



Legislative Priorities 2009

Compiled by the Florida Council on Aging
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Florida AARP 2009 Legislative Priorities

Health and Long-Term Care

Florida Budget

Florida's families are at risk as the state continues to grapple with historic budget shortfalls. Across the board cuts exact a toll on the state's human infrastructure, placing our most vulnerable seniors in jeopardy and putting undue pressure on their families. Due to a continued economic downturn in the state, Florida faces an additional budget deficit in the 2009-2010 fiscal year. The Office of Economic and Demographic Research predicts a similar fiscal climate during the next session. During the 2008 session, Florida's legislators considered cutting several services which would have resulted in unthinkable consequences for many of our state's most vulnerable citizens. The state's financial picture remains bleak so residents again may face these cuts in 2009. Many decision makers have repeatedly stated that the state has no other options than to cut funding for essential and often vital programs. These decision makers have also claimed that when economic times are difficult, state and local governments, just as families, must make hard spending choices. While many on fixed or limited incomes do not have such options available to them, prudent families do try to maximize the efficiency of the dollars they have and they consider options to increase their incomes – perhaps by working overtime or reshaping investment portfolios.

The State of Florida can and should do likewise. Florida's decision makers, operating in the sunshine, must carry out research and conduct fair debate on all viable alternatives prior to claiming they have no other option than reducing budgets for health and public well-being. With this in mind, AARP has collaborated with founding organizations including Children's Home Society, Community Based Care of Seminole, Florida Coalition for Children, and Florida TaxWatch to form the Florida's People Florida's Promise coalition. A broad cross section of endorsers representing state and local interest groups have been invited to sign on to the coalition's effort. This coalition will hold Town Hall forums across the state asking legislators and candidates to offer bold innovative solutions to address not only Florida's current but long-term fiscal and economic climate. The citizens of Florida deserve nothing less from their elected leaders.

Cigarette User Fee

Florida's overall public health can be vastly improved by increasing the cost of cigarettes. The Centers for Disease Control and Prevention found that more expensive cigarettes not only lead to fewer young persons becoming addicted, but also provide a financial incentive for adults to quit. Not only would this increase benefit Floridian's health, but tobacco use imposes enormous costs on our state. The burden on the Medicaid program alone exceeds \$1 billion annually. Total smoking-related health costs are nearly \$5 billion per year, with the combined costs - including lost productivity - exceeding \$11 billion. According to the Center for Disease Control and Prevention, nearly 29,000 Floridians die from smoking-related illnesses every year. An additional \$1 fee per pack in Florida would also generate an estimated \$1.055 Billion in additional revenue in 2008-09 alone, according to the Florida Legislature's economists. This could significantly increase access to health care, both directly (through expansion of programs and increases in services) and indirectly (by providing

critically-needed increases in physician reimbursement rates under the Medicaid program). This increase is not widely seen as an additional burden to the business community. Among other efforts, additional funds could be used to provide a dedicated source of revenue in the Medically Needy program for short-term coverage for low-income individuals with catastrophic medical expenses, increase reimbursement rates for physician services under Medicaid to Medicare levels, and expand access to dental services for Medicaid eligible children and adults.

Long-Term Care System Reform

Seniors and their families often have a difficult time trying to navigate the long-term care system. Multiple programs and eligibility criteria make it difficult for individuals to find the care they need in the most appropriate setting. Therefore, any attempt to undertake long-term care reform in Florida should take into account all seniors, not just Medicaid recipients. While a viable nursing home industry is essential to the long-term care system, if the State provides for timely and cost-effective long-term care service delivery to all seniors in community settings, the State can in many cases prevent or delay placement of seniors into institutional settings. Home and community-based programs (e.g., Community Care for the Elderly and Alzheimer Disease Initiative programs) have demonstrated that they can provide quality services to seniors at costs lower than those for institutional long-term care. A recent AARP Public Policy Institute research study entitled “*A Balancing Act: State Long-Term Care Reform*” highlights the fact that compared to the U.S average, Florida allocates a greater percentage (91 percent) of its Medicaid long-term care spending for elders and adults with physical disabilities to institutional care, even though most people prefer to remain in their own homes and communities.

To achieve the maximum potential of our long-term care system and to provide our elders and their families the best possible options, AARP will advocate for and support reform that encompasses all levels and aspects of long-term care. AARP will also support continued funding for the state’s successful long-term care programs such as Community Care for the Elderly and the Alzheimer’s Disease Initiative. Additionally, state agencies should be given the authority to shift appropriated funds between nursing home and community-based care budgets in order to provide elder and disabled-adult care services in the most appropriate cost-effective setting.

Medicaid Reform

Over the two years in pilot programs, the State has required most Medicaid recipients in Broward, Duval, Baker, Clay and Nassau counties receive acute health care services only through managed care organizations such as provider service networks or health maintenance organizations. However, Medicaid recipients in those locations have experienced numerous problems and encountered a more complex Medicaid system. Among other problems, independent studies and AHCA’s Inspector General have noted that a significant number of physicians who provided services to Medicaid patients before the advent of the pilot program no longer will do so. They also pointed out that Medicaid recipients have faced difficulty securing access to needed prescription drugs. AHCA’s Inspector General concluded that the pilot program lacks a sufficient tracking system for complaints by Medicaid recipients and that the data collected in the pilot program is insufficient to properly evaluate the impact of Medicaid reform on access to health care services and on the quality of those services.

