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Legislative Link

A legislative update provided by the United Way of Florida, Inc.

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United Way of Florida

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BETWEEN A ROCK AND A STIMULUS PACKAGE

Next week, Florida's revenue estimating conference will officially project the deficit Florida faces in this fiscal year and next. With December and January tax collections falling nearly $225 million below projections, it is estimated that this year's shortfall will be between $700 million and $1 billion, and next year's shortfall will be in the range of $5-6 billion.

At the same time, after six rounds of budget reductions over the last two years, reserves are depleted, trust funds are exhausted, and cuts to vital state services are scraping the bone.

What's the Legislature to do?

The 84th Florida Legislature convened on Tuesday and immediately began to try to figure out how to proceed. The three major options will undoubtedly be melded into the ultimate solution: further cuts to education, health and human services, and other state services; increasing fees and taxes; and applying federal stimulus dollars to minimize the pain.

Governor Crist has proposed a $66.5 billion 2009-2010 budget, more than $1 billion above the current year adjusted budget. The budget avoids major tax increases, except on bottled water manufacturers, uses $4.7 billion from the federal stimulus package, and increases 22 different fees to generate an additional $529 million in new money. In this way, he avoids major cuts to healthcare, education and other budget areas.

Many legislators have voiced apprehension at using such a significant amount of federal stimulus money to alleviate the pain that may ultimately come. Stimulus funds will run out in two-and-one-half years. What happens then? Most legislators agree that the economy will likely not pick up enough steam by that time to be able to generate the funds necessary to replace these non-recurring funds. But if stimulus dollars are not fully used, much deeper cuts will have to be made to vital services.

We'll know in less than 60 days how the Legislature intends to balance the options before them. Until next week's revenue estimating conference reports its findings, it is unclear the extent of the deficits facing Florida. Additionally, Senate and House appropriations committees are attempting to determine how many federal stimulus dollars will actually be available to the state and how those dollars will be able to be used. In the next few weeks, those issues will be clarified and the Legislature will move forward.

In the end, it will be interesting to see how the Legislature balances the three major options before it: budget cuts, new taxes, and use of stimulus dollars.

Committees Examining Efficiencies and Taxes

Because most legislators recognize that the cuts that have been made to services across the state over the last two years have left very little left to cut, and because of the state's increasing fiscal woes, Speaker Larry Cretul and Senate President Jeff Atwater have directed their chambers to search for ways to fill the gaps.

Speaker Cretul has directed the Economic Development and Community Affairs Policy Council and the General Government and Policy Council to conduct a systemic examination of Florida's regulatory structure to determine where cost saving can be found. Also, the House Finance and Tax Council is examining closing some of the 239 myriad sales tax exemptions that have been placed in the tax code throughout the years.

President Atwater has created a Senate select committee on Florida's Economy, chaired by Senator Don Gaetz, to examine ways to reduce redundant, non-essential regulatory activities that cost the government money and create obstacles for business. He has also directed his chamber to review raising the cigarette tax (Florida's is the 6th lowest among the 50 states and has not been increased since 1990), analyze the impact of joining 22 other states that collect sales tax on internet sales and, like the House, consider removing some sales tax exemptions.

House Committee Considers Tax Exemptions

This week, the House Finance and Tax Council continued it examination of sales tax exemptions, many of which have been on the books for years. The intent is to determine which, if any, should be discarded. Exemptions discussed Thursday included newspaper subscriptions ($21.5 million) temporarily docked boats ($4.6 million), bottled water ($42 million) eyeglasses and contacts ($46 million), and aircraft modifications ($24 million.) Other exemptions with less economic impact included Super Bowl tickets; fill dirt, rural jobs and gold bullion. Also discussed was an exemption for the purchase of American flags ($2.1 million), but committee members were reluctant to even considering removing that exemption.

New Taxes?

Although Democrats have declared the need for the state to explore new revenue sources over the last few years, Republicans have been loathe to do so, particularly in the House.

This year, while House leadership has maintained its opposition to raising taxes, there seems to be significant bi-partisan support among Senate leaders, Democrats and a representative group of Republicans in both Houses for raising some new taxes, the first time significant taxes would be raised since Republicans gained the majority of both Houses 13 years ago. Among others, cigarettes, internet sales, and water bottling companies appear to be the likeliest targets at this time.

Republicans in Control – Republicans control the House 76 to 44 and the Senate 21 to 14.

