



Florida Families First

Governor Rick Scott's 2013-14 Budget

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Governor Rick Scott's FY 2013-2014 Recommended Budget Highlights

Introduction from Governor Rick Scott

"Florida Families First," our executive budget for 2013-2014, reflects not only the progress we have made in reducing the size and cost of state government but our continued focus on creating jobs, improving education and keeping the cost of living low for all Floridians. This budget will continue our progress on reducing business taxes, investing in K-12 education, making higher education more affordable and creating an environment that encourages job creation.

In the four years before I took office, Florida lost 825,000 jobs, unemployment more than tripled – from 3.5 percent to 11.1 percent, 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. We have also eliminated over 2,300 onerous regulations, reduced government positions by over 12,000, and streamlined the permitting process for businesses. We also reversed the 20-year trend of billion-dollar increases in state debt and paid down state debt for the first time since 1994 at a rate of \$1 billion each year for the last two years.

Over the last two years, we made the tough choices to get our economy back on track. Through cost-savings efforts, we were able to cut taxes and eliminate regulations on businesses to help them succeed and create more jobs. 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. We are also now among the best states in the country for our drop in our unemployment rate. Florida's economy is back on track.

The nation is taking notice of our economic turnaround. The nation's top CEOs now rank Florida the second best state in the nation for business. We have a \$24 billion trade surplus, no personal income tax, we are on our way to eliminating the business tax, and our weather and beaches attract 90 million tourists a year. The National Chamber Foundation recognized us for having the number one talent pipeline, and the National Council on Teacher Quality said Florida has the most effective teachers in the nation.

I ran for Governor of Florida because I wanted to keep the American Dream alive for my children, my grandchildren and all future generations of Floridians. My message is simple – everything we do in government must be focused on helping families pursue their dreams by getting a great job and accessing a quality education.

Growing up, my family struggled financially and we moved a lot. My parents took different jobs to afford to pay the bills. My father was a bus driver and a truck driver. My mom worked as everything from a hostess in a Chinese restaurant to a clerk at JC Penney's. We didn't have a fancy house or nice cars, but what I got from my parents was better than that. They taught me that the American Dream is real – and that only in this country can you start anywhere, work hard and sacrifice, and make your dreams come true. I know that the opportunity to get a quality education and find a great job is key to this success.

In everything we do in government, I ask, "How will this impact a family making less than \$50,000 a year?" That is around half of the families living in Florida today, and that was also my family growing up. This budget puts Florida Families First because it is focused on helping Florida families get a great job and a quality education. Now that our economy is back on track, it is time to invest in these two important priorities in order to drive our economic growth forward.

My Florida Families First 2013-2014 Recommended Budget includes \$18.47 billion in total funding for K-12 education, an increase of \$1.25 billion, or 7.3 percent, for K-12 public schools. This increase represents per student funding of \$6,799, an increase of \$412, or 6.45 percent, over the current fiscal year. State funding for K-12 education totals \$10.7 billion - the highest state funding level in history. Included in this historic total is \$480 million to support \$2,500 pay raises for Florida's K-12 classroom teachers, plus the cost of associated benefits.

Additionally, my Florida Families First 2013-2014 Recommended Budget focuses on building up our state's manufacturing sector by eliminating the tax barriers on manufacturers who buy equipment. Florida's current manufacturing tax policy puts our state at a competitive disadvantage because most states do not force manufacturers to pay taxes on the purchase of equipment or require them to adhere to regulations for tax exemptions. We want more manufacturers to move to Florida, and this budget proposes to save manufacturers \$141 million (of which \$115 million is recurring state funds) so we can eliminate the taxes on manufacturing equipment.

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 strategic investments that put Florida Families First.



Governor Rick Scott

Florida Families First Budget Overview

The Governor's total recommendation in the "Florida Families First" Fiscal Year 2013-2014 budget is \$74.2 billion. The General Revenue portion is \$27.1 billion. General Revenue funds available for the FY 2013-14 budget year increased \$1.2 billion from the previous fiscal year, a 4.7 percent increase. This increase, mostly attributable to increased sales tax collection, is an indication that Florida's economy is improving. In addition, this is the first year since FY 2008-2009 that Florida has not had a General Revenue budget gap.

The Governor's recommendation builds on the current year 2012-13 General Revenue growth of \$1.2 billion (5.3 percent) and continued 2013-14 Fiscal Year growth of \$1.2 billion (4.7 percent). In addition to growth, the budget includes \$1.5 billion and \$2.1 billion in unexpected funds that rolled forward (for FY 2012-13 and 2013-14 respectively). Through a combination of improved economic conditions as well as operational efficiencies and a continued shift toward "leaner government," the Governor's budget recommendation is balanced and leaves an additional \$1.3 billion in General revenue balance.

There is \$30 million derived from enterprise efficiency initiatives and another \$56.8 million is due to operations and administrative efficiencies.

This Fiscal Year 2013-2014 budget recommendation includes a variety of cost savings and efficiencies across government that allow the state to redirect funding to assure Florida families have the most efficient services possible. **This budget reflects a savings of \$1.2 billion, of which is a \$183.8 million savings from the General Revenue Fund.** In addition, the cost savings in the budget includes a net decrease of 3,647 positions, or 3.1 percent, in the state's workforce. Of those openings, 663 were vacant positions for more than 180 days.

In addition, since Governor Scott took office, the state's workforce has been decreased by more than 7 percent – the largest decrease in over a decade. The Governor's efforts to right-size state government will ensure that the state continues to live within its means, even as Florida's economy continues to improve.

Rewarding State Employees: As Florida's economic situation improves, the Governor's recommended budget proposes rewarding hard-working state employees who are implementing the policies to help keep the state's economy growing.

- This budget provides \$148 million for discretionary, variable compensation in the amount of \$5,000 for employees receiving an employee evaluation of "outstanding" and \$2,500 for employees receiving an employee evaluation of "commendable."
- This budget also provides \$167 million for all state employees with at least a "satisfactory" employee evaluation to receive an incentive of \$1,200 in recognition of their efforts to reduce the state's unemployment rate from December 2010 to December 2012.

