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# Policy and Budget Council

February 9, 2007  
9:00 a.m.  
212 Knott Building

## **Action Packet**

# COUNCIL MEETING REPORT

## Policy & Budget Council

2/9/2007 9:00:00AM

Location: 212 Knott Building

### Attendance:

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Ray Sansom (Chair)	X		
Kevin Ambler	X		
Loranne Ausley	X		
Aaron Bean	X		
Dorothy Bendross-Mindingall	X		
Ellyn Setnor Bogdanoff	X		
Marsha Bowen	X		
Mary Brandenburg			X
Donald Brown	X		
Dean Cannon	X		
Joyce Cusack	X		
Charles Dean	X		
Bill Galvano	X		
Andy Gardiner	X		
Michael Grant	X		
Adam Hasner	X		
Will Kendrick			X
Dick Kravitz	X		
Stan Mayfield	X		
Matthew Meadows	X		
Joe Pickens	X		
Ron Reagan	X		
Curtis Richardson	X		
David Rivera	X		
Yolly Roberson	X		
Dennis Ross			X
Ron Saunders	X		
John Seiler	X		
Priscilla Taylor	X		
Anthony Traviesa	X		
Baxter Troutman	X		
Shelley Vana	X		
Juan Zapata	X		
<b>Totals:</b>	<b>30</b>	<b>0</b>	<b>3</b>

Committee meeting was reported out: Friday, February 09, 2007 12:01:43PM

# COUNCIL MEETING REPORT

## Policy & Budget Council

2/9/2007 9:00:00AM

Location: 212 Knott Building

HB 333 : Homestead Exemption

Favorable with Council Substitute

	Yea	Nay	No Vote	Absentee Yea	Absentee Nay
Kevin Ambler	X				
Loranne Ausley	X				
Aaron Bean	X				
Dorothy Bendross-Mindingall	X				
Ellyn Setnor Bogdanoff	X				
Marsha Bowen	X				
Mary Brandenburg			X		
Donald Brown	X				
Dean Cannon	X				
Joyce Cusack	X				
Charles Dean	X				
Bill Galvano			X		
Andy Gardiner	X				
Michael Grant	X				
Adam Hasner	X				
Will Kendrick			X		
Dick Kravitz	X				
Stan Mayfield	X				
Matthew Meadows	X				
Joe Pickens	X				
Ron Reagan			X		
Curtis Richardson	X				
David Rivera	X				
Yolly Roberson	X				
Dennis Ross			X		
Ron Saunders	X				
John Seiler	X				
Priscilla Taylor	X				
Anthony Traviesa	X				
Baxter Troutman	X				
Shelley Vana	X				
Juan Zapata	X				
Ray Sansom (Chair)	X				
<b>Total Yeas: 28</b>		<b>Total Nays: 0</b>			

Committee meeting was reported out: Friday, February 09, 2007 12:01:43PM

# COUNCIL MEETING REPORT

## Policy & Budget Council

2/9/2007 9:00:00AM

**Location:** 212 Knott Building

**Other Business Appearance:**

Governor's Property Tax Reform Proposal

Christian Weiss, Policy Coordinator (Lobbyist) (State Employee) - Information Only

Governor's Office of Policy and Budget

1702 The Capitol

Tallahassee Florida 32308

Phone: (850) 487-0102

Governor's Recommended Budget for FY 2007-2008

Jerry McDaniel, Director (State Employee) (At Request Of Chair) - Information Only

Governor's Office of Policy and Budget

1702 The Capitol

Tallahassee Florida 32308

Phone: (850) 487-1880

Committee meeting was reported out: Friday, February 09, 2007 12:01:43PM

# COUNCIL MEETING REPORT

## Policy & Budget Council

2/9/2007 9:00:00AM

**Location:** 212 Knott Building

### **Summary:**

#### **Policy & Budget Council**

*Friday February 09, 2007 09:00 am*

HB 333 Favorable with Council Substitute

Yeas: 28 Nays: 0

Committee meeting was reported out: Friday, February 09, 2007 12:01:43PM

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

Bill No. 333

COUNCIL/COMMITTEE ACTION

ADOPTED	—	(Y/N)
ADOPTED AS AMENDED	—	(Y/N)
ADOPTED W/O OBJECTION	<input checked="" type="checkbox"/>	(Y/N)
FAILED TO ADOPT	—	(Y/N)
WITHDRAWN	—	(Y/N)
OTHER	_____	

*Adopted w/o objection*

1  
2  
3  
4  
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11

Council/Committee hearing bill:

Representative(s) Lopez-Cantera offered the following:

