

BUDGETWATCH

HOUSE AND SENATE BUDGETS FOR FY 2021-22

Heading into the Budget Conference, here are some of the details that must be worked out

The House and Senate have passed their respective budgets and now must hold budget conference meetings to negotiate the differences. Agreement must be reached on every number and every word in the 400-plus page appropriations bill. Since lawmakers are constitutionally required to wait 72 hours before a final vote, a mutually agreed-upon budget must be produced by Tuesday, April 27 in order for an on-time finish of the session on Friday, April 30.

THE BUDGET IN CONTEXT

- The Senate budget (SB 2500) totals \$95.0 billion while the House (HB 5001) comes in at \$97.1 billion.
- The House budget is \$4.8 billion more than current year spending, the Senate's is about \$2.7 billion more. The increase is due to federal funds (but no American Rescue Plan funds). Both chambers use approximately \$2 billion in increased federal Medicaid funding.
- There is little change in general revenue spending. The House spends \$161 million (0.5%) more than current year, the Senate only \$4 million more.
- Not counting federal education funds that the House uses but the Senate does not, both budgets are about \$2.5 billion less (approximately \$1 billion less in GR) than the Governor's budget recommendations.

Despite the \$2.1 billion difference in the chambers' bottom lines, they are not that far apart. The difference in the bottom lines is largely due to the House's use of \$2 billion in Elementary and Secondary Emergency Education Relief (ESSER) Funding from the federal government.

But as usual, there are some significant differences in the details. The use of federal funds will be one of the major issues of the conference, especially the \$10 billion Florida will get from the American Rescue Plan's Coronavirus State Fiscal Recovery Fund. Florida will also get \$7 billion in ESSER funds. Except for the \$2 billion in ESSER funds mentioned above, none of these stimulus funds are included in either chamber's budget total (see Federal Stimulus Funds on page 8). If the chambers decide to appropriate some of the ARP funds, Florida could see its first \$100 billion budget.

This is a unique budget year to say the least. Early in the pandemic, with everything pointing to a fiscal emergency this year, the budget process began with a focus on reducing spending. However, the \$5.8 billion from the CARES Act bailed us out in the short term and the revenue estimates began to increase. Then, after the House and Senate had finished their budgets, which were already balanced and left significant reserves, the Revenue Estimating Conference increased general revenue estimates again, adding \$2.0 billion to revenue available for this year. The budget conference will have to decide what to do with that money. There is also the astounding influx of federal aid from the American Rescue Plan.

The Legislature is heading into the conference with much more money it could potentially spend, and the budget will likely get bigger in the conference. Lawmakers need to remember all the ARP funding and most of the excess GR is non-recurring and it should generally not be spent on recurring appropriations. Thankfully, President Simpson and Speaker Sprowls have acknowledged this frequently.

The Speaker also gave a reassuring statement when asked about member projects and the increased GR estimates. He said "I can tell you this, nobody is looking at \$2 billion and asking themselves 'how much of that can we spend on projects?' But it will be tough to show restraint when this much money is available.

Florida TaxWatch would also like to remind lawmakers that they have until 2024 to spend the American Rescue Plan funds and may not get it all this year. Spending options need to be thoroughly vetted and prioritized. New issues arise every year and the ARP gives Florida a chance to be deliberate in deciding how to use this federal largesse.

TABLE 1. COMPARING THE HOUSE AND SENATE BUDGETS

	Senate Budget SB2500	House Budget HB5001	House +/- Senate
POLICY AREA			
Education	\$28,717.6	\$26,339.1	\$2,378.5
Human Services	\$42,121.5	\$42,335.7	(\$214.2)
Criminal Justice	\$5,136.1	\$5,022.1	\$114.0
Transportation	\$10,263.2	\$10,263.3	(\$0.1)
Environment/Nat. Resources	\$4,120.5	\$4,177.9	(\$57.4)
General Government	\$6,118.0	\$6,169.0	(\$51.0)
Judicial Branch	\$601.0	\$651.0	(\$50.0)
Total	\$97,077.9	\$94,958.2	\$2,119.7
FUND			
General Revenue Fund	\$34,917.1	\$34,755.2	\$161.9
State Trust Funds	\$24,727.3	\$24,878.9	(\$151.6)
Federal Funds	\$37,433.5	\$35,324.1	\$2,109.4
EMPLOYEE POSITIONS	113,557	111,311	2,246