Continuing to Reduce State Debt: Total State direct debt outstanding as of June 30, 2012, was \$26.2 billion, a \$1.5 billion decline from the prior fiscal year and the second

consecutive year under the Governor's leadership that debt has decreased. Based on the current fiscal year's budget, the debt is expected to be lower again on June 30, 2013. This marks a break from the previous trend of consistent year-over-year increases in state debt dating back to 1994, which caused Florida's debt to more than triple between 1994 and 2010.

The Governor believes debt represents a tax burden on our children and grandchildren and supports issuing new debt only for projects that benefit both current and future generations. Therefore, the Governor's proposed budget incurs new debt exclusively for the maintenance and expansion of Florida's transportation infrastructure system. Offsetting this new debt of \$730 million is the scheduled repayment of over \$1 billion of existing debt, resulting in a further reduction of the state debt by June 30, 2014.

Pension Fund's Unfunded Liability: The unfunded actuarial liability (UAL) of the Florida Retirement System (FRS) Defined Benefit Program amounted to \$19.3 billion on July 1, 2012, an increase of \$1.3 billion over the prior year valuation. Based on an actuarial liability of \$147.2 billion and an actuarial value of assets of \$127.9 billion, the program is 86.9 percent funded as of July 1, 2012. As of January 8, 2013, the market value of the plan's assets amounted to \$129.8 billion.

The Governor's budget proposal implements the recommendations of the independent actuary and proposes to fully fund the recommended \$1.1 billion contributions to the UAL (Unfunded Actuarial Liability) by including an additional \$552 million to fully fund the state's portion. Following these recommendations ensures that the fund will be able to meet its long-term obligations. Florida's pension plan is on a sound actuarial basis and one of the best-managed plans in the country.

Cost-Savings by Making Government More Efficient: Governor Scott tasked state agencies with constantly seeking ways to become more efficient while providing quality services to people across the state. Anywhere the state can reduce its cost of back office functions means that more funding can be directed to high priority needs such as education. As a result, Governor's agencies are participating in enterprise initiatives, aimed at reducing the cost of administrative functions. Agencies are reviewing existing contracts and leases for possible savings, improving the utilization and efficiency of state assets, and looking for ways to consolidate the performance of services used by all agencies:

- ***Contract and Lease Renegotiations Savings***
Savings resulting from contract renegotiations have generated a statewide savings of \$22 million for fiscal years 2012-13 and 2013-14, and \$8.4 million in lease savings. These savings will not only continue, but are expected to generate even more savings in future years.
- ***Office Space and Energy Utilization Improvements***
The Governor recommends \$6.1 million to better utilize state-owned office space by reconfiguring offices to increase occupancy of state agency staff currently in leased office space, thereby decreasing agency rental cost. This also includes funding to evaluate the energy-consuming systems in several state-owned facilities and make adjustments and repairs to improve energy efficiency and reduce costs.

Cost-Savings through the Electronic Submission of Tax Returns: To improve efficiency and generate cost-savings, Governor Scott recommends a process improvement at the Department of Revenue by requiring the electronic submission of corporate income tax and reemployment tax returns. This savings of \$1 million eliminates the need for 27 staff to manually process returns and will improve the accuracy of submitted returns. To accommodate customers with limited or no Internet access, a waiver process is also recommended.

Governor Scott's policies continue to eliminate burdensome regulations while providing tax relief to Florida job creators.

Cutting the Business Tax. This budget includes funding to support the proposal to exempt another 2,000 taxpayers from having to pay the business tax by increasing the corporate income tax exemption from \$50,000 to \$75,000. This exemption was increased from \$5,000 to \$25,000 in 2011. The exemption has increased to \$50,000 effective January 1, 2013. The Governor proposes generating the recurring \$19.7 million necessary to pay for the increased exemption through cost savings across state government. Eliminating this tax will ensure more small businesses can hire more workers, providing Florida families with jobs.

Building Up Florida Manufacturing Jobs. Building up the state's manufacturing sector is critical to strengthening the state's economy because it creates stable jobs for Florida families. Currently, there are 17,500 manufacturing companies in Florida that employ more than 300,000 Florida families. Florida's current tax policy puts the state at a competitive disadvantage because most states do not force manufacturers to pay taxes on the purchase of equipment or require them to adhere to regulations for tax exemptions. In order to build up manufacturing jobs in Florida, Governor Scott will remove these barriers to investment.

The Governor's proposal will eliminate restrictions on businesses to receive the sales tax exemption, which can inhibit a business's investment decision. Through 2012, the sales tax exemption was available for expanding businesses which could show that they increased their output by at least 10 percent. Beginning on January 1, 2013, the requirement was lowered to 5 percent. Through cost savings and efficiencies across state government, the Governor will generate the recurring \$115.3 million necessary to pay for the cost of his proposal to fully eliminate the 5 percent requirement. The removal of this outdated requirement, beginning January 1, 2014, will assist businesses in making the investments necessary to add equipment and create jobs for Florida families.

Supporting manufacturing growth will not only move our state forward and provide jobs for our families, but will make Florida well positioned to provide goods to international markets and allow Florida to be a global hub for trade. Providing good manufacturing jobs will bring stability to Florida's families, to Florida's manufacturing base and to Florida's economy.

Training Florida's Workforce: The Governor recommends in FY 2013-14 approximately \$289.4 million for Florida's 24 Regional Workforce Boards responsible for providing workforce services directly linked to job seekers and businesses, including job placement, recruitment assistance, and skills training. The Florida Workforce System helped place more than 426,000 Floridians in jobs in 2012. More than 27,000 Florida veterans have found jobs with the help of the state's workforce system in the last year.

Quick Response Training Program Flexibility and Funding: To improve the state's competitiveness, the Governor's budget includes an increase in state financial support for the Quick Response Training (QRT) Program from \$6 million to \$12 million. This doubling of QRT funds will:

- Provide grant funding for customized training to new or expanding businesses
- Allow flexibility for the program to expand to reach new employees
- Allow Florida to effectively retain and attract businesses
- Create new high-quality jobs
- Make Florida more competitive in the global economy

Ready to Work Program: The Governor recommends \$2.3 million for the Ready to Work Program which links job seekers to employers requiring specific work skills. In funding these programs, the Governor continues to focus on getting Floridians back to work.

