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Gov. Scott proposes spending cuts, lower taxes

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Phelan M. Ebenhack / AP

Florida Gov. Rick Scott announces his new budget during a Tea Party event in Eustis, Fla., Monday, Feb. 7, 2011.

EUSTIS – At a highly partisan tea-party event on Monday, Gov. Rick Scott unveiled his first budget proposal, one that makes sweeping changes to state government by slashing billions in taxes and spending.

Scott proposed spending almost \$66 billion — \$4.6 billion less than this year's budget. Scott also wants to eliminate 7 percent of the state's government jobs, which would mean about 6,700 state-worker layoffs. He wants even more cuts the following year.

Scott's proposal was cheered by conservative activists and businesses, but it provoked a lukewarm response from fellow Republicans in the state Capitol. Democrats, unions and state workers could barely contain their bitterness over

Scott's calls to cut billions from schools, pensions and health programs.

Though cutting state jobs would temporarily add to the state's unemployment rate, Scott said his "jobs budget" would improve the economy by shrinking state government and cutting \$2.4 billion in revenue, from major school-property taxes to the little known alligator-egg collection permit fee.

"As long as 1.1 million Floridians are out of work, we can't afford a government that runs wild with taxes, regulations and excessive spending," Scott told the enthusiastic crowd of 1,000 conservative activists.

"Reviewing a governmental budget is much like going through the attic in an old home. You come across some priceless things you need to protect," Scott said. "But there are a lot of odd things someone once thought we needed. Much of it we've outgrown. And it just doesn't fit anymore. Over the last month, I've spent a lot of time in that attic. And I'm cleaning it out."

But critics say he's burning down the house.

State Sen. Eleanor Sobel, D-Hollywood, noted the big cuts to education: \$4.8 billion in the first year. She said that would hurt the state's kids, its educational environment and the state's business climate.

"The No. 1 question businesses ask when they come here is how is the education system," Sobel said. "If you're cutting money at that level, you're not going to attract the kind of businesses that we want to have."

Scott actually rolled out two budgets in one and proposed even more cuts in two years, when the budget would be even smaller, \$63.3 billion. The current budget is about \$71 billion.

Scott's fellow Republicans who run the House and Senate, Dean Cannon and Mike Haridopolos, issued tepid statements that fell far short of an endorsement. They have questioned the wisdom of cutting state

revenue when next year's budget faces a \$3.6 billion shortfall. In the end, the Legislature has to pass the budget during the 60-day spring lawmaking session that starts in March.

Business groups lauded Scott's proposal to cut corporate-income, property and unemployment compensation. But their voices might not be able to drown out the chorus of critics in the Capitol.

Scott's bold budget proposal is widely viewed in the state Capitol as an extremely tough sell because it asks legislators to make too many cuts and major changes to government in so short a time. Aside from cutting taxes and spending, he wants legislators to make state employees contribute to their pension funds and expand school-choice programs that could lead to lawsuits from the teachers' union, who say the budget unconstitutionally damages public education.

Scott is reducing per-pupil K-12 spending by \$703 – a roughly 10 percent reduction from current spending. But school boards say the governor's office has informed them that, since he's proposing to reduce taxpayer-backed pension costs, school boards can use the savings to boost spending.

Scott's budget team has told education groups that the per-student cut would be smaller – about \$300 – if school districts used pension savings and the very type of federal stimulus money that Scott said was a type of accounting "gimmick." Scott, who said Thursday he would "keep the school budgets the same," backtracked on that pledge Monday, when he insisted that he wanted to keep the state's share of education spending the same. Regardless, his budget cuts the state's share of K-12 school spending by \$154 million overall.

Though Scott said he's living up to his campaign promises, he backed off his pledge to trim property taxes by \$1.4 billion in the first year of administration. He's cutting \$1 billion in property taxes over two years and nearly \$1.5 billion in corporate income taxes in the same time frame.

Overall, Scott is proposing a modest increase in healthcare spending — \$690 million — but it's unclear if that would represent a reduction in the Medicaid program, which is growing faster than state tax collections.

Factor in the growth rates of Medicaid, and Scott wants to trim \$3 billion from the program over two years. He wants to expand managed care, cut provider reimbursement rates 5 percent and reduce spending for the Medically Needy program serving the catastrophically sick.

He also wants to gut the state's homelessness-assistance office and the observance of the Dec. 21 Homeless Person's Memorial Day.

Scott isn't shrinking all government services, though. He's increasing the small size of the staff of the Executive Office of the Governor, for instance. He wants \$800 million more to spend on economic development projects.

Scott's initial budget roll-out in Eustis had the look and feel of a highly partisan, heavily scripted campaign event. The venue underscored Scott's eagerness to make what is normally a staid, policy-laden event into one that turned the budget into a political declaration. Inside the cavernous First Baptist Church of Eustis, Scott stood in front of a made-for-TV backdrop that said "Reducing Spending & Holding Government Accountable."

The church, which seats 800, was filled to overflowing, and people waved miniature American flags and sang God Bless the USA and God Bless America. Warm-up speakers criticized President Obama, Secretary of State Hillary Clinton and U.S. Sen. Bill Nelson, and praised Roger Vinson, the federal judge in Pensacola who last week struck down the Obama health plan as unconstitutional.

Before the public event, Scott hosted a private lunch for tea party activists at a nearby civic center. Activists said they would push for Scott's budget in the same way they fought health care reform.

"This budget will reshape the state, and we want all of our legislators to know we're behind this," said Apryl Marie Fogel, state director of Americans for Prosperity Florida.

Within an hour of posting the budget online at the governor's LetsGetToWork.net site, the site crashed. The governor's office reported that the system couldn't handle the more than 50,000 simultaneous users.

The agency with the deepest cuts is the Department of Community Affairs, the growth management oversight agency whose functions Scott proposes folding into the Department of Environmental Protection. Scott also wants to cut and control water-management district budgets.

The prison system loses most staff under Scott's budget, with 1,690 jobs eliminated. But rather than reduce the prison program by \$1 billion, as Scott suggested on the campaign trail, the budget measure is just a \$82 million reduction in spending over the governor's first year. Scott wants to privatize prisons, close two facilities and privatize three state mental institutions and many juvenile-justice programs.

Scott noted that many state workers will complain about the reductions but, he told supporters, "What we have to remember is we're doing this for the sake of our children and grandchildren."

In the end, he said his governing philosophy is simple. "I believe taxpayers will spend the money more wisely than government," he said.

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