

Florida Legislature Pre-Session Report

December 14, 2011

By Mike Abrams

The Florida Legislature will begin its 60 day annual Regular Session of passing new laws and regulations on January 10, 2012 and conclude Sine Die on March 5, 2012.

Akerman's Government Affairs & Public Policy Practice Group is comprised of a state and federal team. The state team, headquartered in Tallahassee, Florida is just steps away from the State Capitol, and specializes in advocating the legislative interests of the firm's clients. Often times, this means lobbying for new public policy initiatives which result in a fair and equitable statutory treatment; or promulgation of a favorable regulatory rule from a particular state agency.

In addition to substantive policy creation, the annual preparation and writing of the state's budget during the Session is yet another way our client's goals are protected and achieved. Currently, Florida's spending budget is approximately \$67 billion dollars and is balanced against a combination of revenues from sales and business taxes; occupational and user fees; and federal share allocations from roads to healthcare.

Between an economy that remains flat and a new Governor determined to turn things around, the Republican controlled Legislature is on a mission to change the way state government looks upon and treats private sector business.

Governor Scott's Budget Proposal

Governor Scott recently presented his proposed budget, recommending \$66.4 billion, a 4.6% decrease from last year. It included a 1 billion dollar increase to education and 35 million dollars in tax cuts, primarily a further reduction in corporate income tax rates for small businesses. The Governor reiterated multiple times that he would not sign any budget that did not include a significant increase in education spending.

Education

The Governor arrived at his one billion dollar education figure with four items.

1. The State projects it would lose 3.23% in school property taxes this year. This budget would replace those funds at \$220 million.
2. He restores one time funding from the current fiscal year to \$224 million.
3. He included the cost of funding for the 30,567 new students Florida is projected to have at the cost of

at \$6,230.40 per student (this is still \$462 less than the it was two years ago).

4. He increases the funding for reading instruction and increases the School Recognition Program to \$100 per student, which currently is at \$70 per student.

Voluntary Pre-kindergarten education is increased \$7,747,247 to a total of \$392,353,629. Mentoring is increased \$3,197,157 to a total of \$12,217,304 and would go to a competitive grant instead of being allocated in the budget to different entities.

Healthcare

Governor Scott proposed deep cuts including \$1.9 billion in Medicaid funding. He proposes a "rate banding" system where hospitals are put into categories and each hospital within a category would receive the same reimbursement rate. For the three hardest hit hospitals, Jackson Memorial would lose \$133.5 million, Shands would lose \$60 million, and Miami Children's would lose \$34.4 million.

The Agency for Healthcare Administration (AHCA), the Agency for People with Disabilities (APD), the Department of Health, and the Department of Elder Affairs all took cuts. AHCA, which administers Medicaid, was cut \$1.7 billion. Some of its funds were diverted from Medicaid funding to healthcare regulation. APD, which has a noted history of exceeding its budget, was cut \$19 million.

Business Incentives

Governor Scott asked for \$230 million in tax incentives for companies that relocate to Florida or expand in Florida, along with more flexibility for the Governor's office in how to dole these funds out. This is up from \$93 million in the current budget.

State Employees

Governor Scott also called for the elimination of 4,462 positions from the state's current 122,000-person state workforce. Over 2,000 of those positions fall in the Department of Corrections, where Scott proposes privatizing three re-entry and six work-release facilities, as well as closing prisons to optimize capacity in the state's correctional system. Nearly 27,000 highly paid state employees, including legislators, would pay over \$1,000 a year more for health insurance in Scott's budget than they do now. Governor Scott's budget proposal would increase individual health insurance premiums from \$8.34 to \$30 a month and family coverage from \$30 to \$180 per month.

Other

The budget would slash transportation spending by more than \$1 billion, including reductions to its work program driven in part by declining fuel tax revenue. It would increase funding for Everglades restoration by \$10 million over the previous year. His plan shifts approximately \$147.3 million from trust funds into general revenue. The largest trust-fund sweeps include \$33 million from the Insurance Regulatory Trust

Fund and \$70.7 million from the Local Government Housing Trust Fund.

Remember, these are only recommendations. No budget is final until both the House and the Senate approve it and the Governor signs it into law. Governors' proposals are widely changed by the Legislature. The Government Affairs & Public Policy practice will provide additional legislative updates during the pre-session.

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