

THE GENERAL APPROPRIATIONS ACT ONLY TELLS PART OF FLORIDA'S BUDGET STORY

The 2017 Florida Legislature passed a \$82.418 billion General Appropriations Act (GAA), already the largest in the state's history. But this is not all the money appropriated this year. Every session, the Legislature makes a relatively small amount of appropriations in other bills, including funding for agencies to implement new programs authorized by the legislation. This session, the Legislature took this to a new level, passing 23 bills with nearly \$2.5 billion in additional appropriations. This funding includes \$1.5 billion to reimburse hospitals for uncompensated care (Low Income Pool), \$419.0 million for education programs, and \$183.1 million for state employee pay raises.

In addition, the Governor called the Legislature back in Special Session to increase funding for education, economic development, and tourism marketing. Lawmakers did that and more, passing three bills containing an additional \$517.3 million.

After deducting the Governor's vetoes, the net result is FY2017-18 appropriations totaling \$85.158 billion, a \$2.9 billion (3.5 percent) increase over the current year. This includes \$31.570 billion in General Revenue (GR).

REGULAR SESSIONS BILLS WITH APPROPRIATIONS

SB 10 – Everglades Agricultural Area (EAA) Reservoir - This bill, authorizing a huge water storage reservoir south of Lake Okeechobee, was a priority of Senate President Joe Negron. The intent of the \$1.5 billion EAA reservoir project is to protect rivers and estuaries, and ultimately the Everglades, from polluted discharges from the lake. The bill appropriates \$30.0 million from the Land Acquisition Trust Fund to acquire land or negotiate leases for the EAA. Another \$3.0 million is appropriated to develop the post-authorization change report, which needs Congressional approval. The bill also appropriates \$30.0 million in General Revenue for a loan to implement Phase I of the already underway C-51 reservoir project in Palm Beach County. Another \$1.0 million is provided to negotiate Phase II of the project. To complete the EAA and C-51 projects, the bill also authorizes \$800 million in bonds and appropriates \$64.0 million annually, beginning next year. **Total - \$64.0 million (\$30.0 million GR), all non-recurring.**¹

SB 2514 – Low Income Pool (LIP) - LIP is a part of Florida's Medicaid system and it reimburses hospitals for the cost of providing care to Florida's uninsured residents, sometimes known as "charity care." LIP has been historically funded via a 40 percent contribution from state and local governments and a 60 percent federal match program. Federal funding was to be discontinued in 2015 but Florida secured two extensions. Funding for the upcoming budget year was very much in doubt. During the session, it was announced the federal government committed to funding a \$1.5 billion LIP program.

¹ All FY 2017-18 appropriations in the bill are non-recurring. However, the bill makes a new annual appropriation of \$64.0 million, beginning in FY 2018-19.

Total Appropriations for FY2017-18

	GENERAL REVENUE	TRUST FUND	TOTAL
General Appropriations Act (GAA)	\$30,921,404,568	\$51,497,054,337	\$82,418,458,905
GAA Vetoes ¹	(\$308,801,164)	(\$95,660,734)	(\$404,461,898)
Net GAA Appropriations	\$30,612,603,404	\$51,401,393,603	\$82,013,997,007
Regular Session Bills with Appropriations²			
SB 10 - Everglades Agricultural Area Reservoir	\$30,000,000	\$34,000,000	\$64,000,000
SB 2514 - Low Income Pool		\$1,503,385,773	\$1,503,385,773
SB 2514 - Medical Faculty Supplemental payments		\$246,000,000	\$246,000,000
SB 7022 - State Employee Raises	\$109,675,610	\$73,389,000	\$183,064,610
SB 7059 - Juvenile Detention	\$2,978,012	\$2,978,012	\$5,956,024
SB 7069 - Best & Brightest Teacher and Principal Scholarships	\$233,950,000		\$233,950,000
SB 7069 - Gardiner Scholarship Program	\$30,000,000		\$30,000,000
SB 7069 - Statewide Student assessments	\$15,000,000		\$15,000,000
SB 7069 - Schools of Hope, other provisions	\$140,000,000		\$140,000,000
HB 7115 - Dozier School for Boys	\$1,200,000		\$1,200,000
6 Bills - Claims	\$2,750,000	\$2,991,940	\$5,741,940
12 Bills - Agency Implementation Costs	\$2,122,724	\$1,278,132	\$3,400,856
Back of the Bill Appropriations	\$55,767,821	\$139,662,268	\$195,430,089
Special Session Appropriations			
HB 1A - VISIT Florida		\$76,000,000	\$76,000,000
HB 1A - Enterprise Florida		\$16,000,000	\$16,000,000
HB 1A - Florida Job Growth Grant Fund		\$85,000,000	\$85,000,000
HB 1A - Herbert Hoover Dike repairs	\$50,000,000		\$50,000,000
HB 1A - Partial Restoration of Vetoed Higher Ed Projects	\$60,000,000		\$60,000,000
HB 3A - Education Funding (FEFP) ³	\$215,132,387		\$215,132,387
HB 8A - Implementation of Medical Marijuana Amendment	\$8,805,292	\$6,338,148	\$15,143,440
Total FY2017-18 Appropriations	\$31,569,985,250	\$53,588,416,876	\$85,158,402,126
1 - Does not include vetoes of the FEFP (which was funded at a higher level in Special Session) nor vetoes of re-appropriations and trust fund sweeps.			
2 - Does not include HB 5501 which funded VISIT Florida and Enterprise Florida (\$41.0 million) and was vetoed. These agencies were funded in Special Session (HB 1A)			
3 - Only includes funding in excess of the amount funded in Regular Session.			

