



Volume **21** | Number **9** | **April 30, 2014**

After several days of negotiation between House and Senate conferees, a compromise budget was delivered to lawmakers last night at around 8:30. Now the 72-hour budget “cooling off” period – a constitutional requirement meant to allow for review of the budget – is in effect, which means this year’s spending plan won’t be ready for a final vote until Friday evening.

State-revenue projections for FY 2014-2015 ended up coming in at \$77.1 billion – an amount higher than the budgets proposed by both the House and Senate and the largest in state history. Additional Medicaid dollars that originate from local taxes and adjustments to the state transportation work plan accounted for a majority of the difference between earlier budgets and the compromise plan.

Next year’s budget is therefore able to provide for the largest total public-education funding in state history. For the SUS, this includes an additional \$100 million (for a new total of \$200 million) that will be allocated based on the recently enacted performance metrics (see related story).

Of the three legislative priorities set by the FSU president and Board of Trustees for 2014, all have been met. The first was for ongoing and additional preeminence dollars. In addition to renewing the \$15 million approved last year, the legislature supplemented that amount by \$5 million for the coming year.

Florida State’s two top building priorities were for the Earth, Ocean and Atmospheric Sciences Building for \$30 million and a “Phase 3” addition to the FAMU-FSU College of Engineering for \$15 million. The legislature funded the EOAS at \$20 million and the Engineering School for \$10 million.

The third FSU priority was passage of in-state tuition for military veterans, regardless of their state of residency. This legislation was approved and signed into law early in the session.

There are several outstanding issues still awaiting final passage for the state university system. Some of those bills may get a hearing in the next few days. I will report on the final passage, as well as a complete budget review in next week’s Legisletter.

Should you need additional information on the budget or other legislation, please contact me at **(850) 644-4453** or **kdaly@fsu.edu**.

Kathleen

SESSION SCHEDULE

SENATE SESSION

WEDNESDAY, APRIL 30 – THURSDAY, MAY 1, 10:00 a.m. to 6:00 p.m. | FRIDAY, MAY 2, 10:00 a.m. to Sine Die

HOUSE SESSION

**WEDNESDAY, APRIL 30, 11:00 a.m. until completion | THURSDAY, MAY 1, 9:00 a.m. until completion
FRIDAY, MAY 2, 10:00 a.m. to Sine Die**

Budget Update

The budget conference process wrapped up yesterday afternoon with final offers made by the House and Senate Appropriation Chairs.

The General Appropriations Act (GAA) is in the processing of being printed and once it is provided to members, there is a 72 hour waiting period before the GAA can be voted on. Final passage will be sometime Friday afternoon/evening. Once passed, it will be presented to the Governor for consideration. There is no set time on when the legislature will present the GAA to the Governor, but once presented, the Governor has 15 days to issue vetoes and approve the budget.

Below is a breakdown of issues important to Florida State.

Issue	Amount
General Revenue	\$251,210,215
Additional Preeminence included	\$5,000,000 R
Includes American Legion Boy and Girls Housing	\$100,000 NR
Includes Campus Compact	\$200,000 NR
Includes Pepper Center for Long Term Care	No Cut
Health Equity Research Institute	\$400,000 NR
Florida Institute for Child Welfare	\$1,000,000 R
College of Law – Scholarships	\$2,000,000 ½ NR ½ R
STEM Enhancement	\$2,500,000 R
Endowed Professorship	\$600,000 R
Learning Systems Institute	\$500,000 R
Student and Other Fees	\$227,550,703
Lottery	\$39,510,136
Need-Based Financial Aid	\$1,467,667
College of Medicine – GR	\$34,320,985
Student and Other Fees	\$11,572,716
Includes Military ESE Early Intervention Services	0
College of Medicine Lottery	\$605,115
FSU College of Medicine – Immokalee	\$300,000 NR

