



Full Appropriations Council on Education & Economic Development

Thursday, January 14, 2010
9:45 AM – 12:45 PM
212 Knott Building

Council Meeting Packet



The Florida House of Representatives

**Full Appropriations Council on Education & Economic Development
Full Appropriations Council on General Government & Health Care**

**Larry Cretul
Speaker**

**David Rivera
Chair**

**Meeting Agenda
Thursday, January 14, 2010
212 Knott Building
9:45 AM – 12:45 PM**

- I. Call to order/Roll Call
- II. Opening Remarks by Chair Rivera
- III. Update on Financial Outlook
- IV. Budget Prioritization Exercise
- V. Closing Remarks and Adjournment

Update on the Financial Outlook

Full Appropriations Council on Education & Economic Development

January 14, 2010

General Revenue Update & Outlook

January 14, 2010

House of Representatives – Unofficial Outlook
General Revenue Fund
(\$ Millions)

		A	B	C	D	E	F
		OCTOBER COUNCIL MEETING			JANUARY COUNCIL MEETING		
Fiscal Year 2009-10		Recurring	NR	Total	Recurring	NR	Total
1	Estimated Balance During 2009 Session, Including Gaming	539.0	479.4	1,018.4	539.0	479.4	1,018.4
2	Exclude Gaming Revenue*	(175.4)	(104.2)	(279.6)	(175.4)	(104.2)	(279.6)
3	May 8, 2009 Estimated Balance GR Only	363.6	375.2	738.8	363.6	375.2	738.8
4	August 2009 Changes to Revenue Estimates	(153.7)	82.0	(71.7)	(153.7)	82.0	(71.7)
5	August 2009 Revenue Estimating Conference Estimated Balance	209.9	457.2	667.1	209.9	457.2	667.1
6	FY 2008-09 & FY 2009-10 Medicaid Deficit		(224.8)	(224.8)		(462.2)	(462.2)
7	State School Trust Fund Deficit		(38.1)	(38.1)		(38.1)	(38.1)
8	Voluntary Prekindergarten Deficit		(17.5)	(17.5)		(28.2)	(28.2)
9	Risk Management Trust Fund Deficit		(5.3)	(5.3)		(8.5)	(8.5)
10	December 2009 Changes to Revenue Estimates				339.5	42.1	381.6
11	FY 2009-10 Estimated Balance	209.9	171.5	381.4	549.4	(37.7)	511.7
Fiscal Year 2010-11		Recurring	NR	Total	Recurring	NR	Total
12	Estimated Funds Available	22,068.0	506.0	22,574.0	22,380.6	622.0	23,002.6
13	Estimated and Actual FY 2010-11 Base Budget	(20,669.7)	-	(20,669.7)	(20,757.9)	-	(20,757.9)

* If the gaming compact had been ratified by the Legislature, the revenues would have been deposited into the Educational Enhancement Trust Fund and would have been used in lieu of general revenue.

<i>House of Representatives Updates* to the Long Range Financial Plan Budget Drivers General Revenue Fund Fiscal Year 2010-11</i>		September 2009 LBC Estimates	January 2010 Estimates	Difference
1	Critical Needs (Includes Annualizations, Mandatory Increases Based on Estimating Conferences, and Other Essential Needs)			
2	Annualize Prior Year New Space - Community Colleges & Universities	10.8	10.8	0.0
3	Restore Federal Stimulus Funds from GR - Education Core Instructional Programs	0.0	0.0	0.0
4	Education Adjustments to Maintain Current Base Budget	5.6	0.0	(5.6)
5	Voluntary Prekindergarten - Workload/Enrollment	22.6	42.8	20.2
6	Florida Education Finance Program (FEFP) - Adjustment to Maintain Per Student Funding	515.8	916.6	400.8
7	Annualizations - Health Insurance	38.6	38.6	0.0
8	Risk Management Insurance	10.4	19.1	8.7
9	Increases in Employer-Paid Benefits for State Employees	268.7	347.9	79.2
10	Annualizations - Human Services	(2.4)	(2.4)	0.0
11	Medicaid Estimating Conference	1,608.7	1,821.5	212.8
12	KidCare Enrollment Growth	22.4	17.1	(5.3)
13	TANF (Temporary Assistance for Needy Families) Cash Assistance	44.6	23.1	(21.6)
14	Maintenance Adoption Subsidies FMAP Adjustment	3.4	3.4	0.0
15	Tobacco Awareness	0.0	0.0	0.0
16	Tobacco Settlement Trust Fund Outlook	11.9	11.9	0.0
17	Court System Funding Required to Offset Decline in Court Fee Revenues	62.0	0.0	(62.0)
18	Annualization of Criminal Justice Estimating Conference (CJEC) Issues	48.4	48.4	0.0
19	Increase in CJEC Prison System Population	84.3	49.5	(34.8)
20	Criminal Justice - Increased Capacity/Planning and Site Acquisition	10.0	10.0	0.0
21	Judicial - Due Process Costs	12.0	12.0	0.0
22	State Disaster Funding (Declared Disasters)	9.8	9.8	0.0
23	Unemployment Compensation Trust Fund-Interest on Federal Loans	0.0	0.0	0.0
24	Annualizations - Restore Federal Stimulus Funds for Child Support Stimulus	14.5	14.5	0.0
25	Debt Services, Utilities & Pensions	9.7	9.7	0.0
26	Child Support Enforcement - Federal Stimulus	(2.5)	(2.5)	0.0
27	Fiscally Constrained Counties - Property Tax Cap	18.1	18.1	0.0
28	Subtotal Critical Needs	2,827.4	3,419.8	592.4