3/5ths Vote May Be Needed – About 12% of Governor Bush's proposed 2009-2010 budget applies non-recurring revenues to fund recurring expenses. Many are federal stimulus funds - $4.7 billion. If the Legislature decides to apply a significant amount of non-recurring funds to pay for recurring expenses – as appears likely - a three-fifths vote of the membership of each House of the Legislature will be required to pass the budget. Why?.....The Florida Constitution requires such a vote when non-recurring general revenue used for recurring expenses exceeds 3%.

More Stimulus Funds for Florida – The Governor's office reported this week that Florida could receive $13.4 billion instead of the originally estimated $12.2 billion in federal stimulus money- $1.2 billion more than previously forecasted. The difference is due to increased unemployment compensation benefits and a $29-per-month increase in food stamp benefits on April 1, on top of $217 now paid. The Senate has estimated that about $3 billion of the federal stimulus will line up with actual recurring line items in Florida's budget for the next fiscal year.

Uninsured Americans - 86.7 million Americans, one in three under the age of 65, were uninsured at some point in 2007 and 2008, according to a new Families USA study. Nearly three out of four were without health insurance for at least six months, almost two-thirds were uninsured for nine months or more, and four out of five of the uninsured were in working families.

Welcome to Your First 2009 Legislative Link!

As always, your *Legislative Link* will keep you up to date on Legislative activities relating to human service and other issues of interest to United Ways, United Way agencies, and United Way supporters. It will be published weekly during the 2009 Legislative Session; in your email each Friday afternoon, highlighting Legislative activity during the week.

During the course of the session, if you have any questions or comments regarding the *Legislative Link* or any issues it addresses - or should address - please don't hesitate to contact the United Way of Florida.

Have a great session!

IMPORTANT LEGISLATIVE DATES

March 3, 2009
Regular Session Convenes & Deadline for filing bills for introduction

April 21, 2009
50th day – last day for regularly scheduled committee meetings

April 27, 2009
All bills are immediately certified

May 1, 2009
60th day - last day of Regular Season

FLORIDA LOCAL PUBLIC EMPLOYEE CHARITABLE CAMPAIGNS

Local public employers in Florida include counties and cities, school boards, sheriffs and police, water management districts, community colleges and universities, public hospitals and taxing districts, and more. Most of these employers provide their employees an opportunity each year to contribute to charity through payroll deduction. Because the United Way has a proven track record with regard to administering the campaigns, most local public employers ask the United Way in their communities to conduct the campaigns for them. These campaigns do not "belong" to United Way; they “belong” to the local public employer and their employees and are conducted for their benefit.

Local public employers and their employees select the charities that participate in their annual employee campaigns.

Proposed legislation would create the Florida Public Employees' Charitable Campaign. It would mandate that local public employers include in their annual employee charitable campaigns any federation - or member agencies of a federation - that comply with the bills’ requirements. (A federation is an umbrella organization representing at least 10 charities.) This would add potentially hundreds of additional charities - most of which do not provide "local" services - to each of these campaigns. The United Way of Florida strongly opposes this legislation for the following reasons:

- **The legislation is not necessary.** - Local public employers are currently empowered to include any legitimate charity or federation they deem appropriate.

- **The needs of the <u>local</u> community - not the state - should determine which federations participate in a <u>local</u> employee campaign**. - Local public employers have designed their campaigns to address the unique needs of their communities and their employees. A state formula mandating participation by charitable organizations flies in the face of local control, authority, and determination, and undermines the ability of local communities to address their unique needs.

- **The bill is anti-competitive.** – Any federation or agency desiring to participate in a local charitable campaign should be required to show the local community it deserves to be in the campaign. This is what happens under current law. The legislation removes this element of competition and instead mandates participation by certain groups.

- **The bill will reduce funding for community health and human services.** – Most local public employee campaigns include United Way and other local charities. Employee contributions are made primarily to these local charities to address serious local problems. Passage of the bill will result in less money for the critically important services these charities provide because the bill does not require participating agencies to provide local services. (The bill requires only that participating agencies have an office “in this state” and document “available services”. Such services could include just a website or a billboard.)

The United Way of Florida urges policymakers at all levels to oppose legislation that removes control and authority from local public officials to determine which charities participate in their workplace campaigns.

For additional information, contact the United Way of Florida at (850)488-8276.

FLORIDA STATE EMPLOYEES' CHARITABLE CAMPAIGN

State government supporting its employees.