Attracting and Retaining Businesses: The Governor, with the support of the Florida Legislature, created the Department of Economic Opportunity in October 2011, with the goal of supporting innovative public-private partnerships to accelerate Florida's economic recovery. Through these economic development partnerships, an environment has been created to improve Florida's capacity to attract, retain, and expand businesses. DEO's public-private partnerships include but are not limited to:

- Enterprise Florida Inc.;
- VISIT Florida;
- Space Florida; and
- The Florida Institute for the Commercialization of Public Research.

Recommended funding for these public-private partnerships is approximately \$117 million for FY 2013-14.

A critical component of the Governor's Recommended Budget for FY 2013-14 includes economic development funding in the form of incentives such as the Quick Action Closing Fund, the Qualified Targeted Industry Tax Refund, and the Innovation Incentive Program, for approximately \$279 million. A key component is the *flexibility* to use these funds to react quickly to unexpected opportunities, which will enhance business retention and job creation.

Additionally the Governor is recommending approximately \$36 million to be used for the Governor's Recognition Awards for Transformational Economic Development.

Improving Florida's Transportation System: Governor Scott recognizes that the quality and safety of Florida's transportation systems are vital to the growth of the state's economy and the creation and retention of more than 505,000 transportation-related jobs. The Governor's Recommended Budget of \$8.3 billion for the Department of Transportation's Work Program provides for the construction and maintenance of Florida's roads, bridges, rails, seaports, and other public transportation systems that are critical to the growth of Florida's economy and improving the quality of life for Florida's families. Recommended funding totaling \$3.6 billion for highway construction includes the following investments:

- \$3.6B Highway Construction

- \$15M Economic Development Projects (Road Fund)
- \$144M County Transportation Programs
- \$765M Operations and Maintenance
- \$766M Right-of-Way Land Acquisition and Support
- \$525M Resurfacing
- \$401M Public Transit Development Grants
- \$287M Bridge Construction
- \$288M Seaport Projects
- \$169M Aviation Grants
- \$20M Space Florida
- \$160M Rail Projects
- \$155M Debt Service Payments

The budget also recommends \$288 million in funding for Seaport Projects, including:

- Port Canaveral West (basin deepening and widening);
- Port Miami Deep Dredge (deepen South Fisherman’s Channel);

The budget also includes \$160 million in funding for rail projects, including SunRail/ Phase II (construction/expanding 29 miles).

Growing Jobs in Florida’s Agricultural Industry: Florida agriculture employs three quarters of a million people and contributes more than \$100 billion annually to the state’s economy. Florida has 47,500 commercial farms, occupying a total of 9.25 million acres and ranks second in the value of vegetable production. Additionally, Florida ranks first in cash receipts for oranges, grapefruit, fresh snap beans, sweet corn, watermelons, fresh cucumbers, squash and sugarcane, and ranks second in the production of greenhouse and nursery products. Florida accounts for 65 percent of the total U.S. citrus production. Nationally, Florida ranks 11th in beef cows and seventh in agricultural exports, shipping more than \$3.1 billion in goods out of the state. The Governor’s \$1.4 billion proposed agriculture budget includes the following funding to ensure Florida agriculture leads the nation:

- **Protecting Florida’s Citrus Industry through Research** - Governor Scott’s budget provides \$4 million in funding for short-term research projects on how to stop the spread of citrus greening, a bacterial disease, which greatly reduces citrus production, and kills citrus trees. The citrus industry provides an economic impact of \$8.91 billion annually, accounts for 75,827 jobs, represents about two-thirds of the U.S. citrus market, and accounts for 40 percent of the world’s orange juice supply.
- **Ensuring an Adequate Supply of Citrus Trees** - Governor Scott’s budget provides \$500,000 in funding for the construction of a new greenhouse at the Department of Agriculture and Consumer Services’ budwood facility in Chiefland.
- **Citrus Health Response Program** - Governor Scott’s budget provides \$7.1 million in funding to help protect the economic well being of the citrus industry by surveying groves for pests and diseases and ensuring growers are taking appropriate measures to suppress disease incidence, minimize spread and preserve citrus acreage through coordinated efforts.

- **Protecting Florida’s Valuable Gulf Seafood Industry** - Governor Scott’s budget provides \$2 million in authority to spend the remaining funds awarded by BP to continue testing and analyses of Florida Gulf seafood and also continue the high-visibility marketing campaign to assure consumers that seafood is safe to eat.
- **Oyster Reseeding and Rehabilitation** - Governor Scott’s budget provides \$200,000 in authority to spend the remaining federal funds awarded by Congress in FY 2006-07 as a result of hurricane damage.

One Stop Business Registration Portal: Allowing businesses to go to one state government website to meet their registration and licensure requirements streamlines processes so they can be in operation more quickly. The Governor recommends \$532,409 to make enhancements to the One Stop Business Registration Portal.

Strengthening Education for Florida Families

Governor Scott's College and Career FIRST (Focusing Investments on Results for Students and Teachers) initiative, unveiled in October 2012, provides a roadmap to ensure every student has access to a world-class education. Many of the initiatives that make up College & Career FIRST stem from conversations Governor Scott had with teachers, parents, and students on his Education Listening Tour. College & Career FIRST brings together the best of those ideas to invest in education and better prepare students for their future. The Governor's Recommended Budget provides record funding to support education in Florida and the implementation of the Governor's College & Career FIRST initiative.

Record State Funding for Education: Under Governor Scott's leadership last year, Florida committed more than \$1 billion to K-12 Public Education. Due to Florida's positive economic growth, Governor Scott's fiscal year 2013-2014 Recommended Budget proposes an increase of \$1.2 billion in funding for K-12 public schools.

Governor Scott's Recommended Budget includes \$10.7 billion in state contribution for Florida schools – the highest ever.

The most significant increase in the budget is a \$480 million commitment to increase each classroom teacher's salary by \$2,500. As the state continues to create jobs and opportunities, investments in education will continue to drive economic growth.

