

# FEA Frontline Report

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Friday, March 6, 2009

**Welcome back to the FEA Frontline Report!** Seems like just yesterday we were writing about the bleak economic forecast and the 2008-09 budget cuts...

Just as the azaleas begin to bloom each year in Tallahassee, the Legislature returned for the 60 day Legislative Session which began on Tuesday, March 3. Legislators rode into town on a cold breeze - putting a chill on everyone's desire for a smooth and productive 60 days. But there are some signs of hope.

A few months ago you could probably count on one hand the number of legislators willing to talk about the revenue side of the state's balance sheet. Just as March arrived in Tallahassee like a lion, the increasing roar continued to build as thousands of teachers, ESPs, students and parents attended rallies, made phone calls, wrote letters and met with their legislators demanding that we make our schools a priority. The noise you are making back home is having an impact up here in Tallahassee. But we have a long way to go before the ink dries on the 2009-10 budget and all indicators are telling us that success is not going to come easily. We have to keep the pressure on and turn the heat up.

Keep in mind that Legislators are faced with pretty bad news: the economic outlook continues to deteriorate – the Florida unemployment rate jumped to 8.6% in Florida in January. You might recall that earlier predictions were that we'd reach 8.1% during the summer, obviously things have gotten worse than expected. About 800,000 Floridians are looking for work. Florida's jobless rate is higher than the U.S. rate which rose to 8.1 percent in February - the highest rate since late 1983. Several counties had double-digit unemployment rates in January, led by Flagler, Hernando, Hamilton and St. Lucie Counties, all over 12 percent. The job loss has been attributed to a huge drop off in construction with the homebuilding sector losing more than 100,000 jobs since 2008. The highest January unemployment was reported in Flagler County, where 14.2 percent of the work force was out of a job. The number of Americans receiving food stamps has hit a record of 31.8 million. The government is reporting an increase of 700,000 food stamp recipients in a single month.

On top of all that Florida's mortgage crisis worsened significantly in the last three months of 2008, with a stunning one in five home loans one month or more past due, the highest delinquency rate among the 50 states. Of those, 8.95 percent were in foreclosure -- representing 320,315 homes.

The latest estimates on tax collections will be out next Friday (March 13) and no one is expecting good news. Additionally, we are already seeing the property tax collection estimates at nearly \$1 billion less for next year. This means the Legislature has to work hard to find revenues...or face huge problems in the coming year. It is becoming abundantly clear that our penny sales tax proposal rolled out by FEA President Andy Ford last October is the only proposal in Tallahassee that will begin to restore the funding our schools must have to operate in the coming year. All of us – parents, teachers, ESPs and students – must continue telling our Legislators to support the sales tax legislation HB 731 sponsored by Representative Dwight Bullard and SB 2582 sponsored by Senator Ted Deutch. We must continue fighting alongside parents, students and community activists to make our schools a priority.

### **This week in the Legislature**

- [HB 453 by Rep. Weatherford \(R-Wesley Chapel\) passes House Committee](#)
- [SB 270 Public Records Bill passes Senate Committee](#)
- [The future is now: Governor Crist stressed “wise use of stimulus dollars” in his State of the State address](#)
- [ARRA “Stimulus Package” and Governor’s Budget Proposal](#)
- [Sales Tax exemptions discussed in House and Senate Committee Workshops](#)
- [FEA is on Twitter and FEA Frontline TV](#)

**HB 453 Tax Credits for Contributions to Nonprofit Scholarship-funding Organizations by Rep. Will Weatherford (R-Wesley Chapel)** was amended and passed on a vote of 9 to 4 through the House PreK-12 Committee. All four Democrats on the committee voted against the bill. Voting no were: Representatives Jones (Duval), Kriseman (Pinellas), Kiar (Broward) and Bullard (Miami). The current Corporate Income Tax Credit Scholarship (CTC) program gives an income tax credit for corporations making eligible contributions to nonprofit scholarship-funding organizations (SFO) that award scholarships to children from low-income families. The original language of the bill would have added new eligible funding sources to the program through an insurance premium tax credit and sales and use tax credit to the CTC program. An amendment by the sponsor Rep. Weatherford removed the sales tax credit language, leaving only the insurance premium tax credit as a new source of funding for the program.

