



**Governor Rick Scott Announces
“Florida Families First” 2013-2014 Budget**
Remarks as prepared for delivery

This is great news for Florida and Florida families.

I want to start off by thanking the many teachers and educators, and leaders from the business community who have joined me today from all across the state to announce our budget.

We are here today to announce our Recommended State Budget for 2013-2014, called “Florida Families First.”

You will get a briefing from our budget team in just a few minutes, and you have the details of the budget in front of you, so I am just going to talk briefly about some of the highlights in this budget and what we consider to be our top priorities.

The targeted investments included in the Florida Families First Budget are possible because we made the hard decisions to get our state’s economy on track two years ago.

In the four years before I took office, Florida lost 825,000 jobs, unemployment more than tripled – from 3.5% to 11.1%, and state debt increased by \$5.2 billion. Since I took office, we have supported the creation of around 200,000 private sector jobs. Florida’s unemployment rate has declined to 8 percent – a 4-year low.

We eliminated over 2,300 onerous regulations on business growth, reduced government positions by around 12,000, and streamlined the permitting processes for businesses.

We also reversed the 20-year trend of billion-dollar increases in state debt by paying down state debt for the first time since 1994. We have now decreased state debt over the last two years by \$2 billion.

As a result of our work over the last two years, we have created an environment where Florida’s private sector was able to create thousands of jobs. As a result, Florida’s unemployment rate has dropped by 3 percentage points to 8 percent – the second largest drop in the country over the last two years.

Florida’s economy is back on track, and the nation is taking notice of our economic turnaround.

Top CEOs now rank Florida the second best state in the nation for business; The National Chamber Foundation recognized us for having the number one talent pipeline;

And, the National Council on Teacher Quality says we have the most effective teachers in the nation.

Now that our economy is on track, our Families First budget includes targeted investments to keep our economy growing and providing more opportunities for Florida families.

Our Florida Families First Budget is \$74.2 billion - \$27.1 billion of which is general revenue.

This total reflects a 4.7 percent growth in general revenue.

This increase in general revenue is mostly due to increased sales tax collection.

This is further evidence that Florida's economy is back on track and moving forward.

This is also the first year since FY 2008-2009 without a projected general revenue budget gap.

After funding the state's recurring expenditures of \$24.6 billion, we have around \$3.9 billion available to save or invest in our priorities.

\$2.1 billion of this general revenue is a balance carried forward from 2012-2013, due largely to increased revenue collection.

\$1.2 billion is the general revenue growth projected by the Revenue Estimating Conference.

And, the rest of this total includes other unspent funds and trust fund balances.

This budget reflects savings of \$200 million, and funds an additional \$2.5 billion in state priorities. After these adjustments, we still have a \$1.3 billion general fund balance for the upcoming fiscal year.

Of course, even as we increase our targeted investments with the additional revenue being generated by our economic recovery, we must ALSO continue to streamline government.

This budget recommendation includes a variety of cost savings and efficiencies across government that allow us to redirect funding to assure Florida families have the most efficient services possible.

Savings in the budget include a decrease of more than 3,600 state positions, or 3 percent.

Efficiencies from across state government account for a total of around \$56 million in cost-savings.

Additional savings are from contract renegotiations, which generate \$22 million in savings for fiscal years 12-13 and 13-14, and another \$8.4 million in state lease savings.

Our hard work to make government live within its means has put us in a position to make targeted investments in areas that will put families first by keeping our economy growing.

As I stressed yesterday, there are two major priorities in this budget – our investment in eliminating the sales tax on manufacturing equipment and our support for a teacher pay raise, which comes with an historic investment in K-12 education.

In the Florida Families First Budget, we provide for the elimination of barriers on manufacturing investment in our state – in order to level the playing field between Florida and others we compete with for job creation.

Currently, there are 17,500 manufacturing companies in Florida that employ more than 300,000 Florida families. As of 2010, manufacturing made up just 4.3 percent of employment in Florida – which is well below the national average of manufacturing jobs across the country. We need to build up our manufacturing jobs in Florida.

Because of the hard work we have done to identify cost-savings and efficiencies across state government, this budget proposes to eliminate the sales tax on manufacturing equipment to save Florida manufactures an estimated \$140 million annually. We will support the recurring \$115 million in general revenue needed to eliminate this tax.

Knocking down this barrier to job creation will create more opportunities for Florida families who are looking for stable jobs they can depend on, especially as many are still on the road to economic recovery – just as we are at the state level.

Additionally, the Florida Families First Budget continues to eliminate the business tax by protecting 2,000 more small businesses in our state from having to pay it. We have continued to phase out this tax each year, so businesses can keep more of the money they earn and pass it along to their workers.

