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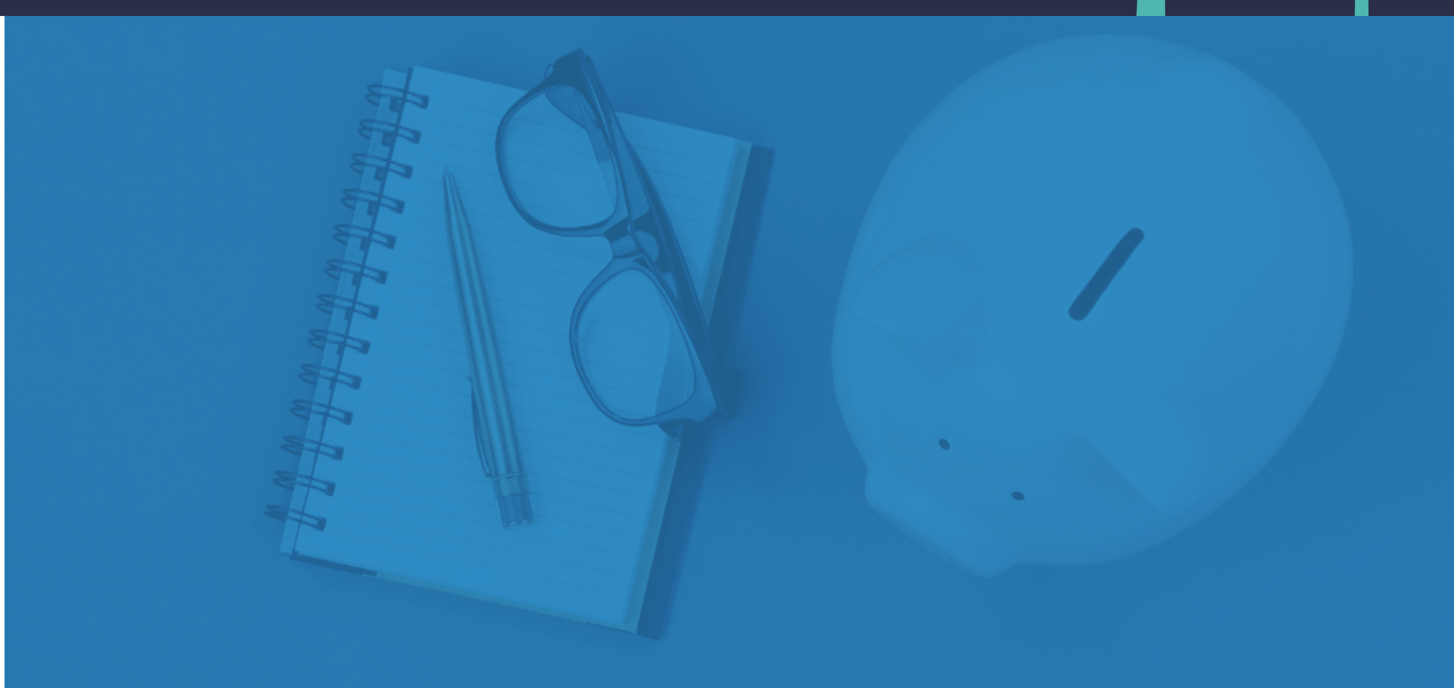
FLORIDA HOUSE AND SENATE FY 2021-22 BUDGET RECOMMENDATIONS: SUMMARY BY ISSUE AREA

April 2021



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Executive Summary

The Florida House of Representatives and Senate passed their respective budget proposals (HB 5001 and SB 2500) for fiscal year (FY) 2021-22 on April 8, 2021. The recommendations total $97.1 billion in the House's proposal and $95 billion in the Senate's, increases of 5.3 percent and 3 percent, respectively, over the $92.2 billion current year budget.[1]

Despite the influx of federal dollars in the form of COVID-19 relief from the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act, neither proposal utilizes the funds to their fullest potential to generate an equitable and shared recovery. Instead, both chambers propose funding cuts in several areas, and — separate from the budget process — are also proposing a series of tax cuts, which would further reduce revenue needed to fund priorities.

Introduction: As the Economy Reopens, Uncertainty and Hardship Persist

It has been over a year since the since the outbreak of COVID-19 in Florida. After a year of social distancing, remote learning, business closures, and travel restrictions, distribution of the COVID-19 vaccine provides some optimism for a rebounding economy and for the return of pre-COVID life. As the economy continues to reopen, however, the health and economic impacts of the pandemic are as real as ever for many Floridians. The distribution of the vaccine has been fraught with inequity,[2] while food and housing insecurity and unemployment persist, disproportionately so for Black, Latino, Indigenous, and immigrant households.[3]

This legislative session provided lawmakers an opportunity to lay the foundation for a truly shared recovery, one in which economic gains benefited all Floridians. Florida's experience from the last recession, the Great Recession of 2007-2009, showed the long-lasting effects of making deep budget cuts instead of proactive investments in communities. As a result, funding for public services across the board remained below pre-Great Recession levels for over a decade and Florida has ranked at or near the bottom for measures such as access to health care, teacher retention, availability of affordable housing, and more.

Funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, American Rescue Plan Act (ARPA), and other federal relief programs provided a lifeline to the state budgets, including Florida's, that were facing significant revenue shortfalls due to the pandemic. ARPA, in particular, provides funding that would allow the Legislature to keep the state budget whole and provide meaningful support to families, workers, and communities that have been hardest hit.

Rather than taking this approach, the Florida House and Senate passed budget proposals that include funding cuts to critical programs. Neither budget fully appropriates the ARPA funds. The House includes some of the federal dollars in its proposal; the Senate includes none. As was the case with CARES Act dollars, there has been little transparency on how the state will utilize ARPA funds.

House and Senate lawmakers missed the opportunity to change course on Florida's long history of under-investing in public services and perpetuating structural inequities through the tax system. Both chambers have also proposed tax cut packages that would reduce revenue even more and further entrench Florida's "upside-down" tax system, in which those with the lowest income pay a higher share of their income on state and local taxes compared to wealthier Floridians. Maintaining this status quo comes at the cost of high quality education, affordable health care, a strong safety net, sustainable growth, and an adequate and equitable tax code.

Florida Policy Institute's (FPI)'s "Roadmap to Shared Prosperity in Florida" is a blueprint for improving economic mobility, health, and fiscal stability for families in the Sunshine State,[4] principles that are important now more than ever. This includes:

- Fostering community well-being by investing in education and health;
- Spurring sustainable growth by promoting equitable economic development, investing in smart infrastructure, and improving climate resilience;
- Advancing shared prosperity by nurturing inclusive communities and building a strong safety net; and
- Cleaning up and modernizing the tax code for a stronger future.

COVID-19 has laid bare the deep inequities at the core of Florida's economy. The state must pursue policies, including both preserving investments and raising revenue, to ensure not only a recovery from this recession, but also a stronger, more equitable economic foundation for the state's future.

FPI has analyzed the House and Senate FY 2021-22 budget proposals in the context of the roadmap's principles.

→ Do the budget proposals include meaningful investments in education and health that will foster community well-being?

The House and Senate proposals maintain the investment in boosting teacher pay, but they decrease the state's portion of the education funding formula (the Florida Education Finance Program) and increase the amount of federal funding. The House's proposed base student allocation, while in nominal dollars the highest on record, is lower than it was before the Great Recession after adjusting for inflation. Florida's ability to raise adequate revenue to fully fund education and withstand economic ups and downs remains inadequate.

The House and Senate continue to underinvest in behavioral and public health funding, despite the ongoing pandemic and years of poor national health rankings. Positively, however, the House extends post-partum Medicaid coverage from 60 days to a full year. Lawmakers have yet to expand Medicaid to all low-income adults, despite ARPA providing additional federal funding that would more than cover the cost of expansion.

They have also failed to restore Retroactive Medicaid Eligibility, which allowed Floridians applying for (but not yet enrolled in) Medicaid to have up to three months of prior services covered by the program.

Additionally, neither proposal includes adequate funding to reduce long waitlists for home- and community-based services (HCBS) for Floridians with disabilities and older adults. These services are designed to reduce their chances of requiring long-term institutional care (e.g., nursing homes). Despite years of abysmal rankings in funding per capita for these populations, the Senate does not add waitlist funding for any of the five HCBS areas. While the House increases funding for three of these five areas, the Statewide Medicaid Managed Care Long-Term Care program, which has the largest HCBS waitlist (over 58,000 people), receives no additional funding from either chamber.

→ Do the budget proposals include economic development and public infrastructure projects to help promote quality jobs, spur sustainable growth, and improve climate resilience?

Investment in Florida's infrastructure — transportation, public buildings, and water treatment systems — is important, particularly during an economic recession. Public infrastructure projects create jobs, increase safety during natural disasters, and help combat the impacts of climate change.[5] Right now, 9 percent of Florida's roads are in poor condition and the state's schools are 29 years old, on average.[6] In a state prone to hurricanes and floods, it is especially important to have modern, climate-resilient facilities.

The type and timing of infrastructure investments, however, is crucial in determining their economic impact. The Multi-Use Corridors of Regional Economic Significance (M-CORES) project, which was passed in 2019 and includes 330 miles of new toll roads that had raised concern from community and environmental advocates, was funded in the governor's budget. However, given the steep cost amid a difficult budget year, the Senate and House are poised to pass a partial repeal of M-COREs, which would mitigate some of its environmental and fiscal impacts.

The House and Senate budget proposals reflect conflicting priorities on environmental concerns, but overall, both chambers are united in drastic cuts to the Department of Environmental Protection. The Senate cut to Florida Forever funding is significant. Moreover, while the Senate recognizes the importance of Everglades protection and restoration, the House is proposing a major cut to overall Everglades funding. Some of these reductions are to accommodate both chambers' proposed wastewater grant program which would, controversially, be funded by enacting a permanent sweep of half of documentary stamp tax revenue currently mandated for the Sadowski Affordable Housing Trust Fund.

→ Do the budget proposals include provisions to advance shared prosperity by nurturing inclusive communities and building a strong safety net?

Both the Senate and House proposals significantly reduce funding for the Sadowski Affordable Housing Trust Fund, as prescribed by a proposal to permanently redirect these funds toward environmental projects. This is an alarming prospect, as the trust fund has seen over $2 billion in sweeps since FY 2002, while Florida's affordable housing crisis has worsened.

Overall, the recommended budgets include little to ease the unprecedented hardships facing Florida's communities. While families face increasing difficulty putting food on the table and meeting their day-to-day needs, neither proposal includes any other significant measures to reduce Florida's growing income inequality, nor do they provide targeted benefits to the state's working families. In fact, both the House and Senate do not include an increase in Temporary Assistance for Needy Families (TANF) cash assistance program benefit levels, even though those benefit levels have remained stagnant for nearly three decades.

The House and Senate budget proposals do both include a small increase in funding for the Department of Corrections, including additional investment in inmate education. However, given the increased need to ensure safety during COVID-19, the budget proposals overall continue underinvesting in reentry programs and are insufficient for addressing the fiscal challenges the department has faced in recent years.

→ Do the budget proposals contain language to clean up and modernize the tax code for a strong future?

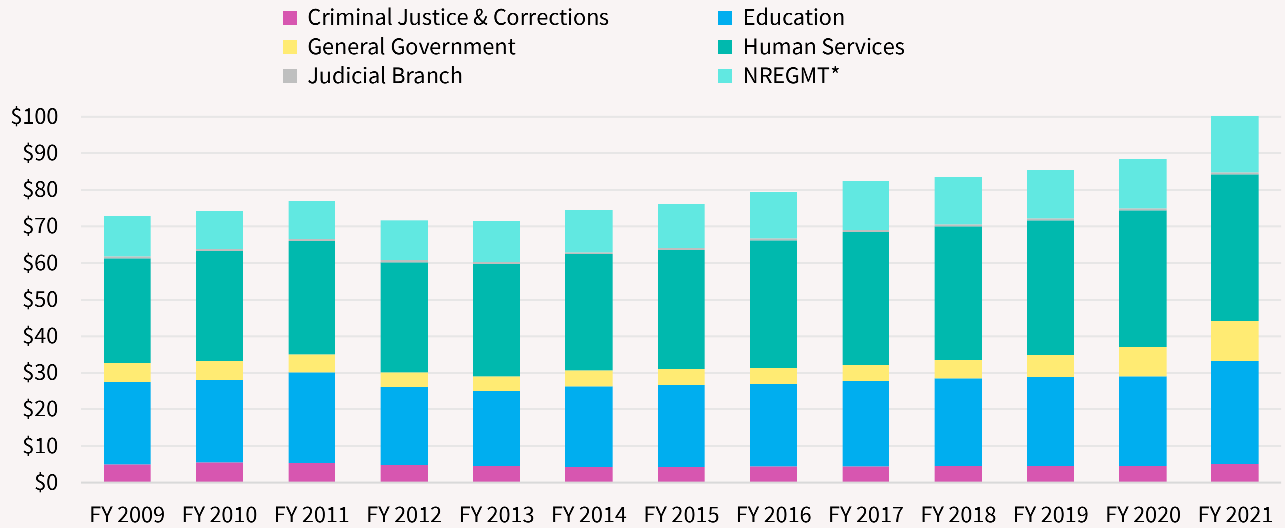
Nearly 80 percent of Florida's revenue is generated from the sales tax, which is driven by consumer spending and the state's tourism industry. Business closures, layoffs, and stay-at-home orders meant that Florida's tourism and hospitality industries came to a near halt, significantly impacting the state's main revenue source. Over the past several months, as economic activity has started to resume, revenue has started to increase. Revenue projections had initially estimated that shortfalls would total $5.4 billion over two fiscal years, but this figure was recently adjusted down to $1.3 billion.

