

FLORIDA FIRST

GOVERNOR RICK SCOTT'S FLORIDA FIRST BUDGET 2016-2017

Governor Rick Scott's Florida First Recommended Budget

Introduction from Governor Rick Scott

We are truly blessed to live in the great state of Florida and there are so many reasons to brag about all of the exciting achievements happening here. In less than five years, our hardworking businesses have created almost one million jobs, and because of this tremendous economic growth, we have been able to invest more in areas that are important to Florida families. I am proud that by working with the Florida Legislature, we have made historic investments in our education system, our transportation system, and our environment.

The economic prosperity that we see all across our state was not the reality in 2011 when I took office. Families were losing jobs, foreclosures were up and businesses were closing. We have worked too hard to grow jobs and turn our economy around to ever go back to double-digit unemployment should another national recession hit again. We must diversify our economy and support small business so we can survive any economic downturn. We know the national economy is cyclical and we have a choice this year to focus on diversification and job creation to make Florida First.

Our Florida First budget cuts taxes by \$1 billion to grow our manufacturing industry and help Florida small businesses while further diversifying the economy. Included in our tax cut proposal is the elimination of the tax on business income for Florida manufacturers and all Florida retailers, which include many small businesses across the state. We are also cutting the tax businesses pay on their commercial leases which unfairly targets small businesses. Florida is home to half a million small businesses which are undoubtedly the lifeblood of our economy. The Florida First budget invests in job creators that are on the front lines of diversifying our economy and the creation of jobs. When small businesses keep more of their money as a result of lower taxes, they buy more equipment, spend more on research and marketing, and hire more employees.

We know that cutting taxes alone will not be enough to diversify our economy and allow Florida to overtake our number one competitor, Texas, to become first in job creation. That is why I am proposing to create the new Florida Enterprise Fund so we can diversify Florida's economy, support small business, and compete against Texas.

I know there will be some critics who say we cannot afford to cut taxes by \$1 billion while also creating a one-time \$250 million trust fund for economic incentives. But, I want to be clear on the numbers. Our state's economy is growing by over 2.7 percent, which means our state general revenues are up by \$1.3 billion. In fact, total general revenues exceed this year's recurring budget by \$3.4 billion.

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When I talk to business owners, the number one thing they ask about when considering moving jobs to our state is our education system. If we are going to become first in job growth, Florida must be home to the most talented workforce in the world. That's why the Florida First budget continues our commitment to providing teachers and students the tools they need to succeed in the classroom and invests historic amounts of funding in our K-12 education system, state colleges and universities.

We are also investing in a competitive grant program at our technical centers because these institutions train students to get a great career with only a year of education. And, we are investing in our teachers by partnering with high-tech businesses across the state to give educators a paid-summer internship so they can bring new industry trends back to the classroom. We want businesses to know that Florida has the most skilled workforce in the world and that we are ready to immediately fill jobs in high-demand fields.

For too long, Florida's economy relied on tourism and construction. Unfortunately, as we saw with the national recession in 2008, that is not enough to sustain Florida's economy during tough times. I grew up in a family that struggled to make ends meet and I know how hard it is when families cannot get a job. I want families in our state to have the opportunity to put food on the table and provide for their children. And I don't want people to leave our state when times are tough.

Just like any proud grandparent, I want my grandchildren to stay here in Florida and live their dreams. We have to make our state the destination for jobs for future generations. The Florida First budget cuts taxes and makes important investments in our communities that will help us become first in the country for jobs, so we can help all Floridians have success during both good and bad times in the years ahead.

Sincerely,



Governor Rick Scott

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GOVERNOR RICK SCOTT'S FLORIDA FIRST BUDGET FY 2016-2017 Recommended Budget Highlights

The Governor's total recommendation in the Florida First budget for Fiscal Year 2016-2017 is \$79.3 billion. The general revenue portion is \$29.3 billion. The general revenue funds available for the FY 2016-2017 budget year increased \$1.3 billion from the previous fiscal year, a five percent increase. This increase is an indication that Florida's economy continues to improve.

The Florida First Budget includes Governor Scott's priorities to help diversify the economy to make Florida first in job creation by:

- 1) Cutting over **\$1 billion** in taxes for Florida families and businesses;
- 2) Making Florida more **competitive** to help small businesses succeed; and
- 3) Investing historic funding in K-12 education, State Colleges, and Universities so **Florida has the most highly skilled workforce in the world.**

Tax Cuts Totaling Over \$1 Billion for Florida Families

Governor Scott wants Florida to beat Texas in job creation by diversifying the economy and helping key industries like manufacturers and small businesses. Governor Scott understands that Florida has a real opportunity to make our state first in job creation. Cutting taxes by more than \$1 billion will help achieve that goal. According to the latest data by the U.S. Census Bureau, Florida's per capita state tax burden is the lowest among all large states at \$1,779 and Governor Scott wants to continue to lower it to help businesses and families succeed while stopping the growth of government.

By eliminating the tax on business income for all Florida manufacturers and retailers, the Florida First budget is putting both large and small businesses on the road to more job creation for years to come. The more taxes we cut, the more small businesses in Florida grow, which further diversifies the economy and creates opportunities for all Floridians.

Governor Scott's \$1 billion tax cut package includes:

- **Permanently Eliminating Income Tax on Manufacturing and Retail Businesses** – The elimination of this tax will reduce the cost for businesses in Florida by about **\$770 million annually**, attract more businesses to the state, and diversify Florida's economy by helping more businesses succeed.

