

# Florida FY 2013 Budget: Consolidation on the Horizon in the Sunshine State

Posted At : February 29, 2012 11:04 AM | Posted By : Randi Powell

Related Categories: Homeland Security, Social Services, Budget, Procurement, Government Reform, Public Finance, Technology Trends, Health Care, Information Security, Fiscal Update, Justice/Public Safety & Homeland Security, Forecasts & Spending, State & Local, Policy & Legislation

As Florida Governor Rick Scott enters the second year of his first term, he confronts similar budget obstacles for FY 2013 as he did in FY 2012, with declining tax revenues and a deficit in the billions. Scott also faces another year of slow economic recovery, in addition to a population boom of more than 250,000 new state residents and depleted federal stimulus funds. Despite these challenges, Scott is pressing on with last year's initiatives of trying to achieve a smaller government through reduced spending, and trying to boost private sector growth through tax cuts and deregulation. Scott presented his FY 2013 state budget recommendations on Dec. 5, 2011, with numbers that fell in lockstep with those initiatives.

The governor's overall FY 2013 budget recommendations increased only .85 percent from his FY 2012 budget. However, IT spending among all state agencies significantly increased by 22.78 percent. It seems Gov. Scott has learned from his first budget last year, and those lessons were showcased in this year's recommendations. Scott highlighted his top priorities for FY 2013 with decreases in health care and corrections, and increases in education. Due to backlash Scott received last year for making more than a billion dollars in cuts to education, it seems he decided to change course and reinstate those funds while vocalizing a renewed commitment to prioritize education. Needing to make cuts somewhere, Scott turned his sights toward health care, specifically Medicaid, as it received the largest cuts – more than \$1.5 billion. Corrections also saw more than \$130 million in cuts, due in large part to Scott's plan to consolidate correctional facilities and privatize both prison system operations and health care services. The privatization of the state prison system may have a huge affect on how technology devices, systems, and services are procured for justice and public safety in the future.

For IT-specific spending, the top vertical increases in Gov. Scott's budget are in general government (15.45 percent), transportation (11.89 percent), and social services (323.10 percent). Specifically, the Departments of Revenue, Management Services, Agriculture and Consumer Services, and Children and Family Services all saw an increase in IT budgets for FY 2013. The remaining agencies' IT budget increases were chiefly allocated to support the consolidation and transfer of email services and data processing to state-owned data center facilities. Since 2009, the state has been transitioning agencies' data processing, email, application, and hosting IT service needs to one of these three primary data centers. Currently, there are more than 12 agencies still scheduled to transfer their IT services over the next three to four years. As agencies continue to move their data center services to these primary data centers, the Agency for Enterprise Information Technology (AEIT) projects the state's increased need for more capacity, which could mean more data centers in the future. Big opportunities for data center operation service providers or data center real estate owners could be on the horizon in the next five to seven years.

## Analyst's Take

Since the state of Florida is seeing another tax revenue shortfall and billion-dollar deficit, it's not likely that the state's fiscal health will rebound much this year. In the meantime, I believe Gov. Scott has the foresight to "spend money to save money" in the future, especially if it means greater efficiencies and smaller government. This may translate into the pursuit of updated and modernized IT solutions and systems – the Department of Children and Family Services' high-dollar IT projects and the continued data center consolidation project serve as good examples.

GovWin subscribers have access to expanded analysis of Florida's FY 2013 Executive Budget, including detailed budget data, available [here](#).