



Scott Budget: Tax Cuts Consume Most of General Revenue Growth Dollars, Leaving Little for Investments in State Services

Governor Rick Scott's budget proposal for the 2016-17 fiscal year is notable for one stark fact: It proposes spending more than twice as much money from general revenue growth on tax cuts than on increasing funding for vital state services.

Of the state's more than \$1.3 billion increase in general revenue from the current fiscal year to 2016-17,¹ Scott proposes to use more than \$1 billion of it on tax cuts – \$920.1 million of it in permanent recurring general revenues.² He would use just \$390 million on net new general revenue appropriations for education, health care, mental health, corrections, child welfare and all other areas funded by general revenue combined.³

General revenue will grow 4.7 percent from 2015-16 to 2016-17,⁴ while the Governor's budget would increase general revenue appropriations by just 1.35 percent.⁵

To be sure, the Governor's budget would increase general revenue expenditures in some areas of state government. But most of the increases are offset by reductions elsewhere through cuts to state services that have already experienced cuts in previous years. His spending plan fails to fund the level of services already provided through state general revenue dollars. Scott would spend \$29.3 billion in total general revenue⁶ – permanent recurring dollars plus one-time nonrecurring money – while at least \$30.9 billion is necessary to fund state operations under current law, state economists say.⁷

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The Governor's talking points and budget presentations foster the impression that significant new dollars are devoted to state services. For example:

- His presentation touts a “Historic Level of Funding” for state and total spending for K-12 education, the state college system and the university system.⁸ Yet **all of education combined receives just \$10.9 million in new appropriations of general revenue** in his budget, or seven-tenths of one percent.⁹
- For K-12 education, he calls attention to a historic level of appropriations per student (through the Florida Education Financing Program, or FEFP), rising to \$7,221¹⁰ to finally surpass the previous record in 2007-08.¹¹ What is not obvious from the presentation is **that local taxpayers would foot most of the bill** for that achievement. State dollars would increase \$80 million, or .73 percent, in his budget, while local funding – through property taxes – would rise \$427.3 million, or 4.87 percent.¹²

State tax dollars for the major K-12 funding program would rise just .73 percent in the Scott budget. Local funding –through property taxes – would increase 4.87 percent.

- Budget details reveal that general revenue devoted to the FEFP **actually would be cut** by \$87.9 million under his proposed budget.¹³

- The budget presentation notes a \$500 million appropriation for Performance Funding for

Universities, with the implication being that it’s new money. In fact, \$450 million of it was taken away from base funding and redirected to performance funding – **a fund shift instead of the provision of additional dollars.**¹⁴

State universities actually would receive \$60.8 million in additional general revenue, a 2.6 percent increase.

- The budget presentation notes a \$15 million budget recommendation under “Making Florida First for Healthy Families to reduce the developmental disabilities waitlist. In fact, as budget details show, that **\$15 million for the Home and Community Based Services waitlist is a cut from the \$40.7 million spent to serve additional clients in the current fiscal year.** General revenue devoted for that purpose would actually fall by \$10.3 million under the Scott budget.¹⁵ Fine print in the budget shows that \$15 million would serve 700 additional people.¹⁶

The need for those services is far greater. About 20,000 people were on the waitlist in 2015. The majority of those on the waitlist have been on it for more than five years,¹⁷ and some will have to wait 10 years for services due to inadequate funding.¹⁸

Spending Plan Reveals Priorities

Scott’s budget favors job-chasing Department of Economic Opportunity programs over state services:

- In appropriations of all funds – general revenue plus federal and local money – the Department of Economic Opportunity receives the most additional funding over 2015-16: \$198.2 million, or 18.7 percent.¹⁹ That is the area in which Governor Scott proposes to spend \$250 million on an economic development fund to lure businesses to the state,²⁰ although that money would be one-time dollars from trust funds, and not recurring general revenue.²¹
- Other recommendations for increases in appropriations from all funds, in comparison to the 18.7 percent Department of Economic Opportunity increase:²²
 - Agency for Health Care Administration, which funds Medicaid and mental health services among others, .86 percent
 - Agency for Persons With Disabilities, 1.18 percent
 - Department of Corrections, plagued by staff shortages and other problems, 2.77 percent.

Passage of Scott’s proposed tax cuts, mostly directed to business, would ensure that not enough state tax dollars would be available to meet state needs.

