



House Budget Falls Short in Delivering for Florida Families

Florida lawmakers fail to make strategic investments in education and health care in the House budget proposal.

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The Florida House of Representatives began constructing the budget for 2017-18 under the presumption that the need for state services would exceed available funding in the following fiscal year. Accordingly, the House took a two-pronged approach to reducing its budget. First, it tightened the belts of state agencies. Since these agencies have not completely recovered from budget cuts during the recent recession, these cuts are a move in the wrong direction. Second, House leadership imposed fiscal discipline on representatives' individual budget requests.

The House did not address a third crucial prong in the deliberations: tax exemptions, credits, and deductions. Excluding the tax exemptions on food and medicine, Florida's tax breaks are projected to total almost \$15 billion in the current year. These funds would otherwise be available for spending in the state budget.

The House budget totals \$81.2 billion, a reduction of \$1.1 billion from the current year. While in nominal terms this reflects a reduction of 1.4 percent, after adjustment for inflation and population growth in the state, the proposed funding level represents a reduction of 4.3 percent below current year level.

The remainder of the report details highlights of this budget.

Tax Cuts

Like appropriations, tax cuts are spending decisions by the Legislature. Unlike appropriations, once tax cuts are codified in statute they are not reviewed annually and there is no requirement that they be reviewed on a routine basis. The tax cut package under consideration by the House includes \$276 million in recurring tax cuts and \$678 million in nonrecurring cuts. Specifically, the House tax cut package includes:

- A business tax cut of \$513 million across two years for reducing the rate on

commercial lease taxes from 6 percent to 4.5 percent. At the end of the two years, the tax rate goes to 5.5 percent, resulting in a recurring annual tax cut of \$153 million.

- One-time sales tax holidays that total \$144 million for back-to-school supplies, veterans, hurricane supplies, animal health products and agriculture-related items.
- A recurring tax sales cut of \$92 million on purchases of diapers, incontinence products and feminine hygiene products.

Education

Of particular note, the public school funding holds the total property taxes required for public school funding at the same amount as the current budget, effectively requiring less in property taxes for public schools.

The House budget also includes:

- A 0.25 percent increase in per-student public school funding (\$19.13 more per full-time student, for a total of \$7,224). This funding remains 2 percent lower than the level of per-student funding in the General Appropriations Act from a decade ago and well below the \$8,583 that would be allocated had the Legislature adjusted the funding for inflation.
- Funding for the Voluntary Prekindergarten Program (VPK) is held constant, accommodating projected new enrollments in the program, but not increasing the funding provided for instruction.
- Postsecondary tuition is held constant.
- Funding for instruction in the State College System is almost \$823 million, a reduction of 14 percent from current-year funding.
- Funding for instruction in the State University System is \$3.6 billion, a reduction of \$228 million from current-year funding.

Health Care

The House budget's failure to make strategic investments in health care undermines the well-being of many Floridians as well as the economic and social resilience of the state.

- The \$608 million available to cover the uncompensated cost of health care for uninsured and underinsured Floridians (the Low Income Pool) is eliminated. The federal government has announced that it will allocate \$1.5 billion to the state for this purpose,

but the details of the requirements associated with the funding have not been disclosed as this report is being written.

- Funding for Medicaid services to individuals is reduced by \$257 million. These funds are used to provide health care, primarily to children, seniors and persons with disabilities. The caseload for this program is projected to grow by 2.5 percent in the next year.
- Funding for Florida Healthy Kids, or KidCare, is increased by \$62 million. The program provides health care coverage for children who are not eligible for Medicaid, but who live in households with incomes at or below 200 percent of the federal poverty level (about \$49,000 for a family of four). Almost 300,000 children in Florida lack health care coverage.

Public Safety

The House budget for the state's prisons does not improve the safety of either inmates or corrections personnel. Florida's prison system faces chronic shortages of corrections officers, increasing numbers of elderly inmates with heightened health care needs and deteriorating prison facilities and infrastructure.

- Funding for inmate health care services is increased by \$33 million, representing close to a 10 percent increase.
- Funding for investigative services within the Florida Department of Law Enforcement is increased by \$6.3 million, representing more than a 5 percent increase.

Economic Development

Regarding economic development, the House budget:

- Expends \$44 million for affordable housing from \$293 available in dedicated trust fund revenues, sweeping the remaining funds for other purposes.
- Eliminates the Displaced Homemaker Program that serves former spouses who lack independent income during the marriage, and who are no longer supported financially by the ex-husband or wife.
- Eliminates funding for Enterprise Florida and reduces funding for Visit Florida by two-thirds, from \$76 million in the current year to \$25 million.

Environmental Protection

Regarding environmental protection, the House budget:

- Reduces funding for the Department of Environmental Protection by \$464 million.
- Reduces the State Lands Program by more than 40 percent, from \$304 million to \$179 million.
- Expends almost \$200 million of \$841 million available for land acquisition for environmental purposes on normal state operations.