

Florida TaxWatch Report

**DESPITE
INCREASED
FUNDING FOR
FLORIDA'S WATER
RESOURCES AND
THE CREATION OF
NEW COMPETITIVE
GRANTS
PROCESSES,
LOCAL MEMBER
EARMARKS ARE
PROLIFERATING**

March 2023



INTRODUCTION

Florida has been making very large investments in the protection and restoration of the state's water resources. On his second day in office, Governor Ron DeSantis issued an Executive Order making water a top priority. The Executive Order called for funding of \$2.5 billion over four years—\$625 million a year—to significantly expedite Everglades restoration and enhance the protection of our water systems.¹ This goal was surpassed, with \$3.3 billion appropriated by the Florida Legislature in the last four years for specific key water funding in addition to hundreds of millions more in water-related appropriations also in the state budget.

In 2020, the Governor and Legislature created the Wastewater Grant Program, which has received funding of \$741 million. They also created the Office of Resilience and Coastal Protection to help ensure Florida's coastal communities are prepared for the impacts of flooding and sea-level rise. In 2021, the Resilient Florida Grant Program, with a dedicated source of funding, was created to help local governments with resiliency projects and planning.

Despite all this additional funding made available by the Legislature through both new and established grant programs, scores of member requests for local water and resiliency projects also appear in the budget without going through a grant review process by the Department of Environmental Protection (DEP).

Florida TaxWatch supported the Governor's water restoration and resiliency funding recommendations. In a 2020 report, we highlighted the many environmental, economic, health, and recreational benefits this investment can provide to the public.² Another Florida TaxWatch report examined the effects of climate change and sea level rise on each sector of Florida's economy, and recommended ways to mitigate those impacts.³

Florida TaxWatch also supports the integrity of the state budget process. Each year, in our Budget Turkey Watch report,⁴ we identify appropriations that circumvent proper review, transparency, and accountability standards. The report is presented to the Governor for inclusion in his or her budget review and veto considerations. Water-related member projects have been a focus of that report.

This report examines the various avenues for local

funding assistance that currently exist, how the Legislature funds water projects requested by members, and makes recommendations to improve the process.

SOURCES FOR LOCAL WATER PROJECT FUNDING ASSISTANCE

The Legislature has created a number of grant programs to help local governments secure funding for water protection and restoration projects. The programs are administered by the Florida Department of Environmental Protection (DEP) and projects are evaluated by the agency using established criteria and priorities (usually in statute). Competitive grant programs help ensure that the best projects are awarded funding under a coordinated, statewide framework and adhere to goals such as letting science dictate the best way to use available funds. Many programs also consider the relative ability of local communities to fund all or part of the projects themselves.

The following is a summary of these funding programs and the amount appropriated for them over the last two years. Most of these programs are recurring but funding can vary significantly from year to year, especially with all the non-recurring federal pandemic aid funding that was available.

Wastewater Grant Program: This program, created in 2020, provides grants to local governments for projects that reduce excess nutrient pollution within a basin management action plan, alternative restoration plan, or rural area of opportunity (RAO).⁵ There is a 50 percent match requirement which may be waived by DEP for RAOs. Project selection criteria to be considered include nutrient reductions, project readiness, cost effectiveness, overall environmental benefit, project location, local matching funds and water savings and water quality improvement. The program prioritizes septic to sewer conversion projects. The 2023 Legislature is considering legislation to expand the program to include projects intended to restore an impaired water body.⁶

FY 2022-23 and 2021-22 Appropriations: \$741 million (Including \$500 million from the federal Coronavirus State Fiscal Recovery Fund.)

1 Executive Office of the Governor, [Executive Order 19-12: Achieving More Now For Florida's Environment](#), January 2019.

2 Florida TaxWatch, [We Can't Wait on Water: The Restoration and Protection of Florida's Water Resources is an Essential Taxpayer Investment](#), January 2020.

3 Florida TaxWatch, [A Rising Tide Sinks All Homes - The Effects of Climate Change on Florida's Economy](#), October 2021.

4 <https://floridatxwatch.org/Research/Budget-Turkeys>

5 Section 288.0656, Florida Statutes.

6 Under the federal Clean Water Act, every two years, DEP develops and submits to the EPA a list of impaired water bodies that do not meet established water quality standards.

