



## Board of Directors Meeting

February 10, 2011

## Legislative Report

Item V. B.

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**Recommended Action: Information Only**

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### Interim Committee Meetings

Below is a summary of the Appropriations Committee workshops/meetings held during the week of January 24, 2011:

#### **House Transportation and Economic Development Appropriations Subcommittee**

This presentation was a Schedule VIII B response which required each department or agency to offer up a 15% cut in budget for the fiscal year 2011-2012. The majority of the proposed cuts came from Early Learning Services and VPK.

In Early Learning Services, the proposed GR cut is \$20,714,491. This GR cut will result in the loss of \$24.3 million in Federal funds for a total reduction of \$44.9 million. The result will be 11,213 fewer children served in subsidized child care. This cut could also put at risk the loss of another \$105 million of Federal stimulus money. Also, on the cut list is \$579,962 of GR which results in the loss of \$700,000 of Federal money for a total reduction of \$1,270,962. This means 327 fewer kids served.

Voluntary PreKindergarten would be cut by \$127.3 million. Currently VPK is delivered by primarily private child care providers, reducing the Base Student Allocation (BSA) could result in providers dropping out, or the quality could be further reduced.

<b>Current FY 2010-11 BSA</b>	<b>School Year - \$2,562, Summer - \$2,179</b>
<b>Proposed FY 2011-12 BSA</b>	<b>School Year - \$1,765, Summer - \$1,498</b>

#### **Senate Health and Human Services Appropriations Sub Committee**

This workshop focused on Medicaid and related subjects including a discussion of KidCare, Florida's Children's Health Insurance Program (CHIP). Rich Robleto, Florida Healthy Kids Executive Director, made a presentation that was well received by the Chairman. The Chair pointed out that KidCare was a private corporation which used managed care net works for the delivery of services and that KidCare benefits were less than for Medicaid. He underlined the point that children whose families are over 200% of the poverty level must contribute to the premium on a sliding scale. He said that he believes that KidCare is run well and that in his district there are very few complaints. Mr. Robleto confirmed that there are 1.6 million kids covered by Title XIX and 280,000 covered under Title XXI. However, Florida ranks as the second highest state for uninsured children statewide.

Sen. Gaetz asked Mr. Robleto to bring back a 5-year financial analysis (P&L) on CHIPRA Performance Bonus if the state were to enact the additional streamlining requirements. Since the bonus payments are not "recurring" but the expenditures are, they want to better understand the long-term fiscal implications.

Michael Garner, representing the HMOs, said that they serve KidCare in all 67 counties providing an important continuity of care and that the cost of uninsured children is cost shifted to hospitals.

The Obama Administration awarded \$206 million to 15 states for signing up children who are eligible for public health insurance but not enrolled. The bonus money, intended to encourage states to enroll more uninsured children, was set aside when Congress reauthorized the Children's Health Insurance Program (CHIP) last year. But Florida is barred from competing for the money because they only meet two of the eight benchmarks set by Congress. States must meet at least five of the eight to qualify for the bonus money.

On a separate budget item, the committee was briefed by DCF on state funding and eligibility for Mental Health and Substance Abuse (GR and Medicaid). Sen. Negron asked DCF if they had to cut the budget substantially where should funding be prioritized; their response was crisis stabilization services.

### **The House Finance & Tax Committee**

The Committee Chair, Rep. Precourt, provided the members with the committee's goals, and how it will review/consider legislation that comes before it:

1. Avoid Raising Taxes and Fees
2. Pursue broad-based tax relief for Florida's families and businesses
3. Encourage businesses to locate and expand in Florida
4. Simplify the current tax system

Specifically, Chair Precourt outlined the committee's project to review special districts. He believes there is a "proliferation of special districts," so the state should assess the scope of special districts currently in place and develop a framework for this session and the 2012 Session that would include these components:

- o Consolidating
- o Sunsetting
- o Re-missioning
- o Limiting taxation

He suggested that members identify districts that need to be "assessed in detail" as well as identify those that have done a great job. Committee staff will provide a Special District's 101 briefing for the members at the next committee meeting. There will be opportunity at upcoming meetings for affected parties to testify.

### **Taxpayer Bill of Rights (TABOR) Legislation**

The Senate will take the lead on the Taxpayer Bill of Rights (TABOR) bill which is expected in two weeks. Sen. Bogdanoff, Chair of the Finance and Tax subcommittee, has confirmed that the Senate's TABOR proposal, now being called Smart Caps, will not include local governments. Numerous bills have been filed regarding property tax reform or exemptions and are being monitored as they move through the committee process.

