



Governor Charlie Crist's Budget Recommendations for FY 2009 – 2010

On February 20, 2009, Governor Crist released his FY 2009 – 2010 budget recommendations. Totaling \$66.5 billion, the recommendations are more than \$1.0 billion greater than the current year adjusted budget appropriation of \$65.5 billion.¹ Helping to fund his recommendations are \$558 million in fee hikes and \$4.7 billion in Federal stimulus funds, a portion of which is transferred to General Revenue.

While this recommended increase in funding of state programs is welcome, it must be tempered by the fact that more than \$2.96 billion (General Revenue) of the total recommendations are non-recurring funds. These include: Federal stimulus funds of \$2.39 billion, trust fund “sweeps”² of \$400 million and “redirects”³ of \$173 million. This significant use of non-recurring General Revenue funds for recurring purposes will require a three-fifths vote of the membership of each house of the Legislature (as required by the Florida Constitution when non-recurring General Revenue used for recurring programs exceeds 3%).

In total, the Governor has recommended the use of \$4.7 billion of Federal stimulus funds for FY 2009 – 2010. This includes \$1.2 billion reserved to cover an anticipated shortfall in General Revenue funds, \$880 million for public schools' operations and other specific purposes, such as:

| | |
|--|------------------|
| 1. State Energy Program | \$124.48 million |
| 2. Economic Development and Transportation | \$293.00 million |
| 3. Temporary Assistance for Needy Families | \$47.33 million |
| 4. Childcare and Head Start | \$51.60 million |

The Governor also proposed that \$3.2 billion of Federal stimulus funds be used in the current fiscal year (FY 2008 – 2009). Uses include \$1.4 billion in “shovel ready” transportation projects, \$248 million for environmental programs, and a \$700 million reserve against a potential General Revenue shortfall. Taken together, the stimulus

¹ Original FY 2008 – 2009 appropriation net of vetoes totaled \$66.25 billion. The February 2009 Special Session reduced the annual appropriation to \$64.82 billion.

² One-time transfer of trust fund reserves to General Revenue.

³ One-time redirection of trust funds to General Revenue

dollars recommended for the FY 2009 – 2010 budget and for the current fiscal year (\$4.7 billion and \$3.2 billion respectively), leave only \$3.8 billion available for the state to use in FY 2010 – 2011.

Other items recommended by Governor Crist include:

1. \$294 million for the aged and disabled program (restores funding for 13,000 elderly and disabled individuals).
2. \$52 million for KidCare to provide insurance to an additional 46,000 children.
3. \$81 million to build and operate new prisons.

General Observations about Governor Crist’s FY 2009 – 2010 budget recommendations

- The FY 2009 – 2010 total recommendation of \$66.5 billion, if appropriated, would be the lowest state budget since FY 2005 – 2006 (\$65.7 billion). However, since FY 2005 – 2006, the state population has increased by more than 631,000 residents, from 18,349,132 to 18,979,700 (estimated).
- The local Florida Education Finance Program (FEFP) share of public school funding declined as a result of lower property values and the millage remaining constant at 5.136 mills. The reduction totaled more than \$374 million. State funding was also reduced by more than \$104 million.
- The recommended operating funds per K-12 public school student are \$7,043.69. However, this includes \$338.42 per student of non-recurring federal stimulus funds (in total, more than \$880 million, almost 5% of total per student funding). Excluding the federal funding, the net per student funding (\$6,706) would be less than per student funding of \$6,818 in FY 2006 – 2007. The following table shows the change in per student funding from FY 2008 – 2009 to FY 2009 – 2010 by source:

| | FY 2008 - 2009 | FY 2009 – 2010 | Change |
|-------------------------------|----------------|----------------|------------|
| State \$ per Unweighted FTE | \$3,273.96 | \$3,272.05 | (\$1.91) |
| Local \$ per Unweighted FTE | \$3,586.40 | \$3,433.21 | (\$153.19) |
| Federal \$ per Unweighted FTE | \$0.00 | \$338.42 | \$338.42 |
| Total \$ per Unweighted FTE | \$6,860.36 | \$7,043.68 | \$183.32 |

- The Governor’s recommendations include funding for 115,565.25 state government positions, an increase of 2,698 positions over FY 2008 – 2009. While most state agencies saw no increase (or a decrease) in positions, the Department of Corrections total positions are recommended to increase by 2,432.5.
- The Governor’s recommended FY 2009 – 2010 budget also includes \$338 million in reductions to recurring General Revenue but adds \$571 million in new

recurring spending of General Revenue. The reductions are primarily shifts of General Revenue obligations to trust funds generated from recommended fee increases in the DOE budget (tuition increases - \$12 million), State Court Administration (fee increases - \$202 million) and Highway Safety (fee increases - \$60 million). The use of stimulus dollars and these fund shifts freed up General Revenue that support the increases. These increases primarily pertain to the following issues - Medicaid caseload growth (\$385 million), KidCare caseload growth (\$18.7 million), a rate increase for Managed Health Care Plans (\$29 million), physician specialty fee increases (\$11 million), and the operational costs of new prison beds operated by the Department of Corrections (\$53 million).

Governor Crist has presented the Legislature with a reasonable budget proposal. Limited budget cuts and funding critical needs programs will slow down the “bleeding” but will not restore vitality to the state for its residents, businesses and visitors. The federal stimulus has helped, but only for a short time. More lasting reform and modernization of Florida’s antiquated tax system is required.