



CHARLIE CRIST
GOVERNOR

December 23, 2008

Chief Justice Peggy Quince
Florida Supreme Court
500 South Duval Street
Tallahassee, FL 32399

The Honorable Jeff Atwater, President
Florida Senate
409 The Capitol
404 South Monroe Street
Tallahassee, FL 32399-1100

The Honorable Ray Sansom, Speaker
Florida House of Representatives
420 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300

The Honorable Ken Pruitt, Alternating Chair
Legislative Budget Commission
201 The Capitol
404 South Monroe Street
Tallahassee, FL 32399-1100

The Honorable David Rivera, Alternating Chair
Legislative Budget Commission
418 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300

Dear Chief Justice Quince and Members:

On December 18, 2008, I certified the results of the Revenue Estimating Conference that projected available General Revenue Funds will be \$2,142.3 million less than General Revenue Fund appropriations by the end of the current fiscal year. Since that time, my staff has identified an additional \$172.7 million as potential current year obligations against the General Revenue Fund, the majority of which is related to Medicaid enrollment increases (approximately \$144.6 million). Taking into consideration the most up-to-date information available, the funding gap in the current year is projected to be \$2,315 million.

Chapter 216, Florida Statutes, requires the Governor to provide a plan of action to eliminate a projected General Revenue Fund deficit to the Legislative Budget Commission and the Legislature. I hereby submit the my plan to balance the 2008-2009 General Revenue Budget to the Legislature as required by Chapter 216, Florida Statutes.

In an abundance of caution, on June 23 of this year, I notified all agencies that we would withhold up to 4 percent of their available appropriations. Economic forecasts over the summer and into the current fiscal year suggested challenging economic times. This early notice provided agencies the opportunity to strategically plan for possible reductions to their individual budgets. I believe schools, environmental and general government delivery programs have taken heed and wisely restricted hiring, frozen travel, and reduced administrative expenses throughout the course of this year. To that end, a component of my balancing recommendations involves reductions to the current fiscal year appropriated budget. I would like to draw to your attention that none of these recommendations involve furloughs or layoffs. Our state employees provide an invaluable resource to all Floridians and should be commended for their continued service.

When developing this plan, it was of paramount concern to me that we continue to provide critical services to the most vulnerable Floridians – our elders, disabled persons and children. It was also very important to me that we preserve our investment in Florida's classrooms and our teachers. With these concerns at the forefront, I offer the following options to balance the budget:

- Reduce Spending (Attachment # 1) \$ 561.5 million
("Holding harmless" delivery of direct services in the Health and Human Services budget and limiting reductions to K-12 education to the 4% holdback level.)
- Use Available Reserve Balances (Attachment # 2) \$ 325.3 million
- Use Unexpended Fixed Capital Outlay Appropriations (Attachment # 3) \$ 88.9 million
- Bond Current Year Prison Construction Costs \$ 314.0 million
- Use Seminole Indian Gaming Compact Funds \$ 135.0 million
- Use Additional Budget Stabilization Fund Reserves \$ 290.3 million
- Use Lawton Chiles Endowment Trust Fund Reserves \$ 600.0 million
\$2,315 million

As indicated above, my plan for addressing the Fiscal Year 2008-2009 deficit includes utilizing \$135 million from the Seminole Indian Gaming Compact. In order to use these funds, I urge your quick action on the compact between the State of Florida and the Seminole Tribe of Florida.

I have not included potential relief from a Federal Economic Stimulus Plan as an option at this time due to the uncertainty of what that plan may include for Florida. To the extent that we obtain fiscal relief from the federal government in the current fiscal year, I would recommend using the federal money for its intended purpose which may in turn allow funds to be redirected to enhance K-12 education funding.

I look forward to presenting to the Legislature a number of initiatives that, if adopted, will have a positive impact to Florida's economy. It is my hope that you will consider adding an economic stimulus package to the upcoming legislative session. I look forward to working with you in the coming weeks to finalize options to balance the General Revenue Fund budget.

Sincerely,



Charlie Crist

Attachments

cc: Commissioner Charles Bronson
Attorney General Bill McCollum
Chief Financial Officer Alex Sink
Senator J.D. Alexander
Senator Lee Constantine
Senator Mike Fasano
Senator Rudy Garcia
Senator Charlie Justice

Senator Al Lawson
Representative Marcelo Llorente, Vice Chair
Representative Dean Cannon
Representative Bill Galvano
Representative Will Weatherford
Representative Joseph Gibbons
Representative Ron Saunders