In 1993, the Florida State Employees' Charitable Campaign (FSECC) was placed into section 110.181, Florida Statutes. Pursuant to that law, the Florida Department of Management Services (DMS) provides staff support to the FSECC Steering Committee, which is comprised of state employees and charged with overseeing the Campaign. This support includes reviewing Campaign brochures and pledge cards, enforcing eligibility requirements, reviewing and recommending agencies for acceptance or rejection, ensuring participants are properly registered with appropriate state agencies, etc.

Before 1993, DMS funded this staff position. The 1993 statute, however, requires that if the Legislature does not fund the position, DMS must be reimbursed for it out of gross FSECC contributions, not to exceed one percent (about $49,000) of the total campaign. From 1993-1997, DMS was reimbursed by FSECC fiscal agents about $17,000 annually. Every year since 1993 – except 2003 – the Legislature has annually appropriated $17,000 to fund the position, thereby negating the need to pay for it with state employee FSECC contributions.

State employee contributions to the FSECC are intended to be used for charitable purposes, to help people in need. Without a state appropriation, $17,000 of those contributions could be used to offset the state's cost for conducting the Campaign - a cost that thousands of other large public and private employers absorb as a cost of supporting their employees and being good corporate citizens. This reduces the amount of money available to help people in need, and is contrary to the intent of state employees who contribute to the Campaign.

This minimal investment of $17,000 yields more than $4 million through the FSECC, reducing the need for at least that amount of state funding for hundreds of individual and family support services.

Because of the critical need for experienced staff, and recognizing the positive message state funding for the DMS staff position would be to state employees, the FSECC Steering Committee has voted to support this request for funding in the past.

The United Way of Florida urges the 2009 Florida Legislature to appropriate funds to provide staff support through the Department of Management Services for the Florida State Employees' Charitable Campaign.

For additional information, contact the United Way of Florida offices at (850) 488-8276.

FLORIDA STATE EMPLOYEES' CHARITABLE CAMPAIGN

State employees generously supporting their communities.

In 1993, the Florida State Employees' Charitable Campaign (FSECC) was placed into law (s. 110.181, F.S.). It clearly expresses the Legislature's intent that the FSECC be directed by the people for whom it is named and established – state employees themselves: It creates a nine member FSECC Steering Committee of state employees at the state level to oversee the Campaign and requires local steering committees of state employees "to assist in conducting the campaign and to direct the distribution of undesignated funds..."

"Undesignated funds" are donations that are not directed by the donor to go to a specific charity. FSECC pledge cards tell donors that a portion of their undesignated contributions will be distributed by their local state employees' steering committees.

A federation is an umbrella organization representing at least 10 charities. Federations act merely as "pass-throughs" for funds contributed to the charities in their networks, and often represent charities that provide minimal, if any, direct services within a given Florida community. They believe undesignated funds should be allocated by a statutory formula rather than by the local state employee steering committees.

This belief is contrary to express Legislative intent and would eliminate the most meaningful tool state employees have in operating and directing their campaign.

Creating an arbitrary, state-mandated formula to distribute undesignated funds discounts the tremendous leadership state employees bring to their campaign, ignores their ability to represent their colleagues by distributing the funds in ways that best accommodate the needs of their communities, and removes from their control one of their best tools for assuring that their colleagues' contributions have the most impact in their communities, where they live and work. It also assumes that a predetermined formula better reflects where donors would like their undesignated funds to go. In fact, the opposite is true. Since most local state employee campaign committees have historically allocated undesignated funds, the fact that state employees continue to make undesignated contributions indicates they fully support the actions of their peers on the local committees.

The FSECC was not created for the convenience of charities and federations, but rather for state employees and to lessen workplace disruption. To apply a formula to undesignated funds presumes that employees who choose not to designate don't know what they are doing and can't read the pledge card.

The United Way of Florida opposes limiting state employee oversight and control of the Florida State Employees' Charitable Campaign by, among others, changing the way undesignated funds are allocated.

The United Way of Florida urges the 2009 Florida Legislature to maintain state employee oversight of the FSECC.

For additional information, contact the United Way of Florida offices at (850) 488-8276

FLORIDA MEDICAID REFORM

Move forward after considering all available data.

