

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: HB 5403

INTRODUCER: Justice Budget Subcommittee and Representative Maney

SUBJECT: Correctional Facilities Financing and Capital Improvements

DATE: February 27, 2026

REVISED: 3/2/26

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Atchley	Sadberry	AP	Fav/1 amendment

Please see Section IX. for Additional Information:

AMENDMENTS - Significant amendments were recommended

I. Summary:

HB 5403 conforms existing law to the proposed Fiscal Year 2026-2027 House of Representatives' General Appropriations Act. The bill establishes legislative intent to provide funding to address critical fixed capital outlay needs of the Department of Corrections (FDC). Specifically, the bill:

- Requires the Legislature to appropriate \$250 million in recurring funds from the General Revenue Fund to the FDC, notwithstanding the transfer to the Debt Reduction Program, beginning in Fiscal Year 2026-2027 and continuing through 2066-2067.
- Requires FDC to utilize specifically appropriated funding to develop and implement a capital improvement plan for new and existing correctional facilities.
- Requires such funding to be used for specific priorities and directs the FDC to begin planning and design of one new 4,800-bed correctional institution and one new 600-bed hospital unit, beginning on July 1, 2026.
- Requires FDC to submit recommendations for the use of funds through its annual legislative budget request and submit a specified report upon the completion of new construction projects.
- Authorizes the Division of Bond Finance (division) to issue bonds for specific construction activities under certain circumstances.
- Creates a financing oversight committee to recommend the most cost-effective method of financing construction for new correctional facilities.

The bill notwithstanding the \$250 million annual transfer of funds from the General Revenue Fund to the division for the Debt Reduction Program and requires the Legislature to appropriate \$250

million in recurring funds to the FDC for fixed capital outlay needs. See Section V., Fiscal Impact Statement.

The bill takes effect July 1, 2026.

II. Present Situation:

Capital Improvements to State-Owned Correctional Facilities

The FDC operates 134 facilities statewide, including more than 50 major institutions, annexes, work camps, road prisons, re-entry centers, and work-release centers which house approximately 90,000 inmates.¹ Over the last five fiscal years, the department has been appropriated an average of \$30.6 million per year to address fixed capital outlay needs.² However, the department's average request of \$100.7 million per year for the same period indicates significant remaining need.

In Fiscal Year 2022-2023, the Department of Management Services was appropriated \$5 million to competitively procure a multi-year master plan to address repair, maintenance, or replacement of FDC facilities.³ The contract was awarded to KPMG, LLP, which submitted the master plan ("KPMG report") to the Legislature in December 2023. The KPMG report included the following findings:

- Approximately one-third of FDC physical sites, representing a combined 7,900,000 square feet, were assessed to be in "critical" or "poor" condition.
- Of the facility sites assessed in "critical" or "poor" condition, most are outdated or atypical models from the 1970s and 1980s that have reached the end of their effective life despite the department's best efforts to maintain them.
- Facilities based on the oldest and non-prototypical models were assessed to require nearly \$1.6 billion in immediate needs for remediation, including life safety, building envelope, and security concerns.
- The total expected capital needs of the department are as high as \$6 billion over the next 20 years.
- To maximize available capital outlay resources and manage the growing inmate population, the department will need to construct at least one 4,800-bed prison and one 600-bed hospital by 2030.⁴

In recent years, the Legislature has invested significantly in long-term plans to address deteriorating conditions at correctional facilities. The Fiscal Year 2020-2021 GAA provided \$2 million to contract for an independently-prepared master plan for repair, maintenance, or replacement of FDC facilities, which was subsequently vetoed by the Governor.⁵ The Fiscal Year 2022-2023 GAA provided \$850 million for planning, design, and construction of a new

¹ Florida Department of Corrections (FDC), <https://www.fdc.myflorida.com/institutions> (last visited Feb. 16, 2026).

² The five year average appropriation excludes \$850 million in new correctional facility construction funding that was vetoed from ch. 2022-156, Laws of Fla.

³ Chapter 2022-156, specific appropriation 2781A, Laws of Fla.

⁴ KPMG, *Final Multi-Year Master Plan (FAR-D16). Charting a Path to a Safer, More Efficient Correctional System* (December 27, 2023). [FL-DMS-Final-Multi-Year-Master-Plan-FAR-D16.pdf](#) (last visited Feb. 25, 2026).

⁵ Chapter 2020-111, specific appropriation 586A, Laws of Fla.

4,500-bed correctional facility and 250-bed hospital unit, which was subsequently vetoed by the Governor.⁶ The Fiscal Year 2024-2025 GAA provided \$100 million in recurring fixed capital outlay funding to address the needs outlined by the KPMG report.⁷ However, the \$56.4 million portion earmarked for construction of new or expanded housing units was subsequently realigned in Fiscal Year 2025-2026 to address critical deficits in correctional officer salaries and benefits, which the department has been unable to reconcile for the past two fiscal years.

Division of Bond Finance

The Division of Bond Finance (division) was created within the State Board of Administration to provide capital financing for state agencies and associated entities by issuing and administering a variety of state bonds.⁸ State bonds are used to finance education, environmental, and transportation projects, state facilities, and insurance programs. The Division is administratively housed within the State Board of Administration, and is governed by the Governor, Attorney General, and Chief Financial Officer.