The bill would also permit some SFO’s to request that the Department of Education (DOE) inform all households participating in the National School Lunch Program of their eligibility to apply for a tax credit scholarship. In addition, once a year, an SFO may request a special communication to be issued; however, the SFO must reimburse the DOE for the cost of postage.

The maximum amount of tax credits that may be granted each fiscal year remains at \$118 million. The next committee stop for this bill will be the full House Education Policy Council. The Senate version – SB 1310 sponsored by Senator Gardiner (R-Orange)- has not yet been heard in committee... but remember this was the first week of the 2009 Legislative Session. FEA opposes the bills. We continue to demand that the Legislature build accountability and transparency into the Corporate Tax Voucher program.

**SB 270 Public Records/Insured Dependents/Agency Group Plan by Senator Dockery (R-Lakeland)** passed the Senate Community Affairs Committee unanimously this week. This bill would create a public records exemption for personal information that identifies a minor dependent of a current or former officer or employee of a state agency if the minor dependent is insured under the agency group insurance plan. The bill provides that personal information identifying such a minor dependent is exempt from the public records requirements.

Concern for state employee families’ personal information arose when a copy machine salesman from Lakeland submitted a written request to the Polk County School Board for public record information relating to the school board’s health insurance policy. He requested the name, address, gender, age, title, and telephone number of all school board employees and their dependents covered under the policy. The School Board responded by providing some information and claimed that additional information was “confidential and exempt” under Florida Statutes.

A civil suit was filed by the copy machine salesman. The Court ruled that “there is no legal basis for withholding the information sought by the plaintiff, except as further set forth in this order, and to that

extent, the defendant's conduct is contrary to law. This Court cannot "legislate" an exemption where none exists." The Court further noted "the plaintiff is not seeking personally identifiable health information as that term is used in the Health Insurance Portability and Accountability Act of 1996, and in any event, the defendant is not a "covered entity" under the Act."

The Polk County School Board was given two weeks to comply with his public records request and was ordered to pay his costs and reasonable attorneys' fees. He has submitted similar requests to the remaining 66 school districts in the state and has filed lawsuits against Lee, Manatee, Marion, Orange, St. Lucie, St. Johns, Flagler and Clay counties.

The bill provides a statement of public necessity:

- Personal identifying information of an agency employee is and should remain available to the public because such employee works for the public.
- Personal identifying information of an insured minor dependent of such employee held by an agency is sensitive, personal information that could be obtained by a requestor and used to identify a minor for sexual or other criminal offenses.
- Exempting such identifying information helps to protect the minor while still allowing the public oversight of group insurance plans by allowing the release of information that does not specifically identify the minor.

The House version – HB 135 sponsored by Rep. McKeel (R- Lakeland) passed the House Insurance, Business & Financial Affairs Policy Committee by a vote of 17 yeas and 1 nay - just as this report was written.

### **Governor Crist's State of the State address: Wise Use of the Federal Stimulus Dollars**

Governor Crist urged legislators to put the needs of the people of Florida before politics by supporting the full use of the \$12.2 billion in federal stimulus dollars coming to Florida over three budget years. Governor Crist's proposed 2009-10 budget includes \$4.7 billion from the American Recovery and Reinvestment Act of 2009.

Over the years, Florida is expected to receive \$5.3 billion for health and human services programs such as Medicaid, food stamps and cash assistance; \$1.4 billion for highway and transportation projects; \$148 million for programs to promote energy efficiency; and \$162 million for workforce employment and training. According to information released by the White House, the economic stimulus funding will create or retain 206,000 jobs statewide.

Crist called upon the legislature to use "every dollar available to us to adequately fund education" and called upon the Legislature to quickly approve the Compact between the state of Florida and the Seminole Tribe. It is estimated that an approval of the "compact" will generate at least \$2.5 billion over 25 years to education.

Crist admonished legislators to not put politics over people, "People are counting on us, and for those of you who wish to keep score, I ask you to mark your wins and losses not for our parties, but for the people we serve."