While usually funded in the GAA, this year the Medicaid implementing bill appropriates \$1.503 billion for LIP. The funding is contingent on local contributions (intergovernmental transfers) of \$578.9 million. SB 2514 also appropriates \$246.0 million to continue supplemental Medicaid payments to medical school faculty physicians. This funding is contingent on federal approval and local contributions of \$94.4 million. **Total - \$1.749 billion, all TF and all non-recurring.**

SB 7022 – State Employee Pay Raise - This bill appropriates \$183.1 million to give all state employees a pay raise. Those making \$40,000 or less will get a \$1,400 increase, those making over \$40,000 will get \$1,000 (effective October 1, 2017.) Other targeted pay increases are provided for state law enforcement officers in 11 agencies, correctional officers, judges, state attorneys, public defenders, regional conflict counsels, Guardian Ad Litem attorneys and child advocates, attorneys in the Department of Legal Affairs and certified nurse assistants and therapy aides in the Department of Veteran Affairs. **Total - \$183.1 billion (\$109.7 million GR), all recurring.**

HB 7059 – Detention of Prolific Juvenile Offenders – In an attempt to reduce crimes committed by juveniles who are returned to the community while new charges are pending or while the juvenile is awaiting placement in a residential program, this bill increases secure detention for certain juveniles. Newly defined “Prolific Juvenile Offenders” must now be placed in detention until the disposition of their cases. The bill also requires secure detention for a delinquent awaiting placement in a nonsecure residential program. The bill also provides that nonsecure detention periods are tolled on the date a violation of detention is alleged and that days served in detention before a violation of detention do not count toward current detention limits, so that detention may be continued by the court after a violation. The bill appropriates \$5,956,024 for the estimated increase of 83,000 secure detention days. Counties that are not fiscally constrained are required to share the cost of secure detention with the state. Half of the bill’s appropriation is non-recurring—covering the first year of the counties’ share. **Total - \$6.0 million, \$3.0 recurring GR.**

HB 7069 - Education “Train” – Often, late in the session, measures from disparate education bills are amended onto other bills, creating “trains.” HB 7069 became a massive budget conforming bill that was unveiled late on the last day of session. Many education issues that were in other bills had been rolled into this 278-page bill. The bill was formulated in close door meetings and was unveiled late in the budget conference, making it a “must pass” bill. There are good provisions in the bill. However, bringing issues into the budget conference late—especially ones that could not pass in their original bills—is simply something that should not be done. The bill appropriates \$419.0 million to implement some of the provisions: \$234.0 million to expand the Best and Brightest Teacher Scholarship Program and create a similar program for principals; \$30.0 million to expand the Gardiner Scholarship Program; and \$15.0 million to implement changes to statewide student assessments. The remaining \$140.0 million is for “the remaining provisions of this act”, but it is expected most of it will fund the Schools of Hope Program and the Schools of Hope Revolving Loan Program. These programs, priorities of Speaker Richard Corcoran, will attract top charter schools to Florida to open schools near perpetually failing public schools. **Total - \$419.0 million, all GR, \$5.0 non-recurring.**

HB 7115 – Dozier School for Boys - This bill deals with one of the darkest chapters in Florida’s history. From 1900 to 2011, Florida operated a reform school, most recently named the Dozier School for Boys. After allegations by former students of severe abuse surfaced, researchers found 55 sets of human remains

on the site. Some died in a dormitory fire and others are believed to have died from abuse. The bill appropriates \$1.2 million to the Department of Management Services for the reinternment of exhumed remains and to establish a memorial. **Total - \$1.2 million, all GR, all non-recurring.**

Total Major Bills - \$2.423 billion (\$553.8 million GR, \$1.860 billion TF), \$603.0 million recurring.

