

# BUDGETWATCH

## HOUSE AND SENATE BUDGET PROPOSALS ARE \$3.3 BILLION APART

*There are plenty of issues to negotiate*

**The House and Senate have passed their respective budgets and now must hold budget conference meetings to hammer out the differences.** An agreement must be reached on every number and every word in the 400-plus page appropriations bill. Budget negotiations are never easy and this year will be no exception, even with so much money available. There is more than enough to haggle over, including big potential sticking points in education, health care, the environment, and public safety, not to mention an unprecedented number of local member projects.

The Senate budget has a bottom line of \$108.6 billion and the House spending plan carries a \$105.3 billion price tag. These budgets represent increases of 6.8 percent and 3.6 percent, respectively, over current spending of \$101.7 billion. Because there are fewer new federal dollars available, more of the budget is made up of general revenue than last year—14.4 percent more in the Senate and 7.4 percent more in the House.

A sizable increase in the budget was certainly not unexpected. With billions of dollars in federal aid having poured into Florida and the economy now producing tax revenue at pre-pandemic levels, the state is now expected to have a budget surplus of \$11.3 billion at the end of the current fiscal year (not counting \$3.5 billion in unappropriated federal Fiscal Recovery Funds expected to be received later this year). Including those funds, the 2022 Legislature has almost \$54 billion in GR available for the new budget. Last session, lawmakers appropriated \$36.5 billion in GR for the current budget.

TABLE 1. COMPARING THE HOUSE AND SENATE BUDGETS

	Senate Budget SB2500	House Budget HB5001	Senate +/- House
<b>POLICY AREA</b>			
Education	\$28,438.8	\$28,025.9	\$412.9
Human Services	\$47,867.3	\$47,058.6	\$808.7
Criminal Justice	\$7,035.1	\$5,254.3	\$1,780.8
Transportation	\$12,235.9	\$11,980.3	\$255.6
Env./Nat. Resources	\$5,679.9	\$5,050.3	\$629.6
Gen. Government	\$6,672.4	\$7,272.5	(\$600.1)
Judicial Branch	\$667.6	\$635.0	\$32.6
<b>Total</b>	<b>\$108,596.9</b>	<b>\$105,276.8</b>	<b>\$3,320.1</b>
<b>FUND</b>			
General Revenue	\$41,715.8	\$39,157.8	\$2,558.0
State Trust Funds	\$28,366.9	\$28,417.6	(\$50.7)
Federal Funds	\$38,514.2	\$37,701.4	\$812.8
<b>FTEs</b>	<b>111,581</b>	<b>114,434</b>	<b>(2,853)</b>

This Budget Watch looks at how the House and Senate are proposing to deal with this historic amount of available revenue at their disposal. It highlights the most significant differences between the two plans that will need to be resolved in the budget conference process.

## BESIDES THE \$3.3 BILLION GULF BETWEEN THE BOTTOM LINES, HOW DO THE HOUSE AND SENATE BUDGETS DIFFER?

### EDUCATION

	House	Senate	Current Spending
<b>Public Schools (including local funds):</b>	\$27.180	\$27.183	\$26.383
<b>FL Education Finance Program</b>	\$24.060	\$24.064	\$22.877
State Funds	\$13.236	\$13.331	\$12.626
Local Funds	\$10.724	\$10.733	\$9.973
Per Student (not including reserve)	\$8,081	\$8,111	\$7,758
Required Local Effort Millage	4.354	4.354	4.354
<i>(includes .748 mill discretionary levy)</i>			

**Public Schools** - The basic numbers in the Florida Education Finance Program (FEFP) are close. Both chambers provide a significant increase in per-student funding (see above), the Senate goes a little higher. However, there is one difference that sticks out. The House includes a provision to penalize the 12 school districts that defied the Governor’s ban of mask mandates. The “Putting Parents First Adjustment” would take \$200 million from the offending schools and distribute it to the other districts that did not impose mask mandates.

The House increases the Teacher Salary Increase Allocation from \$550.0 million to \$800.0 million, while the Senate provides a \$50.0 million increase. The Senate would increase the Mental Health Assistance Allocation by \$20.0 million and the Reading Instruction Allocation by \$40.0 million, while the House provides no increase.

**Universities** - Both chambers propose \$560 million in performance funding—a \$265 million state investment and \$295 million redistributed from the universities’ base.