Florida will continue to face a more difficult fiscal and budgetary climate. However, purported savings achieved under reform, which have yet to be substantiated, should not be the basis for

expansion of the pilots. Media reports have also highlighted the fact that several of the health maintenance organizations which serve Medicaid clients have failed to provide the required percentage of mental health services. These discrepancies should be fully investigated before the state makes any attempt to put additional Medicaid recipients' care into the hands of managed care entities. AARP will continue to endeavor to forestall the proposed expansion of the health care pilots to 20 additional counties of the state until there is independent verifiable data indicating that such continuation or expansion of the pilot program would positively affect not only the state's fiscal outlook, but also positively affect the quality and effectiveness of health care service delivery to Medicaid recipients. AARP is actively working with other interested stakeholders to offer meaningful options to Medicaid reform.

Consumer Issues

Utilities

Florida consumers are facing increased costs in all areas; housing, insurance, food, health care, and fuel. Utility costs are not immune from those increases. In order to reduce the state's dependence on fossil fuels the legislature passed provisions during the 2008 legislative session which will implement several of the Governor's initiatives regarding renewable energy whether that is solar, biomass, wind, or water. AARP applauds the state's efforts to find cost effective viable renewable energy sources. To date, multiple nuclear and solar energy proposals have already been approved by the Public Service Commission for several of the state's largest utility companies. Since these companies are allowed to recoup construction costs prior to the delivery of electricity, each of these initiatives will add to customers monthly bills, long before production starts. AARP advocated to ensure that the legislature will have final approval before new programs and their presumed rate increases can be implemented. AARP does not oppose "green" or alternative energy sources but believes consumers should get the "biggest bang for their buck" for every dollar that is added to their utility bill to finance alternative energy.

For more information about this or other AARP state policy positions, please call our Legislative Office in Tallahassee at 850-577-5180.

www.aarp.org/fl Updated: 1/23/2009

alzheimer's association

Priority Alzheimer Issues during 2009 Legislative Session

2009-10 BUDGET REQUESTS

<p>\$250,000 Statewide Alzheimer Law Enforcement Training <i>Has been, non-recurring under FDLE - Criminal Justice budget. Statewide program funded in 2004, 2005, 2006 and, 2007.</i></p>	<p>Why is Alzheimer Law Enforcement Training Important? Nearly 60% of Floridians with Alzheimer' disease will wander away from home or a long term care facility. Studies have found that 50% of those not found within 24 hours will be seriously injured or deceased. The Alzheimer's Association Law Enforcement Curriculum educates officers about "wandering", effective search techniques, communication tips, hurricane/disaster response, unsafe driving, shoplifting, indecent exposure, false reporting, victimization, homicide/suicide, and abuse/neglect. As a result, this program not only saves lives but can also save law enforcement considerable time and funds searching for a lost person.</p> <p>Proven Results: <i>The Alzheimer's Association has trained approximately 16,000 law enforcement officers around the State and distributed nearly 40,000 pieces of support materials.</i></p>
<p>\$90,000 for the Memory Mobile <i>Keep recurring funds under DoEA.. The Memory Mobile was first funded in 2001.</i></p>	<p>What is the Memory Mobile and who does it serve? This innovative program provides Alzheimer services and screenings to rural, minority and isolated families in the Gulf Coast area. According to one study, adults in rural areas experience higher rates of cognitive impairments and are less likely to be tested for their conditions. The Memory Mobile brings services and support directly to these families.</p> <p>Proven Results: <i>The response has been extremely overwhelming. Prior to funding cuts, the Memory Mobile served up to 14,000 families in rural areas.</i></p>

TOP PRIORITY ISSUES

<p>Peer Review Process for All State Research Funding</p>	<p>Peer Reviewed Funding for Alzheimer's Research will help ensure objectivity, fairness, and maximum competition for limited but vital funds. The Alzheimer's Association supports responsible research. The scientific community recognizes peer review as the primary means of quality control.</p>
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Community Care for the Elderly Coalition: 2009 LEGISLATIVE PRIORITIES

SUPPORT THE COMMUNITY CARE FOR THE ELDERLY (CCE) PROGRAM

- ✓ **SUPPORT** Restoration of 2008 Legislative Budget Cuts
- ✓ **SUPPORT** \$11 Million CCE Annual Recurring General Revenue Increase
- ✓ **SUPPORT** New Additional Recurring General Revenue for Mandated Adult Protective Services CCE Program Referrals

CCE, a state-funded program for frail elders age 60 and older, provides case management, in-home and community-based services making it possible for older adults to “age in place” at home. 98.2% of frail elders served by CCE remain at home annually with 87.6% of caregivers reporting likelihood to continue to provide care and 94% of caregivers maintaining or improving ability to provide care. CCE serves as diversion to nursing home placement at a cost to the State of Florida of \$393.50 per elder per month in comparison to a monthly nursing home cost of \$4,585.17. CCE yields an annual savings of \$122,991,504.00 to the State of Florida. The last significant statewide increase to CCE was in 1999. Currently, there are over 18,000 frail elders statewide on the CCE Program waitlist.