Debt Reduction Program

As of June 30, 2025, approximately \$875 million of funding provided has been deployed by the division to reduce state debt through the debt reduction program.⁹ The program has generated a total budgetary savings of \$1.1 billion, a reduction of debt outstanding by \$964.8 million, and saved the State \$395.4 million of avoided interest cost and purchase discount.¹⁰

During the 2025 session, the Legislature codified the Debt Reduction Program within the division to continue the reduction of state debt by accelerating the retirement of bonds prior to maturity.¹¹ The program is funded through an annual transfer of \$250 million to the State Board of Administration from the General Revenue Fund. The division is required to report on the strategies employed to retire outstanding state debt, the amount of state debt retire, the amount of any necessary or incidental payments made in association with a transaction that realizes debt service savings generated and a recommendation as to whether it is in the best interest of the state for the Legislature to continue the Debt Reduction Program.¹² At the end of the fiscal year, any unexpended funds revert to the General Revenue Fund.¹³

In addition to the \$250 million in recurring funds, the Legislature transferred an additional XX amount for a total of \$830 million for debt reduction in Fiscal Year 2026.¹⁴ The division is expected to deploy the full amount of funding by the end of the fiscal year and recommends that

⁶ Chapter 2022-156, specific appropriations 679A and 684A, Laws of Fla.

⁷ Chapter 2024-231, specific appropriation 715, 716, 718, and 719A, Laws of Fla.

⁸ [Section](#) 215.62, F.S.

⁹ Division of Bond Finance, *2025 Annual Debt Report* (December 2025) available at <https://bondfinance.sbafla.com/media/022phcpf/2025-state-of-florida-debt-report.pdf> (last visited Feb. 25, 2026).

¹⁰ *Id.* at pgs. 1 and 2.

¹¹ Chapter 2025-207, Laws of Fla.

¹² Chapter 2025-207, Laws of Fla.

¹³ *Id.*

¹⁴ Chapter 2025-198, section 271, Laws of Fla.

it is in the best interest of the State for the Legislature to continue the Debt Reduction Program for Fiscal Year 2027.¹⁵

III. Effect of Proposed Changes:

The bill notwithstanding ch. 2025-207, s. 2, Laws of Florida, to require, beginning in the 2026-2027 fiscal year through the 2066-2067 fiscal year, and in lieu of the transfer of the \$250 million to the Debt Reduction Program, the Legislature to appropriate \$250 million in recurring funds to the FDC to develop and implement a capital improvement plan for new and existing correctional facilities.

The bill specifies that, from any funds specifically appropriated for capital improvement projects, the FDC must prioritize the use of funds for:

- Debt service payments or other costs of bonds issued under the bill; and
- To address critical facility needs, including construction of new facilities or maintenance of existing facilities, as appropriated by the General Appropriations Act (GAA).

The bill directs the FDC to begin planning and design on July 1, 2026, for one new 4,800-bed correctional facility and one new 600-bed correctional hospital unit that must include mental health services. The FDC must first seek available state or locally-owned land for construction, including existing prison sites. If state or local land is unavailable, capital improvement funds may be used to purchase land. Additionally, the bill specifies that any site selected must be located where the labor market, potential labor pool, and other factors such as commute distance and cost of living are favorable to provide a sufficient workforce for staffing the facility.

The bill directs the FDC to include recommendations for the use of funds in its annual legislative budget request. The FDC must contract with a construction management entity for scheduling and coordination of design and construction for any project costing \$5 million or more. Upon completion of the construction of any new correctional institution, the FDC must submit a recommendation to the Legislature for the closure of existing facilities which are perpetually understaffed or present excessive maintenance costs.

The bill authorizes the Division to issue bonds to finance the construction of a new facility. Proceeds from such bonds may not be used for maintenance or repair of existing facilities. The FDC must request, and the Division must issue, bonds as directed in the GAA. Other than bonds issued for refinancing, bonds may not be issued under the bill's provisions without specific appropriation for the fiscal year's debt service.

The bill creates a financing oversight committee to ensure funds and bond proceeds are spent efficiently and responsibly. The committee is composed of representatives from the Senate, the House of Representatives, the Executive Office of the Governor's Office of Policy and Budget, the FDC, and the Division. The committee is responsible for recommending the most cost-effective method of financing the construction of any new correctional facilities.

The bill provides an effective date of July 1, 2026.

¹⁵ Division of Bond Finance, *2025 Annual Debt Report* at 14.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill may have an indeterminate positive impact on any private entities awarded contracts for correctional facilities planning, design, construction, or construction management services.

C. Government Sector Impact:

The bill redirects the annual transfer of \$250 million from the General Revenue Fund from the Division of Bond Finance for the Debt Reduction Program and requires the Legislature to appropriate \$250 million in recurring funds to the Florida Department of Corrections for various fixed capital outlay expenditures through Fiscal Year 2066-2067.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 944.751 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:**Barcode 282454 by Appropriations on March 2, 2026:**

This amendment deletes everything and does not insert additional language.

(WITH TITLE AMENDMENT)

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