**Colleges** - The House provides a \$129.2 million increase for the state colleges, while the Senate reduces funding by a small amount. The House provides \$59.0 million to colleges to create the PIPELINE Fund for performance-based incentives to reward improvement of nursing program completion and licensure rates and the Linking Industry to Nursing Education (LINE) Fund to incentivize collaboration between nursing education programs and health care partners to expand nursing education and faculty recruitment.

# COMPARING THE HOUSE AND SENATE BUDGET

TABLE 2. FY2022-23 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)	\$682.6	\$949.0	\$(266.4)	\$251.1	\$431.5	\$697.9	0	0
Agriculture & Consumer Services	\$2,167.8	\$1,775.6	\$392.2	\$1,774.3	\$393.5	\$1.3	3,803.25	3,822.25
Business & Professional Regulation	\$155.4	\$159.7	\$(4.3)	\$167.4	\$(12.0)	\$(7.7)	1,545.25	1,546.25
Children & Families	\$3,726.6	\$3,869.8	\$(143.2)	\$3,765.3	\$(38.7)	\$104.5	12,231.75	12,230.75
Citrus	\$40.3	\$26.7	\$13.6	\$38.6	\$1.7	\$(11.9)	28	27
Commission on Offender Review	\$12.3	\$12.3	\$-	\$12.5	\$(0.2)	\$(0.2)	146	132
Corrections	\$4,652.7	\$2,932.6	\$1,720.1	\$2,913.4	\$1,739.3	\$19.2	22,844.00	25,453.00
Economic Opportunity	\$1,160.2	\$1,296.7	\$(136.5)	\$1,105.4	\$54.8	\$191.3	1,510.00	1,509.00
Education	\$28,438.8	\$28,025.9	\$412.9	\$30,093.2	\$(1,654.4)	\$(2,067.3)	2,274.75	2,274.75
Elder Affairs	\$325.8	\$327.0	\$(1.2)	\$404.8	\$(79.0)	\$(77.8)	408	405
Environmental Protection	\$3,093.2	\$2,822.7	\$270.5	\$2,214.9	\$878.3	\$607.8	2,961.50	3,035.50
Financial Services	\$435.9	\$437.6	\$(1.7)	\$414.3	\$21.6	\$23.3	2,560.50	2,563.50
Fish & Wildlife Conservation	\$418.9	\$452.0	\$(33.1)	\$431.2	\$(12.3)	\$20.8	2,124.50	2,141.50
Governor's Office	\$1,629.7	\$1,610.3	\$19.4	\$1,696.2	\$(66.5)	\$(85.9)	488	465
Health	\$3,246.8	\$3,206.1	\$40.7	\$3,168.8	\$78.0	\$37.3	12,873.01	12,829.01
Health Care Administration	\$38,354.4	\$37,565.1	\$789.3	\$35,442.0	\$2,912.4	\$2,123.1	1,490.50	1,539.50
Highway Safety & Motor Vehicles	\$529.1	\$517.7	\$11.4	\$508.5	\$20.6	\$9.2	4,340.00	4,334.00
Justice Administration	\$1,065.4	\$1,056.6	\$8.8	\$1,054.3	\$11.1	\$2.3	10,668.00	10,661.00
Juvenile Justice	\$594.7	\$580.6	\$14.1	\$587.8	\$6.9	\$(7.2)	3,242.50	3,247.50
Law Enforcement	\$341.2	\$307.9	\$33.3	\$314.7	\$26.5	\$(6.8)	1,946.00	1,949.00
Legal Affairs	\$368.8	\$364.3	\$4.5	\$370.9	\$(2.1)	\$(6.6)	1,478.50	1,467.50
Legislature	\$219.3	\$219.3	\$-	\$219.3	\$(0.0)	\$(0.0)	0	0
Lottery	\$206.7	\$205.5	\$1.2	\$198.4	\$8.3	\$7.1	418.5	418.5
Management Services	\$744.5	\$961.6	\$(217.1)	\$946.2	\$(201.7)	\$15.4	1,177.50	1,347.50
Military Affairs	\$65.3	\$64.7	\$0.6	\$70.4	\$(5.1)	\$(5.7)	453	453
Persons with Disabilities	\$2,044.8	\$1,888.0	\$156.8	\$1,658.8	\$386.0	\$229.2	2,698.50	2,698.50
Public Service Commission	\$27.8	\$27.8	\$-	\$28.0	\$(0.2)	\$(0.2)	274	274
Revenue	\$626.9	\$648.3	\$(21.4)	\$614.7	\$12.2	\$33.6	5,011.75	5,019.75
State	\$148.7	\$147.5	\$1.2	\$119.4	\$29.3	\$28.1	444	444
State Courts	\$667.6	\$635.0	\$32.6	\$672.0	\$(4.4)	\$(37.0)	4,465.50	4,488.50
Transportation	\$12,235.9	\$11,980.3	\$255.6	\$10,252.6	\$1,983.3	\$1,727.7	6,175.00	6,175.00
Veterans Affairs	\$168.8	\$202.7	\$(33.9)	\$157.4	\$11.4	\$45.3	1,499.50	1,482.50
<b>Totals</b>	<b>\$108,596.9</b>	<b>\$105,276.8</b>	<b>\$3,320.1</b>	<b>\$101,666.8</b>	<b>\$6,930.1</b>	<b>\$3,610.1</b>	<b>111,581.26</b>	<b>114,434.26</b>

