

# Budget Watch



## COMPARING THE FY2014-15 HOUSE & SENATE BUDGETS

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APRIL 2014

The only bill the Florida Legislature is required to pass each year is the General Appropriations Act. The House and Senate have both completed their versions of Florida's new budget for FY2014-15. There are many, many differences between the two plans and those differences will have to be worked out during the upcoming budget conference process. The House and Senate must agree on every word and dollar in the appropriations bill.

The House budget is the larger of the two—totaling \$75.3 billion—while the Senate spending plan carries a \$74.9 billion price tag. These budgets would increase spending over the current year by \$1 billion (1.4 percent) or \$600 million (0.9 percent), respectively.

The increase in General Revenue (GR) spending is larger than the increase in total funds. House GR spending totals \$27.58 billion while the Senate spends \$27.40 billion in GR, growth of 3.3 percent and 2.7 percent, respectively.

The House spends more than the Senate in Education, Human Services, and Environment and Transportation, while the Senate spends more in Criminal Justice, General Government, and the Courts.

Both budgets fund fewer state employee positions than the current year's total of 114,481. The House funds 315 fewer positions and the Senate funds 265 less.

The House sweeps \$325 million from state trust funds, transferring the money to general revenue. The Senate sweeps \$198 million. The largest trust fund donor to GR in the House budget is \$142.3 million from the local government housing trust fund. The Senate would take \$48.3 million from affordable housing trust funds. While trust fund sweeps can have their place is budget balancing, Florida TaxWatch has recommended more accountability and deliberation in the process. For more information see *Putting the Trust Back in Trust Funds*, March 2014.

Both budgets also account for the chambers' \$500 million tax cut plans, although the impact to the new budget is far less than \$500 million. Because a portion of the tax cuts are borne by local governments and some cuts take effect later in the next fiscal year, the impact to state revenues for next year is closer \$350 million. The differences in the two tax cut proposals may prove to be one of the tougher obstacles for the conference to overcome, although the largest portion of the total tax cut package—the motor vehicle fee reduction, worth more than \$300 million—has already been signed into law by Governor Scott.

The legislature is again to be commended for keeping a significant level of reserves. The Senate is leaving \$1.5 million in GR

cash reserves, while the House has \$1.2 billion.

Total reserves (including the Budget Stabilization Fund and the Lawton Chiles Endowment) amount to \$3.2 billion in the Senate and \$2.9 billion in the House.

The Legislature enjoyed a budget surplus this year, and the extra money produced a large number of member requests for local projects. There are already many in the House and Senate budget, and more will likely be added in conference. Florida TaxWatch urges the Legislature to use the conference to iron out differences, not to add new, non-vetted projects.

The following is a comparison of the House and Senate spending plans, focusing on the differences.

## THE FY2014-15 HOUSE AND SENATE BUDGETS BY POLICY AREA

(IN \$ MILLION)

	House	Senate	House vs. Senate Difference	% Difference	Current Year
Education	22,643.5	22,281.0	362.50	1.63%	21,995.4
Human Services	30,664.6	30,640.7	23.90	0.08%	31,073.8
Criminal Justice/ Corrections	4,123.6	4,178.7	(55.10)	-1.32%	3,828.1
Environment/ Transportation	13,170.2	12,966.3	203.90	1.57%	12,473.6
General Govern- ment	4,198.5	4,309.5	(111.00)	-2.58%	4,425.5
Judicial Branch	487.8	499.2	(11.40)	-2.28%	443.4
<b>Total</b>	<b>75,288.2</b>	<b>74,875.4</b>	<b>412.8</b>	<b>0.55%</b>	<b>74,239.8</b>

## EDUCATION

The House total budget for education is \$22.64 billion, \$363 million (1.6 percent) more than the Senate. Current year spending on education is \$22 billion.

The largest component of education funding is the Florida Education Finance Program (FEFP), which provides funding for the state's K-12 public schools and is comprised of state revenues and local revenues. The local revenues are property taxes that are set by the Legislature but are not included in budget totals. Much has been made about the "historic" education funding proposed by the Legislature; the approximately \$19 billion proposed would be the largest dollar amount in history, but per-student spending would still be below the 2008 amount of \$7,126, which is the highest level ever. The House proposes \$19.04 billion (\$10.78 billion in state funds and \$8.26 billion in local funds) for the FEFP. The Senate proposes \$18.95 billion (\$10.70 billion state and \$8.25 billion local).