REDIRECT COUNTY NURSING HOME FUNDING SHARE

- ✓ **SUPPORT** legislation that provides flexibility at the local level for counties to actively participate in the state’s efforts to reduce unnecessary nursing home placement by allowing counties to redirect their Medicaid match locally to fund elder community-based care programs

Currently, counties statewide reimburse the State monthly for a share of Medicaid nursing home cost. This reimbursement is placed in a State Trust Fund and not placed back into aging network services. This legislation would allow counties to increase local funding to home and community-based services to frail elders, such as CCE, as well as to assess the nursing home cost savings for the State when funds are retained at the local level for elder care services.

SUPPORT CEASE EXPANSION OF MEDICAID REFORM

- ✓ **OPPOSE** implementation of Florida Senior Care and Medicaid Reform
- ✓ **SUPPORT** adequate evaluation and performance outcomes data tracking of existing Pilot Projects and REPEAL if ineffective results obtained
- ✓ **SUPPORT** formation of workgroups to seek alternatives to Medicaid Reform as passed during 2008 Legislative Session

AHCA’s Inspector General Medicaid Reform evaluation concluded program deficiencies and insufficient data to support quality care and program expansion. Continued external evaluation and cautious implementation is warranted. Voluntary consumer participation and a comprehensive service system, inclusive of the existing aging service network, as well as quality assurance monitoring are recommended.

SUPPORT STRATEGIES TO INCREASE STATE REVENUE

SUPPORT RECURRING STATE GENERAL REVENUE FUNDING FOR AGING SERVICES THAT MEETS THE NEEDS OF FLORIDA’S ELDERS

SUPPORT ELDER HOME AND COMMUNITY SERVICES AS AN ENTITLEMENT AND INSTITUTIONALIZATION, I.E. NURSING HOME PLACEMENT, BASED ON AN ELIGIBILITY PROCESS

SUPPORT SENIOR SERVICES LOCAL OPTION TAXING DISTRICT

Florida Adult Day Care Association

Legislative Priorities FY 2010

FADCA opposes reductions in General Revenue funding for the following programs:

- Alzheimer's Disease Initiative (ADI)
- Community Care for the Elderly (CCE)
- Home Care for the Elderly (HCE)
- Local Services Program (LSP)
- Aged & Disabled Home and Community Based Medicaid Waiver
- Alzheimer's Disease Medicaid Waiver

FADCA supports a \$1 fee per pack of cigarettes, which is estimated to generate in excess of \$1 billion dollars in new revenue. These funds should be allocated to essential home and community based programs inclusive of adult day services.

Florida Association of Aging Services Providers

WHO WE ARE: FASP is a statewide association whose mission is to support and advocate for organizations engaged in the provision of home and community based services to Florida's elders to improve their quality of life. Members include for-profit and non-profit organizations as well as government entities. FASP represents the diverse aging network in Florida, including Lead Agencies, aging nutrition programs, adult day care centers, senior centers, home health agencies, and many other providers of elder care services. FASP members range from large providers in the urban areas of Miami to the small rural communities of Northwest Florida.

STATEMENT OF PRINCIPLE: For more than 36 years, the aging network in Florida has played an essential role in the quality of life of Florida's elder population. FASP has formed the backbone of the aging service delivery system for home and community based services. FASP members have been directly responsible for providing more than **\$100 million dollars** in local funding and **2.5 million volunteer hours** per year to offer additional services to Florida's elders over and above state and federal appropriations.

<u>Bill</u>	<u>Issue</u>	<u>Support</u>
N/A	Support the increase in CCE general revenue funding by at least \$11million.	Yes
State	Medicaid Reform (Florida Senior Care)	No
State	Taxpayer Bill of Rights (TABOR)	No



2009 Legislative Session Public Policy Priorities

*Florida Association of Homes and Services for the Aging
1812 Riggins Road, Tallahassee, FL 32308*

Creating the Future of Florida's Aging Services

The Florida Association of Homes and Services for the Aging, a nonprofit statewide organization founded in 1963, is comprised of approximately 350 continuing care retirement communities, assisted living facilities, nursing homes, affordable elderly housing communities, and home and community-based service providers. FAHSA member homes are sponsored primarily by faith-based, fraternal, and other high quality nonprofit and mission-driven organizations. Over 84,000 older persons reside in these communities. Thousands more are served through home health services, adult day care centers, and other community outreach services. Our members are high-quality organizations with strong community ties. Most have been serving the community for 25 years or more; a few have celebrated 50-year anniversaries.

