

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

BUDGET
Senator Alexander, Chair
Senator Negron, Vice Chair

MEETING DATE: Thursday, December 8, 2011
TIME: 9:00 a.m.—12:00 noon
PLACE: *Pat Thomas Committee Room, 412 Knott Building*

MEMBERS: Senator Alexander, Chair; Senator Negron, Vice Chair; Senators Altman, Benacquisto, Bogdanoff, Fasano, Flores, Gaetz, Hays, Joyner, Lynn, Margolis, Montford, Rich, Richter, Simmons, Siplin, Sobel, Thrasher, and Wise

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Presentation on State Employee and Private Industry Health Benefits		Presented
2	Presentation of the Governor's Budget Recommendations for Fiscal Year 2012-13		Presented
3	Presentation on Procurement Practices of State Universities by Chancellor Frank Brogan		Not Considered
Other Related Meeting Documents			



CONSULTING. OUTSOURCING. INVESTMENTS.

STATE OF FLORIDA BENCHMARKING REPORT

Mercer National Survey of Employer-Sponsored Health Plans

Presented December 8, 2011
2010 Report dated March 24, 2011

Tony Holmes, FSA, MAAA, FCA
Partner
Atlanta, GA



Agenda

- I. Purpose and Introductions
- II. Background and Select Highlights of Survey Results
- III. Supporting Benchmark Details and Graphs
 - employee premiums
 - medical plan design
 - trends by plan option / consumer directed health plan (CDHP)
 - total cost by region, industry and size
- IV. Questions & Discussion
- V. Appendix – Average Cost (total, region, industry, size)

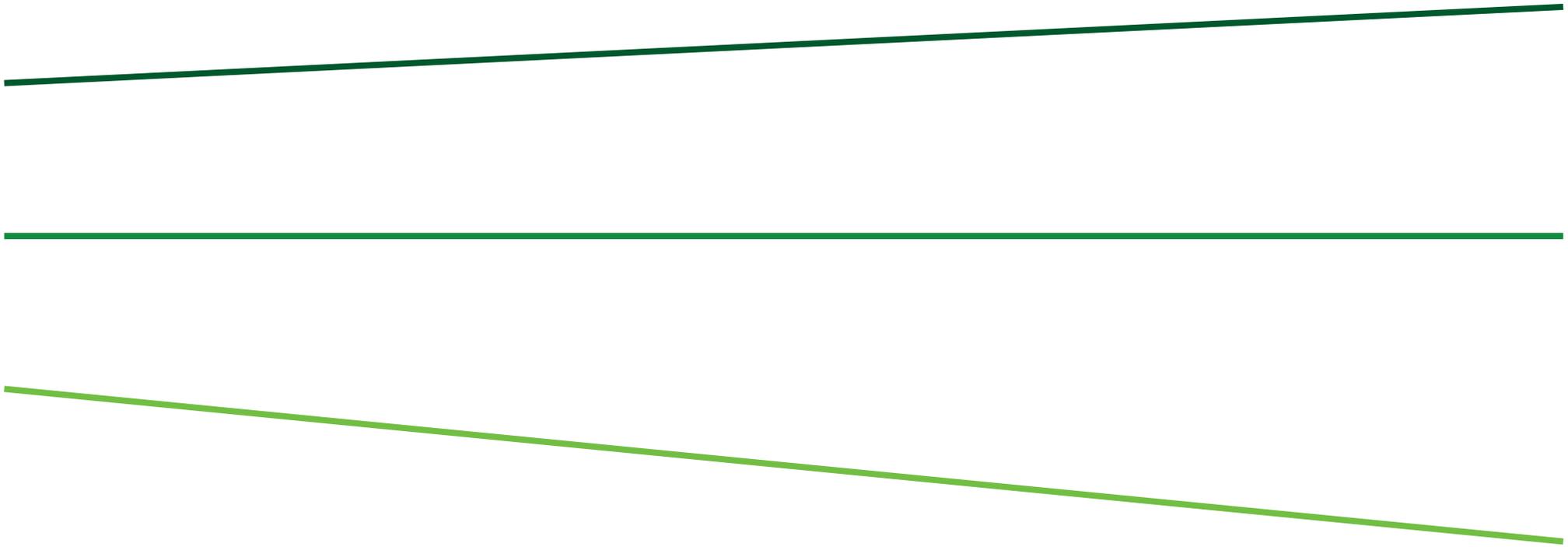
Background of Mercer Health Plan Survey Results

- Established in 1986, national probability sample used since 1993
- All employers with 10 or more employees are surveyed using a stratified random sample; national and regional data are projectable. Industry group and smaller geography samples and results are unweighted; as the response group narrows, the statistical variance widens
- 2,833 employers participated in 2010
- In this presentation, we refer to:
 - Small employers: between 10 and 499 employees (public and private)
 - Large employers: 500+ employees (public and private)
 - National 10-49: all public and private employers with between 10 and 49 employees
 - National 50-199: all public and private employers with between 50 and 199 employees
 - States 500+: state government employers, 500+ employees
 - Florida 500+: all public and private employers in Florida, 500+ employees
 - Florida Private 500+: all private employers in Florida, 500+ employees
 - National 500+: all public and private employers, 500+ employees
- State of Florida and other values in this 2011 report reflect 2010 survey responses
- Total Gross Annual Cost is the employer plus employee premiums (not out-of-pocket costs) for active covered employees / dependents medical, prescription drugs, dental, mental health, and vision claims and administrative costs

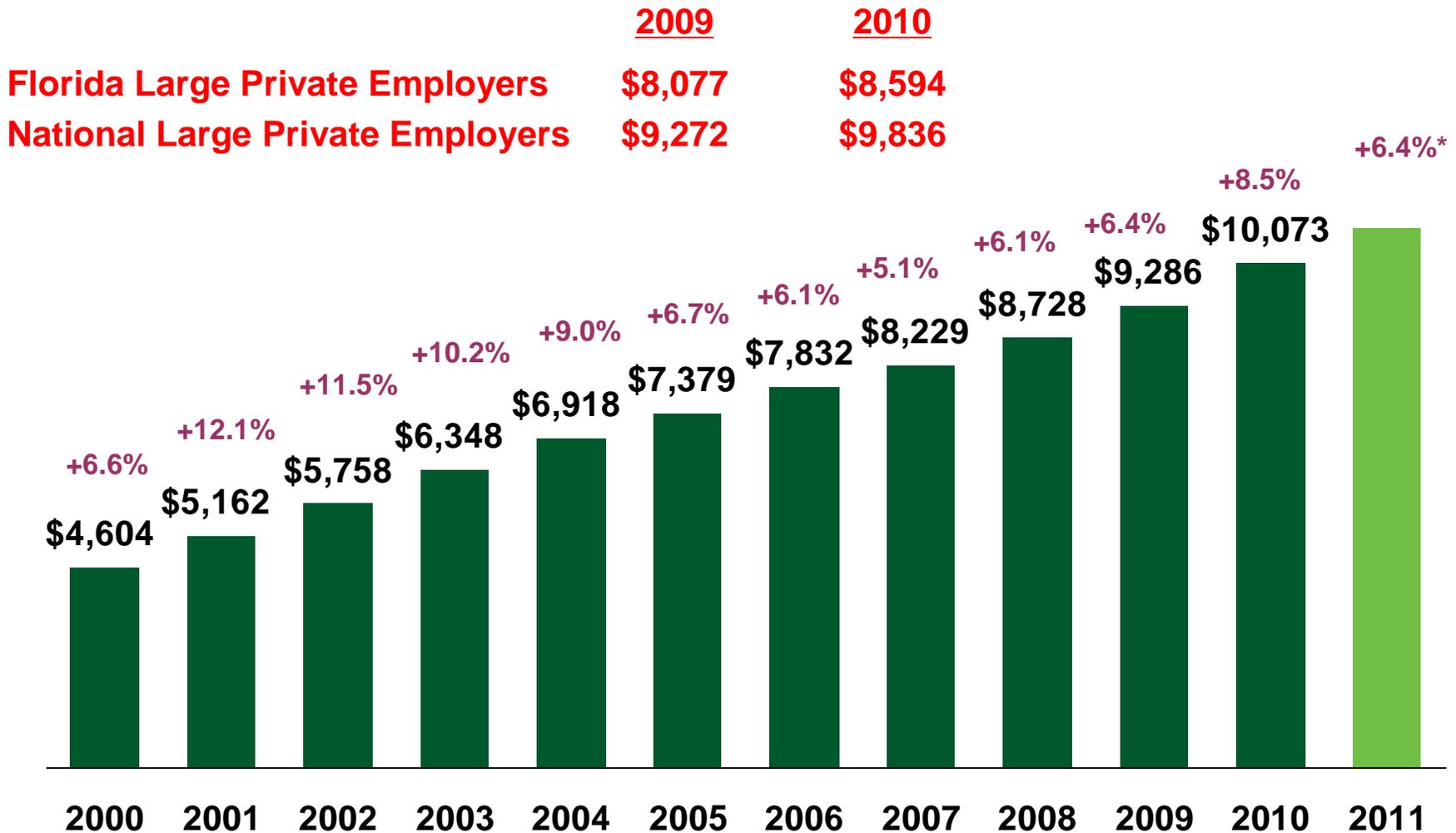
Select Highlights of 2011 Survey of 2010 Results

- Health costs continue to increase two to three times the rate of wages or general inflation, with cost increases after plan changes for Large employers in 2010 of 8.5%, predicted 6.4% in 2011
- Cost by Size – Average National health benefit cost per covered active employee among Small employers (10-499 employees) was \$8,825 as compared to \$10,073 for Large employers (500+ employees)
- The lower cost for smaller groups generally reflects higher “cost-sharing” (deductibles, copays, coinsurance, out-of-pocket) paid by Small employer’s employees, as compared to Large employers (500+ employees)
- Regional Cost – Average \$10,073 cost per employee for Large public and private National employers was higher than in the South (\$8,960) and in Florida (\$9,053), and less than all other regions (range \$10,112 to \$11,060). **Among Florida private Large employers, the comparable cost is \$8,594.**
- Industry Cost – For the last 8 years (2003-2010), Government average cost per employee (\$8,302) was higher 6 and 7 of the 8 years when compared to all Large employers (\$8,099) and employers with 20,000 or more employees (\$7,978), respectively
 - For 2010, similar results are evident for South Government 500+ (\$9,628) versus South Non-Government 500+ (\$9,072); **and Florida Government 500+ (\$10,553) versus Florida Non-Government 500+ (\$8,594)**
- Results should be considered in context of current and future strategy, objectives and environment

Supporting Benchmark Details and Graphs



Total Health Benefit Cost for Active Employees up 8.5% in 2010 Large employers (public and private)

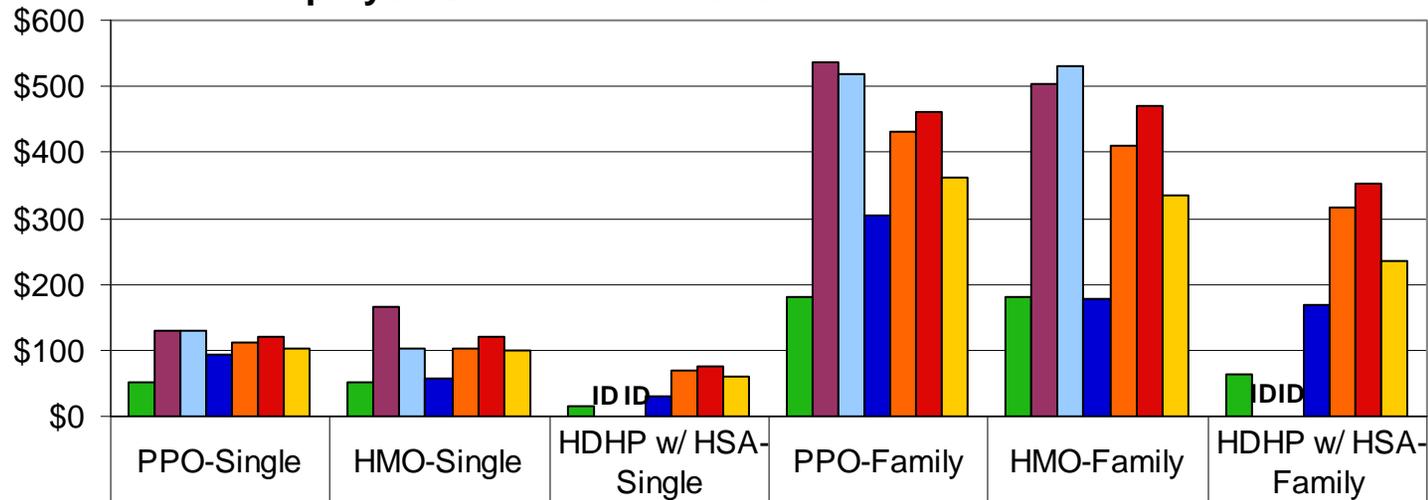


*Average increase projected for 2011 after changes; increase of 9.3% predicted before changes

2010 Contribution Benchmarks versus 2010 Plan

Monthly employee contribution (dollars)

Employee Contribution Benchmarks

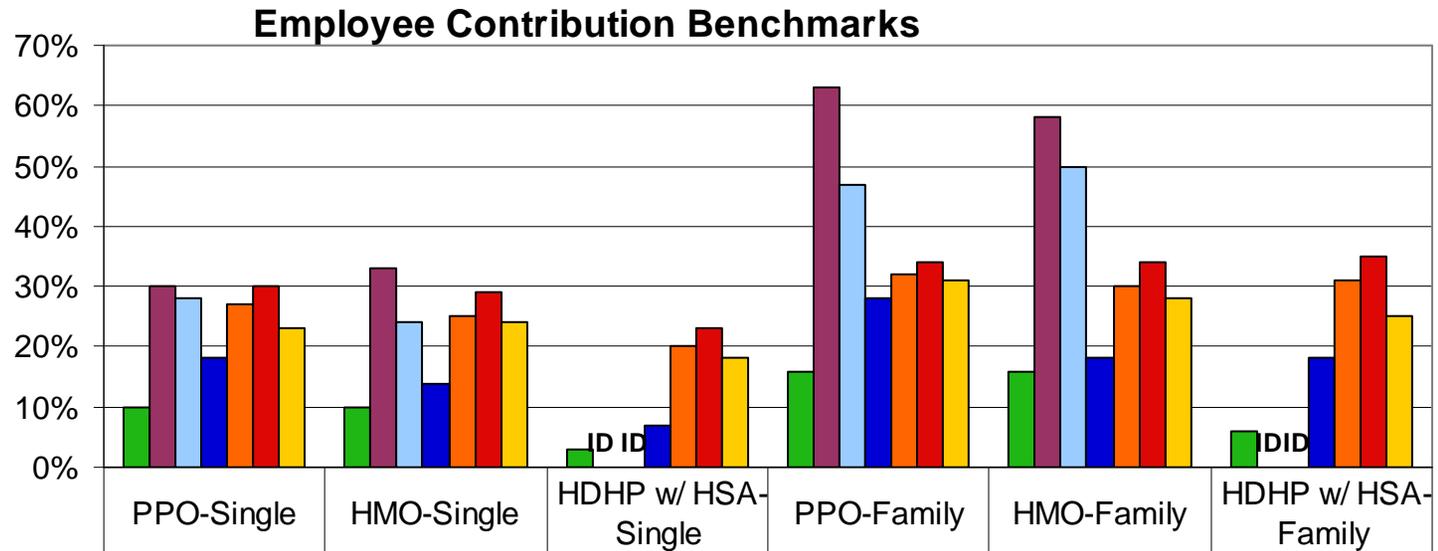


	PPO-Single	HMO-Single	HDHP w/ HSA-Single	PPO-Family	HMO-Family	HDHP w/ HSA-Family
■ State of Florida- 2010	\$50	\$50	\$15	\$180	\$180	\$64
■ National 10-49	\$131	\$167	ID	\$536	\$504	ID
■ National 50-199	\$130	\$102	ID	\$520	\$530	ID
■ States 500+	\$93	\$56	\$30	\$306	\$179	\$169
■ Florida 500+	\$112	\$104	\$68	\$430	\$410	\$318
■ Florida Private 500+	\$121	\$121	\$76	\$460	\$471	\$353
■ National 500+	\$103	\$99	\$59	\$361	\$334	\$236

"ID" indicates Insufficient Data. HDHP w/ HSA is High Deductible Health Plan with Health Savings Account

2010 Contribution Benchmarks versus 2010 Plan

Monthly employee contribution (as a percentage of premium)

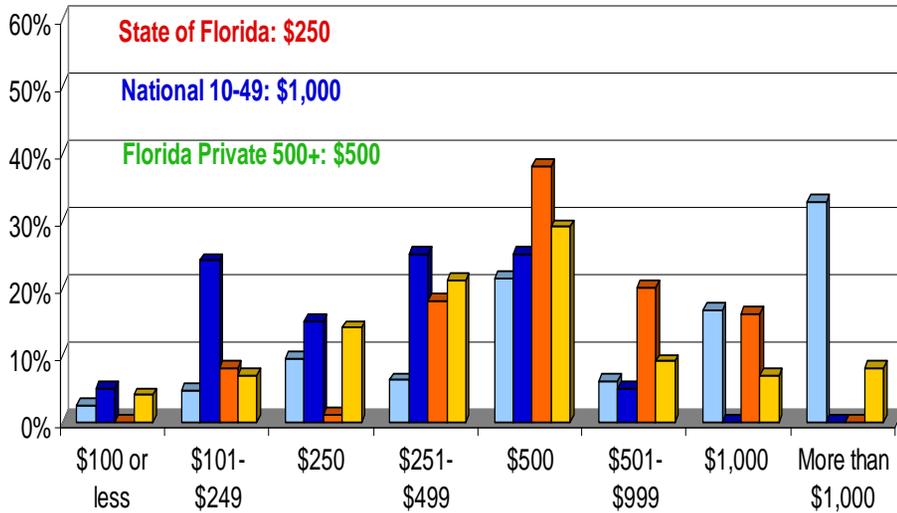


	PPO-Single	HMO-Single	HDHP w/ HSA-Single	PPO-Family	HMO-Family	HDHP w/ HSA-Family
State of Florida- 2010	10%	10%	3%	16%	16%	6%
National 10-49	30%	33%	ID	63%	58%	ID
National 50-199	28%	24%	ID	47%	50%	ID
States 500+	18%	14%	7%	28%	18%	18%
Florida 500+	27%	25%	20%	32%	30%	31%
Florida Private 500+	30%	29%	23%	34%	34%	35%
National 500+	23%	24%	18%	31%	28%	25%