<i>House of Representatives Updates* to the Long Range Financial Plan Budget Drivers</i>				
<i>General Revenue Fund</i>				
<i>Fiscal Year 2010-11</i>				
<i>(Continued)</i>				
	September 2009 LBC Estimates	January 2010 Estimates	Difference	
29	Other High Priority Needs (Includes Other Historically Funded Issues)			
30	Maintenance, Repairs, and Capital Improvements - Statewide Buildings	44.8	44.8	0.0
31	Environmental Programs Funded with Documentary Stamp Tax	87.8	81.2	(6.6)
32	Other Agriculture & Environmental Programs	109.9	109.9	0.0
33	Other General Government Priorities	24.4	24.4	0.0
34	Other Transportation & Growth Management Priorities	3.5	3.5	0.0
35	Economic Development Programs	65.4	65.4	0.0
36	National Guard Armories - Repairs and Renovations	5.1	5.1	0.0
37	Cultural, Historical, Workforce, and Highway Safety Priorities	25.9	25.9	0.0
38	Community Colleges - Workload/Enrollment	38.5	38.5	0.0
39	State Universities - Workload/Enrollment	63.7	63.7	0.0
40	Florida Education Finance Program (FEFP) - Increase Funds per FTE	498.5	496.7	(1.8)
41	Public Schools - Other Issues	1.2	1.2	0.0
42	Workforce Education - Workload/Enrollment	12.8	12.8	0.0
43	Workforce Education - Other Issues	13.5	13.5	0.0
44	Community Colleges - Other Issues	29.4	29.4	0.0
45	Challenge Grants - Community Colleges & State Universities	106.5	106.5	0.0
46	Other Education - Priorities	11.3	11.3	0.0
47	Education Adjustments to Maintain Current Base Budget	55.7	30.9	(24.8)
48	Voluntary Prekindergarten - Increase Funds per FTE	11.2	11.8	0.6
49	State Universities - Other Issues	17.0	17.0	0.0
50	State Employee Salary Increases	133.7	133.7	0.0
51	Florida Retirement System Unfunded Actuarial Liability	0.0	466.7	466.7
52	Medicaid for Aged and Disabled and Medically Needy	250.2	241.3	(8.9)
53	Developmentally Disabled Services	8.2	8.2	0.0
54	Children and Family Services	60.6	60.6	0.0
55	Health Services	4.0	4.0	0.0
56	Shared Detention Cost - Fiscally Constrained Counties	5.8	5.8	0.0
57	Department of Juvenile Justice - Prevention and Intervention Programs	6.3	6.3	0.0
58	Court System Workload - New Judges and Support Positions	4.0	4.0	0.0
59	Small County Courthouses - Capital Outlay Grants	4.1	4.1	0.0
60	State Attorney, Public Defender, and Regional Counsel Workload	5.2	5.2	0.0
61	Subtotal Other High Priority Needs	1,707.9	2,133.1	425.2
62	Total Tier 1 - Critical Needs	2,827.4	3,419.8	592.4
63	Total Tier 2 - Critical Needs Plus Other High Priority Needs	4,535.4	5,552.9	1,017.5

5 Updates are based upon official estimating conference data.

HOUSE OF REPRESENTATIVES UPDATES TO LONG RANGE FINANCIAL PLAN
FISCAL YEAR 2010-11

TIER 1 ISSUES - CRITICAL NEEDS

GENERAL REVENUE FUND

(\$ MILLIONS)