**Amendment**

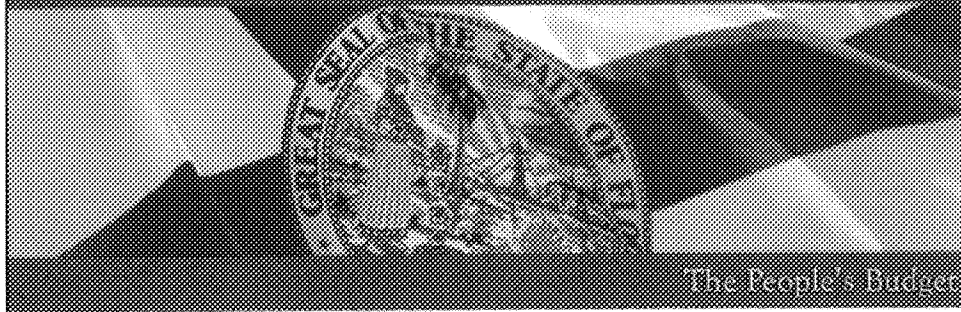
Remove line(s) 39 and insert:

property appraiser by June 1, 2007, a copy of the adopted  
regular or emergency

# **Governor Charlie Crist**

## **Lt. Governor Jeff Kottkamp**

The People's Governor



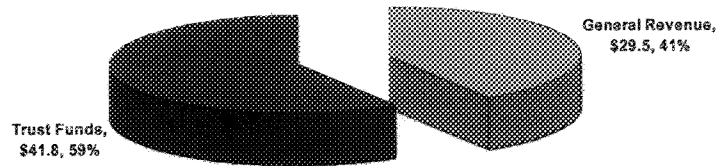
The People's Budget

### *Policy and Budget Recommendations*

### *Fiscal Year 2007-08*

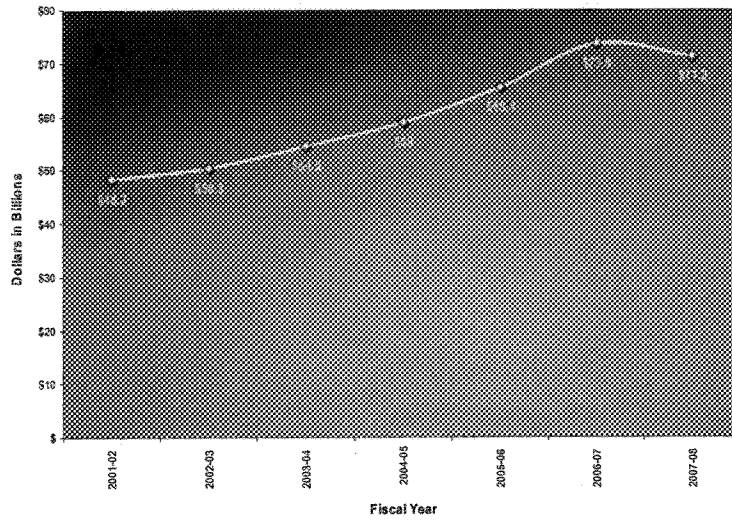
Side 2

## **\$71.2 Billion Budget**

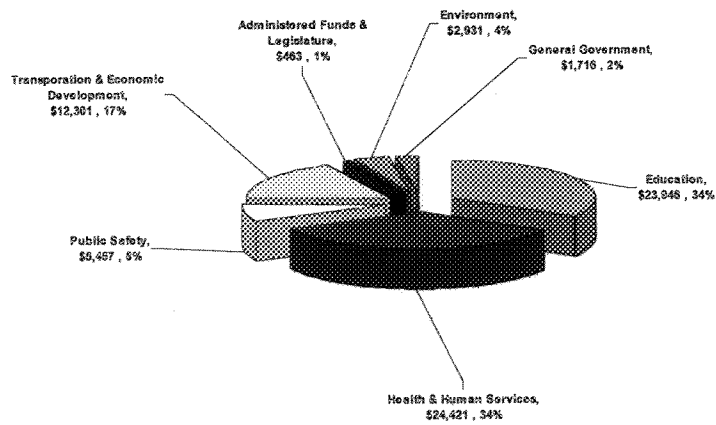


*Note: Numbers may not add due to rounding.*

### Appropriation History



### FY 2007-08 Governor's Recommended Budget





## Balance Sheet

### Available Revenue and Expenditures

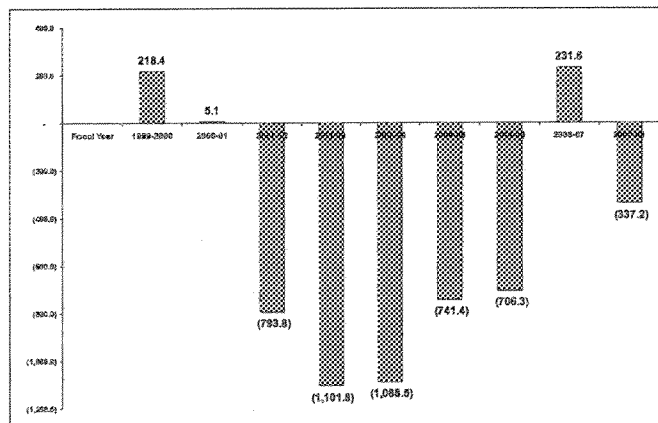
#### Governor's Recommended Budget FY 2007-08