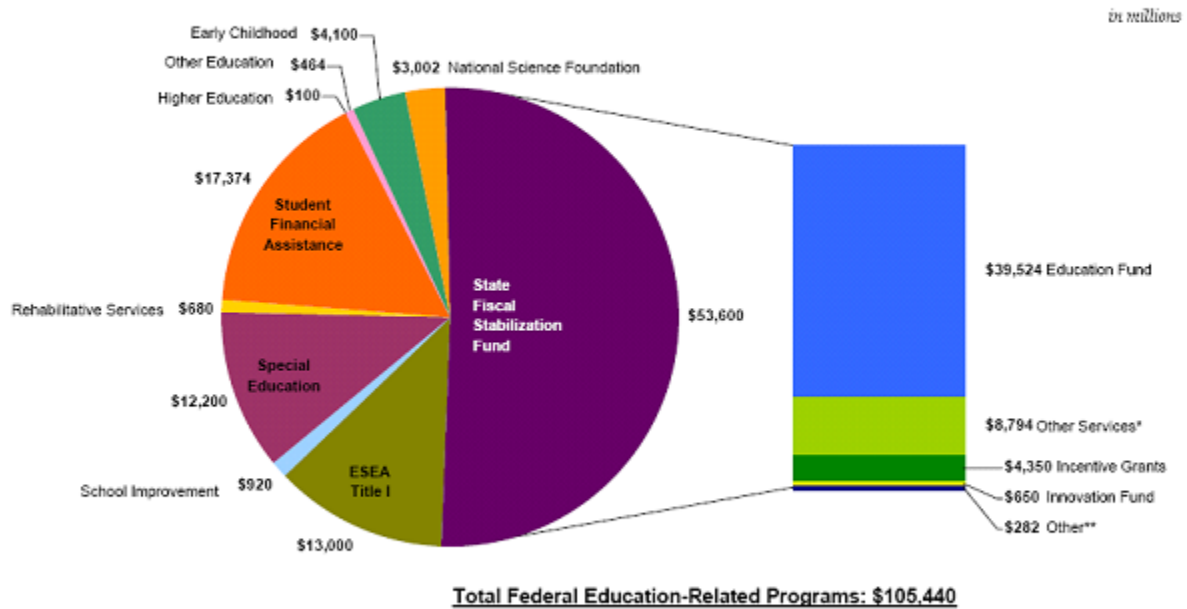
Crist closed by saying “They sent us here through a sacred trust and we’d better fight to earn every bit of it over the next 60 days, because the future is now and the people we serve are counting on us to work – not for the next election – but for them and for Florida’s next generation.”

**American Recovery and Reinvestment Act (ARRA) – Federal Stimulus**

FEA is fielding many questions about ARRA and we also are hearing a great deal of misinformation about the Act. That is probably to be expected when you consider the recent passage of the Act and the sheer size of the funding contained in the Act, not to mention the rules and application processes are not complete at this time. The intent of this article is to share with you what we do know.

ARRA provides over \$105 billion (see chart below) for education related programs that are generally available in 2009-10 and 2010-11. Title I and Special Education Funds amount to \$13 billion and \$12.2 billion respectively. This is about twice the typical annual allocation. The part of the package that has created most of the questions and scrutiny is the State Fiscal Stabilization Fund (\$53.6 billion) and more specifically the \$39.5 billion Education Fund that can be used for the support of elementary, secondary and postsecondary education and, as applicable, early childhood education programs and services.

**American Recovery & Reinvestment Act**   
*Federal Education-Related Programs*



\* Including education services and the modernization, renovation, and repair of elementary, secondary, and postsecondary facilities. \*\* Outlying areas (\$268) and administration and oversight (\$14). For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. February 17, 2009.