## TOTAL EDUCATION BUDGET SNAPSHOT

(IN \$ MILLION)

	House	Senate
Early Learning	1,034.1	1,007.7
Public Schools	13,075.5	12,979.9
Colleges	1,185.0	1,153.5
Universities	4,270.9	4,315.6
Fixed Capital	1,965.2	1,690.7
Other	1,112.8	1,133.6
<b>Total</b>	<b>22,643.5</b>	<b>22,281.0</b>

This proposal translates into per-student funding of \$6,988 and \$6,955, respectively, and growth over current year per student spending of \$208 (3.07 percent) and \$175 (2.58 percent).

Local property taxpayers are being asked to pay for the majority of this increase. Local funds would rise as much as \$423.1 million while the House and Senate are proposing \$317.7 million and \$233.8 million more in state funds.

## FUNDING FOR THE FLORIDA EDUCATION FINANCE PROGRAM

(IN \$)

	House	Senate	Difference	Current Year	House % Change	Senate % Change
State Funds	10,780,195,803	10,696,276,843	83,918,960	10,462,466,741	3.04%	2.23%
Local Funds	8,258,585,830	8,252,706,050	5,879,780	7,835,497,940	5.40%	5.32%
Total Funds	19,038,781,633	18,948,982,893	89,798,740	18,297,964,681	4.05%	3.56%
Per Student	6,988	6,955	33	6,780	3.07%	2.58%

Other Education Highlights:

**Early Learning** – The House provides \$1.03 billion—a 2.4 percent increase—while the House provides a slight decrease.

**Voluntary Pre-K** – The House maintains funding of \$404.9 million from last year, but declining enrollment will provide more dollars per student.

The Senate does not increase per-student funding, providing \$387.3 million.

**Teacher Development** - The House provides \$149.4 million, up from \$135.0 million. The Senate offers \$135.7 million.

**State Financial Aid** – The House offers \$116.0 million, the Senate offers \$102.1 million

**Bright Futures** – Both chambers offer reduced funding for the scholarship program, which is funded at \$309.4 million in the current year. The House funds \$266.1 million, reflecting the expected 17 percent drop in eligible students. The Senate offers \$291.2 million, which includes a \$25 million increase in the award level.

**State Colleges** – The House provides \$1.19 billion to state colleges, which would be a 5.9 percent increase. The Senate offers \$1.15 billion. The Senate

offers \$25 million in performance incentives to promote students earning industry certifications, the House would provide \$5.0 million.

**State Universities** – The Senate provides a \$212 million (5.2 percent) increase for universities, including \$200 million in performance funding. The House increases funding by \$167 million (4.1 percent), including \$75 million in performance funding. Neither chamber proposes a tuition increase.

**Fixed Capital Outlay** – The House provides \$1.97 billion for education fixed capital needs, including \$1.47 billion in Public Education Capital Outlay (PECO) funds. The Senate provides \$1.69 billion total, including \$1.17 billion from PECO. The House has passed legislation that would shift \$187 million annually from GR to PECO, the Senate is not onboard yet. The House provides \$100 million in PECO funds to charter schools and \$50 million to regular public school for maintenance. The Senate offers \$50 million for charters and \$40 million for public schools. The PECO/GR shift also allows the House to provide \$219.1 million for university PECO projects and \$109.2 million for college projects. The Senate counters with \$59.4 million and \$34.9 million, respectively.

## HUMAN SERVICES

This is the largest section of the state budget, comprising 40 percent of all appropriations and 29 percent of all state employees. This year the House funds this area at \$30.66 billion while the Senate appropriation totals \$30.64 billion. These amounts are slightly down from last year's appropriation of \$31.07 billion. Most of this revenue goes to the Agency for Health Care Administration, which administers the state's Medicaid program for 3.7 million recipients.