The House and Senate have continued to pursue tax cuts, despite the revenue shortfall projected for the next couple of fiscal years. Both chambers passed SB 50, which will enforce the collection of sales tax from online purchases; however, instead of using the newly generated revenue to bolster the General Revenue Fund, the Legislature has earmarked these funds for replenishing the state's Unemployment Compensation Trust Fund and cutting the business rental tax rate. Additionally, both the House and Senate have proposed other tax cuts, including sales tax holidays, which are largely ineffective and provide little benefit for everyday Floridians. The budget proposals also rely on revenue forecasts that still contain some uncertainty, as they are predicated on increasing sales tax revenue that hinges on a swift economic recovery and effective vaccine distribution.

BUDGET & REVENUE OVERVIEW

Like many states, Florida's budget has seen fluctuations over the past several years. After the Great Recession, which began in 2007 and ended in 2007, total appropriations decreased as state revenue constricted. Since then, despite some fluctuations, the total budget has steadily increased. *Figure 1* shows state appropriations — factoring in vetoes and any other subsequent actions taken that impact the budget — between FY 2008-09 and the current fiscal year, broken down by the six major service areas: Education, Human Services, Criminal Justice and Corrections, Natural Resources/Environment/Growth Management/Transportation (NREGMT), General Government, and the Judicial Branch.

Figure 1. ANNUAL FLORIDA OPERATING BUDGET BY YEAR AND SERVICE AREA
Total includes general appropriations, vetoes, budget amendments, and reversions.
Inflation adjusted, in billions



*Natural Resources/Environment/Growth Management/Transportation

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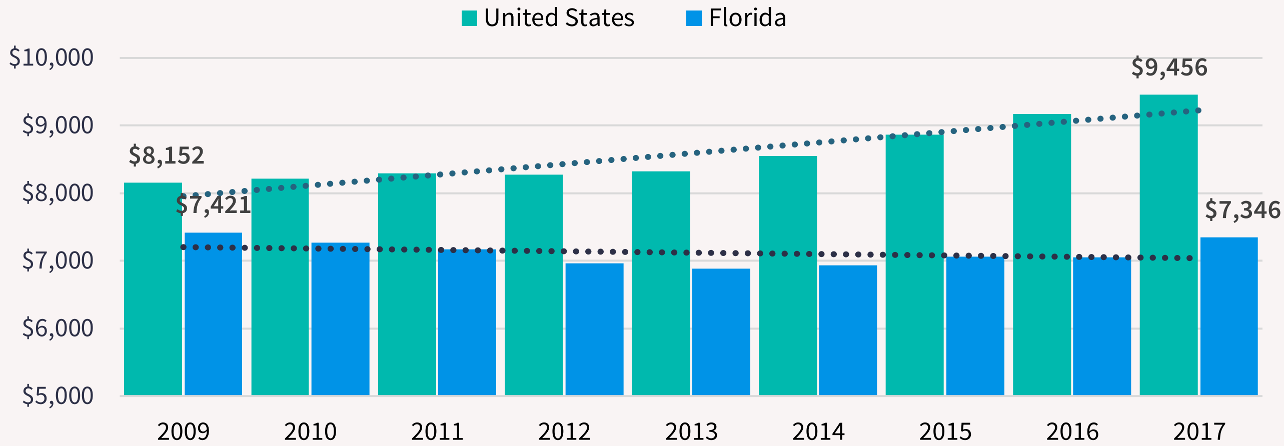
While comparing year-to-year appropriations provides important insights into what direction Florida is moving in, it is even more instructive to examine investment over time that factors in the state's growing population. *Figure 2* shows that Florida lawmakers have underinvested in public services every year since the Great Recession. While other states increased their per capita spending as the economy improved, Florida went in the other direction. As a result, Florida ranks 46th in the nation for per capita investment of state and local resources in essential public services.[7,8]

Figure 2. FLORIDA RANKS 46TH ON INVESTMENT IN PUBLIC SERVICES
Per capita state and local government expenditures, 2009-2017



Source: Tax Policy Center. State and Local Government Expenditures, Per Capita.

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Additionally, budget and revenue forecasts do not consider the foregone revenue resulting from state tax expenditures. This "shadow budget" has increased substantially since FY 2010, growing on average $780 million each year.[9] In FY 2020-21, Florida's shadow budget will cost the state $21.5 billion, a number that is likely to continue growing in the coming years.

How Do the House and Senate Fund the Proposed FY 2021-22 Budget?

Governor Ron DeSantis released his FY 2021-22 budget proposal on January 28, 2021. The request totals $96.6 billion, a 4.7 percent increase over the $92.2 billion current-year budget. On April 8, 2021, the Florida House of Representatives passed its budget proposal for FY 2021-22. The House's proposal, HB 5001, totals $97.1 billion, an increase of 5.3 percent over the current-year budget. On the same date, the Florida Senate passed its FY 2021-22 budget proposal, SB 2500. The Senate's proposal totals $95 billion, an increase of 3 percent over the current-year budget.

FY 2021-22 BUDGET PROPOSALS

	Current Year	Governor	House	Senate
Total Appropriations	$92,215,192,783	$96,577,831,649	$97,077,881,519	$94,958,184,153
Difference from Current Year Budget		+ $4,362,638,866	+ $4,862,688,736	+$2,742,991,370

Federal Dollars

Both proposals include a significant increase in Health and Human Services. Concerning the budget increases in the House and Senate, close to 60 percent in HB 5001 and about 95 percent in SB 2500 occur in Health and Human Services. This area, more so than any other section of each budget, is largely comprised of federal dollars. In fact, roughly 57 percent of each chamber's budget for Health and Human Services is federal dollars.

With 475,000 Floridians unemployed,[10] thousands dealing with the prolonged health consequences of COVID-19, and households having difficulty paying for living expenses like trips to the doctor,[11] the Sunshine State has seen health care costs increase, as exhibited by increasing Medicaid expenditures.

MEDICAID SERVICES TO INDIVUDUALS AND LONG-TERM CARE

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation amount	$29,705,399,887	$32,773,638,158	$32,439,606,364	$32,614,119,816
Difference from Current Year Budget		+$3,068,238,271	+$2,734,206,477	+$2,908,719,929

Given that Medicaid costs drive both chambers' budget increases in Health and Human Services, the federal government will play a much larger role in financing the state's health needs than in the current fiscal year. Relatedly, the state has already saved over $464 million thanks to a temporary increase in the federal government's share of the state's Medicaid costs (i.e., FMAP).[12] In exchange, the state has had to keep premiums the same and stop terminating coverage for those already enrolled in the program.[13]

While both chambers anticipate higher Medicaid costs, the Sunshine State has yet to expand Medicaid, a measure that could generate $200 million in net savings.[14] Additionally, the Senate's budget and its health conforming bill (SB 2518) include language that would eliminate Medicaid coverage for vision, optometric, hearing, podiatric, and chiropractic services.[15] This measure would not only hurt adults with low income, seniors, and people with disabilities, but it would also go against the federal government's agreement to offer an enhanced match so long as Florida stops terminating coverage for those enrolled. If the Senate's proposal becomes law, the state would forgo millions of extra federal dollars.

The House also includes an increase in its education budget of nearly $2 billion over the current fiscal year. The House's education budget $2.4 billion more than the Senate's, mainly due to $2.3 billion in federal dollars.

ARPA and CARES

It is also important to acknowledge that Florida is set to receive approximately $10.2 billion through ARPA, which President Biden signed into law on March 12, 2021. These funds are meant to address the pandemic and its negative economic impacts in the form of direct assistance to households, small businesses, and nonprofits. The state can also use these federal dollars to provide enhanced pay for essential employees, cover the costs of public services that took a hit due to pandemic-induced revenue shortfalls, and even improve local water, sewer, and broadband infrastructure.[16] Although the House's budget includes plans to spend $7.9 billion of the $10.2 billion in ARPA funds, the proposal does nothing to help essential workers or small businesses. The Senate's budget does not include ARPA funds.[17]

Prior to ARPA, Florida received $5.9 billion through the Coronavirus Relief Fund (CRF) passed through the CARES Act. These funds are limited to expenditures incurred due to the pandemic. Furthermore, these funds cannot fill revenue shortfalls or offset current appropriations. As Florida's Long-Range Financial Outlook specifies, these funds were "available" in FY 2019-20 and carried forward into FY 2020-21.[18,19] Initially, this carryforward was uncertain because it extended beyond the December 30, 2020, deadline to spend CARES Act dollars. However, the federal government has since extended the deadline to December 31, 2021.[20]

As of December 30, 2020, state agencies have reported CRF expenses totaling about $4.7 billion, and counties have submitted plans for the use of $1.26 billion.[21] Nevertheless, it is unclear when the state will disburse the entirety of these funds. Also, per the Governor's Office of Policy and Budget,[22] it seems a significant portion of CARES Act dollars will carry over into FY 2021-22.

Sales Tax Revenue

While federal dollars help to account for increases in both chambers' Health and Human Services budgets, as well as the House's Education budget, policymakers also anticipate having more general revenue. Policymakers prepared their budgets using the Florida Revenue Estimating Conference's (REC)'s general revenue forecast from December 2020. [23] Per this forecast, policymakers prepared their budgets with expectations of growth, including $26.8 billion in sales tax revenue for FY 2021-22.

In the Sunshine State, sales taxes are important because they account for 80 percent of all general revenue. Since July 2020, economic activity and sales tax revenue in Florida has steadily increased as consumers redirected their spending from the hard-hit service sector to purchase goods. Consumers have also spent down the atypically considerable savings built up during initial pandemic lockdowns. Positive spending patterns have continued such that REC recently adjusted its revenue projections for FY 2021-22 upward from $26.8 billion to $27.1 billion. [24] As policymakers negotiate differences between the chambers' budget proposals, they will undoubtedly consider this new outlook. Consequently, it is worth outlining several crucial factors that have the potential to impact sales tax collections and general revenue moving forward.

1. Floridians' savings are dwindling. As the Bureau of Economic Analysis reports,[25] nationally, after increasing to a 33.7 percent rate in April 2020 from the 7.9 percent for the entire 2018-2019 fiscal year, the personal savings rate (i.e., personal saving as a percentage of disposable personal income) for November 2020 was about 12.5 percent (or $2,136 in personal savings). The Office of Economic and Demographic Research (EDR) estimates that reduced savings have been responsible for at least $177.6 million in sales tax collections for FY 2020-2021.[26] The savings rate increased to 19.8 percent ($3,801) in January 2021 and then dropped back

down to 13.6 ($2,410) in February. It is possible that the $1,400 stimulus checks included in ARPA will drive personal savings up and increase sales tax collections as Floridians draw these savings down.
2. Tourism has taken a substantial hit. Nearly 15 percent of sales tax revenue comes from tourists. Unfortunately, Florida's tourism-sensitive economy is exceptionally vulnerable to the effects of the pandemic. In a presentation to the House's Tourism, Infrastructure, and Energy Subcommittee,[27] the state's Office of Economic and Demographic Research (EDR) reported a 31.5 percent loss in sales tax revenue related to tourism. This is due to a decline in out-of-state tourists (particularly air travelers) and residents visiting restaurants, local attractions, and other leisure-based activities. Moreover, the Florida Economic Estimating Conference does not expect visitor levels and employment levels in the leisure and hospitality sector to return to pre-pandemic levels until 2024.[28]

3. Online sales tax collection will not add to general revenue. At the beginning of legislative session, both chambers introduced bills (SB 50, HB 15) to modernize the enforcement of online sales tax collections. Currently, Florida's approach is to require a "use tax," meaning that residents are responsible for paying taxes on untaxed online purchases. Due to high compliance costs and lack of public information, use tax collections are notoriously low. As originally filed, SB 50 and HB 15 set out to fix this by making online marketplaces (e.g., Amazon, eBay, and Etsy) and sellers collect and remit sales taxes at checkout. Although sales taxes in Florida are among the most regressive in the nation,[29] early proponents of these initiatives, including FPI, mentioned that the increased revenue (up to $1 billion) could be used to uplift Floridians by making substantial investments in public services.[30] Unfortunately, the bills have been amended to direct the revenue generated to replenish the Unemployment Compensation Trust Fund and reduce the tax on commercial rentals from 5.5 percent to 2 percent – effectively canceling out any revenue gains from modernizing online sales tax collection.

4. Sales tax holidays are costing the state millions. While not directly in the budget proposals, the House has introduced HB 7061, a tax package that includes: a back-to-school tax holiday week, a disaster preparedness tax holiday week, and a "recreation" tax holiday week (dubbed "Freedom Week") for "admissions and supplies used to enjoy the entertainment options and natural beauty Florida has to offer." While lawmakers in several states have enacted similar sales tax holidays (16 states held them in 2019), the Institute on Taxation and Economic Policy explains that these holidays: do nothing to reduce taxes for low- and moderate-income taxpayers during the rest of the year, often result in sizeable hits to state and local revenue, create administrative difficulties for small businesses and tax agencies, and can be exploited by increasing prices or watering down sales during the holiday.[31,32] Accordingly, the back-to-school and disaster preparedness holidays will cost the state $50 million in forgone non-recurring revenue,[33] and the "Freedom Week" will cost the state about $38 million.