	A	B	C	D	E	F
	SEPTEMBER LBC LONG RANGE FINANCIAL OUTLOOK			JANUARY COUNCIL MEETING		
	Recurring	NR	Total	Recurring	NR	Total
1 Funds Available:						
2 Balance Forward	0.0	381.4	381.4	0.0	511.7	511.7
3 Revenue Estimate	22,072.3	24.7	22,097.0	22,384.9	24.7	22,409.6
4 Non-operating Funds	-4.3	99.9	95.6	-4.3	85.6	81.3
5 New Issues - Environmental Land Acquisition						
6 Transfer From Trust Funds	0.0	0.0	0.0	0.0	0.0	0.0
7 Total Funds Available	<u>22,068.0</u>	<u>506.0</u>	<u>22,574.0</u>	<u>22,380.6</u>	<u>622.0</u>	<u>23,002.6</u>
8						
9 Estimated Expenditures:						
10 Base Budget	20,669.7	0.0	20,669.7	20,757.9	0.0	20,757.9
11						
12 New Issues by GAA Section:						
13 Section 2 - Education	554.8	0.0	554.8	959.4	0.0	959.4
14 Section 3 - Human Services	1,438.5	250.2	1,688.7	1,635.7	241.3	1,877.0
15 Section 4 - Criminal Justice and Corrections	132.8	22.0	154.8	49.5	22.0	71.5
Section 5 - Natural Resources /Environment/Growth						
16 Management/Transportation	0.0	9.8	9.8	0.0	9.8	9.8
17 Section 6 - General Government	13.4	26.4	39.7	13.4	26.4	39.7
18 Section 7 - Judicial Branch	62.0	0.0	62.0	0.0	0.0	0.0
19 Administered Funds - Statewide Issues	<u>317.7</u>	<u>0.0</u>	<u>317.7</u>	<u>367.0</u>	<u>0.0</u>	<u>367.0</u>
20 Total New Issues	2,519.1	308.3	2,827.4	3,024.9	299.5	3,324.4 *
21						
22						
23 Total Estimated Expenditures	<u>23,188.9</u>	<u>308.3</u>	<u>23,497.2</u>	<u>23,782.8</u>	<u>299.5</u>	<u>24,082.3</u>
24						
25 Ending Balance	-1,120.9	197.7	-923.2	-1,402.2	322.6	-1,079.7

* Line #20 does not equal budget driver total as annualizations are included in Line #10.

HOUSE OF REPRESENTATIVES UPDATES TO LONG RANGE FINANCIAL PLAN
 FISCAL YEAR 2010-11
TIER 2 ISSUES - CRITICAL NEEDS AND OTHER HIGH PRIORITY NEEDS
 GENERAL REVENUE FUND
 (\$ MILLIONS)

	A	B	C	D	E	F
	SEPTEMBER LBC LONG RANGE FINANCIAL OUTLOOK			JANUARY COUNCIL MEETING		
	Recurring	NR	Total	Recurring	NR	Total
1 Funds Available:						
2 Balance Forward	0.0	381.4	381.4	0.0	511.7	511.7
3 Revenue Estimate	22,072.3	24.7	22,097.0	22,384.9	24.7	22,409.6
4 Non-operating Funds	-4.3	99.9	95.6	-4.3	85.6	81.3
5 New Issues - Environmental Land Acquisition	-30.5	7.2	-23.3	-30.5	7.2	-23.3
6 Transfer From Trust Funds	0.0	0.0	0.0	0.0	0.0	0.0
7 Total Funds Available	<u>22,037.5</u>	<u>513.2</u>	<u>22,550.7</u>	<u>22,350.1</u>	<u>629.2</u>	<u>22,979.3</u>
8						
9 Estimated Expenditures:						
10 Base Budget	20,669.7	0.0	20,669.7	20,757.9	0.0	20,757.9
11						
12 New Issues by GAA Section:						
13 Section 2 - Education	1,303.5	110.5	1,414.0	1,682.1	110.5	1,792.6
14 Section 3 - Human Services	1,502.7	530.2	2,032.8	1,699.8	512.5	2,212.3
15 Section 4 - Criminal Justice and Corrections	144.2	39.4	183.6	60.9	39.4	100.3
Section 5 - Natural Resources /Environment/Growth						
16 Management/Transportation	1.1	217.5	218.6	0.0	212.0	212.0
17 Section 6 - General Government	13.4	147.1	160.5	13.4	147.1	160.5
18 Section 7 - Judicial Branch	66.0	8.5	74.4	4.0	8.5	12.4
19 Administered Funds - Statewide Issues	<u>451.5</u>	<u>0.0</u>	<u>451.5</u>	<u>967.4</u>	<u>0.0</u>	<u>967.4</u>
20 Total New Issues	3,482.3	1,053.1	4,535.4	4,427.6	1,029.8	5,457.5 *
21						
22						
23 Total Estimated Expenditures	<u>24,152.0</u>	<u>1,053.1</u>	<u>25,205.1</u>	<u>25,185.5</u>	<u>1,029.8</u>	<u>26,215.4</u>
24						
25 Ending Balance	-2,114.5	-539.9	-2,654.4	-2,835.4	-400.6	-3,236.1

