

Florida's Water Supply:

# Could Florida Experience a Significant Water Supply Shortage by 2025?

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A Florida TaxWatch Commentary

September 2024



# INTRODUCTION

“Water is the lifeblood of bodies, our economy, our nation and our well-being.”

STEPHEN LEE JOHNSON  
DIRECTOR  
EPA<sup>1</sup>

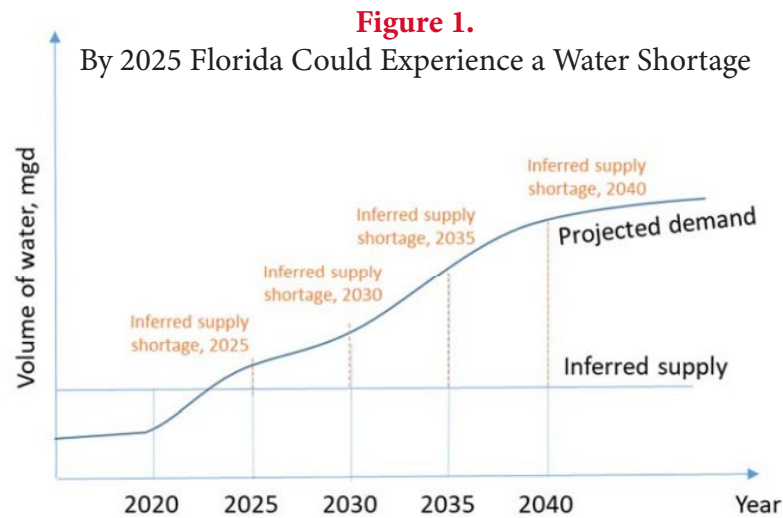
Water is a critical public resource, the importance of which cannot be overstated. An adequate supply of fresh water is necessary to meet the demands generated by Florida’s continued growth and development. In Florida, water is managed by the Department of Environmental Protection and five water management districts, who must balance water supply and demand and ensure that the state’s finite water resources are allocated appropriately.

In June, the Florida Office of Economic and Demographic Research (EDR) released an updated report detailing Florida’s water supply. According to the report, Florida could experience a water supply shortage as early as next year (2025) and it is expected to increase in severity through 2040. The state’s continued rapid economic and population growth underscores the need for a consistent, comprehensive, and coordinated statewide strategy for funding water projects.

## EDR REPORT FINDINGS

The EDR report details the state’s current water supply and demand levels and makes projections for the future use of these resources. The report also includes existing water supply development projects and provides information to the water management districts for their long-term planning efforts. Based on this information, the EDR determines whether each region has an adequate water supply to meet the future needs of Floridians.

These projections are also used to identify regions in Florida where there may be a future imbalance between the supply and demand for water resources. This imbalance is referred to as an “inferred water supply shortage.” Based on this year’s report, Florida is projected to reach an inferred water supply shortage in 2025. This shortage is expected to worsen as time goes on, especially if processes do not change (see Figure 1).<sup>2</sup>



Source: Office of Economic & Demographic Research<sup>3</sup>

<sup>1</sup> Tara Wade and Tatiana Borisova, “Florida’s Water Resources,” retrieved from <https://edis.ifas.ufl.edu/publication/FE757#>, August 16, 2024.

<sup>2</sup> Office of Economic & Demographic Research, “Annual Assessment of Florida’s Water Resources: Supply and Demand,” 2024.

<sup>3</sup> Ibid.

The EDR projects that Florida will need to invest an estimated \$1.7 billion for critical water projects through 2040 to avoid a significant water supply shortage.<sup>4</sup> This \$1.7 billion price tag is only an estimate for addressing the inferred water supply shortage, and does not consider other projects associated with restoration and certain infrastructure (e.g., stormwater and wastewater) needs.<sup>5</sup> Projects such as Everglades Restoration are also not part of the estimates because there is a separate plan in place for its restoration. Thus, the actual costs of protecting Florida’s water resources are almost certainly much higher than what these estimates show.

Florida has the fastest growing economy of any state. With an estimated population of 26.4 million people by 2040, this projected shortage will have an even larger impact on Florida households and the economy if it is not properly addressed.<sup>6</sup> Florida will not be able to sustain this economic and population growth absent a consistent, comprehensive, and coordinated statewide strategy for funding water projects.

## WATER PROJECT FUNDING

The current selection process for funding water projects in Florida is disjointed and inconsistent. The process is spread across various grant programs, one-time investments, and recurring programs in the state budget that often fluctuates. Traditionally, each water project is submitted to the Florida Department of Environmental Protection for evaluation and ranking based on the agency’s priorities. This process helps establish competitive grant programs that set statewide, coordinated, and organized frameworks that align with state goals.

In the FY2024-25, general appropriations act, there were 281 water-related member projects identified by Florida TaxWatch as budget “turkeys” (totaling \$410.3 million).<sup>7</sup> These 281 member projects did not go through one of the proper channels to receive funding. This circumvention of the budgeting process shows the need for a more comprehensive planning process to address these selection and funding issues.

<sup>4</sup> Supra, see footnote 2.

<sup>5</sup> Note: these infrastructure needs are primarily related to the specific projects in water management districts. The 2025 version of the EDR report aims to include these costs into the new estimates for the five water management districts.

<sup>6</sup> Office of Economic & Demographic Research, “Projections of Florida Population by County, 2025–2045, with Estimates for 2020,” 2020.


