



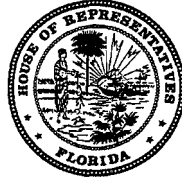
Full Appropriations Council on Education & Economic Development

Tuesday, February 2, 2010
1:00 PM – 4:00 PM
212 Knott Building

Council Meeting Packet

Larry Cretul
Speaker

David Rivera
Chair



The Florida House of Representatives

**Full Appropriations Council on Education & Economic Development
Full Appropriations Council on General Government & Health Care**

**Larry Cretul
Speaker**

**David Rivera
Chair**

**Meeting Agenda
Tuesday, February 2, 2010
212 Knott Building
1:00 PM – 4:00 PM**

- I. Call to order/Roll Call
- II. Opening Remarks by Chair Rivera
- III. Presentation of the Governor's Recommended Budget for FY 2010-2011
Jerry McDaniel, Director, Office of Policy and Budget
- IV. Closing Remarks and Adjournment

Governor Charlie Crist ***Lt. Governor Jeff Kottkamp***

The People's Governor



The People's Budget

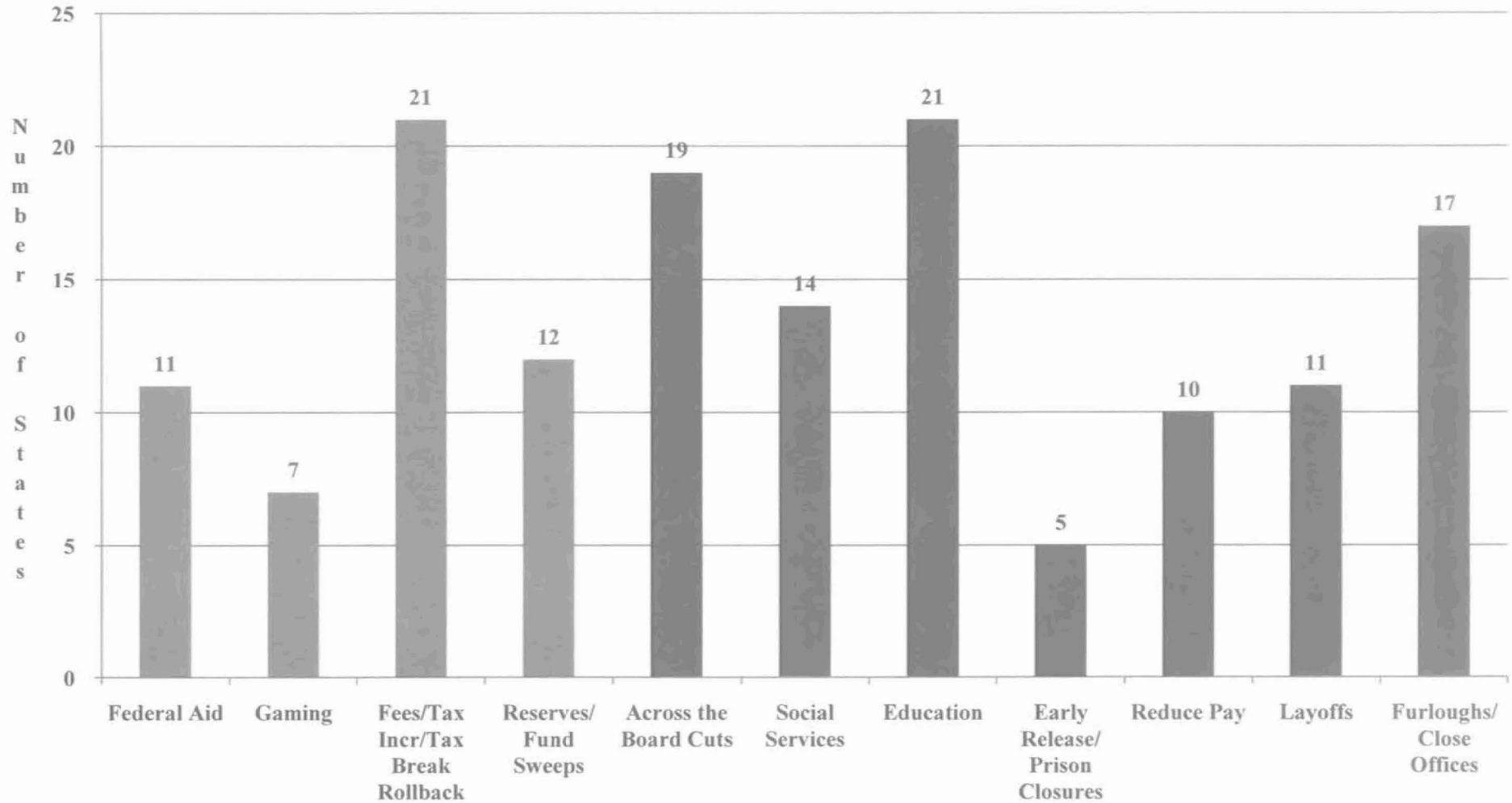
Policy and Budget Recommendations

Fiscal Year 2010-11

National Situation

Forty-one states are reporting budget gaps for either FY 2009-2010, FY 2010-2011, or both.

Measures to Address Shortfalls



How Does Florida Compare?

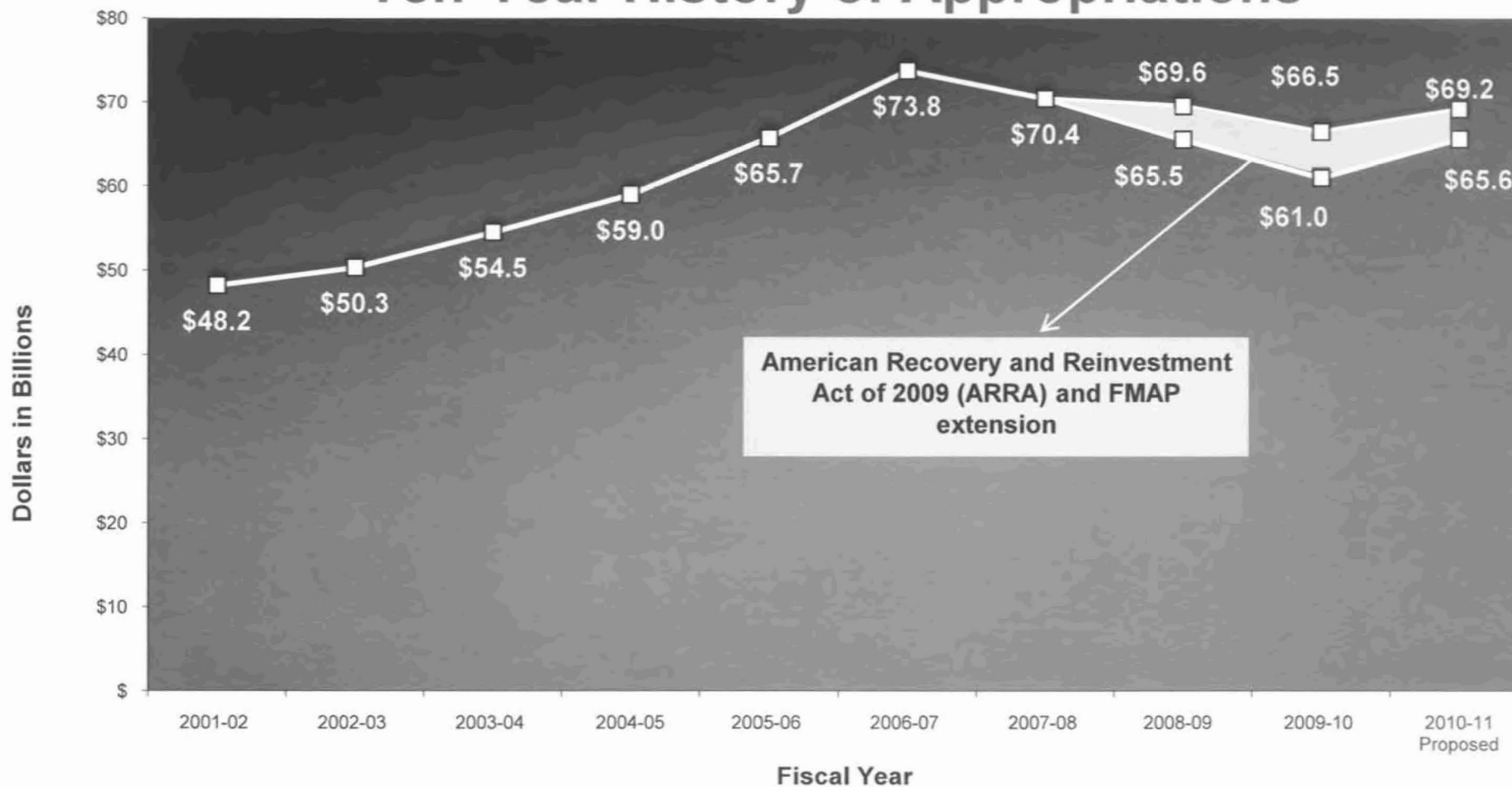
The Governor Moves Florida Forward

- Federal Aid
 - Rely on \$2.5 billion available for Fiscal Year 2010-11 due to the American Recovery and Reinvestment Act of 2009 and \$1.0 billion for the Federal Medical Assistance Percentages (FMAP) extension
- Gaming
 - Use \$433 million available through the Seminole Indian Gaming Compact
- No New Taxes or Fees Proposed
 - The Governor recommends tax relief to businesses and families
 - Sufficient funds are available to handle current year shortfalls
- Some Reliance on Reserves
 - Lawton Chiles and Trust Fund Sweeps
- No Across the Board Cuts, Reductions to Pay, Layoffs or Furloughs Proposed
 - The Governor supports a process to help impacted employees
- Social Services sustained
 - No Reductions to Critical or Direct Services Proposed for our vulnerable, our children, elders and persons with disabilities
- Education sustained and increased
 - Per student funding increases
 - Colleges and Universities increase
- No Early Release of Prisoners or Prison Closures
 - The Governor will not jeopardize the safety of our citizens by letting criminals out early

Governor's Guiding Principles on Budget Proposal Fiscal Year 2010-11

- Job production through economic development and help for businesses
- Tax relief for families and businesses
- Sustain or increase funds to education
- Restart Florida Forever
- No reductions to services for Florida's most vulnerable
- Maintain safety and security for Floridians

