

Good News: Florida Senate President Not Expecting Major Budget Cuts

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On April 2, Florida Senate President Bill Galvano sent a memo to all senators discussing the fiscal impact of COVID-19 virus on the state's budget. In general terms, Galvano said that Florida will carry a \$2 billion reserve balance into fiscal year 2020 (starting July 1 and running through June 30, 2021). The projected balance in May 2019 was expected to be \$1.9 billion, but collections in January and February 2020 were particularly robust. The carry forward number is further enhanced with moneys from the federal government under the additional Medicaid matching funds provided by the Families First Act.

Not surprisingly, Galvano indicated that he expected collections in March and April to be less than originally predicted in 2019. Although the state is awaiting updated economic data to update forecasting, Galvano indicated that he is predicting a

recession for Florida and the nation. However, he believes the State of Florida will not significantly cut its budget for 2020/21. He explained that in addition to the reserve, the CARES Act is expected to provide \$12 billion to Florida. Of that \$12 billion, \$8.3 billion is available for local (\$3.7 billion) and state (\$4.6 billion) budget stabilization, with the remaining \$3.7 billion available for specific (but not identified) programs within the state.

Galvano also suggested that Governor DeSantis's exercise of his line-item veto power will further increase the fiscal buffer available to the state.

So what does this mean? While only Galvano knows exactly what he means, he is clearly signaling that Florida will be able to weather the current pandemic storm and that spending cuts are unlikely to come in an unthoughtful way. This should help to stabilize Florida's economy in its own right. It would also appear that those state government contracts and government projects are likely to stay on track so long as the premise upon which the project was based was not undermined by the COVID-19 virus.

The CARES Act information is also welcome news because it suggests that there will be federal assistance to state and local government to help further stabilize government spending. With these stabilization funds coming available, companies and organizations that contract with local governments should expect to see funding continue-perhaps with a hiccup or two-rather than dry up.

Of course, the Senate President cannot guarantee any particular outcome, and given the rapidly developing nature of the current crisis, plans may change. Indeed, Galvano signals in his memorandum that the state awaits more economic data.

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