

# Budget Watch



JANUARY 2015

## AGENCIES REQUEST SMALL INCREASE IN FUNDING FOR FY2015-16

*LBRs WOULD LEAVE GR RESERVES OF \$2 BILLION*

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Florida's state agencies have requested \$75.602 billion in funding from the Legislature for FY2015-16, \$1.213 billion less than final current year appropriations.<sup>1</sup> However, the Department of Transportation's (DOT) legislative budget request (LBR) is artificially low,<sup>2</sup> and is expected to increase to approximately the same amount as current year expenditures by the time the Legislature finishes the budget. When DOT's LBR is omitted, agencies requested a relatively modest increase of \$660.8 million (0.9 percent). Eighteen agencies requested a funding increase, while twelve requested less than they received in the current budget. Agencies also requested 115,820 state employees, an increase of 1,318 positions (1.2 percent), mostly within the State Courts System and Justice Administration budget (1,002).

Agencies did request increased spending for specific programs, as well as many new initiatives, but overall requests are lower than current spending in large part due to non-recurring appropriations in the current budget (such as local projects and one-time grants), which are often not requested for the next budget.

The total request of \$75.602 billion is made up of \$28.668 billion in general revenue (GR) and \$46.933 billion in trust funds. The latest revenue estimates forecast \$30.632 billion in GR will be available for the FY2015-16, meaning that the agency requests would leave GR reserves of almost \$2 billion.

The next step in the budget process is the Governor's budget recommendations, which will be released at the end of January 2015, and will be analyzed in the February *Budget Watch*. The agency LBRs are only requests, and the Governor can choose not to recommend individual components of the LBRs, he can adjust the amounts, and he can add his own initiatives. In addition, his expected tax cut recommendations will reduce the money available for appropriation. The Governor's recommended budget will then be the starting point for the legislative budget deliberations. The Legislature can make any changes it sees fit, including adding back items from the LBRs not recommended by the Governor.

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<sup>1</sup> Does not include the Legislature or Administered Funds which do not produce a Legislative Budget Request. Current year appropriations for these two budget entities total \$258.2 million.

<sup>2</sup> Due to its unique cash flow system, DOT's LBR is lower now than it will be. The LBR is based on the 2nd year of the adopted work program. An amended LBR will be developed in February based on the new tentative work program. It is anticipated that the request will be much closer to current year appropriations.

# LBR HIGHLIGHTS

## *Education*

The Department of Education (DOE) is requesting \$23.069 billion, \$468.8 million (2.0 percent) more than it is spending this year. K-12, colleges and universities, early learning, and adult education all would receive significant funding increases. Spending for private colleges and universities, financial aid, vocational rehabilitation, and fixed capital outlay would decrease from the current year.

***K-12 Education*** – DOE’s budget request provides a \$347.3 increase (2.8 percent) for K-12, bringing total funding to \$12.829 billion. This includes the Governor’s pledge to increase per student funding to its highest level ever: \$7,176 per student, up \$261 per student. This increase contemplates \$8.6 billion in local property taxes (Required Local Effort). This record spending for the Florida Education Finance Program (FEFP) includes a doubling of the digital classroom allocation (to \$80 million), a \$10 million boost for the Safe Schools allocation (to \$74.5 million) and \$29.3 million for a new Lowest Performing schools allocation. Other K-12 initiatives include \$10 million for Math Counts, and \$3 million for STEM teacher preparation.

***Higher Education*** – Florida Colleges requested \$1.16 billion, a \$26 million increase over the current year. The two big new initiatives are \$5 million to create a \$10,000 STEM Bachelor Degree program and \$40 million for performance funding. Universities requested \$4.516 billion, a \$153 million (3.5 percent) increase. This includes \$100 million in performance funding. Universities are also requesting \$62.8 million in general revenue to replace reduced revenue from the lottery. An additional \$8.5 million is requested for Moffit Cancer Center to train future cancer researchers, and \$1.8 million is requested for a new scholarship program for disable students.

