

Update 2005

A Report on Legislative Action on Issues of Economic Justice



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Florida Impact

Mobilizing Communities Against Hunger and Poverty

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Matters of Food, Health, and Shelter

A key component of the Florida Impact mission has always been to raise issues of economic justice as they surface in the public policies and budget priorities of this state — regardless of partisan politics. Often times, that comes down to the most basic of needs: food, health, and shelter. The 2005 legislative session did not disappoint — at least, not in terms of these issues taking center stage. Efforts to curtail spending on programs for the poor were played out against a backdrop of an unanticipated \$2.2 billion in unplanned revenue from the Revenue Estimating Conference (that’s on top of a \$4 billion increase that already had been forecast for the fiscal year that starts July 1st). In even sharper relief were the Governor’s continued efforts to end altogether Florida’s only state-revenue pipeline to the wealthy, the intangibles tax (providing \$260 million on investments this year)¹. The average assets held by individuals who pay the intangibles tax comes to \$1.2 million and \$2 million for married couples². As you will see in these pages, concern for these taxpayers seems disproportionate to the needs of those larger number of taxpayers with more modest or inadequate incomes — many of whom rely on the state’s programs for housing and health care to attain a good life.

The Bible does not regard man’s possessions as really belonging to him, but rather to God. Therefore, in helping the underprivileged, he is merely a guardian, distributing God’s wealth where it rightfully belongs.

**–Living Torah in America,
Maurice Lamm**

From whom much has been given, much is expected.

A Matter of Food—

After three years of legislative maneuvering, the Children’s Summer Nutrition bill finally became law. This year it followed a course almost mirror opposite to last year’s. It sailed through every Senate committee while being tossed unpredictably at each House committee stop. Still in the end, it passed both houses a whole week before the 2005 Florida Legislature ended. Now that’s got to be a “personal best” for Florida Impact.

Basically the law will do two things:

- Assign each school board responsibility for ensuring that children of low-income families have access to at least one summer food site in the district that is open for 35 days of summer within five miles of an elementary school with 50 percent or more free and reduced-price school meal eligibility;
- Ensure additional summer food sites within 10 miles of the remainder of elementary schools

where over half of the students attending are from low-income families.

The bill provides for an exemption to school boards but requires the issue to be annually debated and voted out at a public school board meeting. This will give Impact an opportunity to help educate and organize community leaders in counties where children have not traditionally had access to a summer nutrition program.

In one sweep, the state will be in a position to feed more children, import more federal tax dollars, and generate a positive impact on our local communities’ summer economies while maintaining local autonomy. Organizations actively supporting the bill with Impact

included: the Florida Academy of Family Physicians; United Way of Florida; Florida Association of Jewish Federations; and Florida Catholic Conference.

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The need for this law was best demonstrated by our national standing among states that leave the most federal dollars unused in Washington for summer child nutrition: Florida ranks second!

¹ A Plentiful Budget Windfall, Orlando Sentinel, March 8, 2005.

² Florida Department of Revenue.

most federal dollars unused in Washington for summer child nutrition: Florida ranks second. Only 13 percent of the approximately 1 million children eligible for free and reduced-price school meals are served by the federally underwritten Summer Food Service Program. And children in half a dozen Florida counties had no access at all last summer. This translates into many at-risk children and a \$106-million in federal tax dollars that never return to Florida.

The Anatomy of a Bill Passage:

Even before the 2005 Florida Legislature convened its 60-day session on March 8th, the Children's Summer Nutrition bills moved in position with their first committee assignments. Those hearings would foreshadow each bill's progress in the House and Senate. House bill 227 was agendaed as early as mid-February on the Pre-K Education Committee. At the last minute, a few of the committee's Republican leaders indicated an intention to kill the bill if it came up before them. Consequently Rep. Ron Greenstein (D-Ft. Lauderdale), the bill sponsor, removed the bill from the agenda to prevent that from happening.

Meanwhile Senate bill 752 was heard in its first Education committee the day before the Legislature convened. Pat Nicklin, Managing Director of Share Our Strength in Washington, DC (sponsor with PARADE Magazine of the Great American Bake Sale), testified on behalf of the bill. It passed unanimously, and the Tallahassee Democrat published an article featuring the bill on the opening day of the Florida Legislature.