* Line #20 does not equal budget driver total as annualizations are included in Line #10.

Budget Prioritization Exercise

Budget Prioritization Exercise

January 14 to February 19, 2010

Current Conditions

- ▶ Shortfall between expected revenues and current program funding and expected program growth is \$1.1 - \$3.2 billion
- ▶ Projections indicate continued shortfalls throughout the 3 year outlook period
- ▶ Finding solutions is increasingly challenging
- ▶ Solutions cannot be achieved solely through efficiencies and across the board the reductions

Prioritizing Programs and Services

- ▶ Recognition that not all functions are equally important
- ▶ Fiscal limitations force difficult choices between competing interests
- ▶ Systematic and deliberative prioritization can provide guidance
- ▶ Begins a transparent budget resolution discussion early in the process
- ▶ Fosters member engagement

Basic Guidelines

- ▶ Itemized programs and services will be prioritized by each committee member
- ▶ A limited number of priorities per member can be selected at a maximum value for high priorities and minimum value for low priorities
- ▶ Committees will rank the priorities selected
- ▶ Phase I will focus first on highest priorities
- ▶ Phase II will focus on lowest priorities
- ▶ Completion date – February 19, 2010
- ▶ Results may be used to shape committee budget recommendations

Exercise Guidelines

Budget Prioritization Exercise Guidelines

1. Each committee will be presented a listing of its state funded programs or services (federal funds will be excluded). The list will include all state funding equal to the base budget in addition to the funding issues listed in Tier I and II of the Long Range Financial Outlook. The listing will detail:
 - a. A description of each service, program, project or funding issue, if not covered through the course of base budget discussion
 - b. An indicator of whether the funding serves as state match or “maintenance of effort” MOE.
 - c. The amount of GR and total trust funds listed separately
 - d. State FTE

2. **Phase I – Selecting and Ranking the Highest Priorities**
 - a. Each committee member will be assigned “homework” to select **up to ten percent of the total number of programs, services or funding issues on the committee list as his or her top priorities.**
 - b. When selecting priorities, **the total value of selections cannot exceed a cap equaling eighty-five percent of the committee’s base budget state funds.**
 - c. Committee staff will provide hard numbers for caps noted in 2a & 2b.
 - d. If a member’s selection of programs, services or funding issues exceed the dollar value cap provided he or she can fund a percentage of any selection(s) in order to avoid exceeding the cap.
 - e. By a deadline selected by the committee Chair, finalized lists should be provided to committee staff directors who will compile a list of all programs, services or funding issues selected.
 - f. After lists are compiled, the committee will then rank the selections provided from highest to lowest priority. The prioritization may be used to determine funding decisions. However, there may not be sufficient funds to fully or partially fund all the priorities listed.

3. **Phase II- Selecting and Ranking the Lowest Priorities**
 - a. Each committee member will be assigned “homework” to select **no more than fifteen percent of the number of programs, services or funding issues, as his or her lowest priorities.**
 - b. These selections should **equal no less than fifteen percent of the value of the state funds in the base budget.**
 - c. Committee staff will provide hard numbers for caps noted in 3a & 3b.
 - d. If a member’s selections exceed the fifteen percent dollar value, he or she may reduce the value of any selection(s) by percentage(s) necessary to limit the total value of selections to fifteen percent of state funds base budget value.
 - e. By a deadline selected by the committee Chair, finalized lists should be provided to committee staff directors who will compile a list of all selections.
 - f. After lists are compiled, the committee will then rank the selections provided from highest to lowest priority. The prioritization may be used to determine funding reduction decisions.

4. Both phases of the exercise should be complete no later than **Friday, February 19th 2010.**