***Early Learning*** – The Office of Early Learning, which runs the state’s prekindergarten programs, is requesting \$1.071 billion, a \$53 million (5.2 percent) increase. The request includes a \$10 million increase to the base allocation for the Voluntary Prekindergarten Program, a boost of \$63 per full-time equivalent student.

***Fixed Capital Outlay*** – DOE is also requesting \$1.9 billion for education facility projects, most of which (\$1.3 billion) goes to pay debt service on outstanding bonds. The remainder includes \$163 million for maintenance, repair and renovation of public schools (\$85.1 million), universities (\$46.7 million) and colleges (\$31.5 million). Another \$80 million is provided for charter schools and \$57.3 million is provided for new college building projects.

## FY2015-16 Florida Agency Legislative Budget Requests (\$ millions)

Department/Agency	General Revenue	Trust Funds	Total	Over/(Under) Current Year	Positions	Over/(Under) Current Year
Agriculture & Consumer Services	\$208.9	\$1,348.7	\$1,557.7	\$24.9	3,646	49
Business & Professional Regulation	\$0.3	\$147.6	\$147.9	\$0.1	1,621	5
Children & Families	\$1,647.2	\$1,268.4	\$2,915.6	\$23.3	11,891	21
Citrus	-	\$48.9	\$48.9	(\$3.5)	55	-
Commission on Offender Review*	\$10.0	\$0.1	\$10.1	\$0.5	132	-
Corrections	\$2,337.3	\$72.4	\$2,409.7	\$101.9	23,735	6
Economic Opportunity	\$73.0	\$1,139.7	\$1,212.6	\$92.4	1,624	3
Education	\$15,194.5	\$7,875.2	\$23,069.7	\$481.3	2,413	-
Elder Affairs	\$125.0	\$167.3	\$292.3	(\$2.2)	444	3
Environmental Protection	\$387.5	\$1,190.1	\$1,577.6	\$12.9	3,112	17
Financial Services	\$23.3	\$308.9	\$332.2	\$5.3	2,629	11
Fish & Wildlife Conservation	\$37.1	\$305.8	\$343.0	(\$23.1)	2,138	25
Governor's Office	\$25.3	\$325.2	\$350.5	\$91.5	434	1
Health	\$501.3	\$2,317.7	\$2,819.0	(\$24.1)	15,190	18
Health Care Administration	\$5,430.4	\$19,074.0	\$24,504.4	(\$80.9)	1,644	-
Highway Safety & Motor Vehicles	\$6.6	\$439.8	\$446.5	\$6.0	4,414	-
Justice Administration	\$789.7	\$136.7	\$926.4	\$72.4	11,143	797
Juvenile Justice	\$400.1	\$146.2	\$546.4	(\$4.3)	3,286	20
Law Enforcement	\$121.7	\$154.3	\$276.0	\$15.3	1,887	116
Legal Affairs	\$48.0	\$154.5	\$202.5	\$0.0	1,354	40
Lottery	-	\$173.4	\$173.4	\$9.7	420	-
Management Services**	\$36.9	\$572.7	\$609.6	(\$78.9)	1,323	(14)
Military Affairs	\$38.2	\$44.2	\$82.4	(\$32.2)	459	-
Persons with Disabilities	\$505.6	\$656.2	\$1,161.8	\$8.3	2,866	-
Public Service Commission	\$0.2	\$25.1	\$25.3	(\$0.2)	284	(2)
Revenue	\$185.3	\$353.6	\$538.9	(\$22.3)	5,103	(30)
State	\$58.8	\$29.4	\$88.2	(\$71.8)	415	7
State Courts	\$459.8	\$111.3	\$571.1	\$55.2	4,535	205
Transportation***	-	\$8,243.8	\$8,243.8	(\$1,874.1)	6,454	(50)
Veterans Affairs	\$16.1	\$102.1	\$118.2	\$3.7	1,174	70
<b>Totals</b>	<b>\$28,668.3</b>	<b>\$46,933.3</b>	<b>\$75,601.6</b>	<b>(\$1,213.3)</b>	<b>115,820</b>	<b>1,318</b>
<b>Totals (minus Transportation)***</b>	<b>\$28,668.3</b>	<b>\$38,689.5</b>	<b>\$67,357.7</b>	<b>\$660.8</b>	<b>109,366</b>	<b>1,368</b>

Note: Does not include the Legislature or Administered Funds. There are no LBRs for these budget entities.

