



## **Governor Bush's Budget for Fiscal Year 2004-2005**

January 28, 2004

Last week Governor Bush unveiled his budget for the fiscal year to begin October 1, 2004. Consistent with his conservative philosophy, the Governor proposes a very modest \$55.4 billion budget, reflecting an overall increase in spending of \$1.4 billion, or just 2.6 percent. The Governor believes that the state should "live within its means," and by this he concludes that the growth in state spending should not exceed the growth in state personal income. But this year personal income is projected to increase by 5.6 percent, so the budgeted increase of 2.6 percent is ultra conservative. More on this later.

The biggest increase in the budget is for Medicaid, which will grow by \$1.1 billion and will account for almost 25 percent of the total budget. Education spending on K-12 is projected to grow by \$1 billion; this is \$6,100 per student, up 4.85 percent including the costs for a projected increase of 55,000 new students. Other major increases include \$275 million – a 4.7 percent increase – in transportation spending to fund one of the largest volumes of new contracts in state history. Spending for community colleges and universities will rise by \$245 million, and \$220 million will go for our courts.

The budget and the Governor's message are as interesting for what they focus on as for what they fail to mention. The focus on Medicare, education, and transportation are appropriate. However, the budget message fails to note that it proposes spending \$3,134 per person compared to last year's \$3,115, which is an increase of only 6/10ths of one percent! Furthermore, the budget failed to mention the fact that just one week later the state's unemployment compensation fund had fallen so alarmingly that it triggered an automatic tax hike of \$115 million on Florida's employers.

The Governor's budget does note that there will be additional budgetary pressures this year and in the future due to voter mandated spending increases for class size reduction, some \$2 billion per year exclusive of capital costs, pre-

kindergarten education at \$1 billion, and the high speed rail. Yet beyond bemoaning these constitutional imperatives, the budget fails to address or to prepare the state for these requirements.

The reality is that Florida will have to raise its sales tax, broaden the sales tax base, or do some of both to fund our budget in a responsible way while at the same time meeting the constitutional requirements for additional spending. To do otherwise is folly. I have been told that the activists that supported these constitutional amendments stand ready to sue the state to require the necessary funding this year. It would be far better for the legislature to act first.

This is Hank Fishkind for 90.7 FM, WMFE News.

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