In the five weeks before the House bill was again placed on the Pre-K Education agenda, advocates worked on the committee's Republican leaders to address concerns and win support for HB227. Calls from their constituents in the Impact, Catholic Conference, and United Way networks were directed to legislator's Capitol numbers. A letter of endorsement by former Lt.-Governor Frank Brogan was secured and submitted to the national media outlet, American Forum. And a news conference featuring bishops from the United Methodist Church, school children, and other advocates was held in the Capitol Courtyard (see Impact website for photos). Two of the statewide television news network feeds covered the event.

When the bill was presented before the Pre-K Education committee, a row-full of north Florida, rural ministers and the family of Willie Ann Glenn (for whom the bill is named) filed in and provided testimony. These were leaders who had overcome the challenges cited by the bill's opponents and were providing summer food to children in remote areas. If

some of the committee members were prepared again to kill the bill, this "display of moral force" deflated their efforts and effected instead their offering of a few innocuous amendments. The bill passed this first hostile committee with the amendments, which were later withdrawn in subsequent committees.

By happy coincidence (or maybe divine providence), the House bill was placed (reluctantly and after a lot of phone calls from constituents) on the agenda of its next committee on the same day Impact's statewide board was scheduled to meet in Tallahassee. Impact quickly relocated its meeting to the Democratic Caucus Conference Room within the Capitol. When the bill came up, we interrupted our meeting and proceeded down to the committee hearing room, having each filed a "Request to Speak" form earlier that morning. When the bill was presented and each speaker was called by name, approximately 15 community leaders representing various walks of life and regions of the state stood and "waived their time in favor of the bill." This convinced our bill sponsor to follow suit, and he confidently waived his own time as well for closing remarks. Even the committee chair commented to Greenstein publicly about the impressive number of supporters in the audience. The unanimous passage of the bill was met with celebratory applause, and the Impact board reconvened its meeting in the Caucus Room.

Traveling through the remainder of committee assignments, each bill worked its way closer to a floor vote. And at each stage, our statewide network of advocates called district legislators hoping to bring this victory home. In fact, one of the best stories came out of the House Appropriations Council. Rep. Joe Pickens (R-Palatka), who was among the legislators set on killing the bill initially, said to the bill sponsor after his formal presentation of the bill: "Rep. Greenstein, I want you to know that my pastor's mama called my office to say she heard I was sittin' on this bill and that I should get up off it and support its passage. [laughter] And this was after I passed it through my own committee! [more laughter] I'll make you a deal: if I vote for your bill, do you promise to call my pastor's mama and straighten this out?" Rep. Greenstein agreed³. The next legislator (a member of the United Church of Christ) rose to

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³ The "pastor's mama" turned out to be Marguerite Bronkema of Penney Farms, an Impact supporter. She promised to call and speak to Rep. Pickens personally.

present a different bill and began with, “Representatives, I am here to present a bill that was brought to my attention by Rep. Pickens’ Sunday school class.” [lots of laughter]

After each bill passed out of its last committee assignment, they moved quickly to their respective chambers for the floor votes. The Senate bill was immediately placed on the Special Order Calendar—a fast track for must-pass bills. And the House bill was voted on the floor within three days of leaving its last committee assignment. The bills made final passage in the Senate and House chambers within hours of each other. It was a wonderful day!

The Governor signed the bill on May 26, 2005.

Our bill sponsors:

HB227: Rep. Ron Greenstein (D-Ft. Lauderdale); cosponsors: Bendross-Mindingall; Brandenburg; Bucher; Bullard; Culp; Gannon; Gottlieb; Holloway; Homan; Kendrick; Machek; Porth; Richardson; Roberson; Sands; Sobel; Vana.

SB752: Senator Steve Wise (R-Jacksonville); cosponsors: Bullard; Klein; Crist.

A Matter of Health—

There are few national public policies where the recurring themes of the Gospel intersect so completely as in the Medicaid Program. Jesus addressed most of his time and words to the needs of the sick, the poor, and the children.