Governor Scott's recommended public school budget is \$18.5 billion for FY 2013-2014. The budget highlights include:

- Per student funding of \$6,799 – an increase of \$412.25 (or 6.45 percent).
- Increasing funds provided to classroom teachers for purchasing classroom resources and supplies for use in teaching students to an estimated amount of \$250 per teacher
- Increasing the award amount for the School Recognition Program from \$100 to \$125 per student.
- Providing \$74.9 million for school safety, an increase of \$10.5 million or 16.2 percent.
- Providing \$100 million to districts for digital learning initiatives.
- Provides additional funding to cover the student enrollment growth in class size and increased student enrollment.

Investing in Florida Teachers: Governor Scott believes it is essential to support teachers and equip them with the tools they need to improve their practice as professionals and to help students realize better educational outcomes. As part of the state's investment in teachers, Governor Scott proposes an increase of \$2 million in funding to support teachers through programs aimed at providing professional development. Professional development opportunities for teachers will ensure they have the tools they need to become even better teachers.

As Governor Scott traveled the state over the past year, he repeatedly heard teachers say they could often use help to purchase supplies for their classrooms that they now

pay for personally. **In this budget, Governor Scott recommends providing each teacher an estimated \$250 to purchase materials and supplies for their students.**

The Governor also heard from many teachers that supporting programs focusing on parent and community involvement can increase student success in the classroom. **This year, the Governor proposes \$11.6 million in funding for results-based mentoring programs** that provide enhanced instruction, mentoring activities, tutoring, social and academic activities, and support to low-performing, at-risk, and intellectually challenged students.

Supporting Early Learners. Governor Scott's Recommended Budget provides a continued investment of more than \$1 billion in early learning funding. This funding includes over \$581 million for school readiness services to provide quality childcare services that will prepare children for school. Additionally, the \$1 billion includes over \$413 million for the Voluntary Prekindergarten (VPK) program to ensure this program remains accessible for all four-year-olds in the state. The recommended funding also includes: \$15 million for the Childcare Executive Partnership Program which is a match program with private businesses to expand services to low-income families; \$3 million for TEACH which provides critical scholarships for child care workers; and \$1.4 million for the Home Instruction Program for Pre-School Youngsters (HIPPY).

Investing in Higher Education

Governor Scott believes that Florida is home to exceptional higher education institutions that train and prepare students to compete in the global market place.

Fully Funding Higher Education: Governor Scott's Recommended Budget provides \$1.1 billion in funding for state colleges and \$3.85 billion for Florida's universities. The Governor's higher education budget highlights include:

- An increase of \$74.4 million over FY 2012-2013 funding for the state college system, resulting in a total allocation of \$1.1 billion
 - \$50.3 million for operations including \$22 million in new funding for improving equity and \$14 million in performance funding.
 - \$13 million for competitive workforce programs.
 - \$10 million for the Florida Distinguished Teacher College Challenge Grant.
- An increase of \$393.3 million over FY 2012-2013 funding for the State University System, resulting in a total allocation of \$3.85 billion.
 - \$118 million for operating expenses.
 - \$167 million for performance funding.
 - \$15 million to the University of Florida to achieve a national ranking in the top 10.

Hold the Line on University Tuition: Over the past ten years the average tuition and fees at state universities have more than doubled, rising from \$2,834 in 2003-2004 to \$6,232 in 2012-2013. The rising cost of a four-year degree at a Florida university has made it difficult for students to obtain a degree. The cost of a prepaid, 4-year university plan for a newborn in Florida has climbed more than 350 percent in the last six years. **For a Florida family making \$50,000 or less, a \$53,729 prepaid tuition is far too high.** The Governor is committed to keeping higher education affordable and

accessible to Florida's students and therefore proposes no tuition increases in his 2013-2014 budget.

Finish in Four - Guaranteed Tuition for Degrees: The unpredictability of tuition increases makes it difficult for students and families to plan for the cost of higher education. A student who entered a university as a freshman in 2009-2010 has seen tuition and fees raise an average of 13 percent each year and approximately 40 percent total from their first year to the current year. To make higher education more affordable for Floridians, the Governor recommends establishing a fixed rate of tuition and fees for undergraduate students who are Florida residents for tuition purposes and who are continuously enrolled in the State University System during four consecutive academic years.

Continuing Scholarships: Governor Scott is an advocate for the advancement of students in higher education to ensure they have every opportunity to prosper in their careers. Florida students are supported by Lottery dollars, which provide enhancements to public education, including funding the Bright Futures scholarship program, which allows students to have access to higher educational opportunities. To maximize revenues from Lottery games the Governor proposes that the state:

- Continue increased funding of \$4 million for additional purchase of advertising to promote awareness of Lottery games.
- Commit \$406,100 for the purchase and deployment of mobile sales tools to support the Lottery's sales force to manage retailer inventory and generate real time reports. This will allow the department to implement efficiencies and increase sales based on improved inventory management.
- Continue to support Lottery retailers by expanding the use of retailer incentives by \$500,000, which are used to encourage Lottery retailers to actively promote new games and help to maintain the partnership between the retailer and the Lottery.

Educating Florida's Workforce: The budget recommendations for workforce education includes \$16 million for a new competitive grant to school districts and adult education programs to expand or develop program offerings that will lead to industry certification in a high-skill, high-wage, or high-demand area.

The budget recommendations also include \$13 million for competitive workforce programs in the Florida College System. This money will be used to create or expand sustainable capacity in programs that prepare students for careers in high-skill, high-wage, or high-demand occupations and meet specific performance goals.

Focusing on the Return on Investment in Education: As part of the Governor's workforce education funding plan, \$13.7 million has been designated to expand performance based funding to district workforce education programs. These additional funds will increase the total performance funding initiatives to \$18.7 million, an increase from 1.3 percent to 5.2 percent, and will be earned based upon the completions and placements. Performance based funding for colleges and universities will help encourage that graduates are employable in fields where jobs are available. The Governor supports the following performance measures to help Florida's higher education institutions meet that goal:

- Percentage of graduates employed or continuing education;

- Average wage of employed graduates;
- Average cost to produce a graduate.

As part of Governor Scott's commitment to the state college system, Florida's colleges will receive \$14 million for performance funding. For the State University System, the budget recommends \$167 million be used for university performance funding and \$15 million to continue the performance funding pilot program for a select category of degree programs associated with science and information technology.

