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LEGISLATIVE REPORT



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Florida's Federal Tax Return

Florida appears to be in a rather bizarre "race to the bottom" with Nevada and Virginia to see which state can recapture the lowest return on their federal tax dollars.

The U.S. Census Bureau reports that last year Florida state and local governments received about \$1,500 per capita in federal education, health, human services, transportation, housing, urban development and other funds.

The national average is a little more than \$2,000 per capita. Only Nevada and Virginia trailed Florida, with each receiving about \$1,300 per capita in federal funds.

However, if Gov. Rick Scott and legislative leaders have their way, Florida will soon own bragging rights for the absolute-rock-bottom position.

To show their disdain for the "Obamacare" Affordable Care Act, Scott and lawmakers have already rejected tens of millions of federal health care dollars this year. And they are hinting that if President Barack Obama's latest stimulus proposal is passed by Congress, Florida will decline those funds as well.

True, the fact that Floridians receive so little return on their federal tax dollars is dismaying. Still, you can't put a price tag on political principle.

For now, Florida is No. 3 in this bizarre race to the bottom. But if our politicians in Tallahassee stick to their "principles," our state will have a very good shot at winning the top losers spot in 2011.

Rapid Wealth Expansion

The Congressional Budget Office's October report on income inequality confirms the depth of the problem without clearly identifying the cause. More than an explanation, however, the nation needs a solution, before income disparity becomes irreparable.

The CBO determined that from 1979 to 2007 that income grew far faster for the wealthiest Americans than it did for everybody else. The report stated that, for the 1 percent of the population with the highest income, average inflation-adjusted, after-tax income grew by 275 percent.

For the three-fifths of households in the middle of the U.S. income scale, the growth was just less than 40 percent. For the poorest fifth, income rose only 18 percent.

As the CBO's summary stated: "The precise reasons for the rapid growth in income at the top are not well understood, though researchers have offered several potential rationales, including technical innovations that have changed the labor market for superstars (such as actors, athletes and musicians), changes in the governance and structure of executive compensation, increases in firms' size and complexity, and the increasing scale of financial-sector activities."

Across the decades, factors — including higher pay, a larger share of capital gains, and tax policies — have concentrated in favor of the wealthiest households. This inequitable trend must be challenged. The country must make reforms that ensure equal opportunity, fair taxation and shared prosperity.

It's not news that after decades of automation, technical change and global competition, the mighty U.S. economic engine no longer rewards unskilled workers with high-paying manufacturing jobs. Today, affluence increasingly is reserved for people with specialized skills and education.

The U.S. can fight income disparity by ensuring that Americans have the right economic tools for success — particularly, affordable higher education. To open the doors of opportunity to as many people as possible, the nation needs high-quality schools and colleges. Yet the cost of a college degree is skyrocketing.

That must be addressed. One of the best steps the U.S. could take to ease income disparity is to invest heavily in public education at all levels — a reversal of the state trend toward budget slashing.

We must ensure that middle-class and low-income students aren't priced out of college by tuition hikes or saddled with unsustainable debt. President Obama took welcome steps last month to ease loan terms for students, but this does not alleviate the need for greater public funding of higher education in general.

We are the United States — but we cannot remain so when wealth is reserved for the elite few.

Governor's 7-7-7 Job Plan

No politician is immune from embellishing the facts to make himself look better, but Florida's governor is in another category altogether. If he doesn't like the facts as they are, he simply makes up new ones without acknowledging the contradiction. And he does it without a trace of shame.

Scott has told plenty of whoppers since he burst on the political scene less than two years ago, but he's outdone himself with his latest rewrite of his own history. Remember that campaign pledge to create 700,000 new jobs in Florida over seven years? He made it abundantly clear — repeatedly — that his pledge involved new jobs, above and beyond the 1 million jobs that economists projected through normal growth. It was a cornerstone of his campaign.

But in his 10th month in office, when he's discovered that it's easier to talk about creating jobs than actually doing it, Scott had made a huge revision. Instead of having 1.7 million new jobs after seven years, they can look forward to just 700,000 new jobs. Florida would lose 300,000 more jobs than they could expect without Scott doing a thing.

See, anybody who thought Scott was promising 700,000 new jobs in addition to normal growth was wrong. Scott claims to be baffled about how they got that impression. "I don't know who said that," the governor said last week. "I have no idea."

Perhaps a review of the televised joint appearance with his Democratic opponent last October might provide a clue. "Our plan is seven steps to 700,000 jobs," he said then, "and that plan is on top of what normal growth would be." He said pretty much the same thing to reporters during the campaign and at another forum in October.

All are recorded and available on the PolitifactFlorida website at <http://bit.ly/n6LXbz>. Both the Politifact analysis and an accompanying video with before-and-after interview statements from Scott are worth looking over for their direct-and-damning details.

Politifact, an independent fact-checking operation founded by the St. Petersburg Times, concluded that Scott was guilty of a "full flop" on his campaign promise. That shouldn't have surprised anyone. In 52 other checks of Scott statements in his brief political career, Politifact concluded

that 14 statements were entirely or mostly false, 12 were only half true and three were so outlandish they merited the label "pants on fire."

Floridians have a right to expect better from their top elected official. Much better.

