



Governor Bush Releases His Budget Recommendations

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Last week Governor Bush announced his budget recommendations for fiscal year 2005-06, which begins July 1st. The budget recommendations continue the conservative fiscal policies that have become a hallmark of the Bush administration.

The governor recommends total spending of \$61.6 billion, which is just 1.6 percent more than last year. The budget continues his policy of making state government smaller and more efficient. The spending limit of 1.6 percent compares to growth in personal income of 5.6 percent, or in population of about 2.5 percent. The budget provides for \$285 million in additional tax relief.

This most austere total budget picture is a bit kinder and gentler when the general revenue fund, from which most education, health, and protection services are funded, is examined separately. Florida's strong economic recovery and the surge in sales tax revenues generated by the hurricanes combined to increase total general fund revenues by \$4.4 billion this year. The sales tax surge is, hopefully, a one-time event caused by hurricane related spending for roofs, generators, and the like.

The budget focuses this increase in funds on education. Education spending is proposed to increase by \$1.4 billion. Spending per student would increase to \$6,370. There is also money for the new pre-kindergarten program. Governor Bush has proposed profound reforms to Medicaid, as we discussed last week, transforming it from an entitlements program into an insurance program. The budget offers \$707 million to fund the transition. This is a sharp slowing in the growth in Medicaid expenditures. The budget also includes a significant increase in transportation spending of \$5-6 billion.

Continuing in its conservative pattern the budget provides almost \$500 million in cash expenditures in lieu of borrowing. These funds would be spent to make a downpayment of \$85 million on increasing classroom facilities in line with the constitutional requirement to reduce class size in Florida. The balance of the monies are spent for the land purchase program Florida Forever and for the Save Our Everglades program.

All told, the governor's budget continues his policies of the last six years: keep a tight rein on spending and cut taxes whenever possible; build up reserves and shrink the size of government relative to the size of Florida's economy. Finally, spending is focused primarily on education. Now it's up to the legislature.

This is Hank Fishkind for 90.7 FM, WMFE News.

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