Medicaid is a key healthcare safety net program for Florida's families. It provides vital healthcare services to nearly 2.3 Floridians – one in every eight Floridians - including more than one million children, more than 40% of the state's pregnancies, half of all AIDS patients, much of the state's blind and disabled population, and two-thirds of those in nursing homes.

The $16 billion annual Medicaid budget consumes 16% of the state's general revenue, second only to public education. Medicaid's share of the state budget grew from 5.9% in 1980 to 24.4% in 2005. If this growth rate continues, Medicaid will consume 32.8% of the state budget in 2010. Even so, Florida has ranked in the bottom 10 states historically in its per capita expenditures for Medicaid.

Because Medicaid's projected costs are unsustainable, the 2005 Legislature decided to begin overhauling the program. Premised on the notion that fostering competition among private healthcare networks would save significant dollars – an estimated $4.58 billion in federal and state funds during the first five years - the 2005 Florida Legislature authorized the Agency for Health Care Administration to seek a federal waiver authorizing the state to conduct two Medicaid reform pilot projects, one in Duval County and surrounding counties and one in Broward County. These two counties account for approximately 15% of the state's Medicaid enrollees (10% in Broward and 5% in Duval). The key change in these pilot sites is a switch from a fee-for-service payment system to one where the state pays managed care organizations a predetermined, capped premium for each beneficiary.

There has been no analysis of whether or not Medicaid reform has resulted in cost savings. At the same time, significant concerns have been raised by Medicaid providers, beneficiaries and advocates regarding availability and access to services in the pilot areas. The only third-party evaluation that has been undertaken thus far has been conducted by Georgetown University, funded by the Jessie Ball DuPont Fund. In a series of three studies to date, Georgetown University researchers have, among others, found that:

- More than one-fourth of physicians participating in the old Medicaid indicated they would not participate in the pilot areas.
- 51% of doctors surveyed reported it is harder to provide medically necessary treatment to children in the pilot sites because of restrictions and requirements of the pilot program plans.
- Reform has made the Medicaid program more complex and difficult for beneficiaries to understand.
- Half of the HMOs in the pilot areas are limiting drug benefits.
- Beneficiaries report problems getting access to needed drugs.

The promise of Medicaid reform is improved services to beneficiaries at less cost to the state, but there has been no comprehensive evaluation of the program to bear this out or to show how implementation challenges can be effectively addressed as reform efforts are expanded. At the least, the Georgetown studies raise serious questions that must be addressed. The need for thorough evaluation to be conducted before expansion – particularly given the billions of dollars that are being spent and that could be saved – speaks for itself.

The United Way of Florida urges the 2009 Florida Legislature to conduct a comprehensive, third-party evaluation of Medicaid reform pilot projects and implement recommendations for improvement before expanding reform efforts into new areas of the state.

For additional information, please contact the United Way of Florida at (850) 488-8276.

TEACH

Striving for quality in our School Readiness programs.

The Teacher Education and Compensation Helps (TEACH) program provides scholarships to child care workers/teachers to assist them improve their educational status so they are better prepared to address the developmental needs of the children in their care. Scholarships can be used only for training leading to credentials (CDA, CDAE, Director Credential) or an associate degree in early childhood or child development. TEACH, the only state-level quality initiative for Florida's School Readiness programs, first received state funding in 1998. It is intended to improve the quality of care in numerous ways, to provide a "hand up" to teachers who earn on average only about $7 an hour, and to reduce turnover.

While it is fundamentally a scholarship, at its heart TEACH is a three-way public-private partnership contract between the teacher, the center owner/director, and the TEACH program, with each having certain responsibilities: The teacher "buys-in" to his/her professional development by paying 10% of the costs of books and tuition; the center owner/director commits to pay 20% of the costs and the TEACH program pays at least 70% plus a stipend for gasoline. The center owner/director commits to support the teacher by providing 3 hours of release time each week for the teacher to study, attend to family duties or attend class. Since participants in TEACH are typically non-traditional students, this is an important component in juggling the myriad of responsibilities. The teacher commits to stay employed at the center for a specified period of time after completion of the contract (usually one year) in exchange for the investment of the employer. Trained TEACH counselors commit to help teachers navigate educational options, mediate issues and potential conflicts, and offer encouragement and support to reach goals. Upon completion of the contract, the employer agrees to provide a raise or bonus for the teacher in recognition of accomplishment. The TEACH program also provides a bonus.