5. The House has proposed additional business tax credits. The House's tax package (HB 7061) also includes a "Strong Families Tax Credit" that will have a one-time (non-recurring) cost of $5 million to provide businesses a dollar-for-dollar tax credit for making contributions to eligible charitable organizations, and an exemption from property taxes for property used for charitable, religious, scientific, or literary purposes that will cost $30 million in recurring revenue.

6. Florida's economic recovery hinges largely on the swift and equitable distribution of COVID-19 vaccines. The widespread distribution of COVID-19 vaccines in FY 2021-22 underlies expectations of sufficient sales tax revenue and the recovery of the tourism industry. According to the Centers for Disease Control and Prevention,[34] as of April 14, 2021, 7.6 million people have received a COVID-19 vaccine in Florida.[35] Specifically, about 2.9 million people – 13.5 percent of Floridians – have received their first dose, and 4.7 million people – 21.8 percent of Floridians – have received the recommended doses needed to be considered fully vaccinated.

Trust Fund Transfers, or "Sweeps"

Throughout 2020, REC adjusted its revenue outlook to reflect the impact of the pandemic.[36] In August 2020, the conference projected a revenue shortfall of $5.4 billion across FY 2020-21 and 2021-22. In December, the conference released a more optimistic outlook, showing the shortfall to be $3.3 billion. To the benefit of policymakers, the conference has adjusted the severity of the shortfalls to $1.3 billion.

REVENUE ESTIMATING CONFERENCE OUTLOOKS

	Pre-Pandemic			New Forecast
	January 2020	**August 2020**	**December 2020**	**April 2020**
FY 2020-21 Revenue Projection (thousands)	$34,449.3	$30,990.1	$32,476.0	$33,951.8
Difference from Previous Forecast	*+ $86*	*- $3,420.4*	*+ $1,485.9*	*+ $1,475.8*
Total Shortfall		*- $3,420.4*	*- $1,934.50*	*- $458.70*
FY 2021-22 Revenue Projection (thousands)	$35,686.8	$33,691.2	$34,314.1	$34,864.9
Difference from Previous Forecast	*- $25.5*	*- $1,993.6*	*+ $622.9*	*+ $550.8*
Total Shortfall		*- $1,993.6*	*- $1,370.70*	*- $819.90*

Although federal dollars, encouraging sales tax collections, and optimistic revenue forecasts have eased budgetary constraints, both the House and Senate include trust fund transfers, or "sweeps," which move money out of trust funds and into the General Revenue Fund to be used in other areas of the budget. Specifically, the House budget includes $497 million in sweeps, whereas the Senate includes $187 million.

TRUST FUND SWEEPS FY 2021-22

Agency	HB 5001	SB 2500	Difference
Agency for Health Care Administration	$50,000,000	$30,000,000	$20,000,000
Department of Business and Professional Regulation	$15,000,000	$15,000,000	$0
Department of Corrections	$3,000,000		$3,000,000
Department of Economic Opportunity	$324,490,000	$318,000,000	$6,490,000

Department of Environmental Protection		$30,000,000	-$30,000,000
Department of Financial Services	$26,000,000	$28,000,000	-$2,000,000
Department of Health	$49,819,499	$25,000,000	$24,819,499
Department of Highway Safety and Motor Vehicles	$15,000,000		$15,000,000
Department of Juvenile Justice	$4,000,000		$4,000,000
Department of Legal Affairs	$2,500,000		$2,500,000
Department of Management Services	$1,500,000	$2,000,000	-$500,000
Department of Transportation	$6,000,000	$32,000,000	-$26,000,000
Total	**$497,309,499**	**$480,000,000**	**$17,309,499**

During the Great Recession, state lawmakers began sweeping restricted trust funds to transfer dollars into the unrestricted General Revenue Fund. While these sweeps allow policymakers to avoid other more visible and less favorable measures (e.g., programmatic budget cuts), they also prolong financial difficulties by taking money away from specific programs (e.g., affordable housing) without automatically replenishing those funds.[37] In effect, sweeps create a multi-year financial burden on these programs and services.

It is important to note that both chambers have also introduced legislation (SB 2512 and HB 5401) to redirect funds from affordable housing to pay for Governor DeSantis' proposed Resilient Florida project and expand the Wastewater Grant Program. COVID-19 has made Florida's affordable housing crisis worse, and this legislation would cut funding for housing by half.

Rainy Day Funds

Another factor that has eased the budgetary constraints is the state's balance in rainy day funds. Rainy day funds are budget reserves policymakers can use when recessions or other unexpected events cause revenue to fall or spending to rise. Also, rainy day funds can help reduce economic harm during crises.[38] In Florida, policymakers have access to three central rainy-day funds:

- **Unallocated General Revenue Fund**. This fund holds about $1.9 billion.[39] The Unallocated General Revenue Fund consists of excess general dollars needed to meet General Revenue Fund appropriations for the current fiscal year. Since there is still a need to be cautious about funding demands throughout FY 2021-2022, this fund "may prove to be of greater than normal importance, making this a less likely candidate" for drawdown.[40]

- **Budget Stabilization Fund (BSF),** which holds about $1.7 billion. The BSF can only be used to offset a declared deficit or provide funding for an emergency.[41] Consequently, policymakers have limited access to the BSF. Concerning funding in the budget proposals: In HB 5001, policymakers include a $350 million transfer of ARPA Funds into the BSF. The Senate's budget does not include any transfers into the fund.

- **Lawton Chiles Endowment Fund (LCEF)**, which has an estimated market value of $958 million.[42] The LCEF is a funding source for state children's health programs, human service initiatives, elder programs, and biomedical research activities related to tobacco. Concerning the LCEF, the Senate's bill includes a $305 million transfer from the General Revenue Fund to the LCEF. The House's budget does not include a transfer. Instead, the House has introduced HB 5011, which would eliminate the LCEF and redirect the estimated $958 million into the BSF.

What Comes Next in the Budget Process?

Joint Budget Conference Committees are being formed to negotiate over differences between the House and the Senate budget bills. Negotiations will continue until a revised, single budget is agreed upon. This budget, the General Appropriations Act (GAA), is then sent back to the Florida House and Senate for a vote. Upon passage, the GAA is sent to the governor, who has the power to veto specific line items within the budget. The Legislature can override vetoes if two-thirds of the members in each chamber vote to do so. Once the budget adoption process concludes, the governor signs the final GAA into law.

HEALTH AND HUMAN SERVICES

→ Current Landscape

Florida ranks near the bottom on multiple national rankings of health and wellness. Even before COVID-19, the state had one of the highest rates of uninsured residents in the U.S., and lawmakers have not expanded Medicaid to more than 800,000 uninsured, low-income residents. The ongoing failure to expand Florida Medicaid contributes to the growing racial health gap, exacerbating health disparities in communities of color.[43]

In terms of investment in mental health and substance use disorder (SUD) treatment, Florida lags far behind other states. Twenty percent of adults in Florida experience a mental illness.[44] The need for mental health and SUD care is increasing due to the COVID-19 pandemic. Adding to the pressure on Florida's already-strained community mental health system is the state's very high rate of uninsured people with mental illness. Mental Health America estimates there are 461,000 uninsured Florida adults with mental illness — the sixth highest percentage in the country.[45] Twelve Floridians are dying each day due to opioid overdoses,[46] and overdose deaths are surging during the pandemic.[47]

Home- and community-based services (HCBS) are critical in helping Florida’s growing senior population stay in their homes and avoid or delay nursing home or other institutional care. Institutional care can take a mental and physical toll on individuals and their families, and nursing homes cost anywhere from eight to 24 times more to the individual and taxpayers than HCBS.[48] However, enormous HCBS waitlists in the tens of thousands grow substantially year after year, keeping these services out of reach for many.

The pandemic has been a stark reminder that over the years Florida has made deep cuts to public health programs. These have been particularly severe for county health departments, which are intended to be the state's frontline hubs for responding to crises. Notably, between 2010 and 2018, Florida cut county health department funding by 10 percent, shrinking staff levels from 12,800 to 9,300.[49]

Florida’s Temporary Assistance for Needy Families (TANF) program, the state’s core safety net program for providing families with low income a temporary means to meet basic needs, does a poor job of reaching families who are struggling to get by. For every 100 families with income below the poverty level in Florida, only 13 receive cash assistance, compared to 55 out of every 100 families in poverty in 1996. Adjusted for inflation, Florida’s TANF benefit levels are down more than 39 percent since 1996. Although the Supplemental Nutrition Assistance Program (SNAP), which helps families to put food on the table, is an important thread in the state’s safety net, SNAP and TANF combined still put families below 45 percent of the poverty level. At the same time, the state is doing little to either address food insecurity in food deserts across the state or provide recipients of public assistance with meaningful education and training to empower them with the skills and education they need to get and keep good-paying jobs in today’s workforce.[50]

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is a federally funded program that provides healthy food and one-on-one nutrition counseling not only to low-income pregnant, breastfeeding, and non-breastfeeding postpartum mothers, but also to infants and children under the age of 5 at nutritional risk. Yet participation continues to decline in Florida despite increased need during the pandemic.

With billions of additional federal dollars available to the state under ARPA, the state can avoid cuts and bump up investment in already woefully underfunded health and human services. ARPA increases the portion of costs covered by the federal government (estimated at $3 billion to $3.5 billion) for two years if Florida expands its Medicaid program. These new Medicaid dollars under ARPA are in addition to the enhanced FMAP (an additional 6.2 percentage points) that Florida has been receiving since January 2020 under the Families First Coronavirus Response Act (FCCRA). This enhanced FMAP is projected to continue at least through March 2022. For this fiscal year, due to these increased federal Medicaid dollars, Florida will realize a general revenue surplus of nearly $619 million.[51] For the upcoming fiscal year, it is projected that just from July through December, Florida will receive an additional $1 billion in federal funding under FCCRA.[52]

In addition, recognizing the increased demands for HCBS during the pandemic, ARPA offers states a 10 percent increase in FMAP for these services for one year. The increased federal funds must supplement current state funding to enhance, expand, or strengthen these services. This could include adding services, increasing provider reimbursement, or decreasing wait lists, among other strategies. It is projected that Florida could receive over $319 million additional dollars under this option.[53]

→ Budget

HEALTH AND HUMAN SERVICES BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$39,223,586,984	$42,454,784,110	$42,121,489,934	$42,335,701,768
Difference from Current Year Budget		+ $3,231,197,126	+ $2,897,902,950	+ $3,112,114,784

Each chamber proposes over a $3 billion-dollar increase for the Health and Human Services budget —a total of $42.1 billion in the House and $42.3 billion in the Senate, exceeding current-year funding of $39.2 billion. The increased funding is to support higher Medicaid caseloads due to the pandemic and economic downturn. Most of this increased funding is allocated to the Agency for Health Care Administration (AHCA) for operation of the Medicaid program. Notably, federal dollars make up more than 70 percent of both chambers' proposals.

However, cuts included in the Senate's recommended budget are particularly concerning. They include elimination of Medicaid coverage for young adults aged 19 and 20; cuts to "optional" services for adults, including vision, hearing, podiatric, and chiropractic services; deep cuts to Healthy Start; and coverage cuts for over-the-counter medications. Both chambers permanently eliminate retroactive Medicaid eligibility for all adults, except pregnant women.

In contrast, a very bright spot in the House budget is the extension of postpartum Medicaid coverage from the current 60 days to a full year, which is projected to help over 97,000 mothers.[54]

The Legislature's decision to not expand Medicaid, reduce the Statewide Medicaid Managed Care Long Term Care (SMMC-LTC) waitlists, and fully investing in behavioral and public health programs are short-sighted. Vital services needed to meet Florida's growing population of older adults, children, and people with disabilities remain seriously underfunded.

Medicaid Caseload

The House and Senate proposals both include full funding for Medicaid caseloads, which are projected to reach 4.6 million in FY 2021-22, the highest caseload count in the history of the program. However, it is worth noting that both the House and Senate substantially underestimate the amount of federal Medicaid funding that will be available to Florida during the public health emergency.

The FFCRA, passed in March 2020, gives states a 6.2 percentage-point increase in the federal share of Medicaid spending (the federal medical assistance percentage, or FMAP), as long as the COVID-19 public health emergency is in place. This helps the state cover higher Medicaid costs during the pandemic. To receive the FMAP increase, states may not cut eligibility or make it harder to enroll or retain Medicaid (referred to as "the maintenance of effort" or "MOE" requirement).

The federal government has informed state governors that it intends to keep the public health emergency in place through at least 2021, with enhanced federal funding available through March 31, 2022.[55] It is estimated that Florida would receive an additional $1 billion in federal Medicaid funding for July through December of 2021 alone.[56] Neither chamber has included these additional federal funds in their budgets.

KidCare

Both chambers fully fund the projected caseloads in the KidCare programs (Florida Healthy Kids MediKids and Children's Medical Services) for a total of $570 million. (This includes $421.3 million in federal funds). As of March 2021, there were 167,092 children enrolled in these programs. During the current fiscal year, enrollment has declined due to the recession and resulting job losses with a portion of children being shifted to Medicaid. Projected lower enrollment for FY 2021-22 and the enhanced federal match under FFCRA has reduced the need for state funding.