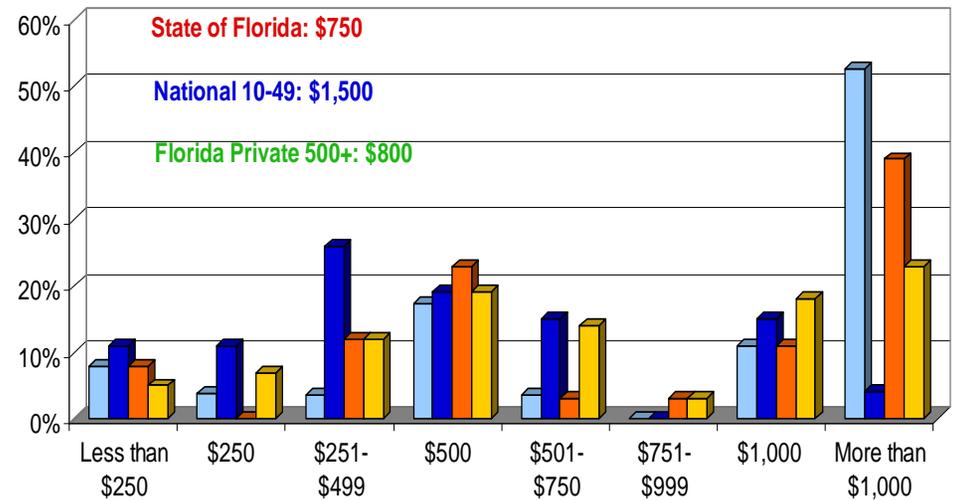
"ID" indicates Insufficient Data

2010 PPO Benchmarks versus 2010 Plan Individual deductible

In Network Deductible

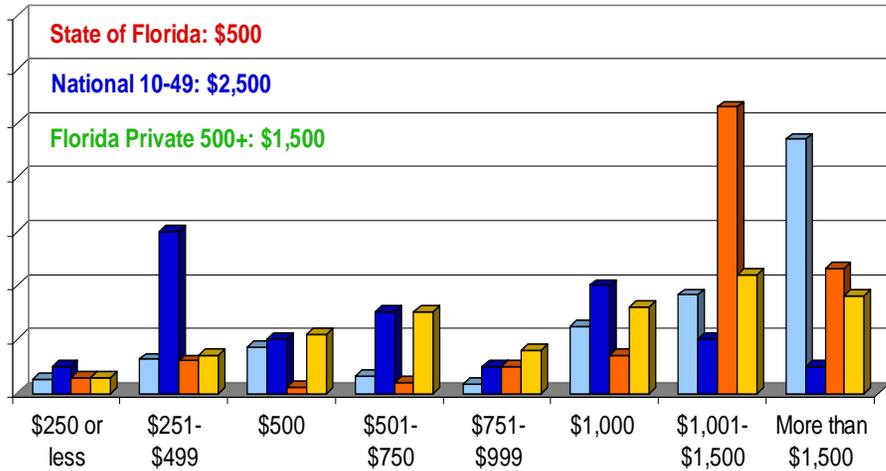


Out of Network Deductible

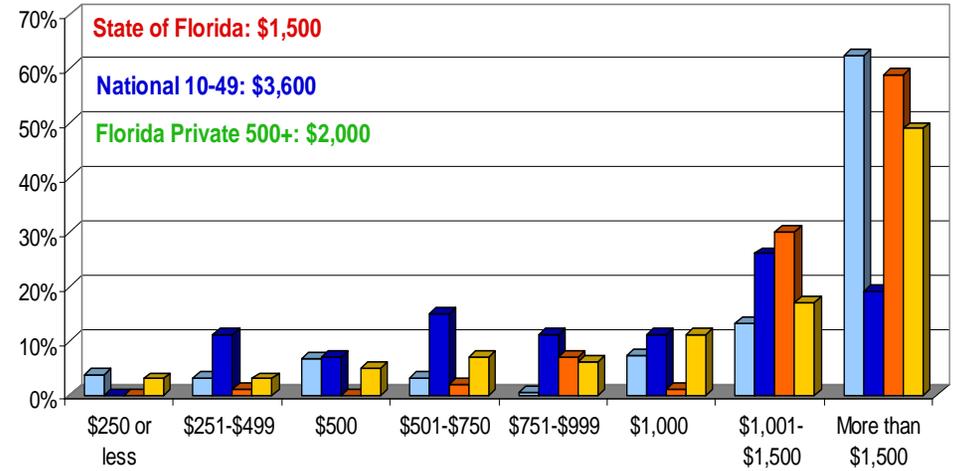


2010 PPO Benchmarks versus 2010 Plan Family deductible

In Network Deductible



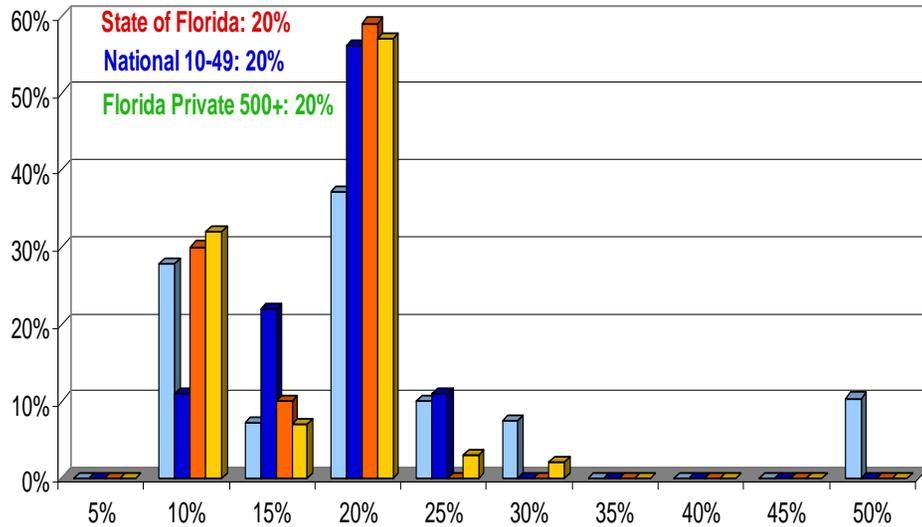
Out of Network Deductible



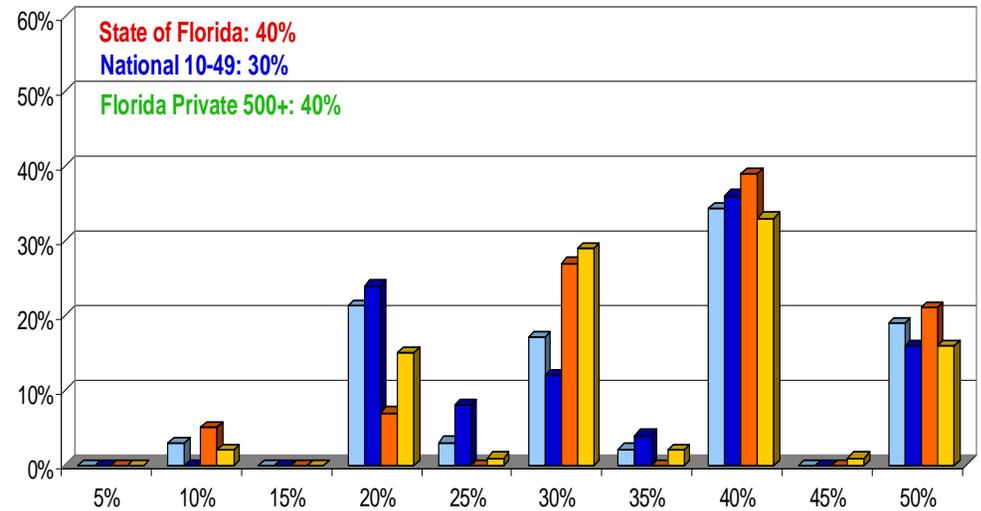
2010 PPO Benchmarks versus 2010 Plan

Participant coinsurance

In Network Coinsurance



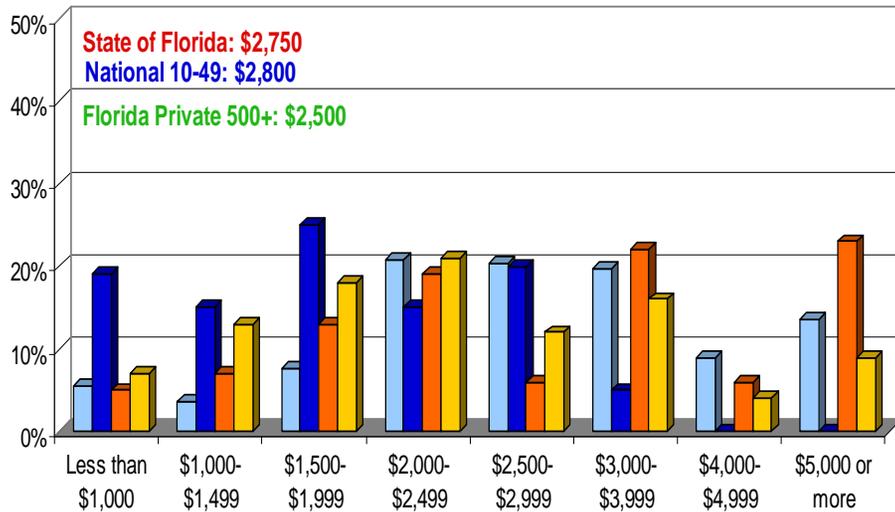
Out of Network Coinsurance



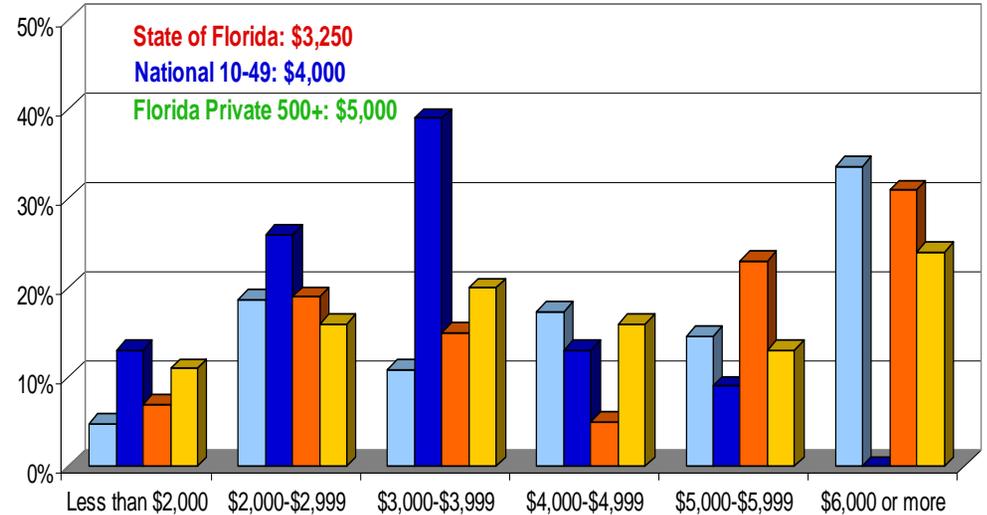
2010 PPO Benchmarks versus 2010 Plan

Individual out of pocket maximum (OOP), including deductible

In Network OOP

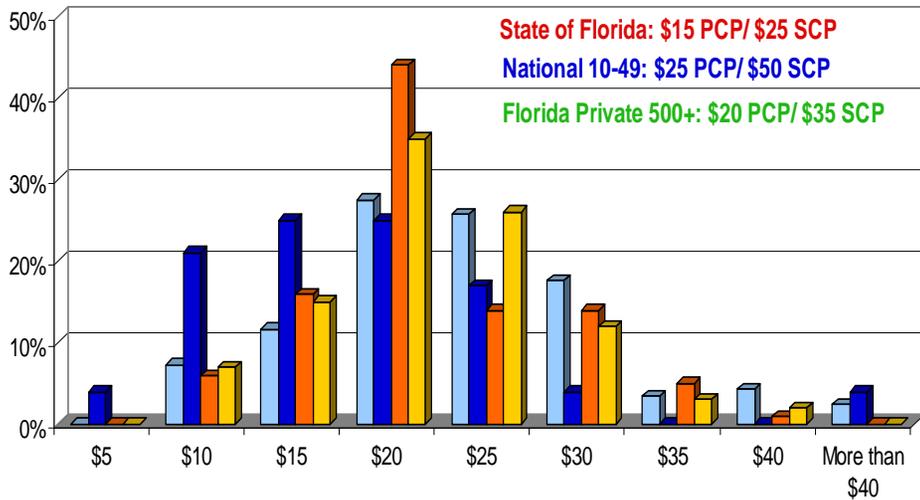


Out of Network OOP

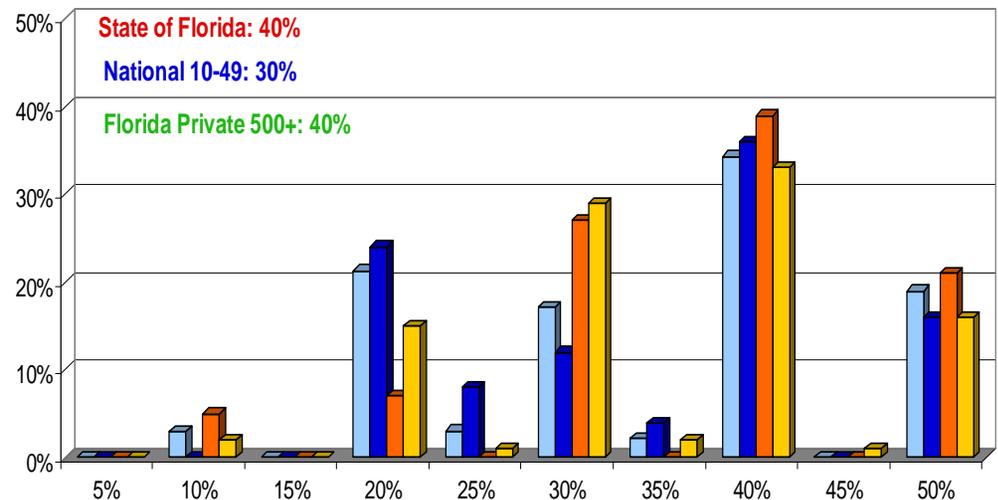


2010 PPO Benchmarks versus 2010 Plan PCP office visit copay and coinsurance

PCP In Network Copay

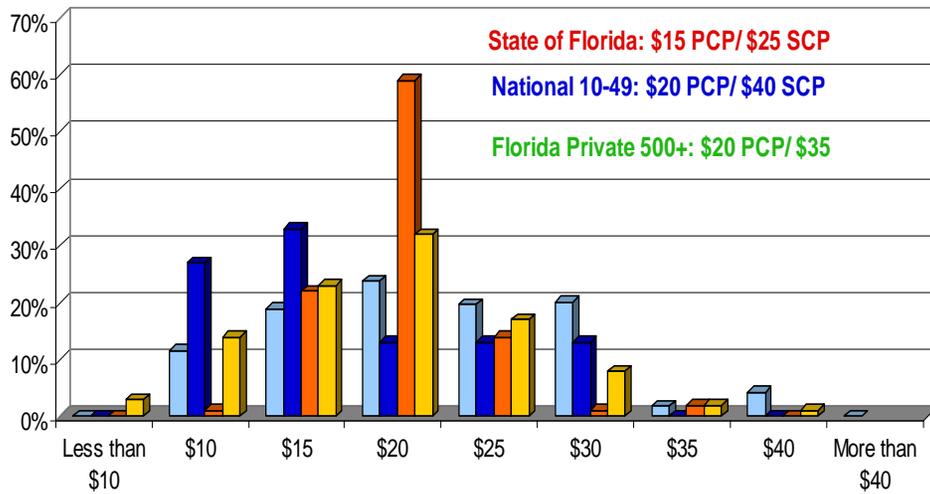


Out of Network Coinsurance

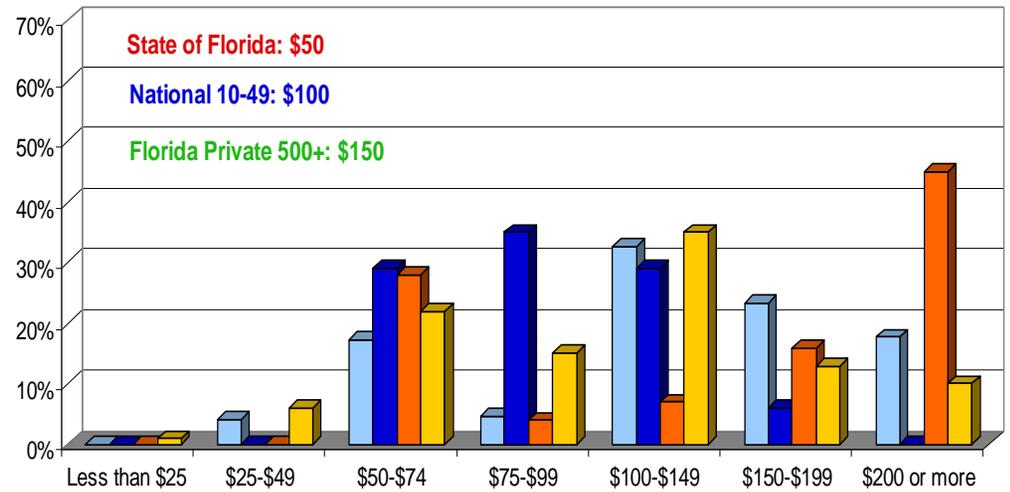


2010 HMO Benchmarks versus 2010 Plan PCP office visit and emergency room copays

In Network PCP Office Visit Copay



In Network Emergency Room Copay

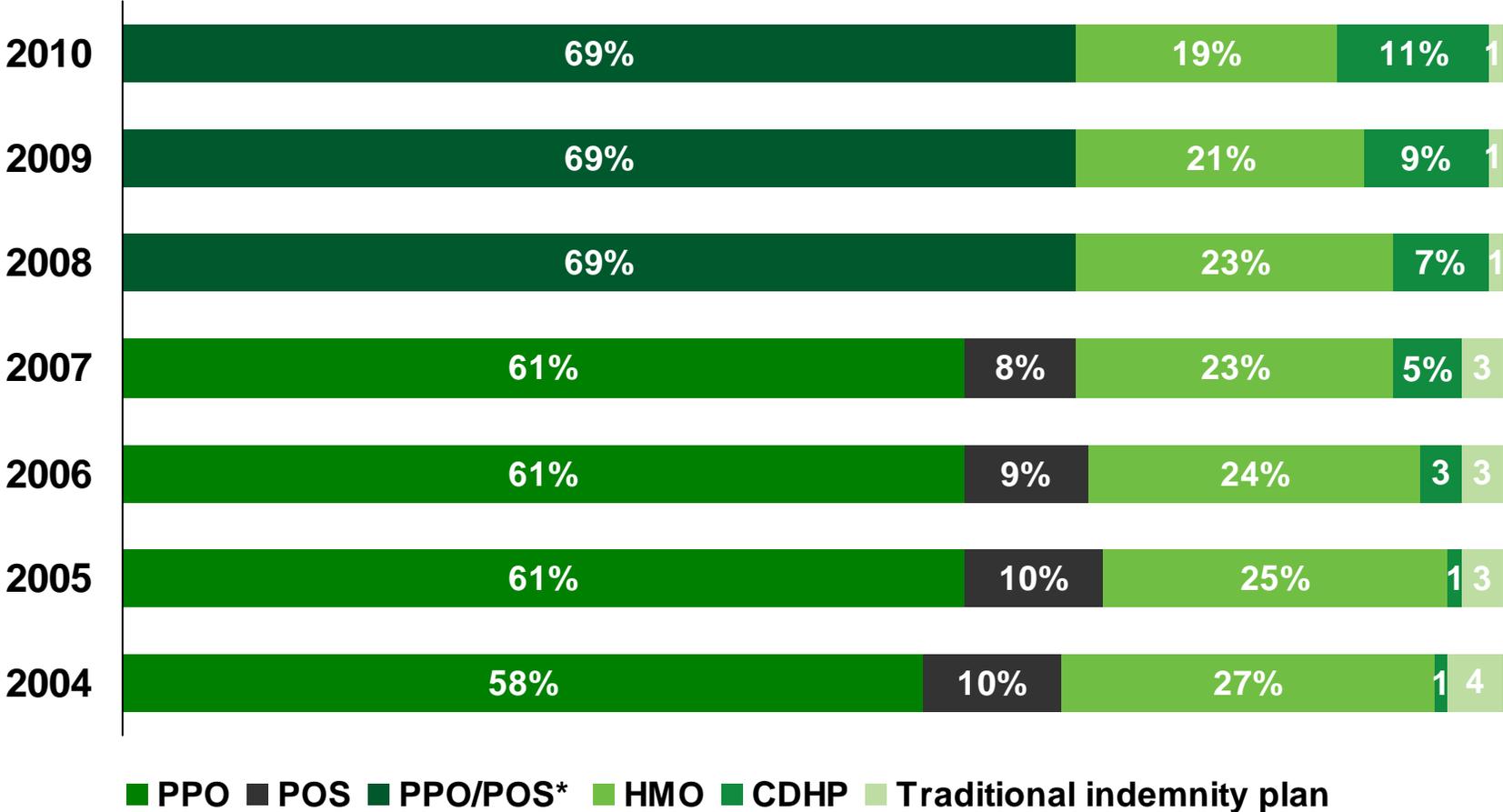


2010 Consumer-Directed Health Plan (CDHP) Benchmarking
HSA-based CDHP – State deposit \$500 single / \$1,000 family are similar to benchmarks)

HSA Based Consumer Directed Health Plan	State of Florida	STATES 500+	FLORIDA 500+	NATIONAL 500+
Deductible				
Employee-Only Coverage	\$1,250	\$1,500	\$1,500	\$1,500
Family Coverage	\$2,500	\$3,000	\$3,000	\$3,000
Maximum OOP For Employee-Only Coverage	\$4,250	\$3,000	\$3,000	\$3,000
Maximum OOP For Family Coverage	\$8,500	\$7,500	\$6,000	\$6,000
Offer 'Limited-Purpose" FSA	Yes	70%	58%	55%
Preventive Care Coverage Under HSA-Based CDHP				
Covered at 100% For Defined Set Of Services	Yes	90%	83%	72%
Covered at 100% With Dollar Limit Per Year	N/A	0%	6%	10%
Covered Same As Other Services	N/A	10%	0%	10%
Covered Some Other Way	N/A	0%	11%	9%

Enrollment in CDHPs Continues to Rise as HMOs Lose Ground

Percentage of all covered employees enrolled in each plan type



*Combined in 2008 due to declining offerings of/enrollment in Point of Service (POS) plans.

Objectives for HSA-eligible CDHPs

Percent of large HSA sponsors rating objective “very important”

Lower organization’s benefit cost



Promote health care consumerism



Improve package of benefit offerings; add choice



Provide tax effective savings vehicle

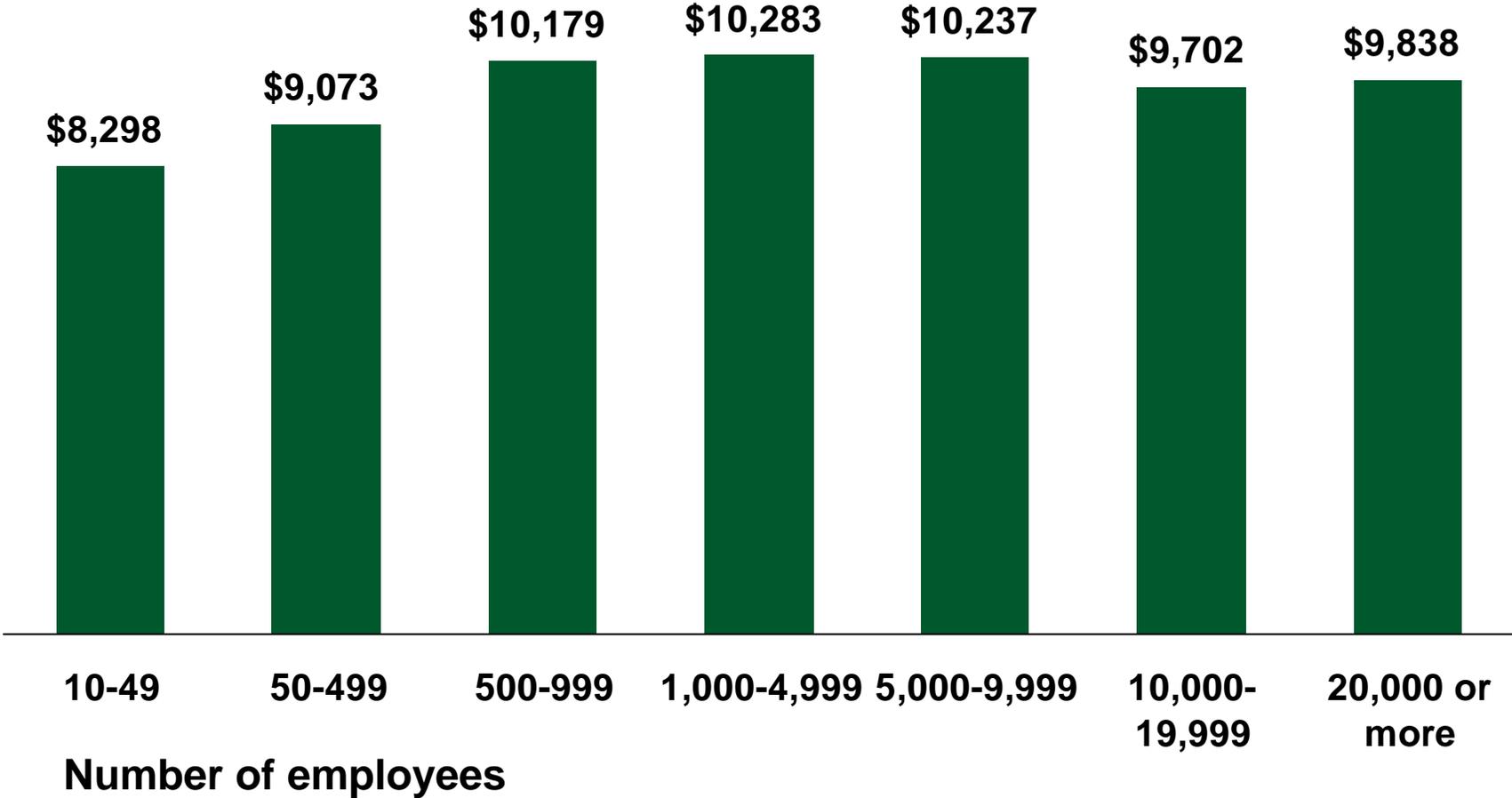


Provide funding vehicle for retiree medical



Supporting Benchmark Cost Details

Average total health benefit cost per employee, by employer size



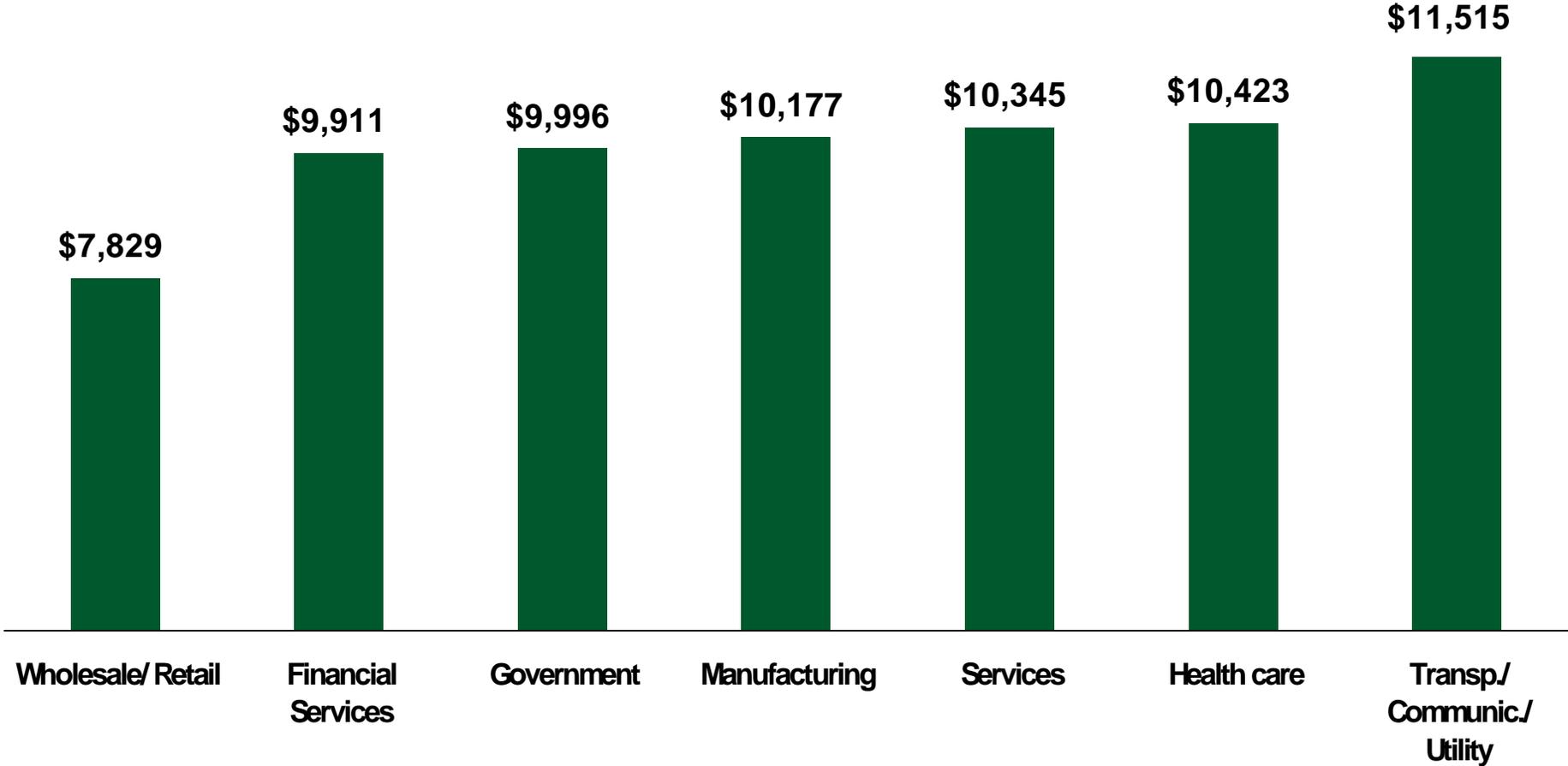
Factors that Affect Average Cost per Employee Region – Large employers



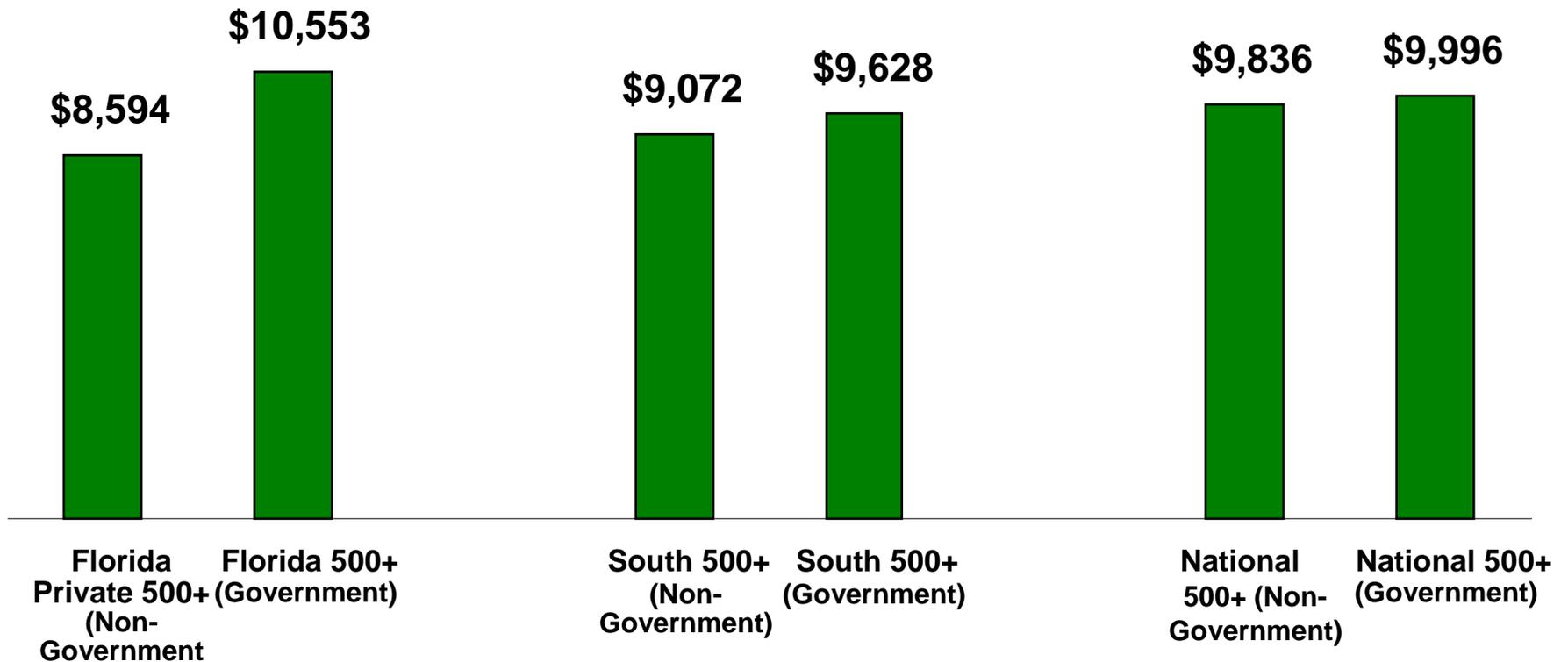
* Florida's 2010 average cost per employee was \$9,053. FL results not weighted like Region results.