### **General Appropriations Act 2011-2012**

Senate budget chief **J.D. Alexander**, R-Lake Wales, advised his Appropriations Subcommittee Chairs to prepare for cuts "like we have not done in any time before" as the Legislature begins to draft a budget for next year with a \$3.6 billion budget shortfall.

Sen. Alexander said the Senate wants to set aside roughly \$2.4 billion in “rainy day” and “working capital” funds. Since there is just over \$1 billion in there now, the target savings means lawmakers would need to cut approximately \$4.8 billion in spending. Medicaid and school-spending are likely to absorb the biggest hits in the coming budget cuts.

**Gov. Rick Scott** has said he plans to propose a balanced budget — plus the corporate income and property tax cuts he campaigned on. The Senate President and House Speaker approved an extension for Governor Scott to submit his budget by February 7, 2011. Scott does not have to present his budget recommendations to state lawmakers until February 7. The governor, however, is expected to recommend more than \$5 billion in cuts to the entire state budget.

Part of the Governor’s budget process includes consolidation of agencies and shifting regulatory functions.

- Create the Department of Commerce by combining his Office of Tourism, Trade, and Economic Development and the Agency for Workforce Innovation with Enterprise Florida, the partnership many government watchers claim has been under-performing for many years. The new department will be located next door to the Governor’s Office.
- Remove all regulatory functions from DCA and move them to other state agencies. The collection of alcoholic beverage taxes would go from the Department of Business and Professional Regulation (DBPR) to the Department of Revenue moving regulation of drugs and cosmetics from DBPR to the Department of Health.

### **Florida Retirement System**

A number of bills have been filed and are being monitored by the Public Policy Department. Gov. Scott has made the state’s \$122 billion pension be one of his top priorities. To restore the pension to full funding, Gov. Scott is considering everything from closing the defined benefit plan to new hires, raising the retirement age, and making employees contribute to the plan. As reported by the St. Petersburg Times, one proposal would require employees to contribute 5 percent of their salaries to the pension plan, saving the state \$1.3 billion.

For a state worker making \$50,000 a year and receiving 9 percent of his or her salary in annual retirement benefits, the change would mean he or she would pay \$2,000 after taxes in retirement fees and the state would pay \$2,000. Florida is the last state not to require employees to contribute to their pension, while some states offer free retirement to only a limited class of workers. Gov. Scott believes Florida's free retirement program is "unfair to taxpayers" working in the private sector.

**HB 115 Creation/Department of Health and Human Services** (Rep. Atkins, (Fernandina Beach (R)) – **SB 528** (Sen. Oelrich, R -Gainesville)

This bill, which creates a Department of Health and Human Services, has not been referred to committees yet.

The bill includes the following provisions:

- Creates six regions, headed by directors or other managers which will be responsible for administering programs in 16 different service areas, from Medicaid to investigations against health care providers to mental health and substance abuse. The regions are the same as the House Medicaid reform bill that failed in 2009.
- The six HHS regions are: Region 1 (Northwest) 16 counties across the Northwest Florida Panhandle, including Jefferson; Region 2 (Northeast) 20 coastal and inland rural counties from Madison to Volusia; Region 3 (Central Region) 16 counties in the heartland of the state; Region 4 (Suncoast) the greater Tampa Bay area southward to Collier County; Region 5 (Southeast) Palm Beach and Broward counties; and Region 6 (Southern) Miami-Dade and Monroe Counties.
- The 16 program areas are: adult, child care, foster care, long-term care, Medicaid, quality assurance, domestic violence, economic self-sufficiency, family safety, mental health, refugees, substance abuse, contracting, legal, administrative, and benefits.
- The secretary of the new agency would be appointed by the governor and subject to Senate confirmation. There is no requirement the secretary be a doctor or health care professional.
- The new department, as part of its mission, is directed to estimate workforce reductions that would result from integrating the agencies' delivery systems and increasing the use of technology.
- Requires the Board of Governors to establish "policy development and research centers" at state universities in each of the six regions. The university-based centers would be responsible for research on the state's HHS programs and would be authorized to conduct field interviews with Medicaid providers and consumers, as well as review both encounter data and cost-effectiveness data. The findings would be published on the Internet and there would be opportunity for public comment.
- All the funds, functions, duties and personnel and property of the Department of Health and the Department of Children and Families as well as the Agency for Health Care Administration and the Agency for

**2011 Legislation - Preliminary Analysis Prepared by: Debra A. Prewitt, MPA**

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Persons for Disabilities would be transferred to the Department of Health and Human Services by July 1, 2011.