Both chambers' health care conforming bills (HB 5201 and SB 2518) require the Florida Healthy Kids Corporation to calculate a refund amount due from KidCare health plans that fail to achieve a Medical Loss Ratio (MLR) at or above 85 percent, and to deposit any refunds into the General Revenue Fund, unallocated. The MLR measures the fraction of the total insurance premiums that health plans use on clinical services as opposed to administration and profit. In FY 2018-19, $3.99 million in refunds were collected from health plans not achieving the 85 percent MLR requirement. [57]

Medicaid Eligibility / Service Cuts

Coverage for Young Adults

The Senate budget and conforming health bill eliminate Medicaid coverage for young adults aged 19 and 20 (a $26 million reduction in general revenue). Loss of this coverage would put the health and financial security of these young people at risk, as well as jeopardize Florida's continued receipt of millions of federal COVID-19 relief dollars.[58] Additionally, this cut would violate an MOE requirement under the Affordable Care Act requiring the state to continue this coverage through September 30, 2027.[59] The House budget maintains this coverage.

Services for Adults

The Senate's budget proposal also includes elimination Medicaid coverage for adults for vision, hearing, podiatric, and chiropractic services (an $8.2 million cut), as well as coverage for over-the-counter medications (an $8.7 million cut). Lack of access to these medically necessary services can pose serious risks for overall health, unnecessarily push people into more costly institutional care, and significantly diminish quality of life.[60] The House budget proposal also includes elimination of coverage for over-the-counter medications; however, it does not include the other cuts. The Senate's proposed cuts would jeopardize Florida's continued receipt of millions of federal COVID-19 relief dollars under the FFCRA MOE requirement.

Services for Pregnant Women and Infants — Healthy Start Services

The Senate budget includes a $41 million cut to Healthy Start and would shift responsibility for provision of these services to individual Medicaid managed care plans. For nearly 30 years, Healthy Start has provided a universal system of care and safety net for pregnant women and infants. Services include intensive home visiting services focused on family support and counseling, health education, social determinants of health, evidence-based screenings, and risk appropriate care coordination. Placing these services under the health plans would effectively dismantle this safety net.

The House does not include this cut and instead provides a $21.9 million increase for these services.

Retroactive Medicaid Eligibility

Both the House and Senate propose permanently eliminating retroactive Medicaid eligibility for adults, except for pregnant women, in their health care conforming bills. Since 2018, this cut has been made on a temporary year-to-year basis and is set to expire on July 1, 2021. The state would have to invest about $40 million in general revenue dollars to restore the cut, but those state funds would leverage an additional $63.5 million in federal funds. Seniors and adults with disabilities are disproportionately hurt by this cut. Without retroactive

Medicaid benefits, thousands of people will face enormous medical debt arising from unanticipated, catastrophic illnesses or injuries that require hospitalization or end-of-life nursing home care.[61]

Hospital Medicaid Reimbursement

Both chambers propose deep cuts in Medicaid reimbursement for hospital inpatient and outpatient services. The House proposes a $199 million reduction, and the Senate proposes a $127.3 million cut. This includes reductions in enhanced payments made to hospitals providing the largest amount of charity care.

Both chambers authorize AHCA to seek approval from the federal government to establish a “directed payment” program for hospitals providing inpatient and outpatient services to managed care enrollees. Directed payments are another tool that states can use to provide supplemental payments to hospitals. Proviso language included in the Senate proposal expressly requires that the state share be raised through intergovernmental transfers.

Both chambers continue the $1.5 billion appropriation, including $925 million of federal funding, for the Low-Income Pool (LIP). LIP provides supplemental funding for mainly uncompensated hospital care costs. The required state match is raised by local governmental entities such as counties and hospital taxing districts (intergovernmental transfers, or IGTs). In past years, the state has not been able to access the entire $1.5 billion allotment because the full state match portion has not been raised through IGTs.

This year's proposed substantial reductions underscore the ongoing challenges of year-to-year unpredictable funding to sustain sufficient hospital capacity to meet the needs of Medicaid beneficiaries as well as other underserved communities. If Florida chose to expand its Medicaid program, millions more in stable federal funding would be available to support hospitals.[62]

Medicaid Institutional Care

Both chambers’ budget proposals include rate increases for institutional care facilities serving people with intellectual disabilities (ICF/DD) who also have severe behavioral disabilities. The House provides $29.3 million, and the Senate provides $36.6 million. However, the House budget includes a $80.3 million rate reduction ($31.1 million cut) for nursing homes. This cut is not included in the Senate budget.

Medicaid Expansion

The proposed budgets fail to include expansion of Florida's Medicaid program, which could benefit more than 800,000 uninsured adult Floridians with low income and save lives.[63] Moreover, there is a large and growing body of research that shows Medicaid expansion will save state dollars and provide state budget fiscal gains well beyond the cost of expansion.[64] In addition, ARPA provides a substantial financial incentive for states to expand their Medicaid programs. With these incentives, it is projected that if Florida expanded Medicaid, the state could draw down an additional $3 billion to 3.5 billion in federal dollars over a two-year period.[65]

Community Mental Health and Substance Use Disorder Services

The pandemic has increased the need for community mental health and SUD services. Yet both the House and Senate propose cutting millions in funding for these services, including those offered by a variety of multidisciplinary behavioral health treatment teams and central receiving systems offering immediate crisis support to individuals.

Seeking to maximize federal Medicaid funding for behavioral health services, the Senate budget includes proviso language directing AHCA and the Florida Department of Children and Families (DCF) to pursue federal approval to implement "a new model of reimbursement." This would require DCF to certify general revenue funds in its behavioral health budget to meet the state Medicaid matching requirements.

Similarly, both the House and Senate budgets continue funding Florida Assertive Community Treatment (FACT) teams as a Medicaid state plan covered benefit, allowing the state to draw down additional federal Medicaid funding for these services, totaling $25 million. FACT teams serve individuals with serious and persistent mental illness who are at high risk of repeated psychiatric admissions.

Maximizing federal funding in the behavioral health budget has the potential to bring much-needed additional resources for the provision of behavioral services in Florida. However, it is imperative that any resulting savings in state general revenue funding be reinvested in these services, particularly for uninsured people who rely on general revenue-funded "safety net" services to access care.

The House includes a $120 million appropriation in the education budget for school-based mental health services. The Senate education budget includes a $100 million appropriation, the same as the current fiscal year.

Home- and Community-Based Services (HCBS)

Massive waitlists and slim annual increases for Home- and Community-Based Services (HCBS) have left hundreds of thousands of Floridians languishing without care for years. Since the COVID-19 pandemic hit, the demand for HCBS has increased substantially, especially among older, homebound adults.[66] Investing more in these programs now can help offset taxpayer costs in the long-term. As people spend down what little savings they have while on the waitlists for these services, their assets will become low enough to qualify for Medicaid — at a point in their life when health care is the most expensive. Investing in preventative HCBS programs can reduce the need for other more costly services such as institutional care.

Compared to current-year levels:

- **The House budget adds $15 million to serve 306 individuals who are on the Agency for Persons with Disabilities (APD) waitlist. The Senate includes no waitlist funding increases.** As of March 2021, there were 22,718 individuals on the waitlist.[67] APD provides a wide array of medical, social, behavioral, and residential services to individuals whose daily life is severely hindered by a developmental disability that was present before adulthood.

- **Neither the House nor Senate provide any funding for the Statewide Medicaid Managed Care Long Term Care (SMMC LTC) program waitlist.** As of March 2021, this is the largest waitlist, with 58,824 Floridians.[68] This program provides the most robust package of benefits for seniors and people with disabilities, enabling them to stay out of nursing facilities and stay in their homes instead. Notably, for every dollar the state spends on SMMC LTC, it receives $1.56 in federal reimbursement. Plus, for the duration of the COVID-19 public health emergency (expected through at least the end of 2021), the state is receiving an even higher federal match.

- **The House budget adds $1.8 million to take people off the waitlist for the Alzheimer's Disease Initiative (ADI). The Senate includes no increases.** As of March 2021, the ADI waitlist stands at 7,143 Floridians. ADI is a Department of Elder Affairs (DOEA) program that provides respite and support services to family caregivers of individuals living with Alzheimer's disease and similar cognitive disorders.

- **The House budget includes an increase of $2.3 million to take people off the waitlist for the Community Care for the Elderly (CCE) program. The Senate includes no increases.** As of March 2021, the CCE program waitlist stands at 49,852 Floridians. CCE is a DOEA program that provides a continuum of care (e.g., case management, personal care, homemaking, adult day care) to functionally impaired seniors, especially those referred to Adult Protective Services for risk of abuse, neglect, or exploitation.

- **Neither the House nor Senate budgets include any increases to take people off the waitlist for Home Care for the Elderly (HCE). As** of March 2021, the HCE has a waitlist of 11,800 Floridians. HCE is a DOEA program that provides subsidies to individuals caring for a senior in a private home setting. Nearly 1,500 more people have been added to the HCE waitlist over the past eight months.

HCBS WAITLISTS

		Number of People Served with Increased Funding in Proposed Budgets			
Type of HCBS	**Size of Waitlist***	**FY 2020-21 Budget**	**Governor**	**House**	**Senate**
Alzheimer's Disease Initiative	7,143	244	0	153	0
Community Care for the Elderly Program	49,852	501	0	272	0
Home Care for the Elderly Program	11,902	146	0	0	0

* Waitlist numbers from FL Dept. of Elder Affairs Assessed Prioritized Consumer List, March 2021. Estimates for how many additional people would be served under House and Senate proposals are based on the House's estimated cost of $8,418 per individual for CCE; $4,119 per individual for HCE and $11,654 per individual for the Alzheimer's Disease Initiative.

Current waitlists include all seniors/people with disabilities who have been screened by the appropriate Aging and Disabilities Resource Center and determined to be in need of services. These waiting list numbers may substantially change in the future due to CS/HB 1373 being signed into law. The new law requires the DOEA to continue placing individuals with high priority scores on the waitlist. However, it provides the DOEA discretion on whether to add individuals with low priority scores to the waitlist. To date, CS/HB 1373 has not been implemented, and AHCA is currently developing new rules for this purpose.

Public Health Funding

Both the House and Senate budgets include $1 billion for county health department funding, an increase of $27 million from current fiscal year funding. It is notable that neither budget includes funding for additional positions, even though 3,500 positions have been slashed from the county health department budgets since 2010.

Recognizing long standing health inequities for communities of color, it is notable that both chambers' budgets provide funding increases for the Office of Minority Health and Health Equity (OMHHE). The House increases funding by $3.4 million for total funding of $9.2 million; the Senate increases funding by $2.9 million for total funding of $9 million. The OMHHE is responsible for helping to improve health and health care outcomes for communities of color by developing or advancing policies, programs, and practices that address health, social, economic, environmental, and other factors which impact health.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

The House and Senate propose nearly $251 million in federal funds for WIC but do not specifically allocate any funds from general revenue for exploring specific reforms or analyzing barriers that keep eligible families from participating in the program. WIC is a federally funded program that provides healthy food and one-on-one nutrition counseling not only to low-income pregnant, breastfeeding, and non-breastfeeding postpartum mothers, but also to infants and children under the age of 5 at nutritional risk.

Although the proposals keep WIC at the same funding level as last year, participation in WIC, even during the pandemic, is on a steady decline.

WIC holds the promise of a healthier future for low-income infants and children in Florida. WIC is associated with better overall health outcomes for infants and children who are nutritionally at risk, as well as a reduction in low-birth-weight rates and improved fetal and cognitive development. In addition to giving low-income children access to a more nutritious diet, WIC plays a role in bettering school performance. However, if participation of eligible families in the program continues to shrink, that promise will not be realized.

The decline in WIC participation calls for funding of collaborative strategic planning by lawmakers, state agencies, and health professionals, working in concert with eligible families, to begin to explore impediments to participation and effective workable solutions.

Temporary Assistance for Needy Families (TANF)

Although the governor's FY 2021-22 budget proposal recommends funding TANF at its current-year level, both the House and Senate propose increasing TANF funding to $148.5 million, which is an increase of $33 million. This is due, in part, to the increase in TANF participation during COVID-19, after Floridians lost jobs and income. What is needed, however, is a complete overhaul of Florida's payment standard for the TANF program, which provides assistance in an amount that is completely inadequate to meet the basic needs of children in families with low income.

TANF helps families with very low income make ends meet by providing them cash assistance to pay for subsistence needs like toothpaste, diapers, rent, and utilities. While DCF included a reduction in TANF as a potential cut in its annual "Priority Listing of Agency Budget Issues for Possible Reduction in the Event of Revenue Shortfalls for Legislative Budget Request Year" exercise for FY 2021-22,[69] DCF itself cautions against implementing the cut because of the adverse impact on critical safety net programs and services, which are already operating at capacity.

Florida has kept TANF payments at the same level for almost three decades. The maximum TANF benefit for families in Florida — $303/month for a family of three — is only about 17 percent of the poverty level, which is not enough for families to get by on. Inflation has eroded this payment value by almost 40 percent. In fact, TANF benefit levels in the Sunshine State are about 24 percent of fair market rents, and even if a family receives both SNAP and TANF, those benefits combined keep the family under 45 percent of the poverty level.[70]

Florida's TANF program, because of its stagnant cash assistance levels, is not fulfilling its intended purpose of promoting economic self-sufficiency and providing families the temporary help they need in hard times to keep their children out of foster care.

The House and Senate's recommended budgets also neglect to adequately invest in meaningful supports for TANF recipients to improve their education or build skills for stable employment. In the TANF program, most recipients who do not have a disability are required to participate in the TANF Employment and Training (E&T) program as a condition of eligibility unless they have a good reason to be excused. Nonetheless, many Floridians in TANF E&T either do not get the targeted education and training necessary to boost their employability or they lose their assistance when significant obstacles, such as health problems or lack of child care and transportation, keep them from being able to follow through.[71] The program should provide robust work supports targeted to the needs of the individual family instead of terminating cash assistance when barriers are insurmountable or subjecting participants to cookie-cutter E&T assignments.