Supporting Education Infrastructure Needs: In order to maintain and ensure our educational facilities are up to date with the technology required to guarantee our students' competitiveness and success in the world, the Governor's budget includes \$127.5 million of new funding for fixed capital outlay in the K-12 public schools – \$100 million for the fixed capital outlay needs of charter schools and \$24.5 million for critical infrastructure needs in Dixie and Glades Counties. Charter schools do not have the ability to levy taxes and are reliant on state funds to meet capital needs.

The recommended budget also includes \$244.2 million for fixed capital outlay funding for higher education, including \$100 million in new funding to **expand STEM education through necessary facility construction and renovation** at Florida's universities.

The Governor recommends \$37.9 million in PECO funds to be used toward the remodeling/renovation/maintenance/repairs of a list of prioritized critical deferred maintenance projects of state-owned facilities in the State University System. Additionally, in order for universities to complete student-approved projects, \$70 million in budget authority is provided to spend student fees that have been collected for facility projects.

The Governor's budget also recommends \$36.3 million in PECO funds to be used toward the remodeling/renovation/maintenance/repairs of a list of prioritized critical deferred maintenance projects of state-owned facilities in the Florida College System.

Using Florida's Natural Resources to Educate: Florida's award-winning Park Service is one of the largest in the country with 161 parks spanning more than 700,000 acres and 100 miles of sandy white beach. Governor Scott's proposed budget provides \$19 million to ensure Florida's parks are handicap accessible and to provide for needed repairs and maintenance. In addition, \$250,000 is provided to develop a statewide plan to market the extraordinary educational opportunities that nature-based recreation at state parks can provide, and expand the brand of Florida State Parks.

Additional education programs continued within the environmental section of Florida's budget include:

- Youth Hunting and Fishing Education - Governor Scott's budget includes funding in the amount of **\$400,000** to encourage our youth to get involved in safe, educational, and mentored hunting and fishing opportunities to create a generation that cares about fish and wildlife and their habitats.
- Wildlife Hunting Education – Governor Scott's budget includes funding in the amount of **\$163,610** for statewide hunter safety courses, which provide hunters with the

necessary skills and knowledge to become better sportsmen, while instilling an awareness of firearm safety and wildlife stewardship.

- Boating Safety Education – Governor Scott’s budget provides **\$550,650** in funding for Boater Safety Education, which increases boater awareness and reduces accidents. Boating Safety Education ID Cards are issued free of charge.

Creating Efficiencies in State Colleges: The budget calls for a reallocation of \$17.8 million that have no statewide impact in order to provide greater equity with those state colleges that were not equally funded.

Creating Safer Communities: This past year, Governor Scott, along with law enforcement, announced that Florida is at a 41-year low in crime. This low crime rate can be attributed to tougher sentencing laws that hold individuals accountable, rehabilitation efforts to treat addictions and underlying factors of criminal behavior and new technologies that help police prevent crime.

The Governor's budget maintains Florida sentencing laws including the requirement that individuals serve at least 85 percent of their sentences before release; supports rehabilitation efforts that are effective in reducing Florida's revolving door cycle in our prisons, known as the recidivism rate. Because of these effective programs and policies, Florida's recidivism rate has dropped 4.9 percent in the past two years. This has not only resulted in safer communities due to fewer repeat crimes, but has also saved Florida taxpayers more than \$44 million. The Governor's budget will continue his efforts to reduce Florida's recidivism rate, including investments of:

- \$5.4 million to open a specialized inmate re-entry center that provides job training and placement skills for inmates within three years of release. Studies show that literacy and jobs play a significant role in ensuring that persons released from prison remain crime free, gain employment, and pay obligations including victim restitution and child support.
- \$12.5 million to ensure Florida's most dangerous prisons have optimum staffing and resources to ensure safety and security.
- \$21.2 million of the \$44 million saved to provide a performance bonus to employees of the Department of Corrections that helped reduce the recidivism rate by almost 5 percent over the past two years.
- \$2.7 million to provide our state crime labs new technology and crime lab scientists that specialize in DNA, which has proven to be an effective tool in solvability of crimes.
- \$190,000 to ensure the Office of Statewide Prosecutor has sufficient resources to prosecute individuals operating deadly and fraudulent pill mills. Since launching the Governor's Statewide Pill Mill Drug Strike Forces in March of 2010, the number of fraudulent pill mills criminally dispensing dangerous and addictive narcotics has fallen dramatically and the number of deaths related to prescription overdoses has decreased.
- \$4.4 million to provide an additional 20 judges and necessary support staff in the state court system based on the Florida Supreme Court's *Certification of Need for Additional Judges*.
- \$6 million for the Courts and Clerks of Court to continue their efforts on reducing pending foreclosure cases already filed in the court system.

Maintaining Correctional Facilities: The budget reflects an increase of \$84.4 million for the Department of Corrections, including funding to fill critical security posts at high risk facilities, and targeted programs that continue to reduce Florida's recidivism rate and protect Florida communities.

In addition, the Governor is recommending an additional \$75 million to address current year deficits, avoiding lay-offs of security and other personnel.

There are no scheduled prison closures in the proposed budget. Over the past two years, more than \$132 million was saved through consolidating over 19 facilities. There was no early release of inmates through this process.

Additionally, no major institutions are to be privatized. The budget does recommend privatizing the remaining 14 publicly operated work release centers for a savings of more than \$4.4 million.

Governor Scott is recommending \$7.6 million in funding to require ALL persons in a work release program to wear an electronic monitoring device while in the community to provide additional protections for the public. This is the first time all persons in work release will be required to follow these guidelines.

Department of Corrections is moving ahead with privatization of health services at 9 institutions in Region 4 with Wexford Health Services. The court ruling denying privatization of health services in Regions 1, 2 and 3 is under appeal with the First District Courts of Appeal.

