



SOLIDARITY

In The Sunshine

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****Special 2009 Session Primer****

FLORIDA'S BUDGET CRISIS



To watch the Florida Legislature in action, one would think that the 2008 elections never happened. On November 4, 2008, voters across the country and here in Florida sent a blazingly clear message... that they were tired of the failed economic policies of the past decade. Citizens want to see an end to all the de-regulation that led to the meltdown of our financial institutions, an end to the “trickle down” economic models that placed tax cuts for the super rich and corporations over investments in the middle class and working poor and an end to corporate welfare and trade policies that have led to the loss of millions of jobs here at home and the exportation of misery abroad. That message never reached Tallahassee. Florida’s budget crisis is directly tied to these same disastrous economic philosophies, but leaders in the Legislature are determined to stay true to a failed ideology, even if it means sacrificing our public schools and the state’s most vulnerable residents.

This is by far the biggest challenge we are facing as we prepare for the 2009 Regular Legislative Session. Florida’s budget disaster has become apocalyptic. After two different budget cutting exercises that led to the wholesale slashing of critical programs to the tune of billions of dollars, the legislature must do it again...this time to the tune of a staggering \$6 billion. Some see this crisis as a chance to continue eliminating services, thus ensuring that Florida’s most powerful will never have to pay taxes. We see this as an opportunity to finally reform Florida’s insufficient and antiquated tax code and finally prepare Florida for the 21st Century. **Our message this session is simple...stop the cutting, show real leadership and find the revenue to give the people of Florida access to the critical services they need and deserve.**

To that end, the Florida AFL-CIO and our affiliates have been working with a broad based group of allies under “The Coalition for Fair and Comprehensive Tax Reform.” Working with the expert analysts at the Florida Center for Fiscal and Economic Policy, the coalition is actively looking for solutions for this budget disaster; solutions that involve special interests paying their fair share rather than cutting programs for working families. The problem is three-fold:

- ◆ Florida is too dependent on sales taxes. Our tax structure is one of the most regressive in America. This also leaves us at the mercy of shifts in the economy.
- ◆ Our tax system is unfair. Some goods are taxed, some are not. Services are not taxed at all and local businesses pay many taxes that big national corporations escape through loopholes. Many of these exemptions and loopholes serve no real public purpose.
- ◆ People are taxed unfairly. The wealthy pay 2.7% of their income towards taxes while working families and lower income people pay 14.4% or more.

While we have not officially endorsed any specific proposals to address these concerns, here are some that are currently under review.

- ◆ A temporary increase in the sales tax rate from 6% to 6.75%, while closing sales tax exemptions to generate the revenue needed to reduce that rate back to 6.25%. **Revenue Generated by 2010 - \$1.9 billion**

Cont. on Page 2

Budget Solutions...cont.

- ◆ Permanently remove some of the outdated sales tax exemptions from the 264 currently on the books. These would include exemptions on fishing charters, bottled water, packaging materials, stadium skyboxes and magazine postage. **Revenue Generated - \$233.6 million**
- ◆ As we have become a service economy, Florida should tax some services such as accounting, courier services, business cleaning, beauty shops and many other consumer services. **Revenue Generated - \$965.6 million to \$1.1 billion**
- ◆ Follow the lead of 22 other states and Implement “Combined Reporting” for out-of-state corporations. **Revenue Generated - \$376.3 million**
- ◆ Join over 20 states in working with the federal government under the Streamlined Sales and Use Tax Agreement to capture sales taxes currently being lost on the Internet. **Revenue Generated - \$2 - \$4 billion**
- ◆ Adopt the “Throwback Rule” so corporations can’t escape state liability for income tax by shifting profits to another state with lower taxes. **Revenue Generated - \$38.4 million**

Removing these loopholes and others could allow the state to lower the overall corporate income tax rate for all companies (from 5.5% to 4.5%), allow in-state corporations to be more competitive and generate an additional \$648 million this year and over \$1.3 billion in 2010.