Veterans and the Military

The Senate and House recommend funding the Department of Veterans' Affairs (DVA), which assists veterans in accessing benefits and operates long-term care facilities for veterans in Florida, at $145 million and $153 million, respectively, compared to current year funding of $149.6 million. Among the projects funded in the Senate budget are $250,000 each for the Florida Veterans Legal Helpline, which provides help with fraud, identity theft and other legal issues facing both current and former members of the military; K9s for Warriors; and the Transition House for homeless veterans. In addition, the Senate budget also provides $650,000 for the Veterans Employment and Training Services (VETS) Entrepreneur Program, which helps veterans with business ventures. The House budget includes $500,000 for the Florida Veterans Legal Helpline, $375,000 for K9s for Warriors and $1.3 million for the VETS program.

Both the House and Senate propose reduce funding for the Department of Military Affairs. which provides management oversight and administrative support to the Florida National Guard. Among other things the House and Senate propose to fund the National Guard Tuition Assistance (NGTA) program at just over $3 million, which is about $1 million less than the current funding level. NGTA assists National Guard members who are seeking undergraduate or certain postgraduate degrees.

House and Senate FY 2021-22 Budget Proposals:

PUBLIC SAFETY & CORRECTIONS

→ Current Landscape

Florida's Department of Corrections (DOC) is the third largest state prison system in the country. In fact, Florida's incarceration rate is higher than all 13 founding NATO countries: USA, Canada, and the 11 European countries. Since 1996, the number of people serving 10 or more years has tripled. As a result, the state has not been able to properly respond to the costs and needs associated with its incarcerated population. Inmates' health costs have significantly increased, which caused the department to experience a major budget deficit in FY 2018-19. However, due to the impact of COVID-19, Florida's prison population has seen a substantial drop in FY 2020-21.[72] Despite the decrease, the DOC continued to face major challenges; illustratively, DOC Secretary Mark Inch has reported that the department is in "crisis" with several vacant security posts, serious staff shortage, and insufficient funds to fully cover the salaries of all authorized positions.[73]

→ Budget

PUBLIC SAFETY & CORRECTIONS BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$4,918,224,703	$5,224,368,077	$5,136,060,283	$5,022,140,470
Difference from Current Year Budget		+ $306,143,374	+ $217,835,580.00	+ $103,915,767.00

Department of Corrections

The Senate and House budget proposals recommend $2.76 billion and $2.88 billion, respectively, with the House recommendation providing a very slight increase over the current-year funding level. In the past 10 years, DOC's budget has grown by 7 percent. Due to funding constraints caused by COVID-19, both chambers' funding increases for FY 2021-22 are the smallest increases in appropriations of the past three years. DOC has been dealing with the increasing need to ensure the safety of staff and those who are incarcerated during the COVID-19 pandemic. The House and Senate budgets try to provide some relief to the most critical issues DOC facilities have been experiencing for the past decade, which are understaffing, shortage of educational teachers, and maintenance. A significant portion of DOC's budget over the last two fiscal years has gone toward funding for treatment of Hepatitis C and mental health, as well as compliance with the Americans with Disabilities Act as ordered by a court mandate. As a result, key re-entry programs were underfunded.

Inmate Education

The Senate budget recommends a total of $44 million for basic education skills, whereas the House budget allocates $43 million. The Senate and House budgets both offer a sizable increase of at least $5 million more in funding over the current year. This increase is important because hiring and retaining quality teachers has been a persistent issue for the department, and in the past few years, some facilities did not have even one teacher. The current-year budget reflected some of those needs and allocated funds for 17 positions for academic education and 17 for wellness specialists.

Maintenance and Repairs

The Senate budget includes $234 million for maintenance and repair projects at correctional facilities, which is $29 million more than the House budget, and a substantial increase over the current-year budget of $189 million. The Senate proposed $12 million for constructing and equipping Lake Correctional Institution Mental Health Facility. However, the House's budget does not include any funds for this project. From the allocation, specific funds are provided to address the most pressing infrastructure issues - $10 million in the House proposal and $50 million in the Senate proposal.

Health Care

The Senate budget allocates $567 million for inmate health care services and the House includes $567 million, the same as current-year funding. Last year, the governor vetoed $28 million for Hepatitis C treatment for individuals who have been diagnosed and are at level F0-F1, or the early stage of their diagnosis. This was due to the state's ongoing court appeal that seeks to challenge an existing court mandate that requires treatment for all inmates who have been diagnosed with Hepatitis C, regardless of the stage of their diagnosis. A judge has ruled that the state can delay treatment for those who are in the early stages of their diagnosis.

Operations

The Senate budget proposal offers $768 million for operations, whereas the House proposes $862 million. Both are less than the current fiscal year budget of $822 million. These funds are allocated to continue a new retention step plan, which would convert shifts for correctional officers, correctional probation officers, and inspectors from 12-hour shifts to 8.5-hour shifts, as proposed by the DOC Secretary.

Community Supervision

Under the proposed budgets, community supervision would receive $239 million from the Senate and $238 million from the House. Both budget recommendations provide a significant increase over the current year of $227 million. Additionally, community substance abuse prevention and evaluation receive $19 million from both budget proposals, slightly more current-year levels.

Department of Juvenile Justice

The Senate and House budgets include $573 million and $565 million for the Department of Juvenile Justice (DJJ), respectively, significantly less than current year funding of $587 million.

Both proposed budgets increase funding for detention centers by up to $8 million. From that fund, the DJJ is mandated to conduct a comprehensive statewide review of county-level data, including a gap analysis of services and programs available across all counties in the state, to evaluate the implementation of juvenile justice policies at the county level.

Both budgets offer a slight increase in funding for community supervision, with the Senate and the House proposing $92 million and $93 million, respectively. From that funding, $4 million is specifically recommended to provide alternative services to youth who at risk for commitment. While the Senate budget provides $110 million for non-secure residential programming, and the House budget proposes $104 million, both are substantially less than current-year funding of $123 million. Additionally, the Senate includes $2 million to provide for a retention plan for direct care workers in community intervention programs, community supervision programs, non-secure and secure residential programs, and prevention programs in order to help reduce turnover and retain employees.

While the Senate budget maintains current-year funding for delinquency prevention at $92 million, the House recommends $10 million less than the current year. Diversion programs have been effective as an alternative to juvenile arrests. They provide innovative and hands-on approaches to help divert at-risk kids from delinquent behavior. Additionally, diversion programs offer great fiscal benefits for the state in the long run. A cut to these funding programs would have a sizable impact on communities across the state.

House and Senate FY 2021-22 Budget Proposals:

EDUCATION

EDUCATION BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$26,747,188,967	$27,119,589,656	$28,717,566,918	$26,339,100,782
Difference from Current Year Budget		+ $372,400,689	+ $1,970,377,951	- $408,088,185

→ Current Landscape

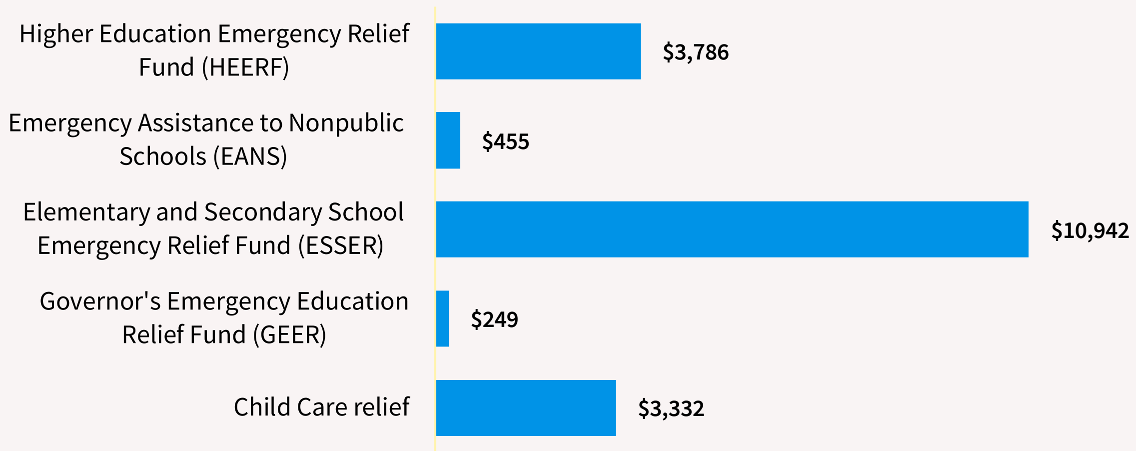
The pandemic has caused upheaval in the state's education sector, from child care centers pivoting to serve children of first responders and dealing with dramatic dips in enrollment, to schools pivoting to hybrid models that stretch their capacity, to universities grappling with creating safe, valuable experiences for students. After a unique budget year in which state revenues plummeted but federal grants flowed, the legislative budget proposals make cuts to state funding for K-12 and the university system, while largely not incorporating the billions of dollars from federal COVID relief to Florida's education system. Making cuts to education because "the federal government gave them extra money" is an unnecessary, problematic course of action; notably the governor's budget proposal does not make these harmful cuts.

In a most unusual year, the federal government passed three relief laws that infused the state's child care and education system with billions of supplemental dollars, to support the needed response to the pandemic and to address significant drops in revenue. Between the CARES Act (2020), the CRRSA Act (2020), and ARPA (2021), Florida's child care, K-12, and higher education systems stand to receive $18.04 billion. (See *Figure 3*.) This represents 68 percent of the entire FY 2020-21 state education budget.

These Education Stabilization Funds (ESF) were not included in the FY 2020-21 budget, nor are they included by and large in the proposed FY 2021-22 budgets of the House and Senate. In allocating CARES Act funds, the governor's office and the Florida Department of Education have operated outside of the usual state budget process to allocate these funds, often with broad latitude and little input from legislators. With the 2021 legislative session, lawmakers have an opportunity to be more involved in the planning for the CRRSA Act and ARPA funds.

Figure 3. FEDERAL COVID RELIEF SIGNIFICANTLY BOLSTERED FLORIDA EDUCATION

Total Florida allocations for child care and education funds across CARES, CRRSA, and ARP Acts of 2020 and 2021. In millions.



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Like the CARES funds, ARPA and CRRSA funds are mostly not reflected in the Senate and House education budgets. The only exception is within the House's budget, which includes the $635 million from the CRRSA Act in child care relief funds as a lump sum to the Department of Early Learning and $994 million from the CRRSA Act's Elementary and Secondary Schools Emergency Relief (ESSER) fund as a lump sum to the Department of Education to distribute to the school districts.

EARLY CHILDHOOD AND PRE-K-12 EDUCATION

→ Current Landscape

Florida voters passed a constitutional amendment in 2002 that mandated the state provide free, quality, universal voluntary pre-Kindergarten (VPK). The program pays for three hours of educational programming a day to 4- and 5-year-old children. There is no income eligibility; in fact, 77 percent of eligible 4-year-old children in the state attend VPK, one of the highest participation rates in the country. However, many families find themselves struggling to pay for the remainder of each day's services. Florida's per student VPK spending ranks 41st out of the 43 states that offer free VPK. Three hours a day is hardly enough for robust, quality education for children.

Florida's School Readiness Program offers financial assistance to low-income families for early education so parents can work, and their children will be prepared for school. The majority of funding comes from the federal Child Care and Development Block Grant (CCDBG). The program is available to families with income below 150 percent of the federal poverty level, and most counties have waiting lists for participation. Even pre-pandemic, only 15 percent of eligible Florida families were lucky enough to receive School Readiness vouchers to assist with the ever-increasing cost of child care.

The pandemic has dramatically altered the landscape for child care in the state and the nation. The majority of Florida's centers shut their doors in spring of 2020, and then reopened with support of CARES Act dollars administered through the state, which prioritized serving children of first responders and also paid providers according to enrollment instead of attendance, girding against the worst predictions about the sector from early in the pandemic. Indeed, in his presentation on the governor's budget proposal to the Senate Appropriations Subcommittee on Education, Florida Department of Education's former Chief of Staff Alex Kelly pointed to agency surveys that indicate over 98 percent of child care providers in the state were open as of January 2021. However, child care advocates still express worry about the fiscal pressure due to drops in enrollment, which have yet to rebound, and are hopeful the state continues to support providers in a flexible manner. The Office of Early Learning (OEL) will once again have to decide how best to distribute significant COVID response aid as the federal government begins to distribute the supplemental CRRSA Act ($635 million to Florida) and ARPA ($2.473 billion) child care support dollars through the CCDBG.

→ Budget

Voluntary Pre-Kindergarten (VPK)

VOLUNTARY PRE-KINDERGARTEN BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$412,158,049	$405,487,294	$405,427,397	$405,393,757
Difference from Current Year Budget		-$6,670,755	-$6,730,652	-$6,764,292
VPK Per-Pupil School Year Funding	$2,486	$2,486	$2,486	$2,486
Difference from Current Year Per-Pupil School Year Funding		$0	$0	$0

The House and Senate budget proposals for Voluntary Pre-Kindergarten (VPK) keep the per-pupil funding level at $2,486 and drop funding for the program overall by close to $7 million, a reflection of the pandemic-induced attendance fluctuations. The state's VPK enrollment was 157,000 in 2019-20, and shrank to about 116,000 children enrolled in 2020-21, a drop of 26 percent.

The VPK program is funded entirely from general revenue funds. While the base allocation was kept level in the governor's proposal, it is still below the base student allocation in FY 2005-06, the first year of the program. Moreover, if the base allocation had kept up with inflation, it would have amounted to $3,293 today.