Small Community Wastewater Grant Program: As a supplement to the Wastewater Grant Program, the 2021 Legislature made a one-time \$25 million appropriation from the federal Coronavirus State Fiscal Recovery Fund to assist local governments with septic to sewer programs and wastewater system upgrades. Rural Areas of Opportunity and Fiscally Constrained Counties⁷ were eligible. There was no match requirement.

FY 2021-22 Appropriations: \$25 million (no appropriation in FY 2022-23)

Water Quality and Supply Program: These grants help communities plan for and implement reclaimed water, aquifer recharge, water conservation and other alternative water supply projects. Projects are selected by the DEP Office of Water Policy and Ecosystems Restoration. Those seeking funding must first work with their local Water Management District to develop a proposal and only projects approved at the district are submitted to DEP for funding consideration.

FY 2022-23 and 2021-22 Appropriations: \$90 million (Including \$40 million from the federal Coronavirus State Fiscal Recovery Fund.)

Septic Upgrade Incentives: A two-year program to incentivize homeowners in Priority Focus Areas⁸ to upgrade their septic system to include nitrogen reducing enhancements. Septic upgrades are now part of the Wastewater Grant Program and DEP is working with Citrus, Hernando, Leon, Marion, Orange, Pasco, Seminole, Volusia, and Wakulla counties to establish county-specific Septic Upgrade Incentive Programs.

FY 2022-23 and 2021-22 Appropriations: \$20 million

Non-point Source Grants: This program awards both federal and state grants⁹ with the goal of reducing nonpoint source pollution. Non-point source pollution results from stormwater runoff picking up and carrying natural and human-made pollutants from diffuse sources and depositing them into lakes, rivers, springs, wetlands, coastal waters and groundwater. Eligible recipients are county and municipal governments, special districts, water management districts, state agencies, public universities/colleges, and national estuary programs located in Florida. Priority may be given to shovel-ready green stormwater infrastructure.

⁷ Section 218.67, Florida Statutes. Counties with a limited property tax base, where one mill would raise no more than \$5 million. There are 29 Fiscally Constrained Counties in Florida.

⁸ Areas where a spring is likely to be most adversely impacted by activities. <https://geodata.dep.state.fl.us/datasets/FDEP::springs-priority-focus-areas/about>

⁹ Federal Clean Water Act Section 319(h) and State Water Quality Assistance Grants.

¹⁰ Eligible restoration plans are Basin Management Action Plans or Reasonable Assurance Plans.

FY 2022-23 and 2021-22 Appropriations: \$27 million

Springs Restoration: In 2016, the Legislature dedicated \$50 million annually from the Land Acquisition Trust Fund (LATF) for springs restoration. Matching grants are available to assist local governments with land acquisition to protect springs and capital projects that protect the quality and quantity of water that flows from springs.

FY 2022-23 and 2021-22 Appropriations: \$150 million (Including \$25 million from the federal Coronavirus State Fiscal Recovery Fund.)

Innovative Technology Grants: Grants are available to local governments for innovative projects to combat algal blooms and nutrient enrichment, restore and preserve Florida waterbodies, and implement water quality treatment technologies. Eligible projects are those that mitigate, clean up or prevent (especially through nutrient reductions) algal blooms, or improve the ability to predict and monitor algal blooms. Priority is given to new technology, or the new application of known technology, that has proven to achieve the proposed benefits without environmental harm. Other considerations for funding include: whether the technology scalable and ready to construct; whether it provide water quality benefits; and whether it will be applied in an area with a water quality restoration plan?¹⁰

FY 2022-23 and 2021-22 Appropriations: \$25 million

Water Supply Restoration Funding Program: Funding provides for the restoration of safe drinking water to well owners impacted with potential health hazards due to man-made contamination. To qualify for funding, the well water must contain levels of man-made contaminants that exceed established safe levels. The most cost-effective remediation alternative must be selected. Projects have been funded in almost every county throughout the state.

FY 2022-23 and 2021-22 Appropriations: \$2 million

Drinking Water State Revolving Fund: Low-interest loans are available to eligible entities for planning, designing, and constructing public water facilities. DEP receives requests for funding throughout the year and establishes a priority list for the following annual cycle. Funding below includes \$141 million in supplemental funding in FY 2022-23 for lead and emerging contaminant treatment.

