

The Florida House of Representatives has publicly acknowledged that the state's economic difficulties are going to get worse before they get better. The House is proposing giving the Governor authority to dip into several of the state's trust funds if Florida's financial woes continue their downslide after the regular 2008 Legislative Session ends. Under the House plan, Governor Charlie Crist could use up to \$1.7 billion in trust funds to escape a repeat of this year when the Legislature had to return to Tallahassee twice to cut the budget.

Some \$700 million would come from the state's Budget Stabilization Fund, a fund that is set aside to provide a financial cushion to be used in a time of emergency. The rest of the money would come from the Lawton Chiles Endowment Fund, established when the late Governor won a \$13 billion settlement from the tobacco industry. Interest from the fund is to be used to support child welfare and health care programs.

The agreement means that, should another budget cut be necessary, the Governor has the right to use these funds to fill the gap. He would need the approval of the Legislative Budget Commission, a panel of lawmakers that must approve budget adjustments once the budget is adopted.

The Senate has not yet agreed to this plan.

The House move signals what everyone in Tallahassee has been saying which is that lawmakers could very well be adopting a budget they know will not work because of declining revenues, but they need to get something approved for next year so they can go home to seek re-election.

The Senate has approved the Ethics in Education Bill which would prohibit a teacher who has committed certain felony offenses against a minor from collecting state retirement benefits. The bill would end the practice of allowing teachers who commit certain offenses from resigning in lieu of being fired and then getting a job in another school district. Under the bill, SB 1712, public and private schools would have to establish educator ethics policies; carefully screen candidates for teaching positions and report to the Department of Education those who are terminated for committing certain offenses.

The House still has to take up the measure.

The proposal by the Tax and Budget Commission to do away with most of the local property taxes that support public schools and substitute an additional one cent state sales tax plus close some sales tax loopholes is worrisome to school districts.

The idea that lawmakers will actually replace the \$9.3 billion raised by the local property tax with state sales taxes gives school districts too much reliance on sales taxes for funding and, in poor economic times, the revenue from those taxes declines.

Those who are concerned point to the lottery which was supposed to represent the “icing on the cake” for school funding, but ultimately is used to supplant existing funds. The plan would eliminate the state-required portion of school property taxes and would reduce property tax bills throughout the state by as much as 25 per cent. That would be hard for voters to resist.

The amendment would require the Legislature to make up the reduction in revenue by increasing the state sales tax by one cent which would generate \$4.5 billion and eliminating some of the many loopholes that currently exist to get the other \$5 billion. Businesses are expected to oppose closing many of those loopholes. The mandated guarantee to protect school districts would apply only to the first year of the demise of the property tax which is 2010-11.

School districts that have suffered two budget cuts this year and are headed for another major cut next year are very nervous about short-lived guarantee.

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