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- **Permanently Eliminating the Tax on Manufacturing Machinery and Equipment** – This tax cut is estimated to reduce the tax liability of Florida's manufacturing businesses by **\$76.9 million annually** beginning in 2017. By permanently eliminating this tax, Florida will be more competitive for manufacturing businesses to start or expand. If no action is taken during the upcoming legislative session, there will be a substantial tax increase on Florida manufacturers.
- **Cutting the Tax on Commercial Leases** – Florida is the only state that has a tax on commercial leases which unfairly targets small businesses. Governor Scott is proposing to reduce the tax on commercial leases by 1 percent in 2017 through the use of both recurring and non-recurring funds. This will save Florida businesses **\$339 million** over the next two fiscal years.
- **Extending the Sales Tax Exemption on College Textbooks** – Governor Scott is proposing to extend the sales tax exemption on the purchase of college textbooks for an additional year. The prices of college textbooks have increased significantly over the years, often exceeding \$100 per book. Exempting college textbooks from the state sales tax is expected to save Florida students **\$46 million**.
- **Savings for Families with Sales Tax Holidays** – The Florida First budget includes funding for a 10-day back-to-school sales tax holiday and 9-day disaster preparedness sales tax holiday. These two tax holidays will save Florida families an estimated **\$72.8 million** in the upcoming fiscal year.

Making Florida First in Job Creation

Governor Scott's top priority is to grow jobs through diversifying Florida's economy and supporting small businesses. Unfortunately, Florida's Quick Action Closing Fund is nearly bankrupt. With a lack of resources and a burdensome approval process for projects, Florida has not had a seat at the table for many economic projects which lead to losses to:

- **Texas, which won Toyota's North American Headquarters and will create 4,000 jobs;**
- **New York, which won Fresh Direct and will create more than 2,800 jobs;**
- **South Carolina, which won Volvo's North American Headquarters and will create 4,000 jobs; and**

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- **Georgia, which won Engineered Floors and Baxter International that together will create nearly 4,000 jobs.**

Compared to Florida's competition, the Sunshine State is significantly under-funded:

- **Texas - \$285 million (funding that initiated the program);**
- **New York - \$150 million;**
- **South Carolina - \$58 million; and**
- **Georgia - \$46 million.**

Texas, Florida's number one competitor, has been the leader in job creation because dollars in the Texas Enterprise Fund do not revert at the end of fiscal years, the approval process is efficient and does not include layers of red tape and the program is competitively funded through large one-time allocations. The Texas Enterprise Fund has awarded over half a billion dollars to job creators, and currently has an additional \$90 million on hand to award to companies for competitive job creation projects.

To beat Texas, the Florida First budget makes investments to create a new and dynamic economic development trust fund, the Florida Enterprise Fund, so Florida can outcompete Texas to become the number one job creator in the country.

Creating a New Florida Enterprise Fund – The Florida First budget invests \$250 million in one-time funding to create the new Florida Enterprise Fund. This Fund will allow Florida to compete against Texas, diversify Florida's economy and support small business by:

1. Dedicating economic incentive funds so they do not revert;
2. Eliminating the current escrow account and creating a new trust fund;
3. Eliminating special waivers; and
4. Streamlining the approval process for incentive deals to be more inclusive of the Legislature.

Attracting and Retaining Florida Businesses – In total, the Florida First budget invests approximately \$122.5 million for Florida's economic development public-private partnerships, including \$80 million in marketing dollars for VISIT FLORIDA, \$17.5 million for operation and job creation funding for Space Florida, and \$25 million for the operations of Enterprise Florida.

In addition, \$38 million is provided for economic development incentives outside of the new Florida Enterprise Fund such as the Qualified Targeted Industry Tax Refunds, Defense Contractor Tax Refunds and Brownsfield Development Tax Refunds.

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Quick Response Training (Florida Flex) – To diversify Florida’s economy and support small business, the Florida First budget invests an additional \$3 million in Florida Flex for a total of \$15 million. The program’s popularity among businesses of all sizes has increased demand for the program, and as a result, last year’s budget amount is expected to run out before the end of the year. This increase will build on the program’s success in providing businesses, both large and small in targeted industries, with matching funds related to specific training activities for workers who will be moving into new jobs created in Florida.

Florida First for Tourism – The Florida First budget includes \$30 million to restore non-recurring funds and increases total funding for VISIT FLORIDA to \$80 million, which will build on its success in attracting more tourists to the Sunshine State. For every dollar invested in VISIT FLORIDA, taxpayers saw a return of \$3.20, and VISIT FLORIDA raised more than \$138.5 million in private matching funds. Over the last year, 100 million visitors came to the state, an increase of 4.9 percent over 2013, and spent \$82 billion, up 7.7 percent over 2013.

Florida Export Diversification and Expansion – With the continued expansion of Florida seaports, the Florida First budget continues to make Florida first by investing in exports to global markets. Governor Scott’s budget recommends \$1 million to continue two highly successful export diversification and expansion programs. These programs help diversify Florida’s economy and increase Florida’s international trade and exports through Target Sector Trade Grants and Export Marketing Plan assistance.

In 2014, Enterprise Florida provided 95 target sector trade grants. Eligible small and medium-sized companies can apply for these grants to help offset costs and enable them to participate in Enterprise Florida trade shows and select U.S. certified trade exhibitions in target sectors.

Investing in Florida’s Workforce System – Governor Scott is committed to making Florida first in workforce development so Florida’s economy can continue to diversify and attract more businesses to Florida. Since 2011, Governor Scott has directed investments of over \$1.4 billion for communities to ensure the best workers are available to Florida’s job creators.

The Florida First budget recommends \$229.3 million for Florida’s 24 Regional CareerSource 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 470,000 Floridians in jobs during 2014, and more than 326,000 Floridians have been placed in jobs this calendar year. More than 28,000 Florida veterans found jobs with the help of the state’s

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workforce system last year, and more than 18,210 veterans were placed in jobs this calendar year.

Fighting Against Fraud in Florida's Reemployment Program – To better combat the growing fraud that reemployment assistance programs across the country have experienced in recent years, the Florida First budget invests \$3.5 million to increase security and fight against fraud. This funding will be used for information technology security tools, network vulnerability tests, enhanced identity security, enhanced training for staff, and the creation of a task force of sworn officers and criminal investigators to combat fraud. This funding will help Florida become the number one state in the nation for reemployment assistance fraud prevention and detection.