CLAIMS BILLS

The doctrine of sovereign immunity protects governments from being sued and having to pay large liability settlements without their consent. In Florida, claims are capped at \$200,000 per person and \$300,000 per incident. Florida, like other states, has a process for persons to be compensated above the caps when they are harmed through the negligence or error of a public officer or entity. Claims may be settled in excess of the caps—up to the limits of insurance coverage—without further action by the legislature. But for all other claims that exceed those capped amounts, a claim bill—sometimes called a relief bill—must be filed with the Florida Legislature. Majority approval in both chambers is required for passage. This year, the Legislature passed five bills paying claims against the state. These bills make appropriations totaling \$7,616,940 to compensate the injured parties for negligence on the part of state agencies, including attorney and lobbying fees. One settlement includes two payments of \$1.875 million spread over two years. In addition, eight bills were passed directing various local governments to pay \$17.1 million in claims with local funds.

SB 18 – \$3,750,000 from the Department of Children and Families for damages suffered by two children who were severely neglected and abused by their foster and adoptive parents, resulting in the death of one child and severe injuries to other. (\$1.875 million in FY2017-18 and \$1.875 million in FY2018-19).

HB 6501 – \$950,000 from the Agency for Persons with Disabilities (successor agency²) for the damages suffered by a developmentally disabled woman who was raped and impregnated by the husband of the owner of the group home in which she lived and which was supervised by the Department of Children and Family Services.

HB 6511 – \$800,000 from the Department of Children and Families for injuries and damages suffered by a girl in foster care who was allowed to stay in the home of a registered sex offender.

HB 6519 – \$1,116,940 from the Department of Transportation. DOT failed to keep a roadside drain unclogged and the resulting pool of water contributed to a tanker truck crash and the death of the driver.

HB 6539 – \$1.0 million from the Agency for Persons with Disabilities (successor agency) due to the negligence of the Department of Children and Family Services which led to the disappearance and death of an 18-year old developmentally disabled boy who was in a DCF residential facility.

Total Claims Bills - \$5.7 million (\$2.75 million GR, \$3.0 million TF), plus \$1.875 million in FY2018-19.

² In 2004, the Agency for Persons with Disabilities became an agency separate from the Department of Children and Family Services, which became known as the Department of Children and Families in 2007. That name was codified in statute in 2012.

BILLS FUNDING AGENCY IMPLEMENTATION COSTS

SB 590 – Authorizes the Department of Revenue to establish parenting time plans to which both parents have agreed in Title IV-D child support actions. **\$1.041 million (all GR, \$350,476 recurring).**

SB 1018 – The Department of Environmental Protection is directed to compile a report on the potential for using the Inland Protection Trust Fund to respond to the damage to underground storage tank systems caused by ethanol or biodiesel. **\$25,000 non-recurring trust fund (TF).**

SB 1520 – The Department of Business and Professional Regulation will revise the requirements for the optional termination of condominium associations. **\$89,052 (all TF, \$85,006 recurring), includes 1 position.**

SB 7022 – The Department of Management Services will implement a new law that provides that state employees will be offered additional benefit levels, products and services in the State Group Health Insurance Program. If an employee chooses a benefit level that costs the state less, the employee can use the savings for other benefits or as salary. **\$658,762 (all TF, \$151,216 recurring), includes 2 positions.**

HB 181 – The Division of Emergency Management will create the Natural Hazards Interagency Workgroup to share information on the impacts of natural hazards throughout the state and collaborate on statewide initiatives to address those impacts. **\$88,784 (all TF, \$84,738 recurring), includes 1 position.**

HB 293 – The Department of Education will contract for a study of states with high performing middle schools in reading and mathematics. DOE must submit recommendations to improve middle school student performance. **\$50,000 non-recurring GR.**

HB 615 – The Department of Business and Professional Regulation must make technology and licensing modifications to implement the “Occupational Opportunity Act” which expands veterans’ fee waivers and exceptions to licensure requirements for professions regulated by the Department. **\$31,000 non-recurring TF.**