Source: Florida TaxWatch, compiled using HB 5001 and SB 2500, February 2022.

**Private Colleges & Universities** - The Senate increases funding for Effective Access to Student Education (EASE) tuition assistance grants by to \$3,000 and covers 37,705 students. The House would implement a new tiered system for schools where about 20 percent of students would get a higher award, most would get the same as this year (\$2,841) and 4,268 students would get only \$1,400. The Senate funds almost \$40 million in construction projects for private universities that the House does not.

**Early Learning** - The House provides a small per-student increase for the Voluntary Prekindergarten Program, while the Senate holds steady, but the Senate adds \$302 million to ensure all VPK instructors are paid a minimum wage of at least \$15 per hour. The Senate provides \$36.4 million to provide direct instructional support for at-risk School Readiness eligible 4-year-olds and \$30.0 million to implement the Early Literacy Micro-credential incentives, contingent on proposed legislation passing. Both chambers provide \$72.0 million to address the waiting list for school readiness services.

**Fixed Capital Outlay -**

<i>Repair and Maintenance</i>	<b>House</b>	<b>Senate</b>
Public Schools	\$0 million	\$0 million
Charter Schools	\$195.8 million	\$195.8 million
Colleges	\$0 million	\$0 million
Universities	\$0 million	\$0 million
<i>Construction</i>		
Public Schools	\$41.5 million	\$64.4 million
Colleges	\$45.4 million	\$44.6 million
Universities	\$97.3 million	\$381.9 million

The Senate propose a significant investment in university construction projects, including two member projects costing \$125.0 million and \$100.0 million. These are likely the two largest member projects we have ever seen.

**HUMAN SERVICES**

**Medicaid** - Both chambers provide \$2.2 billion to pay for workload and price level increases in the Medicaid program, which now serves five million people. The Senate funds the program at more than \$39.1 billion, almost \$1.0 billion more than the House. The Senate provides \$577.6 million to require a \$15 minimum wage for all Medicaid providers and nursing home employees and \$9.2 million for rate increases for maternal fetal medicine providers and organ transplants. There is also disagreement as to whether dental services should be part of the Medicaid Managed Care program or remain separate.

**Hospitals** - Both chambers propose cutting about \$300 million for what is known as the “critical care fund” and is used to increase reimbursements to safety net hospitals that treat large numbers of Medicaid patients. The House further proposes to cut \$100 million in Medicaid funding to all hospitals. This money, which is matched by federal funds, would be redirected to higher education to train future nurses.

**Agency for Persons with Disabilities** - The Senate provides \$381.5 million to raise wages of direct service providers under Florida’s Developmental Disabilities Individual Budgeting Waiver to at least \$15.00 per hour. The House provides \$42.0 million to reduce the waitlist for the Home and Community Based Services Waiver Program (iBudget) program.

**Department of Elder Affairs** - The House provides \$9.0 million--\$3.0 million more than the Senate--to reduce the number of elders on the waitlist for Alzheimer’s respite care. The House also provides \$1.1 million more than the Senate to reduce the community care for the elderly waitlist.

## ENVIRONMENT & NATURAL RESOURCES

**Everglades Restoration** - Both chambers would make a considerable investment in Everglades restoration, but the Senate provides more (\$880.9 million). The Senate provides an additional \$400 million for the South Florida Water Management District for projects to reduce harmful discharges from Lake Okeechobee.