Ten-Year History of Appropriations



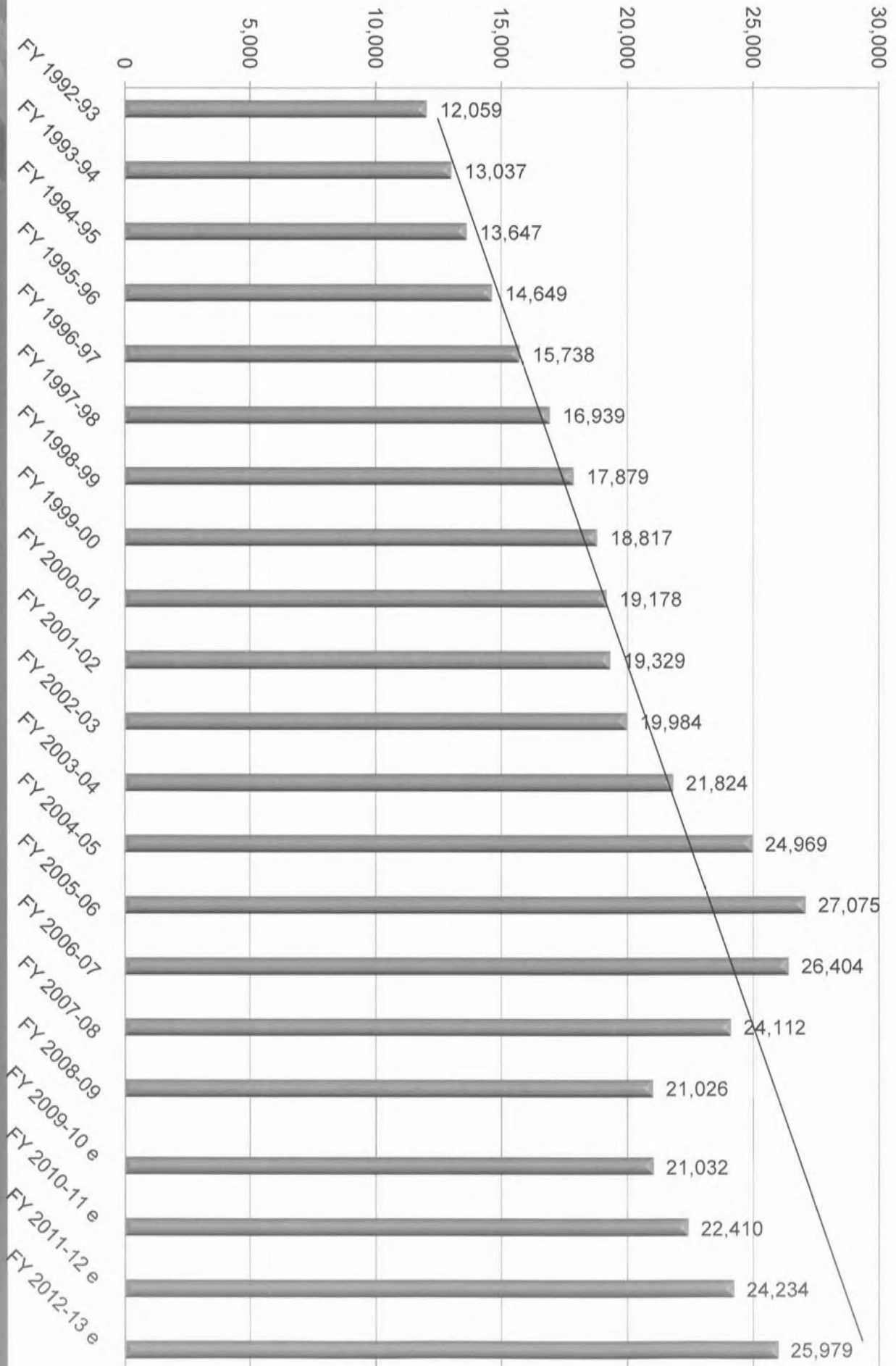
Note: Beginning in Fiscal Year 2001-2002, statutorily required distributions totaling \$6.4 billion were removed from the General Appropriations Act.

Note: Budget is included for the American Recovery and Reinvestment Act of 2009 (ARRA) as follows:

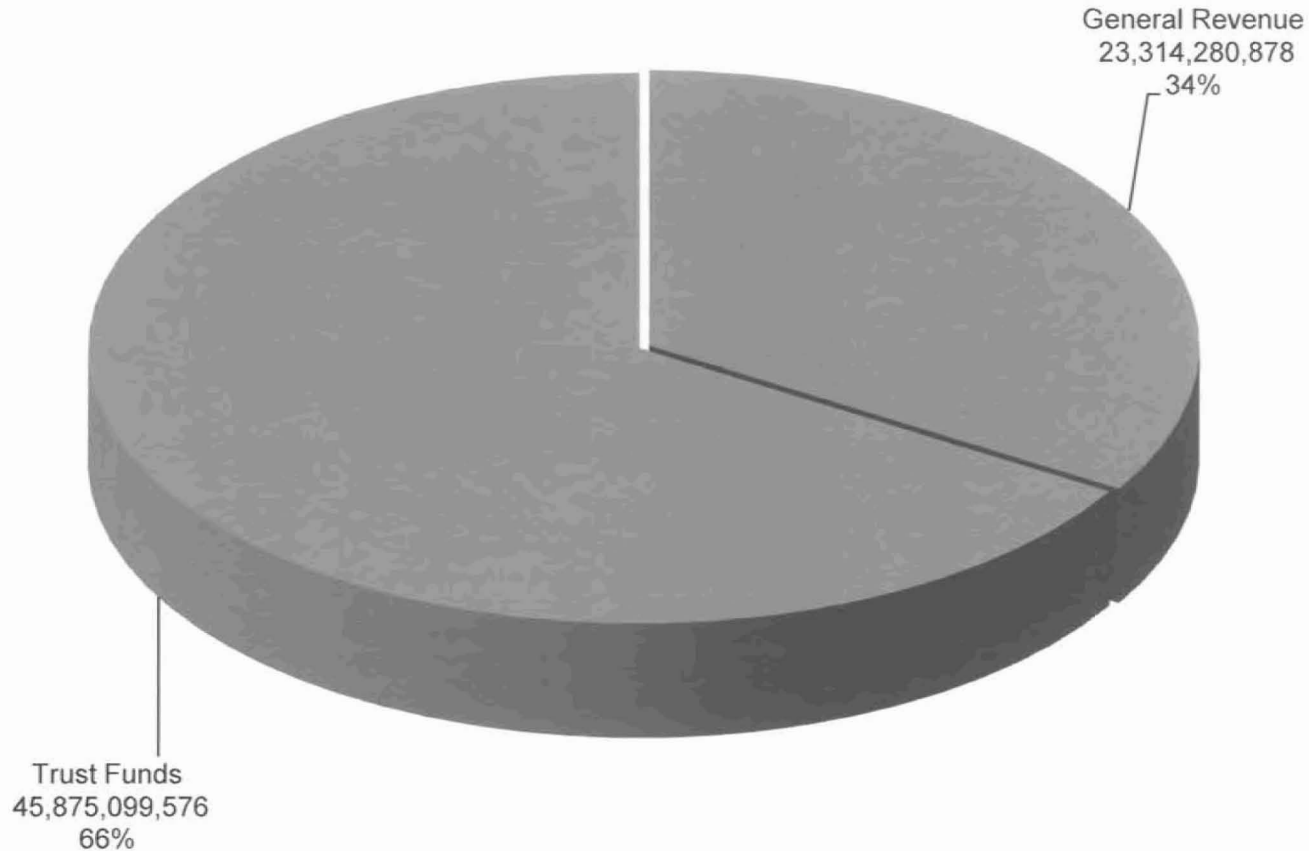
- Fiscal Year 2008-09 - 4.0 billion
- Fiscal Year 2009-10 - 5.5 billion

Note: Fiscal Year 2010-11 proposes \$2.5 billion in ARRA funding and \$1.0 billion for the Federal Medical Assistance Percentages (FMAP) extension.

General Revenues – December 2009 REC



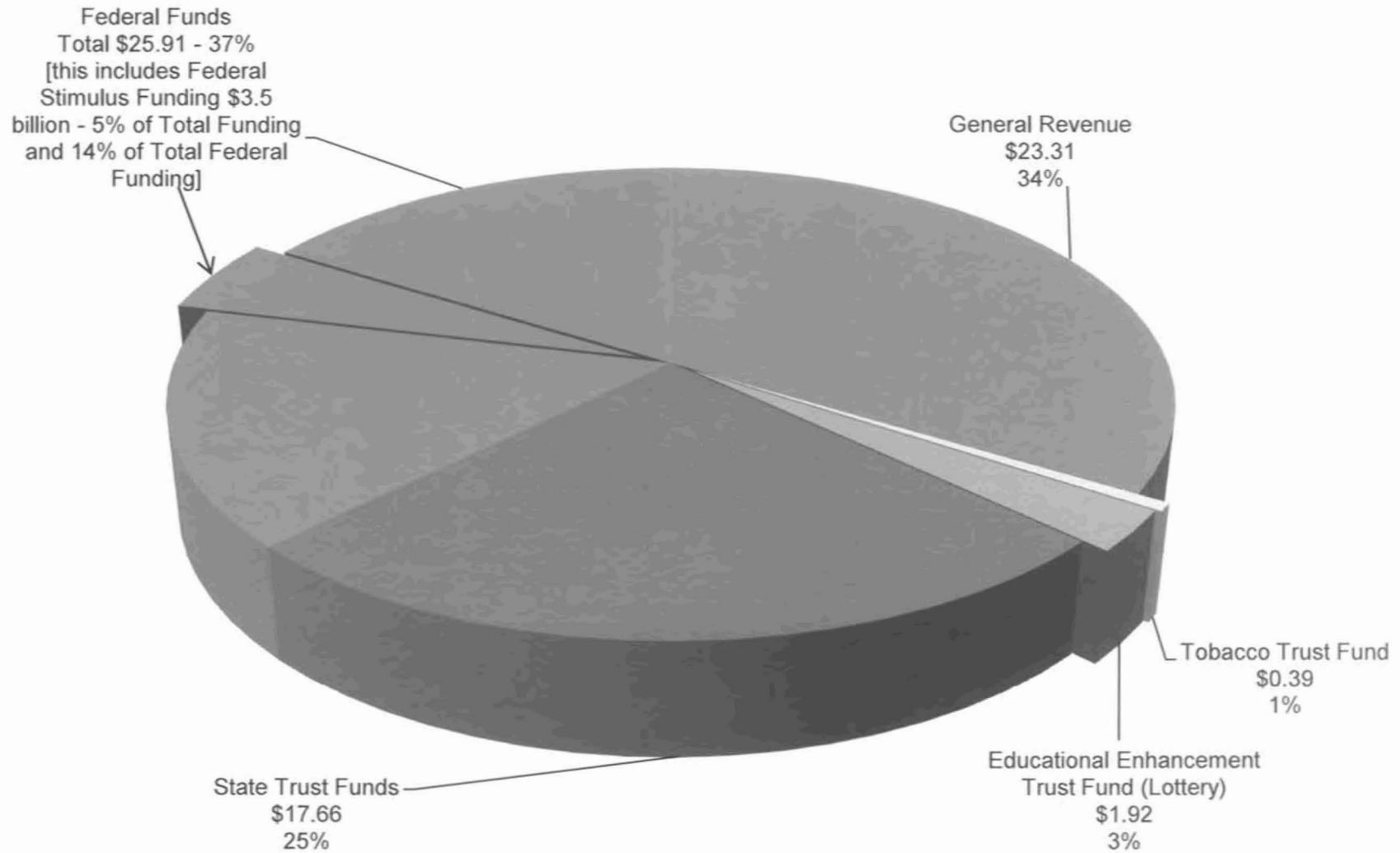
Governor's Recommended Budget – FY 2010-11 – Total Budget \$69.2 Billion



This includes the following:

- \$2.5 billion, 5.5%, for the American Recovery and Reinvestment Act of 2009
- \$1.0 billion, 2.2%, for the Federal Medical Assistance Percentages (FMAP) extension
- \$433 million, 0.99%, for the Seminole Gaming Compact

Governor's Recommended Budget - FY 2010-11 – by Fund Source – Total Budget: \$69.2 Billion