Competitive Florida – Last year's budget secured funding to provide disadvantaged communities with support and resources to diversify and grow businesses. The Florida First budget invests \$2.3 million to provide new communities with these opportunities. This includes an additional \$1.1 million to execute the plans developed with these communities.

Improving Florida's Transportation System – Over the last 20 years, millions of people have left states with rising taxes to move to states with lower taxes like Florida. People left states like New York, which lost \$86 billion in adjusted gross income from 1992 to 2014, and Illinois, which lost \$41 billion in adjusted gross income over that same period. During that time, Florida gained almost 5.5 million residents, and in 2014, became the nation's third largest state. In order to accommodate this growth and be first in the world in job creation, Florida must be first in transportation infrastructure to support its growing population.

Florida remains at the leading edge of transportation innovations and has been recognized for inventive funding solutions enhancing capacity of transportation infrastructure. Since 2011, Governor Scott has overseen the investment of over \$47.7 billion in funding for roads, bridges, airports, and seaports. In 2014, the U.S. Chamber of Commerce ranked Florida second in the nation for the quality of its infrastructure. To make Florida first in the nation for transportation, the Florida First budget invests \$9.2 billion for DOT's Work Program to ensure that more than 20 million residents and 100 million visitors are able to move safely and effectively throughout the state. The Florida First budget makes the following transportation investments:

- \$3.3 billion to expand transportation system capacity, which includes adding 169 new lane miles;
- \$963.4 million for maintenance and operation;
- \$546.8 million for resurfacing more than 1,916 lane miles;
- \$237.6 million for aviation improvements;

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- \$574 million for transit program improvements;
- \$731.9 million for scheduled repairs of 48 bridges and replacement of 21 bridges;
- \$159 million for safety initiatives;
- \$153.9 million in seaport infrastructure improvements; and
- \$46.6 million for bike and pedestrian trails.

Florida is First for Government Efficiency

Florida is first in the country for people moving to our state, outperforming Texas and California. Our state workforce is also the most efficient in the nation with 108 state workers per 10,000 in population.

Administrative and Operational Efficiencies – The Florida First budget recommends \$48.8 million in savings and a decrease of 1,368 positions as a result of state agencies' continued efforts to become more efficient.

In order to achieve even greater efficiency and reduce the burden of government on taxpayers, Governor Scott is proposing a three-tiered bonus pay system to incentivize state workers at every executive, cabinet and judicial agency. Under Governor Scott's performance bonus proposal, state employees can earn up to an extra \$1,500, if each tier is met, for ensuring that Florida remains first in public service:

- **Tier 1:** \$500 if the agency meets its performance measures;
- **Tier 2:** \$500 if the employee is rated a minimum of "Satisfactory" (meets SMART expectations);
- **Tier 3:** \$500 maximum for agencies to fund with budget savings (amount determined by agency head based on realized savings).

Contract and Lease Renegotiations – Savings resulting from contract and lease renegotiations have generated a statewide savings of \$50.6 million since Fiscal Year 2012-2013. This includes savings in the Florida First budget of \$5.7 million. Savings will continue to grow as additional contracts are identified and renegotiated.

Reduction in Debt Service – Because Florida continues to pay off debt, Florida taxpayers are saving money. The Florida First budget realizes a savings of \$51.1 million due to reduced debt service obligations and State Board of Administration fees associated with the issuance of bonds for public schools, Florida colleges, state universities, and state facilities. Florida's bond debt has dropped by \$2.4 billion since 2010.

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Florida has significantly less debt per capita than New York, Illinois and California. In fact, California and Illinois have more than double the debt per capita of Florida, and New York has more than triple the debt per capita of Florida. Over the last five fiscal years, refinancing activity has generated gross debt service savings of approximately \$1.6 billion. Refunding transactions executed over the last five years total nearly \$8.9 billion – lowering the interest rate on about 35 percent of Florida's total outstanding debt. With historically low interest rates and Florida's AAA credit ratings, Florida has saved an additional \$162.3 million in gross debt service thus far in fiscal year 2015-16.

State Employee Health Coverage Savings – The Florida First budget includes a savings of \$24.4 million by proposing 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. The Governor has proposed this plan every year he has been in office.

Efficient Management of State Vehicles – The Florida First budget recommends \$1.6 million for a new, single Fleet Management system that will make Florida's state government fleet management one of the most efficient in the nation. Florida owns nearly 25,000 vehicles, which is one of the largest public sector fleets in the nation and is currently managed through six separate systems. The new system will streamline distribution of real-time information to all agency fleet users, customers, and management. The system will more than pay for itself within the first year after implementation through increased efficiency, and will save Florida's taxpayers millions in the years to come.

Dependent Eligibility Verification Services – The Florida First budget recommends \$1 million for a one-time audit to determine dependent eligibility in the state employee health insurance program. This audit is estimated to save taxpayers more than \$40 million per year by reducing waste, fraud and abuse in the state health plan.

Pension Unfunded Liability – The unfunded actuarial liability (UAL) of the Florida Retirement System (FRS) Defined Benefit Program amounted to \$23 billion on July 1, 2015. Based on an actuarial liability of \$166.3 billion and an actuarial value of assets of \$143.3 billion, the program is 86.2 percent funded as of July 1, 2015. As of October 31, 2015, the market value of the plan's assets is estimated to be \$144.6 billion.

The Florida First budget implements the recommendations of the independent actuary and proposes to fully fund the recommended contributions to the UAL. This helps

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Florida continue to have one of the best funded pension plans of the largest states in the nation.

Making Florida First in Education

If Florida is going to be first in job creation, the state must have the most skilled workforce in the world. This is why making Florida first for education is a top priority. The Florida First budget invests in Florida's education system to attract more businesses to Florida and help diversify the economy. Historic amounts of funding in K-12 education, state colleges and universities will ensure every student has the opportunity to succeed and gain the skills they need for a great job. The Florida First budget also prioritizes investments in science, technology, engineering, and math (STEM) fields so students are prepared for jobs in high-demand areas.