Issue	Amount
PECO	
FSU/FAMU College of Engineering III	\$10,000,000
Earth Ocean Atmospheric Sciences Building	\$20,000,000
FSU Critical Deferred Maintenance	\$2,698,731
FSU Maintenance Repair & Renovation	\$5,681,291
WFSU-TV/FM Tower Renovation	\$115,000
Capital Improvement Trust Fund Projects (bonding)	
Student Union Expansion	\$14,804,968
Barron Building Renovation	\$250,000
Florida Diagnostic & Learning Resources Center (FDLRC)	\$450,000
Communication Autism Navigator	\$2,600,000 R
Autism Program (CARD)	\$1,267,477
FSU Broward Lab School	\$50,000
Public Broadcasting	
Statewide Governmental & Cultural Affairs Programing	\$497,522
Florida Channel Closed Captioning	\$340,862
Florida Channel Year Round Coverage	\$2,272,414
Florida Channel Satellite Transponder Operations	\$800,000
Public Television Stations	\$3,996,811
Public Radio Stations	\$1,300,000
Florida Catastrophic Storm Risk	
Management Center	\$1,500,000
System Issues	
SUS Performance Based Incentives + Proviso	\$200,000,000 R
University Lab Schools – PECO	\$4,798,454
Honorably Discharged Graduate Assistance Program	\$1,000,000
BOG – FAMU/FSU College of Engineering Study + Proviso	\$500,000

Performance Incentives Proviso Language

From the \$200,000,000, which includes \$100,000,000 new funding and \$100,000,000 redistributed from the base, for State University Performance Based Incentives in Specific Appropriation 143 from the General Revenue Fund, the Board of Governors shall allocate all of such appropriated funds pursuant to the performance funding model approved by the board on January 16, 2014, subject to the following modification:

1. All universities eligible for new funding shall have their base funding, including the performance funds allocated by the Board during 2013-2014, to be restored as provided in the Board of Governors' model; and
2. All universities that failed to meet the board's benchmarks for new funding shall submit a plan to the Board of Governors that specifies how their base funding, including the performance funds allocated by the Board during 2013-2014, will be expended to improve upon the metrics that disqualified the universities from receiving new funding.

FAMU/FSU College of Engineering Proviso

\$500,000 is provided to the Board of Governors for the procurement, no later than July 1, 2014, of an academic feasibility analysis by an independent, non-Florida-based organization of options relating to separation of the FAMU-FSU College of Engineering with the goal of achieving world class engineering education opportunities for students in both universities. The study shall examine the pros and cons of:

1. Maintaining the status quo collaboration between both universities, including an examination of the original mission.
2. Developing differentiated engineering programs at each university.

The study shall include a cost-benefit analysis of each option analyzed in the context of Title VI of the Civil Rights Act of 1964, and U.S. v. Fordice, 505 U.S. 717 (1992) and other United States Supreme Court opinions interpreting those provisions. The study shall be completed no later than January 1, 2015, and the Board of Governors shall make its decision based on the study no later than March 1, 2015. If, based on the analysis, the Board of Governors decides that a non-status quo option should be implemented, the Board of Governors shall submit its funding request to the Legislature.

Florida State University 2014 Legislative Priorities

Each year, Florida State University administrators identify priorities determined to be vital to the operation and growth of the university. Below is a listing of the University's 2014 Legislative Priorities.

1. Continued support for Preeminence

Last year the legislature passed the National Preeminence Act. The bill allows the state's top public research universities to produce greater academic and research results and compete both nationally and globally on a level playing field with the country's elite universities. The bill aligned standards of Florida's top performing research public research universities to the performance expectations of nationally recognized research universities and rewarded academic and research excellence.

2. Support for the University's Public Education Capital Outlay list (PECO), a dedicated funding source used to build education facilities, or the replacement of the dedicated funding source to continue the upgrade, upkeep and new construction of much needed facilities on campus.

The state University System currently relies on state Public Education Capital Outlay dollars as the primary source of both university construction and building maintenance. However, for the past three years, PECO funding has seen dramatic reductions—dropping from over \$600 million in 2008 to \$5 million today and a projected \$0.00 in 2014.

SPOTLIGHT ON **BILLS**

HB 993 -- Public Records/ Animal Researchers at Public Research Facilities, by Representative Travis Cummings (R – Orange Park), creates a public records exemption for personal identifying information of a person employed by, under contract with, or volunteering for a public research facility, including a state university, that conducts animal research or is engaged in activities related to animal research. Such information is exempt from public records requirements when the information is contained in the following records:

- Animal records, including animal care and treatment records.
- Research protocols and approvals.
- Purchase and billing records related to animal research or activities.
- Animal care and committee records.
- Facility and laboratory records related to animal research or activities.

The bill provides for retroactive application of the public record exemption. The bill passed the Legislature last week and will go to the Governor for signature. Effective July 1, 2014

HB 115 – Public Meetings/ University Direct-Support Organization by Representative Cary Pigman (R – Sebring), creates a public meeting exemption for any portion of a meeting of the board of directors of the DSO, or of

a committee of the DSO, in which the board or committee discusses a proposal seeking research funding from the DSO or a plan or program for either initiating or supporting research. The bill passed the Legislature last week and will go to the Governor for signature. Effective October 1, 2014

HB 7181—Public Retirement plans by Representative Jim Boyd (R – Bradenton, FSU Alum), combines HB 7173, relating to the Florida Retirement System (FRS), and HB 7179, relating to local government pension reform, and includes a limited exception to the prohibition on renewed membership in the FRS.