- Medicaid is the health care safety net for the poor—providing comprehensive health care coverage for 2.3 million Floridians (approximating the population of Miami-Dade County), including over 1 million children.
- Forty-four percent of pregnant women receive pre-natal care through Medicaid, and Medicaid covers 48 percent of all Florida births.
- Medicaid provides health care for much of the state’s blind and disabled population and for two-thirds of nursing home care in the state.
- The elderly and disabled comprise about 25 percent of those on Medicaid but make up nearly 70 percent of the spending.
- The federal government pays nearly 60 percent of the costs of the program in Florida, and the state picks up the rest.

This Senate will not wash its hands of the Medicaid program in Florida. We’re saying we’re not going to turn this program over to the Governor — end of discussion.

- This year, Florida expects to spend more than \$14 billion on Medicaid, with the federal government picking up \$8.9 billion of the total cost.
- Over the past five years, enrollment increases account for, on average, 62 percent of Florida’s Medicaid costs increases with the remaining 38 percent attributable to increases in health care costs and other factors.⁴

The Governor initially made the “reform” of Medicaid his legislative priority for 2005, proposing a global cap on overall Medicaid spending, as well as a “per capita” cap for individual patients, adjusted to be higher for sick ones and lower for healthy ones. It would allow private insurers to decide what services to provide, disposing of the standardized catalog of guaranteed services, on the belief that the quality of services and their costs will be maintained as insurers vie for patients and market share. Newly formed, provider-sponsored networks and HMOs (rather than individual doctors) would receive a set amount of money each month (rather than a service-related reimbursement) from the state for each Medicaid beneficiary it covers. Profits could be realized if they spent less than the state-allocated money treating patients. If they spent more — a lot more—the state would reimburse the networks with \$20 million put aside for cases where the losses prove too great. Additionally, the state will assume the cost of the care for patients with catastrophic illnesses or injuries once costs exceed a specified dollar threshold — not cited in the proposal. This plan — if executed — would be a first in the country, a method untried by any other state and thus requiring a federal waiver to implement.

The plan’s biggest enemy was its own lack of detailed numbers, and conceptually it did nothing to address the primary stimuli for increased Medicaid costs: growth of enrollment and the surge in health-care costs. The Governor and House leaders were content with allowing the

Agency for Health Care Administration (AHCA) to work out the particulars and let the Legislature weigh in after ACHA and the federal government agreed upon a waiver. Senate President Tom Lee’s (R-Brandon) response: “This Senate will not wash its hands of the Medicaid program in Florida. We’re saying we’re not going to turn this program over to the Governor — end

⁴ Winter Park Health Foundation, Policy Brief July 2004, “Florida’s Medicaid Budget: Why are Costs Going Up?”

of discussion.” After all, the Secretary of AHCA, Allan Levine, works for the Governor. Senate Health Care Chairman Durell Peaden (R-Pensacola) said the Senate was more interested in a demonstration project, rather than an absolute commitment to this one model.

There were more questions than answers. What will be the figure on savings for the proposed five-year waiver and how will that be accomplished if Medicaid already delivers care to children at about \$200 less than private insurers; and \$600 less, for adults⁵. If there is a cap on costs, who will pick up the overages; will they fall to hospitals through higher prices on paying patients or increased burdens on locally funded indigent care programs. And if patients operate under a cap, will they forsake preventative care, thus waiting too late on minor problems that develop into more serious illnesses requiring more expensive remedies. And finally, where rural doctors were unwilling to join Medicaid health maintenance organizations, would that not create geographic disparities in care. After more than a decade, Medicaid HMOs exists in only 33 of Florida’s 67 counties. And in light of that track record, Representative Susan Bucher (D-West Palm Beach) wondered aloud on the House floor why such a major privatization would not be subjected to the state’s new “business case” analysis. How do we know service delivery will be better and cost less? She asked, “Is there a cap on profits?”