HB 727 – The Department of Business and Professional Regulation is directed to create a voluntary process to certify places of public accommodation as conforming to the requirements of the federal Americans with Disabilities Act (ADA) after inspection by a qualified expert. **\$160,000 (all TF, \$5,000 recurring).**

HB 859 – The Department of Education will create the Postsecondary Reciprocal Distance Education Coordinating Council to allow Florida postsecondary institutions to offer online courses to students across the country and for Florida students to take online courses offered by out-of-state institutions. **\$225,534 recurring TF, includes 2 positions.**

HB 1121- The Department of Children and Families will establish a pilot program based on the shared family care model to serve substance exposed newborns and their families **\$250,000 non-recurring GR.**

HB 5301 – The Department of Law Enforcement is responsible for the administrative costs of the newly created Florida Cyber Security Task Force - **\$100,000 non-recurring GR.**

HB 7109 - The Legislature's tax cut package appropriates \$531,780 to the Department of Revenue for the costs associated with the Disaster Preparedness and Back to School Sales Tax Holidays and \$149,818 to implement the reduction in the Business Rent Tax rate and the new sales tax exemption for feminine hygiene products. Most of the cost comes from having to notify several hundred thousand sales tax dealers. **\$681,598 non-recurring GR.**

Total Agency Implementation Costs - \$3.4 million (\$2.1 million GR, \$1.3 million TF), \$0.9 million recurring.

SPECIAL SESSION BILLS MAKING APPROPRIATIONS

Unhappy with the funding provided by the Legislature for public schools and economic development programs, Governor Scott called lawmakers back in a three-day special session to increase appropriations. In addition to vetoing \$409.2 million worth of mostly member projects, the governor also vetoed the entire \$11.458 billion state contribution to the Florida Education Finance Program (FEFP) which provides the bulk of the funding for public schools. The Legislature also set the Required Local Effort (RLE) contribution to be made by school districts (through local property taxes) at \$7.604 billion.

As the Special Session wore on, some additional issues were added to the "call" (the list of issues that could be taken up in Special session). The following bills making appropriations were passed in Special Session.

HB 1A - Economic Development – During the Regular Session, the House had proposed eliminating both VISIT Florida (VF) and Enterprise Florida (EFI), against the strenuous objections of the Governor, Florida TaxWatch and many others. The Legislature passed a bill with reduced funding for VF (\$25.0 million) and EFI (\$16.0 million) along with added accountability and oversight requirements. The Legislature did not fund an economic development incentive fund the Governor wanted. HB 1A increased funding for VF (\$76.0 million, same as current funding) and provided \$16.0 million for EFI. In addition, the bill creates an \$85.0 million Florida Job Growth Grant Fund. The Governor may approve these funds for public infrastructure and workforce training projects that improve economic development. The Department of Economic Opportunity (DEO) and EFI may recommend projects to the Governor. No funds may benefit only one entity.

In a late deal, the legislature added a \$50.0 million appropriation sought by the Governor for repairs to the Herbert Hoover Dike along Lake Okeechobee. In return, the Legislature partially re-funded 16 higher education projects (\$60.0 million) that had been vetoed. Most of these are college and university construction projects. **Total - \$287.0 million (\$110 million GR, \$177.0 million TF), \$75.1 million recurring.**

HB 3A - Public School Funding – This bill provides additional funding for the FEFP of \$215.1 million more than provided in the Regular Session. All of the added money will come from state funds, there are no added property taxes. The result is total per-student funding of \$7,296.13, exactly \$100.00 (1.4%) more than the current year and \$75.51 more than the original budget. The \$100 increase is made up of \$94.65 of state funds and \$5.35 from local RLE. **Total - \$215.1 recurring GR.**³

³ The Governor vetoed the entire \$11.5 billion appropriation for the FEFP. HB 3A appropriated \$11.7 billion for the FEFP. The additional funding provided in HB 3A is \$215.1 million.