Human Services highlights:

**Long Term Care** – The House provides \$19.8 million and the Senate provides \$16.3 million to reduce the waitlist for the Elderly Long Term Care Medicaid Waiver. The House expects to serve approximately 1,295 additional clients.

**Florida KidCare** – Both chambers increase funding for the KidCare program. The Senate provides \$507.2 million and the House provides \$493.6 million to fully fund new enrollment.

**Medicaid Electronic Health Record Incentive Program** – Both chambers provide \$156.6 million to provide incentive payments to providers and hospitals for the adoption and use of electronic health records.

## HUMAN SERVICES BUDGET SNAPSHOT BY AGENCY

(IN \$ MILLION)

	House	Senate
Health Care Admin.	23,429.8	23,478.0
Persons with Disabilities	1,149.4	1,144.6
Children & Families	2,849.8	2,812.7
Elder Affairs	284.2	279.6
Health	2,840.5	2,808.8
Veterans Affairs	110.9	116.9
<b>Total</b>	<b>30,664.6</b>	<b>30,640.7</b>

**Medicaid Provider Rate Increases** – Both the Senate (\$22 million) and the House (\$11 million) increase private duty nursing rates and Prescribed Pediatric Extended Care reimbursement rates (\$1.5 million). The House also provides a 2% increase to Adult Day Training Providers for persons with disabilities.

**Alzheimer's Disease** – Both chambers provide \$4 million to reduce the waitlist by 392 individuals for Alzheimer's respite services. The House also provides \$3 million for Alzheimer's research.

**Community Care for the Elderly** – Both the House (\$5 million) and the Senate (\$4 million) reduce the waitlist for the Community Care for the Elderly program.

**Program of All Inclusive Care for the Elderly (PACE)** – The House funds 250 additional PACE slots with \$5.1 million and the Senate uses \$4.8 million to fund 228 new slots.

**Child Welfare System** – The House adds \$44.5 million and the Senate adds \$33.5 million to improve the system. The House funding includes an additional 191 additional Child Protective Investigators. The Senate has not allocated its increased funding yet.

**Mental Health & Substance Abuse** – Senate provides \$18.8 million and the House \$16.5 million to expand children and adolescent Community Action Treatment (CAT) teams and substance abuse services directed towards pregnant women.

**Disability Medicaid Waiver Waiting List** – Both chambers provide \$20.0 million to serve all “intensive needs” clients who are currently on the waiting list for services.

**Biomedical Research Funding** – The Senate provides \$38.9 million for research and the House offers \$28.6 million.

**Cancer Centers Funding** – The House also provides—contingent on legislation—\$60 million to support the Florida Consortium of National Cancer Institute Centers Program to enhance

the quality and competitiveness of cancer care and biomedical research in the state. The Senate has legislation to provide a \$10 million endowed cancer research program.

**New State Veterans’ Nursing Home** – Both chambers provide \$11 million for the planning, design, and construction a new State Veterans’ Nursing Home. This would be funding for the first year of a three year project.

## CRIMINAL JUSTICE AND CORRECTIONS

Next to the relatively small appropriation for the Judicial Branch, the Criminal Justice and Corrections section stands to see the largest percentage increase in the next budget. The Senate proposes a \$350 million (9.1 percent) increase and the House budget has

### CRIMINAL JUSTICE/CORRECTIONS BUDGET SNAPSHOT

(IN \$ MILLION)

	House	Senate
Corrections	2,280.7	2,316.5
Justice Administration	833.2	840.1
Juvenile Justice	543.0	551.4
Law Enforcement	257.8	258.6
Legal Affairs	199.4	202.5
Parole Commission	9.4	9.5
<b>Total</b>	<b>4,123.6</b>	<b>4,178.7</b>

\$295 million (7.7 percent). All agencies in this policy area are likely to see significant funding growth.

**Corrections** – Both chambers fund the Criminal Justice Estimating Conference projected increase in prison population of 448 inmates. Total Department of Corrections (DOC) funding would increase by \$193 million (9.1 percent) under the Senate plan. The House increases funding for electronic monitoring (\$11.4 million), while the Senate decreases funding slightly (\$9.2 million). The Senate funds a substantial increase (\$10.7 million) in adult and community substance abuse services while the House increase is only \$2.8 million. The Senate also directs DOC to open two 432-bed reentry centers as substance abuse treatment and vocational training centers.