(Dollars in Billions)

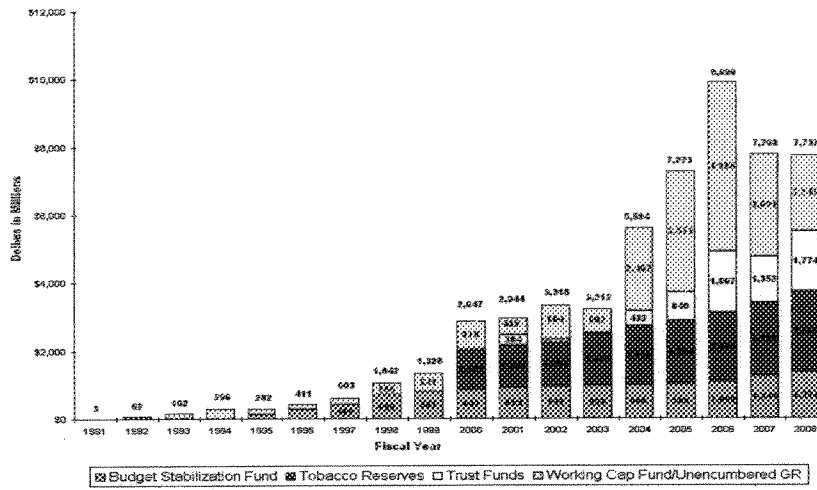
	Recurring	Nonrecurring	Total
<b>Total New Money for Priorities</b>	<b>\$1,813.8</b>	<b>\$3,918.8</b>	<b>\$5,532.6</b>
<b>Total New Expenditures:</b>	<b>(\$1,724.8)</b>	<b>(\$1,454.8)</b>	<b>(\$3,179.6)</b>
Education (Including K-12 class size implementation)	(532.1)	(312.6)	(844.7)
State University System	(97.2)	(133.9)	(231.1)
Community Colleges	(65.4)	(65.1)	(130.5)
Medicaid	(320.1)	-	(320.1)
Other Health and Human Services Workload	(284.1)	(104.8)	(388.8)
Public Safety	(111.8)	(210.6)	(322.4)
Environment	(9.7)	(68.8)	(78.5)
General Government	(15.3)	(14.8)	(30.1)
Transportation and Economic Development	(12.8)	(315.5)	(328.3)
Administered Funds and Legislature	(170.0)	(5.6)	(175.5)
Hurricane Match	-	(110.1)	(110.1)
Tax Cuts/Tax Incentives	(106.2)	(113.2)	(219.4)
<b>Ending Balance</b>	<b>(\$111.0)</b>	<b>\$2,464.0</b>	<b>\$2,353.0</b>

*Note: Numbers may not add due to rounding.*

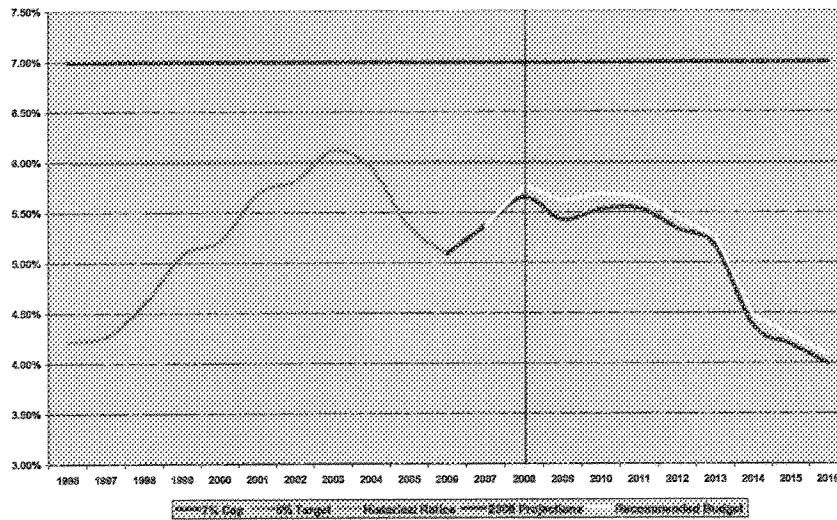
## Recurring General Revenue Appropriations (Minus) Recurring Revenues