Florida is allocated \$2.2 billion to be used over the 2009-10 (FY 10) and 2010-11 (FY 11) budget years from the Education Fund. The Act says that the Governor (of the state) shall first use the funds “to provide the amount of funds, through the State’s primary elementary and secondary funding formula, that is needed- to restore, in each of fiscal years 2009, 2010, and 2011, the level of State support provided through such formulae to the greater of the fiscal year 2008 or fiscal year 2009 level.” In higher education similar language is applicable but tuition and fees are excluded from state funds. There is a provision, applicable to Florida, that directs the Governor (of the state) in the event the stimulus funds

are not adequate to reach either year's funding level. In that case, the funds must be allocated in proportion to the shortfall. This is NOT the maintenance of effort issue that has been discussed in the media. Maintenance of effort will be discussed further in the "assurances" that must be made in the state's application for these funds.

In order to access ARRA funding, certain assurances must be met. First, the State must maintain spending (maintenance of Effort) for each of Fiscal Years 2009, 2010, and 2011 at least at FY 06 level. The Secretary of Education may waive or modify requirement for each of those year and the fiscal years are as defined by state law. There is no clear definition of "state" funding and we are talking 50 states with different formulas. Florida had more total dollars in the FEFP than FY 2006 but the state source funds were less than FY 2006. So Florida may or may not meet maintenance of effort. However, the Act has a waiver provision and some members of the Florida Congressional delegation have petitioned Secretary Arne Duncan for such waiver, if necessary. Governor Crist will do the same.

The other assurances are as follows:

- Address inequities in teacher distribution (already required by NCLB)
- Establish statewide longitudinal data system including teacher identifiers
- Improve quality of NCLB academic assessments (already required by NCLB)
- Improve State academic content standards and student academic achievement standards so students exit high-school ready for college, the 21<sup>st</sup> century workforce, and the Armed Forces without remediation
- Comply with corrective action and school restructuring provisions of AYP (already required by NCLB)

Florida is well ahead of the other 50 states, for good or bad, on the necessary assurances.

Finally, Governor Crist presented his 2009-10 budget proposal showing the use of about one-half of Florida's allocated Education Funds in the K-12 FEFP and in the funding formulas for Community College and Universities. Crist allocated \$880.6 million to the FEFP, \$70.8 million for Community Colleges and \$130.8 million for Universities. Since the funds are nonrecurring, the Florida Legislature is having heartburn over the use of the funds for recurring purposes. FEA wants you to remember and **REMIND YOUR LEGISLATORS** of the purpose of these funds, and that is **the major purpose of the state fiscal stabilization fund is to prevent layoffs and program cuts. School districts and public colleges should absolutely use their funds from that pot of money to prevent layoffs.**

### **Sales Tax exemptions discussed in House and Senate Committee Workshops**

You've heard about the ostrich feed sales tax exemption, and the sky-box exemption and the charter fishing boat exemptions - but have you heard of the Railroad Bed Materials sales tax exemption or the printing for out-of-state customer, when he provides the paper exemption? Or Alcoholic beverages used by businesses for tasting sales tax exemption. Honest- they're in our statutes.

The House and Senate Tax and Finance Committees heard two days of testimony by representatives of the various businesses and individuals impacted by the proposed repeal of the 400 plus exemptions currently in Florida statute. These folks gave lawmakers a dose of history and reasoning behind each of the over 60 exemptions on the committees' agenda for review. The list of exemptions included the approximate revenue impact if the individual exemptions were repealed. The range goes from insignificant to \$71.3 million in lost revenue. What would bring in \$71.3 million? Charter fishing boats sales tax. How about Railroad Bed Materials? \$ 700,000 in revenue.

Although tedious to sit through, the purpose of the exercise was to start the process of finding badly needed revenue sources to shore-up our weak state budget. With each passing day, revenue collection forecasts are falling and Legislators are turning over every rock and digging under couch cushions for

loose change to scrap together next year's state budget. Keep telling your legislators about the conditions in your schools and the impact the budget crisis is having on our students and their families. And remind them of the penny sales tax legislation! Follow this link to a story about the Workshop and one mother's vow to keep fighting for her children's school: [Please save our economy' | pnj.com | Pensacola News Journal](http://www.pnj.com/article/20090305/NEWS01/90305018/1058/EDUCATION) or paste into your browser: <http://www.pnj.com/article/20090305/NEWS01/90305018/1058/EDUCATION>

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As always – if you have any questions please call us at 850-224-2078 or email FEA Public Policy Advocacy staff.