FLORIDA ASSOCIATION OF COMMUNITY COLLEGES
PERCEPTION
A WEEKLY LEGISLATIVE UPDATE FOR FACC MEMBERS
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Please refer to the legislative issue of *Current* or to the FACC website at www.facc.org for an explanation of issues discussed in this report and for other legislative information.

Results of the Revenue Estimating Conference for the General Revenue Fund conducted on March 13, 2009

Since the last General Revenue Estimating Conference in November, weaknesses in the state, national and world economies have deepened. In response, the Revenue Estimating Conference has reduced its estimate of the General Revenue collection for Fiscal year 2008-09 by another $1.1 billion or 4.9% below the estimate from November. For Fiscal year 2009-10, expected revenues were reduced by $2.3 billion or 10.6% from the earlier forecast. General revenue includes funds collected by the state from taxes on product sales, beverages, licenses, corporations, documentary stamps, insurance, pari-mutuels, estates, investments. It also includes dollars from fees such as driver licenses, medical-hospitals, auto title and liens, service charges, corporation filings, Article V (court fees), and others. Total collections for this year have been revised down to just under $21billion. The balance of the state budget comes from federal funds and return on state investments.

In total, estimated revenue collections for Fiscal year 2008-09 are less than Fiscal Year 2007-08 receipts ($24 billion) by $3.2 billion or 13.1%. The Fiscal year 2009-10 forecast has decreased by 4.5% over the revised Fiscal Year 2008-09 estimate, resulting in the fourth consecutive year of declining revenues.

The revisions to the forecast are primarily attributable to the still dysfunctional credit market which continues to constrain the housing sales and refinance market, the general slowdown in consumer spending and business investment. Second, the worst national recession in the postwar era has affected business expenditures in Florida and has impacted tourism and exports. Third, the deterioration of wealth from accelerating job losses, the continued depreciation of home values, and the decline in asset values have exerted pressure on discretionary spending. Fourth, Florida's population growth has ceased and is not expected to return to historic growth rates. These factors influence revenue collections in the following ways:

- **Sales Tax—** In addition to the continued decline in home prices, worsening job losses and the drop in asset values are undermining consumer and business confidence and reducing discretionary spending. Consumer response to these conditions has been stronger than originally anticipated. In this regard, purchases in all sectors fell sharply since the last forecast and are expected to remain below previous estimates. These adjustments persist throughout the forecast period.
- **Documentary Stamp and Intangibles Tax—** Tax Collections are expected to be significantly below previous estimates. While existing home sales volume has improved, a significant portion of this increase is attributable to mounting foreclosures. Moreover, home prices will continue to fall, exerting downward pressure on collections until the credit market improves and the housing market stabilizes. In addition, the outlook for loans related to automobile sales has further weakened.
- **Corporate Income Tax—** Tax collections will decline in Fiscal Years 2008-09 and 2009-10 by 21.1% and 13.8% respectively. The overall weakness is largely due to: (1) lower profits of companies previously benefiting from the overheated real estate market, (2) losses related to credit instruments, and (3) compressed profit margins caused by the economic downturn.

Revenue collections are not anticipated to return to the 2005-06 level until at least 2012.

FLORIDA COLLEGE SYSTEM BILL BEGINS MOVE THROUGH LEGISLATURE
SB 2682 by Sen. Pruitt. No Companion
The Florida College system bill will enhance the community college system statewide and provide for more programmatic offerings and increased student access. This bill makes some significant changes to current state law. First and foremost is the language which will allow all 28 colleges to offer baccalaureate degrees. This could lead to unprecedented student enrollment growth as the state universities clamp down on their enrollments to control costs. The bill would enhance the primary mission of the Community Colleges, i.e., to provide open access to high-quality degree programs based on local, regional, and statewide labor market needs The four-year offerings available through the great 28 will become the most viable and cost effective alternative. The bill also provides for the "Florida College System Division" of the DOE in lieu of the Community College System. It will also allow a college to change its name to use the term

state college, or just college if it chooses. There have been two committee referrals for the bill. One referral is to Senate Higher Education policy and the other to Senate Higher Education appropriations. The bill at this time does not have a companion bill in the House.

BIG CHANGES PROPOSED IN DROP AND RETIREMENT PROPOSED

HB 0479 by Rep. Schenck and SB 1852 by Senate Governmental Oversight and Accountability Committee.
In our second week of watching this important bill, which could affect every community college employee, we see some movement. This "double-dipper" bill was amended in the Government Affairs and Policy Committee and passed by that committee in a unanimous 12-0 vote.

Current law authorizes re-employment of Florida Retirement System (FRS) retirees by non-FRS employers and allows those retirees to continue receiving retirement benefits. Retirees seeking reemployment with an FRS employer, however, may not return to work for one calendar month after retirement. After the one-month exclusionary period, any retiree re-employed by and receiving a salary from an FRS employer must suspend receipt of retirement benefit payments for months two through 12 after retirement, after which time they may receive both their retirement benefit and salary from reemployment with the FRS employer.