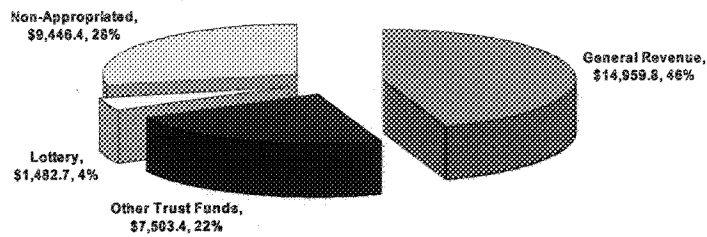
### Florida Reserves at Historic Levels



### Debt Service as a Percentage of Revenue



## Education – Overall \$33.4 Billion



## Education – Priorities

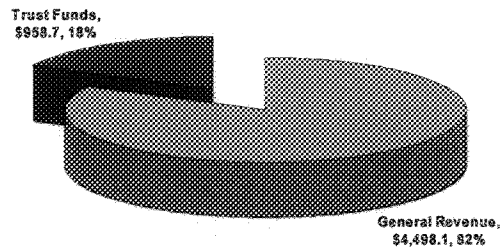
- ❖ **\$295 million** – Teacher Performance Pay
  - ❖ Includes an increase of \$147.5 million (100%)
- ❖ **\$217.4 million** – Reading
  - ❖ Includes an increase of \$27.5 million (14.5%) of which \$26 million is for Reading Coaches
- ❖ **\$10 million** – Pathway to Success Monitoring Plan/Virtual Tutors
  - ❖ Web-based tutoring program aligned with Sunshine State Standards and available to all public school students
- ❖ **\$3.8 billion** – Reducing Class Size
  - ❖ \$2.7 billion – Total Funding for Operations and includes an increase of \$613.3 million (29%)
  - ❖ \$1.1 billion – Total Funding for Fixed Capital Outlay
- ❖ Physical Education in Every Grade, Every Day
  - ❖ K-5 this year

## Education – Summary

- ❖ **Public Schools**
  - ❖ \$19.4 billion – Total FEFP
  - ❖ \$1.4 billion (7.54%) increase, based on third calculation
  - ❖ 7.32% Average Per Student Increase = \$500 increase per student for a total of \$7,341 per student
  
- ❖ **Community Colleges**
  - ❖ \$1.2 billion – Total Community College Budget
  - ❖ \$66.4 million (6%) increase
  
- ❖ **State Universities**
  - ❖ \$3.5 billion – Total State University Budget
  - ❖ \$137.5 million (4.1%) increase

No Tuition Increase

## Public Safety \$5.5 Billion



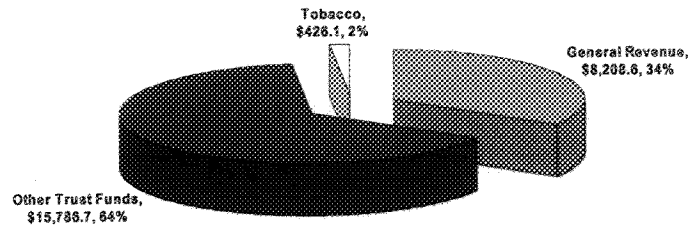
## Public Safety – Priorities

- **\$21.8 million** – Anti-Murder Act
  - Includes 23 positions and operational funding for Fiscal Year 2007-08
  - Includes construction of 1,523 additional prison beds
  
- **\$3.7 million** – Cyber Crime
  - Includes 50 positions to expand the Child Predator CyberCrime Unit in the Department of Legal Affairs

## Public Safety – Summary

- **\$147.3 million** – construction of 4,149 prison beds for the expected inmate population
  
- **\$8.6 million** – increase inmate and probationer substance abuse programs
  
- **\$2.1 million** – process a backlog of DNA evidence
  
- **\$34.2 million** – increase for Judicial System priorities

## Health and Human Services \$24.4 Billion



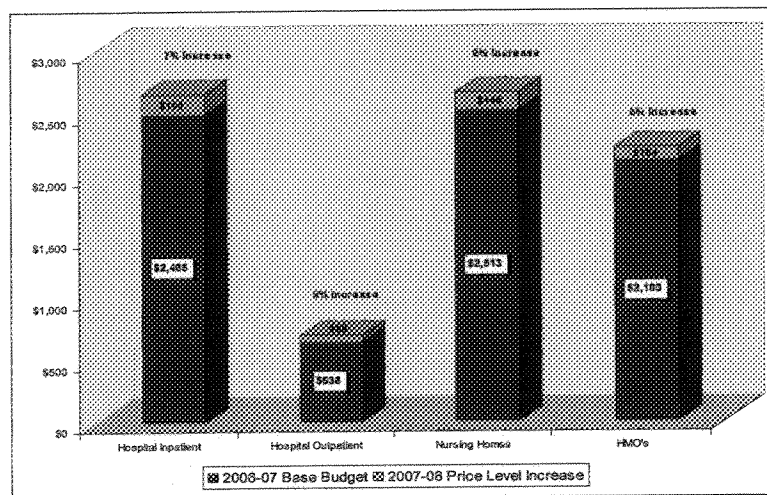
## Health and Human Services – Priorities