FY 2022-23 and 2021-22 Appropriations: \$380 million

Clean Water State Revolving Fund (CWSRF): This program provides low-interest loans for planning, designing, and constructing water pollution control facilities. This includes wastewater, stormwater, and certain energy and other types of projects. DEP establishes project priorities and uses the local governments' requests to list projects in priority order at the beginning of each fiscal year and each quarter, thereafter, as funds are available. Funding includes \$3 million in supplemental funding in FY 2022-23 for emerging contaminant treatment.

FY 2022-23 and 2021-22 Appropriations: \$479 million

Small Community Wastewater Construction Grants: Small communities and wastewater authorities that have received a CWSRF grant may significantly reduce the amount of the loan they must repay through this program. An eligible small community must be a municipality, county, or authority with a total population of 10,000 or less and have a per capita income that is less than the state average. Projects compete separately for planning, design, and construction grants. Priority is given to projects that address a public health risk or are included in a Basin Management Action Plan. Based on the community's affordability index, between 70 percent and 90 percent of the loan can be forgiven.

FY 2022-23 and 2021-22 Appropriations: Included in CWSRF

Small And Disadvantaged Communities Water Infrastructure Improvements: These grants are administered through the Small Community Wastewater Construction Grants Program. Assessments are levied on CWSRF loans not made through the federal capitalization grant. These funds are deposited in DEP's Federal Grants Trust Fund and made available to financially disadvantaged small communities with a population of 10,000 or less.

FY 2022-23 and 2021-22 Appropriations: \$35 million

SOURCES FOR LOCAL RESILIENCE AND FLOODING FUNDING ASSISTANCE

In 2021, the Legislature passed legislation (SB 1954) to ensure a coordinated approach to Florida's coastal and inland resiliency. Several new programs and initiatives

were created to address flooding and sea level rise on the state, including the Resilient Florida Grant Program, the development of a comprehensive flood vulnerability and sea level rise data set, and a Statewide Flooding and Sea Level Rise Resilience Plan.

Resilient Florida Grant Program: Counties, municipalities, and other eligible entities can obtain grants to fund projects identified in the Statewide Flooding and Sea Level Rise Resilience Plan to address risks identified in a vulnerability assessment. There is a 50 percent match requirement. Grants are also available to cities, counties, and regional resilience entities to fund the costs of community resilience planning.

FY 2022-23 and 2021-22 Appropriations: \$744 million (Including \$700 million from the federal Coronavirus State Fiscal Recovery Fund.)

Statewide Flooding and Sea Level Rise Resilience Plan: A list of ranked projects submitted by cities and counties that address risks posed by flooding and sea level rise. The plan must propose \$100 million in funding and be submitted to the Legislature for approval each year. Local governments, regional resilience entities, and water management districts submit proposed projects to which are evaluated under a statutory scoring system.

FY 2022-23 and 2021-22 Appropriations: \$271 million

This \$3.0 billion in appropriations for water and resiliency grants described above is not all the money the Legislature appropriates for water restoration and protection projects. There has also been \$1.0 billion for Everglades Restoration, \$75 million for Total Maximum Daily Loads (TMDL),¹¹ \$113 million for the C-51 Reservoir, \$52 million for water management districts, and \$90 million for water quality improvements for the Caloosahatchee, Peace River, and Springs Coast watersheds, and Biscayne Bay. There are also numerous member projects, which are discussed in the following section of this report.

INCREASING NUMBER OF LOCAL MEMBER WATER PROJECTS BYPASS THE NUMEROUS GRANT PROGRAMS AVAILABLE

Despite the creation of several new local water funding assistance programs—along with many existing ones—scores of earmarked local water projects are

¹¹ A TMDL is a scientific determination of the maximum amount of a given pollutant that a surface water can absorb and still meet the water quality standards that protect human health and aquatic life. Waterbodies that do not meet water quality standards are identified as "impaired" for the particular pollutants of concern- nutrients, bacteria, mercury, etc.- and TMDLs must be developed, adopted and implemented to reduce those pollutants and clean up the waterbody.