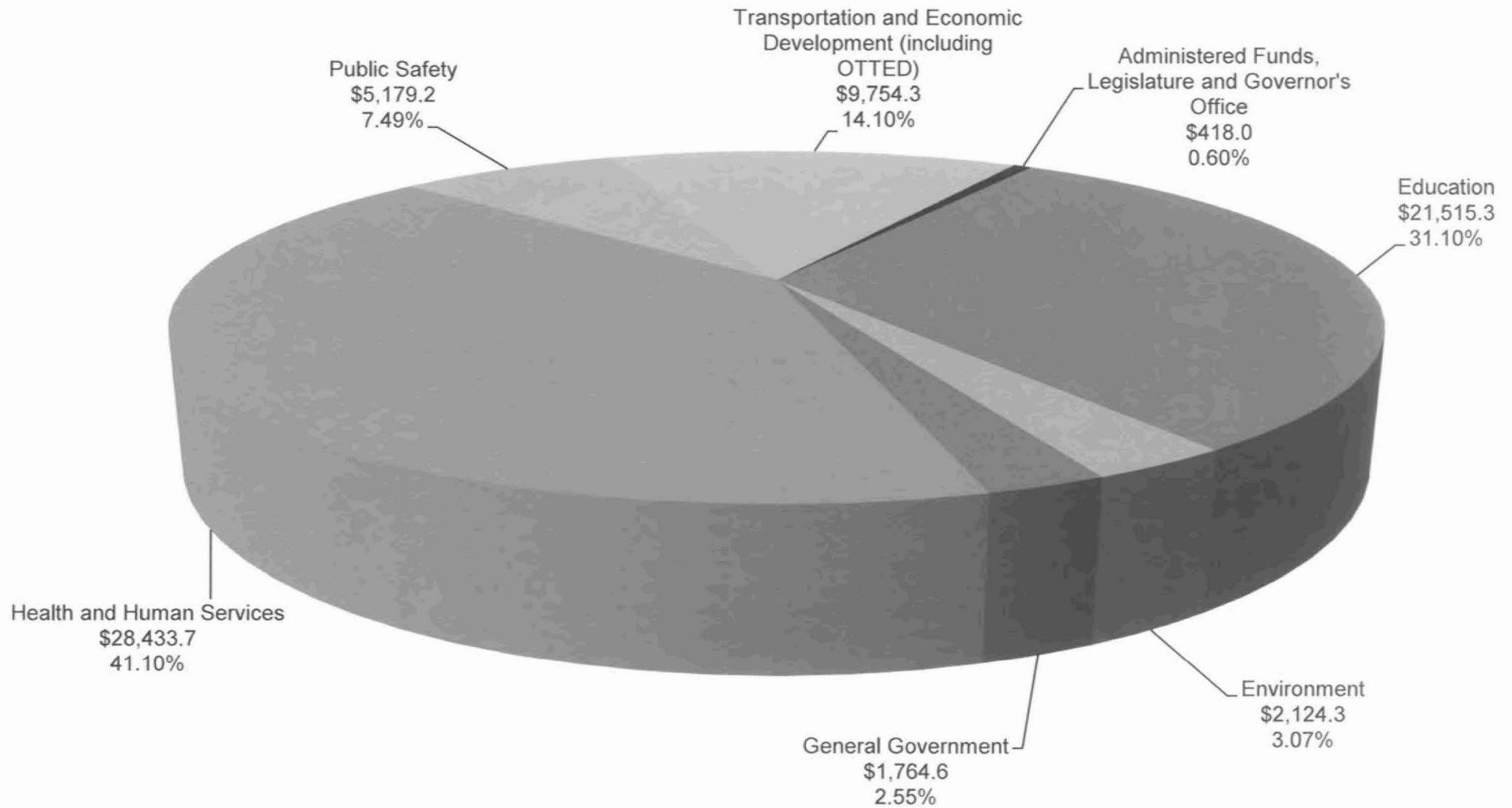


Federal Stimulus Funding (\$ in millions)
 (*anticipated funding)

Policy Area	Award	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Total
Education	American Recovery and Reinvestment Act of 2009	581.3	2,117.5	1,357.3	4,056.1
	Race to the Top*				
Environment	American Recovery and Reinvestment Act of 2009	59.4	365.9	0.3	425.6
Health and Human Services	American Recovery and Reinvestment Act of 2009	1,410.5	2,083.6	1,069.7	4,563.8
	Federal Medical Assistance Percentages (FMAP) Extension*			1,023.4	1,023.4
Transportation and Economic Development	American Recovery and Reinvestment Act of 2009	1,478.3	381.4	32.3	1,892.0
	High Speed Rail*				
General Government	American Recovery and Reinvestment Act of 2009	44.1	53.7	14.4	112.2
Public Safety	American Recovery and Reinvestment Act of 2009	4.8	89.4		94.2
Total		\$3,578.4	\$5,091.5	\$3,497.4	\$12,167.3

Note: The above represents the award amount rather than the amounts budgeted each year. It also does not reflect Unemployment Compensation Benefit Payments which are over \$6 billion.

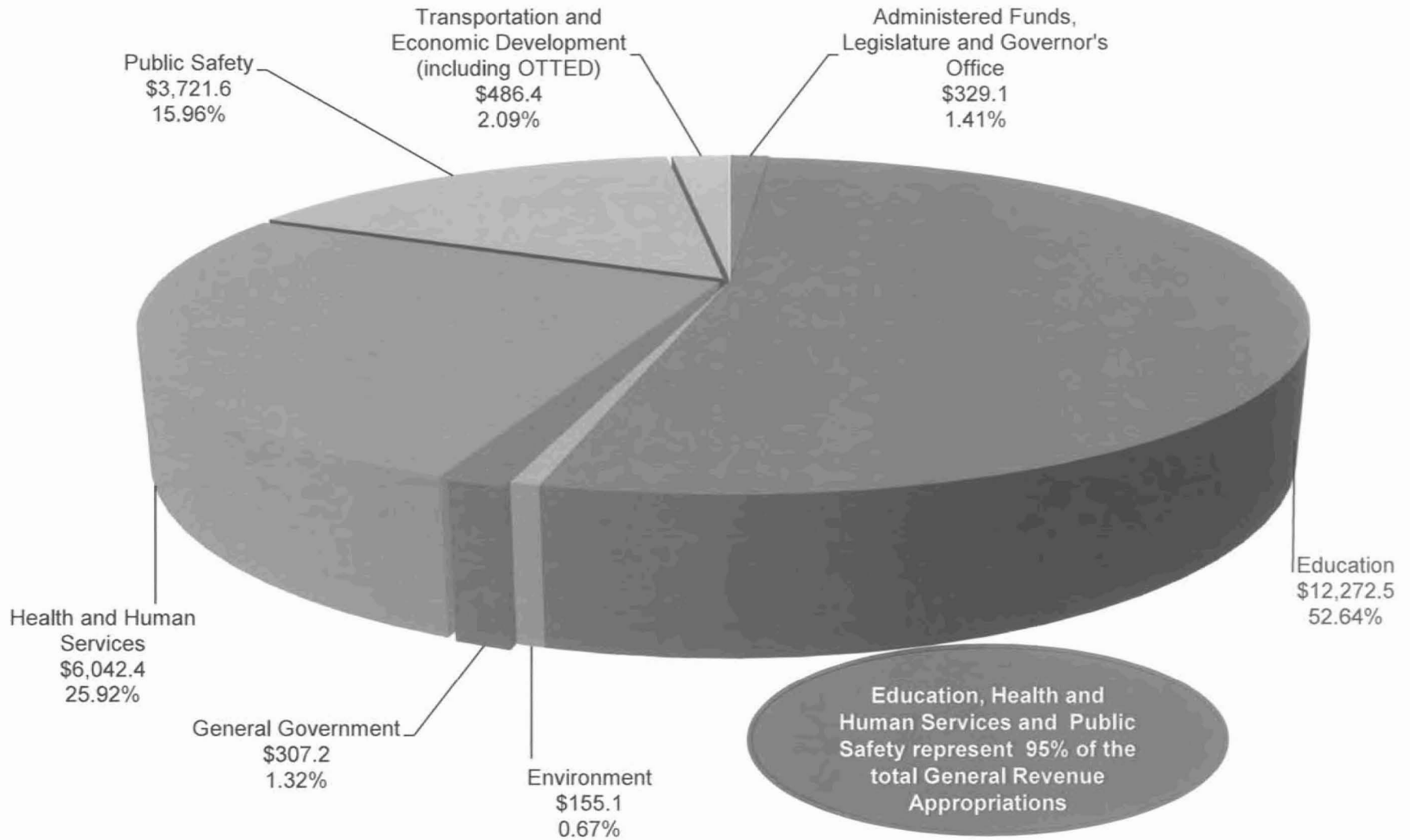
Governor's Recommended Budget – FY 2010-11 – All Funds by Policy Area – Total Budget: \$69.2 Billion



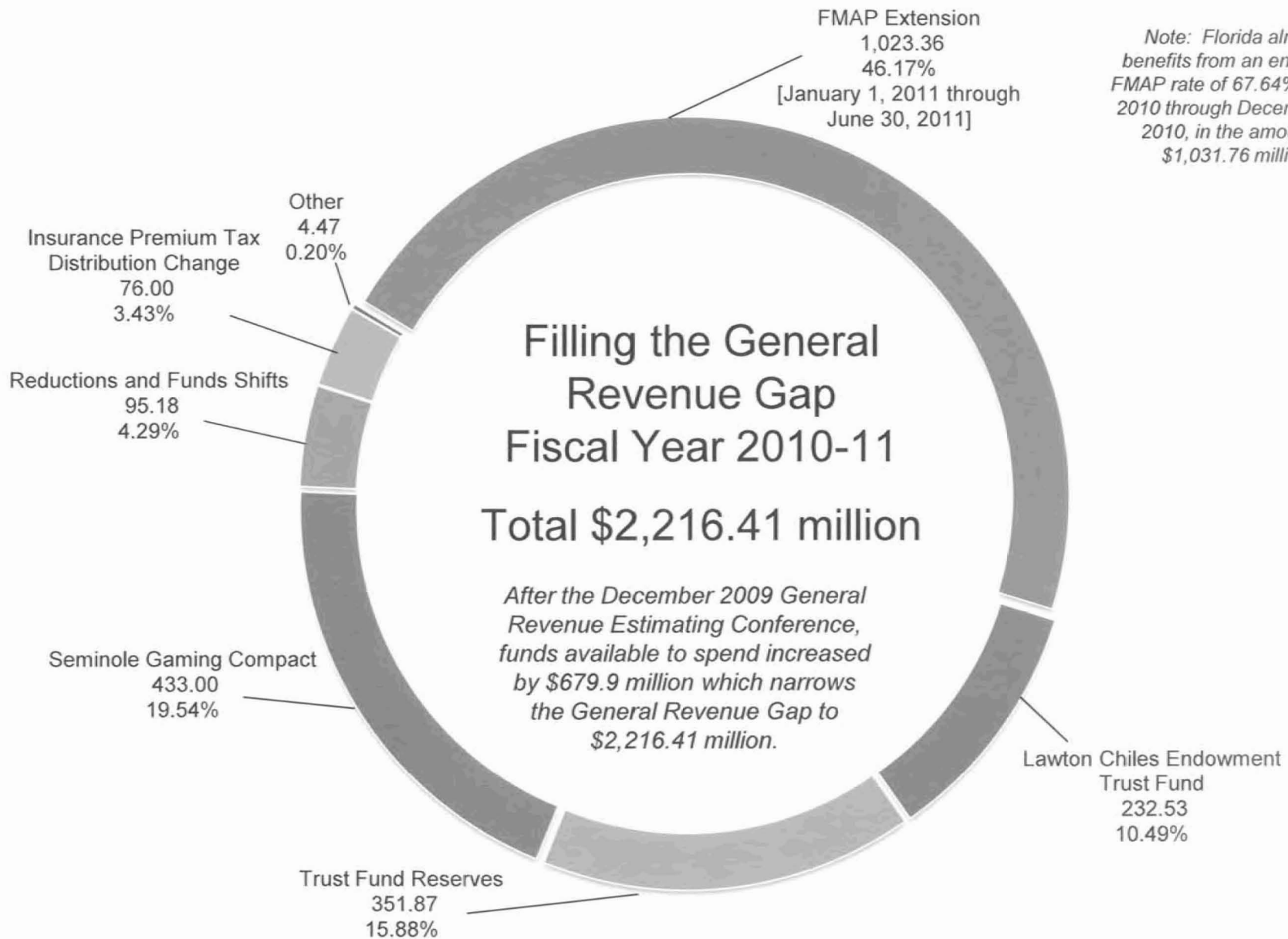
Governor's Recommended Budget – FY 2010-11

General Revenue Fund – Allocation by Policy Area

Total: \$23.3 Billion



No Tax or Fee Increases to Bridge the Gap!