- **\$20 million** – Stem Cell Research Initiative
- **\$1.3 million** – Governor’s Commission on Physical Fitness and Implementation of a statewide Obesity Prevention Program
- **\$22.6 million** – Promote adoption and provide incentives for families to adopt

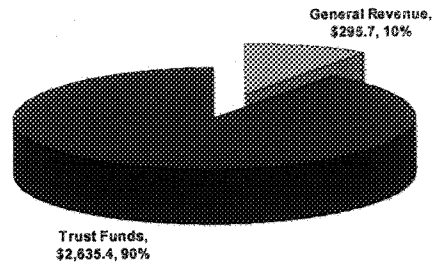
## Health and Human Services – Summary

- ❖ **\$78.9 million** – Additional Mental Health Forensic Treatment beds and Community Services
- ❖ **\$126 million** – To pay for the projected deficit and increased utilization, as well as additional crisis cases added in FY 2007-08 in the developmentally disabled Medicaid Waiver Program
- ❖ **\$57 million** – Statewide Tobacco Education Program to protect citizens from tobacco addiction (Constitutional Amendment)
- ❖ **\$36.7 million** – Purchase Influenza Preparedness Vaccine

## Medicaid Price Level Increases In Billions



## Environment \$2.9 Billion



## Environment – Priorities

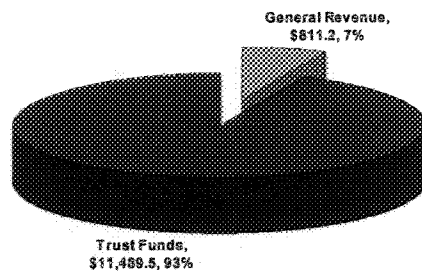
- ❖ **\$68.25 million** – Energy Diversity
  - ❖ \$40 million – Alternative Energy Incentive Funds – Ethanol and Biodiesel Research, Manufacturing, and Distribution
  - ❖ \$10 million – Energy Tax Incentives – Encourages Energy Efficiency and Ethanol and Biodiesel Development
  - ❖ \$17.5 million – Renewable Energy Grant and Rebate Programs – Continues Funding for Research and Development of Ethanol, Biodiesel, and Biomass - Waste to Energy Conversion - and Offers Rebates for Installation of Solar Energy Efficient Products
  - ❖ \$0.75 million – Public Education Campaign – Emphasizes Energy Efficiency



## Environment – Summary

- **\$400 million** – Florida Forever
- **\$297.6 million** – Water Grants and Loans
- **\$100 million** – Everglades Restoration
- **\$75 million** – Water Restoration Projects
  - \$40 million – Caloosahatchee and St. Lucie Rivers
  - \$35 million – Statewide Water Restoration Projects
- **\$50 million** – Lake Okeechobee Restoration

## Transportation and Economic Development \$12.3 Billion



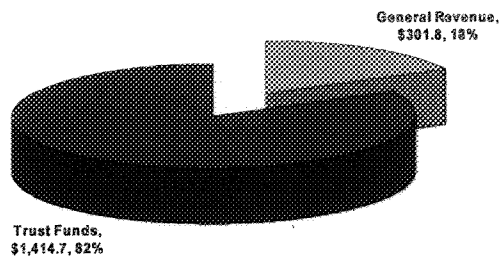
## Transportation and Economic Development – Priorities

- ❖ **\$260 million** – Economic Development
  - ❖ \$100 million – 2nd Year funding for the Innovation Incentive Fund to attract high-value, high-impact businesses and research and development projects
  - ❖ \$75 million – Enhanced Film and Entertainment Incentives to attract film and television productions to Florida and to attract and retain businesses
  - ❖ \$40 million – Inaugural Funding for Alternative Energy Incentives to explore new fuel sources
  - ❖ \$45 million – Continued funding for the Quick Action Closing Fund to provide Florida with a viable competitive edge for attracting and retaining businesses
  
- ❖ **\$32.5 million** – Voting Machine Paper Trail
  - ❖ Enhance voter confidence in Florida's election system
  - ❖ Replace Touch Screen Machines with Optical Scan Machines