Revenue Enhancement -- Support efforts to create new sources of revenue including: collecting state sales and use tax on internet purchases, increasing the cigarette tax for brands that were not part of the Lawton Chiles Settlement, and increasing government efficiency as proposed in a 2009 Florida TaxWatch report on this topic. Some 22 states comply with a national voluntary effort to collect state and local sales taxes on Internet, mail-order and phone sales. Florida has not yet taken that step, which would result in billions of new revenue. Florida currently charges 33.9 cents in state excise taxes per pack of cigarettes compared to the U.S. Median of \$1 per pack. We rank 46 out of 50 states in the amount of tax levied on tobacco products. In January 2009, TaxWatch published another report containing 42 cost-saving recommendations, less than a fourth of which were implemented during the January special session.

Sales Tax Exemptions for Homes for the Aged and Non-profit Organizations – Support the preservation of current sales tax exemptions for “homes for the aged” and nonprofit organizations. Currently, non-profit organizations, including homes for the aged, are exempt under s. 212.08 (7)(p) from the state sales tax on purchases if they hold a 501(c)(3) tax exempt certificate from the IRS. In addition, s. 212.08 (7)(i), F.S., exempts residents of nursing homes, assisted living facilities, continuing care retirement communities and other similar entities from a sales tax on meals served to residents. Finally, Florida law is silent on entrance fees, monthly maintenance fees, and services provided in “homes for the aged,” which means such fees are excluded from the sales tax. These sales tax exemptions and exclusions serve a public purpose because they benefit frail elder Floridians and others in need. If these exemptions and exclusions were removed, the cost of long-term care and retirement housing would increase substantially.

Home & Community-Based Services/ALE Waiver/Diversion Funding – Support increases in funding and slots for Medicaid waiver/diversion programs by restoring a portion of past cuts with federal stimulus dollars. As of February 2, 2009, the number of elders on the Dept. of Elder Affairs waiting list for services totaled 28,862.

Assisted Living Facility & Nursing Home Regulation – Oppose regulatory changes with costs that outweigh the benefits to consumers or that increase the exposure of individuals, voluntary board members and entities affiliated with nursing homes and ALFs to lawsuits.

Regulatory Reduction – Support bills that reduce overly stringent and costly regulation for senior housing and long-term care providers such as SB 1332 (Sen. Jones) and SB 1830 (Sen. Fasano). SB 1332 addresses the high cost of elevator retrofitting requirements adopted by the legislature in 2006 and SB 1830 would rollback recent exorbitant increases in Progress Energy utility bills. Because of the economy, the legislature should reverse past legislative policy changes that have created financial and regulatory burdens at a time when businesses and consumers are struggling to make ends meet.

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Florida Council on Aging Positions on Legislative Issues 2009

<u>Bill</u>	<u>Issue</u>	<u>Support</u>	<u>Notes</u>
N/A	Support the increase in CCE general revenue funding by at least \$11million.	Yes	FCOA has supported this issue since 2002. (See attached for additional information). FCOA Advocacy Committee recommends that the Board continue to support the increase in CCE general revenue funding.
State	Medicaid Reform (Florida Senior Care)	No	FCOA Advocacy Committee recommends that the Board vote to not support Medicaid Reform (Florida Senior Care). No further expansion of acute care pilots; favor the creation of workgroups to propose alternatives for health and long-term care reform, inclusive of Medicaid. Additionally, ensure long-term care reforms are not included as part of any potential expansion (i.e. rolling Florida Senior Care into acute care pilots)
State	Taxpayer Bill of Rights (TABOR)	No	FCOA Advocacy Committee recommends that the Board vote to oppose legislative proposals that would implement TABOR provisions.



**Florida
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Protect Florida's Frail Elders

Preserve Quality Care for Nursing Home Residents by Protecting their Medicaid Funding

During the 2009 special session, legislators created the Quality Assessment Program, which allows the state to draw down more federal dollars to fund nursing home care. While the assessment helped nursing homes avert significant, short-term funding cuts, legislators must continue to preserve quality care for residents by protecting their Medicaid funding.

- Legislators should ensure that the economic stimulus package is used to continue to protect Medicaid funding levels for nursing home residents, which is essential to pay for the quality care they need.
- Nursing homes serve our most vulnerable citizens: frail elders who need complex medical care, 24-hours a day.
- Medicaid funding cuts would have adverse affects on human resources, since **two-thirds of nursing home costs pay staff salaries and benefits**. Facilities need adequate funding to ensure enough hands are available to do the critical work of caring for our frail elders.
- Florida's long term care facilities are a viable part of the state's economy, **employing nearly 272,000 direct- and indirect-care workers**. When Medicaid funding is preserved, nursing homes can help boost our state's economy and contribute to a thriving workforce.
- Florida's nursing home facilities, on average, are more than 20- to 30-years old. Preserving Medicaid funding helps lay the groundwork for **a better delivery system for Florida's elders**, allowing facilities to use much-needed dollars to modernize the settings in which our seniors receive their care and services.
- Along with the ability to make capitol improvements, nursing homes must have the resources to pay increasing vendor and inflationary costs, such as utilities and insurance.
- Over time, long term care facilities will become even more important to Florida's economy with the aging of the baby boomers, thus increasing the demand for nursing home care and services.

Legislators must protect quality care for our most vulnerable citizens. Preserve Medicaid funding and allow for facility improvements and the strengthening of the long term care workforce.