Historic Areas of Funding	Funding Amount
K-12 Public Schools Total Funding	\$20.21 billion
K-12 Public Schools State Funding	\$11.01 billion
K-12 Public Schools Per-Student Funding	\$7,221/student
Florida College System Total Funding	\$2.03 billion
Florida College System State Operating Funding	\$1.20 billion
State University System Total Funding	\$4.62 billion
State University System State Operating Funding	\$3.97 billion

Florida's teachers and students achieved many great things over the last year, but more work must be done to ensure Florida's education system is first in the nation:

Excellence in K-12 Public Schools

- Florida ranks first in digital learning, according to Digital Learning Now's Digital Learning Report Card;
- Florida's graduation rates are at an 11-year high – increasing nearly 17 percentage points since 2003-2004;
- The National Council on Teacher Quality has twice ranked Florida's teacher quality policies best in the nation;

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- Florida is top in the nation for elevating the teaching profession according to StudentsFirst;
- Florida is 2nd in the nation in Advanced Placement (AP) exam participation for the 2014 graduating class and 3rd in the nation for their performance;
- According to the National Assessment of Educational Progress (NAEP):
 - Florida's 4th grade students outperform the nation in both reading and math;
 - Florida's 4th grade Hispanic students led the nation in reading;
 - Florida's 4th grade Hispanic students average score ranked second in the nation in math;
 - In 4th grade reading and mathematics, Florida's students with disabilities' average score ranked second in the nation.

Excellence in the Florida College System

- Santa Fe College was named the nation's top college in 2015 when it was awarded the Aspen Prize for Community College Excellence;
- Miami-Dade College awarded more associate degrees to minority and Hispanic students than any other college in the nation according to Community College Week 2015 Top 100;
- Florida is the number one producer of certificates and associate degrees in the Southeast Region;
- According to Community College Week 2015 Top 100:
 - Fourteen Florida College System institutions ranked in the top 100 colleges nationwide for the total number of associate degrees awarded;
 - Twelve Florida College System institutions placed in the top 100 colleges nationwide for the number of associate degrees awarded to minority students;
 - Eleven Florida College System institutions ranked among the top 100 colleges in the nation for the number of associate degrees awarded to African American students;
 - Nine Florida College System institutions ranked in the top 100 colleges nationwide for the number of associate degrees awarded to Hispanic students.

Excellence in the State University System

- The State University System of Florida six-year graduation rate is ranked 1st compared to the ten largest states (for public four-year universities);
- Florida's preeminent universities are leading the way:
 - Business Journals ranked the University of Florida as the 7th top public college in the nation for 2015;

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- U.S. News & World Report ranked Florida State University the second most efficient high-quality university in the country for 2015.

Highest Per-Student Funding in Florida History – The Florida First budget includes the highest total funding, state funding, and per-student funding for K-12 in Florida's history. Florida's public education system delivers a quality education to a diverse student population of nearly 2.8 million students. With increasing graduation rates and policies that rank among the best in the nation, the Florida First Budget invests more than \$11 billion in state funding for a total of \$20.2 billion for Florida's K-12 public schools, or \$7,221 per student.

This historic high of \$20.2 billion in total funding, is an increase of \$507.3 million in state and local funds over the Fiscal Year 2015-2016 and includes:

- \$145.3 million increase to fund 25,877 new students;
- \$20 million increase, for a total of \$80 million, in funding for Digital Learning Initiatives;
- \$86.8 million in funding for improving the lowest performing schools, which allows for districts to provide students an additional hour of intensive reading instruction by qualified teachers or reading specialists;
- \$16.7 million increase, for a total of \$3.1 billion, in funding for class size to account for enrollment growth;
- \$3 million increase, for a total of \$55.8 million, in funding for the Sparsity Supplement, which provides funding to assist rural districts with sparse student populations (24,000 or fewer students);
- \$10 million increase, for a total of \$74.5 million, in funding for school safety initiatives that promote a safe learning environment; and
- \$195.5 million increase for various education initiatives included in the FEFP, including transportation, reading allocation, and instructional materials.

Early Learning – A quality education begins with a solid foundation of early learning programs for all Florida families. The Florida First budget invests in initiatives that ensure early learning providers are effective and more Florida children have access to programs. The Florida First budget invests \$1.1 billion in funding for early child education and care, including:

- **Voluntary Pre-Kindergarten (VPK)** – Florida is first among large states in access to VPK. The Florida First budget provides a \$50 increase per student for the school year and a \$43 increase per student for the summer program over Fiscal Year 2015-2016. This equates to per student funding of \$2,487 per student and \$2,123 per student, respectively. VPK prepares approximately 170,000 four-year olds for kindergarten, and builds a strong foundation for school by focusing on early literacy skills.

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- School Readiness** – The Florida First budget invests \$20.3 million to remove more than 3,500 children from the School Readiness Wait List and into childcare programs. This funding will help low-income families by providing children with quality afterschool programs while parents are at work.

STEM Professional Development for Educators – The Florida First budget includes \$1 million for the STEM Business Partnership Residency Program, which provides educators with an opportunity to work for participating high-tech companies in Florida during the summer break. Science, technology, engineering and mathematics (STEM) are important focus areas for students in a competitive global economy and will help diversify Florida’s economy. The program provides a stipend to teachers while they gain hands-on experience and training with a Florida business, which enhances their subject-matter expertise and enriches their classroom teaching.

