



From December 7, 2012

Legislators returned to Tallahassee this week for the first in a series of interim committee weeks, which will lead-up to the start of the 2013 Legislative Session. Much of the discussion this week centered on introductions and agency staff presentations aimed at helping the newly elected members of the legislature become familiar with their committee staff and their respective committee jurisdictions.

Health care issues centered on the federal health care reform law were a major topic of discussion this week. Special Select Committees have been created in both the House and Senate to deal with the federal Affordable Care Act.

For the last several months, Associated Industries of Florida has been focused on developing a long-term health care agenda with employers in mind. As a result of these discussions, AIF is organizing a one-of-a-kind Health Care Affordability Summit, which will be held January 10-11th at the Orlando World Center Marriott.

Senate Select Committee on the Patient Protection and Affordable Care Act (PPACA)

On Monday, Chair Joe Negron (R-Stuart) called to order the first meeting of the Select Committee. The charge of the committee is to determine the impact of the new law to Florida and its residents and to evaluate various options for implementing the act. Sen. Negron shared his personal priorities as it relates to this committee. They are to protect individual choice, limit regulatory barriers and promote competition and value in the purchasing of health care.

The committee received an overview from staff regarding the various decisions that Florida must make regarding the implementation of PPACA. These decisions include whether or not to expand the eligibility for persons to receive Medicaid benefits and whether the state will choose to operate a health insurance exchange or to leave it to the federal government. Another option is for the state and the federal government to form a partnership on operating an exchange.

More than two dozen activists attended the meeting to express their strong opposition to Florida implementing any portion of the new act. The speakers, who at times interrupted Senators' comments, urged the Legislature to simply refuse to enact the PPACA. Following the comments made by the opponents, Vice Chair Eleanor Sobel (D-Hollywood) requested that the next hearing include public comments from those who support the new law.

Speaker Will Weatherford (R-Wesley Chapel) has also appointed a select committee on this new law, chaired by Rep. Richard Corcoran (R-New Port Richey). The House Select Committee is not scheduled to meet until January.

Transportation

In the Senate's first legislative committee week for the 2013 Legislative Session, newly elected State Senator and Transportation Committee Chairman Jeff Brandes (R-St. Petersburg) asked the state's Department of Transportation Secretary Ananth Prasad to appear and brief the committee on the agency, its current work plan and future initiatives on behalf of the state's transportation/infrastructure planning.

Prasad, Governor Rick Scott's hand-picked DOT Secretary, explained to the committee, many members new to the Senate, that the agency's operating budget was approximately \$775 million while its Five Year Work Plan for projects is estimated at \$7.3 billion for FY 2012-2013. He went on explain that while these numbers may look significant, that he was especially proud in the fact that since 2010 the Department had cut expenses by 33% while increasing its project work load and activity by almost 68%- facts that the Secretary suggested were meant to live up to the Governor's request for the agency to do more with less, in term of state resources, while utilizing the private sector to outsource various agency functions. Prasad then highlighted several projects within the agency planning and work plan that were significant in nature, including the Wekiva Parkway partnership with the Orange County Expressway Authority, express lanes along Interstate 4 and in SE Florida, and the unsolicited proposal from a private group called "All Aboard Florida" to provide commuter rail along the east coast of Florida- the first privately run passenger rail in the United States.

Additionally, Secretary Prasad reviewed the 2013 Department legislative priorities which will include statutory authority for communities interested in creating Regional Toll Road Authorities, the further elimination of red tape for companies doing business with the DOT, expedited permitting processes, specific requests for Space Funding and asking the legislature to look deeper through studies into alternatives to the state's current gasoline tax.

Governmental Oversight and Accountability

The Senate Governmental Oversight and Accountability Committee met on Wednesday, December 5th. Chairman Jeremy Ring (D-Margate) listed the committee's potential issues during his opening remarks. He said the top priority was the government pension system. It will be a surgical approach and at the next meeting the committee will have a bill to discuss. It will not be taking any bargaining rights away.

He said this committee was charged with getting the **Enterprise Information technology governance** legislation done this session. He wants to accomplish that objective.