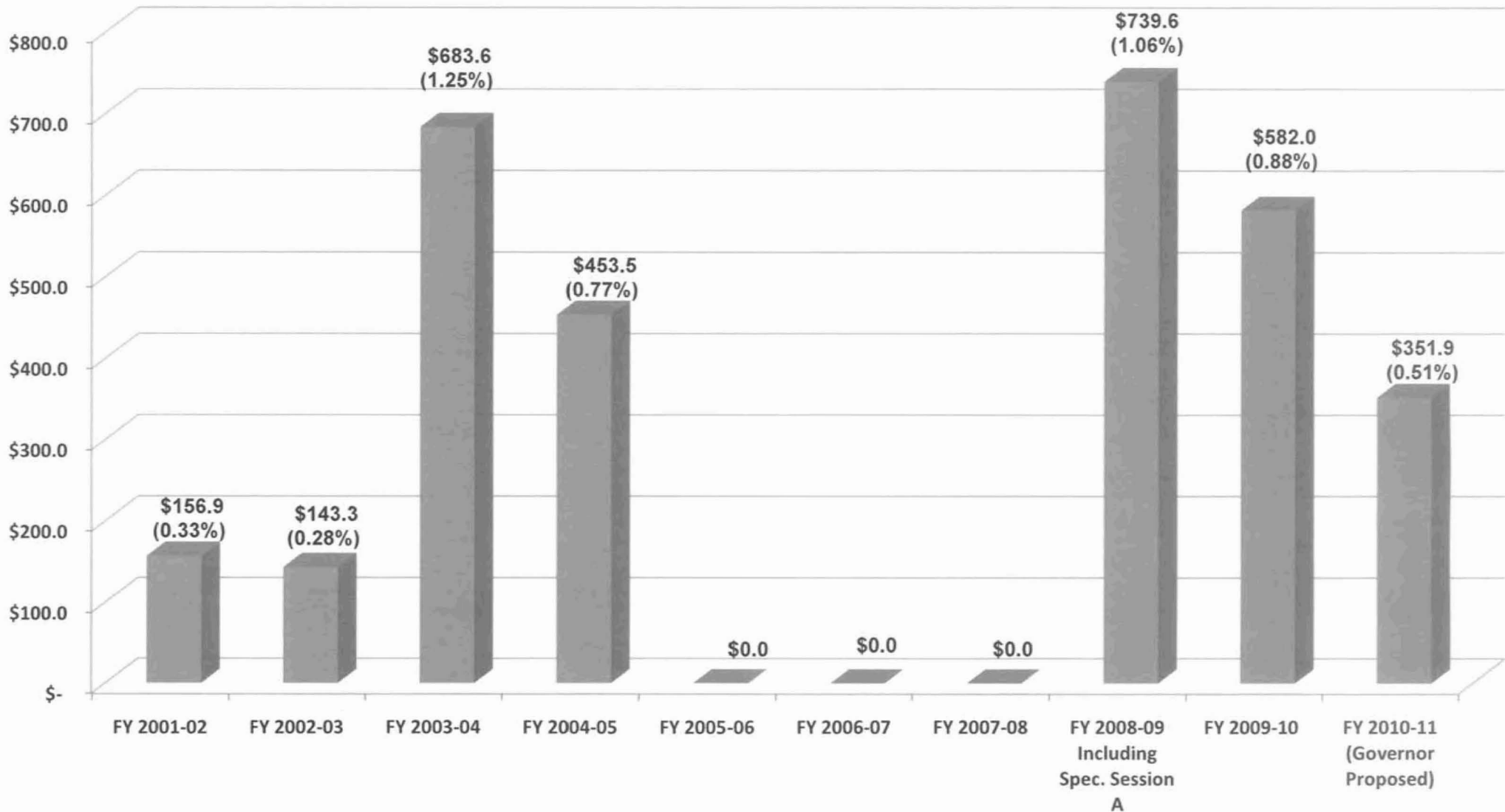
Trust Fund Reserves

- \$351.87 million of Trust Fund Reserves Redirected to General Revenue
 - \$1.1 billion Current Trust Fund Reserve Balance
 - \$858 million Balance After Proposed 'Sweep' and Governor Recommended Appropriations
 - Thorough Trust Fund Cash Flow and Expenditure Analyses Were Performed
- \$232.53 million from Lawton Chiles Endowment Fund transferred to General Revenue
 - \$746.31 million Projected Balance
 - \$513.78 million Balance After Proposed Transfer

Ten Year History of Trust Fund Sweeps

(Includes Sweeps as a Percent of Total Appropriations)

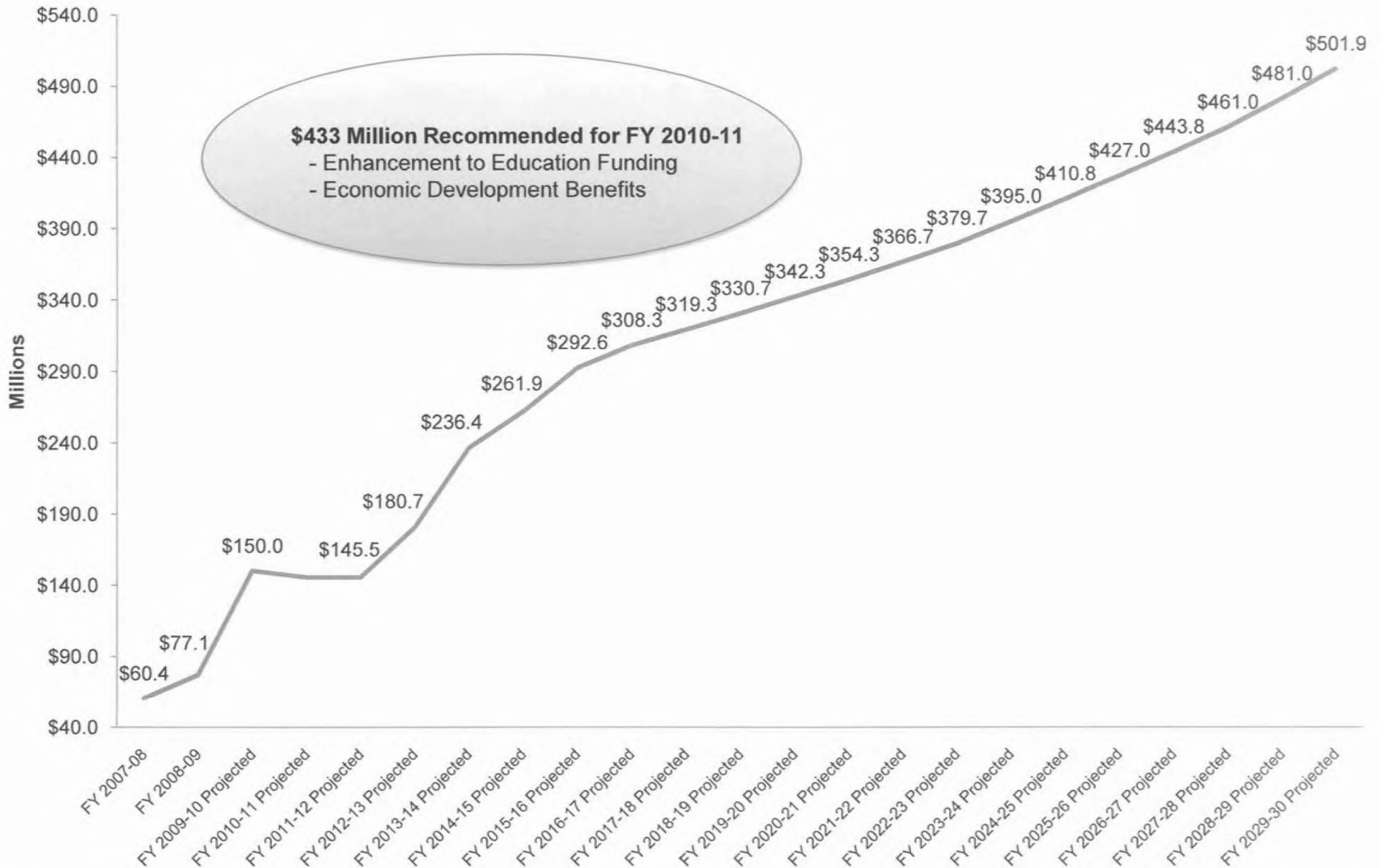
(\$ in millions)



Reductions and Fund Shifts

Policy Area	General Revenue	Trust Fund	Total	Positions
	\$ in millions			
Education	0.66	32.65	33.31	1
Environment	9.70	15.23	24.93	4
General Government	1.50	24.09	25.59	57
Health and Human Services	16.53	37.33	53.86	189
Public Safety	63.19	9.43	72.62	765
Transportation and Economic Development	0.28	9.63	9.91	69
Executive Office of the Governor and Office of Tourism, Trade, and Economic Development	0.02	1.12	1.14	
Statewide – Renegotiation of People First Contract	3.31	2.82	6.13	
Total	\$95.19	\$132.30	\$227.49	1085

Compact Education Dollars



Governor's Recommended Budget General Revenue Balance Sheet (\$ in millions)

Fiscal Year 2010-11

1	Beginning Balance	1,048.7
2	Resolving Fiscal Year 2009-10 Deficits	(549.7)
3	Revenue Estimating Conference Sources of Funds	22,400.6
4	Uses of Funds (Base Budget)	(20,757.9)
5	Total Funds Available	2,141.7
6	Recommended Adjustments to Funds Available	
7	Lawton Chiles Endowment Trust Fund	232.5
8	Trust Fund Reserves	351.9
9	Insurance Premium Tax Distribution Change	76.0
10	Reductions and Fund Shifts	95.2
11	Other	4.5
12	Total New Funds Available	2,901.8
13	New Expenditures - Critical and Important Issues*	2,651.8
	<i>*adjusted for FMAP Extension and Seminole Gaming Compact</i>	
14	Ending Balance	250.0
15	Percentage of Appropriations made for Recurring Purposes from Non-recurring General Revenue Funds	1.79%

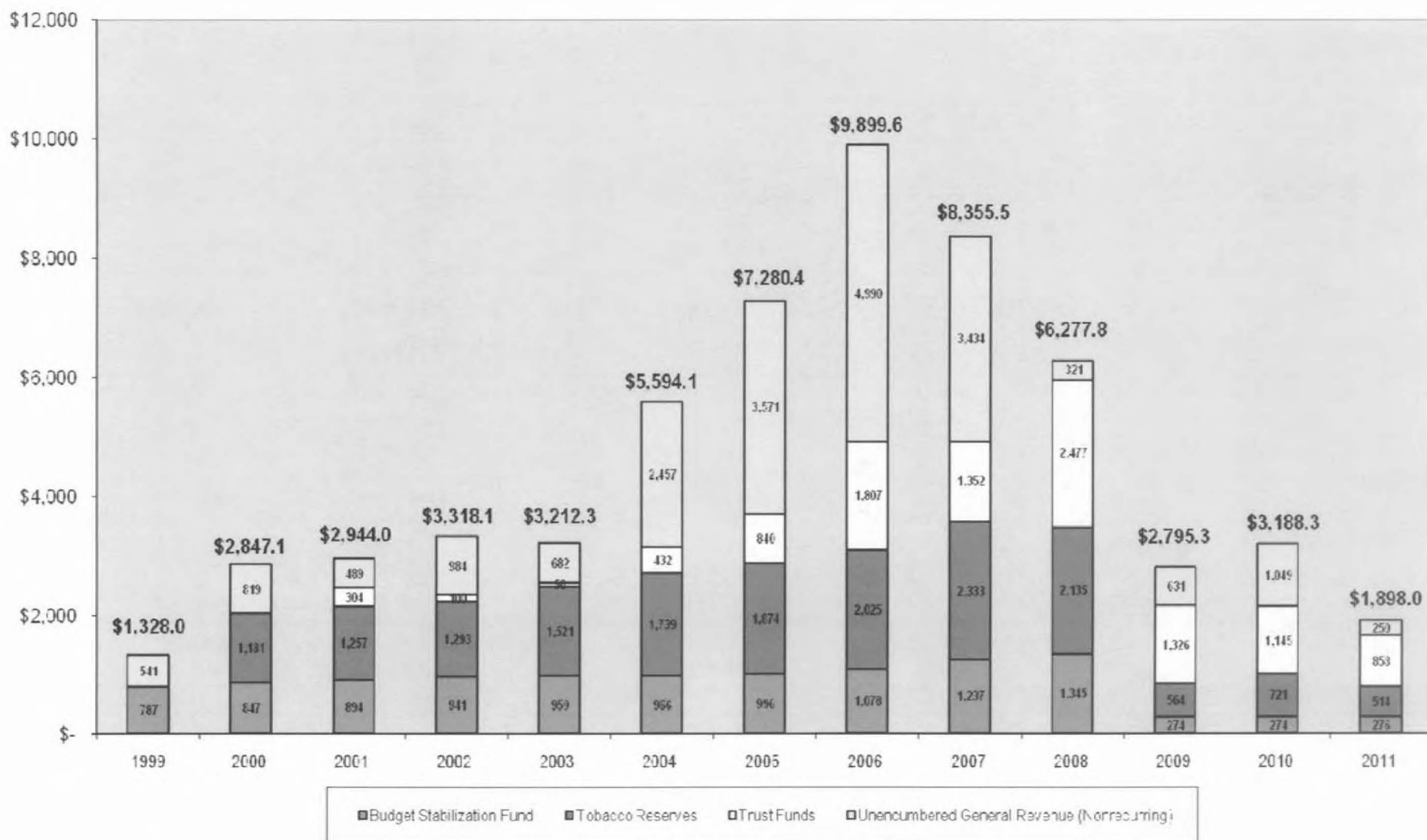
**\$2.2 Billion to Bridge the
General Revenue Gap**
[includes \$433 million from the
Seminole Gaming Compact
and \$1,023.36 million for the
FMAP extension not shown on
this balance sheet]