A total of 45 companies across the state have agreed to participate in the STEM professional development for educators \$1 million dollar initiative, including:

Amskills	Apex Technology	Arthrex	Azimuth Technology
Bay State Cable Ties	B&I	Carlisle Interconnect Technologies	Costal Cloud
Creative Sign Designs	D3 Glass	Duke Energy	Eastern Architectural Systems
Embraer	Entertainment Metals	Florida Institute for Human and Machine Cognition	Florida Power & Light Company
Fort Walton Machining, Inc.	Global Tech LED	GSC Systems	Gulf Power Company
Harris Corporation	Haynes Corporation	Heat Pipe Technology	Hoerbiger Corporation of America, Inc.
ICTC	ITG Technologies	Kaman Aerostructures	Lockheed Martin
Marine Concepts/JRL Ventures	Metal Essence	MiTek USA	Monin

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Northrop Grumman

PharmaWorks

Raytheon Company

SAFT America

Shaw Development

Southern Manufacturing
Technologies

Storm Smart

Structure Medical LLC

Survive Engineering
Company

Timbar Packaging &
Display

Vac-Con, Inc.

Vistakon

Zimmer Biomet

Raising the Investment in the Teacher of the Year Program – The Florida First budget recommends increasing the monetary awards to Florida’s highest performing teachers through the Teacher of the Year Program. Under Governor Scott’s recommendation, the award amounts will increase to \$10,000 for district participants, \$15,000 for finalists, and \$20,000 for the Teacher of the Year. This is an estimated increase of \$9,500 for district participants, more than \$9,000 for finalists, and more than \$8,600 for the Teacher of the Year.

Higher Education & High-Skilled Training Programs - \$6.3 Billion – Governor Scott is committed to making Florida’s higher education system first in the world. Great higher education institutions lead to a more diverse economy and skilled workforce. The Florida First budget invests historic amounts in the State College and University systems. Governor Scott is committed to making sure that Florida’s students get an affordable, high quality education so they can get a job when they graduate.

Career in a Year – In order to make Florida first for students to find jobs, the Florida First budget proposes \$20 million for the Technical Center Rapid Response Grant Career in a Year program. This funding will provide the needed funds to expand and create programs that are in response to Florida’s workforce needs and provide students an opportunity to get a career in one year. Students will be able to gain skills and training in high-skilled and high-demand industries such as health care, information technology, and manufacturing.

Performance Funding – The past three years have demonstrated the positive impact performance-based funding has on Florida’s 12 state universities’ ability to provide students with a quality education. Among the ten largest states for public four-year universities, Florida has the highest graduation rate at 64.4 percent and the second highest retention rate at 86 percent. Because of performance funding over the last three years, 65 new advisors have been hired to focus on student retention and

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graduation, seven career service centers have been revamped to focus on student advising and establishing partnerships with local businesses, and 300 additional faculty have been hired in high-wage, high-need areas.

In an effort to replicate the successes of the State University System, the Florida First Budget provides performance funding for the following areas:

- *Early Learning* - \$15.5 million, an increase of \$5 million, in performance funding for child care providers and instructors that demonstrate success in their student's school readiness, professional development for teachers, and access to high-need populations.
- *K-12 District Workforce Education Programs* - \$6 million in performance funding for students earning industry certifications in high-skill, high-demand areas through district workforce education programs. This is an increase of \$1.5 million over last year.
- *Florida College System*
 - \$10 million for students earning industry certifications in high-skill, high-demand areas at Florida Colleges. This is an increase of \$5 million over last year;
 - \$60 million in performance funding for the 28 Florida Colleges, up from \$40 million last year.
- *State University System* - The Florida First Budget includes a record \$500 million in performance funding for state universities to continue helping students get great jobs with less debt. This is an increase of \$100 million over last year.

College Affordability – Governor Scott is dedicated to ensuring that all students in Florida have affordable options to pursue a quality education that will prepare them for success in the workforce. The Governor has continuously challenged higher education institutions to reduce the cost burden to students with initiatives such as the \$10,000 four-year degree at Florida's colleges and holding the line on college and university tuition. The Florida First budget continues to make major investments to ensure higher education is accessible and affordable for Florida's families and students including:

- **Ensuring there are NO tuition increases**. Skyrocketing tuition rates make it difficult for families to plan for higher education and contribute to students leaving college with crippling debt.
- Investing \$5 million for state colleges to develop or enhance STEM bachelor's degree programs that cost students \$10,000 or less.
- Investing \$16.9 million to expand the Bright Futures Scholarship program into the summer terms. Allowing this scholarship funding to be used for summer terms means students can graduate in less time, which means less student debt.

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Education Infrastructure – The Florida First budget invests \$526 million in education infrastructure. In order to be first in education, students and teachers need safe and efficient facilities that foster a creative learning environment. Maintaining current education facilities is prioritized over new construction in Florida's postsecondary institutions, as institutions should first create efficiencies by managing existing campuses. Governor Scott also continues to make investments in rural school districts that have urgent construction needs, but lack the ability to raise funds.

Maintenance Investments:

- \$75.2 million for public school maintenance;
- \$75.2 million for charter school maintenance;
- \$5.3 million for lab school maintenance;
- \$2.6 million for Florida School for the Deaf and the Blind maintenance;
- \$310,000 for Division of Blind Services maintenance;
- \$50 million for Florida College System maintenance;
- \$50 million for State University System maintenance.

Construction Investments:

- \$75.4 million for Special Facility Construction projects. This funding is for critical infrastructure needs in eight rural school districts;
 - Dixie, Washington, Levy, Calhoun, Holmes, Hamilton, Jefferson, and Taylor counties.
- \$3.8 million for charter technical centers to fund facility needs;
- \$3.1 million for Public Broadcasting projects;
- \$40 million for the Florida College System;
- \$50 million for the State University System;
- \$35 million in budget authority to the State University System to spend student fees on a list of student-approved facility projects.

Making Florida First in Environmental Protection

Florida has the world's most pristine environment with world-class beaches, hundreds of miles of coastline and award-winning state parks. Over the last five years, historic strides have been made to fund Everglades and springs restoration efforts, support Florida's agricultural industries, and manage state lands. **The Florida First budget provides more than \$3.5 billion to protect Florida's agricultural and natural resources.**

Improving Water Quality and Providing a Sustainable Water Supply – The Florida First budget invests an additional \$50 million for water supply programs, which build on existing projects. This investment will help ensure the sustainable growth of Florida's

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economy and environment, and also assist those economically challenged communities in Florida where funding for drinking water facilities represents a limiting factor to a growing economy.