Factors that Affect Average Cost per Employee

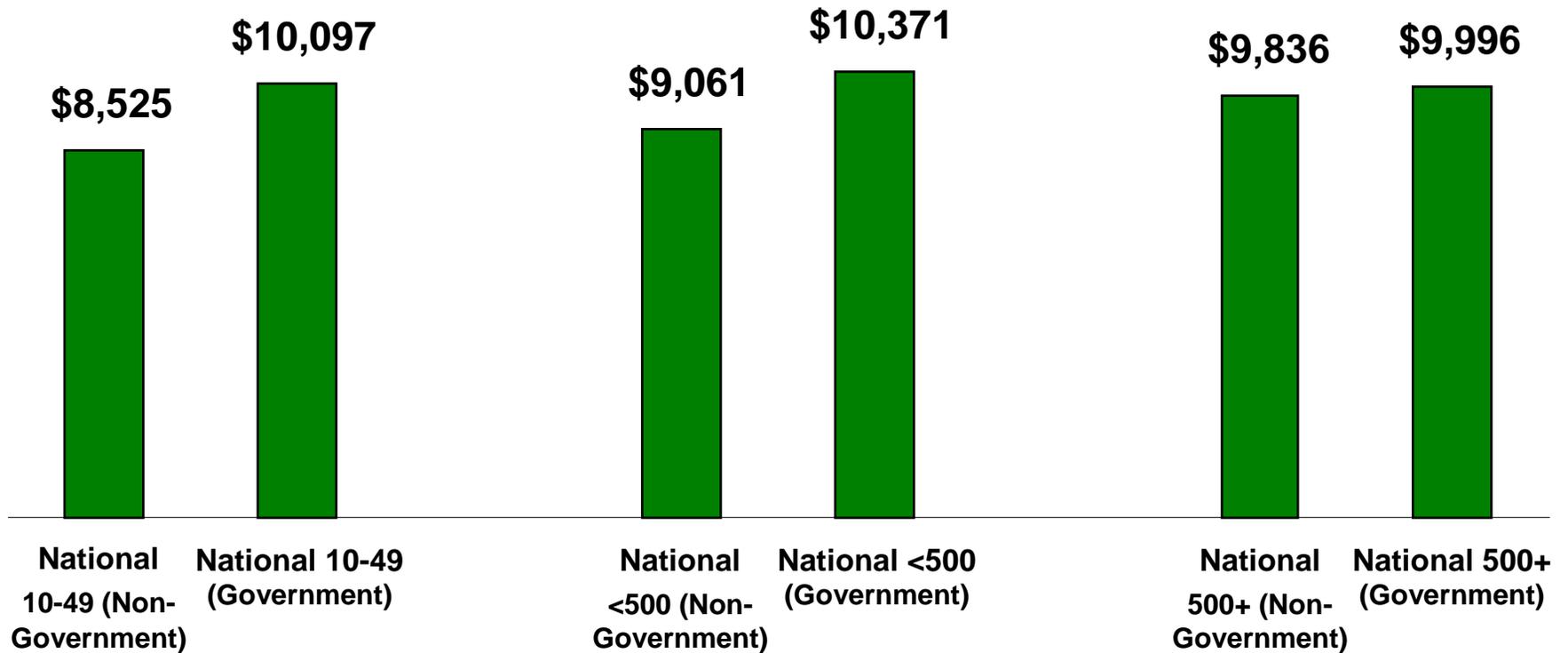
Industry – Large employers



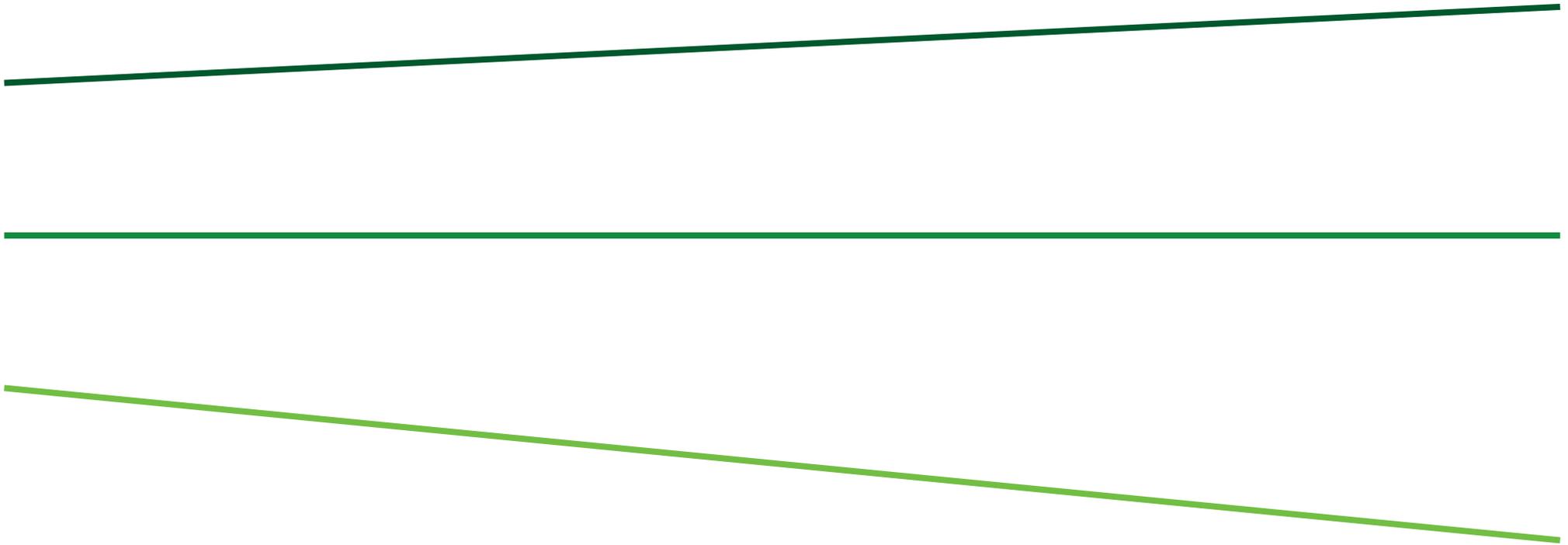
Factors that Affect Average Cost per Employee Florida 500+, South 500+ and National 500+ (Government/Non-Government)



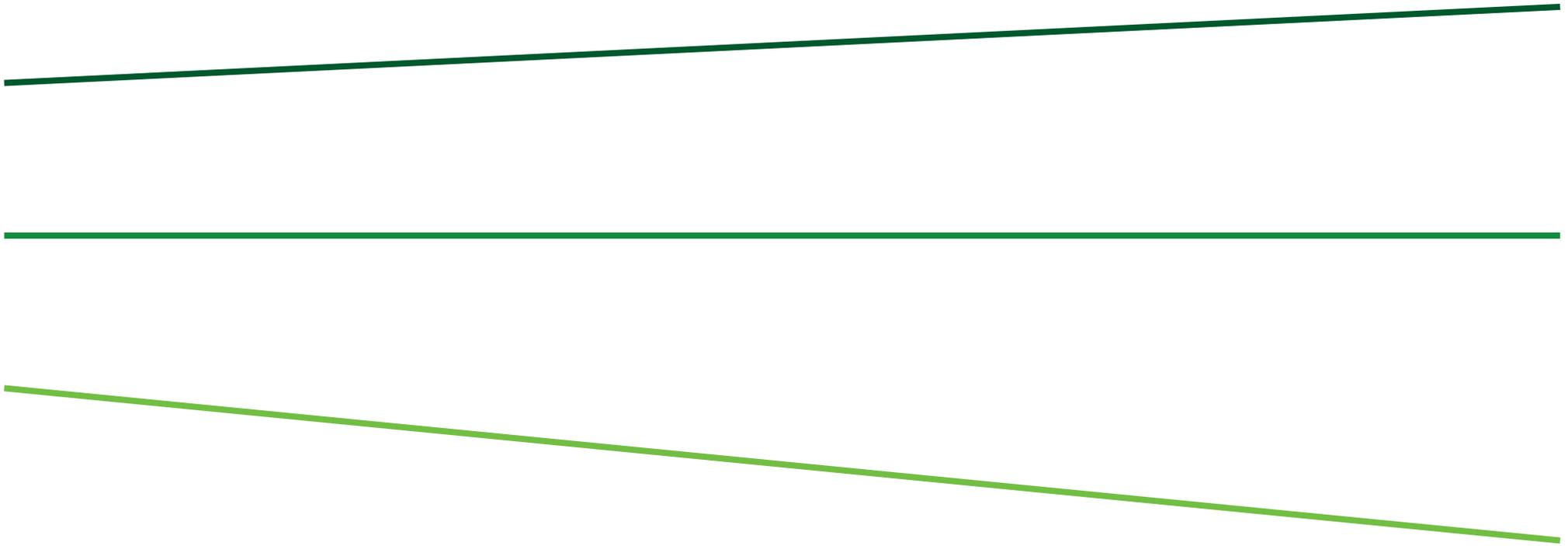
Factors that Affect Average Cost per Employee National 10-49, National <500 & National 500+ (Government/Non-Government)



Questions & Discussion



Appendix



Mercer Survey Data

Large employers – Average cost per employee

2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

	Average Cost* Per Employee							
	2010	2009	2008	2007	2006	2005	2004	2003
Large Employers	\$10,073	\$9,286	\$8,728	\$8,229	\$7,832	\$7,379	\$6,918	\$6,348
By region								
West	\$10,643	\$10,049	\$9,069	\$8,577	\$7,851	\$7,364	\$6,852	\$6,616
Midwest	\$10,112	\$9,403	\$8,640	\$8,513	\$8,039	\$7,757	\$7,223	\$6,602
Northeast	\$11,060	\$9,830	\$9,401	\$8,599	\$8,351	\$7,744	\$7,279	\$6,717
South	\$8,960	\$8,299	\$8,157	\$7,462	\$7,216	\$6,824	\$6,467	\$5,783
By industry								
Manufacturing	\$10,177	\$9,492	\$9,222	\$8,612	\$8,143	\$7,868	\$7,279	\$6,956
Wholesale/Retail	\$7,829	\$7,338	\$6,881	\$6,774	\$6,330	\$5,862	\$5,775	\$5,293
Services	\$10,345	\$9,039	\$8,426	\$7,513	\$7,258	\$7,016	\$6,488	\$6,017
Transport/Communic/Utility	\$11,515	\$10,875	\$9,329	\$8,974	\$8,520	\$8,129	\$7,906	\$6,637
Health care	\$10,423	\$9,345	\$8,858	\$8,480	\$8,123	\$7,672	\$7,120	\$6,538
Financial Services	\$9,911	\$9,199	\$8,400	\$8,532	\$8,137	\$7,428	\$6,942	\$6,587
Government	\$9,996	\$9,779	\$9,226	\$8,422	\$8,249	\$7,754	\$6,921	\$6,069
By number of employees								
500-999	\$10,179	\$9,276	\$8,639	\$7,614	\$7,560	\$7,361	\$6,974	\$6,416
1,000-4,999	\$10,283	\$9,412	\$8,757	\$8,097	\$8,101	\$7,543	\$6,928	\$6,573
5,000-9,999	\$10,237	\$9,589	\$8,820	\$8,540	\$7,897	\$7,250	\$6,828	\$6,213
10,000-19,999	\$9,702	\$9,067	\$8,917	\$8,726	\$7,890	\$7,784	\$7,085	\$6,430
20,000 or more	\$9,838	\$9,146	\$8,648	\$8,292	\$7,684	\$7,178	\$6,857	\$6,183
All employers	\$9,562	\$8,945	\$8,482	\$7,983	\$7,523	\$7,089	\$6,679	\$6,215
Small employers	\$8,825	\$8,452	\$8,069	\$7,608	\$7,140	\$6,670	\$6,359	\$6,027

* Total gross annual cost (claims cost and administrative cost) for all medical, dental, prescription drug, mental health, vision and hearing benefits for active employees and their covered dependents, divided by the number of covered active employees. Total gross annual cost includes employee contributions (payroll deductions), if any, but not employee out-of-pocket expenses (deductibles, copays, etc.).



THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/8/11
Meeting Date

Topic STATE GROUP HEALTH INS

Bill Number _____
(if applicable)

Name BARBARA M CROSTEN

Amendment Barcode _____
(if applicable)

Job Title DIRECTOR, DIV. OF STATE GROUP INS

Address 4050 Esplanade Way

Phone 921-4658

Street
City Tallahassee State FL Zip 32309

E-mail _____

Speaking: For Against Information

Representing DMS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/8/11
Meeting Date

Topic Health Plan Survey Bill Number _____ (if applicable)
Name Tony Holmes Amendment Barcode _____ (if applicable)
Job Title PARTNER

Address 3560 Lenox Road Phone 404.442.3188
Street
Atlanta GA 30326 E-mail tony.holmes@mercer.com
City State Zip

Speaking: For Against Information

Representing Mercer

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

GOVERNOR RICK SCOTT

Fiscal Year 2012-2013



“By focusing on our commitment to education, we can ensure Floridians have the skills to gain employment.”

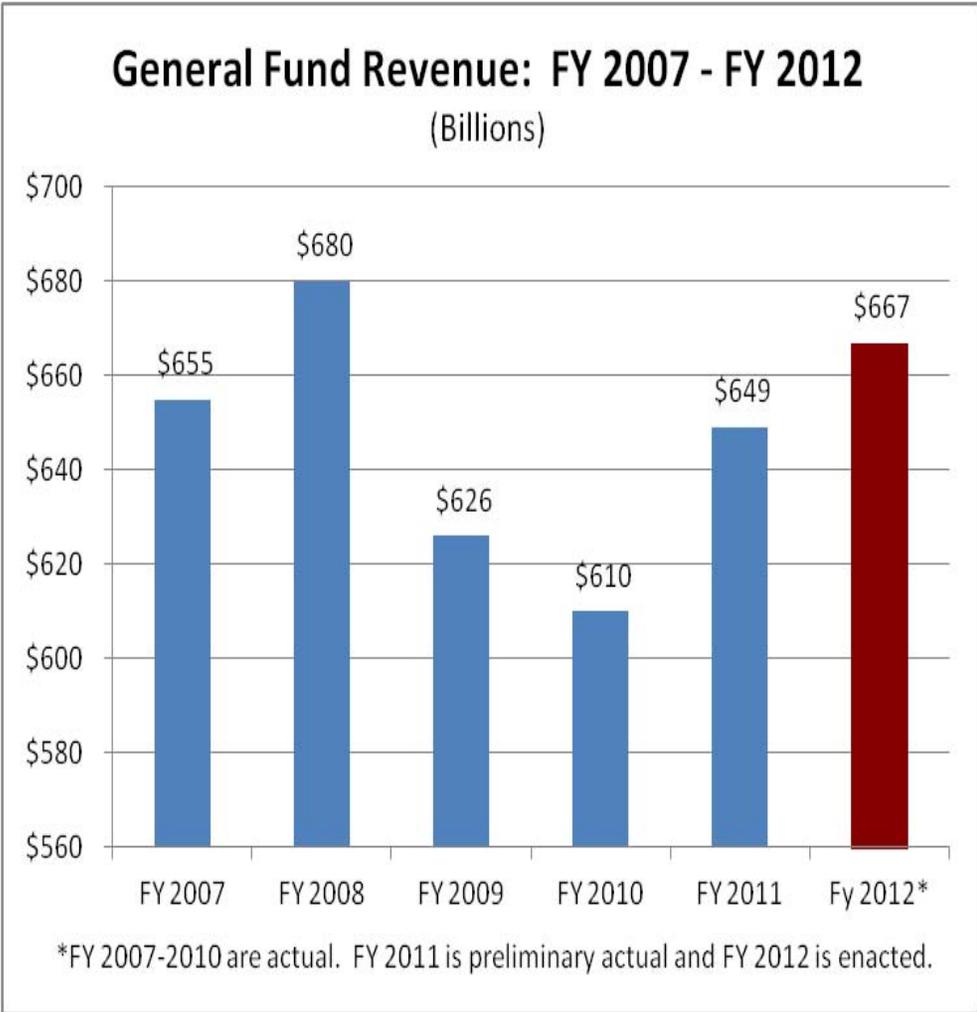
“By lowering taxes and reducing regulations, we can create a competitive advantage for Florida businesses, allowing them to grow and put more Floridians to work.”

“By embracing the competitive spirit and principles of limited government, we can keep the cost of living low for Floridians.”

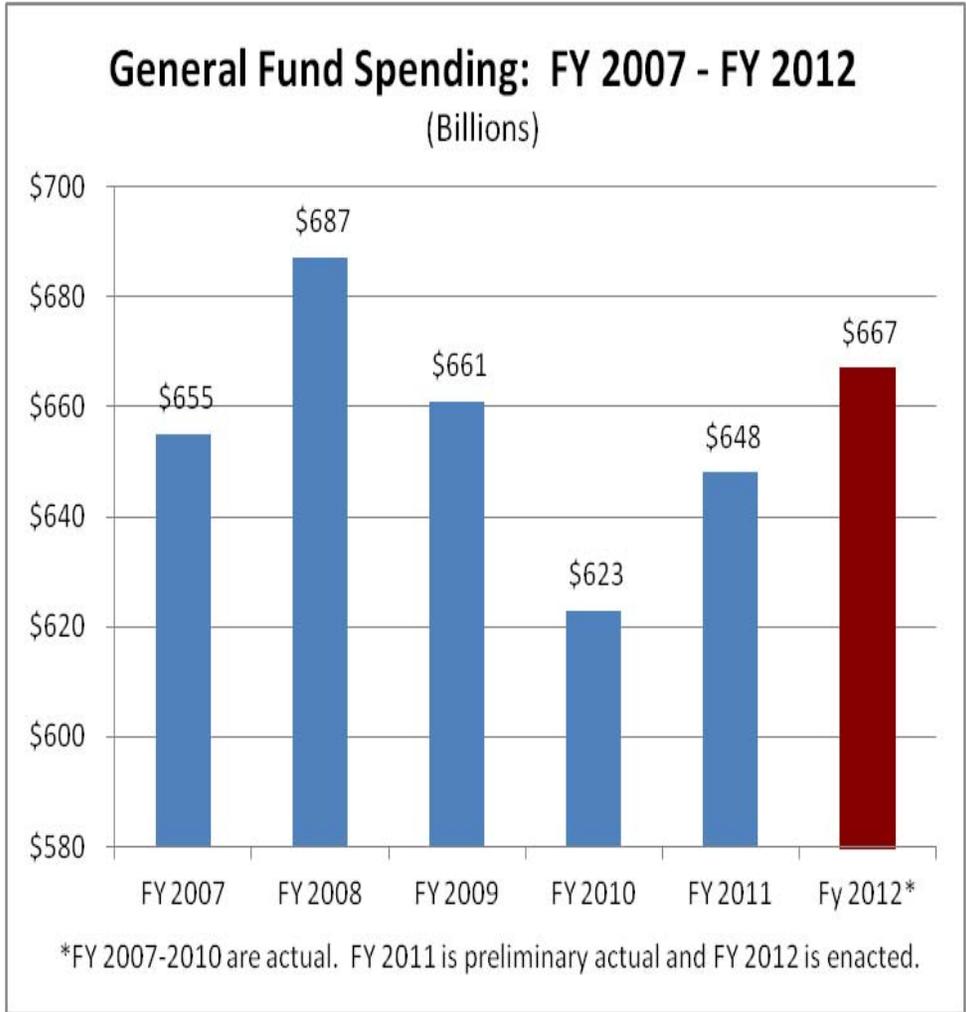
Policy and Budget Recommendations

State of the States

Revenue Remains Below Pre-Recession Levels



FY 2012 Spending Remains \$20 Billion below FY 2008

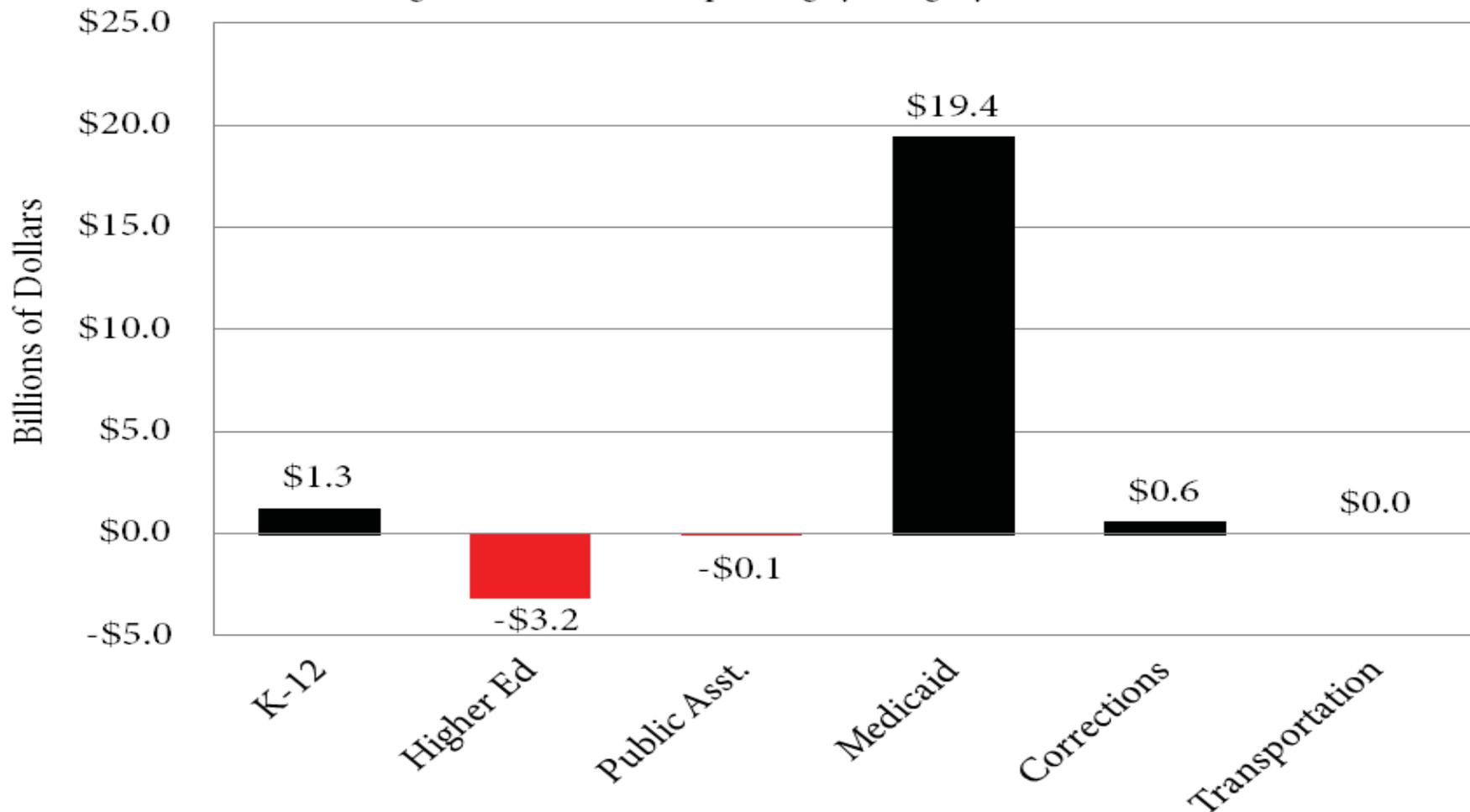


Source: National Association of State Budget Officers (NASBO)