Investing In At-Risk Youth: The Governor's efforts to reduce juvenile crime are paying off. Implementation of alternative, less restrictive sanctions for misdemeanor offenses have significantly reduced demands for costly detention and residential commitment beds. The Governor further reduces excess beds in the system and redirects a portion of the savings into targeted front-end preventative programs for a net savings of **\$3.5 million**. Specifically, Governor Scott's budget provides:

- \$618,000 to establish a PACE Center for Girls in Miami to provide high school education, counseling, and support for families and girls at risk. This past year, the Department of Juvenile Justice reported more than 1700 referrals for services for girls in Miami Dade went unmet.
- \$1.5 million to expand juvenile prevention services into underserved rural areas. Increasing these services will result in keeping families together, reducing dropout rates, and continuing to reduce demands on juvenile detention and residential services.

Improving Law Enforcement Telecommunication. Governor Scott believes a key role of government is to provide the utmost security for the citizens of the state and emergency response. The following communications funding is recommended:

- Florida Interoperability Network and Mutual Aid: Governor Scott is proposing \$3.5 million to continue to support the Florida Interoperability Network public safety system used for communication between entities during disaster events and multi-jurisdictional incidents.
- Statewide Law Enforcement Radio System: An additional \$2.1 million is also recommended to continue working to enhance the Statewide Law Enforcement Radio System by expanding the areas of mobile radio coverage to law enforcement entities in areas currently without service.

Supporting Healthier Communities: Governor Scott is focused on improving the cost, quality, and access of health care for Florida families. This year's Recommended Budget is designed to improve the quality of services available to Floridians at a cost they can afford.

Investing in People with Disabilities: For the first time in eight years, additional funding for the Developmental Disabilities Medicaid Waiver program will go toward serving individuals on the waiting list. This year's budget includes \$36.3 million to bring an estimated 750 individuals off of the waiting list and onto the waiver program. The waiver program provides home and community based services to assist people with developmental disabilities in living, learning, and working in their communities. The Agency for Persons with Disabilities will continue its successful efforts to provide services to this population in the most efficient manner possible so that more individuals can continue to be brought off of the waiting list in the future.

The Recommended Budget also provides \$2.5 million to fund supported employment and supported internship services for 1,000 individuals with developmental disabilities on the waiting list who have indicated that they would like to work.

Funding to Support the Elderly: This budget also proposes \$24.2 million in increased funding to the Nursing Home Diversion Medicaid Waiver for individuals at risk of nursing home placement and the Aged and Disabled Adult Medicaid Waiver for the most frail of individuals. Keeping these individuals in their homes and community settings gives them the chance to age in the least restrictive environment possible. This funding will reduce the Nursing Home Diversion and Aged and Disabled Adult Waiver waitlists for the frailest individuals by 65 percent and 49 percent, respectively.

Supporting Biomedical Research: The Department of Health, in conjunction with the Florida Cancer Control and Research Advisory Council, will direct Florida's investment of \$30 million in biomedical research towards the establishment of nationally recognized cancer research and treatment programs and comprehensive statewide cancer protocols. Transparency and quality will be the primary drivers of funding priority. Institutions that promote an integrated system of cancer care, are recognized as comprehensive cancer centers by the National Cancer Institute, have been highly rated by national panels of peer reviews, have established collaborative state cancer care and research partnerships with a cancer hospital located in the state of Florida, and have the capability to provide treatments to both adults and children will be given top consideration. This initiative will move Florida closer to the Governor's goal of being a cancer research and treatment destination, drawing patients, physicians, and professionals from all over.

Supporting Graduate Medical Education: Governor Scott's Recommended Budget provides \$80 million for graduate medical education and expands the Statewide Medicaid Residency Program at the Department of Health. This funding will improve access to and quality of care for Medicaid beneficiaries, expand graduate medical education on an equitable basis, and increase the supply of highly trained physicians statewide. During the 2011-2012 school year, Florida had 4,037 medical students and 3,616 residency positions – a deficit of 421 positions. This funding would support

residency positions for more than 700 medical students, increasing the likelihood those students would practice medicine in Florida after completion of their education.

Physicians' clinical decisions affect how up to 90 percent of every health care dollar is spent. Maintaining an adequate supply of physicians is paramount to ensuring that consumers have real choice in a competitive health care market. Florida's supply of skilled physicians is and will continue to be greatly determined by the capacity of graduate medical education or residency slots available since location of the physician's residency program is the best predictor of where a physician ends up practicing medicine. The caliber of residency training also impacts the quality of biomedical research by attracting physicians as faculty and mentors to the state.

Funding All-Payer Claims Database: Quality affordable healthcare is dependent upon an efficient and accountable healthcare market. The recommended budget provides \$1 million to begin development of an All-Payer Claims Database (APCD) to promote a sound understanding of Florida's health care market. Data compiled by an APCD stand to inspire innovations and benefit health care payers, providers, patients, researchers, and policymakers.

Funding Rape Crisis Centers: The Governor's budget includes \$2.5 million to enhance the efforts of the Florida Council against Sexual violence for 30 separate certified rape crisis centers statewide. Funding is intended to help the council raise the awareness of rape and sexual abuse, improve law enforcement and prosecutorial response and to ensure that victims have access to high-quality recovery services.

Funding Mental Health Services: The recommended budget maintains current levels of mental health funding across the state.

Medicaid and Public Benefits to Counter Fraud: Currently, the Agency for Health Care Administration (AHCA) and other state agencies are limited in their efforts to catch fraud before it occurs. This budget provides \$2.5 million to fund consulting services to provide an enhanced and predictive approach of collecting data, which will allow state agencies to deny unusual claims, investigate suspicious behavior, and address inappropriate payments within the Medicaid and public benefits programs. These new efforts will ensure quality and cost effectiveness within Florida's public benefits programs. This new approach is expected to enhance the current recovery of \$6.80 in Medicaid overpayments for every \$1 spent in fraud prevention and recovery.

Budgetary Effects of the President's Healthcare Law: The Florida Families First Budget includes a number of issues related to the President's healthcare law. Following the Supreme Court ruling on the case, states were left with certain mandatory funding obligations as well as other optional program changes, including whether or not to expand Medicaid coverage to new populations. The Fiscal Year 2013-14 Recommended Budget only provides for the mandatory portions of the law.