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Endnotes

¹ General Revenue Forecast, “Florida: An Economic Overview,” Office of Economic and Demographic Research, December 28, 2015. http://edr.state.fl.us/content/presentations/economic/FlEconomicOverview_12-28-15.pdf

² Measures Affecting Revenues, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/OtherInfo/reports/Measures-Affecting-Revenues.pdf>

³ Agency Budget, Governor's Recommendations 2016-17 and Current Year Budget 2015-16, General Revenue, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/Report/RptAgencyBudgetPosition.aspx?v2=45&dc=2&im=N&ex=N&type=bud>

⁴ General Revenue Forecast, “Florida: An Economic Overview,” Office of Economic and Demographic Research, December 28, 2015. http://edr.state.fl.us/content/presentations/economic/FlEconomicOverview_12-28-15.pdf

⁵ Agency Budget, Governor's Recommendations 2016-17 and Current Year Budget 2015-16, General Revenue, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/Report/RptAgencyBudgetPosition.aspx?v2=45&dc=2&im=N&ex=N&type=bud>

⁶ FY 2016-2017 Recommended Budget Highlights, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/content/Current/Overview.htm>

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- ⁷ “Florida: Long-Range Financial Outlook,” Office of Economic and Demographic Research, September 15, 2015. http://edr.state.fl.us/Content/presentations/long-range-financial-outlook/3YearPlanLBCPresentationFall2015_9-15-15.pdf
- ⁸ Florida First Policy and Budget Recommendations, Office of the Governor. <http://www.floridafirstbudget.com/content/current/reports/Budget-Presentation-FY-17.pdf>
- ⁹ Agency Budget, Governor's Recommendations 2016-17 and Current Year Budget 2015-16, General Revenue, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/Report/RptAgencyBudgetPosition.aspx?v2=45&dc=2&im=N&ex=N&type=bud>
- ¹⁰ Making Florida First in Education, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/content/current/Education.htm>
- ¹¹ Florida First Policy and Budget Recommendations, Office of the Governor. <http://www.floridafirstbudget.com/content/current/reports/Budget-Presentation-FY-17.pdf>
- ¹² Florida Education Finance Program, 2016-17 – Governor’s Recommended Calculation, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/OtherInfo/reports/Education-Choice-Fund-Summary.pdf>
- ¹³ Comparison, 2015-16 Budget and Governor’s 2016-17 Budget, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/Budget/BudgetService.aspx?rid1=282922&rid2=259213&ai=48000000&title=EDUCATION&sf=1>
- ¹⁴ Comparison, 2015-16 Budget and Governor’s 2016-17 Budget, Division of Universities Educational and General Activities Program, Florida First Budget, Office of the Governor. <http://www.floridafirstbudget.com/web%20forms/Budget/BudgetServiceIssueList.aspx?rid1=276723&rid2=249569&si=48900100&title=UNIVERSITIES,%20DIVISION%20OF;EDUCATIONAL%20AND%20GENERAL%20ACTIVITIES%20%28Program%29&sf=1>
- ¹⁵ Services to Persons with Disabilities (Program); Home and Community Services, Florida First Budget. <http://www.floridafirstbudget.com/web%20forms/Budget/BudgetIssueDetail.aspx?ndx=16&si=67100100&pc=1303000000&icd=4001200&icnt=74&title=SERVE%20ADDITIONAL%20CLIENTS%20ON%20THE%20HOME%20AND%20COMMUNITY%20BASED%20SERVICES%20WAIVER%20WAITLIST&sf=1>
- ¹⁶ Services to Persons with Disabilities (Program); Home and Community Services, Florida First Budget. <http://www.floridafirstbudget.com/web%20forms/Budget/BudgetJustification.aspx?justID=279287&si=67100100&pc=1303000000&icd=4001200&title=Justification&ver=1>
- ¹⁷ House of Representatives Staff Analysis, CS/HB 177, March 3, 2015. <https://www.flsenate.gov/Session/Bill/2015/0177/Analyses/h0177a.CFSS.PDF>
- ¹⁸ “Florida’s Special-Needs Families Find Waitlist Up to 10 Years Long,” Orlando Sentinel, October 17, 2015. <http://www.orlandosentinel.com/opinion/os-florida-medicaid-waiver-scott-maxwell-20151017-column.html>
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- ²⁰ Florida First Policy and Budget Recommendations, Office of the Governor. <http://www.floridafirstbudget.com/content/current/reports/Budget-Presentation-FY-17.pdf>
- ²¹ Strategic Business Development, Quick Action Closing Fund Incentive Program, Florida First Budget. <http://www.floridafirstbudget.com/web%20forms/Budget/BudgetIssueDetail.aspx?ndx=10&si=40400100&pc=1101000000&icd=4200210&icnt=58&title=QUICK%20ACTION%20CLOSING%20FUND%20INCENTIVE%20PROGRAM&sf=1>

²² Agency Budget, Governor's Recommendations 2016-17 and Current Year Budget 2015-16, All Funds, Florida First Budget, Office of the Governor.

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