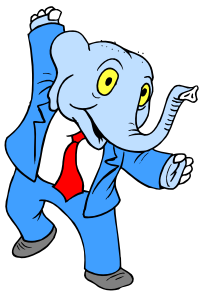
- ◆ Reinstate the “Intangibles Tax” on Florida’s wealthiest citizens – **Revenue Generated - \$250 million**
- ◆ Eliminate tax dollar hand-outs to private, professional sports teams – **Revenue Generated \$24.7 million**

Again, the Florida AFL-CIO is carefully reviewing the specifics of these ideas, but this list does provide some rather simple solutions to fixing Florida’s budget mess, not just this year but forever, keeping us from ending up in the same mess the next time the economy tumbles. These are the types of solutions we should expect from our legislators, real leadership as opposed to the same tired old ideologies that regard all government as bad, tax cuts can fix anything and budget slashing can take care of the rest.

Unemployment Insurance: Economic Stimulus that Works!

The Unemployment Insurance (UI) system was designed to be an “automatic stabilizer” of the economy during times of recession and high unemployment. It stabilizes the budgets of low and moderate income families who spend the most - both in total amount and in percentage of income. If people still have money to spend on the goods and services they need, demand is maintained in the supply-demand cycle. UI expansion and extensions were the primary tools used by the first Bush administration to combat the recession of the early 1990’s. Florida’s UI system has not been significantly updated in over 70 years and has consistently received failing grades in numerous studies by the Center on Budget and Policy Priorities, Economic Policy Institute and National Employment Law Project. The major problems include outdated methods for determining eligibility, benefit amounts that have not kept up with cost of living changes and restrictions on benefits that do not reflect the realities of the modern economy. The economic stimulus legislation recently signed by President Obama includes the Unemployment Insurance Modernization Act. The program provides the states with over \$7 billion for their UI systems, only if they agree to adopt three of five new standards and practices for their UI systems. The amount of money to be distributed to each state is dependent on the number of the five provisions they adopt. Florida is one of a handful of states that currently does not meet any of these conditions. Legislation has been filed in the legislature to enact three of the five changes.

- ◆ The one change that must be adopted by all states before any money is awarded is the inclusion of the “Alternate Base” period for eligibility determination. In Florida, an estimated 27,000 workers are automatically excluded from eligibility due to the current base period for eligibility. If Florida were to adopt the alternative base period, not only would these workers be able to participate in their local economies and support retail and other local businesses, **Florida would receive \$145.4 million dollars for its trust fund and \$31.6 million in administrative costs. The estimated cost for this change in terms of benefits is \$45.2 million.**
- ◆ A second provision that provision included in the Florida legislation is UI coverage for those who can only seek part-time work. This is already established practice by AWI but has not been promulgated in statutes. This change would cover an additional 6,294 workers at a cost of \$8 million. **In return, that state would receive \$290.825 million, a 2/3 share of the total available.**
- ◆ The final provision in the bill is coverage for those workers who must seek new employment due to “compelling family reasons” including a spouse who must relocate for their own work, illness or domestic violence. This change could help an additional 6,393 workers at a cost of \$18.3 million. **In return, Florida would receive the full allotment of \$436.238 million plus the \$32 million administrative cost allocation.**



Legislative Issues in Review



In addition to the issues discussed throughout this newsletter, the Florida AFL-CIO and United Labor Lobby are carefully following several other critical issues. Here is a very brief run-down of the challenges and opportunities we see in the coming legislative session.

TABOR – The looming disaster that is TABOR has once again reared its ugly head. As you no doubt recall, Florida’s labor movement waged a successful campaign last year to keep hard revenue caps on local governments out of Florida’s Constitution during the Taxation and Budget Reform Commission. Now, Governor Crist has signaled that he will push to have those same constitutional caps introduced during the legislative session. As we have all learned following the passage of Amendment One last year, hard caps on local government revenue cripple essential services like public safety and our schools. The caps the Governor is proposing are much worse. Many believe that this effort has little to do with good public policy and everything to do with a Governor who wants to be a U.S Senator. We will be following this issue very closely to ensure that this misguided policy, which has failed in every state it has been tried, does not come to pass.