The program reduces turnover to 4-9%, in a field that generally experiences high turnover (30-40% annual national average). Teacher training and education is increased which is directly correlated to higher quality and better child outcomes. More than 98 percent of employers and participants report they are very satisfied with the program.

The Legislature appropriated $3 million into TEACH during the 2008-2009 fiscal year. Due to the increased needs to meet capacity demands for VPK, a minimum of $4 million is needed to sustain existing participants and enroll 200 more of those on the waiting list for 2008-2009.

The United Way of Florida urges the 2009 Florida Legislature to appropriate at least $3 million to maintain the TEACH program in 2009-2010.

For additional information, please contact the United Way of Florida at (850) 488-8276.

CREDIT ENHANCEMENT LOANS

Many low income individuals in Florida and across the nation who are "unbanked" or "underbanked" are unable to access loans without paying exorbitant interest rates. Infamous "payday loans" are a primary vehicle many of these individuals use to access funds when needed. Payday loans in Florida are available for a loan period of 30 days at a fee equal to 10% of the loan value plus a five dollar verification fee. For a $500 payday loan with a 30 day term, the consumer would pay $55 in fees, an effective interest rate of 134%. Depending on the amount of the loan and the time frame for paying it off, the effective interest rate can be up to 288%.

Paying off a payday loan on time does not help the borrower's credit rating; loan companies do not report timely pay-offs to credit bureaus. In fact, if a loan company does report a payday loan to the credit bureau, it actually hurts the borrower's credit score because the loan is deemed a "distressed loan". As a result, people accessing payday loans are handicapped in their ability to improve their credit ratings, which they could use to access loans with lower interest rates through more tradition vehicles offered by banks and credit unions.

Legislation was filed for consideration by the 2008 Florida Legislature to create a new "Credit Enhancement Loan" through which unbanked and underbanked individuals could access cash. The bill will be filed again for consideration by the 2009 Florida Legislature.

Unlike payday loans which have an upper limit of $500, credit enhancement loans could be as high as $3,000. The bill would prohibit prepayment penalties, require enrollment in financial literacy classes or credit counseling programs, establish a regulatory and auditing framework intended to protect consumers, and prohibit an individual from securing more than one credit enhancement loan at a time. In addition, the legislation would require reporting of a consumer's payment behavior, both good and bad, to all three major credit bureaus. Proponents of the legislation contend that credit enhancement loans could be the most important tool unbanked and underbanked individuals have to increase their credit scores and ultimately gain access to mainstream loan vehicles and improve their economic fortunes.

Opponents of the legislation, including Florida's Office of Financial Regulation, Florida Legal Services, and AARP contend that the fees and interest applicable to credit enhancement loans are so great that they are unfair and will merely create a vehicle for credit enhancement loan companies to make money off of poor individuals. Under the proposed legislation, a borrower would pay a $10 underwriting fee, a $15 monthly membership fee, a $15 monthly maintenance fee, plus 19.9% interest on each loan. According to the Office of Financial Regulation, under such a scenario a 12 month $300 loan would result in $402 in interest and fees over the course of the year, resulting in the borrower paying $702 for a $300 loan. This amounts to an annual percentage rate of slightly more than 200%.

Proponents of the legislation point out that the high interest and fees are justified because of the risk associated with the loans. Opponents contend that such high interest and maintenance fees constitute usury that will do nothing to help lift poor people out of poverty.

The United Way of Florida supports concepts underlying creation of "Credit Enhancement Loans", particularly assisting borrowers to establish and enhance their credit ratings and to improve their financial literacy. If a fee structure for such loans is developed that does not result in an onerous APR, the United Way of Florida would consider supporting the legislation.

For additional information, please contact the United Way of Florida at (850) 488-8276.

REFUND ANTICIPATION LOANS

Refund Anticipation Loans (RALs) are short-term loans secured by taxpayers' expected federal income tax refunds. Instead of waiting to receive them, RAL customers borrow against all or part of their expected tax refunds.

There are some financially valid reasons for choosing a RAL: many low income taxpayers don't have the money to pay tax preparation fees up front; don't have access to bank accounts for direct deposits; are experiencing time-sensitive financial crisis (i.e. broken down car or imminent eviction); or don't believe their mailboxes are a safe means of receiving large checks.

The National Consumer Law Center estimates there were approximately nine million RALs made in 2006. That year, the average tax refund was about $2,600, and RAL loan fees for that amount were about $100. Thus, taxpayers paid somewhere in the neighborhood of $900 million in RAL fees in 2006.