**Juvenile Justice** – The Senate funds a \$32.8 million (6.3 percent) increase for the Department of Juvenile Justice. The House funds a \$24.4 million (4.7 percent) increase. These increases include \$2.0 million and \$1.6 million, respectively, in additional funding for PACE Centers. The Senate also increases funding for Children/Families in Need of Services (CINS/FINS) by \$2.0 million

**Law Enforcement Training** – Both the House and Senate increase funding for law enforcement training and

certification services by \$4.1 million (64 percent).

**Attorney General** – The Department of Legal Affairs budget would be increased by \$14.9 million by the Senate and \$11.8 million by the House.

## ENVIRONMENT & TRANSPORTATION

Water has been a major theme of the 2014 session and both chambers have placed significant funding in their budgets. There are substantial differences in both funding levels and policy, and this will be a major focus of the conference negotiations.

### ENVIRONMENT/TRANSPORTATION BUDGET SNAPSHOT

(IN \$ MILLION)

	House	Senate
Agriculture	1,536.7	1,498.0
Env. Protection	1,486.4	1,446.1
Fish & Wildlife	348.1	359.7
Transportation	9,799.0	9,662.6
<b>Totals</b>	<b>13,170.2</b>	<b>12,966.3</b>

**Local Water Projects** - Water projects include stormwater, sewer, water treatment, restoration projects and water supply projects. The Senate has funded 84 projects totaling \$43.3 million. The House has \$100 million for local projects but has not settled on



specific projects, so nothing is named in its budget. The Senate received \$326 million in member requests for 230 projects, and the House received 265 requests for \$443 million.

Florida TaxWatch again calls for a criteria-based, open, competitive process—with input from the Department of Environmental Protection and water management districts—for funding local water requests.

**Springs Restoration** – The House provides \$50 million in funding for springs restoration around the state. The Senate Springs Restoration line-item is only \$18 million, but more springs related funding is scattered throughout the budget. The Senate is also advancing legislation to make a long-term commitment to springs funding.

**Everglades Restoration** – The Senate has \$158 million for Everglades projects including \$127.8 million to fund the recommendations of the Senate Select Committee on Indian River Lagoon and Lake Okeechobee Basin. The House has \$115 million for Everglades restoration.

**Florida Keys Wastewater Plan** – The House funds the plan with \$50 million but it is not in the Senate budget.

**Florida Forever** – Both chambers provide authority for \$40 million in spending for the state's land

conservation buying program, but the revenue must come from the sale of state surplus land. The House provides an additional \$15 million that is not contingent on land sales.

**Beach Restoration** – The Senate provides \$47.1 million in financial assistance to local governments for beach and dune restoration. The House provides \$25.5 million.

**Petroleum Tanks Cleanup Program** – The Senate provides \$125 million, the House provides \$100 million.

**Citrus Greening** – Both chambers fund \$13.7 million for citrus greening response, including \$4 million for citrus research, \$7.7 million for the citrus health response program and \$2 million for the citrus budwood program

**State Parks** – The Senate provides \$15.0 million for state park facility improvements, the House funds \$10.1 million.

**Transportation** - The Senate budget includes \$8.7 billion for the DOT Work Program. The House fully funds the Work Program at \$8.9 billion. This includes \$100 million in new revenue from a provision in the House tax package that will shift \$100 million annually from General Revenue to the State Transportation Trust Fund.



In addition to roads and bridges, the Work Program includes \$139 million for seaports, \$285 million for aviation, \$357 million for public transit, \$124 million for rail and \$39 million for intermodal development.

## GENERAL GOVERNMENT

### Economic Development

**Economic Incentives:** (Senate - \$70 million/House - \$60 million) - For programs including the Quick Action Closing Fund and the Qualified Target Industry Tax Refund.

**Visit Florida:** (Senate - \$75 million/House - \$71.3) - Up from \$63.5 in the current year, Florida TaxWatch research has shown the benefits of increased tourism marketing funding.

