



SOLIDARITY

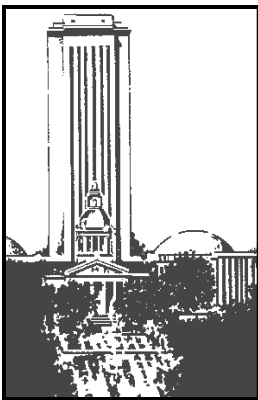
In The Sunshine

NEWSLETTER OF THE FLORIDA AFL-CIO

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Special Interest Tax Cuts and Exemptions Fare Well in Budget Cutting Session; Schools, Sick Kids, Seniors and Criminal Justice....Don't



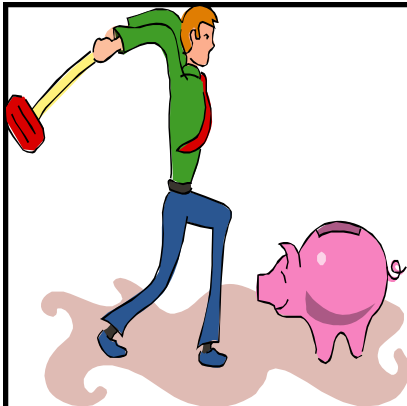
All of Florida's working families are by now well aware of the dismal budget cutting free-for-all Special Session that concluded in Tallahassee a couple of weeks ago. However, many might not be aware of the real story behind this latest chainsaw attack on Florida's most vital services and by extension, Florida's most vulnerable citizens. While the official "story" being pushed by our legislative leaders and the Governor is that the current economic downturn is to blame for the budget meltdown. In reality, the root cause of our fiscal woes is our insufficient revenue base and the overall antiquated tax base in our state. The struggling economy is a key factor but mainly because Florida, with one of the most regressive tax structures in the country, relies almost exclusively on sales tax revenues. When the economy is strong and people are spending, we are flush with cash...when the economy tanks and people start saving, tax revenues suffer. **In this case, the budget we are currently operating under came up \$2.3 billion short.**

For years now, the Florida AFL-CIO and our allies in the Coalition for Fair and Comprehensive Tax Reform and others have been beating a drum, warning our elected officials that with such a volatile revenue system this moment was sure to come. However, those in leadership ignored these warnings and continued to chisel away at the tax code with more special interest exemptions from the sales tax, tax breaks for the super-wealthy and the creation of loopholes that allow the most profitable corporations to shirk their responsibilities and keep from paying their fair share. **It is important to keep reminding Floridians of a few unassailable facts:**

- ◆ Our elected leaders have given away \$14.5 billion dollars in the past nine years in high-end tax cuts. Investors that earn over a million dollars per year in *income* from stocks and bonds pay no taxes, corporate tax loopholes allow companies to escape their fair tax burden and well-connected special interests like professional sports franchises earn millions each year in taxpayer handouts.
- ◆ Florida generates close to 70% of its revenue from sales taxes, which has made our tax system one of the most regressive in the nation. It has also made us incredibly vulnerable to the current economic downturn.
- ◆ Even though the sales tax is the bulk of our revenue, special interests don't pay it. There are currently 323 separate sales tax exemptions in Florida, totaling over \$22.9 billion. That means that Florida exempts more from sales taxes than it collects. Some of these exemptions and their estimated costs include; yachts temporarily docked in Florida (\$3.9 million), alcoholic beverages used by businesses for tasting (\$1.3 million), feed for ostriches and racehorses (\$19.5 million), charter fishing boats (\$34.1 million) and a \$2 million annual subsidy for the Professional Golf Hall of Fame. The Legislature continues to refuse any meaningful sales tax reform.
- ◆ Florida ranks 34th in the nation for the amount of total tax revenue (state and local taxes combined) per capita, with approximately 56% of that coming from state taxes. Only 8 states in the nation have a lower state share of total taxes, meaning that while state taxes are continuing to shrink in Florida, the burden is being shifted to local governments.

