

Florida revenue projections may worsen - Sink calls for special legislative session

By: Bill Cotterell

FLORIDA CAPITAL BUREAU POLITICAL EDITOR

November 11, 2008

The state budget director said Monday economists might reduce Florida's already-shrunken revenue projections by up to \$1 billion next week.

But Office of Budget and Policy Director Jerry McDaniel said he does not expect agencies to lay off employees in this fiscal year. He met with Gov. Charlie Crist for about 45 minutes to go over options and said the governor appears uninterested in any tax increases.

Chief Financial Officer Alex Sink, who has asked Crist to borrow up to \$1.25 billion from trust funds to meet operating expenses, said in a separate interview that the Legislature should have a special session in mid-December or early January to grapple with the state's fiscal woes.

Since any monies siphoned out of trust funds will have to be put back before the end of the fiscal year, Sink said the situation can't wait until the regular 2009 session starts in March.

"I think if there were going to be any layoffs, that likely would have already occurred from last session's budget," McDaniel said as he left Crist's office.

He noted that the governor and legislative leaders told agencies last June they would not get 4 percent of their operating funds — spread 1 percent per quarter — and the state last August lowered its projection of tax collections by \$1.4 billion for this year.

He said agencies are not filling vacancies, cutting travel and equipment purchases and postponing new programs as much as possible.

The general-revenue estimators, a panel of economists and planners from executive and legislative agencies, will meet Nov. 21 to revise projections for the current year and the one starting July 1.

McDaniel said the cut "could be as much as \$1 billion for the year we're in now" and that initial projections for fiscal 2009-10 will also be lowered.

He said Crist listened and they discussed some options but no decisions were made.

"The governor has not mentioned to me any interest in a tax increase," he said.

Sink's fiscal-services director, Kimberly McMurray, wrote to McDaniel on Oct. 30, asking that Crist authorize \$1.25 billion in borrowing from trust funds. Under a previous \$750 million authority, her letter said, the state took \$300 million on Oct. 17 to head off a general-revenue shortfall — but it now needs another \$700 million.

Therefore, McMurray asked for an additional \$500 million transfer authority, "bringing the total authorized amount for the year to \$1.25 billion."

After the Nov. 21 estimating conference, Sink said, Crist and the new House and Senate leadership should decide on special session dates to deal with finances. Some legislative Democrats have proposed raising taxes, but the GOP leadership and Crist have been adamant that a tax hike would just make the recession worse.

Sink said something needs to be done soon because waiting for the regular session in March will leave state agencies and legislators only one quarter to absorb whatever new cuts are required.

"These are going to be really tough decisions to make," Sink said. "The new leaders and the governor are going to need time to comb through those budgets once again and make some surgical decisions about programming. I'm thinking mid-December or very, very early January."