Mr. Greg Nichols, the new Secretary of the Department of Management Services gave their enterprise wide initiatives which included **Procurement Transformation Project and Vendor Performance and Contract Management**. He said the idea was to maximize and leverage the state's overall buying power.

Senator Bill Montford (D-Tallahassee) asked how DMS and local government such as the school system worked together on technology and procurement. Mr. Nichols said that local governments have been using the state term contract prices on some of their purchases. He added that locals used the state telecom system but did not mention any specific technology they shared.

Budget

The Senate Appropriations Committee, led by Chairman Joe Negron (R-Stuart), provided an overview of the current budget outlook, a description of the potential risk factors that could impact the state's budget and an indication of potential priorities for the upcoming year.

Senator Negron announced that the state budget is projected to have a \$194 million shortfall in recurring revenue and a \$630 million increase in non-recurring revenue, so while the budget has stabilized it will still be a challenging budget year. The current budget stabilization fund is around \$1 billion and the senate would like to increase that fund to \$1.5 billion during this fiscal year. The chairman also noted the importance of funding recurring projects with recurring dollars. Former Senate President Tom Lee (R- Valrico) had implemented a rule to use no more than 3% of non-recurring funds on recurring needs. The state currently uses 1.7% of non-recurring funds for recurring needs and the chair stated his intent to keep far below the 3% mark.

Some of the funding priorities mentioned in the meeting today were increased funding for technology in the Pre K-12 arena, funding for teacher performance incentives and increased funding for economic development initiatives. The senate intends to do a base budget review and create a list of all local member projects entered into the budget over the past 20 years to determine if they are still a priority for funding in today's environment. These lists will be distributed to subcommittee chairs and receive a closer inspection than they have been given in previous years. Once the senate has received the governor's recommended budget they will apply the same process for local funding initiatives and add those identified to the lists reviewed by the subcommittees.

The subcommittee chairs are also being asked to spend the next few weeks doing an Intensive Budget Review. Rather than doing across the board cuts, Chairman Negron would like committees to create a criteria to measure outcomes of where dollars are being spent. In addition they plan on doing a review of all state contracts at the subcommittee level working with appropriation staff and CFO Jeff Atwater to address large variations between contracts and best practices.

There were a few risk factors that could impact the revenue outlook. Senator Negron was concerned that increases in unemployment would increase the Medicaid budget. Amy Baker, coordinator of the Legislature's Office of Economic and Demographic Research, confirmed this was a legitimate concern. She also explained that the impact of the congressional fiscal cliff and long delays to implement changes would affect the state's budget and any package is likely to include some measures that will reduce estimated state income by hundreds of millions of dollars.

Also looming over the legislature is the potential fiscal impact of the Supreme Court ruling on the retirement system for state employees. There are two separate issues before the court that could have an impact on state revenues. The first deals with cost of living adjustments and the second deals with a mandatory 3 percent contribution made by employees, the adverse impact would be \$862 million in recurring costs and \$763 million in nonrecurring costs, for a total around \$1.6 Billion.

Economic Development

The first meeting of the Senate Commerce and Tourism Committee, which is significantly larger than in years past, was primarily organizational in nature, though some insight into the focus of the committee was provided. The Committee Chair, Sen. Nancy Detert (R-Sarasota), indicated that her focus would be on advancing policy that helps grow small and medium sized Florida businesses, as opposed to creating

incentives to lure out of state businesses into Florida. Sen. Detert also expressed an interest in increasing the amount of film businesses that comes to Florida.

The first meeting of the House Economic Affairs Committee focused on two topics. The first was the Department of Transportation's Freight and Trade Mobility Plan which seeks to maximize economic benefit to the state through strategic investment in transportation infrastructure projects. The second was a report on the status of the state's reemployment assistance (formerly unemployment compensation) program. The major take away from the presentation is that due to the unemployment compensation legislation that has been passed over the last two years, the unemployment compensation trust fund will become solvent by May of 2013, earlier than the projections that were made when the legislation was passed.

Agriculture and Environment

The House Agriculture and Natural Resources Subcommittee met on Tuesday morning, December 4th. Chairman Matt Caldwell (R-Fort Myers) made some opening remarks then had each of the members introduce themselves and their districts. It is a large subcommittee. The agendas of these initial committee meetings are typically made up of a round of introductions, followed by reports from the various governmental departments that the committee oversees. This format provides an opportunity for new members and others to gain a familiarity with each agency or department's roles and responsibilities, as well as a chance for the agencies and departments to present their legislative priorities for the upcoming session. It's sort of a "dog and pony show," but it's effective.