COMPARING THE HOUSE AND SENATE BUDGET

TABLE 2. FY2021-22 HOUSE AND SENATE BUDGETS COMPARED TO CURRENT YEAR

Department/Agency	Senate Budget	House Budget	Senate +/- House	Current Year Budget	Senate +/- Current Year	House +/- Current Year	Senate FTEs	House FTEs
Admin. Funds (Statewide Issues)	\$413.8	\$375.4	\$38.4	\$277.5	\$136.3	\$97.9	-	-
Agriculture & Consumer Services	\$1,755.4	\$1,717.1	\$38.3	\$1,758.0	(\$2.6)	(\$40.9)	3,726.25	3,668.25
Business & Professional Regulation	\$164.4	\$165.2	(\$0.8)	\$163.6	\$0.8	\$1.6	1,651.25	1,635.25
Children & Families	\$3,604.3	\$3,519.3	\$85.0	\$3,386.7	\$217.6	\$132.6	12,144.75	12,056.75
Citrus	\$40.1	\$23.8	\$16.3	\$26.5	\$13.6	(\$2.7)	27.00	38.00
Commission on Offender Review	\$12.2	\$12.4	(\$0.2)	\$12.3	(\$0.1)	\$0.1	132.00	132.00
Corrections	\$2,764.3	\$2,889.2	(\$124.9)	\$2,838.1	(\$73.8)	\$51.1	23,576.00	25,164.00
Economic Opportunity	\$965.1	\$919.9	\$45.2	\$976.9	(\$11.8)	(\$57.0)	1,509.00	1,475.00
Education	\$26,339.1	\$28,717.6	(\$2,378.5)	\$26,775.4	(\$436.3)	\$1,942.2	2,266.75	2,266.75
Elder Affairs	\$296.4	\$370.0	(\$73.6)	\$369.6	(\$73.2)	\$0.4	407.00	406.50
Environmental Protection	\$2,013.0	\$1,989.4	\$23.6	\$2,213.4	(\$200.4)	(\$224.0)	2,962.50	2,907.50
Financial Services	\$411.9	\$402.6	\$9.3	\$405.2	\$6.7	(\$2.6)	2,582.50	2,566.50
Fish & Wildlife Conservation	\$409.5	\$414.0	(\$4.5)	\$418.7	(\$9.2)	(\$4.7)	2,114.50	2,099.50
Governor's Office	\$1,759.9	\$1,759.1	\$0.8	\$1,502.1	\$257.8	\$257.0	445.00	451.00
Health	\$3,149.3	\$3,126.8	\$22.5	\$3,139.0	\$10.3	(\$12.2)	12,670.01	13,016.10
Health Care Administration	\$33,605.7	\$33,410.4	\$195.3	\$30,738.3	\$2,867.4	\$2,672.1	1,529.50	1,536.50
Highway Safety & Motor Vehicles	\$501.3	\$503.9	(\$2.6)	\$506.4	(\$5.1)	(\$2.5)	4,334.00	4,341.00
Justice Administration	\$1,012.9	\$1,022.9	(\$10.0)	\$1,013.5	(\$0.6)	\$9.4	10,376.00	10,497.25
Juvenile Justice	\$573.2	\$565.8	\$7.4	\$586.1	(\$12.9)	(\$20.3)	3216.50	3,279.50
Law Enforcement	\$296.3	\$310.7	(\$14.4)	\$290.2	\$6.1	\$20.5	1,948.00	1,929.00
Legal Affairs	\$363.4	\$335.0	\$28.4	\$297.8	\$65.6	\$37.2	1,255.50	1,363.50
Legislature	\$217.9	\$217.9	\$-	\$219.2	(\$1.3)	(\$1.3)	-	-
Lottery	\$193.8	\$193.8	\$-	\$188.0	\$5.8	\$5.8	418.50	418.50
Management Services	\$691.0	\$743.5	(\$52.5)	\$739.2	(\$48.2)	\$4.3	1,298.50	1,288.50
Military Affairs	\$62.1	\$65.6	(\$3.5)	\$72.6	(\$10.5)	(\$7.0)	453.00	453.00
Persons with Disabilities	\$1,534.7	\$1,542.0	(\$7.3)	\$1,530.7	\$4.0	\$11.3	2,700.50	2,702.50
Public Service Commission	\$26.9	\$26.9	\$-	\$26.8	\$0.1	\$0.1	271.00	267.00
Revenue	\$611.4	\$610.8	\$0.6	\$615.4	(\$4.0)	(\$4.6)	5,027.75	5,026.75
State	\$109.5	\$109.6	(\$0.1)	\$111.6	(\$2.1)	(\$2.0)	414.00	408.00
State Courts	\$651.0	\$601.0	\$50.0	\$592.5	\$58.5	\$8.5	4,310.50	4,312.00
Transportation	\$10,263.3	\$10,263.2	\$0.1	\$10,326.2	(\$62.9)	(\$63.0)	6,068.00	6,214.00
Veterans Affairs	\$145.4	\$153.1	(\$7.7)	\$152.2	(\$6.8)	\$0.9	1,475.50	1,389.50
Totals	\$94,958.2	\$97,077.9	(\$2,119.7)	\$92,269.7	\$2,688.8	\$4,808.2	111,311.26	113,309.60

Source: Florida TaxWatch, compiled using HB 5001 and SB 2500, April 2021.