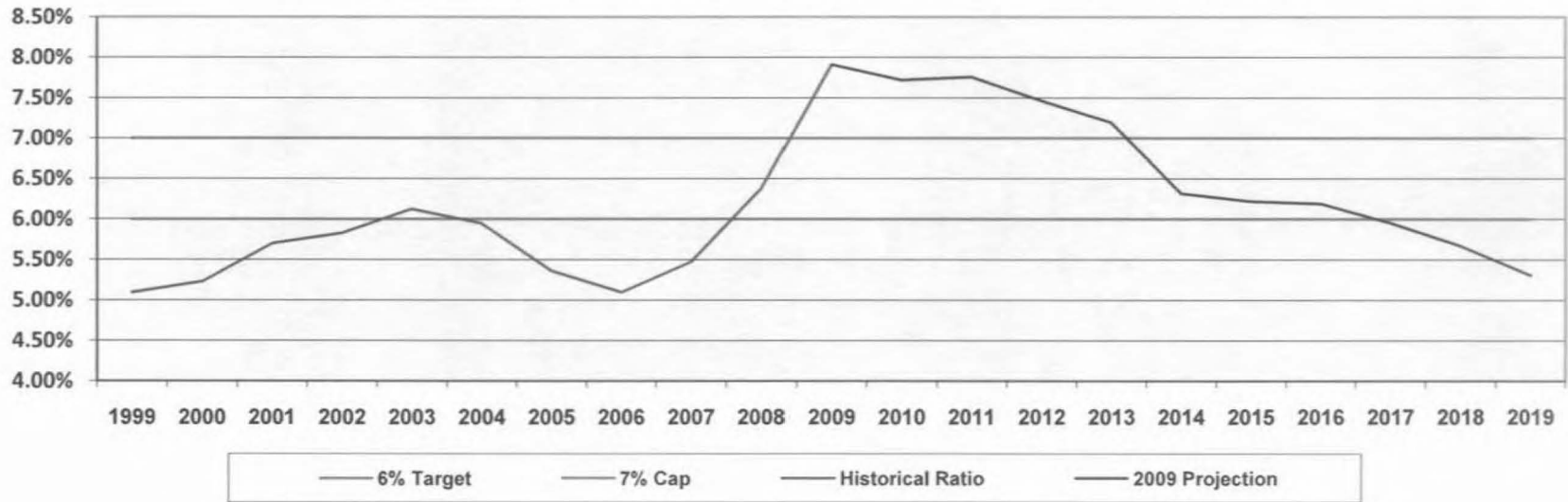
Education – Maintenance of Effort (MOE) Waiver Threshold

Recalculated MOE Waiver percentage for Fiscal Year 2009-10 to be met	27.59%
Governor's Recommended Budget for Fiscal Year 2010-11 MOE Waiver percentage	28.81%

Florida Reserves (\$ in millions)



Change in Debt Service As a Percentage of Revenue Projection

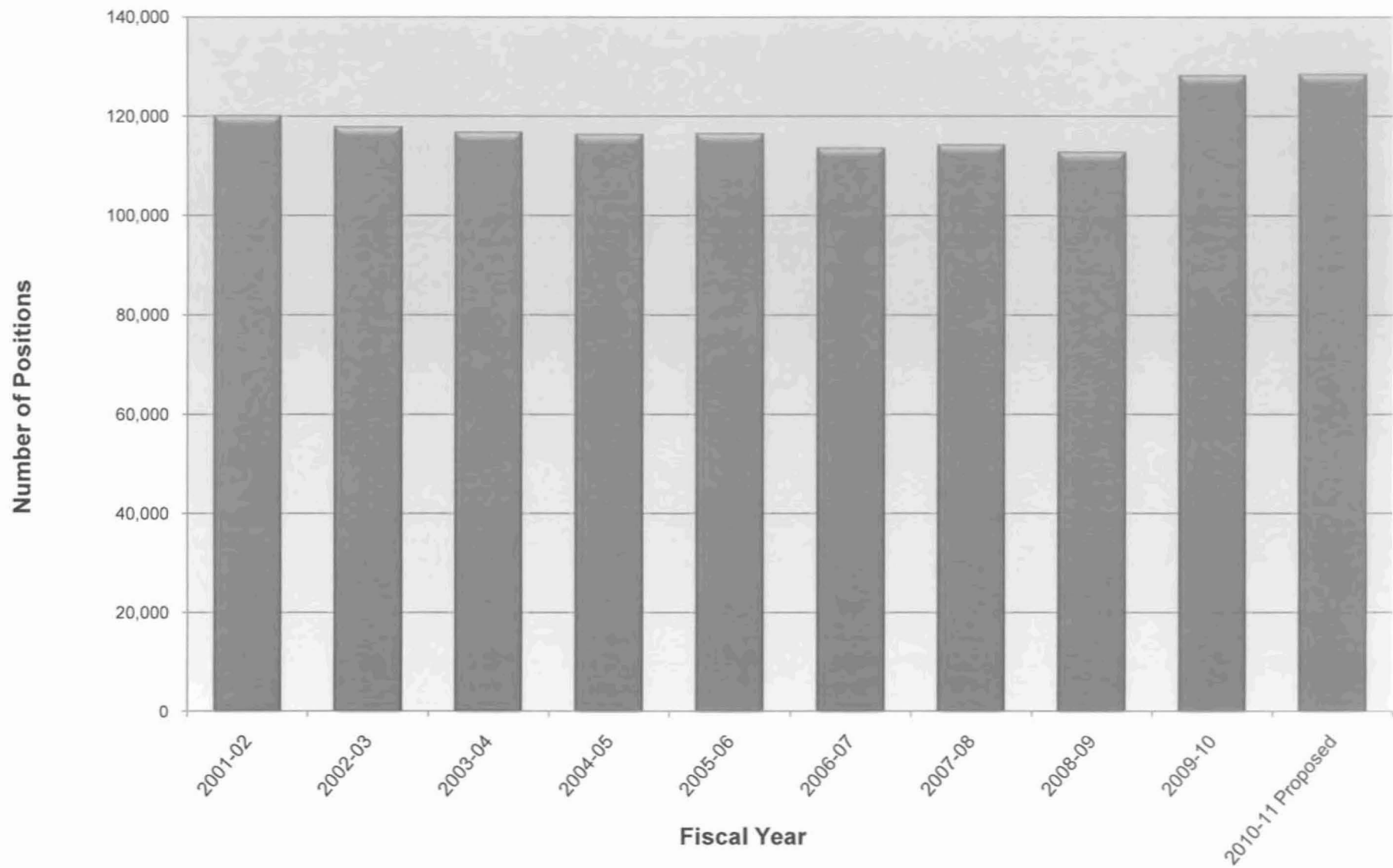


Benchmark Ratio Projection

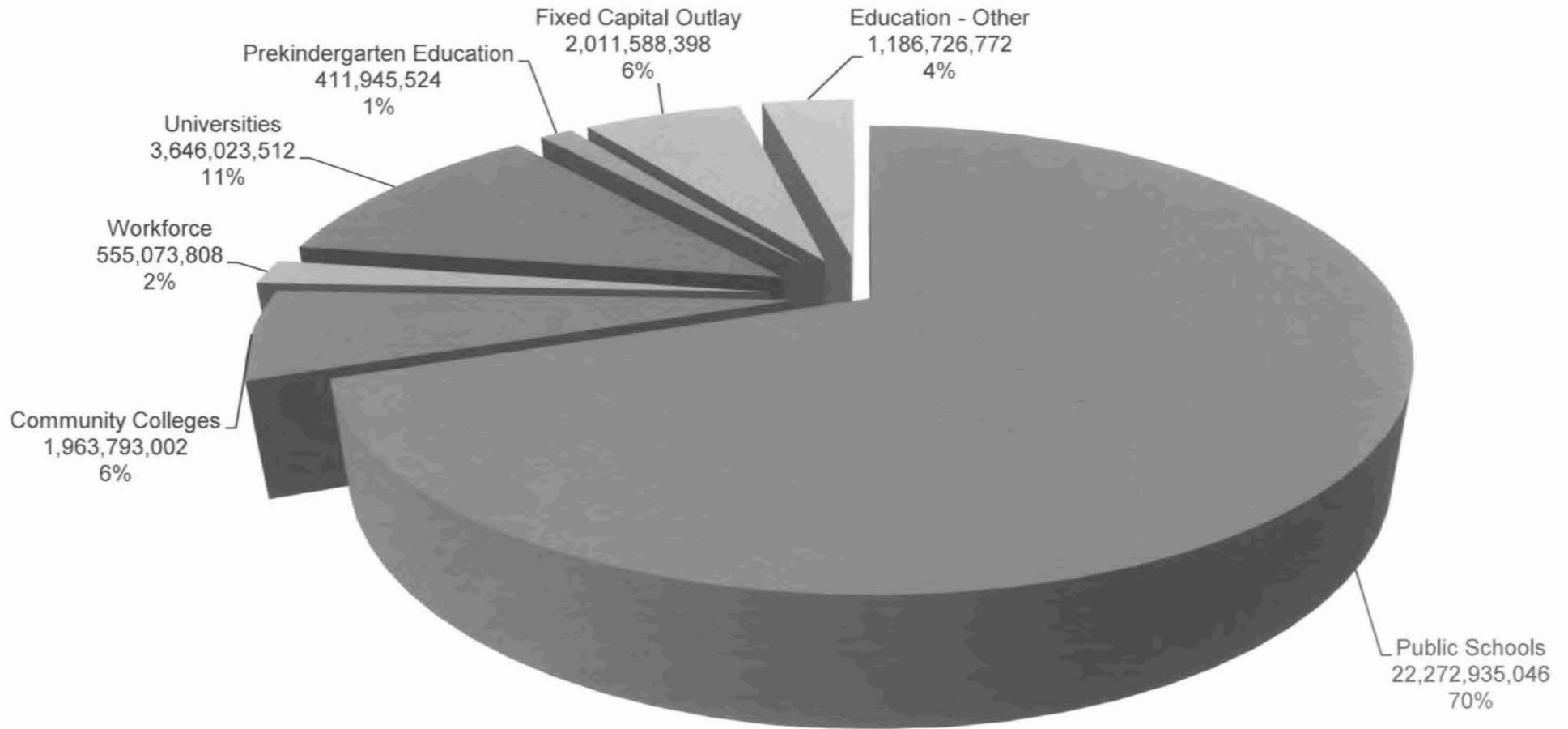
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
2009 Projection	7.91%	7.72%	7.76%	7.46%	7.20%	6.32%	6.22%	6.19%	5.95%	5.67%	5.31%