## Transportation and Economic Development – Summary

- ❖ **\$7.4 billion** – Transportation Work Program
- ❖ **\$1.1 billion** – Emergency Management Disaster funding
- ❖ **\$19.2 million** – Cultural and Historic Grants
- ❖ **\$2.4 million** – Library Cooperative Grants
- ❖ **\$76.2 million** – Other Economic Development

## General Government \$1.7 Billion



## General Government – Priorities

- **\$2.4 million** – 2<sup>nd</sup> Year funding for Document Management System at Business & Professional Regulation to help agency reduce paperwork
- **\$17.2 million** – Continue to Reduce Backlog of Needed Repairs & Maintenance at the 72 Buildings Owned by the State
- **\$21.4 million** – Continued Development of the Child Support Automated Management System (CAMS)
- **\$14.6 million** – Provided to Replace a Reduction in Federal Grant Funding for the State Child Support Enforcement Program
- **\$8.1 million and 59 Positions** – Staffing, Retention and Recruitment for the Fire Marshal, Workers' Comp, Insurance Fraud, and Title Insurance Investigators

## Salary and Benefit Highlights \$200.3 Million

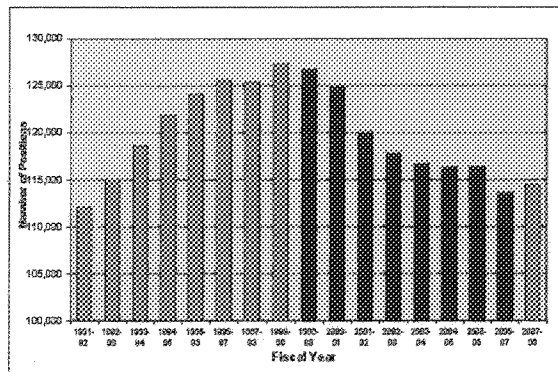
### Statewide Increases:

- ❖ **\$141.4 million or 2.44 percent** – Across-the-Board Salary Increase for State Employees
- ❖ **\$45.6 million or 5 percent** – Increase for Employees in Law Enforcement, Corrections, Probation, and Special Agent Classes
- ❖ **\$13.3 million or up to 10 percent** – Merit increases, limited to 10% of an agency's authorized positions

### State Employee Health Insurance:

- ❖ No increase in Employee or Retiree Health Insurance *Premiums* while maintaining the same level of benefits

## State Workforce Positions



Fiscal Year	Fiscal Year	Change in Positions	Change in Positions (Per 100)
1991	1992	112,000	
1992	1993	114,000	2,000
1993	1994	116,000	2,000
1994	1995	118,000	2,000
1995	1996	120,000	2,000
1996	1997	121,000	1,000
1997	1998	120,000	-1,000
1998	1999	123,000	3,000
1999	2000	122,000	-1,000
2000	2001	120,000	-2,000
2001	2002	118,000	-2,000
2002	2003	117,000	-1,000
2003	2004	116,000	-1,000
2004	2005	116,000	0
2005	2006	115,000	-1,000
2006	2007	114,000	-1,000
2007	2008	114,500	500

## Information Technology

- ❖ **\$1.0 million** – Information Technology Investment Management Initiative
  - ❖ Vendor neutral, consultant based subject matter expertise during reviews of agency legislative budget requests and budget amendments
  - ❖ Reduces risk and increases value of investment decisions in technology
- ❖ **\$500 thousand** – Agency Information Technology Leadership and Management
  - ❖ Elevates accountability, responsibility and authority for each Agency Chief Information Officer (CIO) and make them responsible for all IT resources and decision making
  - ❖ Establishes agency and CIO IT performance measures
  - ❖ Invests in each CIO with professional development and training
- ❖ **\$5 million** – Information Technology Security – Mobile Devices
  - ❖ Provides funding to implement mobile devices security plan
  - ❖ Funding provided for encryption software, network security/access tools, etc.

## Tax Reform Constitutional Amendments – Priorities

- ❖ Doubling the Homestead Exemption
- ❖ Making the Save Our Homes Cap Portable Statewide
- ❖ Cap on Non-Residential Property
- ❖ Tangible Personal Property Tax – Exemption for Businesses who own less than \$25,000

## Tax Relief – Priorities

- ❖ **\$40 million** – Communications Services Tax Cut
- ❖ **\$40 million** – Back-to-School Sales Tax Holiday
- ❖ **\$40 million** – Hurricane Preparedness Sales Tax Holiday
- ❖ **\$5 million** – Energy Efficient Appliances Tax Holiday (two weeks)
- ❖ **\$135 million** – Reduction in RLE millage rate by 0.1 mill