Medicaid Spending Continues to Drive General Fund Spending Growth

Changes in General Fund Spending by Category Between FY 2011 and FY 2012

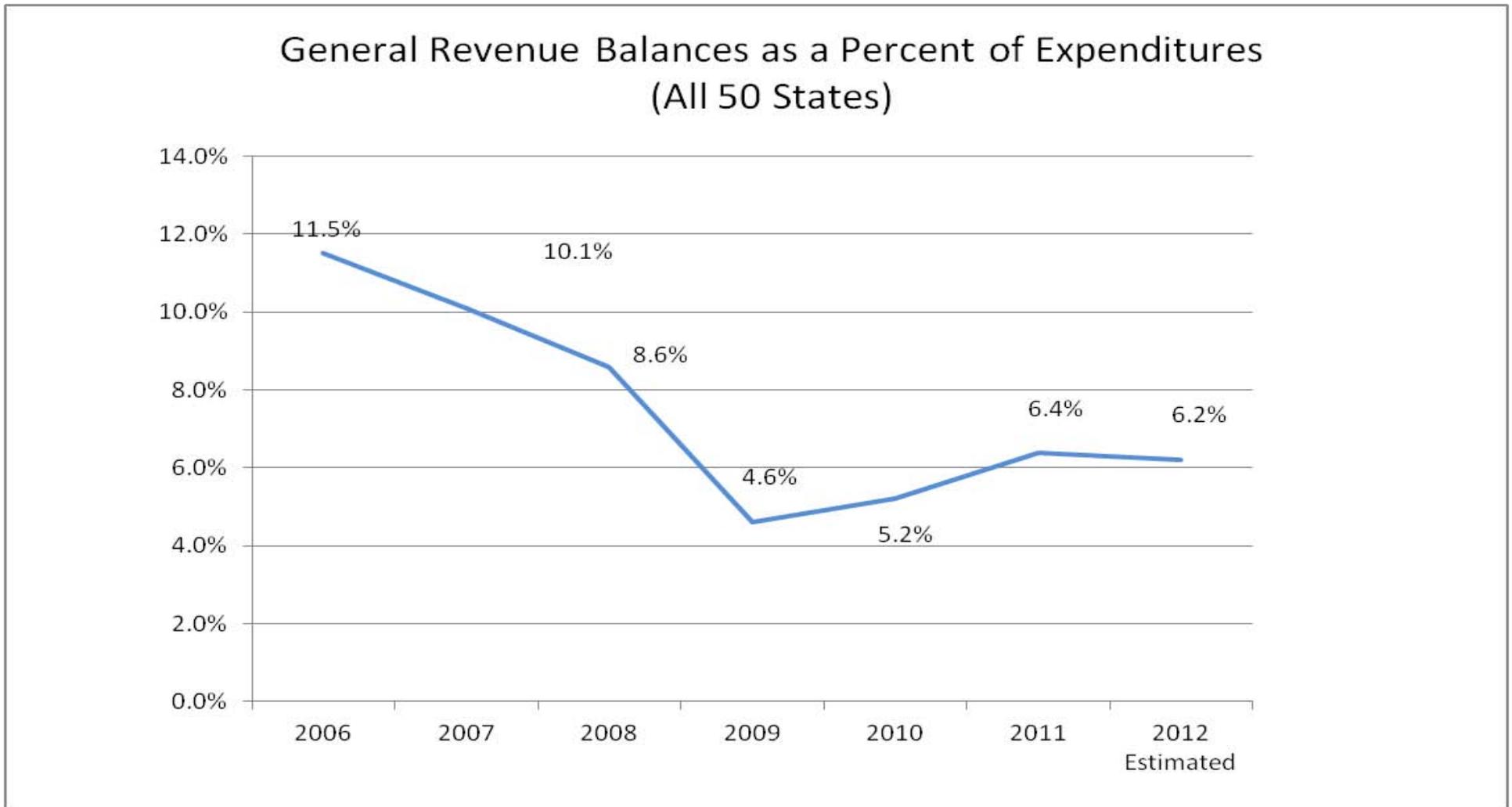


Data is based on comparative levels of enacted spending in FY 2011 and FY 2012

Source: National Association of State Budget Officers (NASBO)



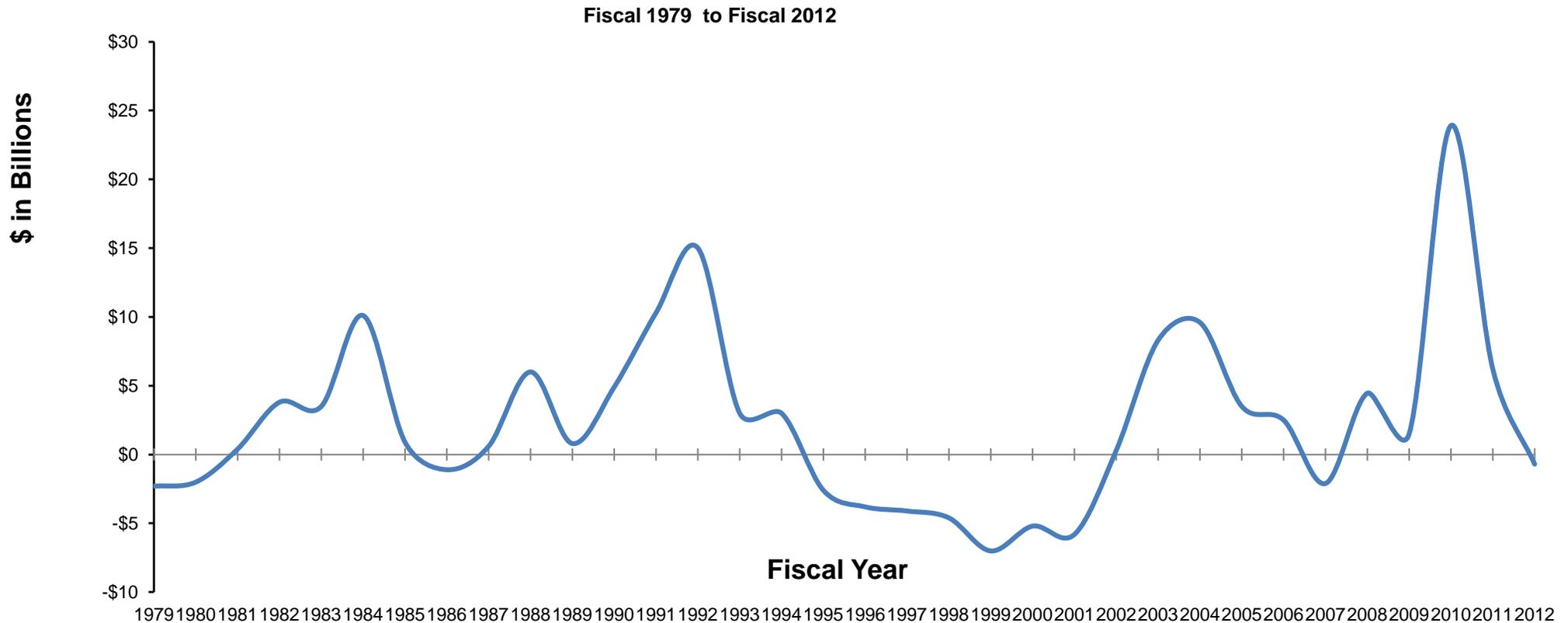
State of the States



Source: National Association of State Budget Officers (NASBO)



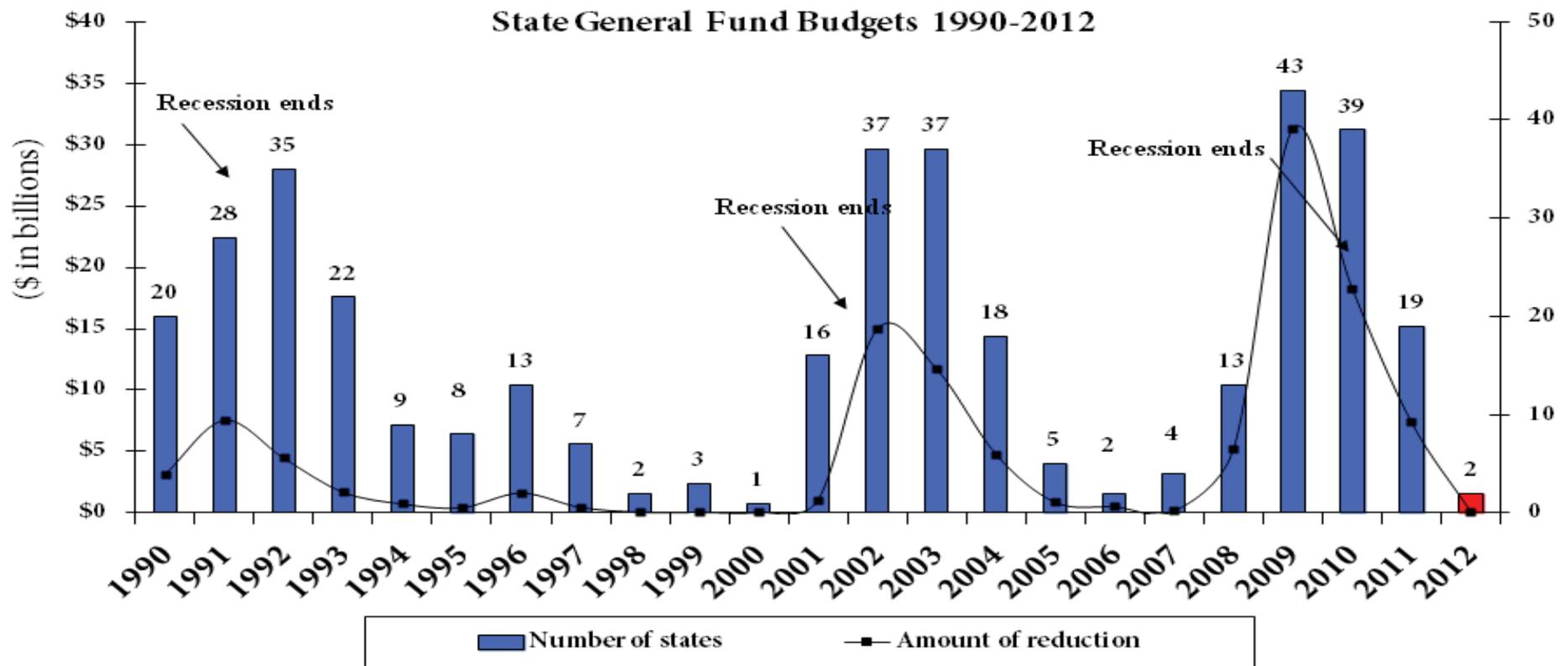
States Enact First Tax Decrease Since 2007



Source: National Association of State Budget Officers (NASBO)



Mid-Year Budget Cuts Continue to Decline



*FY 2012 mid-year budget cuts are ongoing

Source: National Association of State Budget Officers (NASBO)



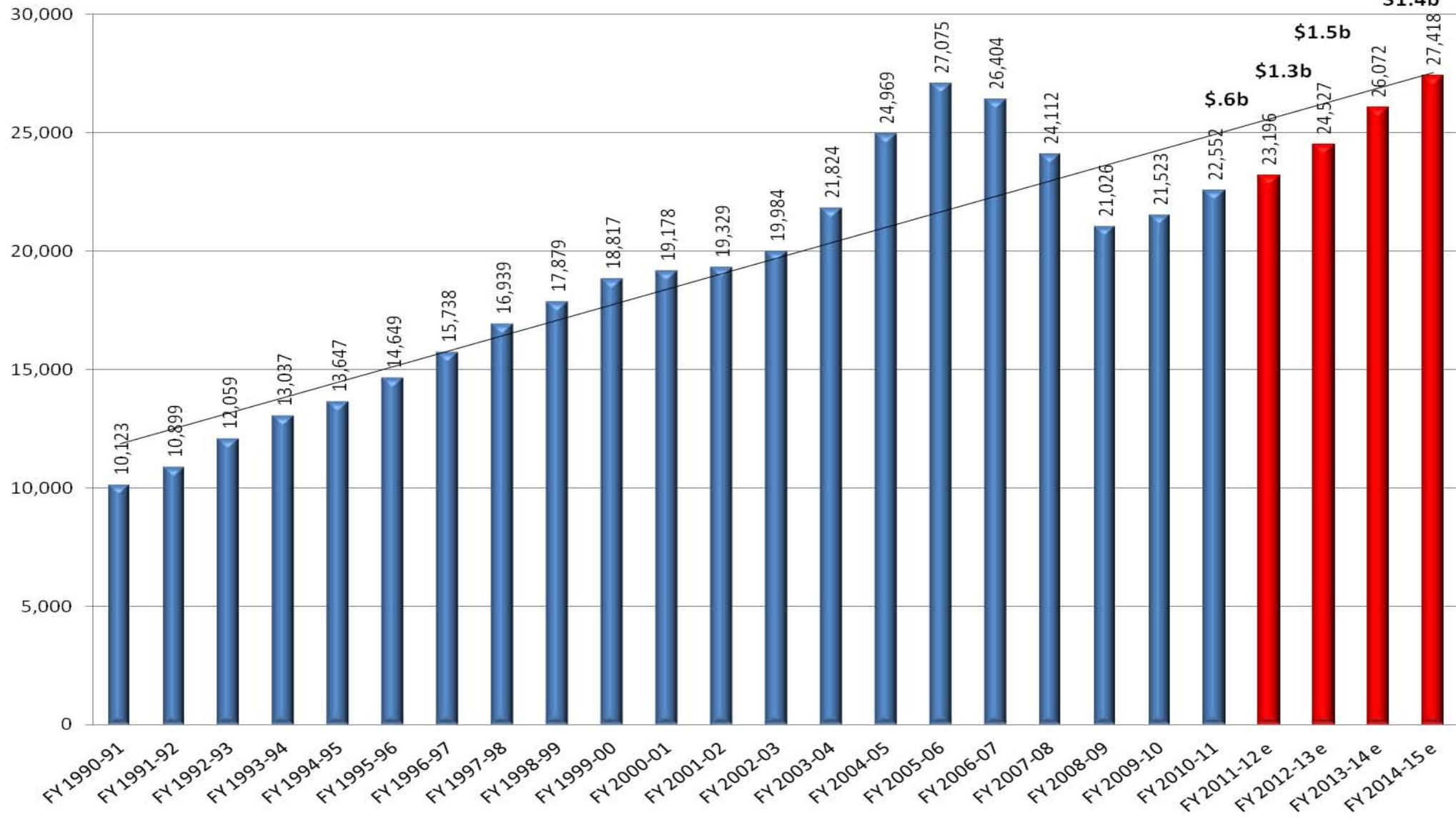
Florida

Ten-Year History of General Revenue Available compared to General Revenue Appropriations

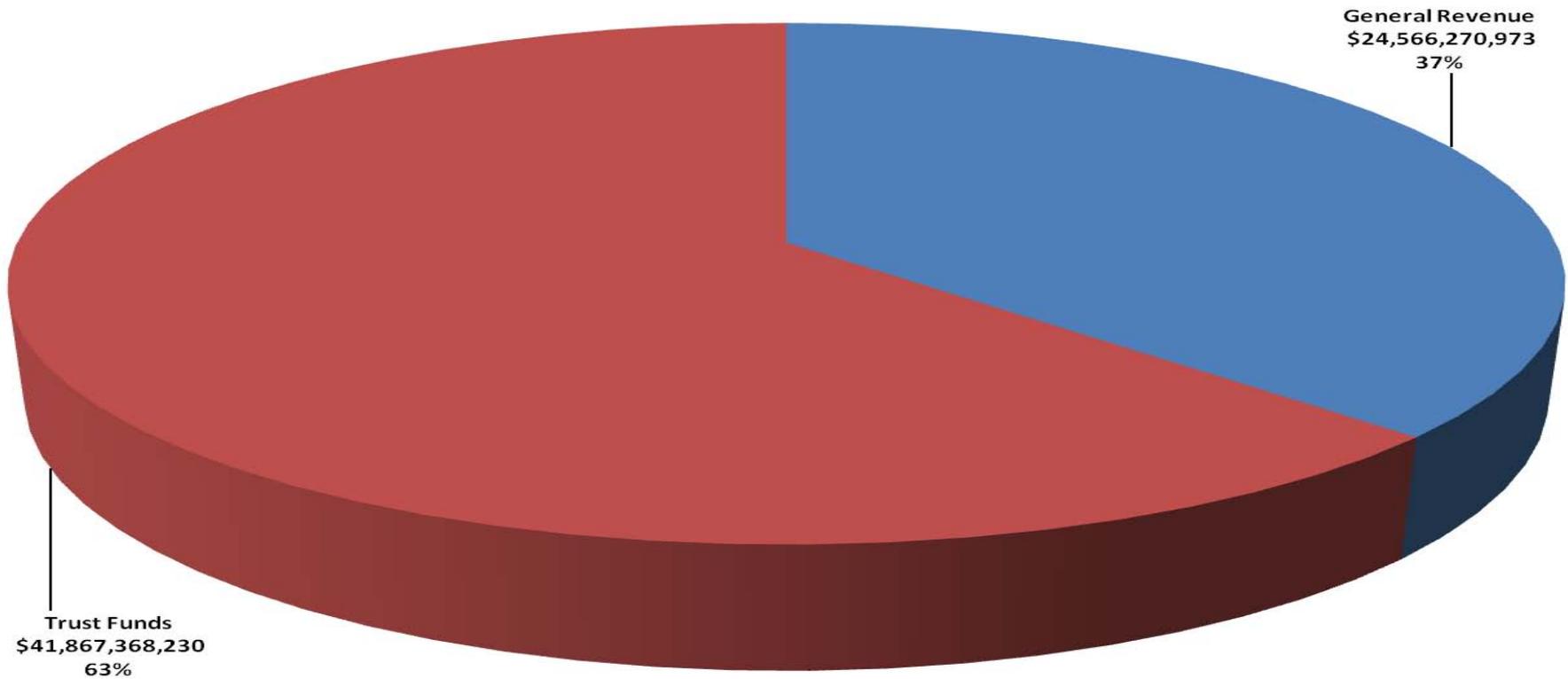
(Note: General Revenue Available includes the balance forward from prior fiscal year.)



General Revenues - October 2011 - REC



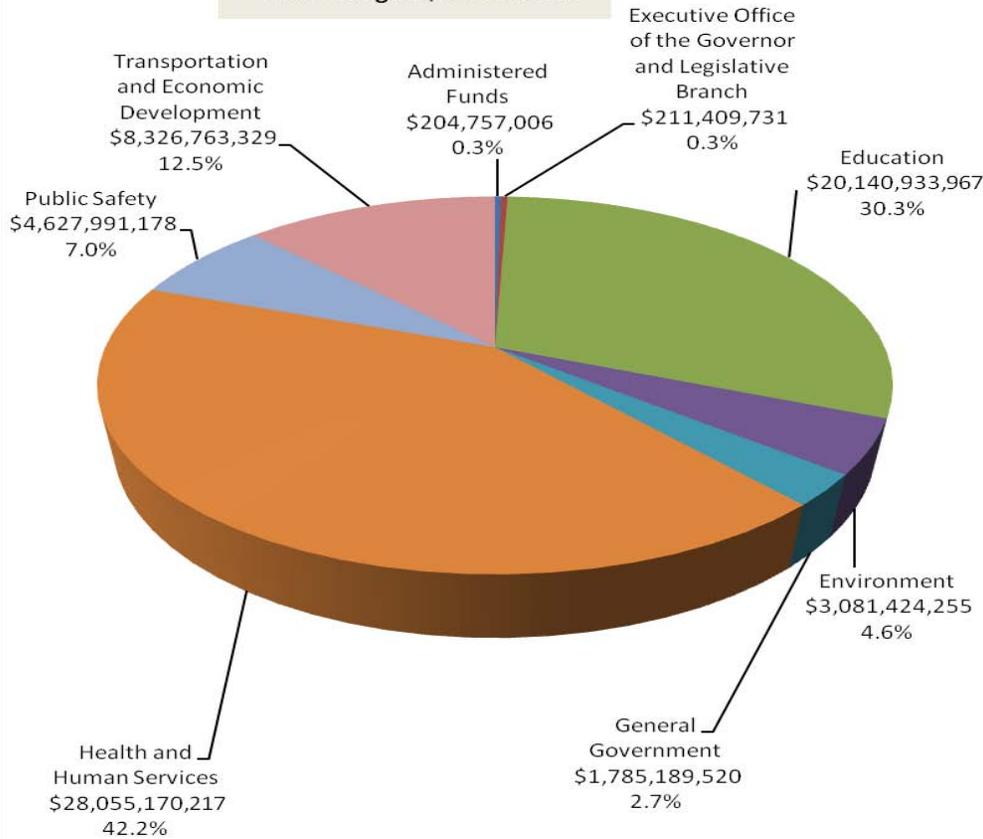
Fiscal Year 2012-13 Governor's Recommendation - \$66.4 billion



Budget by Policy Area – FY 2012-13

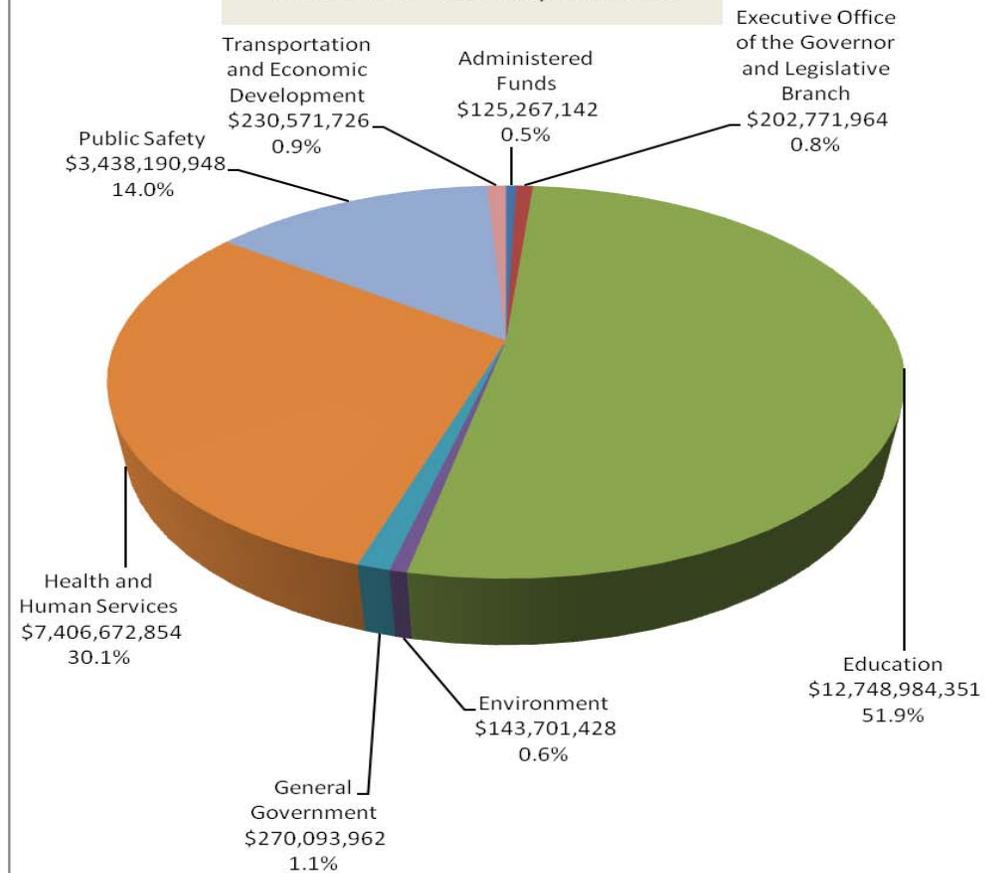
Total Budget by Policy Area

Total Budget \$66.4 billion



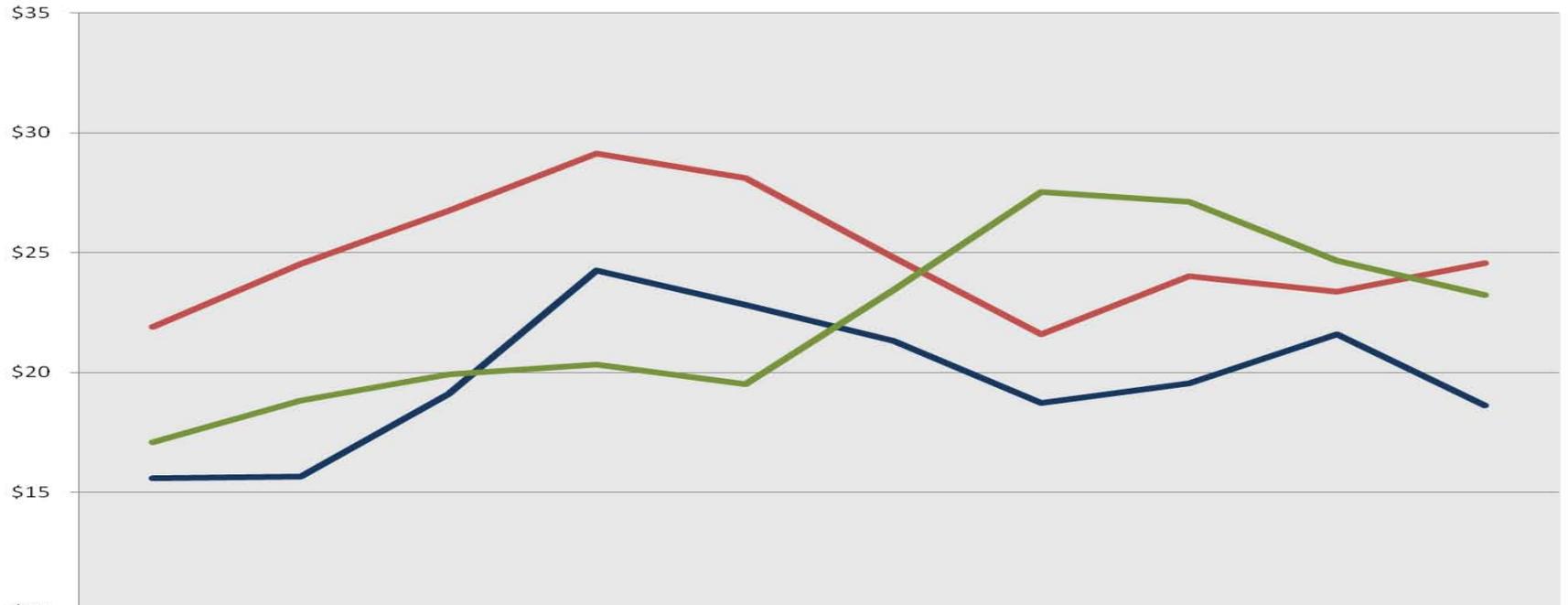
General Revenue Appropriation by Policy Area

Total General Revenue \$24.6 billion



Fiscal Year 2012-13 Governor's Recommendation - \$66.4 billion

Ten Year Comparison of General Revenue, State Trust Funds and Federal Fund
(\$ in Billions)