HB 8A – Medical Marijuana – The Legislature failed to pass a bill during the Regular Session to implement the medical marijuana constitutional amendment passed by the voters in 2016. The issue was added to the call, and an agreement was reached. The bill includes \$15.1 million in appropriations and 55 new positions. The Department of Health gets \$8,793,440 and 55 new positions to implement the law and \$500,000 for a cannabis education and prevention campaign. The Department of Highway Safety and Motor Vehicles gets \$5,000,000 for an impaired driving campaign and \$100,000 to train law enforcement officers in drug recognition. And \$750,000 is provided to the Coalition for Medicinal Cannabis Research and Education at the Moffit Cancer center. **Total - \$15.1 million (\$8.8 million GR, \$6.3 million TF), \$5.4 million recurring.**

Total Special Session - \$517.3 million (\$333.9 million GR, \$183.3 million TF) \$295.6 is recurring

“BACK OF THE BILL”

After the appropriations for all state agencies are laid out in sections 1-7 of the GAA, there are a number of additional provisions that are listed in what is known as the “Back of the Bill.” This includes details on salary and benefit adjustments, authorization for universities and colleges to construct facilities with non-appropriated sources (which will require GR to operate), trust fund sweeps, and constitutionally required transfers to the Budget Stabilization Fund.⁴

The Back of the Bill also includes reversions and re-appropriations of the unexpended balances of previous appropriations.⁵ The reappropriations are usually for the same purpose as originally appropriated, but are sometimes used for other things.

There are also additional appropriations made in the Back of the Bill. Usually these are designated for the current budget year (in this case FY 2016-17) but sometimes they are not—presumably meaning they are for the upcoming budget year (FY 2017-18). None of the Back of Bill provisions are included in the total appropriations listed in the GAA. This report does not consider reappropriations as new appropriations and does not include new appropriations designated for FY 2016-17 in its total. However, there are two appropriations not specifically designated for FY 2016-17.

Section 31 - \$75.2 million in state funds and \$110.3 million in federal funds are appropriated to compensate Medicaid Managed Care Organizations for underpayments due to incorrect rate calculations.

Sections 32 - \$10.0 million is provided to the Agency for Health Care Administration to implement a certified public expenditure program for Emergency Medical Services (Patient Transportation) that was authorized last year.

Total Back of the Bill- \$195.4 million (\$55.8 million GR, \$139.7 million TF), all nonrecurring.

⁴ The State Constitution mandates that the Budget Stabilization Fund must maintain a balance of not less than 5% and not more than 10% of the last completed fiscal year's net general revenue collections. Funds in the BSF may only be used for GR deficits or emergency funding. Section 95 of the GAA transfers \$32.1 million from GR to the BSF to provide the required balance of \$1.416 billion.

⁵ Sometimes, unspent dollars are reverted without being reappropriated. In that case, the money is returned to the fund it came from.

APPROPRIATIONS FOR FY2016-17 IN THE FY2017-18 GAA

Section 20 - \$2.6 million in fixed capital outlay funds to the Department of Education for community colleges and school districts.

Section 29 - \$20.7 million (\$0.9 million GR) to the Agency for Health Care Administration to support current deficits in the Florida KidCare Program.

Section 30 - \$83.5 million in TF to the Agency for Health Care Administration to support current deficits in the Medicaid Program.

Section 35 - \$2.1 million in GR to the Agency for Health Care Administration to support current deficits in the Title XIX Children's Medical Service Program.

Section 41 - \$9.5 million in TF to the Department of Children and Families to mitigate operational deficits experienced by Community-based Care lead agencies.

Section 47 - \$16.0 million in federal funds to the Department of Health for Federal Nutrition Programs.

Section 48 - \$5.0 million in federal funds to the Department of Health for Women, Infants, and Children (WIC) services.

Section 49 - A non-operation transfer of \$7.0 million in GR to the Clerks of the Court Trust Fund for deficits in the Clerk's court related functions.

Section 57 - \$1.0 million in GR to the Justice Administrative Commission to address due process payment deficits.

Section 58 - \$600,000 in GR the Criminal Conflict and Civil Regional Counsels for operational deficits.

Section 93 - \$1.1 million in GR for costs associated with the Constitutional Revision Commission.

Total FY2016-17 - \$149.0 million (\$12.7 million GR, \$136.3 million TF) all nonrecurring.

For more information on the appropriations made by the 2017 Legislature, keep an eye out for Florida TaxWatch's new *Taxpayer's Pocket Guide to Florida's FY2017-18 State Budget*, coming soon.

The monthly Budget Watch is written by **Kurt Wenner, VP of Research**

Robert Weissert, Executive VP & Counsel to the President & CEO

Chris Barry, Director of Publications

David Mann Chairman of the Board of Trustees, Florida TaxWatch

Dominic M. Calabro, President and CEO, Publisher & Editor

Florida TaxWatch Research Institute, Inc.

www.floridataxwatch.org

Copyright © Florida TaxWatch