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Unfortunately, none of these issues were addressed by the legislature this month. In fact Republican leaders actually structured the “call” for the Special Session in such a way that banned even considering the raising of revenue to meet the state's needs! While the “tighten our belts” mantra played well with the public for years, it impossible to tighten Florida's belt any-more because the belt itself is gone. Florida currently ranks either dead last or near last in virtually every indicator of social service spending including education, health care and critical services for the elderly. Unfortunately, old habits die hard and rather than showing real leadership and really take on the difficult work of governing, our legislative leaders chose to balance the budget on the backs of those least able to stick up for themselves...our kids, our seniors, the sick and the environment. **In all, the Legislature slashed \$2.8 billion from the current budget (\$500 million more than needed just for good measure) and the “let’s get rid of all government crowd” had a field day.**



Pre-K – 12 Education: \$466.4 million, the third major cut to education spending since May of last year.

Reduction of 2%, or \$140 per student for FY08-09.
Class Size Reduction Funds – \$79.6 million
Excellent Teaching Awards – \$11 million

HIGHER EDUCATION - \$184.3 million, Florida already ranked 50th in the nation for higher education spending.

Vocational Rehabilitation – \$1.2 million

AGENCY FOR WORKFORCE INNOVATION - \$5.9 million cut for school readiness

AGENCY FOR HEALTH CARE ADMINISTRATION - AHCA saw its budget reduced by \$47.9 million

The state's hospitals face just over \$101.3 million in cuts to reimbursement for treating Medicaid patients, including the loss of federal matching dollars. Cuts to AHCA also reduce hospice reimbursement rates in Medicaid by \$22.1 million, or 10.5 percent.

AGENCY FOR PERSONS WITH DISABILITIES

Five percent rate reduction in the home and community-based service program for keeping disabled people out of institutional care, a \$41.7 million cut

DEPARTMENT OF CORRECTIONS - Total Budget Reduction = \$48.7 million

JUSTICE ADMINISTRATION COMMISSION - Total Budget Reduction = \$18.1 million

DEPARTMENT OF JUVENILE JUSTICE - Total Budget Reduction = \$16.2 million and 86 jobs

DEPARTMENT OF LAW ENFORCEMENT - Total Budget Reduction = \$5.7 million and 96 jobs

HIGHWAY SAFETY AND MOTOR VEHICLES - Total Cuts \$19.5 million.

DEPARTMENT OF TRANSPORTATION – The only cuts were a 4 percent hold back that was already implemented by the agency before the budget was cut. \$750 million for CSX left untouched.

ENVIRONMENT/NATURAL RESOURCES - Total cuts: \$354 million

DEPARTMENT OF AGRICULTURE - Total cuts - \$14.6 million

FISH AND WILDLIFE CONSERVATION COMMISSION - Total Cuts- \$9.1 million in cuts

DEPARTMENT OF COMMUNITY AFFAIRS - Total cuts \$86.8 million

Florida's Trust Funds also took major hits. Trust funds are pools of money usually generated by fees and/or fines that have been established for very specific purposes and are designed to be insulated from the ups and downs of the general revenue budget. Trust funds for the purchase of conservation land, affordable housing and health care programs for children received significant cuts. Many of us believed that this crisis would finally lead to real action by our elected officials and something would finally be done about our state's crumbling budget infrastructure. Unfortunately, the ideology of former Governor Jeb Bush and the ultra-right still prevail in Tallahassee. In fact, many of the cuts made to our health care safety net programs under Medicaid came with language making it impossible to restore funding to those programs with federal money should it become available! So the crisis has become nothing more than another excuse to cut the services the people of Florida need while protecting the special tax exemptions and breaks for the state's most powerful special interests.

The budget cutting bill passed both the House and Senate mostly along party lines. Democratic leaders wanted to minimize the cuts by exploring new sources of revenue by rolling back some of the high end tax cuts and closing loopholes in the tax code that benefit big, out of state corporations. **In the Senate the vote was 27-13 with Sen. Gary Siplin casting the only Democratic yes vote. In the House the bill passed 74-43.** Republican leaders have indicated that they *may* consider revenue during the regular session in March...we will wait and see.

Information for this article was gathered from the Florida Center for Fiscal and Economic Policy, U.S Census Bureau, Congressional Quarterly publications, the U.S. Census Bureau, the Florida Senate and the Florida Office of Economic and Demographic Research and the News Service of Florida.

The Gravy Train Rides Again!