Support Legal Reform and Bring Fairness to Nursing Homes in Florida's Court System

Support Long Term Care Provider Litigation Reform by Passing HB 493/SB 988

In 2001 legislators created landmark elder care reform through mandated increased minimum staffing requirements, tougher regulation, quality improvement and risk management programs for nursing homes. The result of SB 1202 has been the steady improvement of quality care for residents. Now trial attorneys are exploiting loopholes in the law to generate more litigation against nursing homes.

HB 493, sponsored by Representative Dave Murzin, and SB 988, sponsored by Senator Mike Fasano, will ensure that more state and federal funding is used to continue improving resident quality care instead of lawsuits brought about by trial attorneys.

- Under current law, only the plaintiff submits evidence of punitive conduct. HB 493/SB 988 helps alleviate frivolous allegations by clarifying that the trial judge must weigh proposed evidence on punitive conduct from all affected parties before deciding if the claim can proceed.
- Florida maintains a minimum staffing requirement for Certified Nurse Assistants (CNAs) and Nurses in nursing homes. HB 493/SB 988 states that a nursing home cannot be sued for “inadequate staffing” if the Agency for Health Care Administration finds the facility meets the state’s staffing standards.
- Trial lawyers have been circumventing existing law to use licensure reports in their lawsuits against nursing homes. HB 493/SB 988 clarifies and strengthens the law, making these reports “inadmissible” as evidence in civil proceedings against nursing homes. Licensure reports are used as a means for facilities to collaborate with the Agency for Health Care Administration to develop a plan of correction, and thus are part of the risk management process.
- HB 493/SB 988 further clarifies the legislature’s intent that Chapter 400 is the sole remedy for nursing home lawsuits. Even though the law does not permit nursing home suits under the Adult Abuse Statute (FS 415.111), trial lawyers have found a loophole by filing 415 litigation against individual caregivers in nursing homes. These bills close the loophole.

Oppose Trial Bar-Sponsored Legislation Which Would Expand Liability and Lawsuits for Nursing Home Care under the Guise of Increasing Transparency in the Licensure Process

Last year, SB 1668/HB 1335 would have expanded the information required for a nursing home to be licensed in Florida.

- The true intent and effect of the bills was to **create more litigation** by expanding the number of individuals and businesses that plaintiffs’ lawyers may sue for nursing home negligence claims.
- The bills would have resulted in **more cost to taxpayers by imposing burdensome requirements** on providers and the Agency for Health Care Administration, compelling them to submit and maintain financial information only a plaintiff’s lawyer would want to know.
- The bills provided no information as to the quality of care in a nursing home or any other information that a potential resident or family might need to select a nursing home.

The Florida Health Care Association asks the legislature to support legal reform by passing HB 493/SB 988 and rejecting any “transparency” bills during the 2009 session.

2009 United Way of Florida Issue Paper

FLORIDA LOCAL PUBLIC EMPLOYEE CHARITABLE CAMPAIGNS

Local public employers in Florida include counties and cities, school boards, sheriffs and police, water management districts, community colleges and universities, public hospitals and taxing districts, and more. Most of these employers provide their employees an opportunity each year to contribute to charity through payroll deduction. Because the United Way has a proven track record with regard to administering the campaigns, most local public employers ask the United Way in their communities to conduct the campaigns for them. These campaigns do not "belong" to United Way; they "belong" to the local public employer and their employees and are conducted for their benefit.

Local public employers and their employees select the charities that participate in their annual employee campaigns.

Proposed legislation would create the Florida Public Employees' Charitable Campaign. It would mandate that local public employers include in their annual employee charitable campaigns any federation - or member agencies of a federation - that comply with the bills' requirements. (A federation is an umbrella organization representing at least 10 charities.) This would add potentially hundreds of additional charities - most of which do not provide "local" services - to each of these campaigns. The United Way of Florida strongly opposes this legislation for the following reasons:

- **The legislation is not necessary.** - Local public employers are currently empowered to include any legitimate charity or federation they deem appropriate.
- **The needs of the local community - not the state - should determine which federations participate in a local employee campaign.** - Local public employers have designed their campaigns to address the unique needs of their communities and their employees. A state formula mandating participation by charitable organizations flies in the face of local control, authority, and determination, and undermines the ability of local communities to address their unique needs.
- **The bill is anti-competitive.** – Any federation or agency desiring to participate in a local charitable campaign should be required to show the local community it deserves to be in the campaign. This is what happens under current law. The legislation removes this element of competition and instead mandates participation by certain groups.
- **The bill will reduce funding for community health and human services.** – Most local public employee campaigns include United Way and other local charities. Employee contributions are made primarily to these local charities to address serious local problems. Passage of the bill will result in less money for the critically important services these charities provide because the bill does not require participating agencies to provide local services. (The bill requires only that participating agencies have an office "in this state" and document "available services". Such services could include just a website or a billboard.)

The United Way of Florida urges policymakers at all levels to oppose legislation that removes control and authority from local public officials to determine which charities participate in their workplace campaigns.

For additional information, contact the United Way of Florida at (850)488-8276.