The first presentation in this meeting was made Nick Wiley, the Executive Director of the Florida Fish and Wildlife Conservation Commission (FWCC.) Rick's slide presentation outlined the economic impacts of the various industries and under FWCC jurisdiction. He also outlined the vision and goals of the Commission as a whole and the responsibilities of the divisions within the Commission. He concluded his presentation with a list of FWCC's 2013 legislative priorities, as follows:

1. Establish exemptions for veterans and military personnel for hunting and fishing license requirements during special events
2. Wave commercial saltwater fishing license requirements for one (1) year for veterans and military personnel.
3. Increase free fishing days to four (4) for both saltwater and freshwater fishing.
4. Modify residency requirements for recreational and commercial fishing and hunting licenses.
5. Correct antiquated references to federal boating laws.

The Subcommittee Members ask a few questions at the end of the presentation but no controversial issues were raised.

The next presentation was by Grace Lovett of the Department of Agricultural and Consumer Services (DACS). In this meeting she provided an excellent introduction to the Department's mission, followed by more detailed descriptions of the Department's various programs and services.

Rich Budell, Director of the Office of Agricultural Water Policy, gave a short presentation introducing his Office's role within DACS. Then Andy Rackley, Director of Agricultural Environmental Services, outlined the key enforcement activities his division is involved in day- to-day; all the way from feed, seed, and fertilizer, to mosquito control. Both were ask general information questions by Committee Members.

DACS Legislative Priorities for the 2013 session are:

1. Propose changes to fertilizer statute that reflect current fertilizer manufacturing capabilities and improvements in fertilizer technology.
2. Expand Operation Outdoor Freedom Program, a hunting program for military veterans.
3. Re-vamp the distribution of state aid to the local mosquito control districts.
4. Eliminate archaic regulation, duplicative reporting, and inactive councils and Direct Support Organizations, while (creating or preserving?) the right to establish Direct Support Organizations without Legislative approval.

The Subcommittee members asked a few questions at the end of the presentation and the Department Staff answered them efficiently. The meeting was adjourned.

The Senate Appropriations Subcommittee on General Government held its first meeting Thursday afternoon. Chairman Alan Hays (R-Umatilla) had each of the senators on the Subcommittee introduce themselves and then had staff do the same. The two key Departments that we are monitoring are the Department of Environmental Protection and the Department of Agriculture and Consumer Services. Secretary Vinyard, of DEP, made a presentation outlining the basic responsibilities of the major units of the Department. After a few other speakers Mike Joyner, Assistant Commissioner in the Department of Agriculture and Consumer Services, made a presentation outlining the major areas that might require additional funding. The reaction of Chair Hays towards the two Departments we are monitoring was very positive at this point, but a lot will depend on what other financial problems the state faces between now and the end of session.

The House State Affairs Committee met on Wednesday, December 5th to hear presentations from agencies under its purview. Grace Lovett, with the Department of Agriculture and Consumer Services, gave an overview of the Department to members of the Committee. In addition, a brief discussion of possible DACS legislative issues for 2013 took place. Potential legislative items include:

- Proposing changes to fertilizer statute that reflect current fertilizer manufacturing capabilities and improvements in fertilizer laboratory technology
- Expanding Operation Outdoor Freedom program
- Re-vamping the distribution of state aid to the local mosquito control districts
- Eliminating archaic regulation, duplicative reporting, and inactive councils and Direct Support Organizations (DSO). Also asking for the ability to create DSOs.

Education

On Tuesday, December 4 the House Choice and Innovation Subcommittee met to hear presentations from the Department of Education. Michael Kooi and Mary Jane Tappen, both with the Florida Department of Education, gave a presentation to the committee on K-12 school choice options here in the state of Florida. This included an overview of the scholarships programs provided here in the state including the McKay, Florida Tax Credit and Opportunity Scholarship. In addition overviews for public charter schools, private schools, home education, virtual education, and VPK were given.