In a post-Session retort to a Daytona Beach News Journal editorial, the Governor himself addressed the “untested” argument: “Managed care in Medicaid is anything but untested. In fact, more than 30 percent of Florida’s . . . Medicaid recipients are cared for by HMOs, which do a better job of coordinating care, preventing disease and reducing emergency room visits--for less money--than the old fee-for-service system. Medicaid recipients are already subject to arbitrary caps on everything from inpatient hospital stays to the number of home health-care days available.”

Halfway through the 2005 legislative session, the House and Senate were no closer in agreement on the Governor’s plan; and the House was working on a bill that gave ACHA authority to pursue a federal waiver for the plan, which could take months after legislative approval. Most of the lawmakers, however, were beginning to focus on the more pressing question of how to finance the old system another year, while the

Governor started talking about growth management legislation as his number one priority.

The final legislation forged a compromise that authorizes ACHA to 1) seek federal approval for the plan after sending its details to the House and Senate members and posting it for one month on the internet; 2) begin testing a new Medicaid model in Broward County and the Jacksonville area, only after approval of the Legislature, which may require a Special Session before 2005 is out; and 3) proceed with two additional pilots that move those over 60 years of age into long-term programs or managed-care networks. No venues have been designated for the one voluntary and one mandatory senior pilots. Thanks largely to the Senate, the final bill effectively slows the reform process, allowing for more public input and scrutiny. Expansion to the rest of the state is dependent upon a review of the pilots by state auditors and policy analysts at the end of two years as well as further approval from the Florida Legislature.

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In the meantime, at the federal level ... a Medicaid study commission—approved by the U.S. Congress last month—is convening to recommend ways to cut \$10 billion from Medicaid over five years and propose longer-term solutions to slow the program’s rising costs. Health and Human Services Secretary Mike Leavitt will appoint the commission’s fifteen voting members, including himself or a Department representative; federal Medicaid officials; current or former governors; current or former state Medicaid directors; three health care policy experts from public policy organizations; and other “individuals with expertise in health, finance or administration.” A bi-partisan group of congressional leaders issued letters asking for an independent commission appointed by the National Academy of Sciences, citing this as “the best way to ensure that the Administration and Congress receive credible, long-range recommendations on how to improve coverage and access to care, quality and cost-effectiveness of services.” Democratic leaders sent a letter to Leavitt, urging that the commission be “independent from influence by those in this Administration with an agenda unfriendly” to Medicaid. Senate Majority Leader Bill Frist (R-Tenn.) expressed his confidence that Leavitt would appoint the commission in a manner that “represent[s] a broad range of ideas and points of view.” The commission is to make its recommendations by September 1st of this year.

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⁵ Public Testimony by Joan Alker, a senior researcher at Georgetown University Health Policy Institute.

A Matter of Shelter--

Governor Jeb Bush is proving once again that he can't be trusted around trust funds.

**—Sarasota Herald Tribune
24 March 2005**

The average cost of an existing home in Florida went up 71 percent in just four years (2000-2004). By comparison, the average household income for Floridians went up only 10 percent. In addition to the overwhelming strain this puts on low-income families, it seeps, too, into the lives of middle-income workers like teachers and police officers. Consider the median home prices in a handful of Florida counties:

- Sarasota/Manatee--\$289,000
- Charlotte--\$188,700
- Martin/St. Lucie--\$222,800
- Palm Beach--\$352,900
- Miami-Dade--\$322,000
- Broward--\$332,000

For families to afford a home in the last two counties, they would need to earn \$96,600 and \$99,600, respectively, if using the recommended 30 percent of income on shelter spending. Trouble is--the per capita income in those counties (respectively) is \$18,497 and \$23,170 (2000). That leads to many more working families spending more than half their incomes on housing—a 76 percent increase in the last five years, according to the Center for Housing Policy.

In the 2003 legislative session, the Governor's response to the housing crisis was to eliminate the funding source for affordable housing programs and shift those monies into general revenue. The Legislature refused to eliminate the dedication of documentary stamp revenues in 2003 and reauthorized the housing trust funds in 2004. However, they did fund housing programs at only \$193 million each year, with over \$347 million swept as "excess" from the housing trust funds to general revenue to be spent on other line items. In light of the state's current average housing costs and wages, it would be an unlikely scenario in which any affordable housing funds could be characterized as "excess."