SOME OF THE DIFFERENCES IN THE HOUSE AND SENATE BUDGET THAT MUST BE WORKED OUT IN CONFERENCE

EDUCATION

Public Schools - The chambers are closer than the total numbers suggest. The House uses nearly \$2 billion in federal funds the Senate has not included. In addition, the House includes \$334.4 million in its Florida Education Finance Program (FEFP) for a reserve fund in case the 44,000 fewer students that enrolled in the current year return next year. The Senate places \$350.0 million in reserve for the same purpose, but it is not included in its budget total.

	House	Senate	Current Spending
Public Schools <i>(including local funds)</i> :	\$27.050b	\$25.302b	\$25.328b
FL Education Finance Program	\$22.644b	\$22.129b	\$22.505b
State Funds	\$12.769b	\$12.260b	\$12.835b
Local Funds	\$9.623b	\$9.868b	\$9.670b
Per Student <i>(not including reserve)</i>	\$7,850	\$7,787	\$7,787
RLE Millage <i>(includes .748 mill discretionary levy)</i>	4.468	4.468	4.468

Without the reserve fund, the House per-student funding is \$7,850, less than one percent more than the Senate. The Senate proposes the same per-student funding as the current year, the House would provide a \$63 per-student increase. Both chambers propose a decrease in state funding for the FEFP, but an increase in local funding by adopting the same millage rate for Require Local Effort (RLE) property taxes. This would allow an additional \$198.8 million in property taxes from new construction and increased property values.

Both chambers provide \$500 million to continue raising the minimum teacher salary to \$47,500. Differences in the FEFP include the House providing a 20 percent increase (to \$120.0 million) in the Mental Health Allocation. The House also provides \$265.9 million to address learning loss from the pandemic but does not fund the Funding Compression and Hold Harmless Allocation or the Turnaround Supplemental Services Allocation.

Universities - Both chambers propose a significant reduction in university funding but the House cut is more than twice as big (House 10.6 percent, Senate 4.3 percent). Lawmakers cite the \$4.1 billion in new federal stimulus funding higher education institutions are expected to receive. The Senate proposes \$560 million in performance funding—a \$265 million state investment and \$295

million redistributed from the universities’ base. The House recommends performance funding of \$280 million, \$132.5 million of which would be state funding. The House proposes \$66.3 million for Incentives for Programs of Strategic Emphasis (contingent on the passage of HB 1261 or similar legislation). Neither chamber recommends a tuition increase.

Colleges - Both chambers would provide a small increase for colleges. The House provides \$14.0 million to colleges for students who earn industry certifications in specified occupational areas. The Senate suspends that program for a year. The House also proposes \$20.0 million in federal funds to implement the Open Door Grant Program (HB 1507). The Senate provides \$19.5 million more for operating funds and approved baccalaureate programs.

Private Colleges & Universities - The House reduces funding for Effective Access to Student Education (EASE) tuition assistance grants by \$37.4 million while the Senate increases funding by \$31.6 million, raising the per student amount from \$2,841 to \$3,500. The House does not fund Access to Better Learning and Education (ABLE) grants. The chambers fund competing member projects for private institutions.

Early Learning - The chambers both maintain current Voluntary Prekindergarten Program pre-student funding. The Senate provides \$25.0 million more than the House for school readiness services but they agree on \$100.0 million for school readiness provider increases and \$60.0 million to serve families on the waiting list.

Fixed Capital Outlay -

<i>Repair and Maintenance</i>	House	Senate
Public Schools	\$0 million	\$0 million
Charter Schools	\$183.5 million	\$100.0 million
Colleges	\$0 million	\$0 million
Universities	\$0 million	\$0 million
 <i>Construction</i>		
Public Schools	\$34.1 million	\$12.4 million
Colleges	\$2.5 million	\$59.9 million
Universities	\$0 million	\$50.5 million

There are significant differences in education fixed capital outlay. The House wants significantly more funding for charter school maintenance and repair and funds no university construction projects and funds only two college projects. The Senate funds 22 university projects and 11 college projects.

