



The 2004 Legislative Session and The Florida Economy

March 3, 2004

The 2004 legislative session began today. Since this is an election year, not only will the process go more smoothly than in years past, but also there will be great focus on currying favor with voters and raising money from lobbyists. And of course the state's business will get done as well.

Florida is leading the national economic recovery, and this surge in growth has generated more than \$2 billion in added state revenue. But as welcome as this additional funding is, Florida still has significant budget challenges this year. Some of these stem from the structure of our economy and others come from voter mandated programs.

Florida has relatively low taxes that are, in part, responsible for the state's excellent business climate and attractiveness. But Florida's economy continues to be driven largely by retirement and tourism, giving rise to a large pool of relatively lower paid workers, many of whom lack health insurance. As a result, Florida's Medicaid costs have soared. This year the governor projects that Medicaid program costs will jump \$1.1 billion, and that is just to serve the increased caseload of almost 90,000. More than two million Floridians receive Medicaid support, and Medicaid now consumes 25 percent of the state's budget. Furthermore, Florida's rapid population growth produces soaring numbers of new school age children. To keep up and to improve spending per student, the budget burden is another \$1 billion this year.

These strains are compounded by constitutional mandates. Meeting the requirements of the class size amendment will cost about \$900 million this year, and a lot more in the future. Added to this are costs to fund high-speed rail, pre-kindergarten education that begins in 2005, and the state takeover of the court system. Together these will absorb more than \$500 million.

To meet these challenges the governor calls for repealing the class size amendment and the high-speed rail, and he wants to reform Medicaid. It is unlikely that any of this will happen. The latest opinion polls indicate that voters like the class size amendment, and that they are willing to pay for it. And while cutting taxes is always popular, investing in Florida's healthcare and educational systems would generate even greater dividends at this stage in our state's development.

There is no doubt that Florida's Medicaid system needs overhaul, but there is equally no doubt that the state needs to invest more in healthcare. And there is little debate that for the class size program to work effectively, additional guidance and cost saving measures are needed. But no matter what, the program will cost more money. Perhaps the polls are right and the people are more willing to pay for the programs they voted for than the governor is giving them credit for. Maybe the legislature could give that option some discussion.

This is Hank Fishkind for 90.7 FM, WMFE News.

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