Last year union members played an integral role in blocking one of the worst examples of corporate welfare in the history of our state...the so-called "Central Florida Commuter Rail" project with the CSX railroad company. As you recall, the Florida Department of Transportation, powerful legislators and company lobbyists had crafted a sweetheart deal with CSX to buy just over 60-miles of track from the private company for a commuter rail line in Central Florida. Florida would get the track to operate a commuter line and CSX would get a huge chunk of cash, additional funds to upgrade its own freight facilities and permission to use the track with no liability for accidents. Additionally, the project would operate under an agreement that would eliminate union protections for the workers involved with building and operating the system.

Many believed that this incredibly lucrative deal for CSX would be de-railed this year with so little money to go around but they were wrong. In spite of all the budget slashing to schools, health care, criminal justice and environmental protection a huge pot of money (estimates of about \$750 million) was shielded by powerful legislators so that the deal could move forward later this year.

The Florida AFL-CIO has long advocated for commuter rail projects as a good solution to the state's growing transportation challenges. We supported the constitutional amendment to create a high speed rail project and fought against its repeal by many of those same leaders now pushing this plan. The high speed rail project would have been a truly public transportation effort, owned and operated by the people. This project provides a sweetheart deal to one of Florida's biggest, most powerful, politically well-connected companies at the public's expense. **Consider the basic mechanics of the deal.**

- ◆ The state purchases **61.5** miles of track from CSX for **\$150 million**, even though the track is valued at about **\$22 million**.
- ◆ CSX will still use the track, 12 hours a day for about \$1.3 million per year. **The state however must cover all costs for maintenance, security and other operations. Also, CSX will have no liability for any accidents involving their trains; the people of Florida will have to pay for that.**
- ◆ **CSX will get an additional \$491 million taxpayer giveaway** to update their own lines and overpasses around the state.
- ◆ Additionally, the arrangement between CSX and Department of Transportation indicates that **the workers on this line will be denied union representation** in favor of contract workers and many workers already represented by a union will be terminated. This is a **major threat to public safety** since the best trained, most experienced workers in the area of rail safety will be essentially banned from working on this project.

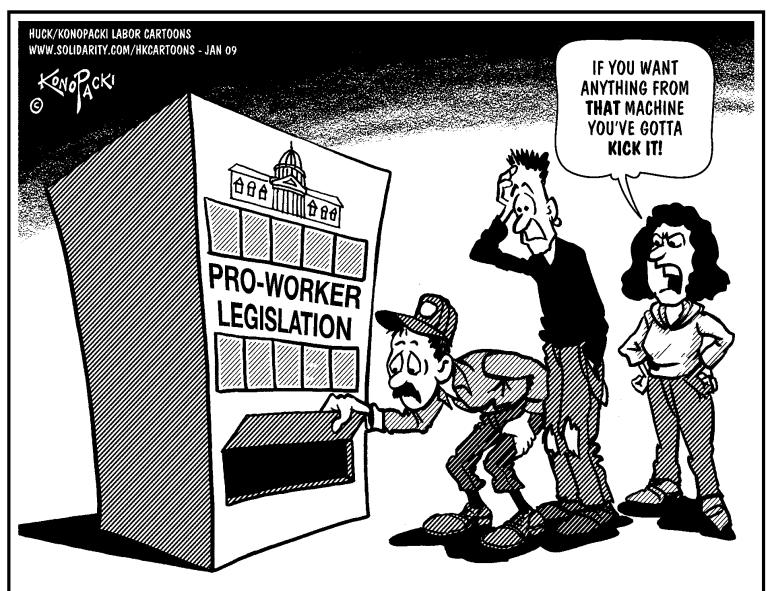
At a time when the budgets for schools, basic health care and other critical services are being slashed, it is unconscionable to think that all of this taxpayer money will go to a private company, which posted record profits (\$29 billion) over the past two years. **At a cost of \$10,552,845 per mile, this is the costliest railroad deal in United States history...**one the people of Florida just can't afford. We will be working with our allies from both sides of the aisle in the Senate and House to make sure that this pork barrel corporate welfare deal is defeated, but we will need everyone's help. Keep an eye out for legislative alerts and other notices as the session approaches.