Retirees employed as firefighters or paramedics, or in certain positions specific to educational institutions are exempt from the 12-month limitation period and may receive both retirement benefits and compensation during this period, with certain conditions. Retirees elected or appointed to an elective public office covered by the Elected Officers' Class are exempt from the 12-month limitation period and may receive both retirement benefits and compensation during this period.

This bill revises reemployment provisions for all FRS retirees, including those elected or appointed to an elective public office. It extends from one month to 12 months the exclusionary period immediately after retirement in which a retiree may not be reemployed with any FRS employer. The reemployment limitation period in which a retiree may not both collect retirement benefits and a salary from an FRS employer is extended from months two through 12 to months 13 through 24 immediately after retirement. The bill also requires the suspension of an FRS retiree's retirement benefit if that retiree is rehired by an FRS employer and is earning a yearly income of $100,000 or more. The bill removes all re-employment limitation exceptions that are not specific to educational institutions. It eliminates renewed membership in the FRS, however, it grandfathers in those members who are deemed renewed members before the bill's effective date. The bill relocates provisions relating to the reemployment of instructional personnel employed by developmental research schools, charter schools, and the Florida School for the Deaf and the Blind, repeals obsolete provisions relating to the study of interstate portability of retirement benefits, and makes several clarifying changes to provisions relating to the Deferred Retirement Option Program. The bill also is expected to produce cost savings to the overall funding of the FRS, and state and local FRS employers who will no longer be required to pay the normal cost funding of future FRS benefits for reemployed retirees. The bill has an effective date of January 1, 2010.

Next stops for this bill include Community Affairs Policy Council, Governmental Operations Appropriations, and the Full Appropriations Council on General Government and Healthcare.

SB 0534 by Sen. Fasano. No companion. Defined Contribution Retirement Program
No major movement on this bill has occurred since we reported it last week. However, some more specific information has come from the legislative staff analysis. This bill will effectively limit the option of choosing between enrolling in the State Retirement System's defined benefit program or defined contribution program to public employees employed prior to January 1, 2010. This means no one currently employed will be affected, however, the "perk" of the state retirement defined benefit plan as we all have known it will be gone for future employees. The bill would require all public employees employed on or after January 1, 2010 to enroll only in the defined contribution program. The bill also deletes obsolete provisions relating to the 2002 optional transfer of public employees from the defined benefit program to the defined contribution program.

SB 1482 by Sen. Lawson, no companion
This bill redefines the terms "normal retirement date" and "normal retirement age" to allow normal retirement of Regular Class members after 25 years of creditable service and attainment of age 50.

SB1484 by Sen. Lawson, no companion
Redefines the term "average final compensation" with respect to the system and conforms a provision relating to calculation of the monthly normal retirement benefit. "Average final compensation" will mean the average of the

Three (3) highest fiscal years of compensation for creditable service prior to retirement, termination, or death. Currently it is calculated based on the average of your five (5) highest years. Also, for in-line-of-duty disability benefits, if less than three (3) years of creditable service have been completed; the term "average final compensation" means the average annual compensation of the total number of years of creditable service. Each year used in the calculation of average final compensation shall commence on July 1. Both Senate bills 1482 and 1484 have numerous committee referrals including Community Affairs; Governmental Oversight and Accountability; Education PreK-12; and Policy and Steering Committee on Ways and Means.

Articulation—HB 0751/SB 0920 by Rep. Patterson and Sen. Baker.
There has been no major new action on this bill which will require that statewide articulation agreements govern the transfer of credit between public institutions and nonpublic institutions licensed by the Commission for Independent Education. The bill will also allow school districts to enter into inter-institutional articulation agreements with independent postsecondary institutions. The bill has been referred to several committees in the House including State and Community Colleges and Workforce Policy, Education Policy Council, Full Appropriations on Education and Economic Development and in the Senate Higher Education, Education Pre-K-12, and Higher Ed Appropriations. The FACC lobbyist team is working closely with DOE and the Independent Colleges and Universities of Florida to work out any sticky points with the bill.

Workforce Education
HB 0993 by Rep. Ray and SB 2428 by Sen. Wise. Charter Technical Career Center Pilot Project
As reported last week, this bill would establish a Charter Technical Career Center Associate in Applied Science Degree Pilot Project. The language of this bill is eerily parallel to the State College bill language aforementioned. Includes provisions that refer to the St. Augustine Center as a "college" and allows them to use it now. Although no major committee action has occurred on this bill, FACC is watching it very closely. In general we will not oppose the bill if some of our concerns can be addressed. These include requiring SACS accreditation as appropriate for a degree granting institution, and the requirement to participate in statewide common course numbering. These issues are currently being discussed with the representatives from the Florida School Superintendents Association and the Florida School Boards Association.