**Water Quality Improvements** - Both chambers fund the new Wastewater Grant Program (Senate - \$125.0 million, House \$116.0 million). The Senate also wants to fund two major member projects the House does not include--\$65.0 million for the Palm Beach County C-51 Reservoir and \$39.7 million for the Dade City Wastewater Treatment Plant relocation and upgrade.

**Florida Forever/Land Acquisition** - The House provides \$100.0 million for land acquisition and the Senate provides \$90.0 million. The Senate also funds the acquisition of two properties requested by members (\$58.0 million). In addition, the Senate provides \$300.0 million to expand the Rural and Family Lands Protection Program to conserve land for wildlife corridors, water resource protection, and agriculture.

**Beach Restoration** - The Senate provides \$58.6 million and the House \$50.0 million for the state’s Beach Management Funding Assistance Program. The House further recommends an additional \$45.0 million for beach projects at state parks.

**Springs Restoration** - Both chambers provide \$50.0 million.

**State Park Improvements** - In addition to the state park beach projects mentioned above, the House provides \$131.5 million for park facility improvements. The Senate funds \$56.7 million.

## ECONOMIC DEVELOPMENT

### Department of Economic Opportunity's business development programs -

	House	Senate
Visit Florida	\$50.0 million	\$50.0 million
Enterprise Florida	\$12.0 million	\$12.0 million
Quick Response Training	\$7.5 million	\$7.5 million
Economic Development Tools	\$33.5million	\$34.3 million
Space Florida	\$12.5 million	\$14.1 million
Florida Job Growth Grant Fund	\$25.0 million	\$0.0 million

**Affordable Housing** - The Senate provides \$337.7 million for affordable housing programs, while the House funds only \$268.1 million.

**Housing and Community Development Projects** - A recurring theme in this budget, the Senate funds more member projects than the House--\$21.2 million to \$14.2 million.

## TRANSPORTATION

**DOT Work Program** - The House and Senate budgets both fund the Department of Transportation's (DOT) work program at \$10.8 billion, which makes up almost all of DOT's budget. Bolstered by a \$1.6 billion transfer of federal Coronavirus State Fiscal Recovery Fund dollars to the State Transportation Trust Fund, the proposed investment in the work program is an increase of \$1.7 billion over the current year. The two transportation budgets are very close, except for member projects.

**Local Member Transportation Projects** - The Legislature continues to fund a large number of these projects that bypass the transportation planning process and divert funds from projects that are in the DOT work program. The House has 48 projects worth \$50.3 million while the Senate includes nearly 90 projects worth \$346.5 million. A positive development this year is that all the House projects, and most of the big-ticket items in the Senate, are funded with General Revenue, not State Transportation Trust Fund dollars. These local transportation projects annually show up on the Florida TaxWatch Budget Turkey Watch report because they are not in the DOT work program and funding them from the STTF can displace other projects and spending in the work program. Using GR for these projects, a long-time recommendation of Florida TaxWatch, avoids this. TaxWatch has repeatedly called for the establishment of a competitive grants process for these local projects. Legislation proposed by the Governor last year to establish such a competitive, prioritized selection process for these projects did not gain traction.

## CRIMINAL JUSTICE

**Department of Corrections** - This is the agency with the largest dollar difference between the House and Senate budgets. The Senate provides the department with \$1.7 billion more than the House. Despite a prison population that has declined in recent years, the Senate provides \$1.3 billion to build two new 4,500-bed state prisons. The Senate says these efficient, state-of-the-art facilities will be safer for both officers and inmates and will allow for the closing of older, less efficient facilities to save on maintenance and repair. The Senate budget also funds two 250-bed hospitals (\$400.0 million) to care for the aging prison population. The House funds an additional 2,400 positions for Adult Male Custody Operations, including 900 placed in reserve in case prison populations increase.

The Senate would also increase the minimum salary for correctional and probation officers to \$41,600 (\$20 per hour) and provide retention pay increase of \$2,500, \$1,500, or \$1,000 based on years of service.

The Senate also provides \$19.9 million to increase private prison officers pay and \$14.0 million for increased private prison contracts.

## JUDICIAL BRANCH

The Senate funds state courts at \$667.6 million, while the House provides \$635.0 million. Both proposals are below current funding of \$672.0 million.

The House funds the Court's request of \$10 million for the Pandemic Recovery Plan, while the Senate provides \$1.0 million. However, the requested \$10.9 million and 65 positions for technology supports are not funded in the Senate budget and the House provides only \$1.8 million. Neither chamber funds the \$21.7 million to provide a 10 percent pay increase for Florida's trial court judges.