HUMAN SERVICES

Medicaid - The Senate funds the program at more than \$34.1 billion, \$500 million more than the House. The House includes \$239.8 million to extend postpartum care for new mothers from two months to 12 months. The Senate does not fund this extension and eliminates optional coverage of vision, hearing, chiropractic, and podiatry services for adult Medicaid recipients. The Senate provides \$5.2 million for Prescribed Pediatric Extended Care rate increase and \$36.6 million for increased reimbursement rates for Intermediate Care Facilities for Individuals with Intellectual Disabilities. The House provides \$12.1 million for the ICF rate increase.

Hospitals - Hospitals will be seeing significant cuts, with lawmakers citing the \$1.5 billion in federal funds these facilities have already received from the CARES Act. The House would permanently eliminate \$288 million in Medicaid hospital payments, as well as an additional \$266 million that currently goes to hospitals providing high levels of uncompensated care. The Senate hospital cuts are smaller, totaling \$328.5 million.

Agency for Persons with Disabilities - The House provides \$15.0 million to reduce the waitlist for the Home and Community Based Services Waiver Program iBudget program by 306 persons with intellectual and developmental disabilities.

Department of Elder Affairs - The House provides \$1.8 million to reduce the number of elders on the waitlist for Alzheimer's respite care, and \$2.3 million to reduce the community care for the elderly waitlist. The Senate proposes to transfer the Program of All-Inclusive Care for the Elderly (PACE) Program from the Department of Elder Affairs to the Agency for Healthcare Administration and authorizes, subject to appropriation, providers to serve 1,100 additional persons, most in currently unserved counties.

ENVIRONMENT & NATURAL RESOURCES

Everglades Restoration - The Senate provides more (\$344.8 million) for Everglades Restoration than the House (\$319.7 million). The House spends more on the Comprehensive Everglades Restoration Plan (CERP) and the Senate provides more for Northern Everglades Restoration.

Water Quality Improvements - Both chambers fund the new Wastewater Grant Program (\$141.1 million) and the Senate has some more water quality projects the House doesn't fund - \$70 million for the Lake Okeechobee Watershed Restoration Project, \$15 million for Biscayne Bay, \$20 million for the Springs Coast Watershed And Peace River Basin Watershed, and \$10.0 million to incentivize homeowners in Priority Focus Areas to upgrade their septic system to include nitrogen reducing enhancements.

Florida Forever/Land Acquisition - The House provides \$100.0 million for land acquisition and the Senate provides \$50.0 million for conservation easements.

Beach Restoration - The House provides \$100.0 million and the Senate \$50.0 million for the state’s Beach Management Funding Assistance Program. The House recommends using another \$100.0 million (not included in the budget total) from the federal stimulus funding for the program.

Springs Restoration - The House provides \$50.0 million and the Senate \$75.0 million.

State Park Improvements - The House provides \$50.0 million and the Senate \$30.0 million.

ECONOMIC DEVELOPMENT

Department of Economic Opportunity’s business development programs -

	House	Senate
Visit Florida	\$50.0 million	\$50.0 million
Enterprise Florida	\$14.4 million	\$16.0 million
Quick Response Training	\$7.5 million	\$9.0 million
Economic Development Tools	\$20.5 million	\$28.1 million
Space Florida	\$18.5 million	\$18.5 million
Florida Job Growth Grant Fund	\$0 million	\$26.0 million

Affordable Housing - Last year, for the first time in many years, the Legislature did not sweep the housing trust funds and fully funded affordable housing, as recommended by Florida TaxWatch. While many hoped this was a change of heart and priorities by the Legislature, those hopes are dashed as both chambers only provide \$141.1 million for housing. Moreover, they are changing the distribution of documentary stamp tax revenue permanently, taking \$282.2 million from affordable housing and splitting that between the new Resilient Florida Program and the Wastewater Grant Program. The Legislature softened the blow a little bit by prohibiting the housing trust funds from being swept in the future, but in effect, the new law sets in stone an annual \$282.2 million sweep.

TRANSPORTATION

DOT Work Program - The House and Senate budgets both fund the Department of Transportation’s (DOT) work program at \$9.2 billion, which makes up most of DOT’s budget. Most of the two transportation budgets are identical.

Local Member Transportation Projects - The Legislature continues to fund a large number of these projects that bypass the transportation planning process and take funds from projects that are in the DOT work program. The Senate includes 59 projects worth \$72.0 million; the House has 33 projects

worth \$22.0 million. Legislation proposed by the Governor to establish a competitive, prioritized selection process for these projects, as recommended by Florida TaxWatch, did not gain traction this session.