RALS are mostly marketed to low income taxpayers. According to IRS data, 85% of taxpayers who applied for RALs in 2006 had adjusted gross incomes of $37,300 or less. While Earned Income Tax Credit (EITC) recipients made up only 17% of individual taxpayers in 2006, nearly two-thirds (63%) of RAL consumers were EITC recipients, or 5.7 million families. Thus, EITC recipients are vastly overrepresented among the ranks of RAL customers.

In addition, IRS data shows that 28.5% of EITC recipients applied for a RAL in 2006. Based on this data, the National Consumer Law Center estimates that about $1.6 billion was drained out of the EITC program in 2006 by RALs: $929 million in tax preparation fees (average $163 fee); $570 million in loan fees; and $57 million in administrative/application fees.

Annual percentage rates (APRs) on RALs vary widely given the divergence in pricing between the industry players. They can be anywhere from about 50% (for a loan of $10,000) to almost 500% (for a loan of $300.) For loans with documentary processing or application fees (not charged by some industry leaders) fees can translate into APRs of about 80% ($10,000 loan) to nearly 1,200% ($300 loan.)

For RALs in 2008, a consumer can expect to pay from $57.85 to $110 in order to get a RAL for a typical refund of about $2,600. The effective APR for this RAL would be 83% to 161%.

As of early 2008, there were 13 states regulating RALS: California, Connecticut, Illinois, Minnesota, Nevada, New Jersey, North Carolina, Oregon, Tennessee, Texas, Virginia, Washington State, and Wisconsin.

There are a number of regulatory mechanisms that can be implemented in statute to protect consumers who utilize RALs, including capping APRs, instituting complaint processes, outlining duties to consumers, providing for private rights of action, criminalizing fraudulent activity, requiring registration, display of registration certificates, posting of fee schedules and disclosures, and record keeping and annual reports.

The United Way of Florida supports legislation regulating Refund Anticipation Loans.

For additional information, please contact the United Way of Florida at (850) 488-8276.

CAT FUND

The Florida Hurricane Catastrophic Fund (CAT Fund) is a tax-exempt trust fund that provides taxpayer-subsidized reinsurance to homeowners' insurance companies for a portion of their hurricane losses to residential property. The premise of the Cat Fund is to offer low reinsurance premiums to insurance companies so the insurance companies can, in turn, provide insurance to homeowners at a lower premium. The Cat Fund subsidy is funded by a tax on non-profit, business, automobile, and homeowner's policies across the state.

If a hurricane or other disaster strikes Florida and the obligations of the Cat Fund exceed its cash balance and bonding capacity, all non-profit, business, automobile, and homeowners policies across the state will be "assessed" (taxed) up to 10% of premium to make up the difference..

Two years ago, the Florida legislature increased the reinsurance provided by the CAT Fund from $16 billion to $28 billion. Current cash balance, available bonding resources and bonding capacity are insufficient to meet the fund's obligations, leaving a shortfall of $18.7 billion for 2009 according to a recent Senate Report.

Consequently, if a major disaster strikes Florida, the Cat Fund could tax all property and casualty insurance policyholders (not just homeowners) up to 10% of premium; any not-for-profit with a $100,000 premium could pay an additional $10,000 per year (for up to 30 years) in "assessments" to the Cat Fund. This is in addition to their annual $100,000 premium.

In addition, if a 1-in-100 year storm hits Florida, assessments alone would total over $10 billion and could be levied on Florida citizens, nonprofits, and businesses each year for up to 30 years.

In 2008, CFO Alex Sink proposed legislation that, had it passed, would have reduced the Florida Hurricane Catastrophe Fund's exposure, and thereby the assessment exposure of Florida's nonprofits, by $3 billion.

CFO Sink's proposal is a legislative solution to better protect Florida's economy and its taxpayers the next time a major storm pummels our coastline, and will help to reduce the potential financial disaster all Floridians might face.

CFO Sink's proposal also recognizes that the global reinsurance industry offers a financially sound alternative for Florida when the next storm or storms strike our hurricane-vulnerable state because private reinsurance spreads the risk from London to Bermuda to Japan and beyond, rather than the Cat Fund risk which is concentrated only in Florida.

The United Way of Florida supports efforts to reduce CAT Fund risk during the 2009 Legislative session.

For additional information, please contact the United Way of Florida at (850) 488-8276.

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