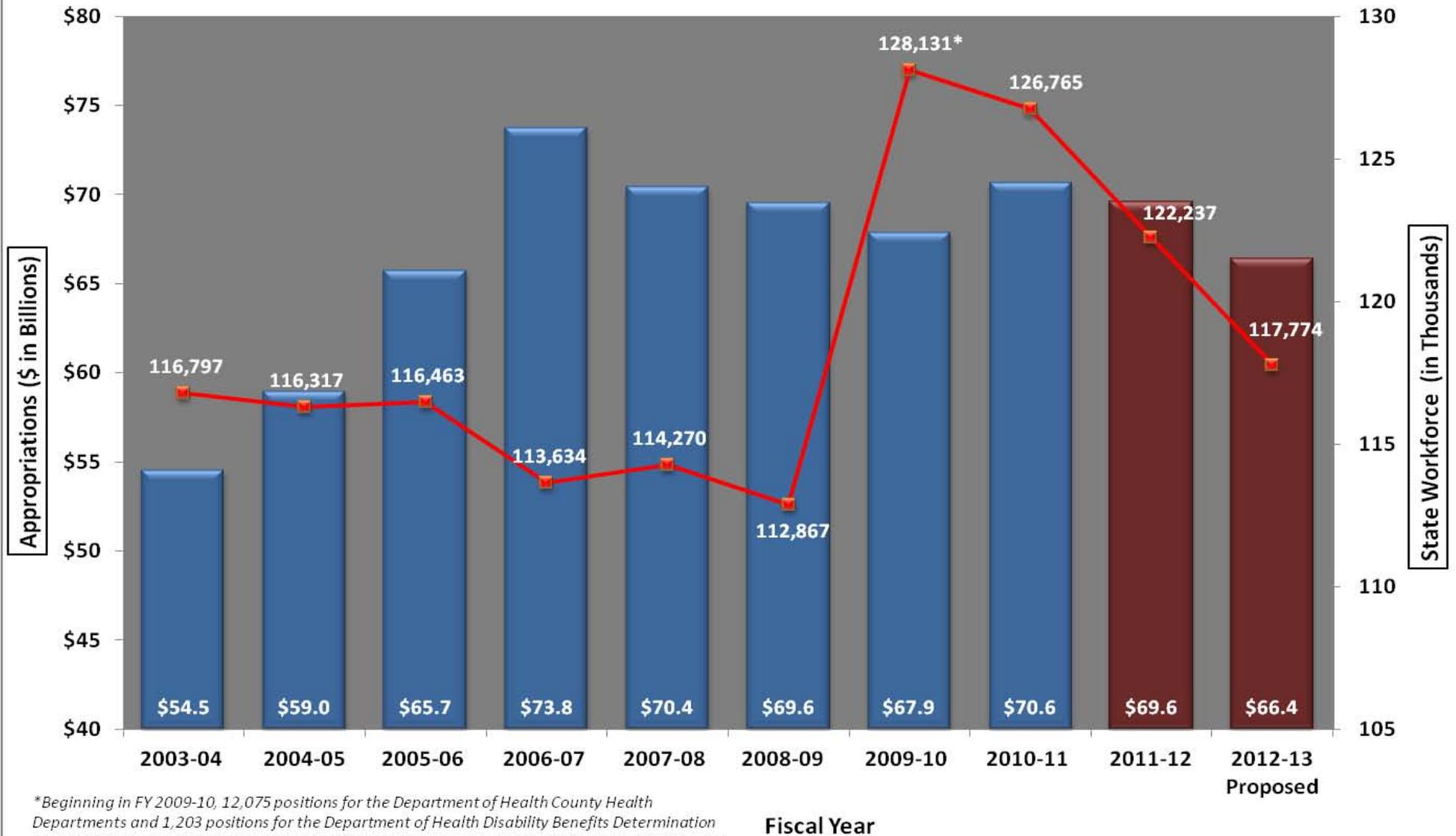


	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 Proposed
General Revenue	\$21.90 _{40%}	\$24.52 _{42%}	\$26.74 _{41%}	\$29.15 _{40%}	\$28.13 _{40%}	\$24.80 _{36%}	\$21.60 _{32%}	\$24.00 _{34%}	\$23.36 _{34%}	\$24.57 _{37%}
State Trust Funds	\$15.57 _{29%}	\$15.64 _{26%}	\$19.10 _{29%}	\$24.27 _{32%}	\$22.82 _{32%}	\$21.31 _{30%}	\$18.72 _{27%}	\$19.54 _{28%}	\$21.58 _{31%}	\$18.63 _{28%}
Federal Funds	\$17.07 _{31%}	\$18.81 _{32%}	\$19.90 _{30%}	\$20.34 _{28%}	\$19.50 _{28%}	\$23.44 _{34%}	\$27.55 _{41%}	\$27.11 _{38%}	\$24.67 _{35%}	\$23.24 _{35%}
Total All Funds	\$54.54	\$58.97	\$65.74	\$73.76	\$70.45	\$69.55	\$67.87	\$70.65	\$69.61	\$66.44
						<i>American Recovery and Reinvestment Act of 2009 included above: \$4.8 b</i>	<i>\$5.5 b</i>	<i>\$2.6 b</i>	<i>\$353 m</i>	<i>\$272 m</i>

Note: Does not include unexpended appropriations carried forward from the prior fiscal year.



History of Appropriations and State Workforce



*Beginning in FY 2009-10, 12,075 positions for the Department of Health County Health Departments and 1,203 positions for the Department of Health Disability Benefits Determination Program, that were previously accounted for through the county personnel systems, started being carried in the state system.



Budget Comparison FY 2000 - 2013

Per Capita, Nominal and Real

Employees

Fiscal Year	Pop (1,000's)	Budget (\$b)	Budget per capita (nominal \$'s)	Real budget per capita	State Workers/ 1,000 residents
1999-00	15,881.5	48.7	\$3,063.9	\$3,063.9	8.0
2000-01	16,228.0	51.9	\$3,198.8	\$3,093.3	7.7
2001-02	16,551.2	48.2	\$2,913.4	\$2,768.3	7.3
2002-03	16,892.0	50.3	\$2,980.1	\$2,770.6	7.0
2003-04	17,273.8	54.5	\$3,156.8	\$2,871.6	6.8
2004-05	17,677.3	59.0	\$3,335.9	\$2,946.0	6.6
2005-06	18,062.2	64.7	\$3,584.3	\$3,050.1	6.4
2006-07	18,378.2	73.8	\$4,012.9	\$3,328.3	6.2
2007-08	18,578.9	70.4	\$3,790.9	\$3,031.7	6.2
2008-09	18,671.4	69.6	\$3,724.9	\$2,937.8	6.0
2009-10	18,770.7	67.9	\$3,615.2	\$2,823.4	6.1
2010-11	18,880.2	70.3	\$3,721.4	\$2,849.7	6.0
2011-12	18,982.9	69.6	\$3,666.5	\$2,740.3	5.7
2012-13	19,123.4	66.4	\$3,472.2	\$2,553.7	5.5
FY 13/ FY 07			-13%	-23%	-11%
FY 13/ FY 00			13%	-17%	-31%

Note: the state employees number has been adjusted by legislative transfers of county health departments (12,075) and the office of disability determination (1,204).



Notable Differences When Comparing 2011-12 Budget to 2012-13 Governor's Recommended Budget

I s s u e	A m o u n t
Retirement Contributions (Normal Costs/UAL)	\$301.6 million
Kindergarten-12 th Grade Increased Funding	\$ 1,000.0 million
Medicaid Increased Caseload	
General Revenue Increase	\$932.9 million
Trust Fund Decrease	(\$528.7) million
Medicaid Program	(\$2,100.0) million
Deep Water Horizon	(\$100) million
Voluntary Pre-Kindergarten Double Budget	(\$385) million
Transportation Work Program (Lower Tax Receipts)	(\$1,200.0) million



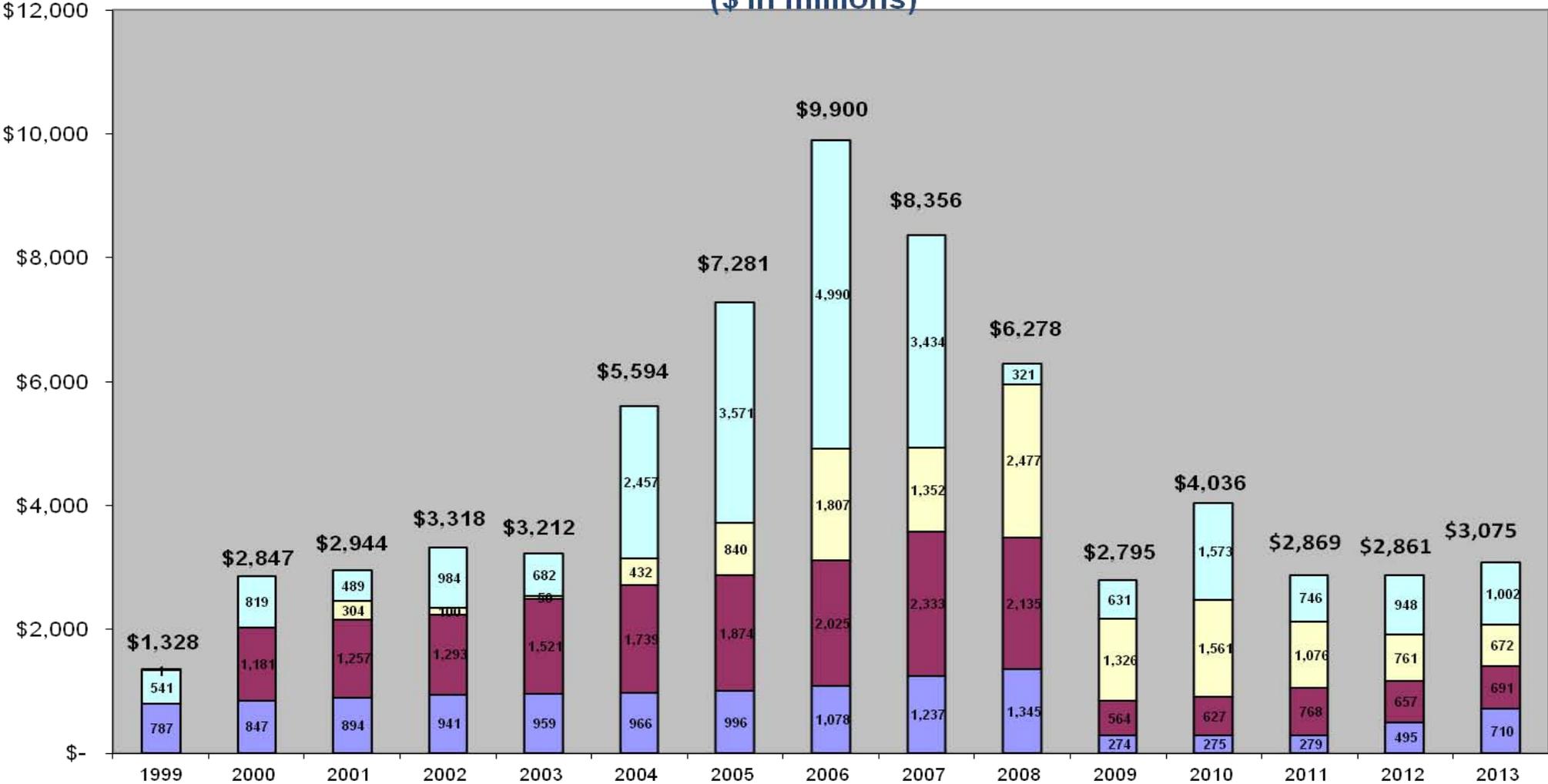
General Revenue Balance Sheet (millions)

1	Revenue Estimate - October 11, 2011	25,569.4
2	Adjustments to Revenues	
a	Trust Fund Sweeps	147.4
b	Corporate Tax Due Date Glitch	100.0
c	Tax Fairness Reform (Business and Machinery & Equipment)	(29.4)
d	Exempt Clerk of Court from Service Charge to GR in FY 2012-13	(34.3)
e	Agency Efficiencies	9.3
f	DCF Reversion	9.2
3	Total Revenues Available	25,771.6
4	Uses of Funds	
a	Recurring Expenditures	22,785.6
b	Current Year Deficits	198.8
c	Medicaid	932.9
d	Education	793.8
e	Reductions	(785.5)
f	Other Spending	629.8
g	Repay Budget Stabilization Fund	214.5
5	Total Uses of Funds	24,770.0
6	Balance	1,001.6



Florida Reserves

(\$ in millions)



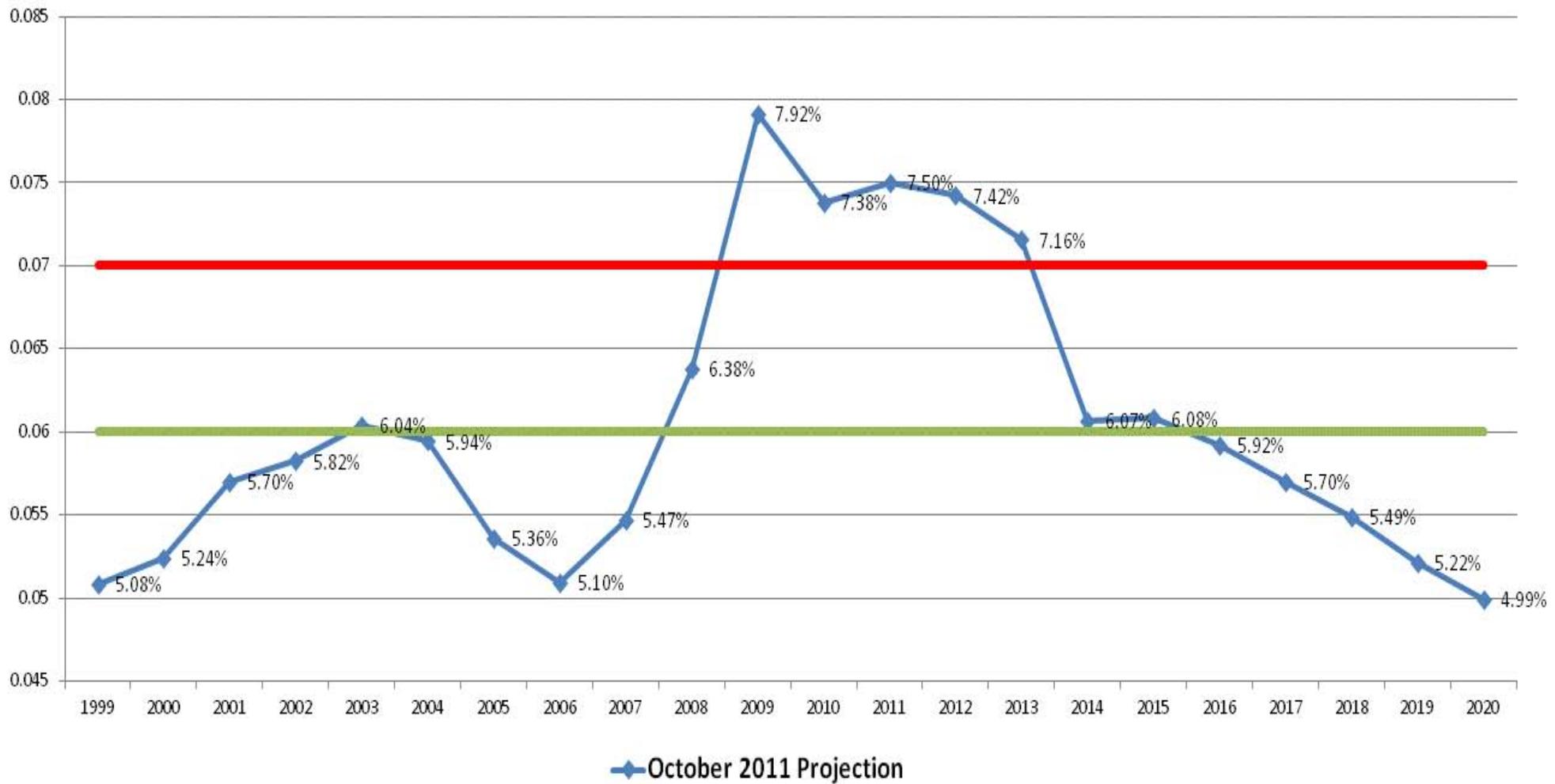
Rating Agencies Desire a Reserve of 5%



Rating Agencies Desire a Reserve of 5%



Benchmark Ratio Projection Change

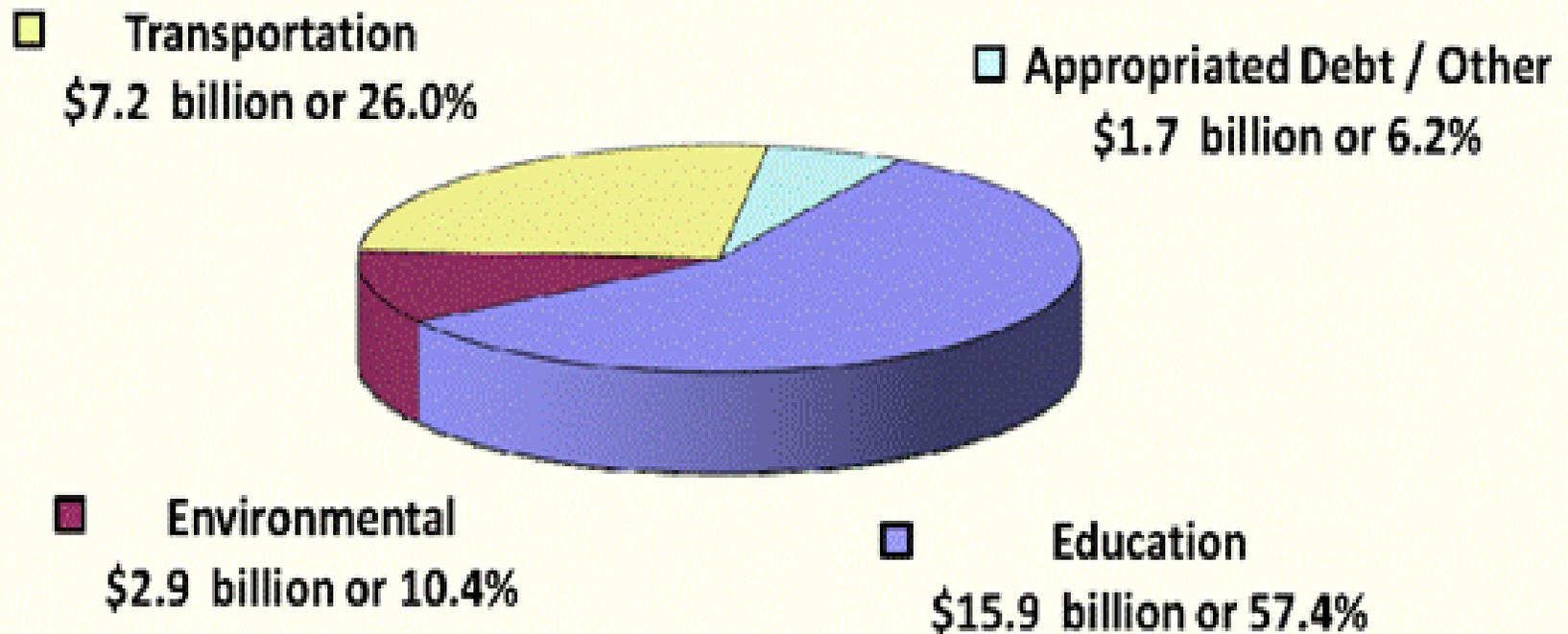


Revenue	\$21,079.9	\$22,263.1	\$22,876.6	\$23,301.1	\$24,174.3	\$27,286.4	\$31,147.0	\$34,225.4	\$32,994.5	\$28,371.8	\$25,125.6	\$27,709.8	\$28,687.8	\$29,326.6	\$31,354.6	\$32,997.3	\$34,233.8	\$34,177.8	\$34,364.9	\$34,379.2	\$34,247.4	\$34,320.9
Debt Service	\$ 1,071.7	\$ 1,166.2	\$ 1,303.4	\$ 1,357.1	\$ 1,459.5	\$ 1,551.9	\$ 1,584.3	\$ 1,680.9	\$ 1,767.9	\$ 1,897.5	\$ 2,057.9	\$ 2,095.1	\$ 2,206.4	\$ 2,231.4	\$ 2,290.7	\$ 2,036.5	\$ 2,117.4	\$ 2,145.2	\$ 2,161.2	\$ 2,165.3	\$ 2,123.9	\$ 2,110.9



Debt Outstanding by Program

June 30, 2011

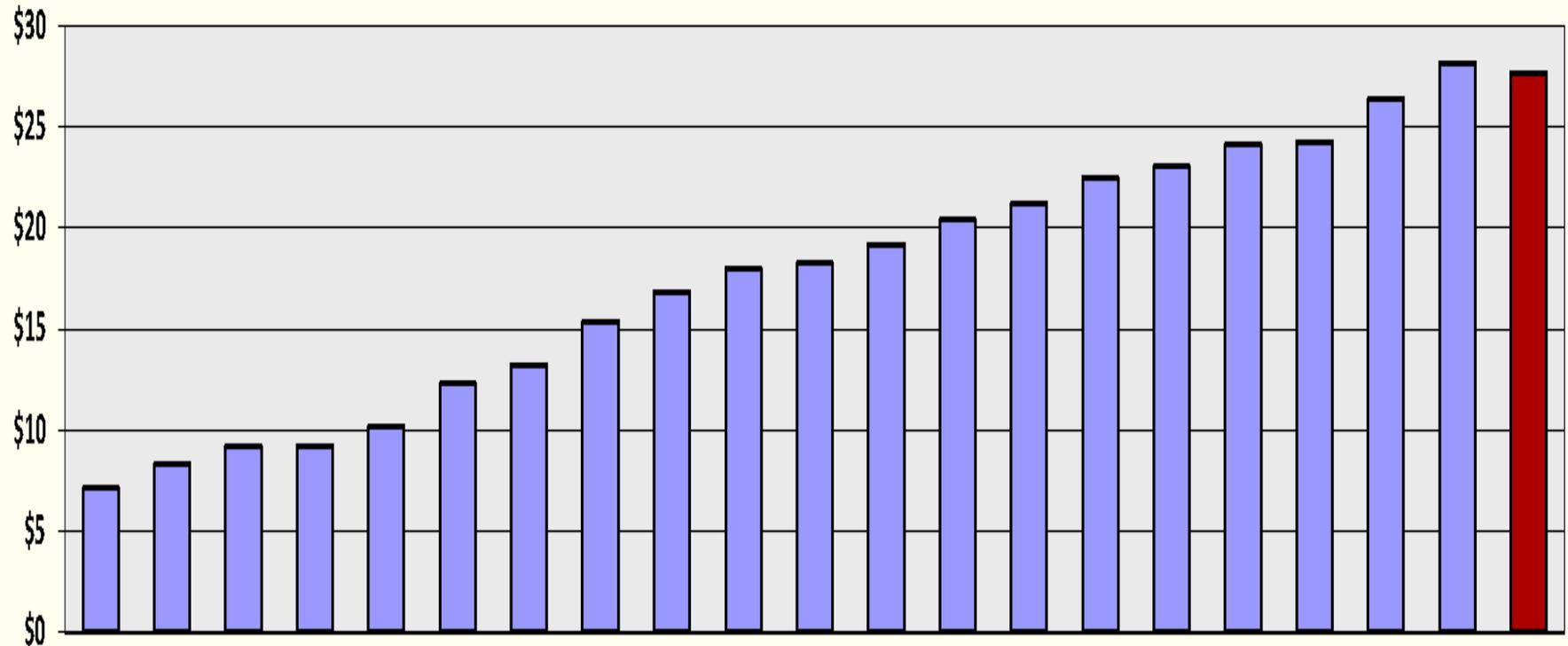


Total Debt Outstanding: \$27.7 billion



Historical Total Debt Outstanding Fiscal Years 1991 through 2011

(In Billions of Dollars)



	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Outstanding	\$7.12	\$8.32	\$9.23	\$9.20	\$10.15	\$12.30	\$13.24	\$15.40	\$16.83	\$17.96	\$18.27	\$19.22	\$20.38	\$21.20	\$22.46	\$23.03	\$24.09	\$24.26	\$26.41	\$28.17	\$27.68
Percentage Change	-	16.8%	11.0%	-0.3%	10.3%	21.2%	7.6%	16.3%	9.3%	6.7%	1.7%	5.2%	6.1%	4.0%	6.0%	2.5%	4.6%	0.7%	8.8%	6.7%	(1.7)%



Governor Scott's Solution

1. Accountability Budgeting

2. Reduce Government Spending

3. Regulatory Reform

4. Focus on Job Growth and Retention

5. World Class Education

6. Reduce Taxes

7. Phase Out Florida's Business Tax



Goals and Guiding Principles

- Promote Job Creation
- Eliminate Unnecessary Regulation
- Provide Tax Fairness
- Reduce Reliance on short term or non-recurring Federal Funding that would assume continued state funding
- Maintain or Enhance Funding for Kindergarten-12 Education
- Eliminate Duplication and Wasteful Spending
- Use Performance Metrics to Measure Agency Success (Pilot Agencies)



1. Accountability Budgeting

- **Pilot Three Agencies:**
 - *Department of Revenue*
 - *Office of Financial Regulation within Department of Financial Services*
 - *Department of Law Enforcement*
- **General Appropriations Act:**
 - *Roll-up Traditional Categories*
 - *Provide Service Description*
 - *Provide Performance Measurement*
- **Budget Implementing Legislation:**
 - *Track Measures and Report Progress*
 - *Develop Improvement Plans*
 - *Provide Incentives and Disincentives for Progress or Failure*



