



## STATE BUDGET DEVELOPMENT PROCESS

The Florida Constitution requires the Florida Legislature to develop and pass a balanced state budget each year. Indeed, this is the ONLY bill that Legislators are required to pass each year. Unlike the federal budget, the state budget – formally known as the General Appropriations Act (GAA) – must be balanced. While it may seem like all of the budget development work occurs during the Legislative Session, this is actually a year-round project that involves several steps.

### **Step 1: Agency Instructions**

In July of each year, the governor and legislative leadership provide written instructions to state agencies to develop their budget requests. These guidelines may request that some or all state agencies submit budget requests reflecting a specific budget reduction percentage.

### **Step 2: Revenue Projections**

In August and September, a Long-Range Financial Outlook Report must be developed that compares projections of state revenue with the cost of major programs in the annual budget. State law dictates that the report provide a three-year picture of Florida's fiscal strategy. Much of the work to develop the report is carried out by the Office of Economic and Demographic Research (EDR).

### **Step 3: Agency Planning**

Once the Outlook is produced, state agencies and the judicial branch create their own Long-Range Program Plan (LRPP). The plans outline the next five years of priority programs, project needs, and agency implementation goals. LRPP's are due annually by the end of September.

### **Step 4: Budget Requests**

During October through January, state agencies and the judicial branch use their LRPP and the Long-Range Financial Outlook to shape their annual Legislative Budget Requests (LBRs) that provide a breakdown of the amount of money each agency needs to perform the functions authorized and required by law. LBRs are due from each agency by October 15 of each year. The agencies then explain their budget requests to the various legislative appropriations committees during Interim Legislative Committee meetings held prior to the opening of the Legislative Session.

### **Step 5: Governor's Budget Recommendation**

The governor uses the LBRs to make a budget recommendation. State law requires the governor to submit the budget recommendation at least 30 days before the beginning of the legislative session. In accordance with Article III, Section 3 of the Florida Constitution, the legislative session convenes on the first Tuesday after the first Monday in March of each odd-numbered year, and on the second Tuesday after the first Monday in January of each even-numbered year. As a result, in even-numbered years, the governor's budget recommendation must be released no later than December and, in odd-numbered years, no later than February.

### **Step 6: House and Senate Appropriations**

The Florida House and Senate begin to craft what will become the state's budget during the legislative session, and turn to the governor's recommendations and the Legislative Budget Requests as resources. Using revised figures provided by a conference of state economists and information gathered during appropriations committee meetings, the legislative leadership decides how much each subject area -- such as education -- has to spend. The various appropriation committees create their chamber's version of the budget. The appropriation bills are filed, open to amendment by all members, and passed by each chamber.

### **Step 7: Budget Conference**

Near the end of each legislative session, Joint Budget Conference Committees are formed to negotiate over differences between the House and Senate budget bills. Issues that cannot be agreed upon by each chamber's subject area committees are 'bumped' to the House and Senate Appropriation Committee chairs who continue negotiations. If differences still remain, the issues are bumped to the President of the Senate and Speaker of the House who eliminate any outstanding differences between the two budgets. The result of these budget negotiations is filed as the Conference Committee Report.

In accordance with Article III, Section 19, there must be a 72-hour "cooling off" period after the Conference Committee Report is released to allow for review before either chamber may vote on approval of the Report. The Conference Report may not be amended and must be approved in its entirety. If a chamber fails to adopt the Conference Report, the conference process must begin over again in the same session (if time permits) or in an extended or special session.

### **Step 8: Governor's approval and veto power**

The budget is then delivered to the governor for review and approval. The governor has the option to use a line-item veto, which allows the him or her to cancel specific appropriations. A two-thirds majority vote is needed to overturn any budget item vetoed by the governor.

## **Glossary of Key Terms of the Budget Process**

**General Appropriations Act (GAA)** – One bill that authorizes spending of public money for the fiscal year that begins on July 1 of the current year and ends on June 30 of the succeeding year. It contains a line-item list of all of the state's expenses by category (e.g. education, human services, etc.) as well as employee salaries and infrastructure projects.

**Proviso** – Language included with a specific appropriation line-item in the GAA typically restricting, qualifying, and/or making state funding contingent upon a certain event or fact.

**Implementing Bill** – One bill that contains directions to execute the GAA. Like the GAA and Proviso, this bill is effective for one fiscal year only.

**Conforming Bill** – A series of bills that amends Florida Statutes permanently to fall in line with the General Appropriations Act.

**Back-of-the-Bill** – A portion of the GAA that provides funding for shortfalls and/or for reversions from surpluses for previous or future fiscal years. It also serves to cleanup other paperwork issues.

**Budget Conference** – Negotiations between the House and Senate after the two have failed to pass the same budget. The negotiations end when both chambers agree on the exact same budget.

**Allocation** – A non-binding agreement between the House and Senate providing a specific amount of money in each budget category that the Conference Committee has to spend going into budget conference negotiations.

**Supplemental Funding Initiatives** – These are the final budget items to be resolved in negotiations and are contingent upon available funds. They are often items that were funded in either the House or Senate budget and/or enhancements to existing line items.