<sup>7</sup> Florida TaxWatch, “2024 Budget Turkey Watch Report an Analysis of the Transparency and Accountability of the Budget Process,” May 15, 2024.

<sup>8</sup> Jim Turner, “Florida TaxWatch Seeks a Multi-year Plan for Water-related Projects,” News Service of Florida, October 19, 2023, retrieved from <https://www.wusf.org/environment/2023-10-19/multi-year-plan-sought-water-related-projects-florida>, August 19, 2024.

<sup>9</sup> Office of Governor Ron DeSantis, “Governor Ron DeSantis Signs Major Legislation to Dedicate Gaming Compact Revenues to Preserve and Protect Florida’s Environment,” April 4, 2024.

<sup>10</sup> Florida TaxWatch, “Water Infrastructure Projects are Vital Develop and Fund a 3-5 Year Strategic Work Program,” October 18, 2023.

<sup>11</sup> Office of Economic & Demographic Research, “Annual Assessment of Florida’s Water Resources: Supply and Demand,” 2021, 2022, 2023, and 2024.



“While many of these projects are worthwhile, they circumvent the competitive review processes that are in place and likely take dollars away from high-priority projects.”

KURT WENNER  
SENIOR VP OF RESEARCH  
FLORIDA TAXWATCH<sup>8</sup> Watch

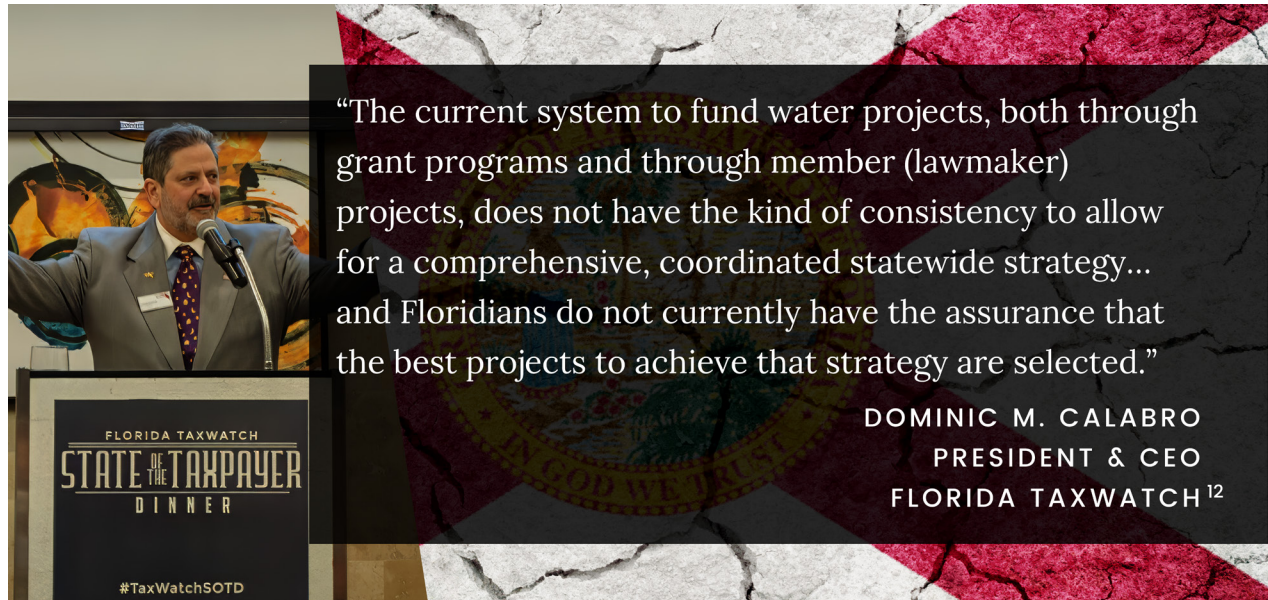
Florida TaxWatch commends the Legislature for their recent efforts to create a dedicated funding source for water projects. The Florida Legislature recently dedicated 96 percent of the revenues from the Seminole gaming compact to fund statewide environmental and water projects.<sup>9</sup> Having a committed and recurring funding source for water projects was a recommendation in Florida TaxWatch’s 2023 report on creating a Five-Year Water Project Work Program.<sup>10</sup> This report also details the various issues related to water project selection and funding processes and proposes changes to the process to better manage these projects. The report also recommends that this program creates a consistent, comprehensive, statewide planning system that selects the most beneficial water projects to receive funding.

Florida will not be able to sustain the continued level of growth it has seen over the recent years without dramatically improving how it selects and funds water projects. With less than 40 percent of the water supply projects having committed funding, the remaining 60 percent will have to come from local, regional, or federal funding sources.<sup>11</sup> While steps have been made in recent years to improve the water project selection process, there is still room for improvement (e.g., expansions of existing grant programs and adopting a statewide, coordinated, and comprehensive system for managing these water projects).

## CONCLUSION

Florida's growing economy and population increase the demand for water, and it is expected to continue to increase beyond 2040. Creating a coordinated and comprehensive program that addresses Florida's

statewide goals is critical. Even though the Legislature has made significant investments in water project grant programs, it is not enough. To meet the growing demand for managing these resources, the Legislature should consider implementing a Five-Year Water Project Work Program, similar to the Florida Department of Transportation Five-Year Work Program.



<sup>12</sup> Supra, see footnote 8.

## ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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