**SB 224 Local Government Accountability (Sen. Dean, R- Citrus) HB 107**  
(Rep. J. Smith, R –Citrus)

This bill provides minimum budgeting standards for counties, county officers, municipalities, and special districts. The bill requires the budget of each county, municipality, special district, water management district, school district, and certain county officers to be posted on the government entity's website. The bill requires counties, municipalities, and special districts to file their annual financial report and annual financial audit report with the Department of Financial Services and the annual financial audit report with the Office of the Auditor General within nine months of the end of the fiscal year. This bill also amends the reporting process used by the Legislative Auditing Committee and the Department of Community Affairs, to compel special districts to file certain required financial reports. The bill passed unanimously in Senate Community Affairs. The identical house bill has been referred to Community & Military Affairs Subcommittee. The Public Policy and Finance Department are reviewing the bill to determine existing compliance or potential impact.

**SB 310 Public Meetings (Sen. Negron, R- St. Lucie) HB 285 (Rep. Eisnaugle, R- Orlando)**

This bill provides a right for members of the public to be heard at meetings of certain governmental boards and commissions. It further prescribes conditions qualifying, and exceptions to, the right. Provides for the adoption of rules governing the conduct of, and behavior at, the meetings. EFFECTIVE DATE: July 1, 2011. If this bill becomes law it may require an amendment to the JWB Board Policies.

**HB 333 Community Based Juvenile Justice (Rep. Corcoran, R-New Port Richey) SB 554 (Sen. Fasano, R - New Port Richey)**

This bill creates Community based Juvenile Justice and provides for the following:

- Creates a regional coordinating agency – a single nonprofit or county government agency with which the department shall contract for the provision of juvenile justice services in a community that consists of at least one entire county.
- The department (DJJ) in partnership with an objective competent entity shall establish a quality assurance program for community juvenile justice that includes national standards for each specific component of services/

- Requires the regional coordinating agency to contract with providers meeting the current standards of the department
- Regarding the treatment of juvenile offenders, regional coordinating agencies and contracted providers will be treated as the state and its agencies and subdivisions for liability purposes under s. 768.28
- Regional coordinating agencies may be selected from a single source pursuant to s. 287.057(3)(c) and must be established organizations within the circuit
- The department shall select the regional coordinating agencies for each of the pilot sites in judicial circuits 2,6, and 11 by December 1, 2011. The department is required to transfer all administration and operational funding associated with these services to the regional coordinating agencies except for funds for the quality assurance and oversight
- The bill takes effect July 1, 2011

**HB 353 Drug Screening of Potential/Existing Beneficiaries of Temporary Cash Assistance** (Rep. J. Smith, Stuart, R) **SB 556** (Sen. Oelrich, R-Gainesville),

The bill directs the Department of Children and Family Services to create a drug screening program. The department is required to make a determination of eligibility before and applicant is screened, provide notice of the potential for drug screening, require applicant to sign an acknowledgement of the notice and that they have the right to refuse to undergo the drug screening. The department is only authorized to screen an applicant who has been convicted of a drug felony within the prior three years and shall continue to screen for three years after the date of receiving temporary cash assistance. The program must be implemented no later than July 1, 2012.

An individual is disqualified from receiving or continuing to receive cash assistance if the individual:

- Refuses to submit for drug screening
- Tests positive for drugs
- Fail the confirmation test (a second test to confirm a specific drug or metabolite if the drug screen is positive.)

The individual would not be eligible to receive temporary cash assistance for three years. However, a parent may designate an immediate family member, or other individual approved by the department, to receive benefits on behalf of a minor child if they have not been convicted of a drug felony within the prior three years.

The cost of the screening and testing is to be paid by the individual being screened or tested and the department is authorized to solicit competitive bids for drug-screening and confirmatory testing services to ensure the lowest possible cost for administering the drug screen and confirmation test.

**SB 536 Regional Workforce Boards** (Sen. Fasano, R – New Port Richey)

Deletes a repeal date relating to a provision restricting the use of state and federal funds for meals, food, and beverages for board members, staff, or employees except as provided by state law. EFFECTIVE DATE: upon becoming a law