Still the Governor returned to the 2005 legislative session with his proposal to permanently cap the housing trust fund at the now outdated figure of \$193 million, using the "windfall revenues to fund other priorities." Though Governor Bush, in his State of the

State address, said, ". . . we cannot tax our way to prosperity," he is comfortable with continuing to collect the fee from real estate transactions that were generated to shelter middle- and low-income Floridians. Simultaneously, the Governor consistently and successfully secures tax breaks largely for the wealthy during his terms of office. And despite his concern that the trust funds restrict the state's spending flexibility, the Governor and the Legislature have reduced state tax revenue by about \$8 billion through tax cuts since Bush took office.⁶ (To that you can add another \$154 million from this session in reductions to the intangible property tax on stocks, bonds, mutual funds, etc.)

In recent years, Florida's housing boom created a burgeoning trust fund for affordable housing that proved too tempting for some members of the 2005 Florida Legislature; but the Sadowski Trust Fund was created by the 1992 Florida Legislature to address just such an economic environment, i.e., as home values rise and more land is sold for development, the amount of money available for affordable housing programs rises, too. That way the vast majority of Floridians don't get squeezed out of a dwindling housing market. The housing trust funds help lower-wage earners realize the dream of homeownership with down-payment assistance and low-interest loans and spur construction of affordable rentals and homes—all of which is an essential element of economic growth and development. Additionally, the existence of the Trust Fund proved fortunate in addressing some of the unexpected housing needs associated with Florida's record year of hurricanes.

About mid-Session, the House passed a bill that would permanently set the cap at \$193 million a year—as the Governor wanted. Several policymakers did what they could to salvage the Trust Fund's mechanism for addressing the rise and fall of housing needs. Rep. Nancy Detert (R-Venice) offered a plan to set the cap at the trust funds' current level--about \$331 million--with future increases tied to a population and housing-cost index. The House defeated it. All Democrats present on the floor and nine Republicans⁷ voted for the Detert amendment. Senators Ron Klein (D-Boca Raton) and Bill Posey (R-Rockledge) offered amendments to al-

The average cost of an existing home in Florida went up 71 percent in just four years between 2000-2004.

⁶ "Leave Trust Funds Alone," South Florida Sun-Sentinel Editorial Board, 21 April 2005.

⁷ Detert, Culp, Dean, Evers, Galvano, Goldstein, Grant, Johnson, and Planas.

leviate the legislation or to remove the cap entirely. And Senator Ken Pruitt (R-Port St. Lucie) filed amendments that set the cap at \$243 million and established a formula to boost the trust funds a few million a year. Seeing the ominous writing on the wall, housing advocates began formulating a drop-back position.⁸ In the event a cap is enacted, it should:

- Have a base funding level that reflects today’s cost of housing, which has significantly increased over the past 5 years; \$193 million represents the distributions of doc stamps to housing in FY00-01.
- Have annual adjustments to the base funding level for increases in both housing costs and population.

On the last day of the 2005 legislative session, the Florida Legislature used receipts from the affordable housing trust funds to provide \$250 million in hurricane housing funding and appropriated another \$193 million for general affordable housing. While these amounts combined (\$443 million) represents the largest annual appropriation in Florida’s history, the funding for existing housing programs remained at \$193 million. There is no cap on housing expenditures for FY06-07, and the Legislature may appropriate amounts above \$193 million for that fiscal year. A cap was enacted, but it will not take effect until July 1, 2007, and it is higher than the \$193 million proposed by the Governor and the House. The cap will be \$243 million (the Senate’s version and \$50 million higher than current appropriations for ongoing programs), be classified as “recurring revenue” (the amount that is in the base appropriation level each year), and have small annual increases relative to documentary stamp collections.

⁸ Provided by the Workforce Housing Coalition, comprising: Florida Association of Realtors, Florida Bankers Association, Florida League of Cities, Florida Association of Counties, Florida Housing Coalition, Florida Legal Services, Inc., 1000 Friends of Florida, Florida Catholic Conference, Florida Impact, Coalition of Affordable Housing Providers, and Florida Association of Local Housing Finance Authorities.

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