2. Reduce Government Spending

Policy Area	Reductions	
	Amount	Positions
Statewide Decreases – State Group Health Insurance Program – Uniform Premiums and People First Contract Reductions	(\$48,016,513)	
Private Colleges and Universities	(\$20,401,062)	
Loss of Federal Funds – Early Learning Program	(\$30,227,891)	
Other Education	(\$25,773,228)	(78)
Environment	(\$29,398,918)	(368)
General Government	(\$34,577,359)	(274)
Medicaid - Limit Hospital Inpatient Days and Emergency Room Visits	(\$168,804,234)	
Medicaid – Rate Bands for Hospital Reimbursements	(\$1,853,064,253)	
Medicaid – Limit Services in the Medically Needy Program	(\$48,531,191)	
Other Health and Human Services	(\$168,183,821)	(921)
Consolidate Prisons	(\$67,479,486)	(1,138)
Privatize Inmate Health Services	(\$22,976,081)	
Clerk of Court Funding	(\$17,803,212)	
Other Public Safety	(\$51,649,032)	(1,583)
Transportation and Economic Development	(\$29,461,900)	(129)
Grand Total	(\$2,616,348,181)	(4,491)



3. Regulatory Reform

- Agencies have identified more than 1,000 rules for repeal
 - Agencies have repealed **150** rules
 - Agencies have started the repeal process on **457** rules
 - Agencies will begin the repeal process on **205** rules before the end of 2011
 - With the help of the Legislature, we will repeal **274** rules during the 2012 session
- Agencies have identified more than 1,300 rule revisions
 - Agencies are revising rules to reduce regulatory burdens while implementing statutory directives
 - Agencies are continuing to identify potential rule revisions that could reduce regulatory burdens
- Create an environment in Florida that will allow business to operate with fewer unnecessary regulations
 - Through www.FloridaHasARightToKnow.com we have provided an avenue for the public to review and comment on agency rules at all times, not just during the rulemaking process
 - We are fostering more dialogue between agencies and the people affected by agency regulation
 - We are raising public awareness of the ability to help the Governor effectuate change in Florida's regulatory structure



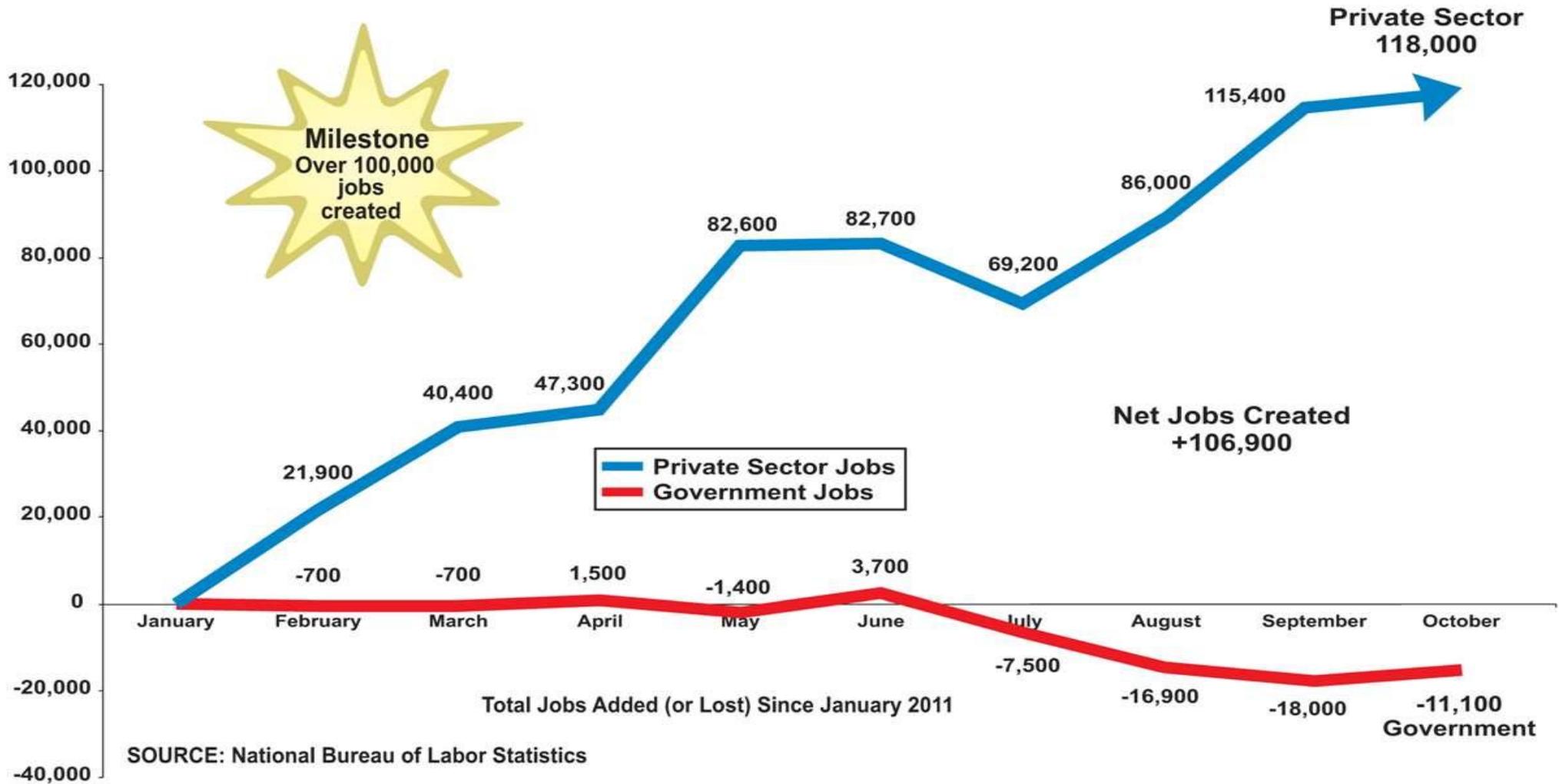
4. Focus on Job Growth and Retention

- 2012 Job Creation and Economic Growth Agenda
 - *Step 1: Streamlining Business Permitting and Eliminating Burdensome Rules and Regulations*
 - *Step 2: Provide Tax Relief and Reform for Florida's Working Families and Businesses*
 - *Step 3: Reforming Florida's Unemployment System to Create a Reemployment System*
 - *Step 4: Restoring Accountability and Credibility to Florida's Workforce Boards*
 - *Step 5: Prioritizing Vital Transportation Projects to Facilitate Economic Development Opportunities*
 - *Step 6: Offering Stability to Florida Businesses by Balancing the Budget without Raising Taxes*
 - *Step 7: Prioritizing Science, Technology, Engineering and Mathematics in Education*



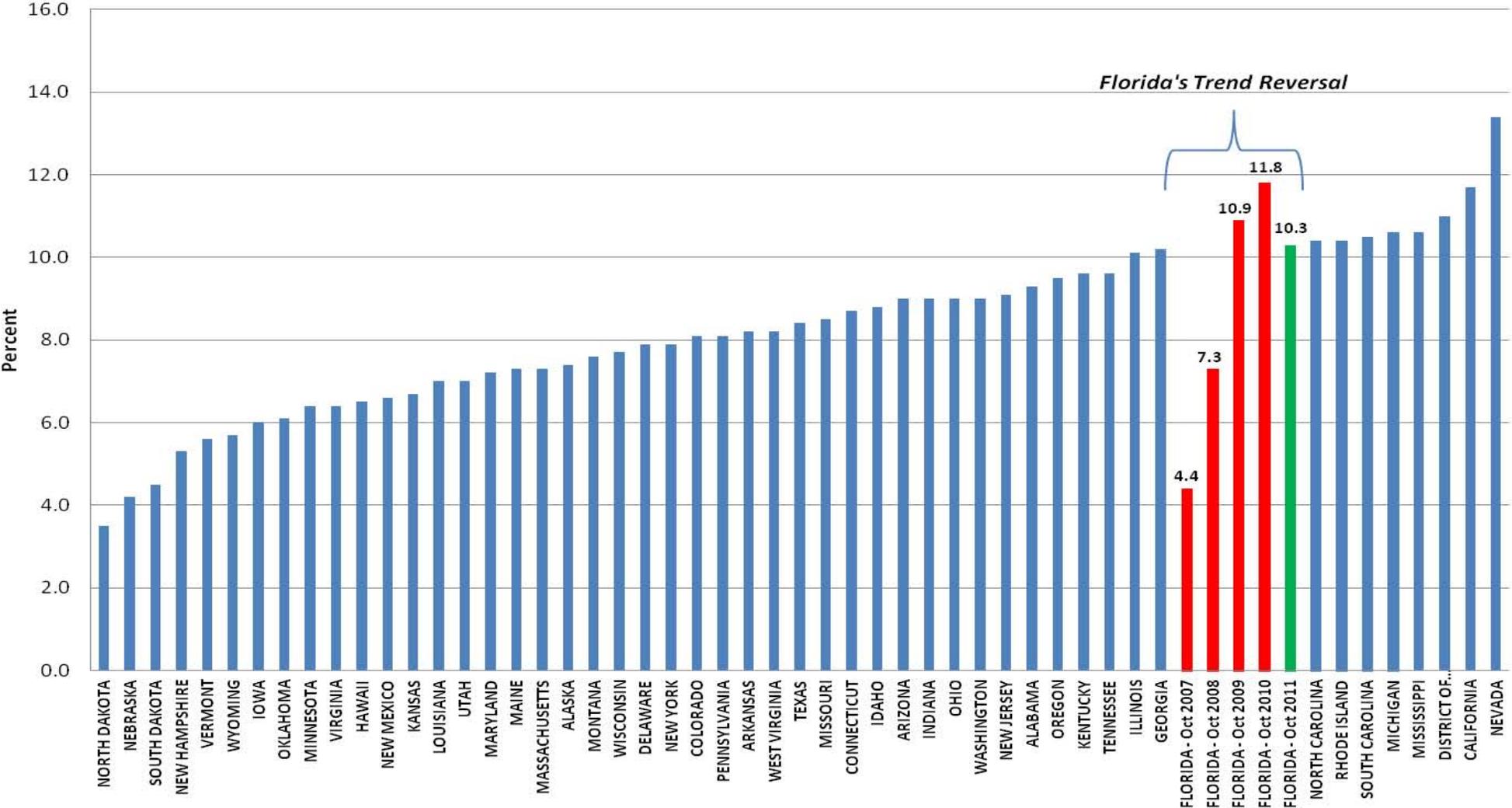
HEADED IN THE RIGHT DIRECTION

Florida Job Creation: Private Sector vs. Government



Unemployment Rates By State

As of October 2011



5. *World Class Education*

- Increase state funding in Kindergarten-12 by \$1 BILLION
- Prioritize Science, Technology, Engineering and Mathematics in Education to ensure graduates can get jobs
- The Governor's budget recommends level funding for State Universities, State Colleges, and School District Workforce Programs – and NO tuition increases
- Letter to University Presidents seeking accountability by our State Universities



6. Reduce Taxes

- Reduce the Tangible Personal Property Tax to incentivize businesses to grow and to create jobs
- Provide Sales Tax Exemption for Businesses Purchasing Machinery & Equipment
- Stop PIP Fraud
- Review special taxing districts to ensure a return on taxpayers' money
 - Hospital Districts
 - Executive Order Examining Special Districts

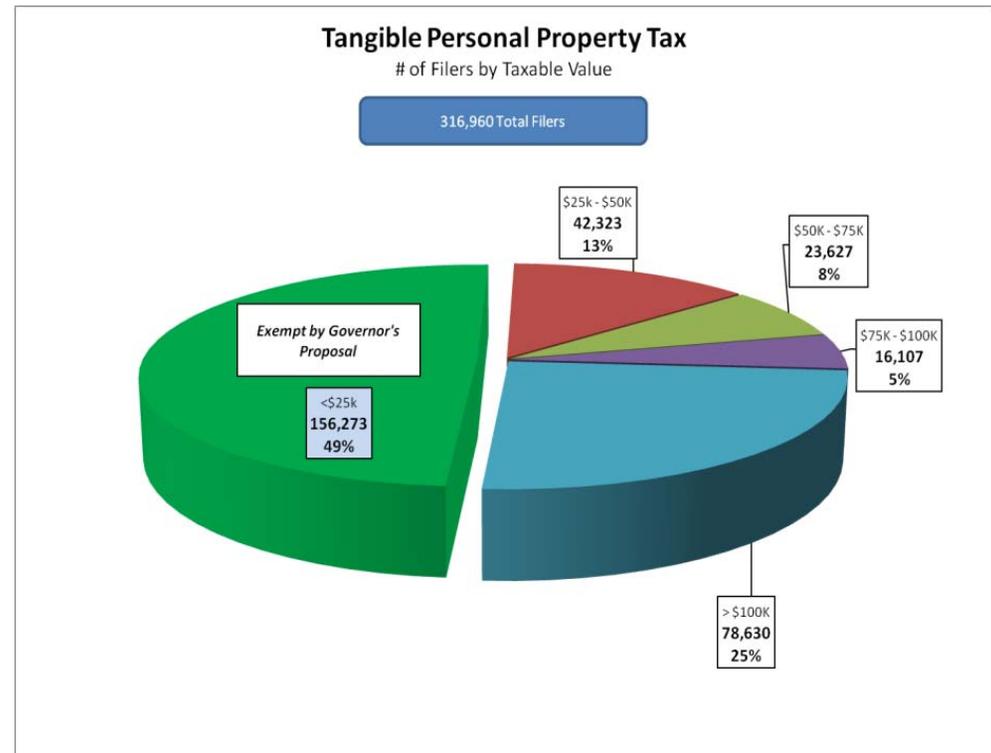
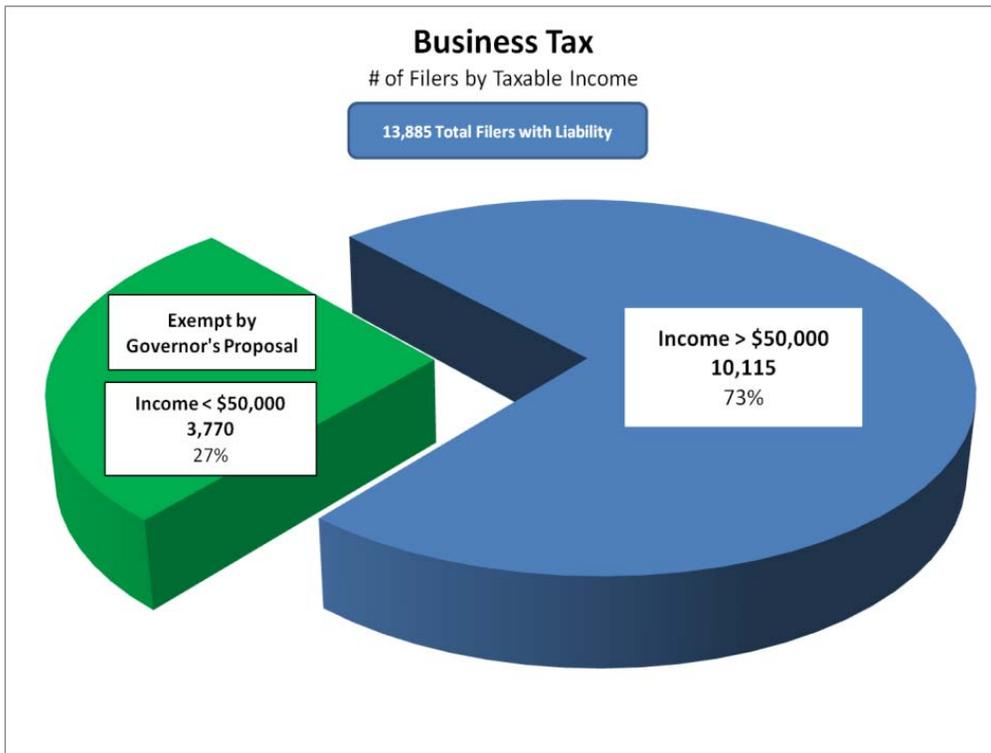


7. Phase Out Florida's Business Tax

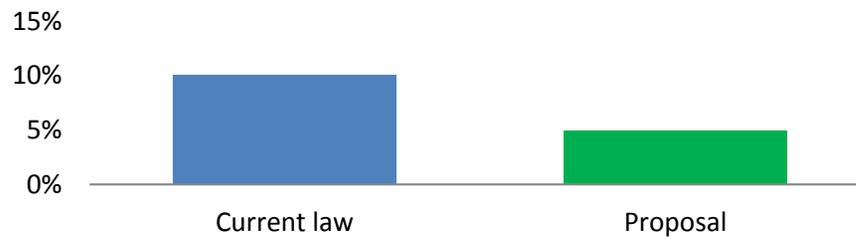
- Provide tax relief to our families and business
- Increase business tax exemption to \$50,000 to help grow jobs
- Eliminates the tax for another 27% of businesses



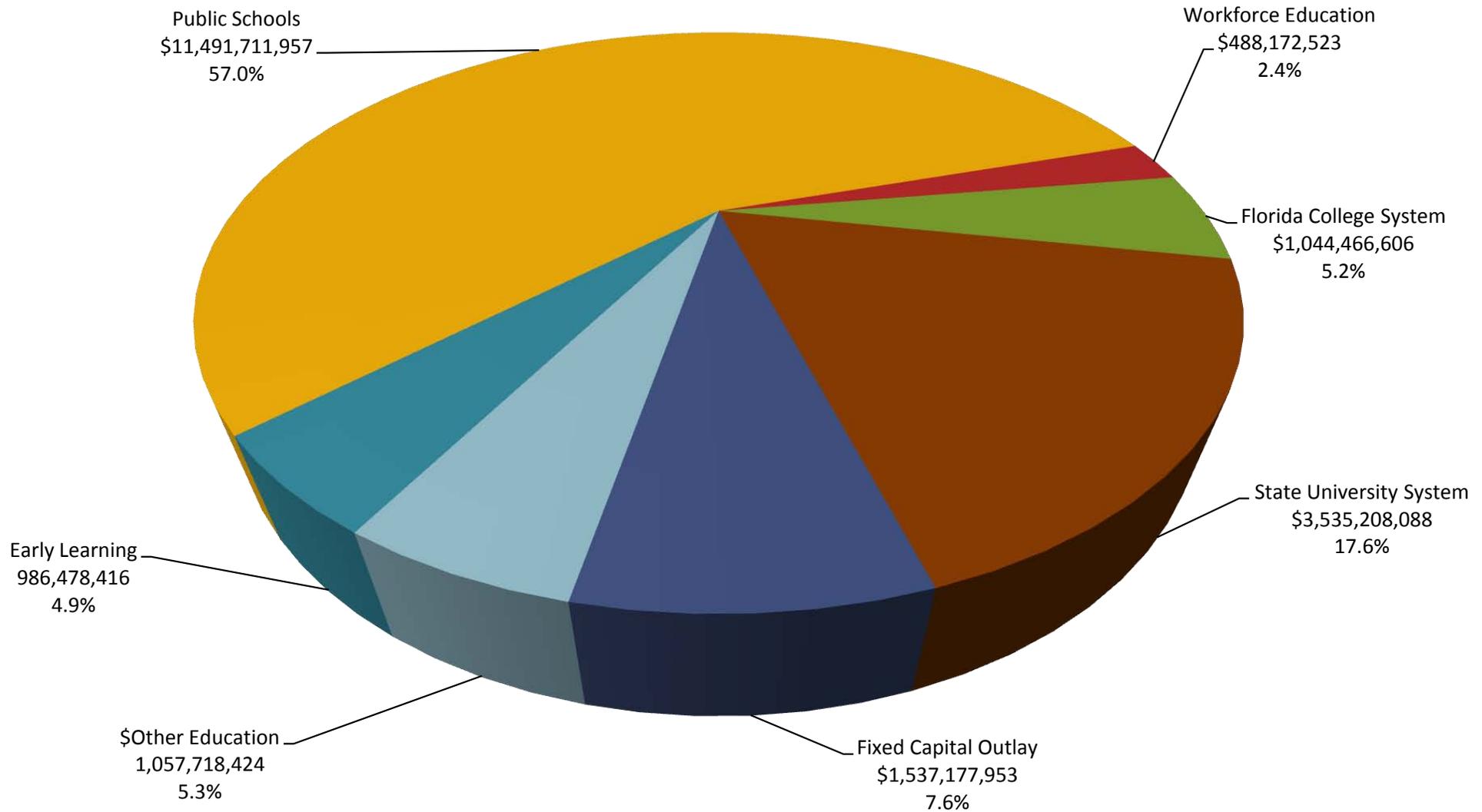
Tax Reform



Machinery and Equipment Sales Tax...



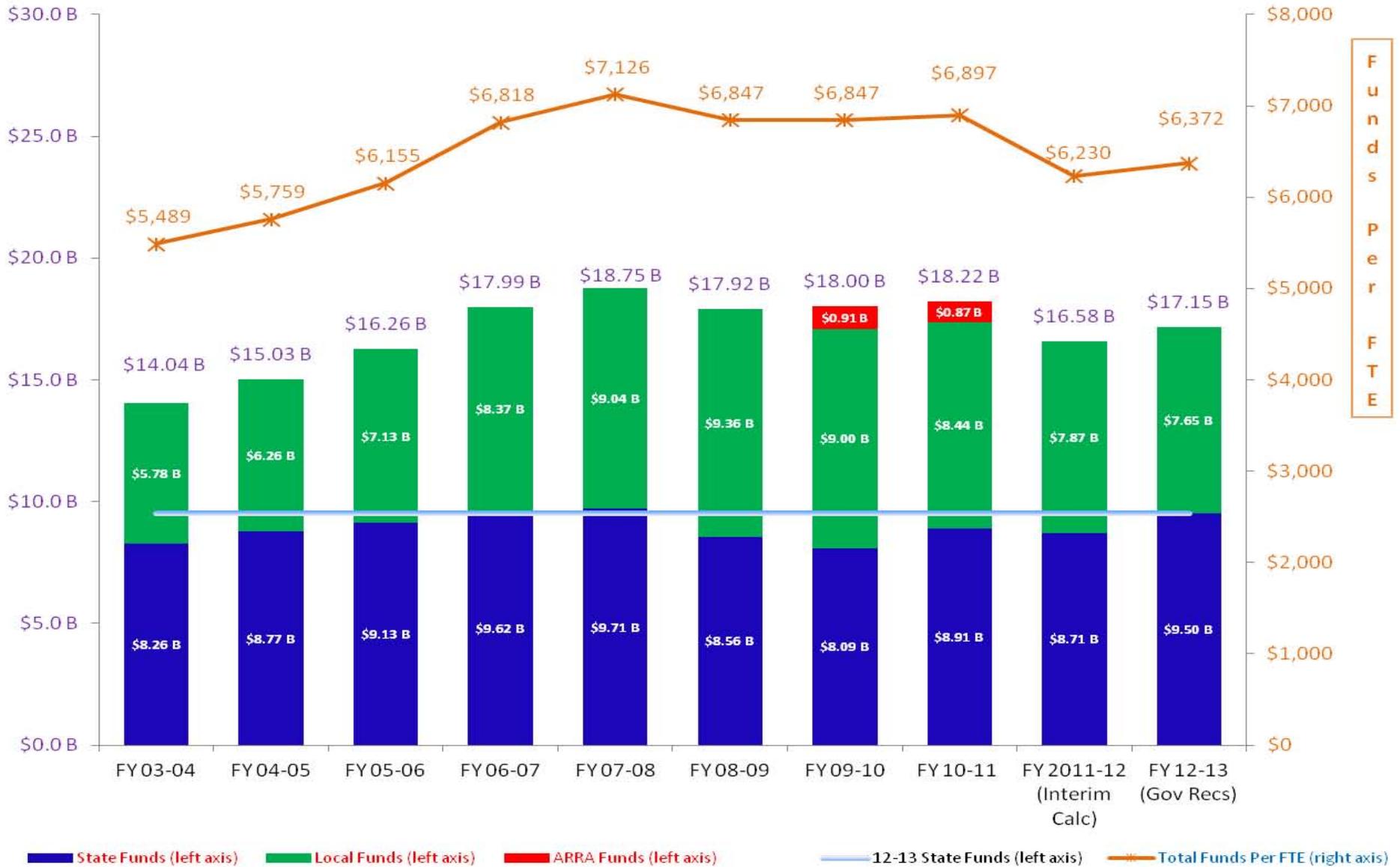
Education - \$20.1 Billion



Note: The following is excluded in this chart: 1) local funds in the amount of \$7.7 billion; 2) K-12 Workforce Tuition revenue in the amount \$41 million; and 3) Community College Tuition Revenues in the amount of \$907.8 million.



Ten Year History of School Funding



Additional State Funding for Education

Restore one-time funding from the current fiscal year (nonrecurring)

\$224 million

Replace loss of school property taxes as a result of a 3.23% decrease in property values.

\$220 million

\$ 1 Billion

Cost for 30,567 additional students (FTE) at current year amount of \$6,230.40 per student (FTE)

\$190 million

\$381 million

Cost for additional per-student funding which includes:
- doubling the funding for Reading Instruction;
- returning the School Recognition Program to \$100 per student from \$70 per student in the current year.