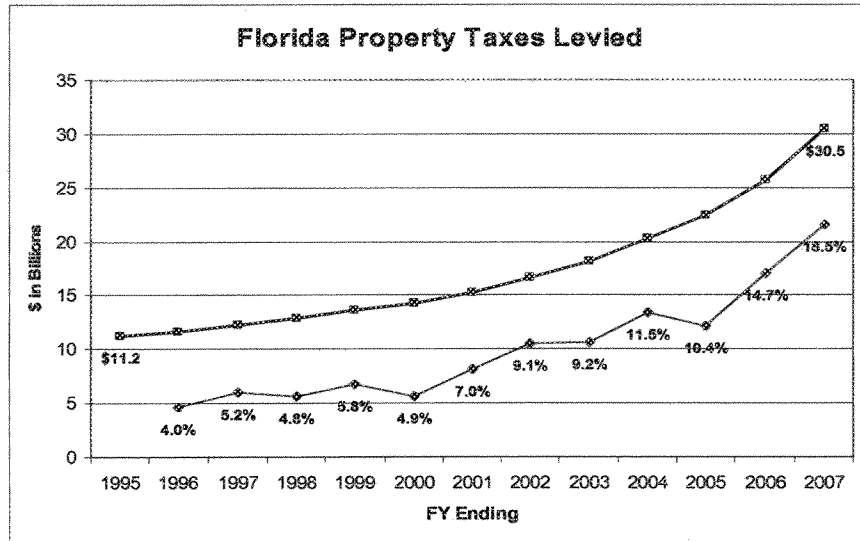
## Taxpayers' Main Areas of Concern

- **AFFORDABILITY** – Property taxes are no longer affordable for many taxpayers.
- **THE "LOCK-IN" EFFECT** – Long-time permanent resident homeowners are finding it difficult or cost prohibitive to move to another home within Florida.

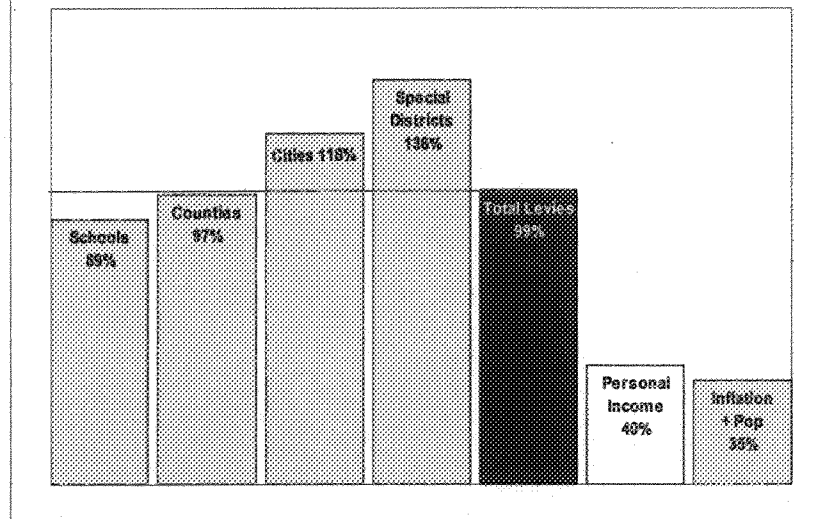
## Governor Crist's Property Tax Reform Constitutional Amendment

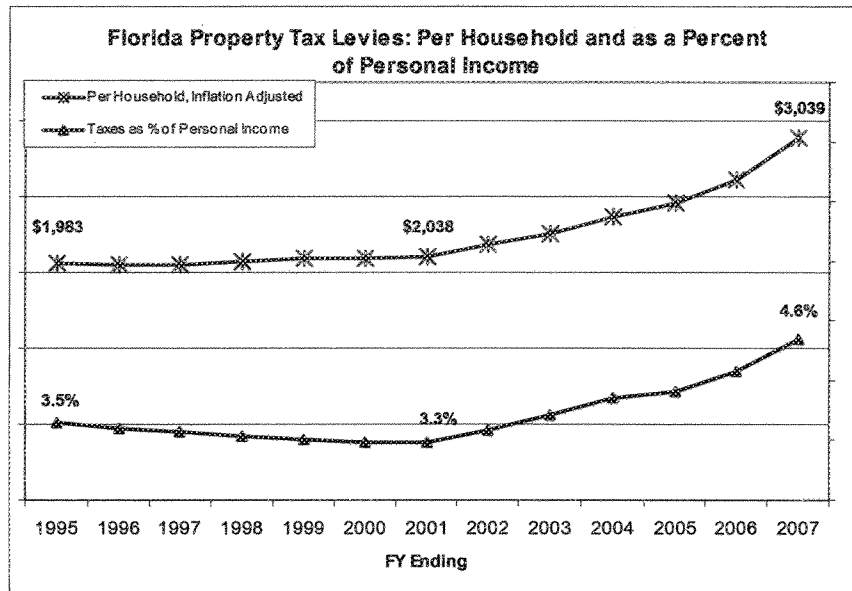
- Doubling the Homestead Exemption (local option for cities and counties) and Index
- Making the Save Our Homes Cap Portable Statewide
- Cap on Non-Residential Property: The Lesser of 3 Percent or Inflation
- Tangible Personal Property Tax – Exemption for Businesses who own less than \$25,000 of Office Equipment and Machinery