FLORIDA STATE EMPLOYEES' CHARITABLE CAMPAIGN
STATE GOVERNMENT SUPPORTING ITS EMPLOYEES.

In 1993, the Florida State Employees' Charitable Campaign (FSECC) was placed into section 110.181, Florida Statutes. Pursuant to that law, the Florida Department of Management Services (DMS) provides staff support to the FSECC Steering Committee, which is comprised of state employees and charged with overseeing the Campaign. This support includes reviewing Campaign brochures and pledge cards, enforcing eligibility requirements, reviewing and recommending agencies for acceptance or rejection, ensuring participants are properly registered with appropriate state agencies, etc.

Before 1993, DMS funded this staff position. The 1993 statute, however, requires that if the Legislature does not fund the position, DMS must be reimbursed for it out of gross FSECC contributions, not to exceed one percent (about \$49,000) of the total campaign. From 1993-1997, DMS was reimbursed by FSECC fiscal agents about \$17,000 annually. Every year since 1993 – except 2003 – the Legislature has annually appropriated \$17,000 to fund the position, thereby negating the need to pay for it with state employee FSECC contributions.

State employee contributions to the FSECC are intended to be used for charitable purposes, to help people in need. Without a state appropriation, \$17,000 of those contributions could be used to offset the state's cost for conducting the Campaign - a cost that thousands of other large public and private employers absorb as a cost of supporting their employees and being good corporate citizens. This reduces the amount of money available to help people in need, and is contrary to the intent of state employees who contribute to the Campaign.

This minimal investment of \$17,000 yields more than \$4 million through the FSECC, reducing the need for at least that amount of state funding for hundreds of individual and family support services.

Because of the critical need for experienced staff, and recognizing the positive message state funding for the DMS staff position would be to state employees, the FSECC Steering Committee has voted to support this request for funding in the past.

The United Way of Florida urges the 2009 Florida Legislature to appropriate funds to provide staff support through the Department of Management Services for the Florida State Employees' Charitable Campaign.

For additional information, contact the United Way of Florida offices at (850) 488-8276.
Florida Council on Aging Legislative Priorities Guide 2009

FLORIDA STATE EMPLOYEES' CHARITABLE CAMPAIGN

STATE EMPLOYEES GENEROUSLY SUPPORTING THEIR COMMUNITIES.

In 1993, the Florida State Employees' Charitable Campaign (FSECC) was placed into law (s. 110.181, F.S.). It clearly expresses the Legislature's intent that the FSECC be directed by the people for whom it is named and established – state employees themselves: It creates a nine member FSECC Steering Committee of state employees at the state level to oversee the Campaign and requires local steering committees of state employees “to assist in conducting the campaign and to direct the distribution of undesignated funds...”

“Undesignated funds” are donations that are not directed by the donor to go to a specific charity. FSECC pledge cards tell donors that a portion of their undesignated contributions will be distributed by their local state employees' steering committees.

A federation is an umbrella organization representing at least 10 charities. Federations act merely as “pass-throughs” for funds contributed to the charities in their networks, and often represent charities that provide minimal, if any, direct services within a given Florida community. They believe undesignated funds should be allocated by a statutory formula rather than by the local state employee steering committees.

This belief is contrary to express Legislative intent and would eliminate the most meaningful tool state employees have in operating and directing their campaign.

Creating an arbitrary, state-mandated formula to distribute undesignated funds discounts the tremendous leadership state employees bring to their campaign, ignores their ability to represent their colleagues by distributing the funds in ways that best accommodate the needs of their communities, and removes from their control one of their best tools for assuring that their colleagues' contributions have the most impact in their communities, where they live and work. It also assumes that a predetermined formula better reflects where donors would like their undesignated funds to go. In fact, the opposite is true. Since most local state employee campaign committees have historically allocated undesignated funds, the fact that state employees continue to make undesignated contributions indicates they fully support the actions of their peers on the local committees.

The FSECC was not created for the convenience of charities and federations, but rather for state employees and to lessen workplace disruption. To apply a formula to undesignated funds presumes that employees who choose not to designate don't know what they are doing and can't read the pledge card.

The United Way of Florida opposes limiting state employee oversight and control of the Florida State Employees' Charitable Campaign by, among others, changing the way undesignated funds are allocated.

The United Way of Florida urges the 2009 Florida Legislature to maintain state employee oversight of the FSECC.

For additional information, contact the United Way of Florida offices at (850) 488-8276

FLORIDA MEDICAID REFORM

Move forward after considering all available data.

Medicaid is a key healthcare safety net program for Florida's families. It provides vital healthcare services to nearly 2.3 Floridians – one in every eight Floridians - including more than one million children, more than 40% of the state's pregnancies, half of all AIDS patients, much of the state's blind and disabled population, and two-thirds of those in nursing homes.

The \$16 billion annual Medicaid budget consumes 16% of the state's general revenue, second only to public education. Medicaid's share of the state budget grew from 5.9% in 1980 to 24.4% in 2005. If this growth rate continues, Medicaid will consume 32.8% of the state budget in 2010. Even so, Florida has ranked in the bottom 10 states historically in its per capita expenditures for Medicaid.