CSX Railroad Corporate Welfare – The CSX Corporation is once again pushing a deal that will grant the company millions in taxpayer dollars and unfairly penalize railway workers. Under the guise of creating a commuter rail system for Central Florida, CSX is pushing a really bad deal for the people of Florida. This sweetheart arrangement will cost taxpayers over \$2.6 billion at a time we can least afford it, the layoff hundreds of unionized railway workers at a time the economy can’t handle it, a prohibition against the use of organized railway workers on future commuter rail projects and a provision that will leave the taxpayers on the hook for any accidents, even if they are the fault of the CSX company.

Growth Management – The legislature recently enacted sweeping legislation dealing with Florida’s serious growth challenges. The legislation was designed to help ensure that new development is conducted so that there is proper transportation infrastructure, school capacity, water capacity and other public service infrastructure. Numerous reports have shown that when “smart growth” principles such as these are followed there is an increase in union jobs, public education improves and the local communities are strengthened. Under the guise of “economic development” there are some in the legislature who want to repeal these changes in growth management law. While we believe that there are some changes that could be productive, we are concerned that the wholesale elimination of these hard won changes would be counterproductive.

Public Employees – As always, that Florida AFL-CIO will work closely with our allies in the public sector unions to help improve the lives of our dedicated public employees. We are currently advocating a proposal that will provide federal safety protections for state workers who currently enjoy no such protections. We are also carefully monitoring changes to the Florida Retirement System, including a potentially disastrous proposal to eliminate the state’s defined benefit retirement program in favor of placing our state retirees into the increasingly volatile stock market. There is also legislation designed to continue the roll-back of former Governor Jeb Bush’s decimation of the career service system.

Building Trades – The Florida Building Trades is currently working on several key issues. First, Florida’s vital apprenticeship programs need to be protected and enhanced as a critical component of our education system and overall job readiness program. The Florida AFL-CIO and United Labor Lobby will be working to protect tuition waivers in the community colleges for apprentices and the necessary state funding for these programs. There is also a serious push underway to increase the presence of licensed journeymen on job and eliminate the all-to-common practice of relying on unlicensed craftsmen on construction projects. There will also be an effort to increase the state’s commitment to nuclear power as a way to solve our many energy production challenges. Nuclear power generation helps reduce carbon emissions, alleviates our dependence on foreign oil and creates thousands of high skill, high wage jobs. Finally, the current Shuttle Program is scheduled to end in 2010. NASA’s next generation of space flight vehicles, the Constellation Program, are not expected to be operational until 2015 at the earliest. Accordingly, there will be at least a five year gap of the current NASA flights, affecting well over 10,000 workers in not only the building trades but also workers involved in maintenance and operations. The State of Florida, local entities and the building trades are attempting to fill the gap for workers by developing space flight opportunities for private/commercial business.

Elections – Last year’s elections made it abundantly clear that Florida still has a lot of work to do on our voting systems and overall elections process. The Florida AFL-CIO will be pushing to expand voter access through early voting and/or vote by mail programs and will vigorously oppose any attempts to put restrictions on organizations looking to increase voter participation. We will also be closely monitoring attempts to repeal Florida’s public campaign finance system, a system we have long advocated for.

A Quality Education for our Future?

It is impossible to consider Florida's budget meltdown without considering the horrific impact it has had on our public schools. Florida's education budget has been slashed three times just since May of last year, at a time when our state ranked near dead last in many indicators of school funding and performance. Consider these startling facts...figures taken BEFORE the last three budget cutting exercises.

- ◆ **Per capita State and Local Government Expenditures for Education** - FL = \$1,807; National Per Capita = \$2,330; 49th of 50 states
- ◆ **Per Capita State and Local Government Expenditures for Higher Education** - FL = \$404; National Average = \$616; 50th of 50 states
- ◆ **State Share of K-12 School Funding** – Recent cuts totaling over \$3.2 billion have reduced the state's share to 47.95% of the total allocation. This is the lowest percentage since 1973. Local governments are trying to cover the shortfall with property taxes (also capped).