Education Highlights

Major Issues Funded	Amount
Florida Education Finance Program (FEFP)	\$1.02 billion

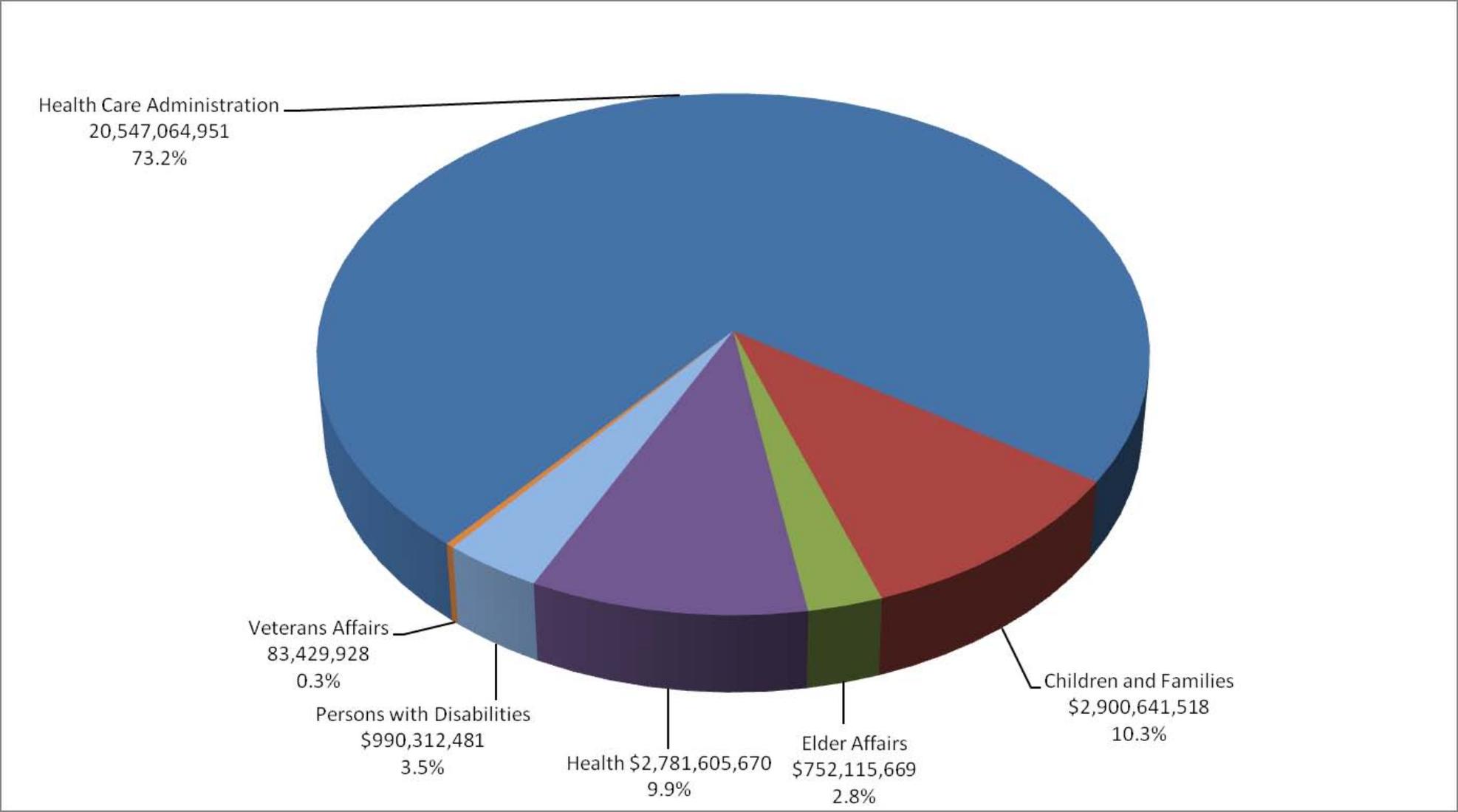
Major Decreases	Amount
Private Colleges and Universities	(\$20.4) million

Higher Education Funding	Amount
State University System (E & G Level Funded)	\$2.03 billion
Florida College System (Program Fund Level Funded)	\$1.04 billion
School District Workforce Education (Level Funded)	\$488.2 million

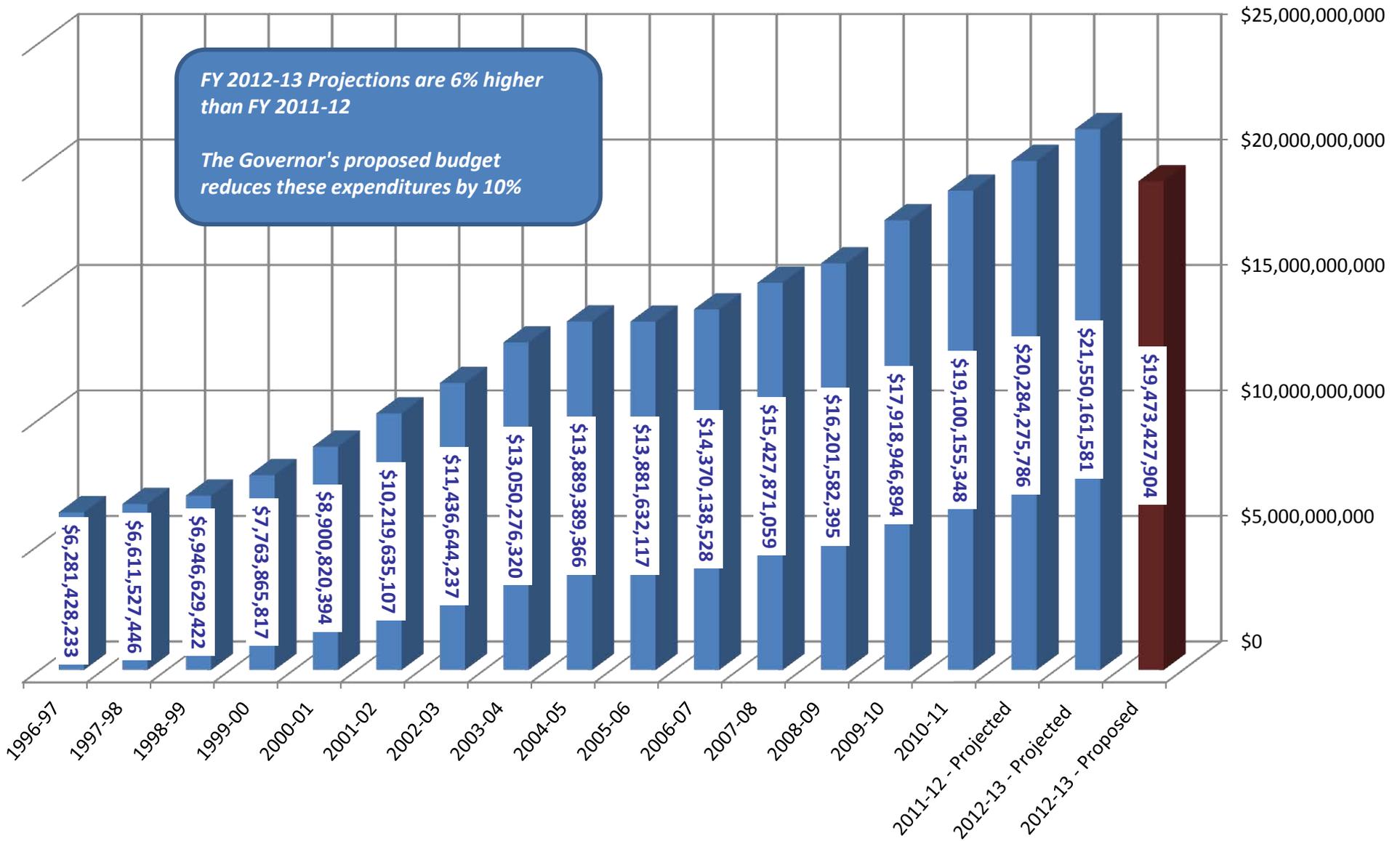
The Governor's budget recommends a zero percent tuition increase for State Universities, State Colleges, and School District Workforce Programs



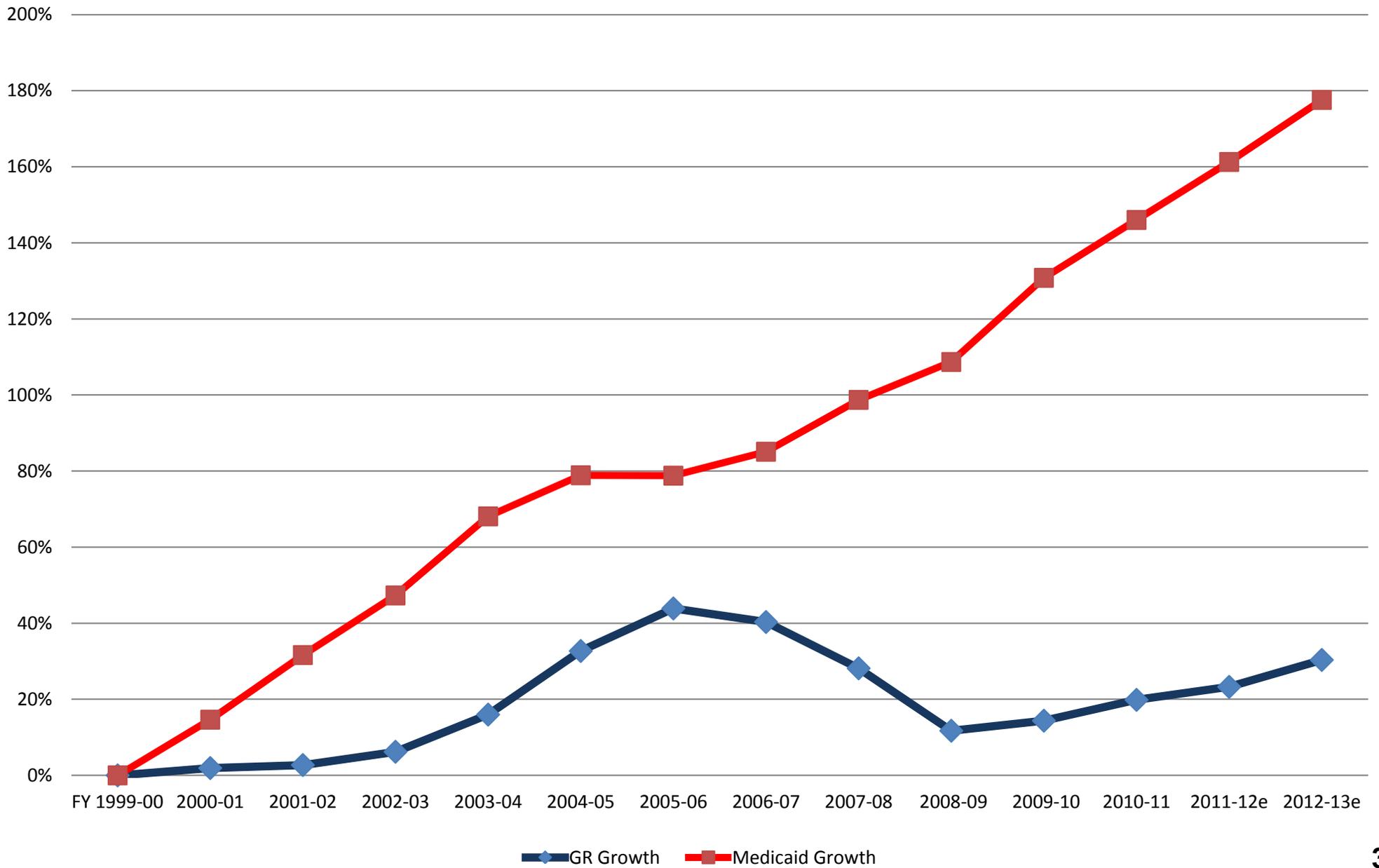
Health and Human Services Unit - \$28.1 Billion



Medicaid Services Expenditures



Medicaid Growth vs. General Revenue Growth - FY 2000 - FY 2013

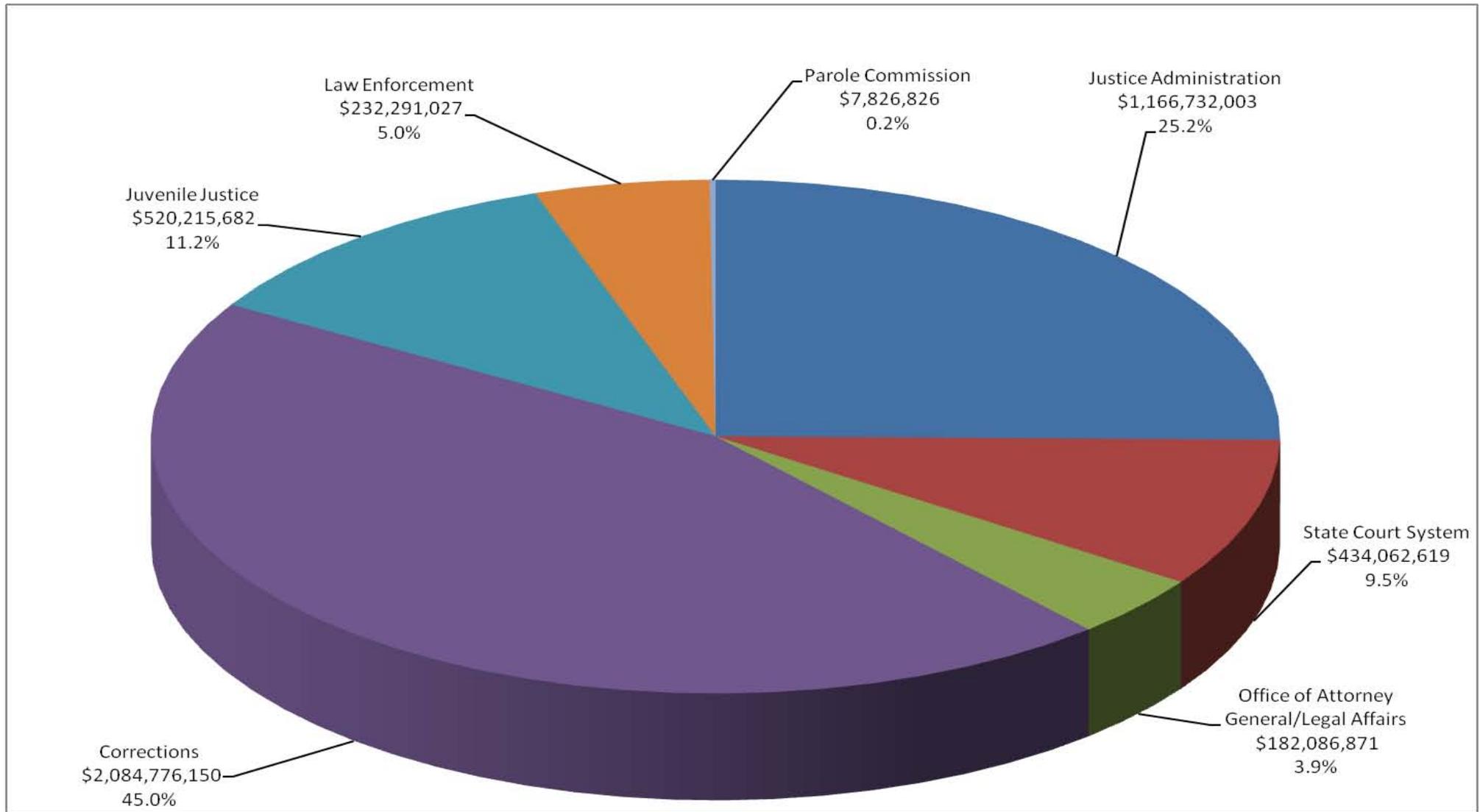


Health and Human Services Highlights

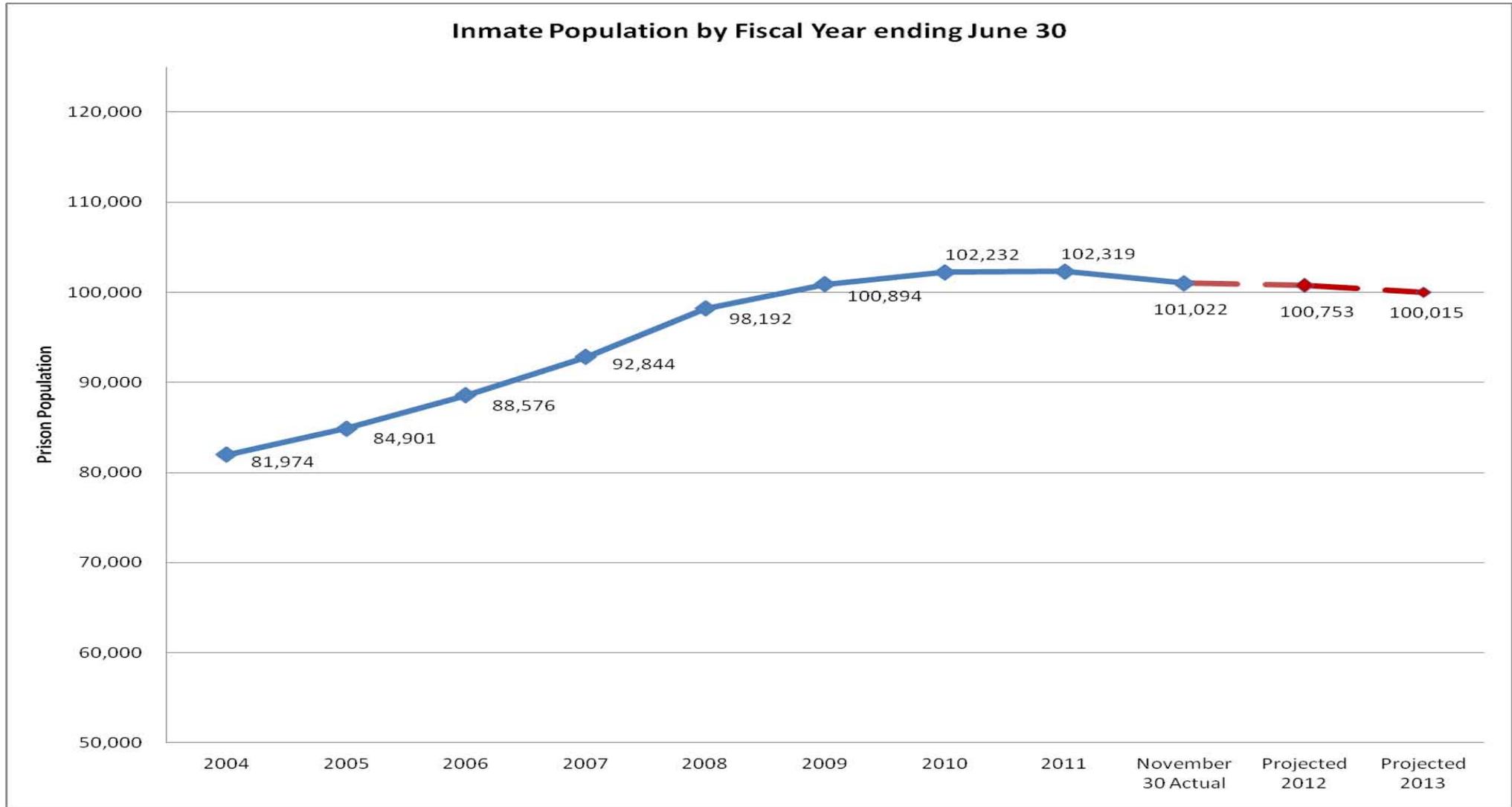
Major Issues Funded	Amount
Medicaid Program – Workload and Price Level	
General Revenue Increase	\$932.9 million
Trust Fund Decrease	(\$528.7) million
Medicaid Electronic Health Record Program	\$237.8 million
Enhance Technology to Increase Program Efficiencies	\$126.2 million
Substance Abuse and Mental Health	\$43.0 million
Biomedical Research	\$29.5 million
APD Waiver	\$10.0 million
Adoption Subsidies	\$15.7 million
Minority Health Initiative	\$12.0 million
DCF Child Protective Services	\$9.9 million
Major Decrease	Amount
Medicaid Program	(\$2.1) billion



Public Safety Unit - \$4.6 Billion



Criminal Justice Reform



Public Safety Highlights

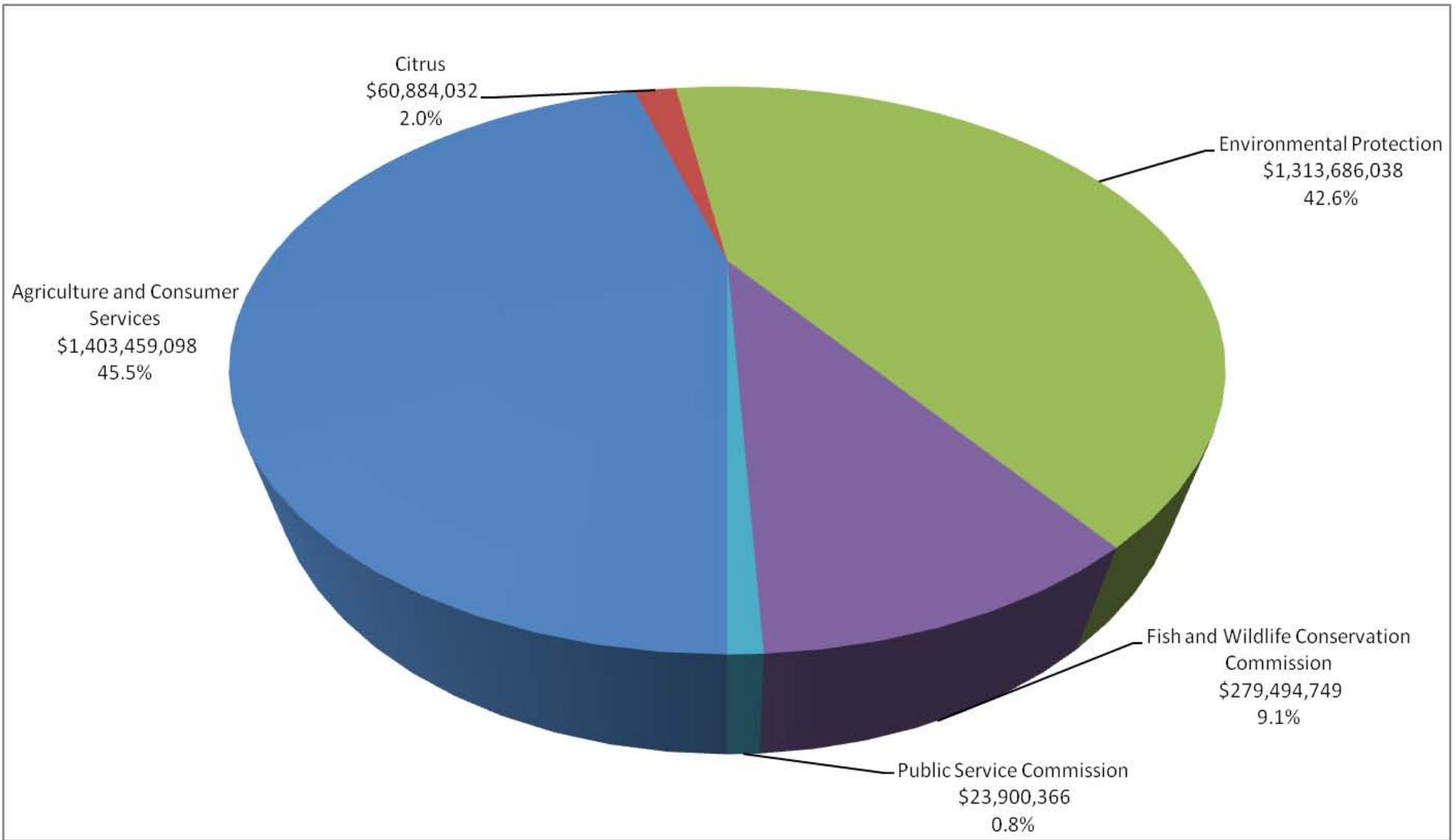
Major Issues Funded	Amount
Prevention and Diversion Programs for At-Risk Youth	\$5.6 million
Substance Abuse Treatment for Offenders and Inmates	\$3.9 million
Irrigation Systems for Expansion of Crops at Prisons	\$2.5 million

Major Decreases	Amount
Consolidate Prison Beds	(\$67.4) million
Savings through Public-Private Partnerships	(\$24.4) million
Correctional Operational Efficiencies	(\$16.5) million
Clerks of Court	(\$17.8) million
Reduce Excess Juvenile Residential Beds	(\$6.9) million

Major Fund Shift	Amount
State Courts from Trust Fund to General Revenue	\$280.0 million



Environment Unit- \$3.1 Billion



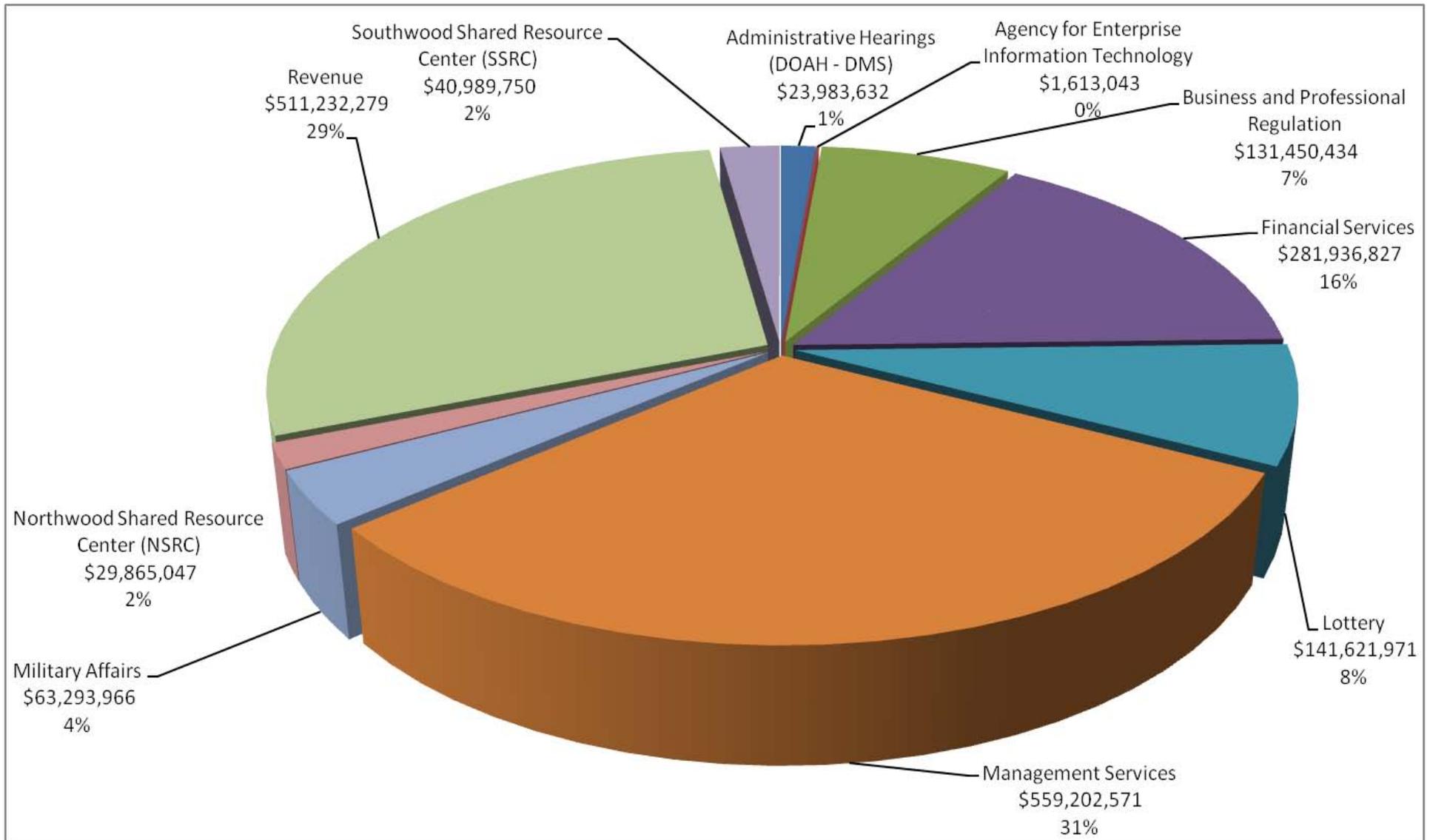
Environment Highlights

Major Issues Funded	Amount
Waste Water Facilities Construction Loan Program	\$131.8 million
Petroleum Storage Tanks Cleanup	\$128.0 million
Drinking Water Facilities Construction Loan Program	\$68.0 million
Everglades Restoration	\$40.0 million
Florida Forever	\$15.0 million

