIGIBILITY** (Latvala) - Relating to providing Medicaid eligibility under a Medicaid buy-in program to provide medical assistance to disabled persons who meet described criteria, subject to specific federal authorization. 3-14-01 Voted favorably from Senate Health Comm.
- **SB 446 HOMELESSNESS** (Constantine, L) - Relating to creating the State Office of Homeless Affairs within the Department of Children and Family Services; authorizing the Secretary of Children and Family Services to appoint an executive director. 03-14-01 Voted favorably from Children and Families Comm.
- **SB 500 UNEMPLOYMENT COMPENSATION/CHILDBIRTH/ADOPTION** (Wasserman Schultz) - Relating to prohibiting denying unemployment compensation benefits for leaves of absence relating to adopting or giving birth to a baby. 03-13-01 Voted favorably from committee as CS S-COM ECON

- **SB 788 INSURANCE/DISCRIMINATION** (Silver) - Relating to prohibiting insurers from discriminating against certain persons who have been or are likely to become victims of certain abuse. 03-13-01 Voted favorably from committee as CS S-BANK INS
- **SB 802 TAX ON PHYSICAL FITNESS FACILITIES DUES** (Silver) - Relating to redefining the term "admissions" to provide that dues and fees paid to physical fitness facilities are not subject to tax on sales, use and other transactions. 03-13-01 Voted favorably from committee as CS S-COM ECON
- **SB 856 FLORIDA INFANT CRIB SAFETY ACT** (Wasserman Schultz) - Relating to creating the Florida Infant Crib Safety Act; prohibits commercial users from manufacturing, retrofitting, selling, or leasing specified cribs determined to be unsafe for use by infants. 03-12-01 Reported from committee as CS S-AGR CONS
- **SB 858 DOMESTIC VIOLENCE TRAINING** (Senate Children & Fam) - Relating to requiring the Department of Children & Family Services & the Florida Coalition Against Domestic Violence, contingent upon appropriation of funds, to provide training on domestic violence & child protection. 03-14-01 Voted favorably from committee as CS-CHIL FAM
- **SB 1018 LEARNING GATEWAY** (Pruitt) - Relating to authorizing a 3-year demonstration program, designated as Learning Gateway, which is aimed at the prevention and amelioration of learning disabilities in children between birth and age 9. 03-14-01 Reported favorably from Senate Committee on Education Appropriations.
- **SB 1048 CORPORATE INCOME TAX** (Pruitt) - Relating to providing credit against tax for contributions to nonprofit scholarship funding organization; provides limitations; provides for use of contributions for scholarships for certain children. 03-13-01 Voted favorably from Education Comm.
- **SB 1214 FOSTER CARE** (Peaden) - Relating to amending provisions relating to foster care; modifies authority for lead agencies to provide services; provides that certain children must be placed in licensed residential care under certain conditions. 03-14-01 Voted favorably from committee as CS

FUNNY LOOKING BUDGET

This year's state budget is about \$51 billion. Governor Bush's proposed 2001-2002 budget is \$43.2 billion. Did Governor Bush really cut \$8 billion out of next year's budget? No. Although he has proposed a number of cost saving measures, cuts to services, and tax breaks, the largest part of the apparent "decrease" is a result of changes being made to the way money is counted by the Governor's Office of Planning and Budgeting. This year, Governor Bush omits federal grants that merely pass through the state to counties and cities, and it counts only once the money state agencies pay to other state agencies for products and services. Actually, Bush's 2001-2002 budget is about \$1 billion more than this year's budget.

OFF-BEAT BUSINESS SIGNS

- ◆ On the trucks of a local plumbing company in NE Pennsylvania: "Don't sleep with a drip. Call your plumber."
- ◆ On a maternity room door: "Push. Push. Push."
- ◆ Outside a muffler shop: "No appointment necessary. We hear you coming."
- ◆ In a restaurant window: "Don't stand there and be hungry. Come on in and get fed up."

QUESTIONS RAISED ABOUT CORPORATE INCOME TAX CREDIT LEGISLATION

The House of Representatives has passed HB 271, providing a dollar-for-dollar corporate income tax credit of up to \$4,000 for contributions made to provide scholarships for students who qualify for free or reduced lunch to attend non public schools. A \$1,000 tax credit for a scholarship for a student to attend a home education program, and a \$500 scholarship for a student attending public school outside his or her district are also provided. An amendment to expand the tax credit to allow corporations the same credit for supporting public school students was defeated.

Florida is home to thousands of non-profit, charitable organizations. Collectively, these organizations play an extraordinarily important part in raising the quality of life for all Floridians. The vast majority of funds used by these non-profits to achieve their goals derive from contributions made by corporations and individuals. Questions have arisen regarding the possible impact this tax credit might have on these non-profit organizations, including:

- Has a legislative analysis been performed to determine how such tax credits, particularly this one, might impact the non-profit sector?
- Is it sound state tax policy to provide a tax incentive for corporations to contribute to one worthy charitable cause to the exclusion of other worthy charitable causes?
- Will creating an incentive to donate to one such cause over others create a precedent that will lead to other charities seeking – and perhaps obtaining – a competitive advantage over other charities, and is such precedent appropriate?

The United Way of Florida believes the questions above should be answered - to the greatest extent possible - before the legislature embraces this new tax policy. This will minimize negative unforeseen consequences that passage of the legislation may have on Florida's charitable and community philanthropic efforts.

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