In 2011, Florida established the most comprehensive nutrient pollution standards in the nation, becoming the first state to adopt complete nutrient standards covering all lakes, rivers, streams, springs, and estuaries. Florida must continue to be the best stewards of Florida's natural resources and lead the nation as the place where people want to live, work and enjoy the outdoors. Striving to maintain the best water quality programs in the nation is a priority in the Florida First budget so the state can continue to protect Florida's natural resources which is critical to ensuring the continued growth of the economy. While California faces an 11 trillion gallon water deficit and other states struggle to ensure a sustainable supply of water, Florida continues to be a leader in addressing the future water needs.

Everglades Restoration – The Florida First budget creates a dedicated source of funding for the Everglades that will ensure that more than \$5 billion will be invested over the 20 year period that Amendment 1 is in effect, with \$151 million included in the Florida First budget. Governor Scott has made restoring and protecting Florida's Everglades a top priority. Partnering with the Florida Legislature, \$32 million in recurring state funding has already been established as a part of the \$880 million Everglades water quality plan. However, more must be done to complete projects including the C-43 and C-44 reservoirs which will provide almost 100 billion gallons of water storage to protect Florida's estuaries.

Protecting Florida's Springs – The Florida First budget creates a dedicated source of funding for Florida springs that will ensure more than \$1.6 billion will be invested over the 20 year period that Amendment 1 is in effect, including a \$50 million investment this year. Just as with the Everglades, the water bodies of North Florida can also benefit from a dedicated funding source that allows more rural cities and counties to plan and invest in projects that protect the freshwater springs that define the region. Florida contains the most freshwater springs in the nation. In addition to being critical habitat for wildlife, these natural treasures bring families, visitors and jobs to Florida. Recognizing the value of Florida springs, over the last three years the state has made a historic \$189 million investment in restoring Florida's springs with local partners.

Investing in Florida's Parks and Natural Lands – The Florida First budget includes \$35 million for park repairs and enhancements across the state. The Florida First budget also includes \$63 million for targeted land acquisition to create more recreational opportunities and preserve Florida's natural lands. In addition to new land acquisitions, the Florida First budget provides more than \$125 million for land management to ensure that the state can carefully steward the lands currently owned.

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Under the Governor's leadership, Florida has become first for state parks. Florida's State Park System won its third National Gold Medal for Excellence in Park and Recreation Management, and no other state has won multiple awards. The Governor is committed to continuing improvements and investments in Florida's parks, greenways, wildlife management areas, beaches and other natural lands to ensure that residents and visitors can enjoy these natural treasures for generations to come.

Florida Beach Renourishment – Florida's beaches are regularly rated as number one in the nation, and the Florida First budget includes \$25 million for beach and dune restoration, beach renourishment, and other coastal restoration projects. Beach restoration generates an additional \$2.4 billion in gross domestic product for the state of Florida.

Investment in Florida Agriculture – In order to ensure Florida's citrus industry continues to lead the nation, the Florida First budget invests \$1.5 billion in agriculture, including \$8.5 million for research to stop the spread of citrus greening, and \$7.7 million to help protect the economic well-being of the citrus industry.

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 strawberries, tangerines and bell peppers. Florida has 47,500 commercial farms, occupying a total of 9.25 million acres. Florida accounts for 65 percent of the total U.S. citrus production, more than any other state in the nation. Florida agriculture supports over two million jobs and contributes more than \$104 billion annually to the state's economy.

Making Florida First for Healthy Families

This year, Governor Scott is investing in initiatives that will empower patients to fight against price gouging at Florida's hospitals, protect Florida's at-risk children, support Floridians with developmental disabilities and address the fragmented method that Florida funds mental health. Governor Scott knows that protecting Florida's most vulnerable populations begins with healthy families, and the investments in the Florida First budget work to ensure each family has a better chance of living a safe and healthy life in their community.

Empowering Patients through Healthcare Transparency at Florida Hospitals – The Florida First budget includes \$5 million in funding at the Agency for Health Care Administration (AHCA) for the development of an All-Payer Claims Database. This database will give AHCA the necessary tools to post pricing information that will give patients access to data to help fight against unfair pricing at Florida hospitals. This

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funding will also support reforms Governor Scott is pursuing in the upcoming Legislative session to empower patients and increase price transparency at Florida's hospitals, including:

- Requiring hospitals to post their prices and average payments, along with their annual IRS reports, in an easily accessible location on their website; and
- Creating additional protections for Florida patients by allowing the referral of any suspected hospital price gouging to the appropriate law enforcement agency or regulatory authority.

Last year, Florida hospitals made record profits of \$4.3 billion, an increase of more than \$1 billion over the previous year. Therefore, the Florida First budget **slows hospital rate inflation by eliminating an automatic increase in Medicaid hospital rates**. This will save taxpayers \$82.6 million annually. The Florida First budget reduces arbitrary add-on payments to hospital rates, **saving taxpayers \$202.3 million**. These add-on payments would have increased payments to hospitals that made record profits last year.

Low Income Pool Model – The Florida First budget provides a Low Income Pool (LIP) model where funds will compensate indigent care at the federally imposed level of \$608 million. To minimize the impact of the new federal LIP policies, the budget provides a revised Disproportionate Share Hospital funding model with funds to safety net hospitals determined by their levels of Medicaid inpatient care and graduate medical education training.

Supporting and Protecting Children – Over the last two years, the Governor has made critical investments to keep kids safe, including \$16 million in core services funding for Community Based Care agencies in 2015, and funding for an additional 270 child protective investigators in 2014. The Florida First budget continues the Governor's commitment to protect and support children across the state by investing **an additional \$22.9 million to hire 272 additional case managers to increase the availability of safety services for at risk children**. This will also increase availability of safety services for families whose children are at risk of being removed from their home. The Florida First budget also invests **\$6.7 million** to support the adoption of children with special needs.