This budget proposes generating the recurring \$19.7 million necessary to pay for the continued elimination of this tax through cost savings across state government.

Our second major priority area in this budget is an historic investment in K-12 education, which includes an increase of \$1.2 billion in state funding for public schools.

This total includes \$10.7 billion in state funding for Florida K-12 schools – the highest state funding level in history.

The biggest and most important funding commitment in this record-breaking state total for education is our \$480 million commitment to give each classroom teacher a \$2,500 pay raise, along with the cost of related benefits.

Our Families First Budget puts Florida families first by doubling down on our investments in K-12 education.

This billion dollar investment sustains last year's billion dollar K-12 investment and puts another \$1.2 billion into Florida's classrooms.

This funding commitment represents per student funding of around \$6,800 – an increase of more than \$400 per student, or around 6.5 percent, over the current fiscal year.

The Florida Families First Budget builds on our K-12 investment by also investing in Florida's colleges and universities, while continuing to hold the line on tuition in order to make college more affordable.

Specifically, this budget provides \$1.1 billion in funding for state colleges – who serve about 350,000 Florida students, and \$3.8 billion for Florida universities – who serve about 300,000 Florida students.

At Florida colleges, this funding represents an increase of more than \$70 million, and includes:

\$14 million for performance funding – which I will elaborate on in a minute...

\$13 million for competitive workforce programs;

And, \$10 million for the Florida Distinguished Teacher College Challenge Grant.

At Florida universities, this funding level represents an increase of more than \$390 million, and includes:

\$118 million for operating expenses;

And, \$15 million for the University of Florida to achieve a national ranking in the top 10.

As part of our overall commitment to higher education, the Families First Budget includes \$14 million for performance funding for colleges and more than \$160 million for university performance funding.

Performance measures will help Florida's higher education institutions meet the needs of students and parents and ensure a positive return on investment for all Florida families. These measures will be implemented by the governing boards of higher education, and include:

The percentage of graduates employed or continuing education;

The average wage of employed graduates;

And, the average cost to produce a graduate.

To expand STEM education through construction and renovations at Florida's universities, this budget also recommends \$100 million in new funding be awarded by the Board of Governor's for up to four state universities.

In addition to our TOP priorities of investing in jobs and education initiatives, our budget makes a major investment in people with disabilities.

For the first time in eight years, our budget proposes additional funding for the Developmental Disabilities Waiver. This budget includes \$36.3 million to bring an estimated 750 people off of the waiting list and onto the waiver program.

Our budget also provides \$2.5 million to fund employment services for 1,000 people with developmental disabilities.

Additionally, the Families First Budget proposes increased funding to the Nursing Home and the Aged and Disabled Waivers by committing an additional \$24 million.

This will serve 2,000 more people currently at risk of nursing home placement.

This budget also includes the cost of the mandatory portions of the President's new healthcare law.

The state estimates that around 30 percent of those eligible for Medicaid services today – even without the optional expansion of Medicaid, will enroll in the program. That estimate is based on the estimates of other states and was used to calculate mandatory spending associated with Medicaid in this budget.

Of course, there is still the question of the optional expansion of our state's Medicaid program, which was left up to us by the Supreme Court.

Today is not the day for that decision.

We still have many questions unanswered and we continue to work with the federal government to get more information about how the expansion would impact the cost, quality and access of healthcare services.

When I met with Sec. Sebelius, we asked the Department of Health and Human Services to approve two waiver requests that would give our state more flexibility. We expect to get their response to at least one of these requests by Feb. 7th.

Their action on these two waiver requests will affect our current Medicaid program and play an important role in how we move forward.

I cannot overstate our continued concern with the federal government's ability to pay for new Medicaid recipients over the lifetime of the Medicaid program. The fiscal chaos in DC is another major factor in the Medicaid expansion decision facing Florida.

In conclusion, we know there will always be more worthy causes for government spending than funding available to support them.

This budget is aimed at making targeted investments to keep our economy on track and moving forward.

I want to stress again that eliminating the sales tax on manufacturing equipment, and our historic education investment, which is heavily tied to a \$2,500 teacher pay raise, are my top two priorities this year.

I look forward to working with my legislative partners – Speaker Weatherford and President Gaetz – on these important priorities over the next few months.

I am hopeful that legislators and leaders everywhere will join with us in advocating for these priorities, which are important to Florida families.

I am proud of what we have accomplished already in the areas of jobs and education, but there is much work left to do.

As long as even one Florida family is struggling to find work or access a great education, our work is not done.

This year, we will build on our successes through targeted investments that put Florida Families First.

Thank You.

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