



# The Florida House of Representatives

## Office of the Speaker

Larry Cretul  
Speaker

### MEMORANDUM

**TO:** All House Members  
**FROM:** Speaker Larry Cretul  
**DATE:** March 4, 2010  
**RE:** Initial Budget Allocations

A handwritten signature in black ink, appearing to be "L. Cretul", is written over the "FROM:" line of the memorandum.

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Today I am providing the initial budget allocations to the Appropriations committees to guide the drafting of the House version of the 2010 General Appropriations Bill. A copy of the allocations is attached to this Memorandum. In determining the allocations, I relied upon the most recent estimates available. Allocations may be revised as official estimates change.

I expect our various appropriations committees to begin their review of budget recommendations in light of their allocations. I know budgeting this year will be very difficult. But our constitutional duty to produce a balanced budget is unqualified. I believe our job will be a little easier if we are guided more by principles that keep our state's long term economic prospects at the top of our priorities.

**The next page explains the strategy and principles that have guided my allocation decisions.**

## **Allocation Strategy and Guiding Principles**

Our state is facing a significant budget shortfall of between \$1.1 and \$3.2 billion dollars, depending on the level of funding determined necessary to continue the state's priorities. Three of the largest contributors to the shortfall are:

- reductions in federal stimulus funding in the Healthcare budget which begin January, 2011 (\$924 million in Medicaid);
- a significant recession-driven increase in Medicaid enrollment (\$842 million); and
- a significant loss of ad valorem revenues supporting K-12 education resulting from sharp declines in property values (\$778 million).

Making matters worse, the long range financial outlook adopted by the Legislative Budget Commission anticipates a shortfall exceeding \$5 billion for FY 2011-12 due primarily to the full effect of the flameout of federal stimulus funding. Consequently, significant reductions to recurring state spending will be needed to achieve and maintain a balanced budget. This will be more difficult than in previous years because the low hanging budgetary fruit has already been picked.

In making allocations, I have applied the following principles and am directing our budget committees to keep them as well:

1. No new or increased fees or taxes.
2. State funds must offset the loss of ad valorem revenues supporting K-12 education funding to ensure no increase in the Required Local Effort millage rate. To achieve this goal, the K-12 allocation reflects an increase in state funding of 9 percent. *This increase will not be sufficient to avoid significant reductions in education services or programs.* Also, these allocations ensure that Florida meets the education maintenance of effort requirements upon which federal stimulus is contingent
3. State funds must offset lost federal stimulus funding for Medicaid to ensure the continuation of mandatory programs. Medicaid is a federally created entitlement program and the state has limited flexibility to effect immediate reforms. Additionally, we must address the Medicaid caseload increase with state funds. To achieve this goal, the health care allocation reflects an increase of 19 percent in state funds. *This increase will not be sufficient to avoid significant reductions in services or programs in health care.*
4. Provide funding in public safety sufficient to ensure that inmates serve 85 percent of their sentence and our court system continues to operate effectively.
5. Provide a five percent reserve to help maintain our bond ratings, and to meet needs in future years if the reserve is not needed to offset unanticipated revenue shortfalls.
6. Prioritize education, health and public safety over program areas such as transportation, general government and environment even though funding in the latter two areas make up a very small portion of the state budget.

## MARCH 4, 2010 HOUSE ALLOCATIONS

	Allocations		
	Recurring	NR	Total
<b><u>Pre-K K-12</u></b>			
General Revenue Appropriations	8,968.3	-	8,968.3
Principal State School Trust Fund	109.6	-	109.6
Education Enhancement Trust Fund	261.4	-	261.4
Other State Funds Trust Appropriations	45.0	-	45.0
Federal Stabilization Funds		858.2	858.2
Federal Flexible Stabilization Funds		115.1	115.1

	Allocations		
	Recurring	NR	Total
<b><u>Higher Education</u></b>			
General Revenue Appropriations	3,052.5	-	3,052.5
Education Enhancement Trust Fund	738.5	-	738.5
Other State Funds Trust Appropriations	1,323.1	0.1	1,323.2
Federal Stabilization Funds		246.2	246.2
Federal Flexible Stabilization Funds		72.7	72.7

	Allocations		
	Recurring	NR	Total
<b><u>Health Care</u></b>			
General Revenue Appropriations	6,189.9	508.9	6,698.8
Tobacco Settlement Funds	361.7	-	361.7
Other State Funds Trust Appropriations	5,029.3	96.7	5,126.0
Trust Fund Sweeps	-	54.5	54.5

	Allocations		
	Recurring	NR	Total
<b><u>Civil &amp; Criminal Justice</u></b>			
General Revenue Appropriations	3,571.6	31.1	3,602.7
State Funds Trust Appropriations	806.0	0.1	806.1
Trust Fund Sweeps	-	4.0	4.0

	Allocations		
	Recurring	NR	Total
<b><u>Transportation &amp; Economic Development</u></b>			
General Revenue Appropriations	173.4	79.3	252.7
State Funds Trust Appropriations	1,940.1	2,077.6	4,017.7
Trust Fund Sweeps	-	449.1	449.1
Trust Fund Redirects	164.7	(16.6)	148.1
Federal Flexible Stabilization Funds		3.0	3.0

## MARCH 4, 2010 HOUSE ALLOCATIONS

	Allocations		
	Recurring	NR	Total
<b><u>Natural Resources</u></b>			
General Revenue Appropriations	146.6	-	146.6
State Funds Trust Appropriations	1,216.6	206.5	1,423.1
Trust Fund Sweeps	-	74.0	74.0

	Allocations		
	Recurring	NR	Total
<b><u>Government Operations</u></b>			
Net General Revenue Appropriations	227.0	(25.2)	201.8
State Funds Trust Appropriations	1,201.2	24.4	1,225.6
Trust Fund Sweeps	-	42.4	42.4
Trust Fund Redirects	1.6	-	1.6
Federal Flexible Stabilization Funds		54.6	54.6

	Allocations		
	Recurring	NR	Total
<b><u>Council Level Allocations</u></b>			
General Revenue Appropriations	221.5	20.9	242.4
State Funds Trust Appropriations	(21.7)	50.0	28.3

	Allocations		
	Recurring	NR	Total
<b><u>Education FCO</u></b>			
State Funds Trust Appropriations	1,154.3	574.6	1,728.9
EETF	326.3		326.3

	Allocations		
	Recurring	NR	Total
<b><u>Finance &amp; Tax Council</u></b>			
General Revenue Appropriations	30.0	58.6	88.6