## Taxes Levied and Annual Growth Rates



### Florida Property Tax Levies Cumulative Growth Rates: FY 2001 - FY 2007



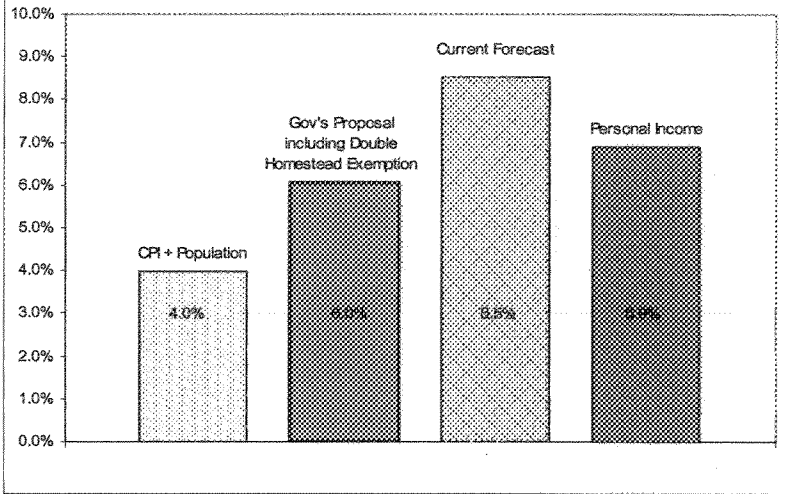


## Doubling the Homestead Exemption

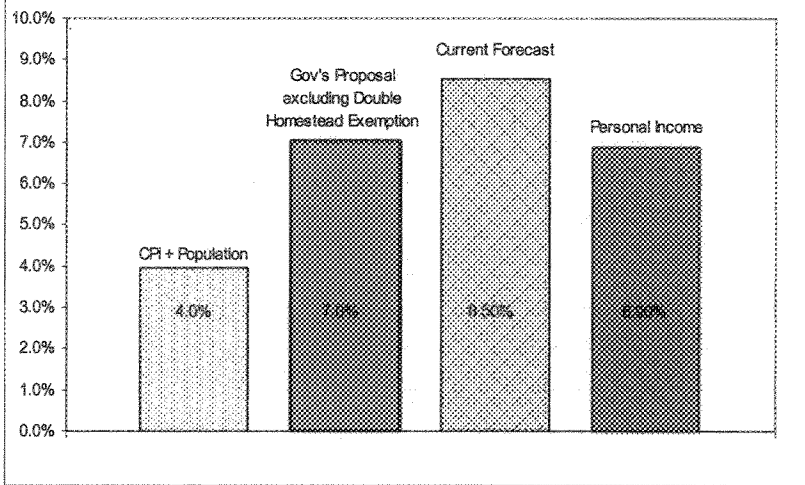
- Every city and county to hold a referendum at or before the March presidential primary
- Indexed annually to the rate of inflation
- About \$1 billion annually in tax savings in 2008, if adopted by all cities' and counties' voters
- Reduced Revenues to cities and counties – no effect on school funding



Growth in Florida's Property tax base and other economic indicators from 2006 to 2011



Growth in Florida's Property tax base and other economic indicators from 2006 to 2011



## **Making the Save Our Homes Differential Portable Statewide**

- Families again can upsize or downsize
- Stimulate Florida's Housing Market
- 2009 property tax savings of approximately \$200 million, growing to about \$1 billion in 5<sup>th</sup> Year
- Reduced revenues to cities, counties and schools

## **Cap on Non-Residential Property: The Lesser of 3 Percent or Inflation**

- Give businesses and renters property tax growth protection
- 2008 property tax savings of approximately \$600 million, growing to almost \$3 billion in 5<sup>th</sup> year
- Reduced revenues to cities, counties and schools

## **Tangible Personal Property Tax – Exemption for Businesses who own less than \$25,000 of Office Equipment and Machinery**

- ❖ 1 million of 1.2 million businesses would no longer have to pay property taxes on their computers, office equipment and machinery for a 2008 property tax savings of about \$200 million annually
- ❖ Reduced revenues to cities, counties and schools