The Senate provides \$50.0 million to build a courthouse for the new 6<sup>th</sup> District Court of Appeal. Both chambers have passed legislation that would implement a Supreme Court recommendation to create a Sixth District Court of Appeal and seven new district court judgeships. However, the House and Senate disagree on where to put the headquarters. The Senate wants it in Polk County and the House wants it in Pinellas County. The House does not include construction funds in its budget.

## OTHER ISSUES

**Reserves** - The House budget leaves \$7 billion in unallocated general revenue. The Senate has not announced its planned reserves (several things beside the budget can impact reserves). The House also wants to create a fund to allow for budget amendments when inflation-driven costs exceed appropriations. This \$2 billion fund, filled with transferred GR, is named the Budgeting for Inflation that Drives Elevated Needs Fund, or the BIDEN Fund. The Legislature has already created a \$500 million

Emergency Preparedness and Response Fund that can be used at the sole discretion of the Governor in case of emergencies. The bill creating this fund is awaiting the Governor's signature.

**Trust Funds Sweeps** - Despite all the general revenue (GR) available, the Senate "sweeps" \$96.0 million from various trust funds, transferring the money into GR. The largest is a \$40.0 million sweep from the Department of Environmental Regulation's Inland Protection Trust Fund. The House budget proposes no trust fund sweeps, something that has not occurred for many years.

**State Employee Pay Increases** - The Senate provides \$492.6 million for a variety of compensation issues:

- The minimum wage for state employees would be increased to \$15 per hour (\$100.0 million), well in advance of the constitutionally required increase in 2026.
- Another \$100 million is provided to address compression and pay inequities in state agencies.
- Correctional and Probation Officers - Increase minimum salary to \$41,600 (\$20 per hour) and provide retention pay increase of \$2,500, \$1,500, or \$1,000 based on years of service.
- State Law Enforcement Officers/Troopers - Increase minimum salary to \$50,000 or a 10% pay increase, whichever is greater.
- State Firefighters - Increase minimum salary to \$41,600 (\$20 per hour) or a \$2,500 pay increase, whichever is greater.
- Juvenile Justice Detention Officers - Increase minimum salary to \$35,360 (\$17 per hour).
- Juvenile Justice Probation Officers - Increase minimum salary to \$39,520 (\$19 per hour).
- Veterans Homes Nurses - 15 percent pay increase.

The Senate would also require a \$15 minimum wage for non-state providers, such as Voluntary Pre-Kindergarten instructional personnel, employees at nursing homes and workers at local certified rape crisis centers. In all, the Senate says it is spending \$1 billion to increase the minimum wage for providers throughout the budget.

The House provides \$395 million to provide a 5.38 percent pay increase for all state employees and \$110 million to increase salaries for sworn law enforcement, correctional officers, and juvenile justice officers.

**Federal Stimulus Funds** - Neither budget addresses any funding from the American Rescue Plan's Coronavirus State Fiscal Recovery Fund, including the \$3.5 million that has yet to be received or appropriated.

**Executive Aircraft Pool** - The Senate provides \$31.3 million and 15 positions for a new executive aircraft pool. There is a budget conforming bill (SB 2512) that creates the pool and requires it to include at least three planes. Plane one is exclusively for the Governor's travel and a priority ranking is assigned for planes two and three.

**Member Projects** - Not surprisingly, with all the non-recurring general revenue available this year, the budgets are chock-full of local appropriations projects, known as member projects. This is especially true of the Senate, which contains nearly 900 projects worth a whopping \$1.5 billion. This averages to 22 projects worth \$38 million per senator.

The House budget contains approximately 660 projects worth \$500 million. The House projects carry a much lower price tag than the Senate's. Historically, member projects exceeding \$10 million are extremely rare. This year, the Senate budget includes many of them, including two university construction projects that top \$100 million. Other historically big requests include \$65.0 million for the Palm Beach County C-51 Reservoir, \$39.7 million for the Dade City Wastewater Treatment Plant relocation and upgrade, and two land acquisitions—The Green Heart of the Everglades (\$35.0 million) and Rattlesnake Key Recreation Park (\$23.0 million).

Last year the House budget had \$137 million member requests while the Senate had \$360 million.

Many member projects are worthwhile, and some have an impact that is broader than local, but 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 “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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