Source: State of Florida 2009 Debt Affordability Report – Prepared by the Division of Bond Finance, December 2009

State Workforce Positions (Since 2001)



Governor's Recommended Budget – FY 2010-11 Education Policy Area – Total Budget: \$32.0 Billion



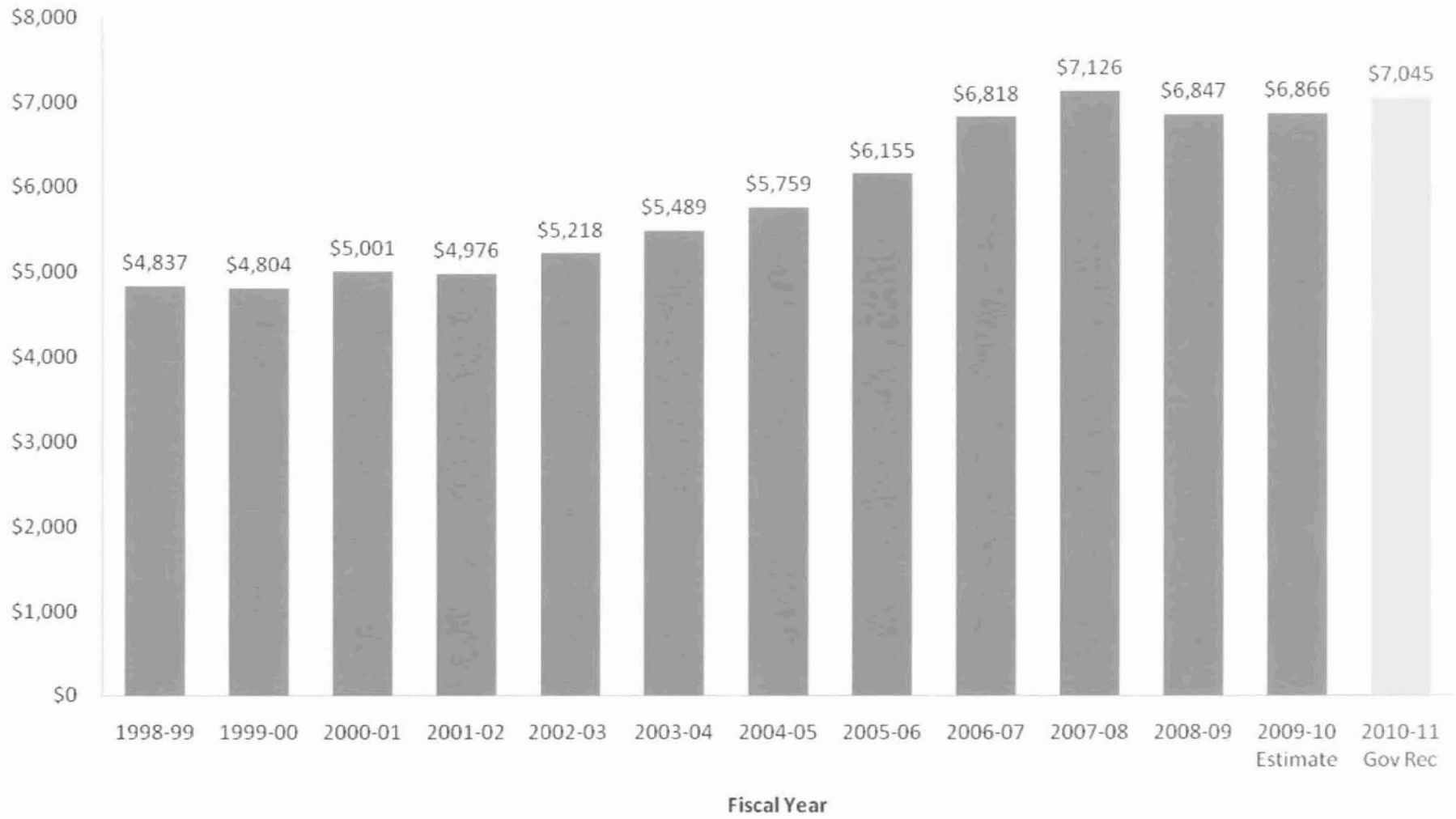
Note: The following is included in this chart: 1) local funds in the amount of \$8.5 billion; 2) K-12 Workforce Tuition Revenues in the amount \$38 million; 3) Community College Tuition Revenues in the amount of \$808.2 million; 4) Indian Gaming in the amount of \$433 million; and 5) estimates on unexpended funds for K-12 remaining from Fiscal Year 2009-10 for ARRA in the amount of \$1.14 billion.

PreK-12 Public Schools

\$22.7 billion for Florida PreK-12 Education —

- \$411.9 million for Voluntary Prekindergarten
 - \$2,575 Per Student for the School Year and \$2,190 Per Student for the Summer (\$0 increase)
 - Includes \$38 million from the American Recovery and Reinvestment Act of 2009
- \$18.6 billion for Public Schools
 - \$7,045 Per Student (\$179 or 2.61% increase)
 - Includes \$2.8 billion for Class Size Compliance
 - Includes \$890.5 million from the American Recovery and Reinvestment Act of 2009
- \$57.1 million for Excellent Teaching Program (10% certification bonus)

K-12 Public Schools Operating Funds Per Student



Higher Education - *Workforce, Community Colleges, & State Universities*

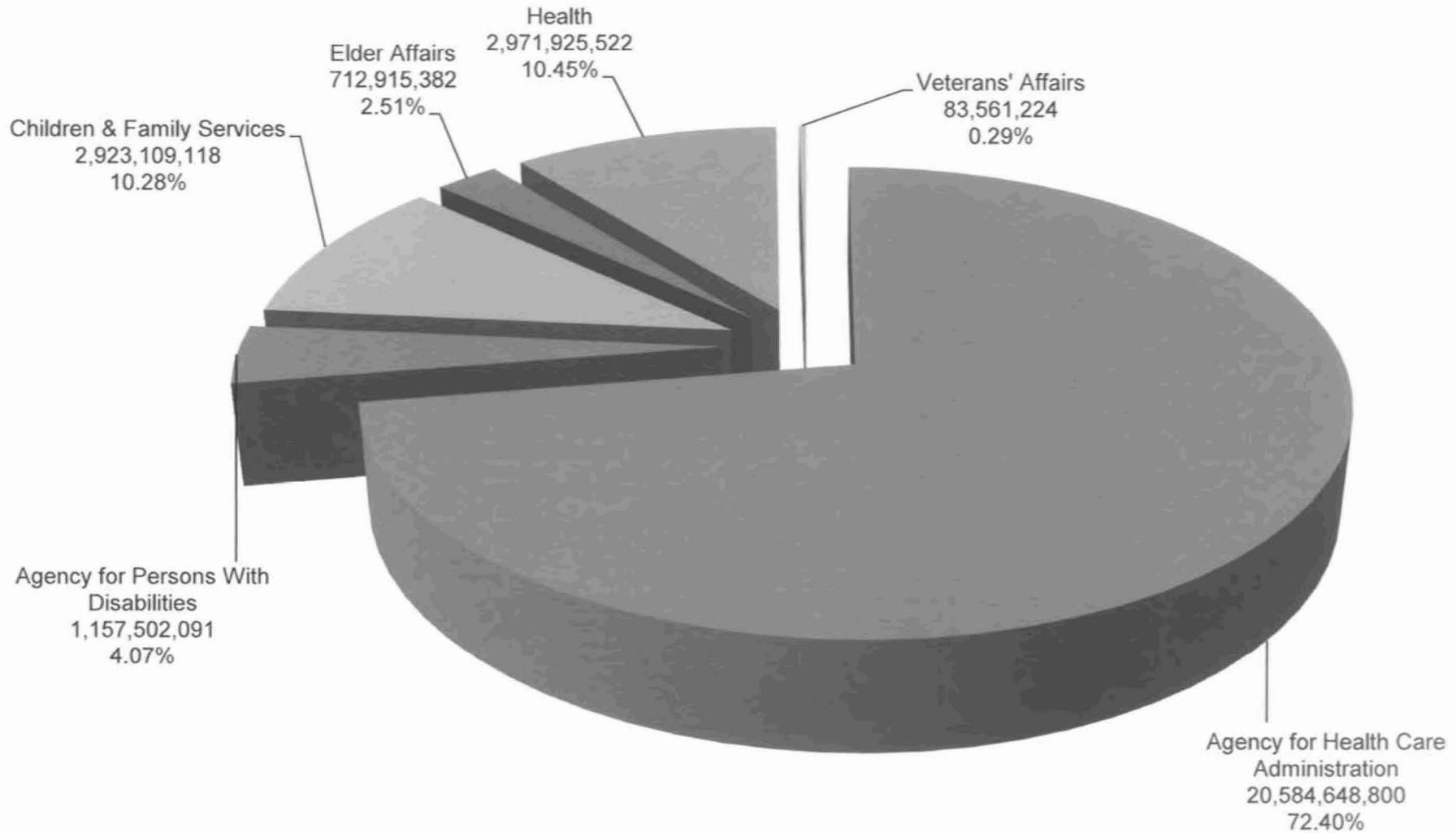
Almost \$6.2 billion for Workforce, Community Colleges, & State Universities

- \$555.1 million for Postsecondary Workforce Education by School Districts (\$46.7 million or 9.2% increase over base)
 - Includes \$27.1 million from the American Recovery and Reinvestment Act of 2009
 - Includes \$7 million for the Ready to Work Program
- \$1.96 billion for Community Colleges and their Baccalaureate Degree Programs (\$273.1 million or 16.2% increase over base)
 - Includes \$96.8 million from the American Recovery and Reinvestment Act of 2009
 - Includes \$67 million to increase access to lower division courses/programs at Florida Colleges
- \$3.6 billion for State Universities and Medical Schools (\$363 million or 11.1% increase over base)
 - Includes \$162 million from the American Recovery and Reinvestment Act of 2009
 - Includes \$100 million for state university initiatives: - Science, Technology, Engineering, Math and Medicine (STEMM)
 - Includes \$5 million for the State University Research Commercialization Grant Program
- Tuition Policy: 0% Base Tuition Increase and a University Differential Fee
 - The Differential Can Be Applied to Result in a Maximum Tuition Increase of 15% for State Universities