Because Medicaid's projected costs are unsustainable, the 2005 Legislature decided to begin overhauling the program. Premised on the notion that fostering competition among private healthcare networks would save significant dollars – an estimated \$4.58 billion in federal and state funds during the first five years - the 2005 Florida Legislature authorized the Agency for Health Care Administration to seek a federal waiver authorizing the state to conduct two Medicaid reform pilot projects, one in Duval County and surrounding counties and one in Broward County. These two counties account for approximately 15% of the state's Medicaid enrollees (10% in Broward and 5% in Duval). The key change in these pilot sites is a switch from a fee-for-service payment system to one where the state pays managed care organizations a predetermined, capped premium for each beneficiary.

There has been no analysis of whether or not Medicaid reform has resulted in cost savings. At the same time, significant concerns have been raised by Medicaid providers, beneficiaries and advocates regarding availability and access to services in the pilot areas. The only third-party evaluation that has been undertaken thus far has been conducted by Georgetown University, funded by the Jessie Ball DuPont Fund.

In a series of three studies to date, Georgetown University researchers have, among others, found that:

- More than one-fourth of physicians participating in the old Medicaid indicated they would not participate in the pilot areas.
- 51% of doctors surveyed reported it is harder to provide medically necessary treatment to children in the pilot sites because of restrictions and requirements of the pilot program plans.
- Reform has made the Medicaid program more complex and difficult for beneficiaries to understand.
- Half of the HMOs in the pilot areas are limiting drug benefits.
- Beneficiaries report problems getting access to needed drugs.

The promise of Medicaid reform is improved services to beneficiaries at less cost to the state, but there has been no comprehensive evaluation of the program to bear this out or to show how implementation challenges can be effectively addressed as reform efforts are expanded. At the least, the Georgetown

studies raise serious questions that must be addressed. The need for thorough evaluation to be conducted before expansion – particularly given the billions of dollars that are being spent and that could be saved – speaks for itself.

The United Way of Florida urges the 2009 Florida Legislature to conduct a comprehensive, third-party evaluation of Medicaid reform pilot projects and implement recommendations for improvement before expanding reform efforts into new areas of the state.

For additional information, please contact the United Way of Florida at (850) 488-8276.

TEACH

Striving for quality in our School Readiness programs.

The Teacher Education and Compensation Helps (TEACH) program provides scholarships to child care workers/teachers to assist them improve their educational status so they are better prepared to address the developmental needs of the children in their care. Scholarships can be used only for training leading to credentials (CDA, CDAE, Director Credential) or an associate degree in early childhood or child development. TEACH, the only state-level quality initiative for Florida’s School Readiness programs, first received state funding in 1998. It is intended to improve the quality of care in numerous ways, to provide a “hand up” to teachers who earn on average only about \$7 an hour, and to reduce turnover.

While it is fundamentally a scholarship, at its heart TEACH is a three-way public-private partnership contract between the teacher, the center owner/director, and the TEACH program, with each having certain responsibilities: The teacher “buys-in” to his/her professional development by paying 10% of the costs of books and tuition; the center owner/director commits to pay 20% of the costs and the TEACH program pays at least 70% plus a stipend for gasoline. The center owner/director commits to support the teacher by providing 3 hours of release time each week for the teacher to study, attend to family duties or attend class. Since participants in TEACH are typically non-traditional students, this is an important component in juggling the myriad of responsibilities. The teacher commits to stay employed at the center for a specified period of time after completion of the contract (usually one year) in exchange for the investment of the employer. Trained TEACH counselors commit to help teachers navigate educational options, mediate issues and potential conflicts, and offer encouragement and support to reach goals. Upon completion of the contract, the employer agrees to provide a raise or bonus for the teacher in recognition of accomplishment. The TEACH program also provides a bonus.

The program reduces turnover to 4-9%, in a field that generally experiences high turnover (30-40% annual national average). Teacher training and education is increased which is directly correlated to higher quality and better child outcomes. More than 98 percent of employers and participants report they are very satisfied with the program.

The Legislature appropriated \$3 million into TEACH during the 2008-2009 fiscal year. Due to the increased needs to meet capacity demands for VPK, a minimum of \$4 million is needed to sustain existing participants and enroll 200 more of those on the waiting list for 2008-2009.

The United Way of Florida urges the 2009 Florida Legislature to appropriate at least \$3 million to maintain the TEACH program in 2009-2010.

For additional information, please contact the United Way of Florida at (850) 488-8276.

CREDIT ENHANCEMENT LOANS

Many low income individuals in Florida and across the nation who are "unbanked" or "underbanked" are unable to access loans without paying exorbitant interest rates. Infamous "payday loans" are a primary vehicle many of these individuals use to access funds when needed. Payday loans in Florida are available for a loan period of 30 days at a fee equal to 10% of the loan value plus a five dollar verification fee. For a \$500 payday loan with a 30 day term, the consumer would pay \$55 in fees, an effective interest rate of 134%. Depending on the amount of the loan and the time frame for paying it off, the effective interest rate can be up to 288%.