\* formerly the Parole Commission

\*\* includes the new Agency for State Technology

\*\*\*due to DOT's unique cash flow budgeting system, its request is artificially low. The final amount is expected to be closer to current year appropriations

Source: Florida TaxWatch, compiled using the agencies' Legislative Budget Requests. Last year's appropriations from the Final Budget Report.

## *Health and Human Services*

***Agency for Health Care Administration*** – The AHCA budget is the state largest, as it includes Florida’s \$22 billion Medicaid program. AHCA’s request total budget of \$24.504 billion, a decrease of \$80.9 million (0.3 percent). In addition to continuing the implementation of managed care for Medicaid, AHCA wants \$3.0 million to continue advanced data analytics to help reduce fraud, \$2 million for consultant services to convert outpatient and nursing home payments to the Diagnosis-Related Group (DRG) system, and an additional \$2.7 million Office of General Counsel’s increased workload.

***Agency for Persons with Disabilities*** – APD requested a small increase of \$8.3 million (0.7 percent), which would bring its budget to \$1.161 billion. The agency states that its core goals for next year are to improve access to community-based services and improve its management and oversight. The agency wants to use \$2.9 million to implement the data client management system, \$1 million to pilot new service delivery systems and more than \$3 million for repairs to the department’s facilities.

***Department of Children and Families*** – DCF requested a total budget of \$2.915 billion, a \$23.3 million (0.8 percent) increase. DCF is requesting 21 more positions, including 17 new employees for Children’s Legal Services and the Sexually Violent Predator Program. \$1 million would provide a cost of living increase for foster parents, \$5 million would go to mental health hospital operations and \$2.2 billion would go to forensic commitment for the mentally ill.

***Department of Elder Affairs*** – DEA is asking for \$292.3 million, a slight decrease from this year. Its goal is to address wait lists for programs like Medicaid managed care, the Alzheimer’s Disease Initiative and community-based care.

***Department of Health*** – DOH is requesting \$2.819 billion, \$24.1 million (0.9 percent) less than this year. This includes \$9.1 million for information technology; \$8.9 million for a poison information center, brain and spinal cord Medicaid waivers and public health residency programs; \$1.9 million for 14 new positions in the Office of Compassionate Use and the Florida Coordinating Council for the Deaf and Hard of Hearing; and \$7.5 million for maintenance and repair of county health departments.

***Department of Veteran Affairs*** – DVA is requesting \$118.2 million, \$3.7 million (3.2 percent) more than this year. The additional funding will go to improve the department’s branding after some national negative press regarding U.S. Department of Veterans Affairs backlogs, the renovation of six existing veteran nursing homes and the construction of a new one.

## *Public Safety*

***Department of Corrections*** – DOC requested a \$2.409 billion budget, a \$110.1 million (4.8 percent) increase. The department’s request includes \$36.7 million to alleviate staffing shortages, \$15 million for capital outlays, and \$3.4 million to replace vehicles. Due to recent negative audits, DOC is requesting \$1.9

million to comply with federal standards combating prison rape. The money would allow video surveillance of all facilities as well as allow for the auditing of two-thirds of DOC's facilities. An 11 percent increase in per day meal costs, as well as implementation of a court-ordered Religious Dietary Accommodation Program, resulted in an \$11 million increase in inmate food service costs.

DOC is also requesting \$3.1 million more in funding for community corrections programs, \$2.5 million for a transition program for released inmates with mental health issues and \$3.8 million to expand electronic monitoring.

***Department of Juvenile Justice*** – DJJ's request of \$546.4 million is a \$5.0 million reduction from current year expenditures. This is due in part to falling delinquency rates and fewer juveniles living in DJJ facilities, which are the result of good public policy changes for taxpayers. The decrease in residential commitments allows DJJ to request that some current funding for residential services be re-allocated to diversion programs, comprehensive health services, expanding PACE, probationary services funding, respite care, and continuing the operation of juvenile justice assistance centers in Bay and Escambia counties that were started with federal monies.