Governor's Recommended Budget – FY 2010-11

Health and Human Services Policy Area –

Total Budget: \$28.4 Billion



Health and Human Services – Major Policy Issues

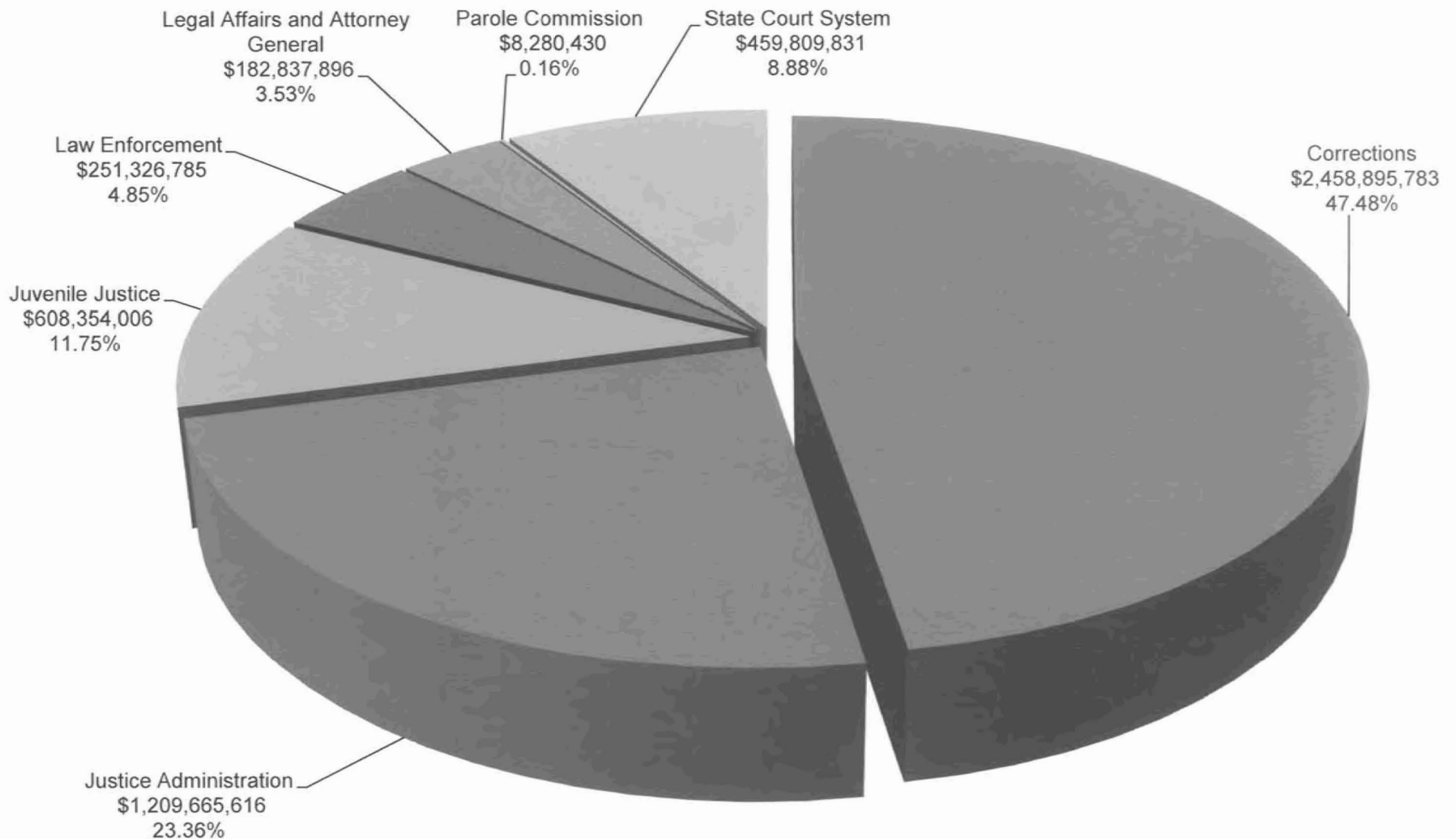
Helping our Most Vulnerable – Children, Elders, & the Disabled

- * Medicaid -\$2.7 billion in total funds, to cover increased enrollment and utilization of health care services
- Kidcare - \$50.5 million in total funds, to cover increased enrollment and utilization of health care services
- * Medically Needy - \$402.7 million to continue program for an additional six months, until June 30, 2011
- * Meds AD (Medicaid for the Aged and Disabled) Program - \$267.5 million to continue program for an additional six months, until June 30, 2011
- Adoption Subsidies - \$25.8 million to continue current year funding and provide additional subsidies
- Mental Health and Substance Abuse - \$31.3 million to preserve the current service level

* Budget Recommendations for Fiscal Year 2010-11 assumes the enhanced Federal Medical Assistance Percentage (FMAP) is extended through June 30, 2011.

Governor's Recommended Budget – FY 2010-11

Public Safety Policy Area – Total Budget: \$5.2 Billion



Public Safety – Major Policy Issues

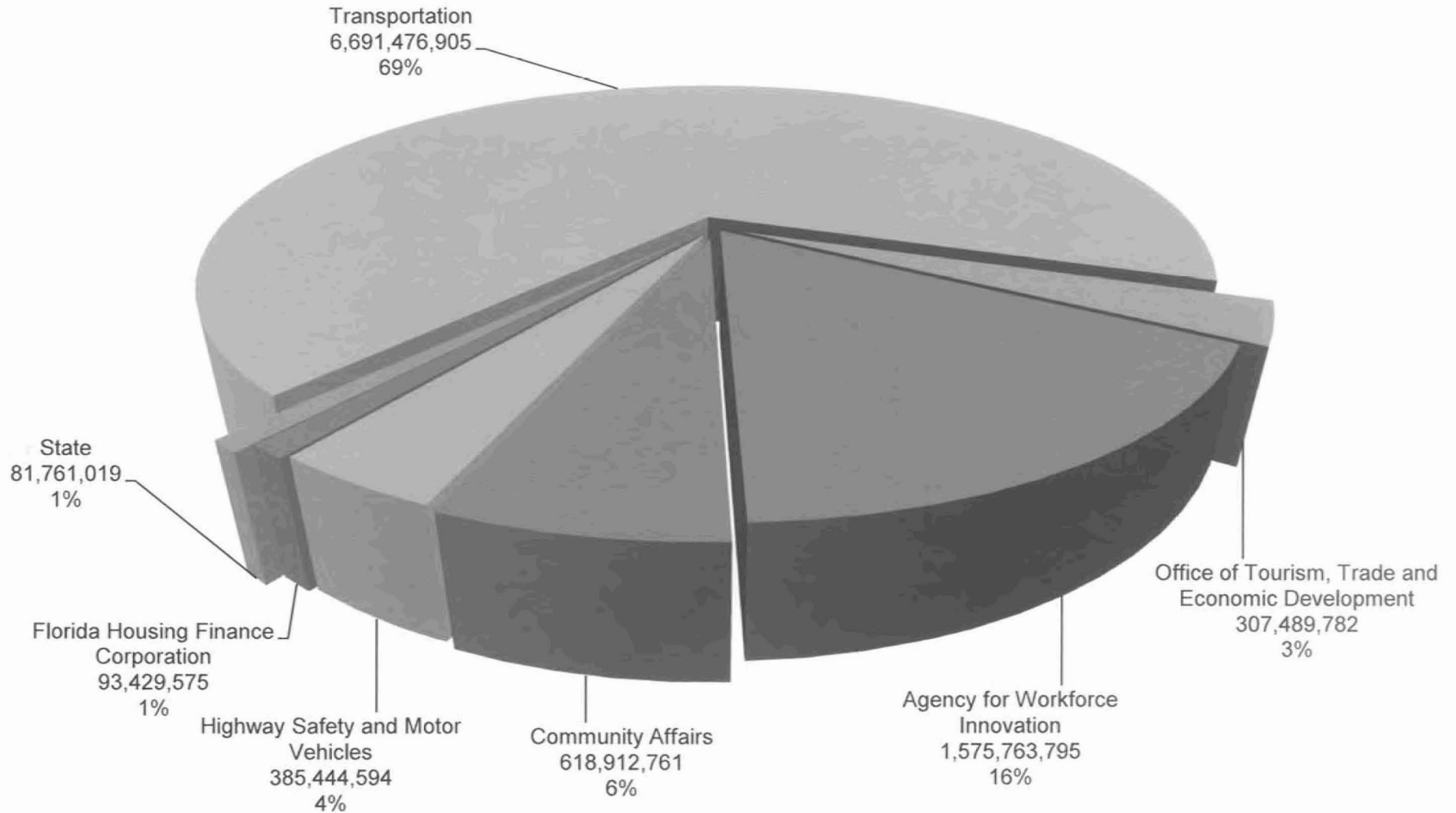
Ensuring the Continued Safety of Floridians

- No Funding for Prison Construction Needed
- 7% Reduction in Juvenile Detention Budget from Reduced Utilization - \$9.5 million savings and a reduction of 189 positions
- \$1.2 million in funds for Florida Department of Law Enforcement (FDLE) to collect DNA from Arrestees
- \$378,675 for National Background Checks for Staff and Volunteers of the Guardian ad Litem Program
- \$3.7 million and 3 positions to enhance the Judicial Inquiry System
- \$6 million for Department of Corrections (DOC) for Maintenance and Repair
- \$2.5 million for Department of Juvenile Justice (DJJ) for Maintenance and Repair

Governor's Recommended Budget – FY 2010-11

Transportation and Economic Development Policy Area –

Total Budget: \$9.7 Billion



Transportation & Economic Development – Major Policy Issues

Stimulating Florida's Economic Recovery

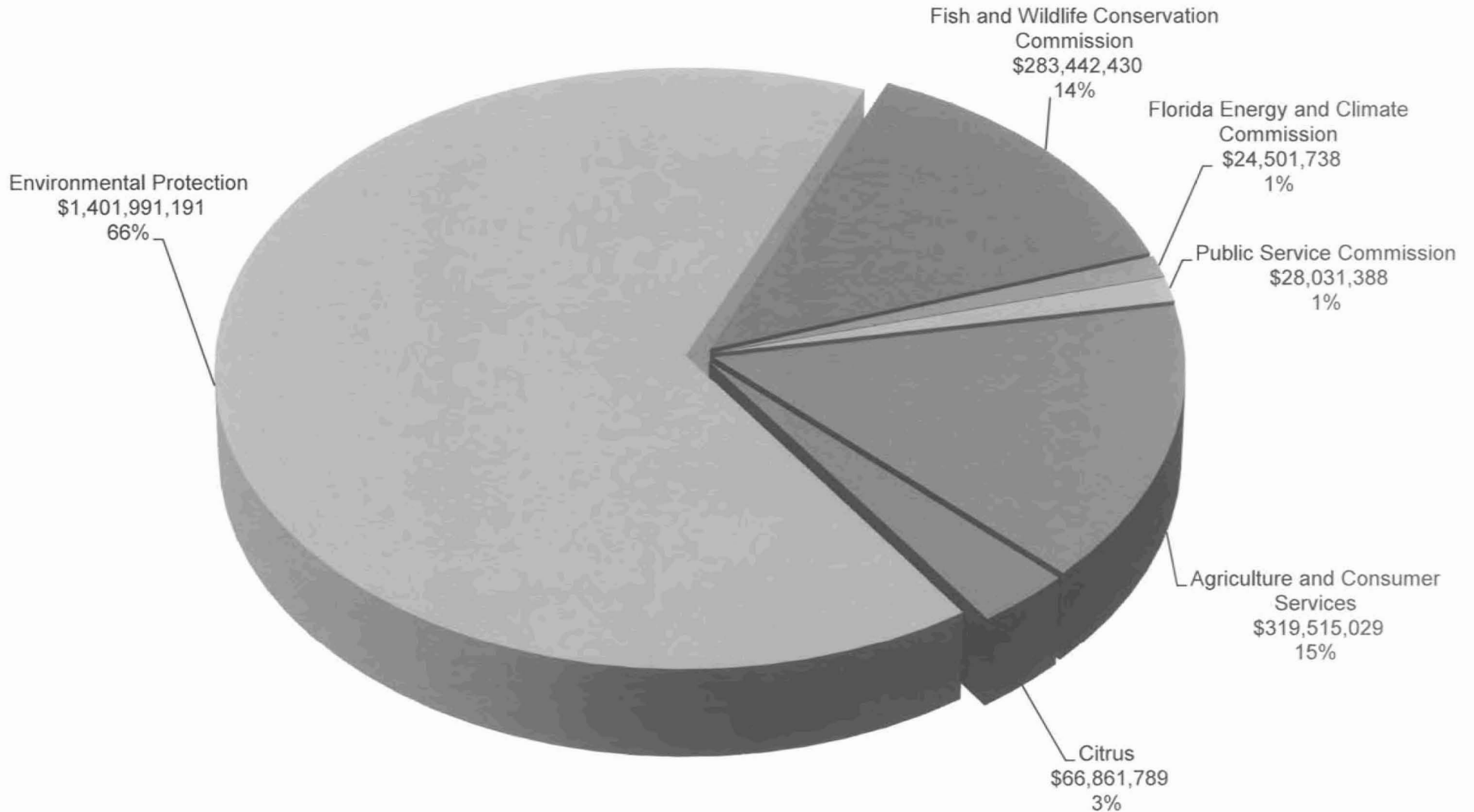
- \$5.8 billion for the Transportation Work Program
- \$615.4 million to provide affordable childcare for working parents
- \$339.3 million to serve Floridians searching for work
- \$476.3 million for infrastructure repairs, disaster mitigation, community development and assistance
- \$24 million for libraries, cultural and historic programs
- \$93.4 million for affordable housing programs