Paying off a payday loan on time does not help the borrower's credit rating; loan companies do not report timely pay-offs to credit bureaus. In fact, if a loan company does report a payday loan to the credit bureau, it actually hurts the borrower's credit score because the loan is deemed a "distressed loan". As a result, people accessing payday loans are handicapped in their ability to improve their credit ratings, which they could use to access loans with lower interest rates through more tradition vehicles offered by banks and credit unions.

Legislation was filed for consideration by the 2008 Florida Legislature to create a new "Credit Enhancement Loan" through which unbanked and underbanked individuals could access cash. The bill will be filed again for consideration by the 2009 Florida Legislature.

Unlike payday loans which have an upper limit of \$500, credit enhancement loans could be as high as \$3,000. The bill would prohibit prepayment penalties, require enrollment in financial literacy classes or credit counseling programs, establish a regulatory and auditing framework intended to protect consumers, and prohibit an individual from securing more than one credit enhancement loan at a time. In addition, the legislation would require reporting of a consumer's payment behavior, both good and bad, to all three major credit bureaus. Proponents of the legislation contend that credit enhancement loans could be the most important tool unbanked and underbanked individuals have to increase their credit scores and ultimately gain access to mainstream loan vehicles and improve their economic fortunes.

Opponents of the legislation, including Florida's Office of Financial Regulation, Florida Legal Services, and AARP contend that the fees and interest applicable to credit enhancement loans are so great that they are unfair and will merely create a vehicle for credit enhancement loan companies to make money off of poor individuals. Under the proposed legislation, a borrower would pay a \$10 underwriting fee, a \$15 monthly membership fee, a \$15 monthly maintenance fee, plus 19.9% interest on each loan. According to the Office of Financial Regulation, under such a scenario a 12 month \$300 loan would result in \$402 in interest and fees over the course of the year, resulting in the borrower paying \$702 for a \$300 loan. This amounts to an annual percentage

rate of slightly more than 200%.

Proponents of the legislation point out that the high interest and fees are justified because of the risk associated with the loans. Opponents contend that such high interest and maintenance fees constitute usury that will do nothing to help lift poor people out of poverty.

The United Way of Florida supports concepts underlying creation of "Credit Enhancement Loans", particularly assisting borrowers to establish and enhance their credit ratings and to improve their financial literacy. If a fee structure for such loans is developed that does not result in an onerous APR, the United Way of Florida would consider supporting the legislation.

REFUND ANTICIPATION LOANS

Refund Anticipation Loans (RALs) are short-term loans secured by taxpayers' expected federal income tax refunds. Instead of waiting to receive them, RAL customers borrow against all or part of their expected tax refunds.

There are some financially valid reasons for choosing a RAL: many low income taxpayers don't have the money to pay tax preparation fees up front; don't have access to bank accounts for direct deposits; are experiencing time-sensitive financial crisis (i.e. broken down car or imminent eviction); or don't believe their mailboxes are a safe means of receiving large checks.

The National Consumer Law Center estimates there were approximately nine million RALs made in 2006. That year, the average tax refund was about \$2,600, and RAL loan fees for that amount were about \$100. Thus, taxpayers paid somewhere in the neighborhood of \$900 million in RAL fees in 2006.

RALS are mostly marketed to low income taxpayers. According to IRS data, 85% of taxpayers who applied for RALs in 2006 had adjusted gross incomes of \$37,300 or less. While Earned Income Tax Credit (EITC) recipients made up only 17% of individual taxpayers in 2006, nearly two-thirds (63%) of RAL consumers were EITC recipients, or 5.7 million families. Thus, EITC recipients are vastly overrepresented among the ranks of RAL customers.

In addition, IRS data shows that 28.5% of EITC recipients applied for a RAL in 2006. Based on this data, the National Consumer Law Center estimates that about \$1.6 billion was drained out of the EITC program in 2006 by RALs: \$929 million in tax preparation fees (average \$163 fee); \$570 million in loan fees; and \$57 million in administrative/application fees.

Annual percentage rates (APRs) on RALs vary widely given the divergence in pricing between the industry players. They can be anywhere from about 50% (for a loan of \$10,000) to almost 500% (for a loan of \$300.) For loans with documentary processing or application fees (not charged by some industry leaders) fees can translate into APRs of about 80% (\$10,000 loan) to nearly 1,200% (\$300 loan.)

For RALs in 2008, a consumer can expect to pay from \$57.85 to \$110 in order to get a RAL for a typical refund of about \$2,600. The effective APR for this RAL would be 83% to 161%.

As of early 2008, there were 13 states regulating RALS: California, Connecticut, Illinois,

Minnesota, Nevada, New Jersey, North Carolina, Oregon, Tennessee, Texas, Virginia, Washington State, and Wisconsin.

There are a number of regulatory mechanisms that can be implemented in statute to protect consumers who utilize RALs, including capping APRs, instituting complaint processes, outlining duties to consumers, providing for private rights of action, criminalizing fraudulent activity, requiring registration, display of registration certificates, posting of fee schedules and disclosures, and record keeping and annual reports.

The United Way of Florida supports legislation regulating Refund Anticipation Loans.