

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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LONG TERM CARE

Before approving the long-term care reform bill, CS/SB 1202 by *Sen. Ginny Brown-Waite (R-Brooksville)*, the Senate Judiciary Committee adopted a key amendment limiting punitive damages in suits against nursing homes and assisted living facilities. The amendment by *Sen. Jim Horne (R-Orange Park)* would limit punitive damages to three times compensatory damages or \$1 million unless the defendant acted wrongfully solely for financial gain, in which case the limit would rise to \$4 million. The amendment passed on a voice vote.

Negotiations between the nursing home care providers and trial lawyers had resolved other issues such as limiting attorney fees and setting clear standards of responsibility before breaking down over the issue of punitive damages. The trial lawyers wanted no limit. The bill also requires increased staff in the homes and makes other quality of care reforms. It goes next to the Appropriations Subcommittee on Health and Human Services.

The next step for the bill is Senate Appropriations before consideration by the full Senate.

The Florida Senate is on the cusp of doing the right thing for nursing homes and Florida's citizens. We appreciate the hard work of the bill sponsor, Sen. Ginny Brown-Waite, the efforts of Sen. Jim Horne on the very thorny issue of punitive damages and the committee staff who have logged long hours in crafting this legislation.

While certainly the human side of this issue, the care of our elder citizens, is compelling, the fiscal stability of the state is at risk, as well. General revenue is actually a relatively small slice of the budget expenditure pie for Florida. Many expenditures by the state are trust funded, designated for a specific purpose, and are not quite as exposed to the cyclical whims of the economy as general revenue is. Medicaid is funded out of a mix of state and federal dollars. The state Medicaid dollars come out of general revenue. Nursing homes are funded out of the Medicaid monies. If there is a crisis in nursing home care, if homes are going under, it is the state, and the dollars in general revenue that must pick up the slack. "Picking up the slack," can mean, as it does this year, *that a tax cut is in doubt*.

Effective reform is critical to the business community. A squeeze of a billion dollars in the Medicaid dollars, such as we have this year, can have an enormous ripple effect throughout the budget, the state's tax policy and ultimately, the business community. We pay the taxes. AIF supports the nursing home care reform legislation for that reason.

Service First – Civil Service Reform

The Senate Governmental Oversight and Productivity Committee approved a significantly watered-down bill to improve state employee service to taxpayers, CS/SB 466 by committee *Chairman Rudy Garcia (R-Hialeah)*. Before presenting the bill for a vote, Chairman Garcia returned the requirements for removing a state employee to the present law: require the state agency to show just cause for removal and to continue review of dismissals by the Public Employees Relations Commission. The bill previously allowed dismissal within the discretion of the manager and required the employee to show the action based on discrimination, political action or other unfair reason, just as in the private sector. Those central requirements for state workforce reform are in the House bill, HB 369, approved 74-43 by the House on March 22 and now awaiting Senate action.

The three Democrats on the committee, *Sens. Al Lawson (D-Tallahassee), Richard Mitchell (D-Live Oak) and Rod Smith (D-Gainesville)* thanked Chairman Garcia for the changes although Lawson and Mitchell still voted against the bill, anyway. *Sen. Locke Burt (R-Ormond Beach)* said the bill still made significant changes by shifting 16,000 managers and supervisors into at-will positions, allowing employees to share in cost savings and establishing broad classifications for jobs. *Sen. Bill Posey (R-Rockledge)* decried the rallies and demonstrations by unions to politicize the issue and scare employees about their possible loss of jobs.

Sen. Al Lawson (D-Tallahassee) actually had the gall to state that the “private sector” should keep its nose out of the issue, suggesting that how the state government is run is none of our business. He even elaborated, stating that the public sector doesn’t tell the private sector how to run their businesses! He plunged forward, by noting that businesses go out of business everyday, so who are they to lecture the state on how to run things? This bizarre discourse by Sen. Lawson overlooked three fundamental realities:

- Business pays taxes to the state, so they really do have a legitimate interest in the how the money is spent;
- The state government does, by hundreds of current laws and regulations, tell the private sector how to run its businesses and it attempts to expand that role day and night at every conceivable level in the minutest detail;
- Businesses fail for all sorts of reasons, but one of them is surely because they do not enjoy the awesome power of taxing and collecting other people’s money.

Shortly before the committee meeting, Jon Shebel, Associated Industries president, along with representatives of the Florida Chamber of Commerce, the National Federation of Independent Business and the Florida Council of 100 held a news conference in the Capitol to show support for Governor Bush’s Service First plan. “We should give state employees the same opportunities as employees in the private sector to prosper if they work hard,” Shebel said. “We need a realistic system that relates to the real world, not some law (Career Service) written in 1955,” he added.

AIF supports the Governor’s Service First plan. Not only does it hold the prospect of treating our civil service employees better; it promotes efficiency and accountability within the civil service system. Florida’s employers, who interact with the state every day, would benefit tremendously from a motivated, lean and highly professional state employee force. In addition, the savings realized to the state in state employee reductions and added efficiency would save employer’s tens, even hundreds of millions of tax dollars in the long term.

Education Governance

The Senate Governmental Oversight and Productivity Committee also approved CS/SB 2108 by *Sen. Jim Horne (R-Orange Park)* to begin the process of establishing a unified system for governance of Florida public education from Kindergarten through graduate school. The bill directs Gov. Bush to appoint members of a state Board of Education by July 1, but it would share its duties with the Governor and Cabinet acting as the state Board of Education until a 1998 constitutional revision takes effect in January 2003. They and an advisory committee will work out the operating details and report back to the 2002 Legislature. The bill replaces the Board of Regents with an appointed board at each university.

AIF supports these efforts to implement reform of our education system. Florida's employers need high quality, trained, and equipped people. These reforms are an important first step in improving the quality of potential employees for the business community and they brighten the future for all of Florida's citizens.

Other Issues

- HB 45 by *Rep. Allan Bense (R-Panama City)*, repealing the alcoholic beverage surcharge was passed by the full House today...
- HB 159 by *Rep. Marco Rubio (R-Miami)*, which strangely requires HMO's to utilize only Florida doctor's for health treatment determinations, remains to be heard by the full House after winning quick passage in the committee process
- The House forwarded its budget to the Senate, still containing its \$300 million in tax cuts
- *Speaker Feeney* said he wanted \$1.5 billion in tax cut
- *Sen. Charlie Bronson's* bill to protect gun manufacturer's from the same fate as tobacco companies, providing civil liability protection, will be heard on the Senate floor tomorrow.
- Negotiating in every corner of the Capitol has failed to come up with a solution on how to fund the massive high speed rail system mandated by recently adopted constitutional amendment.

This report was prepared by Curt Leonard, Manager – Governmental Affairs at Associated Industries of Florida (AIF) and Jere Moore, AIF Reporter. Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

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