School Readiness Program

SCHOOL READINESS PROGRAM BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$895,877,228	$945,877,228	$920,877,228	$945,877,228
Difference from Current Year Budget		$50,000,000	$25,000,000	$50,000,000

The House and Senate budgets boost funding levels for the School Readiness Program by $25 million and $50 million, respectively. Between FY 2018-19 and FY 2020-21, funding for this program increased by $205 million, wholly through federal funding increases of the CCDBG. This was a welcome infusion for child care advocates, who have drawn attention to the program's long waiting lists and uneven provider quality. Of the total, the House recommends that $100 million go toward child care provider pay increases to reduce the current inequities experienced by providers across the state, while the Senate proposes $40 million for this purpose.

For the School Readiness Program, both chambers' budget proposals include a carve-out of $30 million in matching funds for local programs that expand eligibility up to 200 percent of the federal poverty level, as long as income does not exceed 85 percent of the state median income. Additionally, the OEL received $224 million from the CARES Act Education Stabilization Fund and will receive $635 million from the CRRSA Act and $2.743 billion from ARPA for child care supports in response to the COVID-19 crisis. The House budget includes a provision detailing that the $635 million from the CRRSA for child care will be disbursed when the OEL submits a plan for usage of the funds and a budget amendment. While including the distribution of COVID relief funds in the legislative budget process is more transparent than the OEL deciding on its own how to spend the funds, by including the CRRSA funds in the FY 2021-22 budget, the Legislature would delay disbursement of the funds to child care providers and families until at least July 1, 2021, the start of the next budget year.

K-12 EDUCATION

→ Current Landscape

Providing a quality education to all of Florida's students is a core constitutional responsibility of state government and critical to economic growth. Adequate state funding for education provides the foundation for students to compete in an ever-changing economy, and it helps to attract highly qualified teachers and maintain the equity and fairness of Florida's education system.

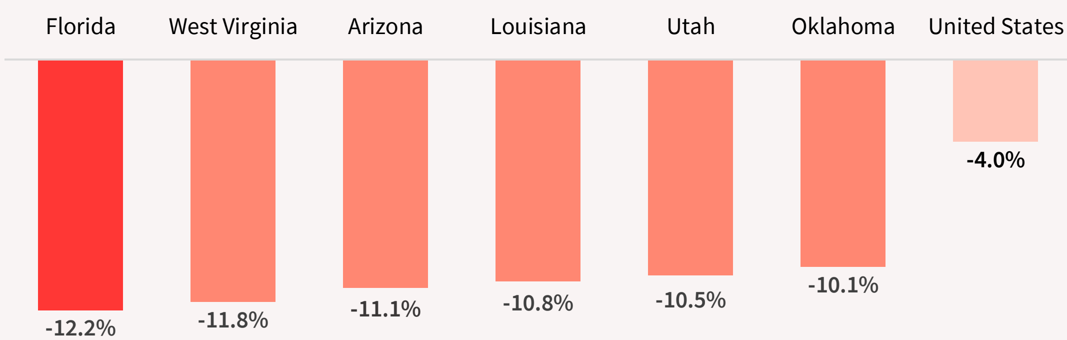
In the wake of the Great Recession, many states cut education funding dramatically after state and local revenues plummeted. While many states rebounded in the years that followed, Florida's investment per-pupil was cut to 22.7 percent beneath pre-recession levels, after adjusting for inflation. State and local combined funds for Florida's primary and secondary (PreK-12) education dropped $2,767 per pupil from 2008 to 2016, inflation adjusted.[74] This funding shortage has significantly suppressed teacher salaries — Florida's average teacher pay ranked 47th in the nation in 2019.[75] Florida cut teacher pay more than any other state from 2009 to 2018. (See *Figure 4*.)

Now, as Florida and the nation battle a pandemic and economic crisis, state revenue has fluctuated and once again education budgets are threatened. Significant federal aid, both to the school districts and state, have profoundly buoyed the budgets for Florida's public schools.

During the 2020-21 school year, the state estimates that public school enrollment dropped by 58,103 full time equivalents year over year, indicating a drop in enrollment by 2 percent for Florida's public K-12 schools. This was the first drop since the 2008-09 school year. Because of the unprecedented nature of the crisis, during FY 2020-21, the state allowed district budgets to be "held harmless" for drops in enrollment, considering their funding is based on quarterly student counts.

Figure 4. FLORIDA CUTS TO AVERAGE TEACHER PAY HIGHEST SINCE GREAT RECESSION

Percent change in state average K-12 teacher pay, inflation adjusted, FY 2009-2018



Source: Ranking of the States 2017 and Estimates of School Statistics 2018," NEA Research, National Education Association, April 2018.

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→ Budget

K-12 EDUCATION BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
K-12 Total State Funding – FEFP	$12,859,590,069	$12,903,149,203	$12,769,063,133	$12,269,203,573
K-12 Total State Funding – Non-FEFP	$404,894,757	$365,261,701	$440,682,993	$367,432,513
K-12 Total Local Funding	$9,663,594,905	$9,886,997,814	$9,875,278,157	$9,868,674,913
K-12 Total Federal Funding	$1,874,629,022	$2,291,536,048	$3,682,859,628*	$2,291,536,048
K-12 Per-pupil Spending	$7,787**	$8,019	$7,850***	$7,787
K-12 Base Student allocation	$4,319	$4,452	$4,372	$4,319

* The House proposal includes federal funding for K-12 in the federal Elementary and Secondary School Emergency Relief (ESSER) Fund (in the amount of $1.8 billion) as authorized in the CRRSA Act. Notably, none of the proposals include the ESSER funds from the American Rescue Plan Act.

** 2020-21 2nd calculation

*** Includes "Student Reserve Allocation" ($334M categorical funding)

K-12 SELECT PROGRAMS

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Florida Classroom Teacher Compensation Program	$500,000,000	$550,000,000	$500,000,000	$500,000,000
K-12 Mental Health Assistance Allocation	$100,000,000	$110,000,000	$120,000,000	$100,000,000

The House and Senate budget proposals:

- **Decrease the state's portion of the Florida Education Finance Program (FEFP).** Both proposals decrease the amount of the state's contribution to the FEFP, the House by $90 million and the Senate by $590 million (a 4.6 percent cut). One large driver of this is that the number of students expected for the 2021-22 school year has dropped by over 48,000; because the FEFP formula is driven by student counts, this leads to a drop in FEFP base funding by $223 million. However, the House proposal partially makes up for this drop by increasing the rate of the Base Student Allocation (BSA) by $52; the

Senate keeps BSA level. BSA is the most flexible spending bucket for schools and the best measure for comparing year-to-year K-12 funding.

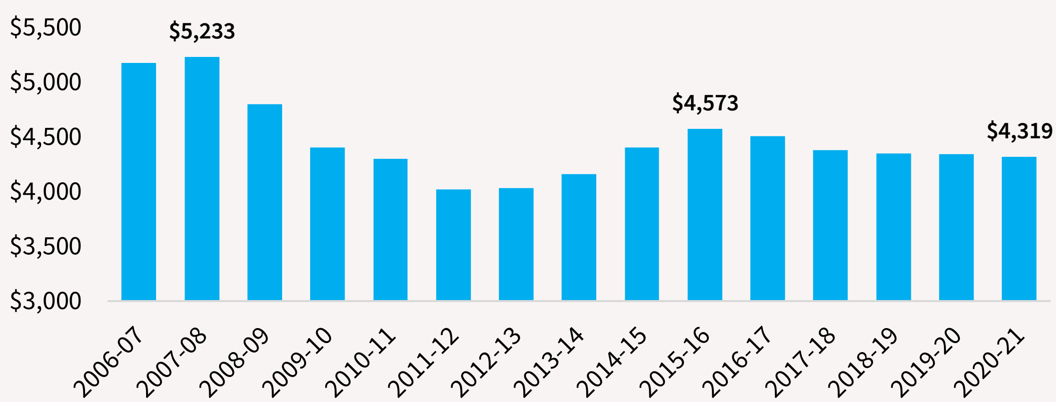
- **Include an increase for the local K-12 contribution ($205 million by the House and $198 million by the Senate).** The increase in the local funding is due to rising property values. Both chambers propose to keep the millage rate for property taxes level, a departure from the past few years.

- **Include an increase in federal funding.** The House includes a $1.8 billion increase in federal funding, which is all from allocating a portion of ESSER funds (of the $10.9 billion Florida is set to receive in ESSER). The Senate proposal, on the other hand, does not include any of the ESSER funding, while still incorporating an increase in federal funding of $417 million, the same as the governor's request. The Department of Education's former Chief of Staff Alex Kelly clarified that this proposed boost is due to increased Every Student Succeeds Act (ESSA) funding (such as Title I funds, which go to schools that serve a high portion of low-income students).

State funding for education comes from the General Revenue Fund (sales and other taxes), the Educational Enhancement Trust Fund (lottery proceeds), and other trust funds. In nominal dollars, the House's proposed $4,372 in BSA funding would be the highest on record in Florida. However, when adjusted for inflation, the BSA for FY 2007-08 would equal $5,233 in today's dollars. (See *Figure 5*.) Florida's state and local spending on K-12 education has yet to rebound to levels prior to the Great Recession (2007-2009). Still, the funding boost for BSA proposed by the House is the largest since FY 2015-16, and the BSA funds do not include funding from CARES, CRRSA or ARPA, which provided a combined $10.9 billion (44 percent of the current year K-12 budget) to school districts to pay for COVID-related expenditures, make up for lost revenue, and provide services to address learning loss.

Figure 5. K-12 BASE STUDENT ALLOCATION

Inflation Adjusted. 2020 dollars



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- **Keep the amount dedicated to increasing teacher pay level at $500 million.** Both proposals include funding for teacher salary increases — $500 million toward salary enhancements aimed at increasing the minimum base pay for teachers and other full-time instructional personnel, including certified prekindergarten teachers, to at least $47,500. This is the same as current-year funding. Each district would be able to use 20 percent of their share of the appropriation for raising overall pay, to include veteran teachers. While Florida average teacher starting pay ranked 29th in the U.S. for FY 2018-19, average teacher pay overall ranked 47th in the same year.[76] These datapoints bolster the argument that a larger investment should be made in increasing pay for teachers at every point in their career to improve both recruitment and retention.

- **Include funds for Mental Health Assistance.** The House proposal allocates $120 million, an increase of $20 million, while the Senate keeps funding level at $100 million. These funds would go toward mental health services provided at K-12 schools.

HIGHER EDUCATION

→ Current Landscape

Researchers have found that the more educated a state's populace is, the higher the median wage.[77] This makes sense on an individual level: in Florida, the median wage for someone with a bachelor's degree ($66,301) was roughly 2.4 times that of someone with a high school diploma alone ($27,522) in 2017.[78] It also makes sense at the community level: the larger the supply of highly-skilled workers, the more attractive the community is to high-wage employers.[79] Indeed, Florida's public higher education system charges relatively low tuition — tuition at the Sunshine State's four-year universities is the second lowest in the nation.[80] However, Florida's higher education funding per student in 2018 was still 13.5 percent below what it was in 2008, when adjusted for inflation.[81]

As the pandemic took hold in early 2020, a tremendous amount of uncertainty clouded Florida's colleges and universities as they planned for the best path forward. In anticipation of drops in enrollment and state revenue, Florida's public colleges and universities "held back" 6 percent of their FY 2020-21 funding.[82] The Education Estimating Conference estimated that enrollment for Florida's public colleges dropped by 4.5 percent in FY 2020-21.

→ Budget

Florida College System

FLORIDA COLLEGE SYSTEM BUDGET				
		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Total State Support	$1,277,942,716	$1,259,011,076	$1,119,664,712	$1,100,579,492

The House and Senate proposed budgets decrease state funding for the Florida College System (FCS). The House cuts funding by $158 million, and the Senate by $177 million. A recent TaxWatch report found that the FCS is a great investment for the state, students, and the economy, infusing $9 into the economy for every dollar spent on FCS.[83]

Not included in the budget for state colleges is Higher Education Emergency Relief (HEERF) funds from CARES, CRRSA, or ARPA, of which half had to go to student-support grants. State colleges in Florida received $355 million in institutional aid from CARES, $355 million in institutional aid from CRRSA, and an as-yet-determined significant portion of the ARPA HEERF's $1.1 billion in institutional aid.

The House proposal includes $35 million allocated from the federal Governor's Emergency Education Relief Fund to the Open Door Grant program.

