



## Despite Increased Funding, Governor's Proposed Budget Falls Short of Meeting Florida's Needs

*With an additional \$2.4 billion in spending, the governor proposes increased funding nearly across the board in his recommended budget for Fiscal Year 2018-19. However, 20 percent of it is dependent on local property taxes to bolster public school funding.*

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### Overview

Governor Rick Scott recently released his Fiscal Year (FY) 2018-19 recommended budget, totaling \$87.4 billion, for consideration by the Florida Legislature. The proposal represents a \$2.4 billion increase over current-year appropriations. This increase is attributable to \$653 million in General Revenue Funds and the balance from state trust funds. With the exception of a \$1 million decrease in funding for the judiciary, all funding areas in the budget have recommended increases.

Notable provisions of the governor's proposal are outlined below.

### Education

At \$27.3 billion, the governor's recommended education budget is \$673 million higher than the appropriation for FY 2017-18. This total incorporates an additional \$519 million in Lottery funds. Highlights within the recommendations include:

- An increase in per-student funding of \$200 (from \$7,297 to \$7,497) for public school students in kindergarten through high school. However, \$157 of this increase comes from local property taxes, while \$43 comes from additional state funding. With rising property values, the Legislature has maintained a level property tax contribution to public school funding so that communities have not borne a disproportionate share of increased funding. Moreover, the recommended budget still falls short of the funding necessary to compensate for the increased cost of living over the last decade. To keep pace with inflation, per student funding would have to increase to a minimum of \$8,193.

- An increase in voluntary prekindergarten funding of \$50 per student for children enrolled in the school-year program and \$43 per student for children enrolled in the summer program.
- Maintenance of current tuition and fees levels in community colleges, state colleges and state universities.
- An increase of \$23 million for the Bright Futures Scholarship Program.
- A \$24 million increase for community and state college operations.
- A \$35 million decrease for state university operations.

### Health and Human Services

At \$36.8 billion, the recommended health and human services budget is \$835 million higher than the appropriation for FY 2017-18. Highlights within the recommendations include:

- An increase of almost \$600 million for Medicaid services to individuals and Medicaid Long-Term Care.
- An increase of 150 percent, from \$608 million to \$1.5 billion, for hospitals that serve a disproportionately large share of indigent patients. This funding, also known as the Low Income Pool or LIP, is also dependent on federal matching funds and local contributions from participating hospitals. The state is unlikely to receive all of the necessary federal matching funds, but the Governor's Recommended Budget includes the maximum, pending a final matching level from the federal government.
- A \$148 million (13 percent) increase for home and community services. These funds support seniors and adults who have disabilities so they can remain in their homes, live independently and do not require placement in a long-term care facility.
- New funding of \$53 million to address the opioid crisis.

### Public Safety

The governor's recommended public safety budget is \$4.8 billion, which is \$190 million higher than the appropriation for FY 2017-18. Highlights within the recommendations include:

- An increase of \$47 million (10 percent) and 296 additional positions for correctional facilities.

- An increase of \$22 million (12 percent) for correctional facility maintenance and repair.
- An increase of \$70.1 million (17 percent) for inmate health services.
- An increase of \$4.1 million (14 percent) for inmate basic education.
- An increase of \$14.5 million (12.5 percent) for the non-secure residential commitment of juveniles.
- An increase of \$2.5 million for the repair and maintenance of secure juvenile commitment facilities. No funds were appropriated for this purpose in 2017-18.

### Environment and Natural Resources

At \$14.6 billion, the environment and natural resources budget recommended by the governor is \$181 million higher than the appropriation for FY 2017-18. Highlights within the recommendations include:

- An increase of \$133.4 million (30 percent) for water restoration assistance, including springs restoration, post-hurricane beach restoration and creating environmentally friendly water supplies south of Lake Okeechobee.
- An increase of \$5 million (25.5 percent) for the improvement of air quality.
- Dedication of \$40 million from the Land Acquisition Trust Fund for the purchase of lands and natural resources for conservation, water protection and recreation purposes through the Florida Forever Program.

Funding through the Land Acquisition Trust Fund is especially problematic. A result of a statewide voter initiative, the trust fund was added to the Florida Constitution in 2014 to designate a dedicated funding source for the acquisition and maintenance of the natural resources, to conserve and protect lands and wildlife and that serve as recreational resources for Floridians. The constitutional amendment further allows the state to use the trust fund for debt service on bonds issued for these purposes, as well as historic preservation.

The governor's recommended budget includes more than \$654 million from the trust fund. The largest use of the fund is \$170 million for the debt service on previous environmental bond issues. Another \$124 million is used to pay salaries and benefits for employees of the Departments of State, Agriculture and Consumer Services and Environmental Protection, as well as the Fish and Wildlife Conservation Commission. In addition, \$33 million is used to pay standard office operating expenses.

The problem arises because there is no way for the public to verify that the trust fund is being used in direct support of the constitutional provision, rather than supplanting existing state funding for operations. For transparency purposes, the allocation of these funds should clearly meet the constitutional requirements.

### Economic Development

The proposed budget increases funding for VISIT Florida by \$24 million (33 percent). It recommends spending an additional \$85 million for the Florida Job Growth Grant Fund despite the fact that none of the current year appropriation has been spent to date.

The recommendations include \$230 million for affordable housing, an increase of \$30 million. But the proposed budget fails to allocate almost \$92 million of funds designated for this purpose in the Sadowski Housing Trust Fund. Failure to utilize these funds is especially short-sighted since the creation of affordable housing generates short- and long-term economic activity that is four to six times greater than the initial state investment.

Additionally, the current affordable housing crisis in Florida will only be made worse as upwards of 200,000 Puerto Ricans relocate to Central Florida in the wake of Hurricane Maria.

### Tax Reductions

The governor's recommended budget authorizes a 10-day Back-to-School Sales Tax Holiday. It also creates three one-week Hurricane Preparedness Sales Tax Holidays in May, June and July, respectively. The total sales tax holidays result in revenue reductions of \$88 million.

The budget recommends reductions in all levels of fees for Florida Driver's Licenses. The cost of a renewed driver's license would drop from \$48 to \$20. The fee for an initial license would drop from \$48 to \$27. All commercial driver's licenses would drop from \$75 to \$67. These reduced fees would result in revenue reductions of another \$88 million.