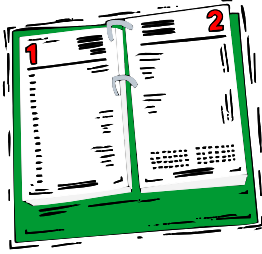
Want the Skinny on the CSX Scam?

Rosemary Goudreau, a former reporter and editor from the Tampa Tribune learned enough about the CSX scam last year while covering the story for her paper that she felt like she had to do something. She recently launched a website full of information and documents, most from Freedom of Information Act requests to paint the real picture of the deal. She has the facts and figures about this corporate welfare scam and a list of the major players and how they fit in. Great Information!

www.wrongtrack4florida.com



Save the Dates!



March 15th-18th - Legislative Conference and Lobby Days – Tallahassee

With huge cuts to our schools and social services on the horizon, this could be the most important Legislative Session in a generation! We need to make sure that working families are well represented now more than ever. The second notice for this important event has been sent. If you have not received your notice please contact Hazel Ziegler at (850)224-6926 or by email at hziegler@flaflcio.org.

March 18th – Rally in Tally for Education – Tallahassee

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!** 11:00 am – Noon at Waller Park (steps behind the Capitol, across from Supreme Court).

October 4th – 8th – 2009 Biennial Convention and Officer Elections – Daytona Beach

Crist Vetoes Some Cuts

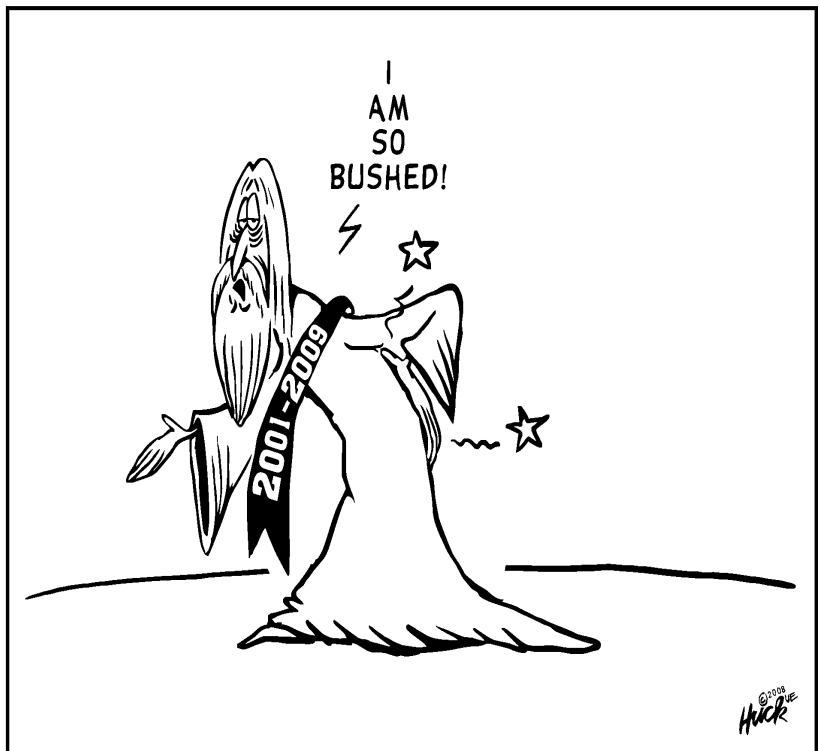
As the newsletter was going to print, Governor Charlie Crist restored about \$365 million back to the state including about \$90 million in cuts to the actual budget.

Some of Crist's restorations included:

\$28.9 million to help teachers, autism education and the Florida School for the Deaf and Blind (Excellent Teacher Award program)

\$22.8 million for the Agency for Persons with Disabilities. Crist said it would help 31,000 people. \$16.2 million to avoid 118 layoffs of probation officers, substance abuse, guardian ad litem and review of restoration of civil rights cases. \$22 million to fund tourism, Visit Florida marketing and other economic development grants. \$600,000 for Florida National Guard and continued tuition assistance, body armor and other assistance. \$200 million back to the Florida Forever Trust Fund.

Education was still cut over \$400 million and many trust funds were still raided and a \$10 million giveaway to private businesses were still approved.



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Cynthia Hall
Dwayne Sealy
President
Secretary-Treasurer



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135 South Monroe Street
Tallahassee, FL 32301