Major Decreases	Amount
Various Program Reductions	(\$29.4) million



General Government Unit - \$1.8 Billion



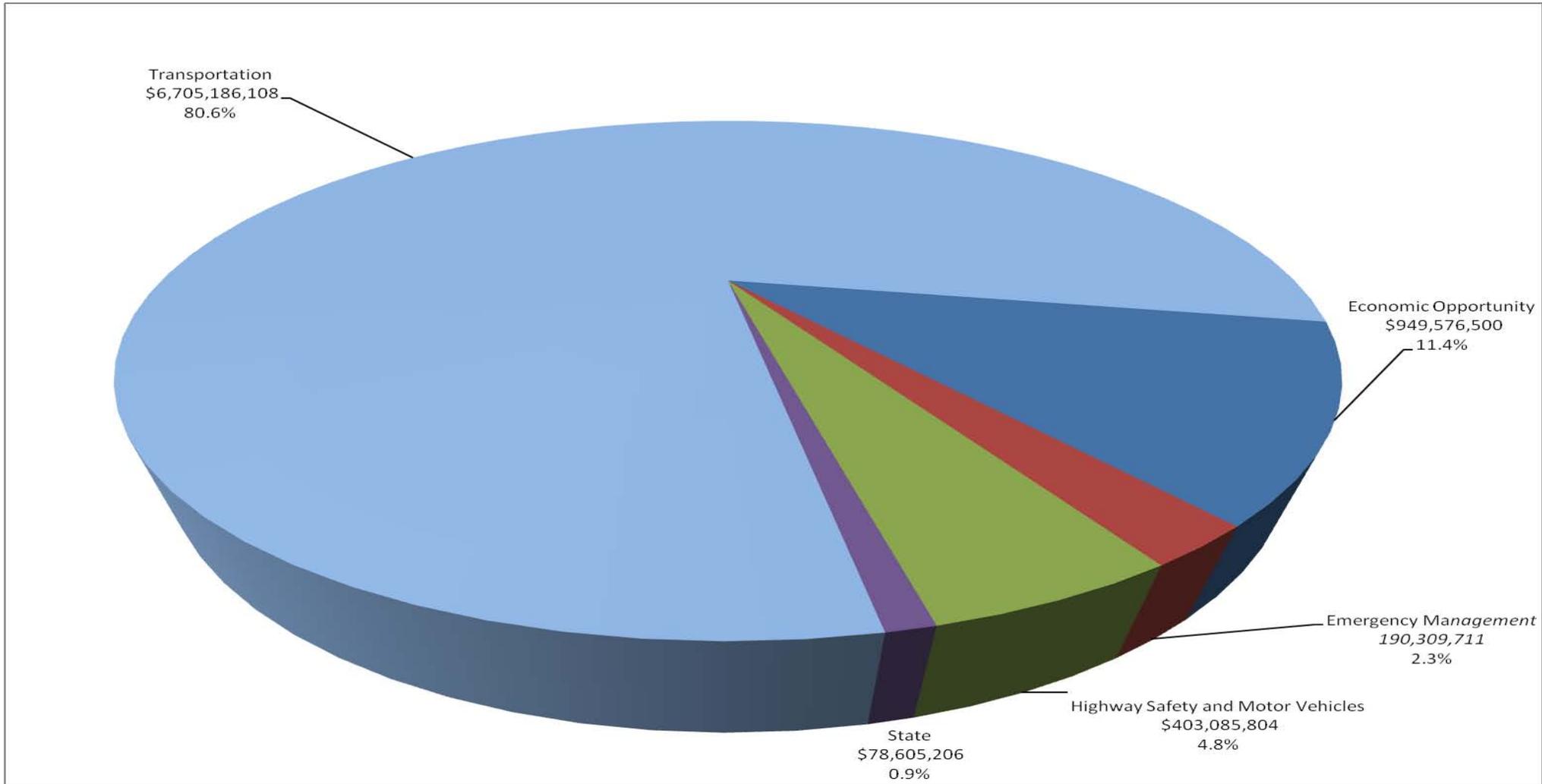
General Government Highlights

Major Issues Funded	Amount
Upgrade DBPR Licensing System	\$1.9 million
Statewide Enterprise Email Services	\$12.0 million
Armory Repair and Renovations & New Explosive Ordnance Disposal Facility	\$6.0 million
Lottery Ticket Vending Machines & Terminals	\$5.2 million
One Stop Business Registration Portal	\$3.0 million
PIP Fraud Investigators	\$.7 million
FLAIR Replacement	\$.3 million

Major Decreases	Amount
Various Program Reductions	(\$34.6) million



Transportation and Economic Development Unit \$8.3 Billion



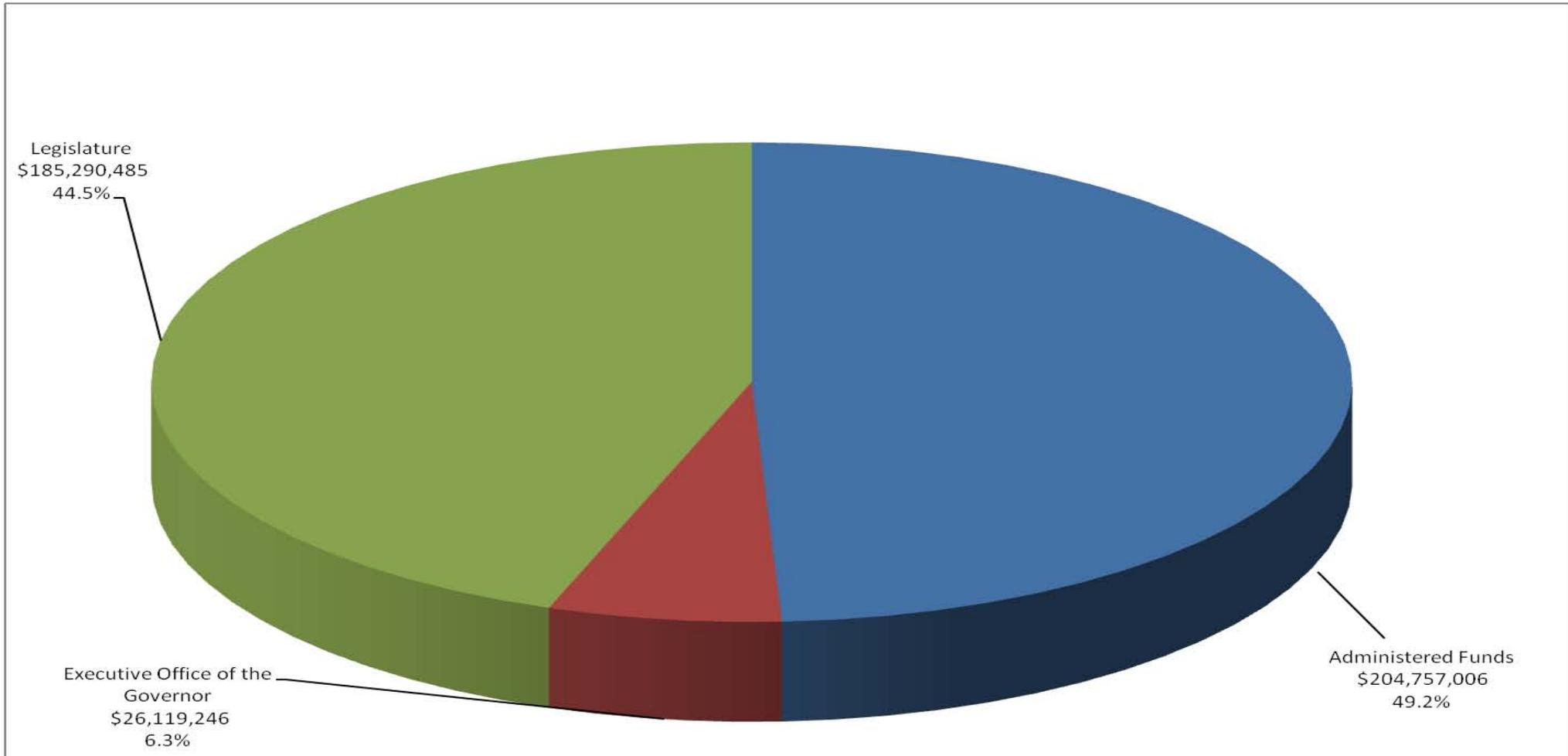
Transportation & Economic Dev Highlights

Major Issues Funded	Amount
State Transportation Work Program	\$5.7 billion
Economic Development Tools and Incentives	\$225.0 million
Federally Declared Disaster Funding	\$133.1 million
Small Business Credit Initiative	\$33.2 million
Affordable House Programs	\$29.6 million
State Aid to Libraries	\$21.3 million
Highway Patrol Cars	\$13.8 million
Motor Carrier Safety Assistance Program	\$12.4 million

Major Decreases	Amount
Various Program Reductions	(\$29.1) million



Administered Funds, Governor's Office and Legislative Branch \$416.2 Million



Administered Funds and Governor's Office Highlights

Major Issues Funded	Amount
Florida Retirement System	
Normal Cost	\$179.1 million
Unfunded Actuarial Liability	\$122.6 million
State Employee Discretionary Bonuses	\$126.5 million
Risk Management Premiums	\$ 13.3 million
Reestablish Correctional Medical Authority	\$.6 million

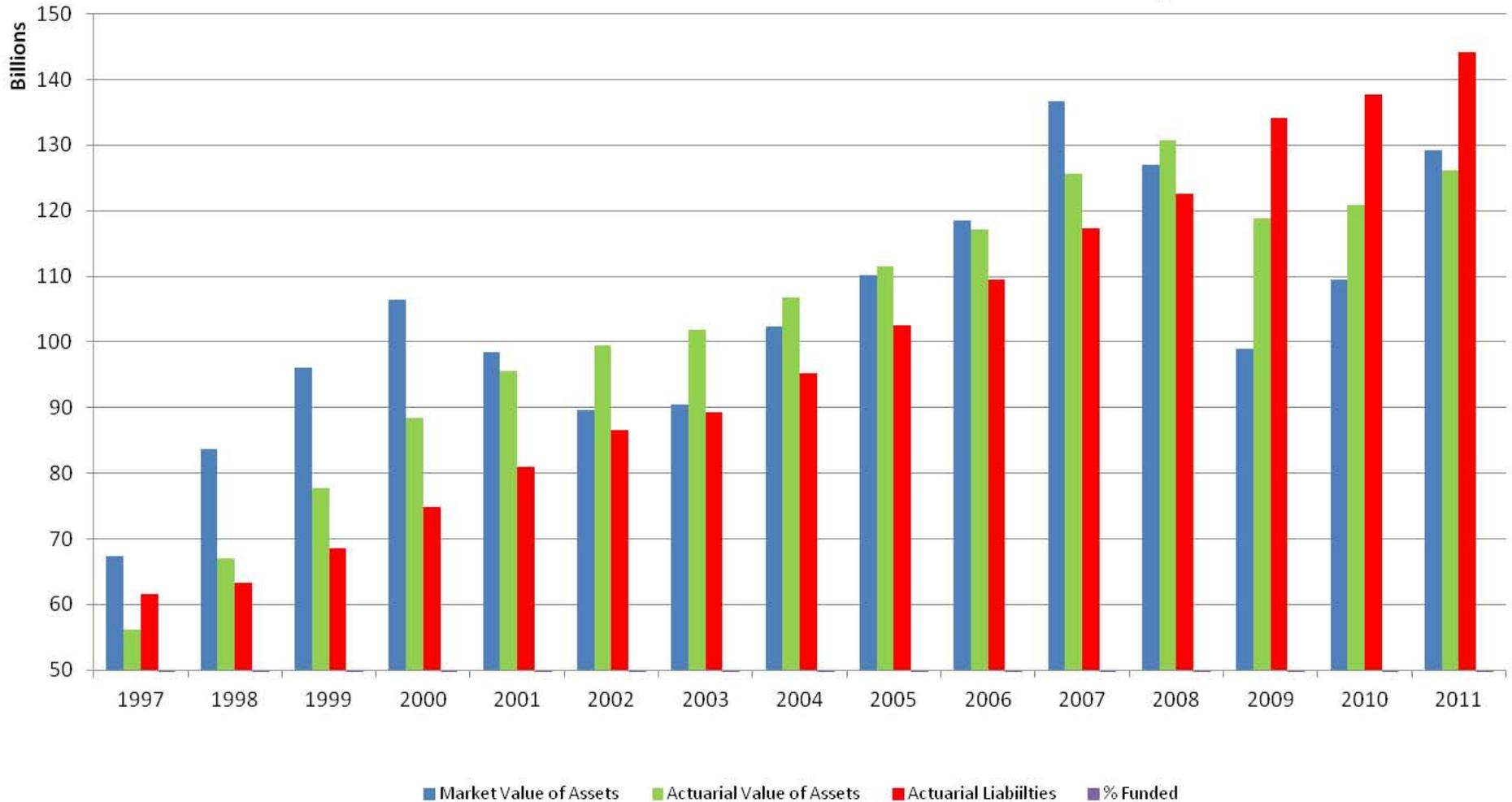
Major Decreases	Amount
State Group Health Insurance Program – Uniform Premiums	(\$46.3) million
People First System Contract	(\$ 1.6) million

Additional Note: Phasing in Actuarially Sound Rates for Retirees in the State Group Health Insurance Program.

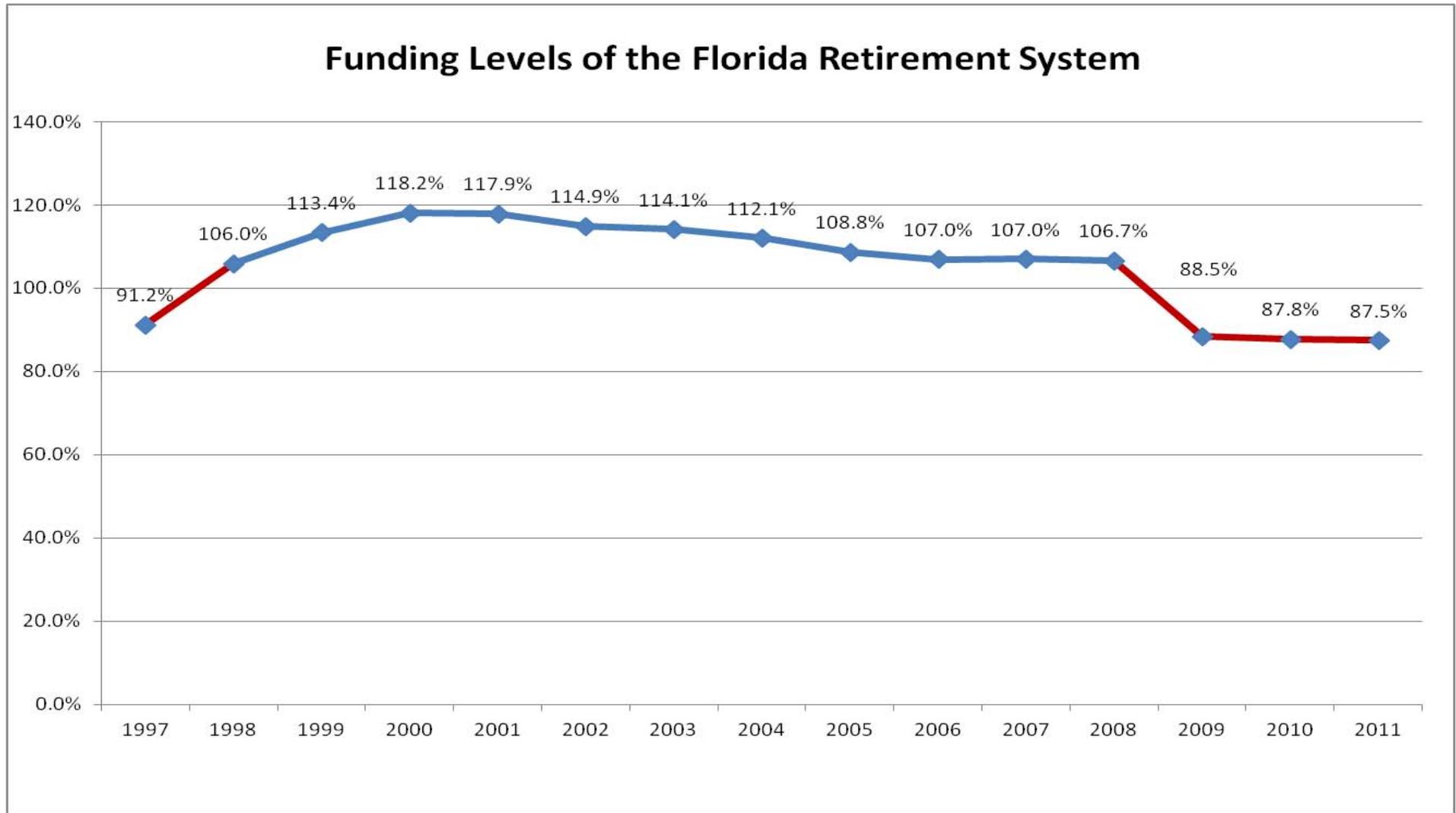


Pension Fund

Assets and Liabilities of the Florida Retirement System



Pension Fund



THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic Governor's Budget Recs

Bill Number _____ (if applicable)

Name Jerry McDaniel

Amendment Barcode _____ (if applicable)

Job Title Director

Address 1702 Capitol

Phone 487-1880

Tallahassee FL 32309
City State Zip

E-mail jerry.mcdaniel@las.phs.state.fl.us

Speaking: For Against Information

Representing Executive Office of the Governor

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

Tab 3 – no materials

CourtSmart Tag Report

Room: KN 412
Caption: Senate Budget Committee

Case:
Judge:

Type:

Started: 12/8/2011 9:07:28 AM
Ends: 12/8/2011 11:59:55 AM **Length:** 02:52:28

9:07:30 AM Sen. Alexander (Chair)
9:08:42 AM TAB 2 - State Employee & Private Industry Health Benefits
9:09:09 AM Barbara Crosier, Director, Division of State Group Insurance, Dept. of Management Services
9:11:20 AM Tony Holmes, Partner, Mercer Consulting
9:28:44 AM Sen. Alexander
9:28:47 AM T. Holmes
9:46:39 AM Sen. Montford
9:49:13 AM T. Holmes
9:51:30 AM Sen. Montford
9:52:00 AM T. Holmes
9:52:56 AM Sen. Montford
9:53:29 AM T. Holmes
9:55:14 AM Sen. Margolis
9:55:54 AM T. Holmes
9:58:27 AM Sen. Margolis
9:58:31 AM T. Holmes
9:58:37 AM Sen. Hays
9:59:30 AM T. Holmes
10:00:48 AM Sen. Hays
10:01:02 AM T. Holmes
10:01:11 AM Sen. Rich
10:01:39 AM T. Holmes
10:02:46 AM Sen. Rich
10:03:11 AM T. Holmes
10:05:19 AM Sen. Sobel
10:06:24 AM T. Holmes
10:08:01 AM Sen. Sobel
10:08:18 AM T. Holmes
10:08:39 AM Sen. Sobel
10:09:03 AM T. Holmes
10:10:11 AM Sen. Sobel
10:10:45 AM T. Holmes
10:11:35 AM Sen. Montford
10:12:05 AM T. Holmes
10:13:45 AM Sen. Montford
10:13:56 AM T. Holmes
10:14:37 AM Sen. Alexander
10:16:24 AM T. Holmes
10:18:12 AM Sen. Alexander
10:19:16 AM T. Holmes
10:20:16 AM Sen. Alexander
10:21:07 AM Sen. Montford
10:22:04 AM Sen. Alexander
10:22:52 AM TAB 2 - Governor's Recommendations FY 2012-13
10:23:10 AM Jerry McDaniel, Director, Governor's Office of Policy and Budget
11:12:35 AM Sen. Negron
11:16:09 AM J. McDaniel
11:18:02 AM Sen. Alexander
11:19:12 AM Sen. Montford
11:20:10 AM J. McDaniel
11:20:49 AM Sen. Fasano
11:21:41 AM J. McDaniel

11:22:51 AM	Sen. Thrasher
11:24:22 AM	J. McDaniel
11:25:33 AM	Sen. Rich
11:27:11 AM	J. McDaniel
11:29:43 AM	Sen. Rich
11:30:52 AM	Sen. Alexander
11:31:06 AM	J. McDaniel
11:32:17 AM	Sen. Rich
11:33:15 AM	J. McDaniel
11:33:50 AM	Sen. Rich
11:35:14 AM	Sen. Alexander
11:35:27 AM	Sen. Simmons
11:37:40 AM	Sen. Alexander
11:38:55 AM	J. McDaniel
11:40:12 AM	Sen. Alexander
11:41:02 AM	J. McDaniel
11:41:15 AM	Sen. Alexander
11:41:22 AM	J. McDaniel
11:41:51 AM	Sen. Alexander
11:42:12 AM	Sen. Rich
11:42:40 AM	Sen. Alexander
11:43:04 AM	Sen. Benacquisto
11:44:08 AM	J. McDaniel
11:48:19 AM	Sen. Montford
11:50:12 AM	J. McDaniel
11:51:26 AM	Sen. Alexander
11:52:20 AM	Sen. Margolis
11:53:24 AM	J. McDaniel
11:54:10 AM	Sen. Margolis
11:54:19 AM	Sen. Alexander
11:55:23 AM	Sen. Richter
11:56:48 AM	Sen. Negron
11:58:19 AM	Sen. Rich
11:58:47 AM	Jerry McDaniel
11:58:55 AM	Sen. Altman
11:59:16 AM	Jerry McDaniel



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:

Budget - Subcommittee on Criminal and Civil Justice
Appropriations, *Vice Chair*
Judiciary, *Vice Chair*
Budget
Budget - Subcommittee on Higher Education
Appropriations
Communications, Energy, and Public Utilities
Rules - Subcommittee on Ethics and Elections
Reapportionment
Transportation

SELECT COMMITTEE:

Protecting Florida's Children, *Vice Chair*

JOINT COMMITTEE:

Legislative Auditing Committee

SENATOR ARTHENIA L. JOYNER

Democratic Leader Pro Tempore
18th District

November 17, 2011

Senator J. D. Alexander, Chair
Committee on Budget
201 The Capitol
Tallahassee, FL 32399

Dear Senator Alexander:

This letter is to request to be excused from the Committee on Budget meeting on Thursday, December 8. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Arthenia L. Joyner".

Arthenia L. Joyner
State Senator, District 18

Handwritten initials "ok" followed by a large, stylized signature in cursive script.

REPLY TO:

508 W Dr. Martin Luther King Jr. Blvd, Suite C, Tampa, Florida 33603-3415 (813) 233-4277
 202 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5059

Senate's Website: www.flsenate.gov

MIKE HARIDOPOLOS
President of the Senate

MICHAEL S. "MIKE" BENNETT
President Pro Tempore



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Budget - Subcommittee on Higher Education
Appropriations, *Chair*
Budget
Budget - Subcommittee on Education Pre-K - 12
Appropriations
Commerce and Tourism
Communications, Energy, and Public Utilities
Higher Education
Reapportionment

JOINT COMMITTEE:
Legislative Auditing Committee

SENATOR EVELYN J. LYNN

7th District

November 30, 2011

The Honorable JD Alexander
201 Central Avenue West
City Hall Complex, Room 115
Lake Wales, FL 33853

Dear Senator Alexander:

I am requesting that you excuse me from the Budget committee meeting to be held on Thursday, December 8, 2011. I have been invited to attend the SREB Legislative Advisory Board meeting in Atlanta from December 8th through December 11th. The information I will receive will be invaluable to my work in education appropriations.

Thank you and I shall look forward to your approval of this request.

Sincerely,

A handwritten signature in cursive script that reads "Evelyn Lynn".

Evelyn J. Lynn
Florida State Senator
District 7

EJL/ct
cc: Terry Rhodes, Staff Director

Handwritten initials "jlk" above a handwritten signature that appears to be "JP".

REPLY TO:

- 536 North Halifax Avenue, Suite 101, Daytona Beach, Florida 32118 (386) 238-3180
- 416 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5033

Senate's Website: www.flsenate.gov

MIKE HARIDOPOLOS
President of the Senate

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