M-CORES - The controversial toll road program is not explicitly mentioned in the budget. Both chambers have legislation moving to make changes to M-CORES, including a Senate bill to repeal the program and replace it with a scaled-back, less prescriptive one. The House legislation would keep the program, the only change would be giving DOT more flexibility in where the Suncoast Connect ends.

CRIMINAL JUSTICE

Department of Corrections - The House funds a pilot program to transition from 12-hour work shifts to 8.5-hour shifts at correctional institutions. The Senate directs DOC to develop a comprehensive facility consolidation plan to adjust prison capacity for FY 2021-22 that includes the closure of one 1,500 bed state-operated facility. This saves \$140 million and 1,500 positions. The Senate would add 277 positions but gives the department the authority (not mandated) to develop a comprehensive plan for the closure of two prisons.

OTHER ISSUES

Federal Stimulus Funds - Neither budget total includes any of the \$10 billion in federal funding from the American Rescue Plan’s Coronavirus State Fiscal Recovery Fund. The House does have \$8 billion in appropriations in the “back of the bill,” contingent on receiving half the money (see list on right). The Senate budget does not address any of this money.

Reserves - Both budgets leave about \$2 billion in cash reserves. Reserves total \$5 billion when including the Budget Stabilization Fund and the Chiles Endowment. However, the House proposes to eliminate the Lawton Chiles Endowment and put the money in the Budget Stabilization Fund.

HOUSE PROPOSAL FOR AMERICAN RESCUE PLAN FUNDS
(\$ MILLIONS)

Beach Management Funding Assistance Program	\$100.0
Coastal Mapping Services	\$100.0
Derelict Vessel Removal Program	\$50.0
Reemployment Assistance Program Staffing	\$56.6
Reemployment Assistance System Modernization	\$36.0
Cybersecurity Resiliency	\$31.6
Workforce Information System	\$200.0
State & Local Housing Trust Funds	\$140.0
Resilient Florida Trust Fund	\$140.0
Water Protection And Sustainability Program TF	\$140.0
Inland Protection Trust Fund	\$100.0
State Transportation Trust Fund	\$2,000.0
Emergency Preparedness And Response Fund	\$1,000.0
Budget Stabilization Fund	\$350.0
Deferred Building Maintenance Program (State Buildings And Schools)	\$3,500.0
Total	\$7,944.2

Immediate Reversions, Agency Reductions - When early revenue estimates were slashed due to the expected impact of the pandemic, steps were taken to reduce spending, including the Governor requiring agencies to hold back some of their appropriations and the Legislature looking at ways to reduce base expenditures. Both chambers' budgets revert significant revenue from the current budget, mostly from reductions in operations costs and the required agency holdback. However, there is a considerable difference in the amount. The Senate reverts \$620 million (\$526 million GR) and the House reverts \$260 million (\$235 million GR). This money returns to the fund it came from, adding to available dollars for this budget.

Trust Funds Sweeps - The House "sweeps" \$497.3 million from various trust funds, transferring the money into general revenue. The Senate sweeps \$480.0 million. This includes \$293.0 and \$298.5 million, respectively, from affordable housing trust funds. Both chambers also permanently reduce the revenue distributed to the housing funds, to fund the Resilient Florida and Wastewater grants programs (see Affordable Housing on page 7) For the first time in a while, the State Transportation Trust Fund is also swept (Senate \$32 million, House \$6 million). Florida TaxWatch has historically opposed sweeps of both the housing and transportation trust funds.

State Employee Pay Increases - Neither chamber proposed across the board pay increases or bonuses but the Senate does recommend raising the minimum wage for state employees to \$13 an hour at a cost of \$43.0 million.

Member Projects - The 120-member House has approximately 300 local member projects worth \$140 million in its budget, a large reduction from last year's 650 programs worth \$210 million. The 40-member Senate proposes funding many more member projects: 627 projects worth \$340 million. Many of these projects are worthwhile and some are routinely funded. The Legislature should be commended for holding down the number compared to recent years, but there is still a lot for a budget making considerable cuts. Some are included in both budgets, but most are not, so the final tally could exceed what is in either budget. Florida TaxWatch urges the Legislature to show restraint with member projects and give priority to essential pandemic-related projects. Lawmakers should avoid those that can, and should, be funded at the local level, and especially those that by-pass established selection processes, such as the tens of million dollars in "local transportation projects" that supplant funding in the Department of Transportation's work program. Florida TaxWatch's annual Budget Turkey report will highlight such projects that make it into the final budget.

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