Nation's Economy: Take Action On Jobs

To hear the political rhetoric, one would think that a job plan for America is relevant only as a campaign talking point — an issue reserved for discussions about who will occupy the Oval Office in 2013.

The nation's economic doldrums are far greater than the political fortunes of a few candidates. More to the point, the nation can't wait a year for the election before action is taken on these significant issues.

Americans need help and encouragement now. This was driven home by an Associated Press poll released recently that shows more than 7 in 10 Americans believe the country is headed in the wrong direction and 43 percent — a record low — say the nation's economy is "very poor."

Meanwhile, the Associated Press-GfK poll found that 40 percent of Americans believe unemployment will rise in the coming year, while fewer than one in four expect it will go down. Sixty-eight percent expect the economy will stay the same or get worse next year.

All of this underscores the need for what President Barack Obama has been advocating, another initiative to stimulate the economy and put Americans back to work.

But so far, Republicans in Congress have torpedoed every attempt to move forward with such a program. Congressional Republicans appear bent on doing nothing between now and the presidential election, regardless of the economic consequences, primarily as a political weapon. But it's not clear they're getting the payoff they were hoping for.

Congress' approval ratings rose slightly from an August low, but it's not much to celebrate. Overall, 82 percent of Americans disapprove of Congress, including 56 percent who say they "strongly disapprove" of what lawmakers are doing.

Meanwhile, 72 percent of respondents say Republicans have not been doing enough to cooperate with Obama.

More than 60 percent of respondents support a plan to pay for Obama's \$447 billion job plan with a surtax on incomes of millionaires. Just one in four oppose the plan.

What's needed is bipartisan resolve in Washington to get the country — not just political candidates — up and running.

No-Fault Legislative Battle Expected

Gov. Rick Scott is making a move to change Florida's no-fault auto insurance program, this will be pushed to the front of the 2012 Legislature.

A similar bill failed in 2011, so there are no guarantees that proponents of changing the personal injury protection (PIP) law will be any more successful next year as it will pit the governor, insurance companies and top lawmakers against an equally powerful coalition including trial lawyers, doctors and other health-care providers.

This will not be a peaceful task as Rep. Bryan Nelson, R-Apopa, who is chairman of the House Insurance and Banking Subcommittee, Chief Financial Officer Jeff Atwater, Gov. Scott and other legislators said they will make it a priority to change the PIP system, contending it is full of fraud, litigation and the overuse of medical treatments that cost consumers some \$900 million in premiums each year.

But the challenge will be balancing changes against the argument that limiting PIP will hurt legitimate accident victims and deny them the right to medical treatments. While insurance companies may push for the changes, they will be met by the trial lawyers, doctors, chiropractors and others who are likely to contend the changes are going too far.

Gov. Scott said "It's a \$900 million tax on consumers," who has traveled across the state holding hearings on the PIP problem. Scott and Atwater cited figures from the state Office of Insurance Regulation that showed as the number of Florida drivers has remained largely stable and crashes have declined since 2006, the number of PIP claims has increased by 28 percent. And payments on PIP claims have increased by 66 percent.

According to Scott "Crashes are down, Costs are up. It makes absolutely no sense, People are just taking advantage of this and it's costing everybody money." Atwater, a former Senate president, said the focus of the legislation will be aimed at reducing "the burdensome cost of insurance on Florida's drivers."

PIP, which requires Florida motorists to carry \$10,000 of coverage, was designed as a no-fault insurance system to provide immediate care to minor accident victims.

But Atwater said the escalating PIP costs have resulted in premium increases for a typical 40-year-old driver with an unblemished driving record to rise by more than 80 percent since 2008 in cities like Miami and Tampa. He said the rates have similarly skyrocketed in smaller communities.

But finding agreement on how to deal with the problem has stymied state officials. Robin Westcott, the state's insurance consumer advocate, led a working group over summer that included insurance companies, health care providers, lawyers, law enforcement officials and others involved in the system.

Atwater said to no one's surprise, the group could not reach a consensus on changes. "They're all fighting for their part of the food table, It's going to stop." Although he and Scott did not back a specific bill, they outlined major areas where they expect lawmakers to act, including preventing fraud, limiting lawsuits, curbing medical procedures and fees and gathering more data on the system.

In the House's preliminary bill (HB 119), lawmakers are already looking at many of those issues, but whether they will survive the 60-day session that begins in January is unclear.

"The providers that provide that service are not going to be happy," said Nelson, whose committee has held a workshop on the House bill that limits attorney's fees, increases regulation of health-care clinics and caps certain fees and services. "It's not a bill that everybody is going to say yes to, Nelson said. "All the providers will be out there trying to protect their turf. The chiropractors won't like it; the doctors won't like it; the trial attorneys won't like it."

But he also said it would put pressure on the insurance companies by making it more difficult to raise their rates, while encouraging them to cut their rates if the reforms hold down costs. "It will be good for the consumer," he said.

Although a PIP bill failed in 2011 session because of those competing interests, Nelson said lawmakers can follow the model of the 2003 reform of the state's workers' compensation laws. It also pitted many of the same interest groups against each other, as lawmakers moved to impose limits on lawsuits and medical services related to on-the-job injuries.

"It was a brutal battle but ultimately we reduced workers' comp rates by 60 percent," he said.