The proposed budget provides funding for other unknown but likely costs, including an increase to fund the state cost of Floridians who are currently eligible but not enrolled in the Medicaid Program. The cost for their participation would not be 100 percent federally covered as the other new populations would be under the new healthcare law

for the first three years. Similar to other states, we anticipate that 30 percent of Floridians who are eligible but not enrolled in Medicaid will enter the system in the first year.

The budget includes increased rates for primary care practitioners in Medicaid at the Medicare rate. This will cost \$703.5 million. The healthcare law provides 100 percent federal funding for this increase effective January 1, 2013, however, federal funds are not yet available.

The recommended budget includes \$31.6 million for the Health Insurance Tax, of which \$13.1 million will come from state funds. This is an annual tax placed on health insurance providers under the new law. This increase is based on preliminary estimates for the 2013-14 year for Medicaid premiums. Estimates in the Kidcare Program and state group insurance are unknown at this time.

Children ages six through 18 from 100 percent to 138 percent of the federal poverty level that are currently enrolled in the Children's Health Insurance Program (CHIP) are now mandated to move to the Medicaid program. The budget includes a transfer of funds from the CHIP program to the Medicaid program, as required by the law.

Ensuring Equitable Treatment of State Employees in Health Coverage: As part of the Governor's philosophy to promote equitable treatment of state employees, the budget proposes that all employees pay the same amount for health insurance coverage – \$50 per month for individual coverage and \$180 per month for family coverage. This will reduce the employer contribution for health insurance coverage for employees in the Senior Management Service and Selected Exempt Service systems.

Cost-Savings Measures in Healthcare: Healthcare services can be made more efficient by eliminating redundant services and those that are not statewide spending priorities. Healthcare cost-savings measures included in this proposed budget are:

- Hospital inpatient rate changes for hospitals except those with a children's or rural specialty designation are asked to absorb \$82 million (\$33.5 million state/\$48.3 million federal) in cost savings. For the hospitals impacted, Medicaid represents an average of 10 percent of their revenue – equal to less than 20 cents for every \$100 of revenue.
- County health departments are asked to accept a \$9.1 million change in their clinic service reimbursement rate. Medicaid reimbursement for care provided at a county health department is made based on an "all-inclusive encounter rate," which includes diagnosis, therapy and consultation for primary or prevention services. The current average encounter rate of approximately \$150 is substantially higher than the fee-for-service rate paid to stand alone providers who deliver similar services in other clinic settings.
- During challenging economic times, the state must focus on supporting mandatory services ahead of optional services. Medicaid beneficiaries will continue to receive chiropractic and podiatry services from their primary doctor. In addition, with the upcoming implementation of Statewide Medicaid Managed Care, recipients enrolled in managed care will be able to choose among plans that offer expanded benefits. Chiropractic and podiatry services may be offered as expanded benefits if the plans choose to include these services for potential enrollees. To achieve additional cost

savings in the Governor's proposed budget, \$758,000 for chiropractic services and \$2.7 million for podiatrist programs are eliminated.

- The proposed budget also calls for \$7.5 million in cost savings for the Epilepsy Service Program. The program provides services that are currently available from other providers, including: Epilepsy University, the 52 federally qualified health services, health care taxing districts, and epilepsy non-service providers such as the United Way, various health care foundations and other public and private sources.

Supporting Vulnerable Youths: Governor Scott believes that the education is essential for leading a productive life for young people to contribute to society. Some youth require a second chance due to a number of factors they have encountered that may have gotten them off track. The Governor's budget includes the following investments in vulnerable youth:

- **\$750,000 in funding to continue to support the About Face** program to provide summer and after-school life preparation for the socioeconomically disadvantaged and at-risk youth. The training provided by this program provides struggling and disadvantaged students with additional support to help ensure a rewarding future.
- **\$1,250,000 in funding to continue to support the Forward March program to provide job-readiness services at selected armories around the state for Work and Gain Economics Self Sufficiency (WAGES) recipients and other qualifying young adults.** The training is based on topics that directly relate to the skills required for employment and real-world success.
- **\$113,450 is recommended to support the Youth Challenge program** located at Camp Blanding by providing replacement equipment. The program fosters academics, personal growth, and physical fitness for an average of 300 high school dropouts annually.
- **\$1 billion in federal funding to administer the National School Lunch and Breakfast Programs,** which assist schools and other agencies in providing nutritious meals to children at reasonable prices. Funds will be used to implement new meal patterns for the programs pursuant to the Healthy, Hunger-Free Kids Act of 2010.

Supporting Community Development: Florida Families First reflects the Governor's continued support of low to moderate-income families through the revitalization of commercial areas serving low-income residents and rebuilding distressed neighborhoods in order to stimulate economic growth and development. Governor Scott's Recommended Budget for FY 2013-14 includes:

- **\$50 million for Affordable Housing / State Housing Initiatives Partnership Program (SHIP)** provides funds to local governments on a population-based formula as an incentive to produce and preserve affordable housing to very low, low and moderate income families.

- **\$30 million in Small Community Development Grants** to fund a series of programs focusing on low and moderate income persons, improving housing, and supporting infrastructure improvements that lead to job growth.
- **\$18 million in Weatherization Grants** to assist low-income families to permanently reduce their energy bills and make homes more energy efficient.
- **\$1.45 million for Technical Assistance to Local Governments** for innovative planning and development strategies to promote a diverse economy and vibrant communities.
- **Approximately \$3 million Supporting Florida's Military Presence and Families,** at, supports the state's position in military research and development and provides a military-friendly environment as well as assist defense-dependent communities in the diversification of their economies.

Cultural/Historical and Libraries: In the area of Cultural and Historical Grants, the Governor recommends \$3.9 million to provide support to cultural and historical projects. Cultural and historic preservation grants create jobs and provide entrepreneurial opportunities, stimulating job growth and economic development. They also contribute greatly as an educational resource to Florida's teachers, children, and families.

The Governor continues to support State Aid to Libraries with a recommendation of \$20.2 million. Florida public libraries support a strong economy and provide a network of information that plays an integral part in supporting Florida's families and their communities.

Aerial Photography and Fiscally Constrained Counties: The Governor proposes \$75,000 to support the state in providing aerial photographs every three years to counties with a population of 25,000 or less in order to ensure the integrity of local property tax rolls.