With \$6 billion in budget cuts on the horizon and no recovery in the housing market expected until 2012 something must be done to stop the bleeding from our education system. While many of the changes outlined above would certainly help, the Florida Education Association has proposed an immediate solution. **A temporary penny increase in Florida's sales tax rate.**

The .01 increase would be temporary, lasting only three years and would be earmarked for K-12 schools and higher education. FEA estimates indicate that this would generate about \$3.5 billion each year and \$10.5 billion over the 36-month period. The increase could be eliminated after 3-years or renewed as a way to provide targeted property tax relief. The plan ensures that Floridians would not have to bear the total burden during this time of economic downturn and that the state could capitalize on additional revenues from our tourism based economy.

The Florida AFL-CIO is analyzing this solution carefully but has yet to reach a formal decision on it.

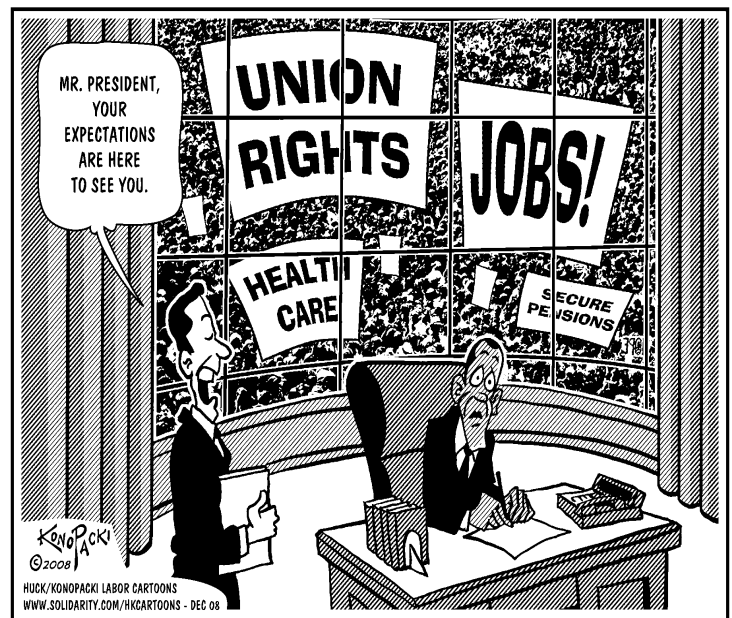
While the state's funding challenges are certainly the biggest issue faced by education advocates, our allies at the Florida Education will also be pursuing other beneficial changes to our education system that provide better environments for our students and support for our teachers and other education professionals. Some of these include:

- ◆ Require school districts to develop programs to better train and integrate new teachers, develop better reporting mechanisms on teacher attrition rates and create programs to reduce those rates.
- ◆ Encourage teachers to remain on the job by making teacher salaries more competitive, increasing the retirement accrual rate from 1.6% to 1.8% per year of service and raising the health insurance subsidy for retirees from a maximum of \$150 per month to a maximum of \$210 per month.
- ◆ Education Staff Professionals (ESPs) including bus drivers, secretaries, security officers, food service, custodial staff and others are critical components of our education system. The Florida AFL-CIO will work with the FEA to ensure that ESPs receive living wages, have access to professional development programs, enable teacher aides and paraprofessionals to take advantage of teacher scholarships and provide these important professionals with equitable benefits in the Florida Retirement and the DROP program.
- ◆ Increase access to Florida's colleges and universities through needs-based scholarship programs and ways to keep students in school when costs rise.
- ◆ Protect university faculty from any measures that include the so-called "academic bill of rights" which places unnecessary restrictions on the free exchange of ideas in our universities, hinders student research and exploration and makes our universities less competitive with other states.

Anti Employee Free Choice Constitutional Amendment is on the Table in the Florida Legislature