As a father and a grandfather, Governor Scott takes the safety of Florida's children very seriously. Governor Scott understands that the state has to do everything possible to protect victims of child abuse and neglect and the Florida First budget makes investments to better coordinate care across the state and give child welfare workers the necessary tools to work toward stopping child abuse. While the state has made significant steps forward in combatting abuse, Governor Scott firmly believes that one victim of child abuse is one too many.

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The Florida First budget increases funding to the Department of Children and Families (DCF) by \$107 million. DCF's total funding in the Florida First budget is \$3 billion.

Helping Floridians Affected by Mental Illness and Substance Abuse – The Florida First budget invests over \$19 million in additional funding to better coordinate and enhance mental health and substance abuse services at DCF. This funding will work side-by-side with the pilot projects DCF is conducting in Broward, Alachua and Pinellas Counties. By investing in front end services that support individuals in their communities instead of state-run facilities, this funding is fundamental to the efforts outlined in Governor Scott's executive order. The funding includes:

- \$12.8 million for Community Behavioral Health Services;
- \$3.7 million to add more Community Action Treatment (CAT) teams; and
- \$2.8 million to expand Family Intensive Treatment (FIT) teams.

Currently, mental health funding in the state budget comes from multiple state agencies, local organizations and non-governmental entities. Governor Scott wants to better coordinate these organizations to ensure the entire taxpayer funded system is working together to help patients get the care they need in their own communities, instead of in state run institutions. To address this funding fragmentation, Governor Scott signed Executive Order 15-175 in September to better coordinate and enhance mental health services in Florida and established pilot programs in Broward, Alachua and Pinellas counties. These pilots will allow the state to do countywide inventories of all programs available across state agencies that address mental health needs and help better coordinate care across the state.

Historic Investments to Help Individuals with Disabilities – The Florida First budget invests \$10 million to reinstate funding for the Adults with Disabilities program to serve 12,000 Floridians annually. During the 2015-2016 legislative session, funding was eliminated for the program. The program provides opportunities for adults with disabilities and senior citizens to enhance their vocational and employment skills consistent with their abilities and needs.

For the first time in Florida's history, the Florida First budget invests a total of \$1 billion to enroll all individuals with critical needs from the waiting list onto the Developmental Disabilities Waiver Program at the Agency for Persons with Disabilities. Approximately 700 additional Floridians will be placed into the waiver program with this investment. This is the third consecutive year that Governor Scott has provided funding to enroll all individuals with critical needs to help them live, learn and work in their communities.

The Florida First budget continues to provide \$1 million to help individuals with developmental disabilities obtain and maintain jobs and internships. Since the inception of this program, nearly 1000 Floridians have been served by this program.

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Expanding Graduate Medical Education – The Florida First budget invests an additional \$26.6 million in the Statewide Medicaid Residency Program for a total of more than \$100 million for the first time in the program's history. This program has already created an additional 477 slots and 16 new teaching hospitals in just its first two years.

Healthy Families – \$28.4 million is included in the Florida First budget to expand Healthy Families Florida statewide, an increase of \$1.9 million over last year's funding. This evidence-based, nationally accredited program provides in-home visits to further protect Florida's most vulnerable children.

Guardian Ad Litem – The Florida First budget provides over \$1 million to continue Governor Scott's commitment to ensure that 100 percent of dependent children in out-of-home care are represented by a guardian ad litem. This funding will be used to hire 19 additional fulltime staff that will serve approximately 2,000 youth in need.

Caring for Seniors – The Florida First budget includes \$1.7 million in new funding to enroll 150 additional individuals onto the Alzheimer's Disease Initiative Program, and another \$2 million to enroll 330 additional individuals onto the Community Care for the Elderly Program at the Department of Elder Affairs.

The Florida First budget also continues \$3 million for the Statewide Public Guardianship Program to operate on a statewide basis. This program provides guardianship services to persons who do not have adequate income or assets to afford a private guardian.

Improving Cancer Care and Research – The Florida First budget continues to invest more than \$82 million in cancer care and research. This includes the enhancement of the statewide Cancer Registry at the Florida Department of Health. This registry is the largest population-based, cancer incidence registry in the nation. These enhancements will allow the registry to collect information on cases which not only in occur hospitals, but in community oncologists' offices which are the frontline of cancer treatment.

Making Florida First for Public Safety

Governor Scott understands that Florida can only prosper when communities are safe. Because of the hard work of Florida's law enforcement officers, Florida's crime rate is at a 44-year low, even as Florida's population continues to grow. Similarly, juvenile delinquency has significantly decreased, with a 32 percent reduction in youth arrested over the last five years.

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Governor Scott also recognizes that evidence-based diversionary and reentry programs help to reduce recidivism. His emphasis on such programs has helped to reduce Florida's recidivism rate to 25.7 percent – an all-time low. This translates into fewer crime victims and safer neighborhoods. Public safety is the foundation upon which Florida will become the number one state in the nation to live, work, and visit.

Florida First in Prison Reform – Governor Scott supports reforming Florida's prisons. Last year, the Governor secured \$10 million for the Department of Corrections (DOC) to maintain and repair facilities statewide, and strategically invested \$16.5 million to allow the DOC to hire more than 900 additional correctional and correctional probation officers. The Governor also secured \$1.6 million to install audio and video equipment in all dorms statewide, and \$2.2 million to replace aging inmate transport and community corrections vehicles.

The Florida First Budget continues Governor's Scott's commitment by increasing DOC's budget by \$82 million.

Since the appointment of Secretary Jones, DOC has enlisted the third-party, independent expertise of the National Institute of Corrections and the Association of State Correctional Administrators to assess and evaluate DOC's statewide operations. These independent analyses provided fact-based assessments on how to best invest taxpayer dollars to make prison facilities safer and enhance reforms.

