



Florida's Fiscal Year 2011 Budget Insufficient to Meet Needs

The legislature passed a Fiscal Year 2011 budget of \$70.4 billion (reduced to \$70.0 billion after Governor Crist vetoed 49 items totaling \$371 million), but it is still insufficient to meet critical and high priority programs needed by Florida's struggling families. As an encore to last year, the legislature failed to appropriate sufficient funds for school children and university students and Floridians who are elderly, disabled, and mentally ill, as well as others who rely on the Medicaid program for health care. Not only did the legislature fail to provide new recurring revenues to meet the need, it reduced the current level of revenues by providing tax breaks to special interests, described as "economic development."

While the Fiscal Year 2011 budget is higher than the prior year's budget, it has no tax or fee increases (except for tuition), thus most programs are continued at the same level of funding (at best) as in the prior year. As an example, the funding for the state's K-12 system was increased \$1.22 per student, enough to buy each student a box of pencils (on sale). Examples of other critical programs that received less than adequate funding follow.

- The expenditure caps ("tiers") for Medicaid Home and Community-based waivers for people with developmental disabilities were cut by 2.5% (\$5.6 million) while over 19,000 people remain on the waitlist for services;
- Although two Medicaid waivers for the elderly received increased funding (\$8.2 million), the additional money will only provide services to about 750 people out of the 28,000 on the waitlist;
- Children's and adult mental health and substance abuse services were reduced \$8.6 million when thousands who need these services are already not served;
- Healthy Start lost \$2.2 million in general revenue which will reduce federal dollars for a total reduction of almost \$5 million – almost a 15% reduction; and
- Healthy Families lost \$10 million – one-third of its budget.

If the FY 2011 budget wasn't bad enough, FY 2012 could be worse if new revenues are not considered. The lack of providing an adequate level of revenues in prior years (other than some fee increases in 2009) could culminate in a "perfect storm" of a state budget shortfall, potentially \$6.0 billion in size. This gap will result from the elimination of more than \$2.0 billion in federal stimulus funds and the use

of non-recurring funds for recurring programs, coupled with the increasing demands for state services in education, health care (Medicaid) and other necessary state services (which may include costs associated with the Gulf oil disaster).

In addition, new demands for state funds include more than \$130 million of interest to repay the federal government for loans to the state's insolvent Unemployment Compensation Trust Fund and almost \$215 million for the first installment of five annual payments to repay the state's budget stabilization fund that the legislature drew down in prior years to postpone the need for more revenues to balance the budget.

The legislature has for years failed to address the chronic lack of recurring tax revenues necessary to provide services at an adequate level to the citizens of Florida. The legislature again will have an opportunity in 2011 to create a budget (including new revenues) that will put Florida on track for long-term economic growth and advance the well-being of Floridians.

This Brief was written by Mike Walsh, Director of Research,
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