On Thursday, February 19th, Representative Adam Hasner, the House Republican leader, officially launched an effort today to amend Florida's Constitution in a way that he believes will block the provisions of the Employee Free Choice Act. HJR 1013 promises to "guarantee the right to vote by secret ballot" insinuating that the rights of Floridians to vote by secret ballot, even at polling places, is somehow in jeopardy. Of course this is patently false. Representative Hasner is a board member of SOSBallots, a national organization funded by corporate interests like Wal-Mart, Home Depot and others, to wage a \$120 to \$200 million dollar campaign to block the Employee Free Choice Act through misinformation, misdirection and intimidation. This organization is also being driven by anti-worker organizations such as the Heritage Foundation, the Club for Growth and the Goldwater Institute. These groups are introducing these measures across the country to change the debate over the Employee Free Choice Act from one of protecting workers' fundamental rights to collectively bargain to improve their lives to the red herring of secret ballots. Of course we all know the truth. The Employee Free Choice Act does nothing to deny workers a secret ballot; it only gives them instead of the corporations, the right to decide how union elections will take place. It is unfortunate that Rep. Hasner has chosen to take time away from his responsibilities as Majority Leader of the Florida House of Representatives at a time when Florida is facing the most serious fiscal crisis of a generation to participate in this campaign. It is also unfortunate that Representative Hasner has chosen to occupy his time with a push to deny workers the right to improve their work lives when workers need the right to bargain collectively now more than ever. The Senate companion (SJR 1908) has been filed by Senator Garrett Richter, the freshman from Naples. The Florida AFL-CIO would hope that the Florida Legislature would focus all of its efforts on solving the budget crisis currently gripping our state, but these anti-worker extremists seem determined to put their energies towards this ideological witch hunt. The Employee Free Choice Act is the most important legislation of a generation and all of Florida's labor movement is united in doing everything we can to ensure that the Florida Legislature does nothing to interfere with bringing the fundamental right of collective bargaining to Florida's workers and their families. In the midst of all the corporate spin that is likely to hit the airwaves and halls of the Capitol over the next few weeks, it is important to keep in mind these key facts:

- ◆ The world community has affirmed that the rights of workers to bargain collectively is a fundamental human right that must not be abridged. Unfortunately, workers in the U.S. are all-too-often denied that right due to a fatally flawed National Labor Relations Board process. The Employee Free Choice Act will correct that process and restore that right to all Americans.
- ◆ There is nothing in the Employee Free Choice Act that denies workers a secret ballot or anything else. The Act simply provides that in the future, workers rather than the corporations will decide how they will choose to collectively bargain .
- ◆ When workers can collectively bargain, it helps everyone. Collectively bargaining raises the living standards of everyone in the community and has in the past, prove to be an excellent tool for stimulating the economy.





This Just In: Richard Trumka to Attend Legislative Conference!

The Florida AFL-CIO recently confirmed that the national AFL-CIO Secretary-Treasurer Richard Trumka will address the delegates at the 2009 Legislative Conference in Tallahassee. This is incredibly exciting news! Richard Trumka is a nationally known champion of workers' rights, one who inspires the best in all trade unionists with his passionate words, insightful analysis and energetic presentation. This year's legislative conference is one of the most important in recent memory and with Richard Trumka being added to the mix, it promises to be an event that you don't want to miss.



Rally In Tally for Education!

Join with FEA members, AFL-CIO, PTA , NAACP and

others from across Florida as we show a united front in our fight to **MAKE OUR SCHOOLS A PRIORITY!**

Wednesday, March 18th - 11:00 am – Noon
at Waller Park (steps behind the Capitol, across from Supreme Court).

Don't Forget...

This special Legislative Session Primer edition of Solidarity in the Sunshine is designed to give you some very basic information about the priority issues we expect to work during this year's session. We believe that this is critical information that will guide you when setting up meetings with your legislators during our lobby week in conjunction with the Legislative Conference. We can't accomplish our goals for this session without your help. If you have not yet set up meeting times to discuss these issues with your legislators during the lobby week or in your districts, please do so as soon as possible. This looks to be an incredibly challenging session, but if we all work together we can rise to meet those challenges and ensure that Florida's working families get a fair shake during the legislative process.

Solidarity in the Sunshine Takes a Couple of Months Off...

Please remember that beginning in March, the Solidarity in the Sunshine monthly newsletter will take a hiatus so that we can bring you our weekly Legislative Update. The Legislative Update begins during the second week of the legislative session and will publish every week, bringing you all the highlights of that week's action. This publication is distributed to all of our affiliates and all of the delegates to the Legislative Conference and will be posted on our website. **If you know anyone who like to be added to our mailing list, please contact Hazel Ziegler at hziegler@flafcio.org or (850) 224-6926.**



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