This bill makes the following changes to the FRS, effective July 1, 2015:

- Increases the vesting period for members enrolled in the pension plan from eight years to 10 years;
- Increases the regular disability vesting period for all new enrollees from eight years to 10 years;
- Prohibits members initially enrolled in a position covered by the Elected Officers' Class or Senior Management Service Class from participating in the pension plan and requires participation in the investment plan;
- Changes the default from the pension plan to the investment plan for members who do not affirmatively choose a plan;

- Extends the time period for member's to make a plan selection from the last day of the fifth month after the month of hire to the last day of the eighth month after the month of hire;
- Closes the Senior Management Service Optional Annuity Program to new participants; and
- Prohibits elected officials from joining the Senior Management Service Class in lieu of the Elected Officers' Class.

Effective January 1, 2015, the bill creates a limited exception to the prohibition on renewed membership in the FRS and specifies requirements and limitations.

Benefits of current FRS members are not affected by changes in this bill. The bill was amended last week to create a limited exception to the prohibition on renewed membership in the FRS. The amendment specified that in order to qualify for renewed membership in the investment plan, the member:

- Must be a retiree of the investment plan, Senior Management Service Optional Annuity Program, State University System Optional Retirement Program, or State Community College System Optional Retirement Program;
- Had to retire before July 1, 2010;
- Had to have earned less than 10 years of creditable service; and

- Must be employed in a regularly established position with a covered employer on or after January 1, 2015.

The amendment states that a retired member, regardless of membership class would become a member of the Regular Class of the investment plan. It also provided for limited renewed membership in the optional retirement programs and specified requirements.

The bill passed out of the House last week and will be heard by the Senate sometime today or tomorrow. A comparable bill in the Senate, SB 1114 by Senator Wilton Simpson (R – New Port Richey) is scheduled to be heard in the Senate today.

HB 753 – School Safety by Representative Greg Steube (R – Sarasota), allows school superintendents, upon approval of the district school board, to create a school safety designee program through which the school superintendent may designate one or more individuals to carry a concealed weapon or firearm on school property. Weapons or firearms may only be carried in a concealed manner and must be on the individual's person at all times while performing official school duties. The bill requires school safety designees to possess a concealed weapon license.

The bill establishes criteria and training requirements that must be met by a school safety designee. The bill also requires a level 2 background screening for a school safety designee if one is not on file at the school board and authorizes the school superintendent to require additional background screenings for all school safety designees.

The bill requires district school board policies and procedures for emergencies and emergency drills to include active shooters and hostage situations. Active-shooter situation procedures for each school must be developed in consultation with a local law enforcement agency.

The bill requires each district school superintendent to provide recommendations to improve school safety and security to the first responding local law enforcement agencies.

The bill requires school districts and private schools to allow first-responding law enforcement agencies to tour the school campuses once every three years. Any recommendations relating to school safety and emergency issues based on a campus tour must be documented by the district or private school.

The bill specifies that a district school board may commission one or more school safety officers on each school campus.

The bill specifies that the required training be created and defined by the Criminal Justice Standards and Training Commission administered by the Florida Department of Law Enforcement (FDLE). According to FDLE, the cost to develop and implement the training required by this bill would be \$157,927. This bill provides an appropriation of \$157,927 nonrecurring general revenue funds.

The bill passed out of the House this week. A similar bill in the Senate, **SB 968 by Senator Alan Hays (R – Umatilla)**, is in the Education Committee, which is no longer meeting this session.

UPDATE ON BILLS

HB7157 – State Group Insurance Program by Representative Jason Brodeur (R – Sanford), requires the Department of Management Services (DMS) to keep a list of maintenance drugs that must be filled by mail order for a 90-day supply by PPO plan participants after initially being filled three times at a retail pharmacy.

The bill directs DMS to develop premium alternatives that reflect the cost to the program for medical

and prescription drug benefits under several scenarios. DMS shall report on the alternatives to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 1, 2014.

The bill provides DMS broad authority to contract for a variety of additional products and services. Employees will be able to purchase these new products as optional benefits. DMS is directed to contract with at least one entity that provides comprehensive pricing and inclusive services for surgery and other types of medical procedures.