Governor Scott also recommends \$24 million for fiscally constrained counties to offset the savings in ad valorem tax revenue occurring as a result of two constitutional amendments approved by voters in 2008.

Disaster Preparedness, Response, Recovery and Mitigation Emergency Management: The Governor's Recommended Budget for FY 2013-14 includes \$254 million in financial assistance to state and local governments for public awareness, outreach programs, floods, and disaster mitigation programs.

Protecting Florida's Economy, Water Supply, and Environment through the Restoration of America's Everglades: Governor Scott's budget doubles the funding for Everglades restoration, providing \$60 million in the proposed budget. Restoring America's Everglades means reestablishing its natural water flow to the 2.4 million-acre marsh, reviving habitat for more than 60 threatened and endangered species, creating a reliable water supply for millions of Floridians and providing flood control to south Florida.

In order to implement the Governor's water quality plan for the Everglades and continue the State's commitment to the Comprehensive Everglades Restoration Plan (CERP), this funding will be used for the design, engineering and construction of projects for the Governor's water quality plan, CERP, the Lake Okeechobee Protection Plan, the Caloosahatchee and St. Lucie River Watershed Protection Plan. In addition, funding is provided to the Department of Agriculture and Consumer Services for implementation of agricultural nonpoint source controls in the Okeechobee, Caloosahatchee, and St. Lucie River watersheds.

Protecting Florida's Springs, Lakes, Rivers, and Estuaries: With more than 7,700 lakes and 700 fresh water springs, 4,500 square miles of estuaries and bays, more than 50,000 miles of rivers and streams and countless wetlands throughout the state, protecting water quality through proper wastewater/storm water and drinking water management, total maximum daily loads, nonpoint source pollution controls, and providing water restoration projects is vital to maintaining our quality of life.

Through Governor Scott's leadership and funding for improved water resource protection, the Department of Environmental Protection (DEP) has adopted more water quality criteria in the last year than in any year in the previous decade. Over the last three years, DEP has developed a better understanding of nutrient impacts to water bodies, leading to the establishment of numeric nutrient criteria that will increase protection of Florida's waters. In addition, Governor Scott's budget provides an additional \$6 million for water quality restoration to protect springs, and provides \$1.1 million for agriculture water conservation measures targeted at the area of the state with the most first magnitude springs, and directs Florida Forever funding to focus in part, on acquiring lands needed for springs protection.

Governor Scott's budget also provides the following funding for water resource protection:

- Nonpoint Source Pollution Management Grants - \$14.4 million
- Total Maximum Daily Loads - \$9.4 million (Increase of \$1.6 million from FY 12-13)
 - \$3 million will be used for water quality restoration, addressing nitrates in impaired or priority springs
 - Funds will be used for local projects to reduce nutrient inputs in springs and ground water, restoring the ecological integrity of these vital resources
 - Agriculture Water Conservation - \$1.1 million (Leveraging a total three-year investment of \$11.5 million to replace aging center pivot irrigation systems)
 - Protecting spring flows and restoring springs with the Suwannee River water management district - \$3 million
 - Apalachicola Bay Restoration – \$3 million
- Water Quality Planning and Restoration Projects - \$3.3 million
- Drinking Water Facility Construction - \$72.9 million (Increase of \$4.9 million from FY 12-13)
- Wastewater Treatment Facility/Storm water Construction - \$142.7 million (Increase of \$10.9 million from FY 12-13)
- Lake Restoration - \$4.7 million

Protecting Beaches: Over 220 miles of beaches, or 55 percent of the beaches designated as critically eroded, have been restored and maintained through partnerships with local, state, and federal governments. Governor Scott's budget provides \$25 million of financial assistance to local and state governments and special taxing authorities for beach and dune restoration, beach nourishment, inlet sand bypassing, regional sediment management and innovative projects. This funding adds to the over \$393 million for beach and inlet management provided over the last 10 years.

Ensuring Generations of Floridians Can Enjoy Florida's Natural Treasures Florida Forever: As of August 31, 2012, more than 2.4 million acres throughout the state have been placed in public ownership under Florida Forever and its predecessor program, Preservation 2000 (P2000). Florida Forever has conserved habitats for 394 protected species, including 166, which are on the federal or state endangered lists. Collectively the state of Florida has protected over 682,000 acres of land with \$2.86 billion in Florida Forever funds as of August 31, 2012. All of these lands are held in trust for the citizens of the state, providing endless recreational opportunities for Florida's families and visitors.

Governor Scott's budget provides \$75 million for the Florida Forever program, \$50 million of which is provided as budget authority from the proceeds of the sale of surplus state-lands and \$25 million of which comes from the General Revenue fund. These funds will be used for conservation lands needed for springs protection, military buffering or water resource protection. Funds can also be spent on land acquisitions that are less-than-fee interest or for partnerships where the state's portion of the acquisition cost is no more than 50 percent.

Maintaining State Parks: In addition to the 161 state parks, the Florida Park Service manages the state's greenways and trails. Through resource, historical, and cultural-based interpretation, the goal of the Florida Park Service is to help create a sense of place by showing park visitors the best of Florida's diverse natural and cultural sites. More than 24.9 million people visited Florida's state parks and state trails in Fiscal Year 2011-12, an increase of almost 700,000 people from the previous fiscal year. Governor Scott's budget provides the following funding for state parks and coastal aquatic managed areas:

- State Park Facility Improvements (\$19 million, an increase of \$6 million)
- National Recreation Trail/Facility Grants (\$6.5 million)
- Resource Management & Historic Structure Repairs (\$6 million)
- Maintenance and Repairs for Coastal and Aquatic Managed Areas (\$200,000)

Providing a Clean Environment to Protect Florida Families: Governor Scott's budget provides the following funding for waste management activities (proposed total of \$176 million):

- Dry Cleaning/Site Cleanup (\$5 million, an increase of \$1 million)
- Hazardous Waste/Site Cleanup (\$9.3 million)
- Cleanup of Contaminated State Lands (\$1 million)
- Underground Petroleum Storage Tank Cleanup (\$151.3 million, an increase of \$10 million)
- Petroleum Storage Tank Inspections (\$7 million)

- Solid Waste Management Grants (\$2.4 million)