***Department of Law Enforcement*** – FDLE requested an additional \$16.9 million over last year's \$259.1 million budget, a 6.5 percent increase. The department also requested 118 new positions, including 66 new investigative assistants, six positions to complete the replacement of the state's current criminal history database, and six new employees and equipment for fingerprint and biometric analysis. The department is also requesting \$7.5 million to purchase and renovate a building to house its Pensacola Regional Operations Center. FDLE currently leases office space for the Center.

### *The Environment*

***Department of Environmental Protection*** – DEP requested \$1.577 billion, a \$12.9 million (0.8 percent) increase over this year. This includes \$170 million for Everglades restoration, \$225 million for drinking water projects, \$150 million for Florida Forever and \$154 million for state parks. As the Legislature grapples with the implementation of Amendment 1 from the 2014 election, its impact on the DEP budget will become clearer.

***Department of Agriculture and Consumer Services*** – DACS requested \$1.557 billion, a \$24.9 million (1.6 percent) increase over this year. Water was also a focus of this LBR, requesting \$30 million, which includes \$15 million for lake restoration, \$5 million for springs, and \$5 million to continue implementing best management practices for agricultural lands in the Northern Everglades. DACS is also requesting a pay increase for its wildland firefighters and \$16 million to combat citrus greening.

***Fish & Wildlife Conservation Commission*** – The Commission requested \$23.1 million (6.3 percent) less than it received this year. \$1.4 million would go to conservation, \$5.6 million would be used for boating improvement and regulation, and \$1 million would go to improve hunting and fishing access.

## *Economic Development and Transportation*

**The Department of Economic Opportunity** – DEO requested \$1.212 billion, a \$92.4 million (8.3 percent) increase. This includes \$677 million in spending authority for federal economic development grants. Highlights include a \$27 million increase for economic incentives, \$74 million for Visit Florida and \$30 million for the workforce state training program, a continuation of the current \$12 million for the Quick Response Training Program and \$5 million to develop and market a business brand for Florida.

**Department of Transportation** – DOT’s request for \$8.243 billion is mostly comprised of the \$7.3 billion Work Program, which includes the construction of 157 miles of new roads, the resurfacing of 2,281 miles of existing roads, and repair or construction funding for 91 bridges. DOT’s request includes \$1.2 billion for engineering and environmental mitigation projects, \$800 million to procure rights of way, \$81.7 million for seaport improvement projections, and \$8.2 million to upgrade its information technology.

**Department of Highway Safety and Motor Vehicles** – The department’s request of \$446.5 million is a \$6.0 million (1.4 percent) increase over the current year. The request includes \$30.3 million in new projects, including \$8.3 million to rewrite the driver’s license system, \$9.8 million to replace Florida Highway Patrol vehicles and tasers, and \$5.3 million to renovate and maintain agency offices.

## *General Government*

**Governor’s Office** – The Governor’s request of \$350.5 million is \$91.5 million (35.3 percent) more than the current year. The increase goes almost entirely to the Division of Emergency Services, which makes up the vast majority of the Governor’s Office budget. Most of the new money is federal funding for federally declared disasters. More than 72 percent of the Division’s funding will be distributed to local governments and nonprofit entities.

**Department of State** – DOS requested \$88.2 million, which is \$71.8 million (44.9 percent) less than its current year expenditures. This decrease, the largest percentage drop among all agencies, is due to the exceptional funding provided last year by the Legislature for local cultural, museum, historic, library projects, far in excess of what the agency requested. These added, non-recurring appropriations were not requested this year.

**Other General Government Agencies** - The total budget request for the Departments of Business and Professional Regulation, Financial Services, Lottery, Management Services (including the new Agency for State Technology) and Revenue is \$1.793 billion, a 5.0 percent decrease from current year expenditures. The departments are also requesting 28 fewer employees, bringing the total number of positions in the five departments to 11,095.

## 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. 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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