Keeping Florida's Economy Vibrant

- **\$100M – Innovation Incentive Program** – high-value research and development and innovation business projects.
- **\$25M – Quick Action Closing Fund (QAC)** – recruit and retain industries / high- wage jobs.
- **\$15M – Institute for Commercialization of Public Research**- commercialization of research and development products of Florida's universities, colleges, research institutes & publicly supported organizations.
- **\$3.8M – Florida Small Business Development Network (SBDC)** - to invest in existing small business assistance groups that help entrepreneurs and small businesses.
- **\$3M – Economic Gardening Adoption Grants – University of Central Florida** – to help local communities create their own Economic Gardening programs.
- **\$21.4M – Qualified Target Industry (QTI)/ Qualified Defense Contractor (QDC) Tax Refund** – incentives to create high-wage, high-quality jobs within the state.
- **\$32.6M – Space Initiatives** – to promote the growth of aerospace industry and space businesses that will create high-technology, high-wage jobs.
- **\$10.5M – Defense Infrastructure** – to address the infrastructure needs of the communities surrounding Florida's military installations.
- **\$10M – Rural Infrastructure Grants** – to encourage development in rural communities.
- **\$15M – Film and Entertainment** – incentives to attract, maintain, and grow Florida's film and entertainment industry.
- **\$57.4M – Corporate Income Tax Rate Cut Savings** – provide relief to Florida businesses by allowing them to keep more of their hard-earned income.
- **\$52.1M – Back to School Sales Tax Holiday Savings** – to stimulate business activity while helping Florida families.
- **Delay Unemployment Compensation Tax Increase** – provide relief to Florida businesses by delaying increase.

Governor's Recommended Budget – FY 2010-11

Environmental Policy Area – Total Budget: \$2.1 Billion



Environment – Major Policy Issues

Protecting Florida's Natural Resources

- Florida Forever and Everglades Restoration
 - \$50 million for Florida Forever
 - \$50 million for Everglades Restoration, including Lake Okeechobee and Caloosahatchee and St. Lucie Rivers

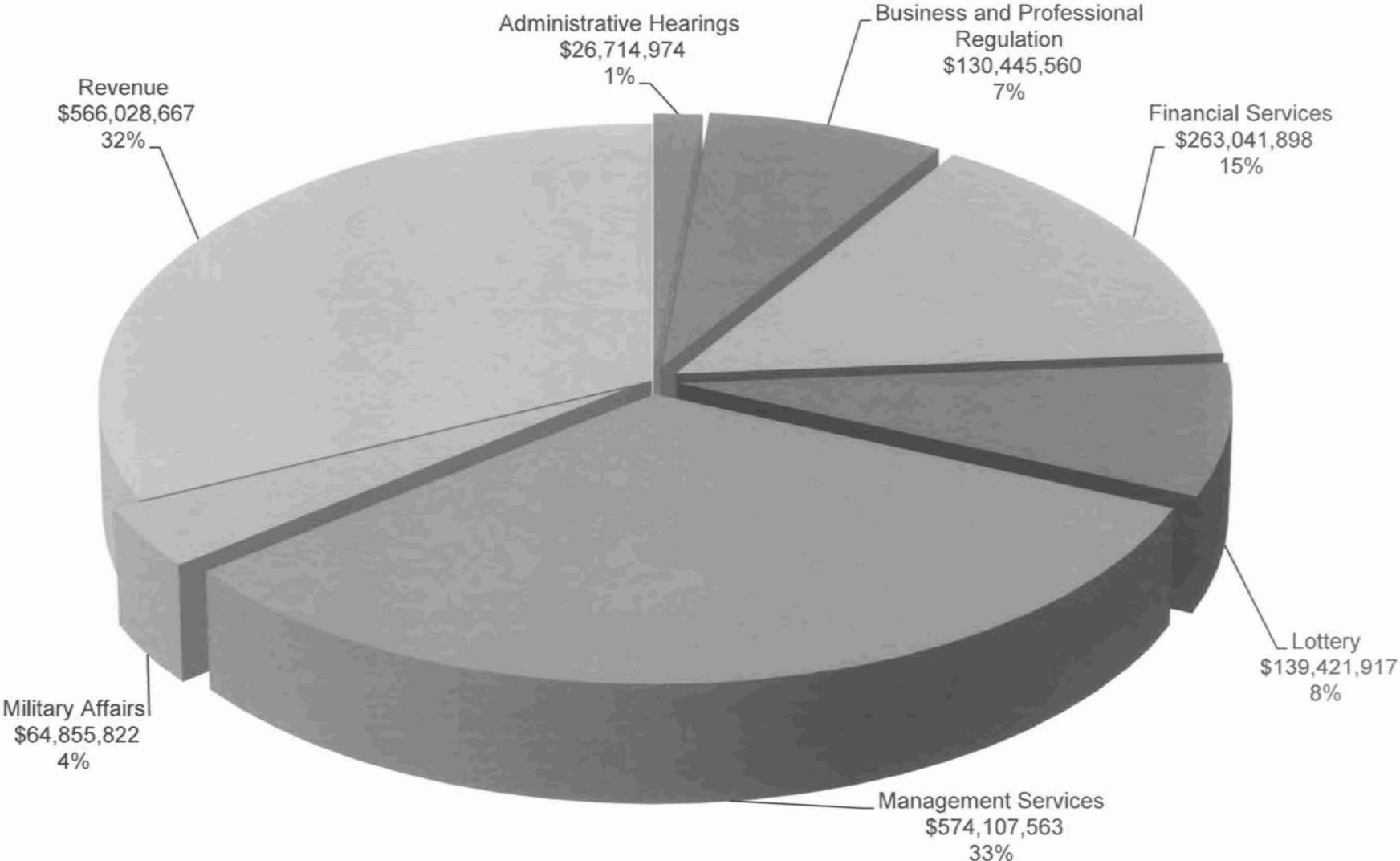
- Water Resource and Restoration Programs
 - \$10 million for Alternative Water Supply
 - \$62.4 million for Drinking Water Facility Construction
 - \$95.2 million for Wastewater Treatment Facility Construction
 - \$144 million for Petroleum Tank Cleanup Program

- Green Energy Technologies
 - \$10 million for Solar Energy Rebates
 - Continued implementation of funding for energy efficiency and conservation from the American Recovery and Reinvestment Act of 2009

Governor's Recommended Budget – FY 2010-11

General Government Policy Area –

Total Budget: \$1.8 Billion

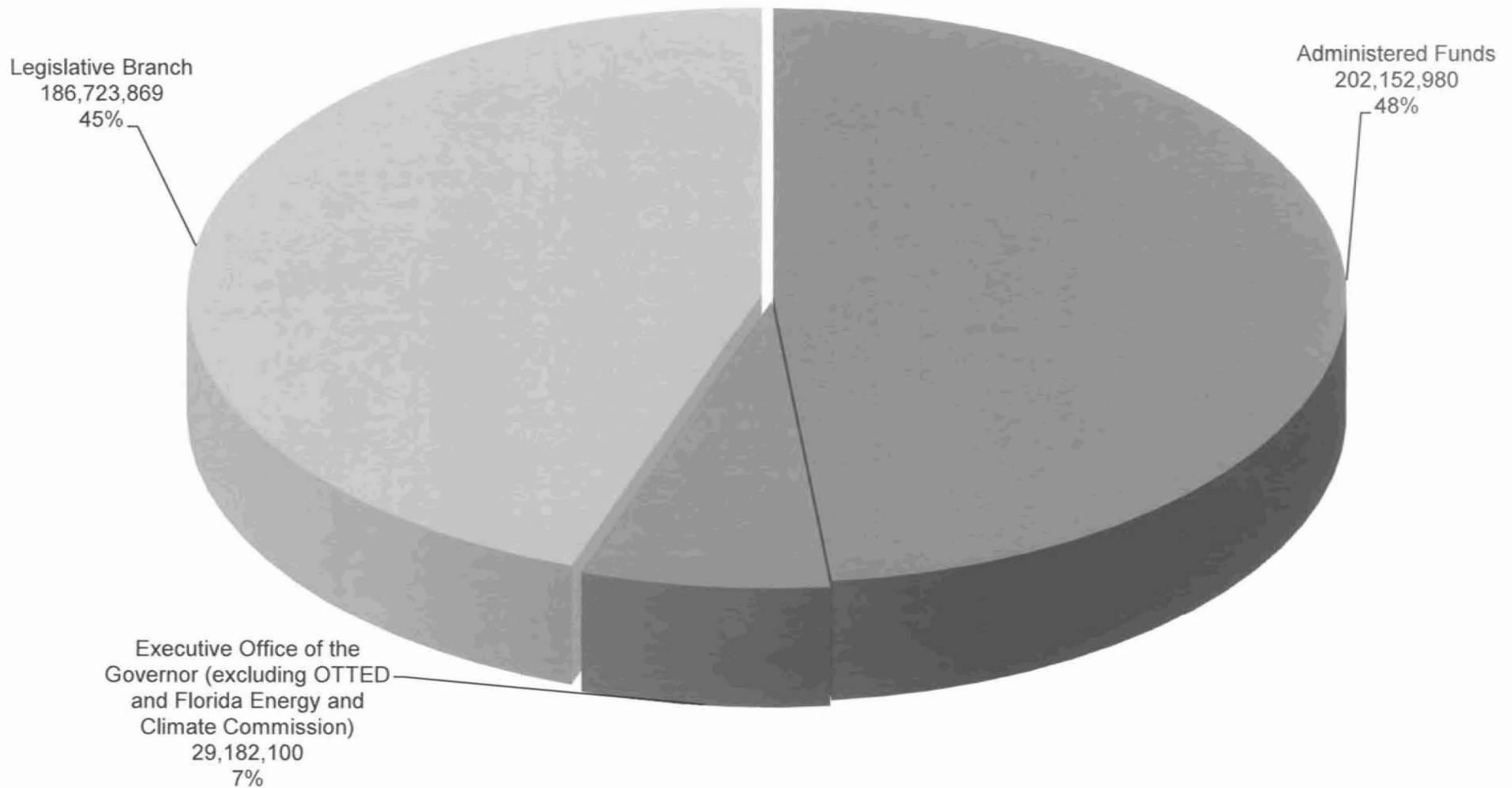


General Government – Major Policy Issues

- \$4.25 million Reduction to PeopleFirst Contract Payment Due to Contract Renewal Will Generate Estimated General Revenue Savings of \$3.3 million
- \$3.1 million to Add 50 New Tax Auditors to Increase the Collection of Taxes Owed
- \$28.9 million to Continue Funding for Fiscally Constrained Counties to Offset Reduced Ad Valorem Tax Collections
- \$2.2 million to Increase Staffing in the Office of Financial Regulation to Support Increased Workload Demands

Governor's Recommended Budget – FY 2010-11

Governor's Office, Legislative Branch and Administered Funds – Total Budget: \$418.0 Million



Statewide Issues

- Authorizing agency heads to use existing appropriations to provide salary increases and bonuses up to \$1,500
- \$347.7 million is provided for adequate funding for retirement benefits for state, university, community college and school district employees
- \$78.4 million - funding is provided for an increase in the state's share of employee health insurance premiums effective January 1, 2011
- Completes consolidation of 2 data centers, begins 6 more consolidations, and transfers agency IT resources to primary data centers
- Funding is provided for the State's Risk Management Insurance for deficits projected by the October estimating conference, as follows:
 - Fiscal Year 2009-10 - \$12.8 million
 - Fiscal Year 2010-11 - \$28.9 million
- \$2.5 million is provided for transition assistance for the executive branch agencies to help with transitional costs associated with newly elected officials