State University System

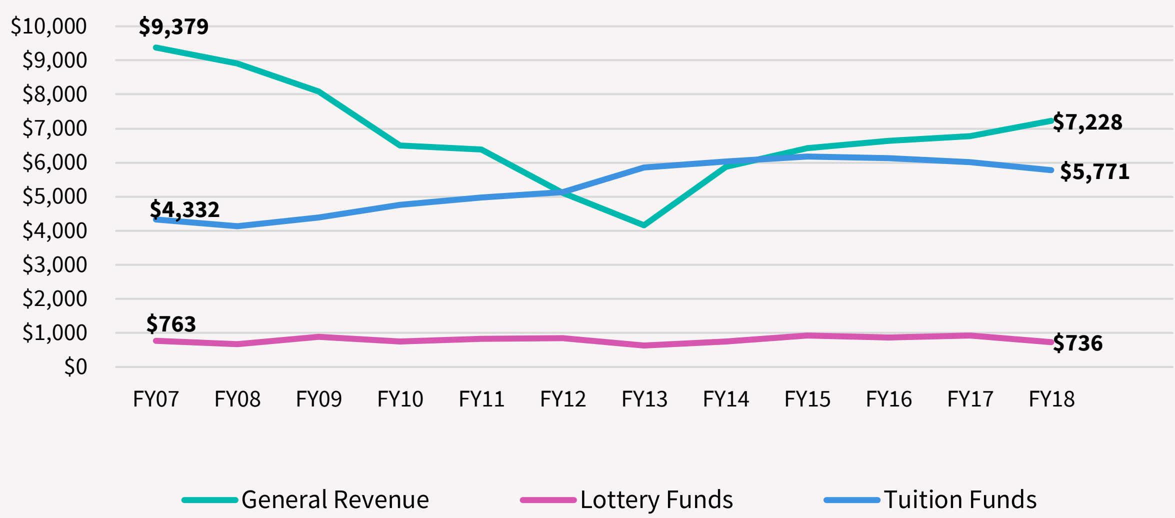
STATE UNIVERSITY SYSTEM BUDGET				
		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
State University System (SUS) – State Funding Support	$3,214,366,610	$3,212,766,030	$2,195,993,904	$2,538,844,296
State University System – Funding from Tuition and Fees	$1,957,486,926	$1,962,726,665	$1,962,726,665	$1,962,726,665
Total SUS Funding	$5,177,037,061	$5,175,403,695	$4,158,720,569	$4,501,570,961

Both the House and Senate proposals include significant cuts to state support for university operating expenses. The House cuts funding by $1.02 billion (a 32 percent decrease) and the Senate proposes a $676 million cut (a 21 percent decrease). Both proposals keep tuition and fees constant. Even before these proposed cuts, general revenue support for the State University System (SUS) had yet to rebound to pre-recession levels. (See *Figure 6*.)

Not included in the proposed budgets for universities, however, is the $286 million in CARES Act COVID-response HEERF funds the state universities received in 2020, of which half had to go to student support grants. In addition, federal aid through CRRSA HEERF includes $65 million in student aid and $149 million in institutional aid to the SUS, as well as a significant as-yet-determined portion of the $1.1 billion in institutional aid for Florida's higher education through the ARPA HEERF funds. While legislators have pointed to the federal COVID relief funds as a reason behind the cuts in state support for the SUS, it is very likely that the House proposed cut of $1.02 billion exceeds the amount of federal HEERF institutional aid coming to the Sunshine State's public universities.

Figure 6. GENERAL REVENUE SPENDING ON FLORIDA'S UNIVERSITIES BELOW PRE-RECESSION LEVELS

University spending per student (FTE) by source, adjusted for inflation



Source: FPI analysis of State University System of Florida data. Does not include college system data.

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Student Financial Aid

STUDENT FINANCIAL AID BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Bright Futures (Merit-based scholarships)	$651,776,770	$651,317,460	$613,861,259	$651,317,460
Student Financial Aid (Need-based aid)	$280,921,887	$283,449,550	$283,449,550	$285,004,550

Other Aid (Specialty scholarships, matches, and loans)	$48,560,795	$55,896,186	$55,896,186	$55,896,186
Total Student Financial Aid	$984,759,452	$994,163,196	$956,706,995	$1,028,049,641

The House and Senate budget proposals differ in their allocations for student financial aid. The House proposes a cut of $28 million, while the Senate increases the total student financial aid budget by $43 million. Both chambers propose a very slight increase to need-based financial aid funding and both proposals include a $7.3 million increase for the Benacquisto Scholarship (a 28 percent increase). This is due to a projected higher number of students qualifying for this merit-based scholarship, which was expanded in 2018 by the Legislature to include support for out-of-state National Merit Scholars. The Senate maintains funding for the Bright Futures Scholarship Program at the current-year level, while the House cuts the program by $38 million by reducing benefits of the program, notably for schoolbooks.

Research shows that students of color from households with low income are more likely to face barriers to academic success during their K-12 years, which can then cause them to miss out on merit-based scholarships[84] like Florida's Bright Futures. Indeed, in its 23-year history, the share of Bright Futures grants going to Black students has never exceeded 7 percent.[85] As such, the continued emphasis on merit-based scholarships could further marginalize students with low income from the higher education system, adding yet another barrier to economic mobility and the shared prosperity of all Floridians.

EDUCATION FACILITY CONSTRUCTION

→ Current landscape

Funding for school capital expenses, like construction, repairs, and technology improvements, has not rebounded from the deep cuts after the Great Recession.[86] The lack of funds has come at a cost — the Florida Chapter of the American Society for Civil Engineers (ACSE) gives the infrastructure of the state's schools a D+ for quality.[87]

Education fixed-capital outlay funds are used to build, repair, and maintain public schools, colleges, and university buildings, and pay for debt service for bonds sold in the past to raise building funds. The primary funding for these fixed-capital outlays, which are the appropriations for the construction and maintenance of buildings, comes from the Public Education Capital Outlay and Debt Service Fund (PECO), which is made up of revenue from the gross receipts tax (sales tax on gas and electricity) and the tax on communication services (landline phone, cable, satellite, and cellular phone services). Historically, this revenue has been used for issuing bonds. From FY 1992-93 to FY 2010-11, the state used the PECO funds to issue bonds for education capital projects totaling $12.1 billion; however, only one PECO bonding project has been approved since then.

→ Budget

EDUCATION FACILITY CONSTRUCTION BUDGET		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Debt Service	$1,051,503,210	$1,035,793,614	$1,035,793,614	$1,035,793,614
Maintenance, Repair, Remodeling: Charter Schools	$169,600,000	$180,010,163	$183,463,638	$100,000,000
Maintenance, Repair, Remodeling: Public schools, colleges, universities	$0	$0	$0	$0
School Safety Grant Program	$0	$42,000,000	$0	$0
Total other projects	$321,038,430	$208,809,426	$210,621,162	$306,943,132
Total Proposed FY 2020-21 Budget	$1,542,141,640	$1,466,613,203	$1,429,878,414	$1,442,746,746

The House and Senate have continued the trend of opting not to leverage PECO funds to bond for education projects; no education bonded projects were proposed in either budget. The PECO Estimating Conference in December 2020 estimated that the state could appropriate $3.09 billion for school construction in FY 2021-22 if the state were to issue bonds with the PECO dollars.

The House and Senate budgets:

- **Decrease the total fixed capital outlay budget by $113 million and $99 million, respectively.** In both budgets, $1.04 billion is earmarked to pay for debt service on bonding, $15.7 million less than current year funding.

- **Fund *only* charter schools for maintenance, repair, and remodeling**. The House includes $183 million and the Senate includes $100 million for maintenance and repair of charter schools without specifying any such funding for public schools, colleges, or universities. The disparity is important to note given the extreme need for repair and maintenance of Florida's public schools, as noted above.[1]

[1] When asked during the Senate Education Appropriations Subcommittee meeting on February 3, 2021, about the lack of a line-item in the PECO funds for public school construction, former Florida Department of Education Chief of Staff Alex Kelly pointed to recent state legislation that allows school districts to refrain from funding charter school construction locally when the state pays for charter construction from PECO funds.

House and Senate FY 2021-22 Budget Proposals:

GENERAL GOVERNMENT

→ Current Landscape

Florida continues to fall behind when it comes to promoting economic security and self-sufficiency for residents who are struggling to make ends meet. The erosion of the state's safety net leaves families who are experiencing hard times with few, if any, resources to meet their basic needs.

COVID-19 highlighted the inadequacy of the state's Reemployment Assistance (RA) program, commonly referred to as Unemployment Insurance. Florida's RA program has been broken for years, focusing more on reducing program costs instead of providing an adequate benefit for unemployed workers. It was significantly scaled back in 2011, and since then the program ranks at or near the bottom on nearly every indicator of a robust program. In fact, Florida's recipiency rate, which looks at the proportion of jobless workers who actually receive benefits, is the worst in the entire country.[88] This particularly disadvantages Floridians of color, who have an unemployment rate roughly twice the average for all workers.[89]

Also putting a strain on residents is the lack of affordable housing in Florida. The state ranks 47th in the nation for its availability of affordable housing, with only 26 affordable and available housing units for every 100 extremely low-income households.[90] The continued sweep of the Sadowski Affordable Housing Trust Fund has contributed to this shortage. Between FY 2001-02 and FY 2019-20, more than $2.6 billion was taken from the fund and moved into the general revenue stream to support other appropriations.

→ Budget

GENERAL GOVERNMENT BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$6,113,580,103	$6,568,206,986	$6,118,033,793	$6,169,037,569
Difference from Current Year Budget		+ $454,626,883	- $104,353,250	$55,457,466

Reemployment Assistance

There is nothing in either chambers' proposal that expressly funds initiatives to reverse Florida's long-standing inability to improve access to the RA program. To the contrary, both the House and Senate budgets provide an appropriation for RA that is only slightly higher than in last year's budget and fail to include much-needed reforms.

For example, the House and Senate recommendations do not address the inadequate RA benefit levels that keep the families of workers who lose jobs at or below the federal poverty level, nor do the proposals address any of the following:

- the mandate that most households file their unemployment claims electronically;
- the limitation on the number of weeks that claimants can get assistance;
- the imposition of a wait week before eligible claimants are able to start getting assistance;
- excessive monetary eligibility requirements that make claimants ineligible for assistance;
- the lack of an alternative base period; and
- the need to increase the taxable wage base and tax rate to fully fund Florida's RA system.[91]

The proposals also do not include funding for a comprehensive solution to the state's outdated CONNECT system — which was inadequate to support the unemployment claims of Floridians even before the pandemic — even though federal ARPA funds could be utilized for this purpose. Although the influx of unemployment assistance applications during COVID-19 has shone a light on its insufficiencies, CONNECT has been riddled with problems for over a decade.[92]

Additionally, neither chamber recommends funding for a much-needed analysis of the disposition of claims for unemployment assistance during COVID-19 and the extent to which unemployment assistance is meeting the needs of struggling Floridians.[93] FPI analysis suggests that the pandemic is having a disproportionate impact on Floridians' ability to access assistance, particularly Black and Latino workers and workers in poor health, and those in the service industry.[94] According to the Florida Department of Economic Opportunity (DEO), less than half of all claims for unemployment assistance filed by Floridians during the pandemic have been approved: out of the 5.3 million unduplicated claims, only 2.4 million have been determined eligible as of April 1, 2021. Publicly available data published on DEO's dashboard about denied claims lacks the detail necessary to understand why Floridians are being denied benefits, how many are denied, and the reasons for denial.

Detailed data to inform state officials and the public about apparent inequities in Florida's UI program is critical to addressing unmet needs. To appropriately serve Floridians who have lost jobs during COVID-19, the state should be proactive about collecting, analyzing, and releasing detailed data. Having a better understanding of the program's impact is essential to increasing awareness among the public of common pitfalls in establishing eligibility and informing state officials, who should reform law or policies that are being wrongly applied or unnecessarily excluding eligible claimants.

Supplemental Nutrition Assistance Program – E&T Program

Neither the House nor Senate explicitly recommend increased transportation expense funding for Supplemental Nutrition Assistance Program (SNAP) recipients in the E&T program.

Although waived during the pandemic, most SNAP recipients who do not have a disability or are not raising minor children are required to work or participate in the E&T program, which is intended to help recipients gain the skills they need to get and keep a job. If E&T participants need help with transportation, Florida provides up to $25 monthly. This amount is insufficient for many of the SNAP recipients who travel back and forth to work or training. Thousands of recipients lose their SNAP as a sanction when barriers such as lack of access to transportation prevent them from participating in E&T. In 2016, as many as 58 percent of SNAP recipients — 360,000 people — who were referred to E&T in Florida lost their assistance due to nonparticipation in SNAP E&T. Notably, transportation was their biggest barrier.[95]

The impact on recipients who either cannot participate in E&T due to high transportation costs or lose their SNAP as an E&T sanction due to lack of transportation is anything but minimal: they will have no way to put food on the table for their families and no opportunity to take part in E&T. Florida lawmakers should raise the $25 cap on transportation services so that all SNAP recipients have the chance for E&T.

Food Deserts

There is no funding in the House, Senate, or governor's proposed budgets to help solve Florida's food desert problem. "Food deserts" are parts of the country without access to stores or farmers markets that sell healthy food.[96] These areas are more likely to be located in low-income neighborhoods. Dozens of areas in the Sunshine State qualify as food deserts.[97] According to a study commissioned by the State of Florida, people living in food deserts are more likely to die prematurely from certain cancers, diabetes, stroke, and liver disease than people who have ready access to healthy food.[98]

Food deserts in Florida are a very real problem and warrant a holistic approach to solve. Among other things, public-private partnerships are needed to encourage more grocery stores and farmers markets in underserved areas, as well as mobile markets and corner stores that sell fruits and vegetables at a reasonable price. SNAP benefit levels should be raised to allow struggling families to buy more nutritious food than they currently can afford. Right now, the average SNAP benefit per person per meal is only $1.29 in Florida. Similarly, Florida should adjust TANF payments, which currently are so low that most families can barely pay their rent or utility bills, much less spend any of that assistance on food.

The FY 2021-22 recommended budgets of the House, Senate, and governor all miss the opportunity to start a long-overdue conversation about collaborative strategies to solve the state's food desert dilemma.

Transparency in Agency Contracts

Government transparency is important to ensure that lawmakers and state agencies are accountable to taxpayers. To that end, both the House and Senate implementing bills prohibit state agencies from entering into contract service agreements that limit disclosure to either chamber. While this is a step forward, this prohibition should be permanently adopted by statute instead of authorized year by year, and it should be enlarged to allow access to members of the public. All Floridians, not just those in elected office, deserve to know where and how every cent of state money is spent.

