



RON DESANTIS
GOVERNOR

March 16, 2021

The Honorable Wilton Simpson
President, The Florida Senate
The Capitol, Suite 409
Tallahassee, Florida 32399

The Honorable Chris Sprowls
Speaker, Florida House of Representatives
The Capitol, Suite 420
Tallahassee, Florida 32399

Dear President Simpson and Speaker Sprowls:

Earlier this month Congress passed, and the President signed into law, the "American Rescue Plan Act of 2021." This federal package provides \$1.9 trillion in new spending in response to the COVID-19 pandemic. The Act includes "Coronavirus State and Local Fiscal Recovery Funds" which provides \$195.3 billion to the States and the District of Columbia.

Through this legislation Congress has decided to disproportionately fund states with higher unemployment, specifically during the last quarter of the 2020 calendar year. In doing so, Congress is punishing states like Florida who successfully managed the COVID-19 pandemic and rejected life-ruining school closures and lockdowns. Our economic comeback is strong, and our unemployment rate reflects our prudent approach.

At this time, the exact amount of state fiscal relief funding the State of Florida will receive is unclear, but it may be as high as \$10 billion and local governments in this state may receive as much as \$7 billion. These funds must be expended by the end of the calendar year 2024. Additionally, vague provisions of the law related to restriction on the use of funds by the state will require further guidance from the federal government in order to ensure the state is not subject to punitive measures of recoupment.

Despite this uncertainty over potential use of the funds, we are certain that appropriations are eligible to be made to deliver meaningful relief to Floridians, and businesses, and to protect the state's fiscal health.

Florida's fiscal outlook has improved from the worst-case projections during the pandemic. As I outlined in my Florida Leads Budget Recommendations for Fiscal Year 2021-2022, Florida has maintained the capacity to sustain core government programs and services that Floridians rely upon.

However, the economic consequences of the pandemic have increased stresses on the state, from ballooning Medicaid enrollment to costly operational expenses at the Department of Economic Opportunity, Department of Children and Families, Division of Emergency Management, and other agencies. More importantly, the pandemic caused many Floridians to lose their jobs.

As we grapple with the challenge of putting one-time federal funds to the best use for Floridians, we should focus on immediate and non-recurring investments that provide relief to families and businesses, and recoup state costs incurred to respond to the pandemic.

The release of funds from the federal government may come in two tranches. An immediate release of half of the state allocation is expected in the next two months, but the remaining allocation may take up to a year to be received. Therefore, the recommendations contained in this letter total under half of the anticipated state allocation.

I am presenting the following budget recommendations for the use of federal funds:

Providing Assistance to Floridians

Direct Payment to Pandemic First Responders	FY 20-21	\$	208.4	million
Re-Employment Assistance Modernization	FY 21-22	\$	73.2	million
Re-Employment Assistance Operations	FY 21-22	\$	56.6	million
Behavioral Health System Modernization	FY 21-22	\$	72.0	million

Promoting Economic Development and Recovery

Relief for Florida's Seaports	FY 20-21	\$	258.2	million
Florida Job Growth Grant Fund	FY 21-22	\$	150.0	million
VISIT FLORIDA	FY 21-22	\$	50.0	million
Economic Development Transportation Fund	FY 21-22	\$	50.0	million

Investing in Infrastructure, Resiliency and Readiness

Transportation Work Program	FY 20-21	\$	938.4	million
Resilient Florida Grant Program	FY 21-22	\$	1.0	billion
Emergency Management Response Fund	FY 21-22	\$	1.0	billion
Florida National Guard Expansion	FY 21-22	\$	41.7	million

Workforce Training and Research

Education and Employment Training Program	FY 21-22	\$	125.0	million
Workforce Development Capitalization Incentive Grants	FY 21-22	\$	60.0	million
Alzheimer's Disease Research	FY 21-22	\$	10.0	million

These recommendations total \$4.1 billion, of which \$1.4 billion is recommended for immediate use during the current fiscal year.

Given the present uncertainty around the restrictions in guidance which may be attached to federal stimulus funds, I recommend that the Legislature delay in making appropriations against the full anticipated state allocation and to instead reserve the option to address Florida's economic landscape later in the year, or during the 2022 Regular Session.

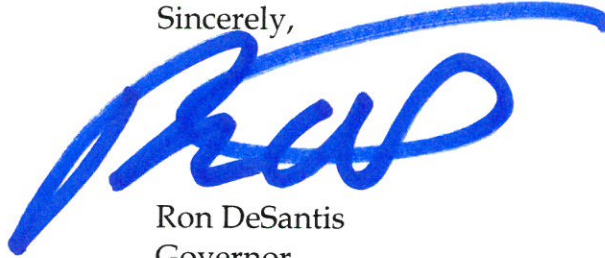
Should the state receive the full release of the allocation, I recommend dedicating \$1.7 billion to double the balance of the Budget Stabilization Fund. This will ensure Florida is adequately protected against any future economic uncertainty related to Florida's continued recovery from the COVID-19 pandemic.

Accompanying these recommendations is a spreadsheet detailing the proposed expenditures, along with other adjustments and implementing legislation where needed. The Office of Policy and Budget will provide your Appropriations Committees with further details on these proposed expenditures upon request.

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As you move forward to craft the budget for the 2021-2022 Fiscal Year, I look forward to working with you to ensure that these federal funds are used in a manner that best serves Floridians.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ron DeSantis", with a long, sweeping horizontal line extending from the end of the signature.

Ron DeSantis
Governor