



DAILY BRIEF

From January 6, 2009

Discussions and debate on how best to deal with the \$2.3 billion state budget deficit continued during the second day of special session. Appropriation committees in both the House and Senate are now in the process of examining ways to reduce the budget in order for each chamber to produce their version of a budget. Once this process is completed, each chamber will appoint members to conference committees whose job will be to negotiate and compromise a final work product. Details are starting to emerge as to where legislators will be cutting from the budget and the pain of the proposed cuts is beginning to be felt. Cuts in education and health care will be especially painful this year and advocates representing all manner of issues are on high alert.

Barney Bishop, President and CEO of AIF, testified this morning in the Senate Health and Human Services Appropriations Committee with some recommendations from the business community on how to reduce spending. Please check the "Budget Cuts" section of tonight's *Daily Brief* for a detailed account of the recommendations.

Budget Cuts

During today's Senate Health and Human Services Appropriations Committee, **AIF President and CEO, Barney Bishop**, presented a series of recommendations on how the state can cut spending without impacting services to the citizenry. Below is an outline of the ideas presented:

1. **Cut administration – not services:** Cut mid-level bureaucracy (i.e., assistant division directors, assistant bureau chiefs, and assistant directors). You get more bang for the buck and you don't impact rank-and-file workers.
2. **Cut costs:**
 - A. **Rely on national accreditation.** If a service provider is nationally accredited and those standards are equal or superior to Florida standards, then defer oversight visits from once a year to every three years. The accredited agency would still have to submit an annual certified audit that shows compliance with contract provisions. If the service provider is not accredited, then keep annual oversight visits.
 - B. **Reduce paperwork by 50%.** A recent study in the child welfare system showed that 36% of agency requests are duplicative requests for forms already on file. That is a waste of time, money, and administration for the state and the provider.
 - C. **Streamline Oversight of Agencies with Same Population.** DCF, DJJ, DOC, DOH all serve the same populations (adults and children); yet each one has their own monitoring process for service providers. Many service providers provide services to more than one of these agencies; so streamline the oversight to just one agency and make each agency compromise to insure that agency rules and regulations are not contradictory or duplicative of another agency's standards. This will save millions of dollars and allow for fewer employees at each agency.
 - D. **Defer New Mandates;** defer any new mandates unless they are life/safety issues and the agency is willing to pay for the mandates.

3. **Stop Annual Tobacco Settlement Dollars from going into the Chiles Settlement Fund.** Every year, participating cigarette manufacturers pay \$392 million into the Settlement Trust Fund, which has a current balance of over \$1 billion. Currently, any earnings from interest go to the state. The state should let the Fund grow on its own; put the annual dollars (\$392 million) in General Revenue and let the legislature decide how to spend them.
 4. **Agencies and Service Providers Should Be Paid Same Amounts.** Some agencies provide front-line services, but so do providers. What state agencies pay themselves is more than what they pay service providers. Agencies and service providers should be paid the same amounts.
 5. **Increase State Commitment in Information Technology.** With a declining workforce, the best, most efficient, most effective way to increase productivity is through enhanced information technology. Many agencies have legacy computer systems with an aging staff. IT vendors will soon no longer be supporting these antiquated systems and when the employees retire there will be no one to run them. The state now has a secure data warehouse, but agencies can't afford to move in to protect their key data systems. The state should turn to public-private partnerships (private sector) to fund the transfer of computer systems to the secure data warehouse.
 6. **Suspend the Federal Single Audit Act.** Florida is only one of three states in the U.S. that adheres to this federal mandate. This increases administration costs by both the agency and the service provider and at the same time decreases flexibility. Florida has the potential to achieve significant savings by abandoning this practice.
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Water

The Senate General Government Appropriations Committee is reviewing the Water Protection and Sustainability Trust Fund. There is a proposed committee bill, SB 22-A, which would change the percentage distribution of funds for activities related to: Alternative Water Supply; Total Maximum Daily Loads, and the Disadvantaged Small Community Wastewater Grant Program. These reductions are a result of the decline in documentary stamp tax collections.

Currently, SB 22-A is just a "shell bill" or place holder, but we expect to see language on Wednesday. Unfortunately with the shortfall in revenues to the state coffers, everything is on the table for cuts, even alternative water supply projects.

AIF supports funding of alternative water supply programs. Water infrastructure projects create jobs and stimulate economic development.

Court Funding

Today, the House Criminal and Civil Justice Appropriations Committee passed a piece of legislation that would increase fines and generate an estimated \$15.9 million in the remainder of fiscal year 2008-09 and \$63.2 million in fiscal year 2009-10, in order to offset general revenue reductions proposed for the State Courts System. The State Court System has recently been hit with staggering reductions in appropriations and has experienced exceedingly heavy case loads across the state, reducing the number of cases that can be heard and forcing the elimination of Traffic Hearing Officers. Perhaps the most significant part of the Committee's proposal is that most of the funds raised by these fines will be dedicated solely to the State Court System and into the State Court Operating Trust Fund and will reduce the economic impact that the Courts will feel in the budget reductions being proposed in the Special Session.

This bill, **PCB CCJ 09A-01**, removes the 18% reduction in civil penalty granted to persons who elect to attend a driver improvement course, increases by \$25 the penalty for exceeding the speed limit by 15-19 and 20-29 m.p.h., provides that a person who has been convicted of a criminal or non-criminal offense may be sentenced to pay a fine and sets out maximums for specific offenses. Additionally, this bill requires the court to place on probation a defendant whose adjudication has been withheld, but who is guilty of a felony. In the case of defendants who are guilty of a non-felony, this bill states that the court may impose a fine on that person and may place them on probation. Furthermore, this bill adds a \$10 assessment to all non-criminal moving offenses and nonmoving traffic violations, placing that money in operating trust funds for the state courts system (\$5), state attorneys (\$3.33) and public defenders (\$1.67).

The Senate is expected to present a similar proposal on Wednesday utilizing a slightly different approach to dedicating the fees to the Courts through Trust Funds. Both the House and Senate are expected to pass different proposals by Friday and will enter into conference working on the differences.

AIF strongly encourages the Florida Legislature to fund the court system adequately and swiftly at a level equivalent to the judiciary's status as the third equal branch. A new mechanism for proper judicial funding, such as a dedicated trust fund for court fees must be established to ensure that the legal needs of Florida's citizens and businesses (involved in over 4 million cases each year) are met in an efficient and just manner.