Economic Development

The state's economic development programs have been contested in recent years, with the governor, House, and Senate proposing widely varying funding levels — and in some cases, recommending that funding for certain programs be eliminated— during each of the past few legislative sessions. For FY 2021-22, the House eliminates funding for the Job Growth Grant Fund, which also received no funding in the current year. The Senate provides $26 million in its proposal. The value of this program has been debated since it was established in a 2017 special session as a compromise — the House wanted to eliminate Enterprise Florida and other economic development incentives. Since then, funding has fluctuated significantly.

Like the governor's budget proposal, the House and Senate maintain $50 million for Visit Florida, the state's tourism and marketing agency. Visit Florida also received $50 million in the current-year budget. Funding for this agency has also varied significantly in the House and Senate proposed budgets over the past few fiscal years. Visit Florida was slated to "sunset" by July 1, 2020, but legislation passed in 2020 (SB 362) extended its authority until October 2, 2023.

The state's economic development public-private partnership, Enterprise Florida, has also been a source of contention, facing severe scrutiny over its use of public funds. Since FY 2018-19, funding for Enterprise Florida has been maintained at $16 million. The House and Senate propose reduced funding, at $14.4 million and $12.8 million, respectively. Both proposals are more than the governor's proposed $5 million for FY 2021-22.

Affordable Housing

Although the governor's budget included full funding for the Sadowski Affordable Housing Trust Fund, both the Senate and House budget proposals for FY 2021-22 have significantly reduced funding, in accordance with legislation filed in both chambers to redirect Sadowski funds to pay for projects related to sea-level rise and wastewater infrastructure. The bills, SB 2512 and HB 5401, establish a permanent "sweep" of the documentary stamp tax slated for the Sadowski Trust Fund. Both the House and Senate proposals provide $141 million for the trust fund. Due to the significant concerns expressed by housing advocates, the Senate filed an amendment that would offer an additional $60 million to its proposal, which would bring the total housing support to $201 million.

SADOWSKI HOUSING TRUST FUND

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Local Government Housing Trust Fund	$0	$ 296,600,000	$42,000,000	$42,000,000

State Housing Trust Fund	$115,000,000	$ 126,700,000	$99,100,000	$99,100,000
Total Funding Sweeps	$225,000,000	$0	$282,200,000	$282,200,000
Total Housing Support	$115,000,000	$423,300,000	$141,100,000	$141,100,000

The Sadowski Housing Trust Fund supports two programs for expanding the availability of affordable housing:

- **The State Housing Initiatives Partnership (SHIP) Program,** which is administered by the Florida Housing Finance Corporation (FHFC) and distributes funds to local governments for the creation and preservation of affordable homeownership and multifamily housing. The governor's budget allocates $296.6 million for this program and recommends that at least 20 percent of the housing units developed through this funding be set aside for people with special needs, people with developmental disabilities, and the elderly.

- **The State Apartment Incentive Loan (SAIL) Program**, which is also administered by FHFC and provides low-interest loans to developers for affordable housing development. The governor's budget allocates $126.7 million for this program, of which $20 million is provided to build housing that primarily serves people with moderate income.

Lawmakers increased funding for affordable housing in FY 2018-19 and FY 2019-20, to $123.6 million $200.6 million, respectively. But it is worth noting that a significant portion of these increases had gone specifically to areas impacted by Hurricane Michael. In the current-year budget, the governor had vetoed $225 million from the Local Government Housing Trust Fund, but as a substitute had allocated funds from the CARES Act to the tune of $250 million. However, the two funds are not equivalent: while SAIL funds are usually used and distributed in various ways, CARES Act dollars can only be used for COVID-19 related issues.

More than $2 billion has been swept from the Sadowski trust fund since FY 2002, and the proposal to permanently redirect funds toward other projects is troubling given Florida's severe shortage of affordable housing. Had the trust fund been spared from sweeps over the past nearly two decades, the state would have seen more than 94,000 additional affordable housing units.[99] The Sadowski Coalition estimates that full funding in FY 2020-21 would have resulted in more than 30,000 jobs and $4.4 billion in positive economic impact.[100]

House and Senate FY 2021-22 Budget Proposals:

NATURAL RESOURCES / ENVIRONMENT / GROWTH MANAGEMENT / TRANSPORTATION (NREGMT)

→ Current Landscape

In a disaster-prone state like Florida, investment in environmental conservation efforts and updated state infrastructure are of the utmost importance. Such investments are particularly important in South Florida, where climate equity and gentrification are growing issues of concern.[101] The rising sea levels have made higher elevation properties more desirable to investors and developers, putting low-income families who reside in these regions at risk of being displaced.[102]

A study by the Office of Economic and Demographic Research noted that "hurricanes, tropical storms and other shocks have a negative effect on the attractiveness of the state to visitors and state tax revenues. Depending on the magnitude of the shock, the state may need to spend additional dollars to restore the beaches while also experiencing reduced revenues."[103] Not only do natural disasters impact tourism, but they also cause economic and physical devastation within impacted communities.

The ASCE gave Florida an overall grade of "C" in its latest Infrastructure Report Card, with even lower grades on indicators like coastal areas, drinking water, schools, and stormwater.[104] Moreover, while the governor claims that "Florida has one of the best transportation systems in the country,"[105] the reality is that the state is in dire need of increased funding and long-term planning, especially with regard to public transportation. According to the ASCE scorecard, a nominal 2 percent of commutes to work in Florida were made via public transit, which points to low quality and availability.

Florida lawmakers have also siphoned trust fund monies meant for environmental protection since the Great Recession, even after voters approved a ballot measure in 2014 that required 33 percent of the net revenue collected from the excise tax on documents to be put into the Land Acquisition Trust Fund. Another recent concern has been the state's insistence on moving forward with the Multi-Use Corridors of Regional Economic Significance (M-CORES) toll roads project, which is not only enormously costly in a time of a major budget shortage but has devastating consequences for Florida's already-endangered species and conservation sites.[106] However, this legislative session a partial repeal of M-CORES (SB 100) has seen movement in both chambers.

→ Budget

NATURAL RESOURCES/ENVIRONMENT/GROWTH MANAGEMENT/TRANSPORTATION BUDGET				
		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$14,674,865,566	$14,615,469,674	$14,383,736,486	$14,441,215,066
Difference from Current Year Budget		- $59,395,892	- $291,129,080	- $233,650,500

Transportation

The Senate and House propose $10.2 billion for the Department of Transportation (DOT), funded through the State Transportation Trust Fund. Specifically, $3 billion is recommended for the Transportation Work Program to fund DOT's Five-Year Work Program. From the list Gov. DeSantis' recommendations on how to use the American Rescue Plan Act funds, a proposed $938.4 million would go towards the Transportation Work Program for FY 2020-21.

The Five-Year Work Program transportation plan did not include specific funds for the new M-CORES in both budget proposals. The FY 2019-20 budget allocated $45 million in initial funds for this program, and the M-CORES plan calls for $90 million in FY 2020-21. This will be allocated through the Five-Year Work Program. M-CORES is the result of SB 7068, a controversial bill that was heralded by former Senate President Bill Galvano in 2019. M-CORES is an aggressive plan to expand the highway system in rural areas of the state by creating three new toll roads and other transportation and economic initiatives. It also provides funding for other programs, including: the Small County Road Assistance and Small County Outreach Programs, which rehabilitate and repair roads and bridges in rural areas; and the Transportation Disadvantaged Program, which provides services for individuals with low income who are living with disabilities, especially seniors.

M-CORES has been critiqued by environmental and community advocates. The more than 330 miles of proposed toll roads would endanger over 52,800 acres of undeveloped land, which includes sensitive animal habitats as well as critical ecosystems such as wetlands, springs, and aquifer recharge areas. The economic benefit to rural communities is also in question, as the new roads would encourage more unsustainable sprawl development. With the impact of COVID-19 on the state's economy, advocates have been urging lawmakers to abandon M-CORES and redirect the funds into other critical programs that have been severely impacted by the pandemic.

Notably, the Senate has approved a bill (SB 100) that would repeal the 2019 state law that created M-CORES and revise the timelines and priorities for its planning. The bill has passed the House Appropriations Committee — its only committee stop — but has not received a full floor vote in the House.

Disaster Planning & Recovery

The House and Senate propose roughly $1.7 billion in federal and state funding for the Division of Emergency Management (DEM) to provide disaster relief and recovery, up from the current funding level of more than $1.4 billion. Much of their recommended appropriations comes from the federal government, such as more than $900 million in public assistance, $300 million in coronavirus grants and aids to state and local governments, and over $260 million in hazard mitigation funds.

In addition, while the House proposes an allocation of $10.1 million to retrofit facilities used as hurricane shelters, the Senate recommends a more modest $5.5 million for retrofitting purposes.

Environment

Notably, the House budget includes some federal American Rescue Plan Act (ARPA) funds in its environmental proposals, but the Senate proposal does not. Overall, the House and Senate proposals reflects an uneven approach to environmental spending, increasing funding in some areas while cutting significant funding overall. This approach to environmental support has been called a “poison pill” by state advocates.[107]

In March, Governor DeSantis appointed a new Chief Science Officer (CSO) who will address, among other things, longstanding harmful algae blooms like red tide and beach erosion. Advocates contend the previous CSO’s Blue-Green Algae Task Force recommendations were largely ignored due to industry group pressures.[108]

Investing fully in all these areas is key to protecting the state’s natural resources and unique ecosystem, mitigating the effects of climate change, and keeping the state’s drinking water safe and plentiful for the growing number of Florida residents and visitors. This is especially crucial for the tourism industry’s recovery in the wake of COVID-19.

Compared to current-year levels:

- **Both the House and Senate significantly reduce funding to the Department of Environmental Protection (DEP), cutting $218 million (a 10 percent reduction) and $195 million (a 9 percent reduction), respectively.** DEP administers most of the vital environmental programs in the state, including Everglades restoration and protection, Florida Forever/land conservation, state park operations, Florida’s coastlines, air and water resources, and pollution management.

- **The Senate increases Everglades funding by $46 million (a 12 percent boost), while the House cuts funding by $50 million (a 12 percent reduction).** While the Senate’s proposed increase comes up far short of the governor’s proposed $106 million-dollar increase, it represents an important step forward. The Everglades remains one of the most endangered natural resources, despite nearly 1 in 3 Floridians relying on it for their water supply.[109] Governor DeSantis has made supporting this vital area a key priority, which will be crucial to addressing the significant lack of progress made on longstanding plans to restore the Everglades.[110]

- **The Senate would cut the Florida Forever program by 50 percent down to $52 million, while the House would only marginally reduce current funding down to an even $100 million.** Florida Forever is a critical program that allows the state to acquire and preserve ecologically important land and prevent future environmental problems. The Florida Forever Act was passed in 1999, authorizing $300 million in bonds for 10 years to support conservation efforts. Funding was appropriated in full until 2008, when it was then significantly reduced or eliminated. It peaked again at $100.8 million in FY 2018-19 to $103.6 million in the current fiscal year. The current Senate proposal would undo this hard-won progress and take Florida in exactly the wrong direction.

FLORIDA FOREVER PROGRAM BUDGET

		FY 2021-22 Budget Proposals		
	Current Year	**Governor**	**House**	**Senate**
Appropriation Amount	$103,641,698	$50,000,000	$100,000,000	$51,998,100
Difference from Current Year Budget		- $53,641,698	-$3,641,698	- $51,643,598

Both chambers have introduced controversial legislation (SB 2512/HB 5401) to partially fund the governor's proposed Resilient Florida project, as well as expand the Wastewater Grant Program. This bill would redirect portions of the Sadowski affordable housing fund from the documentary tax stamp to pay for the programs, which affordable housing advocates strongly oppose. Recently, advocates have expressed concerns about climate change's destruction and pollution of Florida's major waterways[111] and the lack of a top state official[112] to assess the deleterious effects it will continue to have on the state if swift action is not taken. While DEP funding is cut by both chambers overall, many of the new positions added are contingent upon these bills passing.

- **The Senate proposes 25 positions and $29 million for the Resilient Florida Trust Fund, while the governor proposed $191 million. The House gets closer to that mark with a proposed $169 million, but nearly 90 percent of that would have to come from federal American Rescue Plan Act (ARPA) funds.** The Resilient Florida Trust Fund would "provide grants to state and local government entities to fund projects to adapt regionally significant assets to address the impacts of sea level rise, intensified storms and localized flooding."[113]

- **The Senate proposes seven new positions and $141 million for The Wastewater Grant Program, while the House proposes $281.1 million, with nearly 50 percent coming from federal ARPA funds.** This program was created in the 2020-21 fiscal year to limit water pollution through various infrastructure improvements, such as constructing and expanding waste treatment facilities and upgrading septic systems to join existing public waste management systems.[114]

- **The Senate cuts Fish and Wildlife Conservation Commission (FWC) funds by $3.1 million, while the House increases funding by $1.4 million.** For the past 20 years, the FWC has coordinated the state's fish and wildlife research, enforced hunting and fishing laws, and addressed nuisance species and loss of animal habitat. The FWC is central to managing the rich array of Florida's natural species, including nearly 600 land animals and 700 native marine and freshwater fish.[115] Both chambers' largest cuts would be in Hunting and Game Management and Marine Fisheries Management. On the other hand, both chambers are pushing for moderate increases to the Fish and Wildlife Research Institute, with the House increasing its funding by $9.4 million (a 13 percent increase) and the Senate by $6.1 million (an 8 percent increase)

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