To build on last year's reforms, the Florida First budget invests \$36 million to make critical repairs and renovations to correctional institutions to make facilities safer for correctional employees as well as the inmates. This investment will also result in long-term energy and maintenance savings. The Florida First budget also works to keep Floridians safe by providing an additional \$4 million for reliable vehicles for correctional officers to transport inmates and to supervise offenders.

Bed capacity and staffing is crucial to the safe operation of Florida's prisons. That's why the Florida First budget provides \$28 million to hire an additional 472 correctional officers at facilities statewide and to ensure the prison system has sufficient flexibility to house inmates at the appropriate correctional facility.

Governor Scott is also committed to mental health reform. Since May 2015, the Governor has issued three Executive Orders that direct DOC to take a variety of measures to improve inmate mental health care. The Florida First budget also enhances the provision of mental health care by increasing the Department's health care budget by \$14 million.

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At Risk Youth Programs and Prevention Services – Under the Governor’s leadership, Florida has become a national leader in applying effective intervention strategies for at-risk youth. The Florida First budget continues efforts to reduce juvenile crime through effective investments in preventative programs, intervention, and treatment care for children at risk of criminal behavior. Over the past four years, the decreases in costly juvenile detention and residential commitment programs have saved the state more than \$87 million, while redirecting Florida’s at risk youth to leading successful and productive lives. Investments that benefit Florida’s at-risk youth in the Florida First budget include:

- **PACE Center for Girls** - \$1.3 million to expand the PACE Center for Girls by 75 openings statewide;
- **About Face Program** - \$1.25 million to provide summer and after-school life preparation programs;
- **Boys and Girls Clubs** - \$1 million to expand Boys and Girls Clubs programs statewide.
- **Forward March Program** - \$750,000 to provide job readiness services at selected Florida armories for Work and Gain Economic Self-Sufficiency recipients and other qualifying young adults; and
- **Youth Challenge Program** - \$127,240 to support the Youth Challenge program at Camp Blanding by providing additional replacement equipment.

Reducing Juvenile Delinquency – The Florida First budget ensures that the Department of Juvenile Justice (DJJ) has the resources it needs to reduce juvenile delinquency. It provides \$8.9 million to maintain and repair juvenile facilities statewide to make facilities safer and to provide a better environment for youth undergoing treatment. This increases the safety of the youth in DJJ’s custody, and also protects Florida’s investment in its infrastructure.

The Florida First budget also provides \$1.9 million to improve youth-to-staff ratios at DJJ’s non-secure residential facilities, which has been proven to reduce youth arrests by 66 percent and escapes by 50 percent.

Supporting Florida’s Law Enforcement Officers – The Florida First budget continues to ensure that law enforcement officers have the tools they need to investigate and fight crime in communities. The Florida First budget invests \$8.5 million for the Department of Law Enforcement (FDLE) to fund a variety of enhancements for Florida’s state crime

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laboratories. This includes funding for lab equipment, DNA database upgrades, and crime scene vehicles. It also provides a competitive pay adjustment for crime laboratory employees that will help retain skilled and experienced personnel. The Florida First budget also provides \$400,000 for overtime pay for crime lab employees that process evidence, including rape test kits.

This funding will reduce the turnaround time for processing evidence, including rape test kits, which will help Florida's law enforcement officers solve crimes more quickly and keep more Floridians safe.

FDLE maintains more than 200 databases used daily by Florida's law enforcement officers to investigate crimes, track dangerous felony offenders, and to locate missing and endangered persons. The public also uses these databases to run background checks and to identify where sexual offenders reside. The Florida First budget provides \$7.3 million to ensure that these databases are secure, reliable, and accessible.

The Governor's budget also provides \$2 million to the Florida Violent Crime and Drug Control Council. This will enable FDLE and local law enforcement agencies to better respond to emerging crime trends.

Making Strong Communities First

Florida First for the Military – The Florida First budget recommends \$16.3 million for Florida's Military Presence and Families, which funds the state's support of military research and development. The Florida First budget includes \$2 million for the Florida Defense Support Task Force, \$1.6 million for the Defense Infrastructure Program, and \$3 million for military base protection, including additional security measures for National Guard armories. The Florida First budget includes \$8 million for National Guard armories and \$1.7 for armory maintenance.

Florida takes great pride in making sure it is first among states in supporting military bases and the thousands of military families. Florida is first for military armory renovation and maintenance and since 2011, Florida has invested over \$107.3 million for military base and military family support.

Expanding Crisis Support Services for Veterans Statewide – The Florida First budget builds on Florida's success as the most military and veteran friendly state in the nation by providing \$700,000 to expand the Crisis Center Support Line for Veterans beyond the Tampa region. This new, statewide dedicated telephone line (1-844-MYFLVET) will help veterans in need who are facing delays at the federal level by connecting them with local call centers where they can receive referrals to community

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health services and other community resources, including employment, financial, legal, transportation, housing, and other assistance. More than 4,300 veterans in all 67 Florida counties will benefit - an almost fivefold increase over the program's current capacity.

Disaster Preparedness Response, Recovery, and Mitigation – Since 2011, Governor Scott has overseen the investment of over \$1 billion to ensure Florida is first in the nation for disaster preparedness and recovery. The Florida First budget invests \$218.8 million in financial assistance to state and local governments for emergency public awareness, outreach programs, and disaster mitigation programs.

Affordable Housing – Since 2011, Florida has invested over \$488 million, including \$175 million last year, to put Florida's affordable housing among the best in the nation. The Florida First budget recommends \$131.4 million for affordable housing - \$97.4 million for the State Apartment Incentive Loan (SAIL) program and \$34 million for the State Housing Initiative (SHIP) program. SAIL provides low interest loans to developers who build or rehabilitate affordable housing projects. The Florida First budget provides special consideration to properties that target demographics such as the elderly and those with special needs. SHIP funding will be focused on providing first-time home buyer down payment assistance for very low to low and moderate income families.

Small Community Development Block Grants – The Florida First budget recommends \$36.5 million in small community development block grants programs focusing on low and moderate income persons, improving housing and supporting infrastructure improvements.