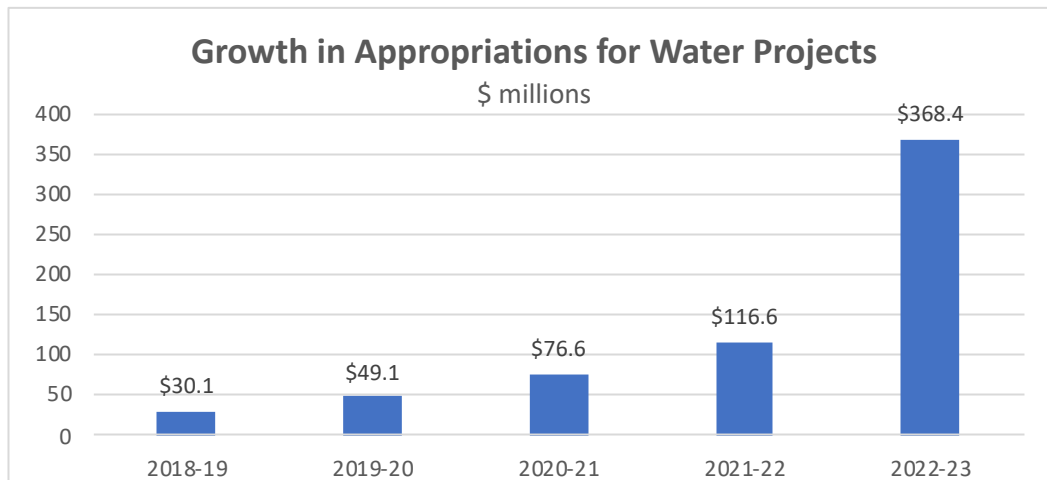
submitted as member projects, circumventing formal, competitive selection processes, and a comprehensive, coordinated, statewide strategy. Although some are spread throughout the Department of Environmental Protection (DEP) budget, most are grouped in a single line-item simply called “Water Projects.” In the current FY 2022-23 budget, that line-item contains 243 projects worth \$368.4 million—more than triple the previous year’s record dollar amount. In the last four years, 642 local member water projects, costing \$641 million, have been appropriated.¹²

The “Water Project” appropriation contains different types of projects, and a significant number are wastewater projects, including septic to sewer conversions, which are the focus of the new Wastewater Grant program. Member projects should go through this, or other, grant process instead of being earmarked.

being added to the budget at the last minute, through the conference process or the “sprinkle lists.” Instead, the report repeatedly recommended the establishment of a formal grants process, with review and prioritization by experts, for local water projects.

But now there is a Wastewater Grant Program, along with a Resilient Florida Grant Program, added to the existing array of local project funding assistance. Last year, Florida TaxWatch specified the wastewater projects in the water project appropriations as turkeys for bypassing these legislatively created competitive grants processes. There are other projects in this line-item that likely could have sought funding through other programs, including flooding and resiliency. The next Budget Turkey Watch report will apply this review to more water projects, highlighting the ones that should have sought funding through existing programs.

Table 1



Pre-veto appropriations for the main line-item for member projects, labeled “Water Projects”.

Source: Florida TaxWatch, using data from the General Appropriations Act.

CONCLUSIONS AND RECOMMENDATIONS

The annual Florida TaxWatch Budget Turkey Watch report has continually highlighted local water projects. One of the criteria for being labeled a budget turkey is a project that bypasses existing competitive selection processes. Because there was no existing specific selection process for many of these member projects, especially wastewater, and because the need was so great, Florida TaxWatch did not include these projects as budget turkeys, unless an individual project meets another criterion, such as

Instead of earmarking individual projects, the integrity of the budget process and the state’s water funding program would be better served by adding the money appropriated for these member projects to the grant pots and require all water projects to go through a competitive selections process. For wastewater, this would allow DEP to prioritize the funding of projects in watersheds adjacent to “Impaired Waters,” subject to restoration activities where wastewater improvement projects are critical. Other types of water projects would be subjected to established criteria and priorities. Many of the grant programs also take into consideration the relative

¹² Many have been vetoed by the governor. This total does not include other member projects scattered throughout the DEP budget, outside of the “Water Project” line-item.

financial ability of the requesting local government. The current process is contrary to the Governor's and the Blue-Green Algae Task Force's recommendation¹³ that project selection should be more strategic, comprehensive, and determined using the best scientific data. This helps ensure that limited available funds for a massive need are spent where they will get the best return on investment. That is what Florida's taxpayers deserve.

¹³ Executive Office of the Governor, [Executive Order 19-12: Achieving More Now For Florida's Environment](#), January 2019 and the [Blue-Green Algae Task Force Consensus Document #1](#), October 2019.

ABOUT FLORIDA TAXWATCH

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.

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