**Space Florida:** (Senate - \$15 million/House \$19.5 million) - House maintains level funding while the Senate cuts funding.

**Enterprise Florida:** (Senate - \$22.2 million/House - \$19.7 million) - Funding down from \$24.2 last year.

**Local Projects:** (Senate - \$6.4 million/House - \$17.7 million) - Florida TaxWatch again calls for a formal, open, competitive process for selecting these projects.

**FLAIR Replacement** – The House provides \$6.0 million and the Senate provides \$7.9 to begin the

## GENERAL GOVERNMENT BUDGET SNAPSHOT

(IN \$ MILLION)

	House	Senate
Administered Funds	95.2	104.1
Business Regulation	147.8	146.5
Citrus	52.5	51.8
Economic Opportunity	998.8	1,143.9
Financial Services	320.7	323.0
Governor	257.3	256.8
Highway Safety	433.9	442.6
Legislature	201.7	202.8
Lottery	163.5	168.0
Management Services	733.0	671.3
Military Affairs	96.6	100.5
Public Service Comm	25.2	25.2
Revenue	555.8	556.5
State	116.6	116.3
<b>Totals</b>	<b>4,198.5</b>	<b>4,309.5</b>

replacement of the Florida Accounting Information Resource System. This is a recommendation of the Florida TaxWatch Center for Government Efficiency.

**Affordable Housing** – The Senate provides \$226.1 million, the House provides \$89.3 million.

**State Troopers** – The House funds 28 new positions at the Florida Highway Patrol and the Senate funds 25 troopers.

**Libraries** - Both budgets fund State Aid to Libraries at \$22.3 million, and the House, for the first time in many years, provides funding (\$3.0 million) for public library construction grants.

**Cultural Grants** - The House funds cultural and museum grants and cultural facilities at \$21.8 million, an increase of 57% from the current year. The Senate funds \$14.7 million. The Senate also funds the Fine Arts Endowment at \$7.0 million.

**Historical Preservation** - Grants and facilities are funded at \$10.2 million in the House (29 percent increase) and \$10.0 million in Senate.

**Employee Wellness** - The House provides \$2.0 million for a voluntary wellness pilot program for state employees, the Senate does not.

## JUDICIAL BRANCH

**Judges** - The House and Senate both fund 21 new judgeships around the state.

**Small County Courthouses** - The House provides \$2.3 million for the restoration of courthouses in Calhoun and Washington County. The Senate provides only \$200,000 for Calhoun.

**Child Advocacy Centers** - The Senate provides \$5.0 million and the House provides \$4.7 million.

### JUDICIAL BRANCH BUDGET SNAPSHOT

(IN \$ MILLION)

	House	Senate
Totals	487.7	499.2

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## ABOUT THE AUTHOR



**Kurt Wenner, Vice President for Tax Research**, is a mainstay on the Tallahassee state budget watchdog scene and is the second-longest serving staff member of Florida TaxWatch (32 years).

Kurt has authored all of the major tax publications produced by Florida TaxWatch, including pieces on Florida's Intangibles Tax, and general sales, property, and business tax issues.

Kurt is the author of TaxWatch staples "How Florida Compares," the annual "Taxpayer Independence Day" report on tax burdens, and the annual "Budget Turkey Watch."

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As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 33 years.

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Robert Weissert, Esq.	Chief Research Officer & General Counsel
Kurt Wenner	VP for Tax Research
Jerry D. Parrish, Ph.D.	Chief Economist

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Marshall Criser, III	Immediate Past Chairman
Steve Evans	Senior Advisor

### RESEARCH PROJECT TEAM

Robert E. Weissert	Chief Research Officer	
Kurt Wenner	VP for Tax Research	<i>Lead Author</i>
Chris Barry	Director of Publications	<i>Design, Layout, Publication</i>

All Florida TaxWatch research done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

FOR MORE INFORMATION: [WWW.FLORIDATAXWATCH.ORG](http://WWW.FLORIDATAXWATCH.ORG)

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106 N. Bronough St., Tallahassee, FL 32301      o: 850.222.5052 f: 850.222.7476  
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