Beginning in 2015, DMS is directed to implement a 3-year price transparency pilot project in at least one, but no more than three areas of the state. The purpose of the pilot is to reward value-based pricing by publishing the prices of certain diagnostic and surgical procedures and sharing any savings generated by the enrollee's choice of providers. Participation in the project will be voluntary for state employees.

Beginning in the 2017 plan year, the bill provides that state employees will have health plan choices at four different benefit levels. If the state's contribution towards the premium is more than the cost of the plan selected by the employee the remainder may be used in a variety of ways.

The bill directs DMS to hire an independent benefits consultant (IBC). The IBC will assist DMS in developing a plan for the implementation of the new benefit levels in the state program. The plan shall be submitted to the Governor, the President of the Senate and the Speaker of the House of Representatives no later than January 1, 2016. The IBC will also provide ongoing assessments and analysis for the program.

The bill also allows the Department of Management Services to negotiate dispensing fees and authorizes

90-day maintenance prescription refills to be filled at retail. The bill passed out of the House on Friday. A comparable bill in the Senate, **SB 1266 by Senator Bill Montford (D – Tallahassee, FSU Alum)** is in the Appropriations Committee, which will not meet again this session.

SB 732 – Stanley G. Tate Florida Prepaid College Program by Senator Bill Galvano (R – Bradenton), specifies that for an advanced payment contract purchased before July 1, 2024, the amount assessed and paid by the Florida Prepaid College Board (Prepaid Board) to the universities will follow the methodology previously utilized by the Prepaid Board for contracts purchased prior to July 1, 2009. This methodology requires the Prepaid Board to increase payments to the state universities between 5% and 7% annually, depending on the type of fee and the Florida Prepaid College Trust Fund's (Prepaid Trust Fund) actuarial reserve level, which provides the Prepaid Board with better predictability of future tuition and fees. The maximum assessment and payment for state university registration fees, tuition differential fees, local fees, and dormitory fees is capped at no more than the actual cost charged by the state universities for such fees.

The Prepaid Board estimates the change in payment methodology will reduce the cost of a new 4-Year Florida University Plan by \$10,000 and result in \$50 million in refunds to families with an existing 4-Year Florida University Plan.

The fiscal impact of the bill on the state universities is indeterminate, but may reduce the tuition fees, tuition differential fees, local fees, and dormitory fees that will be paid by the Prepaid Board to the state universities on behalf of qualified beneficiaries of Prepaid Plans purchased prior to July 1, 2024.

The bill passed out of the Senate yesterday. A comparable bill in the House, **HB 5101 by the Education Appropriations Subcommittee** contains the provisions in SB 732, and is included in the conference process.

SB 5601 – Economic Development by Representative Ritch Workman (R – Melbourne), creates multiple tax cuts. The bill amended last week to:

- Reduce the state Communications Services Tax rate by 0.52 percentage points.
- Create a 3-day “back to school” sales tax holiday.
- Allow a motorsports complex to apply for a sales tax distribution of up to \$2 million.
- Change the tax treatment of mobile phone prepaid calling plans.
- Allow a local government to repeal or reduce local business taxes without having to establish an equity study commission.
- Allow sales tax dealers to receive credits or refunds of 25% of sales taxes paid on purchases made with uncollectable private-label credit card accounts.

- Revise the calculation of the premium tax imposed on bail bond premiums so that the tax rate is applied only to the amount of the premium received by the insurance company, excluding amounts retained by the bail bondsman.
- Create a revolving loan fund program for television productions filmed in the state. The amendment does not appropriate any moneys to the fund.
- Create a 12-day sales tax holiday for hurricane supplies.
- Reduce the Sales Tax rate on electricity purchases by 2.65 percentage points, from 7% to 4.35% and creates an additional Gross Receipts Tax rate on electricity purchases of 2.6%, thereby increasing the combined Gross Receipts tax rate on these purchases from 2.5% to 5.1%. The effect of these changes is to provide a small tax reduction to purchasers of electricity and deposit additional revenues in the Public Education Capital Outlay Trust Fund to be used for construction and maintenance of educational facilities.

The amendment has a significant, negative fiscal impact on state and local government revenues. The bill is waiting to be heard by the full Senate.



FLORIDA STATE UNIVERSITY
GOVERNMENTAL RELATIONS

850.644.4453 govrel.fsu.edu

Kathleen M. Daly,
Assistant Vice President

Toni Moore,
Program Coordinator

Chris Adcock,
Office Administrator